GRAPHISOFT PARK SE ANNUAL REPORT 2013

GRAPHISOFTPARK

Financial highlights

IFRS, consolidated, thousand EUR

	IFRS	IFRS
	2012	**2013**
	thousand EUR	**thousand EUR**
Revenue	**8,285**	**8,125**
Operating expense**	(815)	(938)
Other income (expense)*	(17)	2,266
EBITDA	**7,453**	**9,453**
Depreciation and amortization	(3,717)	(3,749)
Operating profit	**3,736**	**5,704**
Net interest expense	(1,593)	(1,142)
Exchange rate differences	14	(88)
Profit before tax	**2,157**	**4,474**
Income taxes	(313)	(510)
Profit for the year	**1,844**	**3,964**
Assets total	**71,893**	**72,419**
Investment property at historical cost	**62,254**	**61,171**
Investment property at fair value* **	**129,922**	**129,262**
Net debt	**41,908**	**38,428**
Number of employees (closing)	**12**	**14**
EUR/HUF (opening)	311.13	291.29
EUR/HUF (closing)	291.29	296.91
EUR/HUF (average)	289.42	296.92

* Profit for the years 2012 and 2013 includes income and expenditures (hereinafter: extraordinary results) relating to the cancellation of the lease contract with AMRI Hungary Zrt. (hereinafter: legal proceedings). On the next page we present the result of the Group without the result of the legal proceedings (results from ordinary activities).

** Income and expenditures related to the legal proceedings are presented in “Other income (expense)”. Expenditures presented in “Operating expense” in 2012 were reclassified to conform to presentation in the current year (152 thousand euros).

*** Investment property fair value estimates are disclosed in the Consolidated Financial Statements, Note 12.

Financial highlights

IFRS, consolidated, thousand EUR

Results from ordinary activities:

	IFRS 2012 thousand EUR	IFRS 2013 thousand EUR
Revenue	**8,285**	**8,125**
Operating expense	(815)	(938)
Other income (expense)	135	115
EBITDA	**7,605**	**7,302**
Depreciation and amortization	(3,717)	(3,749)
Operating profit	**3,888**	**3,553**
Net interest expense	(1,593)	(1,142)
Exchange rate differences	14	(88)
Profit before tax	**2,309**	**2,323**
Income taxes	(328)	(295)
Profit for the year	**1,981**	**2,028**
EBITDA margin (%)	**91.8**	**89.9**
Operating profit margin (%)	**46.9**	**43.7**

Extraordinary results (legal proceedings):

	IFRS 2012 thousand EUR	IFRS 2013 thousand EUR
Other income (expense)	(152)	2,151
Income tax expense	15	(215)
Profit (loss) for the year	**(137)**	**1,936**

Dear Shareholders,

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

- Financial results for the year 2013,
- Utilization, occupancy,
- Development activities,
- Other key issues,
- Legal proceedings,
- Forecast for the year 2014.

Financial results for the year 2013

Rental revenue and net profit for the years 2012 and 2013 are as follows:

(thousand EUR)	2012 actual	2013 actual
Rental revenue	**8,285**	**8,125**
Total net profit	1,844	3,964
Extraordinary net profit (legal proceedings)	(137)	1,936
Net profit from ordinary activities	**1,981**	**2,028**

Profit for the years 2013 and 2012 includes income and expenditures (extraordinary net profit) relating to the cancellation of the lease contract with AMRI Hungary Zrt. (see details below in Legal proceedings section). Hereinafter, as well as in the table above, we present the result of the Group without the extraordinary result of the legal proceedings (net profit from ordinary activities).

- **Revenue** decreased 2% to 8,125 thousand euros in 2013 compared to 2012. Rental fees from new lease contracts increased revenue by 226 thousand euros, that is 3%, however the cancellation of the lease contract with AMRI Hungary Zrt. and the subsequent loss in rental fees decreased it by 386 thousand euros, 5% in 2013 (see details in the “Utilization, occupancy” and “Legal proceedings” sections below).

- **Operating expense** increased 15% to 938 thousand euros in 2013 compared to 2012. This is due in part to the increase in employee related expenses (changes in engineering personnel because of the development activities started in 2013), and in part to the increase in property related expenses (larger vacant area meant more operating expenses and utility costs to be covered by the Group).

- **Other income** decreased 15% (20 thousand euros) to 115 thousand euros, compared to 2012.

- **Depreciation** increased 1% to 3,749 thousand euros in 2013 compared to 2012.

- **EBITDA** decreased 4% to 7,302 thousand euros and **operating profit** decreased 9% to 3,553 thousand euros compared to the previous year.

- **Net interest expense** decreased 28% to 1,142 thousand euros in 2013 compared to 2012 due to decreasing interest expenses (by 600 thousand euros) and decreasing interest income (by 149 thousand euros). Less favorable exchange rate differences than in 2012 have had a negative effect (102 thousand euros) on the financial results.

- **Income tax expense** (2013: 295 thousand euros, 2012: 328 thousand euros) is 10% lower than in previous year. 2013 corporate income tax was lowered by one tax base decreasing item (monument renovation tax credit) to a larger extent than in 2012 (150 thousand euros in 2013, compared to 86 thousand euros in 2012).

- **Net profit** grew 2%, by 47 thousand euros to 2,028 thousand euros in 2013 compared to 2012 because of the following factors: (1) the significant decrease in operating profit (335 thousand euros, 9%) was set off by (2) improving financial results (349 thousand euros, 22% increase), while (3) income tax expense was 33 thousand euros lower, 10% less than the base from last year.

Utilization, occupancy

Occupancy rate of Graphisoft Park's completed 46,850 m2 (46,000 m2 until the fourth quarter of 2013) rentable office and laboratory space developed as follows (at the end of the quarter):

2012 Q2	2012 Q3	2012 Q4	2013 Q1	2013 Q2	2013 Q3	2013 Q4
88%	81%	81%	84%	84%	84%	84%

By the termination of AMRI Hungary Zrt's leasehold in September 2012 (see details below and in the "Legal proceedings" section) the occupancy rate in Graphisoft Park has decreased from 88%, to 81% and then grew to 84% by January 2013, based on the new leases concluded.

Ustream Hungary Kft. moved to a downtown location on 1 January 2014, reducing Graphisoft Park's occupancy rate to 80%.

After the educational purpose development in the monument area will have been completed in July 2014 (see details in the "Development activities" section below), rentable office, laboratory and educational space will have grown by 5,200 m2 to 52,050 m2 while Graphisoft Park's occupancy rate will grow from 80% to 82%, including a rate of 100% in the newly developed areas.

After the completion of the 3,000 m2 (gross) floor area, 85 rooms dormitory building in July 2014 (see "Development activities" section below for details) within the housing developments in the southern development area, an occupancy rate of 90% is expected for the 10 months academic year. (In case of housing developments occupancy rate is calculated by the ratio of housing units rented to housing units available, rather than leased area to total leasable area).

Development activities

The total area of Graphisoft Park is nearly 18 hectares. Over the past 15 years 45,000 m2 of office and laboratory space have been developed and occupied on 8.5 hectares, thus the development of the **core area** is completed. Further investments in this area are carried out to meet the needs of tenants by remodeling and renovation of office space and infrastructure development. The costs of these activities amounted to 341 thousand euros in 2013, and are expected at 400 thousand euros in 2014.

In the rest of the area an additional 65,000 m2 office space can be developed. On top of that the monument area holds the potential for the utilization of another 14,000 m2 of gross floor area after renovation, comprising an approximate 10,000 m2 net leasable area.

The renovation works on the buildings of the **monument area** began in 2010. The wholly renovated management headquarters building of the former Gasworks (marked U1 on the map below) with a 1,000 m2 net floor area was completed in 2011. The next building renovated was the old forge of the Gasworks, which was repurposed as an educational facility with an 850 m2 net floor area. At the completion of the works in the third quarter of 2013, the Aquincum Institute of Technology moved into the building marked U3 on the map below (see details in the "Realization of the education function" section).

