FINANCIAL REPORT
ANNUAL REPORT

Sword Group 2009

In accordance with Article 212-13 of its general rules, this financial report has been filed with the AMF (the French market authority) on 7 April 2010.

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

This document was prepared by the issuer and the signatories are responsible for the document.

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 2008 contained in the financial report filed with the AMF (the French market authority) on 3 April 2009 under Nr. D.09-191.

- 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 financial report filed with the AMF (the French market authority) on 12 February 2007 under Nr. D.08-231.

The other information contained in the two aforementioned financial reports was, if applicable, replaced and/or updated with information provided in this financial report and is not included through references to it in this financial report.

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

This document available upon request at the company's head office or on the website of
the AMF, at www.amf-france.org or that of the company, 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 financial 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 financial 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 management report on page 146 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 main 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. This letter contains no comment.

The historic financial information provided in this document has been subjected to reports by legal auditors, displayed on pages 133 et seq. The report on the consolidated accounts contains a comment."

Saint Didier, 7 April 2010
Jacques Mottard
Chairman of the Board
Managing Director

1.3 Individuals in charge of information

Jacques Mottard
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Email: jacques.mottard@sword-group.com

Stéphanie Desmaris
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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
Registered office: 185, avenue Charles de Gaulle, 92200 NEUILLY-SUR-SEINE.
Date renewed: 4th May 2007.
Date mandate expires: the mandate will expire after the Shareholders' General Meeting called to approve the statements of accounts for the financial year ending on 31 December 2012.

(2) Cabinet Mazars
Registered office: 131 boulevard Stalingrad, 69624 Villeurbanne cedex.
Date appointed: 29 July 2009.
Date mandate expires: the mandate will expire after the Shareholders' General Meeting called to approve the statements of accounts for the financial year ending on 31 December 2012.

2.1.2 Substitute auditors

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

(2) Ms. Christine Dubus
Address: 131 boulevard Stalingrad, 69624 Villeurbanne cedex.
Date appointed: 29 July 2009.
Date mandate expires: the mandate will expire after the Shareholders' General Meeting called to approve the statements of accounts for the financial year ending on 31 December 2012.

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

SAFICI, statutory co-auditor and Ms. Elizabeth Baylot, substitute co-auditor, have resigned as of 29 July 2009, date of the General Meeting that appointed their substitutes.

III - Selected financial information

3.1 Annual selected historic financial information

Consolidated annual financial statements:

In €'000	At 31/12/2009	At 31/12/2008	At 31/12/2007
Turnover	180,603	205,730	179,045
Current operating profit	32,031	37,031	29,339
Consolidated net profit	22,035	21,340	18,911

Non-current assets	207,351	188,816	175,752
Cash and cash equivalents	41,431	19,145	26,875
Consolidated shareholders' equity	148,101	124,556	149,280
Total balance sheet	345,227	306,457	287,590

Annual financial statements:

In €'000	At 31/12/2009	At 31/12/2008	At 31/12/2007
Turnover	3,691	3,246	3,849
Operating profit	-1,161	166	1,236
Net income	3,346	-6,185	41,228

Non-current assets	100,948	99,629	106,207
Bank and cash	9,764	1,706	282
Equity capital	145,053	146,908	158,016
Total balance sheet	298,217	271,608	217,863

3.2 Intermediary financial information

Not applicable.

IV - Risk factors

The company reviewed its risks and considers that there are no significant risks other than the ones described below.

4.1 Activity-related risks

4.1.1 Risks due to fixed price services

In 2009, if we consider the “Solutions” (services) and “Software” (products) divisions’ portion of fixed price services, the services portion with commitment to results is more than 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.

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 General 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 the formalisation of the project’s priority objectives,
- Through the implementation of the rules and means used to reach them,
- Through the implementation of the rules and 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 31 December 2009, the backlog was equal in total to 23.1 months of budgeted turnover for 2009.

Naturally, part of this turnover relates to years subsequent to 2010.
The portion of 2010 turnover represents 9.6months of turnover compared to the budgeted 2010 turnover.

Each project is followed up monthly. In 2009, 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 recognised 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.

Sword Group’s ten largest clients account for 19.1% of 2009 turnover.
The 1st client accounts for 3.2% of the 2009 turnover.

Visibility

At 31 December 2009, the backlog (*) stood at 9.6 months' turnover budgeted for 2009, exclusive of external growth, for the coming 12 months, and at 23.1 months in total.

(*) Backlog includes “signed + probable + possible” 80, 50 or 30% weighted orders. By "signed", we mean any order that has been received formally; by "80% weighted", we mean a verbal order; by "50% weighted", we mean that there remain 2 companies on the short list, and by "30% weighted", we mean that we are in a short list, without specifying the number of remaining applicants.

4.1.3 Risks related to IT security and technological progress

As far as hardware and local networks are concerned, a 6-strong 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 forecast that the crisis is not over and that the principles set out in 2009 remain current.

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 secondment
- Completion of 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 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.

4.2 Liquidity risk

Characteristic	Fixed or variable rate	Amount		Maturity date	Loan secured?
		Unused	Used		
Drawing right	Floating rate (euribor 3 months +1%) Commitment fee 0.10%	7,500	0	09/10/2011 IN FINE	No
Drawing right	Floating rate (euribor 3 months + 0.7%) Commitment commission 0.20%	8,000	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%	0	10,000	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 for the drawing period +0.6%) commitment fee 0.10%	15,000	0	01/03/2014 IN FINE	No
Drawing right	Floating rate (euribor 3 months +0.7%) Non-use commission of 0.10%	0	2,500	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 0.25%	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 ≤ 3 => 130 bp Non-use commission of 0.30%	2,800	9,200	01/01/2014 reduction of €2M/half-year commencing 01/07/2011	No
Drawing right	Floating rate (euribor +0.95%) Non-use commission of 0.10%	5,000	0	March 2015, 1-year franchise and then constant quarterly depreciation	No
Drawing right	Floating rate (euribor 3 months +0.45%) Non-use commission of 0.20%	0	15,000	30/02/2013 reduction of €5M on 1/10/2011 and 1/10/2012	No

Promissory note drawing rights: see Notes 20 of the appendix to consolidated statements.
Acceleration on default clauses: see Note 15 of the appendix to consolidated statements.
Financial liabilities: see Note 20.2 of the appendix to consolidated statements.
Other bank loans: see Note 20.3 of the appendix to consolidated statements.
The Group is not faced with difficulties in accessing credit (long-term relationship with Sword Group's banking partners).

4.3 Market risks

4.3.1 Currency risk

See Note 21 of the appendix to consolidated statements.

4.3.2 Interest rate risk

See Note 21 of the appendix to consolidated statements.

4.3.3 Share risks

Assessment of the portfolio
Marketable securities

Marketable securities are valued at 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 programme authorised by the General Meeting of 29 April 2009, 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 58,885 own shares at 31/12/2009.

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:
- 2.15% of the capital of the company quoted as SBT for an amount of €78K (market value) on 31 December 2009; this company specialises in the design of software programmes designed for the development of cognitive abilities,
- 9% of the capital of Lyodssoft for an amount of €1,046K (book value), depreciated at 100% on December 2009; this company is based in Hong Kong and distributes the Group's products in China,
- 12.03% of the capital of the company LOG & PI Consulting for an amount of €135K (market value) on 31 December 2009,
- 9.99% of the capital of the company Simalaya for an amount of €1,173K (market value) on 31 December 2009; this company is based in Switzerland and specialises in IT and management strategy consulting,
- 15% of the capital of the company MiddleSoft for an amount of €369K (market value) on 31 December 2009; this company is based in Hong Kong and distributes the Group's products in China.
- 22.5 % of the capital of the company Sword Business Technology Solutions for an amount of €8,977K (market value) on 31 December 2009;

Excluding own shares, the portfolio is very limited. Investments must remain conventional by nature and risk-free by definition.

4.4 Risk factors related to the acquisition policy

Sword Group pursues a dynamic investment policy, reflected by high levels of external growth.

The Group's external growth policy aims at:
- The diversification of the activities portfolio,
- The expansion of the value chain,
- The acquisition of additional skills,
- The expansion of the geographic scope,

The means implemented by the Group to limit the risks arising from that policy are as follows:

- Strong involvement of the senior management in the implementation of acquisitions,
- Systematic performance of external audits,

Details of the method used for recording goodwill and price complements in notes 2.9 and 3 of the appendix to the consolidated statements.

4.5 Legal risks

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

As at 31 December 2009, no current general legal risks relative to the Group's activities, are likely to be assessed.

4.6 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

- Chief Operational Officers (COO):
  * one in charge of "Software" activities
  * one in charge of "Solutions" activities in French-speaking countries

- An Operations Committee, comprised of the CMC, the 2 COOs and 5 Directors of Operations in charge of the management of Business Units.

- Each Director of Operations is also Director of a BU; in addition, there are 26 BU Directors.

4.7 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
2009	Excess 0.15	Excess None

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

4.8 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 set-up policy

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

Provisions are booked for these risks and contingencies on the basis of the best estimate of likely costs to be borne. The total sum of provisions for risks and expenses in consolidated accounts stood at €117,000 at 31 December 2009.

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 6420Z.

5.1.3 Company inception date and lifetime

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

The extraordinary General Meeting of Sword Group SE decided, on 30 January 2009, to change this company into a European Company. A Board of Directors held at the end of this meeting pinpointed the final 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 with a Board of Directors, governed by the provisions of Rules (EC) n°2157/2001 of the Council of 8 October 2001 regarding the status of European companies, by the provisions of Directive n°2001/86/CE of the Council of 8 October 2001, and by the provisions of articles L221-1 et seq. of the French 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 set up in December 2000 from the repurchase of the assets of Decan, which was carried out as follows:

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

- Decan CS sold SWORD SA 3 commercial segments: IDL and IDP, organisations specialising in electronic document management (EDM) and geographic 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 secured 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 1st April 2001, Sword SA acquired two companies that enabled it to widen its area of activity and its geographical deployment:
- DDS, renamed DDS Europe Limited, is based in London and provides consultancy services in change management,
- Profiler, renamed Sword Consulting, specialises in electronic banking and logistics consulting.

2002: IPO and acquisition of Text Solutions and Cronos Technologies

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

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

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

2003: acquisition of Zen & Art and FI System Belgium

On 3 December 2003, Sword acquired the “professional services” activities of Zen & Art, a company based in New York, which specialises in handling major banking accounts.

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

2004: acquisition of Global and Cimage

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

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

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

On 6 April 2005, Sword acquired Pragma et Harvard

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

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

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

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

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

On 26 January 2006, Sword acquired 10% of the 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 29 June 2006, Sword acquired Stellon, a company based in Lausanne (Switzerland), that specialises in Business Intelligence and more specifically in KPIs (*Key Performance Indicators*). This operation enables the Group to integrate that new know-how and is perfectly complementary with LINKVEST, which is also based in Lausanne.

On 17 November 2006, Sword acquired Real Time Engineering, 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 interests in Lyodssoft - acquisitions of Nextech, Achiever, Apak, Powersoft and CTSpace – creation of Sword Integra and disposal of 2 subsidiaries

On 14th February, 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 28 March, Nextech, a leading product development company in Brazil, joined the Sword Group.
Nextech is based in Belo Horizonte, Brazil, and employs 28 people
Through this acquisition, the Group supplemented its strategy initiated in 2006, by consolidating its position in emerging countries.

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

On 20th July, 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.

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

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

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

On 23 November, disposal of a Belgian subsidiary specialising in staffing, Sword Services.

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

On 20 December, acquisition of CTSpace, an international product design company that operates following an SaaS model. CTSpace, whose head office is based in San Francisco, is also based in the UK, France, Germany and Austria. This company, which specialises 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 set up in Wales to host the New information technology Centre set up in partnership with the Welsh Assembly Government; it is expected to enjoy subsidies of ¨£3.6 million.

On 31 December, creation of Sword Integra, that will take over the Belgian public and private contract activities of Sword technologies (Belgium + Luxembourg).

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

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

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

In February 2008, the company Sword South Africa was disposed of. In 2008, this company contributed €80,000 to the 2008 consolidated sales and €42,000 to the current operating profit.

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

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

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

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

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

2009: acquisition of AgencyPort; inception of Sword Fircosoft Ltd et de Sword Général Partners; disposal of Sword Business Technology Solutions to the benefit of Amor Group; disposal of Info Techno Austria; disposal of Nextech Brazil; merger of Sword Atlantique and Sword SA

On 27 March 2009, Sword Fircosoft Limited was set up; it is based in Brentford (UK).

On 8 May 2009, the company Sword General Partner was set up and based in Brentford (UK).

On 11 May 2009, Sword UK ltd sold 77.5% of Sword Business Technology Solutions to Amor Group.

On 31 July 2009, Sword Atlantique was dissolved without being wound up in the framework of a total transfer of assets to Sword SA.

On 24 August 2009, Info Techno Baudatenbank Austria was disposed of.

On 15 October 2009, Nextech Brazil was sold to Nordline, a company incorporated under Swiss law, in which SwordSoft holds 15%.

On 19 November 2009: acquisition of AgencyPort, a US-incorporated company based in Boston. This company is a leader in software design, enabling insurance companies to handle their agents via Web solutions.

On 31 December 2009, Sword Services sold to Sword Group SE all of its shares in Simalaya holding; today Sword Group holds 9.99% of the capital of Simalaya Holding.

5.2 Investments

5.2.1 Main investments completed during the period 2007 to 2010

The amounts invested are detailed in the table below:

By type of investment (excluding financial and intangible investments)

In €'000	31/12/2007	31/12/2008	31/12/2009	31/12/2010 (budget)
Buildings	16	-	-	-
Transport equipment	132	110	17	140
Installations, fixtures	327	464	173	550
Office and IT equipment	1,829	2,249	1,485	2,750
Office furniture	1,199	665	265	820
Total	3,503	3,488	1,940	4,260

By activity

Solutions (Services)	1,873	1,760	1,920	1,920
Software (Products)	1,630	1,728	2,340	2,340
Total	3,503	3,488	4,260	4,260

By geographic area

France	617	549	760	760
UK	1,977	2,449	2,800	2,800
Benelux	459	156	200	200
Other	450	334	500	500
Total	3,503	3,488	4,260	4,260

Acquisitions completed until 31/12/2009

In €'000	Date	Purchase price (1)	Business goodwill (1)
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	06/04/2005	12,695	7,799
Harvard	06/04/2005	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	05/04/2007	4,405	4,169
Apak	20/07/07	28,284	15,162
Powersoft	07/11/2007	2,260	2,643
CTSpace	20/12/07	8,125	18,918
Ciboodle (Ex Graham Technology)	31/03/08	47,316	36,556
AgencyPort	19/11/2009	27,098	25,338
Total		**240,589**	**203,229**

(1) The acquisition price includes price supplements and the impact of the puts on minority interests.

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

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

The company harnesses its skills and know-how to serve customers in the industries of energy, transportation, healthcare, insurance, banking, telecommunications, and international and governmental organisations.

With offices in 20 countries, Sword employs more than 1,780 people. In 2009, it posted €180.6M of consolidated turnover.

6.1.1.2 Sword Group's offer

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

In both cases, the solutions offered focus on GRC management (Governance, Risk & Compliance) targeted at highly regulated markets.

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

Its staff enjoy a highly dynamic environment, integrating large projects, international career opportunities, and access to very high-level technical know-how targeted at very important clients.

The network of partners and specialised subsidiaries guarantees Sword the ability to remain at the cutting edge of new technologies.

I. Software offer (products)

A supplier of scalable, complete and customised software products, able to collaborate with its clients following an SaaS model, Sword offers software programmes that are fast deployed and easy to use. These collaborative tools are used by a host of clients and on highly regulated markets.

These software packages enable companies to achieve productivity gains, while minimising their risks and controlling processes and costs.

SW.ACHIEVER
Achiever is a leading risk management and compliance solution that allows for the management of corporate reporting, controls, and measurements, while enabling over 600 clients to optimise their procedures.

Our software meets nearly 40 years of requirements in terms of legislation, regulation, and best practice for risk management and compliance management, and we continue to invest in R&D to ensure that our technology can adjust to our clients' future demands.

SW.AGENCYPORT
AgencyPort is a leader in software programmes that enable insurance companies to handle their agents via Web solutions.

SW.APAK
For over 25 years, Apak has been offering financial systems specialising in asset management and retail banking. Its financing management product offers features and is up to the expectations of the main European financial institutions.

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

The Apak systems, offered under a SaaS model, handle each year more than €15Bn of direct debits and credits.

SW.CIBOODLE
Sword Ciboodle supports the management of interactions between large companies and their clients. Combining a quality risk management and compliance software package, based on the processes and specialist consulting services, it enables its users to better harness their clients while slashing their operating costs. Sword Ciboodle is viewed by many industry analysts as one of the key suppliers of client-oriented IT solutions. More than 200 million consumers around the world are already enjoying Sword Ciboodle solutions.

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

Our solutions are used by asset holders and operators around the world to handle world-class programs and projects.
With its extensive knowledge of products and its expertise in that area, CTSpace reduces timeframes, raises reliability, reduces risk and generates savings, even on the most complex international projects.

SW.FIRCOSOFT
FircoSoft offers international financial institutions solutions to repair and screen payment security messages. FircoSoft optimises the automated processing of interbank transactions by transforming, repairing, and completing rejected messages.

Our suite of solutions supports compliance and client follow-up, thereby eliminating the risk of handling illegal transactions and allowing for detection of high risk clients.

SW.INTECH
Intech solutions make it possible to optimise the profitability of the largest insurance and reinsurance companies, members of Lloyd's, by optimising their risk, governance, and compliance management.

Innovative, stable, and easy to deploy, our software package enables our clients to achieve in no time the benefits of powerful process management and feature-rich applications, thereby reducing non-compliance risk, mitigating and managing risk, and guaranteeing compliance with standards and governance best practice.

SW.GREENGIS
Sword developed GreenGIS, an innovative and comprehensive solution for the management of sustainable development issues, targeted at companies and local authorities. Green GIS makes it possible to develop, enhance, and update an environmental geographic steering system including all the regulatory data and the companies' own business data.

SW.TWINGIS
Sword developed an innovative geographic intelligence and geographic performance solution that makes it possible to enhance companies' data analysis systems by integrating the geographic dimension in them: IntelliGIS.
This solution creates the synergies required between the Business Intelligence tools and the Geographic Information Systems in order to enhance the analysis, the sharing, and the restitution of information to ease and ensure the reliability of companies' decision making.

SW.INTELLIGIS FACTORY
IntelliGis factory is a product suite that allows for the integration of the mapping dimension in companies' information systems. Gateways are already available with the worlds of Business Intelligence and Electronic Document and Workflow Management.

II. Solutions offer

The Sword Group is an expert in risk management and compliance solutions for the main markets.

The key skills of our "Solutions" segment strengthen our leadership in risk management and compliance:
- Artificial intelligence
- Business Intelligence
- Business process management
- Business content management
- Geographic Information Systems
- Web content management
- Business continuity planning
- Outsourcing

We work in cooperation with our clients to develop solutions that optimise the performance results and effectiveness, slash costs, and ensure 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 regarding airport queues, which enables operators to handle terminals in a proactive manner.

Whether regarding check-in or safety control queues, the ability to measure them and manage them is key for any airport.

Our solution uses a meshing of Bluetooth access points, supplemented by passenger movement detectors. The whole system produces a full picture of the situation at the terminal of interest.

SC.FIRSTPass™
By eliminating the mandatory use of conventional boarding passes, Sword's secure solution revolutionises air transportation. Used in a large number of European airports for European airlines, FirstPass™ enables passengers to check in remotely before departure. Then all they have to do is print out their boarding pass or have it sent to their mobile phone by MMS. The end of paper money!

The system guarantees airport and airline security thanks to a confirmation module that makes it possible to verify the authenticity of the boarding passes.

SC.SelfCare™
SC.SelfCare™ is a web software component that enables telcos to optimise their offer to companies by giving them immediate access to services that were restricted up to now.

Telco clients can manage and set up their forwarding preferences in real time, transposing the changes in corporate requirements in order to gain time and money.

The solution can be set up by the operator for private individuals, which makes it possible to assign features to each one on an ad hoc basis.

SC.FirstPlanIT®
Our software component for the management of flows, forecasts, and resources, streamlines airport operations, slashes payroll costs, shortens queues and raises turnover, while ensuring environment safety.

Airport operators enjoy advanced forecasting and modelling techniques to forecast passenger and luggage flows and, thus, deliver a clear view of future operating requirements.

Passenger and luggage forecasts are converted into resource requirements, generating an optimised resource plan that meets the terminal's requirements, in real time, every fifteen minutes each day, to optimise resource use, meet service levels and commitment standards, and maximise passenger trust.

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

Currently used in 14 European airports, RT-Scan is expected to shortly support passport verification and the new safety rules of TSA (USA) regarding e-signatures integrated in barcode boarding passes.
The Solution:
* Validates boarding passes by comparing them with the passenger list
* Detects multiple copies of a boarding pass, even in different spots of an airport
* Makes it possible to follow passenger movements in the airport
* Enables airlines to keep their own identity
* Offers the flexibility of use made possible 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 utilise dynamic modelling techniques with live telemetry data to provide specific and reliable information on fluid through the pipeline and on leak detection.

SC.GOOGLE CONNECTORS
A partner of Google, Sword is a partner in search connectivity applications and offers secure connectivity to the main business content systems.

Our connector GSA (Google Search Application) facilitates Google's search technology by integrating seamlessly with the company's internal management systems. GSA adds value by controlling the content, the processes and the safety, to ensure that the right information is delivered to the right users at the right time. With reinforced access to their assets, organisations optimise their decision making, their information sharing, and their timeframes.

SC.ASCEPTO™
Sword's 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. Automated image recognition makes it possible to optimise 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.
This suite is comprised of three software packages:
DMCO Gold for archiving and retrieval; DMCO Capture for indexing and digitising, and DMCO Light, the ultimate document archiving system.
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 developing Microsoft SharePoint projects for the past several years for numerous clients. To solve data migration and initialisation 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. Thanks to a guideline description language in XML grammar, JWAV can carry out various accessibility audits against various different guidelines. 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 2009 pro-forma turnover

By product line – Breakdown of the Products turnover - €96,458,000

Insurance	37.7 %
CRM	25.3%
Energy / Buildings / Transportation	18.1%
Wholesale Finance	11.0%
AML	7.9%

By geographic location – Breakdown of the Solution turnover – €84,145,000

Benelux	51.4%
France	24.2%
Switzerland	12.9%
Other	11.5%

More than 60% of the Solution turnover is generated by governmental or international institutions.

6.2.2 Business environment analysis

6.2.2.1 Sword Group's ten largest customers

Sword Group's ten largest clients account for 19.1% of 2009 turnover

Admiral	UK
Budget Group Ltd	UK/India
Commission's Taxation and Customs Union Directorate-General	Benelux
Freedom, Equality and Justice Directorate-General	Benelux
Duke Energy	USA
EDF	France
Orange Switzerland	Switzerland
Queensland Police	Australia
ScottishPower	UK
Sears	US

The 1st client accounts for 3.2% of the 2009 turnover.

6.2.2.2. Customer characteristics

The customer loyalty rate is 100%.

The payment time stipulated in the company's terms and conditions of sale is 60 days end of month.

We note that payment timeframes have made progress between 2008 and 2009, dropping from 56 days in 208 to 53 in 2009.

At 31 December 2009, the backlog (*) stood at 9.6 months' turnover budgeted for 2010, exclusive of external growth, for the coming 12 months, and at 23.1 months in total.

6.2.2.3 Market and competition

The market

The 2010 recovery seems to be hectic. We think that continental Europe will not experience actual growth in the IT industry.

The United Kingdom will undoubtedly be more effective, but the actual growth vector will be North America.

Competition (internal sources, Celent, Forrester, Gartner)

Competition for the Software part:

Activity	Competitors
Watch List Filtering	SIDE – SAS INSTITUTE – MANTAS - PRIME
INSURANCE	CSC – ROOM SERVICES – FIServ – XCHANGING – ONESHIELD - HORIZON
GRC MANAGEMENT	Developed countries: additional tools Emerging countries: IBM – MICROSOFT - EMC
ASSET MANAGEMENT	FIMASYS – WHITE CLARKE GROUP – DATASCAN TECHNOLOGIES
BANKS	I-FLEX – MISYS - INFOSYS
BUILDINGS	BUSINESS COLLABORATOR – BAULOGIS – PROSYS - LASCOM

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 extremely stable from one year to the next, but it has completely globalised. The success rate on tenders in 2009 exceeded 50%, which should be weighted compared to the turnover generated by such 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 licence is invoiced by Sword Group (For Filenet for example) or by the product supplier, depending on the case in hand; the impact of this invoicing on Sword Group's turnover 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	Bronze Partner
AEG	Reseller
Alfresco	Gold partner
Alterian	Certified partner
AMS	Reseller
ANTIDOT	Integrator
ARISEM	Integrator
Atos Origin	Certified partner
ATP	Integrator and reseller
Autodesk	Development Partner
Avaya	Certified partner
Avoco	Certified partner and reseller
Axciom	Integrator
Bankserv	Reseller

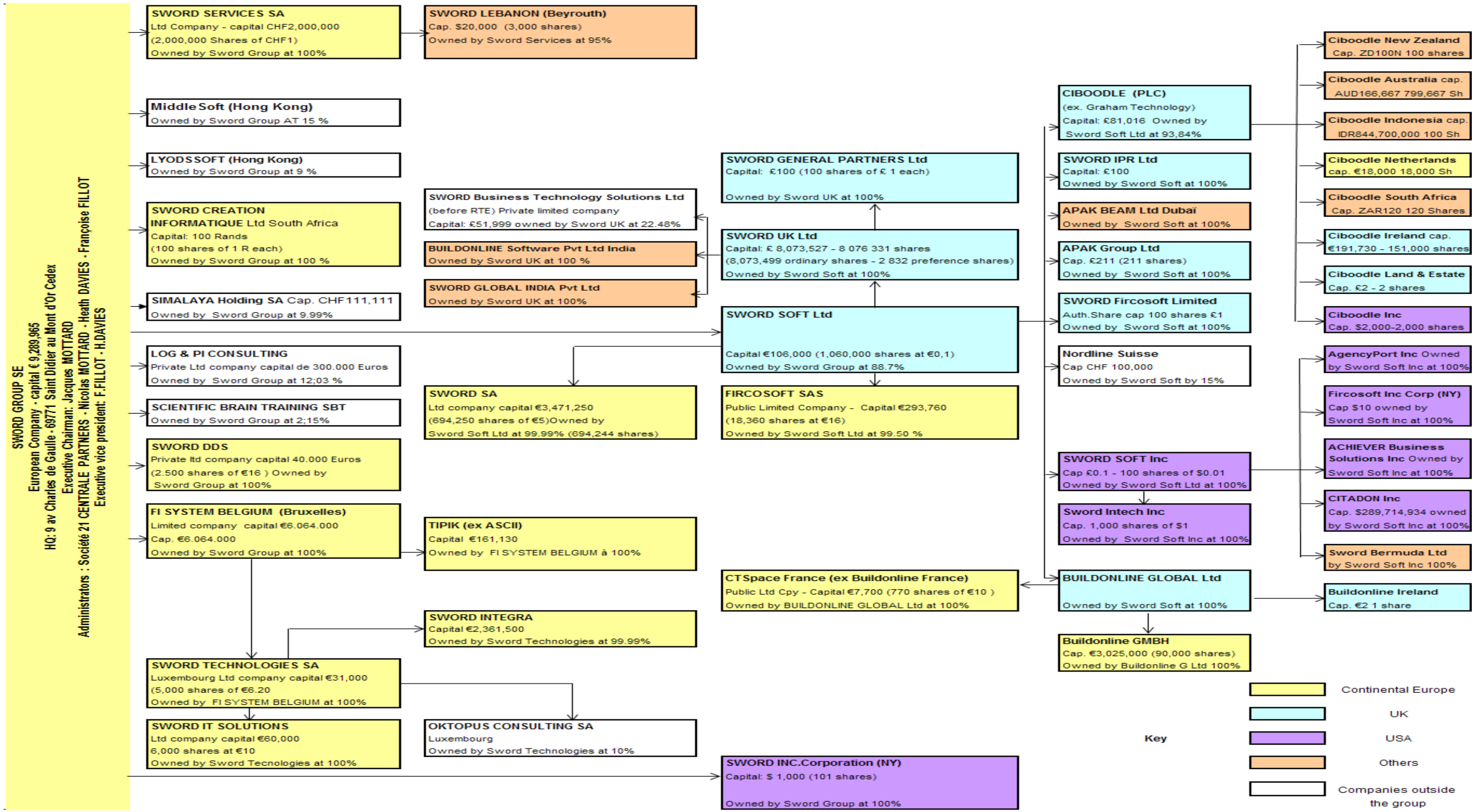
BEA	Integrator and reseller
Blue Cod Technologies	Reseller
Bluelon	Reseller
Boston Software	Reseller
Bottomline	Integrator
Business Object	Silver partner
Camilion	Reseller
Cincom	Integrator
Cisco	Certified partner
Citrix	Certified partner
C-Log	Integrator
Clave link	Reseller
Cognizant	integrator of Sword Group components
Combined Knowledge	Partner/ reseller/ commercial agreement
Communiqué (DAY)	Premier partner
CSS	Certified partner
Cymmetry systems	Reseller
Decillion	Reseller
Dexterra	Partner and integrator
Dimension data	integrator of Sword Group components
Document services	Commercial agreement
EMC (Documentum)	Velocity partner
EMC Captiva	Integrator and reseller
EMC Document Services	Integrator and reseller
ESRI	Integrator
eSumetch	Reseller
Evision	Reseller
Expertus	Reseller
Exstream	Integrator
eZPublish (eZSystems)	Integrator
FiServ	OEM
Forsk	Integrator
FSC Insurance Solutions	Reseller
Genesys	Certified partner
Global knowledge	Commercial agreement
Gmc	Integrator
Google	Channel partner (Europe)
Guidewire	Reseller
Headway	Reseller
HP	Partner
Hummingbird	Integrator
IBM	Certified partner
IBM-Filenet	Value Net II
IBM-Lotus	Certified partner
ILOG	Integrator
Intergraph	Integrator
Inxight	Certified partner and reseller
Itesoft	Integrator
IVANS	Reseller
Kofax	Integrator
Laso Peco	Reseller
Logica	integrator of Sword Group components
Lyodssoft	Reseller
Macro 4	Integrator
Mentalix	Integrator
Mercury	Integrator
Microsoft	Gold certified partner
Misys	OEM
Mondeca	Integrator
NTT Data Getronics	Reseller

Nuxeo	Integrator
On demand	Reseller
Oracle	Certified partner
PA Consulting	integrator of Sword Group components
Price Waterhouse Coopers	Integrator
QAS	Commercial agreement
RiskMeter	Reseller
Safe Banking Systems	OEM
SAP	Integrator and reseller – certified partner
Sas	Certified partner
Sealed Media	Certified partner
Sefas	Integrator
SilverPlume	Reseller
Software Box Limited	Partner/ commercial agreement
SSP	Reseller
Star Apic	Integrator
Stellent	Integrator
Sterci	OEM
Steria Suisse	integration of Sword Group components
StoneRiver	Reseller
Strategic Insurance Software Inc	Reseller
Swift	Commercial agreement
Sybase	Integrator
Temis	Distributor - Integrator
Voluntis	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 organisation chart

7.1 Organisation Chart at 31 December 2009



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 analyse the impact of its image,
- Sword Group is able to contribute to the setting out of its subsidiary's overall strategy,
- Sword Group possesses a management control and organisation service for its subsidiaries.

The annual amount billed by Sword Group to its subsidiaries within the scope of the assistance agreement is €2,260,047.

Regarding the agreements relative to Sword Group and its subsidiaries:

The Board of Directors of **9 March 2009** authorised the issuance, to the benefit of Fortis, of a letter of intention under which Sword Group confirms that it intends to maintain its influence within Sword Technologies, in the context of a credit and banking guarantee line, for a maximum of €1,800,000.

