FINANCIAL REPORT
ANNUAL REPORT

Sword Group 2008

AUTORITÉ DES MARCHÉS FINANCIERS

In accordance with Article 212-13 of its general rules, this annual report has been filed with the AMF (the French market authority) on 2009 April 3rd under number D.09-191.

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

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 2007 contained in the annual report filed with the AMF (the French market authority) on 11 April 2008 under Nr. D.08-231.

- The Board of Directors' management report, the consolidated financial statements, the annual statements, the consolidated Auditors' report regarding the financial year ended December 31, 2006 contained in the annual report filed with the AMF (the French market authority) on February 12, 2007 under Nr. D.07-088.

The other information appearing in the two reference documents mentioned above has been replaced and/or updated by information provided in the present document, where applicable, and has not been incorporated by reference in this reference document.

The two aforementioned financial reports are available on the company's website, at www.Sword-Group.com.

This document is available upon request at the head office of the company or on the French AMF's website at www.amf-france.org or on the Company's website at www.sword-Group.com

SUMMARY

This financial report includes the annual report:

I – Persons in charge

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

Mr. 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 the best of my knowledge, the accounts have been drawn up in accordance with the relevant accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the companies included therein taken as a whole, and the annual report on the page 158 gives a true and fair view of the development of business, the profit or loss of the companies included therein taken as a whole together with a description of the principal risks and uncertainties that it faces.

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, April 2, 2009
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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II – 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.
Date renewed: May 4,2007
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 December 31, 2012.

(2) Société d'Audit Financier et de contrôle Interne (SAFICI)
Head Office: 11, rue Auguste Lacroix, 69003 Lyon.
Date of appointment: May 4, 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 December 31, 2012.

2.1.2 Substitute auditors

(1) BEAS
Head Office: 7/9, Villa Houssay, 92200 Neuilly-sur-Seine.
Date renewed: May 4,2007
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 December 31, 2012.

(2) Ms. Elisabeth Baylot
Address: 11 Montée Reine-Victoria, 73100 Tresserve.
Date of appointment: May 4, 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 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 the Cabinet Cap-Conseil Co-commissaire holder and Mr. Paul Mollin, alternate Co-Auditor, were not renewed when their mandate expired after the fiscal year ended on 31/12/2006.

III – Selected financial information

3.1 Annual selected historic financial information

Consolidated annual financial statements:

In €'000	At 31/12/2008	At 31/12/2007	At 31/12/2006
Sales revenue	205,730	179,045	142,005
Current operating profit	37,031	29,339	22,222
Consolidated net profit	21,340	18,911	15,748
Non-current assets	188,816	175,752	131,215
Cash and cash equivalents	19,145	26,875	9,836
Consolidated shareholders' equity	124,556	149,280	82,775
Total balance sheet	306,457	287,590	210,180

Annual financial statements:

In €'000	At 31/12/2008	At 31/12/2007	At 31/12/2006
Sales revenue	3,246	3,849	3,422
Operating profit	166	1,236	1,424
Net income	-6,185	41,228	5,208
Fixed assets	99,629	106,207	114,090
Cash	1,706	282	339
Equity capital	146,908	158,016	57,035
Total balance sheet	271,608	217,863	129,106

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 2008, if we consider the "Solutions" (services) and "Software" (products) divisions' portion of fixed price services, the services portion with commitment to results is superior at 80%.

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.
"Software's" activity contains limited risk because the Sword strategy is based on the progress of existing products and not on the creation from scratch of new products.

The Sword Group's industrial methodological approach makes it possible to guarantee that commitments to results, costs and deadlines are respected. This approach is based on the ISOPRO quality assurance system and is characterized by the following:

- Its compliance with the ISO 9001 standard,
- Strong commitment of Sword's Senior Management,
- Daily involvement of all engineers during project execution.

For Sword Group, a project's quality assurance is not limited to writing the Quality Assurance Plan; it is its perfect assimilation by the different contributors to the project and the quality follow-up that make it effective. During the project, different people intercede and have to act in a manner that contributes to the end product's quality.
Application of Quality Assurance to a project allows:

- Through formalization of the project's priority objectives,
- Through the implementation of rules and the means used to reach them,
- Through the implementation of rules and the means used to control them,

to properly target the actions required for the project and thus increase the effectiveness and level of the service provided.
However, obtaining a quality product is the result of work performed by a whole team. Quality Assurance channels the actions lead by all the contributors to a project in order to secure it and obtain the level of quality desired. Nevertheless, it does not replace the skills and motivation of each one, which are the basic elements required to develop a quality product.

As at December 31, 2008, the backlog was equal in total to 20.9 months of budgeted sales revenue for 2009.

Naturally, part of this sales revenue relates to years subsequent to 2009.
The part of sales revenue for 2009 represents 9.9 months of sales revenue in comparison with the sales revenue budgeted for 2009.

Each project is followed up monthly. In 2008, the difference between days gained and days lost compared with initial estimates for the cost of projects is positive, 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 recognized as earnings).

Generally, billing for components is a major element of safety in Sword Group's quoting policy, given that the resulting turnover 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 2008, the backlog (*) stood at 9.9 months' sales revenue budgeted for 2009, exclusive of external growth, for the coming 12 months, and at 20.9 months in total.

(*) Backlog includes weighted “signed + probable + 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.

4.1.4 Risks related to the crisis

We consider that the crisis will affect IT companies in very diverse manners.

First, with regard to exposure to the crisis by position type, we can classify the different positions, from the most exposed to the least exposed, as follows:

- Staffing/staff seconding
- Fixed-price projects
- Systems integration
- Sale of products
- On-demand products (ASP, SaaS)

It turns out that Sword Group is active mainly in the last three occupations, and thus less exposed to the crisis than its competitors, according to this analysis.

In terms of markets and contract styles, Sword Group has always favored:

- Stable markets such as governments, the European Union, the United Nations
- Recurrent models and stable order book generators, such as:
    * on-demand models (ASP, SaaS, location)
    * large framework agreements
- The hi-tech niches guarantors of our specificity, such as software components (detection of leaks, SIG, airport management, etc.)
- Products with strong value added and leaders in their market (Anti-Money Laundering, Risk Management, etc.)

Finally, in such a period, the first priority is maintenance, if not increasing profitability, which has been objective number 1 of the Group for the past year.

4.2 Liquidity risk

Characteristic	Fixed or variable rate	Amount		Maturity date	Loan secured?
		Unused	Used		
Drawing right	Floating rate (euribor for the drawing period +1%) Commitment fee 0.25%	2,000	0	29/08/2010	No
Drawing right	Floating rate (euribor 3 months + 1%) Commitment commission 0.10%	7,500	0	09/10/2011 IN FINE	No
Drawing right	Floating rate (euribor for the drawing period +0.7%) Commitment fee 0.20%	16,000	0	31/07/2010 Reduction of €8M /annum commencing 08/07/2007	No
Drawing right	Floating rate (euribor for the drawing period +1%) Commitment fee 0.25%	5,400	4,600	31/12/2011 IN FINE	No
Drawing right	Floating rate (euribor for the drawing period +0.7%) commitment fee 0.10%	1,200	13,800	01/07/2011 IN FINE	No
Drawing right	Floating rate (euribor 3 months +0.7%) Non-use commission of	0	3,750	03/11/2011 reduction of €1,25M/annum commencing 03/11/2008	No
Drawing right	R1 or applicable lever / margin ratio ≤ 3.7 and > 3.5 => 0.70% ≤ 3.5 and > 2.8 => 0.65% ≤ 2.8 and > 2.2 => 0.60% ≤ 2.2 => 0.55% Non-use commission of 0.10%	0	40,000	02/05/2015 reduction of €4M/half-year commencing 2010	No
Drawing right	ratio /margin <2.5 => 0.50% ≥2.5 and ≤ 3 => 0.60% > 3 => 0.70% Non-use commission of 0.10%	0	20,000	02/04/2012 firm and possible extension of 2 times 1 year	No
Drawing right*	margin on Euribor ≤1.5 => 80 bp >1.5 and ≤ 2.5 => 100 bp >2.5 and ≤ 2.5 => 130 bp Non-use commission of 0.30%	12,000	0	01/01/2014 reduction of €2M/half-year commencing 01/07/2011	No
Drawing right	Floating rate (euribor 3 months +0.45%) Non-use commission of 0.20%	0	15,000	30/09/2013 reduction of €5M on 01/10/2011 and 01/10/2012	No

* drawing right signed in 2009

Promissory note drawing rights: complement see Note 20 of the appendix to consolidated statements.
Acceleration on default clauses: see Note 15 of the appendix to consolidated statements.

4.3 Market risks

4.3.1 Currency risk

See Note 21 of the appendix to consolidated statements.

4.3.2 Interest rate risks

See Note 21 of the appendix to consolidated statements.

4.3.3 Share risks

Assessment of the portfolio

Marketable securities

Marketable securities are valued according to their acquisition cost. At closing, capital gains or losses are noted with the bank documents. If there is a loss, a provision is recorded.

Own shares

The company can be led to owning its own shares within the share repurchase program authorized by the General Meeting on May 4, 2007, redeemable at 10% of its share capital. The objectives of share ownership provided by this program are as follows:

- Leading the market or liquidity within the framework of a liquidity contract entered into with certified provider,
- Purchase for exchange or payment within the framework of external growth operations,
- Allocation to employees,
- Cancellation of shares.

Sword Group held no own shares on 31/12/2008.

Share risk tracking and management

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

Among its long-term investments (available for sale), Sword Group has equity interest in the following companies:

- 3.06% of the capital of the company quoted as SBT for an amount of €131K (market value) on December 31, 2008; this company specializes in developing software in the field of speech therapy,
- 9% of the capital of Lyodssoft for an amount of €1,046K (book value), depreciated at 100% on December 31, 2008; this company is based in Hong Kong and distributes the Group's products in China,
- 5% of the capital of LOG & PI Consulting for an amount of €263K (book value including open account), depreciated at €113K on December 31, 2008.

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 December 31, 2008, 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 which enable this know-how to not be lost should a particular employee leave.

With regard to management, this team is comprised of

- A Corporate Management Committee (CMC):
  * an Executive Chairman
  * a Chief Executive Officer
  * a Chief Financial Officer

- 3 Chief Operational Officers (COO):
  * one responsible for "Software's" activity
  * one responsible for "Solutions'" activity in Anglo-Saxon countries
  * one in charge of "Solutions'" activity in French-speaking countries

- An Operations Committee comprised of the CMC, the 3 COOs and 5 Directors of Operations in charge of managing the Business Units.

  Each Director of Operations is simultaneously a BU Director and there are 38 BU Directors in addition.

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:
- Operation: 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:
- buildings
- for the vehicle fleet
- for IT equipment

Deductibles:

in €M	Civil and professional liability	Multi-risk
2008	Excess 0.15	Excess 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 stood in consolidated accounts at €83,000 on December 31, 2008.

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 SE".

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 6420 Z.

5.1.3 Company inception date and lifetime

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

On January 30, 2009, the special meeting of shareholders of Sword Group SE decided to transform the company into a European Company (SE). A Board of Directors held at the end of this meeting noted the permanent transformation of Sword Group into a European Company.

5.1.4 Company head office, legal form, and governing law

The Company is a European Company whose Board of Directors is regulated by the provisions of Council Regulation (SE) n°2157/2001 dating October 8, 2001 relating to the European Company's status by the provisions of Council Directive n°2001/86/CE dating October 8, 2001, and by the provisions of Articles L221-1 and following of the Commercial Code.

The head office is located 9, avenue Charles de Gaulle - 69771 Saint-Didier-au-Mont-d'Or Cedex.
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

Inception of Sword SA in November 2000

Sword was created in December 2000 from the acquisition of Decan, conducted as follows:

• The Decan Group sold Sword SA its 81.33% stake in FircoSoft (and its American subsidiary, Fircosoft Inc.), which specializes 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 specializing 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, organizations specializing in electronic document management (EDM) and geographical information systems (GIS) and SWP (trademark and patent management).

The acquisition of subsidiaries and businesses 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 April 1, 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, specializes in electronic banking and logistics.

2002: IPO and acquisition of TEXT SOLUTIONS and CRONOS TECHNOLOGIES

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

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

On December 1, 2002, Sword acquired the company Cronos Technologies, renamed Sword Technologies, which is based in Luxembourg and Brussels and specializes in data management.

2003: acquisition of Zen & Art and FI System Belgium

On December 3, 2003, Sword acquired the "professional services" activities of Zen & Art, based in New York, which specializes in handling major banking accounts.

On December 15, 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 specializes in Web Content Management (WCM).

2004: acquisition of Global and Cimage

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

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

2005: Acquisition of Pragma, Harvard, Linkvest, Sword Lebanon and Intech

On April 6, 2005, Sword acquired Pragma et Harvard

- Pragma, a company based in Aberdeen (Scotland). The Company, which specializes 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 specializes in organizational consulting with banking and financial institutions, is fully complementary with Sword DDS, the Sword subsidiary that specializes in change management and organizational consulting.

On July 28, 2005, Sword acquired Linkvest, a company based in Lausanne (Switzerland). The Company, which specializes 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 October 1, 2005, Sword acquired Sword Lebanon, a company based in Beirut, which specializes in offshore development for French-speaking countries. This base complements our Chennai, India operation, which is more focused on British projects.

On November 30, 2005, Sword acquired Intech, a company based in London. The Company, which specializes 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 January 26, 2006, Sword acquired 10% of the share capital 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 June 29, 2006, Sword acquired Stellon, a company based in Lausanne (Switzerland), that specializes 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 November 17, 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 – inception of Sword Integra and disposal of 2 subsidiaries

On February 14th, Sword Group acquired 3% of the shares of Lyodssoft.
Lyodssoft is a company based in Hong Kong, in charge of reselling the Group's products in China.

On March 28th, Nextech, a leading products company in Brazil, joined the Sword Group.
Nextech is based in Belo Horizonte, Brazil, and employs 28 people
Through this acquisition the Group completes the strategy it started to adopt in 2006 by ensuring its position in emerging countries.

On April 5th, Achiever, a leading products company in the UK, became a member of the Sword Group. Achiever is based in Alton, UK and employs 25 people.

On July 20th, Apak, a major player in the field of asset management products, became a member of the Sword Group.
Apak is based in Bristol and employs 110 people. Apak manages a site in Dubai that targets the Middle East market.

November 7th, acquisition of Powersoft, a company based in Switzerland that specializes in Geographic Information Systems.

November 10th, disposal of the Gent, Belgium, subsidiary, Sword Security.

On November 20th, acquisition of an additional 3% of the shares of Lyodssoft. Sword Group thus rose its holdings to 6%.

November 23rd, disposal of a Belgian subsidiary specializing in staffing, Sword Services.

On November 30, 2007, Sword UK acquired 100% of the capital of British company Blue Tangent. On the same date, Sword UK absorbed Blue Tangent. This entity, specializing in documentum technology, achieves approximately €0.4M in sales per year.

On December 20, acquisition of CTSPace, international product company operating on a “SaaS” model. ace, whose head office is based in San Francisco, is also based in the UK, France, Germany and Austria. This company, which specializes in GRC Management, markets products designed for the management of large projects for the petroleum market and the civil engineering market.

At the end of 2007, Sword IPR was established in Wales to receive the New information technology Center founded in partnership with the Welsh Assembly Government and stands to receive a subsidy of £3.6M.

On December 31, Sword Integra was created to resume the Belgian public and private market-related activities of Sword Technologies (Belgium + Luxembourg).

2008: acquisition of Ciboodle (Ex Graham Technology); inception of Sword Energy Ltd and Sword Banking Solutions Ltd ; Disposal of Sword South Africa; internal restructuring.

On January 1, 2008, two new companies were created: Sword Energy Ltd and Sword Banking Solutions Ltd, both based in Brentford (UK).

On January 1, 2008, Sword Services (ex Linkvest), Sword Consulting (ex Stellon), Powersoft and Sword Suisse, all based in Switzerland, merged. This operation had no effect on the consolidated accounts.

In February 2008, Sword South Africa was sold. This company contributed 80K€ to consolidated sales for 2008 and €42K to current operating income.

On March 31, 2008, Sword Soft acquired Ciboodle (formerly Graham Technology), a company governed by Scottish law and based in Glasgow, Scotland. This CRM (Compliance & Risk Management) products company is active in a dozen countries and is the leader of CRM for call center management.

On September 30, 2008, UK companies Sword UK and Harvard merged. This operation had no effect on the consolidated statements.

On November 6, 2008, Sword SAS was sold to Sword SA.

On December 24, 2008, Sword Group sold all of its shares in Sword Technologies to FI System Belgium, as well as all of its shares held in Sword Integra to Sword Technologies.

On December 30, 2008, Sword SA merged with Sword SAS and Sword Solutions.

5.2 Investments

5.2.1 Main investments completed during the period 2006 to 2009

Investments are detailed in the table below:

By type of investment (excluding financial and intangible investments)

In €'000	31/12/2006	31/12/2007	31/12/2008	31/12/2009 (budget)
Buildings	-	16	-	-
Transport equipment	124	132	110	130
Installations, fixtures	674	327	464	500
Office and IT equipment	917	1,829	2,249	2,500
Office furnishings	201	1,199	665	750
Total	**1,916**	**3,503**	**3,488**	**3,880**

By activity

Solutions (Services)	1,536	1,873	1,760	1,800
Software (Products)	380	1,630	1,728	2,080
Total	**1,916**	**3,503**	**3,488**	**3,880**

By geographic area

France	487	617	549	600
UK	1,031	1,977	2,449	2,700
Benelux	221	459	156	180
Other	177	450	334	400
Total	**1,916**	**3,503**	**3,488**	**3,880**

Acquisitions completed until 31/12/2008

In €'000	Date	Purchase price (1)	Goodwill and business goodwill
Sword SA	01/11/00	-	8,363
FircoSoft	01/11/00	8,119	4,664
Sword DDS France	01/07/01	242	-
Sword Création Informatique	01/11/00	107	-
Sword INC	01/11/00	2,561	2,268
Sword Suisse	01/04/01	290	41
Sword UK	01/04/01	3,418	1,114
Sword ECM	01/04/02	4,104	4,075
Sword Technologies	01/12/02	11,793	10,841
Zen & Art (business)	01/12/03	3,067	2,973
Tipik (Ex ASCII) / FI System	01/01/04	3,000	4,214
Global Software Services	01/04/04	2,498	1,553
Cimage	15/07/04	5,696	928
Pragma	06/04/05	12,695	7,799
Harvard	06/04/05	1,283	487
Sword Services (formerly Sword Linkvest)	28/07/05	5,749	5,431
Sword Lebanon	01/10/05	18	-
Intech	30/11/05	30,082	24,783
Sword SAS	02/01/06	633	283
Sword Atlantique	17/01/06	443	473
Sword Consulting (formerly Stellon)	28/06/06	2,986	2,875

Sword BTS (formerly Real Time Engineering)	17/11/06	19,383	12,817
Nextech	28/03/07	4,934	4,461
Achiever	05/04/07	4,405	4,169
Apak	20/07/07	28,284	15,162
Powersoft	07/11/07	2,260	2,643
CTSpace	20/12/07	8,125	18,918
Ciboodle (Ex Graham Technology)	31/03/08	47,316	36,556
Total		**213,491**	**177,892**

(1) The acquisition price includes price complements.

5.2.2 Investments under way

None.

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 an international company specializing in the delivery of software and services to highly-regulated industries.

A global leader in the delivery of GRC Management solutions, Sword has accelerated its efforts to become a major player among companies operating according to an SaaS (Software as a Service) model.

The company has the skills and knowledge to support its clients across the energy, transportation, health, insurance, banking, telecommunications and international and government sectors.

Present in 20 countries, Sword employs over 2,000 people. Over the past year, it achieved €205.7M in consolidated sales.

6.1.1.2 Sword Group's offer

The Sword Group's offer is based on two models:
- "Solutions" (Services)
- "Software" (Products)

In both cases, the solutions offered revolve around GRC management (Governance, Risk & Compliance), intended for highly-regulated markets.

Sword has based its development on a globalized, specialist and industrial approach.

Employees enjoy and extremely dynamic environment, integrating large projects, possibilities of an international career, and access to a very high-level technical know-how destined for very important clients.

The network of specialist partners and subsidiaries allows Sword to remain a leader in new technology.

I. Software offer (products)

We forecast that in 2009, the supply of GRC Management software will once again show the strongest growth. We anticipate that sales generated by the Software (Products) department will represent over 50% of total sales.

Sword offers complete and personalized software, is capable of collaborating with its clients according to a SaaS model, thereby supplying software that can be distributed rapidly and is easy to use. These collaborative tools are used by numerous clients and in highly-regulated markets.

This software allows businesses to achieve productivity gains while minimizing their risk by controlling the process and cost.

In 2007, the company opened an international branch to centralize its R&D and support services in Wales. Besides harmonized and improved service to clients, opening this new center continues to allow Sword to create innovative products more rapidly, optimize its developments and share its subsidies' know-how.

This new center has the capacity to meet the expected activity increase in parallel with the maintenance of the regional centers in France, Lebanon and India.

SW.APAK
For over 25 years, Apak has provided specialist financial systems to the asset-based finance and retail banking sectors.
Its financial management product includes unrivalled functionality to major financial institutions throughout Europe.

Apak is renowned for its expertise in back and front offices, with live operations in over 70 countries.

Provided on an SaaS basis, Adak's systems process over 15 B€ worth of direct debits and credits each year.

SW.NHTOP
NHTop is an innovative clinical solution, provided with an intuitive graphic interface specially designed for hospital and medical environments, whose purpose is to follow-up patient files.

This software has been designed to be rapidly implemented, in many cases in less than two weeks, as part of a complete content management system.
This includes a 'front-end' scanning solution to electronically scan patients' records or any other document or image into the system.
This very powerful solution ensures that requests for additional information from other departments are tracked and a full audit is maintained.

SW.ACHIEVER
Achiever, a leader in GRC (Governance Risk & Compliance) Management, supports the management of business-critical reporting, controls, measurement, whilst delivering business improvement, currently to over 600 customers.

Our software addresses nearly 40 years' worth of legislative, regulatory and best practice requirements within the GRC framework and we continue to invest in R&D to endure that our technology can support the GRC demands of the future.

SW.FUSION
Designed to manage engineering documentation in the context of a construction project or operating plant or facility Sword Fusion enables users to quickly perform the tasks needed to accelerate change management.

Fusion combines document management, content management, workflow collaboration, knowledge management and records management into a single, integrated, web-based framework.

This software can run as an application layer on top of a company's Enterprise Content Management (ECM) system or simply as a standalone application.

SW.SIMUPLANT
SimuPlant™ delivers effective and agile solutions for troubleshooting process and control problems, testing and proving improvements, training technicians and engineers and assuring their competence.

This interactive hands-on environment offers a realistic representation of your plant's processes with the ability to inject typical "upset" and "fault" scenarios. This enables users to become competent operators of the process and its controls, to uncover the causes of poor plant performance, to devise and prove modifications that maximize the asset's potential.

SW.FIRCOSOFT
FircoSoft delivers leading edge filtering and payments/securities messages repair solutions for international financial institutions. FircoSoft enhances the automated processing of bank-to-bank transactions by transforming, fixing and completing rejected messages.

Our solutions offer conformity and follow-up of clients, thus helping banks to eliminate the risk of processing illegal transactions and detecting high risk customers and counterparts.

SW.INTECH
With governance risk and compliance management, Intech solutions drive business advantage and increase profitability for the world's leading insurers, reinsurers, and Lloyd's syndicates.

Innovative, stable and rapidly-deployable software ensures our clients quickly realize the benefits of powerful business process management and functionally-rich applications reducing the risk of non-compliance, mitigating and managing risk and ensuring adherence to governance standards and best practice.

SW.CTSPACE
Our collaboration, business process management and document management software enables businesses to optimize the exchange of information, thus improving decision-making and delivering efficiencies.

Our solutions are used by asset holders and operator around the world to handle world-class programs and projects.
With extensive product knowledge and domain expertise Sword CTSpace delivers faster turnaround, increased accountability, reduced risk, and cost savings for even the most complex projects internationally.

SW.CIBOODLE
Ciboodle' customer interaction software helps improve the way large organizations interact with their customers., driving down the overall cost to serve whilst enhancing the customer experience. With quality GRC software, based on the processes and specialized consultant services, it allows its holders to drive down the overall cost to serve whilst enhancing the customer experience. Sword Ciboodle is considered by several analysts as the global leader in process-centric customer service solutions More than 200 million consumers around the world are already enjoying Sword Ciboodle solutions.

SW.GREENGIS
Sword has developed GreenGIS, a complete and innovative "Sustainable Development" problem management solution intended for businesses and autonomous territorial entities. GreenGIS offer its clients the ability to achieve, enrich, and maintain an updated environmental geographic navigation system, including the regulation data and data specific to business-related activities.

SW.INTELLIGIS
Sword has developed a geo Intelligence and geo Performance innovative solution that offers businesses the capability to enrich data analysis systems by integrating the geographic dimension: IntelliGIS.
This solution creates the synergies required between Business Intelligence tools and Geographic Information Systems in order to improve information analysis, sharing and restoration and facilitate business decision-making and render it more reliable.

II. Solutions offer

The Sword Group delivers expert in GRC management solutions to its principal markets.

The key skills of our "solutions" activity strengthen our leadership in GRC management:
- Artificial intelligence
- Business Intelligence
- Business process management
- Enterprise content management
- Geographic Information Systems
- Web content management
- Business continuity planning
- Outsourcing

We work in cooperation with our clients to develop solutions that optimize performance and efficiency, reduce costs and guarantee governance and compliance.

Sword's offer, based on our proven 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 specialized 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.FIRSTPass™
Sword's secure solution eliminating the need for a conventional boarding passes is revolutionizing air travel.
Implemented across numerous European airports Sword FirstPass™ 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 software component that enables telcos to optimize their offer to companies by giving them immediate access to services that were restricted up to now.

Telecoms' customers are able to 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 a feature-by-feature 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 modeling techniques to create accurate forward pictures of passenger and baggage flow enabling a clear visualization 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 maximize passenger confidence.

SC.RTScan
RT-Scan is a simple electronic solution designed for airlines and airports. It is based on 2D barcode technology used by boarding passes printed at home or sent by MMS.

Currently used in 14 European airports, RT-Scan should soon implement passport verification and the new TSA (USA) security regulations regarding the electronic signatures integrated into barcode boarding passes.
The Solution:
* Validates boarding passes by comparing them to the passenger list
* Detects multiple copies of a boarding pass, even in different locations of an airport
* Enables to follow a passenger's displacements within the airport
* Enables airline companies to preserve their own identity
* Offers usage flexibility as provided by mobile data terminals

SC.RT-HAS™
RT-HAS™ is a fully configurable end-to-end web-based solution, allowing operators in the oil & gas industry to accurately control their hydrocarbon production, planning and reporting efficiently and cost effectively.
With multiple production partners and numerous supply contracts, the fiscal arrangements and taxation implications of a typical installation are complex. RT-HAS™, provides the latest tools and techniques to support offshore, terminal and pipeline operators and meet the increasing demands of today's oil and gas markets.

SC.RT-PIMS™
RT-PIMS™ combining RT-Flow™ and RT-Leak™, is an oil and gas pipeline software package. RT-PIMS™ RT-PIMS™ enables the control of pipeline integrity (leak detection) in real time, both for simple or complex systems. These products utilize dynamic modeling techniques with live telemetry data to provide specific and reliable information on fluid through the pipeline and on leak detection.

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 organization's internal enterprise systems. GSA adds value by 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, organizations benefit from improved decision-making, information sharing and time efficiencies.

SC.ASCEPTO™
ACSEPTO™ is an application for performing verbal and figurative trademark searches.
Acsepto integrates both types of search into a single operation and manages all types of trademark search including preliminary searches, examination and watching. Automatic image recognition makes it possible to optimize the 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 customized 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 three distinct packages:

DMCO Gold for archiving and retrieval; DMCO Capture for indexing and scanning and DMCO Light, the reference system for document archiving.

SC.GISCO
Sword's GISCO software suite provides an innovative way to design, administer, operate and present information gathered from Geographical Information Systems (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 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 ISO 9001:2000 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.

SC.SHAREPOINT DATA DEPLOYER
Sword has been realizing Microsoft SharePoint projects for the past several years for numerous clients. To solve data migration and initialization problems, Sword has developed “Sharepoint Data Deployer.” This solution dedicated to MOSS 2007 (Microsoft Office Sharepoint Server) enables to recover data from various sources and integrated them into various MOSS management structures.

SC.FASTAUDIT
Sword Tipik has developed the Fastaudit application to help website authors determine whether or not these sites are accessible. To that end, Fastaudit performs automatic controls on the sites and then generates data both for reading by man and by a program, in Microsoft Word and EARL (Evaluation and Reporting Language) formats. The Fastaudit application version (running locally) is written in Java and is accessible itself to users with handicaps). Furthermore, its interface allows website authors to locate identified problems easily and solve them rapidly.

6.2 Main markets

6.2.1 Breakdown of 2008 pro-forma sales revenue

- **By type of customer**

Insurance / Healthcare	29.4 %
Energy / Buildings / Transportation	24.1%
Governments / International Organizations	22.2 %
Telco	8.6%
Wholesale Finance	6.6%
Banking	4.2%
Other	4.9%

- **By geographic location**

UK	45.9%
Benelux	17.6%
Others	16.6%
France	10.3%
US	9.6%

6.2.2 Business environment analysis

6.2.2.1 Sword Group's ten largest customers

Sword Group's ten largest clients account for 15.4% of the sales revenue 2008

- BRITISH AIRPORT AUTHORITY	(UK)
- BUDGET GROUP LIMITED	(UK/India)
- DIRECTION GENERALE Justice et Affaires Intérieures	(Benelux)
- DIRECTION GENERALE des douanes	(Benelux)
- HISCOX	(UK/US)
- MOBILE NETWORKS	(Australia)
- MUNICH RE	(Germany)
- ORANGE SUISSE	(Switzerland)
- SEARS	(US)
- Talisman	(UK)

The top customer accounts for 3.2% of 2008 sales.

6.2.2.2. Customer characteristics

The customer loyalty rate is 100%.

Over the years 2000 to 2008, 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 has risen from 60 days in 2007 to 56 days in 2008.

At December 31, 2008, the backlog (*) stood at 9.9 months' sales revenue budgeted for 2009, exclusive of external growth, for the coming 12 months, and at 20.9 months in total.

6.2.2.3 Market and competition

The market

Sword anticipates a general decrease of 5% in computer services companies in 2009 (all sectors combined) within the framework of its budget preparation.

The markets that should suffer the most are those of staff appointments and some products with long return on investment, tow areas where Sword is little or not involved.

Competition (internal sources, Celent, Forrester, Gartner)

Competition for the Software part:

Activity	Competitors
Watch List Filtering	SIDE – SAS INSTITUTE – MANTAS - PRIME
INSURANCE/HEALTHCARE	CSC – ROOM SERVICES – FIServ - XCHANGING
GRC MANAGEMENT	Developped 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

Competition for the Solution part:

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 - ATOS
SYSTEMS INTEGRATION	STERIA – SERCO – LOGICA – FS WALKER HUGHES – SOPRA NEWELL & BUDGE – CAP GEMINI – EDS – PARITY TATA – SAIC - ATOS

The competitive structure remains very stable from one year to another, but it is completely internationalized. The success rate of invitations to tender in 2008 surpassed 50%, this being weighted with sales generated by these tenders.

