GRAPHISOFT PARK SE
PARENT COMPANY ANNUAL REPORT 2017

GRAPHISOFTPARK

Business Report

Overview

Graphisoft Park SE carries out its real estate development, leasing and operation activity, being the sole activity of the Graphisoft Park group, via its subsidiaries specialized in real estate development and operation. The detailed presentation of the business activities of Graphisoft Park Group are presented in the consolidated financial statements of Graphisoft Park SE.

Graphisoft Park SE had the following individual activities during 2017:

- Provision of property management and related administration services to the subsidiaries.
- Revenues from dividends from the subsidiaries.

Events in 2017

On June 30, 2017 the Company purchased 100% share of Graphisoft Park Services Kft. from Graphisoft Park Kft. On December 14, 2017 Graphisoft Park SE established Graphisoft Park Engineering & Management Kft., which entity will be responsible for the Group's certain property management, engineering and administration activities from January 1, 2018.

As a result the Company has five fully owned subsidiaries as of December 31, 2017 as set out below:

	Ownership / Voting right (%)	December 31, 2017
Graphisoft Park Kft.	100	1,720,039
Graphisoft Park South I. Kft.	100	1,346,863
Graphisoft Park South II. Development Kft.	100	270,185
Graphisoft Park Services Kft.	100	107,418
Graphisoft Park Engineering & Management Kft.	100	289,350
Investment value (EUR)		**3,733,855**

The Company performed the provision of property management and related administration services to the subsidiaries during 2017. The Company's annual revenue from services in the amount of 1,173,545 EUR largely originates from the services provided to the subsidiaries and accounted at arm's length prices. The Company recognized revenues from dividend in amount of 2,500,000 EUR in 2017.

The Company's registration as a regulated real estate investment pre-company

The designation of the regulated real estate investment company (SZIT) as a new company form for doing business was introduced by the Act 102 of 2011. This Act was substantially modified by the Hungarian Parliament on June 13, 2017.

The regulated real estate investment company (SZIT), as well as the regulated real estate investment pre-company (SZIE) are public companies limited by shares that fulfill the requirements of the governing law (Act 102 of 2011 on regulated real estate investment companies) and are therefore eligible for registration with the national tax authority as SZIT or SZIE and are registered as such upon request from the company, which entitles them to certain tax benefits.

The main requirements of acquiring the SZIT designation are as follow (for the complete list and details see Act 102 of 2011):

a) the company's business activities are restricted to a number of real estate related activities (buying and selling/renting/operating of own real estate, management of real estate, facilities support activities, asset management),
b) the company is not under voluntary or court ordered winding-up, termination or bankruptcy proceedings;
c) pays dividend at least at the amount of 90% of its results, or if the company's liquid funds are less than that, then the company shall pay 90% of its liquid funds in dividends, unless a loan agreement concluded with a credit institution restricts such payments,
d) the company owns no shares in other businesses other than in its own project companies (subsidiaries), in different regulated real estate investment companies (maximum 10% share ownership) and in companies organizing construction projects,
e) the direct and combined voting rights of credit institutions and insurance companies are limited to 10% of all voting rights within the company,
f) it has at least 5 billion HUF (consolidated) initial capital,
g) it is publicly listed and issues only ordinary and employee shares,
h) at least 25% of the total number of shares is owned by shareholders, of whom no individual shareholder owns – directly or indirectly – more than 5% of the total number of shares.

The requirements for SZIE designation are to fulfill points (a) through (e) in the list above.

There are further requirements in the regulation concerning the company's asset-portfolio and operations that are pre-requisites of applying for the SZIT designation.
The tax benefits of the SZIT and SZIE designations are as follow (for details see Act 102 of 2011 and the tax laws concerned):

- exemption from corporate income tax,
- exemption from local business tax,
- preferential (2%) property acquisition duty rate.

The Board of Directors recommended for the Company to apply for the SZIE and SZIT designation with the necessary modifications to the Articles of Association proposed to the General Meeting. The Company's General Meeting convened on July 14, 2017 and approved the proposals of the Board.

The registration under the SZIT designation was carried out in two steps:

- The Company has already fulfilled the requirements to be registered under the SZIE designation, and by its own request the national tax authority registered the Company as a regulated real estate investment pre-company (SZIE) by the date of July 31, 2017. The effects of the tax benefits prescribed by the law are kicking in from the day of registration.
- After fulfilling all the legal requirements, the Company has been registered as SZIT as of January 1, 2018.

Plans for 2018

From January 1, 2018 the newly established Graphisoft Park Engineering & Management Kft. takes over from the Company the provision of property management and related administration services to the group companies. Graphisoft Park SE will solely generate revenues from dividends paid by its subsidiaries.

We have not identified any factors of risk or uncertainty that could have a substantial impact on the business processes of the Company.

General information

Graphisoft Park SE

Graphisoft Park SE Real Estate Development European Company Limited by Shares (the "Company" or “Graphisoft Park SE”) is incorporated under the laws of Hungary. The court registration number of Graphisoft Park SE is CG 01-20-000002. The registered address of the Company is H-1031 Budapest, Záhony utca 7, Hungary; its website is www.graphisoftpark.com.

Corporate Governance

Public companies are increasingly expected to state clearly their corporate governance principles and to what extent those principles are implemented. As a company listed on the Budapest Stock Exchange (BSE), we are highly committed to meeting these expectations and legal and stock exchange requirements (publicly available at BSE website: bse.hu).

The Statutes of Graphisoft Park SE provides as governing bodies the general meeting of shareholders and the Board of Directors (single-tier system). Under the single-tier system, the SE is managed by the Board of Directors. The members of the Board of Directors have the power to represent the company in dealings with third parties. Under the single-tier system the Board of Directors may delegate the power of management to one or more of its members. The independent members of the Board of Directors form the Audit Committee.

General Meeting

The General Meeting is the principal body of the Company, which comprises all the shareholders. The following activities shall fall within the exclusive authority of the General Meeting (inter alia, see details in the Articles of Association: graphisoftpark.com/corporate-governance):

- Decision on the establishment of, and amendment to these Articles, unless otherwise provided by the Companies Act;
- Electing and dismissing the members and chairman of the Board of Directors, the auditor, and determining their remuneration, including their service as members of the committees of the Board of Directors.

Board of Directors

The Board of Directors is responsible for the Company's management and decides on matters other than those that must be determined by shareholders. The Board of Directors is required to report annually to the shareholders at the annual general meeting of the shareholders.

Pursuant to the Company's Articles of Association, the Board of Directors consists of a minimum of 5 and a maximum of 11 members elected at the annual general meeting of the shareholders for a term not to exceed of 6 years. Presently Graphisoft Park SE operates with 6 members of Board.

Meetings of the Board of Directors are held at least four times a year. Meetings of the Board of Directors require the presence of 3 for a quorum. Each member has one vote. The Board of Directors passes resolutions by simple majority vote.

Members of the Board of Directors:

Name	**Position**	**From**	**Until**
Bojár Gábor	Chairman	August 21, 2006	May 31, 2018
Dr. Kálmán János	Member	August 21, 2006	May 31, 2018
Kocsány János	Member	April 28, 2011	May 31, 2018
Dr. Martin-Hajdu György	Member	July 21, 2014	May 31, 2018
Szigeti András	Member	July 21, 2014	May 31, 2018
Hornung Péter	Member	April 30, 2017	May 31, 2018

Audit Committee

The Audit Committee assists in the appointment of independent auditors to be elected by the annual general meeting and reviews the scope of external audit services. It must pre-approve all audit and non-audit services to be performed by the external auditor.

The Audit Committee also reviews the annual financial statements of Graphisoft Park, taking into account the results of the audits and reviews performed by the independent auditors. The Audit Committee also reviews financial reports submitted to the stock exchanges, banks and regulatory bodies.

The Audit Committee shall have as many as necessary but at least four meetings each year. Audit Committee members are appointed from the independent members of the Board of Directors by the general meeting of the company.

Members of the Audit Committee:

Name	**Position**	**From**	**Until**
Dr. Kálmán János	Chairman	August 21, 2006	May 31, 2018
Dr. Martin-Hajdu György	Member	July 21, 2014	May 31, 2018
Szigeti András	Member	July 21, 2014	May 31, 2018

Stock information

Graphisoft Park SE's share capital consists of 10,631,674 class "A" ordinary shares of 0.02 euro face value, each representing equal and identical rights, and 1,876,167 class "B" employee shares of 0.02 euro face value.

Ordinary shares of the Company are publicly traded at Budapest Stock Exchange from August 28, 2006. The share ownership structure is the following according to the Company's shareholder records:

Shareholder	December 31, 2016 Shares (pcs)	December 31, 2016 Share (%)	December 31, 2017 Shares (pcs)	December 31, 2017 Share (%)
ORDINARY SHARES:	**10,631,674**	**85.00**	**10,631,674**	**85.00**
Shareholders over 5% share	**5,793,531**	**46.33**	**5,681,269**	**45.43**
Bojár Gábor	3,185,125	25.47	3,185,125	25.47
HOLD Alapkezelő Zrt. (previously named Concorde Zrt.)	1,602,963	12.82	1,449,701	11.59
AEGON Zrt.	1,005,443	8.04	1,046,443	8.37
Other shareholders	**4,289,067**	**34.28**	**4,401,329**	**35.18**
Treasury shares*	**549,076**	**4.39**	**549,076**	**4.39**
EMPLOYEE SHARES**	**1,876,167**	**15.00**	**1,876,167**	**15.00**
Kocsány János	1,250,778	10.00	1,250,778	10.00
Hajba Róbert***	625,389	5.00	-	-
Treasury shares***	-	-	625,389	5.00
SHARES TOTAL:	**12,507,841**	**100.00**	**12,507,841**	**100.00**

* Treasury shares possessed by the Company do not pay dividend and bear no voting rights.

