PRESS RELEASE

Contacts Alain Pronost, CFO
Tel: + 33 (0)6 62 60 56 51

GLOBAL GRAPHICS REPORTS FOURTH QUARTER AND FULL YEAR 2008 RESULTS

Pompey (France), 11 February 2009 - GLOBAL GRAPHICS SA (NYSE-Euronext: GLOG), experts in developing e-document and printing software, announces consolidated results for the quarter and the year ended 31 December 2008.

Comparisons for the fourth quarter 2008 with the fourth quarter of the previous year include:

- Sales of Euro 2.7 million this quarter (Euro 2.5 million at Q407 exchange rates) compared with Euro 3.5 million in Q4 2007;
- A nominal operating loss this quarter, compared with an operating profit of Euro 1.1 million in Q4 2007;
- An adjusted operating loss of Euro 0.3 million this quarter, compared with an adjusted operating profit of Euro 0.6 million in Q4 2007;
- A nominal adjusted pre-tax loss this quarter (or a loss of Euro 0.00 per share), compared with an adjusted pre-tax profit of Euro 0.7 million in Q4 2007 (or a profit of Euro 0.06 per share);
- A net loss of Euro 0.2 million this quarter (or a net loss of Euro 0.02 per share), compared with a nominal net profit in Q4 2007 (or a net profit of Euro 0.00 per share); and
- An adjusted net loss of Euro 0.4 million (or an adjusted net loss of Euro 0.04 per share), identical to the adjusted net loss reported in Q4 2007.

Commenting on performance, Gary Fry, Chief Executive Officer, said: “during the last quarter of 2008 we released our first version of our embedded print solution that will open up new markets for us; the early indications are very positive and we look forward to reporting on our success in this area. We also enhanced our electronic document library solution and were successful in winning another important contract with a major software company; overall, the opportunity for this solution area continues to be exciting. In this quarter, we also made great progress with our new end-user electronic document application in both the technology development and the market readiness for the launch in the current financial year.”

Fourth quarter 2008 performance
Sales for the quarter amounted to Euro 2.7 million, compared with Euro 3.5 million in the fourth quarter 2007, or a decrease of 21.6 % at current exchange rates, and of 27.3% at constant exchange rates.

Sales made in the graphic arts segment were Euro 0.8 million this quarter (or 28.3% of total sales reported for the quarter), and showed a decrease of 25.1% at current exchange rates, and of 31.1% at constant exchange rates, over the Euro 1.0 million figure reported for sales made in that segment in the fourth quarter of 2007.

Sales made in the digital print and electronic document markets were Euro 1.9 million this quarter (or 71.7% of total sales reported for the quarter), and showed a decrease of 20.1% at current exchange rates, and of 25.7% at constant exchange rates, over the Euro 2.4 million figure reported for sales made in the same market segments in the fourth quarter of 2007.
The decrease in the latter two segments is predominantly due to an unfavorable comparison base with the fourth quarter of 2007 when the Company recognized a total of Euro 0.9 million in revenue pursuant to the three contracts it had announced in November 2006, compared with Euro 0.4 million this quarter, or an unfavorable variance of Euro 0.5 million.

Total operating expenses amounted to Euro 2.7 million in Q4 2008, compared with Euro 2.3 million in Q4 2007, and included bad debt expenses for Euro 0.1 million.

The Company reported a nominal operating loss this quarter (or a loss equivalent to 2.1% of this quarter's sales), compared with an operating profit of Euro 1.1 million in Q4 2007 (or 31.5% of Q4 2007 sales).

The Company reported an adjusted operating loss (or EBITA, as defined in the accompanying table) of Euro 0.3 million for this quarter, compared with an adjusted operating profit of Euro 0.6 million in Q4 2007. Accordingly, EBITA margin was -11.2 % of quarterly sales this quarter compared with 16.7% of sales in Q4 2007.

The Company reported a nominal adjusted pre-tax loss (as defined in the accompanying table) for this quarter, compared with an adjusted pre-tax profit of Euro 0.7 million in Q4 2007. Accordingly, adjusted pre-tax EPS was a loss of Euro 0.00 per share this quarter, compared with a profit of Euro 0.06 per share in Q4 2007.

The net result was a loss of Euro 0.2 million this quarter (or a net loss of Euro 0.02 per share), compared with a nominal net profit for Q4 2007, that equated to Euro 0.00 per share.

Consequently, the Company reported an adjusted net loss (as defined in the accompanying table) of Euro 0.4 million for this quarter (or an adjusted net loss of Euro 0.04 per share), identical to the adjusted net loss reported for Q4 2007 (or an adjusted loss of Euro 0.03 per share).

Full year performance
Sales for the year 2008 were Euro 11.2 million (Euro 12.0 million at 2007 rates) compared with Euro 16.4 million in 2007, or a decrease of 31.8 % at current exchange rates, and of 26.8% at constant exchange rates.

Sales for 2008 into the Company's graphic arts market were Euro 3.7 million and showed a 29.9 % decline at current exchange rates and a 23.5 % decline at constant exchange rates over 2007.
Sales into new market segments, namely digital print and electronic document technologies, were Euro 7.4 million this year (66.4% of 2008 sales) and decreased 32.7 % at current exchange rates and 28.4% at constant exchange rates with 2007. The decrease in these segments is predominantly due to an unfavorable comparison base with 2007 when the Company recognized a total of Euro 4.0 million in revenue with respect to the three contracts it had announced in November 2006, compared with Euro 0.9 million in the year ended 31 December 2008, or an unfavorable variance of Euro 3.2 million.

Total operating expenses amounted to Euro 10.8 million in 2008, compared with Euro 10.6 million in 2007, and included Euro 0.2 million of bad debt expenses which were recorded in the second half of the year, and Euro 0.5 million of non-recurring expenses relating to the January 2008 redundancy plan and the June 2008 replacement of James Freidah by Gary Fry as the Company's CEO, which were recorded in the first half of the year.

The Company reported a nominal operating loss in 2008 (or a loss equivalent to 0.8% of 2008 sales) compared with an operating profit of Euro 5.2 million in 2007 (or 32.0% of 2007 sales).

The Company reported an adjusted operating loss of Euro 0.3 million for 2008 (or a loss equivalent to 2.7 % of 2008 sales) compared with an adjusted operating profit of Euro 3.0 million in 2007 (or 18.2 % of 2007 sales).

Adjusted pre-tax profit was Euro 0.2 million for 2008 (or Euro 0.02 per share), compared with an adjusted pre-tax profit of Euro 3.0 million for 2007 (or Euro 0.30 per share).

The Company reported a net loss of Euro 0.6 million for 2008 (or a net loss of Euro 0.06 per share) compared with a net profit of Euro 3.3 million for 2007 (or a net profit of Euro 0.32 per share).

The Company reported an adjusted net loss of Euro 0.6 million for 2008 (or a loss of Euro 0.06 per share), compared with an adjusted net profit of Euro 2.0 million for 2007 (or a profit of Euro 0.20 per share).

Concluding remarks

Gary Fry added: "2008 was a year of considerable investment in new technologies and new routes to market to further expand our customer base and revenue opportunities during which we managed not only to maintain our financial position as planned, but also to increase our cash position significantly.

"Though it had a detrimental effect on the reported value of our sales, the significant change in the exchange rates helped us achieve this goal towards the latter part of the year and will continue to help us during 2009 as our cost base is very much biased toward the British pound and our revenue profile is biased toward the US dollar.

"Clearly the global recession continues to be a concern for us, our customers and our partners. Despite the difficult economic conditions, we believe that with the development of our new market areas and a number of very important deals that are currently in progress across all market segments, we are well positioned to achieve some growth during 2009."

Fourth quarter and full year 2008 conference call details

Global Graphics will hold a conference call today at 10.00 CET about its results for the quarter and the year ended 31 December 2008. Callers should dial +44 (0)1452 555 566 and mention "Global Graphics financial results" or conference call ID 85017508 to the operator. The call will be available for replay for 7 working days by dialing number +44 (0)1452 550000 (freephone number UK only: 0800 953 1533), access code 85017508#.

Auditors' reports on the 2008 Company's accounts

The attached condensed consolidated financial statements and selected explanatory notes, which were drafted by the Company's Board of Directors on 10 February 2009, have been audited by the Company's auditors, and are therefore final.

