Global Graphics PLC

Unaudited condensed consolidated interim financial statements for the six months ended 30 June 2017

Company registration number: 10872426

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INTERIM MANAGEMENT REPORT

STRATEGY AND BUSINESS MODEL

As a leading developer of software platforms for use in digital printing and digital document systems, our technology is used by some of the world's leading brands in their markets and solutions, including HP, Agfa, Canon, FujiXerox, Quark, Roland and Kodak. Through the acquisition of URW++ Design & Development GmbH ("URW") in 2015, the Group has established itself in the graphic design industry with innovative font and digital typeface software products. Based on their technical font production skills, URW are particularly successful in the area of corporate type development and production as well as a supplier of so-called world or global fonts for OEM customers, with brands such as General Motors, Mercedes Benz and Siemens among their customer base. With the acquisition of Meteor Inkjet Ltd ("Meteor") in December 2016, the Group is able to provide a broader offering to digital inkjet press manufacturers by combining our software technology with Meteor's comprehensive range of industrial printhead driver solutions.

Our strategic focus is on high-speed digital printing which includes a growing number of applications from labels and packaging, ceramics, interior décor and even automotive applications. Our combination of software and exceptional engineering skills means we can help press manufacturers to respond to technical challenges with innovation, adding value to their products, and getting them to market quickly.

Revenue is principally derived by directly licensing software technology to original equipment manufacturers ("OEMs") of pre-press equipment, digital printers and copiers, developers of applications that create, manipulate and manage electronic documents and system integrators. The URW font technology is found in household names ranging from domestic appliances to motor vehicles. Meteor's printhead driver solutions are able to drive all available inkjet heads currently on the market and are sold direct to the manufacturer of the printing device. Consequently, Global Graphics' technology lies at the heart of industry leading brands of digital pre-press systems, professional colour proofing devices, wide-format colour printers, digital production presses, digital multi-function copiers and printers for the office as well as a wide variety of software applications.

Global Graphics continues to play an active role on industry standards committees, and through its sustained program of research and development has a patent portfolio touching many areas of printing technology.

BUSINESS REVIEW

CEO's statement

We are delighted with our top line growth and sustained profitability. We have achieved record revenues since my tenure without the impact of a single new large deal, which highlights the healthy performance of our underlying core business. It is also pleasing to note that we remain in a strong cash position.

The Meteor Inkjet business is progressing well and the inkjet sector as a whole continues to show exciting growth. This acquisition is enabling us to deliver on our strategy to become the go-to player for high-speed inkjet OEMs across a broad range of sectors, such as industrial and functional printing. We have become an important player in the ecosystem because we offer printhead driver systems, software solutions, and the engineering capability to provide technology innovation.

Our partnership with HYBRID Software is also progressing very well. HYBRID use the Harlequin RIP in their workflow product and there are now a number of systems in the field. We offer HYBRID labels and packaging software as a component in our Fundamentals digital front end.

The second half of the year will see us exhibit at LabelExpo, the major international label exhibition. A number of OEMs in this segment are now using our solutions and we expect to be able to provide more detail in the next few months.

Group structure

There has been no change to the structure of the Group since the year ended 31 December 2016, however, on 22 June 2017 at a general meeting of shareholders it was voted that the Company be converted from a Societas Europaea ("SE") to a public limited company registered in England and Wales ("PLC"). The conversion was completed on 18 July 2017.

Outcome of the Annual General Meeting

All of the proposed resolutions were unanimously passed by the shareholders at the Company's Annual General Meeting ("AGM") on 8 May 2017.

At the meeting, the Company's board of directors ("board") was appointed as follows:

- Guido Van der Schueren, Chairman
- Gary Fry, Chief Executive Officer
- Graeme Huttley, Chief Financial Officer
- Johan Volckaerts, Non-Executive Director

Under the Company's articles of association, all directors must retire at every AGM, but are entitled to stand for re-election at that AGM. More information about the resolutions passed at the AGM can be found in the investor's section of the Company's website at http://www.globalgraphics.com/investors/annual-shareholders-meeting/.

INTERIM MANAGEMENT REPORT (CONTINUED)

Financial highlights

- Revenue for the period was €10.17 million (2016: €8.48 million)
- Gross profit for the period was €7.81 million or 77% of revenue (2016: €7.81 million, 92% of revenue)
- Pre-tax profit for the period was €0.16 million (2016: €1.04 million)
- EBITDA for the period was €1.75 million (2016: €3.30 million)
- Cash at 30 June 2017 was €4.74 million (at 31 December 2016: €4.64 million)

Revenue

Revenue for the period was €10.17 million, compared with €8.48 million for the same period in 2016, an increase of 20%. On a like for like basis, i.e. at 2016 exchange rates, revenue during the period would have been approximately €0.04 million lower and totalled €10.13 million.

The net increase of €1.69 million in revenue during the period was due to:

- revenue from acquisitions and new customers of €4.08 million;
- an increase of €0.44 million due to net higher volumes from existing customers;
- a decrease of €2.87 million due to exceptional revenue recognised in 2016 (see below); and
- an increase of €0.04 million due to the movement in exchange rates.

During the 6 months ending 30 June 2016, a customer in the Print segment exercised a multi-year option in their contract which resulted in the recognition of revenue totalling €2.87 million. There was no such item in the 6 months ending 30 June 2017.