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 license 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 modifications 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 global 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:

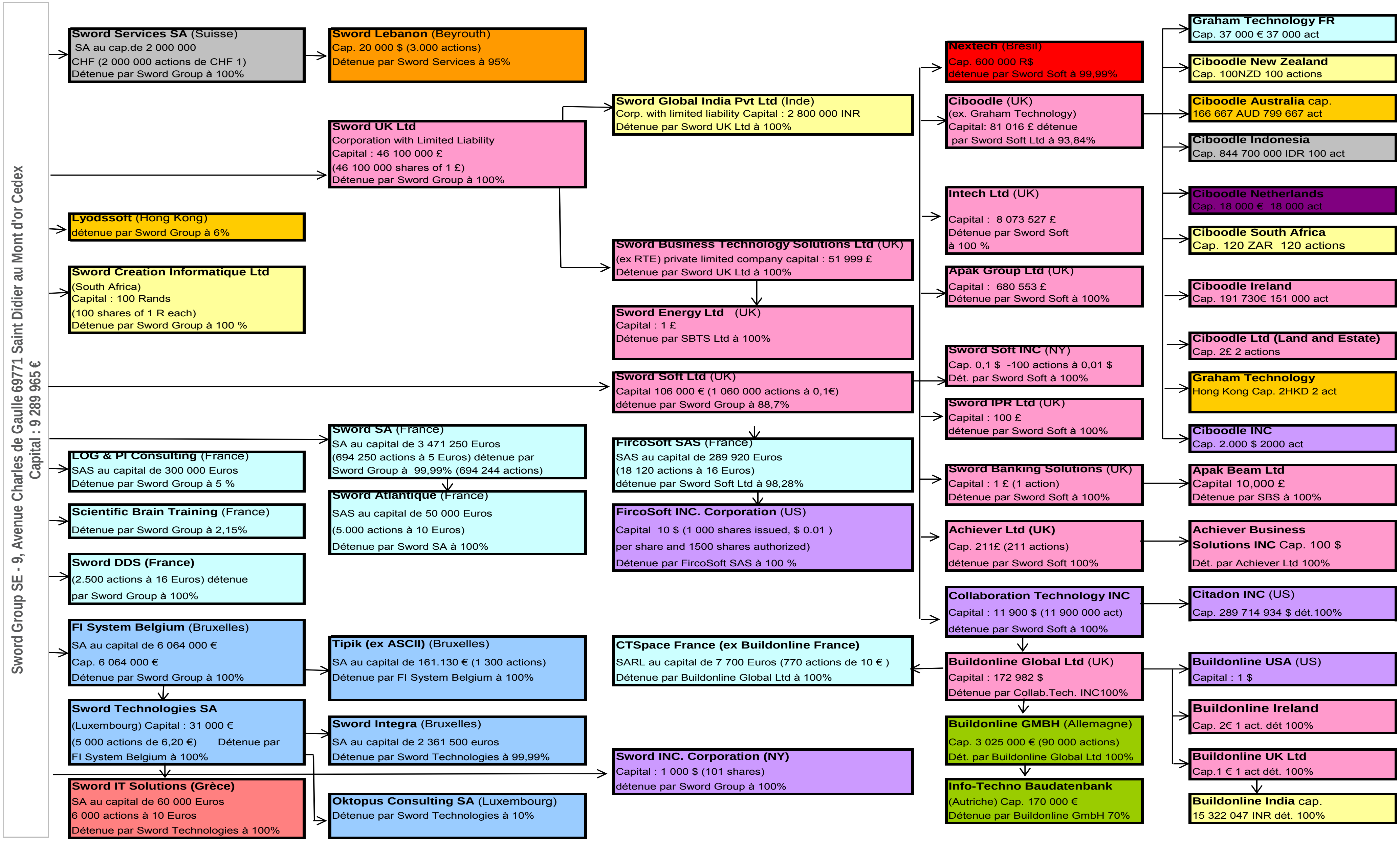
ABBYY	integrator
Accenture	integrator of Sword Group components
Actimize	integrator
Adobe	integrator
Alfresco	gold partner
Alterian	certifed partner
Atos Origin	certified partner
ATP	integrator and reseller
Autodesk	development Partner
Avaya	certified partner
Avoco	certified partner and reseller
Axciom	integrator
BEA	integrator and reseller
Business Object	silver partner
Bluelon	reseller
Cisco	certified partner
Citrix	certified partner

Combined Knowledge	partner/ reseller/ commercial agreement
Communiqué (DAY)	first partner
Cognizant	integrator of Sword Group components
CSS	certified partner
Cymmetry systems	reseller
Dexterra	partner and integrator
Dicom	reseller
Dimension data	integrator of Sword Group components
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
Microsoft-Fast	integrator
Forsk	integrator
IBM-Filenet	integrator
Genesys	certified partner
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
Itesoft	integrator
Kofax	integrator
Laso Peco	reseller
Logica	integrator of Sword Group components
Mentalix	integrator
Mercury	integrator
Microsoft	gold certified partner
Misys	integration of Sword Group components
On demand	reseller
Oracle	certified partner
QAS	commercial agreement
PA Consulting	integrator of Sword Group components
SAP	integrator and reseller – certified partner
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
Web Connectivity	commercial agreement

There is no dependence on these partners, as Sword Group software does not rely upon the versions of software packages hired from its partners.

VII – Group's legal organization chart

7.1 Organisation Chart at December 31, 2008



7.2 Issuer's subsidiaries

See Note 16 of the appendix to the company accounts.

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 analyze 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 organization service for its subsidiaries.

The annual amount billed by Sword Group to its subsidiaries within the scope of the assistance agreement is €2,851,750.

Regarding the agreements relative to Sword Group and its subsidiaries:

The Board of Directors held **January 2, 2008**:

- Authorized the conclusion of an assistance agreement in business policy, communication, strategy, purchases, management control and organization between the Sword Group and Collaboration Technology INC and part of its subsidiaries (Buildonline Gmbh, Buildonline UK, Info-Techno Baudatenbank, CTSpace France),

- Authorized the conclusion of an assistance agreement in business policy, communication, strategy, purchases, management control and organization between the Sword Group and Sword Energy Ltd, Sword Banking Solutions Ltd, Sword Soft Inc, Sword Integra, Sword IPR Ltd,

- Modified the assistance agreement made between the Sword Group and Sword Business Technology Solutions (formerly Real Time Engineering).

The Board of Directors held **March 11, 2008**:

- Confirmed the Board of Directors' decision dating December 10, 2007 to relinquish current accounts in the amount of 2.1 million Euros in favor of Sword Technologies, effective December 31, 2007, under condition subsequent to a return to improved results or in case of the sale of the majority of Sword Technologies shares,

- Regulated the following operations:

    - Assignment by the company of all shares held with Nextech, the Group's Brazilian subsidiary, to Sword Soft. This assignment conducted in May 2007 was in the amount of 3,672,734.98 Euros,
    - Re-invoicing by Sword SA, a Company subsidiary, of part of the premises used in its Paris location, rue de Lyon, in the amount of €155K,
    - Re-invoicing by Sword Services (ex: Linkvest), a Swiss subsidiary, in the amount of €198K, for infrastructure costs.

The Board of Directors held on **March 21, 2008** authorized the conclusion of an assistance agreement in business policy, communication, strategy, purchases, management control and organization between the Sword Group and Ciboodle (ex Graham Technology Ltd).

The Board of Directors held on **May 2, 2008**:

- Authorized the issuance of a letter of intent to Fortis under which the Sword Group confirms its intention to preserve its influence within the TIPIK Communication Agency for a maximum of 1,500,000 Euros and for one year,
- Modified the terms of the provision of services agreement entered into between the Sword Group and Semaphore Investments.

The Board of Directors held on **June 2, 2008** authorized the conclusion of an assistance agreement in business policy, communication, strategy, purchases, management control and organization between the Sword Group and Ciboodle Indonesia, Ciboodle Australia, and Ciboodle Ireland.

The Board of Director held on **June 26, 2008** authorized:

- The assignment of 81% of its capital for the benefit of a Luxembourg company, within the framework of Sword Technologies' deconsolidation, specifying that this deconsolidation has not been achieved.
-
- The signature of a joint guarantee act in favor of the CIC Lyonnaise de Banque, to guarantee the payment and reimbursement of the loan of 8,000,000 Euros subscribed to by Sword Technologies,
- The purchase by the Sword Group of 100% of Sword Integra's shares held by Sword Technologies.

The Board of Directors held on **September 5, 2008** authorized the issuance of a guarantee given by the Sword Group to duly fulfill the commitments and obligations entered into by the Apak Group Ltd within the framework of sales contracts with Daimler Financial Services AG.

The Board of Directors held **October 14, 2008** authorized:

- The renewal of the guarantee consented by the Board of Directors held on November 27, 2003 (renewed by the Board of Directors held on October 25, 2004, October 21, 2005, October 26, 2006 and October 26, 2007), to uphold the commitments made by Sword Technologies to ING Belgium SA,
- The assignment of the Sword Group to Sword SA of 100% of its shares held within Sword SAS and Sword Atlantic,
- The sale by the Sword Group of Sword SA to Sword Soft Ltd. This operation was conducted and went into effect on January 1, 2009.
- The modification of terms of return to improved results as defined in the relinquishment of receivables concluded between the Sword Group and Sword Technologies on March 11, 2008. Accounts receivables reimbursement from now on will be done in successive payments limited at a ceiling allowing Sword Technologies to show a net profit after taxes of 3% in its statement of income. This return to improved results clause does not apply for 2008.

The Board of Directors held **November 7, 2008**:

- Authorized the assignment to FI System Belgium of all shares held by the Sword Group within the capital of Sword Technologies
- Authorized the assignment to Sword Technologies of all the shares held by the Sword Group within the capital of Sword Integra.
- Modified the terms of the assistance agreement in business policy, communication, strategy, purchases, management control and organization between the Sword Group and Sword SA, Sword SAS, FircoSoft, Sword Solutions and Sword Atlantique.

VIII – Property, plants and equipment

8.1 List of facilities

City	Address	Telephone	Premises owners	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	Charwell House, The Alton Business Centre Wilsom Road, Alton, Hants, GU34 2PP	+44 844 8044 044	Charwell House Ltd, Wilson Road, Alton Hamphire, GU34 2PP	300 m²
Athens	79 Psaron Street 15 32 Chalandri Athens - Greece	+30 210 68 18 971	Tsiflas Stavos, Psaron 79, 15232 Chalandri	85 m²
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 ext 110	Centre Berytech Pole Technologique Berytech Rue Damas Beirut Lebanon	268 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	333 m² 327 m² 231 m² 188 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
Calgary	10th Floor Bankers Hall West Tower 888 - 3rd South West Calgary T2P 5C5 Canada	+1 403 444 5983	Regus Canada 10th Floor Bankers Hall, West Tower 888 - 3rd Street South West Calgary T2P 5C5 Canada	20 m²
Chennai	Arthant Nitco Park 90 Dr Radhakrishnan Salai Mylapore Chennai 600,004 017 49, Venus Colony Alwarpet, Chennai, 600,018 India	+91 66 36 36 36 +91 44 2431 1061	Mr. S. Deivasigamani 11G Rajaji Salai Salem 636 007 Mr. S. Chakravarthy Deeptha 27 Gopalakrishna Road T. Nagar Chennai 600 017	560 m^2 530 m^2

Chicago	125 South Wacker Drive Chicago, IL 60606	+1 312 447 5600	TS 125 South Wacker, L.P	272 m²
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 PC 8110 ZURICH	240 m^2
Galway	Unit 2a Ballybrit Business Park Galway Ireland	+353 (0) 91 70 6000	Iain MacKenzie Graham, Sheena graham and James Hays Pension Trustees Ltd	50 m²
Glasgow	India of Inchinnan, Renfrewshire; PA4 9LH	+44 (141) 814 3700	Sword	4,620 m²
Houston	2500 CityWest Boulevard, Suite 300 Houston TX 77042	+1 713 267 2282	Regus Global Workplaces, HOUSTON TX 77042	250 m^2
Jakarta	Menara Batavia - 26th Floor Jalan KH. Mas Mansyur Kavling 126 Jakarta 10220 Indonesia	+62 (0) 21 5793 0170	PT Manna Labora, Jalan Besar Utara N°6 Jakarta	363 m²
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
Luxemburg	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 69771Saint-Didier au Mont d'Or Cedex	+33 (0)4 72 85 37 40	SNPI 27 Place Bellecour 69002 Lyon	2,258 m^2
Mondsee	101 Herzog-Odilo-Strasse, A-5310 Mondsee, Austria	+43 (0) 62 32 50 51	Baudatenverlag Wienerroither OHG, 5310 Mondsee Herzog-Odilo-Strasse 101	175 m^2
Nantes	31, Boulevard Albert Einstein CS 92 378 44323 Nantes Cedex 3	+33 (0)2 99 84 52 62	SCI Moulin des Roches 31 bis, Rue des Renardières 44100 Nantes	270 m^2

New York	17 State Street 26^{th} Floor New York, NY 10004	+1 212 279 67 34	Georgeson Inc, 199 Water St, New York, NY 10038	2090 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	482 m^2
San Francisco	49 Stevenson St, Suite 950, San Francisco, CA 94104, USA	+1 415 882 1888	CB Richard Ellis inc.	570 m^2
Sydney	Suite 2802, level 28, 1 Market Street, Sydney NSW 2000	+61 (0) 2 92 649 566	Investa properties Pty Ltd, Level 6, 126 Phillip Street, Sydney NSW 2000	209 m²

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 2008, 2007, and 2006

The development of the financial situation can be appreciated on the basis of the following data, taken from the consolidated financial statements as at 12/31/2008, 12/31/2007 and 12/31/2006.

In €'000	**31/12/2008**	**31/12/2007**	**31/12/2006**
	IFRS	IFRS	IFRS
Consolidated shareholders' equity	124,556	149,280	82,775
of which net earnings	21,340	18,911	15,748
Net debt	86,437	28,820	59,621
Net debt / Consolidated shareholders' equity capital	69.40%	19.31%	72.03%
Dividends paid for the period	5,574(1)	4,923	3,207
Dividend per share paid for the period	0.60	0.53	0.42

(1) subject to the approval of the General Meeting of April 29, 2009 ruling on the appropriation of the 2008 earnings.

Change the consolidated shareholder' equity:

Changes in €M	**2007/2008**	**2006/2007**	**2005/2006**
Capital increase	-	63.7	4.4
Earnings – Dividends	16.4	15.0	13.5
Other movements	-41.1	-12.2	-0.2
Total	-24.7	66.5	17.7

Net debt:

- **2008/2007**: Net debt rose by approximately €58M, due in particular to the funding of external growth (€59M).

- **2007/2006**: Debt has decreased by approximately €30.8M, a result particularly of the increase in capital (€62M net of costs) less funding of in external growth (€33M).

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

Dividends paid:

The Group's policy relies on the regular, programmed progression of dividends for each year. The net dividend per share rose by 26% between 2006 and 2007 and will progress by 13% between 2007 and 2008.

9.2 Review of the current operating profit

No unusual event took place during fiscal 2008, 2007 or 2006.

In €'000	**31/12/2008**	**31/12/2007**	**31/12/2006**
Sales revenue	205,730	179,045	142,005
Operating profit	33,712	29,232	23,949

The increase in consolidated sales revenue between fiscal 2007 and 2008 is due to internal growth and to the external growth achieved during that last year. The acquisition of STSpace and Ciboodle (Ex Graham Technology), respectively in December 2007 and in March 2008 led to a significant increase in sales.

X – Cash and capital

10.1 Short-term and long-term capital

In €'000	**31/12/2008**	**31/12/2007**	**31/12/2006**
Long-term capital	**226,324**	**202,928**	**135,197**
Consolidated shareholders' equity	124,556	149,280	82,775
Short-term financial debt	101,768	53,648	52,422
Short-term capital	**3,814**	**2,047**	**17,034**
Short-term financial debt	3,814	2,047	17,034
Cash and cash equivalents	19,145	26,875	9,836
Net debt	86,437	28,820	59,621
Net debt / Consolidated shareholders' equity	69.40%	19.31%	72.03%

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

10.2 Cash flow statement for 2006 to 2008

Consolidated data (In €'000)	**December 31, 2008**	**December 31, 2007**	**December 31, 2006**
Operating cash flow	13,941	12,825	3,005
Cash flow from investments	-64,755	-38,905	-19,174
Financing cash flow	44,822	45,452	17,056
Impact of the change in currency prices	*-1,982*	*-1,857*	*-9*
Change in cash position	**-5,992**	**19,372**	**880**

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 governing borrowings and promissory notes are described in § 4.2. of the financial report.

Covenants relative to outstanding borrowings at fiscal 2008 year end, are described in Note 15 to the consolidated appendix. As at December 31, 2008, 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 source expected for future investments is, on the one hand, the use of drawing rights that were unused as at December 31, 2008 for €40,236,000 and, on the other hand, the cash flow released in the course of 2009.

XI – R&D, patents, licenses

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 software product development" R&D

- "Software components" R&D is dedicated to 7 ranges of components:
  a. COGED: a Document Management range of software components oriented towards Documented and Filenes technologies
  b. COSIG: a Geographic Information Systems range of software components oriented towards ESRI technologies
  c. GSA: a Connector for secure access to content related to the company's internal management systems.
  d. The PTO range: intended for brand and patent offices, the building blocs of an ERP dedicated to that market
  e. The RTE range, aimed at the oil industry, such as for example:
     - The production and delivery of hydrocarbon products
     - Leak detection in pipelines

f. The RTE range aimed at the aviation industry, such as for example:
   - Boarding pass generation on mobile telephone
   - Passenger check-in streamlining
g. The RTE range aimed at the telecommunications industry, such as for example:
   - Self-assistance service via the mobile telephone
   - 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 all our product ranges.

- "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 program was completed in September 2006 and has been completely depreciated. A new €1.8M program to develop Fast Audit, Greengis, Intelligis and Sharepoint Data Deployer products will be carried out in 2009.

In terms of quantification, R&D and training represent an investment of 18.37% of CA software (products) and of 2.06% of CA solutions (Services).

Capitalized R&D in 2008 represents 0% of potential days, i.e. 0% of sales revenue.

11.2 Patents and licenses

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 June 22, 1979 in classes 9, 35, 42, renewed on June 14, 1989 under number 1536363, and last renewed on May 27, 1999,
- French trademark Ptolemy,
- French trademark Acsepto,
- European trademark Sword, registered under number 001911809 on 10/20/2000 in classes 9, 16 and 42
- Foreign trademark Sword registered in Germany under number 1111856 on December 10, 1985 in classes 7, 9, 16, 35 and 42
- Foreign trademark Sword registered in South Africa under number 88/5249 on June 29, 1988 in class 9
- Foreign trademark Sword registered in South Africa under number 88/5250 on June 29, 1988 in class 35,
- Foreign trademark Sword registered in South Africa under number 88/5251 on June 29, 1988 in class 42,
- Foreign trademark Sword registered in Benelux under number 378628 on September 4, 1981 in classes 7, 9 and 16
- Foreign trademark Sword registered in the UK under number 1255025 on November 22, 1985 in class 9,
- Foreign trademark Sword registered in the UK under number 1255026 on November 22, 1985 in class 16,
- Foreign trademark Sword registered in the UK under number 1278695 on October 1, 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 the 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 the USA under number 75154526
- Trademark Novamange registered in the 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 May 14, 2003
- Trademark FirstPlantIT registered in the UK, France, Italy, Germany, and the Netherlands under number 003535499, on August 30, 2005
- Trademark Open Box registered in the UK under number 2149661 on October 30, 1997,
- Trademark Open Box+ registered in the UK under number 2149661 on February 6, 1999,
- Trademark Open Co registered as a community trademark under number 0006673855 on November 3, 1997,
- Trademark Open Energy registered as a community trademark under number 0006673855 on December, 3, 1997,
- Trademark Open Health registered as a community trademark under number 001004548 on November 3, 1998,
- Trademark Open Marine registered as a community trademark under number 0006673855 on March 2, 2006,
- Trademark Open Xposure registered in the UK under number 2493662 on January 23, 2009,
- Trademark Zygoware registered in the UK under number 2261509 on April 5, 2002,
- Trademark Zygoware registered in the USA under number 76/565,504 on June 6, 2006,
- Trademark Ciboodle registered as a community trademark under number 5360623 on October 5, 2006,
- Trademark Ciboodle registered with the "Madrid Protocol Countries" under number 915078 on October 13, 2006,
- Trademark Apak registered at the EU level under number 002831002 in classes 9,38 and 42 on August 28, 2002
- Trademark Aurius registered in the UK and in Northern Ireland under number 2392108 in classes 9 and 42 on May 17, 2005.

XII – Information about 2009 trends

12.1 Main trends that have affected sales, costs and selling prices since 31 December 2006

Monetary fluctuations have a negative impact on the Group's sales by a rate of 8% but no impact on profitability.

12.2 Elements likely to influence these prospects

None.

XIII - 2009 goals

13.1 Sales revenue and estimated income pour 2009

In 2009, on a like-for-like and constant exchange rate basis, the Group expects its EBIT to rise slightly compared to 2008.

XIV – Management and supervisory bodies

14.1 Company managers and directors

14.1.1 General information regarding the managers and directors

Information contained in the financial 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 December 31, 2008**
Jacques Mottard	None (1)
Françoise Fillot	€4,440.72

(1) Since January 1, 2007, the Sword Group has been replaced by Sémaphore Investments as being responsible for the provisions for CEO retirement benefits.

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 January 1, 2007, the remuneration of Mr. Jacques Mottard (and his assistant) is billed by the Company to Sémaphore Investissements (see Note 20 of management report).

16.3 Audit and compensation committees

See paragraph 16.4 below.

16.4 Corporate governance

16.4.1 Report on internal control

Dear Shareholders,

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

This document goes back over the guidelines established on the subject, particularly by the AFEP (French association of private enterprises), the MEDEF (French business confederation) and ANSA (national association of corporations). See pages: http://www.medef.fr/main/core.php?pag%20id=11281
et http://www.medef.fr/main/core.php?pag%20id=129601.

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.

General Functioning of the Sword Group

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, comprised of 5 people: the Chairman, Nicolas Mottard, Heath Davies, Françoise Fillot (appointed as administrator on January 30, 2009) and the company 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 December 31, 2008, it gathered:

- Jacques Mottard Chairman and CEO
- Françoise Fillot Chief Executive Officer
- Heath Davies Chief Executive Officer

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

- Tony Claes
- Scott Leiper
- Jean-Marc Sonjon
- Tony Holland
- John Innes
- Juan Arcas
- Mike Hughes
- Gert-Jan de Kieviet

Among them:
- Tony Holland is "Chief Operational Officer" (COO) of the "Software" part,
- John Innes is "Chief Operational Officer" (COO) of "Solutions" in Anglo-Saxon countries
- Jean-Marc Sonjon is "Chief Operational Officer" (COO) of "Solutions" in French speaking countries

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 center.

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 Chief Executive Officers:

Ms. Françoise Fillot and Mr. Heath Davies were appointed Chief Executive Officers 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 December 31, 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 center around which the group is organized

The Business Unit is a profit center 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 centralized 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 partners, 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 state of progress and of deviations is prepared at Group level, on an operation by operation basis.

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. Reporting, meetings, authorizations

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 fifth 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 November 15th 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 center, 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. Authorizations

- 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 authorizations.

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

3.4. Employee committee management

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.

Actual internal control

1. Definition of internal control – nature of the information provided

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 behavior 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 monitoring procedure relies on the AMF framework of reference for small and medium sized companies (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.

We specify that the information contained in this report are uniquely 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. Synthetic description of implemented control procedures

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 July 19, 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 circularization
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. 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 this control system, we have been able to detect abnormalities with regard to the monitoring of some sites within a subsidiary. The appropriate corrections were entered into this entity’s accounts and in the Group’s consolidated accounts. Organization changes were made to this subsidiary.

The preparation and organization of the Board's work

1. Composition

Your company's status provides for a Board of Directors comprised of eighteen members:
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 04/26/04	31/12/2009	Chairman and CEO
21 Centrale Partners François Barbier	22/06/2001 Reappointed on 26/04/04	31/12/2009	Director
Nicolas Mottard	22/06/2001 Reappointed on 04/26/04	31/12/2009	Director
Françoise Fillot	01/07/2004 30/01/2009	31/12/2009 31/12/2014	Chief Executive Officer Director
Heath Davies	04/05/2007 13/03/2006	31/12/2012 31/12/2009	Director Chief Executive Officer

The list of other mandates carried out in other companies by the administrators appears in the management report (paragraph 26.1).

Within the meaning of Article 8.4 of the AFEP/MEDEF governance code dating December 2008, 21 Centrale Partners is an "independent administrator." None of the above holds any significant holding in the capital 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.

2. Board meetings

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

During the 2005 financial year, the Board met thirteen times. The participation rate was over 50%.

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. Compensation of the managing and administrative bodies

Managers are compensated according to their experience and skills within the context of the European and international market.

If stock options are agreed to, the Board of Directors establishes performance conditions as well as the number of shares issued from options that must be preserved by the manager until expiration of his mandate.

Details of managers' compensation appears in paragraph 20 of the management report.

4. Shareholders' participation in the General Meeting

Shareholders are convened to the general assemblies in accordance with the legal and statutory provisions. Article 19 of the statutes is in regard to shareholders' assemblies.

5. Information provided by Article L.225-100-3 of the *Code de Commerce* (French Commercial Code)

Pursuant to the provisions of Article L.225-37 paragraph 9 of the *Code de Commerce*, the information referred to by Article L.225-100-3 of the *Code de Commerce* appears below.

- Structure of the Company's share capital: cf. point 21.1.7.2 of the financial report.

- Statutory restrictions to exercising the right to vote in transfers of shares: none,

- Direct and indirect interests in the Company's issued capital: cf. point 21.1.7.2 of the financial report,

- The list of holders of any title that bears special rights: in accordance with the provisions of Article 19 E 3 of the company's statutes, a double voting right is allocated to fully paid shares for which nominal registration is justified in the name of the same shareholder for at least two years.

- Control mechanisms provided in a possible staff share ownership system: not applicable,

- Agreements between shareholders whose Company has knowledge and that can lead to restrictions in share transfers and in exercising the right to vote: None

- Rules applying to the appointment and replacement of Board of Directors members and to modifications of the statutes of the Company: the Company applies the rules that appear in the *Code of Commerce*,

- Powers of the Board of Directors, particularly the issuance of share buybacks: the Board of Directors has the powers provided by law. The delegations of powers in progress appear in point 16 of the management report. Furthermore, the general assembly is recommended to meet on April 29, 2009 to confer powers to the Board with regard to share buybacks, capital reduction and the issuance of securities (see the management report).

- Agreements entered into by the Company that are modified or come to an end in case of change of control of the Company: None.

- Agreement providing for an allowance to members of the Board of Directors if they resign or are dismissed: None.

6. Corporate governance code

On January 30, 2009, the Board of Directors of the Sword Group decided to observe the AFEP / MEDEF recommendations dated October 2008. Within the framework of these recommendations, Ms. Françoise Fillot, Managing Director, decided to resign from her contract as Chief Financial Officer.

Thus, within the provisions of Article L. 225-37 of the *Code of Commerce*, the Sword Group refers to and applied the AFEP / MEDEF governance code, notwithstanding the following exceptions:

- **Independent directors:**
  The Board of Directors includes an independent administrator within the meaning of Article 8.4 of the code of corporate governance that is 21 Centrale Partners. It should be specified that on October 14, 2005, this company assigned its block of securities from the Company.

- **Board of Directors' evaluation:**
  During 2009, the Board of Directors will perform its evaluation, in accordance with Article 9 of the AFEP/ MEDEF code of corporate governance.

- **Administrators' term of office:**
  The length of the mandate for every administrator is 6 years.

- **Board Committees:**
  With regard to the share ownership structure and makeup of the Board of Directors, the company does not have any specialized committees. However, as indicated below, the Board of Directors will improve governance during 2009.

7. Improvement of the "corporate governance" processes

With the Company's renewed membership in January 2009 to the MEDEF / AFEP code of corporate governance, this year will be marked by a significant improvement of Corporate Governance procedures.

Thus, the Board of Directors has already begun to work on formalizing the following:
- A charter of governance,
- An ethic charter.

These documents will complete those already existing, as follows:
- An administrative bible specifying all the Group's internal control procedures,
- A welcome booklet for each collaborator, specifying their rights, duties and their position within the Company's operations,
- A manual of IFRS accounting principles written by an independent firm,
- A technical bible per country that integrates the quality standards in effect (CMM, ISO or ISOPRO method).

With regard to the specialized committees:
- In 2009, the Company will institute a compensations and appointments committee that will be presided by Mr. François Barbier, representative of 21 Centrale Partners.
- The company will also appoint an audit committee. If applicable, this committee can be constituted by all of the Company administrators, in accordance with the new provisions issued by the order of December 8, 2008.

Limitations to the Managing Director's powers

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 established in accordance with the last paragraph of article L.225-235 of the Commercial Code on the report of the Chairman of the Board of Sword Group SE

Financial year ended December 31, 2008

Dear Shareholders,

In our capacity as Auditors of SWORD GROUP SE 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 in compliance with the provisions of article L.225-37 of the French Commercial Code for the financial year ended December 31, 2008.

It is for the Chairman to establish and submit to the approval of the Board a report describing the internal control and risk management procedures set up within the company and providing the other information required by article L.225-37 of the Commercial Code, relative in particular to the corporate governance system applied.

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 and
- certify that the report includes the other information required by article L.225-37 of the Commercial Code, it being pointed out that it is not for us to verify the truthfulness of these other elements of information.

We have carried out our work in accordance with the professional standards in use in France.

Information regarding the internal control procedures relative to the elaboration and processing of the accounting and financial information

Business standards require the implementation of due diligence measures designed to assess the truthfulness of the information regarding the internal control procedures relative to the elaboration and processing of the accounting and financial information contained in the Chairman's report. Such due diligence consists in particular in:

- familiarizing ourselves with the internal control procedures for the drafting and processing of the accounting and financial information behind the information presented in the Chairman's report and other existing documentation ;
- familiarizing ourselves with the work on which existing information and documentation is based;
- ascertaining whether appropriate information on serious lapses in internal controls regarding the drafting and processing of accounting and financial information which we may have found within the scope of our mission are appropriately included 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.

Additional information

We certify that the report of the Chairman of the Board contains the other elements of information required by article L.225-37 of the Commercial Code.

Lyon and Villeurbanne, April 1, 2009
The Auditors

SOCIETE D'AUDIT FINANCIER ET DE CONTROLE INTERNE	DELOITTE & ASSOCIES
Jacques Convert	Olivier Rosier

XVII- Staff

17.1 Group head count

17.1.1 Head count

PRO-FORMA head count at December 31, 2008 by activity

Head count	Billable head count			Non billable head count	Total
	Staff	Subcontractors	Sub-Total		
Solutions (Services)	774	260	1,034	99	1,133
Software (Products)	642	104	746	139	885
Total	**1,416**	**364**	**1,780**	**238**	**2,018**

(1) including freelancers: 364

Total staff, including freelancers, went during 2008 from 1,783 to 2,018.

