REFERENCE DOCUMENT/ANNUAL REPORT

SWORD GROUP

FINANCIAL 2007

In accordance with Article 212-13 of its general rules, this annual report has been filed with the AMF (the French market authority) on April 11th 2008 under number D.08-231.

It may be used to support a financial operation only if it is accompanied by a memorandum approved by the Autorité des Marchés Financiers.

This annual report was drafted by the issuer and is legally binding for its signatories.

This document is available upon request from the Company's head office or on the AMF's web site, at www.amf-France.org or on the Company's web site, at www.sword-group.com.

In accordance with Article 28 of European Regulation Nr. 809/2004 of 29 April 2004, the reader is referred to previous annual reports regarding certain elements of information:
- The Board of Directors' management report, the consolidated financial statements, the annual statements, the consolidated Auditors' report regarding the financial year ended 31 December 2006 contained in the annual report filed with the AMF (the French market authority) on 12 April 2007 under Nr. D.07-088.
- The Board of Directors' management report, the consolidated financial statements, the annual statements, the consolidated Auditors' report regarding the financial year ended 31 December 2005 contained in the annual report filed with the AMF (the French market authority) on 12 April 2006 under Nr. D.06-0246.

The other information contained in the two aforementioned reference documents has been, if necessary, replaced and/or updated on the basis of the information provided in this reference document, and is not integrated by reference in this reference document.

The two aforementioned reference documents are available on the Company's website, www.sword-group.com.

CONTENT

This reference document contains the annual financial report:

I – Persons in charge

1.1 Person in charge of the information contained in the annual report

M. Jacques Mottard, Chairman of Board of Directors and Managing Director of SWORD GROUP.

1.2 Statement by the person in charge of the annual report

"I hereby certify, after taking all reasonable action for that purpose, that the information provided in this document is, as far as I know, accurate. There are no omissions that would significantly alter its scope.

I certify that, to my knowledge, the statements were prepared in accordance with applicable accounting standards and give a true image of the assets, the financial situation, and the earnings of the company and all the consolidated companies, and that the management report (attached on page 170) gives a true picture of the evolution of the sales, earnings, and financial situation of the company and all the companies included in the consolidation scope, as well as a description of the main risks and uncertainties with which they are faced.

I have secured from our auditors a completion letter stating that they have verified the information regarding the financial situation and the financial statements provided in the annual report, and that they have read the entire annual report."

Saint Didier, 11 April 2008
Jacques Mottard
Chairman of the Board
Managing Director

1.3 Individuals in charge of the information contained in this document

Jacques Mottard
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Stéphanie Desmaris
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II - Statutory auditors

2.1 Auditors in charge of the issuer’s financial statements

2.1.1 Statutory auditors

(1) Deloitte & associés
Head Office: 185, avenue Charles de Gaulle, 92200 NEUILLY-SUR-SEINE.
Renewal date: 4 May 2007.
Date mandate expires: the mandate will expire after the Shareholders’ General Meeting called to approve the statements of accounts for the financial year ending on 31 December 2012.

(2) Société d’Audit Financier et de contrôle Interne (SAFICI)
Head Office: 127 Avenue de Saxe, 69003 LYON.
Date appointed: 4 May 2007.
Date mandate expires: the mandate will expire after the Shareholders’ General Meeting called to approve the statements of accounts for the financial year ending on 31 December 2012.

2.1.2 Substitute auditors

(1) BEAS
Head Office: 7/9, Villa Houssay, 92200 NEUILLY-SUR-SEINE.
Renewal date: 4 May 2007.
Date mandate expires: the mandate will expire after the Shareholders’ General Meeting called to approve the statements of accounts for the financial year ending on 31 December 2012.

(2) Mrs. Elisabeth Baylot
Address: 11 Montée Reine-Victoria, 73100 TRESSERVE.
Date appointed: 4 May 2007.
Date mandate expires: the mandate will expire after the Shareholders’ General Meeting called to approve the statements of accounts for the financial year ending on 31 December 2012.

2.2 Information regarding auditors that resigned, have been dismissed, or whose mandates have not been renewed in the past three years

The mandates of Cap-Conseil as statutory co-auditor and Mr. Paul Mollin substitute co-auditor have not been renewed upon expiry of their mandate on the control of the statements for the year ended 31/12/2006.

I I I – Selected financial information

3.1 Annual selected historic financial information

Consolidated annual financial statements:

In thousand euros	**At 31/12/2007**	**At 31/12/2006**	**At 31/12/2005**
Sales revenue	179,045	142,005	101,491
Current operating profit	29,339	22,222	15,651
Consolidated net profit	18,911	15,748	11,060

Non-current assets	175,752	131,215	106,008
Cash and cash equivalents	26,875	9,836	9,094
Consolidated shareholders’ equity	149,280	82,775	65,051
Total balance sheet	287,590	210,180	167,238

Annual financial statements:

In thousand euros	**At 31/12/2007**	**At 31/12/2006**	**At 31/12/2005**
Sales revenue	3,849	3,422	3,026
Operating profit	1,236	1,424	538
Net earnings	41,228	5,208	3,688

Fixed assets	106,207	114,090	31,203
Cash	282	339	923
Shareholders' equity	158,016	57,035	49,626
Total balance sheet	217,863	129,106	103,007

3.2 Intermediary financial information

Not applicable.

IV – Risk factors

4.1 Activity-related risks

4.1.1 Risks due to fixed price services

In 2007, the share of fixed price services was 78%, external assignments being primarily used for consulting projects.

Fixed price services mitigate the effects of intercontract risks on a day to day basis. However, they amplify the end of work site risk and the issue of keeping the team busy in between two projects.

The industrial methodological approach of SWORD GROUP makes it possible to guarantee that all commitments in terms of results, costs, and timeframes, are met. This approach is based on the ISOPRO quality assurance system and is characterised by:

- its compliance with ISO 9001,
- strong commitment on the part of the Executive Management of SWORD,

the daily involvement of all engineers in the context of the completion of projects.

For SWORD GROUP, the quality assurance of a project does not limit itself to drawing up a Quality Assurance Plan, but also covers its full integration by the various parties to the project and the quality monitoring that will ensure its full efficiency. During the project, various players become involved and are appointed to take action that will contribute to the Quality of the resulting product.
The implementation of a Quality Assurance approach for a project makes it possible:

- through formalising the priority targets of the project,
- through the implementation of the rules and means implemented to achieve them,
- through the implementation of the rules that control them,

to target perfectly the actions required by the project, and hence enhance the efficiency and the level of the resulting service.
However, a quality product is the result of the work of a whole team. Quality Assurance channels the action take by the various parties to a project in order to secure it and achieve the quality level desired; however, it cannot serve as substitute for the skills and motivations of the various parties, which are the basic components for the elaboration of a quality product.

As at 31st December 2007, the order book was equal to 19.2 months of budgeted sales for 2008.

Naturally, part of this sales revenue relates to years subsequent to 2007.
The portion of 2007 sales revenue represents 8.6 months of sales revenue compared to the budgeted sales revenue for 2008.

Each project is followed up monthly. In 2007 and except for our subsidiary SWORD TECHNOLOGIES in Benelux, the total number of days gained and days lost compared to the initial estimates of project workloads is positive. This is thanks to the systematic implementation of the Isopro method.

Regarding SWORD TECHNOLOGIES, our cost-based management detected various anomalies regarding the follow-up of certain projects. Given the conservative approach of our business plans, this loss has had no impact on our earnings.
Therefore, to date we consider, as proved by this event, that the maximum risk related to human dishonesty is less than 4% of the current operating profit, i.e. 0.6% of EBIT.

However, in case of potential delay in a project, all overruns estimated as compared to the project's initial budget are immediately handled in terms of earnings via commercial concessions (= excess time assigned to the project not recognised as earnings).

Generally speaking, billing for components is a major element of safety in SWORD GROUP's quoting policy, given that the resulting sales revenue does not generate direct costs and may alleviate the consequences of overspending on projects.

4.1.2 Client risks

Risk of default

There are no customer risks in terms of payments: No SWORD GROUP customer has ever been in a situation of suspension of payments or failed to settle a payment.

In addition, historically speaking, the loyalty rate is 100%. This rate represents the number of customers who renew contracts in year Y, compared with the number of customers in year Y-1.

Competition risk

The competition risk is very low thanks to:

- SWORD GROUP's technological advantage,
- its functional knowledge of its customers' areas of work,
- the dispersion of its competitors, all of whom display marked differences,
- the nature of its customers (example: European Community), which makes a considerable investment necessary from the outset.

This wide spectrum of competition is actually a very positive point, especially when the customer requires a wide range of skills for its integration projects, for instance.

Visibility

At 31 December 2007, the order book (*) stood at 8.6 months' sales budgeted for 2008, exclusive of external growth, for the coming 12 months, and at 19.2 months in total.

(*)The order book includes weighted "signed + likely + possible" orders

4.1.3 Risks related to IT security and technological progress

As far as hardware and local networks are concerned, a 6-person team is dedicated to maintaining our infrastructures and, in particular, the daily backup of data, which is placed in fireproof cabinets.

In addition, a civil liability insurance policy allows us to cover all risks relating to damage caused by our employees at customer sites.

Lastly, harnessing our know-how through our software components allows us to confidently grasp the technological advances of our partners and suppliers.

4.2 Liquidity risk

Promissory note drawing rights: see Notes 20 and 21 of the consolidated schedule.

Default and early exigibility clauses: see Note 15 of the consolidated schedule.

4.3 Market risks

4.3.1 Currency risk

See Note 21 of the schedule to the consolidated financial statements.

4.3.2 Interest rate risks

See Note 21 of the schedule to the consolidated financial statements.

4.3.3 Share risks

Assessment of the portfolio

Marketable securities

Marketable securities are valued according to their acquisition cost. At year end, a capital gain or loss is recognised with the banking documents. In case of a capital loss, a provision is recorded.

Treasury shares

The company may, under certain circumstances, hold its own shares in the context of the share repurchase programme authorised by the General Meeting of 4 May 2007, within the limit of 10% of its issued capital. According to the programme, holding such shares can help:

- stimulate exchanges on the market or enhance liquidity in the context of a liquidity agreement entered into with an accredited service provider,
- purchase for exchange or payment in the context of external growth operations,
- allocate shares to employees,
- cancel shares.

The Company has entrusted to Gilbert-Dupont drive the market or the liquidity of its shares under a liquidity agreement dated 26 July 2005. This contract expired at the end of May 2007.

SWORD GROUP held no treasury shares at 31/12/2007.

Share risk tracking and management

Investments are selected from those that present no real risk, that is shares of risk-free cash UCITS, which can be used or disposed of very promptly and present no risk of loss in value in cash interest rates rise.

Among its financial assets (securities held for sale) SWORD GROUP holds stakes in the following companies:

- 3% of the equity of SBT, a listed company, for €531k (market value) at 31 December 2007; this company specialises in the development of orthophony software

- 6% of the equity of Lyodssoft for €646k (book value); this company is based in Hong Kong and sells the Group's products in China,
- 5% of the equity of Log&PI Consulting for €249k (book value including current account).

If we discount own shares, the portfolio is very limited. Under these conditions, no internal limits (place, counterpart, economic sector), nor any means of controlling risks or any other internal control measures, have been specified. Investments must remain conventional by nature and risk-free by definition.

4.4 Legal risks

There are no current legal risks, aside from possible commercial or technical risks that may result from the outcome of work in progress (see paragraph 4.1.1). These detected risks are systematically subject to a provision for risks and contingencies recorded as liabilities in the balance sheet whenever they are considered to be likely.

As at 31 December 2007, no current general legal risks relative to the Group's activities, are likely to be assessed.

4.5 Dependency with regard to top managers or key individuals

Unlike other companies, that rely on individuals to gain results from their know-how, SWORD GROUP is built firmly upon software components that are improved from one project to the next, and that enable this know-how to not be lost should a particular employee leave.

As far as top management is concerned, the team consists of a Chairman/CEO, two Delegate CEOs, one of which is also the Administrative and Financial Director, and 5 Directors of Operations, at 1 January 2007, introduced in 17.1.21.

In the meantime, day to day management is handled by the 34 Directors of BU's and the 5 Directors of Operations, who are also Business Unit Directors. These are true small and medium-sized company managers, and are responsible for administration, recruitment and management.

4.6 Insurance and risk coverage

The company's general policy on insurance cover revolves around three main areas:

- The cover of "civil liability" risks for each of the group's companies.
- The cover of "civil liability" risks for Mr. Jacques Mottard and Mr. François Barbier, as representatives of 21 Centrale Partners and Board Members of SWORD GROUP.
- The cover of material risks (water damage, fires, vehicle fleet, etc.).

Its general policy aims to cover risks that constitute a significant financial impact and for which the group is unable to insure itself in a financial sense.

The levels of coverage for the three areas mentioned above are:

SWORD GROUP civil liability:

- Operations: bodily, material and immaterial damage: €8,000,000
- Professional: bodily, material and immaterial damage, regardless of the cause: €4,500,000

Directors' civil liability: €10,000,000

Cover of material risks: multi-risk cover:

- For buildings
- For the vehicle fleet
- For IT equipment

Deductibles:

in million euros	Civil and professional liability	Multi-risk
	Deductible	Deductible
2007	0.15	None

An analysis of the Group's risks does not reveal any significant risk not covered by an insurance contract.

4.7 Extraordinary events and current litigation

Extraordinary events and current litigation

To the company's knowledge, no extraordinary events or litigation that have not been provided for in the accounts could have or have had an incidence on the results, the financial situation or the assets of SWORD GROUP or any of its subsidiaries.

Provisions setup policy

The level of provisions for risks and contingencies is due to the BU management's rigorous approach regarding the risks covered.

Provisions are booked for these risks and contingencies on the basis of the best estimate of likely costs to be borne. The total sum of provisions for risks and expenses in the consolidated financial statements stood at €67k at 31 December 2007.

V – Information regarding the Company

5.1 History and development of the Company

5.1.1 Company name

The Company's name is "SWORD GROUP".

5.1.2 Company registration location and number

The Company is registered under number SIREN 438 305 054 at the Lyon corporate register.

The Company's APE code is 741 J.

5.1.3 Company inception date and lifetime

SWORD GROUP was established as a holding company on 22 June 2001 in the form of a public limited company and for a term of 99 years expiring on 21 June 2100. On 30 August 2001, 144 shareholders of the company SWORD SA, formed on 17 November 2000, contributed shares to SWORD GROUP.

5.1.4 Company head office, legal form, and governing law

The Company is a limited liability company with a Board of Directors governed by French law and subjected to the French Commercial Code.

The head office is located 9, avenue Charles de Gaulle - 69370 Saint-Didier-au-Mont-d'Or.
The telephone number is +33 (0)4 72 85 37 40.

Its business is not subject to any specific regulations.

5.1.5 Important events in the development of the Company's business operations

The history of SWORD GROUP is rooted in that of the Decan group. Indeed, it was Jacques Mottard, founder and current Chairman and CEO of SWORD GROUP, who founded the IT services company Decan in 1990. Thanks to him, the company became an international group listed on the Second Marché.

After Decan was bought out by Metamor Worldwide, and following the buy-out of Metamor Worldwide by Psinet in March 2000, Jacques Mottard decided to withdraw as Chairman of Decan in October 2000.

Inception of SWORD SA in November 2000

Bolstered by the success of the Decan experience, Mr. Jacques Mottard created SWORD SA on 17 November 2000. Business operations started on 1 December 2000, harnessing the repurchasing of some of Decan's subsidiaries and goodwill, selected for their technological specifics.

Thus, the Decan Group and its subsidiaries sold assets representing approximately 14% of its sales (income statement on 30 June 2000) to SWORD SA, which was controlled by the former head of Decan, Mr. Jacques Mottard:

• The Decan Group sold SWORD SA its 81.33% stake in FircoSoft (and its US subsidiary, Fircosoft Inc.), which specialises in secure payment and payment automation via the Swift network; Decan CS sold SWORD SA its stake in the following companies:
- SWORD Création Informatique (100%), a South African company specialising in intellectual property, often referred to as SWORD South Africa,
- Decan Inc. (100%), a U.S. company that provides electronic document management (EDM) for the United Nations (UN), later renamed SWORD Inc. ;

• Decan CS sold SWORD SA 3 commercial segments: IDL and IDP, organisations specialising in electronic document management (EDM) and geographical information systems (GIS) and SWP (trademark and patent management).
The acquisition of subsidiaries and goodwill from Decan was financed by a €9 million bank loan obtained from Crédit Agricole, Banque Rhône-Alpes and Lyonnaise de Banque, with the remaining sum being contributed personally by Jacques Mottard and the VCF 21 Développement.

2001: Acquisition of DDS Europe and Profiler

On 1 April 2001, SWORD SA acquired two companies that enabled it to widen its area of activity and its geographical deployment:
- DDS, renamed DDS Europe Limited, is based in London and provides consultancy services in change management,
- Profiler, renamed SWORD Consulting, specialises in electronic banking and logistics.

2002: IPO and acquisition of Text Solutions and Cronos Technologies

On 13 March 2002, SWORD GROUP was floated on the Nouveau Marché at the Paris Stock Exchange, in the Next Economy section.

On 1 April 2002, SWORD acquired the company Text Solutions, which is based in London and owns Text System. The company Text System, renamed SWORD ECM, specialises in change management. Because it originally managed equity interests, Text Solutions does not generate any sales revenue.

On 1st December 2002, SWORD acquired the company CRONOS TECHNOLOGIES, renamed SWORD TECHNOLOGIES, which is based in Luxembourg and Brussels and specialises in data management.

2003: Acquisition of ZEN & ART and FI SYSTEM BELGIUM

On 3 December 2003, SWORD acquired the “professional services” activities of ZEN & ART, based in New York, which specialises in handling major banking accounts.

On 15 December 2003, the Paris Commercial Court accepted SWORD’s offer to acquire FI SYSTEM BELGIUM, the parent company of ASCII, at 70%; based in Brussels, it specialises in Web Content Management (WCM).

2004: Acquisition of GLOBAL and CIMAGE

On 1 April 2004, SWORD acquired Global, a London-based company with a subsidiary in the Indian city of Chennai (formerly known as Madras). This company specialises in offshore operations and serves as a production centre for English-speaking countries.

On 1 July 2004, SWORD acquired Cimage, a London-based company with a subsidiary in the U.S. city of Boston (Massachussets). This company specialises in Document Management products and edits software for use in highly-regulated sectors (such as pharmaceuticals, for example).

2005: Acquisition of Pragma, SWORD LEBANON and Intech

On 6 April 2005, SWORD acquired Pragma and Harvard

- Pragma, a company based in Aberdeen (Scotland). The Company, which specialises in document management and BI services with oil companies, has just completed the Group's offer in that market, SWORD being already present in Houston
- Harvard, a company based in London. The Company, which specialises in organisational consulting with banking and financial institutions, is fully complementary with SWORD DDS, the SWORD subsidiary that specialises in change management and organisational consulting.

On 28 July 2005, SWORD acquired Linkvest, a company based in Lausanne (Switzerland). The Company, which specialises in enterprise content management (ECM), provides SWORD with a base in Switzerland, where a number of projects are being managed, particularly for Orange Switzerland.

On 1 October 2005, SWORD acquired SWORD LEBANON, a company based in Beirut, which specialises in offshore development for French-speaking countries. This base complements our Chennai, India operation, which is more focused on British projects.

On 30 November 2005, SWORD acquired Intech, a company based in London. The Company, which specialises in products aimed at assisting re-insurance businesses in handling their risks, provides SWORD with a new "highly regulated" market, which complements banking market.

2006: Acquisition of stakes in Nextech- Acquisition of Stellon and RTE

On 26 January 2006, SWORD acquired 10% of the equity of Nextech, a company based in Belo Horizonte (Brazil), interests brought up to 19% in June 2006. Nextech is attractive primarily for its ability to resell Cimage products in South America.

On 29 June 2006, SWORD acquired Stellon, a company based in Lausanne (Switzerland), that specialises in Business Intelligence and more specifically in KPIs (*Key Performance Indicators*). This operation enables the Group to integrate that new know-how and is perfectly complementary with Linkvest, which is also based in Lausanne.

On 17 November 2006, SWORD acquired RTE, a company based in Glasgow. The presence of the Group in such areas as the oil industry, transport, telecommunications, and energy, is thus significantly enhanced.

2007: Acquisition of stakes in Lyodssoft - acquisitions of Nextech, Achiever, Apak, Powersoft, and CTSpace - creation of SWORD Integra and disposal of 2 subsidiaries.

On 14 February, SWORD GROUP acquired 3% of shares in Lyodssoft.
Lyodssoft is a company based in Hong Kong that sells the Group's products in China.

On 28 March, Nextech, a leading products company based in Brazil, joined the SWORD GROUP.
Nextech is based in Belo Horizonte (Brazil) and employs 28 persons.
Through this acquisition, the Group complements its strategy initiated in 2006 by cementing its position in emerging countries.

On 5 April, Achiever, a leading products company based in the UK, became a member of the SWORD GROUP. ACHIEVER is based in Alton (UK) and employs 25 persons.

On 20 July, Apak, a major player in assets management products, became a member of the SWORD GROUP.
APAK is based in Bristol and employs 110 persons. Apak manages a subsidiary in Dubai targeted at the Middle Eastern market.

On 7 November, acquisition of Powersoft, a company based in Switzerland, specialising in Geographic Information Systems.

On 10 November, disposal of the Gent, Belgium subsidiary, SWORD SECURITY.

On 20 November, acquisition of an additional 3% of shares in Lyodssoft. SWORD GROUP thus brought its stakes to 6%.

On 23 November, disposal of a Belgian subsidiary specialising in staffing, SWORD SERVICES.

On 30 November 2007, SWORD UK acquired 100% of the equity of Blue Tangent, a UK company. That same day, SWORD UK absorbed Blue Tangent. This entity specialises in documentum technology and generates sales of approximately €0.4m per annum.

On 20 November, acquisition of CTSpace, an international products company operating according to the "SaaS" model. CTSpace, headquartered in San Francisco, is also based in the UK, France, Germany, and Austria. The company specialises in GRC Management and sells products dedicated to large scale project management for the oil market and the civil engineering market.

At the end of 2007, IPR was set up in Wales to receive the New information technology Centre set up in partnership with the Welsh Assembly government. It expects subsidies of €3.6m.

On 31 December, creation of SWORD INTEGRA, a company designed to take over SWORD TECHNOLOGIES' business with the Belgian public and private sectors (Belgium + Luxembourg).

5.2 Investments

5.2.1 Main investments completed during the period 2005 to 2008

Investments completed during the past 3 years are detailed in the following table:

By type of investment (excluding financial and intangible investments)

In thousands of euros	31/12/2005	31/12/2006	31/12/2007	31/12/2008 (budget)
Buildings	-	-	16	-
Transport equipment	74	124	132	161
Installations, fixtures	279	674	327	651
Office and IT equipment	937	917	1,829	1,903
Office furnishings	192	201	1,199	1,272
Total	**1,482**	**1,916**	**3,503**	**3,987**

By activity

Services (1)	1,309	1,536	1,873	2,307
Products	173	380	1,630	1,680
Total	**1,482**	**1,916**	**3,503**	**3,987**

By geographic area

France	732	487	617	8620
UK	375	1,031	1,977	2,170
Benelux	254	221	459	490
Other	121	177	450	467
Total	**1,482**	**1,916**	**3,503**	**3,987**

(1) The Services and Consulting activities were aggregated over 2004 and 2005.

Acquisitions completed until 31/12/2007

In thousands of euros	Date	Purchase price (1)	Goodwill and business goodwill
SWORD SA	01/11/00	-	8,363
FIRCOSOFT	01/11/00	6,309	4,661
SWORD DDS France	01/07/01	242	-
SWORD Création Informatique	01/11/00	107	-
SWORD Inc.	01/11/00	2,561	2,144
SWORD Suisse	01/04/01	284	36
SWORD UK	01/04/01	3,418	1,525
SWORD ECM	01/04/02	4,104	5,293
SWORD TECHNOLOGIES	01/12/02	11,793	10,866
ZEN ET ART (business)	01/12/03	3,067	2,811
TIPIK (Formerly ASCII) / FI SYSTEM	01/01/04	3,000	4,213
GLOBAL SOFTWARE SERVICES	01/04/04	2,498	2,017
Cimage	15/07/04	5,696	1,206
Pragma	06/04/05	12,695	10,130
HARVARD	06/04/05	2,081	1,724
SWORD SERVICES (Formerly SWORD LINKVEST)	28/07/05	5,787	4,874
SWORD LEBANON	01/10/05	18	-
INTECH	30/11/05	30,082	32,190
SWORD SAS	02/01/06	336	283
SWORD ATLANTIQUE	17/01/06	40	473
SWORD CONSULTING (Formerly Stellon)	28/06/06	5,094	3,359
REAL TIME ENGINEERING	17/11/06	18,589	15,768
Nextech	28/03/07	4,933	5,539
ACHIEVER	05/04/07	4,442	5,454
APAK	20/07/07	28,227	19,632
Powersoft	07/11/07	2,252	2,365
CTSpace	20/12/07	7,998	18,001
Total		**165,653**	**162,925**

(1) The acquisition price includes price complements.

5.2.2 Investments under way

SWORD GROUP acquired, on 31 March 2008, the UK company Graham Technology, a supplier of Customer Relationship Management products.
Graham Technology's consolidated sales revenue for 2008 is budgeted at €16m.

5.2.3 Main commitments to invest

To date, no commitment to significant investment has been made by the management.

VI – Business operations overview

6.1 Main business operations

6.1.1 SWORD GROUP positioning and offering

6.1.1.1 SWORD GROUP positioning

SWORD GROUP is a global IT company that specialises in the provision of software and services to regulated industries.

One of the world leaders for GRC Management solutions, SWORD is developing to become a major player among those companies that follow the SaaS (Software as a Service) model.

The company puts its skills and knowledge at the service of customers in the energy, transportation, healthcare, insurance, banking, and telecommunications industries, as well as international and governmental organisations.

Present in 16 countries, SWORD employs more than 1,700 persons. Last year, it posted €179m of consolidated sales. The company forecasts consolidated sales in excess of €230m for 2008.

6.1.1.2 SWORD GROUP's offer

By focusing on the provision of efficient GRC Management solutions to highly regulated markets, we have managed to offer best of breed services and software around the world.

While making sure that effective controls are implemented to optimise performance results and minimise risks, in 2008 SWORD will remain:

- international
- a specialist
- industrial

Our staff ensures the success of our company by offering our customers an excellent commercial approach and high-level technical know-how in targeted markets.

Our strength stems from the support we offer our employees. We offer international career opportunities and all our offices guarantee a dynamic working environment.

Our networks of partners and subsidiaries guarantee that we stay at the cutting edge of industrial know-how and future technological trends.
By working with rigorously selected organisations, we continue to offer innovative ideas to our customers.

I The Software offer (products)

In 2008, we forecast that the provision of GRC Management software will once again display the strongest growth. This year, the sales revenue generated by the Products segment will represent more than 38% of the total sales revenue.

A provider of adjustable, comprehensive, customised software programmes able to collaborate with customers according to a SaaS model, SWORD offers fast-deployed, easy-to-use software programmes. Our collaboration tools are used by many customers and on highly regulated markets.

Thanks to our software programmes, companies can achieve productivity gains, while minimising their risks and controlling their processes and costs.

In 2007, the company opened an international branch centralising the R&D and support services in Wales. Aside from harmonising and improving customer service, this new centre will enable SWORD to accelerate the creation of innovative products, optimise its developments and share its subsidiaries' know-how.

The new centre has the ability to meet the expected growth, in parallel with maintaining the regional centres in France, Lebanon, and India.

SW.APAK

For more than 25 years, Apak has been offering financial systems specialising in assets management and retail banking.

Its financing management product includes features that meet the expectations of the most prominent European financial institutions.

With active references in more than 70 countries, Apak is recognised for its back and front office know-how.

Apak systems are offered according to a SaaS model and handle each year more than €15Bn of direct debits and credits.

SW.NHTOP

NHTop is an innovative clinical solution, fitted with an intuitive GUI specially designed for hospital and medical environments, aimed at following patients files.

The software programme was designed for fast implementation, often less than two weeks, in the context of a comprehensive content management system.

It includes a 'front-end' solution that can be used to scan patients' files and other documents and images in order to integrate them.

This solution is very powerful and allows following up request from other departments and traceability management.

SW.ACHIEVER
Achiever is a leading GRC (risk and compliance management) solution that can be used for managing reports, controls, and measurements for companies, while helping more than 600 customers optimise their processes.

Our software programme meets nearly 40 years of demands in terms of law, regulations, and best practice for GRC Management, and we continue investing in R&D in order for our technology to be able to adjust to our customers' future demands.

SW.FUSION
Designed to manage technical documentation in the context of construction projects and industrial operations, Fusion enables users to achieve productivity gains in the context of change management.

Fusion combines Document Management, ECM, collaboration workflow and knowledge management tools, all based on WEB technologies.

This software programme can run on the application layer, above a content management product or just as a standalone application.

SW.SIMUPLANT
Simuplant offers economical, adjustable solutions for the detection of anomalies in processes and controls, text processes, staff training and skills evaluation for the energy production market (oil, gas, LPG).

In an interactive environment allowing for a realistic representation of plant processes, the staff acquires skills in processes and controls. The models can be configured using the data of a specific plant to introduce a high level of realism through extremely diverse conditions and scenarios.

This software programme is realistic and dynamic and also makes it possible to change the control and display logic and to test offline changes, thereby limiting costs and risks.

SW.FIRCOSOFT
Fircosoft offers international financial institutions solutions for the repair and screening of payment security messages. Fircosoft optimises the automated processing of interbank transactions by transforming, repairing, and complementing rejected messages.

Our suite of solutions supports compliance and customer follow-up, thereby eliminating the risk of handling illegal transactions and the detection of high risk customers.

SW.INTECH
From policy administration to risk aggregation, to governance risk and compliance management, Intech solutions make it possible to optimise the profitability of leading insurance and reinsurance companies that belong to Lloyd's or P&I clubs.

Our software programme is innovative, stable, and easy to deploy; it enables our customers to achieve in no time the benefits of the powerful management of feature-rich processes and applications, thereby reducing the risk of non-compliance, mitigating and management risks and guaranteeing compliance with governance standards and best practice.

SW.CTSPACE
Our web collaboration, process management, and document management software programme enables companies to optimise information exchange and, thus, to improve their decision making and achieve efficiency gains.

Our solutions are used by owners of assets and operators around the world to management world-scale programmes and projects.
With its extended knowledge of products and its expertise in that area, CTSpace reduces timeframes, enhances reliability, reduces risks and generates savings, even on the most complex international projects.

II The Solutions offer

SWORD has a history of achievements in GRC management solutions targeted at its key markets.

The key skills of our "Solutions" segment strengthen our GRC management leadership:

- Artificial intelligence
- Business Intelligence
- Enterprise process management
- Enterprise content management
- Geographic Information Systems
- Web content management
- Business continuity planning
- Outsourcing

We work in cooperation with our customers to develop solutions that optimise performance results and efficiency, slash costs and guarantee governance and compliance.

SWORD's offer, based on our proved software components, is made up of the following elements:

SC.QUEUE™
Queue™ delivers detailed, real-time statistics on queue points across an airport allowing operators to pro-actively manage terminal operations.

Whether the queues are at check-in or security search, the ability to measure and manage queues is paramount to airport operations.

Our solution uses a mesh of specialised Bluetooth access points supplemented with laser-based people counting sensors to track passenger movements to provide a complete picture of an airport terminal's operations.

SC.MobiPass™
SWORD's secure solution eliminating the need for a conventional boarding passes is revolutionising air travel.

Implemented across numerous European airports MobiPass™ enables passengers to check-in remotely prior to departure with the option to print their boarding pass or have it sent directly to their mobile handset using a multimedia messaging service (MMS) eliminating the need for a paper ticket.

As part of the solution our validation module verifies the authenticity of the boarding pass to maintain airport and airline security at all times.

SC.SelfCare™

SC.SelfCare™ is a web-based software component that enables Telecoms network operators to enhance their offering to business customers through the provision of instant access to previously restricted service features.

Telecom' customers are able manage and configure their call routing preferences in real-time allowing changes in business requirements to be quickly transposed saving both time and money.

The solution can be configured by an operator for individual customers enabling the allocation of service features to a customer on an ad hoc basis.

SC.FirstPlanIT®

Our world-beating flow, forecast and resource management component streamlines airport operations, reduces staff costs, cuts queues and increases retail revenue in a safe and secure environment.

Airport operators benefit from advanced forecasting and modelling techniques to create accurate forward pictures of passenger and baggage flow enabling a clear visualisation of future operational demands.

Passenger and baggage forecasts are translated into exact resource requirements generating the optimum plan of resources to support a terminal's demands, in real-time, for every fifteen minutes of every day to make best use of resources, comply with supplier service levels and engagement standards and maximise passenger confidence.

SC.GSA

As a development partner for Google SWORD is a pioneer in search connectivity applications providing secure connectivity to market-leading enterprise content systems.

Our GSA (Google Search Application) Connector facilitates powerful Google enterprise search technology by seamlessly integrating with an organisation's internal enterprise systems. GSA adds value by tightly controlling content, processes and security to ensure that the right information is available to the right users at the required time. With enhanced access to its assets organisations benefit from improved decision-making, information sharing and time efficiencies.

SC.ASCEPTO™

SWORD's ASCEPTO™ is an automated and figurative tool used to conduct trademark searches. The software gives clients the opportunity to integrate both types of search into a single operation and manage all types of trademark search proceedings including preliminary searches, examination and surveillance. Automatic Image recognition is available to optimise search results.

SC.PTOLEMY™

SWORD's PTOLEMY™ software solution is a web-based management tool covering all of the procedures involved in managing Intellectual Property (IP) rights: examination, publication, opposition, grant/registration, maintenance of the register, cancellation, renewal / annuities and assignments. Within the international IP community, SWORD's methodologies and solutions are customised to meet local legislation requirements throughout the world.

SC.DMCO
SWORD's DMCO suite guarantees clients relevant, tried and tested solutions to all aspects of document management with the assurance of rapid application.

The suite comprises of three distinct packages:
DMCO Gold for all archiving and retrieval; DMCO Capture for all indexing and digitisation needs and DMCO Light, a system of reference for archiving documents.

SG.GISCO
SWORD's GISCO software suite provides an innovative way to design, administer, operate and present information gathered from GIS.

Clients benefit from a wide range of tools designed for administrators, professional users, web page designers and all those interested in the processing of GIS data.

SC.WCM
SWORD has been successfully delivering our international WCM solution since 1988 facilitating the creation and management of content for electronic distribution.

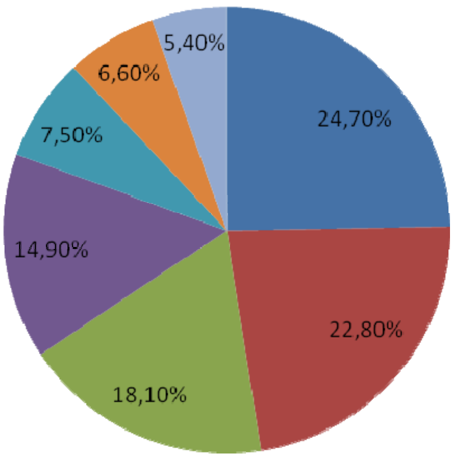
Our solution is used to support a range of internal and external communications including websites and portals. Linguistic support is available to ensure that our solutions are applicable internationally.

We are accredited by the quality standard ISO9001:2000 and our solution is industry-compliant, in line with the latest guidance from W3C and WCAG, to ensure accessibility of our solutions for every user. By employing SWORD's WCM accessibility services clients can demonstrate an ethical approach towards electronic communication.

6.2 Main markets

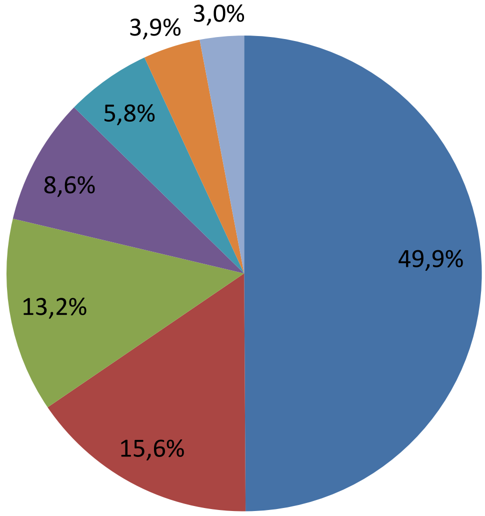
6.2.1 Breakdown of 2007 pro-forma revenue

- By type of customer



INSURANCE	24.70%
ENERGY	22.80%
GOVERNMENTS	18.10%
TRAVEL & TRANSPORTATION	14.90%
HEALTHCARE	7.50%
TELCOMS	6.60%
BANKING	5.40%

- By geographic location



UK	49.9%
BELGIUM	15.6%
FRANCE	13.2%
OTHERS	8.6%
SWITZERLAND	5.8%
US	3.9%
LUXEMBOURG	3.0%

6.2.2 Business environment analysis

6.2.2.1 SWORD GROUP's ten largest customers

SWORD GROUP's ten largest clients account for 16.33% of the consolidated sales revenue for 2007

- BRITISH AIRPORT AUTHORITY	(UK)
- DG PRESS	(Benelux)
- GARD	(UK)
- HISCOX	(UK-US)
- MW KELLOG	(UK)
- SCOTTISH EXECUTIVE	(UK)
- SFR	(France)
- ORANGE	Switzerland)
- TALISMAN	(UK)
- UBS	(CH + US)

The top customer accounts for 2.91% of the 2007 sales revenue
The first 20 customers account for 27.77%% of the sales revenue for 2007.

6.2.2.2. Customer characteristics

The customer invoicing method can be broken down into fixed price (78%) and seconding 22%. External assignments are primarily used for consulting projects.

The risk attached to fixed price invoicing is limited.
The customer loyalty rate is 100 %.

Over the years 2000 to 2007, the rate of non-payment was nil, as our clientele consisted entirely of key accounts. The payment time stipulated in the company's terms and conditions of sale is 60 days end of month.
The payment time dropped from 73 days in 2006 to 60 days in 2007.

At 31 December 2007, the order book stood at 8.6 months of the sales revenue budgeted for 2008, not including the external growth over the coming 12 months and at 19.2 months in total.

6.2.2.3 Market and competition

The market
According to Syntec Informatique, at 31 December 2007, the IT service companies and software publisher segment generated sales revenue of €33Bn (against €31Bn in 2006).

According to Syntec informatique, the Software and IT Services Segment should grow by approximately 6.5% in 2007.
Growth breaks down as follows for each activity:

Activity	Year 2006 % actual	Year 2007 % actual	2008 forecast
Consulting and IT Services	7.5%	+5.5%	≈
Engineering Integration	5.5%	+6.5%	≈
Facilities management	6%	+ 7.5%	≈
Application software and Tool software	6%	+6.5%	≈
Total	**6.5%**	**From 6 to 8%**	**≈**

Competitors (internal sources, Celent, Gartner)

Competitors for the Software segment:

Activity	Competitors
Anti Money Laundering	SIDE – NORKOM – NET ECONOMY
INSURANCE / HEALTHCARE	CSC – ROOM SERVICES – FIServ - XCHANGING
GRC MANAGEMENT	Developed countries: Additional tools Emerging countries: IBM – MICROSOFT - EMC
ASSET MANAGEMENT	FIMASYS – WHITE CLARKE GROUP – DATASCAN TECHNOLOGIES
BANKS	I-FLEX – MISYS - INFOSYS
BUILDINGS	BUSINESS COLLABORATOR – BAULOGIS – PROSYS - LASCOM

Competitors for the Solution segment:

Activity	Competitors
"MOBILE TICKETING"	T-MOBILE - MOBIQA
"ENERGY TRADING"	THE STRUCTURE GROUP
« BUSINESS CONTINUITY »	SUNGARD – ADAM CONTINUITY
SECURITY	DNS - MORSE
ECM	SYNAPSE – APTUS SOLUTIONS – PERSPICUITY – THE CONTENT GROUP – CHAPTER 26 – ACCENTURE – CSC – FUJITSU – LOGICA – CAP GEMINI
SYSTEMS INTEGRATION	STERIA – SERCO – LOGICA – FS WALKER HUGHES – SOPRA NEWELL & BUDGE – CAP GEMINI – EDS – PARITY TATA - SAIC

The structure of competition remains very stable from one year to the next, yet it has now fully globalised. The success rate for proposals in 2007 remained on average equal to 50%, adjusted proportionally to the sales revenue generated by these proposals.

6.3 Exceptional events that would have influenced SWORD GROUP's activities and major markets

None.

6.4 Robust partnerships

SWORD GROUP works with several partners, in several functional configurations:
- "certified partner": these are partners who decide to work with SWORD GROUP when they share common interests in a project or customer. There is a certain level of commitment in terms of loyalty and making information available: each partner is a co-contractor in the project, and each one is responsible for their own part. Thus, IBM-Lotus and Microsoft can be said to be partners of this type: they sell their equipment and software, and subcontract certain tasks to SWORD GROUP;
- "integrator": SWORD GROUP integrates the partner's product, for example the Documentum and Filenet software applications, which are used in the EDM activity; the customer receives a joint commercial proposal; the sale of the licence is invoiced by SWORD GROUP (For Filenet for example) or by the product supplier, depending on the case in hand; the impact of this invoicing on SWORD GROUP's sales revenue is around 5%;
- "commercial agreement": the partner agrees to supply SWORD GROUP with information on the changes made to its products and on its new products, in order for SWORD GROUP to adapt any of its software components that make use of the partner's technology (e.g.: Swift);
- **"integration of SWORD GROUP components"**: these partners are IT service companies who play a role in certain key accounts; these companies sell on SWORD services and integrate its components into their global projects; this is the case for Steria Suisse and Misys who offer comprehensive solutions within the scope of Swift projects and make use of SWORD GROUP's STP components.

The table below lists SWORD GROUP's main partners and the type of partnership that binds them:

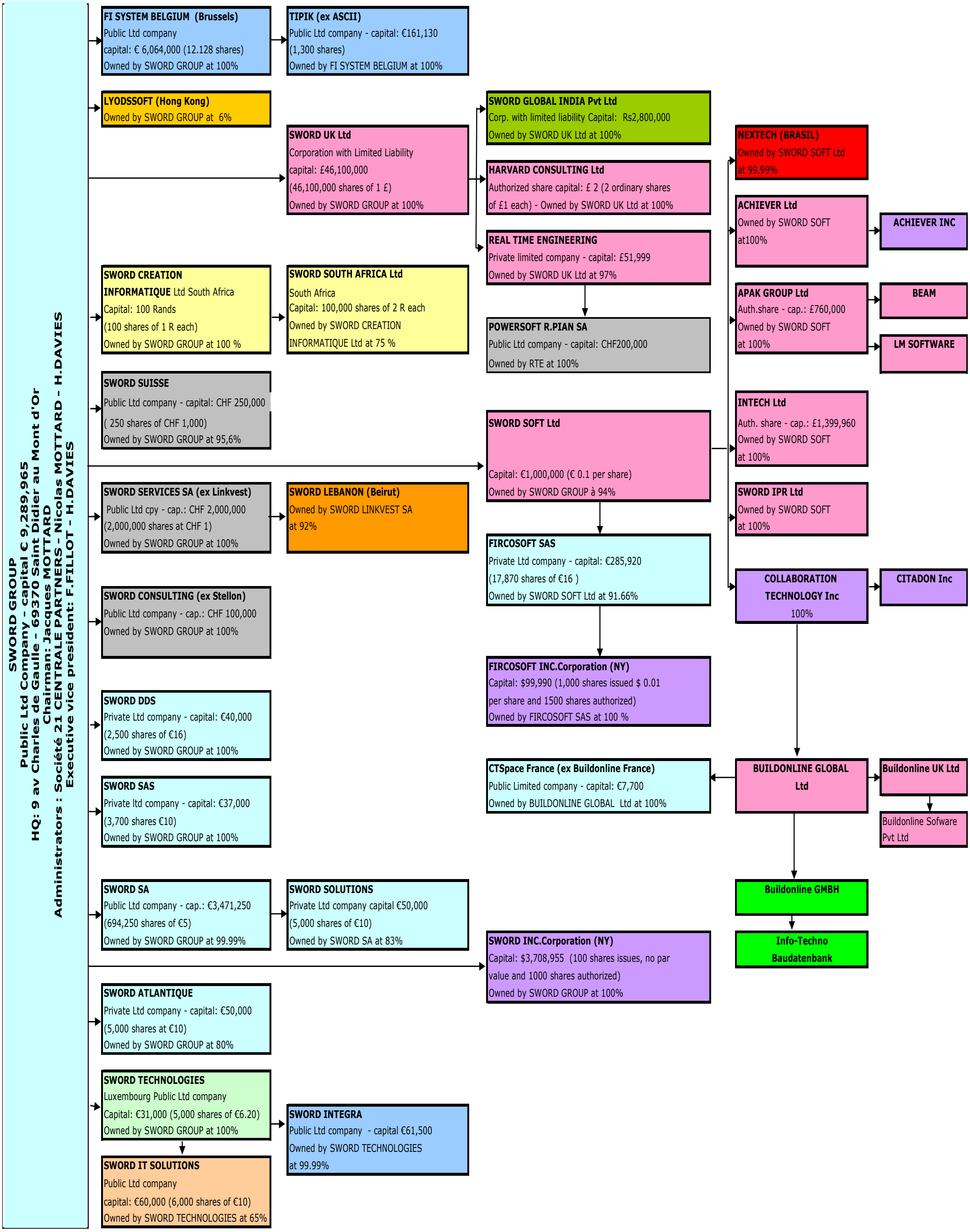
ABBYY	integrator
Actimize	integrator
Adobe	integrator
Alfresco	gold partner
Atos Origin	certified partner
Autodesk	development Partner
Avoco	certified partner and reseller
Axciom	integrator
BEA	integrator and reseller
Business Object	silver partner
Bluelon	reseller
Captiva	certified partner
Citrix	certified partner
Combined Knowledge	partner/ reseller/ commercial agreement
Communiqué (DAY)	premier partner
Cymmetry systems	reseller
Dexterra	partner and integrator
Dicom	reseller
Documentum	integrator
Document services	commercial agreement
EMC	velocity partner
EMC-Captiva	Integrator and reseller
EMC-Document Services	Integrator and reseller
ESRI	integrator

Exstream	integrator
eZPublish (eZSystems)	silver partner
Fast	integrator
Forsk	integrator
Filenet	integrator
Global knowledge	commercial agreement
Google	channel partner (Europe)
Headway	reseller
HP	partner
Hummingbird	integrator
IBM	partner
IBM-Lotus	certified partner
ILOG	integrator
Intergraph	integrator
Inxight	certified partner and reseller
IONIC Software	integrator
Itesoft	integrator
Kofax	integrator
Laso Peco	reseller
Mentalix	integrator
Mercury	integrator
Microsoft	gold certified partner
Misys	integration of SWORD GROUP components
On demand	reseller
Oracle	certified partner
QAS	commercial agreement
SAP	integrator and reseller
Sas	certified partner
Sealed Media	certified partner
Sefas	integrator
Selligent	advanced partner
Software Box Limited	partner/ commercial agreement
Star Apic	integrator
Stellent	integrator
Steria Suisse	integration of SWORD GROUP components
Swift	commercial agreement
Sybase	integrator
Temis	integrator
Verity	integrator
Web Connectivity	commercial agreement

There is no dependency on these partners, as SWORD GROUP software does not rely upon the versions of software packages hired from its partners.

VII – Group's legal organisation chart

7.1 Organisation chart at 31 December 2007



7.2 Issuer's subsidiaries

See Note 15 of the schedule to the financial statements.

SWORD GROUP has the following agreements with its subsidiaries:

- SWORD GROUP assists the subsidiary with its sales policy,
- SWORD GROUP carries out a number of actions intended to promote the subsidiary and to jointly analyse the impact of its image,
- SWORD GROUP is able to contribute to the setting out of its subsidiary's overall strategy,
- SWORD GROUP possesses a management control and organisation service for its subsidiaries.

The annual amount billed by SWORD GROUP to its subsidiaries within the scope of the assistance agreement is 3,183,526.50 €.