** Class „B" employee shares bear different (reduced) rights to dividend at the proportion of one third of their face value, and are governed by the provisions of the Articles of Association and the Management Share Ownership Plan.

*** Effective from October 31, 2017, Hajba Róbert, the Company's CFO by common assent is not in this position. At the same date employee shares owned by him were redeemed by the Company.

Environment protection

Based on the activity of the Company it has no environmental risks or liabilities.

Events after the balance sheet date

Proposed dividend by the Board: The annual financial statements of the Company for the year 2017 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 22, 2018. The Board proposes dividend distribution of 93 HUF per ordinary share, and 31 HUF per employee share to be approved by the Annual General Meeting of Graphisoft Park SE of April 26, 2018. The Annual General Meeting has the power to amend the annual financial statements.

Change in management: From January 15, 2018 the Company's CFO is Ormosy Gábor. The previous CFO's, Hajba Róbert's employee shares were redeemed by the Company on face value.

Registration as regulated real estate development company: Effective from January 1, 2018 the Company and its project subsidiaries were registered as regulated real estate development companies (SZIT) by the Hungarian National Tax Authority (NAV). At the same date the real estate developer pre-company status of the group companies' was terminated.

The SZIT status affects the following group companies:

- Graphisoft Park SE
- Graphisoft Park South I. Kft.
- Graphisoft Park South II. Development Kft.
- Graphisoft Park Kft.
- Graphisoft Pak Services Kft.

Capital increase in Graphisoft Park South I. Kft: On January 11, 2018 the Company made share capital increase in Graphisoft Park South I. Kft. in amount of 1,000 euros. At the same time there was an additional paid in capital increase in amount 1,400,000 euros. The capital increase was registered by the Court on January 16, 2018.

Forward-looking statements *- The forward-looking statements contained in this Annual Report involve inherent risks and uncertainties, may be determined by additional factors, other than the ones mentioned above, therefore the actual results may differ materially from those contained in any forecast.*

Statement of responsibility *- We declare that the attached Financial Statements which have been prepared in accordance with International Financial Reporting 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 the Business Report gives a fair view of the position, development and performance of Graphisoft Park SE, together with a description of the principal risks and uncertainties of its business.*

Budapest, March 22, 2018

Kocsány János

Ormosy Gábor	Kocsány János
Chief Financial Officer	Chief Executive Officer

GRAPHISOFT PARK SE

PARENT COMPANY FINANCIAL STATEMENTS

for the year ended December 31, 2017

in accordance with International Financial Reporting Standards (IFRS)

(audited)

Budapest, March 22, 2018

Ormosy Gábor
Chief Financial Officer

Kocsány János
Chief Executive Officer

GRAPHISOFT PARK SE
AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2017

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working world

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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

Report on the audit of the annual financial statements

Opinion

We have audited the accompanying 2017 annual financial statements of Graphisoft Park SE Ingatlanfejlesztő Európai Részvénytársaság ("the Company"), which comprise the statement of financial position as at 31 December 2017 - showing a balance sheet total of EUR 5,645,700 and a total comprehensive income for the year of EUR 2,417,332 -, the related statement of income, statement of comprehensive income, statement of changes in Shareholders' equity, statement of cash flows for the year then ended and notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion the annual financial statements give a true and fair view of the financial position of Graphisoft Park SE Ingatlanfejlesztő Európai Részvénytársaság as at 31 December 2017 and of its financial performance and its cash flows for the financial year then ended in accordance with International Financial Reporting Standards as adopted by the EU ("EU IFRSs") and has been prepared, in all materials respects, in accordance with the supplementary requirements of Act C of 2000 on Accounting ("Hungarian Accounting Law") relevant for annual financial statements prepared in accordance with EU IFRSs.

Basis for opinion

We conducted our audit in accordance with Hungarian National Auditing Standards and with applicable laws and regulations in Hungary, including also Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities ("Regulation (EU) No. 537/2014"). Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the annual financial statements" section of our report.

We are independent of the Company in accordance with the applicable ethical requirements according to relevant laws in effect in Hungary and the policy of the Chamber of Hungarian Auditors on the ethical rules and disciplinary proceedings and, concerning matters not regulated by any of these, with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual financial statements of the current period. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the "Auditor's responsibilities for the audit of the annual financial statements section" of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the annual financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying annual financial statements.

Valuation of long term participations in affiliated companies

The company's participations in affiliated companies represents EUR 3.7 million, and represent 66% of total assets. Valuation of participations in affiliated companies is a significant judgmental area. Management annually assesses if these investments are impaired in accordance with EU IFRSs. This is a key audit matter as significant judgement is involved to determine if the investments are impaired or not.	Our audit procedures included, among others, evaluating assumptions and methodologies used by the Company to evaluate whether the participations in affiliated companies are impaired. We involved valuation experts in our audit to support our assessment of the assumptions and methods that were used by the Company in the valuation model. Furthermore, we assessed the expected future cash flows, whether these future cash flows were based on the strategic plan as prepared by the management board. We assessed the adequacy of the Company's disclosures about participations in affiliated companies in accordance with EU IFRSs including the information how the impairment is evaluated by the Company.

The Company's accounting policy and disclosures about its participations in affiliated companies and related impairment are included in Note 2.9 and Note 11.

Other information

Other information consists of the 2017 business report of Graphisoft Park SE Ingatlanfejlesztő Európai Részvénytársaság. Management is responsible for the preparation of the business report in accordance with the Hungarian Accounting Law and other relevant legal requirements, if any. Our opinion on the annual financial statements does not cover the business report.

In connection with our audit of the annual financial statements, our responsibility is to read the business report and, in doing so, consider whether 1) the business report is materially inconsistent with the annual financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated and 2) the business report has been prepared in accordance with the Hungarian Accounting Law and other relevant legal requirements, if any.

Our opinion on the business report should include the information required according to Subsection (2) e) and f) of Section 95/B of the Hungarian Accounting Law and we are required to confirm also whether the information prescribed in Subsection (2) a)-d) and g)-h) of Section 95/B of the Hungarian Accounting Law have been made available.

In our opinion, the business report of Graphisoft Park SE Ingatlanfejlesztő Európai Részvénytársaság, including the information required according to Subsection (2) e) and f) of Section 95/B of the Hungarian Accounting Law for 2017 is consistent, in all material respects, with the 2017 annual financial statements of Graphisoft Park SE Ingatlanfejlesztő Európai Részvénytársaság and the relevant requirements of the Hungarian Accounting Law.

Since no other legal regulations prescribe for the Group further requirements with regard to its consolidated business report, we do not express opinion in this regard.

We also confirm that the Company have made available the information required according to Subsection (2) a)-d) and g)-h) of Section 95/B of the Hungarian Accounting Law.

Further to the above, based on the knowledge we have obtained about the Company and its environment in the course of the audit we are required to report whether we have identified any material misstatement in the business report, and if so, the nature of the misstatement in question. We have nothing to report in this regard.

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Responsibilities of management and those charged with governance for the annual financial statements

Management is responsible for the preparation and fair presentation of the annual financial statements in accordance with EU IFRSs and the supplementary requirements of the Hungarian Accounting Law relevant for annual financial statements prepared in accordance with EU IFRSs, and for such internal control as management determines is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the annual financial statements

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Hungarian National Auditing Standards and with applicable laws and regulations in Hungary, including also Regulation (EU) No. 537/2014 will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements.

As part of an audit in accordance with Hungarian National Auditing Standards and with applicable laws and regulations in Hungary, including also Regulation (EU) No. 537/2014, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance we determine those matters that were of most significance in the audit of the annual financial statements of the current period and are therefore the key audit matters.

Report on other legal and regulatory requirements

Reporting requirements on content of auditor's report in compliance with Regulation (EU) No. 537/2014:

Appointment and Approval of Auditor

We were appointed as the statutory auditor of the Company by the General Assembly of Shareholders of the Company on 20 April 2017. Total uninterrupted engagement period, including previous renewals (extension of the period for which we were originally appointed) and reappointments for the statutory auditor, has lasted for 10 years.

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Consistency with Additional Report to Audit Committee

Our audit opinion on the annual financial statements expressed herein is consistent with the additional report to the audit committee of the Company, which we issued in accordance with Article 11 of the Regulation (EU) No. 537/2014 on the same date as the date of this report.

Non-audit Services

We declare that no prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014 were provided by us to the Company and we remained independent from the Company in conducting the audit.

In addition to statutory audit services and services disclosed in the business report and in the annual financial statements, no other services were provided by us to the Company and its controlled undertakings.

The engagement partner on the audit resulting in this independent auditor's report is Szabó Gergely.

Budapest, 22 March 2018

(The original Hungarian language version has been signed.)

