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GLOBAL GRAPHICS®

PRESS RELEASE

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GLOBAL GRAPHICS REPORTS FOURTH QUARTER AND FULL YEAR 2010 RESULTS

Pompey (France), Wednesday 9 February 2011 - 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 2010.

Comparisons for the quarter ended 31 December 2010 with the same quarter of the previous year include:

- sales of Euro 2.8 million this quarter (Euro 2.6 million at Q4 2009 exchange rates) compared with Euro 2.2 million in Q4 2009;
- an operating profit of Euro 0.3 million this quarter, compared with an operating loss of Euro 0.5 million in Q4 2009;
- an adjusted operating profit of Euro 0.5 million this quarter, compared with an adjusted operating loss of Euro 0.3 million in Q4 2009;
- an adjusted pre-tax profit of Euro 0.6 million this quarter (or an adjusted pre-tax profit of Euro 0.05 per share), compared with an adjusted pre-tax loss of Euro 0.3 million in Q4 2009 (or an adjusted pre-tax loss of Euro 0.03 per share);
- a net profit of Euro 0.1 million this quarter (or a net profit of Euro 0.01 per share), compared with a net loss of Euro 0.1 million in Q4 2009 (or a net loss of Euro 0.01 per share);
- an adjusted net profit this quarter of Euro 0.2 million (or an adjusted net profit of Euro 0.02 per share), compared with a nominal adjusted net profit in Q4 2009 (or an adjusted net profit of Euro 0.00 per share); and
- a positive cash flow of Euro 0.9 million for this quarter, compared with a negative cash flow of Euro 0.1 million for the same quarter of 2009.

Commenting on performance, Gary Fry, Chief Executive Officer, said: “I am very pleased by our performance in the fourth quarter of 2010. We are now seeing the benefit of our lower expense base and healthier sales. In fact, the fourth quarter was a very exciting quarter in all three segments of our business. On the commercial printing side, HP remains a very supportive partner. In addition to our work with HP Indigo, we are now supplying software to drive the newly announced range of colour inkjet web presses. This series, which can print up to 600 feet per minute, can be powered by the HP digital front end that uses our high-performance Harlequin RIP. We are very excited by this development and believe that this will continue to add significant revenue growth to our commercial printing segment.

“In the office printing segment we worked hard with our partner Intel® on a radical new way of printing Microsoft Office and PDF documents from any device, mobile or fixed, without the need of a cloud infrastructure or printer drivers. We have created a proof of concept that demonstrates that we can deliver exceptional quality and speed. As more office workers use a greater range of devices to access information - such as Smartphones, tablets and slates - so demand to print high-quality office documents while on the move is increasing. Our technology will make it much easier for people to print in the future.

“In line with our strategy we have been working on creating more white label and OEM opportunities for our gDoc range of electronic document applications. In the fourth quarter we signed our first major OEM customer for gDoc in Japan and this resulted in significant revenue in the fourth quarter. We are working closely with a number of other major partners on various gDoc white label deals that we expect to deliver a strong revenue growth path in this segment. ”

Fourth quarter 2010 performance

Sales for the quarter amounted to Euro 2.8 million, compared with Euro 2.2 million for the same quarter of 2009, or a sequential increase of 27.8% at current exchange rates, and of 17.0% at constant exchange rates.

Total operating expenses (net of other operating income for Euro 0.1 million) amounted to Euro 2.4 million this quarter, compared with Euro 2.6 million for the same quarter of 2009.

The Company reported an operating profit of Euro 0.3 million for this quarter (or a profit equal to 11.9% of Q4 2010 sales), compared with an operating loss of Euro 0.5 million for the same quarter of 2009 (or a loss equal to 21.1% of Q4 2009 sales).

The Company reported an adjusted operating profit (or EBITA, as defined in the accompanying table) of Euro 0.5 million for this quarter, compared with an adjusted operating loss of Euro 0.3 million in the same quarter of 2009. Accordingly, EBITA margin was 17.6 % of sales in Q4 2010, compared with -14.8 % of sales in Q4 2009.

The Company reported an adjusted pre-tax profit (as defined in the accompanying table) of Euro 0.6 million for this quarter, compared with an adjusted pre-tax loss of Euro 0.3 million for the same quarter of 2009. Accordingly, adjusted pre-tax EPS was a profit of Euro 0.05 in Q4 2010, compared with a loss of Euro 0.03 in Q4 2009.

The Company reported a net profit of Euro 0.1 million for this quarter (or a net profit of Euro 0.01 per share), compared with a net loss of Euro 0.1 million for the same quarter of 2009 (or a net loss of Euro 0.01 per share).

The Company reported an adjusted net profit (as defined in the accompanying table) for this quarter of Euro 0.2 million (or an adjusted net profit of Euro 0.02 per share), compared with a nominal adjusted net profit for the same quarter of 2009 (or an adjusted net profit of Euro 0.00 per share).

Full year 2010 performance

Sales for the year ended 31 December 2010 were Euro 9.6 million (Euro 9.1 million at 2009 rates) compared with Euro 9.4 million in the year ended 31 December 2009, or an increase of 2.6% at current exchange rates, but a decrease of 3.1% at constant exchange rates.

Sales in the Print segment of the Company's business were Euro 7.9 million in 2010, compared with Euro 7.6 million in 2009, or an increase of 4.1% at current exchange rates, but a decrease of 0.9% at constant exchange rates.

Sales in the eDoc segment of the Company's business were Euro 1.7 million in 2010, compared with Euro 1.8 million in 2009, or a decrease of 3.7% at current exchange rates, and of 12.3% at constant exchange rates.

Total operating expenses (net of other operating income for Euro 0.1 million) amounted to Euro 11.1 million in the year ended 31 December 2010, compared with Euro 10.4 million in the year ended 31 December 2009.

The Company reported an operating loss of Euro 1.9 million in the year ended 31 December 2010 (or a loss equal to 19.9% of 2010 sales), compared with an operating loss of Euro 1.3 million in the year ended 31 December 2009 (or a loss equal to 14.3% of 2009 sales).

The Company reported an adjusted operating loss of Euro 1.2 million in the year ended 31 December 2010 (i.e. a loss equal to 12.4 % of 2010 sales), compared with an adjusted operating loss of Euro 1.5 million in the year ended 31 December 2009 (i.e. a loss equal to 16.4 % of 2009 sales).

The Company reported an adjusted pre-tax loss of Euro 1.4 million in the year ended 31 December 2010 (or an adjusted pre-tax loss of Euro 0.14 per share), compared with an adjusted pre-tax loss of Euro 1.6 million in the year ended 31 December 2009 (or an adjusted pre-tax loss of Euro 0.16 per share).

The Company reported a net loss of Euro 2.6 million in the year ended 31 December 2010 (or a loss of Euro 0.26 per share), compared with a net loss of Euro 1.6 million in the year ended 31 December 2009 (or a net loss of Euro 0.16 per share).

The Company reported an adjusted net loss of Euro 2.0 million in the year ended 31 December 2010 (or an adjusted net loss of Euro 0.19 per share), compared with an adjusted net loss of Euro 1.7 million in the year ended 31 December 2009 (or an adjusted net loss of Euro 0.17 per share).

Cash flow
The Company had a net cash position of Euro 1.9 million at 31 December 2010, compared with Euro 1.1 million at 30 June 2010, and Euro 3.1 million at 31 December 2009. Net cash used by the Company's operations was Euro 0.4 million in the year ended 31 December 2010 while net cash used in investing activities (through capital expenditures of computer equipment and capitalization of eligible development expenses) was Euro 1.1 million. The Company's cash position improved in the second half of 2010 with a positive contribution of Euro 0.9 million, almost entirely made in the last quarter of 2010.

Concluding remarks
Gary Fry added: "The first half of 2010 was very tough for Global Graphics, but despite difficult trading conditions we managed to restructure the business to introduce key skills and resources that did not previously exist. We also strengthened our technology platform in line with our strategy of delivering solutions based on a common platform into three different market segments. Each of those segments is now proven with new customers and growth opportunities. We were able to execute well in the second half of 2010: sales in that period showed an increase of 28.5% over sales reported for the first six months of 2010 and of 34.4% over sales reported for the last six months of 2009 with the

Company returning to a largely profitable and cash-generating position, notably in the fourth quarter of 2010. I am proud of our employees and partners that have enabled us to do this."

Fourth quarter and full year 2010 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 2010. Callers should dial +44 (0)20 7162 0025 and mention "Code 887408 - Global Graphics quarterly results" to the operator. The call will be available for replay for 7 working days by dialing number +44 (0)20 7031 4064 (freephone number UK only: 0800 358 1867), access code 887408.

Auditors' reports on the 2010 statutory and consolidated accounts
The attached condensed consolidated financial statements and selected explanatory notes, which were drafted by the Company's Board of Directors on 8 February 2011, 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, the full version of the notes attached to the Company's consolidated accounts, as well as all reports drafted by the Company's Board of Directors with respect of the year ended 31 December 2010.
As in previous years, their final audit reports will be included in the Company's financial report for the year ended 31 December 2010.

First quarter 2011 results announcement
Global Graphics expects to announce its consolidated financial results for the quarter ending 31 March 2011 on Wednesday 27 April 2011 before market opening.

Annual meeting of the Company's shareholders
Global Graphics expects to hold its annual meeting in Brussels (Belgium) in June. The precise timing, final agenda, proposed resolutions and voting procedures will be announced a minimum of 35 days in advance of meeting date in accordance with applicable provisions of French Company Law.

About Global Graphics
Global Graphics (http://www.globalgraphics.com) is a leading developer of OEM and white label software for printing and electronic document applications. The Company's customers include the world's leading brands of digital pre-press systems, digital production presses, large-format color printers, multi-function copiers and office printers, as well as a wide variety of market leading document management 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 them, 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 STATEMENT OF INCOME (LOSS)

In thousands of euros Except per share data in euro	Quarter ended 31 Dec. 2010 Unaudited, unreviewed figures	Quarter ended 31 Dec. 2009 Unaudited, unreviewed figures	Year ended 31 December 2010 Unaudited figures	Year ended 31 December 2009
Sales	2,828	2,213	9,608	9,362
Cost of sales	(103)	(106)	(431)	(313)
GROSS PROFIT	2,725	2,107	9,177	9,049
Selling, general & admin. expenses	(1,074)	(1,251)	(5,349)	(5,386)
Research and development expenses	(1,085)	(1,322)	(5,107)	(5,006)
Other operating expenses (note 5)	(298)	0	(779)	0
Other operating income (note 6)	68	0	143	0
OPERATING PROFIT (LOSS)	336	(466)	(1,915)	(1,343)
Interest income (note 7)	2	3	12	16
Interest expenses (note 7)	0	0	0	0
Net foreign exchange gains (losses)	50	28	(203)	(94)
PROFIT (LOSS) BEFORE INCOME TAX	388	(435)	(2,106)	(1,421)
Income tax (expense) benefit (note 8)	(307)	297	(491)	(185)
NET PROFIT (LOSS)	81	(138)	(2,597)	(1,606)
NET PROFIT (LOSS) PER SHARE (note 9)				
Basic net profit (loss) per share	0.01	(0.01)	(0.26)	(0.16)
Diluted net profit (loss) per share	0.01	(0.01)	(0.26)	(0.16)

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 2010.
Figures for the year ended 31 December 2009 have been extracted from the audited, full consolidated financial statements for that year.