The Board of Directors of **29 April 2009:**

- authorised the signing of a current account agreement between Sword Group and the following companies:

  Sword SA, Sword DDS, Sword Atlantique, FircoSoft, CTSpace France, Sword Services SA (Switzerland), Sword Lebanon (Lebanon), Nextech (Brazil), FI System Belgium (Belgium), TIPIK (Belgium), Sword Integra (Belgium), Sword Technologies (Luxembourg), Sword IT Solutions (Greece), Sword creation informatique Ltd (South Africa), Sword UK Ltd, Sword Global India Pvt Ltd (India), Sword Business Technology Solutions Ltd (UK), Sword Energy Ltd (UK), Sword Soft Ltd (UK), Ciboodle Ltd (UK), Intech Ltd (UK), Apak Group Ltd (UK), Sword IPR Ltd (UK), Sword Banking Solutions (UK), Achiever Ltd (UK), Ciboodle Ireland (UK), Graham land (UK), Buildonline Ireland (UK), Buildonline UK Ltd, Buildonline India (India), Buildonline GmbH (Germany), InfoTechno Baudatenbank (Germany), Ciboodle (New Zealand), Ciboodle (Australia), Ciboodle (Indonesia), Ciboodle (Netherlands), Ciboodle (South Africa), FircoSoft Inc Corporation (USA), Sword Inc Corporation (USA), Sword Soft Inc (USA), Collaboration Technology Inc (USA), Buildonline Global Inc (USA), Ciboodle Inc (USA), Achiever Business Solutions Inc (USA), Citadon Inc (USA) and Buildonline USA

  It being specified that the amounts put at these companies' disposal are remunerated at the applicable fiscally deductible interest rate,

- authorised the issuance of a comfort letter to BGL, under which Sword Group confirms its intention to maintain its influence within the company Sword Technologiques, for a period of one year, in the context of a bank guarantee of a maximum of €1,072,563.49.

The Board of Directors of **4 May 2009** authorised the issuance of a guarantee given by Sword Group for the proper execution of the commitments and obligations subscribed to by Sword UK Limited in the context of the disposal of the shares of Sword Business Technology Solutions Ltd to AMOR GROUP Ltd.

The Board of Directors of **18 June 2009**:

- authorised the sale of the Company's AUDI A3 to a board member, for a price of €16,000.
- authorised the issuance of a guarantee by the Company to the benefit of CIC Lyonnaise de Banque to secure the repayment of the bridging loan by Ciboodle Land and Estate Ltd.

The Board of Directors held **12 October 2009** authorised:

- the renewal of the guarantee granted by the Board of Directors of 27 November 2003 (renewed by the Boards of 25 October 2004, 21 October 2005, 26 October 2006, 26 October 2007 and 14 October 2008) in favour of ING Belgique SA, to guarantee the commitments of Sword Technologies to the latter,
- the issuance, to the benefit of Fortis, of an intention letter under which Sword Group confirms its intention to maintain its influence within the company Sword Technologiques, for a period of one year, in the context of a bank guarantee of a maximum of €200,000.

The Board of Directors of **16 November 2009** authorised the acquisition of AgencyPort and permitted Sémaphore Investissements to be a party to the acquisition deed.

The Board of Directors of **22 December 2009** authorised the disposal to Sword Group of the 10% shares held by Sword Services in Simalaya Holding.

The Board of Directors of **30 December 2009** authorised the amendment of the joint and several guarantee deed granted by Sword Group to CIC Lyonnaise de Banque, to guarantee the commitments of Ciboodle Land and Estate Ltd regarding a bridging loan agreement entered into 29 June 2009.

VIII - Property, plants and equipment

8.1 List of locations

City	Address	Telephone	Premises owners	Surface area of the premises
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 sq.m
Athens	79 Psaron Street 15 32 CHALANDRI Athens - Greece	+30 210 68 18 971	Tsiflas Stavos, Psaron 79, 15232 Chalandri	85 sq.m
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 sq.m
Beirut	Pole Technologique Berytech Rue Damas Beirut LEBANON	+ 961 1 612500 ext 110	Centre Berytech Pole Technologique Berytech Rue Damas Beirut Lebanon	268 sq.m
Boston	211 Congress Street, 11th Floor Boston, MA 02110	+1 866 539 6623	Congress Street Boston, LLC 115 broad Street, 4th Floor Boston, MA 02110	1,208 sq.m
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 sq.m 327 sq.m 231 sq.m 188 sq.m

Brussels	Avenue de Tervuren 270 B-1150 Bruxelles	+32 (0)2 235 56 70	Cofinimmo Boulevard de la Woluwe 58, 1200 Brussels	2,222 sq.m
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 sq.m
Chennaï	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 sq.m
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 sq.m
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 sq.m
Farmington	190 Farmington Avenue Farmington, CT 06032	+1 860 674 6135	Farmington Group 190 Farmington Avenue, CT 06032	111,5 sq.m
Frankfurt	91 Niddastr, 60329 Frankfurt am Main, Germany,	+49 69 686 0230	Gross Dritte Posthoff Gmbh, Frankfurter Strasse 1-5, 65760 Eschborn, Germany	250 m^2
Geneva	Geneva Business Centre 12, Avenue de Morgines 1213 Petit Lancy	+41 (0) 22 879 96 30	Crédit Suisse AMF CP 8110 ZURICH	240 m^2
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 sq.m
Glasgow	India of Inchinnan, Renfrewshire; PA4 9LH	+44 (141) 814 3700	Sword	4,620 sq.m
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 sq.m
Lausanne	Avenue des Baumettes 19, CH 1020 RENENS LAUSANNE	+ 41 (0)21 632 90 00	CACIB SA Succession Jacot Guillarmot André	1,017 sq.m
Leeds	Enfield Street Roundhay Road Leeds UK, LS7 1RF	+44 113 220 67 00	Intech Solutions	1,148 sq.m
London	1000 Great West Road Brentford Middlesex TW8 9DW – 11^{th} & 9^{th} floor	+44 20 8232 2555	Forthright Property Investments Ltd, Suite 6, Audley House, 9 Audley St, London W1K	1,520 m^2

	International House 1st St Katherine's Way London, UK, E1W 1UN	+44 207 553 25 00	6ZD SKIL ONE Limited, 5 Wigmore St, London, W1U 1PB	650 sq.m
Luxembourg	105 route d'Arlon – L 8009 Strassen	+ 353 26 11 26 11	GEO Bildinx 71 rue des Prés, L-7333 Steinsel	1,000 m^2
Lyon	9, avenue Charles de Gaulle 69771 Saint-Didier au Mont d'Or Cedex	+33 (0)4 72 85 37 40	SNPI 27 Place Bellecour 69002 LYON	2,968 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 26th Floor New York, NY 10004	+ 1.212.279.67.34	Georgeson Inc, 199 Water St, New York, NY 10038	2,090 sq.m
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
Portsmouth	53 Green Street Portsmouth, NH 03801	+1 603 501 1500	Stone Creek, LLC 53-55 Green Street, Portsmouth, NH 03801	446 sq.m
Rennes	8, Rue Jouanet 35700 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 sq.m

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 2009, 2008 and 2007

The development of the financial situation can be appreciated on the basis of the following data, taken from the consolidated financial statements as at 31/12/2009, 31/12/2008 and 31/12/2007.

In €'000	31/12/2009	31/12/2008	31/12/2007
	IFRS	IFRS	IFRS
Consolidated shareholders' equity	148,101	124,556	149,280
of which net earnings	22,035	21,340	18,911
Net debt	81,001	86,437	28,820
Net debt / Consolidated shareholders' equity capital	54.69%	69.40%	19.31%
Dividends paid for the period	6,038 (1)	5,549	4,923
Dividend per share paid for the period	0.65	0.60	0.53

(1) Subject to the approval of the General Meeting of 28 April 2010 ruling on the appropriation of the 2005 result 2009.

Change the consolidated shareholder' equity:

Changes in €M	2009/2008	2007/2008	2006/2007
Capital increase Earnings – Dividends Other movements	- 16.5 7.1	- 16.4 -41.1	63.7 15.0 -12.2
Total	23.6	-24.7	66.5

Net debt:

-2009/2008: The net debt in the banking sense of the term, dropped from €86.4M at the end of 2008 to €74.8M at the end of 2009. Excluding AgencyPort this net debt is at €55.7M, down €30.7M.

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

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

Dividends paid:

The Group's policy relies on the regular, programmed progression of dividends for each year. The net dividend per share rose by 13.2% between 2007 and 2008 and will progress by 8% between 2008 and 2009.

9.2 Review of the current operating profit

No unusual event took place during fiscal 2009, 2008 or 2007.

In €'000	31/12/2009	31/12/2008	31/12/2007
Turnover	180,603	205,730	179,045
Operating profit	36,270	33,712	29,232

The reduction in consolidated turnover between financial 2008 and financial 2009 is due to the disposal of the Scottish Solution segment.

X - Cash and capital

10.1 Short-term and long-term capital

In €'000	31/12/2009	31/12/2008	31/12/2007
Long-term capital	**261,481**	**226,324**	**202,928**
Consolidated shareholders' equity	148,101	124,556	149,280
Short-term financial debt	114,951	101,768	53,648
Short-term capital	**7,479**	**3,814**	**2,047**
Short-term financial debt	7,479	3,814	2,047
Cash and cash equivalents	41,431	19,145	26,875
Net debt	81,001	86,437	28,820
Net debt / Consolidated shareholders' equity	54.69%	69.40%	19.31%

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

10.2 Cash flow statement for 2007 to 2009

Consolidated data (€ '000)	31 December 2009	31 December 2007	31 December 2007
Operating cash flow	15,553	13,941	12,825
Cash flow from investments	-5,811	-64,755	-38,905
Financing cash flow	10,019	44,822	45,452
Impact of the change in currency prices	*-3,324*	*-1,982*	*-1,857*
Change in cash position	**-19,761**	**-5,992**	**19,372**

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 2009 year end, are described in Note 15 to the consolidated appendix. As at 31 December 2009, 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 31 December 2008 for 30,364,000 and, on the other hand, the cash flow that will be released in the course of 2010.

XI - R&D, patents, licences

11.1 R&D

There are 3 sorts of R&D:

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

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

a. COGED: a Document Management range of software components oriented towards Documentum and Filenet technologies
b. COSIG: a Geographic Information Systems range of software components oriented towards ESRI technologies
c. GOOGLE CONNECTORS: secure search connector related to the companies' internal management systems.
d. The PTO range: intended for brand and patent offices, the building blocs of an ERP dedicated to that market

e. IntelliGIS Factory: is a product suite that allows for the integration of the mapping dimension in companies' information systems. Gateways are already available with the worlds of Business Intelligence and Electronic Document and Workflow Management.
f. TwinGIS: a solution that makes it possible to enhance companies' data analysis capacities by integrating the map dimension.

- "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 aims to be outstanding and is capitalised. For 2009, it concerns the development of the following products: Fast Audit, Greengis, Intelligis and Sharepoint Data Deployer.

In terms of quantification, R&D represents an expense equal to 15% of the software turnover (products).

Capitalised R&D in 2009 represented €1.04M, i.e. 3.2% of the Solution segment's turnover.

11.2 Patents and licences

Sword Group owns all the trademarks that it needs to use. Indeed, it owns the following trademarks:
- Trademark Firco (European Union): owner: FircoSoft SA,
- Trademark STP Factory (European Union): owner: FircoSoft SA,
- French trademark Sword initially registered under number 520509 on 22 June 1979 in classes 9, 35, 42, renewed on 14 June 1989 under number 1536363, and renewed for the last time on 27 May 1999,
- French trademark Ptolemy,
- French trademark Acsepto,
- Community 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 10 December 1985 in classes 7, 9, 16, 35 and 42,
- Foreign trademark Sword registered in South Africa under number 88/5249 29 June 1988 in class 9
- Foreign trademark Sword registered in South Africa under number 88/5250 on 29 June 1988 in class 35,
- Foreign trademark Sword registered in South Africa under number 88/5251 on 29 June 1988 in class 42,
- Foreign trademark Sword registered in Benelux under number 378628 on 4 Sept 1981 in classes 7, 9 and 16
- Foreign trademark Sword registered in the UK under number 1255025 on 22 November 1985 in class 9,
- Foreign trademark Sword registered in the UK under number 1255026 on 22 November 1985 in class 16,
- Foreign trademark Sword registered in the UK under number 1278695 on 1st October 1986 in class 42,
- Foreign trademark Sword registered in Switzerland under number 318013 in classes 9 and 16
- Trademark Sword registered in Germany under number 39716994.9
- Trademark Sword registered in Austria, Benelux, Denmark, Spain, France, Italy, Hungary, Sweden, and Switzerland under number IR 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 numbers 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 numbers 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 numbers 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 14 May 2003,
- Trademark FirstPlantIT registered, among other countries, in the UK, France, Italy, Germany, and the Netherlands undernumber 003535499, on 30 August 2005,
- Trademark Open Box registered in the UK under number 2149661 on 30 October 1997,
- Trademark Open Box+ registered in the UK under number 2149661 on 6 February 1999,
- Trademark Open Co registered as a community trademark under number 0006673855 on 3 November 1997,
- Trademark Open Energy registered as a community trademark under number 000667394 on 3 November 1997,
- Trademark Open Health registered as a community trademark under number 001004548 on 3 December 1998,
- Trademark Open Marine registered as a community trademark under number 004236972 on 2 March 2006,
- Trademark Open Xposure registered in UK under number 2493662 on 23 January 2009,
- Trademark Zygoware registered in UK under number 2261509 on 5 April 2002,
- Trademark Zygoware registered in US under number 76/565,504 on 6 June 2006,
- Trademark Open Marine registered as a community trademark under number 0006673855 on 5 October 2006,
- Trademark Ciboodle registered with the "Madrid Protocol Countries" under number 915078 on 13 October 2006,
- Trademark Apak registered in the European Union under number 002831002 in classes 9, 38 and 42 on 28 August 2002
- Trademark Aurius registered in the UK and in Northern Ireland under number 2392108 in classes 9 and 42 on 17 May 2005.

XII - Information about 2010trends

12.1 Main trends that have affected sales, costs and selling prices since 31 December 2009

None.

12.2 Elements likely to influence these prospects

None.

XIII - 2010 goals

13.1 Turnover and estimated income pour 2009

In 2010, on a like-for-like and constant exchange rate basis, the Group forecasts turnover of €196M and a current operating margin of 18%.

Quarterly turnover will be as follows:
Q1: €45m
Q2: €48m
Q3: €49m
Q4: €54m

The Group therefore confirms the information contained in its various news releases.

XIV - Management and supervisory bodies

14.1 Company managers and directors

Information about the Company's directors and board members are in the management report. None of the board members or corporate officers was sentenced for fraud, was subject to bankruptcy, put under sequestration or liquidation for at least the past five years. It is also pointed out that none of the board members or corporate officers was subject to incrimination and/or an official public sanction pronounced against him by statutory or regulatory authorities (including designated professional organisations). None of the board directors or corporate officers has been prevented by a court from acting in his/her capacity as member of an issuer's administration, management, or supervisory entity, or from becoming involved in the management or the handling of an issuer's business in the past five years at least.

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

Information contained in the financial report.

14.1.3 Other expired mandates exercised in the past five years

Information contained in the financial 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

Information contained in the financial report.

15.2 Provisions set up of recorded by the Company for pension payments and other benefits

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

Name	Retirement provision as at 31 December 2009
Jacques Mottard	None (1)
Françoise Fillot	None (1)

(1) Ms. Fillot and Mr. Mottard not being salaried employees of Sword Group, there is no retirement provision for them.

XVI - Operation of the Board of Directors and Executive Committee

16.1 Operation of the Board of Directors and Executive Committee

Information contained in the financial report.

16.2 Contracts between the directors and the Company

The Company has not entered into any direct contract with its directors. However, under a services agreement effective 1 January 2007, the remuneration of Mr. Jacques Mottard (and his assistant) is billed 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 organisation of the work of the Board of Directors, as well as the Company's internal control procedures.

This document lists the relevant guidelines, established in particular by AFEP, MEDEF and ANSA, see in particular the 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.

The general operation of Sword Group

1. The Group's management entities

Sword Group is organised 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 members: the Chairman, Nicolas Mottard, Heath Davies, Françoise Fillot (appointed board member on 30 January 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 31 December 2009, it gathered:

- Jacques Mottard — Executive Chairman
- Françoise Fillot — Chief Executive Officer - "CFO"
- Heath Davies — Chief Executive Officer - CEO

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

- Tony Claes
- Jean-Marc Sonjon
- Juan Arcas
- Mike Hughes
- Gert-Jan de Kieviet

Among them:
- Jean-Marc Sonjon is Chief Operational Officer (COO) of Solutions in French-speaking countries
- Mike Hughes is Chief Operational Officer (COO) of the Software segment.

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

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

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

1.5. The Executive Vice Presidents:

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

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

2. The business unit, the profit centre around which the group is organized

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

2.1 Analysis, based on:

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

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

2.2. General accounting

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

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

2.3. Commercial

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

- These reports, consolidated at Group level, facilitate:

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

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

2.4. Technical

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

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

All project follow-up files are monitored by the Technical Department. A summary of the 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, franchise

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

3. Reportings, meetings, authorisations
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 on 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 the 15 November each year a proposed budget for the coming year, which will be examined by the Annual Budget Committee.

3.2. Meetings

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

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

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

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

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

Once a year a "Budget Committee" is added to the "Careers Committee".

3.3. Authorisations

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

- A Project Leader is authorised 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 powers 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 capital expenditures, for which a purchase requisition must be submitted to the General Management, 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 authority previously awarded to Business Unit Directors who have lost their authorisations.

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

3.4. Staff Committees

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

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

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

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 behaviour of staff are in accordance with the guidelines for businesses as laid down by the company’s managing bodies, by the applicable laws and regulations, and by the values, standards and internal rules of the company;

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

This internal control system relies on the AMF's reference framework targeted at mid and small caps.

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 point out that the information contained in this report is purely 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. Summarised description of the control processes in place

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 General Management

Procedure for preparing consolidated accounts:

Objectives	To produce consolidated financial statements, which reflect the true economic situation, are correct and provide a reliable view of the group.
Principles	In line with international accounting standards (IFRS) as per European Regulation Nr.1606/2002 of 19 July 2002
Implementation	Quarterly accounts by the Administrative & Finance Department and the Management Committee, assisted by external consultants
Control over proper implementation	Control by the Auditors

Persons and departments involved	Administrative & Finance Department External consultants General Management The Auditors, who only check the half-yearly (limited check) and annual (audit) accounts, in accordance with correct legal requirements for listed companies

Procedure for tracking off-balance sheet commitments:

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

Intangible assets tracking procedure:

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

2.2. Other internal control procedures

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

Personnel:

Objectives/Principles	Organisation 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 in line with requirements - control of the existence and monitoring of individual files - control of payroll preparation and 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: General Management 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

This control system has enabled us to pinpoint anomalies in the follow-up of certain projects within a subsidiary. The appropriate corrections have been recorded to that entity's accounts and in the Group's consolidated financial statements. A change of organisation has been applied to this subsidiary.

Preparations for, and organisation of, the Board's work

1. Composition

The by-laws of your company provide for a Board of Directors comprised of three to 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 26/04/04	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 26/04/04	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 held in other companies by the board members is detailed in the management report (paragraph 26.1).

In the sense of Article 8.4 of the AFEP/MEDEF corporate governance code of December 2008, 21 Centrale Partners is an "independent board member". 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.

With respect to the Company's size and in order to enhance the effectiveness of the board decisions, the functions of Chairman and CEO are not separated.

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.

Prior to each Board of Directors meeting, its members are sent the documents necessary regarding the agenda. The board members may request, at any time of the year, the information they consider useful regarding the business conducted by the Company.

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 2009 financial year, the Board met fifteen times. The participation rate exceeded 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. Remuneration of the management and administration entities

The corporate officers are remunerated based on their experience and skills, in the European and worldwide context.

If share subscription options are granted, the Board of Directors determines the performance criteria and the number of shares resulting from the options that should be kept by the corporate officer until the end of his/her term of office.

The remunerations of corporate officers are detailed in paragraph 20 of the management report.

4. Shareholders' participation in the General Meeting

The shareholders are invited to attend the general meetings in accordance with legal and statutory provisions. Article 19 of the by-laws relates to shareholder meetings.

5. Information demanded by Article L.225-100-3 of the French commercial Code

In accordance with the provisions of Article L. 225-37 paragraph 9 of the French Commercial Code, below is the information referred to in Article L.225-100-3 of the French Commercial Code.

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

- Statutory restrictions to the exercising of the voting rights and to share disposals: none,

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

- List of holders of any security bearing special control rights: in accordance with the provisions of Article 19 E 3 of the Company's by-laws, a double voting right is assigned to all the shares entirely paid out for which an individual registration can be evidenced for at least two years in the name of one same shareholder.

- Control mechanisms provided in a personnel shareholding system, if applicable: not applicable,

- Shareholder agreements of which the Company is aware and that may result in restrictions to share transfers and to the exercising of voting rights: None.

- Rules applicable to the appointment and replacement of board members and to the amendment of the Company's by-laws: the Company applies the rules set out in the French Commercial Code,

- Powers of the Board of Directors, in particular the issuance or redemption of shares: the Board of Directors has the powers set out by law. Paragraph 16 of the management report describes the current power delegations. In addition, the general meeting slated to meet on 29 April 2010 is offered to assign powers to the board in terms of share redemption, capital reduction, and issuance of marketable securities (see management report),

- Agreements entered into by the Company that are modified or lapse in case of a change of control of the Company: None.

- Agreement that sets out indemnities for Board members if they resign or are dismissed: None.

6. Corporate governance code

The Board of Directors of Sword Group decided, on 30 January 2009, to adopt most of the AFEP / MEDEF recommendations of October 2008. In the context of complying with these recommendations, Ms. Françoise Fillot, who is Chief Executive Officer, has decided to terminate her employment contract as Chief Financial Officer.

Thus, as per the provisions of Article L. 225-37 of the French Commercial Code. Sword Group refers to and implements the AFEP / MEDEF corporate governance code, subject to the following exceptions:

- **Independent directors:**
  The Board of Directors includes an independent member in the sense of Article 8.4 of the corporate governance code, i.e. 21 Centrale Partners. It being specified that this company sold, on 14 October 2005, the block of shares it held in the Company.

- **Board of Directors' evaluation:**
  The Board of Directors has not formally proceeded, during financial 2009, to its assessment, in accordance with Article 9 of the AFEP / MEDEF corporate governance code. The provisions of Article 9 of the said code were, nevertheless, mentioned informally by the board directions, who considered that the objectives set out in Article 9-2 of that code were met to date, with respect to the Company's size and the board's means of operation.

- **Duration of directors' term of office:**
  To date, each board member's term of office is 6 years, it being pointed out that the shareholders are offered, during the General Meeting of 28 April 2010, to amend Article 13 of the by-laws and to reduce the length of the board members' mandates from 6 to 4 years, in accordance with the recommendations of Article 12 of the AFEP/MEDEF corporate governance code. For historic reasons related to the composition of the board, the board members' terms of office are not staggered over time.

- **Board committees:**
  Regarding the structure of its shareholders and the composition of its Board of Directors, the company to date has no specialised committees. However, the Company worked on the formalisation of these committees, which should become operational during the second half of 2010. In that context, the Board of Directors has decided to set up commissions in charge of defining and formalizing the creation of such committees.

7. Improvement of the "corporate governance" processes

In line with the Company's adoption, in January 2009 of the MEDEF/AFEP corporate governance code, financial 2009 was marked by a significant improvement of the Corporate Government procedures.

Thus, the Board of Directors continued its work aiming at formalising:
- a governance charter,
- an ethical charter.

In that framework, The Board of Directors has decided to set up commissions in charge of formalizing a set of governance rules and a set of ethical rules.

These documents will supplement those that already exist, i.e.:
- a management manual that sets out all of the Group's internal control procedures,

- a welcome manual for each employee, detailing his/her rights, obligations, and position in the operations of the Company,
- an IFRS accounting principles manual, drafted by an independent consultancy,
- one technical manual per country, that includes all applicable quality standards (CMM, ISO or ISOPRO method).

The Company, in the context of the strengthening of the governance rules, establishes a set of ethical rules for its Board members, as well as internal rules that specify the mode of operation of the Board of Directors and the Board members' obligations in the context of their term of office.

Limitations to the Managing Director's powers

The powers of the Managing Director are not limited.

Chairman

16.4.2 Auditors' report drawn up in accordance with the last paragraph of Article L.225-235 of the French Commercial Code on the on the report drafted by the Chairman of the Board of Sword Group SE

Financial year ended 31 December 2009

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 31 December 2009.

It is for the Chairman to submit to the Board of Directors' approval a report describing the internal control and risk management procedures implemented within the Company and giving the other information required by Article L.225-37 of the French Commercial Code in terms of corporate governance, in particular.

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 this report includes the other information required by Article L.225-37 of the Commercial Code, it being specified that it is not for us to verify the sincerity of this other information.

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

Information regarding internal control and risk management procedures relating to the drawing-up and processing of accounting and financial information.

Standards governing professional practice require that due diligence procedures be carried out to assess the honesty of information regarding internal control and risk management procedures relating to the drawing up and processing of accounting and financial information contained in the Chairman's report. Such due diligence consists in particular in:
- familiarising ourselves with the internal control and risk management procedures for the drafting and processing of the accounting and financial information underlying the information presented in the Chairman's report and other existing documentation;
- familiarising 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 in respect of the company's internal control and risk management 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 French Commercial Code.

Other information

We certify that the report drawn up by the Chairman of the Board of Directors includes the other information required by Article L. 225-37 of the French Commercial Code.

Villeurbanne, 2 April 2010
The Auditors

Mazars	**Deloitte & Associes**
Max Dumoulin	Olivier Rosier

XVII - Staff

17.1 Group head count

17.1.1 Head count

Pro-forma head count at 31 December 2009 by activity

Head count	Billable head count			Non billable head count	Total
	Staff	Subcontractors	Sub-Total		
Solutions (Services)	608	286 [1]	894	68	950
Software (Products)	666	1	667	156	813
Total	**1**	**287**	**1**	**224**	**1**

[1] including freelancers: 144

Total staff, including freelancers, went during 2009 from 2,018 to 1,785 people.

NB: The sales of the Scottish Service segment, the Austrian subsidiary and the Brazilian subsidiary, have resulted in a drop in the overall 2009 head count.

Analytically, these can be broken down as follows:

1. Solutions segment

- Daily average billing rate: €433 per day
- Activity rate, minus holidays and sick leave: 91.74%
- Training: 1.44% of the number of potential days
- R & D: 3.2% of turnover

2. Software segment:

- The per unit gross margin generated by the Support activity stands at 80.36%
- The per unit gross margin generated by the Implementation activity stands at 59.73%

Investments in training and R&D stand at 15% of Software sales and 3.2% of Solutions sales.

17.1.2 Management Team

Management - Operational Organisation Chart at 01/01/2010

EMC

Jacques Mottard, Executive Chairman

Heath Davies, CEO

Françoise Fillot, Group CFO

Sword Software (Soft)

Banking / AML / Insurance — **Heath Davies**, aa COO; **Pradeep Banerji**, CTO Offshore

CRM / GRC / Constructions and Operations — **Mike Hughes**, COO

Phil Norgate Sword Soft CFO

Insurance & Healthcare		
Heath Davies, aa OD Steve Hauck, SBUD (Insurance Americas) Eric Harnden, PD worldwide		
APT	aa SBUD	Steve HAUCK
INT	BUD	Eugene BRIEN
INH	BUD	Steve WESTLEY
IUS	aa SBUD	Steve HAUCK
Banking & Asset Management		
Heath Davies, aa OD		
APK 1	BUD	Tony ALLEN
	PD	Tania PENNY
APK 2	BUD	Jeff LUFF
AML		
Mark Cappell, OD Jean Losco, PD		
FII	BUD	Laurent CORBEL
FIL	BUD	France PIOGER
FIP	aa BUD	Jean LOSCO
Construction & Operations		
Gert-Jan De Kieviet, OD Mathieu Pollet, PD		
CTDE	BUD	Ingo MARIENFELD
CTFR	BUD	Hakim FAGOUL
CTUK	BUD	John POMEROY
CTUS	BUD	Tom PIETRYGA
GRC		
Mike Hughes, aa OD		
ABS	BUD	Deb YOUNG
CRM		
Mike Hughes, aa OD Steven Thurlow, PD		
GTAZ	BUD	Brian DONN
GTIN	BUD	Courtenay WERLEMAN
GTUK	BUD	Kenny BAIN
GTUS	BUD	Paul WHITE
R & D		
Mike Hughes, aa OD		
IPR	BUD	Gordon KING

Sword Solutions (Sol)

France Belux — **Jean-Marc Sonjon,** COO

Rest of the World — **Jacques Mottard, aa COO**

Françoise Fillot aa Sword SOL CFO

Belux		
Tony Claes, OD Dieter Rogiers, SD David Travers, SM		
BIB	aa BUD	Tony CLAES
FPB	aa BUD	Tony CLAES
TMB	aa BUD	Dieter ROGIERS
SWG	BUD	Dimitrios GRITSIS
LUX	BUD	Paulo APOLINARIO
Communication Solutions - Belux		
Juan Arcas, OD		
TPK	BUD	Guy DE SAN
France		
Jean-Marc Sonjon, aa OD Pierre Gachon, SD Jean-Louis Vila, STD		
IDL	SBUD BUD	Philippe Le CALVE Olivier LEBLANC
SIG	aa BUD SD	Jean-Marc SONJON Maxime GRINFELD
SWL	SBUD	Philippe Le CALVE
SWO	SBUD	Philippe BLANCHARD
Switzerland		
Anys Boukli, OD Jörg Schorr, TD		
SUI	aa BUD TD TD	Anys BOUKLI Philippe DECODTS Jean-François BALLIF
BEY	BUD	Nasser HAMMOUD
International		
John Higgins, SBUD		
SNE	aa BUD SM	John HIGGINS David WINSOR
SWP	BUD TD	Fabrice LIENART Françoise DRAPERI
ECM	aa BUD	John HIGGINS
India		
GIN	Site Director	Lalitha BALAKRISHNAN

Finance

Françoise Fillot, Group CFO
Phil Norgate, Sword Soft CFO

Benelux
Eddy MARGINET

India
Lalitha BALAKRISHNAN

Switzerland
Claudio VOLPE

UK
aa Phil NORGATE

USA
aa Nichola BINGHAM

Sword Ciboodle
Alan PORTER

Compliance

Heath Davies, Group CEO

Legal Counsel
Brendan TURLEY
English Speaking Countries

PMO
Deb YOUNG

Influencer Relations

Heath Davies, aa VP Marketing

Marcoms
Jill GREENSHIELDS

Analyst
Clare DORRIAN

Investor
Stéphanie DESMARIS

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 / Channel Director
SM	Sales Manager
CTO	Chief Technical Officer
TD	Technical Director
OD	Operating Director
PD	Project Director
SBUD	Senior Business Director
aa	"Acting as"
	Legal Counsel
PMO	Project Management Office
	VP Marketing
	Marcoms
	Analyst
	Investor

The Management

Jacques Mottard, 58 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 occupied the position of chairman of the Metamor Group in Europe until October 2000. He then founded Sword. Previously, he had held 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, 50 years old, Chief Executive Officer, Administration and Finance

Before joining the Sword Group, 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, 44 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 diploma in Computer Engineering from the Council for Information Technology Engineers in the UK.

Juan Arcas, 47 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 (which eventually became Tipik), 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.

Anys Boukli, 40 years old, Director of Operations, Switzerland

Anys Boukli was the partner for the EMEA region within Cambridge Technology Partners / Novell before joining Bedag Informatique as Head of the French-speaking Swiss market and board member. Prior to that, he held various management positions in the Consulting and IT industries in Europe. Anys speaks five languages fluently. He holds a State Engineering degree in IT, as well as several Management and Leadership degrees from the International Institute for Management Development (IMD) in Lausanne and the Malik Institute in St-Galles.

Mark Cappell, 47 years old, Director of Operations "AML"

Mark Cappell is a US citizen, but he has been living in Europe for over twenty years. Prior to that, he held several management positions in reputable product development companies such as SmartStream Technologies and Charles River Development. He holds a degree in political science and economics from the University of San Diego. Before joining the Sword Group, Mark was Vice-President and Managing Director of operating risk management in the Products division of Checkfree and Fiserv.

