GLOBAL GRAPHICS®

Global Graphics SE

Annual report and financial statements for the year ended 31 December 2015

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 Euronext Brussels under stock code GLOG.

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

Through the acquisition of URW++ Design & Development GmbH ("URW"), the Group has established itself in the graphic design industry with innovative font and digital typeface software products. Based on their technical font production skills, URW are particularly successful in the area of corporate type development and production as well as a supplier of so-called world or global fonts for OEM customers, with brands such as General Motors, Mercedes Benz and Siemens among their customer base.

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 in Hamburg, Germany, 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 market leading performance, outstanding quality and reliability for light production, high-volume, ultra high-volume and wide format digital printing applications. We also offer complementary colour management to ensure colour fidelity, screening and trapping technologies to enhance print quality, imposition for laying out final printed output and variable data to enable each printed page to include varying data.

Digital documents
Our gDoc platform allows our partners to build integrated desktop and mobile digital document 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. Our pixel perfect viewing enables fluid viewing on the latest generation of devices and platforms, including Windows, iOS, Android and Cloud based solutions.

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

Fonts
With the addition of URW to the Group, we can now supply digital font technology not only to the printing industry, but to global organisations that need a consistent brand image across their products. The application of this technology ranges from a standard corporate typeface for branding to fonts emebedded in products ranging from computer games to household appliances to motor vehicles.

OUR LICENSING MODEL

Our solutions are typically licensed under technology agreements and reseller agreements. We are noted for our flexible approach to licensing our technology 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.

CORPORATE GOVERNANCE REPORT

The content of this report is unaudited.

INTRODUCTION

The Financial Conduct Authority's Listing Rules ("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 2014 UK Corporate Governance Code ("the Code") and identify and give reasons for any area of non-compliance. The Company is listed on Euronext Brussels and therefore is not required to comply with the Listing Rules or the 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 officer 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 to budget, 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 and ensuring proper control over income and expenditure, assets and liabilities.

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 2016 and 2017, 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 €4.235 million as at 31 December 2015 (2014: €4.161 million), the absence of any outstanding debt and the additional cash inflows generated by the new contract announced on 4 March 2014.

GROUP STRATEGIC REPORT

STRATEGY AND BUSINESS MODEL

Global Graphics is a leading developer of software technology 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, fonts, 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 digital 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 original equipment manufacturers ("OEMs") of pre-press equipment, digital printers and copiers, developers of applications that create, manipulate and manage electronic documents and system integrators. With the introduction of font technology into the Group through the acquisition of URW++ Design & Development GmbH ("URW"), the Groups digital typeface technology is found in leading brands ranging from household appliances to motor vehicles. 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.

To date the Group has focussed our printing software mostly on publishing, commercial printing and wide-format printing. These are mature segments. We have focussed our digital document technology on document handling applications and enterprise productivity tools. OEMs licence our technology because it is reliable, helps them respond to emerging technical challenges and adds value to their product offerings. Independent Software Vendors ("ISVs") licence our technology to accelerate their time to market and to add new product features quickly.

Our strategy is to expand the use of Global Graphics technology into growth segments of the digital document and printing market where we have established our credentials, namely high-speed digital printing, light production printing and office printing.

With URW now part of the Group we aim to broaden the markets that we operate in and to enhance existing solutions to our customers.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

Operational highlights

Acquisitions
During the year the Group made 2 acquisitions.

On 23 March 2015, the Group acquired the trade and assets of RTI Global, Inc. and RIPMall Technologies, Inc. (together "RTI"), both located in Sarasota, Florida, USA.

RTI provides and supports custom-branded versions of the Harlequin RIP direct to print service providers and printing equipment manufacturers, mostly in the North American market, and is a long-standing customer of the Group. RTI has grown a successful on-line sales operation over the past 20 years, selling the RTI Harlequin RIP for use with a wide variety of printing equipment and workflows. Both of the RTI employees have become employees of the Group.

This acquisition gives the Group a direct route to market in one of its strategic growth segments at the light production end of the digital printing market where RTI's understanding of the end-customer will be invaluable. It also gives the Group access to a very successful on-line sales operation which will allow the Group to receive a higher margin on sales to end users.

On 15 September 2015, the Group acquired the entire issued share capital of font manufacturer URW++ Design & Development GmbH ("URW") located in Hamburg, Germany.

URW develops and designs digital typefaces. The company invented digital outline font technology and tools 35 years ago and is one of the few remaining font foundries that date from the pre-PostScript era. Their IKARUS system for font design and production, which they invented in 1978, has become a de-facto standard around the world. In addition to licensing their extensive type libraries to the graphic design market they develop exclusive corporate typefaces, counting brands such as General Motors, Mercedes Benz and Siemens among their customer base. Known for their technical expertise and innovation URW has, over the past decade, developed a business in "global fonts" that include non-Latin scripts and that allow documents to be interchanged between many countries while maintaining brand identity.

URW has been one of the Group's strategic partners in the office market for several years and there is a great deal of synergy between the businesses. With the recent growth the Group has experienced in the office market we have seen more opportunities for a combined proposition of our Harlequin RIP technology and URW's font solutions. Furthermore, the acquisition brings significant opportunities to expand the URW business geographically with the support of the Global Graphics' world-wide infrastructure.

GROUP STRATEGIC REPORT (CONTINUED)

BUSINESS REVIEW AND FUTURE DEVELOPMENTS (CONTINUED)

Operational highlights (continued)

Print
Whilst continuing to support existing customers and developing new features to support the use of RIP technology in growth markets such as labels and packaging, the Group has made significant advances in improving the quality of high-speed inkjet printing.

With droplet placement while inkjet printing at high-speed described like “high-level bombing in a gale” the subject is a topic of much debate in the industry with many press manufacturers frustrated in the knowledge that they are not yet able to get the most out of their high-speed presses.

During the year the Group has been working with a number of inkjet press manufacturers to develop entirely new half-tone screening technology for presses that can vary the amount of ink delivered in any one location on the media. The partners we are working with have already seen significant improvements to their output.

Following on from this work, Martin Bailey, the Group's CTO, presented a well-received session titled “Colour management is not enough: achieving maximum inkjet quality with screening” at The Inkjet Conference in October 2015.

In December, the Group announced a cooperation agreement with Software Imaging, a provider of printer driver technologies to the printer manufacturing and mobile device markets. Under the terms of the agreement Software Imaging will recommend Global Graphics’ Harlequin Embedded SDK as its preferred embedded software and Software Imaging will become Global Graphics' preferred Printer Driver Partner. Software Imaging will also integrate Global Graphics’ digital document software, which is branded gDoc, with its own PCL and PostScript components, to provide printer vendors with document solutions within print-focussed applications and workflows.

eDoc
A clear strategy was established for 2015 to target the office equipment manufacturers to enable them to differentiate their products, add value and offset their declining revenues from the reducing number of pages being printed by adding digital document solutions based on the Group's gDoc technology. As a result of this, Ricoh Europe developed their first solution using the gDoc Application Platform and launched Ricoh eBinder, a digital ring binder solution that enables fast access to the information contained in documents without the need to physically copy or connect to the original files. Ricoh eBinder presents documents in a ring binder format that is instantly familiar to users, with easy navigation via a table of contents or tabs within a digital binder. Binders can be viewed on PC, iOS and Android-based devices.

Ricoh Europe launched Ricoh eBinder across the EMEA region via its 23 operating companies and their resellers. In addition to the standard Ricoh eBinder application, Ricoh will deliver customised versions to meet the requirements of large enterprises and selected vertical markets.

Sales

Sales for the year were €15.27 million compared with €11.36 million in 2014. This was an increase of €3.91 million (34.4%). On a like for like basis, i.e. at 2014 exchange rates, 2015 sales would have been approximately €1.86 million lower and totalled approximately €13.21 million.

The net increase of €3.91 million in revenue during the year was due to:

- revenue from new customers of €0.23 million;
- additional revenue from acquisitions during the year of €1.61 million
- an increase of €2.05 million due to the movement in exchange rates; and
- an increase of €0.02 million due to net higher volumes from existing customers.

On 4 March 2014, the Company announced that it had signed a contract to license its Harlequin RIP technology to a global manufacturer of office printing devices to drive their single function, multi-function and production printers. During the year US$4.19 million (€3.64 million) has been recognised as revenue, taking the total revenue recognised to 31 December 2015 under this contract to US$7.90 million (€6.36 million).

License fees accounted for 84.2% (2014: 86.5%) of revenue, maintenance and support accounted for 8.9% (2014: 10.4%) and other items accounted for 6.9% (2014: 3.1%).

In 2015, the ten largest customers represented 71.5% (2014: 77.1%) of the Group’s revenue, the five largest customers represented 57.7% (2014: 64.1%) of the Group's revenue and the single largest customer represented 23.8% (2014: 24.0%) of the Group's revenue. Three customers (2014: three) each represented more than 10% of the Group's revenue. Two of those customers (2014: two) are included in the Print segment and the remaining one (2014: one) is included in the eDoc segment.

GROUP STRATEGIC REPORT (CONTINUED)

BUSINESS REVIEW AND FUTURE DEVELOPMENTS (CONTINUED)

Operational highlights (continued)

Sales (continued)

The Group's sales are made in a number of different currencies, and during the reporting year 77.4% (2014: 78.4%) were denominated in US dollars, 2.0% (2014: 1.6%) were in pounds sterling, 14.8% (2014: 18.6%) were in japanese yen and 5.8% (2014: 1.4%) were in euros. This means that the Group's revenues can be affected significantly by currency fluctuations against the reporting currency of euro.

Management has identified four strategic markets in which the Group's Print and eDoc segments operate in. They are:

- High-speed: for the increasing trend in the industry to move to high-speed inkjet printing, where the Group already provides its software technology to some of the market leaders;
- In-house: for the emerging trend of in-house production printing devices that allow staff to print low volume jobs on varying media in-house rather than sending out to a print service provider;
- Office: where existing office printer manufacturers are looking to reduce the costs of their hardware devices while at the same time creating new digital document software applications to build new revenue streams and differentiate their solutions from their competitors; and
- Traditional: for the Group's traditional graphics art printing business.

The following table shows the revenue attributable to each of the four markets for the year ended 31 December 2015 and 31 December 2014.

In thousands of euros	**2015**	**2014**
High-speed	2,593	2,226
In-house	138	98
Office	6,699	5,281
Traditional	4,881	3,750
Total Print and eDoc segment revenue	**14,311**	**11,355**
Fonts	954	-
Total revenue	**15,265**	**11,355**

Pre-tax result

The consolidated pre-tax result was a profit of €1.22 million in 2015 compared with a pre-tax profit of €1.16 million in 2014. The increase in profitability of €0.06 million is due to:

- the increase in revenue of €3.91 million as explained above;
- an increase in cost of sales of €0.85 million
- an increase in selling, general and administrative expenses of €1.58 million;
- an increase in research and development expenses of €1.55 million;
- an increase in other income less other operating expenses of €0.02 million; and
- an increase in realised foreign exchange gains of €0.11 million.