The Company's auditors still have additional audit procedures to perform, including, but not limited to, the Company's statutory accounts and reports, as well as the full version of the notes attached to the Company's consolidated accounts.

As in previous years, their audit reports will be included in the Company's annual report for the year ended 31 December 2008.

2008 annual report

The Company expects to publish the electronic versions of its annual report (in English and in French) on or around 27 March 2009. Printed copies of the English and French reports will be available shortly thereafter. Should you wish to receive one or several copies of the Company's annual report for 2008, please let us know by sending an e-mail to the following e-mail address: investor-relations@globalgraphics.com, or a request in writing to the registered office of the Company.

First quarter 2009 results announcement

Global Graphics expects to announce its financial results for the quarter ending 31 March 2009 on Friday 24 April 2009 before market opening.

Annual meeting of the Company's shareholders

Global Graphics expects to hold its annual meeting on Friday 24 April 2009 in Brussels (Belgium). The precise timing, agenda, proposed resolutions and voting procedures will be announced a minimum of 35 days in advance.

About Global Graphics

Global Graphics (http://www.globalgraphics.com) is a leading developer of e-document and printing software. It provides high-performance solutions to the graphic arts/commercial print and digital print markets and for knowledge worker and professional software applications. The Company's customers include Original Equipment Manufacturers (OEMs), system integrators, software developers and resellers and number the world's leading brands of digital pre-press systems, large-format color printers, color proofing systems, digital copiers and printers for the corporate and SOHO (Small Office / Home Office) markets, as well as a wide variety of market leading software applications.

Forward-looking statements

This press release contains, in addition to historical information, forward-looking statements that involve risks and uncertainties. These include statements regarding the Company's growth, funding, expansion plans and expected results for future periods. Such statements are based on management's current expectations and are subject to a number of uncertainties and risks that could cause actual results to differ materially from those described in the forward-looking statements. Although management believes that their expectations reflected in the forward-looking statements are reasonable based on information currently available to them, they cannot assure any reader that the expectations will prove to have been correct. Accordingly, any reader should not place undue reliance on these forward-looking statements. In any event, these statements speak only as of the date of this release. The Company undertakes no obligation to revise or update any of these statements neither to reflect events or circumstances after the date of this release, nor to reflect new information nor the occurrence of unanticipated events.

GLOBAL GRAPHICS SA AND SUBSIDIARIES
CONDENSED CONSOLIDATED INCOME STATEMENT
In thousands of euro, except per share data in euro

Unaudited figures	Fourth quarter 2008	Fourth quarter 2007	Year ended 31 Dec. 2008	Year ended 31 Dec. 2007
Sales	2,721	3,471	11,168	16,379
Cost of sales	(104)	(122)	(432)	(528)
GROSS PROFIT	2,617	3,349	10,736	15,851
Selling, general and admin. expenses	(1,509)	(1,218)	(5,767)	(5,830)
Research and development expenses	(1,165)	(1,036)	(5,056)	(4,777)
OPERATING PROFIT (LOSS)	(57)	1,095	(87)	5,244
Interest income (note 5)	28	19	128	56
Interest expenses (note 5)	0	0	0	(6)
Net foreign exchange gains (losses)	266	50	393	21
PROFIT (LOSS) BEFORE INCOME TAX	237	1,164	434	5,315
Income tax expense (note 6)	440	1,149	999	2,043
NET PROFIT (LOSS)	(203)	15	(565)	3,272
EARNINGS PER SHARE (note 7)				
Basic net profit (loss) per share	(0.02)	0.00	(0.06)	0.32
Diluted net profit (loss) per share	(0.02)	0.00	(0.06)	0.32

The accompanying selected explanatory notes are an integral part of the Company’s condensed consolidated financial statements as at and for the quarter and the year ended 31 December 2008.

GLOBAL GRAPHICS SA AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEET
In thousands of euro

Unaudited figures	31 December 2008	31 December 2007
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	642	919
Other intangible assets	4,014	4,132
Goodwill	5,871	7,756
Financial assets	111	134
Deferred tax assets, net (note 4c)	936	2,068
TOTAL NON-CURRENT ASSETS	11,574	15,009
CURRENT ASSETS		
Inventories	54	102
Trade receivables	2,870	3,779
Current income tax receivables	7	4
Other current receivables	154	166
Prepaid expenses	508	615
Cash	4,482	4,112
TOTAL CURRENT ASSETS	8,075	8,778
TOTAL ASSETS	19,649	23,787
LIABILITIES AND SHAREHOLDERS'EQUITY		
SHAREHOLDERS'EQUITY		
Share capital (note 8)	4,116	4,116
Share premium (note 8)	28,830	28,874
Reserve for share options outstanding	2,751	2,557
Reserve for own shares (note 9)	(1,246)	(1,180)
Accumulated deficit	(4,436)	(3,871)
Foreign currency translation reserve	(13,245)	(8,753)
TOTAL SHAREHOLDERS'EQUITY	16,770	21,743
LIABILITIES		
NON-CURRENT LIABILITIES		
Other non-current liabilities	2	2
TOTAL NON-CURRENT LIABILITIES	2	2
CURRENT LIABILITIES		
Trade payables	471	363
Current income tax payables	153	190
Other payables	715	943
Customer advances and deferred revenue	1,538	546
TOTAL CURRENT LIABILITIES	2,877	2,042
TOTAL LIABILITIES	2,879	2,044
TOTAL LIABILITIES AND SHAREHOLDERS'EQUITY	19,649	23,787

The accompanying selected explanatory notes are an integral part of the Company's condensed consolidated financial statements as at and for the quarter and the year ended 31 December 2008.

GLOBAL GRAPHICS SA AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
In thousands of euro

Unaudited figures	Year ended 31 Dec. 2008	Year ended 31 Dec. 2007
CASH FLOWS FROM OPERATING ACTIVITIES		
- Profit before income tax	434	5,315
- Adjustments for items without effect on cash:		
Depreciation of property, plant and equipment	344	387
Amortisation of other intangible assets	124	144
Amortisation of capitalised development expenses	654	364
Share-based compensation expenses (note 4f)	194	449
Net interest expenses (net interest income) (note 5)	(128)	(50)
Net foreign exchange losses (gains) (note 5)	(393)	(21)
Expenses offset against the share premium (note 8)	(44)	(2)
Exchange rate differences	(329)	(488)
Other items	(6)	(46)
- Change in value of operating assets and liabilities:		
Inventories	48	12
Trade receivables	909	35
Current income tax receivables	(3)	419
Other current receivables	12	(2)
Prepaid expenses	107	(175)
Trade payables	108	(94)
Current income tax payables	(37)	(49)
Other payables	(228)	345
Customer advances and deferred revenue	992	(1,129)
- Cash received in the period for interest income	136	50
- Cash paid in the period for interest expenses	0	(10)
- Cash paid in the period for income taxes	(198)	(93)
NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	2,696	5,361
CASH FLOWS FROM INVESTING ACTIVITIES		
- Capital expenditures on property, plant and equipment	(248)	(367)
- Capital expenditures on other intangible assets	(158)	0
- Capitalization of development expenses (note 4b)	(1,663)	(3,223)
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(2,069)	(3,590)
CASH FLOWS FROM FINANCING ACTIVITIES		
- Proceeds from the exercise of share options (note 8)	0	139
- Repurchase of own shares (note 9)	(66)	(781)
- Repayment of bank overdrafts	0	(234)
NET CASH FLOWS USED IN FINANCING ACTIVITIES	(66)	(876)
NET INCREASE OF CASH IN THE YEAR	561	895
CASH AT 1 JANUARY	4,112	3,310
EFFECT OF EXCHANGE RATE CHANGES ON CASH HELD AT 1 JANUARY	(191)	(93)
CASH AT 31 DECEMBER	4,482	4,112

The accompanying selected explanatory notes are an integral part of the Company’s condensed consolidated financial statements as at and for the quarter and the year ended 31 December 2008.