GLOBAL GRAPHICS SA AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (LOSS)

In thousands of euros	Quarter ended 31 Dec. 2010 Unaudited, unreviewed figures	Quarter ended 31 Dec. 2009 Unaudited, unreviewed figures	Year ended 31 December 2010 Unaudited figures	Year ended 31 December 2009
Net profit (loss) for the period	81	(138)	(2,597)	(1,606)
Foreign currency translation differences from foreign operations	101	245	893	1,101
Other comprehensive income (loss) for the period, net of income tax	101	245	893	1,101
Total comprehensive income (loss) for the period	182	107	(1,704)	(505)

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Figures for the year ended 31 December 2009 have been extracted from the audited, full consolidated financial statements for that year.

GLOBAL GRAPHICS SA AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In thousands of euros	31 December 2010 Unaudited figures	31 December 2009
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	504	560
Other intangible assets	5,005	4,754
Goodwill	6,673	6,351
Financial assets	107	130
Deferred tax assets, net	51	807
TOTAL NON-CURRENT ASSETS	12,340	12,602
CURRENT ASSETS		
Inventories	38	45
Trade receivables	1,906	2,242
Current income tax receivables	37	26
Other current receivables	59	114
Prepaid expenses	471	579
Cash	1,869	3,144
TOTAL CURRENT ASSETS	4,380	6,150
TOTAL ASSETS	16,720	18,752
LIABILITIES AND SHAREHOLDERS’EQUITY		
SHAREHOLDERS’EQUITY		
Share capital (note 10a)	4,116	4,116
Share premium (note 10b)	28,776	28,829
Reserve for share options outstanding	2,982	2,853
Reserve for own shares (note 11)	(1,204)	(1,246)
Accumulated deficit	(8,639)	(6,042)
Foreign currency translation reserve	(11,251)	(12,144)
TOTAL SHAREHOLDERS’EQUITY	14,780	16,366
LIABILITIES		
NON-CURRENT LIABILITIES		
Provisions (note 5)	34	0
Other non-current liabilities	2	2
TOTAL NON-CURRENT LIABILITIES	36	2
CURRENT LIABILITIES		
Provisions (note 5)	150	0
Trade payables	292	337
Current income tax payables	0	14
Other payables	892	679
Customer advances and deferred revenue	570	1,354
TOTAL CURRENT LIABILITIES	1,904	2,384
TOTAL LIABILITIES	1,940	2,386
TOTAL LIABILITIES AND SHAREHOLDERS’EQUITY	16,720	18,752

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 2010.

Figures for the year ended 31 December 2009 have been extracted from the audited, full consolidated financial statements for that year.

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

	Year ended 31 December 2010 Unaudited figures	Year ended 31 December 2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	(2,106)	(1,421)
Adjustments for items without effect on cash:		
- Depreciation of property, plant and equipment	228	264
- Amortisation of other intangible assets	948	810
- Share-based compensation expenses (note 4d)	129	102
- Net profit on disposal of non-current assets (note 6)	(75)	0
- Net interest (income) expenses (note 7)	(12)	(16)
- Net exchange (gains) losses (note 7)	203	94
- Expenses offset against the share premium (note 10b)	(11)	(1)
Exchange rate differences	(90)	(38)
Other items	13	39
Change in value of operating assets and liabilities:		
- Inventories	7	9
- Trade receivables	336	709
- Current income tax receivables	(11)	(19)
- Other current receivables	55	40
- Prepaid expenses	108	(71)
- Provisions	184	0
- Trade payables	(45)	(134)
- Current income tax payables	(14)	8
- Other payables	213	(183)
- Customer advances and deferred revenue	(784)	(265)
Cash received in the period for interest income	13	15
Cash paid in the period for interest expenses	0	0
Cash received (paid) in the period for income taxes	332	(47)
NET CASH FLOW USED IN OPERATING ACTIVITIES	(379)	(105)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures on property, plant and equipment	(229)	(123)
Capital expenditures on other intangible assets	(58)	(46)
Capitalization of development expenses (note 4b)	(905)	(1,208)
Proceeds from the disposal of intangible assets (note 6)	55	0
NET CASH FLOW USED IN INVESTING ACTIVITIES	(1,137)	(1,377)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repurchase of own shares (note 11)	0	0
NET CASH FLOW USED IN FINANCING ACTIVITIES	0	0
NET DECREASE OF CASH IN THE YEAR	(1,516)	(1,482)
CASH AT 1 JANUARY	3,144	4,482
EFFECT OF EXCHANGE RATE CHANGES ON CASH HELD AT 1 JANUARY	241	144
CASH AT 31 DECEMBER	1,869	3,144

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 2010.
Figures for the year ended 31 December 2009 have been extracted from the audited, full consolidated financial statements for that year.

GLOBAL GRAPHICS SA AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In thousands of euros	Year ended 31 December 2010 Unaudited figures	Year ended 31 December 2009
Shareholders' equity at 1 January	16,366	16,770
Total comprehensive profit (loss)	(1,704)	(505)
Effect of share-based compensation plans:		
- Value of services rendered by employees (note 4d)	129	102
- Operating expenses incurred with respect of share-based compensation plans (note 10b)	(53)	(1)
Total effect of share-based compensation plans	76	101
Changes in the amount of the reserve for own shares:		
- Repurchase of own shares (note 11a)	0	0
- Grant of own shares at no cost (note 11b)	42	0
Total change in the amount of the reserve for own shares	42	0
Shareholders' equity at 31 December	14,780	16,366

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 2010.
Figures for the year ended 31 December 2009 have been extracted from the audited, full consolidated financial statements for that year.

GLOBAL GRAPHICS SA AND SUBSIDIARIES
SELECTED EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE QUARTER AND THE YEAR ENDED 31 DECEMBER 2010

NOTE 1: REPORTING ENTITY

These condensed consolidated financial statements as at and for the quarter and the year ended 31 December 2010 comprise Global Graphics SA, a French-based company (the 'Parent'), and its subsidiaries (together referred to as 'the Company').
These condensed consolidated financial statements were authorized for issue by the Parent's Board of Directors on 8 February 2011.

NOTE 2: BASIS OF PREPARATION

(a) Statement of compliance

These condensed consolidated financial statements as at and for the quarter and the year ended 31 December 2010 have been prepared in accordance with International Financial Reporting Standards (IFRSs) and related interpretations issued by the International Accounting Standards Board (IASB), as adopted by the European Union.
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 therefore be read in conjunction with the Company's consolidated financial statements as at and for the year ended 31 December 2009.

(b) Basis of measurement

These condensed consolidated financial statements 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.
The methods used to measure fair value in these condensed consolidated financial statements are identical to those used for the preparation of the Company's consolidated financial statements as at and for the year ended 31 December 2009, which are set out in note 4 to the Company's consolidated financial statements for that year.

(c) Functional and presentation currency

These condensed consolidated financial statements are presented in euros, which is the Parent's functional currency, rounded to the nearest thousand.

(d) Going concern

The Company had no outstanding financial debt and a cash position of 1,869 as at 31 December 2010 (3,144 as at 31 December 2009 and 1,070 as at 30 June 2010).
On the date these condensed consolidated financial statements were drafted, despite the amount of cash used by the Company's operations in the year ended 31 December 2010 (and notably in the first six months of that year), based on their review of cash flow projections prepared by management for the year ending 31 December 2011, the members of the Parent's Board of Directors have no reason to believe that a material uncertainty exists that may cast significant doubt about the Company's ability to continue as a going concern, notably because of a lower operating expense base pursuant to the Company's reorganization plan which was implemented in April 2010, and of improving sales prospects over the forecast horizon.

NOTE 3: ACCOUNTING POLICIES AND METHODS

The accounting policies and methods used for the preparation of these condensed consolidated financial statements 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 2009, which are set out in note 3 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 quarter and the year ended 31 December 2010, and assumptions or estimates with a significant risk of material adjustment in the year ending 31 December 2011, are discussed hereafter.

(a) Impairment of goodwill and other intangible assets

(i) Goodwill and other intangible assets with indefinite useful lives

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 policy set out in note 3g to the Company’s consolidated financial statements for the year ended 31 December 2009.

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 cash flow projections based on financial forecasts approved by management covering a four-year period from 31 December 2010. Cash flows for the following three years were extrapolated using a year-on-year growth rate of 2.5% for sales and of 2.1% for operating expenses over that three-year period. A rate of 11.7% 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.

Based on the results of this review, the Company concluded that no impairment was required for goodwill and other intangible assets with indefinite useful lives as at and for the year ended 31 December 2010.

(ii) Intangible assets that are subject to amortization

Intangible assets that are subject to amortization (notably those arising from the capitalization of development costs in accordance with criteria set in IAS 38, Intangible Assets) are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

- Intangible assets reported under the Print segment of the Company's business

Intangible assets which are reported as part of the Print segment of the Company's business (see note 12f below) relate to two development projects (namely the Harlequin and Jaws RIP software) which management believes to meet the recognition criteria set out in paragraphs 57 to 62 of IAS 38 (see note 4b below).

Considering the absence of material changes during the year ended 31 December 2010 in the assumptions used at 31 December 2009 for identifying any requirement to impair these intangible assets, which resulted in management to consider that no impairment was required at the latter date for these intangible assets, management concluded that no impairment for the intangible assets reported under the Print segment of the Company's business was required as at and during the year ended 31 December 2010.

- Intangible assets reported under the eDoc segment of the Company's business

Intangible assets which are reported as part of the eDoc segment of the Company's business (see note 12f below) relate to two development projects (namely EDL and gDoc applications) which management believes to meet the recognition criteria set out in paragraphs 57 to 62 of IAS 38 (see note 4b below).

Considering the lower than expected sales achieved for that segment in the year ended 31 December 2010, management performed a detailed impairment computation to assess whether any of these intangible assets needed to be impaired as at 31 December 2010. Such computations involved the use of projected cash inflows resulting from forecast sales to be made over the remaining amortization period of the respective development projects, including significant, projected year-on-year sales growth assumptions for the gDoc application development project. Based on this detailed impairment computation, management concluded that no impairment of the intangible assets reported under the eDoc segment of the Company's business was required as at and for the year ended 31 December 2010.

(b) Capitalization of computer software development costs

As stated in note 3f to the Company's consolidated financial statements for the year ended 31 December 2009, costs associated with maintaining existing computer software technology and programmes are recognised as an expense when incurred.

Are recognized as intangible assets 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. Such costs 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 statement of income.

(i) Development costs capitalized in the year ended 31 December 2010

At 31 December 2010, the Company considered it could demonstrate that it met all of the abovementioned recognition criteria for four specific development projects.

- Intangible assets reported under the Print segment of the Company's business

Harlequin RIP software

Net capitalized development expenses corresponding to the first development project resulting in an intangible asset reported under the Print segment of the Company's business (consisting in enhancements made to various versions of the Harlequin RIP, notably version 9) amounted to 2,969 at 31 December 2010, following the capitalization of corresponding development expenses amounting to 180 and 383 in the quarter and the year ended 31 December 2010, respectively.

As certain aspects of this project have resulted in the delivery of certain RIP software products since the start of the year ended 31 December 2007, corresponding costs have been 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 2010 with regards to this eligible project amounted to 111 and 461, respectively.