Analytically, these can be broken down as follows:

1. Solutions activity

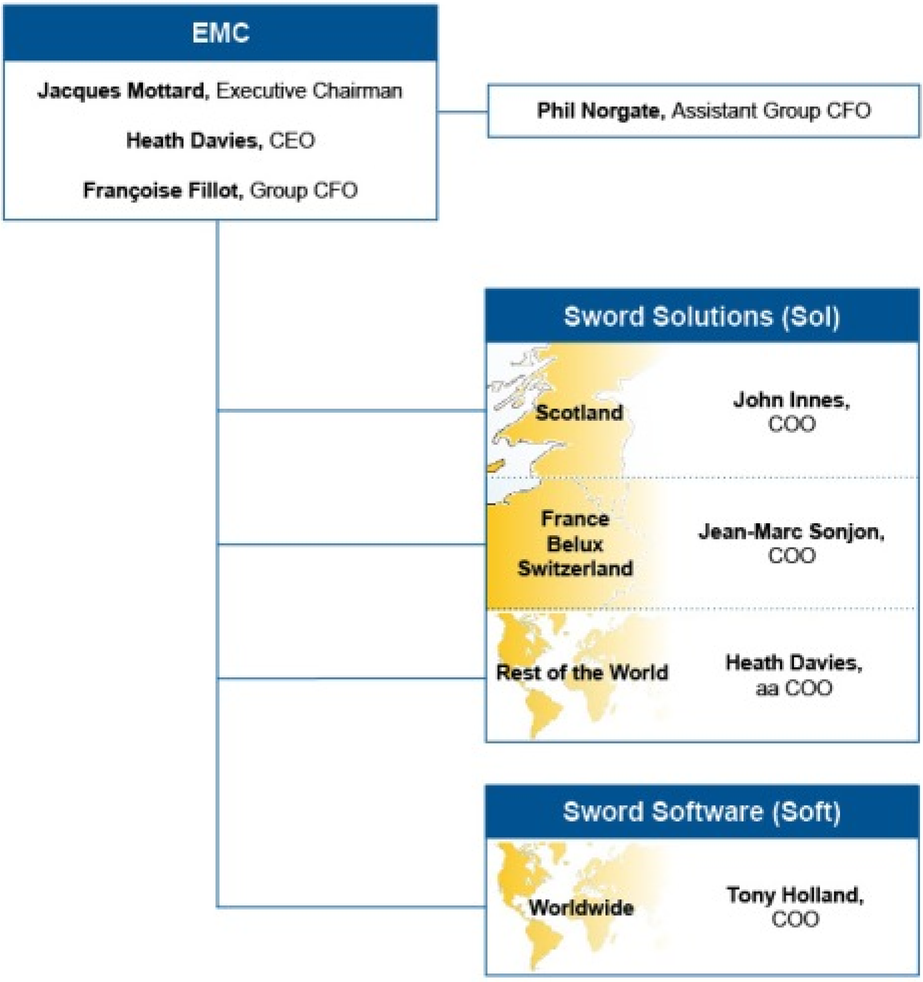
- Daily average billing rate: €527 per day
- Activity rate, minus holidays and sick leave: 93.16%
- Training: 2.00 % Number of potential days
- R & D: 2.93% number of potential days

2. Software activity:

- The per unit gross margin generated by the Support activity stands at 73.29%
- The per unit gross margin generated by the Implementation activity stands at 62.30%

Investments in training and R&D stand to 18.37% of Software sales and 2.06% of Solutions sales.

17.1.2 Management Team
Management - Operational Organization Chart at 01/01/2009



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

Sword Sol I

John Innes, COO

Sco Central

Scott Leiper, OD

RTE1	BUD	Jim MCKENZIE	Glasgow
	TD	Alaistair DEACON	Glasgow
	SM	Mark STUART	Glasgow
	SEC	Brian KEADY	Glasgow
RTE2	BUD	David MORGAN	Glasgow
	TD	Richard GILLIS	Glasgow
	SM	Kieran O'MEARA	Glasgow
	aa SEC	Brian KEADY	Glasgow
RTE3	BUD	Alastair O'BRIEN	Glasgow
	TD	Robert JOHNSTON	Glasgow
	SM	Tom ADAMS	Glasgow
	aa SEC	Brian KEADY	Glasgow
OG1	BUD	Alec HARLEY	Glasgow
	TD	Robert MCSAVENEY	Glasgow
	SM	David SNEDDON	Glasgow
	aa SEC	Brian KEADY	Glasgow

Sco North

John Innes, aa OD

PRG	BUD	Dave BRUCE	Aberdeen
	TD	Andrew CAMERON	Aberdeen
	SM	Neale STIDOLPH	Aberdeen
	SEC	Seella CHELLAYA	Aberdeen
OG2	BUD	Sandy RENNIE	Aberdeen
	TD	Lisa BLACKLAW	Aberdeen
	aa SM	Sandy RENNIE	Aberdeen
	aa SEC	Seella CHELLAYA	Aberdeen
DRG	BUD	Craig SWINBURN	Aberdeen
	TD	Ian MACLEAN STEWART	Aberdeen
	SM	Andy MCGLASHAN	Aberdeen
	aa SEC	Seella CHELLAYA	Aberdeen

Sword Sol II

Jean-Marc Sonjon, COO

Belux

Tony Claes, OD
Dieter Rogiers, SD

BIB	BUD	Paul KAISIN	Brussels
	aa SM	Rudy THERASSE	Brussels
	TD	Francis TASSEROUL	Brussels
	SEC	Aurélie FRANCOTTE	Brussels
FPB	aa BUD	Tony CLAES	Brussels
	TD	Thierry GUIOT	Brussels
	SEC	Sylvie FAIRON	Brussels
TMB	aa BUD	Dieter ROGIERS	Brussels
	aa SEC	Sylvie FAIRON	Brussels
SWG	BUD	Dimitrios GRITSIS	Athens
LUX	BUD	Paulo APOLINARIO	Luxembourg
	TD	Laurent WURMSER	Luxembourg
	SEC	Véronique DEVOS	Luxembourg

Communication Solutions

Juan Arcas, OD
Guy de San, TD

TPK	aa BUD	Juan ARCAS	Brussels
	TD	Fabrice REGNIER	Brussels
	SEC	Bénédicte ROBE	Brussels

Sword Sol II

Jean-Marc Sonjon, COO

France

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

SWL	BUD	Philippe Le CALVE	Lyon
	TD	Jean-Louis VILA	Lyon
	SM	Marie NOURRY	Lyon
	SEC	Laure DUSSAUZE	Lyon
	SEC	Isabelle PEYROT	Paris
IDL	BUD	Olivier LEBLANC	Lyon
	TD	tbc	Lyon
	SD	Maxime GRINFELD	Paris
	SEC	Isabelle EPALE	Lyon
SWA	aa BUD	Philippe BLANCHARD	Nantes
	aa TD	Thierry SCHUFFENECKER	Nantes
	SM	Claude BENHARROUS	Paris
	SEC	Sophie LEVOYER	Nantes
REN	BUD	Philippe BLANCHARD	Rennes
	SM	Samuel SARRAZIN	Rennes
	TD	Thierry SCHUFFENECKER	Rennes
	SEC	Christelle LUCAS	Rennes

Sword Sol II

Jean-Marc Sonjon, COO

Switzerland / International

Jean-Marc Sonjon, aa OD
Pascal Pagny, SD
Jean-François Ballif, TD

SUI	SBUD	Juan MARTINS	Lausanne/Geneva
	SM	tbc	Lausanne/Geneva
	SEC	Christine MARTI	Lausanne/Geneva
	SEC	Véronique MEYER	Lausanne/Geneva
BEY	BUD	Nasser HAMMOUD	Beirut
	SEC	Rima CHANTOUF	Beirut

Sword Sol III

Heath Davies, aa COO

Pradeep Banerji, CTO

Jill Greenshields,
Marketing Communications Manager

Rest of the World

Heath Davies, aa OD
Eric Jacobsen, PD (CT)

SNE	SBUD	David WARREN	New York
	SM	Tom GOODING	New York
	SM	tbc	New York
	SEC	Anna KUPIS	New York
SWP	BUD	Fabrice LIENART	Paris
	TD	Françoise DRAPERI	Paris
	SM	tbc	Paris
	SEC	Mélanie CEINTRE-BELLIER	Paris
ECM	aa BUD	Heath DAVIES	London
	SD	Peter BROWN	London
	SM	Terry COYNE	London
	TD	Liz TOBIN	London
	TD	Tony HOWARD	London
	SEC	Anne BEN MAHDI	London
CTUS	aa BUD	Tim FLEET	Houston
	SD	Tom PIETRYGA	San Francisco
	TD	Helen ROBERTS	San Francisco
	SM	John STATTS	New York
	SM	Tom MILCAHY	Chicago
	SEC	Zhanna ARAND	San Francisco
CUS	aa BUD	Tim FLEET	Houston
	aa SD	Tom PIETRYGA	San Francisco
	SM	Mike SCHAEFER	Houston
	SEC	Angie SALLEE	Houston

Sword Soft

Tony Holland, COO

GRC

Mike Hughes, OD

ABS	BUD	Robert DENT	Alton
	SM	Greg JOHNS	Alton
	TD	Martin EVANS	Alton
	SEC	Philip DENFORD	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
GIN	Site Director	Lalitha BALAKRISHNAN	Chennai
	aa BUD	Mike HUGHES	Chennai
	TD	Sridhar VELLALA	Chennai
	TD	Kamal Kumar RAJANBABU	Chennai
	HR DIRECTOR	Rex KUMAR	Chennai
	SEC	Ganapathyraman LAKSHMANAN	Chennai

Sword Soft

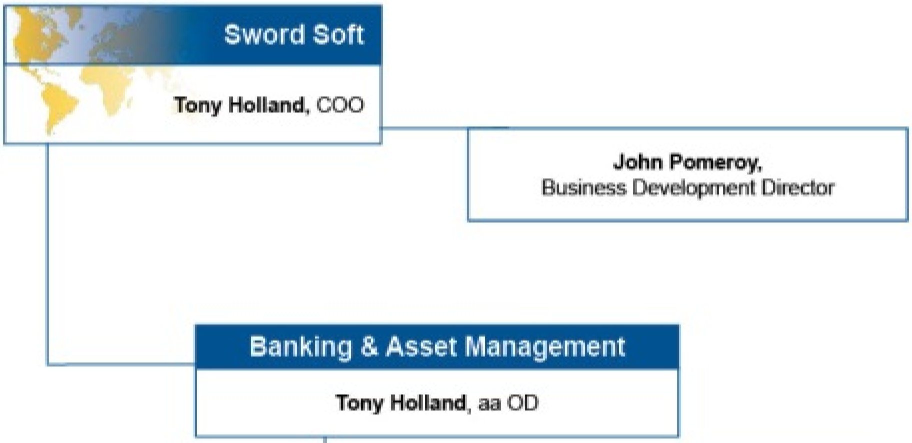
Tony Holland, COO

John Pomeroy,
Business Development Director

Construction & Operations

Gert-Jan De Kieviet, OD
Eric Jacobsen, PD

CTDE	BUD	Ingo MARIENFELD	Frankfurt
	TD	Mathieu POLLET	Frankfurt
	SEC	Vera FINKERNAGEL	Frankfurt
CTFR	BUD	Hakim FAGOUL	Paris
	aa TD	Mathieu POLLET	Frankfurt
	SEC	Clotilde BRUYELLE	Paris
CTAU	BUD	Rudi WIENERROITHER	Saltzburg
	TD	Gerhard WIEBERGER	Saltzburg
	SEC	Elizabeth NOVAK	Saltzburg
CTUK	BUD	Guy HALFHEAD	London
	aa TD	Mathieu POLLET	Frankfurt
	SM	Rodrigo VINICIUS	London
	SM	Lee ROBERTSON	London
	aa SEC	Clare GIRLING	London



APK1	BUD	Tony ALLEN	Bristol
	PD	tbc	Bristol
	TD	Neil FITZPATRICK	Bristol
	TD	Chris SHERWOOD	Bristol
	TD	Mark ELLIOTT	Bristol
	SM	Chris TOBEY	Cwmbran
	SM	James POWELL	Cwmbran
	SEC	Rob HAWKING	Bristol
APK2	BUD	Jeff LUFF	Dubai
	TD	Brian HANNAFORD	Dubai
	aa SEC	Rob HAWKING	Dubai
FIP	SBUD	Heribert WESTERVELD	London
	TD	Jean LOSCO	Paris
	PD	Thierry HAENSENBERGER	Paris
	SEC	Marie-Claire FIEVEZ	Paris
FII	BUD	Laurent CORBEL	New-York
	aa TD	Jean LOSCO	Paris
	aa PD	Thierry HAENSENBERGER	Paris
	aa SEC	Marie-Claire FIEVEZ	Paris
FIL	aa BUD	Heribert WESTERVELD	London
	SD	France PIOGER	London
	aa TD	Jean LOSCO	Paris
	aa PD	Thierry HAENSENBERGER	Paris
	aa SEC	Marie-Claire FIEVEZ	Paris

Sword Soft

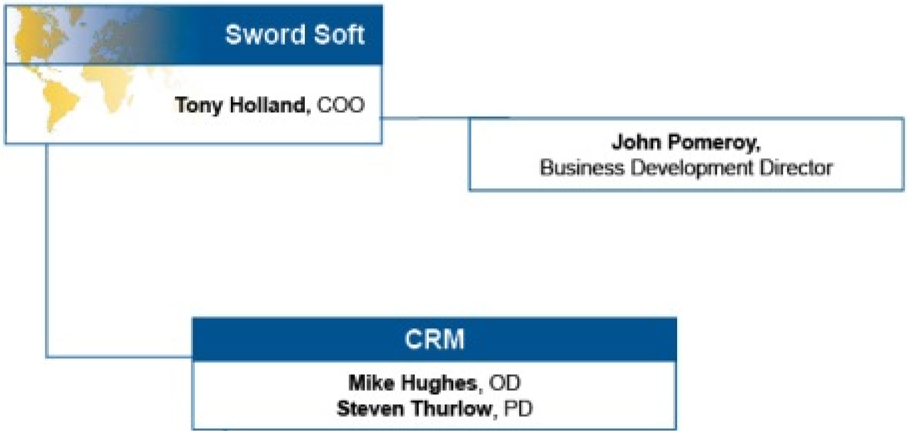
Tony Holland, COO

John Pomeroy, Business Development Director

Insurance & Healthcare

Tony Holland, aa OD
David Poynter, PD

INT	BUD	Eugene BRIEN	London
	TD	tbc	London
	DD	Duncan DEACON	London
	SM	tbc	London
	SEC	Clare GIRLING	London
INH	BUD	Steve WESTLEY	London
	SM	Rodney DUNNE	London
	aa SEC	Clare GIRLING	London
IBD	BUD	Stuart BROWES	Hamilton
	SM	tbc	Hamilton
	aa SEC	Anna KUPIS	New York
IUS	SBUD	David WARREN	New York
	SM	tbc	New York
	PD	Dennis BARNFIELD	New York
	TD	Emma WALTER	New York
	SM	tbc	New York
	SEC	Anna KUPIS	New York



GTUK	BUD	Kenny BAIN	Glasgow
	TD	Jim MCINTOSH	Glasgow
	TD	Michael CAIRNS	Glasgow
	SD	Murray FARQUARHSON	Glasgow
	SEC	Alison RENNIE	Glasgow
GTUS	BUD	Paul WHITE	Chicago
	aa SEC	Alison RENNIE	Glasgow
GTIR	BUD	Ciaran CASEY	Galway
	SM	tbc	tbc
	SEC	tbc	tbc
GTIN	BUD	Courtenay WERLEMAN	Jakarta
	aa SM	Courntey WERLEMAN	Jakarta
	TD	Irwan SUTANTO	Jakarta
	aa SEC	Okto PANJAITAN	Jakarta
GTAZ	BUD	Brian DONN	Sydney
	aa SM	Brian DONN	Sydney
	TD	tbc	Sydney
	SEC	Esther HASLER	Sydney

Financial Department

Françoise Fillot, Group CFO

Phil Norgate, Assistant Group CFO

Benelux
Frédéric GOOSSE

India
Lalitha BALAKRISHNAN

Switzerland
Claudio VOLPE

Sword Apak
Rob HAWKING

Sword Ciboodle
Alan PORTER

Citadon Inc
Carol LOPEZ

Sword Sol I
David BLYTH

Sword UK
Nichola BINGHAM

Sword Inc
Abba WARSHAW

Others
aa Phil NORGATE

The Management

Jacques Mottard, 57 years old, 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 held 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 (Montpellier ESTP (Grande école for public works engineering) and IAE (company administration institute)).

Françoise Fillot, 49 years old, Chief Executive Officer, 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, 43 years old, Deputy CEO / Chief Executive Officer / 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 degree in Computer Engineering from the Council for Information Technology Engineers in the UK.

Juan Arcas, 46 years old, Director of Operations Benelux / "Communications"

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.

Tony Claes, 42 years old, Director of Operations Benelux / "IT services"

Tony Claes joined the Sword Group in December 2002, as a result of the takeover of Cronos Technologies. He began as Technical Director, and then became B.U. Director. In 2008 he was promoted to Director of Operations for Benelux. Tony Claes graduated in Applied Sciences and has over 15 years' experience of managing major framework agreements.

Gert-Jan de Kieviet, 52 years old, Director of Operations «Energy and Construction»

Gert-Jan de Kieviet was the EMEA zone manager for CTSpace, a company acquired in 2007. Gert-Jan de Kieviet is a German citizen. He held various managerial positions in the insurance and IT industries. He also worked as shareholder manager as partner of IBM specializing in document management. Gert-Jan holds a degree from the Amsterdam university.

Tony Holland, 51 years old, « Chief Operational Officer » of Software operations

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).

Mike Hughes, 47 years old, Director of Operations R&D and CRM

Mike Hughes began his career as a researcher into ADA compilation and artificial intelligence solutions at the Turing Institute and the University of Paisley.
In 1986, he joined Graham Technology (Sword Ciboodle) to set up a development team. Mike then spent several years in Jakarta working in operations development and creation for Graham Technology in Asia before returning to the UK in 2005. He was then made group CEO. In 2008, the Sword Group purchased Graham Technology. Mike Hughes holds a degree in IT.

John Innes, 51 years old, "Chief Operations Officer" of 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.

Scott Leiper, 38 years old, VP Operations, UK (North)

Scott Leiper was Pragma's Business Unit Manager before it was acquired by Sword in April 2005. During his time at Pragma, Scott has held a number of technical and managerial positions within the Oil and Gas sector. In 2006 he was promoted to the position of Commercial Director, in 2007 to BU Director and 2008 to Director of UK operations (North). He holds an IT degree from Robert Gordon university in Aberdeen.

Jean-Marc Sonjon, 48 years old, "Chief Operations Officer" of French-speaking operation (Switzerland, Benelux and France)

Jean Marc Sonjon had been the director of Decan's "IDL" Business Unit since 1998. The unit specializing 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).

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

At the time of publication of this report, some of the above-mentioned directors hold 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 June 27, 2008, 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 March 6, 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 December 31, 2008, the members of the Board of Directors (Nicolas Mottard, Jacques Mottard – including the holding of Sémaphore Investissements - Heath Davies and 21 Centrale Partners) hold jointly 18.99% of the capital and 27.40% of the voting rights. The members of the Management Committee (Jacques Mottard – including the holding of Sémaphore Investissements - Françoise Fillot and Heath Davies) hold jointly 20.14% of the capital and 29.37% of the voting rights.

By a notarized document signed in private on November 15, 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.

Crossing of shareholding thresholds by Mr. Mottard and Sémaphore Investissements

In a letter to the French market authority the AMF dated February 9, 2009, Mr. Jacques Mottard declared that he had directly and indirectly crossed the threshold on 30 January 2009, through Sémaphore Investissements which he controls, by 20% and 25% of voting rights for the Sword Group and through directly and indirectly holding 1,746,820 shares representing 2,942,745 voting rights, i.e. 18.8% of capital and 27.23% of voting rights.

Moreover, the same day, Sémaphore Investissements declared that they had individually exceeded the 20% and 25% thresholds for company voting rights for the Sword Group.

The crossing of these thresholds is the result of the doubling of voting rights for Sémaphore Investissements.

In this same letter dated 9 February 2009, supplemented by a letter on February 10, 2009, the following declaration of intent was made:

"[…] To date, it has never been the intention of Mr. Jacques Mottard, as a majority shareholder and CEO of Sémaphore Investissements, to acquisitively increase his shareholding in the Sword Group. It is therefore not the intention of Sémaphore Investissements to take control of the Sword Group nor to demand a seat on the company's Board of Directors or play any part in its management, inasmuch as Mr. Jacques Mottard, Chairman of Sémaphore Investissements is also CEO of Sword Group".

18.2 Voting rights of main shareholders

See paragraph 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 described in Note 24 of the Annex to consolidated financial statements.

19.2 Statutory Auditors' Special Report on regulated agreements

Financial year ended December 31, 2008

Dear Shareholders,

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

Agreements authorized 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 to assess the advantage of establishing these agreements with a view to approving them, in accordance with the provisions of article R.225-31 of the Commercial Code.

We have implemented the due diligence measures deemed necessary for this mission as outlined by France's national audit regulatory body, the Companies nationale des commissaires aux comptes. These due diligence measures include checking that the information with which we have been supplied is consistent with the original documentation on which it was based.

1. Management services to subsidiaries

Representatives concerned : Jacques Mottard, Heath Davies, Françoise Fillot

Nature and purpose : Your company assists some companies, from the point at which they join the group, with matters such as sales, marketing and business strategy, purchasing, and management and organizational control.

Terms: Services billed by your company for this assistance are calculated on the basis of €150 per employee, per month, for companies which have newly joined and which are listed below as Group members, with the exception of CTSpace France (billed at €470 per month) & Sword IPR Ltd (billed at €15 per employee per month) (Board of Directors, January 2, 2008, March 21, 2008 & June 2, 2008 for foreign companies).

Besides:

- on November 7, 2008, your Board of Directors approved a change to the invoiced amount for Sword SA, Sword SAS, FircoSoft, Sword Solutions & Sword Atlantique. The new applicable flat fee stands at €235 per employee per month, effective as of January 1, 2008;

- on January 2, 2008, your Board of Directors authorized a change to the agreement with Sword Business Technology Solutions. The new flat fee stands at €15 per employee per month.

The amounts recorded for that purpose were as follows :

Subsidiaries	Value (€)
Ciboodle Australia	27,450
Ciboodle Indonesia	7,515
Ciboodle Ireland	12,600
Ciboodle UK	269,550
Sword Banking Solutions Ltd	35,100
Sword Energy Ltd	47,250
Sword Soft INC	13,950
Sword IPR Ltd	5,130
Sword Integra	26,100
Collaboration Technology INC	36,000
Buildonline UK	22,050
CTSpace France	56,700
Buildonline GMBH	22,950
Info-Techno Baudatenbank GMBH	18,000
Sword Business Technology Solutions (formerly RTE Ltd.)	435,600
Sword SA	509,715
FircoSoft	103,635
Sword Atlantique	86,715
Sword SAS	28,905
Sword Solutions	4,230

2. General Management services contract

Representative concerned: Jacques Mottard

Nature and purpose: A change to the General Management services contract (overall policy, strategic planning, management of financial resources and market share price) agreed by Sword Group and Sémaphore Investissements was approved by the Board of Directors on May 2, 2008.

Terms: It was agreed that Sémaphore Investissements present an annual bill of €150,000 for the aforementioned services, to be paid with monthly fixed payments, plus €150,000 for entertainment and travel expenses.
Henceforth these will be billed together rather than separately, bringing the total invoiced amount to €315,000, with any extra expenses relating to exceptional acquisitions activity billed separately.

Amount billed for the financial year.. €307,500

3. Disposal by your company to Sword SA of Sword SAS and Sword Atlantique

Representatives concerned: Jacques Mottard, Françoise Fillot

Nature and purpose: As part of a project to simplify the legal organization chart of the Group's French companies, your Board of Directors held October 14, 2008 authorized the combination of the companies Sword SA, Sword Atlantique, Sword SAS and Sword Solutions in order to proceed to the dissolution with no winding up of the last three companies to the benefit of Sword SA. This operation requires that Sword SA hold 100% of the capital of these companies. It has therefore been envisaged that Sword Group sell it all the shares in holds in Sword SAS and Sword Atlantique.

Terms: The disposal concerns all the shares held by your company in Sword SAS and Sword Atlantique and was completed at a price of €1,823,000 for Sword SAS and €1,560,000 for Sword Atlantique (effective 01/01/2009).

4. Disposal by your company of Sword SA to Sword Soft Ltd

Representatives concerned: Jacques Mottard, Heath Davies

Nature and purpose: In line with the envisaged combination of the companies Sword SA, Sword Atlantique, Sword SAS and Sword Solutions referred to above, the Board of Directors held October 14, 2008 authorized the disposal of Sword SA to Sword Soft Ltd., effective January 1, 2009 for a sale price of €6,774,000 (representing the value of Sword SA after completion of the aforementioned operations).

Terms: Sword SA was sold to Sword Soft Ltd on 01/01/2009.

5. Disposal of Sword Technologies

Representatives concerned: Jacques Mottard, Françoise Fillot

Nature and purpose:

- The Board of Directors held June 26, 2008 had authorized, as part of the deconsolidation of Sword Technologies, the disposal of the 81% of its capital (at a disposal price of €2,835,000) to a Luxembourg company. The latter was to be appointed to sell Sword Technologies (with, nevertheless, a commitment to reconvey the sale price, net of expenses, in case of a capital gain). This deconsolidation operation has not been carried out.

- The Board of Directors held November 7, 2008 authorized, as part of an approach to streamline the Group's organization chart, the disposal to FI System Belgium of all the shares held by Sword Group in Sword Technologies.

Terms: Sale of the 5,000 Sword Technologies shares held by your company at a total price of €5,575,000.

6. Acquisition by your company of Sword Integra

Representatives concerned: Jacques Mottard, Françoise Fillot

Nature and purpose: As part of the project to deconsolidated Sword Technologies, it has been agreed that Sword Integra would remain part of the Sword Group and, therefore, that Sword Technologies would sell to Sword Group, prior to deconsolidation, the company Sword Integra (Board of Directors of June 26, 2008).

Terms: The disposal transaction concerned all the shares held by Sword Technologies in the capital of Sword Integra, or 236,149 shares. The disposal price stood at €2,361,000.

7. Disposal by your company of Sword Integra to Sword Technologies

Representatives concerned: Jacques Mottard, Françoise Fillot

Nature and purpose: The Board of Directors held November 7, 2008 authorized the disposal to Sword Technologies of all the shares held by Sword Group in Sword Integra.

Terms: Sale of the 236,149 Sword Integra shares held by your company at a total price of €2,732,000.

8. Performance guarantee of the obligations of Apak Group Ltd

Representatives concerned: Jacques Mottard, Heath Davies

Nature and purpose: The Board of Directors held September 5, 2008 authorized the issue of a guarantee given by Sword Group of the proper performance of the commitments and obligations taken on by Apak Group Ltd under sales contracts signed with Daimler Financial Services AG.

Terms: The guarantee was signed September 5, 2008.

9. Forgiveness of debt / Claw-back clause with Sword Technologies

Representatives concerned: Jacques Mottard, Françoise Fillot

Nature and purpose: Sword Group waived in 2007 a current account of €2.1 million to the benefit of Sword Technologies, under a claw-back clause (in accordance with the authorization granted by the Board of Directors of December 10, 2007 and March 11, 2008). The Board of Directors of October 14, 2008 changed the criteria for the claw-back clause.

Terms: It had been granted under a claw-back clause or in the event of the sale of the majority of the shares of Sword Technologies.

The claw-back condition was considered to be met once the net asset after allocation to the deferred earnings of Sword Technologies on the closing date of the last financial year exceeds the amount of fully-paid share capital, plus the reserves that law and by-laws prohibit distributing.

Henceforth, the claw-back criteria, amended by an addendum dated October 8, 2008, are the following: the repayment of that current account will be done in successive tranches, limited to an amount allowing the income statement of Sword Technologies to display at least a net profit after tax of 3%, it being specified that the claw-back provisions won't apply to fiscal 2008.

Agreements approved in previous financial years, and whose execution was pursued during the financial period at stake

Besides, as per the Commercial Code, we have been informed that the execution of the following agreements and commitments, approved during previous periods, continued during the last period.

1. **Guarantee by your company of the payment by Sword Soft Ltd of part of the acquisition price of Apak**

Nature and purpose: Your company guaranteed the payment, at 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 a principal amount of £1,272,861 for a period due to expire no later than September 29, 2008. The guarantee, extinguished December 31, 2008, had no effect for your company in the course of fiscal 2008.

2. **Delegation, by your company, to Sword UK of part of its services carried out for certain subsidiaries**

Nature and purpose: Delegation to Sword UK of part of the financial and management services it carries out for the UK and US companies, as well as for those based in South Africa and India.

Terms: Regarding those services, it had been agreed that Sword UK bill your company quarterly for an annual flat fee estimated at €1,200,000.
This agreement was not enforced in 2008.

3. **Delegation by your company to Intech of part of its marketing services carried out for the various subsidiaries**

Nature and purpose: Delegation to Intech of part of the marketing services (publication of brochures, organization of seminars, special events, drawing up of presentation slides) for all of the Group companies.

Terms: Regarding those services, it had been agreed that Intech bill your company quarterly for an annual flat fee estimated at 300,000 €.
This agreement was not enforced in 2008.

4. **Guarantee by your company of the financial price for the acquisition by Sword Soft Ltd of all the shares of Collaboration Technology Inc. (CTI) through a merger between Sword Soft Acquisition Corp. Inc. and CTI**

Nature and purpose: Under a Merger Agreement between Sword Soft Ltd, Sword Acquisition Corp. Inc., Sword Group SA, Collaboration Technology Inc. (INC) and some of the shareholders of CTI, your company guaranteed the payment of the final price for the acquisition by Sword Soft Acquisition Corp. Inc. of all the shares of CTI.

Terms: The guarantee set up concerned $8,619,000. The guarantee, extinguished December 31, 2008, had no effect for your company in the course of fiscal 2008.

5. **Management services to subsidiaries**

Nature and purpose: Your company offers its subsidiaries assistance in terms of sales policy, communication, strategy, purchases, management control, and organization.

Terms: The services charged for by your company as part of the assistance provided are calculated on the basis of a lump sum per employee and per month of €150 for the foreign companies (except in India and Lebanon, where the rate applied is 15).

The amounts billed for financial 2008 are as follows:

Subsidiaries	Value (€)
Sword INC	54,450
Sword UK	73,300
Sword Technologies	152,100
Global India	9,000
TIPIK	212,850
Intech	219,150
Sword Services (formerly Linkvest) Suisse	114,300
Harvard	6,300
Sword Lebanon	4,455
FircoSoftT INC	7,650
Nextech	41,400
Achiever	40,950
Apak	146,700

6. Sub-lease agreement

Nature and purpose: Under the authorized 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 neighboring plot of land.

The sublease contract became effective as at January 1, 2006, for a period of 7 years expiring on December 31, 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 €290;237, to which should be added the property tax.

Terms: For the year ended December 31, 2008, the rent charged back by your company represents income of €297,000.

7. Current account agreement

Nature and purpose: A current account agreement has been signed between Sword Group SA and Sword Soft Limited.

It provides that Sword Group SA make available to Sword Soft funds in the form of a remunerated partner current account (at Euribor 3 months + 1%), to enable it to acquire various companies of the Sword Group that conduct Software business.

This agreement will remain valid for an undetermined period of time. Except if otherwise agreed between the companies, the amounts in capital and interest advanced by Sword Group will be paid back on the earlier of: disposal by Sword Group of more than 50% of the voting right capital of Sword Soft and IPO of Sword Soft on a regulated or non-regulated market.

Terms:
Debit balance of the current account at December 31, 2008 .... €132,964,487
Interest received and recorded as income (net) €5,035,745

8. Various charge backs by two subsidiaries

Nature and purpose: Sword Group bore (i) part of the rent of the rue de Lyon (Sword SA) and (ii) infrastructure and other expenses (Sword Services SA) under the conditions described below.

