



## PRESS RELEASE

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### GLOBAL GRAPHICS REPORTS THIRD QUARTER AND FIRST NINE MONTHS 2010 RESULTS

**Pompey (France), 20 October 2010** - GLOBAL GRAPHICS SA (NYSE-Euronext: GLOG), experts in developing electronic document and printing software, announces consolidated financial results for the third quarter and the first nine months of the year ending 31 December 2010.

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

- sales of Euro 2.6 million this quarter, compared with Euro 1.8 million in Q3 2009;
- a nominal operating profit this quarter compared with an operating loss of Euro 0.7 million in Q3 2009;
- an adjusted operating profit of Euro 0.1 million this quarter compared with an adjusted operating loss of Euro 0.8 million in Q3 2009;
- an adjusted pre-tax profit of Euro 0.1 million this quarter (or an adjusted pre-tax profit of Euro 0.01 per share) compared with an adjusted pre-tax loss of Euro 0.8 million in Q3 2009 (or an adjusted pre-tax loss of Euro 0.07 per share);
- a nominal net loss this quarter (or a net loss of Euro 0.00 per share) compared with a net loss of Euro 0.8 million in Q3 2009 (or a net loss of Euro 0.08 per share); and
- a nominal adjusted net profit this quarter (or an adjusted net profit of Euro 0.00 per share) compared with an adjusted net loss of Euro 0.9 million in Q3 2009 (or an adjusted net loss of Euro 0.09 per share).

Commenting on performance, Gary Fry, Chief Executive Officer, said: "It is encouraging to see a turnaround in the Company's business during the third quarter. We have seen a positive trend in all segments of business and this, combined with our more realistic expense position after the reorganization which was implemented in April 2010, has put the Company in a stronger position.

"During the quarter we were successful in signing a new Japanese customer that specializes in high-speed digital production printing. We expect that they will start shipping the Harlequin RIP next year. In the office printing segment our embedded customers performed well and the strategic partnerships that we have secured with several semi-conductor manufacturers are enabling us to develop unique propositions to give us more of a competitive edge in this segment.

"In the enterprise sector we signed new agreements for our gDoc range with corporate clients such as Rohde and Schwarz and Maxon Motor AG during the quarter. However, our main focus has been in providing our customers with white label versions of our gDoc applications for bundling with their software applications or their hardware. We signed a significant contract in the third quarter and other white label partnerships are currently being negotiated."

### **Third quarter 2010 performance**

Sales for the third quarter of 2010 amounted to Euro 2.6 million, compared with Euro 1.8 million in the third quarter of 2009, or a sequential increase of 42.3% at current exchange rates, and of 28.8% at constant exchange rates.

Total operating expenses amounted to Euro 2.4 million this quarter, compared with Euro 2.5 million in the third quarter of 2009, and Euro 3.3 million for the second quarter of 2010.

The Company reported a nominal operating profit for this quarter (or an operating profit equivalent to 1.7% of the quarter's sales), compared with an operating loss of Euro 0.7 million in the third quarter of 2009 (or an operating loss equivalent to 37.6% of that quarter's sales).

The Company reported an adjusted operating profit (as defined in the accompanying table) of Euro 0.1 million for this quarter (or an adjusted operating profit equivalent to 4.5% of the quarter's sales), compared with an adjusted operating loss of Euro 0.8 million in the third quarter of 2009, equivalent to 41.9% of that quarter's sales.

The Company reported an adjusted pre-tax profit (as defined in the accompanying table) of Euro 0.1 million for this quarter, compared with an adjusted pre-tax loss of Euro 0.8 million in the third quarter of 2009. Accordingly, adjusted pre-tax EPS was a profit of Euro 0.01 this quarter, compared with an adjusted pre-tax loss of Euro 0.07 per share in the third quarter of 2009.

The Company reported a nominal net loss for this quarter (or a net loss of Euro 0.00 per share), compared with a net loss of Euro 0.8 million in the third quarter of 2009 (or a net loss of Euro 0.08 per share).

The Company reported a nominal adjusted net profit (as defined in the accompanying table) for this quarter, compared with an adjusted net loss of Euro 0.9 million in the third quarter of 2009. Accordingly, adjusted net EPS was a profit of Euro 0.00 this quarter, compared with an adjusted net loss of Euro 0.09 per share in the third quarter 2009.

### **First nine months performance**

Sales for the first nine months of 2010 amounted to Euro 6.8 million compared with Euro 7.1 million for the same period of 2009, or a sequential decrease of 5.2% at current exchange rates, and 9.3% at constant exchange rates.

Total operating expenses amounted to Euro 8.7 million for the first nine months of 2010, compared with Euro 7.8 million for the same period of 2009. 2010 operating expenses included non-recurring expenses (net of any non-recurring items of income) for Euro 0.4 million, which principally consisted of expenses incurred with regards to the reorganization plan of the Company which was initiated in April 2010, as well as and another Euro 0.1 million with respect of allowances for certain doubtful accounts.

The Company reported an operating loss of Euro 2.2 million for the first nine months of 2010 (or a loss equivalent to 33.2% of the period's sales), compared with an operating loss of Euro 0.9 million for the same period of 2009 (or a loss equivalent to 12.3% of that period's sales).

The Company reported an adjusted operating loss (as defined in the accompanying table) of Euro 1.7 million for the first nine months of 2010 (or a loss equivalent to 24.9% of the period's sales), compared with an adjusted operating loss of Euro 1.2 million for the same period of 2009 (or a loss equivalent to 17.1% of that period's sales).

The Company reported an adjusted pre-tax loss (as defined in the accompanying table) of Euro 1.9 million for the first nine months of 2010 (or an adjusted pre-tax loss of Euro 0.19 per share), compared with an adjusted pre-tax loss of Euro 1.3 million for the same period of 2009 (or an adjusted pre-tax loss of Euro 0.13 per share).

The Company reported a net loss of Euro 2.7 million for the first nine months of 2010 (or a net loss of Euro 0.26 per share), compared with a net loss of Euro 1.5 million for the same period of 2009 (or a net loss of Euro 0.14 per share).

The Company reported an adjusted net loss (defined in the accompanying table) of Euro 2.1 million for the first nine months of 2010, compared with an adjusted net loss of Euro 1.7 million for the same period of 2009. Accordingly, adjusted net EPS was a loss of Euro 0.21 per share for the first nine months of 2010, compared with an adjusted net loss of Euro 0.17 per share for the same period of 2009.

### **Full year 2010 outlook**

Gary Fry continued: "We are pleased with the Company's performance in the third quarter and expect the underlying trends which have contributed to this recovery to continue in the fourth quarter.

"The Company's expense position provides a solid base for future growth and the investments we have made in people since the start of the year have proved to be very positive in terms of our ability to execute on our strategy. We continue to drive innovation in all areas and are currently developing exciting new applications and are planning future releases of our RIP software that will keep both the Harlequin and Jaws RIPs at the leading edge in terms of performance and quality. I am also very pleased with the white label partnerships that we are negotiating for our gDoc applications."