In March 2013 the International Business School (IBS) contracted us to accommodate its relocated educational operations in Graphisoft Park. For this end, additional three buildings (marked U2, U5 and U6 on the map below) with a total net floor space of 5,200 m2 will be repurposed into state of the art educational facilities by July 2014. After the completion of these works, the monument area will house an educational campus of 7,050 m2 net floor area for nearly 1,000 students. The planned total costs of the program including public utilities works and landscaping are 10.7 million euros, of which 1.2 million was spent during 2010-11, another 1.2 million in 2012 and 2.1 million in 2013. The remaining 6.2 million euros will occur in 2014. As the buildings were renovated to suit lease contracts preceding the works, the monument area's occupancy will stand at 100%, which in turn guarantees profitable operation despite the significantly higher costs associated with the high quality renovation and repurposing of industrial monuments, as opposed to the costs of new constructions.

The last building in the monument area is the largest one, marked U4 on the map. The former purifier building will comprise 3,000 m2 floor area after renovation, for which planning will start after demand is shown for its utilization.

In relation to the educational development project the construction of a new restaurant and a dormitory building of 3,000 m2 for 85 persons (the latter on the southern development area) are planned. Completion is forecasted in the summer of 2014.

In the **development areas**, we obtained permission for and carried out the demolition of those structures that are not protected landmarks. The planned archeological excavations have been completed. If new demand rises, construction of further 30,000 m2 office building could begin in the excavated southern development area. No further preparatory work or development will take place in the northern development area until the clean-up projects planned by the Capital City Gas Works are finished. Total land development costs in these areas have been 3.2 million euros.

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

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

Other key issues

Dividend

On April 23, 2013, the Annual General Meeting of Graphisoft Park SE approved dividend distribution of 40 forints per share (totaling 406,104 thousand forints, which is 1,351 thousand euros on the exchange rate of April 23, 2013). The starting date for dividend payments was June 4, 2013. The Company paid out the dividends to the shareholders identified by shareholder's registration.

Realization of the educational function

In order to further strengthen Graphisoft Park's "science park" features we have concluded an agreement with the Aquincum Institute of Technology (AIT) to create and run international higher education functions in the Park. AIT does this in close cooperation with the Faculty of Electrical Engineering and Informatics of the Budapest University of Technology and Economics (BME) operating as an independent contractor, running a specialized program of that institution.

The constituents of AIT's student body come from the most excellent Universities of the United States on their study abroad semester. AIT provides high-level education in small classes for selected students from BME as well, for whom tuition is waived. The personal relations developing with the North American students may prove to be invaluable assets for their later careers. AIT's curriculum uniquely blends IT education in line with Graphisoft Park's professional orientation with business studies. This is complemented by courses highlighting the riches of Hungarian culture (language, literature, film, music and architecture) tailored for the needs of the international students.

AIT was launched with a summer pilot program in 2010 concluding three years of preparation. The curriculum was finalized after gathering the feedbacks from students and faculty and drawing the conclusions from the pilot program. 6 semesters have been concluded since the pilot program, with more than 80 students in 2013 already. To this date a total of 40 North American universities and colleges have sent students to participate in AIT's program and recognized its BME accredited credits. The most well-known universities among these are Harvard, Yale, MIT, Princeton, Brown, Cornell, Dartmouth, UPenn, Rochester and Tufts (including almost all of the elite schools of the Ivy League), and some of the famous colleges, such as Williams, Carleton, Harvey Mudd and Pomona. A significant proportion of the students remain in Hungary after the spring semesters for a 1 or 2 months internship with the best Hungarian IT companies (Graphisoft, Prezi, LogMeIn, Ustream, etc). These students return home with great impressions and spread the news of the Hungarian IT industry in the world. Some of them are coming back to Hungary after obtaining their diplomas to gain permanent employment with these companies.

Since 2013 fall, AIT is operating in its permanent location, in one of the former industrial buildings renovated and repurposed exemplarily to suit educational functions.

After the completed renovation of another three buildings in the monument area in the summer of 2014, the International Business School's (IBS) moving in will complete the university campus in the former Gasworks with over 1,000 students pursuing their studies there.

Creating the Startup ecosystem

The demand for floor space generated by lively evolving Startup companies has already been a driving force behind Graphisoft Park's expansion. To boost this dynamic, Graphisoft Park as a founding member, provided office space to the Aquincum Inkubátor Zrt., which has won the National Innovation Office's "Gazella" tender to support the incubation of startup companies. Graphisoft Park supports the startup companies by leasing office and laboratory space, and by providing pro bono business development advice with the help of Gabor Bojar, founder of Graphisoft and Graphisoft Park.

Legal proceedings

As indicated in the previous reports Graphisoft Park tenant AMRI Hungary Zrt. went under voluntary winding up on July 23, 2012, which led to the termination of the lease on August 31, 2012 in accordance with its terms. After this both parties initiated legal proceedings at different forums in Hungary and in the United States. The parties had come to an out-of-court settlement agreement terminating all ongoing procedures on August 27, 2013. As a result, on top of the receivables related to the period before the cancellation of the lease contract, approximately 2 million euros extraordinary net revenue has been recorded, after deducting legal and other costs arising in Hungary and in the United States.

Forecast for 2014

Our forecast for 2014 is summarized in the following table, based exclusively on signed, valid lease agreements with the current occupancy rate of 80% (82% from August 2014, see details in caption “Utilization, occupancy˝). The first two columns show 2012 and 2013 actual results, while the second two columns show 2012 and 2013 results without the extraordinary results from the legal proceedings.

(million euros)	2012 actual total	2013 actual total	2012 actual ordinary	2013 actual ordinary	2014 forecast
Rental revenue	8.28	8.12	8.28	8.12	8.1
Operating expense	-0.81	-0.94	-0.82	-0.94	-0.9
Other income, net	-0.02	2.27	0.14	0.12	0.1
EBITDA	**7.45**	**9.45**	**7.60**	**7.30**	**7.3**
Depreciation and amortization	-3.71	-3.75	-3.71	-3.75	-4.0
Operating profit	**3.74**	**5.70**	**3.89**	**3.55**	**3.3**
Net interest expense	-1.60	-1.14	-1.60	-1.14	-1.3
Exchange rate difference	0.01	-0.09	0.01	-0.09	0.0
Income tax expense	-0.31	-0.51	-0.32	-0.29	-0.2
Net profit	**1.84**	**3.96**	**1.98**	**2.03**	**1.8**

Change in results for 2014 compared to 2013 bases (result from ordinary activities) is the impact of the following main factors:

- Rental revenues will drop by 400 thousand euros due to the loss of income from Ustream Hungary Kft, but rental income from the new leases by IBS International Business School (see “Utilization, occupation“ and “Development activities” sections) and the inflationary adjustments of the rental fees will offset this effect by a 400 thousand euros growth. Therefore, the same total rental income is expected for 2014 as in 2013.

- Employee related expenses are expected to stay at the same level in 2014 as in 2013 while property related and other operating expenses are calculated with an average (inflationary) 1.5% increase.

- Depreciation and amortization will increase by 250 thousand euros, due to the new developments to be capitalized in 2014 (see caption “Development activities”).

- Interest expense is expected to decrease by 100 thousand euros in 2014 compared to 2013 due to the lower interest level (EURIBOR, in case of bank loans with a floating interest rate) and the capital repayments. Interest income, however, will decrease to a larger extent by an expected 250 thousand euros. This is due in part to decreasing deposit interests and yields, and in part because our former investments with significantly higher yield were sold at a profit in 2013 (increasing base figures). Considering the above-mentioned factors, a 150 thousand euros increase is expected in net interest expense in 2014.

- Income tax expense is expected to decrease by 100 thousand euros. The volume of investment in the renovation of the buildings in the monument area (see “Development activities” section) lowers corporate tax obligation to zero (monument renovation tax credit), only local business tax duties are expected.

Forecasts published here are based solely on the valid lease contracts in effect at the time of writing this report. At previous times actual revenues were repeatedly higher than forecasted, due to new leases concluded after the publication of reports. Despite this past pattern, it is not in our intention to change the forecasting methods. We will not try to predict the number or value of new lease contracts on one hand, as we will not account for the scenario of current tenants not prolonging their leases after expiration on the other, only in case they have given notice by the closing date of our business report.