Terms: The expenses borne by Sword Group are the following:

- Rebilling by Sword SA of part of the premises it uses on its Paris site, rue de Lyon for a value of €105,775

- Rebilling by Sword Services SA of infrastructure and other expenses for €104,599

Villeurbanne and Lyon, April, 1 2009
The Auditors

DELOITTE & ASSOCIES	SOCIETE D'AUDIT FINANCIER ET DE CONTROLE INTERNE
Olivier Rosier	Jacques CONVERT

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

20.1 Corporate accounts at December 31, 2008

Income statement at December 31, 2008

(In €'000)	31/12/2008	31/12/2007
Sales revenue	3,246	3,849
Immovable stock		
Other revenues	1	2
OPERATING INCOME	**3,247**	**3,850**
Purchased consumables		
Other purchases and external charges	2,675	2,059
Taxes and duties	49	61
Personnel expenses	245	306
Depreciation and provisions charges	13	123
Other operating expenses	100	65
OPERATING EXPENSES	**3,081**	**2,614**
OPERATING PROFIT (LOSS)	**166**	**1,236**
FINANCIAL EARNINGS	**726**	**37,268**
CURRENT EARNINGS BEFORE CORPORATE INCOME TAX	**892**	**38,504**
EXTRAORDINARY EARNINGS	**-6,540**	**3,495**
Corporation tax	536	771
NET EARNINGS	**-6,185**	**41,228**

Balance sheet at December 31, 2008

Assets

(In €'000)	31/12/2008			31/12/2007
	Gross	Depreciation provisions	Net	Net
FIXED ASSETS				
Intangible fixed assets	10		10	14
Tangible fixed assets	38	15	23	32
Financial fixed assets	101,398	1,802	99,597	106,161
TOTAL FIXED ASSETS	**101,446**	**1,817**	**99,629**	**106,207**
SHORT-TERM ASSETS				
Clients and apportioned accounts			0	11
Other receivables and accruals	170,386	113	170,273	111,363
Own shares			0	0
Other marketable securities	1,350		1,350	0
Cash	356		356	282
TOTAL CURRENT ASSETS	**172,092**	**113**	**171,979**	**111,656**
GRAND TOTAL	**273,538**	**1,930**	**271,608**	**217,863**

Balance sheet at December 31, 2008

Liabilities

(In €'000)	31/12/2008	31/12/2007
Share capital	9,290	9,290
Additional paid-in capital	100,909	100,909
Legal reserve	929	842
Other reserves	1,734	1,734
Balance carried forward	40,231	4,013
Net income	-6,185	41,228
SHAREHOLDERS' EQUITY	**146,908**	**158,016**
Other shareholders' equity		
TOTAL INVESTED CAPITAL	**146,908**	**158,016**
Provisions for risks and charges		
Financial debt	123,023	59,221
CREDITORS		
Suppliers and apportioned accounts	999	513
Other accounts receivable and accruals	678	112
TOTAL CURRENT LIABILITIES	**124,700**	**59,846**
GRAND TOTAL	**271,608**	**217,863**

20.2 Annex of the company balance sheet and income statement of Sword Group SE at December 31, 2008

This is the annex to the balance sheet prior to the breakdown of the financial year ending December 31, 2008 which totals €271,608,493.16, and to the financial statement for the financial year, presented in the form of a list, which shows lost of -€6,184,688.62.

The financial year lasts 12 months and covers the period from 01/01/2008 to 12/31/2008

Sword Group's activity is exclusively devoted to:
- the management of the Sword Group's stakes
- making central services available to subsidiaries (general, financial, commercial and strategic management) through an agreement to provide management services.

Note 1: Period highlights

The company financial statements for the period have been established taking into account the current context of economic and financial crisis and on the basis of the market financial parameters available on the closing date. The immediate impact of the crisis has been taken into account, particularly in assessing assets such as accounts receivable or liabilities. Regarding longer-term assets, such as equity interests, we have assumed that the crisis would be limited in time. The value of these assets is estimated each year on the basis of the long-term economic outlook and on the basis of the Group Management's best assessment in a context of limited visibility.

Holdings

In 2008, Sword Group repurchased:
- 4.4 % stakes in Sword Suisse, at a price of €20,000,
- 100% stakes in Powersoft, at a price of €2,025,000,
- 100% stakes in Sword Integra to Sword Technologies, at a price of €2,361,000,
- 20% stakes in Sword Atlantique, at a price of €403,000,
- 3% stakes in Lyodssoft, at a price of €400,000.

In 2008, Sword Group paid the earnout relative to Sword Consulting for €127K.

In 2006, Sword Group contributed €5,182,000 to the capital increase of Sword UK.

In 2008, Sword Group sold to FI System:
- 100 % stakes in Sword Technologies, at a price of €5,575,000.

In 2008, Sword Group sold to Sword Technologies:
- 100 % stakes in Sword Integra, at a price of €2,732,000.

In 2008, Sword Group sold to Sword SA:
- 100 % stakes in Sword SAS, at a price of €1,823,000.

Note 2: Events subsequent to year-end

On January 31, 2009, Sword Group became a European company.

Note 3: Rules and accounting methods

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 general rules for establishing and presenting annual financial statements.

3.1. Intangible fixed assets

The intangible fixed assets concern the trademark Sword purchased earlier.

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 unrealized 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 recognized positioning
- Recurring customers

This estimate is confirmed by an expert's assessment conducted each year.
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 own shares held are not entered as financial fixed assets at financial year-end, as the repurchase agreements specify that they are to be used for an allocation to employees or for readjusting the market price in the context of a liquidity agreement. They are accordingly classified as marketable securities.
The costs involved for acquiring equity 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 December 31, 2008 at the closing rate.

3.5. Own shares

Sword Group no longer holds its own shares within the scope of a share-repurchasing program.
Own shares held within the scope of the liquidity agreement are entered as marketable securities. They give rise to a provision for depreciation when the average market price in the last month of the year dips below the historical share price.

3.6. Provisions for risks and charges

As per the provisions of the CRC 2000-06 regulations, a provision is recorded when the company has a commitment whose amount can be estimated in a reliable manner, and of which it is certain or likely that it will cause a disbursement of cash to the benefit of the third party, with no counterpart at least equivalent being expected from the latter.
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 categorization as extraordinary profit.
It also includes asset disposal gains on the company's own shares in the first repurchase contract, which has been settled to date.

3.8. Corporation tax

As of January 1, 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 2008 are Sword SA and Sword SAS.

Note 4: Income statement

4.1 Payroll expenses

Payroll expenses stand at €244,819 and break down as follows:

(in €)	31/12/08 (12 months)	31/12/07 (12 months)
Gross wages	173,349	216,802
Social contributions	71,470	88,926
Stakes and interests		
Total	**244,819**	**305,728**

Head count:

	31/12/08 (12 months)	31/12/07 (12 months)
Executives.	2	2
Non-executive		
Total	**2**	**2**

4.2. Net reserve allocations for operational depreciation and provisions.

(in €)	31/12/08 (12 months)	31/12/07 (12 months)
Net reserve allocation for tangible and intangible fixed assets	13,091	10,355
Reserve allocation for accounts receivable		113,000
Reserve allocation for other provisions for risks and expenses		-
Total	**13,091**	**123,355**

4.3. Breakdown of expenses and income for related companies

(in €)	Operating expenses	Revenues from operations
Total	**3,081,251**	**3,247,038**
Of which related companies	212,961	3,151,678

(in €)	Financial expenses	Financial earnings
Total	**8,697,878**	**9,423,627**
Of which related companies	1,675,127	7,207,015

4.4. Financial earnings

(in €)	31/12/08 (12 months)	31/12/07 (12 months)
Financial allocations for depreciation and provisions	1,237,829	563,979
Interest on current accounts	1,676,373	215,125
Bank interest	4,606,896	2,055,931
Mali on own shares		12,352
Negative exchange rate differences	1,176,780	663,405
Forgiveness of current accounts		2,100,000
Other financial expenses		
Total net financial costs	**8,697,878**	**5,610,792**
Reversal of financial allocations for depreciation and provisions	237,755	
Financial revenue from stakes		39,757,917
Revenue from marketable securities	56,147	118,956
Interest on current accounts	7,221,291	2,855,249
Bonuses on own shares		
Exchange rate differences	1,457,532	78,251
Other financial items (SWAP)	450,902	68,551
Total financial items	**9,423,627**	**42,878,924**
Financial earnings	**725,749**	**37,268,132**

4.5. Extraordinary earnings

Extraordinary profit can be broken down as follows:

(in €)	31/12/08 (12 months)	31/12/07 (12 months)
Net profit from sale of own shares		20,396
Net profit from sale of assets (1)	(6,539,967)	3,480,158
Other expenses or extraordinary earnings		(5,513)
Extraordinary earnings	**(6,539,967)**	**3,495,041**

(1) Represents the capital loss on the disposal of the Sword Technologies shares for €6,117,000 see Note 1.

4.6. Gross cash flow margin

(in €)	31/12/08 (12 months)	31/12/07 (12 months)
Earnings	(6,184,689)	41,228,350
Depreciation	13,091	10,355
Provisions	1,000,074	676,979
Gross cash flow margin	**(5,171,524)**	**41,915,684**
Disposal of assets	(6,539,967)	3,480,158
Cash flow	**1,368,443**	**38,435,526**

4.7. Income tax breakdown

(in €)	Before tax	Corresponding tax	After tax
Current profit	891,535	412,753	478,782
Extraordinary earnings	(6,539,967)	123,504	(6,663,471)
Employee profit-sharing			
Accounting profit	**(5,648,432)**	**536,257**	**(6,184,689)**

At December 31, 2008, none of the fiscally integrated subsidiaries displays a tax deficit that can be brought forward, previously charged against the overall taxable 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	2,331
- Underlying appreciation of marketable securities	550
- Deferrable losses	
Total reduction of future debt	**2,881**

There is no growth in future tax debt to note.

Note 5: Intangible fixed assets

5.1. Item 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**

	31/12/2008		
(in €)	**Gross values**	Depreciation	**Net values**
Trademarks and patents	10,000	-	10,000
Total	**10,000**	**-**	**10,000**

5.2. Movements for the period

(in €)	01/01/08	Acquisitions	Disposals	Reclassification	31/12/08
Trademarks and patents					
Gross values Depreciation Net	**24,500** **(10,875)** **13,625**	 (3,625) 	(14,500) 14,500 		**10,000** **-** **10,000**
Total	**13,625**	**(3,625)**	**-**		**10,000**

Note 6: Tangible fixed assets

6.1. Item 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**

	31/12/2008		
(in €)	**Gross values**	Depreciation	**Net values**
Transport equipment	37,863	14,987	22,876
Total	**37,863**	**14,987**	**22,876**

6.2. Movements for the period

(in €)	01/01/08	Acquisitions	Disposals	Reclassification	31/12/08
Transport equipment					
Gross values	37,863				37,863
Depreciation	(5,522)	(9,465)			(14,987)
Net	32,341				22,876
Total	**32,341**	**(9,465)**			**22,876**

Note 7: Financial assets

7.1. Item details

(in €)	31/12/07		
	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**

(in €)	31/12/08		
	Gross value	**Provisions**	**Net**
Equity interests	101,303,671	1,801,808	99,501,863
Deposits and sureties	94,717		94,717
Other financial assets			
Total	**101,398,388**	**1,801,808**	**99,596,580**

Financial fixed assets mainly consist of equity interests.

7.2. Movements during the period

(in €)	01/01/08	Acquisitions	Disposals	31/12/08
Equity interests				
Gross values	106,888,543	11,085,096	(16,669,968)	101,303,671
Depreciation	(801,734)	(1,237,829)	237,755	(1,801,808)
Net	106,086,809	9,847,267	(16,432,213)	99,501,863
Deposits				
Gross values	74,250	20,467		94,717
Provisions				
Net	74,250	20,467		94,717
Other financial assets				
Gross values				
Provisions				
Net				
Total	**106,161,059**	**9,867,734**	**(16,432,213)**	**99,596,580**

Acquisitions of equity interests over the financial year relate to:

- Purchase of 100% of the equity of Sword Integra, for €2,361,000,
- Contribution to the capital increase of Sword UK, for €5,182,000,
- Purchase of 100% of the equity of Powersoft, for €2,025,000,
- Purchase of 20% of the equity of Sword Atlantique, for €403,000,
- Purchase of 4.4% of the equity of Sword Suisse, for €20,000,
- Purchase of 3% of the equity of Lyodssoft, for €400,000,
- The payment of the earnout relative to Sword Consulting for €127,000.

Disposals of equity interests over the financial year relate to:

- Disposal of Sword Integra for a value of €2,732,000,
- Disposal of Sword Technologies for a value of €5,575,000,
- Disposal of Sword SAS Company for a value of €1,823,000.

Note 8: Operating accounts receivable

Item details

(in €)	31/12/07		
	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**

(in €)	31/12/08		
	Gross values	Provisions	Net values
Trade and operating receivables Other debtors Deferred charges	 170,364,376 21,498	 113,000	 170,251,376 21,498
Total	**170,385,874**	**113,000**	**170,272,874**
Of which related companies			
Trade and operating receivables			
Other debtors	169,749,643		169,749,643
Deferred charges			
Total	**169,749,643**		**169,749,643**

Other receivables are made up mainly of amounts left on current accounts to the benefit of the Group's subsidiaries. Their amount increases mainly because of Sword Soft, a subsidiary of Sword Group, which has repurchased Ciboodle (formerly Graham Technologies). These debts are due within less than one year, except for frozen current accounts (for €168,270 at 12/31/2008).

Note 9: Shareholders' equity

(in €'000)	01/01/2008	Earnings appropriation	Profit for the period	Dividends paid	31/12/2008
Share capital	9,290				9,290
Paid-in cash	100,909				100,909
Legal reserve	842	87			929
Other reserves	1,734				1,734
Balance carried forward	4,013	41,141		-4,923	40,231
Earnings	41,228	-41,228	-6,185		-6,185
Total	**158,016**	**-**	**-6,185**	**-4,923**	**146,908**

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 August at 30, 2001 ordered a capital increase €3,412,000 to enable payments to Sword SA shareholders, who contributed all their Sword SA shares to Sword Group.

On December 31, 2001, following the exercising of 33,568 stock warrants held by Jacques Mottard, share capital was increased by a further €168,000.

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

On February 27, 2002, after the company 21 Centrale Partners exercised 123,072 of its stock warrants, share capital was increased by €615,000.

On March 12, 2002 the Board of Directors carried out a capital increase of €630,000 for the FCPR 21 Développement.

On March 20, 2002 the Board of Directors carried out a capital increase of €1,295,000 with a view to floating the company on the stock market.

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

On March 26, 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 April 7, 2004, the Chairman of the Board decided to exercise the 15% extension clause by bringing up to 236,178 the number of equity warrants (ABSAs) to be issued as part of the capital increase of Sword Group.

The Board of Directors held April 26, 2004 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 December 31, 2004, share capital totaled €7,342,105, divided into 1,468,421 shares with a face value of €5.

The Shareholders' Extraordinary Meeting held April 29, 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 June 14, 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 €30,000 and an increase in the issue premium of €544,000.

29,336 equity warrants had been exercised by December 31, 2005 and recorded in the accounts of the Sword Group, providing entitlement to 36,670 new shares, involving an increase in capital of €37,000 and an increase in the additional paid-in capital of €673,000.

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

On June 21, 2006 the Board of Directors permitted the exercise of 182,736 equity warrants that provided entitlement to 228,420 new shares, involving an increase in capital of €228,000 and an increase in the issue premium of €4,193,000.

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

On April 6, 2007 the Board of Directors recorded a capital increase with the issue of 1,653,125 new shares, involving an increase in capital of €1,653,000 and an increase in the issue premium of €62,001,000.

On December 31, 2005, capital stock totaled €9,289,965, divided into 9,289,965 shares with a face value of €1.

Stocks options

As at April 28, 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 authorization has been granted for 38 months. As at December 29, 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 November 29, 2006 to December 28, 2006, at €35,128.
The option allocation plan was closed on December 29, 2006.
On December 31, 2008, 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 December 31, 2008, no option had been exercised.

Note 10: Net debt

10.1. Item breakdown by type

(in €)	31/12/08	31/12/07
Other long- and medium-term borrowings	97,150,000	54,870,000
Other financial creditors	25,632,303	4,356,910
Current banking facilities	241,077	(5,593)
Total gross debt	**123,023,380**	**59,221,317**
Financial current accounts (debit side)		
Marketable securities	1,349,802	
Cash and cash equivalents	356,361	281,659
Total net debt	**121,317,217**	**58,939,658**

The main loans have been taken out at an interest rate of euribor 3 months +0.7.

Cover through paying SWAP at a fixed rate of 3.95% (excluding bank margin) was set up as at November 1, 2008 for a period of 48 months and an amount of €20M. The bank reserves the possibility to cancel the Swap definitively as of April 1, 2010, and then every 3 months, without any balancing payment and with a prior notice of 10 business days.

A second cover through paying SWAP at a fixed rate of 4.37% (excluding bank margin) was set up as at November 1, 2008 for a period of 48 months and an amount of €30M. The bank reserves the possibility to cancel the Swap definitively as of July 1, 2008, and then every 3 months, without any balancing payment and with a prior notice of 10 business days.

Other loans mainly consist of drawing rights and promissory notes from financial institutions. Other financial debts are mainly comprised of current accounts with related parties with maturities within less than one year.

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 Sword BTS, 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 €97,150,000 as at December 31, 2008.
At December 31, 2008, Sword Group complied with such covenants.

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

(in €)	31/12/08	31/12/07
Maturity date		
< 1 year	1,250,000	1,250,000
1 year < X > 5 years	63,900,000	25,520,000
> 5 years	32,000,000	28,100,000
Total	**97,150,000**	**54,870,000**

Note 11: Operating debts

(in €)	31/12/08	31/12/07
Advance payments received		
Suppliers and other operating creditors	998,727	513,226
Tax and statutory payments	661,431	108,055
Debts on assets		
Other creditors	16,872	3,672
Deferred revenues		
Total	**1,677,030**	**624,953**
Of which related companies		
Advance payments received		
Suppliers and other operating creditors		
Tax and statutory payments		
Debts on assets		
Other creditors		
Deferred revenues		
Total	**-**	**-**

Operating debts are due within less than one year.

Note 12: Accruals

(in €)	31/12/08	31/12/07
Clients and apportioned accounts		
Other debtors	133,688	
Total	**133,688**	

(in €)	31/12/08	31/12/07
Loans and debts from credit organizations	236,071	
Suppliers and other operating creditors	621,310	412,834
Tax and statutory payments	51,828	69,647
Debts on assets		
Other creditors		
Deferred revenues		
Total	**909,209**	**482,481**

Note 13: Off-balance sheet commitments

Details by type

(€'000)	31/12/08	31/12/07
Financial guarantees offered		
Sureties on future rents		730 (2)
Other sureties	10,701 (1)	1,900 (1)
Guarantees on foreign contracts		
Guarantee on foreign payment		7,285 (3)
Commitments received		
Sureties received		
Other commitments received	2,100 (4)	2,100 (4)

(1) Sureties concern bank balances of €1,900K for Sword Technologies and of €1,500K for Tipik, unused at December 31, 2008, and a bank loan taken out by Sword Technologies for €8M, of which €7,301,000 had been used at December 31, 2008.
(2) Guarantees for rent were provided for Ulster Estate.
(3) The guarantee on foreign payments corresponds to a commitment to pay to Anthony Bracey in the context of the acquisition of Apak for €1,736,000 and a commitment to pay by Sword Soft to the seller of CTSpace for €5,549,000.
(4) Sword Group received a commitment regarding the forgiveness of a current account with Sword Technologies with claw-back provisions for €2.1M.

Besides, Sword Group has given its guarantee for the proper performance of the commitments and obligations subscribed by Apak group Ltd in the context of the signing of selling contracts with Daimler Financial services AG.

Note 14: Remuneration of managers and directors

The members (2 people) of the management and operations committees together received during the 2008 financial year a gross remuneration of €193,000. The directors' fees paid to members of the Board come out to €100,000.

Note 15: Other information

Sword Group, as the head of the group, draws up the consolidated statements. As for itself, it is not consolidated into a larger group, through full 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	Advance loan granted by the company and not yet paid back In €	Sales revenue In €	Profit for last period ended In €	Dividends cashed In €	Comments Year end
1 - Subsidiaries (over 50% of equity held)										
Sword INC 230 Park Avenue Suite 1000 NEW YORK – NY 10169 – USA	718	1,097,834	100	5,536,322	5,536,322	3,070,027	7,809,964	193,348	NONE	12/31
Sword Creation Informatique PO BOX 9518 Pretoria 0001 – South Africa	8	28,191	100	106,714	106,714		0	(72,902)	NONE	12/31

(in €)	Issued capital In €	Shareholders' equity excluding the issued capital In €	Share of capital held, in percentage	Value of the securities In € Gross	 Net	Advance loan granted by the company and not yet paid back In €	Sales revenue In €	Profit for last period ended In €	Dividends cashed In €	Comments Year end
Sword UK 1000 Great West Road Brentford Middlesex TW8 9DW	48,398,960	2,935,329	100	73,935,438	73,935,438		5,959,888	273,753	NONE	12/31
Sword SA 9 Avenue Charles de Gaulle 69771 St Didier au Mont D'Or Cedex	3,471,250	2,124,243	100	4,730,512	4,730,512	7,680,638	20,925,467	678,099	NONE	12/31
Sword Services Avenue des Baumettes 19, CH Renens / Lausanne	1,346,802	2,394,974	100	10,892,810	10,892,810	762,459	8,945,740	420,949	NONE	12/31

(in €)	Issued capital In €	Shareholders' equity excluding the issued capital In €	Share of capital held, in percentage	Value of the securities Gross In €	Net	Advance loan granted by the company and not yet paid back In €	Sales revenue In €	Profit for last period ended In €	Dividends cashed In €	Comments Year end
FI System Belgium 49-51 Rue de Trèves Brussels	6,064,000	(3,059,643)	100	3,000,000	3,000,000	5,579,521	0	(11,204)	NONE	12/31
Sword Soft 1000 Great West Road Brentford Middlesex TW8 9DW	106,000	3,035,441	88.7	93,900	93,900	132,964,488	0	3,378,759	NONE	12/31
Sword Atlantique 9 Avenue Charles de Gaulle 69771 St Didier au Mont D'Or Cedex	50,000	765,704	100	443,000	443,000		2,623,900	290,969	NONE	12/31

	Issued capital In €	Shareholders' equity excluding the issued capital In €	Share of capital held, in percentage	Value of the securities Gross In €	Net	Advance loan granted by the company and not yet paid back In €	Sales revenue In €	Profit for last period ended In €	Dividends cashed In €	Comments Year end
Sword DDS 9 Avenue Charles de Gaulle 69771 St Didier au Mont D'Or Cedex	40,000	15,141	100	618,295	54,316		0	826	NONE	12/31
2 - Interests held (10% to 50% of equity held)										

	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 €	Sales revenue In €	Profit for last period ended In €	Dividends cashed In €	Comments Year end
3 – General information about other subsidiaries and interests (less than 10% of equity held)										
SBT			3.06	322,589	130,536				NONE	12/31
Log & PI Consulting	300,000	(104,688)	5	11,115	11,115	252,204	1,321,884	123,222	NONE	Impaired loan for €113,000 12/31
Lyodssoft			9	1,045,776	0				NONE	12/31

20.3 Pro-forma financial information

None.

20.4 Consolidated financial statement 2008

Consolidated income statement at December 31, 2008

€'000	Annex note	31/12/2008	31/12/2007
Sales revenue	**6.1**	**205,730**	**179,045**
Purchased consumables		-16,443	-14,825
Other purchases and external charges		-54,900	-51,680
Taxes and duties		-1,522	-1,314
Wages and social contributions	**7.1**	-91,731	-77,983
Depreciation and provisions charges	**7.2**	-3,657	-3,897
Other operating income and expenses	**7.4**	-446	-7
Current operating profit		**37,031**	**29,339**
Earnings on disposals and impairment of assets	**7.5**	-2,365	353
Other non-current operating income and expenses	**7.6**	-954	-460
Operating profit		**33,712**	**29,232**
Income from cash and cash equivalents	**7.7**	85	152
Financial expenses	**7.8**	-5,120	-2,134
Net interest expenses		**-5,035**	**-1,982**
Other financial income and expenses	**7.9**	2,704	1,395
Pre-tax earnings		**31,382**	**28,645**
Corporation tax	**7.10**	-10,042	-9,734
Total net consolidated profit		**21,340**	**18,911**
Of which Group share		20,979	18,532
Of which minority interests		361	380

Earnings per share	**7.11**	2.26	2.09
Diluted earnings per share	**7.11**	2.27	2.09

Amount of recorded dividends (in euros)		4,923,683	3,900,626
Distributed amount per share (in euros)		0.53	0.42

Consolidated balance sheet at December 31, 2008
Assets

€'000	Annex note	31/12/2008			31/12/2007
		Gross	Depreciation prov	Net	Net
LONG-TERM ASSETS					
Goodwill	8	177,892		177,892	162,925
Other intangible fixed assets	9	3,219	1,973	1,246	3,502
Tangible fixed assets	10	28,053	21,704	6,349	6,268
Long-term investments	11	3,869	1,238	2,631	2,886
Other long-term assets	11	0		0	0
Deferred tax assets		698		698	172
TOTAL OTHER LONG-TERM FINANCIAL ASSETS		**213,731**	**24,915**	**188,816**	**175,752**
SHORT-TERM ASSETS					
Assets held for sale	14	6,433		6,433	766
Clients and apportioned accounts	12	77,750	2,084	75,665	74,617
Other current assets	13	16,516	118	16,399	9,581
Cash and cash equivalents	15	19,185	40	19,145	26,875
TOTAL CURRENT ASSETS		**119,883**	**2,242**	**117,641**	**111,838**
TOTAL ASSETS		**333,614**	**27,157**	**306,457**	**287,590**

Consolidated balance sheet at December 31, 2008
Liabilities

€'000	Annex note	31/12/2008	31/12/2007
CONSOLIDATED SHAREHOLDERS' EQUITY			
Share capital	**16**	9,290	9,290
Additional paid-in capital	**16**	100,909	100,909
Reserves - Group's share	**16**	-6,926	19,425
Group's share of net profit		**20,979**	**18,532**
GROUP'S SHARE OF EQUITY		**124,251**	**148,155**
Minority interests		305	1,125
TOTAL CONSOLIDATED SHAREHOLDERS' EQUITY		**124,556**	**149,280**
LONG-TERM LIABILITIES			
Retirement provision	**17**	116	225
Other non-current provisions	**17**	83	67
Long-term financial debt	**15**	101,768	53,648
Earnout due	**3**	230	964
Other long-term liabilities		728	4,252
TOTAL NON-CURRENT LIABILITIES		**102,926**	**59,156**
SHORT-TERM LIABILITIES			
Liabilities held for sale	**14**	4,558	502
Current provisions	**17**		
Suppliers and apportioned accounts	**18**	24,778	23,625
Income tax due	**19**	8,590	7,234
Other current liabilities	**19**	37,236	45,747
Short-term financial debt	**15**	3,814	2,047
TOTAL CURRENT LIABILITIES		**78,975**	**79,154**
GRAND TOTAL		**306,457**	**287,590**

Change in consolidated shareholders' equity at December 31, 2008

€'000	Share capital	Share premium	Consolidated reserves	Own shares	Profit (loss) for the period	Conversion reserves	Total shareholders' equity - Group's share	Total shareholders' equity - Minority interests	Total shareholders' equity
Balance at close of accounts 12/31/2006	**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 differences						-12,114	-12,114	-359	-12,473
- Own 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			-3,900				-3,900		-3,900
- Change in consolidation scope and miscellaneous			-896				-896	673	-223
Balance at close of accounts 12/31/2007	**9,290**	**100,909**	**30,751**	**634**	**18,532**	**-11,960**	**148,156**	**1,125**	**149,280**
- Profit (loss) for the period					20,979		20,979	361	21,340
-Changes in translation differences						-35,908	-35,908	-3,103	-39,011
- Own share transactions							0		0
- Payment in shares							0		0
- Revaluation of securities			-208				-208		-208
- Stock option transactions			140				140	4	144
- Swap transactions			-1,493				-1,493		-1,493
- Earnings appropriation			18,532		-18,532		0		0
- Dividends paid by the parent			-4,923				-4,923		-4,923
- Change in consolidation scope and miscellaneous			-2,491				-2,491	1,918	-573
Balance at close of accounts 12/31/2008	**9,290**	**100,909**	**40,308**	**634**	**20,979**	**-47,868**	**124,252**	**305**	**124,556**

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: €1,701,000 in 2008 and €294,000 in 2007.

Cash flow statement at December 31, 2008

(in €'000)	*Annex note*	31/12/2008	31/12/2007
Cash flows from operating activities			
Total net consolidated profit		**21,340**	**18,911**
Expense (income) with no impact on cash			
• Depreciation allowance		3,430	2,858
• Other provision allowance / reversals		1,048	-68
• Capital gains or loss on the disposal of non current assets		2,365	-353
• Compensation paid in shares		144	212
Net interest expenses		5,035	1,982
Taxes and duties (due and deferred)	**7.10**	10,042	9,734
CASH FLOW		**43,404**	**33,277**
Tax Company paid		-8,260	-6,222
Interest paid		-5,050	-1,982
Change in working capital requirements.	**22**	-16,153	-12,247
OPERATING CASH FLOWS		**13,941**	**12,825**
Investment operations			
Disbursement on acquisitions			
• intangible fixed assets		-2,305	-884
• tangible fixed assets		-3,078	-3,502
• financial assets		-1,094	-1,810
Income from disposals			
• intangible fixed assets		0	12
• tangible fixed assets		848	113
• financial assets		33	201
Impact of changes in consolidation scope	**22**	-59,159	-33,035
NET CASH FLOW ON INVESTMENTS		**-64,755**	**-38,905**
NET OPERATING CASH FLOW AFTER INVESTMENTS		**-50,814**	**-26,080**
Income from financial transactions			
Dividends paid by the parent company		-4,924	-3,901
Dividends paid to minority interests		5	0
Net funds received by:		0	
• Capital and additional paid-in capital increase		0	63,654
• Subscription of the long-term loan		51,993	45,150
Redemption / disposal of own shares		0	118
Long-term debt reimbursement		-2,252	-59,568
TOTAL FINANCING CASH FLOWS		**44,822**	**45,452**
TOTAL CASH FLOWS		**-5,992**	**19,372**
Net cash at year-end (A)		18,175	26,149
Opening cash position (B)		26,150	8,634
Impact of the change in currency prices		1,982	1,857
Change in cash (B)-(A)		**-5,992**	**19,372**
Cash and cash equivalents		19,157	26,946
Creditor banking facilities		-982	-797
Net cash (1)		18,175	26,149

(1) of which Sword South Africa for €71K at 12/31/2007 and Graham Land and Estates for €13K at 31/12/2008.

20.5 Annex to the consolidated balance sheet and income statement at December 31, 2008

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

This Appendix is an integral part of the consolidated financial statements for the year ended December 31, 2008. The consolidated financial statements were approved by the Board of Directors on March 10, 2009.
These accounts will only be finalized following approval by the Shareholders' General Meeting on April 29, 2009.

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: Period highlights and events subsequent to year-end

1.1. Period highlights

The main events during the past financial year have been:

- Sword South Africa was sold in February 2008. This company contributes €80,000 to the 2008 consolidated sales and €42,000 to the current operating profit.

- At the beginning of financial 2008, Sword UK's UK subsidiary, Sword Business Technology Solutions Ltd (formerly Real Time Engineering) took over Sword UK's Pragma Business Unit. This operation has no impact on the consolidated financial statements.

- On March 31, 2008, Sword Soft acquired 100% of the shares of Ciboodle (formerly Graham Technology) based in Glasgow, with subsidiaries in the USA, Ireland, the Netherlands, Australia, New Zealand, Indonesia, and South Africa. This company provides CRM (Customer Relationship Management) products. Ciboodle generates sales of approximately €21M per annum.

- In January 2008, Sword Services (formerly Linkvest), Sword Consulting (formerly Stellon), Powersoft and Sword Suisse, all based in Switzerland, merged. This operation has no impact on the consolidated financial statements.

- On September 30, 2008, Sword UK and Harvard merged. This operation has no impact on the consolidated financial statements.

- In December 2008, Sword SA, Sword SAS and Sword Solutions, all based in France, merged. This operation has no impact on the consolidated financial statements

The impact of changes in the scope of consolidation on the 2008 accounts is provided in Note 3. and Note 7.5 regarding disposals.

1.2. Events subsequent to year-end

On January 31, 2009, Sword Group became a European company.

Note 2: consolidation rules and valuation methods

2.1. Accounting standard

In accordance with European directive No. 1606/2002 dated July 19, 2002 on international accounting standards, the consolidated financial statements of Sword Group for the year ended December 31, 2008 were prepared in accordance with the IFRS international accounting standards as adopted by the European Union on December 31, 2008. In particular, the company implemented the standards and interpretations, whose implementation is mandatory for financial periods beginning as of January 1, 2007, i.e. in particular:

- IFRS 7: Financial instruments: information to be provided. 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 financial instruments is detailed in Note 20 to this annex.
- Additional amendment to IAS 1: this amendment introduces new information regarding the capital of a company and the way it manages it. This new information is given in Note 12 below. The new information regarding share capital is detailed in Note 16 to this annex.

