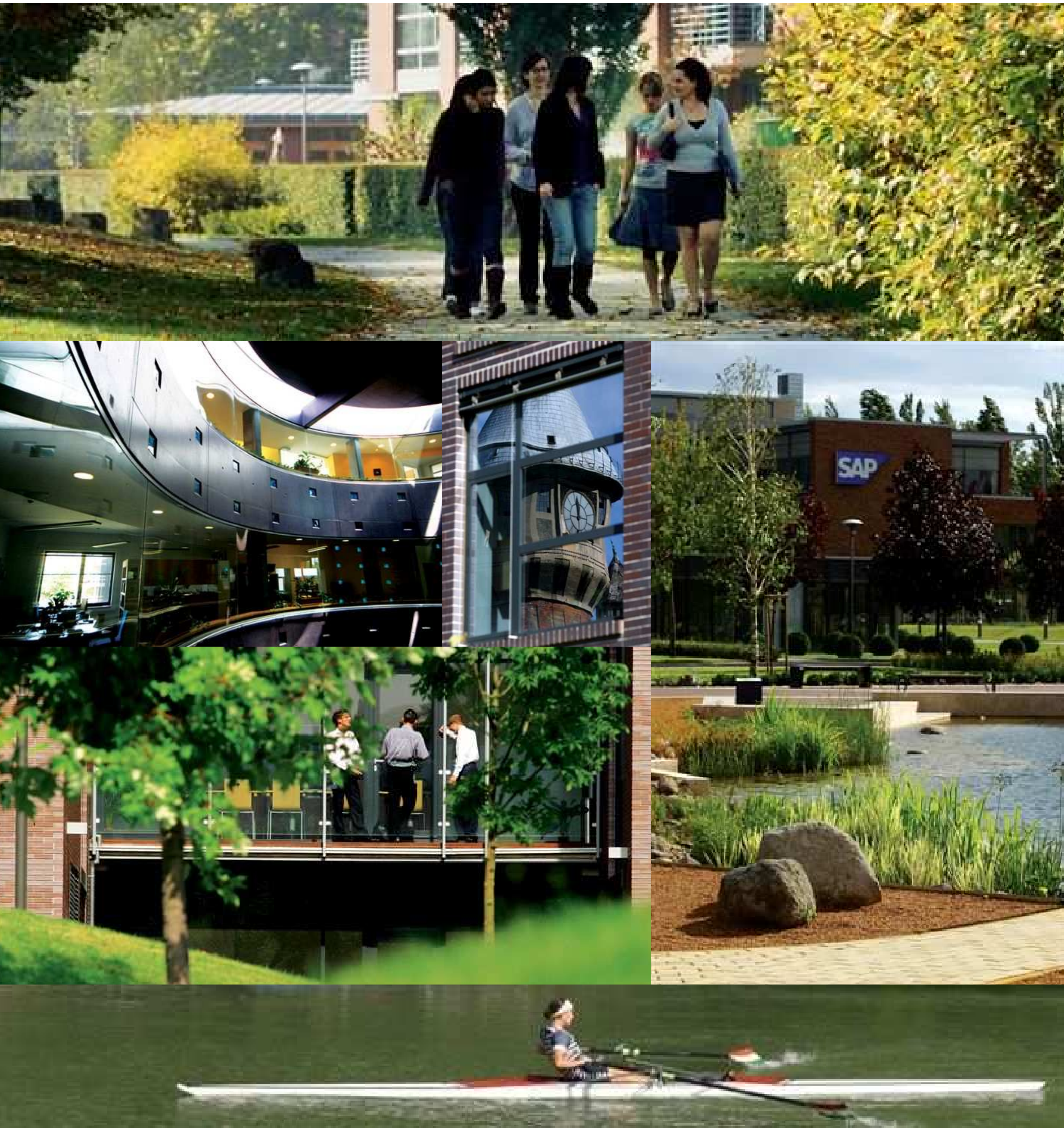
Graphisoft Park SE Ingatlanfejlesztő Európai Részvénytársaság

Consolidated Financial Statements and Business Report

31 December 2008

Content

Graphisoft Park SE Annual Report 2008



GRAPHISOFTPARK

Financial highlights:

	2007 thousand EUR	2008 thousand EUR	*Change* *%*
Revenue	**5,530**	**6,503**	*17.6*
Operating expenses	(914)	(968)	*5.9*
EBITDA	**4,616**	**5,535**	*19.9*
Depreciation and amortization	(2,016)	(2,566)	*27.3*
Other income (expense)	(3)	16	-
Operating profit	**2,597**	**2,985**	*14.9*
Net interest	(718)	(985)	*37.2*
Exchange rate differences	280	(142)	-
Profit before tax - Pro Forma*	**2,159**	**1,858**	*(13.9)*
Loan revaluation*	(369)	(1,119)	*203.3*
Profit before tax - IFRS	**1,790**	**739**	*(58.7)*
Income taxes	(426)	(208)	*(51.2)*
Profit for the year	**1,364**	**531**	*(61.1)*
EBITDA margin (%)	**83.4**	**85.1**	-
Operating profit margin (%)	**46.9**	**45.9**	-
Assets total	**48,192**	**85,066**	*76.5*
Investment property at historical cost	**46,101**	**64,061**	*39.0*
Bank loans	**22,738**	**56.888**	*150.2*
Net debt	**22,776**	**41.126**	*80.6*
Number of employees (year end)	**12**	**14**	*16.6*
HUF/EUR (year end)	253.35	264.78	4.5
HUF/EUR (average)	251.31	251.25	0.0

* Real estate development projects of Graphisoft Park Group are financed from bank loans. As both loan repayments and rental revenues from which the Group repays the loans are denominated in EUR, management is of the opinion that results without the effect of outstanding loan revaluation are more appropriate to reflect the real financial performance of the Group in the period.

Dear Shareholders,

This business report reviews the status of the business goals set for Graphisoft Park SE for the year 2008, from three standpoints:

- Development activities,
- Lease results in the wake of the general financial crisis,
- Financial results.

Development Activities

The core of the development activities of Graphisoft Park SE during the past year focused on the construction of office and laboratory facilities in Building H, scheduled for completion in May 2009. Construction on this building began in December 2007, after two years of archaeological excavations. The building's gross area is approximately 33,000 m^2, whose rentable area is composed of 12,800 m^2 office and lab space, 2,400 m^2 storage space, and a three-level underground garage with a total area of 12,300 m^2, providing parking spaces for 440 cars. Construction is proceeding according to plan, and we see no obstacle to its finalization during the first half of 2009.

According to the original plans, one wing of the building (Hx, with 6,500 m^2) is office space, while the other two wings (Hy and Hz, totaling 6,300 m^2) function as office and laboratory. Due to the expansion plans of a current tenant, we completed the Hz wing to meet specific office and biotechnological laboratory requirements. Operating under an extremely tight deadline, we were able to create a laboratory/office complex equipped with the most modern technological systems. We agreed to the tight deadline and were able to meet it thanks to our extensive previous experience in developing specialized laboratory projects. The project is proceeding according to plan, and with the laboratory equipment installed, we have begun the process of applying for official operating permits.