Jaws RIP software
Net capitalized development expenses corresponding to the second development project resulting in an intangible asset reported under the Print segment of the Company's business (ultimately resulting in version 3.0 of the Jaws RIP) amounted to 137 at 31 December 2010, following the capitalization of corresponding development expenses of 49 and 138 in the quarter and the year ended 31 December 2010, respectively. As this project was not completed at year-end date, no amortization charge was recognized in either the quarter or the year ended 31 December 2010 with regards to this eligible project.

- Intangible assets reported under the eDoc segment of the Company's business

Electronic Document Libraries (EDL)
Net capitalized development expenses corresponding to the first development project resulting in an intangible asset reported under the eDoc segment of the Company's business amounted to 998 at 31 December 2010, following the capitalization of corresponding development expenses amounting to 9 and 65 in the quarter and the year ended 31 December 2010, respectively. 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 the third quarter of the year ended 31 December 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 charge which was recognized in the quarter and the year ended 31 December 2010 with regards to this eligible project amounted to 40 and 165, respectively.

gDoc applications
Net capitalized development expenses corresponding to the second development project resulting in an intangible asset reported under the eDoc segment of the Company's business amounted to 770 at 31 December 2010, following the capitalization of corresponding development expenses amounting to 58 and 319 in the quarter and the year ended 31 December 2010, respectively. Corresponding costs are amortized over the expected useful life of the corresponding technology (i.e. a five-year period from the gDoc Fusion launch on 18 May 2009): the amortization charge which was recognized in the quarter and the year ended 31 December 2010 with regards to this eligible project amounted to 48 and 237, respectively.

(ii) Development costs capitalized in the year ended 31 December 2009
At 31 December 2009, the Company considered it could demonstrate that it met all of the above-mentioned recognition criteria for three development projects.

- Intangible assets reported under the Print segment of the Company's business
Net capitalized development expenses corresponding to the development project resulting in an intangible asset reported under the Print segment of the Company's business (consisting in enhancements made to various versions of the Harlequin RIP) amounted to 2,901 at 31 December 2009, following the capitalization of additional development expenses amounting to 61 and 354 in the quarter and the year ended 31 December 2009, respectively.

As certain aspects of this project have resulted in the delivery of certain RIP software products since the start of the year ended 31 December 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 quarter and the year ended 31 December 2009 for this project amounted to 119 and 485, respectively.

- Intangible assets reported under the eDoc segment of the Company's business

Electronic Document Libraries (EDL)
Net capitalized development expenses corresponding to the first development project resulting in an intangible asset reported under the eDoc segment of the Company's business amounted to 1,045 at 31 December 2009, as a result of the capitalization of additional development expenses amounting to 35 and 228 in the quarter and the year ended 31 December 2009, respectively. 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 the third quarter of the year ended 31 December 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 quarter and the year ended 31 December 2009 for this project amounted to 41 and 167, respectively.

gDoc applications
Net capitalized development expenses corresponding to the second development project resulting in an intangible asset reported under the eDoc segment of the Company's business (gDoc applications) amounted to 651 at 31 December 2009, as a result of the capitalization of additional development expenses amounting to 143 and 626 in the quarter and the year ended 31 December 2009, respectively. As gDoc Fusion was launched on 18 May 2009, the amortization charge which was recognized in the quarter and the year ended 31 December 2009 for this project amounted to 69 and 92, 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 3q to the Company's consolidated financial statements for the year ended 31 December 2009.
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 (currently being four years), based on sales growth and profit assumptions considered to be appropriate by management over that four-year period.
Should these growth assumptions be revised downwards in future periods, the Company may be required to record a significant deferred tax charge during the period in which the downward revision of these assumptions would be effected, resulting in an unfavorable impact on the Company's results of operations.

- 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 2014 to offset projected taxable profit to be made by its UK subsidiary 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. 28.0% until 31 March 2011 and 27.0% from 1 April 2011 onwards) resulted in the recognition of a deferred tax asset of 1,264 as at 31 December 2010, and deferred tax expenses of 550 and 859 in the quarter and the year ended 31 December 2010, respectively.

These deferred tax expenses included deferred tax expenses amounting to 10 and 76, respectively, which reflected the change in the UK corporate tax rate which was enacted in late July 2010, and which will be applicable from 1 April 2011 (see notes 8b and 8d).

Deferred tax liability arising from the capitalization of developments costs

The recognition of a deferred tax liability corresponding to the aggregate amount of development costs capitalized in accordance with applicable provisions of IAS 38, net of applicable amortization, using the tax rate that is expected to apply to the period when the deferred tax liability is expected to be settled (i.e. 28.0% until 31 March 2011 and 27.0% from 1 April 2011 onwards) resulted in the recognition of a deferred tax liability of 1,318 at 31 December 2010, a deferred tax charge of 24 in the quarter ended 31 December 2010, and a benefit of 35 in the year ended 31 December 2010 (see note 8b).

The change in the tax rate applicable to corporate profit made by the Company’s UK subsidiary which was enacted in late July 2010, and which will be applicable from 1 April 2011 (see notes 8b and 8d), resulted in deferred tax benefits of 3 and 47 in the quarter and the year ended 31 December 2010, respectively.

- Unrecognized deferred tax assets

The amount of capital allowances which were available to the Company’s UK subsidiaries as at 31 December 2010, but were not projected to be used in the four-year period ending 31 December 2014, and therefore did not result in the recognition of a deferred tax asset at 31 December 2010, amounted to 13,899 at such date.

Had a deferred tax asset been recognized with regards to such portion of available capital allowances at 31 December 2010, since these allowances would only be used after 1 January 2015, the applicable tax rate at the time these allowances would be used to offset taxable profit was assumed to be the UK statutory rate which would be applicable from 1 April 2011 (i.e. 27.0%), as this is the only change in the UK corporation tax rate which was enacted before year-end date: the corresponding, additional deferred tax asset would amount to 3,753 at 31 December 2010.

(d) Share-based compensation expense

(i) Outstanding and exercisable share options granted as at 31 December 2010

The following table summarises information about the Company’s outstanding and exercisable share options as at 31 December 2010:

Grant dates of share options	Outstanding options at 31 December 2010	Exercise price per share in euro	Exercisable options at 31 December 2010	Exercise price per share in euro
12 December 2006	24,940	10.00	24,940	10.00
6 August 2008	400,000	2.08	0	-
18 September 2008	20,000	1.94	0	-
17 December 2008	150,000	2.08	0	-
24 February 2010	25,000	1.55	0	-
24 February 2010	25,000	1.64	0	-
28 July 2010	10,000	1.65	0	-
Total	654,940	2.33	24,940	10.00

Two conditions are attached to the exercise of share options which were granted since the start of the year ended 31 December 2008:
- firstly, the recipient of a share option grant must have been an employee of the Company at all times between the date when the options were granted to him and the date(s) when he exercises all of part of these; and
- secondly, the exercise of options may be done by the recipient of such share option grants but only from the date when the average of the closing prices reported 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 number of options granted to him, to Euro 8.00 for the second quarter of the number of options granted to him, to Euro 12.00 for the third quarter of the number of options granted to him, and to Euro 16.00 for the last quarter of the number of options granted to him.

(ii) Grant of shares made up to 31 December 2010

- Grant of shares made on 29 July 2009
The Parent's Board of Directors made a grant of 24,750 shares at no cost to the recipient of such share grant ('free shares') to certain employees of certain of the Company's subsidiaries.
As at 31 December 2010, pursuant to the termination or resignation of certain employees since share grant date, 21,750 shares may still be granted at the end of a four-year period starting on share grant date, provided that the recipient of the free share grant have been employees of the Company at all times during that four-year period.
During the year ended 31 December 2010, 2,250 shares were granted to employees of the Company when they left the Company's employment pursuant to the implementation of the Company's reorganization plan in April 2010 (see note 5d below).

- Share Incentive Plan
Pursuant to the authorization granted by the Company's shareholders on 29 April 2009, a Share Incentive Plan (SIP) was implemented for the benefit of the employees of the UK subsidiary of the Company who may be granted ordinary shares of the Company (Matching Shares) in proportion of the purchase of ordinary shares of the Company (Partnership Shares) made through a deduction on their net pay.
During the year ended 31 December 2010, 18,890 shares were granted to employees of the UK subsidiary of the Company.
Such grant of Matching Shares will become final at the end of a three-year period starting on the date of each purchase of Partnership Shares.

(iii) Share-based compensation expense analysis

In thousands of euros	Quarter ended 31 Dec. 2010 Unaudited, unreviewed figures	Quarter ended 31 Dec. 2009 Unaudited, unreviewed figures	Year ended 31 December 2010 Unaudited figures	Year ended 31 December 2009
Attributable to option grants	25	22	98	97
Attributable to share grants	4	3	31	5
Total share-based compensation expense	29	25	129	102

NOTE 5: OTHER OPERATING EXPENSES

In accordance with provisions of paragraph 28 of the IASB Framework and paragraphs 97 & 98 of IAS 1 (revised), when material, the nature and amount of unusual, abnormal and infrequent items of income and expense have to be separately disclosed to enhance the predictive value of the consolidated statement of income. Below is a summary of such significant items of expense which were included in operating expenses in the quarters and the years ended 31 December 2010 and 2009, respectively.

(a) Summary of other operating expenses

In thousands of euros	Quarter ended 31 Dec. 2010 Unaudited, unreviewed figures	Quarter ended 31 Dec. 2009 Unaudited, unreviewed figures	Year ended 31 December 2010 Unaudited figures	Year ended 31 December 2009
Legal fees incurred with respect of the implementation of an Employee Benefit Trust (note 5b)	0	0	(16)	0
Legal fees incurred with respect of an alleged patent infringement litigation (note 5c)	0	0	(59)	0
Effect of the Company’s reorganisation implemented in April 2010 (note 5d)	0	0	(406)	0
Effect of the provision for vacant office space (note 5d)	(187)	0	(187)	0
Estimated effect of the closure of the Company’s subsidiary in India(note 5d)	(111)	0	(111)	0
Total other operating expenses	(298)	0	(779)	0

(b) Legal fees incurred with respect of the implementation of an EBT

An amount of 16 was expensed in the first quarter of the year ended 31 December 2010 for legal fees incurred with respect of the implementation in February 2010 of an Employee Benefit Trust (EBT), for the benefit of certain employees of the Company's UK-based subsidiary.

(c) Legal fees incurred with respect of an alleged patent infringement litigation

Legal fees amounting to 59 were expensed in the third quarter of the year ended 31 December 2010 with respect of an alleged patent infringement litigation brought against the Parent as well as its US subsidiary in June 2010.

The Company disclaimed any liability and undertook several actions to demonstrate that the Harlequin RIP did not infringe any valid claim of patents held by the plaintiff, which filed a notice of voluntary dismissal of claims against the Parent and its US subsidiary on 21 July 2010.

(d) April 2010 reorganisation plan

In April 2010, the Company's management decided to implement a reorganisation plan in an attempt to align the Company's organisation and cost base with projected requirements projected for the next few years.

This resulted in a number of the Company's employees being made redundant, some office space becoming vacant, and the process of closing the Company's Indian subsidiary being initiated, as set out below.

