Sword Group
2013 FINANCIAL REPORT

1,236 FTE as at 31/12/2013

18 countries

Turnover 2013: €106.5 million

Profitability: 13.3%

MAZARS

To the Board of Directors of
Sword Group S.E.

AUDITOR'S REPORT RELATED TO THE AGREED UPON PROCEDURES PERFORMED ON THE SWORD GROUP 2013 FINANCIAL REPORT

We have performed the procedures agreed with you and enumerated below with respect to the Sword Group 2013 financial report. This document is a free translation of financial information intended to investors for the year ended 31 December 2013, prepared in French and bearing the title "Sword Group Rapport Financier 2013", which has been posted onto the Group's website. Our engagement was undertaken in accordance with the International Standard on Related Services applicable to agreed-upon procedures engagements. These procedures were performed solely to assist Sword Group's management in evaluating the consistency of the translated financial information with the original document prepared in French. This information includes notably the consolidated financial statements prepared under IFRS as adopted by European Union and the statutory annual accounts prepared under Luxembourg generally accepted accounting principles of Sword Group S.E. for the year ended 31 December 2013, which were both subject to audit procedures by ourselves, as well as additional information prepared by Sword Group's management, which we checked for consistency with the consolidated financial statements and annual accounts. Our procedures are summarized as follows:

1. We obtained and read the free translation from French to English, and we identified the discrepancies which could be misleading for the users of this information.
2. We suggested a wording deemed more appropriate in the circumstances.
3. We checked the final translation based on our comments.

We report our findings below:

With regards to items 1, 2 and 3 we find the Sword Group 2013 financial report to be consistent with the original French version.

We remind you, in accordance with our engagement terms, that in case of any discrepancy which may be noted between the English translation and the French original text, the French original version shall be considered the legal binding document on which our audit opinions have been signed.

MAZARS

Because the above procedures do not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements (or relevant national standards or practices), we do not express any assurance on the Sword Group 2013 financial report. Had we performed additional procedures or had we performed an audit or review of these financial statements and annual accounts in accordance with International Standards on Auditing or International Standards on Review Engagements, other matters might have come to our attention that would have been reported to you.

Our report is solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose.

Luxembourg, 3 June 2014

For MAZARS LUXEMBOURG, Cabinet de révision agréé
10A, rue Henri M. Schnadt
L-2530 LUXEMBOURG

Thierry SALAGNAC
Réviseur d'entreprises agréé

SUMMARY

1 STATEMENT BY THE PERSONS IN CHARGE OF THE 2013 FINANCIAL REPORT

Pursuant to Article 3 (2) c) of the Law of 11 January 2008 on transparency requirements for information about issuers whose securities are admitted to trading on a regulated market, we declare that these financial statements have been prepared in accordance with applicable accounting standards and that the financial statements present fairly, to our knowledge, a true and fair view of the financial position as at 31 December 2013, financial performance and cash flows of the Company and a description of the principal risks and uncertainties the Company faces. The management report, to our knowledge, describes the true development, results and financial position of the Company.

Luxembourg, 27 March 2014

Jacques Mottard
Executive Chairman

2 INDEPENDENT AUDITORS

Mazars Luxembourg S.A. whose head office is at 10a, rue Henri M. Schnadt, L-2530 Luxembourg

Appointed by the Annual General Meeting of 3 May 2013 for a term expiring at the Annual General Meeting called to approve the financial statements at 31 December 2013 (renewal will be proposed at the AGM on 28 April 2014).

Sword Group SE now has a single auditor.

3 DIRECTORS

Board of Directors
Jacques Mottard, Executive Chairman, Director

François Barbier, Independent Director

Frédéric Goosse, Director, Managing Director

Nicolas Mottard, Director

François Régis Ory, Independent Director,

PACBO Europe (represented by Patrice Crochet), Independent Director: appointment by the Board of Directors of 20 November 2013. The ratification of the appointment will be submitted to the General Meeting of 28 April 2014.

4 COMPANY INFORMATION

Sword Group SE is a European public limited company whose head office is located at Luxembourg, Route d’Arlon 105, L-8009 Strassen. The change of address of the registered office and central administration at 2, Rue d'Arlon L-8399 Windhof will be proposed at the General Meeting of 28 April 2014.

The purpose of the Company is to take interests, in any form whatsoever, in any business, industrial, or financial company, group of economic interest or other, whether governed by Luxembourg or foreign law.

The Company was incorporated on 22 June 2001. Article 5 of the articles of incorporation provides that the Company has an unlimited duration.

The Company’s shares are listed on Euronext Paris under ISIN reference: FR0004180578.

5 SELECTED FINANCIAL INFORMATION

Consolidated financial statements:

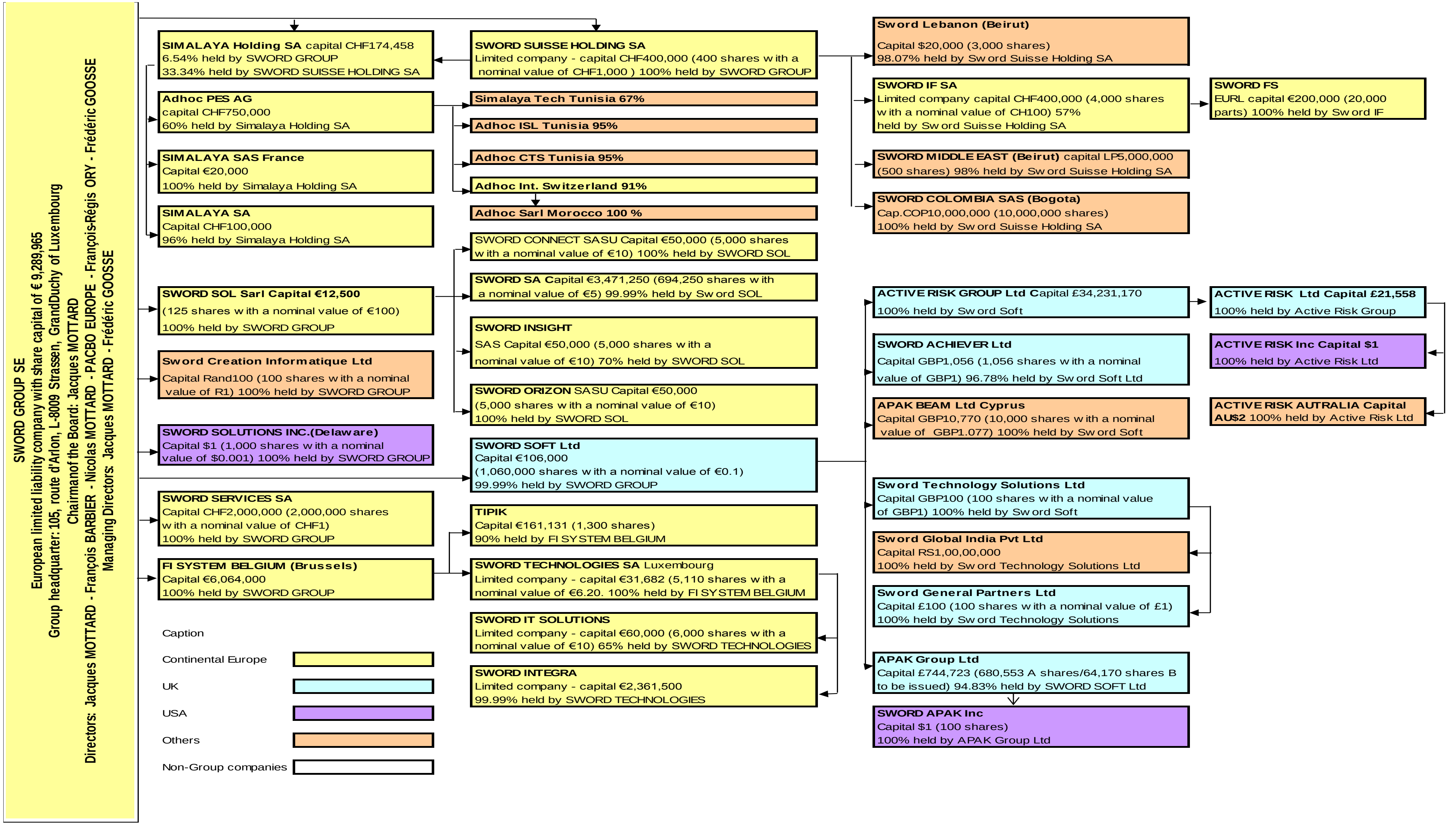
In €'000	At 31/12/2013	At 31/12/2012	At 31/12/2011
Turnover	106,500	117,908	156,193
EBIT	14,194	14,744	23,025
Consolidated net profit	15,081	16,286	1,421
Non-current assets	97,298	77,098	107,518
Cash and cash equivalents	109,567	125,867	111,609
Consolidated shareholders' equity	151,564	137,467	130,293
Total statement of financial position	260,276	267,214	301,351

Annual accounts:

In €'000	At 31/12/2013	At 31/12/2012	At 31/12/2011
Revenue and other operating income	1,968	2,288	6,517
Operating profit	-576	- 323	- 872
Net income	38,233	-11,951	- 4,744
Non-current assets	88,794	194,876	197,437
Cash and marketable securities	73,109	102,148	73,702
Shareholders' equity	117,344	85,419	110,034
Total balance sheet	221,008	323,313	299,337

6 GROUP ORGANISATION CHART

As at 31/12/2013:



7 OVERVIEW OF ACTIVITIES

OUR GROUP

Sword is a Service company specialising in Computer Engineering, established in June 2001 and now has over 1,200 employees. It offers its customers consulting and integration services with high added value.

As part of an IT-oriented approach and relying on powerful methodologies for project management, Sword engages in the implementation of innovative solutions that meet the strategic needs of its clients and adaptation requirements of their information systems.

To achieve this goal, Sword has developed an industrialised production model, organised around specialist service centres to provide its customers with local services, high value-added know-how, high production capacity and optimised economic approaches.

Our business covers three main areas:

- **IT Services:** organised as a centre of excellence, representing 58.1% of the Group's turnover,
- **Software:** representing 19.7% of the Group's turnover,
- **Communication Technologies:** this communication agency based in Brussels, represents 22.2% of the Group's turnover.

For the analysis of accounts, IT Services and Communication Technologies are combined.

OUR MARKETS

Sword's offer is designed for all major accounts and public institutions, both local and international. Combined with our technological and methodological expertise, Sword occupies a leading position in some countries.

Sword has developed unique expertise in targeted markets:

- ✓ Institutions and Government
- ✓ Healthcare
- ✓ Banking and insurance
- ✓ Intellectual Property
- ✓ Sports Federations

In these markets, Sword is the everyday partner of these organisations for its entire range of services, accompanying both their IT strategy and their most operational issues.

Generally, Sword operates in highly regulated markets for which knowledge of current regulations is a necessity.

OUR SERVICE OFFERING

As an integrator consulting firm, Sword offers a range of solutions and specialist services with high added value. We combine understanding of our customers' business, market knowledge and technical expertise to develop competitive advantages for our customers.

Sword's offering is built around technological niches:

- Enterprise Content Management (ECM) – electronic documents, document management and workflow, DTP.
- Valorisation of information – implementation of enterprise portal, web content management, process management, collaborative work, enterprise social networking, customer relationship management, information retrieval, repository management, natural language processing,
- EAI / ESB: interconnection and interoperability of information systems – process organisation and synchronisation,
- Geographic Information System (SIG) – integration of cartographic dimension to the information system,
- Business Intelligence (BI) – implementation of a decision-making system intended for the management and analysis of enterprise data,
- Management Consulting, IT strategy consulting, Project Management, Quality Assurance & Testing, Digital Marketing & CRM, as well as information systems performance engineering,
- Specific and business intranet development – healthcare, nuclear energy, pharmaceuticals and industry.

Sword realizes more than 80% of its turnover with fixed-price contracts (guaranteed results).

OUR SOFTWARE OFFERING

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

Sword offers 2 Product lines and 4 lines of software components managed by the IT Services area:

Sword Achiever / Sword Active Risk **Specialises in Governance, Risk and Compliance**		**Sword Apak** **Specialises in the management of Assets Funding**
Sword Connect **Solution for enterprise information search**	**Sword Excalibur** **Document management solution**	**Sword Insight** **Implementation of solutions for visual investigation**
Sword Intellect **Solution for the management of intellectual property rights**	**Sword Orizon** **Turnkey telemedicine solution**	**Sword Seek & Share** **Market monitoring and information sharing solution**

8 THE GROUP'S SOCIAL RESPONSIBILITY

Since 2011, Sword Group has signed the United Nations Global Compact ("Global Compact"), thereby committing to the 10 principles related to human rights and labour, the environment and corruption.

By joining Global Compact, the company wants to show that it is a good corporate citizen in the global economy.

Sword chose the Global Compact as it ensures a globally recognised framework as well as sustainability.

The group ensures compliance with the 10 principles set out by the UN Global Compact.

Human rights
1 The companies should support and respect the protection of international law on human rights within their sphere of influence; and
2 They should ensure that their own corporations are not accomplices of human right violations.

Labour law
3 The companies should uphold the freedom of association and the effective recognition of the right to collective bargaining;
4 The elimination of all forms of forced or compulsory labour;
5 The effective abolition of child labour; and
6 The elimination of discrimination in respect of employment and occupation.

Environment
7 The companies are asked to apply a precautionary approach to environmental challenges;
8 They should undertake initiatives to promote greater environmental responsibility; and
9 They should encourage the development and dissemination of environmentally friendly technologies.

Anti-bribery
10 The companies should work against corruption in all its forms, including extortion and bribery, kickbacks.

9 CORPORATE GOVERNANCE

Governance

- The Board of Directors on 11 April 2012 decided:
  - To adhere voluntarily to the Ten Principles of Corporate Governance of the Luxembourg Stock Exchange. Following an update of these principles in May 2013, the Board of Directors shall make a new statement regarding its adhesion, following the analysis of changes
  - To reappoint the previous Audit Committee, namely:
  - Mr. Francis Regis Ory, independent director and chairman of the audit committee
  - Mr. François Barbier, independent director.
- The Board of Directors of 28 August 2012 adopted the Governance Charter and the Internal Rules of the Board of Directors and the Audit Committee.

Following the transfer of the Company's headquarters to the Grand Duchy of Luxembourg (General Meeting of 26 March 2012), the Board of Directors of Sword Group, on 28 August 2012, adopted the Charter of Governance that provides the framework for governance of Sword Group's activities, as per the ten Principles of corporate Governance of the Luxembourg Stock Exchange that the Company has voluntarily joined, with the exception of certain principles set out in this Charter. It aims to clarify the powers and responsibilities of the various entities that make up the governance of Sword Group.

The Governance Charter supplements the existing following documents:

- ✓ an administrative manual that sets out all of the Group's internal control procedures, a welcome manual for each employee, detailing their rights, obligations, and position in the operations of Sword Group,
- ✓ an IFRS accounting principles manual, drafted by an independent company,
- ✓ one technical manual per country, that includes all applicable quality standards (CMM, ISO or ISOPRO method),
- ✓ a code of ethics that was adopted by the Board of Directors of Sword Group on 20 December 2010.

Such code of ethics will be regularly updated based on changes in the governance of Sword Group as well as legislative and regulatory changes. It is available on the website of Sword Group.

<u>The Governance Charter is as follows as at 31 December 2013:</u>

I Structure and organisation of the Company and the Group

Sword Group is organised to have foster high responsiveness while maintaining a full management structure allowing for consistent management and controls. A description of the roles of the major group entities is given below:

The management entities

<u>The Board of Directors</u>

Composition

The articles of incorporation of Sword Group provide for a Board of Directors composed of at least three members and a maximum of eighteen, except for temporary derogation in case of merger, appointed for a maximum period of four years. The Board of Directors is composed of competent and informed individuals, who were selected based on the specificities of the Company and its activities. As at 31/12/2013, it consists of five people: Jacques Mottard, François Barbier, Frédéric Goosse, Nicolas Mottard, François Régis Ory and PACBO EUROPE (represented by Patrice Crochet).

In accordance with recommendations made by the Luxembourg Stock Exchange, the Board of Directors is composed of up to 50% of "independent directors" in the persons of François Barbier, François Régis Ory and PACBO EUROPE (represented by Patrice Crochet). In addition, none of the above holds any significant holding in the capital of clients or suppliers of Sword Group, or in its subsidiaries.

There is no Director elected by the employees.

Should a member of the Board of the Company have or possess any personal interest in one of the Company's transactions, such member shall inform the Board of Directors regarding such interest, and shall not deliberate nor vote regarding such transaction.

Such transaction as well as that director's personal interest in that transaction shall be subject to a special report to the next general meeting of shareholders before any vote can be expressed by such director for any other resolution.

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. For the same reasons, the designation of a "compliance officer" was not deemed necessary.

Meetings of the Board - Operation of the Board
The Board meets, carries out its work and adopts resolutions in compliance with applicable legal and regulatory provisions, supplemented by the articles of incorporation of Sword Group: there are internal rules of procedure. There is no censor.

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

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.

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

All directors, executive or not, have equal access to the information and resources necessary to carry out their mandates.

The articles of incorporation of Sword Group provide for the holding of Board meetings as often as the company's interests require.
The Group makes use of a 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.

Sword Group, 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, particularly their ethical obligations.

Remuneration of the management and administration entities
The corporate officers are remunerated, in addition to their attendance fees, based on their experience and skills, in the European and worldwide context.

If and when 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.

Board of Directors' evaluation
The Board conducts an annual self-assessment. The Board members have considered so far that the current operation of the Board enables them to fulfil their task under appropriate conditions.

The EMC ("Executive Management Committee")
It determines the annual directives, controls activities and defines the long-term strategy.

As at 31 December 2013, it consisted of:
Jacques Mottard, Chairman and CEO
Frédéric Goosse, Managing director (as of 19 February 2013)
Two CEOs ("Chief Executive Officer"), Tony Allen and Juan Arcas.

Besides, an additional CEO, Taha Ben Mrad, is integrated into the EMC but in a transverse manner, because it represents Simalaya, in which the company does not hold a majority stake.

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

- ✓ Pradeep Banerji
- ✓ Anys Boukli
- ✓ Philippe Le Calvé
- ✓ Dieter Rogiers
- ✓ Nick Scully (since 29/08/2013)
- ✓ Roger Woods (since 06/01/2014)

Each Director of Operations is at the same time the Director of a Business Unit. To date, there are 13 Business Unit Directors.

Thus, only the Executive Chairman is not involved directly in a profit centre.

The Management Committee
It is 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 General Management.

The Managing directors
Mr. Jacques Mottard and Mrs. Françoise Fillot were Managing directors, responsible for the daily management for a term expiring at the Annual General Meeting called to approve the accounts of the Company for fiscal year ending 31 December 2015. They will also hold the title of "Executive Vice President".

Mr. Frédéric Goosse replaces Mrs. Fillot in this function as of 19 February 2013, pursuant to her resignation.

The Business Unit is a profit centre run according to principles set down in an internal administrative manual. The main management principles applied to Business Units are the following:

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 General Management, which includes a breakdown of activities, a summary of projects, the distribution of activities, an analysis of "work in progress" and "prepayment invoices", as well as an analysis of progress per project,
- ✓ feedback to the Business Unit by the General Management on the cost accounts.

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.

Commercial:
Each month, all the members of any committee whatsoever, complete the same 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 submitted, quantifying the number of new contracts signed,
- ✓ monitoring the number and value of lost businesses.

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

Technical:
The Technical Manager has multiple roles at Sword. Strategically, he participates in the elaboration of technology orientations of the Company in direct cooperation with the top management. As such, he is in charge of part of the technological monitoring via a network of technical points of contact within the group. Operationally, his task is split between pre-sales (elaboration of responses, early stage value proposals, etc), development (providing an external eye on the solutions implemented, after-sales (site and future upgrade follow-up).

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 authorised to enter into commitments up to €300,000 (versus €1,000,000 for the Director of Operations). Beyond that amount the General Management's approval is required.

Each project is run by a Project Leader, who produces a summary of fixed-price projects that allows analysis of work in progress and possible deviations from the initial estimates.

All project follow-up files are monitored by the Technical Department. A summary of the state of progress and of deviations is prepared at Group level, on an operation by operation basis.

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

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

All non-invoiced days by billable parties can only be allocated to one of the following three areas: training, management, subcontracting.
Any increase in the number of non-invoiced days per month in a Business Unit, will be the subject of detailed analysis in order to insure the proper allocation of subcontracting.

Reports, meetings, authorisations
<u>Reporting</u>
A Business Unit prepares:
- ✓ its projected payments on the 10th of each month,
- ✓ its analysis reports the last working day of each month, before 12 noon,
- ✓ the sales situation the evening of the fifth working day of each month,
- ✓ report on travel expenses the 5th of each month.

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

Each case is reviewed 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.

<u>Meetings</u>
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, his Commercials and his Technical Directors, in order to check the actions taken by each unit, and to coordinate the Business Units.

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.

Every two months, the Operations Committee and the Board Management Committee meet in order:
- to summarise matters discussed 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.

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".

Authorisations
- The Sales Engineer is authorised to represent the Company to customers.
- 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 €300,000. If these expenses do not fall within his allocated budget, these authorisations are taken away from him until the situation returns to normal. He must ask the Board Management Committee for permission, before undertaking any expenses or recruitments.
- A Business Unit Director cannot undertake investment expenses, for which a purchase requisition must be submitted to the Management Committee, nor commit to expenses that may have a long-term impact, such as rent, for which an equivalent procedure with the top management exists.
- The Director of Operations may validly commit the Company on contracts up to a limit of €1,000,000, and has the authorities previously awarded to Business Unit Directors, after they 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 manufacturers, while it is the Finance Department that deals with payments.

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.

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

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

II Shareholding structure and control of Sword Group

Share capital and shares
The share capital is set to €9,289,965 (nine million two hundred eighty nine thousand nine hundred sixty-five euro). It is divided into 9,289,965 shares with a par value of €1 each, fully paid and all of the same category.

The Company's authorised capital is set to €5,000,000 (five million euro), represented by 5,000,000 shares with a par value of €1 each.
However, as part of new shares issued under the securities representing debt that gives access to the capital, the amount of authorised capital is set at €100,000,000 (one hundred million euro) divided into 100,000,000 shares with a face value of €1 each.

Within the limits of the amounts of the above authorised capital, the Board is authorised, for a period expiring five years from the date of publication in the Memorial C, Report of Companies and Associations, of the Company's registration in the Trade Register of Luxembourg, to increase in one or more times the share capital by any means, including by issuing ordinary shares or securities giving access to capital, and by increasing the value of the shares issued. Under the conditions set by the Extraordinary General Meeting, the Board may cancel or limit the preferential subscription rights.

These capital increases can be subscribed to by cash payment or contribution in kind, in accordance with the legal provisions then applicable or by capitalisation of available reserves, deferred profits, distribution of dividends or additional paid-in capital, in each case at an issue price determined by the Board.

The Board may delegate to any authorised board member or proxyholder of the Company or any other duly authorised person, the right to accept subscriptions and receive payment for shares representing part or all of the amount of such capital increase.

With each increase of capital of the Company by the Board within the limits of the authorised capital, the articles of incorporation will be amended accordingly and the Board shall take or authorise any person to take all steps necessary for the performance and publication of such amendment.

Shares can be either registered shares or bearer shares depending on the choice made by the holder. If Luxembourg law allows it, the shares can be dematerialised.

If Luxembourg law authorises the issuance of dematerialised shares, registered shares and bearer shares are mandatorily converted into dematerialised shares within a period of two years from the date when the issuance of dematerialised shares is authorised, under the conditions set by law and implemented by the Board.

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, 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 4 trading days of becoming aware of their 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 issued to the ”Commission de surveillance du secteur financier (CSSF) within (i) 6 trading days and (ii) 4 trading days as of the crossing of these interest thresholds due to an event changing the distribution of voting rights.

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.

Shares are freely tradable in the absence of any legal or regulatory provisions to the contrary.

Any transfer of registered shares shall be the subject of the recording, in the register of shareholders, of a statement of transfer, dated and signed by the transferor and the transferee or their representative(s), as well as in accordance with the rules governing the transfer of debt, set out in Article 1690 of the Luxembourg Civil Code. The Company may also accept and record in the register of shareholders, any transfer referred to in any correspondence or other document mentioning the agreement between the transferor and the transferee.

Changes in capital

1 – The share capital may be increased by any means and in any manner provided by law.

The new shares are either paid up in cash, or by offsetting liquid to the Company, or by capitalisation of reserves, profits or additional paid-in capital, or by contribution in kind, or by conversion of bonds.

Only the Extraordinary General Meeting shall be competent to decide a capital increase. It may also delegate such authority to the Board of Directors as part of the capital authorised by the articles of incorporation.

The Board of Directors may decide to limit the capital increase against cash to the amount subscribed.

In case of increase through the issue of shares to be subscribed against cash, a preferential right to subscribe these shares is reserved for owners of existing shares, as permitted by law. However, shareholders may individually waive their preferential rights during the General Meeting that decides or authorises a capital increase. In addition, the shareholders at the General Meeting may cancel such preferential right in accordance with legal requirements.

2 - The capital increase may also result from the request by any shareholder to receive payment in shares of all or part of the dividend distribution where such power was granted to shareholders by a decision taken by the General Meeting or by the Board of Directors as part of a capital increase within the limits of the authorised capital as defined in Article 8 of these by-laws and Article 2.1 of the Charter.

In that case, the Board of Directors, within the statutory period, records the number of shares issued under the preceding paragraph and has the statutory changes implemented via a notary deed.

The Extraordinary General Meeting may also delegate to the Board of Directors the implementation of the capital decrease.

The Board of Directors may repurchase shares in the Company, within the limits set by law and by the authorisation granted by the Extraordinary General Meeting.

