Global Graphics Annual Report

2009

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Directors

As at 31 December 2009:
Johan Volckaerts
Gary Fry
Alain Pronost
Gareth Jones
Pierre Van Beneden

Auditors

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Term of mandate: 2014

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3 rue de Turique
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France
Term of mandate: 2010

Global Graphics Annual Report 2009

the smarter alternative™
GLOBAL GRAPHICS®

Shareholders' letter Johan Volckaerts

2009 WAS THE YEAR in which the recession hit the world economy full on and Global Graphics was no exception in experiencing a downturn in revenues. Sales were down 16.2% at current exchange rates over the previous year at Euro 9.4 million (Euro 8.9 million at 2008 exchange rates). Sales for 2009 into the print segment were Euro 7.6 million and showed a 19.6% decline at current exchange rates and a 23.5% decline at constant exchange rates over 2008. Sales into the electronic document segment were Euro 1.8 million this year, an increase of 2.5% at current exchange rates but a decrease of 3.4% at constant exchange rates with 2008.

We continued to invest in our strategy of preparing the Company for growth as the effects of the recession recede. We made our first steps in application software and launched our gDoc™ range of business applications on 1st December. The concept behind this range is to bring the simplicity and ease of use of consumer software to the office desktop with the result that the knowledge worker will experience unprecedented productivity gains. The gDoc range includes gDoc Fusion, a desktop application that allows Microsoft® Office documents (and other commonly used document formats) to be viewed and collated together in seconds without Office even being installed on a PC. There is currently no faster way available to view, merge or combine pages from multiple documents in different formats. In the office printing market too, we continued to invest in upgrading our technology and working with development and marketing partners to offer the high performance-to-cost ratio required by printer manufacturers. We made advances in this market, signing our first contract with one of the manufacturers who has been evaluating our technology for several months, and we continue to see long-term potential in this market for the Company. With this continued investment, total operating expenses amounted to Euro 10.4 million in 2009, compared with Euro 10.8 million in 2008.

As a result, 2009 was a year in which the Company made an adjusted pre-tax loss of Euro 1.6 million compared with a pre-tax profit of Euro 0.2 million 2008. However, due to prudent financial management in previous years we had begun 2009 with Euro 4.5 million net cash and by the end of the year still had a comfortable cushion of Euro 3.1 million.

In 2010 we will continue with our strategy of developing a new revenue stream from our gDoc knowledge worker applications. We expect this to arrest the decline in revenues we have seen from the print segment in recent years. This, combined with our confidence about our capability in the office printing market, will set the Company on track to deliver increasing value to shareholders. ◆

Johan Volckaerts
Chairman of the Board of Directors

KEY HIGHLIGHTS FOR 2009

Launch of the new gDoc range of knowledge worker applications

Two production print contracts signed

Agreement signed with Conexant Systems to market a new generation of office printer controller solutions

A new office print contract signed with first shipments expected for Q3 2010

Sales of Euro 9.4 million (Euro 8.9 million at 2008 rates)

Operating expenses of Euro 10.4 million

Adjusted pre-tax loss of Euro 1.6 million

A net loss of Euro 0.16 per share

Company profile

THROUGH ITS OPERATING subsidiaries Global Graphics (NYSE-Euronext: GLOG) is a leading developer of printing and electronic document software.

The Company is active in three principal market areas:

- **PRODUCTION PRINTING:** the Harlequin® and Jaws® RIPs interpret text and images on pages into a language that can be recognised by a printing device. They are used in pre-press systems by the world's major newspaper publishers and commercial printers; for professional colour proofing; in digital production presses, and wide-format printing applications for the production of posters and banners
- **OFFICE PRINTING:** Global Graphics' Harlequin RIP is embedded inside multi-function printers and copiers that scan, print, photocopy, and email documents
- **KNOWLEDGE WORKER APPLICATIONS:** easy-to-use software for document creation, aimed at improving the productivity of the office worker.

Global Graphics owns all of its intellectual property and through its sustained program of research and development, has an extensive patent portfolio and ensures that its software remains state-of-the-art. In 2009 R&D expenditure amounted to approximately Euro 5.0 million or about 53% of 2009 sales.

Global Graphics SA was incorporated in November 1996 and its corporate headquarters are in Pompey, France. Global Graphics Software is headquartered near Cambridge in the UK, and it has offices near Boston in the US, in Tokyo in Japan, and in Pune in India.

SALES

The Company's total sales were Euro 9.4 million in 2009 (equivalent to Euro 8.9 million at 2008 exchange rates). The Company's sales for the fourth quarter of 2000 were Euro 2.2 million (Euro 2.4 million at Q4 2008 exchange rates). ◆

FINANCIAL HIGHLIGHTS

2007	16,379
2008	11,168
2009	9,362

SALES
(in thousands of Euro)

2007	5,315
2008	434
2009	(1,421)

PRE-TAX INCOME (LOSS)
(in thousands of Euro)

2007	29.2%
2008	45.3%
2009	53.5%

R&D EXPENSES
(as a percentage of sales)

Share data

THE COMPANY'S shares have been listed on Euronext (now NYSE-Euronext) under the symbol "GLOG" since 17 April 2001. The Company had been listed on Nasdaq Europe from 23 June 1998 but ceased trading its shares on this market on 16 September 2003 after it had applied for de-listing following Nasdaq Europe's announcement that all its operations would be discontinued by the end of 2003.

The table sets out the high and low closing prices in Euros for the Company's shares on Euronext for each quarter since 1 January 2003 through to 26 March 2010. The last reported closing price for the Company's shares on 26 March 2010 was Euro 1.90. The average daily trading volume of the Company's shares during the year ended 31 December 2009 was 10,646. It was 7,530 in the period to 26 March 2010.

SHARE REPURCHASE PROGRAMME

No shares were repurchased by the Company in the year ended 31 December 2009, compared with 45,000 shares in the year ended 31 December 2008. The total number of own shares held by the Company at 31 December 2009 was 173,968. ◆

NYSE-EURONEXT HIGH AND LOW CLOSING PRICES

	€ High	€ Low
Year ended 31 December 2003		
First quarter	2.55	1.75
Second quarter	3.50	2.10
Third quarter	3.20	2.85
Fourth quarter	5.03	2.61
Year ended 31 December 2004		
First quarter	7.78	4.26
Second quarter	9.05	6.97
Third quarter	8.90	7.98
Fourth quarter	9.25	8.51
Year ended 31 December 2005		
First quarter	9.79	8.36
Second quarter	10.44	9.00
Third quarter	11.45	10.10
Fourth quarter	10.95	10.50
Year ended 31 December 2006		
First quarter	11.90	10.36
Second quarter	11.18	9.69
Third quarter	10.85	9.48
Fourth quarter	11.55	10.10
Year ended 31 December 2007		
First quarter	11.50	9.30
Second quarter	9.62	8.68
Third quarter	8.00	7.48
Fourth quarter	7.97	4.73
Year ended 31 December 2008		
First quarter	5.98	3.58
Second quarter	3.92	2.11
Third quarter	2.40	1.43
Fourth quarter	1.68	1.03
Year ended 31 December 2009		
First quarter	1.30	0.86
Second quarter	2.46	1.18
Third quarter	2.08	1.60
Fourth quarter	1.67	1.37
Year ending 31 December 2010		
First quarter (up to 26 March 2010)	1.90	1.54

Investor information

ANNUAL SHAREHOLDERS' MEETING

The annual meeting of the Company's shareholders on results for the year ended 31 December 2009 is expected to be held on 23 April 2010 in Brussels. A complete notice of the meeting, including confirmation of the timing and the venue as well as the agenda and proposed resolutions (in French and English), is available for download from both the Company's and NYSE-Euronext websites.

ANNUAL REPORT AND ACCOUNTS

Shareholders may request a hard copy of the annual report (available in French or in English) by sending an email to investor-relations@globalgraphics.com or writing for the attention of the Director of Corporate Communications at Global Graphics Software Limited, Building 2030, Cambourne Business Park, Cambourne, Cambridge CB23 6DW, (United Kingdom), or for the attention of the Chief Financial Officer at the Company's registered office in Pompey (France).

Shareholders may also obtain copies of any other documents required by French Company Law upon request in writing sent to the Company's registered office, for the attention of the Chief Financial Officer.

YEAR 2010 QUARTERLY EARNINGS RELEASES

Press releases accompanying the release of quarterly earnings as well as any other press releases issued by the Company are posted on both the Company's and NYSE-Euronext websites.

Press releases announcing quarterly earnings are expected to be issued on the following dates:

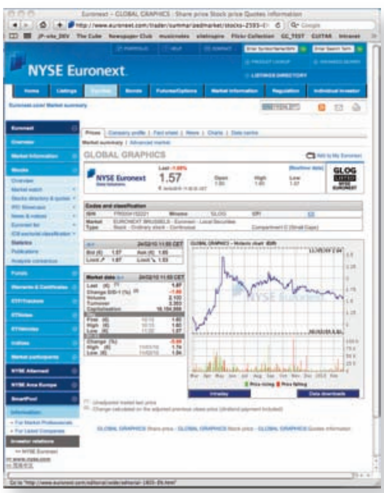
- Quarter ending 31 March 2010: 23 April 2010
- Quarter ending 30 June 2010: 29 July 2010
- Quarter ending 30 September 2010: 20 October 2010.

ANALYST MEETINGS

The Company provides regular updates on the current state of its affairs and its prospects, notably through public conference calls on its quarterly results, and also through analyst meetings, as applicable.

The next analyst meeting is expected to be held on 23 April 2010 to coincide with the publication of the Company's results for the quarter ending 31 March 2010. ◆

euronext.com



globalgraphics.com/investors

Employees and Company structure

EMPLOYEES

Headcount remained stable during 2009, at 120 at 31 December 2009 compared with 119 the previous year. The Company employs high calibre individuals with specialised expertise in developing solutions for processing and converting Page Description Languages and with extensive sectoral knowledge in printing and electronic document technology. Employees working in research and development account for 62% of the total workforce, most of whom continue to be based at the Company's office near Cambridge in the UK. Global Graphics believes that relations with its staff continue to be strong. As of 31 December 2009 the Company's 120 employees were distributed as follows:

BREAKDOWN BY GEOGRAPHICAL AREA OF EMPLOYMENT
31 December 2009

United Kingdom	67
India	30
United States of America	18
Japan	3
Continental Europe	2
Total	120

BREAKDOWN BY NATURE OF EMPLOYMENT
31 December 2009

Research and development	74
Sales and support	32
General & administrative	14
Total	120

COMPANY STRUCTURE
31 December 2009

Global Graphics SA
France
Parent company

Global Graphics (UK) Ltd.
UK
Intermediate holding 100%

Global Graphics Software Ltd.
UK
Operating company 100%

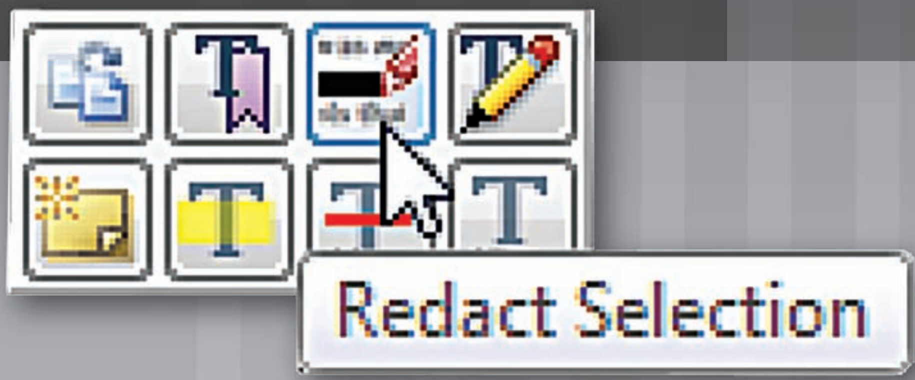
Global Graphics Software Inc.
USA
Operating company 100%

Global Graphics Software (India) Pvt.Ltd.
India
Operating company 100%

Global Graphics KK
Japan
Operating company 100%

Redaction with gDoc Fusion

Remove confidential text from documents, leaving a black strikeout in its place. Works with text selection, or use "Search and Redact" to redact multiple occurrences of a word or phrase. PDF redaction is simple to do.



Operational review Gary Fry

2009 HAS BEEN a difficult trading year for all companies in the production printing industry. However, our strategy of building a company that competes in three different market areas using the same technology base will allow us to build a stronger, stable company that does not follow the unique trend of one market, either in a positive or a negative direction. At the moment until our revenues build in our new segments we are still very much linked to the trends of the production printing market, which includes our traditional graphic arts customers and digital printing and so I am very pleased that during 2009 we released compelling solutions in the office printing and the business applications markets. These solutions are based on the reputable core technology for which we are known, and will allow us to expand into these new markets. Our teams have worked extremely hard to get us to this stage in our evolution and our investments are now linked to gaining market penetration and revenues in the three market areas.

PRODUCTION PRINTING

Production printing continues to be the key revenue driver for us and has suffered a little during 2009 as our revenues are directly linked to the success of our OEMs. We have market leading solutions with our Jaws® and Harlequin® technologies, a strong installed base, great OEM relationships, and a loyal following of customers and partners.

We have seen some developments in this segment in emerging territories (such as the BRIC countries) and are working with our OEM partners to understand how best to support these areas from a pricing and go-to-market position.

Wide format printing has seen a reasonably strong year with our Jaws RIP and the signs are positive in terms of long-term growth in this sub-segment of this market. We continue to develop our Jaws RIP in line with our OEMs' needs and desires and are working on a new Jaws solution to be released later in 2010.

Digital printing has become more and more competitive and has taken market share away from traditional offset technologies, especially in the western economies. Our Harlequin RIP is extremely competitive in this market, and with HP Indigo using our technology extensively and new customers like Myakoshi coming on board, I predict that Harlequin will take more new OEM relationships in this space as new printers and technologies come to market. Our unique play here is the speed and quality of the RIP combined with our ability to forge engineering relationships with our OEMs that give them an edge in the highly competitive space.

OFFICE PRINTING

I am very pleased that we have released our production ready version of our embedded SDK. We now support all the important languages and variances, including PCL, PostScript®, XPS and PDF. During 2009 the Harlequin embedded SDK has been in proof of concept validations in multiple potential customers supporting their goals of launching cheaper, faster, better quality printers to the office printing market in 2010 and beyond. We have been successful in signing one new key relationship in 2009 and the overall data and feedback that we are getting from our evaluators is that our solution is faster and of a better quality in all areas than the incumbent provider, Zoran. We have also been very active with our new silicon partner, Conexant, and have worked alongside them to generate multiple new opportunities. We are starting to develop further relationships with other silicon partners that will expand our reach even further.

Easy document assembly with gDoc Fusion

The sales cycles in this segment are long, but the development investment has been made already and any new development work will be on the back of paid for partnerships with our new customers. I am very optimistic that this business will drive solid profitability to Global Graphics over the long term.

KNOWLEDGE WORKER APPLICATIONS

On 1st December 2009 we released our first family of applications to the market place, gDoc Creator, gDoc Fusion and gDoc PDF Server. Aimed at the typical office worker, the unique selling proposition of these applications is the productivity gain of being able to create a new document from pages in multiple formats with a simple drag-and-drop action as well as create enterprise-quality PDF documents quickly and easily. The need for ease of use and simplicity were highlighted as key requirements in this segment when we conducted market research among office workers early in 2009.

I am extremely proud of gDoc and have had multiple levels of feedback from industry analysts, the computer trade press, technology bloggers, and most importantly, our customers, that this software is unique and fixes a problem that persists across enterprises worldwide.

We have adopted a 'freemium' pricing strategy so that we can get mass adoption quickly. This has been extremely successful and at the time of writing we have had over 200 thousand software downloads since launch date. This figure grows each week. A recent market research project that we commissioned suggests that 54% of CIOs have already deployed over 10 free applications and are looking to deploy more free software during 2010 to enhance their infrastructure with value added quality applications; gDoc provides exactly this. The same market research also suggested that 38% of CIOs are looking to replace Adobe® Acrobat® and this gives us a great opportunity.

We have invested in a sales team based in Boston to start to work with early adopter companies that have already bought into the free strategy to move them to a paying model for gDoc Fusion across the enterprise.

CONCLUSION

We have had a tough year financially but have continued to make strategic investments during this period of global recession to emerge fitter and stronger as economies start to recover. This means that we have taken some losses on board while we focussed on designing, building and developing marketable solutions with which to execute our three-tier strategy. We now have these in place and have retained and grown our enviable base of customers and OEMs. 2010 is the year in which we will execute against this strategy and create a platform from which we can escalate our growth from 2011 and beyond. Our business straddles three different market areas, but benefits from having at its foundation a single technology base and skill set. This will make Global Graphics a unique and stable player in an ever changing world of information technology. ◆

Gary Fry Chief Executive Officer

gDoc Fusion 09/11/2009 X

....during 2009 we released compelling solutions in the office printing and the business applications markets.

Comment and review with gDoc Fusion
Easily add notes and text mark-ups, then export and email those comments to the author for quick, collaborative review cycles. Review comments are supported for PDF comments, XPS comment, etc.

Products

PRINT

The Harlequin® RIP

Fast and reliable the Harlequin RIP is used throughout the world in newspaper and magazine publishing and in a vast number of commercial printing applications for the volume production of publicity materials. It is used to drive Computer-to-Plate and proofing devices, within pre-press workflow applications, and to drive high-speed digital production presses.

The Harlequin Embedded SDK

In the office printing segment a RIP embedded onto a controller board situated inside the device is the solution required. Global Graphics' Harlequin Embedded SDK supports a wide range of controller architectures and operating systems and offers multiple PDL support.

The Harlequin Host Renderer

This software development kit provides a comprehensive RIP solution through high-quality components with which to build RIP farms for digital production presses. It is also suitable for wide and grand format printers.

The Jaws® RIP

Software applications that drive wide format and grand format printing devices that print posters and billboards use the Jaws RIP because this kernel interpreter is compact and efficient and can be readily customised into an OEM's own application.

globalgraphics/gdoc

EDOCUMENT

Office workers need desktop applications that help them to be more productive in their everyday tasks. Simplicity and ease of use are at the heart of the gDoc brand concept and are key differentiators for the range in what is a very competitive market space.

gDoc Creator offers free enterprise-quality PDF creation and together with gDoc Fusion is part of Global Graphics' freemium go-to-market strategy for the new gDoc range of knowledge worker applications. gDoc Creator gives corporates the opportunity to deploy high-quality PDF creation to everyone in their organisation with the option to upgrade to the paid for gDoc Fusion for additional features. gDoc Fusion is the easiest way to assemble information from a range of sources and formats and quickly create high-quality documents for sharing, printing or collaboration, such as putting together reports and tenders. gDoc PDF Server, a server-based PDF creation application, allows IT administrators to configure PDF creation across the enterprise. ◆

Harlequin RIP - online campaign

Sales and marketing

8.1

PRINTING SOFTWARE is licensed to Original Equipment Manufacturers, system integrators, and software application developers typically under multi-year contracts. These customer relationships rely upon strong engineering partnerships; pre- and post-sales technical support is of particular importance. The gDoc range is sold directly to enterprise customers as well as via an international network of distributors and resellers and through the Global Graphics' ecommerce website.

There were a number of significant commercial milestones during the year: the Harlequin PLUS Server RIP was upgraded to version 8.1 to add greater performance for CtP and digital production printing; two new digital print customers were signed, Miyakoshi in Japan, and the IHPS division of HP; the Company continued to strengthen its strategic relationships with System-on-a-Chip (SOC) manufacturers with which the Company works in partnership in the office printing market and a number of manufacturers of office printing devices continued to evaluate the Harlequin Embedded SDK, and one of these evaluations resulted in a formal contract signing with first product shipments expected in Q3 2010; the gDoc range of knowledge worker applications was launched on 1st December in the US, UK and Germany since when there have been over 200,000 downloads of the product.

The Company's ten largest customers represented approximately 57.0% of 2009 sales, compared with 56.6% in the previous year and 63.3% in 2007. Our top five customers represented 41.3% of 2009 sales, compared with 38.0% in 2008 and 48.5% in 2007. The print segment represented 81% of 2009 sales and the electronic document segment represented 19% of 2009 sales. ◆

CUSTOMERS INCLUDE:

Print	Edocument
HP	Quark
Agfa	Fuji Xerox
Kodak	Trinity Mirror
Ryobi	Marathon Oil
Presstek	Bell Microproducts
Compose	Brisbane Airport Corporation
Morisawa	Corrs Chambers Westgarth Lawyers
ECRM	Tranport Research Laboratory
Onyx	Kässbohrer Geländefahrzeug
Wasatch	Harro Hoefliger GmbH
Miyakoshi	V-ZUG
Colorburst	

Industry bodies

COMPATIBILITY AND COMPLIANCE with industry standards are prerequisites when developing solutions for the printing and electronic document markets. Global Graphics' activity in industry bodies gives the Company's solutions a competitive edge and increases its stature and reputation internationally.

Martin Bailey - Chief Technology Officer

In 2009 Global Graphics' Chief Technology Officer continued to chair the two international committees behind PDF/X (a subset of the PDF standard for printing) and remained the UK primary expert on PDF/A (the standard for achiving electronic documents) and PDF/VT (a standard that is being developed for printing variable data.) He also continued as Chairman of the Committee for Graphic Arts Technical Standards (CGATS), and represents Global Graphics on the CIP4 Advisory Board.

Global Graphics is involved in the following industry organizations and committees:

NPES – the Assocation for Suppliers and Printing, Pubishing and Converting technologies

CGATS – Committee for Graphics Arts Technical Standards

Photo Marketing Association – the trade association for the photo imaging community

CIP4 – the international body that promotes the integration of processes in pre-press, press and post-press and standards association

PDF (ISO TC171/SC2/WG8) – the technical committee of the International Organisation for Standardisation (ISO) for the Portable Document Format.

XPS (Ecma TC46) – the technical committee of Ecma International that worked on producing an industry standard for the XPS print and document format

PDF/A (ISO TC171/SC2/WG5) – the international committee working on the ISO standard using the PDF format for the long-term archiving of electronic documents.

ISO TC1 30/WG2/TF2 which is developing aspects of PDF/X

IDT/1/2 – a UK committee that tracks and reviews the international standards relating to Micrographics and Electronic Document Management Applications

IST/003 – a UK committee that shadows the international committee ISO/IEC JTC1/SC28 working on office equipment

Ghent PDF Workgroup, an international assembly of industry associations whose goal is to establish and disseminate process specifications for best practices in graphic arts workflow

IST/041/0-/01 – the committee that is providing the UK response to ISO/IEC DIS 29500 on Office Open XML File Formats

The PDF/A Competence Center - a cooperation between numerous world-leading companies and experts in PDF technology

International Color Consortium (ICC) promotes the use and adoption of open, vendor-neutral, cross-platform color management systems

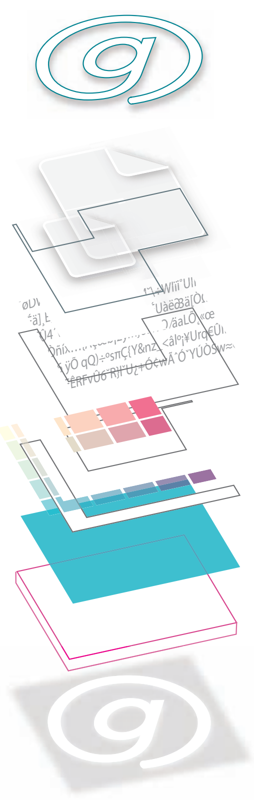
Society for Imaging Science and Technology (IS&T), the group that provides a window into current research within the color science community

Competitors

GLOBAL GRAPHICS' competitive advantage lies in:

- its expertise in interpreting, rendering and converting multiple Page Description Languages (PDL) including PostScript, PDF, PCL and XPS
- its ability to offer PDL solutions suitable across the full range of digital print devices used for professional printing and publishing, through high-speed networked office copier/printers, to desktop inkjet or laser printers so that OEM customers can work with one supplier across multiple product ranges
- the quality of its pre- and post-sales support
- the high-speed performance and reliability of its technology
- the wide range of value-add components for print and document workflows
- its flexible licensing arrangements for customers
- its sustained investment in patents and R&D.

In 2009 the Company estimates that it has retained an approximate 45% share of the market for RIPs for high-end graphic arts applications. The Company's principal competitor in this market is Adobe Systems Inc, the developer of the PostScript language. EFI is also a competitor in production printing. In the office printing market competitors include, Zoran, Artifex, Monotype Imaging and OEMs' own in-house development groups. Adobe is the primary competitor for gDoc applications together with a number of PDF clone products. ◆



Directors 2009

JOHAN VOLCKAERTS (58) became Chairman and Chief Executive Officer of the Company on its incorporation in November 1996. He stepped down from the role of CEO in late April 2007 remaining as Chairman of the Board. Mr. Volckaerts joined Andlinger & Company Europe in 1988 and was appointed managing partner in 1992. He is also the chairman and board member of various European companies. He holds a master of business administration degree from the University of London. His current term of mandate is until 2011.

GARY FRY (41) was appointed Chief Executive Officer in late June 2008. For the previous 8 years he had worked for Adobe Systems, becoming managing director of Adobe Systems Benelux in 2005. Prior to joining Adobe, Mr. Fry held various sales and management positions in the IT industry including at Catalyst Solutions, a leading provider of enterprise-wide IT solutions, Oracle, and IBM. With a background in electronic engineering, Mr. Fry holds an MBA (MSc) from Reading University and a Diploma in company direction from the UK Institute of Directors. His current term of mandate is until 2012.

PIERRE VAN BENEDEN (55) was appointed a non-executive director in March 2008. He is the Chief Executive Officer of RSD, a provider of archiving and retrieval software. Prior to joining RSD he was vice president EMEA for Adobe Systems Inc., served as president of Critical Path, a NASDAQ-listed company, and held a variety of positions in the IT industry including with Lotus Development Corporation and a decade at Oracle Corporation. Mr. Van Beneden holds a Ph.D. in business management from Paris University and a Master's degree in the same from Paris Dauphine. He has chaired the Company's remuneration committee since July 2008. His current term of mandate is until 2010.

GARETH JONES (45) has been a non-executive director of the Company since June 2002. He is senior operations manager, EMEA for GenArts, Inc., specialists in visual effects software for the film and video industry. From 1998 to 2002, he was the managing director of 5D Solutions Limited, from which the Company acquired the digital publishing business including the Jaws RIP and PDF creation technologies. Prior to joining 5D, he spent 8 years with strategy consultants Mars & Company. Mr. Jones has a master's degree in business administration from the London Business School. He chairs the Company's audit committee. His current term of mandate is until 2010.

ALAIN PRONOST (43) joined the Company in August 1999 as Chief Financial Officer. Prior to joining Global Graphics, Mr. Pronost was an auditor at KPMG from October 1990 to August 1999, and notably the manager in charge of the audit of the Company from May 1996. Mr. Pronost has a degree in business administration and accounting from the Institut Commercial de Nancy. He was appointed a director of the Company in June 2000. His current term of mandate is until 2012.

Senior management



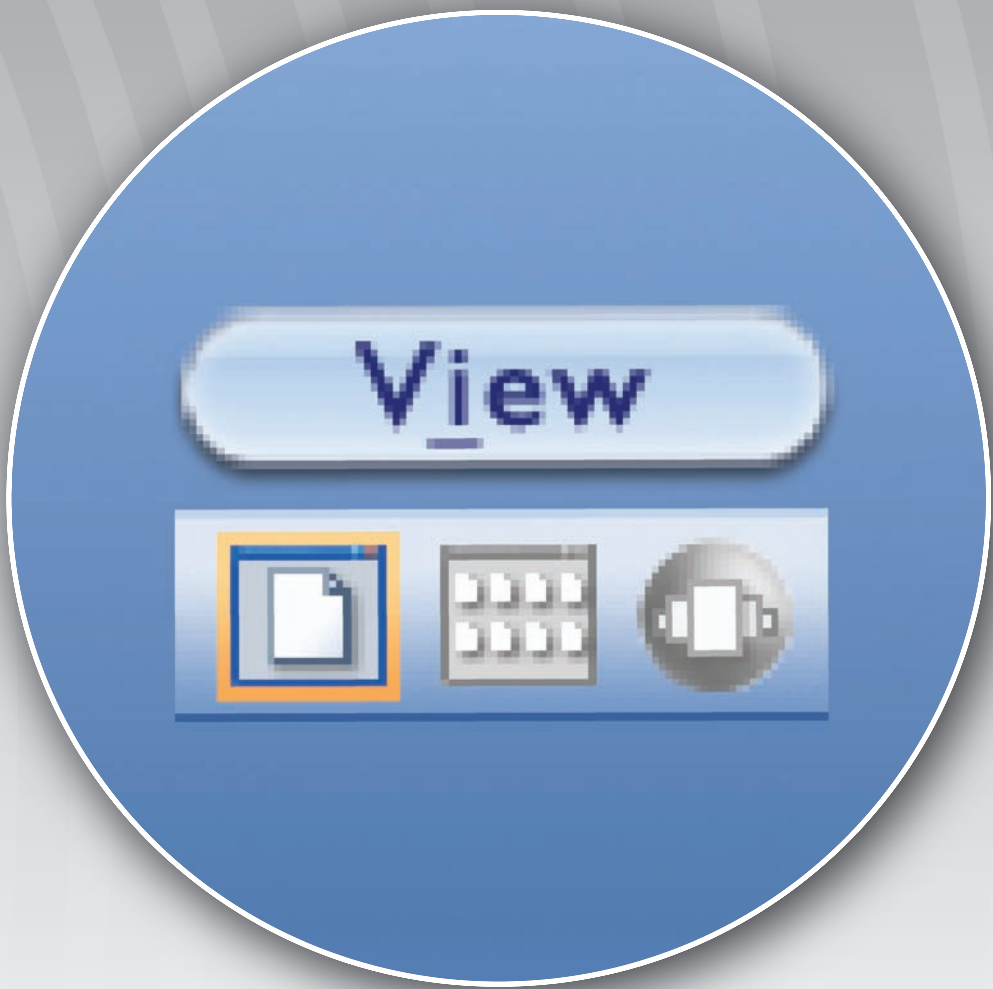




The members of Global Graphics' senior management team have many years experience in their respective professional fields. They work together to deliver the Company's business strategy to the highest standard.

FIRST LINE: **Gary Fry**, Chief Executive Officer; **Alain Pronost**, Chief Financial Officer. SECOND LINE: **Jill Taylor**, Director of Corporate Communications; **Ronald Iversen**, Vice President Sales; **Graeme Huttley**, Finance Director. THIRD LINE: **Martin Bailey**, Chief Technology Officer; **Neil Wylie**, Operations Director.

Integrated File Viewer
gDoc Fusion gives users three ways to view their docs - Document view, Page view and Flick view. gDoc Fusion also enables users to view and print any Excel, PowerPoint or Word document without needing to have MS Office installed on their PCs.



GLOBAL GRAPHICS SA AND SUBSIDIARIES

Statutory auditors' report on the consolidated financial statements

For the year ended 31 December 2009

Translation of the French language original

To the shareholders,

In compliance with the assignment entrusted to us by your annual general meetings, we hereby report to you, for the year ended 31 December 2009, on:

- the audit of the accompanying consolidated financial statements of Global Graphics SA;
- the justification of our assessments;
- the specific verification required by law.

The consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I - OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, on a test basis or by selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 December 2009 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Without qualifying our opinion, we draw your attention to the matters set out in note 3a to the consolidated financial statements regarding the change in accounting policies coming from the application of the standards IAS 1 revised and IFRS 8.

II - JUSTIFICATION OF OUR ASSESSMENTS

The financial crisis which was accompanied by an economic crisis has many consequences on the companies, particularly as regards their activity and their financing. These matters have been taken into account by your company when assessing the appropriateness of the going concern assumption used in the preparation of the consolidated financial statements as of 31 December 2009 and for the year then ended. The volatility of the financial markets remaining active, the rarity of transactions on financial markets which are no longer active and the lack of visibility on the future create specific conditions this year for the preparation of the consolidated financial statements, especially with respect to the accounting estimates which are required under the accounting principles. Such is the context in which we made our own assessments that we bring to your attention in accordance with the requirements of article L.823-9 of the French Commercial Code ("Code de commerce").

Change in accounting policies

Note 3a to the consolidated financial statements sets out the changes in accounting policies occurred during the current year coming from the application of the new standards IAS 1 revised and IFRS 8. In conformity with the standards IAS 1 revised and IFRS 8, comparative information relating to 2008 year, presented in the consolidated financial statements, has been restated in order to take into account the retrospective application of the standards. Consequently, the comparative information departs from the consolidated financial statements issued for the year 2008. In the frame of the assessment of the accounting rules applied by your company, we have examined the correct restatement of the 2008 financial statements and the information given in the notes 3a and 7 to the consolidated financial statements.

Significant estimates

Notes 2d and 6 to the financial statements describe the significant estimates made by management. Our work consisted of assessing the reasonableness of information and assumptions on which these estimates were made, particularly those related to goodwill and other intangible assets (notes 3f, 9 and 10) and to deferred tax assets (notes 3q and 12), and reviewing, on a test basis, the calculations made by the Company, and verifying the appropriateness of the information disclosed in the notes relating to the assumptions and methods applied.

These assessments were made in the context of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III - SPECIFIC VERIFICATION

As required by law, we have also verified, in accordance with professional standards applicable in France, the information provided in the Group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Schiltigheim and Nancy, 31 March 2010

KPMG Audit, A division of KPMG SA	SECEF
Pascal Maire Partner	Thierry Baillet Partner

This is a free translation into English of the statutory auditors' report issued in French and is provided solely for the convenience of English speaking users. The statutory auditors' report includes information specifically required by French law in such reports, whether qualified or not. This information is presented below the opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements.

This report should be read in conjunction with, and is construed in accordance with, French law and professional auditing standards applicable in France.

