GLOBAL GRAPHICS®

Global Graphics SE

Annual report and financial statements for the year ended 31 December 2013

Company registration number: SE000077

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About Global Graphics

Global Graphics SE is a European public limited-liability company registered in England and Wales with its shares traded on NYSE Euronext in Brussels under stock code GLOG.

As a leading developer of software platforms for use in digital printing and electronic document systems, our technology is used by some of the world's leading brands in their markets and solutions, including Hewlett Packard, Agfa, Canon, FujiXerox, Quark, Corel and Kodak.

The roots of the company go back to 1986 and to Cambridge, UK, and today the majority of the R&D team is still based near this iconic university town. We also have offices near Boston, Massachusetts, USA and in Tokyo, Japan.

Our markets

Production printing
Our selection of software raster image processors (RIPs) that convert text and images into printable form offer outstanding performance, quality and reliability for high-volume, ultra high-volume and wide format digital printing applications. We also offer complimentary colour management, screening, imposition and trapping technologies.

Digital documents
Our gDoc platform allows our partners to build integrated desktop and mobile solutions to add value to their products and reduce time to market. We specialize in file format conversion, notably PDF creation, as well as cross-platform and mobile viewing technologies.

Office printing
Through our agreements with leading chip manufacturers, such as Marvell and Conexant, we can offer the printer/MFP manufacturer their choice of hardware platform on which to embed our RIP.

Our licensing model

Our software solutions are typically licensed under technology agreements. We are noted for our flexible approach to licensing our software and pride ourselves for being a trusted commercial and development partner.

Patented technology

Our existing patent portfolio covers many areas of printing and document technology while a number of patent applications will protect our future inventions.

Industry standards and compatibility

We have always taken an active role in industry standards setting bodies and associations. Today our Chief Technology Officer is the UK primary expert on the International Standards Organization (ISO) for PDF, for PDF/A (the standard for archiving electronic documents) and for PDF/VT (the standard for use of PDF in variable data print workflows). We were one of the founder members of CIP4, the international body that promotes the integration of processes in pre-press, press and post-press and chaired CGATS, the Committee for Graphic Arts Technical Standards, for many years. In 2007 we were elected to chair ECMA TC46 the technical committee of ECMA International that worked on producing an industry standard for the XPS print and document format.

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Auditor
KPMG LLP
Chartered Accountants and Registered Auditor
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Directors
Johan Volckaerts
Gary Fry
Clare Findlay
Pierre Van Beneden

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CORPORATE GOVERNANCE REPORT

The content of this report is unaudited.

INTRODUCTION

The Listing Rules require that listed companies (but not companies traded on an overseas EU market) incorporated in the UK should state in their report and accounts whether they comply with the revised 2012 UK Corporate Governance Code ("the Code") and identify and give reasons for any area of non-compliance. The Company is listed on the NYSE Euronext and therefore not required to comply with the UKLA listing rules, including the UK Corporate Governance Code, however a number of voluntary disclosures have been given.

The board supports the principles and aims of the Code and intends to ensure that the Group observes the provisions of the Code as it grows, as far as is practical. However, the board considers that at this stage in the Group's development the expense of full compliance with the Code is not appropriate.

DIRECTORS AND BOARD

The board comprises two executive and two non-executive directors. The board considers that the two non-executive directors are independent.

The roles of chairman, non-executive directors and chief executive are separate appointments and it is board policy that this will continue. The non-executive directors bring their independent judgement to bear on issues of strategy, performance, appointments, resources and standards of conduct.

BOARD COMMITTEES

The board considers that due to the current size of the Group, audit and remuneration committees are not required to ensure the governance of the Group at this time.

RELATIONS WITH SHAREHOLDERS

The Company's executive directors communicate regularly with analysts and private investors are encouraged to participate in the Annual General Meeting.

INTERNAL FINANCIAL CONTROL

The Group has established policies covering the key areas of internal financial control and the appropriate procedures, controls, authority levels and reporting requirements which must be applied throughout the Group.

The key procedures that have been established in respect of internal financial control are:

- internal control: the directors review the effectiveness of the Group's system of internal controls on a regular basis;
- financial reporting: there is in place a comprehensive system of financial reporting based on the annual budget approved by the board. The results for the Group are reported monthly along with an analysis of key variances, and year-end forecasts are updated on a regular basis; and
- investment appraisal: applications for significant expenditure of either a revenue or capital nature are made in a format which places emphasis on the commercial and strategic justification as well as the financial returns.

All significant projects require specific board approval.

No system can provide absolute assurance against material mis-statement or loss but the Group's systems are designed to provide reasonable assurance as to the reliability of financial information, ensuring proper control over income and expenditure, assets and liabilities.

GOING CONCERN

After making enquiries and taking account of the Group's cash resources, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the next 12 months and, for this reason, they continue to adopt the going concern basis in preparing the financial statements.

GROUP STRATEGIC REPORT

STRATEGY AND BUSINESS MODEL

Global Graphics is a leading developer of software used in printing, publishing, and electronic document systems. An expert in interpreting Page Description Languages (PDLs), notably PostScript®, PCL, the Portable Document Format (PDF) and Microsoft's XPS (XML Paper Specification), Global Graphics has a broad technology portfolio that includes Raster Image Processors (RIPs) that convert text and images into printable form, software for document conversion and manipulation and components for digital workflow and colour management. The Group is active in the graphic arts and commercial print, digital print, and electronic document markets and has a long history of providing its customers with cross-platform, high-performance technology for the creation, distribution, printing and viewing of documents.

Revenue is principally derived by directly licensing technology to manufacturers of pre-press equipment, digital printers and copiers, developers of applications that create, manipulate and manage electronic documents and system integrators. 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 plays 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 AND FUTURE DEVELOPMENTS

Operational highlights

During the year the Company started and completed its legal re-organisation from a French Société Anonyme to a European Societas Europaea (SE), followed by transferring its place of registration from France to the UK. The Company is now a UK registered company, with its shares listed on NYSE Euronext Brussels (GLOG).

In the Print segment, the Group continued development of the Harlequin RIP suite of products and signed new contracts for new applications of both Harlequin RIP and Jaws RIP technology. On 4 March 2014, the Company announced that it had signed a contract to license its Harlequin technology to a global manufacturer of office printing devices to drive their single function, multi-function and production printers. The revenue resulting from this new contract will be in the range of US$7 million to US$9 million during the term of the multi-year contract. The impact on revenue in the financial year ending 31 December 2014 is expected to be between US$3 million to US$4 million with no significant increase in expenses.

In the eDoc segment, the Group continued to focus on developing the gDoc range of products and the strategy to grow that business, including signing new partners during the year.

With the continued trend of digital print growth and the growth of electronic documents more opportunities are developing for the Group to expand its customer base and broaden its addressable market.

Sales

The Group's sales are made in a number of different currencies, and during the reporting year 72.1% (2012: 71.4%) were denominated in US dollars, 6.9% (2012: 7.7%) were in pounds sterling, 19.7% (2012: 17.2%) were in japanese yen and 1.3% (2012: 3.7%) were in euros. This means that the Group's revenues can be affected significantly by currency fluctuations against the reporting currency of euro.

Sales for the year were €7.88 million compared with €9.71 million in 2012. This was a decrease of 18.9%. On a like for like basis, i.e. at 2012 exchange rates, 2013 sales would have been approximately €0.65 million higher and totalled €8.53 million, a decrease of 12.2 % on 2012.

The reduction in revenue in the year was primarily due to the movement in exchange rates (€0.65 million), items of revenue in 2012 that were non-recurring in 2013 (€0.63 million), and lower volumes from existing customers (€1.02 million), offset by new revenue in the year (€0.47 million).

Pre-tax result

The consolidated pre-tax loss for the year ended 31 December 2013 increased when compared to the preceding year.

The pre-tax result was a loss of €2.23 million in 2013 compared with a loss of €0.37 million in 2012. The increase in loss is mainly due to:

- the reduction in revenue of €1.83 million as explained above;
- a reduction in cost of sales of €0.09 million;
- a reduction in selling, general and administrative expenses of €0.40 million;
- an increase in research and development expenses of €0.48 million;
- an increase in other operating expenses of €0.50 million; and
- an increase in foreign exchange gains of €0.46 million.

The exchange rate losses and gains are primarily due to the revaluation of currency balances held at the balance sheet date and the significant change in exchange rates during the year.

GROUP STRATEGIC REPORT (CONTINUED)

BUSINESS REVIEW AND FUTURE DEVELOPMENTS (CONTINUED)

Cashflow

The Group continues to generate sufficient cash to fund its day to day operational expenditures and capital expenditure on property, plant and equipment. Capital expenditure in the year was €0.2 million (2012: €0.1 million).

The year ended with cash balances valued at €1.29 million (2012: €2.25 million).

Adjusted operating result and net profit

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.

Adjusted financial information has not been audited by the Group's auditors.

Reported operating profit or loss is adjusted as follows:

In thousands of euros	2013	2012
Reported operating loss	(2,644)	(319)
Add share based remuneration expense (see note 26)	90	120
Deduct capitalised development expense (see note 15)	(1,252)	(1,630)
Add amortisation and impairment of capitalised development (see note 15)	2,118	1,864
Add other operating expenses (see note 8)	546	50
Total adjustments to reported operating loss	1,502	404
Adjusted operating (loss)/profit	**(1,142)**	**85**

Reported net profit or loss is adjusted as follows:

In thousands of euros	2013	2012
Reported net loss	(1,876)	(42)
Adjustments to operating result above	1,502	404
Tax effect of abovementioned adjustments	(54)	(127)
Total adjustments to reported net loss	1,448	277
Adjusted net (loss)/profit	**(428)**	**235**
Adjusted net basic (loss)/earnings per share (see note 25)	(0.04)	0.02
Adjusted net diluted (loss)/earnings per share (see note 25)	(0.04)	0.02

PRINCIPAL RISKS AND UNCERTAINTIES

Dependence on the graphic arts and digital printing industries and on strategic alliances

The Group derives a significant amount of its revenues from products and services provided to the graphic arts and digital printing industries. Accordingly, the Group's future success significantly depends upon the continued demand for its products within such industries. The board believes that an important factor to consider is the substantial change in the graphic arts and digital printing industries, as evidenced by sustained growth in digital printing and low growth in conventional printing. The shift in printing technology opens up opportunities to the Group when manufacturers develop new products. If this environment of change were to slow, the Group could experience reduced demand for its products. The Group continues to monitor the trends in the market to ensure that its product development plans continue to address those trends.

Failure to manage a successful transition to new products and markets

Any delays or failures in developing new products, including upgrades of current products, and anticipating changing customer requirements or market conditions, may have a harmful impact on the Group's sales and operating results. The Group's inability to extend its core technologies into new applications and new platforms and to anticipate or respond to technological changes and customer or market requirements could affect market acceptance of its products and could cause a decline in the Group's sales and results. The Group manages this risk by using a methodical approach to product management and product development based on market analysis and customer feedback.

GROUP STRATEGIC REPORT (CONTINUED)

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Inadequate protection of its proprietary technology and intellectual property rights

The Group's success is heavily dependent upon its proprietary technology. To protect its proprietary rights, the Group relies on a combination of patent, copyright, trade secret and trademark laws, as well as the early implementation and enforcement of non-disclosure and other contractual restrictions. As part of its confidentiality procedures, the Group enters into written non-disclosure agreements with its employees, prospective customers, OEMs and strategic partners and takes affirmative steps to limit access to, and distribution of, its software, intellectual property and other proprietary information.

Despite these efforts, in the event that such agreements are not made on a timely basis, complied with or enforced, the Group may be unable to effectively protect its proprietary rights and the enforcement of its proprietary rights may be cost-prohibitive. Unauthorized parties may attempt to copy or otherwise obtain, distribute, or use the Group's products or technology. Monitoring unauthorized use of the Group's software products is difficult. Management cannot be certain that steps taken to prevent unauthorized use of the Group's proprietary technology, particularly in countries where the laws may not protect proprietary rights as fully as in the EU or the United States, will be effective.

The Group's source code also is protected as a trade secret. However, from time to time, the Group licenses its source code to partners, which subjects it to the risk of unauthorized use or misappropriation despite the contractual terms restricting disclosure, distribution, copying and use. In addition, it may be possible for unauthorized parties to obtain, distribute, copy or use the Group's proprietary information or to reverse engineer its trade secrets.

The Group holds patents, and has patent applications pending, in the United States and in the EU. There may be no assurance that patents held by the Group will not be challenged, that patents will be issued from the pending applications or that any claims allowed from existing or pending patents will be of sufficient scope or strength to provide efficient protection for the Group's intellectual property rights.

Costs of enforcing, acquiring and defending intellectual property rights

In connection with the enforcement of its own intellectual property rights, the acquisition of third party intellectual property rights or disputes relating to the validity or alleged infringement of third-party rights, including patent rights, the Group has been and may be in the future subject to claims, negotiations or protracted litigations. Intellectual property disputes and litigation are typically very costly and can be disruptive to the Group's business operations by diverting the attention and energies of management and key technical personnel. Although the Group has successfully defended or resolved past litigation and disputes, it may not prevail in any future litigation and disputes.

Third-party intellectual property rights could subject the Group to significant expenditures, require the Group to enter into royalty and licensing agreements on unfavourable terms, prevent the Group from licensing certain of its products, cause disruption to the markets where the Group operates or require the Group to satisfy indemnification commitments with its customers including contractual provisions under various license arrangements, any one of which could harm the Group's business.

The Group has built a portfolio of patents that can be used as defence or for negotiation in these situations and actively encourages staff to submit patent ideas to continue to expand this portfolio.

Recruitment and retention of key personnel

An important part of the Group's future success depends on the continued service and availability of the Group's senior management, including its Chief Executive Officer and other members of the executive team. These individuals have acquired specialized knowledge and skills with respect to the Group. The loss of any of these individuals could harm the Group's business.

The Group's business is also dependent on its ability to attract, retain, and motivate talented, highly skilled personnel, notably in the software development and technical support areas. Such personnel are in high demand and competition for their talents is intense. Should the Group be unable to continue to successfully attract and retain key personnel, its business may be harmed.

The Group offers a competitive package of salary and benefits to directors and employees and regularly benchmarks them against similar businesses to ensure that they remain attractive to current and prospective employees.

Significant financial risk factors

The Group's activities expose it to a variety of financial risks, notably foreign exchange risk, credit risk, liquidity risk and cash flow interest-rate risk.

Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to a surplus of US dollars and a shortfall of Pounds sterling. Foreign exchange risk arises from future commercial transactions, recognized assets (notably trade receivables) and liabilities, as well as net investments in foreign operations.