License fees accounted for 60.0% (2016: 83.6%) of revenue, driver electronics accounted for 24.4% (2016: nil), maintenance and support accounted for 7.0% (2016: 7.3%), engineering services accounted for 4.3% (2016: 4.4%), hardware and consumables accounted for 3.6% (2016: 3.9%) and consultancy and other items accounted for 0.7% (2016: 0.8%).

Gross profit

Gross profit for the period was 77% of sales. For the same period in the prior year it was 92% of sales.

Following the acquisition of Meteor in December 2016, the Group's sales are now comprised of software and a significant proportion of printhead driver electronics. The driver electronics hardware revenue attracts a higher cost of sale, resulting in lower gross margins, thus, the total Group gross profit margin percentage will be lower.

Pre-tax result

The IFRS pre-tax result was a profit of €0.16 million for the period, compared with a profit of €1.04 million for the same period in 2016.

The reduction in profitability of €0.88 million is due to:

- the increase in revenue of €1.69 million as explained above;
- a reduction in gross margins and higher cost of sales due to the increase in revenue of €1.68 million;
- an increase in selling, general and administrative ("SG&A") expenses of €0.90 million;
- a reduction in research and development ("R&D") expenses of €0.65 million; and
- a reduction in foreign exchange gains of €0.64 million.

Selling, general and administrative expenses
SG&A expenses includes the amortisation of intangible assets acquired as a result of acquisitions. The increase of €0.90 million over the previous period is due to the following:

- a reduction due to the difference in exchange rates in the periods of €0.16 million;
- a general increase in expenses of €0.21 million;
- one-off legal fees during the period of €0.10 million;
- an increase as a result of acquisitions of €0.67 million;
- an increase in amortisation of €0.27 million; and
- a reduction in share-based payment expense of €0.19 million.

Research and development expenses
R&D expenses includes capitalisation and amortisation of internally generated intangible assets. The reduction of €0.65 million over the previous period is due to the following:

- a reduction due to the difference in exchange rates in the periods of €0.19 million;
- a general reduction in expenses of €0.21 million;
- an increase as a result of acquisitions of €0.60 million;
- an increase as a result of lower capitalisation of development expenses of €0.03 million; and
- a reduction as a result of lower amortisation of capitalised development expenses of €0.88 million.

INTERIM MANAGEMENT REPORT (CONTINUED)

Foreign exchange
The foreign exchange gains are primarily due to the revaluation of currency balances held at the balance sheet date and the change in exchange rates during the period. During 2016, there was a significant shift in the relevant exchange rates, resulting in large gains recorded. During 2017, the relative change in those exchange rates has been much less significant, therefore resulting in smaller gains recorded.

EBITDA

EBITDA is calculated by adding back interest, tax, depreciation and amortisation to net profit. For the reporting period, EBITDA was €1.75 million, compared to €3.30 million for the same period in the prior year.

The reduction of €1.55 million is due to:

- the change in the pre-tax result of €0.88 million as explained above;
- a reduction in interest and depreciation of €0.03 million; and
- a reduction in amortisation of €0.64 million.

Cashflow

During the period there was a net increase in cash of €0.10 million. This was made up of positive cashflow of €0.22 million, offset by a reduction in the valuation of opening cash of €0.12 million. Cash balances were valued at €4.74 million on 30 June 2017 (31 December 2016: €4.64 million).

The Group continues to generate sufficient cash to fund its day to day operational expenditure and capital expenditure on property, plant and equipment.

Adjusted financial results

Management believes that evaluating the Group's ongoing results may not be as useful if it is limited to reviewing only IFRS financial measures, particularly because management uses adjusted financial information to evaluate its ongoing operations and for internal planning and forecasting purposes.

Management does not suggest that investors should consider these adjusted financial results in isolation from, or as a substitute for, financial information prepared in accordance with IFRSs. The Group presents adjusted financial results in reporting its financial results to provide investors with an additional tool to evaluate the Group's results in a manner that focuses on what the Group believes to be its underlying business operations. The Group's management believes that the inclusion of adjusted financial results provides consistency and comparability with past reports and comparability to similar companies in the Group's industry, many of which present the same or similar adjusted financial information to investors. As a result, investors are encouraged to review the related IFRS financial measures and the reconciliation of these adjusted results.

Reported operating profit is adjusted as follows:

	For the six months ended 30 June	
In thousands of euros *(unaudited)*	**2017**	**2016**
Reported operating profit	114	361
Add share based remuneration expense (see note 13)	15	214
Deduct capitalised development expense	(661)	(690)
Add amortisation and impairment of capitalised development	702	1,582
Add amortisation of acquired intangibles	758	518
Add back one-off legal fees	100	-
Deduct other income	(1)	-
Total adjustments to reported operating profit	913	1,624
Adjusted operating profit	**1,027**	**1,985**

Reported net profit is adjusted as follows:

	For the six months ended 30 June	
In thousands of euros, except per share data in euro *(unaudited)*	**2017**	**2016**
Reported net profit	182	1,157
Adjustments to operating result above	913	1,624
Tax effect of abovementioned adjustments	(189)	(325)
Total adjustments to reported net profit	724	1,299
Adjusted net profit	**906**	**2,456**
Adjusted net basic earnings per share (see note 14)	0.08	0.22

INTERIM MANAGEMENT REPORT (CONTINUED)

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties to the Group can be found on pages 7 and 8 of the Company's annual report for the year ended 31 December 2016.