GLOBAL GRAPHICS SA AND SUBSIDIARIES

Consolidated statements of financial position
(In thousands of euros)

ASSETS	Note	31 December 2009	31 December 2008	1 January 2008
Non-current assets				
Property, plant and equipment	**8**	560	640	919
Other intangible assets	**9**	4,754	4,014	4,132
Goodwill	**10**	6,351	5,871	7,756
Financial assets	**11**	130	113	134
Deferred tax assets, net	**12**	807	936	2,068
Total non-current assets		**12,602**	**11,574**	**15,009**
Current assets				
Inventories		45	54	102
Trade receivables	**13**	2,242	2,951	3,779
Current tax assets		26	7	4
Other current assets	**14**	114	154	166
Prepaid expenses		579	508	615
Cash		3,144	4,482	4,112
Total current assets		**6,150**	**8,156**	**8,778**
Total assets		**18,752**	**19,730**	**23,787**
LIABILITIES AND SHAREHOLDERS' EQUITY				
Shareholders' equity				
Share capital		4,116	4,116	4,116
Share premium	**15**	28,829	28,830	28,874
Reserve for share options outstanding		2,853	2,751	2,557
Reserve for own shares	**23**	(1,246)	(1,246)	(1,180)
Accumulated deficit		(6,042)	(4,436)	(3,871)
Foreign currency translation reserve		(12,144)	(13,245)	(8,753)
Total shareholders' equity		**16,366**	**16,770**	**21,743**
Liabilities				
Non-current liabilities				
Other non-current liabilities		2	2	2
Total non-current liabilities		**2**	**2**	**2**
Current liabilities				
Trade payables		337	471	363
Current income tax payables		14	6	190
Other payables		679	862	943
Customer advances and deferred revenue	**17**	1,354	1,619	546
Total current liabilities		**2,384**	**2,958**	**2,042**
Total liabilities		**2,386**	**2,960**	**2,044**
Total liabilities and shareholders' equity		**18,752**	**19,730**	**23,787**

See accompanying notes to the Company's consolidated financial statements.

GLOBAL GRAPHICS SA AND SUBSIDIARIES

Consolidated statements of income (loss)

(In thousands of euros, except per share data in euro)

	Note	Years ended 31 December 2009	2008
Sales		9,362	11,168
Cost of goods sold and services performed		(313)	(432)
Gross profit		9,049	10,736
Selling, general and administrative expenses		(5,386)	(5,767)
Research and development expenses		(5,006)	(5,056)
Total operating expenses		(10,392)	(10,823)
Operating loss		(1,343)	(87)
Interest income	**20**	16	128
Interest expenses	**20**	-	-
Foreign currency exchange gains, net	**20**	(94)	393
Profit (loss) before income tax		(1,421)	434
Income tax expense	**21**	(185)	(999)
Net loss for the year		**(1,606)**	**(565)**
Basic net loss per share	**22**	(0.16)	(0.06)
Diluted net loss per share	**22**	(0.16)	(0.06)

See accompanying notes to the Company’s consolidated financial statements.

GLOBAL GRAPHICS SA AND SUBSIDIARIES

Consolidated statements of comprehensive income (loss)

(In thousands of euros, except per share data in euro)

		Years ended 31 December	
	Note	**2009**	**2008**
Net loss for the year		(1,606)	(565)
Foreign currency differences arising from foreign operations		1,101	(4,492)
Other comprehensive income (loss) for the year, net of income tax		1,101	(4,492)
Total comprehensive loss for the year		**(505)**	**(5,057)**

See accompanying notes to the Company's consolidated financial statements.

GLOBAL GRAPHICS SA AND SUBSIDIARIES

Consolidated statement of shareholders' equity

(in thousands of euros, except share amounts and unless otherwise stated)

	Note	Number of shares	Par value of shares	Share capital	Share premium	Reserve for share options outstanding	Reserve for own shares	Accumulated deficit	Foreign currency translation adjustment	Shareholders' equity
Balance at 1 January 2008		**10,289,781**	**Euro 0.40**	**4,116**	**28,874**	**2,557**	**(1,180)**	**(3,871)**	**(8,753)**	**21,743**
Comprehensive income (loss)										
Net loss for the year		-	-	-	-	-	-	(565)	-	(565)
Other comprehensive income (loss)										
Foreign currency translation adjustment		-	-	-	-	-	-	-	(4,492)	(4,492)
Total other comprehensive income (loss)		-	-	-		-	-		(4,492)	(4,492)
Total comprehensive income (loss)		**-**	**-**	**-**		**-**	**-**	**(565)**	**(4,492)**	**(5,057)**
Transactions with owners										
Exercise of share options	**16**	-	-	-	(44)	-	-	-	-	(44)
Share-based compensation expense	**16**	-	-	-	-	194	-	-	-	194
Own share repurchases	**23**	-	-	-	-	-	(66)	-	-	(66)
Total transaction with owners		**-**	**-**	**-**	**(44)**	**194**	**(66)**	**-**	**-**	**84**
Balance at 31 December 2008		**10,289,781**	**Euro 0.40**	**4,116**	**28,830**	**2,751**	**(1,246)**	**(4,436)**	**(13,245)**	**16,770**
Comprehensive income (loss)										
Net loss for the year		-	-	-	-	-	-	(1,606)	-	(1,606)
Other comprehensive income (loss)										
Foreign currency translation adjustment		-	-	-	-	-	-	-	1,101	1,101
Total other comprehensive income (loss)		-	-	-		-	-		1,101	1,101
Total comprehensive income (loss)		**-**	**-**	**-**		**-**	**-**	**(1,606)**	**1,101**	**(505)**
Transactions with owners										
Exercise of share options	**16**	-	-	-	(1)	-	-	-	-	(1)
Share-based compensation expense	**16**	-	-	-	-	102	-	-	-	102
Own share repurchases	**23**	-	-	-	-	-	-	-	-	-
Total transaction with owners		**-**	**-**	**-**	**(1)**	**102**	**-**	**-**	**-**	**101**
Balance at 31 December 2009		**10,289,781**	**Euro 0.40**	**4,116**	**28,829**	**2,853**	**(1,246)**	**(6,042)**	**(12,144)**	**16,366**

See accompanying notes to the Company's consolidated financial statements.

GLOBAL GRAPHICS SA AND SUBSIDIARIES

Consolidated statements of cash flows
(in thousands of euros)

	Note	Years ended 31 December 2009	2008
Cash flows provided by (used in) operating activities			
Profit (loss) before income tax for the year		(1,421)	434
Adjustments to reconcile net profit to net cash provided by (used in) operating activities:			
Depreciation on property, plant and equipment and financial assets	**8 & 11**	264	344
Amortization of other intangible assets	**9**	810	778
Share compensation expenses	**16**	102	194
Net interest expenses (net interest income)	**20**	(16)	(128)
Net foreign currency exchange losses (net foreign currency exchange gains)	**20**	94	(393)
Expenses offset against the share premium relating to share option plans	**15**	(1)	(44)
Exchange rate differences		(38)	(329)
Other items		39	(6)
Changes in operating assets and liabilities:			
Inventories		9	48
Trade receivables	**13**	709	909
Current tax assets		(19)	(3)
Other current assets	**14**	40	12
Prepaid expenses		(71)	107
Trade payables		(134)	108
Current income tax payables		8	(37)
Other payables		(183)	(228)
Customer advances and deferred revenue	**17**	(265)	992
Cash received during the year for interest income		15	136
Cash paid during the year for interest expenses		-	-
Cash paid during the year for income taxes		(47)	(198)
Net cash flows provided by (used in) operating activities		(105)	2,696
Cash flows provided by (used in) investing activities			
Capital expenditures on property, plant and equipment	**8**	(123)	(236)
Capital expenditures on other intangible assets	**9**	(46)	(170)
Capitalization of development expenses	**9**	(1,208)	(1,663)
Net cash flows used in investing activities		(1,377)	(2,069)
Cash flows provided by (used in) financing activities			
Repurchase of own shares	**23**	-	(66)
Net cash flows used in financing activities		-	(66)
Net increase (decrease) in cash		(1,482)	561
Cash at 1 January		4,482	4,112
Effect of exchange rate fluctuations on cash held at 1 January		144	(191)
Cash at 31 December		3,144	4,482

See accompanying notes to the Company's consolidated financial statements.

GLOBAL GRAPHICS SA and subsidiaries

Notes to the consolidated financial statements
For the year ended 31 December 2009
Translation of the French language original

NOTE 1: REPORTING ENTITY

Global Graphics SA (the 'Parent', and together with its wholly-owned subsidiaries, the 'Company') is a company domiciled in France, which has its registered office at 146 boulevard de Finlande, ZI Pompey Industries, 54340 Pompey.
The Company is a leading provider of open documents and print solutions and provides high-performance software components to the commercial and digital print markets and for electronic document software applications.

NOTE 2: BASIS OF PREPARATION

(a) 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 and as adopted by the European Union.
These consolidated financial statements were authorised for issue by the Parent's Board of Directors on 10 March 2010. They may be amended by the Parent's shareholders on the date of the meeting when they are submitted for approval.

(b) Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis except for the revaluation of derivative instruments at fair value through profit or loss.
Non-current assets are stated at the lower of amortized cost and fair value less disposal costs when applicable.
The methods used to measure fair value are discussed further in note 4.

(c) Functional and presentation currency

These consolidated financial statements are presented in euro, which is the Parent's functional and presentation currency. All financial information presented in euro has been rounded to the nearest thousand.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies, and to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.
The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period and future periods if the revision affects both current and future periods.
Judgements made by management in the application of IFRSs that have a significant effect on these consolidated financial statements and assumptions and estimates with a significant risk of material adjustment in the next year are discussed in note 6.

(e) Going concern

The global economic crisis had no material effect on the Company's ability to meet its financial requirements over the year ending 31 December 2010 which was known to the Company's Board of Directors on the date these accounts were drafted. In addition, the Company has no debt outstanding and a net cash position of 3,144 at 31 December 2009 (see note 5e). Based on projected results and cash flows for the year ending 31 December 2010, management does not anticipate any significant, detrimental effect on the Company's cash position over that period.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all the years presented in these consolidated financial statements, and have been applied consistently by all entities part of the Company, with exception of the new standards and amendments to standards which were mandatory for the first time for the financial year beginning on 1 January 2009 and were relevant to the Company, referred to in note 3a below.

(a) New and amended standards adopted by the Company as of 1 January 2009

(i) IAS 1 (Revised), Presentation of financial statements

The revised standard, which became effective as of 1 January 2009, prohibits the presentation of items of income and expenses (i.e. 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity, in a performance statement.

Entities may choose whether to present one performance statement (the statement of comprehensive income) or two separate statements (the income statement and the statement of comprehensive income). The Company has elected to present two statements, an income statement and a statement of comprehensive income, which are included in these consolidated financial statements.

Comparative information has been re-presented so that it also is conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

(ii) IFRS 8, Operating segments

IFRS 8, which replaces IAS 14, *Segment Reporting*, requires a 'management approach' under which segment information is presented on the same basis as used for internal reporting purposes. This has resulted in an increase of the number of reportable segments presented, as the previously single reported segment was split into the following two segments: printing software ('Print' segment) and electronic document technologies ('eDoc' segment). Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker (CODM). The Company's CODM has been identified as the Company's Chief Operating Officer (CEO), Mr. Fry.

Goodwill has been allocated by management to groups of cash-generating units on 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 Company's assets and liabilities as at 1 January 2009.

Assets and liabilities are allocated based on the operations of the reportable segments. Items such as deferred tax assets, current assets other than trade receivables, and current liabilities other than customer advances and deferred revenue, are not allocated to any of the Company's reportable segments (see note 7d).

Comparative information has been re-presented so that it also is conformity with the transitional requirements of IFRS 8. Since the change in accounting policy only impacts presentation and disclosure aspects, there is no impact on earnings per share.

(b) Basis of consolidation

(i) Subsidiaries

Subsidiaries are all entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities, generally accompanying a shareholding of more than one half of the voting rights. In assessing control, any potential voting rights that are currently exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control is transferred to the Company until the date that control ceases.

The accounting policies of subsidiaries have been changed where necessary to ensure consistency with the accounting policies adopted by the Company.

(ii) 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.

(c) Foreign currency translation

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Company's entities using the exchange rates prevailing at the date of the respective transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency using 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 reporting period, adjusted for effective interest and payments during the reporting period as applicable, and the amortised cost in foreign currency translated at the exchange rate at the reporting date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured in terms of historical costs in a foreign currency are retranslated to the functional currency using the exchange rate at the date of transaction. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency using the exchange rate at the date that the fair value was determined. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at reporting date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to euro at exchange rates at the reporting date. The income and expenses of foreign operations are translated to euro at average exchange rates, unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate prevailing on the dates of transaction.

Foreign currency differences are recognised directly into in a separate component of equity, the foreign currency translation reserve ('FCTR'). When a foreign operation is partially disposed of or sold, relevant exchange differences that were recorded in the FCTR are recognised in profit or loss as part of the gain or loss on sale.

(d) Financial instruments

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and bank overdrafts, and trade and other payables as well as customer advances and deferred revenue.

Non-derivative financial instruments are recognised initially at fair value, plus, for instruments not at fair value through profit or loss, 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.

(ii) Derivative financial instruments

The Company uses derivative financial instruments to manage its exposure to foreign exchange risk. In accordance with guidelines established by management, the Company does not hold any derivative financial instruments for trading purposes.

Derivative financial instruments are initially recognised at fair value; any attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivative financial instruments are measured at fair value; the method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged, which are either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment ('fair value hedge'); or
- hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction ('cash flow hedge'); or
- hedges of a net investment in a foreign operation ('net investment hedge').

The Company documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values of cash flows or cash flows of hedged items.

Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

Cash flow hedges

Changes in the fair value of the derivative financial instrument designated as a cash flow hedge are recognised directly in equity to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in profit or loss.

When a hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. Any cumulative gain or loss previously recognised in equity remains there until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognised in equity is transferred to the carrying amount of the asset when it is recognised. In other cases, the amount recognised in equity is transferred to profit or loss in the same period that the hedged item affects profit or loss.

Net investment hedge

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Gains and losses accumulated in equity are included in profit or loss only when the foreign operation is partially disposed of or sold.

Other non-trading derivatives

When a derivative financial instrument is not held for trading and is not designated in a qualifying hedge relationship (such as foreign currency forward and option contracts entered into by the Company), all change in its fair value are recognised immediately in profit or loss.

(e) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at historical cost less accumulated depreciation and accumulated impairment losses as applicable. The cost of property, plant and equipment at 1 January 2004, the Company’s date of transition to IFRSs, was determined by reference to the amount recognised under US GAAP, which were the Company’s previous accounting framework.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment, which are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, are recognised net in profit or loss.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of repairs and maintenance are recognised in profit or loss when incurred.

(iii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

The estimated useful lives for the current and comparative periods are as follows:

- building improvements 3 to 10 years;
- computer and office equipment 3 to 5 years;
- office furniture and other items 3 to 5 years.

Depreciation methods, useful lives and residual values are reviewed, and adjusted if appropriate, at each reporting date, if not insignificant. The carrying value of an item of property, plant and equipment is written down immediately to its recoverable value if such carrying value is greater than its estimated recoverable amount.

(f) Goodwill and other intangible assets

(i) Goodwill

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Company. The cost of an acquisition is measured at the fair value of the assets acquired, equity instruments issued and liabilities incurred or assumed at the date of exchange of control, plus costs directly attributable to the acquisition. Identifiable assets acquired as well as liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest.

The excess of cost of acquisition over the fair value of the Company'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 profit or loss.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units for the purposes of impairment testing. Goodwill is no longer amortised but is tested annually for impairment (see note 3g) 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.

(ii) Other intangible assets

Other intangible assets, which were purchased by the Company and have finite useful lives, are stated at cost less accumulated amortisation (see below) and impairment losses (see note 3g) when applicable.

Trademarks, know-how, patent and patent applications

Trademarks, know-how, as well as patent and patent applications are carried at historical cost less accumulated amortisation. Amortisation is calculated over their useful estimated lives from respective acquisition dates, as follows:

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

Customer contracts

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

Computer software technology

Computer software technology is capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives from respective acquisition dates over periods ranging from three to five years.

Costs associated with enhancing or maintaining existing computer software technology and programmes are recognised as an expense when incurred.

Capitalised development costs

Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when the following cumulative criteria are fulfilled:

- 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 Company 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 can be reliably measured.

Such costs only consist of direct costs, and include software development employee costs.

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, which does not exceed ten years. Such amortisation charge is included in the caption '*Research and development expenses*' in the consolidated statement of income.

Other development expenditures that do meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

(g) Impairment of non-current assets

(i) Financial assets

Financial assets are assessed at each reporting date to determine whether there is any objective evidence that is it 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. All impairment losses are recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised through profit or loss.

(ii) Non-financial assets

The carrying amounts of the Company'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 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 (the 'cash-generating unit').

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. 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 (group of units) 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.

(h) Inventories

Inventories are measured 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 of completion and selling expenses.

(i) Trade receivables

Trade receivables are recognised initially at fair value and subsequently re-measured at amortised cost using the effective interest method, less impairment. Trade receivables with a short duration are not discounted, as the carrying amount is a reasonable approximation of fair value (see note 4c).

A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired.

The amount of the impairment loss is the difference between the carrying value of the trade receivable and the present value of estimated future cash flows, discounted at the effective interest rate.

The carrying amount of the trade receivable is reduced through the use of an allowance account and the amount of the loss is recognised within the caption *'Selling, general and administrative expenses'* in the consolidated statement of income.

When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against '*Selling, general and administrative expenses'* in the consolidated statement of income.

(j) Cash and bank overdrafts

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

Bank overdrafts are shown as a component of current liabilities on the balance sheet.

(k) Share capital

(i) 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 ordinary shares or share options 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.

(ii) Repurchase of share capital (treasury shares)

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, and the resulting surplus or deficit on the transaction is transferred to/from retained earnings.

(l) Trade and other payables

Trade and other payables are recognised initially at fair value and are subsequently measured at amortised cost, using the effective interest method. Trade and other payables with a short duration are not discounted, as the carrying amount is a reasonable approximation of fair value (see note 4c).

(m) Employee benefits

(i) Pension obligations

The Company only sponsors defined contribution plans, i.e. post-employment benefit plans under which the Company pays fixed contributions into a separate entity (typically insurance companies) and has no legal or constructive obligations to pay further amounts.

Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(ii) Termination benefits

Termination benefits are recognised as an expense when the Company 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 Company 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.

(iii) Short-term 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 Company 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.

(iv) Share-based payment transactions

The Company operates equity-settled, share-based compensation plans, consisting of a share option plan and a share grant plan, which allow employees to acquire shares of the Parent.

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.

(n) Provisions

A provision is recognised if, as a result of a past event, the Company 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 Company has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating costs are not provided for.

(o) Revenue recognition

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: (i) signing of the license agreement; (ii) no additional significant production, modification or customisation of the software is required; (iii) delivery of the software has occurred; (iv) the fee is fixed and determinable; and (v) collection is probable. In a multiple element arrangement whereby VSOE of fair value of all undelivered elements exists but VSOE of fair value does not exist for one or more delivered elements, revenue is recognised using the residual method. Under the residual method, the fair value of undelivered elements is deferred and the remaining portion of the arrangement fee is recognised as revenue, assuming all other criteria for revenue recognition have been met.
Revenues from post-contract customer support (‘PCS’) elements are recognised rateably over the related PCS period.
Revenues from consulting, engineering fees and maintenance are recognised as the services are performed. Amounts received in advance of the related services being performed are included in deferred revenue and recognised in revenue only when the services are performed.
Fees from long-term contracts related to the development of software and supporting solutions at fixed prices are allocated to the product and support elements of such contracts based on the relative fair value of such elements. Revenue from product elements of such contracts 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 product. 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 based on the percentage completed is deferred and included in deferred revenue.

(p) Cost of sales

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

(q) Income tax

Income tax expense comprises current and deferred tax.
Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.
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 provided using the balance sheet method, providing for 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, and 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, and they relate to income taxes levied by the same tax authority on the same taxable entity.

(r) Earnings per share

The Company presents basic and diluted earnings per share ('EPS') data for its ordinary shares.

Basic EPS is calculated 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 dilutive potential ordinary shares, which comprise options granted on the Company's shares.

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

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Company's accounting periods beginning on or after 1 January 2009 or later years, but which the Company has not early adopted, as follows:

- IAS 27 (revised), *Consolidated and Separate Financial Statements*, is effective from 1 July 2009 and requires accounting for changes in ownership interests by the Company in a subsidiary, while maintaining control, to be recognised in an equity transaction. When the Company loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The amendments to IAS 27, which will become mandatory for the Company's 2010 consolidated financial statements, are not expected to have a significant impact of the Company's consolidated financial statements.
- IFRS 3 (revised), *Business Combinations,* incorporates the following changes that are likely to be relevant to the Company's operations: the definition of a business has been broadened which is likely to result in more acquisitions being treated as business combinations; contingent consideration will be measured at fair value, with subsequent changes therein recognised in profit or loss; transaction costs (other than share and debt issue costs) will be expensed as incurred; and any pre-existing interest in the acquiree will be measured at fair value, with the gain or loss recognised in profit or loss. Revised IFRS 3, which will become mandatory for the Company's 2010 consolidated financial statements, will be applied prospectively and therefore there will be no impact on comparative periods in the Company's 2010 consolidated financial statements.
- IAS 38 (amendment), *Intangible Assets*, is part of the IASB's annual improvements project published in April 2009. The Company will apply IAS 38 (amendment) from the date IFRS 3 (revised) is adopted. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and it permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives. The amendment will not result in a material impact on the Company's consolidated financial statements.

NOTE 4: FAIR VALUE

A number of the Company'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 methods indicated below. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(a) Goodwill and other intangible assets

The fair value of goodwill and other intangible assets is based on the discounted cash flows expected to be derived from the use of these assets.

(b) Derivative financial instruments

The fair value of forward exchange contracts is based on their listed market prices whereas the fair value of foreign currency option contracts is based on broker quotes.

(c) Non-derivative financial instruments

The carrying values less impairment provision of trade and other receivables, cash and bank overdrafts, trade and other payables as well as customer advances and deferred revenue, are assumed to approximate their fair values at each of the balance sheet dates presented herein.

(d) Share-based payment transactions

The fair value of share options is measured based on an internal valuation performed using a Black-Scholes model for options granted in years prior to 2007 and based on a valuation made by an independent valuation adviser for the options granted in the year ended 31 December 2008.

Measurement inputs include share price of the measurement date, exercise price of the share option, expected volatility (based on weighted average historic volatility for the Company's share price), weighted average expected life of the option (based on historical experience and general option holder behaviour), the expected absence of dividends, and the 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.

NOTE 5: FINANCIAL RISK MANAGEMENT

(a) Overview

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

The Company's overall financial risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Financial risk management is overseen by the Chief Financial Officer ('CFO') under policies approved by the Company's Board of Directors (the 'Board') which has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board provides principles for overall risk management, as well as written policies 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 Company's operating units.

(b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's trade receivables and cash.

At each of the balance sheet dates presented, the carrying amounts of these two classes of assets represented the Company's maximum credit exposure.

(i) Trade receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer whereas the demographics of the Company's customer base, including the default risk of the industry sector and country in which the customers operate, has less of an influence on credit risk.

Concentration of credit risk

Customer concentration

As it sells its products and provides its services to a broad base of customers including OEM partners, distributors, and system integrators, relatively few customers accounted for a substantial portion of the Company's sales within the last two years as a result of the importance of a limited number of companies in the Company's markets.

In 2009, the ten largest customers represented approximately 57.0% of the Company's sales (compared with 56.6% in 2008); approximately 41.3% of 2009 sales were made with the five largest customers of the Company (compared with 38.0% in 2008), and approximately 14.0% with the major customer alone (10.6% in 2008).

Geographical concentration

In thousands of euros	31 December 2009	31 December 2008	1 January 2008
Continental Europe	154	362	91
United Kingdom	16	63	121
North America	1,539	1,770	1,951
Asia	311	753	1,442
Other countries	222	3	174
Total trade receivables	2,242	2,951	3,779

Credit policy

The Company has established a policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review include external ratings, where available, and in some cases bank references. Purchase limits are established for each customer, which represents the maximum open amount without requiring approval from the Company's Chief Executive Officer: such limits are reviewed at least annually. Customers that fail to meet the Company's bench mark creditworthiness may transact with the Company only on a prepayment basis.

Impairment losses

Approximately 50% of the Company's customers have been transacting with the Company for over five years, and losses have incurred infrequently (48 in 2009 and 183 in 2008).

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including geographical location, market segment, aging profile, maturity and existence of previous financial difficulties or collection issues.

Aging of trade receivables

	31 December 2009		31 December 2008		1 January 2008	
In thousands of euros	Gross	Impairment	Gross	Impairment	Gross	Impairment
Not past due	1,731	-	2,090	-	2,144	-
Past due 0-30 days	309	-	361	-	1,130	-
Past due 31-60 days	59	-	339	-	258	-
Past due 61-90 days	60	-	126	-	86	-
More than 90 days	144	61	239	204	194	33
Total	2,303	61	3,155	204	3,812	33

Movement in the allowance for impairment during the year

In thousands of euros	2009	2008
Balance at 1 January	204	33
Provision for trade receivables impairment recognised in the year	48	183
Receivables written off during the year as uncollectible	(107)	14
Unused amounts reversed during the year	(83)	-
Effect of exchange rates	(1)	(26)
Balance at 31 December	61	204

(ii) Cash

For banks and other financial institutions, only independently rated parties with a minimum rating of 'A' are accepted; the main banks used by the Company have the following ratings:

	31 December 2009	31 December 2008	1 January 2008
HSBC Bank Plc	AA	AA	AA
Bank of America N.A.	A+	AA-	AA+
Natixis SA	A+	A+	AA

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company's policy to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 to 90 days, including the servicing of financial or lease obligations, if any, but excluding the potential impact of extreme circumstances that cannot reasonably predicted.

The following table presents the contractual maturities of financial liabilities, including interest payments as applicable:

31 December 2009 In thousands of euros	Carrying amount	Contractual cash flows	One year or less	One to five years	More than five years
Trade payables	337	(337)	(337)	-	-
Current income tax payables	14	(14)	(14)	-	-
Other payables	679	(679)	(679)	-	-
Customer advances and deferred revenue	1,354	(1,354)	(1,058)	(296)	-
Total	2,384	(2,384)	(2,088)	(296)	-

31 December 2008 In thousands of euros	Carrying amount	Contractual cash flows	One year or less	One to five years	More than five years
Trade payables	471	(471)	(471)	-	-
Current income tax payables	6	(6)	(6)	-	-
Other payables	862	(862)	(862)	-	-
Customer advances and deferred revenue	1,619	(1,619)	(1,375)	(244)	-
Total	2,958	(2,958)	(2,714)	(244)	-

1 January 2008 In thousands of euros	Carrying amount	Contractual cash flows	One year or less	One to five years	More than five years
Trade payables	363	(363)	(363)	-	-
Current income tax payables	190	(190)	(190)	-	-
Other payables	943	(943)	(943)	-	-
Customer advances and deferred revenue	546	(546)	(546)	-	-
Total	2,042	(2,042)	(2,042)	-	-

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities, where appropriate. Due to the dynamic nature of its business, the Company aims to maintain flexibility in funding by keeping committed credit lines available.

However, considering the Company's cash position of 3,144 at 31 December 2009, the Company did not maintain any unused lines of credit at such date (none also at 31 December 2008).

(d) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates or interest rates, will affect the Company's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(i) Foreign exchange risk

The Company 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.

Nature of exposure

Foreign exchange risk arises from future commercial transactions, recognised assets (notably trade receivables) and liabilities as well as net investments in foreign operations.

<u>Foreign exchange risk arising from future commercial transactions and recognised assets and liabilities</u>

To manage their foreign exchange risk arising from future commercial transactions and recognised assets and liabilities which are not denominated in the entity's functional currency, certain entities in the Company use foreign currency option or forward contracts transacted with high-credit-quality financial institutions, after review and approval by the CFO.

The Company entered into several foreign currency option contracts to mitigate its foreign currency exposure, with or without payment of an upfront premium, as the case may be, during the year ended 31 December 2009.

These contracts gave the Company the right, but not the obligation, to convert at respective maturity dates of these contracts in the year ending 31 December 2010, an amount of US dollars into euros or British pounds, as applicable, at a maximum rate (the 'strike price') assuming that, during the life of the corresponding contract, the exchange rate between the $ and the euro or the British pound, as applicable, was always higher than a minimum rate (the trigger rate). Should this trigger rate occur, the Company would be obliged to convert an amount of $ at the strike price at respective maturity dates of these contracts.

Foreign currency option contracts which were outstanding at 31 December 2009 were as follows:

- Euro call/US dollar put options

Option contract expiry date	Nominal value of the contract in $	Option strike price in $	Option trigger price in $
15 March 2010	100,000	1.5000	1.4000
15 June 2010	100,000	1.5000	1.3750
15 September 2010	100,000	1.5000	1.3500
15 December 2010	100,000	1.5000	1.3250

- British pound call/US dollar put options

Option contract expiry date	Nominal value of the contract in $	Option strike price in $	Option trigger price in $
24 February 2010	400,000	1.6200	1.5435
29 March 2010	400,000	1.6200	1.5435
28 April 2010	400,000	1.6200	1.5435
26 May 2010	400,000	1.6200	1.5435
28 June 2010	400,000	1.6200	1.5435
28 July 2010	400,000	1.6200	1.5435

<u>Foreign exchange risk arising from the net investment in foreign operations</u>

The Company has certain investments in foreign operations whose net assets are exposed to foreign currency translation risk.

Currency exposure arising from the net assets of the Company's foreign operations in the UK and in the US is managed primarily through borrowings denominated in the relevant foreign currencies, where appropriate.

Balance sheet exposure

The Company's exposure to foreign currency risk at 31 December 2009 and 2008 and 1 January 2008 was as follows, based on notional amounts:

31 December 2009 In thousands of euros	Euro denominated	US dollar denominated	British pound denominated	Japanese yen denominated	Indian rupee denominated
Trade receivables	116	1,996	50	80	-
Current tax assets	-	26	-	-	-
Other current assets	21	-	78	8	7
Trade payables	(129)	(3)	(160)	(5)	(40)
Current income tax payables	-	-	-	(14)	-
Other payables	(41)	(122)	(516)	-	-
Customer advances and deferred revenue	-	(1,284)	(70)	-	-
Total balance sheet exposure	(33)	613	(618)	69	(33)

31 December 2008 In thousands of euros	Euro denominated	US dollar denominated	British pound denominated	Japanese yen denominated	Indian rupee denominated
Trade receivables	266	2,516	144	25	-
Current tax assets	-	-	-	-	7
Other current assets	73	-	69	9	3
Trade payables	(251)	(15)	(173)	(4)	(28)
Current income tax payables	-	6	(147)	(12)	-
Other payables	(64)	(217)	(434)	-	-
Customer advances and deferred revenue	-	(1,441)	(178)	-	-
Total balance sheet exposure	24	849	(719)	18	(18)

1 January 2008 In thousands of euros	Euro denominated	US dollar denominated	British pound denominated	Japanese yen denominated	Indian rupee denominated
Trade receivables	53	2,818	58	30	-
Current tax assets	-	-	-	4	-
Other current assets	78	-	52	7	29
Trade payables	(121)	(44)	(179)	(4)	(15)
Current income tax payables	-	(12)	(169)	(9)	-
Other payables	(64)	(53)	(6)	-	-
Customer advances and deferred revenue	-	(304)	(242)	-	-
Total balance sheet exposure	(54)	2,405	(486)	28	14

Sensitivity analysis

The following exchange rates with the euro applied during the years ended 31 December 2009 and 2008 and at 31 December 2009 and 2008, respectively:

	Average rate		31 December rate	
	2009	2008	2009	2008
US dollar 1	0.7209	0.6836	0.6976	0.7094
British pound 1	1.1229	1.2585	1.1112	1.0272
Japanese yen 100	0.7700	0.6600	0.7570	0.7850
Indian rupee 1	0.0149	0.0157	0.0149	0.0143

Had sales and results of the entities of the Company for the year ended 31 December 2009 been converted using the exchange rates prevailing as at and in the year ended 31 December 2008, the Company's 2009 sales would have been lower by 469 and the operating loss for the year ended 31 December 2009 would have been 1,385 higher.

Had sales and results of the entities of the Company for the year ended 31 December 2008 been converted using the exchange rates prevailing as at and in the year ended 31 December 2007, the Company's sales and operating loss for the year ended 31 December 2008 would have been higher by 806 and 440, respectively.

(ii) Cash flow interest-rate risk

As the Company has no significant interest-bearing assets and liabilities at 31 December 2009 and 2008, the Company's income and operating cash flows are substantially independent of changes in market interest rates (see note 20 for further details on the Company's net financing gains (losses) for the years ended 31 December 2009 and 2008).

(e) Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as going concern to provide returns for shareholders, maintain investor, creditor and market confidence, and sustain future development of the business. There were no changes in the Company's approach to capital risk management during the year.

The Board's target is for directors and employees of the Company to hold 5.0% of the Company's ordinary shares by the end of the year ending 31 December 2010. At present the Company's directors and employees hold approximately 2.5% of ordinary shares and approximately 8.1% assuming that all outstanding share options vest and/or are exercised (see note 16 for further information on the Company's share option plans).

From time to time the Company repurchases its own shares on the market as part of the share repurchase programme adopted by the Company's shareholders in April 2009 (see note 23). The timing of these repurchases depends on market prices for the Company's share. These repurchased shares are intended to be used primarily for issuing shares under the Company's share grant programme (see note 16 for further information on the Company's share grant plans), and secondly for returning cash to the shareholders through the cancellation of outstanding shares.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position as reflected in the table below reflecting the gearing ratio of the Company at each balance sheet date presented, defined as net debt (calculated as total borrowings plus bank overdrafts less cash at balance sheet date) divided by total capital (calculated as equity as shown in the consolidated balance sheet plus net debt, or less net cash, as appropriate):

In thousands of euros	31 December 2009	31 December 2008	1 January 2008
Net debt (net cash)	(3,144)	(4,482)	(4,112)
Total equity	16,366	16,770	21,743
Total capital	13,222	12,288	17,631
Gearing ratio	-23.8%	-36.5%	-23.3%

Neither the Parent nor any of its subsidiaries are subject to externally imposed capital requirements.

NOTE 6: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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.