It is our intention to maintain the price structure designed to match the high value services provided by Graphisoft Park in order to be able to preserve the level of service provided in the long run. As the current office rental market in Budapest is in the state of oversupply, very low prices can be observed at some places, with which Graphisoft Park has no intention to compete. At the same time, we would like to emphasize that in the 15 year history of Graphisoft Park Ustream Hungary Kft. has been the one and only tenant that did not prolong its contract on expiration, despite its successful business (see “Utilization, occupancy” section). The root cause of this decision was not the rental fee but the fact that the business activity of Ustream is connected to the ecosystem evolved in the center of Budapest.

Other factors significantly affecting results are changes in the EUR/HUF exchange rate, the EURIBOR interest rate and the regulatory environment with special regards to the tax regulations. In this forecast we calculate with a 300 HUF/EUR exchange rate, EURIBOR of 0.25% and an inflation rate of 1.5% and unchanged legal and taxation environment.

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

Budapest, March 21, 2014

Hajba Róbert
Chief Financial Officer

Kocsány János
Chief Executive Officer

GRAPHISOFTPARK

GRAPHISOFT PARK SE

CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2013

in accordance with International Financial Reporting Standards (IFRS)

(audited)

Budapest, March 21, 2014

Hajba Róbert
Chief Financial Officer

Kocsány János
Chief Executive Officer

GRAPHISOFT PARK SE
AUDITED CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2013

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Building a better 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 financial statements

1.) We have audited the accompanying 2013 consolidated annual financial statements of Graphisoft Park SE Ingatlanfejlesztő Európai Részvénytársaság ("the Company"), which comprise the consolidated statement of financial position as at 31 December 2013 - showing a consolidated balance sheet total of EUR 72,419 thousand and a profit for the year of EUR 3,964 thousand -, the related consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

2.) Management is responsible for the preparation and presentation of consolidated financial statements that give a true and fair view in accordance with the International Financial Reporting Standards as adopted by EU, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

3.) Our responsibility is to express an opinion on these consolidated financial statements based on our audit. 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 about whether the consolidated financial statements are free from material misstatement.

4.) 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 of consolidated financial statements that give a true and fair view 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.

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

Opinion

6.) 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 2013 and of the results of its operations for the year then ended in accordance with the International Financial Reporting Standards as adopted by EU.

Other reporting requirement - Report on the consolidated business report

7.) We have reviewed the consolidated business report of Graphisoft Park SE Ingatlanfejlesztő Európai Részvénytársaság for 2013. Management is responsible for the preparation of the consolidated business report in accordance with the Hungarian legal requirements. Our responsibility is to assess whether the consolidated business report is consistent with the consolidated financial statements for the same financial year. Our work regarding the consolidated business report has been restricted to assessing whether the consolidated business report is consistent with the consolidated annual financial statements and did not include reviewing other information originated from non-audited financial records. In our opinion, the consolidated business report of Graphisoft Park SE Ingatlanfejlesztő Európai Részvénytársaság for 2013 corresponds to the disclosures in the 2013 consolidated annual financial statements of Graphisoft Park SE Ingatlanfejlesztő Európai Részvénytársaság.

Budapest, 21 March 2014

(The original Hungarian language version has been signed.)

Alan Griffiths	Barabás Csaba
Ernst & Young Kft.	Registered auditor
Registration No. 001165	Chamber membership No.: 005787

GRAPHISOFT PARK SE
CONSOLIDATED BALANCE SHEET
AS OF DECEMBER 31, 2013
(all amounts in thousands EUR unless otherwise stated)

	Notes	December 31, 2012	December 31, 2013
Cash and cash equivalents	4	6,186	10,160
Securities	5	2,024	-
Trade receivables	6	422	453
Inventory	7	-	6
Current tax receivable	8	99	87
Other current assets	9	581	209
Current assets		**9,312**	**10,915**
Investment property	10, 12	62,254	61,171
Other tangible assets	10	199	200
Intangible assets	11	1	-
Investments	13	100	107
Deferred tax asset	14	27	26
Non-current assets		**62,581**	**61,504**
TOTAL ASSETS		**71,893**	**72,419**
Short-term loans	15	2,723	2,836
Trade payables	16	367	680
Current tax liability	8	121	178
Other short-term liabilities	17	878	1,107
Current liabilities		**4,089**	**4,801**
Long-term loans	15	47,147	44,313
Deferred tax liability	14	11	255
Non-current liabilities		**47,158**	**44,568**
TOTAL LIABILITIES		**51,247**	**49,369**
Share capital	1.4	213	213
Retained earnings		23,939	26,552
Valuation reserve	5, 14	96	-
Treasury shares	25	(669)	(784)
Accumulated translation difference		(2,933)	(2,931)
Shareholders' equity		**20,646**	**23,050**
TOTAL LIABILITIES & EQUITY		**71,893**	**72,419**

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, 2013
(all amounts in thousands EUR unless otherwise stated)

	Notes	December 31, 2012	December 31, 2013
Property rental revenue	18	8,285	8,125
Revenue		**8,285**	**8,125**
Property related expense	19	(69)	(99)
Employee related expense	19	(510)	(576)
Other operating expense	19	(236)	(263)
Depreciation and amortization	10, 11, 19	(3,717)	(3,749)
Operating expense		**(4,532)**	**(4,687)**
Other income (expense)	20	(17)	2,266
OPERATING PROFIT		**3,736**	**5,704**
Interest income	21	484	335
Interest expense	21	(2,077)	(1,477)
Exchange rate difference	22	14	(88)
Financial expense		**(1,579)**	**(1,230)**
PROFIT BEFORE TAX		**2,157**	**4,474**
Income tax expense	23	(313)	(510)
PROFIT FOR THE YEAR		**1,844**	**3,964**
Attributable to equity holders of the parent		1,844	3,964
Basic earnings per share (EUR)	24	0.18	0.39
Diluted earnings per share (EUR)	24	0.18	0.39

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

GRAPHISOFT PARK SE
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2013
(all amounts in thousands EUR unless otherwise stated)

	Notes	December 31, 2012	December 31, 2013
Profit for the year		**1,844**	**3,964**
Valuation reserve***	5	483	(107)
Valuation reserve – tax effect	14	(48)	11
Other comprehensive income – to be reclassified*		435	(96)
Translation difference****		5	2
Other comprehensive income – not to be reclassified**		5	2
Other comprehensive income		**440**	**(94)**
COMPREHENSIVE INCOME		**2,284**	**3,870**
Attributable to equity holders of the parent		2,284	3,870

* Net other comprehensive income to be reclassified to profit or loss in subsequent periods
** Net other comprehensive income not to be reclassified to profit or loss in subsequent periods
*** Fair value changes of available-for-sale securities
**** Translation difference comprises the translation difference of subsidiaries with functional currency other than EUR

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

GRAPHISOFT PARK SE
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2013
(all amounts in thousands EUR unless otherwise stated)

	Share capital	Retained earnings	Valuation reserve	Treasury shares*	Accum. translation difference	Total equity
December 31, 2011	**213**	**23,332**	**(339)**	**(669)**	**(2,938)**	**19,599**
Profit for the period	-	1,844	-	-	-	**1,844**
Valuation reserve	-	-	435	-	-	**435**
Translation difference	-	-	-	-	5	**5**
Dividend	-	(1,237)	-	-	-	**(1,237)**
December 31, 2012	**213**	**23,939**	**96**	**(669)**	**(2,933)**	**20,646**
Profit for the period	-	3,964	-	-	-	**3,964**
Valuation reserve	-	-	(96)	-	-	**(96)**
Translation difference	-	-	-	-	2	**2**
Purchase of treasury shares*	-	-	-	(115)	-	**(115)**
Dividend**	-	(1,351)	-	-	-	**(1,351)**
December 31, 2013	**213**	**26,552**	**-**	**(784)**	**(2,931)**	**23,050**

*   Treasury share details are disclosed in Note 25
** Dividend details are disclosed in Note 30

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, 2013
(all amounts in thousands EUR unless otherwise stated)

