

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-Q

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2006

OR

- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number N/A

SGS INTERNATIONAL, INC.

(Exact name of registrant as specified in its charter)

DELAWARE

(State or other jurisdiction of
incorporation or organization)

20-3939981

(I.R.S. Employer
Identification No.)

**626 West Main Street,
Suite 500**

Louisville, Kentucky

(Address of principal executive offices)

40202

(Zip Code)

(502) 637-5443

(Registrant's telephone number, including area code)

Former fiscal year ended December 30, 2005. Current fiscal year will end December 31, 2006.

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [] No [X]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

Large accelerated filer [] Accelerated filer [] Non-accelerated filer [X]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes [] No [X]

As of April 30, 2006 there were 100 shares of the registrant's common stock, \$0.01 par value, outstanding.

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PART I
FINANCIAL INFORMATION

Item 1. Financial Statements

SGS International, Inc. and Subsidiaries

Consolidated / Combined Income Statements

(unaudited)

(in thousands of dollars)

	<u>Successor</u> <u>Three Months Ended</u> <u>March 31, 2006</u>	<u>Predecessor</u> <u>Three Months Ended</u> <u>March 31, 2005</u>
REVENUES:		
Sales	\$ 72,749	\$ 64,120
Sales to related parties	-	1,611
Total revenues	<u>72,749</u>	<u>65,731</u>
COSTS AND EXPENSES:		
Cost of goods sold (exclusive of depreciation and amortization)	49,859	45,314
Selling, general and administrative expenses	9,127	7,915
Depreciation	1,761	1,897
Amortization	2,131	2,173
Related party interest expense	-	1,418
Interest expense	8,670	28
Other expense, net	23	15
Total costs and expenses	<u>71,571</u>	<u>58,760</u>
INCOME BEFORE INCOME TAXES	1,178	6,971
PROVISION FOR INCOME TAXES	402	2,733
NET INCOME	<u>\$ 776</u>	<u>\$ 4,238</u>

The accompanying notes are an integral part of the financial statements.

SGS International, Inc. and Subsidiaries

Consolidated Balance Sheets (March 31, 2006 is unaudited)

(in thousands of dollars, except share data)

	<u>March 31, 2006</u>	<u>December 31, 2005</u>
ASSETS		
Current assets:		
Cash	\$ 14,607	\$ 3,308
Receivables from customers, less allowances of \$1,334 and \$1,362 at March 31, 2006 and December 31, 2005, respectively	55,001	54,098
Deferred income taxes	252	-
Prepaid expenses and other current assets	8,593	8,425
Total current assets	<u>78,453</u>	<u>65,831</u>
Properties, plants and equipment, net	53,143	53,496
Goodwill	160,298	158,972
Other intangible assets, net	166,293	168,343
Deferred financing costs, net	10,776	11,185
Other assets	620	379
TOTAL ASSETS	<u>\$ 469,583</u>	<u>\$ 458,206</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable, trade	\$ 18,182	\$ 12,501
Accrued compensation	3,135	3,683
Accrued taxes, including taxes on income	964	1,080
Accrued interest	7,768	-
Other current liabilities	11,446	13,604
Current portion of long-term obligations	1,867	1,886
Total current liabilities	<u>43,362</u>	<u>32,754</u>
Long-term obligations, net of current portion	318,130	318,537
Deferred income taxes	272	-
Total liabilities	<u>361,764</u>	<u>351,291</u>
Minority interest	-	-
Commitments and contingencies		
Stockholders' equity:		
Common stock, \$.01 par value, 1,000 shares authorized and 100 shares outstanding	-	-
Additional capital	107,000	107,000
Accumulated other comprehensive income	128	-
Retained earnings (deficit)	691	(85)
Total stockholders' equity	<u>107,819</u>	<u>106,915</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 469,583</u>	<u>\$ 458,206</u>

The accompanying notes are an integral part of the financial statements.

SGS International, Inc. and Subsidiaries
Consolidated Statement of Stockholder's Equity
(unaudited)
(in thousands of dollars)

	<u>Comprehensive Income</u>	<u>Common Stock</u>	<u>Additional Capital</u>	<u>Retained Earnings (Accumulated Deficit)</u>	<u>Accumulated Other Comprehensive Income</u>	<u>Total Stockholder's Equity</u>
Balance at December 31, 2005		\$ -	\$ 107,000	\$ (85)	\$ -	\$ 106,915
Comprehensive income:						
Net income	\$ 776	-	-	776	-	776
Unrealized translation adjustments	<u>128</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>128</u>	<u>128</u>
Comprehensive income	<u>\$ 904</u>					
Balance at March 31, 2006		<u>\$ -</u>	<u>\$ 107,000</u>	<u>\$ 691</u>	<u>\$ 128</u>	<u>\$ 107,819</u>

The accompanying notes are an integral part of the financial statements.

SGS International, Inc. and Subsidiaries
Consolidated / Combined Statement of Cash Flows
(unaudited)
(in thousands of dollars)

	<u>Successor</u> <u>Three Months Ended</u> <u>March 31, 2006</u>	<u>Predecessor</u> <u>Three Months Ended</u> <u>March 31, 2005</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 776	\$ 4,238
Reconciliation of net income to net cash provided by operations:		
Depreciation and amortization	3,899	4,070
Amortization of deferred financing costs	409	
Change in deferred income taxes	78	(56)
Changes in assets and liabilities:		
Accounts receivable, trade	(875)	(3,363)
Related party receivables, net	-	(6,032)
Prepaid expenses and other current assets	(141)	2,486
Non-current assets and liabilities	(309)	(305)
Accounts payable and accrued expenses	9,368	1,814
Taxes, including taxes on income	(124)	2,076
Net cash provided by operating activities	<u>13,081</u>	<u>4,928</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property, plant and equipment	(1,376)	(818)
Net cash used in investing activities	<u>(1,376)</u>	<u>(818)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net changes in short-term borrowings	-	(12)
Borrowings on revolving line of credit	3,000	-
Repayments on revolving line of credit	(3,000)	-
Payments on long-term debt	(416)	(88)
Net cash used in financing activities	<u>(416)</u>	<u>(100)</u>
Effect of exchange rate changes on cash	<u>10</u>	<u>1</u>
INCREASE IN CASH	11,299	4,011
CASH, BEGINNING OF PERIOD	<u>3,308</u>	<u>829</u>
CASH, END OF PERIOD	<u>\$ 14,607</u>	<u>\$ 4,840</u>

The accompanying notes are an integral part of the financial statements.