Regarding the agreements relative to SWORD GROUP and its subsidiaries:

- The Board held 14 February 2007 authorised the execution of an endorsement between SWORD GROUP and Sémaphore Investissements amending the service agreement entered into on 2 January 2007 by the aforesaid companies and authorised by the Board held 29 December 2006.
- The Board of Directors held 26 March 2007 authorised:
  - the signing of an assistance agreement between SWORD GROUP, Nextech and Achiever,
  - delegation to SWORD UK of part of the financial and management services that SWORD GROUP carries out to the benefit of certain subsidiaries,
  - delegation to Intech of part of the marketing services that SWORD GROUP carries out to the benefit of all its subsidiaries.
- The Board of Directors of 31 May 2007 authorised the disposal of the shares held by SWORD GROUP in Fircosoft to the benefit of SWORD SOFT Ltd.
- The Board of Directors of 19 July 2007 authorised the signing of an assistance agreement between SWORD GROUP and Apak and authorised the Chairman to guarantee, in the name of the company, the payment by SWORD SOFT LTD of a portion of the acquisition price.
- The Board of Directors of 31 July 2007 authorised the signing of a current account agreement between SWORD GROUP and SWORD SOFT Ltd.
- The Board of Directors held 26 October 2007 authorised the signing of an assistance agreement between SWORD GROUP and SWORD IPR Ltd.
- The Board of Directors of 10 December 2007 authorised the Chairman to grant to SWORD TECHNOLOGIES a waiver of current account for €2.1 million under a claw-back provision.
- The Board of Directors of 17 December 2007 authorised the guarantee by SWORD GROUP of the final acquisition price to be paid by SWORD SOFT Ltd for all the shares in Collaboration Technology Inc, through a merger between SWORD SOFT Acquisition Corp. Inc and Collaboration Technology Inc.
- The Board of Directors of 11 March 2008 regularised the following transactions:
  - the disposal, by the Company, to the benefit of SWORD SOFT, of all the shares held by the Company in Nextech, the Group's Brazilian subsidiary. The disposal was completed in May 2007 for €3,672,734.98,
  - the charge back by SWORD SA, one of the Company's subsidiaries, of part of the premises it uses on its Paris site, rue de Lyon, for €155k,
  - the charge back by Linkvest, the Company's Swiss subsidiary, for €198k, of infrastructure costs.

VIII – Property, plants and equipment

8.1 List of establishments

City	Address	Tel	Owners of the premises	Surface area of the premises
Aberdeen	Suite 2 F Johnstone House 52-54 Rose Street Aberdeen, AB10 1UD	+ 44.122.464.99.99	Ulster Estate Bedford House 16-22 Bedford Street Belfast BT2 7FD	549 m²
Alton	Cross & Pillory House, Cross & Pilory Lane, Alton, Hampshire, GU34 1HL, UK	+44.1420.547.507	Triangle Products Ltd, Cross & Pillory House, Cross & Pillory Lane, Alton, Hampshire, GU34 HL, UK	300 m²
Athens	79 Psaron Street 15 32 CHALANDRI Athens - GREECE	+30 210 68 18 971		
Belo Horizonte	Av. Alvares Cabral, 1777 – 15 andar, Santo Agostinho, Belo Horizonte, Brazil, 30170-001	+55.31.3516-7800	Mr Geraldo Lemos Filho. Rue Felipe dos Santos, number 385/1.501 Belo Horizonte/MG	350 m²
Beirut	Pole Technologique Berytech Rue Damas Beirut LEBANON	+ 961 1 612500	Centre Berytech Pole Technologique Berytech Rue Damas Beirut LEBANON	202 m²
Bristol	APAK House Unit 1, Badminton Court, Station Rd, Yate, Bristol, BS37 5HZ Unit 4 & 5 Badminton Court, Station Road, Yate Bristol, BS37 5HZ Unit 6 Badminton Court, Station Road, Yate, Bristol BS37 5HZ	+ 44.1454.871.000	R Cureton of Firbank, Knapps Drive, Winscombe, Avon & L Papadopoullos of Tamarind, Fosse Road, Stratton-on-the-Fosse, Bath, Avon Erinaceous Asset Management, Phoenix House, 11 Wellesley Road, Croydon, CR0 2NW Michael Peter Ford Orchard House, Dyers Lane, Iron Acton, Bristol BS37 9XP	314 m² 297 m² 231 m² 161 m²
Brussels	Avenue de Tervuren 270 B-1150 Brussels	+ 32 (0)2 235 56 70	COFINIMMO Boulevard de la Woluwe 58, 1200 Brussels	2,222 m²
Chennaï	- Arthant Nitco Park 90 Dr Radhakrishnan Salai	+ 91 66 36 36 36	Mr. S. Deivasigamani 11G Rajaji Salai	560 m²

	Mylapore Chennai 600 004 49 Venus Colony Alwarpet, Chennai, 600,018 India	 + 91 44 2431 1061	Salem 636 007 Mr. S. Chakravarthy Deeptha 27 Gopalakrishna Road T. Nagar Chennai 600 017	 530 m^2
Cwmbran	Ground, First & Second Floors, Marford, The Pavillions, Llantarnum Park, Cwmbran, NP44 3UW	+ 44 1633 480 600	Welsh Assembly Government, QED Centre, Main Avenue, Treforest Industrial Estate, Pontypridd, CF37 5YR	614 m²
Dubai	TECOM Zone DIC Building 13 Premises 119 & 120 PO BOX 500406	+ 971 4367 0375	The Dubai Technology and Media Free Zone Authority, PO Box 73000, Dubai, UAE	166 m²
Frankfurt	91 Niddastr, 60329 Frankfurt am Main, Germany,	+49 69 686 0230	Gross Dritte Posthoff Gmbh, Frankfurter Strasse 1-5, 65760 Eschborn, Germany	250 m^2
Geneva	Geneva Business Centre 12, Avenue de Morgines 1213 Petit Lancy	+ 41 (0) 22 879 96 30	Crédit Suisse AMF CP 8110 ZURICH	240 m^2
Glasgow	Academy House, Academy Park, Gower Street, G51 1PR Glasgow	+44 (141) 427 4142	Camlin (Academy Park) Ltd Gower Street, G51 1PR Glasgow	1,180 m²
Houston	2500 CityWest Boulevard, Suite 300 Houston TX 77042	+ 1 713 267 2282	Regus Global Workplaces, Houston TX 77042	250 m^2
Johannesburg	6 Kikuyu Road Sunninghill Johannesburg 2157 South Africa	+27 11 234 4206	Mr. R.G. Oliver HENTIQ 1122 Ltd Ground Floor 6 Kiluyu Road Sunninghill	85 m^2
Lausanne	Avenue des Baumettes 19, CH 1020 RENENS LAUSANNE	+ 41 (0)21 632 90 00	CACIB SA Succession Jacot Guillarmot André	1,017 m2
Leeds	Enfield Street Roundhay Road Leeds UK, LS7 1RF	+ 44.113.220.67.00	INTECH SOLUTIONS	1,148 m²
London	1000 Great West Road Brentford Middlesex TW8 9DW – 11th & 9th floor International House 1st St Katherine's Way London, UK, E1W 1UN	+ 44.20 8232 2555 + 44.207.553.25.00	Forthright Property Investments Ltd, Suite 6, Audley House, 9 Audley St, London W1K 6ZD SKIL ONE Limited, 5 Wigmore St, London, W1U 1PB	1,520 m^2 650 m²
Luxembourg	105 route d'Arlon – L 8009 Strassen	+ 353 26 11 26 11	GEO Bildinx 71 rue des Prés, L-7333 Steinsel	1,000 m^2
Lyon	9, avenue Charles de Gaulle 69370 Saint-Didier-au Mont d'Or	+ 33 (0)4.72.85.37.40	SNPI 27 Place Bellecour 69002 LYON	1,920 m^2

Mondsee	101 Herzog-Odilo-Strasse, A-5310 Mondesee, Austria	+43 (0) 62 32 50 51	Baudatenverlag Wienerroither OHG, 5310 Mondsee Herzog-Odilo-Strasse 101.	175 m^2
Nantes	2, Avenue des Améthystes 44000 NANTES	+ 33 (0)2 72 68 10 26	MULTIBURO REGIONS 2, Avenue des Améthystes 44000 NANTES	85 m^2
New York	17 State Street 26th Floor New York, NY 10004	+ 1.212.279.67.34	Georgeson Inc, 199 Water St, New York, NY 10038	2,090 m²
Paris	37, rue de Lyon 75012 Paris	+ 33 (0)1.44.67.24.00	Cogifrance 47, rue du Fbg Saint-Honoré 75008 Paris	2,281 m^2
Rennes	8, Rue Jouanet 35 700 Rennes	+ 33 (0)2 99 84 50 50	Bouygues Immobilier 5, Rue A. Aubry 35000 Rennes	683 m^2
San Francisco	49 Stevenson St, Suite 950, San Fransisco, CA 94104, USA	+1 415 882 1888	CB Richard Ellis inc.	570 m^2

There are no business links between the owners of the premises and the directors and employees of SWORD GROUP.

8.2 Environmental issues likely to influence the use of premises

None.

IX – Review of the financial situation and earnings

9.1 Review of the financial situation of fiscal 2007, 2006 and 2005

The development of the financial situation can be appreciated on the basis of the following data, taken from the consolidated financial statements as at 31/12/2005, 31/12/2006 and 31/12/2007.

In thousands of euros	31/12/2007	31/12/2006	31/12/2005
	IFRS	IFRS	IFRS
Consolidated shareholders' equity	149,280	82,775	65,051
of which Net earnings	18,911	15,748	11,060
Net debt	28,820	59,621	45,730
Net debt/total equity	19.31%	72.03%	70.30%
Dividends paid for the period	4,923(1)	3,207	2,220
Dividend per share paid for the period	0.53	0.42	0.3

(1) Subject to the approval of the General Meeting of 29 April 2008 ruling on the appropriation of the 2007 earnings.

Change the consolidated shareholder' equity:

Changes In €m	2005/2004	2005/2006	2006/2007
Capital increase	1.2	4.4	63.7
Profit (loss) – Dividends	9.3	13.5	15.0
Other movements	0.6	-0.2	-12.2
Total	11.1	17.7	66.5

Net debt:

- 2007/2006: The net debt dropped by €30.8m approximately, originating in particular from the capital increase (€62m net of expenses) minus external growth investments (€33m).

- 2006/2005: Net debt rose by approximately €14m, due in particular to the funding of external growth (€21.7m).

- 2005/2004: Significant increase in the net debt, as 2005 external growth (€50m) was funded for up to €39m by external funding, €9.8m by internal financing, and €1.2m by capital increase.

Dividends paid:

The Group's policy relies on the regular, programmed progression of dividends for each year. The net dividend per share rose by 40 % between 2005 and 2006 and will rise by 26% between 2006 and 2007.

9.2 Review of the current operating profit

No unusual event took place during fiscal 2005, 2006 or 2007.

In thousands of euros	31/12/2007	31/12/2006	31/12/2005
Sales revenue	179,045	142,005	101,491
Operating profit	29,232	23,949	16,710

The increase in consolidated sales revenue between fiscal 2006 and 2007 is due to internal growth and to the external growth achieved during that last year. The acquisition of Apak, Achiever, Nextech and Powersoft in 2007 has led to a significant increase in sales revenue.

X – Cash and capital

10.1 Short-term and long-term capital

€K	31 Dec 07	31 Dec 06	31 Dec 05
Long term capital	202 928	135 197	116 080
Consolidates Shareholders' equity	149 280	82 775	65 051
Lon-term debt	53 648	52 422	51 029
Short term capital	2 047	17 034	3 794
Short-term debt	2 047	17 034	3 794
Cash and cash equivalents	26 875	9 836	9 094
Net debt	28 820	59 621	45 730
Net debt/Consolidated shareholders' equity	19.31%	72.03%	70.3%

The progression of long-term capital is due to the capital increase and the capitalisation of the annual profit.

10.2 Cash flow statement for 2005 to 2007

Consolidated data (in thousands of euros)	31 December 2007	31 December 2006	31 December 2005
Operating cash flow	12,825	3,005	17,196
Cash flow from investments	-38,905	-19,174	-54,050
Financing cash flow	45,452	17,056	37,369
Impact of the change in currency prices	*-1,857*	*-9*	*272*
Change in cash position	**19,372**	**880**	**787**

Operating cash flows primarily comprise the profit for the year, readjusted with the change in working capital requirements.

Investment cash flows correspond to the acquisition of property, mainly acquisitions of subsidiaries (external growth), minus the disposal of fixed assets.

Financing cash flows are comprised of capital increases, minus the distribution of dividends, and the change in debt.

10.3 Borrowing conditions and loan structure

The conditions of loans and promissory notes are described in Notes 20 and 21 to the consolidated schedule.

Covenants relative to outstanding borrowings at fiscal 2007 year end, are described in Note 15 of the consolidated schedule. As at 31 December 2007, SWORD GROUP complied with all covenant clauses.

10.4 Restriction to the use of capital

None

10.5 Funding sources expected for future investments

The funding sources expected for future investments are, on the one hand, the use of unused drawing rights at 31 December 2007 for an amount of
€69,795k and, on the other hand, the cash flow that will be generated in the earnings for 2008.

XI – R&D, patents, licences

11.1 R&D

There are 3 sorts of R&D:

1. "Software components" R&D targeted at the "solutions" arm
2. "Corrective" R&D targeted at the "products" arm
3. "New product development" R&D

- "Software components" R&D is dedicated to 6 ranges of components:

    a. COGED: a Document Management range of software components oriented towards Documentum and Filenet technologies
    b. COSIG: a Geographic Information Systems range of software components oriented towards ESRI technologies
    c. The PTO range: intended for trademark and patent offices, the building blocs of an ERP dedicated to that market
    d. The RTE range for the oil industry, such as for example:
        - The production and delivery of hydrocarbon products
        - The detection of leaks in pipelines
    e. The RTE range for the aviation industry, such as for example:
        - Generation of boarding passes on mobile phones
        - Streamlining of passenger check-in

    f. The RTE range for the telecom industry, such as for example:
        - Self-assistance service via the mobile phone
        - On-board mobile telephone management

- "Corrective" and "scalable" R&D are activities whose costs, like those of software components, are charged to the trading account and not considered as fixed assets. This activity is dedicated to our 4 product ranges (Fircosoft, Cimage, Intech and Apak)

- "New product development" R&D: it is meant to be exceptional and capitalized and, in 2005 and 2006, was focused on new products in the CIMAGE range. This programme was completed in September 2006 and is being amortised.

In terms of quantification:

- Current R&D represents 12.5% of the time, i.e. 5.20% of sales.
  It breaks down as follows:
  SOLUTION: 2.40% of man hours and 1.04% of sales revenue
  PRODUCTS (SOFTWARE): 41.60% of man hours and 15.09% of sales revenue

- Capitalised R&D represents 0% of potential days, i.e. 0% of sales.

11.2 Patents and licences

SWORD GROUP owns all the trademarks that it needs to use. Indeed, it owns the following trademarks:
- Trademark Firco (European Union): owner: FircoSoft SA,
- Trademark STP Factory (European Union): owner: FircoSoft SA,
- French trademark SWORD, initially registered under number 520509 on 22nd June 1979 in classes 9, 35 and 42, renewed on 14th June 1989 under number 1536363, and renewed most recently on 27th May 1999,
- French trademark Ptolemy,
- French trademark Acsepto,
- European trademark SWORD, registered under number 001911809 on 20/10/2000 in classes 9, 16 and 42
- Foreign trademark SWORD registered in Germany under number 1111856 on 10 December 1985 in classes 7, 9, 16, 35 and 42,
- Foreign trademark SWORD registered in South Africa under number 88/5249 on 29 June 1988 in class 9,
- Foreign trademark SWORD registered in South Africa under number 88/5250 on 29 June 1988 in class 35,
- Foreign trademark SWORD registered in South Africa under number 88/5251 on 29 June 1988 in class 42,
- Foreign trademark SWORD registered in Benelux under number 378628 on 4 September 1981 in classes 7, 9 and 16,
- Foreign trademark SWORD registered in the UK under number 1255025 on 22 November 1985 in class 9,
- Foreign trademark SWORD registered in the UK under number 1255026 on 22 November 1985 in class 16,
- Foreign trademark SWORD registered in the UK under number 1278695 on 1 October 1986 in class 42,
- Foreign trademark SWORD registered in Switzerland under number 318013 in classes 9 and 16
- Trademark SWORD registered in Germany under number 39716994.9
- Trademark SWORD registered in Austria, Benelux, Denmark, Spain, France, Italy, Hungary, Sweden and Switzerland under IR number 687758
- Trademark SWORD registered in Greece under number 133788
- Trademark SWORD registered in Ireland under number 97/2251
- Trademark SWORD registered in Argentina under numbers 2088749 and 2088750
- Trademark SWORD registered in Brazil under number 820325619 and 820325627
- Trademark SWORD registered in Chile under numbers 395267 and 395268
- Trademark SWORD registered in the USA under number 75/546758
- Trademark SWORD registered in Hong Kong under number 9042/97 and 9043/97
- Trademark SWORD registered in Malaysia under number 97/15145
- Trademark SWORD registered in Mexico under numbers 300980 and 300981
- Trademark SWORD registered in Taiwan under number 86045800 and 86045801
- Trademark SWORD registered in Thailand under numbers 343661 and 343662
- Trademark Novasoft registered in USA under number 75155225
- Trademark Novaworkbench registered in the USA under number 75154522
- Trademark Novaweb registered in the USA under number 75154523
- Trademark Novagateway registered in USA under number 75154526
- Trademark Novamange registered in USA under number 75154521
- Trademark Dm-NET registered in the USA under number 2224567 in classes 21, 23, 26, 36 and 38
- Trademark Imagemaster registered in the USA under number 1501172 in class 38
- Trademark Cimage registered in the USA under number 1637485 in class 38
- Trademark FirstPlanIT registered in England and North Ireland under number 2332053 in class 9, on 14 May 2003
- Trademark FirstPlantIT registered in England, France, Italy, Germany, and the Netherlands under number 003535499, on 30 August 2005

XII – Information about 2008 trends

12.1 Main trends that have affected sales, costs and selling prices since 31 December 2007

In terms of trend, the drop in average prices between the 1st quarter of 2007 and the 1st quarter of 2008 has an impact of 5.8% on our 2008 sales revenue.

12.2 Elements likely to influence these prospects

None.

XIII - 2008 targets

13.1 Sales revenue and profit estimates for 2008

Consolidated	2008	
	Not including acquisitions	With acquisitions
Sales revenue (in million euros)	222.2	232.2 (1)
Operating profit	16.50%	16.45%

(1) On a constant exchange rate basis (01/01/2007) these €232.2m correspond to €248.9m.

XIV – Management and supervisory organs

14.1 Company managers and directors

14.1.1 General information regarding the managers and directors

Information contained in the management report.

14.1.2 Other corporate officers and functions exercised by the Company's directors and officers

See management report.

14.1.3 Other expired mandates exercised in the past five years

See management report.

14.1.4 Biography of managers and directors

See Chapter 17.1.2. Management team.

14.2 Conflicts of interest within the management and supervisory organs and at the general management level

None.

XV - Remuneration and benefits

15.1 Remuneration of directors and managers

See management report.

15.2 Provisions for pension payments and other benefits

Provisions for retirement payments for managers and directors were as follows:

Name	Retirement provision as at 31 December 2007
Jacques Mottard	None (1)
Françoise Fillot	€6,679.08

(1) Since 1 January, the retirement provisions for the Chairman and CEO have no longer been supported by SWORD GROUP, but by Sémaphore Investissements.

XVI - Operation of the Board of Directors and Executive Committee

16.1 Operation of the Board of Directors and Executive Committee

See management report.

16.2 Contracts between the directors and the Company

The Company has not entered into any direct contract with its directors. However, under a services agreement effective 1 January 2007, the remuneration of Mr. Jacques Mottard (and his assistant) is billed to the Company by Sémaphore Investissements (see Note 20 to the management report).

16.3 Audit and compensation committees

See paragraph 16.4.

16.4 Company governance

16.4.1 Report on internal control

Dear Shareholders,

We have prepared the Report that covers the preparation and organisation of the work of the Board of Directors, as well as the Company's internal control procedures.

This document has been prepared after many discussions between the members of the Management: it follows the guidelines set out in that respect by AFEP, MEDEF and ANSA.

The procedures described below cover the parent company and all the subsidiaries it controls.

To start, it would appear useful to discuss generally the organization of our company, prior to laying out the main procedures employed, and then moving on to the functioning of our Board.

I – HOW THE SWORD GROUP OPERATES

1 – THE GROUP'S MANAGEMENT ENTITIES

SWORD GROUP is organized to have quick reactions while maintaining a full management structure and consistent controls We feel that the role of four major bodies should first be described.

1.1. The Board of Directors, which has four members: the Chairman, Nicolas Mottard, Heath Davies and 21 Centrale Partners, represented by Mr. François Barbier.

The budgets are submitted annually to the Board, which also receives monthly management accounts and quarterly financial statements.

The Board is informed in advance of each projected acquisition, start of an activity, and more generally of all significant financial transactions.

1.2. The Board Management Committee, which determines annual directives, controls activities and defines long-term strategy. On 31 December 2007, it gathered:

- Jacques Mottard — Chairman and CEO
- Françoise Fillot — Executive Vice President
- Heath Davies — Executive Vice President

1.3. The Operating Committee, whose task is to set policy for the year, manage the annual budget and control the profit centres, known as "Business Units". It consists of five "Directors of Operations":

- Scott Leiper
- Jean-Marc Sonjon
- Tony Holland
- John Innes
- Juan Arcas

Among them:

- Tony Holland is Chief Operational Officer (COO) for the Software segment,
- John Innes is department COO in the UK
- Jean-Marc Sonjon is Assistant COO for French-speaking countries (Switzerland, Benelux, and France)

Each Director of Operations is at the same time the Director of a Business Unit. Thus, only the three members of the Board Management Committee are not directly involved in a profit centre.

1.4. The Executive Committee, made up of the Operations Committee enlarged to include all the Business Unit Directors.

The Group's organizational philosophy is based on the avoidance of hierarchies, and it has only two levels: the Director of the Business Unit, and the Board Management Committee.

1.5. The Executive Vice Presidents:

Ms. Françoise Fillot and Mr. Heath Davies were appointed Executive Vice Presidents for the Chairman's term, i.e. up until the closing of the Ordinary General Meeting convened to rule on the financial statements for the financial year ending 31st December 2009.

Ms. Françoise Fillot and Mr. Heath Davies, members of the Management Committee, are significantly involved in the definition and implementation of the Company's general management policy.

2 - THE BUSINESS UNIT, THE PROFIT CENTRE AROUND WHICH THE GROUP IS ORGANIZED

The Business Unit is a profit centre run according to principles set down in an internal management manual. The main management principles of this true SME are as follows:

2.1. Analysis, based on:

- a budget submitted before the start of the year, an analytical report prepared at each end of month and sent to the Management Committee, which includes a breakdown of activities, a summary of sites, the distribution of activities, an analysis of "work in progress" and "prepayment invoices", as well as an analysis of progress per site,

- feedback to the Business Unit by the General Management on the cost accounts.

2.2. General accounting

- Each entity has its own accounts department, which reports directly to the Administrative and Finance Department.

- The Financial Department ensures the centralised management of the cash requirements of the Group's various companies: if the cash of one of the subsidiaries serves the financial requirements of another, the holding company handles the remuneration of the lent capital, in order for the company that generates a surplus to perceive interest on its loan.

2.3. Commercial

- Each week all the members of any committee whatsoever, complete the same weekly report as Sales Engineers, combined with a report of contacts made during the week, and forward them to their respective superiors.

- These reports, consolidated at Group level, facilitate:

    - managing activities carried out by various players at the same clients,
    - quantifying the number of new projects being quoted, quantifying the number of new contracts signed,
    - monitoring the number and value of deals lost,
    - having a clear idea of the number of persons who have applied for positions, and the number of employment contracts signed,

- The Operations Committee is responsible for coordinating all the commercial players, which includes the Business Unit Directors

2.4. Technical:

Each proposal is prepared by Project Leaders and monitored by the Technical Department for the number of days, and by the Director of the Business Unit from the financial point of view. The Director of the Business Unit is authorized to enter into commitments up to €150,000 (versus €500,000 for the Director of Operations). Beyond, the General Management's approval should be secured.

Each project is run by a Project Leader, who performs the monthly reporting that allows analysis of progress on the project and possible deviations from the initial estimates.

All project follow-up files are monitored by the Technical Department. A summary of the progression status and differences is established at Group scale, individually for each operation.

All delays (on-site projects) must be immediately attributed. All gains (advances on the initial estimates) are attributed at the end of the project.

Any project which is more than 5% late is subject to an audit by the Technical Department of another operation.

All non-invoiced days by billable parties can only be allocated to one of the following three areas: training, management, subcontracting<

Any increase in the number of non-invoiced days per month in a Business Unit, will be the subject of detailed analysis in order to insure the proper allocation of the commercial concession.

3 - REPORTINGS, MEETINGS, DELEGATIONS

3.1. Reporting

A Business Unit prepares:

- its projected payments on the 10th of each month,
- its analysis reports the last working day of each month, before 12 noon,
- the sales situation the evening of the first working day of each month,
- report on travel expenses the 5th of each month.

Each Business Unit Director will prepare every half year, with the assistance of the Technical Department, a summary of HR management and of the salaries of its staff, including proposals for salary increases, training or career development for each member of staff, as preparation for the twice-yearly Remuneration Committee. Each case is examined together with the Directors of Operations and the Management Committee.

Each Business Unit Director prepares prior to the 15 November each year a proposed budget for the coming year, which will be examined by the Annual Budget Committee.

3.2. Meetings

Each week the Business Unit Director shall hold a meeting with his sales and technical managers to supervise the management of his profit centre, at the sales, technical and managerial levels, based upon the weekly reports.

Each Director of Operations holds a meeting once a month with his Business Unit Directors, both sales and technical, in order to check the actions taken by each unit, and to coordinate the Business Units.

Every two months, the Operations Committee and the Board Management Committee meet in order:

- to summarize items transacted between the Board Management Committee and the Operations Committee over the previous two months,
- to check on progress of the Business Units,
- to define strategy for the year and possible corrective action.

Every month, the Board Management Committee meets for a day to review all the summaries received, to propose corrective action to the Operations Committee, and to define acquisitions strategy.

Once a year, all group employees must meet their manager for an in-depth discussion of their career and salary, this being additional to daily exchanges between the Director and staff. Twice a year the Board Management Committee, the Operations Committee and the Executive Committee meet as a “Careers Committee”.

Once a year a “Budget Committee” is added to the “Careers Committee”.

3.3. Authorisations

- A Sales Engineer is authorized to represent the Company at clients and to sign external assignment contracts that meet Group profitability ratios.

- A Project Leader is authorized to manage his staff from the technical point of view and control the timeline progress of each project, without interfering with the trading results.

- A Technical director manages the Project Leaders, and personally manages major projects (over €300,000).

- A Business Unit Manager has the authority to recruit, within the limits of his budget and in accordance with the Group procedure, to incur the expenses provided for in his budget, and to sign contracts with clients for up to €150,000. If these expenses do not fall within his allocated budget, these delegations are taken away from him until the situation returns to normal. In such case, he must ask permission prior to committing to expenses or recruiting.

  A Business Unit Director cannot undertake investment expenses, for which a purchase requisition must be submitted to the Management Committee, nor to commit to expenses that may have a long-term impact, such as rent, for which an equivalent procedure exists.

- A Director of Operations may commit the Company on contracts up to a limit of €500,000, and has the authorities previously awarded to Business Unit Directors if they lose their authorisations.

In general, no one may decide to commit to expenses and at the same time arrange for their payment: the profit centre manager signs his approval on supplier manufacturers, while it is the Finance Department that deals with payments.

3.4. Management of staff committees

An employee is recruited in accordance with a specific procedure (profile definition, interviews with two separate persons, tests). New employees are inducted on their first day, and the secretary of the unit gives them the welcome booklet and the management manual.

That is followed by the Project Leader and/or Technical Director, who in due course must provide an opinion on their development potential.

Each quarter, employees attend a unit meeting, to provide them with information on the Company. Each half-year his/her case is reviewed by the “Careers Committee”. Once a year, at the least, he/she has a formal interview.

II – ACTUAL INTERNAL CONTROLS

2.1. DEFINITION OF INTERNAL CONTROL - NATURE OF THE INFORMATION PROVIDED

2.1.1 - We would remind you that the purposes of the internal control procedures in force in our company are:

- to monitor that management, the implementation of operations and the behaviour of staff are in accordance with the guidelines for businesses as laid down by the company's managing bodies, by the applicable laws and regulations, and by the values, standards and internal rules of the company;

- and to verify that the accounting, financial and managerial information provided to the company's managing bodies truly reflects the activities and the position of the company.

This internal control system is based on the French AMF's reference framework for small and mid caps (VaMPs).

One of the purposes of the internal control system is to prevent and control risks that arise from the business's activities, and risks from errors or fraud, particularly in the accounting and financial areas. As with all control systems, it cannot provide a total guarantee that such risks are totally eliminated.

2.1.2 - We would point out that the information contained in this report is essentially descriptive.

We would also point out that it is for the Auditors to prepare an additional report, specifically on the internal controls in respect of the preparation and processing of financial and accounting information.

2.2 SUMMARY DESCRIPTION OF ESTABLISHED CONTROL PROCEDURES

2.2.1 - Internal control procedures in respect of the preparation and processing of financial and accounting information.

The most relevant procedures in this regard are:

Reporting

Objectives/Principles:	Retain control of the operational progress of contracts, and the recording at the accounting and financial level of the results of progress on contracts
Implementation:	Preparation of analytical reporting, including - breakdown of activities - summary by site - summary of work in progress and of advance invoicing - analysis of progress per site
Control over proper implementation.	Monthly control by the Management Committee with feedback to the Business Unit Directors.
Persons and departments involved:	Business Unit Directors, Management Committee and the Administration & Finance Department

Monitoring of holdings

Objectives/Principles:	Maintain control of the activities and results of subsidiaries. Subsidiaries can be made up of one or several Business Units. Monitoring of holdings works largely through the monitoring of the Business Units, and thus through control by reporting
Implementation:	Preparation of analytical reports (cf. Reporting) Reporting of general management prepared by the Administrative and Financial Department
Control over proper implementation.	Monthly control of Business Unit analytical reports by the Management Committee, with feedback to the Business Unit creation of monthly/quarterly accounts
Persons and departments involved:	Directors of Business Units / subsidiaries Accountants of subsidiaries Administrative & Finance Department Management Committee

Procedure for preparing consolidated accounts

Objectives:	To produce consolidated financial statements, which reflect the true economic situation, are correct and provide a reliable view of the group<
Principles:	In line with international accounting standards (IFRS) as per European Regulation Nr.1606/2002 of 19 July 2002<
Implementation:	Quarterly accounts by the Administrative & Finance Department and the Management Committee, assisted by external consultants
Control over proper implementation.	Control by the Auditors
Persons and departments involved:	Administrative & Finance Department External consultants Management Committee The Auditors, who only check the half-yearly (limited check) and annual (audit) accounts, in accordance with correct legal requirements for listed companies.

Procedure for tracking off-balance sheet commitments

Objectives/principles:	Track off-balance sheet commitments
Implementation:	Preserve contracts in a secured location Identify the general commitment clauses Assessment of commitments Plan the commitments (kick-off, cancellation) Conditions of existence and implementation Summary of commitments
Control over proper implementation.	Twice-yearly verification, by the Financial Department, of the proper application of the tracking procedure Twice-yearly verification conducted by the Auditors: - through a review of documents - through circularisation
Persons and departments involved:	General Management Financial Department External consultants Auditors

Intangible assets tracking procedure

Objectives/principles:	Ensure that the intangible assets are not over-valued
Implementation / control of proper implementation:	Impairment tests conducted by an external expert
Persons and departments involved:	General Management Financial Department External consultants Auditors

2.2.2 - Other internal control procedures

The following procedure is also important in respect of our business.

Personnel

Objectives/Principles:	Organization of the "Personnel" function, as part of the objectives set by the Management Committee, facilitating in particular: - control of the timeliness of staff requirements - control of recruitment procedures as being suitable for the requirements - control and monitoring of individual files - control of payment of salaries - compliance with legal and regulatory provisions
Implementation:	Requests from Business Unit Directors, monitored by the Management Committee Definition of profiles, personal interviews, tests Periodic evaluation of staff Wage scales set by Business Units Salaries fixed by the HR Department

Control over proper implementation.	Monthly control of the analytical reporting Control by the Administrative & Financial Department and by the General Management.
Persons and departments involved:	Opportunity of requirements: Management Committee Recruitment procedure: Business Unit Director and the General Management Review of individual files: Administrative & Financial Department and General Management Review of salaries: HR Department and the Administrative & Financial Department Legal & regulatory provisions: HR Department and General Management

Thanks to that control system, we have been able to detect anomalies regarding the follow-up of certain projects within a subsidiary. The appropriate corrections have been recorded to the entity's accounts and to the Groups consolidated financial statements. Changes have been made to the subsidiary's organisation.

In a context of business growth and international Group expansion, there are plans to strengthen the Administrative and Financial team in the course of 2008.

III – PREPARATION AND ORGANIZATION OF THE BOARD'S WORK

3.1 COMPOSITION

The by-laws of your company provide for a Board of Directors made up of from three to eighteen members, each of whom must hold at least one share.

Currently, it is comprised of the following members:

Name	Date first appointed	Expiry date	Main function in the Company
Jacques Mottard	22/06/2001 Reappointed on 26/04/04	31/12/2009	Chairman and CEO
21 Centrale Partners SA François Barbier	22/06/2001 Reappointed on 26/04/04	31/12/2009	Director
Nicolas Mottard	22/06/2001 Reappointed on 26/04/04	31/12/2009	Director
Heath Davies	4/05/2007 13/03/2006	31/12/2012 31/12/2009	Director and Executive Vice President

The other mandates held by the directors in other companies are as follows:

- **Jacques Mottard:**

  Mandates exercised within the Group:

  - Chairman and CEO SWORD SA
  - Chairman SWORD DDS
  - Chairman Fircosoft
  - Chairman SWORD SAS
  - Chairman SWORD ATLANTIQUE
  - Chairman SWORD SOLUTIONS
  - Chairman SWORD UK
  - Chairman Harvard
  - Chairman Intech
  - Chairman and RTE Director
  - Chairman SWORD GLOBAL Ltd
  - Chairman Cimage Ltd
  - Chairman Cimage Novasoft
  - Chairman SWORD Inc
  - Chairman SWORD CREATION INFORMATIQUE Ltd
  - Director SWORD SOUTH AFRICA Ltd
  - Chairman SWORD TECHNOLOGIES SA
  - Chairman Fircosoft Inc
  - Chairman and Board Member FI System Belgium
  - Chairman and Board Member Tipik (formerly ASCII)
  - Director SWORD GLOBAL INDIA
  - Chairman SWORD SERVICES (formerly Linkvest)
  - Chairman SWORD LEBANON
  - Chairman and Board Member SWORD IT SOLUTIONS
  - Chairman and Director Stellon
  - Chairman Powersoft
  - Chairman SWORD SOFT Ltd
  - Chairman Achiever
  - Chairman Apak
  - Chairman SWORD IPR Ltd
  - Chairman Intech
  - Chairman and Board Member SWORD INTEGRA
  - Manager CTSpace FRANCE
  - Chairman Collaboration Technology Inc.

  Mandates exercised outside the Group:

  - Manager SCI FI
  - Manager Le Sémaphore
  - Manager Chinard Investissement
  - Chairman Sémaphore Investissements

- **21 Centrale Partners:**

  Mandates exercised outside the Group:

  - Member of the Supervisory Board Le Public Systeme
  - Director Egide
  - Director Fountaine Pajot
  - Director Meccano
  - Director Electropoli Group
  - Member of the Supervisory Board Alto Expansion
  - Member of the Supervisory Board Financiere Verlys
  - Member of the Supervisory Board Financiere Europe Assistance
  - Member of the Supervisory Board Financiere Syreva
  - Member of the Supervisory Board The Nomad Company
  - Member of the Supervisory Board Vulcanic Holding
  - Member of the Supervisory Board Financiere Aramis
  - Director SFTF Interflora
  - Director CENTRE PROTHÉTIQUE W. HOURADOU
  - Member of the Supervisory Board Allavalv

- **Heath Davies:**

  Mandates exercised within the Group:

  - Director SWORD UK Ltd
  - Director SWORD SOFT Ltd
  - Director Harvard
  - Director Real Time Engineering
  - Director Achiever
  - Director Apak
  - Director SWORD IPR Ltd
  - Director Intech
  - Director SWORD GLOBAL Ltd
  - Director Cimage Ltd
  - Director Cimage Novasoft Ltd
  - Manager CTSpace France
  - Deputy Chairman Collaboration Technology Inc.

  Mandates exercised outside the Group:

  None

- **Nicolas Mottard:**

  None

In accordance with the Bouton Report of September 2002, there was no "independent board member" at the end of the financial year. None of the above holds any significant holding in the equity of clients or suppliers of SWORD GROUP, or in its subsidiaries.

No member of the Board is pending ratification of co-option by the General Meeting.

There is no Director elected by the employees.

3.2 OPERATION

- The Board meets, carries out its work and adopts resolutions in compliance with applicable legal and regulatory provisions, and with the by-laws of your company: as of today, there are no internal regulations nor a censor.

  In the absence of an employees' joint consultative committee, no representative of the employees of the company or the group attends on a regular basis at Board Meetings.

- The Board receives the budgets once a year, management accounts monthly, and financial statements quarterly. In addition, the Board is informed in advance of each projected acquisition, creation of an activity, and more generally of all financial transactions.

- During the course of the financial year no specific task was delegated to a member of the Board.

The details of the corporate officers' remuneration are given in the management report.

Mr. Jacques Mottard is the father of Mr. Nicolas Mottard. Except for this reservation, there are no family ties between the Board members.

To SWORD GROUP's knowledge, none of the members of the Board, nor any of the main executives of SWORD GROUP has been sentenced for fraud in the past five years. None of the Board members has been associated, in his capacity as manager or director, in a bankruptcy, receivership, or liquidation, and none has been subjected to official public incriminations or sanctions pronounced by statutory or regulatory authorities. None of the Board members has been forbidden by a court to act in his capacity as a member of an administrative, management, or supervisory body of an issuer, nor to take part in the management of the business of an issuer in the past five years.

To SWORD GROUP's knowledge, there are no conflicts between the private interests of the Company directors and their duties to the Company.

To date, SWORD GROUP has not set up any internal rules for the Board of Directors.

Regarding the internal organisation of the SWORD GROUP (see point 2 of this report describing the control processes implemented), to date no remuneration or audit committee has been set up.

Subject to the above, SWORD GROUP complies with the main applicable corporate governance rules.

3.3 BOARD MEETINGS

The by-laws of our company provide for the holding of board meetings as often as the company's interests require.

During the 2007 financial year, the Board met fifteen times.

We make use of our legal counsel to call board meetings, which generally take place at the company's head offices, and to assist the Chairman in the preparation of minutes.

3.4 REMUNERATION OF MANAGEMENT & DIRECTORS

This issue is developed in paragraph 20 of the management report.

IV – LIMITATIONS TO THE AUTHORITY OF THE MANAGING DIRECTOR

The powers of the Managing Director are not limited: neither the by-laws, the act of appointment of the Managing Director, nor any decision by the General Meeting or by the Board of Directors has applied any limitation to the powers derogated by law to the company's legal representative, whether by internal or other regulation.

THE CHAIRMAN

16.4.2 Auditors' report drawn up in compliance with the last paragraph of article L 225-235 of the Commercial Code, on the Report of the Chairman of SWORD GROUP, in respect of the internal control procedures for the preparation and processing of accounting and financial information

Financial year ended 31 December 2007

Dear Shareholders,

In our capacity as Auditors of SWORD GROUP and in accordance with the provisions of article L. 225-235 of the French Commercial Code, we hereby present our report on the report drafted by the Chairman of your Company's Board of Directors in compliance with the provisions of article L.225-37 of the French Commercial Code for the financial year ended 31 December 2007.

It is for the Chairman to detail in his report particularly the conditions of the preparation and organization of the working of the Board of Directors, and the internal control procedures employed within the company.

It is for us to inform you of such observations as are called for by ourselves, in respect of the information given in the Chairman's Report concerning the internal control procedures for the preparation and processing of accounting and financial information.

We have carried out our work in accordance with the professional standards applicable in France; These involve the implementation of due diligence intended to assess the accuracy of the information contained in the Chairman's Report concerning the internal control procedures for the preparation and processing of accounting and financial information. These careful evaluations largely consist of:

- reviewing the internal control processes relative to the elaboration and the processing of the accounting and financial information underlying the information presented in the Chairman's report, as well as of the existing documentation;
- reviewing the work that has made it possible to elaborate this information and the existing documentation;
- determining whether the major flaws of the internal control regarding the elaboration and processing of the accounting and financial information which we might have detected in the context of our mission, are covered by appropriate information in the Chairman's report.

Based upon the work done, we have no observations to make concerning the information and declarations in respect of the company's internal control procedures for the preparation and processing of accounting and financial information, as contained in the Chairman's Report, prepared in accordance with the last paragraph of article L 225-37 of the Commercial code.

Lyon and Villeurbanne, 9 April 2008

The Auditors

SOCIETE D'AUDIT FINANCIER ET DE CONTROLE INTERNE	**DELOITTE & ASSOCIES**
Jacques Convert Partner Manager	Alain Descoins

XVII - Staff

17.1 Group head count

17.1.1 Head count

PRO-FORMA head count at 31 December 2007 by activity

Head count	Billable employees			Non billable head count	Total
	Staff	Subcontractors	Subtotal		
Solutions	848	314	1,162	127	1,289
Products (Software)	347	58	405	89	494
Total	1,195	372	1,567	216	1,783

(1) including freelancers: 372

Total staff, including freelancers, went during 2007 from 1,501 to 1,783 persons.

Analytically, these can be broken down as follows:

1. Solution activity

- Daily average billing rate: €534 / day
- Activity rate excluding holidays: 90.63% (81.47% with holidays)
- Training: 1.48% of the total number of potential days
- R & D: 2.40% of the total number of potential days

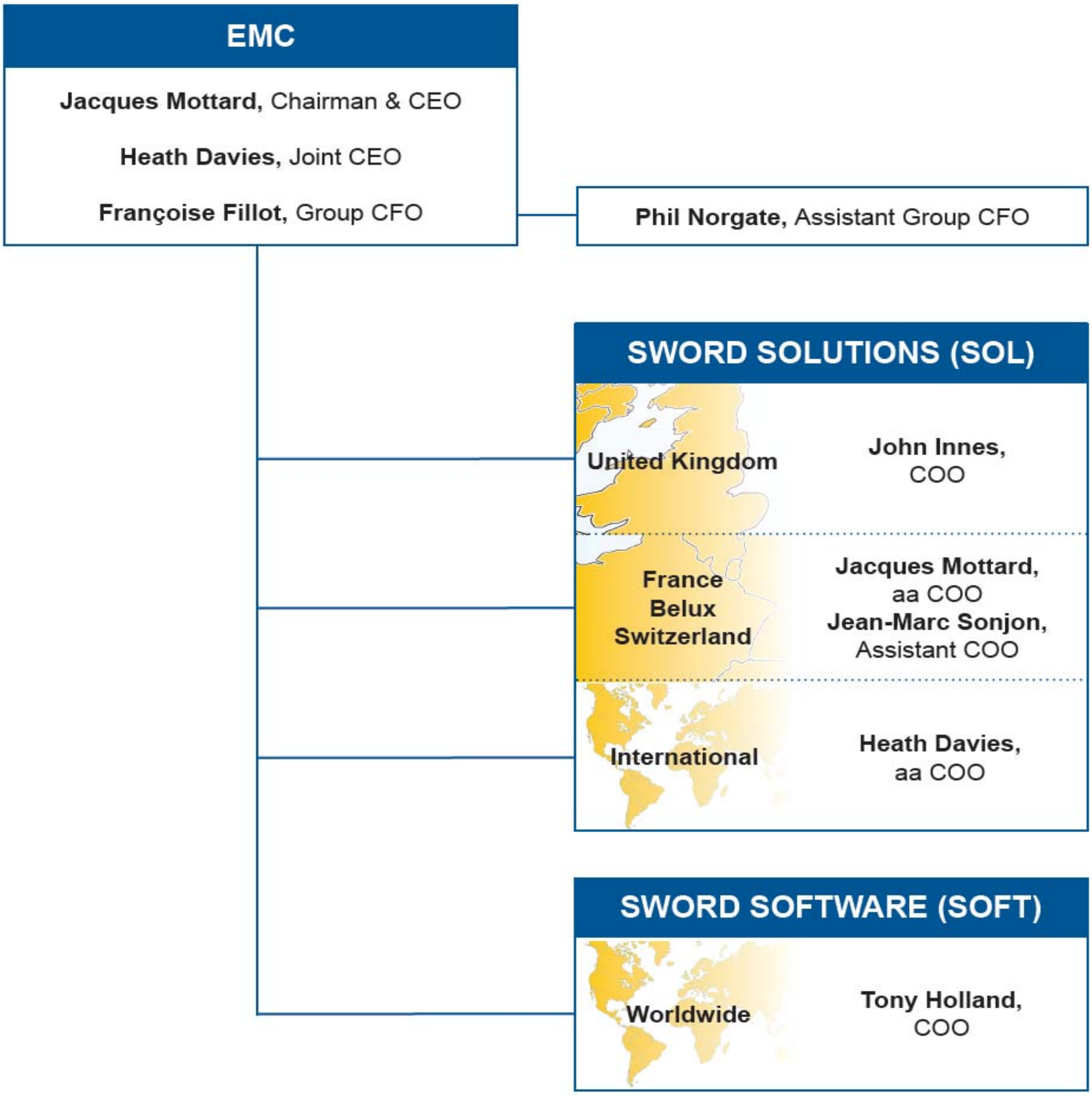
2. Products activity (Software):

- Daily average billing rate: €1,285 / day
- The activity rate, not inclusive of paid leaves, if 44.21% (40.27% inclusive of paid leaves)
- The training rate stands at 1.14% of the number of potential days for the Software team
- The R&D rate is 41.60% of the number of potential days.

