GRAPHISOFT PARK SE ANNUAL REPORT 2010

GRAPHISOFTPARK

GRAPHISOFTPARK

Financial highlights

	IFRS	IFRS
	2009	2010
	thousand EUR	thousand EUR
Revenue	**6,840**	**7,404**
Operating expense	(1,040)	(1,027)
Other income (expense)	72	100
EBITDA	**5,872**	**6,477**
Depreciation and amortization	(3,268)	(3,608)
Operating profit	**2,604**	**2,869**
Net interest expense	(1,940)	(2,227)
Operating profit and net interest	**664**	**592**
Exchange rate differences	(662)	(33)
Profit before tax	**2**	**559**
Income taxes	(90)	(270)
Profit (loss) for the year	**(88)**	**289**
EBITDA margin (%)	**85,8**	**87,5**
Operating profit margin (%)	**38,1**	**38,7**
Assets total	**79,913**	**77,509**
Investment property at historical cost	**68,444**	**67,119**
Investment property at fair value*	**126,182**	**135,637**
Net debt	**45,662**	**45,457**
Number of employees (closing)	**12**	**12**
EUR/HUF (opening)	264.78	270.84
EUR/HUF (closing)	270.84	278.75
EUR/HUF (average)	280.58	275.41

* Fair value of investment property is disclosed in the Consolidated Financial Statements, Note 12.

Dear Shareholders,

In this business report, Graphisoft Park presents the progress made toward its goals in the following areas:

- Financial results for the year 2010,
- Utilization, occupancy,
- Development activities,
- Other key issues,
- Forecast for the year 2011.

Financial results for the year 2010

Graphisoft Park Group closed the financial year 2010 with revenues of 7,404 thousand euros, EBITDA of 6,477 thousand euros, and a net profit of 289 thousand euros.

- **Revenue** increased by 8.2% compared to 2009 to 7,404 thousand euros in 2010. The growth is due mainly to additional revenues of Building H which was completed and leased to the first tenants in April 2009, and to the continuously increasing occupancy of the properties (see "Utilization, occupancy" section below).

- **Operating expenses** decreased by 4.2% compared to 2009 to 927 thousand euros in 2010 as a result of strict cost control measures.

- **Depreciation** increased by 10.4% compared to 2009 to 3,608 thousand euros in 2010 due largely to the depreciation accounted for following the completion of Building H in April 2009.

- Due to the above, **EBITDA** increased by 10.3% to 6,477 thousand euros and **operating profit** increased by 10.2% to 2,869 thousand euros compared the previous year.

- **Net interest expense** increased by 14.8% compared to 2009 to 2,277 thousand euros in 2010 because of a significant decrease in interest income despite the lower interests on bank loans. This decrease in interest income is due to the lower average amount of financial reserves (cash deposits and securities) because of cash used for property developments (see details in the "Development activities" section below) and dividend payment, as well as the transfer of financial reserves from forint to lower interest bearing euro.

- The relatively low **exchange rate difference** (a loss of 33 thousand euros in 2010) is due to the transfer of the financial reserves into euro which in turn has significantly reduced the effect of exchange rate fluctuations on the financial results of the Group.

- Due to all of the above, the net result increased by 377 thousand euros compared to 2009, and the Group realized a **net profit for the year** of 289 thousand euros in 2010.

Utilization, occupancy

During the course of 2010, occupancy rate of Graphisoft Park's 45,000 m2 office and laboratory space developed as follows:

Q1: 77%	Q2: 79%	Q3: 80%	Q4: 83%

The improvement in occupancy is due primarily to the success of the businesses run and expansion needs of our existing tenants.

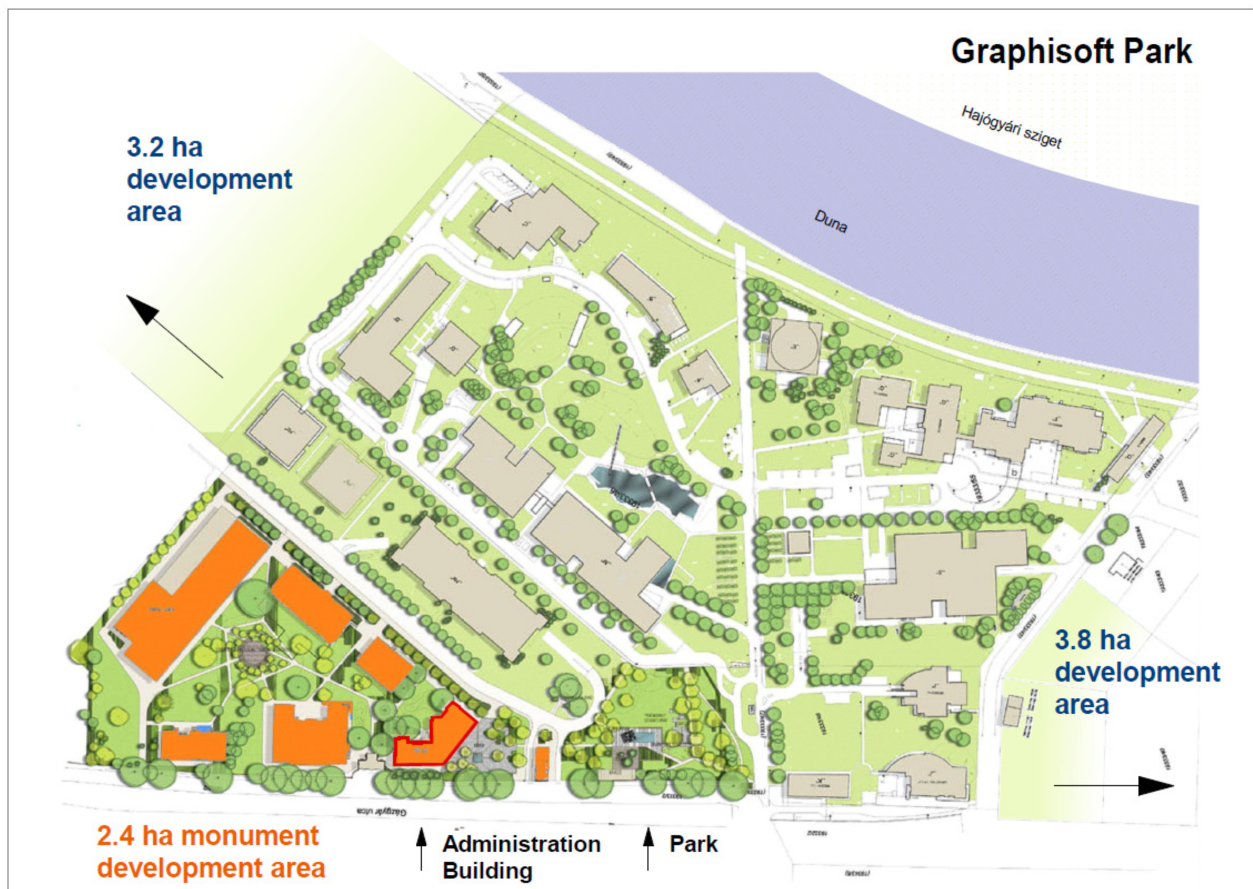
As another significant development Graphisoft Park's largest tenant, SAP has moved its commercial services division into the Park - housed elsewhere earlier - and extended its lease for an additional five years.

As a result of renovation activities that began in the second half of 2010 a new rental agreement has been signed to lease 1,000 m2 of the "Administration Building", located in the Park's monument development area, starting from the second quarter of 2011.

Office space occupancy rates in Budapest have been growing continuously since the second half of 2010 - a positive development which is likely to increase office space occupancy of Graphisoft Park during 2011 as well. Our revenue forecast, however, in the "Forecast for the year 2011" section reflects only the signed and valid lease agreements already in effect, and does not reflect this potential development.

Development activities

The total area of Graphisoft Park is nearly 18 hectares. Over the past 12 years 45,000 m2 of office and laboratory space covering 8.5 hectares have been developed and occupied. In the remaining area there is a potential for the development of an additional 65,000 m2 office space. In addition to this, 14,000 m2 of building space in the monument area can be utilized after complete renovation.



Development of the **core area** of Graphisoft Park is largely completed; investments such as development, remodeling and renovation of office space continue here to meet the needs of existing and new tenants. For this purpose, we spent a total of 1 million euros during the year 2010 out of which the largest expense was remodeling the SAP building (a project affecting 3,000 m2), which was needed for facilitating the relocation of SAP's commercial services division to Graphisoft Park. To meet the expansion needs of other existing tenants, we developed 1,000 m2 of additional office space in Building Hx, and 2,500 m2 in Building Hy. In addition, we

renovated approximately 1,200 m2 in the other buildings of the Park to accommodate the tenants' growing businesses and reorganizations.