For the remaining six months of this financial year, the principal risks are foreign exchange risk on the conversion of surplus currencies to functional currencies of subsidiaries, primarily US dollars to pounds sterling, and credit risk from trade receivables.

This could have a negative impact on net cash flow if sterling was to strengthen significantly against US dollars.

RESPONSIBILITY STATEMENTS UNDER THE DISCLOSURE AND TRANSPARENCY RULES

Each of the appointed directors listed on page 1 of this report confirm that to the best of their knowledge that:

- the condensed consolidated interim financial statements, prepared in accordance with IAS 34 Interim Financial Reporting and applicable law, give a true and fair view of the assets, liabilities, financial position and results of the Company and the undertakings included in the consolidation taken as a whole; and
- the interim management report contains a fair review of the important events and major transactions between affiliated parties which have occurred during the first six months of the current financial year and of their impact on the summary of the financial statements as well as a description of the principal risks and uncertainties for the remaining six months of the current financial year.

By order of the board,

Gary Fry
Director

2030 Cambourne Business Park
Cambourne, CB23 6DW, UK
26 July 2017

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		For the six months ended 30 June	
In thousands of euros, except per share data in euro *(unaudited)*	**Note**	**2017**	2016
Revenue	4	**10,168**	8,482
Cost of sales		**(2,354)**	(676)
Gross profit		**7,814**	7,806
Other income		**1**	-
Selling, general and administrative expenses		**(4,555)**	(3,648)
Research and development expenses		**(3,146)**	(3,797)
Operating profit		**114**	361
Finance income	5	**-**	3
Net finance income		**-**	3
Foreign currency exchange gains	5	**42**	679
Profit before tax		**156**	1,043
Tax	9	**26**	114
Profit for the period attributable to equity holders		**182**	1,157
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences		**(348)**	(1,849)
Other comprehensive loss for the period, net of tax		**(348)**	(1,849)
Total comprehensive loss for the period attributable to equity holders		**(166)**	(692)
Earnings per ordinary share			
Basic earnings per share	14	**0.02**	0.10
Diluted earnings per share	14	**0.02**	0.10

All activities of the Group in the current and comparative period are classed as continuing.

The notes on pages 9 to 17 are an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In thousands of euros	Note	30 June 2017 *(unaudited)*	31 December 2016 (restated[1])
ASSETS			
Non-current assets			
Property, plant and equipment	6	**382**	369
Other intangible assets	7	**5,545**	6,401
Goodwill	8	**10,515**	10,684
Financial assets		**178**	28
Deferred tax assets	9	**832**	837
Trade receivables due after more than one year		**1,322**	1,974
Total non-current assets		**18,774**	20,293
Current assets			
Inventories		**489**	441
Current tax assets		**30**	156
Trade and other receivables		**2,994**	3,128
Other current assets		**67**	87
Prepayments		**689**	397
Cash and cash equivalents		**4,738**	4,639
Total current assets		**9,007**	8,848
TOTAL ASSETS		**27,781**	29,141
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	10	**4,734**	4,546
Share premium		**1,979**	1,979
Treasury shares	10	**(792)**	(314)
Retained earnings		**25,384**	25,493
Foreign currency translation reserve		**(11,628)**	(11,280)
Total equity		**19,677**	20,424
Liabilities			
Deferred tax liabilities	9	**1,018**	1,191
Other liabilities	11	**3,588**	3,924
Total non-current liabilities		**4,606**	5,115
Current liabilities			
Current tax liabilities		**135**	105
Trade and other payables		**627**	911
Other current liabilities		**1,806**	1,501
Contract liabilities	4,12	**930**	1,085
Total current liabilities		**3,498**	3,602
Total liabilities		**8,104**	8,717
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**27,781**	29,141

The notes on pages 9 to 17 are an integral part of these condensed consolidated interim financial statements.

[1] See note 2, change in accounting policy

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In thousands of euros *(unaudited)*	**Note**	**Share capital**	**Share premium**	**Treasury shares**	**Retained earnings** (restated[2])	**Foreign currency translation adjustment**	**Total equity**
Balance at 1 January 2016		**4,486**	**1,879**	**(353)**	**24,239**	**(9,132)**	**21,119**
Total comprehensive income							
Net profit for the period		-	-	-	1,157	-	1,157
Total other comprehensive loss		-	-	-	-	(1,849)	(1,849)
Total comprehensive income		**-**	**-**	**-**	**1,157**	**(1,849)**	**(692)**
Transactions with owners							
Share options exercise		60	100	-	-	-	160
Share-based payment transactions	13	-	-	-	214	-	214
Disbursement of shares to employees	10	-	-	222	(222)	-	-
Own share purchases	10	-	-	(183)	-	-	(183)
Total transactions with owners		**60**	**100**	**39**	**(8)**	**-**	**191**
Balance at 30 June 2016		**4,546**	**1,979**	**(314)**	**25,388**	**(10,981)**	**20,618**
Balance at 1 January 2017		**4,546**	**1,979**	**(314)**	**25,493**	**(11,280)**	**20,424**
Total comprehensive income							
Net profit for the period		-	-	-	182	-	182
Total other comprehensive loss		-	-	-	-	(348)	(348)
Total comprehensive income/(loss)		**-**	**-**	**-**	**182**	**(348)**	**(166)**
Transactions with owners							
Share options exercise	10	188	-	-	(188)	-	-
Share-based payment transactions	13	-	-	-	15	-	15
Disbursement of shares to employees	10	-	-	118	(118)	-	-
Own share purchases	10	-	-	(596)	-	-	(596)
Total transactions with owners		**188**	**-**	**(478)**	**(291)**	**-**	**(581)**
Balance at 30 June 2017		**4,734**	**1,979**	**(792)**	**25,384**	**(11,628)**	**19,677**

