

Global Graphics SE

**Unaudited condensed consolidated
interim financial statements for the
six months ended 30 June 2014**

CONTENTS

Interim management report.....	1
Condensed consolidated statement of comprehensive income.....	4
Condensed consolidated statement of financial position.....	5
Condensed consolidated statement of changes in equity.....	6
Condensed consolidated statement of cash flows.....	7
Notes to the condensed consolidated interim financial statements	8

INTERIM MANAGEMENT REPORT

STRATEGY AND BUSINESS MODEL

The Global Graphics group is a leading developer of software used in printing, publishing, and electronic document systems. An expert in interpreting Page Description Languages (PDLs), notably PostScript®, PCL, the Portable Document Format (PDF) and Microsoft's XPS (XML Paper Specification), Global Graphics has a broad technology portfolio that includes Raster Image Processors (RIPs) that convert text and images into printable form, software for document conversion and manipulation and components for digital workflow and colour management. The Group is active in the graphic arts and commercial print, digital print, and electronic document markets and has a long history of providing its customers with cross-platform, high-performance technology for the creation, distribution, printing and viewing of documents.

Revenue is principally derived by directly licensing technology to manufacturers of pre-press equipment, digital printers and copiers, developers of applications that create, manipulate and manage electronic documents and system integrators. Consequently, Global Graphics' technology lies at the heart of industry leading brands of digital pre-press systems, professional colour proofing devices, wide-format colour printers, digital production presses, digital multi-function copiers and printers for the office as well as a wide variety of software applications.

Global Graphics plays an active role on industry standards committees, and through its sustained program of research and development has a patent portfolio touching many areas of printing technology.

BUSINESS REVIEW

Operational highlights

There has been no change to the structure of the Group since the year ended 31 December 2013.

The Company has made three strategic appointments during the period.

Mr Justin Bailey was appointed as VP of Sales and joined the senior management team, reporting to Gary Fry, CEO. Mr Bailey has over 25 years' experience in the document imaging and print markets, including 17 years with Canon UK. He was eCopy's first non-US employee and founded their EMEA business, growing revenue to represent 30% of eCopy's total revenue. In 2009, when eCopy was acquired by Nuance, his sales team's product portfolio was extended to include the Equitrac, Safecom and Copitrac imaging systems for MFPs, desktop applications for OCR (optical character recognition) and PDF and the Omnipage Development platform.

Mr James Chiang has joined the sales team to represent the Group in Taiwan. Mr Chiang brings almost 20 years of experience in the print industry to the Group, including 7 years of sales and marketing at Epson and more recently 9 years of embedded technology sales with Zoran and subsequently CSR since they acquired Zoran. An office has been established in Taiwan to enable Mr Chiang to prepare and build new revenue opportunities for the Group.

Mr Guido Van der Schueren takes over the Chairman's role from Mr Johan Volckaerts who steps down from the position he has held since 1996 to become a Non-Executive Director. Mr Van der Schueren is well-known in the printing industry. In 1992 he co-founded Artwork Systems and from 1996 to 2007 served as Managing Director and Chairman of the Board of Artwork Systems Group NV and its subsidiaries. He served as Vice Chairman of the EskoArtwork Group from June 2007 until April 2011. He is a board member of ADAM Software and Chairman of the Board of Readz, HYBRID Software and PACKZ Software.

During the period the Group published an independent guide for designers and users of variable data print (VDP). *'Do PDF/VT Right™: How to make problem-free PDF files for variable data printing'* is a concise guide published that provides objective information and advice to anyone with a stake in VDP: graphic designers, print buyers, production managers, press operators and digital press developers. The free guide is edited by Martin Bailey, chief technology officer for Global Graphics and the primary UK expert on the ISO committees that maintain and develop PDF and PDF/VT. The content is completely vendor-independent which is why the guide is also endorsed by the PODi and Xplor industry associations.

Outcome of the Annual General Meeting

All of the proposed resolutions were unanimously passed by the shareholders at the Company's Annual General Meeting (AGM) on 16 May 2014.

At the meeting, the Company's Administrative Organ (the board of directors or board) was appointed as follows:

- Guido Van der Schueren, Chairman
- Gary Fry, Chief Executive Officer
- Johan Volckaerts, Non-Executive Director
- Alain Pronost, Non-Executive Director

Under the Company's statutes, all directors must retire at every AGM. Clare Findlay and Pierre Van Beneden did not stand for reappointment to the board of directors at the AGM and subsequently are no longer Non-Executive Directors of the Company.

