PRESS RELEASE

Contacts: Alain Pronost, Chief Financial Officer
Tel: + 33 (0) 3 83 49 45 08
Jill Taylor, Director of Corporate Communications
Tel: + 44 (0)1223 926 489

GLOBAL GRAPHICS REPORTS RESULTS FOR THE THIRD QUARTER AND THE FIRST NINE MONTHS OF 2012

Pompey (France), Friday 26 October 2012 - GLOBAL GRAPHICS SA (NYSE-Euronext: GLOG), experts in developing e-document and printing software, announces its consolidated interim results for the quarter and the nine-month period ended 30 September 2012.

ANALYSIS OF THE COMPANY'S FINANCIAL PERFORMANCE

Quarter ended 30 September 2012

Comparisons for the quarter ended 30 September 2012 with the third quarter of the financial year ended 30 September 2011 include:

- sales of Euro 2.7 million this quarter (Euro 2.5 million at Q3 2011 exchange rates) compared with Euro 2.0 million in Q3 2011, or an increase of 34.2% at current exchange rates, and of 23.6% at constant exchange rates;
- an operating profit of Euro 0.3 million this quarter, compared with an operating loss of Euro 0.1 million in Q3 2011;
- an adjusted operating profit (EBITA) of Euro 0.4 million this quarter, compared with an adjusted operating loss of Euro 0.2 million in Q3 2011;
- a net profit of Euro 0.7 million this quarter (or a net profit of Euro 0.07 per share), compared with a net loss of Euro 0.1 million 2011 in Q3 2011 (or a net loss of Euro 0.01 per share); and
- an adjusted net profit of Euro 0.7 million this quarter (or an adjusted net profit of Euro 0.07 per share), compared with an adjusted net loss of Euro 0.2 million in Q3 2011 (or an adjusted net loss of Euro 0.02 per share).

Compared with its consolidated results for the quarter ended 30 September 2011, the Company's consolidated results for the quarter ended 30 September 2012 were favorably impacted by the intake during the quarter of two significant bulk orders (similar annual bulk orders had been received in Q2 2011 and in Q4 2011, respectively), and by the repayment to the Company's UK subsidiary of the R&D tax credit for the year ended 31 December 2011 in late September 2012 for approximately Euro 0.4 million (the repayment of the R&D tax credit for the year ended 31 December 2010 had been made to that company in early April 2011 for approximately Euro 0.3 million), and were unfavorably impacted by the Euro 0.1 million amount expensed during the quarter with regards to the estimated effect of the completion of the liquidation process of the Company's Indian subsidiary, which is expected in the current quarter.

Nine-month period ended 30 September 2012

Comparisons for the nine-month period ended 30 September 2012 with the same period of the financial year ended 31 December 2011 include:

- sales of Euro 7.2 million in the first nine months of 2012 (Euro 6.7 million at 2011 exchange rates) compared with Euro 6.2 million in the first nine months of 2011, or an increase of 15.7% at current exchange rates and of 6.7% at constant exchange rates;
- an operating loss of Euro 0.1 million in the first nine months of 2012, compared with an operating loss of Euro 0.4 million in the first nine months of 2011;
- a nominal adjusted operating profit (EBITA) in the first nine months of 2012, compared with an adjusted operating loss of Euro 0.7 million in the first nine months of 2011;
- a net profit of Euro 0.2 million in the first nine months of 2012 (or a net profit of Euro 0.02 per share), compared with a net loss of Euro 0.3 million 2011 in the first nine months of 2011 (or a net loss of Euro 0.03 per share); and
- an adjusted net profit of Euro 0.2 million in the first nine months of 2012 (or an adjusted net profit of Euro 0.02 per share), compared with an adjusted net loss of Euro 0.5 million in the first nine months of 2011 (or an adjusted net loss of Euro 0.05 per share).

Compared with its consolidated results for the nine-month period ended 30 September 2011, the Company's consolidated results for the nine-month period ended 30 September 2012 were favorably impacted by the intake during that period of a significant bulk order (a similar annual bulk order had been received in Q4 2011), and were unfavorably impacted by the Euro 0.1 million amount expensed during the quarter ended 30 September 2012 with regards to the estimated effect of the completion of the liquidation process of the Company's Indian subsidiary, which is expected in the current quarter, as well as by the amount of Euro 0.2 million recognized as other operating income in the nine-month period ended 30 September 2011 (nil in 2012).

Detailed discussion of the Company's financial performance
A detailed discussion of the Company's financial performance during the quarter and the nine-month period ended 30 September 2012, including a comparison with the previous financial year's comparative periods, is set out in note 2 to the interim management report of the Company's Board of Directors for the quarter and the nine-month period ended 30 September 2012, which is attached to this press release, together with the condensed consolidated interim financial statements for the same periods.

FOURTH QUARTER AND FULL YEAR 2012 RESULTS ANNOUNCEMENT

Global Graphics expects to announce its consolidated results for the quarter and the financial year ending 31 December 2012 on Wednesday 13 February 2013 before market opening.

ABOUT GLOBAL GRAPHICS

Global Graphics (www.globalgraphics.com) is a leading developer of e-document and printing software. Its high-performance solutions are at the heart of products from customers such as HP, Fuji Xerox, Agfa, Corel and Quark.

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. 2012	Quarter ended 30 Sept. 2011	Nine-month period ended 30 Sept. 2012	Nine-month period ended 30 Sept. 2011
Sales	2,736	2,039	7,213	6,234
Cost of sales	(109)	(102)	(303)	(315)
GROSS PROFIT	2,627	1,937	6,910	5,919
Selling, general & admin. expenses	(1,016)	(851)	(3,192)	(3,020)
Research and development expenses	(1,241)	(1,177)	(3,758)	(3,475)
Other operating expenses (note 5a)	(50)	0	(50)	0
Other operating income (note 5b)	0	0	0	205
OPERATING PROFIT (LOSS)	320	(91)	(90)	(371)
Interest income (note 6)	1	2	2	5
Interest expenses (note 6)	0	0	0	(26)
Net foreign exchange gains (losses)	(8)	7	(38)	(8)
PROFIT (LOSS) BEFORE INCOME TAX	313	(82)	(126)	(400)
Income tax benefit (expense) (note 7)	375	(36)	367	132
NET PROFIT (LOSS)	688	(118)	241	(268)
NET PROFIT (LOSS) PER SHARE (note 8)				
Basic net loss per share	0.07	(0.01)	0.02	(0.03)
Diluted net loss per share	0.07	(0.01)	0.02	(0.03)

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 2012.

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

In thousands of euros Except per share data in euro Unaudited and unreviewed figures	Quarter ended 30 Sept. 2012	Quarter ended 30 Sept. 2011	Nine-month period ended 30 Sept. 2012	Nine-month period ended 30 Sept. 2011
Net profit (loss) for the period	688	(118)	241	(268)
Items never reclassified subsequently to profit or loss	0	0	0	0
Items that may be reclassified subsequently to profit or loss:				
- Exchange differences on translating foreign operations	130	633	741	(89)
- Income tax on items that may be reclassified subsequently to profit or loss	0	0	0	0
Total items that may be reclassified subsequently to profit or loss	130	633	741	(89)
Other comprehensive income (loss) for the period, net of income tax	130	633	741	(89)
Total comprehensive income (loss) for the period	818	515	982	(357)

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 2012.

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

In thousands of euros	30 September 2012 Unaudited, unreviewed figures	31 December 2011
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	398	441
Other intangible assets (note 9)	5,644	5,330
Goodwill (note 10)	7,182	6,822
Financial assets	115	108
Deferred tax assets, net	52	53
TOTAL NON-CURRENT ASSETS	13,391	12,754
CURRENT ASSETS		
Inventories	25	23
Trade receivables (note 11)	2,379	1,752
Current income tax receivables	73	11
Other current receivables	116	62
Prepaid expenses	575	481
Cash	1,597	2,315
TOTAL CURRENT ASSETS	4,765	4,644
TOTAL ASSETS	18,156	17,398
LIABILITIES AND SHAREHOLDERS'EQUITY		
SHAREHOLDERS'EQUITY		
Share capital (note 12a)	4,116	4,116
Share premium (note 12b)	28,737	28,747
Reserve for share-based compensation expenses	3,209	3,124
Reserve for own shares (note 13)	(1,186)	(1,191)
Accumulated deficit	(8,245)	(8,486)
Foreign currency translation reserve	(10,102)	(10,843)
TOTAL SHAREHOLDERS'EQUITY	16,529	15,467
LIABILITIES		
NON-CURRENT LIABILITIES		
Other non-current liabilities	2	2
TOTAL NON-CURRENT LIABILITIES	2	2
CURRENT LIABILITIES		
Trade payables	330	265
Current income tax payables	55	61
Other payables	776	857
Customer advances and deferred revenue	464	746
TOTAL CURRENT LIABILITIES	1,625	1,929
TOTAL LIABILITIES	1,627	1,931
TOTAL LIABILITIES AND SHAREHOLDERS'EQUITY	18,156	17,398

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 2012.
Figures for the year ended 31 December 2011 have been extracted from the audited, full consolidated financial statements for that year.

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 Sept. 2012	Nine-month period ended 30 Sept. 2011
Shareholders' equity at 1 January	15,467	14,780
Total comprehensive profit (loss)	982	(357)
Effect of share-based compensation plans:		
- Value of services rendered by employees (note 4d)	85	115
- Operating expenses incurred with respect of share-based compensation plans (note 12b)	(10)	(4)
Total effect of share-based compensation plans	75	111
Changes in the amount of the reserve for own shares:		
- Repurchase of own shares (note 13a)	0	0
- Grant of own shares at no cost (note 13b)	5	0
Total change in the amount of the reserve for own shares	5	0
Shareholders' equity at 30 September	16,529	14,534

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 2012.