### **Fourth quarter and full year 2010 results announcement**

Global Graphics expects to announce its financial results for the fourth quarter and the year ending 31 December 2010 on Wednesday 9 February 2011 before market opening.

### **About Global Graphics**

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

### **Forward-looking statements**

*This press release contains, in addition to historical information, forward-looking statements that involve risks and uncertainties. These include statements regarding the Company's growth, funding, expansion plans and expected results for future periods. Such statements are based on management's current expectations and are subject to a number of uncertainties and risks that could cause actual results to differ materially from those described in the forward-looking statements. Although management believes that their expectations reflected in the forward-looking statements are reasonable based on information currently available to them, they cannot assure any reader that the expectations will prove to have been correct. Accordingly, any reader should not place undue reliance on these forward-looking statements. In any event, these statements speak only as of the date of this release. The Company undertakes no obligation to revise or update any of them, neither to reflect events or circumstances after the date of this release, nor to reflect new information nor the occurrence of unanticipated events.*

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

In thousands of euros Except per share data in euro Unaudited and unreviewed figures	Quarter ended 30 Sept. 2010	Quarter ended 30 Sept. 2009	Nine-month period ended 30 September 2010	Nine-month period ended 30 September 2009
Sales	2,575	1,810	6,780	7,149
Cost of sales	(124)	(15)	(328)	(207)
GROSS PROFIT	2,451	1,795	6,452	6,942
Selling, general & admin. expenses	(1,165)	(1,245)	(4,457)	(4,135)
Research and development expenses	(1,243)	(1,231)	(4,246)	(3,684)
OPERATING PROFIT (LOSS)	43	(681)	(2,251)	(877)
Interest income (note 6)	4	2	10	13
Interest expenses (note 6)	0	0	0	0
Net foreign exchange gains (losses)	(28)	0	(253)	(122)
PROFIT (LOSS) BEFORE INCOME TAX	19	(679)	(2,494)	(986)
Income tax expense (note 7)	(41)	(162)	(184)	(482)
NET LOSS	(22)	(841)	(2,678)	(1,468)
NET LOSS PER SHARE (note 8)				
Basic net loss per share	(0.00)	(0.08)	(0.26)	(0.14)
Diluted net loss per share	(0.00)	(0.08)	(0.26)	(0.14)

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 nine-month period ended 30 September 2010.

## GLOBAL GRAPHICS SA AND SUBSIDIARIES

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME (LOSS)

In thousands of euros Unaudited and unreviewed figures	Quarter ended 30 Sept. 2010	Quarter ended 30 Sept. 2009	Nine-month period ended 30 September 2010	Nine-month period ended 30 September 2009
Net loss for the period	(22)	(841)	(2,678)	(1,468)
Foreign currency translation differences from foreign operations	(911)	(1,127)	792	856
Other comprehensive income (loss) for the period, net of income tax	(911)	(1,127)	792	856
Total comprehensive income (loss) for the period	(933)	(1,968)	(1,886)	(612)

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 nine-month period ended 30 September 2010.

## GLOBAL GRAPHICS SA AND SUBSIDIARIES

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

In thousands of euros	30 September 2010 Unaudited, unreviewed figures	31 December 2009
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	626	560
Other intangible assets	4,919	4,754
Goodwill	6,652	6,351
Financial assets	143	130
Deferred tax assets, net (note 4c)	603	807
TOTAL NON-CURRENT ASSETS	12,943	12,602
CURRENT ASSETS		
Inventories	24	45
Trade receivables	1,907	2,242
Current income tax receivables	27	26
Other current receivables	98	114
Prepaid expenses	610	579
Cash	961	3,144
TOTAL CURRENT ASSETS	3,627	6,150
TOTAL ASSETS	16,570	18,752
LIABILITIES AND SHAREHOLDERS' EQUITY		
SHAREHOLDERS' EQUITY		
Share capital (note 9a)	4,116	4,116
Share premium (note 9b)	28,768	28,829
Reserve for share options outstanding	2,953	2,853
Reserve for own shares (note 10)	(1,204)	(1,246)
Accumulated deficit	(8,720)	(6,042)
Foreign currency translation reserve	(11,352)	(12,144)
TOTAL SHAREHOLDERS' EQUITY	14,561	16,366
LIABILITIES		
NON-CURRENT LIABILITIES		
Other non-current liabilities	2	2
TOTAL NON-CURRENT LIABILITIES	2	2
CURRENT LIABILITIES		
Trade payables	374	337
Current income tax payables	9	14
Other payables	866	679
Customer advances and deferred revenue	758	1,354
TOTAL CURRENT LIABILITIES	2,007	2,384
TOTAL LIABILITIES	2,009	2,386
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	16,570	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 nine-month period ended 30 September 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

In thousands of euros Unaudited and unreviewed figures	Nine-month period ended 30 September 2010	Nine-month period ended 30 September 2009
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before income tax	(2,494)	(986)
Adjustments for items without effect on cash:		
- Depreciation of property, plant and equipment	179	208
- Amortisation of other intangible assets	60	51
- Amortisation of capitalised development expenses	665	515
- Net profit on disposal of non-current assets	(70)	0
- Net interest (income) expenses (note 6)	(10)	(13)
- Net exchange (gains) losses (note 6)	253	122
- Share-based compensation expenses (note 4d)	100	77
- Expenses offset against the share premium (note 9b)	(19)	(1)
Exchange rate differences	(221)	(85)
Other items	8	(55)
Change in value of operating assets and liabilities:		
- Inventories	21	13
- Trade receivables	335	751
- Current income tax receivables	(1)	7
- Other current receivables	16	87
- Prepaid expenses	(31)	(62)
- Trade payables	37	(113)
- Current income tax payables	(5)	68
- Other payables	187	(161)
- Customer advances and deferred revenue	(596)	(618)
Cash received in the period for interest income	11	13
Cash paid in the period for interest expenses	0	0
Cash received (paid) in the period for income taxes	23	(39)
<b>NET CASH FLOW PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>(1,552)</b>	<b>(221)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditures on property, plant and equipment	(216)	(127)
Capital expenditures on other intangible assets	(58)	(41)
Capitalization of development expenses (note 4b)	(609)	(969)
Proceeds from the disposal of intangible assets (note 5)	55	0
<b>NET CASH FLOWS USED IN INVESTING ACTIVITIES</b>	<b>(828)</b>	<b>(1,137)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repurchase of own shares (note 10)	0	0
<b>NET CASH FLOWS USED IN FINANCING ACTIVITIES</b>	<b>0</b>	<b>0</b>
<b>NET INCREASE (DECREASE) OF CASH IN THE PERIOD</b>	<b>(2,380)</b>	<b>(1,358)</b>
<b>CASH AT 1 JANUARY</b>	<b>3,144</b>	<b>4,482</b>
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH HELD AT 1 JANUARY</b>	<b>197</b>	<b>102</b>
<b>CASH AT 30 SEPTEMBER</b>	<b>961</b>	<b>3,226</b>

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 nine-month period ended 30 September 2010.