In the **monument development area**, two large-scale developments were completed in 2010:

(1) We completed the demolition and landscaping activities at the entrance to Graphisoft Park. As a part of this project and partly for public use, we created a park and playground which includes a sculpture representing Rubik's Cube - a symbol of Hungarian creativity, which serves to emblematically introduce and emphasize the mission of Graphisoft Park. In view of future developments of the Park a new entrance has been created where the former "Weighing Station" - an industrial monument - was transformed into a reception building. This structure was completely renovated in harmony with its historical landmark character and a new security guard system was also installed. Total development costs were 270 thousand euros.

(2) We have begun the complete renovation of the first building of the former Óbuda Gas Works, a historical monument. The project involves the historically accurate reconstruction of the original secession-style façade, as well as the renovation of the mechanical insulation and other building systems to bring them up to 21st century standards. All of these tasks are carried out in close cooperation with the Hungarian National Office of Cultural Heritage. The entire project is expected to be completed by the end of the first quarter of 2011, at a total cost of 1.5 million euros including the demolition works and landscaping of the area surrounding the building. In the long term the monument development area will be used primarily for educational purposes and it will also house the Aquincum Institute of Technology (AIT).

In the **development areas**, we obtained permission for and carried out the demolition of those structures that are not protected landmarks. The planned archeological excavations have been completed. If new demand arises, construction of a new office building could begin in the excavated southern development area. No further preparatory work or development will take place in the northern development area until the clean-up projects planned by the Capital City Gas Works are finished. Total land development costs in these areas were nearly 2.6 million euros, out of which 900 thousand euros were incurred in 2010.

The main risk factors and limitations associated with these areas remain as follows:

- no valid zoning plan is in effect,
- significant risk of environmental pollution,
- regulations protecting landmark buildings limit the land's usability.

The moratorium on real estate development was lifted in February, 2010. The Local Government of Óbuda-Békásmegyer did not extend the moratorium.

Other key issues

The Aquincum Institute of Technology (AIT) was launched with a successful inaugural summer session in June and July. The program hosted students from top U.S. universities (e.g. Princeton, Williams, Smith) at Graphisoft Park. International response to the summer session can be found at AIT's website: ait-budapest.com. As of the writing of this report, the Institute has already begun its first regular semester. This new educational institution, whose presence further increases the attractiveness of Graphisoft Park, will be leasing a total of 550 m2 of space during 2011 for educational purposes, further increasing the Park's occupancy rate.

Forecast for the year 2011

Our forecast for the year 2011 is summarized in the following table. It is based exclusively on signed, valid lease agreements and the resulting occupancy rate of 83%. (The first two columns show results for the two previous years.)

(million euros)	2009 actual	2010 actual	2011 forecast
Rental revenue	6.84	7.40	7.8
Operating expenses	- 0.97	- 0.93	- 0.9
EBITDA	**5.87**	**6.47**	**6.9**
Depreciation and amortization	- 3.27	- 3.60	- 3.8
Operating profit	**2.60**	**2.87**	**3.1**
Net interest expense	- 1.94	- 2.28	- 2.1
Exchange rate difference	- 0.66	- 0.03	-
Income tax expense	- 0.09	- 0.27	- 0.3
Net profit	**-0.09**	**0.29**	**0.7**

The expected significant increase in net profit is based on increasing occupancy rates on one hand and decreasing interest and operating expenses on the other.

We emphasize that the actual results may differ significantly from this forecast, especially if the occupancy rate should change. Other factors that can significantly affect the results are: market rates for office space rental; the EUR/HUF exchange rate; the EURIBOR, BUBOR and loan interest rates and the regulatory environment.

Forward-looking statements *- This Annual Report contains forward-looking statements. These statements are based on current plans, estimates and projections, and therefore you should not place undue reliance on them. Forward-looking statements involve inherent risks and uncertainties. We caution you that a number of important factors could cause actual results to differ materially from those contained in any forward-looking statement.*

Statement of responsibility *- We declare that the attached Consolidated Financial Statements which have been prepared in accordance with the applicable accounting standards and to the best of our knowledge, give a true and fair view of the assets, liabilities, financial position and profit or loss of Graphisoft Park SE and its undertakings included in the consolidation, and the Business Report gives a fair view of the position, development and performance of Graphisoft Park SE and its undertakings included in the consolidation, together with a description of the principal risks and uncertainties of its business.*

Budapest, March 25, 2011

Kocsány János
Chief Executive Officer

Boján Gábor
Chairman of Board of Directors

GRAPHISOFT PARK SE

CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2010

in accordance with International Financial Reporting Standards (IFRS)

(audited)

Budapest, March 25, 2011

Kocsány János
Chief Executive Officer

Bojár Gábor
Chairman of Board of Directors

GRAPHISOFT PARK SE
AUDITED CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2010

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This is a translation of the Hungarian Report

Independent Auditors' Report

To the Shareholders of Graphisoft Park SE Ingatlanfejlesztő Európai Részvénytársaság

1.) We have audited the accompanying 2010 consolidated annual financial statements of Graphisoft Park SE Ingatlanfejlesztő Európai Részvénytársaság ("the Company"), which comprises the consolidated balance sheet as at 31 December 2010 - showing a balance sheet total of EUR 77,509 thousands and a profit for the year of EUR 289 thousands -, the related consolidated profit and loss account for the year then ended, consolidated statement of comprehensive income, changes in shareholder's equity, consolidated cash flows for the year then ended and the summary of significant accounting policies and other explanatory notes.

2.) We issued an unqualified opinion on the Company's consolidated annual financial statements prepared in accordance with the International Financial Reporting Standards as adopted by EU as at 31 December 2009 on 30 March 2010.

Management's Responsibility for the Consolidated Financial Statements

3.) Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the International Financial Reporting Standards as adopted by EU. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

4.) Our responsibility is to express an opinion on these consolidated financial statements based on the audit and to assess whether the consolidated business report is consistent with the consolidated financial statements. We conducted our audit in accordance with Hungarian National Auditing Standards and with applicable laws and regulations in Hungary. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

5.) An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our work regarding the consolidated business report is restricted to assessing whether the consolidated business report is consistent with the consolidated financial statements and does not include reviewing other information originated from non-audited financial records.

6.) We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

7.) We have audited the elements of and disclosures in the consolidated annual financial statements, along with underlying records and supporting documentation, of Graphisoft Park SE Ingatlanfejlesztő Európai Részvénytársaság in accordance with Hungarian National Auditing Standards and have gained sufficient and appropriate evidence that the consolidated annual financial statements have been prepared in accordance with the International Financial Reporting Standards as adopted by EU. In our opinion the consolidated annual financial statements give a true and fair view of the equity and financial position of Graphisoft Park SE Ingatlanfejlesztő Európai Részvénytársaság as at 31 December 2010 and of the results of its operations for the year then ended. The consolidated business report corresponds to the disclosures in the consolidated financial statements.

Budapest, 25 March 2011

(The original Hungarian language version has been signed.)

Ernst & Young Kft.
Registration No. 001165

Bodócsy Ágnes
Registered Auditor
Chamber membership No.: 007117

GRAPHISOFT PARK SE
CONSOLIDATED BALANCE SHEET
AS OF DECEMBER 31, 2010
(all amounts in thousands EUR unless otherwise stated)

	Notes	December 31, 2009	December 31, 2010
Cash and cash equivalents	4	1,688	723
Securities	5	8,022	8,000
Trade receivables	6	444	362
Inventories	7	7	-
Current tax receivable	8	558	380
Other current assets	9	287	517
Current assets		**11,006**	**9,982**
Investment property	10, 12	68,444	67,119
Other tangible assets	10	178	222
Intangible assets	11	23	10
Investments	13	100	100
Deferred tax asset	14	162	76
Non-current assets		**68,907**	**67,527**
TOTAL ASSETS		**79,913**	**77,509**
Short-term loans	15	1,600	1,692
Trade payables	16	473	667
Current tax liability	8	174	180
Other short-term liabilities	17	742	837
Current liabilities		**2,989**	**3,376**
Long-term loans	15	53,841	52,139
Non-current liabilities		**53,841**	**52,139**
TOTAL LIABILITIES		**56,830**	**55,515**
Share capital	1.4	213	213
Retained earnings		23,527	22,856
Accumulated translation difference		(657)	(1,075)
Shareholders' equity		**23,083**	**21,994**
TOTAL LIABILITIES & EQUITY		**79,913**	**77,509**

The accompanying notes form an integral part of the consolidated financial statements.

GRAPHISOFT PARK SE
CONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2010
(all amounts in thousands EUR unless otherwise stated)

	Notes	December 31, 2009	December 31, 2010
Property rental revenue	18	6,840	7,404
Revenue		**6,840**	**7,404**
Property related expense	19	(133)	(176)
Employee related expense	19	(460)	(438)
Other operating expense	19	(447)	(413)
Depreciation and amortization	10, 11	(3,268)	(3,608)
Operating expense		**(4,308)**	**(4,635)**
Other income (expense)	20	72	100
OPERATING PROFIT		**2,604**	**2,869**
Interest income	21	805	381
Interest expense	21	(2,745)	(2,658)
Exchange rate difference	22	(662)	(33)
Financial expense		**(2,602)**	**(2,310)**
PROFIT BEFORE TAX		**2**	**559**
Income tax expense	23	(90)	(270)
PROFIT (LOSS) FOR THE YEAR		**(88)**	**289**
Attributable to equity holders of the parent		(88)	289
Basic earnings (loss) per share (EUR)	24	(0.01)	0.03
Diluted earnings (loss) per share (EUR)	24	(0.01)	0.03

The accompanying notes form an integral part of the consolidated financial statements.