	December 31, 2012	December 31, 2013
OPERATING ACTIVITIES		
Profit before tax	2,157	4,474
Depreciation and amortization	3,717	3,749
Interest expense	2,077	1,477
Interest income	(484)	(335)
Unrealized foreign exchange losses	27	15
Changes in working capital:		
Decrease / (increase) in receivables and other current assets	(28)	215
Increase in inventory	-	(6)
Increase / (decrease) in payables and accruals	(160)	451
Corporate income tax paid	(226)	(244)
Net cash from operating activities	**7,080**	**9,796**
INVESTING ACTIVITES		
Expenditure on investment property	(1,909)	(2,202)
Expenditure on other tangible assets and intangibles	(43)	(65)
Interest paid - capitalized	(73)	(88)
Sale of other tangible assets	-	6
Purchase of securities	-	(7)
Sale of securities	2,264	1,811
Interest received	464	452
Net cash from investing activities	**703**	**(93)**
FINANCING ACTIVITIES		
Loan repayments	(2,118)	(2,721)
Interest paid	(2,087)	(1,466)
Purchase of treasury shares	-	(115)
Dividend paid	(1,167)	(1,385)
Net cash used in financing activities	**(5,372)**	**(5,687)**
Increase in cash and cash equivalents	2,411	4,016
Cash and cash equivalents at beginning of year	3,777	6,186
Exchange rate loss on cash and cash equivalents	(2)	(42)
Cash and cash equivalents at end of year	**6,186**	**10,160**

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

(all amounts in thousands EUR unless otherwise stated)

1. General information

1.1. Graphisoft Park Group

Graphisoft Park SE Real Estate Development European Company Limited by Shares (the "Company" or “Graphisoft Park SE”) with its subsidiaries form the Graphisoft Park Group (“the Group” or “Graphisoft Park”).

Graphisoft Park SE and subsidiaries are 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.

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, financial and administrative services to its subsidiaries. The real estate development is performed by Graphisoft Park SE’s subsidiary, Graphisoft Park Kft. Graphisoft Park Kft’s subsidiary, Graphisoft Park Services Kft. is responsible for property operation tasks.

Average headcount of the Group was 14 in 2013 and 12 in 2012.

1.2. Properties

The total area of Graphisoft Park is nearly 18 hectares. Over the past 15 years, 45,000 m2 of office and laboratory space, covering 8.5 hectares, have been developed and occupied. The remaining area provides the opportunity to develop an additional 65,000 m2 of office space and utilize 10,000 m2 of total rentable net internal area comprising the monument area, after renovation.

The real estate is categorized as follows:

Area	Property
Core area	modern business park spreading over 8.5 hectares of land, comprising 9 office buildings with 45,000 m2 office and laboratory space, 1 storage warehouse with supporting office space, 2 restaurants and 1 service building
Monument development area	2.4 hectares of development land comprising 10,000 m2 of total rentable net internal area of the monument buildings, out of which 1,850 m2 has been renovated and the renovation of further 5,200 m2 has begun
Development areas	7.0 hectares of free development land

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

(all amounts in thousands EUR unless otherwise stated)

1.3. Governance

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

Name	Position	From	Until
Bojár Gábor	Chairman	August 21, 2006	May 31, 2015
Hornung Péter	Member	August 21, 2006	May 31, 2015
Gáthy Tibor	Member	April 26, 2012	May 31, 2015
Dr. Kálmán János	Member	August 21, 2006	May 31, 2015
Kocsány János	Member	April 28, 2011	May 31, 2015

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

1.4. Stock information

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

		December 31, 2012		December 31, 2013	
Name	Title	Shares (pcs)	Share (%)	Shares (pcs)	Share (%)
Directors and management		**4,075,364**	**38.34**	**4,015,364**	**37.77**
Bojár Gábor	BD Chairman	3,185,125	29.96	3,185,125	29.96
Hornung Péter	BD Member	530,426	5.00	530,426	5.00
Gáthy Tibor	BD Member	160,000	1.50	100,000	0.93
Dr. Kálmán János	BD Member	13,500	0.13	13,500	0.13
Kocsány János	BD Member CEO	180,913	1.70	180,913	1.70
Hajba Róbert	CFO	5,400	0.05	5,400	0,05
Shareholders over 5% share		**2,255,835**	**21.21**	**2,679,584**	**25.45**
Tari István Gábor		1,074,329	10.10	1,074,329	10.10
Concorde Alapkezelő Zrt.		1,181,506	11.11	1,605,255	15.35
Other shareholders		**3,821,399**	**35.94**	**3,427,650**	**31.99**
Treasury shares*		**479,076**	**4.51**	**509,076**	**4.79**
Total		**10,631,674**	**100.00**	**10,631,674**	**100.00**

* Treasury share details are disclosed in Note 25

2. Accounting policies

2.1. Basis of preparation

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

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

2.2. Changes in accounting policies

In 2013, 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, 2013. 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, 2013. Adoption of these revised standards and interpretations did not have any effect on the financial performance or position of the Group. They did however give rise in some cases to additional disclosures, including in some cases, revisions to accounting policies. The changes in accounting policies result from the adoption of the following new or revised Standards:

- IAS 1 Financial Statement Presentation
- IAS 19 Employee Benefits
- IAS 34 Interim financial reporting
- IFRS 7 Financial Instruments: Disclosures
- IFRS 13 Fair Value Measurement

IAS 1 Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income: The amendment became effective for annual periods beginning on or after July 1, 2012. The amendments to IAS 1 change the grouping of items presented in other comprehensive income. Items that could be reclassified (or ‘recycled’) to profit or loss at a future point in time (for example, upon de-recognition or settlement) would be presented separately from items that will never be reclassified. The amendment affects the presentation of the financial statements, but it has no impact on the Group’s financial position and results.

IAS 19 Employee Benefits (Amendment): The amendments became effective for annual periods beginning on or after July 1, 2012. The IASB has issued numerous amendments to IAS 19. These range from fundamental changes such as recognition of unvested past service cost and transferring the re-measurement component of the defined benefit cost to other comprehensive income to simple clarifications and re-wording. The amendment has no impact on the Group.

IAS 34 Interim financial reporting: The amendment became effective for annual periods beginning on or after January 1, 2013. The amendment clarifies interim reporting of segment information for total assets in order to enhance consistency with the requirements in IFRS 8 Operating Segments. The amendment has no impact on the Group.

IFRS 7 Financial Instruments: Disclosures - Clarification on asset/liability offsetting. The amendment became effective for annual periods beginning on or after January 1, 2013. The amendments clarify some of the requirements for offsetting financial assets and financial liabilities in the statement of financial position. Consequent change to IFRS 7 intends to enhance current offsetting disclosures. The amendment has no impact on the Group.

IFRS 13 Fair Value Measurement: This standard became effective for annual periods beginning on or after January 1, 2013. IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The amendment affects the presentation of the financial statements, but it has no impact on the Group's financial position and results.

Improvements to IFRSs:

In May 2012, the IASB issued amendments to the following standards, primarily with a view to removing inconsistencies and clarifying wording (the amendments became effective for annual periods on or after January 1, 2013):

IAS 1 Presentation of Financial Statements: this improvement clarifies the difference between voluntary additional comparative information and the minimum required comparative information.

IAS 16 Property, Plant and Equipment: this improvement clarifies that the major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory.

IAS 32 Financial Instruments: Presentation: this improvement clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 Income Taxes.

Improvements to IFRS have no impact on the Group.

At the date of authorization of these financial statements, the following standards and interpretations were in issue but not yet effective for the annual period beginning on January 1, 2013:

IAS 27 Separate Financial Statements (as revised in 2011): As a consequence of the new IFRS 10 and IFRS 12, what remains of IAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. The amendment becomes effective for annual periods beginning on or after January 1, 2014.

IAS 28 Investments in Associates and Joint Ventures (as revised in 2011): As a consequence of the new IFRS 11 and IFRS 12, IAS 28 has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. The amendment becomes effective for annual periods beginning on or after January 1, 2014.

IAS 32 Financial instruments: Presentation. The IAS 32 amendments clarify some of the requirements for offsetting financial assets and financial liabilities in the balance sheet. The amendment of IAS 32 becomes effective for annual periods beginning on or after January 1, 2014.

IAS 39 Financial Instruments: Presentation and Disclosure. Novation of Derivatives and Continuation of Hedge Accounting: These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments are effective for annual periods beginning on or after January 1, 2014.