Listing
The Company is listed on EURONEXT Paris (Compartment C). The number of outstanding shares is 9,289,965.

Information about the share price of the Company can be found on its website (www.sword-group.com)).
Sword Group SE shares belong to the following indices: ICB: 9530 Logiciels et Services Informatiques, Indices CAC® Small, CAC® Mid& Small, CAC® All-Tradable, CAC® All-Share.

The General Meeting of 26 March 2012 gave the Board a general authorisation to increase the share capital by any means, including through the issuance of shares or securities giving access to share capital with or without preferential subscription rights.

This authorisation was granted for a period of five years from the date of publication in the "Mémorial C, Recueil des Sociétés et Associations", of the Company's registration in the Register of Commerce and Companies of Luxembourg. In the context of this delegation of authority, the Board may limit or cancel any existing pre-emptive subscription rights. The Board may set all the terms and conditions of issue, including the place and date of issue or successive issues, the issue price, with or without additional paid-in capital, and the terms and conditions of subscription and release of new securities. The Board may in particular accept such stock subscription against payment in cash or in kind, under the conditions laid down by law, and the issue of new shares by capitalisation of reserves and/or of the additional paid-in capital, and the free award of shares. The Board may also delegate the authority to accept the subscription of new shares.

The amount of capital increases likely to be carried out immediately and/or eventually under the authority granted by the General Meeting, could not be more than €5 million in nominal.

The face value of debt securities giving access to capital, likely to be issued under the delegation granted under the authority granted by the General Meeting, cannot exceed €100,000,000 or its equivalent in foreign currency on the date of issue.

The Board may use such delegation for any purpose participating to the achievement of the corporate purpose, including to issue shares or other instruments giving access to shares, to employees and/or corporate officers of the Company and/or companies that are included in the consolidation scope of the Company, within the limit of a total of 200,000 shares issued under the authority granted. Other conditions governing the issuance of these shares, including the determination of the beneficiaries of these shares, and the individual and/or collective performance requirements, will be set by the Board of Directors.

Acquisitions and disposals of own shares
Sword Group may hold its own shares and conduct transactions on its own shares, within the limits of the law and the authorisation granted by the Annual General Meeting.
Detailed information about these operations is regularly communicated to the CSSF and appears on the website of Sword Group.

Shareholders
Principal shareholders
Jacques Mottard, Nicolas Mottard - including the holdings of Financière Sémaphore - own together 18.4% of the share capital.
The floating stock represents 79.1% of the share capital, including the 16.9% of shares held by the Company Eximium as at 31 December 2013.

Proxies and general meetings
The shareholders are invited to attend the general meetings in accordance with legal and statutory provisions. Article 19 of the articles of incorporation relates to shareholder meetings.

Calling meetings
The shareholders meet at the Annual General Meeting, each 28 April of each year at 11 am in the municipality of the Company's registered office or any other venue, as specified in the notice.
If the meeting date falls on a holiday, it shall take place on the immediately following business day.

Ordinary shareholder meetings may be called extraordinarily at any time of the year by the Board of Directors.

One or more shareholders who together hold at least 10% of the subscribed capital may request the calling of a general meeting. Their request must set those issues to be covered by the agenda.
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 contains, if applicable, proposals from one or several shareholders who together hold at least 5% of the paid capital, who may request the registration of one or several new agenda issues for any general meeting, within the timeframe and in the forms set out by law.
If it has not been possible for the meeting to deliberate regularly, through failure to attain the quorum, a second meeting is called in the same form as the first and the meeting notice will recall the date of the first meeting.

Admission to the meetings - Powers

Any shareholder may, regardless of the number of shares held, take part, in person or via a proxy, to the meetings upon 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.

Shareholders may vote by mail and must, to that effect, ask the Company for a postal voting form. That form will include references to the relevant meeting and will be written so that the shareholder may cast his/her vote on each proposed resolution, according to their order of submission at the meeting. The request must be issued to the Company by any means and must be filed or received by the registered office at least six days before the meeting.

The voting form, to be acceptable, must necessarily include the following:

- indication of the names, surname and domicile of the shareholder,
- indication of the form of the shares (bearer or registered form) and of the number of shares, as well as an statement confirming that the shares are registered, either to registered securities accounts held by the Company, or to bearer securities accounts through the authorised financial intermediary,
- signature of the shareholder or his/her legal representative.

To be taken into account, postal votes must reach the Company at least three days before the date of the meeting.

A shareholder may be represented under the conditions set by applicable regulations.

Meeting - Board - Minutes

The General Meeting is chaired by the Chairman of the Board or by a board member appointed for that purpose by the Board, if the meeting was called by the Board or, failing that, by an individual designated by the Meeting; it is chaired by the independent auditor where appropriate, by the attorney or the liquidator in other cases. Scrutiny functions are filled by those two members of the meeting who hold the largest number of votes and accept such functions. The officers shall appoint a secretary who need not be a shareholder.

The deliberations are recorded in minutes signed by the officers, as well as by those shareholders who request it.

Copies or extracts of such minutes, to be produced at court or elsewhere, shall be validly certified, regarding ordinary general meetings, by the chairman of the board or a board member or the secretary of the Meeting and, regarding extraordinary general meetings, by the notary who holds the minutes in question.

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 – An ordinary general meeting shall deliberate validly only if the shareholders attending, represented or voting by mail, own at least, on first call, one quarter of the share capital. Failing that, a second general meeting that will not require a quorum, will be convened in the form prescribed by Article 67-1 of the law of 10 August 1915 as amended, on commercial companies.

An extraordinary general meeting shall deliberate validly only if the shareholders attending, represented or voting by mail, own at least, on first call, half of the share capital. Failing that, a second general meeting that will not require a quorum, will be convened in the form prescribed by Article 67-1 of the law of 10 August 1915 as amended, on commercial companies.

3 - At shareholders' 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.

4 - Votes at general meetings are cast by a show of hands, a roll call, a secret ballot, or the use of telecommunication facilities, in other words videoconferencing or any means of telecommunication allowing to identify the shareholder taking part in the Meeting, as determined by the officers or the shareholders.

The Ordinary Meeting shall rule by the majority of votes validly cast. The votes validly cast shall not include those relating to shares for which the shareholder has not taken part in the vote, has abstained or has cast a blank or invalid ballot.

The Extraordinary General Meeting shall rule by a majority of two thirds of valid votes.

Dividend policy

In accordance with Article 24 of the articles of incorporation, out of the profit for the period, deducted from any previous losses if applicable, the following amounts are levied in priority:

- - at least five percent to build up legal reserve, a deduction that will cease to be mandatory when said reserves will have reached a sum equal to one tenth of total share capital, but which will resume if for any reason this amount is no longer attained,
- and any sums to allocate to 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 proposal of the Board of Directors.

The Extraordinary General Meeting may, as permitted by law, determine the full or partial depreciation of the shares that will lose, in due proportion, their right to a dividend or the repayment of face value.

That meeting may also, as provided by law, determine the conversion into capital shares of fully or partially amortised shares.

As a general rule, Sword Group pursues a dividend distribution policy linked both to profits for the year in question and to the expected development of the group and its profitability.

III Control structures

Audit committee - Other committees

The Company has an audit committee, composed of Messrs. François Barbier and François-Régis Ory, independent directors, appointed members of the Audit Committee for the duration of their terms as directors.

Mr. Francis Regis Ory, is chairman of the Audit Committee.

Regarding the establishment of a nomination committee and remuneration committee or the creation of other specialised committees, it has been decided not to establish such committees within Sword Group, given the size the Company.

Internal controls

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.

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.

The internal control procedures are set by the Board of Directors of Sword Group.

Statutory audit

The statutory audit is conducted by Mazars Luxembourg S.A., a certified audit firm (cabinet de révision agréé).

IV Conduct of business and trading of Sword Group shares

Conduct of business and ethics

Positioned among the world leaders in the field of business process improvement solutions for regulated industries, Sword Group puts its skills, infrastructure and experience to serve our clients, and to help them improve their performance, increase their efficiency and maximise their return on investment.

Sword Group operates, worldwide, in compliance with laws and regulations in the various countries where Sword Group and / or the Sword Group subsidiaries are located.

On 20 December 2010, the Board of Directors of Sword Group adopted a Code of Ethics. Such Code aims, in particular, to formalise the basic common values and principles essential to Sword Group and its employees and to affirm the ethical commitment of Sword Group in all its areas of activity, with respect to shareholders, members of the company, customers, suppliers and partners.

Trading of Sword Group shares

Sword Group managers meet all legislative and regulatory provisions relating to transactions in securities of listed companies.

Sword Group managers conduct regular reporting of transactions conducted on the shares in Sword Group and refrain from any transactions on Sword Group shares when they possess inside information.

In order to prevent the commission of any offenses relating to the possession of inside information, Sword Group has established in accordance with the law, a list of insiders identifying those holding privileged information, working in the Sword Group, as well as third parties having access to such information in the course of their professional relationships with Sword Group.

10 MANAGEMENT REPORT

Ladies and Gentlemen,

We have brought you together at this Ordinary and Extraordinary General Meeting, in accordance with the applicable legal and statutory provisions, to submit to your approval the annual accounts and consolidated financial statements for the financial year ending 31 December 2013.

You will also be asked to cast your votes for the following projects:

Under the responsibility of the General Meeting ruling under the quorum and majority conditions required for Ordinary General Meetings.

- Reading of the report of the Board of Directors, including the management report of the group and finding that no agreement under Article 57 of the amended law of 10 August 1915 has been concluded or continued during the year ended 31 December 2013;
- Reading of the Audit Committee's report;
- Reading of the report of the independent auditor on the 2013 annual accounts, the consolidated financial statements of the group and the performance of its engagement;
- Approval of the statutory annual accounts at 31 December 2013;
- Approval of the consolidated financial statements at 31 December 2013;
- Allocation of result for the financial year ending on 31 December 2013;
- Remuneration of directors;
- Discharge to the directors for their management for the year 2013;
- Discharge for the independent auditor and for its assignment for the year 2013;
- Reappointment of the independent auditor;
- Ratification of the temporary appointment of a new director by the Board of Directors;
- Authority to complete formalities.

Under the responsibility of the General Meeting ruling under the quorum and majority conditions required for Extraordinary General Meetings.

- Transfer of the registered office and central administration; correlated amendment of Article 4 of the articles of incorporation;
- Authorisation to grant to the Board for the repurchase, by the Company, of its own shares;
- Authorisation for the Board of Directors to reduce the share capital by cancelling shares acquired through the Company's purchase of its own shares;
- Authority to complete formalities.

It is already expected that if, at the general meeting referred to above, the quorum for decisions of an extraordinary nature was not reached, a new general meeting would be convened for **19 May 2014 at 11 am** , with the same agenda.

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

The required notices have been duly sent to you and all documentation required by the regulations in force was made available at the registered office of the Company, as well as on the website of the Company within the legal timeframe.

You will then hear the reading of the independent auditor's report.

1. Important events in the Sword Group during the financial year ending 31 December 2013

Acquisitions / Disposal and equity stakes acquired during the financial year ended 31 December 2013:
The main events during the past financial year have been:

- Sword Services S.A. acquired minority interests in Sword Lebanon for a total of CHF 75k.
- Sword Soft Ltd repurchased the minority interests of Apak Group Ltd for €1,500k.
- The company Sword FS EURL was established on 10 January 2013, with no impact on the consolidated financial statements as at 31 December 2013. It is wholly-owned by Sword IF S.A.
- Sword Suisse Holding S.A. was acquired on 28 February 2013, with no material impact on the consolidated financial statements as at 31 December 2013. It repurchased the securities of Sword Middle East, Sword Lebanon and Sword IF S.A. for the net book value without impact on the consolidated financial statements as at 31 December 2013.
- Sword Insight S.A.S, a French simplified shares company, was set up on 25 June 2013, with no impact on the consolidated financial statements as at 31 December 2013. It is 70% owned by Sword Sol S.àr.l.
- The UK company Active Risk Group Ltd. was acquired in a friendly takeover bid which resulted in a final acquisition of 100% of the shares on 30 August 2013.
- The Group sold the assets of General Partner (UK) on 11 September 2013 (disposal of Amor shares). The consolidated gain on disposal is GBP 10,769k.
- Control of the Swiss company Simalaya Holding S.A. was obtained 26 September 2013, following participation in the capital increase for an amount of CHF 12,750k.
- Sword Colombia S.A.S (Colombia) was incorporated on 18 October 2013, with no impact on the consolidated financial statements as at 31 December 2013. It is wholly-owned by Sword Suisse Holding S.A.
- Sword Orizon and Sword Connect, two French simplified shares companies were incorporated on 29 November 2013, with no impact on the consolidated financial statements as at 31 December 2013. They are 100% owned by Sword Sol S.àr.l.

Thresholds crossing

- By letter received 18 March 2013, Mr. Michel Baulé said he exceeded, on 15 March 2013, directly and indirectly, through the company Eximium (15 avenue des Allobroges, F- 26100 Romans) which he controls, the thresholds of 15% stakes in the capital and voting rights of Sword Group and holds, indirectly, 1,394,009 shares in Sword Group representing as many voting rights, or 15.01% of the capital and voting rights of the Company.
  This crossing of threshold came about as a result of the acquisition of Sword Group shares on the stock market.

By that same letter, supplemented by a letter received 19 March 2013, the following declaration of intent was made: *"Mr. Michel Baulé states that:*

- *Eximium acquired its shares on the stock market using its shareholders' equity;*
- *he acts alone, via Eximium, which he controls, and that he contemplates continuing his purchased based on market conditions;*
- *he does not plan on taking control of Sword Group;*
- *he does not plan on changing the strategy of Sword Group;*
- *he does not plan on the operations listed in Article 223-17, I 6° of the General Rules of the AMF;*
- *he holds none of the financial instruments or agreements listed in paragraphs 4° and 4° bis of Chapter I of Article L. 233-9 of the Commercial Code;*
- *he does not intend to apply for a position as board member of Sword Group;*
- *he has not entered into any leasing agreement regarding the shares and/or voting rights of Sword Group."*

Governance

Mrs. Françoise Fillot, who was director and Executive Vice-President in charge of the Company's finance, decided to stop her professional activities. She quit her operational duties on 28 February 2013 and resigned from her duties as general manager as of 28 February 2013. Mr. Frédéric Goose was appointed general manager on 19 February 2013 and director on 3 May 2013.

The Board of Directors of 20 November 2013 co-opted Pacbo Europe, as new director, replacing Ms. Françoise Fillot who resigned, subject to ratification by the next general meeting.

A new financial management team was put in place.

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

Accounting standard

As per European Regulation n° 1606/2002 of 19 July 2002 regarding international accounting standards, the consolidated financial statements of Sword Group at 31 December 2013 and the comparative accounts for financial 2012 were prepared in compliance with 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 2013, whose implementation was mandatory on that date.

These standards are available on the website of the European Union, (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).

Standards, amendments to standards and interpretations applicable as of the financial year started 1 January 2013

The Group implemented for the first time the standards and interpretations whose enforcement was mandatory as of 1st January 2013:

- the IFRS 7 amendment regarding the compensation of assets and liabilities,
- IFRS 13 "Valuation at fair value",
- revised IAS 19 on employee benefits.

These new standards have had no significant impact on the accounts drawn up as at 31 December 2013.

Standards and interpretations published but not yet applicable

Texts adopted by the European Union at year end:
IFRS 10 - Consolidated Financial Statements (applicable to the annual periods starting as of 1 January 2014);
IFRS 11 - "Joint Arrangements" (effective for annual periods beginning on or after 1 January 2014);
IFRS 12 - Disclosure of interests in other entities (effective for annual periods beginning on or after 1 January 2014);
IFRIC 21 - "Levies" (effective for annual periods beginning on or after 1 January 2014).

The Group has not applied any of these new standards or interpretations in advance and does not anticipate any significant impacts resulting from the first application of these new standards.
The Group does not anticipate any material impact on its financial statements.

General rules concerning the presentation of the consolidated financial statements

The consolidated balance sheet is presented as distinguishing “current” and “non-current” as defined in standard IAS 1. Accordingly, financial liabilities, provisions and financial assets are broken down into that part which is over one year into “Non-Current” and under one year into "Current".

Consolidation methods

Companies that are wholly controlled by the Group are fully consolidated.
Full control is defined as the power, whether direct or indirect, to govern a company’s financial and operational policies in order to profit 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.
Under the shareholders' agreement of Simalaya, Sword has the power to rule on the operational and strategic orientation of the company and its managerial policy (appointment, remuneration, removal of directors and executives, etc.).

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

The list of consolidated companies is provided in Note 25.

Directors' estimates and judgements

The preparation of consolidated financial statements in accordance with IFRS rules as approved by the EU implies that management has made a number of estimates and has 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 Notes.
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 conducting impairment tests on tangible and intangible assets (including goodwill), assessing provisions and assessing share based payments (IFRS 2).

Certain accounting principles imply some management estimates regarding, in particular:
- the determination of the revenue level recorded, according to the advancement method, regarding fixed-price contracts (cf 2.15.). (IAS 11)
- the appreciation of the ability to record certain development expenses as fixed liabilities, according to the criteria defined by IAS 38 (cf 2.9.1.).
- impairment tests on tangible and intangible assets (including goodwill),
- Tax provisions,
- Retirement planning,
- Deferred taxation,
- Contingent assets and liabilities.

3. Group activities - Presentation of the consolidated statement of profit or loss for the financial year ended 31 December 2013

Presentation of the simplified consolidated statement of profit or loss at 31 December 2013
The table below presents the simplified statement of profit or loss of Sword Group for the financial year ending 31 December 2013 compared with that for the 2012 financial year.

In €'000	2013 Consolidated	2012 Consolidated
Turnover	106,500	117,908
EBIT	14,194	14,744
Operating profit	21,701	27,088
Consolidated net profit	15,081	16,286
Group's share of net profit	14,522	16,217

List of main consolidated companies as at 31 December 2013

		31 December 2013		31 December 20012	
Companies	Year end	% controlled	% stake	% controlled	% stake
Sword Group SE (parent company) 105 Route d'Arlon L-8009 Strassen GD Luxembourg	31/12				
Sword S.A. (France)	31/12	100%	100%	100%	100%
Sword Création Informatique Ltd (South Africa)	31/12	100%	100%	100%	100%
Sword Technologies S.A. (Bénélux)	31/12	100%	100%	100%	100%
Tipik (formerly-ASCII) (Belgium)	31/12	90%	90%	100%	100%
FI System Belgium (Belgium)	31/12	100%	100%	100%	100%
Sword Global India Pvt Ltd (India)	31/03	100%	100%	100%	99.99%
Sword Services S.A. (formerly Linkvest S.A.) (Switzerland)	31/12	100%	100%	100%	100%
Sword Lebanon (Lebanon)	31/12	98.07%	98.07%	97.43%	97.43%
Sword Soft Ltd (UK)	31/12	100%	100%	99.99%	99.99%
Apak Group Ltd (UK)	31/12	94.83%	94.83%	100%	89.62%
Sword Integra (Belgium)	31/12	100%	100%	100%	100%
Buildonline India (India)	31/12	100%	100%	100%	99.99%
Buildonline USA (USA)	31/12	100%	100%	100%	99.99%
Apak Beam Ltd (Cyprus)	31/12	100%	100%	100%	99.99%
Sword General Partners Ltd (UK)	31/12	100%	100%	100%	99.99%
Sword SOL S.àr.l (Luxembourg)	31/12	100%	100%	100%	100%
Sword IF S.A. (Switzerland)	31/12	57%	57%	57%	57%
Sword Technology Solutions (UK)	31/12	100%	100%	100%	89.62%
Apak Inc (US)	31/12	100%	94.83%	100%	99.99%
Sword Solutions Inc (US)	31/12	100%	100%	100%	100%
Sword Achiever Ltd (UK)	31/12	96.78%	96.78 %	100%	92.87%
Sword Middle East (Lebanon)	31/12	98%	98%	98%	98%
Sword FS EURL (France)	31/12	100%	57%	-	-
Sword Suisse Holding S.A. (Switzerland)	31/12	100%	100%	-	-
Sword Insight (France)	31/12	70%	70%	-	-
Sword Orizon (France)	31/12	100%	100%	-	-
Sword Connect (France)	31/12	100%	100%	-	-
Sword Colombia SAS (Colombia)	31/12	100%	100%	-	-
Active Risk subgroup					
Active Risk Ltd (UK)	31/12	100%	100%	-	-
Active Risk Inc (US)	31/12	100%	100%	-	-
Active Risk Pty Ltd (Australia)	31/12	100%	100%	-	-
Active Risk Group Ltd (UK)	31/12	100%	100%	-	-
Simalaya subgroup					
Simalaya Holding S.A. (Switzerland)	31/12	39.88%	39.88%	-	-
Simalaya S.A. (Switzerland)	31/12	96%	38.28%	-	-
Simalaya SAS France (France)	31/12	100%	39.88%	-	-
Adhoc PES AG (Switzerland)	31/12	60%	23.93%	-	-
Simalaya Techn (Tunisia)	31/12	67%	26.72%	-	-
Adhoc ISL Sarl (Tunisia)	31/12	95%	22.73%	-	-
Adhoc CTS Sarl (Tunisia)	31/12	95%	22.44%	-	-
Adhoc Int (Switzerland)	31/12	91%	21.77%	-	-
Adhoc Sarl (Morocco)	31/12	100%	21.77%	-	-

All consolidated companies are consolidated according to the full consolidation method.

Activity and turnover
Consolidated turnover stood at €106.5 million in 2013 with profitability of 13.3%.

Pro forma turnover (including 2013 acquisitions and the acquisition of Charteris early 2014 on a full year basis) stood at €126.5 million.

The backlog at 31 December 2013 stands at 22.3 months of turnover budgeted for 2014.

Specialisation
Specialisation of the group is now focused on "the development of information", throughout all the divisions - Software and Solutions (including the IT Services and Communication Technologies divisions).

Internationalisation
The group operates in 50 countries and is actually based through its subsidiaries and offices in 15 countries, covering Asia Pacific, Middle East, Europe, America and South Africa.

Expansion
All of Sword's activities comply with the Group's standards, altogether in terms of turnover, profitability, and growth capacity.
Sword in 2013 returned to external growth by acquiring two new companies and increasing its stake in a 3rd one.

EBIT
Operating profit from all consolidated companies for 2013 was €14,194k, i.e. 13.3% of 2013 turnover.

Operating profit
Operating profit from all consolidated companies for 2013 amounted to €21,701k, i.e. 20.4% of 2013 turnover.

Income tax and net profit
Corporate income tax on consolidated profit was €3,757k, which represents an effective taxation rate of 20%.

After income tax, net profit for the consolidated companies stood at €15,081k, i.e. 14.2% of 2013 turnover. The Group share of net profit stood at €14,522, i.e. 13.6% of 2013 turnover, while net profit allocated to minority shareholders was €558k.

Debt, cash flow and investments
The Group's net cash (active cash – debt) dropped from €47.7 million at 31/12/2012 to €40.3 million at 31/12/2013. This decrease is due to an acquisition, Active Risk, conducted in August and to increased interests in Simalaya acquired in September.

The cash flow of the Group (see cash flow table) amounts to €6,942k, deducted from the cost of net debt and tax.

Gross investments for the financial year, both intangible (excluding goodwill and market shares) and tangible, stood at €3,238k.

Growth transactions
Growth transactions are detailed in paragraph 1 of this report.

Disposal transactions
Disposal transactions are detailed in paragraph 1 of this report.

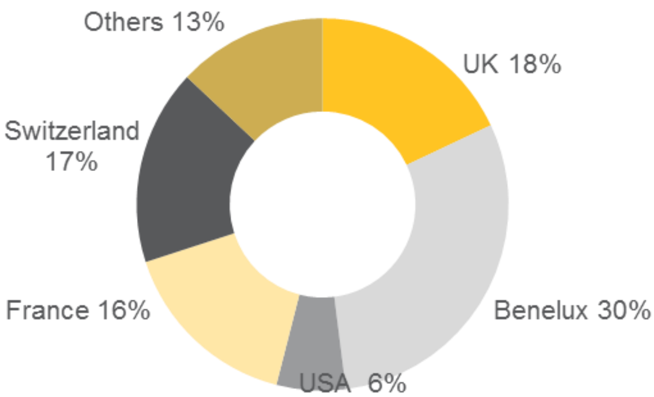
Breakdown of 2013 consolidated turnover
The 2013 consolidated turnover breaks down as follows:
Software: 19.7%
IT Services: 58.1%
Communication Technologies: 22.2%

IT Services + Management Consulting + Communication Technologies = Solutions

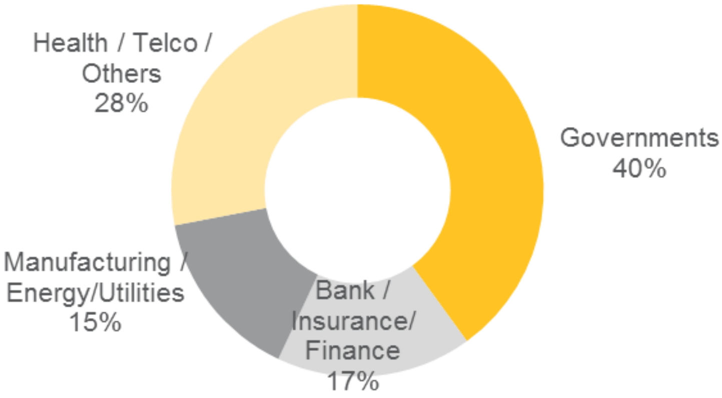
By Division

€m	Turnover	Current Operating Profit	%
Software	**21.0**	**5.8**	**27.6%**
Governance Risk & Compliance	7.8	2.0	25.6%
Wholesale Finance System	13.2	3.8	28.8%
IT Services + Management Consulting	**61.9**	**6.5**	**10.5%**
Benelux	13.6	1.1	8.1%
France	20.6	1.7	8.3%
Switzerland	12.1	1.7	14.0%
Other *(including offshore)*	15.6	2.0	12.8%
Communications Technologies	**23.6**	**1.9**	**8.1%**
Total	106.5	14.2	13.3%

By country



By market



Changes in the Group's main subsidiaries
Following the acquisitions, certain information elements concerning EBIT are not available.

