



PRESS RELEASE

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GLOBAL GRAPHICS REPORTS RESULTS FOR THE QUARTER AND THE YEAR ENDED 31 DECEMBER 2012

Pompey (France), Wednesday 13 February 2013 - GLOBAL GRAPHICS SA (NYSE-Euronext: GLOG), experts in developing e-document and printing software, announces its consolidated results for the quarter and the year ended 31 December 2012.

ANALYSIS OF THE COMPANY'S FINANCIAL PERFORMANCE

Quarter ended 31 December 2012

Comparisons for the quarter ended 31 December 2012 with the last quarter of the financial year ended 31 December 2011 include:

- sales of Euro 2.5 million this quarter (Euro 2.4 million at Q4 2011 exchange rates) compared with Euro 2.7 million in Q4 2011, or a decrease of 8.0% at current exchange rates, and of 10.4% at constant exchange rates;
- an operating loss of Euro 0.2 million this quarter, compared with an operating profit of Euro 0.4 million in Q4 2011;
- an adjusted operating profit (EBITA) of Euro 0.1 million this quarter, compared with an adjusted operating profit of Euro 0.4 million in Q4 2011;
- a net loss of Euro 0.3 million this quarter (or a net loss of Euro 0.03 per share), compared with a net profit of Euro 0.4 million in Q4 2011 (or a net profit of Euro 0.04 per share); and
- a nominal adjusted net profit this quarter (or an adjusted net profit of Euro 0.00 per share), compared with an adjusted net profit of Euro 0.4 million in Q4 2011 (or an adjusted net profit of Euro 0.04 per share).

The Company's consolidated results for the quarter ended 31 December 2012 were unfavorably impacted by a Euro 0.2 million expense resulting from the impairment during the quarter of a development project which had given rise to capitalization in prior periods.

In addition, the comparison of this quarter's sales with those reported in the last quarter of the year ended 31 December 2011 is adversely affected by the fact that a significant license bulk order, which in 2011 had been received during the quarter ended 31 December 2011, was received in the third quarter of the current financial year, as already highlighted in the earnings release for the quarter and the nine-month period ended 30 September 2012.

Year ended 31 December 2012

Comparisons for the year ended 31 December 2012 with the year ended 31 December 2011 include:

- sales of Euro 9.7 million this year (Euro 9.1 million at 2011 exchange rates) compared with Euro 9.0 million in the year ended 31 December 2011, or an increase of 8.5% at current exchange rates and of 1.5% at constant exchange rates;
- an operating loss of Euro 0.3 million this year, compared with a nominal operating profit in the year ended 31 December 2011;
- an adjusted operating profit of Euro 0.1 million this year, compared with an adjusted operating loss of Euro 0.3 million in the year ended 31 December 2011;
- a nominal net loss this year (or a net loss of Euro 0.00 per share), compared with a net profit of Euro 0.2 million in the year ended 31 December 2011 (or a net profit of Euro 0.02 per share); and
- an adjusted net profit of Euro 0.2 million this year (or an adjusted net profit of Euro 0.02 per share), compared with an adjusted net loss of Euro 0.1 million in the year ended 31 December 2011 (or an adjusted net loss of Euro 0.01 per share).

The Company's consolidated results for the year ended 31 December 2012 were unfavorably impacted by the abovementioned Euro 0.2 million impairment expense, by the Euro 0.1 million expense corresponding to the estimated effect of the completion of the liquidation process of the Company's Indian subsidiary which was recorded in the quarter ended 30 September 2012, and by the decrease in the amount reported under the caption Other operating income from Euro 0.2 million in the year ended 31 December 2011 to nil in the year ended 31 December 2012.

Cash position and cash flow analysis

The Company had no outstanding debt and a cash position of Euro 2.3 million as at 31 December 2012, compared with a net cash position of Euro 2.3 million as at 31 December 2011 and Euro 1.6 million as at 30 September 2012, respectively.

Cash flows provided by the Company's operations amounted to Euro 1.7 million in the year ended 31 December 2012 (compared with Euro 1.8 million in the year ended 31 December 2011), allowing the Company to finance its operating requirements and its capital expenditures during 2012.

Detailed discussion of the Company's financial performance

A detailed discussion of the Company's financial performance during the quarter and the year ended 31 December 2012, including a comparison with the previous financial year's comparative periods, is set out in note 2 to the condensed management report of the Company's Board of Directors for the quarter and the year ended 31 December 2012, which is attached to this press release, together with the condensed consolidated financial statements for the same periods.

Auditors' reports on the 2012 statutory and consolidated financial statements

The attached condensed consolidated financial statements and selected explanatory notes, which were drafted by the Company's Board of Directors on 12 February 2013, have been reviewed by the Company's auditors, and are therefore final.

The Company's auditors still have additional audit procedures to perform, notably on the Company's statutory financial statements, the full version of the notes attached to the Company's consolidated financial statements, as well as on the reports relating to the year ended 31 December 2012 which have to be drafted by the Company's Board of Directors in accordance with applicable legal and regulatory provisions.

As in previous years, the reports of the Company's auditors on the 2012 statutory and consolidated financial statements will be included in the Company's annual financial report for the year ended 31 December 2012, which is expected to be released in April 2013.

MANAGEMENT'S COMMENTS

Gary Fry, Global Graphics' CEO commented, "2012 saw major releases of our Harlequin® and Jaws® RIP technologies as well as uptake of our patent-pending gDoc Platform by our channel partners.

"We released version 3 of our Harlequin "Digital" RIP – the Harlequin Host Renderer – in March, ahead of the drupa trade show, during which we announced the results of independent speed tests on the RIP. These showed that Harlequin is so powerful that it benefits press manufacturers by reducing their bill of materials for the Digital Front Ends that drive their presses. Hard on the heels of drupa we announced that TKS in Japan had selected this technology to drive their new inkjet newspaper press.

"The launch of Jaws 3 in September was warmly welcomed by customers such as Wasatch and Onyx who have integrated this new software release into their solutions for wide-format specialty printing applications, such as printing on textiles or sports equipment.

"Adoption of the gDoc Platform by our channel partners gained steady traction during 2012 and by year-end, three partners were proposing new solutions based on this technology, amongst them LexisNexis with Lexis Binder, aimed at the professional services market."

FIRST QUARTER 2013 RESULTS ANNOUNCEMENT

Global Graphics expects to announce its consolidated results for the quarter ending 31 March 2013 on Friday 26 April 2013 before market opening.

ANNUAL MEETING OF THE COMPANY'S SHAREHOLDERS

Global Graphics expects to hold its annual meeting in Brussels (Belgium) on Friday 7 June 2013.

The precise date, timing, venue, agenda, proposed resolutions and voting procedures will be announced at least 35 calendar days in advance of the meeting date, in accordance with applicable legal and regulatory provisions.

ABOUT GLOBAL GRAPHICS

Global Graphics (www.globalgraphics.com) is a leading developer of e-document and printing software. Its high-performance solutions are at the heart of products from customers such as HP, Fuji Xerox, Agfa, Corel and Quark.

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. 2012 Unaudited, unreviewed figures | Quarter ended 31 Dec. 2011 Unaudited, unreviewed figures | Year ended 31 December 2012 Unaudited figures | Year ended 31 December 2011 |
|---|--|--|---|-----------------------------------|
| Sales | 2,500 | 2,717 | 9,713 | 8,951 |
| Cost of sales | (104) | (107) | (407) | (422) |
| GROSS PROFIT | 2,396 | 2,610 | 9,306 | 8,529 |
| Selling, general & admin. expenses | (1,092) | (999) | (4,284) | (4,019) |
| Research and development expenses | (1,533) | (1,197) | (5,291) | (4,672) |
| Other operating expenses (note 5a) | 0 | 0 | (50) | 0 |
| Other operating income (note 5b) | 0 | 0 | 0 | 205 |
| OPERATING PROFIT (LOSS) | (229) | 414 | (319) | 43 |
| Interest income (note 6) | 0 | 1 | 2 | 4 |
| Interest expenses (note 6) | 0 | 0 | 0 | (26) |
| Net foreign exchange gains (losses) | (12) | 32 | (50) | 26 |
| PROFIT (LOSS) BEFORE INCOME TAX | (241) | 447 | (367) | 47 |
| Income tax benefit (expense) (note 7) | (42) | (26) | 325 | 106 |
| NET PROFIT (LOSS) | (283) | 421 | (42) | 153 |
| NET PROFIT (LOSS) PER SHARE (note 8) | | | | |
| Basic net profit (loss) per share | (0.03) | 0.04 | 0.00 | 0.02 |
| Diluted net profit (loss) per share | (0.03) | 0.04 | 0.00 | 0.01 |

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 2012.

Figures for the year ended 31 December 2011 have been extracted from the audited consolidated financial statements for that year.

GLOBAL GRAPHICS SA AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (LOSS)

| In thousands of euros, except per share data in euro | Quarter ended 31 Dec. 2012 Unaudited, unreviewed figures | Quarter ended 31 Dec. 2011 Unaudited, unreviewed figures | Year ended 31 December 2012 Unaudited figures | Year ended 31 December 2011 |
|---|--|--|---|-----------------------------------|
| Net profit (loss) for the period | (283) | 421 | (42) | 153 |
| Items never reclassified subsequently to profit or loss | 0 | 0 | 0 | 0 |
| Items that may be reclassified subsequently to profit or loss: | | | | |
| - Exchange differences on translating foreign operations | (453) | 497 | 288 | 408 |
| - Income tax on items that may be reclassified subsequently to profit or loss | 0 | 0 | 0 | 0 |
| Total items that may be reclassified subsequently to profit or loss | (453) | 497 | 288 | 408 |
| Other comprehensive income (loss) for the period, net of income tax | (453) | 497 | 288 | 408 |
| Total comprehensive income (loss) for the period | (736) | 918 | 246 | 561 |

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 2012.

Figures for the year ended 31 December 2011 have been extracted from the audited consolidated financial statements for that year.

