PRESS RELEASE

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GLOBAL GRAPHICS REPORTS FIRST QUARTER 2010 RESULTS

Pompey (France), Friday 23 April 2010 - GLOBAL GRAPHICS SA (NYSE-Euronext: GLOG), experts in developing e-document and printing software, announces its consolidated results for the quarter ended 31 March 2010.

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

- sales of Euro 2.0 million this quarter (Euro 2.1 million at Q1 2009 exchange rates) compared with Euro 2.7 million in Q1 2009;
- an operating loss of Euro 1.1 million this quarter, compared with an operating loss of Euro 0.1 million in Q1 2009;
- an adjusted operating loss of Euro 1.1 million this quarter, compared with an operating loss of Euro 0.3 million in Q1 2009;
- an adjusted pre-tax loss of Euro 1.2 million this quarter (or an adjusted pre-tax loss of Euro 0.12 per share), compared with an adjusted pre-tax loss of Euro 0.2 million in Q1 2009 (or an adjusted pre-tax loss of Euro 0.02 per share);
- a net loss of Euro 1.2 million this quarter (or a net loss of Euro 0.12 per share), compared with a net loss of Euro 0.1 million in Q1 2009 (or a net loss of Euro 0.01 per share); and
- an adjusted net loss of Euro 1.2 million this quarter (or an adjusted net loss of Euro 0.12 per share), compared with an adjusted net loss of Euro 0.2 million in Q1 2009 (or an adjusted net loss of Euro 0.02 per share).

Commenting on performance, Gary Fry, Global Graphics' Chief Executive Officer, said: "Sales continued to be slow in the graphic arts market this quarter, an indicator of this being that one customer did not place their typical bulk order, as they had done in the same period of 2009, because they are still working off inventory. However, in the last month of the quarter we did see the early signs of recovery in the printing segment.

"During the first quarter, we also had great uptake of our free gDoc Creator product with more than 300,000 downloads and over 40,000 product registrations. There was also continuing strong validation from users and industry experts that our gDoc Fusion product is unique and provides great productivity benefits to the office worker. Testimonies to this were encouraging signs from the corporate market with the signing of sixteen Corporate License Plans .

“Our expense position was high this quarter due to some one-off product launch expenditure and the costs of hiring staff - notably Mike Finta as head of our development team and Elan Lennard as head of our quality assurance and support team - that took place before our planned reorganization.”

First quarter 2010 performance

Sales for the quarter amounted to Euro 2.0 million, compared with Euro 2.7 million for the same quarter of 2009, or a sequential decrease of 25.0 % at current exchange rates, and of 21.3% at constant exchange rates.

Total operating expenses amounted to Euro 3.0 million this quarter, compared with Euro 2.7 million for the same quarter of 2009, or a sequential increase of 10.4% at current exchange rates.

The Company reported an operating loss of Euro 1.1 million this quarter (or a loss equal to 54.5 % of Q1 2010 sales), compared with an operating loss of Euro 0.1 million for the same quarter of 2009 (or a loss equal to 4.7% of Q1 2009 sales).

The Company reported an adjusted operating loss (or EBITA, as defined in the accompanying table) of Euro 1.1 million for this quarter, compared with and adjusted operating loss of Euro 0.3 million for the same quarter of 2009. Accordingly, EBITA margin was -53.3 % of sales in Q1 2010 compared with -9.3% of sales in Q1 2009.

The Company reported an adjusted pre-tax loss (as defined in the accompanying table) of Euro 1.2 million for this quarter, compared with an adjusted pre-tax loss of Euro 0.2 million for the same quarter of 2009. Accordingly, adjusted pre-tax EPS was a loss of Euro 0.12 in Q1 2010, compared with a loss of Euro 0.02 in Q1 2009.

The Company reported a net loss of Euro 1.2 million for this quarter (or a net loss of Euro 0.12 per share in Q1 2010), compared with a net loss of Euro 0.1 million for the same quarter of 2009 (or a net loss of Euro 0.01 per share in Q1 2009).

The Company reported an adjusted net loss (as defined in the accompanying table) of Euro 1.2 million for this quarter (or an adjusted net loss of Euro 0.12 per share in Q1 2010), compared with an adjusted net loss of Euro 0.2 million for the same quarter of 2009 (or an adjusted net loss of Euro 0.02 per share in Q1 2009).

Reorganization of the Company’s operations

On 14 April 2010, the Company implemented a reorganization of its business which was the outcome of a strategy analysis and product portfolio review which had been undertaken by the Company’s board and management team since the start of the current year.

The main features of that reorganization plan are as follows:

- the core of Company’s operations in Pune (India) has been outsourced to the local office of Global Logic, a leader in global product development services. This includes the transfer of 23 of the 31 Global Graphics’ employees in India to Global Logic. The move gives Global Graphics access to best practice in processes and systems and retains the key skills of its Indian development and quality assurance (QA) team;
- other changes include the closure of the Company’s office in Florida, the relocation of the Manchester development & QA team to an improved facility nearby, as well as a reduction in the Company’s IT infrastructure overhead; and
- a total of approximately 30 people have been made redundant as part of this reorganization, of which 8 in India, and another 15 in the UK.

As a result of this reorganization plan, the Company expects to record a one-off expense comprised between Euro 0.4 and 0.5 million in the current quarter, and to achieve annualized savings between Euro 2.3 and 2.5 million (at current exchange rates), the latter figures taking into effect the planned hiring of additional key personnel to help the Company achieve its strategic goals.

Cash flow

The Company had a net cash position of Euro 2.3 million at 31 March 2010, compared with Euro 3.1 million at 31 December 2009, or a decrease of Euro 0.8 million during the first quarter of 2010.

Net cash used by the Company's operations was Euro 0.6 million in the first quarter of the year ending 31 December 2010, while net cash used in investing activities (through capital expenditures of computer equipment and capitalization of eligible development expenses) was Euro 0.2 million.

2010 outlook

Gary Fry added: "We have the solutions to be able to win in production and office printing together with new business applications that are truly exciting and which are starting to be adopted by our target customers.

"After the reorganization we implemented last week we now have the operation in place to be able to execute on our strategy with an expense profile that is based upon realistic expectations."

2009 annual report

The electronic versions of the Company's 2009 annual report (in English and in French) have been available for download on the investor section of the Company's website since 31 March 2010.

Printed copies of the English and French reports are also available. Should you wish to receive one or several copies of the Company's 2009 annual report, please let us know by sending an e-mail to the following e-mail address: investor-relations@globalgraphics.com, or a request in writing to the registered office of the Company.

Annual meeting of the Company's shareholders

Global Graphics will hold its annual meeting today from 09.00 CET in Brussels (Belgium). The final agenda, proposed resolutions and voting procedures are available for download on the investor section of the Company's website.

Second quarter 2010 results announcement

Global Graphics expects to announce its consolidated financial results for the quarter and the six-month period ending 30 June 2010 on 29 July 2010 before market opening.

About Global Graphics

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

Forward-looking statements

This press release contains, in addition to historical information, forward-looking statements that involve risks and uncertainties. These include statements regarding the Company's growth, funding, expansion plans and expected results for future periods. Such statements are based on management's current expectations and are subject to a number of uncertainties and risks that could cause actual results to differ materially from those described in the forward-looking statements. Although management believes that their expectations reflected in the forward-looking statements are reasonable based on information currently available to them, they cannot assure any reader that the expectations will prove to have been correct. Accordingly, any reader should not place undue reliance on these forward-looking statements. In any event, these statements speak only as of the date of this release. The Company undertakes no obligation to revise or update any of 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 INTERIM STATEMENT OF INCOME (LOSS)
Unaudited figures

In thousands of euros Except per share data in euro	Quarter ended 31 March 2010	Quarter ended 31 March 2009
Sales	2,024	2,697
Cost of sales	(113)	(93)
GROSS PROFIT	1,911	2,604
Selling, general and admin. expenses	(1,611)	(1,470)
Research and development expenses	(1,404)	(1,261)
OPERATING LOSS	(1,104)	(127)
Interest income (note 6)	3	9
Interest expenses (note 6)	0	0
Net foreign exchange gains (losses)	(137)	89
LOSS BEFORE INCOME TAX	(1,238)	(29)
Income tax (expense) benefit (note 7)	43	(112)
NET LOSS	(1,195)	(141)
LOSS PER SHARE (note 8)		
Basic net loss per share	(0.12)	(0.01)
Diluted net loss per share	(0.12)	(0.01)

The accompanying selected explanatory notes are an integral part of the Company’s condensed consolidated interim financial statements as at and for the quarter ended 31 March 2010.