## GLOBAL GRAPHICS SA AND SUBSIDIARIES

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

In thousands of euros Unaudited and unreviewed figures	Nine-month period ended 30 September 2010	Nine-month period ended 30 September 2009
Shareholders' equity at 1 January	16,366	16,770
Total comprehensive profit (loss)	(1,886)	(612)
Effect of share-based compensation plans:		
- Value of services rendered by employees (note 4d)	100	77
- Operating expenses incurred with respect of share-based compensation plans (note 9b)	(61)	(1)
Total effect of share-based compensation plans	39	76
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)	42	0
Total change in the amount of the reserve for own shares	42	0
Shareholders' equity at 30 September	14,561	16,234

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 nine-month period ended 30 September 2010.



GLOBAL GRAPHICS SA AND SUBSIDIARIES

SELECTED EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT AND FOR THE QUARTER AND NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2010

NOTE 1: REPORTING ENTITY

These condensed consolidated interim financial statements as at and for the quarter and the nine-month period ended 30 September 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 19 October 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 961 as at 30 September 2010 (3,144 as at 31 December 2009 and 1,070 as at 30 June 2010).

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 nine-month period ended 30 September 2010 (and notably in the six months to 30 June 2010), based on their review of cash flow projections prepared by management for the 12-month period to 30 September 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 which was implemented in April 2010.

#### 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 nine-month period ended 30 September 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 September 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 nine-month period ended 30 September 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 nine-month period ended 30 September 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, management concluded that no impairment for the intangible assets reported under the Print segment of the Company's business was required as at and during the nine-month period ended 30 September 2010.

- Intangible assets reported under the eDoc segment of the Company's business  
Intangible assets which are reported as part of the eDoc segment of the Company's business (see note 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. Based on this detailed impairment computation, management concluded that no impairment of the intangible assets reported under the eDoc segment of the Company's business was required as at and for the six-month period ended 30 June 2010.  
Considering the absence of material changes during the quarter ended 30 September 2010 in the assumptions used at 30 June 2010 for performing this detailed impairment computation, management concluded that no impairment for the intangible assets reported under the eDoc segment of the Company's business was required as at and for the nine-month period ended 30 September 2010.  
It is management's intention to have another 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 such date.

(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) Development costs capitalized in the nine months to 30 September 2010  
At 30 September 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 2,891 at 30 September 2010, following the capitalization of additional development expenses amounting to 107 and 203 in the quarter and the nine-month period ended 30 September 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 nine-month period ended 30 September 2010 with regards to this eligible project amounted to 115 and 350, 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 89 at 30 September 2010, following the capitalization of additional development expenses of 33 and 89 in the quarter and the nine-month period ended 30 September 2010, respectively. As this project was not completed at that date, no amortization charge was recognized in either the quarter or the nine-month period ended 30 September 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 1,026 at 30 September 2010, following the capitalization of additional development expenses amounting to 11 and 56 in the quarter and the nine-month period ended 30 September 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 nine-month period ended 30 September 2010 with regards to this eligible project amounted to 42 and 125, 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 757 at 30 September 2010, following the capitalization of additional development expenses amounting to 42 and 261 in the quarter and the nine-month period ended 30 September 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 nine-month period ended 30 September 2010 with regards to this eligible project amounted to 63 and 189, respectively.

(ii) Development costs capitalized in the nine months to 30 September 2009  
At 30 September 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 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 2,930 at 30 September 2009, following the capitalization of additional development expenses amounting to 102 and 293 in the quarter and the nine-month period ended 30 September 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 nine-month period ended 30 September 2009 for this project amounted to 129 and 366, 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 1,041 at 30 September 2009, following the capitalization of additional development expenses amounting to 39 and 193 in the quarter and the nine-month period ended 30 September 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 nine-month period ended 30 September 2009 for this project amounted to 41 and 126, 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 550 at 30 September 2009, following the capitalization of additional development expenses amounting to 146 and 483 in the quarter and the nine-month period ended 30 September 2009, respectively. As gDoc Fusion was launched on 18 May 2009, the amortization charge which was recognized in the quarter and the nine-month period ended 30 September 2009 for this project amounted to 12 and 23, respectively.

#### (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 September 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 September 2014.

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 September 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. 28.0% until 31 March 2011 and 27.0% from 1 April 2011 onwards) resulted in the recognition of a deferred tax asset of 1,803 as at 30 September 2010, and deferred tax expenses of 66 and 309 in the quarter and the nine-month period ended 30 September 2010, respectively. The deferred tax expense recognized in the quarter ended 30 September 2010 only accounts for the change in the tax rate applicable to corporate profit made by the Company's UK subsidiary which was enacted in late July 2010 (see note 7b).

Deferred tax liability arising from the capitalization of developments costs

The recognition of a deferred tax liability corresponding to the aggregate amount of development costs capitalized in accordance with applicable provisions of IAS 38, net of applicable amortization, using the tax rate that is expected to apply to the period when the deferred tax liability is expected to be settled (i.e. 28.0% until 31 March 2011 and 27.0% from 1 April 2011 onwards) resulted in the recognition of a deferred tax liability of 1,286 at 30 September 2010, and deferred tax benefits of 51 and 59 in the quarter and the nine-month period ended 30 September 2010, respectively (see note 7b).

Such deferred tax benefits included a benefit of 44 with regards to the change in the tax rate applicable to corporate profit made by the Company's UK subsidiary which was enacted in late July 2010 (see note 7b).

- Unrecognized deferred tax assets

The amount of capital allowances which were available to the Company's UK subsidiaries at 30 September 2010, but were not projected to be used in the four-year period ending 30 September 2014, and therefore did not result in the recognition of a deferred tax asset at 30 September 2010, amounted to 12,129 at such date.

Had a deferred tax asset been recognized with regards to such portion of available capital allowances at 30 September 2010, since these allowances would only be used after 1 October 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. 27.0%, which will be applicable from 1 April 2011 onwards): the corresponding, additional deferred tax asset would amount to 3,275 at 30 September 2010, compared with 2,937 at 31 December 2009.

(d) Share-based compensation expense

(i) Share and share options grants made in the nine months to 30 September 2010

A total of 60,000 options to subscribe to ordinary shares of the Company to be issued upon exercise of an equivalent number of options were granted in the nine-month period ended 30 September 2010, of which 10,000 in the third quarter of the year ending 31 December 2010.

(ii) Share-based compensation expense analysis

In thousands of euros Unaudited and unreviewed figures	Quarter ended 30 Sept. 2010	Quarter ended 30 Sept. 2009	Nine-month period ended 30 September 2010	Nine-month period ended 30 September 2009
Attributable to share option grants	25	25	73	75
Attributable to share grants	10	2	27	2
Total share-based compensation expense	35	27	100	77

NOTE 5: UNUSUAL, ABNORMAL AND INFREQUENT ITEMS OF INCOME AND 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.

(a) Unusual, abnormal and infrequent items of income

On 27 September 2010, the Company disposed of certain intangible assets for total disposal proceeds of 75.

In accordance with the corresponding sale and purchase agreement, an amount of 55 was paid to the Company on 29 September 2010, the balance being contractually due in late March 2011.