The notes on pages 9 to 17 are an integral part of these condensed consolidated interim financial statements.

[2] See note 2, change in accounting policy

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

		For the six months ended 30 June	
In thousands of euros *(unaudited)*	**Note**	**2017**	**2016**
Cash flows from operating activities			
Net profit for the period		**182**	1,157
Adjustments to reconcile net profit to net cash:			
- Depreciation of property, plant and equipment	6	**98**	121
- Amortisation and impairment of other intangible assets	7	**1,497**	2,134
- Share-based remuneration expenses	13	**15**	214
- Net interest income	5	**-**	(3)
- Net foreign currency exchange gains	5	**(42)**	(679)
- Tax benefit	9	**(26)**	(114)
Other items		**180**	181
Change in operating assets and liabilities :			
- Financial assets		**(150)**	-
- Inventories		**(48)**	(8)
- Trade and other receivables		**786**	(2,326)
- Other current assets		**20**	18
- Prepayments		**(292)**	(18)
- Trade and other payables		**(284)**	(70)
- Other current liabilities		**305**	(346)
- Customer advances and deferred revenue		**(155)**	(96)
Cash received for interest income during the period		**-**	3
Cash (paid)/received during the period for current tax		**(154)**	(158)
Net cash flow from operating activities		**1,932**	10
Cash flows from investing activities			
Proceeds from the disposal of property, plant & equipment		**1**	-
Capital expenditures on property, plant & equipment	6	**(122)**	(129)
Capital expenditures on other intangible assets		**-**	(4)
Capitalisation of development expenses	7	**(661)**	(690)
Contingent consideration for acquisition of subsidiary	11	**(336)**	-
Net cash flow used in investing activities		**(1,118)**	(823)
Cash flows from financing activities			
New shares issued	10	**-**	160
Own share repurchases	10	**(596)**	(183)
Net cash flow used in financing activities		**(596)**	(23)
Net increase/(decrease) in cash and cash equivalents		**218**	(836)
Cash and cash equivalents at 1 January		**4,639**	4,235
Effect of exchange rate fluctuations on cash held at 1 January		**(119)**	(106)
Cash and cash equivalents at 30 June		**4,738**	3,293

The notes on pages 9 to 17 are an integral part of these condensed consolidated interim financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. REPORTING ENTITY

Global Graphics PLC (the "Company") and its subsidiaries (together the "Group") is a leading developer of software platforms on which our partners create solutions for digital printing, digital document and PDF applications. It is also a leading supplier of drive electronics for industrial inkjet printing, digital typefaces and font technology.

The Company is a public limited company, registered in England and Wales, domiciled in the United Kingdom and is quoted on Euronext in Brussels. The Company's registered office address is 2030, Cambourne Business Park, Cambourne, Cambridge, CB23 6DW.

2. BASIS OF PREPARATION

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 31 December 2016.

The accounting policies and methods of computation adopted are consistent with those as described in the Company's consolidated financial statements for the year ended 31 December 2016 except for where detailed below.

There are no other new or amended interpretations or standards effective for the financial year commencing 1 January 2017 that have had a material impact on the Group.

These condensed consolidated interim financial statements are unaudited and were authorised for issue by the Company's board of directors on 26 July 2017.

Change in accounting policy

During the period, the Directors decided that in order to reduce the complexity of the financial statements, as it is a policy choice to have a separate share-based payment reserve or include such amounts within the retained earnings reserve, it would be better included in retained earnings in future. This change in treatment is considered a change in accounting policy. The impact of this change has been to transfer the previously stated share-based payment reserve of £4,453,000 (2016: £4,438,000) to the retained earnings reserve.

Basis of measurement

These condensed consolidated interim financial statements have been prepared on the historical cost basis, except, if applicable, for the revaluation of derivative instruments at fair value through profit or loss.

Non-current assets are stated at the lower of amortized cost and fair value less disposal costs when applicable. The methods used to measure fair value are discussed in note 5 of the Company's annual report for the year ended 31 December 2016.

Functional and presentation currency

These condensed consolidated interim financial statements are presented in euros, which is the Company's functional and presentation currency.

All information which is presented in the following notes has been rounded to the nearest thousand, unless otherwise specified.

Use of accounting estimates

The preparation of the condensed consolidated financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2016.