(a) Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equate exactly to the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Estimated impairment of goodwill and other intangible assets

The Company tests annually whether goodwill and intangible assets have suffered any impairment in accordance with the accounting policy stated in note 3g. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (see notes 9 and 10).

No impairment charge was recognised in this respect in either 2009 or 2008.

(ii) Capitalisation of software technology development costs

In accordance with the accounting policy stated in note 3f, costs associated with developing or maintaining existing software technology and programmes are recognised as en expense when incurred, whereas costs that are directly associated with the production of identifiable and unique software technology over which the Company has proprietary rights, that can be measured reliably, and where it is probable that future economic benefits attributable to such software products will flow to the Company, are recognised as intangible assets. These costs are then amortised over their estimated useful lives, which do not exceed ten years, starting from the completion date of the corresponding software technology or programme.

In 2008, the Company considered that it met all the criteria set out in paragraphs 57 to 62 of IAS 38, *Intangible Assets*, for the recognition of such internally generated intangible assets, for three specific development projects and a total of 1,663 was capitalized in accordance with above-mentioned criteria and recognised as an intangible asset in that year.

In 2009, the Company considered that it met these criteria for three specific development projects, and a total of 1,208 were recognised as an intangible asset in that year (see note 9).

The corresponding amortisation charge amounted to 744 and 654 in the years ended 31 December 2009 and 2008, respectively (see note 6b below).

(iii) Income tax

The Company is subject to income taxes in France and in all jurisdictions where the Parent has subsidiaries (notably in the UK and in the US). Significant judgment is required in determining the provision for income taxes as there are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

In addition, the Company recognises deferred tax assets as stated in note 3q. In evaluating whether it is probable or not that a deferred tax asset recognised in a specific jurisdiction may be utilised against future taxable profits to be recognised in that jurisdiction, the Company uses estimates of future taxable profits over a four-year period from the balance sheet date based on growth and profit assumptions considered to be appropriate by management (see note 6b).

(b) Critical judgements in applying the Company's accounting policies

(i) Amortisation of capitalised development costs

Net capitalized development expenses corresponding to the first project (RIP) amounted to 2,901 at 31 December 2009, following the capitalization of additional development expenses amounting to 354 in the year ended 31 December 2009. As certain aspects of this project have resulted in the delivery of certain RIP software products since 2007, corresponding costs were amortized over the expected useful life of the corresponding technology (i.e. over a ten-year period), using the straight-line amortization method: the amortization charges which were recognized in the year ended 31 December 2009 with regards to this first eligible project amounted to 485.

Net capitalized development expenses corresponding to the second project (EDL) amounted to 1,045 at 31 December 2009, following the capitalization of additional development expenses amounting to 228 in the year ended 31 December 2009. As certain aspects of this project have resulted in the delivery of certain software products in the area of electronic document creation, conversion and manipulation since 2007, corresponding costs were amortized over the expected useful life of the corresponding technology (i.e. over a ten-year period), using the straight-line amortization method: the amortization charges which were recognized in the year ended 31 December 2009 with regards to this second eligible project amounted to 167.

Net capitalized development expenses corresponding to the third project (gDoc) amounted to 651 at 31 December 2009, following the capitalization of additional development expenses amounting to 626 in the year ended 31 December 2009. As gDoc Fusion was launched on 18 May 2009, the amortization charge which was recognized in the year ended 31 December 2009 with regards to this third eligible project amounted to 92.

(ii) *Recognition of deferred tax assets*

Deferred tax assets were recognized for a net amount of 807 at 31 December 2009 (936 at 31 December 2008 and 2,068 at 1 January 2008).

Deferred tax assets attributable to capital allowances

Deferred tax assets are predominantly attributable to capital allowances available to the UK subsidiary as the result of the acquisitions made by the Company in the years ended 31 December 1999 and 2000.

Although such allowances may be used over an indefinite period, they can only be used in a given year up to 20% of the outstanding balance at the beginning of that year.

The recognition of a deferred tax asset corresponding to the amount of capital allowances the Company projected to use over the four-year period ending 31 December 2013 to offset projected taxable profit to be made by its UK subsidiaries over such period, using the tax rate that was expected to apply to the period when the deferred tax asset would be expected to be realized (i.e. 28%) resulted in the recognition of a deferred tax asset of 2,011 as at 31 December 2009 (1,816 at 31 December 2008) and of a corresponding deferred tax benefit of 40 in the year ended 31 December 2009, compared with a deferred tax charge amounting to 654 in the year ended 31 December 2008.

Deferred tax liabilities arising from the capitalisation of development costs

At 31 December 2009, the recognition of a deferred tax liability corresponding to the accumulated amount of development costs which were capitalized in accordance with applicable provisions of IAS 38, using the tax rates that are expected to apply when the deferred tax liability is settled (i.e. 28%) resulted in the recognition of a deferred tax liability of 1,287 (1,071 at 31 December 2008) and a corresponding deferred tax charge of 130 in the year ended 31 December 2009 (a deferred tax charge of 280 in the year ended 31 December 2008).

NOTE 7: SEGMENT REPORTING

(a) Identification of operating and reportable segments

Management has determined the operating segments based on the reports reviewed by the Company's CEO that are used for deciding how to allocate resources and also in assessing both operating and financial performance.

The CEO assesses performance of operating segments based on their respective gross margin contribution.

Both segments derive their revenue principally from the development and sale of software products and/or solutions, including related services such as customization, implementation, training, as well as support and maintenance.

(b) Sales and gross profit by business segment

(i) Year ended 31 December 2009

In thousands of euros	Print segment	eDoc segment	Unallocated items	Total
Total segment sales	7,598	1,764	-	9,362
Inter-segment sales	-	-	-	-
Sales from external customers	7,598	1,764	-	9,362
Cost of sales	(173)	(95)	(45)	(313)
Gross profit	7,425	1,669	(45)	9,049

(ii) Year ended 31 December 2008

In thousands of euros	Print segment	eDoc segment	Unallocated items	Total
Total segment sales	9,447	1,721	-	11,168
Inter-segment sales	-	-	-	-
Sales from external customers	9,447	1,721	-	11,168
Cost of sales	(237)	(113)	(62)	(432)
Gross profit	9,190	1,608	(62)	10,736

(c) Reconciliation of gross profit to profit (loss) before income tax

In thousands of euros	2009	2008
Gross profit for reportable segments	9,049	10,736
Selling, general and administrative expenses	(5,386)	(5,767)
Research and development expenses	(5,006)	(5,056)
Net financing (losses) gains (see note 20)	(78)	521
Profit (loss) before income tax	(1,421)	434

(d) Reconciliation of assets and liabilities

(i) Year ended 31 December 2009

In thousands of euros	Print segment	eDoc segment	Unallocated items	Total
Non-current assets	9,252	1,853	1,497	12,602
Current assets	1,505	737	3,908	6,150
Total assets	10,757	2,590	5,405	18,752
Non-current liabilities	-	-	2	2
Current liabilities	873	481	1,030	2,384
Total liabilities	873	481	1,032	2,386

(ii) Year ended 31 December 2008

In thousands of euros	Print segment	eDoc segment	Unallocated items	Total
Non-current assets	8 ,700	1,171	1,703	11,574
Current assets	1,962	989	5,205	8,156
Total assets	10,662	2,160	6,908	19,730
Non-current liabilities	-	-	2	2
Current liabilities	892	727	1,339	2,958
Total liabilities	892	727	1,341	2,960

NOTE 8: PROPERTY, PLANT AND EQUIPMENT

In thousands of euros **Cost**	Buildings improvements	Computer equipment	Office equipment	Office furniture	Other items	Total
Balance at 1 January 2008	520	1,194	15	315	636	2,680
Additions	9	133	-	-	94	236
Disposals	-	-	-	-	-	-
Effect of movements in exchange rates	(122)	(210)	1	(55)	(165)	(551)
Balance at 31 December 2008	407	1,117	16	260	565	2,365
Additions	3	98	-	2	20	123
Disposals	-	(5)	-	-	-	(5)
Effect of movements in exchange rates	31	53	4	13	43	144
Balance at 31 December 2009	441	1,263	20	275	628	2,627

Depreciation	Buildings improvements	Computer equipment	Office equipment	Office furniture	Other items	Total
Balance at 1 January 2008	101	944	14	214	488	1,761
Depreciation charge for the year	50	161	1	26	103	341
Effect of disposals	-	-	-	-	-	-
Effect of movements in exchange rates	(28)	(185)	-	(35)	(129)	(377)
Balance at 31 December 2008	123	920	15	205	462	1,725
Depreciation charge for the year	43	119	1	22	76	261
Effect of disposals	-	(5)	-	-	-	(5)
Effect of movements in exchange rates	7	37	-	9	33	86
Balance at 31 December 2009	173	1,071	16	236	571	2,067

Carrying amounts	Buildings improvements	Computer equipment	Office equipment	Office furniture	Other items	Total
At 1 January 2008	419	250	1	101	148	**919**
At 31 December 2008	284	197	1	55	103	**640**
At 31 December 2009	268	192	4	39	57	**560**

NOTE 9: OTHER INTANGIBLE ASSETS

In thousands of euros **Cost**	Software technology	Customer contracts	Patents	Trademarks	Know-how	Total
Balance at 1 January 2008	26,236	16,386	2,767	704	170	46,263
Additions (see note 6a)	1,663	-	158	12	-	1,833
Disposals	-	-	-	-	-	-
Effect of movements in foreign exchange	(6,678)	(3,983)	(683)	(171)	(41)	(11,556)
Balance at 31 December 2008	21,221	12,403	2,242	545	129	36,540
Additions (see note 6a)	1,208	-	46	-	-	1,254
Disposals	-	-	-	(13)	-	(13)
Effect of movements in foreign exchange	1,723	1,014	170	44	11	2,962
Balance at 31 December 2009	24,152	13,417	2,458	576	140	40,743

Amortisation & impairment	Software technology	Customer contracts	Patents	Trademarks	Know-how	Total
Balance at 1 January 2008	22,274	16,386	2,703	598	170	42,131
Amortisation charge for the year	654	-	59	65	-	778
Impairment charge (see note 6a)	-	-	-	-	-	-
Effect of movements in exchange rates	(5,534)	(3,983)	(668)	(157)	(41)	(10,383)
Balance at 31 December 2008	17,394	12,403	2,094	506	129	32,526
Amortisation charge for the year	744	-	37	29	-	810
Impairment charge (see note 6a)	-	-	-	-	-	-
Effect of movements in exchange rates	1,417	1,014	170	41	11	2,653
Balance at 31 December 2009	19,555	13,417	2,301	576	140	35,989

Carrying amounts	Software technology	Customer contracts	Patents	Trademarks	Know-how	Total
At 1 January 2008	3,962	-	64	106	-	**4,132**
At 31 December 2008	3,827	-	148	39	-	**4,014**
At 31 December 2009	4,597	-	157	-	-	**4,754**

Amortisation expenses for the years ended 31 December 2009 and 2008, respectively, consist of the following:

- amortisation expenses relating to software technology and patents, for a total of 37 in 2009 (59 in 2008), which are recorded as an element of cost of sales,
- amortisation expenses relating to software technology development costs, capitalised in accordance with IAS 38, for a total of 744 in 2009 (654 in 2008) , which are recorded as research and development expenses; and
- amortisation expenses relating to trademarks, for a total of 29 in 2009 (65 in 2008), which are recorded as selling, general and administrative expenses.

NOTE 10: GOODWILL

In thousands of euros **Cost**	Harlequin asset purchase	Ansyr asset purchase	Total
Balance at 1 January 2008	14,641	12	14,653
Effect of movements in foreign exchange	(3,560)	1	(3,559)
Balance at 31 December 2008	11,081	13	11,094
Effect of movements in foreign exchange	907	(1)	906
Balance at 31 December 2009	11,988	12	12,000

Amortisation & impairment	Harlequin asset purchase	Ansyr asset purchase	Total
Balance at 1 January 2008	6,885	12	6,897
Impairment charge (see note 6a)	-	-	-
Effect of movements in foreign exchange	(1,675)	1	(1,674)
Balance at 31 December 2008	5,210	13	5,223
Impairment charge (see note 6a)	-	-	-
Effect of movements in foreign exchange	427	(1)	426
Balance at 31 December 2009	5,637	13	5,649

Carrying amounts	Harlequin asset purchase	Ansyr asset purchase	Total
At 1 January 2008	7,756	-	**7,756**
At 31 December 2008	5,871	-	**5,871**
At 31 December 2009	6,351	-	**6,351**

Goodwill was allocated to the Print segment for the purpose of impairment testing, as the Print and eDoc segments were identified as the lowest level for which there were separately identifiable cash flows (cash-generating unit).
The recoverable amount of the Print cash-generating unit has been determined using value-in-use calculations. These calculations employed post-tax cash flow projections based on financial budgets approved by management covering a three-year period from year-end date. Cash flows for the following four years (since the estimated useful life of the segment's intangible assets will end on 31 December 2016) were extrapolated using a nil growth rate for both sales and operating expenses. A rate of 10.3% was used for discounting the projected cash flows, which management believes to reflect specific risks relating to the Print segment of the Company's business.

NOTE 11: FINANCIAL ASSETS

In thousands of euros	31 December 2009	31 December 2008	1 January 2008
Rent deposits	119	111	130
Other items	11	2	4
Total financial assets	**130**	**113**	**134**

Depreciation expense on other items was 3 in each of the years ended 31 December 2009 and 2008, respectively.

NOTE 12: DEFERRED TAX ASSETS

(a) Recognised deferred tax assets

Deferred tax assets and liabilities are attributable to the following: In thousands of euros	31 December 2009	31 December 2008	1 January 2008
Capital allowances (see note 6b)	2,011	1,816	3,120
Other items	94	191	60
Total deferred tax assets	2,105	2,007	3,180
Capitalised development expenses (see note 6b)	(1,287)	(1,071)	(1,112)
Other items	(11)	-	-
Total deferred tax liabilities	(1,298)	(1,071)	(1,112)
Total recognised deferred tax assets	**807**	**936**	**2,068**

(b) Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following: In thousands of euros	31 December 2009	31 December 2008	1 January 2008
Capital allowances	2,937	2,193	3,561
Tax losses of the Parent	1,789	1,990	1,278
Total unrecognised deferred tax assets	4,726	4,183	4,839

Deferred tax assets have not been recognised in respect of these items at respective balance sheet dates because it is not probable that future taxable profit will be available against which the Company's entity can utilise the benefits therefrom.

Unrecognised deferred tax assets arising from intangible assets consist of capital allowances which may be carried forward without limitation and may be used to offset any future taxable profit arising in the UK tax group at the UK statutory rate of 30.0% up to 31 March 2008 and 28.0% after 1 April 2008.

Unrecognised deferred tax assets arising from tax losses result from the tax losses generated by the Parent which are available to only offset future taxable profit of the Parent; these may be carried without time limitation.

NOTE 13: TRADE RECEIVABLES

In thousands of euros	31 December 2009	31 December 2008	1 January 2008
Trade receivables (see also note 5b)	2,303	3,155	3,812
Less allowance for doubtful accounts (see also note 5b)	(61)	(204)	(33)
Total trade receivables	**2,242**	**2,951**	**3,779**

NOTE 14: OTHER CURRENT ASSETS

In thousands of euros	31 December 2009	31 December 2008	1 January 2008
VAT receivables	71	103	65
Other items	43	51	101
Total other current assets	**114**	**154**	**166**

NOTE 15: SHARE CAPITAL AND SHARE PREMIUM

(a) Number of shares

In thousands of shares of par value euro 0.40	2009	2008
Issued and outstanding at 1 January	10,289	10,289
Issued through exercise of share options during the year	-	-
Issued and outstanding at 31 December	10,289	10,289

All above-mentioned shares are ordinary, fully paid up shares. The Parent has also issued share options (see note 16). Holders of ordinary shares are entitled to receive dividends as declared from time to time, if any, and are entitled to one vote per share. However, a double voting right is granted to all shares held in nominative form by the Company's share registrar for a minimum period of two consecutive years.

There were 30,126 shares with a double voting right at 31 December 2009 (31,705 such shares at 31 December 2008).

(b) Share premium

In thousands of euro	2009	2008
At 1 January	28,830	28,874
Decrease through operating expenses offset against the share premium	(1)	(44)
At 31 December	**28,829**	**28,830**

NOTE 16: SHARE-BASED PAYMENT PLANS

The Company had the following fixed share option and share grant plans in effect during the years ended 31 December 2009 and 2008. The recognition and measurement principles in IFRS 2, *Share-based Payments* ('IFRS 2'), have been applied to all share option and share grants mentioned hereafter (including those made before 7 November 2002).

(a) Share option plans

(i) Main rules of share option plans

Grants of options made up to 31 December 2009 were made as part of share options plans to which were attached a number of rules and conditions as indicated hereafter.

Rules which are common to all grants of share options made up to 31 December 2009

- Each option when exercised gives the right to one newly issued, ordinary share of the Company, of a par value of Euro 0.40.
- Options can only be granted to and exercised by an individual who is either an employee or a director of the Company or one of its subsidiaries at both grant and exercise dates. Should the beneficiary no longer be fulfilling such continuous employment condition, he may only exercise the portion of options which are vested at the termination date of his employment with the Company. Unvested options cannot be exercised at a future date.
- Option rights once granted cannot be sold by the individual receiving them. Only newly issued shares following the exercise of these options are freely transferable.
- Neither the exercise of options nor the subsequent sale of resulting newly issued shares can create any incidental tax or social security liabilities for either the Company or the subsidiary of which the individual is an employee or a director.

Rules which are specific to certain grants of share options

Grants of share options made prior to 1 January 2008

- The exercise of options may be done in one or several transactions. Up to a maximum of one third of total options granted may be exercised after one year from the date of grant; up to a maximum of two thirds of total options granted may be exercised after two years from the date of grant, and all options may be exercised after three years from the date of grant.
- Options have to be exercised within five years of the date of grant. All options which are not exercised within the five-year period following the date of grant are cancelled. They cannot be exercised at a future date, except by the

heirs of an individual who was granted options who can exercise the options in the year following the date of death of that individual.

- When the Company disposes of one of its subsidiaries, employees of that subsidiary who were granted options may exercise part or all of these options within the three-month period following such disposal date. This period may be extended by the Company's Board of Directors at its sole discretion: in this case, the extended period would apply to all beneficiaries who are employees of the disposed subsidiary. The same rule would apply in case of a change in control of the Company.

Grants of share options made since 1 January 2008

- The exercise of options may be done by the recipients of the option grants in one or several transactions, but only from the date when that the average of the closing prices reported by NYSE-Euronext for the Company's share over the last 120 trading days is at least equal to:
  - Euro 4.00 for the first quarter of the total number of options granted to the recipient;
  - Euro 8.00 for the second quarter of the total number of options granted to the recipient;
  - Euro 12.00 for the third quarter of the total number of options granted to the recipient; and
  - Euro 16.00 for the last quarter of the total number of options granted to the recipient.
- All of these options have to be exercised on or before 6 August 2016; otherwise, any unexercised option will lapse from that date.
- All unvested options will automatically vest and may therefore be exercised, regardless of whether or not the above mentioned minimum share price conditions are met, should one or several shareholders acting in concert come to hold one third or more of the total number of voting rights attached to the Company's shares ('legal control') or more voting rights than the Company's reference shareholder, Stichting Andlinger & Co. Euro-Foundation, which held 2,883,001 shares of the Company's shares, to which were attached a similar number of voting rights, at 31 December 2009 ('de facto control').

(ii) Share option activity in 2008 and 2009

The following table summarizes share option activity for the years ended 31 December 2008 and 2009:

	Number of share options	Weighted average exercise price in euro
Options outstanding at 1 January 2008	117,426	8.06
Granted in 2008	595,000	2.08
Exercised in 2008	-	-
Forfeited and lapsed in 2008	(38,585)	6.95
Options outstanding at 31 December 2008	673,841	2.84
Granted in 2009	-	-
Exercised in 2009	-	-
Forfeited and lapsed in 2009	(78,901)	6.10
Options outstanding at 31 December 2009	594,940	2.41

(iii) Outstanding and exercisable share options at 31 December 2009

The following table summarises information about the Company's outstanding and exercisable share options as at 31 December 2009:

	Outstanding options			Exercisable options	
Dates of grant and exercise prices in €	Number of shares	Weighted average residual life (yrs.)	Weighted average exercise price (in €)	Number of shares	Weighted average exercise price (in €)
17 December 2008 - € 2.08	150,000	6.6	2.08	-	-
18 September 2008 - € .94	20,000	6.6	1.94	-	-
6 August 2008 - € 2.08	400,000	6.6	2.08	-	-
12 December 2006 - € 10.00	24,940	2.0	10.00	24,940	10.00
Total	594,940	6.4	2.41	24,940	10.00

(b) Share grant plans

Pursuant to the authority granted by the shareholders on 25 April 2008 to the Company's Board of Directors to issue a maximum number of one million new shares of the Company (before deduction of the number of share options the grant of which was also voted by the shareholders on the same date), the Company's Board of Directors made a grant of 24,750 shares at no cost to the recipients of such grant on 29 July 2009.

(i) Main rules of the share grant plan

Grants of shares at no cost to the recipient of such grant are made in compliance with a set of rules, the main ones being as follows:

- Continuing employment condition: Shares at no cost for the recipient of such grant may only be finally granted at the end of the vesting period to an individual who, at any time during such two-year period (if a resident in France for income tax purposes at provisional grant date) or four-year period (in all other cases), starting on provisional grant date to the recipient by the Company's Board of Directors and ending on final grant date of such shares, is either an employee or a director of one of the Group companies.
- Neither the final grant of these shares nor their subsequent sale may create any incidental income tax or social security liability for either the Company or one of its subsidiaries of which the beneficiary is an employee or a director; instead, the individual remains liable for any corresponding liability.

(ii) Summary of grants of shares made up to 31 December 2009

On 29 July 2009, the Company's Board of Directors made a provisional grant of 24,750 shares at no cost to 21 employees of the Group's UK and US subsidiaries. It also voted that the shares finally granted at the expiry of the four-year vesting period will only be own shares of the Company which have been repurchased by the Company as part of its share repurchase programme, and that such shares may be freely disposed of as from final grant date, provided that such disposal is made in compliance with applicable provisions of the Company's Code of Dealing in Financial Instruments relating to management's prior approval of and closed periods for such disposal of shares.

(c) Fair value of share options and share grants measurement

(i) Measurement of the fair value of share options

The fair value of services received in return for share options granted is measured by reference to that of options granted.

Options granted on 12 December 2006

The estimate of the fair value of the services received in return was measured by the Company using a Black-Scholes valuation model and the following assumptions: option exercise lives ranging between one to three years; no expected dividends; a risk-free interest rate of 4.5%; and an expected volatility of 28.1%, based on historical performance of the Company's shares between 2 January and 29 December 2006, which management believes to adequately reflect the observed volatility of the share price for the corresponding period.

Options granted in the year ended 31 December 2008

The estimate of the fair value of the services received in return was measured by an independent valuator using a Monte Carlo valuation model and the following assumptions: option exercise lives expected to be half of the maturity of share options (8 years); no expected dividends; a risk-free interest rate of approximately 4.5%; 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 grants made on 6 August and 18 September 2008, and 58.2% for the grant made on 16 December 2008.

Corresponding expenses recorded for the years ended 31 December 2009 and 2008 amount to 97 and 48, respectively.

(ii) Measurement of the fair value of shares granted at no cost to the recipient

The fair value of the shares granted at no cost to the recipients of such grant on 29 July 2009 was measured as follows:

- the shares which will be granted at the end of the vesting period will only be existing shares of the Company, which have been acquired by the Company as part of its share repurchase programme;
- because the ultimate goal of the Company's share grant plan is to provide an incentive to employees to continue their employment with the Company, and because one of the conditions for the shares to be finally granted at the end of the vesting period is to have an continuing employment with the Company or one of the Group companies during such period, it was assumed that the benefit provided to the recipients of such share grant was made with respect of the services to be rendered by the recipients of such grant of shares over the vesting period; as a result, the corresponding expense will be recognised over that period as these shares vest;
- at 31 December 2009, it was assumed that there was a 100% probability that all recipients of the provisional grant of shares would meet the continuing employment condition at the end of the four-year vesting period; and
- the closing price reported for the Company's share on the last trading day immediately preceding the date of grant of such shares was Euro 1.85.

Corresponding expenses recorded for the years ended 31 December 2009 and 2008 amount to 5 and 146, respectively.

NOTE 17: CUSTOMER ADVANCES AND DEFERRED REVENUE

In thousands of euros	31 December 2009	31 December 2008	1 January 2008
Deferred revenue	1,284	1,064	542
Customer advances	70	555	4
Total customer advances and deferred revenue	**1,354**	**1,619**	**546**

NOTE 18: OPERATING EXPENSES BY NATURE

In thousands of euros	2009	2008
Employee benefit expenses (see note 19)	7,466	8,183
Depreciation and amortisation charges (see notes 8, 9 and 11)	1,074	1,122
Rent expenses (see note 24b)	459	507
Other expenses	1,706	1,443
Total operating expenses	**10,705**	**11,255**

NOTE 19: EMPLOYEE BENEFIT EXPENSES

In thousands of euros	2009	2008
Wages and salaries	5,962	6,180
Compulsory social security contributions	594	619
Medical insurance contributions	351	380
Pension costs	388	426
Share-based payments (see note 16c)	102	194
Other personnel expenses	69	384
Total employee benefit expenses	7,466	8,183

NOTE 20: NET FINANCING GAINS (LOSSES)

In thousands of euros	2009	2008
Interest income	16	128
Interest expenses	-	-
Net interest income (net interest expenses)	16	128
Foreign exchange transaction gains (losses)	(128)	392
Fair value gains (losses) on currency option contracts	34	1
Net foreign exchange gains (losses)	(94)	393
Total net financing gains	(78)	521

NOTE 21: INCOME TAX EXPENSE

(a) Expense recognised in the income statement

In thousands of euros	2009	2008
Current tax expense	(9)	(196)
Deferred tax expense (see note 21b)	(176)	(803)
Total income tax expense recognised in the income statement	**(185)**	**(999)**

(b) Analysis of the deferred income tax expense

In thousands of euros	2009	2008
Profit (expense) arising from the recognition of capital allowances (see note 6b)	40	(654)
Profit (expense) arising from the capitalisation of development costs (see note 6b)	(130)	(288)
Profit (expense) arising from other items	(86)	139
Total deferred income tax expense	(176)	(803)

(c) Reconciliation of the effective tax expense

In thousands of euros	2009	2008
Profit (loss) before income tax	(1,421)	434
Income tax benefit (expense) using the Parent's tax rate (of 33.33% in both years)	474	(145)
Adjustments to the income tax benefit (expense) attributable to:		
Capitalization and utilization of capital allowances	40	(654)
Effect of the future change in the UK statutory tax rate	-	8
Effect of differences in tax rates in foreign jurisdictions	(104)	89
Effect of share compensation expenses (see note 16)	(34)	(65)
Unrecognised tax losses	(543)	(133)
Other permanent differences	(18)	(99)
Total income tax expense recognised in the income statement	**(185)**	**(999)**

NOTE 22: EARNINGS PER SHARE

(a) Basic earnings per share

In thousands of euros, except per share data in euro	2009	2008
Net loss attributable to the shareholders	(1,606)	(565)
Weighted average number of ordinary shares in issue (in thousands)	10,116	10,151
Basic earnings per share	(**0.16)**	**(0.06)**

(b) Diluted earnings per share

In thousands of euros, except per share data in euro	2009	2008
Net loss attributable to the shareholders	(1,606)	(565)
Weighted average number of ordinary shares in issue (in thousands)	10,116	10,151
Adjustments for dilutive share options (in thousands)	-	-
Weighted average number of ordinary shares for diluted earnings per share (in thousands)	10,116	10,151
Diluted earnings per share	**(0.16)**	**(0.06)**

NOTE 23: SHARE REPURCHASE PROGRAMME

At 31 December 2009 the total number of own shares held by the Company is 173,968 for a total value of 1,246, or an average repurchase price of euro 7.16 a share.

No shares were repurchased by the Company in the year ended 31 December 2009, compared with a total of 45,000 shares in the year ended 31 December 2008, for a total repurchase value of 66.

All of these shares have been allocated to the first of the three objectives of the Company's share repurchase programme, i.e. meeting the Company's obligations arising from its share-based remuneration plans, notably the provisional grant of 24,750 shares at no cost to the recipients of such grants voted by the Board of Directors on 29 July 2009.

NOTE 24: COMMITMENTS

(a) Capital commitments

There are no obligations outstanding at 31 December 2009 and 2008 for capital lease arrangements and no capital expenditure contracted for at these dates.

(b) Operating leases

The Company has entered into certain non-cancellable operating leases, primarily for its offices in the UK, in the US and in Japan. The leases which all expire in the next ten years have varying terms, escalation clauses, and renewal rights.

The Company also leases various items of office equipment under cancellable operating lease agreements which all expire in the next five years.

Total rent expense charged to the profit or loss was 459 and 507 for the years ended 31 December 2009 and 2008, respectively.

The future aggregate minimum operating lease payments are as follows:

In thousands of euros	2009	2008
Less than one year	333	346
Between one and five years	1,238	1,190
More than five years	581	672
Total as at 31 December	2,152	2,208

NOTE 25: RELATED PARTY TRANSACTIONS

The Company has a related party relationship with its subsidiaries (see note 26) as well as with its directors and executive officers.

Key management personnel consist of the five members of the Board of Directors of the Parent, including two non-executive directors. Each director who was in office for the whole of the year received 15 as board attendance fees in the year ended 31 December 2008, whereas four of the five directors which were in office during the year ended 31 December 2009 received each 15 as board attendance fees for that year.

Executive directors also received salaries, other short-term benefits (notably bonuses and pension contributions) from the Company as follows:

In thousands of euros	2009	2008
Salaries	336	343
Other short-term employment benefits	57	61
Effect of the termination of Mr. Freidah on 30 June 2008	-	117
Total	393	521

In addition, key management personnel participate to the Company's share option and share grant plans. Share and share option grants made to key management personnel in the years ended 31 December 2009 and 2008 were as follows:

	2009	2008
Number of share options granted to key management personnel (see note 16a)	-	425,000
Number of share grants made to key personnel	-	-
Share compensation benefits for key management personnel (in thousands of euros) including the effect of the termination of Mr. Freidah for (81) in 2008	72	(13)

NOTE 26: SUBSIDIARIES

These consolidated financial statements include the accounts of the following companies for the years ended 31 December 2009 and 2008, respectively:

	Country of incorporation	Ownership interest (%)	
		2009	2008
Global Graphics (UK) Limited	United Kingdom	100	100
Global Graphics Software Limited	United Kingdom	100	100
Jaws Systems Limited	United Kingdom	100	100
Global Graphics Software Incorporated	United States of America	100	100
Global Graphics Kabushiki Kaisha	Japan	100	100
Global Graphics Software (India) Private Limited	India	100	100

Global Graphics SA

Statutory auditors' report on the financial statements
For the year ended 31 December 2009

Translation of the French language original

To the shareholders,

In compliance with the assignment entrusted to us by the shareholders, we hereby report to you, for the year ended 31 December 2009, on:

- the audit of the accompanying financial statements of Global Graphics SA;
- the justification of our assessments;
- the specific verifications and information required by law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I - Opinion on the financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, on a test basis or by selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the Company's financial position and its assets and liabilities, as of 31 December 2009, and of the results of its operations for the year then ended in accordance with the accounting rules and principles applicable in France.

II - Justification of our assessments

The financial crisis which was accompanied by an economic crisis has many consequences on the companies, particularly as regards their activity and their financing. These matters have been taken into account by your company when assessing the appropriateness of the going concern assumption used in the preparation of the financial statements as of 31 December 2009 and for the year then ended. The volatility of the financial markets remaining active, the rarity of transactions on financial markets which are no longer active and the lack of visibility on the future create specific conditions this year for the preparation of the financial statements, especially with respect to the accounting estimates which are required under the accounting principles. Such is the context in which we made our own assessments that we bring to your attention in accordance with the requirements of article L. 823-9 of the French Commercial Code ("Code de commerce").

Notes 2c and 5 to the financial statements describe the rules and accounting principles applied relating to the valuation of investments.

As part of our assessment of the rules and accounting principles applied of the rules and accounting principles applied by the Company, we verified the appropriateness of the accounting methods referred to the above as well as the information disclosed in the notes to the accounts and we examined their correct application.

These assessments were made in the context of our audit of the financial statements, taken as a whole, and therefore contributed to the formation of the opinion expressed in the first part of this report.

III - Specific verifications and information

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by law.

We have no matters to report regarding the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors, and in the documents addressed to the shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of article L.225-102-1 of the French Commercial Code ("Code de commerce") relating to remunerations and benefits received by the directors and any other commitments made in their favour, we have verified its consistency with the financial statements or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlling your Company or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders (or voting rights) has been properly disclosed in the management report

Schiltigheim and Nancy, 31 March 2010

KPMG Audit,
A division of KPMG SA

Pascal Maire
Partner

SECEF

Thierry Baillet
Partner

This is a free translation into English of the statutory auditor's report issued in French and is provided solely for the convenience of English-speaking users. The statutory auditor's report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the financial statements and includes an explanatory paragraph discussing the auditor's assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the financial statements.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Global Graphics SA

Balance sheet as at 31 December 2009

(In euros, with comparative figures as at 31 December 2008)

Translation of the French language original

ASSETS	Reference to notes	2009 Gross amount	2009 Depreciation or allowance	2009 Net amount	2008 Net amount
INTANGIBLE ASSETS	**3**				
Start-up costs		0	0	0	0
Franchises, patents, licenses and other similar rights		47,361	36,163	11,198	13,594
Advance payments relating to intangible assets		0	0	0	0
TANGIBLE ASSETS	**4**				
Land		0	0	0	0
Buildings and related improvements		0	0	0	0
Industrial fixtures and fittings, machinery and equipment		0	0	0	0
Other tangible fixed assets		1,777	128	1,649	256
Tangible fixed assets in progress		0	0	0	0
Advance payments relating to tangible assets		0	0	0	0
FINANCIAL ASSETS (a)	**5**				
Investments in group and related companies		73,586,190	56,110,190	17,476,000	16,770,000
Other financial assets		0	0	0	0
FIXED ASSETS		**73,635,328**	**56,146,481**	**17,488,847**	**16,783,850**
INVENTORIES					
Raw materials and other supplies		0	0	0	0
Work in progress		0	0	0	0
Finished goods and by-products		0	0	0	0
RECEIVABLES (b)	**6 & 14**				
Trade accounts receivable		0	0	0	0
Other debtors		4,382,116	0	4,382,116	4,199,143
OWN SHARES	**7**	1,246,177	943,735	302,442	215,721
CASH AND CASH EQUIVALENTS	**8**	223,136	0	223,136	250,372
CURRENT ASSETS		**5,851,429**	**943,735**	**4,907,694**	**4,665,236**
Prepaid expenses		35,307		35,307	16,513
Deferred charges		0		0	0
Exchange rate differences - assets	**15**	899,452		899,452	1,095,010
TOTAL ASSETS		**80,421,516**	**57,090,216**	**23,331,300**	**22,560,609**

(a) Including amounts due within one year:	0	0
(b) Including amounts due after one year:	0	0

The attached notes form part of the Company’s statutory accounts.