GLOBAL GRAPHICS SA AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
In thousands of euro

Unaudited figures	Year ended 31 Dec. 2008	Year ended 31 Dec. 2007
Shareholders' equity at 1 January	21,743	20,781
Recognized income and expenses for the period:		
- Net profit (loss) for the year	(565)	3,272
- Change in the foreign currency translation reserve	(4,492)	(2,115)
Total recognized income and expenses for the period	(5,057)	1,157
Effect of share-based compensation expenses:		
- Value of services rendered during the year (note 4f)	194	449
- Net proceeds from the issue of new shares (note 8)	(44)	137
Total effect of share-based compensation expenses	150	586
Repurchase of own shares (note 9)	(66)	(781)
Shareholders' equity at 31 December	16,770	21,743

The accompanying selected explanatory notes are an integral part of the Company's condensed consolidated financial statements as at and for the quarter and the year ended 31 December 2008.

GLOBAL GRAPHICS SA AND SUBSIDIARIES
SELECTED EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

NOTE 1: REPORTING ENTITY

These condensed consolidated financial statements as at and for the year ended 31 December 2008 comprise Global Graphics SA, a French-based company (the 'Parent'), and its subsidiaries (together referred to as 'the Company').
They were authorized by the Company's Board of Directors on 10 February 2009.

NOTE 2: BASIS OF PREPARATION

(a) Statement of compliance
These condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and related interpretations issued by the International Accounting Standards Board, as adopted by the European Union.
For the purposes of their inclusion in the Company's quarterly earnings release, these condensed consolidated financial statements do not include all of the information required for full annual consolidated financial statements and should be read in conjunction with the Company's consolidated financial statements as at and for the year ended 31 December 2007.

(b) Basis of measurement
These condensed consolidated financial statements as at and for the year ended 31 December 2008 have been prepared under the historical cost convention, except for the revaluation of derivative instruments at fair value through the income statement.
Non-current assets are stated at the lower of amortized cost and fair value less disposal costs, when applicable.

(c) Functional and presentation currency
These condensed consolidated financial statements as at and for the year ended 31 December 2008 are presented in euro, which is the Parent's functional currency. All financial information presented in euro has been rounded to the nearest thousand.

NOTE 3: ACCOUNTING POLICIES AND METHODS

The accounting policies and methods used for the preparation of the Company's condensed consolidated financial statements as at and for the year ended 31 December 2008 are the same as those used for the preparation of the Company's consolidated financial statements as at and for the year ended 31 December 2007, which are set out in note 2 to the Company's consolidated financial statements for that year.

NOTE 4: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in accordance with IFRSs requires the use of certain critical accounting estimates.
It also requires management to exercise 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 underlying assumptions are based on historical experience and various other relevant factors that are believed to be reasonable under the circumstances, the results of which form the basis of making management's 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 the Company's management in the application of IFRSs that have a significant effect on the Company's condensed consolidated financial statements as at and for the year ended 31 December 2008, and assumptions or estimates with a significant risk of material adjustment in the next twelve months, are discussed hereafter.

(a) Impairment of goodwill and other intangible assets
The Company is required to test annually whether goodwill and other intangible assets with indefinite useful lives have suffered any impairment during the year in accordance with the accounting policy set out in note 2i to the Company's consolidated financial statements for the year ended 31 December 2007.
The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations employed cash flow projections based on actual sales and operating margins, as well as a four-year forecast for sales and operating margins approved by the Company's management. A pre-tax rate of 7.0% was used in discounting the projected cash flows.
Based on the results of this review, the Company concluded that no impairment charge was required in either of the years ended 31 December 2007 or 2008.

(b) Capitalisation of computer software development costs
As stated in note 2h to the Company's consolidated financial statements for the year ended 31 December 2007, costs associated with enhancing or maintaining existing computer software technology and programmes are recognised as an expense when incurred.
Costs that are directly associated with the production of identifiable and unique software products 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. Such costs consist solely of direct costs, and only include software development employee costs.
Development costs recognized 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 do not exceed ten years. Such amortization charge is included in Research and development expenses in the consolidated income statement.

(i) Capitalized development costs as at and in the year ended 31 December 2008
At 31 December 2008, the Company considered it could demonstrate that it met all of the above-mentioned recognition criteria for three development projects.
Net capitalized development expenses corresponding to the first project amounted to 2,802 at 31 December 2008, following the capitalization of additional development expenses of 263 and 977 in the quarter and the year ended 31 December 2008, respectively. As certain aspects of this project resulted in the delivery of certain RIP software products through 2007 and 2008, 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 charge which was recognized in the quarter and the year ended 31 December 2008 with regards to this first project amounted to 110 and 511, respectively.

Net capitalized development expenses corresponding to the second project amounted to 910 at 31 December 2008, following the capitalization of additional development expenses of 116 and 553 in the quarter and the year ended 31 December 2008, respectively. As certain aspects of this project resulted in the delivery of certain software products in the area of electronic document creation, conversion and manipulation through 2007 and 2008, 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 charge which was recognized in the quarter and the year ended 31 December 2008 with regards to this second eligible project amounted to 43 and 143, respectively.
Net capitalized development expenses corresponding to the third project amounted to 114 at 31 December 2008, following the capitalization of additional development expenses of 133 in the quarter and the year ended 31 December 2008. As this project was not completed at year-end, no amortization charge was recognized in either the quarter or the year ended 31 December 2008 with regards to this project.

(ii) Capitalized development costs as at and in the year ended 31 December 2007
At 31 December 2007, the Company considered it could demonstrate that it met all of the above-mentioned recognition criteria for three development projects.
Capitalized development expenses corresponding to the first project were fully amortized at 30 June 2007. Accordingly, no corresponding amortization charge was recognized in the quarter ended 31 December 2007. The amortization charge which was recognized in the year ended 31 December 2007 with regards to this first project amounted to 28.
Capitalized development expenses corresponding to the second project amounted to 3,198 at 31 December 2007, following the capitalization of additional development expenses of 623 and 2,573 in the quarter and the year ended 31 December 2007, respectively. As certain aspects of this project resulted in the delivery of certain RIP products in year ended 31 December 2007, corresponding costs were amortized over the expected useful life of the underlying technology, i.e. over a ten-year period, using a straight-line amortization method: the corresponding amortization charge which was recognized in the quarter and in the year ended 31 December 2007 with regards to this second project amounted to 114 and 308, respectively.
Capitalized development expenses corresponding to the third project amounted to 763 at 31 December 2007, following the capitalization of additional development expenses of 163 and 650 in the quarter and the year ended 31 December 2007, respectively. As certain aspects of this project resulted in the delivery of certain software products in the year ended 31 December 2007, corresponding costs were amortized over the expected useful life of the underlying technology, i.e. over a ten-year period, using a straight-line amortization method: the corresponding amortization charge which was recognized in the quarter and in the year ended 31 December 2007 with regards to this third project amounted to 23 and 28, respectively.

(c) Income tax

(i) Current income tax
The Company is subject to income tax in France and in all jurisdictions where it has subsidiaries (notably in the UK and the US).
Significant judgement 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.

(ii) Deferred income tax

The Company recognises deferred tax assets as stated in note 2s to the Company's consolidated financial statements for the year ended 31 December 2007.

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 an appropriate period of time from the balance sheet date, based on growth and profit assumptions considered to be appropriate by management.

Recognized deferred tax assets and liabilities

- Deferred tax asset attributable to capital allowances

Deferred tax assets are predominantly attributable to capital allowances available to the UK subsidiaries 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 without any deadline, 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 2012 to offset taxable profit to be made by its UK subsidiaries over such period, using the tax rate that is expected to apply to the period when the deferred tax asset is realized (i.e. 28%) resulted in the recognition of a deferred tax asset of 1,812 at 31 December 2008, and of a corresponding deferred tax charge amounting to 328 and 654 in the quarter and the year ended 31 December 2008, respectively.

At 31 December 2007, 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 2011 to offset taxable profit to be made by its UK subsidiaries over such period, using the tax rates that were expected to apply to the period when the deferred tax asset is realized (i.e. 30% up to 31 March 2008 and 28% from 1 April 2008), resulted in the recognition of a deferred tax asset amounting to 3,120 and a corresponding deferred tax charge amounting to 863 and 897 in the quarter and the year ended 31 December 2007, respectively.

- Deferred tax liability arising from the capitalization of developments costs

At 31 December 2008, the recognition of a deferred tax liability corresponding to the accumulated amount of development costs capitalized in accordance with applicable provisions of IAS 38 (see note 4b above), net of applicable amortization, using the tax rate that is expected to apply to the period when the deferred tax liability is settled (i.e. 28%) resulted in the recognition of a deferred tax liability of 1,071 and a corresponding deferred tax charge of 100 and 280 in the quarter and the year ended 31 December 2008, respectively (compared with charges of 181 and 775 in the quarter and the year ended 31 December 2007, respectively).