GRAPHISOFT PARK SE
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2010
(all amounts in thousands EUR unless otherwise stated)

	Notes	December 31, 2009	December 31, 2010
Profit (loss) for the year		**(88)**	**289**
Translation difference		(27)	(418)
Other comprehensive income		**(27)**	**(418)**
COMPREHENSIVE INCOME		**(115)**	**(129)**
Attributable to equity holders of the parent		(115)	(129)

The accompanying notes form an integral part of the consolidated financial statements.

GRAPHISOFT PARK SE
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2010
(all amounts in thousands EUR unless otherwise stated)

	Share capital	Retained earnings	Accumulated translation difference	Total equity
January 1, 2009	**213**	**23.613**	**(630)**	**23.196**
Loss for the year	-	(88)	-	**(88)**
Other comprehensive income	-	-	(27)	**(27)**
Share-based payment	-	2	-	**2**
Dividend	-	-	-	**-**
December 31, 2009	**213**	**23.527**	**(657)**	**23.083**
Profit for the year	-	289	-	**289**
Other comprehensive income	-	-	(418)	**(418)**
Share-based payment	-	-	-	**-**
Dividend	-	(960)	-	**(960)**
December 31, 2010	**213**	**22.856**	**(1.075)**	**21.994**

The accompanying notes form an integral part of the consolidated financial statements.

GRAPHISOFT PARK SE
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2010
(all amounts in thousands EUR unless otherwise stated)

	December 31, 2009	December 31, 2010
OPERATING ACTIVITIES		
Income before tax	2	559
Depreciation and amortization	3.268	3.608
Interest expense	2.745	2.658
Interest income	(805)	(381)
Write-off of receivables	10	1
Unrealized foreign exchange (gains) / losses	75	(18)
Changes in working capital:		
Decrease in receivables and other current assets	75	113
Decrease in inventory	982	7
Increase / (decrease) in payables and accruals	(1.631)	486
Corporate income tax paid	(287)	(249)
Net cash from operating activities	**4.434**	**6.784**
INVESTING ACTIVITES		
Expenditure on investment properties	(9.629)	(2.809)
Expenditure on other tangible assets and intangibles	(84)	(92)
Interest paid (capitalized)	(56)	(12)
Purchase of investment	(100)	-
Purchase of securities	(8.022)	-
Interest received	776	384
Net cash used in investing activities	**(17.115)**	**(2.529)**
FINANCING ACTIVITIES		
Loan repayments	(1.447)	(1.610)
Interest paid	(2.688)	(2.658)
Dividend paid	-	(949)
Net cash from used in financing activities	**(4.135)**	**(5.217)**
Decrease in cash and cash equivalents	(16.816)	(962)
Cash and cash equivalents at beginning of year	18.528	1.688
Exchange rate differences on cash and cash equivalents	(24)	(3)
Cash and cash equivalents at end of year	**1.688**	**723**

The accompanying notes form an integral part of the consolidated financial statements.

1. General information

1.1. Business activities

Graphisoft Park SE was established through a demerger from Graphisoft SE in 2006. The purpose of the restructuring was to spin off a new company, dedicated to real estate development and management.

Graphisoft Park SE provides management, financial and administrative services to its subsidiaries. The real estate development is performed by Graphisoft Park Kft. and its two subsidiaries, Graphisoft Park Universitas Kft. and GP3 Kft. Graphisoft Park Services Kft. is responsible for the operation of the real estate of the Group.

Graphisoft Park SE and subsidiaries are incorporated under the laws of Hungary. Court registration number of Graphisoft Park SE is CG 01-20-000002. Registered address of the Group is H-1031 Budapest, Záhony utca 7., Hungary. The average headcount of the Group was 12 in 2010 and 2009.

1.2. Properties

The total area of Graphisoft Park is nearly 18 hectares. Over the past 12 years, 45,000 m2 of office and laboratory space, covering 8.5 hectares, have been developed and occupied. The remaining area provides the opportunity to develop an additional 65,000 m2 of office space and utilize 14,000 m2 of building space comprising the monument area, after its renovation.

The real estate is categorized as follows:

Area	**Property**
Core area	modern business park spreading over 8,5 hectares of land, comprising 9 office buildings with over 45,000 m2 office and laboratory space, 1 storage warehouse with supporting office space, 2 restaurants and 1 service building
Monument development area	2.4 hectares of development land comprising 14.000 m2 of monument buildings
Development areas	7.0 hectares of free development land

Investment property book values and fair value estimates are disclosed in Notes 10 and 12.

1.3. Governance

The governing body of Graphisoft Park SE, Board of Directors (single-tier system) is composed of the following:

Name	Position	From	Until
Bojár Gábor	Chairman	August 21, 2006	May 31, 2011
Hornung Péter	Member	August 21, 2006	May 31, 2011
Moskovits Péter	Member	April 30, 2008	May 31, 2011
Vásárhelyi István	Member	August 21, 2006	May 31, 2011
Dr. Kálmán János	Member	August 21, 2006	May 31, 2011

The Audit Committee comprises of 3 independent members of the Board: Dr. Kálmán János (chairman), Moskovits Péter and Vásárhelyi István. The Chief Executive Officer of Graphisoft Park SE is Kocsány János.

1.4. Stock information

Graphisoft Park SE shares are publicly traded at Budapest Stock Exchange from August 28, 2006. The share capital (authorized and fully paid) of the Company is 212,633 EUR, comprising 10,631,674 Series “A” stocks of 0.02 EUR face value each. The ownership structure is the following according to the Company’s shareholding records:

		December 31, 2009		December 31, 2010	
Name	**Title**	**Shares (pcs)**	**Share (%)**	**Shares (pcs)**	**Share (%)**
Directors and management		**3,899,114**	**36.69**	**3,899,114**	**36.69**
Bojár Gábor	BD Chairman	3,185,125	29.96	3,185,125	29.96
Hornung Péter	BD Member	530,426	5.00	530,426	5.00
Dr. Kálmán János	BD Member	13,500	0.13	13,500	0.13
Kocsány János	CEO	168,913	1.59	168,913	1.59
Hajba Róbert	CFO	1,000	0.01	1,000	0.01
Szűcs Tibor	MD*	150	0.00	150	0.00
Shareholders over 5% share		**1,992,122**	**18.73**	**2,030,634**	**19.10**
Tari István Gábor		1,074,329	10.10	1,074,329	10.10
Concorde Alapkezelő Zrt.		917,793	8.63	956,305	9.00
Other shareholders		**4,513,924**	**42.45**	**4,475,412**	**42.08**
Treasury shares**		**226,514**	**2.13**	**226,514**	**2.13**
Total		**10,631,674**	**100.00**	**10,631,674**	**100.00**

* Graphisoft Park Services Kft.
** Treasury share details are disclosed in Note 25.

2. Accounting policies

2.1. Basis of preparation

The consolidated financial statements of Graphisoft Park Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). All standards and interpretations issued by the International Accounting Standards Board (IASB) effective at the time of preparing the consolidated financial statements and applicable to Graphisoft Park Group have been adopted by the EU. Therefore, the consolidated financial statements currently also comply with IFRS as issued by the IASB and also comply with the Hungarian Accounting Law on consolidated financial statements, which refers to the IFRS as adopted by the EU.

The preparation of the consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

2.2. Changes in accounting policies

In 2010, the Group adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (the IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are effective for accounting periods beginning on January 1, 2010. Where the transition provisions of a standard allow a preparer to determine the date the standard is effective from the Group has elected to apply the standard prospectively from January 1, 2010. Adoption of these revised standards and interpretations did not have any effect on the financial performance or position of the Group. They did however give rise in some cases to additional disclosures, including in some cases, revisions to accounting policies. The changes in accounting policies result from the adoption of the following new or revised Standards:

- IAS 1 – Presentation of Financial Statements
- IAS 7 – Statement of Cash Flows
- IAS 17 – Leases
- IAS 36 – Impairment of Assets
- IAS 39 – Financial Instruments: Recognition and Measurement
- IFRS1 – First-time Adoption of International Financial Reporting Standards
- IFRS 2 – Share-based Payment
- IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations
- IFRS 8 – Operating Segments

The principal effects of these changes are as follows:

IAS 1 Presentation of Financial Statements: The amendment clarifies the classification between current and non-current convertible instruments.

