HYY Group | Annual Report 2005

Contents:

Review by the CEO

2005 went according to plan for the HYY Group and we achieved our objectives.

Our financial result improved compared to the good figures of the previous year. During the report year, we prepared for projects whose implementation will change the HYY Group considerably.

In the summer, KILROY travels sold its subgroup MyPlanet. This was the first step in withdrawing our investment in KILROY in accordance with the owner strategy drawn up by the Student Union.

The price and timing of the transaction were good, thanks to which KILROY was able to distribute a notable dividend to the Group at the end of the year. This dividend became the initial capital for the HYY Group's securities portfolio.

The portfolio is expected to grow as the withdrawal of the Group's investment in KILROY - currently a holding of 63% - progresses. KILROY is an international travel group with a good corporate and product image.

The Group's long-term goal is to gradually increase its securities portfolio so that the income it generates will be practically equal to that of the current distribution of profits to the Student Union. Funds will be invested responsibly, profitably and safely with an eye on the long term. Responsible values form the guiding principles.

The HYY Group's concept of earnings is broader than that of the average company. The Group's owner, the Student Union of the University of Helsinki, sets the policies for our work and objectives in the owner strategy approved by the Representative Council.

Part of the Group serves members of the Student Union by, for example, offering affordable student lunches and association premises as well as publishing scientific and academic literature. A large part - Real Estate and Travel - conducts purely commercial operations whose profits are used for the good of the Student Union and its members.

Proposals for the future operations in the Old Student House were completed at the beginning of 2006. The HYY Group safeguards the finances of this building, which represents valuable cultural traditions, as both the owner of the property and a restaurant entrepreneur. Because of the loss being made by the restaurant company, there has been reason to reconsider its role. The idea is now to refine its profile as the best venue for academic parties and student events, and also develop the traditional Vanhan Kuppila.

Real Estate is also starting up a new construction project in association with the Helsinki School of Economics: the "Third Student House" will be built in the Leppäsuo area in Etu-Töölö. Plans are nearing completion and the Student Union will decide to what use it will put the space the Group will have in this property. In conjunction with this construction work, the Group will renovate the spacious underground premises of the Domus Academica building next door.

Taking into account the difficult situation on the office space rental market, the year for Real Estate - our largest source of income - remained financially successful. The importance of all our properties located in the heart of the capital have only increased with the completion of the commercial centre in Kamppi.

UniCafe kept its prices affordable and notably developed its operations. Special thanks were received for the friendly service, cleanliness of restaurants and affordable lunch prices. Hostel Academica had an excellent summer. Publishing was successful and received favourable publicity and recognition with its excellent bestsellers.

It's good to work in the HYY Group. Our owner's policies pave the way for the success of our duties. The reforms during the report year show that the decision-makers of the Student Union have the desire and skill to make long-term decisions.

Customer confidence is the most important thanks we can receive, and our personnel have once again earned this thanks with their work last year. For my part, I would like to thank everyone - personnel, customers and partners - who have been working for the good of the HYY Group.

I would especially like to thank the students, HYY's members, who have been actively using UniCafe's services in particular. We received responses from 5,187 students in our customer satisfaction survey for the report year. This fruitful research substantially improved our ability to develop our services in accordance with our customers' wishes.

17 March 2006

Linnea Meder

The HYY Group

The HYY Group is the Student Union's preferred way of organizing its business operations. The Group's task is to conduct commercial business operations and provide services for students. Profits from business operations are distributed to the Student Union.

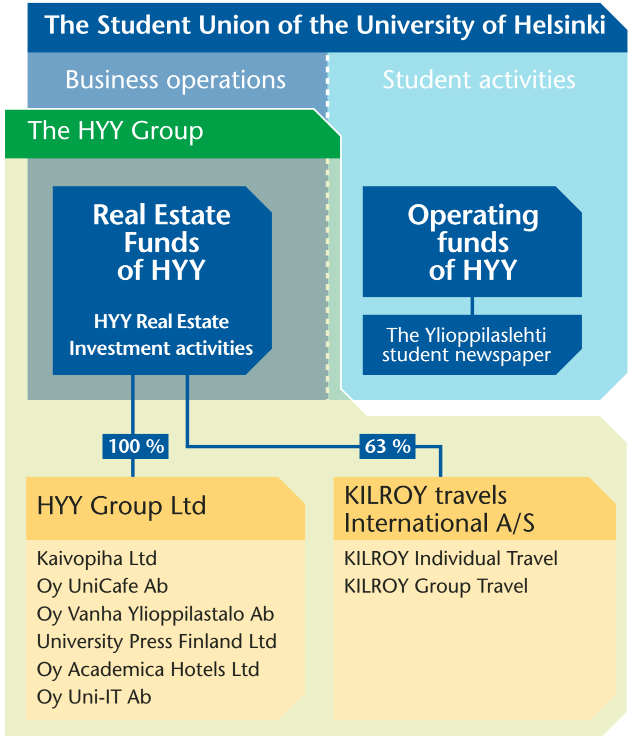
The Student Union of the University of Helsinki has two parts:

- the Operating Funds of HYY, which looks after the interests of students and organizational activities
- business operations, that is, the Real Estate Funds of HYY, which is responsible for business operations.

The Real Estate Funds of HYY and its two subgroups form together HYY Group.

The Real Estate Funds of HYY own the domestic subgroup and 63% of the KILROY travels International A/S.

HYY Group functions in the real estate, hotel- and restaurant, publishing and travel businesses.



Objective

The HYY Group's objective is to provide financial support for the performance of the real duties of the Student Union.

The Group's business operations, solvency and profitability must safeguard the Student Union's

- independent and unaffiliated position
- opportunities to realize its ideals and serve its members.

Another basis for business operations may also be the development and maintenance of essential services for the members of the Student Union, if this way better benefits can be achieved compared with the open market.

Core values

Humility

before the principles and wishes of the Group's owner when these principles and wishes represent the views of the majority of the legally elected representatives.

Long-term approach

Our aim is to be successful in the long run. We are moderate in both the setting of objectives and the taking of risks. We accept that business operations involve the chance of failure. We learn from our mistakes.

Responsibility

towards our customers, employees, partners and environment. We keep our promises. The Group does not violate societal regulations or good codes of conduct.

Openness

Every member of the working community has the right – and the obligation – to access the information he or she needs. We maintain open and equitable discussions. We release truthful information to the public.

DOMESTIC OPERATIONS

Share of the Group's net sales
16%

Share of the Group's earnings
47%

	Real Estate		Restaurants		Other Companies	
Operations	***HYY Real Estate*** serves commercial and office premises customers as well as offers residences and activity and association premises to students and the Student Union. Premises are located in the centre of Helsinki around the Ylioppilasaukio and Kaivopiha squares, and also in Etu-Töölö in the vicinity of the new Kamppi Centre.	***Kaivopiha Ltd*** manages, rents and maintains the properties of the Student Union.	***Oy UniCafe Ab*** is a chain of restaurants that provides lunches for students and personnel at university or other higher education institutions in the Greater Helsinki area. It also offers café and business entertainment services. The Empire restaurants provide a flexible and professional service to those customers wishing to book private functions.	***Oy Vanha Ylioppilastalo Ab*** Vanha is a traditional celebration venue for students that also offers up-to-date meeting and festive services to companies and associations.	***University Press Finland Ltd*** comprises the imprints Gaudeamus Kirja and Otatieto, which are known for their high-quality publications. For almost 40 years, these imprints have been publishing academic and scientific literature and textbooks for both students of higher education institutions and a wider audience.	***Oy Academica Hotels Ltd*** operates under the name Hostel Academica and is Helsinki's largest hostel. During the summer, Hostel Academica offers customers near hotel-standard accommodation in Etu-Töölö.
Net sales	EUR 12.2 million		EUR 10.6 million	EUR 2.5 million	EUR 0.8 million	EUR 1.1 million
Profit*	EUR 4.9 million		EUR 0.2 million	EUR -0.1 million	EUR 0.0 million	EUR 0.3 million
Personnel**	10		151	23	5	12 during the summer
Events in 2005	The rental occupancy rate was 96%. Once again, HYY Real Estate came out on top when comparing customer satisfaction in the industry. Investments were mainly centred on	repair and maintenance of the Kaivopiha Commercial Building. Preparations were made for the construction of the "Third Student House".	UniCafe restaurants sold over two million lunches. According to a survey, customers were satisfied with lunch prices, the range of products and opening times. Good customer service was singled out for praise.	New business concepts were drawn up during the year. Vanha will now concentrate on meeting and festive services as well as develop Vanhan Kuppila as a meeting place for students.	During the report year, University Press Finland Ltd branched out into new topics and the books about China were a success. The Kolmen sepän bookshop was run in association with other small presses.	The excellent result for the year was improved by the World Athletics Championships held in Helsinki, during which the hostel served tourists and members of the press. Customers were especially satisfied with the level of service and the cleanliness of the premises.

Companies providing internal services

HYY Group Ltd • Management, development, administration, funding and communications services • Net sales EUR 1.6 million, 18 employees
Oy Uni-IT Ab • Leasing, servicing, maintenance and development services for information management systems • Net sales EUR 0.4 million, 2 employees

* Profit before extraordinary items ** Average per year

Investment activities

The securities portfolio's aim is to preserve and add to the assets of the Student Union, so that they will in time provide an alternative source of income for the owners of the HYY Group - the Student Union. Responsible values form the guiding principles.

The first investments in securities were made in December. The value of the portfolio is EUR 3.4 million. A committee was appointed to support the management of the portfolio.

INTERNATIONAL OPERATIONS

Share of the Group's net sales

84%

Share of the Group's earnings

53%

Travel

KILROY Individual Travel provides travel services to locations all over the world to students, youth and loyal customers in Northern Europe. KILROY makes dreams come true by offering unique travel experiences.

KILROY Group Travel offers tailor-made educational, cultural and sports travel services to locations both within and outside Europe for student and other groups in the Nordic countries. In Denmark, Group Travel has also specialized in skiing holidays to Central Europe and the Nordic countries under its TEAM BENNS brand.

EUR 142 million

EUR 5.1 million

368

The MyPlanet subgroup was sold in June 2005. The strategic and business model revision of recent years progressed according to plan.

The focus of Individual Travel's business shifted to travel outside Europe. Sales of added-value services increased in particular. KILROY's marketing won an award for being Denmark's best.