To manage the foreign exchange risk arising from future commercial transactions, recognized assets and liabilities which are denominated in a currency that is not the entity's functional currency, the Group's companies from time to time use forward currency contracts transacted with high-credit-quality financial institutions after review and approval by the Group's Chief Financial Officer. At 31 December 2013, the Group had not entered into any forward contracts (2012: none).

GROUP STRATEGIC REPORT (CONTINUED)

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Credit risk
Financial instruments that potentially subject the Group to credit risk consist primarily of trade receivables. As it markets and sells its products and services to a broad base of customers including OEM partners, distributors, and system integrators, the Group has no significant concentration of credit risk, though relatively few customers accounted for a substantial portion of the Group's sales within the last few years due to the dominance of a limited number of companies in the Group's markets.

Liquidity risk
Due to the dynamic nature of the underlying business, the Group aims to maintain flexibility by keeping committed credit lines available.

However, considering the Group's expected cash flow and net cash position of €1.286 million at 31 December 2013, the Group has not applied for any such lines of credit.

Cash flow interest-rate risk
As the Group had no significant interest-bearing assets or liabilities at 31 December 2013 (2012: none), the Group's income and operating cash flows for the year ended 31 December 2013 were substantially independent of changes in market interest rates.

KEY PERFORMANCE INDICATORS (KPIS)

The board monitors progress on the overall Group strategy and the individual strategic elements by reference to financial KPIs, specifically revenue, gross margin, operating expenses and adjusted operating profit. These KPIs have been addressed in more detail in the Business review and future developments section above.

ENVIRONMENTAL MATTERS

The Group's business is to develop and market printing and electronic document software solutions. As a result, management believes the Group has no activities, which are likely to have significant, detrimental effects on the environment. In fact, an application of some of the Group's products is to limit ink use when printing. Policies aimed at minimising the Group's environmental footprint to the lowest level possible, including recycling waste from paper, ink, toner cartridges, other computer consumables and computer hardware have been implemented within the Group for several years.

SOCIAL, COMMUNITY AND HUMAN RIGHTS

Social and community

Staff are encouraged to participate in charitable and community activities. The Group matches employee-led fund raising activities for local and national charities and staff are allowed paid time off to participate in charitable activities. Donations to charities amounted to €698 (2012: €489) during the year.

Human rights

The Group respects all human rights and in conducting its business the Group regards those rights relating to non-discrimination, fair treatment and respect for privacy to be the most relevant and to have the greatest potential impact on its key stakeholder groups of customers, employees and suppliers.

EMPLOYEE MATTERS

Employment policies

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. This is achieved through formal quarterly company meetings presented by the CEO to all employees.

The Group gives full and fair consideration to applications for employment from all persons where the candidate's particular aptitudes and abilities meet the requirements of the job. In the event of any staff becoming disabled while employed by the Group, every effort will be made to ensure that their employment by the Group continues and that appropriate adjustments are made to their work environment. The Group provides long-term health insurance for all staff in the event that they are unable to work due to illness or disability whilst in employment.

As a responsible employer, the Group provides modern and professional working environments in all locations. Compliant with all relevant human resources and health and safety regulations, the Group strives to offer competitive employment packages with opportunities for personal and professional development. Staff surveys are carried out with follow-up action plans alongside an internal communications programme to provide regular updates on performance.

GROUP STRATEGIC REPORT CONTINUED

EMPLOYEE MATTERS (CONTINUED)

Employment policies (continued)

Diversity

The Group does not discriminate on the grounds of age, race, sex, sexual orientation or disability. It has a clear and transparent recruitment process with annual appraisals to provide feedback on staff performance and to create individual objectives.

The table below shows the number of persons of each sex who were directors, key management and employees of the Group as at 31 December 2013.

Company level	Number of females	Number of males	Total
Board	1	3	4
Key management	1	7	8
Employees	14	48	62
Total Group	**16**	**58**	**74**

By order of the board,

Gary Fry
CEO

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2013.

The business review, principal risks and uncertainties, information about environmental matters, the Group's employees, social and community issues and key performance indicators can be found in the Group strategic report.

CORPORATE GOVERNANCE

Details of the Group's corporate governance can be found in the Corporate governance report on page 2.

POLITICAL CONTRIBUTIONS

The Group made no political contributions during the year (2012: €nil).

DIVIDENDS

The directors do not recommend the payment of a dividend (2012: €nil).

GREENHOUSE GAS EMISSIONS

Information about greenhouse gas emissions is not available to the Group. Given the size and limited resources of the Group it is deemed not viable to be able to obtain that information, so it is not included in this report.

POST BALANCE SHEET EVENTS

There are no post balance sheet events requiring disclosure in the financial statements for the year ended 31 December 2013. In the prior year it was disclosed that on 26 March 2013 the Board decided to implement a legal reorganisation plan to simplify the structure of the Group and reduce the administrative expenses accordingly. The Company was converted to a Societas Europaea (SE) and its place of registration was changed from France to the UK with effect from 23 December 2013. The costs of €0.5 million arising from this decision were recognised in the 2013 financial statements.

FINANCIAL RISK MANAGEMENT

Details of the Group's financial risk management are disclosed in the Group strategic report and in note 28 to the financial statements.

RESEARCH AND DEVELOPMENT

The Group spent €5.77 million (2012: €5.29 million) on research and development during the year. Under IAS 38 "Intangible Assets" €1.25 million (2012: €1.64 million) of research and development was capitalised and €2.12 million (2012: €1.71 million) of capitalised research and development was amortised. There was no impairment of capitalised research and development during the year (2012: €0.16 million). The net effect of capitalisation, amortisation and impairment on profit in the year was an expense of €0.87 million (2012: €0.23 million).

DIRECTORS

The board are responsible for the appointment of directors and the amendment of articles of association and meet regularly throughout the year.

Subject to the provisions of the Company's statutes, any person who is willing to act as a director, and is permitted by law to do so, may be appointed to be a director by ordinary resolution, or by a decision of the directors, either to fill a vacancy or as an addition to the existing board provided that the appointment does not result in the total numbers of directors exceeding any maximum number fixed in accordance with the Company's statutes.

At every annual general meeting all the directors shall retire from office. If the Company, at the meeting at which a director retires under, does not fill the vacancy, the retiring director shall, if willing to act, be deemed to have been reappointed unless at the meeting it is resolved not to fill the vacancy, or unless a resolution for the reappointment of the director is put to the meeting and lost.

The directors who held office during the year under review were:

Johan Volckaerts	Chairman	
Gary Fry	Chief Executive Officer	
Alain Pronost	Chief Financial Officer	(resigned 31 December 2013)
Clare Findlay	Non-executive Director	
Pierre Van Beneden	Non-executive Director	

The Company maintains director and officers' liability insurance.

DIRECTORS' REPORT (CONTINUED)

SHAREHOLDINGS

Ordinary shares are entitled to one vote each in any circumstance. Each share is entitled pari passu to dividend payments or any distribution. The shares are not redeemable and there are no transfer restrictions on the shares.

Subject to the Company's statutes, but without prejudice to the rights attached to any existing ordinary share, the Company may issue shares with such rights or restrictions as may be determined by ordinary resolution.

The breakdown of the Company's issued share capital as at 31 December 2013 was:

	Number of ordinary shares	% of issued share capital
Stichting Andlinger & Co. Euro-Foundation	2,872,011	27.91%
Company owned shares	155,428	1.51%
Free float	7,262,342	70.58%
Total	**10,289,781**	**100.00%**

INVESTMENT IN OWN SHARES

The Company holds some of its own shares in treasury in order to meet its obligations arising from the Group's share option programmes, the grant of free shares to directors and employees and the grant of matching shares in the SIP (see note 26).

During the year, as part of the legal reorganisation of the group as per the Operational highlights in the Group strategic report, the Company purchased 17,890 shares for €1.80 each. The total number of shares held in treasury at 31 December 2013 was 155,428 (2012: 165,517). Further information can be found in note 23 to the financial statements.

During the year, the Company disposed of 1,915 shares (2012: nil) for the consideration of €2,231.38.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the annual report and the group and parent financial statements in accordance with applicable United Kingdom law and regulations.

Company law requires the directors to prepare group and parent financial statements for each financial year. Under that law the directors are required to prepare the group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs) and applicable law and have elected to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (UK Accounting standards and applicable laws). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- for the group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- for the parent company financial statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the parent company financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

RESPONSIBILITY STATEMENTS UNDER THE DISCLOSURE AND TRANSPARENCY RULES

Each of the directors listed on page 8 confirm that to the best of their knowledge:

- that the financial statements, prepared in accordance with IFRS as adopted by the European Union, applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), 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
- that the directors' report includes a fair review of the development and performance of the business and financial position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

DIRECTORS' REPORT (CONTINUED)

DISCLOSURE OF INFORMATION TO AUDITOR

The directors confirm that:

- so far as each director is aware there is no relevant audit information of which the Company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

AUDITOR

In accordance with Section 489 of the Companies Act 2006, a resolution for the re-appointment of KPMG LLP as auditor of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board,

2030 Cambourne Business Park
Cambourne
Cambridge
CB23 6DW

Gary Fry
Director

22 April 2014

DIRECTORS' REMUNERATION REPORT

INTRODUCTION

This report is on the activities of the board in respect of the remuneration of directors for the year ending 31 December 2013. It sets out the remuneration policy and remuneration details for the executive and non-executive directors of the Group. It has been prepared in accordance with Schedule 8 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended in August 2013. This is the first time the Group has prepared the report in accordance with the amended Regulations. The report is split into three main areas: the statement by the chairman of the board, the annual report on remuneration and the policy report. The policy report will be subject to a binding shareholder vote at the 2014 Annual General Meeting and the policy will take effect for the financial year beginning on 1 January 2015. The annual report on remuneration provides details on remuneration in the period and some other information required by the Regulations. It will be subject to an advisory shareholder vote at the 2014 Annual General Meeting.

The Companies Act 2006 requires the auditors to report to the shareholders on certain parts of the Directors' remuneration report and to state whether, in their opinion, those parts of the report have been properly prepared in accordance with the Regulations.

THE CHAIRMAN'S ANNUAL STATEMENT

The information provided in this part of the Directors' remuneration report is not subject to audit.

During the year, as part of the legal reorganisation of the Group and in an effort to reduce the operating expenses of the Group it was decided that the board fees payable to each executive and non-executive director would be reduced from €10,000 per annum to €5,000 per annum from 1 January 2014. It was also decided that Johan Volckaerts would no longer be paid any director fees by Global Graphics Software Limited from 1 January 2014.

ANNUAL REPORT ON REMUNERATION

The information provided in this part of the Directors' remuneration report is subject to audit.

The remuneration of the executive and non-executive directors of the Group in respect of services to the Group were as follows:

For the year ended 31 December 2013:

In euros	Salary and fees	Taxable benefits	Bonus	LTIP	Pension	Loss of office	Total
Executive directors							
Johan Volckaerts, Chairman	63,603	-	-	-	-	-	63,603
Gary Fry, CEO	136,716	14,568	80,838	-	17,765	-	249,887
Alain Pronost, CFO (1)	144,176	200	25,000	-	1,801	122,555	293,732
Total executive directors	**344,495**	**14,768**	**105,838**	**-**	**19,566**	**122,555**	**607,222**
Non-executive directors							
Clare Findlay	10,000	-	-	-	-	-	10,000
Pierre Van Beneden	10,000	-	-	-	-	-	10,000
Total non-executive directors	**20,000**	**-**	**-**	**-**	**-**	**-**	**20,000**
Total directors	**364,495**	**14,768**	**105,838**	**-**	**19,566**	**122,555**	**627,222**

For the year ended 31 December 2012:

In euros	Salary and fees	Taxable benefits	Bonus	LTIP	Pension	Loss of office	Total
Executive directors							
Johan Volckaerts, Chairman	63,993	-	-	-	-	-	63,993
Gary Fry, CEO	141,691	13,316	97,951	-	18,063	-	271,021
Alain Pronost, CFO	147,831	200	14,375	-	1,074	-	163,480
Total executive directors	**353,515**	**13,516**	**112,326**	**-**	**19,137**	**-**	**498,494**
Non-executive directors							
Clare Findlay	15,000	-	-	-	-	-	15,000
Pierre Van Beneden	15,000	-	-	-	-	-	15,000
Total non-executive directors	**30,000**	**-**	**-**	**-**	**-**	**-**	**30,000**
Total directors	**383,515**	**13,516**	**112,326**	**-**	**19,137**	**-**	**528,494**

(1) Alain Pronost resigned with effect from 31 December 2013.

Salary and fees are the contracted annual salaries and board fees that are payable. Each director, except for Johan Volckaerts, received board fees of €10,000 for the year (2012: €15,000).

Taxable benefits are car allowance payments and private medical insurance payments.

DIRECTORS' REMUNERATION REPORT (CONTINUED)

ANNUAL REPORT ON REMUNERATION (CONTINUED)

Gary Fry's total available bonus for the year was £90,000 (2012: £90,000) and was allocated as follows:

- 25% against achieving the board approved revenue target;
- 25% against achieving the board approved operating expense target, and
- 50% for project based objectives that were set during the year.

All targets except the revenue target were achieved, resulting in a bonus payment of £67,500 (2012: £80,159). Payment of this amount will be made during 2014 after it has been approved by the board.

All of the amounts in the LTIP (long term incentives plans) column relate to the Company's share option plan. None of the performance conditions attached to the vesting of share options were achieved during the year. Full details of the vesting conditions are detailed below.

Contributions were made to the personal pension schemes of two of the directors (2012: two), in accordance with their employment contracts. The Group operates a defined contribution scheme where contributions are calculated as a percentage of gross salary. There are no defined benefit schemes.

As part of the Group's legal reorganisation, the board approved the terms of a severance agreement with Alain Pronost. The principal terms of the agreement were that his employment with the Group would terminate on 31 December 2013, subject to the performance of certain objectives, primarily the transfer of the place of registration of the parent company from France to the UK he would be paid his full annual bonus entitlement of €25,000 in November 2013 and would be paid a severance payment of €122,555 in January 2014. The severance payment was calculated with reference to the statutory payment due under French law and for a 12 month period of compensation. Both the bonus and severance have been recognised as an expense in the year.

On 12 December 2013, the board voted to re-instate the £60,000 that, as a result of the board's decision on 16 December 2009, had reduced the fixed remuneration gross amount of Gary Fry. The effective date of the change is 1 January 2014 and sets his gross annual salary to £168,826. On the same date it was also voted to reduce the contribution to his defined contribution pension scheme from 15% of annual salary to 9% of annual salary.

Directors and their interests in shares of the Company

Each director must hold a minimum of 100 shares of the Company and all directors have met that minimum requirement.