(b) Unusual, abnormal and infrequent items of expense

Below is an analysis of unusual, abnormal and infrequent items of expense which were included in operating expenses in the quarters and the nine-month periods ended 30 September 2010 and 2009, respectively:

In thousands of euros Unaudited and unreviewed figures	Quarter ended 30 Sept. 2010	Quarter ended 30 Sept. 2009	Nine-month period ended 30 September 2010	Nine-month period ended 30 September 2009
Effect of the reorganisation implemented in April 2010	28	0	406	0
Fees incurred with respect of the Employee Benefit Trust (EBT)	0	0	16	0
Legal fees incurred with respect of an alleged patent litigation	58	0	58	0
Total unusual, abnormal and infrequent items of expense	86	0	480	0

(i) Effect of the reorganisation implemented in April 2010

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 30 employees redundant, of which 15 in the UK, 7 in the US and 7 in India.

(ii) Legal fees incurred with regards to an alleged patent infringement litigation  
An amount of 58 was expensed in the quarter ended 30 September 2010 with respect of legal fees incurred with respect of an alleged patent infringement litigation brought against the Parent as well as its US subsidiary in June 2010.

The Company disclaimed any liability and undertook several actions to demonstrate that the Harlequin Raster Image Processor (RIP) did not infringe any valid claim of patents held by the plaintiff, which filed a notice of voluntary dismissal of claims against the Parent and its US subsidiary on 21 July 2010.

NOTE 6: NET FINANCING GAINS (LOSSES)

In thousands of euros Unaudited and unreviewed figures	Quarter ended 30 Sept. 2010	Quarter ended 30 Sept. 2009	Nine-month period ended 30 September 2010	Nine-month period ended 30 September 2009
Interest income	4	2	10	13
Interest expenses	0	0	0	0
Net interest income (expenses)	4	2	10	13
Gains (losses) on transactions and balance sheet caption revaluations	(35)	(7)	(145)	(141)
Gains (losses) on foreign currency exchange option and forward contracts	7	7	(108)	19
Net exchange gains (losses)	(28)	0	(253)	122
Net financing gains (losses)	(24)	2	(243)	(109)

NOTE 7: INCOME TAX EXPENSE (BENEFIT)

(a) Current income tax expense (benefit)

(i) Quarter ended 30 September 2010

The Company recorded a current income tax expense amounting to 20 in the quarter ended 30 September 2010, compared with a current income tax expense of 12 in the quarter ended 30 September 2009.

(ii) Nine-month period ended 30 September 2010

The Company recorded a current income tax benefit amounting to 17 in the nine-month period ended 30 September 2010, compared with a current income tax expense amounting to 94 in the nine-month period ended 30 September 2009.

Such current income tax benefit predominantly results from: (i) the refund to Global Graphics Software Limited of a research and development tax credit for the year ended 31 December 2007 amounting to 120, which was received by that subsidiary in February 2010, and (ii) the loss of certain tax breaks granted to the Indian subsidiary of the Company following the implementation of the Company's reorganization in April 2010, for an amount of 63 (see note 7c below).



(b) Deferred income tax expense

(i) Quarter ended 30 September 2010

The Company recorded a deferred tax expense amounting to 21 in the quarter ended 30 September 2010 (of which 22 pursuant to the enacted change in the UK corporate tax rate from 28.0% to 27.0% from 1 April 2011), compared with a deferred tax expense of 150 in the quarter ended 30 September 2009.

(ii) Nine-month period ended 30 September 2010

This resulted in a deferred income tax expense amounting to 201 in the nine-month period ended 30 September 2010 (of which 22 pursuant to the enacted change in the UK corporate tax rate from 28.0% to 27.0% from 1 April 2011), compared with a deferred income tax expense amounting to 388 in the nine-month period ended 30 September 2009.

(iii) Analysis of the deferred tax expense

In thousands of euros Unaudited and unreviewed figures	Quarter ended 30 Sept. 2010	Quarter ended 30 Sept. 2009	Nine-month period ended 30 September 2010	Nine-month period ended 30 September 2009
Arising from the capitalisation of development expenses (note 4b)	55	80	171	271
Arising from the amortisation of development expenses (note 4b)	(62)	(51)	(186)	(144)
Arising from the recognition of capital allowances (note 4c)	0	112	243	220
Arising from the enacted change in the UK tax rate (note 4c)	22	0	22	0
Other items	6	9	(49)	41
Total deferred tax expense	21	150	201	388

(c) Reconciliation of the effective tax expense

In thousands of euros Unaudited and unreviewed figures	Quarter ended 30 Sept. 2010	Quarter ended 30 Sept. 2009	Nine-month period ended 30 September 2010	Nine-month period ended 30 September 2009
Profit (loss) before income taxes	19	(679)	(2,494)	(986)
Income tax expense (benefit) using the statutory rate of 33.33%	6	(226)	(832)	(328)
Expense (benefit) attributable to:				
- Effect of recognition or of utilisation of capital allowances	0	112	243	220
- Effect of differences of tax rates in foreign jurisdictions	4	117	122	176
- Effect of share-based plans	12	9	34	26
- Unrecognized tax losses	(21)	151	619	385
- Repayment of the R&D tax credit	0	0	(120)	0
- Loss of the Indian tax breaks	0	0	63	0
- Change in the UK tax rate	22	0	22	0
- Other items	18	(1)	33	3
Total income tax expense	41	162	184	482

(d) Other information relating to income tax

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 for that year, amounting to approximately Euro 0.3 million.

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 either 30 June or 30 September 2010, but to defer its recognition to the point when it would be repaid to the Company.

However, since the previous similar claim made by Global Graphics Software Limited in November 2009 with respect of the year ended 31 December 2007, 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 cash receipt in the cash flow projections prepared to assess the going concern of the Company referred to in note 2d above.

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 September

Unaudited and unreviewed figures	2010	2009
Number of ordinary shares outstanding at 1 July	10,119,334	10,115,813
Effect of the grant of own shares in the quarter	283	0
Weighted average number of ordinary shares outstanding in the quarters ended 30 September	10,119,617	10,115,813

(ii) Computation for the nine-month periods ended 30 September

Unaudited and unreviewed figures	2010	2009
Number of ordinary shares outstanding at 1 January	10,115,813	10,115,813
Effect of the grant of own shares in the period	1,888	0
Weighted average number of ordinary shares outstanding in the nine-month periods ended 30 September	10,117,701	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 September 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 September

Unaudited and unreviewed figures	2010	2009
Weighted average number of ordinary shares outstanding in the quarters ended 30 September	10,119,617	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 September	10,119,617	10,115,813

(ii) Computation for the nine-month periods ended 30 September

Unaudited and unreviewed figures	2010	2009
Weighted average number of ordinary shares outstanding in the nine-month periods ended 30 September	10,117,701	10,115,813
Adjustment for dilutive share options	0	0
Weighted average number of ordinary shares for diluted EPS computation in the nine-month periods ended 30 Sept.	10,117,701	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 30 September 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 nine-month period ended 30 September 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 nine-month period ended 30 September 2009.