(i) Effect of the redundancy programme initiated in April 2010

As part of the Company's reorganisation plan which was initiated in April 2010, a total of 30 employees (of which 15 in the UK, 7 in the US and 7 in India) were made redundant for a total expense of 406, which was predominantly incurred in the second quarter of the year ended 31 December 2010.

(ii) Provision for vacant office space as at 31 December 2010

As part of the Company's reorganisation plan which was initiated in April 2010, management decided to stop using some of the office space which is currently under lease in Cambourne, in the UK, and appointed an agent in late October 2010 to find a third party which would sublet all, of part, of such vacant office space.

As at 31 December 2010, a provision amounting to 187 was recorded to account for management's best estimate of the discounted value of the differential between estimated future rent expenses less any future sublet income over the remaining duration of the ten-year lease agreement entered into by the Company's UK subsidiary in July 2006. The discount rate used in the computation was 11.7% as used for discounting the corresponding, projected cash inflows and outflows as set out in note 4a above

(iii) Estimated effect of the closure of the Company's subsidiary in India

As part of the Company's reorganisation plan which was initiated in April 2010, management decided to transfer all Indian employees which were not made redundant to an outsourcing partner (i.e. a total of 23 employees), and to close the Indian subsidiary before the end of the year ended 31 December 2010.

A provision amounting to 111 was recorded in the quarter ended 31 December 2010 with respect of the corresponding closure costs.

NOTE 6: OTHER OPERATING INCOME

In accordance with provisions of paragraph 28 of the IASB Framework and paragraphs 97 & 98 of IAS 1 (revised), when material, the nature and amount of unusual, abnormal and infrequent items of income and expense have to be separately disclosed to enhance the predictive value of the consolidated statement of income.

Below is a summary of such significant items of income which were included in operating expenses in the quarters and the years ended 31 December 2010 and 2009, respectively.

(a) Summary of other operating income

In thousands of euros	Quarter ended 31 Dec. 2010 Unaudited, unreviewed figures	Quarter ended 31 Dec. 2009 Unaudited, unreviewed figures	Year ended 31 December 2010 Unaudited figures	Year ended 31 December 2009
Profit made on the disposal of a domain name (note 6b)	0	0	75	0
Income resulting from a court decision (note 6c)	68	0	68	0
Total other operating income	68	0	143	0

(b) Profit made on the disposal of a domain name
In late September 2010, the Company disposed of a domain name for total disposal proceeds of 75. As set out in the corresponding sale and purchase agreement, an amount of 55 was paid to the Company on disposal date, the balance of the sale price being contractually due in late March 2011.

(c) Income resulting from a court decision
The Parent recorded a profit of 68 in the quarter ended 31 December 2010 pursuant to a court decision providing for the repayment to the Parent of certain cash amounts which had been misappropriated by an employee of Global Graphics Management SA, a former wholly-owned subsidiary of the Parent, which was liquidated in March 2005.

NOTE 7: NET FINANCING GAINS (LOSSES)

In thousands of euros	Quarter ended 31 Dec. 2010 Unaudited, unreviewed figures	Quarter ended 31 Dec. 2009 Unaudited, unreviewed figures	Year ended 31 December 2010 Unaudited figures	Year ended 31 December 2009
Interest income	2	3	12	16
Interest expenses	0	0	0	0
Net interest income (expenses)	2	3	12	16
Gains (losses) on transactions and balance sheet caption revaluations	52	13	(93)	(128)
Gains (losses) on foreign currency exchange option contracts	(2)	15	(110)	34
Net exchange gains (losses)	50	28	(203)	(94)
Net financing gains (losses)	52	31	(191)	(78)

NOTE 8: INCOME TAX EXPENSE (BENEFIT)

(a) Current income tax expense (benefit)

(i) Quarter ended 31 December 2010
The Company recorded a current income tax benefit amounting to 309 in the quarter ended 31 December 2010, compared with a current income tax benefit of 85 in the quarter ended 31 December 2009. Such current income tax benefit predominantly resulted from the refund to Global Graphics Software Limited of a research and development tax credit for the year ended 31 December 2009 amounting to 298, which was received by that subsidiary in November 2010 (see note 8c below).

(ii) Year ended 31 December 2010
The Company recorded a current income tax benefit amounting to 326 in the year ended 31 December 2010, compared with a current income tax expense amounting to 9 in the year ended 31 December 2009. Such current income tax benefit predominantly results from the refund to Global Graphics Software Limited of research and development tax credits for the years ended 31 December 2007 and 2009 amounting to a total of 418, and the loss of certain tax breaks granted to the Indian subsidiary of the Company following the implementation of the Company's reorganization in April 2010, for an amount of 63 (see note 8c below).

(b) Deferred tax expense (benefit)

(i) Quarter ended 31 December 2010
The Company recorded a deferred tax expense amounting to 616 in the quarter ended 31 December 2010 (including a benefit of 3 pursuant to the enacted change in the UK corporate tax rate to 27.0% applicable from 1 April 2011), compared with a deferred tax benefit of 212 in the quarter ended 31 December 2009.

(ii) Year ended 31 December 2010
The Company recorded a deferred tax expense amounting to 817 in the year ended 31 December 2010 (including a benefit of 47 pursuant to the enacted change in the UK corporate tax rate to 27.0% applicable from 1 April 2011), compared with a deferred tax expense amounting to 176 in the year ended 31 December 2009.

(iii) Analysis of the deferred tax expense (benefit)

In thousands of euros	Quarter ended 31 Dec. 2010 Unaudited, unreviewed figures	Quarter ended 31 Dec. 2009 Unaudited, unreviewed figures	Year ended 31 December 2010 Unaudited figures	Year ended 31 December 2009
Arising from the capitalisation of development expenses (note 4b)	82	67	253	338
Arising from the amortisation of development expenses (note 4b)	(56)	(64)	(242)	(208)
Arising from the (de-)recognition of capital allowances (note 4c)	550	(260)	859	(40)
Arising from the enacted change in the UK tax rate (note 4c)	(3)	0	(47)	0
Other items	43	45	(6)	86
Total deferred tax expense (benefit)	616	(212)	817	176

(c) Reconciliation of the effective tax expense (benefit)

In thousands of euros	Quarter ended 31 Dec. 2010 Unaudited, unreviewed figures	Quarter ended 31 Dec. 2009 Unaudited, unreviewed figures	Year ended 31 December 2010 Unaudited figures	Year ended 31 December 2009
Profit (loss) before income tax	388	(435)	(2,106)	(1,421)
Income tax expense (benefit) using the statutory rate of 33.33%	130	(146)	(702)	(474)
Expense (benefit) attributable to:				
- Effect of the recognition or of the utilisation of capital allowances (note 4c)	550	(259)	859	(39)
- Effect of differences of tax rates in foreign jurisdictions	(32)	(72)	90	104
- Effect of share-based plans	9	8	43	34
- Unrecognized tax losses	(59)	158	560	543
- Repayment of the 2007 and 2009 R&D tax credits (note 8a)	(298)	0	(418)	0
- Loss of tax breaks in India	0	0	63	0
- Effect of the enacted change in the UK corporate tax rate	(3)	0	(47)	0
- Other items	10	14	43	17
Total income tax expense (benefit)	307	(297)	491	185

(d) Future changes in the UK corporate tax rate

In his Budget of 22 June 2010, the Chancellor of the Exchequer announced planned changes in the UK corporate tax rate which, if enacted in the proposed manner, will have an effect of the Company's tax position. Such changes notably involved a decrease in the UK corporate tax rate from 28.0% to 24.0% by 1.0% each budget year, from 1 April 2011, each 1.0% reduction being proposed to be enacted annually.

As at 31 December 2010, the only change in the UK corporation tax rate which was substantially enacted was the decrease from 28.0% to 27.0% in such rate, with effect from 1 April 2011 as set out in note 4c above.

The effect on the Company's tax position of the proposed, additional decreases of the UK corporate tax rate will be reflected in the Company's consolidated accounts in future years, as appropriate, once the corresponding changes have been properly enacted.

NOTE 9: 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, after taking into account free shares the grant of which has become final in the period (see note 4d above).

(i) Computation for the quarters ended 31 December

Unaudited and unreviewed figures	2010	2009
Number of ordinary shares outstanding at 1 October	10,121,700	10,115,813
Effect of the grant of own shares in the quarter	0	0
Weighted average number of ordinary shares outstanding in the quarters ended 31 December	10,121,700	10,115,813

(ii) Computation for the years ended 31 December

	2010	2009
Number of ordinary shares outstanding at 1 January	10,115,813	10,115,813
Effect of the grant of own shares in the year	2,896	0
Weighted average number of ordinary shares outstanding in the years ended 31 December	10,118,709	10,115,813

(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. Free shares which were granted on 29 July 2009 as well as Matching Shares which were granted to participants to the Company's Share Incentive Plan (see note 4d above) are not included in the calculation of diluted earnings per share until the conditions for the grant of these shares to become final were not satisfied as at 31 December 2010.

Since the average of the closing prices reported for the Company's share during the quarter and the year ended 31 December 2010, which were Euro 1.37 and Euro 1.57, respectively, were lower than the exercise price of all share options which were outstanding as at 31 December 2010 (see note 4d above), such share options were assumed not to have a dilutive effect for diluted EPS computation during such periods.

(i) Computation for the quarters ended 31 December

Unaudited and unreviewed figures	2010	2009
Weighted average number of ordinary shares outstanding in the quarters ended 31 December	10,121,700	10,115,813
Adjustment for dilutive share options	0	0
Weighted average number of ordinary shares for diluted EPS computation in the quarters ended 31 December	10,121,700	10,115,813

(ii) Computation for the years ended 31 December

	2010	2009
Weighted average number of ordinary shares outstanding in the years ended 31 December	10,118,709	10,115,813
Adjustment for dilutive share options	0	0
Weighted average number of ordinary shares for diluted EPS computation in the years ended 31 December	10,118,709	10,115,813

NOTE 10: SHARE CAPITAL AND SHARE PREMIUM

(a) Share capital
The 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 2009 and 2010.

(b) Share premium

(i) Expenses relating to the Company's share-based remuneration plans
An amount of 11 was incurred in relation with the Company's share-based remuneration plans in the year ended 31 December 2010, and was offset against the share premium during that period (compared with 1 in the year ended 31 December 2009).

(ii) Expenses relating to grants of own shares made to employees of the Company
In accordance with terms of the corresponding share grant plans, 5,887 own shares held by the Company as treasury shares were granted to employees made redundant as part of the April 2010 reorganization plan in the year ended 31 December 2010 (see note 11b below).
The difference between the repurchase value of these shares and their value at grant date to these employees (being nil) was offset against the share premium during the period in which these shares were granted to employees, for a total of 42 for the year ended 31 December 2010.

NOTE 11: OWN SHARES

(a) Repurchase of own shares
None of its own shares were repurchased by the Company in either of the years ended 31 December 2010 or 2009.

(b) Grants of own shares
As indicated in note 10b above, 5,887 own shares which were held by the Company as treasury shares were granted to employees who were made redundant as part of the April 2010 reorganization plan in the year ended 31 December 2010.
Consequently, the total number of own shares held as treasury shares by the Company as at 31 December 2010 was 168,081, for a total repurchase value of 1,204 (compared with 1,246 as at 1 January 2010).