(all amounts in thousands EUR unless otherwise stated)

IFRS 9 Financial Instruments: Classification and Measurement: IFRS 9 as issued reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard is effective for annual periods beginning on or after January 1, 2015.

IFRS 10 Consolidated Financial Statements: IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also includes the issues raised in SIC-12 Consolidation — Special Purpose Entities. IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgment to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in IAS 27. This standard becomes effective for annual periods beginning on or after January 1, 2014.

IFRS 11 Joint Arrangements: IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities — Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities using proportionate consolidation. Instead, jointly controlled entities that meet the definition of a joint venture must be accounted for using the equity method. This standard becomes effective for annual periods beginning on or after January 1, 2014.

IFRS 12 Disclosure of Involvement with Other Entities: IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required. This standard becomes effective for annual periods beginning on or after January 1, 2014.

IFRIC 21 Levies: Provides guidance on when to recognize a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and those where the timing and amount of the levy is certain. This interpretation becomes effective for annual periods beginning on or after January 1, 2014.

Management anticipates that these changes will have no material effect on the Group financial statements, except for the adoption of the first phase of IFRS 9, which might have an effect on the classification and measurement of the Group's financial assets.

2.3. Consolidated financial statements

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

The table below shows subsidiary details in 2013 and 2012:

Subsidiary	**Date of foundation**	**Registered capital HUF thousand**	**Registered capital EUR**
Graphisoft Park Kft.	November, 2005	-	1,846,108
Graphisoft Park Services Kft.	October, 2008	10,000	-

Graphisoft Park SE is the 100% owner of Graphisoft Park Kft., while Graphisoft Park Kft. is the 100% owner of Graphisoft Park Services Kft. Subsidiaries are incorporated in Hungary.

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

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

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

2.4. Foreign currency translations

Functional and presentation currency:

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

	December 31, 2012	**December 31, 2013**
Graphisoft Park SE	EUR	EUR
Graphisoft Park Kft.	EUR	EUR
Graphisoft Park Services Kft.	HUF	HUF

Management assessment on functional currency determination is disclosed in Note 3 (Critical accounting estimates and judgments).

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

Transactions and balances:

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

Group companies:

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

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

(all amounts in thousands EUR unless otherwise stated)

Exchange rates used were as follows:

Rate	**2012**	**2013**
EUR/HUF opening:	311.13	291.29
EUR/HUF closing:	291.29	296.91
EUR/HUF average:	289.42	296.92

2.5. 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.

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

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

Available-for-sale financial assets are initially recognized and also subsequently carried at fair value. The unrealized changes in the fair value of available-for-sale financial assets are recognized in equity (valuation reserve).

Interest on available-for-sale debt securities calculated using the effective interest method is recognized in the income statement (interest income). Dividends on available-for-sale equity instruments are recognized in the income statement (other financial income) when the Group's right to receive payment is established.

The Group assesses at each financial statement date whether there is objective evidence that a financial asset is impaired. There is objective evidence of impairment if as a result of loss events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset that can be reliably estimated. In the case of securities classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the security below its cost. 'Significant' is evaluated against the original cost of the security (in general 20%) and 'prolonged' against the period in which the fair value has been below its original cost (in general 6-12 months). When there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that security previously recognized in the income statement - is removed from other comprehensive income and recognized in the income statement. Impairment losses recognized on equity instruments are not reversed through the income statement, while impairment losses recognized on debt instruments are reversed through the income statement.

When available-for-sale financial assets are sold or redeemed, therefore derecognized, the fair value adjustments accumulated in equity are reclassified from other comprehensive income to the income statement.

2.7. Trade and other receivables

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

2.8. 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 income statement.

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

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

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

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

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

2.9. Fair value of investment property

The Group determines the fair value of investment property on the basis of internal valuations prepared annually and valuations performed by professional independent property appraisers at least once in three years (the last time in 2011 and the next time in 2014).

Fair value determination principles:

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

Fair value determination methods:

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

Fair value hierarchy:

With regards to the investment property, the fair value measurement's IFRS 13 hierarchy level based on the valuations shown above is level 3.

Investment property fair value estimates are disclosed in Note 12.

2.10. 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.

2.11. Borrowing costs

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

2.12. Impairment of assets

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

2.13. 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).

Group as a lessee:

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

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

Group as a lessor:

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

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

2.14. 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.

Fair value hierarchy:

With regards to the loans, the fair value measurement's IFRS 13 hierarchy level is level 2. The effective rate of interest used to present fair value is calculated considering market rates and the Group specific premium.

2.15. 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.

2.16. Provisions

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

2.17. 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.

2.18. 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.

2.19. 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 (if any) in addition to the number of common stocks outstanding.

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

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

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

2.21. 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.

2.22. Revenue recognition

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

Rental revenue:

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

Sale of goods:

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

Interest income:

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

Dividends:

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

Other income (expense):

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

2.23. Operating profit

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

2.24. Segment information

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

2.25. Reclassification of comparative information

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

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 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. IAS 21 – "The Effects of Changes in Foreign Exchange Rates" determines factors to be considered in determining functional currency. When the indicators are mixed and the functional currency is not obvious, management exercises judgment to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

Functional and presentation currency details are disclosed in Note 2.4.

3.2. Impairment of investment property, other tangibles and intangibles

We assess the impairment of investment property, other tangibles and intangibles whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. 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, technological obsolescence, discontinuance of services and other changes in circumstances that may indicate impairment. If impairment is identified using the value in use calculations, we also determine the fair value less cost to sell (if determinable), to calculate the exact amount of impairment to be charged. As this exercise is highly judgmental, the amount of a potential impairment may be significantly different from that of the result of these calculations.

3.3. Fair value of investment property

As investment property fair value determination is based on estimates and judgments, the actual results may be significantly different from the results of these estimates. 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.

Investment property fair value estimates are disclosed in Note 12.

3.4. Provisions

Provisions in general are highly judgmental, especially in case of legal disputes. The Group 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 Group fully provides for the total amount of the estimated liability.

(all amounts in thousands EUR unless otherwise stated)

4. Cash and cash equivalents

	December 31, 2012	December 31, 2013
Cash in hand	1	1
Cash at banks	6,185	10,159
Cash and bank	**6,186**	**10,160**

5. Securities

	December 31, 2012	December 31, 2013
Exchangeable bonds	2,024	-
Securities (available-for-sale financial assets)	**2,024**	**-**

The bonds were issued by the Hungarian State Holding Company, are guaranteed by the Hungarian State and are exchangeable to ordinary shares of Gedeon Richter Plc. The bonds are denominated in EUR and are of fixed interest rate (4.40% p.a.). The issue date is September 25, 2009; the maturity date is September 25, 2014.

The Group had purchased bonds of total face value of 4,500 thousand EUR in August 2011, and sold a total of 2,500 thousand EUR face value bonds in October 2012. The difference between the selling price (2,440 thousand EUR) and the book value (2,356 thousand EUR) is accounted for as financial income. The residual 2,000 thousand EUR face value bonds were sold in December 2013. The difference between the selling price (2,087 thousand EUR) and the book value (2,017 thousand EUR) is accounted for as financial income.

Valuation of the bonds is disclosed in the following table:

	December 31, 2012	December 31, 2013
Net purchase price (31.08.2011)	1,811	-
Accrued interest	106	-
Valuation difference	107	-
Bonds (at fair value)	**2,024**	**-**

(all amounts in thousands EUR unless otherwise stated)

Accrued interest is stated in the Income statement (Interest income), while valuation difference is stated in the Equity (Valuation reserve). Valuation reserve comprises solely of the valuation difference of securities and the related deferred tax effect in 2012, which was reclassified to profit or loss after the sales of the bonds in 2013.

6. Trade receivables

	December 31, 2012	December 31, 2013
Trade receivables	422	453
Provision for doubtful debts	-	-
Trade receivables	**422**	**453**

Trade receivables are on 8-30 day payment terms.