Included in research and development expenses is the capitalisation and amortisation of internally generated intangible assets. During the period there was a net expense of €1.32 million (2014: €0.63 million) related to these assets. The net expense was made up of €3.06 million (2014: €2.35 million) in amortisation charge offset by €1.74 million (2014: €1.72 million) in capitalisation of development expenses.

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.

The Group's cost base is primarily denominated in US dollars and Pound sterling. Due to the relative weakness of the Euro during 2015 when compared to 2014, €1.25 million of the increase in reported expenses between 2014 and 2015 is attributable to the movement in the Euro exchange rates between the US dollar and Pounds sterling.

Cashflow

The Group generated a small increase in cash during the year, ending the year with cash balances valued at €4.24 million (2014: €4.16 million), after investing €2.00 million of its cash to acquire 100% of the equity of URW++ Design & Development GmbH. The Group acquired €0.84 million in cash as part of the acquisition.

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 period was €0.23 million (2014: €0.16 million).

GROUP STRATEGIC REPORT (CONTINUED)

BUSINESS REVIEW AND FUTURE DEVELOPMENTS (CONTINUED)

Operational highlights (continued)

Cashflow (continued)

A proportion of the cash flow from the aforementioned March 2014 contract lags behind the recognition of revenue from that contract. As a result, some of the cash receipts for the license fee element of the contract are not due until up to 24 months after the balance of the license revenue has been recognised. During the year, US$2.06 million (2014: US$4.34 million) cash has been received against revenue recognised of US$4.19 million (2014: US$3.71 million). In total, receipts of US$6.40 million have been received against the total US$7.90 million of revenue recognised.

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 when 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	**2015**	2014
Reported operating profit	1,126	1,182
Add share based remuneration expense (see note 27)	108	46
Deduct capitalised development expense (see note 16)	(1,736)	(1,721)
Add amortisation and impairment of capitalised development	3,058	2,347
Add amortisation of acquired intangibles	370	-
Add other operating expenses (see note 9)	305	317
Deduct other income	(16)	(14)
Total adjustments to reported operating profit	2,089	975
Adjusted operating profit	**3,215**	**2,157**

Reported net profit or loss is adjusted as follows:

In thousands of euros	**2015**	2014
Reported net profit	1,901	1,634
Adjustments to operating result above	2,089	975
Tax effect of above-mentioned adjustments	(393)	(135)
Total adjustments to reported net profit	1,696	840
Adjusted net profit	**3,597**	**2,474**
Adjusted net basic earnings per share (see note 26)	0.34	0.25
Adjusted net diluted earnings per share (see note 26)	0.34	0.24

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.

GROUP STRATEGIC REPORT (CONTINUED)

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

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.

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.

GROUP STRATEGIC REPORT (CONTINUED)

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

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, recognised 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, recognised 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 2015, the Group had not entered into any forward contracts (2014: none).

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 €4.24 million at 31 December 2015, 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 2015 (2014: none), the Group's income and operating cash flows for the year ended 31 December 2015 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, electronic document and font 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 contributes to 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 €2,323 (2014: €743) 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.

GROUP STRATEGIC REPORT (CONTINUED)

EMPLOYEE MATTERS (CONTINUED)

Employment policies (continued)

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.

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 2015.

Company level	Number of females	Number of males	Total
Board	-	4	4
Key management	1	7	8
Employees	25	62	87
Total Group	**26**	**73**	**99**

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 2015.

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, starting on page 3.

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 (2014: €nil).

DIVIDENDS

The directors do not recommend the payment of a dividend (2014: €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 2015.

FINANCIAL RISK MANAGEMENT

Details of the Group's financial risk management are disclosed in the Group strategic report and in note 29 to the financial statements.

RESEARCH AND DEVELOPMENT

The Group spent €6.96 million (2014: €5.41 million) on research and development during the year. Under IAS 38 "Intangible Assets" €1.74 million (2014: €1.72 million) of research and development was capitalised and €3.06 million (2014: €2.35 million) of capitalised research and development was amortised. There was no impairment of capitalised research and development during the year (2014: €nil). The net effect of capitalisation, amortisation and impairment on profit in the year was an expense of €1.32 million (2014: €0.63 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:

Guido Van der Schueren	Chairman
Gary Fry	Chief Executive Officer
Johan Volckaerts	Non-executive Director
Alain Pronost	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 2015 was:

	Number of ordinary shares	% of issued share capital
Stichting Andlinger & Co. Euro-Foundation *	2,032,011	18.12%
Parana Management Corp BVBA **	840,000	7.49%
Company owned shares (see note 24)	70,519	0.63%
Free float	8,273,177	73.76%
Total	**11,215,707**	**100.00%**

* Stichting Andlinger & Co. Euro-Foundation of which Johan Volckaerts is a director.
** Parana Management Corp BVBA is controlled by Guido Van der Schueren, the Company's Chairman.

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 24 and 27).

The total number of shares held in treasury at 31 December 2015 was 70,519 (2014: 180,519). Further information can be found in note 24 to the financial statements.

During the year, the Company did not dispose of any treasury shares (2014: none), however, it did transfer 110,000 shares to employees to satisfy the Company's obligations under the share schemes.

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 UK Accounting standards and applicable laws (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework. 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.

DIRECTORS' REPORT (CONTINUED)

RESPONSIBILITY STATEMENTS UNDER THE DISCLOSURE AND TRANSPARENCY RULES

Each of the directors listed on page 10 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.

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

1 March 2016

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 2015. 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. 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 2016 Annual General Meeting and the policy will take effect for the financial year beginning on 1 January 2017. 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 2016 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.

The board reviewed the current level of board fees payable. Considering the size and nature of the business it was decided that the current level of €5,000 per annum for each director was commensurate with the business and its activities. That being the case, no change to the existing remuneration for board fees was proposed.

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 2015:

In euros	Salary and fees	Taxable benefits	Bonus	LTIP	Pension	Loss of office	Total
Executive directors							
Guido Van der Schueren, Chairman	5,000	-	-	-	-	-	5,000
Gary Fry, CEO	246,904	17,251	135,910	51,480	21,771	-	473,316
Total executive directors	**251,904**	**17,251**	**135,910**	**51,480**	**21,771**	**-**	**478,316**
Non-executive directors							
Johan Volckaerts	5,000	-	-	-	-	-	5,000
Alain Pronost	5,000	-	-	-	-	-	5,000
Total non-executive directors	**10,000**	**-**	**-**	**-**	**-**	**-**	**10,000**
Total directors	**261,904**	**17,251**	**135,910**	**51,480**	**21,771**	**-**	**488,316**

For the year ended 31 December 2014:

In euros	Salary and fees	Taxable benefits	Bonus	LTIP	Pension	Loss of office	Total
Executive directors							
Guido Van der Schueren, Chairman	3,137	-	-	-	-	-	3,137
Gary Fry, CEO	219,287	15,441	124,045	-	19,276	-	378,049
Total executive directors	**222,424**	**15,441**	**124,045**	**-**	**19,276**	**-**	**381,186**
Non-executive directors							
Johan Volckaerts	5,000	-	-	-	-	-	5,000
Alain Pronost	3,137	-	-	-	-	-	3,137
Clare Findlay	1,849	-	-	-	-	-	1,849
Pierre Van Beneden	1,849	-	-	-	-	-	1,849
Total non-executive directors	**11,835**	**-**	**-**	**-**	**-**	**-**	**11,835**
Total directors	**234,259**	**15,441**	**124,045**	**-**	**19,276**	**-**	**393,021**

Salary and fees are the contracted annual salaries and board fees that are payable. Each director received board fees of €5,000 for the year (2014: €5,000), prorated where appointed or resigned during the year.

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 £100,000 (2014: £100,000) 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 for the year were achieved, resulting in a bonus payment of £100,000 (2014: £100,000). Payment of this amount was made after it had been approved by the board.

All of the amounts in the LTIP (long term incentives plans) column relate to the Company's share incentive plan. During the year, 36,000 free shares vested and were awarded to Gary Fry in accordance with the plan rules.

Contributions were made to the personal pension schemes of one of the directors (2014: one), 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.

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 2015		31 December 2014	
	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
Guido Van der Schueren *	840,000	-	840,000	-
Gary Fry	29,579	400,000	4,669	400,000
Johan Volckaerts **	2,162,752	-	2,162,752	-
Alain Pronost	4,959	-	4,959	-

* The interests of Guido Van der Schueren are held in the name of Parana Management Corp BVBA a company controlled by Guido Van der Schueren.

** Of the total interest of Johan Volckaerts, 130,741 shares (2014: 130,741) are held directly by himself and 2,032,011 shares (2014: 2,872,011) are held by Stichting Andlinger & Co. Euro-Foundation, a Dutch foundation of which Johan Volckaerts is a director.

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 2015 Number	At 31 December 2014 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**

During the year, 100,000 of Gary Fry's share options vested, but were not 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

DIRECTORS' REMUNERATION REPORT (CONTINUED)

ANNUAL REPORT ON REMUNERATION (CONTINUED)

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

Share options (continued)

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 2,032,011 shares of the Company's shares (18.12% of the Company's share capital) as at 31 December 2015 (' 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 reported closing price of the Company's shares is €2.00 or higher per share for at least 20 trading days in any 60 trading day period. The remaining 50% vest when the reported closing price of the Company's shares is €3.00 or higher per share for at least 20 trading days 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. They vested and were granted on 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.