Included in above-mentioned deferred tax charges is the effect of the re-measurement of the deferred tax liability arising from the capitalization of developments costs pursuant to the enacted change in the corporation tax rate applicable to the UK subsidiary of the Company from 30% (up to 31 March 2008) to 28% (from 1 April 2008), i.e. a benefit of nil and 8 in the quarter and the year ended 31 December 2008, respectively.

Unrecognized deferred tax assets

The amount of capital allowances which were available to the UK subsidiaries of the Company at 31 December 2008, but were not projected to be used within the four-year period ending 31 December 2012, and therefore did not result in the recognition of a deferred tax asset at 31 December 2008, amounted to 7,834 at such date (12,717 at 31 December 2007).

Had a deferred tax asset been recognized with regards to such portion of available capital allowances at 31 December 2008, since these allowances would only be used after 1 January 2013, the applicable tax rate at the time they would be used to offset taxable profit was assumed to be 28%: the corresponding additional deferred tax asset would amount to 2,193 at 31 December 2008 compared with an asset of 3,561 at 31 December 2007, using the same tax rate of 28%.

(d) Redundancy costs
In January 2008, the Company made redundant 11 employees in order to align its cost and resource structure with its current and future business development and growth plans.
The corresponding charge which was recorded in Selling, general and administrative expenses in the quarter and the year ended 31 December 2008 was nil and 225, respectively.

(e) Change of the Company's Chief Executive Officer
Costs incurred for the change in the Chief Executive Officer (CEO) position which was effective on 23 June 2008 were as follows:

(i) Resignation of the former CEO
The costs incurred by the Company pursuant to the resignation of Mr. James Freidah from his position of CEO of the Company on 20 June 2008, which were reported as part of Selling, general and administrative expenses, amounted to nil and 117 in the quarter and the year ended 31 December 2008, respectively.
The abovementioned amounts are exclusive of the effect of Mr. James Freidah's resignation on the share-based compensation expense for the quarter and the year ended 31 December 2008, which corresponded to the forfeiture of the 17,500 shares at no cost granted to him on 12 December 2006 (see note 4f below) and were decreases of Selling, general and administrative expenses amounting to nil and 81, respectively.

(ii) Search and appointment of the new CEO
Costs incurred for the search and subsequent appointment of Mr. Gary Fry as the new CEO of the Company, with effect on 23 June 2008, amounted to 3 and 139 in the quarter and the year ended 31 December 2008, respectively.
The abovementioned amount is exclusive of the expense recorded with respect of the grant to Mr. Fry of a total of 400,000 share options made to him on 6 August 2008, which was a charge of 22 and 28 in the quarter and the year ended 31 December 2008, respectively (see note 4f below).

(f) Share-based compensation expense

In thousands of euro Unaudited figures	Fourth quarter 2008	Fourth quarter 2007	Year ended 31 Dec. 2008	Year ended 31 Dec. 2007
Attributable to share option grants	7	17	20	85
Effect of the grant to Mr. Fry	22	0	28	0
Attributable to share grants	50	83	227	364
Effect of Mr. Freidah's resignation	0	0	(81)	0
Total share-based compensation expense	79	100	194	449

NOTE 5: NET FINANCING GAINS

In thousands of euro Unaudited figures	Fourth quarter 2008	Fourth quarter 2007	Year ended 31 Dec. 2008	Year ended 31 Dec. 2007
Interest income	28	19	128	56
Interest expenses	0	0	0	(6)
Net interest income	28	19	128	50
Gains (losses) on transactions	218	65	392	1
Gains (losses) on foreign currency option and forward contracts	48	(15)	1	20
Net foreign exchange gains (losses)	266	50	393	21
Net financing gains	294	69	521	71

NOTE 6: INCOME TAX EXPENSE

(a) Current income tax expense
The Company recorded a current income tax expense amounting to 116 in the quarter ended 31 December 2008, resulting in a current income tax expense of 196 in the year ended 31 December 2008 (compared with expenses of 80 and of 129 in the quarter and the year ended 31 December 2007, respectively).

(b) Deferred income tax expense
The Company recorded a deferred income tax expense amounting to 324 in the quarter ended 31 December 2008, resulting in a deferred income tax expense of 803 in the year ended 31 December 2008 (compared with expenses of 1,069 and 1,914 in the quarter and the year ended 31 December 2007, respectively).

Below is an analysis of the deferred income tax expense reported in the quarters and the years ended 31 December 2008 and 2007, respectively:

In thousands of euro Unaudited figures	Fourth quarter 2008	Fourth quarter 2007	Year ended 31 Dec. 2008	Year ended 31 Dec. 2007
Arising from the capitalisation of development expenses (note 4b)	143	236	474	967
Arising from the amortisation of development expenses (note 4b)	(43)	(41)	(186)	(109)
Arising from the recognition of capital allowances (note 4c)	328	863	654	897
Effect of the change on 1 April 2008 of the UK statutory tax rate to 28%	0	(52)	(8)	149
Other items	(104)	63	(131)	10
Total deferred income tax expense recognized in the income statement	324	1,069	803	1,914

(c) Reconciliation of the effective tax expense

In thousands of euro Unaudited figures	Fourth Quarter 2008	Fourth quarter 2007	Year ended 31 Dec. 2008	Year ended 31 Dec. 2007
Profit (loss) before income tax	237	1,164	434	5,315
Income tax expense (benefit) using the statutory rate of 33.33%	79	389	145	1,772
Income tax expense (benefit) attributable to:				
- Recognition and utilisation of capital allowances	354	802	731	254
- Effect of the change on 1 April 2008 of the UK statutory tax rate	0	(52)	(8)	149
- Effect of differences of tax rates in foreign jurisdictions	(51)	19	(89)	(176)
- Effect of share-based compensation plans	26	34	65	150
- Other permanent differences	32	(43)	155	(106)
Total income tax expense recognized in the income statement	440	1,149	999	2,043

NOTE 7: EARNINGS PER SHARE

(a) Basic earnings per share
Basic earnings per share are calculated by dividing the profit attributable to shareholders for a period by the weighted average number of ordinary shares outstanding during that period.

(i) Computation for the quarters ended 31 December	2008	2007
Number of ordinary shares outstanding at 1 October	10,150,813	10,148,563
Effect of the issue of new shares in the quarter	0	4,595
Effect of the repurchase of shares in the quarter	(27,228)	0
Weighted average number of ordinary shares outstanding in the quarters ended 31 December	10,123,585	10,153,158

(ii) Computation for the years ended 31 December	2008	2007
Number of ordinary shares outstanding at 1 January	10,160,813	10,209,860
Effect of the issue of new shares in the year	0	26,078
Effect of the repurchase of shares in the year	(9,413)	(46,558)
Weighted average number of ordinary shares outstanding in the years ended 31 December	10,151,400	10,189,380

(b) Diluted earnings per share

Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

The Company has only one category of dilutive potential ordinary shares: share options. Contingently issuable shares (i.e. ordinary shares issuable for little or no cash or other consideration upon the satisfaction of specified conditions in a contingent share agreement) are not included in the calculation of diluted earnings per share until the conditions are satisfied: this was not the case at either 31 December 2008 or 2007.

The calculation is performed for the share options to determine the number of shares that could have been acquired at fair value (determined as the average market price of the Company's shares over the period for which the computation is performed) based on the monetary value of the subscription rights attached to outstanding share options.

The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

(i) Computation for the quarters ended 31 December	2008	2007
Weighted average number of ordinary shares outstanding in the quarters ended 31 December	10,123,585	10,153,158
Adjustment for dilutive share options	0	4,362
Weighted average number of ordinary shares for diluted EPS computation in the quarters ended 31 December	10,123,585	10,157,520

(ii) Computation for the years ended 31 December	2008	2007
Weighted average number of ordinary shares outstanding in the years ended 31 December	10,151,400	10,189,380
Adjustment for dilutive share options	0	14,453
Weighted average number of ordinary shares for diluted EPS computation in the years ended 31 December	10,151,400	10,203,833

NOTE 8: SHARE CAPITAL AND SHARE PREMIUM

(a) Share capital

The total number of outstanding, fully paid, ordinary shares of the Company, each of par value of euro 0.40, was 10,289,781 as at 31 December 2008, as was the case as at 1 January 2008.