GLOBAL GRAPHICS SA AND SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME (LOSS)

Unaudited figures

In thousands of euros	Quarter ended 31 March 2010	Quarter ended 31 March 2009
Net loss for the period	(1,195)	(141)
Foreign currency translation differences from foreign operations	356	815
Other comprehensive income (loss) for the period, net of income tax	356	815
Total comprehensive income (loss) for the period	(839)	674

The accompanying selected explanatory notes are an integral part of the Company’s condensed consolidated interim financial statements as at and for the quarter ended 31 March 2010.

GLOBAL GRAPHICS SA AND SUBSIDIARIES
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

In thousands of euros	31 March 2010 Unaudited figures	31 December 2009
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	563	560
Other intangible assets	4,865	4,754
Goodwill	6,415	6,351
Financial assets	134	130
Deferred tax assets, net (note 4c)	742	807
TOTAL NON-CURRENT ASSETS	12,719	12,602
CURRENT ASSETS		
Inventories	38	45
Trade receivables	2,486	2,242
Current income tax receivables	6	26
Other current receivables	131	114
Prepaid expenses	599	579
Cash	2,316	3,144
TOTAL CURRENT ASSETS	5,576	6,150
TOTAL ASSETS	18,295	18,752
LIABILITIES AND SHAREHOLDERS'EQUITY		
SHAREHOLDERS'EQUITY		
Share capital (note 9a)	4,116	4,116
Share premium (note 9b)	28,829	28,829
Reserve for share options outstanding	2,878	2,853
Reserve for own shares (note 10)	(1,246)	(1,246)
Accumulated deficit	(7,237)	(6,042)
Foreign currency translation reserve	(11,788)	(12,144)
TOTAL SHAREHOLDERS'EQUITY	15,552	16,366
LIABILITIES		
NON-CURRENT LIABILITIES		
Other non-current liabilities	2	2
TOTAL NON-CURRENT LIABILITIES	2	2
CURRENT LIABILITIES		
Trade payables	434	337
Current income tax payables	8	14
Other payables	869	679
Customer advances and deferred revenue	1,430	1,354
TOTAL CURRENT LIABILITIES	2,741	2,384
TOTAL LIABILITIES	2,743	2,386
TOTAL LIABILITIES AND SHAREHOLDERS'EQUITY	18,295	18,752

The accompanying selected explanatory notes are an integral part of the Company's condensed consolidated interim financial statements as at and for the quarter ended 31 March 2010.
Figures as at 31 December 2009 have been extracted from the audited consolidated financial statements for that year.

GLOBAL GRAPHICS SA AND SUBSIDIARIES
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
Unaudited figures

In thousands of euros	Quarter ended 31 March 2010	Quarter ended 31 March 2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	(1,238)	(29)
Adjustments for items without effect on cash:		
- Depreciation of property, plant and equipment	55	78
- Amortisation of other intangible assets	15	14
- Amortisation of capitalised development expenses	225	156
- Net interest (income) expenses (note 6)	(3)	(9)
- Net exchange (gains) losses (note 6)	137	(89)
- Share-based compensation expenses (note 4d)	25	25
- Expenses offset against the share premium (note 9b)	0	0
Exchange rate differences	(67)	195
Other items	(2)	19
Change in value of operating assets and liabilities:		
- Inventories	7	2
- Trade receivables	(244)	(302)
- Current income tax receivables	20	0
- Other current receivables	(17)	54
- Prepaid expenses	(20)	(64)
- Trade payables	97	(47)
- Current income tax payables	(6)	(4)
- Other payables	190	73
- Customer advances and deferred revenue	76	46
Cash received in the period for interest income	3	9
Cash paid in the period for interest expenses	0	0
Cash received (paid) in the period for income taxes	104	(23)
NET CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES	(643)	104
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures on property, plant and equipment	(31)	(59)
Capital expenditures on other intangible assets	0	0
Capitalization of development expenses (note 4b)	(237)	(319)
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(268)	(378)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repurchase of own shares (note 10)	0	0
NET CASH FLOWS USED IN FINANCING ACTIVITIES	0	0
NET INCREASE (DECREASE) OF CASH IN THE PERIOD	(911)	(274)
CASH AT 1 JANUARY	3,144	4,482
EFFECT OF EXCHANGE RATE CHANGES ON CASH HELD AT 1 JANUARY	83	168
CASH AT 31 MARCH	2,316	4,376

The accompanying selected explanatory notes are an integral part of the Company’s condensed consolidated interim financial statements as at and for the quarter ended 31 March 2010.

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

In thousands of euros	Quarter ended 31 March 2010	Quarter ended 31 March 2009
Shareholders’ equity at 1 January	16,366	16,770
Total comprehensive profit (loss) for the period	(839)	674
Effect of share-based compensation expenses:		
- Value of services rendered during the period (note 4d)	25	25
- Net proceeds from the issue of new shares (note 9b)	0	0
Total effect of share-based compensation expenses	25	25
Repurchase of own shares in the period (note 10)	0	0
Shareholders’ equity at 31 March	15,552	17,469

The accompanying selected explanatory notes are an integral part of the Company’s condensed consolidated interim financial statements as at and for the quarter ended 31 March 2010.

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

NOTE 1: REPORTING ENTITY

These condensed consolidated interim financial statements as at and for the quarter ended 31 March 2010 comprise Global Graphics SA, a French-based company (the 'Parent'), and its subsidiaries (together referred to as 'the Company').
These condensed consolidated interim financial statements were authorized for issue by the Parent's Board of Directors on 22 April 2010.

NOTE 2: BASIS OF PREPARATION

(a) Statement of compliance

These condensed consolidated interim financial statements 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 (IASB), as adopted by the European Union.
For the purposes of their inclusion in the Company's quarterly earnings release, these condensed consolidated interim financial statements do not include all of the information required for full annual consolidated financial statements and should be read in conjunction with the Company's consolidated financial statements as at and for the year ended 31 December 2009.

(b) Basis of measurement

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

(c) Functional and presentation currency

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

(d) Going concern

As was already the case at 31 December 2009 (see note 2e to the Company's consolidated financial statements as at and for the year ended 31 December 2009 for further details), the global economic crisis had no material effect on the Company's ability to meet its financial requirements over the next 12 months which was known to the Parent's Board of Directors on the date these condensed consolidated interim financial statements were drafted.
Moreover, the Company had no financial debt outstanding and a net cash position of 2,316 at 31 March 2010 (3,144 at 31 December 2009).

NOTE 3: ACCOUNTING POLICIES AND METHODS

The accounting policies and methods used for the preparation of these condensed consolidated interim financial statements are the same as those used for the preparation of the Company's consolidated financial statements as at and for the year ended 31 December 2009, which are set out in note 3 to the Company's consolidated financial statements for that year.

NOTE 4: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in accordance with IFRSs requires the use of certain critical accounting estimates.

It also requires management to exercise judgement in the process of applying the Company's accounting policies, and to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses.

The estimates and underlying assumptions are based on historical experience and various other relevant factors that are believed to be reasonable under the circumstances, the results of which form the basis of making management's judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period and future periods if the revision affects both current and future periods.