The pro forma 2013 figures correspond to the initial scope (31/12/2012) to which are added the full year turnover of the companies acquired in 2013 (Active Risk, Simalaya) and early 2014 (Charteris).

Software

A / GRC

€m	2013 Pro forma	2013 Consolidated	2012 (scope at 31/12/2012)
Turnover	15.0	7.8	4.2
EBIT	N/C	2.0	0.7
%	N/C	25.6%	16.7%

The Governance Risk and Compliance Management division experienced significant growth after the acquisition of the Active Risk Group. The 2012 scope included Achiever, a company specialising in Compliance Management. Active Risk Group, a Risk Management specialist, naturally supplements the initial offering.

B/WFS

€m	2013 Pro forma	2013 Consolidated	2012 (scope at 31/12/2012)
Turnover	13.2	13.2	12.4
EBIT	3.8	3.8	3.5
%	28.8%	28.8%	28.2%

The WFS division achieved organic growth of 6.5%, in line with the budget, while maintaining its profitability rate.

IT Services / Communication Technologies / Management Consulting

A / France

€m	2013 Pro forma	2013 Consolidated	2012 (scope at 31/12/2012)
Turnover	20.6	20.6	19.5
EBIT	1.7	1.7	2.4
%	8.3%	8.3%	12.3%

The organic growth of France was 5.6% in line with the budget and after an exceptionally profitable year 2012 in terms of current EBIT. France has returned to standard profitability.

B / Benelux (excluding Communication Technologies)

€m	2013 Pro forma	2013 Consolidated	2012 (scope at 31/12/2012)
Turnover	13.6	13.6	11.4
EBIT	1.1	1.1	1.4
%	8.1%	8.1%	12.3%

Benelux, after signing some major contracts, achieved growth of 19.3%. Profitability was exceptionally high in 2012. Performance in 2013 is lower following the investments made on the various tenders, which have actually been a success. Standard profitability stands at 9%.

C / Switzerland

€m	2013 Pro forma	2013 Consolidated	2012 (scope at 31/12/2012)
Turnover	16.9	12.1	12.2
EBIT	N/C	1.7	1.5
%	N/C	14.0%	12.3%

Switzerland has stagnated in terms of turnover and outperformed in terms of profitability. In 2014, the priority will be growth. With regard to the proforma account, growth comes exclusively from the acquisition of Simalaya.

D / Other

€m	2013 Pro forma	2013 Consolidated	2012 (scope at 31/12/2012)
Turnover	23.6	15.6	15.2
EBIT	N/C	2.0	1.9
%	N/C	12.8%	12.5%

The acquisition (Charteris) that affects the pro forma accounts, was only consolidated as of 1 January 2014. The 2013 consolidated turnover was therefore not affected by the acquisitions. The consolidation scope will resume expansion in 2014.

E/ Communication Technologies

€m	2013 Pro forma	2013 Consolidated	2012 (scope at 31/12/2012)
Turnover	23.6	23.6	24.4
EBIT	1.9	1.9	2.4
%	8.1%	8.1%	9.8%

This division operates in areas related to Sword's "core business". Performance results are in line with budget. This division's position within the Group ought to be redefined.

F/ The holding company

€m	2013 Pro forma	2013 Consolidated	2012 (scope at 31/12/2012)
EBIT	-	-	-0.8

The reduction in the consolidation scope in 2012 had caused a mechanical loss for the holding company. In 2013, this loss was completely cancelled due to growth. Indeed, the holding company's remuneration is proportional to the turnover of the subsidiaries.

Grand total

€m	2013 Pro forma	2013 Consolidated	2012 (scope at 31/12/2012)
Turnover	126.5	106.5	99.1
EBIT	N/C	14.2	13.0
%	N/C	13.3%	13.1%

Group head count

2013	Billable count			Non billable head count	Total
	Staff	Subcontrac tors	Total		
Software	134	11	145	41	186
IT Services + Management Consulting	372	142	514	46	560
Communication Technologies	73	157	230	11	241
Offshore	120	102	222	10	232
Holding company	-	-	-	17	17
Total	699	412 (1)	1,111	125	1,236 (2)

(1) 228 full time equivalent (FTE) staff
(2) 1,054 full time equivalent (FTE) staff

Important events occurring after year-end
The UK company Charteris was acquired on 6 January 2014, in a friendly takeover bid.

The Charteris shares were removed from the listing of the Alternative Investment Market (London Stock Exchange).

Kana equity securities were sold in January 2014, generating a capital gain of €242k.

Negotiations, which began in February 2014, are underway for the sale of the company Tipik.

The acquisition of the companies Mobile Productivity and 1.618 is under way.

The Group plans to expand in 2014:

- Through organic growth in excess of 5%,
- Through a strategy aiming to acquire:
  - Software companies with lines of business related to those of Sword to date,
  - small Service companies with a strategic technological or geographic positioning,
  - companies of substantial size (in excess of €15 million).

All that in order to realize pro forma turnover for 2015 of around €200 million.

Assessment of the value of goodwill and other intangible assets
An independent evaluation led by the firm UEC confirmed the balance sheet value of these intangible assets.

Research & development
In 2013, R&D consisted of the following:
- Software: R&D accounts for 13.1% of the proforma turnover.
- Solutions segment: R&D accounts for 1.4% of the proforma turnover.

Software R&D in 2013 covers the development of WFS, GRC and mobile applications.

Solutions R&D is dedicated to the following software components:
- Google Connectors: a secure search connector related to the companies' internal management systems,
- the PTO range: intended for brand and patent offices, the building blocks of an ERP dedicated to that market;
- the Fastaudit range: intended for website developers, it enables them to determine whether such sites are accessible or not;
- the Components and Sharepoint Verticals range: these components are accelerators in the implementation of sharepoint for our customers. Verticals are pre-packaged applications that meet a specific requirement, such as "Seek and share", a monitoring tool for R&D departments;
- Orizon, a solution focused on a workflow engine that allows for the implementation of healthcare protocols applicable to multiple usage cases.

Approval of consolidated financial statements
We propose that you approve the consolidated financial statements for the year ended 31 December 2013 (balance sheet, profit and loss statement, and annexes) as they are submitted to you and which show a total consolidated profit of €15,081k (of which the group's share is €14,522k).

4. Activities of Sword Group – presentation of the annual accounts

Company activities over the financial year 2013 – Balance sheet and profit and loss account
In 2013, Sword Group had an average head count of 3.

In 2013, Sword Group carried out its operational, strategic and financial supervision role for the Group.

The main figures for the period are the following:

In €	**Financial year N**	**Financial year N-1**
Turnover	1,884,255	2,044,218
Other operating profit	83,357	243,958
Operating expenses	2,543,943	2,611,457
Operating profit	-576,331	-323,281
Financial revenues	145,976,885	10,578,234
Financing costs	111,270,307	20,452,998
Financial result	34,706,578	- 9,874,764
Current profit before tax	34,130,247	-10,198,045
Extraordinary income	11,031,703	-
Extraordinary expenses	6,919,791	1,729,631
Extraordinary result	4,111,912	-1,729,631
Tax	9,388	23,486
Profit / Loss	38,232,771	- 11,951,162

5. Risk factors

The company has conducted a review of the risks and considers that there are no significant risks other than the ones described below.

Risks related to the activity and fixed-price contracts

In 2013, if we consider the "Services" (IT Services + Communication Technologies) and the "Software" (Products) divisions' portions of fixed price services, the services part with commitment to results is greater 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 a limited risk, as Sword's strategy is based on the upgrading of existing products rather than the ex-nihilo creation 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 characterised 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:
- The formalisation of the project's priority objectives,
- The implementation of rules and the means used to achieve them,
- The implementation of rules and the means used to control them,
- To properly target the actions required for the project and thus increase the effectiveness and level of the service provided.

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

As at 31 December 2013, the backlog was equal in total to 22.3 months of budgeted turnover for 2014. Naturally, part of this turnover relates to years subsequent to 2014.

Backlog includes " signed + probable + weighted possible" orders. By "signed", we mean any order 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.

Each project is followed up monthly. In 2013, the total of 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.

On the recommendation of the Audit Committee, some internal controls were carried out:
- Control of the progress of projects in Switzerland and Belgium,
- Audit of major contracts,
- Control of the implementation of Group procedures in the UK.

Customer 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 28.7% of the consolidated turnover for 2013.
The 1st client accounts for 6.8% of the consolidated turnover for 2013.

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

Liquidity risk
The company has negotiated contracts for the opening of credit lines with several banks to finance general corporate requirements and external growth.

	Unused	Used	Covenants
Total drawing rights	€59,143k	€68,000k	Net consolidated financial debt / consolidated EBITDA less than 3.5 Net consolidated financial debt / consolidated shareholders' equity less than 1

See also notes 15, 20.2 and 20.3 of the consolidated financial statements that complement the previous table.
Promissory note drawing rights: complement see Notes 15 and 20 of the appendix to consolidated financial statements.
Acceleration on default clauses: see Note 15 to consolidated financial statements.
Financial liabilities: see Note 20 to consolidated financial statements.
Other bank loans: see Note 20.2 to consolidated financial statements.
The Group has no difficulty accessing to loans (sustainable relationship with Sword Group's partner banks).

Market risks

Currency risk
See Note 21 of the notes to consolidated financial statements.

Interest rate risk
See Note 21 of the notes to consolidated financial statements.

Equity risk

Assessment of the portfolio
Marketable securities
The securities represented by shares in money market funds are valued at their fair value which is the latest price available at date of closing. The unrealised gains and losses are recognised in the profit and loss account.

Own shares
The company can be led to own its own shares within the share repurchase programme authorised by the General Meeting on 26 March 2012, redeemable at 10% of its share capital. The objectives of share ownership provided by this program are as follows:

- market making or the liquidity of the stock through an investment service provider via a liquidity contract;
- purchase shares to hold them and eventually trade them or use them as payment for potential external growth operations;
- the award to employees or corporate officers of Sword Group or its Group, under the terms set by law;
- cancel the shares, in the case of the latter, subject to the Extraordinary General Meeting voting for a specific resolution.
- The securities represented by the shares in the Company are stated at their acquisition cost, including incidental expenses, and determined according to the weighted average price method. An impairment is recorded when the purchase price is less than the market price. According to the provisions of Article 49-5 b) of the Law of 10 August 1915 on commercial companies, as amended, an unavailable reserve in the amount of own shares included in the balance sheet, will be established on the liabilities side.

As at 31 December 2013, Sword Group held no own shares.

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 impairment loss in case of interest rate fluctuations.

Among its financial assets (securities available for sale) at 31 December 2013 Sword Group holds interests in the following companies (only significant holdings are listed below):

- SBT:
  As at 31 December 2013, Sword Group held 37,296 shares in that company. The average acquisition price stands at €4.25 and the fair value at 31 December 2013 at €86k. 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) Simalaya (a non-listed company) and Kana (a non-listed company) for a total of €6,641k of gross value and €5,059k of net value.

Excluding own shares, the portfolio is very limited. Investments remain conventional by nature.

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 acquisition of additional skills,
- The expansion of the geographic scope,
- The strengthening of existing lines of business,

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

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

Details of the method used for recording goodwill are in Note 2.9 of the notes to the consolidated financial statements.

Legal risks
There are no current legal risks due to the activity, aside from possible commercial or technical risks that may result from the outcome of work in progress. 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 2013, there is no general legal risk associated with the Group's business likely to be subject to a provision, other than those that are already provisioned.

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.

As at 31 December 2013, the management is a team comprised of:
- An Executive Management Committee (EMC) comprising:
    an Executive Chairman
    2 CEOs (Chief Executive Officer)
- 1 additional CEO is integrated in a transverse manner because it represents Simalaya in which the company does not hold a majority stake.
- 1 person in charge of daily management,
- An Operations Committee, comprised of the CMC and 6 COOs (Chief Operational Officer).
- Each COO is also Director of a BU; in addition, there are 13 BU Directors.

Insurance and risk coverage
The company's general policy on insurance cover revolves around three main areas:
- Coverage of "civil liability" risks for each of the group's companies,
- Coverage of "civil liability" risks for Sword Group's directors,
- The cover of material risks (water damage, fires, vehicle fleet, etc.).

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

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

Sword Group civil liability:
- Operations: bodily, material and immaterial damage: €10m
- Professional: bodily, material and immaterial damage, regardless of the cause: €8m

Directors' civil liability: €10m

Cover of material risks: multi-risk cover:
- buildings
- for the vehicle fleet
- for IT equipment

Excess:

€'000	General and professional civil liability	Multi-risk
2013	Excess None	Excess 200

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

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 position or the assets of Sword Group or any of its subsidiaries.

Provisions setup policy
The level of provisions for risks and contingencies is due to the BU management's rigorous approach regarding the risks covered.
Provisions are booked for these risks and contingencies on the basis of the best estimate of likely costs to be borne. The total sum of provisions for risks and expenses stood at €854k in the consolidated financial statements as at 31 December 2013.

6. Shareholding

Breakdown of capital at year end (31 December 2013)

Forename-Surname	Number of shares	% of capital
Financière Sémaphore	1,706,280	18.4%
Nicolas Mottard	1,395	NA
Own shares	-	-
Employees and miscellaneous registered shareholders	233,711	2.5%
Floating stock	7,348,579	79.1%
Total	9,289,965	100%

Variations in the share price

2013	As at 31 January 2014
Highest closing price €15.88 (on 29/11/2013)	Highest closing price €18.23 (on 15/01/2014)
Lowest closing price €11.4 (on 27/05/2013)	Lowest closing price €15.80 (on 06/01/2014)
Number of shares traded by stock market: 9,689 (1)	Number of shares traded on the share market from 01/01/2014 to 01/31/2014: 14,131 (2)

(1) This is the average number of shares traded in 2013, a year during which 2,470,786 shares were traded.
(2) This is the average number of shares traded in January 2014, a month during which 310,886 shares were traded.

Information on the acquisition and sale by the company of its own shares as at 31 December 2013 (1)

Number of shares held by the Company as at 31 December 2012	139,359
Number of shares purchased in 2013	81,047
Number of shares sold in 2013	220,406
Number of shares held by the Company as at 31 December 2013	0

(1) including the liquidity contract

The acquisition by the Company of its own shares was conducted in accordance with the authorisation granted by the General Meeting of 26/03/2012 in its 6th resolution within the agreed objectives of the said meeting.

The General Meeting of 28 April 2014 was proposed to rule on a new programme for the company to repurchase its own shares. The main characteristics of the programme are given in Section 19.

Issuer's statement regarding the transactions conducted on its own shares as at 31 December 2013:

Percentage of capital held by the issuer either directly or indirectly	-
Number of shares cancelled in the past 24 months	-
Number of shares held	-
Portfolio book value as at 31 December 2013	-
Market value of portfolio as at 31 December 2013	-

	Cumulative gross flows		Outstanding positions as at 31/12/2013	
Number of shares	Purchases	Sales	For purchase	For sale
Maximum average	-	-	-	-
Average price	12.84	14.27	-	-
Average exercise price	-	-	-	-
Amounts	1,057,016	3,157,790	-	-

Sword Group did not use derivatives in this share repurchase program.

7. Result allocation proposal

We suggest that you approve the corporate annual accounts for the financial year ending 31 December 2013 (Balance Sheet, Profit and loss account and Notes) such as they are presented to you, which show a profit of €38,232,771.95.

We remind you that the sum of €1,584,632.15 appears under "*Reserve for own shares*", as the Company held 139,359 own shares at 31 December 2012. To date, the Company holds no own shares. Therefore, there is no reason to maintain this account.

We suggest allocating the result as follows:

Profits for the financial year of:	**€38,232,771.95**
To which would be added the sum of: Taken from the "Reserve for own shares" Which would be brought down to €0	€1,584,632.15
Resulting in a distributable amount of:	€39,817,404.10
As distribution to shareholders:	€9,289,965.00
The balance being: To "Deferred results", which would stand at €30,527,439.10.	€30,527,439.10

The net dividend per share would be €1 per share.

In terms of taxation, in accordance with Luxembourg law, dividend distributions are in principle subject to a withholding tax in the Grand Duchy of Luxembourg, at the rate of 15%.

However, this rate can be reduced by application of international tax treaties signed by the Grand Duchy of Luxembourg and European law, according to the tax residence of the recipient and under his or her own responsibility. A refund request will then be sent to the Administration of Tax Collection of the Grand Duchy of Luxembourg no later than 31 December of the year following the payment of the withholding tax, using Form 901 bis.

In addition, subject to tax treaties and legislation applicable in the State of residence of the recipient, any withholding tax in the Grand Duchy of Luxembourg should be eligible for a tax credit equal to that same amount on the tax due in the State of residence of the recipient.

For information, the French authorities consider that the conventional tax credits attached to the proceeds of securities of European companies registered in a PEA and whose issuers do not have their headquarters in France are not entitled to restitution, insofar as income from shares placed in the PEA are tax-exempt income (see e.g. BOI-RPPM-RCM-40-50-30 of 12 September 2012).

8. Cross-shareholdings

We inform you that the Company has not had to carry out transfers of shares in order to put an end to cross-ownership prohibited by Article 49bis of the Law of 10 August 1915 on commercial companies.

9. Operations conducted by management involving shares during the year

None

10. Table of delegations for capital increases

The Combined Shareholders' General Meeting held on 26 March 2012 delegated to 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, as the maximum value of representative securities drawn on the company cannot exceed €100,000,000.

These authorisations are valid for a period of 26 months, i.e. until 25 May 2014.

Nature of the delegation	Nature of the transaction	Shares to issue	Authorised capital increase amount
Full delegation	Capital increase, PSR maintained	Capital shares or debt securities giving access to capital	€5,000,000 (*) of capital increase or €100,000,000 of value of debt securities giving access to the capital
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 authorisations were not used in 2013.

11. Financial instruments

The main loans have been taken out at an interest rate of euribor 3 months + 1%. Two fixed-rate paying SWAP covers expired during the period.

Cover through paying swap at a fixed rate of 2.56% (excluding bank margin) was set up as at 1 April 2012 for a period of 36 months and an amount of €10m. This cover is estimated at fair value in the balance sheet at 31 December 2013 for -€345k. The Group applies hedge accounting and recognises through shareholders' equity the changes in fair value of the hedging instruments net of income tax, which over the year generated a change in shareholders' equity of €158k.

A second cover through paying swap at a fixed rate of 1.24% (excluding bank margin) was set up as at 30 March 2012 for a period of 54 months and an amount of €7.5m. This cover is estimated at fair value in the balance sheet at 31 December 2013 for -€94k. The Group applies hedge accounting and recognises through shareholders' equity the changes in fair value of the hedging instruments net of income tax, which over the year generated a change in shareholders' equity of €54k.

12. Conventions covered by Article 57 of the Law of 10 August 1915 on commercial companies

We ask you to take note that the Company has entered into, in respect of the financial year ended 31/12/2013, an agreement within the scope of Article 57 of the Law of 10 August 1915 on commercial companies, concerning the execution of a lease contract with the company Sword Technologies S.A. regarding premises based in Luxembourg, 2-4 rue d'Arlon, L-8399 Windhof.

13. Offices and positions held by the Company's corporate officers

Following the recommendations of the principles of corporate governance of the Luxembourg Stock Exchange, please find below the list of all offices and positions held in all French or foreign companies by the Company's corporate officers during the financial year ended 31 December 2013.

Function	Term of office	Company	Expiry date
Jacques Mottard: Executive Chairman / Board member / Delegate to daily management			
Executive Chairman, Director Delegate to daily management	4 years	Sword Group SE	31/12/15 (*)
Chairman of the Board of Directors board member	6 years	Sword S.A.	31/12/14 (*)
Chairman	6 years	Sword Technologies S.A.	31/12/14 (*)
Chairman and Board Member	6 years max	FI System Belgium	31/12/14 (*)
Chairman and Board Member	6 years	Tipik	31/12/15 (*)
Director	Unlimited	Sword Global India	Unlimited duration
Chairman	Unlimited	Sword Services S.A.	Unlimited duration
Chairman	Unlimited	Sword Lebanon	Unlimited duration
Board member	5 years	Sword IT Solutions	28/07/16 (*)
Chairman and Director	Unlimited	Sword Soft Ltd	Unlimited duration
Chairman and Board Member	6 years	Sword Integra	31/12/13 (*)
Chairman and Board Member	Unlimited	Sword Apak Inc	Unlimited duration
Chairman and Director	Unlimited	Apak Group Ltd	Unlimited duration
Board member	unlimited	Sword Technology Solutions Ltd	Unlimited
Manager	Unlimited	Sword Sol	Unlimited duration
Chairman and Board Member	1 year	Sword IF S.A.	31/12/13 (*)
Chairman	Unlimited	Sword Solutions Inc	Unlimited duration
Director	Unlimited	Sword Achiever Ltd	Unlimited duration
Partner	Unlimited	Sword Middle East	Unlimited duration
Director	Unlimited	Sword General Partners	Unlimited duration
Chairman	Unlimited	Simalaya Holding S.A.	Unlimited duration
Manager	Unlimited	Sword FS	Unlimited duration
Chairman	Unlimited	Sword Connect	Unlimited duration
Director	Unlimited	Active Risk Group Ltd	Unlimited duration
Director	Unlimited	Active Risk Ltd	Unlimited duration
Director	Unlimited	Active Risk Inc	Unlimited duration
Director	Unlimited	Active Risk Australia	Unlimited duration

(*) General Meeting ruling on the financial statements for the period

Terms of office exercised outside the Group			
Function	Term of office	Company	Expiry date
Manager	Unlimited	Le Sémaphore	Unlimited duration
Manager	Unlimited	Chinard Investissement	Unlimited duration
Manager	Unlimited	Maya	Unlimited duration
Manager	Unlimited	Financière Sémaphore Sarl	Unlimited duration
Board member	1 year	Ardéva S.A.	31/12/15 (*)
Chairman of the Board and board member	1 year	Orny Holding S.A.	31/12/13 (*)
Manager	Unlimited	Ruitor	Unlimited duration

(*) General Meeting ruling on the financial statements for the period

Function	Term of office	Company	Expiry date
Françoise Fillot: Managing director / Responsible for daily management activities (resigned on 28 February 2013)			
Board member Delegate to daily management	4 years	Sword Group SE	31/12/15 (*) Resigned on 28/02/13
Board member	6 years	Sword S.A.	31/12/14 (*) Resigned on 20/11/13
Executive Vice President	For the Chairman's term of office	Sword S.A.	31/12/13 (*) Resigned as of 28/02/13
Board member	6 years	Sword Technologies S.A.	31/12/14 (*) Resigned on 08/08/2013
Board member	6 years max	FI System Belgium	31/12/14 (*) Resigned on 28/06/13
Board member	6 years	Tipik (formerly ASCII)	31/12/15 (*) Resigned on 21/06/13
Director	Unlimited	Sword Global India	Unlimited duration Resigned on 28/03/13
Board member	6 years	Sword Integra	31/12/13 (*) Resigned on 02/05/13
Board member	Unlimited	Sword Technology Solutions Ltd	Unlimited Resigned on 28/02/13
Board member	1 year	Sword IF S.A.	31/12/13 (*) Resigned on 31/03/13
Board member		Sword Services S.A.	Resigned on 31/03/13
Manager	Unlimited	Sword SOL	Unlimited duration Resigned on 09/09/13
Board member	Unlimited	Apak Group Ltd	Unlimited duration Resigned on 28/02/13
Board member	Unlimited	Sword Soft Ltd	Unlimited duration Resigned on 28/02/13
Board member	Unlimited	Sword Apak Inc	Unlimited duration Resigned on 28/02/13
Board member	Unlimited	Sword Solutions Inc	Unlimited duration Resigned on 28/02/13
Director	Unlimited	Sword Achiever Ltd	Unlimited duration Resigned on 28/02/13

(*) General Meeting ruling on the financial statements for the period

Nicolas Mottard: Board member			
Function	Term of office	Company	Expiry date
Board member	4 years	Sword Group SE	31/12/15 (*)
Board member	4 years (**)	Sword S.A.	31/12/14 (**) Resigned as of 12 March 2013

(*) General Meeting ruling on the financial statements for the period

François-Régis Ory: Chairman / Chairman of the Audit Committee			
Function	Term of office	Company	Expiry date
Chairman, Audit Committee	4 years	Sword Group	31/12/15
Board member	4 years	Sword Group	31/12/14
Terms of office exercised outside the Group			
Chairman	Unlimited	L'Améliane SAS	Unlimited duration
Chairman	Unlimited	Florentiane SAS	Unlimited duration
Chairman	Unlimited	Lypolyane SAS	Unlimited duration
Board member	6 years	Medicrea International S.A.	31/12/14
Board member	6 years	Olympique Lyonnais Groupe S.A.	30/06/18
Chairman	Unlimited	ABM Medical SAS	Unlimited duration
Chairman	Unlimited	ABM Ile de France SAS	Unlimited duration
Chairman	Unlimited	ABM Nord SAS	Unlimited duration
Manager	Unlimited	ABM Rhône Alpes SARL	Unlimited duration
Manager	Unlimited	ABM Sud SARL	Unlimited duration
Manager	Unlimited	SCI de Chanas	Unlimited duration
Manager	Unlimited	SCI L'Amaury	Unlimited duration
Manager	Unlimited	SCI L'Amelaïs	Unlimited duration
Manager	Unlimited duration	SCI Florine	Unlimited duration