The directors held the following interests in the shares of Global Graphics SE:

	31 December 2013		31 December 2012	
	Ordinary shares of €0.40 each at	Options over ordinary shares of €0.40 each	Ordinary shares of €0.40 each at	Options over ordinary shares of €0.40 each
Johan Volckaerts	225,766	-	225,766	-
Gary Fry	3,883	400,000	3,883	400,000
Alain Pronost	10,959	-	6,969	25,000
Clare Findlay	110	-	110	-
Pierre Van Beneden	12,180	-	12,180	-

Share options

Executive directors are entitled to participate in the Group's share option and share grant schemes.

Full details of the directors' options over ordinary shares of €0.40 are detailed below:

Director	Grant Date	Vesting Conditions	Exercise Price	At 31 December 2013 Number	At 31 December 2012 Number
Gary Fry	6 August 2008	(a)	€2.08	200,000	200,000
	2 November 2011	(b)	€1.06	200,000	200,000
				400,000	**400,000**
Alain Pronost	17 December 2008	(a)	€2.08	-	12,500
	2 November 2011	(b)	€1.06	-	12,500
				-	**25,000**

Alain Pronost was not an employee or director of the Group at 31 December 2013, so all 25,000 of the options granted to him lapsed during the year because none of the vesting conditions were met.

DIRECTORS' REMUNERATION REPORT (CONTINUED)

ANNUAL REPORT ON REMUNERATION (CONTINUED)

Directors and their interests in shares of the Company (continued)

Share options (continued)

None of the above options are vested or have been exercised. The vesting conditions of the options subsisting at the balance sheet date are:

(a) For options granted in the year ending 31 December 2008:

a. The individual must be either an employee or director of the Group

b. When the 120 trading day average of the reported closing price of the Company's shares reaches:
   i. €4.00, then 25% of the options will vest
   ii. €8.00, then a further 25% of the options will vest, up to 50% of the total
   iii. €12,00, then a further 25% of the options will vest, up to 75% of the total
   iv. €16.00, then all options will vest

c. All unvested options will automatically vest and may therefore be exercised, regardless of whether or not the abovementioned minimum share price conditions are met, should one or several shareholders acting in concert come to hold more voting rights than the Company's reference shareholder, Stichting Andlinger & Co. Euro-Foundation, which held 2,872,011 shares of the Company's shares (27.91% of the Company's share capital) as at 31 December 2013 (' de facto control'), or one third or more of the total number of shares or voting rights attached to the Company's shares ('legal control'), being noted that such threshold was reduced to 30.0% of the total number of shares forming the Company's share capital or the voting rights attached to the Company's shares with effect from 1 February 2011, pursuant to the decrease to that level of the threshold the crossing of which triggers the requirement to initiate a public offer.

(b) For options granted in the year ending 31 December 2011

a. The individual must be either an employee or director of the Group

b. 50% vest when the 20 trading day average of the closing price of the Company's shares reaches €2.00 in any 60 trading day period. The remaining 50% vest when the 20 trading day average of the closing price of the Company's shares reaches €3.00 in any 60 trading day period.

c. An accelerated vesting of these options, regardless of whether or not the abovementioned minimum share price conditions were met, would occur should one or several shareholders acting in concert come to hold more than 30.0% of the total number of shares forming the Company's share capital or of the voting rights attached to such shares.

Share options that vest and are exercised will be satisfied by the creation and allotment of new shares to the option holder.

Free shares granted

On 10 March 2011, 36,000 free shares were granted to Gary Fry with a vesting period of 4 years, i.e. 10 March 2015. From that vesting date Mr Fry will have to retain a minimum of 25% of those shares for as long as he continues as the Company's CEO. Mr Fry is also a participant in the Group's Share Incentive Plan (SIP) (see note 26) through which he has been granted a total of 2,696 free matching shares for his purchase of a total of 1,973 partnership shares.

On 10 March 2011, 4,000 free shares were granted to Alain Pronost, with a vesting period of 2 years, i.e. 10 March 2013. The vesting conditions were met and Mr Pronost was granted 4,000 shares on 26 March 2013 by the Board. As an additional condition of the grant, Mr Pronost must hold the shares for a further 2 years until 10 March 2015

The portions of the share-based compensation expenses which were attributable to the Group's executive directors were:

In thousands of euros	2013	2012
Grant of share options (see above and note 26)	36	49
Grant of free shares (see above and note 26)	14	16
Total	**50**	**65**

DIRECTORS' REMUNERATION REPORT (CONTINUED)

ANNUAL REPORT ON REMUNERATION (CONTINUED)

Performance graph and CEO remuneration table

The information provided in this part of the Directors' remuneration report is not subject to audit.

The following graph shows the Company's share price performance compared with the performance of the BEL ALL-SHARE index from 2 January 2009 to 31 December 2013. This index has been selected for this comparison because it is the index that the Company's shares are included in. No dividends have been paid by the Company, so total shareholder return is the change in share price.

The following table shows the CEO's remuneration and percentage achievement of annual bonuses and long term incentives over the past 5 years:

	2009	2010	2011	2012	2013
Total CEO remuneration (in thousands of euros)	243	212	260	271	250
Annual bonus pay-out against maximum opportunity	31%	56%	81%	89%	75%
Long term incentive vesting rates against maximum opportunity	0%	0%	0%	0%	0%

Percentage change in remuneration of director undertaking the role of chief executive officer

The table below shows the percentage change in remuneration between the years ended 31 December 2013 and 31 December 2012 for the CEO and for all employees of the Group:

	Salary and fees	Taxable benefits	Bonus
CEO	3.00%	0%	0%
Average pay based on all employees	3.37%	0%	0%

Relative importance of spend on pay

The main operating expense of the Group is the cost of its employees due to the nature of the work of the Group. In order to attract and retain staff, pay and reward levels need to be competitive and commensurate with the highly technical skills that are required.

The table below shows the amounts paid to employees and the amounts distributed to shareholders.

In thousands of euros	2013	2012	% change
Staff expenses (see note 12)	6,961	6,858	1.5%
Repurchase of own shares (see note 23)	32	-	-

Statement of implementation of remuneration policy in the following financial year

This is the first year in which the Group is preparing the Directors' remuneration report in accordance with the amended Regulations, so there is nothing to report under this heading.

The remuneration policy will be voted upon during the AGM to be held during 2014.

DIRECTORS' REMUNERATION REPORT (CONTINUED)

REMUNERATION POLICY

The information provided in this part of the Directors' remuneration report is not subject to audit.

The board determines the Group's policy for employee, executive and non-executive remuneration and the individual remuneration packages for executive directors. In setting the remuneration packages, the board considers the pay and benefits that are offered to existing Group employees and the salaries, bonuses and benefits available to directors of comparable companies and the continued commitment to the Group through appropriate long term incentive schemes, such as the award of shares and share options.

The board did not consult with employees when drawing up the remuneration policy set out in this part of the report and no views about the policy have been expressed by shareholders of the Company to the board.

Remuneration of executive directors

Consistent with this policy, remuneration packages awarded to executive directors include a mix of basic salary and performance related remuneration that is designed to incentivise the director to achieve the Group's strategic objectives. The remuneration packages usually include some or all of the following elements:

- base salary, as agreed by the board;
- bonus scheme, with performance measured against annually set targets and personal objectives all reviewed and approved by the board;
- equity, by way of shares and share options;
- other benefits, such as car allowance, company contribution into a personal pension scheme, private medical insurance, life assurance and long term sickness insurance; and
- recruitment fee, notice period for termination of contract or payments for loss of office.

All of the above elements are negotiable between the board and the prospective director.

There are no fixed term contracts and each director must resign and be reappointed at each AGM.

Johan Volckaerts is an exception and does not receive any of the above benefits. The payments made to him during the year ended 31 December 2013 were solely for directors' fees for his role as a director of Global Graphics Software Limited. For the year ending 31 December 2014, Johan Volckaerts will be paid €5,000 for directors' fees for his services as a director of the parent company.

In the forthcoming year the above policy will be applied. The bonus payment for Gary Fry will be divided into 3 elements; 25% of available bonus against achieving the board approved revenue target, 25% of available bonus against achieving the board approved operating expense target and 50% of available bonus for project based objectives that are set during the year.

Remuneration of non-executive directors

The fees paid to non-executive directors are determined by the board. The non-executive directors do not receive any other forms of remuneration or benefits such as medical insurance or pension.

DIRECTORS' REMUNERATION REPORT (CONTINUED)

FUTURE POLICY TABLE

The following table provides a summary of the key components of the remuneration package for executive directors:

Component	Purpose	Operation	Opportunity	Applicable performance measures	Recovery
Salary and fees	Rewards skills and experience and provides the basis for a competitive remuneration package.	Salaries and fees, including recruitment and loss of office payments, are agreed with the director with reference to the role, the individual's experience, and market practice and market data.	100% of contractual salary and fees are paid for services rendered to the Group.	Reviewed annually and executive directors' salaries are generally increased in line with company-wide pay increases.	No provision for recovery or withholding of payments unless breach of contract.
Taxable benefits	Protects against risks and provides other benefits	The provision of benefits to executive directors includes private medical cover, life insurance and ill-health income protection.	100% of the premiums due are paid on behalf of the executive director.	There are no performance measures associated with the benefits other than being a current executive director.	No provision for recovery or withholding of payments unless breach of contract.
Bonuses	Rewards delivery of the near-term business targets set each year, the individual performance of the executive directors in achieving those targets, and contribution to delivering the Group's strategic objectives.	Bonuses are agreed in the employment contract with the executive director. The level of bonus payable is determined based on the role, the individual's experience, and market practice and market data.	A maximum of 100% of the agreed bonus is payable in respect of a bonus year. There is the ability to over-perform on individual elements of the plan and under-perform on others, however, the total bonus payable will not exceed 100% of the available amount.	The performance objectives include both financial and non-financial measures. The financial measures are generally related to revenue and controlling expenses. The non-financial measures generally relate to project based objectives to improve the operation of the business.	Payment of annual bonuses is withheld until the Group's auditors have cleared the audit and the board have approved payment of the bonuses.
Share plans	Rewards execution of the Group's strategy and incentivises growth in shareholder value over a multi-year period.	Initial options are agreed in the employment contract with the executive director. The level of options awarded is determined based on the role, the individual's experience, and market practice and market data.	Subject to achieving the vesting conditions, 100% of the options granted are achievable.	Vesting conditions will be determined at the time the options are granted by the board to meet the current strategic objectives of the Group.	Options are withheld until vesting and any other conditions are met.
Pension	Enables executive directors to build long term retirement savings.	The Group pays defined contributions, based on 9% of gross salary into a group personal pension plan on behalf of the executive director.	100% of the contributions due are paid directly to the pension company on behalf of the executive director.	There are no performance measures associated with the benefits other than being a current executive director.	No provision for recovery or withholding of payments unless breach of contract.

Directors' remuneration report (continued)

FUTURE POLICY TABLE (CONTINUED)

The following table provides a summary of the key components of the remuneration package for non-executive directors:

Component	Purpose	Operation	Opportunity	Applicable performance measures	Recovery
Fees	Attract and retain individuals with the required skills, experience and knowledge so that the board is able to effectively carry out its duties	Fees are paid annually in cash.	100% of contractual salary and fees are paid for services rendered to the Group.	Reviewed annually and increased only in exceptional circumstances.	No provision for recovery or withholding of payments if performance obligations have been fulfilled.

Recruitment remuneration

For the appointment of a new director, the previously mentioned components would be included in their remuneration package and negotiated with consideration of the role, their experience and market data. The fees that may be agreed may include sign-on payments to incentivise the director to take the appointment. These sign-on fees will be negotiated taking into consideration the role, their experience and market data.

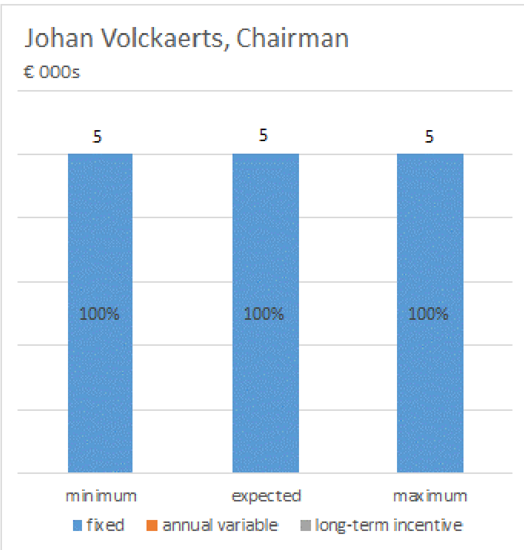
Payment for loss of office

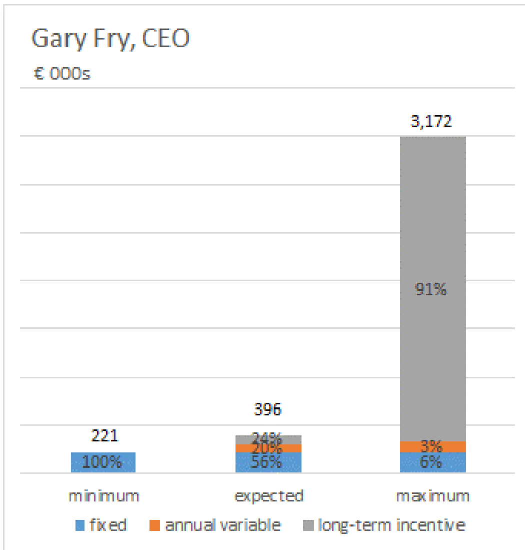
None of the directors are entitled to any specific indemnity which would be due or liable to be due on termination of their appointment. However, Gary Fry is entitled to the payment of salary for a notice period should the Group terminate his employment. The notice period was set to 10 months by the board on 15 December 2009 and amended to 6 months with effect from 1 January 2014.

Executive directors' contracts are available for inspection at 2030 Cambourne Business Park, Cambourne, CB23 6DW, UK.

Application of the policy

The chart below shows the level of remuneration that would be received by the executive directors in accordance with the directors' remuneration policy in the first year to which the policy applies.





The expected level of remuneration assumes that the share price reaches €2.00 during the year for the period of time required for some of Gary Fry's share options to vest and that he achieves 75% of his maximum annual bonus.