GLOBAL GRAPHICS SA AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| In thousands of euros | 31 December 2012 Unaudited figures | 31 December 2011 |
|---|---|---------------------|
| ASSETS | | |
| NON-CURRENT ASSETS | | |
| Property, plant and equipment | 369 | 441 |
| Other intangible assets (note 9) | 5,225 | 5,330 |
| Goodwill (note 10) | 6,984 | 6,822 |
| Financial assets | 110 | 108 |
| Deferred tax assets, net | 44 | 53 |
| TOTAL NON-CURRENT ASSETS | 12,732 | 12,754 |
| CURRENT ASSETS | | |
| Inventories | 17 | 23 |
| Trade receivables (note 11) | 1,984 | 1,752 |
| Current income tax receivables | 51 | 11 |
| Other current receivables | 75 | 62 |
| Prepaid expenses | 484 | 481 |
| Cash | 2,252 | 2,315 |
| TOTAL CURRENT ASSETS | 4,863 | 4,644 |
| TOTAL ASSETS | 17,595 | 17,398 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| SHAREHOLDERS' EQUITY | | |
| Share capital (note 12a) | 4,116 | 4,116 |
| Share premium (note 12b) | 28,737 | 28,747 |
| Reserve for share-based compensation expenses | 3,244 | 3,124 |
| Reserve for own shares (note 13) | (1,186) | (1,191) |
| Accumulated deficit | (8,528) | (8,486) |
| Foreign currency translation reserve | (10,555) | (10,843) |
| TOTAL SHAREHOLDERS' EQUITY | 15,828 | 15,467 |
| LIABILITIES | | |
| NON-CURRENT LIABILITIES | | |
| Other non-current liabilities | 2 | 2 |
| TOTAL NON-CURRENT LIABILITIES | 2 | 2 |
| CURRENT LIABILITIES | | |
| Trade payables | 269 | 265 |
| Current income tax payables | 22 | 61 |
| Other payables | 821 | 857 |
| Customer advances and deferred revenue | 653 | 746 |
| TOTAL CURRENT LIABILITIES | 1,765 | 1,929 |
| TOTAL LIABILITIES | 1,767 | 1,931 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 17,595 | 17,398 |

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 2012.

Figures for the year ended 31 December 2011 have been extracted from the audited 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 2012 Unaudited figures | Year ended 31 December 2011 |
|---|---|-----------------------------------|
| Shareholders' equity at 1 January | 15,467 | 14,780 |
| Total comprehensive profit for the year | 246 | 561 |
| Effect of share-based compensation plans: | | |
| - Value of services rendered by employees (note 4d) | 120 | 142 |
| - Operating expenses incurred with respect of share-based compensation plans (note 12b) | (10) | (29) |
| Total effect of share-based compensation plans | 110 | 113 |
| Changes in the amount of the reserve for own shares: | | |
| - Repurchase of own shares (note 13a) | 0 | 0 |
| - Grant of own shares at no cost (note 13b) | 5 | 13 |
| Total change in the amount of the reserve for own shares | 5 | 13 |
| Shareholders' equity at 31 December | 15,828 | 15,467 |

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 2012.

Figures for the year ended 31 December 2011 have been extracted from the audited 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 2012 Unaudited figures | Year ended 31 December 2011 |
|--|---|-----------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net profit (loss) for the year | (42) | 153 |
| Adjustments for operating items without effect on cash: | | |
| - Depreciation of property, plant and equipment | 188 | 190 |
| - Amort. and impairment of intangible assets (note 9b) | 1,872 | 1,096 |
| - Share-based compensation expenses (note 4d) | 120 | 142 |
| - Change in the amount of provisions (note 5) | 50 | (205) |
| - Net interest (income) expenses (note 6) | (2) | 22 |
| - Net exchange (gains) losses (note 6) | 50 | (26) |
| - Income tax (benefit) expense (note 7) | (325) | (106) |
| - Expenses offset against the share premium (note 12b) | (5) | (16) |
| Exchange rate differences | (76) | 39 |
| Other items | 7 | (105) |
| Change in value of operating assets and liabilities: | | |
| - Inventories | 6 | 15 |
| - Trade receivables (note 11) | (232) | 154 |
| - Current income tax receivables | (40) | 26 |
| - Other current receivables | (13) | (3) |
| - Prepaid expenses | (3) | (10) |
| - Trade payables | 4 | (27) |
| - Current income tax payables | (39) | 61 |
| - Other payables | (36) | (35) |
| - Customer advances and deferred revenue | (93) | 176 |
| Cash received in the period for interest income | 2 | 4 |
| Cash received (paid) in the period for income taxes | 277 | 234 |
| NET CASH FLOW PROVIDED BY (USED IN) OPERATING ACTIVITIES | 1,670 | 1,779 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Capital expenditures on property, plant and equipment | (106) | (112) |
| Capital expenditures on other intangible assets | (6) | 0 |
| Capitalization of development expenses (note 4b) | (1,630) | (1,283) |
| Proceeds from the disposal of intangible assets | 0 | 17 |
| NET CASH FLOW USED IN INVESTING ACTIVITIES | (1,742) | (1,378) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Repurchase of own shares (note 13a) | 0 | 0 |
| NET CASH FLOW USED IN FINANCING ACTIVITIES | 0 | 0 |
| NET INCREASE (DECREASE) OF CASH IN THE YEAR | (72) | 401 |
| CASH AT 1 JANUARY | 2,315 | 1,869 |
| EFFECT OF EXCHANGE RATE CHANGES ON CASH AT 1 JANUARY | 9 | 45 |
| CASH AT 31 DECEMBER | 2,252 | 2,315 |

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 2012.

Figures for the year ended 31 December 2011 have been extracted from the audited 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 2012

NOTE 1: REPORTING ENTITY

These condensed consolidated financial statements as at and for the quarter and the year ended 31 December 2012 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 12 February 2013.

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 2012 have been prepared in accordance with IAS 34, Interim Financial Reporting (IAS 34), and more generally with International Financial Reporting Standards (IFRSs) and related interpretations issued by the International Accounting Standards Board (IASB), as adopted by the European Union (EU).

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 2011.

(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 2011, 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 thousands of euros, which is the Parent's functional and presentation currency, rounded to the nearest thousand, unless otherwise specified.

(d) Going concern

The Company had no outstanding financial debt and a cash position of 2,252 as at 31 December 2012, compared with 2,315 as at 31 December 2011.

On the date these condensed consolidated financial statements were drafted, based on their review of cash flow projections prepared by management for the 24-month period ending 31 December 2014, 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 over that period.

NOTE 3: ACCOUNTING POLICIES AND METHODS

(a) Same 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 2011, which are set out in note 3 to the Company's consolidated financial statements for that year.

(b) Early application of the amendment to IAS 1

Pursuant to the adoption on 5 June 2012 by the European Parliament of the amendment to IAS 1, Presentation of financial statements, relating to the disclosure of items of other comprehensive income, which is mandatory for annual periods beginning on or after 1 July 2012, but may be early applied, the Company decided to present its statement of comprehensive income for the quarter and the year ended 31 December 2012 in accordance with the provisions of this amendment.

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 2012, and assumptions or estimates with a significant risk of material adjustment in the coming twelve months, are discussed hereafter.

(a) Impairment of goodwill and other intangible assets

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

- Applicable accounting rule

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 3f to the Company's consolidated financial statements for the year ended 31 December 2011.

- Method used for testing impairment of goodwill

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 an estimate of its fair value.

Such calculation employed cash flow projections based on financial forecasts approved by management covering a four-year period ending 31 December 2016.

Cash flows for the following three years were extrapolated using a compound average growth rate of 4.7% for sales to account for sales arising from expected new business over that three-year period, and of 2.4% for operating expenses over the same period. A rate of 10.3% was used for discounting the projected cash flows, based on a risk-free rate of 1.4% and an equity risk premium of 8.9%, which management believes to reflect the specific risks relating to the Print segment of the Company's business (compared with a rate of 11.1% as at 31 December 2011). The terminal value used in the cash flow projection was estimated using the perpetuity growth method, using a perpetuity growth rate of 1.0%, and represented approximately 61.1% of the total value of the projected cash flows.

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 2012 (see also note 10b below).

(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 14e 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.

Considering the absence of material changes during the year ended 31 December 2012 in the assumptions used at 31 December 2011 for identifying any requirement to impair the intangible assets reported under the Print segment of the Company's business, and the absence of any impairment for these intangible assets at the latter date, 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 2012.

- 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 14e below) relate to three development projects (namely EDL, gDoc applications, and other conversion technologies) which management believes to meet the recognition criteria set out in paragraphs 57 to 62 of IAS 38.

Considering the absence of material changes during the year ended 31 December 2012 in the assumptions used at 31 December 2011 for identifying any requirement to impair the intangible assets reported under the eDoc segment of the Company's business, and the absence of any impairment for these intangible assets at the latter date, management concluded that no impairment for the intangible assets reported under the eDoc segment of the Company's business was required as at and during the year ended 31 December 2012, with exception of those costs incurred with respect of the development project relating to other conversion technologies, resulting in an impairment expense of 163 in the quarter and the year ended 31 December 2012(see note 4b below).

(b) Capitalization and amortization of computer software development costs

(i) Development cost capitalization and amortization methods used by the Company

As stated in note 3e to the Company's consolidated financial statements for the year ended 31 December 2011, 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. The corresponding amortization charge is included in Research and development expenses in the consolidated statement of income.