Tony Claes, 43 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, 53 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 University of Amsterdam.

Mike Hughes, 48 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.

Jean-Marc Sonjon, 49 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 specialised in GIS and EDM. Over the course of his career in IT services, he held 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).

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 a crossing of shareholding threshold statement published on 8 January 2010 the company FMR LLC (Fidelity Boston) stated that it crossed upward, on 7 January 2010, the threshold of 5% of equity only (5.22% of equity).

- Under a crossing of shareholding threshold statement published on 22 January 2010 the company Schroders Investment Management Limited stated that it crossed upward, on 20 January 2010, the threshold of 5% of equity only (4.50% of equity).

- Under a crossing of shareholding threshold statement published on 25 January 2010 the company FMR LLC (Fidelity Boston) stated that it crossed upward, on 22 January 2010, the threshold of 5% of equity only (6.10% of equity).

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

At 31 December 2009, the members of the Board of Directors (Nicolas Mottard, Jacques Mottard – including the holding of Sémaphore Investissements - Heath Davies and 21 Centrale Partners) held jointly 19.82% of the capital and 28.93% of the voting rights.

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 10 February 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.

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 commitments and agreements

Financial year ended 31 December 2009

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

I - Commitments and agreements authorised during the period

As per Article L. 225-40 of the French Commercial Code, we have been informed of the commitments and agreements that were subject to the prior authorisation from your Board of Directors.
Our role is not to detect the existence of any other commitments and 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 for you, under the provisions of Article R. 225-31 of the French Commercial Code, to assess the relevance of executing these commitments and agreements with a view to their approval.
We have implemented the due diligence measures deemed necessary for this mission as outlined by France's national audit regulatory body, the Compagnie 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. Confirmation by your company of its intention to maintain its influence on Sword Technologies through letters of intention

Corporate officers concerned: Jacques Mottard and Françoise Fillot
Nature and purpose: The Board of Directors of 9 March 2009 authorised the issuance, to the benefit of Fortis, of a letter of intention under which your company confirms that it intends to maintain its influence within Sword Technologies, in the context of a credit and banking guarantee line, for a maximum of €1,800,000.
Nature and purpose: The Board of Directors of 12 October 2009 authorised the issuance, to the benefit of Fortis, of a letter of intention under which your company confirms that it intends to maintain its influence within Sword Technologies, in the context of a credit and banking guarantee line, for a maximum of €200,000.

2. Confirmation by your company of its intention to maintain its influence on Sword Technologies through letters of comfort

Corporate officers concerned : Jacques Mottard and Françoise Fillot
Nature and purpose: The Board of Directors of 29 April authorised the issuance of a comfort letter to BGL, under which your company confirms its intention to maintain its influence within the company Sword Technologiques, for a period of one year, in the context of a bank guarantee of a maximum of €1,072,563.49.

3. Renewal of the guarantee granted by your company regarding the commitments made by Sword Technologies to the company ING Belgique SA

Corporate officers concerned: Jacques Mottard and Françoise Fillot
Nature and purpose: The renewal of the guarantee granted by the Board of Directors of 12 October 2009 (renewed by the Boards of 27 October 2003, 25 October 2005, 21 October 2005, 26 October 2006, 26 October 2007 and 14 October 2008) in favour of ING Belgique SA, to guarantee the commitments of Sword Technologies to the latter.

4. Guarantee given in the context of the disposal of Sword Business Technology Solutions Ltd

Corporate officers concerned: Jacques Mottard, Françoise Fillot and Heath Davies
Nature and purpose: The Board of Directors of 4 May 2009 authorised the issuance of a guarantee given by Sword Group for the proper execution of the commitments and obligations subscribed to by Sword UK Limited in the context of the disposal of the shares of Sword Business Technology Solutions Ltd to Amor Group Ltd.

5. Guarantee given for a bridging loan secured by Ciboodle Land and Estate Ltd

Corporate officers concerned: Jacques Mottard
Nature and purpose: The Board of Directors of 18 June 2009 authorised the issuance of a guarantee by your company to the benefit of CIC Lyonnaise de Banque to guarantee the repayment of a bridging loan by Ciboodle Land and Estate Ltd.
The Board of Directors of 30 December 2009 authorised the amendment of the joint and several guarantee deed granted by your company to CIC Lyonnaise de Banque, to guarantee the commitments of Ciboodle Land and Estate Ltd regarding a bridging loan agreement entered into 29 June 2009.

6. Acquisition of AgencyPort

Corporate officers concerned: Jacques Mottard

Nature and purpose: The Board of Directors of 16 November 2009 authorised the acquisition by your Group of AgencyPort and permitted Sémaphore Investissements to be a party to the acquisition deed.

7. Current account agreements with subsidiaries of your company

Corporate officers concerned: Jacques Mottard and Françoise Fillot

Nature and purpose: The Board of Directors of 29 April 2009 authorised the setting up of a current account agreement with the companies listed below, the amounts made available to the said companies being remunerated at the applicable fiscally deductible interest rate:

	Current account balance to 31/12/2009	Interest income received and recorded (net)
Achiever Business Solutions Inc. (USA)	0 €	0 €
Achiever Ltd (UK)	0 €	0 €
Apak Group Ltd (UK)	41 067 €	1 467 €
Buildonline Global Inc. (USA)	-4 422 856 €	-218 710 €
Buildonline India (Inde)	-42 457 €	-2 117 €
Buildonline Ireland (UK)	36 755 €	1 766 €
Buildonline UK Ltd (UK)	0 €	0 €
Buildonline USA (USA)	2 158 310 €	102 660 €
Builonline GmbH (Allemagne)	-1 625 592 €	-31 181 €
Ciboodle (Afrique du Sud)	-1 035 343 €	-45 569 €
Ciboodle (Australie)	0 €	0 €
Ciboodle (Indonésie)	1 608 950 €	77 025 €
Ciboodle (Nouvelle-Zélande)	24 281 €	881 €
Ciboodle (Pays-Bas)	-64 400 €	16 769 €
Ciboodle Inc. (USA)	-1 378 767 €	-53 250 €
Ciboodle Ireland (UK)	-3 991 091 €	-196 668 €
Ciboodle Ltd (UK)	-1 174 682 €	96 262 €
Citadon Inc. (USA)	0 €	0 €
Collaboration Technology Inc. (USA)	0 €	0 €
CTSpace France	1 874 549 €	92 592 €
FI System Belgium (Belgique)	5 861 071 €	281 550 €
FircoSoft	-6 442 647 €	-274 782 €
Fircosoft Inc. Corporation (USA)	-46 463 €	14 479 €
Graham Land (UK)	0 €	0 €
Info-Techno Baudatenbank (Allemagne)	0 €	0 €
Intech Ltd (UK)	22 867 €	367 €
Nextech (Brésil)	0 €	0 €
Sword Atlantique	0 €	172 €
Sword Banking Solutions (UK)	0 €	0 €
Sword Business Technologies Solutions Ltd (UK)	0 €	0 €
Sword Création Informatique Ltd (Afrique du Sud)	0 €	0 €
Sword DDS France	-52 475 €	-2 460 €
Sword Energy Ltd (UK)	0 €	0 €
Sword Global India Pvt Ltd (Inde)	0 €	0 €
Sword Inc. Corporation (USA)	3 290 629 €	150 639 €
SWORD INTEGRA (Belgique)	-253 461 €	3 544 €
Sword IPR Ltd (UK)	4 855 €	273 €
Sword IT Solutions (Grèce)	0 €	0 €
Sword Lebanon (Liban)	1 889 €	134 €
Sword SA	7 294 725 €	430 872 €
Sword Technologies (Luxembourg)	1 212 075 €	-75 098 €
Sword UK Ltd (UK)	0 €	0 €
SwordServices SA (Suisse)	-1 089 578 €	29 936 €
SwordSoft Inc. (USA)	24 210 181 €	254 652 €
TIPIK (Belgique)	1 437 464 €	94 778 €

8. Authorisation to sell a vehicle

Corporate officers concerned: Nicolas Mottard

Nature and purpose: The Board of Directors of 18 June 2009 authorised the sale of your company's Audi A3 vehicle to a board member, for a price of €16,000.

9. Authorisation to dispose of the Simalaya securities

Corporate officers concerned: Jacques Mottard

Nature and purpose: The Board of Directors of 22 December 2009 authorised the disposal of 10% of the shares of Simalaya by Sword Services to your company for €1,173,000.

<u>II - Commitments and agreements approved during previous years whose performance was continued during the period</u>

Besides, in accordance with the Commercial Code, we have been informed that the execution of the following commitments and agreements, approved in previous fiscal years, was pursued in the last fiscal year.

1. General Management services contract

<u>Corporate officer concerned:</u> Jacques Mottard

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

<u>Terms:</u> 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. As of financial 2008, services 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 during the financial year: €307,500.

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

<u>Corporate officers concerned:</u> Jacques Mottard, Françoise Fillot

<u>Nature and purpose:</u> As part of a project to simplify the legal organisation chart of the Group's French companies, your Board of Directors held 14 October 2008 authorised 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.

<u>Terms:</u> 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). On 30 December 2008, Sword SA merged with Sword SAS and Sword Solutions. On 31 July 2009, Sword Atlantique was dissolved without being wound up in the framework of a total transfer of assets to Sword SA.

3. Management services to subsidiaries

<u>Corporate officers concerned:</u> Jacques Mottard, Françoise Fillot and Heath Davies

<u>Nature and purpose:</u> 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 organisational control. It also offers its subsidiaries assistance in terms of sales policy, communication, strategy, purchases, management control, and organisation.

<u>Terms:</u> The services billed by your company for the support provided are calculated on the basis of a monthly flat fee of €150 per employee for newly consolidated companies and foreign companies, except for the subsidiaries Sword Global India (€15), Sword Lebanon (€15), CT Space France (€470), Sword IPR Ltd (€15), Sword SA (€235), Sword SAS (€235), Fircosoft (€235), Sword Solutions (€235), Sword Atlantique (€235) and Sword Business Technology Solutions (€15).

The amounts recorded as income for that purpose in 2009 were as follows:

	Fixed price	Amounts billed
Sword SA	235 €	573 165 €
Sword Soft Ltd (UK)	150 €	299 250 €
Ciboodle Ltd (UK)	150 €	294 300 €
Sword UK Ltd (UK)	150 €	187 481 €
Sword Business Technologies Solutions Ltd (UK)	15 €	180 892 €
Apak Group Ltd (UK)	150 €	155 250 €
Sword Services SA (Suisse)	150 €	104 400 €
FircoSoft	235 €	99 490 €
Sword Technologies (Luxembourg)	150 €	70 050 €
CTSpace France	470 €	60 750 €
Sword Inc. Corporation (USA)	150 €	44 550 €
TIPIK	150 €	41 550 €
Ciboodle (Australie)	150 €	39 150 €
CTSpace US	150 €	38 250 €
Sword Atlantique	235 €	37 365 €
Ciboodle Inc. (USA)	150 €	31 050 €
Builonline GmbH (Allemagne)	150 €	27 900 €
Nextech (Brésil)	150 €	23 400 €
SwordSoft Inc. (USA)	150 €	22 500 €
Sword Integra	150 €	22 050 €
Fircosoft UK	150 €	16 200 €
Beam Apak	150 €	16 200 €
Sword IPR Ltd (UK)	15 €	15 615 €
AgencyPort	150 €	15 300 €
Sword Global India Pvt Ltd (Inde)	15 €	13 860 €
Fircosoft Inc. Corporation (USA)	150 €	12 150 €
Ciboodle (Indonésire)	150 €	8 910 €
Ciboodle Ireland (UK)	150 €	7 650 €
Sword Lebanon (Liban)	15 €	3 600 €
Sword Bermudes	150 €	3 150 €
Info-Techno Baudatenbank (Allemagne)	150 €	-18 000 €
Sword Solutions	235 €	0 €
Sword SAS	235 €	0 €

4. Performance guarantee of the obligations of Apak Group Ltd

Corporate officers concerned: Jacques Mottard, Heath Davies

Nature and purpose: The Board of Directors held 5 September 2008 authorized the issue of a guarantee given by your company 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 on 5 September 2008.

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

Corporate officers 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 10 December 2007 and 11 March 2008). The Board of Directors of 14 October 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 8 October 2008, are the following: the repayment of such current account will take place in successive instalments limited to an amount enabling the current account of Sword Technologies to display at least an after-tax profit of 3%.

The claw-back clause was not applied in 2009.

6. Sub-lease agreement

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

The sublease contract became effective as at 1st January 2006, for a period of 7 years expiring on 31 December 2012. An addendum was executed on 1st September 2009 pursuant to the extension of premises completed in 2009. The annual rent, excluding taxes and charges, now stands at €440,000, the other articles of the sub-lease agreement executed on 3 March 2006 remaining unchanged.

Terms: For the year ended 31 December 2009, the rent charged back by your company represents income of €346,000.

7. 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 conducts to the benefit of the UK and US companies, as well as of South African and Indian companies, and the marketing services (publishing of brochures, organisations of seminars, special events, drafting of presentation slides) carried out for all of the Group's companies.

Terms: Regarding the financial and management services, it had been agreed that Sword UK bill your company quarterly for an annual flat fee estimated at €1,200,000. Regarding the marketing services, it had been agreed that Sword UK bill your company quarterly for an annual flat fee estimated at €300,000.

The amount billed by Sword UK to your company under these agreements in 2009 stood at €380,000.

8. Current account agreement

Nature and purpose: A current account agreement was executed between your company and Sword Soft Ltd.

It provides that your company 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 31 December 2009:	€136,159,127
Interest received and recorded as income (net) in 2009:	€2,353,640

9. Various charge backs by two subsidiaries

Nature and purpose: Sword Group handled part of the infrastructure and other costs (Sword Services SA) under the conditions described below.

Terms: Rebilling by Sword Services SA to your company of infrastructure and other expenses for €128,896.

Villeurbanne, 2 April 2010

The Auditors

Mazars	Deloitte & Associes
Max Dumoulin	Olivier Rosier

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

20.1 Corporate accounts at 31 December 2009

Income statement at 31 December 2009

(in €'000)	31/12/2009	31/12/2008
Turnover	3,691	3,246
Capitalised production		
Other income	0	1
OPERATING INCOME	**3,691**	**3,247**
Purchased consumables		
Other purchases and external charges	4,586	2,675
Taxes and duties	48	49
Payroll costs	214	245
Depreciation and provisions charges	-97	13
Other operating expenses	100	100
OPERATING EXPENSES	**4,852**	**3,081**
OPERATING PROFIT (LOSS)	**-1,161**	**166**
FINANCIAL EARNINGS	**1,740**	**726**
CURRENT EARNINGS BEFORE CORPORATE INCOME TAX	**580**	**892**
EXTRAORDINARY EARNINGS	**3,115**	**-6,540**
Income tax		536
NET EARNINGS	**3,694**	**-6,185**

Balance sheet at 31 December 2009

Assets

(in €'000)		31/12/2009		31/12/2008
	Gross	Depreciation provisions	Net	Net
FIXED ASSETS				
Intangible fixed assets	10		10	10
Tangible fixed assets	19	7	12	23
Financial investments	102,780	1,854	100,925	99,597
TOTAL FIXED ASSETS	**102,809**	**1,861**	**100,948**	**99,629**
SHORT-TERM ASSETS				
Clients and apportioned accounts	11		11	0
Other receivables and accruals	187,494	0	187,494	170,273
Other marketable securities	0		0	1,350
Bank and cash	9,764		9,764	356
TOTAL CURRENT ASSETS	**197,269**	**0**	**197,269**	**171,979**
GRAND TOTAL	**300,078**	**1,861**	**298,217**	**271,608**

Balance sheet at 31 December 2009

Liabilities

(in €'000)	31/12/2009	31/12/2008
Share capital	9,290	9,290
Additional paid-in capital	100,909	100,909
Legal reserve	929	929
Other reserves	1,734	1,734
Retained earnings	28,497	40,231
Net earnings	3,694	-6,185
SHAREHOLDERS' EQUITY	**145,053**	**146,908**
Other shareholders’ equity		
TOTAL INVESTED CAPITAL	**145,053**	**146,908**
Provisions for liabilities and charges		
Financial debt	111,049	123,023
CREDITORS		
Suppliers and apportioned accounts	1,288	999
Other accounts receivable and accruals	40,827	678
TOTAL CURRENT LIABILITIES	**153,164**	**124,700**
GRAND TOTAL	**298,217**	**271,608**

20.2 Appendix to the company balance sheet and social income statement of Sword Group SE at 31 December 2009

This is the appendix to the balance sheet prior to the breakdown of the financial year ending 31 December 2006 which totals €129,105,920.36, and to the financial statement for the financial year, presented in the form of a list, which shows profits of €3,694,121.83.

The financial year lasts 12 months and covers the period from 1/1/2009 to 31/12/2009.

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

NOTE 1: KEY HIGHLIGHTS FOR THE PERIOD

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 March and July 2009, Sword Group redeemed 44,399 shares in its subsidiary Sword Soft Ltd from minority shareholders for €4,095,000, thereby bringing its interests in that company from 88.68% to 92.87%.
- As at 28 May 2009 Sword Group acquired 15% of the shares of MiddelSoft, a company incorporated under Swiss law, for €369,000.
- As at 26 June 2009, Sword Group took part in the capital increase of LOG & PI Consulting for €124,000, corresponding to 7% of the shares, thereby bringing its interests from 5% to 12% of the company's equity.
- As at 31 December 2009 Sword Group acquired 10% of the shares of Simalaya, a company incorporated under Swiss law, for €1,173,000.

NOTE 2: EVENTS SUBSEQUENT TO YEAR END

Between 7 January and 1st March 2010 Sword Group bought back 6,800 shares in its subsidiary Sword Soft Ltd from minority shareholders, for a total amount of €541,000.

NOTE 3: ACCOUNTING RULES AND PRINCIPLES

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

General accounting conventions have been applied, in accordance with the prudence principle, and founded on these basic assumptions:
- the continuity of operations,
- the permanent nature of accounting methods from one financial year to the next,
- the independence of financial years,

and in accordance with the 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 does not possess any movable or immovable assets financed under a lease system.

3.3. Financial investments

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

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

This estimate is confirmed by an expert's assessment conducted each year.
The value of the securities in Sword Group's annual financial statements cannot be significantly greater than the value of the subsidiary in the consolidated financial statements.
The costs involved for acquiring interests are attached to the assets concerned.

3.4. Operating accounts receivable

These are assessed at face value and are essentially comprised of accounts receivable from subsidiaries.
A provision for the depreciation of customer accounts receivable is set up when a risk that these accounts may not be recoverable appears in the inventory.
Operating accounts receivable in foreign currency are valued on 31 December 2009 at the closing rate.

3.5. Own shares

Own shares, which are not part of the share repurchase programme authorised by the shareholders' general meeting, are held by Sword Group for €730,000. Consequently, that amount was recorded as financial fixed assets.

3.6. Provisions for liabilities 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 income, as well as any adjustments for management operations that are non-recurring and significant, and therefore justify their categorisation as extraordinary profit.

3.8. Income tax

Pursuant to the disposal, within the Group, of Sword SA shares held by Sword Group to Sword Soft Ltd and the merger-absorption of Sword SAS by Sword SA, the common law tax consolidation regime that was set up as of 1st January 2002 ceased to be effective as of 1st January 2009.

NOTE 4: INCOME STATEMENT

4.1 Payroll costs

Payroll costs stand at €213,707 and break down as follows:

(in €)	31/12/09 (12 months)	31/12/08 (12 months)
Gross wages	154,921	173,349
Statutory charges	58,786	71,470
Holdings and interests		
Total	***213,707***	***244,819***

Head count:

	31/12/09 (12 months)	31/12/08 (12 months)
Executive.	2	2
Non-executive		
Total	***2***	***2***

4.2. Net reserve allocations for operational depreciation and provisions.

(in €)	31/12/09 (12 months)	31/12/08 (12 months)
Net reserve allocation for tangible and intangible fixed assets	16,277	13,091
Reserve allocation for accounts receivable		
Reserve allocation for other provisions for risks and expenses		
Total	***16,277***	***13,091***

4.3. Breakdown of expenses and income for related companies

(in €)	Operating expenses	Income from operations
Total	4,964,827	3,803,889
Of which related companies		

(in €)	Financing costs	Financial income
Total	8,265,552	10,006,002
Of which related companies	1,435,536	4,090,083

4.4. Financial earnings

(in €)	31/12/09 (12 months)	31/12/08 (12 months)
Financial allocations for depreciation and provisions	52,587	1,237,829
Interest on current accounts	1,435,536	1,676,373
Bank interest	3,527,818	4,606,896
Mali on own shares		
Negative exchange rate differences	3,249,611	1,176,780
Forgiveness of current accounts		
Other financial expenses		
Total net financial costs	***8,265,552***	***8,697,878***
Reversal of financial allocations for depreciation and provisions	-	237,755
Financial income from stakes	2,861,810	
Income from marketable securities	9,462	56,147
Interest on current accounts	4,090,083	7,221,291
Bonuses on own shares		
Exchange rate differences	2,879,313	1,457,532
Other financial items (SWAP)	165,334	450,902
Total financial income	***10,006,002***	***9,423,627***
Financial earnings	***1,740,450***	***725,749***

4.5. Extraordinary earnings

Extraordinary profit can be broken down as follows:

(in €)	31/12/09 (12 months)	31/12/08 (12 months)
Net profit from sale of own shares		
Net profit from sale of assets	3,162,815	(6,539,967)
Other expenses or extraordinary earnings	(48,205)	
Extraordinary earnings	**3,114,610**	**(6,539,967)**

4.6. Gross cash flow margin

(in €)	31/12/09 (12 months)	31/12/08 (12 months)
Earnings	3,694,122	(6,184,689)
Depreciation	16,277	13,091
Provisions	(60,413)	1,000,074
Gross cash flow margin	***3,649,986***	***(5,171,524)***
Disposal of assets	3,162,815	(6,539,967)
Cash flow	***487,171***	***1,368,443***

4.7. Income tax breakdown

(in €)	Before tax	Corresponding tax	After tax
Current profit	579,512		579,512
Extraordinary earnings	3,114,610		3,114,610
Employee profit-sharing			
Accounting profit	3,694,122		3,694,122

At 31 December 2009, none of the fiscally integrated subsidiaries displayed 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	1,536
- Underlying appreciation of marketable securities	
- Deferrable losses	392
Total reduction of future debt	***1***

There is no growth in future tax debt to note.

NOTE 5: INTANGIBLE FIXED ASSETS

5.1. Position details

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

(in €)	31/12/2009		
	Gross values	Depreciation	**Net values**
Trademarks and patents	10,000		10,000
Total	**10,000**		**10,000**

5.2. Movements for the period

(in €)	01/01/09	Acquisitions	Disposals	Reclassification	31/12/09
Trademarks and patents					
Gross values Depreciation Net	10,000 - 10,000				10,000 - 10,000
Total	**10,000**				**10,000**

NOTE 6: TANGIBLE FIXED ASSETS

6.1. Position details

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

(in €)	31/12/2009		
	Gross values	Depreciation	Net values
Transport equipment	-	-	-
Total	**--**		

(in €)	31/12/2009		
	Gross values	Depreciation	Net values
Plant machinery and equipment	19,294	7,074	12,220
Total	**19,294**	**7,074**	**12,220**

6.2. Movements for the period

(in €)	01/01/09	Acquisitions	Disposals	Reclassification	31/12/09
Transport equipment					
Gross values Depreciation Net	37,863 (14,987) 22,876		(37,863) 14,987 (22,876)		
Total	**22,876**		**-**		

(in €)	01/01/09	Acquisitions	Disposals	Reclassification	31/12/09
Plant machinery and equipment					
Gross values Depreciation Net		19,294 (7,074)			19,294 (7,074)
Total		**12,220**			**12,220**

NOTE 7: FINANCIAL ASSETS

7.1. Position details

(in €)	31/12/08		
	Gross value	***Provisions***	***Net***
Equity holdings	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**

(in €)	31/12/09		
	Gross value	***Provisions***	***Net***
Equity holdings	101,891,153	1,854,395	100,036,758
Deposits and sureties	158,467		158,467
Other financial assets	730,174		730,174
Total	**102,779,794**	**1,854,395**	**100,925,399**

Financial fixed assets mainly consist of equity interests.

7.2. Movements for the period

(in €)	01/01/09	Acquisitions	Disposals	31/12/09
Equity holdings				
Gross values	101,303,671	5,760,994	(5,173,512)	101,891,153
Provisions	(1,801,808)	(52,587)		(1,854,395)
Net	99,501,863	5,708,407	(5,173,512)	100,036,758
Deposits				
Gross values	94,717	63,750		158,467
Provisions				
Net	94,717	63,750		158,467
Other financial assets				
Gross values		730,174		730,174
Provisions				
Net				
Total	**99,596,580**	**6,502,331**	**(5,173,512)**	**100,925,399**

Acquisitions of equity interests over the financial year relate to:

- The purchase of 10% of the equity of SYMALAYA, for €1,173,000,
- The purchase of 15% of the equity of MIDDLESOFT, for €369,000,
- The acquisition of minority shareholders' shares in SWORD SOFT for €4,095,000,
- The contribution to the capital increase of LOG & PY, for €124,000,

Acquisitions of equity interests over the financial year relate to:

- The disposal of SWORD ATLANTIQUE to SWORD SA for a price of €1,560,000 (net book value of the shares: €443,000), generating capital gains of €1,117,000,
- The disposal of SWORD SA to SWORD SOFT LTD for a price of €6,774,000 (net book value of the shares: €4,731,000), generating capital gains of €2,043,000,

NOTE 8: OPERATING ACCOUNTS RECEIVABLE

Position details

(in €)	31/12/08		
	Gross values	Provisions	Net values
Trade and operating receivables			
Other debtors	170,364,376	113,000	170,251,376
Deferred charges	21,498		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**

(in €)	31/12/09		
	Gross values	Provisions	Net values
Trade and operating receivables	11,008		11,008
Other debtors	187,449,967		187,449,967
Deferred charges	45,196		45,196
Total	**187,506,171**		**187,506,171**
Of which related companies			
Trade and operating receivables	10,936		10,936
Other debtors	186,463,508		186,463,508
Deferred charges			
Total	**186,474,444**		**186,474,444**

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 Inc., a subsidiary of Sword Group, which has repurchased AgencyPort. These receivables are due within less than one year, except for frozen current accounts (€278,215 due within more than 5 years).

NOTE 9: SHAREHOLDERS' EQUITY

(in €'000)	01/01/2009	Earnings appropriation	Profit (loss) for the period	Dividends paid	31/12/2009
Share capital	9,290				9,290
Additional paid-in capital	100,909				100,909
Legal reserve	929				929
Other reserves	1,734				1,734
Retained earnings	40,231	-6,185		-5,549	28,497
Earnings	-6,185	6,185	3,694		3,694
Total	**146,908**		**3,694**	**-5,549**	**145,053**

Issued capital and securities giving access to the capital

- ***Issued capital***

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

The extraordinary Shareholders' meeting of 30 August 2001 ordered a capital increase €3,412,000 to enable payments to Sword SA shareholders, who contributed all their Sword SA shares to Sword Group.

At 31 December 2001, pursuant to the exercising of 33,568 stock warrants held by J. Mottard, share capital was increased again, this time by €168,000.

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

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

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

On 20 March 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 21 January 2004 sub-delegated to the Chairman all authority granted by the aforementioned meeting.

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

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

The Board of Directors held 26 April 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.

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

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

On 14 June 2005 the Board of Directors permitted the exercise of 23,716 equity warrants that provided entitlement to 29,645 new shares, involving an increase in capital of €30,000 and an increase in the issue premium of €544,000.

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

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

On 21 June 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.

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

On 6 April 2007 the Board of Directors noted 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.

At 31 December 2009, share capital totalled €9,289,965, divided into 9,289,965 shares with a face value of €1.

Stocks options

Plan Nr.1

As at 28 April 2006, the Extraordinary General Meeting of Sword Group permitted the Board of Directors to grant options entitling their holders to subscribe up to 60,000 Sword Group shares. This authorisation has been granted for 38 months. As at 29 December 2006, the Board of Directors used the permission that was given and granted 60,000 share subscription options to the benefit of the employees and/or corporate officers.
The subscription price of new shares was set to the average of listed prices for the 20 stock market days preceding the decision to assign the options and stood, for the period from 29 November 2006 to 28 December 2006, at €35.128. The option allocation plan was closed on 29 December 2006.
At 31 December 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 31 December 2009, no option had been exercised.

Plan Nr.2
As at 30 January 2009, the Extraordinary General Meeting of Sword Group permitted the Board of Directors to grant options entitling their holders to subscribe up to 150,000 Sword Group shares. This authorisation has been granted for 38 months. As at 30 January 2009, the Board of Directors used the permission that was given and granted 150,000 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 at €10.60. The option allocation plan was closed 30 January 2009.
At 31 December 2009, the number of shares allocated stood at 150,000.
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 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.
- 2nd and 3rd plan: the shares acquired pursuant to the exercise of the options are non disposable, non marketable, non convertible to the bearer and cannot be rented or leased for a period of 12 months beginning on the date on which they are exercisable for the first time.

At year-end, that is 31 December 2009, no option had been exercised.

NOTE 10: NET DEBT

10.1. Item breakdown by type

(in €)	31/12/09	31/12/08
Other long- and medium-term borrowings	110,500,000	97,150,000
Other financial creditors	40,793,124	25,632,303
Current banking facilities	553,833	241,077
Total gross debt	***151,846,957***	***123,023,380***
Financial current accounts (debit side)		
Marketable securities	-	1,349,802
Cash and cash equivalents	10,498,999	356,361
Total net debt	***141,347,958***	***121,317,217***

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 1st November 2008 for a period of 48 months and an amount of €20M. This cover was subject to an addendum dated 2 January 2009 and its new maturity is 2 April 2012.

A second cover through paying SWAP at a fixed rate of 4.37% (excluding bank margin) was set up as at 1st November 2008 for a period of 48 months and an amount of €30M. This cover was subject to an addendum dated 2 January 2009 and its new maturity is 2 April 2012.

A third cover through paying swap at a fixed rate of 1.71% (excluding bank margin) was set up as at 6 August 2009 for a period of 24 months and an amount of €15M.

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.

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 €110,500,000 as at 31 December 2009.
At 31 December 2009, Sword Group complied with such covenants.

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

(in €)	31/12/09	31/12/08
Maturity date		
< 1 year	5,250,000	1,250,000
1 year < X < 5 years	101,250,000	63,900,000
> 5 years	4,000,000	32,000,000
Total	***110,500,000***	***97,150,000***

NOTE 11: OPERATING DEBTS

(in €)	31/12/09	31/12/08
Advance payments received		
Suppliers and other operating creditors	1,288,465	998,727
Income tax and social security liabilities	28,762	661,431
Non-current assets related borrowings		
Other liabilities	5,527	16,872
Deferred income		
Total	**1,322,754**	**1,677,030**
Of which related companies		
Advance payments received		
Suppliers and other operating creditors		
Income tax and social security liabilities		
Non-current assets related borrowings		
Other liabilities		
Deferred income		
Total	**-**	**-**

NOTE 12: ACCRUALS

(in €)	31/12/09	31/12/08
Clients and apportioned accounts		
Other debtors	46,990	133,688
Total	**46,990**	**133,688**

(in €)	31/12/09	31/12/08
Loans and debts from credit organizations	552,444	236,071
Suppliers and other operating creditors	410,770	621,310
Income tax and social security liabilities	7,233	51,828
Non-current assets related borrowings		
Other liabilities		
Deferred income		
Total	**970,447**	**909,209**

NOTE 13: OFF-BALANCE SHEET COMMITMENTS

Details by nature

(€'000)	31/12/09	31/12/08
Financial guarantees offered		
Sureties on future rentals		
Other sureties	8,950 (1)	10,701 (1)
Guarantees on foreign contracts		
Guarantee on foreign payment		
Commitments received		
Sureties received		
Other commitments received	2,100 (2)	10,701 (1)

(1) Sureties concern bank balances of €1,700K for Sword Technologies and of €1,500K for Tipik, unused at 31 December 2009, and a bank loan taken out by Sword Technologies for €8M, of which €5,750,000 had been used at 31 December 2009.