Judgements made by the Company's management in the application of IFRSs that have a significant effect on the Company's condensed consolidated interim financial statements as at and for the quarter ended 31 March 2010, and assumptions or estimates with a significant risk of material adjustment in the next twelve months, are discussed hereafter.

(a) Impairment of goodwill and other intangible assets

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

IAS 34, Interim Financial Reporting, mandates that the Company applies the same impairment testing, recognition and reversal criteria (as applicable) at any interim date as it would at the end of its financial year, i.e. as at 31 December.

In accordance with paragraph 36 of Appendix B of IAS 34, the Company did not perform a detailed impairment computation at 31 March 2010 as had been done at 31 December 2009, but reviewed indications of possible impairment of goodwill and other intangible assets as at and during the quarter ended 31 March 2010.

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

(ii) Intangible assets that are subject to amortization

In addition, other intangible assets that are subject to amortization (notably capitalized 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.

Based on the results of this review, the Company concluded that no impairment of intangible assets that are subject to amortization was required as at and for the quarter ended 31 March 2010.

(b) Capitalization of computer software development costs

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

Are recognized as intangible assets costs that are directly associated with the production of identifiable and unique software products over which the Company has proprietary rights, that can be measured reliably, and where it is probable that future economic benefits attributable to such software products will flow to the Company. Such costs only include software development employee costs.

Development costs recognized as intangible assets are amortised from the point the asset is ready for use on a straight-line basis over its estimated useful life, which do not exceed ten years. Such amortization charge is included in Research and development expenses in the consolidated statement of income.

(i) Capitalized development costs as at and in the quarter ended 31 March 2010

At 31 March 2010, the Company considered it could demonstrate that it met all of the above-mentioned recognition criteria for four development projects.

Net capitalized development expenses corresponding to the first project (Harlequin RIP) amounted to 2,858 at 31 March 2010, following the capitalization of additional development expenses amounting to 46 in the quarter ended 31 March 2010. As certain aspects of this project have resulted in the delivery of certain RIP software products since 2007, corresponding costs have been amortized over the expected useful life of the corresponding technology (i.e. over a ten-year period), using the straight-line amortization method: the amortization charge which was recognized in the quarter ended 31 March 2010 with regards to this first eligible project amounted to 119.

Net capitalized development expenses corresponding to the second project (EDL) amounted to 1,045 at 31 March 2010, following the capitalization of additional development expenses amounting to 33 in the quarter ended 31 March 2010. As certain aspects of this project have resulted in the delivery of certain software products in the area of electronic document creation, conversion and manipulation since 2007, corresponding costs were amortized over the expected useful life of the corresponding technology (i.e. over a ten-year period), using the straight-line amortization method: the amortization charge which was recognized in the quarter ended 31 March 2010 with regards to this second eligible project amounted to 43.

Net capitalized development expenses corresponding to the third project (gDoc applications) amounted to 806 at 31 March 2010, following the capitalization of additional development expenses amounting to 143 in the quarter ended 31 March 2010. Corresponding costs are amortized over the expected useful life of the corresponding technology (i.e. a five-year period from the gDoc Fusion launch date in May 2009): the amortization charge which was recognized in the quarter ended 31 March 2010 with regards to this third eligible project amounted to 63.

Net capitalized development expenses corresponding to the fourth project (version 3.0 of the Jaws RIP) amounted to 15 at 31 March 2010, following the capitalization of additional development expenses of 15 in the quarter ended 31 March 2010. As this project was not completed at that date, no amortization charge was recognized in the quarter ended 31 March 2010 with regards to this fourth eligible project.

(ii) Capitalized development costs as at and in the quarter ended 31 March 2009

At 31 March 2009, the Company considered it could demonstrate that it met all of the above-mentioned recognition criteria for three development projects.

Net capitalized development expenses corresponding to the first project (Harlequin RIP) amounted to 2,918 at 31 March 2009, following the capitalization of additional development expenses of 100 in the quarter ended 31 March 2009. As certain aspects of this project have resulted in the delivery of certain software products since 2007, corresponding costs were amortized over the expected useful life of the corresponding technology (i.e. over a ten-year period), using the straight-line amortization method: the amortization charge which was recognized in the quarter ended 31 March 2009 with regards to this first eligible project amounted to 115.

Net capitalized development expenses corresponding to the second project (EDL) amounted to 993 at 31 March 2009, following the capitalization of additional development expenses of 82 in the quarter ended 31 March 2009. As certain aspects of this project have resulted in the delivery of certain software products in the area of electronic document creation, conversion and manipulation since 2007, corresponding costs were amortized over the expected useful life of the corresponding technology (i.e. over a ten-year period), using the straight-line amortization method: the amortization charge which was recognized in the quarter ended 31 March 2009 with regards to this second eligible project amounted to 41.
Net capitalized development expenses corresponding to the third project (gDoc) amounted to 253 at 31 March 2009, following the capitalization of additional development expenses of 137 in the quarter ended 31 March 2009. As this project was not completed at that date, no amortization charge was recognized in the quarter ended 31 March 2009 with regards to this third eligible project.

(c) Income tax

(i) Current income tax
The Company is subject to income tax in France and in all jurisdictions where it has subsidiaries (notably in the UK and the US).
Significant judgement is required in determining the provision for income taxes, as there are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

(ii) Deferred income tax
The Company recognises deferred tax assets as stated in note 3q to the Company's consolidated financial statements for the year ended 31 December 2009.
In evaluating whether it is probable or not that a deferred tax asset recognised in a specific jurisdiction may be utilised against future taxable profits to be recognised in that jurisdiction, the Company uses estimates of future taxable profits over an appropriate period of time from the balance sheet date, based on growth and profit assumptions considered to be appropriate by management.

- Recognized deferred tax assets and liabilities

Deferred tax asset attributable to capital allowances
Deferred tax assets are predominantly attributable to capital allowances available to the UK subsidiaries as the result of the acquisitions made by the Company in the years ended 31 December 1999 and 2000. Although such allowances may be used without any deadline, they can only be used in a given year up to 20% of the outstanding balance at the beginning of that year.
The recognition of a deferred tax asset corresponding to the amount of capital allowances the Company projected to use over the four-year period ending 31 March 2014 to offset projected taxable profit to be made by its UK subsidiaries over such period, using the tax rate that was expected to apply to the period when the deferred tax asset would be expected to be realized (i.e. 28%) resulted in the recognition of a deferred tax asset of 1,975 as at 31 March 2010, and a deferred tax charge of 56 in the quarter ended 31 March 2010 (see note 7b).

Deferred tax liability arising from the capitalization of developments costs
The recognition of a deferred tax liability corresponding to the aggregate amount of development costs capitalized in accordance with applicable provisions of IAS 38, net of applicable amortization, using the tax rate that is expected to apply to the period when the deferred tax liability is expected to be settled (i.e. 28%) resulted in the recognition of a deferred tax liability of 1,323 at 31 March 2010, and a deferred tax charge amounting to 3 in the quarter ended 31 March 2010 (see note 7b).

- Unrecognized deferred tax assets

The amount of capital allowances which were available to the Company's UK subsidiaries at 31 March 2010, but were not projected to be used in the four-year period ending 31 March 2014, and therefore did not result in the recognition of a deferred tax asset at 31 March 2010, amounted to 10,878 at such date.

Had a deferred tax asset been recognized with regards to such portion of available capital allowances at 31 March 2010, since these allowances would only be used after 1 April 2014, the applicable tax rate at the time they would be used to offset taxable profit was assumed to be the UK statutory rate which is currently enacted (i.e. 28%): the corresponding, additional deferred tax asset would amount to 3,046 at 31 March 2010, compared with 2,937 at 31 December 2009.

(d) Share-based compensation expense

(i) Share and share options grants made in the quarter ended 31 March 2010

No grants of share options or shares were made in the quarter ended 31 March 2010.