The report was approved by the board of directors on 22 April 2014 and signed on its behalf by:

Gary Fry
CEO
22 April 2014

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GLOBAL GRAPHICS SE ONLY

We have audited the financial statements of Global Graphics SE for the year ended 31 December 2013 set out on pages 19 to 50. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as required by Article 61 of the EU Council Regulation (2157/2001/EC) on the Statute for a European Company. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement set out on page 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

OPINION ON FINANCIAL STATEMENTS

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2013 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU;
- the parent company financial statements have been properly prepared in accordance with UK Generally Accepted Accounting Practice;
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with Schedule 8 to The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 made under the Companies Act 2006.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Mark Prince
Senior Statutory Auditor
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Botanic House, 100 Hills Road, Cambridge, CB2 1AR
22 April 2014

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In thousands of euros	Note	For the year ended 31 December 2013	2012
Revenue	7	**7,879**	9,713
Cost of sales		**(318)**	(407)
Gross profit		**7,561**	9,306
Selling, general and administrative expenses		**(3,885)**	(4,284)
Research and development expenses		**(5,774)**	(5,291)
Other operating expenses	8	**(546)**	(50)
Operating loss		**(2,644)**	(319)
Finance income	13	**2**	2
Net finance income		**2**	2
Foreign currency exchange gains/(losses)	13	**408**	(50)
Loss before tax		**(2,234)**	(367)
Tax income	18	**358**	325
Loss for the year attributable to equity holders		**(1,876)**	(42)
Other comprehensive (loss)/income			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences		**(935)**	288
Other comprehensive (loss)/income for the year, net of tax		**(935)**	288
Total comprehensive (loss)/income for the year attributable to equity holders		**(2,811)**	246
(Loss)/earnings per ordinary share			
Basic (loss)/earnings per share	25	**(0.19)**	0.00
Diluted (loss)/earnings per share	25	**(0.18)**	0.00

All activities of the Group in the current and prior years are classed as continuing.

The notes on pages 23 to 44 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In thousands of euros	Note	For the year ended 31 December 2013	2012
ASSETS			
Non-current assets			
Property, plant and equipment	14	**366**	369
Other intangible assets	15	**4,233**	5,225
Goodwill	16	**6,845**	6,984
Financial assets	17	**104**	110
Deferred tax assets	18	**71**	44
Total non-current assets		**11,619**	12,732
Current assets			
Inventories	19	**8**	17
Current tax assets		**54**	51
Trade and other receivables	20	**1,481**	1,984
Other current assets	21	**42**	75
Prepayments		**407**	484
Cash and cash equivalents	22	**1,286**	2,252
Total current assets		**3,278**	4,863
TOTAL ASSETS		**14,897**	17,595
EQUITY AND LIABILITIES			
Equity attributable to owners of the Parent			
Share capital	23	**4,116**	4,116
Share premium	23	**249**	28,737
Share-based payments reserve		**3,334**	3,244
Treasury shares	23	**(1,017)**	(1,186)
Accumulated profit/(deficit)		**17,885**	(8,528)
Foreign currency translation reserve		**(11,490)**	(10,555)
Total equity		**13,077**	15,828
Liabilities			
Non-current liabilities			
Other non-current liabilities		**-**	2
Total non-current liabilities		**-**	2
Current liabilities			
Current tax liabilities		**47**	22
Trade and other payables		**203**	269
Other current liabilities		**976**	821
Customer advances and deferred revenue	24	**594**	653
Total current liabilities		**1,820**	1,765
Total liabilities		**1,820**	1,767
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**14,897**	17,595

The notes on pages 23 to 44 are an integral part of these consolidated financial statements.

These financial statements on pages 19 to 22 were approved and authorised for issue by the board of directors on 22 April 2014 and were signed on its behalf by:

Gary Fry
Director
Company registered number: SE000077

CONSOLIDATED STATEMENT OF CASH FLOWS

		For the year ended 31 December	
In thousands of euros	**Note**	**2013**	**2012**
Cash flows from operating activities			
Net loss for the year		**(1,876)**	(42)
Adjustments to reconcile net loss to net cash:			
- Depreciation of property, plant and equipment	14 & 17	**196**	188
- Amortization and impairment of other intangible assets	15	**2,126**	1,872
- Share-based remuneration expenses	26	**90**	120
- Change in the amount of provisions		**(50)**	50
- Net interest income	13	**(2)**	(2)
- Net foreign currency exchange (gains)/losses	13	**(408)**	50
- Income tax benefit	18	**(358)**	(325)
- Expenses relating to share-based plans		**-**	(5)
- Change in non-current liabilities		**(2)**	0
Exchange rate differences		**(78)**	(76)
Other items		**25**	7
Change in operating assets and liabilities :			
- Inventories	19	**9**	6
- Trade receivables	20	**503**	(232)
- Current tax assets		**(3)**	(40)
- Other current assets	21	**33**	(13)
- Prepaid expenses		**77**	(3)
- Trade payables		**(66)**	4
- Current tax liabilities		**25**	(39)
- Other current liabilities		**155**	(36)
- Customer advances and deferred revenue	24	**(59)**	(93)
Cash received for interest income during the year		**2**	2
Cash received (paid) during the year for current tax		**338**	277
Net cash flow from operating activities		**677**	1,670
Cash flows from investing activities			
Capital expenditures on property, plant & equipment	14	**(200)**	(106)
Capital expenditures on other intangible assets		**-**	(6)
Capitalization of development expenses	15	**(1,252)**	(1,630)
Net cash flow used in investing activities		**(1,452)**	(1,742)
Cash flows from financing activities			
Own share repurchases	23	**(32)**	-
Proceeds from the sale of own shares		**2**	-
Net cash flow used in financing activities		**(30)**	-
Net decrease in cash		**(805)**	(72)
Cash and cash equivalents at 1 January		**2,252**	2,315
Effect of exchange rate fluctuations on cash at 1 January		**(161)**	9
Cash and cash equivalents at 31 December		**1,286**	2,252

The notes on pages 23 to 44 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In thousands of euros	Note	Share capital	Share premium	Share-based payments reserve	Treasury shares	Accumulated profit/ (deficit)	Foreign currency translation adjustment	Total equity
Balance at 31 December 2011		**4,116**	**28,747**	**3,124**	**(1,191)**	**(8,486)**	**(10,843)**	**15,467**
Total comprehensive income/(loss)								
Net loss for the year		-	-	-	-	(42)	-	(42)
Total other comprehensive income		-	-	-	-	-	288	288
Total comprehensive income/(loss)		**-**	**-**	**-**	**-**	**(42)**	**288**	**246**
Transactions with owners								
Share option plans related expenses	26	-	(10)	120	-	-	-	110
Own share grants (repurchases)	23,26	-	-	-	5	-	-	5
Total transactions with owners		**-**	**(10)**	**120**	**5**	**-**	**-**	**115**
Balance at 31 December 2012		**4,116**	**28,737**	**3,244**	**(1,186)**	**(8,528)**	**(10,555)**	**15,828**
Total comprehensive income/(loss)								
Net loss for the year		-	-	-	-	(1,876)	-	(1,876)
Total other comprehensive loss		-	-	-	-	-	(935)	(935)
Total comprehensive loss		**-**	**-**	**-**	**-**	**(1,876)**	**(935)**	**(2,811)**
Transactions with owners								
Transfer to accumulated deficit	23		(28,548)			28,548		-
Share option plans related expenses	26	-	-	90	-	-	-	90
Own share grants (repurchases)	23,26	-	60	-	169	(259)	-	(30)
Total transactions with owners		**-**	**(28,488)**	**90**	**169**	**28,289**	**-**	**60**
Balance at 31 December 2013		**4,116**	**249**	**3,334**	**(1,017)**	**17,885**	**(11,490)**	**13,077**

The notes on pages 23 to 44 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. REPORTING ENTITY

Global Graphics SE (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.

The Company is a European Company, or 'Societas Europaea' (SE), registered in England and Wales, domiciled in the United Kingdom and is quoted on NYSE Euronext in Brussels. The Company's registered office address is 2030, Cambourne Business Park, Cambourne, Cambridge, CB23 6DW.

2. BASIS OF PREPARATION

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRSs') and related interpretations issued by the International Accounting Standards Board ('IASB'), as adopted by the European Union ('EU'), IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

These consolidated financial statements were authorised for issue by the Company's board of directors on 22 April 2014.

Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis, except 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 4 below.

Functional and presentation currency

These consolidated 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 consolidated financial statements in conformity 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.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in note 5.

Going concern

On the date these consolidated financial statements were approved, based on their review of cash flow projections prepared by management for the years ending 31 December 2014 and 2015, 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, notably because of a cash position of €1.286 million as at 31 December 2013 (2012: €2.252 million), the absence of any outstanding debt and the additional cash inflows generated by the new contract announced on 4 March 2014.

3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the presentation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of consolidation

Subsidiaries
Subsidiaries are all entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation (continued)

Transactions eliminated on consolidation
Inter-company balances and transactions, and any unrealised income and expenses arising from inter-company transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Foreign currency translation

Foreign currency transactions
Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are generally recognised in profit or loss.

Translation of financial statements of foreign operations
The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to euro at exchange rates at the reporting date. The income and expenses of foreign operations are translated on a monthly basis to euro at average exchange rates for each month.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity.

Financial instruments

Non-derivative financial instruments
Non-derivative financial instruments comprise trade receivables, current tax and other current assets, cash, trade payables, current tax liabilities and other liabilities, as well as customer advances and deferred revenue. Non-derivative financial instruments are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

Derivative financial instruments
The Group only uses derivative financial instruments (notably foreign currency forward and option contracts) to manage its exposure to foreign exchange risk. In accordance with guidelines established by the board, the Group does not permit the use of derivative financial instruments for speculative purposes.

Derivative financial instruments are initially recognised at fair value at the date the derivative contract is entered into and are subsequently re-measured to their fair value at each balance sheet date. The resulting gain or loss is recognised in the income statement immediately. The Group's derivative contracts do not qualify for hedge accounting. At 31 December 2013 the Group had no derivative financial instrument contracts in place.

Property, plant and equipment

Property, plant and equipment are stated at cost, net of depreciation and any provision for impairment in value. Ongoing repairs and maintenance are expensed as incurred. Depreciation is provided on all property, plant and equipment, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected economic useful life. Depreciation is recognised within operating expenses within the consolidated income statement.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

• leasehold improvements	3 to 10 years, or the remaining lease term
• computer and office equipment	3 to 5 years
• office furniture and other items	3 to 5 years

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Goodwill and intangible assets

Goodwill

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets acquired, equity instruments issued and liabilities incurred or assumed at the date of exchange of control. For acquisitions before IFRS3 (revised) became effective, costs directly attributable to the acquisition are also included. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units for the purposes of impairment testing. Goodwill is no longer amortised but is tested annually for impairment or more frequently if facts and circumstances warrant a review. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity, if any.

Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

Trademarks, know-how, patents and patent applications

Trademarks, know-how, as well as patent and patent applications are carried at historical cost (which was estimated to be their fair value on the purchase date by the Group) less accumulated amortisation. Amortisation is calculated over their useful estimated lives from respective acquisition dates, as follows:

- trademarks 10 years
- patents and patent applications 3 to 10 years
- know-how 1 year

Customer contracts

Customer contracts are carried at historical cost less accumulated amortisation. Amortisation is calculated over the useful estimated lives of the respective contracts, over periods ranging from one to three years from respective acquisition dates.

Computer software technology

Computer software technology is capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives from respective acquisition dates over periods ranging from three to five years. Costs associated with enhancing or maintaining existing computer software technology and programmes are recognised as an expense when incurred.

Capitalised software development costs

Direct costs incurred on software development projects relating to the design and testing of new or improved products and technology are recognised as intangible assets when all of the following criteria are met:

- it is technically feasible to complete the intangible asset so that it will be available for use
- management intends to complete the intangible asset, and use or sell it
- the Group has the ability to use or sell the intangible asset
- it can be demonstrated how the intangible asset will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available
- the expenditure attributable to the intangible asset during its development may be reliably measured

Capitalised development costs recognised as intangible assets are amortised from the point the asset is ready for use on a straight-line basis over its estimated useful life. Currently, the maximum estimated useful life is set at 10 years. The amortisation charge is included in research and development expenses in the income statement.

Other development expenditures that do not meet these criteria are recognised as an expense when incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of non-current assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered any impairment. If any such indication exists, the recoverable amount of the asset (being the higher of fair value less costs to sell and value in use) is estimated in order to determine the extent of any impairment. Any impairment loss is recognised as an expense in the income statement in the period in which it was identified. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised through the income statement.

Impairment of financial assets

Financial assets are assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or a cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of assets ('cash-generating unit'). An impairment loss is recognised if the carrying amount of an asset or a cash-generating unit exceeds its estimated recoverable amount.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then, to reduce the carrying amount of the other assets in the unit on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss had decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount, but only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised.

Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories is based on the first-in, first-out principle, and includes expenditures incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs expected to be incurred to complete the sale.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently held at amortised cost using the effective interest rate method, less provision for impairment. Trade receivables are first assessed individually for impairment, or collectively where the receivables are not individually significant. Where there is no objective evidence of impairment for an individual receivable, it is included in a group of receivables with similar credit risk characteristics and these are collectively assessed for impairment. Movements in the provision for doubtful debts are recorded in the income statement within selling, general and administrative expenses.

Cash

Cash comprises cash in hand and deposits held at call with banks at each reporting date.

Share capital

Ordinary shares

Ordinary shares, which are the only class of shares issued by the Company, are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares (whether they are resulting from the exercise of share options or not) are recognised as a deduction from equity, net of any tax effects. Incremental costs directly attributable to the issue of new shares in the case of the acquisition of a business are included in the cost of acquisition as part of the purchase consideration.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Share capital (continued)

Own share repurchases
When share capital recognised in equity is repurchased, the consideration paid, including directly attributable costs, net of any tax effects, is recognized as a deduction from equity. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity. Any resulting surplus over the purchase price is transferred to share premium and any deficit is transferred to retained earnings.

Current liabilities

Trade payables and other current liabilities are recognised initially at fair value and are subsequently measured at amortised cost, using the effective interest method. Trade payables and other current liabilities with a short duration are not discounted, as the carrying amount is a reasonable approximation of fair value.

Employee benefits

Pension obligations
Contributions to the Group's defined contribution pension schemes and employees' personal pension plans are charged to the income statement as employee benefit expenses when they are due. The Group has no further payment obligation once the contributions have been paid.

Termination benefits
Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal, detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be measured reliably.

Other short-term employee benefits
Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount to be paid under short-term cash bonus or commission plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be measured reliably.

Share-based payments
The Group operates equity-settled, share-based compensation plans, consisting of a share option plan and share grant plans, which allow employees to acquire shares of the Company. The fair value of the options and shares granted is recognised as an employee expense, with a corresponding increase in equity, and is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options or shares. The fair value of the options granted is measured using an appropriate valuation model, taking into account the terms and conditions upon which the options were granted. At each reporting date, the amount recognised as an expense is adjusted to reflect the actual number of share options or shares for which the related service and non-market conditions are met. The proceeds received, net of any directly attributable transaction costs, are credited to share capital for the par value of the shares issued and to share premium for the balance, when the share options are exercised.

Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly. Future operating costs are not provided for.

Revenue recognition

The Group typically sells its 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 has 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 date of the agreement. These agreements may also provide for the delivery of engineering services to ensure a seamless integration of the Group's software into the customer's products.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (continued)

Fees from arrangements involving licenses, post-contract customer support, and other related services such as training, are allocated to the multiple elements of the arrangements based on vendor-specific objective evidence ('VSOE') of fair value of each of the elements of the arrangements. VSOE of fair value is typically established by the price charged when the same element is sold separately.

Revenues from software licenses or non-refundable minimum royalty agreements are recognised upon satisfaction of all of the following criteria:

- signing of the license agreement
- no additional significant production, modification or customisation of the software is required
- delivery of the software has occurred
- the fee is fixed and determinable

In a multiple element arrangement whereby VSOE of fair value of all undelivered elements exists but VSOE of fair value does not exist for one or more delivered elements, revenue is recognised using the residual method. Under the residual method, the fair value of undelivered elements is deferred and the remaining portion of the arrangement fee is recognised as revenue, assuming all other criteria for revenue recognition have been met.

Revenues from perpetual licenses relating to software integrated into a customer's product are recognised in the period in which the delivery to the end-customer takes place and based on customer-usage reports, at which point there is no further delivery obligation of the Group. Revenue from time-limited licenses to use the software is recognised rateably over the period of the license, starting at the commencement of the license period. All license fees are non-refundable.

Revenues from post-contract customer support ('PCS') elements are recognised rateably over the related PCS period.

Revenues from consulting, engineering fees and training are recognised as the services are performed. Amounts received in advance of the related services being performed are included in deferred revenue and recognised in revenue only when the services are performed.

Fees from long-term contracts related to the development of software and supporting solutions at fixed prices are allocated to the product and support elements of those contracts based on the relative fair value of each element. Revenue from product elements is recognised using the percentage of completion method. The percentage of completion is usually determined based on the number of hours incurred to date in relation to the total hours expected to complete the work. The cumulative impact of any revision in estimates of the percentage completed is reflected in the period in which the changes become known. Any excess of progress billings over revenue recognised is deferred and included in deferred revenue.

Cost of goods sold and services rendered

Cost of goods sold and services rendered includes product packaging, royalties paid to third parties, excess and obsolete inventory, purchased intangible assets amortisation for software technology and patents acquired in business combinations, as well as any other costs (including employee benefits) associated with the direct manufacturing of the Group's software products and solutions.

Tax

Tax expense comprises current and deferred tax.

Current tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous tax years.

Deferred tax is recognised using the balance sheet liability method on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, or differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. 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 by the reporting date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, they relate to income taxes levied by the same tax authority on the same taxable entity, and have similar maturities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Earnings per share

The Group presents basic and diluted earnings per share ('EPS') data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding for the effects of all potential dilutive ordinary shares.

Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group's chief operating decision-maker has been identified as the Group's Chief Executive Officer.

Goodwill has been allocated by management to groups of cash-generating units at a segment level. Goodwill existing at 1 January 2009 has been fully allocated to the Print segment as it relates to acquisitions of assets made in the area of printing software in the years ended 31 December 1999 and 2000.

There has been no further impact on the measurement of the Group's assets and liabilities as at 1 January 2009. Assets and liabilities are allocated based on the operations of the reportable segments. Items such as deferred tax assets, current assets (excluding trade receivables) and current liabilities (excluding customer advances and deferred revenue) are not allocated to any of the Group's reportable segments.

Effect of interpretations and amendments to existing and new standards

For the purposes of the preparation of these consolidated financial statements, the Group has applied all standards and interpretations that are effective for accounting periods beginning on or after 1 January 2013.

No new standards, amendments or interpretations to existing standards that have been published and that are mandatory for the Group's accounting periods beginning on or after 1 January 2013, or later periods, have been adopted early. The directors do not consider that the adoption of these standards and interpretations would have a material impact on the Group's financial statements.

New standards which were not adopted by the Group in 2013
Certain new standards, amendments and interpretations to existing standards which are mandatory for the Group's accounting periods beginning on or after 1 January 2014, but may be applied early, have not been applied by the Group when preparing its consolidated financial statements for the year ended 31 December 2013. Those which may have an effect on the Company's consolidated financial statements are the following:

- Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS27) requires qualifying investment entities to account for their investments in controlled investees at fair value through profit and loss in accordance with IAS 39. The Group expects that their impact on the Group's consolidated financial statements should be limited in the absence of any joint arrangement or interest in other entities.
- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) clarifies the circumstances under which offsetting may be applied. The Group does not have any financial instruments that qualify for offsetting and expects there to be no impact on the Group's financial statements.
- Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36) reverses the unintended requirement in IFRS 13 Fair Value Measurement to disclose the recoverable amount of every cash-generating unit to which significant goodwill or indefinite-lived intangible assets have been allocated. Under the amendments, the recoverable amount is required to be disclosed only when an impairment loss has been recognised or reversed.
- IFRIC 21 Levies clarifies the timing of when an entity recognises the liability for a levy. The Group is currently not subject to any levies and expects there to be no impact on the Group's financial statements.
- Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39) adds a limited exception to IAS 39 to provide relief from discontinuing an existing hedging relationship when a novation that was not contemplated in the original hedging documentation meets specific criteria. The Group generally does not enter into hedging arrangements and expects there to be no impact on the Group's financial statements.
- Defined Benefit Plans Employee Contributions (Amendments to IAS 19) introduces a relief that will reduce the complexity and burden of accounting for certain contributions from employees or third parties. The Group does not operate any defined benefit plan and expects there to be no impact on the Group's financial statements.
- IFRS 9, Financial Instruments, which will be mandatory for the Group's accounting periods beginning on or after 1 January 2015 (assuming it has been endorsed by the EU in the meantime), may result in changes in the classification and measurement of financial assets. The Group does not intend to adopt this standard early and has not assessed the effect it may have on the Group's consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. DETERMINATION OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Goodwill and other intangible assets
The fair value of goodwill and other intangible assets which were acquired in business combinations is based on the discounted cash flows expected to be derived from the use of these intangible assets.

Derivative financial instruments
At a given reporting date, the fair value of forward exchange contracts is based on their listed market prices whereas the fair value of foreign currency forward and option contracts is based on quotes provided by the financial intermediaries that are the Group's counterparties in those transactions.

Non-derivative financial instruments
The carrying values less impairment provision of trade receivables, current tax assets, other current assets, cash, trade payables, current tax liabilities, other current liabilities, as well as customer advances and deferred revenue, are assumed to approximate their fair values at each of the balance sheet dates presented herein.

Share-based payments
The fair value of share options which have been granted since 1 January 2008 was estimated by an independent valuation adviser using a Monte Carlo valuation model. Measurement inputs include the share price on the measurement date, the exercise price of the share option, the expected volatility (based on weighted average historic volatility for the Company's share price), the weighted average expected life of the option (based on historical experience and general option holder behaviour), the expected absence of dividends, and a risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value of the options.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial information in conformity with IFRS requires the directors to make critical accounting estimates and judgements that affect the application of policies and reported amounts of assets and liabilities, income and expenses. An assessment of the impact of these estimates and judgements on the financial statements is set out below.

Estimates and judgements 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. Actual results could differ from these estimates and any subsequent changes are accounted for with an effect on income at the time such updated information is available.

Fair values for employee share schemes
The establishment of fair values in respect of employee services received in exchange for share options require the exercise of judgement and estimation in respect of the life of the option, the expected dividend yield and, in particular, the expected volatility of the underlying shares. A calculated value for the latter may not accurately reflect the future share price movements given the Group's stage of development, whilst a value benchmarked against peers may not control for factors unique to either business.

Assessing whether development costs meet the criteria for capitalisation
The point at which development costs meet the criteria for capitalisation is critically dependent on management's judgement of the point at which technical feasibility is demonstrable. Furthermore, the useful economic lives of capitalised development costs are based on management's knowledge of the life cycle of the Group's products and technology. The carrying value of development assets also depends on management's ability to demonstrate the future economic benefits they will deliver. This judgement requires assumptions about factors outside the business's control such as medium term economic conditions, technological developments and market changes.

Assessing the amount of deferred tax asset that has been recognised
The amount of the deferred tax asset included in the balance sheet of the Group is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. In estimating the amount of the deferred tax asset that may be recognised the directors make judgements, based on current budgets and forecasts, about the amount of future taxable profits and the timing of when these will be realised.

Assessing whether capitalised development costs and goodwill have been impaired
The Group tests annually whether the capitalised development costs and goodwill have been impaired by reference to expected future generation of cash from the relevant products incorporating the technologies developed. In estimating the cash the capitalised development costs may generate the directors make judgements, based on budgets and forecasts, about the amount of future profits from the relevant products that will be generated and the timing of when these will be realised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. OPERATING SEGMENTS

Identification of reportable segments

Management has determined the operating segments based on the 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.

Two segments were identified: the Print segment, for printing software activities, and the eDoc segment, for electronic document technology activities.

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

The following tables provide information on sales and costs for each of the Group's operating segments for the years ended 31 December 2012 and 31 December 2013:

Year ended 31 December 2013:

In thousands of euros	Print	eDoc	Unallocated	Total
Segmental measure of profit				
Revenue from external customers	5,678	2,201	-	7,879
Cost of sales	(202)	(62)	(54)	(318)
Gross profit/(loss) for the year	**5,476**	**2,139**	**(54)**	**7,561**
Segmental balance sheet items				
Non-current assets (see notes 15 and 16)	9,833	1,198	588	11,619
Current assets	897	592	1,789	3,278
Total assets	**10,730**	**1,790**	**2,377**	**14,897**
Non-current liabilities	-	-	-	-
Current liabilities	543	51	1,226	1,820
Total liabilities	**543**	**51**	**1,226**	**1,820**

Year ended 31 December 2012:

In thousands of euros	Print	eDoc	Unallocated	Total
Segmental measure of profit				
Revenue from external customers	7,754	1,959	-	9,713
Cost of sales	(270)	(82)	(55)	(407)
Gross profit/(loss) for the year	**7,484**	**1,877**	**(55)**	**9,306**
Segmental balance sheet items				
Non-current assets (see notes 15 and 16)	10,566	1,642	524	12,732
Current assets	1,396	588	2,879	4,863
Total assets	**11,962**	**2,230**	**3,403**	**17,595**
Non-current liabilities	-	-	2	2
Current liabilities	587	67	1,111	1,765
Total liabilities	**587**	**67**	**1,113**	**1,767**

There are no inter-segment revenues. Operating costs are not allocated to a segment due to the cross-segment nature of the work performed by staff. Unallocated assets and liabilities include cash and cash equivalents, deferred tax balances, current tax, VAT, prepaid expenses and trade payables.

Reconciliation of reportable segments' measure of profit to loss before tax:

In thousands of euros	2013	2012
Gross profit from above	7,561	9,306
Selling, general and administrative expenses	(3,885)	(4,284)
Research and development expenses	(5,774)	(5,291)
Other operating expenses (see note 8)	(546)	(50)
Financial expenses, net of financial income (see note 13)	410	(48)
Loss before tax	**(2,234)**	**(367)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. REVENUE

The Group typically sells its 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 has 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 date of the agreement. These agreements may also provide for the delivery of engineering services to ensure a seamless integration of the Group's software into the customer's products.

In thousands of euros	2013	2012
License royalties	6,794	8,523
Maintenance and after-sale support services	1,025	1,129
Engineering services	49	61
Other items	11	-
Total sales	**7,879**	**9,713**

In thousands of euros	2013	2012
United Kingdom	234	262
Europe, excluding United Kingdom	380	592
North America (United States and Canada)	5,088	6,424
Asia (including Japan)	2,177	2,375
Rest of the world	-	60
Total sales	**7,879**	**9,713**

In 2013, the ten largest customers represented 64.8% (2012: 68.5%) of the Group's revenue, the five largest customers represented 51.2% (2012: 55.4%) of the Group's revenue and the single largest customer represented 19.0% (2012: 22.0%) of the Group's revenue. Two customers (2012: three) each represented more than 10% of the Group's revenue. One (2012: two) was included in the Print segment and one (2012: one) was included in the eDoc segment.

8. OTHER EXPENSES

Non-recurring expenses incurred during the year were:

In thousands of euros	2013	2012
Liquidation of Indian subsidiary	(15)	50
Group legal reorganisation	436	-
Redundancy expenses	125	-
Total other expenses	**546**	**50**

9. OPERATING EXPENSES BY NATURE

In thousands of euros	2013	2012
Employee benefit expense (see note 12)	6,961	6,858
Depreciation and amortisation expenses (see notes 14, 15 and 17)	2,314	2,052
Rent expenses	369	381
Other operating expenses, net of other operating income	561	334
Total operating expenses	**10,205**	**9,625**

10. SERVICES PROVIDED BY THE GROUP'S AUDITOR

Due to the relocation of the parent company from France to the UK, there was a change in the auditor during the year from KPMG SA and Secef Sarl in France to KPMG LLP in the UK.

In thousands of euros	2013	2012
Previous auditor		
For the audit of Parent and Consolidated Financial Statements	-	77
For other services provided:		
- audit of financial statements of subsidiaries of the company	-	-
- audit-related assurance services	28	28
- all other services	13	12
Total fees payable to the Group's previous auditor and its associates	**41**	**117**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. SERVICES PROVIDED BY THE GROUP'S AUDITOR (CONTINUED)

In thousands of euros	2013	2012
Current auditor		
For the audit of Parent and Consolidated Financial Statements	25	-
For other services provided:		
- audit of financial statements of subsidiaries of the company	20	47
- audit-related assurance services	21	23
- all other services	10	-
Total fees payable to the Group's current auditor and its associates	**76**	**70**

The audit-related assurance services provided by the current auditor were for the review of the half year numbers on behalf of the previous auditor. The fees paid during the year to the current auditor for all other services were for work involved with the change in residency of the parent company during the year.

11. REMUNERATION OF DIRECTORS

The aggregate amount of remuneration (all salary, fees and bonuses, sums paid by way of expense allowance and money value of other non-cash benefits) paid or receivable by directors for the year was €607,656 (2012: €509,357).

The aggregate value of gains made by directors during the year on the exercise of share options was €nil (2012: €nil).

The aggregate value of assets awarded to directors under long term incentive schemes during the year was €5,720 (2012: €nil).

The Group only operates defined contribution pension schemes. During the year, for two (2012: two) directors, €19,566 (2012: €19,137) of pension contributions were paid.