NOTE 12: SEGMENT REPORTING

(a) Identification of operating and reportable segments

(i) Applicable rules
IFRS 8, Operating Segments, mandates a 'management approach' under which segment information is presented on the same basis as used for internal reporting purpose.
This has resulted in an increase of the number of reportable segments presented from 1 January 2009, 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 reports reviewed by the Chief Operating Decision-Maker (CODM) that are used for deciding how to allocate resources and also in assessing both operating and financial performance.
The Company's CODM has been identified as the Company's Chief Executive Officer (CEO), Mr. Gary Fry, who assesses performance of operating segments based on their respective gross margin contribution.

(ii) Allocation of assets and liabilities to operating segments

Assets and liabilities, whether current or non-current, are allocated based on the operations of the reportable segments.

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.

Items such as deferred tax assets, current assets other than trade receivables, as well as current liabilities other than customer advances and deferred revenue, are not allocated to any of the Company's reportable segments.

(iii) Segment revenue

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

(b) Analysis of sales by nature of products sold and services rendered

In thousands of euros Unaudited and unreviewed figures	Quarter ended 31 Dec. 2010	Quarter ended 31 Dec. 2009	Year ended 31 December 2010	Year ended 31 December 2009
License royalties	2,462	1,636	7,934	7,228
Maintenance and support services	304	524	1,582	1,943
Engineering services	0	53	30	175
Other items	62	0	62	16
Total	2,828	2,213	9,608	9,362

(c) Analysis of sales based on the geographical location of customers

In thousands of euros Unaudited and unreviewed figures	Quarter ended 31 Dec. 2010	Quarter ended 31 Dec. 2009	Year ended 31 December 2010	Year ended 31 December 2009
France	1	3	13	33
Continental Europe excl. France	164	222	571	809
United Kingdom	91	10	126	91
North America	1,725	1,639	6,637	6,605
Asia (incl. Japan)	831	334	2,224	1,808
Rest of the world	16	5	37	18
Total	2,828	2,213	9,608	9,362

(d) Sales and gross profit by business segment

(i) Quarter ended 31 December 2010

In thousands of euros Unaudited and unreviewed figures	Print segment	eDoc segment	Unallocated items	Total
Total segment sales	2,042	786	0	2,828
Inter-segment sales	0	0	0	0
Sales from external customers	2,042	786	0	2,828
Cost of sales	(48)	(40)	(15)	(103)
Gross profit	1,994	746	(15)	2,725

(ii) Quarter ended 31 December 2009

In thousands of euros Unaudited and unreviewed figures	Print segment	eDoc segment	Unallocated items	Total
Total segment sales	1,782	431	0	2,213
Inter-segment sales	0	0	0	0
Sales from external customers	1,782	431	0	2,213
Cost of sales	(72)	(23)	(11)	(106)
Gross profit	1,710	408	(11)	2,107

(iii) Year ended 31 December 2010

In thousands of euros Unaudited figures	Print segment	eDoc segment	Unallocated items	Total
Total segment sales	7,910	1,698	0	9,608
Inter-segment sales	0	0	0	0
Sales from external customers	7,910	1,698	0	9,608
Cost of sales	(246)	(141)	(44)	(431)
Gross profit	7,664	1,557	(44)	9,177

(iv) Year ended 31 December 2009

In thousands of euros	Print segment	eDoc segment	Unallocated items	Total
Total segment sales	7,598	1,764	0	9,362
Inter-segment sales	0	0	0	0
Sales from external customers	7,598	1,764	0	9,362
Cost of sales	(173)	(95)	(45)	(313)
Gross profit	7,425	1,669	(45)	9,049

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

In thousands of euros	Quarter ended 31 Dec. 2010 Unaudited, unreviewed figures	Quarter ended 31 Dec. 2009 Unaudited, unreviewed figures	Year ended 31 December 2010 Unaudited figures	Year ended 31 December 2009
Gross profit for reportable segments (note 12d)	2,725	2,107	9,177	(9,049)
Selling, gen. & admin. expenses	(1,074)	(1,251)	(5,349)	(5,386)
Research & development expenses	(1,085)	(1,322)	(5,107)	(5,006)
Net other operating expenses	(230)	0	(636)	0
Net financing gains (losses)	52	31	(191)	(78)
Profit (loss) before income tax	388	(435)	(2,106)	(1,421)

(f) Reconciliation of assets and liabilities

(i) As at 31 December 2010

In thousands of euros Unaudited figures	Print segment	eDoc segment	Unallocated Items	Total
Non-current assets	9,779	1,899	662	12,340
Current assets	1,303	579	2,498	4,380
Total assets	11,082	2,478	3,160	16,720
Non-current liabilities	0	0	36	36
Current liabilities	147	423	1,334	1,904
Total liabilities	147	423	1,370	1,940

(ii) As at 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	0	0	2	2
Current liabilities	873	481	1,030	2,384
Total liabilities	873	481	1,032	2,386

NOTE 13: RELATED PARTY TRANSACTIONS

The Company has a related party relationship with its subsidiaries (see note 14) as well as with its directors and executive officers, as set out below.

(a) With the Company’s directors

The amount of fees to be allocated among the Company’s directors in the current year is 60, as was the case in the year ended 31 December 2009.
The corresponding amount which was recognized in Selling, general and administrative expenses of the consolidated statement of income (loss) is 15 in each of the quarters ended 31 December 2010 and 2009, respectively, and 60 in each of the years ended 31 December 2010 and 2009, respectively.

(b) With the Company’s executive officers

(i) Salaries and other short-term benefits

The executive directors received the following salaries and other short-term benefits (notably bonuses and pension scheme contributions) in the quarters and the years ended 31 December 2010 and 2009, respectively:

In thousands of euros	Quarter ended 31 Dec. 2010 Unaudited, unreviewed figures	Quarter ended 31 Dec. 2009 Unaudited, unreviewed figures	Year ended 31 December 2010 Unaudited figures	Year ended 31 December 2009
Salaries	69	84	273	336
Other short-term benefits	20	45	80	57
Total salaries and other short-term benefits	89	129	353	393

(ii) Share-based compensation plans
Executive officers are entitled to participate in the Company's share option and share grant schemes.
No grants of share options or shares were made to any of the Company's executive officers in either of the quarters or the years ended 31 December 2010 or 2009.

The portions of the share-based compensation expenses which were attributable to the Company's executive officers and were recorded in the quarters and the years ended 31 December 2010 and 2009, respectively, were as follows:

In thousands of euros	Quarter ended 31 Dec. 2010 Unaudited, unreviewed figures	Quarter ended 31 Dec. 2009 Unaudited, unreviewed figures	Year ended 31 December 2010 Unaudited figures	Year ended 31 December 2009
Relating to share option grants	18	18	72	72
Relating to share grants	0	0	0	0
Total share-based compensation expenses attributable to the Company's officers	18	18	72	72

NOTE 14: SUBSIDIARIES
These condensed consolidated financial statements for the quarters and the years ended 31 December 2010 and 2009, respectively, include the accounts of the following companies:

	Country of incorporation	% of ownership 2010	% of ownership 2009
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 (note 14a)	India	100	100
Global Graphics EBT Limited (note 14b)	United Kingdom	100	-

(a) Liquidation of Global Graphics Software (India) Private Limited

The results for Global Graphics Software (India) Private Limited have been included in the Company's condensed consolidated financial statements for the whole of the quarter and the year ended 31 December 2010, respectively, as the liquidation process of that subsidiary was not completed as at 31 December 2010.

(b) Inception of Global Graphics EBT Limited

The results for Global Graphics EBT Limited have been included in the Company's condensed consolidated financial statements for the whole of the quarter ended 31 December 2010, and since the inception of that subsidiary on 3 February 2010.

GLOBAL GRAPHICS SA AND SUBSIDIARIES
ADJUSTED FINANCIAL INFORMATION PREPARED BY MANAGEMENT

NOTE 1: BASIS OF PREPARATION OF ADJUSTED FINANCIAL INFORMATION

The Company's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs) and related interpretations issued by the International Accounting Standards Board (IASB), as adopted by the European Union (EU).

However, management of the Company it believes that evaluating the Company's ongoing results may not be as useful if an investor is limited to reviewing only IFRS financial measures, notably because management of the Company uses adjusted financial information to evaluate its ongoing operations as well as for internal planning and forecasting purposes.

To prepare adjusted financial information, management of the Company complies with the principles set in the Recommendation on Alternative Performance Measures which was issued by the Committee of European Securities Regulators in October 2005.

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 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.

As a result, 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.

NOTE 2: INFORMATION ON ADJUSTMENTS MADE TO REPORTED NUMBERS

The purpose of the following adjustments, which are made to reported numbers with respect of the Company's operating, pre-tax, and net profit (loss), is to provide additional information to measure the Company's performance.

(a) Share-based remuneration expense

In accordance with applicable provisions of IFRS 2, Share-based payments, an expense is recognized in the Company's consolidated financial statements with respect of share-based remuneration plans, regardless of any change in the number of outstanding shares of the Company pursuant to the exercise of share options, or before the grant of shares to employees of the Company becomes final.

As a result, management of the Company believes it is appropriate to adjust the Company's operating profit (loss) reported under IFRSs of such expense to provide a relevant measure of the Company's operating performance.

(b) Capitalization and amortization of development expenses

Costs relating to development projects (consisting of employee costs) which meet all of the criteria set out under paragraphs 57 to 62 of IAS 38, Intangible Assets, are capitalized, and are subsequently amortized over the estimated useful life of the corresponding development project.

Considering the level of judgment required to assess whether a given development project may be eligible to such capitalization, and also to set the duration of the useful life of such project, management of the Company believes it is appropriate to adjust the Company's operating profit (loss) reported under IFRSs of such amounts to provide a relevant measure of the Company's operating performance.

(c) Other operating expenses and income
Certain items of operating expenses and income were disclosed separately in the Company's condensed consolidated statement of income in an attempt to provide appropriate information on the Company's operating performance for the year ended 31 December 2010, as well as a meaningful basis of comparison with amounts which will be reported in comparative periods in the year ending 31 December 2011.

(d) Unusual, abnormal and infrequent items of income and expense
In accordance with provisions of Paragraph 97 of IAS 1, Presentation of Financial Statements, unusual, abnormal and infrequent items of income and expense have to be disclosed in a separate note, in an attempt to improve the predictive value of the consolidated statement of income (loss).
Management of the Company believes that the most appropriate way of achieving this is to adjust the Company's operating profit (loss) reported under IFRSs of such items to provide the user of the Company's financial information with a consistent base of comparison, excluding the effect of such items.