(ii) Share-based compensation expense analysis

In thousands of euros Unaudited figures	Quarter ended 31 March 2010	Quarter ended 31 March 2009
Attributable to share option grants	22	25
Attributable to share grants	3	0
Total share-based compensation expense	25	25

NOTE 5: UNUSUAL, ABNORMAL AND INFREQUENT ITEMS OF EXPENSE

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

Below is an analysis of unusual, abnormal and infrequent items of expense which were included in Selling, general and administrative expenses in the quarters ended 31 March 2010 and 2009, respectively:

In thousands of euros Unaudited figures	Quarter ended 31 March 2010	Quarter ended 31 March 2009
Fees incurred with respect of the Employee Benefit Trust (EBT)	12	0
Other items	0	0
Total unusual, abnormal and infrequent items of expense	12	0

NOTE 6: NET FINANCING GAINS (LOSSES)

In thousands of euros Unaudited figures	Quarter ended 31 March 2010	Quarter ended 31 March 2009
Interest income	3	9
Interest expenses	0	0
Net interest income (expenses)	3	9
Gains (losses) on transactions and balance sheet caption revaluations	10	106
Gains (losses) on foreign currency exchange option or forward contracts	(147)	(17)
Net foreign exchange gains (losses)	(137)	89
Net financing gains (losses)	(134)	98

NOTE 7: INCOME TAX EXPENSE (BENEFIT)

(a) Current income tax expense (benefit)
The Company recorded a current income tax benefit amounting to 102 in the quarter ended 31 March 2010, compared with a current income tax expense of 4 in the quarter ended 31 March 2009.
The current tax benefit recorded in the quarter ended 31 March 2010 principally relates to the refund of a research and development tax credit received by Global Graphics Software Limited in February 2010, for an amount of 120.

(b) Deferred income tax expense (benefit)
The Company recorded a deferred tax expense amounting to 59 in the quarter ended 31 March 2010, compared with a deferred tax expense of 108 in the quarter ended 31 March 2009.
Below is an analysis of the deferred tax expense (benefit) reported in the quarters ended 31 March 2010 and 2009, respectively:

In thousands of euros Unaudited figures	Quarter ended 31 March 2010	Quarter ended 31 March 2009
Arising from the capitalisation of development expenses (note 4b)	66	90
Arising from the amortisation of development expenses (note 4b)	(63)	(44)
Arising from the recognition of capital allowances (note 4c)	56	38
Other items	0	24
Total deferred tax expense (benefit)	59	108

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

In thousands of euros Unaudited figures	Quarter ended 31 March 2010	Quarter ended 31 March 2009
Loss before income tax	(1,238)	(29)
Income tax expense (benefit) using the statutory rate of 33.33%	(413)	(10)
Income tax expense (benefit) attributable to:		
- Effect of recognition or of utilisation of capital allowances	56	38
- Effect of differences of tax rates in foreign jurisdictions	126	48
- Effect of share-based compensation expenses	8	8
- Unrecognized tax losses	290	29
- UK R&D tax credit (see note 7a)	(120)	0
- Other items	10	(1)
Total income tax expense (benefit)	(43)	112

NOTE 8: EARNINGS PER SHARE

(a) Basic earnings per share
Basic earnings per share are calculated by dividing the profit attributable to shareholders for a period by the weighted average number of ordinary shares outstanding during that period.
Below is the computation for the quarters ended 31 March 2010 and 2009, respectively:

Unaudited figures	2010	2009
Number of ordinary shares outstanding at 1 January	10,115,813	10,115,813
Effect of the issue of new shares in the quarter	0	0
Effect of the repurchase of shares in the quarter	0	0
Weighted average number of ordinary shares outstanding in the quarters ended 31 March	10,115,813	10,115,813

(b) Diluted earnings per share
Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.
The Company has only one category of dilutive potential ordinary shares: share options. Contingently issuable shares (i.e. ordinary shares issuable for little or no cash or other consideration upon the satisfaction of specified conditions in a contingent share agreement) are not included in the calculation of diluted earnings per share until the conditions are satisfied: this was not the case at either 31 March 2010 or 2009.

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

Below is the computation for the quarters ended 31 March 2010 and 2009, respectively:

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

NOTE 9: 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 March 2010 and 31 December 2009.

(b) Share premium
No expense was incurred in relation with the Company's share-based remuneration plans in either of the quarters ended 31 March 2010 or 2009.

NOTE 10: REPURCHASE OF OWN SHARES
No shares were repurchased by the Company in either of the quarters ended 31 March 2010 or 2009.
The aggregate number of own shares held by the Company as at 31 March 2010, as well as at 31 March and 31 December 2009, was 173,968, for a total repurchase value of 1,246.

NOTE 11: SEGMENT REPORTING

(a) Identification of operating and reportable segments

(i) Applicable rules
IFRS 8, Operating Segments, mandates a 'management approach' under which segment information is presented on the same basis as used for internal reporting purposes. This has resulted in an increase of the number of reportable segments presented from 1 January 2009, as the previously single reported segment was split into the following two segments: printing software ('Print' segment) and electronic document technologies ('eDoc' segment).
Operating segments are reported in a manner consistent with the reports reviewed by the Chief Operating Decision-Maker (CODM) that are used for deciding how to allocate resources and also in assessing both operating and financial performance. The Company's CODM has been identified as the Company's Chief Operating Officer (CEO), Mr. Gary Fry.
The CEO assesses performance of operating segments based on their respective gross margin contribution.

(ii) Allocation of assets and liabilities to operating segments

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

Goodwill has been allocated by management to groups of cash-generating units on a segment level. Goodwill existing at 1 January 2009 has been fully allocated to the Print segment as it relates to acquisitions of assets made in the area of printing software in the years ended 31 December 1999 and 2000.

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

(iii) Segment revenue

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

(b) Sales and gross profit by business segment

(i) Quarter ended 31 March 2010

In thousands of euros Unaudited figures	Print segment	eDoc segment	Unallocated items	Total
Total segment sales	1,784	240	0	2,024
Inter-segment sales	0	0	0	0
Sales from external customers	1,784	240	0	2,024
Cost of sales	(79)	(30)	(4)	(113)
Gross profit	1,705	210	(4)	1,911

(ii) Quarter ended 31 March 2009

In thousands of euros Unaudited figures	Print Segment	eDoc segment	Unallocated	Total
Total segment sales	2,222	475	0	2,697
Inter-segment sales	0	0	0	0
Sales from external customers	2,222	475	0	2,697
Cost of sales	(55)	(27)	(11)	(93)
Gross profit	2,167	448	(11)	2,604

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

In thousands of euros Unaudited figures	Quarter ended 31 March 2010	Quarter ended 31 March 2009
Gross profit for reportable segments	1,911	2,604
Selling, general & admin. expenses	(1,611)	(1,470)
Research and development expenses	(1,404)	(1,261)
Net financing gains (losses)	(134)	98
Loss before income tax	(1,238)	(29)

(d) Reconciliation of assets and liabilities

(i) As at 31 March 2010

In thousands of euros Unaudited figures	Print segment	eDoc segment	Unallocated	Total
Non-current assets	9,288	1,992	1,439	12,719
Current assets	1,713	773	3,090	5,576
Total assets	11,001	2,765	4,529	18,295
Non-current liabilities	0	0	2	2
Current liabilities	907	523	1,311	2,741
Total liabilities	907	523	1,313	2,743

(ii) As at 31 December 2009

In thousands of euros	Print segment	eDoc segment	Unallocated	Total
Non-current assets	9,252	1,853	1,497	12,602
Current assets	1,505	737	3,908	6,150
Total assets	10,757	2,590	5,405	18,752
Non-current liabilities	0	0	2	2
Current liabilities	873	481	1,030	2,384
Total liabilities	873	481	1,032	2,386

NOTE 12: RELATED PARTY TRANSACTIONS

The Company has a related party relationship with its subsidiaries (see note 13) as well as with its directors and executive officers.