(2) 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 2009 financial year a gross remuneration of €187,000. 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.

20.3 Pro-forma financial information

None.

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 In € Gross	Net	Advance loan granted by the company and not yet paid back In €	Turnover In €	Profit (loss) for last period ended In €	Dividends cashed In €	Comments End of financial year
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	31/12
SWORD CREATION INFORMATIQUE PO BOX 9518 PRETORIA 0001 – SOUTH AFRICA	8	28,191	100	106,714	106,714		0	(72,902)	NONE	31/12
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	31/12
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	31/12

(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 €	Turnover In €	Profit (loss) for last period ended In €	Dividends cashed In €	Comments End of financial year
FI SYSTEM BELGIUM 49-51 Rue de Trèves Brussels	6,064,000	(3,346)	100	3,000,000	3,000,000	5,861,071	0	(287,081)	NONE	31/12
SWORD SOFT 1000 Great West Road Brentford Middlesex TW8 9DW	106,000	3,035,441	88.7	4,188,496	4,188,496	136,159,128	0	3,884,310	NONE	31/12
SWORD DDS 9 Avenue Charles de Gaulle 69370 ST DIDIER AU MONT D'OR	40,000	15,141	100	618,295	54,316		0	178	NONE	31/12
<u>2 - Interests held (10% to 50% of equity held)</u>										
SYMALAYA			10	1,173,160	1,173,160		1,912,859	245,648	NONE	31/12
MIDDLESOFT			15	369,240	369,240				NONE	31/12
LOG & PI CONSULTING	324,000	114,164	12	135,113	135,113				NONE	31/12

	Issued capital In €	Shareholders' equity excluding the issued capital In €	Share of capital held, in percentage	Value of the securities In €		Advance loan granted by the company and not yet paid back In €	Turnover In €	Profit (loss) for last period ended In €	Dividends cashed In €	Comments End of financial year
				Gross	Net					
<u>3 – General information about other subsidiaries and interests (less than 10% of equity held)</u>										
SBT			3.06	322,589	77,949				NONE	31/12
LYODSSOFT			9	1,045,776	0				NONE	31/12

20.4 Consolidated financial statement 2009

Consolidated income statement at 31 December 2009

€'000	Appended note	31/12/2009	31/12/2008
Turnover	**6**	**180,603**	**205,730**
Purchased consumables		-11,350	-16,443
Other purchases and external charges		-51,019	-54,900
Taxes and duties		-1,218	-1,522
Wages and social contributions	**7.1**	-82,055	-91,731
Depreciation and provisions charges	**7.2**	-2,259	-3,657
Other operating income and expenses	**7.4**	-670	-446
Current operating profit		**32,031**	**37,031**
Earnings on disposals and impairment of assets	**7.5**	4,554	-2,365
Other non-current operating income and expenses	**7.6**	-316	-954
Operating profit		**36,270**	**33,712**
Income from cash and cash equivalents	**7.7**	9	85
Gross financial expenses	**7.8**	-2,667	-5,120
Net interest expenses		**-2,657**	**-5,035**
Other financial income and expenses	**7.9**	-3,933	2,704
Pre-tax earnings		**29,680**	**31,382**
Income tax	**7.10**	-7,645	-10,042
Total net consolidated earnings		**22,035**	**21,340**
Of which Group share		21,724	20,979
Of which minority interests		311	361

Consolidated balance sheet at 31 December 2009
Assets

€'000	Appended note	31/12/2009			31/12/2008
		Gross	Depreciation prov	Net	Net
NON CURRENT ASSETS					
Goodwill	**8**	181,389		181,389	177,892
Other intangible fixed assets	**9**	4,444	1	2,956	1,246
Tangible fixed assets	**10**	26,485	20,916	5,569	6,349
Non-current financial assets	**11**	837	0	837	684
Securities held for sale	**11**	12	1	11	1
Other long-term assets	**11**	4,415		4,415	0
Deferred tax assets		884		884	698
TOTAL OTHER LONG-TERM FINANCIAL ASSETS		**231,044**	**23,694**	**207,351**	**188,816**
SHORT-TERM ASSETS					
Assets held for sale	**14**	10,594	3,544	7,051	6,433
Clients and apportioned accounts	**12**	72,662	1	70,832	75,665
Other current assets	**13**	18,568	5	18,563	16,399
Cash and cash equivalents	**15**	41,457	26	41,431	19,145
TOTAL CURRENT ASSETS		**143,280**	**5,404**	**137,876**	**117,641**
TOTAL ASSETS		**374,324**	**29,098**	**345,227**	**306,457**

Consolidated balance sheet at 31 December 2009
Liabilities

€'000	Appended note	31/12/2009	31/12/2008
CONSOLIDATED SHAREHOLDERS' EQUITY			
Share capital	16	9,290	9,290
Additional paid-in capital	16	100,909	100,909
Reserves - Group's share	16	14,607	-6,926
Group's share of net profit		**21,724**	**20,979**
GROUP'S SHARE OF EQUITY		**146,530**	**124,251**
Minority interests		1	305
TOTAL CONSOLIDATED SHAREHOLDERS' EQUITY		**148,101**	**124,556**
NON CURRENT LIABILITIES			
Retirement provision	17	135	116
Other non-current provisions	17	117	83
Long-term financial debt	15	114,951	101,768
Earnout due	3		230
Other long term liabilities		886	728
TOTAL NON-CURRENT LIABILITIES		**116,090**	**102,926**
CURRENT LIABILITIES			
Liabilities held for sale	14	7,812	4,558
Current provisions	17		
Suppliers and apportioned accounts	18	19,343	24,778
Income tax due	19	8,581	8,590
Other current liabilities	19	37,823	37,236
Short-term financial debt	15	7,479	3,814
TOTAL CURRENT LIABILITIES		**81,037**	**78,975**
GRAND TOTAL		**345,227**	**306,457**

Change in consolidated shareholders' equity at 31 December 2009

	Share capital	Additional paid-in capital	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 31/12/2007	**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 31/12/2008	**9,290**	**100,909**	**40,308**	**634**	**20,979**	**-47,868**	**124,252**	**305**	**124,556**
- Total earnings for the period									
. Net earnings					21,724		21,724	311	22,035
. Translation losses and profits						26,768	26,768	1,200	27,968
. Financial assets held for sale			1				1	92	1,238
. Cash flow hedging instruments			-207				-207		-207
- Own share transactions				-730			-730		-730
- Payment in shares							0		0
- Stock option transactions			224				224		224
- Earnings appropriation			20,979		-20,979		0		0
- Dividends paid by the parent			-5,549				-5,549		-5,549
- Change in consolidation scope and miscellaneous			-28,292			7,195	-21,097	-338	-21,435
Balance at close of accounts 31/12/2009	**9,290**	**100,909**	**28,609**	**-96**	**21,724**	**-13,905**	**146,531**	**1**	**148,100**

Expenses and income directly recorded as reserves (changes in translation differentials, capital gains on the disposal of treasury shares and revaluation of securities held
€1,031,000 in 2009 and €1,701,000 in 2008.

Cash flow statement at 31 December 2009

(in €'000)	Appended note	31/12/2009	31/12/2008
Cash flows from operating activities			
Total net consolidated earnings		**22,035**	**21,340**
Expense (income) with no impact on cash			
• Depreciation allowance		2,807	3,430
• Other provision allowance / reversals		106	1,048
• Capital gains or loss on the disposal of non current assets		-9	2,365
• Compensation paid in shares		225	144
Net interest expenses		2,657	5,035
Taxes and duties (due and deferred)	7.10	7,645	10,042
CASH FLOW		**35,467**	**43,404**
Income tax paid		-7,796	-8,260
Interest paid		-2,679	-5,050
Change in working capital requirements.	22	-9,438	-16,153
OPERATING CASH FLOWS		**15,553**	**13,941**
Investment operations			
Disbursement on acquisitions			
• intangible fixed assets		-2,198	-2,305
• tangible fixed assets		-2,062	-3,078
• financial assets		-11,476	-1,094
Income from disposals			
• intangible fixed assets		1	0
• tangible fixed assets		189	848
• financial assets		2,024	33
Impact of changes in consolidation scope	22	7,711	-59,159
NET CASH FLOW ON INVESTMENTS		**-5,811**	**-64,755**
NET OPERATING CASH FLOW AFTER INVESTMENTS		**9,742**	**-50,814**
Income from financial transactions			
Dividends paid by the parent company		-5,551	-4,924
Dividends paid to minority interests		0	5
Net funds received by:		0	0
• Capital and additional paid-in capital increase		0	0
• Subscription of the long-term loan		17,945	51,993
Redemption / disposal of own shares		0	0
Long-term debt reimbursement		-2,375	-2,252
TOTAL FINANCING CASH FLOWS		**10,019**	**44,822**
TOTAL CASH FLOWS		**19,761**	**-5,992**
Net cash at year-end (A)		41,261	18,175
Opening cash position (B)		18,175	26,150
Impact of the change in currency prices		-3,324	1,982
Change in cash (B)-(A)		**-19,761**	**-5,992**
Cash and cash equivalents		42,228	19,157
Creditor banking facilities		-967	-982
Net cash		41,261	18,175

The Group has decided to reclassify in 2009 the profits on disposals of shares in the subsidiaries SBTS and Nextech as impact of changes in scope for €4,545,000.

20.5 Appendix to the consolidated balance sheet and income statement at 31 December 2009

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 31 December 2009. The consolidated financial statements were approved by the Board of Directors on 9 March 2010. These accounts will only be finalised following approval by the Shareholders' General Meeting on 28 April 2010.

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

NOTE 1: HIGHLIGHTS FORTHE PERIOD AND EVENTS SUBSEQUENT TO YEAR END

1.1. Highlights for the period

The main events during the past financial year have been:

- On 11 May 2009, the UK subsidiary Sword Business Technology Solutions Ltd ("SBTS") was disposed of. The disposal price is £27.8M for 77.516% of the securities. The disposal generated a consolidation gain of €511,000. It was broken down in the income statement as follows:
    - +€4 092,000 as operating profit,
    - –€3 581,000, representing the translation differential on the value of the shares sold by Sword UK, was reclassified as financial income.

The layout of the income statement chosen by the company aims at improving the legibility of the financial statements, by distinguishing, in the operating income (loss) the elements relative to the gain excluding the fluctuations of the GBP and at isolating, in the financial income (loss), any sudden foreign exchange effects.

Main aggregates of the disposed company

in €'000	11/05/2009	31/12/2008
Turnover	12	35,027
Current operating profit	2,618	5,393
Net earnings	1,857	3,868
Total assets / liabilities	23,546	32,889

- In January 2009, Sword UK, Intech, Achiever and Build On Line UK, all of them based in the UK, merged.

- In January 2009, Sword Business Technology Solutions Ltd ("SBTS") and Sword Energy, both based in the UK, merged.

- In January 2009, Apak and Sword Banking Solutions, both based in the UK, merged.

- In March and July 2009, Sword Group redeemed 44,399 shares in its subsidiary Sword Soft Ltd from minority shareholders for €4,095,000, thereby bringing its interests in that company from 88.68% to 92.87%.

- On 24 August 2009, the Austrian subsidiary InfoTechno was disposed of. The disposal price is €1,528,000 for 100% of the securities. The disposal generated a consolidation gain of €110,000 (excluding expenses).

Main aggregates of the disposed company

in €'000	24/08/2009	31/12/2008
Turnover	1,208	1,493
Current operating profit	554	227
Net earnings	582	168
Total assets / liabilities	1,223	851

- In October 2009, the Brazilian subsidiary Nextech was disposed of. The disposal price is €2,000,000 for 000% of the securities. The disposal generated a consolidation gain of €453,000 (excluding expenses).

Main aggregates of the disposed company

in €'000	22/10/2009	31/12/2008
Turnover	942	2,627
Current operating profit	168	656
Net earnings	235	221
Total assets / liabilities	3,034	2,193

- On 19 November 2009, Sword Soft Inc, a wholly-held subsidiary of Sword Soft Ltd, acquired 82.5% of AgencyPort, a company based in Boston (USA), for €27,098,000 (including the estimated price supplement pursuant to the setting up of a put contract on the acquisition of minority holdings). This company is a leader in software design, enabling insurance companies to handle their agents via Web solutions. It is a leader in the insurance policy distribution technologies market. AgencyPort posts turnover of approximately $22M per annum (the main aggregates are displayed in Note 4).

The impact of changes in the scope of consolidation on the 2009 accounts is provided in Note 3. and Note 7.5 regarding disposals.

1.2. Events subsequent to year-end

- Between 7 January and 1st March 2010 Sword Group bought back 6,800 shares in its subsidiary Sword Soft Ltd from minority shareholders, for a total amount of €541,000€,
- On 7 January 2010 Sword Soft Ltd redeemed 20 shares in its subsidiary FircoSoft from minority shareholders for €26,000,
- On 1st February 2010 Sword Technologies sold its minority holdings of 10% in OKTOPUS for €50,000, thereby posting gains of €47,000,
- On 4 March 2010, 3 agreements for the disposal of shares in AgencyPort to minority shareholders, including put and call clauses, were executed in accordance with the initial acquisition agreement of 19 November 2009.

NOTE 2: CONSOLIDATION PRINCIPLES AND ASSESSMENT METHODS

2.1. Accounting standard

As per European Regulation n° 1606/2002 of 19 July 2002 regarding international accounting standards, the consolidated accounts of Sword Group at 31 December 2009 and the comparative accounts for financial 2008 were established by applying the IFRS (International Financial Reporting Standards) standards, as adopted by the European Union. The standards and interpretations applied are those published in the OJEU (Official Journal of the European Communities) before 31 December 2009, whose implementation was mandatory on that date.
These standards are available on the website of the European Union, at (http://ec.europa.eu/internal_market/accounting/ias) and include the standards approved by the International Accounting Standards Board (IASB), i.e. the IFRS standards, the international accounting standards (IAS) and the interpretations from the International Financial Reporting Interpretations Committee (IFRIC) or from the Standing Interpretations Committee (SIC).

The Group implemented for the first time the standards and interpretations whose enforcement was mandatory as of 1st January 2009, namely:

- IAS 1 revised – Presentation of Financial Statements: the only impact of this revised standard was a change in the presentation of the financial statements. The Group chose the option to present the overall income statement as two separate financial statements.
- IFRS 8 – Operating Segments: the information displayed is based on the internal reporting used by management. An assessment of performance results is carried out at combined subsidiary level, per line of products.

  The benchmark segment indicator reviewed by the main decision-makers is the turnover and the current operating profit (loss).
- IAS 23 revised – Borrowing Costs: this standard has had no impact on the consolidated financial statements.
- IAS 38 – Advertising and promotional activities: this standard has had no impact on the consolidated financial statements.

The other standards and interpretations whose enforcement was mandatory for the periods beginning as of 1st January 2009 had no impact on the consolidated financial statements and/or their presentation.
The Group chose not to implement beforehand the standards and interpretations adopted by the European Union before year-end, which come into force subsequent to that date. The Group does not anticipate, given the analysis under way, any significant impact on its financial statements and/or their presentation.
The Group has not used any accounting principles, either mandatory or optional in 2009, which had not yet been adopted at European level. It does not expect the standards and interpretations, published by IASB but not yet approved at European level, to have any significant impact on its financial statements.
IFRS 3 revised, which deals with business combination and has been mandatory for fiscal years beginning as of 1st July 2009 may have a significant impact on the consolidated accounts for the accounting of the Group's future external growth operations.

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

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

The consolidated income statement is presented by nature, in accordance with the model proposed by the CNC (National Accounting Board) in Recommendation 2009-R-03.

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 2009-R-03 with emphasis on the current operating profit (loss) (COP).

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 income 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 (organisational structure and degrees of independence, type of products and processes, types of client, regulatory environment etc). This has led to the identification of a first level of sectoral information linked to sectors of business activity, which break down as follows:

- The Solutions segment, specialising 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 organised into geographical sectors (there are no regional managers or regional reporting etc).

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,

Income and costs (including depreciation and provisions) are converted using the average rate for the period,

Shareholders' equity items are converted at their historic exchange rates,

Exchange rate differences, in respect both of opening capital items and the income for the period, are accounted for in shareholders' capital under "Conversion reserve", included in the Group's share of the reserves,

The conversion reserve is noted in the results following the disposal of a subsidiary.

2.8. Conversion of transactions made in foreign currency

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

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

Latent exchange rate differences in respect of borrowings that are an integral part of net investments in a foreign subsidiary and whose payment is not planned, probable or predictable in the near future are 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 finalised within one year from date of acquisition. Changes that occurred after that date are recorded in the accounts, with the exception of deferred tax credits.

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

Additions to the price (earn outs) are set by applying the criteria in the purchase contract (turnover, profits etc) to the forecasts considered to be the most likely. They are categorised in current liabilities for that part that is less than a year and in non-current liabilities for that part over one year. Earn outs are re-estimated at each year-end, and any variations are allocated to Goodwill. They are updated when the impact is significant. If applicable, the effect of "accretion" of debt recorded in the liabilities is posted under the item, "Gross cost of borrowings".
Upon the acquisition of AgencPort, the company made repurchasing commitments (put or forward) to the Group's minority shareholders (see Note 3).

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, whose implementation became mandatory as of 1st July 2009, acquisition or disposal transactions that take place with minority shareholders are henceforth considered to be transactions between shareholders. Thus, as of 1 January 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 amortised in accordance with IFRS 3, but is subjected to impairment tests each year in accordance with the general principles defined in Note 2.14 for the application of IAS 36. Impairment cannot be taken into the income statement prior to disposal of the cash-generating unit to which the goodwill is attached.

When a business or a subsidiary is disposed of, the goodwill is taken into the income statement up to the fair value ratio of the disposed goodwill (determined on the basis of the disposal price) / recoverable value of the total goodwill of the cash-generating unit to which the disposed entity belongs, applied to the book value of the goodwill of the said cash-generating unit. In accordance with paragraph 86 b) of the IAS 36 standard, another method can be 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 capitalised 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 amortised from the sales stage of the project for the project's expected period of usefulness). In accordance with IAS 36, "Impairment of assets", when events or changes in market circumstances indicate a risk of loss of value of such intangible assets, they undergo a detailed review (cf. Note 2.14.) to determine if their net book value is lower than their recoverable value. Impairment tests are carried out annually as defined in Note 2.14. Impairment is determined when the book value is higher than the recoverable value.

2.10.2. Other intangible fixed assets

These are mainly software.

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

All intangible assets have a set lifetime, and accordingly are amortised 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.

Depreciation 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. Lease agreements

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

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

2.13. Activities held for sale or to be discontinued

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

2.14. Impairment tests

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

An analysis of impairment is carried out for assets tested, either per individual asset or per cash-generating units (the smallest identifiable group of assets generating cash flows substantially independent of those generated by other groups). Goodwill is tested at the 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 amortisable 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 summarised below:

Forecast horizon: 3 years,
Taking into account a final value calculated using a normative, discounted cash flow and an infinite growth rate specific to each area of operational activity.
Discount rate specific to each area of operational activity. The discount rate is based on the risk-free rate (average 10-year Euroswap rate: 3.5%; against 4.1% in 2008), plus a 5.1% market risk premium for the Euro Zone (5.7% premium in 2008), a beta coefficient specific to the area of operational activity and a specific risk premium to take into account the size of the entities (the same as in 2008). The discount rates stand at 10.89% for CGU 1, 10.80% for CGU 2 and 10.94% for CGU 3, against 12.34% for CGU 1, 11.84% for CGU 2 and 12.03% for CGU 3 in 2008.
Growth rate: the growth rate applied to the flows beyond the budget period chosen is 2% and remains the same as in 2008.

2.15. Non-current financial assets

Long-term investments are made up mainly of:

- deposits and guarantees treated as assets using the cost price method (cf. Note 2.21 concerning financial instruments)
- and shares in companies over which the Company does not have control or special influence, which are accounted for as financial assets held for sale, namely valued at fair value; 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 turnover

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.

Turnover 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 income 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.

Besides, in accordance with IAS 18.20, the services performed are recognised as turnover when they meet the following criteria:
- likelihood that the economic benefits granted to the transaction will go to the company,
- reliable assessment of the income,
- reliable assessment of the progression,
- reliable assessment of the costs incurred.

2.17. Cash and cash equivalents

The Cash and cash equivalents item breaks down into bank balances, marketable securities and other very liquid investments, 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 services schemes (the Group is obliged to pay the level of services agreed to members of its staff working and to previous members of staff, with the actuarial risks falling on the Group): these are retirement commitments as defined in collective agreements or company-wide agreements: the commitment is calculated using the projected credit units method, taking into account actuarial assumptions (mortality rate, turnover rate, update rate and rate of salary increase etc). Details of the actuarial assumptions used are shown in Note 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 departure 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 Payroll 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.
Pursuant to the internal disposal of Sword SA shares held by Sword Group to Sword Soft Ltd and the merger-absorption of Sword SAS by Sword SA, the tax consolidation regime ceased its effects as of 1st January 2009.
Tax due is shown separately in Current Liabilities.

Deferred taxes

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

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

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

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

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

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

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

Deferred tax credits and tax due are not updated.

2.21. Contribution Economique Territoriale (C.E.T) (a new French tax)

The finance act for 2010, voted on 30 December 2009, eliminated the "taxe professionnelle" for French fiscal entities as of 2010, and replaced it with the Contribution Economique Territoriale (C.E.T) which includes two new contributions:
- The Cotisation Foncière des Entreprises (C.F.E) (real property tax for companies), based on the rental value of the current Taxe Professionnelle (professional tax);
- The Cotisation sur la Valeur Ajoutée des Entreprises (C.V.A.E) (contribution on corporate added value), based on the added value resulting from the corporate accounts.

The Group records the Taxe Professionnelle (professional tax) as operating expenses.
At this stage, the Group has determined that the aforementioned fiscal change mainly consisted in a change in the method applied to calculate the French local tax, without changing its nature drastically. The Group therefore considers that neither the C.V.A.E., nor the C.F.E. should be subject to a recognition method different from the one applied to the professional tax. These two new contributions will be classified as operating expenses and therefore do not fall within the scope of application of IAS 12 - Income Taxes. If a local opinion were to arise explicitly in 2010 in favour of a different processing mode, the Group may change its mind.

2.22. 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 amortisation in capital determined using the effective rate of interest method and adjusted if applicable for impairment in the event of loss in value. For assets 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,

2.23. Turnover

Turnover 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.

2.24. 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.

2.25. Non-current operating elements

Non-current operating elements comprise items such as “Income from disposal and depreciation of assets” and “Other non-current operating income and expenses”. They correspond to unusual or rare income or expenses, of a significant amount, other than income from disposed activities, including:
- Income from goodwill disposal or amortisation, depreciation of tangible or intangible assets meeting that definition,
- Income from the disposal of consolidated companies,
- Significant net restructuring costs.

2.26. 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.

2.27. Earnings per share

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

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

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

2.28. Cash flow statement

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 materialise as shares).

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

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

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

NOTE 3: CHANGE IN CONSOLIDATION SCOPE

The main changes to the consolidated scope in 2009 are described in paragraph 1.1.

- Acquisition

	AgencyPort in $M [1]
% Acquired	82.5
Related line of business	Software
Acquisition cost - of which acquisition expenses - of which earn out	40.08 2.23
Fair value of acquired assets	8.3
Fair value of acquired liabilities	5.1
Revaluations	-
Revalued net asset	3.2
Earnings since acquisition date	
Goodwill	37.47
Earn out	

[1] USD exchange rate at acquisition date (end of month rate): €1 = $0,676178

At 19 November 2009, Sword Soft Inc. acquired 100% of the shares of AgencyPort, a company based in Boston, USA, for $32,732,000. The acquisition agreement provides for a firm commitment to resell part of the shares to certain managers, the resale being conditioned by forward call and put contracts. Based on negotiations under way at year-end, these commitments were reflected as follows in Sword Group's consolidated accounts at 31 December 2009:

- recognition of the sale to managers of 17.5% of the acquired shares, i.e. a net acquisition debt of $27,004,000.
- recognition of a long-term financial debt relative to the put for $13,071,000, for the repurchase commitment, by Sword Group, of these securities to minority shareholders, valued on the basis of the most likely assumptions at year-end.

These commitments were recognised in the accounts against goodwill and have had no impact on earnings.

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, particularly regarding the potential recognition of intangible assets relative to the company's software programmes, 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.

- Disposals

The main aggregates for the companies that were disposed of are detailed in paragraph 1.1

The main changes that took place in the course of 2008 regarding the consolidation scope, result from the following events:

- Sword South Africa was sold in February 2008. In 2008, this company contributed €80,000 to the 2008 consolidated turnover 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 31 March 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 turnover 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 30 September 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 Solution, all based in France, merged. This operation has no impact on the consolidated financial statements.

The comparison table for price complements integrated into the acquisition price in 2009 and 2008, is given below:

(€'000)	31/12/2009			31/12/2008			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	
Nextech (company sold in 2009)				230	230		Earn out is based on turnover and profit from 2007 to 2010
Achiever				420			Earn out is based on turnover and profit from 2008 to 2010
Total			0	650	230	0	

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 estimated turnover and net income of the companies acquired in 2009 for the period from 1st January 2009 to 31 December 2009 are presented below:

	AgencyPort $'000
Turnover	22,871
EBIT	5,000

NOTE 5: METHOD USED FOR CONVERTING ELEMENTS IN FOREIGN CURRENCY

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

	Average rate 31/12/2009	Average rate 31/12/2008	Closing rate 31/12/2009	Closing rate 31/12/2008
GBP	0.891046	0.794786	0.8881	0.952500
USD	1.393268	1.463484	1.4406	1.391699
Brazilian Real	2.770566	2.658309	2.5113	3.243604
Swiss Franc	1.509454	1.586111	1.4836	1.484999
South African rand	11.686339	12.010281	10.665984	13.066771
Indian rupee	67.308339	64.234327	67.042102	67.123104
Australian dollar	0.563421	0.568118	0.624688	0.493243
Hong Kong dollar	0.092595	0.088493	0.089518	0.092714
New Zealand dollar	0.451428	0.469696	0.504974	0.413377

NOTE 6: SECTOR INFORMATION

Sector information by line of business

(€'000)	Solutions		Software		Other activities		Consolidated	
	2009	2008	2009	2008	2009	2008	2009	2008
Turnover	84,145	109,606	96,458	96,124			180,603	205,730
Operating profit current	7,912	13,364	24,119	23,667			32,031	37,031
Non-current operating revenue and expenses (including disposals)	-189	-1,229	4,552	-1,641	-124	-449	4,239	-3,319
Financial charges					6,590	2,331	6,590	2,331
Taxes					7,645	10,042	7,645	10,042
Net income	7,723	12,135	28,671	22,026	-14,359	-12,822	22,035	21,339
Segment assets	79,894	128,801	250,901	173,896			330,795	302,697
Head office assets and other non-allocated assets					14,431	3,760	14,431	3,760
Total consolidated assets	79,894	128,801	250,901	173,896	14,431	3,760	345,226	306,457
Segment liabilities	79,894	128,801	250,901	173,896			330,795	302,697
Head office liabilities and other non-allocated liabilities					14,431	3,760	14,431	3,760
Total consolidated liabilities	79,894	128,801	250,901	173,896	14,341	3,760	345,226	306,457
Investments	3,045	2,973	27,246	47,339	19		30,310	50,312
Depreciation allowance	1,318	1,519	1,474	1,898	16	13	2,808	3,430
Net expenses calculated without depreciation	71	-70	-4	-112	39	1,230	106	1,048

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

NOTE 7: INCOME STATEMENT

7.1. Wages and social contributions

Payroll expenses break down as follows:

(€'000)	12/09	12/08
Short-term benefits / gross wages	68,925	77,896
Short-term benefits / social contributions	12,358	13,412
Benefits related to payments in shares	225	144
Long-term benefits (incentive and profit-sharing)	220	64
Other benefits	328	215
Total	82,056	91,731

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

Average consolidated workforce

	12/09	12/08
Billable employees	1,274	1,416
Non billable head count	224	238
Total	1,498	1,654

7.2. Depreciation and provisions/impairment

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

(€'000)	12/09	12/08
Depreciation of intangible and tangible assets	2,807	3,430
Depreciation of trade and other receivables	(602)	417
Net provisions	54	(190
Total	2,259	3,657

7.3. Research and development costs

(€'000)	12/09	12/08
Total expenses incurred	(17,162)	(17,899)
Activated R&D costs (Note 9)	1,010	308
Non-activated costs (1)	(16,152)	(17,591)
Depreciation of previously activated development costs (Note 9)	87	589
Total	(16,065)	(17,002)

(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

(€'000)	12/09	12/08
Disposal cost	(2,014)	(497)
Income from the disposal of SSAF		(204)
Income from the disposal of SWORD BTS/SWORD ENERGY	5,983	
Income from the disposal of INFOTECHNO	110	
Income from the disposal of NEXTECH	453	
Income from the disposal of intangible fixed assets		(1,631)
Income from the disposal of tangible fixed assets	22	(33)
Total	4,554	(2,365)

7.6. Other non-current operating income and expenses

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

(€'000)	12/09	12/08
Head office transfer costs	(79)	
Writing off of receivables	(48)	
Tax adjustment		25
Exceptional rent [1]		(984)
Compensation for termination of contract		(3)
Other non-current expenses	(259)	(11)
Other non-current revenues	70	19
Total	(316)	(954)

[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-

(€'000)	12/09	12/08
Financial income from non-consolidated interests		29
Income from investments	9	56
Total	9	85

7.8. Cost of gross financial debt

(€'000)	12/09	12/08
Interest on lease finance contracts		-
Interest on borrowings and other debt	(3,674)	(5,146)
Other financial expenses		
Other financial items	1,008 [1]	26
Total	(2,666)	(5,120)

[1] €1,001,000 relate to the financial interest on the loan granted by General Partners in the framework of the disposal of SBTS.

7.9. Other financial income and expenses

(€'000)	12/09	12/08
Foreign exchange loss on financial operations	(13,294)	(6,026)
Other financial expenses	(370)	(1,412)
Foreign exchange gain financial operations	9,181	9,191
Other financial items	549	951
Total	(3,934)	2,704

7.10. Analysis of income tax expenses

7.10.1. Structure of the income tax bill

(€'000)	12/09	12/08
Current tax (Note 7.10.1.A)		
Income tax on ordinary operations	7,270	9,753
Deferred taxes		
Deferred taxes for the period	375	289
Miscellaneous		
Total	7,645	10,042

A. Current taxes

The current tax burden is equal to the income tax due to the tax authorities for the period, in accordance with the rules and taxation rates applicable in the various countries.
Pursuant to the internal disposal of Sword SA shares held by Sword Group to Sword Soft Ltd and the merger-absorption of Sword SAS by Sword SA, the tax consolidation regime ceased its effects as of 1st January 2009.

B. Deferred taxes

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

The base income tax rate applicable to companies in France is 33.33%. The income tax expected for the financial years ended 31 December 2008 and 31 December 2009 stands at 33.33%.

