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SWORD ACQUIRES LEADING GLOBAL PROCESS CENTRIC CRM SOFTWARE VENDOR, GRAHAM TECHNOLOGY (UK)

On Monday 31st March, SWORD aquired GRAHAM TECHNOLOGY, a leading UK developer of "customer interaction" software.

- GRAHAM TECHNOLOGY is headquartered in Glasgow (UK) and operates in the US, the Netherlands, Australia, New Zealand, Indonesia, South Africa and Ireland.
- We forecast a 2008 consolidated revenue of € 16 M for GRAHAM TECHNOLOGY.
- GRAHAM TECHNOLOGY's profitability was reduced due to their strong investments in building their worldwide brand and sales network. This profitability is forecast to increase to 15 % consolidated EBIT in 2008 and to 20 % in 2009.
- With a strong backlog (in excess of € 30 M), GRAHAM TECHNOLOGY manages a recurrent business model. The forecasted 2009 growth is 20 %.
- GRAHAM TECHNOLOGY develops and supplies "customer interaction" solution. Their market leading business process management based CRM product "ciboodle" enables customers to be managed by any channel (telephone/email/fax/web/SMS/white mail) and is focused at providing complete solutions for some of the world's leading contact centres.
- GRAHAM TECHNOLOGY's key markets are banking, insurance, utilities, telecoms and retail.

This acquisition follows the strategy of our Software division's growth announced by the Group in its 2007-2010 business plan.

After this acquisition, SWORD 2008 software consolidated revenue will exceed 40% of the global revenue.

SWORD GROUP

- Increase in 2008 Group revenue
- Proforma revenue:
  + € 21 M
- Consolidated revenue:
  + € 16 M

GRAHAM TECHNOLOGY

- Backlog: € 30 M
- Accretive acquisition
- Operational margin
  at 15% on 01/04/08
  at 20% in 2009

NYSE Euronext

Founded: December 2000
Founder and Chairman:
Jacques MOTTARD
Employees: 2,053 (01/04/2008)

Stock Information
EURONEXT PARIS
Compartment B
ISIN code: FR0004180578
ICB:972 IT Services - SBF 250 - IT CAC

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Saint Didier au Mont d'Or, Lyon, FRANCE
Registered in France No: 438 305 054 RCS LYON

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SWORD GROUP
SHAREHOLDER MEETING NOTICE GOOD FOR AND IN PLACE OF CONVOCATION NOTICE

It is our honour to inform you that our Company's Annual General Meeting will be held on:

Tuesday 29th April 2008, at 10.00 am
At our Head Office,
IN SAINT DIDIER AU MONT D'OR (69370)
9, Avenue Charles de Gaulle

In order to approve the 2007 fiscal year accounts.

For any further information, please contact:
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SWORD GROUP

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SWORD
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FIRST QUARTER PERFORMANCE FY 2008

SWORD GROUP performance Q1-2008 (1):

Q1-2008 results including the effect of exchange rate movements

€m	Q1-2008	Q1-2007	Variation
Revenue	49 844	42 050	+ 18.5 %
Current operating profit	8 224 (16.5 %)	6 439 (15.3 %)	+ 27.7 %

The consolidated revenue has increased by 18.5 % and the operating profit has increased by 1.2 point (15.3 % to 16.5 %).

Q1-2008 with **a constant exchange rate**

€m	Q1-2008	Q1-2007	Variation
Revenue	49 844	39 406	+ 26.5 %
Current operating profit	8 224 (16.5 %)	6 025 (15.3 %)	+ 36.5 %

The organic growth is 19.5 %.

The consolidated growth is 26.5 %.

The growth in current operating profit is 36.5 %.

(1) non audited figures.

The organic growth is calculated on a quarterly basis by eliminating:

- The revenue generated by the companies acquired in the prior year (APAK, NEXTECH, ACHIEVER, CTSpace)
- The revenue relating to the activities which were present in the prior year but have been disposed of in the current year (South Africa in January, SWORD TECHNOLOGIES in March).

SWORD GROUP is continuing to focus on the areas of Software and high value added Services.

Following on from the acquisition of GRAHAM TECHNOLOGY on the 31st March SWORD GROUP, has disposed of one of its Belgian subsidiaries which worked mainly for the European Union. The full year revenue generated by the Belgium subsidiary is € 19m, the effects on the 2008 consolidated revenue is a reduction of € 14.7m. Following the disposal of the Belgian subsidiary the groups operationg profit will increase by 0.6 point (from 16.5 % to 17.1 %).

With the acquisition of GRAHAM TECHNOLOGY the software pro forma revenue will now represent 50% of the total group revenue.

The new target for 2008 is € 223m with 17.1 % operating profit, SWORD is thus on target to generate € 38.1m operating profit in 2008.

SWORD GROUP

Q1-2008 (1)

- Consolidated revenue: € 49.8m
- Consolidated growth with a constant rate: 26.5 %
- Organic growth with a constant rate: 19.5 %
- Current operationnal margin: 16.5 %
- New profitability target: 17.1 %

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SWORD GROUP has increased its profitability targets in 2008:

€m	Revenue	Current operating profit	%
Initial budget with acquisitions	232	38.1	16.4
Initial budget without acquisitions	222	36.5	16.4
GRAHAM TECHNOLOGY consolidated revenue	16	2.7	16.9
Annual revenue disposed	- 19	- 1.1	7.3
Q1-2008 revenue of the disposed activities	4		
2008 Budget	223	38.1	17.1

The initial budget excluding acquisitions was € 222m and including acquisitons € 232m.

Currently and without any further acquisitions the budget is € 223m.

In terms of profitability the 2008 target of 16.5 % has been increased to 17.1 %.