More information about the resolutions passed at the AGM can be found on the investor's section of the Company's website at <http://www.globalgraphics.com/investors/annual-shareholders-meeting/>.

INTERIM MANAGEMENT REPORT (CONTINUED)

Sales

Sales for the period were €5.34 million, compared with €3.64 million for the same period in 2013. This is an increase of €1.70 million (46.7%). On a like for like basis, i.e. at 2013 exchange rates, sales during the period would have been approximately €0.25 million higher and totalled €5.59 million.

The net increase of €1.70 million in revenue during the period was due to:

- revenue from new customers of €2.50 million;
- a reduction of €0.25 million due to the movement in exchange rates;
- a reduction of €0.51 million due to items of revenue in 2013 that were non-recurring in 2014; and
- a reduction of €0.04 million due to lower volumes from existing customers.

License fees accounted for 89.1% (2013: 85.2%) of revenue, maintenance and support accounted for 10.8% (2013: 14.2%) and other items accounted for 0.1% (2013: 0.6%).

On 4 March 2014, the Company announced that it had signed a contract to license its Harlequin technology to a global manufacturer of office printing devices to drive their single function, multi-function and production printers. The revenue resulting from this new contract will be in the range of US\$7 million to US\$9 million during the term of the multi-year contract. The impact on revenue in the financial year ending 31 December 2014 is expected to be between US\$3 million to US\$4 million with no significant increase in expenses. During the period under review, US\$3.25 million (€2.36 million) has been recognised as revenue and is included in the revenue from new customers mentioned above.

The non-recurring revenue of €0.51 million in 2013 was the under reporting of royalties for the years ended 31 December 2010 to 2012 inclusive, as reported in the Board's report on operations in the Company's 2012 annual financial report.

During the reporting period, the ten largest customers represented 80.8% (2013: 64.0%) of the Group's revenue, the five largest customers represented 70.3% (2013: 48.8%) of the Group's revenue and the single largest customer represented 44.3% (2013: 16.6%) of the Group's revenue. One customer in the Print segment (2013: one in Print, one in eDoc) represented more than 10% of the Group's revenue.

The Group's sales are made in a number of different currencies, and during the reporting period 91.5% (2013: 72.9%) were denominated in US dollars, 1.0% (2013: 9.6%) were in pounds sterling, 6.0% (2013: 16.6%) were in Japanese yen and 1.5% (2013: 0.9%) were in euros. This means that the Group's revenues can be affected significantly by currency fluctuations against the reporting currency of euro.

Pre-tax result

The pre-tax result was a profit of €0.61 million for the period, compared with a loss of €1.67 million for the same period in 2013.

The increase in profitability of €2.28 million is due to:

- the increase in revenue of €1.70 million as explained above;
- a reduction in cost of sales of €0.03 million;
- a reduction in research and development expenses of €0.15 million;
- a reduction in other operating expenses of €0.36 million; and
- a reduction in foreign exchange losses of €0.04 million.

Included in research and development expenses is the capitalisation and amortisation of internally generated intangible assets. During the period there was a net expense of €0.29 million (2013: €0.27 million) related to these assets. The net expense was made up of €1.14 million (2013: €0.97 million) in amortisation expense offset by €0.85 million (2013: 0.70 million) in capitalisation of development expenses.

During the same period in 2013, the Company incurred other expenses of €0.37 million relating to the legal reorganisation project. These expenses were non-recurring, thus there is a reduction during this period in 2014.

The exchange rate losses are primarily due to the revaluation of currency balances held at the balance sheet date and the change in exchange rates during the period.

Cashflow

The period generated an increase of €0.48 million in cash, ending with cash balances valued at €1.77 million (31 December 2013: €1.29 million).

The Group continues to generate sufficient cash to fund its day to day operational expenditures and capital expenditure on property, plant and equipment. Capital expenditure in the period was €0.05 million (2013: €0.15 million).

A proportion of the cash flow from the new contract mentioned above lags behind the recognition of revenue from that contract. As a result, some of the cash receipts for the license fee element of the contract are not due until up to 24 months after the balance of the license revenue has been recognised. During the period under review, US\$2.15 million cash has been received against revenue recognised of US\$3.25 million.