12. EMPLOYEE INFORMATION

The average number of people, including executive directors, employed by the Group during the year was:

	2013	2012
By activity		
Research and development	46	45
Sales and support	19	21
General and administrative	12	12
Total average number of people employed	**77**	**78**

The aggregate costs for the above persons during the year were:

In thousands of euros	2013	2012
Wages and salaries	5,416	5,418
Compulsory social security contributions	603	568
Medical insurance contributions	311	263
Pension contributions to defined contribution plans	486	441
Share-based payments (see note 26)	90	120
Other employee related expenses	55	48
Total employee benefit expenses	**6,961**	**6,858**

13. FINANCE INCOME AND FINANCE COSTS

In thousands of euros	2013	2012
Interest income	2	2
Finance income	**2**	**2**
Foreign exchange gains/(losses) on transactions and revaluations	408	(51)
Fair value gains on foreign currency option contracts	-	1
Foreign exchange gain/(loss)	**408**	**(50)**
Net finance income/(costs)	**410**	**(48)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. PROPERTY, PLANT AND EQUIPMENT

In thousands of euros	Leasehold improvements	Computer equipment	Office equipment	Office furniture	Other items	Total
Cost						
At 1 January 2012	560	1,221	23	310	747	2,861
Additions	9	70	-	-	27	106
Disposals	-	-	-	-	-	-
Effect of movement in exchange rates	12	20	(1)	2	16	49
At 31 December 2012	**581**	**1,311**	**22**	**312**	**790**	**3,016**
At 1 January 2013	581	1,311	22	312	790	3,016
Additions	39	144	-	-	17	200
Disposals	-	(4)	(2)	-	-	(6)
Effect of movement in exchange rates	(11)	(26)	-	(8)	(17)	(62)
At 31 December 2013	**609**	**1,425**	**20**	**304**	**790**	**3,148**
Accumulated depreciation						
At 1 January 2012	294	1,106	19	302	699	2,420
Charge for the year	62	84	1	4	36	187
Disposals	-	-	-	-	-	-
Effect of movement in exchange rates	6	17	(1)	3	15	40
At 31 December 2012	**362**	**1,207**	**19**	**309**	**750**	**2,647**
At 1 January 2013	362	1,207	19	309	750	2,647
Charge for the year	68	98	1	2	27	196
Disposals	-	(2)	(2)	-	-	(4)
Effect of movement in exchange rates	(2)	(31)	-	(8)	(16)	(57)
At 31 December 2013	**428**	**1,272**	**18**	**303**	**761**	**2,782**
Net book value						
At 31 December 2012	219	104	3	3	40	369
At 31 December 2013	**181**	**153**	**2**	**1**	**29**	**366**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. OTHER INTANGIBLE ASSETS

In thousands of euros	Software technology	Customer contracts	Patents	Trademarks	Know-how	Total
Cost						
At 1 January 2012	28,203	14,413	2,712	619	150	46,097
Additions	1,630	-	6	-	-	1,636
Effect of movement in exchange rates	651	342	64	15	4	1,076
At 31 December 2012	**30,484**	**14,755**	**2,782**	**634**	**154**	**48,809**
At 1 January 2013	30,484	14,755	2,782	634	154	48,809
Additions	1,252	-	-	-	-	1,252
Effect of movement in exchange rates	(587)	(295)	(55)	(13)	(3)	(953)
At 31 December 2013	**31,149**	**14,460**	**2,727**	**621**	**151**	**49,108**
Accumulated amortisation and impairment						
At 1 January 2012	22,930	14,413	2,655	619	150	40,767
Charge for the year	1,701	-	8	-	-	1,709
Impairment	163	-	-	-	-	163
Effect of movement in exchange rates	521	342	63	15	4	945
At 31 December 2012	**25,315**	**14,755**	**2,726**	**634**	**154**	**43,584**
At 1 January 2013	25,315	14,755	2,726	634	154	43,584
Charge for the year	2,118	-	8	-	-	2,126
Effect of movement in exchange rates	(470)	(295)	(54)	(13)	(3)	(835)
At 31 December 2013	**26,963**	**14,460**	**2,680**	**621**	**151**	**44,875**
Net book value						
At 31 December 2012	5,169	-	56	-	-	5,225
At 31 December 2013	**4,186**	**-**	**47**	**-**	**-**	**4,233**

Software technology is internally generated from the capitalisation of development costs.

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.

Intangible assets that are subject to amortization (i.e. those arising from the capitalisation of development costs in accordance with criteria set in IAS 38, Intangible Assets) are reviewed for impairment whenever events or changes in accounting estimates indicate that the carrying amount may not be recoverable. The calculations are based on the discounted cash flows over the remaining period of amortisation of the capitalised development expense and use the same discount rate and exchange rates that were used for the impairment review of Goodwill (see note 16).

There was no significant change during the year to the calculations and assumptions used at 31 December 2012 to identify any requirement to impair any of these intangible assets. It was concluded that no impairment was required for the year ended 31 December 2013 (2012: €163,000).

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	2013	2012
Harlequin RIP	Between 2.6 years and 6.2 years	2,431	3,044
Jaws RIP	3.2 years	557	538
Total Print segment		**2,988**	**3,582**
EDL	3.6 years	638	798
gDoc applications	Between 4 months and 4.2 years	560	789
Total eDoc segment		**1,198**	**1,587**
Total software technology		**4,186**	**5,169**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. GOODWILL

In thousands of euros	Harlequin asset purchase	Ansyr asset purchase	Total
Cost			
At 1 January 2012	12,877	14	12,891
Effect of movement in exchange rates	306	(1)	305
At 31 December 2012	**13,183**	**13**	**13,196**
At 1 January 2013	13,183	13	13,196
Effect of movement in exchange rates	(263)	-	(263)
At 31 December 2013	**12,920**	**13**	**12,933**
Accumulated amortisation or impairment			
At 1 January 2012	6,055	14	6,069
Effect of movement in exchange rates	144	(1)	143
At 31 December 2012	**6,199**	**13**	**6,212**
At 1 January 2013	6,199	13	6,212
Effect of movement in exchange rates	(124)	-	(124)
At 31 December 2013	**6,075**	**13**	**6,088**
Net book value			
At 31 December 2012	6,984	-	6,984
At 31 December 2013	**6,845**	**-**	**6,845**

The Group is required to test annually whether goodwill and other intangible assets with indefinite useful lives have suffered any impairment during the year in accordance with the policy set out in note 3 above.

The Print and eDoc segments were identified as the cash-generating units (CGUs) of the business as this is the lowest level for which there were separately identifiable cash flows. Goodwill is fully allocated to the Print segment for the purpose of impairment testing.

As in prior years, the recoverable amount of the Print CGU has been determined using an estimate of its fair value as at 31 December 2013. These calculations employed cash flow projections based on financial forecasts approved by management covering a seven-year period ending 31 December 2020. The financial forecasts are most sensitive to changes in the customer base and associated revenues and to changes in staff costs. Revenues were forecasted for each customer in their invoice currency and were based on historical trends and anticipated growth from recent contracts that are not yet shipping. Some declines in revenues for some customers were forecast and the contract win that was announced on 4 March 2014 was also factored in. Staffing levels were reviewed against the additional revenue and an average 3% increase in staff costs was applied to account for future potential pay increase that could be awarded to employees.

Projected cash flows were converted into euros based on the rates used for preparing the Group's budget for the year ending 31 December 2014. The exchange rates were determined with reference to HSBC market forecasts and were 1.1750 euros for 1 pound sterling, 1.3100 US dollars for 1 euro, and 125 Japanese yen for 1 euro. The terminal value was determined based on the perpetual growth method using a perpetual growth rate of 1.0%.

Management considers the use of a seven year forecast is justified because the core of the products and technology that make up the Print segment have been in existence for 25 years and are typically sold under long term contracts. The Group's technology has evolved to meet the changing requirements of the print industry and it continues to do so. The continual shift to digital printing continues to create new opportunities for the Group and the products that make up the Print segment.

The discount rate used to value the future cash flows was calculated as below:

	2013	2012
Risk free rate (UK Treasury Gilts)	2.35%	1.41%
Equity risk premium	5.00%	5.00%
Equity risk premium for micro caps	3.89%	3.89%
Cost of capital	**11.24%**	**10.30%**
Industry average debt level	Nil	Nil
Estimated net debt cost	Not applicable	Not applicable
Weighted average cost of capital	**11.24%**	**10.30%**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. GOODWILL (CONTINUED)

Summary of the impairment review:

In thousands of euros	2013	2012
Net book value of goodwill	6,845	6,984
Net book value of Print segment intangible assets (see note 15)	2,988	3,582
Net book value of Print segment current assets (see note 6)	897	1,396
Net book value of Print segment current liabilities (see note 6)	(543)	(587)
Net book value of Print segment net assets	**10,187**	**11,375**
Calculated fair value of the Print CGU	**14,098**	**12,954**
Excess of Print CGU fair value over net book value	**3,911**	**1,579**

As a result of these projections, the Group concluded that no impairment was required for goodwill for the year ended 31 December 2013 (2012: €nil).

17. FINANCIAL ASSETS

In thousands of euros	2013	2012
Rent deposits	93	103
Other items	11	7
Total financial assets	**104**	**110**

The depreciation expense of other items was €nil in 2013 (2012: €1,000).

18. TAX

Corporation tax

Analysis of the tax benefit in the year:

In thousands of euros	2013	2012
Current tax		
Benefit arising from the repayment of R&D tax credits in the UK	(353)	(386)
Expense arising from other items	40	52
Total current tax	**(313)**	**(334)**
Deferred tax		
Arising from the recognition of capital allowances	1	71
Arising from capitalised development costs	(55)	(56)
Arising from other items	9	(6)
Total deferred tax	**(45)**	**9**
Total tax benefit	**(358)**	**(325)**

The tax charge for the year differs from that calculated by applying the standard rate of corporation tax of the Company to loss before taxation. The Company transferred its registered office to the UK on 23 December 2013, so for the year ending 2013 it was resident for tax in France, but for future years it will be resident in the UK and different rates of tax will apply. The differences are as follows:

In thousands of euros	2013	2012
Loss before tax	(2,234)	(367)
Expected tax benefit using the Company's tax rate of 33.33%	(745)	(122)
Effect of:		
Capitalisation and utilisation of capital allowances	1	71
Effect of differences in tax rates in foreign jurisdictions	216	11
Effect of share-based payments	30	40
Effect of the repayment of R&D tax credits	(353)	(386)
Unrecognized tax losses	493	56
Other items	-	5
Total tax benefit recognised	**(358)**	**(325)**

Reductions in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) and to 23% (effective 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the Group's future current tax charge accordingly. It has not yet been possible to quantify the full anticipated effect of the announced further rate reduction, although this will further reduce the Group's future current tax charge.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

18. TAX (CONTINUED)

Deferred tax

The Group had recognised deferred tax as follows:

In thousands of euros	2013	2012
Capital allowances	1,015	1,189
Other items	23	44
Total deferred tax assets	**1,038**	**1,233**
Capitalised development expenses	(967)	(1,189)
Total deferred tax liabilities	**(967)**	**(1,189)**
Total recognised deferred tax assets	**71**	**44**

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 by the reporting date.

Deferred tax realised or settled up until 1 April 2014 has been measured at 23% (2012: 23%), between 1 April 2014 and 1 April 2015 has been measured at 21% (2012: 23%) and for periods after 1 April 2015 it has been measured at 20% (2012: 23%).

Because of the transfer to the UK, the Group has not recognised deferred tax assets in respect of tax losses of the parent company that could have been carried forward against future taxable income in France. €2.407 million (2012: €1.285 million) in respect of losses that are capital in nature of other Group companies has also not been recognised.

19. INVENTORIES

In thousands of euros	2013	2012
Finished goods	8	17
Total inventories	**8**	**17**

20. TRADE AND OTHER RECEIVABLES

In thousands of euros	2013	2012
Trade receivables	1,601	2,126
Allowance for doubtful debts	(120)	(142)
Total trade and other receivables	**1,481**	**1,984**

Trade receivables less than 90 days past due are not considered impaired. The ageing analysis of trade receivables is as follows:

In thousands of euros	2013	2012
Under 90 days	1,410	1,969
Over 90 days and provided for	120	142
Over 90 days but not provided for	71	15
Total trade and other receivables	**1,601**	**2,126**

Movements in the Group's provision for impairment of trade receivables are as follows:

In thousands of euros	2013	2012
Balance as at 1 January	142	140
Provisions for impairment which were recognised in the year	-	41
Amounts receivable which were written off during the year	(17)	-
Unused amounts which reversed during the year	-	(38)
Effect of exchange rates	(5)	(1)
Total allowance for doubtful debts	**120**	**142**

See note 28 for further disclosure regarding the credit quality of the Group's trade debtors.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

21. OTHER CURRENT ASSETS

In thousands of euros	2013	2012
VAT receivable	37	73
Other items	5	2
Total other current assets	**42**	**75**

22. CASH AND CASH EQUIVALENTS

In thousands of euros	2013	2012
Cash at bank and in hand	1,286	2,252
Total cash and cash equivalents	**1,286**	**2,252**

23. CAPITAL AND RESERVES

Ordinary shares issued:

In thousands of euros	2013	2012
Alloted, called up and fully paid		
10,289,781 (2012: 10,289,781) ordinary shares of €0.40 each	4,116	4,116

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

	2013		2012	
In thousands of euros, except number of shares	**Number**	**Value**	**Number**	**Value**
At 1 January	165,517	1,186	166,267	1,191
Grant of shares to employees	(26,064)	(187)	(750)	(5)
Disposal of shares	(1,915)	(14)	-	-
Purchase of own shares	17,890	32	-	-
As at 31 December	**155,428**	**1,017**	**165,517**	**1,186**

The Company repurchased its own shares during the year from shareholders that opposed the transfer of its registered office from France to the UK as part of the legal reorganisation. As part of that reorganisation 58,460 shares were repurchased by the Company during January and February 2014.

Share premium

On 7 June 2013 the shareholders voted to allocate €28,547,922 of the share premium account of the parent company against the accumulated losses of the parent company and to create a new reserve called Reserve for own shares (the "Reserve") for €249,194 by way of a corresponding decrease in the share premium account. Under English law, the Reserve may not be used for the purposes of crediting amounts cancelled from the share premium account. The amount that was allocated from the share premium account does not represent any other asset held by the parent company. Subsequently, the Company has been advised, and has so acted, to cancel the Reserve and reapply the amount against the share premium account to ensure the accounts are aligned with the requirements of English law.