(ii) Expenses relating to grants of own shares made to employees of the Company

In accordance with terms of the corresponding share grant plans, 2,366 and 5,887 own shares held by the Company as treasury shares were granted to employees made redundant as part of the April 2010 reorganization plan in the quarter and the nine-month period ended 30 September 2010, respectively (see note 10b below).

The difference between the repurchase value of these shares and their value at grant date to these employees (being nil) was offset against the share premium during the period in which these shares were granted to employees for a total of 42 for the nine-month period ended 30 September 2010.

#### NOTE 10: OWN SHARES

##### (a) Repurchase of own shares

No own shares were repurchased by the Company in either of the quarters of the nine-month periods ended 30 September 2010 or 2009.

##### (b) Grants of own shares

As indicated in note 9b above, 2,366 and 5,887 own shares which were held by the Company as treasury shares were granted to employees who were made redundant as part of the April 2010 reorganization plan in the quarter and in the nine-month period ended 30 September 2010, respectively.

Consequently, the total number of own shares held as treasury shares by the Company as at 30 September 2010 was 168,081, for a total repurchase value of 1,204 (compared with 1,246 as at 1 January 2010).

#### NOTE 11: SEGMENT REPORTING

##### (a) Identification of operating and reportable segments

###### (i) Applicable rules

IFRS 8, Operating Segments, mandates a 'management approach' under which segment information is presented on the same basis as used for internal reporting purpose. 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 (including inventories and cash), as well as 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 September 2010

In thousands of euros Unaudited and unreviewed figures	Print segment	eDoc segment	Unallocated items	Total
Total segment sales	2,037	538	0	2,575
Inter-segment sales	0	0	0	0
Sales from external customers	2,037	538	0	2,575
Cost of sales	(68)	(44)	(12)	(124)
Gross profit	1,969	494	(12)	2,451

(ii) Quarter ended 30 September 2009

In thousands of euros Unaudited and unreviewed figures	Print segment	eDoc segment	Unallocated items	Total
Total segment sales	1,633	177	0	1,810
Inter-segment sales	0	0	0	0
Sales from external customers	1,633	177	0	1,810
Cost of sales	18	(22)	(11)	(15)
Gross profit	1,651	155	(11)	1,795

(iii) Nine-month period ended 30 September 2010

In thousands of euros Unaudited and unreviewed figures	Print segment	eDoc segment	Unallocated items	Total
Total segment sales	5,868	912	0	6,780
Inter-segment sales	0	0	0	0
Sales from external customers	5,868	912	0	6,780
Cost of sales	(198)	(101)	(29)	(328)
Gross profit	5,670	811	(29)	6,452

(iv) Nine-month period ended 30 September 2009

In thousands of euros Unaudited and unreviewed figures	Print segment	eDoc segment	Unallocated items	Total
Total segment sales	5,816	1,333	0	7,149
Inter-segment sales	0	0	0	0
Sales from external customers	5,816	1,333	0	7,149
Cost of sales	(101)	(72)	(34)	(207)
Gross profit	5,715	1,261	(34)	6,942

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

In thousands of euros Unaudited and unreviewed figures	Quarter ended 30 Sept. 2010	Quarter ended 30 Sept. 2009	Nine-month period ended 30 September 2010	Nine-month period ended 30 September 2009
Gross profit for reportable segments (see note 10b)	2,451	1,795	6,452	6,942
Selling, general & admin. expenses	(1,165)	(1,245)	(4,457)	(4,135)
Research and development expenses	(1,243)	(1,231)	(4,246)	(3,684)
Net financing gains (losses)	(24)	2	(243)	(109)
Profit (loss) before income tax	19	(679)	(2,494)	(986)

(d) Reconciliation of assets and liabilities

(i) As at 30 September 2010

In thousands of euros Unaudited and unreviewed figures	Print segment	eDoc segment	Unallocated items	Total
Non-current assets	9,631	1,940	1,372	12,943
Current assets	980	909	1,738	3,627
Total assets	10,611	2,849	3,110	16,570
Non-current liabilities	0	0	2	2
Current liabilities	371	387	1,249	2,007
Total liabilities	371	387	1,251	2,009

(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 each of the quarters ended 30 September 2010 and 2009, respectively, and 45 in each of the nine-month periods ended 30 September 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 bonuses and pension scheme contributions) in the quarters and the nine-month periods ended 30 September 2010 and 2009, respectively:

In thousands of euros Unaudited and unreviewed figures	Quarter ended 30 Sept. 2010	Quarter ended 30 Sept. 2009	Nine-month period ended 30 September 2010	Nine-month period ended 30 September 2009
Salaries	70	92	204	252
Other short-term benefits	4	4	60	12
Total salaries and other short-term benefits	74	96	264	264

(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 nine-month periods ended 30 September 2010 or 2009.

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

In thousands of euros Unaudited and unreviewed figures	Quarter ended 30 Sept. 2010	Quarter ended 30 Sept. 2009	Nine-month period ended 30 September 2010	Nine-month period ended 30 September 2009
Relating to share option grants	18	18	54	54
Relating to share grants	0	0	0	0
Total share-based compensation expenses attributable to officers	18	18	54	54

NOTE 13: SUBSIDIARIES

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



GLOBAL GRAPHICS SA AND SUBSIDIARIES  
MANAGEMENT ADJUSTED FINANCIAL INFORMATION  
ADJUSTED OPERATING PROFIT (LOSS) COMPUTATION

In thousands of euros Unaudited and unreviewed figures	Quarter ended 30 Sept. 2010	Quarter ended 30 Sept. 2009	Nine-month period ended 30 September 2010	Nine-month period ended 30 September 2009
Reported operating profit (loss)	43	(681)	(2,251)	(877)
Add back (deduct):				
- Amort. of certain intangible assets	0	0	0	29
- Share-based remuneration expense	35	27	100	77
- Effect of the capitalization of development expenses (note 4b)	(193)	(287)	(609)	(969)
- Amort. of capitalized development expenses (note 4b)	220	182	664	515
- Net effect of unusual items of income and expense (note 5)	11	0	405	0
Total adjustments to reported operating profit (loss)	73	(78)	560	(348)
Adjusted operating profit (loss)	116	(759)	(1,691)	(1,225)
In % of the period's sales	4.5%	-41.9%	-24.9%	-17.1%

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 PROFIT (LOSS) COMPUTATION

In thousands of euros Unaudited and unreviewed figures	Quarter ended 30 Sept. 2010	Quarter ended 30 Sept. 2009	Nine-month period ended 30 September 2010	Nine-month period ended 30 September 2009
Reported pre-tax profit (loss)	19	(679)	(2,494)	(986)
Add back (deduct):				
- Amort. of certain intangible assets	0	0	0	29
- Share-based remuneration expense	35	27	100	77
- Effect of the capitalization of development expenses (note 4b)	(193)	(287)	(609)	(969)
- Amort. of capitalized development expenses (note 4b)	220	182	664	515
- Net effect of unusual items of income and expense (note 5)	11	0	405	0
Total adjustments to reported pre-tax profit (loss)	73	(78)	560	(348)
Adjusted pre-tax profit (loss)	92	(757)	(1,934)	(1,334)
Adjusted pre-tax profit (loss) per share (*)	0.01	(0.07)	(0.19)	(0.13)