Szabó Gergely
engagement partner
Ernst & Young Kft.
1132 Budapest, Váci út 20.
Registration No.: 001165

Szabó Gergely
Registered auditor
Chamber membership No.: 005676

GRAPHISOFT PARK SE
BALANCE SHEET
AS OF DECEMBER 31, 2017
(all amounts in EUR unless otherwise stated)

	Notes	January 1, 2016	December 31,2016	December 31, 2017
Cash and cash equivalents	6	176,132	306,884	1,588,094
Receivables from related parties	7	1,986,688	1,977,145	280,533
Current tax receivable	8	1,500	7,897	26,879
Other current assets	9	10,781	9,640	13,196
Current assets		**2,175,101**	**2,301,566**	**1,908,702**
Property, plant and equipment	10	125,152	95,194	3,143
Investments	11	3,337,087	3,337,087	3,733,855
Deferred tax asset	12	16,978	8,166	-
Non-current assets		**3,479,217**	**3,440,447**	**3,736,998**
TOTAL ASSETS		**5,654,318**	**5,742,013**	**5,645,700**
Trade payables	13	21,300	41,954	21,133
Current tax liability	8	59,328	51,418	62,974
Other short-term liabilities	13	36,628	34,703	54,748
Current liabilities		**117,256**	**128,075**	**138,855**
TOTAL LIABILITIES		**117,256**	**128,075**	**138,855**
Share capital	1.2	250,157	250,157	250,157
Retained earnings		6,248,646	6,325,522	6,230,980
Treasury shares	21	(961,741)	(961,741)	(974,292)
Shareholders' equity		**5,537,062**	**5,613,938**	**5,506,845**
TOTAL LIABILITIES & EQUITY		**5,654,318**	**5,742,013**	**5,645,700**

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

GRAPHISOFT PARK SE
STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2017
(all amounts in EUR unless otherwise stated)

	Notes	December 31, 2016	December 31, 2017
Revenue from services		850,446	1,173,545
Dividend income		2,400,000	2,500,000
Revenue	**15**	**3,250,446**	**3,673,545**
Employee related expense		(531,524)	(690,983)
Operating expense		(285,801)	(440,084)
Depreciation and amortization		(34,074)	(34,832)
Operating expense	**16**	**(851,399)**	**(1,165,899)**
Other expense	17	(223)	(55,251)
OPERATING PROFIT		**2,398,824**	**2,452,395**
Interest income		19,989	19,655
Exchange rate difference		24,582	(31,778)
Financial result	**18**	**44,571**	**(12,123)**
PROFIT BEFORE TAX		**2,443,395**	**2,440,272**
Income tax expense	19	(33,259)	(22,940)
PROFIT FOR THE YEAR		**2,410,136**	**2,417,332**
Attributable to equity holders of the parent		2,410,136	2,417,332

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

GRAPHISOFT PARK SE
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2017
(all amounts in EUR unless otherwise stated)

	Notes	December 31, 2016	December 31, 2017
Profit for the year		**2,410,136**	**2,417,332**
COMPREHENSIVE INCOME		**2,410,136**	**2,417,332**
Attributable to equity holders of the parent		2,410,136	2,417,332

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

GRAPHISOFT PARK SE
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2017
(all amounts in EUR unless otherwise stated)

	Share capital	**Retained earnings**	**Treasury shares***	**Total equity**
January 1, 2016	**250,157**	**6,248,646**	**(961,741)**	**5,537,062**
Profit for the period	-	2,410,136	-	**2,410,136**
Dividend	-	(2,333,260)	-	**(2,333,260)**
December 31, 2016	**250,157**	**6,325,522**	**(961,741)**	**5,613,938**
Profit for the period	-	2,417,332	-	**2,417,332**
Dividend**	-	(2,511,874)	-	**(2,511,874)**
Purchase of treasury shares	-	-	(12,551)	**(12,551)**
December 31, 2017	**250,157**	**6,230,980**	**(974,292)**	**5,506,845**

* Treasury share details are disclosed in Note 21.
** Dividend details are disclosed in Note 27.

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

GRAPHISOFT PARK SE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017
(all amounts in EUR unless otherwise stated)

	Note	December 31, 2016	December 31, 2017
OPERATING ACTIVITIES			
Profit before tax		2,410,136	2,417,332
Depreciation and amortization	10	34,074	34,832
(Gain) on sale of tangible assets	17	-	(3,186)
Interest (income)		(19,989)	(19,655)
Unrealized foreign exchange losses (gains)		9,386	(606)
Changes in working capital:			
Decrease / (increase) in receivables and other current assets		64,239	(118,940)
Increase / (decrease) in payables and accruals		1,313	(1,209)
Corporate income tax paid		(30,790)	(35,296)
Net cash from operating activities		**2,468,369**	**2,273,272**
INVESTING ACTIVITES			
Purchase of property plant and equipment	10	(4,116)	(108,512)
Proceeds from disposal of property, plant and equipment		-	168,233
Repayment of loans receivable	23	-	1,836,841
Purchase of investments	11	-	(107,418)
Establishment of a subsidiary	11	-	(289,350)
Interest received		4	19,655
Net cash used in / (from) investing activities		**(4,112)**	**1,519,449**
FINANCING ACTIVITIES			
Dividend paid	27	(2,333,260)	(2,511,874)
Net cash used in financing activities		**(2,333,260)**	**(2,511,874)**
Increase in cash and cash equivalents		130,997	1,280,847
Cash and cash equivalents at beginning of year		176,132	306,884
Exchange rate (loss) / gain on cash and cash equivalents		(245)	363
Cash and cash equivalents at end of year		**306,884**	**1,588,094**

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

1. General information

1.1. Graphisoft Park SE

Graphisoft Park SE Real Estate Development European Company Limited by Shares (the "Company" or “Graphisoft Park SE”) is incorporated under the laws of Hungary. The court registration number of Graphisoft Park SE is CG 01-20-000002. The registered address of the Company is H-1031 Budapest, Záhony utca 7, Hungary; its website is www.graphisoftpark.com.

Graphisoft Park SE was established through a demerger from Graphisoft SE on August 21, 2006. The purpose of the restructuring was to spin off a new company, dedicated to real estate development and management. Graphisoft Park operates as a holding having five 100% owned subsidiaries.

Average headcount of the Company was 9 in 2017, 7 in 2016 and in 2015.

The Company’s registration as a regulated real estate investment pre-company:

The designation of the regulated real estate investment company (SZIT) as a new company form for doing business was introduced by the Act 102 of 2011. This Act was substantially modified by the Hungarian Parliament on June 13, 2017.

The regulated real estate investment company (SZIT), as well as the regulated real estate investment pre-company (SZIE) are public companies limited by shares that fulfill the requirements of the governing law (Act 102 of 2011 on regulated real estate investment companies) and are therefore eligible for registration with the national tax authority as SZIT or SZIE and are registered as such upon request from the company, which entitles them to certain tax benefits.

The main requirements of acquiring the SZIT designation are as follow (for the complete list and details see Act 102 of 2011):

(a) the company’s business activities are restricted to a number of real estate related activities (buying and selling/renting/operating of own real estate, management of real estate, facilities support activities, asset management),
(b) the company is not under voluntary or court ordered winding-up, termination or bankruptcy proceedings;
(c) pays dividend at least at the amount of 90% of its results, or if the company’s liquid funds are less than that, then the company shall pay 90% of its liquid funds in dividends, unless a loan agreement concluded with a credit institution restricts such payments,
(d) the company owns no shares in other businesses other than in its own project companies (subsidiaries), in different regulated real estate investment companies (maximum 10% share ownership) and in companies organizing construction projects,
(e) the direct and combined voting rights of credit institutions and insurance companies are limited to 10% of all voting rights within the company,
(f) it has at least 5 billion HUF (consolidated) initial capital,
(g) it is publicly listed and issues only ordinary and employee shares,
(h) at least 25% of the total number of shares is owned by shareholders, of whom no individual shareholder owns – directly or indirectly – more than 5% of the total number of shares.

The requirements for SZIE designation are to fulfill points (a) through (e) in the list above.

There are further requirements in the regulation concerning the company’s asset-portfolio and operations that are pre-requisites of applying for the SZIT designation.

The tax benefits of the SZIT and SZIE designations are as follow (for details see Act 102 of 2011 and the tax laws concerned):

- exemption from corporate income tax,
- exemption from local business tax,
- preferential (2%) property acquisition duty rate.

The Board of Directors recommended for the Company to apply for the SZIE and SZIT designation with the necessary modifications to the Articles of Association proposed to the General Meeting. The Company's General Meeting convened on July 14, 2017 and approved the proposals of the Board.

The registration under the SZIT designation was carried out in two steps:

- The Company has already fulfilled the requirements to be registered under the SZIE designation, and by its own request the national tax authority registered the Company as a regulated real estate investment pre-company (SZIE) by the date of July 31, 2017. The effects of the tax benefits prescribed by the law are kicking in from the day of registration.
- After fulfilling all the legal requirements, the Company has been registered as SZIT as of January 1, 2018.

1.2. Stock information

Graphisoft Park SE's share capital amounting to 250,157 EUR consists of 10,631,674 class "A" ordinary shares of 0.02 euro face value, each representing equal and identical rights, and 1,876,167 class "B" employee shares of 0.02 euro face value.

Ordinary shares of the Company are publicly traded at Budapest Stock Exchange from August 28, 2006. The share ownership structure is the following according to the Company's shareholder records:

	January 1, 2016	
Shareholder	**Shares (pcs)**	**Share (%)**
ORDINARY SHARES:	**10,631,674**	**85.00**
Directors and management	**3,514,538**	**28.11**
Bojár Gábor - Chairman of the BoD	3,185,125	25.47
Dr. Kálmán János - Member of the BoD	13,500	0.11
Szigeti András - Member of the BoD	126,000	1.01
Kocsány János - Member of the BoD, CEO	180,913	1.45
Hajba Róbert - CFO	9,000	0.07
Shareholders over 5% share	**2,139,524**	**17.10**
HOLD Alapkezelő Zrt. (previously named Concorde Alapkezelő Zrt.)	1,643,881	13.14
AEGON Magyarország Befektetési Alapkezelő Zrt.	495,643	3.96
Other shareholders	**4,428,536**	**35.40**
Treasury shares*	**549,076**	**4.39**
EMPLOYEE SHARES:**	**1,876,167**	**15.00**
Kocsány János - Member of the BoD, CEO	1,250,778	10.00
Hajba Róbert - CFO	625,389	5.00
SHARES TOTAL:	**12,507,841**	**100.00**

* Treasury shares possessed by the Company do not pay dividend and bear no voting rights. For details, see Note 21.
** Class „B" employee shares bear different (reduced) rights to dividend at the proportion of one third of their face value, and are governed by the provisions of the Articles of Association and the Management Share Ownership Plan.