7.10.2. Actual tax rate

(€'000)	12/09	12/08
Profit from consolidated companies before tax	29,654	31,382
Average tax rate in force in France	33.33%	33.33%
Expected tax	9,884	10,460
Impact		
▪ Final difference between profit before tax and taxable profit	(717)	1,521
▪ Permanent differences on consolidation entries	(222)	(824)
▪ Tax rate difference on the disposal of equity interests	-	-
▪ Exchange rate difference for foreign subsidiaries	(1,069)	(275
▪ Non-activation of income tax for tax deficits (prudence principle)	843	18
▪ Use of tax deficits not taken into account at the start of the year	(221)	(377)
▪ Tax credits	(393)	(171)
▪ Miscellaneous	(460)	(310)
Actual assessed tax	7,645	10,042
Actual tax rate	25.70%	32.00%

7.10.3. Deferred taxes recorded to the balance sheet

Balances	**2008**	**2007**
Deferred tax assets		
- deferred taxes that can be activated	884	698
- of which, not recognised		
Recorded deferred tax assets	884	698
Deferred tax liabilities	-852	-728
Net deferred taxes	32	-30

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

- i.e., for financial 2009

In €'000	31/12/08	Impact on earnings	Impact on net position	Change	Scope	Other	31/12/09
Provisions	39	6					45
Intangible and tangible fixed assets	-458	-143		16			-585
Temporary differences generated on other balance sheet items	389	-238	417	4			572
Deferrable losses and taxes							
Deferred gross assets and liabilities	-30	-375	417	20			32

- i.e., for financial 2008

In €'000	31/12/07	Impact on earnings	Impact on net position	Change	Scope	Other	31/12/08
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

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 euros	12/09	12/08
Undiluted net earnings per share		
▪ Total average number of shares	9,289,965	9,289,965
▪ Total net profit	22,034,885	20,978,567
▪ Undiluted net earnings per share	2.37	2.26
Net diluted earnings per share		
▪ Total average number of shares	9,289,965	9,289,965
▪ Number of shares attached to the stock options	9,322	(32,424)
	(share equivalent)	(share equivalent)
▪ Number of shares attached to the BSAs	0	0
	(share equivalent)	(share equivalent)
▪ Total number of securities	9,299,287	9,257,541
▪ Total net profit	22,034,885	20,978,567
▪ Net diluted earnings per share	2.37	2.27

NOTE 8: GOODWILL

The item has changed as follows in 2009:

(€'000)	12/08	Acquisitions - Depreciations	Earn-out adjustments on previous acquisitions	Item to item transfer	Disposals	Foreign exchange rate effect	12/09
GOODWILL							
Gross values	177,892	26 147	-830		-29,977	8,157	181,389
Impairments							
Net	177,892	26,147	-830		-29,977	8,157	181,389

The item has changed as follows in 2008:

(€'000)	12/07	Acquisitions - Depreciations	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

Goodwill breakdown by cash-generating unit is as follows at 31 December 2009:

(€'000)	31/12/2009
CGU1: Products sold as a service (SaaS)	141,553
CGU2: Products sold on an "as is" basis	4,662
CGU3: Services	35,174
Consolidated total	181,389

Goodwill breakdown by cash-generating unit is as follows at 31 December 2008:

(€'000)	31/12/2008
CGU1: Products sold as a service (SaaS)	137,117
CGU2: Products sold on an "as is" basis	4,665
CGU3: Services	36,111
Consolidated total	177,892

The implementation of impairment tests, in accordance with the method described in Note 2.14 above, has not led to the recognition of impairments on the Group's three CGUs.
The sensitivity tests that were carried out on the discount rates and on the infinite growth rate (+/- 1 point) have not led to the recognition of impairments.

		CGU 1 Terminal growth				
		1.0%	1.5%	2.0%	2.5%	3,0%
WACC	9.9%	221,085	232,686	245,758	260,599	277,593
	10.4%	209,356	219,652	231,175	244,159	258,898
	10.9%	198,817	208,010	218,236	229,681	242,577
	11.4%	189,295	197,547	206,678	216,835	228,204
	11.9%	180,649	188,094	196,291	205,360	215,450

		CGU 2 Terminal growth				
		1.0%	1.5%	2.0%	2.5%	3,0%
WACC	9.8%	21,892	23,044	24,342	25,819	27,513
	10.3%	20,730	21,750	22,894	24,184	25,650
	10.8%	19,687	20,597	21,610	22,746	24,027
	11.3%	18,744	19,561	20,464	21,471	22,599
	11.8%	17,890	18,625	19,436	20,334	21,334

		CGU 3 Terminal growth				
		1.0%	1.5%	2.0%	2.5%	3,0%
WACC	9.9%	74,014	77,858	82,186	87,096	92,713
	10.4%	70,119	73,533	77,351	81,649	86,526
	10.9%	66,617	69,666	73,057	76,849	81,119
	11.4%	63,450	66,189	69,218	72,586	76,353
	11.9%	60,574	63,046	65,767	68,775	72,121

NOTE 9: INTANGIBLE FIXED ASSETS

Item details and changes for 2009

(€'000)	12/08	Acquisitions-Depreciations	Disposals	Foreign exchange rate effect	Scope changes	12/09
R&D costs						
Gross values	1,256	1,010	(162)	39		2,143
Depreciation and impairment	(584)	(87)		(27)		(698)
Net	672	923	(162)	12		1,445
Other intangible fixed assets						
Gross values	1,963	1,215	(531)	53	(400)	2,300
Depreciation and impairment	(1,389)	(282)	531	(8)	358	(790)
Net	574	933		45	(42)	1,510
Total	1,246	1,856	(162)	57	(42)	2,955

Item details and changes for 2008

(€'000)	12/07	Acquisitions-Depreciations	Disposals	Foreign exchange rate effect	Scope changes	12/08
R&D costs						
Gross values	3,785	308	(2,465)	(372)		1,256
Depreciation and impairment	(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 and impairment	(890)	(185)	22	4	(340)	(1,389)
Net	690	4	(7)	(116)	3	574
Total	3,503	(277)	(1,632)	(350)	3	1,246

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 2009

(€'000)	12/08	Acquisitions-Depreciations	Disposals	Merger	Reclassification	Foreign exchange rate effect	Scope changes	12/09
Land								
Gross values								
Depreciation								
Net								
Buildings								
Gross values	649			166		59	5	879
Depreciation	(261)	(44)				(19)	(5)	(329)
Net	388	(44)		166		40		550
Transport equipment								
Gross values	538	17	(135	(72)		17	(1)	364
Depreciation	(333)	(83	126	72		(12)		(230)
Net	205	(66)	(9)			5	(1)	134
Fixtures-installations								
Gross values	2,976	173	(94)	(403		23	(277)	2,398
Depreciation	(1,776)	(198)	76	216		7	101	(1,574)
Net	1,200	(25)	(18)	(187		30	(176)	824
IT and office equipment								
Gross values	18,325	1,485	(1,168)	(1,277)		376	(514)	17,227
Depreciation	(15,265)	(1,667)	1,035	1,268		(235)	319	(14,545)
Net	3,060	(182)	(133)	(9)		141	(195)	2,682
Office furniture								
Gross values	5,566	265	(14)	(87)		226	(338)	5,618
Depreciation	(4,069)	(427)	13	109		(147)	283	(4,238)
Net	1,497	(162)	(1)	22		79	(55)	1,380
Tangible fixed assets								
Gross values	28,054	1940	(1,411)	(1,673)		701	(1,125)	26,486
Depreciation	(21,705)	(2,419)	1,250	1,665		(406)	698	(20,916)
Net	6,349	(479)	(161)	(8)		295	(427)	5,570
Total	6,349	(479)	(161)	(8)		295	(427)	5,570

Item details and changes for 2008

(€'000)	12/07	Acquisitions-Depreciations	Disposals	Item to item transfer	Reclassification	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 furniture								
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

No guarantees have been given regarding acquired tangible assets.

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

11.1 Non-current financial assets and other non-current assets

Non-current financial assets consist mainly of paid and recoverable guarantee deposits posted by Sword Group, Sword SA, Sword INC, TIPIK and Global India.

The other non-current assets are comprised of receivables due within more than one year. They include, in particular, the accrued income on the disposal of Nextech for €2,000,000 and an advance to Nordline for €1,800,000.

11.2. Securities held for sale

The securities held for sale correspond to:

- The interests held in BTS (22.484%). The fair value chosen for the shares at 31 December 2009 is equivalent to 22.484% of the sale price recognised upon the partial disposal of the shares on 11 May 2009, i.e. €8,973,000. The difference between the fair value and the historic value of the shares, i.e. €1,023,000, was recognised as shareholders' equity in 2009. The interests held in BTS are recognised as shares held for sale, due to the lack of noticeable influence in that company, characterised by the non-representation of the Sword Group in the management bodies and a conditional dividend entitlement. Based on the accounts of BTS at 31 December 2009, no signs of impairment or loss of value have been identified.

- The interests held in SBT. At 31 December 2009, Sword Group held 37,296 shares in that company. The average acquisition price stands at €8.65 and the fair value at 31 December 2009 at €78,000. The change in fair value was recognised as shareholders' value.

- The interests held in various other companies, including: Lyodssoft (a non-listed company), Middlesoft (a non-listed company) and Simalaya (a non-listed company) for a total of €3,290,000 of gross value and 2,244,000 of net value.

		Later evaluation			
(€'000)	Dividends	Change in fair value	Foreign exchange rate effect	Impairment	Income from disposal
Shareholders' equity	-	1,238	-	-	-
Earnings	-	-	-	-	-
Total	-	1,238	-	-	-

The assessment of the securities held for sale at fair value had no impact on the earnings for the period.

NOTE 12: RECEIVABLES

(€'000)	12/09	12/08
Gross receivables	72,662	77,750
Impairments	(1,830)	(2,084)
Net values	70,832	75,665

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

NOTE 13: OTHER CURRENT ASSETS

(€'000)	12/09	12/08
Tax credits	4,664	3,380
Other tax and social contribution credits	6,961	8,793
Deferred charges	3,695	2,930
Other current assets	3,248	1,413
Total gross values	18,568	16,516
Impairments	(5)	(118)
Total	18,563	16,399

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 Graham Land and Estates.

In €'000	31/12/2009
Assets	7,051
Liabilities	7,811

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

Assets and liabilities held for sale corresponding to Graham Land and Estates.

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

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

NOTE 15: NET FINANCIAL DEBT
(Excluding price complements)

Item breakdown by type

(€'000)	12/09	12/08
Lease finance debt related to assets held for sale (1)		
Other long-term and medium-term borrowings (1)	121,832	104,943
Current banking facilities	599	639
Total gross debt	122,431	105,582
Marketable securities	21	1,377
Cash and cash equivalents	41,409	17,768
Total net debt	81,001	86,437

(1) of which short- and long-term debt, for €6,881,000 and €114,951,000, respectively, at 31 December 2009, and €3,175,000 and €101,768,000 at 31 December 2008.

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 €40,831,000 at 31 December 2009 and €18,506,000 at 31 December 2008.

Most borrowings are denominated in euros.

Breakdown of loans by maturity date

(€'000)	12/09	12/08
Short-term financial debt (< 1 year)	7,479	3,814
1 year < X < 5 years	110,951	69,768
> 5 years	4,000	32,000
Long-term financial debt (> 1 year)	114,951	101,768
Total	122,430	105,582

Non-current financial debts at 31st December 2009 include, up to €105,250,000 versus €95,900,000 as at 31st December 2008, 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, as per paragraph 73 of IAS1, 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 31 December 2009 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.
As of 1st July 2008, the Group has decided to document cash flow cover relations for the other 2 swaps still alive at 31 December 2008.
Cover through paying SWAP at a fixed rate of 3.95% (excluding bank margin) was set up as at 1st November 2008 for a period of 48 months and an amount of €20M. This cover was subject to an addendum dated 2 January 2009 and its new maturity is 2 April 2012.
This cover is estimated at fair value in the balance sheet at 31 December 2009 for €18,873,000. 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 -€692,000.

Cover through paying SWAP at a fixed rate of 4.37% (excluding bank margin) was set up as at 1st November 2008 for a period of 48 months and an amount of €30M. This cover was subject to an addendum dated 2 January 2009 and its new maturity is 2 April 2012.
This cover is estimated at fair value in the balance sheet at 31 December 2009 for €27,929,000. The Group applies cover accounting and recognises 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 -€1,146,000.

A third cover through paying swap at a fixed rate of 1.71% (excluding bank margin) was set up as at 6 August 2009 for a period of 24 months and an amount of €15M. This cover is estimated at fair value in the balance sheet at 31 December 2009 for €14,907,000. 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 -€93,000.
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 recognised as shareholders' equity as of 1 July 2008 (unrealised result reserve) for a total of €2,797,000 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 €110,500,000 as at 31 December 2007 (versus €97,150,000 at 31 December 2008).
At 31 December 2009, Sword Group complied with such covenants.

Guarantees on borrowings

See Note 21.

Credit lines available at 31 December 2009

In €'000	31/12/09	Less than one year	Between 1 and 5 years	More than 5 years
Outstanding amount authorized	152,196	12,799	130,532	8,865
Outstanding amount used	121,832	6,881	110,951	4,000
Credit Available	30,364	5,918	19,581	4,865

Credit lines available at 31 December 2008

In €'000	31/12/08	Less than one year	Between 1 and 5 years	More than 5 years
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

NOTE 16: CHANGE IN SHAREHOLDERS' EQUITY

Issued capital and securities giving access to the capital

- Issued capital

On 26 March 2004, the Chairman of the Board decided to initiate the issue of 205,373 shares with share purchase warrants (ABSAs) for €1,026,865 (i.e. €5 per ABSA) and maximum paid-in cash of €15,813,721 (i.e. €77 per ABSA) with an option to issue 30,805 additional ABSAs in the event the extension clause were exercised.
On 7 April 2004, the Chairman of the Board decided to exercise the 15% extension clause by bringing up to 236,178 the number of 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 30 April 2006,
- Exercise price of a share: €96.78.

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

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

On 14 June 2005 the Board of Directors 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 19 January 2006 recorded that capital increase and consequently amended Article 8 of the by-laws accordingly.

On 21 June 2006 the Board of Directors 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 14 February 2007, recorded on 9 March 2007 the correlative completion of the capital increase through the issue of 1,437,500 new shares, bringing the capital up from €7,636,840 to €9,074,340.

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

The capital increase 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.

At 31 December 2009, capital stock totalled €9,289,965, divided into 9,289,965 shares with a face value of €1.

The amount of dividends whose distribution was suggested during the Ordinary General Meeting held 28 April 2010 stands at €0.65 per share, i.e. a total distribution of €6,038,477, as against €0.60 per share in 2008, i.e. a total distribution of €5,549,301.

Class of securities	Face value	Number of shares			
		At year start	Set up during the period	Paid back during the period	At year end
2009	1	9,289,965			9,289,965
2008	1	7,636,840			9,289,965

Share subscription warrants

Class of securities	Number of shares				
	At year start	Set up during the period	Exercised during the period	Not exercised and lost	At year end
2009	0				0
2008	0				0

Stock-options

Sword Group

Plan N°1

At 28 April 2006, the Extraordinary General Meeting of Sword Group permitted the Board of Directors to grant options entitling their holders to subscribe up to 60,000 Sword Group shares. This authorisation has been granted for 38 months. At 29 December 2006, the Board of Directors used the permission that was given and granted 60,000 share subscription options to the benefit of the employees and/or corporate officers.
The subscription price of new shares was set to the average of listed prices for the 20 stock market days preceding the decision to assign the options and stood, for the period from 29 November 2006 to 28 December 2006, at €35.128. The option allocation plan was closed on 29 December 2006.
At 31 December 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 31 December 2009, 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 €317,000 at 31 December 2009, of which €63,000 for the year 2009.

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%
- Risk-free yield rate over the option lifetime: 4%.

Plan N°2

At 30 January 2009, the Extraordinary General Meeting of Sword Group permitted the Board of Directors to grant options entitling their holders to subscribe up to 150,000 Sword Group shares. This authorisation has been granted for 38 months. At 30 January 2009, the Board of Directors used the permission that was given and granted 150,000 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 at €10.60. The option allocation plan was closed 30 January 2009.
At 31 December 2009, the number of shares allocated stood at 150,000.
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 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.
- 2nd and 3rd plan: the shares acquired pursuant to the exercise of the options are non disposable, non marketable, non convertible to the bearer and cannot be rented or leased for a period of 12 months beginning on the date on which they are exercisable for the first time.

At year-end, that is 31 December 2009, no option had been exercised.

The cost generated by that employee benefit stood at €528,000 on the date of allocation, and was recorded as Gross wages for up to €146,000 for financial 2009.

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: 37%
- Planned dividend distribution rate: 0.02%
- Risk-free yield rate over the option lifetime: 4.8%.

FircoSoft

Plan N°1

At 4 November 2005, the Extraordinary General Meeting of FircoSoft accepted to grant options entitling their holders to subscribe up to 340 FircoSoft shares.
The subscription price of new shares was set to €537. The option allocation plan was closed on 4 November 2005.
At 31 December 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 31 December 2009, 240 options 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.

Plan N°2

At 4 September 2006, the Extraordinary General Meeting of FircoSoft authorised its Chairman to grant options entitling their bearers to subscribe up to 1,700 FircoSoft shares.
The subscription price of new shares was set to 730 €. The option allocation plan was closed on 4 September 2006.
At 31 December 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 31 December 2009, no option had been exercised.

The cost generated by that employee benefit stood at €101,000 on the date of allocation, and has been entirely recorded as profit.

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%
- Risk-free yield rate over the option lifetime: 1.4%.

Sword Technologies

Plan N°1

At 4 August 2008, the Extraordinary General Meeting authorised the Chairman of Sword Technologies to grant options entitling their bearer to the subscription of 240 shares in Sword Technologies.
The subscription price of new shares was set to €640.
At 31 December 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 31 December 2009, 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 €14,000 at 31 December 2009.

Plan N°2

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%
- Risk-free yield rate over the option lifetime: 5%.

At 5 September 2008, 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.
At 31 December 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 31 December 2009, 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 €2,000 at 31 December 2009--.

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%
- Risk-free yield rate over the option lifetime: 5%.

<u>Own shares</u>

Own shares, which are not part of the share repurchase programme authorised by the General Meeting of Shareholders, are held by Sword Group for €730,000. Consequently, that amount was restated as consolidated reserves.

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, CONTINGENT ASSETS AND LIABILITIES

(€'000)	31/12/08	Reserve allocations for the financial year	Carryovers for the financial year		Scope changes	Other	31/12/09
			Used up	Not applicable			
Non-current provisions							
- Litigation risk provisions	83	35				(1)	117
Current provisions							
- Other provisions (1)							
Total	83	35				(1)	117

(€'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							
- Litigation risk provisions	67	65	(48)	(50)		49	83
Current provisions							
- Other provisions (1)	-	-					
Total	67	65	(48)	(50)		49	83

(1) This item consists primarily of risks on work in progress (see Note 2.19).

Non-current provisions are within less than 5 years. They have not been discounted, due to their insignificant impact.
At 31 December 2009, the company and its subsidiaries had no major proceedings under way against third parties.

17.1. Retirement commitments (defined benefit schemes)

(€'000)	12/09	12/08
- Retirement commitments	134	116
Total	134	116

The retirement benefits of Sword Group's French 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:

	12/09	12/08
Cost of services rendered	(12)	(21)
Financial cost	(3)	(5)
Compensation paid		-
Actuarial differences	(3)	135
Total	18	(109)

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:

	2009	2008
Discount rate	5.50%	5.60%
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 2008	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)	12/09	12/08
Trade payables	19,343	24,778

Accounts payable are due within less than one year.

NOTE 19: TAXES DUE AND OTHER CURRENT LIABILITIES

(€'000)	12/09	12/08
Income tax due	8,581	8,590
Advance payments received	863	999
Taxes and social contributions due (excluding income tax due for the companies)	15,537	14,059
Price supplements within less than one year	-	650
Deferred income from worksites	17,158	17,597
Other liabilities	4,265	3,931
Other current liabilities	37,823	37,236

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

NOTE 20: NOTE ON FINANCIAL INSTRUMENTS

20.1. Financial assets

In €'000	31st Dec. 2009				
	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	11,300	837			12,137
Trade and other receivables		70,832			70,832
Short-term derivatives					
Other short-term investments		3,243			3,243
Cash and cash equivalents				41,431	41,431
Total	11,300	74,912		41,431	127,643

In €'000	31st Dec. 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	31st Dec. 2009			31st Dec. 2008
	Current	Non current	Total	Total
Securities held for sale		11,300	11,300	1,887
Loans and receivables at amortised cost				
Loans and receivables at amortised cost		837	837	744
Trade and other receivables	70,832		70,832	75,665
Financial assets estimated at fair value based on earnings				
Financial derivatives				
Financial assets at fair value based on earnings excluding derivatives	3,243		3,243	1,295
Cash and cash equivalents	41,431		41,431	19,145
Total	115,506	12,137	127,643	98,736

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

	31 December 2009				
	Dividends	Later evaluation			Proceeds from disposal
In €'000		Change in fair value	Foreign exchange rate effect	Impairment	
Shareholders' equity		-53			
Earnings				-53	
Total		-53		-53	

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

<u>Loans and receivables at amortised cost</u>

	31st Dec. 2009			31st Dec. 2008		
In €'000	Gross	Impairment	Net	Gross	Impairment	Net
Loans and receivables at amortised cost	837		837	744		744
Trade and other receivables	72,662	1,830	70,832	77,750	2,084	75,665
Total	73,499	1,830	71,669	78,494	2,084	76,409

A net expense was recorded as earnings on loans and claims at the depreciated cost of €€417K for 2008. A net income was recorded as earnings on loans and claims at the depreciated cost of €602K for 2009.

<u>Financial assets estimated at fair value based on earnings</u>

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

	31st Dec. 2009			31st Dec. 2008
In €'000	Current	Non current	Total	Total
Financial derivatives				
Financial assets at fair value based on earnings excluding derivatives				
Total				

Financial instruments had no impact on the earnings of 2008 or 2009.

Derivatives designed to hedge the debt and others are set up in the context of the Group's risk management policy and are analysed 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 €41,431,000 at 31 December 2008 against €19,145,000 at 31 December 2008.

Fair value of investments

	31st Dec. 2009 (fair value)			Fair value	Balance sheet value
In €'000	Listed prices	Models with observable data	Models with non-observable data	Total	Total
Long-term financial derivatives					
Other long-term investments	78		12,059	12,137	12,137
Trade and other receivables			70,832	70,832	70,832
Short-term derivatives					
Other short-term investments			3,243	3,243	3,243
Cash and cash equivalents	41,431			41,431	41,431
Total	41,509		86,134	127,643	127,643

	31st Dec. 2008 (fair value)			Fair value	Balance sheet value
In €'000	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

20.2. Financial liabilities

The different categories of financial liabilities at 31 December 2009 are the following:

	31st Dec. 2009			31st Dec. 2008
In €'000	Current	Non current	Total	Total
Financial debt	7,480	114,951	122,431	105,582
Financial derivatives				
Trade and other accounts payable	19,343		19,343	24,778
Other financial liabilities	5,128		5,128	5,810

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 analysed in paragraph 15 "Net financial indebtedness".

	31st Dec. 2009			31st Dec. 2008
In €'000	Current	Non current	Total	Total
Bonded debts				
Commercial papers	5,250	105,250	110,500	97,150
Drawdowns on bank facilities				
Lease finance borrowings				28
Other bank loans	1,549	4,201	5,750	7,764
Other borrowings	82	5,500	5,582	
Total borrowings	6,881	114,951	121,832	104,943
Bank overdrafts and current cash accounts	599		599	639
Total financial debt	7,480	114,951	122,431	105,582

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 2008 and 2009.

Suppliers and other financial liabilities

In €'000	31st Dec. 2009	31st Dec. 2008
Accounts payable	19,343	24,778
Advance payments received	863	999
Earn out	-	880
Non-current assets related borrowings	-	-
Other liabilities	4,265	3,931
Suppliers and other financial liabilities	24,471	30,588

Fair value of financial liabilities

	31st Dec. 2009			Fair value	Amount outstanding (balance sheet)
In €'000	Listed prices	Models with observable settings	Models with non-observable settings	Total	Total
Bonded debts					
Commercial papers	112,381			112,381	110,500
Drawdowns on bank facilities					
Lease finance borrowings					
Other bank loans	5,750			5,750	5,750
Other borrowings	5,582			5,582	5,582
Total borrowings	123,713			123,713	121,832

	31st Dec. 2008			Fair value	Amount outstanding (balance sheet)
In €'000	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

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	31 December 2009						
	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 amortised cost							
Trade and other receivables	64,703	4,025	1,457	2,477	72,662	1,830	70,832
Total	64,703	4,025	1,457	2,477	72,662	1,830	70,832

In €'000	31 December 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 amortised 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

Liquidity risk

At 31 December 2009, contractual cash flows (principal and interest), not discounted on outstanding financial liabilities by maturity date, are the following:

At 31 December 2009 In €'000	2010	2011	2012	2013	2014	> 5 years	Total	Total Balance sheet value
Bonded debts								
Commercial papers	7,932	32,695	29,431	16,543	28,228	4,028	118,857	110,500
Drawdowns on bank facilities								
Lease finance borrowings								
Other bank loans	1,590	1,672	1,758	819			5,839	5,750
Other borrowings								
Bank overdrafts and current cash accounts	603						603	599
Other liabilities								
Other financial liabilities								
Total	10,125	34,367	31,189	17,362	28,228	4,028	125,209	116,849
At 31 December 2008 In €'000	2009	2010	2011	2012	2013	> 5 years	Total	Total Balance sheet value
Total	7,724	11,469	31,995	21,926	16,026	28,261	117,400	105,582

Given the existence of two swaps, for €20M and €30M, respectively, which began on 1st April 2008 and will expire 1st April 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.

Given the existence of a €15M Swap that started on 4 August 2009 and is due to expire 8 August 2001, and that changes the variable rate into a fixed rate of 1.71%, the interest cash flows have been calculated for 2009 on 2009 to 2011 at fixed rate for €15M

The variable rate used to estimate the interest cash flows is euribor 3 months, or a rate of 3.257% for 2008 and 0.712 for 2009.

NOTE 21: MARKET RISK MANAGEMENT

21.1. Risk management policy

A. 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 turnover.
The Group has not implemented any hedging policy for its currency risk as described above.

(K) at 31/12/09	Turnover	
Total €	72,545	
Total currencies	108,058	
Currency details	£	58,198
	CHF	13,943
	Brazilian real	2,609
	Rand	12,304
	$	35,704
	Indian rupee	17,869
	Indonesian rupee	15,900,875
	AUD	7,875
	NZD	190

(K) at 31/12/08	Turnover	
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

B. Interest rate risk

Interest rate risks are not currently considered to constitute a significant risk. Nevertheless, this risk is monitored and managed by the administrative and financial department within the scope of the company's general management.

21.2. Quantitative information for risks

A. Currency risk – Net position before and after management

31/12/09	£'000	$'000	K Swiss francs	K rands	K Brazilian Reals	K Indian rupees
Financial assets	147,478	35,605	6,855	40,127	7,418	49,262
Financial liabilities	81,271	63,781	666	2,436	4,600	22,725
Net position prior to management	66,207	-28,176	6,189	37,691	2,818	26,537
Management derivative						
Net position after management	66,207	-28,176	6,189	37,691	2,818	26,537

31/12/09	K Hong Kong Dollars	K Indonesian rupees	K Australian Dollars	K New Zealand Dollars
Financial assets	67	22,812,617	3,971	466
Financial liabilities	122	23,198,620	1,000	107
Net position prior to management	-55	-386,003	2,971	359
Management derivative				
Net position after management	-55	-386,003	2,971	359

31/12/08	£'000	$'000	K Swiss francs	K rands	K Brazilian Reals	K Indian rupees
Financial assets	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 Dollars	K Indonesian rupees	K Australian Dollars	K New Zealand Dollars
Financial assets	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

B. Interest rate risk – Net position before and after management

(€'000) 31/12/09	DD to less than 1 year	1 to 5 years	Beyond
Financial liabilities	7,479	110,951	4,000
Financial assets			
Net position prior to management	7,479	110,951	4,000
Management derivative	-7,479	-57,521	-
Net position after management	-	53,430	4,000

(€'000) 31/12/08	DD to less than 1 year	1 to 5 years	Beyond
Financial liabilities	3,814	69,768	32,000
Financial assets			
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

Sensitivity analysis: hedging of the currency and interest rate risk
The sensitivity analysis was established on the basis of the situation of the debt and the financial derivatives (for exchange rate and currency) at year-end.

For the currency risk, sensitivity represents a change in exchange rate compared to the year-end rate.

An unfavourable, uniform evolution of 10% in the currency in which the financial statements are denominated (€) against all the currencies mentioned in the table above, would result in a loss of €6,622k 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 €574k at 31 December 2009.
(= net variable rate position x 1% change in the short-term interest rate x time remaining until the next period, i.e. €574,000).

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 31 December 2009 In €'000	Impact on earnings	Impact on shareholders' equity
Exchange rate Sterling	2,554	11,401
Exchange rate USD	122	1,741
Exchange rate Swiss franc	107	483
Exchange rate Rand	-22	186
Exchange rate Brazilian real	24	55
Exchange rate Indian rupee	49	81
Exchange rate Indonesian rupee	11	27
Exchange rate HKD	0	0
Exchange rate AUD	74	91
Exchange rate NZD	6	19

At 31 December 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

NOTE 22: CASH FLOW TABLE

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

In €'000	31/12/09	31/12/08
Scope changes 2009		
Price paid / 2009 acquisitions	-23,034	
Price cashed / 2009 disposals	28,701	
Net active/passive cash acquired	-2,440	
Prices paid / previous acquisitions	-61	
Other changes	4,545	
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		
Total	7,711	-59,159

(1) including the company Ciboodle (formerly Graham Technology)

The detail of the "Change in working capital" operating cash flows is given in the table below:

In €'000	31/12/2009	31/12/2008
Change in working capital requirements	-9,438	-16,153
- Change in accounts receivable	-1,782	-3,329
- Change in accounts payable	-4,532	-1,463
- Change in other assets	-8,863	-3,916
- Change in other liabilities	5,739	-7,445

NOTE 23: OFF-BALANCE SHEET AND OTHER COMMITMENTS

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

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

	31/12/2009				31/12/2008
		Payments due per period			
	Total	Within less than one year	Between one and five years	Within more than five years	Total
Contractual commitment					
Operating lease	805	400	405		718
Irrevocable purchase obligations					
Other long-term obligations					
Total	805	400	405		718
Other business commitments					
Credit line					
Letter of credit					1,250
Foreign payment guarantees					
Guarantees on rents	472		472		472
Other business commitments (1)	1,916	437	1,479		1,307
Total	2,388	437	1,951		3,029
Commitments received					
Contract guarantees					
Other commitments received					
Total	-	-	-	-	-

(1) In 2008 and 2009, the banks Fortis Luxembourg and ING Belgique gave contract guarantees to the European Commission.

The law of 4 May 2004 entitles employees of French companies to benefit from 20 hours minimum of training per annum, that can be cumulated over up to 6 years. Individual right to training (droit individuel à la formation or D.I.F.) no yet used, corresponds to an employee benefit in the sense of IAS 19 (long-term benefit), that is recorded as a liability at year end; however, given that the company has the option to integrate most of the DIF cost into its training plan, the amount of this liability has been considered insignificant. At 31 December 2008, the DIF represented an aggregate of 15,117 hours of training entitlement 2009.

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 92.87%, is intended to handle all of the Group's "product" activities. The 7.13% 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 2009, with monthly instalments of €25.6k.

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

(€'000)	12/09	12/08
Short-term benefits:		
- Gross (excluding benefits in kind)	1,133	1,130
- Employer contributions	198	172
- Benefits in kind	112	45
Post-employment benefits :		
- Commitments provisioned by the company	12	14
- Charges on rights acquired during the period	-2	-8
Other long-term benefits:		
Compensation for termination of employment contract		
Payments in shares	201	97
Total	1,654	1,436

Members of the Boards (corporate officers) and the Management are the individuals that belong to the General Management and Operating Committees, i.e. approximately 10 people.