The other standards and interpretations whose enforcement was mandatory in 2008 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 December 31, 2008 but are not yet mandatory, yet can be implemented in advance, in particular the IFRS 8 regarding business segments. 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 July 1, 2009, may have a major impact on the consolidated financial statements for the accounting treatment of the Group's future external growth operations.

All the texts adopted by the European Union are available on the website of the European Commission at: http://ec.europa.eu/internal_market/accounting/ias_fr.htm.

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 into “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 its cash flows, in accordance with the template recommended by the CNC (Conseil National de la Comptabilité) in its recommendation 2004-R-02 with emphasis on the current operating profit (loss) (ROC).

2.3. Consolidation methods

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.
Under the statutory agreement of Sword Soft, the earnings for the period go entirely to Sword Group. On that basis, the entire earnings (loss) are allocated to Sword Group in the breakdown between group and minority interests.

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

The list of consolidated companies is provided in Note 25.

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 Annex.
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).
The company financial statements for the period have been established taking into account the current context of economic and financial crisis and on the basis of the market financial parameters available on the closing date. The immediate impact of the crisis has been taken into account, particularly in assessing assets such as inventories, accounts receivable or liabilities. Regarding longer-term assets, such as equity interests (goodwill, trademarks), we have assumed that the crisis would be limited in time. The value of these assets is estimated each year on the basis of the long-term economic outlook and on the basis of the Group Management's best assessment in a context of limited visibility regarding future cash flows.

2.6. Segment information

An analysis of the criteria in the standard IAS 14 facilitates determining business activity and geographical sectors (organizational 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:

- The Solutions segment, specializing in systems integration in the field of IS content management

  This activity mainly targets regulated markets and therefore works at the compliance management level.
  That department bases its strategy on software components that can be:
    - technical (for document management, geographic information systems, etc.)
    - core-business oriented (trademark and patent office management, local communities, etc.)

- The Products segment, which covers:
  - anti-money laundering software targeted at the global market.
  - GRC (Governance Risk and Compliance management) products
    This area covers purely GRC activities, document management activities, and large project management activities.
  - products that initially targeted reinsurance, and now insurance and healthcare. The initial strategy mainly targeted the UK and has now extended to continental Europe, Ireland, the US and Bermuda.
  - Asset Management products with, as their main vector, vehicle leasing companies. As for the previous activity, aside from the UK market, these products also target the markets of continental Europe and the Middle East.

The Group is not organized into geographical areas (there are no regional managers or regional reporting etc). A breakdown of sales turnover by geographic areas is provided for informational purposes in Note 6.2 in the Annex.

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 year end, 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 attributed 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 prior to 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 January 1, 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 finalized 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 (turnover, profits etc) to the forecasts considered to be the most likely. They are categorized 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.

Lacking any provisions set out by the current IFRS 3 standard regarding business combinations and in a spirit of consistency with the provisions of the new IFRS 3 revised, which is being adopted by the European Union, acquisition or disposal transactions that take place with minority shareholders are henceforth considered to be transactions between shareholders. Thus, as of January 1, 2007, at the time of acquisitions or disposals of shares to minority shareholders:

- minority interests are reduced or increased by the share of the net book value 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 amortized 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 applied, inasmuch as it reflects better the goodwill relative to the disposed activity.

2.10. Intangible fixed assets

2.10.1. Research and development costs

Research costs are stated in expenses.

Development costs are capitalized when they meet the following criteria in IAS 38:
- the 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 depreciated 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 fixed assets are stated at cost of acquisition, ancillary costs included.

All intangible assets have a set lifetime, and accordingly are amortized linearly over the expected useful lifetime, on a straight line basis for 3 years. 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.

Amortization 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. Leasing contracts

Lease contracts are capitalized 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 amortized 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-amortized assets (assets with an indeterminate economic lifetime) and for amortized assets where loss of value indexes exists. 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 most detailed level monitored by management, 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 amortizable base. Impairment of goodwill is irreversible.

The breakdown of the activity 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 lines of business.
The Products segment is now divided into 2 CGUs. The first one, CGU1, concerns companies whose products are leased or sold on a SaaS model, while the second one, CGU2, concerns the product companies that market tools that can be sold off the shelf.

The main parameters used are summarized below:

Forecast horizon: 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: 4.1%), plus a 5.7% market risk premium for the eurozone, a beta coefficient specific to the line of business and a specific risk premium to take the size of the entities into account. The discount rates stand at 12.34% for CGU1, 11.84% for CGU2, and 12.03% for CGU3.
- The cash flow growth rate chosen beyond the budget period is at 2%.

2.15. Long-term investments

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; variation 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 face 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 fact of the sale of software is the electronic delivery of the 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 turnover as they are performed:
- Training services are billed once they are completed,
- Maintenance products are treated linearly on a time basis over the contract period,
- Assistance services are billed as they are performed.

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. Variations on 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 contribution 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 benefit 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 17.1.

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 Annex (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 tribunals.

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 Annex on contingent assets and liabilities, if the impact is significant, unless the probability of occurrence is very low.

2.20. Income tax

Tax due

Tax due is calculated for each entity according to the fiscal rules applying to it.
As of January 1, 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 2008 are Sword SA and Sword SAS.

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 realization 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 tax 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 recorded at amortized cost: this item includes receivables, payables, deposits and guarantees and other commercial claims. These instruments are initially accounted at fair value, which is effectively close to their face value. They are valued at year end at their original cost, less amortization 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 and liabilities whose maturity is within 12 months, the original face value is considered equivalent to the amortized cost value. The detailed valuation rules are shown above in the specific notes.

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 and 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.

Investments held for sale: they represent:

- non consolidated minority stakes in listed companies (securities held for sale). These securities are estimated at their fair listed value at year-end. The change in fair value compared to the initial value is recorded directly in shareholders' 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 and can be reversed by earnings only upon the disposal of the securities.

Note 20 below, specific to financial instruments, provides the following information regarding each category 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 risk (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 turnover.

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 amortization, depreciation of tangible or intangible 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 to have a diluting effect 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 22.

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 materialize 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 received is included into this investment cash flow.

Finance 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: Changes in consolidation scope

The main changes to the consolidated scope in 2008 are described in paragraph 1.1.

	Ciboodle in £M (1)
% Acquired	100
Related line of business	Software
Acquisition cost - of which acquisition expenses - of which earn out	37.65 1.46 0
Fair value of acquired assets	29.27
Fair value of acquired liabilities	26.44
Revaluations	-
Revalued net asset	2.83
Earnings since acquisition date	
Goodwill	34.81
Earn out	0

(1) Sterling exchange rate at acquisition date (end of month rate): GBP0.7958 for €1

Acquisitions for financial 2008 summarize as follows:

The fair value of assets and liabilities, detailed above, showed no difference with the book value of such assets and liabilities at acquisition date, determined in accordance with IFRS standards.
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 2007 regarding the consolidation scope, result from the following events:

On January 27, 2006, Sword Group purchased 10% of Nextech, a company based in Brazil. This company develops Enterprise Content Management (ECM) in various South American countries. At December 31, 2006, additional Nextech shares were purchased, bringing the holding percentage to 19%. On March 28, 2007, Sword Group acquired the remaining 81% of share capital, thus rising its stakes to 100%. Nextech develops and markets its own complementary products, whose technological basis is taken from Sword de Document Management's tools. Nextech posted sales of approximately €1.5M per annum at acquisition date.

On April 5, 2007, Sword UK acquired 100% of the shares of Achiever, a company based near London. This company develops and markets a GRC Management (Governance, Risk, Compliance) product for large companies. On its acquisition date, Achiever posted sales of approximately €3.3M per annum.

On July 20, 2007, Sword Soft acquired 100% of the shares of Apak, a company based near Bristol, UK, and in Dubai. This company develops and markets asset management products. Apak generates sales of approximately €13M per annum.

On November 7, 2007, Sword BTS (formerly Real Time Engineering) (a subsidiary of Sword UK) acquired 100% of the shares of Powersoft, a company based near Lausanne (Switzerland). This company specializes in geographic information systems. Powersoft posts sales of approximately €0.4M per annum.

On November 30, 2007 Sword UK acquired 100% of the share capital of UK's Blue Tangent. At that same date, Sword UK absorbed Blue Tangent. This entity specializes in documentum technology and posts sales of approximately €0.4M per annum.

On December 20, 2007, Sword Soft acquired 100% of the shares of CTSpace, a company based in San Francisco, and, through subsidiaries, in the UK, France, Germany, and Austria. This company specializes in GRC Management, markets products designed for the management of large projects for the petroleum market and the civil engineering market. CTSpace generates sales of approximately €11M per annum.

The main changes to the consolidated scope in 2007 are described in paragraph 1.1.

	Nextech in R$M (1)	**Achiever in £M (2)**	**Apak in £M (3)**	**Powersoft in CHFM (4)**	**CTSpace in $M**
% Acquired	100	100	100	100	100
Related line of business	Software	Software	Software	Solutions	Solutions
Acquisition cost - of which acquisition expenses - of which earn out	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
Revaluations	-	-	-	-	-
Revalued net asset	-1.11	-0.99	4.57	-0.14	-14.72
Earnings 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 summarize as follows:

(1) Brazilian Real exchange rate at acquisition date (end of month rate): 2.72279 Real for €1
(2) Sterling exchange rate at acquisition date (end of month rate): GBP0.6798 for €1
(3) Sterling exchange rate at acquisition date (end of month rate): GBP0.67195 for €1
(4) CHF exchange rate at acquisition date (end of month rate): GBP1.6762 for €1
(5) USD exchange rate at acquisition date (end of month rate): GBP1.4721 for €1

The comparison table for price complements integrated into the acquisition price in 2008 and 2007, is given below:

(€'000)	31/12/2008			31/12/2007			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			Earn out is based on earnings from 2005 to 2007
Harvard				1,091			Earn out is based on earnings from 2005 to 2007
Sword BTS (formerly Real Time Engineering)				273			Earn out is based on sales revenue and earnings from 2006 to 2008
Sword Consulting (formerly Stellon)				810	120		Earn out is based on earnings from 2006 to 2009
Nextech	230	230		217	435		Earn out is based on sales revenue and earnings from 2007 to 2010
Achiever	420			545	409		Earn out is based on sales revenue and earnings from 2008 to 2010
Apak				4819			Earn out is based on sales revenue and earnings from 2008 to 2010
Blue Tangent				352			Earn out is based on sales revenue and earnings from 2008 to 2010
Total	**650**	**230**	**0**	**8,450**	**964**	**0**	

Changes in the earn out debt estimates as compared to the estimate made in 2007, have brought the goodwill down by €1,823 K. The adjustment of goodwill on previous financial years had no impact on earnings.

It should be noted that the earnout amounts detailed above represent the best estimates of these assets at year-end. They are likely to be changed with no limit in time, against goodwill.

Note 4: Additional information regarding the acquired companies

The revenue and net income of the companies acquired in 2008 for the period from January 1, 2008 to December 31, 2008 are presented below:

	Ciboodle (formerly Graham Technology) in £'000
Sales revenue	26,039
Net income	-244

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

	Nextech in KR$	**Achiever in £'000**	**Apak in £'000**	**Powersoft in CHFK**	**CTSpace in $'000**
Sales revenue	7,516	2,217	10,729	754	15,971
Net income	481	515	1,590	325	-6,277

Note 5: Method used for converting cash items

The table below displays the euro against foreign currency rates used in the consolidation process:

	Average rate 31/12/2008	**Average rate 31/12/2007**	**Closing rate 31/12/2008**	**Closing rate 31/12/2007**
GBP	0.794786	0.684186	0.952500	0.733350
US Dollar	1.463484	1.368680	1.391699	1.472099
Brazilian Real	2.658309	2.699121	3.243604	2.611907
Swiss Franc	1.586111	1.642486	1.484999	1.654700
South African rand	12.010281	9.657543	13.066771	10.029788
Indian rupee	64.234327	56.465274	67.123104	57.984460

Note 6: Segment information

6.1. Segment information by line of business

(€'000)	Solutions		Software		Other activities		Consolidated	
	2008	2007	2008	2007	2008	2007	2008	2007
Sales revenue	109,606	128,759	96,124	50,286			205,730	179,045
Operating profit current	13,364	16,436	23,667	12,903			37,031	29,339
Non-current operating revenue and expenses (including disposals)	-1,229	-153	-1,641	-4	-449	50	-3,319	-107
Financial charges					2,331	587	2,331	587
Taxes					10,042	9,734	10,042	9,734
Net income	12,135	16,283	22,026	12,899	-12,822	-10,271	21,339	18,911
Segment assets	128,801	163,066	173,896	124,093			302,697	287,159
Head office assets and other non-allocated assets					3,760	2,564	3,760	2,564
Total consolidated assets	128,801	163,066	173,896	124,093	3,760	2,564	306,457	289,723
Segment liabilities	128,801	163,066	173,896	124,093			302,697	287,159
Head office liabilities and other non-allocated liabilities					3,760	2,564	3,760	2,564
Total consolidated liabilities	128,801	163,066	173,896	124,093	3,760	2,564	306,457	289,723
Investments	2,973	16,245	47,339	23,061		38	50,312	39,344
Depreciation allowance	1,519	1,891	1,898	957	13	10	3,430	2,858
Net expenses calculated without depreciation	-70	-12	-112	941	1,230	110	1,048	1,039

(1) Total of the net financial debt and other financial income and expenses.

6.2. Turnover breakdown by geographic area

€'000	12/2008	12/2007
France	21,190	23,674
UK	94,430	89,335
Benelux	36,208	33,379
Other	53,902	32,657
Consolidated sales revenue	205,730	179,045

Note 7: Income statement

7.1. Wages and social contributions

Payroll expenses break down as follows:

(in €'000)	12/08	12/07
Short-term benefits / gross wages	77,896	63,661
Short-term benefits / social contributions	13,412	13,786
Benefits related to payments in shares	144	212
Long-term benefits (incentive and profit-sharing)	64	201
Other benefits	215	123
Total	**91,731**	**77,983**

The net expense from retirement commitments is specified in Note 17.1.

Average consolidated workforce

	12/08	12/07
Billable count	1,416	1,195
Non billable head count	238	216
Total	**1,654**	**1,411**

7.2. Depreciation and provisions

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

(in €'000)	12/08	12/07
Depreciation of intangible and tangible assets	3,430	2,858
Impairment of trade and other receivables	417	1,102
Net provisions	(190	(63)
Total	**3,657**	**3,897**

7.3. Research and development costs

(in €'000)	12/08	12/07
Total expenses incurred	(17,899)	(9,310)
Activated R&D costs (Note 9)	308	24
Non-activated costs (1)	(17,591)	(9,286)
Depreciation of previously activated development costs (Note 9)	589	823
Total	**(17,002)**	**(8,463)**

(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 are mainly waived debts of a business nature and directors' fees.

7.5. Income from disposals

(in €'000)	12/08	12/07
Income from the disposal of the property lease		
Disposal cost	(497)	
Income from the disposal of SSAF	(204)	
Income from the disposal of Sword Services		331
Income from the disposal of intangible fixed assets (1)	(1,631)	(16)
Income from the disposal of tangible fixed assets	(33)	(12)
Income from the disposal of non consolidated securities		50
Total	**(2,365)**	**353**

(1) Mainly represents the recording as a loss of the assets related to the IT development of the "Merger" project, aborted during the period.

7.6. Other non-current operating income and expenses

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

(in €'000)	12/08	12/07
Received claims cancelled		
Tax adjustment	25	(22)
Exceptional rent (1)	(984)	(60)
Compensation for termination of contract	(3)	(176)
Other non-current expenses	(11)	(270
Other non-current revenues	19	68
Total	**(954)**	**(460)**

(1) Corresponds to the provision for part of the rents for the Brentford premises vacant until the end of the lease in 2012.

7.7. Income from cash and cash equivalents-

(in €'000)	12/08	12/07
Financial income from non-consolidated interests	29	31
Income from investments	56	121
Total	**85**	**152**

7.8. Cost of gross financial debt

(in €'000)	**12/08**	**12/07**
Interest on lease finance contracts	-	-
Interest on borrowings and other debt	(5,146)	(2,127)
Other financial expenses		(18)
Other financial items	26	11
Total	**(5,120)**	**(2,134)**

7.9. Other financial income and expenses

(in €'000)	12/08	12/07
Foreign exchange loss on financial operations	(6,026)	(1,287)
Other financial expenses (1)	(1,412)	(278)
Foreign exchange gain financial operations	9,191	2,379
Other financial items	951	581
Total	**2,704**	**1,395**

(1) Represents the depreciation of Lyodssoft and SBT securities for €1,238,000

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 €'000)	**12/08**	**12/07**
Current tax (Note 7.10.1.A)		
Income tax on ordinary operations	9,753	9,403
Deferred taxes		
Deferred taxes for the period	289	331
Miscellaneous		
Total	**10,042**	**9,734**

- 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 January 1, 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%.

- 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 expected for the financial years ended December 31, 2007 and December 31, 2008 stands at 33.33%.

7.10.2. Actual tax rate

(in €'000)	12/08	12/07
Profit from consolidated companies before tax	31,382	28,645
Average tax rate in force in France	33.33%	33.33%
Expected tax	10,460	9,548
Impact		
Final difference between profit before tax and taxable profit	1,521	499
Permanent differences on consolidation entries	(824)	904
Tax rate difference on the disposal of equity interests	-	-
Exchange rate difference for foreign subsidiaries	(275	(1,043)
Non-activation of income tax for tax deficits (prudence principle)	18	15
Use of tax deficits not taken into account at year start	(377)	(2)
Tax credits	(171)	(332)
Miscellaneous	(310)	145
Actual assessed tax	10,042	9,734
Actual tax rate	32.00%	33.98%

7.10.3. Deferred taxes recorded to the balance sheet

Balances	2008	2007
Deferred tax assets		
- deferred taxes that can be activated	698	172
- of which, not recognized		
Recorded deferred tax assets	698	172
Deferred tax liabilities	-728	-590
Net deferred taxes	-30	-418

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

- i.e., for financial 2008

in €'000	31/12/07	Impact on profit	Impact on net position	Change	Scope	Other	12/31/08
Provisions	75	-36					39
Intangible and tangible fixed assets	-286	-194		22			-458
Temporary differences generated on other balance sheet items	-207	-59	680	-25			389
Deferrable losses and taxes	_						
Deferred gross assets and liabilities	-418	-289	680	-3			-30

- i.e., for financial 2007

in €'000	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

7.11. Earnings per share

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

In €	12/08	12/07
Undiluted net earnings per share		
Total average number of shares	9,289,965	8,876,684
Total net profit	20 978,567	18,531,710
Undiluted net earnings per share	2.26	2.09
Net diluted earnings per share		
Total average number of shares	9,289,965	8 876,684
Number of shares related to the stock options	(32,424) (share equivalent)	651 (share equivalent)
Number of shares attached to the equity warrants (BSAs)	0 (share equivalent)	0 (share equivalent)
Total number of securities	9,257,541	8,876,033
Total net profit	20,978,567	18,531,710
Net diluted earnings per share	2.27	2.09

Note 8: Goodwill

The item has changed as follows in 2008:

(in €'000)	12/07	Acquisitions Depreciat-ions (1)	Earn-out adjustments on previous acquisitions	Item to item transfer	Disposals	Foreign exchange rate effect	12/08
Goodwill							
Gross values	162,925	46,325	- 1,823		- 1	-29,534	177,892
Impairments							
Net	162,925	46,325	- 1,823		- 1	- 29,534	177,892

(1) Most of the increase in goodwill stems from the acquisition of Ciboodle. See details in Note 3.

The item has changed as follows in 2007:

(in €'000)	12/06	Acquisitions -Depreciat-ions	Earn-out adjustments on previous acquisitions	Item to item transfer (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 Sword South Africa's assets held for sale

Goodwill breakdown by cash-generating unit is as follows at December 2008:

(€'000)	31/12/2008
CGU1: Products sold as a service (SaaS)	110,530
CGU2: Products sold on an "as is" basis	4,665
CGU3: Services	62,697
Consolidated total	177,892

Goodwill breakdown by cash-generating unit is as follows at December 31, 2007:

(€'000)	31/12/2007
CGU1: Products sold as a service (SaaS)	80,813
CGU2: Products sold on an "as is" basis	4,661
CGU3: Services	77,451
Consolidated total	162,925

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 2008

(in €'000)	12/07	Acquisitions Deprecia-tions	Disposals	Foreign exchange rate effect	Scope changes	12/08
R&D costs						
Gross values	3,785	308	(2,465)	(372)		1,256
Depreciation	(973)	(589)	840	138		(584)
Net	2,813	(281)	(1,625)	(234)		672
Other intangible fixed assets						
Gross values	1,580	189	(29)	(120)	343	1,963
Depreciation	(890)	(185)	22	4	(340)	(1,389)
Net	690	4	(7)	(116)	3	574
Total	3,503	(277)	(1,632)	(350)	3	1,246

Item details and changes for 2007

(in €'000)	12/06	Acquisitions Deprecia-tions	Disposals	Foreign exchange rate effect	Scope changes	12/07
R&D costs						
Gross values	4,076	24		(315)		3,785
Depreciation	(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	(735)	(148)		5	(12)	(890)
Net	741	(53)	(28)	(53)	83	690
Total	4,603	(852)	(28)	(303)	83	3,503

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 2008

(in €'000)	12/07	Acquisitions-Depreciations	Disposals	Item to item transfer	Reclassifica-tion	Foreign exchange rate effect	Scope changes	12/08
Land								
Gross values								
Depreciation								
Net								
Buildings								
Gross values	553					(192)	288	649
Depreciation	(40)	(13)				76	(284	(261)
Net	513	(13)				(116)	4	388
Transport equipment								
Gross values	547	110	(173)			(70)	124	538
Depreciation	(310)	(123)	131			57	(88)	(333)
Net	237	(13)	(42)			(13)	36	205
Fixtures-installations								
Gross values	2,856	464	(1,032)			(2,137)	2,825	2,976
Depreciation	(1,726)	(295)	315			775	(845)	(1,776)
Net	1,130	169	(717)			(1,362)	1,980	1,200
IT and office equipment								
Gross values	18,733	2,249	(2,276)			(2,750)	2,369	18,325
Depreciation	(15,827)	(1,799)	2,009			2,265	(1,913)	(15,265)
Net	2,906	450	(267)			(485)	456	3,060
Office furnishings								
Gross values	4,590	665	(505)			(881)	1,697	5,566
Depreciation	(3,108)	(426)	257			605	(1,397)	(4,069)
Net	1,482	239	(248)			(276)	300	1,497
Tangible fixed assets								
Gross values	27,279	3,488	(3,986)			(6,030)	6,851	28,054
Depreciation	(21,011)	(2,656)	2,712			3,778	(4,075)	(21,705)
Net	6,268	832	(1,274)			(2,252)	2,776	6,349
Total	6,268	832	(1,274)			(2,252)	2,776	6,349

Item details and changes for 2007

(in €'000)	12/06	Acquisitions-Depreciations	Disposals	Item to item transfer (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 Sword South Africa's assets held for sale.

No guarantees have been given regarding acquired tangible assets.

Note 11: Long-term investments and other non-current assets

Non-current financial assets are mainly comprised of deposits and sureties held by Sword Group, Sword SA, Global India and Sword Inc. as well as stakes in SBT (listed company), covered by a 60% provision, Lyodssoft (non listed company), covered by a 100% provision, Netjet (non listed company) and Simalaya (non listed company) held by Sword Group and Sword Services.

There are no other long-term assets at December 31, 2008.

Note 12: Accounts receivable

(in €'000)	**12/08**	**12/07**
Gross receivables	77,750	76,756
Impairments	(2,084)	(2,139)
Net values	75,665	74,617

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

Note 13: Other current assets

(in €'000)	**12/08**	**12/07**
Tax credits	3,380	1,567
Other tax and social contribution credits	8,793	3,253
Deferred charges	2,930	2,460
Other current assets	1,413	2,419
Total gross values	16,516	9,699
Impairments	(118)	(118)
Total	16,399	9,581

Other receivables are due within less than one year.

Note 14: Assets and liabilities held for sale

Assets and liabilities held for sale corresponding to Ciboodle Ltd (formerly Graham Land and Estates).

In €'000	**31/12/2008**
Assets	6,433
Liabilities	4,558

Ciboodle Ltd (ex Graham Land and Estates) belongs to the Software segment.

Assets and liabilities held for sale corresponding to Sword South Africa, sold in February 2008.

In €'000	**31/12/2007**
Assets	766
Liabilities	502

Sword South Africa belongs to the Solutions segment.

Note 15: Financial debt (excluding earn out)

Item breakdown by type

(€'000)	12/08	12/07
Lease finance debt related to assets held for sale (1)		
Other long-term and medium-term borrowing (1)	104,943	54,898
Current banking facilities	639	797
Total gross debt	105,582	55,695
Marketable securities	1,377	165
Cash and cash equivalents	17,768	26,710
Total net debt	86,437	28,820

(1) of which short- and long-term debt, for €3,175,000 and €101,768,000, respectively, at December 31, 2008, and €1,250,000 and €53,648,000 at December 31, 2007.

Cash and cash equivalents are made up of bank accounts, which are risk-free.

Net cash (cash and cash equivalents, net of current bank facilities) stood at €18,506,000 at December 31, 2006 and €26,078,000 at December 31, 2007.

Most borrowings are denominated in euros.

Breakdown of loans by maturity date

(€'000)	12/08	12/07
Short-term financial debt (< 1 year)	3,814	2,047
1 year < X > 5 years	69,768	21,548
> 5 years	32,000	32,100
Long-term financial debt (> 1 year)	101,768	53,648
Total	105,582	55,695

Non-current financial debts as at December 31, 2008 include, up to €95,900,000 versus €53,620,000 as at December 31, 2007, 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 (all credit openings valid at December 31, 2008 can't 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 + 0.7. Three fixed-rate paying swap covers have been set up.

The first cover through paying swap at a fixed rate of 3.825% (excluding bank margin) was set up as at November 14, 2006 for a period of 24 months and an amount of €20M. It therefore reached maturity as at December 31, 2008.

As of July 1, 2008, the Group has decided to document cash flow cover relations for the other 2 swaps still alive at December 31, 2008.

Cover through paying SWAP at a fixed rate of 3.95% (excluding bank margin) was set up as at November 1, 2008 for a period of 48 months and an amount of €20M. The bank reserves the possibility to cancel the Swap definitively as of April 1, 2010, and then every 3 months, without any balancing payment and with a prior notice of 10 business days. This cover is estimated at fair value in the balance sheet at December 31, 2008 for €19,565K. The Group applies cover accounting and recognizes through shareholders' equity the changes in fair value of the hedging instruments net of tax on the companies, which over the year generated a change in shareholders' equity of -€435,000.
A third cover through paying SWAP at a fixed rate of 4.37% (excluding bank margin) was set up as at November 1, 2008 for a period of 48 months and an amount of €30M. The bank reserves the possibility to cancel the Swap definitively as of July 1, 2008, and then every 3 months, without any balancing payment and with a prior notice of 10 business days. This cover is estimated at fair value in the balance sheet at December 31, 2008 for €29,075K. The Group applies cover accounting and recognizes through shareholders' equity the changes in fair value of the hedging instruments net of tax on the companies, which over the year generated a change in shareholders' equity of -€925,000.

Given the consistency between the timetable for the debt covered and the flows of hedging operations, the relations have been considered fully efficient and changes in fair value of the hedging operations have been recognized as shareholders' equity as of July 1, 2008 (unrealized result reserve) for a total of €2,171,000 before tax.

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 €97,150,000 as at December 31, 2007 (versus €54,870,000 at December 31, 2007).
At December 31, 2008, Sword Group complied with such covenants.

Guarantees on borrowings

See Note 21 of this annex.

Credit lines available at December 31, 2008

In €'000	**31/12/08**	**Less than one year**	**Between 1 and 5 years**	**Older than 5 years old**
Outstanding amount authorized	145,179	17,339	95,840	32,000
Outstanding amount used	104,943	3,175	69,768	32,000
Credit Available	40,236	14,164	26,072	0

Credit lines available at December 31, 2007

In €'000	**31/12/07**	**Less than one year**	**Between 1 and 5 years**	**Older than 5 years old**
Outstanding amount authorized	145,870	47,790	58,080	40,000
Outstanding amount used	54,898	1,250	21,548	32,100
Credit Available	90,972	46,540	36,532	7,900

Note 16: Changes in shareholders' equity

Issued capital and securities giving access to the capital

- Issued capital

On March 26, 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 April 7, 2004, the Chairman of the Board decided to exercise the 15% extension clause by bringing up to 236,178 the number of equity warrants (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 equity warrants 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 April 30, 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 equity warrants (BSAs) will make it possible to subscribe 5 Sword Group shares.

The Shareholders' Extraordinary Meeting held April 29, 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 June 14, 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 €30,000 and an increase in the issue premium of €544,000.

29,336 equity warrants had been exercised by December 31, 2005 and recorded in the accounts of the Sword Group, providing entitlement to 36,670 new shares, involving an increase in capital of €37,000 and an increase in the additional paid-in capital of €673,000. The Board of Directors held January 19, 2006 recorded that capital increase and consequently amended Article 8 of the by-laws accordingly.

On June 21, 2006 the Board of Directors permitted the exercise of 182,736 equity warrants that provided entitlement to 228,420 new shares, involving an increase in capital of €228,000 and an increase in the issue premium of €4,193,000.

The Managing Director, acting as per further delegation granted by the Board of Directors of February 14, 2007, recorded on March 9, 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 April 2, 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 led to the creation of 1,653,125 new shares, resulting in a capital increase 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 December 31, 2005, capital stock totaled €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 April 29, 2009 stands at €0.60 per share, i.e. a total distribution of €5,573,979, as against €0.53 per share in 2007, i.e. a total distribution of €4,923,681.

Class of securities	Face value	Number of shares			
		At year start	Created during the period (1)	Paid back during the period	At year end
2008	1	9,289,965			9,289,965
2007	1	7,636,840	1,653,125		9,289,965

(1) The Board of Directors held February 14, 2007 recorded a capital increase with the creation of 1,653,125 new shares.

Share subscription warrants

Class of securities	Number of shares				
	At year start	Created during the period	Exercised during the period	Not exercised and lost	At year end
2008	0				0
2007	0				0

Stock options

Sword Group

As at April 28, 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 authorization has been granted for 38 months. As at December 29, 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 December 29, 2006.
On December 31, 2008, 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 December 31, 2008, no option had been exercised.
The cost generated by that employee benefit stood at €317,000 on the date of allocation, and was recorded as profit for up to €254,000 at December 31, 2008, of which €104,000 for the year 2008.

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: 0.01%
- No-risk yield rate over the option lifetime: 4%.

FircoSoft

On November 4, 2005 (Plan no°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 November 4, 2005.
On December 31, 2008, 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 December 31, 2008, no option had been exercised.
The cost generated by that employee benefit stood at €27,000 on the date of allocation, and has been entirely recorded as profit.

As at September 4, 2006 (plan no°3), the Extraordinary General Meeting of FircoSoft authorized 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 September 4, 2006.
On December 31, 2008, 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 December 31, 2008, no option had been exercised.
The cost generated by this employee benefit stood at €101,000 on the allocation date, and was recorded to the income statement for up to €101,000 as at December 31, 2008, of which €34,000 for the year 2008.

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: 30%
- Planned dividend distribution rate: 10%
- No-risk yield rate over the option lifetime: 1.4%.

Sword Technologies

As at August 4, 2008 (Plan Nr.1), the Extraordinary General Meeting authorized the Chairman of Sword Technologies to grant options entitling their bearer to the subscription of 40 shares in Sword Technologies.
The subscription price of new shares was set to €640.
On December 31, 2008, the number of shares allocated stood at 240.
Optionees will only be able to exercise the options after a one-year freezing period and for a period of one year only.
At year-end, that is December 31, 2008, no option had been exercised.
The cost generated by that employee benefit stood at €41,000 on the date of allocation, and was recorded as profit for up to €6,000 at December 31, 2008.