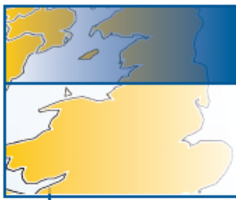
3. Rates summary

Group daily average billing rate: €667 / day
Training rate: 1.40% of the total number of potential days
Group R&D rate: 12.5% of the total number of potential days

17.1.2 Management Team
Management - Organization chart at 01/01/2008



Caption	
EMC	Executive Management Committee
CEO	Chief Executive Officer
CFO	Chief Financial Officer
COO	Chief Operating Officer
BUD	Business Unit Director
SD/CD	Sales Director / Channel Director
SM	Sales Manager
CTO	Chief Technical Officer
TD	Technical Director
SEC	Secretary
OD	Operating Director
aa	"Acting as"



SWORD SOL I

John Innes, COO

EMC / Phil Norgate

David Blyth, CFO

UK (CENTRAL)

John Innes, aa OD

RTE1	BUD	Gillian DAVIDSON	Glasgow
	TD	Jim McKENZIE	Glasgow
	SM	Alaistair DEACON	Glasgow
	SEC	Brian KEADY	Glasgow
RTE2	BUD	Jim BOYD	Glasgow
	TD	Richard GILLIS	Glasgow
	SM	David MORGAN	Glasgow
	SEC	Brian KEADY	Glasgow
RTE3	BUD	Alastair O'BRIEN	Glasgow
	TD	Robert JOHNSTON	Glasgow
	SM	Tom ADAMS	Glasgow
	SEC	Brian KEADY	Glasgow

UK (NORTH)

Scott Leiper, OD

PRG2	aa SBUD	Scott LEIPER	Aberdeen
	TD	Andy MARTIN	Aberdeen
	SM	Paul DALY	London
	SEC	Emma BOWIE	Glasgow
HVD	BUD	Lisa BLACKLAW	Aberdeen
	TD	Wendy MARR	Aberdeen
	SEC	Amy GATCOMBE	London
PRG1	BUD	Dave BRUCE	Aberdeen
	TD	Andrew CAMERON	Aberdeen
	SM	Neale STIDOLPH	Aberdeen
	SEC	Seella CHELLAYA	Aberdeen
DRG	BUD	Craig SWINBURN	Aberdeen
	TD	Ian MACLEAN STEWART	Aberdeen
	SEC	Anne-Marie SLAVEN	Aberdeen

UK (SOUTH)

John Innes, aa OD
Peter Brown, SD

ECM	BUD	Jim GRAHAM	London
	SM	Mark MEDLEY	London
	SM	Jackie HERRING	London
	TD	Liam HOLLEY	London
	SEC	Anne BEN MAHDI	London
SPS	BUD	Deb YOUNG	London
	SM	Terrry COYNE	London
	aa SEC	Anne BEN MAHDI	London

SWORD SOL II

Jacques Mottard, aa COO
Jean-Marc Sonjon, Assistant COO

BELUX

Juan Arcas, OD
Dieter Rogiers, SD
Guy de San, TD

BIB	BUD	Paul KAISIN	Brussels
	TD	Franck SILVESTRE	Brussels
	TD	Francis TASSEROUL	Brussels
	SEC	Aurélie FRANCOTTE	Brussels
TIP	aa BUD	Juan ARCAS	Brussels
	TD	Fabrice REGNIER	Brussels
	SEC	Bénédicte ROBE	Brussels
FPB	SBUD	Tony CLAES	Brussels
	TD	Thierry GUIOT	Brussels
	SEC	Sylvie FAIRON	Brussels
TMB	aa BUD	Dieter ROGIERS	Brussels
	SEC	Sylvie FAIRON	Brussels
SWG	BUD	Dimitrios GRITSIS	Athens
LUX	BUD	Paulo APOLINARIO	Luxembourg
	DT	Laurent WURMSER	Luxembourg
	SEC	Véronique DEVOS	Luxembourg

SWORD SOL II

Jacques Mottard, aa COO
Jean-Marc Sonjon, Assistant COO

FRANCE

Jean-Marc Sonjon, aa OD
Pierre Gachon, SD
Eric Bouvet, TD
Jean-Louis Vila, TD

SWL	BUD	Philippe Le CALVE	Lyon
	TD	Jean-Louis VILA	Lyon
	SM	Marie NOURRY	Lyon
	SEC	Laure DUSSAUZE	Lyon
IDL	aa BUD	Jean-Marc SONJON	Lyon
	TD	Eric BOUVET	Lyon
	SD	Maxime GRINFELD	Lyon
	SEC	Isabelle EPALE	Lyon
SWA	aa BUD	Jean-Marc SONJON	Nantes
	aa TD	Thierry SCHUFFENECKER	Nantes
	SM	To be recruited	Nantes
	SEC	Sophie LEVOYER	Nantes
REN	BUD	Philippe BLANCHARD	Rennes
	TD	Thierry SCHUFFENECKER	Rennes
	SM	Samuel SARRAZIN	Rennes
	SEC	Valerie GRIFFON	Rennes
SFS	aa BUD	Jean-Marc SONJON	Paris
	SM	Claude BENHARROUS	Paris
	SEC	Isabelle PEYROT	Paris
SOL	aa BUD	Jean-Marc SONJON	Paris
	SM	Eric ROTA	Paris
	aa SEC	Isabelle PEYROT	Paris

SWORD SOL II

Jacques Mottard, aa COO
Jean-Marc Sonjon, Assistant COO

SWITZERLAND / INTERNATIONAL

Jean-Marc Sonjon, aa OD
Jean-François Ballif, TD
Lionel Falk, TD

LAU	SBUD	Juan MARTINS	Lausanne
	SD	Pascal PAGNY	Lausanne
	SM	To be recruited	Lausanne
	SEC	Hélène SPINNLER	Lausanne
GVE	BUD	Bianca LEHNER	Geneva
	SM	Marie DESAUBLIAUX	Geneva
	SEC	Véronique MEYER	Geneva
STN	aa BUD	Jean-Marc SONJON	Lausanne
	SEC	Véronique MEYER	Lausanne
BEY	BUD	Nasser HAMMOUD	Beirut
	SEC	Rima CHANTOUF	Beirut

SWORD SOL III

Heath Davies, aa COO

Pradeep Banerji, CTO
Lalitha Balakrishnan, India CFO

INTERNATIONAL

Heath Davies, aa OD

SNE	BUD	David WARREN	New York
	SM	Mark BROWER	New York
	SEC	Anna KUPIS	New York
GIN	Site Director	Lalitha BALAKRISHNAN	Chennai
	aa BUD	Pradeep BANERJI	London
	TD	Sridhar VELLALA	Chennai
	HR Manager	Rex KUMAR	Chennai
	SEC	Ganapathyraman LAKSHMANAN	Chennai
SWP	BUD	Fabrice LIENART	Paris
	TD	Françoise DRAPERI	Paris
	SM	Sandrine BEAUMET	Paris
	SEC	Mélanie BELLIER	Paris

EMC

Phil Norgate, aa SWORD SOFT CFO

SWORD SOFT

Tony Holland, COO
John Pomeroy, SD

GRC

Tony Holland, aa OD

Rodrigo Vinivius, Channel Director

ABS	BUD	Robert DENT	Alton
	SM	Greg JOHNS	Alton
	Marketing Manager	Cherry RANCE	Alton
	Development Manager	Martin EVANS	Alton
	Bus Admin	Philip DENFORD	Alton
	SEC	Jim COTLING	Alton
NXT	BUD	Marcelo JESUS	Belo Horizonte
	SD	JOAO NACIF	Belo Horizonte
	TD	FLAVIO EBAID	Belo Horizonte
	SEC	Marina SANTOS	Belo Horizonte
IPR	BUD	Gordon KING	Cwmbran
	aa SEC	Clare GIRLING	London

EMC

Phil Norgate, aa SWORD SOFT CFO

SWORD SOFT

Tony Holland, COO
John Pomeroy, SD

CONSTRUCTION & OPERATIONS

Tony Holland, aa OD

Rodrigo Vinivius, Channel Director

CUK	SBUD	Scott LEIPER	Aberdeen
	SM	Lee ROBERTSON	London
	SEC	Clare GIRLING	London
CUS	BUD	Tim FLEET	Houston
	SM	Mark WALFORD	Houston
	TD	Eric JACOBSEN	Houston
	SEC	Angie SALLEE	Houston
OG1	BUD	Alec HARLEY	Glasgow
	TD	Robert MCSAVENEY	Glasgow
	SM US	Brian PARKER	Glasgow
	SEC	Lesley MOLSEED	Glasgow
CTS	SBUD	Gert-Jan DE KIEVIET	
CTSF	BUD	To be recruited	San Francisco
CTDE	aa BUD	Gert-Jan DE KIEVIET	Frankfurt
CTFR	aa BUD	Gert-Jan DE KIEVIET	Paris
CTAU	aa BUD	Gert-Jan DE KIEVIET	Saltzburg
CTUK	aa BUD	Gert-Jan DE KIEVIET	Maidenhead

EMC

SWORD SOFT

Tony Holland, COO
John Pomeroy, SD

Phil Norgate, aa SWORD SOFT CFO

BANKING AND ASSET MANAGMENT

Tony Holland, aa OD

Frederic CASADEI, Channel Director

APK1	BUD	Tony ALLEN	Bristol
	Technical Architect	Neil FITZPATRICK	Bristol
	Resource Manager	Richard JOYCE	Bristol
	Operations Manager	Chris SHERWOOD	Bristol
	Snr Business Consultant	Mark ELLIOTT	Bristol
	BDM	Chris TOBEY	Bristol
	SEC	Rob HAWKINGS	Bristol
APK2	BUD	Jeff LUFF	Dubai
	TD	Brian HANNAFORD	Dubai
	TD	Ray MOY	Bristol
	SM	NICK JASPER	Bristol
	aa SEC	Rob HAWKINGS	Dubai
FIP	BUD	Jean LOSCO	Paris + New York
	TD	Thierry HAENSENBERGER	Paris + New York
	SEC	Marie-Claire FIEVEZ. / Christine BERTHOME	Paris + New York
FII	BUD	Jean LOSCO	Paris + New York
	BDM	Laurent CORBEL	New York

EMC

SWORD SOFT

Tony Holland, COO
John Pomeroy, SD

Phil Norgate, aa SWORD SOFT CFO

INSURANCE & HEALTHCARE

Tony Holland, aa OD

Frederic CASADEI, Channel Director

INT	BUD	Eugene BRIEN	London
	Director of Product Development	David POYNTER	London
	Director of Implementation	Kevin MCGINTY	London
	Director of Technical Services	Doreen MOORE	London
	SEC	Clare GIRLING	London
INH	BUD	Steve WESTLEY	London
	SM	Rodney DUNNE	London
	aa SEC	Clare GIRLING	London
IUS	aa BUD	Tony HOLLAND	New York
	BDM	Allen HARRIS	New York
	TD	Dennis BARNFIELD	New York
	TD	Emma WALTER	New York
	DM	Allen HARRIS	New York
	SEC	Anna KUPIS	New York
IBD	aa BUD	Tony HOLLAND	Hamilton
	BDM	Stuart BROWES	Hamilton
	aa SEC	Clare GIRLING	London

The Management

Jacques Mottard, age 56, Chairman and CEO

Between 1989 and 1999, Jacques Mottard founded and developed Decan, until the friendly takeover by the Metamor group in February 1999. He occupied the position of chairman of the Metamor Group in Europe until October 2000. He then founded SWORD. Previously, he had occupied the position of sales engineer at Bull, as well as regional manager for the Rhône-Alpes and then managing director at Comelog (IT services). Jacques Mottard holds degrees in both science and management (ESTP (Grande école for public works engineering) and IAE Montpellier (company administration institute)).

Françoise Fillot, age 48, Executive Vice-President, Administration and Finance

Before joining SWORD, Françoise Fillot had served as administrative and financial director for 9 years at the Decan Group. She has a degree in management/accounting.

Heath Davies, age 42, Executive Vice President / Delegate Managing Director / Director

Heath Davies was previously Sales Director at Cimage Enterprise Systems prior to joining Text Systems as Director of Operations Further to the acquisition of Text Systems by the SWORD GROUP in 2002, he became Director of the Business Unit and then Director of Operations in October 2003. He holds a diploma in Computer Engineering from the Council for Information Technology Engineers in the UK.

Tony Holland, age 50, Chief Operational Officer for product operations (Software)

The first part of Tony Holland's career was focused on financial services, particularly with an international broker, after what he joined Lloyd's Corporation. Tony held various positions at Intech since the early 1980s, until he was appointed Executive Managing Director in 1999. He held that position until December 2005 when, under his impulse, Intech joined SWORD GROUP. Since then, Tony has been promoted Director of Operations in charge of products (Software).

John Innes, age 50, Chief Operational Officer for UK operations (Solutions)

John Innes was Sales Director at Pragma Systems before it was taken over by Sword UK in April 2005. Before that, he occupied various sales positions in areas such as entertainment, energy, and IT systems. He was promoted BU Director in 2005 and Director of Operations in 2006. He holds a degree in English from the University of Aberdeen.

Jean-Marc Sonjon, age 47, assistant Chief Operational Officer for the French-speaking operation (Switzerland, Benelux, and France)

Jean Marc Sonjon had been the director of DECAN's "IDL" Business Unit since 1998. The unit specialised in GIS and EDM. Over the course of his career in IT services, he occupied positions as project manager, project director and business engineer in various IT services companies: Syseca, Focal and Comelog. He has a university degree in computer science, and holds a DEST (post graduate diploma in technology).

Juan Arcas, age 45, Operations Director Belgium and Luxembourg

Juan Arcas, a Spanish citizen, spent most of his life in Belgium, where he held positions as consultant and development director for European institutions since 1992. In 2005, he was appointed Manager of ASCii, the communication company acquired by SWORD GROUP. Since then, he was appointed Director of Operations in 2007. Juan holds a degree in applied and theoretic linguistics.

Scott Leiper, age 37, Operations Director UK (North)

Scott Leiper was Business Unit Manager at Pragma before it was taken over by SWORD in April 2005. Scott occupied various technical and managerial positions in the Oil and Gas segment when working for Pragma. In 2006 he was promoted Sales Manager, in 2007 BU Manager, and in 2008 UK Operations Manager (Nord). He holds a degree from Robert Gordon University in Aberdeen.

17.2 Interests and stock options held by members of the Management Team

On the date of this prospectus, some of the aforementioned executives held Company stock options (see paragraph 26.2 of the management report).

The Company's shareholders are shown in paragraph 21.1.7.2.

17.3 Employee shareholdings

None.

XVIII – Main shareholders

18.1 Significant shareholders not represented at the Board of Directors

- Under the provisions of a trespassing statement published on 24 February 2006, Threadneedle Asset Management Holding has claimed that it had passed the threshold of 5% in capital only.

- Under the provisions of a trespassing statement published on 6 March 2006, Schroders Investment Management Limited has claimed that it had passed the threshold of 5% in capital only.

To the company's knowledge, no other shareholders have direct, indirect or joint control over 5% or more of capital or voting rights.

At 31 December 2007, the member of the Board of Directors (Nicolas Mottard, Jacques Mottard – including the holding of Sémaphore Investissements – Heath Davies and 21 Centrale Partners) held in total 18.97% of the capital and 18.66% of voting rights. The members of the Management Committee (Jacques Mottard – including the holding of Sémaphore Investissements - Françoise Fillot and Heath Davies) hold jointly 20.11% of the capital and 20.86% of the voting rights.

By a notarised document signed in private on 15 November 2006, Messrs Jacques and Nicolas Mottard, as well as the Company Sémaphore Investissements, represented by Mr. Jacques Mottard, its Manager, undertook, under the provisions of Article 787 B of the General Tax Code, to together retain for a period of two years, 1,706,002 shares of the SWORD GROUP.

18.2 Voting rights of main shareholders

Cf. para 21.1.7.2.

18.3 Control of the Company

See paragraphs 18.1 and 18.2 above.

18.4 Agreements that might involve a change of control

None.

XIX – Regulated agreements

19.1 Related-party transactions

Related-party transactions are developed in Note 24 of the schedule to the consolidated financial statements.

19.2 Auditors' special report on regulated agreements and commitments

Financial year ended 31 December 2007

Dear Shareholders,

In our capacity as auditors of your company, we will now present out report on regulated agreements.

Agreements and commitments authorised during the financial year

As stipulated by Article L. 225-40 of the Commercial Code, we have been informed of the agreements that benefited from your Board's prior approval.

Our role is not to detect the existence of any other agreements, but to provide you with the main characteristics and terms of those we have been advised of, based on the information we have been given, and without us being required to express an opinion as to their utility and validity. It is your responsibility, in accordance with the provisions of article R.225-31 of the Commercial Code, to assess the advantage of establishing these agreements with a view to approving them.

We have carried out our work in accordance with the professional standards applicable in France; these standards require that due diligence be practiced in order to verify the consistency of the information we have been given with that held in the documents from which it originates.

1. Management services to subsidiaries

Nature and purpose : Companies acquired by SWORD GROUP during the period, have benefited as of their date of entry into the Group, of the same assistance provided to all other subsidiaries and as described in the following chapter. The amounts recorded for that purpose were as follows:

SUBSIDIARIES	*CORPORATE OFFICERS CONCERNED*	*VALUE (€)*
SWORD IPR LTD	JACQUES MOTTARD AND HEATH DAVIES	0
APAK GROUP LTD	JACQUES MOTTARD AND HEATH DAVIES	80,250
NEXTECH LTD	JACQUES MOTTARD	45,900
ACHIEVER BUSINESS SOLUTIONS LTD	JACQUES MOTTARD AND HEATH DAVIES	27,150

2. General Management services contract

Representative concerned: Jacques Mottard

Nature and purpose: An endorsement Nr.1 to the executive management services agreement of December 2006 (general policy, strategy management, financial resource management, company's stock market listing management) entered into between SWORD GROUP and Sémaphore Investissements, was signed on 14 February 2007.

Terms: It is planned that Sémaphore Investissements will invoice each year, with monthly payments, a lump sum of €150,000 for the aforementioned services, and €150,000 for representation and travel expenses.

The latter €150,000 will be billed monthly as instalments. Should the expenses actually incurred by Sémaphore Investissements be less than €150,000, a readjustment will be carried out for December of each year. Should Sémaphore Investissements have to bear extraordinary expenses, particularly for the purchase of foreign companies, resulting in an increase of the aforementioned €150,000 lump sum, such extraordinary expenses would be borne by the Company.

Amount supported during the year... €309,876

3. Current account agreement

Representatives concerned: Jacques Mottard and Heath Davies

Nature and purpose: A current account agreement was entered into between SWORD GROUP and SWORD Soft Ltd.

Under the agreement, your company will provide SWORD Soft Ltd with funds in the form of a partner current account (remunerated at Euribor 3 months + 1%) to enable it to acquire various companies in the SWORD GROUP that generate "Products" business.

The agreement will remain applicable for an unlimited period of time. Except if agreed otherwise between the two companies, the capital and interest advances granted by your company will be reimbursed on the earlier of: the disposal by your company of more than 50% of the equity of voting rights of SWORD Soft Ltd and the floating of SWORD Soft Ltd on a market, whether regulated or not.

Terms:

Debit balance of the current account at 31 December 2007 .... €81,300,483
Interest received and recorded as income €1,625,510

4. Guarantee, by your company, of the payment by SWORD Soft Ltd of part of the acquisition price of Apak

Representatives concerned: Jacques Mottard and Heath Davies

Nature and purpose: Your company guarantees the payment upon maturity of the financial instrument ("Loan Note Instrument") issued by SWORD Soft Ltd regarding part of the acquisition price of Apak.

Terms: Guarantee delivered for principal of £1,272,861 for a period that will expire no later than 29 September 2008.

5. Disposal of the shares held by your company in Fircosoft to the benefit of SWORD Soft Ltd

Representatives concerned: Jacques Mottard and Heath Davies

Nature and purpose: In the context of the reorganisation of the Group and the creation of SWORD Soft Ltd, whose purpose is to manage all the stakes of the Group's "Products" companies, your company has sold all the shares held in the equity of Fircosoft to the benefit of SWORD Soft Ltd.

Terms: The disposal transaction concerns all the shares held by your company in the equity of Fircosoft. The sale of the 16,610 Fircosoft shares held by your company is carried out for a total price of €12,125,300.

6. Delegation by your company to SWORD UK of part of its services carried out for certain subsidiaries

Representatives concerned: Jacques Mottard, Heath Davies and Françoise Fillot

Nature and purpose: Delegation to SWORD UK of part of the financial and management services it carries out to the benefit of the UK, UK, South African, and Indian companies.

Terms: For these services, SWORD UK will bill your company each quarter for an annual lump sum estimated at €1,200,000. No expenses were charged for in 2007.

7. Delegation by your company to Intech of part of its marketing services carried out for all its subsidiaries

Representatives concerned: Jacques Mottard and Heath Davies

Nature and purpose: Delegation to Intech of part of the marketing services (publishing of brochures, organisation of seminars, special events, presentation slides) carried out for all the Group companies.

Terms: For these services, Intech will bill your company each quarter for an annual lump sum estimated at €300,000. No expenses were charged for in 2007.

8. Guarantee by your company of the final acquisition price by SWORD Soft Ltd of all the shares in Collaboration Technology Inc. (CTI) through a merger between SWORD Soft Acquisition Corp. Inc. and CTI

Representatives concerned: Jacques Mottard and Heath Davies

Nature and purpose: Under a merger agreement between SWORD Soft Ltd, SWORD Soft Acquisition Corp. Inc., SWORD GROUP SA, Collaboration Technology Inc. (CTI) and certain shareholders in CTI, your company guarantees the final acquisition price by SWORD Soft Acquisition Corp. Inc. of all CTI shares.

Terms: The guarantee set up concerns $8,169k.

9. Current account waiver to the benefit of SWORD TECHNOLOGIES

Representatives concerned: Jacques Mottard and Françoise Fillot

Nature, purpose and terms: Your company waived a current account worth €2.1m to the benefit of SWORD TECHNOLOGIES. The latter was granted under a claw-back provision or in case of sale of the majority of shares in SWORD TECHNOLOGIES.

10. Disposal of the shares held by your company in Nextech to the benefit of SWORD Soft Ltd

Representatives concerned: Jacques Mottard and Heath Davies

Nature and purpose: In the context of the reorganisation of the group and the creation of SWORD Soft Ltd, whose purpose is to manage all stakes in the Group's "Products" companies, your company has sold all the shares held in the equity of Nextech to the benefit of SWORD Soft Ltd.

Terms: The disposal transaction covered all the shares held by your company in the equity of Nextech. The sale was completed at a total price of €3,672,735. The disposal was completed on the basis of the net book value of the securities plus the acquisition costs.

11. Various charge backs by two subsidiaries

Representatives concerned: Jacques Mottard (SWORD SA et LINKVEST) et Françoise Fillot (SWORD SA)

Nature and purpose: Your company supported (i) part of the rent of the rue de Lyon (SWORD SA) and (ii) of the infrastructure costs (Linkvest) under the conditions described below.

Terms: The expenses supported by your company include:

- Charge back by SWORD SA of part of the premises used on its Paris site, rue de Lyon, for €155k.
- Charge back by Linkvest of infrastructure expenses for €198k.

Agreements and commitments approved over the course of previous financial years and whose implementation continued during the financial year

Besides, in accordance with the Commercial Code, we have been informed that the performance of the following agreements, which were approved in previous financial years, was pursued during the financial period at stake.

1. Management services to subsidiaries

Nature and purpose: Your company provides its subsidiaries with assistance in terms of commercial policy, communication, strategy, purchasing, management controls and organisation.

Terms: The services charged for by your company for the assistance granted are calculated on the basis of a lump sum per staff member and per month, of €470 for French subsidiaries and €150 for foreign companies (except in India and Lebanon, where the rate applied is €15).

The amounts billed for financial 2007 are as follows:

Subsidiaries	***Value (€)***
SWORD SA	1,058,910
FIRCOSOFT	208,680
SWORD INC.	60,300
SWORD UK	363,600
SWORD SUISSE	0
SWORD TECHNOLOGIES	253,350
GLOBAL INDIA	11,610
ASCII	155,250
SOUTH AFRICA	18,000
SWORD SERVICES - BELGIUM	18,000
SWORD CONSULTING (EX STELLON) – SWITZERLAND	19,800
SWORD ATLANTIQUE	187,530
INTECH	199,800
SWORD SERVICES (FORMERLY LINKVEST) – SWITZERLAND	103,500
HARVARD	6,750
SWORD SAS	124,080
SWORD LEBANON	3,600
RTE LTD	219,376
SWORD SOLUTIONS	12,690
FIRCOSOFT INC.	5,400

2. Sub-lease agreement

Nature and purpose: Under the authorised agreement, your company sub-leases to SWORD SA the premises described below, located in Saint-Didier au Mont D'or (Rhône), 9 avenue Charles de Gaulle, including:

- one office building with a surface area of 676 square meters,
- another office building with a surface area of approximately 1,238 square meters,
- a neighbouring plot of land.

The sublease contract became effective as at 1 January 2006, for a period of 7 years expiring on 31 December 2012.

The annual rent, excluding taxes and expenses, revisable annually on the basis of the INSEE's quarterly index of building construction costs, stands at €289,237, to which should be added the property tax.

Terms: For the financial year ended 31 December 2007, the rent charged back by your company represents income of €297,000.

Villeurbanne and Lyon, 9 April 2008

The Auditors

DELOITTE & ASSOCIES	**SOCIETE D'AUDIT FINANCIER ET DE CONTROLE INTERNE**
Alain Descoins	Jacques Convert Partner Manager

XX – Financial information about the assets, financial situation and results of the Company

20.1 Historical financial information (corporate accounts)

20.1.1 Corporate accounts at 31 December 2007

INCOME STATEMENT AT 31 DECEMBER 2007
12-month financial period ended 31 December 2007

(in thousand euros)	31/12/2007	31/12/2006
Sales revenue	3,849	3,422
Immovable stock		
Other revenues	2	6
OPERATING INCOME	**3,850**	**3,428**
Purchased consumables		
Other purchases and external charges	2,059	1,684
Taxes and duties	61	104
Personnel expenses	306	486
Depreciation and provisions charges	123	-329
Other operating expenses	65	59
OPERATING EXPENSES	**2,614**	**2,004**
OPERATING PROFIT/(LOSS)	**1,236**	**1,424**
FINANCIAL EARNINGS	**37,268**	**3,661**
PROFIT/(LOSS) BEFORE INCOME TAX	**38,504**	**5,086**
EXTRAORDINARY EARNINGS	**3,495**	**51**
Income tax	771	-71
NET EARNINGS	**41,228**	**5,208**

12-month financial period ended 31 December 2007

ASSETS

(in thousand euros)	31/12/2007			31/12/2006
	Gross	**Depreciation provisions**	**Net**	**Net**
FIXED ASSETS				
Intangible fixed assets	25	11	14	18
Tangible fixed assets	38	6	32	0
Financial assets	106,963	802	106,161	114,071
TOTAL FIXED ASSETS	**107,025**	**818**	**106,207**	**114,090**
SHORT-TERM ASSETS				
Clients and apportioned accounts	11		11	3
Other debtors and accruals	111,476	113	111,363	14,570
Treasury shares			0	104
Other marketable securities			0	154
Cash	282		282	185
TOTAL CURRENT ASSETS	**111,769**	**113**	**111,656**	**15,016**
GRAND TOTAL	**218,794**	**931**	**217,863**	**129,106**

BALANCE SHEET AT 31 DECEMBER 2007

12-month financial period ended 31 December 2007

LIABILITIES

(in thousand euros)	**31/12/2007**	**31/12/2006**
Capital	9,290	7,637
Additional paid-in capital	100,909	38,909
Legal reserve	842	582
Other reserves	1,734	1,734
Retained earnings	4,013	2,966
Net earnings	41,228	5,208
SHAREHOLDERS' EQUITY	**158,016**	**57,035**
Other Shareholders’ equity		
TOTAL PERMANENT CAPITAL	**158,016**	**57,035**
Provisions for risks and charges		
Financial debt	59,221	71,538
CREDITORS		
Suppliers and apportioned accounts	513	354
Other accounts receivable and accruals	112	179
TOTAL CURRENT LIABILITIES	**59,846**	**72,071**
GRAND TOTAL	**217,863**	**129,106**

20.1.2 Schedule to the balance sheet and social income statement of SWORD GROUP SA at 31 December 2007

This is the schedule to the balance sheet prior to the breakdown of the financial year ending 31 December 2006 which totals €217,862,723.27, and to the financial statement for the financial year, presented in the form of a list, which shows profits of €41,228,349.61.

The financial year lasts 12 months and covers the period from 1/1/2007 to 31/12/2007.

SWORD GROUP's business consists exclusively in:

- managing the stakes held by the SWORD GROUP
- providing subsidiaries with central means (general management, financial, commercial, and strategic management) though a management services agreement.

NOTE 1: KEY HIGHLIGHTS FOR THE PERIOD

Holdings

In the course of financial 2007, SWORD GROUP acquired the following stakes:

- 8% of the equity of SWORD SAS, for €297k, bringing its holding in that company to 100%,
- 81% of the equity of Brazil's Nextech, for €3,240k, bringing its holding in that company to 100%,
- 6% of the equity of Lyodssoft for €645k,
- 0.96% of the equity of SWORD TECHNOLOGIES, for €346 K€, bringing its holding in that company to 100%.

SWORD GROUP has set up the UK company SWORD SOFT designed to group all of the Group's stakes in Product development. At 31 December 2007, SWORD GROUP held 94% of SWORD SOFT, for an invested amount of €94k.

To allow for the setting up of a Product segment focused on its subsidiary SWORD SOFT, SWORD GROUP has also sold to its subsidiary its stakes in the following companies: the transactions was carried out at market value:

- 92.17% stakes in Fircosoft, at a price of €12,125,
- 100% of Nextech for an amount of €3,671k.

SWORD GROUP has finally disposed of SWORD SERVICES for €53k.

Organisation

As of 1 January 2007, Mr. Jacques Mottard and his assistant have been salaried employees of Sémaphore Investissements, a holding company of Mr. Jacques Mottard. An executive management agreement has been set up between Sémaphore Investissements and SWORD GROUP.

Financing

The managing director, acting by further delegation carried out by the Board of Directors of 14 February 2007, recorded on 9 March 2007 the correlative capital increase through the issue of 1,437,500 new shares, which brought the capital from €7,636,840 to €9,074,340.
On 2 April 2007, the managing director recorded the exercise of the entire over-allotment option and the final completion of the capital increase through the subscription of 215,625 new shares, which brought the capital up from €9,074,340 to €9,289,965.
The capital increase resulted in the creation of 1,653,125 new shares, leading to an increase in capital of €1,653k and an increase in additional paid-in capital of €62,001k. It should be noted that €2,471k corresponding to the issue costs net of tax incurred for the capital increase, were recorded as additional paid-in capital.

This call to the financial market is intended to fund the Group's growth. Pending the completion of the external growth operations planned in the business plan, these funds have made it possible to limit the use of the various credit lines without impacting on the Group's borrowing capacity.

NOTE 2: EVENTS SUBSEQUENT TO YEAR END

None.

NOTE 3: ACCOUNTING RULES AND PRINCIPLES

The notes or tables that appear hereafter form an integral part of the annual financial statements.

General accounting conventions have been applied, in accordance with the prudence principle, and founded on these basic assumptions:

- the continuity of operations,
- the permanent nature of accounting methods from one financial year to the next,
- the independence of financial years,

and in accordance with the provisions of the Commercial Code, of the accounting decree of 29 November 1983, as well as CRC Regulation 99-03 of 29 April 1999 regarding the revision of the General Chart of Accounts.

3.1. Intangible fixed assets

The intangible fixed assets mainly concern the trademark SWORD that has been acquired and software programmes depreciated on a straight-line basis over 3 years.

3.2. Tangible fixed assets

The company owns a vehicle depreciated over 4 years.

The company does not possess any movable or immovable assets financed under a lease system.

3.3. Financial assets

Financial fixed assets consist of equity interests and of paid and recoverable guarantee deposits for own shares.
Equity interests are evaluated according to their historical cost. At the close of each financial year, provisions for depreciation are set up based on possible capital losses between the book value and the inventory value. The inventory value of the equity interests is estimated on the basis of the net assets plus potential unrealised capital gains on intangible assets. This estimate of the intangible assets is appreciated according to the following criteria:

- The existence of an international, national or regional market share
- A recognised positioning
- Recurring customers

This estimate is confirmed by an expert’s assessment conducted each year in the context of the validation of the value of the intangible assets in the consolidated financial statements (IAS 36).
The value of the securities in SWORD GROUP’s annual financial statements cannot be significantly greater than the value of the subsidiary in the consolidated financial statements.
The costs involved for acquiring interests are attached to the assets concerned.

3.4. Operating accounts receivable

These are assessed at face value and are essentially comprised of accounts receivable from subsidiaries.
A provision for the depreciation of customer accounts receivable is set up when a risk that these accounts may not be recoverable appears in the inventory.
Operating accounts receivable in currency are valued on 31st December 2007 at the closing rate.

3.5. Treasury shares

At 31 December 2007, the company no longer owned any treasury shares.

3.6. Provisions for risks and charges

In accordance with the provisions of CRC Rule 2000-06, a provision is recorded when the company has an obligation whose amount can be estimated reliably, that will probably or certainly lead to a disbursement to the benefit of the aforesaid third party, with no counterpart at least equivalent expected from it.
No provision for retirement commitments is recorded, due to the insignificant nature of these commitments, given in particular the young age of the company and the limited head count.

3.7. Extraordinary earnings

Extraordinary profit includes non-operating costs and revenues, as well as any adjustments for management operations that are non-recurring and significant, and therefore justify their categorisation as extraordinary profit.
It also includes the capital gains from the disposal of treasury shares.

3.8. Income tax

As of 1 January 2002, SWORD GROUP opted for the fiscal consolidation tax regime. According to the agreement for fiscal consolidation in force within the company, each subsidiary company incurs the same income tax costs as they would have incurred without fiscal consolidation. The tax saving produced by transferring the deficits of subsidiaries to SWORD GROUP is entered for the year in which they were transferred. At 31 December 2007, the consolidated group was made up of SWORD GROUP (head company) and SWORD SA.

NOTE 4: INCOME STATEMENT

4.1 Payroll expenses

Payroll expenses stand at €305,728 and break down as follows:

(in €)	31/12/07	31/12/06
Gross wages	216,802	343,563
Statutory charges	88,926	142,060
Stakes and interests		
Total	**305,728**	**485,623**

Head count:

	31/12/07	31/12/06
Management	2	4
Non-executives		
Total	**2**	**4**

4.2. Net reserve allocations for operational depreciation and provisions

(in €)	31/12/07	31/12/06
Net reserve allocation for tangible and intangible fixed assets	10,355	4,834
Reserve allocation for accounts receivable	113,000	
Reserve allocation for other provisions for risks and expenses		- 333,874
Total	**123,355**	**- 329,040**

4.3. Breakdown of expenses and income for related companies

(in €)	Operating expenses	Revenues from operations
Total	2,614,235	3,850,371
Of which related companies	365,508	3,788,893

(in €)	Interest expenses	Financial earnings
Total	5,610,792	42,878,924
Of which related companies	2,315,125	42,601,007

4.4. Non-operating profit

(in €)	31/12/07 (12 months)	31/12/06 (12 months)
Financial allocations for depreciation and provisions	563,979	237,755
Interest on current accounts	215,125	274,796
Bank interest	2,055,931	1,992,858
Mali on own shares	12,352	20,707
Negative exchange rate differences	663,405	1,551,495
Current account waiver	2,100,000	
Other financial expenses		633
Total net financial costs	5,610,792	4,078,244
Reversal of financial allocations for depreciation and provisions		
Financial revenue from stakes	39,757,917	5,559,224
Revenue from marketable securities	118,956	2,985
Interest on current accounts	2,855,249	698,719
Bonuses on own shares		
Exchange rate differences	78,251	1,478,558
Other financial items (SWAP)	68,551	
Total financial revenue.	42,878,924	7,739,486
Non-operating profit	**37,268,132**	**3,661,242**

4.5. Extraordinary earnings

Extraordinary profit can be broken down as follows:

(in €)	31/12/07 (12 months)	31/12/06 (12 months)
Net profit from sale of own shares	20,396	123,467
Net profit from sale of assets	3,480,158	(72,319)
Other expenses or extraordinary earnings	(5,513)	
Extraordinary earnings	3,495,041	51,148

The extraordinary earnings for 2007 are mainly made up of the capital gains generated on the disposal to SWORD SOFT of the stakes held in Fircosoft.

4.6. Gross cash flow margin

(in €)	31/12/07	31/12/06
Profit (loss)	41,228,350	5,207,542
Depreciation	10,355	4,834
Provisions	676,979	(96,119)
Gross cash flow margin	41,915,684	5,116,257
Disposal of assets	3,480,158	(72,319)
Operating cash flow	38,435,526	5,188,576

4.7. Income tax breakdown

(in €)	Before tax	Corresponding tax	After tax
Current profit	38,504,269	1,235,665	37,268,604
Extraordinary earnings	3,495,041		3,495,041
Income tax related to the consolidation for tax purposes		- 464,705	464,705
Employee profit-sharing			
Accounting profit	**41,999,310**	**770,960**	**41,228,350**

At 31 December 2007, no subsidiary consolidated for tax purposes had any deferred tax loss, previously recorded against the consolidated earnings.

4.8. Reductions of future tax debt

(in €)	Amount
Reduction of future debt	
- Uncertain, non-deductible provision for risks	
- Non-deductible provision the year of their posting	
- Organic	1,722
- Underlying appreciation of marketable securities	
- Deferrable losses	248,110
Total reduction of future debt	**249,832**

There is no growth in future tax debt to note.

NOTE 5: INTANGIBLE FIXED ASSETS

5.1. Position details

	31/12/2007		
(in €)	Gross values	Depreciation	Net values
Trademarks and patents	24,500	10,875	13,625
Total	**24,500**	**10,875**	**13,625**

5.2. Movements for the period

(in €)	01/01/07	Acquisitions	Disposals	Reclassification	31/12/07
Trademarks and patents					
Gross values	24,500				24,500
Depreciation	(6,042)	(4,833)			(10,875)
Net	18,458				13,625
Total	**18,458**	**(4,833)**			**13,625**

NOTE 6: TANGIBLE FIXED ASSETS

6.1. Position details

	31/12/2007		
(in €)	Gross values	Depreciation	Net values
Transport equipment	37,863	5,522	32,341
Total	**37,863**	**5,522**	**32,341**

6.2. Movements for the period

(in €)	01/01/07	Acquisitions	Disposals	Reclassification	31/12/07
Transport equipment					
Gross values		37,863			37,863
Depreciation		(5,522)			(5,522)
Net		32,341			32,341
Total	**0**	**32,341**			**32,341**

NOTE 7: FINANCIAL ASSETS

7.1. Position details

	31/12/07		
(in €)	Gross value	Provisions	Net
Equity interests	106,888,543	801,734	106,086,809
Deposits and sureties	74,250		74,250
Other financial assets			
Total	**106,962,793**	**801,734**	**106,161,059**

Financial fixed assets mainly consist of equity interests.

7.2. Movements for the period

(in €)	01/01/07	Acquisitions	Disposals	31/12/07
Equity interests				
Gross values	114,234,891	5,203,983	(12,550,331)	106,688,543
Depreciation	(237,755)	(563,979)		(801,734)
Net	113,997,136	4,640,004	(12,550,331)	106,086,809
Deposits				
Gross values	74,250			74,250
Provisions				
Net	74,250			74,250
Other financial assets				
Gross values	-			
Provisions	-			
Net	-			
Total	114,071,386	4,640,004	(12,550,331)	106,161,059

Acquisitions of equity interests over the financial year relate to:

- Purchase of 81% of the equity of Nextech, for €3,239k,
- Purchase of 8% of the equity of SWORD ATLANTIQUE, for €296k,
- Repurchase of 94% of the equity of SWORD SOFT, for a total of €94k,
- Repurchase of 0.96% of the equity of SWORD TECHNOLOGIES , for a total of €346k,
- Repurchase of 0.27% of the equity of SBT, for a total of €68k,
- Repurchase of 10.5% of the equity of SWORD SERVICES, for a total of €47k,
- Repurchase of 6% of the equity of Lyodssoft for €645k,
- Payment of the acquisition costs of Linkvest for €42k,
- Payment of the price complements of Stellon for €427k.

Disposals of equity interests over the financial year relate to:

- Disposal of Fircosoft for a net book value of €8,701k,
- Disposal of SWORD NORD for a net book value of€131k,
- Disposal of SWORD SERVICES for a net book value of €47k,
- Disposal of Nextech for a net book value of €3,671k.

NOTE 8: OPERATING ACCOUNTS RECEIVABLE

Position details

	31/12/06		
(in €)	Gross values	Provisions	Net values
Trade and operating receivables	3,372		3,372
Other debtors	14,404,997		14,404,997
Deferred charges	164,503		164,503
Total	**14,572,872**		**14,572,872**
Of which related companies			
Trade and operating receivables			
Other debtors	13,584,652		13,584,652
Deferred charges			
Total	**13,584,652**		**13,584,652**

	31/12/07		
(in €)	Gross values	Provisions	Net values
Trade and operating receivables	10,835		10,835
Other debtors	111,136,055	113,000	111,023,055
Deferred charges	50,636		50,636
Total	**111,197,526**	**113,000**	**111,084,526**
Of which related companies			
Trade and operating receivables	5,400		5,400
Other debtors	110,726,606		110,726,606
Deferred charges			
Total	**110,732,006**		**110,732,006**

Other Receivables are made up mainly of amounts left on current accounts to the benefit of the Group's subsidiaries. Their amount increases mainly due to SWORD SOFT, a subsidiary of SWORD GROUP, that has taken over the Group's companies. These receivables are due within less than one year, except for frozen current accounts.

NOTE 9: SHAREHOLDERS' EQUITY

(in thousand euros)	01/01/2007	Earnings appropriation	Profit for period	Dividends paid	Capital increase	31/12/2007
Capital	7,637				1,653	9,290
Paid-in cash	38,909				62,000	100,909
Legal reserve	582	260				842
Other reserves	1,734					1,734
Retained earnings	2,966	4,948		-3,901		4,013
Profit (loss)	5,208	-5,208	41,228			41,228
Total	**57,035**	**-**	**41,228**	**- 3,900**	**63,653**	**158,016**

Issued capital and securities giving access to the capital

Issued capital

Share capital consisted of 8,000 shares with a face value of €5 on the date SWORD GROUP was formed in June 2001.

The extraordinary Shareholders' meeting of 30 August 2001 ordered a capital increase €3,412k to enable payments to SWORD SA shareholders, who contributed all their SWORD SA shares to SWORD GROUP.

On 31 December 2001, after J.Mottard exercised 33,568 of his stock warrants, share capital was increased again, this time by €168,000.

On 31 December 2001, share capital totalled €3,620,310, divided into 724,062 shares with a face value of €5.

On 27 February 2002, after the company 21 Central Partner exercised 123,072 of its stock warrants, share capital was increased by €615k.

On 12 March 2002 the Board of Directors carried out a capital increase of €630k for the VCF 21 DEVELOPPEMENT.

On 20 March 2002 the Board of Directors carried out a capital increase of €1,295k with a view to floating the company on the stock market.

The Board of Directors held 21 January 2004 sub-delegated to the Chairman all authority granted by the aforementioned meeting.

On 26 March 2004, the Chairman of the Board decided to initiate the issue of 205,373 shares with share purchase warrants (ABSAs) for €1,026,865 (i.e. €5 per ABSA) and maximum paid-in cash of €15,813,721 (i.e. €77 per ABSA) with an option to issue 30,805 additional ABSAs in the event the extension clause were exercised

On 7 April 2004, the Chairman of the Board decided to exercise the 15% extension clause by bringing up to 236,178 the number of ABSAs to be issued as part of the capital increase of SWORD GROUP.

The Board of Directors held 26 April 2006 noted that 236,178 new shares of €5 each, making up the capital increase of €1,180,890, were fully underwritten, bringing the capital up to €7,342,105.

On 31 December 2004, share capital totalled €7,342,105, divided into 1,468,421 shares with a face value of €5.

The Shareholders' Extraordinary Meeting held 29 April 2005 divided the face value of the SWORD GROUP share by 5 and decided to bring its value down from €5 to €1, thereby bringing the number of SWORD GROUP shares from 1,468,421 to 7,342,105.

On 14 June 2005 the Board of Directors permitted the exercise of 23,716 equity warrants that provided entitlement to 29,645 new shares, involving an increase in capital of €30k and an increase in the issue premium of €544k.

29,336 equity warrants had been exercised by 31 December 2005 and recorded in the accounts of the SWORD GROUP, providing entitlement to 36,670 new shares, involving an increase in capital of €37k and an increase in the additional paid-in capital of €673k.

On 31 December 2005, capital stock totalled €7,408,420, divided into 7,408,420 shares with a face value of €1.

On 14 June 2005 the Board of Directors permitted the exercise of 23,716 equity warrants that provided entitlement to 29,645 new shares, involving an increase in capital of €30k and an increase in the issue premium of €544k.

On 31 December 2005, capital stock totalled € 7,636,840, divided into 7,636,840 shares with a face value of €1.

The Managing Director, acting as per further delegation granted by the Board of Directors of 14 February 2007, recorded on 9 March 2007 the correlative completion of the capital increase through the issue of 1,437,500 new shares, bringing the capital up from €7,636,840 to €9,074,340.

On 2 April 2007, the managing director recorded the exercise of the entire over-allotment option and the final completion of the capital increase through the subscription of 215,625 new shares, which brought the capital up from €9,074,340 to €9,289,965.

The capital increase resulted in the creation of 1,653,125 new shares, leading to an increase in capital of €1,653k and an increase in additional paid-in capital of €62,001k. It should be noted that €2,471k corresponding to the issue costs net of tax incurred for the capital increase, were recorded as additional paid-in capital.

On 31 December 2005, capital stock totalled € 7,636,840, divided into 7,636,840 shares with a face value of €1.

Stocks options

As at 28 April 2006, the Extraordinary General Meeting of SWORD GROUP permitted the Board of Directors to grant options entitling their holders to subscribe up to 60,000 SWORD GROUP shares. This authorisation has been granted for 38 months. As at 29 December 2006, the Board of Directors used the permission that was given and granted 60,000 share subscription options to the benefit of the employees and/or corporate officers.
The subscription price of new shares was set to the average of listed prices for the 20 stock market days preceding the decision to assign the options and stood, for the period from 29 November 2006 to 28 December 2006, at €35.128. The option allocation plan was closed on 29 December 2006.
As at 31 December 2007, the number of shares allocated stood at 51,000.
Insofar as the beneficiaries of the share subscription options are of various nationalities, the three share subscription plans are established:

Exercising of options
- for the 1st plan, the options may be exercised during a period beginning at the end of the 24-month period starting as of the allocation date and ending 12 months later.
- For the 2nd and 3rd plans, the options can be exercised during a period beginning at the end of the 36-month period starting as of the allocation date and ending 12 months later.

Disposal and marketability of the shares acquired pursuant to the exercise of options
- 1st and 2nd plan: the shares acquired pursuant to the exercise of options will be disposable and marketable as of the date on which they are exercisable for the first time.
- 3rd plan: the shares acquired pursuant to the exercise of the options are non disposable, non marketable, non convertible to the bearer and cannot be rented or leased for a period of 12 months beginning on the date on which they are exercisable for the first time.

At the end of 2007, no option had been exercised.

NOTE 10: NET DEBT

10.1. Position details by nature

(in €)	31/12/07	31/12/06
Other long- and medium-term borrowings	54,870,000	66,985,000
Other financial creditors	4,356,910	3,916,370
Short-term banking facilities	(5,593)	833,434
Total gross debt	59,221,317	71,734,804
Financial current accounts (debit side)		
Marketable securities		257,821
Cash and cash equivalents	281,659	185,383
Total net debt	**58,939,658**	**71,291,600**

The main loans have been taken out at an interest rate of Euribor 3 months + 1.5. Cover through paying SWAP at a fixed rate of 3.825% (excluding bank margin) was set up as at 14 November 2006 for a period of 24 months and an amount of €20m.

Other loans mainly consist of drawing rights and promissory notes from financial institutions.

SWORD GROUP promises to maintain, in accordance with the covenant clauses:

- net consolidated financial debt / consolidated EBITDA less than 3.5 or 3, depending on the agreement,
- net consolidated financial debt / consolidated shareholders' equity less than 1.

The same conditions are provided on RTE, in the framework governing the loan taken out from Crédit Agricole for €5m.
Should SWORD GROUP fail to comply with the above covenants, lending banks will be able to accelerate the reimbursement of the outstanding loan, worth €54,870 as at 31 December 2007.
At 31 December 2007, SWORD GROUP complied with such covenants.

10.2 Breakdown of long- and medium-term loans, including the short-term portion

(in €)	31/12/07	31/12/06
Maturity date		
< 1 year	1,250,000	14,600,000
1 year < X < 5 years	25,520,000	52,385,000
> 5 years	28,100,000	
Total	**54,870,000**	**66,985,000**

NOTE 11: OPERATING DEBTS

(in €)	31/12/07	31/12/06
Advance payments received		
Suppliers and other operating creditors	513,226	353,964
Tax and statutory payments	108,055	146,054
Debts on assets		
Other creditors	3,672	3,034
Deferred revenues		30,000
Total	**624,953**	**533,052**
Of which related companies		
Advance payments received		
Suppliers and other operating creditors		
Tax and statutory payments		
Debts on assets		
Other creditors		
Deferred revenues		
Total	**-**	**-**

NOTE 12: ACCRUED EXPENSES AND INCOME

(in €)	31/12/07	31/12/06
Suppliers and other operating creditors	412,834	232,051
Tax and statutory payments	69,647	50,817
Debts on assets	-	-
Other creditors	-	-
Deferred revenues	-	-
Total	**482,481**	**282,868**

NOTE 13: OFF-BALANCE SHEET COMMITMENTS

Details by nature

(€k)	31/12/07	31/12/06
Financial guarantees offered		
Sureties on future rentals	730 (2)	730 (2)
Other sureties	1,900 (1)	2,920 (1)
Guarantees on foreign contracts	-	780 (3)
Foreign payment surety	7,285 (5)	-
Commitments received		
Sureties received	-	-
Other commitments received	2,100 (6)	220 (4)

(1) Guarantees apply to the bank loans taken by SWORD SA for €6,098k, of which €1,220k were drawn down as at 31 December 2006 and to an overall bank balance of SWORD Technologies of €1,900k.
(2) Guarantees for rent were provided for ULSTER ESTATE.
(3) Guarantees in foreign markets are for the commitment to commissions to be paid to John Innes and Scott Leiper.
(4) SWORD GROUP has received a guarantee from KBC Bank for the rental of premises located at rue Joseph 9/13, Brussels, and those at 105, route d'Arlon, Luxembourg.
(5) The surety on foreign payments corresponds to a payment commitment that should be paid to Anthony Bracey for the acquisition of Apak for €1,736k and a payment commitment to be paid by SWORD SOFT to the seller of CT Space for €5,549k.
(6) SWORD GROUP received a commitment regarding a current account waiver with SWORD TECHNOLOGIES under a claw-back provision for €2.1m.