INTERIM MANAGEMENT REPORT (CONTINUED)**Adjusted financial results**

Management believes that evaluating the Group's ongoing results may not be as useful if it is limited to reviewing only IFRS financial measures, particularly because management uses adjusted financial information to evaluate its ongoing operations and for internal planning and forecasting purposes.

Management does not suggest that investors should consider these adjusted financial results in isolation from, or as a substitute for, financial information prepared in accordance with IFRSs. The Group presents adjusted financial results in reporting its financial results to provide investors with an additional tool to evaluate the Group's results in a manner that focuses on what the Group believes to be its underlying business operations. The Group's management believes that the inclusion of adjusted financial results provides consistency and comparability with past reports and comparability to similar companies in the Group's industry, many of which present the same or similar adjusted financial information to investors. As a result, investors are encouraged to review the related IFRS financial measures and the reconciliation of these adjusted results.

Reported operating profit/(loss) is adjusted as follows:

In thousands of euros (unaudited)	For the six months ended 30 June	
	2014	2013
Reported operating profit/(loss)	668	(1,574)
Add share based remuneration expense (see note 12)	35	61
Deduct capitalised development expense (see note 8)	(846)	(704)
Add amortisation and impairment of capitalised development (see note 8)	1,141	966
Add other operating expenses (see note 5)	17	373
Deduct other income	(14)	-
Total adjustments to reported operating profit/(loss)	333	696
Adjusted operating profit/(loss)	1,001	(878)

Reported net profit/(loss) is adjusted as follows:

In thousands of euros, except per share data in euro (unaudited)	For the six months ended 30 June	
	2014	2013
Reported net profit/(loss)	656	(1,349)
Adjustments to operating result above	333	696
Tax effect of abovementioned adjustments	(65)	-
Total adjustments to reported net profit/(loss)	268	696
Adjusted net profit/(loss)	924	(653)
Adjusted net basic earnings/(loss) per share (see note 13)	0.09	(0.06)

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties to the Group can be found on pages 4,5 and 6 of the Company's annual report for the year ended 31 December 2013. For the remaining six months of this financial year, the principal risks are foreign exchange risk on the conversion of surplus currencies to functional currencies of subsidiaries, primarily US dollars to pounds sterling, and credit risk from trade receivables.

RESPONSIBILITY STATEMENTS UNDER THE DISCLOSURE AND TRANSPARENCY RULES

Each of the appointed directors listed on page 1 of this report confirm that to the best of their knowledge that:

- the condensed consolidated interim financial statements, prepared in accordance with IAS 34 Interim Financial Reporting and applicable law, give a true and fair view of the assets, liabilities, financial position and results of the Company and the undertakings included in the consolidation taken as a whole; and
- the interim management report contains a fair review of the important events and major transactions between affiliated parties which have occurred during the first six months of the current financial year and of their impact on the summary of the financial statements as well as a description of the principal risks and uncertainties for the remaining six months of the current financial year.

By order of the board,

Gary Fry
Director

2030 Cambourne Business Park
Cambourne, CB23 6DW, UK
13 August 2014

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June

In thousands of euros, except per share data in euro <i>(unaudited)</i>	Note	2014	2013
Revenue	4	5,337	3,639
Cost of sales		(139)	(165)
Gross profit		5,198	3,474
Other income		14	-
Selling, general and administrative expenses		(1,929)	(1,930)
Research and development expenses		(2,598)	(2,745)
Other operating expenses	5	(17)	(373)
Operating profit/(loss)		668	(1,574)
Finance income	6	-	1
Net finance income		-	1
Foreign currency exchange losses	6	(57)	(96)
Profit/(loss) before tax		611	(1,669)
Tax	10	45	320
Profit/(loss) for the period attributable to equity holders		656	(1,349)
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences		627	(560)
Other comprehensive income/(loss) for the period, net of tax		627	(560)
Total comprehensive income/(loss) for the period attributable to equity holders		1,283	(1,909)
Earnings/(loss) per ordinary share			
Basic earnings/(loss) per share	13	0.07	(0.13)
Diluted earnings/(loss) per share	13	0.06	(0.13)

All activities of the Group in the current and comparative period are classed as continuing.