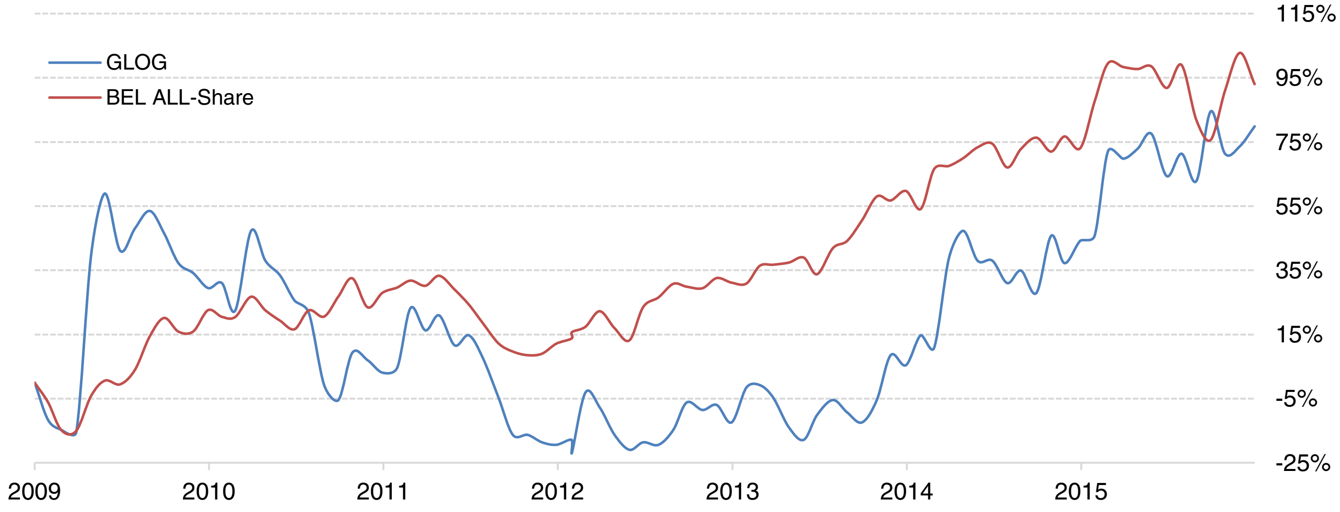
The portions of the share-based compensation expenses which were attributable to the Group's executive directors were:

In thousands of euros	2015	2014
Grant of share options (see above and note 27)	-	5
Grant of free shares (see above and note 27)	2	14
Total	**2**	**19**

Performance graph

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 2014. 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.



DIRECTORS' REMUNERATION REPORT (CONTINUED)

ANNUAL REPORT ON REMUNERATION (CONTINUED)

Performance graph (continued)

Over the above 7 year period, the Company's share price has increased by 79.84% and the BEL ALL-SHARE index has increased by 93.08%. During the 12 months ending 31 December 2015, the Company's share price has increased by 24.73% and the BEL ALL-SHARE index has increased by 11.53%.

CEO remuneration table

The following table shows the CEO's remuneration and percentage achievement of annual bonuses and long term incentives over the past 6 years:

	2009	2010	2011	2012	2013	2014	2015
Total CEO remuneration (in thousands of euros)	243	212	260	271	250	378	473
Annual bonus pay-out against maximum opportunity	31%	56%	81%	89%	75%	100%	100%
Long term incentive vesting rates against maximum	0%	0%	0%	0%	0%	0%	25%

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 2015 and 31 December 2014 for the CEO and for all employees of the Group:

	Salary and fees	Taxable benefits	Bonus
CEO	1.20%	0%	0%
Average pay based on all employees	1.52%	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	2015	2014	% change
Staff expenses (see note 13)	8,984	7,355	22.15%
Repurchase of own shares (see note 24)	-	105	-

Statement of implementation of remuneration policy in the following financial year

There are no significant changes in the way that the remuneration policy will be implemented in the next financial year compared to how it was implemented during this financial year.

The remuneration policy will be voted upon during the AGM to be held during 2016.

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;

DIRECTORS' REMUNERATION REPORT (CONTINUED)

ANNUAL REPORT ON REMUNERATION (CONTINUED)

Remuneration of executive directors (continued)

- 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.

In the forthcoming year the above policy will be applied. The bonus payment for Gary Fry will be divided into 3 elements with 1/3 of the total bonus applied to each element; 1/3 for achieving the board approved revenue target, 1/3 for achieving the board approved operating expense target and 1/3 for achieving 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.

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.	100% of the annual bonus is achievable on meeting the revenue, expense and project objectives as set by the board.	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.

Directors' remuneration report (continued)

FUTURE POLICY TABLE (CONTINUED)

Component	Purpose	Operation	Opportunity	Applicable performance measures	Recovery
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. Bonus payments can be sacrificed in return for a pension contribution.	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.

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

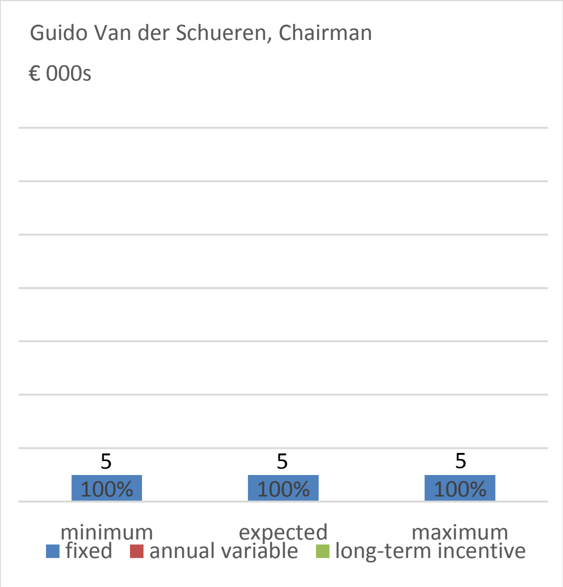
None of the directors are entitled to any specific indemnity which would be due or liable to be due on termination of their appointment. However, Gary Fry is entitled to the payment of salary for a notice period should the Group terminate his employment. The notice period was set to 10 months by the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

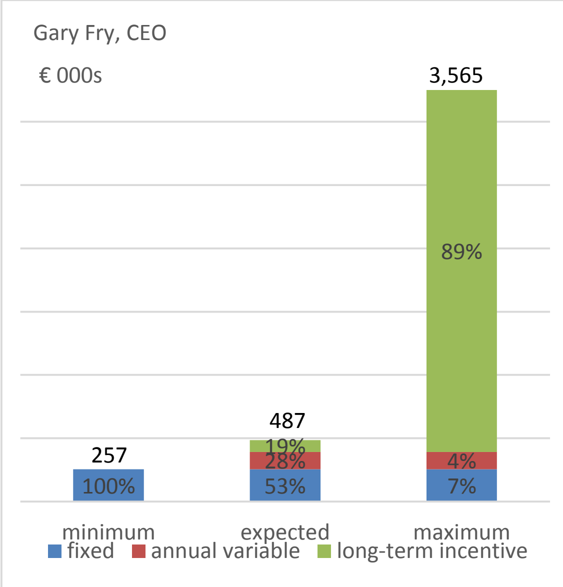
Executive directors' contracts are available for inspection at 2030 Cambourne Business Park, Cambourne, CB23 6DW, UK.

Directors' remuneration report (continued)

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 remains below €3.00 per share and that Gary Fry achieves 100% of his annual bonus.

The report was approved by the board of directors on 1 March 2016 and signed on its behalf by:

Gary Fry
CEO
1 March 2016

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 2015 set out on pages 21 to 55. 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), including FRS 101 Reduced Disclosure Framework.

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 11 and 12, 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 2015 and of the group's profit 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 part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006;
- 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 information given in the Corporate Governance Statement set out on page 2 with respect to internal control and risk management systems in relation to financial reporting processes and about share capital structures is consistent with the financial statements.

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; or
- a Corporate Governance Statement has not been prepared by the company.

Mark Prince
Senior Statutory Auditor
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Botanic House, 100 Hills Road, Cambridge, CB2 1AR
1 March 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In thousands of euros	Note	For the year ended 31 December 2015	2014
Revenue	8	**15,265**	11,355
Cost of sales		**(1,162)**	(309)
Gross profit		**14,103**	11,046
Other income		**16**	14
Selling, general and administrative expenses		**(5,737)**	(4,155)
Research and development expenses		**(6,951)**	(5,406)
Other operating expenses	9	**(305)**	(317)
Operating profit		**1,126**	1,182
Finance income	14	**5**	1
Finance expenses		**(1)**	-
Net finance income		**4**	1
Foreign currency exchange gains/(losses)	14	**86**	(23)
Profit before tax		**1,216**	1,160
Tax	19	**685**	474
Profit for the year attributable to equity holders		**1,901**	1,634
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences		**1,256**	1,102
Other comprehensive income for the year, net of tax		**1,256**	1,102
Total comprehensive income for the year attributable to equity holders		**3,157**	2,736
Earnings per ordinary share			
Basic earnings per share	26	**0.18**	0.16
Diluted earnings per share	26	**0.18**	0.16

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

The notes on pages 25 to 48 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		For the year ended 31 December	
In thousands of euros	**Note**	**2015**	**2014**
ASSETS			
Non-current assets			
Property, plant and equipment	15	**374**	349
Other intangible assets	16	**5,726**	3,938
Goodwill	17	**9,370**	7,328
Financial assets	18	**132**	122
Deferred tax assets	19	**618**	298
Total non-current assets		**16,220**	12,035
Current assets			
Inventories	20	**10**	15
Current tax assets		**110**	41
Trade and other receivables	21	**3,755**	1,635
Other current assets	22	**67**	58
Prepayments		**468**	413
Cash and cash equivalents	23	**4,235**	4,161
Total current assets		**8,645**	6,323
TOTAL ASSETS		**24,865**	18,358
EQUITY AND LIABILITIES			
Equity attributable to owners of the Parent			
Share capital	24	**4,486**	4,116
Share premium	24	**1,879**	249
Share-based payments reserve		**3,488**	3,380
Treasury shares	24	**(353)**	(883)
Accumulated profit		**20,751**	19,280
Foreign currency translation reserve		**(9,132)**	(10,388)
Total equity		**21,119**	15,754
Liabilities			
Deferred tax liabilities	19	**822**	-
Total non-current liabilities		**822**	-
Current liabilities			
Current tax liabilities		**211**	36
Trade and other payables		**430**	360
Other current liabilities		**1,371**	976
Customer advances and deferred revenue	25	**912**	1,232
Total current liabilities		**2,924**	2,604
Total liabilities		**3,746**	2,604
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**24,865**	18,358

The notes on pages 25 to 48 are an integral part of these consolidated financial statements.