IAS 7 Statement of Cash Flows: The amendment states that only expenditure that results in asset recognition can be classified as "investing" in the statement of cash flows.

IAS 17 Leases: The amendment determines that for those land leases for which retrospective information is available, a classification reassessment of unexpired leases based on conditions at inception date should be carried out. Additionally, an entity should retrospectively recognize land leases that are currently finance leases based on their fair values at the inception date of the lease.

IAS 36 Impairment of Assets: The amendment determines that the unit of allocation of goodwill when testing for impairment should not be larger than an operating segment as defined in IFRS 8.

IAS 39 Financial Instruments: Recognition and Measurement: The amendment clarifies when gains or losses on hedging instruments should be reclassified from equity to profit or loss. In addition, forward contracts entered into as part of a business combination are exempt from the scope of IFRS 39.

IFRS 1R First-time Adoption of International Financial Reporting Standards: The amendment states that an entity is exempt from having to apply IFRIC 4 Determining whether an Arrangement Contains a Lease when it adopts IFRSs, if the entity made the same type of determination of whether an arrangement contains a lease in accordance with its previous GAAP as that required by IFRIC 4.

IFRS 2 Share-based Payment - Cash-settled Share-based Payment Transactions: The amendments clarify how an individual subsidiary in a group should account for share-based payment arrangements in its own financial statements. The amendments to IFRS 2 also incorporate guidance previously included in IFRIC 8 Scope of IFRS 2 and IFRIC 11 IFRS 2 Group and Treasury Share Transactions. As a result IFRIC 8 and IFRIC 11 have been withdrawn.
Also, an amendment of IFRS 2 Share-based Payment excludes from its scope transactions that meet the definition of a business combination under IFRS 3 Business Combinations.

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations: The amendment specifies the disclosures required in connection with non-current assets (or disposal groups) classified as held for sale or discontinued operations. Disclosures in other IFRSs do not apply to such assets unless the particular standard requires such a disclosure.

IFRS 8 Operating Segments: The amendment states that a measurement of total assets shall be reported, if such a measurement is reported to the management of the entity.

At the date of authorization of these financial statements, the following new and revised Standards and Interpretations were issued but not effective for the year ended December 31, 2010:

IAS 24 Related Party Disclosure: The amendments become effective for financial years beginning on or after January 1, 2011 and are to be applied retrospectively. The revised standard simplifies the disclosure requirements for entities that are controlled, jointly controlled or significantly influenced by a government and clarifies the definition of a related party. As a result, such a reporting entity is exempt from the general disclosure requirements in relation to transactions and balances with the government and government-related entities.

IAS 32 Financial Instruments: Presentation: The amendment become effective for financial years beginning on or after February 1, 2011 and requires that rights, options and warrants to acquire a fixed number of an entity's own equity instruments for a fixed price of any currency are equity instruments.

IFRS 9 Financial Instruments – Classification and measurement: The standard will replace IAS 39 Financial Instruments: Recognition and measurement. The standard introduces new requirements for classifying and measuring financial assets that is to be applied starting January 1, 2013. According to IFRS 9 all financial assets are initially recognized at fair value plus transaction costs. The standard also eliminates the currently existing available-for-sale and held-to-maturity categories in IAS 39.

IFRIC 14 IAS 19 – The limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction: The amendment is to be applied starting January 1, 2011 and was issued to remove the unintended consequence in IFRIC 14 that in some cases entities are not permitted to recognize as an asset some voluntary prepayments for minimum funding contributions.

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments: The amendment addresses the accounting by an entity that issues equity instruments to settle financial liability. The equity instrument is measured at fair value and the financial liability is derecognized, fully or partly, based on the "consideration paid". The amendment is effective for annual periods beginning on or after July 1, 2010.

Improvements to IFRS's:

In May 2010 the Board issued its collection of amendments to its standards, primarily in order to remove inconsistencies and clarify wording.

IAS 1 Presentation of Financial Statements: The amendment clarifies that the entity may elect to present the analysis of other comprehensive income by item either in the statement of changes in equity or in the notes to the financial statements. The amendment will be effective from January 1, 2011.

IAS 27 Consolidated and Separate Financial Statements: The amendment clarifies that amendments made to IAS 21, IAS 28, and IAS 31 as a result of IAS 27 revisions in 2008 should be applied prospectively with some exceptions. The amendment is effective from July 1, 2010.

IAS 34 Interim Financial Reporting: Amendments clarify how significant events and transactions in interim periods should update the relevant information presented in the most recent annual financial report. The amendment will be effective from January 1, 2011.

IFRS 1 First-time Adoption of International Financial Reporting Standards: The annual improvements include: i) accounting policy changes in the year of IFRS adoption - if a first-time adopter changes its accounting policies or the use of exemptions in IFRS 1 after it has published its interim financial report in accordance with IAS 34 but before its first IFRS financial statements, it should explain those changes; ii) revaluation basis as deemed cost - clarifies that a first-time adopter is permitted to use event-driven fair value as deemed cost during the first IFRS period and iii) use of deemed cost for operations subject to rate regulation for certain items of property, plant and equipment or intangibles. The amendments will be effective from January 1, 2011.

IFRS 3 Business Combinations: i) The amendment specifies that the option to measure non-controlling interests either at fair value or at proportionate share of the acquiree's net identifiable assets applies only to non-controlling interests that are present ownership interests. All other components of non-controlling interests should be measured at their acquisition date fair value, unless another measurement basis is required by IFRSs. ii) IFRS 3 specifies that requirements to measure awards of the acquirer that replace acquiree share-based payment transactions with regards to IFRS 2 applies also to such transactions of the acquiree that are not replaced. The amendment also clarifies that market-based measurement of replacement awards applies to all replacement awards regardless of whether the acquirer is obliged to replace the awards or does so voluntarily. iii) Amendments also clarify that IAS 32, IAS 39 and IFRS 7 do not apply to contingent consideration from a business combination that occurred before the effective date of the revised standard IFRS 3 in 2008. All amendments to IFRS 3 are effective for annual period beginning on or after July 1, 2010.

IFRS 7 Financial Instruments: Disclosures: The improvement clarifies disclosure requirements regarding credit risk and collateral held in order to enable users better to understand the nature and extent of risks arising from financial instruments. The amendment will be effective from January 1, 2011.

IFRIC 13 Customer Loyalty Programmes: Amendment specifies that fair value of award credits should consider the discount or incentives that customers who have not earned award credits would otherwise received as well as any expected forfeitures. The amendment will be effective from January 1, 2011.

The Group has not yet adopted these amendments but management anticipates that these changes will have no material effect on the financial statements.

2.3. Consolidated financial statements

The consolidated financial statements include the accounts of Graphisoft Park SE ("the Company") and its subsidiaries. Subsidiaries, in which the Company has an interest of more than one half of the voting rights or otherwise has power to govern the financial and operating policies, are consolidated.

The table below shows subsidiary details:

Subsidiary	Date of foundation	Registered capital December 31, 2009		Registered capital December 31, 2010	
		HUF thousand	EUR	HUF thousand	EUR
Graphisoft Park Kft.	Nov, 2005	500,000	-		*1,846,108
Graphisoft Park Universitas Kft.	Oct, 2007	3,400,000	-	3,400,000	-
Graphisoft Park Services Kft.	Oct, 2008	10,000	-	10,000	-
GP3 Kft.	Apr, 2008	700,000	-	700,000	-

* As of January 1, 2010.

Graphisoft Park SE is the 100% owner of Graphisoft Park Kft., while Graphisoft Park Kft. is the 100% owner of the other subsidiaries. All subsidiaries are incorporated in Hungary.

The consolidated financial statements are prepared in accordance with the measurement and presentation basis applied in IFRS.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. Inter-company transactions, balances and unrealized gains on transactions between the companies are eliminated. Accounting policies of subsidiaries are adjusted to ensure consistency with the policies adopted by the Group.

The consolidated financial statements are prepared under the historical cost convention.

2.4. Foreign currency translations

Functional and presentation currency:

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"), as follows:

	December 31, 2009	December 31, 2010
Graphisoft Park SE	EUR	EUR
Graphisoft Park Kft.	EUR	EUR
Graphisoft Park Universitas Kft.	HUF	HUF
Graphisoft Park Services Kft.	HUF	HUF
GP3 Kft.	HUF	HUF

The consolidated financial statements are shown in thousands of EUR, which is the Group's presentation currency.

Transactions and balances:

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of these transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities are recognized in the income statement.

Group companies:

The results and financial position of all of the Group's entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
(b) income statements are translated at average exchange rates;
(c) all resulting exchange differences are recognized directly in the consolidated equity (accumulated translation difference).

Balance sheet exchange rates used were 278.75 EUR/HUF on December 31, 2010, and 270.84 EUR/HUF on December 31, 2009. The average exchange rate was 275.41 EUR/HUF in 2010 and 280.58 EUR/HUF in 2009.