NOTE 3: ADJUSTED FINANCIAL INFORMATION COMPUTATION

(a) Adjusted operating profit (loss) computation

In thousands of euros Unaudited and unreviewed figures	Quarter ended 31 Dec. 2010	Quarter ended 31 Dec. 2009	Year ended 31 December 2010	Year ended 31 December 2009
Reported operating profit (loss)	336	(466)	(1,915)	(1,344)
Add back (deduct):				
- Amort. of intangible assets	0	0	0	29
- Share-based remuneration expenses (note 4d)	29	25	129	102
- Effect of the capitalization of development expenses (note 4b)	(296)	(239)	(905)	(1,208)
- Amort. of capitalized development expenses (note 4b)	199	229	863	744
- Other operating expenses (note 5)	298	0	779	0
- Other operating income (note 6)	(68)	0	(143)	0
- Other items	0	123	0	137
Total adjustments to reported operating profit (loss)	162	138	723	(196)
Adjusted operating profit (loss)	498	(328)	(1,192)	(1,540)
In % of the period's sales	17.6%	-14.8%	-12.4%	-16.4%

(b) Adjusted pre-tax profit (loss) computation

In thousands of euros Unaudited and unreviewed figures except per share data in euro	Quarter ended 31 Dec. 2010	Quarter ended 31 Dec. 2009	Year ended 31 December 2010	Year ended 31 December 2009
Reported pre-tax profit (loss)	388	(435)	(2,106)	(1,421)
Add back (deduct):				
- Amort. of intangible assets	0	0	0	29
- Share-based remuneration expenses (note 4d)	29	25	129	102
- Effect of the capitalization of development expenses (note 4b)	(296)	(239)	(905)	(1,208)
- Amort. of capitalized development expenses (note 4b)	199	229	863	744
- Other operating expenses (note 5)	298	0	779	0
- Other operating income (note 6)	(68)	0	(143)	0
- Other items	0	123	0	137
Total adjustments to reported pre-tax profit (loss)	162	138	723	(196)
Adjusted pre-tax profit (loss)	550	(297)	(1,383)	(1,617)
Adjusted pre-tax EPS (i)	0.05	(0.03)	(0.14)	(0.16)
Adjusted pre-tax diluted EPS (ii)	0.05	(0.03)	(0.14)	(0.16)

(i) Adjusted pre-tax EPS is computed by dividing the adjusted pre-tax profit (loss) for the period by the weighted average number of ordinary shares which were outstanding during that period, i.e. 10,121,700 and 10,115,813 shares for the quarters ended 31 December 2010 and 2009, respectively, and 10,118,709 and 10,115,813 shares for the years ended 31 December 2010 and 2009, respectively.

(ii) Adjusted pre-tax diluted EPS is computed by dividing the adjusted pre-tax profit (loss) for the period by the weighted average number of ordinary shares to be used for diluted EPS computation for the period, as required by IAS 33, Earnings per share, i.e. 10,121,700 and 10,115,813 shares for the quarters ended 31 December 2010 and 2009, respectively, and 10,118,709 and 10,115,813 shares for the years ended 31 December 2010 and 2009, respectively.

(c) Adjusted net profit (loss) computation

In thousands of euros Unaudited and unreviewed figures except per share data in euro	Quarter ended 31 Dec. 2010	Quarter ended 31 Dec. 2009	Year ended 31 December 2010	Year ended 31 December 2009
Reported net profit (loss)	81	(138)	(2,597)	(1,606)
Add back (deduct):				
- Amort. of intangible assets	0	0	0	29
- Share-based remuneration expenses (note 4d)	29	25	129	102
- Net effect of the capitalization of development expenses (note 4b)	(97)	(10)	(42)	(464)
- Other operating expenses (note 5)	298	0	779	0
- Other operating income (note 6)	(68)	0	(143)	0
- Other items	0	123	0	137
- Tax effect of abovementioned adjustments	(26)	3	(85)	130
Total adjustments to reported net profit (loss)	136	141	638	(66)
Adjusted net profit (loss)	217	3	(1,959)	(1,672)
Adjusted net EPS (i)	0.02	0.00	(0.19)	(0.17)
Adjusted net diluted EPS (ii)	0.02	0.00	(0.19)	(0.17)

(i) Adjusted net EPS is computed by dividing the adjusted net profit (loss) for the period by the weighted average number of ordinary shares which were outstanding during that period, i.e. 10,121,700 and 10,115,813 shares for the quarters ended 31 December 2010 and 2009, respectively, and 10,118,709 and 10,115,813 shares for the years ended 31 December 2010 and 2009, respectively.

(ii) Adjusted net diluted EPS is computed by dividing the adjusted net profit (loss) for the period by the weighted average number of ordinary shares to be used for diluted EPS computation for the period, as required by IAS 33, Earnings per share, i.e. 10,121,700 and 10,115,813 shares for the quarters ended 31 December 2010 and 2009, respectively, and 10,118,709 and 10,115,813 shares for the years ended 31 December 2010 and 2009, respectively.

GLOBAL GRAPHICS SA AND SUBSIDIARIES
CONDENSED MANAGEMENT REPORT OF THE COMPANY'S BOARD OF DIRECTORS
FOR THE QUARTER AND THE YEAR ENDED 31 DECEMBER 2010
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 Parent's Board of Directors for the quarter and the year ended 31 December 2010.
This condensed management report was authorized for issue by the Parent's Board of Directors on 8 February 2011.

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

(a) Structure of the Company at 31 December 2010
For further details on this, please refer to note 14 to the Company's condensed consolidated financial statements as at and for the quarter and the year ended 31 December 2010.

(b) Changes in the Company's structure in the year ended 31 December 2010

(i) Global Graphics EBT Limited
Global Graphics EBT Limited, a new, UK-based subsidiary of the Parent, was incorporated on 3 February 2010.
Its purpose is to act as the trustee of the Employee Benefit Trust (EBT), which was implemented for the benefit of employees and directors of the UK-based subsidiaries of the Company during the quarter ended 31 March 2010.

(ii) Global Graphics Software (India) Private Limited
Pursuant to the reorganization of the Company which was implemented in April 2010, 23 of the Indian employees of Global Graphics Software (India) Private Limited were transferred to an outsourcing partner, while another 7 were made redundant, as set out in note 6a below.
As a result, Global Graphics Software (India) Private Limited has been dormant since early May 2010; management expects to complete the liquidation process of that subsidiary in the first six months of the year ending 31 December 2011.

(c) Changes in the Company's structure since 1 January 2011
No change has occurred in the Company's structure since 1 January 2011.

NOTE 2: MANAGEMENT DISCUSSION OF KEY FIGURES
The Company prepares its condensed consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as well as related interpretations issued by the International Accounting Standards Board (IASB), as adopted by the European Union (EU).
Amounts indicated hereafter are presented in euros (which is the reporting currency of the Company), rounded to the nearest thousand.

(a) Quarter ended 31 December 2010

(i) Consolidated sales
Sales were 2,828 in the quarter ended 31 December 2010, compared with 2,213 in the last quarter of the year ended 31 December 2009, or a sequential increase of 27.8% at current exchange rates.

Approximately 67.2% of the Company's sales made in the quarter ended 31 December 2010 were denominated in US dollars, which sequentially increased versus the euro, since the average euro/US dollar rate was 1.351 in the quarter ended 31 December 2010, while it was 1.473 in the last quarter of the year ended 31 December 2009, or a sequential increase of 9.0%. At constant exchange rates, sales made in the quarter ended 31 December 2010 would have amounted to approximately 2,590, showing an increase of 17.0% over the figure reported for sales in the last quarter of the year ended 31 December 2009.

Sales made in the Print segment were 2,042 in the quarter ended 31 December 2010, and showed an increase of 14.6% at current exchange rates and of 5.4% at constant exchange rates, over the 1,782 figure reported for sales made in the same segment of the Company's business in the last quarter of the year ended 31 December 2009. Sales made in the graphic arts market were 822 in the quarter ended 31 December 2010 and showed an increase of 13.7% at current exchange rates and of 4.3% at constant exchange rates over the 723 figure reported for sales made in that market in the last quarter of the year ended 31 December 2009. Sales made in the digital printing market were 1,220 in the quarter ended 31 December 2010 and increased 15.2% at current exchange rates and 6.2% at constant exchange rates over the 1,059 figure reported for sales made in that market in the last quarter of 2009.
Sales made in the eDoc segment were 786 in the quarter ended 31 December 2010, and showed an increase of 82.4% at current exchange rates and of 65.0% at constant exchange rates over the 431 figure reported for sales made in the same segment of the Company's business in the last quarter of the year ended 31 December 2009.

(ii) Consolidated performance

Operating profit
The Company reported an operating profit of 336 in the quarter ended 31 December 2010 (or 11.9% of the quarter's sales), compared with an operating loss of 466 in the last quarter of the year ended 31 December 2009 (-21.1% of that quarter's sales), or a favorable, sequential variance of 802, which can be analyzed as follows:
- sales increased by 615, as set out in note 2a (i) above;
- cost of sales was 103 in the quarter ended 31 December 2010 (3.6% of the quarter's sales), compared with 106 in the last quarter of the year ended 31 December 2009 (4.8% of that quarter's sales), or a favorable variance of 3;
- selling, general and administrative expenses totaled 1,074 in the quarter ended 31 December 2010 (38.0% of the quarter's sales), showing a decrease of 177 (i.e. of 14.1%) over the 1,251 figure reported for such expenses in the last quarter of the year ended 31 December 2009 (56.5% of that quarter's sales;
- research & development expenses totaled 1,085 in the quarter ended 31 December 2010 (38.4% of the quarter's sales) showing a sequential decrease of 237 (i.e. of 17.9%) over the 1,322 figure reported for such expenses in the last quarter of the year ended 31 December 2009 (59.7% of that quarter's sales): such expenses included a profit of 97 with respect of the effect, after amortization, of the capitalization of eligible development expenses relating to the four development projects for which all criteria for such capitalization were met, compared with a charge of 10 in the last quarter of the year ended 31 December 2010 (please refer to note 4b to the Company's condensed consolidated financial statements as at and for the quarter and the year ended 31 December 2010 for further details on this);
- other operating expenses amounted to 298 in the quarter ended 31 December 2010 (10.5% of the quarter's sales): included therein were a provision for vacant office space in the UK amounting to 187, and an expense of 111 with respect of the shutdown of the Indian subsidiary (please refer to note 5 to the Company's condensed consolidated financial statements as at and for the quarter and the year ended 31 December 2010 for further details on this);

- other operating income amounted to 68 in the quarter ended 31 December 2010 (2.4% of the quarter's sales): included therein was a profit resulting from a court decision which was favorable to the Company (please refer to note 6 to the Company's condensed consolidated financial statements as at and for the quarter and the year ended 31 December 2010 for further details on this).

Profit before income tax

The Company reported a profit before income tax of 388 in the quarter ended 31 December 2010 (13.7% of the quarter's sales), compared with a loss before income tax of 435 in the last quarter of the year ended 31 December 2009 (-19.7% of that quarter's sales), or a favorable variance of 823 which resulted from the combination of:

- the sequential increase of the operating result for 802, as discussed above;
- the decrease in interest income of 1 over the 3 figure reported for interest income in the last quarter of the year ended 31 December 2009; and
- the favorable effect of foreign currency exchange differences, which were net gains of 50 in the quarter ended 31 December 2010, compared with net gains of 28 in the last quarter of the year ended 31 December 2009, or a favorable variance of 22.

Net profit

The Company reported a net profit of 81 in the quarter ended 31 December 2010 (or a net profit of Euro 0.01 per share) after giving effect to an income tax expense of 307 (including a current income tax benefit of 309 and a deferred tax expense of 616), compared with a net loss of 138 in the last quarter of the year ended 31 December 2009 (or a net loss of Euro 0.01 per share).

(b) Year ended 31 December 2010

(i) Consolidated sales

Sales were 9,608 in the year ended 31 December 2010, compared with 9,362 in the year ended 31 December 2009, or a sequential increase of 2.6% at current exchange rates.