Global Graphics SA

Balance sheet as at 31 December 2009

(In euros, with comparative figures as at 31 December 2008)

Translation of the French language original

EQUITY AND LIABILITIES	Reference to notes	2009	2008
SHAREHOLDERS' EQUITY	**9**		
Share capital		4,115,912	4,115,912
Share premium		28,829,428	28,830,121
Legal reserve		409,901	409,901
Ordinary reserves		0	6,698,698
Prior year losses brought forward		(28,076,573)	0
Profit (loss) for the year		982,788	(34,775,271)
SHAREHOLDERS' EQUITY		**6,261,456**	**5,279,361**
PROVISIONS			
Provisions for risks	**10**	904,222	1,094,315
Provisions for future costs		0	0
PROVISIONS		**904,222**	**1,094,315**
LIABILITIES (c)			
Borrowings from banks and other credit institutions (d)		37	483
Other borrowings		0	0
Trade accounts payable	**11**	111,333	88,684
Liabilities related to fixed assets		0	0
Taxes and social security liabilities	**12**	29,983	40,824
Other creditors	**13 & 14**	13,891,209	14,193,656
LIABILITIES		**14,032,562**	**14,323,647**
Deferred income		0	0
Exchange rate differences - liabilities	**15**	2,133,060	1,863,286
TOTAL EQUITY AND LIABILITIES		**23,331,300**	**22,560,609**
(c) Amounts due within one year:		14,032,562	14,323,647
(d) Bank overdrafts and other short-term bank facilities:		37	483

The attached notes form part of the Company's statutory accounts.

Global Graphics SA

Income statement for the year ended 31 December 2009

(In euros, with comparative figures for the year ended 31 December 2008)

Translation of the French language original

	References to notes	Years ended 31 December 2009	2008
OPERATING INCOME			
Net revenues	**16**	480,401	497,172
NET REVENUES		**480,401**	**497,172**
Changes in inventories of finished goods and work-in-progress		0	0
Operating grants		0	0
Write-back of depreciation, of provisions and recharges of operating expenses		0	8,317
Other operating income		3	5
TOTAL OPERATING INCOME		**480,404**	**505,494**
OPERATING EXPENSES			
Purchase of goods		0	0
Change in inventories of purchased goods		0	0
Purchase of raw materials and other supplies		0	0
Change in inventories of raw materials and other supplies		0	0
Other purchases and expenses		275,596	280,879
Taxes (other than corporate income tax)		1,593	2,927
Salaries and wages		96,125	93,000
Social charges		49,750	42,161
Depreciation	**3 & 4**	2,780	3,134
Provisions		0	0
Other operating expenses		60,008	75,010
TOTAL OPERATING EXPENSES		**485,852**	**497,111**
OPERATING PROFIT (LOSS)		**(5,448)**	**8,383**

The attached notes form part of the Company's statutory accounts.

Global Graphics SA

Income statement for the year ended 31 December 2009

(In euros, with comparative figures for the year ended 31 December 2008)

Translation of the French language original

	References to notes	Years ended 31 December 2009	2008
FINANCIAL INCOME			
From shares in group and related companies		0	0
Interest and similar income		2,723	7,491
Foreign exchange gains		69,863	117,226
Profit on sale of financial investments		0	0
Write-back of provisions and expense recharges	**5, 7 & 10**	1,887,037	326,921
TOTAL FINANCIAL INCOME		**1,959,623**	**451,638**
FINANCIAL EXPENSES			
Provisions	**10**	899,452	34,944,997
Interest and similar expenses		1	4
Foreign exchange losses		67,517	146,302
TOTAL FINANCIAL EXPENSES		**966,970**	**35,091,303**
FINANCIAL PROFIT (LOSS)		**992,653**	**(34,639,665)**
PROFIT (LOSS) ON ORDINARY OPERATIONS		**987,205**	**(34,631,282)**
EXCEPTIONAL INCOME	**17**		
On operating items		0	2,928
On capital items		0	0
Write-back of provisions and expense recharges		0	0
TOTAL EXCEPTIONAL INCOME		**0**	**2,928**
EXCEPTIONAL EXPENSES	**17**		
On operating items		0	146,987
On capital items		0	0
Provisions		4,770	0
TOTAL EXCEPTIONAL EXPENSES		**4,770**	**146,987**
EXCEPTIONAL PROFIT (LOSS)		**(4,770)**	**(144,059)**
CORPORATE INCOME TAX EXPENSE (BENEFIT)		**(353)**	**(70)**
NET PROFIT (LOSS) FOR THE YEAR		**982,788**	**(34,775,271)**

The attached notes form part of the Company’s statutory accounts.

GLOBAL GRAPHICS SA

Notes to the statutory accounts
For the year ended 31 December 2009
Translation from the French language original

NOTE 1: OVERVIEW OF THE COMPANY, OF ITS BUSINESS AND SALIENT FEATURES FOR THE YEAR

(a) Overview of the Company and its business

Global Graphics SA (“the Company”) is the parent company of the Global Graphics group of companies (“the Group”), a worldwide leader in the development and supply of software solutions to the graphic arts as well as the digital printing and publishing industries, notably to Original Equipment Manufacturers (“OEMs”).

The Company was incorporated in late November 1996 to facilitate the purchase of the entire share capital of a privately owned group of companies, including Photomeca SA, then a worldwide leader in the manufacture and supply of pre-press, plate-processing equipment predominantly for the flexographic printing process. This was the basis from which the Group started its subsequent expansion which resulted in the acquisition in the years ended 31 December 1998 to 2000 of, firstly, the entire share capital of certain companies with activities complementary pre-press equipment to those businesses owned by the Company (which later formed the Group’s Hardware segment of business), and secondly, certain groups of assets in the digital printing and publishing industries (later combined in the Group’s Printing software segment of business).

Following the disposal of both the Xanalys (Information Management Software segment of business, a spin-off of the Printing software segment from early 2000), and the Hardware segments in the first half of 2002, the Group’s business consists of the development and supply of software solutions such as RIP software (Raster Image Processing software), document management (notably for PostScript, PDF, XPS and PCL documents), workflow and colour solutions used in digital printing processes.

Since its inception, and in addition to being the Group’s parent company, the Company has also played an important role in providing funding for the Group’s acquisitions and growth, a role which became more important following the admission of the Company’s shares to trading on Easdaq on 23 June 1998 (which became Nasdaq Europe in June 2001, from which the Company’s shares were de-listed on 16 September 2003) and on Euronext on 17 April 2001. It also plays a major role in the coordination of the Group’s activities, notably in administration and finance.

(b) Salient features for the year ended 31 December 2009

Salient features for the year ended 31 December 2009 are as follows:

- part of the valuation allowance on the shares of Global Graphics (UK) Limited which existed as at 1 January 2009 was written back for Euro 706,000 (see note 5);
- part of the valuation allowance on the Company’s own shares held as treasury shares which existed as at 1 January 2009 was written back for Euro 86,722 (see note 7); and
- a grant of 24,750 shares at no cost to the recipients of such grant was voted by the Company’s Board of Directors on 29 July 2009 (see notes 7a and 9d). A provision for the cost resulting from the obligation to grant such shares at the end of the vesting period for such shares was recorded as at 31 December 2009 for a total of Euro 4,770 (see notes 10b and 17).

NOTE 2: ACCOUNTING PRINCIPLES

The Company’s statutory accounts have been prepared in accordance with accounting principles generally accepted in France.

The accounting principles and methods used by the Company are presented in the following notes; should there be any deviation from these, such deviation would be disclosed in the appropriate note with indication of the effect of the deviation on the financial statements for the year in which it occurred.

(a) Intangible assets

Trademarks and Internet domain names are stated at their purchase cost. They are amortised on a straight line basis over their estimated useful lives, i.e. one to ten years for the Internet domain names, and ten years for trademarks.

(b) Tangible assets

Tangible assets are presented at their acquisition cost, which includes related acquisition and set-up costs, as applicable.

Tangible assets are amortised on a straight line basis over a three-year period from acquisition date. In addition, an impairment charge is recorded when the fair value of the item is lower than its net book value at year-end date.

(c) Financial assets

Shares in either group or related companies are stated at cost.

Should the year-end value of shares in group or related companies be lower than the acquisition cost of these shares, the Company would record an allowance equal to the corresponding loss. The year-end value is based on the re-valued net assets of the subsidiary, its profitability, and its expected future performance and also whether it still makes business sense for the Company to hold such shares. Accordingly, the estimate of such value may result in the year-end value being higher than the corresponding portion in the net assets of the subsidiary.

(d) Own shares held by the Company

Own shares are stated at their acquisition cost.

In accordance with applicable provisions of Regulation n°2008-15 dated 4 December 2008 of the Comité de la règlementation comptable, own shares which have been allocated to specific grant plans are stated at their net book value at respective grant dates by the Company's Board of Directors, which is assumed to be equal to the closing price reported for the Company's share on the last trading day immediately preceding the respective dates of grant of such shares.

The value of own shares held by the Company which have not been allocated to specific grant plans at a given year-end date is based on the moving average of closing prices reported for the Company's share during the month of December of that financial year: should it be lower than the acquisition cost of such own shares, the Company would record an allowance equal to the corresponding loss.

(e) Trade accounts receivable and other debtors

Trade accounts receivable are stated at cost. A provision is recorded when it is probable that the amount receivable may not be collected.

(f) Exchange rate differences

Transactions made in foreign currencies are translated into euros using the rates prevailing on each of the transaction dates.

Assets and liabilities denominated in foreign currencies outstanding at year-end date are translated into euros using exchange rates prevailing on that date. Any resulting gains or losses are presented in specific balance sheet captions. Losses resulting from this conversion give rise to a provision for risks, the amount of which is computed taking into account any gains resulting from the above-mentioned translation for transactions made in the same currencies and for similar maturity dates.

(g) Going concern

The global economic crisis had no material effect on the Company's ability to meet its financial requirements over the year ending 31 December 2010 which was known to the Company's Board of Directors on the date these accounts were drafted.

The Company's going concern is dependent upon that of the Group taken as a whole: based on the Group's financial performance and cash flow forecasts for the year ended 31 December 2010, management does not anticipate any significant, detrimental effect on the Group's consolidated cash position over the next twelve months.

NOTE 3: INTANGIBLE ASSETS

Intangible assets at 31 December 2009 consist of expenses incurred for the registration of the Global Graphics trade names, and of the 'globalgraphics.com' and 'globalgraphics.eu' Internet domain names.

The corresponding depreciation charge for the year ended 31 December 2009 amounts to Euro 2,396 (Euro 2,618 for the year ended 31 December 2008).

NOTE 4: TANGIBLE ASSETS

Tangible assets at 31 December 2009 consist of a laptop, a dock station, a flat screen monitor and a fax machine, which were all acquired during the year for a total gross value of Euro 1,777. Tangible assets which were acquired in prior years, having a total gross value of Euro 3,117, were scrapped during the year after they were fully depreciated.

The corresponding depreciation charge for the year ended 31 December 2009 amounts to Euro 384 (Euro 516 in the year ended 31 December 2008) and included a charge of Euro 216 for those tangible assets which were scrapped during the year.

NOTE 5: FINANCIAL ASSETS

Financial assets at 31 December 2009 only consist of the shares in the share capital of Global Graphics (UK) Limited, which is a wholly owned subsidiary of the Company, and which purpose is to hold the shares of Global Graphics Software Limited following the disposal by the Group of the Hardware segment of its business in May 2002.

At 31 December 2009, as was already the case at 31 December 2008, the fair value of the shares in the capital of Global Graphics (UK) Limited was determined with respect to the product of the number of outstanding shares of the Company at year-end date (see note 9a) by the average closing price for the Company's share for the month of December of the corresponding year, less the amount of net cash available at year-end date. Management considered that the fair value of these shares at any year-end date may not be lower than the amount of the Company's consolidated equity at the same date.

Given the average closing price for the Company's share for the month of December 2009 of Euro 1.72 per share (see note 7b), and net cash available amounting to Euro 222,113 (see note 8) at 31 December 2009, the fair value of the shares in the capital of Global Graphics (UK) Limited was estimated to Euro 17,476,000 at that date, being noted that the amount of the Company's consolidated equity at the same date was Euro 16,366,000. The fair value of these shares was estimated to Euro 16,770,000 as at 31 December 2008, which was the amount of the Company's consolidated equity at such date.

As a result, part of the valuation allowance on the shares of Global Graphics (UK) Limited which existed as at 1 January 2009 was written back for Euro 706,000 at 31 December 2009.

	Share capital	Other equity captions than share capital at year-end date	% of share capital held by the Company	Book value of shares held by the Company		Value of guarantees and commitments given by the Company in euros	Net sales for the year ended 31 Dec. 2009	Net result for the year ended 31 Dec. 2009	Dividends received by the Company during the year in euros
				Gross value in euros	Net value in euros				
Subsidiaries									
Global Graphics (UK) Limited 2030 Cambourne Business Park Cambourne United Kingdom	€ 65,193,975 £ 37,750,000	€ (37,039,361) £ (12,412,874)	100.0%	73,586,190	17,476,000	None	None	€ 121,350 £ 123,365	None

Investments in related companies

None

NOTE 6: OTHER DEBTORS

They are all due within one year and consist of the following as at 31 December:

In euros	2009	2008
Loans receivable from group companies (see note 14)	4,360,278	4,164,706
Corporate income tax amounts receivable	353	70
VAT receivable	19,246	33,575
Advance payments made to suppliers and other amounts receivable	2,239	792
Total gross value	4,382,116	4,199,143
Allowance for bad debt	-	-
Net value	**4,382,116**	**4,199,143**

NOTE 7: OWN SHARES

(a) Shares allocated to specific grant plans

On 29 July 2009, the Company's Board of Directors granted a total of 24,750 shares at no cost to the recipients of such grant to 21 employees of the Group's UK and US subsidiaries. In accordance with applicable accounting guidelines, these shares are stated at their net book value on the date they were granted by the Board of Directors (i.e. Euro 45,787), assumed to be equal to the closing price reported for the Company's share on the last trading immediately preceding such grant (i.e. Euro 1.85 per share).

As a result, part of the valuation allowance on these shares which existed as at 1 January 2009 was written back for a total of Euro 15,098 in the year ended 31 December 2009.

(b) Shares not allocated to specific grant plans

Since no own shares were repurchased by the Company during the year ended 31 December 2009, and 24,750 shares were allocated to specific grant plans during that year as set out in note 7a above, the total number of own shares which were repurchased to meet the Company's obligations arising from its share grant programmes (see note 9d), which is the first of the three objectives of the Company's share repurchase programme, but were not allocated to specific grant plans as at 31 December 2009 was 149,218 (compared with 173,968 as at 31 December 2008) for a corresponding gross value of Euro 1,068,886.

The fair value of these own shares at year-end date, based on the average closing price for the Company's share in the month of December 2009 (i.e. Euro 1.72 per share), was Euro 256,655. As a result, part of the valuation allowance on these shares which existed as at 1 January 2009 was written back for a total of Euro 71,624 in the year ended 31 December 2009.

NOTE 8: CASH AND CASH EQUIVALENTS

They consist of the following as at 31 December:

In euros	2009	2008
Cash on hand or at bank	222,117	211,107
Fair value of outstanding option contracts	-	38,920
Accrued interest	1,019	345
Total gross value	223,136	250,372
Valuation allowance	-	-
Net value	**223,136**	**250,372**

NOTE 9: SHAREHOLDERS' EQUITY

(a) Share capital

At 31 December 2009 and 2008, the share capital consisted of 10,289,781 fully paid shares, each of Euro 0.40 par value.

(b) Changes in other captions of the shareholders' equity in 2009

The main changes affecting the shareholders' equity captions in 2009 were as follows:

- the share premium decreased by a net amount of Euro 693 to Euro 28,829,428 at 31 December 2009, after effect of the expenses relating to the implementation and management of the share option scheme which were offset against the share premium; and
- the 2008 statutory net loss of Euro 34,775,272 was allocated to ordinary reserves for Euro 6,698,698, which decreased from Euro 6,698,698 at 31 December 2008 to nil at 31 December 2009, the balance of the 2008 statutory net loss (i.e. Euro 28,076,574) being recorded under the caption Prior year losses brought forward, which amounts to Euro 28,076,574 at 31 December 2009.

(c) Share option plans

(i) Share option plan rules

Grants of options made up to 31 December 2009 were made as part of share options plans to which were attached a number of rules and conditions as indicated hereafter.

Rules which are common to all grants of share options made up to 31 December 2009

- Each option when exercised gives the right to one newly issued, ordinary share of the Company, of a par value of Euro 0.40.
- Options can only be granted to and exercised by an individual who is either an employee or a director of the Company or one of its subsidiaries at both grant and exercise dates. Should the beneficiary no longer be fulfilling such continuous employment condition, he may only exercise the portion of options which are vested at the termination date of his employment with the Company. Unvested options cannot be exercised at a future date.
- Option rights once granted cannot be sold by the individual receiving them. Only newly issued shares following the exercise of these options are freely transferable.
- Neither the exercise of options nor the subsequent sale of resulting newly issued shares can create any incidental tax or social security liabilities for either the Company or the subsidiary of which the individual is an employee or a director.

Rules which are specific to certain grants of share options

<u>Grants of share options made prior to 1 January 2008</u>

- The exercise of options may be done in one or several transactions. Up to a maximum of one third of total options granted may be exercised after one year from the date of grant; up to a maximum of two thirds of total options granted may be exercised after two years from the date of grant, and all options may be exercised after three years from the date of grant.
- Options have to be exercised within five years of the date of grant. All options which are not exercised within the five-year period following the date of grant are cancelled. They cannot be exercised at a future date, except by the heirs of an individual who was granted options who can exercise the options in the year following the date of death of that individual.
- When the Company disposes of one of its subsidiaries, employees of that subsidiary who were granted options may exercise part or all of these options within the three-month period following such disposal date. This period may be extended by the Company's Board of Directors at its sole discretion: in this case, the extended period would apply to all beneficiaries who are employees of the disposed subsidiary. The same rule would apply in case of a change in control of the Company.

<u>Grants of share options made since 1 January 2008</u>

- The exercise of options may be done by the recipients of the option grants in one or several transactions, but only from the date when that the average of the closing prices reported by NYSE-Euronext for the Company's share over the last 120 trading days is at least equal to:
    - Euro 4.00 for the first quarter of the total number of options granted to the recipient;
    - Euro 8.00 for the second quarter of the total number of options granted to the recipient;
    - Euro 12.00 for the third quarter of the total number of options granted to the recipient; and

- Euro 16.00 for the last quarter of the total number of options granted to the recipient.

- All of these options have to be exercised on or before 6 August 2016; otherwise, any unexercised option will lapse from that date.
- All unvested options will automatically vest and may therefore be exercised, regardless of whether or not the above mentioned minimum share price conditions are met, should one or several shareholders acting in concert come to hold one third or more of the total number of voting rights attached to the Company's shares ('legal control') or more voting rights than the Company's reference shareholder, Stichting Andlinger & Co. Euro-Foundation, which held 2,883,001 shares of the Company's shares, to which were attached a similar number of voting rights, at 31 December 2009 ('de facto control').

(ii) Summary of grants of share options made up to 31 December 2009

Date of grant by the Board	Number of options granted	Dates of expiry of options	Exercise price in Euro	Options exercised in 2009	Options cancelled/expired at 31 Dec. 2009	Options outstanding at 31 Dec. 2009
10 December 1999	77,500	10 December 2004	14.00	-	(77,500)	-
15 December 2000	195,350	15 December 2005	30.13	-	(195,350)	-
23 March 2001	1,975	23 March 2006	19.55	-	(1,975)	-
21 May 2001	9,500	21 May 2006	22.73	-	(9,500)	-
19 December 2001	135,675	19 December 2006	3.89	-	(48,000)	-
17 December 2002	150,000	17 December 2007	2.80	-	(6,668)	-
10 December 2003	50,000	10 December 2008	4.17	-	(19,918)	-
23 April 2004	80,000	23 April 2009	7.20	-	(54,668)	-
15 December 2004	70,000	15 December 2009	8.80	-	(56,835)	-
12 December 2006	30,790	12 December 2011	10.00	-	(5,850)	24,940
6 August 2008	400,000	6 August 2016	2.08	-	-	400,000
18 September 2008	20,000	6 August 2016	1.94	-	-	20,000
17 December 2008	175,000	6 August 2016	2.08	-	(25,000)	150,000
	1,395,790			**-**	**(501,264)**	**594,940**

(iii) Summary of option grants made to the Company's directors up to 31 December 2009

Mr. Johan Volckaerts, Chairman of the Board of Directors

- On 10 December 1999, a total of 15,000 options, which may be exercised before 10 December 2004 at an exercise price of Euro 14.00 each. As these options were not exercised in the required exercise period, they are forfeited and may no longer be exercised.
- On 15 December 2000, a total of 15,000 options, which may be exercised before 15 December 2005 at an exercise price of Euro 30.13 each. Mr. Volckaerts irrevocably renounced the future exercise of these options in a letter dated 5 February 2001. These options are now forfeited and may no longer be exercised.
- On 19 December 2001, a total of 20,000 options, which may be exercised before 19 December 2006 at an exercise price of Euro 3.89 each. All these options were exercised in June 2006.
- On 17 December 2002, a total of 16,500 options, which may be exercised before 17 December 2007 at an exercise price of Euro 2.80 each. All these options were exercised in February 2007.

Mr. Gary Fry, Chief Executive Officer and director

A total of 400,000 options were granted to Mr. Gary Fry on 6 August 2008; these options have an exercise price of Euro 2.08 each, and may be exercised in accordance with the terms and conditions set out in note 9c (i) above.

Mr. Alain Pronost, Chief Financial Officer and director

- On 10 December 1999, a total of 12,500 options, which may be exercised before 10 December 2004 at an exercise price of Euro 14.00 each. As these options were not exercised in the required exercise period, they are forfeited and may no longer be exercised.
- On 15 December 2000, a total of 7,500 options, which may be exercised before 15 December 2005 at an exercise price of Euro 30.13 each. As these options were not exercised in the required exercise period, they are forfeited and may no longer be exercised.
- On 19 December 2001, a total of 19,675 options, which may be exercised before 19 December 2006 at an exercise price of Euro 3.89 each. All these options were exercised in December 2004.
- On 17 December 2002, a total of 16,500 options, which may be exercised before 17 December 2007 at an exercise price of Euro 2.80 each. 11,000 of these options were exercised in December 2004, and the remaining 5,500 options were exercised in February 2007.
- On 10 December 2003, a total of 5,000 options, which may be exercised before 10 December 2008 at an exercise price of Euro 4.17 each. 1,666 of these options were exercised in December 2004. The balance of these options (i.e. 3,334 options) lapsed and may therefore no longer be exercised, as these options were not exercised within the five-year period starting on the date they were granted.
- On 23 April 2004, a total of 8,000 options, which may be exercised before 23 April 2009 at an exercise price of Euro 7.20 each. All of these options lapsed on 23 April 2009 since they were not exercised prior to that date.
- On 17 December 2008, a total of 25,000 options, which are to be exercised before 6 August 2016, have an exercise price of Euro 2.08 each, and may be exercised in accordance with the terms and conditions set out in note 9c (i) above.

(d) Share grant plan

Pursuant to the authority granted by the shareholders on 25 April 2008 to the Company's Board of Directors to issue a maximum number of one million new shares of the Company (before deduction of the number of share options the grant of which was also voted by the shareholders on the same date), the Company's Board of Directors made a grant of 24,750 shares at no cost to the recipients of such grant on 29 July 2009.

(i) Main rules of the share grant plan

Grants of shares at no cost to the recipient of such grant are made in compliance with a set of rules, the main ones being as follows:

- Continuing employment condition: Shares at no cost for the recipient of such grant may only be finally granted at the end of the vesting period to an individual who, at any time during such two-year period (if a resident in France for income tax purposes at provisional grant date) or four-year period (in all other cases), starting on provisional grant date to the recipient by the Company's Board of Directors and ending on final grant date of such shares, is either an employee or a director of one of the Group companies.
- Neither the final grant of these shares nor their subsequent sale may create any incidental income tax or social security liability for either the Company or one of its subsidiaries of which the beneficiary is an employee or a director; instead, the individual remains liable for any corresponding liability.

(ii) Summary of grants of shares made up to 31 December 2009

On 29 July 2009, the Company's Board of Directors made a provisional grant of 24,750 shares at no cost to 21 employees of the Group's UK and US subsidiaries. It also voted that the shares finally granted at the expiry of the four-year vesting period will only be own shares of the Company which have been repurchased by the Company as part of its share repurchase programme, and that such shares may be freely disposed of as from final grant date, provided that such disposal is made in compliance with applicable provisions of the Company's Code of Dealing in Financial Instruments relating to management's prior approval of and closed periods for such disposal of shares.

NOTE 10: PROVISIONS FOR RISKS

In euros	2009	2008
Provision for exchange rate losses (see note 10a)	899,452	1,094,315
Provision for the cost resulting from the obligation to grant shares (see note 10b)	4,770	-
Total	**904,222**	**1,094,315**

(a) Provision for exchange rate losses

A provision for exchange rate losses was recorded for Euro 899,452 at 31 December 2009 (a similar provision was recorded for Euro 1,094,315 at 31 December 2008).

(b) Provision for the cost resulting from the obligation to grant shares at the end of the vesting period

As indicated in note 9d, the Company's Board of Directors granted a total of 24,750 shares to certain employees of the Group's UK and US subsidiaries on 29 July 2009.

At 31 December 2009, the Company recorded a provision for the cost resulting from the obligation to grant these shares at the end of the vesting period for a total of Euro 4,770, which was established using the following assumptions:

- the shares which will be granted at the end of the vesting period will only be existing shares of the Company, which have been acquired by the Company as part of its share repurchase programme;
- because the ultimate goal of the Company's share grant plan is to provide an incentive to employees to continue their employment with the Company, and because one of the conditions for the shares to be finally granted at the end of the vesting period is to have an continuing employment with the Company or one of the Group companies during such period, it was assumed that the benefit provided to the recipients of such share grant was made with respect of the services to be rendered by the recipients of such grant of shares over the vesting period; as a result, the corresponding expense will be recognised over that period as these shares vest;
- at 31 December 2009, it was assumed that there was a 100% probability that all recipients of the provisional grant of shares would meet the continuing employment condition at the end of the four-year vesting period; and
- the closing price reported for the Company's share on the last trading day immediately preceding the date of grant of such shares was Euro 1.85.

NOTE 11: TRADE ACCOUNTS PAYABLE

They consist of amounts due within one year, which are as follows as at 31 December:

In euros	2009	2008
Trade accounts payable	539	98
Other accrued accounts payable	110,794	88,586
Total	**111,333**	**88,684**

NOTE 12: TAXES AND SOCIAL SECURITY LIABILITIES - CORPORATE INCOME TAX

(a) Taxes and social security liabilities

All amounts are due within one year and consist of the following as at 31 December:

In euros	2009	2008
Social security and pension funds liabilities	9,062	23,137
Vacation pay accrual	16,432	16,432
Year-end bonus accrual	3,125	-
Other items	1,364	1,255
Total	**29,983**	**40,824**

(b) Future income tax information

Information on future income tax consists of the following as at 31 December 2009:

In euros	Basis	Tax rate	Tax amount
Increase in future tax basis			
Exchange rate differences - assets (see note 15)	899,452	33.33%	299,787
Total increase in future tax basis	**899,452**		**299,787**
Decrease in future tax basis			
Exchange rate differences - liabilities (see note 15)	2,133,060	33.33%	710,949
Provision for exchange rate loss (see note 10a)	899,452	33.33%	299,787
Provision for the cost resulting from the obligation to grant the shares (see note 10b)	4,770	33.33%	1,590
Total decrease in future tax basis	**3,037,282**		**1,012,326**
Net decrease in future tax basis	**2,137,830**		**712,539**

(c) Tax losses which may be carried forward

As at 31 December 2009, the Company may use the following tax losses to offset future taxable profits at the applicable corporate income tax rate, which was 33.33% for the year ended 31 December 2009:

- available to offset future tax profit at 1 January 2009: Euro 5,969,973;
- tax losses used to offset the 2009 taxable profit: Euro 603,927;
- available to offset future tax profit at 31 December 2009: Euro 5,366,046.

NOTE 13: OTHER CREDITORS

They consist of amounts due within one year, which are as follows as at 31 December:

In euros	2009	2008
Loans payable to Group companies (see note 14)	13,880,396	14,170,306
Fair value of derivative instruments (see note 19b)	9,403	23,350
Other items	1,410	-
Total	**13,891,209**	**14,193,656**

NOTE 14: TRANSACTIONS WITH RELATED PARTIES

The following amounts are included in the following captions for the years ended 31 December:

In euros	2009	2008
Balance sheet captions		
Investments in group and related companies (see note 5)	73,586,190	73,586,190
Valuation allowance on investments in group and related companies (see note 5)	56,110,190	56,816,190
Other debtors (see note 6)	4,360,278	4,164,706
Exchange rate differences - assets (see note 15)	899,452	1,095,010
Other creditors (see note 13)	13,880,396	14,170,306
Exchange rate differences - liabilities (see note 15)	2,133,060	1,863,286
Income statement captions		
Net revenues (see note 16)	480,401	497,172
Other purchases and expenses	3,790	3,716
Valuation allowance on investments in group and related companies	0	33,366,733
Write-back of the valuation allowance on investments in group and related companies (see note 5)	706,000	0

NOTE 15: EXCHANGE RATE DIFFERENCES

The valuation of assets and liabilities denominated in foreign currencies at 31 December 2009 results in exchange rate differences which have been posted as assets for Euro 899,452 (Euro 1,095,010 as at 31 December 2008) and as liabilities for Euro 2,133,060 (Euro 1,863,286 as at 31 December 2008).

The provision for exchange rate losses on balance sheet items amounts to Euro 899,452 at 31 December 2009 (see note 10a).

NOTE 16: NET REVENUES

Net revenues in 2009 (Euro 480,401) as in 2008 (Euro 497,172) only consist of management fees charged to the Group's operational entities in the UK and in the US.

NOTE 17: EXCEPTIONAL RESULT

In euros	2009	2008
Exceptional income		
On operating items	-	2,928
On capital items	-	-
Write-back of provisions for risks	-	-
Total exceptional income	**-**	**2,928**
Exceptional expenses		
On operating items	-	146,987
Net book value for fixed asset items which were disposed of	-	-
Provisions for risks and future costs (see note 10b)	4,770	-
Total exceptional expenses	**4,770**	**146,987**
Exceptional profit (loss)	**(4,770)**	**(144,059)**

NOTE 18: DIRECTORS' REMUNERATION

The amount of the directors' remuneration is not disclosed as this would result in disclosing individual remuneration.

NOTE 19: OFF BALANCE SHEET ITEMS

(a) Commitments relating to pension liabilities

As the Company has only one full-time employee as at 31 December 2009, pension liabilities have been considered as immaterial at that date. Accordingly, no liability was accrued for in that respect at that date.

(b) Foreign currency exposure hedging

In 2009 the Company entered into several contracts to mitigate its foreign currency exposure, with payment of an upfront premium. These contracts give the Company the right, but not the obligation, to convert at the maturity date of the contracts, an amount of US dollars ($) into euros at a maximum rate (strike price) assuming that, during the life of the corresponding contract, the exchange rate between the $ and the Euro was always higher than a minimum rate (trigger rate). Should this trigger rate occur the Company would be obliged to convert the contractually agreed amount of US dollars at the strike price at maturity dates of these contracts.

At 31 December 2009, outstanding contracts are as follows:

- expiring on 15 March 2010: $ 100,000 at a strike price of $1.5000 for 1 euro (and a trigger rate of 1.4000);
- expiring on 15 June 2010: $ 100,000 at a strike price of $1.5000 for 1 euro (and a trigger rate of 1.3750);
- expiring on 15 September 2010: $ 100,000 at a strike price of $1.5000 for 1 euro (and a trigger rate of 1.3500); and
- expiring on 15 December 2010: $ 100,000 at a strike price of $1.5000 for 1 euro (and a trigger rate of 1.3250).

At 31 December 2009 the fair market value of these contracts was a loss of Euro 9,403 (see note 13).

The corresponding change in value of these contracts since the date when they were entered into by the Company was recorded as an exchange difference in the year ended 31 December 2009.

(c) Guarantees given on behalf of Group companies

The Company agreed to guarantee the payment of the rent for the premises leased by Global Graphics Software Limited near Cambridge in the UK, for an annual expense of £ 254,292, as well as for the premises leased by Global Graphics KK in Japan, for a monthly rental expense of Yen 240,000.