2.5. Cash and cash equivalents

Cash and cash equivalents include cash on hand and in the bank, short-term interest bearing bank deposits with less than three months to maturity and short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.6. Securities (available-for-sale financial assets)

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. Available-for-sale financial assets are included in current or non-current financial assets depending on the forecasted date of the disposal.

Available-for-sale financial assets are initially recognized at fair value and also subsequently carried at fair value. The unrealized changes in the fair value of monetary and non-monetary securities classified as available-for-sale financial assets are recognized in equity (revaluation reserve for available-for-sale financial assets). When securities classified as available-for-sale are sold, therefore derecognized, the fair value adjustments accumulated in equity are recognized in the income statement (finance income). Interest on available-for-sale debt securities calculated using the effective interest method is recognized in the income statement (finance income). Dividends on available-for-sale equity instruments are recognized in the income statement (finance income) when the Group's right to receive payments is established.

2.7. Trade and other receivables

Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the underlying arrangement. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments as well as historical collections are considered indicators that the trade receivable may have been impaired.

2.8. Inventories

Inventories are valued at the lower of cost and net realizable value, after provision for obsolete items. Net realizable value is the selling price in the ordinary course of business, less the costs of completion. Unrealizable inventory is fully written off.

2.9. Investment property and other tangible assets

Investment properties and other tangible assets are stated at historical cost less accumulated depreciation and impairment loss. When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the consolidated income statement.

The initial cost of assets comprises its purchase price, including duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use, such as borrowing costs.

Replacements and improvements, which prolong the useful life or significantly improve the condition of the asset are capitalized. Maintenance and repairs are recognized as an expense in the period in which they are incurred.

Depreciation is provided using the straight-line method over the estimated useful lives of the assets. General depreciation rules are stated as follows:

Type of asset	Depreciation
Assets in the course of construction	not depreciated
Land	not depreciated
Park infrastructure	50 years
Buildings - rented	20 years
Machinery and equipment	3-7 years
Office equipment	3-7 years
Vehicles	5 years - 20% residual value

The useful life and depreciation methods are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of investment property and other tangible assets.

2.10. Fair value of investment property

The Group determines the fair value of investment property on the basis of internal valuations or valuations performed by professional independent property valuers at least once in three years (the last time in 2008 and the next time in 2011).

Fair value determination principles:

The fair value of completed investment property and investment property under construction where fair market value can be reliably measured is determined on a market value basis. Investment properties under construction where fair value cannot be reliably measured (due to the low stage of completion, the unique nature of the property and/or an absolute lack of transaction activity in the market) are carried at amortized cost.

Fair value determination methods:

The valuations are carried out using the income approach, discounted cash flow method. The discounted cash flow method involves the projection of a series of periodic cash flows either to an operating property or a development property. To this projected cash flow series, an appropriate, market derived discount rate is applied to establish an indication of the present value of the income stream associated with the property. The calculated periodic cash flow is estimated as gross income less vacancy and less expense related to the operation and reinstatement of the property. A series of periodic net operating incomes, along with an estimate of the terminal value anticipated at the end of the projection period, are discounted to present value. The aggregate of the net present values equals the market value of the property.

Fair value of investment property is disclosed in Note 12.

2.11. Intangible assets

Intangible assets are measured initially at cost. Intangible assets are recognized if it is probable that the future economic benefits that are attributable to the asset will accrue; and the cost of the asset can be measured reliably. Intangible assets are measured at cost less accumulated amortization and any accumulated impairment losses. Intangible assets are amortized on a straight-line basis over the best estimate of their useful lives. The amortization period and the amortization method are reviewed annually at each financial year-end. Amortization is provided on a straight-line basis over the 3-7 year estimated useful lives of these assets.

2.12. Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset. Other borrowing costs are recognized as an expense. Borrowing costs include interest and other costs that the Group incurs in connection with the borrowing of funds. The borrowing costs eligible for capitalization are capitalized applying the weighted average of the borrowing costs applicable to the general borrowings during the period. A qualifying asset is an asset that necessarily takes a substantial period of time, in general over 6 months, to get ready for its intended use.

2.13. Impairment of assets

Assets that are subject to amortization or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the assets' fair value less costs to sell and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years.

2.14. Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. A reassessment after inception of the lease is possible only if one of the following applies:

(a) there is a change in contractual terms, other than renewal of extension of the arrangement;
(b) a renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term;
(c) there is a change in determination of whether fulfillment is dependent on a specific asset; or
(d) there is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (c) or (d) and at the date of renewal or extension period for scenario (b).

Group as a lessee:

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term. Operating lease payments are recognized as an expense in the income statement on a straight-line basis over the lease term.

Group as a lessor:

Finance lease is where the Group transfers substantially all the risks and benefits of ownership of the asset. Assets held under a finance lease are presented in the balance sheet as a receivable at an amount equal to the net investment in the lease. Finance incomes are recognized in the income statement.

Leases where the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating lease. Initial indirect cost incurred while concluding an operating lease agreement are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income.

2.15. Loans and other borrowings

Borrowings are recognized initially at fair value less transaction costs, and subsequently measured at amortized costs using the effective interest rate method. The effective interest is recognized in the income statement (finance expenses) over the period of the borrowings.

2.16. Trade and other payables

Trade and other payables (including accruals) are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. The carrying values of trade and other payables approximate their fair values due to their short maturity.

2.17. Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will occur in order to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are measured and recorded as the best estimate of the expenditure required to settle the present obligation at the balance sheet date.

2.18. Pensions

The Group, in the normal course of business, makes fixed contributions into the Hungarian State and private pension funds on behalf of its employees. The Group does not operate any other pension scheme or post retirement benefit plan, and consequently, has no legal or constructive obligation to make further contributions if the funds do not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

2.19. Treasury shares

Treasury stock represents the cost of shares repurchased and is displayed as a reduction of shareholder's equity. Premiums and discounts on repurchase and subsequent disposal are credited and debited respectively directly to retained earnings.

2.20. Earnings per share

Basic earnings per share is calculated by dividing profit attributable to the equity holders of the Company for the period by the weighted average number of common stocks outstanding. Diluted earnings per share is calculated considering the weighted average number of diluting share options in addition to the number of common stocks outstanding.

2.21. Income taxes

Current taxes:

Corporate income taxes are payable to the Hungarian central tax authority. The basis of the tax is the taxable entities' accounting profit adjusted for non-deductible and non-taxable items. Other income taxes include certain central (solidarity tax in 2009) and local (business tax in 2010 and 2009) taxes levied in Hungary on the companies' net margins.

Deferred taxes:

Deferred tax is recognized applying the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit. Deferred tax is determined using income tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit (or reversing deferred tax liabilities) will be available against which the temporary differences can be utilized.

Deferred tax is also provided on taxable temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

2.22. Dividends

Dividends payable to the Company's shareholders are recorded as a liability and debited against equity in the period in which the dividends are approved by the shareholders.

2.23. Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and sales taxes or duty. The following specific recognition criteria must also be met before revenue is recognized.

Rental revenue:

Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms.

Sale of goods:

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

Interest income:

Revenue is recognized as interest accrues (using the effective interest method). Interest income is included in financial income / (expense) in the income statement.

Dividends:

Revenue is recognized when the Group's right to receive the payment is established.

Other income (expense):

Incomes from agency agreements, where the Group acts as a mediator, are not shown as revenues, but rather as other income (expense) in the income statement together with directly related expenditures (net).

2.24. Operating profit

Operating profit is defined as revenues less operating expenses and other income (expense).

2.25. Segment information

For management purposes the Group comprises a single operational (business and geographical) segment. For this reason, the consolidated financial statements contain no segment information.

2.26. Reclassification of comparative information

Comparative figures are reclassified to conform with presentation in the current period, where necessary.

3. Critical accounting estimates and judgments

The management makes estimates and assumptions regarding future events. The resulting accounting estimates will rarely correspond exactly to the related actual results. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are outlined below.

3.1. Functional and presentation currency

The functional currency of an entity reflects the underlying transactions, events and conditions that are relevant to the entity. Once the functional currency is determined, it can be changed only if there is a change to those underlying transactions, events and conditions. IAS 21 – "The Effects of Changes in Foreign Exchange Rates" determines factors to be considered in determining functional currency. When the indicators are mixed and the functional currency is not obvious, management uses its judgment to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

3.2. Impairment of investment property, other tangibles and intangibles

The Group assesses the impairment of investment property, other tangibles and intangibles whenever there is a reason to believe that the carrying value may materially exceed the recoverable amount and where impairment in value is anticipated. The calculations of recoverable amounts are primarily determined by value in use calculations, which use a broad range of estimates and factors affecting those. Among others, the following factors will be typically considered: future revenues and expenses, discontinuance of services and other changes in circumstances that may indicate impairment. If impairment is identified, we also determine the fair value less cost to sell (if determinable), to calculate the exact amount of impairment to be charged. As this exercise is highly judgmental, the amount of potential impairment may be significantly different from that of the result of these calculations.