(*) General Meeting ruling on the financial statements for the period

Frédéric Goosse: Director / Delegate to daily management			
Function	Term of office	Company	Expiry date
Board member	4 years	Sword Group	31/12/16
Delegate to daily Mgt	4 years	Sword Group	31/12/16
Co-manager	Unlimited	Financière Sémaphore	Unlimited duration

(*) General Meeting ruling on the financial statements for the period

François Barbier: Director / Member of the Audit Committee			
Function	Term of office	Company	Expiry date
Board member	4 years	Sword Group	31/12/15
Member of the Audit Committee	4 years	Sword Group	31/12/15
Terms of office exercised outside the Group			
Member of the Management Board	5 years	21 CENTRALE PARTNERS	25/03/19
"Amministratore"	3 years	RSVP Srl (Italian cpy)	31/12/13
Member of the Supervisory Board	Undetermined	PALMERS TEXTIL AG (Austrian company)	Undetermined duration
Member of the Supervisory Board	6 years	DRIVE PLANET SAS	31/12/13
Chairman and Board Member	1 year	ADVANCED COFFEE INVESTMENT (Swiss company)	31/12/13
Chairman of the Supervisory Board	Undetermined duration	DALTYS II SAS	Undetermined duration

Chairman of the Supervisory Board	6 years	FINANCIERE DU GUESCLIN SAS	31/10/16
Chairman of the Supervisory Board	6 years	FINANCIERE SAINT CORNELY SAS	31/12/16
Chairman of the Supervisory Board	4 years	VACALIANS Group	31/10/15

(*) General Meeting ruling on the financial statements for the period

PACBO Europe: Director / Appointed temporarily by the Board of Directors of 20 November 2013			
Function	Term of office	Company	Expiry date
Board member	4 years	Sword Group	31/12/16
Terms of office exercised outside the Group			
Board member	N/C	Fidev S.A. SPF	N/C
Board member	N/C	Lux Foods S.A.	N/C
Board member	N/C	Jezara Holding S.A.	N/C
Board member	N/C	Hiorts Finance S.A. SPF	N/C
Board member	N/C	SM Investissements S.A.	21/03/14
Board member	N/C	Deltainvest S.A.	08/04/14
Board member	N/C	Uniholding S.A. SPF	10/04/14
Board member	N/C	Grevlin S.A.	10/04/14
Board member	N/C	Cippus S.A.	25/04/14
Board member	N/C	Sinbelux S.A. SPF	29/04/14
Board member	N/C	Horfut S.A. SPF	29/04/14
Board member	N/C	Saran S.A.	02/05/14
Board member	N/C	Fiver S.A. SPF	07/05/14
Board member	N/C	Libra Financière pour l'Edition S.A.	11/05/14
Board member	N/C	Anbeca Holding SPF	24/05/14
Board member	N/C	Alphabet S.A.	21/05/14
Board member	N/C	Cafra S.A. SPF	24/05/14
Board member	N/C	Nicoba S.A.	24/05/14
Board member	N/C	Luxad S.A.	29/05/14
Board member	N/C	Anbeca Holding SPF	24/05/14
Board member	N/C	Nicoba S.A.	24/05/14
Board member	N/C	Luxad S.A.	29/05/14
Board member	N/C	Diorasis International S.A.	03/06/14
Board member	N/C	Parmeria S.A. SPF	10/06/14
Board member	N/C	Wertex S.A.	11/06/14
Board member	N/C	MHDS Investments S.A.	14/06/14
Board member	N/C	Sovimo S.A.	18/06/14
Board member	N/C	Bongrape S.A. SPF	18/06/14
Board member	N/C	Lommsave S.A. SPF	20/06/14
Board member	N/C	Gravey S.A. SPF	26/06/14
Board member	N/C	Lagomar S.A.	28/06/14
Board member	N/C	FDD Financière de Développement S.A.	28/06/14
Board member	N/C	Helen Holdings S.A. SPF	30/06/14
Board member	N/C	Causerman Investissement S.A.	30/06/14
Board member	N/C	Gladinvest S.A.	30/06/14
Board member	N/C	Ludovica S.A. SPF	10/10/14
Board member	N/C	Jordanus Holding S.A. SPF	27/02/14
Board member	N/C	Treetop Asset Management S.A.	N/C
Board member	N/C	Jufine S.A.	N/C

Remuneration of corporate officers

The presentation of executive compensation below is consistent with the recommendation (No. 8) of the principles of corporate governance of the Luxembourg Stock Exchange and the AMF recommendation of 22 December 2008 relating to information on the remuneration of corporate officers.

Table°1: summary table of compensation and options and shares allocated to each corporate officer

Jacques Mottard	**31/12/2013**	**31/12/2012**
Compensation due for the period *(detailed in Table Nr.2)*	€41,000 (1)	€51,000 (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	€41,000	€51,000

(1) Financière Sémaphore Sàrl, a company of Mr. Jacques Mottard, billed Sword Group SE for services and miscellaneous for a total amount of:

- For the period ended 31 December 2012, €791,810 excl. tax,
- For the period ended 31 December 2013, €891,218 excl. tax.

The Board of Directors at its meeting of 18 April 2011, decided to give Mr Jacques Mottard, for his chairmanship, a gross monthly amount of €500. This compensation amounted to a total of €6,000 in respect of the year ended 31 December 2013.

Françoise Fillot	**31/12/2013**	**31/12/2012**
Compensation due for the period *(detailed in Table Nr.2)*	€47,774	€135,555
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)*	€0	€0
TOTAL	€47,774	€135,555

Nicolas Mottard	**31/12/2013**	**31/12/2012**
Compensation due for the period *(detailed in Table Nr.2)*	€15,000	€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	€15,000	€10,000

Frédéric Goosse	**31/12/2013**	**31/12/2012**
Compensation due for the period *(detailed in Table Nr.2)*	€0	N/A
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	€0	N/A

François Barbier	31/12/2013	31/12/2012
Compensation due for the period *(detailed in Table Nr.2)*	€40,000	€55,000
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	€40,000	€55,000

François-Régis Ory	31/12/2013	31/12/2012
Compensation due for the period *(detailed in Table Nr.2)*	€35,000	€5,000
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	€35,000	€5,000

Patrice Crochet	31/12/2013	31/12/2012
Compensation due for the period *(detailed in Table Nr.2)*	€0	N/A
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	€0	N/A

Table°2: summary table of compensation of each corporate officer manager

Jacques Mottard	Amount at 31/12/2013		Amount at 31/12/2012	
	Due	Paid	Due	Paid
Fixed compensation	€6,000	€6,000	€6,000	€6,000
Variable compensation	€0	€0	€0	€0
Exceptional compensation	€0	€0	€0	€0
Directors' fees	€35,000	€35,000	€45,000	€45,000
Benefits in kind	None	None	None	None
TOTAL	€41,000	€41,000	€51,000	€51,000

Françoise Fillot	Amount at 31/12/2013		Amount at 31/12/2012	
	Due	Paid	Due	Paid
Fixed compensation	€12,774	€12,774	€73,175	€73,175
Variable compensation	€0	€0	€0	€0
Exceptional compensation	€0	€0	€18,200	€18,200
Directors' fees	€35,000	€35,000	€45,000	€45,000
Benefits in kind	None	None	None	None
TOTAL	€47,774	€47,774	€135,555	€135,555

Nicolas Mottard	Amount at 31/12/2013		Amount at 31/12/2012	
	Due	paid	Due	Paid
Fixed compensation	€0	€0	€0	€0
Variable compensation	€0	€0	€0	€0
Exceptional compensation	€0	€0	€0	€0
Directors' fees	€15,000	€15,000	€10,000	€10,000
Benefits in kind	None	None	None	None
TOTAL	€15,000	€15,000	€10,000	€10,000

Frédéric Goosse	Amount at 31/12/2013		Amount at 31/12/2012	
	Due	Paid	Due	Paid
Fixed compensation	€0	€0	N/A	N/A
Variable compensation	€0	€0	N/A	N/A
Exceptional compensation	€0	€0	N/A	N/A
Directors' fees	N/A	N/A	N/A	N/A
Benefits in kind	None	None	N/A	N/A
TOTAL	€0	€0	N/A	N/A

François Barbier	Amount at 31/12/2013		Amount at 31/12/2012	
	Due	Paid	Due	Paid
Fixed compensation	N/A	N/A	N/A	N/A
Variable compensation	N/A	N/A	N/A	N/A
Exceptional compensation	N/A	N/A	N/A	N/A
Directors' fees	€40,000	€40,000	€55,000	€55,000
Benefits in kind	N/A	N/A	N/A	N/A
TOTAL	€40,000	€40,000	€55,000	€55,000

François-Régis Ory	Amount at 31/12/2013		Amount at 31/12/2012	
	Due	Paid	Due	Paid
Fixed compensation	N/A	N/A	N/A	N/A
Variable compensation	N/A	N/A	N/A	N/A
Exceptional compensation	N/A	N/A	N/A	N/A
Directors' fees	€35,000	€35,000	€5,000	€5,000
Benefits in kind	N/A	N/A	N/A	N/A
TOTAL	N/A	N/A	N/A	N/A

Patrice Crochet	Amount at 31/12/2013		Amount at 31/12/2012	
	Due	Paid	Due	Paid
Fixed compensation	N/A	N/A	N/A	N/A
Variable compensation	N/A	N/A	N/A	N/A
Exceptional compensation	N/A	N/A	N/A	N/A
Directors' fees	€0	€0	N/A	N/A
Benefits in kind	N/A	N/A	N/A	N/A
TOTAL	N/A	N/A	N/A	N/A

Table°3: table of directors' fees and other remunerations paid to the corporate officers

Members of the Board of Directors	Directors' fees paid at 31/12/2013	Directors' fees paid at 31/12/2012
Jacques Mottard	€35,000	€45,000
Nicolas Mottard	€15,000	€10,000
Françoise Fillot	€35,000	€45,000
François Barbier	€40,000	€55,000
François Régis Ory	€35,000	€5,000
Frédéric Goosse	€0	N/A
TOTAL	€160,000	€160,000

Table°4: share subscription or purchase options granted during the period to each corporate officer manager by the Company or by any Group company
For the period ended 31 December 2013, no share subscription option has been awarded to corporate officer managers.

Table°5: share subscription or purchase options exercised during the period by each corporate officer manager
For the period ended 31 December 2013, no share subscription option has been exercised.

Table°6: performance shares allocated to each corporate officer manager
Not applicable

Table°7: performance shares that became available during the period for each corporate officer manager
Not applicable.

Table°8: History of allocations of share subscription or purchase options

Information about share subscription or purchase options					
		Plan Nr.1	Plan Nr.2	Plan Nr.3	Plan Nr.4
General Meeting		**17 May 2011**			
Date of the Board Meeting		6 October 2011			
Total number of options allocated		188,000			
Number of options that can be subscribed		63,000	87,000	30,000	8,000
Beneficiaries	Clara Van Heck	9,000			
	Deborah Young	9,000			
	Pradeep Banerji	15,000			
	Terry Coyne	9,000			
	Philippe Le Calvé		12,000		
	Jean-Louis Vila		9,000		
	Olivier Leblanc		9,000		
	Fabrice Liénart		9,000		
	Alain Broustail		9,000		
	Laurent Fromont		9,000		
	Maxime Grinfeld		9,000		
	Pierre Gachon		9,000		
	Jörg Schorr			9,000	
	Anys Boukli			12,000	
	Lalitha Balakrishan				5,000
	Kamal Kumar Rajanbabu				1,500
	Rex Mohan Kumar				1,500
Option exercise start date		06/10/14	06/10/15	06/10/14	06/10/14
Expiry date		06/10/15	06/10/16	06/10/15	06/10/15
Subscription price		12.115			
Number of cancelled or lapsed options		42,000	24,000	18,000	0
Number of options exercised at 31/12/13		0	0	0	0
Share subscription or purchase options remaining at 31/12/2013		21,000	63,000	12,000	8,000

Information about share subscription or purchase options		
Date of the General Meeting		17 May 2011
Date of the Board Meeting		16 December 2011
Total number of options allocated		9,000
Number of options that can be subscribed		9,000
Beneficiary	Guy de San	9,000
Option exercise start date		01/01/15
Expiry date		31/12/2021
Subscription price		12.40
Number of cancelled or lapsed options		0
Number of options exercised at 31/12/12		0
Share subscription or purchase options remaining at 31/12/12		9,000

Table°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.

Table°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 - Executive Chairman		X		X		X		X

15. Directors' fees
We propose that directors' fees paid to members of the Board be set at €175,000.

16. Reappointment of the independent auditor
The mandate of Mazars Luxembourg S.A., an independent auditor, is due to expire at this meeting. Therefore, we invite you to renew its mandate for a further period of one year or for a term expiring after the meeting called to approve the accounts for the year ended 31 December 2014.

17. Ratification of provisional appointment of a director
We remind you of the provisional appointment, by the Board of Directors at its meeting of 20 November 2013, as director of:

- PACBO Europe, a Luxembourg company, headquartered at L-1746 Luxembourg, 1 rue Joseph Hackin, represented by Mr Patrice Crochet, in his capacity as Manager, replacing Ms Françoise Fillot who has resigned.

Pursuant to legal and statutory requirements, we ask you to ratify this appointment.

18. Transfer of the registered office and headquarters
The premises at 105 route d'Arlon, L-8009 Strassen no longer seem to suit our Company's business.

We point out that a commercial lease for the premises located at 2-4 Rue d'Arlon L-8399 Windhof, Luxembourg, was signed with Sword Technologies, said premises offering improved accessibility for the Company.

That is why we offer to transfer the registered office and headquarters of the Company to 2-4 rue d'Arlon L-8399 Windhof, Luxembourg.

If you approve this proposal, you should amend Article 4 of the Company's articles of incorporation accordingly.

19. Authorisation and powers to be granted to the Board of Directors in order for the Company to repurchase its own shares
We remind you that the latest share repurchase programme authorised by the General Meeting dated 26 March 2012 ended 26 September 2013.

We propose to implement a new share repurchase programme that will be subject to the provisions of Articles 49-2 and 72-1 of the Law of 10 August 1915 on commercial companies, the European Regulation No. 2273/2003 of 22 December 2003 and the Company's articles of incorporation.

The goals of that repurchase programme would be the following:
- Leading the market or liquidity within the framework of a liquidity contract entered into with a certified provider,
- Purchase for exchange or payment within the framework of external growth operations,
- Allocation to employees,
- The cancellation of shares within the limit of a maximum number that cannot exceed 10% of the Company's share capital, over a period of twenty-four months, subject to approval by the Company's Extraordinary General Meeting of Shareholders, of the authorisation to reduce the capital of the Company.

This authorisation would be granted under the following conditions:

- the number of shares purchased by the Company pursuant to this authorisation may not exceed 10% of the share capital, including shares purchased under authorisations previously granted by the General Meeting of Shareholders. Within the limits specified by Articles 49-2 and 72-1 of the law of 10 August 1915 as amended on commercial companies, the maximum number of shares that may be acquired by the end of this programme may not have as its effect that the Company's net assets become less than the amount of the Company's subscribed capital, increased by reserves that applicable law or the articles of incorporation do not allow to distribute,
- The acquisition price of each share in the Company may not be less than €8 or more than €30,
- The shares may be acquired either through stock market purchases, or in blocks, or over the counter at market prices prevailing at that time or at a lower price,
- This authorisation would be granted for a maximum period of five years, starting from the date of the General Meeting authorising the repurchase of shares;

20. Delegation of authority and powers to be granted to the Board of Directors in order for the company to repurchase its own shares

As part of the authorisation referred to above for the Company to purchase its own shares, we offer:

- to authorise the Board of Directors to cancel in one or more times, all or part of the shares of the Company that it holds under the authorisation to purchase shares of the Company granted to the Board of Directors and previous authorisations, within the limit of 10% of capital per 24-month period (provided that this limit will be assessed on the date of the decision of the Board) and to reduce the share capital accordingly;

- to authorise the Board of Directors to allocate the difference between the repurchase price of the cancelled shares and their nominal value to the available premiums and reserves;

- to give it all powers to set the conditions and forms, to carry out and record the reduction(s) in capital following cancellation operations authorised by this resolution, handle any oppositions, make the corresponding accounting entries, make the corresponding change to the company articles, and generally to complete all the necessary formalities.

This authorisation would be valid for a maximum period of five (5) years.

Your Board invites you, after reading the various reports that are presented, to adopt the resolutions submitted for your approval.

Jacques Mottard
Executive Chairman, Sword Group

11 INDEPENDENT AUDITOR'S REPORT ON THE ANNUAL ACCOUNTS AS AT 31 DECEMBER 2013

Following our appointment by the General Meeting of Sword Group S.E. dated May 3, 2013, we have audited the accompanying annual accounts of Sword Group S.E., which comprise the balance sheet as at December 31, 2013, and the profit and loss account for the year then ended, and a summary of significant accounting policies and other explanatory information.

Responsibility of the Board of directors' for the annual accounts
The Board of Directors is responsible for the preparation and fair presentation of these annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts; and for such internal control as the Board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

Responsibility of the réviseur d'entreprises agréé
Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the réviseur d'entreprises agréé's judgement, including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error.

In making those risk assessments, the réviseur d'entreprises agréé considers internal control relevant to the entity's preparation and fair presentation of the annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the annual accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the annual accounts give a true and fair view of the financial position of Sword Group S.E. as of December 31, 2013, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts.

Report on other legal and regulatory requirements

The management report, which is the responsibility of the Board of Directors, is consistent with the annual accounts.

Luxembourg, 28 March 2014

For MAZARS LUXEMBOURG, Cabinet de révision agréé
10A, rue Henri M. Schnadt
L-2530 LUXEMBOURG

Thierry SALAGNAC
Réviseur d'entreprises agréé

12 ANNUAL ACCOUNTS AS AT 31 DECEMBER 2013

BALANCE SHEET AT 31 DECEMBER 2013

ASSETS

		Reference(s)		Current year		Previous year
A. Subscribed capital unpaid	1101		101		102	
I. Subscribed capital not called	1103		103		104	
II. Subscribed capital called but unpaid	1105		105		106	
B. Formation expenses	1107		107		108	
C. Fixed assets	1109		109	88.794.450,53	110	194.875.808,47
I. Intangible fixed assets	1111	4.1	111	2.000,00	112	
1. Research and development costs	1113		113		114	
2. Concessions, patents, licences, trade marks and similar rights and assets, if they were	1115		115		116	
a) acquired for valuable consideration and need not be shown under C.I.3	1117		117		118	
b) created by the undertaking itself	1119		119		120	
3. Goodwill, to the extent that it was acquired for valuable consideration	1121		121		122	
4. Payments on account and intangible fixed assets under development	1123		123	2.000,00	124	
II. Tangible fixed assets	1125	4.2	125	29.499,64	126	35.773,52
1. Land and buildings	1127		127		128	
2. Plant and machinery	1129		129		130	

The notes in the annex form an integral part of the annual accounts

	Codes	Reference(s)	Codes	Current year	Codes	Previous year
3. Other fixtures and fittings, tools and equipment	1131		131	29.499,64	132	35.773,52
4. Payments on account and tangible fixed assets under development	1133		133		134	
III. Financial fixed assets	1135	5	135	88.762.950,89	136	194.840.034,95
1. Shares in affiliated undertakings	1137		137	88.414.584,14	138	191.641.500,00
2. Amounts owed by affiliated undertakings	1139		139		140	
3. Shares in undertakings with which the company is linked by virtue of participating interests	1141		141		142	
4. Amounts owed by undertakings with which the company is linked by virtue of participating interests	1143		143		144	
5. Securities held as fixed assets	1145		145	338.132,60	146	1.933.282,31
6. Loans and claims held as fixed assets	1147		147	10.234,15	148	20.467,15
7. Own shares or own corporate units	1149		149		150	1.244.785,49
D. Current assets	1151		151	132.034.402,54	152	128.353.165,69
I. Inventories	1153		153		154	
1. Raw materials and consumables	1155		155		156	
2. Work and contracts in progress	1157		157		158	
3. Finished goods and merchandise	1159		159		160	
4. Payments on account	1161		161		162	
II. Debtors	1163		163	58.925.065,35	164	26.127.685,75
1. Trade receivables	1165		165	45.233,78	166	21.015,00
a) becoming due and payable within one year	1167		167	45.233,78	168	21.015,00
b) becoming due and payable after more than one year	1169		169		170	
2. Amounts owed by affiliated undertakings	1171		171	57.962.112,73	172	25.907.769,33
a) becoming due and payable within one year	1173	8	173	57.962.112,73	174	25.907.769,33
b) becoming due and payable after more than one year	1175		175		176	
3. Amounts owed by undertakings with which the company is linked by virtue of participating interests	1177		177		178	
a) becoming due and payable within one year	1179		179		180	
b) becoming due and payable after more than one year	1181		181		182	
4. Other receivables	1183		183	917.718,84	184	198.901,42
a) becoming due and payable within one year	1185		185	917.718,84	186	198.901,42

The notes in the annex form an integral part of the annual accounts

	Reference(s)	Current year	Previous year
b) becoming due and payable after more than one year	1187	187	188
III. Transferable securities	1189	189 2.912.001,15	190 3.397.343,27
1. Shares in affiliated undertakings and in undertakings with which the company is linked by virtue of participating interests	1191	191	192
2. Own shares or own corporate units	1193	193	194 339.846,66
3. Other transferable securities	1195	195 2.912.001,15	196 3.057.496,61
IV. Cash at bank, cash in postal cheque accounts, cheques and cash in hand	1197	197 70.197.336,04	198 98.828.136,67
E. Prepayments	1199	199 179.290,52	200 84.190,13
TOTAL (ASSETS)		201 221.008.143,59	202 323.313.164,29

The notes in the annex form an integral part of the annual accounts

LIABILITIES

	Code	Reference(s)	Code	Current year	Code	Previous year
A. Capital and reserves	1301	6	301	117.343.540,09	302	85.418.693,63
I. Subscribed capital	1303	6.1	303	9.289.965,00	304	9.289.965,00
II. Share premium and similar premiums	1305	6.1/6.3	305	67.307.174,49	306	91.727.314,98
III. Revaluation reserves	1307		307		308	
IV. Reserves	1309		309	2.513.628,65	310	928.996,50
1. Legal reserve	1311	6.2	311	928.996,50	312	928.996,50
2. Reserve for own shares or own corporate units	1313	6.4	313	1.584.632,15	314	
3. Reserves provided for by the articles of association	1315		315		316	
4. Other reserves	1317		317		318	
V. Profit or loss brought forward	1319	6.3	319		320	1.733.805,16
VI. Profit or loss for the financial year	1321	6.3	321	38.232.771,95	322	-11.951.162,45
VII. Interim dividends	1323	6.3	323		324	-6.310.225,56
VIII. Capital investment subsidies	1325		325		326	
IX. Temporarily not taxable capital gains	1327		327		328	
B. Subordinated debts	1329		329		330	
C. Provisions	1331		331	5.185,00	332	80.000,00
1. Provisions for pensions and similar obligations	1333		333		334	
2. Provisions for taxation	1335	13	335	5.185,00	336	
3. Other provisions	1337		337		338	80.000,00
D. Non subordinated debts	1339		339	103.659.418,50	340	237.814.470,66
1. Debenture loans	1341		341		342	
a) Convertible loans	1343		343		344	
i) becoming due and payable within one year	1345		345		346	
ii) becoming due and payable after more than one year	1347		347		348	
b) Non convertible loans	1349		349		350	
i) becoming due and payable within one year	1351		351		352	
ii) becoming due and payable after more than one year	1353		353		354	
2. Amounts owed to credit institutions	1355	7	355	68.113.195,80	356	78.161.999,80
a) becoming due and payable within one year	1357		357	113.195,80	358	9.161.999,80
b) becoming due and payable after more than one year	1359		359	68.000.000,00	360	69.000.000,00

The notes in the annex form an integral part of the annual accounts

		Reference(s)		Current year		Previous year
3. Payments received on account of orders as far as they are not deducted distinctly from inventories	1361		361		362	
a) becoming due and payable within one year	1363		363		364	
b) becoming due and payable after more than one year	1365		365		366	
4. Trade creditors	1367		367	467.615,19	368	595.205,12
a) becoming due and payable within one year	1369		369	467.615,19	370	595.205,12
b) becoming due and payable after more than one year	1371		371		372	
5. Bills of exchange payable	1373		373		374	
a) becoming due and payable within one year	1375		375		376	
b) becoming due and payable after more than one year	1377		377		378	
6. Amounts owed to affiliated undertakings	1379		379	35.061.499,57	380	159.030.898,74
a) becoming due and payable within one year	1381	8	381	35.061.499,57	382	159.030.898,74
b) becoming due and payable after more than one year	1383		383		384	
7. Amounts owed to undertakings with which the company is linked by virtue of participating interests	1385		385		386	
a) becoming due and payable within one year	1387		387		388	
b) becoming due and payable after more than one year	1389		389		390	
8. Tax and social security debts	1391		391	15.572,14	392	26.367,00
a) Tax debts	1393		393	1.137,40	394	23.172,02
b) Social security debts	1395		395	14.434,74	396	3.194,98
9. Other creditors	1397		397	1.535,80	398	
a) becoming due and payable within one year	1399		399	1.535,80	400	
b) becoming due and payable after more than one year	1401		401		402	
E. Deferred income	1403		403		404	
TOTAL (LIABILITIES)			405	221.008.143,59	406	323.313.164,29

The notes in the annex form an integral part of the annual accounts

PROFIT AND LOSS ACCOUNT AT 31 DECEMBER 2013

A. CHARGES

		Reference(s)		Current year		Previous year
1. Use of merchandise, raw materials and consumable materials	1601		601	3.225,53	602	7.046,92
2. Other external charges	1603		603	2.099.077,79	604	2.323.065,05
3. Staff costs	1605	10	605	273.521,12	606	101.781,99
a) Salaries and wages	1607		607	240.058,59	608	79.316,13
b) Social security on salaries and wages	1609		609	33.178,05	610	22.465,86
c) Supplementary pension costs	1611		611		612	
d) Other social costs	1613		613	284,48	614	
4. Value adjustments	1615		615	8.118,43	616	4.807,30
a) on formation expenses and on tangible and intangible fixed assets	1617		617	8.118,43	618	4.807,30
b) on current assets	1619		619		620	
5. Other operating charges	1621	15	621	160.000,00	622	174.755,45
6. Value adjustments and fair value adjustments on financial fixed assets	1623	5	623	104.819.815,00	624	3.094.356,00
7. Value adjustments and fair value adjustments on financial current assets. Loss on disposal of transferable securities	1625		625		626	1.075,84
8. Interest and other financial charges	1627		627	6.450.492,11	628	17.357.565,84
a) concerning affiliated undertakings	1629	8	629	1.256.198,56	630	6.719.987,47
b) other interest and similar financial charges	1631	7	631	5.194.293,55	632	10.637.578,37
9. Extraordinary charges	1633	12	633	6.919.791,13	634	1.729.631,16
10. Income tax	1635	13	635	4.785,00	636	
11. Other taxes not included in the previous caption	1637		637	4.603,00	638	23.486,51
12. Profit for the financial year	1639		639	38.232.771,95	640	0,00
TOTAL CHARGES			641	158.976.201,06	642	24.817.572,06

The notes in the annex form an integral part of the annual accounts

B. INCOME

	Reference(s)		Current year		Previous year
1. Net turnover	1701	9	701	1.884.255,00	702 2.044.218,00
2. Change in inventories of finished goods and of work and contracts in progress	1703		703		704
3. Fixed assets under development	1705		705		706
4. Reversal of value adjustments	1707		707		708
a) on formation expenses and on tangible and intangible fixed assets	1709		709		710
b) on current assets	1711		711		712
5. Other operating income	1713		713	83.357,92	714 243.957,88
6. Income from financial fixed assets	1715		715	143.186.230,74	716 296.050,88
a) derived from affiliated undertakings	1717	11	717	140.010.982,02	718
b) other income from participating interests	1719		719	3.175.248,72	720 296.050,88
7. Income from financial current assets	1721		721	63.861,64	722 151.860,73
a) derived from affiliated undertakings	1723		723		724
b) other income from financial current assets	1725		725	63.861,64	726 151.860,73
8. Other interest and other financial income	1727		727	2.726.792,53	728 10.130.322,12
a) derived from affiliated undertakings	1729	8	729	1.891.068,75	730 3.245.197,63
b) other interest and similar financial income	1731		731	835.723,78	732 6.885.124,49
9. Extraordinary income	1733	12	733	11.031.703,23	734
12. Loss for the financial year	1735		735	0,00	736 11.951.162,45
TOTAL INCOME			737	158.976.201,06	738 24.817.572,06

The notes in the annex form an integral part of the annual accounts

13 NOTES TO THE ANNUAL ACCOUNTS

Note 1: General

Sword Group SE, hereinafter "the Company", is a limited European company whose head office was transferred on 26 March 2012 from France, F-69771 Saint Didier au Mont d'or, Avenue Charles de Gaulle, 9 to the Grand-Duchy of Luxembourg, L-8009 Strassen, route d'Arlon, 105.