SGS International, Inc. and Subsidiaries
Notes to Consolidated / Combined Financial Statements (Unaudited)
(all amounts in thousands of dollars, unless otherwise stated)

A. Summary of Significant Accounting Policies

General Nature of Business

Southern Graphic Systems (“the Predecessor”), headquartered in Louisville, Kentucky, supplies photographic and digital images and manufactures flexographic printing plates and rotogravure cylinders for the packaging printing industry. The Predecessor has 34 locations in the United States, Canada, Mexico and the United Kingdom.

Acquisition

On December 30, 2005, SGS International, Inc. (“the Successor”), a majority owned subsidiary of Citigroup Venture Capital Equity Partners, LP (CVC), purchased the Predecessor from Alcoa Inc. (Alcoa), for approximately \$409.4 million (“the Acquisition”), which was paid via a combination of cash and the proceeds from the issuance of senior subordinated notes and borrowings under a senior credit facility, and is summarized herein. CVC and certain other investors contributed a cash equity investment of \$107.0 million. (In subsequent transactions, Lyon Southern, Inc. (of which the Successor’s director, Richard Leong, is Chief Investment Advisor), certain members of management and others made an aggregate equity investment of \$17.6 million, the proceeds of which were used to repurchase from CVC the same number of shares of common stock and perpetual preferred stock of Southern Graphics Inc. originally acquired by CVC.) The Successor also issued \$200.0 million aggregate principal amount of its 12% senior subordinated notes due in 2013, resulting in net proceeds of \$194.5 million. In addition, the Successor also obtained a new secured senior credit facility of \$193.7 million, of which \$118.7 million was drawn at closing to fund a portion of the Acquisition purchase price. These total proceeds were reduced by certain debt issuance and other transaction costs. The final Acquisition purchase price is subject to adjustments per the sales agreement between the Successor and Alcoa.

In conjunction with the Acquisition, the purchase price was allocated to reflect the fair value of the assets acquired and liabilities assumed as of December 31, 2005 in accordance with Statement of Financial Accounting Standards (SFAS) No. 141, Business Combinations. The purchase price allocation is subject to completion of final valuation studies and working capital adjustments with the seller. The final allocation of the purchase price is not expected to vary materially. The following table summarizes the preliminary allocation of the purchase price to the Successor’s assets acquired and liabilities assumed:

<u>Purchase Price</u>	(in millions)
Acquisition Price	\$ 409.0 ⁽¹⁾
Deferred Financing Fees	11.2
Transaction Costs	7.7
Total Acquisition Price	<u>\$ 427.9</u>

⁽¹⁾ The acquisition price in the table above consists of the initial purchase price of \$409.4 million, plus revisions to the estimated working capital adjustment component of the purchase price of \$1.3 million, less debt assumed of \$1.7 million.

SGS International, Inc. and Subsidiaries
Notes to Consolidated / Combined Financial Statements (Unaudited - continued)
(all amounts in thousands of dollars, unless otherwise stated)

<u>Allocation of Acquisition Price</u>	(in millions)
Current Assets	\$ 65.8
Properties, Plants and Equipment	53.5
Goodwill	160.2
Customer Relationships	142.7
Deferred Financing Fees	11.2
Other Intangible Assets	25.6
Other Assets	0.3
Liabilities Assumed	(31.4)
Total Acquisition Price	<u>\$ 427.9</u>

Basis of Presentation

The accompanying unaudited consolidated / combined financial statements have been prepared by the Successor in accordance with accounting principles generally accepted in the United States of America for interim financial reporting and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and related footnotes that would normally be required by accounting principles generally accepted in the United States of America for complete financial reporting. These unaudited consolidated / combined financial statements should be read in conjunction with the Successor's and Predecessor's consolidated / combined audited financial statements in the Successor's Registration Statement on Form S-4 filed for the year ended December 31, 2005 (the "Form S-4"). The December 31, 2005 condensed balance sheet data was derived from audited financial statements, but does not include all disclosures required by accounting principles generally accepted in the United States of America.

The accompanying unaudited consolidated / combined financial statements include all adjustments (consisting of a normal and recurring nature) that management considers necessary for a fair statement of financial information for the interim periods. Interim results are not necessarily indicative of the results that may be expected for the remainder of the year ending December 31, 2006.

Successor Principles of Consolidation

The accompanying consolidated financial statements as of March 31, 2006, December 31, 2005 and for the three months ended March 31, 2006 include the accounts of SGS International, Inc., its wholly owned subsidiaries and companies more than fifty percent owned. These subsidiaries include Southern Graphic Systems, Inc. (U.S.) ("SGS"), Project Dove Holdco, Inc., Project Dove Manitoba, L.P., Southern Graphic Systems-Canada, Co., Southern Graphic Systems Mexico, S. De R.L. De C.V ("SGS Mexico"), SGS-UK Holdings, Ltd., SGS-UK Limited ("SGS UK"), MCG Graphics, Ltd. and Mozaic Group, Ltd. Accordingly, the accompanying consolidated financial statements for the three months ended March 31, 2006 are labeled Successor and the three months ended March 31, 2005 are labeled Predecessor.

Predecessor Principles of Combination

The accompanying combined financial statements for the three months ended March 31, 2005 are stated at historical cost basis and include the combined accounts of SGS, Southern Graphic Systems-Canada, Ltd., SGS Mexico and companies more than fifty percent owned by them (Mozaic Group,

SGS International, Inc. and Subsidiaries
Notes to Consolidated / Combined Financial Statements (Unaudited - continued)
(all amounts in thousands of dollars, unless otherwise stated)

Ltd. and its subsidiaries). The combined financial statements for this quarter have been derived from the books and records of Alcoa. The combined statement of income includes all items of revenue and income generated by the Predecessor, and all items of expense incurred by the Predecessor. These include expenses charged to the Predecessor by Alcoa in the normal course of business. The combined financial statements reflect amounts that have been pushed down from Alcoa in order to depict the combined results of operations and cash flows of the Predecessor on a stand-alone basis. As a result of recording these amounts, the combined financial statements of the Predecessor may not be indicative of the results that would be presented if the Predecessor had operated as an independent stand-alone entity.

Use of Estimates

The consolidated / combined financial statements are prepared in conformity with accounting principles generally accepted in the United States of America and require management to make certain estimates and assumptions. These may affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. They may also affect the reported amounts of revenues and expenses during the reporting period. Areas that require significant judgments, estimates and assumptions include the accounting for environmental matters, the testing of goodwill and other indefinite-lived intangible assets for impairment and tax matters. Management uses historical experience and all available information to make these judgments and actual results could differ from those estimates upon subsequent resolution of some matters.