Since we have not signed any lease agreements yet for the rest of the space in Building H, we have built up the non-leased space only to the extent necessary to apply for official permits. These office spaces are being completed to the point at which, if a new tenant signs a lease, we will be able to finish construction according to the tenant's specifications within two months. Although official permits are obtained for the entire building as a whole, we are operating the currently unoccupied Hx and Hy wings only to the extent necessary to maintain their condition, in the interest of minimizing operating costs.

In accordance with the new lease agreement for Building C, we completed an office space of approximately 1,200 m^2 according to the requirements of the tenant, who then occupied the space in July 2008.

On April 18, 2008, the Company won a bid, tendered by Budapest City Development Zrt., to purchase a parcel of land adjoining the Óbuda Gas Works. This territory of approximately 7.5 hectares includes monument buildings that served as the management headquarters of the Gas Works. On this territory, in accordance with terms of the tender, an institution of higher education – to fit Graphisoft Park's profile, and with the aim of developing the Park into a genuine knowledge base – must be established within five years from the effective approval of the zoning plan. (It is not expected before second half of 2009.) The Company signed the land purchase agreement in October 2008, and took possession of the area in November. The monument buildings, when we acquired them, were in extraordinarily bad repair, so we immediately began maintenance activities to protect their condition. In addition, we surveyed the condition of the utilities and performed the hook-ups necessary for the occupied buildings to be fully functional.

The main risk factors associated with the purchased land, which remain current at the time of this report, are the followings:

- there is no effective zoning plan for the area,
- in December 2007, the local government (Budapest 3rd District) enacted a prohibition any change in the area,
- a significant part of the land is polluted.

Consequently, specific demolition and construction projects cannot, at present, be carried out on this territory. The Budapest Gas Works has arranged for the large-scale mass of natural gas, stored in the gas reservoirs, to be removed.

In 2009, archaeological excavations began on the newly acquired land, together with other preparatory works, so that development projects can be started immediately if market conditions should change. In other development activities, we continue to upgrade the existing office buildings, including, for example, installation of sun shade technology, façade repair, reduction of energy and water consumption, and modernization of the existing systems. These tasks serve both to maintain the buildings and to improve their chances for leasing in the future.

Lease Results in the Wake of the Financial Crisis

With respect to the existing office space, occupancy has improved slightly. Of the 33,000 m^2 of office and laboratory space available before the completion of Building H, the occupancy rate improved from 87% to 92% over the course of the year. In itself, this appears to be a satisfactory achievement, but despite our efforts to lease Building H, we have signed a lease agreement for only 25% of the available space. Taking Building H into account from the second half of 2009, the occupancy rate of the total available 45,000 m^2 is expected to be around 75% only.

Due to the widespread financial downturn, Budapest now has a tremendous oversupply of office space. By the end of 2008, unoccupied offices in Budapest reached 17% of inventory; today, it is nearly 20%, and this percentage will only increase with the completion of previously begun construction projects. Given the current global economic climate, the Company does not expect significant improvement in this occupancy rate during the course of 2009.

Financial Results

We fulfilled our revenue targets and expected profits for 2008. (Profits are calculated pro-forma, without taking into account the year-end revaluation of Euro-based bank loans due to currency fluctuations.) The actual revenues were 6.5 million EUR, while pro-forma after-tax profits were 1.43 million EUR, as compared with the budgeted 1.4 million EUR.

For 2009, the Company projects rental revenues of 7.2 million EUR. This projection takes into consideration revenues from newly leased spaces after the completion of Building H. However, no significant rise in net profits is expected, since the depreciation costs of Building H as a whole, combined with the growing cost of debt (funds were partially directed to the purchase of new development land area, which is not expected to produce revenues for several years to come) will offset all the expected rental revenue increase in 2009.

The Company increased its credit facility, secured in August 2008 with Westdeutsche Immobilien Bank, from the original 42 million EUR to 58 million EUR, and drew down credits of 35 million EUR in 2008. The total 58 million EUR draw-down covered the construction of the office and laboratory space in Buildings M and H, and the purchase of the 7.5 hectares of development land. Current cash reserves of 14 million EUR provides reserves for the additional preparatory and future development tasks.

In view of the 35 million EUR increase in its EUR-based debt, and the fact that nearly all of its revenues are tied to the EUR, the Company believes that it is warranted for Graphisoft Park Kft. to change its functional currency. Starting in financial year 2009, the Company's functional currency will be the EUR. Due to this change, henceforth the year-end revaluation of the debt due to currency fluctuations will not affect our financial statements.

Earlier, we indicated that in the first half of 2009 we would provide the Company's five-year plan. However, the ongoing economic crisis makes it impossible to create a well-founded plan at this time. As before, the Company will continue in the future to follow a conservative business policy that will enable us to manage the effects of market forces within the appropriate framework.

Forward-looking statements *- This Annual Report contains forward-looking statements. Statements that are not historical facts, including statements about our beliefs and expectations, are 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 speak only as of the date they are made, and we undertake no obligation to update publicly any of them in light of new information or future events. 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.*

Declaration - We declare that to the best of our knowledge the Annual Report gives a true and fair view of the financial position and performance of Graphisoft Park SE and its controlled undertakings, and contains an explanation of material events and transactions that have taken place during the relevant period and their impact on the financial position of Graphisoft Park SE and its controlled undertakings.

Budapest, March 30, 2009

Kocsány János	Bojár Gábor
Chief Executive Officer	Chairman of Board of Directors

GRAPHISOFTPARK

GRAPHISOFT PARK SE

CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2008

in accordance with International Financial Reporting Standards (IFRS)

Budapest, March 30, 2009

Kocsány János
Chief Executive Officer

Bojár Gábor
Chairman of Board of Directors

GRAPHISOFT PARK SE
AUDITED CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2008

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Cg. 01-09-267553

This is a translation of the Hungarian Report

Independent Auditors' Report

To the Shareholders of Graphisoft Park SE Ingatlanfejlesztő Európai Részvénytársaság

1.) We have audited the accompanying 2008 consolidated annual financial statements of Graphisoft Park SE Ingatlanfejlesztő Európai Részvénytársaság ("the Company"), which comprises the consolidated balance sheet as at 31 December 2008 - showing a balance sheet total of EUR 85,066 thousands and a profit for the year of EUR 531 thousands -, the related consolidated profit and loss account for the year then ended, changes in shareholder's equity, consolidated cash flows for the year then ended and the summary of significant accounting policies and other explanatory notes.

2.) The consolidated annual financial statements prepared in accordance with the International Financial Reporting Standards as adopted by EU as at 31 December 2007 were audited by another auditor which issued an unqualified report thereon on 27 March 2008.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

7.) We have audited the elements of and disclosures in the consolidated annual financial statements, along with underlying records and supporting documentation, of Graphisoft Park SE Ingatlanfejlesztő Európai Részvénytársaság in accordance with Hungarian National Auditing Standards and have gained sufficient and appropriate evidence that the consolidated annual financial statements have been prepared in accordance with the International Financial Reporting Standards as adopted by EU. In our opinion the consolidated annual financial statements give a true and fair view of the equity and financial position of Graphisoft Park SE Ingatlanfejlesztő Európai Részvénytársaság as at 31 December 2008 and of the results of its operations for the year then ended. The consolidated business report corresponds to the disclosures in the consolidated financial statements.