(ii) Capitalization of computer software development costs

The following tables provide information on the aggregate amounts of computer software development costs which were capitalized as at 31 December 2012 and 2011, as well as on the amounts which were capitalized during the quarters and the years then ended for those projects the Company considered it could demonstrate that it met all of the abovementioned recognition criteria:

- Quarter and year ended 31 December 2012

| In thousands of euros Unaudited and unreviewed figures | Total capitalised at 31 Dec. 2012 | Amounts capitalised | |
|---|--|---|--------------------------------------|
| | | in the quarter ended 31 Dec. 2012 | in the year ended 31 Dec. 2012 |
| Harlequin RIP | 6,212 | 181 | 685 |
| Jaws RIP | 633 | 49 | 293 |
| Total Print segment | 6,845 | 230 | 978 |
| Electronic Document Libraries (EDL) | 1,707 | 26 | 106 |
| gDoc applications | 1,998 | 99 | 546 |
| Other document conversion technologies | 161 | 0 | 0 |
| Total eDoc segment | 3,866 | 125 | 652 |
| Total | 10,711 | 355 | 1,630 |

- Quarter and year ended 31 December 2011

| In thousands of euros Unaudited and unreviewed figures | Total capitalised at 31 Dec. 2011 | Amounts capitalised | |
|---|--|---|--------------------------------------|
| | | in the quarter ended 31 Dec. 2011 | in the year ended 31 Dec. 2011 |
| Harlequin RIP | 5,406 | 198 | 622 |
| Jaws RIP | 334 | 49 | 187 |
| Total Print segment | 5,740 | 247 | 809 |
| Electronic Document Libraries (EDL) | 1,565 | 15 | 36 |
| gDoc applications | 1,426 | 82 | 287 |
| Other document conversion technologies | 157 | 20 | 151 |
| Total eDoc segment | 3,148 | 117 | 474 |
| Total | 8,888 | 364 | 1,283 |

(iii) Amortization of capitalized computer software development costs

The following tables provide information on accumulated amortization as at 31 December 2012 and 2011, as well as on the amortization and/or impairment expenses which were recognized in the quarters and the years then ended for those projects the Company considered it could demonstrate that it met all of the abovementioned recognition criteria:

- Quarter and year ended 31 December 2012

| In thousands of euros Unaudited and unreviewed figures | Accumulated amortisation at 31 Dec. 2012 | Amortisation/impairment expenses in the quarter ended 31 Dec. 2012 | in the year ended 31 Dec. 2012 |
|---|---|---|--------------------------------------|
| Harlequin RIP | 3,168 | 246 | 863 |
| Jaws RIP | 95 | 38 | 97 |
| Total Print segment | 3,263 | 284 | 960 |
| Electronic Document Libraries (EDL) | 910 | 56 | 219 |
| gDoc applications | 1,209 | 124 | 522 |
| Other document conversion technologies | 161 | 163 | 163 |
| Total eDoc segment | 2,280 | 343 | 904 |
| Total | 5,543 | 627 | 1,864 |

- Quarter and year ended 31 December 2011

| In thousands of euros Unaudited and unreviewed figures | Accumulated amortisation at 31 Dec. 2011 | Amortisation expenses in the quarter ended 31 Dec. 2011 | in the quarter ended 31 Dec. 2011 |
|---|---|--|---|
| Harlequin RIP | 2,261 | 177 | 515 |
| Jaws RIP | 0 | 0 | 0 |
| Total Print segment | 2,261 | 177 | 515 |
| Electronic Document Libraries (EDL) | 676 | 44 | 164 |
| gDoc applications | 678 | 96 | 325 |
| Other document conversion technologies | 0 | 0 | 0 |
| Total eDoc segment | 1,354 | 140 | 489 |
| Total | 3,615 | 317 | 1,004 |

(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

- Policy used by the Company for recognizing deferred tax assets

The Company recognises deferred tax assets as stated in note 3p to the Company's consolidated financial statements for the financial year ended 31 December 2011.

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 2016 to offset projected taxable profit to be made by its UK subsidiary over such period was made 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. 23.0% from 1 April 2013, as set out in note 7d below.

It resulted in the recognition of a deferred tax asset of 1,189 as at 31 December 2012, a deferred tax expense of 62 in the quarter then ended (which included a benefit of 1 with respect of the decrease of the tax rate from 24.0% to 23.0% referred to in note 7d below), as well as a deferred tax expense of 164 in the year ended 31 December 2012, which included an expense of 93 with respect of the successive decreases of the UK corporation tax rate referred to in note 7d below.

Deferred tax liability arising from the capitalization of developments costs

The recognition of a deferred tax liability corresponding to the amount of development costs capitalized in accordance with applicable provisions of IAS 38, net of applicable amortization and/or impairment, was made using the tax rate that is expected to apply to the period when the deferred tax liability is expected to be settled realized, i.e. 23.0% from 1 April 2013, as set out in note 7d below.

It resulted in the recognition of a deferred tax liability of 1,189 as at 31 December 2012, a deferred tax benefit of 63 in the quarter then ended (which included an expense of 2 with respect of the decrease of the tax rate from 24.0% to 23.0% referred to in note 7d below), as well as a deferred tax benefit of 163 in the year ended 31 December 2012, which included a benefit of 107 with respect of the successive decreases of the UK corporation tax rate referred to in note 7d below.

- Unrecognized deferred tax assets

The amount of capital allowances which were available to the Company's UK subsidiaries as at 31 December 2012, but were not projected to be used in the four-year period ending 31 December 2016, and therefore did not result in the recognition of a deferred tax asset as at 31 December 2012, amounted to 5,589 at such date.

Had a deferred tax asset been recognized with regards to such portion of available capital allowances at 31 December 2012, since these allowances would only be used after 1 January 2017, 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 2013 (i.e. 23.0%), as this was the only change in the UK corporation tax rate which was enacted before 31 December 2012: the corresponding, additional deferred tax asset would amount to 1,285 on that date.

(d) Share-based compensation expense

(i) Share options

- Outstanding and exercisable share options as at 31 December 2012

The following table summarises information about the Company's outstanding and exercisable share options as at 31 December 2012, which expire on 6 August 2016:

| Grant dates of share options Exercise prices are in euros | Outstanding at 31 Dec. 2012 | Exercise price per share | Exercisable at 31 Dec. 2012 | Exercise price per share |
|--|-----------------------------------|--------------------------------|-----------------------------------|--------------------------------|
| 6 August 2008 | 200,000 | 2.08 | 0 | 2.08 |
| 18 September 2008 | 20,000 | 1.94 | 0 | 1.94 |
| 17 December 2008 | 75,000 | 2.08 | 0 | 2.08 |
| 28 July 2010 | 10,000 | 1.65 | 0 | 1.65 |
| 2 November 2011 | 275,000 | 1.06 | 0 | 1.06 |
| Total | 580,000 | 1.58 | 0 | |

- Main terms and conditions of abovementioned share option grants

Share option grants made in the years ended 31 December 2008 to 2010

Two conditions are attached to the exercise of share options which were granted in the years ended 31 December 2008 to 2010:

- firstly, the recipient of the share option grant must have been an employee and/or a director of the Company at all times between the date when the options were granted to him/her and the date(s) when he/she exercises all of part of these options; and

- secondly, the exercise of options may be done by the recipient of such share option grant 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 the recipient of the share option grant, to Euro 8.00 for the second quarter of the number of options granted to the recipient of the share option grant, to Euro 12.00 for the third quarter of the number of options granted to the recipient of the share option grant, and to Euro 16.00 for the last quarter of the number of options granted to the recipient of the share option grant.

An accelerated vesting of these options, regardless of whether or not the abovementioned minimum share price conditions were met, would occur should one or several shareholders acting in concert (as defined by article L.233-3 of French Commercial Law) come to hold more than 30.0% of the total number of shares forming the Company's share capital or of the voting rights attached to such shares, or more than the number of shares and/or voting rights attached to such shares held by Stichting Andlinger & Co. Euro-Foundation, which held approximately 28.0% of the Company's shares and voting rights as at 31 December 2012, as set out in note 7b of the Board's report for the quarter and the year ended 31 December 2012.

Share option grant made on 2 November 2011

Two conditions are attached to the exercise of the 275,000 share options which were granted on 2 November 2011 and were still outstanding as at 31 December 2012:

- firstly, the recipient of the share option grant must have been an employee and/or a director of the Company at all times between the date when the options were granted to him/her and the date(s) when he/she exercises all of part of these options; and

- secondly, the exercise of options may be done by the recipient of such share option grant but only from the date when the closing price reported for the Company's share will be at least equal to Euro 2.00 during a minimum of 20 trading days over any period of 60 trading days during which trades occurred in the Company's share for the first half of the number of these options, and at least to Euro 3.00 (computed as mentioned above) for the remaining half.

An accelerated vesting of these options, regardless of whether or not the abovementioned minimum share price conditions were met, would occur should one or several shareholders acting in concert (as defined by article L.233-3 of French Commercial Law) come to hold more than 30.0% of the total number of shares forming the Company's share capital or of the voting rights attached to such shares.

(ii) Share grants

- Grant of shares at no cost to the recipient of such share grant ('free shares')

Grant of free shares made on 29 July 2009

The Parent's Board of Directors made a provisional grant of 24,750 free shares to certain employees of some of the Company's foreign subsidiaries on 29 July 2009.

As at 31 December 2012, after effect of the final grant of shares made to certain employees of the Company when they left the Company's employment since share grant date, a total of 21,000 shares may still be granted at the end of the four-year period starting on share grant date, provided that the recipients of the free share grant have been employees of the Company at all times during that period.

Recipients of such share grant will not be subject to any holding period after final grant date.

Grant of free shares made on 10 March 2011

The Parent's Board of Directors made a provisional grant of 96,000 free shares to certain employees of some of the Company's subsidiaries on 10 March 2011, of which 36,000 shares to Mr. Gary Fry and 4,000 shares to Mr. Alain Pronost in their capacities of Chief Executive Officer and Chief Financial Officer of the Company.

As at 31 December 2012, after effect of the cancellation of the 12,000 shares which were granted to employees who no longer work for the Company, a total of 84,000 shares may still be granted at the end of the vesting period starting on share grant date, provided that the recipients of the free share grant have been employees of the Company at all times during such period, which will last four years for all recipients who are employed by foreign subsidiaries of the Company and two years for those who are employed by the Parent.

Recipients of such share grant will not be subject to any holding period after final grant date, with exception of those employed by the Parent who will be required to hold their shares until the fourth anniversary date of the share grant.

Grant of free shares made on 2 November 2011

The Parent's Board of Directors made a provisional grant of 24,000 free shares to certain employees of some of the Company's subsidiaries on 2 November 2011.

As at 31 December 2012, all of these 24,000 shares may still be granted at the end of the four-year period starting on share grant date, provided that the recipients of the free share grant have been employees of the Company at all times during that four-year period.

Recipients of such share grant will not be subject to any holding period after final grant date.

Grant of free shares made on 25 October 2012

The Parent's Board of Directors made a provisional grant of 3,000 free shares to certain employees of the Company's subsidiaries on 25 October 2012.

As at 31 December 2012, all of these 3,000 shares may still be granted at the end of the four-year period starting on share grant date, provided that the recipients of the free share grant have been employees of the Company at all times during that four-year period.

Recipients of such share grant will not be subject to any holding period after final grant date.

- Under the 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 Company's employees, notably those of the UK subsidiary of the Company.