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 Sept. 2012	Nine-month period ended 30 Sept. 2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit (loss) for the period	241	(268)
Adjustments for items without effect on cash:		
- Depreciation of property, plant and equipment	140	143
- Amortisation of other intangible assets (note 9b)	1,243	762
- Share-based compensation expenses (note 4d)	85	115
- Change in the amount of provisions (note 5b)	0	(205)
- Net interest (income) expenses (note 6)	(2)	21
- Net exchange (gains) losses (note 6)	38	8
- Income tax (benefit) expense (note 7)	(367)	(132)
- Expenses offset against the share premium (note 12b)	(5)	(4)
Exchange rate differences	(61)	(25)
Other items	98	(30)
Change in value of operating assets and liabilities:		
- Inventories	(2)	12
- Trade receivables (note 11)	(627)	120
- Current income tax receivables	(62)	5
- Other current receivables	(54)	(32)
- Prepaid expenses	(94)	(190)
- Trade payables	65	119
- Current income tax payables	(6)	9
- Other payables	(81)	(79)
- Customer advances and deferred revenue	(282)	(54)
Cash received in the period for interest income	2	3
Cash paid in the period for interest expenses	0	0
Cash received (paid) in the period for income taxes	271	241
NET CASH FLOW PROVIDED BY (USED IN) OPERATING ACTIVITIES	540	539
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures on property, plant and equipment	(77)	(96)
Capital expenditures on other intangible assets	0	0
Capitalization of development expenses (note 4b)	(1,275)	(919)
Proceeds from the disposal of intangible assets	0	17
NET CASH FLOW USED IN INVESTING ACTIVITIES	(1,352)	(998)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repurchase of own shares (note 13a)	0	0
NET CASH FLOW USED IN FINANCING ACTIVITIES	0	0
NET INCREASE (DECREASE) OF CASH IN THE PERIOD	(812)	(459)
CASH AT 1 JANUARY	2,315	1,869
EFFECT OF EXCHANGE RATE CHANGES ON CASH AT 1 JANUARY	94	(16)
CASH AT 30 SEPTEMBER	1,597	1,394

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 2012.

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 2012

NOTE 1: REPORTING ENTITY

These condensed consolidated interim financial statements as at and for the quarter and the nine-month period ended 30 September 2012 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 25 October 2012.

NOTE 2: BASIS OF PREPARATION

(a) Statement of compliance

These condensed consolidated interim financial statements as at and for the quarter and the nine-month period ended 30 September 2012 have been prepared in accordance with IAS 34, Interim Financial Reporting (‘IAS 34’), 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.
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 therefore be read in conjunction with the Company’s consolidated financial statements as at and for the year ended 31 December 2011.

(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 2011, 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 thousands of euros, which is the Parent’s functional and presentation currency, rounded to the nearest thousand, unless otherwise specified.

(d) Going concern

The Company had no outstanding financial debt and a cash position of 1,597 as at 30 September 2012 (compared with 1,394 as at 30 September 2011 and 2,315 as at 31 December 2011).
On the date these condensed consolidated interim financial statements were drafted, based on their review of updated cash flow projections prepared by management for the 15-month period ending 31 December 2013, 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.

NOTE 3: ACCOUNTING POLICIES AND METHODS

(a) Same 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 2011, which are set out in note 3 to the Company’s consolidated financial statements for that year.

(b) Early application of the amendment to IAS 1

Pursuant to the adoption on 5 June 2012 by the European Parliament of the amendment to IAS 1, Presentation of financial statements, relating to the disclosure of items of other comprehensive income, which is mandatory for annual periods beginning on or after 1 July 2012, but may be early applied, the Company decided to present its statement of comprehensive income for the quarter and the nine-month period ended 30 September 2012 in accordance with the provisions of this amendment.

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 2012, and assumptions or estimates with a significant risk of material adjustment in the coming twelve months, are discussed hereafter.

(a) Impairment of goodwill and other intangible assets

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

In accordance with paragraph 36 of Appendix B of IAS 34, the Company did not perform a detailed computation of impairment of goodwill and other intangible assets with indefinite useful lives at 30 September 2012 as had been done at 31 December 2011, but reviewed indications of possible impairment such assets as at and during the nine-month period ended 30 September 2012.

Based on the results of this review, the Company concluded that no impairment of goodwill and other intangible assets with indefinite useful lives was required as at and for the quarter and the nine-month period ended 30 September 2012.

(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 14e 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.

Considering the absence of material changes during the nine-month period ended 30 September 2012 in the assumptions used at 31 December 2011 for identifying any requirement to impair the intangible assets reported under the Print segment of the Company’s business, and the absence of any impairment for these intangible assets at the latter date, 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 2012.

- 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 14e below) relate to three development projects (namely EDL, gDoc applications, and other conversion technologies) which management believes to meet the recognition criteria set out in paragraphs 57 to 62 of IAS 38.

Considering the absence of material changes during the nine-month period ended 30 September 2012 in the assumptions used at 31 December 2011 for identifying any requirement to impair the intangible assets reported under the eDoc segment of the Company’s business, and the absence of any impairment for these intangible assets at the latter date, management concluded that no impairment for the intangible assets reported under the eDoc segment of the Company’s business was required as at and during the nine-month period ended 30 September 2012.

(b) Capitalization and amortization of computer software development costs

(i) Development cost capitalization and amortization methods used by the Company

As stated in note 3e to the Company’s consolidated financial statements for the year ended 31 December 2011, 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.

(ii) Capitalization of computer software development costs

The following tables provide information on the aggregate amounts of computer software development costs which were capitalized as at 30 September 2012 and 2011, as well as on the amounts which were capitalized during the quarters and the nine-month periods then ended for those projects the Company considered it could demonstrate that it met all of the abovementioned recognition criteria:

- Quarter and nine-month period ended 30 September 2012

In thousands of euros Unaudited and unreviewed figures	Total capitalised at 30 Sept. 2012	Amounts capitalised in the quarter ended 30 Sept. 2012	Amounts capitalised in the nine-month period ended 30 Sept. 2012
Harlequin RIP	6,205	184	504
Jaws RIP	601	83	244
Total Print segment	6,806	267	748
Electronic Document Libraries (EDL)	1,729	24	80
gDoc applications	1,954	243	447
Other document conversion technologies	166	0	0
Total eDoc segment	3,849	267	527
Total	10,655	534	1,275

- Quarter and nine-month period ended 30 September 2011

In thousands of euros Unaudited and unreviewed figures	Total capitalised at 30 Sept. 2011	Amounts capitalised in the quarter ended 30 Sept. 2011	Amounts capitalised in the nine-month period ended 30 Sept. 2011
Harlequin RIP	5,023	148	424
Jaws RIP	274	53	138
Total Print segment	5,297	201	562
Electronic Document Libraries (EDL)	1,495	1	21
gDoc applications	1,296	77	205
Other document conversion technologies	132	64	131
Total eDoc segment	2,923	142	357
Total	8,220	343	919

(iii) Amortization of capitalized computer software development costs

The following tables provide information on accumulated amortization as at 30 September 2012 and 2011, as well as on the amortization expenses which were recognized in the quarters and the nine-month periods then ended for those projects the Company considered it could demonstrate that it met all of the abovementioned recognition criteria:

- Quarter and nine-month ended 30 September 2012

In thousands of euros Unaudited and unreviewed figures	Accumulated amortisation at 30 Sept. 2012	Amortisation expenses in the quarter ended 30 Sept. 2012	Amortisation expenses in the nine-month period ended 30 Sept. 2012
Harlequin RIP	3,009	228	617
Jaws RIP	60	34	59
Total Print segment	3,069	262	676
Electronic Document Libraries (EDL)	878	55	163
gDoc applications	1,118	183	398
Other document conversion technologies	0	0	0
Total eDoc segment	1,996	238	561
Total	5,065	500	1,237

- Quarter and nine-month ended 30 September 2011

In thousands of euros Unaudited and unreviewed figures	Accumulated amortisation at 30 Sept. 2011	Amortisation expenses in the quarter ended 30 Sept. 2011	nine-month period ended 30 Sept. 2011
Harlequin RIP	2,007	114	338
Jaws RIP	0	0	0
Total Print segment	2,007	114	338
Electronic Document Libraries (EDL)	609	38	120
gDoc applications	560	83	229
Other document conversion technologies	0	0	0
Total eDoc segment	1,169	121	349
Total	3,176	235	687

(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

- Policy used by the Company for recognizing deferred tax assets
The Company recognises deferred tax assets as stated in note 3p to the Company's consolidated financial statements for the financial year ended 31 December 2011.
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 sales growth and profit assumptions considered to be appropriate by management over that four-year period.
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 2016 to offset projected taxable profit to be made by its UK subsidiary over such period was made 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. 23.0% from 1 April 2013, as set out in note 7d below.

It resulted in the recognition of a deferred tax asset of 1,286 as at 30 September 2012, a deferred tax expense of 56 in the quarter then ended (which included an expense of 47 with respect of the decrease of the tax rate from 24.0% to 23.0% referred to in note 7d below), as well as a deferred tax expense of 102 in the nine-month period then ended, which included an expense of 94 with respect of the successive decreases of the UK corporation tax rate referred to in note 7d below.