	December 31, 2016	
Shareholder	**Shares (pcs)**	**Share (%)**
ORDINARY SHARES:	**10,631,674**	**85.00**
Directors and management	**3,424,082**	**27.38**
Bojár Gábor - Chairman of the BoD	3,185,125	25.47
Dr. Kálmán János - Member of the BoD	13,500	0.11
Szigeti András - Member of the BoD	126,000	1.01
Kocsány János - Member of the BoD, CEO***	90,457	0.72
Hajba Róbert - CFO	9,000	0.07
Shareholders over 5% share	**2,608,406**	**20.86**
HOLD Alapkezelő Zrt. (previously named Concorde Alapkezelő Zrt.)	1,602,963	12.82
AEGON Magyarország Befektetési Alapkezelő Zrt.****	1,005,443	8.04
Other shareholders	**4,050,110**	**32.37**
Treasury shares*	**549,076**	**4.39**
EMPLOYEE SHARES:**	**1,876,167**	**15.00**
Kocsány János - Member of the BoD, CEO	1,250,778	10.00
Hajba Róbert - CFO	625,389	5.00
SHARES TOTAL:	**12,507,841**	**100.00**

* Treasury shares possessed by the Company do not pay dividend and bear no voting rights. For details, see Note 21.
** Class „B" employee shares bear different (reduced) rights to dividend at the proportion of one third of their face value, and are governed by the provisions of the Articles of Association and the Management Share Ownership Plan.
*** Share ownership of Kocsány János decreased in the first quarter of 2016 due to division of assets between family members.
**** AEGON Magyarország Befektetési Alapkezelő Zrt. has acquired 500,000 Graphisoft Park SE ordinary shares on February 24, 2016 through its managed funds in an over the counter transaction. Altogether with the completed recent transaction AEGON Magyarország Befektetési Alapkezelő Zrt. increased its Graphisoft Park SE stock over 5%, to 995,643 shares with 7.96% of the voting rights.

	December 31, 2017	
Shareholder	**Shares (pcs)**	**Share (%)**
ORDINARY SHARES:	**10,631,674**	**85.00**
Directors and management	**3,829,082**	**30.61**
Bojár Gábor - Chairman of the BoD	3,185,125	25.47
Dr. Kálmán János - Member of the BoD	13,500	0.11
Szigeti András - Member of the BoD	126,000	1.01
Hornung Péter – Member of the BoD	414,000	3.31
Kocsány János - Member of the BoD, CEO	90,457	0.72
Shareholders over 5% share	**2,496,144**	**19.96**
HOLD Alapkezelő Zrt. (previously named Concorde Alapkezelő Zrt.)	1,449,701	11.59
AEGON Magyarország Befektetési Alapkezelő Zrt.	1,046,443	8.37
Other shareholders	**3,757,372**	**30.04**
Treasury shares*	**549,076**	**4.39**
EMPLOYEE SHARES:**	**1,876,167**	**15.00**
Kocsány János - Member of the BoD, CEO	1,250,778	10.00
Employee treasury shares***	625,389	5.00
SHARES TOTAL:	**12,507,841**	**100.00**

* Treasury shares possessed by the Company do not pay dividend and bear no voting rights. For details, see Note 21.
** Class „B” employee shares bear different (reduced) rights to dividend at the proportion of one third of their face value, and are governed by the provisions of the Articles of Association and the Management Share Ownership Plan.
***Effective from October 31, 2017, Hajba Róbert, the Company's CFO by common assent is not in this position. At the same date employee shares owned by him were redeemed by the Company.

1.3. Corporate Governance

Public companies are increasingly expected to state clearly their corporate governance principles and to what extent those principles are implemented. As a company listed on the Budapest Stock Exchange (BSE), we are highly committed to meeting these expectations and legal and stock exchange requirements (publicly available at BSE website: bse.hu).

The Statutes of Graphisoft Park SE provides as governing bodies the general meeting of shareholders and the Board of Directors (single-tier system). Under the single-tier system, the SE is managed by the Board of Directors. The members of the Board of Directors have the power to represent the company in dealings with third parties. Under the single-tier system the Board of Directors may delegate the power of management to one or more of its members. The independent members of the Board of Directors form the Audit Committee.

General Meeting

The General Meeting is the principal body of the Company, which comprises all the shareholders. The following activities shall fall within the exclusive authority of the General Meeting (inter alia, see details in the Articles of Association: graphisoftpark.com/corporate-governance):

- Decision on the establishment of, and amendment to these Articles, unless otherwise provided by the Companies Act;
- Electing and dismissing the members and chairman of the Board of Directors, the auditor, and determining their remuneration, including their service as members of the committees of the Board of Directors.

Board of Directors

The Board of Directors is responsible for the Company's management and decides on matters other than those that must be determined by shareholders. The Board of Directors is required to report annually to the shareholders at the annual general meeting of the shareholders.

Pursuant to the Company's Articles of Association, the Board of Directors consists of a minimum of 5 and a maximum of 11 members elected at the annual general meeting of the shareholders for a term not to exceed of 6 years. Presently Graphisoft Park SE operates with 6 members of Board.

Meetings of the Board of Directors are held at least four times a year. Meetings of the Board of Directors require the presence of 3 for a quorum. Each member has one vote. The Board of Directors passes resolutions by simple majority vote.

Members of the Board of Directors:

Name	Position	From	Until
Bojár Gábor	Chairman	August 21, 2006	May 31, 2018
Dr. Kálmán János	Member	August 21, 2006	May 31, 2018
Kocsány János	Member	April 28, 2011	May 31, 2018
Dr. Martin-Hajdu György	Member	July 21, 2014	May 31, 2018
Szigeti András	Member	July 21, 2014	May 31, 2018
Hornung Péter	Member	April 30, 2017	May 31, 2018

Audit Committee

The Audit Committee assists in the appointment of independent auditors to be elected by the annual general meeting and reviews the scope of external audit services. It must pre-approve all audit and non-audit services to be performed by the external auditor.

The Audit Committee also reviews the annual financial statements of Graphisoft Park SE, taking into account the results of the audits and reviews performed by the independent auditors. The Audit Committee also reviews financial reports submitted to the stock exchanges, banks and regulatory bodies.

The Audit Committee shall have as many as necessary but at least four meetings each year. Audit Committee members are appointed from the independent members of the Board of Directors by the general meeting of the company.

Members of the Audit Committee:

Name	Position	From	Until
Dr. Kálmán János	Chairman	August 21, 2006	May 31, 2018
Dr. Martin-Hajdu György	Member	July 21, 2014	May 31, 2018
Szigeti András	Member	July 21, 2014	May 31, 2018

2. Accounting policies

2.1. Basis of preparation

The financial statements of Graphisoft Park SE 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 financial statements and applicable to Graphisoft Park SE have been adopted by the EU. Therefore, the financial statements currently also comply with IFRS as issued by the IASB and also comply with the Hungarian Accounting Law on financial statements, which refers to IFRS as adopted by the EU.

For all periods up to and including the year ended December 31, 2016, the Company prepared its financial statements only in accordance with the Hungarian Accounting Law (Local GAAP). These financial statements for the year ended December 31, 2017 are the first the Company has prepared in accordance with IFRS. Refer to Note 3 for information on how the Company adopted IFRS.

The financial statements are prepared under the historical cost convention.

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

The preparation of the 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 Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

2.2. Foreign currency translations

Functional and presentation currency:

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"), which is the euro (EUR), which is also the Company 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.

2.3. Cash and cash equivalents

Cash and cash equivalents include cash on hand and in the bank, short-term 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.

2.4. Derivative financial instruments

The derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Any gains or losses arising from changes in fair value on derivatives that do not qualify for hedge accounting are taken directly to net profit or loss for the year as finance income or expense. The year-end fair value of derivative financial instruments is determined by the contracted partner of the Company taking into expected yield and the contractual conditions.

2.5. 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 Company 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.

2.6. Property, plant and equipment

Property, plant and equipment 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 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**
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 tangible assets.

2.7. 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.

2.8. Investments in subsidiaries

In the separate financial statements investments in subsidiaries are presented at cost under IAS 27. Cost at initial recognition is the amount paid in cash or cash equivalent, or the fair value of other consideration given by the purchaser. Cost include those costs which are directly attributable to the acquisition.

In case of investments paid in foreign currency: (a) if the consideration is paid before acquiring the owner’s rights, cost is the amount calculated by applying the official foreign currency rate of the Hungarian National Bank (MNB) on the day of the bank transfer; (b) if the consideration is paid after acquiring the owner’s rights, cost is the amount calculated by applying the official foreign currency rate of MNB on the day of the transfer of the owner’s right. There is no subsequent revaluation of investments paid in foreign currency due to foreign exchange rate changes.

Investments in subsidiaries are subject to impairment test when indicator of potential impairment exists. When an external or internal indicator of impairment exists, recoverable amount should be determined and compared with net investment. If the recoverable amount is materially and permanently lower than the net investment, impairment should be recorded. If the recoverable amount is materially or permanently higher than the net investment, impairment reversal should be recorded. The net recoverable is the present value of future cash flows of the investment proportioned based on ownership.

2.9. 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 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 Company typically considers future revenues and expenses, technological obsolescence, discontinuance of services and other changes in circumstances that may indicate impairment. 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.

2.10. Leases

The determination of whether an arrangement is a lease, or contains lease elements, is based on the substance of the arrangement at inception date as to 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).