Participants to the SIP 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, being noted that 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.

At as 31 December 2012, 42,329 shares were granted as SIP Matching Shares to employees of the UK subsidiary of the Company, after of the 5,303 shares which were granted to participants in the year ended 31 December 2012, and after effect of the reallocation of 1,814 shares which were granted to one employee who left the Company's employment before the end of the vesting period for those Matching Shares.

(iii) Share-based compensation expense analysis

| In thousands of euros Unaudited and unreviewed figures | Quarter ended 31 Dec. 2012 | Quarter ended 31 Dec. 2011 | Year ended 31 December 2012 | Year ended 31 December 2011 |
|---|-------------------------------------|-------------------------------------|-----------------------------------|-----------------------------------|
| Attributable to option grants | 18 | 11 | 58 | 87 |
| Attributable to share grants | 17 | 16 | 62 | 55 |
| Total share-based compensation expense | 35 | 27 | 120 | 142 |

NOTE 5: OTHER OPERATING EXPENSES AND INCOME

In accordance with provisions of paragraph 28 of the IASB Framework and paragraphs 97 & 98 of IAS 1 (revised), Presentation of Financial Statements, 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 (loss).

(a) Other operating expenses

(i) Quarter and year ended 31 December 2012

An amount of 50 was expensed in the year ended 31 December 2012 (nil in the quarter then ended) with regards to the estimated expense to be incurred by the Company as a result of the completion of the liquidation process of Global Graphics Software (India) Private Limited, which was initiated in May 2010, and which management expects to happen shortly.

(ii) Quarter and year ended 31 December 2011

No amount was reported under the caption Other operating expenses in either the quarter or the year ended 31 December 2011.

(b) Other operating income

(i) Quarter and year ended 31 December 2012

No amount was reported under the caption Other operating income in either the quarter or the year ended 31 December 2012.

(ii) Quarter and year ended 31 December 2011

An amount of 205 was recognised in the year ended 31 December 2011 (nil in the quarter then ended) as a result of the write-back of the provision for unused office space in Cambourne in the UK, which was recorded as at 31 December 2010 pursuant to management's decision to re-use all of that office space from 1 July 2011.

Accordingly, the Company also recognised an interest expense corresponding to the unwinding of the discount of that provision, which amounted to 26 in the year ended 31 December 2011 (nil in the quarter then ended), as set out in note 6 below.

NOTE 6: NET FINANCING GAINS (LOSSES)

| In thousands of euros Unaudited and unreviewed figures | Quarter ended 31 Dec. 2012 | Quarter ended 31 Dec. 2011 | Year ended 31 December 2012 | Year ended 31 December 2011 |
|---|-------------------------------------|-------------------------------------|-----------------------------------|-----------------------------------|
| Interest income | 0 | 1 | 2 | 4 |
| Interest expenses (note 5b) | 0 | 0 | 0 | (26) |
| Net interest income (expenses) | 0 | 1 | 2 | (22) |
| Gains (losses) on transactions | (11) | 32 | (51) | 26 |
| Gains (losses) on option contracts | (1) | 0 | 1 | 0 |
| Net exchange gains (losses) | (12) | 32 | (50) | 26 |
| Net financing gains (losses) | (12) | 33 | (48) | 4 |

NOTE 7: INCOME TAX EXPENSE (BENEFIT)

(a) Current income tax expense (benefit)

(i) Quarter ended 31 December 2012

The Company recorded a current tax expense amounting to 35 in the quarter ended 31 December 2012, compared with a current tax expense amounting to 76 in the quarter ended 31 December 2011.

(ii) Year ended 31 December 2012

The Company recorded a current income tax benefit amounting to 334 in the year ended 31 December 2012, compared with a current income tax benefit amounting to 155 in the year ended 31 December 2011.

The current income tax benefit which was recorded in the year ended 31 December 2012 predominantly resulted from the refund to Global Graphics Software Limited of the research and development tax credit for the year ended 31 December 2011, which was received by that subsidiary in late September 2012 for an amount of 386.

The current income tax benefit which was recorded in the year ended 31 December 2011 predominantly resulted from the refund to Global Graphics Software Limited of the research and development tax credit for the year ended 31 December 2010, which was received by that subsidiary in early April 2011 for an amount of 253.

(b) Deferred tax expense (benefit)

The following table provides an analysis of the deferred tax expenses (benefits) which were recorded in the quarters and the years ended 31 December 2012 and 2011, respectively:

| In thousands of euros Unaudited and unreviewed figures | Quarter ended 31 Dec. 2012 | Quarter ended 31 Dec. 2011 | Year ended 31 December 2012 | Year ended 31 December 2011 |
|--|-------------------------------------|-------------------------------------|-----------------------------------|-----------------------------------|
| Arising from the capitalisation of development expenses (note 4b) | 85 | 95 | 398 | 339 |
| Arising from the amortisation and impairment of development expenses (note 4b) | (150) | (83) | (454) | (266) |
| Arising from the (de-)recognition of capital allowances (note 4c) | 63 | (16) | 71 | (25) |
| Other items | 9 | (46) | (6) | 1 |
| Deferred tax expense (benefit) | 7 | (50) | 9 | 49 |

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

| In thousands of euros Unaudited and unreviewed figures | Quarter ended 31 Dec. 2012 | Quarter ended 31 Dec. 2011 | Year ended 31 December 2012 | Year ended 31 December 2011 |
|--|-------------------------------------|-------------------------------------|-----------------------------------|-----------------------------------|
| Profit (loss) before income tax | (241) | 447 | (367) | 47 |
| Income tax expense (benefit) using the rate of 33.33% | (80) | 149 | (122) | 16 |
| Expense (benefit) attributable to: | | | | |
| - Effect of differences of tax rates in foreign jurisdictions | 23 | (35) | 11 | (13) |
| - Effect of the recognition or utilisation of available capital allowances (note 4c) | 63 | (16) | 71 | (25) |
| - Effect of share-based plans (note 4d) | 12 | 9 | 40 | 47 |
| - Repayment of R&D tax credits (note 7a) | 0 | 0 | (386) | (253) |
| - Unrecognized tax losses | 10 | (83) | 56 | 104 |
| - Other items | 14 | 2 | 5 | 18 |
| Income tax expense (benefit) | 42 | 26 | (325) | (106) |

(d) Recent and future decreases in the UK corporation tax rate

(i) Applicable accounting rules

In accordance with applicable provisions of IAS 12, Income taxes (IAS 12), any change in corporation tax rates cannot be reflected in a company's consolidated accounts prepared in accordance with IFRSs unless the corporation tax rate changes have been either enacted or substantively enacted on or before the relevant balance sheet date.

In the UK, substantive enactment occurs when the relevant Finance Act has passed through the House of Commons and is awaiting only passage through the House of Lords and Royal Assent, or when a resolution having statutory effect has been passed under the Provisional Collection of Taxes Act 1968.

(ii) Recently enacted decreases of the UK corporation tax rate

- With effect from 1 April 2012

On 26 March 2012, the Chancellor of the Exchequer announced the decrease in the main rate of UK corporation tax from 26.0% to 24.0% with effect from 1 April 2012. Given the late notice in such rate reduction applying from 1 April 2012, it has been legislatively necessary for the reduction to be included in a resolution which was given effect under the Provisional Collection of Taxes Act 1968. Accordingly, the reduction in the UK corporation tax rate to 24.0% was substantively enacted following the passing of the resolution on 26 March 2012. The rate of 26.0% has been used for the computation of the tax expense (benefit) arising from the taxable profit (loss) made by the UK subsidiaries of the Company in the quarter ended 31 March 2012, while the rate of 24.0% has been used when computing the tax expense (benefit) arising from the taxable profit (loss) made by the UK subsidiaries of the Company in the quarters ended 30 June, 30 September and 31 December 2012.

- With effect from 1 April 2013

In his Budget on 26 March 2012, the Chancellor of the Exchequer also proposed a further 1.0% reduction of the UK corporate tax rate to 23.0% from 1 April 2013. Royal Assent was given to the Finance Act 2012 on 17 July 2012: as a result, the rate of 23.0% was used when computing the deferred tax assets and liabilities of the UK subsidiaries of the Company as at 31 December 2012.

(iii) Additional projected decrease of the UK corporation tax rate

In his Budget on 26 March 2012, the Chancellor of the Exchequer also proposed a further 1.0% reduction of the UK corporate tax rate to 22.0% from 1 April 2014. This projected decrease in the UK corporate tax rate was not considered as substantively enacted for the purposes of IAS 12 as at 31 December 2012, and was therefore not considered when computing the deferred tax assets and liabilities of the UK subsidiaries of the Company as at 31 December 2012.

The effect on the Company's tax position of this additional reduction of the UK corporation tax rate will be reflected in the Company's consolidated accounts once the corresponding reduction has been substantively enacted.

(e) Research and development tax credit claim for the year ended 31 December 2012

The corporation tax return which was prepared by the UK subsidiary of the Company for the year ended 31 December 2012 resulted in a claim for the repayment of a research and development tax credit amounting to an estimated amount of Euro 0.4 million.

As set out in note 4c above, significant judgement was required in determining the amount of that tax credit: as a result, management considered it was not appropriate to recognize this amount as an amount receivable as at 31 December 2012, but to defer its recognition to the point when acceptance of the repayment claim would be notified to the Company's UK subsidiary.

However, since similar claims made by Global Graphics Software Limited in previous years resulted in the repayment to that company of the amounts claimed (as set out in note 7a above), management considered it was appropriate to assume that the amount claimed for the year ended 31 December 2012 would also be repaid to the Company's UK subsidiary in the course of the current financial year, and included the corresponding, expected cash receipt in the cash flow projections prepared to assess the going concern of the Company over the 24-month period ending on 31 December 2014 referred to in note 2d above.

NOTE 8: EARNINGS PER SHARE

(a) Basic earnings per share

(i) Method used in the computation of basic EPS

Basic earnings per share (EPS) are calculated by dividing profit or loss attributable to the Company's shareholders for a period by the weighted average number of ordinary shares outstanding during that period, after taking into account any free shares the grant of which has become final in the period or any newly issued shares resulting from the exercise of share options, as applicable.