(b) Share premium

The share premium amount decreased by 44 during the year ended 31 December 2008 as a result of operating expenses incurred in relation with the Company's share option plans in that period which were offset against the share premium, compared with a net increase of 120 in the year ended 31 December 2007.

NOTE 9: REPURCHASE OF OWN SHARES

A total of 45,000 shares were repurchased by the Company in the year ended 31 December 2008, for a total repurchase value of 66, compared with a total of 91,298 shares which were repurchased in the year ended 31 December 2007, for a total repurchase value of 781.

The aggregate number of own shares held by the Company at 31 December 2008 is 173,968, for a total repurchase value of 1,246.

NOTE 10: SEGMENT REPORTING

(a) Primary reporting format – by business segment
The Company is engaged in only one segment of business. It is therefore not required to provide information in this respect.

(b) Secondary reporting format – by geographical area
The Company operates in four main geographical areas, even though the Company is managed on a worldwide basis, which are as follows: Continental Europe, the UK, North America (USA and Canada) and Asia (notably Japan).

(i) Geographical allocation of sales
The allocation of sales made in these geographical areas during the quarters and the years ended 31 December 2008 and 2007, respectively, is as follows:

In thousands of euro Unaudited figures	Fourth quarter 2008	Fourth quarter 2007	Year ended 31 Dec. 2008	Year ended 31 Dec. 2007
Continental Europe	743	430	2,855	2,412
United Kingdom	61	129	366	816
North America	1,670	2,421	6,389	10,897
Asia (including Japan and India)	246	484	1,540	2,221
Other countries	1	7	18	33
Total sales	2,721	3,471	11,168	16,379

(ii) Geographical allocation of capital expenditures
The allocation of capital expenditures made in these geographical areas during the quarters and the years ended 31 December 2008 and 2007, respectively, is as follows:

In thousands of euro Unaudited figures	Fourth quarter 2008	Fourth quarter 2007	Year ended 31 Dec. 2008	Year ended 31 Dec. 2007
Continental Europe	1	0	12	0
United Kingdom	701	818	1,939	3,473
North America	7	2	16	22
Asia (including Japan and India)	1	7	102	95
Other countries	0	0	0	0
Total capital expenditures	710	827	2,069	3,590

NOTE 11: RELATED PARTY TRANSACTIONS
The Company has a related party relationship with its subsidiaries (see note 12) and with its directors and executive officers.

(a) With the Company’s directors
The amount of board fees to be allocated among the five directors of the Company as approved by the shareholders in each of 2008 and 2007 is 75.
The corresponding expense recognized as part of the Selling, general and administrative expenses in each of the quarters and the years ended 31 December 2008 and 2007 is 19 and 75, respectively.

(b) With the Company’s executive officers

(i) Salaries and other short-term benefits
The three executive directors received salaries and other short-term benefits (including year-end bonuses and pension scheme contributions, as applicable) from the Company in the quarters and the years ended 31 December 2008 and 2007, as follows:

In thousands of euro Unaudited figures	Fourth quarter 2008	Fourth quarter 2007	Year ended 31 Dec. 2008	Year ended 31 Dec. 2007
Salaries	84	83	343	347
Other short-term benefits	54	1	61	5
Effect of Mr. Freidah’s resignation	0	0	117	0
Total	138	84	521	352

(ii) Share-based compensation
Executive officers are entitled to participate in the Company’s share option and share grant schemes.
See note 4f above about the effect on the share-based compensation expense reported for the quarter and the year ended 31 December 2008 of Mr. Freidah’s resignation on 20 June 2008, and of the grant of 400,000 share options to Mr. Fry on 6 August 2008.
In addition, please note that 25,000 share options were granted to Mr. Pronost on 17 December 2008 at an exercise price of Euro 2.08 each, the vesting of which is subject to minimum share price conditions identical to those attached to the grant of share options made to Mr. Fry on 6 August 2008.

NOTE 12: SUBSIDIARIES
These condensed consolidated financial statements include the accounts of the following companies for the quarters and the years ended 31 December 2008 and 2007, respectively:

	Country of incorporation	% of ownership 2008	% of ownership 2007
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	100	100
Global Graphics Kabushiki Kaisha	Japan	100	100
Global Graphics Software (India) Private Limited	India	100	100

GLOBAL GRAPHICS SA AND SUBSIDIARIES
ADJUSTED OPERATING PROFIT (LOSS) COMPUTATION
In thousands of euro

Unaudited figures	Fourth quarter 2008	Fourth quarter 2007	Year ended 31 Dec. 2008	Year ended 31 Dec. 2007
Reported operating profit (loss)	(57)	1,095	(87)	5,244
Add back (deduct):				
Amort. of other intangible assets	29	35	124	144
Share-based remuneration expense	79	100	194	449
Capitalization of development expenses (note 4b)	(512)	(786)	(1,663)	(3,223)
Amort. of capitalized development expenses (note 4b)	153	137	654	364
Non-recurring operating expenses:				
- redundancy costs (note 4d)	0	0	225	0
- CEO change costs (note 4e)	3	0	256	0
Total adjustments	(248)	(514)	(210)	(2,266)
Adjusted operating profit (loss)	(305)	581	(297)	2,978
In % of the period's sales	-11.2%	16.7%	-2.7%	18.2%

The Company provides information prepared in accordance with and required by IFRSs, but it believes that evaluating its ongoing results may not be as useful if an investor is limited to reviewing only IFRS financial measures.
Accordingly, the Company uses adjusted financial information to evaluate its ongoing operations as well as for internal planning and forecasting purposes.
The Company's management does not itself, nor does it suggest that investors should, consider such adjusted financial measures in isolation from, or as a substitute for, financial information prepared in accordance with IFRSs.
The Company presents such adjusted financial measures in reporting its financial results to provide investors with an additional tool to evaluate the Company's results in a manner that focuses on what the Company believes to be its ongoing business operations.
The Company's management believes that the inclusion of adjusted financial measures provides consistency and comparability with past reports of financial information and has historically provided comparability to similar companies in the Company's industry, many of which present the same or similar adjusted financial measures to investors.
When the Company uses such an adjusted financial measure, it provides a reconciliation of the adjusted financial measure to the most closely applicable financial measure required by IFRSs.
Investors are encouraged to review the related IFRS financial measures and the reconciliation of these adjusted financial measures to the most directly comparable IFRS financial measures as detailed above.

GLOBAL GRAPHICS SA AND SUBSIDIARIES
ADJUSTED PRE-TAX PROFIT (LOSS) COMPUTATION
In thousands of euro, except per share data in Euro

Unaudited figures	Fourth quarter 2008	Fourth quarter 2007	Year ended 31 Dec. 2008	Year ended 31 Dec. 2007
Reported pre-tax profit (loss)	237	1,164	434	5,315
Add back (deduct):				
Amort. of other intangible assets	29	35	124	144
Share-based remuneration expense	79	100	194	449
Capitalization of development expenses (note 4b)	(512)	(786)	(1,663)	(3,223)
Amort. of capitalized development expenses (note 4b)	153	137	654	364
Non-recurring operating expenses:				
- redundancy costs (note 4d)	0	0	225	0
- CEO change costs (note 4e)	3	0	256	0
Total adjustments	(248)	(514)	(210)	(2,266)
Adjusted pre-tax profit (loss)	(11)	650	224	3,049
Adjusted pre-tax profit (loss) per share	0.00	0.06	0.02	0.30

(*) Adjusted pre-tax profit (loss) per share is computed using the weighted average number of ordinary shares outstanding during the period, i.e. 10,123,585 and 10,151,400 shares for the quarter and the year ended 31 December 2008, respectively, and 10,153,158 and 10,189,380 shares for the quarter and the year ended 31 December 2007, respectively.

