PRESS RELEASE

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GLOBAL GRAPHICS REPORTS SECOND QUARTER AND HALF YEAR 2010 RESULTS

Pompey (France), 29 July 2010 - GLOBAL GRAPHICS SA (NYSE-Euronext: GLOG), experts in developing electronic document and printing software, announces financial results for the second quarter and the first six months of the year ending 31 December 2010.

Comparisons for the second quarter of 2010 with the second quarter of the previous year include:

- Sales of Euro 2.2 million this quarter, compared with Euro 2.6 million in Q2 2009;
- An operating loss of Euro 1.2 million this quarter compared with an operating loss of Euro 0.1 million in Q2 2009;
- An adjusted operating loss of Euro 0.7 million this quarter compared with an adjusted operating loss of Euro 0.2 million in Q2 2009;
- An adjusted pre-tax loss of Euro 0.8 million this quarter (or an adjusted pre-tax loss of Euro 0.08 per share) compared with an adjusted pre-tax loss of Euro 0.4 million in Q2 2009 (or an adjusted pre-tax loss of Euro 0.04 per share);
- A net loss of Euro 1.5 million this quarter (or a net loss of Euro 0.14 per share) compared with a net loss of Euro 0.5 million in Q2 2009 (or a net loss of Euro 0.05 per share); and
- An adjusted net loss of Euro 1.0 million this quarter (or an adjusted net loss of Euro 0.10 per share) compared with an adjusted net loss of Euro 0.6 million in Q2 2009 (or an adjusted net loss of Euro 0.06 per share).

Commenting on performance, Gary Fry, Chief Executive Officer, said: “Clearly, the effect of the reorganization that took place in April hit our numbers in the second quarter and the first six months of 2010. This reorganization was successful and has left us with a lower cost base that is manageable on current revenues from existing customers. I have been very proud of how the company and our partners have embraced this change and I believe that we are stronger and more agile going forward.

“Traditionally we enjoy a major bulk order in the second quarter. This customer still has inventory for another quarter and therefore did not need to buy from us during Q2. The lack of this bulk order is the main reason for the drop in sales made in the eDocument segment of the Company’s business over those made in the second quarter of 2009.

“I was very pleased to conclude and announce a new five-year partnership deal with HP in May. HP has been a great partner for Global Graphics for many years and our relationship has never been better. We also saw sustained growth from Jaws RIP customers in the wide format segment.

“During the quarter, we launched version 2.5 of gDoc Fusion which has significant enhancements that our early adopter customers had requested. Web sales are still low but are increasing month on month. Corporate sales are progressing, with signed corporate license plans with customers like the United States General Services Administration (the US federal procurement agency), with the UK Home Office via Fujitsu, and several others. We have also started some bundling offers with Mindjet and Quark that we introduced late in the quarter."

Second quarter 2010 performance
Sales for the second quarter 2010 amounted to Euro 2.2 million compared with Euro 2.6 million in the second quarter 2009, or a sequential decrease of 17.4% at current exchange rates, and of 23.1% at constant exchange rates.

Total operating expenses amounted to Euro 3.3 million this quarter compared with Euro 2.6 million in the same period of 2009 and Euro 3.0 million in Q1 2010. Non-recurring expenses for the second quarter 2010 amounted to Euro 0.5 million, and included expenses of Euro 0.4 million with regards to the reorganization plan of the Company which was implemented in April 2010, and another Euro 0.1 million with respect of allowances for certain doubtful accounts.

The Company reported an operating loss of Euro 1.2 million for this quarter (or a loss equivalent to 54.6% of Q2 2010 sales), compared with an operating loss of Euro 0.1 million in Q2 2009 (or a loss equivalent to 2.6% of Q2 2009 sales).

The Company reported an adjusted operating loss (as defined in the accompanying table) of Euro 0.7 million for this quarter (or a loss equivalent to 33.4% of Q2 2010 sales), compared with an adjusted operating loss of Euro 0.2 million, equivalent to 8.1% of Q2 2009 sales.

The Company reported an adjusted pre-tax loss (as defined in the accompanying table) of Euro 0.8 million for this quarter, compared with an adjusted pre-tax loss of Euro 0.4 million in Q2 2009. Accordingly adjusted pre-tax EPS was a loss of Euro 0.08 this quarter compared with an adjusted pre-tax loss of Euro 0.04 per share in Q2 2009.

The Company reported a net loss of Euro 1.5 million for this quarter (or a net loss of Euro 0.14 per share), compared with a net loss of Euro 0.5 million in Q2 2009 (or a net loss of Euro 0.05 per share).

The Company reported an adjusted net loss (as defined in the accompanying table) of Euro 1.0 million for this quarter, compared with an adjusted net loss of Euro 0.6 million in Q2 2009. Accordingly, adjusted net EPS was a loss of Euro 0.10 this quarter, compared with an adjusted net loss of Euro 0.06 per share in Q2 2009.

First six months performance
Sales for the first six months of 2010 amounted to Euro 4.2 million compared with Euro 5.3 million for the same period of 2009, or a sequential decrease of 21.2% at current exchange rates, and 22.2% at constant exchange rates.

Total operating expenses amounted to Euro 6.3 million for the first six months of 2010, compared with Euro 5.3 million for the same period of 2009. Non-recurring expenses for the first six months of 2010 amounted to Euro 0.5 million, and included expenses of Euro 0.4 million with regards to the reorganization plan of the Company which was implemented in April 2010, and another Euro 0.1 million with respect of allowances for certain doubtful accounts.

The Company reported an operating loss of Euro 2.3 million for the first six months of 2010 (or a loss equivalent to 54.6% of the period's sales), compared with an operating loss of Euro 0.2 million for the same period of 2009 (or a loss equivalent to 3.7% of that period's sales).

The Company reported an adjusted operating loss (as defined in the accompanying table) of Euro 1.8 million for the first six months of 2010 (or a loss equivalent to 43.0% of the period's sales), compared with an adjusted operating loss for the same period of 2009 of Euro 0.5 million (or a loss equivalent to 8.7% of that period's sales).

The Company reported an adjusted pre-tax loss (as defined in the accompanying table) of Euro 2.1 million for the first six months of 2010 (or an adjusted pre-tax loss of Euro 0.20 per share), compared with an adjusted pre-tax loss of Euro 0.6 million for the same period of 2009 (or an adjusted pre-tax loss of Euro 0.06 per share).

The Company reported a net loss of Euro 2.7 million for the first six months of 2010 (or a net loss of Euro 0.26 per share), compared with a net loss of Euro 0.6 million for the same period of 2009 (or a net loss of Euro 0.06 per share).

The Company reported an adjusted net loss (defined in the accompanying table) of Euro 2.2 million for the first six months of 2010, compared with an adjusted net loss of Euro 0.8 million for the same period of 2009. Accordingly, adjusted net EPS was a loss of Euro 0.22 per share for the first six months of 2010, compared with an adjusted net loss of Euro 0.08 per share for the same period of 2009.

Commentary on the remainder of 2010
Gary Fry continued: "Our strategy is clear: we will win and grow in the market segments that we have committed to work in, namely production printing, office printing and knowledge worker applications. We have reorganized the Company to be financially sensitive to market conditions and to ensure the correct balance of skills required in all areas. We have also recruited some top talent that will enable us to execute on this strategy. Clearly, overall macro-economic conditions have not been kind to us over the past twelve months, and we have now made the changes to adapt to this.

"We are seeing very positive signs of adoption in the new segments and recovery in the traditional segment. We have worked tirelessly to make sure that our OEMs remain at the leading edge and therefore competitive, and will continue to do so. We have some exciting partnerships that will allow greater and faster adoption of both embedded printing and gDoc applications. I expect to see some positive trends during the next two quarters."

Second quarter 2010 conference call details
Global Graphics will hold a conference call today at 10.00 CET about its results for the second quarter and the first six months of the year ending 31 December 2010.
Callers should dial +44 (0)207 162 0177 and **quote "reference number 871834**, **Global Graphics quarterly results conference call**" to the operator. The call will be available for replay for 7 working days by dialing +44 (0)207 031 4064 (freephone number UK only: 0800 358 1860), access code 871834.

Third quarter 2010 results announcement
Global Graphics expects to announce its financial results for the quarter and the nine-month period ending 30 September 2010 on Wednesday 20 October 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.

STATUTORY AUDITORS' REVIEW REPORT
ON THE 2010 HALF-YEARLY CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2010
Free translation of the French language original

To the shareholders,

Following our appointment as statutory auditors by your shareholders' meeting and in accordance with article L.451-1-2 III of the Code monétaire et financier (French Monetary and Financial Law), we hereby report to you on:
- the review of the accompanying condensed half-yearly consolidated financial statements of Global Graphics SA for the six-month period ended 30 June 2010;
- the verification of information included in the half-yearly management report.