The Company's purpose includes:

- To acquire, by way of interests, contribution, subscription, underwriting or option to purchase, negotiation and otherwise, any securities, titles, rights, patents and licenses and other property rights, personal rights and interests, that the Corporation deems appropriate;

- Generally to hold, manage, develop them and sell them in whole or in part, for the price that the Company may think fit and in particular against the shares or securities of any company purchasing them;

- To enter, assist, or take part in financial, business, or other transactions;

- To grant to any holding company, subsidiary or any other company associated in one way or another to the Company or any company belonging to the same group of companies (the "Affiliate"), any assistance, loans, advances, guarantees or sureties (in the latter two cases, including to third parties lenders to the Affiliate);

- To borrow or raise money in any manner whatsoever and to guarantee the repayment of any money borrowed;

- 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.

- Generally to conduct any sort of activity that might seem incidental or facilitate the attainment of the above purposes or any of them.

- The Company may conduct all commercial, technical and financial tasks, in direct or indirect connection with the areas described above in order to facilitate the accomplishment of its purpose.

- It may act directly or indirectly and carry out all these operations on its own behalf or on the behalf of third parties, either alone or 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. Generally to hold, manage, develop them and sell them in whole or in part, for the price that the Company may think fit and in particular against the shares or securities of any company purchasing them;

- To enter, assist, or take part in financial, business, or other transactions;

- To grant to any holding company, subsidiary or any other company associated in one way or another to the Company or any company belonging to the same group of companies (the "Affiliate"), any assistance, loans, advances, guarantees or sureties (in the latter two cases, including to third parties lenders to the Affiliate);

- To borrow or raise money in any manner whatsoever and to guarantee the repayment of any money borrowed;

- 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.

- Generally to conduct any sort of activity that might seem incidental or facilitate the attainment of the above purposes or any of them.

- The Company may conduct all commercial, technical and financial tasks, in direct or indirect connection with the areas described above in order to facilitate the accomplishment of its purpose.

Note 1: General (continued)

It may act directly or indirectly and carry out all these operations on its own behalf or on the behalf of third parties, either alone or 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.

The Company was incorporated on 22 June 2001 for an indefinite duration and its head office is established in Strassen.

The Company prepares consolidated financial statements in accordance with the law of 19 December 2002 on the accounting and annual accounts of companies in Luxembourg (hereinafter "the amended Act of 19 December 2002") law. The Company is listed on NYSE EURONEXT in Paris under ISIN number: FR0004180578.

The consolidated financial statements are available on the Company's website, at the following address: http://www.sword-group.com/French/Investisseurs/informations-reg.

Note 2: Accounting methods

The Company holds its books in euro. The annual accounts have been prepared under the historical cost method in accordance with the accounting principles generally accepted in the Grand Duchy of Luxembourg. The fiscal year coincides with the calendar year.

The accounting rules and valuation policies are, in addition to those imposed by the amended Act of 19 December 2002, as defined by the Board of Directors. The preparation of annual accounts involves the use of certain accounting estimates by the Board of Directors to exercise its judgment in the application of accounting principles. Changes in estimates could have a significant impact on the annual accounts. The Board of Directors believes that the assumptions associated with these estimates are adequate and that the annual accounts fairly present the financial position and results of the Company.

Note 3: Valuation rules

3.1. Intangible fixed assets

Intangible assets are recorded to the balance sheet assets at historical cost, including incidental expenses, less depreciation calculated based on the estimated useful lives of assets and value adjustments. Value adjustments are not continued if the reasons which justified them have ceased to exist. This item is depreciated at a straight-line rate of 33% and is represented by a software license.

3.2. Tangible fixed assets

Fixed assets are recorded to the balance sheet assets at historical cost, including incidental expenses, less depreciation calculated based on the estimated useful lives of property and value adjustments. Value adjustments are not continued if the reasons which justified them have ceased to exist. This item is depreciated at a straight-line rate of 20% and is represented by computer hardware.

3.3. Financial fixed assets

Financial assets are valued at historical cost, including incidental expenses or nominal value (loans and receivables). In case of a depreciation which, in the opinion of the Board, is of a permanent nature, financial assets are subject to impairment testing. Value adjustments are not continued if the reasons which justified them have ceased to exist.

3.4. Receivables

Receivables are recognised at their face value. They are subject to value adjustments when their recovery is compromised. Value adjustments are not continued if the reasons which justified them have ceased to exist.

3.5. Transferable securities

Transferable securities represented by shares in money market funds are valued at their fair value which is the latest price available at the closing date. The unrealised gains and losses are recognised in the profit and loss account.

The securities represented by own shares in the Company are stated at their historical cost, including incidental expenses, and determined according to the FIFO method. An impairment is recorded when the historical cost is less than the market price. According to the provisions of Article 49-5 b) of the Law of 10 August 1915 on commercial companies, as amended, an unavailable reserve liabilities in the amount of own shares included in the balance sheet, will be established on the liabilities side.

3.6. Prepayments

This item includes expenses recognised during the period but that are attributable to a subsequent year.

3.7. Provisions

At the end of each fiscal year, provisions are made to cover losses or debts that are clearly defined in nature but are, on the date of the balance sheet, either probable or certain, but uncertain as to amount or the date of payment, for all foreseeable risks and costs. Provisions relating to prior periods are reviewed regularly and included in income if they are no longer required.

3.8. Liabilities

Liabilities are recorded at their reimbursement value. Liabilities are recorded as contingent liabilities when their status is subject to unsecured debts.

3.9. Conversion of foreign currency accounts

All transactions denominated in a currency other than the euro are recorded at the exchange rate prevailing at the transaction date. At the balance sheet closing date:

- All assets denominated in a currency other than the euro, with the exception of bank deposits, securities and short-term receivables, are individually valued at the lower of the value, the historical exchange rate, or the value determined on the basis of exchange rates prevailing at the balance sheet closing date.
- All liabilities denominated in a currency other than the euro, with the exception of short-term debt, are valued individually at the higher of the value, the historical exchange rate, or the value determined on the basis of exchange rates prevailing at the balance sheet closing date.
- Bank deposits, securities, receivables and short-term debt, by their liquid nature, denominated in a currency other than the euro, are valued at the exchange rate prevailing at the balance sheet closing date.
- All fixed assets denominated in a currency other than the euro are translated to euro at the historical exchange rate prevailing at the transaction date. At the balance sheet date, these fixed assets remain translated at the historical exchange rate.

Revenues and expenses in currencies other than the euro are translated to euro at the exchange rate prevailing at the transaction dates. Thus, only realised foreign exchange gains and losses and unrealised foreign exchange losses, are recognised in the profit and loss account.

3.10. Turnover

Turnover includes amounts resulting from services rendered by the Company to affiliated undertakings, net of any sales rebates and of value added tax and other taxes related to sales.

3.11. Financial derivatives

The Company may enter into financial contracts such as options, swaps or currency forward contracts. The Company initially records financial instruments at historical cost. At each closing, the unrealised losses are recognised in the profit and loss account, while profits are only recognised when they are realised. In case of hedging an asset or liability that has not been recognised at fair value, the unrealised loss or gain is deferred until the recognition of the loss or profit on the covered item.

Note 4: Intangible and tangible fixed assets

4.1. Intangible fixed assets

For the year ended 31 December 2013, intangible fixed assets developed as follows:

	Dealerships Patents, licenses	Advances paid	TOTAL
Purchase price at year start	5,500.00	2,000.00	7,500.00
Newly consolidated companies	-	-	-
Deconsolidations	-	-	-
Purchase price at year end	5,500.00	2,000.00	7,500.00
Impairments at year start	(5,500.00)	-	(5,500.00)
Provisions for period	-	-	-
Carryovers for the financial year	-	-	-
Impairments at year end	(5,500.00)	-	(5,500.00)
Net value at year end	**-**	**2,000.00**	**2,000.00**

4.2. Tangible fixed assets

For the year ended 31 December 2013, tangible fixed assets developed as follows:

	Technical facilities, equipment and tools	Other fixtures, tools and furniture	TOTAL
Purchase price at year start	19,294.00	40,592.04	59,886.04
Newly consolidated companies	-	-	-
Deconsolidations	-	-	-
Purchase price at year end	19,294.00	40,592.04	59,886.04
Impairments at year start	(19,294,00)	(2,973.97)	(22,267.97)
Provisions for period	-	(8,118.43)	(8.118,43)
Carryovers for the financial year	-	-	-
Impairments at year end	(19,294,00)	(11,092,40)	(30,386.40)
Net value at year end	**-**	**29,499.64**	**29,499.64**

Note 5: Financial fixed assets
For the year ended 31 December 2013, financial assets developed as follows:

	Shares in affiliated undertakings	Investments held as fixed assets	Loans and claims held as fixed assets	Own shares or own corporate units	TOTAL
Purchase price at opening	191,641,319.73	6,603,674.28	20,467.15	1,244,785.49	199,510,426.92
Newly consolidated companies	192,972,319.73	10,981.20	-	-	192,983,319.73
Deconsolidations	(191,641,500,00)	(4,456,964.63)	(10,233.00)	(1,244,785.49)	(197,353,483,12)
Purchase price at year end	192,972,319.73	2,157,319.73	10,234.15	-	195,140,357.14
Impairments at opening	-	(4,670,391.97)	-	-	(4,670,391.97)
Value adjustment	(104,557,848,00)	(261,967.00)	-	-	(104,819,815,00)
Carryovers for the financial year	-	3,112,800.72	-	-	3,112,800.72
Value adjustment at year end	(104,557,848,00)	(1,819,785.49)	-	-	(106,377,406,25)
Net value at year end	**88,414,584.14**	**338,132.60**	**10,234.15**	**-**	**88,762,950.89**

As at 22 July 2013, the Company liquidated its subsidiary Sword Participations Sàrl, taking up all of the latter's assets and liabilities, whose shares in affiliated undertakings amounted to €192,481,112.00.

As at 16 December 2013, the Company conducted a capital increase in Sword Suisse Holding for an amount of €491,320.14 through the contribution of 11,413 shares in the company Simalaya Holding S.A.. This contribution has generated, in addition to the capital increase, a claim of €682,044.88 vis-à-vis Sword Suisse Holding.

As at 31 December 2013, the financial assets are represented by:
- Shares in affiliated companies, namely

Subsidiary name	% holding	Purchase Price	Shareholders' equity At 31/12/2013	Earnings At 31/12/2013
FI System Belgium S.A. (Belgium)	100%	5,031,000	6,549,118	-3,664
Sword Services S.A. (Switzerland)	100%	18,036,757	6,401,722	1,191,918
Sword Soft Ltd (UK)	99.99%	161,366,200	70,508,757	19,960,626
Sword Sol Sàrl (Luxembourg)	100%	6,389,000	420,886	311,193
Sword Création Informatique Ltd (South Africa)	100%	30,000	53,437	-300,454
Sword Solutions Inc (USA)	100%	1,302,000	1,947,687	126,357
Sword Suisse Holding S.A. (Switzerland)	100%	817,475	-7,357,546	-8,357,546
		192,972,432		

As at 31 December 2013, it was decided to book an impairment on the following affiliated undertakings, Sword Soft Ltd for €99,688,494 and Linkvest Sword Services for €4,869,354.

Regarding Sword Sol and Sword Suisse Holding, the value of the companies is estimated to be greater than the value of equity. Consequently, no impairment has been recognised on these investments.

With regard to other affiliated undertakings not affected by an impairment, the actual value of these entities is greater than the equity value. No impairment has been identified.

Note 5: Financial fixed assets (Continued)

- securities held as fixed assets for a total amount of €338,132.60;
- guarantees paid for a total of €10,234.15;

As at 31 December 2012, the Board of directors decided

- To book a value adjustment of €1,819,558.25 on investments held as fixed assets (€4,670,391.97 in 2012).
- Cancel the 19% stake held in the company Guangzhou Si Wo Ruanjan Keki Ko Limited for €3,000,000, as well as the impairment for the same amount following the liquidation of the said company.

Note 6: Shareholders' equity

6.1. Subscribed capital

As at 31 December 2013, the share capital amounts to €9,289,965.00 represented by 9,289,965 shares with a nominal value of €1.00 each, fully paid up. The share capital is accompanied by a premium of €67,307,174.49.
As at 31 December 2013, the authorised share capital amounts to €100 million, as part of new shares to be issued under securities representing claims giving access to capital.

6.2. Legal reserve

Each year, a fixed percentage of 5% of the net profit, after absorption of deferred losses, if applicable, should be allocated to the legal reserve. The deduction ceases to be compulsory when the reserve reaches 10% of the share capital. The reserve cannot be distributed.

6.3. Variations in equity accounts.

For the period ending 31 December 2013, the variations are as follows:

	01.01.2013	Earnings appropriation	Profit for the period	Dividends paid	Reimbursed dividends	31.12.2013
Subscribed capital	9,289,965.00					9,289,965.00
Share premium and similar premiums	91,727,314.98	-11,801,989.44		-12,620,192.07	2,041.02	67,307,174.49
Legal reserve	928,996.50					928,996.50
Reserve for own shares	-	1,584,632.15				1,584,632.15
Profit or loss brought forward	1,733,805.16	-1,733,805.16				-
Result for the financial year	-11,951,162.45	11,951,162.45	38,232,771.95			38,232,771.95
Interim dividends	-6,310,225.56			6,310,225.56		-
TOTAL	85,418,693.63	-	38,232,771.95	-6,309,192.07	2,041.02	117,343,540.09

As at 3 March 2013, the Annual General Meeting decided to distribute a dividend for the year 2012 for a total amount of €12,820,151.70, of which €6,310,225.56 had already been paid as an interim dividend during the year ended 31 December 2012. Some shareholders have not received their dividends for a total amount of €202,000.65.

During the year ended 31 December 2013, the Company distributed no interim dividend (€6,310,225.56 in 2012).

Note 6: Shareholders' equity (continued)

6.4 Own shares

As at 31 December 2013, the company no longer held any own shares (in 2012 there were 139,359 treasury shares recorded for a total of €1,584,632.15, broken down into €1,244,785.45 under "Investments" and €339,846.66 under "Securities ").

According to the provisions of Article 49-5 b) of the Law of 10 August 1915 on commercial companies, as amended, an unavailable reserve liabilities in the amount of own shares included in the balance sheet, has been established on the liabilities side €1.584.632.15. This reserve is available as at 31 December 2013.

Own shares listed as Securities were acquired to support the market price of the Sword Group share; own shares listed as Financial Assets are acquired under the management staff incentive programme.

6.5 Options to subscribe for shares in the Company

As at 30 January 2009, the Extraordinary General Meeting of the Company permitted the Board of Directors to grant options entitling their holders to subscribe Company 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 trading days preceding the decision to assign the options and stood at €10.60. The option allocation plan was closed 30 January 2009. During the year ended 31 December 2013, no options were exercised. There remain 40,000 exercisable options with maturity dates of no later than 31 January 2013.

As at 17 January 2011, the Extraordinary General Meeting of the Company permitted the Board of Directors to grant options entitling their holders to subscribe Company shares. This authorisation has been granted for 38 months.

- As at 6 October 2011, the Board of Directors used the permission that was given and granted 188,000 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 trading days preceding the decision to assign the options and stood at €12.115. The option allocation plan was closed on 6 October 2011. During the year ended 31 December 2013, no options were exercised. 42,000 options can no longer be exercised. There remain 146,000 exercisable options with maturity dates of no later than 6 October 2016.
- As at 16 December 2011, the Board of Directors used the permission that was given and granted 9,000 share subscription options to the benefit of one employee.
  The subscription price of new shares was set to the average of listed prices for the 20 trading days preceding the decision to assign the options and stood at €12.40. The option allocation plan was closed on 16 December 2011. During the year ended 31 December 2013, no options were exercised. There remain 9,000 exercisable options with maturity dates of no later than 31 December 2021.

Note 7: Bank debt

No bank debt has a maturity of over five years. No debt is covered by collateral. As at 31 December 2013, bank debt broke down as follows:

	Amount used	Authorised amount
Bank debt due within more than one year	68,000,000.00	100,969,592.85*
Bank debt due within one year	-	16,173,892.86
Interest and commissions payable	113,195.80	-
	68,113,195.80	

** of which €42 million reached maturity during the year 2014 and renewed for a period exceeding one year.*
Classification of amounts owed to credit institutions due within more than one year

Bank debts due within more than one year are composed of variable rate pool credits that are subject to drawdowns by the Company in the form of promissory notes whose duration can vary from 1 to 6 months. For the classification as non-current debt (> 1 year) of outstanding promissory notes at year end, the following aspects have been considered:

- Ability for the company, without opposition on the part of the banks that granted the loans, to renew the drawdowns for a period of at least one year (all credit openings valid at 31 December 2013 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
- Taking into account of certain lines of credit used as at 31 December 2013 reaching maturity within less than one year but which were renewed in 2014 for a period exceeding one year (credit line concerned is €42 million).

Swap contracts
The main loans have been subscribed at an interest rate of "Euribor 3 months + 1%".
As at 31 December 2013, there were two fixed-rate paying SWAP covers:
- Paying SWAP at a fixed rate of 2.565% was set up on 2 April 2012 for a period of 36 months and an amount of €10 million.
- Paying SWAP at a fixed rate of 1.24% was set up on 30 March 2012 for a period of 54 months and an amount of €7.5 million.

Bank covenants
The Company promises to maintain, in accordance with the covenant clauses:
- Net consolidated debt/consolidated EBITDA less than 3.5 or 3, depending on the agreement
- Net consolidated financial debt/consolidated shareholders’ equity less than 1
  Should the Company fail to comply with the above covenants, lending banks will be able to accelerate the reimbursement of the outstanding loan, worth €68 million as at 31 December 2013. As at 31 December 2013, The Company complied with such covenants.

Note 8: Related-parties transactions

8.1 Within affiliated undertakings
As at 31 December 2013, balance sheet items concerning affiliated undertakings were as follows:

	Amounts owed by affiliated undertakings **becoming due and payable after less than one year**	**Amounts owed to affiliated undertakings** **becoming due and payable after less than one year**
Miscellaneous affiliated undertakings	169,094.35	
BOL USA	1,061,319.73	
Sword S.A.	5,795,974.34	-
Tipik S.A.	6,939,962.38	-
Sword Technologies S.A.	9,818,236.62	-
Sword Suisse Holding	10,418,282.86	
Fi System S.A.	11,212,560.40	-
Sword Sol Sàrl	12,546,682.05	
Sword IF	-	342,639.39
Sword Technologies Solutions Ltd	-	10,355,272.90
Sword Integra S.A.	-	1,315,837.09
Sword Solution Inc.	-	1,152,319.73
Sword Services S.A.	-	1,725,485.93
Sword Soft Ltd	-	20,169,319.73
	57,962,112.73	35,061,499.57

Main balance sheet items listed above are generated primarily by the activity of "cash pooling". Main current accounts between group companies are paid at rates ranging between 1.25% and 4.25%, corresponding to market conditions applicable to each subsidiary.

For the year ended 31 December 2013, the main types of income and charges concerning affiliated undertakings were as follows:

	Charges	Income
Management services	-	1,884,255.00
Subcontracting	211,839.61	-
Fees - Management committee	144,000.00	-
Interest on current account	1,242,152.71	1,538,151.77
Foreign exchange income	14,045.85	352,916.98
	1,612,038.17	3,775,323.75

7.2 Vis-à-vis non-consolidated companies having common management

For the year ended 31 December 2013 Financière Semaphore Sàrl, a Luxembourg company, invoiced for the following services:

- Assistance to the Senior Management of the Company for €349,999.92;
- Success fees related to sales for an amount of €500,000;
- The chargeback of miscellaneous expenses for €41,218.18.

The Company charged back Financière Sémaphore Sàrl an amount of €55,099.86 for travel expenses.

Note 9: Net turnover

During the year ended 31 December 2013, turnover amounted to €1,884,255 and is represented by services addressed to all of the Group's subsidiaries.

The breakdown by geographic area is as follows:

- Europe: 97%
- North America: 1%
- Oceania: 1%
- Asia: 1%

Note 10: Staff

During the year ended 31 December 2013, the number of employees of the Company stood at an average of three people (two in 2012).

Note 11: Income from financial fixed assets

During the year ended 31 December 2013, revenues from affiliated undertakings consisted essentially of a dividend of €140 million received from Sword Soft Ltd. Income from other investments consisted in the reversal of impairment for €3,112,800 (Note 5) and dividends received for €62,448

Note 12: Extraordinary items

For the year ended 31 December 2013, the extraordinary charges mainly consisted in fees associated with the acquisition or disposal of interests (2,134,192.00), the historical cost of own shares sold during the period (€1,328,433.21) and the historical cost of the investments held as fixed assets that were sold during the period (€3,283,599.61).

For the year ended 31 December 2011, the extraordinary income and revenues were mainly represented by the proceeds from the sale of own shares (€1,807,889.40) and investments held as fixed assets (€115,361.56), by chargeback fees related to investment disposal activities (€500,000.00), and the liquidation of Sword Participations Sàrl (€8,489,726.00).

Note 13: Taxation

The Company is subject to all taxes applicable to companies with share capital.

Note 14: Off-balance sheet commitments

As at 31 December 2013 are the following off-balance sheet commitments:

- The Company granted a waiver of current account with a clawback provision to its subsidiary Sword Technologies S.A. for an amount of €2.1 million. As at 31 December 2013 the terms of the clawback provision were not satisfactory to cancel fully or partially such waiver.
- The Company gave its guarantee for bank loans granted to its subsidiaries for €3.2 million.
- The Company gave 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.
- In the context selling its interest in Ciboodle, the Company has guaranteed the liabilities up to USD 3 million.

See also Note 7 on swaps and bank covenants.

Note 15: Board of Director's remuneration

For the year ended 31 December 2013, the directors received fees amounting to €160,000.

For the year ended 31 December 2013, no advance or credit was given to members of the administrative bodies.

Note 16: Audit fees

In accordance with Article 84 (1) of the Law of 18 December 2009, the information specified in Article 65 (1) §16 of the Law has been omitted. Information on the audit fees is given in Note 26 to the consolidated financial statements.

Note 17: Subsequent events

The UK company Charteris was acquired on 6 January 2014, in a friendly takeover bid.

The Charteris shares were removed from the listing of the Alternative Investment Market (London Stock Exchange). Charteris has become a new subsidiary of Sword Soft Ltd.

Negotiations, which began in February 2014, are underway for the sale of the company Tipik, a subsidiary of FI System S.A..