NOTE 14: REMUNERATION OF MANAGERS AND DIRECTORS

The members (2 people) of the management and operations committees together received during the 2007 financial year a gross remuneration of €208k. The directors' fees paid to members of the Board come out to €65k.

NOTE 15: OTHER INFORMATION

SWORD GROUP, as head company of the Group, established consolidated financial statements. In itself, it is not consolidated in a larger group through total consolidation.

NOTE 16: LIST OF SUBSIDIARIES AND HOLDINGS

(in €)	Issued capital In €	Shareholders' equity excluding the issued capital In €	Share of capital held, in percentage	Value of the securities Gross In €	Net In €	Advance loan granted by the company and not yet paid back In €	Sales revenue In €	Profit for last period ended In €	Dividends collected In €	Comments Closing date
1 - Subsidiaries (over 50% of equity held)										
SWORD INC 230 Park Avenue Suite 1000 NEW YORK – NY 10169 – USA	679	845,658	100	5,536,322	5,536,322	2,029,190	8,361,519	124,906	NONE	31/12
SWORD CREATION INFORMATIQUE PO BOX 9518 PRETORIA 0001 – SOUTH AFRICA	10	124,624	100	106,714	106,714	14,513	0	- 2,505	NONE	31/12
SWORD SUISSE 36 place du midi Sion Valais	151,085	(154,904)	95.60	269,699	31,944	1,091,747	5,298	(35,110)	NONE	31/12

(in €)	Issued capital In €	Shareholders' equity excluding the issued capital In €	Share of capital held, in percentage	Value of the securities Gross	Net In €	Advance loan granted by the company and not yet paid back In €	Sales revenue In €	Profit for last period ended In €	Dividends collected In €	Comments Closing date
SWORD UK 1000 Great West Road Brentford Middlesex TW8 9DW	57,680,491	3,515,817	100	68,753,739	68,753,739	5,194,746	33,933,402	24,522,413	30,104,438	31/12
SWORD SA 9 Avenue Charles de Gaulle 69370 ST DIDIER AU MONT D’OR	3,471,250	1,446,144	100	4,730,512	4,730,512	7,934,609	22,911,363	939,498	7,220,138	31/12
SWORD TECHNOLOGIES Luxembourg SA 105 Route d’Arlon L-8009 Stassen LUXEMBOURG	31,000	456,126	100	11,692,000	11,692,000	9,906,984	24,570,514	197,214	1,296,914	31/12

(in €)	Issued capital In €	Shareholders' equity excluding the issued capital In €	Share of capital held, in percentage	Value of the securities Gross In €	Net In €	Advance loan granted by the company and not yet paid back In €	Sales revenue In €	Profit for last period ended In €	Dividends collected In €	Comments Closing date
FI System Belgium 49-51 Rue de Trèves Brussels	6,064,000	(3,048,439)	100	3,000,000	3,000,000		0	323,557	NONE	31/12
SWORD SAS 9 Avenue Charles de Gaulle 69370 ST DIDIER AU MONT D'OR	37,000	411,749	100	2,616,478	2,616,478	379,351	4,050,289	408,018	554,001	31/12
SWORD SOFT 1000 Great West Road Brentford Middlesex TW8 9DW	100,000	(937,318)	94	93,800	93,800	81,300,484	0	(991,317)	NONE	31/12

	Issued capital In €	Shareholders' equity excluding the issued capital In €	Share of capital held, in percentage	Value of the securities Gross In €	Value of the securities Net In €	Advance loan granted by the company and not yet paid back In thousand euros	Sales revenue In €	Profit for last period ended In €	Dividends collected In €	Comments Closing date
SWORD DDS 9 Avenue Charles de Gaulle 69370 ST DIDIER AU MONT D'OR	40,000	14,315	100	618,295	54,316		0	10,311	582,425	31/12
SWORD ATLANTIQUE 9 Avenue Charles de Gaulle 69370 ST DIDIER AU MONT D'OR	50,000	474,735	80	40,000	40,000	5,345	3,279,905	363,556	NONE	31/12
Linkvest Avenue des Baumettes 19, CH RENENS / LAUSANNE	1,208,678	1,046,759	100	5,698,411	5,698,411	101,520	9,474,985	340,770	NONE	31/12
STELLON Avenue des Baumettes 19, CH RENENS / LAUSANNE	60,434	450,423	100	2,752,981	2,752,981	59,305	2,220,311	167,765	NONE	31/12

	Issued capital In €	Shareholders' equity excluding the issued capital In €	Share of capital held, in percentage	Value of the securities Gross Net In €		Advance loan granted by the company and not yet paid back In thousand euros	Sales revenue In €	Profit for last period ended In €	Dividends collected In €	Comments Closing date
<u>2 - Interests held (10% to 50% of equity held)</u>										
<u>3 – General information about other subsidiaries and interests (less than 10% of equity held)</u>										
SBT			3.06	322,589	322,589				NONE	31/12
LOG & PI CONSULTING			5	11,115	11,115	237,928			NONE	Loan impaired for €113k 31/12
LYODSSOFT			6	645,776	645,776				NONE	31/12

For the companies SBT, LOG & PI Consulting and Lyodssoft, the share capital, the equity, the sales revenue and the earnings for the last period ended were not available on the date this document was printed out.

20.2 Pro-forma financial information

None.

20.3 Consolidated annual financial statements

20.3.1 2007 consolidated financial statements

CONSOLIDATED SWORD GROUP
INCOME STATEMENT AT 31/12/2007

(In thousand euros)

	Additional schedule	31/12/2007	31/12/2006
Sales revenue	**6.1**	**179,045**	**142,005**
Purchased consumables		-14,825	-6,075
Other purchases and external charges		-51,680	-45,940
Taxes and duties		-1,314	-1,456
Wages and social contributions	**7.1**	-77,983	-65,240
Depreciation and provisions charges	**7.2**	-3,897	-1,196
Other operating income and expenses	**7.4**	-7	124
Current operating profit		**29,339**	**22,222**
Profit (loss) from asset disposals and impairment	**7.5**	353	2,258
Other non-current operating income and expenses	**7.6**	-460	-531
Operating profit		**29,232**	**23,949**
Income from cash and cash equivalents	**7.7**	152	47
Financial expenses	**7.8**	-2,134	-2,096
Net interest expenses		**-1,982**	**-2,050**
Other financial income and expenses	**7.9**	1,395	-134
Pre-tax profit (loss)		**28,645**	**21,766**
Income tax	**7.10**	-9,734	-6,017
Total net consolidated profit		**18,911**	**15,748**
Of which Group share		18,532	15,632
Of which minority interests share		380	117
Earnings per share	**7.11**	2.09	2.06
Diluted earnings per share	**7.11**	2.09	2.06
Recorded dividends (in euros)		3,900,626	2,220,148
Amount distributed per share (in euros)		0.42	0.30

CONSOLIDATED SWORD GROUP
CONSOLIDATED BALANCE SHEET AT 31/12/2007
ASSETS

(In thousand euros)

	Additional schedule	31/12/2007			31/12/2006
		Gross	**Depr. prov**	**Net**	**Net**
LONG-TERM ASSETS					
Goodwill	**8**	162,925		162,925	119,050
Other intangible fixed assets	**9**	5,365	1,863	3,502	4,604
Tangible fixed assets	**10**	27,278	21,010	6,268	4,972
Long-term financial assets	**11**	2,886		2,886	1,466
Other long-term assets	**11**			0	843
Deferred tax assets		172		172	279
TOTAL NON CURRENT ASSETS		**198,625**	**22,873**	**175,752**	**131,215**
SHORT-TERM ASSETS					
Assets held for sale	**14**	782	17	766	0
Clients and apportioned accounts	**12**	76,756	2,139	74,617	58,141
Other current assets	**13**	9,699	118	9,581	10,988
Cash and cash equivalents	**15**	26,905	30	26,875	9,836
TOTAL CURRENT ASSETS		**114,141**	**2,303**	**111,838**	**78,966**
TOTAL ASSETS		**312,767**	**25,176**	**287,590**	**210,180**

CONSOLIDATED SWORD GROUP

CONSOLIDATED BALANCE SHEET AT 31/12/2007

LIABILITIES

(In thousand euros)

	Additional schedule	31/12/2007	31/12/2006
CONSOLIDATED EQUITY			
Capital	**16**	9,290	7,637
Additional paid-in capital	**16**	100,909	38,909
Reserves - Group's share	**16**	19,425	20,175
Net earnings - Group's share		**18,532**	**15,632**
GROUP'S SHARE OF EQUITY		**148,155**	**82,352**
Minority interests		1,125	423
TOTAL CONSOLIDATED EQUITY		**149,280**	**82,775**
LONG-TERM LIABILITIES			
Retirement provisions	**17**	225	168
Other non current provisions	**17**	67	120
Long-term financial debt	**15**	53,648	52,422
Debt relating to price complements	**3**	964	2,811
Other long-term liabilities		4,252	437
TOTAL NON CURRENT LIABILITIES		**59,156**	**55,958**
SHORT-TERM LIABILITIES			
Liabilities held for sale	**14**	502	
Short-term provisions	**17**		69
Suppliers and apportioned accounts	**18**	23,625	16,413
Income tax due	**19**	7,234	4,277
Other current liabilities	**19**	45,747	33,653
Short-term financial debt	**15**	2,047	17,034
TOTAL CURRENT LIABILITIES		**79,154**	**71,447**
GRAND TOTAL		**287,590.449**	**210,180**

CONSOLIDATED SWORD GROUP
CHANGE IN CONSOLIDATED EQUITY
31/12/2007

	Capital	Share premium	Consolidated reserves	Treasury shares	Profit (loss) for the period	Translation reserves	Total Group's share of equity	Total minority interests equity	Total equity
Situation at year end 31/12/2005	**7,408**	**34,716**	**10,923**	**320**	**10,803**	**-52**	**64,117**	**934**	**65,051**
- Profit (loss) for the period					15,632		15,632	116	15,748
- Changes in translation differentials						206	206		206
- Treasury share transactions				198			198		198
- Payment in shares									
- Capital increase (Note 16)	228	4,193					4,421		4,421
- Earnings appropriation			10,803		-10,803		0		0
- Dividends paid by the parent company			-2,220				-2,220		-2,220
- Change in consolidation scope							0	-627	-627
Situation at year end 31/12/2006	**7,636**	**38,909**	**19,506**	**518**	**15,632**	**154**	**82,354**	**423**	**82,777**
- Profit (loss) for the period					18,532		18,532	380	18,911
- Changes in translation differentials						-12,114	-12,114	-359	-12,473
- Treasury share transactions				117			117		117
- Payment in shares							0		0
- Revaluation of securities			208				208		208
- Stock option transactions			203				203	8	211
- Capital increase (Note 16)	1,653	62,000					63,654		63,654
- Earnings appropriation			15,632		-15,632		0		0
- Dividends paid by the parent company			-3,900				-3,900		-3,900
- Change in consolidation scope and miscellaneous			-896				-896	673	-223
Situation at year end 31/12/2007	**9,290**	**100,909**	**30,751**	**634**	**18,532**	**-11,960**	**148,156**	**1,125**	**149,280**

Expenses and income directly recorded as reserves (changes in translation differentials, capital gains on the disposal of treasury shares and revaluation of securities held for sale) stood at €294k in 2007, €116k in 2006, and €1,091k in 2005.

CONSOLIDATED SWORD GROUP

Cash flow movement table
(1 January to 31 December 2007)

(in thousand euros)	*Additional schedule*	31/12/2007	31/12/2006
Income from operating activities			
Total net consolidated profit		**18,911**	**15,748**
Expense (income) with no impact on cash			
• Depreciation allowance		2,858	1,728
• Other provision allowance / reversals		-68	-591
• Capital gains or loss on the disposal of non current assets		-353	-2,258
• Compensation paid in shares		212	
Net interest expenses		1,982	2,050
Taxes and duties (due and deferred)		9,734	6,017
CASH FLOW		**33,277**	**22,695**
Income tax paid		-6,222	-6,536
Interest paid		-1,982	-2,050
Change in working capital requirements.	**22**	-12,247	-11,104
OPERATING CASH FLOW		**12,825**	**3,005**
Investment operations			
Disbursement on acquisitions			
• intangible fixed assets		-884	-2,725
• tangible fixed assets		-3,502	-1,915
• financial assets		-1,810	-430
Income from disposals			
• intangible fixed assets		12	2,673
• tangible fixed assets		113	2,151
• financial assets		201	61
Impact of changes in consolidation scope (1)	**22**	-33,035	-18,988
NET CASH FLOW ON INVESTMENTS		**-38,905**	**-19,174**
OPERATING CASH FLOW AFTER INVESTMENTS		**-26,080**	**-16,168**
Income from financial transactions			
Dividends paid by the parent company		-3,901	-2,220
Dividends paid to minority interests		0	-98
Net funds received by:			
• Capital and additional paid-in capital increase		63,654	4,421
• Subscription to the long-term loan		45,150	22,776
Redemption / disposal of treasury shares		118	198
Long-term debt reimbursement		-59,568	-8,022
TOTAL CASH FLOW		**45,452**	**17,056**
TOTAL CASH FLOW		**19,372**	**888**
Net closing cash position (A)		26,149	8,634
Opening cash position (B)		8,634	7,754
Impact of the change in currency prices		1,857	9
Change in cash (B)-(A)		**19,372**	**888**
Cash and cash equivalents		26,946	9,836
Creditor banking facilities		-797	-1,202
Net cash (1)		26,149	8,634

(1) of which SWORD SOUTH AFRICA for €71k

20.3.2 Schedule to the consolidated balance sheet and income statement at 31 December 2007

All the information stated herein is in thousands of euros, unless stated otherwise.

This schedule is an integral part of the consolidated financial statements for the year ended 31 December 2007. The consolidated financial statements were approved by the Board of Directors on 11 March 2008.
These accounts will only be finalised following approval by the Shareholders' General Meeting on 29 April 2008.

SWORD GROUP is a French limited liability company located at 9 Avenue Charles de Gaulle, Saint Didier au Mont d'Or. SWORD GROUP is subject to all the laws and regulations governing commercial companies in France, and in particular the provisions of the Commercial Code. The Group's business activities are described in Note 2.6."segment information".

NOTE 1: HIGHLIGHTS OF THE PERIOD AND EVENTS SUBSEQUENT TO YEAR END

1.1. Highlights of the period

The main events during the past financial year have been:

- In March 2007, SWORD GROUP conducted a capital increase in two steps:
  - firstly, it raised €57.5m
  - then, it exercised an over-assignment option for €8.6m.

  This call to the financial market is intended to fund the Group's growth. Pending the completion of the external growth operations planned in the business plan, these funds have made it possible to limit the use of the various credit lines without impacting on the Group's borrowing capacity.
- On 27 January 2006, SWORD GROUP took over 10% of Nextech, a company based in Brazil. Nextech develops Enterprise Content Management (ECM) in various countries of South America. At 31 December 2006, the acquisition of additional Nextech shares was completed, bringing the stakes up to 19%. On 28 March 2007, SWORD GROUP acquired the remaining 81% of equity, bringing its stakes up to 100%. Nextech develops and markets its own complementary products, whose technological basis stems from SWORD's Document Management tools. On the acquisition date, Nextech generated sales of approximately €1.5m per annum.
- On 5 April 2007, SWORD UK acquired 100% of the securities of Achiever, a company based near London. The company develops and markets a GRC Management (Governance, Risk, Compliance) product targeted at large corporations. On the acquisition date, Achiever generated sales of approximately €3.3m per annum.
- On 16 April 2007, SWORD SOFT, a company based near London, was set up. The company, of which SWORD GROUP holds 94%, is intended to hold all of the Group's "Products" activities; on 31 May 2007, Fircosoft and Nextech, direct "Products" subsidiaries of SWORD GROUP, were thus entirely sold out by SWORD GROUP to SWORD SOFT; on 31 August 2007, Achiever and Intech, direct "Products" subsidiaries of SWORD UK, were entirely sold out by SWORD UK to SWORD SOFT. These disposals, internal to the Group, have no impact on the consolidated earnings.
- On 20 July 2007, SWORD SOFT acquired 100% of the shares in Apak, a company based near Bristol (UK) and in Dubai. The company develops and markets asset management products. Apak generates sales of approximately €13m per annum.

- On 7 November 2007, RTE (a subsidiary of SWORD UK) acquired 100% of the shares of Powersoft, a company based near Lausanne, Switzerland. The company specialises in geographic information systems. Powersoft generates sales of approximately €0.4m per annum.
- On 30 November 2007 SWORD UK acquired 100% of the equity of UK company Blue Tangent. On that same date, SWORD UK absorbed Blue Tangent. The entity specialises in documentum technology and generates sales of approximately €0.4m.
- On 20 December 2007, SWORD SOFT acquired 100% of the shares in CT SPACE, a company based in San Francisco, and, through subsidiaries, in the UK, France, Germany, and Austria. The company specialises in GRC Management and markets products dedicated to large-scale project management for the oil market and the civil engineering market. CT SPACE generates sales of approximately €11m per annum.
- At the end of 2007, IPR was set up in Wales to receive the New information technology Centre set up in partnership with the Welsh Assembly government. It expects subsidies of €3.6m£. The company having conducted no business in 2007, it is not consolidated at 31 December 2007.
- Luxembourg).
- It should be noted that, as of 1 January 2007, Mr. Jacques Mottard and his assistant have been salaried employees of Sémaphore Investissements, a holding company of Mr. Jacques Mottard. An executive management agreement has been set up between Sémaphore Investissements and SWORD GROUP.

The impact of changes in the scope of consolidation on the 2007 accounts is provided in Note 3 and Note 7.5 regarding disposals.

1.2. Events subsequent to year-end

SWORD SOUTH AFRICA was sold in February 2008. The company contributes to the consolidated sales revenue for the year ended 31 December 2007 for €962k and to the current operating profit for €401k.
This disposal will have no significant impact on the consolidated earnings for 2008.

At the beginning of financial 2008, SWORD UK's UK subsidiary, RTE, renamed Sword Business Technology Solutions Ltd (“SBTS”), took over SWORD UK's Pragma BU. This operation will have no impact on the consolidated financial statements.

NOTE 2: PRINCIPLES OF CONSLIDATION AND ASSESSMENT METHODS

2.1. Accounting standard

In accordance with European directive No. 1606/2002 dated 19 July 2002, the consolidated financial statements of SWORD GROUP for the year ended 31 December 2007 were prepared in accordance with the IFRS international accounting standards as adopted by the European Union on 31 December 2007. In particular, the company implemented the standards and interpretations, whose implementation is mandatory for financial periods beginning as of 1 January 2007, i.e. in particular:

- IFRS 7: Financial instruments: Information to be supplied. IFRS 7 complements the accounting, valuation, and presentation principles for financial assets and liabilities presented in IAS 32 and IAS 39. These principles require that the entities provide, in their financial statements, information regarding the significance of the financial instruments, their nature and the extent of the risks resulting from these financial instruments, in particular specific minimum information regarding the credit risk, the liquidity risk and the market risk, including an analysis of sensitivity to market risks. The new information regarding the financial instruments is detailed in Note 19 to this schedule.
- Additional amendment to IAS 1: this amendment introduces new information regarding a company's equity and the way it should manage it. This new information is presented in Note 12 below. The new information regarding the share capital is detailed in Note 16 of this schedule.

The other standards and interpretations whose implementation was mandatory in 2007 have no impact on the consolidated financial statements.

The consolidated financial statements do not integrate the potential impact of the standards and interpretations that were published as at 31 December 2007 but are not yet mandatory, yet can be implemented in advance, in particular IFRS 8 regarding operational sectors. The Company does not expect these new rules to have any substantial impact on the content or layout of these consolidated financial statements.

The revised IFRS 3 standard regarding business combinations which is being adopted by the European Union and could, if it is adopted, be implemented mandatorily for the years beginning as of 1 July 2009, may have a major impact on the consolidated financial statements for the accounting treatment of the Group's future external growth operations.

As specified in paragraph 2.9. Goodwill, as of 1 January 2007, the Group modified, in a prospective manner, its method for recording the transactions (purchase / disposal of shares) conducted with minority shareholders. From now on, these transactions will be treated as transactions between shareholders within the consolidated equity and they affect neither the earnings, nor the balance sheet items.

2.2. General rules concerning the presentation of the set of accounts

The consolidated balance sheet is presented according to the criterion of distinguishing between “current” and “non-current” as defined in standard IAS 1. Thus borrowings, provisions and financial assets are broken down into that part which is over one year into “Non-Current” and under one year in “Current”.

The consolidated income statement is presented in accordance with the model proposed by the CNC (National Accounting Board) in Recommendation 2004-R-02.

The Group applies the indirect method for presenting the cash flows, in accordance with the format recommended by the French CNC (Conseil National de la Comptabilité) in its recommendation 2004-R-02, which displays a current operating profit (ROC).

2.3. Consolidation method

Companies that are wholly controlled by the Group are fully consolidated.
Wholly controlled is the power, whether direct or indirect, to direct a company's financial and operational policies in order to obtain advantages from its business operations. It is assumed when the Group holds over 50% of the voting rights.
All consolidated companies are wholly controlled by the SWORD GROUP and are accordingly fully consolidated.
As per the statutory agreement of SWORD SOFT, the profit for the period is entirely for SWORD GROUP. On that basis, the entire profit is allocated to SWORD GROUP in the breakdown between the Group and the minority interests.

Intra-group company balances and transactions are removed in the consolidation.

The list of consolidated companies is provided in Note 24.

2.4. Directors' estimates

Certain accounting principles imply that the directors have made a number of estimates regarding, in particular, two aspects:
- the determination of the revenue level recorded, according to the advancement method, regarding fixed-price contracts (cf 2.16.)
- the appreciation of the ability to record certain development expenses as fixed liabilities, according to the criteria defined by IAS 38 (cf 2.10.1.).

2.5. Directors' estimates

The preparation of consolidated financial statements in accordance with IFRS rules implies that the directors have made a number of estimates and have used certain assumptions that have an impact on the book value of certain assets, liabilities, income, expenses, as well as on the information provided in the schedule.
The estimates and assumptions are regularly reviewed, at the very least at the end of each financial year. They can change if the circumstances upon which they were based change, or pursuant to new information. The actual results may be different than these estimates.
The main estimates made by management when the financial statements are prepared apply mainly to the assumptions used for calculating the value of goodwill and debts for price complements, the assessment of these provisions and of payments in shares (IFRS 2).

2.6. Segment information

An analysis of the criteria in the standard IAS 14 facilitates determining business activity and geographical sectors (organisational structure and degrees of independence, type of products and processes, types of client, regulatory environment etc). This has led to the identification *of a first level of segment information linked to sectors of business activity, which break down as follows*:

- Solutions, specialising in system integration in the field of IT content management. The segment targets mainly the regulated markets and, therefore, works on compliance management.
  The department applies its strategy to software components:
  - technical components (for document management, geographic information systems, etc.)
  - core business components (trademark and patent office management, local communities, etc.)

- ➢ The Products activity, which integrates:
- anti-money laundering (AML) software, targeting the global market.
- GRC (Governance Risk and Compliance management) products. This area covers activities that are purely GRC, document management activities, and large project management activities.
- products that initially targeted reassurance, and now insurance and healthcare. The initial strategy mainly targeted the UK and has now extended to continental Europe, Ireland, the US, and the Bermuda Islands.
- asset management products with, as their main vector, vehicle-leasing companies. Like for the previous activity, in addition to the UK, these products also target continental Europe and the Middle East.

The Group is not organised into geographical sectors (there are no regional managers or regional reporting etc). A breakdown of sales revenue by geographic regions is provided for informational purposes in Note 6.2 of the schedule.

2.7. Conversion of financial statements of foreign companies

The operating currency of the Group's foreign subsidiaries is the applicable local currency. The Group has no subsidiaries in countries suffering from hyper-inflation.

Conversion of the financial statements of foreign subsidiaries whose operating currency is not the euro is done as follows:

- ➢ All assets and liabilities (excluding shareholder equity items), are converted using the exchange rate in force on the date of financial year end,
- ➢ Revenue and costs (including depreciation and provisions) are converted using the average rate for the period,
- ➢ Shareholders' equity items are converted at their historic exchange rates,
- ➢ Exchange rate differences, in respect both of opening capital items and the income for the period, are accounted for in shareholders' capital under "Conversion reserve", included in the Group's share of the reserves,
- ➢ The conversion reserve is noted in the results following the disposal of a subsidiary.

2.8. Conversion of transactions made in foreign currency

Transactions made in foreign currency are converted at the exchange rate in force at the time of the transaction.
Exchange rate differences between the original rate and the settlement rate are accounted for in the income statement.
At the end of the year, any accounts receivable and debts in foreign currency are converted at the closing exchange rate. Conversion differences are posted onto the income statement. Exchange rate differences on inter-company receivables and payables are retained in the consolidated financial statements.

Exchange rate differences in the income statement are applied to the applicable item in the operating accounts if they apply to commercial transactions (purchases, sales etc) and to the cost of borrowing if they apply to investments or borrowings.

Latent exchange rate differences in respect of borrowings that are an integral part of net investments in a foreign subsidiary and whose payment is not planned, probable or predictable in the near future, are allocated directly to the conversion reserves. They are stated in the income statement when a subsidiary is sold or a loan is repaid.

The Company has not made use of currency hedge instruments.

2.9. Goodwill

Businesses acquired before the transition to IFRS, are treated as goodwill where their nature, in the meaning of standard IAS 38, cannot be shown.

The consolidation of companies after 1 January 2004 was accounted for using the acquisition method. This method involves the evaluation of assets and liabilities of companies acquired by the Group at their fair value, in accordance with the rules provided for by standard IFRS 3. The difference between the acquisition cost of the shares and the share acquired of the fair value of the assets and liabilities identified at date of acquisition is accounted as goodwill. The determination of fair values and goodwill is finalised within one year from date of acquisition. Changes that occurred after that date are recorded in the accounts, with the exception of deferred tax credits.

The cost of acquisition is the sum of cash or cash equivalents, updated if applicable in the event of significant impact, to which is added the external costs directly attributable to the acquisition, as well as adjustments to the price considered probable and that can be reliably measured.

Additions to the price (earn outs) are set by applying the criteria in the purchase contract (sales revenue, profits etc) to the forecasts considered to be the most likely. They are categorised in current liabilities for that part that is less than a year and in non-current liabilities for that part over one year. Earn outs are re-estimated at each year-end, and any variations are allocated to Goodwill. They are updated when the impact is significant. If applicable, the effect of "accretion" of debt recorded in the liabilities is posted under the item, "Gross cost of borrowings".
The company has not subscribed any repurchasing commitment (put or forward) towards any of the Group's minority shareholders.

Goodwill for foreign companies is posted in the operating currency of the company purchased.

At time of acquisition, goodwill is applied to a cash-generating unit in line with the synergies expected by the Group.

Negative goodwill (badwill) is immediately posted to the income statement.

In the absence of provisions in the current IFRS 3 standard on business combinations and in a logic of consistency with the provisions of the new IFRS 3 as revised, which is being adopted by the European Union, acquisition and disposal transactions that take place with minority shareholders are now considered as transactions between shareholders. Thus, as of 1 January 2007, as part of acquisitions or disposals of shares with minority shareholders:

- the minority interests are reduced or increased by the share of the net book value that was acquired or disposed of
- the difference between the acquisition or disposal price and the net book value of the minority interests acquired or disposed of, is recorded against consolidated reserves.

Goodwill is not amortised in accordance with IFRS 3, but is subjected to impairment tests each year in accordance with the general principles defined in Note 2.14 for the application of IAS 36. Impairment cannot be taken into the income statement prior to disposal of the cash-generating unit to which the goodwill is attached.

When a business or a subsidiary is disposed of, the goodwill is taken into the income statement up to the fair value ratio of the disposed goodwill (determined on the basis of the disposal price) / recoverable value of the total goodwill of the cash-generating unit to which the disposed entity belongs, applied to the book value of the goodwill of the said cash-generating unit. In accordance with paragraph 86 b) of the IAS 36 standard, another method can be chosen, on an ad hoc basis, insofar as it better reflects the goodwill related to the disposed operation.

2.10. Intangible fixed assets

2.10.1. Research and development costs.

Research costs are stated in expenses.

Development costs are capitalised when they meet the following criteria in IAS 38:

- Technical feasibility,
- The intention to complete the intangible asset and to use or sell it,
- The ability to use or sell it,
- Proof that the asset will generate probable, future economic advantages,
- The current or future availability of resources to carry out the project,
- The ability to measure reliably the costs related to this asset during the development stage.

Development costs that meet the above criteria are treated as assets up to the level of the direct costs attributed to the project. They are amortised from the sales stage of the project for the project's expected period of usefulness. In accordance with IAS 36, "Impairment of assets", when events or changes in market circumstances indicate a risk of loss of value of such intangible assets, they undergo a detailed review (cf. Note 2.14.) to determine if their net book value is lower than their recoverable value. Impairment tests are carried out annually as defined in Note 2.14. Impairment is determined when the book value is higher than the recoverable value.

2.10.2. Other intangible fixed assets

These are mainly software.

Intangible assets are stated at cost of acquisition, ancillary costs included.

All intangible assets have a set lifetime, and accordingly are depreciated over the expected useful lifetime, over 3 years on a straight-line basis.   Impairment is determined, if applicable, when the book value is higher than the recoverable value (cf. Note 2.14).

2.11. Tangible fixed assets

Assets are shown on the balance sheet at their acquisition cost, to which is added ancillary expenses and other costs directly attributable to the asset.

Tangible assets have a fixed lifetime, with exception of land.

Amortisation is linear in accordance with the useful lifetime expected by the Group.

The main lifetimes used for calculations are as follows:

- Transport equipment 5 years
- Office equipment 3 to 5 years
- Computer equipment 3 years
- Office furnishings 10 years

Depreciation methods are rechecked each year. Changes are posted prospectively where the impact is significant.

Impairment is determined, if applicable, when the book value is higher than the recoverable value (cf. Note 2.14).

Given the nature of tangible assets, component-based recording is not applicable.

The SWORD GROUP does not own any investment properties.

2.12. Leases

Lease contracts are capitalised when they are classified as finance leases, namely when the result is to transfer to the Group effectively the full risks and advantages inherent in ownership of the leased items. Classification of a contract is done in accordance with the criteria specified in IAS 17 (e.g.: automatic transfer of ownership, existence of an attractive purchase option etc). Finance lease contracts are only restated when their impact is significant. Finance leasing contracts are stated in assets and are amortised in accordance with the rules to the type of item, with the other entry in borrowings. Lease charges are broken down between that part linked to repayment of the loan, stated as a reduction in borrowing, and the part linked to finance costs, reclassified as net cost of borrowing.

Operating lease contracts are not restated as assets. Leasing charges are retained in operating costs.

2.13. Activities held for sale or to be discontinued

In accordance with standard IFRS 5, "Assets held for sale or discontinued operations", assets immediately available for disposal, for which there is a disposal plan and the necessary steps to find a buyer have been undertaken and whose sale within less than a year is highly probable, are classified as being held for sale. These assets are valued at the lower of their book value and their fair value net of disposal costs, if necessary by way of impairment.

2.14. Impairment tests

Impairment tests are carried out annually for all non-amortised assets (assets with an indeterminate economic lifetime) and for amortised assets where loss of value indexes exist. Assets with an indeterminate economic lifetime apply only to goodwill.

An analysis of impairment is carried out for assets tested, either per individual asset or per cash-generating units (the smallest identifiable group of assets generating cash flows substantially independent of those generated by other groups). Goodwill is tested at the cash-generating unit level, corresponding to operating areas (cf. Note 2.6.).

Impairment is determined when the recoverable value of an asset or group of assets is lower than its book value. The recoverable value is equal to the higher value between fair value net of disposal costs when it can be reliably measured and the value in use.

Value in use is determined annually for each cash-generating unit (CGU) by an expert, in accordance with IAS 36: it is the value accreted for estimated future cash flows that are expected from the continuous use of the assets and from their exit at end of use as forecast by the company. It does not take into account the impact of the financial structure, the effects of tax, or restructuring not undertaken.

Impairment determined in a cash-generating unit is applied in priority order to goodwill, then to the value of other components of the unit, up to the limit of their recoverable value. Impairment changes the amortisable base. Impairment of goodwill is irreversible.

The breakdown of activities between the various CGUs was revised in 2007 to better reflect the generation of independent cash flows related to the evolution of the Group's core business.
The Products segment is now divided into two CGUs. The first one (CGU1) concerns companies whose products are sold or leased according to a SaaS model, while the second one (CGU2) concerns those product companies that market off-the-shelf tools.

The main parameters used are summarised below:

- Forecast period: 3 years,
- Taking into account a final value calculated using a normative, accreted cash flow and an infinite growth rate, per each area of operational activity,
- Discount rate for each area of operational activity. The discount rate is based on the rate without risk (rate of 10 year treasury bonds: 4.3%), plus a 4.5% market risk premium for the eurozone, a beta coefficient specific to the line of business, and a specific risk premium to take account of the size of the entities. The discount rates stand at 11% for CGU1, 11.1% for CGU2, and 10.3% for CGU3.
- The flow growth rate beyond the chosen budget period is 2% for CGU1 and CGU3, and 4% for CGU2.

2.15. Long-term financial assets

Long-term investments are made up mainly of:

- Deposits and guarantees treated as assets using the cost price method (cf. Note 2.21 concerning financial instruments)
- And shares in companies over which the Company does not have control or special influence, which are accounted for as financial assets held for sale, namely valued at fair value; change in the value of assets held for sale is posted to shareholders' equity.

Impairment is determined when expected cash flows are lower than the book value.

2.16. Receivables and other current financial assets, and the rules for determining sales revenue

Receivables are initially recorded at their original nominal value. They are discounted when they become older than one year.
Impairment is determined when expected cash flows at year-end are lower than the book value. Risk analysis takes into account such criteria as age of debt, whether or not there is litigation, and the client's financial situation.

Sales revenue is determined when the main risks and advantages are transferred to the client, when the income and associated costs can be reliably determined, and when the economic benefits of the transaction will go to the company.

The business operations of SWORD GROUP and its subsidiaries break down into two major categories that display different revenue generation characteristics:

Sale of software and related services

The sale of software and related services concern, on the one hand, the sale of software and, on the other hand, the performance of installation, maintenance, and training services.

The generating act of the sale of software is the electronic delivery of software; for certain applications complex adaptation is required, in which case the sale is considered to have been carried out when the software is installed at the client.

Related services are recorded as sales revenue as they take place:
- Training services are billed upon completion of the service,
- Maintenance products are treated linearly on a time basis over the contract period,
- Support services are billed as they are carried out.

Engineering and consulting services

These services are monitored by project and are billed on progress, when the criteria in the standard are met (reliable valuation of the income, margin and stage of progress).

Deferred income is stated up to the level of the sums billed in advance.

2.17. Cash and cash equivalents

The Cash and cash equivalents item breaks down into bank balances, very liquid investment securities whose maturity date is generally less than 3 months from date of purchase and that hold no risk. It is made mainly of funds denominated in euros.

Investment securities are valued at fair value. Changes in fair value are stated in income from cash and cash equivalents.

2.18. Benefits to staff

Short-term benefits

- Short-term benefits (salaries, social payments, paid holidays etc) are stated in the expenses of the financial year in which the services were provided by the employees. Amounts unpaid at year-end are shown in Other Current Liabilities.

Post-employment benefits

- *Defined contributory schemes*: The Group's commitment is limited to the payment of contributions: these are for mandatory and supplementary pension schemes: the contributions are stated as costs in the financial year in which the services were provided by the employee. Amounts unpaid at year-end are shown in Other Current Liabilities.

- *Defined services schemes* (the Group is obliged to pay the level of services agreed to members of its staff working and to previous members of staff, with the actuarial risks falling on the Group): these are retirement commitments as defined in collective agreements or company-wide agreements: the commitment is calculated using the projected credit units method, taking into account actuarial assumptions (mortality rate, turnover rate, update rate and rate of salary increase etc). Details of the actuarial assumptions used are shown in Note 16.1.

Due to the small sums involved, the Group has opted to account for actuarial variations in the current income statements.

The commitment is shown in the balance sheet in Non-Current Liabilities, for the entire amount of the commitment adjusted for the cost of deferred past services. The cost of past services, related to changes in the schemes is shown in the current income statement for the part already acquired and deferred over the average acquisition period for rights for the part not yet acquired.

The reduction or cancellation of a benefits scheme subsequent to employment causes the immediate retraction in the income statement of commitments previously accounted.

The SWORD GROUP does not subcontract the management and financing of retirement payments to an outside fund.

The cost for the period is stated in the income statement under operating costs, and the breakdown of the expense between its component parts is provided in the schedule (cost of services provided, finance cost, retirement payments made, actuarial variations etc).

Other long-term benefits

The only long-term benefits are employees' profit sharing. They are posted to Non-Current (long-term) Liabilities for that part that is over one year.

Compensation for termination of employment contract

Compensation for termination of employment contract (e.g.: severance pay) is accounted for when a procedure is implemented.

Transactions remunerated by payment in shares and similar (subscription options etc).

Payments made in cash:
For the award of subscription options whose payment is based on shares that are paid for in cash, the company values the services rendered by the employees at the date of award of the plan. The valuation is made using the Black & Scholes approach.
The fair value of the benefit is stated in Personnel Costs for the period of acquisition of the rights, in Current or Non-Current Liabilities, depending upon maturity.
The initial fair value is updated at each year-end during the plan's lifetime, with variations in fair value being posted to Personnel Costs.

Payments made in shares:
For the award of options whose payment is based on shares and which are treated in shareholders' capital instruments, the Group values the fair value of the instruments at date of allocation. The valuation is made using the Black & Scholes approach.

The fair value is frozen at date of allocation, is accounted for in Personnel Costs for the period of the acquisition of the rights, set against a specific reserves account. The amount posted takes into account the number of beneficiaries and the opening assumptions. The charge is recalculated at every year-end, having updated the beneficiaries and the opening assumptions, with variations on the cumulative cost for the previous period being stated in Personnel Costs.

At the end of the acquisition period, the sum of accumulated benefits accounted for is retained in reserves, whether the options are exercised or not.

2.19. Provisions (excluding retirement commitments), contingent assets and liabilities

A provision must be made if:
- The Group has a current, legal or implicit obligation resulting from a past event, which exists independently of future actions of the Group,
- It is probable that resources representing economic benefits will have to be expended to meet the obligation,
- The amount of the obligation can be reliably estimated.

Provisions are made up mainly of:
- Provisions for site risks, linked to claims on contracts. They are determined on a case-by-case basis on their estimated risk. They are determined on a case-by-case basis on their estimated risk.
- Provisions for risks in dispute, referring to litigation following consolidation of a company. Provisions are set based upon the company's estimate of the risk,
- Provisions for claims in industrial courts.

Provisions are broken down into Current and Non-Current Liabilities, depending upon their expected maturity. Provisions for maturity at over one year are updated if the impact is significant.

Information is provided in the schedule on contingent assets and liabilities, if the impact is significant, unless the probability of occurrence is very low.

2.20. Corporation tax

Tax due

Tax due is calculated for each entity according to the fiscal rules applying to it.
As of 1 January 2002, SWORD GROUP opted for the fiscal consolidation tax regime. According to the agreement for fiscal consolidation in force within the company, each subsidiary company incurs the same income tax costs as they would have incurred without fiscal consolidation. The tax saving produced by transferring the deficits of subsidiaries to SWORD GROUP is entered for the year in which they were transferred. The consolidated companies for 2007 are SWORD GROUP and SWORD SA.

Tax due is shown separately in Current Liabilities.

Deferred taxes

Deferred taxes are calculated using the forecast tax rates method, using the latest tax rates in force at each year-end, applicable to the expected payment period.

Deferred taxes are accounted for all timing differences between taxable and book values in consolidation of consolidated assets and liabilities, excepting goodwill, and to undistributed profits of consolidated companies (unless the distribution can be foreseen in accordance with the definition in IAS 12). Similarly, deferred taxation is posted to the reconciliation accounts of the corporate and consolidated financial statements.

Deferred tax credits in respect of carried forward tax losses are only accounted for if they can be allocated to future taxable deferments, or where there exists a reasonable probability of realisation or recovery by applying to future profits.

To appreciate the Group’s ability to recoup these assets, the following items in particular are taken into account:
- Forecasts of future tax results,
- Share of non-recurring charges that will not reoccur in the future included in past losses,
- History of tax results for prior years,
- And, if applicable, tax strategy such as the proposed disposal of undervalued assets.

Deferred taxation and tax credits are set off per tax unit, whatever their maturity, when the tax unit is entitled to set off tax credits and tax due, and that the deferred tax credits and taxes due in question are handled by the same taxation authority.

Deferred tax credits and tax due are posted to Non-Current Assets and Liabilities.

Deferred taxes calculated directly on items in shareholders’ equity are posted to shareholders’ equity.

Deferred tax credits and tax due are not updated.

2.21. Financial instruments

Other financial instruments

Other financial instruments are financial assets, financial liabilities and derivatives.

The accounting and valuation rules for financial instruments are determined by the following classification, which does not match headings in the consolidated balance sheet:

- *Assets and liabilities stated at depreciated cost: this item includes loans*, receivables, payables, deposits and guarantees and other commercial claims and debts. These instruments are initially accounted at fair value, which is effectively close to their face value. These instruments are valued at year end at their original cost, less amortisation in capital determined using the effective rate of interest method and adjusted if applicable for impairment in the event of loss in value. For assets or liabilities whose maturity is within less than 12 months, the original nominal value is considered equivalent to the value at depreciated cost. The detailed valuation rules have been presented above in specific notes.

- *Financial assets and liabilities designated as "fair value based on earnings": these only include* marketable securities such as UCITS (French SICAV) or mutual funds (French FCP) that are regularly subject to net book values, as well as their derivative instruments. The net book values are adjusted on the fair values at year end, fair value differences being recorded as earnings (losses).

- *Investments held to their maturity*: not applicable within the Group.

- *Financial assets held for sale: they correspond to:*

    - *non consolidated minority holdings in listed companies (securities held for sale). These shares are valued at their listed fair value at year end. The change in fair value compared to the original value is recorded directly as equity. When a reduction in the fair value of a financial asset held for sale has been recorded directly as equity or there is an objective indication that this asset has been impaired, the total loss recorded directly as equity should be taken out of equity and recorded as earnings.*

    - *non listed non consolidated equity interests, valued at their cost, as their fair value cannot be estimated in a reliable manner. Impairment tests are conducted at each year end, compared to the securities' utility value. Impairments, if applicable, are recorded as earnings.*

Note 20 below specific to financial instruments provides the following information regarding each of the categories of financial instruments presented above:

- *positioning and value within the balance sheet assets and liabilities*
- *fair value at year end*
- *impact on the income statement for the period and the equity*
- *Sensitivity to the various risks: market risks (interest rate, currency), liquidity risk, and credit risk*

2.22. Sales revenue

Sales revenue is recorded in accordance with the rules specified in Note 2.16 above. It includes the result of sales-related foreign exchange operations.

Discounts for immediate payment are subtracted from the sales revenue.

Income recorded into individual financial statements that are not a counterpart of a service provided to third parties (self-constructed assets, change in finished product inventories, expense transfers, etc.) are subtracted from the corresponding expenses.

2.23. Other operating income and expenses

Other operating income and expenses include other income and expenses such as cancelled trade receivables, and miscellaneous management income and expenses.

2.24. Non-current operating elements

Non-current operating elements comprise items such as "Income from disposal and depreciation of assets" and "Other non-current operating income and expenses". They correspond to unusual or rare income or expenses, of a significant amount, other than income from disposed activities, including:

- Income from goodwill disposal or amortisation, depreciation of tangible or intangible fixed assets meeting that definition,
- Income from the disposal of consolidated companies,
- Significant net restructuring costs.

2.25. Cost of the net financial debt and other financial income and expenses

The cost of the net financial debt includes:

- The cost of the gross financial debt, which covers interest on the consolidated financial debt (borrowings, debt on lease contracts, etc.),
- Minus income from cash and cash equivalents.

Other financial income and expenses include:

- Dividends received from non-consolidated interests,
- Disposals of non-consolidated securities,
- The effect of the discounting of trade receivables and payables,
- The effect of foreign exchange on inter-company financial transactions eliminated as a result of consolidation.

2.26. Earnings per share

The base earnings per share is calculated by dividing the Group's share of net profit by the average weighted number of ordinary shares outstanding over the period, except for own shares.

The diluted earnings per share is calculated by dividing the Group's share of net profit by the average weighted number of ordinary shares outstanding, plus all potential diluting ordinary shares (subscription options, warrants, etc.), readjusted with own shares. Their number is determined by applying the share repurchase method.

A share plan is considered diluting when it results in the issue of ordinary shares at a price that is less than the average market price for the period.

2.27. Cash flow movement table

The cash flow movement table is established according to the indirect method. Thus, it distinguishes between cash flow from ordinary operations and cash flow from investment and finance operations.

The effects of changes in perimeter are presented for a net amount in the investment flows. They correspond to the price actually paid during the year, adjusted by the active / passive cash acquired, as detailed in Note 21.

Cash flow from ordinary operations is the cash flow that generates income and does not meet the criteria of investment or financing flows. The Group has chosen to classify into that category the dividends received and the interests paid.

The cash flow is calculated by adjusting the net result of depreciation and provision expense (excluding changes in current asset depreciations), income from disposals, and calculated expenses (income and expenses directly recorded against reserves, such as benefits related to payments in shares that materialise as shares).

The cash flow from investment operations is the cash flow from acquisitions and disposals of long-term assets and other assets not classified as cash equivalents, net of fixed asset supplier payables. The interest perceived is included into this investment cash flow.

Financing operations are operations that result in a change in the significance or nature of the company’s shareholders’ equity or liabilities. Capital increases for the period, dividends paid, and issues or reimbursements of borrowings, are included in that category.

Increases in assets and liabilities that have not generated cash flow are offset. Thus, goods paid through a lease during the period, are not included in the investments for the period; the share of rents relative to capital reimbursements is included in reimbursements of borrowings for the period.

NOTE 3: CHANGE IN CONSOLIDATION SCOPE

The main changes to the consolidation scope that took place during 2007 are presented in paragraph 1.1.