Budapest, 30 March 2009

Ernst & Young Kft.
Registration No. 001165

Szarvas Hajnalka
Registered Auditor
Chamber membership No.: 005105

GRAPHISOFT PARK SE
CONSOLIDATED BALANCE SHEET
AS AT DECEMBER 31, 2008
(all amounts in thousands EUR unless otherwise stated)

	Notes	December 31, 2007	December 31, 2008
CURRENT ASSETS			
Cash and cash equivalents	4	994	18,528
Trade receivables	5	386	394
Inventories	6	-	989
Current tax receivable	7	245	303
Other current assets	8	245	530
Current assets		**1,870**	**20,744**
NON CURRENT ASSETS			
Investment property	9, 11	46,101	64,061
Other tangible assets	9	217	141
Intangible assets	10	4	37
Deferred tax asset	19	-	83
Non-current assets		**46,322**	**64,322**
TOTAL ASSETS		**48,192**	**85,066**
CURRENT LIABILITIES			
Short-term loans	12	486	1,265
Trade payables	13	1,251	1,218
Current tax liability	7	14	55
Other short-term liabilities	14	579	3,709
Current liabilities		**2,330**	**6,247**
NON CURRENT LIABILITIES			
Long-term loans	12	22,252	55,623
Deferred tax liability	19	64	-
Non-current liabilities		**22,316**	**55,623**
TOTAL LIABILITIES		**24,646**	**61,870**
SHAREHOLDERS' EQUITY			
Share capital	1.3	213	213
Retained earnings		23,082	23,613
Accumulated translation difference		251	(630)
Shareholders' equity		**23,546**	**23,196**
TOTAL LIABILITIES & EQUITY		**48,192**	**85,066**

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

GRAPHISOFT PARK SE
CONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2008
(all amounts in thousands EUR unless otherwise stated)

	Notes	December 31, 2007	December 31, 2008
Property rental		5,530	6,503
Revenue		**5,530**	**6,503**
Services recharged	15	(222)	(74)
Employee related expenses	15	(304)	(391)
Depreciation and amortisation	9, 10	(2,016)	(2,566)
Other operating expenses	15	(388)	(503)
Operating expenses		**(2,930)**	**(3,534)**
Other income (expense)	16	(3)	16
OPERATING PROFIT		**2,597**	**2,985**
Interest income	17	35	1,148
Interest expense	17	(753)	(2,133)
Exchange rate differences realized	18	125	(37)
Exchange rate differences not realized	18	(214)	(1,224)
Financial expense		**(807)**	**(2,246)**
PROFIT BEFORE TAX		**1,790**	**739**
Income tax expense	19	(426)	(208)
PROFIT FOR THE YEAR		**1,364**	**531**
Attributable to equity holders of the parent		1,364	531
Basic earnings per share (EUR)	21	0.13	0.05
Diluted earnings per share (EUR)	21	0.13	0.05

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

GRAPHISOFT PARK SE
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
AS AT DECEMBER 31, 2008
(all amounts in thousands EUR unless otherwise stated)

	Share capital	Treasury shares Note 20	Retained earnings	Accumulated translation difference	Total equity
January 1, 2007	213	-	22,048	348	**22,609**
Profit for the year	-	-	1,364	-	**1,364**
Dividend	-	-	(330)	-	**(330)**
Translation difference	-	-	-	(97)	**(97)**
December 31, 2007	**213**	**-**	**23,082**	**251**	**23,546**
Profit for the year	-	-	531	-	**531**
Dividend	-	-	-	-	**-**
Translation difference	-	-	-	(881)	**(881)**
December 31, 2008	**213**	**-**	**23,613**	**(630)**	**23,196**

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

GRAPHISOFT PARK SE
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2008
(all amounts in thousands EUR unless otherwise stated)

	December 31, 2007	December 31, 2008
OPERATING ACTIVITIES		
Income before tax	1,790	739
Depreciation and amortization	2,016	2,566
(Gain) on sale of other tangible assets	-	(2)
Interest expense	753	2,133
Interest income	(35)	(1,148)
Increase in provision for bad debts	3	-
Unrealized foreign exchange losses	214	1,224
Changes in working capital:		
Decrease / (increase) in accounts receivable and other current assets	172	(87)
(Increase) in inventory	-	(989)
(Decrease) / increase in accounts payable and accruals	(800)	1,495
Corporate income tax paid	(500)	(553)
Net cash from operating activities	**3,613**	**5,378**
INVESTING ACTIVITES		
Purchase of investment property, other tangible assets and intangibles	(9,821)	(20,988)
Interest paid (capitalized)	(254)	(215)
Proceeds on disposal of investment property, other tangible assets and intangibles	15	5
Interest received	34	1,082
Net cash used in investing activities	**(10,026)**	**(20,116)**
FINANCING ACTIVITIES		
Proceeds from receipt of loans	26,872	35,000
Loan repayments	(18,648)	(836)
Interest paid	(695)	(2,017)
Dividend paid	(330)	-
Net cash from financing activities	**7,199**	**32,147**
Increase in cash and cash equivalents	786	17,409
Cash and cash equivalents at beginning of year	79	994
Exchange differences on cash and cash equivalents	129	125
Cash and cash equivalents at end of year	**994**	**18,528**

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

(all amounts in thousand EUR unless otherwise stated)

1. General information

1.1. Graphisoft Park Group

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 SE operates as a holding and provides management and administrative services to its subsidiaries. The real estate development is performed by Graphisoft Park SE's main subsidiary, Graphisoft Park Kft. and its subsidiary, Graphisoft Park Universitas Kft. which is dedicated to the real estate development of a planned education campus. Graphisoft Park Kft. has two further subsidiaries, Graphisoft Park Services Kft. and GP3 Kft., however, these entities performed no effective business activities until December 31, 2008.

The table below contains details on business activities and properties of the Group.

Company	Business activities	Property details
Graphisoft Park SE	Holding activities, services for subsidiaries	-
Graphisoft Park Kft.	Real estate development and management	Modern business park spreading over 7,26 ha, comprising of 8 office buildings with over 33 thousand sqm office space, 1 storage warehouse with supporting office space, 2 restaurant buildings and 1 service building. An additional office building of 12.8 thousand sqm office space is scheduled for completion in the 2nd quarter of 2009. ('Park')*
Graphisoft Park Universitas Kft.	Real estate development and management	3.58 ha development land and old monument buildings with education purpose development commitment ('Universitas')* and 3.76 ha free development land ('Jégtörő')* with over 45 thousand sqm office space potential located in the neighborhood of the 'Park'.

* Hereafter called the 'Park', the 'Universitas' or the 'Jégtörő' property.