B. Predecessor Stock-Based Compensation

Prior to the Acquisition, certain employees of the Predecessor received stock options under Alcoa's stock incentive plans. Stock options under Alcoa's stock incentive plans have been granted at not less than market prices on the dates of grant. The Predecessor accounted for stock-based compensation in accordance with the provisions of Accounting Principles Board Opinion (APB) No. 25, *Accounting for Stock Issued to Employees*, and related interpretations using the intrinsic value method which resulted in no compensation costs for options granted. In addition to stock option awards, beginning in 2004, Alcoa granted stock awards and performance share awards that vest over three years from the date of grant. Compensation expense for stock awards is calculated based on the fair value at the grant date, and compensation expense for performance share awards is based on the fair value on the date the performance criteria are determined. The after-tax expense (at a rate of 35% for 2005) for these awards was \$44 for the three months ended March 31, 2005.

Stock option features based on the date of original grant are as follows:

Date of Original Grant	Vesting	Term	Reload Feature
2003	3 years (1/3 each year)	10 years	One reload in 2004 for 1/3 vesting in 2004
2004 and Forward	3 years (1/3 each year)	6 years	None

SGS International, Inc. and Subsidiaries
Notes to Consolidated / Combined Financial Statements (Unaudited - continued)
(all amounts in thousands of dollars, unless otherwise stated)

The Predecessor's net income would have been reduced to the pro forma amounts shown below if compensation cost had been determined based on the fair value at the grant dates in accordance with SFAS Nos. 123 and 148, *Accounting for Stock Based Compensation*.

	<u>Predecessor</u> <u>Three Months Ended</u> <u>March 31, 2005</u>
Net income, as reported	\$ 4,238
Less: additional compensation cost determined under the fair value method, net of tax	75
Pro forma net income	<u>\$ 4,163</u>

On December 31, 2005, Alcoa accelerated the vesting of stock options granted to employees in 2004 and on January 13, 2005. The accelerated options have weighted average exercise prices of \$29.54 and \$35.66, respectively. The decision to accelerate the vesting of the 2005 and 2004 options was made primarily to avoid recognizing the related compensation cost in future financial statements upon the adoption of SFAS No. 123 (revised 2004) "Share-Based Payment."

In anticipation of the adoption of SFAS No. 123 (revised 2004) Alcoa switched from the Black-Scholes pricing model to a lattice model to estimate fair value at grant date for options granted in 2005. The fair value of each option is estimated on the date of grant or subsequent reload using the lattice or Black-Scholes pricing model with the following assumptions:

	<u>2005</u>
Average risk free interest rate	2.65-4.2%
Expected dividend yield	1.8%
Expected volatility	27%-35%
Expected life (years)	3.8

The Successor had no stock option plan in existence during the quarter ended March 31, 2006.

SGS International, Inc. and Subsidiaries
Notes to Consolidated / Combined Financial Statements (Unaudited - continued)
(all amounts in thousands of dollars, unless otherwise stated)

C. Goodwill and Other Intangible Assets

Goodwill and other intangible assets consist of the following:

	<u>March 31,</u> <u>2006</u>	<u>December 31,</u> <u>2005</u>
Goodwill	\$ 160,298	\$ 158,972
Other intangible assets:		
Customer relationships, cost	142,818	142,727
Customer relationships, accumulated Amortization	(1,849)	(17)
Other intangible assets, cost	25,635	25,638
Other intangible assets, accumulated Amortization	(311)	(5)
Total other intangible assets, net	<u>\$ 166,293</u>	<u>\$ 168,343</u>

The increase in goodwill of \$1,326 in the three months ended March 31, 2006 is the result of adjustments to the preliminary purchase price allocation of \$1,306 (see Note A) and foreign currency of \$20. Amortization of intangible assets is estimated to be approximately \$8,523 each year from 2006 through 2010.

D. Interest Expense

Net interest expense consists of the following:

	<u>Successor</u> <u>Three Months</u> <u>Ended March 31,</u> <u>2006</u>	<u>Predecessor</u> <u>Three Months</u> <u>Ended March 31,</u> <u>2005</u>
Composition of interest expense:		
Interest on senior secured term loan	\$ 2,077	\$ -
Interest on senior subordinated notes	6,000	-
Amortization of deferred financing costs	409	-
Commitment fees on senior secured credit facility	194	-
Other	(10)	28
Interest expense, net	<u>\$ 8,670</u>	<u>\$ 28</u>

SGS International, Inc. and Subsidiaries
Notes to Consolidated / Combined Financial Statements (Unaudited - continued)
(all amounts in thousands of dollars, unless otherwise stated)

E. Related Party Transactions - Predecessor

The Predecessor sold products to various related companies, consisting of other Alcoa subsidiaries, at negotiated prices between the two parties. For the three months ended March 31, 2005, the Predecessor had sales of \$1,611 to related parties.

The Predecessor had borrowings with other Alcoa subsidiaries. For the three months ended March 31, 2005, interest expense on these related party borrowings was \$1,418.

F. Income Taxes

The effective tax rate for the quarter ended March 31, 2006 was 34.1%, compared to 39.2% for the quarter ended March 31, 2005. The decrease in the effective tax rate was primarily due to the foreign tax jurisdictions representing a higher percentage of income before taxes for the quarter ended March 31, 2006 than for the quarter ended March 31, 2005.

Undistributed earnings of non-U.S. subsidiaries aggregated \$860 on March 31, 2006, which, under existing law, will not be subject to U.S. tax until distributed as dividends. Since the earnings have been, or currently are intended to be, indefinitely reinvested in foreign operations, no provision has been made for any U.S. taxes that may be applicable thereto. Furthermore, the taxes paid to foreign governments on those earnings may be used in whole or in part as credits against the U.S. tax on any dividends distributed from such earnings. It is not practicable to estimate the amount of unrecognized deferred U.S. taxes on these undistributed earnings.

G. Defined Contribution Plan

Effective January 1, 2006, the Successor adopted the Southern Graphic Systems, Inc. Savings Plan (the "Plan"), a defined contribution plan under Section 401(k) of the Internal Revenue Code, for the benefit of eligible employees and their beneficiaries. An employee is eligible to make elective deferral contributions to the Plan beginning on the first day of any payroll period on or following April 1, 2006. The Plan is funded with both employer and employee contributions. Participants may voluntarily contribute up to 16% of their annual pay into the plan, not to exceed an annual dollar limitation, which is \$15,000 (amount in even dollars, not thousands) in 2006. (For participants over the age of 50, the annual dollar limitation is \$29,000 (amount in even dollars, not thousands) for 2006). The Plan provides that, for each payroll period beginning on or after July 1, 2006, the Successor may make matching contributions in an amount to be determined by the Board of Directors, which amount for each payroll period shall not be greater than 100% of the participant's elective deferrals that do not exceed the first 6% of the participant's compensation for the payroll period. In addition, the Plan provides that, for any Plan year, the Successor may make discretionary contributions in an amount to be determined by the Board of Directors as of the last day of the Plan year on behalf of each participant, subject to certain Internal Revenue Code limitations.