Company as a lessee:

Finance leases, which transfer to the Company 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.

Company as a lessor:

Finance lease is where the Company 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 Company 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.

2.11. Loans receivable and borrowings

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

2.12. 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.

2.13. Provisions

Provisions are recognized when the Company 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.

2.14. Pensions

The Company, in the normal course of business, makes fixed contributions into the Hungarian State pension fund on behalf of its employees. The Company 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.

2.15. 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.

2.16. Employee shares

Payouts related to employee shares (reduced rate dividend payments) are shown under employee related expenses in the statement of income in the period in which the dividends are approved by the shareholders.

2.17. 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 ordinary shares outstanding. Diluted earnings per share is calculated considering the weighted average number of diluting share options (if any) in addition to the number of ordinary shares outstanding.

2.18. Income taxes

Current taxes:

Corporate income tax is payable to the Hungarian central tax authority, and local business tax is payable to the local governments. The basis of the corporate income tax is the taxable entities’ accounting profit adjusted for non-deductible and non-taxable items. The basis of the local business tax is the taxable entities’ revenue reduced by certain expenditure and cost items (gross margin).

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 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.

2.19. Dividend

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.

2.20. Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company 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.

Rendering of services:

Revenue is recognized based on the stage of completion method, when revenue can be measured reliably and it is probable that economic benefits will flow to the Company.

Dividends:

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

Interest income:

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

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.

2.21. Operating profit

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

2.22. Segment information

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

3. Critical accounting estimates and judgments

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 Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. 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. Impairment of investments in subsidiaries

Impairment assessment of investments in subsidiaries is based on estimates and assumptions, such as future cash flows, discount factors and the actual results may be significantly different from the results of these estimates, especially in case of start-up entities.

3.2. Provisions

Provisions in general are highly judgmental, especially in case of legal disputes. The Company assesses the probability of an adverse event as a result of a past event and if the probability of an outflow of economic benefits is evaluated to be more probable than not, the Company fully provides for the total amount of the estimated liability.

4. First time adoption

These financial statements, for the year ended December 31, 2017, are the first the Company has prepared in accordance with IFRS. For periods up to and including the year ended December 31, 2016, the Company prepared its financial statements in accordance with Hungarian Accounting Law (Local GAAP). Accordingly, the Company has prepared financial statements which comply with IFRS applicable for periods ending on or after December 31, 2017, together with the comparative period data as at and for the year ended December 31, 2016, as described in the accounting policies. In preparing these financial statements, the Company’s opening balance sheet was prepared as at January 1, 2016, the Company’s date of transition to IFRS. This note explains the principal adjustments made by the Company in restating its Local GAAP balance sheet as at January 1, 2016 and its previously published Local GAAP financial statements as at and for the year ended December 31, 2016.

Exemptions applied

IFRS 1 First-Time Adoption of International Financial Reporting Standards allows first-time adopters certain exemptions from the retrospective application of certain IFRS.

The Company has applied the following exemption: in the opening balance sheet as of January 1, 2016 the Company decided to use previous GAAP (Hungarian Accounting Law) carrying amount as deemed cost of investment in subsidiaries.

Estimates

The estimates at January 1, 2016 and at December 31, 2016 are consistent with those made for the same dates in accordance with local GAAP (after adjustments to reflect any differences in accounting policies).

Company reconciliation of equity as of January 1, 2016 (date of transition to IFRS)

	Notes	Local GAAP	Re-measurements	IFRS at January 1, 2016
Cash and cash equivalents		176,132	-	176,132
Receivables from related parties		1,986,688	-	1,986,688
Current tax receivable		1,500	-	1,500
Other current assets	A	955,342	(944,561)	10,781
Current assets		**3,119,662**	**(944,561)**	**2,175,101**
Property, plant and equipment		125,152	-	125,152
Investments		3,337,087	-	3,337,087
Deferred tax asset	B	-	16,978	16,978
Non-current assets		**3,462,239**	**16,978**	**3,479,217**
TOTAL ASSETS		**6,581,901**	**(927,583)**	**5,654,318**
Trade payables		21,300	-	21,300
Current tax liability		59,328	0	59,328
Other short-term liabilities		36,628	0	36,628
Current liabilities		**117,256**	**-**	**117,256**
TOTAL LIABILITIES		**117,256**	**-**	**117,256**
Share capital		250,157	-	250,157
Retained earnings	F	6,214,488	34,158	6,248,646
Treasury shares	A	-	(961,741)	(961,741)
Shareholders' equity		**6,464,645**	**(927,583)**	**5,537,062**
TOTAL LIABILITIES & EQUITY		**6,581,901**	**(927,583)**	**5,654,318**

Company reconciliation of equity as of December 31, 2016

	Notes	Local GAAP	Re-measurements	IFRS at December 31, 2016
Cash and cash equivalents		306,884	-	306,884
Receivables from related parties		1,977,145	-	1,977,145
Current tax receivable		7,897	-	7,897
Other current assets	A	960,578	(950,938)	9,640
Current assets		**3,252,504**	**(950,938)**	**2,301,566**
Property, plant and equipment		95,194	-	95,194
Investments	C	11,713,919	(8,376,832)	3,337,087
Deferred tax asset	B	-	8,166	8,166
Non-current assets		**11,809,113**	**(8,368,666)**	**3,440,447**
TOTAL ASSETS		**15,061,617**	**(9,319,604)**	**5,742,013**
Trade payables		41,954	-	41,954
Current tax liability		51,418	-	51,418
Other short-term liabilities		34,703	-	34,703
Current liabilities		**128,075**	**-**	**128,075**
TOTAL LIABILITIES		**128,075**	**-**	**128,075**
Share capital		250,157	-	250,157
Retained earnings	F	14,683,385	(8,357,863)	6,325,522
Treasury shares	A	-	(961,741)	(961,741)
Shareholders' equity		**14,933,542**	**(9,319,604)**	**5,613,938**
TOTAL LIABILITIES & EQUITY		**15,061,617**	**(9,319,604)**	**5,742,013**

Company reconciliation of total comprehensive income as of December 31, 2016

	Notes	Local GAAP	Re-measurements	IFRS at December 31, 2016
Sales revenue		850,446	-	850,446
Dividend	D	-	2,400,000	2,400,000
Revenue		**850,446**	**2,400,000**	**3,250,446**
Employee related expense	E	(386,800)	(144,724)	(531,524)
Operating expense		(285,801)	-	(285,801)
Depreciation and amortization		(34,074)	-	(34,074)
Operating expense		**(706,675)**	**(144,724)**	**(851,399)**
Other expense		(223)	-	(223)
OPERATING PROFIT		**143,548**	**2,255,276**	**2,398,824**
Interest income		19,989	-	19,989
Dividend income	D	2,400,000	(2,400,000)	-
Gain related to de-merger of investments	C	8,376,832	(8,376,832)	-
Exchange rate difference	A	9,014	15,568	24,582
Financial result		**10,805,835**	**(10,761,264)**	**44,571**
PROFIT BEFORE TAX		**10,949,383**	**(8,505,988)**	**2,443,395**
Income tax expense	B	(24,447)	(8,812)	(33,259)
PROFIT FOR THE YEAR		**10,924,936**	**(8,514,800)**	**2,410,136**
OTHER COMPREHENSIVE INCOME		**-**	**-**	**-**
TOTAL COMPREHENSIVE INCOME		**10,924,936**	**(8,514,800)**	**2,410,136**

A) Under Local GAAP treasury shares were presented as other current assets and were FX revalued at every yearend. Under IFRS treasury shares are deducted from equity on historical cost. As such historical cost of treasury shares is deducted from equity and FX revaluations were credited against retained earnings.

B) Deferred taxation is unknown under Local GAAP. As such deferred tax assets were recognized under IFRS against retained earnings.

C) During 2016, after a de-merger of investments, under Local GAAP investments were revalued through profit or loss (finance income). Under IFRS this revaluation difference was reversed against investments.

D) Under Local GAAP dividend income is presented as finance income. Under IFRS dividend is recorded as revenue. As such dividends were reclassified from finance income to revenue in comprehensive income.

E) Under Local GAAP dividend payable related to employee shares are presented as dividend and deducted from equity (retained earnings) in the period in which the dividends are approved by the shareholders. Under IFRS dividend related to employee shares are shown under employee related expenses in the statement of income. As such dividends related to employee shares are debited to the statement of income against retained earnings under IFRS.

F) Retained earnings reconciliation of Local GAAP and IFRS as of January 1, 2016 and December 31, 2016 looks as follows:

	Note	January 1, 2016	December 31, 2016
Retained earnings per Local GAAP		6,214,488	14,683,385
Reversal of FX revaluation of treasury shares	A	17,180	10,803
Recognition of deferred tax asset	B	16,978	8,166
Elimination of effect of de-merger of investments	C	-	(8,376,832)
Retained earnings per IFRS		**6,248,646**	**6,325,522**

G) The transition from Local GAAP to IFRS has not had a material impact on the statement of cash flows, except for dividend income/revenue: under local GAAP dividend was presented as investing cash flow, while under IFRS as operating cash flow.

5. Standards issued, but not yet effective

At the date of authorization of these financial statements, the following standards and interpretations were in issue but not yet effective:

IFRS 9 Financial Instruments: Classification and Measurement: In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. The standard is effective retrospectively for annual periods beginning on or after January 1, 2018, but comparative information is not compulsory. Management anticipates that adoption of the first phase of IFRS 9 will have no significant effect on the Company.

IFRS 15 Revenue from Contracts with Customers: IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. The standard is effective for annual periods beginning on or after January 1, 2018. According to the Company's assessment, adoption of IFRS 15 will have no significant effect on the Company's financial statements.