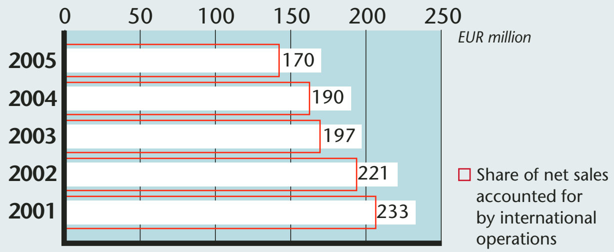
The HYY Group

Net sales EUR 169.7 million
Profit EUR 9.5 million
Personnel 581

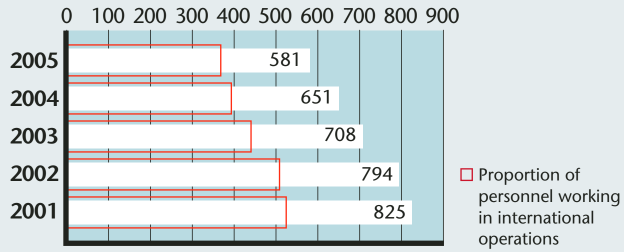
The HYY Group's key indicators 2001–2005

	2005	2004	2003	2002	2001
Income statements and profitability					
Net sales, EUR million	**169.7**	189.7	196.7	220.8	232.9
Change in net sales, %	*-10.6*	*-3.5*	*-10.9*	*-5.2*	*-2.3*
Operating result	**9.5**	4.7	4.2	4.0	4.6
As a percentage of net sales, %	*5.6*	*2.5*	*2.1*	*1.8*	*2.0*
Profit before extraordinary items	**9.5**	4.9	4.0	5.3	6.3
As a percentage of net sales, %	*5.6*	*2.6*	*2.0*	*2.4*	*2.7*
Net profit for the year	**7.2**	4.0	3.4	3.6	2.1
As a percentage of net sales, %	*4.3*	*2.1*	*1.7*	*1.6*	*0.9*
Return on equity (ROE), %	**39.7**	20.4	15.7	20.6	15.9
Return on investment (ROI), %	**25.7**	14.3	12.9	16.0	19.5
Cash flow					
Cash flow from operating activities	**-0.9**	9.8	-3.0	1.4	8.0
Gross investments	**3.8**	7.1	5.9	4.0	7.3
As a percentage of net sales, %	*2.2*	*3.7*	*3.0*	*1.8*	*3.1*
Balance sheet and solvency					
Shareholders' equity	**21.9**	17.2	15.6	15.0	13.4
Minority interest	**3.4**	3.7	3.6	5.3	4.6
Liabilities	**41.3**	55.1	61.3	67.1	76.0
Total assets, EUR million	**66.6**	76.0	80.4	87.4	94.0
Interest-bearing debts, EUR million	**14.0**	18.5	23.4	20.2	19.1
Net debts, EUR million	**-11.3**	-11.4	-9.1	-20.7	-26.4
Net gearing	*-0.4*	*-0.5*	*-0.5*	*-1.0*	*-1.5*
Equity ratio at book value, %	**47.8**	37.5	29.9	30.6	26.4
Equity ratio including potential revaluation of land areas, %	**68.5**	61.6	54.7	54.6	51.3
Personnel					
Average number of personnel	**581**	651	708	794	825
Number of personnel at the end of the period	**529**	655	704	847	850
Distribution of profits					
Payment of dividends to minority shareholders	**2.0**	0.0	1.2	0.0	0.4
Distribution of profits to the Student Union, EUR million	**2.0**	2.5	2.4	2.4	2.4

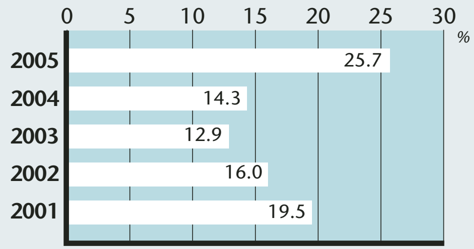
Net sales



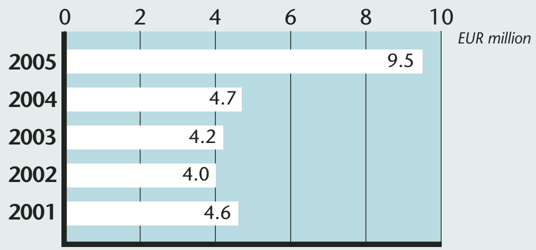
Average number of personnel



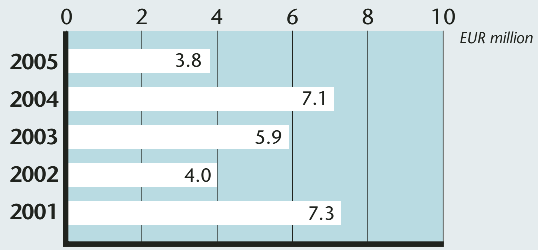
Return on investment (ROI), %



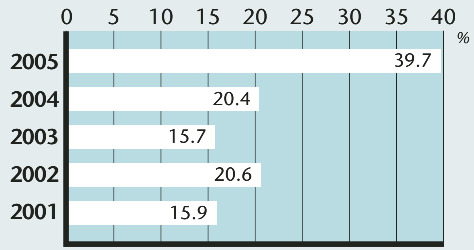
Operating result



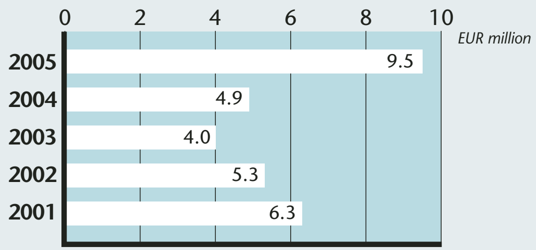
Gross investments



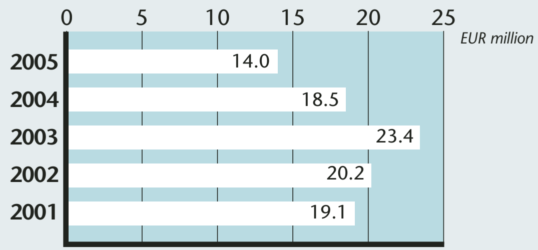
Return on equity (ROE), %



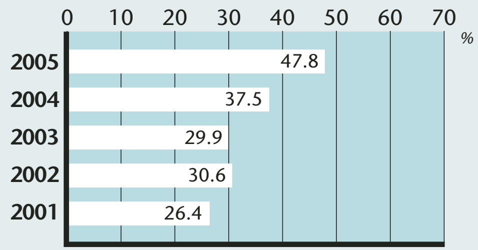
Profit before extraordinary items



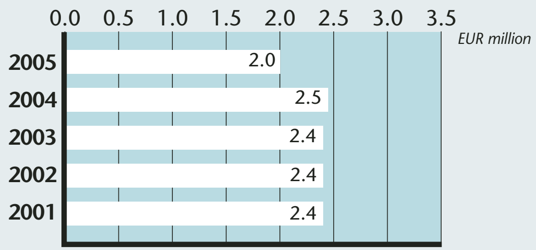
Interest-bearing debts



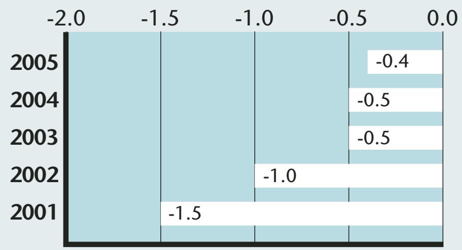
Equity ratio at book value, %



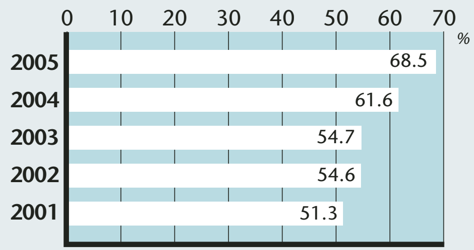
Distribution of profits to the Student Union



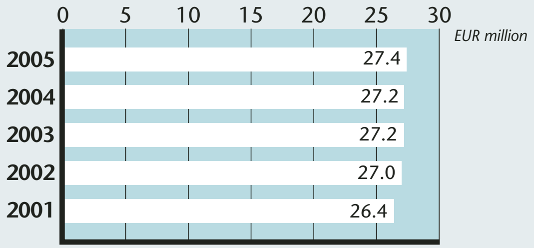
Net gearing



Equity ratio including potential revaluation of land areas, %

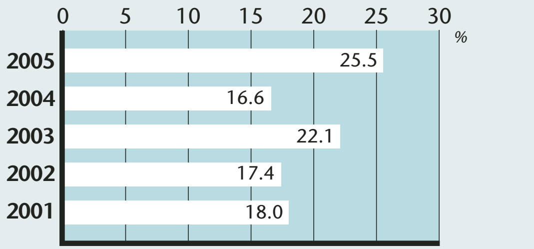


Net sales

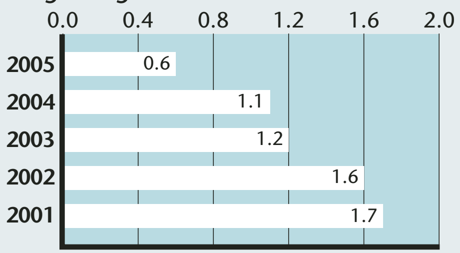


Profit before extraordinary items

Return on Equity



Net gearing



Domestic operations

The HYY Group conducts its domestic operations in the real estate, hotel and restaurant, and publishing businesses. Real Estate and the summer hotel are the most profitable of the HYY Group's business operations in Finland. Real Estate accounts for about 45% of business in terms of net sales, and holds the key position as regards earnings performance for the whole of the HYY Group. The restaurant business accounts for 48% of net sales, hotel operations for 4% and publishing for 3%.

The HYY Group's concept of earnings is broader than that of the average company. Some of the Group's domestic operations serve members of the Student Union by, for example, offering affordable student lunches and association premises as well as publishing scientific and academic literature.

Operations in Finland also include companies providing internal services, which support commercial operations by offering management, development, administration and funding services, as well as communications and information management services.

The net sales of the Group's domestic operations amounted to EUR 27.4 million, with a profit before extraordinary items of EUR 7.8 million. Companies in Finland employed 213 people.

The first investments in securities were made in December 2005. The value of the portfolio was EUR 3.4 million. The Group's investment activities have a long term objective: to amass a securities portfolio that will provide the owner of the HYY Group - the Student Union - with a respectable dividend in 25 years' time. Management of the portfolio is guided by criteria of responsibility.

OY Uni-IT Ab provides information management services. Its most extensive project is the renewal of the microchip-equipped UniCard smart card system. The system may even be extended to become a joint project between all the Student Unions in Finland.

A stable future

The future for the Group's domestic operations looks stable and buoyant.

Real Estate is focusing on the construction of the "Third Student House" and projects to improve customer satisfaction in the city centre properties. There's a lot happening in the restaurant business. Customer-driven concepts are being developed. UniCafe is aiming to be the "Best in its Category" and Vanha is sharpening up its image. The hostel is retaining its popularity and is developing its operations in an ever more modern direction. Publishing is continuing with its stable concepts.

The new version of the UniCard system is being developed to cater for over 200,000 users. The discounts the card offers and its use as a payment card are at the core of the system, but there is also other added-value for users. There will be a variety of up-to-date services alongside the basic card. Users will be able to partly program the website, with the idea that users themselves can choose which tools and methods they want to use, and also bring new programs into general use if they wish. A sense of community is the goal.

KILROY

KILROY Individual Travel provides travel services to locations all over the world to students, youth and loyal customers in Northern Europe. KILROY makes dreams come true by offering unique travel experiences.

KILROY Group Travel offers tailor-made educational, cultural and sports travel services to locations both in and outside Europe for student and other groups in the Nordic countries. In Denmark, Group Travel has also specialized in skiing holidays to Central Europe and the Nordic countries under its TEAM BENNS brand.

Sales go online

The international travel market is growing by about 4% a year. Markets in the Nordic countries are growing at a slightly faster rate.

The fact that, in the travel industry, every year can bring uncertainty factors that affect the market situation must be accepted. Terrorism, natural disasters, the threat of a pandemic or dramatic fluctuations in the price of oil make forecasting the market more difficult.

The nature of sales by the industry is still changing. Customers are increasingly purchasing travel and accommodation services over the Internet. The share of e-commerce increased by about 50% in 2005 and is still on the rise. Depending on the customer group, product range and operating country, the share accounted for by e-commerce is already about 10-30%. However, customers are still more loyal to traditional travel industry brands than to those that operate solely over the Internet.