Deferred tax liability arising from the capitalization of developments costs
The recognition of a deferred tax liability corresponding to the amount of development costs capitalized in accordance with applicable provisions of IAS 38, net of applicable amortization, was made using the tax rate that is expected to apply to the period when the deferred tax liability is expected to be settled realized, i.e. 23.0% from 1 April 2013, as set out note in note 7d below.
It resulted in the recognition of a deferred tax liability of 1,286 as at 30 September 2012, a deferred tax benefit of 48 in the quarter then ended (which included a benefit of 56 with respect of the decrease of the tax rate from to 24.0% to 23.0% referred to in note 7d below), as well as a deferred tax benefit of 100 in the nine-month period then ended, which included a benefit of 109 with respect of the successive decreases of the UK corporation tax rate referred to in note 7d below.

- Unrecognized deferred tax assets
The amount of capital allowances which were available to the Company's UK subsidiaries as at 30 September 2012, but were not projected to be used in the four-year period ending 30 September 2016, and therefore did not result in the recognition of a deferred tax asset as at 30 September 2012, amounted to 7,464 at such date.
Had a deferred tax asset been recognized with regards to such portion of available capital allowances at 30 September 2012, since these allowances would only be used after 1 October 2016, the applicable tax rate at the time these allowances would be used to offset taxable profit was assumed to be the UK statutory rate which would be applicable from 1 April 2013 (i.e. 23.0%), as this was the only change in the UK corporation tax rate which was substantially enacted before 30 September 2012: the corresponding, additional deferred tax asset would amount to 1,717 at that date.

(d) Share-based compensation expense

(i) Share options

- Outstanding and exercisable share options as at 30 September 2012
The following table summarises information about the Company's outstanding and exercisable share options as at 30 September 2012, which expire on 6 August 2016:

Grant dates of share options Exercise prices are in euros	Outstanding at 30 Sept. 2012	Exercise price per share	Exercisable at 30 Sept. 2012	Exercise price per share
6 August 2008	200,000	2.08	0	2.08
18 September 2008	20,000	1.94	0	1.94
17 December 2008	75,000	2.08	0	2.08
28 July 2010	10,000	1.65	0	1.65
2 November 2011	275,000	1.06	0	1.06
Total	580,000	1.58	0	

- Main terms and conditions of abovementioned share option grants

Share option grants made in the years ended 31 December 2008 to 2010

Two conditions are attached to the exercise of share options which were granted in the years ended 31 December 2008 to 2010:

- firstly, the recipient of the share option grant must have been an employee and/or a director of the Company at all times between the date when the options were granted to him/her and the date(s) when he/she exercises all of part of these options; and
- secondly, the exercise of options may be done by the recipient of such share option grant but only from the date when the average of the closing prices reported for the Company’s share over the last 120 trading days is at least equal to Euro 4.00 for the first quarter of the number of options granted to the recipient of the share option grant, to Euro 8.00 for the second quarter of the number of options granted to the recipient of the share option grant, to Euro 12.00 for the third quarter of the number of options granted to the recipient of the share option grant, and to Euro 16.00 for the last quarter of the number of options granted to the recipient of the share option grant.

An accelerated vesting of these options, regardless of whether or not the abovementioned minimum share price conditions were met, would occur should one or several shareholders acting in concert (as defined by article L.233-3 of French Commercial Law) come to hold more than 30.0% of the total number of shares forming the Company’s share capital or of the voting rights attached to such shares, or more than the number of shares and/or voting rights attached to such shares held by Stichting Andlinger & Co. Euro-Foundation, which held approximately 28.0% of the Company’s shares and voting rights as at 30 September 2012, as set out in note 7b of the Board’s interim management report for the quarter and the nine-month period ended 30 September 2012.

Share option grant made on 2 November 2011

Two conditions are attached to the exercise of the 275,000 share options which were granted on 2 November 2011 and were still outstanding as at 30 September 2012, after 12,500 options were cancelled in the quarter then ended pursuant to the resignation of the option holder during that period:

- firstly, the recipient of the share option grant must have been an employee and/or a director of the Company at all times between the date when the options were granted to him/her and the date(s) when he/she exercises all of part of these options; and
- secondly, the exercise of options may be done by the recipient of such share option grant but only from the date when the closing price reported for the Company’s share will be at least equal to Euro 2.00 during a minimum of 20 trading days over any period of 60 trading days during which trades occurred in the Company’s share for the first half of the number of these options, and at least to Euro 3.00 (computed as mentioned above) for the remaining half.

An accelerated vesting of these options, regardless of whether or not the abovementioned minimum share price conditions were met, would occur should one or several shareholders acting in concert (as defined by article L.233-3 of French Commercial Law) come to hold more than 30.0% of the total number of shares forming the Company’s share capital or of the voting rights attached to such shares.

(ii) Share grants

- Grant of shares at no cost to the recipient of such share grant (‘free shares’)

Grant of free shares made on 29 July 2009
The Parent’s Board of Directors made a provisional grant of 24,750 free shares to certain employees of some of the Company’s foreign subsidiaries on 29 July 2009.
As at 30 September 2012, after effect of the final grant of shares made to certain employees of the Company when they left the Company’s employment since share grant date (including 750 shares in the nine-month period ended 30 September 2012, as indicated in note 12b below), a total of 21,000 shares may still be granted at the end of the four-year period starting on share grant date, provided that the recipients of the free share grant have been employees of the Company at all times during that four-year period.
Recipients of such share grant will not be subject to any holding period after final grant date.

Grant of free shares made on 10 March 2011
The Parent’s Board of Directors made a provisional grant of 96,000 free shares to certain employees of some of the Company’s subsidiaries on 10 March 2011, of which 36,000 shares to Mr. Gary Fry and 4,000 shares to Mr. Alain Pronost in their respective capacities of Chief Executive Officer and Chief Financial Officer of the Company.
As at 30 September 2012, after effect of the cancellation of the 12,000 shares which were granted to employees who longer work for the Company (including the 4,000 shares which were cancelled during the quarter ended 30 September 2012 pursuant to the resignation of the holder of such shares), a total of 84,000 shares may still be granted at the end of the vesting period starting on share grant date, provided that the recipients of the free share grant have been employees of the Company at all times during such period, which will last four years for all recipients who are employed by foreign subsidiaries of the Company and two years for those who are employed by the Parent.
Recipients of such share grant will not be subject to any holding period after final grant date, with exception of those employed by the Parent who will be required to hold their shares until the fourth anniversary date of the share grant.

Grant of free shares made on 2 November 2011
The Parent’s Board of Directors made a provisional grant of 24,000 free shares to certain employees of some of the Company’s foreign subsidiaries on 2 November 2011.
As at 30 September 2012, all of these 24,000 shares may still be granted at the end of the four-year period starting on share grant date, provided that the recipients of the free share grant have been employees of the Company at all times during that four-year period.
Recipients of such share grant will not be subject to any holding period after final grant date.

- Share Incentive Plan
Pursuant to the authorization granted by the Company’s shareholders on 29 April 2009, a Share Incentive Plan (SIP) was implemented for the benefit of the Company’s employees, notably those of the UK subsidiary of the Company, who may be granted ordinary shares of the Company (Matching Shares) in proportion of the purchase of ordinary shares of the Company (Partnership Shares) made through a deduction on their net pay, being noted that such grant of Matching Shares will become final at the end of a three-year period starting on the date of each purchase of Partnership Shares.

At as 30 September 2012, 41,585 shares were granted as SIP Matching Shares to employees of the UK subsidiary of the Company, after of the 4,559 shares which were granted to participants in the nine-month period ended 30 September 2012, and after effect of the reallocation of 1,814 shares which were granted to one employee who left the Company's employment before the end of the vesting period for those 1,814 Matching Shares.

(iii) Share-based compensation expense analysis

In thousands of euros Unaudited and unreviewed figures	Quarter ended 30 Sept. 2012	Quarter ended 30 Sept. 2011	Nine-month period ended 30 Sept. 2012	Nine-month period ended 30 Sept. 2011
Attributable to option grants	7	23	40	76
Attributable to share grants	10	15	45	39
Total share-based compensation expense	17	38	85	115

NOTE 5: OTHER OPERATING EXPENSES AND INCOME

In accordance with provisions of paragraph 28 of the IASB Framework and paragraphs 97 & 98 of IAS 1 (revised), Presentation of Financial Statements, 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 (loss).

(a) Other operating expenses

(i) Quarter and nine-month period ended 30 September 2012

An amount of 50 was expensed in the quarter and the nine-month period ended 30 September 2012 with regards to the estimated expense to be incurred by the Company as a result of the completion of the liquidation process of Global Graphics Software (India) Private Limited, which management expects to happen before the end of the current financial year.

(ii) Quarter and nine-month period ended 30 September 2011

No other operating expenses were incurred in the quarter and the nine-month period ended 30 September 2011.

(b) Other operating income

(i) Quarter and nine-month period ended 30 September 2012

No other operating income was incurred in the quarter and the nine-month period ended 30 September 2012.

(ii) Quarter and nine-month period ended 30 September 2011

An amount of 205 was recognised in the nine-month period ended 30 September 2011 (nil in the quarter then ended) pursuant to the write-back of the provision for unused office space in Cambourne in the UK, which was recorded as at 31 December 2010 pursuant to management's decision to re-use all of that office space from 1 July 2011.

Accordingly, the Company also recognised an interest expense corresponding to the unwinding of the discount of that provision, which amounted to 26 in the nine-month period ended 30 September 2011 (nil in the quarter then ended), as set out in note 6 below.