These condensed half-yearly consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

I- Conclusion on the financial statements
We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
Based our on review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared in all material respects in accordance with IAS 34 - the standard of the IFRS as adopted by the European Union applicable to interim financial statements.
Without qualifying the conclusion expressed above, we draw attention to:
- note 2d relating to the financial situation of the group with regards to its ability to continue as a going concern;
- significant estimates made by management relating to goodwill and other intangible assets (note 4a i and 4a ii) and deferred tax assets (notes 4c and 7b).

II- Specific verification
We have also verified the information given in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review. We have no matter to report as to its fair presentation and its consistency with the condensed half-yearly consolidated financial statements.

Schiltigheim and Nancy, 28 July 2010

KPMG Audit A subsidiary of KPMG SA	Secef Sarl
Pascal Maire Partner	Philippe Gibello Partner

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

In thousands of euros Except per share data in euro	Quarter ended 30 June 2010 Unaudited, unreviewed figures	Quarter ended 30 June 2009 Unaudited, unreviewed figures	Six-month period ended 30 June 2010 Unaudited figures	Six-month period ended 30 June 2009 Unaudited figures
Sales	2,181	2,642	4,205	5,339
Cost of sales	(91)	(99)	(204)	(192)
GROSS PROFIT	2,090	2,543	4,001	5,147
Selling, general & admin. expenses	(1,681)	(1,420)	(3,292)	(2,890)
Research and development expenses	(1,599)	(1,192)	(3,003)	(2,453)
OPERATING LOSS	(1,190)	(69)	(2,294)	(196)
Interest income (note 6)	3	2	6	11
Interest expenses (note 6)	0	0	0	0
Net foreign exchange gains (losses)	(88)	(211)	(225)	(122)
LOSS BEFORE INCOME TAX	(1,275)	(278)	(2,513)	(307)
Income tax expense (note 7)	(186)	(208)	(143)	(320)
NET LOSS	(1,461)	(486)	(2,656)	(627)
NET LOSS PER SHARE (note 8)				
Basic net loss per share	(0.14)	(0.05)	(0.26)	(0.06)
Diluted net loss per share	(0.14)	(0.05)	(0.26)	(0.06)

The accompanying selected explanatory notes are an integral part of the Company’s condensed consolidated interim financial statements as at and for the quarter and the six-month period ended 30 June 2010.

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

In thousands of euros	Quarter ended 30 June 2010 Unaudited, unreviewed figures	Quarter ended 30 June 2009 Unaudited, unreviewed figures	Six-month period ended 30 June 2010 Unaudited Figures	Six-month period ended 30 June 2009 Unaudited figures
Net loss for the period	(1,461)	(486)	(2,656)	(627)
Foreign currency translation differences from foreign operations	1,347	1,168	1,703	1,983
Other comprehensive income (loss) for the period, net of income tax	1,347	1,168	1,703	1,983
Total comprehensive income (loss) for the period	(114)	682	(953)	1,356

The accompanying selected explanatory notes are an integral part of the Company’s condensed consolidated interim financial statements as at and for the quarter and the six-month period ended 30 June 2010.

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

In thousands of euros	30 June 2010 Unaudited figures	31 December 2009
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	659	560
Other intangible assets	5,247	4,754
Goodwill	7,037	6,351
Financial assets	151	130
Deferred tax assets, net (note 4c)	663	807
TOTAL NON-CURRENT ASSETS	13,757	12,602
CURRENT ASSETS		
Inventories	29	45
Trade receivables	2,452	2,242
Current income tax receivables	31	26
Other current receivables	148	114
Prepaid expenses	740	579
Cash	1,070	3,144
TOTAL CURRENT ASSETS	4,470	6,150
TOTAL ASSETS	18,227	18,752
LIABILITIES AND SHAREHOLDERS'EQUITY		
SHAREHOLDERS'EQUITY		
Share capital (note 9a)	4,116	4,116
Share premium (note 9b)	28,785	28,829
Reserve for share options outstanding	2,918	2,853
Reserve for own shares (note 10)	(1,221)	(1,246)
Accumulated deficit	(8,698)	(6,042)
Foreign currency translation reserve	(10,441)	(12,144)
TOTAL SHAREHOLDERS'EQUITY	15,459	16,366
LIABILITIES		
NON-CURRENT LIABILITIES		
Other non-current liabilities	2	2
TOTAL NON-CURRENT LIABILITIES	2	2
CURRENT LIABILITIES		
Trade payables	565	337
Current income tax payables	18	14
Other payables	945	679
Customer advances and deferred revenue	1,238	1,354
TOTAL CURRENT LIABILITIES	2,766	2,384
TOTAL LIABILITIES	2,768	2,386
TOTAL LIABILITIES AND SHAREHOLDERS'EQUITY	18,227	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 and the six-month period ended 30 June 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	Six-month period ended 30 June 2010	Six-month period ended 30 June 2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	(2,513)	(307)
Adjustments for items without effect on cash:		
- Depreciation of property, plant and equipment	122	146
- Amortisation of other intangible assets	34	35
- Amortisation of capitalised development expenses	444	333
- Net interest (income) expenses (note 6)	(6)	(11)
- Net exchange (gains) losses (note 6)	225	122
- Share-based compensation expenses (note 4d)	65	50
- Expenses offset against the share premium (note 9b)	(19)	(1)
Exchange rate differences	(211)	(105)
Other items	(4)	(55)
Change in value of operating assets and liabilities:		
- Inventories	16	10
- Trade receivables	(210)	447
- Current income tax receivables	(5)	7
- Other current receivables	(34)	56
- Prepaid expenses	(161)	(162)
- Trade payables	228	51
- Current income tax payables	4	67
- Other payables	266	186
- Customer advances and deferred revenue	(116)	(253)
Cash received in the period for interest income	6	11
Cash paid in the period for interest expenses	0	0
Cash received (paid) in the period for income taxes	41	(27)
NET CASH FLOW PROVIDED BY (USED IN) OPERATING ACTIVITIES	(1,828)	600
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures on property, plant and equipment	(156)	(116)
Capital expenditures on other intangible assets	(58)	(41)
Capitalization of development expenses (note 4b)	(416)	(682)
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(630)	(839)
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	(2,458)	(239)
CASH AT 1 JANUARY	3,144	4,482
EFFECT OF EXCHANGE RATE CHANGES ON CASH HELD AT 1 JANUARY	384	312
CASH AT 30 JUNE	1,070	4,555

The accompanying selected explanatory notes are an integral part of the Company’s condensed consolidated interim financial statements as at and for the quarter and the six-month period ended 30 June 2010.

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

In thousands of euros	Six-month period ended 30 June 2010	Six-month period ended 30 June 2009
Shareholders’ equity at 1 January	16,366	16,770
Total comprehensive profit (loss)	(953)	1,356
Effect of share-based compensation plans:		
- Value of services rendered by employees (note 4d)	65	50
- Operating expenses incurred with respect of share-based compensation plans (note 9b)	(44)	(1)
Total effect of share-based compensation plans	21	49
Changes in the amount of the reserve for own shares:		
- Repurchase of own shares (note 10a)	0	0
- Grant of own shares at no cost (note 10b)	25	0
Total change in the amount of the reserve for own shares	25	0
Shareholders’ equity at 30 June	15,459	18,175

The accompanying selected explanatory notes are an integral part of the Company’s condensed consolidated interim financial statements as at and for the quarter and the six-month period ended 30 June 2010.

GLOBAL GRAPHICS SA AND SUBSIDIARIES
SELECTED EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT AND FOR THE QUARTER AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2010

NOTE 1: REPORTING ENTITY

These condensed consolidated interim financial statements as at and for the quarter and the six-month period ended 30 June 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 28 July 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, rounded to the nearest thousand.

(d) Going concern

The Company had no outstanding financial debt and a cash position of 1,070 as at 30 June 2010 (3,144 at 31 December 2009).

On the date these condensed consolidated interim financial statements were drafted, despite the significant amount of cash used by the Company's operations in the six-month period ended 30 June 2010, based on their review of cash flow projections prepared by management for the period of 12 months to 30 June 2011, the members of the Parent's Board of Directors have no reason to believe that a material uncertainty exists that may cast significant doubt about the Company's ability to continue as a going concern, notably because of a lower operating expense base pursuant to the Company's reorganization plan implemented in April 2010, which resulted in redundancy payments amounting to 382 (see note 5 below).