3.3. Fair value of investment property

Fair value estimations involve high risks and uncertainties as underlying terms, conditions and assumptions used are judgmental and changes in the terms, conditions and assumptions effect significant variations in fair values. Current fair value estimations involve specifically high inherent risks and uncertainties as future effects of the general economic crisis on the business are not clearly foreseeable at present.

Fair value of investment property is disclosed in Note 12.

3.4. Provisions

Provisions in general are highly judgmental, especially in the cases of legal disputes. The management assesses the probability of an adverse event as a result of a past event and if the probability is more than fifty percent, a provision will be made on the total amount of the estimated liability.

4. Cash and cash equivalents

	December 31, 2009	December 31, 2010
Cash in hand	8	5
Cash at banks	1,680	718
Cash and bank	**1,688**	**723**

5. Securities

	December 31, 2009	December 31, 2010
Bonds	8,022	8,000
Securities	**8,022**	**8,000**

The securities statement consists solely of EUR-based bank bonds. The bonds are classified as available-for-sale financial assets. The bonds were purchased in one transaction in September 2009. The bonds are of fixed interest (4.25 effective interest rate), and will expire in August 2011. Following the interest payment in August 2010, the book value of the bonds decreased by the amount of the interest accrued in the purchase price. Fair value of the bonds equals their book value in 2010 and 2009.

6. Trade receivables

	December 31, 2009	December 31, 2010
Trade receivables	444	363
Provision for doubtful debts	-	(1)
Trade receivables	**444**	**362**

Trade receivables are generally on 8-30 day payment terms.

Trade receivables' aging is as follows:

	December 31, 2009	December 31, 2010
Not due	228	301
Overdue less than 3 months	131	47
Overdue between 3 and 12 months	70	12
Overdue over 12 months	15	2
Trade receivables	**444**	**362**

7. Inventories

	December 31, 2009	December 31, 2010
Expenses to be recharged	7	-
Inventories	**7**	**-**

8. Current tax receivables and liabilities

	December 31, 2009	December 31, 2010
Current tax receivables	558	380
Current tax liabilities	(174)	(180)
Current tax receivable (net)	**384**	**200**

9. Other current assets

	December 31, 2009	December 31, 2010
Accrued income	272	458
Prepaid expense	7	6
Other receivables	8	53
Other current assets	**287**	**517**

10. Investment property and other tangible assets

The table shows movements of investment property and other tangible assets:

	Land and buildings	Constr. in progress	**Invest-ment property**	Machinery and equipm.	Vehicles	Constr. in progress	**Other tangible total**	**Tangible assets**
Net value:								
January 1, 2009	40,092	23,969	**64,061**	61	80	-	**141**	**64,202**
Gross value:								
January 1, 2009	50,040	23,969	**74,009**	123	88	-	**211**	**74,220**
Reclassifications	-	-	**-**	36	(36)	-	**-**	**-**
Additions	-	7,692	**7,692**	-	-	84	**84**	**7,776**
Capitalizations	16,820	(16,820)	**-**	23	61	(84)	**-**	**-**
Translation diff.	-	(97)	**(97)**	-	(1)	-	**(1)**	**(98)**
December 31, 2009	66,860	14,744	**81,604**	182	112	-	**294**	**81,898**
Depreciation:								
January 1, 2009	9,948	-	**9,948**	62	8	-	**70**	**10,018**
Reclassifications	-	-	**-**	-	-	-	**-**	**-**
Additions	3,208	-	**3,208**	30	16	-	**46**	**3,254**
Translation diff.	4	-	**4**	-	-	-	**-**	**4**
December 31, 2009	13,160	-	**13,160**	92	24	-	**116**	**13,276**
Net value:								
December 31, 2009	53,700	14,744	**68,444**	90	88	-	**178**	**68,622**
Gross value:								
January 1, 2010	66,860	14,744	**81,604**	182	112	-	**294**	**81,898**
Reclassifications	-	-	**-**	-	-	-	**-**	**-**
Additions	-	2,662	**2,662**			91	**91**	**2,753**
Capitalizations	1,390	(1,390)	**-**	38	53	(91)	**-**	**-**
Translation diff.	(7)	(433)	**(440)**	-	(1)	-	**(1)**	**(441)**
December 31, 2010	68,243	15,583	**83,826**	220	164	-	**384**	**84,210**
Depreciation:								
January 1, 2010	13,160	-	**13,160**	92	24	-	**116**	**13,276**
Reclassifications	-	-	**-**	-	-	-	**-**	**-**
Additions	3,548	-	**3,548**	27	19	-	**46**	**3,594**
Translation diff.	(1)	-	**(1)**	-	-	-	**-**	**(1)**
December 31, 2010	16,707	-	**16,707**	119	43	-	**162**	**16,869**
Net value:								
December 31, 2010	51,536	15,583	**67,119**	101	121	-	**222**	**67,341**

The growth in investment property of 2,662 thousand EUR comprises the following:

- development and preparatory activities in the development areas (1,599 thousand EUR, of which 346 thousand EUR is completed); and
- development activities involving the Core area's office buildings (1,063 thousand EUR, of which 1,044 thousand EUR is completed).

Assets in course of construction, totaling 15,583 thousand EUR at the end of the year, comprise the following:

- the historical cost of the development areas (15,563 thousand EUR), and
- development activities in progress involving the Core area's office buildings (20 thousand EUR).

In 2010, the Group capitalized 12 thousand EUR (2009: 56 thousand EUR) borrowing cost for the construction in progress.

11. Intangible assets

The table shows movements of intangible assets:

	Software	**Intangible assets**		Software	**Intangible assets**
Net value:			***Net value:***		
January 1, 2009	37	**37**	**January 1, 2010**	23	**23**
Gross value:			***Gross value:***		
January 1, 2009	44	**44**	January 1, 2010	44	**44**
Additions	-	**-**	Additions	1	**1**
Translation diff.	-	**-**	Translation diff.	-	**-**
December 31, 2009	44	**44**	**December 31, 2010**	45	**45**
Depreciation:			***Depreciation:***		
January 1, 2009	7	**7**	January 1, 2010	21	**21**
Additions	14	**14**	Additions	14	**14**
Translation diff.	-	**-**	Translation diff.	-	**-**
December 31, 2009	21	**21**	**December 31, 2010**	35	**35**
Net value:			***Net value:***		
December 31, 2009	23	**23**	**December 31, 2010**	10	**10**

12. Fair value of investment property

The table below presents investment property book values and fair value estimates:

	December 31, 2009	December 31, 2010
Book value (historical cost)	**68,444**	**67,119**
Completed investment property at fair value	111,438	119,492
Investment property under construction at fair value*	-	2,218
Investment property at fair value	**111,438**	**121,710**
Investment property under construction at historical cost	14,744	14,748
Fair value**	**126,182**	**136,458**
Less: cost to completion of investment property under construction at fair value*	-	(821)
Fair value for financial reporting purposes	**126,182**	**135,637**

* As of December 31, 2010, one property development project is carried at fair value. The renovation and reconstruction of the Administration building located in the Monument development area began in 2010. As of December 31, 2010, the remaining total cost to completion (which is total project cost less construction cost incurred until December 31, 2010) of the building is 821 thousand EUR, which amount will be due in the first half of 2011. The project is expected to be completed by the end of the first quarter of 2011. The 1,000 m2 office space of the building will be leased beginning in the second quarter 2011.

** Investment property fair value determination principles and methods are disclosed in Note 2.10 (Accounting policies). Management judgments on fair value determination are disclosed in Note 3.3 (Critical accounting estimates and judgments). Investment property details are disclosed in Note 1.2 (General information).

Valuation as of December 31, 2010

Completed investment property comprises the Core area of Graphisoft Park (45,000 m2 of office and laboratory space). Investment property under construction at fair value comprises the Administration building of the Monument development area (1,000 m2 of office space). Investment property under construction at cost comprises the Monument development area excluding the Administration building (2.4 hectares of development land and 13,000 m2 of old monument buildings) and the Development areas (7.0 hectares of free development land in total).

The valuations as of December 31, 2010 were performed by the Group. The significant assumptions made related to the valuations are set out below:

- for contracts in force: rental rates were used as determined in the rental contracts; for planned contracts: rental rates were based on market rents valid at the time of the valuation,
- 90% occupancy rate; for Building H: 2011: 50%; 2012: 75%; 2013 and later: 90%,
- 7.8 million (2011) - 9.0 million EUR (starting in 2014) annual rental income,
- an estimated 10.0 million EUR annual rental income potential (theoretical maximum, with 100% occupancy),
- 7.5% expected yield (discount rate), annual EUR inflation rate of 1.8-2%.

The fair value of investment property varies depending upon the expected yield (discount rate) and the occupancy rate as follows:

Yield:		**7.25 %**	**7.50 %**	**7.75 %**
Occupancy:	**95 %**	135,958	129,940	124,450
	90 %	127,328	***121,710**	116,586
	85 %	118,698	113,480	108,721

* Value calculated based on assumptions considered realistic by the management at the time of the valuation.