(ii) Computation of the weighted average number of shares to be used

- Quarters ended 31 December 2012 and 2011

The following table provides for the computation of the weighted average number of ordinary shares to be used for basic EPS computation in the quarters ended 31 December 2012 and 2011, respectively:

| Unaudited and unreviewed figures | 2012 | 2011 |
|---|------------|------------|
| Ordinary shares outstanding at 1 October (note 12a) | 10,289,781 | 10,289,781 |
| Own shares held by the Company at 1 October (note 13c) | (165,517) | (168,081) |
| Number of ordinary shares outstanding at 1 October to be used for basic EPS computation | 10,124,264 | 10,121,700 |
| Effect of the final grant of own shares during the quarters ended 31 December (note 13b) | 0 | 611 |
| Effect of the exercise of share options during the quarters ended 31 December (note 12a) | 0 | 0 |
| Weighted average number of ordinary shares to be used for basic EPS computation in the quarters ended 31 Dec. | 10,124,264 | 10,122,311 |

- Years ended 31 December 2012 and 2011

The following table provides for the computation of the weighted average number of ordinary shares to be used for basic EPS computation in the years ended 31 December 2012 and 2011, respectively:

| Unaudited figures | 2012 | 2011 |
|--|------------|------------|
| Ordinary shares outstanding at 1 January (note 12a) | 10,289,781 | 10,289,781 |
| Own shares held by the Company at 1 January (note 13c) | (166,267) | (168,081) |
| Number of ordinary shares outstanding at 1 January to be used for basic EPS computation | 10,123,514 | 10,121,700 |
| Effect of the final grant of own shares during the years ended 31 December (note 13b) | 459 | 154 |
| Effect of the exercise of share options during the years ended 31 December (note 12a) | 0 | 0 |
| Weighted average number of ordinary shares to be used for basic EPS computation in the years ended 31 December | 10,123,973 | 10,121,854 |

(b) Diluted earnings per share

(i) Method used in the computation of basic EPS

Diluted earnings per share are calculated by adjusting profit or loss attributable to the Company's shareholders, and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares.

However, potential ordinary shares are treated as dilutive when, and only when, their conversion to ordinary shares would decrease earnings per share or increase loss per share: as a result, when the Company reports a net loss for a given period, no adjustment is made for dilutive potential ordinary shares, as management considers this would result in decreasing loss per share.

(ii) Computation of the weighted average number of shares to be used

- Quarters ended 31 December 2012 and 2011

The following table provides for the computation of the weighted average number of ordinary shares to be used for diluted EPS computation in the quarters ended 31 December 2012 and 2011, respectively:

| Unaudited and unreviewed figures | 2012 | 2011 |
|---|------------|------------|
| Weighted average number of ordinary shares outstanding in the quarters ended 31 December | 10,124,264 | 10,122,311 |
| Adjustment for dilutive potential ordinary shares | 172,924 | 163,021 |
| Weighted average number of ordinary shares to be used for diluted EPS computation in the quarters ended 31 Dec. | 10,297,188 | 10,285,332 |

- Years ended 31 December 2012 and 2011

The following table provides for the computation of the weighted average number of ordinary shares to be used for diluted EPS computation in the years ended 31 December 2012 and 2011, respectively:

| Unaudited figures | 2012 | 2011 |
|--|------------|------------|
| Weighted average number of ordinary shares outstanding in the years ended 31 December | 10,123,973 | 10,121,854 |
| Adjustment for dilutive potential ordinary shares | 171,738 | 130,579 |
| Weighted average number of ordinary shares to be used for diluted EPS computation in the years ended 31 Dec. | 10,295,711 | 10,252,433 |

NOTE 9: OTHER INTANGIBLE ASSETS

(a) Gross value

| In thousands of euros | Years ended 31 December 2012 | 2011 |
|---|---------------------------------|--------|
| | Unaudited figures | |
| Gross value as at 1 January | 46,097 | 43,768 |
| Additions during the year | 1,636 | 1,283 |
| Effect of changes in exchange rates during the year | 1,075 | 1,046 |
| Gross value as at 31 December | 48,808 | 46,097 |

(b) Amortisation and impairment

| In thousands of euros | Years ended 31 December 2012 | 2011 |
|---|---------------------------------|--------|
| | Unaudited figures | |
| Accumulated amortisation as at 1 January | 40,767 | 38,763 |
| Depreciation expense recognised during the year | 1,709 | 1,095 |
| Impairment expense recognised during the year (note 4a) | 163 | 0 |
| Effect of change in exchange rates during the year | 944 | 909 |
| Accumulated amortisation as at 31 December | 43,583 | 40,767 |

NOTE 10: GOODWILL

(a) Gross value

| In thousands of euros | Years ended 31 December 2012 Unaudited figures | 2011 |
|---|---|--------|
| Gross value as at 1 January | 12,891 | 12,608 |
| Effect of changes in exchange rates during the year | 305 | 283 |
| Gross value as at 31 December | 13,196 | 12,891 |

(b) Amortisation and impairment

| In thousands of euros | Years ended 31 December 2012 Unaudited figures | 2011 |
|---|---|-------|
| Accumulated amortisation as at 1 January | 6,069 | 5,935 |
| Impairment expense recognised during the year (note 4a) | 0 | 0 |
| Effect of changes in exchange rates during the year | 143 | 134 |
| Accumulated amortisation as at 31 December | 6,212 | 6,069 |

NOTE 11: TRADE RECEIVABLES

(a) Gross and net amounts

| In thousands of euros | 31 December 2012 Unaudited figures | 31 December 2011 |
|--|--|------------------|
| Gross amount (note 11b) | 2,126 | 1,892 |
| Allowance for doubtful accounts (note 11b) | (142) | (140) |
| Net amount | 1,984 | 1,752 |

(b) Aging of trade receivables

| In thousands of euros | 31 December 2012 | | 31 December 2011 | |
|------------------------------|---|-----------------------------------|------------------|-----------|
| | Gross amount Unaudited figures | Allowance Unaudited figures | Gross amount | Allowance |
| Items which are not past due | 1,685 | 0 | 1,253 | 2 |
| Items which are past due: | | | | |
| - 0 to 30 days | 154 | 0 | 272 | 2 |
| - 30 to 60 days | 67 | 0 | 89 | 0 |
| - 60 to 90 days | 63 | 10 | 36 | 0 |
| - more than 90 days | 157 | 132 | 242 | 136 |
| Total | 2,126 | 142 | 1,892 | 140 |

NOTE 12: 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 both 31 December 2012 and 2011, resulting in a share capital amounting to 4,116 at both these dates.

(b) Share premium

(i) Expenses relating to the Company's share-based remuneration plans

An amount of 5 was incurred in relation with the Company's share-based remuneration plans in the year ended 31 December 2012, and was offset against the share premium during that period (an amount of 16 was offset against the share premium for the same reason in the year ended 31 December 2011).

(ii) Expenses relating to grants of own shares

- Year ended 31 December 2012

750 own shares held by the Company as treasury shares were granted in the year ended 31 December 2012 to one employee who was made redundant during that period (see notes 4d above and 13b below). The difference between the repurchase value of these 750 shares (amounting to 5) and their value at grant date to the employee (being nil for a grant of free shares) was offset against the share premium in the year ended 31 December 2012.

- Year ended 31 December 2011

1,814 own shares held by the Company as treasury shares were granted to one employee who was made redundant in the last quarter of the year ended 31 December 2011. The difference between the repurchase value of these shares (amounting to 13) and their value at grant date to these employees (being nil) was offset against the share premium in the year ended 31 December 2011.

NOTE 13: 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 2012 or 2011.

(b) Grants of own shares

750 own shares, having a repurchase value of 5, were granted in the year ended 31 December 2012 to one employee who was made redundant during that year, compared with a grant of 1,814 own shares to one employee made redundant during the year ended 31 December 2011.

(c) Number of own shares held at 31 December 2012

The total number of own shares held as treasury shares by the Company was 165,517 at 31 December 2012 compared with 166,267 at 31 December 2011, for respective repurchase values of 1,186 and 1,191.

NOTE 14: SEGMENT REPORTING

(a) Identification of operating and reportable segments

(i) Applicable rules

Management has identified operating segments give rise to reporting pursuant its review of those segments giving rise to reporting to the Company's CEO, who decides upon the best allocation of resources and monitors the operating and financial performance of each operating segment.

Two segments were identified, the Print segment for the printing software segment of the Company's business, and the eDoc segment for the electronic document software segment of the Company's business.

The performance of each of these segments is monitored by the Company's CEO 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 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.

Whenever appropriate, management may restate prior year's comparative information to conform to the current year's presentation of operating segment information, notably sales and asset breakdown.

(b) Analysis of the Company's sales

(i) Breakdown of sales by nature of products sold and services rendered

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.

The following table provides a breakdown of the Company's sales by nature of products sold and services rendered for those sales made in the quarters and the years ended 31 December 2012 and 2011, respectively:

| In thousands of euros Unaudited and unreviewed figures | Quarter ended 31 Dec. 2012 | Quarter ended 31 Dec. 2011 | Year ended 31 December 2012 | Year ended 31 December 2011 |
|---|-------------------------------------|-------------------------------------|-----------------------------------|-----------------------------------|
| License royalties | 2,181 | 2,473 | 8,523 | 7,760 |
| Maintenance & support services | 258 | 247 | 1,129 | 1,042 |
| Engineering services | 61 | 28 | 61 | 122 |
| Other | 0 | (31) | 0 | 27 |
| Total sales for the period | 2,500 | 2,717 | 9,713 | 8,951 |

(ii) Breakdown of sales based on the geographical location of customers

| In thousands of euros Unaudited and unreviewed figures | Quarter ended 31 Dec. 2012 | Quarter ended 31 Dec. 2011 | Year ended 31 December 2012 | Year ended 31 December 2011 |
|---|-------------------------------------|-------------------------------------|-----------------------------------|-----------------------------------|
| France | 1 | 1 | 8 | 4 |
| Europe (excluding France) | 205 | 155 | 846 | 972 |
| North America (USA and Canada) | 1,704 | 1,508 | 6,424 | 5,603 |
| Asia (including Japan) | 577 | 1,039 | 2,375 | 2,294 |
| Rest of the world | 13 | 14 | 60 | 78 |
| Total sales for the period | 2,500 | 2,717 | 9,713 | 8,951 |