NOTE 6: NET FINANCING GAINS (LOSSES)

In thousands of euros Unaudited and unreviewed figures	Quarter ended 30 Sept. 2012	Quarter ended 30 Sept. 2011	Nine-month period ended 30 Sept. 2012	Nine-month period ended 30 Sept. 2011
Interest income	1	2	2	5
Interest expenses (note 5b)	0	0	0	(26)
Net interest income (expenses)	1	2	2	(21)
Gains (losses) on transactions and balance revaluations	(11)	7	(40)	(8)
Gains (losses) on option contracts	3	0	2	0
Net exchange gains (losses)	(8)	7	(38)	(8)
Net financing gains (losses)	(7)	9	(36)	(29)

NOTE 7: INCOME TAX EXPENSE (BENEFIT)

(a) Current income tax expense (benefit)

(i) Quarter ended 30 September 2012
The Company recorded a current tax benefit amounting to 382 in the quarter ended 30 September 2012, compared with a current tax expense amounting to 4 in the quarter ended 30 September 2011.
The current income tax benefit which was recorded in the nine-month period ended 30 September 2012 predominantly resulted from the refund to Global Graphics Software Limited of the research and development tax credit for the year ended 31 December 2011, which was received by that subsidiary in late September 2012 for an amount of 386.

(ii) Nine-month period ended 30 September 2012
The Company recorded a current income tax benefit amounting to 369 in the nine-month period ended 30 September 2012, compared with a current income tax benefit amounting to 231 in the nine-month period ended 30 September 2011.
As indicated in note 7a (i) above, the current income tax benefit which was recorded in the nine-month period ended 30 September 2012 predominantly resulted from the refund to Global Graphics Software Limited of the research and development tax credit for the year ended 31 December 2011, which was received by that subsidiary in late September 2012 for an amount of 386.
The current income tax benefit which was recorded in the nine-month period ended 30 September 2011 predominantly resulted from the refund to Global Graphics Software Limited of the research and development tax credit for the year ended 31 December 2010, which was received by that subsidiary in early April 2011 for an amount of 253.

(b) Deferred tax expense (benefit)
The following table provides an analysis of the deferred tax expenses (benefits) which were recorded in the quarters and the nine-month periods ended 30 September 2012 and 2011, respectively:

In thousands of euros Unaudited and unreviewed figures	Quarter ended 30 Sept. 2012	Quarter ended 30 Sept. 2011	Nine-month period ended 30 Sept. 2012	Nine-month period ended 30 Sept. 2011
Arising from the capitalisation of development expenses (note 4b)	128	89	313	244
Arising from the amortisation of development expenses (note 4b)	(120)	(61)	(304)	(183)
Arising from the (de-)recognition of capital allowances (note 4c)	8	4	8	(9)
Other items	(9)	0	(15)	47
Deferred tax expense (benefit)	7	32	2	99

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

In thousands of euros Unaudited and unreviewed figures	Quarter ended 30 Sept. 2012	Quarter ended 30 Sept. 2011	Nine-month period ended 30 Sept. 2012	Nine-month period ended 30 Sept. 2011
Profit (loss) before income tax	313	(82)	(126)	(400)
Income tax expense (benefit) using the rate of 33.33%	104	(27)	(42)	(133)
Expense (benefit) attributable to:				
- Effect of differences of tax rates in foreign jurisdictions	(26)	11	(12)	23
- Effect of the recognition or utilisation of available capital allowances (note 4c)	8	4	8	(9)
- Effect of share-based plans (note 4d)	5	12	28	38
- Repayment of R&D tax credits (note 7a)	(386)	0	(386)	(253)
- Unrecognized tax losses	(72)	34	46	186
- Other items	(8)	2	(9)	16
Income tax expense (benefit)	(375)	36	(367)	(132)

(d) Recent and future decreases in the UK corporation tax rate

(i) Applicable accounting rules
In accordance with applicable provisions of IAS 12, Income taxes (IAS 12), any change in corporation tax rates cannot be reflected in a company’s consolidated accounts prepared in accordance with IFRSs unless the corporation tax rate changes have been either enacted or substantively enacted on or before the relevant balance sheet date.
In the UK, substantive enactment occurs when the relevant Finance Act has passed through the House of Commons and is awaiting only passage through the House of Lords and Royal Assent, or when a resolution having statutory effect has been passed under the Provisional Collection of Taxes Act 1968.

(ii) Recently enacted decreases of the UK corporation tax rate

- With effect from 1 April 2012

On 26 March 2012, the Chancellor of the Exchequer announced the decrease in the main rate of UK corporation tax from 26.0% to 24.0% with effect from 1 April 2012, which was an additional 1.0% in addition to the 1.0% reduction included in the Finance Bill 2011.

Given the late notice in such rate reduction applying from 1 April 2012, it has been legislatively necessary for the reduction to be included in a resolution which was given effect under the Provisional Collection of Taxes Act 1968. Accordingly, the reduction in the UK corporation tax rate to 24.0% was substantively enacted following the passing of the resolution on 26 March 2012.

The rate of 26.0% has been used for the computation of the tax expense (benefit) arising from the taxable profit (loss) made by the UK subsidiaries of the Company in the quarter ended 31 March 2012, while the rate of 24.0% has been used when computing the tax expense (benefit) arising from the taxable profit (loss) made by the UK subsidiaries of the Company in the quarters ended 30 June and 30 September 2012.

- With effect from 1 April 2013

In his Budget on 26 March 2012, the Chancellor of the Exchequer also proposed a further 1.0% reduction of the UK corporate tax rate to 23.0% from 1 April 2013.

Royal Assent was given to the Finance Act 2012 on 17 July 2012: as a result, the rate of 23.0% was used when computing the deferred tax assets and liabilities of the UK subsidiaries of the Company as at 30 September 2012.

(iii) Additional projected decrease of the UK corporation tax rate

In his Budget on 26 March 2012, the Chancellor of the Exchequer also proposed a further 1.0% reduction of the UK corporate tax rate to 22.0% from 1 April 2012.

This projected decrease in the UK corporate tax rate was not considered as substantively enacted for the purposes of IAS 12 as at 30 September 2012, and was therefore not considered when computing the deferred tax assets and liabilities of the UK subsidiaries of the Company as at 30 September 2012.

The effect on the Company’s tax position of this additional reduction of the UK corporation tax rate will be reflected in the Company’s consolidated accounts once the corresponding reduction has been enacted or substantively enacted.

NOTE 8: EARNINGS PER SHARE

(a) Basic earnings per share

(i) Method used in the computation of basic EPS

Basic earnings per share (EPS) are calculated by dividing profit or loss attributable to the Company’s shareholders for a period by the weighted average number of ordinary shares outstanding during that period, after taking into account any free shares the grant of which has become final in the period or any newly issued shares resulting from the exercise of share options, as applicable.

(ii) Computation of the weighted average number of shares to be used

- Quarters ended 30 September 2012 and 2011

The following table provides for the computation of the weighted average number of ordinary shares to be used for basic EPS computation in the quarters ended 30 September 2012 and 2011, respectively:

Unaudited and unreviewed figures	2012	2011
Ordinary shares outstanding at 1 July (note 12a)	10,289,781	10,289,781
Own shares held by the Company at 1 July (note 13c)	(165,517)	(168,081)
Number of ordinary shares outstanding at 1 July to be used for basic EPS computation	10,124,264	10,121,700
Effect of the final grant of own shares during the quarters ended 30 September (note 13b)	0	0
Weighted average number of ordinary shares to be used for basic EPS computation in the quarters ended 30 Sept.	10,124,264	10,121,700

- Nine-month periods ended 30 September 2012 and 2011

The following table provides for the computation of the weighted average number of ordinary shares to be used for basic EPS computation in the nine-month periods ended 30 September 2012 and 2011, respectively:

Unaudited and unreviewed figures	2012	2011
Ordinary shares outstanding at 1 January (note 12a)	10,289,781	10,289,781
Own shares held by the Company at 1 January (note 13c)	(166,267)	(168,081)
Number of ordinary shares outstanding at 1 January to be used for basic EPS computation	10,123,514	10,121,700
Effect of the final grant of own shares during the nine-month periods ended 30 September (note 13b)	361	0
Weighted average number of ordinary shares to be used for basic EPS computation in the nine-month periods ended 30 September	10,123,875	10,121,700

(b) Diluted earnings per share

(i) Method used in the computation of basic EPS

Diluted earnings per share are calculated by adjusting profit or loss attributable to the Company’s shareholders, and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares.

However, potential ordinary shares are treated as dilutive when, and only when, their conversion to ordinary shares would decrease earnings per share or increase loss per share: as a result, when the Company reports a net loss for a given period, no adjustment is made for dilutive potential ordinary shares, as management considers this would result in decreasing loss per share.

(ii) Computation of the weighted average number of shares to be used

- Quarters ended 30 September 2012 and 2011

The following table provides for the computation of the weighted average number of ordinary shares to be used for diluted EPS computation in the quarters ended 30 September 2012 and 2011, respectively:

Unaudited and unreviewed figures	2012	2011
Weighted average number of ordinary shares outstanding in the quarters ended 30 September	10,124,264	10,121,700
Adjustment for dilutive potential ordinary shares	175,985	0
Weighted average number of ordinary shares to be used for diluted EPS computation in the quarters ended 30 September	10,300,249	10,121,700

- Nine-month periods ended 30 September 2012 and 2011

The following table provides for the computation of the weighted average number of ordinary shares to be used for diluted EPS computation in the nine-month periods ended 30 September 2012 and 2011, respectively:

Unaudited and unreviewed figures	2012	2011
Weighted average number of ordinary shares outstanding in the nine-month periods ended 30 September	10,123,875	10,121,700
Adjustment for dilutive potential ordinary shares	174,999	0
Weighted average number of ordinary shares to be used for diluted EPS computation in the nine-month periods ended 30 September	10,298,874	10,121,700

NOTE 9: OTHER INTANGIBLE ASSETS

(a) Gross value

In thousands of euros	Nine-month period ended 30 Sept 2012 Unaudited, unreviewed figures	Year ended 31 December 2011
Gross value as at 1 January	46,097	43,768
Additions during the period (note 4b)	1,275	1,283
Disposals during the period	0	0
Effect of changes in exchange rates during the period	2,452	1,046
Gross value at end of reporting period	49,824	46,097