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 and the six-month period ended 30 June 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

Goodwill and other intangible assets with indefinite useful lives 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 actual or forecast operating performance and cash flows. If the Company's future financial performance or other events indicate that the carrying value of goodwill and other intangible assets with indefinite useful lives 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 with indefinite useful lives is determined, resulting in an unfavorable impact on the Company's results of operations.

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. However, as at 30 June 2010, in accordance with paragraph 36 of Appendix B of IAS 34, the Company did not perform a detailed impairment computation as had been done at 31 December 2009, but reviewed indications of possible impairment of goodwill and other intangible assets with indefinite useful lives at such date, being noted that goodwill has been allocated in full to the Print segment of the Company's business as it relates to the Harlequin and Jaws asset acquisitions made in the years ended 31 December 1999 and 2000, respectively.

Based on the results of this review, the Company concluded that no impairment was required for goodwill and other intangible assets with indefinite useful lives as at and in the six-month period ended 30 June 2010.

(ii) Intangible assets that are subject to amortization

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

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

Intangible assets which are reported as part of the Print segment of the Company’s business (see note 11d below) relate to two development projects (namely the Harlequin and Jaws RIP software) which management believes to meet the recognition criteria set out in paragraphs 57 to 62 of IAS 38 (see note 4b below).

Considering the absence of material changes during the six-month period ended 30 June 2010 in the assumptions used at 31 December 2009 for identifying any requirement to impair these intangible assets, which resulted in management to consider that no impairment was required at the latter date for these intangible assets, the Company concluded that no impairment for the intangible assets reported under the Print segment of the Company’s business was required as at and for the six-month period ended 30 June 2010.

- eDoc segment of the Company’s business

Intangible assets which are reported as part of the eDoc segment of the Company’s business (see note 11d below) relate to two development projects (namely EDL and gDoc applications) which management believes to meet the recognition criteria set out in paragraphs 57 to 62 of IAS 38 (see note 4b below).

Considering the lower than expected level of sales achieved for that segment in the first six months of the year ending 31 December 2010, management performed a detailed impairment computation to assess whether any of these intangible assets needed to be impaired as at 30 June 2010. Such computations involved the use of projected cash inflows resulting from forecast sales to be made over the remaining amortization period of the respective development projects, including significant, projected year-on-year sales growth assumptions for the gDoc application development project.

It is management’s intention to have a similar detailed impairment computation performed as at 31 December 2010 to assess whether any of the intangible assets which are reported as part of the eDoc segment of the Company’s business will need to be impaired at year-end date.

EDL

Based on future cash flow projections over the remaining useful life of this development project (ending in late August 2017) which were prepared by management as at 30 June 2010, the Company concluded that no impairment of the intangible asset arising from the capitalization of development expenses incurred with respect of the EDL project was required as at and for the six-month period ended 30 June 2010.

gDoc applications

Based on future cash flow projections over the remaining useful life of this development project (ending mid May 2014) which were prepared by management as at 30 June 2010, the Company concluded that no impairment of the intangible asset arising from the capitalization of development expenses incurred with respect of the gDoc application development project was required as at and for the six-month period ended 30 June 2010.

Such cash flow projections included significant sales growth assumptions over the years ending 31 December 2011 to 2013, inclusively, which were supported by management’s estimates and plans regarding the adoption of gDoc Fusion over that period of time.

Should these growth assumptions be revised downwards in future periods, the Company may be required to record a significant impairment charge during the period in which the impairment of this intangible asset is determined, resulting in an unfavorable impact on the Company's results of operations.

(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 six months to 30 June 2010
At 30 June 2010, the Company considered it could demonstrate that it met all of the above-mentioned recognition criteria for four development projects.

- Intangible assets reported under the Print segment of the Company's business
Net capitalized development expenses resulting in an intangible asset reported under the Print segment of the Company's business (consisting in enhancements made to various version of the Harlequin RIP) amounted to 3,066 at 30 June 2010, following the capitalization of additional development expenses amounting to 50 and 96 in the quarter and the six-month period ended 30 June 2010, respectively. 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 and the six-month period ended 30 June 2010 with regards to this eligible project amounted to 116 and 235, respectively.
Net capitalized development expenses corresponding to the second development project resulting in an intangible asset reported under the Print segment of the Company's business (ultimately resulting in version 3.0 of the Jaws RIP) amounted to 59 at 30 June 2010, following the capitalization of additional development expenses of 41 and 56 in the quarter and the six-month period ended 30 June 2010, respectively. As this project was not completed at that date, no amortization charge was recognized in either the quarter or the six-month period ended 30 June 2010 with regards to this eligible project.

- Intangible assets reported under the eDoc segment of the Company's business
Net capitalized development expenses corresponding to the first development project resulting in an intangible asset reported under the eDoc segment of the Company's business (EDL) amounted to 1,117 at 30 June 2010, following the capitalization of additional development expenses amounting to 12 and 45 in the quarter and the six-month period ended 30 June 2010, respectively. As certain aspects of this project have resulted in the delivery of certain software products in the area of electronic document creation, conversion and manipulation since 2007, corresponding costs were amortized over the expected useful life of the corresponding technology (i.e. over a ten-year period), using the straight-line amortization method: the amortization charge which was recognized in the quarter and the six-month period ended 30 June 2010 with regards to this eligible project amounted to 40 and 83, respectively.

Net capitalized development expenses corresponding to the second development project resulting in an intangible asset reported under the eDoc segment of the Company's business (gDoc applications) amounted to 823 at 30 June 2010, following the capitalization of additional development expenses amounting to 76 and 219 in the quarter and the six-month period ended 30 June 2010, respectively. Corresponding costs are amortized over the expected useful life of the corresponding technology (i.e. a five-year period from the gDoc Fusion launch date in May 2009): the amortization charge which was recognized in the quarter and the six-month period ended 30 June 2010 with regards to this eligible project amounted to 63 and 126, respectively.

(ii) Capitalized development costs as at and in the six months to 30 June 2009
At 30 June 2009, the Company considered it could demonstrate that it met all of the above-mentioned recognition criteria for three development projects.

- Intangible assets reported under the Print segment of the Company's business
Net capitalized development expenses corresponding to the first development project resulting in an intangible asset reported under the Print segment of the Company's business (consisting in enhancements made to various version of the Harlequin RIP) amounted to 3,180 at 30 June 2009, following the capitalization of additional development expenses amounting to 91 and 191 in the quarter and the six-month period ended 30 June 2009, respectively. As certain aspects of this project have resulted in the delivery of certain RIP 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 charges which were recognized in the quarter and the six-month period ended 30 June 2009 for this project amounted to 122 and 237, respectively.

- Intangible assets reported under the eDoc segment of the Company's business
Net capitalized development expenses corresponding to the first development project resulting in an intangible asset reported under the eDoc segment of the Company's business (EDL) amounted to 1,122 at 30 June 2009, following the capitalization of additional development expenses amounting to 72 and 154 in the quarter and the six-month period ended 30 June 2009, respectively. As certain aspects of this project have resulted in the delivery of certain software products in the area of electronic document creation, conversion and manipulation since 2007, corresponding costs were amortized over the expected useful life of the corresponding technology (i.e. over a ten-year period), using the straight-line amortization method: the amortization charges which were recognized in the quarter and the six-month period ended 30 June 2009 for this project amounted to 44 and 85, respectively.
Net capitalized development expenses corresponding to the second development project resulting in an intangible asset reported under the eDoc segment of the Company's business (gDoc applications) amounted to 476 at 30 June 2009, following the capitalization of additional development expenses amounting to 200 and 337 in the quarter and the six-month period ended 30 June 2009, respectively. As gDoc Fusion was launched on 18 May 2009, the amortization charge which was recognized in the quarter and the six-month period ended 30 June 2009 for this project amounted to 11.

(c) Income tax

(i) Current income tax
The Company is subject to income tax in France and in all jurisdictions where it has subsidiaries (notably in the UK and the US).

Significant judgement is required in determining the provision for income taxes, as there are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

(ii) Deferred income tax
The Company recognises deferred tax assets as stated in note 3q to the Company's consolidated financial statements for the year ended 31 December 2009.
In evaluating whether it is probable or not that a deferred tax asset recognised in a specific jurisdiction may be utilised against future taxable profits to be recognised in that jurisdiction, the Company uses estimates of future taxable profits over an appropriate period of time from the balance sheet date (currently being four years), based on growth and profit assumptions considered to be appropriate by management.
As at 30 June 2010, such assumptions included significant year-on-year sales growth assumptions for gDoc applications which are supported by management's estimates and plans regarding the adoption of gDoc Fusion over the four-year period ending 30 June 2014 (see also note 4a above). Should these growth assumptions be revised downwards in future periods, the Company may be required to record a significant deferred tax charge during the period in which the downward revision of these assumptions would be effected, resulting in an unfavorable impact on the Company's results of operations.