Discount airlines have created new business models for flights within continents. They have affected the whole travel industry and, while this reduces margins, it at the same time increases interest in travel. Airlines have claimed their own market share with Internet sales and this will remain the case in the future.

Travel agencies that want to operate as a link between customers and service providers will need to be able to offer added value, both to customers and service providers. Special know-how and customer service will once more come to be core factors in competition.

Price competition will remain tough, but the general price level is no longer dropping. Even discount airlines have reached the price limits for sustainable operations. The tightening of consumer protection directives is increasing their price levels in particular and accelerating the shakeout of operators.

Demand for supplementary services

About 70% of the net sales of KILROY travels International A/S's continuing operations are generated by Individual Travel and the rest by Group Travel. In 2004, about a quarter of the Group's net sales were accounted for by the MyPlanet subgroup, which became part of the Group in 1999 and was sold in June 2005 to First Choice Plc, an international travel agency group quoted on the London Stock Exchange. MyPlanet's net sales and profit for the period 1 January - 31 May 2005 are still included in the KILROY travels Group's financial statements.

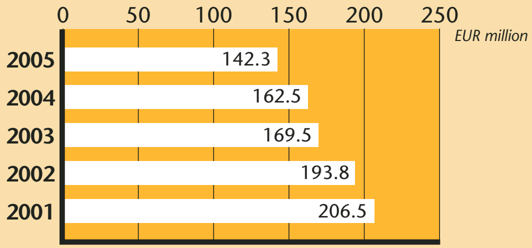
The net sales of KILROY's continuing operations grew by about 6% in 2005 to EUR 142.3 million. The strategy and business model revision begun during previous years has progressed according to plan. Individual Travel will shift the focus of its operations to expertise-intensive travel outside Europe. In addition to flights, sales of added value services in particular have grown. Sales of skiing holidays in Denmark especially have increased Group Travel's net sales.

KILROY's result before extraordinary items amounted to EUR 5.1 million in the black. The profit for 2005 still came in its entirety from the sale of MyPlanet. The result for the first five

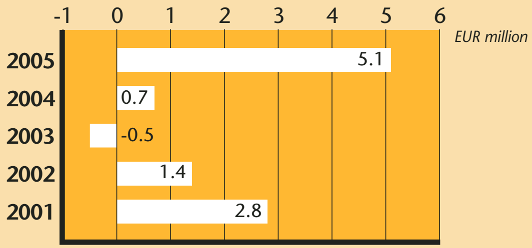
KILROY's key indicators

	2005	2004	2003
Net sales, EUR million	**142.3**	162.5	169.5
Operating result, EUR million	**4.7**	0.3	-0.4
Profit before extraordinary items, EUR million	**5.1**	0.7	-0.5
Return on investment (ROI), %	**49.9**	7.1	-2.3
Average number of personnel	**368**	438	489

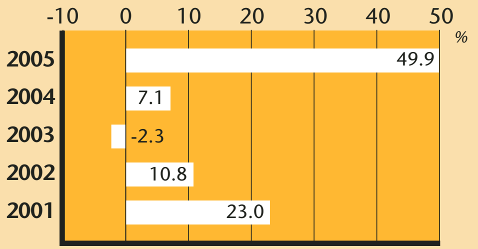
Net sales



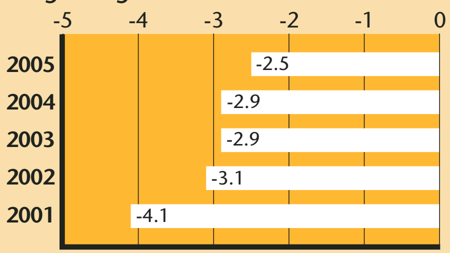
Profit before extraordinary items



Return on investment



Net gearing



months of MyPlanet's operations has been included in KILROY travels' consolidated financial statements and was heavily in the red. This was due to internal earnings cycles in the company's ordinary calendar year: the result for the whole year would have once again been clearly in the black.

Because of the long-term realignment of Individual Travel's business model, the result of operations was still - as budgeted - in the red. It did, however, improve notably on the previous year. Group Travel's result was in the black and was very good for the industry.

A strong market leader

KILROY retains and is strengthening its market-leading position in the Nordic countries. KILROY travels and its owners continue their active participation in industry consolidation.

Net sales are estimated to grow by at least 9% in 2006, and growth in KILROY's markets is predicted to be about 4-5% in 2006.

Because the final phase of the business model revision is still underway, a target for a slight loss has been accepted for the KILROY travels Group in 2006. The Group has been improving its result according to plan. Without the non-recurring expenses associated with the realignment, and once efficiency benefits from the exceptionally large IT investments of the 2000s are realized and depreciation associated with the investments is substantially reduced, the result from 2007 onwards should once again be clearly in the black.

The most significant business risk for the coming years concerns the possibility of a pandemic in core market areas arising from a mutation of a viral disease like the so-called avian influenza.

The liquidity and equity ratio of KILROY's balance sheet are exceptionally strong in its industry. This is due to the earnings of previous years and the moderate dividends associated with the principal owner's risk policy.

The level of investments required in the coming years is significantly smaller than in previous ones and can be completely covered with income financing. After the exceptionally large investments made in the past few years, the focus will primarily be on developing content and technical requirements for e-business.

KILROY's market-leading position and efforts towards achieving critical mass with Danish skiing holidays will also be supported through acquisitions if necessary.

Formulas for key indicators

Return on equity (ROE), %	=	$\frac{\text{Net profit x 100}}{\text{Shareholders' equity (average)}}$
Return on investment (ROI), %	=	$\frac{\text{(Net profit + financial expenses + taxes) x 100}}{\text{Balance sheet total – non-interest-bearing liabilities (average)}}$
Net debt	=	Interest-bearing liabilities – loan receivables – securities held in financial assets – cash at bank and in hand
Net gearing	=	$\frac{\text{Net debt}}{\text{Shareholders' equity + minority interest}}$
Equity ratio at book value, %	=	$\frac{\text{(Shareholders' equity + minority interest) x 100}}{\text{Balance sheet total – advance payments}}$
Equity ratio, if revaluation of land areas is included, %	=	$\frac{\text{(Shareholders' equity + minority interest + revaluation contingency) x 100}}{\text{Balance sheet total – advance payments + revaluation contingency}}$

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HYY Group publishes the Financial Statements 2005 and a part of the Annual Report 2005 in English on the internet. The report Responsible Operations 2005 is published only in Finnish.

HYY Group | Financial Statements 2005

Contents:

Annual report of the Board of Directors

OPERATIONS DURING THE FINANCIAL YEAR

The HYY Group is owned by the Student Union of the University of Helsinki. During the 2005 financial year, the Group operated in four areas. The business areas in Finland were real estate, accommodation and restaurants, and publishing. International operations were conducted in the travel industry. The Group began investing in securities in December 2005.

NET SALES AND RESULT

The net sales of the HYY Group amounted to EUR 169.7 million in 2005.

Net sales in Finland accounted for 16% of total net sales. The remaining 84% comprised the net sales of companies in the travel subgroup.

The Group's return on investment inclusive of capital gains from sales of investments amounted to 25.7% (2004: 14.3%).

The as yet unaudited figure for the value of HYY Real Estate in the financial year, calculated by the Finnish Institute for Real Estate Economics, declined by EUR 9.4 million (2004: EUR -4.6 million), and is included in the notes to the financial statements rather than the income statement. The estimated market value of the real estate (the present-day value of net rental income receivable in the future) was EUR 162.8 million at the beginning of the year and EUR 153.4 million at year's end.

Domestic operations

Real Estate

The net sales of HYY Real Estate's rental activities came in at EUR 12.1 million, up about 3% on the previous year. Net sales grew because service property capacity returned into rental use in 2005 after the renovations to Building C of Domus Academica in 2004. Profit before extraordinary items from rental activities amounted to EUR 4.9 million, which was at the same level as in the previous year.

The rental market and the competitive situation for commercial and office premises in the centre of Helsinki remained very challenging. The vacancy rate of business premises in the Greater Helsinki area did not increase, but demand for old office premises was lower than that for modern premises. The vacancy rate of commercial premises remained low. There were still over 700 000 m² of vacant office premises available in the entire Greater Helsinki area in late autumn 2005. In the heart of Helsinki, vacant leasable office space totals about 74 000 m² (2004: 75 000 m², KTI: Key Indicators for Key Markets 12/2005).

The average rental occupancy rate for HYY Real Estate's premises in the city

The HYY Group
Breakdown of net sales by business area:

EUR million	2005	2004	Change, %
Domestic operations			
Real estate (HYY Real Estate, Kaivopiha Ltd)	**12.2**	11.9	+2
Restaurants Oy UniCafe Ab, Oy Vanha Ylioppilastalo Ab)	**13.1**	13.3	–2
Other companies (University Press Finland Ltd, Oy Academica Hotels Ltd)	**1.8**	1.7	+7
Companies providing internal services *) (HYY Group Ltd and Oy Uni-IT Ab)	**0.3**	0.3	
Finland, total	**27.4**	27.2	0
International operations			
Travel Group (KILROY travels subgroup)	**142.3**	162.5	–12
Group, total	**169.7**	189.7	–11

*) internal sales have been eliminated

The HYY Group
Breakdown of the result:

EUR million	2005	2004
Domestic operations	**7.8**	4.7
./. Dividend yield from the Travel Group	**–3.4**	-
International operations	**5.1**	0.2
Profit before taxes	**9.5**	4.9
Taxes	**–0.4**	–0.8
Minority interest	**–1.9**	–0.1
Total	**7.2**	4.0

Return on investment, %

	2005	2004
Domestic operations	**25.5**	16.6
International operations	**49.9**	7.1

Real Estate
Breakdown of net sales and profit*) by unit:

	2005		2004	
EUR million	Net sales	Result	Net sales	Result
Rental operations				
Corporate real estate	9.2	4.8	9.2	4.8
Service real estate	2.9	0.1	2.7	0.1
Kaivopiha Ltd	0.9	0.0	0.9	0.0
TOTAL	12.2	4.9	11.9	4.8

*) profit before extraordinary items

	2005	2004
Rental activities' return on investment, %	20.5	20.4

centre was about 96%, which is at the same level as in the previous year and 10 percentage points better than the market. The occupancy rate of the Domus Academica premises as a whole was about 92%. Subterranean auditoriums and lobbies had the highest vacancy rates. The average occupancy rate of residential premises in use during the report year was about 97%.

Restaurants

The volume trend in student and staff restaurant operations was muted in 2005. Only the outsourcing of catering services enabled the sector to match the trend in its value of sales with the general trend in the hotel and restaurant industry.

UniCafe's net sales amounted to EUR 10.6 million (2004: EUR 10.7 million). The number of lunch customers rose, but net sales from bookings of private functions declined. A total of about 2 055 000 lunches were sold, of which about 1 600 000 were subsidized student meals. The favourable growth in UniCafe's lunch sales was due to the opening of a new restaurant: Olivia. At the end of 2005, there were 20 UniCafe restaurants. UniCafe Porthania, which is one of the company's larger restaurants, was closed for the whole year because the property was under renovation. A UniCard discount of about 10% on student lunches was granted to members of the Student Union of the University of Helsinki. During the financial year, UniCard discounts granted on student lunches totalled approximately EUR 415 000 (2004: EUR 396 500).