IFRS 15: Revenue from Contracts with Customers (Clarifications): The Clarifications apply for annual periods beginning on or after 1 January 2018 with earlier application permitted. The objective of the Clarifications is to clarify the IASB's intentions when developing the requirements in IFRS 15 Revenue from Contracts with Customers, particularly the accounting of identifying performance obligations amending the wording of the "separately identifiable" principle, of principal versus agent considerations including the assessment of whether an entity is a principal or an agent as well as applications of control principle and of licensing providing additional guidance for accounting of intellectual property and royalties. The Clarifications also provide additional practical expedients for entities that either apply IFRS 15 fully retrospectively or that elect to apply the modified retrospective approach. Management anticipates that clarification will have no significant effect on the Company.

IFRS 16 leases: IFRS 16 was issued in January 2016 which requires lessees to recognize assets and liabilities for most leases. The standard will be effective for annual periods beginning on or after January 1, 2019. The Company is assessing the possible effects of adoption of IFRS 16.

Amendment in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture: The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015 the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. The amendments have not yet been endorsed by the EU. Management anticipates that these amendments will have no effect on the Company.

IFRS 2: Classification and Measurement of Share based Payment Transactions (Amendments): The Amendments are effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. The Amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, for share-based payment transactions with a net settlement feature for withholding tax obligations and for modifications to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. These Amendments have not yet been endorsed by the EU. Management anticipates that these amendments will have no effect on the Company.

IAS 40: Transfers to Investment Property (Amendments): The Amendments are effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. The Amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The Amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. These Amendments have not yet been endorsed by the EU. Management anticipates that these amendments will have no effect on the Company.

IFRS 9: Prepayment features with negative compensation (Amendment): The Amendment is effective for annual reporting periods beginning on or after 1 January 2019 with earlier application permitted. The Amendment allows financial assets with prepayment features that permit or require a party to a contract either to pay or receive reasonable compensation for the early termination of the contract (so that, from the perspective of the holder of the asset there may be 'negative compensation'), to be measured at amortized cost or at fair value through other comprehensive income. These Amendments have not yet been endorsed by the EU. Management anticipates that the amendment will have no effect on the Company.

IAS 28: Long-term Interests in Associates and Joint Ventures (Amendments): The Amendments are effective for annual reporting periods beginning on or after 1 January 2019 with earlier application permitted. The Amendments relate to whether the measurement, in particular impairment requirements, of long term interests in associates and joint ventures that, in substance, form part of the 'net investment' in the associate or joint venture should be governed by IFRS 9, IAS 28 or a combination of both. The Amendments clarify that an entity applies IFRS 9 Financial Instruments, before it applies IAS 28, to such long-term interests for which the equity method is not applied. In applying IFRS 9, the entity does not take account of any adjustments to the carrying amount of long- term interests that arise from applying IAS 28. These amendments have not yet been endorsed by the EU. Management anticipates that these amendments will have no effect on the Company.

IFRIC INTERPETATION 22: Foreign Currency Transactions and Advance Consideration: The Interpretation is effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. The Interpretation clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. The Interpretation covers foreign currency transactions when an entity recognizes a non-monetary asset or a non-monetary liability arising from the payment or receipt of advance consideration before the entity recognizes the related asset, expense or income. The Interpretation states that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. This Interpretation has not yet been endorsed by the EU. Management anticipates that the adoption of the interpretation will have no significant effect on the Company.

The IASB has issued the Annual Improvements to IFRSs 2014 – 2016 Cycle, which is a collection of amendments to IFRSs: The amendments are effective for annual periods beginning on or after 1 January 2018 for IFRS 1 First-time Adoption of International Financial Reporting Standards and for IAS 28 Investments in Associates and Joint Ventures. Earlier application is permitted for IAS 28 Investments in Associates and Joint Ventures. These annual improvements have not yet been endorsed by the EU.

- IFRS 1 First-time Adoption of International Financial Reporting Standards: This improvement deletes the short-term exemptions regarding disclosures about financial instruments, employee benefits and investment entities, applicable for first time adopters.
- IAS 28 Investments in Associates and Joint Ventures: The amendments clarify that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is venture capital organization, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.

Management anticipates that the adoption of the improvements will have no significant effect on the Company.

IFRIC INTERPETATION 23: Uncertainty over Income Tax Treatments: The Interpretation is effective for annual periods beginning on or after 1 January 2019 with earlier application permitted. The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12. The Interpretation provides guidance on considering uncertain tax treatments separately or together, examination by tax authorities, the appropriate method to reflect uncertainty and accounting for changes in facts and circumstances. This Interpretation has not yet been endorsed by the EU. Management anticipates that the adoption of the interpretation will have no significant effect on the Company.

The IASB has issued the Annual Improvements to IFRSs 2015 – 2017 Cycle, which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 January 2019 with earlier application permitted. These annual improvements have not yet been endorsed by the EU.

- IFRS 3 Business Combinations and IFRS 11 Joint Arrangements: The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.
- IAS 12 Income Taxes: The amendments clarify that the income tax consequences of payments on financial instruments classified as equity should be recognized according to where the past transactions or events that generated distributable profits has been recognized.
- IAS 23 Borrowing Costs: The amendments clarify paragraph 14 of the standard that, when a qualifying asset is ready for its intended use or sale, and some of the specific borrowing related to that qualifying asset remains outstanding at that point, that borrowing is to be included in the funds that an entity borrows generally.

Management anticipates that the adoption of the improvements will have no significant effect on the Company.

6. Cash and cash equivalents

	January 1, 2016	December 31, 2016	December 31, 2017
Cash at banks	176,132	306,884	1,588,094
Cash and cash equivalents	**176,132**	**306,884**	**1,588,094**

7. Receivables from related parties

	January 1, 2016	December 31, 2016	December 31, 2017
Trade receivables	169,832	140,304	280,533
Loans receivable	1,816,856	1,836,841	-
Receivables from related parties	**1,986,688**	**1,977,145**	**280,533**

Trade receivables are on 8-30 day payment terms.

Details of loans receivable are disclosed under Note 23.

Intercompany receivables' aging are as follow:

	January 1, 2016	December 31, 2016	December 31, 2017
Not overdue	1,986,688	1,977,145	280,533
Receivables from related parties	**1,986,688**	**1,977,145**	**280,533**

8. Current tax receivables and liabilities

	January 1, 2016	December 31, 2016	December 31, 2017
Current tax receivables	1,500	7,897	26,879
Current tax liabilities	(59,328)	(51,418)	(62,974)
Current tax liability, net	**(57,828)**	**(43,521)**	**(36,095)**

9. Other current assets

	January 1, 2016	December 31, 2016	December 31, 2017
Accrued income	1,556	1	-
Deferred expense	9,225	8,515	13,196
Other receivables	-	1,124	-
Other current assets	**10,781**	**9,640**	**13,196**

10. Property, plant and equipment

The table shows movements of property, plant and equipment:

	Machinery and equipment	Vehicles	**Property. plant and equipment**
Net value:			
January 1, 2016	14,327	110,825	**125,152**
Gross value:			
January 1, 2016	57,029	158,642	**215,671**
Additions	4,116	-	**4,116**
December 31, 2016	61,145	158,642	**219,787**
Depreciation:			
January 1, 2016	42,702	47,817	**90,519**
Additions	12,681	21,393	**34,074**
December 31, 2016	55,383	69,210	**124,593**
Net value:			
December 31, 2016	5,762	89,432	**95,194**
Gross value:			
December 31, 2016	61,145	158,642	**219,787**
Additions	6,297	101,277	**107,574**
Disposals	(16,151)	(259,919)	**(276,070)**
December 31, 2017	51,291	-	**51,291**
Depreciation:			
December 31, 2016	55,383	69,210	**124,593**
Additions	6,671	28,161	**34,832**
Disposals	(13,906)	(97,371)	**(111,277)**
December 31, 2017	48,148	-	**48,148**
Net value:			
December 31, 2017	3,143	-	**3,143**

11. Investments

List of the Company's investments in subsidiaries are as follows:

Subsidiary	Activity	Address	Share capital	Curr.
Graphisoft Park Kft.	Real estate development	H-1031 Budapest, Záhony utca 7.	1,846,108	eur
Graphisoft Park South I. Kft.	Real estate development	H-1031 Budapest, Záhony utca 7.	20,000	eur
Graphisoft Park South II. Development Kft.	Real estate development	H-1031 Budapest, Záhony utca 7.	20,000	eur
Graphisoft Park Services Kft.	Property operation	H-1031 Budapest, Záhony utca 7.	10,000	thuf
Graphisoft Park Engineering & Management Kft.	Property management, engineering and administration activities*	H-1031 Budapest, Záhony utca 7.	10,000	thuf

* The subsidiary started its activity on January 1, 2018.
All subsidiaries are 100% owned by Graphisoft Park SE.

Set out below the book value of investments in subsidiaries:

	January 1, 2016	December 31, 2016	December 31, 2017
Graphisoft Park Kft.	3,337,087	1,720,039	1,720,039
Graphisoft Park South I. Kft.	-	1,346,863	1,346,863
Graphisoft Park South II. Development Kft.	-	270,185	270,185
Graphisoft Park Services Kft.	-	-	107,418
Graphisoft Park Engineering & Management Kft.	-	-	289,350
Investments	**3,337,087**	**3,337,087**	**3,733,855**

No impairment was accounted or reversed during the periods presented.