(a) With the Company's directors

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

(b) With the Company's executive officers

(i) Salaries and other short-term benefits

The three executive directors received the following salaries and other short-term benefits (notably year-end bonus and pension scheme contributions) from the Company in the quarters ended 31 March 2010 and 2009, respectively:

In thousands of euros Unaudited figures	Quarter ended 31 March 2010	Quarter ended 31 March 2009
Salaries	66	79
Other short-term benefits	52	4
Total salaries and other short-term benefits	118	83

(ii) Share-based compensation

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

No grants of share options or shares were made to any of the Company's executive officers in either of the quarters ended 31 March 2010 or 2009.

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

In thousands of euros Unaudited figures	Quarter ended 31 March 2010	Quarter ended 31 March 2009
Relating to share option grants	18	18
Relating to share grants	0	0
Total share-based compensation expenses attributable to officers	18	18

NOTE 13: SUBSIDIARIES

These condensed consolidated interim financial statements for the quarters ended 31 March 2010 and 2009, respectively, include the accounts of the following companies:

	Country of incorporation	% of ownership 2010	% of ownership 2009
Global Graphics (UK) Limited	United Kingdom	100	100
Global Graphics Software Limited	United Kingdom	100	100
Jaws Systems Limited	United Kingdom	100	100
Global Graphics Software Incorporated	United States	100	100
Global Graphics Kabushiki Kaisha	Japan	100	100
Global Graphics Software (India) Private Limited	India	100	100
Global Graphics EBT Limited	United Kingdom	100	-

The results for Global Graphics EBT Limited have been included in the Company's condensed consolidated interim financial statements for the quarter ended 31 March 2010 since the inception of that company on 3 February 2010.

GLOBAL GRAPHICS SA AND SUBSIDIARIES
MANAGEMENT ADJUSTED FINANCIAL INFORMATION
ADJUSTED OPERATING LOSS COMPUTATION
Unaudited figures

In thousands of euros	Quarter ended 31 March 2010	Quarter ended 31 March 2009
Reported operating loss	(1,104)	(127)
Add back (deduct):		
Amort. of certain intangible assets	0	14
Share-based remuneration expense	25	25
Effect of the capitalization of development expenses (note 4b)	(237)	(319)
Amort. of capitalized development expenses (note 4b)	225	156
Unusual items of expense (note 5)	12	0
Total adjustments to reported operating loss	25	(124)
Adjusted operating loss	(1,079)	(251)
In % of the period's sales	-53.3%	-9.3%

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

GLOBAL GRAPHICS SA AND SUBSIDIARIES
MANAGEMENT ADJUSTED FINANCIAL INFORMATION
ADJUSTED PRE-TAX LOSS COMPUTATION
Unaudited figures

In thousands of euros Except share data in euro	Quarter ended 31 March 2010	Quarter ended 31 March 2009
Reported pre-tax loss	(1,238)	(29)
Add back (deduct):		
Amort. of certain intangible assets	0	14
Share-based remuneration expense	25	25
Effect of the capitalization of development expenses (note 4b)	(237)	(319)
Amort. of capitalized development expenses (note 4b)	225	156
Unusual items of expense (note 5)	12	0
Total adjustments to reported pre-tax loss	25	(124)
Adjusted pre-tax loss	(1,213)	(153)
Adjusted pre-tax loss per share	(0.12)	(0.02)

(*) Adjusted pre-tax loss per share is computed using the weighted average number of ordinary shares outstanding during the respective periods, i.e. 10,115,813 shares for both of the quarters ended 31 March 2010 and 2009.

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

GLOBAL GRAPHICS SA AND SUBSIDIARIES
MANAGEMENT ADJUSTED FINANCIAL INFORMATION
ADJUSTED NET LOSS COMPUTATION
Unaudited figures

In thousands of euros Except share data in euro	Quarter ended 31 March 2010	Quarter ended 31 March 2009
Reported net loss	(1,195)	(141)
Add back (deduct):		
Amort. of certain intangible assets	0	14
Share-based remuneration expense	25	25
Net effect of the capitalization of development expenses (note 4b)	(12)	(163)
Unusual items of expense (note 5)	12	0
Tax effect of above-mentioned adjustments	3	46
Total adjustments to reported net loss	28	(78)
Adjusted net loss	(1,167)	(219)
Adjusted net loss per share	(0.12)	(0.02)

(*) Adjusted net loss per share is computed using the weighted average number of ordinary shares outstanding during the respective periods, i.e. 10,115,813 shares for both of the quarters ended 31 March 2010 and 2009.

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

GLOBAL GRAPHICS SA AND SUBSIDIARIES
INTERIM MANAGEMENT REPORT OF THE COMPANY'S BOARD OF DIRECTORS
FOR THE FIRST QUARTER OF THE YEAR ENDING 31 DECEMBER 2010
Translation of the French language original

Pursuant to the transposition under article L.451-1-2 of the French Monetary and Financial Code of the EU Directive 2004/109/CE of the European Parliament and of the Council of 15 December 2004 (the 'Transparency Directive'), we present to you the interim management report of the Parent's Board of Directors for the first quarter of the year ending 31 December 2010.
This interim management report was authorized for issue by the Parent's Board of Directors on 22 April 2010.

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

(a) Structure of the Company at 31 March 2010
For further details on this, please refer to note 13 to the Company's condensed consolidated interim financial statements as at and for the quarter ended 31 March 2010.

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

(c) Changes in the Company's structure since 1 April 2010
No change has occurred in the Company's structure since 1 April 2010.

NOTE 2: MANAGEMENT DISCUSSION OF KEY FIGURES
The Company prepares its condensed consolidated interim financial statements in accordance with IAS 34, Interim Financial Reporting (IAS 34), and more generally, with International Financial Reporting Standards (IFRSs) as well as related interpretations issued by the International Accounting Standards Board, as adopted by the European Union.
Amounts indicated hereafter are presented in euros (which is the reporting currency of the Company), rounded to the nearest thousand.

(a) Consolidated sales
Sales were 2,024 in the quarter ended 31 March 2010, compared with 2,697 in the first quarter of the year ended 31 December 2009, or a sequential decrease of 25.0% at current exchange rates.
Approximately 77.3% of the Company's sales made in the quarter ended 31 March 2010 (compared with 79.6% of sales made in the same quarter of 2009) were denominated in US dollars, which sequentially decreased versus the euro, since the average euro/US dollar rate was 1.381 in the quarter ended 31 March 2010, while it was 1.301 in the first quarter of the year ended 31 December 2009, or a sequential decrease of 5.8%. At constant exchange rates, sales made in the quarter ended 31 March 2010 would have amounted to approximately 2,122, showing a decrease of 21.3% over the figure reported for sales in the first quarter of the year ended 31 December 2009.

Sales made in the Print segment were 1,784 in the quarter ended 31 March 2010, and showed a decrease of 19.7% at current exchange rates and of 15.8% at constant exchange rates over the 2,222 figure reported for sales made in the same segment of the Company’s business in the first quarter of the year ended 31 December 2009. Sales made in the graphic arts market were 703 in the quarter ended 31 March 2010 and showed a decrease of 39.0% at current exchange rates and of 35.8% at constant exchange rates over the 1,153 figure reported for sales made in that market in the first quarter of the year ended 31 December 2009. Sales made in the digital printing market were 1,081 in the quarter ended 31 March 2010 and increased 1.1% at current exchange rates and 5.7% at constant exchange rates over the 1,069 figure reported for sales made in that market in the first quarter of the year ended 31 December 2009.

Sales made in the eDoc segment were 240 in the quarter ended 31 March 2010, and showed a decrease of 49.5% at current exchange rates and of 46.9% at constant exchange rates over the 475 figure reported for sales made in the same segment of the Company’s business in the first quarter of the year ended 31 December 2009.