The notes on pages 8 to 14 are an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In thousands of euros	Note	30 June 2014 (unaudited)	31 December 2013
ASSETS			
Non-current assets			
Property, plant and equipment	7	329	366
Other intangible assets	8	4,103	4,233
Goodwill	9	7,133	6,845
Financial assets		127	104
Deferred tax assets	10	242	71
Total non-current assets		11,934	11,619
Current assets			
Inventories		8	8
Current tax assets		56	54
Trade and other receivables		1,720	1,481
Other current assets		29	42
Prepayments		424	407
Cash and cash equivalents		1,770	1,286
Total current assets		4,007	3,278
TOTAL ASSETS		15,941	14,897
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	11	4,116	4,116
Share premium		249	249
Share-based payments reserve	12	3,369	3,334
Treasury shares	11	(1,122)	(1,017)
Accumulated profit		18,541	17,885
Foreign currency translation reserve		(10,863)	(11,490)
Total equity		14,290	13,077
Liabilities			
Current liabilities			
Current tax liabilities		82	47
Trade and other payables		330	203
Other current liabilities		640	976
Customer advances and deferred revenue		599	594
Total current liabilities		1,651	1,820
Total liabilities		1,651	1,820
TOTAL EQUITY AND LIABILITIES		15,941	14,897

The notes on pages 8 to 14 are an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In thousands of euros (<i>unaudited</i>)	Note	Share capital	Share premium	Share-based payments reserve	Treasury shares	Accumulated profit/(deficit)	Foreign currency translation adjustment	Total equity
Balance at 1 January 2013		4,116	28,737	3,244	(1,186)	(8,528)	(10,555)	15,828
Total comprehensive loss								
Net loss for the period		-	-	-	-	(1,349)	-	(1,349)
Total other comprehensive loss		-	-	-	-	-	(560)	(560)
Total comprehensive loss		-	-	-	-	(1,349)	(560)	(1,909)
Transactions with owners								
Share option plans related expenses	12	-	-	61	-	-	-	61
Own share grants (repurchases)		-	(47)	-	49	-	-	2
Total transactions with owners		-	(47)	61	49	-	-	63
Balance at 30 June 2013		4,116	28,690	3,305	(1,137)	(9,877)	(11,115)	13,982
Balance at 1 January 2014		4,116	249	3,334	(1,017)	17,885	(11,490)	13,077
Total comprehensive income								
Net profit for the period		-	-	-	-	656	-	656
Total other comprehensive income		-	-	-	-	-	627	627
Total comprehensive income		-	-	-	-	656	627	1,283
Transactions with owners								
Share option plans related expenses	12	-	-	35	-	-	-	35
Own share grants (repurchases)	11,12	-	-	-	(105)	-	-	(105)
Total transactions with owners		-	-	35	(105)	-	-	(70)
Balance at 30 June 2014		4,116	249	3,369	(1,122)	18,541	(10,863)	14,290

The notes on pages 8 to 14 are an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

In thousands of euros (<i>unaudited</i>)	Note	For the six months ended 30 June	
		2014	2013
Cash flows from operating activities			
Net profit/(loss) for the period		656	(1,349)
<i>Adjustments to reconcile net profit/(loss) to net cash:</i>			
- Depreciation of property, plant and equipment	7	99	99
- Amortization and impairment of other intangible assets	8	1,145	970
- Share-based remuneration expenses	12	35	61
- Net interest income	6	-	(1)
- Net foreign currency exchange losses	6	57	96
- Tax benefit	10	(45)	(320)
Other items		(3)	(27)
Change in non-current liabilities		-	(2)
<i>Change in operating assets and liabilities :</i>			
- Financial assets		(23)	-
- Inventories		-	1
- Trade and other receivables		(239)	514
- Other current assets		13	8
- Prepayments		(17)	(101)
- Trade and other payables		127	84
- Other current liabilities		(336)	2
- Customer advances and deferred revenue		5	(39)
Cash received for interest income during the period		-	1
Cash (paid)/received during the period for current tax	10	(21)	353
Net cash from operating activities		1,453	350
Cash flows from investing activities			
Capital expenditures on property, plant & equipment	7	(47)	(152)
Capitalization of development expenses	8	(846)	(704)
Net cash used in investing activities		(893)	(856)
Cash flows from financing activities			
Own share repurchases	11	(105)	-
Proceeds from the sale of own shares		-	2
Net cash (used in)/from financing activities		(105)	2
Net increase/(decrease) in cash and cash equivalents		455	(504)
Cash and cash equivalents at 1 January		1,286	2,252
Effect of exchange rate fluctuations on cash held at 1 January		29	(89)
Cash and cash equivalents at 30 June		1,770	1,659

The notes on pages 8 to 14 are an integral part of these condensed consolidated interim financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. REPORTING ENTITY

Global Graphics SE (the 'Company') and its subsidiaries (together the 'Group') is a leading developer of software platforms on which our partners create solutions for digital printing, digital document and PDF applications.