(\*) Adjusted pre-tax profit (loss) per share is computed using the weighted average number of ordinary shares outstanding during the respective periods, i.e. 10,119,617 and 10,115,813 shares for the quarters ended 30 September 2010 and 2009, respectively, and 10,117,701 and 10,115,813 shares for the nine-month periods ended 30 September 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 PROFIT (LOSS) COMPUTATION

In thousands of euros Unaudited and unreviewed figures	Quarter ended 30 Sept. 2010	Quarter ended 30 Sept. 2009	Nine-month period ended 30 September 2010	Nine-month period ended 30 September 2009
Reported net profit (loss)	(22)	(841)	(2,678)	(1,468)
Add back (deduct):				
- Amort. of certain intangible assets	0	0	0	29
- Share-based remuneration expense	35	27	100	77
- Net effect of the capitalization of development expenses, (note 4b)	27	(105)	55	(454)
- Net effect of unusual items of income and expense (note 5)	11	0	405	0
- Tax effect of these adjustments	(7)	29	(15)	127
Total adjustments to reported net profit (loss)	66	(49)	545	(221)
Adjusted net profit (loss)	44	(890)	(2,133)	(1,689)
Adjusted net profit (loss) per share (*)	0.00	(0.09)	(0.21)	(0.17)

(\*) Adjusted net profit (loss) per share is computed using the weighted average number of ordinary shares outstanding during the respective periods, i.e. 10,119,617 and 10,115,813 shares for the quarters ended 30 September 2010 and 2009, respectively, and 10,117,701 and 10,115,813 shares for the nine-month periods ended 30 September 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 NINE-MONTH PERIOD ENDED 30 SEPTEMBER 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 nine-month period ended 30 September 2010.

This interim management report was authorized for issue by the Parent's Board of Directors on 19 October 2010.

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

(a) Structure of the Company at 30 September 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 nine-month period ended 30 September 2010.

(b) Changes in the Company's structure in the nine months to 30 September 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 7 were made redundant, as set out in note 6a below.

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 October 2010

No change has occurred in the Company's structure since 1 October 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 September 2010

(i) Consolidated sales

Sales were 2,575 in the quarter ended 30 September 2010, compared with 1,810 in the third quarter of the year ended 31 December 2009, or a sequential increase of 42.3% at current exchange rates.

Approximately 70.5% of the Company's sales made in the quarter ended 30 September 2010 were denominated in US dollars, which sequentially increased versus the euro, since the average euro/US dollar rate was 1.292 in the quarter ended 30 September 2010, while it was 1.422 in the third quarter of the year ended 31 December 2009, or a sequential increase of 10.1%. At constant exchange rates, sales made in the quarter ended 30 September 2010 would have amounted to approximately 2,332, showing an increase of 28.8% over the figure reported for sales in the third quarter of the year ended 31 December 2009.

Sales made in the Print segment were 2,037 in the quarter ended 30 September 2010, and showed an increase of 24.8% at current exchange rates and of 14.6% at constant exchange rates, over the 1,632 figure reported for sales made in the same segment of the Company's business in the third quarter of the year ended 31 December 2009. Sales made in the graphic arts market were 647 in the quarter ended 30 September 2010 and showed an increase of 15.3% at current exchange rates and of 5.3% at constant exchange rates over the 561 figure reported for sales made in that market in the third quarter of the year ended 31 December 2009. Sales made in the digital printing market were 1,390 in the quarter ended 30 September 2010 and increased 29.8% at current exchange rates and 19.4% at constant exchange rates over the 1,071 figure reported for sales made in that market in the third quarter of the year ended 31 December 2009.

Sales made in the eDoc segment were 538 in the quarter ended 30 September 2010, and showed an increase of 202.2% at current exchange rates and of 159.6% at constant exchange rates over the 178 figure reported for sales made in the same segment of the Company's business in the third quarter of the year ended 31 December 2009.

#### (ii) Consolidated performance

##### Operating profit

The Company reported an operating profit of 43 in the quarter ended 30 September 2010 (or 1.7% of the quarter's sales), compared with an operating loss of 681 in the third quarter of the year ended 31 December 2009 (-37.6% of that quarter's sales), or a favorable, sequential variance of 724, which can be analyzed as follows:

- sales increased by 765, as set out in note 2a (i) above;
- cost of sales was 124 in the quarter ended 30 September 2010 (4.8% of the quarter's sales), compared with 15 in the third quarter of the year ended 31 December 2009 (0.8% of that quarter's sales), or an unfavorable variance of 109
- selling, general and administrative expenses totaled 1,165 in the quarter ended 30 September 2010 (45.2% of the quarter's sales), showing a decrease of 80 (i.e. of 6.4%) over the 1,245 figure reported for such expenses in the third quarter of the year ended 31 December 2009 (68.8% of that quarter's sales): third quarter 2010 expenses included non-recurring items of expense and income, notably a profit of 75 on the disposal of certain intangible assets, and expenses incurred in the quarter for a total of 86, which included firstly legal fees which were incurred in an alleged patent infringement litigation which was dismissed in July 2010, and secondly with regards to the Company's reorganization plan which was implemented in April 2010;
- research & development expenses totaled 1,243 in the quarter ended 30 September 2010 (48.3% of the quarter's sales) showing a sequential increase of 12 (i.e. of 1.0%) over the 1,231 figure reported for such expenses in the third quarter of the year ended 31 December 2009 (68.0% of that quarter's sales): such expenses included a charge of 27 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.

#### Profit before income tax

The Company reported a profit before income tax of 19 in the quarter ended 30 September 2010 (0.7% of the quarter's sales), compared with a loss before income tax of 679 in the third quarter of the year ended 31 December 2009 (-37.5% of that quarter's sales), or a favorable variance of 698 which results from the combination of:

- the sequential increase of the operating result for 724, as discussed above;
- the increase in interest income of 2 over the 2 figure reported for interest income in the third quarter of the year ended 31 December 2009; and
- the unfavorable effect of foreign currency exchange differences, which were net losses of 28 in the quarter ended 30 September 2010, compared with a nil effect in the third quarter of the year ended 31 December 2009, or an unfavorable variance of 28.

#### Net loss

The Company reported a net loss of 22 in the quarter ended 30 September 2010 (or a net loss of Euro 0.00 per share) after giving effect to an income tax expense of 41 (including a deferred tax expense of 21), compared with a net loss of 841 in the third quarter of the year ended 31 December 2009 (or a net loss of Euro 0.08 per share).

#### (b) Nine-month period ended 30 September 2010

##### (i) Consolidated sales

Sales were 6,780 in the nine-month period ended 30 September 2010, compared with 7,149 in the first nine months of the year ended 31 December 2009, or a sequential decrease of 5.2% at current exchange rates.