(b) Consolidated performance

(i) Operating loss

The Company reported an operating loss of 1,104 in the quarter ended 31 March 2010 (or -54.5% of the quarter’s sales), compared with an operating loss of 127 in the first quarter of the year ended 31 December 2009 (-4.7% of that quarter’s sales), or an unfavorable, sequential variance of 977, which can be analyzed as follows:

- sales decreased by 673 (see note 2a (i) above);
- cost of sales was 113 in the quarter ended 31 March 2010 (5.6% of the quarter’s sales), compared with 93 in the first quarter of the year ended 31 December 2009 (3.4% of that quarter’s sales), or an unfavorable variance of 20;
- selling, general and administrative expenses totaled 1,611 in the quarter ended 31 March 2010 (79.6% of the quarter’s sales), showing an increase of 141 (i.e. of 9.6%) over the 1,470 figure reported for such expenses in the first quarter of the year ended 31 December 2009 (54.5% of that quarter’s sales);
- research & development expenses totaled 1,404 in the quarter ended 31 March 2010 (69.4% of the quarter’s sales) showing a sequential increase of 143 (i.e. of 11.3%) over the 1,261 figure reported for such expenses in the first quarter of the year ended 31 December 2009 (46.8% of that quarter’s sales), after effect (net of amortization) of the capitalization of eligible development expenses relating to the various development projects for which all criteria for such capitalization were met, which was 12 in the quarter ended 31 March 2010 (compared with a net effect of 163 in the first quarter of the year ended 31 December 2009).

(ii) Loss before income tax

The Company reported a loss before income tax of 1,238 in the quarter ended 31 March 2010 (-61.2% of the quarter’s sales), compared with a loss before income tax of 29 in the first quarter of the year ended 31 December 2009 (-1.1% of that quarter’s sales), or an unfavorable variance of 1,209 which results from the combination of:

- the sequential increase of the operating loss for 977, as discussed above;
- the decrease in interest income of 6 over the 9 figure reported for interest income in the first quarter of the year ended 31 December 2009, predominantly due to the sequential decrease in market interest rates; and
- the unfavorable effect of foreign currency exchange differences, which were net losses of 137 in the quarter ended 31 March 2010, compared with net gains of 89 in the first quarter of the year ended 31 December 2009, or an unfavorable variance of 226.

(iii) Net loss
The Company reported a net loss of 1,195 in the quarter ended 31 March 2010 (or a net loss of Euro 0.12 per share) after giving effect to an income tax benefit of 43 (including a deferred tax charge of 59), compared with a net loss of 141 in the first quarter of the year ended 31 December 2009 (or a net loss of Euro 0.01 per share).

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

(a) Salient features for the quarter ended 31 March 2010

(i) Operational highlights

The first quarter was a difficult quarter in terms of revenue for us. However, during this quarter, we were able to plan the reorganization we implemented earlier this month (see note 3b below for further details on this) and validate our strategy further. We have seen the start of the market recovery by some of our OEMs and, assuming such recovery continues, we can reasonably expect that it will feed directly into our sales in coming quarters.
Our expense position was substantially higher than normal this quarter due to some early hiring prior to the reorganization and also because of planned one-off marketing expenses pursuant to the launch of v2.1 of gDoc Fusion.

Production printing
This quarter, contrary to what happened in prior years, one of our Print customers did not place its typical, annual bulk order because of a lower usage than expected of prepaid licenses in the past twelve months.
Many of our OEMs are getting ready for IPEX 2010 scheduled for May, where they will be exhibiting the latest innovations in printing solutions. Global Graphics' technologies feature in many of these solutions and the whole of the industry is cautiously optimistic about this show.

Office printing
The evaluations of our embedded solutions continue to run as planned; as announced last February, the feedback and input we have been getting from prospective customers has been very positive so far, and this was confirmed during the quarter.

Knowledge worker applications
We have had in excess of 300,000 downloads of our gDoc applications in the first quarter of the current year and over 40,000 registered users of our free gDoc product. During the quarter, we signed a total of 16 Corporate License Plans (CLPs) that enable corporations to easily adopt all of our gDoc applications. The industry validation of gDoc Fusion being truly unique in the market as a productivity tool has been interesting for us, and we will work on that uniqueness going forward to increase adoption and sales.

(ii) Financial highlights

Financial performance
Sales in the quarter ended 31 March 2010 were affected by the continuing effect of the economic slowdown we noted when we reported interim results for the first three quarters of the year ended 31 December 2009 as well as annual results for that year in last February.

As a result, sales amounted to 2,024 in the first quarter of the current year, a 25.0% decrease with the 2,697 figure reported for sales in the first quarter of the year ended 31 December 2009, at current exchange rates.
Sales made in the Print segment of the Company's business continued to be slow, particularly those made in the graphics arts market, resulting in a decrease of 15.8% at constant exchange rates over sales made in the same segment in the first quarter of the year ended 31 December 2009.
Sales made in the eDoc segment of the Company's business decreased 46.9% at constant exchange rates over sales made in the same segment in the first quarter of the year ended 31 December 2009, notably because of a slow intake of gDoc Fusion sales in the first quarter of the current year.

Operating expenses were 3,015 in the quarter ended 31 March 2010, compared with 2,731 in the first quarter of the year ended 31 December 2009, or a 10.4% sequential increase at current exchange rates.

The Company reported an adjusted operating loss of 1,079 in the quarter ended 31 March 2010 (or a loss equal to 53.3% of the quarter's sales), compared with an adjusted operating loss of 251 in the first quarter of the year ended 31 December 2009 (or a loss equivalent to 9.3% of sales made in that quarter).

The Company reported an adjusted pre-tax loss of 1,213 (or an adjusted pre-tax loss of Euro 0.12 per share) in the quarter ended 31 March 2010, compared with an adjusted pre-tax loss of 153 (or an adjusted pre-tax loss of Euro 0.02 per share) in the first quarter of the year ended 31 December 2009.
The Company reported an adjusted net loss of 1,167 (or an adjusted net loss of Euro 0.12 per share) in the quarter ended 31 March 2010, compared with an adjusted net loss of 219 (or an adjusted net loss of Euro 0.02) in the first quarter of the year ended 31 December 2009.

Cash flow for the quarter ended 31 March 2010
Net cash flow used by the Company's operations was 643 in the quarter ended 31 March 2010 (or -31.8% of the quarter's sales), compared with net cash flow provided by the Company's operations of 104 in the first quarter of the year ended 31 December 2009 (or 3.9% of that quarter's sales).
Cash balances available at 1 January 2010 (which amounted to 3,144) allowed the Company to fund these operating requirements as well as its capital expenditures incurred in the quarter ended 31 March 2010, either on property, plant and equipment for 31, or those resulting from the capitalization of development expenses (see note 2b above) which totaled 237 in the quarter ended 31 March 2010, and to close the quarter with a net cash position of 2,316.

(b) Prospects for the remainder of the current financial year

(i) Reorganization of the Company's business
On 14 April 2010, the Company implemented a reorganization of its business as the outcome of a strategy analysis and product portfolio review which had been undertaken by the Company's board and management team since the start of the current year.

The main features of that reorganization plan are as follows:
- the core of Company's operations in Pune, India, will be outsourced to the local office of Global Logic, a leader in global product development services. This includes the transfer of 23 of the 31 Global Graphics' employees in India to Global Logic, such move giving the Company access to best practice in processes and systems and the possibility to retain the key skills of its Indian development and quality assurance (QA) team;

- other changes include the closure of the Company’s office in Florida, the relocation of the Manchester development & QA team to an improved facility nearby, as well as a reduction in the Company’s IT infrastructure overhead; and
- a total of approximately 30 people will be made redundant as part of this reorganization, of which 8 in India, and another 15 in the UK.

As a result of this reorganization plan, the Company expects to record a one-off expense comprised between Euro 0.4 and 0.5 million in the current quarter, and to achieve annualized savings between Euro 2.3 and 2.5 million (at current exchange rates), the latter figures taking into effect the planned hiring of additional key personnel to help the Company achieve its strategic goals.