The Company is a European Company, or 'Societas Europaea' (SE), registered in England and Wales, domiciled in the United Kingdom and is listed on Euronext in Brussels. The Company's registered office address is 2030, Cambourne Business Park, Cambourne, Cambridge, CB23 6DW.

2. BASIS OF PREPARATION

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 31 December 2013.

The accounting policies and methods of computation adopted are consistent with those as described in the Company's consolidated financial statements for the year ended 31 December 2013.

There are no new or amended interpretations or standards effective for the financial year commencing 1 January 2014 that have had a material impact on the Group.

These condensed consolidated interim financial statements are unaudited and were authorised for issue by the Company's board of directors on 13 August 2014.

Basis of measurement

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

Non-current assets are stated at the lower of amortized cost and fair value less disposal costs when applicable. The methods used to measure fair value are discussed in note 4 of the Company's annual report for the year ended 31 December 2013.

Functional and presentation currency

These condensed consolidated interim financial statements are presented in euros, which is the Company's functional and presentation currency.

All information which is presented in the following notes has been rounded to the nearest thousand, unless otherwise specified.

Use of accounting estimates

The preparation of the condensed consolidated financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2013.

Going concern

On the date these condensed consolidated interim financial statements were approved, based on their review of cash flow projections prepared by management for the years ending 31 December 2014 and 2015, the members of the Company's board of directors have no reason to believe that a material uncertainty exists that may cast significant doubt about the Group's ability to continue as a going concern, primarily because of the cash position of €1.77 million as at 30 June 2014 (31 December 2013: €1.29 million), the absence of any outstanding debt and the additional cash inflows generated by the new contract announced on 4 March 2014.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)**3. OPERATING SEGMENTS****Identification of reportable segments**

Management has determined the operating segments based on the reports reviewed by the Group's Chief Executive Officer (CEO) that are used for deciding how to allocate resources and also in assessing both operating and financial performance of each segment.

Two segments were identified: the Print segment, for printing software activities, and the eDoc segment, for electronic document technology activities.

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

The following table provides information on sales, costs and gross profit for each of the Group's operating segments for the six months ended 30 June 2014 and 30 June 2013:

In thousands of euros (unaudited)	Print	eDoc	Unallocated	Total
Six months ended 30 June 2014:				
Revenue from external customers	4,894	443	-	5,337
Cost of sales	(89)	(22)	(28)	(139)
Segment gross profit/(loss)	4,805	421	(28)	5,198
Six months ended 30 June 2013:				
Revenue from external customers	2,814	825	-	3,639
Cost of sales	(110)	(28)	(27)	(165)
Segment gross profit/(loss)	2,704	797	(27)	3,474

There are no inter-segment revenues. Operating costs are not allocated to a segment due to the cross-segment nature of the work performed by staff. Unallocated assets and liabilities include cash and cash equivalents, deferred tax balances, current tax, VAT, prepaid expenses and trade payables.

Reconciliation of reportable segments' measure of profit or loss to profit/(loss) before tax for the six months ended 30 June:

In thousands of euros (unaudited)	2014	2013
Gross profit from above	5,198	3,474
Other income	14	-
Selling, general and administrative expenses	(1,929)	(1,930)
Research and development expenses	(2,598)	(2,745)
Other operating expenses (see note 5)	(17)	(373)
Financial expenses, net of financial income (see note 6)	(57)	(95)
Profit/(loss) before tax	611	(1,669)

The following table provides information on assets and liabilities allocated to each of the Group's operating segments as at 30 June 2014 and 31 December 2013:

In thousands of euros	Print	eDoc	Unallocated	Total
30 June 2014:				
Non-current assets (see notes 8 and 9)	10,156	1,037	741	11,934
Current assets	1,440	281	2,286	4,007
Total assets (unaudited)	11,596	1,318	3,027	15,941
Current liabilities	517	82	1,052	1,651
Total liabilities (unaudited)	517	82	1,052	1,651
31 December 2013:				
Non-current assets (see notes 8 and 9)	9,833	1,198	588	11,619
Current assets	897	592	1,789	3,278
Total assets	10,730	1,790	2,377	14,897
Current liabilities	543	51	1,226	1,820
Total liabilities	543	51	1,226	1,820

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)**4. REVENUE**

The Group typically sells its software through multi-year license and distribution agreements which provide for the periodic payment of license royalties and the provision of maintenance and after-sale support services over the duration of the agreement. An analysis of sales by revenue type and geographical location of the Group's customers is shown below.

