

JOHAN VOLCKAERTS LETTER TO THE SHAREHOLDERS

THE MOST SIGNIFICANT change that took place during 2008 was the appointment of Gary Fry to the position of Chief Executive Officer effective on 1 July. Gary had spent the previous eight years at Adobe and brings a wealth of experience as well as a fresh approach to Global Graphics. In particular he has a firm grasp of the market potential for the Company's electronic document solutions, which, in the long-term, we expect will represent a new revenue stream for the Company.

We anticipated that sales would show a decline in 2008. In fact, sales were down 31.8% at current exchange rates over the previous year at Euro 11.2 million (Euro 12.0 million at 2007 exchange rates). Sales for 2008 into the Company's graphic arts market were Euro 3.7 million and showed a 29.9% decline at current exchange rates and a 23.5% decline at constant exchange rates over 2007. Sales into the digital print and electronic document segment were Euro 7.4 million this year (66.4% of 2008 sales) and decreased 32.7 % at current exchange rates and 28.4% at constant exchange rates with 2007. The decrease in the latter segment is predominantly due to an unfavourable comparison with 2007 when the Company recognized a total of Euro 4.0 million in revenue for three contracts it had announced in November 2006, compared with Euro 0.9 million in the year ended 31 December 2008, or an unfavourable variance of more than Euro 3.1 million. The variance was not compensated for by new business of a similar size.

As we had anticipated this, the Company's expenses were reduced at the beginning of the year with an annualized effect of approximately Euro 1.0 million. Total operating

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

The recession in the United States and subsequently in the rest of the world did not help our performance, but fortunately in the latter part of the year the US dollar strengthened and the British pound weakened versus the Euro, allowing Global Graphics to stay close to breakeven for the year. Adjusted pre-tax profit was Euro 0.2 million compared with the 2007 figure of Euro 3.0 million.

Global Graphics continued to generate cash in 2008 and at 31 December 2008 our net cash position was Euro 4.5 million compared with a net cash position of Euro 4.1 million at 31 December 2007. Since we have no debt outstanding we expect to weather the current turbulent times well and be in a strong position to return to a growth path once the economy stabilizes. We have retained our strong reputation in all our markets and invested in our technical knowledge to remain leaders in our field. As we move ahead shareholders will see a more aggressive go-to-market strategy that will deliver increased value to investors.



JOHAN VOLCKAERTS CHAIRMAN OF THE BOARD



Global Graphics continues to generate cash. Since we have no debt we expect to weather the current turbulent times well. We have retained our strong reputation in all our markets and we are well placed to return to a growth path once the economy stabilizes.