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: 30%
- Planned dividend distribution rate: 0%
- No-risk yield rate over the option lifetime: 5%.

As at September 5, 2008 (Plan N°2), the Chairman of Sword Technologies was authorized to grant options entitling their bearers to subscribe up to 32 Sword Technologies shares.
The subscription price of new shares was set to €640.
On December 31, 2008, the number of shares allocated stood at 32.
Optionees will only be able to exercise the options after a 2-year freezing period and for a period of one year only.
At year-end, that is December 31, 2008, no option had been exercised.

The cost generated by that employee benefit stood at €5,000 on the date of allocation, and was recorded as profit for up to €0 at December 31, 2008.

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: 30%
- Planned dividend distribution rate: 0%
- No-risk yield rate over the option lifetime: 5%.

Own shares

No own shares are held by the company, as per the share repurchase program authorized by the General Meeting of Shareholders of April 30, 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.

Shareholders' equity management policy

The company is subject to no specific obligation of a regulatory or contractual nature in terms of share capital. The Group has no specific management policy in terms of capital. The arbitration between external financing and capital increase is carried out on an ad hoc basis according to the operations envisaged. The shareholders' equity followed by the Group integrates the same components as the consolidated shareholders' equity.

Note 17: Provisions, possible assets and liabilities

(€'000)	31/12/07	Reserve allocations for the financial year	Carryovers for the financial year		Scope changes	Other	31/12/08
			Used up	Not applicable			
Non-current provisions - Provisions for risks and litigations (1)	67	65	(48)	(50)		49	83
Current provisions - Other provisions (2)	-	-					
Total	**67**	**65**	**(48)**	**(50)**		**49**	**83**

(€'000)	31/12/06	Reserve allocations for the financial year	Carryovers for the financial year		Scope changes	Other	31/12/07
			Used up	Not applicable			
Non-current provisions - Provisions for risks and litigations (1)	120	-	(120)	-	-	67	67
Current provisions - Other provisions (2)	69	-	-	-	-	(69)	-
Total	**189**	**-**	**(120)**	**-**	**-**	**(2)**	**67**

(1) The item includes a provision related to a dismissal indemnity for €120,000 as at December 31, 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 December 31, 2008, the company and its subsidiaries had no major proceedings under way against third parties.

17.1. Retirement commitments (defined benefit schemes)

(in €'000)	12/08	12/07
- Retirement commitments	116	225
Total	**116**	**225**

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:

	12/08	12/07
Cost of services rendered	(21)	(7)
Financial cost	(5)	(2)
Compensation paid		-
Actuarial differences	135	66
Total	**(109)**	**57**

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:

	2008	2007
Discount rate	5.60%	5%
Revaluation of annual wages	1.5%	1.5%
Social contribution rate	45%	45%
Retirement age	65 years old	65 years old
Personnel rotation	(1)	(1)
Mortality table	INSEE 2007	INSEE 2007

(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

(€'000)	12/08	12/07
Accounts payable	24,778	23,625

Accounts payable are due within less than one year.

Note 19: Taxes due and other current liabilities

(€'000)	12/08	12/07
Taxes due on companies	8,590	7,234
Advance payments received	999	564
Taxes and social contributions due (excluding income tax due for the companies)	14,059	13,452
Earn out within less than one year	650	8,450
Deferred income from worksites	17,597	17,192
Other creditors	3,931	6,089
Other current liabilities	37,236	45,747

Taxes due on companies and other current liabilities are due within less than one year.

Note 20: Note on financial instruments

20.1. Investments

In €'000	Dec. 31 2008				
	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
Long-term financial derivatives					
Other long-term investments	1,887	744			2,631
Trade and other receivables		75,665			75,665
Short-term derivatives					
Other short-term investments		1,295			1,295
Cash and cash equivalents				19,145	19,145
Total	**1,887**	**77,704**		**19,145**	**98,736**

In €'000	Dec. 31 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
Long-term financial derivatives					
Other long-term investments	2,243	644			2,887
Trade and other receivables		74,617			74,617
Short-term derivatives				144	144
Other short-term investments		2,275			2,275
Cash and cash equivalents				26,875	26,875
Total	**2,243**	**77,536**		**27,019**	**106,798**

In €'000	Dec. 31 2008			Dec. 31 2007
	Current	Non current	Total	Total
Securities held for sale		1,887	1,887	2,243
Loans and receivables at amortized cost				
Loans and receivables at amortized cost		744	744	644
Trade and other receivables	75,665		75,665	74,617
Financial assets estimated at fair value based on earnings				
Financial derivatives				144
Financial assets at fair value based on earnings excluding derivatives	1,295		1,295	2,275
Cash and cash equivalents	19,145		19,145	26,875
Total	**96,105**	**2,631**	**98,736**	**106,798**

Securities held for sale

The securities held for sale by the Group stand at €1,887,000 at December 31, 2008 (listed securities for €131,000 versus non listed securities for €1,756,000).

The profits and losses recorded as equity and as earnings on securities held for sale were as follows:

In €'000	December 31, 2008				
	Dividends	Later evaluation			Proceeds from disposal
		Change in fair value	Foreign exchange rate effect	Impairment	
Shareholders' equity		- 208	120		
Earnings				- 1,238	
Total		**- 208**	**120**	**- 1,238**	

In €'000	December 31, 2007				
	Dividends	Later evaluation			Proceeds from disposal
		Change in fair value	Foreign exchange rate effect	Impairment	
Shareholders' equity		208			
Earnings					
Total		**208**			

Loans and receivables at amortized cost

In €'000	Dec. 31 2008			Dec. 31 2007		
	Gross	Impairment	Net	Gross	Impairment	Net
Loans and receivables at amortized cost	744		744	644		644
Trade and other receivables	77,750	2,084	75,665	76,756	2,139	74,617
Total	**78,494**	**2,084**	**76,409**	**77,400**	**2,139**	**75,261**

A net expense was recorded as earnings on loans and claims at the depreciated cost of €1,103K for 2007 and of €417K for 2008.

Financial assets estimated at fair value based on earnings

The detail of the assets valued at fair value based on earnings may, if applicable, break down as follows:

In €'000	Dec. 31 2008			Dec. 31 2007
	Current	Non current	Total	Total
Financial derivatives				144
Financial assets at fair value based on earnings excluding derivatives				
Total				**144**

The impact on the earnings for 2007 of financial instruments is the recognition of an income of €144,000. The impact on the earnings for 2008 of financial instruments is the recognition of an expense of €144,000.

Derivatives designed to hedge the debt and others are set up in the context of the Group's risk management policy and are analyzed in Note 15.

Cash and cash equivalents

The financial risk management policy is described in Note 21 to the financial statements.

"Cash and cash equivalents" stood at €19,145K at December 31, 2008 against €26,875K at December 31, 2007.

Fair value of investments

In €'000	Dec. 31 2008 (fair value)			Fair value	Balance sheet value
	Listed prices	Models with observable data	Models with non-observable data	Total	Total
Long-term financial derivatives					
Other long-term investments	131		2,500	2,631	2,631
Trade and other receivables			75,665	75,665	75,665
Short-term derivatives					
Other short-term investments			1,295	1,295	1,295
Cash and cash equivalents	19,145			19,145	19,145
Total	**19,276**		**79,460**	**98,736**	**98,736**

In €'000	Dec. 31 2007 (fair value)			Fair value	Balance sheet value
	Listed prices	Models with observable data	Models with non-observable data	Total	Total
Long-term financial derivatives					
Other long-term investments	531		2,356	2,887	2,887
Trade and other receivables			74,617	74,617	74,616
Short-term derivatives	144			144	144
Other short-term investments			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**

20.2. Financial liabilities

The different categories of financial liabilities at December 31, 2008 are the following:

In €'000	Dec. 31 2008			Dec. 31 2007
	Current	Non current	Total	Total
Financial debt	3,814	101,768	105,582	55,695
Financial derivatives				
Trade and other accounts payable	24,778		24,778	23,625
Other financial liabilities	5,580	230	5,810	16,067

All of the Group's financial liabilities, except for derivatives, are valued at year-end at amortized cost determined on the basis of the actual interest rate method. Derivatives are estimated at fair value based on earnings.

Financial debt

Financial debts are analyzed in paragraph 15 "Net financial indebtedness".

In €'000	Dec. 31 2008			Dec. 31 2007
	Current	Non current	Total	Total
Bonded debts				
Commercial papers	1,250	95,900	97,150	54,870
Drawdowns on bank facilities				
Lease finance borrowings		28	28	28
Other bank loans	1,924	5,840	7,764	
Other borrowings				
Total borrowings	**3,174**	**101,768**	**104,943**	**54,898**
Bank overdrafts and current cash accounts	639		639	
Total financial debt	**3,814**	**101,768**	**105,582**	**55,695**

Profits and losses, mainly comprised of interest, are recorded as earnings on financial debts and described in Note 7.8.

Financial derivatives

No derivative financial instruments recorded as liabilities are present in the financial statements of 2007 and 2008.

Suppliers and other financial liabilities

In €'000	Dec. 31 2008	Dec. 31 2007
Accounts payable	24,778	23,625
Advance payments received	999	564
Earn out	880	9,414
Debts on assets	-	-
Other creditors	3,931	6,089
Suppliers and other financial liabilities	30,588	39,692

Fair value of financial liabilities

In €'000	Dec. 31 2008			Fair value	Amount outstanding (balance sheet)
	Listed prices	Models with observable settings	Models with non-observable settings	Total	Total
Bonded debts					
Commercial papers	97,607			97,607	97,150
Drawdowns on bank facilities					
Lease finance borrowings	28			28	28
Other bank loans	7,764			7,764	7,764
Other borrowings					
Total borrowings	105,399			105,399	104,943

In €'000	Dec. 31 2007			Fair value	Amount outstanding (balance sheet)
	Listed prices	Models with observable settings	Models with non-observable settings	Total	Total
Bonded debts					
Commercial papers	54,678			54,678	54,870
Drawdowns on bank facilities					
Lease finance borrowings	28			28	28
Other bank loans					
Other borrowings					
Total borrowings	54,706			54,706	54,898

Regarding overdrafts and accounts payable, their balance sheet value is pretty similar to 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 are no significant financial instruments 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 the credit risk as a result of its operating activities. The credit risk is mainly comprised of the counterpart risk on customers. The Group works mainly with large corporations. This limits its exposure.

Unpaid credits not impaired:

In €'000	December 31, 2008						
	Assets unpaid at year end					Impaired assets	Assets neither impaired nor unpaid
	0-3 months	3-6 months	6-12 months	beyond 1 year	Total	Total	Total
Loans and receivables at amortized cost							
Trade and other receivables	69,962	4,099	2,091	1,598	77,750	2,084	75,665
Total	**69,962**	**4,099**	**2,091**	**1,598**	**77,750**	**2,084**	**75,665**

In €'000	December 31, 2007						
	Assets unpaid at year end					Depreciated assets	Assets neither impaired nor unpaid
	0-3 months	3-6 months	6-12 months	beyond 1 year	Total	Total	Total
Loans and receivables at amortized 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 €2,283,000 appears with accounts receivable in the balance sheet. This is due to CTSpace customers integrated into the balance sheet, but whose information regarding the seniority of customers is not available.

Liquidity risk

At December 31, 2008, contractual cash flows (principal and interest), not discounted on outstanding financial liabilities by maturity date, are the following:

At December 31, 2008 **In €'000**	**2009**	**2010**	**2011**	**2012**	**2013**	**> 5 years**	**Total**	**Total Balance sheet value**
Bonded debts								
Commercial papers	4,887	10,096	30,225	20,111	14,629	28,261	108,208	97,150
Drawdowns on bank facilities								
Lease finance borrowings		29					29	28
Other bank loans	2,177	1,344	1,770	1,815	1,397		8,503	7,764
Other borrowings								
Bank overdrafts and current cash accounts	660						660	639
Other creditors								
Other financial liabilities								
Total	**7,724**	**11,469**	**31,995**	**21,926**	**16,026**	**28,261**	**117,400**	**105,582**
At December 31, 2007 In €'000	2008	2009	2010	2011	2012	> 5 years	Total	Total Balance sheet value
Total	**4,538**	**3,871**	**3,782**	**16,191**	**7,108**	**33,652**	**68,142**	**55,695**

Given the existence of a €20M Swap that expired November 17, 2008, and that changes the variable rate into a fixed rate of 3.825%, the interest cash flows have been calculated for 2007 on 2008 at fixed rate for €20M.
Given the existence of two swaps, for €20M and €30M, respectively, which began on April 1, 2008 and will expire April 1, 2012, and that change the variable rate into a fixed rate of 3.95% and 4.37%, respectively, the interest cash flows have been calculated for 2008 on 2008 to 2012 at fixed rate for €50M.

The variable rate used to estimate the interest cash flows is euribor 3 months, or a rate of 4.834% for 2007 and 3.257 % for 2008.

Note 21: market risk management

21.1. Risk management policy

- Currency risk

The currency risk 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) at 31/12/08	Sales revenue	
Total €	74,422	
Total currencies	131,308	
Currency details	£	74,215
	CHF	13,934
	Brazilian real	6,905
	Rand	30,574
	$	29,839
	Indian rupee	188
	Indonesian rupee	18,080,454
	AUD	3,481
	NZD	781

(K) at 31/12/07	Sales revenue	
Total €	66,047	
Total currencies	112,998	
Currency details	£	61,231
	CHF	18,737
	Brazilian real	5,526
	Rand	9,294
	$	12

- 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

- Currency risk – Net position before and after management

31/12/08	In £'000	In $'000	In CHF'000	In thousand rands	In thousand Brazilian Real	In thousand Indian rupees
Investments	102,790	19,212	6,355	34,631	6,911	34,207
Financial liabilities	54,850	20,055	2,710	2,767	5,425	12,195
Net position prior to management	47,940	-843	3,645	31,864	1,486	22,012
Management derivative						
Net position after management	47,940	-843	3,645	31,864	1,486	22,012

31/12/08	**K Hong Kong Dollar**	**K Indonesian rupee**	**K Australian Dollar**	**K New Zealand Dollar**
Investments	67	25,969,993	2,473	715
Financial liabilities	122	27,946,783	2,398	352
Net position prior to management	-55	-1,976,790	75	363
Management derivative				
Net position after management	-55	-1,976,790	75	363

31/12/07	**In £'000**	**In $'000**	**In thousand Swiss francs**	**In thousand rands**	**In thousand Brazilian Real**	**In thousand Indian rupees**
Investments	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

- Interest rate risk – Net position before and after management

(€'000) 31/12/08	**DD to less than 1 year**	**1 to 5 years**	**Beyond**
Financial liabilities	3,814	69,768	32,000
Investments			
Net position prior to management	3,814	69,768	32,000
Management derivative	-3,814	-46,186	-
Net position after management	-	23,582	32,000

(€'000) 31/12/07	**DD to less than 1 year**	**1 to 5 years**	**Beyond**
Financial liabilities	2,047	53,648	-
Investments	-	-	-
Net position prior to management	2,047	53,648	-
Management derivative	-2,047	-	-
Net position after management	-	53,648	-

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 unfavorable, 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 €5,546k 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 €556k at December 31, 2008.
(= net variable rate position x 1% change in the short-term interest rate x time remaining until the next period, i.e. €556,000).

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 December 31, 2008 **In €'000**	**Impact on earnings**	**Impact on shareholders' equity**
Exchange rate Sterling	1,305	7,951
Exchange rate USD	251	685
Exchange rate Swiss franc	42	374
Exchange rate Rand	139	172
Exchange rate Brazilian real	22	22
Exchange rate Indian rupee	23	57
Exchange rate Indonesian rupee	3	14
Exchange rate HKD	0	-1
Exchange rate AUD	30	-33
Exchange rate NZD	7	11

At December 31, 2007 **In €'000**	**Impact on earnings**	**Impact on shareholders' 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

Note 22: Cash flow movement table

The detail of the cash flow item “Net impact of changes in scope” is given in the table below:

In €'000	31/12/2008	31/12/2007
Scope changes 2008		
Price paid / 2008 acquisitions (1)	-47,316	
Price cashed / 2008 disposals		
Net active/passive cash acquired (1)	2,479	
Prices paid / previous acquisitions	-14,322	
Other changes		
Scope changes 2007		
Price paid / 2007 acquisitions (2)		-36,341
Price cashed / 2007 disposals (3)		287
Net active/passive cash acquired (2)		9,615
Prices paid / previous acquisitions		-6,596
Other changes		
Total	**-59,159**	**-33,035**

(1) including the company Ciboodle (formerly Graham Technology)
(2) including the companies Achiever, Nextech, Powersoft, Apak, CTSpace
(3) 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 €'000	31/12/2008	31/12/2007
Change in working capital requirements	-16,153	-12,247
- Change in accounts receivable	-3,329	-15,140
- Change in accounts payable	-1,463	-429
- Change in other assets	-3,916	2,596
- Change in other liabilities	-7,445	726

Note 23: Off-balance sheet and other commitments

Reminder: earn out is recorded to the balance sheet as per IFRS standards (cf. Note 19).

For current operations, the Group was committed, at year-end 2004 and 2005, for the following amounts:

	31/12/2008				31/12/2007
	Total	Payments due per period			Total
		Within less than one year	Between one and five years	Within more than five years	
Contractual commitment					
Operating lease	718	367	351		1,182
Irrevocable purchase obligations					
Other long-term obligations					
Total	718	367	351		1,182
Other business commitments					
Credit line					
Letter of credit	1,250			1,250	1,900
Foreign payment bonds (2)					1,736
Guarantees on rents	472		472		639
Other business commitments (1)	1,307	709	598		998
Total	3,747	1,076	1,421	1,250	5,273
Commitments received					
Contract guarantees					
Other commitments received					
Total	-	-	-	-	-

(1) In 2007 and 2008, the banks Fortis Luxembourg and ING Belgique gave contract guarantees to the European Commission.

(2) The foreign payment bond is a commitment to pay an amount due to Anthony Bracey for the acquisition of Apak.

The law of May 4, 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 training entitlement (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 December 31, 2008, the DIF represented an aggregate of 12,556 hours of training entitlement.

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 88.68%, is intended to handle all of the Group's "product" activities. The 11.32% not held by Sword Group is held by the company's management. Under a shareholders' agreement, the consolidated earnings of Sword Soft go entirely to Sword Group.

24.2. Transactions conducted with non-consolidated companies sharing common managers

The purpose of Sémaphore Investissements 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. 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 €307.5k in 2008, with monthly installments of €25.6k.

24.3. Remuneration of the members of the management and supervisory boards

(€'000)	12/08	12/07
Short-term benefits:		
- Gross (excluding benefits in kind)	1,130	1,181
- Employer contributions	172	188
- Benefits in kind	45	75
Post-employment benefits:		
- Commitments provisioned by the company	14	22
- Charges on rights acquired during the period	-8	1
Other long-term benefits:		
Compensation for termination of employment contract		-
Payments in shares	97	71
Total	1,436	1,516

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

		December 31, 2008		December 31, 2007	
Companies	Year end	% controlled	% stake	% controlled	% stake
Sword Group (parent company) 9 Avenue Charles de Gaulle 69771 Saint Didier au Mont d'Or Cedex	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	98.28%	87.16%	92.18%	86.64%
FircoSoft INC (US)	31/12	100%	87.16%	100%	86.64%
Sword INC (US)	31/12	100%	100%	100%	100%
Sword UK (UK)	31/12	100%	100%	100%	100%
Sword Switzerland (Switzerland)	31/12	-	-	95.60%	95.60%
Sword DDS (France)	31/12	100%	100%	100%	100%
Sword Technologies SA (Benelux)	31/12	100%	100%	100%	100%
Tipik (EX-ASCII) (Belgium)	31/12	100%	100%	100%	100%
FI System Belgium (Belgium)	31/12	100%	100%	100%	100%
Sword SAS (France)	31/12	100%	100%	100%	100%
Global India (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%
Sword Services SA (formerly Linkvest) (Switzerland)	31/12	100%	100%	100%	100%
Sword Lebanon (Lebanon)	31/12	95%	95%	92%	92%
Harvard (UK)	31/12	-	-	100%	100%
Intech (UK)	31/12	100%	88.68%	100%	94%
Sword Atlantique (France)	31/12	100%	100%	80%	80%
Sword Services (Belgium)	31/12	-	-	88%	88%

		December 31, 2008		December 31, 2007	
Companies	Year end	% controlled	% stake	% controlled	% stake
Sword Consulting (formerly Stellon) (Switzerland)	31/12	-	-	100%	100%
Sword Solutions (France)	31/12	100%	100%	83%	83%
Sword BTS (formerly Real Time Engineering) (UK)	31/12	100%	100%	97%	97%
Nextech (Brazil)	31/12	100%	88.68%	100%	94%
Achiever (UK)	31/12	100%	88.68%	100%	94%
Sword Soft (UK)	31/12	88.68%	88.68%	94%	94%
Apak (UK)	31/12	100%	88.68%	100%	94%
Powersoft (Switzerland)	31/12	-	-	100%	97%
Sword Integra (Belgium)	31/12	100%	100%	100%	100%
Sword Soft Inc (USA)	31/12	100%	88.68%	-	-
Sword IPR (UK)	31/12	100%	88.68%	-	-
Sword Banking Solutions (UK)	31/12	100%	88.68%	-	-
Sword Energy (UK)	31/12	100%	100%	-	-
Buildonline UK	31/12	100%	88.68%	100%	94%
Buildonline Germany (Germany)	31/12	100%	88.68%	100%	94%
CTSpace France (formerly Buildonline France)	31/12	100%	88.68%	100%	94%
Buildonline India (India)	31/12	100%	88.68%	100%	94%
Buildonline USA (US)	31/12	100%	88.68%	100%	94%
Buildonline Ireland (Ireland)	31/12	100%	88.68%	100%	94%
Buildonline Global Ltd (UK)	31/12	100%	88.68%	100%	94%
Infotechno (AU)	31/12	70%	62.08%	70%	65.80%
CTSpace (USA)	31/12	100%	88.68%	100%	94%
CTSpace Group Inc. (USA)	31/12	100%	88.68%	100%	94%
Ciboodle (formerly Graham Technology)	31/03	100%	83.22%	-	-
Ciboodle (formerly Graham Technology) Australia	31/03	100%	83.22%	-	-
Ciboodle (formerly Graham Technology) New Zealand	31/03	100%	83.22%	-	-
Ciboodle (formerly Graham Technology) Indonesia	31/03	100%	83.22%	-	-
Ciboodle (formerly Graham Technology) Scotland (UK)	31/03	93.84%	83.22%	-	-
Ciboodle (formerly Graham Technology) BV (Netherlands)	31/03	100%	83.22%	-	-
Ciboodle (formerly Graham Technology) South Africa	31/03	100%	83.22%	-	-
Ciboodle Ltd (formerly Graham Technology Land and Estates)	31/03	100%	83.22%	-	-
Ciboodle INC (formerly Graham Technology) (USA)	31/03	100%	83.22%	-	-
Graham Technology France	31/03	100%	83.22%	-	-
Graham Technology Hong Kong	31/03	100%	83.22%	-	-

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 December 31, 2007 that conducted business during the year, are consolidated.
All companies are consolidated according to the full consolidation method.

Global India and Ciboodle (formerly Graham Technology) do not close their accounts on December 31st. Therefore, they have established interim statements at December 31, 2008.

Sword South Africa was sold in February 2008.

Note 26: Auditors' fees

AUDITORS' FEES

in €	Deloitte & Associés				SAFICI				Other auditors (1)			
	Amount		Percentage		Amount		Percentage		Amount		Percentage	
	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008
Audit:												
- Auditing, certification, and review of individual and consolidated financial statements:												
- Sword Group	73,500	90,170	27%	33%	40,000	41,275	100%	100%	0	0	0%	0%
- FULLY CONSOLIDATED SUBSIDIARIES	123,967	103,213	45%	38%	0	0	0%	0%	320,242	370,130	80%	80%
- Other due diligence and services directly related to the auditors' assignment:												
- Sword Group	69,380	72,505	25%	27%	0	0	0%	0%	0	11,324	0%	2%
- FULLY CONSOLIDATED SUBSIDIARIES	2,000	0	1%	0%	0	0	0%	0%	39,224	28,699	10%	6%
Total	**268,847**	**265,888**	**98%**	**98%**	**40,000**	**41,275**	**100%**	**100%**	**359,466**	**410,153**	**90%**	**89%**
- Other services rendered by the networks to the fully consolidated subsidiaries:												
- Legal, tax, and management	6,718	5,978	2%	2%	0	0	0%	0%	40,536	51,184	10%	11%
- Other	0	0	0%	0%	0	0	0%	0%	0	0	0%	0%
Subtotal other services	**6,718**	**5,978**	**2%**	**2%**	**0**	**0**	**0%**	**0%**	**40,536**	**51,184**	**10%**	**11%**
Total	**275,565**	**271,866**	**100%**	**100%**	**40,000**	**41,275**	**100%**	**100%**	**400,003**	**461,336**	**100%**	**100%**

(1): Other auditors that are not members of the networks of the college of auditors

20.6 Verification of annual financial history

20.6.1 Auditors' report on the annual financial statements

Annual financial statements – Financial year ended December 31, 2008

Dear Shareholders,

In carrying out the mission entrusted to us by your Shareholders' General Meeting, we hereby present you with our report for the financial year ended December 31, 2008, relating to:

- our examination of Sword Group's annual financial statements, which are attached to this report;
- the justifications for our assessments;
- specific verifications and legally required information.

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 the audit we have carried out.

I. ASSESSMENT OF THE ANNUAL STATEMENTS

We have carried out our work in accordance with the professional standards in use 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 the annual 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, from the point of view of French accounting rules and principles, these annual financial statements are consistent and sincere, and provide a faithful representation of results from the company's operations over the financial year in question, as well as its financial situation and assets at the end of the financial year.

II. JUSTIFICATION OF ASSESSMENTS

The accounting estimates that contributed to the preparation of the financial statements at December 31, 2008 were carried out in a context of strong market volatility and obvious difficulties in making any forecasts. These conditions are described in Note 1 of the annex to the statements. This is the context in which, in accordance with the provisions of Article L.823.9 of the Commercial Code, we have made our own assessments, which we are bringing to your knowledge:

Note 1.3 to the annual financial statements sets out the rules for assessing, recording, and amortizing 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

We have also carried out the specific checks required by 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 favor 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, April 1, 2009
The Auditors

SOCIETE D'AUDIT FINANCIER ET DE CONTROLE INTERNE	DELOITTE & ASSOCIÉS
Jacques Convert	Olivier Rosier

20.6.2 Auditors' report on the annual consolidated financial statements

Consolidated financial statements – Financial year ended December 31, 2008

Dear Shareholders,

In carrying out the mission entrusted to us by your Shareholders' General Meeting, we hereby present you with our report for the financial year ended December 31, 2008, relating to:

- our examination of Sword Group SE's consolidated financial statements, as attached to this report;
- the justifications for our assessments;
- the specific verifications required by law.

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 ANNUAL STATEMENTS

We have carried out our work in accordance with the professional standards in use 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 the consolidated 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, 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

The accounting estimates that contributed to the preparation of the financial statements at December 31, 2008 were carried out in a context of strong market volatility and obvious difficulties in making any forecasts. These conditions are described in Note 2.5 of the annex to the statements. This is the context in which, in accordance with the provisions of Article L.823.9 of the Commercial Code, we have made our own assessments, which we are bringing to your knowledge:

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 annex. 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.

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 law, to the verification of the Group information given in the management report. We have no observations to make in respect of their truthfulness and their agreement with the consolidated accounts.

Lyon and Villeurbanne, April 1, 2009

The Auditors

SOCIETE D'AUDIT FINANCIER ET DE CONTROLE INTERNE	DELOITTE & ASSOCIÉS
Jacques Convert	Olivier Rosier

20.7 Date of the latest financial information

The financial statements as at December 31, 2008 are the last statements audited by the auditors.

20.8 Intermediary financial information

None

20.9 Dividend distribution policy

20.9.1 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 2008, a dividend of €0.60 per share shall be distributed, subject to the agreement of the Shareholders' General Meeting on April 29, 2009.

For financial 2007, a dividend of €0.53 per share has been distributed.

For financial 2006, a dividend of €0.42 per share has been distributed.

For financial 2005, a dividend of €0.30 per share has been distributed.

For financial 2004, a dividend of €1.20 per share has been distributed.

For the 2003 financial period, a dividend of €0.90 per share has been distributed.

For the 2002 financial period, a dividend of €0.75 per share has been 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.

20.9.2 Statute of limitations

The dividends and interim dividends that have been paid but not collected will be forfeited in favor of the State 5 years after the date of payment (art. 2277 of the Civil Code).

20.9.3 Dividends and reserves distributed during the last three years

In €	Financial 2008	Financial 2007	Financial 2006
Total dividend	€4,923,681	€3,900,626	€2,220,148
Dividend per share	€0.53	€0.42	€0.30

20.10 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.

20.11 Significant changes in the financial or business situation

None.

XXI – Additional information

21.1 Capital stock

21.1.1 Amount of capital stock

21.1.1.1 Capital stock subscribed

The company's total fully pad-up capital adds up to €9,289,965 as at December 31, 2008, divided into 9,289,965 shares with a face value of €1.

Partly paid capital

None

21.1.1.2 Authorized capital not yet issued

See point 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

As at December 31, 2008, Sword Group owns no own 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 year ended December 31, 2008, the Company issued no convertible or exchangeable marketable securities, nor any shares with share purchase 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 April 28, 2006, in its fifteenth resolution, authorized 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 L. 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 December 29, 2006, proceeded to the allocation of 60,000 share subscription options. Insofar as the beneficiaries of the share subscription options are of various nationalities, three share subscription option plans have been established under the following conditions:

<table>
<tr><th></th><th colspan="2">Plan no.1</th><th colspan="2">Plan no.2</th><th colspan="2">Plan no.3</th></tr>
<tr><td>Date of the meeting</td><td colspan="6">April 28, 2006</td></tr>
<tr><td>Date of the Board Meeting</td><td colspan="6">December 29, 2006</td></tr>
<tr><td>Total number of options allocated</td><td colspan="6">60,000</td></tr>
<tr><td>Option exercise start date</td><td colspan="3">30/12/2008</td><td colspan="3">30/12/2009</td></tr>
<tr><td>Exercise price</td><td colspan="6">€35,128</td></tr>
<tr><td>Discount</td><td colspan="6">None</td></tr>
<tr><td>Number of beneficiaries per plan</td><td colspan="2">4</td><td colspan="2">3</td><td colspan="2">1</td></tr>
<tr><td>Number of shares to be subscribed by the managers</td><td colspan="6">51,000</td></tr>
<tr><td>Number of options that can no longer be exercised</td><td colspan="6">9,000</td></tr>
<tr><td>Expiry date</td><td colspan="3">30/12/2009</td><td colspan="3">30/12/2010</td></tr>
</table>

- The Extraordinary General Meeting of shareholders of January 30, 2998, in its eighth resolution, authorized the Board of Directors to grant, as part of the provisions of article 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 related companies in the sense of article L.225-180 of the Commercial Code, options entitling their holders to the subscription of 200,000 new shares of the Company, this authorization 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 January 30, proceeded to the allocation of 150,000 share subscription options. Insofar as the beneficiaries of the share subscription options are of various nationalities, two share subscription option plans have been established under the following conditions:

	Plan no.1	**Plan no.2**
Date of the meeting	January 30, 2009	
Date of the Board Meeting	January 30, 2009	
Total number of options allocated	200,000	
Option exercise start date	30/01/2011	30/01/2012
Exercise price	€10.60	
Discount	None	
Number of beneficiaries per plan	1	2
Number of shares to be subscribed by the managers	140,000	
Expiry date	30/01/2012	30/01/2013

Additional information in the stock option report.