In thousands of euros (unaudited)	For the six months ended 30 June	
	2014	2013
License royalties	4,756	3,102
Maintenance and after-sale support services	574	518
Engineering services	-	19
Other items	7	-
Total sales	5,337	3,639

In thousands of euros (unaudited)	For the six months ended 30 June	
	2014	2013
United Kingdom	58	125
Europe, excluding United Kingdom	155	112
North America (United States and Canada)	2,216	2,469
Asia (including Japan)	2,908	933
Total sales	5,337	3,639

5. OTHER OPERATING EXPENSES

Non-recurring expenses incurred during the six months ending 30 June were:

In thousands of euros (unaudited)	For the six months ended 30 June	
	2014	2013
Group legal reorganisation	-	373
Redundancy expenses	17	-
Total other operating expenses	17	373

6. FINANCE INCOME AND FINANCE COSTS

In thousands of euros (unaudited)	For the six months ended 30 June	
	2014	2013
Interest income	-	1
Finance income	-	1
Foreign currency exchange losses on transactions and revaluations	(57)	(96)
Foreign currency exchange losses	(57)	(96)
Net finance costs	(57)	(95)

7. PROPERTY, PLANT AND EQUIPMENT

In thousands of euros	Leasehold improvements	Computer equipment	Office equipment	Office furniture	Other items	Total
Cost						
At 1 January 2013	581	1,311	22	312	790	3,016
Additions	39	144	-	-	17	200
Disposals	-	(4)	(2)	-	-	(6)
Effect of movement in exchange rates	(11)	(26)	-	(8)	(17)	(62)
At 31 December 2013	609	1,425	20	304	790	3,148
At 1 January 2014	609	1,425	20	304	790	3,148
Additions	-	39	-	1	7	47
Effect of movement in exchange rates	25	53	2	10	30	120
At 30 June 2014 (unaudited)	634	1,517	22	315	827	3,315

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)**7. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

In thousands of euros	Leasehold improvements	Computer equipment	Office equipment	Office furniture	Other items	Total
Accumulated depreciation						
At 1 January 2013	362	1,207	19	309	750	2,647
Charge for the year	68	98	1	2	27	196
Disposals	-	(2)	(2)	-	-	(4)
Effect of movement in exchange rates	(2)	(31)	-	(8)	(16)	(57)
At 31 December 2013	428	1,272	18	303	761	2,782
At 1 January 2014	428	1,272	18	303	761	2,782
Charge for the period	37	50	-	1	11	99
Effect of movement in exchange rates	18	47	-	10	30	105
At 30 June 2014 (unaudited)	483	1,369	18	314	802	2,986
Net book value						
At 31 December 2013	181	153	2	1	29	366
At 30 June 2014 (unaudited)	151	148	4	1	25	329

8. OTHER INTANGIBLE ASSETS

In thousands of euros	Software technology	Customer contracts	Patents	Trademarks	Know-how	Total
Cost						
At 1 January 2013	30,484	14,755	2,782	634	154	48,809
Additions	1,252	-	-	-	-	1,252
Effect of movement in exchange rates	(587)	(295)	(55)	(13)	(3)	(953)
At 31 December 2013	31,149	14,460	2,727	621	151	49,108
At 1 January 2014	31,149	14,460	2,727	621	151	49,108
Additions	846	-	-	-	-	846
Effect of movement in exchange rates	1,330	607	108	26	6	2,077
At 30 June 2014 (unaudited)	33,325	15,067	2,835	647	157	52,031
Accumulated amortisation and impairment						
At 1 January 2013	25,315	14,755	2,726	634	154	43,584
Charge for the year	2,118	-	8	-	-	2,126
Effect of movement in exchange rates	(470)	(295)	(54)	(13)	(3)	(835)
At 31 December 2013	26,963	14,460	2,680	621	151	44,875
At 1 January 2014	26,963	14,460	2,680	621	151	44,875
Charge for the year	1,141	-	4	-	-	1,145
Effect of movement in exchange rates	1,161	607	108	26	6	1,908
At 30 June 2014 (unaudited)	29,265	15,067	2,792	647	157	47,928
Net book value						
At 31 December 2013	4,186	-	47	-	-	4,233
At 30 June 2014 (unaudited)	4,060	-	43	-	-	4,103

Software technology is internally generated from the capitalisation of development costs.