(c) Sales and gross profit by business segment

(i) Quarter ended 31 December 2012

| In thousands of euros | Print | eDoc | Unallocated | Total |
|----------------------------------|---------|---------|-------------|-------|
| Unaudited and unreviewed figures | segment | segment | items | |
| Total segment sales | 2,081 | 419 | 0 | 2,500 |
| Inter-segment sales | 0 | 0 | 0 | 0 |
| Sales from external customers | 2,081 | 419 | 0 | 2,500 |
| Cost of sales | (78) | (12) | (14) | (104) |
| Gross profit (loss) | 2,003 | 407 | (14) | 2,396 |

(ii) Quarter ended 31 December 2011 (restated)

| In thousands of euros | Print | eDoc | Unallocated | Total |
|----------------------------------|---------|---------|-------------|-------|
| Unaudited and unreviewed figures | segment | segment | items | |
| Total segment sales | 1,929 | 788 | 0 | 2,717 |
| Inter-segment sales | 0 | 0 | 0 | 0 |
| Sales from external customers | 1,929 | 788 | 0 | 2,717 |
| Cost of sales | (54) | (40) | (13) | (107) |
| Gross profit (loss) | 1,875 | 748 | (13) | 2,610 |

(iii) Year ended 31 December 2012

| In thousands of euros | Print | eDoc | Unallocated | Total |
|-------------------------------|---------|---------|-------------|-------|
| Unaudited figures | segment | segment | items | |
| Total segment sales | 7,754 | 1,959 | 0 | 9,713 |
| Inter-segment sales | 0 | 0 | 0 | 0 |
| Sales from external customers | 7,754 | 1,959 | 0 | 9,713 |
| Cost of sales | (270) | (82) | (55) | (407) |
| Gross profit (loss) | 7,484 | 1,877 | (55) | 9,306 |

(ii) Year ended 31 December 2011 (restated)

| In thousands of euros | Print | eDoc | Unallocated | Total |
|-------------------------------|---------|---------|-------------|-------|
| | segment | segment | items | |
| Total segment sales | 6,841 | 2,110 | 0 | 8,951 |
| Inter-segment sales | 0 | 0 | 0 | 0 |
| Sales from external customers | 6,841 | 2,110 | 0 | 8,951 |
| Cost of sales | (232) | (140) | (50) | (422) |
| Gross profit (loss) | 6,609 | 1,970 | (50) | 8,529 |

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

| In thousands of euros | Quarter | Quarter | Year ended | Year ended |
|---|---------|---------|-------------|-------------|
| Unaudited and unreviewed figures | ended | ended | 31 December | 31 December |
| | 31 Dec. | 31 Dec. | 2012 | 2011 |
| | 2012 | 2011 | | |
| Gross profit for reportable segments (note 14c) | 2,396 | 2,610 | 9,306 | 8,529 |
| Selling, gen. & admin. expenses | (1,092) | (999) | (4,284) | (4,019) |
| Research & development expenses | (1,533) | (1,197) | (5,291) | (4,672) |
| Net other operating income (expenses) | 0 | 0 | (50) | 205 |
| Net financing gains (losses) (note 6) | (12) | 33 | (48) | 4 |
| Profit (loss) before income tax | (241) | 447 | (367) | 47 |

(e) Reconciliation of assets and liabilities

(i) As at 31 December 2012

| In thousands of euros Unaudited figures | Print segment | eDoc segment | Unallocated items | Total |
|--|------------------|-----------------|----------------------|--------|
| Non-current assets | 10,566 | 1,642 | 524 | 12,732 |
| Current assets | 1,396 | 588 | 2,879 | 4,863 |
| Total assets | 11,962 | 2,230 | 3,403 | 17,595 |
| Non-current liabilities | 0 | 0 | 2 | 2 |
| Current liabilities | 587 | 67 | 1,111 | 1,765 |
| Total liabilities | 587 | 67 | 1,113 | 1,767 |

(ii) As at 31 December 2011 (restated for current assets and liabilities)

| In thousands of euros | Print segment | eDoc segment | Unallocated items | Total |
|-------------------------|------------------|-----------------|----------------------|--------|
| Non-current assets | 10,302 | 1,850 | 602 | 12,754 |
| Current assets | 1,287 | 465 | 2,892 | 4,644 |
| Total assets | 11,589 | 2,315 | 3,494 | 17,398 |
| Non-current liabilities | 0 | 0 | 2 | 2 |
| Current liabilities | 674 | 72 | 1,183 | 1,929 |
| Total liabilities | 674 | 72 | 1,185 | 1,931 |

(f) Allocation of non-current assets based on their geographical location

| In thousands of euros Unaudited figures | 31 December 2012 | 31 December 2011 |
|--|---------------------|---------------------|
| France | 7 | 9 |
| Foreign subsidiaries | | |
| - UK | 9,339 | 9,413 |
| - US | 3,375 | 3,321 |
| - Japan | 11 | 11 |
| Total foreign subsidiaries | 12,725 | 12,745 |
| Total non-current assets | 12,732 | 12,754 |

NOTE 15: RELATED PARTY TRANSACTIONS

The Company has a related party relationship with its subsidiaries (see note 16 below) as well as with its directors and executive officers, as set out below.

(a) With the Company's directors

The amount of board fees to be allocated among the Company's directors which was recognized in each of the quarters ended 31 December 2012 and 2011 was 15, while it was 60 in each of the years then ended.

(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 2012 and 2011, respectively:

| In thousands of euros Unaudited and unreviewed figures | Quarter ended 31 Dec. 2012 | Quarter ended 31 Dec. 2011 | Year ended 31 December 2012 | Year ended 31 December 2011 |
|---|-------------------------------------|-------------------------------------|-----------------------------------|-----------------------------------|
| Salaries | 82 | 77 | 323 | 287 |
| Other short-term benefits | 31 | 26 | 142 | 110 |
| Total | 113 | 103 | 465 | 397 |

(ii) Share-based compensation plans

Executive officers are entitled to participate in the Company's share option and share grant schemes.

No share options or shares were granted to the executive officers in the quarter and the year ended 31 December 2012.

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 2012 and 2011, respectively, were as follows:

| In thousands of euros Unaudited and unreviewed figures | Quarter ended 31 Dec. 2012 | Quarter ended 31 Dec. 2011 | Year ended 31 December 2012 | Year ended 31 December 2011 |
|---|-------------------------------------|-------------------------------------|-----------------------------------|-----------------------------------|
| Relating to share option grants | 13 | 13 | 49 | 67 |
| Relating to share grants | 4 | 4 | 16 | 13 |
| Total | 17 | 17 | 65 | 80 |

(c) With a company which is managed by one of the Company's directors

In its meeting on 16 December 2009, approval was given by the Company's Board of Directors to two agreements with Andlinger & Co. CVBA, a Belgium-based company which is managed by Mr. Johan Volckaerts.

The purpose of these agreements was to provide that the Company would be:

- entitled to use a meeting room and related services in Brussels, against the payment of a fee amounting to Euro 1,500 each quarter; and
- provided with advice regarding its strategy, against the payment of a fee amounting to Euro 6,000 per month, which was increased to Euro 6,500 per month from 1 February 2011 as voted by the Board on 8 February 2011, and decreased to Euro 4,500 per month from 1 October 2011 as voted by the Board on 2 November 2011. The corresponding amounts which were expensed by the Company were 15 in each of the quarters ended 31 December 2012 and 2011, respectively, and 60 and 78 in the years then ended, respectively.

NOTE 16: SUBSIDIARIES

These condensed consolidated financial statements include the accounts of the following companies:

| | Country of incorporation | % of control 2012 | % of control 2011 |
|---|-----------------------------|----------------------|----------------------|
| Global Graphics (UK) Limited | United Kingdom | 100 | 100 |
| Global Graphics Software Limited | United Kingdom | 100 | 100 |
| Jaws Systems Limited | United Kingdom | 100 | 100 |
| Global Graphics Software Incorporated | United States | 100 | 100 |
| Global Graphics Kabushiki Kaisha | Japan | 100 | 100 |
| Global Graphics Software (India) Private Limited | India | 100 | 100 |
| Global Graphics EBT Limited | United Kingdom | 100 | 100 |

Global Graphics Software (India) Private Limited has been dormant since April 2010 and is currently under liquidation, the completion of which is expected shortly. Jaws Systems Limited has been dormant since the close of the financial year ended 31 December 2001.

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.

However, management of the Company 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 (now the European Securities and Markets Authority) 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 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.

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 and net profit (loss), is to provide additional information to measure the Company's financial 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 profit or loss reported under IFRSs of such expense to provide a relevant measure of the Company's financial performance.

(b) Capitalization and amortization of eligible software development expenses

Costs relating to development projects 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 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 profit or loss reported under IFRSs of such amounts to provide a relevant measure of the Company's financial performance.

(c) Unusual, abnormal and infrequent items of income and expense

In accordance with provisions of Paragraph 97 of IAS 1 (revised), 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.