24. DEFERRED REVENUE

In thousands of euros	2013	2012
Deferred revenue	594	653
Total deferred revenue	**594**	**653**

25. 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 potential dilutive ordinary shares. At the year end, those share options where the exercise price is less than the average market price of the Company's ordinary shares were the only potential dilutive ordinary shares.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

25. EARNINGS PER SHARE (CONTINUED)

In thousands of euros unless otherwise stated	2013	2012
Weighted average number of shares (basic), in thousands of shares	10,138	10,124
Add the effect of potential dilutive ordinary shares	31	-
Weighted average number of shares (diluted), in thousands of shares	10,169	10,124
Loss attributable to ordinary shareholders	(1,876)	(42)
Basic (loss)/earnings per share, in euros	**(0.19)**	**0.00**
Diluted (loss)/earnings per share, in euros	**(0.18)**	**0.00**
Adjusted (loss)/profit attributable to ordinary shareholders (see Group strategic report)	(428)	235
Basic adjusted (loss)/earnings per share, in euros	(0.04)	0.02
Diluted adjusted (loss)/earnings per share, in euros	(0.04)	0.02

26. SHARE BASED PAYMENTS

At 31 December 2013, the Group has the following shared based payment arrangements.

Share option plan

The Group operates a share option scheme that awards key personnel with options to buy ordinary shares of €0.40 in the Company subject to certain criteria being met. Options can only be granted to and exercised by a person that is either an employee or a director of the Group at both grant and exercise dates. If the beneficiary of the granted option no longer fulfils the employment condition, they may only exercise the portion of options which are vested at the termination date of their employment with the Group. Any unvested options cannot be exercised at any future date.

The number of options relating to current and former employees and directors over ordinary shares of €0.40 each, granted, exercised or lapsed during the year was as follows:

Date granted	Exercise price	As at 31 December 2012 Number	Granted Number	Exercised Number	Lapsed Number	As at 31 December 2013 Number	Vesting conditions
6 August 2008	€2.08	200,000	-	-	-	200,000	(a)
18 September 2008	€1.94	20,000	-	-	(20,000)	-	(a)
17 December 2008	€2.08	75,000	-	-	(25,000)	50,000	(a)
28 July 2010	€1.65	10,000	-	-	-	10,000	(a)
2 November 2011	€1.06	275,000	-	-	(25,000)	250,000	(b)
21 May 2013	€1.06	-	25,000	-	-	25,000	(b)
30 September 2013	€1.13	-	25,000	-	-	25,000	(b)
		580,000	**50,000**	**-**	**(70,000)**	**560,000**	

The vesting conditions of the above options subsisting at the balance sheet date, but not yet vested are as follows:

(a) For options granted in the years ending 31 December 2008 and 31 December 2010:

a. The individual must be either an employee or director of the Group

b. When the 120 trading day average of the reported closing price of the Company's shares reaches:
   i. €4.00, then 25% of the options will vest
   ii. €8.00, then a further 25% of the options will vest, up to 50% of the total
   iii. €12,00, then a further 25% of the options will vest, up to 75% of the total
   iv. €16.00, then all options will vest

c. All unvested options will automatically vest and may therefore be exercised, regardless of whether or not the abovementioned minimum share price conditions are met, should one or several shareholders acting in concert come to hold more voting rights than the Company's reference shareholder, Stichting Andlinger & Co. Euro-Foundation, which held 2,872,011 shares of the Company's shares (27.91% of the Company's share capital) as at 31 December 2013 (' de facto control'), or one third or more of the total number of shares or voting rights attached to the Company's shares ('legal control'), being noted that such threshold was reduced to 30.0% of the total number of shares forming the Company's share capital or the voting rights attached to the Company's shares with effect from 1 February 2011, pursuant to the decrease to that level of the threshold the crossing of which triggers the requirement to initiate a public offer.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

26. SHARE BASED PAYMENTS (CONTINUED)

Share option plan (continued)

(b) For options granted in the years ending 31 December 2011 and 31 December 2013

a. The individual must be either an employee or director of the Group

b. 50% vest when the 20 trading day average of the closing price of the Company's shares reaches €2.00 in any 60 trading day period. The remaining 50% vest when the 20 trading day average of the closing price of the Company's shares reaches €3.00 in any 60 trading day period.

c. An accelerated vesting of these options, regardless of whether or not the abovementioned minimum share price conditions were met, would occur should one or several shareholders acting in concert come to hold more than 30.0% of the total number of shares forming the Company's share capital or of the voting rights attached to such shares.

Share options that vest and are exercised will be satisfied by the creation and allotment of new shares to the option holder.

For options that were granted during the year, the weighted average exercise price was €1.10 (2012: no options granted)

For options that lapsed during the year, the weighted average exercise price was €1.68 (2012: €1.35)

The options outstanding at the end of the year had a weighted average exercise price of €1.53 (2012: 580,000 with a weighted average exercise price of €1.58) and a weighted average contractual life of 6.1 years (2012: 6.4 years). None of the options had vested or were exercisable at 31 December 2013 (2012: none).

Measurement of fair value

The estimate of the fair value of the rights granted for these options was measured by an independent valuator using a Monte Carlo simulation and the following assumptions: option exercise lives expected to be half of the maturity of share options; no expected dividends; a risk-free interest rate based on treasury bonds having a maturity of 5 years; and an expected volatility which was the average of the volatility of the Company's share price over the past five years, being:

- 42.8% for the share options granted on 6 August and 18 September 2008;
- 58.2% for the share options granted on 17 December 2008;
- 61.2% for the share options granted on 24 February and 28 July 2010, and
- 52.0% for the share options granted on 2 November 2011, 21 May 2013 and 30 September 2013

Free shares

On 24 April 2009 the Group established an HMRC approved Share Incentive Plan ("SIP") in the UK and also operates an Enterprise Management Incentive Scheme ("EMI") to enable its UK employees and directors to participate in a tax efficient manner in the ownership of the Company's shares. Under these schemes, free shares can be granted by the board to eligible employees and directors. For non-UK employees and directors free shares can be granted directly to the employee. Free shares granted by the board to employees and directors, either directly or through the SIP or EMI, have a 4 year vesting period.

Employees participating in the SIP are also granted free matching shares in proportion to the partnership shares that they purchased through a deduction from their gross pay before tax, subject to current HMRC limits. The matching shares have a vesting period of 3 years.

The number of free shares granted, exercised, lapsed or withdrawn during the year was as follows:

	As at 31 December 2012 Number	Granted Number	Exercised Number	Withdrawn Number	Lapsed Number	As at 31 December 2013 Number
SIP matching shares	42,329	675	-	(3,657)	-	39,347
29 July 2009 grant	21,000	-	(20,250)	-	(750)	-
10 March 2011 grant	84,000	-	-	-	(4,000)	80,000
2 November 2011 grant	24,000	-	-	-	-	24,000
25 October 2012 grant	3,000	-	-	-	-	3,000
	174,329	**675**	**(20,250)**	**(3,657)**	**(4,750)**	**146,347**

Measurement of fair value

The fair value of free shares granted as matching shares under the SIP was assumed to be equal to the purchase price of corresponding partnership shares which were acquired by participants to the SIP.

The fair value of free shares granted was assumed to be the closing price reported for the Company's share on the last trading day immediately preceding the date when the shares were granted. It was also considered that all of the grantees would be in employment at the date of vesting.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

26. SHARE BASED PAYMENTS (CONTINUED)

Expenses related to share based payments

During the year the Group recognised the following expenses related to share based payments:

In thousands of euros	2013	2012
Share option grants	39	58
SIP matching shares	10	16
29 July 2009 free share grant	4	9
10 March 2011 free share grant	29	30
2 November 2011 free share grant	7	7
25 October 2012 free share grant	1	-
Total share based payments expense	**90**	**120**

27. OPERATING LEASE COMMITMENTS

The Group has entered into certain non-cancellable operating leases for its offices in the UK, in the US and in Japan and some office equipment in the UK. These leases, which all expire within the next five years have varying terms, escalation clauses, and renewal rights. The future aggregate minimum operating lease payments under these agreements are as follows:

	2013		2012	
In thousands of euros	Property	Office equipment	Property	Office equipment
Less than one year	371	5	399	1
Between one and five years	527	7	918	1
Total	**898**	**12**	**1,317**	**2**

28. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market (notably foreign exchange risk), credit risk and liquidity risk. The Group's overall financial risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Financial risk management is overseen by the Chief Financial Officer (CFO) under policies approved by the board which has overall responsibility for the establishment and oversight of the Group's risk management framework.

The board provides principles for overall risk management, covering specific areas such as foreign exchange risk and the use of derivative financial instruments, whereas the CFO identifies, evaluates, and manages financial risks in close co-operation with the Group's operating units. The Group does not permit the use of derivative financial instruments for speculative purposes.

Market risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and the British pound. Foreign exchange risk arises from future commercial transactions, recognised assets (notably trade receivables) and liabilities, as well as net investments in foreign operations.

To manage these foreign exchange risks the Group uses foreign currency option or forward contracts transacted with high-credit-quality financial institutions, after review and approval by the Group's CFO. There were no such contracts outstanding as at 31 December 2013 (2012: none).

The Group had the following current assets and liabilities denominated in currencies:

In thousands of euros	Euros	US dollars	Pounds sterling	Japanese yen	Indian rupees
At 31 December 2013					
Trade receivables	96	1,341	44	-	-
Current tax assets	-	54	-	-	-
Other current assets	1	5	32	4	-
Trade payables	(28)	(5)	(165)	(5)	-
Current tax liabilities	-	(26)	-	(21)	-
Other current liabilities	(220)	(122)	(634)	-	-
Customer advances and deferred revenue	-	(337)	(257)	-	-
Net exposure	**(151)**	**910**	**(980)**	**(22)**	**-**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

28. FINANCIAL RISK MANAGEMENT (CONTINUED)

Market risk (continued)

In thousands of euros	Euros	US dollars	Pounds sterling	Japanese yen	Indian rupees
At 31 December 2012					
Trade receivables	163	1,599	142	80	-
Current tax assets	-	51	-	-	-
Other current assets	20	-	50	5	-
Trade payables	(106)	(27)	(116)	(7)	(13)
Current tax liabilities	-	-	-	(22)	-
Other current liabilities	(63)	(170)	(588)	-	-
Customer advances and deferred revenue	-	(374)	(279)	-	-
Net exposure	**14**	**1,079**	**(791)**	**56**	**(13)**

The average and year end exchange rates applied during the year are as follows:

	Average rate for 2013	2012	Rate at 31 December 2013	2012
US dollar	0.7533	0.7781	0.7263	0.7565
Pound sterling	1.1777	1.2330	1.1976	1.2220
Japanese yen	0.0077	0.0098	0.0069	0.0881
Indian rupee	0.0129	0.0146	0.0118	0.0138

If sales and results for the year had been converted using the exchange rates prevailing in the prior year, the Group's 2013 sales would have been higher by €0.65 million (2012: €0.63 million lower) and the operating loss for the year would have been €0.15 million lower (2012: €0.01 million higher).

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from credit sales to customers. It is Group policy to assess the credit risk of new customers before entering contracts and to have a frequent and proactive collections process, including a two-weekly review of receivables by the CFO. Historically, bad debts across the Group have been low. The concentration of credit risk is limited due to the customer base comprising mainly of blue chip companies. Credit risk also arises from cash deposits with banks. At the year-end the Group's cash deposits were held with major clearing banks in the UK (HSBC Bank plc), USA (Bank of America) and Japan (Sumitomo Mitsui Banking Corporation). The Group's exposure to credit risk is limited to the carrying amount of financial assets recognised at the balance sheet date. These are summarised within note 20 (Trade and other receivables) and note 22 (Cash and cash equivalents). The Group's management considers that all the above financial assets that are not impaired at the balance sheet date under review are of good credit quality, including those that are past due.

Liquidity risk

Liquidity risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The board reviews an annual 12-month financial projection and the CFO and CEO review cash balances and cash flow forecasts on a monthly basis. At the balance sheet date liquidity risk was considered to be low, given the fact that the Group is expected to be cash generative, has no borrowings and cash and cash equivalents are thought to be at acceptable levels. While the board considers there to be no need for borrowing facilities at the moment, it continually monitors the Group's cash requirements.

The Group's financial liabilities have contractual maturities as summarised below:

In thousands of euros	Within 1 year	Between 1 and 5 years	Total
At 31 December 2013			
Trade payables	203	-	203
Current tax liabilities	47	-	47
Other current liabilities	976	-	976
Total	**1,226**	**-**	**1,226**
At 31 December 2012			
Trade payables	269	-	269
Current tax liabilities	22	-	22
Other current liabilities	821	-	821
Total	**1,112**	**-**	**1,112**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

28. FINANCIAL RISK MANAGEMENT (CONTINUED)

Interest rate risk
The Group has no interest bearing debt, therefore the Group's interest rate risk arises principally from bank deposits. The Group manages its cash held on deposit to gain reasonable interest rates whilst maintaining sufficient liquidity to support the Group's operations and strategy.

Capital risk
The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern to provide returns for shareholders, maintain investor, creditor and market confidence, and sustain future development of the business. The Group has no external borrowings, therefore capital equates to the Group's total equity.

There were no changes in the Group's approach to capital risk management during the year ended 31 December 2013.

In thousands of euros	2013	2012
Capital		
Total equity	13,077	15,828
Less cash and cash equivalents	1,286	2,252
	11,791	**13,576**
Overall financing		
Total equity	13,077	15,828
	13,077	**15,828**
Capital to overall financing ratio	**1:1.11**	**1:1.17**

29. RELATED PARTIES

The Company has a related party relationship with its subsidiaries as well as with its directors and executive officers.

The remuneration paid to the directors is detailed in the directors' remuneration report on pages 11 to 13.

On 16 December 2009 the Company's board of directors decided to enter into two agreements with Andlinger & Co. CVBA, a Belgian company, which is managed by Johan Volckaerts, the purpose of which was the rent of a meeting room in Brussels including the provision of related services, against the payment of a quarterly fee of €1,500 and the provision of advisory services with respect of the Company's corporate and sales strategy against the payment of a monthly fee of €6,000. This fee was reduced to €4,500 with effect from 1 October 2011, as voted by the Company's board on 2 November 2011.

The expense recorded by the Company with respect of these two agreements amounted to €60,757 (2012: €60,000).

During the year, the Company provided the services of the CFO to Andlinger & Co. CVBA. The services were recharged based on a rate of €750 per day for time worked. The total recharge for the year was €42,000.

30. GROUP ENTITIES

		Ownership interest %	
Company name	**Country of incorporation**	**2013**	**2012**
Global Graphics (UK) Limited	United Kingdom	100%	100%
Global Graphics Software Limited	United Kingdom	100%	100%
Global Graphics Software Incorporated	United States of America	100%	100%
Global Graphics Kabushiki Kaisha	Japan	100%	100%
Global Graphics EBT Limited	United Kingdom	100%	100%
Jaws Systems Limited	United Kingdom	0%	100%
Global Graphics Software (India) Limited	India	0%	100%

Global Graphics Software (India) Limited ceased trading in 2010 and was dissolved in September 2013. Jaws Systems Limited had been non-trading since 2002 and was dissolved in October 2013.