The amortisation of patents is included in cost of sales and the amortisation charge for software technology which has been capitalised in accordance with IAS 38 is included in research and development expenses.

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

There was no significant change during the period to the calculations and assumptions used at 31 December 2013 to identify any requirement to impair any of these intangible assets. It was concluded that no impairment was required for the six months ended 30 June 2014 (30 June 2013: €nil).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)**8. OTHER INTANGIBLE ASSETS (CONTINUED)**

The software technology is allocated to the following technology and segments and has the following net book value and remaining amortisation periods:

In thousands of euros	Remaining amortisation period	30 June 2014 (unaudited)	31 December 2013
Harlequin RIP	Between 2.1 years and 4.1 years	2,468	2,431
Jaws RIP	2.7 years	555	557
Total Print segment		3,023	2,988
EDL	3.0 years	583	638
gDoc applications	3.7 years	454	560
Total eDoc segment		1,037	1,198
Total software technology		4,060	4,186

9. GOODWILL

In thousands of euros	Harlequin asset purchase	Ansy asset purchase	Total
Cost			
At 1 January 2013	13,183	13	13,196
Effect of movement in exchange rates	(263)	-	(263)
At 31 December 2013	12,920	13	12,933
At 1 January 2014	12,920	13	12,933
Effect of movement in exchange rates	543	-	543
At 30 June 2014 (unaudited)	13,463	13	13,476
Accumulated amortisation or impairment			
At 1 January 2013	6,199	13	6,212
Effect of movement in exchange rates	(124)	-	(124)
At 31 December 2013	6,075	13	6,088
At 1 January 2014	6,075	13	6,088
Effect of movement in exchange rates	255	-	255
At 30 June 2014 (unaudited)	6,330	13	6,343
Net book value			
At 31 December 2013	6,845	-	6,845
At 30 June 2014 (unaudited)	7,133	-	7,133

The Group is required to test annually, or more frequently if facts and circumstances warrant a review, whether goodwill and other intangible assets with indefinite useful lives have suffered any impairment during the year.

Having reviewed the revenue and operating result for the six months ended 30 June 2014 against the forecast used for the impairment review at 31 December 2013, management concluded that no impairment review was necessary for this interim reporting period.

10. TAX**Corporation tax**

Analysis of the tax expense/(benefit) in the period:

In thousands of euros (unaudited)	For the six months ended 30 June	
	2014	2013
Current tax		
Benefit arising from the repayment of R&D tax credits in the UK	-	(353)
Expense arising from other items	94	33
Total current tax expense/(benefit)	94	(320)
Deferred tax		
Arising from the capitalisation and amortisation of development expenses	(65)	(62)
Arising from the recognition of capital allowances	-	62
Effect of change in tax rate	(87)	-
Other items	13	-
Total deferred tax benefit	(139)	-
Total tax benefit	(45)	(320)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)**10. TAX (CONTINUED)**

The Company recognises the benefit from the research & development tax credit when the actual repayment is received from HM Revenue & Customs. The Company's subsidiary that claims this repayment submitted its 2013 tax return later than it did in the previous year for its 2012 tax return, subsequently, because the payment has not yet been received, the benefit has not been included in these interim financial statements. It is expected that the repayment will be received before 31 December 2014 and that the tax benefit will be included in the full year results for the current financial year.

Deferred tax

The Group had recognised deferred tax as follows:

In thousands of euros	30 June 2014 <i>(unaudited)</i>	31 December 2013
Capital allowances	1,058	1,015
Other items	36	23
Total deferred tax assets	1,094	1,038
Capitalised development expenses	(852)	(967)
Total deferred tax liabilities	(852)	(967)
Total recognised deferred tax assets	242	71

Deferred tax assets are recognised for tax losses available for carrying forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. Deferred tax is measured at the tax rates that are expected to apply to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date.