The outlook for demand in licensed restaurant activities in which sales focus on beverages remains poor. This sector is distinctly affected by the change in price ratio between alcohol consumed in restaurants and that bought in shops, which has been caused by the reduction in alcohol taxation. Vanhan Kuppila's market position weakened and the restaurant lost customers when it was not able to meet the challenges of the market situation after the reduction in alcohol taxation. Demand for festive services remained stable. The net sales of Oy Vanha Ylioppilastalo Ab declined slightly to EUR 2.5 million. The result was in the red. Decisions were made at the end of the year to revise business concepts.

Other companies

The book business retained its appeal in 2005. University Press Finland Ltd's net sales amounted to EUR 0.8 million, up approximately 13% on the previous year. Gaudeamus Kirja's net sales accounted for EUR 0.6 million of total net sales, representing growth of 21%. Otatieto's net sales decreased by 16%. This contraction was caused by a lack of new titles and a reduction in the amount of compensation charged for

Restaurants
Breakdown of net sales and profit*) by company:

	2005		2004	
EUR million	Net sales	Result	Net sales	Result
Oy UniCafe Ab	10.6	0.2	10.7	0.3
Oy Vanha Ylioppilastalo Ab	2.5	–0.1	2.6	–0.1
TOTAL	13.1	0.0	13.3	0.2

*) profit before extraordinary items

Return on investment, %

	2005	2004
Oy UniCafe Ab	6.5	14.5
Oy Vanha Ylioppilastalo Ab	–26.1	–12.7

Other companies
Breakdown of net sales and profit*) by company:

EUR million	2005 Net sales	2005 Result	2004 Net sales	2004 Result
University Press Finland Ltd	**0.8**	**0.0**	0.7	0.0
Oy Academica Hotels Ltd	**1.1**	**0.3**	1.0	0.2
TOTAL	**1.8**	**0.3**	1.7	0.2

*) profit before extraordinary items

Return on investment, %	2005	2004
University Press Finland Ltd	**6.9**	6.5
Oy Academica Hotels Ltd	**272.4**	221.0

copying. Operations continued to focus on the development of the Gaudeamus Kirja imprint. The company's books on China were a success.

Oy Academica Hotels Ltd's result was excellent. The company's net sales for the year rose by about 3%, even though room capacity decreased according to plan by 21%, from 329 to 260 rooms. The World Athletics Championships held in Helsinki improved net sales and the result for the year. Effective last minute sales played a significant part in the success of total sales. The average price per room rose by about 11%. The occupancy rate rose by 1% to 80%.

Investments in securities

The dividends paid by KILROY travels International A/S were invested in the securities market according to plan. The book value and market value of the investments as of 31 December 2005 was EUR 3.5 million.

Companies providing internal services

HYY Group Ltd and Oy Uni-IT Ab provide internal services to the companies belonging to the HYY Group, the Student Union of the University of Helsinki and the Ylioppilaslehti student paper.

Net sales accounted for by the internal financial, funding, management and information services provided by HYY Group Ltd amounted to EUR 1.6 million, up 9% on the previous year. The result before extraordinary items was EUR 0.5 million in the red (2004: a loss of EUR 0.4 million). The company's shareholders' equity as of 31 December 2005 is EUR 3.7 million, of which distributable funds amount to EUR 0.9 million. HYY Group Ltd's consolidated shareholders' equity is EUR 2.9 million, of which distributable funds amount to EUR 0.2 million.

Oy Uni-IT Ab provided leasing, servicing, training, maintenance and development services for telephone and information management systems. The company was also responsible for the UniCard smart card operating environment and its development. Net sales amounted to EUR 0.4 million (2004: EUR 0.4 million), down 7% on the previous year. The operating result was EUR 18 000 (2004: EUR 10 000).

International operations

Travel Group

The net sales of the KILROY travels subgroup totalled EUR 142.3 million, down 12% on the previous year. MyPlanet, which was sold during the financial year, still accounted for 25% of the whole Group's net sales in 2004. Net sales of continuing operations grew by about 6%. The strategy and business model revision begun during previous years progressed according to plan. Individual Travel is shifting the focus of its expertise to demanding travel out-

Travel
Net sales by business unit:

EUR million	2005	2004	Change, %
KILROY Individual Travel	**89.5**	87.0	+3
KILROY Group Travel	**36.7**	33.8	+9
MyPlanet	**16.1** *)	41.7	–61
NET SALES	**142.3**	162.5	–12

*) 1 January - 31 May 2005

side Europe. In addition to flights, sales of added value services in particular have grown. Skiing holiday sales in Denmark in particular have increased Group Travel's net sales.

The KILROY travels subgroup's profit before extraordinary items amounted to EUR 5.1 million (2004: 0.7 million). This result came from the sale of MyPlanet. Because of the long-term revision of Individual Travel's business model, an operating result in the red was still budgeted for the company. Individual Travel's result did, however, improve notably on the previous year. Group Travel's result was in the black and was very good for the industry.

In the subgroup's own financial statements, drawn up according to Finnish Accounting Standards, shareholders' equity is EUR 9.4 million as of 31 December 2005 (2004: EUR 9.3 million), of which EUR 5.6 million is non-restricted equity.

FINANCING

Liquid assets at year's end totalled EUR 25.3 million (2004: EUR 29.9 million). The Group's liquidity remains good. The net amount of the principal of interest-bearing loans at year-end was EUR 14.0 million (2004: EUR 18.5 million).

The equity ratio at book values was 47.8% (2004: 37.5%). The potential revaluation of the Group's land areas, in line with the Accounting Act and as given in the notes to the financial statements, leads to an equity ratio of 68.5% (2004: 61.6%). When assessing actual capital adequacy, the positive difference between the book and market values of real estate included in fixed assets must be taken into consideration; according to the notes to the balance sheet, this figure was about EUR 130 million on 31 December 2005.

The cash flow from the Group's ordinary business activities was a deficit of EUR 0.9 million due to the restructuring of the Travel Group (2004: a surplus of EUR 9.8 million). Cash flow from the Group's cash-based net investments was EUR 5.3 million in the black due to capital gains from the sale of the MyPlanet subgroup (2004: EUR 5.2 million).

INVESTMENTS

Gross investments by division:

Real estate	EUR 1.1 million
Restaurants	EUR 0.0 million
Other and companies providing internal services	EUR 0.3 million
Finland, total	EUR 1.4 million
Travel Group	EUR 2.4 million
Group, total	EUR 3.8 million

Investments in Finland were primarily made in real estate, while the KILROY travels subgroup's investments were mainly earmarked for the development of network systems.

The Group's net investments totalled EUR -7.0 million after sales of fixed assets amounting to EUR 10.8 million.

RISKS AND UNCERTAINTY FACTORS

Competition in the rental market will continue to heat up in the coming years. Growth in private consumption demand will increase demand for commercial premises in the centre of Helsinki. However, the Makkaratalo, City Centre and Stockmann expansions (totalling over 25 000 m² of new retail space and approximately 10 000 m² of new office space) and the conversion of Keskuskatu into a pedestrian street will affect the positioning of real estate on the rental market. These expansions and the new premises (approximately 37 000 m² of retail space and approximately 10 000 m² of office space) at the Kamppi Centre – fully completed in spring 2006 – will increase supply competition in the centre of Helsinki at least in step with growth in consumer demand over the next few years.

Oy UniCafe Ab operates mainly as a student restaurant. Controlling the ceiling price for basic student lunches is a challenge in the rapidly changing market situation. Restaurant Vanha is altering its image and business concept, and there are always risks when revising a business concept. Otherwise, the Group knows of no significant risks for Finnish companies over and above the standard risks associated with business activities.

Every year can bring uncertainty factors that affect the market situation in the travel industry. Market forecasts are complicated by terrorism, natural disasters, the threat of a pandemic or large fluctuations in the price of oil.

Trends on the securities market are not permanently bullish – downswings always happen. One cannot protect oneself against them except by lowering the risk level selected and decided on for the portfolio and, on that basis, the expected long-term yield. Accepting the risk that investment securities may change in value is an essential part of investment activities.

PERSONNEL

The HYY Group employed an average of 213 people in domestic operations during the report year (2004: 213). At the end of the year, there were 211 people employed in Finland (2004: 215).

An average of 318 people were employed by the KILROY subgroup. If MyPlanet's impact on 5 first months of the year is taken into account the average was 368 employees.

An average of 531 people were employed by the Group (2004: 651).

EXECUTIVE MANAGEMENT, BOARD OF DIRECTORS AND AUDITORS

Linnea Meder, M.Sc. (Econ.), eMBA, was CEO of the Group for the duration of the entire financial year.

The Group's Board of Directors had 9 members and the Board convened 9 times during the report period. The participation rate of Board members at meetings was 80%.

The Group began investment activities in December 2005. In order to assist with decision-making on investments, the Group's Board of Directors appointed an Investment Committee in August. The committee consists of the Chairman of the Board, representatives of operational management and three investment experts.

KPMG Oy Ab, Authorized Public Accountants, were selected by the Representative Council of the Student Union to act as the auditors of the parent corporation, and they were likewise selected by the Annual General Meeting to act as the auditors of HYY Group Ltd and its corporate group in 2005. The auditors have noted in their audit plan that the Group conducts no internal auditing.

OWNERSHIP OF THE GROUP

The Student Union of the University of Helsinki is a public sector entity having the right to autonomy. Its status is based on the Universities Act (645/1997) and the Student Union Decree; the latter was passed on 6 February 1998 on the basis of the Universities Act and entered into force on 1 August 1998. As per the rules ratified by the Student Union on the basis of the decree, the real estate funds that are owned by the Student Union, and which are subject to the Accounting Act, function as the parent corporation of a separate corporate body in the manner defined in the Accounting Act, that is, the real estate funds are the parent corporation of the HYY Group. The Real Estate Funds of HYY owns 100% of HYY Group Ltd's shares and 63% of KILROY travels International A/S's shares. Both companies are the parent companies of their respective corporate groups. The groups include both fully-owned subsidiaries and ones in which the Group has a majority holding.

Funds of the Student Union

The current funds required in the performance of the Student Union's purpose, as specified in the decree, are funds which are tied to the budget of the public sector entity, and as such are not subject to bookkeeping requirements on the basis of the Accounting Act. The regulations concerning the Student Union (the decree, the rules of the Student Union, financial rules) lay down rules concerning the Funds of the Student Union and its budget, accounting, financial statements and auditing. The Funds of the Student Union and the HYY Group are not consolidated. The Group's distribution of profits is performed as a transfer of funds from the parent corporation's non-restricted equity to the contingency fund of the Funds of the Student Union.

The operating costs of the Funds of the Student Union amounted to about EUR 3.5 million in 2005. Of this amount, EUR 0.2 million was covered with self-acquired funding, grants and income from collections, and EUR 1.0 million was covered with membership fees collected from the Student Union and EUR 0.1 million in interest on the contingency fund. The Student Union membership fee – EUR 30/member/semester – has remained practically unchanged since 1991; the only change was that it was rounded down after the changeover to the euro. The EUR 2.1 million deficit of the Funds of the Student Union was covered with funds from the HYY Group's contingency fund, which had been enlarged by dividends.

On 31 December 2005, the Funds of the Student Union had a balance sheet total of EUR 5.3 million. Of this amount, EUR 0.1 million was accounted for by the capital in the member loan fund that was covered by the Funds of the Student Union and EUR 4.3 million by other shareholders' equity.