14 INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2013

Following our appointment by the General Meeting of Sword Group S.E. dated May 3, 2013, we have audited the accompanying consolidated financial statements of Sword Group S.E., which comprise the consolidated statement of financial position as at December 31, 2013, the consolidated statement of profit or loss and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Responsibility of the Board of Directors' for the consolidated financial statements
The Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the réviseur d'entreprises agréé
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the réviseur d'entreprises agréé's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the réviseur d'entreprises agréé considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of Sword Group S.E. as of 31 December 2013 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on other legal and regulatory requirements
The management report, which is the responsibility of the Board of Directors, is consistent with the consolidated financial statements.

Other matter
We have no comment to make as to the accuracy and consistency with the consolidated financial statements of the information given in sections 1 to 9 and 17 of the 2013 Financial Report.

Luxembourg, 28 March 2014

For MAZARS LUXEMBOURG, Cabinet de révision agréé
10A, rue Henri M. Schnadt
L-2530 LUXEMBOURG

Thierry SALAGNAC
Réviseur d'entreprises agréé

.

15 CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2013

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(In €'000)	Annex note	31/12/2013	%	31/12/2012	%
Turnover	**6**	**106,500**		**117,908**	
Purchased consumables		-7,816		-4,926	
Other purchases and external charges		-37,389		-40,803	
Taxes and duties		-621		-1,290	
Wages and social contributions	7.1	-44,637		-55,984	
Depreciation and provisions charges	7.2	-1,908		-1,537	
Other operating income and costs	7.4	66		1,376	
EBIT		**14,194**	**13.3%**	**14,744**	**12.5%**
Earnings on disposals and impairment of assets	7.5	11,453		16,168	
Other non-current operating income and costs	7.6	-3,946		-3,824	
Provisions for impairment of goodwill					
Operating profit		**21,701**	**20.4%**	**27,088**	**23.0%**
Income from cash and cash equivalents	7.7	11		0	
Financial costs	7.8	-89		216	
Net financing charges		**-78**		**216**	
Other financial income and costs	7.9	-2,785		-7,208	
Profit before income tax		**18,838**		**20,096**	
Income tax expense	7.10	-3,757	19.95%	-3,810	18.96%
Total net consolidated profit		**15,081**		**16,286**	
Of which Group share		14,522		16,217	
Of which minority interests		559		69	

Earnings per share	7.11	1.58		1.77	
Diluted earnings per share	7.11	1.58		1.76	

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED ON 31 DECEMBER 2013

(In €'000)	31/12/2013	31/12/2012
Total net consolidated profit	**15,081**	**16,286**
Other components of total profit/loss		
• Fixed assets revaluation reserve		
- Change in the reserve for revaluation of fixed assets	-	-
- Reclassification adjustments on the change in the assets revaluation reserve	-	-
- Tax on the change in the assets revaluation reserve	-	-
• Actuarial differences		
- Actuarial differences	-	-
- Reclassification adjustments on actuarial differences	-	-
- Tax on actuarial differences	-	-
• Translation gains and losses in the subsidiaries' financial statements in foreign currency		
- Gains and losses on foreign currency translation in the subsidiaries' financial statements	-2,549	5,885
- Reclassification adjustments on foreign currency translation gains and losses in the subsidiaries' financial statements	-	-
- Tax on foreign currency translation gains and losses in the subsidiaries' financial statements	-	-
• Gains and losses relative to the revaluation of financial assets held for sale		
- Gains and losses relative to the revaluation of financial assets held for sale	-73	11
- Reclassification adjustments on gains and losses relative to the revaluation of financial assets held for sale	-	-
- Tax on gains and losses relative to the revaluation of investments held for sale	-	-
• The effective portion of gains and losses on cash flow hedging instruments		
- The effective portion of gains and losses on cash flow hedging instruments	318	-679
- Reclassification adjustments on the effective portion of gains and losses on cash flow hedging instruments	-	-
- Tax on the effective portion of gains and losses on cash flow hedging instruments	-106	253
Share of other components of total profit/loss of affiliated undertakings	-	-
Total comprehensive income for the year	**12,670**	**21,757**
Of which Group share	11,273	23,036
Of which minority interests	1,397	-1,279
The notes that appear hereafter form an integral part of the annual financial statements.		

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2013 - ASSETS

(In €'000)	Annex note	31/12/2013 Gross	31/12/2013 Depreciation prov	31/12/2013 Net	31/12/2012 Net
NON CURRENT ASSETS					
Goodwill	**8**	79,657		79,657	62,122
Other intangible fixed assets	**9**	7,794	3,621	4,173	3,514
Tangible fixed assets	**10**	14,896	11,028	3,868	3,101
Long-term investments	**11.1**	763		763	820
Securities held for sale	**11.2**	6,964	1,820	5,145	6,217
Other long-term assets	**11.1**	789		789	839
Deferred tax assets		2,904		2,904	486
TOTAL OTHER LONG-TERM INVESTMENTS		**113,767**	**16,469**	**97,298**	**77,098**
CURRENT ASSETS					
Assets held for sale	**14**			0	18,832
Trade and other receivables	**12**	43,913	558	43,355	33,675
Other current assets	**13**	12,554	2,498	10,056	11,741
Cash and cash equivalents	**15**	109,595	28	109,567	125,867
TOTAL CURRENT ASSETS		**166,063**	**3,085**	**162,978**	**190,115**
TOTAL ASSETS		**279,829**	**19,553**	**260,276**	**267,214**

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2013 - LIABILITIES

(In €'000)	Annex note	31/12/2013	31/12/2012
CONSOLIDATED SHAREHOLDERS' EQUITY			
Share capital	**16**	9,290	9,290
Share premium	**16**	67,307	91,727
Reserves - Group's share	**16**	52,029	19,876
Group's share of net profit		**14,522**	**16,217**
GROUP'S SHARE OF EQUITY		**143,148**	**137,110**
Minority interests		8,416	357
TOTAL CONSOLIDATED SHAREHOLDERS' EQUITY		**151,564**	**137,467**
NON CURRENT LIABILITIES			
Post-employment benefits	**17**	313	264
Other non-current provisions	**17**	854	3,654
Long-term financial liabilities	**15**	69,103	69,003
Other long term liabilities		1,048	825
TOTAL NON-CURRENT LIABILITIES		**71,319**	**73,746**
CURRENT LIABILITIES			
Liabilities held for sale	**14**		18,515
Trade and other payables	**18**	13,771	8,625
Current income tax liabilities	**19**	3,516	2,265
Other current liabilities	**19**	19,968	17,426
Short-term financial liabilities	**15**	138	9,170
TOTAL CURRENT LIABILITIES		**37,393**	**56,001**
TOTAL LIABILITIES		**260,276**	**267,214**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AT 31 DECEMBER 2013

	Share capital	Share premium	Consolidated reserves	Own shares	Profit for the period	Foreign currency translation reserve	Total shareholders' equity - Group's share	Total shareholders' equity - Minority interests	Total shareholders' equity
Balance at close of accounts 31/12/2011	**9,290**	**100,909**	**21,816**	**219**	**1,313**	**-2,690**	**130,858**	**-565**	**130,293**
- Total profit/loss for the period							0		
. Net income					16,217		16,217	69	16,286
. Translation gains and losses						7,234	7,234	-1,349	5,885
. Financial assets held for sale			11				11		11
. Cash flow hedging instruments			-426				-426		-426
- Own share transactions				-630			-630		-630
- Payment in shares							0		0
- Stock option transactions			197				197		197
- Earnings appropriation			1,313		-1,313		0		0
- Dividends paid by the parent		-9,182	-3,483				-12,665	-98	-12,763
- Change in consolidation scope and miscellaneous			-3,686				-3,686	2,299	-1,387
Balance at close of accounts 31/12/2012	**9,290**	**91,727**	**15,742**	**-411**	**16,217**	**4,545**	**137,110**	**357**	**137,467**
- Total profit/loss for the period							0		
. Net income					14,522		14,522	558	15,080
. Translation gains and losses						-3,387	-3,387	838	-2,549
. Financial assets held for sale			-73				-73		-73
. Cash flow hedging instruments			211				211		211
- Own share transactions				2,098			2,098		2,098
- Payment in shares							0		0
- Stock option transactions			-70				-70		-70
- Earnings appropriation		-18,112	34,329		-16,217		0		0
- Dividends paid by the parent		-6,308					-6,308	-654	-6,962
- Change in consolidation scope and miscellaneous			-955				-955	7,317	6,362
Balance at close of accounts 31/12/2013	**9,290**	**67,307**	**49,184**	**1,687**	**14,522**	**1,158**	**143,148**	**8,416**	**151,564**

Expenses and income directly recorded as reserves (changes in translation differentials, capital gains from the disposal of own shares and revaluation of securities held for sale) stood at: €440k in 2013 and €43k in 2012.

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

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2013

(In €'000)	*Annex note*	31/12/2013	31/12/2012
Cash flows from operating activities			
Total net consolidated profit		**15,081**	**16,286**
Expense (income) with no impact on cash			
• Depreciation allowance		2,069	2,217
• Other provision allocation / reversals		-2,520	5,042
• Capital gains or loss from the disposal of non current assets		-12,444	-21,804
• Costs associated with the disposal of non-current assets		992	
• Compensation paid in shares		-70	197
Net interest expenses		78	-216
Taxes and duties (due and deferred)	**7.10**	3,757	3,810
CASH FLOW		**6,942**	**5,532**
Company tax paid		-2,636	-3,494
Interest paid		-78	216
Change in working capital	**22**	-4,174	2,144
OPERATING CASH FLOWS [i]		**54**	**4,399**
Investment operations			
Disbursement on acquisitions			
• intangible fixed assets		-1,762	-3,316
• tangible fixed assets		-1,476	-2,273
• financial assets		-500	-5,421
Income from disposals			
• intangible fixed assets		8	28
• tangible fixed assets		133	3
• financial assets		30,514	224
Impact of changes in consolidation scope	**22**	-9,007	59,662
NET CASH FLOW ON INVESTMENTS		**17,910**	**48,906**
NET OPERATING CASH FLOW AFTER INVESTMENTS		**17,964**	**53,306**
Income from financial transactions			
Dividends paid by the parent company		-6,308	-12,665
Dividends paid to minority interests		-655	-101
Net funds received by:		0	0
• Capital and additional share premium increase		0	0
• Subscription of the long-term loan		5,000	5,000
Redemption / disposal of own shares		2,098	-630
Long-term debt reimbursement		-32,507	-30,211
TOTAL FINANCING CASH FLOWS		**-32,372**	**-38,606**

TOTAL CASH FLOWS		**-14,408**	**14,700**

Net cash at year-end (A)		109,429	125,541
Opening cash position (B)		125,541	111,532
Impact of the change in currency prices		1,704	691
Change in cash (B)-(A)		**-14,408**	**14,700**

Cash and cash equivalents		109,567	125,867
Creditor banking facilities		-138	-326
Net cash		109,429	125,541

[i] In 2013, the operating cash flow adjusted for non-recurring expenses and non-current income is: €9,498k.

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

16 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2013 (AMOUNTS IN €'000)

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

These notes are an integral part of the consolidated financial statements for the year ended 31 December 2013. The consolidated financial statements were approved by the Board of Directors on 26 February 2014.
These accounts will only be finalised once approved by the Annual General Meeting on 28 April 2014.

Sword Group SE is a European company incorporated under Luxembourg law, located at 105 Route d'Arlon at Strassen (Luxembourg), that moved to 2 rue d'Arlon, Windhof (Luxembourg) during the period. This change of domicile will be approved by the General Meeting of Shareholders of 28 April 2014. Sword Group SE is subject to all the laws and regulations governing commercial companies in Luxembourg, and in particular the provisions of the Commercial Code.
Sword Group SE is listed on Euronext Paris (Compartment C).
The Group's business activities are described in Note 2.6. "Segment information".

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

1.1. Highlights of the period

The main events during the financial year have been:

- Sword Services S.A. acquired minority interests in Sword Lebanon for a total of CHF 75k.
- Sword Soft repurchased the minority interests of Apak for €1,500k.
- The company Sword FS was established on 10 January 2013, with no impact on the consolidated financial statements as at 31 December 2013. It is 100% owned by the company Sword IF.
- Sword Suisse Holding was incorporated on 28 February 2013, with no material impact on the consolidated financial statements as at 31 December 2013. It acquired the securities of companies Sword Services, Sword Lebanon and Sword IF for the net book value with no impact on the consolidated financial statements as at 31 December 2013.
- The company Sword Insight was incorporated on 25 June 2013, with no impact on the consolidated financial statements as at 31 December 2013. It is 100% owned by the company Sword Sol.
- The UK company Active Risk was acquired in a friendly takeover bid which resulted in a final acquisition of 100% of the shares on 30 August 2013.
- The Group sold the assets of General Partner on 11 September 2013 (disposal of Amor shares). The consolidated gain on disposal is GBP 10,769k£.
- Control of the Swiss company Simalaya Holding S.A. was obtained 26 September 2013, following participation in the capital increase for an amount of CHF 12,750k.
- The company Sword Colombia was incorporated on 18 October 2013, with no impact on the consolidated financial statements as at 31 December 2013. It is wholly-owned by the company Sword Suisse Holding.
- The companies Sword Orizon and Sword Connect were incorporated on 29 November 2013, with no impact on the consolidated financial statements as at 31 December 2013. They are 100% owned by Sword Sol Lux.

1.2. Subsequent events

The UK company Charteris was acquired on 6 January 2014, in a friendly takeover bid. The Charteris shares were removed from the listing of the Alternative Investment Market (London Stock Exchange).
Kana equity securities were sold in January 2014, generating a capital gain of €242k.
Negotiations, which began in February 2014, are underway for the sale of the company Tipik.
The companies Mobile Productivity and 1.618 are currently being acquired.

NOTE 2: ACCOUNTING POLICIES

2.1. Accounting standard

As per European Regulation n° 1606/2002 of 19 July 2002 regarding international accounting standards, the consolidated financial statements of Sword Group at 31 December 2013 and the comparative accounts for financial 2012 were prepared in compliance with the IFRS (International Financial Reporting 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 2013, whose implementation was mandatory on that date.

These standards are available on the website of the European Union:
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).

2.1.1. Standards, amendments to standards and interpretations applicable as of the financial year started 1 January 2013

The Group implemented for the first time the standards and interpretations whose enforcement was mandatory as of 1 January 2013:

- the IFRS 7 amendment regarding the compensation of assets and liabilities,
- IFRS 13 "Valuation at fair value",
- revised IAS 19 on employee benefits.

These new standards have had no significant impact on the accounts drawn up as at 31 December 2013.

2.1.2. Standards and interpretations that were published but are not yet applicable

TEXTS ADOPTED BY THE EUROPEAN UNION AT YEAR END.

IFRS 10 - Consolidated Financial Statements (applicable to the annual periods starting as of 1 January 2014);
IFRS 11 - "Joint Arrangements" (effective for annual periods beginning on or after 1 January 2014);
IFRS 12 - Disclosure of interests in other entities (effective for annual periods beginning on or after 1 January 2014);
IFRIC 21 - Levies (applicable to the annual periods starting as of 1 January 2014);

The Group has not applied any of these new standards or interpretations in advance and does not anticipate any significant impacts resulting from the first application of these new texts.
The Group does not anticipate any material impact on its financial statements.

2.2. General rules concerning the presentation of the consolidated financial statements

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

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.
Under the shareholders' agreement of Simalaya, Sword has the power to rule on the operational and strategic orientation of the company and its managerial policy (appointment, remuneration, removal of directors and executives, etc.).

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

The list of consolidated companies is provided in Note 25.

2.4. Directors' estimates

The preparation of consolidated financial statements in accordance with IFRS as adopted by the EU implies that management has made a number of estimates and has 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 Notes.
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 conducting impairment tests on tangible and intangible assets (including goodwill), assessing provisions and assessing share based payments (IFRS 2).

Certain accounting principles imply that the directors have made a number of estimates regarding, in particular:

- The determination of the revenue level recorded, according to the percentage of completion method, regarding fixed-price contracts (cf 2.15.) (IAS 11)
- The appreciation of the ability to record certain development expenses as fixed liabilities, according to the criteria defined by IAS 38 (cf. 2.9.1.).
- Impairment tests on tangible and intangible assets (including goodwill),
- Tax provisions,
- Retirement planning,
- Deferred taxation,
- Contingent assets and liabilities.

2.5. Segment information

An analysis of the criteria in the IFRS 8 standard facilitates determining business activity and geographical sectors (organisational structure and degrees of independence, type of products and processes, types of client, regulatory environment, etc.). This has led to the identification of a first level of segment information linked to sectors of business activity, which break down as follows:

✓ The Solutions segment, specialising in systems integration in the field of IT 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:

- GRC (Governance Risk and Compliance management) products
This area covers purely GRC activities, document management activities, and large project management activities.
- 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 areas (there are no regional managers or regional reporting, etc.).

2.6. Conversion of financial statements of foreign companies

Sword Group's consolidated financial statements are prepared in the currency in use in Luxembourg, i.e. the euro.

The functional 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 functional currency is not the euro is done as follows:

- All assets and liabilities (excluding shareholder equity items), are translated using the exchange rate in force on the date of financial year end,
- Revenue and costs (including depreciation and provisions) are translated using the average rate for the period,
- Shareholders' equity items are translated at their historical 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 recorded as profit/loss following the disposal of the subsidiary.

2.7. Conversion of transactions made in foreign currency

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

Exchange rate differences in the statement of profit or loss 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 statement of profit or loss when a subsidiary is sold or a loan is repaid.

The Company has not made use of currency hedge instruments.

2.8. Goodwill
The business goodwill acquired prior to the transition to international accounting standards, is treated as goodwill as described below.

The consolidation of companies after 1 January 2004 was accounted for using the acquisition method. This method involves the evaluation of assets and liabilities of companies acquired by the Group at their fair value, in accordance with the rules provided for by standard IFRS 3.

Business combinations carried out as of 1 January 2010 are recorded as per the IFRS 3 revised standard, Business Combinations, and IAS 27 amended, Consolidated and Separate Financial Statements. The implementation of these revised standards is prospective.

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.

Goodwill is subject to impairment tests carried out every year, in accordance with the general principles defined in Note 2.14 as per the IAS 36 standard. Reversal of impairment cannot be taken into the statement of profit or loss prior to disposal of the cash-generating unit to which the goodwill is attached.

We take the option offered by IFRS 3 to determine during the year of acquisition the breakdown of goodwill for Active Risk. The breakdown of goodwill will be reviewed once the valuation of products sold by Active Risk is completed.

2.9. Intangible fixed assets

2.9.1. 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 depreciated from the sales stage of the project for the project's expected period of usefulness. In accordance with IAS 36, "Impairment of assets", when events or changes in market circumstances indicate a risk of loss of value of such intangible assets, they undergo a detailed review (cf. Note 2.13.) 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.

2.9.2. Other intangible fixed assets

These are mainly softwares.

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

All intangible assets have a set useful life, and accordingly are amortised linearly over the expected useful life, 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 2.13).

2.10. 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 useful life, with exception of land.

Depreciation is linear in accordance with the useful life expected by the Group.

The main lifetimes used for calculations are as follows:

- Transport equipment	5 years
- Office equipment	3 to 5 years
- Computer hardware	3 years
- Office furniture	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 2.13).

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

The Sword Group does not own any investment properties.

2.11. Leases

Lease contracts are capitalised when they are classified as finance leases, namely when it transfers substantially all the risks and rewards incident to ownership. . 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 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 decrease 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.

2.12. Activities held for sale or to be discontinued

In accordance with standard IFRS 5, "Non-current assets held for sale and discontinued operations", non-current 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 "assets held for sale". In accordance with IAS 27, receivables and liabilities for these activities with the rest of the group continue to be eliminated. Assets and liabilities held for sale are valued at the lower of the net book value and the fair value minus disposal costs.

2.13. Impairment tests

Impairment tests are carried out annually for all non-amortised assets (assets with an indeterminate economic useful life) and for amortised assets where loss of value evidence exists. Assets with an indeterminate economic useful life 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 thus tested at the CGU level, corresponding to operating areas (cf. Note 2.5.).

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. Besides, the implementation of IFRS 8 has not put this breakdown into question.
The Products segment includes one CGU (CGU1) which concerns those companies whose products are rented or sold according to a SaaS model.
The Solutions segment comprised on UGT (UGT 3), which concerns companies that specialise in the systems integration in information systems content management.

The main parameters used are summarised below:
Forecast horizon: 3 years,

- Taking into account a final value calculated using a standard discounted cash flow and an infinite growth rate of 2%,
- Discount rate for each area of operational activity. The discount rate is based on the rate without risk (average 10-year Euroswap: 3.4 %), plus a 6% market risk premium for the eurozone, a beta coefficient specific to the line of business and a specific risk premium to take the size of the entities into account. The discount rate stood at 11.1% for CGU1 and 10.7% for CGU3.
- The cash flow growth rate chosen beyond the budget period is at 5%.

Based on past experience, the management has approved the budgets used for valuing the goodwill.

2.14. Long-term investments

Long-term investments are made up mainly of:

- deposits and guarantees recognized as assets using the cost method (cf. Note 2.21 concerning financial instruments)
- and shares in companies over which the Group does not have control or special influence, which are accounted for as financial assets held for sale, namely valued at fair value; the change in value of those assets held for sale is recorded as Other components of total profit/loss.

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

2.15. Receivables and other current financial assets, and the revenue recognition principles

Receivables are initially recognised 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 position.

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

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

Sale of software and related services

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

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

Related services are recorded as turnover when they are performed.

Engineering and consulting services

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

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 resulting from the transaction will go to the company,
- Reliable assessment of the income,
- Reliable assessment of the progression,
- Reliable assessment of the costs incurred.

2.16. Cash and cash equivalents

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

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

2.17. Benefits granted 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 plans: The Group's commitment is limited to the payment of contributions: these are for mandatory and supplementary pension schemes. The contributions are recorded as charges in the financial year in which the services were provided by the employee. Amounts unpaid at year-end are shown in Other Current Liabilities.

Defined benefit plans: 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, employee turnover rate, discount rate and rate of salary increase, etc.). Details of the actuarial assumptions used are shown in Note 17.1.

Due to the small amounts involved, the Group has not restated the amounts as comprehensive income for 2012 and 2013 and will do it for the year 2014.

The commitment is shown in the balance sheet in Non-Current Liabilities, for the entire amount of the commitment.

The reduction or cancellation of a benefits plan subsequent to employment causes the immediate reversal in the statement of profit or loss of commitments previously recognised.

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

The change in provision for the period is stated in the statement of profit or loss under operating costs, and the breakdown of the expense between its component parts is provided in the Notes(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 recorded in Non-Current (long-term) Liabilities for the 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 share based payments 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 Staff 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 recorded to Staff 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 Staff Costs for the period of the acquisition of the rights, set against a specific reserves account. The amount recorded takes into account the number of beneficiaries and the opening assumptions. The charge is recalculated at every year-end, having updated the beneficiaries and the opening assumptions, with variations on the cumulative cost for the previous period being stated in Staff 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.

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

A provision must be booked if:

- the Group has a present, 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 business 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 business combinations. Provisions are set based upon the company’s estimate of the risk,
- Provisions for claims in industrial tribunals.

Provisions are disclosed 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 Notes on contingent assets and liabilities, if the impact is significant, unless the probability of occurrence is very low.

2.19. Income tax

Tax due

Tax due is calculated for each entity according to the fiscal rules applying to it.
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 temporary 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 recover 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 taxable profits for prior years,
- And, if applicable, tax strategy such as the proposed disposal of undervalued assets.

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

Deferred tax credits and tax due are recorded in 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.

2.20. Effect of changes in tax legislation

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 processing of which is specified below:

- The Cotisation Foncière des Entreprises (C.F.E.), whose amount depends on the rental value of land and may, if applicable, be limited to a percentage of the added value, is quite similar to the professional tax, and will therefore be recognised in 2011 as the latter, i.e. as operating expenses;

- The Cotisation sur la Valeur Ajoutée des Entreprises (C.V.A.E.), which the Group analyses as a tax on profit as described in IAS 12.2 ("Income taxes"). To conduct its analysis, the Company took into consideration the decisions to reject of the topic to its agenda expressed by IFRIC in March 2006 and May 2009 on the issue of the scope of application of IAS 12 "Income taxes". IFRIC actually pointed out that, to enter the scope of application of IAS 12, a tax should be calculated on the basis of a net amount of income and expenses, and that such a net amount can differ from the net accounting profit/loss. The Group considered that the C.V.A.E. met the characteristics mentioned in that conclusion, insofar as the added value represents an intermediary level of earnings/loss, that systematically serves as a basis, according to French taxation rules, for determining the amount due as C.V.A.E.

As per the provisions of IAS 12, the qualification of the C.V.A.E. as income tax has led to recognising differed taxes relative to time differences existing at that date, against a net expense in the statement of profit or loss for the period. This deferred tax expense is displayed under "Income tax". The total amount of the current and deferred tax relative to the C.V.A.E. appears on that same line.

The impact of recognising the C.V.A.E. as a tax stands at €317k at 31 December 2013.

- The Crédit d'Impôt Compétitivité d'Emploi (Employment Competitiveness Tax Credit) has been recorded as a reduction in personnel expenses as recommended by the AMF. This tax credit represents revenue of €218k for the year 2013.

2.21. Financial instruments

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 statement of financial position:

- Assets and liabilities recorded at amortised 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, minus amortisation in capital determined using the effective rate of interest method and adjusted if applicable for impairment in the event of loss of value. For assets and liabilities whose maturity is within 12 months, the original face value is considered equivalent to the amortised 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 transferable securities such as UCITS (French SICAV) or mutual funds (French FCP) that are assessed at their net book values at each year end. The net book values are adjusted on the fair values at year end, fair value differences being recorded as earnings (losses).