- Recognized deferred tax assets and liabilities

Deferred tax asset attributable to capital allowances
Deferred tax assets are predominantly attributable to capital allowances available to the UK subsidiaries as the result of the acquisitions made by the Company in the years ended 31 December 1999 and 2000. Although such allowances may be used without any deadline, they can only be used in a given year up to 20% of the outstanding balance at the beginning of that year.
The recognition of a deferred tax asset corresponding to the amount of capital allowances the Company projected to use over the four-year period ending 30 June 2014 to offset projected taxable profit to be made by its UK subsidiary over such period, using the tax rate that was expected to apply to the period when the deferred tax asset would be expected to be realized (i.e. 28%) resulted in the recognition of a deferred tax asset of 1,975 as at 30 June 2010, and deferred tax charges of 187 and 243 in the quarter and the six-month period ended 30 June 2010, respectively (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 1,418 at 30 June 2010, and deferred tax benefits of 11 and 8 in the quarter and the six-month period ended 30 June 2010, respectively (see note 7b).

- Unrecognized deferred tax assets
The amount of capital allowances which were available to the Company's UK subsidiaries at 30 June 2010, but were not projected to be used in the four-year period ending 30 June 2014, and therefore did not result in the recognition of a deferred tax asset at 30 June 2010, amounted to 12,833 at such date.
Had a deferred tax asset been recognized with regards to such portion of available capital allowances at 30 June 2010, since these allowances would only be used after 1 July 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 3,593 at 30 June 2010, compared with 2,937 at 31 December 2009.

(d) Share-based compensation expense

(i) Share and share options grants made in the six months to 30 June 2010
No grants of share options or shares were made in either the quarter or the six-month period ended 30 June 2010.

(ii) Share-based compensation expense analysis

In thousands of euros Unaudited figures	Quarter ended 30 June 2010	Quarter ended 30 June 2009	Six-month period ended 30 June 2010	Six-month period ended 30 June 2009
Attributable to share option grants	26	25	48	50
Attributable to share grants	14	0	17	0
Total share-based compensation expense	40	25	65	50

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 operating expenses in the quarters and the six-month periods ended 30 June 2010 and 2009, respectively:

In thousands of euros Unaudited figures	Quarter ended 30 June 2010	Quarter ended 30 June 2009	Six-month period ended 30 June 2010	Six-month period ended 30 June 2009
Effect of the reorganisation implemented in April 2010	378	0	378	0
Fees incurred with respect of the Employee Benefit Trust (EBT)	4	0	16	0
Total unusual, abnormal and infrequent items of expense	382	0	394	0

The Company implemented a reorganisation plan of its worldwide activities in late April 2010 which involved the outsourcing of its Indian development and quality assurance (QA) activities to a dedicated third party, including the transfer of 23 of its 31 employees, as well as making a total of 27 employees redundant, of which 14 in the UK, 7 in the US and 5 in India.
Another 4 of the Company’s (of which 3 in India) are currently working their notice period and are expected to have left the employment of the Company before the end of the quarter ended 30 September 2010.

NOTE 6: NET FINANCING GAINS (LOSSES)

In thousands of euros Unaudited figures	Quarter ended 30 June 2010	Quarter ended 30 June 2009	Six-month period ended 30 June 2010	Six-month period ended 30 June 2009
Interest income	3	2	6	11
Interest expenses	0	0	0	0
Net interest income (expenses)	3	2	6	11
Gains (losses) on transactions and balance sheet caption revaluations	(120)	(240)	(110)	(134)
Gains (losses) on foreign currency exchange option and forward contracts	32	29	(115)	12
Net foreign exchange gains (losses)	(88)	(211)	(225)	(122)
Net financing gains (losses)	(85)	(209)	(219)	(111)

NOTE 7: INCOME TAX EXPENSE (BENEFIT)

(a) Current income tax expense (benefit)

(i) Quarter ended 30 June 2010
The Company recorded a current income tax expense amounting to 65 in the quarter ended 30 June 2010, compared with a current income tax expense of 78 in the quarter ended 30 June 2009.
Such current income tax expense predominantly results from the loss of the tax breaks granted to Global Graphics Software (India) Private Limited pursuant to management’s decision to close that subsidiary’s operations before the end of the five-year period after it was incorporated.

(ii) Six-month period ended 30 June 2010
The Company recorded a current income tax benefit amounting to 37 in the six-month period ended 30 June 2010, compared with a current income tax expense amounting to 82 in the six-month period ended 30 June 2009.
Such current income tax benefit predominantly results from 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

(i) Quarter ended 30 June 2010
The Company recorded a deferred tax expense amounting to 121 in the quarter ended 30 June 2010, compared with a deferred tax expense of 130 in the quarter ended 30 June 2009.

(ii) Six-month period ended 30 June 2010
This resulted in a deferred income tax expense amounting to 180 in the six-month period ended 30 June 2010, compared with a deferred income tax expense amounting to 238 in the six-month period ended 30 June 2009.

(iii) Analysis of the deferred tax expense

Below is an analysis of the deferred tax expense reported in the quarters and the six-month periods ended 30 June 2010 and 2009, respectively:

In thousands of euros Unaudited figures	Quarter ended 30 June 2010	Quarter ended 30 June 2009	Six-month period ended 30 June 2010	Six-month period ended 30 June 2009
Arising from the capitalisation of development expenses (note 4b)	50	101	116	191
Arising from the amortisation of development expenses (note 4b)	(61)	(49)	(124)	(93)
Arising from the recognition of capital allowances (note 4c)	187	70	243	108
Other items	(55)	8	(55)	32
Total deferred tax expense	121	130	180	238

(c) Reconciliation of the effective tax expense

In thousands of euros Unaudited figures	Quarter ended 30 June 2010	Quarter ended 30 June 2009	Six-month period ended 30 June 2010	Six-month period ended 30 June 2009
Loss before income tax	(1,275)	(278)	(2,513)	(307)
Income tax expense (benefit) using the statutory rate of 33.33%	(425)	(92)	(838)	(102)
Income tax expense (benefit) attributable to:				
- Effect of recognition or of utilisation of capital allowances	187	70	243	108
- Effect of differences of tax rates in foreign jurisdictions	(8)	11	118	59
- Effect of share-based plans	14	9	22	17
- Unrecognized tax losses	355	205	640	234
- Effect of the R&D tax credit	0	0	(120)	0
- Effect of tax breaks loss	63	0	63	0
- Other items	0	5	15	4
Total income tax expense	186	208	143	320

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.

(i) Computation for the quarters ended 30 June

Unaudited figures	2010	2009
Number of ordinary shares outstanding at 1 April	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
Effect of the grant of own shares in the quarter	1,818	0
Weighted average number of ordinary shares outstanding in the quarters ended 30 June	10,117,631	10,115,813

(ii) Computation for the six-month periods ended 30 June

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 period	0	0
Effect of the repurchase of shares in the period	0	0
Effect of the grant of own shares in the period	914	0
Weighted average number of ordinary shares outstanding in the six-month periods ended 30 June	10,116,727	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 30 June 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.

(i) Computation for the quarters ended 30 June

Unaudited figures	2010	2009
Weighted average number of ordinary shares outstanding in the quarters ended 30 June	10,117,631	10,115,813
Adjustment for dilutive share options	0	0
Weighted average number of ordinary shares for diluted EPS computation in the quarters ended 30 June	10,117,631	10,115,813

(ii) Computation for the six-month periods ended 30 June

Unaudited figures	2010	2009
Weighted average number of ordinary shares outstanding in the six-month periods ended 30 June	10,116,727	10,115,813
Adjustment for dilutive share options	0	0
Weighted average number of ordinary shares for diluted EPS computation in the six-month periods ended 30 June	10,116,727	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 30 June 2010 and 31 December 2009.

(b) Share premium

(i) Expenses relating to the Company's share-based remuneration plans
An amount of 19 was incurred in relation with the Company's share-based remuneration plans in the quarter and the six-month period ended 30 June 2010, and was offset against the share premium during that period.
An amount of 1 was offset against the share premium in respect of such expenses in the quarter and the six-month period ended 30 June 2009.

(ii) Expenses relating to grants of own shares
In accordance with terms of the corresponding share grant plans, a total of 3,521 own shares held by the Company as treasury shares were granted to employees made redundant as part of the April reorganization plan in the quarter and the six-month period ended 30 June 2010 (see note 10b below).
The difference between the repurchase value of these shares (amounting to 25) and their value at grant date to these employees (being nil) was offset against the share premium.