Approximately 74.0% of the Company's sales made in the year ended 31 December 2010 (compared with 77.9% of sales made in the year ended 31 December 2009) were denominated in US dollars, which increased versus the euro, since the average euro/US dollar rate was 1.320 in the year ended 31 December 2010, while it was 1.384 in the year ended 31 December 2009, or a sequential increase of 4.8%. At constant exchange rates, sales made in the year ended 31 December 2010 would have amounted to approximately 9,075, showing a decrease of 3.1% over the figure reported for sales in the year ended 31 December 2009.

Sales made in the Print segment were 7,910 in the year ended 31 December 2010, and showed an increase of 4.1% at current exchange rates, but a decrease of 0.9% at constant exchange rates, over the 7,598 figure reported for sales made in the same segment of the Company's business in the year ended 31 December 2009. Sales made in the graphic arts market were 3,047 in the year ended 31 December 2010 and showed a decrease of 2.3% at current exchange rates and of 7.4% at constant exchange rates over the 3,119 figure reported for sales made in that market in the year ended 31 December 2009. Sales made in the digital printing market were 4,863 in the year ended 31 December 2010 and increased 8.6% at current exchange rates and 3.6% at constant exchange rates over the 4,479 figure reported for sales made in that market in the year ended 31 December 2009.

Sales made in the eDoc segment were 1,698 in the year ended 31 December 2010, and showed a decrease of 3.7% at current exchange rates and of 12.3% at constant exchange rates over the 1,764 figure reported for sales made in the same segment of the Company's business in the year ended 31 December 2009.

(ii) Consolidated performance

Operating loss

The Company reported an operating loss of 1,915 in the year ended 31 December 2010 (or -19.9% of 2010 sales), compared with an operating loss of 1,343 in the year ended 31 December 2009 (-14.3% of 2009 sales), or an unfavorable, sequential variance of 572, which can be analyzed as follows:

- sales increased by 246, as set out in note 2a (i) above;
- cost of sales was 431 in the year ended 31 December 2010 (4.5% of 2010 sales), compared with 313 in the year ended 31 December 2009 (3.3% of 2009 sales), or an unfavorable variance of 118;
- selling, general and administrative expenses totaled 5,349 in the year ended 31 December 2010 (55.7% of 2010 sales), showing a decrease of 37 (i.e. of 0.7%) over the 5,386 figure reported for such expenses in the year ended 31 December 2009 (57.5% of 2009 sales);
- research & development expenses totaled 5,107 in the year ended 31 December 2010 (53.2% of 2010 sales) showing an increase of 101 (i.e. of 2.0%) over the 5,006 figure reported for such expenses in the year ended 31 December 2009 (53.5% of 2009 sales): such expenses included a profit of 42 with respect of the net effect, after amortization, of the capitalization of eligible development expenses relating to the four development projects for which all criteria for such capitalization were met (compared with a profit of 464 in the year ended 31 December 2009);
- other operating expenses amounted to 779 in the year ended 31 December 2010; included therein were the following items: an amount of 75 with respect of legal fees relating to the inception of the EBT and to an alleged patent infringement litigation which was dismissed in July 2010, an amount of 406 to account for the effect of the reorganization implemented in April 2010 referred to in note 2a above, a provision for vacant office space in the UK amounting to 187, and an expense of 111 with respect of the shutdown of the Indian subsidiary;
- other operating income amounted to 143, and included an amount of 75 relating to the disposal of a domain name in September 2010, and an amount of 68 resulting from a court decision which was favorable to the Company.

Loss before income tax

The Company reported a loss before income tax of 2,106 in the year ended 31 December 2010 (-21.9% of 2010 sales), compared with a loss before income taxes of 1,421 in the year ended 31 December 2009 (-15.2% of 2009 sales), or an unfavorable variance of 685 which results from the combination of:

- the sequential increase of the operating loss for 572, as discussed above;
- the decrease in interest income of 4 over the 16 figure reported for interest income in the year ended 31 December 2009; and
- the unfavorable effect of foreign currency exchange differences, which were net losses of 203 in the year ended 31 December 2010, compared with net losses of 94 in the year ended 31 December 2009, or an unfavorable variance of 109.

Net loss

The Company reported a net loss of 2,597 in the year ended 31 December 2010 (or a net loss of Euro 0.26 per share) after giving effect to an income tax expense of 491 (including a current income tax benefit of 326 and a deferred tax expense of 817), compared with a net loss of 1,606 in the year ended 31 December 2009 (or a net loss of Euro 0.16 per share).

(c) First and last six months of the year ended 31 December 2010

Considering the reorganization plan which was implemented in April 2010, and its first effects on the Company's cost base in the second half of the year ended 31 December 2010, management considered appropriate to provide a discussion of comparative financial performance of the first and last six months of the year ended 31 December 2010, as set out below.

(i) Consolidated sales

In thousands of euros Unaudited and unreviewed figures N/A: not applicable	Six-month period ended 30 June 2010	Six-month period ended 30 June 2009	Six-month period ended 31 Dec. 2010	Six-month period ended 31 Dec. 2009
Print segment sales	3,831	4,183	4,079	3,415
% of change at current rates with:				
- same period of prior year	-8.4%	N/A	19.4%	N/A
- first half of the same year	N/A	N/A	6.5%	-18.4%
eDoc segment sales	374	1,156	1,324	608
% of change at current rates with:				
- same period of prior year	-67.6%	N/A	117.8%	N/A
- first half of the same year	N/A	N/A	254.0%	-47.4%
Total sales	4,205	5,339	5,403	4,023
% of change at current rates with:				
- same period of prior year	-21.2%	N/A	34.3%	N/A
- first half of the same year	N/A	N/A	28.5%	24.6%

As shown in the table above, total sales for the last six months of the year ended 31 December 2010 were 5,403, and showed an increase of 34.3% over sales made in the last six months of the year ended 31 December 2009, and of 28.5% over the first six months of the year ended 31 December 2010.

(ii) Comparative financial performance

- Operating profit (loss)

In thousands of euros Unaudited and unreviewed figures N/A: not applicable N/M: not meaningful	Six-month period ended 30 June 2010	Six-month period ended 30 June 2009	Six-month period ended 31 Dec. 2010	Six-month period ended 31 Dec. 2009
Operating profit (loss)	(2,294)	(196)	379	(1,148)
% of change at current rates with:				
- same period of prior year	N/M	N/A	N/M	N/A
- first half of the same year	N/A	N/A	N/M	-485.7%
Adjusted operating profit (loss)	(1,807)	(466)	615	(1,074)
% of change at current rates with:				
- same period of prior year	-287.8%	N/A	N/M	N/A
- first half of the same year	N/A	N/A	N/M	40.6%

The Company reported an operating profit and an adjusted operating profit, amounting to 379 and 615, respectively, in the last six months of the year ended 31 December 2010, when it had reported operating losses and adjusted operating losses in both the first six months of the year ended 31 December 2010 and the last six months of the year ended 31 December 2009, as a result of the combination of increased sales and lower operating expenses in the last six months of the year ended 31 December 2010 compared with both the first six months of the year ended 31 December 2010 and the last six months of the year ended 31 December 2009.

- Profit (loss) before income tax

In thousands of euros Unaudited and unreviewed figures N/A: not applicable N/M: not meaningful	Six-month period ended 30 June 2010	Six-month period ended 30 June 2009	Six-month Period ended 31 Dec. 2010	Six-month period ended 31 Dec. 2009
Profit (loss) before income tax	(2,513)	(307)	407	(1,114)
% of change at current rates with:				
- same period of prior year	N/M	N/A	N/M	N/A
- first half of the same year	N/A	N/A	N/M	-262.9%
Adjusted pre-tax profit (loss)	(2,026)	(577)	643	(1,040)
% of change at current rates with:				
- same period of prior year	N/M	N/A	N/M	N/A
- first half of the same year	N/A	N/A	N/M	-80.2%

The Company reported a pre-tax profit and an adjusted pre-tax profit, amounting to 407 and 643, respectively, in the last six months of the year ended 31 December 2010, when it had reported significant pre-tax losses and adjusted pre-tax losses in both the first six months of the year ended 31 December 2010 and the last six months of the year ended 31 December 2009, predominantly as a result of an improved operating performance, whether adjusted or not, in the last six months of the year ended 31 December 2010, as highlighted above.

(iii) Cash position

In thousands of euros Unaudited and unreviewed figures N/A: not applicable	Six-month period ended 30 June 2010	Six-month period ended 30 June 2009	Six-month period ended 31 Dec. 2010	Six-month period ended 31 Dec. 2009
Cash (used) provided by:				
- operating activities	(1,828)	600	1,449	(705)
- investing activities	(630)	(839)	(507)	(538)
- financing activities	0	0	0	0
Total (decrease) increase in cash during the period	(2,458)	(239)	942	(1,243)
Cash at beginning of period	3,144	4,482	1,070	4,555
Effect of change in exchange rates on cash at beginning of period	384	312	(143)	(168)
Cash at end of period	1,070	4,555	1,869	3,144

The Company’s operations provided cash for 1,449 in the last six months of the year ended 31 December 2010, when it had used cash for 1,828 and 705 in the first six months of the year ended 31 December 2010 and the last six months of the year ended 31 December 2009, respectively.
As a result, after effect of cash used by investing activities for 507 in the last six months of the year ended 31 December 2010, cash held by the Company amounted to 1,869 as at 31 December 2010, compared with 1,070 as at 30 June 2010 and 3,144 as at 31 December 2010.

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

(a) Salient features by the Company’s Chief Executive Officer (CEO)

(i) Operational highlights for the quarter and the year ended 31 December 2010

We are very pleased by the Company’s performance in the fourth quarter of the year ended 31 December 2010. We are now seeing the benefit of our lower expense base pursuant to the Company’s reorganization which was implemented in last April and also of healthier sales in a quarter which was an exciting one in all market segments of the Company’s business.

Production printing
In this market, HP continues to be a very supporting partner. In addition to our work with HP Indigo, we are now supplying software to drive the newly announced range of colour inkjet web presses: this series which can print up to 600 feet per minute can be powered by the HP digital front-end that uses our high-performance Harlequin RIP. We are very excited by this development and believe that this will continue to add significant revenue growth to the production printing segment.

Office printing
In the office printing market, we worked very hard with our partner, Intel, on a radical new way of printing Microsoft Office and PDF documents from any device, mobile or fixed, without the need of a cloud infrastructure or printer drivers. We have created a proof of concept that demonstrates that we can deliver exceptional quality and speed. As more office workers use a greater range of devices to access information - such as Smartphones, tablets and slates - so demand to print high-quality office documents while on the move is increasing. The technology we have developed with Intel will make it much easier for people to print in the future.

Knowledge worker applications
We have revised our go-to-market strategy to create more ‘white label’ and OEM opportunities for our gDoc range of electronic document applications. In the quarter ended 31 December 2010, we signed our first major OEM customer for gDoc applications in Japan, which resulted in significant revenue in that quarter.
We continue to work closely with a number of other major partners worldwide on various gDoc ‘white label’ deals which we expect will deliver strong revenue in the future.

(ii) Financial highlights for the quarter and the year ended 31 December 2010

Financial performance
Sales in the quarter and the year ended 31 December 2010 were affected by the continuing effect of the economic slowdown we noted when we reported interim results for the first three quarters of the current financial year, though sales showed a significant, sequential increase in the last two quarters of the year ended 31 December 2010 as set out in note 2c above.