Trade receivables' aging is as follows:

	December 31, 2012	December 31, 2013
Not overdue	167	168
Overdue less than 3 months	82	113
Overdue between 3 and 12 months	173	172
Trade receivables	**422**	**453**

7. Inventory

	December 31, 2012	December 31, 2013
Expenses to be recharged	-	6
Inventory	**-**	**6**

(all amounts in thousands EUR unless otherwise stated)

8. Current tax receivables and liabilities

	December 31, 2012	December 31, 2013
Current tax receivables	99	87
Current tax liabilities	(121)	(178)
Current tax receivable (liability), net	**(22)**	**(91)**

9. Other current assets

	December 31, 2012	December 31, 2013
Accrued income	50	166
Prepaid expense	43	17
Other receivables	488	26
Other current assets	**581**	**209**

(all amounts in thousands EUR unless otherwise stated)

10. Investment property and other tangible assets

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

	Land and buildings	Constr. in progress	**Invest-ment property**	Machinery and equipm.	Vehicles	Constr. in progress	**Other tangible total**	**Tangible assets**
Net value:								
December 31, 2011	61,587	2,339	**63,926**	111	110	-	**221**	**64,147**
Gross value:								
December 31, 2011	81,914	2,339	**84,253**	257	151	-	**408**	**84,661**
Reclassification	21	-	**21**	(21)	-	-	**(21)**	**-**
Additions	-	1,978	**1,978**	-	-	42	**42**	**2,020**
Capitalizations	796	(796)	**-**	42	-	(42)	**-**	**-**
Translation diff.	-	-	**-**	2	1	-	**3**	**3**
December 31, 2012	82,731	3,521	**86,252**	280	152	-	**432**	**86,684**
Depreciation:								
December 31, 2011	20,327	-	**20,327**	146	41	-	**187**	**20,514**
Additions	3,671	-	**3,671**	18	28	-	**46**	**3,717**
Translation diff.	-	-	**-**	-	-	-	**-**	**-**
December 31, 2012	23,998	-	**23,998**	164	69	-	**233**	**24,231**
Net value:								
December 31, 2012	58,733	3,521	**62,254**	116	83	-	**199**	**62,453**
Gross value:								
December 31, 2012	82,731	3,521	**86,252**	280	152	-	**432**	**86,684**
Additions		2,609	**2,609**	-		46	**46**	**2,655**
Capitalizations	2,222	(2,222)	**-**	28	37	(46)	**19**	**19**
Disposals	-	-	**-**	-	(21)	-	**(21)**	**(21)**
Translation diff.	-	-	**-**	(1)	-	-	**(1)**	**(1)**
December 31, 2013	84,953	3,908	**88,861**	307	168	-	**475**	**89,336**
Depreciation:								
December 31, 2012	23,998	-	**23,998**	164	69	-	**233**	**24,231**
Additions	3,692	-	**3,692**	29	27	-	**56**	**3,748**
Disposals	-	-	**-**	-	(14)	-	**(14)**	**(14)**
Translation diff.	-	-	**-**	-	-	-	**-**	**-**
December 31, 2013	27,690	-	**27,690**	193	82	-	**275**	**27,965**
Net value:								
December 31, 2013	57,263	3,908	**61,171**	114	86	-	**200**	**61,371**

(all amounts in thousands EUR unless otherwise stated)

Additions in construction in progress at 2,609 thousand EUR comprise the following:

- development activities in the buildings of the Monument development area (1,800 thousand EUR),
- development activities in the dormitory building in the Southern development area (468 thousand EUR),
- development activities in the buildings of the Core area (306 thousand EUR),
- development of infrastructure and public utilities (35 thousand EUR).

Capitalizations in the value of 2,222 thousand EUR comprise the following:

- development activities in the buildings of the Monument area (building U3 and its surroundings, 1,886 thousand EUR),
- development activities completed in the buildings of the Core area (301 thousand EUR), and
- completed infrastructure and public utilities development (35 thousand EUR).

Construction in progress totaling 3,908 thousand EUR comprises the cost of the Monument development area's buildings to be renovated or under renovation and the cost of the dormitory building under construction in the Southern development area.

In 2013 the Group capitalized 88 thousand euros interest expense on construction in progress (2012: 73 thousand euros).

Investment property **fair value** estimates are disclosed in Note 12.

11. Intangible assets

The table shows movements of intangible assets:

	Software	**Intangible assets**		Software	**Intangible assets**
Net value:			***Net value:***		
December 31, 2011	-	**-**	**December 31, 2012**	**1**	**1**
Gross value:			***Gross value:***		
December 31, 2011	46	**46**	December 31, 2012	**47**	**47**
Additions	1	**1**	Additions	**1**	**1**
Translation diff.	-	**-**	Translation diff.	**-**	**-**
December 31, 2012	47	**47**	**December 31, 2013**	**47**	**47**
Depreciation:			***Depreciation:***		
December 31, 2011	46	**46**	December 31, 2012	**46**	**46**
Additions	-	**-**	Additions	**1**	**1**
Translation diff.	-	**-**	Translation diff.	**-**	**-**
December 31, 2012	46	**46**	**December 31, 2013**	**47**	**47**
Net value:			***Net value:***		
December 31, 2012	1	**1**	**December 31, 2013**	**-**	**-**

(all amounts in thousands EUR unless otherwise stated)

12. Fair value of investment property

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

	December 31, 2012	December 31, 2013
Book value (historical cost)	**62,254**	**61,171**
Completed investment property at fair value	114,851	115,378
Investment property under construction at fair value**	-	6,898
Investment property at fair value*	**114,851**	**122,276**
Investment property at historical cost	15,071	13,179
Fair value	**129,922**	**135,455**
Cost to completion of investment property under construction at fair value**	-	(6,193)
Fair value for financial reporting purposes	**129,922**	**129,262**

* Calculated with an expected yield of 7.75% both as of December 31, 2012 and 2013.

** One significant construction project was in progress as of December 31, 2012 and 2013. The Group started to construct the educational campus in 2010, including the complete renovation of all buildings of the Monument area (total net floor space of 10,050 m2) including public utilities works and landscaping. Part of the educational development project is the construction of a new dormitory building of 3,000 m2 on the Southern development area. 1,000 m2 until December 31, 2012, and a total of 1,850 m2 renovation works were completed until December 31, 2013 in historical buildings (buildings U1 and U3). Further 5,200 m2 (buildings U2, U5 and U6) will be renovated and the construction of the dormitory building will be finished in 2014. As of December 31, 2013, the remaining total cost to completion (which is total project cost less construction cost incurred until December 31, 2013) of the project was 6,193 thousand euros, which amount will be due until September 2014. The project is expected to be completed in July 2014. The buildings will be leased beginning in August 2014.

Investment property fair value determination principles and methods are disclosed in Note 2.9 (Accounting policies). Management judgments on fair value determination are disclosed in Note 3.3 (Critical accounting estimates and judgments). Investment property details are disclosed in Note 1.2 (General information).

(all amounts in thousands EUR unless otherwise stated)

Valuation as of December 31, 2013

Completed investment property comprises the Core area of Graphisoft Park (45,000 m2 of office and laboratory space) and two buildings of the Monument development area (building U1 and U3 with a total of 1,850 m2 net floor space). Investment property under construction comprises three buildings of the Monument area under renovation (buildings U2, U5 and U6 with a total of 5.200 m2 net floor space) and the dormitory building constructed on the Southern development area (3.000 m2 gross floor space). These buildings are calculated at fair values based on executed rental agreements, similarly to buildings already completed and leased. Other investment properties (building U4 with a potential of 3,000 m2 net floor space and 7.0 hectares of development area) are presented at historical cost.

The valuations as of December 31, 2013 were performed by the Group. Key assumptions in the valuations are set out below:

- For the duration of executed and operative contracts rental rates were calculated as provided in the contracts, while after expiration market estimates for rental fees were used for any period affected.
- Regarding occupancy rates, the assumption was that the Core area's current rate of 80% will grow to 90% by 2020, and the rate in the Monument buildings will be 100% after completion based on the executed lease contracts.
- Investment property currently not under development is not expected to be developed presently.
- Based on the assumptions above annual rental income is projected to be between 8.1 million euros (2014) and 9.7 million euros (from 2020). The estimated annual rental income potential is 10.6 million EUR (with a theoretical maximum occupancy of 100%).
- Expected yield (discount rate) is 7.75%, and annual EUR inflation rate is expected at 2%.