Management of the Company believes that the most appropriate way of achieving this is, in addition to separate disclosure on the face of the consolidated statement of income under the Other operating expenses and/or Other operating income captions, and the detailed analysis of corresponding amounts in a separate note, to adjust the Company's profit or 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. 2012 | Quarter ended 31 Dec. 2011 | Years ended 31 December 2012 | 2011 |
|---|-------------------------------------|-------------------------------------|---------------------------------|---------|
| Reported operating profit (loss) | (229) | 414 | (319) | 43 |
| Add back (deduct): | | | | |
| - Effect of the capitalization of development expenses (note 4b) | (355) | (364) | (1,630) | (1,283) |
| - Amortisation and impairment of capitalized development expenses (note 4b) | 627 | 317 | 1,864 | 1,004 |
| - Share-based remuneration expenses (note 4d) | 35 | 27 | 120 | 142 |
| - Net effect of other operating (income) expenses (note 5) | 0 | 0 | 50 | (205) |
| Total adjustments to reported operating profit (loss) | 307 | (20) | 404 | (342) |
| Adjusted operating profit (loss) | 78 | 394 | 85 | (299) |
| In % of the period's sales | 3.1% | 14.5% | 0.9% | -3.3% |

(b) Adjusted net profit (loss) computation

| In thousands of euros, except per share data in euro Unaudited and unreviewed figures | Quarter ended 31 Dec. 2012 | Quarter ended 31 Dec. 2011 | Years ended 31 December 2012 | 2011 |
|--|-------------------------------------|-------------------------------------|---------------------------------|--------|
| Reported net profit (loss) | (283) | 421 | (42) | 153 |
| Add back (deduct): | | | | |
| - Net effect of the capitalization of development expenses, after amortisation and impairment (note 4b) | 272 | (47) | 234 | (279) |
| - Share-based remuneration expenses (note 4d) | 35 | 27 | 120 | 142 |
| - Net effect of other operating (income) expenses (note 5) | 0 | 0 | 50 | (205) |
| - Accretion expense (income) arising from the discounting of the vacant lease provision | 0 | 0 | 0 | 26 |
| - Tax effect of abovementioned adjustments | (23) | (35) | (127) | 73 |
| Total adjustments to reported net profit (loss) | 284 | (55) | 277 | (243) |
| Adjusted net profit (loss) | 1 | 366 | 235 | (90) |
| Adjusted net EPS | 0.00 | 0.04 | 0.02 | (0.01) |

Adjusted net EPS is computed by dividing the adjusted net profit (loss) for a given reporting period by the weighted average number of ordinary shares which were outstanding during that period used for basic EPS computation (see note 8a), i.e. 10,124,264 and 10,122,311 shares for the quarters ended 31 December 2012 and 2011, respectively, and 10,123,973 and 10,121,854 shares for the years ended 31 December 2012 and 2011, 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 2012
Translation of the French language original

Pursuant to the transposition under article L.451-1-2 of the French Monetary and Financial Code of the EU Directive 2004/109/CE of the European Parliament and of the Council of 15 December 2004 (the Transparency Directive), we present to you the condensed management report of the Company's Board of Directors for the quarter and the year ended 31 December 2012.

This condensed management report was authorized for issue by the Company's Board of Directors on 12 February 2013.

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

(a) Structure of the Company as at 31 December 2012

No change has occurred in the Company's structure during the quarter and the year ended 31 December 2012.

Global Graphics Software (India) Private Limited, which has been dormant since late April 2010, is under liquidation since early May 2010; the completion of the liquidation process, which is dependent only on a formal decision from the Indian judiciary authorities, is expected shortly.

Please also refer to note 16 to the Company's condensed consolidated financial statements as at and for the quarter and the year ended 31 December 2012 for further information on the Company's structure.

(b) Changes in the Company's structure since 1 January 2013

On the date this report was drafted, no change had occurred in the Company's structure since 1 January 2013.

NOTE 2: MANAGEMENT DISCUSSION OF CONSOLIDATED FINANCIAL RESULTS

The Company prepares the condensed consolidated financial statements which are included in its quarterly earnings releases in accordance with IAS 34, Interim Financial Reporting, and more generally 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 (the reporting currency of the Company), rounded to the nearest thousand, unless otherwise specified.

(a) Quarter ended 31 December 2012

(i) Sales analysis

- Comparison with the same period of the previous financial year at current rates
Sales were 2,500 in the quarter ended 31 December 2012, compared with 2,717 in the last quarter of the financial year ended 31 December 2011, or a decrease of 8.0% at current exchange rates.

The comparison of sales made in the quarter ended 31 December 2012 with those reported for the last quarter of the financial year ended 31 December 2011 was unfavorably impacted by the recognition during the latter period of a significant bulk order which, in 2012, was received by the Company in the quarter ended 30 September 2012.

- Effect of changes in exchange rates on reported sales

Approximately 75.3% of the Company's sales made in the quarter ended 31 December 2012 were denominated in US dollars, which increased versus the euro during that period, since the average euro/US dollar rate was 1.301 in the quarter ended 31 December 2012, while it was 1.341 in the last quarter of the financial year ended 31 December 2011, or an increase of 3.1%.

At constant exchange rates, sales made in the quarter ended 31 December 2012 would have amounted to approximately 2,435, showing a decrease of 10.4% over the figure reported for sales in the last quarter of the financial year ended 31 December 2011.

- Breakdown of sales by segment of the Company's business

Sales made in the Print segment of the Company's business were 2,081 in the quarter ended 31 December 2012, and showed an increase of 7.9% at current exchange rates over the 1,929 figure reported for sales made in the same segment of the Company's business in the last quarter of the financial year ended 31 December 2011.

Sales made in the eDoc segment of the Company's business were 419 in the quarter ended 31 December 2012, and showed a decrease of 46.8% at current exchange rates over the 788 figure reported for sales made in the same segment of the Company's business in the last quarter of the financial year ended 31 December 2011, notably because of the unfavorable comparison base mentioned above.

(ii) Operating loss

The Company reported an operating loss of 229 in the quarter ended 31 December 2012 (or -9.2% of the quarter's sales), compared with an operating profit of 414 in the last quarter of the financial year ended 31 December 2011 (or 15.2% of that quarter's sales), or an unfavorable variance of 643, which can be analyzed as follows:

- sales decreased by 217, as set out in note 2a (i) above;
- cost of sales was 104 in the quarter ended 31 December 2012 (4.2% of the quarter's sales), compared with 107 in the last quarter of the financial year ended 31 December 2011 (3.9% of that quarter's sales), or a favorable variance of 3;
- selling, general and administrative expenses totaled 1,092 in the quarter ended 31 December 2012 (43.7% of the quarter's sales), showing an increase of 93 (i.e. of 9.3%) over the 999 figure reported for such expenses in the last quarter of the financial year ended 31 December 2011 (36.8% of that quarter's sales);
- research & development expenses totaled 1,533 in the quarter ended 31 December 2012 (61.3% of the quarter's sales) showing an increase of 336 (i.e. of 28.1%) over the 1,197 figure reported for such expenses in the last quarter of the financial year ended 31 December 2011 (44.1% of that quarter's sales).
Research & development expenses reported for the quarter ended 31 December 2012 included an expense of 109 with respect of the effect, after amortization, of the capitalization of eligible development expenses relating to the development projects for which all criteria for such capitalization were met as at 31 December 2012 (compared with a corresponding benefit of 47 in the last quarter of the financial year ended 31 December 2011), as well as an expense of 163 to account for the impairment of one development project which gave rise to capitalization (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 2012 for further information this);
- there were no other operating expenses in either of the quarters ended 31 December 2012 or 2011;
- there was no other operating income in either of the quarters ended 31 December 2012 or 2011.

(iii) Loss before income tax

The Company reported a loss before income tax of 241 in the quarter ended 31 December 2012 (or -9.6% of the quarter's sales), compared with a profit before income tax of 447 in the last quarter of the financial year ended 31 December 2011 (or 16.4% of that quarter's sales), or an unfavorable variance of 688 which resulted from the combination of:

- the change in the Company's operating result, which was a loss of 229 in the quarter ended 31 December 2012, compared with a profit of 414 in the last quarter of the financial year ended 31 December 2011, or an unfavorable variance of 643 as discussed above;
- no interest income was reported in the quarter ended 31 December 2012, compared with 1 in the last quarter of the financial year ended 31 December 2011, or an unfavorable variance of 1; and
- net foreign currency exchange differences were losses of 12 in the quarter ended 31 December 2012, compared with gains of 32 in the last quarter of the financial year ended 31 December 2011, or an unfavorable variance of 44.

(iv) Net loss

The Company reported a net loss of 283 in the quarter ended 31 December 2012 (or a net loss of Euro 0.03 per share) after giving effect to an income tax expense of 42 (including a current income tax expense of 35 and a deferred tax expense of 7), compared with a net profit of 421 in the last quarter of the financial year ended 31 December 2011 (or a net profit of Euro 0.04 per share).

(b) Year ended 31 December 2012

(i) Sales analysis

- Comparison with the previous financial year at current rates

Sales were 9,713 in the year ended 31 December 2012, compared with 8,951 in the year ended 31 December 2011, or an increase of 8.5% at current exchange rates.

- Effect of changes in exchange rates on reported sales

Approximately 71.4% of the Company's sales made in the year ended 31 December 2012 were denominated in US dollars, which substantially increased versus the euro during the year, since the average euro/US dollar rate was 1.287 in the year ended 31 December 2012, while it was 1.382 in the year ended 31 December 2011, or an increase of 7.4%.

At constant exchange rates, sales made in the year ended 31 December 2012 would have amounted to approximately 9,087, showing an increase of 1.5% over the figure reported for sales in the year ended 31 December 2011.

- Breakdown of sales by segment of the Company's business

Sales made in the Print segment of the Company's business were 7,754 in the year ended 31 December 2012, and showed an increase of 13.3% at current exchange rates, over the 6,841 figure reported for sales made in the same segment of the Company's business in the year ended 31 December 2011.

Sales made in the eDoc segment of the Company's business were 1,959 in the year ended 31 December 2012, and showed a decrease of 7.2% at current exchange rates over the 2,110 figure reported for sales made in the same segment of the Company's business during the year ended 31 December 2011.

(ii) Operating loss

The Company reported an operating loss of 319 in the year ended 31 December 2012 (or -3.3% of 2012 sales), compared with an operating profit of 43 in the year ended 31 December 2011 (or 0.5% of 2011 sales), or an unfavorable variance of 362, which can be analyzed as follows:

- sales increased by 762, as set out in note 2b (i) above;
- cost of sales was 407 in the year ended 31 December 2012 (4.2% of 2012 sales), compared with 422 in the year ended 31 December 2011 (4.7% of 2011 sales), or a favorable variance of 15;
- selling, general and administrative expenses totaled 4,284 in the year ended 31 December 2012 (44.1% of 2012 sales), showing an increase of 265 (i.e. of 6.6%) over the 4,019 figure reported for such expenses in the year ended 31 December 2011 (44.9% of 2011 sales);
- research & development expenses totaled 5,291 in the year ended 31 December 2012 (54.5% of 2012 sales) showing an increase of 619 (i.e. of 13.2%) over the 4,672 figure reported for such expenses in the year ended 31 December 2011 (52.2% of 2011 sales).