NOTE 20: AVERAGE NUMBER OF EMPLOYEES

	Of which employees	Of which non-employees
Executives	1	-
Foremen and technicians	-	-
Employees	-	-
Workers	-	-
Total	**1**	**-**

NOTE 21: AUDIT FEES FOR THE YEAR

In accordance with applicable provisions of article R.123-198 of the French Commercial Code, please find hereafter the information relating to the amount of audit fees expensed by the Company in the year ended 31 December 2009, with exclusion of the reimbursement of out-of-pocket expenses as well as of the contribution to the financing of the Haut conseil du commissariat aux comptes (H3C):

	KPMG		Secef		Total
	in euros	% of total	in euros	% of total	in euros
Global Graphics SA					
Audit of statutory and consolidated accounts	85,000		20,500		105,500
Other related services	4,000		4,000		8,000
Total Global Graphics SA	89,000	78.4%	24,500	21.6%	113,500
Foreign subsidiaries					
Audit of statutory and consolidated accounts	25,981		-		25,981
Other related services	-		-		-
Total foreign subsidiaries	25,981	100.0%	-	0.0%	25,981
Total	**114,981**	**82.4%**	**24,500**	**17.6%**	**139,481**

REPORT OF THE BOARD OF DIRECTORS ON THE COMPANY'S OPERATIONS

for the year ended 31 December 2009
Translation of the French language original

Ladies and gentlemen,

In accordance with statutory and legal requirements, we have invited you to attend this ordinary and extraordinary shareholders' meeting notably to request your approval of the Company's statutory and consolidated accounts for the year ended 31 December 2009, and your authorisation to grant the Board of Directors with appropriate powers and authority to increase the share capital, to decrease the amount of the share capital through the cancellation or some or all of the shares repurchased by the Company, and to implement a new share repurchase programme.

Notices of the meeting have been duly sent to you and all information which is required by applicable law and regulations has either been sent or made available to you in due time.

The Company's statutory auditors will report to you on the results of their audits of the Company's accounts for the year ended 31 December 2009 in their reports on the Company's financial statements and on regulated related party agreements as defined in article L.225-38 of the Commercial Code.

The accounts which are presented to you have been prepared in accordance with principles set out in the Commercial Code and the decree n°83-1020 dated 29 November 1983, in a going concern perspective.

There were no changes in either valuation methods or disclosure principles with those used in the prior year, with exception of changes in the presentation of consolidated financial statements and the provision of comparative segment information therein pursuant to the application on 1 January 2009 of IAS 1 revised and IFRS 8, respectively.

The purpose of this report is to provide an analysis of and to complement already existing information on the Company's performance provided by both its statutory and consolidated accounts.

You are advised to refer to the schedule of financial results for such a year-on-year comparison, though such comparison is also readily available through the comparison of current year figures with prior years' figures on financial statements.

Included in this report is a section which relates to the consolidated accounts prepared by the Company in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union ('EU'). The Company's auditors will report to you on the results of their audits of the Company's consolidated accounts for the year ended 31 December 2009 prepared by the Company in accordance with these standards through their report on these accounts.

You are also requested to read the report prepared in accordance with rules applicable to the companies whose shares are admitted to trading on Euronext (hereafter referred to as the 'annual report'). Such report is attached to this report and may be sent to any person requesting information on the Company as the result of provisions of French Company Law applicable to companies whose shares are traded or provisions of rules applicable to the companies whose shares are admitted to trading on Euronext.

The purpose of both reports being to provide you with as much information as possible on both the Parent and the Company, you are kindly requested to read both of them. Reference will be made in this report to the annual report when appropriate, the structure of which will be the following:

1- the Global Graphics group of companies;

2- the Parent (Global Graphics SA);

3- additional disclosures required by law; and

4- authorisations to be granted to the Board of Directors.

1 - THE GLOBAL GRAPHICS GROUP OF COMPANIES

We will first remind you of the organization of the Company and discuss consolidated results. We will then provide information on the key financial data relating to subsidiaries forming part of the Company.

1.1- Organization of the Company

1.1.1 - Structure as at 31 December 2009

In addition to the Parent, all the companies indicated below were part of the Company at 31 December 2009, are wholly owned subsidiaries, were already part of the Company as at 31 December 2008 and are fully consolidated:

- Global Graphics (UK) Limited, a UK company which is a wholly owned subsidiary of the Parent;
- Global Graphics Software Limited, a UK company which is a wholly owned subsidiary of Global Graphics (UK) Limited;
- Jaws Systems Limited, a UK company which is a wholly owned subsidiary of Global Graphics Software Limited;
- Global Graphics Software Incorporated, a US company which is a wholly owned subsidiary of Global Graphics Software Limited;
- Global Graphics Kabushiki Kaishiya ("Global Graphics KK"), a Japanese company which is a wholly owned subsidiary of Global Graphics Software Limited; and
- Global Graphics Software (India) Private Limited, an Indian company which is a wholly owned subsidiary of Global Graphics Software Limited.

1.1.2 – Changes in the Company's structure in 2009

No change occurred in the Company's structure in the year ended 31 December 2009.

1.1.3 - Changes in the Company's structure since the beginning of the current year

Global Graphics EBT Limited, a new, UK-based subsidiary of the Parent, was incorporated in early February 2010; its purpose is to act as the trustee of the Employee Benefit Trust ("EBT") implemented for the benefit of employees and directors of the UK-based subsidiaries of the Company (see section 2.7.2 below).

1.2- Key figures

1.2.1 - Consolidated sales

Sales were Euro 9,362,000 in 2009 compared with Euro 11,168,000 in 2008, or a decrease of 16.2% with the previous year's figure at current exchange rates. At constant exchange rates, 2009 sales would amount to approximately Euro 8,893,000, showing a decrease of 20.4% over the 2008 sales figure.

A significant part of the Company's sales (i.e. 77.9% of total sales in 2009 and 74.9% of total sales in 2008) were denominated in US dollars ("$"), a currency which substantially fluctuated versus the euro (the reporting currency of the Company) over the past two years, since the average Euro/US dollar exchange rates were 1.463 US dollars for 1 Euro, 1.365 US dollars for 1 Euro, and 1.384 US dollars for 1 Euro in 2007, 2008 and 2009, respectively.

Sales made in the Print segment were Euro 7,598,000 in 2009 and saw a decline of 19.6% in sales at current exchange rates, and of 23.5% at constant exchange rates, over sales made in that operating segment in 2008 (which amounted to Euro 9,447,000). Sales made in the graphic arts market were Euro 3,119,000 in 2009 and decreased 16.8% at current exchange rates and 21.5% at constant exchange rates over sales made in the same market in the previous year (which amounted to Euro 3,748,000), whereas sales made in the digital printing markets were Euro 4,479,000 in 2009 and showed a decrease of 21.4% at current exchange rates and of 24.7% at constant exchange rates over sales made in the same markets in 2008, which amounted to a total of Euro 5,699,000.

Sales made in the eDoc segment of the Company's business were Euro 1,764,000 in 2009 and showed an increase of 2.5% at current exchange rates but a decrease of 3.4% at constant exchange rates over sales made in the same operating segment in 2008, which amounted to a total of Euro 1,721,000.

1.2.2 - Consolidated performance

Operating loss

The Company reported an operating loss of Euro 1,343,000 in the year ended 31 December 2009 (or a loss equal to 14.3% of 2009 sales), compared with an operating loss of Euro 87,000 in the year ended 31 December 2008 (or a loss equal to 0.8% of 2008 sales), or an unfavourable variance of Euro 1,256,000 over the previous year, which can be analysed as follows:

- sales decreased by Euro 1,806,000 year-on-year (see section 1.2.1 above);

- cost of goods sold was Euro 313,000 in the year ended 31 December 2009 (or 3.3% of 2009 sales), showing a decrease of Euro 119,000 over the Euro 432,000 figure reported in the year ended 31 December 2008 (3.9% of 2008 sales);
- selling, general, and administrative expenses were Euro 5,386,000 in the year ended 31 December 2009 (or 57.5% of 2009 sales), showing a decrease of Euro 381,000 (i.e. of 6.6%) over the Euro 5,767,000 figure reported for the year ended 31 December 2008 (51.6% of 2008 sales); included therein were non-recurring expenses amounting to a total of Euro 481,000 in 2008 and Euro 137,000 in 2009, the latter figure resulting from the expenses incurred with respect of changes made to the Company's senior management team in late 2009 and early 2010 (replacement of the development director and appointment of a director of quality assurance);
- research and development expenses were Euro 5,006,000 in the year ended 31 December 2009 (or 53.5% of 2009 sales) showing a decrease of Euro 50,000 (i.e. of 1.0%) over the Euro 5,056,000 figure reported in the year ended 31 December 2008 (45.3% of 2008 sales), after effect of the capitalisation of eligible development expenses, net of any amortisation expenses, which totalled to Euro 464,000 in the year ended 31 December 2009 compared with Euro 1,009,000 in the year ended 31 December 2008.

Loss before income taxes

The Company reported a loss before income taxes of Euro 1,421,000 in the year ended 31 December 2009 (or a loss equal to 15.2% of 2009 sales), compared with a profit before incomes taxes of Euro 434,000 in the year ended 31 December 2008 (3.9% of 2008 sales), or an unfavourable variance of Euro 1,855,000 which predominantly resulted from the abovementioned increase of the Company's operating loss, but also from the year-on-year Euro 112,000 decrease in net interest income which dropped from net interest income of Euro 128,000 in the year ended 31 December 2008 to net interest income of Euro 16,000 in the year ended 31 December 2009, and also the unfavourable effect of net exchange differences which amounted to net gains Euro 393,000 in the year ended 31 December 2008 compared with net losses of Euro 94,000 in the year ended 31 December 2009, or a year-on-year, unfavourable variance of Euro 487,000.

Net loss

The Company reported a net loss of Euro 1,606,000 in the year ended 31 December 2009 (or a loss of Euro 0.16 per share), after giving effect to a tax charge of Euro 185,000 (including a deferred tax charge of Euro 176,000), compared with a net loss of Euro 565,000 in the year ended 31 December 2008 (or a loss of Euro 0.06 per share).

1.3- Comments on the Company's operations in 2009

1.3.1 - Salient features for the year ended 31 December 2009

Operational highlights

2009 was a difficult trading year for most of the companies in the Company's industry. 2009 sales showed a decrease of 16.2% over 2008 sales; even though this is a decrease, it is better than other industry participants with which the Company is competing.

The Company's management took the decision to continue with new strategic investments through 2009 and successfully launched new products and solutions in both segments of the Company's business, in the Print segment for both production printing and office printing, as well as in the eDoc segment for knowledge worker applications, as detailed hereafter.

Production printing

Within production printing, the Company is supporting OEMs in traditional offset, wide format, and high-end digital printing. The release of version 8.1 of our RIP was really successful in the traditional offset printing market where the Company's OEMs were suffering from the effect of the global recession since they were able to offer significantly increased value and performance to their customers with this release. On the digital printing side, two new customers were signed during the year: Miyakoshi in Japan, and the IHPS division of HP which started shipping into test sites in 2009.

Office printing

In 2009, the Company released its upgraded embedded solution for the office printing market including full support for PCL. Evaluations of this solution are still being made by various printer manufacturers, and the resounding feedback is that the Company's solution is generally faster, better quality and provides greater differentiation than the solution they currently use. One of these evaluations resulted in a formal contract signed in the last quarter of 2009, with corresponding first product shipments expected in August 2010.

Knowledge worker applications

In May the Company started to ship products under the gDoc brand name. These were initially shipped in a 'soft' launch phase where management were able to gain customer feedback on both the nature of features and the performance required to support a global enterprise market. With this feedback was created an enterprise-ready version which started shipping in early December 2009; since then, over 200,000 downloads of that product were recorded.

The Company also adopted a 'freemium' strategy (allowing a download of gDoc Creator for free) to gain widespread recognition and distribution of the gDoc family of products.

Financial highlights

Adjusted financial performance

The Company reported an adjusted operating loss of Euro 1,540,000 in the year ended 31 December 2009 (or a loss equal to 16.4% of 2009 sales), compared with an adjusted operating loss of Euro 297,000 in the year ended 31 December 2008 (or a loss equal to 2.7% of 2008 sales).

The Company reported an adjusted pre-tax loss of Euro 1,617,000 (or an adjusted pre-tax loss of Euro 0.16 per share) in the year ended 31 December 2009, compared with an adjusted pre-tax profit of Euro 224,000 (or an adjusted pre-tax profit of Euro 0.02 per share) in the year ended 31 December 2008.

The Company reported an adjusted net loss of Euro 1,672,000 (or an adjusted net loss of Euro 0.17 per share) in the year ended 31 December 2009, compared with an adjusted net loss of Euro 606,000 (or an adjusted net loss of Euro 0.06) in the year ended 31 December 2008.

Liquidity

Net cash flow used by the Company's operations was Euro 105,000 in the year ended 31 December 2009 (or 1.1% of 2009 sales), compared with net cash flow provided by the Company's operations of Euro 2,696,000 in the year ended 31 December 2008 (or 24.1% of 2008 sales).

Cash balances available at 1 January 2009 (which amounted to Euro 4,482,000), allowed the Company to fund these operating requirements as well as its capital expenditures incurred in the year ended 31 December 2009, either on property, plant and equipment for Euro 169,000, or those resulting from the capitalization of development expenses which totaled Euro 1,208,000 in the year ended 31 December 2009, and to close the period with a net cash position of Euro 3,144,000 as at 31 December 2009.

Effect of exchange rate fluctuations on cash held at 31 December 2009

Cash balances which are denominated in other currencies than the Company's reporting currency (i.e. those denominated in US dollars, British pounds and Japanese yen) amounted to Euro 2,784,000 at 31 December 2009, as shown in the table below, compared to Euro 2,662,000 at 31 December 2008, or a favorable variance of Euro 122,000 over the year ended 31 December 2009, mostly due to a stronger British pound with the Euro at 31 December 2009 than at 1 January 2009:

Currency	Total in currency at 31 December 2009 (in thousands)	Euro value at 31 December 2009 (in thousands)	Euro value at 31 December 2008 (in thousands)	Variance (in thousands)
Euro	360	360	360	0
US dollar	470	328	333	(5)
British pound	1,659	1,843	1,704	139
Japanese yen	62,747	475	492	(17)
Indian rupee	8,964	133	128	5
Other currencies		4	4	0
Total cash		3,144	3,022	122

Share repurchase programme

As at 31 December 2009, a total of 173,968 own shares were repurchased by the Company (representing 1.69% of the total number of shares outstanding at such date), for a total repurchase cost of Euro 1,246,000, or an average repurchase price of Euro 7.16 a share.

All of the own shares which were repurchased by the Company were allocated to the first of the three objectives of the Company's share repurchase programme, i.e. to meet obligations arising from the Company's programme of allocation of shares at no cost to the recipient of such share grant, to which all employees and directors of the Company are eligible, being noted that 24,750 shares were specifically allocated with respect of the grant of shares at no cost to the recipient of such grant voted by the Board on 29 July 2009.

None of the own shares which were repurchased by the Company pursuant to the implementation of its share repurchase programme was sold by the Company since the start of the programme.

1.3.2 - Salient features since year-end date and prospects for the current year

Salient features since year-end date

None since the end of the year ended 31 December 2009.

Prospects and forecasts for the current year

Production printing

The Company's business in that market segment does typically follow the general trend of the graphic arts market; management expects further contribution to 2010 sales made by new customers and also additional customers with which the Company is working closely to have contracts signed before the end of the current year.

Office printing

Based on the current pipeline of formal evaluations, and first shipments from the customer referred to above, it is anticipated that several new customers will develop new products using the Company's embedded solutions in 2010 and years beyond, therefore realizing the Company's potential in this market segment, where the Company has a complete solution that has been validated by customers as giving them a truly competitive advantage.

Knowledge worker applications

In the last quarter of 2009, the Company invested to create a dedicated sales force in the US, which is now fully operational and working on converting customers of the free gDoc Creator application to the gDoc Fusion product, notably using a corporate license plan (CLP) approach for corporate customers. During that same period, significant investment was made in a comprehensive marketing program to generate new sales opportunities in selected English-speaking markets (the UK, the US, Australia, and India) as well as in Germany, that will continue into 2010 and beyond.

1.4- Significant off balance sheet items and risk factors

1.4.1 - Off-balance sheet items

As at 31 December 2009, significant outstanding off-balance sheet items are as follows:

Commitments given

The Parent guaranteed the payment of the rent expense for the premises leased by Global Graphics Software Limited in Barrington near Cambridge in the UK, for an annual rent expense of £ 254,292, and for the office leased by Global Graphics Software Limited in Japan, for a monthly rental expense of Yen 240,000.

Foreign exchange option contracts

Through 2009, the Company entered into several option contracts to mitigate its foreign currency exposure with or without payment of an upfront premium, as the case may be. These contracts give the Company the right, but not the obligation, to convert at the respective maturity dates of these contracts, an amount of US dollars into euros at a maximum rate (the strike price) assuming that, during the life of the corresponding contract, the exchange rate between the $ and the euro was always higher than a minimum rate (the trigger rate). Should this trigger rate occur, the Company would be obliged to convert an amount of $ at the strike price at the maturity dates of these contracts.

Contracts which were outstanding as at 31 December 2009 are indicated thereafter:

Euro call/US dollar put options

Option contract expiry date	Nominal value of the contract in $	Option strike price in $	Option trigger price in $
15 March 2010	100,000	1.5000	1.4000
15 June 2010	100,000	1.5000	1.3750
15 September 2010	100,000	1.5000	1.3500
15 December 2010	100,000	1.5000	1.3250

British pound call/US dollar put options

Option contract expiry date	Nominal value of the contract in $	Option strike price in $	Option trigger price in $
24 February 2010	400,000	1.6200	1.5435
29 March 2010	400,000	1.6200	1.5435
28 April 2010	400,000	1.6200	1.5435
26 May 2010	400,000	1.6200	1.5435
28 June 2010	400,000	1.6200	1.5435
28 July 2010	400,000	1.6200	1.5435

1.4.2 - Significant risk factors

Significant operational risk factors

Dependence on the graphic arts and digital print industries

The Company derives substantially all of its revenues from software products and related services provided to the graphic arts and digital print industries. Accordingly, the Company's future success significantly depends upon the continued demand for its products within such industries.

The Company believes that an important factor in its growth has been the substantial change in the graphics arts and digital print industries, as evidenced by continuing consolidation and technological innovation (notably the introduction of new Page Description Languages, or PDLs, such as XPS, Microsoft's new, fixed-document format).

If this environment of change were to slow, the Company could experience reduced demand for its products.

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 Company's sales and operating results.

The Company has historically derived a significant portion of its revenues from the sale of new and enhanced software products (such as Raster Imaging Processors or RIPs). Additionally, the Company recently released numerous new product offerings and upgrade versions of its current software products, including the transition of its RIP product to new variants (e.g. host driver and embedded variants), new operating systems releases, and new page description languages (such as PCL), and in connection with the transition to new markets, such as those for its Electronic Document conversion Library (EDL) technology, or its gDoc range of applications.

The Company'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 Company's sales and results.

Inadequate protection of its proprietary technology and intellectual property rights

The Company's success is heavily dependent upon its proprietary technology. To protect its proprietary rights, the Company 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 Company 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 such agreements are not timely made, complied with or enforced, the Company 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 Company's products or technology. Monitoring unauthorized use of the Company's software products is difficult. Management cannot be certain that steps taken to prevent unauthorized use of the Company'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 Company's source code also is protected as a trade secret. However, from time to time, the Company licenses its source code to OEMs and 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 Company's proprietary information or to reverse engineer its trade secrets.

The Company 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 Company will not be challenged, that patents will issue 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 Company'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 Company 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 Company's business operations by diverting the attention and energies of management and key technical personnel. Although the Company 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 Company to significant expenditures, require the Company to enter into royalty and licensing agreements on unfavorable terms, prevent the Company from licensing certain of its products, cause disruption to the markets where the Company operates or require the Company to satisfy indemnification commitments with its customers including contractual provisions under various license arrangements any one of which could harm the Company's business.

Fluctuating operating results and factors affecting operating results

As a result of a variety of factors discussed above, and also because of the effect on its revenue of new, multiple-element contracts which were recently signed, the Company's quarterly sales and operating results for a particular period are difficult to predict. The Company's sales may grow at a slower rate than experienced in previous periods, and, in some periods, may decline.

Additionally, the Company periodically provides guidance on its future sales and results. Such guidance reflects a number of assumptions, including assumptions about product pricing and demand, seasonal trends, competitive factors, and adoption of new products or releases of existing products.

If one or more of these assumptions proves incorrect, the Company's actual results may vary materially from those anticipated, estimated or projected.

Adverse economic conditions

The current worldwide economic downturn has reduced and is likely to continue to affect capital expenditures made by customers of the Company's customers' products, notably in the Print segment of its business. Reduced sales by the Company's customers hurt its business by reducing demand for its products.

Moreover, if the Company's customers are not successful in generating sufficient sales or are precluded from securing financing, they may not be able to pay, or may delay payment of, amounts receivable by the Company and also modify, delay or cancel plans to purchase the Company's products, which will have an adverse effect on its sales.

In addition, the Company's operating expenses could increase due to, among other things, salary increases, resulting in a harmful effect on the Company's results and financial condition.

When preparing the Company's consolidated financial statements, management is required to make estimates and assumptions that affect amounts in these financial statements and accompanying notes, some of which are based on forecasts of future results. The current worldwide economic downturn and the resulting higher volatility increases the risk that the Company's actual results will differ materially from management forecasts, requiring adjustments in future consolidated financial statements.

Recruitment and retention of key personnel

An important part of the Company's future success depends on the continued service and availability of the Company'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 Company. The loss of any of these individuals could harm the Company's business.

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

Significant financial risk factors

The Company'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 Company 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, recognized assets (notably trade receivables) and liabilities, as well as net investments in foreign operations.

To manage their foreign exchange risk arising from future commercial transactions, recognized assets and liabilities (i.e. which are denominated in a currency that is not the entity's functional currency), certain entities in the Company use option currency contracts transacted with high-credit-quality financial institutions after review and approval by the Company's Chief Financial Officer.

As at 31 December 2009, the Company has entered into contracts to mitigate its exposure relating to payments in US dollars made by its customers (see section 1.4.1 above).

Credit risk

Financial instruments that potentially subject the Company 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 Company has no significant concentration of credit risk though relatively few customers accounted for a substantial portion of the Company's sales within the last few years as a result of the dominance of a limited number of companies in the Company's markets.

In 2009, the ten major customers represented approximately 57.0% of the Company's total sales (56.6% in 2008); approximately 41.3% of 2009 sales were made with the five largest customers of the Company (38.0% in 2008) and approximately 14.0% with the major customer alone (10.6% in 2008).

Liquidity risk

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

However, given the absence of either short- or long-term debt as at 31 December 2009,and considering the Company's net cash position of Euro 3,144,000 at that date (compared with a net cash position of Euro 4,482,000 at 31 December 2008), the Company did not apply for any such lines of credit.

Cash-flow interest-rate risk

As the Company had no significant interest-bearing assets and liabilities at either 31 December 2009 or 2008, the Company's income and operating cash flows for the year ended 31 December 2009 were substantially independent of changes in market interest rates.

Other significant risk factors

Impairment of goodwill and other intangible assets

Goodwill and other intangible assets are reviewed for impairment at least annually, or more frequently if events or changes in circumstances indicate that the carrying value of these items may not be recoverable, notably a decline in operating performance and future cash flows.

If the Company's future financial performance or other events indicate that the carrying value of goodwill and other intangible assets is impaired, the Company may be required to record a significant charge during the period in which such impairment of goodwill and other intangible assets is determined, resulting in an unfavorable impact on the Company's results of operations.

The impairment analysis performed by the Company at 31 December 2009 involved determining the fair value of its Print business using a projected discounted cash flow analysis that was based on significant estimates, such as management's projections of future sales, operating costs and margins over the remaining expected useful life of Print segment intangible assets, and the discount rate used to calculate present value of future cash flows.

Changes to these estimates may cause the Company to recognize an impairment loss that may be material to its consolidated financial results.

Future changes in, or interpretations of, accounting principles

The Company prepares its consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs), as amended from time to time, and related interpretations issued by the International Accounting Standards Board (IASB), as adopted by the EU.

Changes to these standards or delays in the adoption of newly adopted standards by the EU, may have a significant effect on the Company's reported results and may even retroactively affect previously reported transactions or periods.

Accounting principles used by the Company that may be affected by recently issued exposure drafts or discussion papers notably include the following:

- the exposure draft on income tax, which was published for public comments by the IASB on 31 March 2009, and outlines proposed changes to the method of accounting for income tax as well as the IASB's intent to publish a final standard on income tax in 2010 which will supersede the existing standard on income tax, IAS 12, *Income Taxes*; and
- the discussion paper on revenue recognition, *Preliminary Views on Revenue Recognition in Contracts with Customers*, which was published for public comment by the IASB and the FASB on 19 December 2008, and outlines the IASB's intent to publish a final standard on revenue recognition in 2011 which will supersede the existing standards on revenue recognition, IAS 11, *Construction Contracts*, and IAS 18, *Revenue*.

1.5- Social consequences of the Company's business

1.5.1 - Quantitative information on personnel

Breakdown by geographical area of employment	2009	2008
United Kingdom	67	66
India	30	31
United States of America	18	17
Continental Europe (France and Belgium)	2	2
Japan	3	3
Total as at 31 December	120	119

Breakdown by nature of employment	2009	2008
Research and development	74	75
Sales and support	32	26
Other	14	18
Total as at 31 December	120	119

1.5.2 - Other information on personnel

Given the Company's organization, and the fact that substantially all employees are working in foreign subsidiaries, no other information is required.

1.6- Environmental consequences of the Company's business

Following the disposal of the Hardware segment in the first half of the year ended 31 December 2002, the Company's sole business is to develop and market software components for the graphic arts and digital printing industries.

At 31 December 2009, management believes the Company had no activities, which were likely to have a future, detrimental effect on the environment.

1.7- Individual results of the Company's subsidiaries

The information presented below relates to the year ended 31 December 2009 and consists of the subsidiary's revenues before elimination of any inter company transactions with other subsidiaries of the Company, and its operating and net results for the year ended 31 December 2009.

For the reader's convenience, the information is presented in thousands of euros and is extracted from the 2009 accounts prepared in accordance with local accounting principles applicable to each of these subsidiaries:

	Sales	Operating profit (loss)	Net profit (loss)
Global Graphics (UK) Limited	-	-	121
Global Graphics Software Limited	7,756	(1,959)	(2,781)
Jaws Systems Limited	-	-	-
Global Graphics Software Inc.	5,915	287	269
Global Graphics KK	417	8	1
Global Graphics Software (India)	802	101	91

2 - GLOBAL GRAPHICS SA

2.1- Overview of the Company, its business and salient features for 2009

2.1.1 - Overview of the Company and its business

Global Graphics SA is the French-based holding company of the Global Graphics group of companies, whose shares have been listed on the First Market of the Brussels Stock Exchange (now Euronext Brussels) since 17 April 2001 and have been part of the Euronext Next Economy segment since 25 February 2002.

The Parent plays a major role in providing funding for the Company's business and in managing the Group's growth.

2.1.2 - Research and development

No such activities for any of the years presented. Significant research and development efforts are undertaken by operating subsidiaries, notably Global Graphics Software Limited and Global Graphics Software (India) Private Limited.

2.1.3 - Management discussion of 2009 statutory results

The Parent reported a statutory net profit of Euro 982,788 for the year ended 31 December 2009 compared with a net statutory loss of Euro 34,775,271 for the year ended 31 December 2008.

Further detailed analysis is provided below:

- the Parent reported an operating loss of Euro 5,448 in the year ended 31 December 2009 (compared with an operating profit of Euro 8,383 in 2008), after giving effect to the management fees charged notably to Global Graphics Software Ltd. and Global Graphics Software Inc. for a total of Euro 480,401 and Euro 497,172 for the years ended 31 December 2009 and 2008, respectively;
- a financial profit amounting to Euro 992,653 was reported for the year ended 31 December 2009 (compared with a financial loss of Euro 34,639,665 in 2008), mostly because of the write-back of a portion of valuation allowances existing at 1 January 2009 to account for additional impairment losses on the Parent's holding in the shares of Global Graphics (UK) Limited (for Euro 706,000) and the Parent's own shares held as treasury shares (for Euro 86,722), notably following the allocation of some of these own shares to the grant of shares voted by the Board on 29 July 2009 (see section 1.3.1 above);

- an exceptional loss of Euro 4,770 was reported by the Company for the year ended 31 December 2009 compared with an exceptional loss of Euro 144,059 in the year ended 31 December 2008;
- the Parent reported a corporate income tax benefit of Euro 353 in the year ended 31 December 2009 compared with a corporate income tax benefit of Euro 70 in the year ended 31 December 2008.

At 31 December 2009, as was already the case at 31 December 2008, the fair value of the shares in the capital of Global Graphics (UK) Limited was determined with respect to the product of the number of outstanding shares of the Company at year-end date (i.e. 10,289,781 shares) by the average closing price for the Company's share for the month of December of the corresponding year (Euro 1.72 for the month of December 2009), less the amount of net cash available at year-end date (which was Euro 222,113 as at 31 December 2009), being noted management considers that the fair value of these shares at any year-end date may not be lower than the amount of the Company's consolidated equity at the same date.

The fair value of the shares in the capital of Global Graphics (UK) Limited was estimated to Euro 17,476,000 at 31 December 2009, being noted that the amount of the Company's consolidated equity at the same date was Euro 16,366,000. The fair value of these shares was estimated to Euro 16,770,000 as at 31 December 2008, which was the amount of the Company's consolidated equity at such date.

2.2- Subsequent events, prospects and forecasts for the current year

2.2.1 - Subsequent events

No significant subsequent events have occurred since year-end date.

2.2.2 – Prospects and forecasts for the current year

The Parent expects to report break-even operating and ordinary results in the year ending 31 December 2010, assuming the absence of any additional impairment loss or write-back of valuation allowances existing as at 1 January 2010 on either the Parent's holding in the shares of Global Graphics (UK) Limited or the Parent's own shares.

Also assuming a nil exceptional result, and no significant income tax charge or benefit, the Parent expects to report a close to break-even net result for the current year.

2.3- Information specifically required by law

2.3.1 - On certain items which are not deductible for tax purposes

None for the year ended 31 December 2009.

2.3.2 - On shares held by certain employees

There are no such rights as defined in article L.225-102 of the Commercial Code outstanding as at 31 December 2009.

The shareholders voted in their meeting held on 25 April 2008 a resolution, which is valid until 25 June 2010, that granted authority to the Company's Board to increase the Company's share capital by a maximum amount of Euro 40,000 through the issue of new shares, which could only be purchased by the Company's employees through the Company's plan d'épargne d'entreprise.

The Company's Board had made no use of such authority on the date this report was drafted; the Board also applies for this authority to be renewed for another twenty-six month period (see section 4.5 below).

2.3.3 - On the Company's shareholders

Double voting rights

Pursuant to article 17 of the Company's articles of association, a double voting right is granted to each ordinary share of the Company, which is fully paid, and which has been registered under the name of the same shareholder by the Company's share registrar for a minimum period of two years.

Significant shareholders

At 31 December 2009, the sole shareholder having declared to hold, either directly or indirectly, more than 5% of the share capital or voting rights of the Parent is Stichting Andlinger & Company Euro-Foundation, a Dutch foundation, which held 2,883,001 of the 10,289,781 shares forming the Parent's share capital at such date (i.e. 28.01% of the Parent's share capital) and 2,883,001 of the 10,319,907 of voting rights attached to such shares at that date (representing 27.93% of total voting rights at 31 December 2009).

Management is not aware of any significant changes in the ownership of the share capital or of voting rights which would have occurred in the year ended 31 December 2009.

Share options

The attached report prepared by the Company's Board of Directors on share options provides all required information on transactions made on the Company's share options in the year ended 31 December 2009.

Shares granted at no cost to the recipient of such grants

The attached report prepared by the Company's Board of Directors on shares granted at no cost to the recipient provides all required information on grants of the Company's shares made in the year ended 31 December 2009.

2.3.4 - On payment terms

As set out in note 11 to the Company's statutory accounts for the year ended 31 December 2009, trade payables amounted to a total of Euro 111,333 at that date, and included Euro 110,794 with respect of accrued invoices.

The breakdown of trade payables at 31 December 2009 by maturity date was as follows:

- amounts overdue at 31 December 2009: Euro 365, including Euro 364 for an invoice which was due on 30 June 2009 but has been disputed by the Company since then;
- amounts not due at 31 December 2009: Euro 110,968, including Euro 110,794 of accrued invoices, predominantly made of invoices which are to be paid within a 30-day period starting on invoice date.

As at 31 December 2008, trade payables amounted to a total of Euro 88,684, of which Euro 88,586 with respect of accrued invoices. Such balance did not include any overdue amount and was predominantly made of invoices which were to be paid within a 30-day period starting on invoice date.

2.4- Allocation of the 2009 statutory net profit

You are proposed to allocate the statutory net profit for the year ended 31 December 2009 as follows:

- statutory net profit for the year ended 31 December 2009 which is to be allocated: Euro 982,788;
- proposed allocation of the 2009 statutory net profit: allocation in full to the account "Losses brought forward", which debit balance would decrease from Euro 28,076,573 to Euro 27,093,785.

As required by applicable legal provisions, notably by article 243 bis of the General Tax Code, please note that the Parent has not distributed a dividend since its inception.

2.5- Corporate governance policies

Please note that since the Company's shares have been admitted to trading on Nasdaq Europe and Euronext, the Company's management has also made its best efforts to comply with legitimate requests of our shareholders with regard to corporate governance, which resulted in the appointment of independent directors, the creation of the Company's audit and remuneration committees as well as the adoption of an open communication policy.

This policy has been strengthened by amendments made to the Company's articles of association following decisions voted by the shareholders at their 21 June 2002 meeting and by commitments given by the Company when pursuing admission to the Next Economy segment of Euronext, which became effective on 25 February 2002.