These financial statements on pages 21 to 24 were approved and authorised for issue by the board of directors on 1 March 2016 and were signed on its behalf by:

Gary Fry
Director
Company registered number: SE000077

CONSOLIDATED STATEMENT OF CASH FLOWS

In thousands of euros	Note	For the year ended 31 December 2015	2014
Cash flows from operating activities			
Net profit for the year		**1,901**	1,634
Adjustments to reconcile net profit to net cash:			
- Depreciation of property, plant and equipment	15	**290**	203
- Amortisation and impairment of other intangible assets	16	**3,494**	2,359
- Share-based remuneration expenses	27	**108**	46
- Change in the amount of provisions		**-**	(43)
- Net interest income	14	**(4)**	(1)
- Net foreign currency exchange (gains)/losses	14	**(86)**	23
- Tax benefit	19	**(685)**	(474)
- Other items		**(150)**	175
		4,868	3,922
Change in operating assets and liabilities :			
- Financial assets	18	**(10)**	(18)
- Inventories	20	**5**	(7)
- Trade receivables	21	**(2,120)**	(154)
- Other current assets	22	**(9)**	(16)
- Prepayments		**(55)**	(6)
- Trade and other payables		**70**	157
- Other current liabilities		**395**	-
- Customer advances and deferred revenue	25	**(320)**	638
Cash generated from operating activities		**2,824**	4,516
Cash received for interest income during the year		**4**	1
Cash received during the year for current tax		**195**	309
Net cash flow from operating activities		**3,023**	4,826
Cash flows from investing activities			
Proceeds from the sale of property, plant & equipment		**-**	2
Capital expenditures on property, plant & equipment	15	**(287)**	(163)
Capital expenditures on other intangible assets		**(134)**	(66)
Capitalisation of development expenses		**(1,736)**	(1,720)
Acquisition of subsidiary, net of cash acquired	7	**(1,156)**	-
Net cash flow used in investing activities		**(3,313)**	(1,947)
Cash flows from financing activities			
Own share repurchases	24	**-**	(105)
Net cash flow used in financing activities		**-**	(105)
Net (decrease)/increase in cash		**(290)**	2,774
Cash and cash equivalents at 1 January		**4,161**	1,286
Effect of exchange rate fluctuations on cash at 1 January		**364**	101
Cash and cash equivalents at 31 December		**4,235**	4,161

The notes on pages 25 to 48 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	Accumul-ated profit/ (deficit)	Foreign currency translation adjustment	Total equity
Balance at 31 December 2013		**4,116**	**249**	**3,334**	**(1,017)**	**17,885**	**(11,490)**	**13,077**
Total comprehensive income								
Net profit for the year		-	-	-	-	1,634	-	1,634
Total other comprehensive profit		-	-	-	-	-	1,102	1,102
Total comprehensive profit		**-**	**-**	**-**	**-**	**1,634**	**1,102**	**2,736**
Transactions with owners								
Share-based payment transactions	27	-	-	46	-	-	-	46
Own share grants	24	-	-	-	239	(239)	-	-
Own share repurchases	24	-	-	-	(105)	-	-	(105)
Total transactions with owners		**-**	**-**	**46**	**134**	**(239)**	**-**	**(59)**
Balance at 31 December 2014		**4,116**	**249**	**3,380**	**(883)**	**19,280**	**(10,388)**	**15,754**
Total comprehensive income								
Net profit for the year		-	-	-	-	1,901	-	1,901
Total other comprehensive profit						-	1,256	1,256
Total comprehensive profit		**-**	**-**	**-**	**-**	**1,901**	**1,256**	**3,157**
Transactions with owners								
Business combination	7,24	370	1,630	-	100	-	-	2,100
Share-based payment transactions	27	-	-	108	-	-	-	108
Own share grants	24	-	-	-	430	(430)	-	-
Total transactions with owners		**370**	**1,630**	**108**	**530**	**(430)**	**-**	**2,208**
Balance at 31 December 2015		**4,486**	**1,879**	**3,488**	**(353)**	**20,751**	**(9,132)**	**21,119**

The notes on pages 25 to 48 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 based applications. It is also a leading supplier of digital typefaces and font technology.

The Company is a European Company, or 'Societas Europaea' (SE), registered in England and Wales, domiciled in the United Kingdom and is quoted on Euronext 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 1 March 2016.

Basis of measurement

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

Non-current assets are stated at the lower of amortised 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 2016 and 2017, 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 €4.235 million as at 31 December 2015 (2014: €4.161 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 2015 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

Goodwill and intangible assets

Goodwill
The acquisition 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 not 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Goodwill and intangible assets (continued)

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 maintaining existing computer software technology and programmes are recognised as an expense when incurred.

Font library
Font library technology is capitalised on the basis of the costs incurred to acquire and bring to use the specific technology. These costs are amortised over their estimated useful lives from respective acquisition dates, currently a period of five years. Costs associated with maintaining the existing font library are recognised as an expense when incurred.

Capitalised development costs
Direct costs incurred on software or font library 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; and
- 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Own share repurchases
When share capital recognised in equity is repurchased, the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. When treasury shares are sold or reissued subsequently, the amount received is recognised 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Employee benefits (continued)

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (continued)

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, if there is an ongoing obligation on the Group during that license period. If there is no such obligation, the revenue is recognised when the Group's obligation has been fulfilled. 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, training, hardware and consumables are recognised when the services are performed or the products have been delivered to the customer. 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.

Fonts are typically sold through 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 or licensed directly to the end user. Revenue from distribution agreements is recognised in the period when the reports are received by the Group. Revenue from direct sales is recognised when the fonts or font license is delivered to the customer and the Group has no further obligation under the agreement.

Fees from long-term contracts related to the development of software, font design 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 licenses.

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. General 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 unless there is sufficient information to be able to do so.

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 2015.

New standards which were not adopted by the Group in 2015

Certain new standards, amendments and interpretations to existing standards which are mandatory for the Group's accounting periods beginning on or after 1 January 2016, but may be applied early, have not been applied by the Group when preparing its consolidated financial statements for the year ended 31 December 2015. The new standards issued and the potential effect on the Company's consolidated financial statements are:

- IFRS 14 Regulatory Deferral Accounts is an interim standard that will permit first-time adopters of IFRS to continue using previous GAAP to account for regulatory deferral account balances while the IASB completes its comprehensive project in this area. As the Group is not a first-time adopter of IFRS and the Group's activities are not subject to rate regulation, there is no impact to the Group's consolidated financial statements.
- Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11) requires business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business. Given the lack of investment by the Group in joint operations, it is expected that the amendments will not have any impact on the Group's consolidated financial statements.
- Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38) introduces a rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate and explicitly states that revenue-based methods of depreciation cannot be used for property, plant and equipment. The Group does not use any revenue-based method of amortisation or depreciation, therefore it is expected that there will be no impact on the Group's consolidated financial statements from these amendments.
- Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41) allows companies to measure bearer plants at cost. The Group is not active in the agriculture market, therefore the amendments will have no effect on its consolidated financial statements.
- Equity Method in Separate Financial Statements (Amendments to IAS 27) allows the use of the equity method in separate financial statements. The Group has no plans to change the preparation of any of the Group companies' separate financial statements and there will be no impact on the Group's consolidated financial statements.
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) addresses an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. Given the lack of investment by the Group in joint operations, it is expected that the amendments will not have any impact on the Group's consolidated financial statements.
- Annual Improvements to IFRSs 2012-14 Cycle is a collection of non-urgent amendments to various standards, none of which will currently have an effect on the Group's consolidated financial statements.
- Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28) address a series of application issues for new requirements for investment entities to use fair value accounting that came into effect in early 2014. The Group does not have any investment entities, therefore the amendments will have no effect on its consolidated financial statements.
- IFRS 15 Revenue from Contracts with Customers introduces a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. This new standard will potentially have an impact on the Group's consolidated financial statements when it is adopted, the effect of it has not yet been assessed. The effective date of the standard is 1 January 2018 and early adoption is permitted, however, no decision has been made to adopt the standard before the effective date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Effect of interpretations and amendments to existing and new standards (continued)

- IFRS 9 Financial Instruments, which will be mandatory for the Group's accounting periods beginning on or after 1 January 2018, 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.

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. The Group's CEO is considered as the Group's chief operating decision maker ("CODM").

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

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

The following tables provide information on sales and costs for each of the Group's operating segments for the years ended 31 December 2014 and 31 December 2015:

Year ended 31 December 2015:

In thousands of euros	Print	eDoc	Fonts	Unallocated	Total
Segmental measure of profit					
Revenue from external customers	11,669	2,642	954	-	15,265
Inter-segment revenue	-	-	80	-	80
Cost of sales	(816)	(94)	(265)	(67)	(1,242)
Gross profit/(loss) for the year	**10,853**	**2,548**	**769**	**(67)**	**14,103**

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

Segmental balance sheet items					
Non-current assets	9,986	707	4,242	1,285	16,220
Current assets	2,752	438	1,352	4,103	8,645
Total assets	**12,738**	**1,145**	**5,594**	**5,388**	**24,865**
Non-current liabilities	-	-	822	-	822
Current liabilities	782	130	539	1,473	2,924
Total liabilities	**782**	**130**	**1,361**	**1,473**	**3,746**

Year ended 31 December 2014:

In thousands of euros	Print	eDoc	Fonts	Unallocated	Total
Segmental measure of profit					
Revenue from external customers	8,951	2,404	-	-	11,355
Cost of sales	(193)	(59)	-	(57)	(309)
Gross profit/(loss) for the year	**8,758**	**2,345**	**-**	**(57)**	**11,046**
Segmental balance sheet items					
Non-current assets	10,225	937	-	873	12,035
Current assets	1,410	240	-	4,673	6,323
Total assets	**11,635**	**1,177**	**-**	**5,546**	**18,358**
Non-current liabilities	-	-		-	-
Current liabilities	1,183	49	-	1,372	2,604
Total liabilities	**1,183**	**49**	**-**	**1,372**	**2,604**

The Group has disclosed these amounts for each reportable segment because they are regularly provided to the CODM.

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	2015	2014
Gross profit from above	14,103	11,046
Other income	16	14
Selling, general and administrative expenses	(5,737)	(4,155)
Research and development expenses	(6,951)	(5,406)
Other operating expenses (see note 9)	(305)	(317)
Financial expenses, net of financial income (see note 14)	90	(22)
Profit before tax	**1,216**	**1,160**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. BUSINESS COMBINATIONS

Acquisition of RTI Global, Inc and RIPMALL Technologies, Inc.

On 23 March 2015, the Group acquired the trade and assets of RTI Global, Inc. and RIPMall Technologies, Inc. (together "RTI"), both located in Sarasota, Florida, USA.

RTI provides and supports custom-branded versions of the Harlequin RIP direct to print service providers and printing equipment manufacturers, mostly in the North American market, and is a long-standing customer of the Group. RTI has grown a successful on-line sales operation over the past 20 years, selling the RTI Harlequin RIP for use with a wide variety of printing equipment and workflows. Both of the RTI employees have become employees of the Group.

This acquisition gives the Group a direct route to market in one of its strategic growth segments at the light production end of the digital printing market where RTI's understanding of the end-customer will be invaluable. It also gives the Group access to a very successful on-line sales operation which will allow the Group to receive a higher margin on sales to end users.