Going concern

On the date these condensed consolidated interim financial statements were approved, based on their review of cash flow projections prepared by management for the years ending 31 December 2017 and 2018, the members of the Company's board of directors have no reason to believe that a material uncertainty exists that may cast significant doubt about the Group's ability to continue as a going concern, primarily because of the cash position of €4.74 million as at 30 June 2017 (31 December 2016: €4.64 million) and the absence of any outstanding debt.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

3. OPERATING SEGMENTS

Identification of reportable segments

Management has determined the operating segments based on the Group's strategy and reports reviewed by the Group's Chief Executive Officer ("CEO") that are used for deciding how to allocate resources and also in assessing both operating and financial performance of each segment.

Three segments were identified, primarily due to the products sold and the markets they are sold into; the Print segment for printing software operations and Meteor driver electronics operations, the eDoc segment for digital document technology operations and the Fonts segment for digital typeface operations.

Performance of operating segments is assessed by the Company's CEO based on their respective gross margin contribution.

The following table provides information on sales, costs and gross profit for each of the Group's operating segments for the six months ended 30 June 2017 and 30 June 2016:

In thousands of euros *(unaudited)*	**Print**	**eDoc**	**Fonts**	**Unallocated**	**Total**
Six months ended 30 June 2017:					
Revenue from external customers	7,785	1,133	1,250	-	10,168
Inter-segment revenue	-	-	-	-	-
Cost of sales	(1,986)	(54)	(314)	-	(2,354)
Segment gross profit	**5,799**	**1,079**	**936**	**-**	**7,814**
Six months ended 30 June 2016:					
Revenue from external customers	6,748	446	1,288	-	8,482
Inter-segment revenue	-	-	15	-	15
Cost of sales	(412)	(47)	(199)	(33)	(691)
Segment gross profit/(loss)	**6,336**	**399**	**1,104**	**(33)**	**7,806**

Inter-segment revenues are included in cost of sales for the reciprocal segment and are eliminated on consolidation.

Reconciliation of reportable segments' measure of profit or loss to profit before tax for the six months ended 30 June:

In thousands of euros *(unaudited)*	**2017**	**2016**
Gross profit from above	7,814	7,806
Other income	1	-
Selling, general and administrative expenses	(4,555)	(3,648)
Research and development expenses	(3,146)	(3,797)
Financial income, net of financial expenses/income (see note 5)	42	682
Profit before tax	**156**	**1,043**

The following table provides information on assets and liabilities allocated to each of the Group's operating segments as at 30 June 2017 and 31 December 2016:

In thousands of euros	**Print**	**eDoc**	**Fonts**	**Unallocated**	**Total**
30 June 2017:					
Non-current assets	14,146	143	3,248	1,237	18,774
Current assets	4,112	244	1,484	3,167	9,007
Total assets *(unaudited)*	**18,258**	**387**	**4,732**	**4,404**	**27,781**
Non-current liabilities	4,152	-	454	-	4,606
Current liabilities	1,494	36	205	1,763	3,498
Total liabilities *(unaudited)*	**5,646**	**36**	**659**	**1,763**	**8,104**
31 December 2016:					
Non-current assets	15,346	304	3,348	1,295	20,293
Current assets	3,888	166	1,413	3,381	8,848
Total assets	**19,234**	**470**	**4,761**	**4,676**	**29,141**
Non-current liabilities	4,585	-	530	-	5,115
Current liabilities	1,947	39	262	1,354	3,602
Total liabilities	**6,532**	**39**	**792**	**1,354**	**8,717**

Unallocated assets and liabilities include cash and cash equivalents, deferred tax balances, current tax, VAT, prepaid expenses and trade payables.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

4. REVENUE

Print segment
The Group typically sells its Print software through multi-year license and distribution agreements which provide for the periodic payment of license royalties, the unit value of which has been contractually agreed at the outset of the agreement, and which is typically based upon either the volume sold by the customer or the sale value of those products into which the Group's software have been integrated. These agreements also include specific provisions with respect to the delivery of maintenance and after-sale support services over the duration of the agreement. Such services are rendered against the payment of a fixed fee, which has been contractually agreed at the outset of the agreement, and is typically charged on the anniversary of the agreement. These agreements may also provide for the delivery of design and engineering services to ensure a seamless integration of the Group's software into the customer's products.

Through its RTI-RIPS.COM brand, the Group also has revenue from associated printing hardware and consumables sales.

Driver electronics sold through Meteor Inkjet Limited are typically sold initially as a development kit to a new customer. Once the customer has completed their design process and their product is put into production they will typically issue a purchase order for a quantity of products and will draw-down from that order as they require the inventory.

eDoc segment
The Group typically sells its eDoc software through multi-year license and distribution agreements which provide for the periodic payment of license royalties, the unit value of which has been contractually agreed at the outset of the agreement, and which is typically based upon either the volume sold by the customer or the sale value of those products into which the Group's software have been integrated. These agreements also include specific provisions with respect to the delivery of maintenance and after-sale support services over the duration of the agreement. Such services are rendered against the payment of a fixed fee, which has been contractually agreed at the outset of the agreement, and is typically charged on the anniversary of the agreement.

Font segment
The Group typically sells its font technology through multi-year license and distribution agreements which provide for the periodic payment of license royalties, the unit value of which has been contractually agreed at the outset of the agreement, and which is typically based upon the volume sold by the customer.