(ii) Operational highlights

Production printing
With the general economic climate looking more positive, and some strong vibes around the IPEX 2010 show, I am optimistic about the prospects of production printing.
We have two new OEMs in the area of digital printing that will start shipping with Global Graphics software during 2010, and a number of existing and new prospects that we are working with closely.

Office printing
This segment represents a strong revenue opportunity for Global Graphics, but the sales cycles are long and complex. However, evaluations of our embedded solutions continue to run to plan and the feedback from prospective customers remains very positive.

Knowledge worker applications
Our direct sales team is now in place and has started well; we continue to focus this team on driving more corporate adoption and CLP closures for our gDoc applications.
We are also working on building our unique proposition to several critical vertical markets based upon productivity gains that will be validated by industry experts.
We have a base of new customers for our free creation product that we are looking to migrate to gDoc Fusion during the remainder of 2010.

I am very committed to our strategy and firmly convinced that we have the solutions and team to be able to execute upon this.
Our reorganization not only gets us into a stronger financial position, but has also enabled the Company to recruit key skills to complement an already strong team to make this happen.

NOTE 4: SIGNIFICANT OPERATIONAL AND FINANCIAL RISK FACTORS

(a) Significant operational risk factors

(i) Dependence on the graphic arts and digital print industries
The Company continues to derive a substantial portion of its revenues from software products and related services provided to the graphic arts and digital print industries. Accordingly, the Company’s future success significantly depends upon the continued demand for its products within such industries.

The Company believes that an important factor in its growth has been the substantial change in the graphics arts and digital print industries, as evidenced by continuing consolidation and technological innovation, notably the introduction of new Page Description Languages (PDLs) such as XPS, Microsoft's fixed document format. If this environment of change were to slow, the Company could experience reduced demand for its products in such industries.

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

Any delays or failures in developing new products, including upgrades of current products, and anticipating changing customer requirements or market conditions, may have a harmful impact on the Company's sales and operating results.

The Company has historically derived a significant portion of its revenues from the sale of new and enhanced software products (such as Raster Imaging Processors or RIPs).

Additionally, the Company plans to continue to release numerous new product offerings and upgrade versions of its current software products, including the transition of its RIP product to new variants (e.g. host driver and embedded variants) and new operating systems releases, pursuant to the introduction of XPS, and in connection with the transition to new markets, such as those for its Electronic Document Library (EDL) technology or its range of gDoc products.

The Company's inability to extend its core technologies into new applications and new platforms and to anticipate or respond to technological changes and customer or market requirements could affect market acceptance of its products and could cause a decline in the Company's sales and results.

(iii) Inadequate protection of proprietary technology and intellectual property rights

The Company's success is heavily dependent upon its proprietary technology. To protect its proprietary rights, the Company relies on a combination of patent, copyright, trade secret and trademark laws, as well as the early implementation and enforcement of non-disclosure and other contractual restrictions. As part of its confidentiality procedures, the Company enters into written non-disclosure agreements with its employees, prospective customers, OEMs and strategic partners and takes affirmative steps to limit access to, and distribution of, its software, intellectual property and other proprietary information.

Despite these efforts, in the event such agreements are not timely made, complied with or enforced, the Company may be unable to effectively protect its proprietary rights and the enforcement of its proprietary rights may be cost-prohibitive. Unauthorized parties may attempt to copy or otherwise obtain, distribute, or use the Company's products or technology. Monitoring unauthorized use of the Company's software products is difficult. Management of the Company cannot be certain that steps taken to prevent unauthorized use of the Company's proprietary technology, particularly in countries where the laws may not protect proprietary rights as fully as in the European Union or the United States, will be effective.

The Company's source code also is protected as a trade secret. However, from time to time, the Company licenses its source code to OEMs and partners, which subjects it to the risk of unauthorized use or misappropriation despite the contractual terms restricting disclosure, distribution, copying and use.

In addition, it may be possible for unauthorized parties to obtain, distribute, copy or use the Company's proprietary information or to reverse engineer its trade secrets.

The Company holds patents, and has patent applications pending, in the United States and in the EU. There may be no assurance that patents held by the Company will not be challenged, that patents will issue from the pending applications or that any claims allowed from existing or pending patents will be of sufficient scope or strength to provide efficient protection for the Company's intellectual property rights.

(iv) Costs of enforcing, acquiring and defending intellectual property rights

In connection with the enforcement of its own intellectual property rights, the acquisition of third party intellectual property rights or disputes relating to the validity or alleged infringement of third-party rights, including patent rights, the Company has been and may be in the future subject to claims, negotiations or protracted litigations.

Intellectual property disputes and litigation are typically very costly and can be disruptive to the Company's business operations by diverting the attention and energies of management and key technical personnel. Although the Company has successfully defended or resolved past litigation and disputes, it may not prevail in any future litigation and disputes.

Third-party intellectual property rights could subject the Company to significant expenditures, require the Company to enter into royalty and licensing agreements on unfavorable terms, prevent the Company from licensing certain of its products, cause disruption to the markets where the Company operates or require the Company to satisfy indemnification commitments with its customers including contractual provisions under various license arrangements any one of which could harm the Company's business.

(v) Fluctuating operating results and factors affecting operating results

As a result of a variety of factors discussed above, the Company's sales and operating results for a particular period are difficult to predict.

The Company's sales may grow at a slower rate than experienced in previous periods, and, in some periods, may decline.

Additionally, the Company periodically provides guidance on its future sales and results. Such guidance reflects a number of assumptions, including assumptions about product pricing and demand, seasonal trends, competitive factors, and adoption of new products or releases of existing products. If one or more of these assumptions proves incorrect, the Company's actual results may vary materially from those anticipated, estimated or projected.

(vi) Adverse economic conditions

The current worldwide economic downturn has reduced and is likely to continue to affect capital expenditures made by customers of the Company's customers' products, notably in the Print segment of its business. Reduced sales by the Company's customers hurt its business by reducing demand for its products. Moreover, if the Company's customers are not successful in generating sufficient sales or are precluded from securing financing, they may not be able to pay, or may delay payment of, amounts receivable by the Company and also modify, delay or cancel plans to purchase the Company's products, which will have an adverse effect on its sales. In addition, the Company's operating expenses could increase due to, among other things, salary increases, resulting in a harmful effect on the Company's results and financial condition.

When preparing the Company's consolidated financial statements, management is required to make estimates and assumptions that affect amounts in these financial statements and accompanying notes, some of which are based on forecasts of future results. The current worldwide economic downturn and the resulting higher volatility increases the risk that the Company's actual results will differ materially from management forecasts, requiring adjustments in future consolidated financial statements.

(vii) Recruitment and retention of key personnel

An important part of the Company's future success depends on the continued service and availability of the Company's senior management, including its CEO and other members of the executive team. These individuals have acquired specialized knowledge and skills with respect to the Company. The loss of any of these individuals could harm the Company's business.

The Company’s business is also dependent on its ability to attract, retain, and motivate talented, highly skilled personnel, notably in the development and technical support areas. Such personnel are in high demand and competition for their talents is intense.
Should the Company be unable to continue to successfully attract and retain key personnel, its business may be harmed.

(b) Significant financial risk factors
The Company’s activities expose it to a variety of financial risks, notably foreign exchange risk, credit risk, liquidity risk and cash flow interest-rate risk.

(i) Foreign exchange risk
The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar ($) and the British pound. Foreign exchange risk arises from future commercial transactions, recognized assets (notably cash and trade receivables) and liabilities, as well as net investments in foreign operations.

To manage their foreign exchange risk arising from future commercial transactions, recognized assets and liabilities (i.e. which are denominated in a currency that is not the entity’s functional currency), certain entities in the Company use foreign currency forward or option contracts transacted with high-credit-quality financial institutions after review and approval by the Company’s Chief Financial Officer.