In the period from 23 March 2015 to 31 December 2015, RTI contributed revenue of €0.91 million and profit before tax and amortisation of €0.23 to the Group's results. If the acquisition had occurred on 1 January 2015, management estimates that consolidated revenue during the reporting period would have been €15.57 million and consolidated net profit for the reporting period would have been €1.98 million, after charging amortisation of purchased intangibles of €0.10 million. Management have assumed that the fair value adjustments, determined provisionally, that arose on the acquisition date would have been the same if the acquisition had occurred on 1 January 2015.

The acquisition date fair value of the consideration transferred was made up of:

In thousands of euros	
Cash	28
Equity instruments (50,000 ordinary shares)	117
Forgiveness of debt	109
Total consideration	**254**

The equity instruments element of the consideration relates to the grant of shares to the owner of RTI, who became an employee of the Group. This grant of shares was made out of existing treasury shares and is included in the Grant of shares to employees in note 24.

The fair value of ordinary shares was based on the closing share price of the Company's share at market close on 20 March 2015, the trading day prior to the acquisition date. The value was €2.33 per share.

The identifiable assets acquired and liabilities assumed were:

In thousands of euros	
Property, plant and equipment	13
Intangible assets	104
Total identifiable net assets acquired	**117**

Goodwill was recognised as a result of the acquisition as follows:

In thousands of euros	
Total consideration transferred	254
Fair value of identifiable net assets	(117)
Total Goodwill	**137**

The goodwill is mainly attributable to the relationships with customers and the skill and technical talent of the RTI workforce, and the synergies expected to be achieved from integrating the business into the Groups infrastructure. All of the goodwill recognised is expected to be deductible for tax purposes.

The Group incurred acquisition-related costs of €8,611 for external legal fees for the acquisition of RTI. These costs have been included in 'Other operating expenses' in the consolidated statement of comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. BUSINESS COMBINATIONS (CONTINUED)

Acquisition of URW++ Design & Development GmbH

On 15 September 2015, the Group acquired the entire issued share capital of font manufacturer URW++ Design & Development GmbH ("URW") located in Hamburg, Germany.

URW develops and designs digital typefaces. The company invented digital outline font technology and tools 35 years ago and is one of the few remaining font foundries that date from the pre-PostScript® era. Their IKARUS system for font design and production, which they invented in 1978, has become a de-facto standard around the world. In addition to licensing their extensive type libraries to the graphic design market they develop exclusive corporate typefaces, counting brands such as General Motors, Mercedes Benz and Siemens among their customer base. Known for their technical expertise and innovation URW has, over the past decade, developed a business in "global fonts" that include non-Latin scripts and that allow documents to be interchanged between many countries while maintaining brand identity.

URW has been one of the Group's strategic partners in the office market for several years and there is a great deal of synergy between the businesses. With the recent growth the Group has experienced in the office market we have seen more opportunities for a combined proposition of our Harlequin RIP technology and URW's font solutions. Furthermore, the acquisition brings significant opportunities to expand the URW business geographically with the support of the Global Graphics' world-wide infrastructure.

In the period from 15 September 2015 to 31 December 2015, URW contributed revenue of €0.95 million and profit before tax and amortisation of €0.36 million to the Group's results. If the acquisition had occurred on 1 January 2015, management estimates that consolidated revenue during the reporting period would have been €18.26 million and consolidated net profit for the reporting period would have been €1.57 million, after charging amortisation of purchased intangibles of €1.17 million. Management have assumed that the fair value adjustments, determined provisionally, that arose on the acquisition date would have been the same if the acquisition had occurred on 1 January 2015.

The acquisition date fair value of the consideration transferred was made up of:

In thousands of euros	
Cash	2,000
Equity instruments (925,926 ordinary shares)	2,000
Contingent consideration	200
Total consideration	**4,200**

The fair value of ordinary shares was based on the closing share price of the Company's share at market close on 14 September 2015, the trading day prior to the acquisition date. The value was €2.16 per share.

The Group has agreed to pay each of the selling shareholders 1/6 of the 2015 profits of URW and has included €0.20 million as additional consideration, which represents its fair value at the date of acquisition. It is estimated that the range of outcomes is between €167,000 and €280,000.

The identifiable assets acquired and liabilities assumed were:

In thousands of euros	
Property, plant and equipment	10
Intangible assets	3,064
Trade and other receivables	235
Cash and cash equivalents	844
Deferred tax liabilities	(909)
Current tax liabilities	(5)
Trade and other payables	(108)
Other current liabilities	(398)
Total identifiable net assets acquired	**2,733**

The trade receivables comprised of contractual amounts due, all of which was expected to be collected at the date of acquisition.

Goodwill was recognised as a result of the acquisition as follows:

In thousands of euros	
Total consideration transferred	4,200
Fair value of identifiable net assets	(2,733)
Total Goodwill	**1,467**

The goodwill is mainly attributable to the relationships with customers, the skill and technical talent of the URW workforce and the potential to expand the company's markets and geographic reach. None of the goodwill recognised will be deductible for tax purposes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. BUSINESS COMBINATIONS (CONTINUED)

The Group incurred acquisition-related costs of €141,679 for external legal fees and due diligence for the acquisition of URW. These costs have been included in 'Other operating expenses' in the consolidated statement of comprehensive income.

If new information obtained within one year from the acquisition date about facts and circumstances that existed at the acquisition date identifies adjustments to the above amounts, or any additional provisions that existed at the acquisition date, then the acquisition accounting will be revised.

If both of the aforementioned acquisitions had occurred on 1 January 2015, management estimates that consolidated revenue during the reporting period would have been €18.56 million and consolidated net profit for the reporting period would have been €1.65 million, after charging amortisation of purchased intangibles of €1.27 million. Management have assumed that the fair value adjustments, determined provisionally, that arose on the acquisition date would have been the same if the acquisition had occurred on 1 January 2015.

8. REVENUE

The Group typically sells its software and fonts 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 or fonts have been integrated. These agreements also include specific provisions with respect to the delivery of maintenance and after-sale support services over the duration of the agreement. Such services are rendered against the payment of a fixed fee, which has been contractually agreed at the outset of the agreement, and is typically charged on the anniversary date of the agreement. These agreements may also provide for the delivery of design and engineering services to ensure a seamless integration of the Group's software and fonts into the customer's products.

Following the acquisition of RTI, the Group also has revenue from associated printing hardware and consumables sales.

An analysis of sales by revenue type and geographical location of the Group's customers is shown below.

In thousands of euros	2015	2014
License royalties	12,860	9,823
Maintenance and after-sale support services	1,352	1,183
Engineering services	572	332
Printer hardware and consumables	423	-
Other items	58	17
Total sales	**15,265**	**11,355**

In thousands of euros	2015	2014
United Kingdom	333	225
Europe, excluding United Kingdom	1,298	357
North America (United States and Canada)	6,799	5,480
Asia (including Japan)	6,835	5,293
Total sales	**15,265**	**11,355**

In 2015, the ten largest customers represented 71.5% (2014: 77.1%) of the Group's revenue, the five largest customers represented 57.7% (2014: 64.1%) of the Group's revenue and the single largest customer represented 23.8% (2014: 24.0%) of the Group's revenue. Three customers (2014: three) each represented more than 10% of the Group's revenue. Two of those customers (2014: two) are included in the Print segment with revenue of €3,635,116 and €1,625,421 and the remaining one (2014: one) is included in the eDoc segment with revenue of €1,720,571.

9. OTHER OPERATING EXPENSES

Non-recurring expenses incurred during the year were:

In thousands of euros	2015	2014
Acquisition related expenses	150	-
Legal expenses (see below)	155	-
Redundancy expenses	-	63
Defect rectification	-	254
Total other operating expenses	**305**	**317**

During the reporting period one of the Group's customers was involved in an alleged patent infringement involving the Group's technology. For commercial reasons, rather than defend the alleged infringement, management agreed to settle the alleged patent infringement in return for protection for all of its customers, past, present and future. No further expenses are expected in relation to this matter.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. OPERATING EXPENSES BY NATURE

In thousands of euros	2015	2014
Employee benefit expense (see note 13)	8,984	7,355
Depreciation expenses (see note 15)	290	203
Capitalisation of R&D expenses (see note 16)	(1,736)	(1,721)
Amortisation of software technology	3,058	2,351
Amortisation of acquired intangibles	370	-
Rent expenses	464	405
Other operating expenses, net of other operating income	1,547	1,271
Total operating expenses	**12,977**	**9,864**

11. SERVICES PROVIDED BY THE GROUP'S AUDITOR

In thousands of euros	2015	2014
For the audit of Parent and Consolidated Financial Statements	**21**	19
For other services provided:		
- audit of financial statements of subsidiaries of the company	**32**	21
- audit-related assurance services	**11**	10
- all other services	**-**	20
Total fees payable to the Group's auditor and its associates	**64**	**70**

The audit-related assurance services provided by the Group's auditor were for the review of the half year interim financial statements.

12. 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 €466,545 (2014: €373,745).

The aggregate value of gains made by directors during the year on the exercise of share options was €nil (2014: €nil).

The aggregate value of assets awarded to directors under long term incentive schemes during the year was €51,480 (2014: €nil).

The Group only operates defined contribution pension schemes. During the year, for one (2014: one) director, €21,771 (2014: €19,276) of pension contributions were paid.