SGS International, Inc. and Subsidiaries
Notes to Consolidated / Combined Financial Statements (Unaudited - continued)
(all amounts in thousands of dollars, unless otherwise stated)

H. Supplemental Guarantor Information

The Successor's debt includes the senior credit facility and the 12% senior subordinated notes. The U.S. borrowings under the senior credit facility have been guaranteed by SGS International, Inc., Southern Graphic Systems, Inc. and Project Dove Holdco, Inc. The Canadian borrowings under the senior credit facility have been guaranteed by SGS-UK Holdings, Ltd., Southern Graphic Systems Mexico, S. De R.L. De C.V., Southern Graphic Systems, Inc., Project Dove Holdco, Inc., Project Dove Manitoba, L.P., Southern Graphics Inc., and SGS International, Inc., . The senior subordinated notes are general unsecured obligations and are guaranteed on a senior subordinated basis by certain of the Successor's domestic subsidiaries and rank secondary to the Successor's senior credit facility. Guarantor subsidiaries for the senior subordinated notes include Southern Graphic Systems, Inc. and Project Dove Holdco, Inc. Non-Guarantor subsidiaries for the senior subordinated notes include the remaining direct and indirect domestic and foreign subsidiaries. The subsidiary guarantors are 100% owned by the Successor, the guarantees are full and unconditional, and the guarantees are joint and several.

Following are condensed consolidating / combining financial statements of the Successor and Predecessor. The guarantor subsidiaries for the senior subordinated notes are presented in a combined format for the Predecessor. There was not a parent company/subsidiary relationship under the combined Predecessor reporting. Under the Successor, investments in subsidiaries are either consolidated or accounted for under the equity method of accounting. Intercompany balances and transactions have been eliminated.

SGS International, Inc. and Subsidiaries
Notes to Consolidated / Combined Financial Statements (Unaudited - continued)
(in thousands of dollars)

Supplemental Condensed Consolidating Balance Sheet
March 31, 2006

	<u>Parent / Issuer</u>	<u>Consolidated Guarantor Subsidiaries</u>	<u>Consolidated Non- Guarantor Subsidiaries</u>	<u>Eliminations</u>	<u>Consolidated</u>
Assets					
Current assets					
Cash	\$ 6,800	\$ 548	\$ 7,259	\$ -	\$ 14,607
Receivables from customers, less allowances	-	40,030	14,971	-	55,001
Related party receivables	281,512	16,354	26,416	(324,282)	-
Deferred income taxes	-	172	80	-	252
Prepaid expenses and other current assets	-	6,307	2,286	-	8,593
Total current assets	<u>288,312</u>	<u>63,411</u>	<u>51,012</u>	<u>(324,282)</u>	<u>78,453</u>
Investment in subsidiaries	105,616	23,001	14,800	(143,417)	-
Properties, plants and equipment, net	471	42,965	9,707	-	53,143
Goodwill	7,034	116,291	36,973	-	160,298
Other intangible assets, net	-	134,451	31,842	-	166,293
Deferred financing costs, net	10,776	-	-	-	10,776
Other assets	-	258	362	-	620
Total assets	<u>\$ 412,209</u>	<u>\$ 380,377</u>	<u>\$ 144,696</u>	<u>\$ (467,699)</u>	<u>\$ 469,583</u>
Liabilities					
Current liabilities					
Accounts payable, trade	\$ 1,364	\$ 10,734	\$ 6,084	\$ -	\$ 18,182
Related party payables	-	284,231	40,051	(324,282)	-
Accrued compensation	-	2,476	659	-	3,135
Accrued taxes, including taxes on income	(38)	62	940	-	964
Accrued interest	7,496	-	272	-	7,768
Other current liabilities	349	9,368	1,729	-	11,446
Current portion of long-term obligations	989	-	878	-	1,867
Total current liabilities	<u>10,160</u>	<u>306,871</u>	<u>50,613</u>	<u>(324,282)</u>	<u>43,362</u>
Noncurrent liabilities					
Long-term obligations, net of current portion	297,464	-	20,666	-	318,130
Non current liabilities	-	-	-	-	-
Deferred income taxes	(3,234)	3,437	69	-	272
Total noncurrent liabilities	<u>294,230</u>	<u>3,437</u>	<u>20,735</u>	<u>-</u>	<u>318,402</u>
Total liabilities	<u>304,390</u>	<u>310,308</u>	<u>71,348</u>	<u>(324,282)</u>	<u>361,764</u>
Minority interest	-	-	-	-	-
Contingencies and commitments					
Stockholder's equity	<u>107,819</u>	<u>70,069</u>	<u>73,348</u>	<u>(143,417)</u>	<u>107,819</u>
Total liabilities and stockholders' equity	<u>\$ 412,209</u>	<u>\$ 380,377</u>	<u>\$ 144,696</u>	<u>\$ (467,699)</u>	<u>\$ 469,583</u>

SGS International, Inc. and Subsidiaries
Notes to Consolidated / Combined Financial Statements (Unaudited - continued)
(in thousands of dollars)