In addition to licensing font technology, the Group also provides font design services for corporate clients. A price for the design service will be agreed in advance of the work being undertaken.

An analysis of the Group's external sales by revenue type and primary geographical market is shown below. The table also provides a reconciliation of disaggregated revenue with the Group's reportable segments.

For the six months ending 30 June:

	Print		eDoc		Fonts		Total	
In thousands of euros	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
Revenue type								
License royalties	**4,200**	5,698	**1,071**	376	**833**	1,017	**6,104**	7,091
Maintenance and after-sale support services	**649**	547	**62**	70	**-**	-	**711**	617
Engineering/design services	**65**	154	**-**	-	**417**	269	**482**	423
Printer hardware and consumables	**360**	333	**-**	-	**-**	-	**360**	333
Driver electronics	**2,480**	-	**-**	-	**-**	-	**2,480**	-
Other items	**31**	16	**-**	-	**-**	2	**31**	18
Total sales	**7,785**	**6,748**	**1,133**	**446**	**1,250**	**1,288**	**10,168**	**8,482**
Primary geographical markets								
United Kingdom	**103**	53	**21**	81	**63**	66	**187**	200
Europe, excluding United Kingdom	**1,478**	877	**79**	48	**584**	394	**2,141**	1,319
North America	**2,895**	2,448	**68**	146	**592**	720	**3,555**	3,314
Asia	**3,309**	3,370	**965**	171	**11**	108	**4,285**	3,649
Total sales	**7,785**	**6,748**	**1,133**	**446**	**1,250**	**1,288**	**10,168**	**8,482**

The following table shows revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) as at 30 June 2017.

In thousands of euros	**0 to 12 months**	**12 to 24 months**	**after 24 months**	**Total**
After-sale support services	706	52	7	765
Product sales	90	-	-	90
Consultancy services	75	-	-	75
Total	**871**	**52**	**7**	**930**

The Group applies the practical expedient in paragraph 63 of IFRS 15 and does not adjust the promised amount of consideration for the effects of a significant financing component for contracts where payments are due within one year.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

5. FINANCE INCOME AND FINANCE COSTS

	For the six months ended 30 June	
In thousands of euros *(unaudited)*	**2017**	**2016**
Interest income	-	3
Finance income	**-**	**3**
Foreign currency exchange gains on transactions and revaluations	42	679
Foreign currency exchange gains	**42**	**679**
Net finance income	**42**	**682**

6. PROPERTY, PLANT AND EQUIPMENT

In thousands of euros	Leasehold improvements	Computer equipment	Office equipment	Office furniture	Other items	Total
Cost						
At 1 January 2016	701	2,014	29	360	994	4,098
Additions	111	88	-	3	37	239
Additions - business combinations	-	14	-	-	-	14
Disposals	(54)	(907)	(8)	(142)	(422)	(1,533)
Effect of movement in exchange rates	(102)	(236)	1	(36)	(131)	(504)
At 31 December 2016	**656**	**973**	**22**	**185**	**478**	**2,314**
At 1 January 2017	656	973	22	185	478	2,314
Additions	6	77	4	1	34	122
Disposals	-	(16)	-	-	-	(16)
Effect of movement in exchange rates	(16)	(28)	(2)	(6)	(13)	(65)
At 30 June 2017 *(unaudited)*	**646**	**1,006**	**24**	**180**	**499**	**2,355**
Accumulated depreciation						
At 1 January 2016	649	1,765	29	356	925	3,724
Charge for the year	49	122	-	3	37	211
Disposals	(54)	(907)	(8)	(142)	(422)	(1,533)
Effect of movement in exchange rates	(92)	(207)	1	(37)	(122)	(457)
At 31 December 2016	**552**	**773**	**22**	**180**	**418**	**1,945**
At 1 January 2017	552	773	22	180	418	1,945
Charge for the period	8	65	1	1	23	98
Disposals	-	(15)	-	-	-	(15)
Effect of movement in exchange rates	(13)	(23)	(2)	(6)	(11)	(55)
At 30 June 2017 *(unaudited)*	**547**	**800**	**21**	**175**	**430**	**1,973**
Net book value						
At 31 December 2016	104	200	-	5	60	369
At 30 June 2017 *(unaudited)*	**99**	**206**	**3**	**5**	**69**	**382**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