- Foreign currency options contracts
From time to time, the Company may enter into foreign currency option contracts to mitigate its foreign currency exposure, with or without payment of an upfront premium, as the case may be.
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 or British pounds, as applicable, 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.
Two Euro call/US dollar put option contracts were outstanding at 31 March 2010, each having a expiry date on 13 December 2010, an option trigger price set at $1.3250, and respective nominal values of $100,000 and $150,000, as well as respective strike prices of $1.5000 and $1.4690 for 1 Euro.
The Company recorded a loss of 29 with respect of foreign currency option contracts in the quarter ended 31 March 2010, compared with a loss of 17 in the first quarter of the year ended 31 December 2009 for similar contracts.

- Foreign currency forward contracts
All British pound call/US dollar put and three of the four Euro call/US dollar put option contracts which were outstanding at 31 December 2009, as well as three of the four Euro call/US dollar put option contracts entered into by the Parent in January 2010, were transformed into forward contracts during the quarter ended 31 March 2010 after corresponding trigger rates were reached as a result of an unexpected stronger US dollar versus both the Euro and the British pound.
The Company recorded a corresponding fair value loss of 118 as at 31 March 2010 with respect of these contracts.

In addition, the Company has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Company's foreign operations in the UK and in the US is managed primarily through borrowings denominated in the relevant foreign currencies, where appropriate.

(ii) Credit risk

Financial instruments that potentially subject the Company to credit risk consist primarily of trade receivables.

As it markets and sells its products and services to a broad base of customers including OEM partners, distributors, and system integrators, the Company has no significant concentration of credit risk though relatively few customers accounted for a substantial portion of the Company's sales within the last few years as a result of the dominance of a limited number of significant players in the Company's markets.

The ten major customers represented approximately 63.7% of the Company's sales in the quarter ended 31 March 2010 (compared with 60.9% in the same quarter of 2009 and 57.0% for the whole of 2009); approximately 44.9% of sales were made with the five largest customers of the Company in the quarter ended 31 March 2010 (compared with 42.3% in the same quarter of 2009 and 41.3% for the whole of 2009), and approximately 13.9% with the major customer alone in the quarter ended 31 March 2010 (compared with 10.3% in the same quarter of 2009 and 14.0% for the whole of 2009).

(iii) Liquidity risk

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

However, at 31 March 2010, considering the Company's net cash position of 2,316 and the absence of any financial debt, the Company did not apply for any such lines of credit.

(iv) Cash-flow interest-rate risk

As the Company had no significant interest-bearing assets and liabilities at either 31 March 2010 or 31 December 2009, the Company's income and operating cash flows for the quarter ended 31 March 2010 were substantially independent of changes in market interest rates.

Please refer to note 6 to the Company's condensed consolidated interim financial statements for the quarter ended 31 March 2010 for further details on interest income and expenses for that period.

(c) Other significant risk factors

(i) Impairment of goodwill and other intangible assets

Goodwill and other intangible assets are reviewed for impairment at least annually, or more frequently if events or changes in circumstances indicate that the carrying value of these items may not be recoverable, notably a decline in operating performance and future cash flows.

If the Company's future financial performance or other events indicate that the carrying value of goodwill and other intangible assets is impaired, the Company may be required to record a significant charge during the period in which such impairment of goodwill and other intangible assets is determined, resulting in an unfavorable impact on the Company's results of operations.

IAS 34 mandates that the Company applies the same impairment testing, recognition and reversal criteria (as applicable) at any interim date as it would at the end of its financial year, i.e. as at 31 December. In accordance with paragraph 36 of Appendix B of IAS 34, the Company did not perform a detailed impairment computation as at 31 March 2010 as had been done at 31 December 2009, but reviewed indications of possible impairment of goodwill and other intangible assets at such date: based on the results of this review, the Company concluded that no impairment charge was required as at and in the quarter ended 31 March 2010.

(ii) Future changes in, or interpretations of, accounting principles
As noted in note 2a to the Company's condensed consolidated interim financial statements for the quarter ended 31 March 2010, the Company prepares its consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs), as amended from time to time, and related interpretations issued by the International Accounting Standards Board (IASB), as adopted by the European Union (EU).
Changes to these standards or delays in the adoption of newly adopted standards by the EU, may have a significant effect on the Company's reported results and may even retroactively affect previously reported transactions or periods.
Accounting principles used by the Company that may be affected by recently issued exposure drafts or discussion papers notably include the following:
- the exposure draft on income tax, which was published for public comments by the IASB on 31 March 2009, and outlines proposed changes to the method of accounting for income tax as well as the IASB's intent to publish a final standard on income tax in 2010 which will supersede the existing standard on income tax, IAS 12 Income Taxes; and
- the discussion paper on revenue recognition, Preliminary Views on Revenue Recognition in Contracts with Customers, which was published for public comment by the IASB and the FASB on 19 December 2008, and outlines the IASB's intent to publish a final standard on revenue recognition in 2011 which will supersede the existing standards on revenue recognition, IAS 11, Construction Contracts and IAS 18, Revenue.

NOTE 5: RELATED PARTY TRANSACTIONS
Please refer to note 12 to the Company's condensed consolidated interim financial statements for the quarter ended 31 March 2010 for details on such transactions.

NOTE 6: INFORMATION ON THE COMPANY'S PERSONEL

(a) Breakdown by geographical area of employment

	31 March 2010	31 December 2009
United Kingdom	69	67
India	31	30
United States of America	19	18
Japan	3	3
Continental Europe	2	2
Total	124	120

(b) Breakdown by nature of employment

	31 March 2010	31 December 2009
Research and development	75	74
Sales and support	32	32
General & administrative	17	14
Total	124	120

NOTE 7: VOTING RIGHTS AND SIGNIFICANT SHAREHOLDERS

(a) Voting rights at 31 March 2010

Number of shares to which a single voting right is attached	10,282,755
Number of shares to which a double voting right is attached	7,026
Total number of voting rights attached to the Company’s ordinary shares which were outstanding at 31 March 2010	10,296,807

(b) Significant shareholders

(i) Stichting Andlinger & Co. Euro-Foundation
At 31 March 2010, as was already the case at 31 December 2009, Stichting Andlinger & Co. Euro-Foundation held 2,883,001 shares of the Company, or 28.01% of the total number of shares of the Company outstanding at 31 March 2010.
Attached to these 2,883,001 shares was an equivalent number of voting rights, representing 27.99% of the total number of voting rights attached to the Company’s ordinary shares which were outstanding at 31 March 2010.

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

(c) Director shareholdings

Number of shares held by the Company’s directors at 31 March 2010	254,785
% of outstanding shares held by directors at 31 March 2010	2.5%
Change in the quarter ended 31 March 2010	0

NOTE 8: INFORMATION REGARDING GLOBAL GRAPHICS SA

Because Global Graphics SA has only one employee and all of its revenue results from the recharge of corporate management fees to the Company’s operating entities which are based in the UK and in the US, its statutory results for the quarter ended 31 March 2010 are not provided since they were not considered as meaningful in the context of the reporting of the Company’s condensed consolidated interim results as at and for the quarter ended 31 March 2010.

GLOBAL GRAPHICS SA AND SUBSIDIARIES
STATEMENT MADE BY THE PERSON TAKING RESPONSIBILITY FOR THE INTERIM MANAGEMENT REPORT FOR THE FIRST QUARTER OF THE YEAR ENDING 31 DECEMBER 2010
Translation of the French language original

I hereby confirm that, to the best of my knowledge, the condensed consolidated interim accounts included in the Company's financial report for the quarter ended 31 March 2010 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 quarter ended 31 March 2010.

I also hereby confirm that the attached interim 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 quarter ended 31 March 2010 and their impact on the condensed consolidated interim accounts for the same period, the main risks and uncertainties for the remaining nine months of the current financial year, and the main transactions with related parties which occurred during the quarter ended 31 March 2010.

Made in Brussels (Belgium) on 22 April 2010,

Gary Fry
Chief Executive Officer