	Nextech in $Bn (1)	Achiever in £m (2)	Apak in £m (3)	Powersoft in CHFm (4)	CT SPACE in $m (5)
% Acquired	100	100	100	100	100
Related business sector	Software	Software	Software	Solutions	Solutions
Acquisition cost - of which acquisition costs - of which price complement	13.42 0.05 1.96	3.05 0.04 0.91	18.97 0.78 4.88	3.77 0.03 0.00	11.77 1.33 -
Fair value of acquired assets	1.22	1.26	6.67	0.19	5.83
Fair value of acquired liabilities	2.33	2.25	2.10	0.33	20.55
Revaluation	-	-	-	-	-
Revalued net assets	-1.11	-0.99	4.57	-0.14	-14.72
Profit (loss) since acquisition date	1.17	0.77	1.59	0.46	-
Goodwill	14.47	4.00	14.40	3.91	26.5
Earn out	1.73	0.65	3.30	0.00	0.00

Acquisitions for financial 2007 summarise as follows:

(1) Real exchange rate on acquisition date (end of month exchange rate): Real 2.72279 for €1
(2) GBP exchange rate on acquisition date (end of month exchange rate): £0.6798 for €1
(3) GBP exchange rate on acquisition date (end of month exchange rate): £0.67195 for €1
(4) CHF exchange rate on acquisition date (end of month exchange rate): £1.6762 for €1
(5) USD exchange rate on acquisition date (end of month exchange rate): £1.4721 for €1

The fair value of assets and liabilities, detailed above, had no difference with the book value of these assets and liabilities on the acquisition date, as defined in accordance with IFRS.
The goodwill recorded as a result of these acquisitions is representative of intangible fixed assets, not identifiable separately in the sense of IAS 38, but commonly-found in the business line in which the acquired companies conduct business.
The allocation of the acquisition price to the fair values of the assets and liabilities acquired and the amounts of goodwill, as detailed above, have been determined on a temporary basis. They are likely to be refined within one year of the acquisition date, based on additional information that could be obtained regarding the fair value of these assets and liabilities on the acquisition date.

The main changes that took place in the course of 2006 regarding the consolidation scope, result from the following events:

- SWORD UK, a SWORD GROUP subsidiary, acquired, on 17 November 2006, REAL TIME ENGINEERING, at a price of £12.6m. This company, based in Glasgow, specialises in E-Content Management en in Great Britain, working with oil, transportation, and telecommunications companies. The goodwill generated by this acquisition, stands at £10.96m.

- SWORD GROUP acquired, on 28 June 2006, 100% of Stellon, a company specialising in consulting, the development of performance measurement and enterprise reporting systems, at a price of €5.1m. The goodwill generated by this acquisition, stands at CHF7.63m.

A summary of these acquisitions for 2006 is given below:

	Stellon in CHFm	RTE In €m
% Acquired	100	97
Related business sector	Services	Services
Acquisition cost - of which acquisition costs - of which price complement	7.97 0.45 4.28	12.6 0.74 2.15
Assets	0.91	5.18
Liabilities	0.57	3.81
Revaluation	-	-
Revalued net assets	0.34	1.37
Profit (loss) since acquisition date	.23	0.15
Goodwill	7.63	10.96

The comparison table for price complements integrated into the acquisition price in 2007 and 2006, is given below:

(€k)	31/12/2007			31/12/2006			Nature of the underlying asset
	less than 1 year	between 1 and 5 years	more than 5 years	less than 1 year	between 1 and 5 years	more than 5 years	
Pragma	342			583	231		Earn outs are based on earnings between 2005 and 2007
Harvard	1,091			298	894		Earn outs are based on earnings between 2005 and 2007
Intech				2,717	-		Earn outs are based on earnings between 2005 and 2007
Linkives				77			Earn outs are based on sales between 01/08/2005 and 31/07/2006
RTE	273			2,904	298		Earn outs are based on sales and earnings between 2006 and 2008
Stellon	810	120		1,273	1,388		Earn outs are based on earnings between 2006 and 2009
Nextech	217	435					Earn outs are based on sales and earnings between 2007 and 2010
Achiever	545	409					Earn outs are based on sales and earnings between 2008 and 2010
Apak	4819						Earn outs are based on sales and earnings between 2008 and 2010
BLUE TANGENT	352						Earn outs are based on sales and earnings between 2008 and 2010
TOTAL	**8,450**	**964**	**0**	**7,852**	**2,811**	**0**	

Changes in the earn out debt estimates as compared to the estimate made in 2006, have brought the goodwill down by €1,503k. The adjustment of goodwill on previous financial years had no impact on earnings.

It should be noted that the earn outs detailed above represent the best estimate of these liabilities at year end. They are subject to change with no limit in time, with the goodwill item as counterpart.

NOTE 4: Additional INFORMATION ON ACQUIRED COMPANIES

The revenue and net income of the companies acquired in 2007 for the period from 1 January 2007 to 31 December 2007 are presented below:

	Nextech in KR$	Achiever in £k	Apak in £k	Powersoft in CHFk	CT SPACE in $k
Sales revenue	7,516	2,217	10,729	754	15,971
Net earnings	481	515	1,590	325	-6,277

The revenue and net income of the companies acquired in 2006 for the period from 1 January 2006 to 31 December 2006 are presented below:

	Stellon in CHFk	RTE in £k
Products	4,176	11,658
Net earnings	142	- 320

NOTE 5: METHOD FOR CONVERTING ELEMENTS INTO A FOREIGN CURRENCY

The table below gives the euro/foreign currency exchange rate applied for the consolidation:

	Average rate 31/12/2007	Average rate 31/12/2006	Year end rate 31/12/2007	Year end rate 31/12/2006
Sterling	0.684186	0.681812	0.733350	0.671500
USD	1.368680	1.254530	1.472099	1.317000
Brazilian Real	2.699121	2.741561	2.611907	2.812500
Swiss franc	1.642486	1.572925	1.654700	1.606900
South African Rand	9.657543	8.430068	10.029788	9.212429
Indian rupee	56.465274	57.139592	57.984460	58.312438

NOTE 6: SEGMENT INFORMATION

6.1. Segment information by line of business

(€K)	Solutions		Products		Other activities		Consolidated	
	2007	2006	2007	2006	2007	2006	2007	2006
Revenue	128 759	110 144	50 286	31 861			179 045	142 005
EBIT	16 436	15 456	12 903	6 766			29 339	22 222
Non-current operating income and expenses (incl. Disposals)	-153	1 264	-4		50	463	-107	1 727
Interest expenses (1)					587	2 184	587	2 184
Taxes					9 734	6 017	9 734	6 017
Net earnings	16 283	16 720	12 899	6 766	-10 271	-7 738	18 911	15 748
Segment assets	163 066	147 212	124 093	60 683			287 159	207 895
other non allocated assets					2 564	2 285	2 564	2 285
Total consolidated assets	163 066	147 212	124 093	60 683	2 564	2 285	289 723	210 180
Segment liabilities	163 066	147 212	124 093	60 683			287 159	207 895
Head office liabilities and other non allocated liabilities					2 564	2 285	2 564	2 285
Total consolidated liabilities	163 066	147 212	124 093	60 683	2 564	2 285	289 723	210 180
Investments	16 245	3 459	23 061	1 182	38		39 344	4 641
Depreciation allowance	1891	1379	957	343	10	6	2 858	1 728
Net expenses calculated excl. Depreciation	-12	-198	941	-	110	-334	1 039	-532

(1): total of net interest expenses and other financial income and expenses.

6.2. Sales revenue breakdown by geographic area

€K	12/07	12/06
France	23,674	25,457
UK	89,335	57,085
Benelux	33,379	34,119
Others	32,657	25,344
Consolidated Revenue	179,045	142,005

NOTE 7: INCOME STATEMENT

7.1. Wages and social contributions

Payroll expenses break down as follows:

(in thousand euros)	12/07	12/06
Short-term benefits / gross wages	63,661	52,726
Short-term benefits / social contributions	13,786	12,180
Benefits related to payments in shares	212	33
Long-term benefits (incentive and profit-sharing)	201	221
Other benefits	123	80
Total	**77,983**	**65,240**

The net expense from retirement commitments is specified in Note 15.1.

Average consolidated workforce

	12/07	12/06
Billable employees	1,195	1,005
Non billable head count	216	153
Total	**1,411**	**1,158**

7.2. Depreciation and provisions / impairment

Depreciation and provisions included in operating expenses break down as follows:

(in thousand euros)	12/07	12/06
Depreciation of intangible and tangible assets	2,858	1,728
Impairment of trade and other receivables	1,102	59
Net provisions	(63)	(591)
Total	**3,897**	**1,196**

7.3. Research and development costs

(in thousand euros)	12/07	12/06
Total expenses incurred	(9,310)	(6,404)
Activated R&D costs (Note 8)	24	877
Non-activated costs (1)	(9,286)	(5,527)
Depreciation of previously activated developments (Note 8)	823	214
Total	(8,463)	(5,313)

(1) recorded as other purchases and external purchases and as salaries and wages

R&D costs cover:

- the development of software components designed for the "services" activity,
- the corrective and minor maintenance of products,
- the development of new products.

7.4. Other operating income and expenses

These mainly cover cancelled trade receivables.

7.5. Income from disposals

(in thousand euros)	12/07	12/06
Income from the disposal of the property lease		631
Income from the disposal of SWORD CONSULTING		1,085
Income from the disposal of IDP		311
Income from the disposal of SWORD SERVICES	331	
Income from the disposal of intangible fixed assets	(16)	
Income from the disposal of tangible fixed assets	(12)	83
Income from the disposal of non consolidated securities	50	148
Total	**353**	**2,258**

7.6. Other non-current operating income and expenses

Other non-current operating income and expenses include the following amounts:

(in thousand euros)	12/07	12/06
Received claims cancelled		
Tax adjustment	(22)	(148)
Irrecoverable trade receivables	(60)	(141)
Compensation for termination of contract	(176)	(250)
Other non-current expenses	(270)	(168)
Other non-current revenues	68	176
Total	**(460)**	**(531)**

7.7. Income from cash and cash equivalents-

(in thousand euros)	12/07	12/06
Financial income from non-consolidated interests	31	40
Income from investments	121	7
Total	**152**	**47**

7.8. Cost of gross financial debt

(in thousand euros)	12/07	12/06
Interest on lease finance contracts	-	-
Interest on borrowings and other debt	(2,127)	(2,100)
Other financial expenses	(18)	(3)
Other financial items	11	7
Total	**(2,134)**	**(2,096)**

7.9. Other financial income and expenses

(in thousand euros)	12/07	12/06
Foreign exchange loss on financial operations	(1,287)	(1,564)
Other financial expenses	(278)	(32)
Foreign exchange gain financial operations	2,379	1,298
Other financial items	581	164
Total	**1,395**	**(134)**

Foreign exchange losses and gains on financial operations represent the outcome of intragroup foreign exchange operations that have been eliminated by the consolidation process (current account advances, etc.).

7.10. Analysis of income tax expenses

7.10.1. Structure of the income tax bill

(in thousand euros)	12/07	12/06
Current tax (Note 7.10.1.A)		
Income tax on ordinary operations	*9,403*	*6,258*
Deferred taxes		
Deferred taxes for the period	*331*	*(241)*
Miscellaneous		
Total	**9,734**	**6,017**

A. Current taxes

The current tax burden is equal to the income tax due to the tax authorities for the period, in accordance with the rules and taxation rates applicable in the various countries. Since 1 January 2002, SWORD GROUP has chosen the common law tax consolidation regime provided for in Article 223A of the General Tax Code, for itself and French subsidiaries of which it holds at least 95%.

B. Deferred taxes

The deferred tax burden is determined according to the accounting method set out in Note 2.20.

The base income tax rate applicable to companies in France is 33.33%. The income tax rate expected for the years ended 31 December 2006 and 31 December 2007 stands at 33.33%.

7.10.2. Actual tax rate

(in thousand euros)	12/07	12/06
Profit from consolidated companies before tax	**28,645**	**21,766**
Average tax rate in force in France	**33.33%**	**33.33%**
Expected tax	9,548	7,255
Impact		
▪ Final difference between profit before tax and taxable profit	499	(118)
▪ Permanent differences on consolidation entries	904	268
▪ Tax rate difference on the disposal of equity interests	-	(544)
▪ Exchange rate difference for foreign subsidiaries	(1,043)	(605)
▪ Non-activation of income tax for tax deficits (prudence principle)	15	22
▪ Use of tax deficits not taken into account at the start of the year	(2)	(169)
▪ Change in rate in France	-	(99)
▪ Tax credits	(332)	(117)
▪ Miscellaneous	145	124
Actual assessed tax	9,734	6,017
Actual tax rate	**33.98%**	**27.64%**

7.10.3. Deferred taxes recorded to the balance sheet

Balances	**2007**	**2006**	**2005**
Deferred tax assets			
- Deferred taxes that can be activated	172	279	169
- Of which not recognised			-26
Recognised deferred tax assets	172	279	143
Deferred tax liabilities	-590	-437	-443
Net deferred taxes	-418	-158	-300

The change in deferred taxes recorded to the balance sheet is detailed below by balance sheet item:

- **i.e. for financial 2007**

In thousand euros	31/12/06	Impact on profit	Impact on net position	Change	Scope	Other	31/12/07
Provisions	63	12	_	_	_	_	75
Intangible and tangible fixed assets	-255	-58	_	27	_	_	-286
Temporary differences generated on other balance sheet items	34	-285	30	14	_	_	-207
Deferrable losses and taxes	_	_	_	_	_	_	_
Deferred gross assets and liabilities	**-158**	**-331**	**30**	**41**	**_**	**_**	**-418**

- **i.e. for financial 2006**

In thousand euros	31/12/05	Impact on profit	Impact on net position	Change	Scope	Other	31/12/06
Provisions	99	-36	-	-	-	-	63
Intangible and tangible fixed assets	-373	133	-	-15	-	-	-255
Temporary differences generated on other balance sheet items	-26	144	-	-	14	-98	34
Deferrable losses and taxes	-	-	-	-	-	-	-
Deferred gross assets and liabilities	**-300**	**241**	**-**	**-15**	**14**	**-98**	**-158**

7.11. Earnings per share

The method for calculating the base earnings per share and the diluted earnings per share has been specified in Note 2.26.

In euros	***12/07***	***12/06***
Undiluted net earnings per share		
▪ Total average number of shares	8,876,684	7,581,669
▪ Total net profit	18,531,710	15,631,766
▪ ***Undiluted net earnings per share***	**2.09**	**2.06**
Net diluted earnings per share		
▪ Total average number of shares	8,876,684	7,581,669
▪ Number of shares attached to the stock options	651 (share equivalent)	0 (share equivalent)
▪ Number of shares attached to the BSAs	0 (share equivalent)	21,518 (share equivalent)
▪ ***Total number of securities***	**8,876,033**	**7,603,187**
▪ Total net profit	18,531,710	15,631,766
▪ ***Net diluted earnings per share***	**2.09**	**2.06**

NOTE 8: GOODWILL

The change in the item is as follows for financial 2007:

(in thousand euros)	12/06	Acquisitions-Depreciations	Adjustment of earn outs on previous acquisitions	Transfer from item to item (1)	Disposals	Foreign exchange rate effect	12/07
GOODWILL							
Gross values	119,050	53,723	(601)	(2)		(9,245)	162,925
Impairments							
Net	119,050	53,723	(601)	(2)		(9,245)	162,925

(1) concerns the assets held for sale of SWORD SOUTH AFRICA

It was as follows for financial 2006:

(in thousand euros)	12/05	Acquisitions-Depreciations	Disposals	Foreign exchange rate effect	Scope changes	12/06
GOODWILL						
Gross values	97,535	1,752	(1,622)	370	21,015	119,050
Impairments						
Net	97,535	1,752	(1,622)	370	21,015	119,050

The details of pledges on goodwill are provided in Note 22.

The breakdown of goodwill per cash-generating unit (CGU) was as follows at 31 December 2007:

(€k)	31/12/2007
CGU1: Products sold as a services (SaaS)	80,813
CGU2: Products sold as they are	4,661
CGU3: Services	77,451
Consolidated total	162,925

It was as follows at the end of 2006, knowing that the organisation of the various CGUs was redefined in 2007 (see Note 2.14).

(€k)	31/12/2006
Services CGU	86,774
Products CGU	32,274
Consolidated total	119,048

The implementation of the impairment tests by an expert, in accordance with the conditions described in Note 2.14 above, has not led to the recording of depreciations.

NOTE 9: INTANGIBLE FIXED ASSETS

Item details and changes for 2007

(in thousand euros)	12/06	Acquisitions-Depreciations	Disposals	Foreign exchange rate effect	Scope changes	12/07
R&D costs						
Gross values	4,076	24		(315)		3,785
Depreciation and impairment	(214)	(823)		64		(973)
Net	3,862	(799)		(250)		2,813
Other intangible fixed assets						
Gross values	1,476	95	(28)	(58)	95	1,580
Depreciation and impairment	(735)	(148)		5	(12)	(890)
Net	741	(53)	(28)	(53)	83	690
Total	**4,603**	**(852)**	**(28)**	**(303)**	**83**	**3,503**

Item details and changes for 2006

(in thousand euros)	12/05	Acquisitions-Depreciations	Disposals	Foreign exchange rate effect	Scope changes	12/06
R&D costs						
Gross values	3,128	877		71		4,076
Depreciation and impairment		(211)		(3)		(214)
Net	3,128	666		68		3,862
Other intangible fixed assets						
Gross values	1,395	95	(5)	(9)		1,476
Depreciation and impairment	(657)	(84)		6		(735)
Net	738	11		9		741
Total	**3,866**	**677**	**(5)**	**65**		**4,603**

Projects recorded as R&D costs are not depreciated, as they are not marketed yet.
The implementation of depreciation tests on current R&D costs has not revealed any depreciation.

NOTE 10: TANGIBLE FIXED ASSETS

Item details and changes for 2007

(in thousand euros)	12/06	Acquisitions - Depreciations	Disposals	Transfer from item to item (1)	Reclassification	Foreign exchange rate effect	Scope changes	12/07
Land								
Gross values								
Depreciation								
Net								
Buildings								
Gross values	1,183	16			(595)	(51)		553
Depreciation	(24)	(20)				4		(40)
Net	1,159	(4)			(595)	(47)		513
Transport equipment								
Gross values	555	132	(102)		(13)	(33)	8	547
Depreciation	(258)	(137)	62		11	20	(8)	(310)
Net	297	(5)	(40)		(2)	(13)	-	237
Fixtures-installations								
Gross values	2,489	327	(486)			(85)	611	2,856
Depreciation	(1,435)	(235)	464			43	(563)	(1,726)
Net	1,054	92	(22)			(42)	48	1,130
IT and office equipment								
Gross values	8,209	1,829	(272)	(23)	13	(821)	9,798	18,733
Depreciation	(6,459)	(1,128)	217	12	(11)	681	(9,139)	(15,827)
Net	1,750	701	(55)	(11)	2	(140)	659	2,906
Office furnishings								
Gross values	2,669	1,199	(54)	(7)		(265)	1,048	4,590
Depreciation	(1,955)	(363)	45	4		176	(1,015)	(3,108)
Net	714	836	(9)	(3)		(89)	33	1,482
Tangible fixed assets								
Gross values	15,105	3,503	(914)	(30)	(595)	(1,255)	11,465	27,279
Depreciation	(10,131)	(1,883)	788	17		924	(10,725)	(21,011)
Net	4,974	1,620	(126)	(13)	(595)	(331)	740	6,268
Total	**4,974**	**1,620**	**(126)**	**(13)**	**(595)**	**(331)**	**740**	**6,268**

(1) concerns the assets held for sale of SWORD SOUTH AFRICA

Item details and changes for 2006

(in thousand euros)	12/05	Acquisitions-Depreciations	Disposals	Reclassification	Foreign exchange rate effect	Scope changes	12/06
Land							
Gross values							
Depreciation							
Net							
Buildings							
Gross values				(1,183)			**(1,183)**
Depreciation				24			**24**
Net				(1,159)			**(1,159)**
Transport equipment							
Gross values	**442**	124	(55)	40	4		**555**
Depreciation	**(179)**	(134)	36	22	(3)		**(258)**
Net	**263**	(10)	(19)	62	1		**297**
Fixtures-installations							
Gross values	**1,691**	674	(5)	37	(1)	93	**2,489**
Depreciation	**(1,042)**	(271)	5	(41)	8	(94)	**(1,435)**
Net	**649**	403	0	(4)	7	(1)	**1,054**
IT and office equipment							
Gross values	**7,412**	917	(1,241)	126	14	981	**8,209**
Depreciation	**(5,882)**	(841)	1,177	(146)	(6)	(761)	**(6,459)**
Net	**1,530**	76	(64)	(20)	8	220	**1,750**
Office furnishings							
Gross values	**2,056**	201	(13)	12	9	404	**2,669**
Depreciation	**(1,398)**	(169)	8	9	(11)	(394)	**(1,955)**
Net	**658**	32	(5)	21	(2)	10	**714**
Tangible fixed assets							
Gross values	**11,602**	1,916	(1,314)	1,398	25	1,478	**15,105**
Depreciation	**(8,502)**	(1,415)	1,226	(180)	(11)	(1,249)	**(10,131)**
Net	**3,100**	501	(88)	1,218	14	229	**4,974**
Assets held for sale							
Gross values	**3,459**		(2,300)	(1,183)	24		
Depreciation	**(6)**	(18)		24			
Net	**3,453**	(18)	(2,300)	(1,159)	24		
Total	**6,560**	**483**	**(2,388)**	**59**	**32**	**229**	**4,974**

The property asset held for sale that appeared in the statements at year start (head office of St Didier au mont d'or) was sold in 2006.

No guarantees have been given regarding acquired tangible assets.

NOTE 11: NON-CURRENT FINANCIAL ASSETS AND OTHER NON-CURRENT ASSETS

Non-current financial assets are mainly comprised of deposits and sureties held by SWORD GROUP, SWORD SA and SWORD INC as well as stakes in SBT (listed company), Lyodssoft (non listed company) and Simalaya (non listed company) held by SWORD GROUP et SWORD SUISSE.
There were no other non-current assets at 31 December 2007.

NOTE 12: CLIENTS

(in thousand euros)	12/07	12/06
Gross receivables	76,756	58,810
Impairments	(2,139)	(667)
Net values	**74,617**	**58,143**

Trade receivables are due within less than one year.
There is no claims disposal contract.

NOTE 13: OTHER CURRENT ASSETS

(in thousand euros)	12/07	12/06
Tax credits	1,567	406
Other tax and social contribution credits	3,253	4,097
Deferred charges	2,460	3,361
Other current assets	2,419	3,129
Total gross values	9,699	10,993
Impairments	(118)	(5)
Total	**9,581**	**10,988**

Other receivables are due within less than one year.

NOTE 14: ASSETS AND LIABILITIES HELD FOR SALE

The assets and liabilities held for sale corresponding to SWORD SOUTH AFRICA, sold in January 2008.

In thousand euros	31/12/2007
Assets	766
Liabilities	502

SWORD SOUTH AFRICA belongs to the Solutions segment.

There were no assets or liabilities held for sale in the financial statements approved on 31 December 2006.

NOTE 15: NET FINANCIAL DEBT
(excluding price complements)

Item details by nature

(€k)	12/07	12/06
Lease finance debt related to assets held for sale (1)		
Other long-term and medium-term borrowing (1)	54,898	68,254
Short-term banking facilities	797	1,202
Total gross debt	55,695	69,456
Marketable securities	165	190
Cash and cash equivalents	26,710	9,645
Total net debt	28,820	59,621

(1) of which short- and long-term debt, for €1,250k and €53,648k, respectively, at 31 December 2006, and €15,832k and €52,422k at 31 December 2006.

Cash is comprised of bank accounts, which present no risk.

Net cash (cash and cash equivalents, net of current bank facilities) stood at €26,078k at 31 December 2006 and €8,633k at 31 December 2006.

Most borrowings are denominated in euros.

Breakdown of loans by maturity date

(€k)	12/07	12/06
Short-term financial debt (< 1 year)	**2,047**	**17,034**
1 year < X > 5 years	21,548	52,422
> 5 years	32,100	
Long-term financial debt (> 1 year)	**53,648**	**52,422**
Total	**55,695**	**69,456**

Non-current financial debts as at 31 December 2007 include, up to €53,620k versus €51,385k as at 31 December 2006, variable rate pool credits subject to drawdowns by SWORD GROUP in the form of promissory notes due within 1 to 6 months. For the classification as non-current debt (> 1 year) of outstanding promissory notes at period end, the following aspects have been considered:

- Ability for the company, without opposition on the part of the banks that granted the loans, to renew the drawdowns for a period of at least one year (credit openings valid at 31 December 2007 cannot be reduced by the banks within a period of 12 months).
- Company's desire to turn to that form of funding within the coming 12 months.

Breakdown of borrowings by interest rate and rate coverage:
The main loans have been taken out at an interest rate of Euribor 3 months +1.5. Coverage by paying SWAP at a fixed rate of 3.825% (excluding the bank margin) was set up on 14 November 2006 for a period of 24 months and an amount of €20m. The coverage was valued at fair value in the balance sheet at 31 December 2007 for €20,144k.
The Group does not apply hedge accounting and records in its earnings all the changes in fair value of the hedge instruments, which generated financial income of €144k over the year.

Bank covenants

SWORD GROUP promises to maintain, in accordance with the covenant clauses:
- net consolidated financial debt / consolidated EBITDA less than 3.5
- net consolidated financial debt / consolidated shareholders' equity less than 1.

Should SWORD GROUP fail to comply with the above covenants, lending banks will be able to accelerate the reimbursement of the outstanding loan, worth €54,870k at 31 December 2007 (versus €66,985k at 31 December 2006).
At 31 December 2007, SWORD GROUP complied with such covenants.

Guarantees on borrowings

Cf Note 21.

Banking facilities available at 31 December 2007

In thousand euros	31/12/07	Less than one year	Between 1 and 5 years	More than 5 years
Outstanding amount authorised	145,870	47,790	58,080	40,000
Outstanding amount used	54,898	1,250	21,548	32,100
Cash available	**90,972**	**46,540**	**36,532**	**7,900**

NOTE 16: CHANGE IN EQUITY

Issued capital and securities giving access to the capital

- ***Issued capital***

On 26 March 2004, the Chairman of the Board decided to initiate the issue of 205,373 shares with share purchase warrants (ABSAs) for €1,026,865 (i.e. €5 per ABSA) and maximum paid-in cash of €15,813,721 (i.e. €77 per ABSA) with an option to issue 30,805 additional ABSAs in the event the extension clause were exercised
On 7 April 2004, the Chairman of the Board decided to exercise the 15% extension clause by bringing up to 236,178 the number of ABSAs to be issued as part of the capital increase of SWORD GROUP.
The Board of Directors held 26 April 2006 noted that 236,178 new shares with share purchase warrants of €5 each, making up the capital increase of €1,180,890, were fully underwritten, bringing the capital up to €7,342,105. Each new ABSA includes a BSA (share purchase warrant), the exercise conditions of which are the following:
- 4 BSAs will allow to underwrite 1 SWORD GROUP share
- Underwriting of SWORD GROUP shares at any time from the time they are entered into the accounts, up until 30 April 2006
- Exercise price of a share: €96.78

Given that the face value of the SWORD GROUP share was divided by 5, the exercise of 4 BSAs will make it possible to subscribe 5 SWORD GROUP shares.

The Shareholders' Extraordinary Meeting held 29 April 2005 divided the face value of the SWORD GROUP share by 5 and decided to bring its value down from €5 to €1, thereby bringing the number of SWORD GROUP shares from 1,468,421 to 7,342,105.

On 14 June 2005 the Board of Directors recorded the exercise of 23,716 equity warrants that provided entitlement to 29,645 new shares, involving an increase in capital of €30k and an increase in the issue premium of €544k.

29,336 BSAs were exercised up until 31 December 2005 and have been recorded to SWORD GROUP's financial statements, entitling their holders to 36,670 new shares and resulting in a capital increase of €37k and an increase in additional paid-in capital of €673k. The Board of Directors held 19 January 2006 recorded that capital increase and consequently amended Article 8 of the by-laws accordingly.

On 21 June 2006 the Board of Directors recorded the exercise of 182,736 equity warrants that provided entitlement to 228,420 new shares, involving an increase in capital of €228k and an increase in the issue premium of €4,193k.

The Managing Director, acting as per further delegation granted by the Board of Directors of 14 February 2007, recorded on 9 March 2007 the correlative completion of the capital increase through the issue of 1,437,500 new shares, bringing the capital up from €7,636,840 to €9,074,340.

On 2 April 2007, the managing director recorded the exercise of the entire over-allotment option and the final completion of the capital increase through the subscription of 215,625 new shares, which brought the capital up from €9,074,340 to €9,289,965.

The capital increase resulted in the creation of 1,653,125 new shares, leading to an increase in capital of €1,653k and an increase in additional paid-in capital of €62,001k. It should be noted that €2,471k corresponding to the issue costs net of tax incurred for the capital increase, were recorded as additional paid-in capital.
At 31 December 2007, capital stock totalled €,9,289,965, divided into 9,289,965 shares with a face value of €1.

The amount of dividends whose distribution was suggested during the Ordinary General Meeting held 29 April 2008 stands at €0.53 per share, i.e. a total distribution of €4,923,681, as against €0.42 per share in 2006, i.e. a total distribution of €3,207,473.

Category of securities	Face value	Number of securities			
		At year start	Created during the period (1)	Reimbursed during the period	At year end
2007	1	7,636,840	1,653,125		9,289,965
2006	1	7,408,420	228,420		7,636,840

(1) The Board of Directors of 14 February 2007 recorded a capital increase with the creation of 1,653,125 new shares. The exercise of the 182,736 BSAs in 2006 resulted in the creation of 228,420 SWORD GROUP shares.

Share subscription warrants

Category of securities	At year start	Number of securities			
		Created during the period	Exercised during the period	Not exercised and lapsed	At year end
2007	0				0
2006	183,126		182,736	390	183,126

Stock-options

SWORD GROUP

At 28 April 2006, the Extraordinary General Meeting of SWORD GROUP permitted the Board of Directors to grant options entitling their holders to subscribe up to 60,000 SWORD GROUP shares. This authorisation has been granted for 38 months. As at 29 December 2006, the Board of Directors used the permission that was given and granted 60,000 share subscription options to the benefit of the employees and/or corporate officers.
The subscription price of new shares was set to the average of listed prices for the 20 stock market days preceding the decision to assign the options and stood, for the period from 29 November 2006 to 28 December 2006, at €35.128. The option allocation plan was closed on 29 December 2006.
At 31 December 2007, the number of exercisable options stood at 51,000.
Insofar as the beneficiaries of the share subscription options are of various nationalities, the three share subscription plans are established:

Exercising of options

- for the 1st plan, the options may be exercised during a period beginning at the end of the 24-month period starting as of the allocation date and ending 12 months later.
- For the 2nd and 3rd plans, the options can be exercised during a period beginning at the end of the 36-month period starting as of the allocation date and ending 12 months later.

Disposal and marketability of the shares acquired pursuant to the exercise of options

- 1st and 2nd plan: the shares acquired pursuant to the exercise of options will be disposable and marketable as of the date on which they are exercisable for the first time.
- 3rd plan: the shares acquired pursuant to the exercise of the options are non disposable, non marketable, non convertible to the bearer and cannot be rented or leased for a period of 12 months beginning on the date on which they are exercisable for the first time.

At year end, that is 31 December 2007, no option had been exercised.
The cost generated by that employee benefit stood at €373k on the date of allocation, and was recorded as profit for up to €150k at 31 December 2007, of which €150k for the year 2007.

The valuation of the fair value of this benefit has been determined on the basis of the Black and Scholes financial formula, using the following calculation assumptions:
- Volatility: 21%
- Planned dividend distribution rate: 1%
- No-risk yield rate over the option lifetime: 4%.

Fircosoft

At 17 December 2003 (Plan Nr.1), the Chairman of Fircosoft was allowed to grant options entitling their holders to subscribe up to 1,500 Fircosoft shares.
The subscription price of the new shares was set to €298.80. The option allocation plan was closed 13 January 2004.
At 31 December 2007, the number of shares allocated stood at 1,500.
Optionees will only be able to exercise the options after a 2-year freezing period and for a period of three years only.
At year end, that is 31 December 2007, 1,500 options were exercised.

The cost generated by that employee benefit stood at €88k on the date of allocation, and has been entirely recorded as profit.

At 4 November 2005 (Plan Nr.2), the Extraordinary General Meeting of Fircosoft accepted to grant options entitling their holders to subscribe up to 340 Fircosoft shares.
The subscription price of new shares was set to €537. The option allocation plan was closed on 4 November 2005.
At 31 December 2007, the number of shares allocated stood at 300.
Optionees will only be able to exercise the options after a 2-year freezing period and for a period of two years only.
At year end, that is 31 December 2007, no option had been exercised.
The cost generated by that employee benefit stood at €27k on the date of allocation, and was recorded as profit for up to €27k at 31 December 2007, of which €11k for the year 2007.

At 4 September 2006 (Plan Nr.3), the Extraordinary General Meeting of Fircosoft authorised its Chairman to grant options entitling their bearers to subscribe up to 1,700 Fircosoft shares.
The subscription price of new shares was set to €730. The option allocation plan was closed on 4 September 2006.
At 31 December 2007, the number of shares allocated stood at 1,700.
Optionees will only be able to exercise the options after a 2-year freezing period and for a period of two years only.
At year end, that is 31 December 2007, no option had been exercised.
The cost generated by this employee benefit stood at €101k on the allocation date, and was recorded to the income statement for up to €67k as at 31 December 2007, of which €50k for financial 2007.

Treasury shares

No treasury shares were held by the company, in the context of the share repurchase programme authorised by the General Meeting of Shareholders of 30 April 2007.

Any future depreciation or proceeds of disposals of shareholders' equity are applied directly to shareholders' equity (for the pre-tax amount, if applicable) and do not contribute to the profit or loss for the period.

Equity management policy

The company is subject to no specific regulatory or contractual obligation in terms of issued capital. The Group has no specific management policy in terms of equity. The arbitration between external funding and capital increase is carried out on an ad hoc basis based on envisaged transactions. The equity monitored by the Group integrates the same components as the consolidated equity.

NOTE 17: PROVISIONS, POSSIBLE ASSETS AND LIABILITIES

(€k)	31/12/06	Reserve allocations for the financial year	Carryovers for the financial year		Scope changes	Other	31/12/07
			Used up	Not applicable			
Long-term provisions							
- Provisions for risks and litigations (1)	120	-	(120)	-	-	-	-
Short-term provisions							
- Other provisions (2)	69	-	-	-	-	(2)	67
Total	**189**	**-**	**(120)**	**-**	**-**	**(2)**	**67**

(1) The item includes a provision related to a dismissal indemnity for €120k as at 31 December 2006.
(2) This item consists primarily of risks on work in progress (cf Note 2.19).

Non-current provisions are within less than 5 years. They have not been discounted, due to their insignificant impact.
As at 31 December 2007, the company and its subsidiaries had no major proceedings under way against third parties.

17.1. Retirement commitments (fixed benefit regimes)

(in thousands of euros)	12/07	12/06
- Retirement commitments	225	168
Total	**225**	**168**

The retirement benefits of SWORD GROUP companies are determined by the SYNTEC collective agreement.

As specified in Note 2.19, the Group has opted for the immediate recording of actuarial differences, and there is no cost of deferred past services. The pension commitments are not covered by any assets.
The portion due within less than one year is insignificant.

The breakdown of the burden for the period is described in the table below:

	12/07	12/06
Cost of services rendered	(7)	27
Financial cost	(2)	7
Compensation paid	-	-
Actuarial differences	66	91
Total	**57**	**125**

Actuarial valuations rely on a number of long-term assumptions provided by the company. These assumptions are reviewed each year.

The assumptions used for calculating retirement provisions are the following:

	2007	2006
Discount rate	5%	5%
Revaluation of annual wages	1.5%	1.5%
Social contribution rate	45%	45%
Retirement age	65 years old	65 years old
Staff turnover	(1)	(1)
Mortality table	INSEE 2007	INSEE 2006

(1): A per age statistic table based on a high turnover rate, unchanged at start date and end date, was used.

NOTE 18: ACCOUNTS PAYABLE

(€k)	12/07	12/06
Accounts payable	23,625	16,413

Accounts payable are due within less than one year.

NOTE 19: TAXES DUE AND OTHER CURRENT LIABILITIES

(€k)	12/07	12/06
Taxes due on companies	**7,234**	**4,277**
Advance payments received	564	401
Taxes and social contributions due (excluding income tax due for the companies)	13,452	13,259
Price complements within less than one year	8,450	7,990
Deferred income from worksites	17,192	9,638
Other creditors	6,089	2,365
Other current liabilities	**45,747**	**33,653**

Taxes due on companies and other current liabilities are due within less than one year.

NOTE 20: NOTE ON FINANCIAL INSTRUMENTS

20.1. Financial assets

In thousand euros	31 Dec. 2007				
	Securities held for sale	Loans and receivables	Financial assets at fair value based on earnings upon option	Financial assets at fair value based on earnings	Total balance sheet
Non current financial derivative instruments					
Other long-term financial assets	2,243	644			2,887
Trade and other receivables		74,617			74,617
Current derivative instruments				144	144
Other short-term financial assets		2,275			2,275
Cash and cash equivalents				26,875	26,875
Total	**2,243**	**77,536**		**27,019**	**106,798**

In thousand euros	31 Dec. 2006				
	Securities held for sale	Loans and receivables	Financial assets at fair value based on earnings upon option	Financial assets at fair value based on earnings	Total balance sheet
Non current financial derivative instruments					
Other long-term financial assets	833	633			1,466
Trade and other receivables		58,143			58,143
Current derivative instruments					
Other short-term financial assets		3,124			3,124
Cash and cash equivalents				9,836	9,836
Total	**833**	**61,900**		**9,836**	**72,569**

In thousand euros	31 Dec. 2007 Current	Non current	Total	31 Dec. 2006 Total
Securities held for sale		2,243	2,243	833
Loans and receivables at amortised cost		644	644	633
Loans and receivables at amortised cost				
Trade and other receivables	*74,617*		*74,617*	*58,143*
Financial assets valued at fair value by result				
Financial derivative instruments	*144*		*144*	
Financial assets at fair value by result not including derivatives	*2,275*		*2,275*	*3,124*
Cash and cash equivalents	26,875		26,875	9,836
Total	**103,911**	**2,887**	**106,798**	**72,569**

Securities held for sale

The securities held for sale by the Group stood at €2,243k at 31 December 2001 (listed securities for €531k versus non listed securities for €1,712k).

The profits and losses recorded as equity and as earnings on securities held for sale were as follows:

	31 December 2007				
	Dividends	**Evaluation**			**Proceeds from disposal**
In thousand euros		**Change in fair value**	**Foreign exchange rate effect**	**Impairment**	
Shareholders' equity		208			
Profit (loss)					
Total		**208**			

No profit or loss has been recorded on the securities held for sale in 2006.

Loans and receivables at amortised cost

	31 Dec. 2007			31 Dec. 2006		
In thousand euros	**Gross**	**Impairment**	**Net**	**Gross**	**Impairment**	**Net**
Loans and receivables at amortised cost	644		644	633		633
Trade and other receivables	76,756	2,139	74,617	58,810	667	58,143
Total	**77,400**	**2,139**	**75,261**	**59,443**	**667**	**58,776**

A net expense was recorded as earnings on loans and claims at the depreciated cost of €59k for 2006 and of €1,103k for 2007.

Financial assets valued at fair value by result

The detail of assets valued at fair value based on earnings can be detailed as follows:

In thousand euros	31 Dec. 2007			31 Dec. 2006
	Current	Non current	Total	Total
Financial derivative instruments	144		144	
Financial assets at fair value by result not including derivatives				
Total	**144**		**144**	

The financial instruments have no impact on the earnings for 2006. The impact of the financial instruments on the earnings for 2007 is the recording of income for €144k.

Derivative instruments to hedge the debt are set up in the context of the Group's risk management policy and are analysed in Note 14.

Cash and cash equivalents

The risk management policy is presented in Note 20 to the financial statements.

Cash and cash equivalents stood at €26,875k at 31 December 2007, versus €9,836k at 31 December 2006.

Fair value of financial assets

In thousand euros	**31 Dec. 2007 (fair value)**			**Fair value**	**Balance sheet value**
	Listed prices	**Models with observable data**	**Models with non observable data**	**Total**	**Total**
Non current financial derivative instruments					
Other long-term financial assets	531		2,356	2,887	2,887
Trade and other receivables			*74,617*	*74,617*	*74,616*
Current derivative instruments	*144*			*144*	*144*
Other short-term financial assets			*2,275*	*2,275*	*2,275*
Cash and cash equivalents	26,875			26,875	26,874
Total	**27,550**		**79,248**	**106,798**	**106,798**

In thousand euros	31 Dec. 2006 (fair value)			Fair value	Balance sheet value
	Listed prices	Models with observable data	Models with non observable data	Total	Total
Non current financial derivative instruments					
Other long-term financial assets	255		1,211	1,466	1,466
Trade and other receivables			*58,143*	*58,143*	*58,143*
Current derivative instruments					
Other short-term financial assets			*3,124*	*3,124*	*3,124*
Cash and cash equivalents	9,836			9,836	9,836
Total	**10,091**		**62,478**	**72,569**	**72,569**

20.2. Financial liabilities

The various categories of financial liabilities at 31 December 2007 are the following:

In thousand euros	31 Dec. 2007			31 Dec. 2006
	Current	Non current	Total	Total
Financial debt	2,047	53,648	55,695	69,456
Financial derivative instruments				
Trade accounts payable	23,625		23,625	16,413
Other financial liabilities	15,103	964	16,067	13,567

All of the Group's financial liabilities, except for derivatives, are valued on the date of approval of accounts at their depreciated cost, which is determined on the basis of the actual interest rate. Derivatives are valued at fair value based on earnings.

Financial debt

Financial debt is analysed in paragraph 15 "Net financial debt".

In thousand euros	31 Dec. 2007			31 Dec. 2006
	Current	Non current	Total	Total
Bonded debts				
Commercial papers	1,250	53,620	54,870	66,985
Drawdowns on credit facilities				
Lease finance borrowings		28	28	49
Other bank loans				1,220
Other borrowings				
Total borrowings	**1,250**	**53,648**	**54,898**	**68,254**
Bank overdrafts and current cash accounts	797			1,202
Total creditors	**2,047**	**53,648**	**55,695**	**69,456**

Profits and losses, mainly made up of interest, recorded as earnings on financial debt, are presented in Note 7.8.

Financial derivative instruments

No derivative financial instruments recorded as liabilities are present in the financial statements of 2006 and 2007.

Trade accounts payable and other financial liabilities

In thousand euros	**31 Dec. 2007**	**31 Dec. 2006**
Accounts payable	23,625	16,413
Advance payments received	564	401
Price complement	9,414	10,801
Debts on assets	–	–
Other creditors	6,089	2,365
Trade accounts payable and other financial liabilities	**39,692**	**29,980**

Fair value of financial liabilities

	31 Dec. 2007			**Fair value**	**Amount outstanding (balance sheet)**
In thousand euros	**Listed prices**	**Models with observable parameters**	**Models with non observable parameters**	**Total**	**Total**
Bonded debts					
Commercial papers	54,678			54,678	54,870
Drawdowns on credit facilities					
Lease finance borrowings	28			28	28
Other bank loans					
Other borrowings					
Total borrowings	**54,706**			**54,706**	**54,898**

Regarding overdrafts and payables, their balance sheet value is a good estimate of their fair value.

Derivative liabilities are already displayed at fair value in the balance sheet.

20.3. Management of risks relative to financial instruments

The currency risk is not currently considered to be a significant risk, and it is therefore not necessary to set up a ponderous risk monitoring management structure.

There is no significant financial instrument involving a currency risk. Indeed, debts are essentially a result of the corporate activity. There is therefore no specific tool for managing the currency risk.

The currency risk is controlled by the holding company. Budgets are set out with great prudence, and the analytical exchange rate is always that of the current month.

Credit risk

The group is exposed to credit risks due to its operating activities. The credit risk is mainly comprised of the counterpart risk on customers. The Group mainly works with large corporations, which limits its exposure.

Unpaid credits not impaired:

In thousand euros	31 December 2007							
	Assets unpaid at year end					Impaired assets	Assets neither impaired nor unpaid	Total
	0-3 months	3-6 months	6-12 months	beyond 1 year	Total	Total	Total	
Loans and receivables at amortised cost								
Trade and other receivables	64,758	7,097	1,190	994	74,039	1,705	72,334	
Total	**64,758**	**7,097**	**1,190**	**994**	**74,039**	**1,705**	**72,334**	

A difference of €2,283k with the balance sheet receivables appears, due to CT Space receivables integrated into the balance sheet, but for which information regarding the seniority of customers is not available.

In thousand euros	31 December 2006							
	Assets unpaid at year end					Impaired assets	Assets neither impaired nor unpaid	Total
	0-3 months	3-6 months	6-12 months	beyond 1 year	Total	Total	Total	
Loans and receivables at amortised cost								
Trade and other receivables	47,360	7,265	2,439	1,746	58,810	667	58,143	
Total	**47,360**	**7,265**	**2,439**	**1,746**	**58,810**	**667**	**58,143**	

Liquidity risk

At 31 December, contractual flows (principal and interest), not discounted on outstanding financial liabilities by maturity date, were as follows:

At 31 December 2007 *In thousand euros*	**2008**	**2009**	**2010**	**2011**	**2012**	**> 5 years**	**Total**	**Total** **Balance sheet value**
Bonded debts								
Commercial papers	3,702	3,842	3,782	16,191	7,108	33,652	68,277	54,870
Drawdowns on credit facilities								
Lease finance borrowings		29					29	28
Other bank loans								
Other borrowings								
Bank overdrafts and current cash accounts	836						836	797
Other creditors								
Other financial liabilities								
Total	4,538	3,871	3,782	16,191	7,108	33,652	68,142	55,695
At 31 December 2006 *In thousand euros*	2007	2008	2009	2010	2011	> 5 years	Total	Total Balance sheet value
Total	19,622	14,997	11,452	25,468	5,184		76,723	69,456

Given the existence of a Swap for €20m, which changes the variable rate into a fixed rate of 3.825%, the interest flows have been calculated for 2006 over the years 2007 and 2008 and for 2007 over the year 2008 at fixed rate for up to €20m.

The variable rate used for estimating the interest flows is Euribor 3 months, that is a rate of 3.687% for 2006 and 4.834% for 2007.

NOTE 21: MARKET RISK MANAGEMENT

21.1. Risk management policy

A. Currency risk

The currency rate mainly concerns net long-term investments in subsidiaries located outside the eurozone (mainly the UK and the US) and the transfer of the earnings of these entities to the French parent company. All the funding related to external growth is borne by the French parent company in euro.
The social activity of entities based outside the eurozone displays a balance between the currency of their costs and that of their sales revenue.
The Group has not implemented any hedging policy for its currency risk as described above.

k	Sales
Total €	66,047
Total currencies	112,998

Currency details	£ CHF Brazilian real Round $	61,231 18,737 5,526 9,294 12,390

B. Interest rate risk

Interest rate risks are not currently considered to constitute a significant risk. Nevertheless, this risk is monitored and managed by the administrative and financial department within the scope of the company's general management.

21.2. Quantitative information for risks

A. Currency risk – Net position before and after management

(€k) 31/12/07	£k	$k	CHFk	In thousand rands	In thousand Brazilian reals	In thousand Indian rupees
Financial assets	73,373	12,684	9,678	9,077	4,300	38,586
Financial liabilities	32,536	11,858	4,395	2,873	3,497	3,714
Net position prior to management	40,837	826	5,283	6,204	803	34,872
Management derivative						
Net position after management	40,837	826	5,283	6,204	803	34,872

(€k) 31/12/06	£k	$k	CHFk	In thousand rands	In thousand Indian rupees
Financial assets	57,540	4,428	7,888	4,557	44,908
Financial liabilities	14,155	4,416	4,429	2,257	3,427
Net position prior to management	43,385	12	3,459	2,300	41,481
Management derivative					
Net position after management	43,385	12	3,459	2,300	41,481

B. Interest rate risk – Net position before and after management

(€k) 31/12/07	DD to less than 1 year	1 to 5 years	Beyond
Financial liabilities	2,047	53,648	-
Financial assets	-	-	-
Net position prior to management	2,047	53,648	-
Management derivative	- 2,047	-	-
Net position after management	-	53,648	-

(€k) 31/12/06	DD to less than 1 year	1 to 5 years	Beyond
Financial liabilities	17,034	52,422	-
Financial assets	1,746	-	-
Net position prior to management	15,288	52,422	-
Management derivative	-15,288	-4,712	-
Net position after management	-	47,710	-

Sensitivity analysis: hedging of the currency and interest rate risk

The sensitivity analysis was established on the basis of the situation of the debt and the financial derivatives (for exchange rate and currency) at year end.

For the currency risk, sensitivity represents a change in exchange rate compared to the year end rate.

An unfavourable, uniform evolution of 10% in the currency in which the financial statements are denominated (€) against all the currencies mentioned in the table above, would result in a loss of €6,097k on the overall net position in foreign currencies.