13. EMPLOYEE INFORMATION

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

	2015	2014
By activity		
Research and development	47	44
Sales and support	24	18
General and administrative	12	11
Total average number of people employed	**83**	**73**

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

In thousands of euros	2015	2014
Wages and salaries	6,855	5,948
Compulsory social security contributions	710	579
Medical insurance contributions	318	250
Pension contributions to defined contribution plans	839	475
Share-based payments (see note 27)	108	46
Other employee related expenses	154	57
Total employee benefit expenses	**8,984**	**7,355**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. FINANCE INCOME AND FINANCE COSTS

In thousands of euros	2015	2014
Interest income	5	1
Interest expense	(1)	-
Total finance income	**4**	**1**
Foreign exchange gains/(losses) on transactions and revaluations	86	(23)
Total foreign exchange gain/(loss)	**86**	**(23)**
Net finance income/(costs)	**90**	**(22)**

15. PROPERTY, PLANT AND EQUIPMENT

In thousands of euros	Leasehold improvements	Computer equipment	Office equipment	Office furniture	Other items	Total
Cost						
At 1 January 2014	609	1,425	20	304	790	3,148
Additions	-	152	-	1	10	163
Disposals	-	(2)	-	-	-	(2)
Effect of movement in exchange rates	44	129	6	25	59	263
At 31 December 2014	**653**	**1,704**	**26**	**330**	**859**	**3,572**
At 1 January 2015	653	1,704	26	330	859	3,572
Additions	7	171	-	5	81	264
Additions - business combinations	-	23	-	-	-	23
Disposals	-	-	-	-	-	-
Effect of movement in exchange rates	41	116	3	25	54	239
At 31 December 2015	**701**	**2,014**	**29**	**360**	**994**	**4,098**
Accumulated depreciation						
At 1 January 2014	428	1,272	18	303	761	2,782
Charge for the year	76	104	1	1	21	203
Disposals	-	(1)	-	-	-	(1)
Effect of movement in exchange rates	29	121	6	25	58	239
At 31 December 2014	**533**	**1,496**	**25**	**329**	**840**	**3,223**
At 1 January 2015	533	1,496	25	329	840	3,223
Charge for the year	84	171	1	2	32	290
Disposals	-	-	-	-	-	-
Effect of movement in exchange rates	32	98	3	25	53	211
At 31 December 2015	**649**	**1,765**	**29**	**356**	**925**	**3,724**
Net book value						
At 31 December 2014	120	208	1	1	19	349
At 31 December 2015	**52**	**249**	**-**	**4**	**69**	**374**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. OTHER INTANGIBLE ASSETS

In thousands of euros	Software technology	Customer contracts	Patents	Trade-marks	Know-how	Font library	Total
Cost							
At 1 January 2014	31,149	14,460	2,727	621	151	-	49,108
Additions – internally developed	1,721	-	-	-	-	-	1,721
Additions – purchased	65	-	-	-	-	-	65
Effect of movement in exchange rates	2,254	1,019	192	44	11	-	3,520
At 31 December 2014	**35,189**	**15,479**	**2,919**	**665**	**162**	**-**	**54,414**
At 1 January 2015	35,189	15,479	2,919	665	162	-	54,414
Additions – internally developed	1,736	-	-	-	-	-	1,736
Additions – purchased	119	-	-	-	-	-	119
Additions – business combinations	211	104			388	2,465	3,168
Effect of movement in exchange rates	2,094	930	175	40	10	-	3,249
At 31 December 2015	**39,349**	**16,513**	**3,094**	**705**	**560**	**2,465**	**62,686**
Accumulated amortisation and impairment							
At 1 January 2014	26,963	14,460	2,680	621	151	-	44,875
Charge for the year	2,351	-	8	-	-	-	2,359
Effect of movement in exchange rates	1,979	1,019	189	44	11	-	3,242
At 31 December 2014	**31,293**	**15,479**	**2,877**	**665**	**162**	**-**	**50,476**
At 1 January 2015	31,293	15,479	2,877	665	162	-	50,476
Charge for the year	3,168	77	9	-	97	143	3,494
Effect of movement in exchange rates	1,836	931	173	40	10	-	2,990
At 31 December 2015	**36,297**	**16,487**	**3,059**	**705**	**269**	**143**	**56,960**
Net book value							
At 31 December 2014	3,896	-	42	-	-		3,938
At 31 December 2015	**3,052**	**26**	**35**	**-**	**291**	**2,322**	**5,726**

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

Intangible assets that are subject to amortisation (i.e. those arising from the capitalisation of development costs in accordance with criteria set in IAS 38, Intangible Assets) are reviewed annually for impairment or whenever events or changes in accounting estimates indicate that the carrying amount may not be recoverable. 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 17).

There was no significant change during the year to the calculations and assumptions that were used at 31 December 2014 to identify the requirement to impair any of these intangible assets. It was concluded that no impairment was required for the year ended 31 December 2015 (2014: €nil).

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	2015	2014
Harlequin RIP	Between 0.6 years and 3.1 years	1,700	2,376
Jaws RIP	1.2 years	354	521
Total Print segment		**2,054**	**2,897**
EDL	1.5 years	321	504
gDoc applications	2.1 years	519	495
Total eDoc segment		**840**	**999**
Ikarus	Less than 1 year	158	-
Total Font segment		**158**	**-**
Total software technology		**3,052**	**3,896**

Customer contracts are allocated to the Print segment and Know-how and the Font library are both allocated to the Font segment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17. GOODWILL

In thousands of euros	Harlequin asset purchase	Ansyr asset purchase	RTI asset purchase	Acquisition of URW++ Design & Development GmbH	Total
Cost					
At 1 January 2014	12,920	13	-	-	12,933
Effect of movement in exchange rates	911	2	-	-	913
At 31 December 2014	**13,831**	**15**	**-**	**-**	**13,846**
At 1 January 2015	13,831	15	-	-	13,846
Additions – business combinations	-	-	137	1,467	1,604
Effect of movement in exchange rates	831	2	(2)	-	831
At 31 December 2015	**14,662**	**17**	**135**	**1,467**	**16,281**
Accumulated amortisation or impairment					
At 1 January 2014	6,075	13	-	-	6,088
Effect of movement in exchange rates	428	2	-	-	430
At 31 December 2014	**6,503**	**15**	**-**	**-**	**6,518**
At 1 January 2015	6,503	15	-	-	6,518
Effect of movement in exchange rates	391	2	-	-	393
At 31 December 2015	**6,894**	**17**	**-**	**-**	**6,911**
Net book value					
At 31 December 2014	7,328	-	-	-	7,328
At 31 December 2015	**7,768**	**-**	**135**	**1,467**	**9,370**

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.

The Print, eDoc and Fonts 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. The Harlequin asset purchase and RTI asset purchase Goodwill is fully allocated to the Print segment for the purpose of impairment testing. The Goodwill associated with the acquisition of URW is fully allocated to the Fonts segment for the purpose of impairment testing.

As in prior years, the recoverable amount of the CGUs have been determined using an estimate of their fair value as at 31 December 2015. These calculations employed cash flow projections based on financial forecasts approved by management covering a seven-year period ending 31 December 2022. 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. Staffing levels were reviewed against the additional revenue and an average 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 2016. The exchange rates were determined with reference to HSBC market forecasts and were 1.4100 euros for 1 pound sterling, 1.0800 US dollars for 1 euro, and 155 Japanese yen for 1 euro. Where applicable, 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 CGUs have been generating revenue for over 25 years and are typically sold under long term contracts. The Group's technology has evolved to meet the changing requirements of the industries in which it operates and it continues to do so. The continual shift to digital printing and manufacturers looking to differentiate their products continues to create new opportunities for the Group and its products.

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

	2015	2014
Risk free rate (UK Treasury Gilts)	1.35%	1.45%
Equity risk premium	5.00%	5.00%
Equity risk premium for micro caps	3.74%	3.81%
Cost of capital	**10.09%**	**10.26%**
Industry average debt level	Nil	Nil
Estimated net debt cost	Not applicable	Not applicable
Weighted average cost of capital	**10.09%**	**10.26%**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17. GOODWILL (CONTINUED)

Summary of the impairment review:

In thousands of euros	2015	2014
Net book value of goodwill allocated to the Print segment	7,904	7,328
Net book value of Print segment intangible assets (see note 16)	2,054	2,897
Net book value of Print segment current assets (see note 6)	2,752	1,410
Net book value of Print segment current liabilities (see note 6)	(782)	(1,183)
Net book value of Print segment net assets	**11,928**	**10,452**
Calculated fair value of the Print CGU	**28,181**	**22,411**
Excess of Print CGU fair value over net book value	**16,253**	**11,959**
Net book value of goodwill allocated to the Fonts segment	1,467	-
Net book value of Fonts segment intangible assets (see note 16)	2,771	-
Net book value of Fonts segment current assets (see note 6)	1,352	-
Net book value of Fonts segment current liabilities (see note 6)	(539)	-
Net book value of Fonts segment net assets	**5,051**	**-**
Calculated fair value of the Fonts CGU	**12,038**	**-**
Excess of Fonts CGU fair value over net book value	**6,987**	**-**

As a result of these projections, the Group concluded that no impairment was required for goodwill for the year ended 31 December 2015 (2014: €nil).

18. FINANCIAL ASSETS

In thousands of euros	2015	2014
Rent deposits	129	100
Other items	3	22
Total financial assets	**132**	**122**

19. TAX

Corporation tax

Analysis of the tax benefit in the year:

In thousands of euros	2015	2014
Current tax		
Benefit arising from the repayment of R&D tax credits in the UK	(489)	(375)
Current year charge	186	95
Total current tax	**(303)**	**(280)**
Deferred tax		
Arising from the capitalisation and amortisation of development expenses	(267)	(135)
Effect of change in tax rate	(39)	(87)
Origination and reversal of temporary differences	(76)	28
Total deferred tax	**(382)**	**(194)**
Total tax benefit	**(685)**	**(474)**

The tax charge for the year differs from that calculated by applying the standard rate of corporation tax of the Company to profit or loss before taxation. The differences are as follows:

In thousands of euros	2015	2014
Profit before tax	1,216	1,160
Expected tax expense at the Company's tax rate of 20.25% (2014: 21.50%)	246	249
Effect of differences in tax rates in foreign jurisdictions	34	(20)
Effect of share-based payments	22	10
Effect of the repayment of R&D tax credits	(489)	(375)
Effect of changes in unrecognised tax losses	(519)	(361)
Effect of other items	21	23
Total tax benefit recognised	**(685)**	**(474)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

19. TAX (CONTINUED)

Reductions in the UK rate of corporation tax to 19% from 1 April 2017 and 18% from 1 April 2020 were substantively enacted on 26 October 2015. 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 most likely reduce the Group's future current tax charge.

Deferred tax

The Group had recognised deferred tax as follows:

In thousands of euros	2015	2014
Deferred tax assets		
Capital allowances	1,152	1,087
Other items	18	16
Total deferred tax assets	**1,170**	**1,103**
Capitalised development expenses	(552)	(805)
Total deferred tax liabilities	**(552)**	**(805)**
Total recognised deferred tax assets	**618**	**298**
Deferred tax liabilities		
As a result of business combinations	**(822)**	**-**
Total recognised deferred tax liabilities	**(822)**	**-**

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.

The deferred tax asset at 31 December 2015 has been calculated based on the rate of 20% substantively enacted at the balance sheet date. The deferred tax liability at 31 December 2015 has been recognised from the acquisition of URW++ Design and Development GmbH and has been calculated based on the expected tax rate of 29.65%.

€1.502 million (2014: €2.209 million) in respect of losses that are capital in nature of other Group companies has not been recognised.