The Group and its properties are located in the 3rd district of Budapest, Hungary. Graphisoft Park SE and subsidiaries are incorporated under the laws of Hungary. Court registration number of Graphisoft Park SE is CG 01-20-000002. Registered address of the Group is H-1031 Budapest, Záhony utca 7., Hungary. Headcount was 14 at December 31, 2008 (12 at December 31, 2007).

1.2. Governance

Governing body of Graphisoft Park SE, Board of Directors (single-tier system) comprises of the following persons:

Name	Position	From	Until
Bojár Gábor	Chairman	August 21, 2006	May 31, 2009
Hornung Péter	Member	August 21, 2006	May 31, 2009
Moskovits Péter Tamás	Member	April 30, 2008	May 31, 2009
Vásárhelyi István	Member	August 21, 2006	May 31, 2009
Dr. Kálmán János	Member	August 21, 2006	May 31, 2009

(all amounts in thousand EUR unless otherwise stated)

The Audit Committee comprises of 3 non-executive directors of the Board: Moskovits Péter Tamás, Vásárhelyi István, Dr. Kálmán János. The Chief Executive Officer of Graphisoft Park SE is Kocsány János.

1.3. Stock information

Graphisoft Park SE shares are publicly traded at Budapest Stock Exchange ('BSE') from August 28, 2006. The share capital (authorized and fully paid) of the Company is 212,633 EUR comprising of 10,631,674 Series "A" stocks of 0.02 EUR face value each.

The following table shows the ownership structure according to the Company's shareholding records:

	December 31, 2007		**December 31, 2008**	
Shareholder*	**Shares (pcs)**	**Share (%)**	**Shares (pcs)**	**Share (%)**
Bojár Gábor	2,709,969	25.49	3,185,125	29.96
Tari István Gábor	1,074,329	10.10	1,074,329	10.10
Hornung Péter	530,426	5,00	530,426	5.00
Concorde Alapkezelő Zrt.	719,537	6.77	905,674	8.52
Other shareholders	5,369,899	50.50	4,708,606	44.28
Treasury shares**	227,514	2,14	227,514	2,14
Total:	**10,631,674**	**100.00**	**10,631,674**	**100.00**

* Shareholders over 5% share, other shareholders and treasury shares.

** Treasury share details are disclosed at Note 20.

2. Accounting policies

2.1. Basis of preparation

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

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

2.2. Changes in accounting policies

In 2008, the Group adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (the IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are effective for accounting periods beginning on January 1, 2008. Where the transition provisions of a standard allow a preparer to determine the date the standard is effective from the Group has elected to apply the standard prospectively from January 1, 2008. Adoption of these revised standards and interpretations did not have any effect on the financial performance or position of the Group. They did however give rise in some cases to additional disclosures, including in some cases, revisions to accounting policies. The changes in accounting policies result from the adoption of the following new or revised Standards:

- IFRIC 11 IFRS 2 – Group and Treasury Share Transactions
- IFRIC 12 – Service Concession Arrangements
- IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Reguirements and their Interaction

The principal effects of these changes are as follows:

IFRIC 11 IFRS 2 – Group and Treasury Share Transaction
IFRIC Interpretation 11 was issued in November 2006, and becomes effective for annual periods beginning on or after March 1, 2007. The Group has adopted IFRIC Interpretation 11 as of January 1, 2008, insofar as it applies to consolidated financial statements. This interpretation requires arrangements whereby an employee is granted rights to an entity's equity instrument to be accounted for as an equity-settled scheme, even if the entity buys the instrument from another party, or the shareholders provide the equity instruments needed.

IFRIC 12 Service Concessions Arrangements
IFRIC Interpretation 12 was issued in November 2006 and becomes effective for annual periods beginning on or after January 1, 2008. This Interpretation applies to service concession operators and explains how to account for the obligations undertaken and rights received in service concession arrangements.

IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IFRIC Interpretation 14 was issued in July 2007 and becomes effective for annual periods beginning on or after January 1, 2008. This Interpretation provides guidance on how to assess the limit on the amount of surplus in a defined benefit scheme that can be recognised as an asset under IAS 18 Employee Benefits.

Improvements to IFRS's:

In May 2008 the Board issued its first omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The Group has early adopted the following amendments to standards:

- IAS 1 Presentation of Financial Statements: Assets and liabilities classified as held for trading in accordance with IAS 39 Financial Instruments: Recognition and Measurement are not automatically classified as current in the balance sheet.
- IAS 16 Property, Plant and Equipment: Replace the term "net selling price" with "fair value less costs to sell". The Group amended its accounting policy accordingly, which did not result in any change in the financial position.
- IAS 23 Borrowing Costs: The definition of borrowing costs is revised to consolidate the two types of items that are considered components of 'borrowing costs' into one - the interest expense calculated using the effective interest rate method calculated in accordance with IAS 39.
- IAS 38 intangible Assets: Expenditure on advertising and promotional activities is recognised as an expense when the Group either has the right to access the goods or has received the service. The reference to there being rarely, if ever, persuasive evidence to support an amortisation method of intangible assets other than a straight-line method has been removed.

At the date of authorization of these financial statements the following new and revised Standards and Interpretations were issued but not effective for the year ended December 31, 2008:

IAS 1 Revised Presentation of Financial Statements
The revised Standard was issued in September 2007 and becomes effective for financial years beginning on or after January 1, 2009. The Standard separates owner and non-owner changes in equity. The statement of changes in equity will include only details of transactions with owners, with non-owner changes in equity presented as a single line. In addition, the Standard introduces the statement of comprehensive income: it presents all items of recognised income and expense, either in one single statement, or in two linked statements.

IAS 23 Borrowing Costs
A revised IAS 23 Borrowing costs was issued in March 2007, and becomes effective for annual periods beginning on or after January 1, 2009. The standard has been revised to require capitalization of borrowing costs when such costs relate to a qualifying asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. In accordance with the transitional requirements in the Standard, the Group will adopt this as a prospective change. Accordingly, borrowing costs will be capitalized on qualifying assets with a commencement date after January 1, 2009.

IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation
These amendments to IAS 32 and IAS 1 were issued in February 2008 and become effective for financial years beginning on or after January 1, 2009. The revisions provide a limited scope exception for puttable instruments to be classified as equity if they fulfil a number of specified features.

IAS 39 Financial Instruments: Recognition and Measurement - Eligible Hedged Items These amendments to IAS 39 were issued in August 2008 and become effective for financial years beginning on or after July 1, 2009. The amendment addresses the designation of a one-sided risk in a hedged item, and the designation of inflation as a hedged risk or portion in particular situations. It clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as hedged item.

Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards and IAS 27 Consolidated and Separate Financial Statements
The amendments to IFRS 1 allows an entity to determine the 'cost' of investments in subsidiaries, jointly controlled entities or associates in its opening IFRS financial statements in accordance with IAS 27 or using a deemed cost. The amendment to IAS 27 requires all dividends from a subsidiary, jointly controlled entity or associate to be

recognised in the income statement in the separate financial statement. Both revisions will be effective for financial years beginning on or after January 1, 2009. The revision to IAS 27 will have to be applied prospectively.