The Company provides information prepared in accordance with and required by IFRSs, but it believes that evaluating its ongoing results may not be as useful if an investor is limited to reviewing only IFRS financial measures.
Accordingly, the Company uses adjusted financial information to evaluate its ongoing operations as well as for internal planning and forecasting purposes.
The Company’s management does not itself, nor does it suggest that investors should, consider such adjusted financial measures in isolation from, or as a substitute for, financial information prepared in accordance with IFRSs.
The Company presents such adjusted financial measures in reporting its financial results to provide investors with an additional tool to evaluate the Company’s results in a manner that focuses on what the Company believes to be its ongoing business operations.
The Company’s management believes that the inclusion of adjusted financial measures provides consistency and comparability with past reports of financial information and has historically provided comparability to similar companies in the Company’s industry, many of which present the same or similar adjusted financial measures to investors.
When the Company uses such an adjusted financial measure, it provides a reconciliation of the adjusted financial measure to the most closely applicable financial measure required by IFRSs.
Investors are encouraged to review the related IFRS financial measures and the reconciliation of these adjusted financial measures to the most directly comparable IFRS financial measures as detailed above.

GLOBAL GRAPHICS SA AND SUBSIDIARIES
ADJUSTED NET PROFIT (LOSS) COMPUTATION
In thousands of euro, except per share data in euro

Unaudited figures	Fourth quarter 2008	Fourth quarter 2007	Year Ended 31 Dec. 2008	Year ended 31 Dec. 2007
Reported net profit (loss)	(203)	15	(565)	3,272
Add back (deduct):				
Amort. of other intangible assets	29	35	124	144
Share-based remuneration expense	79	100	194	449
Net effect of the capitalization of development expenses (note 4b)	(359)	(649)	(1,009)	(2,859)
Non-recurring operating expenses	3	0	481	0
Tax effect of above-mentioned adjustments	95	195	177	858
Effect of the change in the UK statutory tax rate	0	(52)	(8)	149
Total adjustments	(153)	(371)	(41)	(1,259)
Adjusted net profit (loss)	(356)	(356)	(606)	2,013
Adjusted net profit (loss) per share	(0.04)	(0.03)	(0.06)	0.20

(*) Adjusted net profit (loss) per share is computed using the weighted average number of ordinary shares outstanding during the period, i.e. 10,123,585 and 10,151,400 shares for the quarter and the year ended 31 December 2008, respectively, and 10,153,158 and 10,189,380 shares for the quarter and the year ended 31 December 2007, respectively.

The Company provides information prepared in accordance with and required by IFRSs, but it believes that evaluating its ongoing results may not be as useful if an investor is limited to reviewing only IFRS financial measures.
Accordingly, the Company uses adjusted financial information to evaluate its ongoing operations as well as for internal planning and forecasting purposes.
The Company’s management does not itself, nor does it suggest that investors should, consider such adjusted financial measures in isolation from, or as a substitute for, financial information prepared in accordance with IFRSs.
The Company presents such adjusted financial measures in reporting its financial results to provide investors with an additional tool to evaluate the Company’s results in a manner that focuses on what the Company believes to be its ongoing business operations.
The Company’s management believes that the inclusion of adjusted financial measures provides consistency and comparability with past reports of financial information and has historically provided comparability to similar companies in the Company’s industry, many of which present the same or similar adjusted financial measures to investors.
When the Company uses such an adjusted financial measure, it provides a reconciliation of the adjusted financial measure to the most closely applicable financial measure required by IFRSs.
Investors are encouraged to review the related IFRS financial measures and the reconciliation of these adjusted financial measures to the most directly comparable IFRS financial measures as detailed above.

GLOBAL GRAPHICS SA AND SUBSIDIARIES
CONDENSED MANAGEMENT REPORT OF THE COMPANY'S BOARD OF DIRECTORS
FOR THE QUARTER AND THE YEAR ENDED 31 DECEMBER 2008
Translation of the French language original

Pursuant to the transposition under article L.451-1-2 of the French Monetary and Financial Code of the EU Directive 2004/109/CE of the European Parliament and of the Council of 15 December 2004 (the 'Transparency Directive'), we present to you the condensed management report of the Company's Board of Directors for the quarter and the year ended 31 December 2008.

NOTE 1: ORGANIZATION OF THE GLOBAL GRAPHICS GROUP OF COMPANIES (THE 'COMPANY')

(a) Structure of the Company at 31 December 2008
Please refer to note 12 to the Company's condensed consolidated financial statements for the quarter and the year ended 31 December 2008 for further details.

(b) Changes in the Company's structure in the year ended 31 December 2008
No change occurred in the Company's structure in either the quarter or the year ended 31 December 2008.

(c) Changes in the Company's structure since 1 January 2009
No change has occurred in the Company's structure since 1 January 2009.

NOTE 2: MANAGEMENT DISCUSSION OF KEY FIGURES
The Company prepares its consolidated accounts in accordance with the International Financial Reporting Standards (IFRSs) and related interpretations issued by the International Accounting Standards Board, and as adopted by the European Union.
Amounts indicated hereafter are presented in euro, rounded to the nearest thousand.

(a) Fourth quarter 2008

(i) Consolidated sales
Sales were 2,721 in the quarter ended 31 December 2008, compared with 3,471 in the same quarter of 2007, or a sequential decrease of 21.6% at current exchange rates.

Approximately 85.1% of the Company's sales made in the quarter ended 31 December 2008 (compared with 86.4% of sales made in the same quarter of 2007) were denominated in US dollars, which increased versus the euro (which is the Company's reporting currency) as the average euro/US dollar rate was 1.314 in the quarter ended 31 December 2008, while it was 1.445 in the same quarter of 2007, or a sequential increase of 10.0%.
At constant exchange rates, sales made in the quarter ended 31 December 2008 would amount to approximately 2,525, showing a decrease of 27.3% over the 3,471 figure reported for sales in the fourth quarter of 2007.

Sales made in the graphic arts segment were 770 in the quarter ended 31 December 2008 (or 28.3% of total sales reported for the quarter), and showed a decrease of 25.1% at current exchange rates, and of 31.1% at constant exchange rates, over the 1,029 figure reported for sales made in that segment in the fourth quarter of 2007.

Sales made in the digital print and electronic document markets were 1,951 in the quarter ended 31 December 2008 (or 71.7% of total sales reported for the quarter), and showed a decrease of 20.1% at current exchange rates, and of 25.7% at constant exchange rates, over the 2,442 figure reported for sales made in the same market segments in the fourth quarter of 2007.
Such decrease is predominantly due to an unfavorable comparison base with the fourth quarter of 2007 when the Company recognized a total of 857 in revenue pursuant to the three contracts it had announced in November 2006, compared with 377 in the quarter ended 31 December 2008, or an unfavorable variance of 480.

(ii) Consolidated performance

Operating loss
The Company reported an operating loss of 57 in the quarter ended 31 December 2008 (-2.1% of the quarter's sales), compared with a profit of 1,095 in the quarter ended 31 December 2007 (31.5% of that quarter's sales), or an unfavorable, sequential decrease of 1,152, which can be analyzed as follows:
- sales decreased by 750 (see note 2a above);
- cost of sales was 104 in the quarter ended 31 December 2008 (3.8% of the quarter's sales) compared with 122 in the fourth quarter of 2007 (3.5% of that quarter's sales), or a favorable variance of 18;
- selling, general and administrative expenses (including the share-based compensation expense of 79) totaled 1,509 in the quarter ended 31 December 2008 (55.5% of the quarter's sales), showing an increase of 291 (i.e. of 23.9%) over the 1,218 figure reported for the fourth quarter of 2007 (35.1% of that quarter's sales), notably because of bad debt expenses totaling 99 recorded in the quarter;
- research and development expenses totaled 1,165 in the quarter ended 31 December 2008 (42.8% of the quarter's sales) showing a sequential increase of 129 (i.e. of 12.5%) over the 1,036 figure reported for the fourth quarter of 2007 (29.8% of that quarter's sales), after effect (net of amortization) of the capitalization of eligible development expenses which totaled 359 in the quarter ended 31 December 2008 (compared with a net effect of 649 in the fourth quarter of 2007) relating to three development projects for which all criteria for such capitalization were met.

Profit before income tax
The Company reported a profit before income tax of 237 in the quarter ended 31 December 2008 (8.7% of the quarter's sales), compared with a profit before income tax of 1,164 in the fourth quarter of 2007 (33.5% of that quarter's sales), or an unfavorable, sequential decrease of 927 which results from the combination of:
- the decrease of the operating result as discussed above for 1,152;
- the increase in interest income (net of interest expenses) of 9 over the 19 figure reported for net interest income in the fourth quarter of 2007; and
- the favorable effect of foreign currency exchange differences, which were net gains of 266 in the quarter ended 31 December 2008, showing an increase of 216 over the net foreign exchange gains of 50 reported in the fourth quarter of 2007.