The tables below show the movements in investments in subsidiaries:

	January 1, 2016	De-merger*	December 31, 2016
Graphisoft Park Kft.	3,337,087	(1,617,048)	1,720,039
Graphisoft Park South I. Kft.	-	1,346,863	1,346,863
Graphisoft Park South II. Development Kft.	-	270,185	270,185
Investments	**3,337,087**	**-**	**3,337,087**

* Graphisoft Park South I. Kft. and Graphisoft Park South II. Development Kft. demerged from Graphisoft Park Kft. on September 30, 2016. All companies remained in Graphisoft Park SE's sole ownership after the demerger.

	December 31, 2016	Acquisition*/ establishment**	December 31, 2017
Graphisoft Park Kft.	1,720,039	-	1,720,039
Graphisoft Park South I. Kft.	1,346,863	-	1,346,863
Graphisoft Park South II. Development Kft.	270,185	-	270,185
Graphisoft Park Services Kft.	-	107,418	107,418
Graphisoft Park Engineering & Management Kft.	-	289,350	289,350
Investments	**3,337,087**	**396,768**	**3,733,855**

* On June 30, 2017 the Company purchased 100% share of Graphisoft Park Services Kft. from Graphisoft Park Kft. for 107, 418 euros.
** On December 14, 2017 Graphisoft Park SE established Graphisoft Park Engineering & Management Kft., which entity will be responsible for the Group's certain property management, engineering and administration activities from January 1, 2018. The investment amounts to 289,350 euros.

Subsidiaries' own equity as of January 1, 2016, December 31, 2016 and December 31, 2017 are disclosed below:

	January 1, 2016	December 31, 2016	December 31, 2017
Graphisoft Park Kft.	20,563,401 eur	11,425,579 eur	13,167,742 eur
Graphisoft Park South I. Kft.	-	8,327,030 eur	8,061,663 eur
Graphisoft Park South II. Development Kft.	-	1,658,389 eur	1,643,074 eur
Graphisoft Park Services Kft.*	-	-	116,799 eur
Graphisoft Park Engineering & Management Kft.*	-	-	284,007 eur

Own equity data of the subsidiaries are based on their statutory financial statements. Subsidiaries prepare and publish their stand-alone annual financial statements according to the Hungarian Accounting Law. Graphisoft SE's voting rights agree to its share in the subsidiaries (100%).

* These entities keep their books in Hungarian forints; own equity of the subsidiaries are retranslated from forint to euro on the official exchange rate of MNB as of December 31, 2017.

Impairment test: at yearend Graphisoft Park SE performed the impairment test of the subsidiaries as set out in the Company's accounting policies. As a result no impairment was recorded or reversed.

12. Trade payables

	January 1, 2016	December 31, 2016	December 31, 2017
Trade payables - domestic	21,300	41,954	21,133
Trade payables	**21,300**	**41,954**	**21,133**

The Company settles trade payables within the payment term, and had no overdue payables as of December 31, 2017, December 31, 2016 and as of January 1, 2016.

13. Other short-term liabilities

	January 1, 2016	December 31, 2016	December 31, 2017
Amounts due to employees	12,453	15,049	-
Other payables and accruals	24,175	19,654	54,748
Other short term liabilities	**36,628**	**34,703**	**54,748**

14. Deferred tax asset

	January 1, 2016	December 31, 2016	December 31, 2017
Tax losses carried forward	16,978	8,166	-
Deferred tax asset	**16,978**	**8,166**	**-**

Deferred taxes were calculated at a corporate income tax rate of 9% as of December 31, 2016 and 10% as of January 1, 2016.

Effective from July 31, 2017 the Company became regulated real estate investment pre-company and as such the Company was subject to corporate income tax and local business tax only till this date. As a result deferred tax assets were released against current year results as of that date.

15. Revenue

	December 31, 2016	December 31, 2017
Revenue from services*	850,446	1,173,545
Dividend**	2,400,000	2,500,000
Revenue	**3,250,446**	**3,673,545**

* The Company provided to its subsidiaries property management and related administration services in 2017 and 2016.

** Dividend from Graphisoft Park Kft.

16. Operating expense

	December 31, 2016	December 31, 2017
Employee related expense	531,524	690,983
Other operating expense	285,801	440,084
Depreciation and amortization	34,074	34,832
Operating expense	**851,399**	**1,165,899**

Other operating expense consists of the following items:

	December 31, 2016	December 31, 2017
Office and telecommunication	58,953	76,787
Legal and administration	141,237	259,262
Travelling	23,849	35,140
Other	61,762	68,895
Other operating expense	**285,801**	**440,084**

Office rental contract is treated as operating lease agreement. Total present values of minimum lease payments over the lease term are as follow:

	December 31, 2016	December 31, 2017
Within 1 year	33,525	4,171
1– 5 years	31,478	14,290
Over 5 years	-	12,488
	65,003	**30,949**

17. Other income (expense)

	December 31, 2016	December 31, 2017
Subsidies given	-	(57,674)
Gain on sale of tangible assets	-	3 186
Others	(223)	(763)
Other income (expense)	**(223)**	**(55,251)**

18. Financial result

	December 31, 2016	December 31, 2017
Interest income	19,989	19,655
Exchange rate gain (loss) realized	34,213	(32,747)
Exchange rate (loss) gain not realized	(9,631)	969
Financial result	**44,571**	**(12,123)**

19. Income taxes

	December 31, 2016	December 31, 2017
Current income tax	(24,447)	(14,774)
Deferred income tax	(8,812)	(8,166)
Income tax expense	**(33,259)**	**(22,940)**

Effective from July 31, 2017 the Company became regulated real estate investment pre-company and as such the Company was subject to corporate income tax and local business tax only till this date. As a result deferred tax assets were released against current year results as of that date.

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

	December 31, 2016	December 31, 2017
Profit before tax	**2,443,395**	**2,440,272**
Tax at statutory rate*	**244,340**	**219,624**
Results exempt from income taxes (2017 results from August 1 till December 31)	-	8,492
Non-taxable items (dividend)	(216,000)	(225,000)
Change in tax rates**	(24,434)	-
Other	3,934	(784)
Corporate income tax	**7,840**	**2,332**
Local business tax*	**16,607**	**12,442**
Tax expense	**24,447**	**14,774**
Effective tax rate	**1.0%**	**0.6%**

*Income tax rates applied: 10% in corporate income tax rate in 2016, 9% in 2017; 2% local business tax rate in 2016 and 2017.

**Decrease in corporate tax rate applied (10% to 9%) had 24,434 euro effect on income tax rate reconciliation.

20. Earnings per share

Basic and diluted earnings per share is disclosed in Graphisoft Park SE' IFRS consolidated financial statements as of December 31, 2017.

21. Treasury shares

Graphisoft Park SE treasury share details are as follows:

	January 1, 2016	December 31, 2016	December 31, 2017
Number of ordinary shares	549,076	549,076	549,076
Number of employee shates	-	-	625,389
Face value per share (EUR)	0.02	0.02	0.02
Total face value (EUR)	10,982	10,982	23,489
Treasury shares (at historical cost)	(961,741)	(961,741)	(974,292)

22. Financial instruments

Book value and fair value of financial assets and liabilities as of January 1, 2016:

	Note	Book value January 1, 2016	Fair value January 1, 2016	Difference
Cash and cash equivalents	6	176,132	176,132	-
Receivables from related parties	7	1,986,688	1,986,688	-
Other current assets	9	10,781	10,781	-
Trade payables	12	(21,300)	(21,300)	-
Other short-term liabilities	13	(24,175)	(24,175)	-
Financial instruments		**2,128,126**	**2,128,126**	**-**

Book value and fair value of financial assets and liabilities as of December 31, 2016:

	Note	Book value December 31, 2016	Fair value December 31, 2016	Difference
Cash and cash equivalents	6	306,884	306,884	-
Receivables from related parties	7	1,977,145	1,977,145	-
Other current assets	9	9,640	9,640	-
Trade payables	12	(41,954)	(41,954)	-
Other short-term liabilities	13	(19,654)	(19,654)	-
Financial instruments		**2,232,061**	**2,232,061**	**-**

Book value and fair value of financial assets and liabilities as of December 31, 2017:

	Note	Book value December 31, 2017	Fair value December 31, 2017	Difference
Cash and cash equivalents	6	1,588,094	1,588,094	-
Receivables from related parties	7	280,533	280,533	-
Other current assets	9	13,196	13,196	-
Trade payables	12	(21,133)	(21,133)	-
Other short-term liabilities	13	(54,748)	(54,748)	-
Financial instruments		**1,805,942**	**1,805,942**	**-**

23. Related party disclosure

Transactions with subsidiaries in the normal course of business:

Revenue / income:

	December 31, 2016	December 31, 2017
Revenue from services	843,506	1,170,235
Dividend	2,400,000	2,500,000
Sale of tangible assets (other income)	-	153,007
Interest income	19,985	19,652
Total	**3,263,491**	**3,842,894**

Expenses:

	December 31, 2016	December 31, 2017
Services used	51,593	70,827
Total	**51,593**	**70,827**

Assets:

	January 1, 2016	December 31, 2016	December 31, 2017
Trade receivables	169,832	140,304	280,533
Loans receivable*	1,816,856	1,836,841	-
Total	**1,986,688**	**1,977,145**	**280,533**

*Loan provided to Graphisoft Park Kft. was paid back in December, 2017. The effective interest rate was 1.1% throughout the periods.

On June 30, 2017 the Company purchased 100% share of Graphisoft Park Services Kft. from Graphisoft Park Kft. for 107, 418 euros.

Transactions (sales to and purchases from) with the related parties are made at market prices. No guarantees were provided or received for any related party receivables or payables. In 2017 and 2016, the Company has not recorded any impairment loss relating to amounts owed by related parties.