IFRS 2 Share-based Payment (Revised)
The IASB issued an amendment to IFRS 2 in January 2008 that clarifies the definition of a vesting condition and prescribes the treatment for an award that is effectively cancelled.

IFRS 3R Business Combinations and IAS 27R Consolidated and Separate Financial Statements The revised standards were issued in January 2008 and become effective for financial years beginning on or after July 1, 2009. IFRS 3R introduces a number of changes in the accounting for business combinations occurring after this date that will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. IAS 27R requires that a change in the ownership interest of a subsidiary {without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendments were made to IAS 7 Statement of Cash Flows, IAS 12 Income Taxes, IAS 21 The Effects of Changes in Foreign Exchange Rates, IAS 28 Investment in Associates and IAS 31 Interests in Joint Ventures.

IFRS 8 Operating Segments
IFRS 8 Operating Segments was issued in November 2006, and becomes effective for annual periods beginning on or after January 1, 2009. This standard requires disclosure of information about the Group's operating segment and replaced the requirement to determine primary (business) and secondary (geographical) reporting segment of the Group.

The Group has not early adopted any standards where adoption was not yet mandatory. The management anticipates that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Group.

Change in accounting policies in 2008:

The accounting policies adopted are consistent with those of the previous financial year except the following change.

Incomes from agency agreements, where the Group substantially plays a mediator role, are not shown in the financial statements as part of revenue. These items are stated at other income (expense) in the income statement together with directly related expenditures (net).

Following the change in the accounting policies of the Group, 2.797 thousand EUR income from construction recharge and related expenses and 1,766 income from operation recharge and related expenses are reclassified from revenue and operating expense to other income (expense) regarding the financial year ended December 31, 2007, as shown in the income statement and at Note 16.

2.3. Consolidated financial statements

The consolidated financial statements include the accounts of Graphisoft Park SE and its subsidiaries. Subsidiaries in which the Group has an interest of more than one half of the voting rights or otherwise has power to govern the financial and operating policies as to obtain benefit from its activities, are consolidated.

The table below shows subsidiary details as at the respective year-ends:

Company	**Date of foundation**	**Country of incorporation**	**Equity interest 2007**	**Equity interest 2008**
Graphisoft Park Kft.	November, 2005	Hungary	100%	100%
Graphisoft Park Universitas Kft.	October, 2007	Hungary	100%	100%
Graphisoft Park Services Kft.	October, 2008	Hungary	-	100%
GP3 Kft.	April, 2008	Hungary	-	100%

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

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

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

2.4. Foreign currency translations

Functional and presentation currency:

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). Graphisoft Park SE's functional currency is the Euro (EUR), the subsidiaries' functional currency is the Hungarian Forint (HUF).

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

Transactions and balances:

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

Group companies:

The results and financial position of all of the Group's entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

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

Balance sheet rates used were 264.78 HUF/EUR and 253.35 HUF/EUR for 2008 and 2007 respectively. Average exchange rates used were 251.25 HUF/EUR and 251.31 HUF/EUR for 2008 and 2007 respectively.

2.5. Cash and cash equivalents

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

2.6. Trade and other receivables

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

2.7. Inventories

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

2.8. Investment property and other tangible assets

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

The initial cost of investment properties and other tangible 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 capitalised. Maintenance and repairs are recognised as an expense in the period in which they are incurred.

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

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

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

Fair values of investment properties are stated in the notes to the financial statements.

2.9. Intangible assets

Intangible assets are measured initially at cost. Intangible assets are recognised if it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise; and the cost of the asset can be measured reliably. After initial recognition, intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses. Intangible assets are amortised on a straight line basis over the best estimate of their useful lives. The amortisation period and the amortisation method are reviewed annually at each financial year-end. Amortisation is provided on a straight line basis over the 3-7 year estimated useful lives of these assets.

2.10. Borrowing costs

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

2.11. Impairment of assets

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

2.12. Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date of whether the fulfilment 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 is made after inception of the lease 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 fulfilment is dependant 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 (d).

Group as a lessee:

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised 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 so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

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

Group as a lessor:

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

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

2.13. Loans and other borrowings

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

2.14. 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.

2.15. Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required 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.

2.16. Pensions

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

2.17. Treasury shares

Treasury stock represents the cost of shares of the Group 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.

2.18. Earnings per share

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

2.19. Income taxes

Income tax consists of current and deferred taxes. Deferred taxes are calculated using the balance sheet liability method. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The measurement of deferred tax liabilities and deferred tax assets reflects the tax consequences that would follow from the manner in which the enterprise expects, at the balance sheet date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets are recognised when it is probable that sufficient taxable profits will be available against which the deferred tax assets can be utilised. At each balance sheet date, the Group re-assesses unrecognised deferred tax assets and the carrying amount of deferred tax assets. The enterprise recognises a previously unrecognised deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. The Group conversely reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised.

Current tax and deferred tax are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity, including an adjustment to the opening balance of reserves resulting from a change in accounting policy that is applied retrospectively.

2.20. Dividends

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

2.21. Revenue recognition

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

Rental revenue:

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

Sale of goods:

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

Interest income:

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

Dividends:

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

Incomes from agency agreements, where the Group substantially plays a mediator role, are not shown in the financial statements as part of revenue. These items are stated at other income (expense) in the income statement together with directly related expenditures (net).

2.22. Operating profit

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

2.23. Segment information

For management purposes the Group is organized into one operating business segment: property development and management. The consolidated financial statements show the financial performance and position of this segment. The Group does not report geographical segment information since customers (tenants) are based in the premises of the Group, Budapest.

2.24. Reclassification of comparative information

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

3. Critical accounting estimates and judgements

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 Group 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. Functional and presentation currency

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

3.2. Impairment of investment property, other tangibles and intangibles

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

3.3. Fair value of investment property

The Group determines fair values of investment properties on the basis of valuations performed by professional independent property valuers at least once in three years. Valuations are carried out using the income approach (discounted cash-flow method).

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

3.4. Provisions

Provisions in general are highly judgmental, especially in the cases of legal disputes. The Group assesses the probability of an adverse event as a result of a past event and if the probability is evaluated to be more than fifty percent, the Group fully provides for the total amount of the estimated liability.

(all amounts in thousand EUR unless otherwise stated)

4. Cash and cash equivalents

	December 31, 2007	December 31, 2008
Cash in hand	1	3
Cash at banks	993	18,525
Cash and bank	**994**	**18,528**

5. Trade receivables

	December 31, 2007	December 31, 2008
Trade receivables	389	397
Provision for doubtful debts	(3)	(3)
Trade receivables	**386**	**394**

Trade receivables are generally on 8-15 day payment terms.

6. Inventories

	December 31, 2007	December 31, 2008
Expenses not yet recharged	-	989
Inventories	**-**	**989**

Rechargeable expenses are entirely covered by advance payment received (refer Note 14).