31. SUBSEQUENT EVENTS

There are no post balance sheet events requiring disclosure in the financial statements for the year ended 31 December 2013. In the prior year it was disclosed that on 26 March 2013 the Board decided to implement a legal reorganisation plan to simplify the structure of the Group and reduce the administrative expenses accordingly. The Company was converted to a Societas Europaea (SE) and its place of registration was changed from France to the UK with effect from 23 December 2013. The costs of €436,391 arising from this decision have been recognised in these financial statements.

COMPANY BALANCE SHEET

In thousands of euros	Note	For the year ended 31 December 2013	2012 (restated)
FIXED ASSETS			
Intangible assets	5	**6**	7
Investments	7	**13,602**	15,828
Total fixed assets		**13,608**	15,835
CURRENT ASSETS			
Debtors	8	**7**	4,667
Cash and cash equivalents	9	**124**	91
Total current assets		**131**	4,758
Creditors: Amounts falling due within one year	10	**(7,944)**	(15,150)
Net current liabilities		**(7,813)**	(10,392)
Net assets		**5,795**	5,443
CAPITAL AND RESERVES			
Called up share capital	12	**4,116**	4,116
Share premium account	13	**249**	28,797
Share-based payments reserve		**20**	19
Treasury shares		**(1,017)**	(1,186)
Profit and loss account		**2,427**	(26,303)
Total shareholders' funds	13	**5,795**	5,443

The notes on pages 46 to 50 form part of these financial statements.

These financial statements were approved and authorised for issue by the board of directors on 22 April 2014 and were signed on its behalf by:

Gary Fry
Director
Company registered number: SE000077

NOTES TO THE COMPANY FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with the Companies Act 2006, applicable accounting standards in the United Kingdom and under the historical cost accounting rules.

During the year the Company transferred its place of registration from France to the UK. An explanation of the transition from French GAAP to UK GAAP can be found in note 17 to these financial statements.

Investments

Investments in subsidiary undertakings are stated at cost, less provision for any impairment in value.

Foreign currencies

The functional and presentation currency of the Company is euro.

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date or at a contracted rate if applicable and any exchange differences arising are taken to the profit and loss account.

The Company seeks to reduce its foreign exchange exposure arising from transactions in various currencies through a policy of matching, as far as possible, receipts and payments in each individual currency. Surpluses of convertible currencies are sold, either at spot or forward.

Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

Taxation

The charge for taxation is based on the profit or loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred taxation is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as required by FRS 19.

Share based payments

The share option programme allows employees of the Company to acquire shares of the Company. The fair value of the options and shares granted is recognised as an employee expense, with a corresponding increase in equity, and is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options or shares. The fair value of the options granted is measured using an appropriate valuation model, taking into account the terms and conditions upon which the options were granted. At each reporting date, the amount recognised as an expense is adjusted to reflect the actual number of share options or shares for which the related service and non-market conditions are met. The proceeds received, net of any directly attributable transaction costs, are credited to share capital for the par value of the shares issued and to share premium for the balance, when the share options are exercised.

Going concern

On the date these consolidated financial statements were approved, based on their review of cash flow projections prepared by management for the years ending 31 December 2014 and 2015, 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, notably because of a cash position of €1.286 million as at 31 December 2013 (2012: €2.252 million), the absence of any outstanding debt and the additional cash inflows generated by the new contract announced on 4 March 2014.

2. PROFIT FOR THE YEAR

Under section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account and related notes. The profit for the year ended 31 December 2013 was €380,536 (2012: €867,009 (restated)).

3. EMPLOYEES AND REMUNERATION OF DIRECTORS

The Company employed an average of 1 employees (including executive directors) during the year (2012: 1). The only employee of the Company was the Chief Financial Officer (CFO) of the Group. Directors' emoluments are disclosed in the directors' remuneration report on pages 11 to 13 and in note 11 to the consolidated financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

4. SERVICES PROVIDED BY THE COMPANY'S AUDITOR

Fees payable to the Company's auditor for the audit of the Company's accounts and for other services are set out in note 10 to the consolidated financial statements.

5. INTANGIBLE ASSETS

In thousands of euros	Trademarks
Cost	
At 1 January 2012 and 31 December 2012	47
At 1 January 2013 and 31 December 2013	47
Accumulated amortisation	
At 1 January 2012	39
Charge for the year	1
At 31 December 2012	**40**
At 1 January 2013	40
Charge for the year	1
At 31 December 2013	**41**
Net book value	
At 31 December 2012	7
At 31 December 2013	**6**

Intangible assets consist of registered trademarks and internet domain names carried at historical cost. Amortisation is calculated on a straight line basis from acquisition date over their useful estimated lives, which is estimated to be 10 years.

6. TANGIBLE FIXED ASSETS

In thousands of euros	Computer equipment
Cost	
At 1 January 2012 and 31 December 2012	2
At 1 January 2013	2
Disposals	(2)
At 31 December 2013	**-**
Accumulated amortisation	
At 1 January 2012 and 31 December 2012	2
At 1 January 2013	2
Disposals	(2)
At 31 December 2013	**-**
Net book value	
At 31 December 2012	-
At 31 December 2013	**-**

7. INVESTMENTS

In thousands of euros	Global Graphics (UK) Limited	Global Graphics EBT Limited
Cost		
At 1 January 2012 and 31 December 2012	73,586	-
At 1 January 2013 and 31 December 2013	73,586	-
Provision		
At 1 January 2012	58,119	-
Reduction in the year	(361)	-
At 31 December 2012	**57,758**	**-**
At 1 January 2013	57,758	-
Increase in the year	2,226	-
At 31 December 2013	**59,984**	**-**
Net book value		
At 31 December 2012	15,828	-
At 31 December 2013	**13,602**	**-**

NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

7. INVESTMENTS (CONTINUED)

The fair value of the investment in Global Graphics (UK) Limited is determined as the higher of (a) the result of the product of the number of issued shares and the average closing share price during December, less the amount of cash held by the Company and (b) the Group shareholders' equity.

The value of the issued shares and the Group shareholder equity is used because all of the trade of the Group is produced by the group of companies owned by Global Graphics (UK) Ltd.

The table below details the calculation and resulting fair value of the investment in Global Graphics (UK) Limited for the year ended 31 December 2013.

In thousands of euros (except number of shares and share price)	
Issued shares	10,289,781
December 2013 average closing share price	€1.334
Product of issued shares and average closing price	13,726
Less cash held by the Company (see note 9)	124
Net value	**13,602**
Group shareholders' equity	**13,077**

The cost of investment of Global Graphics EBT Ltd was €1. The net asset value at 31 December 2013 was €3,141 (2012: €3,205).

The Company had the following interests in group undertakings:

		Group ownership interest %	
Company name	**Country of incorporation**	**2013**	**2012**
Global Graphics (UK) Limited	United Kingdom	100%	100%
Global Graphics Software Limited	United Kingdom	* 100%	* 100%
Global Graphics Software Incorporated	United States of America	* 100%	* 100%
Global Graphics Kabushiki Kaisha	Japan	* 100%	* 100%
Global Graphics EBT Limited	United Kingdom	100%	100%
Jaws Systems Limited	United Kingdom	0%	* 100%
Global Graphics Software (India) Limited	India	0%	* 100%

* indirectly held by the Company.

All of the above subsidiaries are included within the consolidated financial statements of Global Graphics SE for the years ended 31 December 2013 and 31 December 2012.

Global Graphics Software (India) Limited ceased trading in 2010 and was dissolved in September 2013. Jaws Systems Limited had been non-trading since 2002 and was dissolved in October 2013.

8. DEBTORS

In thousands of euros	**2013**	**2012**
Amounts receivable from group companies	-	4,618
VAT receivable	1	18
Prepayments	6	28
Other items	-	3
Total other current assets	**7**	**4,667**

9. CASH AND CASH EQUIVALENTS

In thousands of euros	**2013**	**2012**
Cash at bank and in hand	124	91
Total cash and cash equivalents	**124**	**91**

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

In thousands of euros	**2013**	**2012**
Trade creditors	28	106
Amounts owed to group undertakings	7,697	14,981
Taxation and social security	-	63
Accruals	219	-
Total non-current liabilities	**7,944**	**15,150**

NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

11. TAX

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. Because of the transfer to the UK, the Company has not recognised deferred tax assets in respect of tax losses that could have been carried forward against future taxable income in France.

The Company had no recognised or unrecognised deferred tax assets as at 31 December 2013 (2012: unrecognised €1,823,000).

12. SHARE CAPITAL

In thousands of euros	2013	2012
Allotted, called up and fully paid		
10,289,781 (2012: 10,289,781) ordinary shares of €0.40 each	4,116	4,116

The Company holds 155,428 of its own shares in treasury.

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

In thousands of euros	Share capital	Share premium account	Share-based payments reserve	Treasury shares	Profit and loss account	Total
At beginning of the year	4,116	28,797	19	(1,186)	(26,303)	5,443
Profit for the year	-	-	-	-	381	381
Credit in relation to share based payments (note 14)	-	-	1	-	-	1
Transfer	-	(28,548)	-	-	28,548	-
Own share grants	-	-	-	169	(199)	(30)
At end of the year	**4,116**	**249**	**20**	**(1,017)**	**2,427**	**5,795**

Share premium

On 7 June 2013 the shareholders voted to allocate €28,547,922 of the share premium account of the parent company against the accumulated losses of the parent company and to create a new reserve called Reserve for own shares (the "Reserve") for €249,194 by way of a corresponding decrease in the share premium account. Under English law, the Reserve may not be used for the purposes of crediting amounts cancelled from the share premium account. The amount that was allocated from the share premium account does not represent any other asset held by the parent company. Subsequently, the Company has been advised, and has so acted, to cancel the Reserve and reapply the amount against the share premium account to ensure the accounts are aligned with the requirements of English law.

14. SHARE BASED PAYMENTS

Information about share based payments for directors and employees are detailed in note 26 to the consolidated financial statements.

15. RELATED PARTY TRANSACTIONS

The remuneration paid to the directors is detailed in the directors' remuneration report on pages 11 to 13.

On 16 December 2009 the Company's board of directors decided to enter into two agreements with Andlinger & Co. CVBA, a Belgian company, which is managed by Johan Volckaerts, the purpose of which was the rent of a meeting room in Brussels including the provision of related services, against the payment of a quarterly fee of €1,500 and the provision of advisory services with respect of the Company's corporate and sales strategy against the payment of a monthly fee of €6,000. This fee was reduced to €4,500 with effect from 1 October 2011, as voted by the Company's board on 2 November 2011.

The expense recorded by the Company with respect of these two agreements amounted to €60,757 (2012: €60,000).

During the year, the Company provided the services of the CFO to Andlinger & Co. CVBA. The services were recharged based on a rate of €750 per day for time worked. The total recharge for the year was €42,000.

The Company takes advantage of the exemption under FRS8 for transactions with wholly owned group companies.

NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

16. SUBSEQUENT EVENTS

There are no post balance sheet events requiring disclosure in the financial statements for the year ended 31 December 2013. In the prior year it was disclosed that on 26 March 2013 the Board decided to implement a legal reorganisation plan to simplify the structure of the Group and reduce the administrative expenses accordingly. The Company was converted to a Societas Europaea (SE) and its place of registration was changed from France to the UK with effect from 23 December 2013. The costs of €436,391 arising from this decision have been recognised in these financial statements.

17. EXPLANATION OF TRANSITION FROM FRENCH GAAP TO UK GAAP

The Company relocated its place of registration from France to the UK during the year ended 31 December 2013. The table and subsequent notes provide a reconciliation of the differences between French GAAP and UK GAAP in the balance sheet and profit for the year ended 31 December 2012.

		1 January 2012			31 December 2012		
In thousands of euros	**Note**	**French GAAP**	**Effect of transition**	**UK GAAP**	**French GAAP**	**Effect of transition**	**UK GAAP**
FIXED ASSETS							
Intangible assets		9	-	9	7	-	7
Tangible assets		-	-	-	-	-	-
Financial assets		15,467	-	15,467	15,828	-	15,828
Total fixed assets		**15,476**	**-**	**15,476**	**15,835**	**-**	**15,835**
CURRENT ASSETS							
Other current assets		4,578	-	4,578	4,639	-	4,639
Own shares	a	242	(242)	-	243	(243)	-
Cash		15	-	15	91	-	91
Total current assets		**4,835**	**(242)**	**4,593**	**4,973**	**(243)**	**4,730**
Prepaid expenses		24	-	24	28	-	28
Exchange rate differences	b	707	(707)	-	642	(642)	-
Total assets		**21,042**	**(949)**	**20,093**	**21,478**	**(885)**	**20,593**
SHAREHOLDERS' EQUITY							
Share capital		4,116	-	4,116	4,116	-	4,116
Share premium		28,802	-	28,802	28,797	-	28,797
Legal reserve	c	410	(410)	-	410	(410)	-
Share-based payments reserve	d	-	11	11	-	19	19
Treasury shares	a	-	(1,191)	(1,191)	-	(1,186)	(1,186)
Prior year losses brought forward		(28,988)	1,818	(27,170)	(28,988)	1,818	(27,170)
Net income for the year		-	-	-	440	427	867
Total shareholders' equity		**4,340**	**228**	**4,568**	**4,775**	**668**	**5,443**
Provisions for risks and future costs	e	787	(787)	-	782	(782)	-
LIABILITIES							
Borrowings from banks/other credit institutions		-	-	-	-	-	-
Trade payables		130	-	130	106	-	106
Taxes and social security liabilities		64	-	64	63	-	63
Other liabilities		15,331	-	15,331	14,981	-	14,981
Total liabilities		**15,525**	**-**	**15,525**	**15,150**	**-**	**15,150**
Exchange rate differences	b	390	(390)	-	771	(771)	-
Total shareholders' equity and liabilities		**21,042**	**(949)**	**20,093**	**21,478**	**(885)**	**20,593**

Notes to the adjustments between French GAAP and UK GAAP:

(a) Own shares owned by the Company (treasury shares) are held as an asset at fair value under French GAAP, but must be included as a reduction in equity at cost under the Companies Act 2006.

(b) All exchange rate differences are taken to profit and loss under UK GAAP.

(c) Under French company law there is a requirement to set aside a minimum of 5% of net profit each year until the amount of the reserve reaches 10% of the amount of the share capital. There is no such requirement under UK company law.

(d) Under FRS20 in the UK, the cost of share based payments results in a corresponding increase in equity.

(e) Exchange rate gains or losses are taken to profit and loss and the cost of share based payments are expensed over the period of vesting under UK GAAP. There is no requirement to make a provision for this expense under UK GAAP.