Net loss
The Company reported a net loss of 203 in the quarter ended 31 December 2008 (or a net loss of euro 0.02 per share), after giving effect to an income tax charge of 440, compared with a net profit of 15 in the fourth quarter of 2007 (or a net profit of euro 0.00 per share), after giving effect to an income tax charge of 1,149.

(b) Full year 2008

(i) Consolidated sales
Sales were 11,168 in the year ended 31 December 2008, compared with 16,379 in the previous year, or a sequential decrease of 31.8% at current exchange rates.

Approximately 74.9% of the Company's sales made in the year ended 31 December 2008 (compared with 85.7% of sales made in the previous year) were denominated in US dollars, which substantially decreased versus the euro over 2008 as the average euro/US dollar rate was 1.463 in 2008 while it was 1.365 in 2007, or a sequential decrease of 6.7%.
At constant exchange rates, sales made in the year ended 31 December 2008 would amount to approximately 11,986, showing a decrease of 26.8% over the 16,379 figure reported for sales in the year ended 31 December 2007.

Sales made in the graphic arts segment were 3,748 in the year ended 31 December 2008 (or 33.6% of 2008 sales), and showed a decrease of 29.9% at current exchange rates, and of 23.5% at constant exchange rates, over the 5,347 figure reported for sales made in that segment in the year ended 31 December 2007.
Sales made in the digital print and electronic document markets were 7,420 in the year ended 31 December 2008 (or 66.4% of 2008 sales), and showed a decrease of 32.7% at current exchange rates, and of 28.4% at constant exchange rates, over the 11,032 figure reported for sales made in those two segments in the year ended 31 December 2007.
Such decrease is predominantly due to an unfavorable comparison base with the previous year when the Company recognized a total of 4,042 in revenue pursuant to the three contracts it had announced in November 2006, compared with 873 in the year ended 31 December 2008, or an unfavorable variance of 3,169.

(ii) Consolidated performance

Operating loss
The Company reported an operating loss of 87 in the year ended 31 December 2008 (or -0.8% of 2008 sales) compared with an operating profit of 5,244 in the year ended 31 December 2007 (32.0% of 2007 sales), or an unfavorable, sequential variance of 5,331, which can be analyzed as follows:
- sales decreased by 5,211 (see note 2b above);
- cost of sales was 432 in the year ended 31 December 2008 (3.9% of 2008 sales) compared with 528 in the year ended 31 December 2007 (3.2% of 2007 sales), or a favorable, sequential variance of 96;
- selling, general and administrative expenses totaled 5,767 in the year ended 31 December 2008 (51.6% of 2008 sales), showing a decrease of 63 (i.e. of 1.1%) over the 5,830 figure reported for the year ended 31 December 2007 (35.6% of 2007 sales), keeping in mind that 2008 expenses included non-recurring expenses for a total of 481, consisting of: a charge of 225 incurred with respect of the redundancy programme implemented by the Company in January 2008; a charge of 139 to account for the costs of the search and selection of a suitable candidate for the position of Chief Executive Officer (CEO) of the Company; and a charge of 117 with regards to the costs incurred by the Company pursuant to the resignation of James Freidah from the position of CEO in late June 2008;
- research and development expenses were 5,056 in the year ended 31 December 2008 (45.3% of 2008 sales) showing a sequential increase of 279 (i.e. of 5.8%) over the 4,777 figure reported for the year ended 31 December 2007 (29.2% of 2007 sales), after effect (net of amortization) of the capitalization of eligible development expenses which totaled 1,009 in the year ended 31 December 2008 (compared with a net effect of 2,859 in the previous year) relating to the three development projects for which all criteria for such capitalization were met.

Profit before income tax
The Company reported a profit before income tax of 434 in the year ended 31 December 2008 (3.9% of 2008 sales), compared with a profit before income tax of 5,315 in the year ended 31 December 2007 (32.5% of 2007 sales), or an unfavorable, sequential variance of 4,881, which results from the combination of:
- the decrease of the operating result as discussed above for 5,331;
- the increase in interest income (net of interest expenses) of 78 over the 50 figure reported for net interest income in the year ended 31 December 2007; and
- the favorable effect of foreign currency exchange differences, which were net gains of 393 in the year ended 31 December 2008, showing an increase of 372 over the net foreign exchange gains of 21 reported in the year ended 31 December 2007.

Net loss
The Company reported a net loss of 565 in the year ended 31 December 2008 (or a net loss of euro 0.06 per share), after giving effect to a tax charge of 999, compared with a net profit of 3,272 in the year ended 31 December 2007 (a net profit of euro 0.32 per share), after giving effect to a tax charge of 2,043.

NOTE 3: MANAGEMENT'S COMMENTS ON THE COMPANY'S PERFORMANCE

(a) Salient features for the year ended 31 December 2008

(i) Operational highlights

As originally anticipated, sales made by the Company in the year ended 31 December 2008 were, in all segments where the Company operates, affected by the continued impact of a weak US dollar (the Company's primary sales currency) during most of the year, by the unfavorable comparison base indicated in note 2 above, and by the increasing effect of the economic slowdown we noted when we reported results for the last quarter of 2007 and the first three quarters of 2008.
As a result, sales amounted to 11,168 in the year ended 31 December 2008, 31.8% below the 16,379 figure reported for sales in the year ended 31 December 2007, at current exchange rates.

As anticipated, sales made in the traditional graphic arts segment in the year ended 31 December 2008 continued to be slow and were adversely affected by further industry consolidation, resulting in a decrease of 23.5% at constant exchange rates over sales made in that segment in the year ended 31 December 2007.
Sales in the digital printing and electronic document segments in the year ended 31 December 2008 decreased 28.4% at constant exchange rates over sales made in these two segments in the year ended 31 December 2007, predominantly because of an unfavorable comparison base with sales reported in these segments in the year ended 31 December 2007 as discussed in note 2 above.

Operating expenses were 10,823 in the year ended 31 December 2008, and included the share-based compensation expense for 194, the amortization expense on other intangible assets for 124, bad debt expenses for 197, as well as the following non-recurring items:
- a charge of 225 recorded in the first quarter of 2008 to account for the costs relating to the redundancy programme implemented by the Company in January 2008;
- a charge of 117 recorded in the second quarter of 2008 with respect to the costs incurred by the Company pursuant to the resignation of James Freidah from his position of CEO of the Company in late June 2008; and
- a charge of 139 recorded in the second quarter of 2008 to account for the costs relating to the search and selection of a suitable candidate for the position of CEO of the Company.

As a result, the Company reported an adjusted operating loss of 297 in the year ended 31 December 2008 (or -2.7% of 2008 sales), showing a decrease of 3,275 with the adjusted operating profit of 2,978 reported in the year ended 31 December 2007 (18.2% of that period's sales).

The Company reported an adjusted pre-tax profit of euro 0.02 per share in the year ended 31 December 2008, 92.6% below the euro 0.30 figure reported for adjusted pre-tax profit per share in the year ended 31 December 2007.

The Company reported an adjusted net loss of euro 0.06 per share in the year ended 31 December 2008, compared with an adjusted net profit of euro 0.20 per share reported for the year ended 31 December 2007.

(ii) Financial highlights

Cash flows and cash position at 31 December 2008
Net cash flow provided by the Company's operations was 2,696 in the year ended 31 December 2008 (or 24.1% of 2008 sales), compared with 5,361 in the year ended 31 December 2007 (or 32.7% of 2007 sales).
Such cash flows, combined with cash balances available at 1 January 2008 (which amounted to 4,112), allowed the Company to fund the Company's capital expenditures on property, plant and equipment and other intangible assets amounting to a total of 406 in the year ended 31 December 2008, and those resulting from the capitalization of development expenses (see note 2b above) which totaled 1,663 in the same period; to purchase 45,000 of its own shares for a total of 66, and to close the period with a net cash position of 4,482 as at 31 December 2008.