(all amounts in thousand EUR unless otherwise stated)

7. Current tax receivables and liabilities

	December 31, 2007	December 31, 2008
Current tax receivables	245	303
Current tax liabilities	(14)	(55)
Current tax	**231**	**248**

8. Other current assets

	December 31, 2007	December 31, 2008
Accrued income	-	123
Prepaid expense	31	137
Other receivables	214	270
Other current assets	**245**	**530**

(all amounts in thousand EUR unless otherwise stated)

9. Investment property and other tangible assets

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

	Land and buildings	Constr. in progress	**Inv. properties**	Machinery and equipment	Vehicles	Constr. in progress	**Other tangible total**	**Tangible assets**
Net value:								
January 1, 2007	19,004	19,298	**38,302**	150	51	-	**201**	**38,503**
Gross value:								
January 1, 2007	24,617	19,298	**43,915**	504	66	-	**570**	**44,485**
Additions	-	9,981	**9,981**	-	-	87	**87**	**10,068**
Capitalizations	25,951	(25,951)	**-**	36	51	(87)	**-**	**-**
Disposals	-	-	**-**	-	(29)	-	**(29)**	**(29)**
Translation diff.	(311)	49	**(262)**	(2)	-	-	**(2)**	**(264)**
December 31, 2007	50,257	3,377	**53,634**	538	88	-	**626**	**54,260**
Acc. depreciation:								
January 1, 2007	5,613	-	**5,613**	354	15	-	**369**	**5,982**
Additions	1,959	-	**1,959**	45	11	-	**56**	**2,015**
Disposals	-	-	**-**	-	(14)	-	**(14)**	**(14)**
Translation diff.	(39)	-	**(39)**	(2)	-	-	**(2)**	**(41)**
December 31, 2007	7,533	-	**7,533**	397	12	-	**409**	**7,942**
Net value:								
December 31, 2007	42,724	3,377	**46,101**	141	76	-	**217**	**46,318**
Gross value:								
January 1, 2008	50,257	3,377	**53,634**	538	88	-	**626**	**54,260**
Reclassifications	520	-	**520**	(520)	-	-	**(520)**	**-**
Additions	-	23,388	**23,388**	-	-	127	**127**	**23,515**
Capitalizations	1,533	(1,533)	**-**	113	14	(127)	**-**	**-**
Disposals	-	-	**-**	-	(12)	-	**(12)**	**(12)**
Translation diff.	(2,270)	(1,263)	**(3,533)**	(8)	(2)	-	**(10)**	**(3,543)**
December 31, 2008	50,040	23,969	**74,009**	123	88	-	**211**	**74,220**
Acc. depreciation:								
January 1, 2008	7,533	-	**7,533**	397	12	-	**409**	**7,942**
Reclassifications	389	-	**389**	(389)	-	-	**(389)**	**-**
Additions	2,498	-	**2,498**	54	8	-	**62**	**2,560**
Disposals	-	-	**-**	-	(9)	-	**(9)**	**(9)**
Translation diff.	(472)	-	**(472)**	-	(3)	-	**(3)**	**(475)**
December 31, 2008	9,948	-	**9,948**	62	8	-	**70**	**10,018**
Net value:								
December 31, 2008	40,092	23,969	**64,061**	61	80	-	**141**	**64,202**

(all amounts in thousand EUR unless otherwise stated)

Equipments connected to properties were reclassified from other tangibles to investment properties during the year.

Capitalization of 1,533 thousand EUR in 2008 covers development and upgrade works related to the existing office buildings of the 'Park' (for example installation of sun shade technology, façade building, reduction of energy and water supply and modernization of existing systems).

The Group managed two major property development projects in 2008: (a) purchased 'Universitas' and 'Jégtörő' properties in November, 2008, and (b) progressed with the construction of the new office building 'H'. Construction in progress consists of amounts related to these two projects as follows:

(a) 11,092 thousand EUR purchase price and related expenditures of 'Universitas' and 'Jégtörő' properties; and
(b) 12,877 thousand EUR spent on new building 'H' in 2007 and 2008 (the expected completion is May, 2009).

215 thousand EUR borrowing cost was allocated on construction in progress during the year as follows:

(a) 28 thousand EUR on 'Universitas' properties;
(b) 187 thousand EUR on building 'H'.

10. Intangible assets

The table shows movements of intangible assets:

	Software	**Intangible assets**
Net value:		
January 1, 2007	1	**1**
Gross value:		
January 1, 2007	1	**1**
Additions	4	**4**
Disposals	-	**-**
Translation diff.	-	**-**
December 31, 2007	5	**5**
Acc. depreciation:		
January 1, 2007	-	**-**
Additions	1	**1**
Disposals	-	**-**
Translation diff.	-	**-**
December 31, 2007	1	**1**
Net value:		
December 31, 2007	4	**4**

	Software	**Intangible assets**
Net value:		
January 1, 2008	**4**	**4**
Gross value:		
January 1, 2008	5	**5**
Additions	39	**39**
Disposals	-	**-**
Translation diff.	-	**-**
December 31, 2008	44	**44**
Acc. depreciation:		
January 1, 2008	1	**1**
Additions	6	**6**
Disposals	-	**-**
Translation diff.	-	**-**
December 31, 2008	7	**7**
Net value:		
December 31, 2008	37	**37**

Graphisoft Park SE purchased new business administration system in 2008.

(all amounts in thousand EUR unless otherwise stated)

11. Investment properties - fair values

The table shows investment property book values and fair value estimates:

	December 31, 2007	December 31, 2008
Book value	**46,101**	**64,061**
Properties leased	94,623	110,300
Properties in the course of development	3,377	23,969
Fair value*	**98,000**	**134,269**

* Management judgements on fair value determination are disclosed at Note 3, Critical accounting estimates and judgements

Leased properties include land and buildings of the ‘Park’ excluding building ‘H’ which is under development. Fair values are stated without the development potential of the property.

Fair values as at December 31, 2008 are based on valuations made by an independent property valuer as of May 28, 2008. The valuation was carried out using the income approach. This method involves capitalising the estimated rental income of a property with a rate that fairly reflects the risks and benefits perceived in investing in the property. The income from each lease was capitalised for the duration of the term of the lease agreement. On lease expiry future income flows were capitalised in perpetuity at the current market rental level. Where current lease income is above the market level the difference between the market rent and the current rent was capitalised at a rate intended to reflect the temporary nature of this portion of income and the increased risk of tenant default.

Key terms, conditions and assumptions used in the model are as follows:

- current market rental prices apply as at the date of the valuation,
- 3-9 months vacancy period depending on the property and tenant profile,
- 6.25% capitalization rate (generally), and 9% in respect of HUF-based contracts,
- 6.1 million EUR annual rental income out of 6.9 million EUR estimated annual rental income potential,
- 3.25 years weighted average unexpired lease term.

The effect of the global economic crisis was not reflected in the fair market value estimate dated May 28, 2008. Although the underlying figures of the valuation estimates have not changed materially since the valuation date, we do not have any reliable information yet about the effect of the crisis on the fair market value estimation methodology.