NOTE 25: LIST OF CONSOLIDATED COMPANIES

Companies	End of financial year	31 December 2009		31 December 2008	
		% controlled	% stake	% controlled	% stake
Sword Group (parent company) 9 Avenue Charles de Gaulle 69370 Saint Didier au mont d'or	31/12	100%	100%	100%	100%
Sword SA (France)	31/12	92.87%	100%	100%	100%
Sword Création Informatique Ltd (South Africa)	31/12	100%	100%	100%	100%
Sword South Africa Ltd	31/12	-	-	75%	75%
FircoSoft (France)	31/12	99.13%	92.06%	98.28%	87.16%
FircoSoft Inc (US)	31/12	100%	92.87%	100%	87.16%
Sword Inc (US)	31/12	100%	100%	100%	100%
Sword UK	31/12	-	-	100%	100%
Sword DDS France	31/12	100%	100%	100%	100%
Sword Technologies SA (Benelux)	31/12	100%	100%	100%	100%
Tipik (formerly ASCII) (Belgium)	31/12	100%	100%	100%	100%
FI System Belgium	31/12	100%	100%	100%	100%
Sword SAS (France)	31/12	-	-	100%	100%
Global India	31/03	100%	100%	100%	100%
Sword IT Solutions (Greece)	31/12	65%	65%	65%	65%
Sword Services SA (formerly Linkvest SA) (Switzerland)	31/12	100%	100%	100%	100%
Sword Lebanon (Lebanon)	31/12	95%	95%	95%	95%
Sword UK (formerly Intech) (UK)	31/12	100%	92.87%	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	92.87%	92.87%	88.68%	88.68%
Apak (UK)	31/12	100%	92.87%	100%	88.68%
Sword Integra (Belgium)	31/12	100%	100%	100%	100%
Sword Soft Inc (US)	31/12	100%	92.87%	100%	88.68%
Sword IPR (UK)	31/12	100%	92.87%	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%
Buildonline Germany	31/12	100%	92.87%	100%	88.68%
Buildonline France	31/12	100%	92.87%	100%	88.68%
Buildonline India	31/12	100%	92.87%	100%	88.68%
Buildonline USA	31/12	100%	92.87%	100%	88.68%
Buildonline Ireland	31/12	100%	92.87%	100%	88.68%
Global (UK)	31/12	100%	92.87%	100%	88.68%
Infotechno (AU)	31/12	70%	65%	70%	62.08%
CTSpace (US)	31/12	100%	92.87%	100%	88.68%
CTSpace Group Inc (US)	31/12	-	-	100%	88.68%
Ciboodle (formerly Graham Technology) Ireland	31/03	100%	87.15%	100%	83.22%
Ciboodle (formerly Graham Technology) Australia	31/03	100%	87.15%	100%	83.22%
Ciboodle (formerly Graham Technology) New Zealand	31/03	100%	87.15%	100%	83.22%
Ciboodle (formerly Graham Technology) Indonesia	31/03	100%	87.15%	100%	83.22%
Ciboolde (formerly Graham Technology) Scotland (UK)	31/03	93.84%	87.15%	93.84%	83.22%
Ciboodle (formerly Graham Technology) BV (Netherlands)	31/03	100%	87.15%	100%	83.22%

Ciboodle (formerly Graham Technology) South Africa	31/03	100%	87.15%	100%	83.22%
Ciboodle Ltd (formerly Graham Technology Land and Estates) (UK)	31/03	100%	87.15%	100%	83.22%
Ciboodle (formerly Graham Technology) (USA)	31/03	100%	87.15%	100%	83.22%
Graham Technology France	31/03	100%	87.15%	100%	83.22%
Graham Technology Hong Kong	31/03	100%	87.15%	100%	83.22%
Sword Bermuda Ltd (US)	31/12	100%	92.87%	-	-
Sword Intech Inc (US)	31/12	100%	92.87%	-	-
Beam (UK)	31/12	100%	92.87%	-	-
Sword Fircosoft Ltd (UK)	31/12	100%	92.87%	-	-
Sword General Partner (UK)	31/12	100%	92.87%	-	-
AgencyPort (US)	31/12	100%	92.87%	-	-

All the consolidated companies conduct operations, except for Sword Group, Sword Soft Ltd, Sword Soft Inc and FI System Belgium, which are holding companies.
All the companies controlled at 31 December 2009 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 31st December. Therefore, they have established interim statements at 31 December 2009.

Sword South Africa was sold in February 2008.

NOTE 26: AUDITORS' FEES

AUDITORS' FEES

in €	Deloitte & Associés				MAZARS / SAFICI (1)				Other auditors (2)			
	Amount		Percentage		Amount		Percentage		Amount		Percentage	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Audit:												
- Auditing, certification, and review of individual and consolidated financial statements:												
- SWORD GROUP	79,248	90,170	40%	33%	48,006	41,275	90%	100%	0	0	0%	0%
- FULLY CONSOLIDATED SUBSIDIARIES	93,570	103,213	48%	38%	0	0	0%	0%	414,179	392,149	88%	81%
- Other due diligence and services directly related to the auditors' assignment:												
- SWORD GROUP	19,812	72,505	10%	27%	5,334	0	10%	0%	0	11,324	0%	2%
- FULLY CONSOLIDATED SUBSIDIARIES	0	0	0%	0%	0	0	0%	0%	0	28,699	0%	6%
Total	**192,630**	**265,888**	**98%**	**98%**	**53,340**	**41,275**	**100%**	**100%**	**414,179**	**432,171**	**88%**	**89%**
- Other services rendered by the networks to the fully consolidated subsidiaries:												
- Legal, tax, and management	4,112	5,978	2%	2%	0	0	0%	0%	57,594	51,184	12%	11%
- Other	0	0	0%	0%	0	0	0%	0%	0	0	0%	0%
Subtotal other services	**4,112**	**5,978**	**2%**	**2%**	**0**	**0**	**0%**	**0%**	**57,594**	**51,184**	**12%**	**11%**
Total	**196,742**	**271,866**	**100%**	**100%**	**53,340**	**41,275**	**100%**	**100%**	**471,773**	**483,355**	**100%**	**100%**

(1): Mazars took over from Safici in 2009 pursuant to the latter's resignation
(2) : Other auditors that are not members of the networks of the college of auditors

Comments:
1. 2008 = financial report info 31/12/2008
2. 2009: French companies: amount of the 2009 mission letters + exceptional assignments if applicable

20.6 Verification of annual financial history

20.6.1 Auditors' report on the annual financial statements

Annual financial statements – Financial year ended 31 December 2009

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 31 December 2009, relating to:

- our examination of Sword Group SE'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. OPINION ON THE ANNUAL FINANCIAL 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 involves verifying, through surveys or other selection methods, the items supporting the figures and information which feature in the annual accounts. It also involves assessing those accounting principles followed, the significant estimates made and the overall presentation of the accounts. We consider that the items we have gathered form both a sufficient and an appropriate basis for our opinion.

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 THE OPINIONS

The accounting estimates that contributed to the preparation of the financial statements at 31 December 2009 were produced in a context of strong market volatility and clear difficulty in making any economic forecasts. These conditions are described in Note 1 of the appendix to the statements. This is the context in which, in accordance with the provisions of Article L.823.9 of the French 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 and depreciating equity interests. 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. SPECIFIC CHECKS AND INFORMATION

We have also made specific verifications as stipulated under 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.

Regarding the information provided as per the provisions of Article L.225-102-1 of the French Commercial Code regarding the remuneration and benefits paid to corporate officers, or the commitments granted in their favour, we have verified their consistency with the accounts and the data used to establish such accounts and, if applicable, with the elements collected by your company from the companies that control your company or are controlled by it. Based on that work, we certify the accuracy and honesty of such information.

In application of the law, we have made sure that all information relating to the acquisition of stakes and control has been provided for you in the management report.

Villeurbanne, 2 April 2010

The Auditors

Mazars	**Deloitte & Associés**
Max Dumoulin	Olivier Rosier

20.6.2 Auditors' report on the annual consolidated financial statements

Consolidated financial statements – Financial year ended 31 December 2009

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 31 December 2009, relating to:

- our examination of SWORD GROUP SE's annual financial statements, which are attached to this report;
- the justifications for our assessments;
- the specific verification stipulated 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. OPINION ON THE CONSOLIDATED 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 involves verifying, through surveys or other selection methods, the items supporting the figures and information which feature in the consolidated accounts. It also involves assessing those accounting principles followed, the significant estimates made and the overall presentation of the accounts. We consider that the items we have gathered form both a sufficient and an appropriate basis for our opinion.

We certify that the consolidated financial statements for the period are, in regards to the IFRS standards as adopted by the European Union, honest and sincere, and provide a reliable picture of the assets, the financial health, and the performance of the group made up of the physical and legal entities comprised in the consolidation scope

Without challenging the opinion expressed above, we call your attention to the changes made to the accounting rules and methods described in Note 2.1 of the appendix resulting from the implementation, as of 1 January 2009, of new standards and interpretations.

II. JUSTIFICATION OF THE OPINIONS

The accounting estimates that contributed to the preparation of the financial statements at 31 December 2009 were produced in a context of strong market volatility and clear difficulty in making any economic forecasts. These conditions are described in Note 2.5 of the appendix to the statements. This is the context in which, in accordance with the provisions of Article L.823.9 of the French Commercial Code, we have made our own assessments, which we are bringing to your knowledge:

The company conducts an annual goodwill impairment test, in accordance with the method described in Note 2.14 of the appendix. 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, as set out in the first part of this report.

III. SPECIFIC CHECK

In application of professional standards applicable in France, we have also conducted the specific checks provided by law, of the information regarding the Group that is given in the management report.

We have no observations to make in respect of their truthfulness and their agreement with the consolidated accounts.

Villeurbanne, 2 April 2010

The Auditors

Mazars	Deloitte & Associés
Max Dumoulin	Olivier Rosier

20.7 Date of the latest financial information

Financial statements as at 31st December 2009 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 2009, a dividend of €0.65 per share shall be distributed, subject to the agreement of the Shareholders' General Meeting on 28 April 2010.

For financial 2008, a dividend of €0.60 per share has been distributed.
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 financial 2003, a dividend of €0.90 per share has been distributed.
For financial 2002, 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 favour 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 euros	Financial 2009	Financial 2008	Financial 2007
Total dividend	5,549,301	€4,923,681	€3,900,626
Dividend per share	€0.60	€0.53	€0.42

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 stood at €9,289,965 at 31 December 2006, divided into 9,289,965 shares with a face value of €1.

Partly paid capital

None

21.1.1.2 Authorised capital not yet issued

See paragraph 16 of the management report.

21.1.2 Shares that are not representative of capital stock

As of the date of this annual report, there are no shares that are not representative of the capital stock of the Company.

21.1.3 Number, net book value and face value of the shares held by the Company or on its behalf

At 31 December 2009, Sword Group held 58,885 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 31 December 2009, 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 28 April 2006, in its fifteenth resolution, authorised the Board of Directors to grant, under the provisions of Articles L 225-177 et seq. of the Commercial Code, to the benefit of all or part of the employees and/or corporate officers of the Company and/or of its affiliated companies in the sense of Article 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 29 December 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:

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

- The Extraordinary General Meeting of shareholders of 30 January 2009, in its eighth resolution, authorised 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 30 January 2009, 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 n°1	Plan n°2
Date of the meeting	30 January 2009	
Date of the Board Meeting	30 January 2009	
Total number of options allocated	150,000	
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 corporate officers	140,000	
Expiry date	30/01/2012	30/01/2013

Additional information is provided in the report on stock options (paragraph 26.2).

Below is a table drawn up in accordance with AFEP/MEDEF recommendations (see Table 4 in paragraph 20.4 of the management report).

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 30/01/09	Subscription	€333,516	100,000	€10.60	From 30/01/011 to 30/01/012
F. Fillot Executive Vice President	N°2 30/01/09	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 turnover 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 3 December 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.

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 the operations	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	Exercising of stock warrants (2)	5	167,840	746,888	33,568	724,062	3,620,310
27-02-2002	Exercising of stock warrants (2)	5	615,360	2,738,352	123,072	847,134	4,235,670
12-03-2002	Capital increase for the VCF 21 Development	5	630,445	4,665,293	126,089	973,223	4,866,115
12-03-2002	Capital increase in cash	5	1,295,100	9,583,740	259,020	1,232,243	6,161,215
26-04-2004	Capital increase (3)	5	1,180,890	17,595,261	236,178	1,468,421	7,342,105
29-04-2005	Face value of the share was divided and brought down from €5 to €1						
14-06-2005	Exercising of stock warrants (3)	1	29,645	544,163.32	29,645	7,371,750	7,371,750
19-01-2006	Exercising of stock warrants (3)	1	36,670	673,114.50	36,670	7,408,420	7,408,420
21-06-2006	Exercising of stock warrants (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 meeting of shareholders of 15 December 2000, SWORD SA proceeded to issue stock warrants for 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 2nd June 2001, the holding company SWORD GROUP was established in its operational configuration. The aim was to make the group's organisational structure clearer, with one or more subsidiaries per country. This creation was conducted through the contribution of Sword SA shares to Sword Group by all the shareholders of Sword SA. Foreign subsidiaries of Sword SA (DDS, Sword Suisse, 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 BSA operations adopted for this purpose 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 31 December 2001 by paying a sum of €914,728 in settlement of the current account. The current account prepayment balance was brought down to zero.
21 Centrale Partners, acting on behalf of the VCF 21 Développement, exercised its Stock Warrant on 27th February 2002 by paying a sum of €3,353,712 in settlement of the current account. The current account prepayment balance was brought down to €34,990.40.
Date of the meeting: 15 December 2000 – Total number of shares available for subscription: 156,640
Of which: number of shares available for subscription by members of the management committee: 33,568
Number of managers concerned: 1 – Exercising price: €5 - Start date for exercising stock warrants: 01-05-2001
Expiry date: 15-12-2005 - Number of shares subscribed to on 28th February 2002: 156,640
Number of stock warrants still to be subscribed to: 0

(3) *The Combined General Meeting of the 27 February 2002 delegated to the Board of Directors the necessary powers to issue for general subscription, on one or several occasions, Company shares and, more generally, all other securities of whatever nature, allowing immediate and/or future access to Company shares.*
In its sitting on 21 January 2004, and in virtue of the above-mentioned approved authorization, the Board of Directors of the Company decided to delegate all the powers granted by the Combined General Meeting of the 27 February 2002 to the Chairman, thus allowing a share capital increase with or without pre-emptive rights limited to a face value of €5,000,0000.
By virtue of the powers invested in him, the Chairman of the Board of Directors decided on the 26 March 2004 to begin the process of issuing 205,373 ABSAs for a nominal total value of €1,026,865 and a maximum issue premium of €15,813,721, that is a maximum total amount including the issue premium of €16,840,586 with the possibility of issuing 30,805 additional ABSAs in the event that the extension clause be exercised, as provided for in the said decision.
Following a decision of the 5 April 2004, the Chairman established the definitive characteristics of the share capital increase by issuing ABSAs.
On 7 April 2004, the Chairman of the Board of Directors, in virtue of the powers invested in him, decided to exercise the 15% extension clause mentioned above, bringing the number of ABSAs to be issued in the context of the share capital increase of Sword Group to 236,178.
On 15 April 2004, the depositary confirmed receipt of the total amount of €18,776,151 representing the sum of cash subscriptions made by subscribers in the Company capital increase by a nominal value €1,180,890 by issuing 236,178 ABSAs.
The Board of Directors stated on the 26 April 2004 that:
- *236,178 new shares at €5 euros each, constituting the capital increase of €1,180,890, had been fully distributed*
- *The subscriptions had been paid in cash as confirmed by the funds certificate of Société Générale dated the 15th April 2004.*
- *No sooner had the 236,178 new shares been fully distributed, than they had been fully paid up for the value of outstanding amounts in accordance with the conditions of the distribution and that therefore, the capital increase had been definitively realised.*

The Combined Shareholders' Meeting held 29 April 2005 has decided to split the face value of the Company's shares, bringing it down from €5 to €1.
The Board of Directors of 14 June 2005 recorded the exercise, as at 10 June 2005, of 23,716 share subscription warrants entitling their holders to 29,645 new shares and the correlative capital increase has decided to amend Article 8 of the by-laws accordingly.
The Board of Directors of 19 January 2006 recorded the exercise, from 11 June to 31 December 2005, of 29,336 share subscription warrants entitling their holders to 36,670 new shares and the correlative capital increase has decided to amend Article 8 of the by-laws accordingly.
The Board of Directors held 21 June 2006 observed the exercise, between 19 January and 31 May 2006, of 182,736 share subscription warrants entitling their holders to 228,420 new shares and the correlated capital increase, and has decided to amend Article 8 of the bylaws accordingly.
(4) *As per the delegation granted by the Ordinary and Extraordinary Meeting of Shareholders of the Company held 28 April 2006 in its eleventh resolution, the Board of Directors, in its sitting of 14 February 2007 determined the principle of a capital increase through the issue of a maximum of 1,500,000 new shares with a face value of €1, available to the general public, with elimination of the pre-emptive right and with no priority right, that can be brought to a maximum of 1,983,750 new shares in case of use of the Extension Clause and the Over-allotment option, and further delegated to its Chairman and CEO the power to determine the final conditions of the capital increase.*
In addition, the Board of Directors unanimously gave full powers to its Chairman and CEO, under applicable legal and regulatory conditions, and within the limits set by the Ordinary and Extraordinary Meeting of Shareholders held 28 April 2006, to implement the issue and determine all its conditions definitively.
As per the delegation, the Chairman and CEO has decided to proceed to a capital increase in cash, available to the general public, with no pre-emptive right nor priority timeframe, through the issue of 1,250,000 new ordinary shares in the Company, likely to be brought to a maximum of 1,653,125 in case of exercise of the entire Extension Clause concerning 187,500 shares and the Over-allotment Option concerning 215,625 shares.
The Chairman and CEO:
- *as per a decision of 1st March 2007:*

- o *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,*
- o *in accordance with legal and regulatory provisions, to set the unit price of the new shares at €40, corresponding, subject to a slight 2.12% discount in order to obtain an integer, to the weighted average of the price of the Company shares on Euronext Paris during the three market days preceding the opening of the order book.*

- *as per a decision dated 9 March 2007, on the basis of the certificate of the depository of the funds established on 9 March 2007, recognised the deposit of €57,500k 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 28 March 2007, acknowledged the exercise of the entire over-allotment option corresponding to the issue of 215,625 new shares at a price of €40.*
- *as per a decision of 2 April 2007, on the basis of the on the basis of the certificate of the depository of the funds established on 2 April 2007, 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

	Situation on 31/12/2007		
Forename-Surname	Number of shares	% of capital	% of voting rights
Jacques Mottard	1,746,820	18.80	18.50
21 Centrale Partners and the VCF 21 Développement	5	0	0
Françoise Fillot	106,395	1.14	2.20
Heath Davies	16,137	0.17	0.16
Christian Tapia	--	--	--
Treasury shares	0	0	0
Employees and miscellaneous registered shareholders	275,644	2.97	5.57
Free float	7,144,964	76.91	73.97
Total	9,289,965	100	100

	Situation at 31/12/2008			Situation at 31/12/2009		
Forename-Surname	Number of shares	% of capital	% vote	Number of shares	% of capital	% vote
Jacques Mottard and Sémaphore Investissements	1,746,820	18.80	27.22	1,706,280	18.37	26.69
21 Centrale Partners	5	0	0	5	0	0
Françoise Fillot	106,395	1.15	1.97	106,395	1.15	1.98
Heath Davies	16,137	0.17	0.15	27,937	0.30	0.26
Treasury shares	0	0	0	58,885	0.63	0
Employees and miscellaneous registered shareholders	230,288	2.48	4.14	290,633	3.13	4.85
Free float	7,190,320	77.40	66.52	7,099,830	76.42	66.22
Total	9,289,965	100	100	9,289,965	100	100

21.2 By-laws

It is reminded that the Extraordinary General Meeting of Shareholders held 30 January 2009, decided to transform 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 favour its accomplishment,
- the company may provide administrative services of a consultative nature or carry out any other research, development and supervisory activities; all consultative and production activities in the field of information systems.

It may act directly or indirectly and carry out all these operations on its own behalf or on the behalf of third parties, with any other person or company, either by itself or in association with company groupings or associations, and it may do so in any form. It may also gain control of stakes and contributions in all companies or business deals, whatever their nature.

21.2.2 Statutory and other provisions relative to members of the management and supervisory organs

21.2.2.1 Composition of the Board of Directors

The Company is managed by a board comprised of at least three and at the most eighteen, members.

At 31 December 2009, its members were:

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

Françoise Fillot was appointed new board member by the Ordinary General Meeting of 30 January 2009.

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

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 27th February 2002). In the event of an increase in capital through the incorporation of reserves or the exchange of shares as a result of stock grouping or splits, the double voting right is awarded to the new holders of registered shares, subject to them keeping these shares in registered form from the date they are allocated, with this double voting right being awarded after expiry of a period of two years from the date they are purchased as registered shares, the form in which they were originally allocated. 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 employee representation body 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 subject to justifying his/her identity and the ownership of his/her shares, in the form:

- either of a registration in his/her name,
- or of the registration of the shares in the name of the shareholder or the intermediary registered on his/her behalf, on the third business day preceding the meeting at 0:00, Paris time, either in the registered share books held by the Company, or in the bearer share books held by the authorised intermediary.

  However, the Board of Directors can either shorten or cancel that period of time, subject to that initiative being to the benefit of all shareholders.

Vote by mail is implemented in accordance with the terms and conditions set by applicable laws and regulations.

A shareholder can appoint a proxy under the conditions set by applicable regulations, subject to the representative being a shareholder him/herself. A shareholder may also be represented by his/her spouse."

Terms and conditions that apply to the right to vote – Majority quorum

1 – The quorum is calculated from the total number of shares that go to constitute the share capital, not including any shares for which the right to vote has been withdrawn through the provisions of the law. In the case of proxy voting, only forms that have been duly completed and which carry an attestation confirming that the shares have been deposited in trust, and which are received by the company at least 3 days prior to the date of the meeting, will be taken into account in the calculation of the quorum.

2 - Deliberation by the Ordinary Shareholders' Meeting will only be valid at the first meeting if the shareholders who are present, represented or have submitted a proxy vote possess at least one fifth of all shares that grant the holder the right to vote. At the second meeting, no quorum is required. Deliberation by the extraordinary shareholder meeting will only be valid if the shareholders who are present, represented or have submitted a proxy vote possess at least one quarter, at the first meeting, and one fifth, at the second meeting, of all shares that allow the holders to vote. Should this last quorum not be attained, the second meeting may be adjourned to a later date, two months at most after the date the meeting had originally been called for. In the event that capital is increased through the incorporation of reserves, profits or share premiums, the meeting shall give a ruling under the terms and conditions for quorums at ordinary meetings.

21.2.6 Crossing of statutory thresholds (article 10 of the by-laws)

Any shareholder, whether acting individually or with another shareholder, who increases their ownership to more than 5%, 10%, 15%, 20%, 25%, a third, half, two-thirds, 90% or 95% of shares or voting rights must inform the Company of the total number of shares and voting rights they own, via registered mail with acknowledgement of receipt within 5 trading days of exceeding these thresholds. The same will apply in the event that said shareholding is reduced to below each of these thresholds.

This information will also be supplied to the Autorité des Marchés Financiers within 5 trading days of exceeding these thresholds.

Unless they have been promptly declared, shares in excess of the threshold that should have been notified do not have voting rights until two years after the regularisation of notification.

21.2.7 Special conditions governing changes in capital stock

Any change in the capital stock is subjected to legal prescriptions, as the by-laws do not provide for any specific stipulations.

XXII - Major contracts

Sword Group signs new contracts on a regular and sustained basis, but only within the ordinary course of its business operations.

XXIII - Information from third parties, expert representations, and statement of interests

Not applicable.

XXIV - Documents accessible to the public

All of the corporate documents of the Company designed to be made available to shareholders, can be consulted at the Company headquarter, in particular:

- the Company's by-laws,
- all reports, mails and other documents, financial history, valuations and declarations established by an expert upon the Company's request, of which part is included or referred to in this prospectus,
- the financial history of the Company and its subsidiaries for each of the financial years preceding the publication of this annual report.

XXV - Information about interests

Information about companies where the Company holds a portion of capital likely to have a significant impact on the assessment of its assets, its financial situation, or its earnings, is provided in Chapter 7.

XXVI - Appendices

26.1 Management report prepared by the Board of Directors for the Ordinary and Extraordinary General Meeting of 28 April 2010

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 31st December 2009.
You will also be asked to cast your votes for the following projects:

The responsibilities of the Ordinary General Meeting
- Reading of the Board's reports: management report, stock options report and reports referred to in Articles L.225-38 and L.225-209 of the Commercial Code,

- Reading of the Chairman's report on internal control and corporate governance, and of the auditors' report on the Chairman's report,

- Reading of the Auditors' general and special reports regarding the annual financial statements for the financial year ending 31st December 2009: Reading of the report on the consolidated financial statements for the financial year ending 31st December 2009;

- Presentation of the consolidated financial statements and corporate financial statements for the financial year ending 31st December 2009;

- Approval of the financial statements for the financial year ending 31st December 2009 and directors' discharge;

- Approval of the consolidated financial statements for the financial year ending 31st December 2009:

- Approval of regulated agreements governed by Article L.225-38 of the Commercial Code;
- Profit allocation.

- Determination of the directors' fees:

- Renewal of the board member mandates of Messrs. Jacques Mottard and Nicolas Mottard; proposal to appoint Mr. François Barbier as new board member;

- Permission to be given regarding a new programme under which the Company would repurchase its own shares;

- Authority to complete formalities;

The responsibilities of the Extraordinary General Meeting

- Reading of the Auditors' special reports;

- Amendment of Article 13 of the by-laws regarding the board members' mandate duration;

- Permission to be given to the Board of Directors to reduce the equity capital by cancelling the repurchased shares, in accordance with the share repurchase programme;

- Delegation of authority granted to the Board of Directors 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;

- 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;

- Authorisation to be granted to increase the number of shares, securities or marketable securities to be issued in the case of a capital increase with or without pre-emptive right;

- Delegation of authority to proceed to the issue of shares, securities, and miscellaneous marketable securities with a view to remunerating the contributions in kind granted to the Company;

- Delegation of authority to decide on a capital increase via the incorporation of reserves, profits or premiums;

- Delegation of authority to increase the share capital to the benefit of the Group's employees;

- Authority to complete formalities.

We will present the consolidated financial statements and corporate financial statements to you successively. We will then submit these for your approval.

The required notifications were sent to you on a regular basis and all the documentation required by current rules have been made available to you at the mandatory prescribed times.

The Auditors' reports will then be read out to you.

1. Important events in the Sword Group during the financial year ending 31 December 2009

1.1 Acquisitions / Disposal and equity stakes acquired during the financial year ended 31 December 2009:

During the financial year ended 31 December 2009, Sword Group:

- acquired, via its subsidiary Sword Soft Inc, AgencyPort, a company based in Boston, USA. This company is a leader in software design, enabling insurance companies to handle their agents via Web solutions. The turnover trend upon acquisition was $22 million on an annual basis.

- acquired 9.99% of the share capital of SIMALAYA Holding,

- acquired, via Sword Soft Ltd, 15% of the share capital of NORDLINE (Switzerland),

- set up the companies Sword General Partners and Sword Fircosoft Limited, both based in Brentford, UK,

During the financial year ended 31 December 2009, Sword Group:

- sold 77.5% of Sword Business Technology Solutions (Ex Real Time Engineering) to Amor Group,

- sold InfoTechno Baudatenbank Austria

- sold Nextech Brazil to NORDLINE,

1.2 Mergers - Universal Transfers of Assets

Sword SA, sole partner of Sword Atlantique, decided on 26 June 2009 to dissolve, without winding it up, Sword Atlantique (as per Article 1844-5 paragraph 3 of the Civil Code). The complete transfer of assets of Sword Atlantique to the benefit of Sword SA became effective on 31 July 2009 at midnight.

1.3 Miscellaneous

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

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

The Ordinary and Extraordinary General Meeting held 30 January 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 held 30 January 2009:

- ✓ recognised the final completion of the transformation of the Company into a European Company, as per the minutes of the meeting of the Special Negotiation Group dated 20 January 2009.
- ✓ decided, at the majority of the votes, to adhere to the AFEP/MEDEF recommendations,
- ✓ making partial use of the authorisation granted by the ordinary and extraordinary general meeting held 30 January 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 Ordinary General Meeting of 29 July 2009 appointed MAZARS (as new statutory Auditors) and Ms. Christine Dubus, (as new substitute Auditor) to replace SAFICI and Ms. Elizabeth BAYLOT, who both resigned,

The Extraordinary General Meeting of 2 December 2009 decided to put off the project regarding the transfer of the head office to the Grand Duchy of Luxembourg.

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

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

As per European Regulation n° 1606/2002 of 19 July 2002 regarding international accounting standards, the consolidated accounts of Sword Group at 31 December 2009 and the comparative accounts for financial 2008 were established by applying the IFRS (International Financial Reporting Standards) standards, as adopted by the European Union. The standards and interpretations applied are those published in the OJEU (Official Journal of the European Communities) before 31 December 2009, whose implementation was mandatory on that date.
These standards are available on the website of the European Union, at (http://ec.europa.eu/internal_market/accounting/ias) and include the standards approved by the International Accounting Standards Board (IASB), i.e. the IFRS standards, the international accounting standards (IAS) and the interpretations from the International Financial Reporting Interpretations Committee (IFRIC) or from the Standing Interpretations Committee (SIC).
The Group implemented for the first time the standards and interpretations whose enforcement was mandatory as of 1st January 2009, namely:

- IAS 1 revised – Presentation of Financial Statements: the only impact of this revised standard was a change in the presentation of the financial statements. The Group chose the option to present the overall income statement as two separate financial statements.
- IFRS 8 – Operating Segments: the information displayed is based on the internal reporting used by management. An assessment of performance results is carried out at combined subsidiary level, per line of products.
  The benchmark segment indicator reviewed by the main decision-makers is the turnover and the current operating profit (loss).
- IAS 23 revised – Borrowing Costs: this standard has had no impact on the consolidated financial statements.
- IAS 38 – Advertising and promotional activities: this standard has had no impact on the consolidated financial statements.

The other standards and interpretations whose enforcement was mandatory for the periods beginning as of 1st January 2009 had no impact on the consolidated financial statements and/or their presentation.
The Group chose not to implement beforehand the standards and interpretations adopted by the European Union before year-end, which come into force subsequent to that date. The Group does not anticipate, given the analysis under way, any significant impact on its financial statements and/or their presentation.
The Group has not used any accounting principles, either mandatory or optional in 2009, which had not yet been adopted at European level. It does not expect the standards and interpretations, published by IASB but not yet approved at European level, to have any significant impact on its financial statements.
IFRS 3 revised, which deals with business combination and has been mandatory for fiscal years beginning as of 1st July 2009 may have a significant impact on the consolidated accounts for the accounting of the Group's future external growth operations.

3. Group activities - Presentation of the consolidated income statement for the financial year ended 31 December 2009

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

The table below presents the simplified consolidated earnings of Sword Group for the financial year ending 31 December 2009 compared with that of 2008.

In €'000	2009 consolidated	2008 consolidated
Turnover	180,603	205,730
Current operating profit	32,031	37,031
Operating profit	36,270	33,712
Consolidated net profit	22,035	21,340
Group's share of net profit	21,724	20,979

3.2. List of consolidated companies as at 31 December 2009

	31 December 2009		
Companies	End of financial year	% 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	92.87%	100%
Sword Création Informatique Ltd (South Africa)	31/12	100%	100%
FircoSoft (France)	31/12	99.13%	92.06%
FircoSoft Inc (USA)	31/12	100%	92.87%
Sword Inc (USA)	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 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%
Sword UK (formerly Sword Intech (UK))	31/12	100%	92.87%
Sword BTS (formerly Real Time Engineering) (UK)	31/12	22.50%	92.87%
Nextech (Brazil)	31/12	100%	92.87%
Sword Soft (UK)	31/12	92.87%	92.87%
Apak (UK)	31/12	100%	92, 87%
Sword Integra (Belgium)	31/12	100%	100%
Sword Soft Inc (USA)	31/12	100%	92.87%
Sword IPR (UK)	31/12	100%	92.87%
Buildonline Germany	31/12	100%	92.87%
Buildonline France	31/12	100%	92.87%
Buildonline India	31/12	100%	92.87%
Buildonline USA	31/12	100%	92.87%
Buildonline Ireland	31/12	100%	92.87%
Buildonline Global Ltd (UK)	31/12	100%	92.87%
Infotechno (AU)	31/12	70%	65.00%
CTSpace (USA)	31/12	100%	92.87%
CTSpace Group Inc. (USA)	31/12	100%	88.68%
Ciboodle Ireland Ltd	31/12	100%	87.15%
Ciboodle Australia Ltd	31/12	100%	87.15%
Ciboodle New Zealand Ltd	31/12	100%	87.15%
Ciboodle Indonesia	31/12	100%	87.15%

Ciboodle Scotland (UK)	31/12	93.84%	87.15%
Ciboodle BV (Netherlands)	31/12	100%	87.15%
Ciboodle South Africa Ltd	31/12	100%	87.15%
Cibboodle Ltd (Land and Estates) (UK)	31/12	100%	87.15%
Ciboodle Inc (USA)	31/12	100%	87.15%
Graham Technology France	31/12	100%	87.15%
Graham Technology Hong Kong	31/12	100%	87.15%
Sword Bermuda Ltd (US)	31/12	100%	92.87%
BEAM (UK)	31/12	100%	92.87%
Sword FircoSoft Ltd (UK)	31/12	100%	92.87%
Sword General Partner (UK)	31/12	100%	92.87%
AgencyPort	31/12	100%	92.87 %

All companies are consolidated according to the full consolidation method.