Supplemental Condensed Consolidating Balance Sheet
December 31, 2005

	<u>Parent / Issuer</u>	<u>Consolidated Guarantor Subsidiaries</u>	<u>Consolidated Non- Guarantor Subsidiaries</u>	<u>Eliminations</u>	<u>Consolidated</u>
Assets					
Current assets					
Cash	\$ 2,005	\$ 851	\$ 452	\$ -	\$ 3,308
Receivables from customers, less allowances	-	38,008	16,090	-	54,098
Related party receivables	290,244	3,100	30,000	(323,344)	-
Deferred income taxes	-	-	-	-	-
Prepaid expenses and other current assets	-	6,084	2,341	-	8,425
Total current assets	<u>292,249</u>	<u>48,043</u>	<u>48,883</u>	<u>(323,344)</u>	<u>65,831</u>
Investment in subsidiaries	99,475	23,001	14,800	(137,276)	-
Properties, plants and equipment, net	-	43,414	10,082	-	53,496
Goodwill	5,669	114,045	39,258	-	158,972
Other intangible assets, net	-	136,137	32,206	-	168,343
Deferred financing costs, net	11,185	-	-	-	11,185
Other assets	-	196	183	-	379
Total assets	<u>\$ 408,578</u>	<u>\$ 364,836</u>	<u>\$ 145,412</u>	<u>\$ (460,620)</u>	<u>\$ 458,206</u>
Liabilities					
Current liabilities					
Accounts payable, trade	\$ -	\$ 7,773	\$ 4,728	\$ -	\$ 12,501
Related party payables	-	282,744	40,600	(323,344)	-
Accrued compensation	-	2,621	1,062	-	3,683
Accrued taxes, including taxes on income	(37)	85	1,032	-	1,080
Other current liabilities	3,000	9,067	1,537	-	13,604
Current portion of long-term obligations	987	-	899	-	1,886
Total current liabilities	<u>3,950</u>	<u>302,290</u>	<u>49,858</u>	<u>(323,344)</u>	<u>32,754</u>
Noncurrent liabilities					
Long-term obligations, net of current portion	297,713	-	20,824	-	318,537
Non current liabilities	-	-	-	-	-
Deferred income taxes	-	-	-	-	-
Total noncurrent liabilities	<u>297,713</u>	<u>-</u>	<u>20,824</u>	<u>-</u>	<u>318,537</u>
Total liabilities	<u>301,663</u>	<u>302,290</u>	<u>70,682</u>	<u>(323,344)</u>	<u>351,291</u>
Minority interest	-	-	-	-	-
Contingencies and commitments					
Stockholder's equity	<u>106,915</u>	<u>62,546</u>	<u>74,730</u>	<u>(137,276)</u>	<u>106,915</u>
Total liabilities and stockholders' equity	<u>\$ 408,578</u>	<u>\$ 364,836</u>	<u>\$ 145,412</u>	<u>\$ (460,620)</u>	<u>\$ 458,206</u>

SGS International, Inc. and Subsidiaries
Notes to Consolidated / Combined Financial Statements (Unaudited - continued)
(in thousands of dollars)

Supplemental Condensed Successor Consolidating Statement of Income
For the Three Months Ended March 31, 2006

	<u>Parent / Issuer</u>	<u>Consolidated Guarantor Subsidiaries</u>	<u>Consolidated Non- Guarantor Subsidiaries</u>	<u>Eliminations</u>	<u>Consolidated</u>
Revenues					
Sales	\$ -	\$ 54,770	\$ 17,979	\$ -	\$ 72,749
Sales to related parties	-	922	541	(1,463)	-
Total revenues	-	55,692	18,520	(1,463)	72,749
Costs and expenses					
Cost of goods sold	-	37,017	14,305	(1,463)	49,859
Selling, general and administrative expenses	125	7,230	1,772	-	9,127
Provision for depreciation	-	1,289	472	-	1,761
Provision for amortization	-	1,687	444	-	2,131
Related party interest expense	-	-	-	-	-
Interest expense (income), net	8,347	(41)	364	-	8,670
Other (income) expense, net	-	(32)	55	-	23
Total costs and expenses	8,472	47,150	17,412	(1,463)	71,571
Equity in net income of subsidiaries	6,013	-	-	(6,013)	-
Income (loss) before income taxes	(2,459)	8,542	1,108	(6,013)	1,178
(Benefit) provision for taxes on income (loss)	(3,235)	3,256	381	-	402
Net income	\$ 776	\$ 5,286	\$ 727	\$ (6,013)	\$ 776

Supplemental Predecessor Condensed Combining Statement of Income
For the Three Months Ended March 31, 2005

	<u>Parent / Issuer</u>	<u>Combined Guarantor Subsidiaries</u>	<u>Combined Non- Guarantor Subsidiaries</u>	<u>Eliminations</u>	<u>Combined</u>
Revenues					
Sales	\$ -	\$ 51,481	\$ 12,639	\$ -	\$ 64,120
Sales to related parties	-	2,617	330	(1,336)	1,611
	-	54,098	12,969	(1,336)	65,731
Costs and expenses					
Cost of goods sold	-	37,506	9,144	(1,336)	45,314
Selling, general and administrative expenses	-	6,863	1,052	-	7,915
Provision for depreciation	-	1,432	465	-	1,897
Provision for amortization	-	1,849	324	-	2,173
Related party interest expense	-	1,483	(65)	-	1,418
Interest expense	-	-	28	-	28
Other (income) expense, net	-	20	(5)	-	15
	-	49,153	10,943	(1,336)	58,760
Income before income taxes	-	4,945	2,026	-	6,971
Provision for taxes on income	-	1,959	774	-	2,733
Net income	\$ -	\$ 2,986	\$ 1,252	\$ -	\$ 4,238

SGS International, Inc. and Subsidiaries
Notes to Consolidated / Combined Financial Statements (Unaudited - continued)
(in thousands of dollars)

Supplemental Successor Condensed Consolidating Statement of Cash Flows
For the Three Months Ended March 31, 2006

	<u>Parent / Issuer</u>	<u>Consolidated Guarantor Subsidiaries</u>	<u>Consolidated Non- Guarantor Subsidiaries</u>	<u>Eliminations</u>	<u>Consolidated</u>
Cash provided by operations	\$ 5,514	\$ 554	\$ 7,013	\$ -	\$ 13,081
Financing activities:					
Payments on long-term debt, net	(247)	-	(169)	-	(416)
Cash used in financing activities	(247)	-	(169)	-	(416)
Investing activities:					
Capital expenditures	(472)	(857)	(47)	-	(1,376)
Cash used in investing activities	(472)	(857)	(47)	-	(1,376)
Effect of exchange rate changes on cash	-	-	10	-	10
Net change in cash	4,795	(303)	6,807	-	11,299
Cash at beginning of quarter	2,005	851	452	-	3,308
Cash at end of quarter	\$ 6,800	\$ 548	\$ 7,259	-	\$ 14,607

Supplemental Predecessor Condensed Combining Statement of Cash Flows
For the Three Months Ended March 31, 2005

	<u>Parent / Issuer</u>	<u>Combined Guarantor Subsidiaries</u>	<u>Combined Non- Guarantor Subsidiaries</u>	<u>Eliminations</u>	<u>Combined</u>
Cash provided by (used in) operations	\$ -	\$ 5,268	\$ (340)	\$ -	\$ 4,928
Financing activities:					
Net changes in short-term borrowings	-	(12)	-	-	(12)
Payments on long-term debt	-	-	(88)	-	(88)
Cash used in financing activities	-	(12)	(88)	-	(100)
Investing activities:					
Capital expenditures	-	(660)	(158)	-	(818)
Cash used in investing activities	-	(660)	(158)	-	(818)
Effect of exchange rate changes on cash	-	-	1	-	1
Net change in cash	-	4,596	(585)	-	4,011
Cash at beginning of quarter	-	-	829	-	829
Cash at end of quarter	\$ -	\$ 4,596	\$ 244	\$ -	\$ 4,840

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

The following Management’s Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with Item 1, “Financial Statements” in Part 1 of this quarterly report on Form 10-Q.