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 program (2)	5	167,840	746,888	33,568	724,062	3,620,310
27-02-2002	Stock warrant program (2)	5	615,360	2,738,352	123,072	847,134	4,235,670

12-03-2002	Capital increase for the VCF 21 Développement	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 program (2) (3)	1	29,645	544,163.32	29,645	7,371,750	7,371,750
19-01-2006	Stock warrant program (2) (3)	1	36,670	673,114.50	36,670	7,408,420	7,408,420
21-06-2006	Stock warrant program (2) (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 December 15, 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 June 2, 2001, the holding company Sword Group was established in its operational configuration. The aim was to make the group's organizational 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 October 29, 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 December 31, 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 warrants on February 27, 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: December 15, 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: 05-01-2001
Expiry date: 12-15-2005 - Number of shares subscribed to on February 28, 2002:
Number of stock warrants still to be subscribed to: 0

***(3)** The Combined General Meeting of February 27, 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 January 21, 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 February 27, 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 March 26, 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 April 5, 2004, the Chairman established the definitive characteristics of the share capital increase by issuing ABSAs.
On April 7, 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 April 15, 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 April 26, 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 Société Générale dated April 15, 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 realized.*

The Combined Shareholders' Meeting held April 29, 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 June 14, 2005 recorded the exercise, as at June 10, 2005, of 23,716 shares 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 January 19, 2006 recorded the exercise, from June 11th to December 31, 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 June 21, 2006 observed the exercise, between January 19th and May 31, 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.
As per the delegation granted by the Ordinary and Extraordinary Meeting of Shareholders of the Company held April 28, 2006 in its eleventh resolution, the Board of Directors, in its sitting of February 14, 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 April 28, 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 March 1, 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 March 9, 2007, on the basis of the certificate of the depository of the funds established on March 9, 2007, recognized the deposit of €57,500k 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 March 28, 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 April 2, 2007, on the basis of the on the basis of the certificate of the depository of the funds established on April 2, 2007, recognized 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 31/12/2006			Situation on 31/12/2007		
	Number of shares	% of capital	% of voting rights	Number of shares	% of capital	% of voting rights
Jacques Mottard	1,746,820	22.87	22.25	1,746,820	18.80	18.50
21 Centrale Partners and the VCF 21 Développement	5	0	0	5	0	0
Françoise Fillot	106,395	1.39	2.65	106,395	1.14	2.20
Heath Davies	18,000	0.24	0.22	16,137	0.17	0.16
Christian Tapia	57,205	0.24	0.22	--	--	--
Treasury shares	2,912	0.04	0	0	0	0
Employees and miscellaneous registered shareholders	235,829	3.09	5.36	275,644	2.97	5.57
Free float	5,469,674	71.62	68.09	7,144,964	76.91	73.97
Total	7,636,840	100	100	9,289,965	100	100

Forename-Surname	Situation on 31/12/2008		
	Number of shares	% of capital	% vote
Jacques Mottard and Sémaphore Investissements	1,746,820	18.80	27.22
21 Centrale Partners	5	0	0
Françoise Fillot	106,395	1.15	1.97
Heath Davies	16,137	0.17	0.15
Treasury shares	0	0	0
Employees and miscellaneous registered shareholders	230,288	2.48	4.14
Free float	7,190,320	77.40	66.52
Total	9,289,965	100	100

21.2 By-laws

It is reminded that the Extraordinary General Meeting of shareholders held January 30, 2009 has decided to change the Sword Group into a European Company and adopted new by-laws.

The provisions taken from Rule (EC) n°2157/2001 of the Board of October 8, 2001 regarding the status of European companies, provide for a restricted number of rules regarding the operation of the European company that reflect the provisions of domestic laws in that respect. The operation of Sword Group SE's Board is therefore mainly governed by the provisions of the Commercial Code regarding the management and administration of "sociétés anonymes" (limited companies), except for certain rules dictated by the aforementioned Rule, particularly the obligation, for the Board of Directors, to meet at least once every 3 months.

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 favor 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.

As at December 31, 2008, its members were:

- Jacques Mottard, Chairman,
- Nicolas Mottard,
- Heath Davies,
- 21 Centrale Partners SA, represented by Mr. François Barbier.

The Ordinary General Meeting of January 30, 2009 appointed Françoise Fillot as new director.

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 conducts the checks and verifications it deems opportune.

(…)

21.2.2.3 General Management (extracts from Article 14 of the by-laws)

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.

The shareholders and third parties are informed of the choice of the Board of Directors under the conditions set out by applicable laws and regulations.

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 June 22, 2001 appointed Mr. Jacques MOTTARD as Chairman of the Board and CEO. His mandate was renewed by the Board as at April 26, 2004 for a period expiring December 31, 2009.

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)

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

21.2.3.1 Form of the shares (extract from Article 10 of the by-laws)

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.

21.2.3.2 Rights and obligations related to shares (article 19 of the by-laws)

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 February 27, 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. The dual voting right will terminate de jure for any share subject to conversion to the bearer or to a transfer of ownership. Nevertheless, will not result in a disruption of the aforementioned timeframe, or will make it possible to keep this acquired entitlement, any transfer from a registered bearer to another registered bearer, pursuant to the execution of a will, the sharing of common property between spouses or donation between living people to the benefit of the spouse or close relatives. 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.

21.2.3.3 Entitlement to dividends and profits (article 24 of the by-laws)

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 body representing employees under the terms set by the law.

One or several shareholders who together hold at least 10% of the paid capital may request the registration of one or several new agenda issues for any general meeting.

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 authorized 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 regularization 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 - Appendices

26.1 Management report prepared by the Board of Directors for the Ordinary and Extraordinary General Meeting of April 29, 2009

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 ending December 31, 2008.

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 December 31, 2008

1.1 Acquisitions / Disposal and equity stakes acquired during the financial year ended December 31, 2008:

During the financial year ended December 31, 2008, Sword Group:

- acquired, via its subsidiary Sword Soft, Ciboodle (formerly Graham Technology), a company governed by Scottish law, based in Glasgow. This company has developed a CRM (Customer Relationship Management) product and is active in a dozen countries. The sales revenue trend upon acquisition was €21 million on an annual basis.

- set up the companies Sword Energy Ltd and Sword Banking Solutions Ltd, both of them based in Brentford (UK).

During the financial year ended December 31, 2008, Sword Group:

- sold Sword South Africa. In 2008, this company contributed €80,000 to the 2008 consolidated sales and €42,000 to the current operating profit.

- sold all the shares it held in Sword SAS to Sword SA,

- sold all the shares it held in Sword Atlantique to Sword SA, effective January 1, 2009,

- sold all the shares it held in Sword SA to Sword Soft Ltd, effective January 1, 2009.

  These disposals are the consequence of a restructuring of the "Product" activities, which are handled by Sword Soft Ltd, in charge of federating the Group's Software activities,

- sold all the shares it held in Sword Technologies to FI System Belgium.
-
- sold all the shares it held in Sword Integra to Sword Technologies.

1.2 Mergers - Universal Transfers of Assets

On November 27, 2008, Sword SA decided to dissolve, without winding up, the companies Sword SAS and Sword Solutions (as per article 1844-5 paragraph 3 of the Civil Code). The Universal Transfer of the Assets of the companies Sword SAS and Sword Solutions to Sword SA became effective December 31, 2008 at midnight.

On January 1, 2008, Sword Services (formerly Linkvest), Sword Consulting (formerly Stellon), Powersoft and Sword Suisse, all based in Switzerland, merged. This operation has no impact on the consolidated financial statements.

On September 30, 2008, UK companies Sword UK and Harvard merged. This operation has no impact on the consolidated financial statements.

1.3 Miscellaneous

At the beginning of financial 2008, Sword UK's UK subsidiary, Sword Business Technology Solutions Ltd (formerly Real Time Engineering) took over Sword UK's Pragma Business Unit. This operation has no impact on the consolidated financial statements.

The premises hosting our head office at sis 9 avenue Charles de Gaulle at Saint Didier au Mont D'Or are undergoing extension works.

2. Comparability of the financial statements - Accounting rules and methods

In accordance with European directive No. 1606/2002 dated July 19, 2002 on international accounting standards, the consolidated financial statements of Sword Group for the year ended December 31, 2008 were prepared in accordance with the IFRS international accounting standards as adopted by the European Union on December 31, 2008. In particular, the company implemented the standards and interpretations, whose implementation is mandatory for financial periods beginning as of January 1, 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 financial instruments is detailed in Note 20 to this annex.
- Additional amendment to IAS 1: this amendment introduces new information regarding the capital of a company and the way it manages it. This new information is given in Note 12 below. The new information regarding share capital is detailed in Note 16 to this annex.

The other standards and interpretations whose enforcement was mandatory in 2008 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 December 31, 2008 but are not yet mandatory, yet can be implemented in advance, in particular the IFRS 8 regarding business segments. 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 July 1, 2009, may have a major impact on the consolidated financial statements for the accounting treatment of the Group's future external growth operations.

All the texts adopted by the European Union are available on the website of the European Commission at:
http://ec.europa.eu/internal_market/accounting/ias_fr.htm.

3. Group activities - Presentation of the consolidated income statement for the financial year ended December 31, 2008

3.1. Presentation of the simplified consolidated income statement at December 31, 2008

The table below presents the simplified income statement of Sword Group for the financial year ending December 31, 2008 compared with that for the financial year ending December 31, 2007.

In €'000	**2008 consolidated**	**2007 consolidated**
Sales revenue	205,730	179,045
Current operating profit	37,031	29,339
Operating profit	33,712	29,232
Consolidated net profit	21,340	18,911
Group's share of net profit	20,979	18,532

3.2. List of consolidated companies as at December 31, 2008

	December 31, 2008		
Companies	Year end	% controlled	% stake
Sword Group (parent company) 9 Avenue Charles de Gaulle 69771 Saint Didier au Mont d'Or Cedex	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	98.28%	87.16%
FircoSoft Inc (USA)	31/12	100%	87.16%
Sword Inc (USA)	31/12	100%	100%
Sword UK	31/12	100%	100%
Sword DDS France	31/12	100%	100%
Sword Technologies SA (Benelux)	31/12	100%	100%
Tipik (formerly-ASCII) (Belgium)	31/12	100%	100%
FI System Belgium	31/12	100%	100%
Sword SAS (France)	31/12	100%	100%
Sword Global India Ltd	31/03	100%	100%
Sword IT Solutions (Greece)	31/12	65%	65%
Sword Services SA (formerly Linkvest SA) (Switzerland)	31/12	100%	100%
Sword Lebanon (Lebanon)	31/12	95%	95%
Intech (UK)	31/12	100%	88.68%
Sword Atlantique (France)	31/12	100%	100%
Sword Solutions (France)	31/12	100%	100%
Sword BTS (formerly Real Time Engineering) (UK)	31/12	100%	100%
Nextech (Brazil)	31/12	100%	88.68%
Achiever (UK)	31/12	100%	88.68%
Sword Soft (UK)	31/12	88.68%	88.68%
Apak (UK)	31/12	100%	88.68%
Sword Integra (Belgium)	31/12	100%	100%
Sword Soft Inc (USA)	31/12	100%	88.68%
Sword IPR (UK)	31/12	100%	88.68%
Sword Banking Solutions (UK)	31/12	100%	88.68%
Sword Energy (UK)	31/12	100%	88.68%
Buildonline UK	31/12	100%	88.68%
Buildonline Germany	31/12	100%	88.68%
Buildonline France	31/12	100%	88.68%
Buildonline India	31/12	100%	88.68%
Buildonline USA	31/12	100%	88.68%

Buildonline Ireland	31/12	100%	88.68%
Buildonline Global Ltd (UK)	31/12	100%	88.68%
Infotechno (AU)	31/12	70%	62.08%
CTSpace (USA)	31/12	100%	88.68%
CTSpace Group Inc. (USA)	31/12	100%	88.68%
Ciboodle Ireland Ltd	31/03	100%	83.22%
Ciboodle Australia Ltd	31/03	100%	83.22%
Ciboodle New Zealand Ltd	31/03	100%	83.22%
Ciboodle Indonesia	31/03	100%	83.22%
Ciboodle Scotland (UK)	31/03	93.84%	83.22%
Ciboodle BV (Netherlands)	31/03	100%	83.22%
Ciboodle South Africa Ltd	31/03	100%	83.22%
Cibboodle Ltd (Land and Estates) (UK)	31/03	100%	83.22%
Ciboodle Inc (USA)	31/03	100%	83.22%
Graham Technology France	31/03	100%	83.22%
Graham Technology Hong Kong	31/03	100%	83.22%

All companies are consolidated according to the full consolidation method.

3.3. Activity and sales revenue

In 2008, Sword Group recorded an increase of more than 14.90% in its consolidated sales revenue as compared to 2007. On a constant exchange rate basis, this growth stands at 24.31%.

The Group's share of net consolidated profits in 2008 was 10.20% of sales revenue.

During financial 2008, Sword Group:
- consolidated the many acquisitions it completed in 2007 (Achiever, Apak, Nextech, CTSpace),
- pursued its acquisition policy in the software industry with Ciboodle (formerly Graham Technology),
- opened and developed its "Products" R&D center in Cwmbran (Wales),
- pursued its internationalization,
- strengthened its development in the software line of business.

3.3.1. Specialization

- Historically, technology was the first area of specialization of the Group: artificial intelligence, document management, geographic information systems and business intelligence.

- The Group then began to specialize in:
- ECM (electronic content management)
- Filtering (operations against dirty money)

- Next came specialization according to markets:
- The international organizations market
- Highly-regulated markets

The former are more stable, the latter more profitable

- Lastly, the Group chose to develop in the Software (products) line of business:
- by promoting internal growth in that line of business
- by targeting its acquisition policy exclusively in that line of business

From there, Sword has become a major international supplier of Business Process Improvement (BPI) solutions targeting the regulated industries.

Sword devotes its skills, infrastructures, and experience to its customers, to help them improve their performance results, increase their efficiency and maximize their return on investments.

Sword's solutions are delivered according to 2 different modes, "On Demand" (hosted mode) and "On Premises" (on site)/ Owing to that flexibility and to strong business expertise, Sword assists its customers is a host of lines of business including insurance & health, energy, banking & finance, telecom, the environment, engineering & construction, and the public sector.

3.3.2. Internationalization

A distinction should be made between a multinational approach and an international approach:

- A multinational approach involves optimizing the management of projects in each country, and taking advantage of internationalization 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 permit an optimistic outlook on the future:

- the Group's ability to combine "Software" and "Solutions" under one same roof. 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” specialization in highly regulated industries helps target a higher gross margin through Sword's two-fold specialization: Technology/markets.

3.4. Current operating profit

Operating profit from all consolidated companies for 2008 was €37,031K, i.e. 18% 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 2008 was €33,712K, i.e. 16.4% of sales.

3.6. Cost of net debt

The cost of net debt stood at -€5,035K, i.e. 2.4% of sales.

It mainly breaks down into net interest expenses on loans for €5,146,000 and investment products and non-consolidated equity holdings for €85,000.

3.7. Income tax and net profit

Income tax on consolidated profit was -€10,042K, which represents an effective taxation rate of 32 %.

After income tax, net profit for the consolidated companies stood at €21,340K, i.e. 10.4% of sales revenue. The Group share of net profit stood at €20,979K, i.e. 10.2% of sales revenue, while net profit allocated to minority shareholders was €361K.

3.8. Debt, cash flow and investments

Net debt, i.e. total gross debt from which cash reserves on December 31, 2008 were deducted, stood at -€86,437K.

The cash flow of the Group (see cash flow table) stood at €43,404, 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 €3,569K.

3.9. External growth

This concerns the acquisition of Ciboodle (formerly Graham Technology) at March 31, 2008 (€21M annual sales).

3.10. Disposal operation

This concerns the disposal of Sword South Africa in February 2008.

3.11. Changes in the Group's main subsidiaries

In the analyses below, we introduce to you our activities per group of subsidiaries.

The figures mentioned are the sales revenues that contribute to the operating accounts and not the company sales revenue, in order to eliminate intra-group flows and permit a more accurate analysis.

The same logic will be applied to analyze profitability.

3.11.1. France (Services)

The Companies concerned are: Sword SA, Sword SAS and Sword Atlantique

The sales revenue and profitability changed as follows between 2007 and 2008:

€'000	2008	2007
Sales revenue	22,685	26,647
EBIT	1,919	2,779
%	8.5%	10.4%

Foreseeing the crisis, we have reduced the Group's sales revenue in France and made some costly restructurings in order to face a long, difficult period, which we estimate will last 3 years.

The Group is confident that it will maintain its EBIT at 8.5% in 2009 and 2010.

3.11.2. UK

Product activities

The Companies concerned are: Sword UK (for 2008), Intech, Achiever, Apak, Ciboodle UK, Buildonline UK

The sales revenue and profitability changed as follows between 2007 and 2008:

€'000	2008	2007
Sales revenue	53,731	36,056
EBIT	13,882	10,036
%	25.8%	27.8%

2008 was a year of significant expansion in the UK.

This profitable expansion enables us to face the crisis of 2009 and 2010 with confidence and, above all, an ability to maintain our EBIT beyond 24%.

Service activities

The Companies concerned are: Sword BTS (formerly Real Time Engineering), Sword Energy, Harvard (merged with Sword UK at September 30, 2008), Sword India (offshore basis for the UK), Sword SBS (for 2008) and Sword UK (for 2007).

The sales revenue and profitability changed as follows between 2007 and 2008:

€'000	2008	2007
Sales revenue	38,794	53,438
EBIT	6,252	10,664
%	16.1%	20.0%

In 2008, we decided to reduce our service activities in the UK and to focus on regulated markets.

This restructuring had a cost that had an impact on immediate profitability. However, the latter remains at a quite acceptable level, at 16.1%.

At the same time, the backlog rose significantly in proportion of budgeted sales.

We are confident in the business for 2009 (10% growth and profitability maintained).

3.11.3. USA (90% Products)

The Companies concerned are: Sword INC, FircoSoft INC, Ciboodle US, Buildonline US, Sword Soft INC and CTSpace US

The sales revenue and profitability changed as follows between 2007 and 2008:

€'000	2008	2007
Sales revenue	20,320	9,031
EBIT	3,154	892
%	15.5%	9.9%

In 2008, the USA experienced growth, which, in terms of sales and profitability, was in line with our budget.

We think that, when the crisis ends, that country will be more reactive and therefore more profitable than other countries. That is why we will continue to invest in 2009 in that geographic area.

3.11.4. Benelux (100% Services)

The Companies concerned are: Sword Technologies, TIPIK, Sword Integra, Sword Greece (offshore basis for Belgium).

The sales revenue and profitability changed as follows between 2007 and 2008:

€'000	2008	2007
Sales revenue	37,252	32,129
EBIT (*)	4,094	926
%	11.0%	2.9%

(*) Excluding non-recurring items

After some extraordinary losses in 2007, we restructured Benelux successfully because, not only was organic growth at 16%, but profitability is now totally in line with budget in that geographic area.

3.11.5. Switzerland (90% Services)

The Companies concerned are: Sword Services (born of the merger between Sword Services (formerly Linkvest), Sword Switzerland, Sword Consulting (ex Stellon) and Powersoft), Sword Lebanon (offshore basis for Switzerland)

The sales revenue and profitability changed as follows between 2007 and 2008:

€'000	2008	2007
Sales revenue	8,851	11,429
EBIT	609	1,091
%	6.9%	9.5%

In 2008, Switzerland is the Group's geographic area that has under-performed due to a change in its management team, a phenomenon that had much more impact in services than in products.

The 2009 plan provides for a 2-point profitability increase, bringing it up to 9% in 2009.

3.11.6. Other countries (100% Products)

Les companies concerned are Nextech / Brazil, FircoSoft / France, Sword IPR / Wales, Buildonline / Germany, Buildonline / France, Buildonline / India, Buildonline / Ireland, Infotechno Baudatenbank / Austria, Ciboodle / Ireland, Ciboodle / Australia, Ciboodle / New Zealand, Ciboodle / Indonesia, Ciboodle / Netherlands, Ciboodle / South Africa.

The sales revenue and profitability changed as follows between 2007 and 2008:

€'000	2008	2007
Sales revenue	23,981	7,297
EBIT	8,317	2,625
%	34.7%	36.0%

These operations have experienced growth due, on the one hand, to organic growth and, on the other hand, to the consolidation of CTSpace and Ciboodle (formerly Graham Technology).

That line of business should continue growing in 2009 by 10%, while generating EBIT in excess of 30%.

3.12. Important events occurring after year-end

In accordance with the provisions of Article L. 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. The major events that took place after the closing of accounts and that only concern Sword Group, are detailed in 4.2 below.

3.13. Future outlook

In order to establish the 2009 budget, we must consider the 2008 pro forma sales with the exchange rates at December 31, 2008.

The reference sales revenue is therefore €195.7M, the basis for 2009 organic growth.

We assume that the market will experience a 5% sales drop in 2009, and that we will outperform the market by 10 to 15 points, on a constant exchange rate basis, which equates to actual organic growth of 5% to 10%.

The EBIT will range between 17 and 17.5% of sales and the net profit after tax between 10 and 10.5% of sales, which thus leads us to a budget, on a like-for-like and constant exchange rate basis, whose broad lines are as follows:

Sales revenue	between €205M and €214M
EBIT	between €35M and €38M
Net profit after tax	between €21M and €23M

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 2008, R&D consisted of the following:

- Software:
  R&D + training expenses represent 18.37% of sales

- Solutions:
  R&D + training expenses represent 2.06% of sales

3.16. Approval of the consolidated financial statements

We request that you approve the consolidated accounts for the year ended December 31, 2008 (balance sheet, profit and loss statement, and annexes) as they are submitted and which show a total consolidated profit of 21,340K (of which the group's share is 20,979K).

4. Activities of Sword Group – presentation of the corporate financial statements

4.1. Company activities over the financial year 2008 – Balance sheet and income statement

In 2008, the holding company's head count was 2 and remained stable throughout the period elapsed.

The balance of its operating accounts is maintained by rebilling its services to its subsidiaries.

Sword Group sold Sword Technologies to FI System Belgium thereby generating a disposal capital loss. The Company also had to provision securities it holds in Lyodssoft, a company governed by Chinese law.

Over 2008, Sword Group carried out its operational, strategic and financial supervision role for the Group.

The main figures for the period are the following:

In €	Financial year N	Financial year N-1	Change in %
Sales revenue	**3,246,133.47**	**3,848,638.67**	**-15.65**
Revenues from operations	**3,247,037.53**	**3,850,370.84**	**-15.67**
Operating expenses	**3,081,251.26**	**2,614,234.60**	**17.86**
Operating profit	**165,786.27**	**1,236,136.24**	**-86.59**
Financial earnings	**9,423,626.63**	**42,878,924.03**	**-78.02**
Financial expenses	**8,697,877.52**	**5,610,791.74**	**55.02**
Financial earnings	**725,749.11**	**37,268,132.29**	**-98.05**
Current profit before tax	**891,535.38**	**38,504,268.53**	**-97.68**
Extraordinary earnings	**10,130,001.00**	**16,051,635.22**	**-36.89**
Extraordinary expenses	**16,669,968.00**	**12,556,593.81**	**32.76**
Extraordinary items	**-6,539,967.00**	**3,495,041.41**	**-287.12**
Income tax	**536,257.00**	**770,960.33**	**-75.66**
Profit	**-6,184,688.62**	**41,228,349.61**	**-114.15**

4.2. Important events occurring after year-end

- The Company sold, effective January 1, 2009, all the shares it held in Sword SA to Sword Soft Ltd.
- The Company sold, effective January 1, 2009, all the shares it held in Sword Atlantique to Sword SA.

- The Ordinary and Extraordinary General Meeting held January 30, 2009:

  - Appointed Ms. Françoise Fillot as new board member,
  - Decided to change the Company into a European Company, subject to the entering, with the Special Negotiation Group, of a written agreement.

- The Board of Directors, in its sitting of January 30, 2009, acknowledged, regarding the minutes of the meeting of the Special Negotiation Group on January 20, 2009, the final completion of the transformation of the Company into a European Company (SE).

- The Board of Directors of Sword Group SE held January 30, 2009 making partial use of the authorization granted by the ordinary and extraordinary general meeting held January 30, 2009 in its eighth resolution, granted, in the context of the provisions of articles L 225-177 et seq. of the Commercial Code, options entitling their bearers to the subscription of new shares in the Company.

The table below has been established in accordance with the recommendations of AFEP / MEDEF (table 4).

Broker's name	Plan number and date	Nature of the options	Valuation of options in accordance with the method used for the consolidated financial statements	Number of options allocated during the period	Exercise price	Exercise period
H. Davies Executive Vice President	N°1 30/01/2009	Subscripti on	€333,516	100,000	€10.60	From 30/01/011 to 30/01/012
F. Fillot Executive Vice President	N°2 30/01/2009	Subscripti on	€155,412	40,000	€10.60	From 30/01/012 to 30/01/013

Further details regarding the exercising of options:

Performance conditions: the beneficiaries may exercise their options only if the two conditions below are fulfilled, for the financial period preceding the exercising of the options:
- Company's consolidated EBIT in excess of 15%
- Consolidated sales revenue in excess of €220 million (not including the sale of assets)

Shares resulting from the exercising of options to be kept: in accordance with the provisions of article L 225-185 of the Commercial Code, the Board of Directors has decided that the aforementioned corporate officers must keep 10% of the shares resulting from the exercising of the options, up until the end of their mandates.

Allocation of options to employees of the Company or its subsidiaries: in order to comply with the provisions of article L 225-186-1 of the Commercial Code, resulting from the law of December 3, 2008, the Board of Directors has decided to grant 10,000 share subscription options to employees of the Company or its subsidiaries; the aforementioned performance conditions also apply to the exercising of the options.

In accordance with the provisions of Article L 232-1 of the Commercial Code, we inform you that with the exception of the events described above, 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 for 2009

The outlook for 2006 is described in point 3.11 above.

4.4. Description of human resources and the corporate environment

The workforce of the Company is 2. All are members of the Management Committee.

Accordingly, the list of formal information on corporate matters as provided by the Decree of February 20, 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

In 2008, considering the share of fixed-price services for the Solutions (Services) division and the Software (Products) division, the share of services with commitment to results exceeds 80%.

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 "Software" segment is exposed to limited risk, as Sword's strategy is based on the upgrading of existing products rather than the creation from scratch of new products.

As at December 31, 2008, the backlog was equal in total to 20.9 months of budgeted sales revenue for 2009.

Naturally, part of this sales revenue relates to years subsequent to
2009.

The share of 2009 sales represents 9.9 months of sales compared to the budgeted 2009 sales revenue.

Each project is followed up monthly. In 2008, the difference between days gained and days lost compared with initial estimates for the cost of projects is positive, 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 recognized as earnings).

Lastly, billing for components is a major element of safety in Sword Group’s quoting policy, given that the resulting turnover 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

See Note 21 of the appendix to consolidated statements.

4.6.5. Country risk

Regarding Lebanon, the local instability does not affect the subsidiary Sword Lebanon.

4.6.6. Risks related to the crisis

We consider that the crisis will affect IT companies in very diverse manners.

First of all, regarding the exposure to the crisis per type of line of business, we can rank the various lines of business, from the most to the least exposed, as follows:
- Staffing/staff seconding
- Completion of fixed-price projects
- Systems integration
- Sale of products
- On-demand products (ASP, SaaS)

Actually, Sword Group is mainly active in the last three lines of business. Therefore, it is less exposed to the crisis than its competitors.

In terms of contracts and styles of contracts, Sword Group has always preferred:
- Stable contracts, such as those entered into with governments, the European Union, the United Nations
- Recurring schemes that generate stable order books such as:
  * on-demand models (ASP, SaaS, lease)
  * large master agreements
- Technological niches that guarantee our specifics such as software components (leak detections, GIS, airport management, etc.)
- High value-added, market leading products (Anti-Money Laundering, Risk Management, etc.)

Lastly, during such a period, the first priority is to maintain, if not to increase, profitability, which has been the Group's top priority over the past year.

5. Business 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 business and earnings 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 ending December 31, 2008, Sword Group did not acquire significant interests or control of companies headquartered in France.

5.2 Business and earnings 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	20,925	678	Solutions
Sword Atlantique	100	2,624	291	Solutions
Sword UK	100	5,960	274	Software and Solutions
Sword INC	100	7,810	193	Software and Solutions
Sword Création Informatique SA	100	0	-73	Solutions
FI System Belgium	100	0	-11	Solutions
Sword Services	100	8,946	421	Solutions
Sword DDS	100	0	1	-
Sword Soft	88.7	0	3,379	-

5.3 Business and earnings 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	87.16	6,674	1,123	Software
FircoSoft Inc	87.16	1,804	144	Software
Sword SAS	100	2,705	101	Solutions
Sword South Africa Limited	75	80	30	Solutions
Sword Solutions	100	667	83	Solutions
Sword Technologies	100	17,447	1,354	Solutions
Sword IT Solutions	65	310	93	Offshore
Tipik (formerly ASCII)	100	16,117	1,001	Solutions
Sword Global India Ltd	100	1,774	275	Offshore
Sword Lebanon	95	791	189	Offshore
Harvard Consulting	100	869	-37	Solutions
Intech	88.68	22,911	4,008	Software
Sword BTS (formerly RTE)	100	30,871	2,772	Solutions
Achiever	88.68	2,876	125	Software
Nextech	88.68	2,627	221	Software
Apak	88.68	10,392	3,550	Software
Sword IPR Ltd	88.68	3,069	359	Software
Sword Integra	100	4,909	76	Solutions
Sword Soft INC	88.68	3,171	782	Software
Sword Banking Solutions	88.68	3,543	292	Software
Sword Energy	100	4,420	482	Software

Buildonline UK	88.68	2,807	-36	Software
Buildonline Germany	88.68	3,085	925	Software
Buildonline France	88.68	2,263	864	Software
Buildonline India	88.68	3	-42	Software
Buildonline USA	88.68	373	66	Software
Buildonline Ireland	88.68	12	10	Software
Buildonline Global Ltd (UK)	88.68	0	81	Software
Infotechno (AU)	62.08	1,493	168	Software
CTSpace (USA)	88.68	4,382	560	Software
CTSpace Group Inc. (USA)	88.68	0	0	Software
Ciboodle Ireland Ltd	83.22	1,254	422	Software
Ciboodle Australia Ltd	83.22	2,051	299	Software
Ciboodle New Zealand Ltd	83.22	494	71	Software
Ciboodle Indonesia	83.22	1,268	27	Software
Ciboodle Scotland (UK)	83.22	14,604	1,187	Software
Ciboodle BV (Netherlands)	83.22	714	129	Software
Ciboodle South Africa Ltd	83.22	2,466	1,430	Software
Ciboodle Ltd (Land and Estates)	83.22	90	-131	-
Ciboodle INC	83.22	3,725	579	Software
Graham Technology France	83.22	0	0	Software
Graham Technology Hong Kong	83.22	0	0	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 not shares in the capital of our Company, in the sense of Article L 225-102 of the Commercial Code.

7. Breakdown of Sword Group share capital at the close of the financial year (as a %)

Forename-Surname	**Situation at 31/12/2008**		
	Number of shares	% of capital	% vote
Jacques Mottard and Sémaphore Investissements	1,746,820	18.80	27.22
21 Centrale Partners	5	0	0
Françoise Fillot	106,395	1.14	1.97
Heath Davies	16,137	0.17	0.15
Treasury shares	0	0	0
Employees and miscellaneous registered shareholders	230,288	2.48	4.14
Free float	7,190,320	77.41	66.52
TOTAL	9,289,965	100	100

In a letter to the French market authority the AMF dated February 9, 2009, Mr. Jacques Mottard declared that he had directly and indirectly crossed the threshold on 30 January 2009, through Sémaphore Investissements which he controls, by 20% and 25% of voting rights for the Sword Group and through directly and indirectly holding 1,746,820 shares representing 2,942,745 voting rights, i.e. 18.8% of capital and 27.23% of voting rights.

Moreover, the same day, Sémaphore Investissements declared that they had individually exceeded the 20% and 25% thresholds for company voting rights for the Sword Group.

The crossings of these thresholds are the result of the doubling of voting rights for Sémaphore Investissements.