As a result, sales amounted to 9,608 in the year ended 31 December 2010, showing a 2.6% increase at current exchange rates, but a decrease of 3.1% at constant exchange rates with the 9,362 figure reported for sales in the year ended 31 December 2009,.

Sales made in the Print segment of the Company’s business continued to be slow, particularly those made in the graphics arts market, resulting in a decrease of 0.9% at constant exchange rates over sales made in the same segment in the year ended 31 December 2009.
Sales made in the eDoc segment of the Company’s business decreased 12.3% at constant exchange rates over sales made in the same segment in the year ended 31 December 2009, despite significant sales made for gDoc applications in the last two quarters of the year ended 31 December 2010.

Operating expenses were 11,092 in the year ended 31 December 2010, compared with 10,392 in the year ended 31 December 2009, or a sequential increase of 6.7% at current exchange rates. Such increase predominantly resulted from the unfavorable change in the Euro/British pound exchange rate which affected the reported amounts for operating expenses, as well of non-recurring items of income and expenses which were recorded in the year ended 31 December 2010, for a net effect of 636.

The Company reported an adjusted operating loss of 1,192 in the year ended 31 December 2010 (or a loss equal to 12.4% of 2010 sales), compared with an adjusted operating loss of 1,540 in the year ended 31 December 2009 (or a loss equivalent to 16.4% of 2009 sales).

The Company reported an adjusted pre-tax loss of 1,383 (or an adjusted pre-tax loss of Euro 0.14 per share) in the year ended 31 December 2010, compared with an adjusted pre-tax loss of 1,617 (or an adjusted pre-tax loss of Euro 0.16 per share) in the year ended 31 December 2009.
The Company reported an adjusted net loss of 1,959 (or an adjusted net loss of Euro 0.19 per share) in the year ended 31 December 2010, compared with an adjusted net loss of 1,672 (or an adjusted net loss of Euro 0.17 per share) in the year ended 31 December 2009.

(b) Prospects for the current financial year by the Company’s CEO

The first six months of the year ended 31 December 2010 were very tough for the Company, but despite difficult trading conditions, we managed to successfully restructure the Company’s business to introduce key skills and resources that did not previously exist.
We also strengthened our technology platform in line with our strategy of delivering solutions based on a common technology platform into the abovementioned three market segments, each of which is proven with new customers and identified growth opportunities.
We were able to execute well in the second half of the year ended 31 December 2010, and notably in the last quarter of that year, as highlighted by the 28.5% increase in sales reported in that period over the first six months of 2010 and of 34.4% over the last six months of 2009, as well as the return to a largely profitable and cash-generating position in the second half of 2010, notably in the last quarter of 2010.
This was made possible thanks to the hard work and dedication of our employees, and the continuing support of our customers and partners.
I am confident that we are well positioned for this to continue in the current financial year.

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 continues to derive a substantial portion 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 (PDLs) such as XPS, Microsoft’s fixed document format. If this environment of change were to slow, the Company could experience reduced demand for its products in such industries.

(ii) Failure to manage a successful transition to new products and markets

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). 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.

Additionally, the Company plans to continue 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 launch of Windows 7, and in connection with the transition to new markets, such as those for its Electronic Document Library (EDL) technology or its range of gDoc 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.

(iii) Inadequate protection of 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 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.

(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 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.
See note 2b above for further information on legal fees incurred in the year ended 31 December 2010 with respect of an alleged patent infringement litigation which was dismissed in late July 2010.

(v) Fluctuating operating results and factors affecting operating results
As a result of a variety of factors discussed above, the Company's 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) 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.
See also note 4c below for a discussion on risks associated with the use of accounting estimates and forecasts.

(vii) 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 cash and trade receivables) and liabilities, as well as net investments in foreign operations.

- Risk arising from future commercial transactions and balance sheet items

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 foreign currency forward or option contracts transacted with high-credit-quality financial institutions after review and approval by the Company's Chief Financial Officer.
No such contracts were outstanding as at 31 December 2010.
The Company recorded exchange losses of 2 and 110 with respect of foreign currency forward and option contracts in the quarter and the year ended 31 December 2010, respectively, compared with exchange gains of 15 and 34 in the quarter and the year ended 31 December 2009, respectively.

- Risk arising from net investments in foreign subsidiaries

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.

Please refer to note 7 to the Company's condensed consolidated financial statements for the quarter and the year ended 31 December 2010 for further details on foreign currency exchange differences for those periods.

(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 significant players in the Company's markets.

The ten major customers represented approximately 64.1% of the Company's sales in the year ended 31 December 2010 (compared with 57.0% in 2009); approximately 45.1% of sales were made with the five largest customers of the Company in the year ended 31 December 2010 (compared with 41.3% in 2009), and approximately 16.8% with the major customer alone in the year ended 31 December 2010 (compared with 14.0% in 2009).

(iii) Liquidity risk

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

However, considering the Company's net cash position of 1,869 and the absence of any financial debt as at 31 December 2010, 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 2010 or 2009, the Company's income and operating cash flows for the year ended 31 December 2010 were substantially independent of changes in market interest rates.

Please refer to note 7 to the Company's condensed consolidated financial statements for the quarter and the year ended 31 December 2010 for further details on interest income and expenses for those periods.

(c) Other significant risk factors

(i) Use of accounting estimates and of forecasts

The preparation of financial statements in accordance with IFRSs requires the use of certain critical accounting estimates and forecasts. 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 (including projected future sales and related cash inflows either from established software products such as RIP software in the Print segment of the Company's business, or from recently launched software applications such as gDoc Fusion, the adoption of which is expected by the Company's management to sequentially grow at a significant pace over time) 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.

Please refer to notes 4a (ii) and 4c (ii) to the Company's condensed consolidated financial statements for the quarter and the year ended 31 December 2010 for further information on critical accounting estimates and the use of sales and cash flow forecasts, as well as the risks attached to them, the downward revisions of which may principally affect the carrying value of goodwill and other intangible assets (including those resulting from the capitalization of development costs) as well as of deferred tax assets.

(ii) Future changes in, or interpretations of, accounting principles
As noted in note 2a to the Company's condensed consolidated financial statements for the quarter and the year ended 31 December 2010, the Company prepares its consolidated financial statements in accordance with IFRSs, as amended from time to time, and related interpretations issued by the IASB, as adopted by the EU. Accordingly, changes to these standards by the IASB 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 notably include the following:
- the exposure draft on income tax, which was published for public comments by the IASB on 31 March 2009, 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 the first half of 2011, and which would supersede IAS 12, Income Taxes, the existing standard on income tax; and
- the exposure draft, Revenue from Contracts with Customers, which was published for public comment by the IASB and the FASB on 24 June 2010, outlines the IASB's intent to publish a final standard on revenue recognition in June 2011, and which would supersede the existing two standards on revenue recognition: IAS 11, Construction Contracts, and IAS 18, Revenue, as well as related interpretations.

NOTE 5: RELATED PARTY TRANSACTIONS
Please refer to note 13 to the Company's condensed consolidated financial statements for the quarter and the year ended 31 December 2010 for details on such transactions.

NOTE 6: INFORMATION ON THE COMPANY'S PERSONEL

(a) Breakdown by geographical area of employment

	31 December 2010	31 December 2009
United Kingdom	53	67
India	0	30
United States of America	9	18
Japan	2	3
Continental Europe	2	2
Total	66	120

The decrease in the number of the Company's employees over the year ended 31 December 2010 principally relates to the reorganisation implemented in late April 2010, which resulted in the transfer of 23 of the Company's Indian employees to a third party, and a total of 30 employees being made redundant, of which 15 in the UK, 7 in the US, and 7 in India.

(b) Breakdown by nature of employment

	31 December 2010	31 December 2009
Research and development	35	74
Sales and support	20	32
General & administrative	11	14
Total	66	120

NOTE 7: VOTING RIGHTS AND SIGNIFICANT SHAREHOLDERS

(a) Voting rights attached to shares outstanding as at 31 December 2010

(i) Theoretical number of voting rights

Number of shares to which a single voting right is attached	10,275,630
Number of shares to which a double voting right is attached	14,151
Theoretical number of voting rights attached to the Company's ordinary shares which were outstanding at 31 December 2010	10,303,932

(ii) Number of voting rights to be used for annual meeting quorum computation

Theoretical number of voting rights computed as indicated above	10,303,932
Number of voting rights attached to own shares held by the Company	(168,081)
Total number of voting rights to be used for annual meeting quorum computation as at 31 December 2010	10,135,851

(b) Significant shareholders

(i) Stichting Andlinger & Co. Euro-Foundation

At 31 December 2010, as was already the case at 31 December 2009, Stichting Andlinger & Co. Euro-Foundation held 2,883,001 shares of the Company, or 28.01% of the total number of shares of the Company which were outstanding at such date.

Attached to these 2,883,001 shares was an equivalent number of voting rights, representing 27.98% of the total number of voting rights attached to the Company's ordinary shares which were outstanding at 31 December 2010.

(ii) Other significant shareholders

- KBC Asset Management NV

On 31 March 2010, the Company was notified that KBC Asset Management NV (held 517,180 of the Company's outstanding shares (or 5.02% of the total number of shares of the Company which were outstanding at such date), to which was attached an equivalent number of voting rights, representing 5.02% of the theoretical number of voting rights attached to the Company's ordinary shares which were outstanding at 31 March 2010.

On 18 October 2010, the Company was notified that, with effect from 14 October 2010, KBC Asset Management NV held 500,530 of the Company's outstanding shares (or 4.86% of the total number of shares of the Company which were outstanding at such date), to which was attached an equivalent number of voting rights, representing 4.86% of the theoretical number of voting rights attached to the Company's ordinary shares which were outstanding at 30 September 2010.

Management is not aware of any changes in the number of shares of the Company's or voting rights attached such shares held by KBC Asset Management NV which may have occurred since 18 October 2010.

- Other significant shareholders

At 31 December 2010, no other shareholder was known to the Company to hold in excess of either 5.0% of the total number of shares forming the share capital of the Company, or 5.0% of the theoretical number of voting rights attached to such shares as computed in note 7a above.

(c) Director shareholdings

Number of shares held by the Company's directors at 31 December 2010	254,785
% of outstanding shares held by directors at 31 December 2010	2.5%
Change in the year ended 31 December 2010	0

NOTE 8: INFORMATION REGARDING GLOBAL GRAPHICS SA

Because Global Graphics SA has only one employee and all of its revenue results 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 quarter and the year ended 31 December 2010 are not provided since they were not considered as meaningful in the context of the reporting of the Company's condensed consolidated results as at and for the quarter and the year ended 31 December 2010.

GLOBAL GRAPHICS SA AND SUBSIDIARIES
STATEMENT MADE BY THE PERSON TAKING RESPONSIBILITY FOR THE FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2010
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 financial report for the year ended 31 December 2010 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 2010.

I also hereby confirm that the attached condensed management report includes a fair review of the state of affairs, results and financial position of Global Graphics SA and its subsidiaries as at and for the year ended 31 December 2010, as well as of the main risks and uncertainties faced by the Company during the year ended 31 December 2010.

Made in Cambourne (United Kingdom) on 8 February 2011,

Gary Fry
Chief Executive Officer