NOTE 10: OWN SHARES

(a) Repurchase of own shares
No own shares were repurchased by the Company in either of the quarters of the six-month periods ended 30 June 2010 or 2009.

(b) Grants of own shares
As indicated in note 9b above, a total of 3,521 own shares held by the Company as treasury shares were granted to employees made redundant as part of the April reorganization plan in the quarter and the six-month period ended 30 June 2010.
Consequently, the total number of own shares held as treasury shares by the Company as at 30 June 2010 was 170,447, for a total repurchase value of 1,221.

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 the one 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, who assesses performance of operating segments based on their respective gross margin contribution.

(ii) Allocation of assets and liabilities to operating segments
Assets and liabilities, whether current or non-current, are allocated based on the operations of the reportable segments.
Goodwill has been allocated by management to groups of cash-generating units on a segment level. Goodwill existing at 1 January 2009 has been fully allocated to the Print segment as it relates to acquisitions of assets made in the area of printing software in the years ended 31 December 1999 and 2000.
Items such as deferred tax assets, current assets other than trade receivables, 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 30 June 2010

In thousands of euros Unaudited figures	Print segment	eDoc segment	Unallocated items	Total
Total segment sales	2,047	134	0	2,181
Inter-segment sales	0	0	0	0
Sales from external customers	2,047	134	0	2,181
Cost of sales	(51)	(27)	(13)	(91)
Gross profit	1,996	107	(13)	2,090

(ii) Quarter ended 30 June 2009

In thousands of euros Unaudited figures	Print segment	eDoc segment	Unallocated Items	Total
Total segment sales	1,961	681	0	2,642
Inter-segment sales	0	0	0	0
Sales from external customers	1,961	681	0	2,642
Cost of sales	(64)	(23)	(12)	(99)
Gross profit	1,897	658	(12)	2,543

(iii) Six-month period ended 30 June 2010

In thousands of euros Unaudited figures	Print segment	eDoc segment	Unallocated items	Total
Total segment sales	3,831	374	0	4,205
Inter-segment sales	0	0	0	0
Sales from external customers	3,831	374	0	4,205
Cost of sales	(130)	(57)	(17)	(204)
Gross profit	3,701	317	(17)	4,001

(iv) Six-month period ended 30 June 2009

In thousands of euros Unaudited figures	Print segment	eDoc segment	Unallocated items	Total
Total segment sales	4,183	1,156	0	5,339
Inter-segment sales	0	0	0	0
Sales from external customers	4,183	1,156	0	5,339
Cost of sales	(119)	(50)	(23)	(192)
Gross profit	4,064	1,106	(23)	5,147

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

In thousands of euros Unaudited figures	Quarter ended 30 June 2010	Quarter ended 30 June 2009	Six-month period ended 30 June 2010	Six-month period ended 30 June 2009
Gross profit for reportable segments (see note 10b)	2,090	2,543	4,001	5,147
Selling, general & admin. expenses	(1,681)	(1,420)	(3,292)	(2,890)
Research and development expenses	(1,599)	(1,192)	(3,003)	(2,453)
Net financing gains (losses)	(85)	(209)	(219)	(111)
Loss before income tax	(1,275)	(278)	(2,513)	(307)

(d) Reconciliation of assets and liabilities

(i) As at 30 June 2010

In thousands of euros Unaudited figures	Print segment	eDoc segment	Unallocated items	Total
Non-current assets	10,162	2,122	1,473	13,757
Current assets	2,303	149	2,018	4,470
Total assets	12,465	2,271	3,491	18,227
Non-current liabilities	0	0	2	2
Current liabilities	1,211	27	1,528	2,766
Total liabilities	1,211	27	1,530	2,768

(ii) As at 31 December 2009

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

NOTE 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 (see below).

(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 30 June 2010 and 2009, respectively, and 30 in both the six-month periods ended 30 June 2010 and 2009, respectively.

(b) With the Company's executive officers

(i) Salaries and other short-term benefits

The executive directors received the following salaries and other short-term benefits (notably year-end bonus and pension scheme contributions) in the quarters and the six-month periods ended 30 June 2010 and 2009, respectively:

In thousands of euros Unaudited figures	Quarter ended 30 June 2010	Quarter ended 30 June 2009	Six-month period ended 30 June 2010	Six-month period ended 30 June 2009
Salaries	68	81	134	160
Other short-term benefits	4	4	56	8
Total salaries and other short-term benefits	72	85	190	168

(ii) Share-based compensation plans

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

No grants of share options or shares were made to any of the Company's executive officers in either of the quarters or the six-month periods ended 30 June 2010 and 2009.

The portions of the share-based compensation expenses which were attributable to the Company's executive officers and were recorded in the quarters and the six-month periods ended 30 June 2010 and 2009, respectively, were as follows:

In thousands of euros Unaudited figures	Quarter ended 30 June 2010	Quarter ended 30 June 2009	Six-month period ended 30 June 2010	Six-month period ended 30 June 2009
Relating to share option grants	18	18	36	36
Relating to share grants	0	0	0	0
Total share-based compensation expenses attributable to officers	18	18	36	36

NOTE 13: SUBSIDIARIES

These condensed consolidated interim financial statements for the quarters and the six-month periods ended 30 June 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 and the six-month period ended 30 June 2010 since the inception of that company on 3 February 2010.

NOTE 14: SUBSEQUENT EVENTS

In late July 2010, Global Graphics Software Limited filed its corporation tax return for the year ended 31 December 2009, resulting in a claim for the repayment of a research and development tax credit amounting to an estimated amount of approximately Euro 0.3 million.

As set out in note 4c above, significant judgement was required in determining the amount of such tax credit: as a result, management considered it was not appropriate to recognize this amount as an amount receivable as at 30 June 2010, but to defer its recognition to the point when it would be repaid to the Company's UK subsidiary.

However, since the previous similar claim made by Global Graphics Software Limited for the year ended 31 December 2007, which was made in November 2009, resulted in the payment of an amount of 120 in February 2010 (see note 7a above), management considered it was appropriate to assume that the amount claimed for the year ended 31 December 2009 would also be repaid to the Company's UK subsidiary in the coming months, and included the corresponding, expected cash receipt in the cash flow projections prepared to assess the going concern of the Company over the 12-month period ending on 30 June 2011 referred to in note 2d above.

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

In thousands of euros	Quarter ended 30 June 2010	Quarter ended 30 June 2009	Six-month period ended 30 June 2010	Six-month period ended 30 June 2009
Reported operating loss	(1,190)	(69)	(2,294)	(196)
Add back (deduct):				
Amort. of certain intangible assets	0	15	0	29
Share-based remuneration expenses (note 4d)	40	25	65	50
Effect of the capitalization of development expenses (note 4b)	(179)	(363)	(416)	(682)
Amort. of capitalized development expenses (note 4b)	219	177	444	333
Unusual items of expense (note 5)	382	0	394	0
Total adjustments to reported operating loss	462	(146)	487	(270)
Adjusted operating loss	(728)	(215)	(1,807)	(466)
In % of the period’s sales	-33.4%	-8.1%	-43.0%	-8.7%

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 30 June 2010	Quarter ended 30 June 2009	Six-month period ended 30 June 2010	Six-month period ended 30 June 2009
Reported pre-tax loss	(1,275)	(278)	(2,513)	(307)
Add back (deduct):				
Amort. of certain intangible assets	0	15	0	29
Share-based remuneration expenses (note 4d)	40	25	65	50
Effect of the capitalization of development expenses (note 4b)	(179)	(363)	(416)	(682)
Amort. of capitalized development expenses (note 4b)	219	177	444	333
Unusual items of expense (note 5)	382	0	394	0
Total adjustments to reported pre-tax loss	462	(146)	487	(270)
Adjusted pre-tax loss	(813)	(424)	(2,026)	(577)
Adjusted pre-tax loss per share (*)	(0.08)	(0.04)	(0.20)	(0.06)

(*) Adjusted pre-tax loss per share is computed using the weighted average number of ordinary shares outstanding during the respective periods, i.e. 10,117,631 and 10,115,813 shares for the quarters ended 30 June 2010 and 2009, respectively, and 10,116,727 and 10,115,813 shares for the six-month periods ended 30 June 2010 and 2009, respectively.