SOCIAL RESPONSIBILITY

The separate 2005 Responsible Operations report contains more information about the Group's social responsibility. Properties, Oy UniCafe Ab and Oy Academica Hotels Ltd conducted customer satisfaction surveys.

An employee satisfaction survey was conducted in Finland in November.

Green Office is a programme developed by WWF Finland to reduce the ecological impacts of companies. This environmental programme is aimed at company offices and the HYY Group prepared for its introduction in Finland. WWF Finland granted the HYY Group's offices the right to use the Green Office mark on 7 March 2006.

Renewable sources of energy play a significant part in reducing emissions from power production and in energy management. Green certificates are a market-orientated way of promoting the use of renewable energy sources in electricity generation. Oy Academica Hotels Ltd acquired renewable energy certificates for its entire electricity consumption, and the rest of the companies in Finland for the amount of electricity used at their offices.

The Group's investment activities are based on responsible investment. There is no all-encompassing definition of what ethical investment is. The ethicality of investments is assessed in terms of their positive and negative aspects. Business areas to be avoided are the weapons, gambling, sex and tobacco industries. The decentralized portfolio contains investments on all continents and there are differences in responsibility on different continents. Investing in Finland can be considered fundamentally responsible. In Western Europe, North America and Japan, the Group seeks to employ standards-based screening procedures in particular. The Group believes that other areas (emerging markets) will become more responsible through long-term positive investments. Responsible investing requires continual monitoring and development work. The objectives mentioned above are supervised and developed with transparent reporting.

CHANGES IN THE GROUP STRUCTURE

Slight changes took place in the Group structure.

A minority stake in Kiinteistö Oy Kehitystalo was sold during the financial year.

In June, KILROY travels International A/S sold its subsidiary MyPlanet to First Choice Holidays PLC, which is a publicly owned travel agency group quoted on the London Stock Exchange.

EVENTS AFTER THE FINANCIAL YEAR AND OUTLOOK

The budgeted net sales for the Group in 2006 are EUR 165 million. The budgeted profit before extraordinary items is EUR 3.7 million.

Domestic operations

The target for net sales in 2006 is EUR 27.4 million. The budgeted profit before extraordinary items is EUR 4.2 million.

The target for net sales from real estate rental activities in 2006 is EUR 12.1 million and the earnings target after depreciation according to plan and interest is EUR 4.7 million before taxes and EUR 4.0 million after taxes. The Group is aiming at a rental occupancy rate of 96% for its city centre property. At the beginning of 2006, construction planning for the new Academica service centre – or the "third university building" – began. The new construction will be implemented in association with the Helsinki School of Business and Economics, which requires the establishment of a new company. Building work is expected to start in early 2007.

Some of the most important investments of the next few years will be made in the City Centre Property, which include additional subterranean commercial premises under Ylioppilasaukio square, connections to the customer parking facility on Mannerheimintie street and enhancing the consumer image of Kaivopiha. Investments will also be made in the construction and refurbishment of subterranean premises at the Leppäsuo Property.

The target for net sales of the UniCafe restaurants for 2006 is EUR 10.8 million and the company seeks to break even. Tough competition, efficiency requirements, the availability of skilled labour and maintaining the occupational fitness of current personnel will affect the working and operating environments in the service industry in the coming years. They will place challenges on the development of UniCafe and, partly as a consequence of this, the company's business strategy has been refocused. UniCafe's aim for the next three years is to be the "Best in its Category", and to be an even more competitive company in the service industry than before.

The target for net sales of the Old Student House in 2006 is EUR 2.2 million and the company seeks to at least break even. Special objectives for 2006 are sharpening up the definition of target groups, firming up the company's image and dovetailing business concepts.

The favourable earnings trends of the other companies (Oy Academica Hotels Ltd and University Press Finland Ltd) are expected to continue.

One of the year's most significant projects is the implementation of a next generation, smart card-based service system for students.

The expected yield from securities investments is 8%. Activities started up in December 2005 and also partly in January 2006 and were, with regard to yield, a success. The greatest and most interesting challenge in investment activities is the more precise definition of responsible investment.

International operations

The net sales of the KILROY travels subgroup are estimated to increase by at least 9% in 2006. Due to the final phase of the implementation of the realignment of business operations, the target approved for the Group in 2006 is a slight loss. The Group has been improving its result according to plan. Without the non-recurring expenses associated with the realignment, and once efficiency benefits from the exceptionally large IT investments of the 2000s are realized and depreciation associated with investments is substantially reduced, the result should once again be clearly in the black from 2007 onwards.

DIVIDENDS PROPOSAL

According to the consolidated balance sheet, shareholders' equity as of 31 December 2005 is EUR 21 888 802, of which distributable funds amount to EUR 17 545 083. According to the separate balance sheet of the Real Estate Funds of HYY, shareholders' equity as of 31 December 2005 is EUR 20 718 325, of which distributable funds amount to EUR 17 718 325. The Board of Directors proposes that the Funds of the Student Union be paid a dividend of EUR 2 000 000, with the remainder being kept in the profit and loss account.

Income Statement

EUR	Note number	1.1. - 31.12.2005	%	1.1. - 31.12.2004	%
NET SALES	**1**	**169 657 117**	100.0	189 715 892	100.0
Other operating income	**2**	**7 250 239**	4.3	192 398	0.1
Materials and services					
Raw materials and consumables					
Purchases during the financial year		**–121 182 194**	71.4	–133 839 391	70.5
Increase/decrease in inventories		**–283 216**	0.2	–23 993	0.0
External services		**–2 126 752**	1.3	–2 021 343	1.1
Personnel costs	**3**	**–21 941 792**	12.9	–24 180 687	12.7
Depreciation and value adjustments	**4, 8, 9**	**–4 560 960**	2.7	–5 080 091	2.7
Other operating expenses	**5**	**–17 325 963**	10.2	–20 051 238	10.6
Total		**–167 420 878**	98.7	–185 196 743	97.6
OPERATING PROFIT		**9 486 479**	5.6	4 711 547	2.5
Financial income and expenses	**6**				
Share in associated company profit		**0**	0.0	230 244	0.1
Income from other investments in fixed assets		**11 248**	0.0	2 914	0.0
Other interest and financial income		**616 751**	0.4	904 647	0.5
Interest and other financial expenses		**–599 580**	0.4	–966 387	0.5
Total		**28 419**	0.0	171 419	0.1
PROFIT BEFORE TAXES AND MINORITY INTEREST		**9 514 897**	5.6	4 882 966	2.6
Taxes	**7**	**–352 256**	0.2	–799 528	0.4
Minority interest		**–1 949 456**	1.1	–55 871	0.0
NET PROFIT FOR THE YEAR		**7 213 185**	4.3	4 027 567	2.1

Balance Sheet

EUR	Note number	31.12.2005	%	31.12.2004	%
ASSETS					
FIXED ASSETS					
Intangible assets	**8**				
Development expenditure		**95 853**		0	
Intangible rights		**3 227 717**		4 539 398	
Group goodwill		**1 357 825**		3 215 903	
Other capitalized expenditure		**3 729 251**		4 287 838	
		8 410 646	12.6	12 043 138	15.9
Tangible assets	**9**				
Land		**808 024**		808 024	
Buildings and structures		**19 621 817**		20 557 156	
Machinery and equipment of the buildings		**2 331 844**		1 696 827	
Machinery and equipment		**1 027 391**		1 588 211	
Other tangible assets		**8 672**		8 672	
Advance payments and acquisitions in progress		**97 156**		248 147	
		23 894 904	35.9	24 907 037	32.8
Investments	**10**				
Shares in Group undertakings		**32 541**		294 334	
Receivables from Group undertakings		**0**		607 052	
Other shares and participations		**3 303 998**		481 335	
		3 336 539	5.0	1 382 721	1.8
FIXED ASSETS, TOTAL		**35 642 089**	53.5	38 332 896	50.5
CURRENT ASSETS					
Inventories					
Completed products/goods		**814 213**	1.2	1 095 636	1.4
Receivables	**11**				
Current					
Accounts receivable		**2 680 914**		2 714 356	
Receivables from Group undertakings		**0**		48 655	
Receivables from the owners		**9 567**		13 676	
Loan receivables		**3 000**		3 000	
Other receivables		**1 072 525**		1 867 379	
Prepaid expenses and accrued income		**1 061 247**		2 007 841	
		4 827 254	7.2	6 654 907	8.8
Securities included in financial assets					
Other securities		**7 628 660**	11.5	1 060 732	1.4
Cash at bank and in hand		**17 697 663**	26.6	28 825 801	37.9
CURRENT ASSETS, TOTAL		**30 967 789**	46.5	37 637 076	49.5
ASSETS		**66 609 878**	100.0	75 969 972	100.0

Balance Sheet

EUR	Note number	31.12.2005	%	31.12.2004	%
LIABILITIES					
SHAREHOLDERS' EQUITY	**12**				
Capital		**3 000 000**		3 000 000	
Retained earnings		**11 675 617**		10 177 999	
Net profit for the year		**7 213 185**		4 027 567	
SHAREHOLDERS' EQUITY, TOTAL		**21 888 802**	32.9	17 205 566	22.6
MINORITY INTEREST		**3 433 860**	5.2	3 651 168	4.8
LIABILITIES	**13**				
Imputed deferred tax liabilities		**855 884**	1.3	1 283 912	1.7
Non-current					
Loans from financial institutions		**7 844 516**		11 038 403	
Pension loans		**168 188**		336 376	
Advances received		**693 255**		423 889	
Debts to the owners		**4 995 000**		4 623 000	
Other debts		**198 601**		189 420	
		13 899 560	20.9	16 611 088	21.9
Current					
Loans from financial institutions		**649 904**		1 156 940	
Pension loans		**168 188**		168 188	
Advances received		**12 917 407**		19 939 117	
Accounts payable		**8 031 479**		9 666 654	
Debts to the owners		**15 549**		12 288	
Other debts		**2 988 988**		4 003 658	
Accrued liabilities and prepaid income		**1 760 258**		2 271 393	
		26 531 773	39.8	37 218 237	49.0
LIABILITIES, TOTAL		**41 287 217**	62.0	55 113 237	72.5
LIABILITIES		**66 609 878**	100.0	75 969 972	100.0

Funds statement

EUR 1 000	**2005**	2004
Cash flow from operating activities		
Operating profit	**2 304**	4 712
Adjustments to operating profit:		
Depreciation according to plan	**4 333**	4 835
Other adjustments	**–20**	29
Change in working capital:		
Current receivables, increase/decrease (-/+)	**1 894**	2 221
Inventories, increase/decrease (-/+)	**279**	20
Non-interest-bearing current liabilities, increase/decrease (+/-)	**–8 961**	–851
Payments and interest paid	**–596**	–753
Interest income	**613**	914
Dividends received	**11**	3
Taxes paid	**–771**	–1 284
Cash flow from operating activities	**–915**	9 846
Cash flow from investing activities		
Investments in tangible and intangible assets	**–3 157**	–5 047
Capital gains on transfer of tangible and intangible assets	**220**	22
Investments in other investments	**–3 003**	–151
Capital gains on transfer of other investments	**607**	24
Capital gains on transfer of investments in subsidiaries	**10 629**	0
Cash flow from investing activities	**5 296**	–5 153
Cash flow from financing		
Current loans drawn down (+)	**0**	1 000
Current loans repaid (-)	**–1 000**	–2 708
Non-current loans drawn down (+)	**382**	2 460
Non-current loans repaid (-)	**–3 866**	–5 622
Current receivables, increase/decrease (-/+)	**49**	–25
Securities held as financial assets, increase/decrease (-/+)	**–6 578**	4 862
Dividends paid/distribution of profit	**–4 426**	–2 400
Cash flow from financing	**–15 439**	–2 433
Change in cash assets	**–11 058**	2 260
Cash assets, 1 Jan.	**28 825**	26 544
Exchange rate fluctuations	**–69**	21
Cash assets, 31 Dec.	**17 698**	28 825

Notes to the Financial Statements

The parent corporation of the HYY Group is the Real Estate Funds of the Student Union of the University of Helsinki, which is domiciled in Helsinki. HYY Group Ltd, which is domiciled in Helsinki and is solely owned by the Real Estate Funds of the Student Union of the University of Helsinki, is the parent company of a subgroup.