In this same letter dated 9 February 2009, supplemented by a letter on February 10, 2009, the following declaration of intent was made:
"[…] To date, it has never been the intention of Mr. Jacques Mottard, as a majority shareholder and CEO of Sémaphore Investissements, to acquisitively increase his shareholding in the Sword Group. It is therefore not the intention of Sémaphore Investissements *to take control of the Sword Group nor to demand a seat on the company's Board of Directors or play any part in its management, inasmuch as Mr. Jacques Mottard, Chairman of* Sémaphore Investissements*, is also CEO of Sword Group"*

8. Changes in the share price

2008	At January 31, 2009
Highest price €34.58 (at 02/01/2008)	Highest price €11.75 (at 06/01/2009)
Lowest price €9.40 (at 05/12/2008)	Lowest price €10.00 (at 27/01/09)
Number of shares traded on the stock market 14,963 (1)	Number of shares traded on the share market from 01/01/2009 to 31/01/2009: 14,698 (2)

(1) This is the average number of shares traded in 2008, a year during which 3,830,624 shares were traded.
(2) This is the average number of shares traded in January 2009, a month during which 308,649 shares were traded.

9. Information on the acquisition and sale by the company of its own shares as at December 31, 2008

Number of shares held by the Company as at December 31, 2007	0
Number of shares purchased in 2008	0
Number of shares sold in 2008	0
Number of shares held by the Company as at December 31, 2008	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 suggest that you approve the corporate financial statements for the financial year ending December 31, 2008 (Balance Sheet, Income Statement and Appendix) such as they are presented to you, which show profits of €6,184,688.62.

We suggest that the result be appropriated as follows:

- To the "Balance brought forward": Which would be brought down from €40,230,907.25 to €34,046,218.63	**-€6,184,688.62**

We suggest that you distribute to the shareholders, as dividend, €5,573,979, which would be taken from the "Balance brought forward", which would thus be brought down from €34,046,218.63 to €28,472,239.63.

The net dividend per share would be €0.60 per share.

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:

Financial year ending	Net dividend per share	Tax credit
December 31, 2007	€0.53	None
December 31, 2006	€0.42	None
December 31, 2005	€0.30	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 assume responsibility for expenses not deductible from earnings for tax purposes in the sense of Article 39-4 of the General Tax Code for €4,891.

12. Table of earnings for the five last financial years provided by article R.225-102 of the Commercial Code

	2004	2005	2006	2007	2008
Share capital at year-end					
Issued capital	7,342,105	7,408,420	7,636,840	9,289,965	9,289,965
Number of shares	1,468,421	7,408,420	7,636,840	9,289,965	9,289,965
Operations and earnings					
Sales revenue (excl. tax)	2,653,458.92	3,026,580.89	3,422,249.65	3,848,638.67	3,246,133.47
Earnings before taxes, profit-sharing, depreciation provisions, impairment and provisions	4,264,452.28	4,509,426.42	5,045,582.14	42,686,643.93	-4,635,267.17
Taxes on profits	439,005.00	786,000.00	-70,675.00	770,960.33	536,257.00
Earnings after taxes, profit-sharing, depreciation provisions, impairment and provisions	3,525,785.60	3,688,344.43	5,207,542.48	41,228,349.61	-6,184,688.62
Distributed profit	1,762,105.20	2,222,526.00	3,207,473.00	4,923,681.45	5,573,979
Earnings per share					
Earnings after taxes, profit-sharing, before depreciation provisions, impairment and provisions	2.61	0.5	0.67	4.51	-0.56
Earnings after taxes, profit-sharing, depreciation provisions, impairment and provisions	2.4	0.5	0.68	4.44	-0.67
Distributed dividend	1.2	0.3	0.42	0.53	0.60
Personnel					
Average head count	6	6	5	2	2
Payroll	393,325.08	505,203.07	343,563.37	216,801.89	173,349.48
Amounts paid as benefits	163,800.00	203,181.90	142,059.66	88,925.62	71,469.91

13. Objective and comprehensive analysis of the turnover, earnings and financial position of the Company

The details of this analysis are in the annex to the 2008 consolidated financial statements.

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

None

16. Table of delegations for capital increases

The Combined Shareholders' General Meeting held on April 29, 2008 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 authorization is valid for a period of 26 months, that is until June 28, 2010.

Nature of the delegation	Nature of the operation	Shares to issue	Authorized 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 (*) or €100,000,000 of value of debt securities giving access to the capital

(*)These amounts are not cumulative

These delegations were not used in 2008.

It is pointed out that the Board of Directors of March 9, 2009 suggests that you grant new delegations in terms of capital increase. These new authorizations would cancel the ones referred to above.

17. Financial instruments

The main loans have been taken out at an interest rate of euribor 3 months + 0.7.

Three fixed-rate paying swap covers have been set up:

- The first cover through paying swap at a fixed rate of 3.825% (excluding bank margin) was set up as at November 14, 2006 for a period of 24 months and an amount of €20M. It therefore reached maturity as at 12/31/2008.
- A second cover through paying swap at a fixed rate of 3.95% (excluding bank margin) was set up as at April 1, 2008 for a period of 48 months an amount of €20M.
- The third cover through paying swap at a fixed rate of 4.37% (excluding bank margin) was set up as at April 1, 2008 for a period of 48 months an amount of €30M€.

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 authorized 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 ending December 31, 2008.

Function	Term 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 Atlantique	Unlimited duration
Chairman	unlimited	Sword UK	Unlimited duration
Chairman	unlimited	Harvard	Unlimited duration
Chairman	unlimited	Intech	Unlimited duration
Chairman and Director	unlimited	Real Time Engineering	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 Information	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 System 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 Linkvest)	Unlimited duration
Chairman	Unlimited	Sword Lebanon	Unlimited duration
Chairman and Board Member	5 years	Sword IT Solutions	30/06/11 (*)
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	Ciboodle (formerly Graham Technology)	Unlimited duration
Chairman	Unlimited	Collaboration Technology INC	Unlimited duration

(*) General Meeting ruling on the financial statements for the period

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
Manager	Unlimited	Maya	Unlimited duration
Manager	Unlimited	Iéna	Unlimited duration

(*) General Meeting ruling on the financial statements for the period

Function	Term of mandate	Company	Expiry date
Françoise Fillot: Director and Chief Executive Officer			
Chief Executive Officer	For the Chairman's term of mandate	Sword Group	31/12/09 (*)
Board member	6 years	Sword Group	31/12/14 (*)
Director	Unlimited	Sword UK	Unlimited duration
Board member	6 years	Sword Technologies SA	10/12/08 (*)
Board member	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
Board member	6 years	FI System Belgium	11/02/10
Board member	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
Board member	Unlimited	Achiever	Unlimited duration
Board member	6 years	Sword Integra	31/12/13 (*)
Manager	Unlimited	CTSpace France	Unlimited duration
Director	Unlimited	Sword IPR Ltd	Unlimited duration

(*) General Meeting ruling on the financial statements for the period

Heath Davies: Director and Chief Executive Officer			
Board member	6 years	Sword Group	31/12/12 (*)
Chief Executive Officer (since March 13, 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 GlobalLtd	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

Nicolas Mottard: Board member			
Board member	6 years	Sword Group	31/12/09 (*)

(*) General Meeting ruling on the financial statements for the period

21 Centrale Partners: Board member			
Board member	6 years	Sword Group	31/12/09 (*)
Mandates exercised outside the Group			
Member of the Supervisory Board	6 years	Le Public Système	31/12/09 (*)
Board member	6 years	EGIDE	31/12/11
Board member	6 years	Fontaine Pajot	31/08/13
Board member	6 years	Meccano	31/03/14
Board member	6 years	Groupe Electropoli	31/12/08 (*)
Member of the Supervisory Board	3 years	Financière Verlys	31/12/10 (*)
Member of the Supervisory Board	6 years	Vulcanic Holding	31/12/11 (*)
Member of the Supervisory Board	3 years	Financière Aramis	31/12/08 (*)
Board member	3 years	SFTF Interflora	31/12/08 (*)
Board member	6 years	Centre Prothétique Houradou	31/12/13 (*)
Member of the Supervisory Board	6 years	ALLVALV	30/04/13
Member of the Supervisory Board	6 years	Financière Italyc	31/03/14
Member of the Supervisory Board	Unlimited duration	Financière Storage	Unlimited duration
Member of the Supervisory Board	6 years	Drive Planet	31/12/14
Member of the Supervisory Board	3 years	Jet Multimedia Group	31/12/11 (*)

(*) General Meeting ruling on the financial statements for the period

20. Remuneration of corporate officers

The presentation of the remuneration of corporate officers below is in accordance with the AMF's recommendation dated December 22, 2008, regarding the information to be disclosed concerning the remuneration of corporate officers.

20.1 Table Nr.1: summary table of compensation and options and shares allocated to each corporate officer

Jacques Mottard	Financial year N-1	Financial year N
Compensation due for the period *(detailed in Table Nr.2)*	€28,000 (1)	€30,000 (1)
Valuation of the options allocated during the period *(detailed in Table Nr.4)*	N/A	N/A
Valuation of the performance shares allocated during the period *(detailed in Table Nr.6)*	N/A	N/A
TOTAL	€28,000	€30,000

(1) Since January 1, 2007, the remuneration of Mr. Jacques Mottard (and his assistant) is 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 December 31, 2007,
- €307,500 excl. tax for the year ended December 31, 2008.

Heath Davies	**Financial year N-1**	**Financial year N**
Compensation due for the period *(detailed in Table Nr.2)*	€138,863	€173,435
Valuation of the options allocated during the period *(detailed in Table Nr.4)*	€0	€0
Valuation of the performance shares allocated during the period *(detailed in Table Nr 6)*	€0	€0
TOTAL	€138,863	€173,435

Françoise Fillot	**Financial year N-1**	**Financial year N**
Compensation due for the period *(detailed in Table Nr.2)*	€103,175	€103,175
Valuation of the options allocated during the period *(detailed in Table Nr 4)*	€0	€0
Valuation of the performance shares allocated during the period *(detailed in Table Nr 6)*	€0	€0
TOTAL	€103,175	€103,175

21 Centrale Partners	**Financial year N-1**	**Financial year N**
Compensation due for the period *(detailed in Table Nr.2)*	€32,000	€34,000
Valuation of the options allocated during the period *(detailed in Table Nr 4)*	N/A	N/A
Valuation of the performance shares allocated during the period *(detailed in Table Nr 6)*	N/A	N/A
TOTAL	€32,000	€34,000

Nicolas Mottard	**Financial year N-1**	**Financial year N**
Compensation due for the period *(detailed in Table Nr.2)*	€5,000	€6,000
Valuation of the options allocated during the period *(detailed in Table Nr 4)*	N/A	N/A
Valuation of the performance shares allocated during the period *(detailed in Table Nr 6)*	N/A	N/A
TOTAL	€5,000	€6,000

20.2 Table Nr°2: summary table of compensation of each corporate officer manager

Jacques Mottard	Amount for the period N-1		Amount for the period N	
	Due	Paid	Due	Paid
Fixed compensation	€0	€0	€0	€0 (1)
Variable compensation	€0	€0	€0	€0
Exceptional compensation	€0	€0	€0	€0
Directors' fees	€28,000	€28,000	€30,000	€30,000
Benefits in kind	None	None	None	None
TOTAL	€28,000	€28,000	€30,000	€30,000

(1) Since January 1, 2007, the remuneration of Mr. Jacques Mottard (and his assistant) is 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 December 31, 2007
- €307,500 excl. tax for the year ended December

Heath Davies	Amount for the period N-1		Amount for the period N	
	Due	Paid	Due	Paid
Fixed compensation	£127,700	£127,700	£114,000	£114,000
Variable compensation	€0	€0	€0	€0
Exceptional compensation	€0	€0	€0	€0
Directors' fees	€0	€0	€30,000	€30,000
Benefits in kind	None	None	None	None
TOTAL	€138,863	€138,863	€173,435	€173,435

Françoise Fillot	Amount for the period N-1		Amount for the period N	
	Due	Paid	Due	Paid
Fixed compensation	€73,175	€73,175	73 175	73,175
Variable compensation	€0	€0	€0	€0
Exceptional compensation	€30,000	€30,000	€30,000	€30,000
Directors' fees	€0	€0	€0	€0
Benefits in kind	None	None	None	None
TOTAL	€103,175	€103,175	€103,175	€103,175

Nicolas Mottard	Amount for the period N-1		Amount for the period N	
	Due	Paid	Due	Paid
Fixed compensation	€0	€0	€0	€0
Variable compensation	€0	€0	€0	€0
Exceptional compensation	€0	€0	€0	€0
Directors' fees	€5,000	€5,000	€6,000	€6,000
Benefits in kind	None	None	None	None
TOTAL	€5,000	€5,000	€6,000	€6,000

21 Centrale Partners	Amount for the period N-1		Amount for the period N	
	Due	Paid	Due	Paid
Fixed compensation	€0	€0	€0	€0
Variable compensation	€0	€0	€0	€0
Exceptional compensation	€0	€0	€0	€0
Directors' fees	€32,000	€32,000	€34,000	€34,000
Benefits in kind	None	None	None	None
TOTAL	€32,000	€32,000	€34,000	€34,000

20.3 Table Nr°3: Table of directors' fees and other remunerations paid to the corporate officers

Members of the Board of Directors	Directors' fees paid in N-1	Directors' fees paid in N
Jacques Mottard	€28,000	€30,000
Heath Davies	€0	€30,000
21 Centrale Partners	€32,000	€34,000
Nicolas Mottard	€5,000	€6,000
TOTAL	€65,000	€100,000

20.4 Table Nr°4: Share subscription or purchase options allocated during the period to each corporate officer manager by the Company or by any Group company

During the financial year ended December 31, 2008, none of the Sword Group companies has allocated any share subscription or purchase options to the corporate officers.

We point out, however, that the Company's Board of Directors of January 30, 2009, making partial use of the authorization given by the General Meeting the same, day, allocated 150,000 share subscription options in the following proportions:

- Heath Davies (Chief Executive Officer): 100,000 options. Exercise of these options is subject to compliance with certain performance conditions. The Board of Directors set to 10% the minimum percentage of shares resulting from the options that Mr. Heath Davies will have to keep up until the end of his office as Chief Executive Officer;

- Ms. Françoise Fillot (Chief Executive Officer): 40,000 options. Exercise of these options is subject to compliance with certain performance conditions. The Board of Directors set to 10% the minimum percentage of shares resulting from the options that Ms. Françoise Fillot will have to keep up until the end of her office as Chief Executive Officer;

- Mr. Jean-Marc Sonjon (employee): 10,000 options. Exercise of these options is subject to compliance with certain performance conditions.

20.5 Table Nr°5: Share subscription or purchase options exercised during the period by each corporate officer manager

For the period ended December 31, 2008, no share subscription option has been exercised.

20.6 Table Nr°6: performance shares allocated to each corporate officer manager

Not applicable

20.7 Table Nr°7: performance shares that became available during the period for each corporate officer manager

Not applicable

20.8 Table Nr°8: History of allocations of share subscription or purchase options

Information about share subscription or purchase options			
	Plan Nr.1	Plan Nr.2	Plan Nr.3
General Meeting	April 28, 2006		
Date of the Board Meeting	December 29, 2006		
Total number of options allocated	60,000		
Number of options that can be subscribed	42,000	4,500	4,500
Beneficiaries Heath Davies	28,500		
Jim Graham	4,500		
John Innes	4,500		
Phil Norgate	4,500		
Juan Arcas		4,500	
Jean-Marc Sonjon			4,500
Option exercise start date	30/12/08	30/12/09	
Expiry date	30/12/09	30/12/10	
Subscription price (1)	35.128		
Number of shares subscribed at January 31, 2009	0	0	0
Number of cancelled or lapsed options	9,000		
Share subscription or purchase options remaining at the end of the period	42,000	4,500	4,500

(1) The price was determined by the Board of Directors held December 29, 2006, in accordance with the method decided by the General Meeting of April 28, 2006

20.9 Table Nr°9: Share subscription or purchase option granted to the ten best paid employees who are not corporate officers and options they have exercised

Not applicable.

20.10 Table Nr.10

	Employment contract		Additional pension scheme		Allowances or benefits due or likely to be due as a result of the termination or change in functions		Allowances relative to a non-competition clause	
Corporate officers	Yes	No	Yes	No	Yes	No	Yes	No
J. Mottard - Chairman and CEO		X		X		X		X
F. Fillot - Executive Vice President		X (1)		X		X		X
H. Davies - Executive Vice President		X		X		X		X

(1) The Board of Directors, in its sitting of January 30, 2009, has decided to comply with the AFEP / MEDEF recommendations of October 2008. In that context, Ms. Françoise Fillot, Chief Executive Officer, has resigned from her labor contract as Administrative and Financial Director.

21. Directors' fees

We propose that directors' fees paid to members of the Board be set at the same amount as last year, i.e. €100,000.

Jacques Mottard
Chairman and CEO
Sword Group

26.2 Board's report on stock options (year ended 12/31/2008)

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.

1. We point out that the Board of Directors held **December 29, 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 et seq. of the Commercial Code, options entitling their holders to the subscription of 60,000 new shares of the Company. As part of that authorization, 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.

<table>
<tr><th></th><th>Plan Nr.1</th><th>Plan Nr.2</th><th>Plan Nr.3</th></tr>
<tr><td>Date of the meeting</td><td colspan="3">April 28, 2006</td></tr>
<tr><td>Date of the Board Meeting</td><td colspan="3">December 29, 2006</td></tr>
<tr><td>Total number of options allocated</td><td colspan="3">60,000</td></tr>
<tr><td>Option exercise start date</td><td>30/12/2008</td><td colspan="2">30/12/2009</td></tr>
<tr><td>Exercise price</td><td colspan="3">€35,128</td></tr>
<tr><td>Discount</td><td colspan="3">None</td></tr>
<tr><td>Beneficiaries / number of options allocated (1)</td><td>Heath Davies
Jim Graham
John Innes
Phil Norgate</td><td>Juan Arcas</td><td>Jean-Marc Sonjon</td></tr>
<tr><td>Number of options that can no longer be exercised</td><td colspan="3">9,000</td></tr>
<tr><td>Expiry date</td><td>30/12/2009</td><td colspan="2">30/12/2010</td></tr>
</table>

(1) 4,500 share subscription options have been allocated to each beneficiary, except for Mr. Heath Davies, Chief Executive Officer, who has been allocated 28,500 options.

2. We point out that the Board of Directors held **January 30, 2009**, in accordance with the permission granted by the Extraordinary General Meeting of Shareholders of the Company held January 30, 2009 in its eighth resolution, granted, under the provisions of Articles L 225-177 et seq. of the Commercial Code, options entitling their holders to the subscription of 150,000 new shares of the Company. As part of that authorization, two share subscription plans have been established.

We inform you in that respect that, in accordance with AFEP/MEDEF recommendations (table 4), insofar as some of the beneficiaries of the share subscription options are also corporate officers of the Company, the aforementioned decision of the Board of Directors has been covered by a press release.

Broker's name	Plan number and date	Nature of the options	Valuation of options in accordance with the method used for the consolidated financial statements	Number of options allocated during the period	Exercise price	Exercise period
H. Davies	N°1 30/01/2009	Subscription	€333,516	100,000	€10.60	From 30/01/011 to 30/01/012
F. Fillot	N°2 30/01/2009	Subscription	€155,412	40,000	€10.60	From 30/01/012 to 30/01/013

Further details regarding the exercising of options:

Performance conditions: the beneficiaries may exercise their options only if the two conditions below are fulfilled, for the financial period preceding the exercising of the options:
- Company's consolidated EBIT in excess of 15%
- Consolidated sales revenue in excess of €220 million (not including the sale of assets)

Shares resulting from the exercising of options to be kept: in accordance with the provisions of article L 225-185 of the Commercial Code, the Board of Directors has decided that the aforementioned corporate officers must keep 10% of the shares resulting from the exercising of the options, up until the end of their mandates.

Allocation of options to employees of the Company or its subsidiaries: in order to comply with the provisions of article L 225-186-1 of the Commercial Code, resulting from the law of December 3, 2008, the Board of Directors has decided to grant 10,000 share subscription options to employees of the Company or its subsidiaries; the aforementioned performance conditions also apply to the exercising of the options.

3. Likewise, we remind you that the Extraordinary General Meeting of Shareholders of FircoSoft SAS dated **November 4, 2005** authorized 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 November 4, 2005, used his authority to allocate 300 stock option subscriptions. None of these new options was applied for during the elapsed financial year.

Date of the meeting	September 4, 2005
Date of Chairman's decision	September 4, 2005
Total number of options allocated	300
Option exercise start date	05/11/2007
Exercise price	€537 (premium of €521)
Discount	None
Beneficiaries / number of options allocated	France Pioger: 50 David Jacquet: 50 Géraldine Crambert: 35 Neziha Djigouadi: 30 Florence Vicentini: 40 Lionel Bensimon: 30 Sébastien Rey: 35 Stéphane Padovani: 30
Number of options that can no longer be exercised	None
Expiry date	05/11/2009

Likewise, we remind you that the Extraordinary General Meeting of Shareholders of FircoSoftSAS dated **September 4, 2006**, authorized its Chairman to allocate to certain members of the Company personnel, 2,300 new share subscription options. As part of a decision dated September 4, 2006, the Chairman has partly used this authorization by allocating 1,700 share subscription options. None of these new options was applied for during the elapsed financial year.

Date of the meeting	September 4, 2006
Date of Chairman's decision	September 4, 2006
Total number of options allocated	1,700
Option exercise start date	05/09/2008
Exercise price	730 (premium of €714)
Discount	None
Beneficiaries / number of options allocated	France Pioger: 300 David Jacquet: 100 Laurent Corbel: 300 Jean Losco: 600 Thierry Haensenberger: 100 Frédéric Casadei: 300
Number of options that can no longer be exercised	None
Expiry date	05/09/2010

4. Likewise, we inform you that the Board of Directors of Sword Technologies**,** Luxembourg subsidiary of our Company, **on** July 15, 2008, approved and ratified a stock options plan consisting in the granting of options to third party consultants bound to the Company via a service agreement ("*freelance*" contract) and stock options to the employees of the Company. The Ordinary General Meeting of Sword Technologies held August 4, 2008 approved the terms of the stock options master agreement.

	Plan No.1	**Plan No.2**
Date of Board meeting	July 15, 2008	September 1, 2008
Date of the General Meeting	August 4, 2008	
Total number of options allocated	240	32
Option exercise start date	01/01/2010	01/10/2010
Exercise price	640	
Discount	None	
Beneficiaries / number of options allocated	Dieter Rogiers: 60 Tony Claes: 70 Thierry Guiot: 25 Paulo Apolinario: 60 Luc Lejoly: 25	Dieter Rogiers: 20 Paul Kaisin: 12
Number of options that can no longer be exercised	None	
Expiry date	01/01/2011	01/10/2011

Done in Saint Didier au Mont d'Or
The Board of Directors

26.3 Text of draft resolutions at the Ordinary and Extraordinary General Meeting of April 29, 2009

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 having become aware of the Board's report and the Auditors' report on the financial statements for the year ended December 31, 2008, approves the company accounts as they appear for that year. These accounts contain a loss of €6,184,688.62.

It also approves the transactions reflected by these accounts or summarized in these reports, which resulted in expenses not deductible from the taxable profit in the sense of article 39-4 of the General Tax Code for €4,891 and the corresponding tax at €1,630.

The General Meeting gives the directors a discharge for executing their mandates for the elapsed financial period.

Second 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 ended December 31, 2008, 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 a profit of €21,340K and a Group's share of profit of €20,979K.

Third 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 said code, each of the agreements mentioned there.

Fourth 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 loss of €6,184,688.62 as follows:

To the "Balance brought forward", Which is brought down from €40,230,907.25 to €34,046,218.63	**-€6,184,688.62**

The general meeting decides to distribute to the shareholders, as dividend, €5,573,979, which is taken from the "Balance brought forward", which is thus brought down from €34,046,218.63 to €28,472,239.63.

The net dividend per share will be €0.60 per share. This dividend will be paid on May 7, 2009.

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.

The General Meeting 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:

Financial year ending	Net dividend per share	Tax credit
December 31, 2007	€0.53	None
December 31, 2006	€0.42	None
December 31, 2005	€0.30	None

Fifth 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.

Sixth resolution
(Permission to be given regarding a new program 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 December 22, 2003,

authorizes the Board of Directors, with the ability to subdelegate under the conditions set out by law and the by-laws of the Company, to proceed to the purchase, by the Company, of its own shares representing up to 10% of the number of shares that make up the share capital, or 928,996 shares, it being specified that the number of shares taken into account to calculate the limit of 10% represents the number of shares purchased, minus the shares sold back during the validity period of the authorization, in accordance with the provisions of article L.225-209 paragraph 1 of the Commercial Code. The number of shares acquired by the Company with a view to keeping them and eventually using them as payment or as a means of exchange in the context of a merger, spinoff, or contribution operation, may not exceed 5% of the share capital, in accordance with the provisions of article L. 225-209 paragraph 6, of the Commercial Code;

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 recognized 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 €25,

- The maximum funds the Company may allocate to the operation is €23,224,900.

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 authorization is granted for a period of eighteen (18) months. It cancels and replaces the authorization that had been granted by the sixth resolution of the Company's General Meeting of April 29, 2008.

Seventh 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

Eighth resolution
(Authorization granted to the Board of Directors to reduce the share capital by canceling 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:

- Authorizes 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 authorization;

- 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.

Ninth 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 April 29, 2008 by the vote on its ninth resolution;

2°) delegates to the Board the authority to determine, at its sole discretion, in one or several steps, 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.

Tenth 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, L 225-136 and L. 228-92 of the Commercial Code:

1°) terminates, effective immediately, the delegation given by the Ordinary and Extraordinary General Meeting of April 29, 2008 through the voting of its tenth 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 R225-119 of the Commercial Code. It being specified that the issue of shares carried out by an offer referred to in paragraph II of article L. 411-2 of the Monetary and Financial Code, is limited to 20% of the share capital per annum.

Eleventh 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, authorizes 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 tenth 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 the amended Article 225-118 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 authorization will supercede any prior authorization granted regarding the same issue.

Twelfth 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 capital of the Company, 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.

Thirteenth 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 steps, 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.

Fourteenth 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. 3332-18 (formerly L 443-5) of the Labor 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 NYSE Euronext's Eurolist market during the twenty market days preceding the day of the decision setting the subscription start date. However, the General Meeting explicitly authorizes 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.

Fifteenth 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

General and Extraordinary Meeting Ordinary of April 29, 2009

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 program and referred to in Article 241-2 of the General Regulations of the AMF, as amended on December 30, 2005.

First and foremost, we will therefore prepare the report on the previous share repurchase program authorized by the General Meeting of April 29, 2008 and present to you the main characteristics of the new share repurchase program that we will submit for your approval at the General Meeting of April 29, 2009.

1- Report on the previous program

The Ordinary and Extraordinary General Meeting of April 29, 2008 of Sword Group had authorized the Board of Directors, for a period of 18 months as of the said meeting, i.e. up until October 29, 2009, to implement a share repurchase program, in accordance with the provisions described in its sixth resolution.

Statement by the issuer of the operations conducted on own shares dated January 31, 2008 (date of establishment of the previous balance sheet) up until February 15, 2009

Percentage of equity capital held by the Company either directly or indirectly (as at February 15, 2009)	0%
Number of shares cancelled in the past 24 months	0
Number of shares held as treasury shares (as at February 15, 2009)	0
Book value of portfolio as at February 15, 2009	€0
Market value of portfolio as at February 15, 2009	€0

	Cumulative gross flows		**Positions open as at February 15, 2009**	
	Purchases	Sales	For purchase	For sale
Number of shares	None	None	None	None
Maximum average duration	None	None	None	None
Median price	None	None	None	None
Average price for the financial year	None	None	None	None
Amounts	None	None	None	None

Sword Group did not use derivatives in this share repurchase program.

At February 15, 2009, Sword Group holds no own shares.

2- Main characteristics of the new share repurchase program subject to the ordinary and extraordinary general meeting of April 29, 2009

Given the performance of shares in the Company, we propose that the authorization granted by the General Meeting of April 29, 2008 be cancelled and that it be replaced with a new share repurchase program with the following characteristics:

Issuer
Sword Group, listed on NYSE Euronext Paris (ISIN code: FR0004180578), Compartment C.

Sword Group belongs to the following indices: SBF 250 and IT CAC.

Share repurchase program

- Maximum proportion of share capital than can be purchased: 10% of the capital, i.e. a maximum of 928,996 shares. It being specified 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 with a view to keeping them and eventually using them as payment or as a means of exchange in the context of a merger, spinoff, or contribution operation, may not exceed 5% of the share capital;

- The maximum purchase price per unit may not exceed €25,

- The maximum funds the Company may allocate to the operation is €23,224,900.

- 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 recognized 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, subject, in the latter case, to the Extraordinary General Meeting voting on April 29, 2009 its eighth resolution.

- Duration of the program: 18 months, starting on the date of the Ordinary and Extraordinary General Meeting of April 29, 2009, i.e. until October 29, 2010.

3- Legal framework of the new share repurchase program subject to the ordinary and extraordinary general meeting of April 29, 2009

The share repurchase program will be subjected to the authorization of the Extraordinary and Ordinary General Meeting of Shareholders of April 29, 2009 through the voting for the following resolutions (sixth and eighth resolutions):

Sixth resolution
(Permission to be given regarding a new program 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 December 22, 2003,

authorizes the Board of Directors, with the ability to subdelegate under the conditions set out by law and the by-laws of the Company, to proceed to the purchase, by the Company, of its own shares representing up to 10% of the number of shares that make up the share capital, or 928,996 shares, it being specified that the number of shares taken into account to calculate the limit of 10% represents the number of shares purchased, minus the shares sold back during the validity period of the authorization, in accordance with the provisions of article L.225-209 paragraph 1 of the Commercial Code. The number of shares acquired by the Company with a view to keeping them and eventually using them as payment or as a means of exchange in the context of a merger, spinoff, or contribution operation, may not exceed 5% of the share capital, in accordance with the provisions of article L. 225-209 paragraph 6, of the Commercial Code;

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 recognized 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 €25,
- The maximum funds the Company may allocate to the operation is €23,224,900.

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 authorization is granted for a period of eighteen (18) months. It cancels and replaces the authorization that had been granted by the sixth resolution of the Company's General Meeting of April 29, 2008.

Eighth resolution
(Authorization granted to the Board of Directors to reduce the share capital by canceling 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:

- Authorizes 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 authorization;

- 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 April 2009.

The sales revenue for Q4 2008 was published in "La Tribune" dated 22/01/09.

The annual financial statements closed December 31, 2008 were the object of a statement in the March 12, 2009 edition of "La Tribune".

Jacques Mottard
Chairman and CEO

<u>26.5 List of press releases published in 2008 and 2009</u>

23/01/08: Q4 2007 sales

13/03/08: 2007 annual financial statements

01/04/08: Acquisition of Graham Technology (renamed Ciboodle)

02/04/08: Notice prior to the April 29, 2008 General Meeting of Shareholders

17/04/08: Q1 2008 sales

27/06/08: Statement of downward crossing of threshold of Threadneedle AM

17/07/08: Q2 2008 sales

01/08/08: Current operating margin improved for H1 and Sword Technologies maintained in the Group's consolidation scope

29/08/08: H1 2008 sales

16/10/08: Q3 2008 sales

14/01/09: January 30, 2009 General Meeting of Shareholders

22/01/09: Q4 2008 sales

11/02/09: New organization of the Board of Directors – appointment of Ms. Françoise Fillot as Board member

23/02/09: Major contracts signed for Sword Group in the past 4 months

02/03/09: Information regarding the remuneration of the corporate officers

12/03/09: 2008 annual financial statements

16/03/09: Sword Group awarded Oséo's innovative company label

23/03/09: Notice of meeting to be used as calling to the General Meeting of April 29, 2009

23/03/09: Sword Group repurchases its own shares

26.6 Glossary

Developed term	Abbreviation	Meaning
Customer Relationship Management		Strategy, organization designed to strengthen the relationships and technologies with the 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 digitized documents 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 organized 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	When a company hands over responsibility for an entire functional area of its 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		Computerization of business processes that takes into account the various different flows.