7. OTHER INTANGIBLE ASSETS

In thousands of euros	Software technology	Customer contracts	Patents	Trade-marks	Know-how	Font library	Driver electronics	Total
Cost								
At 1 January 2016	39,349	16,513	3,094	705	560	2,465	-	62,686
Additions – internally developed	1,269	-	-	-	-	-	-	1,269
Additions – purchased	17	-	-	-	-	-	-	17
Additions – business combinations	-	-	-	-	379	-	3,296	3,675
Effect of movement in exchange rates	(5,614)	(2,323)	(438)	(100)	(24)	-	-	(8,499)
At 31 December 2016	**35,021**	**14,190**	**2,656**	**605**	**915**	**2,465**	**3,296**	**59,148**
At 1 January 2017	35,021	14,190	2,656	605	915	2,465	3,296	59,148
Additions – internally developed	661	-	-	-	-	-	-	661
Effect of movement in exchange rates	(833)	(343)	(63)	(14)	(3)	-	-	(1,256)
At 30 June 2017	**34,849**	**13,847**	**2,593**	**591**	**912**	**2,465**	**3,296**	**58,553**
Accumulated amortisation and impairment								
At 1 January 2016	36,297	16,487	3,059	705	269	143	-	56,960
Charge for the year	3,010	25	8	-	323	535	55	3,956
Effect of movement in exchange rates	(5,288)	(2,323)	(434)	(100)	(24)	-	-	(8,169)
At 31 December 2016	**34,019**	**14,189**	**2,633**	**605**	**568**	**678**	**55**	**52,747**
At 1 January 2017	34,019	14,189	2,633	605	568	678	55	52,747
Charge for the period	734	-	4	-	174	255	330	1,497
Effect of movement in exchange rates	(813)	(343)	(63)	(14)	(3)	-	-	(1,236)
At 30 June 2017	**33,940**	**13,846**	**2,574**	**591**	**739**	**933**	**385**	**53,008**
Net book value								
At 31 December 2016	1,002	1	23	-	347	1,787	3,241	6,401
At 30 June 2017	**909**	**1**	**19**	**-**	**173**	**1,532**	**2,911**	**5,545**

The amortisation of patents is included in cost of sales and the amortisation charge for software technology which has been capitalised in accordance with IAS 38 is included in research and development expenses. The amortisation charges related to intangible assets acquired through business combinations are included in selling, general and administrative expenses.

Intangible assets that are subject to amortisation (i.e. those arising from the capitalisation of development costs in accordance with criteria set in IAS 38, Intangible Assets) are reviewed annually for impairment or whenever events or changes in accounting estimates indicate that the carrying amount may not be recoverable.

There was no significant change during the period to the calculations and assumptions used at 31 December 2016 to identify any requirement to impair any of these intangible assets. It was concluded that no impairment was required for the six months ended 30 June 2017 (2016: €nil).

Customer contracts, know-how and driver electronics are allocated to the Print segment and the Font library is allocated to the Font segment.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

7. OTHER INTANGIBLE ASSETS (CONTINUED)

The software technology is allocated to the following technology and segments and has the following net book value and remaining amortisation periods:

In thousands of euros	Remaining amortisation period	30 June 2017 *(unaudited)*	31 December 2016
Harlequin RIP	Between 1 year and 2.8 years	729	585
Jaws RIP	None	-	55
Total Print segment		**729**	**640**
EDL	3.0 years	34	91
gDoc applications	0.6 years	146	271
Total eDoc segment		**180**	**362**
Total software technology		**909**	**1,002**

8. GOODWILL

In thousands of euros	Harlequin asset purchase	Ansyr asset purchase	RTI asset purchase	Acquisition of URW++ Design & Development GmbH	Acquisition of TTP Meteor Ltd	Total
Cost						
At 1 January 2016	14,662	17	135	1,467	-	16,281
Additions – business combinations	-	-	-	88	2,322	2,410
Effect of movement in exchange rates	(2,079)	1	5	-	-	(2,073)
At 31 December 2016	**12,583**	**18**	**140**	**1,555**	**2,322**	**16,618**
At 1 January 2017	12,583	18	140	1,555	2,322	16,618
Effect of movement in exchange rates	(299)	(1)	(11)	-	-	(311)
At 30 June 2017	**12,284**	**17**	**129**	**1,555**	**2,322**	**16,307**
Accumulated amortisation and impairment						
At 1 January 2016	6,894	17	-	-	-	6,911
Effect of movement in exchange rates	(978)	1	-	-	-	(977)
At 31 December 2016	**5,916**	**18**	**-**	**-**	**-**	**5,934**
At 1 January 2017	5,916	18	-	-	-	5,934
Effect of movement in exchange rates	(141)	(1)	-	-	-	(142)
At 30 June 2017	**5,775**	**17**	**-**	**-**	**-**	**5,792**
Net book value						
At 31 December 2016	6,667	-	140	1,555	2,322	10,684
At 30 June 2017	**6,509**	**-**	**129**	**1,555**	**2,322**	**10,515**

The Group is required to test annually, or more frequently if facts and circumstances warrant a review, whether goodwill and other intangible assets with indefinite useful lives have suffered any impairment during the year.

Having reviewed the revenue and operating result for the six months ended 30 June 2017 against the forecast used for the impairment review at 31 December 2016, management concluded that no impairment review was necessary for this interim reporting period.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

9. TAX

Corporation tax

Analysis of the tax benefit in the period:

In thousands of euros *(unaudited)*	**For the six months ended 30 June 2017**	**2016**
Current tax		
Expense arising from other items	(163)	(218)
Total current tax expense	**(163)**	**(218)**
Deferred tax		
Arising from the capitalisation and amortisation of development expenses	9	178
Arising from the amortisation of acquired intangibles	172	146
Effect of change in tax rate	8	-
Other items	-	8
Total deferred tax benefit	**189**	**332**
Total tax benefit	**26**	**114**

The Company recognises the benefit from the UK research & development tax credit when it is certain that the repayment will be received from HM Revenue & Customs. The payment for the year ended 31 December 2016 has not been confirmed or received, therefore it has not been included in these interim financial statements.