KILROY travels International A/S, in which the Real Estate Funds of the Student Union of the University of Helsinki has a majority holding and which is domiciled in Copenhagen, is the parent company of a subgroup.

Copies of the consolidated financial statements of the aforementioned groups can be had from the head office of the HYY Group, Mannerheimintie 5 C, 00100 Helsinki.

ACCOUNTING PRINCIPLES

The HYY Group's financial statements have been prepared in accordance with the Accounting Act and Finnish statutes and regulations.

Scope

The consolidated financial statements include all Finnish and foreign subsidiaries in which the parent corporation owns more than 50% of the voting rights either directly or indirectly.

The KILROY travels Group, which is part of the Group, sold its MyPlanet subgroup in June 2005. MyPlanet's income statement has been consolidated into the income statements of the KILROY travels Group and the HYY Group during the period 1 January - 31 May 2005.

Associated companies

Companies in which the Group has a direct or indirect holding of 20-50% are classified as associated companies.

During the financial year, the Group sold a holding in an associated real estate company. At the beginning of the period, the shares outstanding in an associated travel company were acquired in their entirety; this company was divested in its entirety in June.

In 2004, the associated travel company has been consolidated using the equity method. The share of the associated company's result for the period corresponding to the holding is presented under financial items.

At the end of the financial year, the Group had one associated real estate company.

Associated real estate companies are not included in the consolidated financial statements, as they have no effect on the Group's financial result or shareholders' equity. Due to their insubstantial nature, information on the shareholders' equity and profits for the period of these real estate companies is not presented in the notes.

Owners

The current funds of the Student Union of the University of Helsinki - the Funds of the Student Union, which are not part of the HYY Group - are treated as the owners of the Group.

Accounting policies

The figures in the consolidated financial statements are based on the original acquisition cost. The Group's internal business transactions, distribution of profit, receivables and liabilities have been eliminated. There were no internal margins that had to be eliminated.

Intra-group share ownership has been eliminated using the acquisition cost method. The difference between the acquisition cost and shareholders' equity has been presented as Group goodwill, which will be depreciated over the period in which it has a financial effect. Five and 20 years have been used as the depreciation periods.

In the income statement, minority interest has been stated separately as a share of the profit for the financial year, and in the balance sheet as a share of the shareholders' equity.

Items denominated in foreign currency

The income statements of foreign subsidiaries have been converted to euros at the average rate for the financial year, and the balance sheets at the rate on the closing date. Translation differences arising from conversion and the elimination of the shareholders' equity of foreign subsidiaries have been recorded in non-restricted equity. Receivables and liabilities denominated in foreign currency have been valued at the rate on the closing date.

Net sales

Net sales comprise capital gains from the sale of products and services, rental income from real estate operations and charges for consumption less indirect taxes and discounts and exchange rate losses related to accounts receivable, plus exchange rate gains related to accounts receivable.

Pensions and pension funding

The pension security of the employees of the Group's Finnish companies, including additional benefits, has been handled through insurance companies. The pension arrangements of foreign subsidiaries have been handled in accordance with local practices.

Extraordinary items

Significant non-recurring income and expenses that are not part of ordinary operations or which are part of operations that are being wound down are presented as extraordinary income and expenses. Recurring income and expenses related to business operations are presented in the items before operating profit.

Fixed assets and depreciation

Fixed assets are recorded in the balance sheet at the acquisition cost minus planned depreciation, which is calculated on a straight-line basis from the economically useful life of fixed assets.

The useful life periods used in planned depreciation are:

	years
Intangible rights	3 - 7
Group goodwill	5 - 20
Other capitalized expenditure	3 - 30
Buildings	30 - 50
Machinery and equipment of the buildings	10 - 20
Machinery and equipment	3 - 5

In line with the principle of essentiality, which is part of generally accepted accounting practices, minor fixed assets – such as computers with an estimated economically useful life of under three years and mobile phones – have been recorded directly as annual costs. Land areas have not been depreciated. The securities included in fixed assets have been valued at the acquisition cost or, if their market value has permanently fallen, at the lower market value.

Other capitalized expenditure primarily includes the cost of the renovation of rental premises, where the depreciation period is the probable rental period at most. In the Real Estate division, the other capitalized expenditure comprises such renovation costs of rented premises as have been agreed, during rent agreement negotiations, to be the responsibility of the landlord and whose effect has been accounted for when determining the rent. In those cases, the depreciation period is generally the duration of the rental period.

Separate information on the market values of the fixed assets of real estate, their potential revaluation, collateral value and capital return, or changes in value, during the financial year is presented separately in the notes to the balance sheet.

The key indicators for real estate have been calculated as follows:

In accordance with the formula of the Finnish Institute for Real Estate Economics, the market value has been calculated as being the present value of future net rental income returns. The market values as at 31 Dec. 2005 have been calculated on the basis of a 6.1% total return requirement (2004: 6.5%) and a 95% occupancy rate (2004: 95%). The total return requirement is based on the 2005 interest on the government's 10-year bonds, 3.5% (2004: 4.1%), less expected inflation of 2.0% (2004: 2.0%), plus an added risk premium of 2.6% (2004: 2.4%) and 2.0% reserved for depreciation and modernization (2004: 2.0%). The floor area of the square metres leased in 2005 increased due to revised calculations. In the calculation of market value, rent values and expenses are divided by type of premise (retail, restaurant, office, storage and other). Their values were adjusted to correspond to the market situation in 2005.

The yields on real estate have been calculated as follows: The income return is the net rental yield as a percentage of the market value at the beginning of the financial year. The capital return ratio is the change in the market value as a percentage of the market value at the beginning of the year, minus investments activated during the report year. Total return ratio = income return + capital return ratio.

Current assets

Inventories have been valued at acquisition cost. The upper limit used in the valuation of inventory assets is the probable sale price and the probable acquisition cost.

Securities are valued at the lower of the acquisition cost or the probable sale price on the closing date.

Appropriations

Appropriations are those depreciation differences causing a change in the imputed deferred tax liability, which is presented in the consolidated financial statements under the taxes for the financial year. In the consolidated balance sheet, accumulated appropriations have been divided into a tax liability and non-restricted equity.

Advances received

A share of the Travel subgroup's net sales is generated by the subgroup's air ticket system – a system which is unusual in the travel business – where customers pay a considerable amount in advance. Presented as advances received is the share of advance airfares paid by customers, who have the right to a refund, for which accounts receivable had not materialized between the subgroup and the airlines by the closing date, or a total of EUR 6.1 million (2004: EUR 9.4 million). Of the advances received, EUR 5.4 million is presented in current liabilities and EUR 0.7 million in non- current liabilities in the balance sheet.

Notes to the Income Statement

EUR	2005	2004
1 BREAKDOWN OF NET SALES		
Operations in Finland		
Real Estate	**12 152 286**	11 904 990
Restaurants	**13 104 716**	13 330 136
Other companies	**2 096 985**	1 987 409
Total	**27 353 987**	27 222 535
International operations		
Travel	**142 303 130**	162 493 357
Total	**169 657 117**	189 715 892
By market area		
Finland	**45 895 193**	44 599 733
Other Nordic countries	**114 185 278**	134 531 775
Other European countries	**8 703 407**	9 709 778
Other	**873 239**	874 606
Total	**169 657 117**	189 715 892
2 OTHER OPERATING INCOME		
Capital gains from sales of the KILROY travels subgroup	**7 183 860**	0
Capital gains from sales of fixed assets	**46 379**	172 398
Contributions	**20 000**	20 000
Total	**7 250 239**	192 398
3 PERSONNEL AND MEMBERS OF ADMINISTRATIVE BODIES		
Personnel costs		
Wages and salaries	**18 836 547**	21 011 668
Pension costs	**1 842 289**	1 418 494
Other personnel costs	**1 262 956**	1 750 525
Total	**21 941 792**	24 180 687
Salaries and remuneration paid to management		
Salaries and remuneration paid to the Group's Board of Directors	**52 224**	48 375
Salaries, remuneration and other compensation paid to the Group's CEO	**138 544**	138 268
Total	**190 768**	186 643

If the Group's CEO is dismissed or power of authority changes within the company, he or she is entitled to compensation equal to 12 months' salary.

Pension commitments and loans granted to management
The retirement age set in the Group CEO's agreement is 60 years. On the basis of the Finnish Employees' Pensions Act and the HYY Group's own voluntary arrangements, the CEO's pension equals 66% of the average salary paid in the past 10 years. The retirement age of Presidents, Managing Directors and Directors of other companies belonging to the HYY Group has also been set at 60. There are no pension commitments to Board members.
Neither the Group's CEO, the CEO's deputies nor Board members had cash loans from the HYY Group's companies on 31 December 2005.

	2005	2004
Average number of employees by division		
Domestic operations		
Real Estate	**10**	10
Restaurants	**174**	176
Internal services	**20**	19
Other	**9**	8
Total	**213**	213
International operations		
Travel Group	**368**	438
Total	**581**	651

	2005	2004
Average number of personnel by country		
In Finland	**253**	256
In other Nordic countries	**296**	361
In other European countries	**27**	29
Elsewhere	**5**	5
Total	**581**	651

EUR	2005	2004
4 DEPRECIATION AND VALUE ADJUSTMENTS		
Depreciation by type of fixed asset		
Intangible assets		
Intangible rights	**1 373 617**	1 382 379
Group goodwill	**346 873**	396 849
Other capitalized expenditure	**979 247**	1 072 385
Tangible assets		
Buildings	**935 018**	857 597
Machinery and equipment of the buildings	**195 720**	206 351
Machinery and equipment	**730 485**	1 164 530
Total	**4 560 960**	5 080 091
5 OTHER OPERATING EXPENSES		
Auditors' fees and services		
Audit fees	**301 499**	306 445
Fees for other services	**54 257**	125 395
Total	**355 756**	431 840
Fees and services of the chief auditor		
Audit fees	**85 303**	93 002
Fees for other services	**20 975**	10 474
Total	**106 278**	103 476
6 FINANCIAL INCOME AND EXPENSES		
Income from long-term investments		
Share in associated company profit	**0**	230 244
Dividend income		
From others	**11 248**	2 914
Other interest and financial income		
From Group undertakings	**4 920**	26 040
From others	**611 831**	878 607
Interest and financial income, total	**627 999**	1 137 806
Interest and other financial expenses		
To the owners	**–147 515**	–128 467
To others	**–452 065**	–701 091
Exchange rate losses on deposits	**0**	–136 829
Interest and other financial expenses, total	**–599 580**	–966 387
Financial income and expenses, total	**28 419**	171 419
7 DIRECT TAXES		
Real estate taxes	**455 399**	452 912
Income taxes on ordinary operations		
For the financial year	**120 392**	801 830
Change in the imputed deferred tax liability		
Due to appropriations	**6 350**	14 549
Included in the income statements of foreign Group companies	**–229 885**	–469 763
Direct taxes, total	**352 256**	799 528