The fair value of investment property varies by the expected yield (discount rate) and the occupancy rate as follows (from 2020, with a 100% occupancy rate in the buildings of the Monument area):

Yield:		**7.50 %**	**7.75 %**	**8.00 %**
Occupancy:	**95 %**	134,432	128,741	123,529
(from 2020)	**90 %**	127,673	***122,276**	117,334
	85 %	120,316	115,241	110,593

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

Valuation as of December 31, 2012

Completed investment property comprises the Core area of Graphisoft Park (45,000 m2 of office and laboratory space) and the renovated building of the Monument development area (building U1 with 1,000 m2 of net floor space). Investment property under construction calculated at historical cost comprises buildings in the Monument development area under renovation (buildings U2 and U3 with 1,750 m2 net floor space potential) and buildings to be renovated (buildings U4, U5 and U6 with a total of 7,300 m2 net floor space potential), and the Development areas (7.0 hectares of free development land in total).

(all amounts in thousands EUR unless otherwise stated)

The valuations as of December 31, 2012 were performed by the Group. Key assumptions in the valuations are set out below:

- For the duration of executed and operative contracts rental rates were calculated as provided in the contracts, while after expiration market estimates for rental fees were used for any period affected.
- Regarding occupancy rates, the assumption was that current rate of 84% will grow linearly to 90% by 2019.
- Based on the assumptions above annual rental income is projected to be between 8.1 million euros (2013) and 9.0 million euros (from 2019). The estimated annual rental income potential is 10.0 million EUR (with a theoretical maximum occupancy of 100%).
- Expected yield (discount rate) is 7.75%, and annual EUR inflation rate is expected at 2%.

The fair value of investment property varies by the expected yield (discount rate) and the occupancy rate (from 2019) as follows:

Yield:		**7.50 %**	**7.75 %**	**8.00 %**
Occupancy:	**95 %**	127,044	121,688	116,783
	90 %	119,895	***114,851**	110,230
	85 %	112,110	107,406	103,098

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

13. Investments

	December 31, 2012	**December 31, 2013**
AIT-Budapest Aquincum Institute of Technology Kft.	100	100
Aquincum Technológiai Inkubátor Zrt.	-	7
Investments	**100**	**107**

The Group acquired a 10 % ownership share (100 thousand EUR) in AIT-Budapest Aquincum Institute of Technology Kft. in 2009. In 2013 the Group acquired a 20% ownership share in Aquincum Technológiai Inkubátor Zrt. and consequently sold the shares at face value in 2014.

(all amounts in thousands EUR unless otherwise stated)

14. Deferred taxes

	December 31, 2012	December 31, 2013
Development reserve	(274)	(488)
Depreciation	22	22
Securities*	(11)	-
Loss carried forward	279	237
Deferred tax asset (liability)**	**16**	**(229)**

* Securities' deferred tax liability of 2012 was directly stated in the statement of comprehensive income.
** 26 thousand EUR asset and 255 thousand EUR liability in 2013 (27 thousand EUR asset and 11 thousand EUR liability in 2012).

Deferred taxes were calculated with income tax rate of 10% in 2013 and 2012.

15. Loans

	December 31, 2012	December 31, 2013
Short-term	2,723	2,836
Long-term	47,147	44,313
Loans	**49,870**	**47,149**

The total original capital amount of these loans is 58 million EUR. Loans are denominated and due in EUR. Part of the loans is subject to fixed interest rates (3-5 years fixed period from start of term) and part to a floating rate. The weighted average interest rate of the loans was 3.20 % as of December 31, 2013 and 3.12% as of the date of the approval of these financial statements (2012: 3.18%). Collaterals provided for the bank are: mortgage on real estate, revenue assignment and bank account pledge. The Group had no undrawn borrowing facilities as of the balance sheet date.

(all amounts in thousands EUR unless otherwise stated)

Capital repayments of the loans are due:

	December 31, 2012	December 31, 2013
Within 1 year	2,723	2,836
1– 5 years	11,740	12,220
Over 5 years	35,407	32,093
Loans	**49,870**	**47,149**

16. Trade payables

	December 31, 2012	December 31, 2013
Trade payables - domestic	367	680
Trade payables	**367**	**680**

The Group settles trade payables within the payment term, and had no overdue payables as of December 31, 2013 and 2012.

17. Other short-term liabilities

	December 31, 2012	December 31, 2013
Amounts due to employees	32	30
Deposits from tenants	507	688
Other payables and accruals	339	389
Other short-term liabilities	**878**	**1,107**

(all amounts in thousands EUR unless otherwise stated)

18. Revenue

	December 31, 2012	December 31, 2013
Property rental	8,285	8,125
Revenue	**8,285**	**8,125**

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

Rental contracts are treated as operating lease agreements. Total present values of minimum lease payments that can be required from these operating lease agreements over the lease term are as follows:

	December 31, 2012	December 31, 2013
Within 1 year	7,851	8,020
1– 5 years	16,802	17,331
Over 5 years	-	2,390
	24,653	**27,741**

19. Operating expense

	December 31, 2012	December 31, 2013
Property related expense	69	99
Employee related expense	510	576
Other operating expense*	236	263
Depreciation and amortization	3,717	3,749
Operating expense	**4,532**	**4,687**

(all amounts in thousands EUR unless otherwise stated)

Other operating expense consists of the following items:

	December 31, 2012	December 31, 2013
Office and telecommunication	13	14
Legal and administration*	109	120
Marketing	52	53
Other	62	76
Other operating expense	**236**	**263**

* “Other operating expense” includes income and expenditures relating to the legal proceedings (Note 27). Expenditures presented in “Operating expenses” in 2012 were reclassified to conform to presentation in the current year (152 thousand euros).

20. Other income (expense)

	December 31, 2012	December 31, 2013
Income from recharged construction expenses	173	171
Recharged construction expenses	(160)	(149)
Income from recharged operation expenses	3,040	3,024
Recharged operation expenses	(2,903)	(2,918)
Others*	(167)	2,138
Other income (expense)	**(17)**	**2,266**

* “Other income (expense)” includes income and expenditures relating to the cancellation of the lease contract with AMRI Hungary Zrt. (Note 27, Legal proceedings). 2013: 2.151 thousand euros net income, 2012: 152 thousand euros net expense.

(all amounts in thousands EUR unless otherwise stated)

21. Interest

	December 31, 2012	December 31, 2013
Interest received	484	335
Interest income	**484**	**335**
Interest paid on loans	(2,129)	(1,547)
Other interest paid	(21)	(18)
Borrowing cost capitalized	73	88
Interest expense	**(2,077)**	**(1,477)**
Net interest expense	**(1,593)**	**(1,142)**

22. Exchange rate difference

	December 31, 2012	December 31, 2013
Exchange rate gain (loss) realized	43	(61)
Exchange rate loss not realized	(29)	(27)
Exchange rate gain (loss)	**14**	**(88)**

23. Income taxes

	December 31, 2012	December 31, 2013
Current income tax	(219)	(254)
Deferred income tax	(94)	(256)
Income tax expense	**(313)**	**(510)**

Applicable tax rates in 2013 and 2012 are: income tax 10%, local business tax 2%.

(all amounts in thousands EUR unless otherwise stated)

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

	December 31, 2012	December 31, 2013
Profit before tax	**2,157**	**4,474**
Tax at statutory rate	**216**	**447**
Non-taxable items	(96)	(150)
Translation difference	(18)	(5)
Corporate income tax	**102**	**292**
Local business tax	**211**	**218**
Tax expense	**313**	**510**
Effective tax rate	**14.5%**	**11.4%**

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

24. Earnings per share

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

	December 31, 2012	December 31, 2013
Net profit attributable to equity holders of the parent	1,844	3,964
Weighted average number of ordinary shares	10,152,598	10,151,530
Basic earnings per share (EUR)	**0.18**	**0.39**
Weighted average number of ordinary shares	10,152,598	10,151,530
Diluted earnings per share (EUR)	**0.18**	**0.39**

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

There are no share option schemes in place.