Approximately 76.9% of the Company's sales made in the nine-month period ended 30 September 2010 (compared with 77.9% 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 1.309 in the nine-month period ended 30 September 2010, while it was 1.356 in the first nine months of the year ended 31 December 2009, or a sequential increase of 3.6%. At constant exchange rates, sales made in the nine-month period ended 30 September 2010 would have amounted to approximately 6,485, showing a decrease of 9.3% over the figure reported for sales in the first nine months of the year ended 31 December 2009.

Sales made in the Print segment were 5,868 in the nine-month period ended 30 September 2010, and showed an increase of 0.9% at current exchange rates, but a decrease of 2.8% at constant exchange rates, over the 5,815 figure reported for sales made in the same segment of the Company's business in the first nine months of the year ended 31 December 2009. Sales made in the graphic arts market were 2,225 in the nine-month period ended 30 September 2010 and showed a decrease of 7.1% at current exchange rates and of 10.9% at constant exchange rates over the 2,396 figure reported for sales made in that market in the first nine months of the year ended 31 December 2009. Sales made in the digital printing market were 3,643 in the nine-month period ended 30 September 2010 and increased 15.7% at current exchange rates and 11.7% at constant exchange rates over the 3,149 figure reported for sales made in that market in the first nine months of the year ended 31 December 2009.

Sales made in the eDoc segment were 912 in the nine-month period ended 30 September 2010, and showed a decrease of 31.6% at current exchange rates and of 37.3% at constant exchange rates over the 1,334 figure reported for sales made in the same segment of the Company's business in the first nine months of the year ended 31 December 2009.

(ii) Consolidated performance

Operating loss

The Company reported an operating loss of 2,251 in the nine-month period ended 30 September 2010 (or -33.2% of the period's sales), compared with an operating loss of 877 in the first nine months of the year ended 31 December 2009 (-12.3% of that period's sales), or an unfavorable, sequential variance of 1,374, which can be analyzed as follows:

- sales decreased by 369 (see note 2a (i) above);
- cost of sales was 328 in the nine-month period ended 30 September 2010 (4.8% of the period's sales), compared with 207 in the first nine months of the year ended 31 December 2009 (2.9% of that period's sales), or an unfavorable variance of 121;
- selling, general and administrative expenses totaled 4,457 in the nine-month period ended 30 September 2010 (65.7% of the period's sales), showing an increase of 322 (i.e. of 7.8%) over the 4,135 figure reported for such expenses in the first nine months of the year ended 31 December 2009 (57.9% of that period's sales): such expenses included valuation allowances for doubtful accounts for a total of 127, as well as non-recurring items, notably to account for the effect of the reorganization implemented in April 2010 referred to in note 2a above for a total of 182, for legal fees relating to an alleged patent infringement litigation which was dismissed in July 2010 for 58, and a profit on the disposal of an intangible asset which occurred in late September 2010 for 75;
- research & development expenses totaled 4,246 in the nine-month period ended 30 September 2010 (62.6% of the period's sales) showing an increase of 562 (i.e. of 15.3%) over the 3,684 figure reported for such expenses in the first nine months of the year ended 31 December 2009 (51.5% of that period's sales): such expenses included a charge of 55 with respect of the net 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 nine-month period ended 30 September 2010 for further information), as well an amount of 224 with regards to the reorganization implemented in April 2010 referred to in note 2a above.

Loss before income tax

The Company reported a loss before income tax of 2,494 in the nine-month period ended 30 September 2010 (-36.8% of the period's sales), compared with a loss before income taxes of 986 in the first nine months of the year ended 31 December 2009 (-13.8% of that period's sales), or an unfavorable variance of 1,508 which results from the combination of:

- the sequential increase of the operating loss for 1,374, as discussed above;
- the decrease in interest income of 3 over the 13 figure reported for interest income in the first nine months of the year ended 31 December 2009, predominantly due to the sequential decrease of the amounts of cash deposits made by the Company; and
- the unfavorable effect of foreign currency exchange differences, which were net losses of 253 in the nine-month period ended 30 September 2010, compared with net losses of 122 in the first nine months of the year ended 31 December 2009, or an unfavorable variance of 131.

Net loss

The Company reported a net loss of 2,678 in the nine-month period ended 30 September 2010 (or a net loss of Euro 0.26 per share) after giving effect to an income tax expense of 184 (including a deferred tax expense of 201), compared with a net loss of 1,468 in the first nine months of the year ended 31 December 2009 (or a net loss of Euro 0.14 per share).

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

(a) Salient features by the Company's Chief Executive Officer (CEO)

(i) Operational highlights for the nine-month period ended 30 September 2010

It is encouraging to see a significant turnaround in the Company's business during the quarter ended 30 September 2010. We have seen a positive trend in all segments of the Company's business during this period, and expect this trend to continue. This, combined with our more realistic expense position after the reorganization which was implemented in April 2010, will put the Company in a strong position going forward.

#### Production printing

In the third quarter, we saw a significant increase of business in this market in both digital and traditional printing segments. We were also successful in signing a new Japanese high-speed digital printing partner during the quarter, which we expect will start shipping the Harlequin RIP next year.

#### Office printing

Our customers in this segment performed well in the third quarter. In addition, a new embedded customer will start to ship in volume from the first quarter of next year, which we expect will add revenue to this segment. We are also working very closely with several semi-conductor manufacturers with which we have entered into strategic partnerships to develop unique propositions to give us more of a competitive edge in this market space.

#### Knowledge worker applications

Direct sales in the enterprise sector have been slow in the third quarter, although we have signed new agreements with clients like Rohde and Schwarz, Maxon Motor AG, Raiffeisen Bank, and EDAG during this period.

Our main focus has been in providing our partners 'white label' versions of our gDoc applications for bundling with their software applications or hardware: this strategy has been developing well with a significant contract signed during the third quarter, which is expected to generate revenue from the fourth quarter of 2010. Other similar 'white label' partnerships are being currently negotiated.

(ii) Financial highlights for the nine-month period ended 30 September 2010

#### Financial performance

Sales in the quarter and the nine-month period ended 30 September 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 and second quarters of the current financial year, though sales showed a significant, sequential increase in the quarter ended 30 September 2010

As a result, sales amounted to 6,780 in the first nine months of the current year, a 5.2% decrease with the 7,149 figure reported for sales in the first nine 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 2.8% at constant exchange rates over sales made in the same segment in the first nine months of the year ended 31 December 2009.



Sales made in the eDoc segment of the Company's business decreased 37.3% at constant exchange rates over sales made in the same segment in the first nine months of the year ended 31 December 2009, notably because of a slower than expected intake of gDoc Fusion sales in the first nine months of the current year.

Operating expenses were 8,703 in the nine-month period ended 30 September 2010, compared with 7,819 in the first nine months of the year ended 31 December 2009, or an 11.3% 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, of valuation allowances recorded in the second quarter of the current year for 127, as well from the non-recurring items of income and expenses recorded in the first nine months of the current financial year, which amount to a net expense of 405.