For the interest rate risk, sensitivity corresponds to a change in the interest rate curve compared to the interest rates applicable at year end.

The sensitivity to interest rate changes is equal to €536k.
(= net variable rate position x 1% change in the short term interest rate x time remaining until the next period, i.e. €536k).

The table below presents the impact of changes in exchange rates on earnings and equity on the assumption of a total exchange rate change of 10%:

At 31 December 2007 *In thousand euros*	Impact on earnings	Impact on equity
Exchange rate Sterling	3,438	6,932
Exchange rate USD	29	121
Exchange rate Swiss franc	75	295
Exchange rate Rand	27	40
Exchange rate Brazilian real	44	5
Exchange rate Indian rupee	39	68

At 31 December 2006 *In thousand euros*	Impact on earnings	Impact on equity
Exchange rate Sterling	795	8,589
Exchange rate USD	24	105
Exchange rate Swiss franc	72	233
Exchange rate Rand	1	16
Exchange rate Indian rupee	65	79

NOTE 22: CASH FLOW TABLE

The detail of the cash flow item "Net impact of changes in scope" is given in the table below:

In thousand euros	31/12/07	31/12/06
Scope changes 2007		
Price paid / 2007 acquisitions (3)	-36,341	
Price cashed / 2007 disposals (4)	287	
Net active/passive cash acquired (3)	9,615	
Prices paid / previous acquisitions	-6,596	
Other changes		
Scope changes 2006		
Price paid / 2006 acquisitions (1)		-20,451
Price cashed / 2006 disposals (2)		1,822
Net active/passive cash acquired (1)		3,523
Prices paid / previous acquisitions		-3,614
Other changes		-268
Total	**-33,035**	**-18,988**

(1) including the companies Stellon and RTE
(2) including the companies SWORD NORD, SWORD CONSULTING
(3) including the companies Achiever, Nextech, Powersoft, Apak, CT, Space
(4) including the companies SWORD SECURITY, SWORD SERVICES

The detail of the "Change in working capital" operating cash flows is given in the table below:

In €K	31/12/07	31/12/06
Change in working capital requirements	**-12,247**	**-11,104**
- Change in accounts receivable	-15,140	-11,775
- Change in accounts payable	-429	1,008
- Change in other assets	2,596	189
- Change in other liabilities	726	-526

NOTE 23: OFF-BALANCE SHEET AND OTHER COMMITMENTS

Reminder: the price complements are recorded to the balance sheet as per IFRS standards (cf Note 19).

For current operations, the Group was committed, at previous and current year end, for the following amounts:

	31/12/2007				31/12/2006
		Payments due by period			
	Total	Within less than one year	Between one and five years	Within more than five years	Total
Contractual obligation					
Operating lease	1,182	631	551		1,907
Irrevocable purchase obligations					
Other long-term obligations					
Total	**1,182**	**631**	**551**		**1,907**
Other business commitments					
Credit line (1)					1,220
Letter of credit	1,900			1,900	1,700
Foreign payment bond (4)	1,736	1,736			
Guarantees on rents	639		639		220
Other business commitments (2)	998	383	615		104
Total	**5,273**	**2,119**	**1,254**	**1,900**	**3,244**
Commitments received					
Contract guarantees					
Other commitments received (3)					220
Total	**-**	**-**	**-**	**-**	**220**

(1) SWORD GROUP allocates and delegates the following in the form of commercial collateral as a guarantee for current bank loans of €9,147,000, of which €1,220,000 were used as at 31 December 2006:

- Collateral from the 3 businesses acquired in December 2000: IDP, IDL and SWP
- An account pledge for financial instruments relating to the shares of Fircosoft Paris (value of the shares: €4,798k)

(2) in 2006, SWORD GROUP pledged assets to Dexia, an international bank. Dexia gave contract guarantees to the European Commission.
in 2007, the banks FORTIS Luxembourg and ING Belgique gave contract guarantees to the European Commission.

(3) SWORD GROUP has received a guarantee from KBC Bank for the rental of premises located at rue Joseph 9/13, Brussels, and those at 105, route d'Arlon, Luxembourg.

(4) The foreign payment bond represents a commitment to pay that is to be paid to Anthony Bracey in the context of the acquisition of Apak.

The law of 4 May 2004 entitles employees of French companies to benefit from 20 hours minimum of training per annum, that can be cumulated over up to 6 years. Individual right to training (droit individuel à la formation or D.I.F.) no yet used, corresponds to an employee benefit in the sense of IAS 19 (long-term benefit), that is recorded as a liability at year end; however, given that the company has the option to integrate most of the DIF cost into its training plan, the amount of this liability has been considered insignificant. As at 31 December 2007, the DIF represented an aggregate of 9,733 hours of training rights.

NOTE 24: RELATED-PARTY TRANSACTIONS

24.1. Related companies

SWORD GROUP holds no companies between 20% and 50% on which it exercises any notable influence, that would be accounted in accordance with the equity method.

In 2007, SWORD SOFT, a company based near London, was set up. The company, of which SWORD GROUP holds 94%, is designed to hold all of the Group's "Products" activities. The 6% not held by SWORD GROUP are held by the company's executive management. Under the shareholders' agreement, the consolidated profit of the SWORD SOFT Group goes entirely to SWORD GROUP.

24.2. Transactions conducted with non-consolidated companies sharing common managers

Sémaphore Investissements was set up on 2 January 2007. The purpose of that company is to take stakes in the equity of any company of which it may become an owner and to offer its assistance to the Executive Management of the SWORD GROUP. After the company's inception, two employees previously members of SWORD GROUP, Mr. Mottard and his assistant, became members of Sémaphore Investissements. The corresponding services are charged back to SWORD GROUP.

The expense borne by SWORD GROUP for the Executive Management assistance offered by Sémaphore Investissements stood at €310k in 2007, with monthly instalments of €25k.

24.3. Remuneration of the members of the management and supervisory boards

(€k)	12/07	12/06
Short-term benefits:		
- Gross (excluding benefits in kind)	1,181	1,136
- Employer contributions	188	230
- Benefits in kind	75	51
Post-employment benefits:		
- Commitments provisioned by the company	22	21
- Charges on rights acquired during the period	1	-3
Other long-term benefits:		
Compensation for termination of employment contract	-	-
Payments in shares	71	-
Total	**1,516**	**1,414**

Members of the Boards (corporate officers) and the Management are the individuals that belong to the General Management and Operating Committees, i.e. approximately 10 people.

NOTE 25: LIST OF CONSOLIDATED COMPANIES

Companies	Closing date	31 December 2007 % controlled	31 December 2007 % stake	31 December 2006 % controlled	31 December 2006 % stake
SWORD GROUP (parent company) 9 Avenue Charles de Gaulle 69370 Saint Didier au mont d'or	31/12	100%	100%	100%	100%
SWORD SA (France)	31/12	100%	100%	100%	100%
SWORD Création Informatique Ltd (South Africa)	31/12	100%	100%	100%	100%
SWORD SOUTH AFRICA Ltd	31/12	75%	75%	75%	75%
Fircosoft (France)	31/12	92.18%	86.64%	99.94%	99.94%
Fircosoft Inc (US)	31/12	100%	86.64%	100%	100%
SWORD Inc. (USA)	31/12	100%	100%	100%	100%
SWORD UK	31/12	100%	100%	100%	100%
SWORD SUISSE	31/12	95.60%	95.60%	95.60%	95.60%
SWORD DDS France	31/12	100%	100%	100%	100%
SWORD TECHNOLOGIES SA (Benelux)	31/12	100%	100%	99.04%	99.04%
Tipik (formerly ASCII)(Belgium)	31/12	100%	100%	100%	100%
FI System Belgium	31/12	100%	100%	100%	100%
SWORD SAS (France)	31/12	100%	100%	92%	92%
GLOBAL INDIA	31/03	100%	100%	100%	100%
SWORD IT SOLUTIONS (Greece)	31/12	65%	65%	65%	65%
SWORD SECURITY SA (Benelux)	31/12	60%	60%	60%	60%
SWORD SERVICES SA (Formerly Linkvest SA) (Switzerland)	31/12	100%	100%	100%	100%
SWORD LEBANON (Lebanon)	31/12	92%	92%	92%	92%
Harvard (UK)	31/12	100%	100%	100%	100%
Intech (UK)	31/12	100%	94%	100%	100%
SWORD ATLANTIQUE (France)	31/12	80%	80%	80%	80%
SWORD SERVICES (Belgium)	31/12	88%	88%	88%	88%
SWORD CONSULTING (Formerly Stellon)	31/12	100%	100%	100%	100%
SWORD SOLUTION (France)	31/12	83%	83%	76%	76%
RTE (UK)	31/12	97%	97%	97%	97%
Nextech (Brazil)	31/12	100%	94%	-	-
Achiever (UK)	31/12	100%	94%	-	-
SWORD SOFT (UK)	31/12	94%	94%	-	-
Apak (UK)	31/12	100%	94%	-	-
Powersoft (Switzerland)	31/12	100%	97%	-	-
SWORD INTEGRA (Belgium)	31/12	100%	100%	-	-
CT SPACE (US)	31/12	100%	94%	-	-

All the consolidated companies conduct operations, except for SWORD GROUP, SWORD SOFT and FI SYSTEM BELGIUM, which are holding companies.
All the companies controlled at 31 December 2007 that conducted business during the year, are consolidated.
All companies are consolidated according to the full consolidation method.
GLOBAL INDIA does not close its account on 31 December. Therefore, it has established interim statements at 31 December 2007.
SWORD SERVICES and SWORD SECURITY were disposed of on 9 and 16 October 2007, respectively.

20.4 Verification of annual financial history

20.4.1 Auditors' report on the annual financial statements

Annual financial statements – Financial year ended 31 December 2007

Within the scope of the task that has been entrusted to us by your general shareholders' meeting, we will now present our report relating to the financial year ended 31st December 2007, on:

- our examination of SWORD GROUP's annual financial statements, which are attached to this report,
- the justifications for our assessments,
- the specific checks and information stipulated by law.

The annual financial statements have been drawn up by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I. ASSESSMENT OF THE ANNUAL STATEMENTS

We performed our audit in accordance with the professional standards applicable in France; these standards require due diligence to ensure with a reasonable degree of certainty that the consolidated financial statements do not contain any significant anomalies An audit is conducted by examining the probative elements, obtained through surveys, that back up the data contained in these financial statements. It also involves appraising the accounting principles practiced and any significant estimates employed in drawing up the financial statements, as well as assessing the overall presentation. It is our belief that our audit provides a reasonable basis for the opinion expressed hereafter.

We certify that the annual accounts comply with French accounting rules and principles and provide a true and fair view of the earnings derived from the company's activity during the year, as well as the financial situation and net worth of the company at the end of the financial year.

II. JUSTIFICATION OF ASSESSMENTS

As per the provisions of article L. 823-9 of the Commercial Code regarding the justification of our assessments, we inform you that:

Note 3.3 to the annual financial statements sets out the rules for assessing, recording, and amortising the goodwill. Our work consisted, in particular, in assessing the data and assumptions on which these assumptions are based.

The opinions expressed fall within the scope of our audit of the annual financial statements taken as a whole. Therefore, they have contributed to the forming of our opinion, as set out in the first part of this report.

III. VERIFICATIONS AND SPECIFIC INFORMATION

In accordance with the professional standards applicable in France, we have also carried out the specific checks provided for by the law.

We have no remarks to make regarding:

- the sincerity and consistency of the information provided in the Board of Directors' management report and in the documents sent to shareholders regarding the financial situation and annual financial statements, with that provided in the annual financial statements.
- the sincerity of the information provided in the management report regarding the remuneration and benefits paid to corporate officers, or the commitments granted in their favour on the occasion of their taking on, changing, or leaving their mandates or subsequent to the said mandates.

In application of the law, we have made sure that all information relating to the acquisition of stakes and control and to the identity of those who hold the corresponding capital has been provided for you in the management report.

Lyon and Villeurbanne, 9 April 2008

The Auditors

SOCIÉTÉ D'AUDIT FINANCIER AND OF INTERNAL CONTROL	**DELOITTE & ASSOCIES**
Jacques Convert Partner Manager	Alain Descoins

20.4.2 Auditors' report on the annual consolidated financial statements

Consolidated financial statements – Financial year ended 31 December 2007

Within the scope of the task that has been entrusted to us by your general shareholder meeting, we have examined the consolidated financial statements of SWORD GROUP relating to the financial year ending 31 December 2007, which are attached to this report.

The consolidated financial statements have been settled by the Board of Directors. Our role is to express an opinion on these financial statements based on the audit we have carried out.

I. ASSESSMENT OF THE CONSOLIDATED FINANCIAL STATEMENTS

We performed our audit in accordance with the professional standards applicable in France; these standards require due diligence to ensure with a reasonable degree of certainty that the consolidated financial statements do not contain any significant anomalies. An audit involves examining the key elements that support the data contained in these financial statements, through surveys. It also involves assessing the accounting principles followed and any significant estimates used in the drafting of financial statements, as well as assessing overall presentation. It is our belief that our audit provides a reasonable basis for the opinion expressed hereafter.

We certify that, from the point of view of IFRS standards as adopted by the European Union, these consolidated financial statements are consistent and sincere, and provide a faithful representation of the assets, the financial situation and the results achieved by the persons and entities of consolidated companies.

II. JUSTIFICATION OF ASSESSMENTS

As stipulated by Article L.823-9 of the Commercial Code regarding the justification of our opinion, we would like to point out to you that:

- Every year, with the assistance of an external specialist, the company proceeds to an impairment test of goodwill in accordance with the methods described in Note 2.14 of the schedule. We have reviewed the conditions under which the impairment test was conducted, as well as the cash flow forecasts and assumptions used, and have verified that Notes 2.14 and 8 provide appropriate information.
- Note 2.9 of the schedule specifies the methods for assessing and recording price complements relative to company acquisitions. Our work consisted, in particular, in assessing the data and assumptions on which these estimates are based and in reviewing their impact on the accounts, as described in Note 3 of the schedule.

The opinions expressed fall within the scope of our audit of the consolidated financial statements taken as a whole. Therefore, they have contributed to the forming of our opinion without reservation, as set out in the first part of this report.

III. SPECIFIC VERIFICATION

We also proceeded, in accordance with professional standards applicable in France, to the verification of the Group information given in the management report. We have no comments to make on their sincerity and consistency with the consolidated financial statements.

Lyon and Villeurbanne, 9 April 2008

The Auditors

SOCIÉTÉ D'AUDIT FINANCIER AND OF INTERNAL CONTROL	DELOITTE & ASSOCIES
Jacques Convert Partner Manager	Alain Descoins

20.5 Date of the latest financial information

Financial statements as at 31st December 2007 are the last statements audited by the auditors.

20.6 Intermediary financial information

None.

20.7 Dividend distribution policy

20.7.1 Distribution policy

The company will pursue a dividend distribution policy linked both to profits for the year in question and to the expected development of the group and its profitability.

For financial 2007, a dividend of €53 per share will be distributed, subject to the approval of the General Meeting of Shareholders of 29 April 2008.

For financial 2006, a dividend of €0.42 per share was distributed.

For financial 2005, a dividend of €0.30 per share was distributed.

For financial 2004, a dividend of €1.20 per share was distributed.

For financial 2003, a dividend of €0.90 per share was distributed.

For financial 2002, a dividend of €0.75 per share was distributed.

It is pointed out that the Extraordinary General Meeting of 29 April 2005 has decided to split by 5 the face value of the shares, bringing it down from €5 to €1.

20.7.2 Statute of limitations

The dividends and interim dividends that have been paid but not collected will be forfeited in favour of the State 5 years after the date of payment (art. 2277 of the Civil Code).

20.7.3 Dividends and reserves distributed during the last three years

In euros	Financial 2007	Financial 2006	Financial 2005
Total dividend	€3,900,626	€2,220,148	€1,762,105
Dividend per share	€0.42	€0.30	€1.20

20.8 Legal and arbitration proceedings

No other governmental, legal, or arbitration proceedings, including any proceedings of which the Company is aware, is pending or threatening the Company, and is likely to have or to have had, in the past 12 months, significant effects on the Group’s financial situation or profitability.

20.9 Significant changes in the financial or business situation

None.

XXI – Additional information

21.1 Issued capital

21.1.1 Amount of capital stock

21.1.1.1 Issued capital subscribed

The company's total fully pad-up capital adds up to €9,289,965 as at 15 February 2008, divided into 9,289,965 shares with a face value of €1.

Partly paid capital

None.

21.1.1.2 Authorised capital not yet issued

See paragraph 16 of the management report.

21.1.2 Shares that are not representative of capital stock

As of the date of this annual report, there are no shares that are not representative of the capital stock of the Company.

21.1.3 Number, net book value and face value of the shares held by the Company or on its behalf

At 31 December 2007, SWORD owns no treasury shares.

21.1.4 Marketable securities that can be converted or exchanged or are attached to share purchase warrants

Issue of ABSAs (Shares with share purchase warrants)

During the financial year ended 31 December 2007, the Company issued no marketable securities that were convertible, exchangeable, or attached to warrants.

21.1.5 Conditions governing any acquisition right and/or any obligation attached to subscribed, not fully-paid, capital, or any initiative targeted at increasing the capital stock

None.

21.1.6 Capital stock of the Company subject to an option or a condition or unconditional agreement planning to place it under an option

Share subscription options granted to certain employees and/or corporate officers of the Company and affiliate companies in the sense of Article L.225-180 of the Commercial Code

The Ordinary and Extraordinary General Meeting of Shareholders of the Company of 28 April 2006, in its fifteenth resolution, authorised the Board of Directors to grant, under the provisions of Articles L 225-177 et seq. of the Commercial Code, to the benefit of all or part of the employees and/or corporate officers of the Company and/or of its affiliated companies in the sense of Article 225-180 of the Commercial Code, options entitling their holders to subscribe 60,000 new shares of the Company, this permission having been granted for a period of 38 months.
Using the permission granted by the said meeting, the Board of Directors, during its session held 29 December 2006, proceeded to the allocation of 60,000 share subscription options. Insofar as the beneficiaries of the beneficiaries of the share subscription options are of various nationalities, three share subscription option plans have been established under the following conditions.

	Plan Nr.1	Plan Nr.2	Plan Nr.3
Date of the meeting	28 April 2006		
Date of the Board Meeting	29 December 2006		
Total number of options allocated	60,000		
Option exercise start date	30/12/2008	30/12/2009	
Exercise price	€35,128		
Discount	None		
Number of beneficiaries per plan	4	3	1
Number of shares to be subscribed by the managers	51,000		
Number of options that can no longer be exercised	9,000		
Expiry date	30/12/2009	30/12/2010	

21.1.7 Change in capital stock

21.1.7.1 Statement of changes in capital stock in the past three years

Date	Nature of transactions	Face value of shares (€)	Capital increase (€)	Paid-in capital or contribution (€)	Number of shares issued	Number of shares after operation	Total capital after operation (€)
22-06-2001	Company established	5	40,000	-	8,000	8,000	40,000
30-08-2001	Capital increase (1)	5	3,412,470	-	682,494	690,494	3,452,470
31-12-2001	Stock warrant programme (2)	5	167,840	746,888	33,568	724,062	3,620,310
27-02-2002	Stock warrant programme (2)	5	615,360	2,738,352	123,072	847,134	4,235,670
12-03-2002	Capital increase for the VCF 21 Development	5	630,445	4,665,293	126,089	973,223	4,866,115
12-03-2002	Capital increase in cash	5	1,295,100	9,583,740	259,020	1,232,243	6,161,215
26-04-2004	Capital increase (3)	5	1,180,890	17,595,261	236,178	1,468,421	7,342,105
29-04-2005	Face value of the share was divided and brought down from €5 to €1						
14-06-2005	Stock warrant programme (3)	1	29,645	544,163.32	29,645	7,371,750	7,371,750
19-01-2006	Stock warrant programme (3)	1	36,670	673,114.50	36,670	7,408,420	7,408,420
21-06-2006	Stock warrant programme (3)	1	228,420	4,192,877.40	228,420	7,636,840	7,636,840
09-03-2007	Capital increase (4)	1	1,437,500		1,437,500	9,074,340	9,074,340
02-04-2007	Capital increase (4)	1	215,625		215,625	9,289,965	9,289,965

(1) *This capital increase follows the contribution of shares by shareholders of SWORD SA to SWORD GROUP. For the requirements of the contribution, the value of SWORD SA shares was assessed at face value, that is €5. The contribution of 682,494 SWORD SA shares has thus been valued at €3,412,470.*
Based on his findings, the contribution auditor concluded in his report that a total estimated value of €3,412,470 for contributions is not an overvaluation. He is also of the opinion that the net assets contributed are at least equal to the total capital increase of the company benefiting from the contribution.
Indeed, the contribution auditor considered that, because the companies SWORD SA and SWORD GROUP had been recently established, their value should be calculated on the basis of the face value of the shares.
Consolidated results for SWORD GROUP for the financial year 2001, as well as the outlook appearing in paragraph 4.11. "Development Plan" of the Stock Market floatation prospectus, provide an explanation for the gap observed between the value of €5 determined during the contribution operation mentioned above, and the price of €42 put forward to the market within the scope of floatation on the Stock Market.

(2) *Through the extraordinary shareholder meeting of 15th December 2000, SWORD SA proceeded to issue stock warrants to two of its shareholders, Jacques Mottard and 21 Centrale Partners.*
In consideration for this issuance, Jacques Mottard and 21 Centrale Partners respectively proceeded to carry out prepayment of a total sum of €4,268,440 to a current account, which will be unavailable for a period of 5 years unless the stock warrants are exercised (cf. § 4).
On 2 June 2001, the holding company SWORD GROUP was established in its operational configuration. The aim was to make the group's organisational structure clearer, with one or more subsidiaries per country. This creation was conducted through the
contribution of SWORD SA shares to SWORD GROUP by all the shareholders of SWORD SA. Foreign subsidiaries of SWORD SA (DDS, SWORD Switzerland, SWORD Inc. and SWORD South Africa) were sold to SWORD GROUP for their acquisition price.
In order to reconstitute the environment for SWORD GROUP that was initially created around SWORD SA in its capacity as head of the group, it has been agreed that the operations adopted for this purpose and relating to the Stock Warrants would be transposed onto SWORD GROUP. In this way, bonds issued by SWORD SA in December 2000 were cancelled and reissued in identical form at SWORD GROUP on 29 October 2001, together with an agreement on the part of beneficiaries to keep possession of the shares.
In addition, amounts receivable from SWORD SA by Mr. Jacques Mottard and 21 Centrale Partners for the prepayment into the current account were transferred to SWORD GROUP in consideration for entry into SWORD GROUP's books of prepayment into the current account of an identical sum to that appearing in the accounts of SWORD SA.
Mr. Jacques Mottard exercised his Stock Warrants on 31st December 2001 by paying a sum of €914,728 in settlement of the current account. The current account prepayment balance was brought down to zero.
21 Centrale Partners, acting on behalf of the VCF 21 Développement, exercised its Stock Warrant on 27th February 2002 by paying a sum of €3,353,712 in settlement of the current account. The current account prepayment balance was brought down to €34,990.40.
Date of the meeting: 15 December 2000 – Total number of shares available for subscription: 156,640
Of which: number of shares available for subscription by members of the management committee: 33,568
Number of managers concerned: 1 – Exercising price: €5 - Start date for exercising stock warrants: 01-05-2001
Expiry date: 15-12-2005 - Number of shares subscribed to on 28 February 2002:
Number of stock warrants still to be subscribed to: 0

(3) *The Combined General Meeting of the 27 February 2002 delegated to the Board of Directors the necessary powers to issue for general subscription, on one or several occasions, Company shares and, more generally, all other securities of whatever nature, allowing immediate and/or future access to Company shares.*
In its sitting on 21 January 2004, and in virtue of the above-mentioned approved authorization, the Board of Directors of the Company decided to delegate all the powers granted by the Combined General Meeting of the 27 February 2002 to the Chairman, thus allowing a share capital increase with or without pre-emptive rights limited to a face value of €5,000,0000.
By virtue of the powers invested in him, the Chairman of the Board of Directors decided on the 26 March 2004 to begin the process of issuing 205,373 ABSAs for a nominal total value of €1,026,865 and a maximum issue premium of €15,813,721, that is a maximum total amount including the issue premium of €16,840,586 with the possibility of issuing 30,805 additional ABSAs in the event that the extension clause be exercised, as provided for in the said decision.
Following a decision of the 5 April 2004, the Chairman established the definitive characteristics of the share capital increase by issuing ABSAs.
On 07 April 2004, the Chairman of the Board of Directors, in virtue of the powers invested in him, decided to exercise the 15% extension clause mentioned above, bringing the number of ABSAs to be issued in the context of the share capital increase of SWORD GROUP to 236,178.
On 15 April 2004, the depositary confirmed receipt of the total amount of €18,776,151 representing the sum of cash subscriptions made by subscribers in the Company capital increase by a nominal value €1,180,890 by issuing 236,178 ABSAs.
The Board of Directors stated on the 26 April 2004 that:

- *236,178 new shares at €5 euros each, constituting the capital increase of €1,180,890, had been fully distributed*
- *The subscriptions had been paid in cash as confirmed by the funds certificate of the SOCIETE GENERALE dated the 15th April 2004.*
- *No sooner had the 236,178 new shares been fully distributed, than they had been fully paid up for the value of outstanding amounts in accordance with the conditions of the distribution and that therefore, the capital increase had been definitively realised.*

The Combined Shareholders' Meeting held 29 April 2005 has decided to split the face value of the Company's shares, bringing it down from €5 to €1.
The Board of Directors of 14 June 2005 recorded the exercise, as at 10 June 2005, of 23,716 share subscription warrants entitling their holders to 29,645 new shares and the correlative capital increase has decided to amend Article 8 of the by-laws accordingly.
The Board of Directors of 19 January 2006 recorded the exercise, from 11 June to 31 December 2005, of 29,336 share subscription warrants entitling their holders to 36,670 new shares and the correlative capital increase has decided to amend Article 8 of the by-laws accordingly.
The Board of Directors held 21 June 2006 observed the exercise, between 19 January and 31 May 2006, of 182,736 share subscription warrants entitling their holders to 228,420 new shares and the correlated capital increase, and has decided to amend Article 8 of the bylaws accordingly.
(4) *As per the delegation granted by the Ordinary and Extraordinary Meeting of Shareholders of the Company held 28 April 2006 in its eleventh resolution, the Board of Directors, in its sitting of 14 February 2007 determined the principle of a capital increase through the issue of a maximum of 1,500,000 new shares with a face value of €1, available to the general public, with elimination of the pre-emptive right and with no priority {right, that can be brought to a maximum of 1,983,750 new shares in case of use of the Extension Clause and the Over-allotment option, and further delegated to its Chairman and CEO the power to determine the final conditions of the capital increase.*
In addition, the Board of Directors unanimously gave full powers to its Chairman and CEO, under applicable legal and regulatory conditions, and within the limits set by the Ordinary and Extraordinary Meeting of Shareholders held 28 April 2006, to implement the issue and determine all its conditions definitively.
As per the delegation, the Chairman and CEO has decided to proceed to a capital increase in cash, available to the general public, with no pre-emptive right nor priority timeframe, through the issue of 1,250,000 new ordinary shares in the Company, likely to be brought to a maximum of 1,653,125 in case of exercise of the entire Extension Clause concerning 187,500 shares and the Over-allotment Option concerning 215,625 shares.
The Chairman and CEO:

- *as per a decision of 1 March 2007:*
  - *decided to increase the number of new shares by 15% of the initial number, that is 187,500 shares, thereby bringing the number of new shares to be issued to 1,437,500,*
  - *in accordance with legal and regulatory provisions, to set the unit price of the new shares at €40, corresponding, subject to a slight 2.12% discount in order to obtain an integer, to the weighted average of the price of the Company shares on Euronext Paris during the three market days preceding the opening of the order book.*
- *as per a decision dated 9 March 2007, on the basis of the certificate of the depository of the funds established on 9 March 2007, recognised the deposit of €57,000k representing all the payments in cash made by subscribers, the resulting subscription of 1,437,500 new shares, and the correlative capital increase for an amount of €1,437,500.*
- *as per a decision of 28 March 2007, acknowledged the exercise of the entire over-allotment option corresponding to the issue of 215,625 new shares at a price of €40.*
- *as per a decision of 2 April 2007, on the basis of the on the basis of the certificate of the depository of the funds established on 2 April 2007, recognised the deposit of €8,625k representing all the payments in cash made by subscribers to the capital increase subsequent to the exercise of the entire over-allotment option, the resulting subscription of 215,625 new shares, and the final completion of the capital increase through the subscription of 215,625 new shares, bringing the issued capital from €9,074,340 to €9,289,965.*

21.1.7.2 Changes in the breakdown of capital stock in the past three years

Forename-Surname	Situation on 31/12/2005			Situation on 31/12/2006		
	Number of shares	% of capital	% of voting rights	Number of shares	% of capital	% of voting rights
Jacques Mottard	1,740,820	23.50	32.39	1,746,820	22.87	22.25
21 Centrale Partners and the VCF 21 Développement	5	0	0	5	0	0
Françoise Fillot	106,395	1.43	2.35	106,395	1.39	2.65
Heath Davies				18,000	0.24	0.22
Christian Tapia	94,080	1.27	2.08	57,205	0.24	0.22
Treasury shares	10,606	0.14	0	2,912	0.04	0
Employees and miscellaneous registered shareholders	253,091	3.42	5.58	235,829	3.09	5.36
Free float	5,203,423	70.24	57.52	5,469,674	71.62	68.09
Total	**7,408,420**	**100**	**100**	**7,636,840**	**100**	**100**

Forename-Surname	Situation on 31/12/2007		
	Number of shares	% of capital	% vote
Jacques Mottard and Semaphore Investissements	1,746,820	18.80	18.50
21 Centrale Partners	5	0	0
Françoise Fillot	106,395	1.14	2.20
Heath Davies	16,137	0.17	0.16
Treasury shares	0	0	0
Employees and miscellaneous registered shareholders	275,644	2.97	5.57
Free float	7,144,964	76.91	73.97
Total	**9,289,965**	**100**	**100**

21.2 By-laws

21.2.1 Business objective (article 2 of the by-laws)

The company's objectives are:
- the acquisition of stakes in all companies, firms or groups, be they French or foreign, that have been or are to be formed, through any means available, in particular through the contribution, subscription or purchase of shares or stakes, or through mergers or the purchase of assets, etc.
- any financial, real estate or movable property transactions relating directly or indirectly to the objective stated above or which may favour the accomplishment of the objective,
- the company may provide administrative services of a consultative nature or carry out any other research, development and supervisory activities; all consultative and production activities in the field of information systems.

It may act directly or indirectly and carry out all these operations on its own behalf or on the behalf of third parties, with any other person or company, either by itself or in association with company groupings or associations, and it may do so in any form. It may also gain control of stakes and contributions in all companies or business deals, whatever their nature.

21.2.2 Statutory and other provisions relative to members of the management and supervisory organs

21.2.2.1 Composition of the Board of Directors

The Company is managed by a board comprised of at least three and at the most eighteen, members.

At 31 December 2007, its members were:

- Jacques Mottard, Chairman,
- Nicolas Mottard,
- Heath Davies,
- 21 CENTRALE Partners SA, represented by Mr. François Barbier

21.2.2.2 Authority of the Board of Directors (extracts of Article 15 of the by-laws)

The Board of Directors determines the Company's business orientations and ensures their implementation. Subject to the authority explicitly granted to shareholder meetings and within the limits of the corporate objective, it rules over any issue regarding the proper operation of the Company and deliberates to solve the issues that concern it.

The Board of Directors carries out any controls or checks that it deems necessary.

(…)

21.2.2.3 General Management (extracts from Article 14 of the by-laws)

The General Management can only be entrusted to a natural person, who can only be appointed for one mandate as CEO, member of the Board or single CEO, a mandate to which can be added a second general management mandate as defined above in a company controlled in the sense of Article L.233-16 of the Commercial Code and providing that the shares in that controlled company are not traded on a regulated market.

(…)
The General Management of the Company is ensured, under that person's responsibility, either by the Chairman of the Board, or by another natural person appointed by the Board of Directors to the position of CEO.

The CEO is chosen among the directors or outside the Board.

It is the Board of Directors' responsibility to choose between the two modes of general management as defined above.

When the general management of the Company is ensured by the Chairman of the Board, he exercises the powers of Chairman and CEO and is entrusted the most extended powers to act under all circumstances on behalf of the Company. He exercises such powers within the limits of the company's objective and subject to those explicitly assigned by the law to shareholders' meetings and to the Board of Directors. (…)

When the Chairman of the Board of Directors is also the Chairman and CEO, he may, if he wants to, be assisted by one or several Executive VPs, who can be no more than 5.

(…)

The Board of Directors held 22 June 2001 appointed Mr. Jacques MOTTARD as Chairman of the Board and CEO. His mandate was renewed by the Board as at 26 April 2004 for a period expiring 31 December 2009.

<u>21.2.2.4 Remuneration of directors, the Chairman, the CEO and Executive VPs, and the officers of the Board of Directors (article 16 of the by-laws)</u>

Directors are entitled to directors' fees, whose annual total amount is set by the general meeting and is maintained until the meeting makes a new decision. The Board divides the fees between its members in the way it deems appropriate.

<u>21.2.2.4 Remuneration of directors, the Chairman, the CEO and Executive VPs, and the officers of the Board of Directors (article 16 of the by-laws)</u>

Directors are entitled to directors' fees, whose annual total amount is set by the general meeting and is maintained until the meeting makes a new decision. The Board divides the fees between its members in the way it deems appropriate.

21.2.3 Rights, privileges and restrictions related to shares of the Company

<u>21.2.3.1 Form of the shares (extract from Article 10 of the by-laws)</u>

Shares can be either registered shares or bearer shares depending on the choice made by the holder. These are registered in an account subject to the terms and conditions stipulated by the legal and regulatory provisions in force.

<u>21.2.3.2 Rights and obligations related to shares (article 19 of the by-laws)</u>

Voting right

In shareholder meetings, each member at the meeting has as many votes as they possess or represent shares, without restriction other than those provided by the law. However, all registered shares that are entirely paid-up and which can be proven to have been registered in the name of the same shareholder for at least two years, will give the holder twice as many votes as are awarded for other shares, in view of the quota of capital they represent (double voting rights brought in by the combined shareholder meeting of 27th February 2002). In the event of an increase in capital through the incorporation of reserves or the exchange of shares as a result of stock grouping or splits, the double voting right is awarded to the new holders of registered shares, subject to them keeping these shares in registered form from the date they are allocated, with this double voting right being awarded after expiry of a period of two years from the date they are purchased as registered shares, the form in which they were originally allocated. Should the company be merged or split, this will have no effect on the double voting right, which will still apply within the beneficiary company if the double voting right has been added to its by-laws. No registered shares will be allocated gratuitously and no provisions exist in the by-laws in the event of a change of form, through conversion into bearer shares or as a result of a transfer.

<u>21.2.3.3 Entitlement to dividends and profits (article 24 of the by-laws)</u>

The following must be deducted from profits for the financial year that may have been diminished by subsequent losses:
- at least five percent to build up legal reserves, a deduction that will cease to be mandatory when said reserves will have reached a sum equal to one tenth of total capital, but which will resume if for any reason this amount is no longer attained,
- and any sums to be placed in reserves in accordance with the law.

The remaining balance, to which posted profits are added, constitutes the distributable profit that is at the disposal of the shareholder meeting. This may be distributed in full or partially to shareholders in the form of dividends, allocated to all reserve or capital depreciation accounts, or carried forward once again, depending on the advice of the Board of Directors.

Dividends are paid in cash on the date and at the location set at the shareholder meeting or, failing this, by the Board of Directors nine months at the latest after the end of the financial year.
Before the statements for the financial year are approved, the Board of Directors can distribute one or more interim dividends, subject to the legal terms and conditions in force.
The shareholder meeting ruling on the statements for the financial year will have the facility to grant each shareholder the option of receiving dividend payments either in cash or in shares, for all or part of the dividends distributed. Should it decide to do so, the shareholder meeting may use the reserves that are at its disposal to pay a dividend on shares. In this case, the items the corresponding withdrawals will be made from must be expressly indicated.
If shareholders wish to receive their dividend in the form of shares, they must make a request to this effect no more than three months after the date of the shareholder meeting.
Any dividends that have not been collected within five years of payment being made will be forfeited in accordance with the law.

21.2.4 Conditions for changing the shareholders' rights

Shareholders' rights as set out in the Company's by-laws, can only be changed by an Extraordinary General Meeting.

21.2.5 Shareholders' General Meetings (article 19 of the by-laws)

Calling meetings
Each year, shareholders meet at the ordinary shareholder meeting, at the date, time and place indicated on the meeting notice, within six months of the end of the financial year, subject to the extension of this time limit by order of the chairman of the commercial tribunal ruling on the request.

Ordinary shareholder meetings may be called extraordinarily at any time of the year.

The form of the meeting and the required notice period are set by the law. The meeting notice must indicate the location of the meeting, which may be held at head office or at any other location, and its agenda.

Agenda
The agenda is set by the person calling the meeting. It may contain proposals by one or more shareholders or by the Board of Directors under the terms set by the law.

If it has not been possible for the meeting to deliberate regularly, through failure to attain the quorum, a second meeting is called in the same form as the first and the meeting notice will recall the date of the first meeting.

Admission to the meetings - Powers
Any shareholder may, regardless of the number of shares held, take part, in person or via a proxy, to the meetings for justifying his/her identity and the ownership of his/her shares, in the form:

- either of a registration in his/her name,
- or of the registration of the shares in the name of the shareholder or the intermediary registered on his/her behalf, on the third business day preceding the meeting at 0:00, Paris time, either in the registered share books held by the Company, or in the bearer share books held by the authorised intermediary.

However, the Board of Directors can either shorten or cancel that period of time, subject to that initiative being to the benefit of all shareholders.

Vote by mail is implemented in accordance with the terms and conditions set by applicable laws and regulations.

A shareholder can appoint a proxy under the conditions set by applicable regulations, subject to the representative being a shareholder him/herself. A shareholder may also be represented by his/her spouse."

Terms and conditions that apply to the right to vote – Majority quorum
1 – The quorum is calculated from the total number of shares that go to constitute the share capital, not including any shares for which the right to vote has been withdrawn through the provisions of the law. In the case of proxy voting, only forms that have been duly completed and which carry an attestation confirming that the shares have been deposited in trust, and which are received by the company at least 3 days prior to the date of the meeting, will be taken into account in the calculation of the quorum.

2 - Deliberation by the Ordinary Shareholders' Meeting will only be valid at the first meeting if the shareholders who are present, represented or have submitted a proxy vote possess at least one fifth of all shares that grant the holder the right to vote. At the second meeting, no quorum is required. Deliberation by the extraordinary shareholder meeting will only be valid if the shareholders who are present, represented or have submitted a proxy vote possess at least one quarter, at the first meeting, and one fifth, at the second meeting, of all shares that allow the holders to vote. Should this last quorum not be attained, the second meeting may be adjourned to a later date, two months at most after the date the meeting had originally been called for. In the event that capital is increased through the incorporation of reserves, profits or share premiums, the meeting shall give a ruling under the terms and conditions for quorums at ordinary meetings.

21.2.6 Passing of statutory thresholds (article 10 of the by-laws)

Any shareholder, whether acting individually or with another shareholder, who increases their ownership to more than 5%, 10%, 15%, 20%, 25%, a third, half, two-thirds, 90% or 95% of shares or voting rights must inform the Company of the total number of shares and voting rights they own, via registered mail with acknowledgement of receipt within 5 trading days of exceeding these thresholds. The same will apply in the event that said shareholding is reduced to below each of these thresholds.

This information will also be supplied to the Autorité des Marchés Financiers within 5 trading days of exceeding these thresholds.

Unless they have been promptly declared, shares in excess of the threshold that should have been notified do not have voting rights until two years after the regularisation of notification.

21.2.7 Special conditions governing changes in capital stock

Any change in the capital stock is subjected to legal prescriptions, as the by-laws do not provide for any specific stipulations.

XXII – Major contracts

SWORD GROUP signs new contracts on a regular and sustained basis, but only within the ordinary course of its business operations.

XXIII - Information from third parties, expert representations, and statement of interests

Not applicable.

XXIV – Documents accessible to the public

All of the corporate documents of the Company designed to be made available to shareholders, can be consulted at the Company headquarter, in particular:

- the Company's by-laws,
- all reports, mails and other documents, financial history, valuations and declarations established by an expert upon the Company's request, of which part is included or referred to in this prospectus,
- the financial history of the Company and its subsidiaries for each of the financial years preceding the publication of this annual report.

XXV - Information about interests

Information about companies where the Company holds a portion of capital likely to have a significant impact on the assessment of its assets, its financial situation, or its earnings, is provided in Chapter 7.

XXVI – Schedules

26.1 Management report prepared by the Board of Directors for the Ordinary and Extraordinary General Meeting of 29 April 2008

Ladies and Gentlemen,

We have brought you together at this Ordinary and Extraordinary General Meeting, in accordance with legal provisions, to submit to your approval the annual financial statements and consolidated financial statements for the financial year ended 31 December 2007.

You will also be asked to cast your votes for the following projects:

The responsibilities of the Ordinary General Meeting

- Reading of the Board's reports: management report, stock options report and reports referred to in Articles L.225-38 and L.225-209 of the Commercial Code,

- Reading of the Chairman's report on internal control and corporate governance, and of the auditors' report on the Chairman's report,

- Reading of the Auditors' general and special reports regarding the annual financial statements for the financial year ending 31 December 2007; the reading of the report on the consolidated financial statements for the financial year ending 31 December 2007;

- Presentation of the consolidated financial statements and corporate financial statements for the financial year ended 31 December 2007;

- Approval of the financial statements for the financial year ending 31 December 2007 and directors' discharge;

- Approval of the consolidated financial statements for the financial year ending 31 December 2007 ;

- Approval of regulated agreements governed by Article L.225-38 of the Commercial Code;

- Earnings appropriation;

- Determination of the directors' fees;

- Permission to be given regarding a new programme under which the Company would repurchase its own shares;

- Authority to complete formalities;

The responsibilities of the Extraordinary General Meeting

- Reading of the Auditors' special reports;

- Permission to be given to the Board of Directors to reduce the equity capital by cancelling the repurchased shares, in accordance with the share repurchase programme;

- Delegation of authority granted to the Board of Directors for increasing the equity capital through the issue of ordinary shares or any marketable securities giving access to the capital with preservation of the pre-emptive right;

- Delegation of authority granted to the Board of Directors for increasing the equity capital through the issue of ordinary shares or any marketable securities giving access to the capital with removal of the pre-emptive right;

- Authorisation to be granted to increase the number of shares, securities or marketable securities to be issued in the case of a capital increase with or without pre-emptive right;

- Delegation of authority to proceed to the issue of shares, securities, and miscellaneous marketable securities with a view to remunerating the contributions in kind granted to the Company;

- Delegation of authority to decide to increase the share capital through the consolidation of reserves, profits, or premiums;

- Delegation of authority to increase the share capital to the benefit of the Group's employees;

- Authority to complete formalities.

We will present the consolidated financial statements and corporate financial statements to you successively. We will then submit these for your approval.

The required notifications were sent to you on a regular basis and all the documentation required by current rules have been made available to you at the mandatory prescribed times.

The Auditors' reports will then be read out to you.

1. IMPORTANT EVENTS IN THE SWORD GROUP DURING THE FINANCIAL YEAR ENDING 31 DECEMBER 2007

1.1 Acquisitions and equity stakes acquired during the financial year ended 1st December 2007 :

During the financial year ended 31 December 2007, SWORD GROUP:

- acquired CTSpace, a products company operating according to the "SaaS" model. The company, based in San Francisco, is also based in the UK, France, Germany, and Austria. The company specialises in GRC Management and sells products dedicated to large scale project management for the oil market and the civil engineering market. The acquisition was completed by Sword Soft.

- acquired, through its subsidiary Sword Soft, a company governed by UK law, Apak. The company is based in Bristol and employs 110 persons. It is a major player in assets management products. Apak manages a subsidiary in Dubai targeted at the Middle Eastern market.

- acquired, through its subsidiary Sword Soft, Achiever, a company governed by UK law that leads the Products market in its country. The company is based in Alton and employs 25 persons. Achiever develops and sells an enterprise governance, risk and compliance management (GRC) product targeted at large corporations.

- The acquisition of PowerSoft, a company based in Switzerland that specialises in Geographic Information Systems, was completed by RTE.

- Acquired 6% of Lyodssoft, a company governed by Chinese law. The company is based in Hong Kong and is in charge of marketing SWORD GROUP products in China.

- increased by 8% SWORD GROUP's stakes in SWORD SAS, thereby bringing to 100% the Group's holding in the equity of that company.

- increased by 81% its stakes in Brazilian company Nextech, thereby bringing to 100% Sword Soft's holding in the equity of that company,

- created Sword Soft, a company based in the UK, of which it holds 94%,

- increased by 0.96% its stakes in SWORD TECHNOLOGIES, thereby bringing to 100% SWORD GROUP's holding in the equity of that company,

- created SWORD INTEGRA, a Belgian subsidiary of SWORD TECHNOLOGIES,

During the financial year ended 31 December 2007, SWORD GROUP:

- sold to Sword Soft 92.17% of its stakes in Fircosoft,

- sold all of its shares in Sword Services.

- sold to SWORD SOFT 100% of its stakes in Nextech.

1.2 Capital increase of €1,653,125

As per the delegation granted by the Ordinary and Extraordinary Meeting of Shareholders of the Company held 28 April 2006 in its eleventh resolution, the Board of Directors, in its sitting of 14 February 2007 determined the principle of a capital increase through the issue of a maximum of 1,500,000 new shares with a face value of €1, available to the general public, with elimination of the pre-emptive right and with no priority {right, that can be brought to a maximum of 1,983,750 new shares in case of use of the Extension Clause and the Over-allotment option, and further delegated to its Chairman and CEO the power to determine the final conditions of the capital increase.

In addition, the Board of Directors unanimously gave full powers to its Chairman and CEO, under applicable legal and regulatory conditions, and within the limits set by the Ordinary and Extraordinary Meeting of Shareholders held 28 April 2006, to implement the issue and determine all its conditions definitively.

As per the delegation, the Chairman and CEO has decided to proceed to a capital increase in cash, available to the general public, with no pre-emptive right nor priority timeframe, through the issue of 1,250,000 new ordinary shares in the Company, likely to be brought to a maximum of 1,653,125 in case of exercise of the entire Extension Clause concerning 187,500 shares and the Over-allotment Option concerning 215,625 shares.

The Chairman and CEO:

- as per a decision of 1 March 2007:
    - decided to increase the number of new shares by 15% of the initial number, that is 187,500 shares, thereby bringing the number of new shares to be issued to 1,437,500,
    - in accordance with legal and regulatory provisions, to set the unit price of the new shares at €40, corresponding, subject to a slight 2.12% discount in order to obtain an integer, to the weighted average of the price of the Company shares on Euronext Paris during the three market days preceding the opening of the order book.

- as per a decision dated 9 March 2007, on the basis of the certificate of the depository of the funds established on 9 March 2007, recognised the deposit of €57,000k representing all the payments in cash made by subscribers, the resulting subscription of 1,437,500 new shares, and the correlative capital increase for an amount of €1,437,500.

- as per a decision of 28 March 2007, acknowledged the exercise of the entire over-allotment option corresponding to the issue of 215,625 new shares at a price of €40.

- as per a decision of 2 April 2007, on the basis of the on the basis of the certificate of the depository of the funds established on 2 April 2007, recognised the deposit of €8,625k representing all the payments in cash made by subscribers to the capital increase subsequent to the exercise of the entire over-allotment option, the resulting subscription of 215,625 new shares, and the final completion of the capital increase through the subscription of 215,625 new shares, bringing the issued capital from €9,074,340 to €9,289,965.