The following discussion and analysis of our historical consolidated / combined financial statements includes the three month period ended March 31, 2005, which is a period prior to SGS International, Inc.’s acquisition of Southern Graphic Systems from Alcoa Inc. As a result, the historical financial information included in this report may not reflect what our results of operations, financial position and cash flows would have been had we operated as a separate, stand-alone company for the three month period ended March 31, 2005.

The statements in the discussion and analysis regarding our expectations regarding the performance of our business, our liquidity and capital resources and other non-historical statements are forward-looking statements. These forward-looking statements are subject to numerous risks and uncertainties. Our actual results may differ materially from those contained in or implied by any of these forward-looking statements.

Overview

We are a global leader in the digital imaging and communication industry, offering design-to-print graphic services to the international consumer products packaging market. We offer a full spectrum of innovative digital solutions that streamline the capture, management, execution, and distribution of graphics information. Our brand development, creative design, prepress, image carriers and print support services are utilized in each of the three main printing processes: flexography, gravure and lithography. Our customers, many of which we have served for over 20 years, include large branded consumer products companies, mass merchant retailers and the printers and converters that service them. Our services ensure that our customers are able to obtain or produce consistent, high quality packaging materials often on short turnaround times.

RESULTS OF OPERATIONS

The information presented below for the three months ended March 31, 2006 and 2005 was prepared by management and is unaudited. In the opinion of management, all adjustments necessary for a fair statement of our financial position and operating results for such quarters and as of such dates have been included. (Dollar amounts below are in thousands and percentages are expressed as a percentage of sales.)

	Successor		Predecessor	
	Three Months Ended March 31, 2006		Three Months Ended March 31, 2005	
	(unaudited)		(unaudited)	
Sales	\$72,749	100.0%	\$65,731	100.0%
Costs and expenses:				
Cost of goods sold	49,859	68.5%	45,314	68.9%
Selling, general, and administrative expenses	9,127	12.5%	7,915	12.0%
Depreciation	1,761	2.4%	1,897	2.9%
Amortization	2,131	2.9%	2,173	3.3%
Related party interest expense	-	0.0%	1,418	2.2%
Interest expense	8,670	11.9%	28	0.0%
Other expense, net	23	0.0%	15	0.0%
Total costs and expenses	71,571	98.4%	58,760	89.4%
Income before income taxes	1,178	1.6%	6,971	10.6%
Provision for taxes on income	402	0.5%	2,733	4.2%
Net income	\$ 776	1.1%	\$ 4,238	6.4%

Quarter ended March 31, 2006 compared to quarter ended March 31, 2005

Sales. Sales for the quarter ended March 31, 2006 increased 10.7% to \$72.7 million from \$65.7 million for the quarter ended March 31, 2005. This increase is primarily due to the acquisition of the L'image Creo business in August 2005 and the acquisition of MCG Graphics in November 2005. These acquisitions added incremental revenue for the quarter ended March 31, 2006 of \$0.5 million and \$4.9 million, respectively. In addition, the investment in our Winston-Salem operations resulted in additional revenue of approximately \$1.7 million for the quarter ended March 31, 2006.

Cost of Goods Sold. Cost of goods sold for the quarter ended March 31, 2006 increased 10.0% to \$49.9 million from \$45.3 million for the quarter ended March 31, 2005. The acquisitions of L'image Creo and MCG Graphics added estimated incremental costs of goods sold for the quarter ended March 31, 2006 of \$0.5 million and \$4.1 million, respectively.

Selling, General and Administrative Expenses. Selling, general and administrative expenses for the quarter ended March 31, 2006 increased 15.3% to \$9.1 million from \$7.9 million for the quarter ended March 31, 2005. The acquisitions of L'image Creo and MCG Graphics added estimated incremental selling, general and administrative expenses for the quarter ended March 31, 2006 of \$0.1 million and \$0.3 million, respectively. In addition, we incurred an additional \$0.5 million in expenses for operating as a separate, stand-alone company in the quarter ended March 31, 2006.

Depreciation and Amortization Expenses. Depreciation and amortization expenses for the quarter ended March 31, 2006 decreased 4.4% to \$3.9 million from \$4.1 million for the quarter ended March 31, 2005. This decrease was primarily due to the fair value adjustments and adjustments to the remaining useful lives of intangible assets and property, plant, and equipment through the purchase accounting process.

Interest Expense and Related Party Interest Expense. Total interest expense for the quarter ended March 31, 2006 increased to \$8.7 million from \$1.4 million for the quarter ended March 31, 2005. This increase was primarily due to the impact of the financing required for SGS International Inc.'s purchase of Southern Graphic Systems from Alcoa Inc.

Income before income taxes. Income before tax for the quarter ended March 31, 2006 decreased by \$5.8 million to \$1.2 million from \$7.0 million for the quarter ended March 31, 2005. This decrease was primarily due to the increases in interest expense for the reason previously discussed. The increase in interest expense was partially offset by additional income before tax in the quarter ended March 31, 2006 provided by acquired businesses.

Provision for taxes on income. The effective tax rate for the quarter ended March 31, 2006 was 34.1%, compared to 39.2% for the quarter ended March 31, 2005. The decrease in the effective tax rate was primarily due to the foreign tax jurisdictions representing a higher percentage of our income before taxes for the quarter ended March 31, 2006 than for the quarter ended March 31, 2005.

Net income. Net income for the quarter ended March 31, 2006 decreased by \$3.4 million to \$0.8 million from \$4.2 million for the quarter ended March 31, 2005. This decrease was primarily due to the reasons previously discussed.

Liquidity and Capital Resources

At March 31, 2006, we had \$14.6 million in cash and \$20.7 million in working capital compared with \$3.3 million in cash and \$29.8 million in working capital at December 31, 2005. The \$11.3 million increase in cash is primarily due to cash provided by operations. The \$9.1 million decrease in working capital is primarily due to the increases in accounts payable and accrued interest, partially offset by decreases in other current liabilities and accrued compensation.

Quarter ended March 31, 2006 compared to quarter ended March 31, 2005

Net cash provided by operating activities was \$13.1 million for the quarter ended March 31, 2006 as compared to \$4.9 million for the quarter ended March 31, 2005. The primary reasons for the increase were changes in working capital accounts offset by a decrease in net income. Net income decreased \$3.4 million for the quarter ended March 31, 2006 compared with the same quarter in 2005.