Notes to the Balance Sheet

EUR		**2005**	2004
8	**INTANGIBLE ASSETS**		
	Development expenditure		
	Acquisition cost, 1 Jan.	**0**	0
	Increases	**95 853**	0
	Acquisition cost, 31 Dec.	**95 853**	0
	Book value, 31 Dec.	**95 853**	0
	Intangible rights		
	Acquisition cost, 1 Jan.	**10 192 140**	9 324 361
	Increases	**1 179 879**	1 123 698
	Transfers between asset groups	**0**	18 687
	Change in Group structure	**–1 425 918**	0
	Exchange rate differences	**–19 564**	6 782
	Acquisition cost, 31 Dec.	**9 926 537**	10 473 528
	Accumulated depreciation, 1 Jan.	**–5 652 742**	–4 534 206
	Accumulated depreciation of decreases and transfers	**0**	–14 385
	Change in Group structure	**318 077**	0
	Exchange rate differences	**9 462**	–3 160
	Depreciation for the financial year	**–1 373 617**	–1 382 379
	Accumulated depreciation, 31 Dec.	**–6 698 820**	–5 934 130
	Book value, 31 Dec.	**3 227 717**	4 539 398
	Group goodwill		
	Acquisition cost, 1 Jan.	**5 899 982**	6 014 713
	Increases	**870 724**	0
	Decreases	**0**	–127 449
	Change in Group structure	**–4 161 004**	0
	Exchange rate differences	**–9 359**	12 718
	Acquisition cost, 31 Dec.	**2 600 343**	5 899 982
	Accumulated depreciation, 1 Jan.	**–2 684 079**	–2 348 408
	Accumulated depreciation of decreases and transfers	**0**	66 951
	Change in Group structure	**1 784 877**	0
	Exchange rate differences	**3 558**	–5 773
	Depreciation for the financial year	**–346 873**	–396 849
	Accumulated depreciation, 31 Dec.	**–1 242 517**	–2 684 079
	Book value, 31 Dec.	**1 357 826**	3 215 903
	Other capitalized expenditure		
	Acquisition cost, 1 Jan.	**9 405 812**	10 474 383
	Increases	**577 743**	943 786
	Decreases	**0**	–319 643
	Transfers from acquisitions in progress	**49 868**	0
	Change in Group structure	**–601 035**	0
	Exchange rate differences	**12 301**	2 242
	Acquisition cost, 31 Dec.	**9 444 689**	11 100 768
	Accumulated depreciation, 1 Jan.	**–5 117 974**	–6 024 509
	Accumulated depreciation of decreases and transfers	**0**	284 554
	Change in Group structure	**509 218**	0
	Exchange rate differences	**–127 435**	–590
	Depreciation for the financial year	**–979 247**	–1 072 385
	Accumulated depreciation, 31 Dec.	**–5 715 438**	–6 812 930
	Book value, 31 Dec.	**3 729 251**	4 287 838

Euroa		2005	2004
9	**TANGIBLE ASSETS**		
	Land		
	Acquisition cost, 31 Dec.	**808 024**	808 024
	Book value, 31 Dec.	**808 024**	808 024
	Buildings		
	Acquisition cost, 1 Jan.	**38 893 962**	35 355 521
	Increases	**0**	2 213 277
	Decreases	**0**	–119 114
	Transfers from acquisitions in progress	**0**	1 443 972
	Exchange rate differences	**–820**	306
	Acquisition cost, 31 Dec.	**38 893 142**	38 893 962
	Accumulated depreciation, 1 Jan.	**–18 336 806**	–17 516 059
	Accumulated depreciation of decreases and transfers	**0**	36 971
	Exchange rate differences	**499**	–121
	Depreciation for the financial year	**–935 018**	–857 597
	Accumulated depreciation, 31 Dec.	**–19 271 325**	–18 336 806
	Book value, 31 Dec.	**19 621 817**	20 557 156
	Machinery and equipment of the buildings		
	Acquisition cost, 1 Jan.	**3 974 915**	3 501 661
	Increases	**633 714**	473 254
	Transfers from acquisitions in progress	**197 023**	0
	Acquisition cost, 31 Dec.	**4 805 652**	3 974 915
	Accumulated depreciation, 1 Jan.	**–2 278 088**	–2 071 737
	Depreciation for the financial year	**–195 720**	–206 351
	Accumulated depreciation, 31 Dec.	**–2 473 808**	–2 278 088
	Book value, 31 Dec.	**2 331 844**	1 696 827
	Machinery and equipment		
	Acquisition cost, 1 Jan.	**14 183 021**	15 113 256
	Increases	**347 375**	552 135
	Decreases	**–30 699**	–917 296
	Transfers between asset groups	**0**	–18 687
	Change in Group structure	**–1 160 250**	0
	Exchange rate differences	**–9 176**	52 275
	Acquisition cost, 31 Dec.	**13 330 271**	14 781 683
	Accumulated depreciation, 1 Jan.	**–12 594 810**	–12 858 461
	Accumulated depreciation of decreases and transfers	**29 845**	881 975
	Change in Group structure	**983 854**	0
	Exchange rate differences	**8 716**	–52 456
	Depreciation for the financial year	**–730 485**	–1 164 530
	Accumulated depreciation, 31 Dec.	**–12 302 880**	–13 193 472
	Book value, 31 Dec.	**1 027 391**	1 588 211
	Other tangible assets		
	Acquisition cost, 31 Dec.	**8 672**	8 672
	Book value, 31 Dec.	**8 672**	8 672
	Advance payments and acquisitions in progress		
	Acquisition cost, 1 Jan.	**248 147**	1 482 325
	Increases	**95 900**	209 794
	Transfers between asset groups	**–246 891**	–1 443 972
	Acquisition cost, 31 Dec.	**97 156**	248 147
	Book value, 31 Dec.	**97 156**	248 147

Assets whose acquisition cost has been expensed in full have been removed from the fixed asset register during the financial year. For this reason, the opening balances for the period do not match the closing balances of the previous period.

EUR	2005	2004
Market values of fixed assets [1)]		
City Centre Property	**128 511 452**	138 030 482
Mannerheimintie 5, Kaivokatu 10, Aleksanterinkatu 23		
Land area: 8 984 m^2		
Building rights: 38 141 m^2		
Commercial and office premises		
Leasable area (GLA) 32 601 m^2 [2)]		
(Gross leasable area in use: 31 693 m^2, 1999-2004)		
Zoning obligation: 60 parking places, 72 leasable.		
Leppäsuo Property	**24 908 814**	24 802 946
Leppäsuonkatu 9, Hietaniemenkatu 14		
Land area: 6 882 m^2		
Building rights: 18 570 m^2		
Residential, library and commercial premises		
Leasable area (GLA) 17 635 m^2 [2)]		
(Gross leasable area in use 15 544 m^2, 1999-2004)		
Zoning obligation: 61 parking places, 71 leasable.		
Market value, total	**153 420 266**	162 833 428
Equivalent book value, total	**22 611 670**	22 901 740
Difference between market and book values	**130 808 596**	139 931 688

Revaluation contingency of fixed assets
The plot of the city centre property (the Kaivopiha Commercial Building), which is owned by the parent corporation of the Group, meets the Finnish Accounting Act's requirements for revaluation contingency. The taxable value of the plot was EUR 43 323 203 in 2005. The book value of the plot as at 31 December 2005 was EUR 711 363. Using the cost of the building rights of commercial and office plots in the district as the reference value, the value of the plot exceeds its taxable value. The revaluation contingency indicated in the notes to the financial statements as at 31 December 2005 is a minimum of EUR 35 000 000.

1) Market values have been stated insofar as they are materially different from the book values. Market values are calculated in accordance with the formula of the Finnish Institute for Real Estate Economics. Detailed information on the formulae used is provided in the notes concerning the accounting policy.
2) Revised in the real estate system as at 31 Dec. 2005.

	2005	2004
Property revaluation and yields [1)]		
Market value of real estate, EUR		
City Centre Property	**128 511 452**	138 030 482
Leppäsuo Property	**24 908 814**	24 802 946
Total	**153 420 266**	162 833 428
Change in value of real estate, EUR		
City Centre Property	**–9 519 030**	–4 127 767
Leppäsuo Property	**105 868**	–426 301
Total	**–9 413 162**	–4 554 068
Capital return ratio of real estate, %		
City Centre Property	**–7.73**	–3.7
Leppäsuo Property	**0.02**	–12.5
Average (weighted)	**–6.55**	–5.1
Income return of real estate, %		
City Centre Property	**4.77**	4.7
Leppäsuo Property	**3.36**	2.2
Average (weighted average)	**4.55**	4.3
Total return ratio of real estate, % 2)		
City Centre Property	**–2.96**	1.0
Leppäsuo Property	**3.38**	–10.3
Average (weighted average)	**–1.99**	–0.8

EUR	2005	2004
10 INVESTMENTS		
Shares in Group undertakings		
Acquisition cost, 1 Jan.	**294 334**	144 096
Increases	**0**	150 169
Decreases	**–261 096**	0
Exchange rate differences	**–697**	69
Acquisition cost, 31 Dec.	**32 541**	294 334
Book value, 31 Dec.	**32 541**	294 334
Receivables from Group undertakings		
Acquisition cost, 1 Jan.	**607 052**	630 858
Increases	**0**	11 903
Decreases	**–607 052**	–35 709
Acquisition cost, 31 Dec.	**0**	607 052
Book value, 31 Dec.	**0**	607 052
Other shares and participations		
Acquisition cost, 1 Jan.	**481 335**	480 122
Increases	**3 010 908**	1 210
Decreases	**–188 231**	0
Exchange rate differences	**–14**	3
Acquisition cost, 31 Dec.	**3 303 998**	481 335
Book value, 31 Dec.	**3 303 998**	481 335
Market value of securities		
Quoted shares		
Market value	**238 125**	185 699
Balance sheet value	**17 019**	17 019
Difference	**221 106**	168 680

1) Real estate revaluation and yield have been calculated in accordance with the formulae of the Finnish Institute for Real Estate Economics. The accounting policy applied in the financial statements presents detailed information on the formulae used. In accordance with the accounting formula, the activated investment expenditure on construction works will be deducted in its entirety from the revaluation during its year of completion when calculating the capital return ratio. In 2005, the investment expenditure deducted from the revaluation amounted to EUR 0.9 million for the City Centre Property and EUR 0.1 million for the Leppäsuo Property. The revaluation has not been booked in the income statement.