(b) Amortisation and impairment

In thousands of euros	Nine-month period ended 30 Sept 2012 Unaudited, unreviewed figures	Year ended 31 December 2011
Accumulated amortisation as at 1 January	40,767	38,763
Depreciation expense recognised during the period	1,243	1,095
Impairment expense recognised during the period	0	0
Effect of change in exchange rates during the period	2,170	909
Accumulated amortisation at end of reporting period	44,180	40,767

NOTE 10: GOODWILL

(a) Gross value

In thousands of euros	Nine-month period ended 30 Sept 2012 Unaudited, unreviewed figures	Year ended 31 December 2011
Gross value as at 1 January	12,891	12,608
Effect of changes in exchange rates during the period	679	283
Gross value at end of reporting period	13,570	12,891

(b) Amortisation and impairment

In thousands of euros	Nine-month period ended 30 Sept 2012 Unaudited, unreviewed figures	Year ended 31 December 2011
Accumulated amortisation as at 1 January	6,069	5,935
Impairment charge recognised in the period (note 4a)	0	0
Effect of changes in exchange rates during the period	319	134
Accumulated amortisation at end of reporting period	6,388	6,069

NOTE 11: TRADE RECEIVABLES

(a) Gross and net amounts

In thousands of euros	30 September 2012 Unaudited, unreviewed figures	31 December 2011
Gross amount (note 11b)	2,496	1,892
Allowance for doubtful accounts (note 11b)	(117)	(140)
Net amount	2,379	1,752

(b) Aging of trade receivables

	30 September 2012		31 December 2011	
In thousands of euros	Gross amount Unaudited, unreviewed figures	Allowance Unaudited, unreviewed figures	Gross amount	Allowance
Items which are not past due	1,966	0	1,253	2
Items which are past due:				
- 0 to 30 days	168	0	272	2
- 30 to 60 days	62	0	89	0
- 60 to 90 days	120	0	36	0
- more than 90 days	180	117	242	136
Total	2,496	117	1,892	140

NOTE 12: SHARE CAPITAL AND SHARE PREMIUM

(a) Share capital
The number of outstanding, fully paid, ordinary shares of the Company, each of par value of Euro 0.40, was 10,289,781 as at both 30 September 2012 and 31 December 2011, resulting in a share capital amounting to 4,116 at both these dates.

(b) Share premium

(i) Expenses relating to the Company’s share-based remuneration plans
An amount of 5 was incurred in relation with the Company’s share-based remuneration plans in the nine-month period ended 30 September 2012, and was offset against the share premium during that period (4 in the nine-month period ended 30 September 2011).

(ii) Expenses relating to grants of own shares
750 own shares held by the Company as treasury shares were granted in the nine-month period ended 30 September 2012 to one employee who was made redundant during that period (see notes 4d (i) above and 13b below).
The difference between the repurchase value of these 750 shares (amounting to 5) and their value at grant date to the employee (being nil for a grant of free shares) was offset against the share premium in the nine-month period ended 30 September 2012 for 5 (nil in the nine-month period ended 30 September 2011).

NOTE 13: OWN SHARES

(a) Repurchase of own shares
None of its own shares were repurchased or granted by the Company in either of the nine-month periods ended 30 September 2012 or 2011.

(b) Grants of own shares
750 own shares, having a repurchase value of 5, were granted in the nine-month period ended 30 September 2012 to one employee who was made redundant during that period (none in the nine-month period ended 30 September 2011).

(c) Number of own shares held at 30 September 2012
The total number of own shares held as treasury shares by the Company was 165,517 at 30 September 2012 compared with 166,267 at 31 December 2011, for respective repurchase values of 1,186 and 1,191.

NOTE 14: SEGMENT REPORTING

(a) Identification of operating and reportable segments

(i) Applicable rules
Management has identified operating segments give rise to reporting pursuant its review of those segments giving rise to reporting to the Company’s CEO, who decides upon the best allocation of resources and monitors the operating and financial performance of each operating segment.
Two segments were identified, the Print segment for the printing software segment of the Company’s business, and the eDoc segment for the electronic document software segment of the Company’s business.
The performance of each of these segments is monitored by the Company’s CEO 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 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, as well as current liabilities other than customer advances and deferred revenue, are not allocated to any of the Company’s reportable segments.
Whenever appropriate, management may restate prior year’s comparative information to conform to the current year’s presentation of operating segment information, notably sales and asset breakdown.

(b) Analysis of the Company’s sales

(i) Breakdown of sales by nature of products sold and services rendered

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.

The following table provides a breakdown of the Company’s sales by nature of products sold and services rendered for those sales made in the quarters and the nine-month periods ended 30 September 2012 and 2011, respectively:

In thousands of euros Unaudited and unreviewed figures	Quarter ended 30 Sept. 2012	Quarter ended 30 Sept. 2011	Nine-month period ended 30 Sept. 2012	Nine-month period ended 30 Sept. 2011
License royalties	2,426	1,683	6,342	5,287
Maintenance and support services	310	274	871	795
Engineering services	0	24	0	94
Other	0	58	0	58
Total sales	2,736	2,039	7,213	6,234

(ii) Breakdown of sales based on the geographical location of customers

In thousands of euros Unaudited and unreviewed figures	Quarter ended 30 Sept. 2012	Quarter ended 30 Sept. 2011	Nine-month period ended 30 Sept. 2012	Nine-month period ended 30 Sept. 2011
France	1	1	7	3
Europe (excluding France)	149	192	641	817
North America (USA and Canada)	1,399	1,552	4,720	4,095
Asia (including Japan)	1,182	276	1,798	1,255
Rest of the world	5	18	47	64
Total sales	2,736	2,039	7,213	6,234

(c) Sales and gross profit by business segment

(i) Quarter ended 30 September 2012

In thousands of euros Unaudited and unreviewed figures	Print segment	eDoc segment	Unallocated items	Total
Total segment sales	1,616	1,120	0	2,736
Inter-segment sales	0	0	0	0
Sales from external customers	1,616	1,120	0	2,736
Cost of sales	(61)	(34)	(14)	(109)
Gross profit	1,555	1,086	(14)	2,627

(ii) Quarter ended 30 September 2011 (restated)

In thousands of euros Unaudited and unreviewed figures	Print segment	eDoc segment	Unallocated items	Total
Total segment sales	1,772	267	0	2,039
Inter-segment sales	0	0	0	0
Sales from external customers	1,772	267	0	2,039
Cost of sales	(57)	(33)	(12)	(102)
Gross profit	1,715	234	(12)	1,937

(iii) Nine-month period ended 30 September 2012

In thousands of euros Unaudited and unreviewed figures	Print segment	eDoc segment	Unallocated items	Total
Total segment sales	5,673	1,540	0	7,213
Inter-segment sales	0	0	0	0
Sales from external customers	5,673	1,540	0	7,213
Cost of sales	(192)	(70)	(41)	(303)
Gross profit	5,481	1,470	(41)	6,910

(ii) Nine-month period ended 30 September 2011 (restated)

In thousands of euros Unaudited and unreviewed figures	Print segment	eDoc segment	Unallocated items	Total
Total segment sales	4,912	1,322	0	6,234
Inter-segment sales	0	0	0	0
Sales from external customers	4,912	1,322	0	6,234
Cost of sales	(178)	(100)	(37)	(315)
Gross profit	4,734	1,222	(37)	5,919

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

In thousands of euros Unaudited and unreviewed figures	Quarter ended 30 Sept. 2012	Quarter ended 30 Sept. 2011	Nine-month period ended 30 Sept. 2012	Nine-month period ended 30 Sept. 2011
Gross profit for reportable segments (note 14c)	2,627	1,937	6,910	5,919
Selling, gen. & admin. expenses	(1,016)	(851)	(3,192)	(3,020)
Research & development expenses	(1,241)	(1,177)	(3,758)	(3,475)
Net other operating income (expenses)	(50)	0	(50)	205
Net financing gains (losses) (note 6)	(7)	9	(36)	(29)
Profit (loss) before income tax	313	(82)	(126)	(400)

(e) Reconciliation of assets and liabilities

(i) As at 30 September 2012

In thousands of euros Unaudited and unreviewed figures	Print segment	eDoc segment	Unallocated items	Total
Non-current assets	10,919	1,907	565	13,391
Current assets	1,153	1,226	2,386	4,765
Total assets	12,072	3,133	2,951	18,156
Non-current liabilities	0	0	2	2
Current liabilities	333	131	1,161	1,625
Total liabilities	333	131	1,163	1,627

(ii) As at 31 December 2011 (restated for current assets and liabilities)

In thousands of euros	Print segment	eDoc segment	Unallocated items	Total
Non-current assets	10,302	1,850	602	12,754
Current assets	1,287	465	2,892	4,644
Total assets	11,589	2,315	3,494	17,398
Non-current liabilities	0	0	2	2
Current liabilities	674	72	1,183	1,929
Total liabilities	674	72	1,185	1,931

(f) Allocation of non-current assets based on their geographical location

In thousands of euros	30 September 2012 Unaudited, unreviewed figures	31 December 2011
France	8	9
Foreign subsidiaries		
- UK	9,884	9,413
- US	3,486	3,321
- Japan	13	11
Total foreign subsidiaries	13,383	12,745
Total non-current assets	13,391	12,754

NOTE 15: RELATED PARTY TRANSACTIONS

The Company has a related party relationship with its subsidiaries (see note 16 below) as well as with its directors and executive officers, as set out below.

(a) With the Company’s directors

The amount of board fees to be allocated among the Company’s directors which was recognized in each of the quarters ended 30 September 2012 and 2011 was 15, while it was 45 in each of the nine-month periods then ended.