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 30 June 2010	Quarter ended 30 June 2009	Six-month period ended 30 June 2010	Six-month period ended 30 June 2009
Reported net loss	(1,461)	(486)	(2,656)	(627)
Add back (deduct):				
Amort. of certain intangible assets	0	15	0	29
Share-based remuneration expenses (note 4d)	40	25	65	50
Net effect of the capitalization of development expenses, (note 4b)	40	(186)	28	(349)
Unusual items of expense (note 5)	382	0	394	0
Tax effect of above-mentioned adjustments	(11)	52	(8)	98
Total adjustments to reported net loss	451	(94)	479	(172)
Adjusted net loss	(1,010)	(580)	(2,177)	(799)
Adjusted net loss per share (*)	(0.10)	(0.06)	(0.22)	(0.08)

(*) Adjusted net loss per share is computed using the weighted average number of ordinary shares outstanding during the respective periods, i.e. 10,117,631 and 10,115,813 shares for the quarters ended 30 June 2010 and 2009, respectively, and 10,116,727 and 10,115,813 shares for the six-month periods ended 30 June 2010 and 2009, respectively.

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 QUARTER AND THE SIX-MONTH PERIOD ENDED 30 JUNE 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 quarter and the six-month period ended 30 June 2010.
This interim management report was authorized for issue by the Parent's Board of Directors on 28 July 2010.

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

(a) Structure of the Company at 30 June 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 and the six-month period ended 30 June 2010.

(b) Changes in the Company's structure in the six-month period ended 30 June 2010

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

(ii) Global Graphics Software (India) Private Limited
Pursuant to the reorganization of the Company which was implemented in April 2010, 23 of the Indian employees of Global Graphics Software (India) Private Limited were transferred to an outsourcing partner, while another 5 were made redundant, and the remaining 3 employees currently working their notice period.
As a result, the Company's Indian subsidiary has been dormant since early May 2010; it is management's intention to have Global Graphics Software (India) Private Limited liquidated before the end of the current financial year.

(c) Changes in the Company's structure since 1 July 2010
No change has occurred in the Company's structure since 1 July 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 (IASB), as adopted by the European Union (EU).
Amounts indicated hereafter are presented in euros (which is the reporting currency of the Company), rounded to the nearest thousand.

(a) Quarter ended 30 June 2010

(i) Consolidated sales
Sales were 2,181 in the quarter ended 30 June 2010, compared with 2,642 in the second quarter of the year ended 31 December 2009, or a sequential decrease of 17.4% at current exchange rates.

Approximately 84.0% of the Company's sales made in the quarter ended 30 June 2010 (compared with 69.8% of sales made in the same quarter of 2009) were denominated in US dollars, which sequentially increased versus the euro, since the average euro/US dollar rate was 1.264 in the quarter ended 30 June 2010, while it was 1.362 in the second quarter of the year ended 31 December 2009, or a sequential increase of 7.8%. At constant exchange rates, sales made in the quarter ended 30 June 2010 would have amounted to approximately 2,031, showing a decrease of 23.1% over the figure reported for sales in the second quarter of the year ended 31 December 2009.
Sales made in the Print segment were 2,047 in the quarter ended 30 June 2010, and showed an increase of 4.4% at current exchange rates, but a decrease of 2.6% at constant exchange rates, over the 1,961 figure reported for sales made in the same segment of the Company's business in the second quarter of the year ended 31 December 2009.
Sales made in the graphic arts market were 875 in the quarter ended 30 June 2010 and showed an increase of 28.3% at current exchange rates and of 17.6% at constant exchange rates over the 682 figure reported for sales made in that market in the second quarter of the year ended 31 December 2009. Sales made in the digital printing market were 1,172 in the quarter ended 30 June 2010 and decreased 8.4% at current exchange rates and 13.4% at constant exchange rates over the 1,279 figure reported for sales made in that market in the second quarter of the year ended 31 December 2009.
Sales made in the eDoc segment were 134 in the quarter ended 30 June 2010, and showed a decrease of 80.3% at current exchange rates and of 82.2% at constant exchange rates over the 681 figure reported for sales made in the same segment of the Company's business in the second quarter of the year ended 31 December 2009.

(ii) Consolidated performance

Operating loss
The Company reported an operating loss of 1,190 in the quarter ended 30 June 2010 (or -54.6% of the quarter's sales), compared with an operating loss of 69 in the second quarter of the year ended 31 December 2009 (-2.6% of that quarter's sales), or an unfavorable, sequential variance of 1,121, which can be analyzed as follows:
- sales decreased by 461 (see note 2a (i) above);
- cost of sales was 91 in the quarter ended 30 June 2010 (4.2% of the quarter's sales), compared with 99 in the second quarter of the year ended 31 December 2009 (3.7% of that quarter's sales), or a favorable variance of 8;
- selling, general and administrative expenses totaled 1,681 in the quarter ended 30 June 2010 (77.1% of the quarter's sales), showing an increase of 261 (i.e. of 18.4%) over the 1,420 figure reported for such expenses in the second quarter of the year ended 31 December 2009 (53.7% of that quarter's sales): such expenses included firstly an amount of 154 with respect of the reorganization implemented in April 2010 (see note 6 below for further information on this), and secondly valuation allowances for doubtful accounts for a total of 127;
- research & development expenses totaled 1,599 in the quarter ended 30 June 2010 (73.3% of the quarter's sales) showing a sequential increase of 407 (i.e. of 34.1%) over the 1,192 figure reported for such expenses in the second quarter of the year ended 31 December 2009 (45.1% of that quarter's sales): such expenses included a charge of 40 with respect of the effect, after amortization, of the capitalization of eligible development expenses relating to the four development projects for which all criteria for such capitalization were met (see note 4b to the Company's condensed consolidated interim financial statements as at and for the quarter and the six-month period ended 30 June 2010), as well as an amount of 224 with respect of the Company's reorganization implemented in April 2010 (see note 6 below for further information on this).

Loss before income taxes

The Company reported a loss before income taxes of 1,275 in the quarter ended 30 June 2010 (-58.5% of the quarter's sales), compared with a loss before income taxes of 278 in the second quarter of the year ended 31 December 2009 (-10.5% of that quarter's sales), or an unfavorable variance of 997 which results from the combination of:

- the sequential increase of the operating loss for 1,121, as discussed above;
- the increase in interest income of 1 over the 2 figure reported for interest income in the second quarter of the year ended 31 December 2009; and
- the favorable effect of foreign currency exchange differences, which were net losses of 88 in the quarter ended 30 June 2010, compared with net losses of 211 in the second quarter of the year ended 31 December 2009, or a favorable variance of 123.

Net loss

The Company reported a net loss of 1,461 in the quarter ended 30 June 2010 (or a net loss of Euro 0.14 per share) after giving effect to an income tax expense of 186 (including a deferred tax charge of 121), compared with a net loss of 486 in the second quarter of the year ended 31 December 2009 (or a net loss of Euro 0.05 per share).

(b) Six-month period ended 30 June 2010

(i) Consolidated sales

Sales were 4,205 in the six-month period ended 30 June 2010, compared with 5,339 in the first six months of the year ended 31 December 2009, or a sequential decrease of 21.2% at current exchange rates.

Approximately 80.8% of the Company's sales made in the six-month period ended 30 June 2010 (compared with 74.7% of sales made in the same period of 2009) were denominated in US dollars, which increased versus the euro, since the average euro/US dollar rate was 1.318 in the six-month period ended 30 June 2010, while it was 1.329 in the first six months of the year ended 31 December 2009, or a sequential increase of 0.8%. At constant exchange rates, sales made in the six-month period ended 30 June 2010 would have amounted to approximately 4,153, showing a decrease of 22.2% over the figure reported for sales in the first six months of the year ended 31 December 2009.

Sales made in the Print segment were 3,831 in the six-month period ended 30 June 2010, and showed a decrease of 8.4% at current exchange rates and of 9.6% at constant exchange rates over the 4,183 figure reported for sales made in the same segment of the Company's business in the first six months of the year ended 31 December 2009.

Sales made in the graphic arts market were 1,578 in the six-month period ended 30 June 2010 and showed a decrease of 14.0% at current exchange rates and of 16.0% at constant exchange rates over the 1,835 figure reported for sales made in that market in the first six months of the year ended 31 December 2009. Sales made in the digital printing market were 2,253 in the six-month period ended 30 June 2010 and decreased 4.0% at current exchange rates and 4.7% at constant exchange rates over the 2,348 figure reported for sales made in that market in the first six months of the year ended 31 December 2009.

Sales made in the eDoc segment were 374 in the six-month period ended 30 June 2010, and showed a decrease of 67.6% at current exchange rates and of 67.7% at constant exchange rates over the 1,156 figure reported for sales made in the same segment of the Company's business in the first six months of the year ended 31 December 2009.