Such commitments are the following:

- To provide liquidity for the Company's shares through a continuous trading of the shares, with support, if required, of liquidity providers: given the liquidity of the Company's shares, the Company has not been required to use the services of liquidity providers to date.
- To provide transparent financial information through:
  - the issue, as from 1 January 2004, of quarterly earnings releases: as the Company has been issuing such releases since its admission on Easdaq in June 1998, it has been complying with such requirement since that latter date;
  - the dissemination of financial information (annual report and quarterly earnings releases) and any other information in the English language: the Company has released financial information in English since its initial public offering, has also released all financial information in French since early 2003 as well as in Dutch for quarterly earnings releases;

  - the inclusion in the Company's annual report of its policy as to corporate governance: please refer to the report prepared by the Chairman of the Board in that respect;
  - the adoption as from 1 January 2004 of IFRSs: since that date, all the Company's financial information has been prepared in accordance with those accounting principles;
  - the organization of a minimum of two analyst meetings each year: analysts were also invited to attend conference calls following the release of quarterly results through 2009 as well as on 9 February 2010. An analyst meeting is expected to take place on 23 April 2010 when the Company expects to release its consolidated accounts for the first quarter of the current year;
  - easy access to financial information released by the Company on both the Company's and on Euronext websites: this has been the case since the admission of the Company's shares to trading on Euronext;
  - the adoption of Euronext recommendations as to corporate governance, notably the appointment of independent directors and the creation of audit and remuneration committees: The Company has appointed two independent directors and created both an audit committee and a remuneration committee since its shares were admitted to trading on Easdaq in June 1998; and
  - the disclosure of transactions made by the Company's directors in the Company's shares and share options (see section 2.9 below).

- Management of the Company:

In its meeting held on 23 June 2008, after it was made aware of Mr. Freidah's decision to resign from both his positions of CEO and director of the Company, the Board of Directors voted that:

  - firstly, the most appropriate way of managing the Company was that the roles of Chairman of the Board of Directors and of Chief Executive Officer ('directeur général') of the Company would continue to be fulfilled by different individuals as had been the case since 27 April 2007; and
  - secondly, that Mr. Gary Fry be appointed as the Company's CEO for the duration of his director mandate, being noted that he had been provisionally appointed as a director by the Board on 23 June 2008 for the remaining duration of Mr. Freidah's director mandate, which was due to expire at the end of the annual meeting of the Company's shareholders convened in 2012 to approve the accounts of the last financial year then ended, and that such provisional appointment was confirmed by the shareholders in their meeting held on 24 April 2009.

Abovementioned changes had no effect on the mandate as the Company's Chairman of the Board of Directors of Mr. Johan Volckaerts, who was reappointed as a director of the Company for another four-year mandate by the shareholders in their meeting held on 27 April 2007.

2.6- The Board of Directors

2.6.1 - Director mandates

Proposed reappointment of two directors of the Company

The director mandates held by Messrs. Gareth Jones and Pierre Van Beneden expire at the end of the meeting of the Company's shareholders convened to approve the accounts for the year ended 31 December 2009.

You are therefore invited to approve their reappointment as directors of the Company for another four-year mandate which will expire at the end of the meeting of the Company's shareholders convened in 2014 to approve the accounts of the last financial year then ended.

On 10 March 2010 the Company's Board of Directors confirmed that both Messrs. Jones and Van Beneden met the independence criteria set out in the corporate governance code for listed corporations drafted by the AFEP and the MEDEF.

Other information relating to the Company's directors

- Pursuant to article 15 of the Company's articles of association, each director must own a minimum of ten shares during his term of office (see section 2.9.1 below).
- No director was appointed by the Company's employees according to the provisions of article L.225-27 of the Commercial Code.

2.6.2 - Purpose and organization of the Board of Directors

Please refer to the report drafted by the Chairman of the Board of Directors in this respect according to the provisions of article L.225-37 of the Commercial Code.

2.6.3 - Other mandates held by the Company's directors

As required by third paragraph of article L.225-102-1 of the Commercial Code, please find hereafter the list of mandates held by each director of the Company on the date this report was drafted, with indication, as the case may be, of the termination date for such mandates after year-end date.

Please note that, in accordance with article L.233-3 of the Commercial Code, are considered as subsidiaries of the Parent all companies in which the Parent held, directly or indirectly, more than 50.0% of capital during the year ended 31 December 2009.

Mr. Johan Volckaerts, director and chairman of the Board

Aged 58, Mr. Volckaerts was appointed as a director of the Parent when it was incorporated in November 1996. His current term will expire at the end of the meeting of the Company's shareholders convened in 2011 to approve the accounts of the last financial year then ended.

Mandates held in French companies

Which are part of the Company

None.

In companies which are not part of the Company

None.

Mandates held in foreign companies

Which are part of the Company

- Chairman of the Board of Global Graphics (UK) Limited;
- Chairman of the Board of Global Graphics Software Limited; and
- Chairman of the Board of Jaws Systems Limited.

In companies which are not part of the Company

- Director of Stichting Andlinger Europe, a Dutch foundation;
- Director of Stichting Andlinger Group, a Dutch foundation;
- Chairman of the Board of Andlinger & Co. CVBA, a Belgian company;
- Chairman of the Board of Synerlab SA, a Belgian company;
- Managing director of Timeless BVBA, a Belgian company;
- Managing director of Primus Group BVBA, a Belgian company;
- Managing director of Primus BVBA, a Belgian company;
- Managing director of Interpares BVBA, a Belgian company;
- Managing director of Gecova BVBA, a Belgian company;
- Managing director of Indulam BVBA, a Belgian company;
- Director of Pres-Vac Engineering Aps (formerly Valpumps Aps), a Danish company;
- Director of Nebus Loyalty Belgium Cvba, a Belgian company;
- Director of Nebus Capital Cvba, a Belgian company; and
- Managing director of Valpress Gmbh, a German company, since 25 June 2009.

Mr. Gary Fry, director and Chief Executive Officer

Aged 41, Mr. Fry was appointed as a director of the Parent on 23 June 2008. His current term will expire at the end of the meeting of the Company's shareholders convened in 2012 to approve the accounts of the last financial year then ended.

Mandates held in French companies

Which are part of the Company

None.

In companies which are not part of the Company

None.

Mandates held in foreign companies

Which are part of the Company

- Director of Global Graphics Software Limited;
- Director of Global Graphics Software Incorporated;
- Director of Jaws Systems Limited; and
- Director of Global Graphics Kabushiki Kaishiya.

In companies which are not part of the Company

Managing director of Fry and Fry Management Consulting Limited, a UK company, since 23 December 2009.

Mr. Alain Pronost, director and Chief Financial Officer

Aged 43, Mr. Pronost was appointed as a director of the Parent on 16 June 2000. His current term will expire at the end of the meeting of the Company's shareholders convened in 2012 to approve the accounts of the last financial year then ended.

Mandates held in French companies

Which are part of the Company

None.

In companies which are not part of the Company

- Managing director of Financiere de la Forge Sarl; and
- liquidator of Stan Invest Sarl.

Mandates held in foreign companies

Which are part of the Company

- Director of Global Graphics (UK) Limited;
- Director of Global Graphics Software Limited; and
- Director of Global Graphics EBT Limited since 3 February 2010.

In companies which are not part of the Company

None.

Mr Gareth Jones, director and chairman of the Company's audit committee

Aged 45, Mr. Jones was appointed as a director of the Parent on 21 June 2002. His current term will expire at the end of the meeting of the Company's shareholders convened in 2010 to approve the accounts of the last financial year then ended.

Mandates held in French companies

Which are part of the Company

None.

In companies which are not part of the Company

None.

Mandates held in foreign companies

Which are part of the Company

None.

In companies which are not part of the Company

Director of Speedsix Software Limited, a UK company until 15 January 2009.

Mr. Pierre Van Beneden, director and chairman of the Company's remuneration committee

Aged 55, Mr. Van Beneden was appointed as a director of the Parent on 20 March 2008. His current term will expire at the end of the meeting of the Company's shareholders convened in 2010 to approve the accounts of the last financial year then ended.

Mandates held in French companies

Which are part of the Company

None.

In companies which are not part of the Company

None.

Mandates held in foreign companies

Which are part of the Company

None.

In companies which are not part of the Company

Chief Executive Officer of RSD SA, a Swiss company.

2.7- Remuneration paid to the Company's directors in 2009

As required by article L.225-102-1 of the Commercial Code, please find hereafter the remuneration paid to the Company's directors, by either the Parent or any of its subsidiaries, in 2009.

Please also note that the directors are also granted with reimbursement of expenses incurred by them while fulfilling their duties of directors of the Company; such reimbursement is made on documentary evidence for the actual value of the expenses incurred.

2.7.1 - Remuneration paid to Mr. Johan Volckaerts, director and chairman of the Board of Directors

- Basic gross salary of Euro 35,287 (£ 31,510) was paid to Mr. Johan Volckaerts by Global Graphics Software Limited in the year ended 31 December 2009 (a total of Euro 20,318 was paid to Mr. Johan Volckaerts in the year ended 31 December 2008 by that same company);
- No board fees were paid to Mr. Johan Volckaerts in his capacity of member of the Board of Directors by the Parent in the year ended 31 December 2009, compared with Euro 15,000 (before effect of French withholding tax amounting to 25% of this gross amount) in the year ended 31 December 2008.

2.7.2 - Remuneration paid to Mr. Gary Fry, director and Chief Executive Officer

- Basic gross salary of Euro 180,562 (£160,800) was paid by Global Graphics Software Limited to Mr. Gary Fry in 2009, compared with Euro 98,615 for the second half of the year ended 31 December 2008;
- Pension contributions in the amount of Euro 15,159 (£13,500) were made by Global Graphics Software Limited in the name of Mr. Fry in 2009, compared with Euro 8,279 for the second half of the year ended 31 December 2008;
- In February 2010, a bonus, amounting to a gross amount of Euro 32,343 (£28,125), was paid to Mr. Fry by Global Graphics Software Limited with respect of the year ended 31 December 2009 by way of a contribution made to the Employee Benefit Trust set up by that company (in December 2008, Mr. Fry was paid a bonus amounting to a gross amount of Euro 49,955 with respect of the year ended 31 December 2008);
- Board fees of Euro 15,000 (before the effect of French withholding tax amounting to 25% of this gross amount) were paid to Mr. Gary Fry in his capacity of director of the Company by the Parent in 2009, compared with Euro 7,500 for the second half of the year ended 31 December 2008.

2.7.3 - Remuneration paid to Mr. Alain Pronost, director and Chief Financial Officer

- Basic gross salary of Euro 120,574 was paid to Mr. Alain Pronost in the year ended 31 December 2009, which included Euro 93,000 paid to him by the Parent and another Euro 27,574 (£24,569) paid to him by Global Graphics Software Limited (Euro 120,815 were paid to Mr. Alain Pronost in the year ended 31 December 2008, which included Euro 93,000 paid to him by the Parent, the balance being paid to him by Global Graphics Software Limited);
- A bonus was paid to Mr. Pronost by the Parent in February 2010 with respect to the year ended 31 December 2009 for a total gross amount of Euro 3,125 (none for the year ended 31 December 2008);
- Pension contributions in the amount of Euro 1,860 and 930 were made by the Parent in the name of Mr. Pronost in the years ended 31 December 2009 and 2008, respectively;
- Contributions amounting to respectively Euro 2,700 and Euro 2,298 were made in 2009 in the name of Mr. Pronost to the Parent's Plan d'Epargne Interentreprises (PEI) and Plan d'Epargne Retraite Collectif Interentreprises (PERCO-I);
- A contribution of Euro 200 was made by the Parent in 2009 to meet petrol expenses incurred by Mr. Pronost with respect of his car travels between his home and the office during that year;
- Board fees of Euro 15,000 were paid to Mr. Alain Pronost in his capacity of director of the Company by the Parent in each of the years ended 31 December 2009 and 2008.

2.7.4 - Remuneration paid to Mr. Gareth Jones, director and chairman of the Company's audit committee

- Board fees of Euro 15,000 (before the effect of French withholding tax amounting to 25% of this gross amount) were paid to Mr. Gareth Jones in his capacity of director of the Company by the Parent in each of the years ended 31 December 2009 and 2008.

2.7.5 - Remuneration paid to Mr. Pierre Van Beneden, director and chairman of the Company's remuneration committee

- Board fees of Euro 15,000 (before the effect of French withholding tax amounting to 25% of this gross amount) were paid to Mr. Pierre Van Beneden in his capacity of director of the Company by the Parent in the year ended 31 December 2009 (compared with Euro 11,800 for the year ended 31 December 2008).

2.8- Authorizations granted by the shareholders to the Board of Directors

Please find hereafter the authorizations which granted to the Board of Directors by the shareholders on 25 April 2008 and which are still valid when this report was drafted. Please also note that in the same meeting the Company's shareholders also granted the Board of Directors with appropriate authority to use the authorisations referred to in paragraphs 2.8.1 to 2.8.6 below in case of a take-over bid or a public exchange of offer on the Company's shares.

2.8.1 - Authorization to increase the share capital while maintaining shareholders' preferential right of subscription

On 25 April 2008 the Company's shareholders granted the Board of Directors with the authorization to increase, on one or several transactions, the share capital of the Parent while maintaining the shareholders' preferential right of subscription.

Such authorization, which is valid until 25 June 2010, may result in an increase of the share capital of a maximum of Euro 2 million through the issue of new shares of the Parent. This amount would include the par value of the shares that would be issued as the result of the utilization by the Board of the authorization which is referred to in section 2.8.2 below.

To date, the Board has not used this authorization; the Board also applies for this authorization to be renewed for another twenty-six month period (see sections 4.1 and 4.2.1 below).

2.8.2 - Authorization to increase the share capital while waiving shareholders' preferential right of subscription

On 25 April 2008, the Company's shareholders granted the Board of Directors with the authorization to increase, on one or several transactions, the share capital of the Parent while waiving the shareholders' preferential right of subscription.

Such authorization, which is valid until 25 June 2010, may result in an increase of the share capital of a maximum of Euro 2 million through the issue of new shares of the Parent. This amount would include the par value of the shares that would be issued as the result of the utilization by the Board of the authorization which is referred to in section 2.8.1 above.

To date, the Board has not used this authorization; the Board also applies for this authorization to be renewed for another twenty-six month period (see section 4.2.2 below).

2.8.3 - Capital increase to pay for contributions in kind made to the Company

On 25 April 2008, the Company's shareholders granted the Board of Directors with the authorization to increase, in one or several transactions, the share capital of the Parent, up to 10% of the amount of the Company's share capital, to pay for contributions in kind made to the Parent, in the form of shares or financial instruments giving right to such shares.

Such authorization is valid until 25 June 2010. The above-mentioned 10% limit is independent from any other limits set for any authorisations granted to the Board of Directors to increase the Company's share capital.

To date, the Board has not used this authorization; the Board also applies for this authorization to be renewed for another twenty-six month period (see section 4.4 below).

2.8.4 - Capital increase reserved for participants to the Company's plan d'épargne d'entreprise

On 25 April 2008, the Company's shareholders granted the Board of Directors with the authorization to increase the share capital of the Parent through an issue of new shares which would be reserved to those employees which would be participating to the Company's plan d'épargne entreprise.

Such authorisation, which is valid until 25 June 2010, may result in an increase of the share capital of a maximum amount of Euro 40,000 as noted in section 2.3.2 above. Please also note that the nominal value of shares issued as the result of the utilization by the Board of this authorization will not be included in the maximum nominal value of shares which could be issued pursuant to the utilization by the Board of the authorizations mentioned in sections 2.8.1 and 2.8.2.

To date, the Board has not used this authorization; the Board also applies for this authorization to be renewed for another twenty-six month period (see section 4.5 below).

2.8.5 - Authorization to grant options on the Company's shares

You are invited to take notice of the report prepared by the Board of Directors in this respect, a copy of which is attached to this report. Please also note that, on the date this report was drafted, a total of 645,000 options to subscribe for new shares of the Parent to be issued upon exercise of option rights were granted with respect of the authorisation granted by the shareholders on 25 April 2008, of which 595,000 were granted in the second half of the year ended 31 December 2008, and the additional 50,000 by the Board of Directors on 9 February 2010.

2.8.6 - Authorization to grant shares at no cost to the recipient of such grants

You are invited to take notice of the report prepared by the Board of Directors in this respect, a copy of which is attached to this report. Please also note that a total of 24,750 shares at no cost to the recipient of such grant were granted by the Board of Directors on 29 July 2009 with respect of the authorisation granted by the shareholders on 25 April 2008.

2.8.7 - Authorization to decrease the amount of the Company's share capital pursuant to the cancellation of repurchased shares

The Company's shareholders granted the Board of Directors with the authorization to decrease, on one or several transactions, the share capital of the Parent, through the cancellation of a maximum of one million shares which the Company may come to hold as the result of the repurchase by the Company of some of its own shares. This authorization is valid until 25 April 2010.

To date, the Board has not used this authorization; the Board also applies for this authorization to be renewed for another twenty-six month period (see section 4.7 below).

2.8.8 - Authorisation to use the authorisations in case of a take-over bid or a public exchange of shares

On 24 April 2009, the Company's shareholders granted the Board of Directors with appropriate authority to use the authorisations granted on 25 April 2008 and referred to in sections 2.8.1 to 2.8.6 above in case of a take-over bid or a public exchange of offer of the Company's shares. Such authority is valid until 24 October 2010.

To date, the Board has not used this authorization; the Board also applies for this authorization to be renewed for another eighteen month period (see section 4.6 below).

2.8.9 - Authorisation to implement a share repurchase programme

On 24 April 2009, the Company's shareholders granted the Board of Directors with appropriate authority to repurchase, at times thought fit, in one of several instances, ordinary shares of the Company up to a maximum number of one million shares and for a maximum repurchase price of Euro 12.00 per share. Such authority is valid until 24 October 2010.

To date, the Board has not used this authorization; the Board also applies for this authorization to be renewed for another eighteen month period (see section 4.7 below).

2.8.10 - *Authorisation to implement a Share Incentive Plan*

On 24 April 2009, the Company's shareholders granted the Board of Directors with appropriate authority to grant ordinary shares of the Company which were previously repurchased by the Company as part of the share repurchase programme referred to in section 2.8.9 above, up to a maximum number of one million shares being noted that all options granted with respect of the authority granted to the Board referred to in section 2.8.5 of this report as well as all shares granted at no cost (whether on a provisional or a final basis) with respect of the authority granted to the Board referred to in section 2.8.6 of this report would need to be included for the computation of that limit. Such authority is valid until 1 July 2011.

2.9- Director shareholdings

As set out in the Board's charter, prior approval of the Chairman of the Board of Directors is mandatory before a director may purchase, sell or otherwise deal in the Company's shares or share options. (in the case of the Chairman himself, such approval may be granted by two directors).

The Company's Code of dealing in financial instruments prohibits all purchases, sales and any other transactions in the Company's shares or share options by the Company's directors or employees during certain closed periods which are the periods between a quarter-end date and the date of announcement of the results for the relevant quarter, or in the two trading days immediately preceding the release by the Company of any price-sensitive information.

2.9.1 - Director shareholdings

The information mentioned below relates to the Company's shares held by the directors in their own names, in the names of their spouses and children living with them.

Individual disclosure

Mr. Johan Volckaerts, director and chairman of the Board of Directors

- Number of shares held at 1 January 2009: 142,029 shares, all in the name of Mr. Volckaerts;
- Share purchases in 2009: a total of 83,737 shares which were purchased on 27 March (13,737 shares), 28 October (20,000 shares) and 9 November 2009 (50,000 shares) at an average price of Euro 1.65 a share;
- Share disposals in 2009: none;
- Number of shares held at 31 December 2009: 225,766 shares, all in the name of Mr. Volckaerts.

Mr. Gary Fry, director and Chief Executive Officer

- Number of shares held at 1 January 2009: 1,910 shares, all in the name of Mr. Fry;
- Share purchases in 2009: none;
- Share disposals in 2009: none;
- Number of shares held at 31 December 2009: 1,910 shares, all in the name of Mr. Fry.

Mr. Alain Pronost, director and Chief Financial Officer

- Number of shares held at 1 January 2009: 11,635 shares, of which 10,635 in the name of Mr. Pronost;
- Share purchases in 2009: a total of 3,284 shares which were purchased on 9 March (1,500 shares) 20 March (534 shares), 4 August (250 shares) and 27 October 2009 (1,000 shares) at an average price of Euro 1.21 a share;
- Share disposals in 2009: none;
- Number of shares held at 31 December 2009: 14,919 shares, of which 13,919 in the name of Mr. Pronost.

Mr. Gareth Jones, director and chairman of the Company's audit committee

- Number of shares held at 1 January 2009: 10 shares, all in the name of Mr. Jones;
- Share purchases in 2009: none;
- Share disposals in 2009: none;
- Number of shares held at 31 December 2009: 10 shares, all in the name of Mr. Jones.

Mr. Pierre Van Beneden, director and chairman of the Company's remuneration committee (since 20 March 2008)

- Number of shares held at 1 January 2009: 180 shares, all in the name of Mr. Van Beneden;
- Share purchases in 2009: 12,000 shares purchased on 1 December 2009, at a price of Euro 1.79 each;
- Share disposals in 2009: none;
- Number of shares held at 31 December 2009: 12,180 shares, all in the name of Mr. Van Beneden.

Disclosure for the whole of the Board of Directors

- Number of shares held at 1 January 2009: 155,764 (i.e. 1.5% of the share capital at such date);
- Share purchases in 2009: 99,021;
- Share disposals in 2009: none;
- Number of shares held at 31 December 2009: 254,785 (i.e. 2.5% of the share capital at such date).

2.9.2 - Share options granted to the Company's directors

Please refer to the report drafted by the Board of Directors, a copy of which is attached to this report, which provides detailed explanations on the terms and conditions of the grant of 400,000 options to Mr. Fry in August 2008 and the grant of 25,000 options to Mr. Pronost in December 2008.

2.9.3 - Shares granted at no cost to the Company's directors

None in the year ended 31 December 2009, either with respect of the authority to grant shares at no cost to the recipient of such grant referred to in section 2.8.6 above or with of the authority to implement a Share Incentive Plan referred to in section 2.8.10 above.

3 - ADDITIONAL DISCLOSURES REQUIRED BY LAW

3.1- Board meeting attendance fees

The Board proposes to set attendance fees to be paid to the Company's directors for the current year to the aggregate amount of Euro 60,000 as was the case in the year ended 31 December 2009.

3.2- Schedule of financial results

Such schedule, which is attached to this report, will provide you with an overview of the Parent's financial performance for the years ended 31 December 2005 to 2009.

3.3- Statutory auditors' mandates and fees

3.3.1 - Statutory auditors' mandates

Statutory auditors' mandates

The mandate of KPMG SA as first statutory auditor of the Parent was renewed for another six years by the shareholders on 25 April 2008.

The mandate of Secef Sarl as second statutory auditor of the Parent will expire at the end of the annual meeting of the Parent's shareholders convened to approve the accounts for the year ended 31 December 2009.

On 10 March 2010, the Board voted to propose that Secef Sarl be reappointed as second statutory auditor of the Parent for another six-year term, being noted that, in accordance with applicable provisions of article L.225-228 of the Commercial Code, Mr. Fry did not take part to such vote.

Deputy statutory auditors' mandates

The mandate of Mr. Serge Peiffer as first deputy statutory auditor of the Parent was renewed for another six years by the shareholders on 25 April 2008.

The mandate of Mr. Patrick Baci as second deputy statutory auditor of the Parent will expire at the end of the annual meeting of the Parent's shareholders convened to approve the accounts for the year ended 31 December 2009.

On 10 March 2010, the Board voted to propose that Mr. Patrick Baci be reappointed as second deputy statutory auditor of the Parent for another six-year term, being noted that, in accordance with applicable provisions of article L.225-228 of the Commercial Code, Mr. Fry did not take part to such vote.

Please note that both Secef Sarl and Mr. Patrick Baci confirmed that neither of them provided any services with respect of any merger or contribution involving either the Company or any of the companies forming part of the Global Graphics group of companies as defined in article L.233-16 of the Commercial Code in the past two financial years.

3.3.2 - Auditors' fees

The amount of audit fees which were expensed by the Company in the year ended 31 December 2009 are indicated in the table presented hereafter. Please note that such figures are exclusive of any amounts expensed or accrued for with regards to the reimbursement of out-of-pocket expenses, as well as the payment of the contribution for the financing of the Haut conseil du commissariat aux comptes ("H3C"):

	KPMG		Secef		Total
	in Euro	% of total	in Euro	% of total	in Euro
Global Graphics SA					
Audit of statutory and consolidated accounts	85,000		20,500		105,500
Other related services	4,000		4,000		8,000
Total Global Graphics SA	89,000	78.4%	24,500	21.6%	113,500
Foreign subsidiaries					
Audit of statutory and consolidated accounts	77,638		-		77,638
Other related services	-		-		-
Total foreign subsidiaries	77,638	100.0%	-	0.0%	77,638
Total	**166,638**	**87.2%**	**24,500**	**12.8%**	**191,138**

3.4- Regulated transactions with related parties

You are proposed to vote for each of the transactions as defined in article L.225-38 of the Commercial Code.

These transactions, which have all been duly authorized by the Board, are presented in the report prepared by the Company's auditors.

3.5- Elements likely to have an influence in the case of a take-over bid or a public offer of exchange

As required by article L.225-100-3 of the Commercial Code, please find hereafter the elements which are likely to have an influence in the case of a take-over bid or a public offer of exchange of the Company's shares:

- the structure of the Parent's share capital, as well as any direct or indirect holdings in the Parent's share capital which are known to the Board, are set out in section 2.3.3 (double voting right and significant shareholders) of this report;
- the Parent's articles of association do not provide for any restriction in the exercise of voting rights which would be more stringent that provide by applicable legal and regulatory provisions;
- the Company's management is not aware of any agreements regarding its shares which were entered into by its shareholders;
- there is no share to which would be attached specific control rights;
- there is no control mechanisms provided in any employee share plan including control rights which are not exercised;
- in accordance with provisions of the fourth paragraph of article 13 of the Company's articles of association, any shareholder which would come to hold, alone or in concert, whether directly or indirectly, for a minimum of two consecutive years, a minimum of 34% of the total number of the Company's shares or voting rights attached to such shares, and provided he is the principal shareholder, may request that the shareholders may be proposed a list of candidates among which they are to elect the majority of the members of the Board of Directors;
- all outstanding authorisations granted to the Board by the shareholders are set out in section 2.8 of this report; and
- the 645,000 options to subscribe for an equivalent number of ordinary shares of the Company which were granted with respect of the authority granted to the Board by the shareholders on 25 April 2008, referred to in section 2.8.5 of this report, may be exercised regardless of the minimum share price conditions attached to the grant of such options, in case of a change in the control of the Company (please refer to the report on share options for further details on this).

4 - AUTHORISATIONS TO BE GRANTED TO THE COMPANY'S BOARD OF DIRECTORS

As set out below, you are proposed to grant the Board of Directors with appropriate authority to issue, if considered appropriate, shares or other financial instruments giving right to the share capital, including when a take-over bid or a public offer of exchange on such shares or financial instruments is in progress.

4.1- Authorisation to increase the share capital of the Company through the incorporation in the share capital of share premiums, retained earnings or otherwise retained profit

As set out in section 2.8.1 above, the existing authorisation to increase the share capital of the Company through the incorporation in the share capital of share premiums, retained earnings or otherwise retained profit, which was included in the authorisation to issue the share capital of the Company by issuing ordinary shares or other financial instruments giving right to the share capital while maintaining existing shareholders' preferential subscription rights which was granted to the Board of Directors by the shareholders on 25 April 2008, expires on 25 June 2010.

As a result, you are proposed to renew it for another twenty-six month period, and to grant the Board of Directors with appropriate authority to increase the share capital of the Company through the incorporation in the share capital of share premiums, retained earnings, otherwise retained profit, or any other amounts the capitalisation of which is possible, in the form of either the free allotment of newly issued shares, or an increase in the par value of existing shares, or a combination of these two methods.

The total nominal amount of capital increases which may be made pursuant to this authorisation shall not exceed Euro 10 million, this figure excluding the nominal amount of any capital increases required to maintain the rights of those holding financial instruments giving access to the Company's share capital as required by law. The abovementioned limit would also be separate from any other limit relating to issuances of shares or other financial instruments authorised by the shareholders.

This new authorisation shall supersede any unused portion of any existing authorisation which had the same purpose and was previously granted to the Board of Directors from the very date it is granted by the shareholders.

4.2- Authorisation to increase the share capital of the Company through a cash contribution

Existing authorisations to increase the share capital of the Company through a cash contribution, while maintaining or waiving existing shareholders' preferential subscription rights, which was granted to the Board of Directors by the shareholders on 25 April 2008 pursuant to applicable provisions of article L.225-129-2 of the Commercial Code, expire on 25 June 2010. As a result, you are proposed to renew them according to the terms and conditions set out hereafter.

The purpose of these authorisations which you are proposed to approve is to grant the Board of Directors with appropriate authority over the twenty-six month period set out by law to issue, at times thought fit, ordinary shares of the Company of any other financial instruments giving right, whether immediately or in a deferred way, to ordinary shares of the Company as a way to provide cash for financing any requirements the Company would have.

These new authorisations shall supersede any unused portion of any existing authorisations which had the same purpose and were previously granted to the Board of Directors from the very date they are granted by the shareholders.

As permitted by law, newly issued shares may also be ordinary shares of any company holding, directly or indirectly, more than 50% of the Company's share capital, or in which the Company holds, directly or indirectly, more than 50% of the share capital.

4.2.1 - Authorisation to increase the share capital by issuing ordinary shares or financial instruments giving right to the share capital while maintaining existing shareholders' preferential subscription rights

You are proposed to set the total nominal amount of capital increases which may be made pursuant to this authorisation shall not exceed Euro 2 million, being noted that this amount would include the par value of shares and/or financial instruments giving right to the share capital which would be issued with respect of the authority to increase the share capital while waiving existing shareholders' preferential subscription rights set out in section 4.2.2 below, as well as the par value or additional ordinary shares to be issued to maintain, as required by law, the rights of holders of financial instruments giving right to the share capital.

The total nominal value of financial instruments giving right to the share capital which be issued pursuant to this authorisation may not exceed Euro 2 million.

All issues made pursuant to this authorisation will be made while maintaining existing shareholders' preferential subscription rights. Should these subscriptions have not reached the proposed increase in the number of the Company's shares, the Board of Directors will be granted with appropriate authority to:

- limit the amount of the planned share capital increase to the amount of subscriptions received by the Company provided that this meets corresponding legal requirements; or
- freely allocate all or part of shares which would not have been subscribed for, or
- make an offer to the public of all or part of shares which would not have been subscribed for.

4.2.2 - Authorisation to increase the share capital by issuing ordinary shares or financial instruments giving right to the share capital while waiving existing shareholders' preferential subscription rights

Pursuant to the Ordinance of 22 January 2009 it is now easier to increase the Company's share capital by way of a private placement. On 6 July 2009, the Autorité des marchés financiers (AMF) recommended to issuers to provide for separate resolutions relating to authorisations to increase the issuers' share capital by way of a public offer or of a private placement. The Board of Directors decided to comply with such recommendation and to propose separate resolutions to the shareholders, being noted that should these authorisations be granted to the Board of Directors, they would supersede the existing authorisations which had the same purpose and was granted to the Board of Directors by the shareholders on 25 April 2008.

Authorisation to increase the share capital by issuing ordinary shares or financial instruments giving right to the share capital while waiving existing shareholders' preferential subscription rights, by way of a public offering

Any issues made pursuant to this authorisation would be made while waiving existing shareholders' preferential subscription rights, by way of a public offering, being noted that the Board of Directors is granted with appropriate authority to grant the Company's shareholders with a priority delay for subscribing for the new shares.

The total nominal value of shares which be issued pursuant to this authorisation may not exceed Euro 2 million. Such figure would include the par value of any shares which would be issued pursuant to the authorisations to increase the share capital of Company while maintaining existing shareholders' preferential subscription rights (see section 4.2.1 above) or while waiving it and effecting the share issue by way of a private placement (see below).

The total nominal value of financial instruments giving right to the share capital which be issued pursuant to this authorisation may not exceed Euro 2 million. Such figure would include the par value of any financial instruments giving right to the share capital which would be issued pursuant to the authorisations to increase the share capital of Company by issuing ordinary shares or financial instruments giving right to the share capital while maintaining existing shareholders' preferential subscription rights (see section 4.2.1 above) or while waiving it and effecting the share issue by way of a private placement (see below).

The amount to be received by the Company for each of the new shares issued or to be issued, after giving effect, in the case of the issue of warrants to subscribe to ordinary shares ('bons autonomes de souscription d'actions'), of the issue price of such warrants, shall be at least equal to the minimum required by applicable legal and regulatory provisions in force at the time the Board will use the authorisation, and will notably be equal to the minimum required by article R.225-119 of the Commercial Code.

In the case of an issue made to satisfy the contribution of shares brought to the Company through a public exchange of shares, and within the limits set out above, the Board of Directors of the Company shall be granted with appropriate authority to draft the list of shares brought into the exchange, set the conditions of the issue, the exchange formula, as well as the amount to be paid in cash as the case may be, and also define the precise terms of the issue.

Authorisation to increase the share capital by issuing ordinary shares or financial instruments giving right to the share capital while waiving existing shareholders' preferential subscription rights, by way of a private placement

Any issues made pursuant to this authorisation would be made while waiving existing shareholders' preferential subscription rights, by way of an offer in paragraph II of article L.411-2 of the French Financial and Monetary Code.

The total nominal value of shares which be issued pursuant to this authorisation may not exceed Euro 2 million. Such figure would include the par value of any shares which would be issued pursuant to the authorisations to increase the share capital of Company while maintaining existing shareholders' preferential subscription rights (see section 4.2.1 above) or while waiving it and effecting the share issue by way of a public offer (see above).

The total nominal value of financial instruments giving right to the share capital which be issued pursuant to this authorisation may not exceed Euro 2 million, being noted that it may also not be higher than 20% of the outstanding share capital amount before effect of the increase in any given year. Such figure would include the par value of any financial instruments giving right to the share capital which would be issued pursuant to the authorisations to increase the share capital of Company by issuing ordinary shares or financial instruments giving right to the share capital while maintaining existing shareholders' preferential subscription rights (see section 4.2.1 above) or while waiving it and effecting the share issue by way of a public offer (see above).

The amount to be received by the Company for each of the new shares issued or to be issued, after giving effect, in the case of the issue of warrants to subscribe to ordinary shares ('bons autonomes de souscription d'actions'), of the issue price of such warrants, shall be at least equal to the minimum required by applicable legal and regulatory provisions in force at the time the Board will use the authorisation, and will notably be equal to the minimum required by article R.225-119 of the Commercial Code.