Valuation as of December 31, 2009

Completed investment property comprises the Core area of Graphisoft Park (45,000 m2 of office and laboratory space). Investment property under construction at cost comprises the Monument development area (2.4 hectares of development land and 14,000 m2 of old monument buildings) and the Development areas (7.0 hectares of free development land in total).

The valuations as of December 31, 2009 were performed by the Group. The significant assumptions made related to the valuations are set out below:

- for contracts in force: rental rates were used as determined in the rental contracts; for planned contracts: rental rates were based on market rents valid at the time of the valuation,
- 90% occupancy rate; for Building H: 2010: 25%; 2011: 50%; 2012: 75%; 2013 and later: 90%,
- 7.1 million (2010) - 8.8 million EUR (starting in 2013) annual rental income,
- an estimated 9.7 million EUR annual rental income potential (theoretical maximum, with 100% occupancy),
- 7.75% expected yield (discount rate), annual EUR inflation rate of 0.6-2%.

The fair value of investment property varies depending upon the expected yield (discount rate) and the occupancy rate as follows:

Yield:		**7.50 %**	**7.75 %**	**8.00 %**
Occupancy:	**95 %**	124,188	118,921	114,096
	90 %	116,356	***111,438**	106,934
	85 %	108,523	103,956	99,773

* Value calculated based on assumptions considered realistic by the management at the time of the valuation.

13. Investments

	December 31, 2009	December 31, 2010
AIT-Budapest Aquincum Institute of Technology Kft.	100	100
Investments	**100**	**100**

On April 21, 2009, the Group acquired a 10 % ownership share in AIT-Budapest Kft.

14. Deferred tax asset

	December 31, 2009	December 31, 2010
Development reserve	(330)	(180)
Foreign exchange revaluation	1	-
Depreciation	50	22
Loss carried forward	441	234
Deferred tax asset	**162**	**76**

Deferred taxes were calculated with income tax rate of 10% in 2010 and 19% in 2009.

15. Loans

	December 31, 2009	December 31, 2010
Short-term	1,600	1.692
Long-term	53,841	52,139
Loans	**55,441**	**53.831**

Property developments are financed from bank loans. The total original capital amount of these loans is 58 million EUR. Loans are denominated and due in EUR. Part of the loans is subject to fixed interest rates (3-5 years fixed period from start of term) and part to a floating rate (9 million EUR). The weighted average interest rate of the loans was 4.85% as of December 31, 2010 (2009: 4.87%), while 4.53% as of the date of the approval of these

financial statements (2009: 4.87%). The Company had no undrawn borrowing facilities as of the reporting date. Collaterals provided for the bank are: mortgage on real estate, revenue assignment and bank account pledge.

Capital repayments of the loans are due:

	December 31, 2009	December 31, 2010
Within 1 year	1,600	1,692
1-5 years	7,151	7,567
Over 5 years	46,690	44,572
Loans	**55,441**	**53,831**

16. Trade payables

	December 31, 2009	December 31, 2010
Trade payables – domestic	473	667
Trade payables	**473**	**667**

The Group settles trade payables within the payment term, and had no overdue payables as of December 31, 2010 and 2009.

17. Other short-term liabilities

	December 31, 2009	December 31, 2010
Amounts due to employees	11	26
Deposits from tenants	215	360
Other payables and accruals	516	451
Other short-term liabilities	**742**	**837**

18. Revenue

	December 31, 2009	December 31, 2010
Property rental	6,840	7,404
Revenue	**6,840**	**7,404**

Revenue consists solely of rental fees coming from the lease of real estate of Graphisoft Park.

Rental contracts are treated as operating lease agreements. As of December 31, 2010, total present value of minimum lease payments that can be required from these operating lease agreements over the lease term is 26,646 thousand EUR (2009: 23,920 thousand EUR), of which 7.667 thousand EUR (2009: 6,993 thousand EUR) is due within 1 year, 16.557 thousand EUR (2009: 13,185 thousand EUR) is due later than 1 year but not later than 5 years, and 2,422 thousand EUR (2009: 3,742 thousand EUR) is due later than 5 years.

19. Operating expense

	December 31, 2009	December 31, 2010
Property related expense	133	176
Employee related expense	460	438
Other operating expense	447	413
Depreciation and amortization	3,268	3,608
Operating expense	**4,308**	**4,635**

Other operating expense consists of the following items:

	December 31, 2009	December 31, 2010
Office and telecommunication	19	16
Legal and administration	93	115
Marketing	234	221
Other	101	61
Other operating expense	**447**	**413**

20. Other income (expense)

	December 31, 2009	December 31, 2010
Income from recharged construction expenses	3,325	366
Recharged construction expenses	(3,292)	(357)
Income from recharged operation expenses	2,413	2,673
Recharged operation expenses	(2,338)	(2,576)
Others	(36)	(6)
Other income (expense)	**72**	**100**

According to the lease agreements, operation expenses are recharged to the tenants (the Group acts as an agent).

21. Interest

	December 31, 2009	December 31, 2010
Bank interest received	805	381
Interest income	**805**	**381**
Interest paid on loans	(2.792)	(2.657)
Other interest paid	(9)	(13)
Borrowing cost capitalized	56	12
Interest expense	**(2.745)**	**(2.658)**
Net interest expense	**(1.940)**	**(2.277)**

22. Exchange rate difference

	December 31, 2009	December 31, 2010
Exchange rate difference realized	(587)	(48)
Exchange rate difference not realized	(75)	15
Exchange rate loss	**(662)**	**(33)**

23. Income taxes

	December 31, 2009	December 31, 2010
Current income tax	(169)	(184)
Deferred income tax	79	(86)
Income tax expense	**(90)**	**(270)**

Applicable tax rates are as follows:

- from second half 2010: income tax 10%, local business tax 2%,
- first half 2010: income tax 19%, local business tax 2%,
- 2009: income tax 16%, solidarity tax 4%, local business tax 2%.

The effective income tax rate varied from the statutory income tax rate due to the following items:

	December 31, 2009	December 31, 2010
IFRS profit before tax	**2**	**559**
Tax at statutory rate	**0**	**81**
Non-taxable expenses	(3)	(2)
Other non-deductible / assessable items	(12)	(63)
Effect of tax rate changes	(64)	70
Translation difference	(1)	(1)
Corporate (2010 and 2009) and solidarity (2009) tax	**2**	**85**
Local business tax	**170**	**185**
Tax expense	**90**	**270**
Effective tax rate (%)	**4500.0**	**48.3**

The effective tax rate is largely influenced by the local business tax expense, which is based on a gross margin basis.

Group tax relief is not allowed under current tax legislation in Hungary. Losses of previous periods are available for offset against future taxable profits of the companies in which losses arose. Deferred tax assets are recognized in respect of these losses, as management believes that they would be used to offset taxable profits.

Tax authorities may examine the accounting records for a period of up to five years retrospectively, unless these examinations have been closed officially. Management anticipates that no significant tax reassessments will arise from these reviews.

24. Earnings per share

Basic and diluted earnings per share amounts are calculated as follows:

	December 31, 2009	December 31, 2010
Net profit (loss) attributable to equity holders of the parent	(88)	289
Weighted average number of ordinary shares	10,405,160	10,405,160
Basic earnings (loss) per share (EUR)	**(0.01)**	**0.03**
Weighted average number of ordinary shares	10,405,160	10,405,160
Diluted earnings (loss) per share (EUR)	**(0.01)**	**0.03**

The weighted average number of ordinary shares does not take into account treasury shares.

25. Treasury shares

Graphisoft Park SE treasury share details are as follows:

	December 31, 2009	December 31, 2010
Number of shares	226,514	226,514
Face value per share (EUR)	0.02	0.02
Total face value (EUR)	4,530	4,530
Total book value (EUR)	0	0

The Company obtained treasury shares in pursuance of the demerger from Graphisoft SE. The historical cost (book value) of the shares is 0. Treasury shares are not entitled to dividend.

26. Related party disclosure

Transactions with related parties:

Graphisoft Park SE does not hold interest in other entities other than its subsidiaries (100%) and in AIT-Budapest Kft. (10%).

In view of the fact that Bojár Gábor, chairman of the Board of Directors of Graphisoft Park SE, is (1) a member of the Board of Directors of Graphisoft SE, and (2) the Managing Director of AIT-Budapest Kft., Graphisoft SE and its subsidiaries, Graphisoft R&D Zrt. and Graphisoft CAD Stúdió Kft., and also AIT-Budapest Kft. are deemed related parties of the Group.