3.3. Activity and turnover

On a constant exchange rate and like-for-like basis, organic growth stands at 5.4%.

The current operating margin stands at 17.7%.

The backlog reached 23 months of budgeted turnover for 2010 (to be compared with 20.9 months at end 2008).

In 2009, Sword Group sold three of its Services subsidiaries in Scotland, Austria, and Brazil, which generated annual turnover of €40.5M.

Total turnover stands at €180.6M.

The "Products" turnover reaches 60% of the overall turnover.

3.3.1. Specialisation

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

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

- Next came specialisation according to markets:
  - The international organisations market
  - Highly-regulated markets

The former are more stable, the latter more profitable

- 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. Internationalisation

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

- A multinational approach involves optimising the management of projects in each country, and taking advantage of internationalisation to target the most profitable regions.

  This is just one part of our strategy.

- An international approach consists of a global client approach and involves know-how in the management of very specific projects, since it relates to international projects that involve numerous subsidiaries and cultures.

  This has been accomplished by the Group and led to Sword establishing operations in more than 10 countries worldwide.

3.3.3. Expansion

As part of the ongoing attempt to increase the Group's gross margin, two phenomena 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 specialisation: Technology/markets.

3.4. Current operating profit

Operating profit from all consolidated companies for 2009 was €32,031K, i.e. 17.7% of turnover.

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 2009 was €36,270K, i.e. 20.1% of turnover.

3.6. Cost of net debt

The cost of net debt stood at -€2,657K, i.e. 1.5% of turnover.

It mainly breaks down into net interest expenses on loans for €3,674,000 and investment products and non-consolidated equity holdings for €9,000.

3.7. Income tax and net profit

Income tax on consolidated profit was -€7,645,000, which represents an effective taxation rate of 25.70%.

After income tax, net profit for the consolidated companies stood at €22,035,000, i.e. 12.2% of turnover. The Group share of net profit stood at €21,724,000, i.e. 12.0% of turnover, while net profit allocated to minority shareholders was €311,000.

3.8. Debt, cash flow and investments

Net debt, i.e. total gross debt from which cash reserves on 31st December 2005 were deducted, stood at 80,999,000.

The cash flow of the Group (see cash flow table) stood at €35,467,000, deducted from the cost of net debt and tax.

Gross investments for the financial year, both intangible (excluding goodwill and market shares) and tangible, stood at €4,165K.

3.9. External growth

It concerns the acquisition of AgencyPort at 11 November 2009 ($22M annual turnover).

3.10. Disposal operation

This concerns the disposal of Sword Business Technology Solution (11/05/2009), of InfoTechno Austria (24/08/2009) and of Nextech Brazil (15/10/2009).

3.11. Changes in the Group's main subsidiaries

SOFTWARE

The Software segment sold with Scotland (Turnover: €4,257,000 / ROC: €645,000) is not taken into account in the 2008 figures in order to enhance the consistency of figures.

The Risk Management and Compliance segment was redistributed in 2009 between the various product lines. This could not be done in 2008 due to the type of organisation chosen for that year.

The analysis is from now on carried out by line of products, given the globalisation of the targeted markets.

A / Insurance

€'000	2009	2008
Turnover	31,840	22,316
EBIT	6,471	4,753
%	20.32%	21.30%

In these figures, €1,943,000 result from the acquisition of AgencyPort.
Significant R&D efforts (not capitalised) were put forth in 2008 and 2009. The insurance industry is experiencing dramatic growth. Profitability will rise in 2010.

B / Energy / Construction / Utilities

€'000	2009	2008
Turnover	15,851	26,302
EBIT	2,964	6,324
%	18.70%	24.04%

This part of the Software business activity covered in 2008 the Risk Management and Compliance, which was redistributed between the various product lines in 2009. In any event, the operating profitability is down, this being entirely the result of the exceptional R&D plan initiated in 2009 that was completed at the end of Q1 2010. In 2010, we expect to see profitability improve.

C / CRM

€'000	2009	2008
Turnover	27,959	22,573
EBIT	8,470	5,885
%	30.29%	26.07%

Not including the Risk Management and Compliance turnover, the growth is normative, but this is the segment we expect the most growth from in 2010.

D / AML

€'000	2009	2008
Turnover	8,557	6,789
EBIT	2,503	1,424
%	29.25%	20.97%

This segment is more consistent, and 2009 profitability is exceptionally high. Normative profitability stands at 25%.

E / Wholesale Finance

€'000	2009	2008
Turnover	12,251	13,887
EBIT	3,713	4,420
%	30.31%	31.83%

This segment is related to the automotive industry, which explains for the slight decline in 2009. We expect stagnation in 2010, with profitability maintained.

SOLUTION

The Solution turnover is broken down by country, because our contracts are more local than global.

A / France

€'000	2009	2008
Turnover	17,777	19,891
EBIT	1,199	1,852
%	6.74%	9.31%

The figures only represent the business conducted in France by the French companies of the Solution segment. We observe a drop in turnover due to the crisis in the Services industry, as well as a decline in profitability due to the same reasons. 2010 should see some progress in terms of profitability and growth close to 10%.

B / Benelux

€'000	2009	2008
Turnover	38,287	36,227
EBIT	2,860	4,441
%	7.4%	12.26%

We observe growth of 5.69% in line with the Group, and return to normative profitability (between 7 and 8%), knowing that in 2008, profitability was exceptionally high.

C / Switzerland

€'000	2009	2008
Turnover	9,237	8,851
EBIT	1,224	609
%	13.25%	6.90%

Switzerland records internal growth of 4.37%, profitability is up on 2008. This increase results from the sale of software components.

D / Other

€'000	2009	2008
Turnover	18,844	44,673
EBIT	2,619	6,210
%	13.90%	13.90%

This part concerns the Trademarks and Patents activity, which is exclusively targeted at exports from France, as well as Services in the UK, and a non-significant portion of the US turnover.

The drop in turnover compared to 2008 is due to the sale of Sword Business Technology Solutions on 11 May 2009. Profitability, as far as it is concerned, remains stable.

3.11. 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.

3.12. Future outlook

The pro-forma turnover for 2009 stands at €178M. Sword Group thus forecasts:

- 10% organic growth on a constant exchange rate basis
- 18% profit

Sword Group invests 15% of its "Products" turnover in R&D each year; that investment is not considered as a fixed asset.

In 2010, Sword Group will make exceptional investments in two new product ranges, for a total of €3.2M, which will be considered as a fixed asset.
Thus, the total investment in "Products" R&D will stand at 17.7% of turnover.

The quarterly breakdown of turnover is as follows:

Q1:	€45M
Q2:	€48M
Q3:	€49M
Q4:	€54M *
Total :	€196M

The current operating margin is budgeted at 18.0%.

* The outperformance observed during the last quarter is due to the seasonal nature of the Products activity.

3.13. Assessment of the value of goodwill and other intangible assets

An independent evaluation led by the firm Cabinet UEC 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.

3.14. Research and development

In 2009, R&D consisted of the following:

- Software: R&D represents 15% of turnover
- Solutions: R&D represents 3.2% of turnover

3.15. Approval of consolidated financial statements

We request that you approve the consolidated accounts for the year ended 31 December 2009(balance sheet, profit and loss statement, and appendices) as they are submitted and which show a total consolidated profit of €22,035K (of which the group's share is €21,724K).

4. Activities of Sword Group – presentation of the corporate financial statements

4.1. Company activities during financial year 2008 – Balance sheet and income statement

In 2009, Sword Group had 2 salaried employees.

The balance of its operating accounts is maintained by rebilling its services to its subsidiaries.

Throughout 2009, Sword Group carried out its operational, strategic and financial supervision role for the Group.

The main figures for the period are the following:

In euros	Financial year N	Financial year N-1	Change in %
Turnover	3,690,877	3,246,133	13.70
Income from operations	3,690,877	3,247,038	13.67
Operating expenses	4,851,827	3,081,251	57.46
Operating profit	-1,160,938	165,786	-804.00
Financial income	10,006,001	9,423,627	6.18
Financing costs	8,265,551	8,697,878	-4.97
Net financial expenses	1,740,450	725,749	139.81
Current profit before tax	579,512	891,535	-35.00
Exceptional income	8,350,000	10,130,001	-17.57
Exceptional charges	5,235,391	16,669,968	-68.59
Net exceptional income	3,114,609	-6,539,967	147.62
Income tax	-	536,257	-
Profit	3,694,122	-6,184,689	159.73

Information about supplier and customer terms of payment.

In accordance with Articles L. 441-6-1 and D. 441-4 of the French Commercial Code, we inform you that at the end of the last closed fiscal year, the balance of accounts payable broke down, by due date, as follows:

	less than 30 days	Between 30 and 60 days	more than 60 days	Total incl. tax
Debt not yet overdue*	€862,310	€965	€13,656	€876,931
Debt overdue**	-	-	-	-
Total incl. tax	€862,310	€965	€13,656	€876,931

* Debts whose due date is prior to year-end
** Debts whose due date is prior to year-end

4.2. Important events occurring after year-end

Except for the disposal, by Sword Technologies SA, of the 10% stakes it held in Oktopus Consulting SA, we do not see any major events occurring after year-end.

4.3. Future outlook

The outlook for 2010 is described in point 3.12 above.

4.4. Description of human resources and the corporate environment

The Company had 1 employee at 1 December 2009.
Accordingly, the list of formal information on corporate matters as provided by the Decree of 20th February 2002 is of little interest.

4.5. Industrial and environmental risks

In application of rules No. 98-01 and No. 95-01, we would like to point out to you that, because of its area of activity, the company is not exposed to environmental issues.

4.6. Information on market risks

4.6.1. Commercial risk due to fixed price services

In 2009, if we consider the “Solutions” (services) and “Software” (products) divisions’ portion of fixed price services, the services portion 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.

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 formalisation 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.

At 31 December 2009, the backlog was equal in total to 23.1 months of budgeted turnover for 2010.
Naturally, part of this turnover relates to years subsequent to 2010.
The portion of 2010 turnover represents 9.6 months of turnover compared to the budgeted 2010 turnover.

Each project is followed up monthly. In 2009, 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 recognised 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.

4.6.2. 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: 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.

Sword Group's ten largest clients account for 19.1% of the turnover for 2009.

The 1st client accounts for 3.2% of the 2009 turnover.

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 forecast that the crisis is not over and that the principles set out in 2009 remain current.
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 secondment
- Completion of 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 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.)

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 activities and results of our company's subsidiaries and the companies it controls:
- Significant stakes acquired or takeovers of companies headquartered in France.

5.1. Significant purchases of interests or acquisitions made during the financial period in companies headquartered in France

Sword Group increased its holding in the capital of LOG & PI Consulting from 5 to 12.03% during the financial year ended 31 December 2009.

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	Turnover in thousands of euros	Earnings in €'000	Activity
Sword INC	100	7,360	-1,219	Software and Solutions
Sword Création Informatique SA	100	-	15	Solutions
FI System Belgium	100	-	-287	Solutions
Sword Services	100	9,403	1,067	Solutions
Sword DDS	100	-	2	-
Sword Soft Ltd	92.87	-	3,884	-

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	Turnover in thousands of euros	Earnings in €'000	Activity
FircoSoft	92.06	6,567	1,519	Software
FircoSoft Inc	92.87	1,540	60	Software
Sword Technologies	100	16,955	504	Solutions
Sword IT Solutions	65	191	17	Offshore
Tipik (formerly ASCII)	100	18,912	978	Solutions
Sword Global India Ltd	100	2,404	491	Offshore
Sword Lebanon	95	756	182	Offshore
Sword UK (formerly Intech)	92.87	27,446	9,759	Software
Sword BTS (formerly RTE)	22.50	12,678	1,697	Solutions
Apak	92.87	10,088	3,058	Software
Sword IPR Ltd	92 0.87	6,410	1,126	Software
Sword Integra	100	3,812	-125	Solutions
Sword Soft INC	92.87	-	590	Software
Buildonline Germany	92.87	1,915	1,750	Software
Buildonline France	92.87	2,422	702	Software
Buildonline India	92.87	-	-	Software
Buildonline USA	92.87	117	-69	Software
Buildonline Ireland	92.87	2	-15	Software
Buildonline Global Ltd (UK)	92.87	-	246	Software
CTSpace (USA)	92.87	3,627	441	Software
Ciboodle Ireland Ltd	87.15	814	71	Software
Ciboodle Australia Ltd	87.15	4,455	743	Software
Ciboodle New Zealand Ltd	87.15	197	55	Software
Ciboodle Indonesia	87.15	1,127	107	Software
Ciboodle Scotland (UK)	87.15	19,184	6,213	Software
Ciboodle BV (Netherlands)	87.15	679	57	Software
Ciboodle South Africa Ltd	87.15	1,053	-234	Software
Ciboodle Ltd (Land and Estates)	87.15	66	1,181	-
Ciboodle INC	87.15	8,375	805	Software
Graham Technology France	87.15	-	-	Software
Graham Technology Hong Kong	87.15	-	-	Software
Sword Bermuda Ltd	92.87	787	-219	Software
BEAM	92.87	2,191	423	Software
Sword FircoSoft Ltd	92.87	2,963	1,112	Software
Sword General Partners	92.87	-	564	Software
AgencyPort	92.87	1,944	492	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 31/12/2009		
	Number of shares	% of capital	% vote
Jacques Mottard and Sémaphore Investissements	1,706,280	18.37	26.69
21 Centrale Partners	5	0	0
Françoise Fillot	106,395	1.15	1.98
Heath Davies	27,937	0.30	0.26
Treasury shares	58,885	0.63	0
Employees and miscellaneous registered shareholders	290,633	3.13	4.85
Free float	7,099,830	76.42	66.22
TOTAL	9,289,965	100	100

In a letter to the French market authority the AMF dated 9 February 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 Investissement *, is also CEO of Sword Group"*

8. Changes in the share price

2009	At 31st January 2010
Lowest closing price €25.89 (at 15/10/2009)	Lowest closing price €28.50 (at 29/01/2010)
Lowest closing price €10.00 (at 27/01/2009)	Lowest closing price €25.00 (at 04/01/2010)
Number of shares traded on the stock market 12,703 (1)	Number of shares traded on the share market from 01/01/2010 to 31/01/2010: 19,095 (2)

(1) This is the average number of shares traded in 2009, a year during which 3,239,151 shares were traded.
(2) This is the average number of shares traded in January 2009, a month during which 381,900 shares were traded.

9. Information on the acquisition and sale by the company of its own shares as at 31 December 2009

Number of shares held by the Company at 31 December 2008	0
Number of shares purchased in 2009	58,885
Number of shares sold in 2009	0
Number of shares held by the Company at 31 December 2009	58,885

Additional information can be found in the Board of Directors’ special report prepared in accordance with the provisions of Article L.225-209 of the Commercial Code.

10. Profit allocation proposal

We request that you approve the corporate financial statements for the financial year ending 31 December 2009 (balance sheet, profit and loss statement, and appendix) such as they are presented to you, which show profits of €3,694,121.83.

We suggest that the earnings be appropriated as follows:

- To the "Balance brought forward": Which would thus rise from €28,496,917.48 to €32,191,039.31	**€3,694,121.83**

We suggest that you distribute to the shareholders, as dividend, €6,038,477.25, which would be taken from the "Balance brought forward", which would thus be brought down from €32,191,039.31 to €26,152,562.06.

The net dividend per share would be €0.65 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 profit, 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
31 December 2008	€0.60	None
31 December 2007	€0.53	None
31 December 2006	€0.42	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 the result for tax purposes in the sense of Article 39-4 of the General Tax Code for €4,755.

12. Table of earnings for the five last financial years provided by article R.225-102 of the French Commercial Code

	2005	2006	2007	2008	2009
Share capital at year-end					
Share Capital	7,408,420	7,636,840	9,289,965	9,289,965	9,289,965
Number of shares	7,408,420	7,636,840	9,289,965	9,289,965	9,289,965
Operations and earnings					
Turnover (excl. tax)	3,026,581	3,422,250	3,848,639	3,246,133	3,690,877
Earnings before taxes, profit-sharing, depreciation provisions, impairment and provisions	4,509,426	5,045,582	42,686,644	-4,635,267	3,649,985
Taxes on profits	786,000	-70,675	770,960	536,257	-
Earnings after taxes, profit-sharing, depreciation provisions, impairment and provisions	3,688,344	5,207,542	41,228,350	-6,184,689	3,694,122
Distributed profit	2,222,526	3,207,473	4,923,681	5,549,301	6,038,477
Earnings per share					
Earnings after taxes, profit-sharing, before depreciation provisions, Impairments and provisions	0.5	0.67	4.51	-0.56	0.39
Earnings after taxes, profit-sharing, depreciation provisions, Impairments and provisions	0.5	0.68	4.44	-0.67	0.40
Distributed dividend	0.3	0.42	0.53	0.60	0.65
Personnel					
Average head count	6	5	2	2	1.75
Payroll	505,203	343,563	216,802	173,349	154,921
Amounts paid as benefits	203,182	142,060	88,926	71,470	58,786

13. Objective and comprehensive analysis of the turnover, results and financial position of the Company

The details of this analysis are in the appendix to the 2009 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 29 April 2005 awarded the Board of Directors the necessary authority to issue, with or without removal of preferential subscription rights, in one or several times, whether in France or abroad, shares and all securities that provide immediate or term access to the company's shares, for a maximum nominal value of €5,000,000, the maximum value of representative securities drawn on the company cannot exceed €100,000,000.

This authorisation is valid for a period of 26 months, that is until 28 June 2011.

Nature of the delegation	Nature of the operation	Shares to issue	Authorised capital increase amount
Full delegation	Capital increase, PSR waived	Capital share or debt securities giving access to capital	€5,000,000 (*) of capital increase or €100,000,000 of value of debt securities giving access to the capital
Full delegation	Capital increase, PSR waived	Capital shares or debt securities giving access to capital	€5,000,000 (*) 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 2009.

It is pointed out that the Board of Directors of 9 March 2010 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:

- Cover through paying SWAP at a fixed rate of 3.95% (excluding bank margin) was set up as at 2 January 2009 up until 2 April 2012 and an amount of €20M,
- Cover through paying SWAP at a fixed rate of 4.37% (excluding bank margin) was set up as at 2 January 2009 up until 2 April 2012 and an amount of €30M.
- Cover through paying SWAP at a fixed rate of 1.71% (excluding bank margin) was set up as at 6 August 2009 up until 8 August 2011 and an amount of €15M.

18. Agreements referred to in Articles L.225-38 of the Commercial Code

We request that you approve the agreements that fall within the scope of the provisions of Article L. 225-38 of the Commercial Code, which were entered into and duly authorised by the Board of Directors during the past financial year.

We point out that the Auditors have duly received all the required information to draw up their special report.

The list and the subjects of the current agreements, entered into under normal conditions, except for those which, due to their subjects or financial implications, are significant for neither of the parties, have been communicated to the Auditors and the members of the Board of Directors, and are at your disposal at the head office.

19. Mandates of the managers

In accordance with the provisions of Article L. 225-102-1, paragraph 3 of the French Commercial Code, below is a list of the various mandates and functions held in all the French and foreign subsidiaries by each of the Company's representatives during the financial year ending 31st December 2009.

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	31/12/14 (*)
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
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	Tlipik (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
Chairman	Unlimited	AgencyPort	Unlimited duration
Director	Unlimited	Sword General Partner	Unlimited duration
Director	Unlimited	Sword Fircosoft ltd	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: Board member and Chief Executive Officer			
Executive Vice President	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
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
Director	Unlimited	Sword General Partner	Unlimited duration
Director	Unlimited	Sword Fircosoft ltd	Unlimited duration

(*) General Meeting ruling on the financial statements for the period

Heath Davies: Board member and Chief Executive Officer			
Board member	6 years	Sword Group	31/12/12 (*)
Executive Vice President (since 13 March 2006)	For the Chairman's term of mandate	Sword Group (*)	31/12/09 (*)
Director	Unlimited	Sword UK Limited	Unlimited duration
Director	Unlimited	Harvard Consulting Limited	Unlimited duration
Director	Unlimited	Real Time Engineering Limited	Unlimited duration
Director	Unlimited	Intech Solutions Limited	Unlimited duration
Director	Unlimited	Achiever	Unlimited duration
Director	Unlimited	Sword IPR Ltd	Unlimited duration
Director	Unlimited	Apak	Unlimited duration
Director	Unlimited	Sword Soft Ltd	Unlimited duration
Director	Unlimited	Sword 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
Deputy Chairman	Unlimited	AgencyPort	Unlimited duration
Director	Unlimited	Sword General Partner	Unlimited duration
Director	Unlimited	Sword Fircosoft ltd	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 SYSTEME	31/12/09
Board member	6 years	EGIDE	31/12/11
Board member	6 years	FOUNTAINE PAJOT	31/08/13
Board member	6 years	MECCANO	31/03/14
Member of the Supervisory Board	3 years	FINANCIERE VERLYS	31/12/10
Member of the Supervisory Board	6 years	VULCANIC HOLDING	31/12/11
Member of the Supervisory Board	3 years	FINANCIERE ARAMIS	31/12/11
Board member	6 years	SFTF INTERFLORA	31/12/14
Member of the Supervisory Board	6 years	ALLVALV	30/04/13
Member of the Supervisory Board	6 years	FINANCIERE ITALYC	31/03/14
Member of the Supervisory Board	Unlimited duration	FINANCIERE 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
Board member	6 years	CLUB MED GYM	31/12/14
Member of the Supervisory Board	6 years	ALMAVIVA SANTE	31/12/12
Member of the Supervisory Board	5 years	NEWGATE	30/06/11
Member of the Supervisory Board	1 year	GLOBAL FINANCIAL SERVICES (G.F.S.)	30/06/10
Member of the Supervisory Board	Unlimited duration	FINANCIERE LOUIS	Unlimited duration
Member of the Supervisory Board	6 years	FINANCIERE VIVALDI	31/12/12
Member of the Supervisory Board	6 years	FINANCIERE CMG	31/10/13

(*) 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 22 December 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)*	€30,000 (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	€30,000	€30,000

(1) Since 1st January 2007, the remuneration of Mr. Jacques Mottard (and his assistant) has been billed to the Company by Sémaphore Investissements as part of a services agreement. This charge back stood at:

- €309,876 excl. tax for the year ended 31 December 2007,
- €307,500 excl. tax for the year ended 31 December 2008,
- €307,500 excl. tax for the year ended 31 December 2009.

Heath Davies	**Financial year N-1**	**Financial year N**
Compensation due for the period *(detailed in Table Nr.2)*	€173,435	€171,538
Valuation of the options allocated during the period *(detailed in Table Nr 4)*	€0	€101,904
Valuation of the performance shares allocated during the period *(detailed in Table Nr 6)*	€0	€0
TOTAL	€173,435	€273,442

Françoise Fillot	**Financial year N-1**	**Financial year N**
Compensation due for the period *(detailed in Table Nr.2)*	€103,175	€123,175
Valuation of the options allocated during the period *(detailed in Table Nr 4)*	€0	€35,618
Valuation of the performance shares allocated during the period *(detailed in Table Nr 6)*	€0	€0
TOTAL	€103,175	€158,793

21 Centrale Partners	**Financial year N-1**	**Financial year N**
Compensation due for the period *(detailed in Table Nr.2)*	€34,000	€30,000
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	€34,000	€30,000

Nicolas Mottard	Financial year N-1	Financial year N
Compensation due for the period *(detailed in Table Nr.2)*	€6,000	€10,000
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	€6,000	€10,000

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 (1)	€0	€0 (1)
Variable compensation	€0	€0	€0	€0
Exceptional compensation	€0	€0	€0	€0
Directors' fees	€30,000	€30,000	€30,000	€30,000
Benefits in kind	None	None	None	None
TOTAL	€30,000	€30,000	€30,000	€30,000

(1) Since 1st January 2007, the remuneration of Mr. Jacques Mottard (and his assistant) has been billed to the Company by Sémaphore Investissements as part of a services agreement. This charge back stood at:

- €309,876 excl. tax for the year ended 31 December 2007,
- €307,500 excl. tax for the year ended 31 December 2008,
- €307,500 excl. tax for the year ended 31 December 2009.
-

Heath Davies	Amount for the period N-1		Amount for the period N	
	Due	Paid	Due	Paid
Fixed compensation	£114,000	£114,000	£125,700	£125,700
Variable compensation	€0	€0	€0	€0
Exceptional compensation	€0	€0	€0	€0
Directors' fees	€30,000	€30,000	€30,000	€30,000
Benefits in kind	None	None	None	None
TOTAL	€173,435	€173,435	€171,538 (1)	€171,538 (1)

(1) GBP exchange rate at 31/12/2009.

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	€50,000	€50,000
Directors' fees	€0	€0	0	0
Benefits in kind	None	None	None	None
TOTAL	€103,175	€103,175	€123,175	€123,175

Nicolas Mottard	Amount for the period N		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	€6,000	€6,000	€10,000	€10,000
Benefits in kind	None	None	None	None
TOTAL	€6,000	€6,000	€10,000	€10,000

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	€34,000	€34,000	€30,000	€30,000
Benefits in kind	None	None	None	None
TOTAL	€34,000	€34,000	€30,000	€30,000

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	€30,000	€30,000
Heath Davies	€30,000	€30,000
21 Centrale Partners	€34,000	€30,000
Nicolas Mottard	€6,000	€10,000
Françoise Fillot	-	-
TOTAL	€100,000	€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

The Company's Board of Directors of 30 January 2009, making partial use of the authorisation 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 which are detailed in the special report referred to in Article L.225-37 of the French Commercial Code. 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 31 December 2009, 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 n°1	Plan n°2	Plan n°3
General Meeting	28 April 2006		
Date of the Board Meeting	29 December 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 31 January 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 29 December 2006, in accordance with the method decided by the General Meeting of 28 April 2006

	Plan n°1	Plan n°2	
Date of the General Meeting	30 January 2009		
Date of the Board Meeting	30 January 2009		
Total number of options allocated	150,000		
Number of options that can be subscribed	100,000	50,000	
Beneficiaries Heath Davies	100,000		
Françoise Fillot		40,000	
Jean-Marc Sonjon		10,000	
Option exercise start date	30/01/11	30/01/12	
Expiry date	30/01/12	30/01/13	
Subscription price (1)	10.60		
Number of shares subscribed at 31 January 2010	0	0	0
Number of cancelled or lapsed options	0		
Share subscription or purchase options remaining at the end of the period	100,000	40,000	10,000

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 30 January 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 labour 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. €150,000.

22. Situation of the board members' mandates and proposal to amend Article 13 of the by-laws

The board member mandates of:

- Mr. Jacques Mottard,
- Mr. Nicolas Mottard,
- The Company 21 CENTRALE PARTNERS

are due to expire during the next Meeting.

We will submit to you the renewal of the board member mandates of Messrs. Jacques Mottard and Nicolas Mottard.

Regarding the mandate of 21 CENTRALE PARTNERS, represented by Mr. François BARBIER, we suggest that you give your opinion regarding the appointment of Mr. François Barbier as board member.

We point out that it would be opportune to shorten the mandate duration of each board member, in order to comply with Article 12 of the AFEP/MEDEF corporate governance code.

In that context, we suggest amending Article 13 of the by-laws regarding the duration of board member mandates.

In case of a favourable vote, the mandate duration of all of the board members will be shortened immediately.

Thus, the mandate of Mr. Heath Davies, appointed by the General Meeting of 4 May 2007 for a period of 6 years, would expire during the general meeting ruling on the financial year ending 31 December 2010.

Likewise, the mandate of Ms. Françoise Fillot, appointed for a period expiring during the general meeting ruling on the accounts for the year ending 31 December 2014, would be shortened and expire at 31 December 2012.

Therefore, we ask that you give your opinion regarding:

- the renewal of the board mandates of Messrs Jacques and Nicolas Mottard for a period of 4 years, under the suspensive condition of the amendment of Article 13 of the by-laws in accordance with that which is indicated above.
- the appointment of Mr. François Barbier as board member for a period of 4 years, under the suspensive condition of the amendment of Article 13 of the by-laws in accordance with that which is indicated above.
- the amendment of Article 13 of the by-laws regarding the board members' mandate duration.

23. AUTHORISATION AND POWERS TO BE GRANTED TO THE BOARD OF DIRECTORS IN ORDER FOR THE COMPANY TO REPURCHASE ITS OWN SHARES; DRAFT AUTHORISATION TO GRANT TO THE BOARD OF DIRECTORS TO CANCEL TREASURY SHARES

We remind you that the General Meeting held 29 April 2009 authorised the Board to conduct operations involving Company shares, in accordance with the provisions of Article L.225-209 of the French Commercial Code, for a period of 18 months, i.e. up until 29 October 2010.

With regards to the performance of the Company's share price, we propose that you cancel the authorisation granted by the General Meeting of 29th April 2009 and replace it with a new share repurchase programme.

The goals of the repurchase programme would be the following, in descending order:

- Have an investment services provider drive the market or the liquidity of shares in the Company through a liquidity agreement compliant with the ethical policy recognised by the AMF;

- Purchase shares to hold them and eventually trade them or use them as payment for potential external growth operations;

- The allocation to employees or corporate officers of the Company or the Group, under the conditions and in accordance with the methods provided for in the Law, in particular as part of the distribution of the fruits of the growth of the Company, for the share purchase option service as part of the company savings plan, or for the free allocation of shares to employees as a function of their performance in accordance with the provisions of Article L 225-197-1 and subsequent Articles of the Commercial Code,

- Cancel acquired securities.

This authorisation would be granted under the following conditions:

- the number of shares purchased by the Company as per that authorisation may not represent more than 10% of the equity capital, as adjusted according to operations that may affect it subsequent to the General Meeting's decision, it being pointed out that the number of shares taken into account for the calculation of the 10% limit corresponds to the number of shares purchased, minus the number of shares redeemed during the authorisation period, in accordance with the provisions of Article L.225-209 paragraph 1 of the French 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 shares may be repurchased through interventions on the market or the purchase of batches, with no particular limitations in the latter case;

- The maximum price at which the shares could be acquired would be set to €37,

- This authorisation would be granted for a period of eighteen months, starting from the date of the General Meeting authorising the repurchase of shares.

In order to allow the Board to cancel the shares purchased by the Company in the context of the repurchase programme, we also ask you to allow the Board of Directors to reduce the equity capital by cancelling the Company's own shares and consequently amend the by-laws;

24. DELEGATION OF AUTHORITY TO BE GRANTED TO THE BOARD TO INCREASE THE EQUITY CAPITAL THROUGH THE ISSUE OF ORDINARY SHARES OR ANY MARKETABLE SECURITIES GIVING ACCESS TO THE CAPITAL WITH PRESERVATION OF THE PRE-EMPTIVE RIGHT

We inform you that it would be convenient if new authorisations were to be granted to the Board in order to increase the share capital of the Company, in accordance with the provisions of Articles L. 225-129-2, and L. 228-92 of the Commercial Code. These authorisations would cancel out those granted by the General Meeting of 29 April 2009.

Thus, we request that you delegate to the Board the authority to determine, at its sole discretion, on one or more occasions and in the proportions and as it sees fit, both in France and abroad, in euros or foreign currency or unit of account set by reference to several currencies, to issue, with preservation of the pre-emptive right, shares, equity securities or marketable securities – including warrants issued in an autonomous manner, on a free of charge or paid-for basis or purchase warrants – giving or likely to give access to the capital or giving the bearer an entitlement to the allocation of debt securities.

The delegation that would thus be granted to the Board of Directors, would be valid twenty-six months from the date of the General Meeting authorising it.

The issue of preferred shares and the issue of securities or marketable securities giving access to preferred shares, would be ruled out.