The Company reported an adjusted operating loss of 1,691 in the nine-month period ended 30 September 2010 (or a loss equal to 24.9% of the period's sales), compared with an adjusted operating loss of 1,225 in the first nine months of the year ended 31 December 2009 (or a loss equivalent to 17.1% of sales made in that period).

The Company reported an adjusted pre-tax loss of 1,934 (or an adjusted pre-tax loss of Euro 0.19 per share) in the nine-month period ended 30 September 2010, compared with an adjusted pre-tax loss of 1,334 (or an adjusted pre-tax loss of Euro 0.13 per share) in the first nine months of the year ended 31 December 2009.

The Company reported an adjusted net loss of 2,133 (or an adjusted net loss of Euro 0.21 per share) in the nine-month period ended 30 September 2010, compared with an adjusted net loss of 1,689 (or an adjusted net loss of Euro 0.17 per share) in the first nine months of the year ended 31 December 2009.

Cash flow for the nine-month period ended 30 September 2010

Net cash flow used by the Company's operations was 1,552 in the nine-month period ended 30 September 2010 (or -22.9% of the period's sales), compared with net cash flow used by the Company's operations of 221 in the first nine months of the year ended 31 December 2009 (or -3.1% 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 406, as well as its capital expenditures incurred in the nine-month period ended 30 September 2010 which totaled 883, and to close the nine-month period ended 30 September 2010 with a net cash position of 961.

(b) Prospects for the remainder of the financial year by the Company's CEO

We are pleased with the Company's performance in the third quarter and expect the underlying trends which have contributed to this recovery to continue in the fourth quarter.

The Company's expense position provides a solid base for future growth, and the new investments we have made in people since the start of the year have proven to be very positive in terms of our ability to execute on our strategy.

We continue to drive innovation in all areas and are currently developing exciting new applications and are planning future releases of our RIP software that will keep both the Harlequin and Jaws RIPs at the leading edge in terms of performance and quality.

I am also very pleased with the 'white label' partnerships that we are negotiating for our gDoc applications.

#### 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.

See note 2a above for further information on legal fees incurred in the quarter and the nine-month period ended 30 September 2010 with respect of an alleged patent infringement litigation which was dismissed in late July 2010.

(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 September 2010. The Company recorded gains of nil and 9 with respect of foreign currency option contracts in the quarter and in the nine-month period ended 30 September 2010, respectively, compared with gains of 7 and 19 in the third quarter and in the first nine months of the year ended 31 December 2009, respectively.

#### 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 nine-month period ended 30 September 2010 after corresponding trigger rates were reached as a result of an unexpected stronger US dollar versus both the Euro and the British pound in the first quarter of the current financial year.

The Company recorded an exchange gain of 7 in the quarter ended 30 September 2010, but an exchange loss of 117 in the nine-month period ended 30 September 2010, respectively, with respect of these contracts, including a fair value loss of 15 for those forward contracts which were having a maturity date after 30 September 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 63.5% of the Company's sales in the nine-month period ended 30 September 2010 (compared with 57.3% in the same period of 2009 and 57.0% for the whole of 2009); approximately 44.1% of sales were made with the five largest customers of the Company in the nine-month period ended 30 September 2010 (compared with 41.9% in the same period of 2009 and 41.3% for the whole of 2009), and approximately 17.4% with the major customer alone in the nine-month period ended 30 September 2010 (compared with 13.7% 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 961 and the absence of any financial debt as at 30 September 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 September 2010 or 31 December 2009, the Company's income and operating cash flows for the nine-month period ended 30 September 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 nine-month period ended 30 September 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 nine-month period ended 30 September 2010 for further information on critical accounting estimates and the use of sales and cash flow forecasts, as well as the risks attached to them, the downward revisions of which may principally affect the carrying value of goodwill and other intangible assets (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 nine-month period ended 30 September 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 by the IASB 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 nine-month period ended 30 September 2010 for details on such transactions.

NOTE 6: INFORMATION ON THE COMPANY'S PERSONEL

(a) Breakdown by geographical area of employment

	30 September 2010	31 December 2009
United Kingdom	54	67
India	0	30
United States of America	12	18
Japan	2	3
Continental Europe	2	2
Total	70	120

The decrease in the number of the Company's employees over the nine-month period ended 30 September 2010 principally relates to the reorganisation implemented in late April 2010, which resulted in the transfer of 23 of the Company's Indian employees to a third party, and a total of 30 employees being made redundant, of which 15 in the UK, 7 in the US, and 7 in India.

(b) Breakdown by nature of employment

	30 September 2010	31 December 2009
Research and development	35	74
Sales and support	23	32
General & administrative	12	14
Total	70	120

NOTE 7: VOTING RIGHTS AND SIGNIFICANT SHAREHOLDERS

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

(i) Theoretical number of voting rights

Number of shares to which a single voting right is attached	10,279,900
Number of shares to which a double voting right is attached	9,881
Theoretical number of voting rights attached to the Company's ordinary shares which were outstanding at 30 September 2010	10,299,662

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

Theoretical number of voting rights computed as indicated above	10,299,662
Number of voting rights attached to own shares held by the Company	(168,081)
Total number of voting rights to be used for annual meeting quorum computation as at 30 September 2010	10,131,581

(b) Significant shareholders

(i) Stichting Andlinger & Co. Euro-Foundation

At 30 September 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 which were outstanding at such date. Attached to these 2,883,001 shares was an equivalent number of voting rights, representing 27.99% of the total number of voting rights attached to the Company's ordinary shares which were outstanding at 30 September 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 the Company's outstanding shares (or 5.02% of the total number of shares of the Company which were outstanding at such date), to which was attached an equivalent number of voting rights, representing 5.02% of the theoretical number of voting rights attached to the Company's ordinary shares which were outstanding at 31 March 2010.

On 18 October 2010, the Company was notified that, with effect from 14 October 2010, KBC Asset Management NV held 500,530 of the Company's outstanding shares (or 4.86% of the total number of shares of the Company which were outstanding as at 30 September 2010), to which was attached an equivalent number of voting rights, representing 4.86% of the theoretical number of voting rights attached to the Company's ordinary shares which were outstanding at 30 September 2010, as set out in note 7a above.

- Other significant shareholders

At 30 September 2010, no other shareholder was known to the Company to hold in excess of either 5.0% of the total number of shares forming the share capital of the Company, or 5.0% of the theoretical number of voting rights attached to such shares as computed in note 7a above.

(c) Director shareholdings

Number of shares held by the Company's directors at 30 September 2010	254,785
% of outstanding shares held by directors at 30 September 2010	2.5%
Change in the nine-month period ended 30 September 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 nine-month period ended 30 September 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 nine-month period ended 30 September 2010.



GLOBAL GRAPHICS SA AND SUBSIDIARIES

STATEMENT MADE BY THE PERSON TAKING RESPONSIBILITY FOR THE INTERIM MANAGEMENT  
REPORT FOR THE FIRST NINE 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 nine 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 nine months to 30 September 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 nine 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 three months of the current financial year, and the main transactions with related parties which occurred during the nine-month period ended 30 September 2010.

Made in Brussels (Belgium) on 19 October 2010,

Gary Fry  
Chief Executive Officer