Total amount of transactions that have been entered into with these parties and year-end balances are as follows:

Item	December 31, 2009	December 31, 2010
Sales to related parties	1,261	1,258
Purchases from related parties	21	20
Amounts owed by related parties	6	6
Amount owed to related parties	3	-

Transactions (sales to and purchases from) with the related parties of the Group are made at market prices. Office lease rent is similar to other tenants of the Group. Outstanding balances at the year-end are unsecured, interest free and settlement occurs in cash. No guarantees were provided or received for any related party receivables or payables. In 2010 and 2009, the Group has not recorded any impairment of receivables relating to amounts owed by related parties.

Remuneration of the board of directors and audit committee, compensation of key management personnel*:

	December 31, 2009	December 31, 2010
Remuneration of the Board of Directors and Audit Committee	54	54
Compensation of Key Management Personnel	125	153
Total	**179**	**207**

* Key management personnel: the Chief Executive Officer and the Chief Financial Officer of Graphisoft Park SE, and the Managing Director of Graphisoft Park Services Kft.

No loans or advance payments were granted to the members of the Board of Directors, the Audit Committee or the Key Management Personnel, and the Group did not undertake guarantees in their names.

Interests of directors and key management personnel in Graphisoft Park SE:

		December 31, 2009		December 31, 2010	
Name	**Title**	**Shares (pcs)**	**Share (%)**	**Shares (pcs)**	**Share (%)**
Bojár Gábor	Chairman of Board	3,185,125	29.96	3,185,125	29.96
Hornung Péter	Member of Board	530,426	5.00	530,426	5.00
Dr. Kálmán János	Member of Board	13,500	0.13	13,500	0.13
Kocsány János	Chief Executive Officer	168,913	1.59	168,913	1.59
Hajba Róbert	Chief Financial Officer	1,000	0.01	1,000	0.01
Szűcs Tibor	Managing Director*	150	0.00	150	0.00
Total		**3,899,114**	**36.69**	**3,899,114**	**36.69**

* Graphisoft Park Services Kft.

27. Commitments, contingencies

The Group has a contractual commitment to development for education purposes, which shall result in the set-up of an educational campus on a portion of the area purchased in 2008 (the Monument development area) and the start-up of a program of higher education within 5 years from the final approval of the zoning plan for the area (not yet approved).

In accordance with the project to develop a part of the property for educational purposes, the Group signed a cooperation agreement with AIT-Budapest Aquincum Institute of Technology Kft. According to this agreement, development of the educational infrastructure is the responsibility of Graphisoft Park, while organizing the educational program and operating the institute are the responsibility of AIT. Once the educational program begins, AIT will pay a market-rate rent for its use of the real estate. The cooperation also covers the issue of the parties' coordinated appearance on the market and joint marketing activities.

28. Financial risk management

The Group is exposed to risks from changes in market and financial conditions that affect its results, assets and liabilities. Financial risk management aims to limit these risks through ongoing operational and finance activities.

Market risk:

Market risk comprises three types of risk: office rental price risk, currency risk and interest rate risk.

Office rental price risk:

The Group has been pursuing consistent and calculable rental pricing policies for years. Current rental prices and conditions are confirmed by the market (tenants) to be in line with the unique environment and top quality of the property. However, considering the current global economic climate and oversupply of Budapest office space market, there is no assurance that current rental prices and conditions can be maintained in the future.

Currency risk:

The Group does not run currency risk on the fulfillment of the debt service, since the great majority of rental revenues are denominated in EUR and cover debt service. The Group is exposed to foreign currency risk to a certain extent as the major part of its operating and development expenditures are incurred in HUF.

Interest rate risk:

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates (8.1 million EUR as of December 31, 2010, 8.6 million EUR as of December 31, 2009).

To manage interest rate risk, the major part of the bank loans of the Group are subject to fixed interest rates (3-5 years fixed period from start of term). Conditions and balances of bank loans are disclosed in Note 15.

The fair value of the loans on December 31, 2010, was 53,859 thousand EUR, calculated at a 4.5% effective rate of interest during the fixed interest rate period (2009: 56,255 thousand EUR, 4.5% effective rate of interest).

Credit risk:

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its leasing activities and from its financing activities, including deposits with banks and financial investments.

Tenant receivables:

Credit risk is managed by requiring tenants to pay deposits or give bank guarantees in advance, depending on the credit quality of the tenant assessed at the time of entering into a lease agreement. Outstanding tenants' receivables are regularly monitored.

Credit risk related to tenant receivables is limited due to the composition of the tenants and the fact that the tenants are located in the Graphisoft Park and they are served by the Group.

Revenue from 3 tenants (SAP Hungary Kft., Microsoft Magyarország Kft. and Graphisoft SE) exceeded 10% of the total revenue of the Group in 2010 and 2009 (separately). Revenue from these 3 tenants represents 49.3 % of the total revenue for the year in 2010, and 52.5% in 2009.

Cash deposit and financial investments:

Credit risk from balances with banks and financial investments is managed in accordance with the Group's conservative investment policy. To limit credit risk, reserves are held in cash or low-risk securities (e.g. bonds), with substantial financial institutions.

Liquidity risk:

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of deposits and loans.

The management anticipates that no liquidity difficulties will arise, since rental revenues are sufficient to cover debt service and the cost of operation. Property development projects are planned together with their financing needs, and funds required to complete the projects are secured in advance.

The Group settles its payment obligations within the payment term, and had no overdue payables as of December 31, 2010 and 2009.

The two tables below summarize the maturity profile of financial liabilities based on contractual undiscounted payments as of December 31, 2010 and 2009.

December 31, 2010	**Overdue**	**Due within 1 year**	**Due between 1-5 years**	**Due over 5 years**	**Total**
Loans*	-	4,058	11,387	44,668	**60,113**
Trade payables	-	667	-	-	**667**
Current tax liability	-	180	-	-	**180**
Other liabilities	-	837	-	-	**837**
Financial liabilities	**-**	**5,742**	**11,387**	**44,668**	**61,797**

December 31, 2009	**Overdue**	**Due within 1 year**	**Due between 1-5 years**	**Due over 5 years**	**Total**
Loans*	-	4,239	9,822	46,690	**60,751**
Trade payables	-	473	-	-	**473**
Current tax liability	-	174	-	-	**174**
Other liabilities	-	742	-	-	**742**
Financial liabilities	**-**	**5,628**	**9,822**	**46,690**	**62,140**

* Capital plus interest calculated for the fixed period of the loan.

29. Capital risk management

The management's objectives when managing capital are to safeguard the ability to continue as a going concern and to maintain an optimal capital structure to reduce the cost of capital.

The management proposes to the owners (through the Board) to approve dividend payments or adopt other changes in its equity capital in order to optimize the capital structure of the Group. The General Meeting may adjust the amount of dividends paid to shareholders, return capital to shareholders by capital reductions, sell or buy back its own shares.

Consistent with others in the industry, the management monitors capital structure based on the debt service cover ratio (DSCR) and the loan-to-value ratio (LTV). DSCR is calculated as cash available for debt service (rental revenues less operating and other costs) divided by debt service (capital plus interest), while LTV is calculated as the ratio between the sum of the outstanding balances of the loan and the market value of the property. The objective of the management is to keep DSCR above 1.25 and LTV below 0.65 (in line with the requirements of the existing loan agreement).

30. Approval of financial statements

Following the recommendation of the Board of Directors, the Annual General Meeting on April 30, 2010, approved the consolidated financial statements of the Company for the year ended December 31, 2009 prepared in accordance with International Financial Reporting Standards (IFRS) showing a balance sheet total of 79,913 thousand EUR and a loss for the year of 88 thousand EUR. Together with the approval of the consolidated financial statements for issue, the Annual General Meeting approved dividend distribution of 25 HUF per share, 260,129 thousand HUF in total (960,453 EUR as of December 31, 2009). The Company paid out the dividends to the shareholders identified by shareholder's registration.

The consolidated financial statements of the Company for the year ended December 31, 2010 prepared in accordance with International Financial Reporting Standards (IFRS) are authorized for issue in accordance with the resolution of the Board of Directors on March 25, 2011. Together with the approval of the consolidated financial statements for issue, the Board proposes dividend distribution of 25 HUF per share, 260,129 thousand HUF in total (933,198 EUR as of December 31, 2010) to be approved by the Annual General Meeting of Graphisoft Park SE of April 28, 2011. The Annual General Meeting has the power to amend the consolidated financial statements.

31. Declarations

Forward-looking statements *- This Annual Report contains forward-looking statements. These statements are based on current plans, estimates and projections, and therefore you should not place undue reliance on them. Forward-looking statements involve inherent risks and uncertainties. We caution you that a number of important factors could cause actual results to differ materially from those contained in any forward-looking statement.*

Statement of responsibility *- We declare that the Consolidated Financial Statements which have been prepared in accordance with the applicable accounting standards and to the best of our knowledge, give a true and fair view of the assets, liabilities, financial position and profit or loss of Graphisoft Park SE and its undertakings included in the consolidation, and the Business Report gives a fair view of the position, development and performance of Graphisoft Park SE and its undertakings included in the consolidation, together with a description of the principal risks and uncertainties of its business.*