Effect of exchange rate fluctuations on cash held at 31 December 2008
At constant exchange rates with those used at 31 December 2007, cash balances denominated in other currencies than the Company's reporting currency (notably in US dollars, British pounds and Japanese yen) would amount to 4,748, as shown in the table below, compared to 4,211 at 31 December 2008, or an unfavorable variance of 537 over 2008, mostly due to a weaker British pound and a stronger Japanese yen at 31 December 2008 than at 1 January 2008:

Currency	Total currency at 31 Dec 2008	Euro value at 31 Dec. 2008	Euro value at 31 Dec. 2007	Variance
Euro	271	271	271	0
US dollars	1,699	1,205	1,154	51
British pounds	2,218	2,278	3,010	(732)
Japanese yens	85,874	674	520	154
Indian rupees	3,524	50	60	(10)
Other		4	4	0
Total cash		4,482	5,019	(537)

Grant of share options during the year
Please refer to note 4e to the Company's condensed consolidated financial statements for the quarter and the year ended 31 December 2008 for further details on grant of share options made during the year ended 31 December 2008.

(b) Prospects for the current financial year

(i) Operational comments

2008 has been a very productive year for Global Graphics, we have now released our first version of our embedded print solution that will open up new markets for us, the early indications that we are getting are very positive and we look forward to reporting on our success in this area.
We have also enhanced our electronic document library solution and were successful in winning another important contract with a major software company in the fourth quarter of the year; overall, the opportunity for this solution area continues to be exciting.
During the last quarter of 2008, we made great progress with our new end-user electronic document application in both the technology development and the market readiness for the launch in the current financial year.

(ii) Financial prospects

2008 was a year of considerable investment in new technologies and new routes to market to further expand our customer base and revenue opportunities during which we managed not only to maintain our financial position as planned, but also to increase our cash position significantly.

The significant change in the exchange rates have helped us achieve this goal towards the latter part of the year and will continue to help us during 2009 as our cost base is very much biased toward the British pound and our revenue profile is biased toward the US Dollar. In order to safeguard this position, we have been diligent in entering into a number of option contracts with maturity dates in 2009, as shown in note 5b below.

Clearly the global recession continues to be a concern for us, our customers and our partners. Despite the difficult economic conditions, we believe that with the development of our new market areas and a number of very important deals that are currently in progress across all market segments, we are well positioned to achieve some growth during 2009.

NOTE 4: SIGNIFICANT OPERATIONAL AND FINANCIAL RISK FACTORS

(a) Significant operational risk factors

(i) 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 recently introduced, fixed-document format). If this environment of change were to slow, the Company could experience reduced demand for its products.

(ii) 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 plans to release 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) and new operating systems releases, pursuant to the introduction of XPS, and in connection with the transition to new markets, such as those for its Electronic Document Library (EDL) technology.
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.

(iii) 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 of the Company 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 European Union 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.

(iv) 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.

(v) Fluctuating operating results and factors affecting operating results
As a result of a variety of factors discussed above, 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.

(vi) 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 CEO 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.

(b) 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.

(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. 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 forward and option currency contracts transacted with high-credit-quality financial institutions after review and approval by the Company's Chief Financial Officer.

Forward contracts
In 2008, the Company entered into several forward contracts to mitigate its US dollar exposure.

Such contracts resulted in net gains amounting to 40 and 1 in the quarter and the year ended 31 December 2008, respectively (none in either the quarter or the year ended 31 December 2007).

Option contracts

In 2008, 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 euro 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.

At 31 December 2008, outstanding option contracts are as follows:

Option contract expiry date	Nominal value of the contract in $	Option strike price in $	Option trigger price in $
12 March 2009	250,000	1.5100	1.2100
20 March 2009	250,000	1.3000	1.1395
11 June 2009	250,000	1.5050	1.2100
18 June 2009	250,000	1.3000	1.1195
11 September 2009	250,000	1.5000	1.2100
18 September 2009	250,000	1.3000	1.0995

Such option contracts resulted in net gains amounting to 8 and nil in the quarter and the year ended 31 December 2008, respectively, compared with a net loss of 15 and a net gain of 20 in the quarter and the year ended 31 December 2007, respectively.

In addition, 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.

(ii) 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. The ten major customers represented approximately 56.6% of the Company’s sales for the year ended 31 December 2008 (63.3% in 2007); approximately 38.0% of sales were made with the five largest customers of the Company in the year ended 31 December 2008 (compared with 48.5% in 2007) and approximately 10.6% with the major customer alone (compared with 24.6% in 2007).

(iii) Liquidity risk

Due to the dynamic nature of its business, the Company aims to maintain flexibility for the financing of its activities by keeping committed credit lines available.

However, at 31 December 2008, considering the Company's net cash position of 4,482 and net cash flows provided by its operations in the year ended 31 December 2008 which amounted to 2,696, the Company did not apply for any such lines of credit.

(iv) Cash-flow interest-rate risk
As the Company had no significant interest-bearing assets and liabilities at either 31 December 2008 or 2007, the Company's income and operating cash flows for the quarter and the year ended 31 December 2008 were substantially independent of changes in market interest rates.
Please also refer to note 5 to the Company's condensed consolidated financial statements for the quarter and the year ended 31 December 2008 for further details on the Company's net interest income for these periods.

NOTE 5: MAIN RELATED PARTY TRANSACTIONS
Please refer to note 11 to the Company's condensed consolidated financial statements for the quarter and the year ended 31 December 2008 for further details on such transactions.

NOTE 6: INFORMATION ON THE COMPANY'S PERSONEL

(a) Breakdown by geographical area of employment

	31 December 2008	31 December 2007
United Kingdom	66	77
India	31	27
United States of America	17	18
Japan	3	3
Continental Europe	2	2
Total	119	127

(b) Breakdown by nature of employment

	31 December 2008	31 December 2007
Research and development	75	83
Sales and support	26	25
General & administrative	18	19
Total	119	127

(c) Redundancy programme
Please refer to note 4d to the Company's condensed consolidated financial statements for the quarter and the year ended 31 December 2008 for further details on such programme.

(d) Change of the Company's CEO
Please refer to note 4e to the Company's condensed consolidated financial statements for the quarter and the year ended 31 December 2008 for further details on related costs.

NOTE 7: VOTING RIGHTS AND SIGNIFICANT SHAREHOLDERS

(a) Voting rights at 31 December 2008

Number of shares to which a double voting right is attached	31,705
Number of shares to which a single voting right is attached	10,258,076
Total number of voting rights attached to the Company's ordinary shares which were outstanding at 31 December 2008	10,321,486

(b) Significant shareholders

(i) Stichting Andlinger & Co. Euro-Foundation
At 31 December 2008, as was already the case at 31 December 2007, Stichting Andlinger & Co. Euro-Foundation held 2,882,981 shares of the Company (or 28.01% of the total number of shares of the Company outstanding at 31 December 2008).
Attached to these 2,882,981 shares was an equivalent number of voting rights, representing 27.93% of the total number of voting rights attached to the Company's ordinary shares outstanding at 31 December 2008.

(ii) Other significant shareholders
At 31 December 2008, no other shareholder was known to hold in excess of either 5% of the total number of shares forming the share capital of the Company, or 5% of the total number of voting rights attached to such shares.

NOTE 8: INFORMATION REGARDING GLOBAL GRAPHICS SA

Because Global Graphics SA has only one employee and all of its revenue result from the recharge of corporate management fees to the Company's operating entities which are based in the UK and in the US, its statutory results for the year ended 31 December 2008 are not provided since they were not considered as meaningful in the context of the reporting of the Company's consolidated results for the quarter and the year ended 31 December 2008.

GLOBAL GRAPHICS SA AND SUBSIDIARIES
STATEMENT MADE BY THE PERSON TAKING RESPONSIBILITY FOR THE CONDENSED MANAGEMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2008
Translation of the French language original

I hereby confirm that, to the best of my knowledge, the condensed consolidated accounts included in the Company's condensed financial report for the year ended 31 December 2008 have been prepared in accordance with International Financial Reporting Standards (IFRSs) and related interpretations issued by the International Accounting Standards Board, as adopted by the European Union, and give a true and fair view of the assets, liabilities, financial position, and profit or loss of Global Graphics SA and its subsidiaries as at and for the year ended 31 December 2008.

I also hereby confirm that the attached condensed management report includes a fair review of the information referred to in article 222-6 of the Règlement général de l'Autorité des marchés financiers, and notably of the material events that occurred in the year ended 31 December 2008 and their impact on the condensed consolidated accounts for that year, the main risks and uncertainties faced by the Company during 2008, and the main transactions with related parties which occurred in the year ended 31 December 2008.

Made in Brussels (Belgium) on 10 February 2009,

Gary Fry
Chief Executive Officer