(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 2012 and 2011, respectively:

In thousands of euros Unaudited and unreviewed figures	Quarter ended 30 Sept. 2012	Quarter ended 30 Sept. 2011	Nine-month period ended 30 Sept. 2012	Nine-month period ended 30 Sept. 2011
Salaries	82	72	241	210
Other short-term benefits	8	4	111	84
Total salaries and other short-term benefits	90	76	352	294

(ii) Share-based compensation plans
Executive officers are entitled to participate in the Company’s share option and share grant schemes.
No share options or shares were granted to the executive officers in the quarter and the nine-month period ended 30 September 2012.
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 2012 and 2011, respectively, were as follows:

In thousands of euros Unaudited and unreviewed figures	Quarter ended 30 Sept. 2012	Quarter ended 30 Sept. 2011	Nine-month period ended 30 Sept. 2012	Nine-month period ended 30 Sept. 2011
Relating to share option grants	13	18	36	54
Relating to share grants	4	4	12	9
Total	17	22	48	63

(c) With a company which is managed by one of the Company’s directors
In its meeting on 16 December 2009, approval was given by the Company’s Board of Directors to two agreements with Andlinger & Co. CVBA, a Belgium-based company which is managed by Mr. Johan Volckaerts.
The purpose of these agreements was to provide that the Company would be:
- entitled to use a meeting room and related services in Brussels, against the payment of a fee amounting to Euro 1,500 each quarter; and
- provided with advice regarding its strategy, against the payment of a fee amounting to Euro 6,000 per month, which was increased to Euro 6,500 per month from 1 February 2011 as voted by the Board on 8 February 2011, and decreased to Euro 4,500 per month from 1 October 2011 as voted by the Board on 2 November 2011.
The corresponding amounts which were expensed by the Company were 15 and 21 in the quarters ended 30 September 2012 and 2011, respectively, and 45 and 63 in the nine-month periods then ended, respectively.

NOTE 16: SUBSIDIARIES
These condensed consolidated interim financial statements for the quarters and the nine-month periods ended 30 September 2012 and 2011, respectively, include the accounts of the following companies:

	Country of incorporation	% of ownership 2012	% of ownership 2011
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	100

Global Graphics Software (India) Private Limited has been dormant since April 2010 and is currently under liquidation, the completion of which is expected shortly.
Jaws Systems Limited has been dormant since the close of the financial year ended 31 December 2001.

GLOBAL GRAPHICS SA AND SUBSIDIARIES
ADJUSTED FINANCIAL INFORMATION PREPARED BY MANAGEMENT

NOTE 1: BASIS OF PREPARATION OF ADJUSTED FINANCIAL INFORMATION

The Company's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs) and related interpretations issued by the International Accounting Standards Board (IASB), as adopted by the European Union.

However, management of the Company it believes that evaluating the Company's ongoing results may not be as useful if an investor is limited to reviewing only IFRS financial measures, notably because management of the Company uses adjusted financial information to evaluate its ongoing operations as well as for internal planning and forecasting purposes.

To prepare adjusted financial information, management of the Company complies with the principles set in the Recommendation on Alternative Performance Measures which was issued by the Committee of European Securities Regulators (now the European Securities and Markets Authority) in October 2005.

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 adjusted financial measures 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.

As a result, 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.

NOTE 2: INFORMATION ON ADJUSTMENTS MADE TO REPORTED NUMBERS

The purpose of the following adjustments, which are made to reported numbers with respect of the Company's operating and net profit (loss), is to provide additional information to measure the Company's financial performance.

(a) Share-based remuneration expense

In accordance with applicable provisions of IFRS 2, Share-based payments, an expense is recognized in the Company's consolidated financial statements with respect of share-based remuneration plans, regardless of any change in the number of outstanding shares of the Company pursuant to the exercise of share options, or before the grant of shares to employees of the Company becomes final.

As a result, management of the Company believes it is appropriate to adjust the Company's profit or loss reported under IFRSs of such expense to provide a relevant measure of the Company's financial performance.

(b) Capitalization and amortization of eligible software development expenses

Costs relating to development projects which meet all of the criteria set out under paragraphs 57 to 62 of IAS 38, Intangible Assets, are capitalized, and are subsequently amortized over the estimated useful life of the corresponding development project.

Considering the level of judgment required to assess whether a development project may be eligible to such capitalization, and also to set the duration of the useful life of such project, management of the Company believes it is appropriate to adjust the Company's profit or loss reported under IFRSs of such amounts to provide a relevant measure of the Company's financial performance.

(c) Unusual, abnormal and infrequent items of income and expense
In accordance with provisions of Paragraph 97 of IAS 1 (revised), Presentation of Financial Statements, unusual, abnormal and infrequent items of income and expense have to be disclosed in a separate note, in an attempt to improve the predictive value of the consolidated statement of income (loss).
Management of the Company believes that the most appropriate way of achieving this is, in addition to separate disclosure on the face of the consolidated statement of income under the Other operating expenses and/or Other operating income captions, and the detailed analysis of corresponding amounts in a separate note, to adjust the Company's profit or loss reported under IFRSs of such items to provide the user of the Company's financial information with a consistent base of comparison, excluding the effect of such items.

NOTE 3: ADJUSTED FINANCIAL INFORMATION COMPUTATION

(a) Adjusted operating profit (loss) computation

In thousands of euros Unaudited and unreviewed figures	Quarter ended 30 Sept. 2012	Quarter ended 30 Sept. 2011	Nine-month periods ended 30 Sept. 2012	ended 30 Sept. 2011
Reported operating profit (loss)	320	(91)	(90)	(371)
Add back (deduct):				
- Effect of the capitalization of development expenses (note 4b)	(534)	(343)	(1,275)	(919)
- Amort. of capitalized development expenses (note 4b)	500	235	1,237	687
- Share-based remuneration expenses (note 4d)	17	38	85	115
- Net effect of other operating (income) expenses (note 5)	50	0	50	(205)
Total adjustments to reported operating profit (loss)	33	(70)	97	(322)
Adjusted operating profit (loss)	353	(161)	7	(693)
In % of the period's sales	12.9%	-7.9%	0.1%	-11.1%

(b) Adjusted net profit (loss) computation

In thousands of euros, except per share data in euro Unaudited and unreviewed figures	Quarter ended 30 Sept. 2012	Quarter ended 30 Sept. 2011	Nine-month periods ended 30 Sept. 2012	Nine-month periods ended 30 Sept. 2011
Reported net profit (loss)	688	(118)	241	(268)
Add back (deduct):				
- Net effect of the capitalization of development expenses (note 4b)	(34)	(108)	(38)	(232)
- Share-based remuneration expenses (note 4d)	17	38	85	115
- Net effect of other operating (income) expenses (note 5)	50	0	50	(205)
- Accretion expense (income) arising from the discounting of the vacant lease provision	0	0	0	26
- Tax effect of abovementioned adjustments	(40)	28	(104)	108
Total adjustments to reported net profit (loss)	(7)	(42)	(7)	(188)
Adjusted net profit (loss)	681	(160)	234	(456)
Adjusted net EPS	0.07	(0.02)	0.02	(0.05)

Adjusted net EPS is computed by dividing the adjusted net profit (loss) for a given reporting period by the weighted average number of ordinary shares which were outstanding during that period used for basic EPS computation (see note 8a), i.e. 10,124,264 and 10,121,700 shares for the quarters ended 30 September 2012 and 2011, respectively, and 10,123,875 and 10,121,700 shares for the nine-month periods ended 30 September 2012 and 2011, respectively.

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 2012
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 Company’s Board of Directors for the quarter and the nine-month period ended 30 September 2012.
This interim management report was authorized for issue by the Company’s Board of Directors on 25 October 2012.

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

(a) Structure of the Company as at 30 September 2012
No change has occurred in the Company’s structure during the quarter and the nine-month ended 30 September 2012.
Global Graphics Software (India) Private Limited, which has been dormant since late April 2010, is under liquidation since early May 2010; the completion of the liquidation process, which is dependent only on a formal decision from the Indian judiciary authorities, is expected before the end of the current financial year.
Please also refer to note 16 to the Company’s condensed consolidated interim financial statements as at and for the quarter and the nine-month period ended 30 September 2012 for further information on the Company’s structure.

(b) Changes in the Company’s structure since 1 October 2012
On the date this report was drafted, no change had occurred in the Company’s structure since 1 October 2012.

NOTE 2: MANAGEMENT DISCUSSION OF CONSOLIDATED FINANCIAL RESULTS
The Company prepares its condensed consolidated interim financial statements in accordance with IAS 34, Interim Financial Reporting, 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 (the reporting currency of the Company), rounded to the nearest thousand, unless otherwise specified.

(a) Quarter ended 30 September 2012

(i) Sales analysis
Sales were 2,736 in the quarter ended 30 September 2012, compared with 2,039 in the third quarter of the financial year ended 31 December 2011, or an increase of 34.2% at current exchange rates.
Sales reported for the quarter ended 30 September 2012 were favorably impacted by the intake during the quarter of two significant bulk orders (similar annual bulk orders had been received in Q2 and Q4 2011, respectively).
Approximately 55.1% of the Company’s sales made in the quarter ended 30 September 2012 were denominated in US dollars, which substantially increased versus the euro, since the average euro/US dollar rate was 1.252 in the quarter ended 30 September 2012, while it was 1.402 in the third quarter of the financial year ended 31 December 2011, or an increase of 12.0%.

At constant exchange rates, sales made in the quarter ended 30 September 2012 would have amounted to approximately 2,520, showing an increase of 23.6% over the figure reported for sales in the third quarter of the financial year ended 31 December 2011.