4.3- Authorisation to increase the amount of the share capital issues when the demand in shares exceeds the number of shares contemplated to be issued initially

You are proposed to grant the Board of Directors with appropriate authority to decide to increase, in accordance with applicable legal and regulatory provisions, the number of shares contemplated to be issued initially pursuant to the authorisations referred to in section 4.2 above.

This new authorisation shall supersede any unused portion of any existing authorisation which had the same purpose and was previously granted to the Board of Directors from the very date it is granted by the shareholders.

4.4- Authorisation to increase the share capital to pay for any contribution in kind of shares or other financial instruments

As set out in section 2.8.3 above, the existing authorisation to increase the share capital of the Company in accordance with the provisions of article L.225-147 of the Commercial Code, which was granted to the Board of Directors by the shareholders on 25 April 2008, expires on 25 June 2010.

As a result, and to facilitate any acquisitions or similar transactions, you are proposed to renew it for another twenty-six month period, and to grant the Board of Directors with appropriate authority to increase the share capital of the Company through the issue of either ordinary shares or financial instruments giving right to such shares to pay for any contribution in kind made to the Company, consisting of either shares or financial instruments giving right to the share capital, within the limit of 10% of the amount of the share capital before effect of the share capital increase.

The par value of ordinary shares to be issued pursuant to this authorization may not exceed 10% of the total par value of the shares forming the share capital of the Company before taking into account the effect of the transaction, and being noted that this limit is to be considered independently of any share capital increase limits set pursuant to other authorisations given to the Board of Directors to increase the Company's share capital.

This new authorisation shall supersede any unused portion of any existing authorisation which had the same purpose and was previously granted to the Board of Directors from the very date it is granted by the shareholders.

4.5- Authorisation to increase the share capital through an issue of shares which would reserved to employees participating to the Company's Plan d'Epargne d'Entreprise

As set out in section 2.8.4 above, the existing authorisation to increase the share capital of the Company in accordance with the provisions of articles L.225-129-6 and L.225-138-1 of the Commercial Code and L.3332-18 and subsequent articles of the Labour Code, which was granted to the Board of Directors by the shareholders on 25 April 2008, expires on 25 June 2010.

To comply with law and to provide an incentive for the Company's employees to become shareholders of the Company, you are proposed to grant the Board of Directors with appropriate authority to increase the Company's share capital through an issue which would reserved to these employees participating to the Company's Plan d'Epargne Entreprise and effected in accordance with conditions set out in article L.3332-18 and subsequent articles of the Labour Code, either through the issue of ordinary shares of the Company or through the allotment of shares or other financial instruments giving right to the share capital of the Company, being noted that the existing shareholders' preferential subscription rights would then be waived as required by law.

The price for the shares to be issued may neither be lower than 80% of the average of the first price traded in each of the twenty trading days immediately preceding the decision of the Board of Directors to increase the share capital and to issue new shares (or 70% of such average, as allowed by article L.3332-18 of the Labour Code, when the period over which corresponding shares may not be disposed of by the recipient is a minimum of ten years), nor higher than such average.

The maximum cumulative amount of any capital increases effected pursuant to this authorisation shall be Euro 40,000. You are proposed to grant the Board of Directors with appropriate authority to use this authorisation within a twenty-six month period. The Board of Directors would also be granted, within the limits set above, with appropriate authority decide the terms and conditions of the related increase in share capital, report on the completion of such share capital increase, amend the Company's articles of association accordingly, decide to offset, if thought fit, share capital increase costs against the amount of the share premium and deduct from the net share premium amount the necessary amount to increase the legal reserve to a tenth of the amount of the share capital after giving effect to such share capital increase, and, more generally, take any measure and conduct any formality which may allow the issue of shares effected pursuant to this resolution.

This new authorisation shall supersede any unused portion of any existing authorisation which had the same purpose and was previously granted to the Board of Directors from the very date it is granted by the shareholders.

4.6- Authorisation to use the authorisations in case of a take-over bid or a public exchange of offer

As set out in section 2.8.8 above, the existing authorisation granted to the Board of Directors to use the authorisations which were granted by the shareholders on 25 April 2008 (thirteenth, fourteenth, fifteenth and sixteenth resolutions referred to in sections 2.8.1 to 2.8.4, and nineteenth and twentieth resolutions referred to in sections 2.8.5 and 2.8.6, respectively) will expire on 24 October 2010.

You are therefore proposed to grant the Board of Directors with appropriate authority over the next eighteen months to use the abovementioned authorisations you are proposed to grant to the Board of Directors (see sections 4.1 to 4.5 above), being noted that such authorisation may only be used with respect of the reciprocity exception in accordance with applicable legal provisions.

This new authorisation shall supersede any unused portion of any existing authorisation which had the same purpose and was previously granted to the Board of Directors from the very date it is granted by the shareholders.

4.7- Authorisation to implement a share repurchase programme

As set out in section 2.8.9 above, the existing authorisation granted to the Board of Directors to implement a share repurchase programme in accordance with the provisions of article L.225-209 of the Commercial Code will expire on 24 October 2010.

You are proposed to grant the Board of Directors with appropriate authority to effect the purchase of ordinary shares of the Company, on one or several occasions, at times thought fit within the next eighteen months, up to a limit of one million shares, representing 9.71% of the total number of shares forming part of the Company's share capital as at 31 December 2009.

This new authorisation shall supersede any unused portion of any existing authorisation which had the same purpose and was previously granted to the Board of Directors from the very date it is granted by the shareholders.

Such repurchase of shares shall pursue the following objectives:

- to meet obligations arising from the Company's share option programmes or other allocations of shares to the employees or directors of the Company, in the forms and conditions as prescribed by applicable law, including the allocation of shares as the result of the implementation of a Plan d'Epargne d'Entreprise, or the grant of shares at no cost to the recipient; or
- to cancel some or all of the ordinary shares which would be purchased pursuant to the authorisation given by the Company's shareholders in today's meeting (see section 4.8 below); or
- to provide liquidity on the secondary market for the shares of the Company through the appointment of an investment service provider and the conclusion of a liquidity providing contract.

Such transactions may be undertaken when a take-over bid or a public offer exchange of shares is in progress provided that such repurchases are made in compliance with provisions of article 232-17 of the Règlement général de l'Autorité des marchés financiers, and provided that:

- the offer is a cash offer only, and
- that the share repurchases are effected as part of the ongoing share repurchase programme and are not used as a way to counter the take-over bid or public exchange of shares.

You are proposed to set the maximum price at which shares may repurchased at Euro 12.00 a share and the maximum total amount of share repurchases to Euro 12 million.

4.8- Authorisation to decrease the share capital through the cancellation of own shares

As set out in section 2.8.7 above, the existing authorisation granted to the Board of Directors to decrease the share capital of the Company through the cancellation of own shares which were repurchased as part of the Company's share repurchase programme referred to in section 4.7 above will expire on 25 April 2010.

You are therefore proposed to grant the Board of Directors with appropriate authority to cancel own shares held by the Company as a result of share repurchases, on one or more occasions, in the proportions and at the times it sees fit, up to a maximum of one million shares, and decrease the amount of the Company's share capital accordingly, in accordance with applicable legal and regulatory provisions, and carry out any formalities which would be required pursuant to the use of this authorisation.

You are proposed to give full discharge to the Board of Directors and to the Company's auditors for the fulfilment of their respective duties for the year ended 31 December 2009.

You will now hear the reports prepared by the Company's auditors.

The Board of Directors recommends that you vote to approve the resolutions which are proposed to you.

SCHEDULE OF STATUTORY RESULTS FOR THE LAST FIVE YEARS

(In euros, except share number and unless otherwise stated)
Translation of the French language original

	Notes	2005	2006	2007	2008	2009
Share capital at year-end date						
Share capital amount		4,062,884	4,099,012	4,115,912	4,115,912	4,115,912
Number of outstanding ordinary shares		10,157,209	10,247,530	10,289,781	10,289,781	10,289,781
Number of outstanding preferred shares without voting rights		0	0	0	0	0
Maximum number of additional ordinary shares to be issued: following the conversion of bonds		0	0	0	0	0
following the exercise of share options	1	246,976	172,277	117,426	673,841	594,940
Operations and results						
Net sales		384,000	488,000	528,000	497,172	480,401
Result before corporate income tax, employee profit-sharing scheme expense, depreciation and allowances to provisions (*)		(1,268,987)	91,080	40,414	(162,449)	2,400
Corporate income tax (expense) / credit		(1,575)	(3,150)	770	70	353
Employee profit-sharing scheme expense		0	0	0	0	0
Result after corporate income tax, employee profit-sharing scheme expense, depreciation and allowances to provisions (*)		(311,273)	372,446	(24,260,787)	(34,775,271)	982,788
Distributed result		0	0	0	0	0
Results per share	2					
Per share result after corporate income tax and employee profit-sharing scheme expense, but before depreciation and allowances to provisions		(0.12)	0.01	0.01	(0.02)	0.00
Per share result after corporate income tax, employee profit-sharing scheme expense, depreciation and allowances to provisions (*)		(0.03)	0.04	(2.36)	(3.38)	0.10
Gross dividend attributed to each share		0.00	0.00	0.00	0.00	0.00
Information on personnel						
Average number of employees during the year		1	1	1	1	1
Total salaries (**)		93,000	99,667	98,000	93,000	96,125
Total social security and other contributions (**)		41,521	44,276	43,692	42,161	49,750

(*) Depreciation charges as well as allowances are net of any write-backs on depreciation or provisions and include, when applicable, the depreciation charge on deferred expenses.

(**) Including the year-end bonus and vacation pay accruals and corresponding contributions, as applicable.

Notes:

1 Taking into account the share options granted by the Company's Board of Directors in the years ended 31 December 1999 to 2009 inclusively, totalling 1,395,790 share options, of which a total of 299,586 share options were exercised in the years ended 31 December 2004 to 2009, and another 501,264 share options were granted to employees who no longer work for companies part of Global Graphics and may not be exercised after year-end date.

2 The number of shares used for this computation is equal at each year-end date presented to the sum of: (i) the outstanding number of ordinary issued shares, and (ii) the number of new shares which would be issued following the exercise of option rights outstanding at such year-end date.

REPORT OF THE BOARD OF DIRECTORS ON OPTIONS ON THE COMPANY'S SHARES

For the year ended 31 December 2009

Translation of the French language original

Ladies and gentlemen,

Pursuant to article L.225-184 of the French Commercial Code, please find hereafter the report prepared by the Board of Directors on transactions specified under the provisions of articles L.225-177 to L.225-186 of this Code relating to options to purchase shares of Global Graphics SA (the "Company").

By voting the nineteenth decision on 25 April 2008, the shareholders of the Company:

- gave the Board of Directors authority to grant, in accordance with article L.225-177 of the French Commercial Code, at its sole discretion, a maximum of one million options to certain employees of the Company or certain employees of companies which are, directly or indirectly, under the control of the Company and are part of the Global Graphics group of companies, giving the right to subscribe to ordinary shares of the Company to be issued upon exercise of such option rights or to purchase existing shares of the Company which were previously repurchased by the Company as part of its share repurchase programme. This authority was granted to the Board of Directors for a thirty-eight month period which started on the date the shareholders voted on it;
- voted that the abovementioned limit will also include the par value of the shares issued at no cost to the recipient as the result of the utilisation by the Board of the authority granted by the Company's shareholders when they voted the twentieth resolution of the same meeting; and
- also voted that this authorisation would supersede any existing authorisation of a similar nature which would have been granted to date by the Company's shareholders.

As required by law, please find hereafter:

- a summary of share option grants made up to 31 December 2009;
- a summary of share option grants made up to 31 December 2009 for each of the Company's directors as well as information on the exercise of any share options by those directors in the year ended 31 December 2009.

Because the Company has only one employee who is also one of the Company's directors, it is not required to provide any information relating to:

- grants of options made by the Company to the ten employees who are not directors of the Company and were granted the largest number of options in 2009; and
- options exercised through the year ended 31 December 2009 by the ten employees who are not directors of the Company and exercised the largest number of options in 2009.

I - SUMMARY OF THE MAIN RULES OF THE SHARE OPTION PLANS

Grants of options made up to 31 December 2009 were made as part of share options plans to which were attached a number of rules and conditions as indicated hereafter.

I-A Rules which are common to all grants made up to 31 December 2009

- Each option when exercised gives the right to one newly issued, ordinary share of the Company, of a par value of Euro 0.40.

- Options can only be granted to and exercised by an individual who is either an employee or a director of the Company or one of its subsidiaries at both grant and exercise dates.
  Should the beneficiary no longer be fulfilling such continuous employment condition, he may only exercise the portion of options which are vested at the termination date of his employment with the Company. Unvested options cannot be exercised at a future date.
- Option rights once granted cannot be sold by the individual receiving them. Only newly issued shares following the exercise of these options are freely transferable.
- Neither the exercise of options nor the subsequent sale of resulting newly issued shares can create any incidental tax or social security liabilities for either the Company or the subsidiary of which the individual is an employee or a director.

I-B Rules specific to certain grants of share options

Grants made prior to 1 January 2008

- The exercise of options may be done in one or several transactions. Up to a maximum of one third of total options granted may be exercised after one year from the date of grant; up to a maximum of two thirds of total options granted may be exercised after two years from the date of grant, and all options may be exercised after three years from the date of grant.
- Options have to be exercised within five years of the date of grant. All options which are not exercised within the five-year period following the date of grant are cancelled. They cannot be exercised at a future date, except by the heirs of an individual who was granted options who can exercise the options in the year following the date of death of that individual.
- When the Company disposes of one of its subsidiaries, employees of that subsidiary who were granted options may exercise part or all of these options within the three-month period following such disposal date. This period may be extended by the Company's Board of Directors at its sole discretion: in this case, the extended period would apply to all beneficiaries who are employees of the disposed subsidiary. The same rule would apply in case of a change in control of the Company.

Grants made since 1 January 2008

- The exercise of options may be done by the recipients of the option grants in one or several transactions, but only from the date when that the average of the closing prices reported by NYSE-Euronext for the Company's share over the last 120 trading days is at least equal to:
  - Euro 4.00 for the first quarter of the total number of options granted to the recipient;
  - Euro 8.00 for the second quarter of the total number of options granted to the recipient;
  - Euro 12.00 for the third quarter of the total number of options granted to the recipient; and
  - Euro 16.00 for the last quarter of the total number of options granted to the recipient.
- All of these options have to be exercised on or before 6 August 2016; otherwise, any unexercised option will lapse from that date.
- All unvested options will automatically vest and may therefore be exercised, regardless of whether or not the above mentioned minimum share price conditions are met, should one or several shareholders acting in concert come to hold one third or more of the total number of voting rights attached to the Company's shares ('legal control') or more voting rights than the Company's reference shareholder, Stichting Andlinger & Co. Euro-Foundation, which held 2,883,001 shares of the Company's shares, to which were attached a similar number of voting rights, at 31 December 2009 ('de facto control').

II - GRANTS MADE UP TO 31 DECEMBER 2009

II-A Summary of grants made up to 31 December 2009

Date of grant by the Board	Number of options granted	Dates of expiry of options	Exercise price in Euro	Options exercised through 2009	Options cancelled/expired at 31 Dec. 2009	Options outstanding at 31 Dec. 2009
10 December 1999	77,500	10 December 2004	14.00	-	(77,500)	-
15 December 2000	195,350	15 December 2005	30.13	-	(195,350)	-
23 March 2001	1,975	23 March 2006	19.55	-	(1,975)	-
21 May 2001	9,500	21 May 2006	22.73	-	(9,500)	-
19 December 2001	135,675	19 December 2006	3.89	-	(48,000)	-
17 December 2002	150,000	17 December 2007	2.80	-	(6,668)	-
10 December 2003	50,000	10 December 2008	4.17	-	(19,918)	-
23 April 2004	80,000	23 April 2009	7.20	-	(54,668)	-
15 December 2004	70,000	15 December 2009	8.80	-	(56,835)	-
12 December 2006	30,790	12 December 2011	10.00	-	(5,850)	24,940
6 August 2008	400,000	6 August 2016	2.08	-	-	400,000
18 September 2008	20,000	6 August 2016	1.94	-	-	20,000
17 December 2008	175,000	6 August 2016	2.08	-	(25,000)	150,000
	1,395,790			**-**	**(501,264)**	**594,940**

II-B Grants of options made to the Company's directors or executive officers in the year ended 31 December 2009

No grants of options were made to the Company's directors or executive officers in the year ended 31 December 2009.

II-C Summary of grants made to the Company's directors or executive officers up to 31 December 2009

Mr. Johan Volckaerts, chairman of the Board of Directors

Options on the Company's shares granted by the Company

- On 10 December 1999, a total of 15,000 options, which may be exercised before 10 December 2004 at an exercise price of Euro 14.00 each. As these options were not exercised in the required exercise period, they lapsed and may no longer be exercised.
- On 15 December 2000, a total of 15,000 options, which may be exercised before 15 December 2005 at an exercise price of Euro 30.13 each. Mr. Volckaerts irrevocably renounced the future exercise of these options in a letter dated 5 February 2001. These options lapsed and may no longer be exercised.
- On 19 December 2001, a total of 20,000 options, which may be exercised before 19 December 2006 at an exercise price of Euro 3.89 each. All these options were exercised in June 2006.
- On 17 December 2002, a total of 16,500 options, which may be exercised before 17 December 2007 at an exercise price of Euro 2.80 each. All these options were exercised in February 2007.

Options on the Company's shares granted by a company of which Mr. Volckaerts is a director and which is either a subsidiary of, or related to, the Company

None.

Mr. Gary Fry, Chief Executive Officer and director

Options on the Company's shares granted by the Company

A total of 400,000 options were granted to Mr. Gary Fry on 6 August 2008, each with an exercise price of Euro 2.08 each, in accordance with the terms and conditions set out in section I-B above.

Options on the Company's shares granted by a company of which Mr. Fry is a director and which is either a subsidiary of, or related to, the Company

None.

Mr. Alain Pronost, Chief Financial Officer and director

Options on the Company's shares granted by the Company

- On 10 December 1999, a total of 12,500 options, which may be exercised before 10 December 2004 at an exercise price of Euro 14.00 each. As these options were not exercised within the required exercise period, they lapsed and may no longer be exercised.
- On 15 December 2000, a total of 7,500 options, which may be exercised before 15 December 2005 at an exercise price of Euro 30.13 each. As these options were not exercised within the required exercise period, they lapsed and may no longer be exercised.
- On 19 December 2001, a total of 19,675 options, which may be exercised before 19 December 2006 at an exercise price of Euro 3.89 each. All these options were exercised in December 2004.
- On 17 December 2002, a total of 16,500 options, which may be exercised before 17 December 2007 at an exercise price of Euro 2.80 each. 11,000 of these options were exercised in December 2004, and the remaining 5,500 options were exercised in February 2007.
- On 10 December 2003, a total of 5,000 options, which may be exercised before 10 December 2008 at an exercise price of Euro 4.17 each. 1,666 of these options were exercised in December 2004. The balance of these options (i.e. 3,334 options) lapsed and may therefore no longer be exercised, as these options were not exercised within the five-year period starting on the date they were granted.
- On 23 April 2004, a total of 8,000 options, which may be exercised before 23 April 2009 at an exercise price of Euro 7.20 each. All of these options lapsed on 23 April 2009 and may no longer be exercised.
- On 17 December 2008, a total of 25,000 options, which are to be exercised before 6 August 2016 in accordance with the terms and conditions set out in section I-B above, and have an exercise price of Euro 2.08 each.

Options on the Company's shares granted by a company of which Mr. Pronost is a director and which is either a subsidiary of, or related to, the Company

None.

Mr. Gareth Jones, director

Options on the Company's shares granted by the Company

None.

Options on the Company's shares granted by a company of which Mr. Jones is a director and which is either a subsidiary of, or related to, the Company

None.

Mr. Pierre Van Beneden, director

Options on the Company's shares granted by the Company

None.

Options on the Company's shares granted by a company of which Mr. Van Beneden is a director and which is either a subsidiary of, or related to, the Company

None.

III – OPTIONS WHICH WERE EXERCISED BY THE COMPANY'S DIRECTORS DURING 2009

No option was exercised by any of the Company's directors or executive officers in the year ended 31 December 2009.

REPORT OF THE BOARD OF DIRECTORS ON SHARES GRANTED AT NO COST TO DIRECTORS AND EMPLOYEES OF THE COMPANY

For the year ended 31 December 2009

Translation of the French language original

Ladies and gentlemen,

Pursuant to article L.225-197-4 of the French Commercial Code, please find hereafter the report prepared by the Board of Directors on transactions specified under the provisions of articles L.225-197-1 to L.225-197-3 of this Code relating to the grants of shares of Global Graphics SA (the "Company") made to directors and employees of the Company or of its subsidiaries at no cost for the recipient of such grants.

Pursuant to the twentieth resolution voted by the shareholders at their extraordinary meeting held on 25 April 2008:

- the maximum number of shares of the Company which may be granted pursuant to such resolution is one million, such number also including the number of options to subscribe new shares of the Company which may be granted by the Board of Directors pursuant to the authority granted by the shareholders when voting the nineteenth resolution of the same extraordinary meeting;
- shares granted to recipients may be either existing, issued ordinary shares or new shares to be issued on final grant date;
- the Board of Directors was granted with appropriate authority to grant shares at no cost for the recipients, made in accordance with provisions of articles L.225-197-1 and L.225-197-2 of the French Commercial Code, to directors and employees of the Company, or any company, which is, directly or indirectly, a subsidiary of the Company as defined in article L.233-3 of the French Commercial Code, or some of them, such authority being granted to the Board of Directors for a 38-month period starting from the date of the shareholders' meeting; and
- such authorisation supersedes the similar authorisation granted to the Board of Directors on 20 April 2006.

As required by law, please find hereafter:

- a summary of the grants of such shares made up to 31 December 2009; and
- a summary of the grants of such shares made up to 31 December 2009 for each of the Company's directors.

Because the Company has only one employee who is also one of the Company's directors, it is not required to provide any information relating to grants of shares made by the Company to the ten employees who are not directors of the Company and were granted the largest number of shares in 2009, as there are none of them.

I - SUMMARY OF THE MAIN RULES OF THE SHARE GRANT PLANS

The sole grant of shares at no cost to the recipient of such grant made up to 31 December 2009 was made by the Board of Directors on 29 July 2009 as part of a share grant plan operated by the Company, whose main terms are as follows:

- Continuing employment within the Company or one of its subsidiaries: an employee may only be granted shares at no cost to him at the end of vesting period if he has never ceased to be either an employee or a director of one of the Company's subsidiaries during that period, which starts on the date of the provisional grant of shares and ends on the second anniversary of such date if the recipient of such grant was resident in France for income tax purposes on provisional grant date, or on the fourth anniversary of such date in all other cases.
- Neither the final grant of shares, nor their subsequent sale, may create any incidental tax or social security liabilities for either the Company or the subsidiary of which the recipient is an employee or a director (who will be held liable for such liability).

II - GRANTS MADE UP TO 31 DECEMBER 2009

II-A Summary of grants made up to 31 December 2009

On 29 July 2009, the Company's Board of Directors made a provisional grant of 24,750 shares at no cost to 21 employees of the Company's UK- and US-based subsidiaries. The Board also voted that the shares which would be granted at the end of the vesting period would be own shares of the Company which would have been repurchased by the Company as part of its share repurchase programme, and that these shares may be disposed of as from final grant date, pending such disposal is made in compliance with applicable provisions of the Company's Code of Dealing in Financial Instruments relating to prior approval and closed periods.

II-B Summary of grants made to the Company's directors up to 31 December 2009

As at 31 December 2009, no grant of shares at no cost to the recipient of such grant was made to any of the Company's directors or executive officers of the Company, either directly by the Company or by one of its subsidiaries.

STATUTORY AUDITORS' REPORT

Prepared in accordance with article L.225-235 of French Commercial Code ("Code de commerce"), on the report prepared by the Chairman of the Board of Directors of Global Graphics SA

For the year ended 31 December 2009

To the shareholders,

In our capacity as statutory auditors of Global Graphics SA, and in accordance with article L.225-235 of the French Commercial Code ("Code de commerce"), we hereby report on the report prepared by the Chairman of your company in accordance with article L.225-37 of the French Commercial Code for the year ended 31 December 2009.

It is the Chairman's responsibility to prepare, and submit to the Board of Directors for approval, a report on the internal control and risk management procedures implemented by the company and containing the other disclosures required by article L.225-37, particularly in terms of the corporate governance measures.

We conducted our work in accordance with French professional standards. These standards require that we perform the necessary procedures to assess the fairness of the information provided in the Chairman's report in respect of the internal control procedures relating to the preparation and processing of the accounting and financial information.

It is our responsibility:

- to report to you on the information contained in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information, and
- to attest that this report contains the other disclosures required by article L.225-37 of the French Commercial Code ("Code de commerce"), it being specified that we are not responsible for verifying the fairness of these disclosures.

We conducted our work in accordance with professional standards applicable in France.

These standards require that we perform the necessary procedures to assess the fairness of the information provided in the Chairman's report in respect of the internal control procedures and risk management relating to the preparation and processing of the accounting and financial information. These procedures consisted mainly in:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the Chairman's report is based and existing documentation;
- obtaining an understanding of the work involved in the preparation of this information and existing documentation;
- determining if any significant weaknesses in the internal control procedures relating to the preparation and processing of the accounting and financial information that we would have noted in the course of our engagement are properly disclosed in the Chairman's report.

On the basis of our work, we have nothing to report in connection on the information in respect of the company's internal control and risk management procedures relating to the preparation and processing of the accounting and financial information, contained in report prepared by the Chairman of the Board in accordance with article L.225-37 of French Commercial Code ("Code de commerce").

We hereby attest that the Chairman's report includes the other disclosures required by article L.225-37 of the French Commercial Code ("Code de commerce").

Schiltigheim and Nancy, 31 March 2010

KPMG Audit, Département de KPMG S.A.	SECEF
Pascal Maire Partner	Thierry Baillet Partner

This is a free translation into English of a report issued in the French language and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and is construed in accordance with, French law and professional auditing standards applicable in France.

REPORT PREPARED BY THE CHAIRMAN OF THE BOARD OF DIRECTORS

As required by provisions of article 225-37 of the Commercial Code

As amended by Act n°2003-706 dated 1 August 2003

Translation of the French language original

Ladies and gentlemen,

As required by provisions of article L.225-37 of the French Commercial Code, as amended by article 117 of the Act n°2003-706 dated 1 August 2003, please find hereafter the report on the organization and preparation of board meetings as well as on internal control and risk management procedures implemented within the Company, notably those relating to the preparation and processing of accounting and financial information.

This report was drafted by the Company's Board of Directors (the "Board") on 10 March 2010.

1 - ORGANISATION AND PREPARATION OF BOARD MEETINGS

1.1- Corporate governance principles

With regards to corporate governance principles, the Company elected to refer to the principles set out in the document issued by the AFEP and the MEDEF in October 2003, as revised in December 2008 (hereafter referred to as the "AFEP-MEDEF Code"), with limited exceptions.

These notably include:

- the evaluation of the Board's performance, which the Company intends to undertake for the first time in the quarter ending 30 June 2010 with regards to the proposed reappointment of the two independent members of the Board at the meeting of the Company's shareholders convened to approve the accounts for the year ended 31 December 2009; and
- the possibility voted by the Board of Directors on 13 March 2009 to depart from the principle set out in the October 2008 recommendations relating to the compensation of executive directors of companies whose shares are admitted to trading on a regulated market when it comes to set the relative proportion of grants of share options or shares at no cost to a recipient made to executive officers compared with their total remuneration, or the obligation to terminate an existing employment agreement in the event of an executive position.

1.2- Composition of the Board

1.2.1 - Number of directors and duration of the term of office

The Board currently consists of five members as indicated in the Board's report on the Company's operations for the year ended 31 December 2009.

Board members are appointed for a term of office of four years, as required by the third paragraph of article 15 of the Company's articles of association, unless they were appointed pursuant to the resignation of a former Board member, in which case they are appointed (subject to subsequent ratification by the next meeting of the Company's shareholders) for the remaining duration of their predecessor's term.

No director was appointed by the Company's employees on the date this report was drafted.

1.2.2 - Management of the Company

The Board voted on 27 April 2007 that the roles and duties of Chairman of the Board were no longer compatible with those of Chief Executive Officer ("CEO") and that having the same person to fulfil both roles was no longer the most appropriate solution for the Company.

On the same day, the Board also voted that Mr. Johan Volckaerts be re-appointed as Chairman of the Board until the term of his current mandate, which is scheduled to end at the close of the general meeting held in 2011 to vote on accounts for the year ending 31 December 2010, and that Mr. James Freidah be appointed as CEO of the Company for a one-year period; Mr. Freidah's CEO mandate was renewed on 25 April 2008.

Pursuant to Mr. Freidah's resignation from both his positions of CEO and director of the Company on 20 June 2008, Mr. Gary Fry was appointed as CEO of the Company for the remaining duration of his director mandate which is scheduled to end at the close of the general meeting held in 2012 to vote on accounts for the year ending 31 December 2011, and may then be renewed.

No restrictions to the powers of the Chief Executive Officer have been voted so far. Nevertheless, article 7 of the Company's Board charter requires that certain transactions be approved by the Board before they are entered into by the Company (see section 1.3.1 below for further information on these).

1.2.3 - Independent directors

As required by the Company's Board charter, the Board of Directors currently has two independent directors, Messrs. Gareth Jones and Pierre Van Beneden, who were appointed as Board members on 21 June 2002 and 20 March 2008, respectively.

The criteria used by the Company to decide whether a director may or not qualify as an independent director, which are indicated in article 4 of the Board charter, are directly derived from those set out in articles 8.4 and 8.5 of the AFEP-MEDEF Code. As a result, an independent director (also referred to as a 'non-executive director') is considered to be any member of the Board who has no specific interest, either direct or indirect, in his relationship with the Company, the group of companies it is part of, nor the Company's management, or the Company's controlling shareholders, which would interfere with the exercise of that individual's independent judgment in carrying out the responsibilities of a member of the Board or a member of any committee set up by the Board.

Accordingly, the persons who have or have had one of the following relationships with the Company over the past five years may not be considered as independent directors of the Company:

- a present of former employee or senior executive of the Company, or a senior executive or a member of the board of directors of an associated company; or
- a close family member of one of the Company's directors, executive officers or senior employees; or
- a controlling or dominant shareholder, or an executive, a board member or otherwise a representative of an entity that is a controlling or a dominant shareholder; or
- an individual with business, financial or close family relationships with a controlling or dominant shareholder; or
- a person being bound, directly or indirectly, to any customer or supplier that is either material for the Company or for which the Company accounts for a significant part of its business; or
- a person having any other type of relationship that might interfere with the exercise of objective judgment, including, but not restricted to, benefiting from related party transactions; or
- a person holding a notifiable holding or interest, or serving as a director or an executive officer of another company which holds a notifiable holding or interest in the Company, or in which the Company holds a notifiable holding or interest; or
- a person who is having a service contract, who is holding share options or other conditional share awards, or receiving remuneration other than attendance fees, including, but not restricted to, consultancy payments, pension benefits or bonuses from the Company; or
- a person who was one of the Company's auditors or worked for one of the Company's auditors.

Moreover, a person who was a director for more than 12 consecutive years may no longer be considered as independent.

Messrs. Jones and Van Beneden confirmed in writing on 2 and 4 March 2010, respectively, that they both met the abovementioned independence criteria: such compliance was confirmed by the Board on 10 March 2010.

1.2.4 - Age limits

As stated in paragraph 4 of article 15 of the Company's articles of association, no more than a third of the total number of Board members may be over seventy years old. Should such limit be exceeded the oldest director is deemed to retire.

As stated in paragraph 10 of the same article, the age limit for an individual to be appointed as the Company's Chairman is also seventy years.

1.3- Purpose and organization of the Board

1.3.1 - The Board of Directors' charter

On 10 December 2002, the Board established a first draft of the Board of Directors' charter (the "Board charter"), which was subsequently completed and amended on 6 May 2003 and resulted in a final charter.

Compliance with the provisions of the Board charter is mandatory for every member of the Board whether an individual or the representative of a legal person appointed as a director of the Company.

A revised version of the Board charter was voted by the Board on 19 January 2006, which was completed and subsequently amended on 27 July 2007 and 22 July 2008:

- article 3 of the Board charter clarifies the respective roles of the Board and management of the Company;
- article 4 of the Board charter clarifies the criteria used to consider whether a director may be considered as independent, notably by providing a list of relationships that may impede director independence (see section 1.2.3 above). It also requires that a review of the independence of the directors who consider themselves as independent be undertaken each year;
- article 5 of the Board charter sets out the directors' duties which notably include a duty of loyalty to the Company, the requirement to own a minimal number of shares of the Company (each director must own a minimum of ten shares of the Company during his term as required by the second paragraph of article 15 of the Company's articles of association), a non-competition obligation during the term of the director's office and in the year after the termination of such office, a duty to prevent potential conflicts of interest by disclosing these to the Board, a duty of confidentiality on any information which has been provided to him in connection with his functions and which has not yet been publicly released, a duty to prepare and attend meetings, and the prohibition to undertake insider trading.
- article 7 of the Board charter defines the nature of transactions for which Board approval is required before they are entered into by the Company, which are as follows:
    - the acquisition of a business segment, an asset or a group of assets, for an aggregate value in excess of Euro 0.5 million;
    - the disposal of a business segment, an asset or a group of assets, for an aggregate net book value in excess of 10% of total consolidated assets[1], or implying a reduction in the consolidated net sales estimated to be in excess of 20% of such consolidated sales;
    - the incorporation, the decision to make a company dormant, the wind-up or liquidation of any Group company representing more than 20% of total consolidated sales, or more than 10% of total adjusted operating result; and
    - any material transaction which cannot be considered as part of the normal course of the Company's business or of the Company's strategy which would have been made public, either relating to the Company's operating or financing activities, notably those which would potentially result in additional liabilities, either contingent or not, or would create additional off balance sheet obligations for the Company, a list of which is included as an appendix to the Board charter, which notably includes a prior approval requirement for any agreement by which any third party would be granted an exclusive right on any item of the Company's intellectual property.