Capital expenditures are generally made to replace existing assets, support new business or customer initiatives, increase productivity, facilitate cost reductions, or meet regulatory requirements. Our operations typically do not have large capital requirements. Capital expenditures were \$1.4 million and \$0.8 million in the quarters ended March 31, 2006 and March 31, 2005, respectively.

Net cash used in financing activities was \$0.4 million for the quarter ended March 31, 2006 as compared to \$0.1 million for the quarter ended March 31, 2005. The reason for this increase was payments made in the quarter ended March 31, 2006 of \$0.3 million on our senior secured notes.

Contractual Obligations

At March 31, 2006 there were no material changes in our December 31, 2005 contractual obligations.

Off-Balance Sheet Arrangements

We do not have any material off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on our financial condition, changes in financial condition, revenue or expenses, results of operations, liquidity, capital expenditures or capital resources.

Critical Accounting Policies

There have been no material changes to our critical accounting policies since December 31, 2005.

Recently Issued Accounting Pronouncements

There have been no recently issued accounting pronouncements that have a significant impact on the Company's financial statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

At March 31, 2006 there were no material changes in our December 31, 2005 market risks relating to interest and foreign exchange rates.

Item 4. Controls and Procedures

Management, with the participation of its Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's "disclosure controls and procedures" (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act")) as of the end of the period covered by this report. Based on such evaluation, the Registrant's Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of such period, the Registrant's disclosure controls and procedures are effective in recording, processing, summarizing and reporting, on a timely basis, information required to be disclosed by the Registrant in the reports that it would file or submit under the Exchange Act. These disclosure controls and procedures are designed to ensure that information is accumulated and communicated to the Registrant's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. There have not been any changes in the Registrant's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended March 31, 2006 that have materially affected, or are reasonably likely to materially affect, the Registrant's internal control over financial reporting.

PART II **OTHER INFORMATION**

Item 1. Legal Proceedings

From time to time, we have been a party to routine pending or threatened legal proceedings and arbitrations. Based upon information currently available, and in light of legal and other defenses available to us, management does not consider the liability from any threatened or pending litigation to be material to us.

Item 1A. Risk Factors

There have been no material changes to the risk factors included in the Registrant's Annual Report on Form 10-K for the period ended December 30, 2005.

Item 4. Submission of Matters to a Vote of Security Holders

Pursuant to a Consent Solicitation Statement dated April 10, 2006, as supplemented by Supplement No. 1 dated April 21, 2006, the Registrant solicited consents from the holders of its outstanding 12% Senior Subordinated Notes due 2013 (the "Notes") to certain proposed amendments (the "Proposed Amendments") to the indenture dated as of December 30, 2005 (the "Indenture") among the Registrant, the Guarantors (as defined in the Indenture) and Wells Fargo Bank, N.A., as trustee, under which the Notes were issued. Each holder as of 5:00 p.m. (New York City time) on April 10, 2006 who consented (and did not revoke such consent) to the Proposed Amendments before April 24, 2006 is entitled to receive an amount in cash equal to 0.25% of the principal amount of the Notes held by that holder (the "Consent Payment"). Adoption of the Proposed Amendments required the consent of not less than a

majority of the outstanding principal amount of the Notes, excluding Notes held by affiliates of the Registrant. Affiliates of the Registrant are not entitled to a Consent Payment.

\$174,500,000 principal amount of the outstanding Notes, representing 87.25% of the total outstanding Notes, consented to the Proposed Amendments. The Proposed Amendments became effective pursuant to a Supplemental Indenture dated as of April 25, 2006 among the Registrant, Southern Graphic Systems, Inc., Project Dove Holdco, Inc. and Wells Fargo Bank, N.A., as trustee. The Proposed Amendments amended Section 4.09(b)(1) of the Indenture to permit the incurrence by certain foreign subsidiaries of the Registrant of up to \$20,000,000 of credit facility indebtedness, including the incurrence by the Registrant's subsidiary, Southern Graphic Systems-Canada, Co./Systemes Graphiques Southern-Canada, Co., of up to \$20,000,000 of term loans under the Credit Agreement among the Registrant, Southern Graphic Systems-Canada, Co./Systemes Graphiques Southern-Canada, Co., the Guarantors (as defined therein), the Lenders (as defined therein), UBS Securities LLC, Lehman Brothers Inc., CIT Lending Services Corporation, UBS Loan Finance LLC, UBS AG, Stamford Branch and National City Bank, without increasing the existing size of the senior secured credit facility basket under the Indenture.

Item 6. Exhibits

Other than Exhibits 31.1, 31.2 and 31.3, which are filed or furnished, as indicated, with this report, the following Exhibits are filed as part of this report by incorporation by reference to the corresponding Exhibit in the Registrant's Registration Statement on Form S-4 filed on May 5, 2006 (File no. 333-133825):

EXHIBIT NUMBER	DESCRIPTION
3.	CERTIFICATE OF INCORPORATION AND BY-LAWS
3.1	Certificate of Incorporation of SGS International, Inc. filed with the Secretary of State of the State of Delaware on November 8, 2005.
3.2	By-Laws of SGS International, Inc. adopted on November 8, 2005.
4.	INSTRUMENTS DEFINING THE RIGHTS OF SECURITY HOLDERS, INCLUDING INDENTURES
4.1	Certificate of Incorporation. See Exhibit 3.1
4.2	By-laws. See Exhibit 3.2
4.3	Indenture dated as of December 30, 2005, by and between SGS International, Inc., Southern Graphic Systems, Inc. and Wells Fargo Bank National Association, as trustee, relating to the 12% Senior Subordinated Notes due 2013
4.4	Form of Global 12% Notes due 2013 (included in Exhibit 4.1)
4.5	Form of Regulation S Temporary Global 12% Notes due 2013 (included in Exhibit 4.1)