- Derivatives (interest rate swaps) have been entered into for hedging purposes and as such, changes are recognised as equity for the effective portion. The ineffective portion, meanwhile, is recorded as income (see Note 15).

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

Financial assets held for sale correspond to:

- 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 as shareholders' equity and displayed in the statement of comprehensive income. 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 losses.

- non listed non consolidated equity interests, valued at their historical 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, based on expected cash flows. Impairments, if applicable, are recorded as losses and can be reversed by earnings only upon the disposal of the securities.

Notes 20 and 21 below, specific to financial instruments, provide 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 statement of profit or loss for the period and the equity
- Sensitivity to the various risks: market risk (rate, currency), liquidity risk, and credit risk.

The use of derivatives is limited to interest rate swaps on borrowings.

<u>2.22. Turnover</u>
Turnover is recorded in accordance with the principles 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 separate 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.) is subtracted from the corresponding expenses.

<u>2.23. Other operating income and expenses</u>
Other operating income and expenses include other income and expenses such as cancelled trade receivables, and miscellaneous management income and expenses.

<u>2.24. Non-current operating elements</u>
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,
- Income from the disposal of consolidated companies,
- Disputes,
- Restructurings,
- Other significant impairments.

<u>2.25. Cost of the net financial debt and other financial income and charges</u>
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 charges include:

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

2.26. Earnings per share

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

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

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

2.27. Statement of cash flows

The statement of cash flows is prepared 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 the consolidation scope 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 received is included into this investment cash flow.

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

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

NOTE 3: CHANGES IN CONSOLIDATION SCOPE

The main changes in the consolidated scope in 2013 are described in paragraph 1.1.

Acquisitions

- The UK Company Active Risk was acquired in a friendly takeover bid on the Alternative Investment Market (London Stock Exchange) which resulted in a final acquisition of 100% of the shares on 30 August 2013. The price of the acquisition of the company amounts to €13,903k.

- Control of the Swiss company Simalaya Holding S.A. was obtained 26 September 2013, following participation in the capital increase for an amount of CHF 12,750k and the signing of a shareholders' agreement.

Main aggregates of sold companies

Contribution statement of profit or loss over the consolidation period

In €'000	Active Risk	Simalaya Holding
Contribution turnover	3,820	3,004
Net income	1,105	830

Balance sheet at the date of acquisition

In €'000	Active Risk	Simalaya Holding
Intangible and tangible fixed assets	95	528
Financial fixed assets and non-current assets	6,978	944
Other debtors	2,642	4,405
Active cash	4,558	12,769
Debt	-	1,104
Current liabilities	7,081	4,247
Total assets / liabilities	14,273	18,646

Disposals
Companies disposed of and their main aggregates of companies sold are detailed in paragraph 1.1.

The main changes that took place in the course of 2012 regarding the consolidation scope, resulted from the following events:

- On 10 July 2012, the Ciboodle Group was sold by Sword Soft. The transfer price stands at $79m for 100% of the securities. The disposal generated a capital gain from consolidation of €22,838k.

NOTE 4: ADDITIONAL INFORMATION REGARDING THE ACQUIRED COMPANIES

- The UK company Active Risk was acquired in a friendly takeover bid which resulted in a final acquisition of 100% of the shares on 30 August 2013. It designs risk management solutions, and specialises in monitoring the risk of major projects. It is an expert specialising in the field of engineering, construction, energy, aerospace and defence. This acquisition will complement the Sword's CRM offer, currently based mainly on "Compliance Management" Active Risk itself specialising in "Risk Management".

- Sword Group increased its stake following the capital increase on 26 September 2013, up to 39.88% in the Simalaya group, based in France, Switzerland, Morocco and Tunisia. This group of service companies operates in the field of management and information technology. Its offer covers activities in the areas of IT strategy consulting, Project Management, Quality Assurance & Testing, Digital Marketing & CRM, as well as information systems performance engineering. This investment will allow Sword to continue its growth strategy and complement its value proposition to its customers. Indeed, the group will be able to expand its geographic presence and strengthen its position in Switzerland, North Africa and EMEA, but also extend its offering by offering its clients expertise in strategy consulting, digital marketing & CRM and the market niche of IT performance management.

NOTE 5: RATES USED FOR TRANSLATING ELEMENTS INTO FOREIGN CURRENCY

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

	Average rate 31/12/2013	Average rate 31/12/2012 (1)	Closing rate 31/12/2013	Closing rate 31/12/2012 (1)
GBP	0.84925	0.8111	0.8337	0.8161
US Dollar	1.328151	1.2856	1.3791	1.3194
Swiss Franc	1.230917	1.20532	1.2276	1.2072
South African rand	12.8308	10.5545	14,566	11.1727
Indian rupee	77.87526	68,6294	85,366	72.5584
Australian dollar	1.377	1.24723	1.5423	1.1668
Moroccan dirham	11.2329		11.2481	
Tunisian dinar	2.2582		2.265	
Colombian peso	2,645.50		2,659.57	

(1) The Moroccan, Tunisian and Colombian subsidiaries were consolidated in 2013.

NOTE 6: SEGMENT INFORMATION

Segment information by line of business

(€'000)	Solutions		Software		Other activities		Consolidated	
	2013	2012	2013	2012	2013	2012	2013	2012
Turnover	85,500	84,248	21,000	33,660	-	-	106,500	117,908
EBIT	8,394	9,210	5,800	6,400	-	-866	14,194	14,744
Non-current operating revenue and expenses (including disposals)	-2,085	-4,038	-89	-1,185	9,681	17,567	7,507	12,344
Financial expenses [1]	-	-	-	-	2,863	6,992	2,863	6,992
Taxation	-	-	-	-	3,757	3,810	3,757	3,810
Net income	6,309	5,172	5,711	5,215	3,061	5,899	15,081	16,286
Segment assets	122,033	109,187	51,510	28,181	-	-	173,543	137,368
Head office assets and other non-allocated assets	-	-	-	-	86,733	129,846	86,733	129,846
Total consolidated assets	122,033	109,187	51,510	28,181	-	-	173,543	137,368
Segment liabilities	122,033	109,187	51,510	28,181	-	-	173,543	137,368
Head office liabilities and other non-allocated liabilities	-	-	-	-	86,733	129,846	86,733	129,846
Total consolidated liabilities	122,033	109,187	51,510	28,181	86,733	129,846	260,276	267,214
Investments	8,899	3,448	12,388	2,435	3	29	21,290	5,912
Depreciation allowance	1,783	1,120	278	769	8	16	2,069	1,905
Net expenses calculated without depreciation	-1,079	1,227	-	-	-1,441	3,815	-2,520	5,042

[1] Total of the net debt and other financial income and charges.

NOTE 7: STATEMENT OF PROFIT OR LOSS

7.1. Wages and social contributions

Payroll expenses break down as follows:

(in €'000)	12/13	12/12
Short-term benefits / gross wages	36,853	46,472
Short-term benefits / social contributions	7,388	8,953
Benefits related to payments in shares	70	197
Long-term benefits (incentive and profit-sharing)	123	119
Other benefits	203	243
Total	44,637	55,984

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

Average consolidated workforce

	12/13	12/12
Billable workforce	648	804
Non billable workforce	103	129
Total	751	933

7.2. Depreciation and provisions

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

(in €'000)	12/13	12/12
Depreciation of intangible and tangible assets	2,069	1,905
Impairment of trade and other receivables	(204)	(42)
Net provisions	43	(326)
Total	1,908	1,537

7.3. Research and development costs

(in €'000)	12/13	12/12
Total expenses incurred	(3,315)	(4,796)
Activated R&D costs (Note 9)	1,726	2,429
Non-activated costs [1]	(1,589)	(2,367)
Depreciation of previously activated development costs (Note 9)	(690)	(444)
Total	(2,279)	(2,811)

[1] Recognised as other purchases and external purchases and as salaries and wages

R&D costs cover:

- The development of software components designed for the "services" segment,
- 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 and impairment of assets

(in €'000)	12/13	12/12
Disposal costs	(992)	(5,442)
Income from the disposal of non consolidated securities	(28)	(26)
Income from the disposal of the Insurance Sub-Group	-	(210)
Income from the disposal of the Ciboodle Sub-Group	-	22,838
Income from the disposal of Amor[1]	12,681	-
Impairment of intangible fixed assets	(173)	(559)
Income from the disposal of tangible fixed assets	(35)	(433)
Total	11,453	16,168

[1]The Amor securities were held by the company Sword General Partners.

7.6. Other non-current operating income and expenses

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

(in €'000)	12/13	12/12
Restructuring	(836)	(536)
Disputes	(1,225)	(2,348)
Other non-current expenses	(2,688)	(940)
Other non-current revenues	803	-
Total	(3,946)	(3)

Other non-current expenses are mainly composed of acquisition costs.

7.7. Income from cash and cash equivalents

(in €'000)	12/13	12/12
Financial income from non-consolidated interests	11	
Total	11	0

7.8. Cost of gross financial debt

(in €'000)	12/13	12/12
Interest on borrowings and other debt	(1,077)	(1,274)
Other financial income	988	1,490
Total	(89)	216

7.9. Other financial income and charges

(in €'000)	12/13	12/12
Foreign exchange loss on financial operations	(4,815)	(15,182)
Financial allowance on non-consolidated securities and receivables	(212)	(2,934)
Other financial charges	(189)	(230)
Foreign exchange gain financial operations	1,353	9,898
Other financial income (1)	1,078	1,240
Total	(2,785)	(7,208)

Foreign exchange losses and gains on financial operations represent the outcome of intragroup foreign exchange operations that have been eliminated by the consolidation process (current account advances, etc.) and the revaluation of an investment in USD.
(1)Other financial income includes interest on futures accounts for €807k.

7.10. Analysis of income tax expenses

7.10.1. Structure of the corporation tax bill

(in €'000)	12/13	12/12
Current tax (Note 7.10.1.A)		
Current tax on profits for the year	3,331	3,744
Deferred taxes		
Deferred taxes for the period	426	66
Total	3,757	3,810

A. Current taxes

The current income tax 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.

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 Luxembourg is 31.47% for the financial year 2013.

7.10.2. Effective tax rate

(in €'000)	12/13	12/12
Income before taxes of consolidated companies	18,838	20,096
Average tax rate in force in Luxembourg	31.47%	31.05%
Expected tax	5,928	6,240
Impact		
▪ Final difference between profit before tax and taxable profit	(3)	(319)
▪ Permanent differences on consolidation entries	(377)	(5,344)
▪ Tax rate difference on the disposal of equity interests		
▪ Exchange rate difference for foreign subsidiaries	(922)	(508)
▪ Non-activation of income tax for tax deficits (prudence principle)	2,468	3,828
▪ Use of tax deficits not taken into account at year start	(338)	(342)
▪ Tax credits		
▪ Miscellaneous	770	255
Actual assessed tax	3,757	3,810
Effective tax rate	19.94%	18.96%

7.10.3. Deferred taxes recorded to the balance sheet

Balances	2013	2012
Deferred tax assets		
- Deferred taxes that can be activated	2,904	486
Recorded deferred tax assets	2,904	486
Deferred tax liabilities	-750	- 623
Net deferred taxes	2,154	- 137

The change in deferred taxes is mainly due to the recognition of Active Risk's deferred tax assets upon the acquisition of this company.

The change in deferred taxes recorded in the balance sheet is detailed below by balance sheet item:
i.e., for financial 2013

in €'000	31/12/12	Impact on profit	Impact on net position	Change	Scope	Others	31/12/13
Provisions	72	6					78
Intangible and tangible fixed assets	-616	-103					-719
Temporary differences generated on other balance sheet items	407	89	-106	2			392
Tax loss carryforwards and tax credits	0	-418		42	2,779		2,403
Deferred gross assets and liabilities	-137	-426	-106	44	2,779		2,154

i.e., for financial 2012

in €'000	31/12/11	Impact on profit	Impact on net position	Change	Scope	Others	31/12/12
Provisions	43	29					72
Intangible and tangible fixed assets	-464	-152					-616
Temporary differences generated on other balance sheet items	250	57	253	-1	-152		407
Tax loss carryforwards and tax credits	0						0
Deferred gross assets and liabilities	-171	-66	253	-1	-152		-137

7.11. Earnings per share

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

In €	12/13	12/12
Undiluted net earnings per share		
▪ Total average number of shares	9,179,419	9,172,000
▪ Total net profit	14,522,134	16,217,106
▪ Undiluted net earnings per share	1.58	1.77
Net diluted earnings per share		
▪ Total average number of shares	9,194,109	9,172,000
▪ Number of shares related to the stock options	(share equivalent)	16,730 (share equivalent)
▪ Number of shares attached to the equity warrants (BSAs)	0 (share equivalent)	0 (share equivalent)
▪ Total number of securities	9,194,109	9,188,730
▪ Total net profit	14,522,134	16,217,106
▪ Net diluted earnings per share	1.58	1.76

NOTE 8: GOODWILL

The item changed as follows in 2013:

(in €'000)	12/12	Acquisitions	Earn-out adjustments on previous acquisitions	Other adjustments	Disposals	Foreign exchange rate effect	12/13
Net	62,122	18,052				(517)	79,657

Increases correspond to the following acquisitions:

- Active Risk for €11,020k.
- Simalaya Holding for €7,032k, accounted for using the partial goodwill method.

The above goodwill is not deductible for tax purposes.

The item changed as follows in 2012:

(in €'000)	12/11	Acquisitions	Earn-out adjustments on previous acquisitions	Other adjustments	Disposals	Foreign exchange rate effect	12/12
Net	90,377				(29,742)	1,487	62,122

Goodwill breakdown by cash-generating unit is as follows at 31 December 2013 and 31 December 2012:

(€'000)	31/12/2013	31/12/2012
CGU1: Products sold as a service (SaaS)	31,697	20,865
CGU3: Services	47,960	41,257
Consolidated total	79,657	62,122

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 additional impairments.

		CGU1 Terminal growth				
		1.0%	1.5%	2.0%	2.5%	3.0%
WACC	10.1%	48,849	51,248	53,946	57,001	60,489
	10.6%	46,405	48,539	50,922	53,601	56,636
	11.1%	44,205	46,113	48,232	50,599	53,261
	11.6%	42,212	43,928	45,824	47,929	50,280
	12.1%	40,400	41,951	43,655	45,538	47,629

		CGU3 Terminal growth				
		1.0%	1.5%	2.0%	2.5%	3.0%
WACC	9.7%	86,510	91,058	96,200	102,058	108,794
	10.2%	81,923	85,948	90,466	95,572	101,390
	10.7%	77,810	81,395	85,392	89,879	94,951
	11.2%	74,102	77,312	80,872	84,843	89,300
	11.7%	70,741	73,631	76,819	80,356	84,300

NOTE 9: INTANGIBLE FIXED ASSETS

Item details and changes for 2013

(in €'000)	12/12	Acquisitions -Allocation	Disposals	Foreign exchange rate effect	Scope changes	12/13
R&D costs						
Gross values	3,584	1,726		18	250	5,578
Impairment and amortisation	(1,415)	(690)	3	1	(250)	(2,351)
Net	2,169	1,036	3	19	-	3,227
Other intangible fixed assets						
Gross values	3,322	27	(1,115)	(21)	3	2,216
Impairment and amortisation	(1,977)	(251)	939	21	(2)	(1,270)
Net	1,345	(224)	(176)	-	1	946
Total	3,514	812	(173)	19	1	4,173

The implementation of impairment tests on current R&D costs has not revealed any depreciation.

NOTE 10: TANGIBLE FIXED ASSETS

Item details and changes for 2013

(in €'000)	12/12	Acquisitions-Allocation	Disposals	Merger	Reclassification	Foreign exchange rate effect	Scope changes	12/13
Land								
Gross values								
Depreciation								
Net								
Constructions								
Gross values	143					(2)		141
Depreciation	(50)	(24)						(74)
Net	93	(24)				(2)		67
Transport equipment								
Gross values	252	215	(232)			(5)	82	312
Depreciation	(168)	(47)	84			3	(65)	(193)
Net	84	168	(148)			(2)	17	119
Fittings-installations								
Gross values	2,652	382	(44)		(33)	(19)	81	3,019
Depreciation	(1,580)	(201)	43			10	(72)	(1,800)
Net	1,072	181	(1)		(33)	(9)	9	1,219
IT and office equipment								
Gross values	6,357	736	(95)			(69)	1,877	8,806
Depreciation	(5,287)	(651)	94			54	(1,372)	(7,162)
Net	1,070	85	(1)			(15)	505	1,644
Office furniture								
Gross values	2,050	154	(23)		33	(39)	443	2,618
Depreciation	(1,268)	(203)	22			13	(363)	(1,799)
Net	782	(49)	(1)		33	(26)	80	819
Tangible fixed assets								
Gross values	11,454	1,487	(394)		-	(134)	2,483	14,896
Depreciation	(8,353)	(1,126)	243		-	80	(1,872)	(11,028)
Net	3,101	361	(151)		-	(54)	611	3,868
Total	3,101	361	(151)		-	(54)	611	3,868

No guarantees have been given regarding acquired tangible assets.

NOTE 11: NON-CURRENT FINANCIAL ASSETS, SECURITIES HELD FOR SALE AND OTHER NON-CURRENT ASSETS

11.1. Long-term financial assets and other non-current assets

Non-current financial assets consist mainly of paid and recoverable guarantee deposits posted by Sword S.A.and Global India.

The other non-current assets are composed of receivables due within more than one year.

11.2. Securities held for sale

The securities held for sale correspond to:

- The interests held in SBT. As at 31 December 2013, Sword Group held 37,296 shares in that company. The average acquisition price stands at €4.25 and the fair value at 31 December 2013 at €86k. 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 Kana (a non-listed company) for a total of €6,641k of gross value and €5,059k of net value.

€'000					
Securities held for sale	Year start (at fair value)	Acquisition/ Disposal	Change (at fair value)	Reclassification [1]	Year end (at fair value)
SBT	159		(73)		86
Kana	4,279				4,279
Miscellaneous	1,779	345	(171)	(1,173)	780
Total	6,217	345	(244)	(1,173)	5,145

[1] Simalaya equities are taken out of the securities held for sale when consolidating the Simalaya group. Kana securities were sold in January 2014, thereby generating capital gains of €242k.

As at 31 December 2013

(in €'000)	Dividends	Later evaluation			Income from disposal
		Change in fair value	Foreign exchange rate effect	Impairment	
Shareholders' equity	-	(73)	-	-	-
Earnings	-	-	-	(171)	-
Total	-	(73)	-	(171)	-

As at 31 December 2012

(in €'000)	Dividends	Later evaluation			Income from disposal
		Change in fair value	Foreign exchange rate effect	Impairment	
Shareholders' equity	-	12	-	-	-
Earnings	-	-	-	(2,934)	-
Total	-	12	-	(2,934)	-

NOTE 12: RECEIVABLES

(in €'000)	12/13	12/12
Gross receivables Impairments	43,913 (558)	34,049 (373)
Net values	43,355	33,676

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

NOTE 13: OTHER CURRENT ASSETS

(in €'000)	12/13	12/12
Tax receivables Other tax and social contribution receivables Deferred charges Other current assets	413 2,589 4,198 5,354	456 2,915 5,340 3,035
Total gross values	12,554	11,746
Impairments (1)	(2,498)	(5)
Total	10,056	11,741

(1) On disposal of Amor, a receivable of €2,493k was recognised and will only be repayable in March 2015. This receivable has been 100% impaired.

Other receivables are due within less than one year.

NOTE 14: ASSETS AND LIABILITIES HELD FOR SALE

- Assets and liabilities held for sale correspond to General Partner at 31 December 2012.
- The assets and liabilities that relate to the business of General Partners were composed primarily of securities of the company Amor (formerly BTS) and the claim on that company and the loan taken out by Sword Technology Solution to fund General Partner. The loan has been reimbursed by the buyer of the Amor securities.

(in €'000)	12/13	12/12
Assets	-	18,832
General Partner	-	18,832
Liabilities	-	18,515
General Partner (including the STS loan)	-	18,515

NOTE 15: NET DEBT

(excluding earnout)

Item breakdown by type

(€'000)	12/13	12/12
Medium- and long-term financial debt Short-term financial debt Current banking facilities	69,103 0 138	69,003 8,844 326
Total gross debt	69,241	78,173
Transferable securities Cash and cash equivalents	68,818 40,749	100,490 25,377
Total net debt	(40,326)	(47,694)

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

Net cash (cash and cash equivalents, net of current bank facilities) stood at €109,429k at 31 December 2013 and €125,541k at 31 December 2012.

Most borrowings are denominated in euro.

Breakdown of loans by maturity date

(€'000)	12/13	12/12
Short-term financial debt (< 1 year)	138	9,170
1 year < X > 5 years	68,883	69,003
> 5 years	220	0
Long-term financial debt (> 1 year)	69,103	69,003
Total	69,241	78,173

Non-current financial debts as at 31 December 2013 include, up to €68,000k versus €69,000k as at 31 December 2012, variable rate pool credits subject to drawdowns by Sword Group in the form of promissory notes due within 1 to 6 months. For the classification as non-current debt (> 1 year) of outstanding promissory notes at period end, the following aspects have been considered:

- Ability for the company, without opposition on the part of the banks that granted the loans, to renew the drawdowns for a period of at least one year (all credit openings valid at 31 December 2013 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.

The main credit lines maturing in 2014 were already renegotiated on 2013. They have therefore been classified as financial liabilities due within more than one year.

Breakdown of borrowings by interest rate and rate coverage:
The main loans have been taken out at an interest rate of euribor 3 months + 1%. Two fixed-rate paying swap covers expired during the period. Swaps are considered as hedging instrument for the purpose of hedging cash flows.
Cover through paying swap at a fixed rate of 2.56% (excluding bank margin) was set up as at 1 April 2012 for a period of 36 months and an amount of €10m. This cover is estimated at fair value in the balance sheet at 31 December 2013 for -€345k. The Group applies hedge accounting and recognises through shareholders' equity the changes in fair value of the hedging instruments net of income tax, which over the year generated a change in shareholders' equity of €158k.
A second cover through paying swap at a fixed rate of 1.24% (excluding bank margin) was set up as at 30 March 2012 for a period of 54 months and an amount of €7.5m. This cover is estimated at fair value in the balance sheet at 31 December 2013 for -€94k. The Group applies hedge accounting and recognises through shareholders' equity the changes in fair value of the hedging instruments net of income tax, which over the year generated a change in shareholders' equity of €54k.
No adjustment related to the credit value adjustment or the debit value adjustment has been required.

Bank covenants
Sword Group promises to maintain, in accordance with the covenant clauses:

- Net consolidated debt/consolidated EBITDA less than 3.5 or 3, depending on the agreement
- 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, amounting to €68,000k as at 31 December 2013 (versus €77,000k at 31 December 2012).
As at 31 December 2013, Sword Group complied with such covenants.

Guarantees on borrowings
Cf Note 23.

Credit lines available at 31 December 2013

In €'000	31/12/13	Less than one year	Between 1 and 5 years	More than 5 years
Outstanding amount authorised	133,108	138	128,023	4,947
Outstanding amount used	69,241	138	68,883	220
Credit available	63,867	-	59,140	4,727

Credit lines available at 31 December 2012

In €'000	31/12/12	Less than one year	Between 1 and 5 years	More than 5 years
Outstanding amount authorised	141,326	22,410	114,051	4,865
Outstanding amount used	78,173	9,170	69,003	0
Credit available	63,153	13,240	45,048	4,865

NOTE 16: CHANGE IN SHAREHOLDERS' EQUITY

Issued capital and securities giving access to the capital
Share capital

As at 31 December 2013, 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 2014 stands at €1 per share, i.e. a total distribution of €9,289,965, as against €1.38 per share in 2012, i.e. a total distribution of €12,820,152.
The change in the share premium results from the posting of the recognised 2012 loss to the annual accounts for €10.2 million, the dividend distribution for €12.8 million and the reserve for treasury shares for €1,5 million.

Class of securities	Face value	Number of shares			
		At year start	Created during the period	Paid back during the period	At year end
2013	1	9,289,965			9,289,965
2012	1	9,289,965			9,289,965

Stock options
The stock options are granted subject to attendance and are settled in shares.

SWORD GROUP
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.

As at 31 December 2013, the number of exercisable options stood at 0.

The cost generated by this employee benefit amounted to €155k on the allocation date, but knowing that no option may be exercised, the cost generated by this employee benefit stood at 0 as at 31 December 2013. It was recognised as income in the amount of €152k as at 31 December 2013, and this amount was recognised as an expense at 31 December 2012.

As at 17 January 2011, the Extraordinary General Meeting of Sword Group permitted the Board of Directors to grant options entitling their holders to subscribe Sword Group shares. This authorisation was granted for 38 months. As at 6 October 2011, the Board of Directors used the permission that was given and granted 188,000 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 €12.115. The option allocation plan was closed on 6 October 2011.

As at 31 December 2013, the number of exercisable options stood at 146,000.

Insofar as the beneficiaries of the share subscription options are of various nationalities, the four share subscription plans are established:

Exercising of options

- For the 1st, 3rd and 4th plans, the options may 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.
- for the 2nd plan, the options may be exercised during a period beginning at the end of the 48-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

Shares acquired upon the exercise of the option will be transferable and tradable.

At year end, that is 31 December 2013, no option had been exercised and 42,000 options can no longer be exercised.

The cost generated by that employee benefit stood at €513k on the date of allocation, at €402k as at 31 December 2013 following the cancellation of the 42,000 options, and was recorded as profit for up to €260k as at 31 December 2013, of which €73k for the year 2013.

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: 23%
- Planned dividend distribution rate: 0.03%
- No-risk yield rate over the option lifetime: 3.61%.

As at 17 January 2011, the Extraordinary and Ordinary General Meeting of Sword Group permitted the Board of Directors to grant options entitling their holders to subscribe Sword Group shares. This authorisation has been granted for 38 months. As at 16 December 2011, the Board of Directors used the permission that was given and granted 9,000 share subscription options to the benefit of one employee.