2. COMPARABILITY OF THE FINANCIAL STATEMENTS - ACCOUNTING RULES AND METHODS

In accordance with European directive No. 1606/2002 dated 19 July 2002, the consolidated financial statements of SWORD GROUP for the year ended 31 December 2007 were prepared in accordance with the IFRS international accounting standards as adopted by the European Union on 31 December 2007. In particular, the company implemented the standards and interpretations, whose implementation is mandatory for financial periods beginning as of 1 January 2007, i.e. in particular:

- IFRS 7: Financial instruments: Information to be supplied. IFRS 7 complements the accounting, valuation, and presentation principles for financial assets and liabilities presented in IAS 32 and IAS 39. These principles require that the entities provide, in their financial statements, information regarding the significance of the financial instruments, their nature and the extent of the risks resulting from these financial instruments, in particular specific minimum information regarding the credit risk, the liquidity risk and the market risk, including an analysis of sensitivity to market risks. The new information regarding the financial instruments is detailed in Note 19 of this schedule.
- Additional amendment to IAS 1: this amendment introduces new information regarding a company's equity and the way it should manage it. This new information is presented in Note 12 below.

The other standards and interpretations whose implementation was mandatory in 2007 have no impact on the consolidated financial statements.

The consolidated financial statements do not integrate the potential impact of the standards and interpretations that were published as at 31 December 2007 but are not yet mandatory, yet can be implemented in advance, in particular IFRS 8 regarding operational sectors. The Group does not expect these new rules to have any substantial impact on the content or layout of these consolidated financial statements.

The revised IFRS 3 standard regarding business combinations which is being adopted by the European Union and could, if it is adopted, be implemented mandatorily for the years beginning as of 1 July 2009, may have a major impact on the consolidated financial statements for the accounting treatment of the Group's future external growth operations.

As specified in paragraph 2.9. Goodwill, as of 1 January 2007, the Group modified, in a prospective manner, its method for recording the transactions (purchase / disposal of shares) conducted with minority shareholders. From now on, these transactions will be treated as transactions between shareholders within the consolidated equity and they affect neither the earnings, nor the balance sheet items.

3. THE GROUP'S ACTIVITIES - PRESENTATION OF CONSOLIDATED INCOME STATEMENTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2007

3.1. Presentation of the simplified income statement at 31 December 2007

The table below presents the simplified income statement of SWORD GROUP for the financial year ending 31 December 2007 compared with that for the financial year ending 31 December 2006.

In thousand euros	**2007 consolidated**	**2006 consolidated**
Sales	179,045	142,005
Current operating profit	16.39%	15.65%
Operating profit	29,339	23,949
Consolidated net profit	18,911	15,748
Group's share of net profit	18,532	15,632

3.2. List of consolidated companies as at 31 December 2007

		31 December 2007	
Companies	**Closing date**	**% controlled**	**% stake**
SWORD GROUP (parent company) 9 Avenue Charles de Gaulle 69370 Saint Didier au mont d'or	31/12	100%	100%
SWORD SA (France)	31/12	100%	100%
SWORD Création Informatique Ltd (South Africa)	31/12	100%	100%
SWORD SOUTH AFRICA Ltd	31/12	75%	75%
Fircosoft (France)	31/12	92.18%	86.64%
Fircosoft Inc (US)	31/12	100%	86.64%
SWORD Inc. (USA)	31/12	100%	100%
SWORD UK	31/12	100%	100%
SWORD SUISSE	31/12	95.60%	95.60%
SWORD DDS FRANCE	31/12	100%	100%
SWORD TECHNOLOGIES SA (Benelux)	31/12	100%	100%
Tipik (formerly ASCII)	31/12	100%	100%
FI System Belgium	31/12	100%	100%
SWORD SAS (France)	31/12	100%	100%
GLOBAL INDIA	31/03	100%	100%
SWORD IT SOLUTIONS (Greece)	31/12	65%	65%
SWORD SECURITY SA (Benelux)	31/12	60%	59.42%
SWORD SERVICES (formerly SWORD LINKVEST)	31/12	100%	100%
SWORD LEBANON	31/12	92%	92%
Harvard (UK)	31/12	100%	100%
Intech (UK)	31/12	100%	100%
SWORD ATLANTIQUE	31/12	80%	80%
SWORD SERVICES	31/12	88%	88%
SWORD CONSULTING (Formerly Stellon)	31/12	100%	100%
SWORD SOLUTION	31/12	83%	83%
Real Time Engineering	31/12	97%	97%
Nextech	31/12	100%	94%
Achiever	31/12	100%	94%
SWORD SOFT	31/12	94%	94%
Apak	31/12	100%	94%
Powersoft	31/12	100%	97%
SWORD INTEGRA	31/12	100%	100%
CTSpace	31/12	100%	94%

All companies are consolidated according to the full consolidation method.

3.3. <u>Activity and sales</u>

In 2007, SWORD GROUP recorded an increase of more than 26.08% in its pro-forma sales as compared to 2006. The Group's share of net consolidated profits in 2007 was 10.35% of sales.

During financial 2007, the Group:

- Continued its internationalisation,
- Pursued its specialisation in Electronic Content Management,
- Pursued both its internal and external expansion policies,

3.3.1. Specialisation

- Historically, technology was the first area of specialisation of the Group: artificial intelligence, document management, geographic information systems and business intelligence.

- The Group then began to specialise in:
  - ECM (electronic content management)
  - Filtering (operations against dirty money)

- Next came specialisation according to markets:
  - The international organisations market
  - Highly-regulated markets

  The former are more stable, the latter more profitable

- Finally, the Group chose to pursue this specialisation process globally: financial security products in ECM and compliance management underpinned by knowledge management technologies

From then onwards, the specialisation of the Group could be summarised thus: Compliance management in target markets (international organisations and regulated markets) within the context of electronic content management (ECM).

3.3.2. Globalisation

A distinction should be made between a multinational approach and an international approach:

- A multinational approach involves optimising the management of projects in each country, and taking advantage of internationalisation to target the most profitable regions.

  This is just one part of our strategy.

- An international approach consists of a global client approach and involves know-how in the management of very specific projects, since it relates to international projects that involve numerous subsidiaries and cultures.

  This has been accomplished by the Group and led to SWORD establishing operations in more than 10 countries worldwide.

3.3.3. Expansion

As part of the ongoing attempt to increase the Group's gross margin, two phenomena allow for an optimistic outlook on the future:

- The Group's ability to combine "products" and "services". Indeed, the Group targets specific products that supplement those of major software companies. That way, SWORD becomes their preferred partner. In fact, this products-based strategy mechanically increases the gross margin percentage,
- The "markets" specialisation in highly regulated industries helps target a higher gross margin through SWORD's two-fold specialisation: Technology/markets.

3.4. Current operating profit

Operating profit from all consolidated companies for 2007 was €29,339k, i.e. 16.39% of sales revenue.
The operating margin continued to be the Group's main strength and demonstrates its ability to acquire less profitable companies and bring them into line with SWORD's standards within a year of acquisition.

3.5. Operating profit

Operating profit from all consolidated companies for 2007 was €29,232k, i.e. 16.33% of sales revenue.

3.6. Cost of net debt

The cost of net debt stood at €1,982k, i.e. 1.11% of sales.

It breaks down mainly into net interest on borrowings for €2,134k and non consolidated investment and equity holding products for €152k.

3.7. Income tax and net profit

Income tax on consolidated profit was €9,734k, which represents an effective taxation rate of 33.98 %.

After income tax, net profit for the consolidated companies stood at €18,911k, i.e. 10.56% of sales. The Group share of net profit stood at €18,532k, i.e. 10.35% of sales revenue, while net profit allocated to minority shareholders was €380k.

3.8. Debt, cash flow and investments

Net debt, i.e. total gross debt from which cash reserves on 31 December 2007 were deducted, stood at €28,820k.

The cash flow of the Group (see cash flow table) stood at €33,277k, deducted from the cost of net debt and tax.

Gross investments for the financial year, both intangible (excluding goodwill and market shares) and tangible, stood at €4,386k.

3.9. External growth

External growth relates in the main to the following acquisitions:

- Nextech at 28 March 2007 (€1.5m annual sales)
- Achiever at 5 April (€3,3m annual sales)
- Apak at 20 July 2007 (€13m annual sales)
- Powersoft at 7 November 2007 (€0.4m annual sales)
- CT Space at 20 December 2007 (€11m annual sales)

3.10. Disposal operations

They relate to the following disposals:

- SWORD Security at 16 October 2007
- SWORD SERVICES at 9 October 2007 (€2.3m annual sales)

3.11. Changes in the Group's main subsidiaries

In the analyses below, we introduce to you all of the Group's subsidiaries and sub-subsidiaries, taking the sales revenue that contributes to the consolidated financial statements and not the company sales revenue, so as to eliminate intra-group flows and to allow for a more accurate analysis.
Indeed, our internal rules specify that sales revenue belongs to the producing company. This leads us, in our consolidation, and unlike that which is the case with general accounting, to eliminating the sales revenue of the selling subsidiary.

Either a company only serves as mailbox, in which case our rule is logical, or it uses another subsidiary for only part of its business, in which case we consider that collaboration opportunities between BUs are balanced and there are as many purchasing as selling opportunities between the two companies.

The same logic will be used to analyse profitability.

It should be noted that, out of 25 companies, 22 perform or outperform, while only 3 underperform.

3.11.1. SOLUTIONS SEGMENT (SERVICES)

3.11.1.1. SWORD SA

In 2007, SWORD SA's sales revenue stood at €19,851k, apparently down on the previous year. This figure should be restated due to the disposal of the IDP BU that took place at the end of 2006.
On a like-for-like basis, organic growth stands at 14%.

This company is based in Lyon, Paris, and Rennes, and works on document engineering and geographic information systems, in the context of our "compliance management" approach to the market.
It is currently integrating Business Intelligence technologies.

It has been decided that the Lyon centre would become a "nearshore" centre supporting French growth.

The Company's operating profitability rose from 7.39% to 8.06%, within standards for French service companies.

3.11.1.2. SWORD SAS

In 2007, sales of SWORD SAS stood at €3,851k, up 8.6% on the previous year.

This Company is based in Paris and works on document engineering for the industry as part of our "compliance management" and "risk management" approach.

The Company displays profitability of 16.3%, thereby outperforming the market.

3.11.1.3. SWORD ATLANTIQUE

In 2007, SWORD ATLANTIQUE's sales revenue stood at €2,992k, up 162%.

This Company is based in Nantes and mainly targets the insurance market. It is also present in the banking and industrial segments, where it offers E-Content management services.

The Company's operating profitability rose from 15.24% to 18.45%.

3.11.1.4. SWORD TECHNOLOGIES

In 2007, sales of SWORD TECHNOLOGIES stood at €23,461k, down on the previous year.

This Company is based in Brussels and Luxembourg and approaches the European Communities to offer our E-Content Management technology.

The Company experienced an exceptional year due to hardships resulting from the poor management of certain lump sum projects. Internal controls detected the issue sufficiently early, which made it possible to retain the customer. However, these problems generated a loss in 2007.

SWORD TECHNOLOGIES specialises in the European Communities and, since a year ago, it has also been focussing on private and public sector Belgian companies. Out of concern for enhanced management, the "private and public sector Belgian companies" goodwill was transferred, at the beginning of 2008, to a subsidiary, SWORD INTEGRA, which was specially set up for that purpose.

3.11.1.5. SWORD UK

In 2007, sales of SWORD UK stood at €31,018k, even with the previous year. This figure should be restated as a result of the disposal of the CUK BU that took place at the beginning of 2007.
On a like-for-like basis, organic growth stands at 12.9%.

That Company is based in London, Aberdeen, Alton and Bristol and works on Business Intelligence, as part of our compliance management approach to the market.

The Company's operating profitability rose from 7.85% to 22.71%, thereby outperforming the market.

3.11.1.6. SWORD SERVICES (formerly LINKVEST)

In 2007, sales of SWORD SERVICES (formerly Linkvest) stood at €8,274k, down on the previous year.

It is based in Geneva and Lausanne and offers E-Content management services for Telcos and banks in French-speaking Switzerland (Suisse Romande).

The Company's operating profitability is 5.21%.

A reorganisation plan is under way.

3.11.1.7. SWORD CONSULTING (formerly Stellon)

In 2007, sales of SWORD CONSULTING (formerly Stellon) stood at €2,170k, up 57% on the previous year.

This Company is based in Lausanne and focuses on risk management and compliance management in French-speaking Switzerland (Suisse Romande).

The Company's operating profitability is 11%.

3.11.1.8. SWORD DDS

This Company conducts no business.

3.11.1.9. FI System

FI System is a sub-holding company of SWORD GROUP, a holding company of ASCII which became Tipik.

3.11.1.10. Tipik (formerly ASCII)

In 2007, sales of Tipik "Communication Agency" stood at €8,044k, up 24.90% on the previous year.

This Company is based in Brussels and works in Web Content management. It has extended its know-how to communication.

The Company's operating profitability is 4.04%.

This exceptionally low profitability is budgeted at 11% for 2008 with growth in excess of 25%.

3.11.1.11. SWORD GLOBAL INDIA Pvt Ltd

In 2007, sales of SWORD GLOBAL INDIA stood at €2,777k, up 5.6% on the previous year.

This poor growth results from our strategy of partial relocation of some of our activities.

This Company is based in Chennai and serves as the Group's offshore platform in the English-speaking world.

The Company's operating profitability is 18.32%.

3.11.1.12. SWORD INC

In 2007, sales of SWORD INC. stood at €6,579k, up 23.2% on the previous year.

This Company is based in New York and works on compliance management and risk management technologies.

The Company's operating profitability rose from 9.85% to 12%.

3.11.1.13. SWORD SOUTH AFRICA

In 2007, sales of SWORD SOUTH AFRICA stood at €880k, up 70.5% on the previous year.

This Company is based in Johannesburg and works on document engineering specially adapted to the South African office for trademarks and patents.

The Company's operating profitability rose from 9.63% to 45.5%, thereby outperforming the market.

This Company was sold to its executive management in January 2008.

3.11.1.14. SWORD SERVICES (Belgium)

In 2007, sales of SWORD SERVICES stood at €1,916k, up 25% on the previous year, on a like-for-like basis.

This Company is based in Gent, Belgium, and works in banking, in a market primarily focused on staffing.

The Company's operating profitability is 11.66%.

This Company was sold to its executive management in October 2007.

3.11.1.15. SWORD SECURITY

This Company conducts no business and was sold to its executive management in October 2007.

3.11.1.16. SWORD IT SOLUTIONS

In 2007, sales of SWORD IT SOLUTIONS stood at €214k, down on the previous year. This decline is not significant given the fact that SWORD IT SOLUTIONS' business is mainly focused on the drafting of proposals for the European Communities.

This Company is based in Athens.

The Company's operating profitability is 30.18%.

3.11.1.17. Harvard

In 2007, sales of Harvard stood at €2,079k, down on the previous year.
As part of our plan to return to profitability, this Company is mainly dedicated to staffing in the UK.

This Company is based in London and Aberdeen.

The Company's operating profitability rose from 0.66% to 11.92%.

3.11.1.18. SWORD LEBANON

In 2007, sales of SWORD LEBANON stood at €650k, up 50% on the previous year.

This Company is based in Beirut and represents the offshore base for our French-speaking subsidiaries.

The Company's operating profitability rose from 8.65% to 19.56%.

3.11.1.19. SWORD SOLUTIONS

This Company is based in Paris and is starting to work in major project management.
In 2007, sales of SWORD SOLUTIONS stood at €757k, with profitability of 32.22%.

3.11.1.20. RTE

This Company, acquired at the end of 2006, saw its sales revenue stabilised at €19,954k.

A specialist of aviation, the oil market and governmental contracts, this Company, through its software components, returned to profitability.

The operating margin stood at 14.35%.

3.11.2. Software Segment (Products)

3.11.2.1. SWORD SOFT

SWORD SOFT is the holding company of all the product companies presented below.

3.11.2.2. Powersoft

This Company was acquired in November 2007 and generated sales of €327k.

This Company is based in Geneva and works in Geographic Information Systems.

Its profitability over the past month is not significant.

3.11.2.3. FircoSoft Inc

In 2007, sales of Fircosoft Inc. stood at €567k, up 9% on the previous year.

This Company is the branch in charge of reselling the anti-money laundering products developed by Fircosoft France on the American continent.

It is based in New York.

The Company's operating profitability is 18.02%.

3.11.2.4. Fircosoft

In 2007, sales of Fircosoft stood at €6,147k, up 30% on the previous year.

A world leader for anti-money laundering products, this Company is based in Paris and exports more than 95% of its production.

The Company's operating profitability is 30%.

3.11.2.5. Intech

In 2007, sales of Intech, a company acquired at the end of 2005, stood at €23,710k, up 34% on the previous year.
Restated with the acquisition of Sword UK's CUK BU, the internal growth only stands at 17.50%.

This Company is based on London and develops and markets products according to the "on demand" model to the insurance and reinsurance segment in the UK, the Bermuda Islands, the US, and Germany.

The Company's operating profitability is 26.48%.

3.11.2.6. Nextech

In 2007, sales of Nextech, a company acquired in March 2007, stood at €2,344k.

This Company is based in Belo Horizonte, Brazil, and resells our document management products in South America.

The Company's operating profitability is 32.49%.

3.11.2.7. Achiever

In 2007, sales of Achiever, a company acquired in March 2007, stood at €2,869k.

This Company is based in Alton, UK and sells GRC management products to the entire world.

The Company's operating profitability is 42.45%.

3.11.2.8. Apak

In 2007, sales of Apak, a company acquired in July 2007, stood at €8,384k.

This Company is based in Bristol and Dubai and sells asset management products targeted at car rental companies and asset management products for the retail banking industry.

The Company's operating profitability is 30.30%.

3.12. Important events occurring after year-end

SWORD SOUTH AFRICA was sold in February 2008. This company contributes to the consolidated sales revenue for the year ended 31 December 2007 for €962k and to the current operating profit for €401k.
This disposal will have no significant impact on the consolidated earnings for 2008.

At the beginning of financial 2008, SWORD UK's UK subsidiary, RTE, renamed Sword Business Technology Solutions Ltd ("SBTS"), took over SWORD UK's Pragma BU. This operation will have no impact on the consolidated financial statements.

3.13. Outlook

In order to establish the budget for 2008, one ought to consider the 2007 pro forma sales revenue with exchange rates applicable at 31 December 2007.
The reference sales revenue is therefore not €197.5m, but €190.1m.

As usual, we consider that the sales revenue acquired in 2007 will not grow, and this year we budget 20% growth for the remainder of sales.

Consequently, 2008 sales revenue breaks down as follows:

€m 2008	Revaluations at end 2007
Sales excluding acquisitions	€222m
Consolidated sales from 2008 acquisitions	€10m
Consolidated sales revenue	€232m
Non consolidated sales of 2008 acquisitions	€20m
Pro-forma sales	€252m

One should take into account the fact that the €222m budgeted not inclusive of acquisitions correspond to €248m if we apply the exchange rates applicable at 1 January 2007 instead of the exchange rates applicable at 31 December 2007, which are the basis for our budgets.

3.14. Assessment of the value of goodwill and other intangible assets

An independent evaluation led by the firm MAZARS GUERARD confirmed the balance sheet value of these intangible assets.

No provision has been set aside after checking compliance with the criteria for assessing goodwill and other intangible assets.

3.15. Research and development

In 2007, R&D consisted of the following:

Product share:
41.60% of the number of potential working days of the Department's employees, i.e. 15.09% of "products" sales

Services share:
2.40% of the number of potential working days of the Department's employees, i.e. 1.04% of "services" sales

Thus, in terms of consolidated figures, R&D accounts for 12.50% of the number of potential working days of our employees, i.e. 5.20% of consolidated sales revenue.

3.16. Approval of consolidated financial statements

We request that you approve the consolidated accounts for the year ended 31 December 2007 (Balance Sheet, Income Statement and Schedule) as they are submitted and which show a total consolidated profit of €18,911k (of which the group's share is €18,532k).

4. ACTIVITIES OF SWORD GROUP – PRESENTATION OF THE CORPORATE FINANCIAL STATEMENTS

4.1. Company activities over the 2007 financial year – Balance sheet and income statement

In 2007, the holding company employed 2 persons, a figure that remained stable throughout the period elapsed. We remind you that since 1 January 2007, Mr. Mottard and his assistant have no longer been employees of the Company, and their remuneration was billed to the Company by Sémaphore Investissements in the context of a service agreement.

The balance of its operating accounts is maintained by rebilling its services to its subsidiaries.

Over 2007, SWORD GROUP carried out its operational, strategic and financial supervision role for the Group.

The main figures for the period are the following:

In euros	Financial year N	Financial year N-1	Change in %
Sales revenue	3,848,638.67	3,422,249.65	12.46
Revenues from operations	3,850,370.84	3,761,890.12	2.35
Operating expenses	2,614,234.60	2,337,412.83	11.84
Operating profit	1,236,136.24	1,424,477.29	-13.22
Current profit	38,504,268.53	5,085,719.37	657.1
Financial earnings	42,878,924.03	7,739,486.27	454.03
Interest expenses	5,610,791.74	4,078,244.19	-13.91
Non-operating profit	37,268,132.29	3,661,242.08	917.91
Current profit before tax	38,504,268.53	5,085,719.37	657.10
Extraordinary earnings	16,051,635.22	1,945,688.79	724.98
Extraordinary charges	12,556,593.81	1,894,540.68	562.78
Extraordinary earnings	3.495.041.41	51,148.11	7,612.98
Income tax	770,960.33	(70,675.00)	- 790.85
Profit	41,228,349.61	5,207,542.48	691.70

4.2. Earnings and other characteristic facts for the five previous financial years

	2003	2004	2005	2006	2007
Issued capital at year end					
Issued capital	6,161,215	7,342,105	7,408,420	7,636,840	9,289,965
Number of ordinary shares	1,232,243	1,468,421	7,408,420	7,636,840	9,289,965
Operations and earnings					
Sales revenue (excl. tax)	2,026,557.69	2,653,458.92	3,026,580.89	3,422,249.65	3,848,638.67
Pre-tax profit, profit-sharing, depreciation allowance, impairment and provisions	2,768,159.69	4,264,452.28	4,509,426.42	5,045,582.14	42,686,643.93
Income tax	26,386.00	439,005.00	786,000.00	-70,675.00	770,960.33
After-tax profit, profit-sharing, depreciation allowance, impairment and provisions	3,077,041.38	3,525,785.60	3,688,344.43	5,207,542.48	41,228,349.61
Distributed earnings	1,109,018.70	1,762,105.20	2,222,526.00	3,207,473.00	4,923,681.45
Earnings per share					
After-tax earnings, profit-sharing, before depreciation allowance, impairments and provisions	2.23	2.61	0.5	0.67	4.51
After-tax earnings, profit-sharing, depreciation allowance, impairments and provisions	2.5	2.4	0.5	0.68	4.44
Dividend distributed	0.9	1.2	0.3	0.42	0.53
Personnel					
Average head count	7	6	6	5	2
Wage bill	531,009.64	393,325.08	505,203.07	343,563.37	216,801.89
Amounts paid as benefits	196,545.79	163,800.00	203,181.90	142,059.66	88,925.62

Important events occurring after year-end

In accordance with the provisions of Article L 232-1 of the Commercial Code, we inform you that no significant event which could have had an impact on the perception of the position of the Company occurred or came to light after the end of the financial year.

4.3. Outlook 2008

The outlook for 2008 is described in point 3.13 above.

4.4. Description of human resources and the corporate environment

The workforce of the Company is 2. All are member of the Management Committee.

Accordingly, the list of formal information on corporate matters as provided by the Decree of 20 February 2002, is of little interest.

4.5. Industrial and environmental risks

In application of rules No. 98-01 and No. 95-01, we would like to point out to you that, because of its area of activity, the company is not exposed to environmental issues.

4.6. Information on market risks

4.6.1. Commercial risk due to fixed price services

Fixed price services mitigate the effects of intercontract risks on a day to day basis. However, they amplify the end of work site risk and the issue of keeping the team busy in between two projects.

The Group's order book is up to date at a level which we consider satisfactory.

At 31 December 2007, it was equal to 19.2 months of budgeted turnover for 2008.

Naturally, part of this sales revenue relates to years subsequent to 2007.
The portion of 2007 sales revenue represents 8.6 months of sales revenue compared to the budgeted sales revenue for 2008.

Each project is followed up monthly. To date, the difference between days gained and days lost compared with initial estimates for the cost of projects is close to 0, thanks to the systematic application of the Isopro method.

However, in case of potential delay in a project, all overruns estimated as compared to the project's initial budget are immediately handled in terms of earnings via commercial concessions (= excess time assigned to the project not recognised as sales revenue).

Lastly, billing for components is a major safety element in SWORD GROUP’s quoting policy, given that the resulting sales revenue does not generate direct costs and may alleviate the consequences of overspending on projects.

4.6.2. Technological risk

As far as hardware and local networks are concerned, a 6-person team is dedicated to maintaining our infrastructures and, in particular, the daily backup of data, which is placed in fireproof cabinets.

In addition, a civil liability insurance policy allows us to cover all risks relating to damage caused by our employees at customer sites.

Lastly, exploiting our know-how through our software components allows us to confidently grasp the technological advances of our partners and suppliers.

4.6.3. Competition risk

The competition risk is very low thanks to:

- SWORD GROUP's technological advantage,
- Its functional knowledge of its customers' areas of work,
- The dispersion of its competitors, all of whom display marked differences,
- The nature of its customers (example: the UN), which makes a considerable investment necessary from the outset.

This wide spectrum of competition is actually a very positive point, especially when the customer requires a wide range of skills for its integration projects, for instance.

4.6.4. Currency risk

In countries where costs are paid for locally (local personnel), no currency cover is taken.

The currency risk is borne by the holding company. Our budgets are based on conservative assumptions.

4.6.5. Country risk

With regard to Lebanon, the local instability does not affect the subsidiary Sword Lebanon.

5. ACTIVITIES AND RESULTS OF THE SUBSIDIARIES AND COMPANIES WE CONTROL

Below, in accordance with the provisions of article L 233-6 paragraphs 1 and 2 of the Commercial Code, we will report to you on the following:

- The activities and results of our company's subsidiaries and the companies it controls;
- Significant stakes acquired or takeovers of companies headquartered in France.

5.1. Significant purchases of interests or acquisitions made during the financial period in companies headquartered in France

During the financial year ended 31 December 2007, SWORD GROUP did not acquire significant interests or control of companies headquartered in France.

5.2. Activities and results of the subsidiaries in the sense of article L.233-1 of the Commercial Code

Companies	Stake held as a percentage	Sales in thousands of euros	Earnings in thousands of euros	Activity
SWORD SA	100	22,911	939	Solutions
SWORD SAS	100	4,050	408	Solutions
SWORD ATLANTIQUE	80	3,280	364	Solutions
SWORD UK	100	33,933	24,522	Software and Solutions
SWORD INC	100	8,362	125	Software and Solutions
SWORD CREATION INFORMATIQUE SA	100	-	-3	Solutions
SWORD SUISSE	95.60	5	-35	Solutions
SWORD TECHNOLOGIES SAS	100	24,571	197	Solutions
FI Systems Belgium	100	-	324	Solutions
SWORD SERVICES Formerly SWORD Linkvest	100	1,912	137	Solutions
SWORD DDS	100	-	10	-
SWORD CONSULTING (formerly Stellon)	100	2,220	168	Solutions
SWORD SOFT	94	-	-991	-

5.3. Activities and results of the companies controlled in the sense of article L.233-3 of the Commercial Code

Companies	Stake held as a percentage	Sales in thousands of euros	Earnings in thousands of euros	Activity
Fircosoft	86.64	6,042	1,370	Software
SWORD SOUTH AFRICA LIMITED	75	962	270	Solutions
Fircosoft Inc	86.64	1,334	39	Software
SWORD IT SOLUTIONS	65	181	48	Offshore
Tipik (formerly ASCII)	100	8,006	175	Solutions
SWORD GLOBAL INDIA	100	2,780	391	Offshore
SWORD LEBANON	92	647	126	Offshore
Harvard Consulting	100	2,075	204	Solutions
Intech	94	25.516	4,222	Software
RTE	97	20,234	1,970	Solutions
SWORD SOLUTIONS	83	854	167	Solutions
Achiever	94	2,848	1,124	Software
Nextech	94	2,105	393	Software
Apak	94	8,308	1,938	Software
SWORD IPR Ltd	94	-	-	Software
Powersoft	97	336	276	Solutions
SWORD INTEGRA	100	-	-	Solutions
CT Space	94	-	-	Software

6. SWORD GROUP EMPLOYEE EQUITY INTEREST

It is pointed out that the employees of the company and/or those of related companies in the sense of Article L 225-180 of the Commercial Code, hold no shares in our Company's equity, in the sense of Article L 225-102 of the Commercial Code.

7. BREAKDOWN OF SWORD GROUP CAPITAL AT THE CLOSE OF THE FINANCIAL YEAR (IN %)

Forename-Surname	Situation on 31/12/2007		
	Number of shares	% of capital	% vote
Jacques Mottard and Sémaphore Investissements	1,746,820	18.80	18.50
21 Centrale Partners	5	0	0
Françoise Fillot	106,395	1.14	2.20
Heath Davies	16,137	0.17	0.16
Treasury shares (1)	0	0	0
Employees and miscellaneous registered shareholders	275,644	2.97	5.57
Free float	7,144,964	76.91	73.97
TOTAL	**9,289,965**	100	100

8. CHANGES IN THE SHARE PRICE

2007	At 31 January 2008
Highest price €44.10 (on 16/04/07)	Highest price €34.58 (on 02/01/08)
Lowest price €31.40 (on 21/11/07)	Lowest price €23.05 (on 21/01/08)
Number of shares traded on the stock market 9,597 (1)	Number of shares traded on the share market from 01/01/2008 to 31/01/2008: 15,261 (2)

(1) This is the average number of shares traded in 2007, a year during which 2,504,891 shares were traded.
(2) This is the average number of shares traded in January 2007, a month during which 427,301 shares were traded.

9. INFORMATION ON THE ACQUISITION AND SALE BY THE COMPANY OF ITS OWN SHARES AS AT 31 DECEMBER 2007

Number of shares held by the Company as at 31 December 2006	2,912
Number of shares purchased in 2007	0
Number of shares sold in 2007	2,912
Number of shares held by the Company as at 31 December 2007	0

Additional information can be found in the Board of Directors' special report prepared in accordance with the provisions of Article L.225-209 of the Commercial Code.

10. PROFIT ALLOCATION PROPOSAL

We request that you approve the corporate financial statements for the financial year ending 31 December 2007 (Balance Sheet, Income Statement and Schedule) as they are presented to you, which show profits of €41,228,349.61.

We suggest that the result be appropriated as follows:

- To the legal reserve: in order to bring it up to a tenth of the equity capital	€86,506.81
- To the shareholders as dividends:	€4,923,681.45
- The balance, i.e To the "Balance brought forward", which will stand at €40,230,907.25.	€36,218,161.35

The net dividend per share would be €0.53 per share (the tax credit is no longer applicable to this distribution).

In order to comply with the provisions of Article 243 bis of the General Tax Code, we inform you that:

- In accordance with Article 158 3-2° to 4° of the General Tax Code, the above dividend per share is eligible for a 40% rebate on the taxable amount of distributed revenue, this rebate being reserved for private taxpayers whose tax domicile is in France.

- That the dividends paid over the last three financial years and corresponding tax credits were as follows. It is stated that the Extraordinary General Meeting of 29 April 2005 decided to divide the nominal value of shares in the Company by 5, reducing their nominal value from €5 to €1.

Financial year	Net dividend per share	Tax credit
31 December 2006	€0.42	None
31 December 2005	€0.30	None
31 December 2004	€1.20	None

11. NON-TAX-DEDUCTIBLE EXPENSES

In accordance with the provisions of Article 223 quater of the General Tax Code, we inform you that the accounts for the past year take account of expenses not deductible from the result for tax purposes in the sense of Article 39-4 of the General Tax Code, for an amount of €2,853.

12. TABLE OF RESULTS FOR THE FIVE PREVIOUS FINANCIAL YEARS

Attached to this report is a table of earnings, as provided for by article R.225-102 of the Commercial Code.

13. Objective and comprehensive analysis of sales revenue, results and financial position of the Company

The details of this analysis are contained in the 2007 reference document.

14. Cross holdings between companies

We inform you that the Company was not required to dispose of shares with a view to bring to an end the cross holdings between companies prohibited under Articles L 233-29 and L 233-30 of the Commercial Code.

15. Operations conducted by management involving shares during the year

Name of shareholder	Total number of securities sold	Average sale price per share
Heath Davies	1,863	€39.51

16. TABLE OF DELEGATIONS FOR CAPITAL INCREASES

The Combined Shareholders' General Meeting held on 4 May 2007 awarded the Board of Directors the necessary authority to issue, with or without removal of preferential subscription rights, in one or several times, whether in France or abroad, shares and all securities that provide immediate or term access to the company's shares, for a maximum nominal value of €5,000,000, the maximum value of representative securities drawn on the company cannot exceed €100,000,000.

This authorisation is valid for a period of 26 months, that is until 3 July 2009.

Nature of the delegation	Nature of the operation	Shares to issue	Authorised capital increase amount
Full delegation	Capital increase, PSR waived	Capital share or debt securities giving access to capital	€5,000,000 (*) of capital increase or €100,000,000 of value of debt securities giving access to the capital
Full delegation	Capital increase, PSR waived	Capital shares or debt securities giving access to capital	€5,000,000 (*) of capital increase or €100,000,000 of value of debt securities giving access to the capital

(*)These amounts are not cumulative

During financial 2007, the delegations were used under the following conditions:

As per the delegation granted by the Ordinary and Extraordinary Meeting of Shareholders of the Company held 28 April 2006 in its eleventh resolution, the Board of Directors, in its sitting of 14 February 2007 determined the principle of a capital increase through the issue of a maximum of 1,500,000 new shares with a face value of €1, available to the general public, with elimination of the pre-emptive right and with no priority {right, that can be brought to a maximum of 1,983,750 new shares in case of use of the Extension Clause and the Over-allotment option, and further delegated to its Chairman and CEO the power to determine the final conditions of the capital increase.

In addition, the Board of Directors unanimously gave full powers to its Chairman and CEO, under applicable legal and regulatory conditions, and within the limits set by the Ordinary and Extraordinary Meeting of Shareholders held 28 April 2006, to implement the issue and determine all its conditions definitively.

As per the delegation, the Chairman and CEO has decided to proceed to a capital increase in cash, available to the general public, with no pre-emptive right nor priority timeframe, through the issue of 1,250,000 new ordinary shares in the Company, likely to be brought to a maximum of 1,653,125 in case of exercise of the entire Extension Clause concerning 187,500 shares and the Over-allotment Option concerning 215,625 shares.

The Chairman and CEO:

- as per a decision of 1 March 2007:
  - decided to increase the number of new shares by 15% of the initial number, that is 187,500 shares, thereby bringing the number of new shares to be issued to 1,437,500,
  - in accordance with legal and regulatory provisions, to set the unit price of the new shares at €40, corresponding, subject to a slight 2.12% discount in order to obtain an integer, to the weighted average of the price of the Company shares on Euronext Paris during the three market days preceding the opening of the order book.

- as per a decision dated 9 March 2007, on the basis of the certificate of the depository of the funds established on 9 March 2007, recognised the deposit of €57,000k representing all the payments in cash made by subscribers, the resulting subscription of 1,437,500 new shares, and the correlative capital increase for an amount of €1,437,500.

- as per a decision of 28 March 2007, acknowledged the exercise of the entire over-allotment option corresponding to the issue of 215,625 new shares at a price of €40.

- as per a decision of 2 April 2007, on the basis of the on the basis of the certificate of the depository of the funds established on 2 April 2007, recognised the deposit of €8,625k representing all the payments in cash made by subscribers to the capital increase subsequent to the exercise of the entire over-allotment option, the resulting subscription of 215,625 new shares, and the final completion of the capital increase through the subscription of 215,625 new shares, bringing the issued capital from €9,074,340 to €9,289,965.

It is pointed out that the Board of Directors held 11 March 2008 proposes the renewal of the delegations aforementioned in terms of capital increase.

17. Financial instruments

The main loans have been taken out at Euribor +1.5. Cover through paying SWAP at a fixed rate of 3.825% (excluding bank margin) was set up as at 14 November 2006 for a period of 24 months and an amount of €20m.

18. Agreements referred to in Articles L.225-38 of the Commercial Code

We request that you approve the agreements that fall within the scope of the provisions of Article L. 225-38 of the Commercial Code, which were entered into and duly authorised by the Board of Directors during the past financial year.

We point out that the Auditors have duly received all the required information to draw up their special report.

The list and the subjects of the current agreements, entered into under normal conditions, except for those which, due to their subjects or financial implications, are significant for neither of the parties, have been communicated to the Auditors and the members of the Board of Directors, and are at your disposal at the head office.

19. MANDATES OF THE CORPORATE OFFICERS

In accordance with the provisions of Article L. 225-102-1, paragraph 3 of the Commercial Code, below is a list of the various mandates and functions conducted in all the French and foreign subsidiaries by each of the Company's representatives during the financial year ended 31 December 2007.

POSITION	DURATION OF MANDATE	COMPANY	EXPIRY DATE
Jacques Mottard: Chairman and CEO			
Chairman and CEO	6 years	SWORD GROUP	31/12/09 (*)
Chairman and CEO	6 years	SWORD SA	31/12/08 (*)
Chairman	unlimited	SWORD DDS	Unlimited duration
Chairman	unlimited	Fircosoft	Unlimited duration
Chairman	unlimited	SWORD SAS	Unlimited duration
Chairman	unlimited	SWORD ATLANTIQUE	Unlimited duration
Chairman	unlimited	SWORD SOLUTIONS	Unlimited duration
Chairman	unlimited	SWORD UK	Unlimited duration
Chairman	unlimited	Harvard	Unlimited duration
Chairman	unlimited	Intech	Unlimited duration
Chairman and Director	unlimited	RTE	Unlimited duration
Chairman	unlimited	SWORD GLOBAL Ltd	Unlimited duration
Chairman	unlimited	Cimage Ltd	Unlimited duration
Chairman	unlimited	Cimage Novasoft	Unlimited duration
Chairman	unlimited	SWORD Inc	Unlimited duration
Chairman	unlimited	SWORD CREATION INFORMATIQUE	Unlimited duration
Director	Unlimited	SWORD SOUTH AFRICA Ltd	Unlimited duration
Chairman	6 years	SWORD TECHNOLOGIES SA	10/12/08
Chairman	Unlimited	FircoSoft Inc	Unlimited duration
Chairman and Board Member	6 years	FI Systems Belgium	11/02/10
Chairman and Board Member	6 years	Tipik (formerly ASCII)	11/02/10
Director	Unlimited	SWORD GLOBAL INDIA	Unlimited duration
Chairman	Unlimited	SWORD SERVICES formerly	Unlimited

		LINKVEST	duration
Chairman	Unlimited	SWORD LEBANON	Unlimited duration
Chairman and Board Member	5 years	SWORD IT SOLUTIONS	30/06/11 (*)
Chairman and Director	One year	Stellon	20/06/08 (*)
Chairman and Director	3 years	Powersoft	31/12/10 (*)
Chairman and Director	Unlimited	Achiever	Unlimited duration
Chairman and Director	Unlimited	SWORD SOFT Ltd	Unlimited duration
Chairman and Board Member	6 years	SWORD INTEGRA	31/12/13 (*)
Chairman and Director	Unlimited	Apak	Unlimited duration
Chairman and Director	Unlimited	SWORD IPR Ltd	Unlimited duration
Manager	Unlimited	CTSpace France	Unlimited duration
Chairman	Unlimited	Collaboration Technology Inc	Unlimited duration

Mandates exercised outside the Group			
Manager	Unlimited	SCI FI	Unlimited duration
Manager	Unlimited	Le Sémaphore	Unlimited duration
Manager	Unlimited	Chinard Investissement	Unlimited duration
Chairman	Unlimited	Sémaphore Investissements	Unlimited duration

(*) General Meeting ruling on the financial statements for the period

POSITION	DURATION OF MANDATE	COMPANY	EXPIRY DATE
Françoise Fillot: Executive Vice President			
Executive Vice President	For the Chairman's term of mandate	SWORD GROUP	31/12/09 (*)
Director	Unlimited	SWORD UK	Unlimited duration
Director	6 years	SWORD TECHNOLOGIES SA	10/12/08
Director	6 years	SWORD SA	31/12/08
Director	Unlimited	Cimage Ltd	Unlimited duration
Director	Unlimited	CIMAGE NOVASOFT	Unlimited duration
Director	Unlimited	SWORD SOUTH AFRICA	Unlimited duration
Managing Director	Unlimited	Fircosoft	Unlimited duration
Managing Director	Unlimited	SWORD SOLUTIONS	Unlimited duration
Managing Director	Unlimited	SWORD ATLANTIQUE	Unlimited

			duration
Director	6 years	FI System Belgium	11/02/10
Director	6 years	Tipik (formerly ASCII)	11/02/10
Director	Unlimited	SWORD GLOBAL Ltd	Unlimited duration
Director	Unlimited	SWORD GLOBAL INDIA	Unlimited duration
Managing Director	Unlimited	SWORD DDS	Unlimited duration
Managing Director	Unlimited	FircoSoft Inc	Unlimited duration
Director	Unlimited	Harvard CONSULTING	Unlimited duration
Director	One year	Stellon	31/12/06 (*)
Director	Unlimited	Achiever	Unlimited duration
Director	6 years	SWORD INTEGRA	31/12/13 (*)
Manager	Unlimited	CTSpace France	Unlimited duration
Director	Unlimited	SWORD IPR Ltd	Unlimited duration

Heath Davies: Director and Executive Vice President			
Director	6 years	SWORD GROUP	31/12/12 (*)
Managing Director (since 13 March 2006)	For the Chairman's term of mandate	SWORD GROUP (*)	31/12/09 (*)
Director	Unlimited	SWORD UK LIMITED	Unlimited duration
Director	Unlimited	HARVARD CONSULTING LIMITED	Unlimited duration
Director	Unlimited	REAL TIME ENGINEERING LIMITED	Unlimited duration
Director	Unlimited	INTECH SOLUTIONS LIMITED	Unlimited duration
Director	Unlimited	Achiever	Unlimited duration
Director	Unlimited	SWORD IPR Ltd	Unlimited duration
Director	Unlimited	Apak	Unlimited duration
Director	Unlimited	SWORD SOFT Ltd	Unlimited duration
Director	Unlimited	SWORD GLOBAL Ltd	Unlimited duration
Director	Unlimited	Cimage Ltd	Unlimited duration
Director	Unlimited	Cimage Novasoft Ltd	Unlimited duration
Manager	Unlimited	CTSpace France	Unlimited duration
Deputy Chairman	Unlimited	Collaboration Technology Inc	Unlimited duration

(*) General Meeting ruling on the financial statements for the period

POSITION	DURATION OF MANDATE	COMPANY	EXPIRY DATE
Nicolas Mottard: Director			
Director	6 years	SWORD GROUP	31/12/09 (*)

21 Centrale Partners: Director			
Director	6 years	SWORD GROUP	31/12/09 (*)
Mandates exercised outside the Group			
Member of the Supervisory Board	6 years	Le Public Systeme	31/12/09
Director	6 years	Egide	31/12/11
Director	6 years	Fountaine Pajot	31/08/07
Director	6 years	Meccano	31/12/08
Director	6 years	Groupe Electropoli	31/12/08
Member of the Supervisory Board	6 years	Alto Expansion	31/12/10
Member of the Supervisory Board	3 years	Financiere Verlys	31/12/07
Member of the Supervisory Board	5 years	Financiere Europe Assistance	31/12/09
Member of the Supervisory Board	3 years	Financiere Syreva	31/12/07
Member of the Supervisory Board	6 years	The Nomad Company	31/12/11
Member of the Supervisory Board	6 years	Vulcanic Holding	31/12/11
Member of the Supervisory Board	3 years	Financiere Aramis	31/12/08
Director	3 years	SFTF Interflora	31/12/08
Director	6 years	CENTRE PROTHÉTIQUE HOURADOU	31/12/13
Member of the Supervisory Board	6 years	Allvalv	30/04/13

(*) General Meeting ruling on the financial statements for the period

20. REMUNERATION OF CORPORATE OFFICERS

This table gives the total remuneration, benefits in kind, plus the directors' fees paid to each executive officer over the year.

The total remuneration paid to corporate officers stood at €335k.

OFFICER	REMUNERATION AND BENEFITS	DIRECTORS' FEES	Change in remuneration for the period 31/12/06
Jacques Mottard (1) Chairman and CEO	By the company: €0 By Controlled Companies Article L.233-16 of the Commercial Code: €0	By the company: €28,000	(1)
Françoise Fillot Executive Vice President	By the company: €103,175.52 By Controlled Companies Article L.233-16 of the Commercial Code: €0		-22.74%
Heath Davies Executive Vice President	By the company: €0 By Controlled Companies Article L.233-16 of the Commercial Code: £125,700		+10.26%
21 Centrale PARTNERS, represented by François BARBIER Director	By the company: €0 By Controlled Companies Article L.233-16 of the Commercial Code: €0	By the company: €32,000	+2.56%
Nicolas Mottard Director	By the company: €0 By Controlled Companies Article L.233-16 of the Commercial Code: €0	By the company: €5,000	+150%

(1) Since 1 January 2007, the remuneration of Mr. Jacques Mottard (and his assistant) has been billed to the Company by Sémaphore Investissements as part of a services agreement. This charge back stood at €309,876 excl. tax for the year ended 31 December 2007. This remuneration includes the services charged for by Sémaphore Investissements, including the Chairman and CEO's travel expenses. Consequently, a comparison of the Chairman and CEO's remuneration between financial 2006 and 2007 cannot be carried out consistently. The directors' fees gained 9.58 on financial 2006.

No premium system in the event of the arrival or departure of company partners exists in SWORD GROUP.

(2) The Board of Directors held 29 December 2006 has decided to allocate to Mr. Heath Davies 28,500 share subscription options at a price of €35,128. (See Note 16 of the schedule to the consolidated financial statements regarding the terms and conditions for exercising these stock options)

In accordance with the provisions of the last paragraph of Article L.225-37 of the French Commercial Code, we point out that:

- except for 21 Centrale Partners and Mr. Nicolas Mottard, the Company's officers have an employment contract with the Company and/or its subsidiaries,
- the Company's officers are not remunerated for their mandate,

- the breakdown of directors' fees, whose amount is set by the General Management, is determined by the Board of Directors,

- the only director benefiting from share purchase options is Mr. Heath Davies; this has been decided in accordance with the latter's operating hierarchy.

Provisions for retirement payments for managers and directors were as follows:

Name	Retirement provision as at 31 December 2007
Jacques Mottard	None (1)
Françoise Fillot	€6,679.08

(1) Since 1 January 2007, the retirement provisions for the Chairman and CEO have no longer been supported by SWORD GROUP but by Sémaphore Investissements.

21. DIRECTORS' FEES

We propose that directors' fees paid to members of the Board be set at €100,000.

22. AUTHORISATION AND POWERS TO BE GRANTED TO THE BOARD OF DIRECTORS IN ORDER FOR THE COMPANY TO REPURCHASE ITS OWN SHARES; POSSIBLE AUTHORISATION TO BE GRANTED TO THE BOARD OF DIRECTORS TO CONFER IN ORDER TO CANCEL OWN SHARES.

We remind you that the General Meeting held 4 May 2007 authorised the Board to conduct operations involving Company shares, in accordance with the provisions of Article L.225-209 of the Commercial Code, for a period of 18 months, i.e. until 4 November 2008.

With regards to the performance of the Company's share price, we propose that you cancel the authorisation granted by the General Meeting of 4 May 2007 and replace it with a new share repurchase programme.

The goals of the repurchase programme would be the following, in descending order:

- Have an investment services provider drive the market or the liquidity of shares in the Company through a liquidity agreement compliant with the ethical policy recognised by the AMF;

- Purchase shares to hold them and eventually trade them or use them as payment for potential external growth operations;

- The allocation to employees or representatives of the Company or the Group, under the conditions and in accordance with the methods provided for in the Law, in particular as part of the distribution of the fruits of the growth of the Company, for the share purchase option service as part of the company savings plan, or for the free allocation of shares to employees as a function of their performance in accordance with the provisions of Article L 225-197-1 and subsequent Articles of the Commercial Code;

- Cancel acquired securities.