Sales made in the Print segment of the Company's business were 1,616 in the quarter ended 30 September 2012, and showed a decrease of 8.8% at current exchange rates over the 1,772 figure reported for sales made in the same segment of the Company's business in the third quarter of the financial year ended 31 December 2011.

Sales made in the eDoc segment of the Company's business were 1,120 in the quarter ended 30 September 2012, and showed an increase of 319.5% at current exchange rates over the 267 figure reported for sales made in the same segment of the Company's business in the third quarter of the financial year ended 31 December 2011, notably because of the abovementioned two annual bulk orders which were received in the quarter ended 30 September 2012.

(ii) Operating profit

The Company reported an operating profit of 320 in the quarter ended 30 September 2012 (or 11.7% of the quarter's sales), compared with an operating loss of 91 in the third quarter of the financial year ended 31 December 2011 (or 4.5% of that quarter's sales), or a favorable variance of 411, which can be analyzed as follows:

- sales increased by 697, as set out in note 2a (i) above;
- cost of sales was 109 in the quarter ended 30 September 2012 (4.0% of the quarter's sales), compared with 102 in the third quarter of the financial year ended 31 December 2011 (5.0% of that quarter's sales), or an unfavorable variance of 7;
- selling, general and administrative expenses totaled 1,016 in the quarter ended 30 September 2012 (37.1% of the quarter's sales), showing an increase of 165 (i.e. of 19.4%) over the 851 figure reported for such expenses in the third quarter of the financial year ended 31 December 2011 (41.7% of that quarter's sales);
- research & development expenses totaled 1,241 in the quarter ended 30 September 2012 (45.4% of the quarter's sales) showing an increase of 64 (i.e. of 5.4%) over the 1,177 figure reported for such expenses in the third quarter of the financial year ended 31 December 2011 (57.7% of that quarter's sales).

Research & development expenses reported for the quarter ended 30 September 2012 included a benefit of 34 with respect of the effect, after amortization, of the capitalization of eligible development expenses relating to the development projects for which all criteria for such capitalization were met, compared with a corresponding benefit of 108 in the third quarter of the financial year ended 31 December 2011, or an unfavorable variance of 74 (please refer to 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 2012 for further information on capitalized development expenses, and their subsequent amortization);

- the amount of 50 reported as Other operating expenses in the quarter ended 30 September 2012 related to the estimated cost to be incurred by the Company when completing the liquidation process of the Company's Indian subsidiary (nil in the quarter ended 30 September 2011);
- there was no other operating income in either of the quarters ended 30 September 2012 or 2011.

(iii) Profit before income tax

The Company reported a profit before income tax of 313 in the quarter ended 30 September 2012 (or 11.4% of the quarter's sales), compared with a loss before income tax of 82 in the third quarter of the financial year ended 31 December 2011 (or 4.0% of that quarter's sales), or a favorable variance of 395 which resulted from the combination of:

- the change in the Company’s operating result, which was a profit of 320 in the quarter ended 30 September 2012, compared with a loss of 91 in the third quarter of the financial year ended 31 December 2011, or a favorable variance of 411 as discussed above;
- the decrease in interest income of 1 over the 2 figure reported for interest income in the third quarter of the financial year ended 31 December 2011, or an unfavorable variance of 1; and
- the unfavorable effect of foreign currency exchange differences, which were losses of 8 in the quarter ended 30 September 2012, compared with gains of 7 in the third quarter of the financial year ended 31 December 2011, or an unfavorable variance of 15.

(iv) Net profit

The Company reported a net profit of 688 in the quarter ended 30 September 2012 (or a net profit of Euro 0.07 per share) after giving effect to an income tax benefit of 375 (including a current income tax benefit of 382 and a deferred tax expense of 7), compared with a net loss of 118 in the third quarter of the financial year ended 31 December 2011 (or a net loss of Euro 0.01 per share), after effect of a tax expense of 36.

The current income tax benefit which was recorded in the quarter ended 30 September 2012 predominantly resulted from the refund to the UK subsidiary of the Company of the research and development tax credit for the year ended 31 December 2011, which was received by that subsidiary in late September 2012 for an amount of 386.

(b) Nine-month period ended 30 September 2012

(i) Sales analysis

Sales were 7,213 in the nine-month period ended 30 September 2012, compared with 6,234 in the same period of the financial year ended 31 December 2011, or an increase of 15.7% at current exchange rates.

Sales for the nine-month period ended 30 September 2012 were favorably impacted by the intake during the period of a significant bulk order (a similar annual bulk order had been received in Q4 2011).

Approximately 70.1% of the Company’s sales made in the nine-month period ended 30 September 2012 were denominated in US dollars, which substantially increased versus the euro, since the average euro/US dollar rate was 1.282 in the nine-month period ended 30 September 2012, while it was 1.396 in the same period of the financial year ended 31 December 2011, or an increase of 8.9%.

At constant exchange rates, sales made in the nine-month period ended 30 September 2012 would have amounted to approximately 6,652, showing an increase of 6.7% over the figure reported for sales in the same period of the financial year ended 31 December 2011.

Sales made in the Print segment of the Company’s business were 5,673 in the nine-month period ended 30 September 2012, and showed an increase of 15.5% at current exchange rates, over the 4,912 figure reported for sales made in the same segment of the Company’s business in the same period of the financial year ended 31 December 2011.

Sales made in the eDoc segment of the Company’s business were 1,540 in the nine-month period ended 30 September 2012, and showed an increase of 16.5% at current exchange rates over the 1,322 figure reported for sales made in the same segment of the Company’s business during the same period of the financial year ended 31 December 2011, notably because the intake during the nine-month period ended 30 September 2012 of a significant annual bulk order, as mentioned above (a similar annual bulk order had been received in Q4 2011).

(ii) Operating loss

The Company reported an operating loss of 90 in the nine-month period ended 30 September 2012 (or 1.2% of the period’s sales), compared with an operating loss of 371 in the same period of the financial year ended 31 December 2011 (or 6.0% of that period’s sales), or a favorable variance of 281, which can be analyzed as follows:

- sales increased by 979, as set out in note 2b (i) above;
- cost of sales was 303 in the nine-month period ended 30 September 2012 (4.2% of the period’s sales), compared with 315 in the same period of the financial year ended 31 December 2011 (5.1% of that period’s sales), or a favorable variance of 12;
- selling, general and administrative expenses totaled 3,192 in the nine-month period ended 30 September 2012 (44.3% of the period’s sales), showing an increase of 172 (i.e. of 5.7%) over the 3,020 figure reported for such expenses in the same period of the financial year ended 31 December 2011 (48.4% of that period’s sales);
- research & development expenses totaled 3,758 in the nine-month period ended 30 September 2012 (52.1% of the period’s sales) showing an increase of 283 (i.e. of 8.1%) over the 3,475 figure reported for such expenses in the same period of the financial year ended 31 December 2011 (55.7% of that period’s sales).
Research & development expenses reported for the nine-month period ended 30 September 2012 included a benefit of 38 with respect of the effect, after amortization, of the capitalization of eligible development expenses relating to the development projects for which all criteria for such capitalization were met, compared with a corresponding benefit of 232 in the same period of the financial year ended 31 December 2011, on an unfavorable variance of 194 (please refer to 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 2012 for further information on capitalized development expenses);
- the amount of 50 reported as Other operating expenses in the nine-month period ended 30 September 2012 relates to the estimated cost to be incurred by the Company when completing the liquidation process of the Company’s Indian subsidiary (no such expenses were incurred in the nine-month period ended 30 September 2011);
- there was no other operating income in the nine-month period ended 30 September 2012, compared with other operating income amounting to 205 in the same period of the financial year ended 31 December 2011, or an unfavorable variance of 205.

(iii) Loss before income tax

The Company reported a loss before income tax of 126 in the nine-month period ended 30 September 2012 (or 1.7% of the period’s sales), compared with a loss before income tax of 400 in the same period of the financial year ended 31 December 2011 (or 6.4% of that quarter’s sales), or a favorable variance of 274 which resulted from the combination of:

- the decrease of the operating loss, from a loss of 90 in the nine-month period ended 30 September 2012, compared with a loss of 371 in the same period of the financial year ended 31 December 2011, or a favorable variance of 281 as discussed above;
- the decrease in interest income of 3 over the 5 figure reported for interest income in the nine-month period ended 30 September 2011, or an unfavorable variance of 3;
- no interest expense was recorded in the nine-month period ended 30 September 2012, compared with an interest expense of 26 in the same period of the financial year ended 31 December 2011, or a favorable variance of 26; and
- the unfavorable effect of foreign currency exchange differences, which were losses of 38 in the nine-month period ended 30 September 2012, compared with losses of 8 in the same period of the financial year ended 31 December 2011, or an unfavorable variance of 30.

(iv) Net profit
The Company reported a net profit of 241 in the nine-month period ended 30 September 2012 (or a net profit of Euro 0.02 per share) after giving effect to an income tax benefit of 367 (including a current income tax benefit of 369 and a deferred tax expense of 2), compared with a net loss of 268 in the same period of the financial year ended 31 December 2011 (or a net loss of Euro 0.03 per share), after effect of a tax benefit of 132.
The current income tax benefit which was recorded in the nine-month period ended 30 September 2012 predominantly resulted from the refund to the Company of the research and development tax credit for the year ended 31 December 2011, which was received by its UK subsidiary in late September 2012 for an amount of 386.
The current income tax benefit which was recorded in the nine-month period ended 30 September 2011 predominantly resulted from the refund to the Company of the research and development tax credit for the year ended 31 December 2010, which was received by its UK subsidiary in early April 2011 for an amount of 253.