Deferred tax

The Group had recognised deferred tax as follows:

In thousands of euros	**30 June 2017** *(unaudited)*	**31 December 2016**
Capital allowances	967	991
Other items	30	33
Capitalised development expenses	(165)	(187)
Total recognised deferred tax assets	**832**	**837**
Deferred tax liabilities		
As a result of business combinations	(1,018)	(1,191)
Total recognised deferred tax liabilities	**(1,018)**	**(1,191)**

Deferred tax assets are recognised for tax losses available for carrying forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. Deferred tax is measured at the tax rates that are expected to apply to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. The tax rate used to calculate the deferred tax asset at 30 June 2017 was 19%. The deferred tax liability has been recognised from the acquisition of URW++ Design and Development GmbH ("URW") and TTP Meteor Limited ("Meteor"). For URW it has been calculated based on the expected tax rate of 29.65%. For Meteor it has been calculated based on the enacted tax rates of 20%, 19% and 17%.

10. SHARE CAPITAL AND TREASURY SHARES

Ordinary shares issued:

In thousands of euros	**30 June 2017** *(unaudited)*	**31 December 2016**
Allotted, called up and fully paid		
11,835,707 (31 December 2016: 11,365,707) ordinary shares of €0.40 each	**4,734**	4,546

During the reporting period, the Company issued 470,000 new shares to satisfy the exercising of vested share options for a total nominal value of €188,000

The Company's investment in its own shares in treasury is as follows:

	For the six months ended 30 June 2017 *(unaudited)*		**For the year ended 31 December 2016**	
In thousands of euros, except number of shares	**Number**	**Value**	**Number**	**Value**
At the start of the period	106,826	314	70,519	353
Disbursement of shares to employees	(33,978)	(118)	(56,265)	(222)
Treasury shares acquired	194,243	596	92,572	183
At the end of the period	**267,091**	**792**	**106,826**	**314**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

11. OTHER LIABILITIES

Financial liabilities measured at fair value.

In thousands of euros	30 June 2017 *(unaudited)*	31 December 2016
Contingent consideration for the acquisition of Meteor Inkjet Ltd	3,588	3,924
Total other liabilities	**3,588**	**3,924**

12. CONTRACT LIABILITIES

In thousands of euros	30 June 2017 *(unaudited)*	31 December 2016
Customer advances	165	61
Deferred revenue	765	1,024
Total contract liabilities	**930**	**1,085**

The contract liabilities primarily relate to consideration received in advance of the provision of services. Customer advances relate to consideration received in advance of the provision of engineering and consultancy services and delivery of product. Deferred revenue relates to the consideration received for support and maintenance performance obligations that will be recognised as revenue over a period of time.

13. SHARE BASED PAYMENTS

Share option plan

On 1 March 2016, the board approved a new equity-settled share incentive plan for 500,000 zero-cost share options, of which 470,000 were granted. On 16 December 2016 the options met the vesting requirements and subsequently were exercised on 9 May 2017, with a weighted average exercise price of €nil per share.

No options were outstanding as at 30 June 2017.

Free shares

During the six months ended 30 June 2017 6,450 Share Incentive Plan Matching Shares were granted and nil lapsed. As at 30 June 2017 the total number of outstanding free shares granted to employees of the Group was 110,229.

Share-based payment expense

For the six months ended 30 June 2017, the Group has recognised €14,826 (2016: €213,578) of share-based payment expense in these financial statements.

14. EARNINGS PER SHARE

The basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year, excluding those held in treasury.

For diluted earnings per share, the weighted average number of ordinary shares in issue during the year, excluding those held in treasury, is adjusted to assume conversion of all dilutive potential ordinary shares. At the period end, those share options where the exercise price is less than the average market price of the Company's ordinary shares were the only dilutive potential ordinary shares.

	As at 30 June	
In thousands of euros unless otherwise stated *(unaudited)*	**2017**	**2016**
Weighted average number of shares (basic), in thousands of shares	11,246	11,174
Add the effect of dilutive potential ordinary shares, in thousands of shares	-	159
Weighted average number of shares (diluted), in thousands of shares	11,246	11,333
Profit attributable to ordinary shareholders	182	1,157
Basic earnings per share, in euros	**0.02**	**0.10**
Diluted earnings per share, in euros	**0.02**	**0.10**
Adjusted profit attributable to ordinary shareholders (see Interim Management Report)	906	2,456
Basic adjusted earnings per share, in euros	0.08	0.22

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

15. RELATED PARTY TRANSACTIONS

Existing related parties

Key personnel

There has been no significant change in the remuneration of key personnel to that previously disclosed in the annual report for the year ended 31 December 2016.

All of the directors receive board fees of €5,000 each per annum. Gary Fry and Graeme Huttley are the only directors with an employment contract that entitles them to salary, bonus and other benefits in addition to the board fees.

Andlinger & Co. CVBA

During the period there were no transactions between the Group and Andlinger & Co. CVBA ("Andlinger"). At the date of these financial statements no amount was owed between the Group and Andlinger.

Hybrid Software

During the period the Group recognised revenue from Hybrid Software of €97,204 (2016: €43,784). At the date of these financial statements, Hybrid Software owed the Group €7,911.

16. SUBSEQUENT EVENTS

There are no post balance sheet events requiring disclosure in these interim financial statements for the period ended 30 June 2017.