In the context of this delegation of authority:

- The amount of capital increases likely to be completed immediately and/or in the long run, could not exceed €5,000,000 of face value, plus, if applicable, the additional amount of shares that would have to be issued to preserve, in accordance with the law, the rights of holders of marketable securities entitling them to shares.

- The face value of debt securities giving access to capital, likely to be issued under this delegation, could not exceed €100,000,000 or its equivalent in foreign currencies, on the day of issue.

The shareholders would have a pre-emptive right on the securities issued under this delegation, which would be proportionate with the amount of shares they hold.

Should the applications made on a non-reducible basis or, if applicable, on a reducible basis, not absorb the entire issue of shares or marketable securities as defined above, the Board may offer the public all or part of the securities that have not been applied for.

We would like to point out that this delegation would supersede the delegation granted by the Ordinary and Extraordinary General Meeting of 29th April 2009 through the vote on its ninth resolution.

25. DELEGATION OF AUTHORITY TO BE GRANTED TO THE BOARD TO INCREASE THE EQUITY CAPITAL THROUGH THE ISSUE OF ORDINARY SHARES OR ANY MARKETABLE SECURITIES GIVING ACCESS TO THE CAPITAL WITH PRESERVATION OF THE PRE-EMPTIVE RIGHT

It would also be appropriate that the General Meeting, in accordance with the provisions of Articles L. 225-129-2 and L. 225-135-2 and L. 225-136-2, and L. 228-92 of the Commercial Code, delegate to the Board of Directors the powers to decide, on its own, in one or several times, within the proportions and at the times its determines, both in France and abroad, either in euros or in foreign currency or in an account unit set in reference to several currencies, the issue, with removal of the pre-emptive subscription right, of shares, equity capital shares, or marketable securities - including warrants issued autonomously, either free of charge or at a price, or of acquisition bonds - giving access or likely to give access to the equity capital or entitling their holders to the allocation of bonds.

The delegation thus granted to the Board of Directors would be valid twenty-six months from the date of the General Meeting authorising it.

The issue of preferred shares and the issues of any securities or marketable securities giving access to preferred shares, would be ruled out.

The pre-emptive right of shareholders on these shares, equity securities, and other marketable securities, would be eliminated, but the Board of Directors would be entitled to institute a priority right for shareholders to apply for them, in accordance with the provisions of Article L 225-135 of the Commercial Code.

In the context of this delegation of authority:

- The amount of capital increases likely to be conducted in that manner either immediately or in the long run, could not exceed €5,000,000 of face value, plus, if applicable, the additional amount of shares that would have to be issued to preserve, in accordance with the law, the rights of holders of marketable securities entitling them to shares. The maximum face value of capital increases likely to be conducted under this delegation would be entered against the overall capital increase cap of €5,000,000 discussed above..

- The face value of debt securities giving access to capital, likely to be issued under this delegation, could not exceed €100,000,000 or its equivalent in foreign currencies, on the day of issue, it being specified that such face value would be entered against the face value of €100,000,000 discussed above.

- 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 French 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.

We inform you that this delegation would supersede any prior delegation with the same purpose.

In accordance with the provisions of Article L225-135 of the Commercial Code, the Company's Auditors have drawn up a report on the removal of the pre-emptive right, which shall be read out to you. We point out that an additional report will be drawn up by the Board of Directors when it uses the authorisation granted by the General Meeting, if applicable, to:

- describe the final conditions for the operation, determined in accordance with the authorisation granted by the Extraordinary General Meeting;

- determine, in accordance with the provisions of Article 225-115 of the French Commercial Code, the impact of the proposed issue on each individual shareholder's situation, particularly regarding his/her share of the equity capital.

Likewise, the Company's Auditors will draw up the additional report required by Article 225-116 paragraph 2 of the French Commercial Code.

26. AUTHORISATION TO BE GRANTED TO THE BOARD OF DIRECTORS TO INCREASE THE NUMBER OF SHARES, SECURITIES AND MARKETABLE SECURITIES TO BE ISSUED IN CASE OF CAPITAL INCREASE WITH OR WITHOUT PRE-EMPTIVE RIGHT

We ask you to authorise the Board, in accordance with the provisions of Article L. 225-135-1 of the Commercial Code, for a period of twenty-six (26) months, to increase, within the limit of the overall cap set above and relatively to the delegation of authority, to increase the equity capital through the issuance of shares with preservation of the pre-emptive right, the number of shares, securities, or marketable securities to be issued in case of a capital increase of the Company with or without a pre-emptive right for the shareholders, within thirty (30) days of the closure of the subscription of the initial issuance, within the limit of 15% of the initial issuance, and at the same price as that chosen for the initial issuance, in accordance with the provisions of Article R.225-118 of the French Commercial Code.

We point out that the limit set out in clause 1° of paragraph I of Article L. 225-134 of the Commercial Code, would be raised in the same proportions.
This authorisation will supersede any prior authorisation granted regarding the same issue.

27. DELEGATION OF AUTHORITY TO BE GRANTED TO THE BOARD TO PROCEED TO THE ISSUANT OF SHRAES, SECURITIES OR OTHER MARKETABLE SECURITIES WITH A VIEW TO REMUNERATING THESE CONTRIBUTIONS IN KIND GRANTED TO THE COMPANY

We ask you to delegate to the Board of Directors, under Article L. 225-147 paragraph 6 of the Commercial Code, for a period of twenty-six (26) months, the authority necessary to issue shares, equity securities, and marketable securities, some of which would or could give access to the Company's capital within the limits of 10% of its share capital, at the time of issue, to remunerate the contributions in kind granted to the Company, and made of equity securities and marketable securities giving access to the capital, whenever the provisions of Article L. 225-148 of the Commercial Code, do not apply.

In accordance with law, the Board of Directors would then rule on the Auditors' report mentioned in Article L. 225-147 of the Commercial Code.

In any event, the amount of capital increases conducted under this resolution would be entered against the overall cap set above and relative to the delegation of authority to increase the equity capital through the issue of shares with removal of the pre-emptive right.

In that context, we ask that you grant all authority to the Board of Directors, in particular to approve the assessment of contributions, determine the resulting capital increase, acknowledge its completion, draw from the contribution premium the amounts necessary to bring the legal reserve to a tenth of the new capital after each increase, and amend the by-laws.

Please note that the aforementioned delegation would supersede any prior authorisation granted regarding the same issue.

28. DELEGATION OF AUTHORITY TO DECIDE TO ON A CAPITAL INCREASE VIA THE INCORPORATION OF RESERVES, PROFITS OR PREMIUMS

We ask that you delegate to the Board of Directors, under Articles L. 225-129, L. 225-129-2, and L. 225-130 of the Commercial Code, your right, for a period of twenty-six (26) months, to decide to increase the share capital, at its sole discretion, in one or several times, at the times its determines, through the incorporation of reserves, profits and share premiums into the capital, followed by the creation and free allocation of equity securities or the increase of the existing equity securities, or a combination of both.

Fractional rights would be neither marketable nor transferable, and the corresponding securities would be sold, the proceeds of the sale being allocated to the holders of the rights within the timeframe set by an Order of the Council of State.

The amount of capital increase likely to be completed in that manner, plus the amount necessary to preserve, in accordance with the law, the rights of holders of marketable securities entitling them to shares and regardless of the overall cap set above and relative to the delegation of authority to increase the equity capital through the issue of shares with preservation of the pre-emptive right, would not exceed the amount of reserves, share premiums, and profits discussed above that exist at the date of the capital increase.

We ask that you grant to the Board of Directors, with the ability to sub-delegate under the conditions set out by law and by the Company's by-laws, all the authority necessary to implement this delegation and ensure its success. The aforementioned delegation would cancel and override any earlier delegation regarding the same issue.

29. DELEGATION OF AUTHORITY TO INCREASE THE SHAE CAPITAL TO THE BENEFIT OF THE GROUP'S EMPLOYEES

We remind you that, in accordance with the provisions of Article L. 3332-18 of the Labour Code and Articles L 225-129-6 and L 225-138-1 of the Commercial Code, it is up to the Board of Directors to submit to the General Meeting of Shareholders, on the occasion of each capital increase, a draft resolution tending to complete a capital increase conducted under the conditions set out in Article L 3332-18 of the Labour Code.

Given the authorisations to increase the capital which are proposed to the meeting, it is for the extraordinary general meeting to give its opinion, in accordance with Article L 225-129-2 of the French Commercial Code, regarding a project to delegate authority to the Board of Directors to proceed to a capital increase, in one or several stages, in the proportions and at the periods it decides, within a period of twenty-six months, within the limit of a total number of shares representing 3% of the equity capital on the day of the Board's decision, through the issuance of ordinary shares or marketable securities giving access, by all means, immediately or in the long run, to ordinary shares in the Company and, if applicable, through the allocation of free shares.

This authorisation would include the cancellation of the shareholders' pre-emptive rights on new shares and other securities to be issued to the benefit of the Company's employees and/or those of companies related to the Company in the sense of the provisions of Article L. 225-180 of the Commercial Code which are, if applicable, holders of a Group Corporate Savings Plan (or any Mutual Fund to be set up, of which such employees would be shareholders).

Regarding the price of the shares to issue, we suggest that you set the discount to 20% as compared to the average of listed prices for the Company shares on Euronext Paris S.A.'s Eurolist during the twenty stock market days preceding the day of the decision setting the subscription start date. However, we ask that you authorise the Board of Directors to reduce the aforementioned rebate if it deems necessary.

If you accept this proposal, please delegate all authority to the Board of Directors, with the ability to sub-delegate as provided for by law, to:

- set a list of beneficiaries and the number of shares allocated to each one of them;
- set the date and terms of the issues that will be conducted under this delegation, in accordance with legal and statutory provisions, and in particular, determine the purchase price in compliance with the above-mentioned rules, set the application opening and closing dates, the due dates, and the share issue timeframes;
- confirm the completion of the capital increases up to the amount of shares that will be actually applied for;
- accomplish all operations and formalities, either directly or via a proxy;
- amend the by-laws in accordance with the share capital increases;
- And generally do anything that is useful or necessary for the final completion of the capital increase or successive capital increases.

In accordance with the provisions of Article L225-135 of the Commercial Code, the Company's Auditors have drawn up a report on the removal of the pre-emptive right, which shall be read out to you.

We point out that an additional report will be drawn up by the Board of Directors when it uses the authorisation granted by the General Meeting, if applicable, to:

- describe the final conditions for the operation, determined in accordance with the authorisation granted by the Extraordinary General Meeting;
- determine, in accordance with the provisions of Article 225-115 of the French Commercial Code, the impact of the proposed issue on each individual shareholder's situation, particularly regarding his share of the equity capital, and the theoretic impact on the current value of the share.

Likewise, the Company's Auditors will draw up the additional report required by Article 225-116 paragraph 2 of the French Commercial Code.

These additional reports will be made available to you at the head office, no later than fifteen days following the meeting of the Board of Directors, and read out to you during the first subsequent General Meeting.

The activities conducted during the previous financial year were described to you earlier.

As far as the course of the Company's business since the beginning of the current financial year is concerned, it is presented to you in paragraph 3.11 above.

Your Board invites you, after reading the reports presented by your Auditor, to adopt the resolutions submitted to your vote, except for the resolution regarding the capital increase conducted in accordance with the terms set out in Article L 3332-18 of the Labour Code, which, for now, is not in line with the Company's objectives.

Jacques Mottard
Chairman and CEO
Sword Group

26.2 Board's report on stock options (year ended 31/12/2008)

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 **29 December 2006**, in accordance with the permission granted by the Extraordinary General Meeting of Shareholders of the Company held 28 April 2006 in its fifteenth resolution, granted, under the provisions of Articles L 225-177 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 authorisation, three share subscription plans have been established.

   Below se specify the number, the maturity dates, and the price of the share subscription options which, during the year elapsed, and for the mandates and functions exercised in the Company, have been granted to each of the corporate officers of the company and its related companies. The table below also specifies the options granted to each of the 6 employees of the Company (or its related companies) who are not corporate officers and whose number of granted options was the highest.

	Plan n°1	**Plan n°2**	**Plan n°3**
Date of the meeting	28 April 2006		
Date of the Board Meeting	29 December 2006		
Total number of options allocated	60,000		
Option exercise start date	30/12/2008	30/12/2009	
Exercise price	€35,128		
Discount	None		
Beneficiaries / number of options allocated (1)	Heath Davies Jim Graham John Innes Phil Norgate	Juan Arcas	Jean-Marc Sonjon
Number of options that can no longer be exercised	9,000		
Expiry date	30/12/2009	30/12/2010	

(1) 4,500 share subscription options have been allocated to each beneficiary, except for Mr. Heath Davies, Chief Executive Officer, who has been allocated 28,500 options.

2. We point out that the Board of Directors held **30 January 2009**, in accordance with the permission granted by the Extraordinary General Meeting of Shareholders of the Company held 30 January 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.

	Plan n°1	**Plan n°2**
Date of the General Meeting	30 January 2009	
Date of the Board Meeting	30 January 2009	
Total number of options allocated	150,000	
Number of options that can be subscribed	100,000	50,000
Beneficiaries: Heath Davies	100,000	
Françoise Fillot		40,000
Jean-Marc Sonjon		10,000
Option exercise start date	30/01/11	30/01/12
Expiry date	30/01/12	30/01/13
Subscription price (1)	10.60	
Number of shares subscribed at 31 January 2010	0	0
Number of cancelled or lapsed options	0	
Share subscription or purchase options remaining at the end of the period	100,000	50,000

We inform you in that respect that, in accordance with AFEP/MEDEF recommendations, 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.

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 turnover 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 3 December 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 **4 September 2005** authorised its Chairman to allocate to certain members of the Company personnel, 340 new share subscription options. The Chairman, as per two decisions dated 4 November 2005 and 5 November 2005, made partial use of that authorisation by allocating 340 share subscription options. 240 options were subscribed on 3 November 2009 (100 options can no longer be exercised).

Likewise, we remind you that the Extraordinary General Meeting of Shareholders of FircoSoft held **4 September 2006**, authorised its Chairman to allocate to certain members of the Company personnel, 2,300 new share subscription options. As part of a decision dated 4 September 2006, the Chairman has partly used this authorisation by allocating 1,700 share subscription options. None of these new options was applied for during the elapsed financial year.

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 15 July 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	15 July 2008	1st September 2008
Date of the General Meeting	4 August 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

At 9 March 2010, no option had been exercised.

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 28 April 2010

Ordinary resolutions

First resolution
(Approval of corporate financial statements)

The General Meeting, ruling under the conditions of quorum and majority required for ordinary general meetings, after hearing the reading of the Board's report and the Auditors' report on the financial statements for the year ended 31st December 2009, approves the company accounts as they appear for that year. These accounts contain a profit of €3,694,121.83.

It also approves the transactions reflected by these accounts or summarised 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 €4,755 and the corresponding tax at €1,585.

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 hearing the reading of the Board's report and the Auditors' report on the consolidated accounts for the financial year ending 31st December 2009, 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 €22,034,885 and a Group's share of profit of €21,724,099.

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 profit of €3,694,121.83 as follows:

- To the "Balance brought forward" Which would thus rise from €28,496,917.48 to €32,191,039.31	**€3,694,121.83**

The general meeting decides to distribute to the shareholders, as dividend, €6,038,477.25, which is taken from the "Balance brought forward", which is thus brought down from €32,191,039.31 to €26,152,562.06.

The net dividend per share will be €0.65 per share. This dividend will be paid on 7 May 2010.

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 profit, 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
31 December 2008	€0.60	None
31 December 2007	€0.53	None
31 December 2006	€0.42	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 €150,000 the total directors' fees allocated to the Board of Directors for the current financial year.

Sixth resolution
(Renewal of the board member mandates of Messrs Jacques Mottard and Nicolas Mottard; appointment of Mr. François Barbier as board member)

The General Meeting:

- noting that the board member mandate of Mr. Jacques Mottard expires today, and ruling under the quorum and majority conditions required for ordinary general meetings, under the suspensive condition of the adoption of the ninth resolution regarding the reduction of the board members' mandate duration from 6 to 4 years, renews his mandate, for a period of four years that will expire at the end of the ordinary general meeting of shareholders to be held in 2014 to rule on the accounts for the fiscal year ending 31 December 2013,

- noting that the board member mandate of Mr. Nicolas Mottard expires today, and ruling under the quorum and majority conditions required for ordinary general meetings, under the suspensive condition of the adoption of the ninth resolution regarding the reduction of the board members' mandate duration, renews his mandate, for a period of four years that will expire at the end of the ordinary general meeting of shareholders to be held in 2014 to rule on the accounts for the fiscal year ending 31 December 2013,

- noting that the board member mandate of 21 CENTRALE PARTNERS expires today, and ruling under the quorum and majority conditions required for ordinary general meetings, under the suspensive condition of the adoption of the ninth resolution regarding the reduction of the board members' mandate duration from 6 to 4 years, decides to appoint as a new board member, Mr. François Barbier, living 18 rue Henri Barbusse, 75005 PARIS, for a period of four years, that will expire at the end of the ordinary general meeting of shareholders to be held in 2014 to rule on the accounts for the fiscal year ending 31 December 2013.

Seventh resolution
(Permission to be given regarding a new programme under which the Company would repurchase its own shares)

The General Meeting, ruling under quorum and majority conditions required for general ordinary meetings and having learnt of the Board of Directors' report and the special report aimed at Article L.225-209 of the Commercial Code, in accordance with the provisions of Article L. 225-209 et seq. of the Commercial Code and Rule Nr.2273/2003 of the European Commission of 22 December 2003,

authorises the Board of Directors, with the 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 French 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 recognised by the AMF,
- Purchase shares to hold them and eventually trade them or use them as payment for potential external growth operations;
- The allocation to employees or representatives of the Company or the Group, under the conditions and in accordance with the methods provided for in the Law, in particular as part of the distribution of the fruits of the growth of the Company, for the share purchase option service as part of the company savings plan, or for the free allocation of shares to employees as a function of their performance in accordance with the provisions of Article L 225-197-1 and subsequent Articles of the Commercial Code,
- Cancel the shares, in the case of the latter, subject to the Extraordinary General Meeting voting for a specific resolution.

The General Meeting decides that:

- The maximum purchase price per unit may not exceed €37.
- The maximum funds the Company may allocate to the operation is €34,372,852.

In case of a capital increase through an incorporation of reserves and an allocation of free shares, or in case of a division or a grouping of shares, the prices specified above will be adjusted using a multiplying coefficient equal to the ratio between the number of shares making up the capital before and after the operation.

Shares may be purchased, sold, or transferred by any means allowed by applicable regulations, either on the market or by amicable settlement, particularly through the purchase or disposal of batches, at any time, including at times of public offerings.

The General Meeting grants full authority to the Board, with the ability to sub-delegate under the conditions provided for by law and by the Company's by-laws, to enter into any deed or agreement, conduct any formality and, more generally, to take any action necessary for the implementation of this resolution.

This authorisation is granted for a period of eighteen (18) months. It cancels and replaces the authorisation that had been granted by the sixth resolution of the Company's General Meeting of 29 April 2009.

Eighth 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

Ninth resolution
(Amendment of Article 13 of the by-laws)

The General Meeting, ruling under the quorum and majority conditions required for extraordinary general meetings, after reviewing the Board's report, decides to amend Article 13 of the by-laws, whose wording as of today becomes:

"Article 13 – Board of Directors

1- The Company is managed by a board comprised of at least three and at the most eighteen, members, except in case of a temporary derogation in the event of a merger.

Not including the effects of Article 7 above, the mandate duration of the first board members if three years maximum, and that of the board members appointed in the course of business life is ***four years maximum.***
(…)"

The rest of the article remains unchanged.

The general meeting therefore notes that:

- the board member mandate of Mr. Heath Davies, initially slated to last 6 years, will be shortened to 4 years and will expire during the general meeting ruling on the accounts for the year ending 31 December 2010.
- the board member mandate of Ms. Françoise Fillot, initially slated to last 6 years, will be shortened to 4 years and will expire during the general meeting ruling on the accounts for the year ending 31 December 2012.

Tenth resolution
(Authorisation granted to the Board of Directors to reduce the share capital by cancelling the shares purchased under the share repurchase scheme)

The General Meeting, ruling under the quorum and majority conditions required for extraordinary general meetings, after hearing the reading of the Board’s report and the Auditors’ special report:

- Authorises the Board of Directors to cancel, at its sole discretion on one or more occasions, within the limits of 10% of the capital, the shares that the Company may hold under Article L. 225-209 of the Commercial Code, as a result of the repurchase conducted under the seventh resolution of this Meeting, and purchases made to date if applicable, and to reduce the share capital accordingly, in accordance with applicable laws and regulations;

- Sets to 18 months, from the date of this meeting, the validity period of this authorisation;

- Grants the Board, with the ability to delegate, full authority to conduct the operations necessary for such cancellations and correlative capital reductions, to amend the Company’s by-laws accordingly and conduct all formalities required.

Eleventh 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 29 April 2009 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.

Twelfth 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°) 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.

2°) 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 French Commercial Code.

3°) Decides:

- The amount of capital increases likely to be conducted in that manner either immediately or in the long run, could not exceed €5,000,000 of face value, plus, if applicable, the additional amount of shares that would have to be issued to preserve, in accordance with the law, the rights of holders of marketable securities entitling them to shares. The maximum face value of capital increases likely to be conducted under this delegation would be entered against the overall capital increase cap of €5,000,000 set in the eleventh 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,

4°) 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 French 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.

The general meeting decides that the adoption of this resolution supersedes any prior delegation with the same purpose.

Thirteenth resolution
(Increase in the number of shares, securities, or marketable securities to be issued in case of a capital increase with or without pre-emptive right)

The General Meeting, ruling under the quorum and majority conditions required for extraordinary general meetings, after reviewing the Board's report, authorises the Board, in accordance with the provisions of Article L. 225-135-1 of the French Commercial Code, for a period of twenty-six (26) months as of this general meeting, to increase, on its sole initiative, within the limit of the overall cap set in the eleventh resolution, the number of shares, securities, or marketable securities to be issued in case of a capital increase of the Company with or without a pre-emptive right for the shareholders, within thirty (30) days of the closure of the subscription of the initial issuance, within the limit of 15% of the initial issuance, and at the same price as that chosen for the initial issuance, in accordance with the provisions of Article R.225-118 of the French Commercial Code or any other applicable provision.

The meeting certifies that the limit provided for in paragraph 1 of I of Article L. 225-134 of the Commercial Code will be increased by the same proportions, and states that this authorisation will supersede any prior authorisation granted regarding the same issue.

Fourteenth 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 French 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 eleventh 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.

Fifteenth resolution
(Delegation of authority 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 eleventh 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.

Sixteenth 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 Labour Code, and ruling in accordance with the provisions of Articles L. 225-129-2 and L. 225-129-6 and L. 225-138-1 of the Commercial Code:

- delegates to the Board of Directors its authority to proceed, if it deems opportune, to a capital increase, in one or several times, within the proportions and at the times it appreciates, within twenty-six months from the date of this Meeting, and within the limits of a total number of shares representing 3% of the share capital on the date of the Board's decision, through the issue of ordinary shares or marketable securities giving access, by all means, immediately and/or in the long-run, to ordinary shares of the Company and, if applicable, through the allocation of free shares,
- decides that this delegation removes the shareholders' pre-emptive right on new shares and other securities to be issued to the benefit of the employees of the Company and/or companies related to the Company in the sense of the provisions of Article L. 225-180 of the Commercial Code which are, if applicable, holders of a Group Corporate Savings Plan (or any Mutual Fund to be set up, of which such employees would be shareholders),
- regarding the subscription price to be issued, decides to set the discount to 20% as compared to the average of quoted prices for the shares of the Company on 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 authorises the Board of Directors to reduce the aforementioned rebate if it deems necessary.

The General Meeting grants full power to the Board of Directors, with the ability to sub-delegate under the conditions provided for by law, to:

- set a list of beneficiaries and the number of shares allocated to each one of them;
- set the date and terms of the issues that will be conducted under this delegation, in accordance with legal and statutory provisions, and in particular, determine the purchase price in compliance with the above-mentioned rules, set the application opening and closing dates, the due dates, and the share issue timeframes;
- confirm the completion of the capital increases up to the amount of shares that will be actually applied for;
- accomplish all operations and formalities, either directly or via a proxy;
- amend the by-laws in accordance with the share capital increases;
- And generally do anything that is useful or necessary for the final completion of the capital increase or successive capital increases.

Seventeenth 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 28 April 2010

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 30 December 2005.

First and foremost, we will therefore prepare the report on the previous share repurchase program authorised by the General Meeting of 29th April 2009 and present to you the main characteristics of the new share repurchase programme that we will submit for your approval at the General Meeting of 28th April 2010.

1- Report on the previous program

The Ordinary and Extraordinary General Meeting of 29 April 2009 of Sword Group had authorised the Board of Directors, for a period of 18 months as of the said meeting, i.e. up until 29 October 2009, to implement a share repurchase programme, in accordance with the provisions described in its sixth resolution.

Statement by the issuer of the operations conducted on own shares dated 16 February 2009 (date of establishment of the previous balance sheet) up until 28 February 2010

Percentage of equity capital held by the Company either directly or indirectly (at 28 February 2010)	0.63%
Number of shares cancelled in the past 24 months	0
Number of shares held as treasury shares (at 28 February 2010)	58.885
Book value of portfolio as at 28 February 2010	€730.174
Market value of portfolio as at 28 February 2010 (at share price of 26 February 2010)	€1,467,414

	Cumulative gross flows		**Positions open as at 28 February 2010**	
	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 exercise price	None	None	None	None
Amounts	None	None	None	None

Sword Group did not use derivatives in this share repurchase program.

2- Main characteristics of the new share repurchase programme subject to the ordinary and extraordinary general meeting of 28th April 2010

Given the performance of the Company's share, we propose that the authorisation granted by the General Meeting of 29th April 2009 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 B.

Sword Group belongs to the following indices: SBF 250 and IT CAC.
Share repurchase programme

- Maximum proportion of share capital than can be purchased: 10% of the capital, i.e. a maximum of 928,996 shares (after taking into account the 58,885 own shares held by the Company at 28 February 2010, the maximum number consequently stands at 870,111 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 €37.

- the maximum amount which the Company may devote to this transaction stands at €34,372,852, it being pointed out that, insofar as, at 28 February 2010, the Company holds 58,885 own shares, the maximum amount would stand at €32,194,107.

- Objectives in decreasing order of importance:

- Boost the market or the liquidity of shares in the Company through an investment services provider using a liquidity contract compliant with the AFEI ethical policy recognised by the AMF,

- Purchase shares to hold them and eventually trade them or use them as payment for potential external growth operations;

- The allocation to employees or representatives of the Company or the Group, under the conditions and in accordance with the methods provided for in the Law, in particular as part of the distribution of the fruits of the growth of the Company, for the share purchase option service as part of the company savings plan, or for the free allocation of shares to employees as a function of their performance in accordance with the provisions of Article L 225-197-1 and subsequent Articles of the Commercial Code;

- The cancellation of shares, subject in the case of the latter to a vote on the seventh resolution by the Extraordinary General Meeting of 28th April 2010.

- Duration of the programme: 18 months, starting on the date of the Ordinary and Extraordinary General Meeting of 28th April 2010, i.e. until 28 October 2011.

3- Legal framework of the new share repurchase program subject to the ordinary and extraordinary general meeting of 28 April 2010

The share repurchase program will be subject to authorisation by the Extraordinary and Ordinary General Shareholders' Meeting of 28th April 2010, by a vote on the following resolutions (seventh and tenth resolutions);

Seventh resolution
(Permission to be given regarding a new programme under which the Company would repurchase its own shares)

The General Meeting, ruling under quorum and majority conditions required for general ordinary meetings and having learnt of the Board of Directors' report and the special report aimed at Article L.225-209 of the Commercial Code, in accordance with the provisions of Article L. 225-209 et seq. of the Commercial Code and Rule Nr.2273/2003 of the European Commission of 22 December 2003,

authorises the Board of Directors, with the 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 French 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 recognised by the AMF,
- Purchase shares to hold them and eventually trade them or use them as payment for potential external growth operations;
- The allocation to employees or representatives of the Company or the Group, under the conditions and in accordance with the methods provided for in the Law, in particular as part of the distribution of the fruits of the growth of the Company, for the share purchase option service as part of the company savings plan, or for the free allocation of shares to employees as a function of their performance in accordance with the provisions of Article L 225-197-1 and subsequent Articles of the Commercial Code,
- Cancel the shares, in the case of the latter, subject to the Extraordinary General Meeting voting for a specific resolution.

The General Meeting decides that:

- The maximum purchase price per unit may not exceed €37.
- The maximum funds the Company may allocate to the operation is €34,372,852.

In case of a capital increase through an incorporation of reserves and an allocation of free shares, or in case of a division or a grouping of shares, the prices specified above will be adjusted using a multiplying coefficient equal to the ratio between the number of shares making up the capital before and after the operation.

Shares may be purchased, sold, or transferred by any means allowed by applicable regulations, either on the market or by amicable settlement, particularly through the purchase or disposal of batches, at any time, including at times of public offerings.

The General Meeting grants full authority to the Board, with the ability to sub-delegate under the conditions provided for by law and by the Company's by-laws, to enter into any deed or agreement, conduct any formality and, more generally, to take any action necessary for the implementation of this resolution.

This authorisation is granted for a period of eighteen (18) months. It cancels and replaces the authorisation that had been granted by the sixth resolution of the Company's General Meeting of 29 April 2009.

Tenth resolution
(Authorisation granted to the Board of Directors to reduce the share capital by cancelling the shares purchased under the share repurchase scheme)

The General Meeting, ruling under the quorum and majority conditions required for extraordinary general meetings, after hearing the reading of the Board's report and the Auditors' special report:

- Authorises the Board of Directors to cancel, at its sole discretion on one or more occasions, within the limits of 10% of the capital, the shares that the Company may hold under Article L. 225-209 of the Commercial Code, as a result of the repurchase conducted under the seventh resolution of this Meeting, and purchases made to date if applicable, and to reduce the share capital accordingly, in accordance with applicable laws and regulations;

- Sets to 18 months, from the date of this meeting, the validity period of this authorisation;

- Grants the Board, with the ability to delegate, full authority to conduct the operations necessary for such cancellations and correlative capital reductions, to amend the Company's by-laws accordingly and conduct all formalities required.

4- Recent events

The financial report will be filed with the AMF at the beginning of April 2010.

The turnover for Q4 2009 was published in "La Tribune" dated 26/01/10.

The annual financial statements closed 31 December 2009 were the object of a statement in "La Tribune" and a SFAF meeting on 11 March 2010.

Jacques Mottard
Chairman and CEO

26.5 List of press releases published in 2009 and 2010

14/01/09: 30 January 2009 General Meeting of Shareholders

22/01/09: Q4 2008 turnover

02/11/09: New organisation 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 managers

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

06/04/09: 2008 financial report available

20/04/09: Q1 2009 turnover

12/05/09: Sword Group announces the accretive sale of its business in Scotland

22/06/09: The European Commission and the Sword Group execute a master agreement worth several million euros

03/07/09: Notice of meeting to be used as calling to the Ordinary General Meeting of 29 July 2009

21/07/09: Q2 2009 turnover

27/08/09: H1 2009 turnover

27/08/09: 2009 half-yearly financial report available

15/10/09: Notice regarding the project to transfer the head office

20/10/09: Q3 2009 turnover

16/11/09: Sword and Arisem sign a text mining partnership agreement

17/11/09: Notice of meeting to be used as calling to the Extraordinary General Meeting of 2 December 2009

20/11/09: Acquisition of AgencyPort in the USA

03/12/09: Sword Group puts off the transfer of its head office to Luxembourg

26/01/10: Q4 2009 turnover

11/03/10: 2009 annual financial statements

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 digitised 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 organised into themes, as well as various services (weather reports, news, directories, etc.).
Geographical Information System	GIS	System that allows a cartographic dimension to be incorporated into information systems.
Straight-Through Processing	STP	Automatic repair/rebuilding of messages (SWIFT or other formats).
Supply Chain Management		Automation of the company's supply chain through the use of specialist software and the Internet.
Swift	SWIFT	Global inter-bank payment network.
Third-party maintenance or application management	TMA	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		Computerisation of business processes that takes into account the various different flows.