(all amounts in thousands EUR unless otherwise stated)

25. Treasury shares

Graphisoft Park SE treasury share details are as follows:

	December 31, 2012	**December 31, 2013**
Number of shares	479,076	509,076
Face value per share (EUR)	0.02	0.02
Total face value (EUR)	9,582	10,182
Treasury shares (at historical cost)	**669**	**784**

(all amounts in thousands EUR unless otherwise stated)

26. Related party disclosure

Transactions with related parties:

Graphisoft Park SE did not hold interests in entities other than its - consolidated - subsidiaries (100%), AIT-Budapest Kft. (10%) and Aquincum Technológiai Inkubátor Zrt (20% in 2013).

AIT-Budapest Kft., vintoCON Kft. and Graphisoft SE are deemed related parties of the Group in 2013 and 2012, in view of the following facts:

- Chairman of the Board of Directors of Graphisoft Park SE (Bojár Gábor) is Managing Director of AIT-Budapest Kft.,
- Chairman and a member of the Board of Directors of Graphisoft Park SE (Bojár Gábor and Hornung Péter) are members of the Board of Directors of Graphisoft SE,
- Member of the Board of Directors of Graphisoft Park SE (Gáthy Tibor) is managing director of vintoCON Kft.

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

Item	December 31, 2012	December 31, 2013
Sales to related parties	1,496	1,608
Purchases from related parties	22	23
Amounts owed by related parties	1	11
Amount owed to related parties	-	20

Transactions with the related parties were as follows in 2013 and 2012:

- AIT-Budapest Kft., Graphisoft SE and vintoCON Kft. leased a total office space of exceeding 5,700 m2 in Graphisoft Park in 2013 (4,900 m2 in 2012),
- Graphisoft Park SE provided financial and administration services for AIT-Budapest Kft. in 2013 and 2012,
- AIT-Budapest Kft. provided marketing services for Graphisoft Park SE in 2013 and 2012,
- vintoCON Kft. provided software administration services for Graphisoft Park Services Kft. in 2013 and 2012.

Transactions (sales to and purchases from) with the related parties are made at market prices. Office lease rent is similar to other tenants of the Group. Outstanding balances at the year-end are unsecured, interest free and settlement occurs in cash. No guarantees were provided or received for any related party receivables or payables. In 2013 and 2012, the Group has not recorded any impairment of receivables relating to amounts owed by related parties.

The Group signed a cooperation agreement with AIT-Budapest Kft. as disclosed in Note 27.

(all amounts in thousands EUR unless otherwise stated)

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

	December 31, 2012	December 31, 2013
Remuneration of the Board of Directors and Audit Committee	49	50
Compensation of Key Management Personnel	194	223
Total	**243**	**273**

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

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

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

		December 31, 2012		December 31, 2013	
Name	**Title**	**Shares (pcs)**	**Share (%)**	**Shares (pcs)**	**Share (%)**
Bojár Gábor	Chairman of Board	3,185,125	29.96	3,185,125	29.96
Hornung Péter	Member of Board	530,426	5.00	530,426	5.00
Gáthy Tibor	Member of Board	160,000	1.50	100,000	0.93
Dr. Kálmán János	Member of Board	13,500	0.13	13,500	0.13
Kocsány János	Member of Board Chief Executive Officer	180,913	1.70	180,913	1.70
Hajba Róbert	Chief Financial Officer	5,400	0.05	5,400	0.05
Total		**4,075,364**	**38.34**	**4,015,364**	**37,77**

The Group purchased 30,000 Graphisoft Park SE shares at market price (closing price: 1,142 HUF) in an off-exchange (OTC) transaction on December 18, 2013 from Gáthy Tibor, member of the Board.

27. Commitments, contingencies

Termination of leasehold, legal proceedings

Graphisoft Park's tenant AMRI Hungary Zrt. went under voluntary winding up on July 23, 2012, which led to the termination of the lease on August 31, 2012 in accordance with its terms. After this both parties initiated legal proceedings at different forums in Hungary and in the United States. The parties reached an out-of-court settlement agreement terminating all ongoing procedures on August 27, 2013. "Other income (expense)" includes income and expenditures relating to the legal procedures (Note 20.)

Development for education purposes

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

In accordance with the project to develop a part of the property for educational purposes, the Group signed a cooperation agreement with AIT-Budapest Aquincum Institute of Technology Kft. in 2009. According to this agreement, development of the educational infrastructure is the responsibility of Graphisoft Park, while organizing the educational program and operating the institute are the responsibility of AIT. AIT pays a market-rate rent for its use of the real estate. The cooperation also covers the issue of the parties' coordinated appearance on the market and joint marketing activities.

28. Financial risk management

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

Market risk:

Office rental price risk:

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

Currency risk:

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

Interest rate risk:

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates (6.7 million EUR as of December 31, 2013, 7.2 million EUR as of December 31, 2012).

To manage interest rate risk, the major part of the bank loans of the Group are subject to fixed interest rates (3-5 years fixed period from start of term). Conditions and balances of bank loans are disclosed in Note 14.

The fair value of the loans on December 31, 2013, was 47,341 thousand EUR, calculated at a 3.8% effective rate of interest during the fixed interest rate period (2012: 48,936 thousand EUR, 3.9% effective rate of interest).

Credit risk:

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

Tenant receivables:

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

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

Revenue from 3 tenants (SAP Hungary Kft., Microsoft Magyarország Kft. and Graphisoft SE) exceeded 10% of the total revenue of the Group in 2013 and 2012 (separately). Revenue from these 3 tenants represents 43.43% of the total revenue for the year in 2013, and 42.7% in 2012.

Cash deposit and financial investments:

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

Liquidity risk:

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

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

The Group settles its payment obligations within the payment term, and had no overdue payables as of December 31, 2013 and 2012.

(all amounts in thousands EUR unless otherwise stated)

The two tables below summarize the maturity profile of financial liabilities based on contractual undiscounted payments as of December 31, 2013 and 2012.

December 31, 2013	**Overdue**	**Due within 1 year**	**Due between 1-5 years**	**Due over 5 years**	**Total**
Loans*	-	4,161	16,748	32,746	**53,385**
Trade payables	-	680			**680**
Current tax liability	-	178			**178**
Other liabilities	-	1,107			**1,107**
Financial liabilities	**-**	**6,126**	**16,748**	**32,746**	**55,350**

December 31, 2012	**Overdue**	**Due within 1 year**	**Due between 1-5 years**	**Due over 5 years**	**Total**
Loans*	-	4,181	15,241	35,865	**55,287**
Trade payables	-	367	-	-	**367**
Current tax liability	-	121	-	-	**121**
Other liabilities	-	878	-	-	**878**
Financial liabilities	**-**	**5,547**	**15,241**	**35,865**	**56,653**

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

29. Capital risk management

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

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

Consistent with others in the industry, the management monitors capital structure based on the debt service cover ratio (DSCR) and the loan-to-value ratio (LTV). DSCR is calculated as cash available for debt service (rental revenues less operating and other costs) divided by debt service (capital plus interest), while LTV is calculated as the ratio between the sum of the outstanding balances of the loan and the market value of the property. The objective of the management is to keep DSCR above 1.25 and LTV below 0.60 (in line with the requirements of the existing loan agreement).

30. Approval of financial statements

Following the recommendation of the Board of Directors, the Annual General Meeting on April 23 2013, approved the 2012 consolidated financial statements of the Company prepared in accordance with International Financial Reporting Standards (IFRS) showing a balance sheet total of 71,839 thousand EUR and a profit for the year of 1,844 thousand EUR. Together with the approval of the consolidated financial statements for issue, the Annual General Meeting approved dividend distribution of 40 HUF per share, 406,104 thousand HUF in total (1,351 thousand EUR on the exchange rate of April 23, 2013). The starting date for dividend payments was June 4, 2013. The Company paid out the dividends to the shareholders identified by shareholder's registration.

The consolidated financial statements of the Company for the year ended December 31, 2013 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 21, 2014. Together with the approval of the consolidated financial statements for issue, the Board proposes dividend distribution of 90 HUF per share, 911,033,820 thousand HUF in total (3,068,384 thousand EUR as of December 31, 2013) to be approved by the Annual General Meeting of Graphisoft Park SE of April 23, 2014. The Annual General Meeting has the power to amend the consolidated financial statements.

31. Declarations

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

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