(v) Cash-flow for the nine-month period ended 30 September 2012
Cash flows provided by the Company's operations amounted to 540 in the nine-month period ended 30 September 2012 (or 7.5% of the period's sales), compared with cash flows provided by the Company's operations amounting to 539 in the same period of the financial year ended 31 December 2011 (or 8.6% of that period's sales).
Cash balances available at 1 January 2012 (which amounted to 2,315) allowed the Company to fund these operating requirements as well as its capital expenditures incurred in the nine-month period ended 30 September 2012, either on property, plant and equipment for 77, or those resulting from the capitalization of development expenses for 1,275, and to close the period with a net cash position of 1,597 (1,394 as at 30 September 2011).

NOTE 3: ADJUSTED FINANCIAL PERFORMANCE

(a) Adjusted operating profit (EBITA)
The Company reported an adjusted operating profit of 7 in the nine-month period ended 30 September 2012 (or 0.1% of the period's sales), compared with an adjusted operating loss of 693 in the same period of the financial year ended 31 December 2011 (or 11.1% of that period's sales), or a favorable variance of 700.

(b) Adjusted net profit
The Company reported an adjusted net profit of 234 (or an adjusted net profit of Euro 0.02 per share) in the nine-month period ended 30 September 2012, compared with an adjusted net loss of 456 (or an adjusted net loss of Euro 0.05 per share) in the same period of the financial year ended 31 December 2011, or a favorable variance of 690.

NOTE 4: SIGNIFICANT OPERATIONAL AND FINANCIAL RISK FACTORS

(a) Significant operational risk factors
Please refer to note 2d to the report on the Company's operations for the financial year ended 31 December 2011, which was drafted by the Company's Board of Directors and was included in the Company's annual financial report for that year, for a discussion on these risk factors.

(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, as discussed below.

(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 option contracts transacted with high-credit-quality financial institutions after review and approval by the Company's Chief Financial Officer.
These contracts gave the Company the right, but not the obligation, to convert at respective maturity dates of these contracts an amount of US dollars into euros at a maximum rate (the 'strike price') assuming that, during the life of the corresponding contract, the exchange rate between the $ and the euro or the British pound, as applicable, was always higher than a minimum rate (the trigger rate). Should this trigger rate occur, the Company would be obliged to convert an amount of $ at the strike price at respective maturity dates of these contracts.
One option contract was outstanding at 30 September 2012, which had a nominal value of $125,000, which was due to expire on 20 December 2012, and had respective option trigger and strike prices of $1.1460 and $1.2600 for 1 Euro.
The Company recorded foreign currency exchange gains of 3 and 2 with respect of foreign currency option contracts in the quarter and the nine-month period ended 30 September 2012 respectively, compared with nil in the same periods of the financial year ended 31 December 2011 in the absence of such contracts outstanding at either 31 December 2010 or 30 September 2011.

- Risk arising from net investments in foreign subsidiaries

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.
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 2012 for further information on foreign currency exchange differences for those periods.

(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 65.3% of the Company's sales in the nine-month period ended 30 September 2012 (compared with 58.4% for the same period of the financial year ended 31 December 2011); approximately 50.8% of sales were made with the five largest customers of the Company in the nine-month period ended 30 September 2012 (compared with 42.3% for the same period of the financial year ended 31 December 2011), and approximately 16.4% with the major customer alone in the nine-month period ended 30 September 2012 (compared with 14.7% for the same period of the financial year ended 31 December 2011).

(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 cash position of 1,597 as at 30 September 2012, and the absence of any financial debt at such date, the Company did not apply for any lines of credit in the nine-month period ended 30 September 2012.

(iv) Cash-flow interest-rate risk

As the Company had no significant interest-bearing assets and liabilities at either 30 September 2012 or 31 December 2011, the Company's income and operating cash flows for the nine-month period ended 30 September 2012 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 2012 for further information on interest income and expenses recognized during those periods.

(v) Sovereign debt risk

The Company did not have any exposure to sovereign debt risk as at and during the nine-month period ended 30 September 2012 as it did hold any financial assets of that nature during that period.

(vi) Risk arising from the Eurozone crisis

The Company's exposure to the Eurozone crisis is limited since sales made in the eurozone countries are predominantly made with customers located in countries of the Eurozone which are not considered risky such as Germany and the Netherlands, and that a sizeable portion of sales made within the Eurozone countries is denominated in other currencies than the Euro, as shown below:

- Breakdown of sales made in Europe by country

In thousands of euros Unaudited and unreviewed figures	Third quarter 2012	Third quarter 2011	Nine months to 30 Sept. 2012	Nine months to 30 Sept. 2011
- Germany	87	143	310	349
- Netherlands	16	12	40	296
- PIGS countries	0	0	1	1
- France	1	1	7	3
Total Eurozone countries	104	156	358	649
% of total sales for the period	3.8%	7.7%	5.0%	10.4%
United Kingdom	28	13	218	77
Other countries	18	24	72	94
Total sales made in Europe	150	193	648	820

- Currencies in which sales made in the Eurozone countries are denominated

In thousands of euros Unaudited and unreviewed figures	Third quarter 2012	Third quarter 2011	Nine months to 30 Sept. 2012	Nine months to 30 Sept. 2011
Euro	61.5%	74.5%	65.0%	40.1%
- US dollar	6.2%	4.5%	7.6%	43.7%
- Pound Sterling	32.3%	21.0%	27.4%	16.2%
Other currencies than the euro	38.5%	25.5%	35.0%	59.9%
Total sales made in Europe	100.0%	100.0%	100.0%	100.0%

(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 from both established software products such as RIP software in the Print segment of the Company's business, or recently launched applications, 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 2012 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 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 consolidated financial statements for the financial year ended 31 December 2011, 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 these 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:

- Income tax

The exposure draft on income tax, which was published for comment on 31 March 2009, outlined proposed changes to the method of accounting for income tax.

The project started as a convergence project with US Generally Accepted Accounting Principles (US GAAP); however, in the light of responses to the exposure draft, the Board of the IASB narrowed the scope of the project, which resulted in certain amendments to the existing standard, IAS 12, Income Taxes, in December 2010.

The IASB hinted that it may consider a fundamental review of the accounting for income taxes as part of its agenda consultation process during 2012.

- Revenue recognition

The exposure draft, Revenue from Contracts with Customers, which was published for public comment by the IASB and the Financial Accounting Standard Board (FASB) on 24 June 2010, outlined the IASB's intent to publish a final standard on revenue recognition no later than June 2011 to supersede the existing two standards on revenue recognition: IAS 11, Construction Contracts, and IAS 18, Revenue, as well as related interpretations.

On 15 June 2011, the IASB and the FASB issued a joint press release confirming that a new exposure draft would be issued for comments during the third quarter of 2011, the objective being to issue a new standard in the course of 2012.
On 14 November 2011, the IASB and the FASB issued for public comment a second exposure draft to improve and converge the financial reporting requirements of IFRSs and US GAAP for revenue (and some related costs) from contracts with customers; both standards-setters now expect to issue a final standard on revenue recognition in the first half of 2013, with an effective date expected to be 1 January 2015.

NOTE 5: RELATED PARTY TRANSACTIONS

Please refer to note 15 to the Company's condensed consolidated interim financial statements for the quarter and the nine-month period ended 30 September 2012 for further information on such transactions.

NOTE 6: INFORMATION ON THE COMPANY'S PERSONEL

(a) Breakdown by geographical area of employment

	30 September 2012	31 December 2011
United Kingdom	63	63
United States of America	8	8
Japan	3	2
Continental Europe	2	2
Total	76	75

(b) Breakdown by nature of employment

	30 September 2012	31 December 2011
Research and development	46	48
Sales and support	19	16
General & administrative	11	11
Total	76	75

As at 30 September 2012, the Company also employed a total of 3 full-time contractors, 2 of whom were software developers.

NOTE 7: VOTING RIGHTS AND SIGNIFICANT SHAREHOLDERS

(a) Voting rights attached to shares outstanding as at 30 September 2012

(i) Theoretical number of voting rights

Number of shares to which a single voting right is attached	10,283,061
Number of shares to which a double voting right is attached	6,720
Theoretical number of voting rights attached to the Company's ordinary shares which were outstanding at 30 September 2012	10,296,501

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

Theoretical number of voting rights computed as indicated above	10,296,501
Number of voting rights attached to own shares held by the Company	(165,517)
Total number of voting rights to be used for shareholders' meeting quorum computation as at 30 September 2012	10,130,984

(b) Significant shareholders as at 30 September 2012

(i) Stichting Andlinger & Co. Euro-Foundation
As at 30 September 2012, Stichting Andlinger & Co. Euro-Foundation held 2,883,001 shares of the Company, or approximately 28.02% of the total number of shares of the Company which were outstanding at such date.
Attached to these 2,883,001 shares were a total of 2,883,021 voting rights, representing approximately 28.00% of the total number of voting rights attached to the Company's ordinary shares which were outstanding as at 30 September 2012.

(ii) Other significant shareholders
As at 30 September 2012, 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.

NOTE 8: INFORMATION REGARDING GLOBAL GRAPHICS SA
Because Global Graphics SA (the Parent) has only one employee and also because 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, the Parent's statutory results for the quarter and the nine-month period ended 30 September 2012 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 2012.

GLOBAL GRAPHICS SA AND SUBSIDIARIES
STATEMENT MADE BY THE PERSON TAKING RESPONSIBILITY FOR THE INTERIM FINANCIAL REPORT FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2012
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 interim financial report for the nine-month period ended 30 September 2012 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-month period ended 30 September 2012.

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 nine-month period ended 30 September 2012 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 2012.

Cambourne (United Kingdom), on 25 October 2012,

Gary Fry
Chief Executive Officer