Fair values as at December 31, 2007 are management estimates based on present values of projected EBITDA plans (using the discounted cash-flow method).

Properties in the course of development, including building ‘H’ (2008 and 2007) and ‘Universitas’ and ‘Jégtörő’ properties (2008), are shown at amortized cost until being ready for their intended use.

(all amounts in thousand EUR unless otherwise stated)

12. Loans

Property developments are financed from loans provided by Westdeutsche Immobilien Bank AG.

	December 31, 2007	**December 31, 2008**
Short-term	486	1,265
Long-term	22,252	55,623
Loans	**22,738**	**56,888**

The total original capital amount of the bank loans is 58 million EUR. Loans are denominated and due in EUR, are subject to fixed (3-5 years fixed period from start of term) interest rates, except 9 million EUR which is subject to floating rate calculated based on EURIBOR plus margin interest formula. The weighted average interest rate on bank loans was 5.36% in 2008 (5.38% in 2007). Terms and conditions of bank loans are unchanged as at the balance sheet date. The Group had no undrawn borrowing facilities at December 31, 2008. Collaterals provided for the bank are: (1) mortgage on real estate, (2) revenue assignment and (3) bank account pledge.

Capital repayments of the loans are due:

	December 31, 2007	**December 31, 2008**
Within 1 year	486	1,265
1-5 years	2,226	5,896
Over 5 years	20,026	49,727
Loans	**22,738**	**56,888**

13. Trade payables

	December 31, 2007	**December 31, 2008**
Trade payables – domestic	1,251	1,218
Trade payables	**1,251**	**1,218**

(all amounts in thousand EUR unless otherwise stated)

14. Other short-term liabilities

	December 31, 2007	December 31, 2008
Amounts due to employees	22	17
Deposits from tenants	175	183
Advance payments received	-	1,209
Property duty	-	1,124
Other payables and accruals	382	1,176
Other short-term liabilities	**579**	**3,709**

Advance payment is connected to expenses not recharged until the year-end (refer Note 6). Property duty relates to ‘Universitas’ and ‘Jégtörő’ property purchases and becomes payable in 2009.

15. Operating expenses

	December 31, 2007	December 31, 2008
Services recharged	222	74
Employee related expenses	304	391
Depreciation and amortization	2,016	2,566
Other operating expenses	388	503
Operating expenses	**2,930**	**3,534**

Average headcount of the Group was 13 in 2008 (11 in 2007). The major reason behind the increase of depreciation is that full-year depreciation was accounted for building ‘M’ that was capitalized in the 4th quarter of 2007.

(all amounts in thousand EUR unless otherwise stated)

Other operating expenses consist of the following items:

	December 31, 2007	**December 31, 2008**
Office and telecommunication	11	15
Legal and administration	130	101
Marketing	-	151
Consultancy	179	179
Other miscellaneous	68	57
Other operating expenses	**388**	**503**

16. Other income (expense)

	December 31, 2007	**December 31, 2008**
Income from recharged construction expenses	2,797	153
Recharged construction expenses	(2,797)	(145)
Income from recharged operation expenses	1,766	2,503
Recharged operation expenses	(1,766)	(2,501)
Others	(3)	6
Other income (expense)	**(3)**	**16**

According to agreements with the tenants, operation and construction expenses are recharged in full. The Group acts as an agent.

(all amounts in thousand EUR unless otherwise stated)

17. Interests

	December 31, 2007	December 31, 2008
Bank interest received	35	1,148
Interest income	**35**	**1,148**
Interest paid on loans	(1,095)	(2,329)
Other interest paid	(14)	(19)
Borrowing cost capitalized	356	215
Interest expense	**(753)**	**(2,133)**
Net interest expense	**(718)**	**(985)**

18. Other financial gains and losses

	December 31, 2007	December 31, 2008
Exchange rate differences realized	125	(37)
Exchange rate differences not realized	(214)	(1,224)
Other financial gains and losses	**(89)**	**(1,261)**

19. Income taxes

	December 31, 2007	December 31, 2008
Current income tax	437	355
Deferred income tax	(11)	(147)
Income tax expense	**426**	**208**

Companies are subject to income tax of 16%, solidarity tax of 4% and local business tax of 2% rate of taxable income in Hungary. Group tax relief is not allowed under current tax legislation.

(all amounts in thousand EUR unless otherwise stated)

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

	December 31, 2007	December 31, 2008
IFRS profit before tax	**1,790**	**739**
Tax at statutory rate of 20%	**358**	**148**
Effect of parent company loss recognized as a deferred tax asset in 2008	(22)	(22)
Usage of parent company tax losses carried forward previously un-recognized	-	(14)
Non-taxable expenses	(20)	(25)
Other non-deductible / assessable items	(12)	(10)
Translation difference	-	(22)
Corporate tax and solidarity tax expense (20%)	**304**	**55**
Local business tax expense (2%)	**122**	**153**
Tax expense	**426**	**208**
Effective tax rate (%)	**23.8**	**28.1**

The major cumulative differences which may give rise to a future tax benefit are stated below:

	December 31, 2007	December 31, 2008
Deferred tax liability (asset) opening	**75**	**64**
Development reserve	79	129
Foreign exchange revaluation	(43)	(243)
Depreciation	(47)	1
Loss carried forward	-	(34)
Deferred tax liability (asset) closing	**64**	**(83)**

The Group has tax amounts that are available for offset against future taxable profits of the companies in which losses arose (137 thousand EUR in Graphisoft Park SE and 76 thousand EUR in Graphisoft Park Universitas Kft.). Deferred tax assets are recognized in respect of these losses as management believes that they would be used to offset taxable profits.

(all amounts in thousand EUR unless otherwise stated)

There is no procedure for final agreement of tax assessments in Hungary. Tax authorities may examine the accounting records and unless these examinations are closed officially, they could revise assessments for up to five years backwards. The Company and its subsidiaries may be subject to further assessments in the event of an audit by the tax authorities. Management anticipates that no significant tax reassessments will arise from these reviews.

20. Treasury shares

Treasury share details of Graphisoft Park SE are as follows:

	December 31, 2007	December 31, 2008
Number of shares	227,514	227,514
Face value per share (EUR)	0.02	0.02
Total face value (EUR)	4,550	4,550
Total book value (EUR)	0	0

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

21. Earnings per share

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

	December 31, 2007	December 31, 2008
Net profit attributable to equity holders of the parent	1,364	531
Weighted average number of ordinary shares	10,404,160	10,404,160
Basic earnings per share (EUR)	**0.13**	**0.05**
Share options	-	-
Weighted average number of ordinary shares	10,404,160	10,404,160
Diluted earnings per share (EUR)	**0.13**	**0.05**

The weighted average number of ordinary shares does not take into account 227,514 treasury shares as at December 31, 2008 and 2007.