11. SHARE CAPITAL AND TREASURY SHARES

Ordinary shares issued:

In thousands of euros	30 June 2014 <i>(unaudited)</i>	31 December 2013
Allotted, called up and fully paid		
10,289,781 ordinary shares of €0.40 each	4,116	4,116

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

In thousands of euros, except number of shares	For the six months ended 30 June 2014 (unaudited)		For the year ended 31 December 2013	
	Number	Value	Number	Value
At the start of the period	155,428	1,017	165,517	1,186
Grant of shares to employees	-	-	(26,064)	(187)
Disposal of shares	-	-	(1,915)	(14)
Purchase of own shares	58,460	105	17,890	32
At the end of the period	213,888	1,122	155,428	1,017

As part of the legal reorganisation to transfer the Company's place of registration from France to the UK in 2013, 58,460 of the Company's shares were purchased for €105,228 in the six months ended 30 June 2014 from shareholders that opposed the transfer and requested that their shares be purchased by the Company.

12. SHARE BASED PAYMENTS**Share option plan**

No share options were granted, were exercised or lapsed during the six months ended 30 June 2014.

A total of 560,000 options were outstanding as at 30 June 2014, none of which were exercisable at that date.

Free shares

During the six months ended 30 June 2014, 477 Share Incentive Plan Matching Shares were granted. As at 30 June 2014 the total number of outstanding free shares granted to employees of the Group was 146,824.

Share-based payment expense

For the six months ended 30 June 2014, the Group has recognised €35,125 (2013: €60,652) of share-based payment expense in these financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)**13. EARNINGS PER SHARE**

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

For diluted earnings per share, the weighted average number of ordinary shares in issue during the year, excluding those held in treasury, is adjusted to assume conversion of all dilutive potential ordinary shares. At the period end, those share options where the exercise price is less than the average market price of the Company's ordinary shares were the only dilutive potential ordinary shares.

In thousands of euros unless otherwise stated (unaudited)	As at 30 June	
	2014	2013
Weighted average number of shares (basic), in thousands of shares	10,079	10,128
Add the effect of dilutive potential ordinary shares, in thousands of shares	93	-
Weighted average number of shares (diluted), in thousands of shares	10,172	10,128
Profit/(loss) attributable to ordinary shareholders	656	(1,349)
Basic earnings/(loss) per share, in euros	0.07	(0.13)
Diluted earnings/(loss) per share, in euros	0.06	(0.13)
Adjusted profit/(loss) attributable to ordinary shareholders (see Interim Management Report)	924	(653)
Basic adjusted earnings/(loss) per share, in euros	0.09	(0.06)

14. RELATED PARTY TRANSACTIONS**Existing related parties***Key personnel*

There has been no significant change in the remuneration of key personnel to that previously disclosed in the annual report for the year ended 31 December 2013.

At the 2014 AGM, one new director was appointed and 2 non-executive directors did not stand for re-appointment, making the total number of directors 4. All of the directors receive board fees of €5,000 each per annum and Gary Fry remains the only director with an employment contract that entitles him to salary, bonus and other benefits in addition to the board fees.

Andlinger & Co. CVBA

The Company no longer has an arrangement with Andlinger & Co. CVBA (Andlinger) for the provision of a meeting room or advisory services, so no fees were paid by the Company during the six months ended 30 June 2014 (2013: €30,000).

The Company did, however, use the services of Andlinger for the provision of information for the 2013 annual report, archiving of business records and the closure of the Company's previous registered office in France. The total fees for this were €14,400 and have been expensed against selling, general and administrative expenses in these financial statements.

The Group provided website design services to Andlinger during the period for a fee of £5,000 (€6,215). The fee received has been included in selling, general and administrative expenses in these financial statements.

At the date of these financial statements the Group owed Andlinger €14,400 and Andlinger owed the Group €7,547. Between the date of these financial statements and the date they were approved by the board, all amounts outstanding between the Group and Andlinger were settled in full.

New related party

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

Since 30 September 2013, Hybrid licenses and sells the Group's Harlequin RIP technology as part of its solutions to its own customers.

During the period the Group recognised revenue from Hybrid of €12,768, but also applied a credit of €12,870, so net revenue recognised in these financial statements for the six months ended 30 June 2014 was €nil (2013: €nil).

At the date of these financial statements, Hybrid owed the Group US\$28,250 (€20,704). Between the date of these financial statements and the date they were approved by the board, Hybrid made a payment of US\$6,500 against the balance owed.