(ii) Consolidated performance

Operating loss

The Company reported an operating loss of 2,294 in the six-month period ended 30 June 2010 (or -54.6% of the period's sales), compared with an operating loss of 196 in the first six months of the year ended 31 December 2009 (-3.7% of that period's sales), or an unfavorable, sequential variance of 2,098, which can be analyzed as follows:

- sales decreased by 1,134 (see note 2a (i) above);
- cost of sales was 204 in the six-month period ended 30 June 2010 (4.9% of the period's sales), compared with 192 in the first six months of the year ended 31 December 2009 (3.6% of that period's sales), or an unfavorable variance of 12;
- selling, general and administrative expenses totaled 3,292 in the six-month period ended 30 June 2010 (78.3% of the period's sales), showing an increase of 402 (i.e. of 13.9%) over the 2,890 figure reported for such expenses in the first six months of the year ended 31 December 2009 (54.1% of that period's sales): such expenses included firstly the effect of the reorganization implemented in April 2010 referred to in note 2a above for a total of 154, and secondly valuation allowances for doubtful accounts for a total of 127;
- research & development expenses totaled 3,003 in the six-month period ended 30 June 2010 (71.4% of the period's sales) showing a sequential increase of 550 (i.e. of 22.4%) over the 2,453 figure reported for such expenses in the first six months of the year ended 31 December 2009 (45.9% of that period's sales): such expenses included a charge of 28 with respect of the effect, after amortization, of the capitalization of eligible development expenses relating to the four development projects for which all criteria for such capitalization were met (see note 4b to the Company's condensed consolidated interim financial statements as at and for the quarter and the six-month period ended 30 June 2010), as well an amount of 224 with regards to the reorganization implemented in April 2010 referred to in note 2a above.

Loss before income taxes

The Company reported a loss before income taxes of 2,513 in the six-month period ended 30 June 2010 (-59.8% of the period's sales), compared with a loss before income taxes of 307 in the first six months of the year ended 31 December 2009 (-5.8% of that period's sales), or an unfavorable variance of 2,206 which results from the combination of:

- the sequential increase of the operating loss for 2,098, as discussed above;
- the decrease in interest income of 5 over the 11 figure reported for interest income in the first six months of the year ended 31 December 2009, predominantly due to the sequential decrease of cash deposits made by the Company; and
- the unfavorable effect of foreign currency exchange differences, which were net losses of 225 in the six-month period ended 30 June 2010, compared with net losses of 122 in the first six months of the year ended 31 December 2009, or an unfavorable variance of 103.

Net loss

The Company reported a net loss of 2,656 in the six-month period ended 30 June 2010 (or a net loss of Euro 0.26 per share) after giving effect to an income tax expense of 143 (including a deferred tax charge of 180), compared with a net loss of 627 in the first six months of the year ended 31 December 2009 (or a net loss of Euro 0.06 per share).

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

(a) Salient features for the six-month period ended 30 June 2010

(i) Operational highlights by the Company's Chief Executive Officer (CEO)

The first six months of 2010 have been difficult for Global Graphics. As detailed in our first quarter results release, we had planned a major reorganization during the second quarter. This reorganization has been successful and has left Global Graphics with a lower cost base that is manageable on current revenue from existing customers; it has also placed us in a more sustainable position for the medium term and therefore, as we grow our printing and electronic document businesses over the coming quarters, that position should improve.
Clearly the effect of this reorganization hit our numbers in the second quarter and the first six months of 2010. I have been very proud of how the Company and our partners have embraced this change, and I believe that we are stronger and more agile going forward.
Due to our significant technology investments over the past two years, we now have exceptional, market-leading technology in all segments of our business that will allow us to build up our revenues and therefore improve our profitability.

Production printing
I was very pleased to conclude and announce a new five-year partnership deal with HP in May. HP has been a great partner for Global Graphics for many years and our relationship has never been better. Our Harlequin technology will enable Indigo and the new IHPS presses to continue their market-leading position, gain market share and win in new markets, which in turn will reflect positively on the growth of Global Graphics in that market.
I was pleased to see sustained growth in our Jaws business in the first quarter, and again in the second quarter, of 2010. We also see some optimistic outlooks from our key OEMs in the wide format segment of the printing market.

Office printing
Our Conexant partnership has been developing well and we will be shipping our Harlequin embedded RIP with a major customer later this year. This will result in a new revenue stream for the Company. During the second quarter, we also signed with a new technology partner that will follow a similar co-sell relationship, bringing our embedded technology into new customers and creating additional revenue streams. As a result of our technology investments over the past few years and of our partnership approach to this market, we are starting to sign new customers; I truly believe that this trend will continue and accelerate over the next few years.

Knowledge worker applications
During the quarter, we launched version 2.5 of gDoc Fusion, which has significant enhancements that early adopters had requested. Our web sales are still low but are increasing month on month. Our corporate sales are progressing, with signed corporate license plans with customers like the United States General Services Administration (the US federal procurement agency) and the UK Home Office through Fujitsu, amongst others. I expect to start seeing revenue from our corporate sales in the second half of 2010.
We have also started some bundling offers with Mindjet and Quark; these kicked off in late Q2 and I expect these and other bundling deals we are working on to show contribution to revenue in the second half of the current financial year.

Traditionally, we enjoy a major bulk order each second quarter. This customer still has inventory for another quarter and therefore did not need to buy from us in the second quarter. The lack of this bulk order is the main reason for the drop in sales made in the eDoc segment of the Company’s business over those made in the second quarter of 2009. I expect to see this order placed during the current quarter based upon our joint inventory predictions.

(ii) Financial highlights

Financial performance
Sales in the quarter and the six-month period ended 30 June 2010 were affected by the continuing effect of the economic slowdown we noted when we reported annual results for the year ended 31 December 2009 in last February as well as interim results for the first quarter of the current year in last April.
As a result, sales amounted to 4,205 in the first six months of the current year, a 21.2% decrease with the 5,339 figure reported for sales in the first six months 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 9.6% at constant exchange rates over sales made in the same segment in the first six months of the year ended 31 December 2009.
Sales made in the eDoc segment of the Company’s business decreased 67.7% at constant exchange rates over sales made in the same segment in the first six months of the year ended 31 December 2009, partly because of a slower than expected intake of gDoc Fusion sales in the first six months of the current year, and mainly because of a delay in the receipt of an significant license bulk order, which is now expected to be received in the second half of the current year.

Operating expenses were 6,295 in the six-month period ended 30 June 2010, compared with 5,343 in the first six months of the year ended 31 December 2009, or a 17.8% sequential increase at current exchange rates. Such increase predominantly results from the unfavorable change in the Euro/British pound exchange rate which affects the reported amounts for operating expenses, as well from the non-recurring expenses recorded in the first six months of the current financial year, firstly with regards to the Company’s reorganization plan which was implemented in late April 2010 for a total of 378, and secondly to valuation allowances for doubtful accounts for 127.

The Company reported an adjusted operating loss of 1,807 in the six-month period ended 30 June 2010 (or a loss equal to 43.0% of the period’s sales), compared with an adjusted operating loss of 466 in the first six months of the year ended 31 December 2009 (or a loss equivalent to 8.7% of sales made in that period).

The Company reported an adjusted pre-tax loss of 2,026 (or an adjusted pre-tax loss of Euro 0.20 per share) in the six-month period ended 30 June 2010, compared with an adjusted pre-tax loss of 577 (or an adjusted pre-tax loss of Euro 0.06 per share) in the first six months of the year ended 31 December 2009.
The Company reported an adjusted net loss of 2,177 (or an adjusted net loss of Euro 0.22 per share) in the six-month period ended 30 June 2010, compared with an adjusted net loss of 799 (or an adjusted net loss of Euro 0.08) in the first six months of the year ended 31 December 2009.

Cash flow for the six-month period ended 30 June 2010
Net cash flow used by the Company’s operations was 1,828 in the six-month period ended 30 June 2010 (or -43.5% of the period’s sales), compared with net cash flow provided by the Company’s operations of 600 in the first six months of the year ended 31 December 2009 (or 11.2% of that period’s sales).

Cash balances available at 1 January 2010 (which amounted to 3,144) allowed the Company to fund these operating requirements, including those resulting from the implementation of the reorganization plan for 354, as well as its capital expenditures incurred in the six-month period ended 30 June 2010 which totaled 630, and to close the period with a net cash position of 1,070.

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

Our strategy is clear: we will win and grow in the market segments that we have committed to work in, namely production printing, office printing and knowledge worker applications. We have reorganized the Company to be financially sensitive to market conditions and to ensure the correct balance of skills required in all areas. We have also recruited some top talent that will enable us to execute on this strategy. Clearly, overall macro-economic conditions have not been kind to us over the past twelve months, and we have now made the changes to adapt to this.