20. INVENTORIES

In thousands of euros	2015	2014
Finished goods	10	15
Total inventories	**10**	**15**

21. TRADE AND OTHER RECEIVABLES

In thousands of euros	2015	2014
Trade receivables	3,764	1,715
Allowance for doubtful debts	(9)	(80)
Total trade and other receivables	**3,755**	**1,635**

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	2015	2014
Under 90 days	3,704	1,567
Over 90 days and provided for	9	80
Over 90 days but not provided for	51	68
Total trade and other receivables	**3,764**	**1,715**

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

In thousands of euros	2015	2014
Balance as at 1 January	80	120
Amounts receivable which were written off during the year	(22)	(11)
Unused amounts which reversed during the year	(56)	(43)
Effect of exchange rates	7	14
Total allowance for doubtful debts	**9**	**80**

See note 29 for further disclosure regarding the credit quality of the Group's trade debtors.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

22. OTHER CURRENT ASSETS

In thousands of euros	2015	2014
VAT receivable	55	47
Other items	12	11
Total other current assets	**67**	**58**

23. CASH AND CASH EQUIVALENTS

In thousands of euros	2015	2014
Cash at bank and in hand	4,235	4,161
Total cash and cash equivalents	**4,235**	**4,161**

24. CAPITAL AND RESERVES

Ordinary shares allotted, called up and fully paid:

	2015		2014	
In thousands of euros, except number of shares	**Number**	**Value**	**Number**	**Value**
At 1 January	10,289,781	4,116	10,289,781	4,116
Issued in business combination (see note 7)	925,926	370	-	-
As at 31 December	**11,215,707**	**4,486**	**10,289,781**	**4,116**

Share premium:

In thousands of euros	2015	2014
At 1 January	249	249
From business combination (see note 7)	1,630	-
As at 31 December	**1,879**	**249**

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

	2015		2014	
In thousands of euros, except number of shares	**Number**	**Value**	**Number**	**Value**
At 1 January	180,519	883	155,428	1,017
Grant of shares to employees	(110,000)	(530)	(33,369)	(239)
Purchase of own shares	-	-	58,460	105
As at 31 December	**70,519**	**353**	**180,519**	**883**

25. CUSTOMER ADVANCES AND DEFERRED REVENUE

In thousands of euros	2015	2014
Customer advances	-	734
Deferred revenue	912	498
Total customer advances and deferred revenue	**912**	**1,232**

26. EARNINGS PER SHARE

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

For diluted earnings per share, the weighted average number of ordinary shares in issue during the year, excluding those held in treasury, is adjusted to assume conversion of all dilutive potential ordinary shares. At the 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 dilutive potential ordinary shares.

In thousands of euros unless otherwise stated	2015	2014
Weighted average number of shares (basic), in thousands of shares	10,456	10,081
Add the effect of dilutive potential ordinary shares	146	96
Weighted average number of shares (diluted), in thousands of shares	10,602	10,177
Profit attributable to ordinary shareholders	1,901	1,634
Basic earnings per share, in euros	**0.18**	**0.16**
Diluted earnings per share, in euros	**0.18**	**0.16**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

26. EARNINGS PER SHARE (CONTINUED)

In thousands of euros unless otherwise stated	2015	2014
Adjusted profit attributable to ordinary shareholders (see Group strategic report)	3,597	2,474
Basic adjusted earnings per share, in euros	0.34	0.25
Diluted adjusted earnings per share, in euros	0.34	0.24

27. SHARE BASED PAYMENTS

At 31 December 2015, 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. All of the options listed below expire on 6 August 2016.

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 2014 Number	Granted Number	Exercised Number	Lapsed Number	As at 31 December 2015 Number	Vesting conditions
6 August 2008	€2.08	200,000	-	-	-	200,000	(a)
17 December 2008	€2.08	50,000	-	-	-	50,000	(a)
28 July 2010	€1.65	10,000	-	-	-	10,000	(a)
2 November 2011	€1.06	250,000	-	-	-	250,000	(b)
21 May 2013	€1.06	25,000	-	-	-	25,000	(b)
30 September 2013	€1.13	25,000	-	-	-	25,000	(b)
		560,000	**-**	**-**	**-**	**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 2,032,011 shares of the Company's shares (18.12% of the Company's share capital) as at 31 December 2015 (' 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 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 reported closing price of the Company's shares is €2.00 or higher per share for at least 20 trading days in any 60 trading day period. The remaining 50% vest when the reported closing price of the Company's shares is €3.00 or higher per share for at least 20 trading days 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

27. SHARE BASED PAYMENTS (CONTINUED)

Share option plan (continued)

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

The options outstanding at the end of the year had a weighted average exercise price of €1.53 (2014: 560,000 with a weighted average exercise price of €1.53) and a weighted average contractual life of 6.1 years (2014: 6.1 years). 150,000 of the options had vested and were exercisable at 31 December 2015 (2014: 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 and free shares granted outside of the SIP or EMI have vesting periods of either 12 or 24 months.

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 2014 Number	Granted Number	Exercised Number	Withdrawn Number	Lapsed Number	As at 31 December 2015 Number
SIP matching shares	8,517	1,102	-	-	-	9,619
10 March 2011 grant	76,000	-	(72,000)	-	(4,000)	-
2 November 2011 grant	20,000	-	(20,000)	-	-	-
25 October 2012 grant	3,000	-	-	-	-	3,000
23 March 2015 grant	-	55,000	(10,000)	-	-	45,000
1 May 2015 grant	-	1,000	-	-	-	1,000
	107,517	**57,102**	**(102,000)**	**-**	**(4,000)**	**58,619**

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 in the SIP.

The fair value of free shares granted was assumed to be the closing price reported for the Company's shares 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.

Expenses related to share based payments

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

In thousands of euros	2015	2014
Share option grants	6	18
SIP matching shares	3	7
10 March 2011 free share grant	5	17
2 November 2011 free share grant	4	3
25 October 2012 free share grant	1	1
23 March 2015 free share grant	89	-
1 May 2015 free share grant	-	-
Total share based payments expense	**108**	**46**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

28. OPERATING LEASE COMMITMENTS

The Group has entered into certain non-cancellable operating leases for its offices in the UK, US, Japan and Germany 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:

In thousands of euros	2015 Property	2015 Office equipment	2014 Property	2014 Office equipment
Less than one year	306	1	430	4
Between one and five years	192	-	267	4
Total	**498**	**1**	**697**	**8**

29. 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 help manage these foreign exchange risks the Group may utilise 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 2015 (2014: none).

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

In thousands of euros	Euros	US dollars	Pounds sterling	Japanese yen
At 31 December 2015				
Trade receivables	583	2,930	240	2
Current tax assets	-	110	-	-
Other current assets	11	10	36	10
Trade payables	(208)	(36)	(176)	(10)
Current tax liabilities	(151)	(19)	-	(41)
Other current liabilities	(461)	(112)	(798)	-
Customer advances and deferred revenue	-	(457)	(455)	-
Net exposure	**(226)**	**2,426**	**(1,153)**	**(39)**

In thousands of euros	Euros	US dollars	Pounds sterling	Japanese yen
At 31 December 2014				
Trade receivables	67	1,462	105	1
Current tax assets	-	41	-	-
Other current assets	-	11	38	9
Trade payables	(2)	(23)	(326)	(9)
Current tax liabilities	-	-	-	(36)
Other current liabilities	(24)	(128)	(824)	-
Customer advances and deferred revenue	-	(247)	(985)	-
Net exposure	**41**	**1,116**	**(1,992)**	**(35)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

29. FINANCIAL RISK MANAGEMENT (CONTINUED)

Market risk (continued)

The average and year end exchange rates applied during the year to convert currencies to Euros are as follows:

	Average rate for		Rate at 31 December	
	2015	**2014**	**2015**	**2014**
US dollar	0.9026	0.7535	0.9157	0.8233
Pound sterling	1.3786	1.2405	1.3591	1.2820
Japanese yen	0.0075	0.0071	0.0076	0.0069

If sales and results for the year had been converted using the exchange rates prevailing in the prior year, the Group's 2015 sales would have been lower by approximately €2.05 million (2014: €0.15 million higher) and the operating profit for the year would have been approximately €0.80 million lower (2014: €0.49 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), Japan (Sumitomo Mitsui Banking Corporation) and Germany (Hamburger Sparkasse AG). 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 21 (Trade and other receivables) and note 23 (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**	**Total**
At 31 December 2015		
Trade payables	430	430
Current tax liabilities	211	211
Other current liabilities	1,371	1,371
Total	**2,012**	**2,012**
At 31 December 2014		
Trade payables	360	360
Current tax liabilities	36	36
Other current liabilities	976	976
Total	**1,372**	**1,372**

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

29. FINANCIAL RISK MANAGEMENT (CONTINUED)

There were no changes in the Group's approach to capital risk management during the year ended 31 December 2015.

In thousands of euros	2015	2014
Capital		
Total equity	21,119	15,754
Less cash and cash equivalents	4,235	4,161
	16,884	**11,593**
Overall financing		
Total equity	21,119	15,754
	21,119	**15,754**
Capital to overall financing ratio	**1:1.25**	**1:1.36**

30. 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 13 to 19.

Andlinger & Co. CVBA
The Group has a related party relationship with Andlinger & Co. CVBA (Andlinger), a Belgian company, which is managed by Johan Volckaerts.

During the period, there were no transactions between the Group and Andlinger and at the date of these financial statements there were no amounts owed between the two parties.

Hybrid Software Inc.
Following the appointment of Guido Van der Schueren as Chairman on 16 May 2014, a related party relationship has been established with one of the Group's customers, Hybrid Software Inc. (Hybrid). Hybrid is a US-based company controlled by Mr Van der Schueren.

Hybrid has been licensing the Group's Harlequin RIP technology since September 2013 and includes it as part of its solutions to its own customers.

During the year the Group recognised €31,591 (2014: €13,502) in revenue from Hybrid. At the date of these financial statements no amounts were owed between the Group and Hybrid.

31. GROUP ENTITIES

		Ownership interest %	
Company name	**Country of incorporation**	**2015**	**2014**
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%
URW++ Design & Development GmbH	Germany	100%	0%

32. SUBSEQUENT EVENTS

There are no post balance sheet events requiring disclosure in the financial statements for the year ended 31 December 2015.

COMPANY BALANCE SHEET

In thousands of euros	Note	2015	2014
		For the year ended 31 December	
FIXED ASSETS			
Intangible assets	5	**4**	5
Investments	6	**20,028**	15,828
Total fixed assets		**20,032**	15,833
CURRENT ASSETS			
Other current assets	7	**11**	3
Total current assets		**11**	3
Creditors: Amounts falling due within one year	8	**(11,246)**	(8,478)
Net current liabilities		**(11,235)**	(8,475)
Net assets		**8,797**	7,358
CAPITAL AND RESERVES			
Called up share capital	10	**4,486**	4,116
Share premium account	10	**1,879**	249
Share-based payments reserve	11	**174**	66
Treasury shares	10	**(353)**	(883)
Profit and loss account		**2,611**	3,810
Total shareholders' funds		**8,797**	7,358

The notes on pages 51 to 55 form part of these financial statements.