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 €12.40. The option allocation plan was closed on 16 December 2011.

As at 31 December 2013, the number of exercisable options stood at 9,000.

The options may be exercised during a period beginning at the end of a 36-month period starting 1 January of the calendar year following the year in which the options were offered, i.e. 1 January 2015, and ending no later than the end of the 10th year following the year in which the options were offered, i.e. 31 December 2021.

Disposal and marketability of the shares acquired pursuant to the exercise of options

Shares acquired upon the exercise of the option will be transferable and tradable.

As at 31 December 2013, no options were exercised.

The cost generated by that employee benefit stood at €27k on the allocation date, and was recorded as profit for up to €18k at 31 December 2013, of which €9k for the year 2013.

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: 0.05%
- No-risk yield rate over the option lifetime: 3.061%.

<u>Own shares</u>

At year end, Sword Group held no own shares in the context of a share repurchase programme or of a liquidity contract.

In accordance with IAS 32, own shares are deducted from consolidated shareholders' equity. The profit/loss from the sale of these securities is neutralised in the consolidated statement of profit or loss.

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)	31/12/12	Reserve allocations for the financial year	Carryovers for the financial year		Scope changes	Others	31/12/13
			Used up	Not applicable			
Non-current provisions							
- Litigation risk provisions	1,913	700	(1,282)	(741)		(15)	575
- Provisions on risks on work in progress	1,612	150	(1,535)	(77)			150
- Provisions for claims in industrial tribunals	129						129
Current provisions							
- Other provisions [(1)]	0						
Total	3,654	850	(2,817)	(818)		(15)	854

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

Non-current provisions are within less than 5 years. They have not been discounted, due to their insignificant impact.

At 31 December 2012, a litigation provision of €1.5 million was recognised on Sword Soft.

17.1. Retirement commitments (defined benefit schemes)

(in €'000)	12/13	12/12
Retirement commitments	313	264
Total	313	264

The retirement benefits of Sword Group's French companies are determined by the Syntec collective agreement.

There are no deferred past services costs.

The portion due within less than one year is insignificant.

The breakdown of the charge for the period is described in the table below:

	12/13	12/12
Cost of services rendered	(50)	(6)
Financial cost	(13)	(2)
Compensation paid		
Actuarial differences	14	(56)
Change in consolidation scope		
Total	(49)	(64)

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:

	2013	2012
Discount rate	3%	2.8%
Revaluation of annual wages	1.5%	1.5%
Social contribution rate	45%	45%
Retirement age	65 years old	65 years old
Staff rotation	(1)	(1)
Mortality table	INSEE 2012	INSEE 2012

(1) A per age statistic table based on a high turnover rate, unchanged at start date and end date, was used.

Discount rate
The rate is based on the IBOX Corporates AA10+.
We took the IBOX Corporates AA rates from the following site: http://www.spac-actuaires.fr/glossaire/iBoxx.
Rate as at 30/11/2013 was used (due to timing reasons).

NOTE 18: TRADE AND OTHER PAYABLES

(€'000)	12/13	12/12
Trade and other payables	13,771	8,625

Trade and other payable are due within less than one year.

NOTE 19: TAXES DUE AND OTHER CURRENT LIABILITIES

(€'000)	12/13	12/12
Taxes due on companies	3,516	2,265
Advance payments received	817	601
Taxes and social contributions due (excluding income tax debts)	8,408	8,325
Earnout within less than one year	-	-
Deferred income from worksites	9,656	7,682
Other creditors	1,087	818
Other current liabilities	19,968	17,426

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

These amounts are recognised in the statement of financial position.

In €'000	31 Dec. 2013				
	Securities held for sale	Loans and receivables	Financial assets at fair value through profit and loss upon option	Financial assets at fair value through profit and loss	Total balance sheet
Long-term financial derivative instruments					
Other long-term financial assets	5,145	763			5,908
Trade and other receivables					
Short-term derivatives		43,355			43,355
Other short-term financial assets		2,856			2,856
Cash and cash equivalents				109,567	109,567
Total	5,145	46,974		109,567	161,686

In €'000	31 Dec. 2012				
	Securities held for sale	Loans and receivables	Financial assets at fair value through profit and loss upon option	Financial assets at fair value through profit and loss	Total balance sheet
Long-term derivative instruments					
Other long-term financial assets	6,217	820			7,037
Trade and other receivables		33,675			33,675
Short-term derivative instruments					
Other short-term financial assets		3,030			3,030
Cash and cash equivalents				125,867	125,867
Total	6,217	37,525		125,867	169,609

In €'000	31 Dec. 2013			31 Dec. 2012
	Current	Non current	Total	Total
Securities held for sale		5,145	5,145	6,217
Loans and receivables at amortised cost				
Loans and receivables at amortised cost		763	763	820
Trade and other receivables	43,355		43,355	33,675
Financial assets at fair value through profit and loss				
Derivative financial instruments				
Financial assets at fair value through profit and loss excluding derivatives	2,856		2,856	3,030
Cash and cash equivalents	109,567		109,567	125,867
Total	155,778	5,908	161,686	169,609

<u>Securities held for sale</u>

The securities held for sale by the Group stood at €5,145k at 31 December 2013 (listed securities for €86k versus non listed securities for €5,059k).

The profits and losses recorded as equity and as earnings on securities held for sale were as follows: €73k for the change in fair value of SBT shares.

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

In €'000	31 Dec. 2013			31 Dec. 2012		
	Gross	Impairment	Net	Gross	Impairment	Net
Loans and receivables at amortised cost	763		763	820		820
Trade and other receivables	43,913	558	43,355	34,049	373	33,675
Total	44,676	558	44,118	34,869	373	34,495

A net income was recorded as earnings on loans and claims at the amortised cost in 2012 for an amount of €1,487k. A net income was recorded as earnings on loans and claims at the amortised cost in 2013 for an amount of €1,487k.

Financial assets estimated at fair value through profit and loss
There are no assets estimated at fair value based on earnings.
The financial instruments have no impact on 2012 and 2013 earnings.

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

Cash and cash equivalents
The financial risk management policy is described in Note 21 to the financial statements.
"Cash and cash equivalents" stood at €109,567k at 31 December 2013, against €125,867k at 31 December 2012.

Fair value of financial assets
The fair value of trade receivables is at amortised cost.

In €'000	31 Dec. 2013 (fair value)			Fair value	Balance sheet value
	Listed prices	Models with observable data	Models with non-observable data	Total	Total
Long-term financial derivative instruments					
Other long-term financial assets	86		5,822	5,908	5,908
Trade and other receivables			43,355	43,355	43,355
Short-term derivative instruments					
Other short-term financial assets			2,276	2,276	2,276
Cash and cash equivalents	109,567			109,567	109,567
Total	109,653		51,453	161,106	161,106

In €'000	31 Dec. 2012 (fair value)			Fair value	Balance sheet value
	Listed prices	Models with observable data	Models with non-observable data	Total	Total
Long-term derivative instruments					
Other long-term financial assets	159		6,878	7,037	7,037
Trade and other receivables			33,675	33,675	33,675
Short-term derivative instruments					
Other short-term financial assets			3,030	3,030	3,030
Cash and cash equivalents	125,867			125,867	125,867
Total	126,026		43,583	169,609	169,609

20.2. Financial liabilities

These amounts are recognised in the financial position statement.

The different categories of financial liabilities at 31 December 2013 are the following:

In €'000	31 Dec. 2013			31 Dec. 2012
	Current	Non current	Total	Total
Financial debt	138	69,103	69,241	78,173
Financial derivative instruments				
Trade and other accounts payable	13,771		13,771	8,625
Other financial liabilities	1,904		1,904	1,419
Total	15,813	69,103	84,916	88,217

All of the Group's financial liabilities, except for derivatives, are valued at year-end at amortised 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".

In €'000	31 Dec. 2013			31 Dec. 2012
	Current	Non current	Total	Total
Bonded debts				
Commercial papers		68,000	68,000	77,000
Drawdowns on bank facilities				
Lease finance borrowings				
Other bank loans		1,100	1,100	844
Other borrowings		3	3	3
Total borrowings		69,103	69,103	77,847
Bank overdrafts and current cash accounts	138		138	326
Total debt	138	69,103	69,241	78,173

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

Financial derivative instruments
See Note 15

Suppliers and other financial liabilities

In €'000	31 Dec. 2013	31 Dec. 2012
Suppliers	13,771	8,625
Advance payments received	817	601
Other creditors	1,087	818
Suppliers and other financial liabilities	15,675	10,044

Fair value of financial liabilities

In €'000	31 Dec. 2013			Fair value	Amount outstanding (balance sheet)
	Listed prices	Models with observable settings	Models with non-observable settings	Total	Total
Commercial papers	68,000			68,000	68,000
Other bank loans	1,100			1,100	1,100
Other borrowings	3			3	3
Total borrowings	69,103			69,103	69,103

In €'000	31 Dec. 2012			Fair value	Amount outstanding (balance sheet)
	Listed prices	Models with observable settings	Models with non-observable settings	Total	Total
Commercial papers	77,000			77,000	77,000
Other bank loans	844			844	844
Other borrowings	3			3	3
Total borrowings	77,847			77,847	77,847

The fair value of debt is at amortised cost (because loans are on a variable rate basis).

Regarding overdrafts and accounts payable, their balance sheet value is pretty similar to their fair value.

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. Certain currency positions from divestments made previously are retained and generate foreign exchange income.

There are no significant financial instruments involving a currency risk due to the business. 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 composed of the counterpart risk on customers. The Group works mainly with large corporations. This limits its exposure.

Trade receivables by due date:

In €'000	31 December 2013						
	Assets on year end by maturity					Impaired assets	Net assets
	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	41,236	1,822	798	691	44,547	558	43,989
Total	41,236	1,822	798	691	44,547	558	43,989

In €'000	31 December 2012						
	Assets on year end by maturity					Impaired assets	Net assets
	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	32,726	471	69	783	34,049	373	33,675
Total	32,726	471	69	783	34,049	373	33,675

Liquidity risk

As at 31 December 2013, contractual cash flows (principal and interest), not discounted on outstanding financial liabilities by maturity date, are the following:

As at 31 December 2013 In €'000	2014	2015	2016	2017	2018	> 5 years	Total	Total Balance sheet value
Borrowings	494	32,073	1,408	100	35,100		69,175	68,000
Commercial papers								
Drawdowns on bank facilities								
Lease finance borrowings								
Other bank loans	3	223	222	222	221	221	1,112	1,100
Other borrowings		3					3	3
Bank overdrafts and current cash accounts	138						138	138
Other creditors								
Other financial liabilities								
Total	635	32,299	1,630	322	35,321	221	70,428	69,241
As at 31 December 2012 In €'000	2013	2014	2015	2016	2017	> 5 years	Total	Total Balance sheet value
Total	9,633	50,948	16,673	2,020			79,274	78,173

The variable rate used to estimate the interest cash flows is euribor 3 months, or a rate of 0.187% for 2012 and 0.287% for 2013 (rate as at 31 December 2013).

NOTE 21: MARKET RISK MANAGEMENT

21.1. Risk management policy

A. Foreign 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 Luxembourg parent company. All the funding related to external growth is borne by the parent company in euro.

The business activity of entities based outside the eurozone displays a balance between the currency of their costs and that of their turnover.

However, certain currency positions from divestments made previously are retained and generate foreign exchange income.

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

('000) at 31/12/13	Turnover	
Turnover in euro	62,781	
Turnover in foreign currencies (translated to euro)	43,719	
Currency details	£	21,662
	CHF	16,943
	$	4,285
	Indian rupee	44,341
	AUD	476
	TND	95
	MAD	1,030
	COP	454,760

('000) at 31/12/12	Turnover	
Turnover in euro	65,465	
Turnover in foreign currencies (translated to euro)	52,443	
Currency details	£	21,316
	CHF	15,388
	Rand	7,351
	$	9,411
	Indian rupee	49,688
	Indonesian rupee	9,875,383
	AUD	4,760
	NZD	2

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 risk management

31/12/13	£'000	$'000	CHF'000	Rand'000	Indian rupee'000
Financial assets	57,216	6,604	27,146	209	76,383
Financial liabilities	21,551	4,071	18,370	176	11,836
Net position prior to risk management	35,665	2,533	8,776	33	64,547
Risk management derivative					
Net position after risk management	35,665	2,533	8,776	33	64,547

31/12/13	AUD'000	TND'000	MAD'000	COP'000
Financial assets	712	500	1,990	1,410,288
Financial liabilities	494	99	2,605	160,929
Net position prior to risk management	218	401	-615	1,249,359
Risk management derivative				
Net position after risk management	218	401	-615	1,249,359

31/12/12	£'000	$'000	CHF'000	Rand'000	Indian rupee'000
Financial assets	40,868	5,815	5,945	2,859	59,832
Financial liabilities	18,042	4,451	297	2,525	10,529
Net position prior to risk management	22,826	1,364	5,648	334	49,303
Risk management derivative					
Net position after risk management	22,826	1,364	5,648	334	49,303

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

(€'000) 31/12/13	DD to less than 1 year	1 to 5 years	Beyond
Financial liabilities	138	68,883	220
Financial assets			
Net position prior to risk management	138	68,883	220
Risk management derivative (notional)	138	17,362	
Net position after risk management	-	51,521	220

(€'000) 31/12/12	DD to less than 1 year	1 to 5 years	Beyond
Financial liabilities	9,170	69,003	-
Financial assets			
Net position prior to risk management	9,170	69,003	-
Risk management derivative	9,170	8,330	
Net position after risk management	-	60,673	-

Sensitivity analysis: hedging of the currency and interest rate risk

The sensitivity analysis was prepared 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 fluctuation 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 €339k 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 €516k at 31 December 2013.

(= net variable rate position x 1% change in the short term interest rate x time remaining until the next period, i.e. €516k).

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%:

As at 31 December 2013 In €'000	Impact on earnings	Impact on shareholders' equity
Exchange rate Pound	1,888	4,655
Exchange rate USD	-11	91
Exchange rate Swiss franc	-511	1,259
Exchange rate Rand	-2	0
Exchange rate Indian rupee	57	105
Exchange rate Australian dollar	-2	-6
Exchange rate Tunisian dinar	2	19
Exchange rate Moroccan dirham	2	-5
Exchange rate Colombian peso	3	3

As at 31 December 2012 In €'000	Impact on earnings	Impact on shareholders' equity
Exchange rate Sterling	609	3,057
Exchange rate USD	49	68
Exchange rate Swiss franc	123	503
Exchange rate Rand	-1	3
Exchange rate Indian rupee	61	92

21.3. Funding information

The group funds itself through several banks and thus spreads its risks with them.

It respects its covenants strictly, in order to continue to enjoy the credit lines granted by the banks.

The group uses an interest rate swap for hedging purposes (see Note 15).

NOTE 22: CASH FLOW STATEMENT

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

In €'000	31/12/13	31/12/12
Scope changes 2013		
Price paid / 2013 acquisitions	-24,359	
Price cashed / 2013 disposals	200	
Net active/passive cash acquired	17,325	
Prices paid / previous acquisitions	- 2,173	
Other changes		
Scope changes 2012		
Price paid / 2012 acquisitions		-1,000
Price cashed / 2012 disposals		65,885
Net active/passive cash acquired		- 1,332
Prices paid / previous acquisitions		-3,891
Other changes		
Total	-9,007	59,662

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

in €'000	**31/12/2013**	**31/12/2012**
Change in working capital	**4,174**	**- 2,144**
- Change in accounts receivable	6,628	-4,073
- Change in accounts payable	-207	3,317
- Change in other assets	-1,432	-5,028
- Change in other liabilities	- 815	3,640

NOTE 23: OFF-BALANCE SHEET AND OTHER COMMITMENTS

Reminder: earnout is recorded in the balance sheet as per IFRS standards.
For current operations, the Group was committed, at the end of last year and at the end of this year, for the following amounts:

	31/12/2013				31/12/2012
	Total	Payments due per period			Total
		Within less than one year	Between one and five years	Within more than five years	
Contractual commitment					
Operating lease	513	276	237		617
Irrevocable purchase obligations					
Other long-term obligations					
Total	513	276	237		617
Other business commitments					
Credit line					
Letter of credit					
Foreign payment bonds					
Guarantees on rents	301		45	256	65
Other business commitments given	3,465	1,960	1,459	46	4,348
Total	3,766	1,960	1,504	302	4,413
Commitments received					
Contract guarantees					
Other commitments received					
Total	-	-	-	-	-

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 training entitlement (droit individuel à la formation or D.I.F.) no yet used, corresponds to an employee benefit in the sense of IAS 19 (long-term benefit), that is recorded as a liability at year end; however, given that the company has the option to integrate most of the DIF cost into its training plan, the amount of this liability has been considered insignificant. As at 31 December 2013, the DIF represented an aggregate of 16,756 hours of training entitlement.

NOTE 24: RELATED-PARTY TRANSACTIONS

24.1. Related companies

Sword Group holds no companies between 20% and 50% on which it exercises any significant influence, that would be accounted for under the equity method.

In 2007, Sword Soft, a company based near London, was incorporated. The company, of which Sword Group holds 97.11%, is intended to handle all of the Group's "product" activities. The 2.89% not held by Sword Group are held by the company's management. Under a shareholders' agreement, the consolidated result of Sword Soft goes entirely to Sword Group.

Sword Group SE increased its interests in Simalaya Holding, raising them up to 39.88%.
Under the shareholders' agreement of 26 September 2013, Sword Group controls the company Simalaya (operational and strategic decisions and managerial policy).

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

The purpose of Financière Sémaphore is to take stakes in the equity of any company of which it may become an owner and to offer its assistance to the Senior Management of the Sword Group. The corresponding services are charged back to Sword Group.

The expense borne by Sword Group in respect of assistance to the Senior Management provided by Financière Sémaphore stands at €350k for the year 2013 and, in respect of success fees relative to the disposals completed during the period, at €500k for 2013.

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

(€'000)	12/13	12/12
Short-term benefits:		
- Gross (excluding benefits in kind)	962	1,275
- Employer contributions	232	304
- Benefits in kind	62	32
Post-employment benefits:		
- Commitments provisioned by the company	-	-
- Charges on rights acquired during the period	-	-
Other long-term benefits:		
Compensation for termination of employment contract	-	-
Payments in shares	(152)	39
Total	1,104	1,650

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

NOTE 25: LIST OF CONSOLIDATED COMPANIES

		31 December 2013		31 December 20012	
Companies	Year end	% controlled	% stake	% controlled	% stake
Sword Group SE (parent company) 105 Route d'Arlon L-8009 Strassen GD Luxembourg	31/12				
Sword S.A. (France)	31/12	100%	100%	100%	100%
Sword Création Informatique Ltd (South Africa)	31/12	100%	100%	100%	100%
Sword Technologies S.A. (Bénélux)	31/12	100%	100%	100%	100%
Tipik (formerly-ASCII) (Belgium)	31/12	90%	90%	100%	100%
FI System Belgium (Belgium)	31/12	100%	100%	100%	100%
Sword Global India Pvt Ltd (India)	31/03	100%	100%	100%	99.99%
Sword Services S.A. (formerly Linkvest S.A.) (Switzerland)	31/12	100%	100%	100%	100%
Sword Lebanon (Lebanon)	31/12	98.07%	98.07%	97.43%	97.43%
Sword Soft Ltd (UK)	31/12	100%	100%	99.99%	99.99%
Apak Group Ltd (UK)	31/12	94.83%	94.83%	100%	89.62%
Sword Integra (Belgium)	31/12	100%	100%	100%	100%
Buildonline India (India)	31/12	100%	100%	100%	99.99%
Buildonline USA (USA)	31/12	100%	100%	100%	99.99%
Apak Beam Ltd (Cyprus)	31/12	100%	100%	100%	99.99%
Sword General Partners Ltd (UK)	31/12	100%	100%	100%	99.99%
Sword SOL S.àr.l (Luxembourg)	31/12	100%	100%	100%	100%
Sword IF S.A. (Switzerland)	31/12	57%	57%	57%	57%
Sword Technology Solutions (UK)	31/12	100%	100%	100%	89.62%
Apak Inc (US)	31/12	100%	94.83%	100%	99.99%
Sword Solutions Inc (US)	31/12	100%	100%	100%	100%
Sword Achiever Ltd (UK)	31/12	96.78%	96.78 %	100%	92.87%
Sword Middle East (Lebanon)	31/12	98%	98%	98%	98%
Sword FS EURL (France)	31/12	100%	57%	-	-
Sword Suisse Holding S.A. (Switzerland)	31/12	100%	100%	-	-
Sword Insight (France)	31/12	70%	70%	-	-
Sword Orizon (France)	31/12	100%	100%	-	-
Sword Connect (France)	31/12	100%	100%	-	-
Sword Colombia SAS (Colombia)	31/12	100%	100%	-	-
Active Risk subgroup					
Active Risk Ltd (UK)	31/12	100%	100%	-	-
Active Risk Inc (US)	31/12	100%	100%	-	-
Active Risk Pty Ltd (Australia)	31/12	100%	100%	-	-
Active Risk Group Ltd (UK)	31/12	100%	100%	-	-
Simalaya subgroup					
Simalaya Holding S.A. (Switzerland)	31/12	39.88%	39.88%	-	-
Simalaya S.A. (Switzerland)	31/12	96%	38.28%	-	-
Simalaya SAS France (France)	31/12	100%	39.88%	-	-
Adhoc PES AG (Switzerland)	31/12	60%	23.93%	-	-
Simalaya Techn (Tunisia)	31/12	67%	26.72%	-	-
Adhoc ISL Sarl (Tunisia)	31/12	95%	22.73%	-	-
Adhoc CTS Sarl (Tunisia)	31/12	95%	22.44%	-	-
Adhoc Int (Switzerland)	31/12	91%	21.77%	-	-
Adhoc Sarl (Morocco)	31/12	100%	21.77%	-	-

All the consolidated companies conduct operations, except for Sword Group, Sword Soft Ltd, FI System Belgium, Sword Sol, Sword Suisse Holding, Simalaya Holding, Adhoc Int, Active Risk Holding and General Partner, which are holding companies. All the companies controlled at 31 December 2013 that conducted business during the year, are consolidated. All companies are consolidated according to the full consolidation method. Global India does not end its financial year on 31 December. Therefore, it has established an intermediate position as at 31 December 2013.

NOTE 26: AUDITORS' FEES

The auditors' fees for the audit amounted to €1,031,030 for all group entities included in the consolidation scope at 31 December 2013.

Statutory audit of financial and consolidated statements	Legal, tax, and management consulting	Other services	Total
630,613	226,391	174,026	1,031,030

17 CONTACTS

	FRANCE	
9 Avenue Charles de Gaulle 69771 ST DIDIER AU MONT D'OR Tel. 33 4 72 85 37 40	37 Rue de Lyon 75012 PARIS Tel. 33 1 44 67 24 00	8 Rue Jouanet 35700 RENNES Tel. 33 2 99 84 50 50
	SWITZERLAND	
Avenue des Baumettes 19 CH 1020 RENENS Tel. 41 21 632 90 00		Avenue des Morgines 12 CH 1213 Petit Lancy GENEVA Tel. 41 22 879 96 30
LUXEMBOURG	BELGIUM	IRELAND
2 Rue d'Arlon L-8399 Windhof LUXEMBOURG Tel. 352 26 11 26 11	270 Avenue de Tervueren B-1150 BRUSSELS Tel. 32 2 235 10 00	Unit 2a Ballybrit Business Park GALWAY Tel. 353 91 70 6000
	UNITED KINGDOM	
APAK House Station Road Yate, BRISTOL BS37 5HZ Tel. 44 1454 871 000	1 Grenfell Road MAIDENHEAD Berks SL6 1HN Tel. 44 1628 582 500 Clarence House 133 George Street EDINBURG, EH2 4JS Tel. 44 207 600 9199	1000 Great West Road BRENTFORD Middlesex TW8 9DW Tel. 44 20 8232 2555
	USA	
13010 Morris Road 6th Floor, Bldg. 1 ALPHARETTA, Georgia 30004 Tel. 1 866 275 5902	13221 Woodland Park Road Suite 440 HERNDON, VA 20171 Tel. 1 703 673 9580	30 Broad Street 14th Floor NEW YORK NY 10004 Tel. 1 646 480 4874
TUNISIA	MOROCCO	SOUTH AFRICA
Parc Technologique Elgazala BP 28 2088 ARIANA Tel. +216 71 856 360	12, Angle Av Abtal et Rue Oued Ziz Bureau N° 9 Agdal, RABAT Tel. +212 (537) 680 648	Waterfall Crescent North Waterfall Park Vorna Valley MIDRAND
INDIA	COLOMBIA	CHINA
Arihant Nitco Park 90 Dr Radhakrishnan Salai Mylapore CHENNAI 600004 Tel. 91 44 66 36 36 36	Carrera 16, N°93 A16 AP 504 of 504 BOGOTA D.C	6A 6F Yeung Yiu Chung 2 Fung Yip Street Chai Wan HONG KONG Tel. 852 2519 9082
LEBANON	UAE	NEW ZEALAND
Berytech Technology & Health Rue de Damas BEYROUTH Tel. 961 1 612 500	?119-120 Building 13 Dubai Internet City PO BOX 500406 DUBAI Tel. 971 4367 0375	205 Victoria Street WELLINGTON
CANADA	AUSTRALIA	
10th Floor Bankers Hall West Tower 888 - 3rd South West T2P 5C5 CALGARY Tel. 1 403 444 5983	Level 7 10 Barrack Street SYDNEY NSW 2000 Tel. 61 2 90 37 0150	40/140 William Street MELBOURNE VIC 3000 Tel. 61 3 9229 3850