Research & development expenses reported for the year ended 31 December 2012 included an expense of 71 with respect of the effect, after amortization, of the capitalization of eligible development expenses relating to the development projects for which all criteria for such capitalization were met as at 31 December 2012 (compared with a corresponding benefit of 279 in the year ended 31 December 2011), as well as an expense of 163 to account for the impairment of one development project which gave rise to capitalization (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 2012 for further information on this);

- the amount of 50 reported as Other operating expenses in the year ended 31 December 2012 relates to the estimated cost to be incurred by the Company when completing the liquidation process of the Company's Indian subsidiary (no such expenses were incurred in the year ended 31 December 2011), or an unfavorable variance of 50;
- no other operating income was recorded in the year ended 31 December 2012, compared with other operating income amounting to 205 in the year ended 31 December 2011, or an unfavorable variance of 205.

(iii) Loss before income tax

The Company reported a loss before income tax of 367 in the year ended 31 December 2012 (or -3.8% of 2012 sales), compared with a profit before income tax of 47 in the year ended 31 December 2011 (or 0.5% of 2011 sales), or an unfavorable variance of 414 which resulted from the combination of:

- the decrease of the operating result, which was a profit of 43 in the year ended 31 December 2011 compared with a loss of 319 in the year ended 31 December 2012, or an unfavorable variance of 362 as discussed above;
- the decrease in interest income of 2 over the 4 figure reported for interest income in the year ended 31 December 2011, or an unfavorable variance of 2;
- no interest expense was recorded in the year ended 31 December 2012, compared with an interest expense of 26 in the year ended 31 December 2011, or a favorable variance of 26; and
- the unfavorable effect of foreign currency exchange differences, which were losses of 50 in the year ended 31 December 2012, compared with gains of 26 in the year ended 31 December 2011, or an unfavorable variance of 76.

(iv) Net loss

The Company reported a net loss of 42 in the year ended 31 December 2012 (or a net loss of Euro 0.00 per share) after giving effect to an income tax benefit of 325 (including a current income tax benefit of 334 and a deferred tax expense of 9), compared with a net profit of 153 in the year ended 31 December 2011 (or a net profit of Euro 0.02 per share), after effect of a tax benefit of 106.

The current income tax benefit which was recorded in the year ended 31 December 2012 predominantly resulted from the refund to the Company of the research and development tax credit for the year ended 31 December 2011, which was received by its UK subsidiary in late September 2012 for an amount of 386.

The current income tax benefit which was recorded in the year ended 31 December 2011 predominantly resulted from the refund to the Company of the research and development tax credit for the year ended 31 December 2010, which was received by its UK subsidiary in early April 2011 for an amount of 253.

(v) Cash flows for the year ended 31 December 2012

Cash flows provided by the Company's operations amounted to 1,670 in the year ended 31 December 2012 (or 17.2% of 2012 sales), compared with cash flows provided by the Company's operations amounting to 1,779 in the year ended 31 December 2011 (or 19.9% of 2011 sales).

Cash balances available at 1 January 2012 (which amounted to 2,315) allowed the Company to fund its operating requirements as well as its capital expenditures during the year ended 31 December 2012, either on property, plant and equipment for 106, or those resulting from the capitalization of development expenses for 1,630, and to close the year with a net cash position of 2,252.

NOTE 3: ADJUSTED FINANCIAL PERFORMANCE

(a) Adjusted operating profit (EBITA)

The Company reported an adjusted operating profit of 85 in the year ended 31 December 2012 (or 0.9% of 2012 sales), compared with an adjusted operating loss of 299 in the year ended 31 December 2011 (or -3.3% of 2011 sales), or a favorable variance of 384.

(b) Adjusted net profit

The Company reported an adjusted net profit of 235 (or an adjusted net profit of Euro 0.02 per share) in the year ended 31 December 2012, compared with an adjusted net loss of 90 (or an adjusted net loss of Euro 0.01 per share) in the year ended 31 December 2011, or a favorable variance of 325.

NOTE 4: SIGNIFICANT OPERATIONAL AND FINANCIAL RISK FACTORS

(a) Significant operational risk factors

Please refer to note 2d to the report on the Company's operations for the financial year ended 31 December 2011, which was drafted by the Company's Board of Directors and was included in the Company's annual financial report for that year, for a discussion on these risk factors.

(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, as discussed below.

(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 option contracts transacted with high-credit-quality financial institutions after review and approval by the Company's Chief Financial Officer. These contracts gave the Company the right, but not the obligation, to convert at respective maturity dates of these contracts an amount of US dollars into euros at a maximum rate (the 'strike price') assuming that, during the life of the corresponding contract, the exchange rate between the \$ and the euro or the British pound, as applicable, was always higher than a minimum rate (the trigger rate). Should this trigger rate occur, the Company would be obliged to convert an amount of \$ at the strike price at respective maturity dates of these contracts. The Company recorded a foreign currency exchange loss of 1 in the quarter ended 31 December 2012, and a gain of 1 in the year then ended with respect of foreign currency option contracts, compared with nil in both the quarter and in the year ended 31 December 2011.

- Risk arising from net investments in foreign subsidiaries

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 6 to the Company's condensed consolidated financial statements for the quarter and the year ended 31 December 2012 for further information 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 68.5% of the Company's sales in the year ended 31 December 2012 (compared with 57.8% in the year ended 31 December 2011); approximately 55.4% of sales were made with the five largest customers of the Company in the year ended 31 December 2012 (compared with 42.7% in the year ended 31 December 2011), and approximately 22.0% with the major customer alone in the year ended 31 December 2012 (compared with 13.2% in the year ended 31 December 2011).

(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 cash position of 2,252 as at 31 December 2012, and the absence of any financial debt at such date, the Company did not apply for any lines of credit in the year ended 31 December 2012.

(iv) Cash-flow interest-rate risk

As the Company had no significant interest-bearing assets and liabilities at 31 December 2012 and 2011, the Company's income and operating cash flows for the year ended 31 December 2012 were substantially independent of changes in market interest rates.

Please refer to note 6 to the Company's condensed consolidated financial statements for the quarter and the year ended 31 December 2012 for further information on interest income and expenses recognized during those periods.

(v) Sovereign debt risk

The Company did not have any exposure to sovereign debt risk as at and during the year ended 31 December 2012 as it did not hold any financial assets of that nature during that year.

(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 from both established software products such as RIP software in the Print segment of the Company's business, or recently launched applications, 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 2012 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 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 consolidated financial statements for the financial year ended 31 December 2011, 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 IFRSs by the IASB or delays in the adoption of standards and/or related interpretations 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 those relating to revenue recognition, as set out below.

The exposure draft, Revenue from Contracts with Customers, which was published for public comment by the IASB and the Financial Accounting Standard Board (FASB) on 24 June 2010, outlined the IASB's intent to publish a final standard on revenue recognition no later than June 2011 to supersede the existing two standards on revenue recognition: IAS 11, Construction Contracts, and IAS 18, Revenue, as well as related interpretations.

On 14 November 2011, the IASB and the FASB issued for public comment a second exposure draft to improve and converge the financial reporting requirements of IFRSs and US GAAP for revenue (and some related costs) from contracts with customers; both standards-setters now expect to issue a final standard on revenue recognition in the first half of 2013, with an effective date expected to be 1 January 2015 at the earliest, or, more probably, 1 January 2016.

NOTE 5: RELATED PARTY TRANSACTIONS

Please refer to note 15 to the Company's condensed consolidated financial statements for the quarter and the year ended 31 December 2012 for further information on such transactions.

NOTE 6: INFORMATION ON THE COMPANY'S PERSONEL

(a) Breakdown by geographical area of employment

| | 31 December 2012 | 31 December 2011 |
|--------------------------|------------------|------------------|
| United Kingdom | 64 | 63 |
| United States of America | 9 | 8 |
| Japan | 3 | 2 |
| Continental Europe | 2 | 2 |
| Total | 78 | 75 |

(b) Breakdown by nature of employment

| | 31 December 2012 | 31 December 2011 |
|--------------------------|------------------|------------------|
| Research and development | 45 | 48 |
| Sales and support | 21 | 16 |
| General & administrative | 12 | 11 |
| Total | 78 | 75 |

As at 31 December 2012, the Company also employed 2 full-time contractors, all of whom were software developers.

NOTE 7: VOTING RIGHTS AND SIGNIFICANT SHAREHOLDERS

(a) Voting rights attached to shares outstanding as at 31 December 2012

(i) Theoretical number of voting rights

| | |
|--|------------|
| Number of shares to which a single voting right is attached | 10,283,061 |
| Number of shares to which a double voting right is attached | 6,720 |
| Theoretical number of voting rights attached to the Company's ordinary shares which were outstanding at 31 December 2012 | 10,296,501 |

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

| | |
|---|------------|
| Theoretical number of voting rights computed as indicated above | 10,296,501 |
| Number of voting rights attached to own shares held by the Company | (165,517) |
| Total number of voting rights to be used for shareholders' meeting quorum computation as at 31 December 2012 | 10,130,984 |

(b) Significant shareholders as at 31 December 2012

(i) Stichting Andlinger & Co. Euro-Foundation

As at 31 December 2012, Stichting Andlinger & Co. Euro-Foundation held 2,883,001 shares of the Company, or approximately 28.02% of the total number of shares of the Company which were outstanding at such date.

Attached to these 2,883,001 shares were a total of 2,883,021 voting rights, representing approximately 28.00% of the total number of voting rights attached to the Company's ordinary shares which were outstanding as at 31 December 2012.

(ii) Other significant shareholders

As at 31 December 2012, 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.

NOTE 8: INFORMATION REGARDING GLOBAL GRAPHICS SA

Because Global Graphics SA (the Parent) has only one employee and also because 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, the Parent's statutory results for the quarter and the year ended 31 December 2012 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 2012.

GLOBAL GRAPHICS SA AND SUBSIDIARIES

STATEMENT MADE BY THE PERSON TAKING RESPONSIBILITY FOR THE CONDENSED FINANCIAL
REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

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 2012 have been prepared in accordance with IAS 34, Interim Financial Reporting, and more generally 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 2012.

I also hereby confirm that the attached condensed management report includes a fair review of the information referred to in article 222-6 of the Règlement général de l'Autorité des marchés financiers, and notably of the material events that occurred in the year ended 31 December 2012 and their impact on the condensed consolidated accounts for the same period, the main risks and uncertainties faced by the Company during the year ended 31 December 2012, and the main transactions with related parties which occurred during that year.

Cambourne (United Kingdom) on 12 February 2013,

Gary Fry
Chief Executive Officer