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

	December 31, 2016	December 31, 2017
Remuneration of the Board of Directors	64,471	77,934
Compensation of key management personnel	231,969	295,481
Total	**296,440**	**373,415**

* Key management personnel: the Chief Executive Officer and the Chief Financial Officer of the Company.

No loans or advance payments were granted to the members of the Board of Directors or the key management personnel, and the Company did not undertake guarantees in their names.

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

Shareholder	January 1, 2016 Shares (pcs)	Share (%)
ORDINARY SHARES:	**3,514,538**	**28.11**
Bojár Gábor - Chairman of the BoD	3,185,125	25.47
Dr. Kálmán János - Member of the BoD	13,500	0.11
Szigeti András - Member of the BoD	126,000	1.01
Kocsány János - Member of the BoD, CEO	180,913	1.45
Hajba Róbert – CFO	9,000	0.07
EMPLOYEE SHARES:	**1,876,167**	**15.00**
Kocsány János - Member of the BoD, CEO	1,250,778	10.00
Hajba Róbert – CFO	625,389	5.00
SHARES TOTAL:	**5,390,705**	**43.11**

	December 31, 2016	
Shareholder	**Shares (pcs)**	**Share (%)**
ORDINARY SHARES:	**3,424,082**	**27.38**
Bojár Gábor - Chairman of the BoD	3,185,125	25.47
Dr. Kálmán János - Member of the BoD	13,500	0.11
Szigeti András - Member of the BoD	126,000	1.01
Kocsány János - Member of the BoD, CEO	90,457	0.72
Hajba Róbert – CFO	9,000	0.07
EMPLOYEE SHARES:	**1,876,167**	**15.00**
Kocsány János - Member of the BoD, CEO	1,250,778	10.00
Hajba Róbert – CFO	625,389	5.00
SHARES TOTAL:	**5,300,249**	**42.38**

	December 31, 2017	
Shareholder	**Shares (pcs)**	**Share (%)**
ORDINARY SHARES:	**3,829,082**	**30.61**
Bojár Gábor - Chairman of the BoD	3,185,125	25.47
Dr. Kálmán János - Member of the BoD	13,500	0.11
Szigeti András - Member of the BoD	126,000	1.01
Hornung Péter - Member of the BoD	414,000	3.31
Kocsány János - Member of the BoD, CEO	90,457	0.72
EMPLOYEE SHARES:	**1,250,778**	**10.00**
Kocsány János - Member of the BoD, CEO	1,250,778	10.00
SHARES TOTAL:	**5,079,860**	**40.61**

Information on shareholders and governance of the Company are provided in Notes 1.2 and 1.3.

24. Commitments, contingencies

Graphisoft Park SE has no significant commitments or contingencies as of December 31, 2017 and 2016.

25. Financial risk management

Changes in market and financial conditions may affect results, assets and liabilities of the Company. Financial risk management aims to limit these risks through operational and finance activities.

Credit risk:

Credit risk is the risk that counterparty does not meet its payment obligations. The Company might be exposed to credit risk from its operational and financing (deposits with banks and financial investments) activities.

Receivables from related parties:

Credit risk is limited as the Company fully controls its subsidiaries.

Cash deposit and financial investments:

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

Liquidity risk:

The Company's revenues are sufficient to cover operating costs, and therefore liquidity problems are not to be expected.

The Company settles its payment obligations within the payment term, and had no overdue payables as of December 31, 2017 and 2016.

The tables below summarize the maturity profile of financial liabilities based on contractual undiscounted payments.

January 1, 2016	**Overdue**	**Due immediately**	**Due between 0-3 months**	**Total**
Trade payables	-	-	21,300	**21,300**
Dividend liability (from prior years, not requested from shareholders)	-	6,741	-	**6,741**
Other liabilities	-	-	17,434	**17,434**
Financial liabilities	**-**	**6,741**	**38,734**	**45,475**

December 31, 2016	Overdue	Due immediately	Due between 0-3 months	Total
Trade payables	-	-	41,954	**41,954**
Dividend liability (from prior years, not requested from shareholders)	-	8,353	-	**8,353**
Other liabilities	-	-	11,301	**11,301**
Financial liabilities	**-**	**8,353**	**53,255**	**61,608**

December 31, 2017	Overdue	Due immediately	Due between 0-3 months	Total
Trade payables	-	-	21,133	**21,133**
Dividend liability (from prior years, not requested from shareholders)	-	9,731	-	**9,731**
Other liabilities	-	-	45,017	**45,017**
Financial liabilities	**-**	**9,731**	**66,150**	**75,881**

26. Capital risk management

The Company'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 to approve dividend payments or adopt other changes in the equity capital in order to optimize the capital structure of the Group. This can be achieved primarily by adjusting the amount of dividends paid to shareholders, or alternatively, by returning capital to shareholders by capital reductions, selling or buying own shares.

27. Approval of financial statements

Following the recommendation of the Board of Directors, the Annual General Meeting on April 20, 2017 approved the 2016 annual financial statements of the Company. The Annual General Meeting approved dividend distribution of 78 HUF per ordinary share, 786,443 thousand HUF in total (2,511,874 EUR on the exchange rate of April 20, 2017), and 26 HUF per employee share, 48,780 thousand HUF in total (155,803 EUR on the exchange rate of April 20, 2017). The starting date for dividend payments was May 22, 2017. The Company paid out the dividends to the shareholders identified by shareholder's registration.

28. Events after the balance sheet date

Proposed dividend by the Board:

The annual financial statements of the Company for the year 2017 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 22, 2018. The Board proposes dividend distribution of 93 HUF per ordinary share, and 31 HUF per employee share to be approved by the Annual General Meeting of Graphisoft Park SE of April 26, 2018. The Annual General Meeting has the power to amend the annual financial statements.

Change in management:

From January 15, 2018 the Company's CFO is Ormosy Gábor. The previous CFO's, Hajba Róbert's employee shares were redeemed by the Company on face value.

Registration as regulated real estate development company:

Effective from January 1, 2018 the Company and its project subsidiaries were registered as regulated real estate development companies (SZIT) by the Hungarian National Tax Authority (NAV). At the same date the real estate developer pre-company status of the group companies' was terminated.

The SZIT status affects the following group companies:

- Graphisoft Park SE
- Graphisoft Park South I. Kft.
- Graphisoft Park South II. Development Kft.
- Graphisoft Park Kft.
- Graphisoft Pak Services Kft.

Capital increase in Graphisoft Park South I. Kft:

On January 11, 2018 the Company made share capital increase in Graphisoft Park South I. Kft. in amount of 1,000 euros. At the same time there was an additional paid in capital increase in amount 1,400,000 euros. The capital increase was registered by the Court on January 16, 2018.

29. Additional presentations according to the Hungarian Accounting Law

a) Persons responsible for signing and preparing the financial statements:

The persons authorized and required to sign the Company's financial statements are as follow:

Name: Kocsány János
Position: Chief Executive Officer
Address: H-1031 Budapest, Almási Balogh Loránd utca 1. D.

Name: Ormosy Gábor
Position: Chief Financial Officer
Address: H-2096 Üröm, Gábor Áron sétány 1.

The person responsible for supervising transactional accounting and preparation of financial statements according to IFRS:

Name: Goór Ágnes
IFRS registration number: 192592

b) Statutory auditor and audit fees:

The Company is subject to statutory audit. The Company's auditor is Ernst & Young Könyvvizsgáló Kft. (address: H-1132 Budapest, Váci út 20.). The person responsible for signing the audit report:

Name: Szabó Gergely
Registration number: 005676

The audit fee for the Company's stand alone and consolidated financial statements as of December 31, 2017 is 22,000 euro. Audit related fees amounted to 13,000 euro, tax advisory fees were 1,083 euro for 2017.

c) Reconciliation of equity:

In accordance with paragraph 114/B of the Hungarian Accounting Law the financial statements include an equity reconciliation between the financial statements prepared in accordance with the basis of preparation note and the equity elements according to the Hungarian Accounting Law (HAL).

The equity reconciliation schedules below disclose the earnings available for distribution, which is the amount of the retained earnings plus profit after tax for the financial year closed with annual financial statements.

Equity element	Equity under IFRS December 31,2016	Reconciliations			Equity under HAL December 31,2016
	Note	**i)**	**ii)**	**iii)**	
Share capital	**250,157**	-	-	-	**250,157**
Retained earnings	**6,325,522**	-	(961,741)	(2,410,136)	**2,953,645**
Treasury shares	**(961,741)**	961,741	-	-	**-**
Restricted reserve	**-**	-	961,741	-	**961,741**
Profit after tax	**-**	-	-	2,410,136	**2,410,136**
Total equity	**5,613,938**	**961,741**	**-**	**-**	**6,575,679**

Equity element	Equity under IFRS December 31,2017	Reconciliations			Equity under HAL December 31,2017
	Note	**i)**	**ii)**	**iii)**	
Share capital	**250,157**	-	-	-	**250,157**
Retained earnings	**6,230,980**	-	(974,292)	(2,417,332)	**2,839,356**
Treasury shares	**(974,292)**	974,292	-	-	**-**
Restricted reserve	**-**	-	974,292	-	**974,292**
Profit after tax	**-**	-	-	2,417,332	**2,417,332**
Total equity	**5,506,845**	**974,292**	**-**	**-**	**6,481,137**

i) Reclassification of value of treasury shares from equity (to other current assets).
ii) Reclassification of value of treasury shares from retained earnings to restricted reserve (reserve not available for distribution).
iii) Reclassification of current year profit after tax from retained earnings.

30. Declarations

Forward-looking statements *- This Parent Company 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 Financial Statements which have been prepared in accordance with the International Financial Reporting 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 the Business Report gives a fair view of the position, development and performance of Graphisoft Park SE, together with a description of the principal risks and uncertainties of its business.*