	Group's holding, %	Parent corporation's holding, %
Group companies		
HYY Group Ltd	100.0	100.0
Oy Vanha Ylioppilastalo Ab	100.0	
Oy UniCafe Ab	100.0	
Oy Uni-IT Ab	100.0	
University Press Finland Ltd	100.0	
Kaivopiha Ltd	100.0	
Oy Academica Hotels Ltd	100.0	
KILROY travels International A/S	63.4	63.4
KILROY travels Denmark A/S	63.4	
KILROY Group Travel A/S	63.4	
KILROY travels Finland OY AB	63.4	
KILROY travels Norway A/S	63.4	
KILROY travels Trondheim A/S	63.4	
KILROY travels Sweden AB	63.4	
KILROY travels Spain S.A.	63.4	
KILROY Invest A/S	63.4	
KILROY travels Netherlands B.V.	63.4	
Associated companies		
Kiinteistö Oy Ida Aalbergintie 1	25.0	25.0

EUR	**2005**	2004
11 RECEIVABLES		
Current receivables		
Receivables from Group undertakings		
Loan receivables	**0**	35 709
Prepaid expenses and accrued income	**0**	12 946
	0	48 655
Receivables from the owners		
Accounts receivable	**8 629**	12 763
Other receivables	**938**	913
	9 567	13 676
12 SHAREHOLDERS' EQUITY		
Capital, 1 Jan. and 31 Dec.	**3 000 000**	3 000 000
Retained earnings, 1 Jan.	**14 205 566**	12 564 462
Other changes and exchange rate differences	**–79 949**	13 537
Dividends paid	**–2 450 000**	–2 400 000
Retained earnings, 31 Dec.	**11 675 617**	10 177 999
Net profit for the period	**7 213 185**	4 027 567
Shareholders' equity, total	**21 888 802**	17 205 566
Calculation of distributable funds, 31 Dec.		
Retained earnings	**11 675 617**	10 177 999
Net profit for the period	**7 213 185**	4 027 567
- Share of the accumulated depreciation difference recorded in shareholders' equity	**–1 343 719**	–1 244 496
Total	**17 545 083**	12 961 070

EUR	**2005**	2004
13 LIABILITIES		
Imputed deferred tax liabilities		
Based on appropriations	**89 309**	82 959
Included in the balance sheets of foreign Group companies	**766 575**	1 200 953
	855 884	1 283 912
Interest-bearing and non-interest-bearing liabilities		
Interest-bearing		
Non-current	**13 206 305**	16 187 199
Current	**834 910**	2 341 946
	14 041 215	18 529 145
Non-interest-bearing		
Imputed deferred tax liabilities	**855 884**	1 283 912
Non-current	**693 255**	423 889
Current	**25 696 863**	34 876 291
	27 246 002	36 584 092
Liabilities, total	**41 287 217**	55 113 237
Non-current liabilities		
Loans falling due later than in five years		
Loans from financial institutions	**5 244 902**	6 105 040
Other loans	**29 601**	29 601
	5 274 503	6 134 641
Liabilities to the owners		
Other liabilities	**4 995 000**	4 623 000
Current liabilities		
Liabilities to the owners		
Accounts payable	**2 565**	915
Other liabilities	**1 272**	0
Accrued liabilities and prepaid income	**11 712**	11 373
	15 549	12 288

Other Notes

EUR	2005	2004
COLLATERAL GRANTED, CONTINGENT LIABILITIES AND OTHER COMMITMENTS		
Liabilities for which real estate mortgages have been granted as collateral		
Pension loans	**336 376**	504 564
Mortgages granted	**637 432**	637 432
Loans from financial institutions	**8 494 420**	10 850 943
Mortgages granted	**14 958 455**	15 264 206
Other debts	**54 653**	54 653
Mortgages granted	**41 870**	3 489 723
Liabilities, total	**8 885 448**	11 410 160
Mortgages granted as collateral, total	**15 637 757**	19 391 361
Leasing commitments		
Unpaid amounts of leasing agreements		
Payable during the current financial year	**836 161**	574 150
Payable later	**451 766**	265 562
Total	**1 287 927**	839 712

Other commitments

The maximum off-balance sheet VAT risk of the Travel Group's Spanish subsidiary, which is currently under appeal, is EUR 0.5 million.

FINANCIAL RISK MANAGEMENT

Finnish financial risks are managed in Helsinki and those of the KILROY travels subgroup in Copenhagen.

The financing and management of the financial risks of the KILROY travels subgroup are based on the decisions taken by the Board of Directors of the subgroup's parent company.

The HYY Group's financing and management of financial risks in Finland are centralized within HYY Group Ltd's Group bank in accordance with a decision regarding the Group bank which was taken by the Group's Board of Directors and will be in effect until further notice. The Group bank also serves as an internal bank and is briefed with managing Group accounts and collateral in Finland. The management of financial risks aims to minimize the effect of the financial risks of business operations on the Group's result, balance sheet and liquidity. The Group bank is responsible for funding the Group's business functions in Finland in a cost-effective manner and for identifying and gauging risks pertaining to financing as well as hedging against them in cooperation with the Group's various divisions.

Foreign exchange risk

In its Finnish operations, the Group has no non-current liabilities in foreign currencies. Moreover, Finnish receivables and current liabilities do not involve foreign exchange exposure that is material in amount. The only significant investment denominated in a foreign currency (the KILROY travels subsidiary investment) has been made in a currency (DKK) whose fluctuations closely follow the rate of the euro.

As the HYY Group has foreign subsidiaries outside the euro zone, the Group's shareholders' equity is exposed to exchange rate fluctuations. Changes in shareholders' equity due to exchange rate changes are shown as translation differences in the consolidated financial statements.

The international scope of the Danish KILROY travels subgroup exposes it to foreign exchange risks between numerous different currencies. Receivables and liabilities denominated in a foreign currency constitute the subgroup's foreign exchange exposure. The subgroup has made agreements with air carriers based in many countries, and for this reason the foreign exchange risk is managed with respect to numerous local currencies. Sales are made in the local currency of each country. In addition to the balance sheet items, the foreign exchange exposure involves predictable, agreement-based receivables that are denominated in a foreign currency. The primary currencies are the SEK, NOK, AUD, USD, and the euro. In accordance with the hedging policy, significant exposures are hedged.

Interest rate risk

The HYY Group is exposed to interest rate risks primarily through the interest-bearing net debt in the balance sheet. The objective of the management of interest rate risks is to reduce fluctuations in earnings over the long term, not to temporarily minimize interest expenses. The interest rate risk is managed by diversifying the Group's borrowing and investments into different maturities on the one hand and into instruments with variable and fixed interest rates on the other hand. Interest rate swaps are used in the management of the interest rate risk.

The most important financing programmes used are:

- Finnish commercial paper valued at EUR 3.0 million

Liquidity risk

Liquidity risk management ensures that the Group can always meet its financial obligations. The trend in liquidity is monitored with cash flow forecasts. The liquidity risk is managed by ensuring that the sources of capital are reasonably priced and by attending to the investment of cash assets such that cash surpluses and assets reserved for strategic business realignments are invested in liquid and virtually risk-free alternatives. The primary consideration in investments of cash assets is to recoup the invested capital, with returns as a secondary consideration.

Investments in funds and other such investments are made only in well-known domestic and international funds that have a good reputation and in commercial paper, taking the owner's values into consideration insofar as this is possible.

Financial arrangements are seen to in a centralized and long-term manner. The Group's good solvency and the high market value of its fixed assets enable it to exploit the money markets effectively.

Credit risks

The bulk of the operations of the Group's business divisions, with the exception of the Real Estate division, are based on cash sales. The objective of the management of credit loss risks is to make agreements with contractual partners that fulfil the Group's credit criteria.

The credit risk of agency agreements made with travel entrepreneurs outside the KILROY travels subgroup is minimized using agreement-specific guarantees.

Insurance policies

Corporate insurance has been seen to locally with property and liability insurance policies.

Signatures

Signatures for the financial statements and Annual Report

Helsinki, 17 March 2006

Topi Haarlaa
Chairman of the Board

Jaakko Hietala

Mika Ihamuotila

Seppo Kymäläinen

Jenni Korkeaoja

Linus Lång

Ilkka Pölönen

Kerstin Rinne

Harri Tanhuanpää

Linnea Meder
CEO

Statement by the Supervisory Board

The Supervisory Board has examined the 2005 financial statements and consolidated financial statements of the HYY Group (consolidated financial statements, in which HYY Group Ltd and KILROY travels International A/S's subgroups have been consolidated into the Real Estate Funds of the Student Union, the parent corporation) and HYY Group Ltd and its corporate group as well as the auditors' reports and consolidated auditors' reports, and has not found any such defects in them as would give cause for comments. The Supervisory Board is thus in favour of the adoption of the financial statements, and is in accord with the Board of Directors' proposal on the distribution of profits.

Helsinki, 22 March 2006

On behalf of the Supervisory Board,

Mikko Myllys
Chair of the Supervisory Board

Auditors' report

To the Representative Council of the Student Union of the University of Helsinki

We have audited the accounting records, the financial statements, the report of the Board of Directors as well as the administration of the Real Estate Funds of HYY and the HYY Group, which is formed by the Real Estate Funds of HYY and subgroups, for the financial year from 1 January to 31 December 2005. The report of the Board of Directors and the financial statements, which include the balance sheet, income statement, funds statement and notes to the financial statements, have been prepared by the Board of Directors and the President and CEO. Based on our audit, we express an opinion on these financial statements, the report of the Board of Directors and the Group's administration.

We have conducted our audit in accordance with Finnish Generally Accepted Auditing Standards. Those standards require that we plan and perform the audit in order to obtain reasonable assurance about whether the financial statements and the report of the Board of Directors are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement preparation. The purpose of our audit of the administration has been to examine that the members of the HYY Group's Supervisory Board, Board of Directors and the President and CEO have complied with the rules of the Student Union and the Finnish Companies Act.

In our opinion, the financial statements and the report of the Board of Directors have been prepared in accordance with the Finnish Accounting Act and other rules and regulations governing the preparation of financial statements and Board reports in Finland. The financial statements and the report of the Board of Directors give a true and fair view, as defined in the Accounting Act, of the HYY Group's result of operations and financial position. The report of the Board of Directors is consistent with the financial statements. The financial statements can be adopted and the members of the HYY Group's Supervisory Board, Board of Directors and the President and CEO can be discharged from liability for the period audited by us. We support the proposal made in its report by the Board of Directors on how to deal with the earnings for the financial year.

Helsinki, 20 March 2006
KPMG Oy Ab

Reino Tikkanen
Authorized Public Accountant

Formulas for key indicators

Return on equity (ROE), %	=	$\dfrac{\text{Net profit x 100}}{\text{Shareholders' equity (average)}}$
Return on investment (ROI), %	=	$\dfrac{\text{(Net profit + financial expenses + taxes) x 100}}{\text{Balance sheet total – non-interest-bearing liabilities (average)}}$
Net debt	=	Interest-bearing liabilities – loan receivables – securities held in financial assets – cash at bank and in hand
Net gearing	=	$\dfrac{\text{Net debt}}{\text{Shareholders' equity + minority interest}}$
Equity ratio at book value, %	=	$\dfrac{\text{(Shareholders' equity + minority interest) x 100}}{\text{Balance sheet total – advance payments}}$
Equity ratio, if revaluation of land areas is included, %	=	$\dfrac{\text{(Shareholders' equity + minority interest + revaluation contingency) x 100}}{\text{Balance sheet total – advance payments + revaluation contingency}}$
Market value of real estate	=	The present value of the net rental income receivable in the future
Income return of real estate, %	=	$\dfrac{\text{Net rental income during the report year x 100}}{\text{Market value of real estate at the beginning of the report year}}$
Capital return ratio of real estate, %	=	$\dfrac{\text{(Change in the market value during the report year – activated investments during the report year) x 100}}{\text{Market value of real estate at the beginning of the report year}}$
Total return ratio of real estate, %	=	Income return ratio during the report year + the capital return ratio for the report year

HYY
GROUP

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