(all amounts in thousand EUR unless otherwise stated)

22. Related party disclosure

Transactions with related parties

Graphisoft Park SE does not hold interest in other entities other than its subsidiaries. However, Bojár Gábor, chairman of the board of directors of Graphisoft Park SE is a member of the board of directors of Graphisoft SE. Therefore, Graphisoft SE and its subsidiaries, Graphisoft R&D Zrt., and Graphisoft CAD Stúdió Kft. are deemed related parties of the Group. The following table provides the total amount of transactions that have been entered into with these parties for the relevant financial year:

Item	**December 31, 2007**	**December 31, 2008**
Sales to related parties	1,136	1,237
Purchases from related parties	187	170
Amounts owed by related parties	2	4
Amount owed to related parties	24	132

The sales to and purchases from related parties are made at normal market prices. Office lease rent is similar to other tenants in the Park. Outstanding balances at the year-end are unsecured, interest free and settlement occurs in cash. No guarantees were provided or received for any related party receivables or payables. For the years 2008 and 2007, the Group has not recorded any impairment of receivables relating to amounts owed by related parties.

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

	December 31, 2007	**December 31, 2008**
Remuneration of the board of directors and audit committee	48	64
Compensation of key management personnel	40	42
Total	**88**	**106**

No loans or advance payments were granted to the members of the board of directors, the audit committee and the key management personnel, and the Group did not undertake guarantees in their names.

Interests of directors and key management personnel in Graphisoft Park SE

Name	Title	December 31, 2007 Shares (pcs)	December 31, 2007 Share (%)	December 31, 2008 Shares (pcs)	December 31, 2008 Share (%)
Bojár Gábor	Chairman of Board	2,709,969	25.49	3,185,125	29.96
Hornung Péter	Member of Board	530,426	5.00	530,426	5.00
Dr. Kálmán János	Member of Board	13,500	0.13	13,500	0.13
Kocsány János*	Chief Executive Officer	100,000	0.94	168,913	1.59
Total		**3,353,895**	**31.56**	**3,897,964**	**36.68**

* Direct and indirect ownership together.

23. Commitments, contingencies

The Group had the following contingent liabilities (bank guarantees) at December 31, 2008:

Currency	Maturity	Bank guarantee issued	Maximum amount (thousand EUR)
HUF	September 15, 2009	West LB Hungaria Zrt.	2,153
Total			**2,153**

The Group had the following commitments made and received at December 31, 2008:

The Group has a contractual commitment on education purpose development on ‘Univesitas’ properties, which shall result in the set-up of an education campus and the start-up of higher education within 5 years from the final approval of the zoning plan for the area (not yet approved).

The Group has a contractual commitment on purchase of a neighboring development land covered by advance payment made and a bank guarantee issued by the Group (details in the table above). However, the Group has a reverse contractual commitment made by an entrepreneur on the purchase and hotel accommodation purpose development of the same land covered by advance payment provided to the Group. The transfer of ownership (purchase and sales together) is scheduled to occur before September 15, 2009. The contracted sales price reflects actual market conditions, close to the purchase price including related duties and costs. The business consideration behind the transaction is to enhance appeal of ‘Universitas’ and ‘Park’ by ensuring near-house professional accommodation and hospitality services for the clients and guests without insourcing a business in which the Group has no competence.

The Group had no other substantial commitments, contingent assets or liabilities as at December 31, 2008.

24. Operating leases

Rental contracts with tenants are treated as operating lease agreements. As at December 31, 2008, total present value of minimum lease receivable payments that can be required from these operating lease agreements over the lease term is 27,159 thousand EUR, of which 6,461 thousand EUR is due within 1 year, and 20,698 thousand EUR is due later than 1 year but not later than 5 years.

25. Financial risk management

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

Market risk

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

Office rental price risk:

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

Currency risk:

The Group's net financial assets and liabilities and the vast majority of rental revenues are denominated in EUR. As EUR base revenues cover debt service, the Group does not run long-term financing risk. However, the Group is exposed to foreign currency risk to a certain extent as major part its operating expenses and development expenditures emerge in HUF.

Interest rate risk:

As predominant part of the debts is of fixed interest rate, the Group is not exposed to notable interest rate fluctuations during the fixed interest rate period (3-5 years from the start of term). Considering, that the Group has long-term recurring operative expenses and revenues, management considers that fixed rate financing is appropriate. (Conditions of bank loans are shown at Note 12.)

Fair value of the loans as of December 31, 2008 is 56,100 thousand EUR (calculated at an effective interest rate of 6.06% for the fixed period of the loans).

Credit risk

The maximum exposure to credit risk is partly represented by the carrying amounts of the financial assets that are carried in the balance sheet. No significant agreements reducing the maximum exposure to credit risk were concluded as of the reporting date.

Cash and cash equivalents held by the Group were primarily denominated in EUR as of December 31, 2008. Excess EUR cash is used for repayment of the EUR denominated loans; therefore, the credit risk related to EUR cash is very limited. Further, credit risk is limited as the Group places its cash with substantial credit institutions.

Credit risk relating to trade receivables is limited due to the composition of business customers of the Group and the fact, the customers are located in the Graphisoft Park and served by the Group.

(all amounts in thousand EUR unless otherwise stated)

Trade receivables' aging is as follows as at December 31, 2008:

	Not Due	Less than 3 months	Between 3 and 12 months	Over 12 months	Total
2008:	238	123	30	3	**394**

Liquidity risk

Management believes that the Group has, and will have no liquidity difficulties as rental revenues cover debt service and operation safely.

Property development projects are planned together with their financing needs and funds required are secured well in advance.

The Group settles payment obligations within the payment term and had no material overdue payables as at December 31, 2008.

26. Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company's management proposes to the owners (through the Board) of the Company to approve dividend payments or adopt other changes in the Company's equity capital in order to optimize the capital structure of the Group. This can be effectuated by adjusting the amount of dividends paid to shareholders, returning capital to shareholders by capital reductions, selling or buying back own shares.

Consistent with others in the industry, the Group monitors capital structure on the basis of the debt service cover ratio ('DSCR'). This ratio is calculated as cash available for debt service (rental revenues less operating and other costs) divided by debt service (capital plus interests). The Group's strategy is to keep DSCR securely above 1.25 (also required by the bank).

27. Events after the balance sheet date

The consolidated financial statements of Graphisoft Park SE for the year ended December 31, 2008 are authorized for issue in accordance with a resolution of the Board of Directors on March 30, 2009. Together with the approval of the consolidated financial statements for issue, the Board proposes no dividend distribution to be approved by the Annual General Meeting of Graphisoft Park SE of April 28, 2009. The Annual General Meeting has the power to amend the consolidated financial statements.

28. Declarations

Statement of responsibility – We declare that to the best of our knowledge the Consolidated Financial Statements give a true and fair view of the financial position and performance of Graphisoft Park SE and its controlled undertakings, and contain an explanation of material events and transactions that have taken place during the relevant period and their impact on the financial position of Graphisoft Park SE and its controlled undertakings.

Forward-looking statements – The Consolidated Financial Statements contain forward-looking statements. Statements that are not historical facts, including statements about our beliefs and expectations, are 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 speak only as of the date they are made, and we undertake no obligation to update publicly any of them in light of new information or future events. 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.