1.3.2 - Other mandates held by the Company's directors

Please see section 2.6.3 of the Board's report on the Company's operations for the year ended 31 December 2009 for further information on other mandates held by the Company's directors during that year.

1.3.3 - Directors' remuneration

Please see section 2.7 of the Board's report on the Company's operations for the year ended 31 December 2009 for further information on the remuneration paid to the Company's directors during that year.

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[1] Reference shall be made to the latest set of consolidated accounts released by the Company at the date of the Board meeting, which will vote such authorization for the assessment of such amount.

Board attendance fees

The Board proposes to set attendance fees to be paid to the Company's directors for the year ending 31 December 2010 to the aggregate amount of Euro 60,000, as was already the case in the year ended 31December 2009.

Executive directors' remuneration

Statement of philosophy

As indicated in article 2 of the charter of the Company's Remuneration committee, the Company's objective is to provide remuneration to the executive directors as well as any other employee in such a manner as to attract and retain the best available personnel for positions of responsibility with the Company, to provide incentives for such persons to perform the best of their abilities for the Company, and to promote the success of the Company's business and create value for the Company's shareholders.

CEO remuneration package

<u>Cash remuneration</u>

- Year ended 31 December 2009

The remuneration package granted to Mr. Gary Fry for the year ended 31 December 2009 was approved by both the Company's Remuneration committee and the Board on 17 December 2008: it included a fixed remuneration amounting to a gross amount of £ 150,000 and a year-end bonus amounting to a gross amount of £ 90,000, should certain targets relating to the amount of sales and adjusted operating profit reported for the year ended 31 December 2009, the value of sales projected to be made in the year ending 31 December 2010 with respect of either contracts entered into or firm proposals sent to customers or prospects before 31 December 2009, as well as individual performance targets be met, each of the abovementioned four targets giving right to the payment to Mr. Fry of a maximum gross amount of £ 22,500.

The Company's Board of Directors decided on 9 February 2010 that a bonus amounting to a gross amount of £ 28,125 be paid to Mr. Fry with respect of the year ended 31 December 2009, being noted that none of the criteria set for sales and adjusted operating profit targets were met at 31 December 2009, and that the target relating to sales projected to be made in the year ending 31 December 2010 with respect of either contracts entered into or firm proposals sent to customers or prospects before 31 December 2009 as well as individual objectives for that year were partly met at such date.

Upon his request, this bonus amount was paid to Mr. Fry in March 2010 by way of a contribution made to the Employee Benefit Trust set up in February 2010 by Global Graphics Software Limited.

- Year ending 31 December 2010

The remuneration package granted to Mr. Gary Fry for the year ending 31 December 2010 was approved by both the Company's Remuneration committee and the Board on 16 December 2009: it includes a fixed remuneration amounting to a gross amount of £ 90,000 and a year-end bonus amounting to a gross amount of £ 90,000 should certain targets relating to the amount of sales and adjusted operating profit reported for the year ending 31 December 2010, the amount of projected sales to be made in the year ending 31 December 2011 with respect of contracts entered into or firm proposals sent to customers in the year ending 31 December 2010, as well as individual performance targets be met, each of the abovementioned four targets giving right to the payment to Mr. Fry of a maximum gross amount of £ 22,500. Such bonus, if any, will be paid to Mr. Fry by way of a contribution made by Global Graphics Software Limited to the Employee Benefit Trust.

<u>Grant of share options</u>

On 22 July 2008, Mr. Fry was granted of 400,000 options to subscribe to new shares of the Company which would be issued upon exercise of these options, at an exercise price equal to the moving average of the closing prices reported for the Company's share over the 20 trading day period ended 5 August 2008, or Euro 2.08 a share.

The exercise of these options may only occur from the date when that the average of the closing prices reported by NYSE-Euronext for the Company's share over the last 120 trading days is at least equal to:

- Euro 4.00, for up to 100,000 options granted to Mr. Fry;
- Euro 8.00 for up to 200,000 options granted to Mr. Fry;
- Euro 12.00 for up to 300,000 options granted to Mr. Fry; and
- Euro 16.00 for all of the 400,000 options granted to Mr. Fry.

The total cost to the Company of these 400,000 options is approximately Euro 300,000 which is the fair value of these options at grant date as estimated by an independent valuation. It represents less than twice of Mr. Fry's fixed remuneration for the year ended 31 December 2009 and less than 1.5 times the total cash remuneration paid to him for that year.

The exercise of options and subsequent sale of newly issued shares may only be done during those periods where it is allowed by applicable provisions of the Company's Code of dealing in financial instruments, which notably prohibits such transactions in the periods starting on the first day immediately following the end of a reporting period and ending on the date when the accounts for such reporting period are released by the Company.

As voted by the Board on 22 July 2008, Mr. Fry will be required to hold 5% of the total number of shares issued upon exercise of abovementioned share options the disposal of which would not be required to pay for the exercise price of the exercised options and any income tax or other similar liabilities arising on either the exercise of share options and subsequent sale of shares, until the term of his CEO mandate.

<u>Termination payments</u>

Mr. Fry is not entitled to any termination payments ('golden parachute') above and beyond the amount he would be entitled to with regards to his seniority with the Company. In addition, Mr. Fry is entitled to be paid over a six-month notice period during which he may not be working for the Company; such period was extended to 10 months from 1 January 2010.

<u>Pensions</u>

As any other employee of the UK subsidiary of the Company, Mr. Fry is entitled to a payment equivalent to 9.0% of his fixed salary to a defined contribution pension fund, i.e. to a payment of £1,125 a month. Such payment continues from 1 January 2010 and now represents 15.0% of his fixed gross salary.

<u>Car allowance</u>

As certain employees of the UK subsidiary of the Company, Mr. Fry is entitled to a payment of a monthly car allowance in the year ended 31 December 2009: the gross amount paid to him in that respect was £900 a month in 2009.
From 1 January 2010, this amount is paid to Mr. Fry by way of a contribution made by Global Graphics Software Limited to the Employee Benefit Trust.

1.3.4 - Organization of the Board

Meetings held in 2009

The Board held 7 meetings in the year ended 31 December 2009 (10 in the year ended 31 December 2008), a number which exceeds the minimum number of 5 meetings a year which is required by article 6 of the Board charter.

The main purpose of two of these seven meetings, which were held respectively on 10 February and 13 March 2009, was to review drafts of the statutory and consolidated accounts of the Company for the year ended 31 December 2008 as well as all documents required by French Company Law in connection with the ordinary and extraordinary meeting of the Company's shareholders which was held on 24 April 2009.

The main purpose of another three of these seven meetings, which were held respectively on 23 April, 29 July and 22 October 2009, was to review drafts of the Company's interim consolidated accounts and management reports thereon for the periods ended 31 March, 30 June and 30 September 2009, respectively. The other main purpose of the meeting held on 29 July 2009 and that of the meetings held on 15 and 16 December 2009 were to assess and approve strategic options for the three-year period ending 31 December 2012.

Attendance at meetings

Messrs. Johan Volckaerts, Gary Fry, and Alain Pronost attended each of the seven meetings of the Board held in the year ended 31 December 2009, while Messrs. Pierre Van Beneden and Gareth Jones attended six and four of the seven meetings of the Board held in the year ended 31 December 2009, respectively.

Organization procedures

Notices of meetings to directors

Notices of meetings to directors may be done by all appropriate means (and most often, by e-mail) within a reasonable period of time ahead of the meeting date. Such date together with the timing, venue and draft agenda of the meeting has most often been set at the close of the previous Board meeting.

Article 6 of the Board charter requires that attached to such notice are all documents informing them of the agenda of the meeting as well as on all topics which will be discussed during the meeting.

Notices of meetings to auditors

The Company's statutory auditors are requested to attend every Board meeting when such request to attend the meeting is mandatory by law (notably when the Company's annual statutory or consolidated accounts or interim accounts are reviewed by the Board) or is found appropriate by the Chairman of the Board.

The Company's auditors were given notice of five of the seven Board meetings held in 2009, including the meeting during which the Company's statutory accounts and consolidated accounts and the management report on operations for the year ended 31 December 2008 were drafted by the Board on 10 February and 13 March 2009 respectively, as well as the three meetings during which the interim consolidated accounts for the first three quarters of the year ended 31 December 2009 were reviewed by the Board on 23 April, 29 July and 16 October 2009, respectively.

Discussions and votes

Article 6 of the Board charter states that topics discussed during Board meetings are settled through a vote by the Board members under the terms and conditions of the Commercial Code, notably on annual statutory accounts or quarterly accounts approval, and on draft resolutions submitted to a vote of the shareholders as well as, more generally, any major decision affecting the Company.

Use of video-conferencing

In accordance with the provisions of article 15 of the Company's articles of association, all members of the Board attending the meeting of the Board by means of video-conferencing shall be considered as attending the meeting and having full capacity to vote.

However, in accordance with the applicable legal provisions, this means of participation is subject to restrictions, which require that members of the Board should attend meetings in person to have full voting capacity to vote when drafting either the statutory or consolidated accounts as well as the Board's report on the Company's operations for a given year.

The Company made use of video-conferencing for one of the seven Board meetings held in 2009 (4 meetings in 2008).

1.4- Committees appointed by the Board

1.4.1 - The Audit committee

Purpose and objectives

According to article 1 of the revised version of the Company's Audit committee charter voted by the Board on 27 July 2007, the Audit committee's primary role is to oversee the Company's financial reporting and audit process to ensure the balance, transparency and integrity of financial information released by the Company.

The Audit committee also reviews:

- the effectiveness of the Company's internal financial control and risk management systems;
- the existence of an efficient, independent audit process, including recommending the appointment and assessing the performance of the Company's external auditors; and
- the Company's process for monitoring compliance with laws and regulations affecting financial reporting.

Composition

The Board will nominate the members of the Audit committee and the Chairman of that committee, who is always an independent director. Members are appointed for the duration of their director's office, i.e. for four years.

The Company's Audit committee comprises at least three members and the majority of members shall be independent directors of the Company, as defined in article 3 of the Company's Audit committee charter. To perform his role effectively, each member of the Audit committee needs to develop and maintain his understanding and knowledge of the Company's business, and have skills in general management.

In addition, at least one member of the Audit Committee must have a significant background in finance or accounting. Current members of the Company's Audit Committee are Messrs. Johan Volckaerts, Pierre Van Beneden, and Gareth Jones, who was appointed Chairman of the Audit committee on 12 January 2004.

Meetings

As indicated in article 5 of the Company's Audit committee charter, meetings are held not less than four times a year and should correspond to the Company's financial reporting cycle.

In 2009, the Audit committee held 4 meeting, to review drafts of statutory and consolidated accounts for the year ended 31 December 2008 on 10 February 2009, and to review drafts of interim consolidated accounts for the first three quarters of 2009 on the same dates they were approved by the Board.

Messrs. Johan Volckaerts and Pierre Van Beneden attended every of these four meetings, whereas Mr. Gareth Jones attended three of these four meetings of the Audit Committee.

1.4.2 - The Remuneration Committee

Purpose and objectives

According to the Company's Remuneration Committee charter voted by the Board on 19 January 2006, which was subsequently amended on 27 July 2007, the primary purpose of the Company's Remuneration Committee is to set the terms and conditions of the remuneration paid by the Company to its directors and senior management, notably the variable part of their remuneration (such as bonuses) or the deferred part of their remuneration (such as grants of share options or of shares at no cost to the recipient).

Composition

The Board will nominate the members of the Remuneration Committee and its Chairman who is always an independent director. Members are appointed for the duration of their director's office, i.e. for four years.

The Company's Remuneration Committee comprises at least three members and the majority of members shall be independent directors of the Company, as defined in article 4 of the Company's Remuneration Committee charter.
Current members of the Company's Remuneration Committee are Messrs. Gareth Jones, Johan Volckaerts, and Pierre Van Beneden, who was appointed to the Remuneration Committee on 22 July 2008, and was appointed Chairman of that committee on the same date.

Meetings

Meetings are held as often as required and at least once a year.

In 2009, the Remuneration Committee had two meetings, with all members present:

- on 29 July 2009 to approve the terms to vote on the proposals made by the Company's management relating to the terms and conditions of grants of shares made to certain of the Company's employees, and to approve the change in the amount of board fees paid to Mr. Johan Volckaerts by Global Graphics Software Limited with respect of the year ended 31 December 2009; and
- on 15 December 2009, to review the proposals made by management with respect of the fixed and variable gross salary of each of the senior management team members for the year ending 31 December 2010, as well as the change in the structure of Mr. Fry's salary package from 1 January 2010.

1.5- Shareholders' meetings

1.5.1 Attendance to meetings and information on voting procedures

Any shareholder may attend or participate to shareholders' meetings regardless of his/her holding in the Company, notwithstanding any contrary provisions of the Company's articles of association.

Any shareholder of a company whose shares are admitted to trading on a regulated market or to performing transactions of a central depositary is entitled to participate in a meeting of the shareholders of such company provided that the shares he/she holds in that company are registered in his/her name or in the name of the registered intermediary on behalf of him/her as set out in the seventh paragraph of article L.228-1 of the Commercial Code, no later than three business days before the date of the shareholders' meeting at 00.00 CET, either with the Company's share registrar for shares registered in the name of the shareholder, or with a registered intermediary entitled to keep securities' accounts.

The record of bearer shares in securities' accounts kept by a registered intermediary is duly evidenced by a certificate which may be delivered by the registered intermediary, including by electronic means provided that conditions set out in article R.225-61 of the Commercial Code are then met, which has to be attached to the postal vote form, the proxy statement, or to the request to get an entrance card mentioning the name of the shareholder or the name of the registered intermediary which represents the shareholder. Such certificate may also be delivered to the shareholder willing to attend the meeting should he not have received his entrance card at 00.00 CET on the third business day immediately preceding the meeting date.

Should they not be in a position to attend the meeting, shareholders may give a mandate to their spouse or any other shareholder of the Company, send a proxy statement to the Company, or vote by postal vote.

Any shareholder who has followed any of the above-mentioned procedures may still dispose of part or all of the shares he holds in the Company. However, should such disposal occur no later than 00.00 CET on the third business day immediately preceding the meeting date, the Company will be entitled to cancel or amend the postal vote, proxy statement, entrance card or certificate of participation of the shareholder based on information of such disposal provided by the registered intermediary to the Company or its share registrar.

The registered intermediary has no obligation to notify the Company of any share disposal or other types of share transactions which would be entered into after 00.00 CET on the third business day immediately preceding the meeting date, even in the existence of an agreement providing for the opposite.

A single form which may be used either to vote by proxy statement or by postal vote will be mailed to all shareholders who have registered their shares with the Company's share registrar.

In accordance with applicable legal provisions, shareholders may obtain the documents which have to be made available to them by sending a request in writing to the Company's share registrar. These documents will also be available for inspection at the registered office of the Company.

The holder of bearer shares may obtain the proxy statement and postal vote form by sending a registered letter to the Company's share registrar no later than six days before the meeting date.

To be valid, the postal vote, once completed and duly signed, must be sent back to the Company's share registrar no later than three days before the meeting date.

Should a shareholder decide to vote by postal vote or by proxy statement, or request an entrance card, he/she will no longer be entitled to vote by any other means, notwithstanding any contrary clause of the Company's articles of association.

1.5.2 – Written questions from shareholders

Any shareholder is entitled to put questions in writing to the Company from the date of issue of this notice. Such questions shall be asked by sending either a registered letter to the registered office of the Company or an e-mail to: investor-relations@globalgraphics.com no later than four business days ahead of the date when the meeting is scheduled.

A certificate of ownership in the Company's shares must be attached to such requests.

1.5.3 - Registration of additional draft resolutions

Any request for the registration of additional, draft resolutions may be made by those shareholders meeting the conditions required by law, by sending a registered letter to the registered office of the Company no later than twenty-five days ahead of the meeting date.

A certificate of ownership in the Company's shares must be attached to such requests.

In addition, the addition of such resolutions to those proposed to the shareholders will be made provided that a certificate of ownership in the Company's shares is received by the Company no later than three business days ahead of the date when the meeting is scheduled.

2 - INTERNAL CONTROL ENVIRONMENT AND PROCEDURES

2.1 - Basic principles of internal control

2.1.1 - The Company's objectives for internal control

Internal control is not a function but a set of means implemented by management to control the Company's operations. Internal control can be defined as a process implemented by the Company's Board with support of senior management within the Company designed to provide reasonable assurance that the Company's strategy is properly deployed within the organization and to achieve the following objectives:

- best use of existing resources;
- quality and reliability of financial and management information;

- compliance of the Company's policies with existing legislation and regulations;
- best operating processes; and
- best use and safeguarding of assets.

2.1.2 - Framework used

As no other relevant framework was available before the end of the year 2006, the Company adopted a definition of internal control, which was substantially similar to that of the internationally adopted "COSO" framework.

Internal control, defined as indicated above, consists of five interrelated components:

- control environment;
- internal risk assessment;
- control activities;
- information and communication; and
- monitoring.

The control environment sets the tone in an organization, influencing the control consciousness of its people. It is the foundation for all other components of internal control. Control environment factors include:

- the integrity, ethical values and competence of the Company's people, notably of its management;
- the way management develops the Company's employees;
- management philosophy and operating style;
- the way management organizes the Company;
- the way management assigns authority and responsibility.

On 22 July 2008 the Board adopted the Company's business conduct and ethics code which governs the way management expects the Company to be managed, which deals with the following items: transparency of financial information, importance of internal control, prohibition of certain transactions, conflict of interest identification and reporting, confidentiality obligations, compliance with law and regulations, enforcement of the policy and reporting of policy infringements.

For the internal control system to be efficient, the Company must develop a process to identify and assess relevant internal risks, which may affect the achievement of its objectives. It must also adopt mechanisms needed to identify and deal with the special risks associated with change.

In addition to internal risk assessment, the Company must implement activities to control them. This is the objective of control activities, a range of activities as diverse as approvals, authorizations, verifications, reconciliations, reviews of operating performance, security of assets and segregation of duties.

2.1.3 - Scope of application

The assessment of internal risks and the identification of control components have been done in an informal way, notably for the Company's operating subsidiaries.

The risk that major internal control issues would occur appears low. The Company's management is satisfied with local management competence, the monthly management reporting package produced by its main subsidiaries, the local auditors' annual review, and also the procedures which have been implemented at subsidiary level regarding the incurrence and approval of expenditures, whether capital expenditures or not, and regarding cash management and control.

2.2 - Organization and preliminary assessment of internal control

2.2.1 - Changes in the year ended 31 December 2009

The Company has no dedicated internal audit department. Following the vote of the Act dated 1 August 2003, the Company initiated a review of its internal control system through:

- the preliminary identification of processes and of the related major internal risks based on discussions with the key operational and administrative people;
- the identification of key controls; and
- the identification and review of existing internal control procedures, notably at a subsidiary level where they are predominantly documented.

2.2.2 - Preliminary assessment of control environment

Though not fully completed, the identification and formalization of internal risks which was undertaken by the Company resulted in the identification of a number of operational and financial risks, which are set out in section 1.4.2 of the Board of Directors' report of the Company's operations for the year ended 31 December 2009, and in the implementation of appropriate control procedures or a better formalisation of existing internal procedures, notably for managing foreign exchange risk by entering into foreign currency option contracts), for managing credit risk by a specific monitoring of certain customers which were identified as likely to create a potential risk for the Company, or a periodic monitoring (typically done on a monthly basis) on amounts receivable from customers to identify any significant overdue amounts and report on this to the Company's CEO.

Risks relating to the internal control environment for the preparation of financial and accounting information are referred to in section 2.2.3 of this report.

2.2.3 - Assessment of the internal control environment for the preparation and processing of accounting and financial information

The reliability of the accounting and financial information provided by the Company is based on a set of bodies, rules, procedures, operating modes and controls.

Accounting procedures are designed to achieve primary objectives of completeness and compliance of accounting transactions with applicable local rules and of consistency with the Company's accounting principles (IFRS since 1 January 2004) and those used for the preparation of the financial statements, either for statutory purposes or for the Company's management.

Procedures regarding balance sheet and income statement presentation

Specific procedures are in effect regarding balance sheet and income statement presentation, notably for those captions which are based on accounting estimates or those requiring management to exercise its judgement.

The following balance sheet items are subject to a systematic, detailed review at each interim or annual period-end date, firstly by the CFO, and secondly by the Board during the meeting when the corresponding interim or annual consolidated accounts are drafted:

- intangible assets, notably regarding the effect of the capitalisation of new development costs pursuant to IAS 38 and the amortisation of previously capitalised development costs;
- deferred tax assets, with regards to the assumptions used for the preparation of the taxable profit forecast which supports the recognition as a deferred tax asset of existing tax losses; and
- trade receivables, notably those aged more than 90 days to identify, as the case may be, the requirement to record an allowance for doubtful accounts with respect to some of the corresponding amounts.

In addition, before the conclusion of any significant or unusual contract (as was notably the case for the contracts the conclusion of which was made public in November 2006), the corresponding proposed revenue recognition policy for those products which are expected to be delivered and those services which are expected to be rendered is documented by the CFO before it is reviewed by the Company's CEO and subsequently approved by the Board, as applicable.

Financial reporting and budget procedures

The financial reporting and budget procedures are key activities for the Company to monitor its performance. Any issue can be identified, assessed and dealt with in the course of the year, which results in reduced uncertainty for the preparation of accounts at quarter-end and year-end dates.

Periodic reporting

The monthly operational and financial package is prepared by the finance director of the Software segment of business. It is then reviewed and sanctioned by Mr. Gary Fry, the Company's CEO, before it is provided to Mr. Johan Volckaerts, Chairman of the Company's Board of Directors.

This information is analysed and checked by Mr. Alain Pronost, either through enquiry and discussion with relevant people within the Company, or through analysis of the various schedules included in the reporting package and the variances reflected in those schedules. He will then combine this financial data with that of the Company's non-operating entities (including the parent company) and presents this consolidated data to the Company's Board.

At the end of each quarter, such consolidated data is presented by the Company's CEO to the Company's Audit committee. Mr. Pronost also attends these meetings during which the Audit committee performs a thorough analysis of this data, before it is voted by the Board, subject to limited review by the Company's statutory auditors (for interim accounts), and released by the Company.

Annual reporting

The procedure used by the Company is similar to the one used for periodic reporting, excepted that financial information provided by the subsidiaries has been audited or reviewed by local auditors and that the consolidated financial information (including notes thereto) prepared by the CFO has been audited by the Company's statutory auditors.

Budgeting procedure

It is substantially identical to the periodic reporting procedure but only occurs once a year. The 2010 budget was reviewed and approved by the Board on 16 December 2009. An update of this budget is scheduled to be reviewed at each meeting of the Board held in 2010 when interim consolidated accounts are reviewed, starting with the meeting expected to held on 22 April 2010.

Strategy review

A review of the Company's strategy for the years 2010 to 2012 was initiated in the second quarter of the year ended 31 December 2009 by the Company's Chief Executive Officer. It materialised with the issue of a memorandum presenting the main strategic goals which was reviewed and approved by the Board in its meeting on 29 July 2009, and was subsequently used to prepare the budget for the current year.

The strategy for the three-year period ending 31 December 2012 was further discussed on 15 December 2009 in a meeting also involving the members of the senior management team of the Company, before it was approved by the Board on 16 December 2009.

An update of the strategy is scheduled to be made by the Board at each meeting of the Board held in the year ending 31 December 2010 when interim consolidated accounts are reviewed, notably in late July 2010, in a meeting also involving the members of the senior management team of the Company.

STATUTORY AUDITORS' REPORT ON REGULATED AGREEMENTS AND COMMITMENTS

For the year ended 31 December 2009

Translation of the French language original

To the shareholders,

In our capacity as statutory auditors of your Company, we hereby present to you our report on the regulated agreements and commitments.

AGREEMENTS AND COMMITMENTS ENTERED INTO BY THE COMPANY IN 2009

In accordance with article L.225-40 of the French Commercial Code (Code de commerce) we have been advised of agreements and commitments which have been previously authorised by your Board of Directors.

We are not required to ascertain whether any other agreements exist but to inform you, on the basis of the information provided to us, of the terms and conditions of the agreements of which we were notified. It is not our role to determine whether they are beneficial or appropriate. It is your responsibility, under the terms of article R.225-31 of the French Commercial Law, to evaluate the benefits arising from these agreements and commitments prior to their approval.

We conducted our work in accordance with professional standards applicable in France; those standards require that we perform the procedures deemed necessary so as to verify that the information provided to us is in agreement with the underlying documentation from which it was extracted.

Payment to Mr. Alain Pronost of a bonus subject to certain financial targets to be met by the Global Graphics group of companies for the year ended 31 December 2010

- Director concerned by the agreement or commitment:

Mr. Alain Pronost.

- Purpose of the agreement or commitment:

Payment to Mr. Alain Pronost of a bonus subject to certain financial targets to be met by the Global Graphics group of companies for the year ended 31 December 2010, pursuant to his employment agreement with the Company.

- Terms and conditions of the agreement or commitment:

The Board of Directors decided on 16 December 2009 that Mr. Alain Pronost would be entitled to the payment by the Company of a bonus, of a maximum gross amount of Euro 25,000, for the year ending 31 December 2010 should certain targets relating to the amount of sales and adjusted operating profit reported for the year ending 31 December 2010, the amount of projected sales to be made in the year ending 31 December 2011 with respect of contracts entered into or firm proposals sent to customers in the year ending 31 December 2010, as well as individual performance targets be met, each of the abovementioned four targets giving right to the payment to Mr. Alain Pronost of a maximum gross amount of Euro 6,250.

Amendments made to Mr. Alain Pronost's employment agreement with the Company with respect of savings plans

- Director concerned by the agreement or commitment:

Mr. Alain Pronost.

- Purpose of the agreement or commitment:

Amendments made to Mr. Pronost's employment agreement with the Company with respect of savings plans.

- Terms and conditions of the agreement or commitment:

The Board of Directors decided on 16 December 2009 that all existing as well as future employees of the Company be entitled to participate to, firstly, a Plan d'épargne interentreprises ('PEI') whose terms provide for an annual contribution by the Company equal to 300% of the amount contributed by the employee during that year, within a maximum of 8% of the annual

limit for the payment of social security contributions (i.e. of Euro 2,744.64 for the year ended 31 December 2009), and secondly, a Plan d'épargne retraite collectif interentreprises ('PERCO-I') whose terms provide for an annual contribution by the Company equal to 300% of the amount contributed by the employee during that year within a limit of 16% of the annual limit for the payment of social security contributions (i.e. of Euro 5,489.28 for the year ended 31 December 2009).
Being noted that Mr. Alain Pronost made contributions amounting to respectively Euro 900 and Euro 766 on the PEI and the PERCO-I in December 2009, the Board of Directors decided that corresponding contributions in the amount of respectively Euro 2,700 and Euro 2,298 be made by the Company before the end of the year ended 31 December 2009.

Amendments made to Mr. Alain Pronost's employment agreement with the Company with respect of retirement plans

- Director concerned by the agreement or commitment:

Mr. Alain Pronost.

- Purpose of the agreement or commitment:

Amendments made to Mr. Pronost's employment agreement with the Company with respect of retirement plans.

- Terms and conditions of the agreement or commitment:

The Company's Board of Directors decided on 16 December 2009 that the Company would make a contribution amounting to Euro 930 for the benefit of Mr. Alain Pronost with respect of the retirement plan implemented for the benefit of all executives of the Company in accordance with provisions of article 83 of the French general tax code.

Such contribution comes in addition to the contribution amounting to Euro 930 made by the Company in the year ended 31 December 2009 for the benefit of Mr. Alain Pronost, which was equal to 1% of the gross annual salary paid to him by the Company.

Agreement for the provision of facilities and related services to the Company

- Director concerned by the agreement or commitment:

Mr. Johan Volckaerts.

- Purpose of the agreement or commitment:

Agreement for the provision of facilities and related services to the Company.

- Terms and conditions of the agreement or commitment:

The Company's Board of Directors decided on 16 December 2009 that a contract, of an initial duration of one year (which may be renewed), be entered into by the Company and Andlinger & Co. CVBA, a company which is registered in Belgium and is managed by Mr. Johan Volckaerts, for the provision of a meeting room and related services (secretarial services, copy machine, etc.) to the Company in the Brussels offices of Andlinger & Co. CVBA; such contract provides for the payment by the Company of corresponding fees amounting to Euro 1,500 per quarter.

Agreement for the provision of advisory services to the Company

- Director concerned by the agreement or commitment:

Mr. Johan Volckaerts.

- Purpose of the agreement or commitment:

Agreement for the provision of advisory services to the Company.

- Terms and conditions of the agreement or commitment:

The Company's Board of Directors decided on 16 December 2009 that a contract, of an initial duration of one year (which may be renewed), be entered into by the Company and Andlinger & Co. CVBA, a company which is registered in Belgium and is managed by Mr. Johan Volckaerts, for the provision of services to the Company with respect of the Company's marketing and general strategy; such contract provides for the payment by the Company of fees amounting to Euro 18,000 per quarter.

CONTINUING AGREEMENTS AND COMMITMENTS WHICH WERE ENTERED INTO IN PRIOR YEARS

Moreover, in accordance with the French Commercial Code, we have been informed of the following agreements and commitments, which were approved during previous years and which were applicable during the period.

Guarantee given by the Company on behalf of Global Graphics Software Limited

- Purpose of the agreement or commitment:

Guarantee given by the Company on behalf of Global Graphics Software Limited.

- Terms and conditions of the agreement or commitment:

The Company's Board of Directors voted on 29 October 2002 to authorise the Chairman of the Board to give a guarantee to the landlord of office facilities leased by Global Graphics Software Limited in Tokyo, in Japan, for the payment of a monthly rent of Yen 240,000.

Management fees charged to Global Graphics Software Limited

- Purpose of the agreement or commitment:

Management fees charged to Global Graphics Software Limited.

- Terms and conditions of the agreement or commitment:

The Company's Board of Directors voted on 17 December 2008 that the amount of management fees charged to Global Graphics Software Limited be increased to Euro 62,500 per quarter from 1 January 2009. The Company's Board of Directors voted on 29 July 2009 that the amount of management fees charged to Global Graphics Software Limited be reduced to respectively Euro 52,500 and Euro 57,500 with respect of the third and the fourth quarters of the year ended 31 December 2009. The corresponding recharge to Global Graphics Software Limited for the year ended 31 December 2009 amounted to a total of Euro 235,000.

Management fees charged to Global Graphics Software Incorporated

- Purpose of the agreement or commitment:

Management fees charged to Global Graphics Software Incorporated.

- Terms and conditions of the agreement or commitment:

The Company's Board of Directors voted on 17 December 2008 that the amount of management fees charged to Global Graphics Software Limited be increased to US$ 83,250 per quarter from 1 January 2009. The corresponding recharge to Global Graphics Software Incorporated for the year ended 31 December 2009 amounted to a total of Euro 245,401 being the countervalue into euros of the abovementioned amount of US$333,000.

Guarantee given by the Company on behalf of Global Graphics Software Limited

- Purpose of the agreement or commitment:

Guarantee given by the Company on behalf of Global Graphics Software Limited.

- Terms and conditions of the agreement or commitment:

The Company's Board of Directors voted on 12 June 2006 to authorise the Chairman of the Board to give a guarantee to the landlord of office facilities leased by Global Graphics Software Limited in Cambourne, in the UK, for the payment of an annual rent of £ 254,292. Included within the scope of such guarantee is the rent expense, including those due after the rent revision, as well as any amounts due by Global Graphics Software Limited with regards to this rent agreement.

Payment to Mr. Alain Pronost of a bonus for the year ended 31 December 2009

- Director concerned by the agreement or commitment:

Mr. Alain Pronost.

- Purpose of the agreement or commitment:

Payment to Mr. Alain Pronost of a bonus for the year ended 31 December 2009 pursuant to his employment agreement with the Company.

- Terms and conditions of the agreement or commitment:

The Company's Board of Directors decided on 17 December 2008 that Mr. Alain Pronost would be entitled to the payment by the Company of a bonus, of a maximum gross amount of Euro 25,000, for the year ending 31 December 2009 should certain performance conditions set by the board of Directors be met.

On 17 December 2008 and 10 February 2009, respectively, the Company's Board of Directors decided that a bonus would be paid to Mr. Alain Pronost should certain targets relating to the amount of sales and adjusted operating profit reported for the year ending 31 December 2009, the value of sales projected to be made in the year ending 31 December 2010 with respect of either contracts entered into or firm proposals sent to customers or prospects before 31 December 2009, as well as individual performance targets be met, each of the abovementioned four targets giving right to the payment to Mr. Alain Pronost of a maximum gross amount of Euro 6,250.

The Company's Board of Directors decided on 9 February 2010 that a bonus amounting to a gross amount of Euro 3,125 be paid to Mr. Alain Pronost with respect of the year ended 31 December 2009, being noted that none of the criteria set for three of the four abovementioned targets were met at 31 December 2009 and that the target relating to sales projected to be made in the year ending 31 December 2010 with respect of either contracts entered into or firm proposals sent to customers or prospects before 31 December 2009 was partly met at such date.

Schiltigheim and Nancy, 31 March 2010

KPMG Audit	Secef
Département de KPMG SA	
Pascal Maire	Thierry Baillet
Partner	Partner

This is a free translation into English of a report issued in French and is provided solely for the convenience of English speaking readers.
This report should be read in conjunction with, and is construed in accordance with, French law and professional auditing standards applicable in France.

Declaration from the person taking responsibility for the annual financial report

(Article 222-3 of the Règlement général of the Autorité des marchés financiers)

I, Gary Fry, Chief Executive Officer, hereby declare that, to the best of my knowledge, both the statutory and consolidated accounts which are included in this report, have been prepared in accordance with the applicable sets of accounting standards and give a true and fair view of the assets and liabilities, financial position and results of Global Graphics SA and of all of its subsidiaries as at and for the year ended 31 December 2009.

I also hereby declare that the management report which is included in this report includes a fair review of the development and performance of the business, results and financial position of Global Graphics SA and of all of its subsidiaries as at and for the year ended 31 December 2009, together with a description of the main risks and uncertainties faced by Global Graphics SA and all of its subsidiaries.

Made in Cambourne (UK) on 30 March 2010.

Gary Fry
Chief Executive Officer.