We are seeing very positive signs of adoption in the new segments and recovery in the traditional segment. We have tirelessly to make sure that our OEMs remain at the leading edge and therefore competitive, and will continue to do so. We have some exciting partnerships that will allow greater and faster adoption of both embedded printing and gDoc applications. I expect to see some positive trends during the next two quarters.

NOTE 4: SIGNIFICANT OPERATIONAL AND FINANCIAL RISK FACTORS

(a) Significant operational risk factors

(i) Dependence on the graphic arts and digital print industries

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

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

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

The Company has historically derived a significant portion of its revenues from the sale of new and enhanced software products (such as Raster Imaging Processors or RIPs). Any delays or failures in developing new products, including upgrades of current products, and anticipating changing customer requirements or market conditions, may have a harmful impact on the Company’s sales and operating results.

Additionally, the Company plans to continue to release numerous new product offerings and upgrade versions of its current software products, including the transition of its RIP product to new variants (e.g. host driver and embedded variants) and new operating systems releases, pursuant to the launch of Windows 7, and in connection with the transition to new markets, such as those for its Electronic Document Library (EDL) technology or its range of gDoc applications.

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

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

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

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

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

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

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

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

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

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

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

(v) Fluctuating operating results and factors affecting operating results

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

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

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

(vi) Adverse economic conditions

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

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

See also note 4c below for a discussion on risks associated with the use of accounting estimates and forecasts.

(vii) Recruitment and retention of key personnel

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

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

(b) Significant financial risk factors

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

(i) Foreign exchange risk

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

- Risk arising from future commercial transactions and balance sheet items

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

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 give the Company the right, but not the obligation, to convert at the respective maturity dates of these contracts, an amount of US dollars into euros or British pounds 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 British pound 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 the maturity dates of these contracts. No such option contracts were outstanding at 30 June 2010.

The Company recorded a gain of 9 with respect of foreign currency option contracts in the six-month period ended 30 June 2010, compared with a gain of 12 in the first six months of the year ended 31 December 2009 for similar contracts.

Foreign currency forward contracts

All of the British pound call/US dollar put and Euro call/US dollar put option contracts which were outstanding at 31 December 2009, as well as all of the four Euro call/US dollar put option contracts entered into by the Parent in January 2010, were transformed into foreign currency forward contracts during the six-month period ended 30 June 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 an exchange loss of 124 in the six-month period ended 30 June 2010 with respect of these contracts, including a fair value loss of 74 for those forward contracts which were having a maturity date after 30 June 2010.

- Risk arising from net investments in foreign subsidiaries

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

(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 61.4% of the Company's sales in the six-month period ended 30 June 2010 (compared with 56.6% in the same period of 2009 and 57.0% for the whole of 2009); approximately 40.4% of sales were made with the five largest customers of the Company in the six-month period ended 30 June 2010 (compared with 41.7% in the same period of 2009 and 41.3% for the whole of 2009), and approximately 14.1% with the major customer alone in the six-month period ended 30 June 2010 (compared with 11.3% in the same period 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, considering the Company's net cash position of 1,070 and the absence of any financial debt as at 30 June 2010, the Company did not apply for any such lines of credit.

(iv) Cash-flow interest-rate risk

As the Company had no significant interest-bearing assets and liabilities at either 30 June 2010 or 31 December 2009, the Company's income and operating cash flows for the six-month period ended 30 June 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 and the six-month period ended 30 June 2010 for further details on interest income and expenses for that period.

(c) Other significant risk factors

(i) Use of accounting estimates and of forecasts

The preparation of financial statements in accordance with IFRSs requires the use of certain critical accounting estimates and forecasts. It also requires management to exercise judgement in the process of applying the Company's accounting policies, and to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses.

The estimates and underlying assumptions are based on historical experience and various other relevant factors (including projected future sales and related cash inflows either from established software products such as RIP software in the Print segment of the Company's business, or from recently launched software applications such as gDoc Fusion, the adoption of which is expected by the Company's management to sequentially grow at a significant pace over time) that are believed to be reasonable under the circumstances, the results of which form the basis of making management's judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

Actual results may differ from these estimates.

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

Please refer to notes 4a (ii) and 4c (ii) to the Company's condensed consolidated interim financial statements for the quarter and the six-month period ended 30 June 2010 for further information on critical accounting estimates and the use of sales and cash flow forecasts, and the risks attached to them, the downward revisions of which may principally affect the carrying value of goodwill and other intangible assets (including those resulting from the capitalization of development costs) as well as of deferred tax assets.

(ii) Future changes in, or interpretations of, accounting principles

As noted in note 2a to the Company's condensed consolidated interim financial statements for the quarter and the six-month period ended 30 June 2010, the Company prepares its consolidated financial statements in accordance with IFRSs, as amended from time to time, and related interpretations issued by the IASB, as adopted by the EU.

Accordingly, changes to these standards or delays in the adoption of newly adopted standards by the EU, may have a significant effect on the Company's reported results and may even retroactively affect previously reported transactions or periods.

Accounting principles used by the Company that may be affected by recently issued exposure drafts notably include the following:
- the exposure draft on income tax, which was published for public comments by the IASB on 31 March 2009, outlines proposed changes to the method of accounting for income tax as well as the IASB's intent to publish a final standard on income tax in the first half of 2011, and which would supersede IAS 12, Income Taxes, the existing standard on income tax; and
- the exposure draft, Revenue from Contracts with Customers, which was published for public comment by the IASB and the FASB on 24 June 2010, outlines the IASB's intent to publish a final standard on revenue recognition in June 2011, and which would supersede the existing two standards on revenue recognition: IAS 11, Construction Contracts, and IAS 18, Revenue, as well as related interpretations.

NOTE 5: RELATED PARTY TRANSACTIONS
Please refer to note 12 to the Company's condensed consolidated interim financial statements for the quarter and the six-month period ended 30 June 2010 for details on such transactions.

NOTE 6: INFORMATION ON THE COMPANY'S PERSONEL

(a) Breakdown by geographical area of employment

	30 June 2010	31 December 2009
United Kingdom	55	67
India	3	30
United States of America	13	18
Japan	2	3
Continental Europe	2	2
Total	75	120

Most of the change in the number of the Company's employees over the six-month period ended 30 June 2010 relates to the reorganisation implemented in late April 2010, which resulted in the transfer of 23 of the Company's Indian employees, and a total of 27 employees being made redundant, of which 14 in the UK, 7 in the US, and 5 in India.

(b) Breakdown by nature of employment

	30 June 2010	31 December 2009
Research and development	35	74
Sales and support	24	32
General & administrative	16	14
Total	75	120

NOTE 7: VOTING RIGHTS AND SIGNIFICANT SHAREHOLDERS

(a) Voting rights attached to shares outstanding as at 30 June 2010

Number of shares to which a single voting right is attached	10,278,900
Number of shares to which a double voting right is attached	10,881
Total number of voting rights attached to the Company’s ordinary shares which were outstanding at 30 June 2010	10,300,662

(b) Significant shareholders

(i) Stichting Andlinger & Co. Euro-Foundation
At 30 June 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 30 June 2010.
Attached to these 2,883,001 shares was an equivalent number of voting rights, representing 27.98% of the total number of voting rights attached to the Company’s ordinary shares which were outstanding at 30 June 2010.

(ii) Other significant shareholders

- KBC Asset Management NV

On 31 March 2010, the Company was notified that KBC Asset Management NV held 517,180 of its outstanding shares (or 5.02% of the total number of shares of the Company outstanding as at 30 June 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 30 June 2010.

- Other shareholders

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 30 June 2010	254,785
% of outstanding shares held by directors at 30 June 2010	2.5%
Change in the six-month period ended 30 June 2010	0

NOTE 8: INFORMATION REGARDING GLOBAL GRAPHICS SA

Because Global Graphics SA has only one employee and all of its revenue results from the recharge of corporate management fees to the Company’s operating entities which are based in the UK and in the US, its statutory results for the quarter and the six-month period ended 30 June 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 and the six-month period ended 30 June 2010.

GLOBAL GRAPHICS SA AND SUBSIDIARIES
STATEMENT MADE BY THE PERSON TAKING RESPONSIBILITY FOR THE INTERIM MANAGEMENT REPORT FOR THE FIRST SIX MONTHS 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 first six months of the year ending 31 December 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 six months to 30 June 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 first six months of the year ending 31 December 2010 and their impact on the condensed consolidated interim accounts for the same period, the main risks and uncertainties for the remaining six months of the current financial year, and the main transactions with related parties which occurred during the six-month period ended 30 June 2010.

Made in Cambourne (United Kingdom) on 28 July 2010,

Gary Fry
Chief Executive Officer