This authorisation would be granted under the following conditions:

- The number of shares purchased by the Company by virtue of this authorisation cannot represent more than 10% of share capital, as adjusted as a function of operations that subsequently affect the decision of the General Meeting. It is also stated that in accordance with the provisions of Article L.225-209 paragraph 6 of the Commercial Code, the number of shares purchased by the Company to hold and eventually trade or use as payment as part of a merger, split or capital increase cannot exceed 5% of share capital;

- The shares may be repurchased through interventions on the market or the purchase of batches, with no particular limitations in the latter case;

- The maximum price at which shares can be bought will be set at €39 each. The minimum price at which shares can be sold will be set at €15 per share;

- This authorisation would be granted for a period of eighteen months, starting from the date of the General Meeting authorising the repurchase of shares;

In order to allow the Board to cancel the shares purchased by the Company in the context of the repurchase programme, we also ask you to allow the Board of Directors to reduce the equity capital by cancelling the Company's own shares and consequently amend the by-laws;

23. DELEGATION OF AUTHORITY TO BE GRANTED TO THE BOARD TO INCREASE THE EQUITY CAPITAL THROUGH THE ISSUE OF ORDINARY SHARES OR ANY MARKETABLE SECURITIES GIVING ACCESS TO THE CAPITAL WITH PRESERVATION OF THE PRE-EMPTIVE RIGHT

We inform you that it would be convenient if new authorisations were to be granted to the Board in order to increase the Company's capital, in accordance with the provisions of Articles L. 25-129-2, and L. 228-92 of the Commercial Code. These authorisations would cancel out those granted by the General Meeting of 30 April 2007.

Thus, we request that you delegate to the Board the authority to determine, at its sole discretion, on one or more occasions and in the proportions and as it sees fit, both in France and abroad, in euros or foreign currency or unit of account set by reference to several currencies, to issue, with preservation of the pre-emptive right, shares, equity securities or marketable securities – including warrants issued in an autonomous manner, on a free of charge or paid-for basis or purchase warrants – giving or likely to give access to the capital or giving the bearer an entitlement to the allocation of debt securities.

The delegation that would thus be granted to the Board of Directors, would be valid twenty-six months from the date of the General Meeting authorising it.

The issue of preferred shares and the issue of securities or marketable securities giving access to preferred shares, would be ruled out.

In the context of this delegation of authority:

- The amount of capital increases likely to be completed immediately and/or in the long run, could not exceed €5,000,000 of face value, plus, if applicable, the additional amount of shares that would have to be issued to preserve, in accordance with the law, the rights of holders of marketable securities entitling them to shares.

- The face value of debt securities giving access to capital, likely to be issued under this delegation, could not exceed €100,000,000 or its equivalent in foreign currencies, on the day of issue.

The shareholders would have a pre-emptive right on the securities issued under this delegation, which would be proportionate with the amount of shares they hold.

Should the applications made on a non-reducible basis or, if applicable, on a reducible basis, not absorb the entire issue of shares or marketable securities as defined above, the Board may offer the public all or part of the securities that have not been applied for.

We would like to point out that this delegation would supersede the delegation granted by the Ordinary and Extraordinary General Meeting of 4 May 2007 through the vote on its thirteenth resolution.

24. DELEGATION OF AUTHORITY TO BE GRANTED TO THE BOARD TO INCREASE THE EQUITY CAPITAL THROUGH THE ISSUE OF ORDINARY SHARES OR ANY MARKETABLE SECURITIES GIVING ACCESS TO THE CAPITAL WITH REMOVAL OF THE PRE-EMPTIVE RIGHT

It would also be appropriate that the General Meeting, in accordance with the provisions of Articles L.225-129-2 and L. 225-135 and L. 228-92 of the Commercial Code, delegate to the Board of Directors the powers to decide, on its own, in one or several times, within the proportions and at the times its determines, both in France and abroad, either in euros or in foreign currency or in an account unit set in reference to several currencies, the issue, with removal of the pre-emptive subscription right, of shares, equity capital shares, or marketable securities - including warrants issued autonomously, either free of charge or at a price, or of acquisition bonds - giving access or likely to give access to the equity capital or entitling their holders to the allocation of bonds.

The delegation thus granted to the Board of Directors would be valid twenty-six months from the date of the General Meeting authorising it.

The issue of preferred shares and the issues of any securities or marketable securities giving access to preferred shares, would be ruled out.

The pre-emptive right of shareholders on these shares, equity securities, and other marketable securities, would be eliminated, but the Board of Directors would be entitled to institute a priority right for shareholders to apply for them, in accordance with the provisions of Article L 225-135 of the Commercial Code.

In the context of this delegation of authority:

- The amount of capital increases likely to be conducted in that manner either immediately or in the long run, could not exceed €5,000,000 of face value, plus, if applicable, the additional amount of shares that would have to be issued to preserve, in accordance with the law, the rights of holders of marketable securities entitling them to shares. The maximum face value of capital increases likely to be conducted under this delegation would be entered against the overall capital increase cap of €5,000,000 discussed above..

- The face value of debt securities giving access to capital, likely to be issued under this delegation, could not exceed €100,000,000 or its equivalent in foreign currencies, on the day of issue, it being specified that such face value would be entered against the face value of €100,000,000 discussed above.

- Decides that the amount perceived or to be perceived by the Company for each of the shares issued or to be issued under the delegation discussed above, after taking into account, if applicable, in the case of the issue of share purchase warrants, the issue price of such warrants, would be at least equal to the weighted average of the prices of the last three market sessions prior to the setting of the same, minus a maximum rebate of 5% if applicable, in accordance with the provisions of Article 225-119 as amended of the Commercial Code.

We would like to point out that this delegation would supersede the delegation granted by the Ordinary and Extraordinary General Meeting of 4 May 2007 through the vote on its fourteenth resolution.

In accordance with the provisions of Article L225-135 of the Commercial Code, the Company's Auditors have drawn up a report on the removal of the pre-emptive right, which shall be read out to you. We point out that an additional report will be drawn up by the Board when it uses the authorisation granted by the General Meeting to:

- describe the final conditions for the operation, determined in accordance with the authorisation granted by the Extraordinary General Meeting;

- determine, in accordance with the provisions of Article 225-115 of the Commercial Code, the impact of the proposed issue on each individual shareholder's situation, particularly regarding his share of the equity capital.

Likewise, the Company's Auditors will draw up the additional report required by Article 225-116 paragraph 2 of the Commercial Code.

25. AUTHORISATION TO BE GRANTED TO THE BOARD OF DIRECTORS TO INCREASE THE NUMBER OF SHARES, SECURITIES AND MARKETABLE SECURITIES TO BE ISSUED IN CASE OF CAPITAL INCREASE WITH OR WITHOUT PRE-EMPTIVE RIGHT

We ask you to authorise the Board, in accordance with the provisions of Article L. 225-135-1 of the Commercial Code, for a period of twenty-six (26) months, to increase, within the limits of the overall cap set above and under the delegation of authority to increase the equity capital through the issue of shares with preservation of the shareholders' pre-emptive right, within thirty (30) days of the closing of applications for the initial offering, within the limits of 15% of the initial issue, and at the price set for the initial issue, in accordance with the provisions of article R.225-118 of the Commercial Code.

We point out that the limit set out in clause 1° of paragraph I of Article L. 225-134 of the Commercial Code, would be raised in the same proportions.

This authorisation will supersede any prior authorisation granted regarding the same issue.

26. DELEGATION OF AUTHORITY TO BE GRANTED TO THE BOARD TO ISSUE SHARES, SECURITIES OR MARKETABLE SECURITIES OF ALL KINDS TO REMUNERATE THE CONTRIBUTIONS IN KIND GRANTED TO THE COMPANY

We ask you to delegate to the Board of Directors, under Article L. 225-147 paragraph 6 of the Commercial Code, for a period of twenty-six (26) months, the authority necessary to issue shares, equity securities, and marketable securities, some of which would or could give access to the Company's capital within the limits of 10% of its share capital, at the time of issue, to remunerate the contributions in kind granted to the Company, and made of equity securities and marketable securities giving access to the capital, whenever the provisions of Article L.225-148 of the Commercial Code, do not apply.

In accordance with law, the Board of Directors would then rule on the Auditors' report mentioned in Article L. 225-147 of the Commercial Code.

In any event, the amount of capital increases conducted under this resolution would be entered against the overall cap set above and relative to the delegation of authority to increase the equity capital through the issue of shares with removal of the pre-emptive right.

In that context, we ask that you grant all authority to the Board of Directors, in particular to approve the assessment of contributions, determine the resulting capital increase, acknowledge its completion, draw from the contribution premium the amounts necessary to bring the legal reserve to a tenth of the new capital after each increase, and amend the by-laws.

Please note that the aforementioned delegation would supersede any prior authorisation granted regarding the same issue.

27. DELEGATION OF POWERS TO DECIDE ON A CAPITAL INCREASE VIA THE INCORPORATION OF RESERVES, PROFITS OR PREMIUMS

We ask that you delegate to the Board of Directors, under Articles L. 225-129, L. 225-129-2, and L. 225-130 of the Commercial Code, your right, for a period of twenty-six (26) months, to decide to increase the share capital, at its sole discretion, in one or several times, at the times its determines, through the incorporation of reserves, profits and share premiums into the capital, followed by the creation and free allocation of equity securities or the increase of the existing equity securities, or a combination of both.

Fractional rights would be neither marketable nor transferable, and the corresponding securities would be sold, the proceeds of the sale being allocated to the holders of the rights within the timeframe set by an Order of the Council of State.

The amount of capital increase likely to be completed in that manner, plus the amount necessary to preserve, in accordance with the law, the rights of holders of marketable securities entitling them to shares and regardless of the overall cap set above and relative to the delegation of authority to increase the equity capital through the issue of shares with preservation of the pre-emptive right, would not exceed the amount of reserves, share premiums, and profits discussed above that exist at the date of the capital increase.

We ask that you grant to the Board of Directors, with the ability to further delegate under the conditions set out by law and by the Company's by-laws, all the authority necessary to implement this delegation and ensure its success. The aforesaid delegation would cancel any previous delegation regarding the same issue.

28. DELEGATION OF AUTHORITY TO INCREASE THE SHARE CAPITAL TO THE BENEFIT OF THE GROUP'S EMPLOYEES

We remind you that, in accordance with the provisions of Article L. 443-5 as amended of the Labour Code and Articles L 225-129-6 and L 225-138-1 of the Commercial Code, it is up to the Board of Directors to submit to the General Meeting of Shareholders, on the occasion of each capital increase, a draft resolution tending to complete a capital increase conducted under the conditions set out in Article L 443-5 of the Labour Code.

Given the capital increase authorisations proposed to the Meeting, the Extraordinary General Meeting should rule, in accordance with Article L 225-129-2 of the Commercial Code, on a draft delegation to grant to the Board of Directors to increase the capital, in one or several times, within the proportions and at the times it will decide, within twenty-six months, and within the limits of a total number of shares representing 3% of the equity capital on the date of the Board's decision, through the issue of ordinary shares or marketable securities given access by all means, immediately and/or in the future, to ordinary shares in the Company and, if applicable, through the allocation of free shares.

This authorisation would include the cancellation of the shareholders' pre-emptive rights on new shares and other securities to be issued to the benefit of the Company's employees and/or those of companies related to the Company in the sense of the provisions of Article L. 225-180 of the Commercial Code which are, if applicable, holders of a Group Corporate Savings Plan (or any Mutual Fund to be set up, of which such employees would be shareholders).
Regarding the price of the shares to issue, we suggest that you set the discount to 20% as compared to the average of listed prices for the Company shares on Euronext Paris S.A.'s Eurolist during the twenty stock market days preceding the day of the decision setting the subscription start date. However, we ask that you authorise the Board of Directors to reduce the aforementioned rebate if it deems necessary.

If you accept this proposal, please delegate all authority to the Board of Directors, with the ability to sub-delegate as provided for by law, to:

- set a list of beneficiaries and the number of shares allocated to each one of them;
- set the date and terms of the issues that will be conducted under this delegation, in accordance with legal and statutory provisions, and in particular, determine the purchase price in compliance with the above-mentioned rules, set the application opening and closing dates, the due dates, and the share issue timeframes;
- confirm the completion of the capital increases up to the amount of shares that will be actually applied for;
- accomplish all operations and formalities, either directly or via a proxy;
- amend the by-laws in accordance with the share capital increases;
- And generally do anything that is useful or necessary for the final completion of the capital increase or successive capital increases.

- In accordance with the provisions of Article L225-135 of the Commercial Code, the Company's Auditors have drawn up a report on the removal of the pre-emptive right, which shall be read out to you.

We point out that an additional report will be drawn up by the Board when it uses the authorisation granted by the General Meeting to:

- describe the final conditions for the operation, determined in accordance with the authorisation granted by the Extraordinary General Meeting;
- determine, in accordance with the provisions of Article 225-115 of the Commercial Code, the impact of the proposed issue on each individual shareholder's situation, particularly regarding his share of the equity capital, and the theoretic impact on the current value of the share.

Likewise, the Company's Auditors will draw up the additional report required by Article 225-116 paragraph 2 of the Commercial Code.

These additional reports will be made available to you at the head office, no later than fifteen days following the meeting of the Board of Directors, and read out to you during the first subsequent General Meeting.

The activities conducted during the previous financial year were described to you earlier.

As far as the course of the Company's business since the beginning of the current financial year is concerned, it is presented to you in paragraph 3.13 above.

Your Board invites you, after reading the reports presented by your Auditor, to adopt the resolutions submitted to your vote, except for the resolution regarding the capital increase conducted in accordance with the terms set out in Article L 443-5 of the Labour Code, which, for now, is not in line with the Company's objectives.

The Board of Directors

Jacques Mottard
Chairman and CEO
of SWORD GROUP

26.2 Board's report on stock options (year ended 31/12/2007)

Ladies and Gentlemen,

In accordance with the provisions of Article L 225-184 of the Commercial Code, the purpose of this report is to inform you of the operations conducted under the provisions of Articles L 225-177 to L 225-186 of the said Code relative to share purchase and subscription options.

We point out that the Board of Directors held 29 December 2006, in accordance with the permission granted by the Extraordinary General Meeting of Shareholders of the Company held 28 April 2006 in its fifteenth resolution, granted, under the provisions of Articles L 225-177 and subsequent of the Commercial Code, options entitling their holders to the subscription of 60,000 new shares of the Company. As part of that authorisation, three share subscription plans have been established.

Below se specify the number, the maturity dates, and the price of the share subscription options which, during the year elapsed, and for the mandates and functions exercised in the Company, have been granted to each of the corporate officers of the company and its related companies. The table below also specifies the options granted to each of the 6 employees of the Company (or its related companies) who are not corporate officers and whose number of granted options was the highest.

	Plan Nr.1	**Plan Nr.2**	**Plan Nr.3**
Date of the meeting	28 April 2006		
Date of the Board Meeting	29 December 2006		
Total number of options allocated	60,000		
Option exercise start date	30/12/2008	30/12/2009	
Exercise price	€35,128		
Discount	None		
Beneficiaries / number of options allocated (1)	Heath Davies Jim Graham John Innes Phil Norgate	Juan Arcas	Jean-Marc Sonjon
Number of options that can no longer be exercised	9,000		
Expiry date	30/12/2009	30/12/2010	

(1) 4,500 share subscription options have been allocated to each beneficiary, except for Mr. Heath Davies, Executive Vice-President, who has been allocated 28,500 options.

Likewise, we remind you that the Extraordinary General Meeting of Shareholders of Fircosoft SAS dated 4 November 2005 authorised its Chairman to allocate to certain members of the Company personnel, 340 new share subscription options. The Chairman, by virtue of a decision made on 4 November 2005, used his authority to allocate 300 stock option subscriptions. None of these new options was applied for during the elapsed financial year.

Besides, we remind you that the Extraordinary General Meeting of Shareholders, as at 4 September 2006, authorised its Chairman to allocate to certain members of the Company personnel, 1,700 new share subscription options. As part of a decision dated 4 September 2006, the Chairman has partly used this authorisation by allocating 1,700 share subscription options. None of these new options was applied for during the elapsed financial year.

Appended is the information referred to in Article L 225-184 of the Commercial Code for the companies SWORD GROUP and Fircosfot.

Done in Saint Didier au Mont d'Or
The Board of Directors

SCHEDULE 1

LIST OF SHARE SUBSCRIPTION OPTION BENEFICIARIES WITHIN SWORD GROUP

	SHARE SUBSCRIPTION OPTION PLANS AUTHORISED BY THE GENERAL MEETING OF SHAREHOLDERS OF SWORD GROUP HELD 28/04/2006 AND GRANTED BY THE BOARD OF DIRECTORS HELD 29/12/2006			
Beneficiaries	**No. of stocks that can be subscribed**	**Date of exercise of options**	**Number of stock subscribed**	**Date of sale of subscribed stock**
Plan Nr.1				
Heath Davies	28,500			
Jim Graham	4,500			
John Innes	4,500			
Phil Norgate	4,500			
Plan Nr.2				
Juan Arcas	4,500			
Plan Nr.3				
Jean-Marc Sonjon	4,500			
TOTAL	**51,000**			

SCHEDULE 2

LIST OF SHARE SUBSCRIPTION OPTION BENEFICIARIES WITHIN FIRCOSOFT

	STOCK OPTION PLAN AUTHORISED BY THE FIRCOSOFT GENERAL MEETING OF 04/11/2005 AND APPROVED BY THE CHAIRMAN ON 04/11/2005 Nominal value of shares: €16 Issue price: €537 (premium of €521) Options exercised between 05/11/2007 and 05/11/2009			
Beneficiaries	**No. of stocks that can be subscribed**	**Date of exercise of options**	**Number of stock subscribed**	**Date of sale of subscribed stock**
France Pioger	50			
David Jacquet	50			
Geraldine Crambert	35			
Neziha Djigouadi	30			
Florence Vicentini	40			
Lionel Bensimon	30			
Sébastien Rey	35			
Stéphane Padovani	30			
TOTAL	**300**			

	STOCK OPTION PLAN AUTHORISED BY THE FIRCOSOFT GENERAL MEETING OF 04/09/2006 AND APPROVED BY THE CHAIRMAN ON 04/09/2006 **Nominal value of shares: €16** **Issue price: €730 (premium of €714)** **Options exercised between 05/09/2008 and 05/09/2010**			
Beneficiaries	**No. of stocks that can be subscribed**	**Date of exercise of options**	**Number of stock subscribed**	**Date of sale of subscribed stock**
France Pioger	300			
Laurent Corbel	300			
Frédéric Casadei	300			
Jean Losco	600			
David Jacquet	100			
Thierry Haesenberger	100			
TOTAL	**1,700**			

26.3 Text of draft resolutions at the Ordinary and Extraordinary General Meeting of 29 April 2008

Ordinary resolutions

First resolution
(Approval of corporate financial statements)

The General Meeting, ruling under the conditions of quorum and majority required for ordinary general meetings, after hearing the reading of the Board's report and the Auditors' report on the financial statements for the year ended 31 December 2007, approves the company financial statements as they appear for that year. These accounts contain a profit of €41,228,349.61.

It also approves of the transactions reflected by these statements or summarised in this reports, which led to expenses not deductible from the taxable earnings in the sense of article 39-4 of the General Tax Code for €2,853 and to the corresponding tax of €941.

The General Meeting gives the directors a discharge for executing their mandates for the elapsed financial period.

2nd resolution
(Approval of consolidated financial statements)

The General Meeting, ruling under the conditions of quorum and majority required for ordinary general meetings, after having become aware of the Board's report and the Auditors' report on the consolidated accounts for the financial year ending 31 December 2007, approves the consolidated accounts, as they have been presented, prepared in accordance with the provisions of Articles L. 225-100 of the Commercial Code, displaying profit of €18,911,358, and Group's share of earnings of €18,531,711.

3rd resolution
(Regulated agreements in the sense of Article L 225-38 of the Commercial Code)

After hearing the reading of the Auditor's special report on the agreements referred to in Article L. 225-38 of the Commercial Code, the General Meeting successively approves, under the conditions of Article L. 225-40 of the aforesaid code, each of the agreements mentioned there.

4th resolution
(Profit allocation)

The General Meeting, ruling under the conditions of quorum and majority required for Ordinary General Meetings, after hearing the reading of the Board's report, decides to allocate the profit of €41,228,349.61 as follows:

- To the legal reserve: in order to bring it up to a tenth of the equity capital	€86,506.81
- To the shareholders as dividends:	€4,923,681.45
- The balance, i.e To the "Balance brought forward", which will stand at €40,230,907.25.	€36,218,161.35

The net dividend per share is therefore €0.53. This dividend will be paid on 7 May 2008.

In accordance with Articles 243bis and 158 3-2° to 4° of the General Tax Code, the above dividend per share is eligible for a 40% rebate on the taxable amount of distributed revenue, this rebate being reserved for private taxpayers whose tax domicile is in France.

(i) Gives full authority to the Board of Directors or its Chairman to allocate to the credit balance brought forward, the dividends that may become due to own shares.

In accordance with the provisions of Article 243bis of the General Tax Code, the General Meeting acknowledges that the value of the dividend distributed for the last three financial years and the corresponding tax credit were as follows, it being pointed out that the Extraordinary General Meeting held 29 April 2005 has decided to divide by 5 the nominal value of the shares:

Financial year	Net dividend per share	Tax credit
31 December 2006	€0.42	None
31 December 2005	€0.30	None
31 December 2004	€1.20	None

5th resolution
(Directors' fees)

The General Meeting, ruling under the conditions of quorum and majority required for ordinary general meetings, after hearing the reading of the Board's report, sets to €100,000 the total directors' fees allocated to the Board of Directors for the current financial year.

6th resolution
(Permission to be given regarding a new programme under which the Company would repurchase its own shares)

The General Meeting, ruling under quorum and majority conditions required for general ordinary meetings and having learnt of the Board of Directors' report and the special report aimed at Article L.225-209 of the Commercial Code, in accordance with the provisions of Article L. 225-209 et seq. of the Commercial Code and Rule Nr.2273/2003 of the European Commission of 22 December 2003,

authorises the Board of Directors, with the authority to further delegate under the conditions provided for by law and in the by-laws of the Company, to permit the Company to repurchase up to 10% of shares that make up its share capital (928,996 shares). It is stated that, in accordance with the provisions of Article L.225-209, paragraph 6 of the Commercial Code, the number of shares purchased by the Company to hold them and eventually trade them or use them as payment as part of a merger, split or capital increase cannot exceed 5% of share capital;

The General Meeting decides that the Board of Directors, with the ability to sub-delegate under the conditions provided for by law, may proceed or cause to proceed to repurchases in order to:

- Boost the market or the liquidity of shares in the Company through an investment services provider using a liquidity contract compliant with the AFEI ethical policy recognised by the AMF,
- Purchase shares to hold them and eventually trade them or use them as payment for potential external growth operations;
- The allocation to employees or representatives of the Company or the Group, under the conditions and in accordance with the methods provided for in the Law, in particular as part of the distribution of the fruits of the growth of the Company, for the share purchase option service as part of the company savings plan, or for the free allocation of shares to employees as a function of their performance in accordance with the provisions of Article L 225-197-1 and subsequent Articles of the Commercial Code,
- Cancel the shares, in the case of the latter, subject to the Extraordinary General Meeting voting for a specific resolution.

The General Meeting decides that:

- The maximum purchase price per unit may not exceed €39,

- The minimum sale price must be at least €15 each,

- The maximum funds the Company may allocate to the operation is €36,230,844.

In case of a capital increase through an incorporation of reserves and an allocation of free shares, or in case of a division or a grouping of shares, the prices specified above will be adjusted using a multiplying coefficient equal to the ratio between the number of shares making up the capital before and after the operation.

Shares may be purchased, sold, or transferred by any means allowed by applicable regulations, either on the market or by amicable settlement, particularly through the purchase or disposal of batches, at any time, including at times of public offerings.

The General Meeting grants full authority to the Board, with the ability to sub-delegate under the conditions provided for by law and by the Company's by-laws, to enter into any deed or agreement, conduct any formality and, more generally, to take any action necessary for the implementation of this resolution.

This authorisation is granted for a period of eighteen (18) months. It cancels and replaces the authorisation that had been granted by the sixth resolution of the Company's General Meeting of 4 May 2007.

7th resolution
(Authority to complete formalities)

The General Meeting, ruling under the quorum and majority conditions required for ordinary general meetings, grants full authority to the bearer of an original copy, a copy, or an extract of this report to conduct all filings and publications required by Law.

Extraordinary resolutions

8th resolution
(Authorisation granted to the Board of Directors to reduce the share capital by cancelling the shares purchased under the share repurchase scheme)

The General Meeting, ruling under the quorum and majority conditions required for extraordinary general meetings, after hearing the reading of the Board's report and the Auditors' special report:

- Authorises the Board of Directors to cancel, at its sole discretion on one or more occasions, within the limits of 10% of the capital, the shares that the Company may hold under Article L. 225-209 of the Commercial Code, as a result of the repurchase conducted under the sixth resolution of this Meeting, and purchases made to date if applicable, and to reduce the share capital accordingly, in accordance with applicable laws and regulations;

- Sets to 18 months, from the date of this meeting, the validity period of this authorisation;

- Grants the Board, with the ability to delegate, full authority to conduct the operations necessary for such cancellations and correlative capital reductions, to amend the Company's by-laws accordingly and conduct all formalities required.

9th resolution
(Delegation of authority granted to the Board of Directors to increase the share capital through the issue of ordinary shares or any marketable securities giving access to the capital with preservation of the pre-emptive right)

The General Meeting, ruling under the quorum and majority conditions required for extraordinary general meetings, after reviewing the Board's report and the Auditors' special report, and in accordance with the provisions of Articles L. 225-129-2, and L. 228-92 of the Commercial Code:

1°) Terminates, with immediate effect, the delegation granted by the Ordinary and Extraordinary General Meeting of 4 May 2007, by the vote on its thirteenth resolution, 2°) delegates to the Board the authority to determine, at its sole discretion, in one or several times, in the proportions and at the times it appreciates, both in France and abroad, in euros or foreign currency or unit of account set by reference to several currencies, the issue, with preservation of the pre-emptive right, of shares, equity securities or marketable securities – including warrants issued in an autonomous manner, on a free of charge or paid-for basis or purchase warrants – giving or likely to give access to the capital or entitling to the allocation of debt securities.

The delegation that is thus granted to the Board of Directors, is valid twenty-six months from the date of this General Meeting.

The issue of preferred shares and the issue of securities or marketable securities giving access to preferred shares, is ruled out.

3°) Decides:

- that the amount of capital increases likely to be completed immediately and/or in the long run, cannot exceed €5,000,000 of face value, plus, if applicable, the additional amount of shares that would have to be issued to preserve, in accordance with the law, the rights of holders of marketable securities entitling them to shares,

- that the face value of debt securities giving access to capital, likely to be issued under this delegation, cannot exceed €100,000,000 or its equivalent in foreign currency on the date of issue

4°) Decides that the shareholders have a pre-emptive right on the securities issued under this resolution that is proportionate with the amount of shares they hold.

5°) Decides that, if the applications made on a non-reducible basis or, if applicable, on a reducible basis, do not absorb the entire issue of shares or marketable securities as defined above, the Board may offer the public all or part of the securities that have not been applied for.

10th resolution
(Delegation of authority granted to the Board of Directors to increase the share capital through the issue of ordinary shares or any marketable securities giving access to the capital with removal of the pre-emptive right)

The General Meeting, ruling under the quorum and majority conditions required for extraordinary general meetings, after reviewing the Board's report and the Auditors' special report, and in accordance with the provisions of Articles L. 225-129-2 and L. 225-135 and L. 228-92 of the Commercial Code:

1°) Terminates, with immediate effect, the delegation granted by the Ordinary and Extraordinary General Meeting of 4 May 2007, by the vote on its fourteenth resolution.

2°) delegates to the Board the authority to determine, at its sole discretion, in one or several times, in the proportions and at the times it appreciates, both in France and abroad, in euros or foreign currency or unit of account set by reference to several currencies, the issue, with removal of the pre-emptive right, of shares, equity securities or marketable securities – including warrants issued in an autonomous manner, on a free of charge or paid-for basis or purchase warrants – giving or likely to give access to the capital or entitling to the allocation of debt securities.

The delegation that is thus granted to the Board of Directors, is valid twenty-six months from the date of this General Meeting.

The issue of preferred shares and the issue of securities or marketable securities giving access to preferred shares, is ruled out.

3°) Decides to remove the shareholders' pre-emptive right on these shares, equity securities, and marketable securities, and to grant to the Board of Directors the authority to institute, to the benefit of the shareholders, a priority right to apply, in accordance with the provisions of Article L 225-135 of the Commercial Code.

4°) Decides:

- that the amount of capital increases likely to be completed immediately and/or in the long run, cannot exceed €5,000,000 of face value, plus, if applicable, the additional amount of shares that would have to be issued to preserve, in accordance with the law, the rights of holders of marketable securities entitling them to shares. The maximum face value of capital increases likely to be conducted under this delegation will be entered against the overall capital increase cap of €5,000,000 set in the ninth resolution,

- that the nominal amount of the marketable securities representative of claims giving access to equity capital, likely to be issued under this delegation, won't exceed €100,000,000 or the equivalent in foreign currency on the issue date, it being specified that the said nominal amount will be recorded against the nominal amount of €100,000,000 set in the ninth resolution,

5°) Decides that the amount perceived or to be perceived by the Company for each of the shares issued or to be issued under the delegation discussed above, after taking into account, if applicable, in the case of the issue of share purchase warrants, the issue price of such warrants, would be at least equal to the weighted average of the prices of the last three market sessions prior to the setting of the same, minus a maximum rebate of 5% if applicable, in accordance with the provisions of Article 225-119 as amended of the Commercial Code.

11th resolution
(Increase in the number of shares, securities, or marketable securities to be issued in case of a capital increase with or without pre-emptive right)

The General Meeting, ruling under the quorum and majority conditions required for extraordinary general meetings, after reviewing the Board's report, authorises the Board, in accordance with the provisions of Article L. 225-135-1 of the Commercial Code, for a period of twenty-six (26) months from the date of this General Meeting, to increase, at its sole discretion, within the limits of the overall cap set under the ninth resolution, the number of shares, securities, and marketable securities to be issued in case of a capital increase of the Company, with or without pre-emptive rights for shareholders, within thirty (30) days of the closing of applications for the initial offering, within the limits of 15% of the initial issue, and at the price set for the initial issue, in accordance with the provisions of article R.2256118 of the Commercial Code or any other applicable provision.

The meeting certifies that the limit provided for in paragraph 1 of I of Article L. 225-134 of the Commercial Code will be increased by the same proportions, and states that this authorisation will supersede any prior authorisation granted regarding the same issue.

12th resolution
(Delegation regarding the issue of miscellaneous shares, securities, or marketable securities intended to remunerate contributions in kind granted to the Company)

The General Meeting, ruling under the quorum and majority conditions required for extraordinary general meetings, after reviewing the Board's report in the context of Article L. 225-147, paragraph 6, of the Commercial Code,

Delegates, for a period of twenty-six (26) months from the date of this General Meeting, to the Board of Directors, the authority necessary to issue shares, securities, and miscellaneous marketable securities giving or likely to give access to the Company's equity, within the limits of 10% of the share capital, at the time of issue, in order to remunerate the contributions in kind granted to the Company, and made up of shares or marketable securities giving access to capital, whenever the provisions of Article L. 225-148 of the Commercial Code, do not apply. The meeting points out that, in accordance with law, the Board of Directors then rules on the contribution auditors' report mentioned in Article L. 225-147 of the Commercial Code.

The delegation mentioned above will cancel the effects of any previous delegation regarding the same issue.

In any event, the amount of capital increases carried out under this resolution is recorded against the overall cap provided for by the ninth resolution.

The General Meeting grants full authority to the Board of Directors, in particular to approve the assessment of contributions, determine the resulting capital increase, acknowledge its completion, draw from the contribution premium the amounts necessary to bring the legal reserve to a tenth of the new capital after each increase, and amend the by-laws.

13th resolution
(Delegation of powers to decide on a capital increase via the incorporation of reserves, profits or premiums)

The General Meeting, after reviewing the report by the Board of Directors, ruling under the provisions of Articles L. 225-129, L. 225-129-2, and L. 225-130 of the Commercial code, under the conditions of quorum required for Extraordinary General Meetings:

1°) Delegates its powers to the Board of Directors, for a period of twenty-six (26) months from the date of this meeting, to decide to increase the share capital, at its sole discretion, in one or several times, at the times it determines, through the incorporation of reserves, profits and premiums into the capital, followed by the creation and free allocation of equity shares or the increase of the face value of existing equity shares, or a combination of both methods;

2°) Decides that the fractional rights will be neither marketable, nor disposable, and that the corresponding securities will be sold, and that the proceeds of the sale will be allocated to the holders of rights, within a timeframe set by a Decree of the Council of State;

3°) Decides that the amount of the capital increase likely to be thus conducted, plus the amount necessary to preserve, in accordance with the law, the rights of holders of marketable securities entitling them to shares and regardless of the cap set by the thirteenth resolution, may not exceed the amount of reserves, premiums, and profits specified above, which exist at the time of the capital increase.

4°) Grants the Board, with the ability to sub-delegate under the conditions set out by law and the Company's by-laws, full authority to implement this resolution and ensure its success;

5°) Acknowledges the fact that this delegation cancels and overrides any previous delegation regarding the same issue.

14th resolution
(Delegation of authority to increase the share capital to the benefit of the Group's employees)

The General Meeting, ruling under the quorum and majority conditions required for extraordinary general meetings, after reviewing the Board's report and the Auditors' special report, acknowledging the provisions of Article L. 443-5 as amended of the Labour Code, and ruling in accordance with the provisions of Articles L. 225-129-2 and L. 225-129-6 and L. 225-138-1 of the Commercial Code:

- delegates to the Board of Directors its authority to proceed, if it deems opportune, to a capital increase, in one or several times, within the proportions and at the times it appreciates, within twenty-six months from the date of this Meeting, and within the limits of a total number of shares representing 3% of the share capital on the date of the Board's decision, through the issue of ordinary shares or marketable securities giving access, by all means, immediately and/or in the long-run, to ordinary shares of the Company and, if applicable, through the allocation of free shares,
- decides that this delegation removes the shareholders' pre-emptive right on new shares and other securities to be issued to the benefit of the employees of the Company and/or companies related to the Company in the sense of the provisions of Article L. 225-180 of the Commercial Code which are, if applicable, holders of a Group Corporate Savings Plan (or any Mutual Fund to be set up, of which such employees would be shareholders),
- regarding the subscription price to be issued, decides to set the discount to 20% as compared to the average of quoted prices for the shares of the Company on Euronext Paris S.A.'s Eurolist market during the twenty market days preceding the day of the decision setting the subscription start date. However, the General Meeting explicitly authorises the Board of Directors to reduce the aforementioned rebate if it deems necessary.

The General Meeting grants full power to the Board of Directors, with the ability to sub-delegate under the conditions provided for by law, to:

- set a list of beneficiaries and the number of shares allocated to each one of them;
- set the date and terms of the issues that will be conducted under this delegation, in accordance with legal and statutory provisions, and in particular, determine the purchase price in compliance with the above-mentioned rules, set the application opening and closing dates, the due dates, and the share issue timeframes;
- confirm the completion of the capital increases up to the amount of shares that will be actually applied for;
- accomplish all operations and formalities, either directly or via a proxy;
- amend the by-laws in accordance with the share capital increases;
- And generally do anything that is useful or necessary for the final completion of the capital increase or successive capital increases.

15th resolution
(Authority to complete formalities)

The General Meeting, ruling under the quorum and majority conditions required for extraordinary general meetings, grants full authority to the bearer of an original copy, a copy, or an extract of this report to conduct all filings and publications required by Law.

26.4 Special report prepared in accordance with Article L.225-209 paragraph 2 of the Commercial Code

ORDINARY AND EXTRAORDINARY GENERAL SHAREHOLDERS' MEETING OF 29 APRIL 2008

Dear Shareholders,

In accordance with Article L.225-209 paragraph 2 of the Commercial Code, the purpose of this report is to inform you of share purchase operations to have taken place within our Company.

This report also includes all information to be included in the description of the share repurchase programme and referred to in Article 241-2 of the General Regulations of the AMF, as amended on 30 December 2005.

First and foremost, we will therefore prepare the report on the previous share repurchase programme authorised by the General Meeting of 4 May 2007 and present to you the main characteristics of the new share repurchase programme that we will submit for your approval at the General Meeting of 29 April 2008.

1- REPORT ON THE PREVIOUS PROGRAMME

The Ordinary and Extraordinary General Meeting of 4 May 2007 of SWORD GROUP had authorised the Board of Directors, for a period of 18 months as of the said meeting, i.e. up until 3 November 2007, to implement a share repurchase programme, in accordance with the provisions described in its sixth resolution.

Statement by the issuer of the operations conducted on own shares dated 1 February 2007 (date of establishment of the previous balance sheet) up until 31 January 2008

Percentage of own equity capital held, either directly or indirectly (as at 31 January 2008)	0%
Number of shares cancelled in the past 24 months	0
Number of shares held in portfolio (as at 31 January 2008)	0
Portfolio book value as at 31 January 2008	€0
Market value of the portfolio as at 31 January 2007	€0

	Cumulative gross flows		Positions open as at 31 January 2008	
	Purchases	Sales	For purchase	For sale
Number of shares	36,331	39,243	None	None
Maximum average duration	None	None	None	None
Median price	41.08	€40.98	None	None
Average price for the financial year	None	None	None	None
Amounts	1,472,827	€1,592,504	None	None

SWORD GROUP did not use income from this share repurchase programme.

At 31 January 2007, SWORD GROUP held no treasury shares.

2- MAIN CHARACTERISTICS OF THE NEW SHARE REPURCHASE PROGRAMME SUBJECT TO THE ORDINARY AND EXTRAORDINARY GENERAL MEETING OF 29 APRIL 2008

Given the performance of shares in the Company, we propose that the authorisation granted by the General Meeting of 4 May 2007 be cancelled and that it be replaced with a new share repurchase programme with the following characteristics:

Issuer
SWORD GROUP, listed on Euronext Paris (ISIN code: FR0004180578), Compartment B.

SWORD GROUP is listed on the following indices: SBF 250 and IT CAC.

Share repurchase programme

- Maximum proportion of share capital than can be purchased: 10% of the capital, i.e. a maximum of 928,996 shares. It being pointed out that, in accordance with the provisions of article L.225-209 paragraph 6 of the Commercial Code, the number of shares acquired by the Company to keep them and use them eventually as payment or exchange for a merger, split, or contribution, may not exceed 5% of the issued capital;

- Maximum purchase price per share: €39

- Minimum sale price per share: €15

- Supposing that the Company repurchases 928,996 shares, total funds allocated to the share repurchase programme will be €36,230,844.

- Objectives in decreasing order of importance:

  - Boost the market or the liquidity of shares in the Company through an investment services provider using a liquidity contract compliant with the AFEI ethical policy recognised by the AMF,

  - Purchase shares to hold them and eventually trade them or use them as payment for potential external growth operations;

- The allocation to employees or representatives of the Company or the Group, under the conditions and in accordance with the methods provided for in the Law, in particular as part of the distribution of the fruits of the growth of the Company, for the share purchase option service as part of the company savings plan, or for the free allocation of shares to employees as a function of their performance in accordance with the provisions of Article L 225-197-1 and subsequent Articles of the Commercial Code;

- the cancellation of the shares, subject, in the latter case, to the vote by the Extraordinary General Meeting of 29 April 2008 in favour of the eighth resolution.

- Duration of the programme: 18 months, starting on the date of the Ordinary and Extraordinary General Meeting of 29 April 2008, i.e. until 29 October 2009.

3- LEGAL FRAMEWORK OF THE NEW SHARE REPURCHASE PROGRAMME SUBJECT TO THE ORDINARY AND EXTRAORDINARY GENERAL MEETING OF 29 APRIL 2008

The share repurchase programme will be subjected to the authorisation of the Extraordinary and Ordinary General Meeting of Shareholders of 29 April 2008 through the voting for the following resolutions (sixth and eighth resolutions):

6th resolution
(Permission to be given regarding a new programme under which the Company would repurchase its own shares)

The General Meeting, ruling under quorum and majority conditions required for general ordinary meetings and having learnt of the Board of Directors' report and the special report aimed at Article L.225-209 of the Commercial Code, in accordance with the provisions of Article L. 225-209 et seq. of the Commercial Code and Rule Nr.2273/2003 of the European Commission of 22 December 2003,

authorises the Board of Directors, with the authority to further delegate under the conditions provided for by law and in the by-laws of the Company, to permit the Company to repurchase up to 10% of shares that make up its share capital (928,996 shares). It is stated that, in accordance with the provisions of Article L.225-209, paragraph 6 of the Commercial Code, the number of shares purchased by the Company to hold them and eventually trade them or use them as payment as part of a merger, split or capital increase cannot exceed 5% of share capital;

The General Meeting decides that the Board of Directors, with the ability to sub-delegate under the conditions provided for by law, may proceed or cause to proceed to repurchases in order to:

- Boost the market or the liquidity of shares in the Company through an investment services provider using a liquidity contract compliant with the AFEI ethical policy recognised by the AMF,
- Purchase shares to hold them and eventually trade them or use them as payment for potential external growth operations;
- The allocation to employees or representatives of the Company or the Group, under the conditions and in accordance with the methods provided for in the Law, in particular as part of the distribution of the fruits of the growth of the Company, for the share purchase option service as part of the company savings plan, or for the free allocation of shares to employees as a function of their performance in accordance with the provisions of Article L 225-197-1 and subsequent Articles of the Commercial Code,
- Cancel the shares, in the case of the latter, subject to the Extraordinary General Meeting voting for a specific resolution.

The General Meeting decides that:

- The maximum purchase price per unit may not exceed €39,
- The minimum sale price must be at least €15 each,
- The maximum funds the Company may allocate to the operation is €36,230,844.

In case of a capital increase through an incorporation of reserves and an allocation of free shares, or in case of a division or a grouping of shares, the prices specified above will be adjusted using a multiplying coefficient equal to the ratio between the number of shares making up the capital before and after the operation.

Shares may be purchased, sold, or transferred by any means allowed by applicable regulations, either on the market or by amicable settlement, particularly through the purchase or disposal of batches, at any time, including at times of public offerings.

The General Meeting grants full authority to the Board, with the ability to sub-delegate under the conditions provided for by law and by the Company's by-laws, to enter into any deed or agreement, conduct any formality and, more generally, to take any action necessary for the implementation of this resolution.

This authorisation is granted for a period of eighteen (18) months. It cancels and replaces the authorisation that had been granted by the sixth resolution of the Company's General Meeting of 4 May 2007.

8th resolution
(Authorisation granted to the Board of Directors to reduce the share capital by cancelling the shares purchased under the share repurchase scheme)

The General Meeting, ruling under the quorum and majority conditions required for extraordinary general meetings, after hearing the reading of the Board's report and the Auditors' special report:

- Authorises the Board of Directors to cancel, at its sole discretion on one or more occasions, within the limits of 10% of the capital, the shares that the Company may hold under Article L. 225-209 of the Commercial Code, as a result of the repurchase conducted under the sixth resolution of this Meeting, and purchases made to date if applicable, and to reduce the share capital accordingly, in accordance with applicable laws and regulations;
- Sets to 18 months, from the date of this meeting, the validity period of this authorisation;
- Grants the Board, with the ability to delegate, full authority to conduct the operations necessary for such cancellations and correlative capital reductions, to amend the Company's by-laws accordingly and conduct all formalities required.

4- Recent events

The reference document will be filed with the AMF at the beginning of February 2008.
The turnover for the fourth quarter of 2007 was published in the 23 January 2007 edition of "La Tribune" and the 1 February 2008 edition of BALO.
The annual financial statements closed 31 December 2007 were covered by a press release in "La Tribune" and a SFAF meeting on 13 March 2008.

Jacques Mottard
Chairman and CEO

26.5 List of press releases published in 2007 and 2008

23/01/07: Q4 2006 sales

14/02/07: 2007 annual financial statements

02/03/07: Summary of the capital increase prospectus

19/03/07: 30 April 2007 General Meeting of Shareholders' notice

11/04/07: Announcement of the acquisition of Nextech and Achiever and of the purchase of stakes in Lyodssoft

13/04/07: Date of General Meeting moved to 4 May 2007

17/04/07: Q1 2007 sales

18/07/07: Q2 2007 sales

24/07/07: Announcement of the acquisition of Apak

06/09/07: 2007 half-yearly statements

18/10/07: Q3 2007 sales

26/12/07: Announcement of the acquisition of CTSpace

23/01/08: Q4 2007 sales

13/03/08: 2007 annual financial statements

26.6 Auditors' fees

In €	Deloitte & Associés				Cap Conseil (2006 only)				SAFICI (as of 2007)				Other auditors (1)	
	Amount		%		Amount		%		Montant		%		Montant	%
	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2007	2007
Audit:														
· Auditing, certification, review of individual and consolidated statements:														
SWORD GROUP	56 640	73 500	30%	27%	34 810	0	100%		0	40 000		100%	0	0%
FULLY CONSOLIDATED SUBSIDIARIES	112 966	122 750	59%	45%	0	0	0%		0	0		0%	320 242	80%
· Other due diligence and services directly related to the auditors' assignment:														
SWORD GROUP	15 500	69 380	8%	25%	0	0	0%		0	0		0%	0	0%
FULLY CONSOLIDATED SUBSIDIARIES	2 900	2 000	2%	1%	0	0	0%		0	0		0%	39 224	10%
Total	**188 006**	**267 630**	**99%**	**98%**	**34 810**	**0**	**100%**		**0**	**40 000**		**100%**	**359 466**	**90%**
Other services performed by the networks for fully consolidated subsidiaries:														
· Legal, fiscal, social	515	6 718	0%	2%	0	0	0%		0	0		0%	40 536	10%
· Other	1 631	0	1%	0%	0	0	0%		0	0		0%	0	0%
Subtotal other services	**2 146**	**6 718**	**1%**	**2%**	**0**	**0**	**0%**		**0**	**0**		**0%**	**40 536**	**10%**
Total	**190 151**	**274 348**	**100%**	**100%**	**34 810**	**0**	**100%**		**0**	**40 000**		**100%**	**400 003**	**100%**

(1) Other auditors not members of the networks of the college of auditors of SWORD GROUP.

Comments:
1. 2006: information taken from the Reference Document for the year ended 31/12/2006.
2. 2007: French companies: amount of the 2007 mission letters + exceptional assignments if applicable

26.7 Glossary

Developed term	Abbreviation	Meaning
Customer Relationship Management		Strategy and organisation designed to strengthen relations and technologies with a company's customers.
Data-mining		Data-mining tools make it possible to select a certain quantity of data for the user.
E-learning	E-learning	Computer-aided training system that makes use of the Internet.
e-procurement		Procurement through electronic channels (Internet).
Enterprise Resource Planning	ERP	Integrated management software package that manages one or more of a company’s various functions (accounting, production, procurement, etc.)
Electronic Document Management	EDM	Storing, managing, updating, using and circulating all types of digitised document within the company.
Internet		Global network based on a set of interconnected networks and which uses a type of technology that allows users to communicate and exchange data, multimedia information and files.
Intranet		Internal company network that uses Internet technology.
Marketplace		Virtual meeting place for customers and suppliers.
Portal		Website that contains links to other sites organised into themes, as well as various services (weather reports, news, directories, etc.).
Geographical Information System	GIS	System that allows a cartographic dimension to be incorporated into information systems.
Straight-Through Processing	STP	Automatic repair/rebuilding of messages (SWIFT or other formats).
Supply Chain Management		Automation of the company’s supply chain through the use of specialist software and the Internet.
Swift	Swift	Global inter-bank payment network.
Third party maintenance or application management	TMA	Full support of an entire functional area of a company's information system.
Web Content Management	WCM	Expertise to manage and develop multilingual IT systems, in all existing forms: paper, CD-ROM, websites.
World Wide Web	WEB	Multimedia part of the Internet, composed of a number of sites that are interconnected via hyperlinks.
Web to Host		A technique that allows an architecture to be set up that allows users to access central sites thanks to a browser (browser: an application that enables users to browse from one page to another on the Web).
Workflow		Computerisation of business processes that takes into account the various different flows.