EXHIBIT NUMBER	DESCRIPTION
4.6	Supplemental Indenture, dated April 25, 2006, by and among SGS International, Inc., Southern Graphic Systems, Inc., Project Dove Holdco, Inc. and Wells Fargo Bank, N.A., as trustee
4.7	Registration Rights Agreement, dated as of December 30, 2005, by and between SGS International, Inc., certain of its subsidiaries as Guarantors, and UBS Securities LLC and Lehman Brothers Inc. as Initial Purchasers
10.	MATERIAL CONTRACTS
10.1	Acquisition Agreement dated as of November 11, 2005, by and among SGS International, Inc., RMC Delaware, Inc., Southern Graphic Systems-Canada, Ltd., and Alcoa UK Holdings Limited
10.2	First Amendment to the Acquisition Agreement dated as of December 30, 2005, by and among SGS International, Inc., Project Dove Holdco, Inc., Southern Graphics Systems-Canada, Co. SGS-UK Holdings Limited, RMC Delaware, Inc., Southern Graphic Systems-Canada, Ltd., and Alcoa UK Holdings Limited.
10.3	Transition Services Agreement dated as of December 31, 2005, by and between Alcoa Inc. and SGS International, Inc.
10.4	Indenture. See Exhibit 4.3.
10.5	Supplemental Indenture. See Exhibit 4.6.
10.6	Registration Rights Agreement. See Exhibit 4.7.
10.7	Credit Agreement, dated as of December 30, 2005, among SGS International, Inc. and Southern Graphic Systems – Canada, Co., as borrowers, certain of the Registrant’s subsidiaries, as guarantors, UBS Securities LLC and Lehman Brothers Inc., as joint arrangers and joint bookmanagers, UBS AG, Stamford Branch, as issuing bank, US administrative agent, US collateral agent and Canadian collateral agent, Lehman Brothers Inc., as syndication agent, CIT Lending Services Corporation, as documentation agent, National City Bank, as Canadian administrative agent, UBS Loan Finance LLC, as swingline lender, and the lenders referred to therein.
10.8	First Amendment to Credit Agreement by and among SGS International, Inc. and Southern Graphic Systems - Canada, Co., as borrowers, certain affiliates of the borrowers, as guarantors, and the lenders party to the Credit

**EXHIBIT
NUMBER****DESCRIPTION**

	Agreement as described therein.
10.9	Security Agreement, dated as of December 30, 2005, by SGS International, Inc., as borrower, certain of SGS International, Inc.'s subsidiaries, as guarantors, and UBS AG, Stamford Branch, as US collateral agent
10.10	Canadian Security Agreement, dated as of December 30, 2005, by certain of the SGS International, Inc.'s subsidiaries, as pledgors, and UBS AG, Stamford Branch, as Canadian collateral agent
10.11	Debenture dated as of December 30, 2005, from SGS-UK Holdings Limited and others, as chargors, in favour of UBS AG, Stamford Branch, as Canadian collateral agent
10.12*	Employment Agreement, dated December 30, 2005, between SGS International, Inc. and Henry R. Baughman
10.13*	Amendment, dated as of January 15, 2006, to Employment Agreement dated December 30, 2005 between SGS International, Inc. and Henry R. Baughman.
10.14*	Supplemental Pension Agreement, dated as of April 6, 1999 between Southern Graphic Systems, Inc. and Henry R. Baughman.
10.15*	Employment Agreement, dated December 30, 2005, between SGS International, Inc. and Luca C. Naccarato.
10.16*	Amendment, dated as of January 15, 2006, to Employment Agreement dated December 30, 2005 between SGS International, Inc. and Luca C. Naccarato.
10.17*	Agreement, dated as of June 23, 2003, regarding reimbursement of educational expenses between SGS International, Inc. and Luca C. Naccarato.
10.18	Loan Agreement dated June 30, 2004 between Southern Graphic Systems, Inc. (as assignee of Alcoa Securities Corporation) and Mozaic Group Ltd.
10.19	First Amendment to Loan Agreement dated September 14, 2004 between Southern Graphic Systems, Inc. (as assignee of Alcoa Securities Corporation) and Mozaic Group Ltd.
10.20	Second Amendment to Loan Agreement dated August 18, 2005 between Southern Graphic Systems, Inc. (as assignee of Alcoa Securities

**EXHIBIT
NUMBER****DESCRIPTION**

	Corporation) and Mozaic Group Ltd.
10.21	Promissory Note for \$3,100,000, dated June 30, 2004 from Mozaic Group Ltd. to Alcoa Securities Corporation and assigned to Southern Graphic Systems, Inc. as of December 30, 2005.
10.22*	Employment Agreement, dated January 27, 2006, between SGS International, Inc. and Benjamin F. Harmon, IV.
10.23	Amended and Restated Shareholders' Agreement, dated June 30, 2004, by and among Mozaic Group Ltd., Southern Graphic Systems, Inc., and all minority shareholders.
10.24	First Amendment to the Amended and Restated Shareholders' Agreement, dated August 18, 2005, by and among Mozaic Group Ltd., Southern Graphic Systems, Inc., and all minority shareholders.
10.25	Second Amendment to the Amended and Restated Shareholders' Agreement, dated September 27, 2005, by and among Mozaic Group Ltd., Southern Graphic Systems, Inc., and all minority shareholders.
10.26	Stock Purchase Agreement, dated June 30, 2004, by and among Southern Graphic Systems, Inc., Mozaic Group Ltd., and Mary Ann Gibson.
10.27	First Amendment to the Stock Purchase Agreement, dated August 18, 2005, by and among Southern Graphic Systems, Inc., Mozaic Group Ltd., and Mary Ann Gibson.
10.28	Stock Purchase Agreement, dated November 4, 2005, by and among Omnipack PLC, SGS-UK Limited, and Daniel M. Bejarano.
10.29	Advisory Agreement between SGS International, Inc. and CVC Management LLC dated December 30, 2005.
10.30	Deed of Lease dated as of April 2005 between 5301 Lewis Road, L.L.C. and Southern Graphic Systems, Inc.
10.31*	Stockholder Agreement. See Exhibit 9.1.
10.32*	Employment Agreement, dated as of April 10, 2006, between SGS International, Inc. and James M. Dahmus.
10.33	Third Amendment to Loan Agreement, dated April 28, 2006 between Southern Graphic Systems, Inc. (as assignee of Alcoa Securities

**EXHIBIT
NUMBER**

DESCRIPTION

Corporation) and Mozaic Group Ltd.

31

CERTIFICATIONS

31.1

Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 [FILED WITH THIS REPORT]

31.2

Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 [FILED WITH THIS REPORT]

31.3

Certification of Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 [FURNISHED WITH THIS REPORT]

*Management contract or compensatory plan or arrangement required to be filed as an exhibit pursuant to Item 601 of Regulation S-K.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SGS INTERNATIONAL, INC.

Date: May 15, 2006

By: /s/ HENRY R. BAUGHMAN
Henry R. Baughman
President and Chief Executive Officer
(Principal Executive Officer)

Date: May15, 2006

By: /s/ James M. Dahmus
James M. Dahmus
Chief Financial Officer
(Principal Financial Officer)

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

I, Henry R. Baughman, Chief Executive Officer, President and Director, certify that:

1. I have reviewed this quarterly report on Form 10-Q of SGS International, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, James M. Dahmus, Chief Financial Officer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of SGS International, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