These financial statements were approved and authorised for issue by the board of directors on 1 March 2016 and were signed on its behalf by:

Gary Fry
Director
Company registered number: SE000077

COMPANY STATEMENT OF CHANGES IN EQUITY

In thousands of euros	Note	Called up share capital	Share premium account	Share-based payments reserve	Treasury shares	Profit and loss account	Total equity
At 1 January 2014		**4,116**	**249**	**20**	**(1,017)**	**2,427**	**5,795**
Effect of transition to FRS 101	14	-	-	-	-	-	-
Balance at 1 January 2014		**4,116**	**249**	**20**	**(1,017)**	**2.427**	**5,795**
Total comprehensive income							
Net profit for the year	2	-	-	-	-	1,622	1,622
Total comprehensive loss		**-**	**-**	**-**	**-**	**1,622**	**1,622**
Transactions with owners							
Share-based payment transactions	11	-	-	46	-	-	46
Own share grants	10	-	-	-	239	(239)	-
Own share repurchases	10	-	-	-	(105)	-	(105)
Total transactions with owners		**-**	**-**	**46**	**134**	**(239)**	**(59)**
Balance at 31 December 2014		**4,116**	**249**	**66**	**(883)**	**3,810**	**7,358**
Total comprehensive income							
Net loss for the year	2	-	-	-	-	(769)	(769)
Total comprehensive loss		**-**	**-**	**-**	**-**	**(769)**	**(769)**
Transactions with owners							
Issue of shares	10	370	1,630	-	-	-	2,000
Share-based payment transactions	11	-	-	108	-	-	108
Own share grants	10	-	-	-	530	(430)	100
Total transactions with owners		**370**	**1,630**	**108**	**530**	**(430)**	**2,208**
Balance at 31 December 2015		**4,486**	**1,879**	**174**	**(353)**	**2,611**	**8,797**

The notes on pages 51 to 55 form part of these financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES

Global Graphics SE is a company incorporated and domiciled in the UK.

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

These financial statements were prepared in accordance with Financial Reporting Standard 101 - Reduced Disclosure Framework ("FRS 101"). The amendments to FRS 101 (2013/14 Cycle) issued in July 2014 and effective immediately have been applied.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In the transition to FRS 101, the Company has applied IFRS 1 whilst ensuring that its assets and liabilities are measured in compliance with FRS 101. An explanation of how the transition to FRS 101 has affected the reported financial position and financial performance of the Company is provided in note 14.

The Company is an ultimate parent undertaking and is included in the Company's consolidated financial statements. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from 2030 Cambourne Business Park, Cambourne, CB23 6DW.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets, intangible assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- An additional balance sheet for the beginning of the earliest comparative period following the retrospective change in accounting policy; and
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of the Company include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 Share Based Payments in respect of group settled share based payments; and
- Certain disclosures required by IFRS 3 Business Combinations in respect of business combinations undertaken by the Company.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements and in preparing an opening FRS 101 balance sheet at 1 January 2014 for the purposes of the transition to FRS 101.

Investments

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

Intangible assets

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

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.

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.

NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

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 IAS 12.

Share based payments

The share option programme allows employees of the Group 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 2016 and 2017, 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 Group consolidated cash position of €4.235 million as at 31 December 2015 (2014: €4.161 million) and the absence of any outstanding debt.

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 loss for the year ended 31 December 2015 was €769,346 (2014: €1,622,016 profit).

There are no recognised gains or losses for the current year or preceding year other than those disclosed above.

3. EMPLOYEES AND REMUNERATION OF DIRECTORS

The Company employed an average of nil employees (including executive directors) during the year (2014: nil). Directors' emoluments are disclosed in the directors' remuneration report on pages 13 to 19 and in note 12 to the consolidated financial statements.

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 11 to the consolidated financial statements.

5. INTANGIBLE ASSETS

In thousands of euros	**Trademarks**
Cost	
At 1 January 2015 and 31 December 2015	47
Accumulated amortisation	
At 1 January 2015	42
Charge for the year	1
At 31 December 2015	**43**
Net book value	
At 31 December 2014	5
At 31 December 2015	**4**

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.

NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

6. INVESTMENTS

In thousands of euros	Shares in subsidiary undertakings
Cost	
At 1 January 2015	73,586
Additions	4,200
At 31 December 2015	**77,786**
Provision	
At 1 January 2015 and 31 December 2015	**57,758**
Net book value	
At 31 December 2014	15,828
At 31 December 2015	**20,028**

On 15 September 2015 the Company acquired the entire share capital of URW++ Design & Development GmbH. The transaction was settled part in cash and part in equity (see note 7 to the consolidated financial statements).

Investments are assessed at each reporting date to determine whether there is any objective evidence that they are impaired. An investment 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 investment. An impairment loss in respect of an investment is measured as the difference between its carrying amount and the present value of the estimated future cash flows.

The estimated fair value of the investments has been determined by the present value of future cash flows over a 10 year period from 2015 to 2024 using the same discount rate and exchange rates that were used for the impairment review of Goodwill in the consolidated financial statements (see note 17 to the consolidated financial statements). Management considers the use of a ten year period is justified because the underlying businesses have been established for over 25 years, have recurring revenues and continue to develop new products and gain new customers.

The Company had the following interests in the ordinary share capital of group undertakings:

		Group ownership interest %	
Company name	**Country of incorporation**	**2015**	**2014**
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%
URW++ Design & Development GmbH	Germany	100%	0%

* indirectly held by the Company.

Except for URW++ Design & Development GmbH, all of the above subsidiaries are included within the consolidated financial statements of Global Graphics SE for the years ended 31 December 2015 and 31 December 2014. URW++ Design & Development GmbH was acquired on 15 September 2015 and is included from that date within the consolidated financial statements of Global Graphics SE for the year ended 31 December 2015. See note 7 to the consolidated financial statements for more information.

7. OTHER CURRENT ASSETS

In thousands of euros	2015	2014
VAT receivable	9	-
Prepayments	2	3
Total other current assets	**11**	**3**

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

In thousands of euros	2015	2014
Trade creditors	1	1
Amounts owed to group undertakings	11,003	8,467
Accruals	242	10
Total non-current liabilities	**11,246**	**8,478**

NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

9. 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. The Company had no recognised or unrecognised deferred tax assets as at 31 December 2015 (2014: €nil).

10. SHARE CAPITAL

New ordinary shares were issued during the year as part of the acquisition of URW++ Design & Development GmbH. See note 7 to the consolidated financial statements for more information.

Ordinary shares allotted, called up and fully paid:

In thousands of euros, except number of shares	Number	Value
At 1 January 2015	10,289,781	4,116
Issue of shares	925,926	370
As at 31 December 2015	**11,215,707**	**4,486**

Share premium:

In thousands of euros	2015
At 1 January 2015	249
Issue of shares	1,630
As at 31 December 2015	**1,879**

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

	2015		2014	
In thousands of euros, except number of shares	**Number**	**Value**	**Number**	**Value**
At 1 January	180,519	883	155,428	1,017
Grant of shares to employees	(110,000)	(530)	(33,369)	(239)
Purchase of own shares	-	-	58,460	105
As at 31 December	**70,519**	**353**	**180,519**	**883**

11. SHARE BASED PAYMENTS

Information about share based payments for directors and employees are detailed in note 27 to the consolidated financial statements.

12. RELATED PARTY TRANSACTIONS

The remuneration paid to the directors is detailed in the directors' remuneration report on pages 13 to 19.

Andlinger & Co. CVBA
The Group has a related party relationship with Andlinger & Co. CVBA (Andlinger), a Belgian company, which is managed by Johan Volckaerts.

During the period, there were no transactions between the Group and Andlinger and at the date of these financial statements there were no amounts owed between the two parties.

Hybrid Software Inc.
Following the appointment of Guido Van der Schueren as Chairman on 16 May 2014, a related party relationship has been established with one of the Group's customers, Hybrid Software Inc. (Hybrid). Hybrid is a US-based company controlled by Mr Van der Schueren.

Hybrid has been licensing the Group's Harlequin RIP technology since September 2013 and includes it as part of its solutions to its own customers.

The Company has not transacted directly with Hybrid, but during the year the Group recognised €31,591 (2014: €13,502) in revenue from Hybrid. At the date of these financial statements no amounts were owed between the Group and Hybrid.

The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 for transactions with wholly owned group companies.

13. SUBSEQUENT EVENTS

There are no post balance sheet events requiring disclosure in the financial statements for the year ended 31 December 2015.

NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

14. EXPLANATION OF TRANSITION TO FRS 101 FROM OLD UK GAAP

As stated in note 1, these are the Company's first financial statements prepared in accordance with FRS 101.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 December 2015, the comparative information presented in these financial statements for the year ended 31 December 2014 and in the preparation of an opening FRS 101 balance sheet at 1 January 2014 (the Company's date of transition).

In preparing its FRS 101 balance sheet, the Company has not needed to adjust amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP), however, the following tables are provided for information.

Reconciliation of equity:

			1 January 2014			31 December 2014	
In thousands of euros	**Note**	**UK GAAP**	**Effect of transition**	**FRS 101**	**UK GAAP**	**Effect of transition**	**FRS 101**
FIXED ASSETS							
Intangible assets		6	-	6	5	-	5
Investments		13,602	-	13,602	15,828	-	15,828
Total fixed assets		**13,608**	**-**	**13,608**	**15,833**	**-**	**15,833**
CURRENT ASSETS							
Debtors		7	-	7	-	-	-
Other current assets		-	-	-	3	-	3
Cash and cash equivalents		124	-	124	-	-	-
Total current assets		**131**	**-**	**131**	**3**	**-**	**3**
Creditors: Amounts falling due within one year		(7,944)	-	(7,944)	(8,478)	-	(8,478)
Net current liabilities		**(7,813)**	**-**	**(7,813)**	**(8,475)**	**-**	**(8,475)**
Net assets		**5,795**	**-**	**5,795**	**7,358**	**-**	**7,358**
CAPITAL AND RESERVES							
Called up share capital		4,116	-	4,116	4,116	-	4,116
Share premium account		249	-	249	249	-	249
Share-based payments reserve		20	-	20	66	-	66
Treasury shares		(1,017)	-	(1,017)	(883)	-	(883)
Profit and loss account		2,427	-	2,427	3,810	-	3,810
Total shareholders' funds		**5,795**	**-**	**5,795**	**7,358**	**-**	**7,358**

Reconciliation of profit for the year ended 31 December 2014:

In thousands of euros	**Note**	**UK GAAP**	**Effect of transition**	**FRS 101**
Profit for the year		1,622	-	1,622