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SECOND QUARTER PERFORMANCE FY 2008

SWORD GROUP performance Q2-2008 (1)

€K	Q2-2008	Q2-2007	Variation
Revenue	54 309	44 380	+ 22.4%
Current operating profit	9 510 (17.5%)	7 407 (16.7%)	+ 28.4%

€K	H1-2008	H1-2007	Variation
Revenue	104 153	86 430	+ 20.5%
Current operating profit	17 734 (17.0%)	13 846 (16.0%)	+ 28.1%

With a constant exchange rate (2008/2007), the revenue is:

K€	Revenue		Growth	
	2008	2007	Consolidated	Organic
Q1	53 746	42 050	27.8%	19.5%
Q2	59 278	44 380	33.6%	20.6%
H1	113 024	86 430	30.8%	20.0%

In Q2 the consolidated growth in £ is 40.0% and in H1 37.8%.

(1) non audited figures.

Comments:

During 2008 SWORD has continued its successful evolution from IT Services to an IT Software company. This successful evolution has been possible due to the rigorous financial management and control applied by SWORD GROUP.
The group will continue its acquisition strategy in H2-2008 concentrating primarily on software companies.
During H2-2008 the software portfolio within SWORD GROUP is expected to generate 51 % of the group total pro forma revenue.

The strength of the current backlog (19.8 months) allows the Group to go in to 2009 confident of achieving organic growth of 15% and profitability greater than 17%.

The 2008 budgeted EBIT, as per the business plan created in January 2007, was €38m; if restated using current exchange rates this would equate to a budgeted EBIT of €33.5m.
As a result of the Group outperforming against these earlier budgets we are in a position to predict a current year EBIT of over €36m.
Applying normalised constant exchange rates this would represent profit levels:
- 7% greater than the initial objectives drawn up in January 2007,
- 36.4% greater than 2007 performance.

SWORD GROUP

Q2-2008 (1)

- Consolidated revenue: **€54.3m**
- Consolidated growth: **22.4%**
- Consolidated growth with a constant rate: **33.6%**
- Organic growth with a constant rate: **20.6%**
- Current operational: margin: **17.5%**

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Founder and Chairman:
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Employees: 2,016 (30/06/08)

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Summary of income statements:

€K	H1-2008	H1-2007
Revenue	104 153	86 430
Current operating profit	17 734	13 846
Operating profit	19 162	13 848
Net profit	13 456	8 791
Net attributable profit	13 286	8 647

(1) non audited figures.

SWORD GROUP

H1-2008 (1)

- Consolidated revenue: **€104.2m**
- Consolidated growth: **20.5%**
- Consolidated growth with a constant rate: **30.8%**
- Organic growth with a constant rate: **20.0%**
- Current operational margin: **17.0%**
- Net margin after tax: **12.9%**

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SWORD TECHNOLOGIES SUBSIDIARY RETAINED WITHIN THE CONSOLIDATION PERIMETER AND IMPROVEMENT OF H1-2008 CURRENT OPERATING PROFITABILITY

Following on from developments in the evolution of the performance and the opportunities of its Belgian subsidiary, SWORD GROUP has decided to keep this company inside the consolidation perimeter due to the potential increase in the company value. SWORD GROUP will keep a 100 % stake instead of disposing of 81 % as originally envisaged. This will not have a significant effect on the H1 results.

On the 1st August the board meeting signed off the accounts for the 6 months ended the 30th June 2008.
The final operating profit for the first semester is 18.1% rather than 17.0% as mentionned in the press release issued on July 16th.

SWORD confirms it is in line to achieve an operating profit of €36+ million for the 12 months ended 31st December 2008.

Taking into account the new rules applicable to the publication of semestrial financial results, SWORD GROUP will publish the first semester results on the 28th August following the closing of the stock exchange.
The date for the SFAF meeting will however remain unchanged and will take place at the Palais Brongniart at 10am on the 10th September 2008.

Summary of income statements:

€K	H1-2008	H1-2007
Revenue	104 153	86 430
Current operating profit	18 832	13 846
Operating profit	18 090	13 848
Net profit	13 171	8 791
Net attributable profit	13 001	8 647

SWORD GROUP

- Retention of SWORD TECHNOLOGIES within the Group perimeter
- Current operational margin: **18.1%** instead of 17.0%

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SWORD
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FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 30TH JUNE 2008

Strong profitability during 2008 with excellent outlook for 2009

€K	H1-2008	H1-2007
Revenue	104 153	86 430
Current operating profit	18 832	13 846
Operating profit	18 090	13 848
Net profit	13 171	8 791
Net attributable profit	13 001	8 647

Analysis of the First Semester in 2008

SWORD TECHNOLOGIES the group's Belgian subsidiary has recovered well and is returning to levels of profitability expected by the group more quickly than predicted. Organic growth of 15.7% is outperforming the budgeted level of organic growth of 15.0%.
Excluding SWORD TECHNOLOGIES and exchange rate fluctuations, the organic growth would be 20.0%.

The group operating profit of 18.1% has outperformed the budgeted operating profitability of 16.5%. The breakdown of the profitability by sector is:
- 26.4% for the software sector,
- 11.6% for the solutions sector.

The high levels of operating profit are due mainly to the exceptional performance of the software sector.

In the first half year the software sector has generated 44% of the group's consolidated revenue and 47% of the group's pro forma revenue (including the 1st quarter contribution made by Sword ciboodle, formerly Graham Technology).

Outlook for 2008 - 2009

Sword Group confirms:
- FY2008 profits of over €36m at current exchange rates,
- The continued evolution from a service to a software organisation. At the end of 2009 the revenue trend generated by the software sector is expected to be in the region of 80% of the total group's revenue.

Going forwards it is SWORD's intention to concentrate its efforts on increasing the levels of organic growth rather than concentrating on the profitability margins as these are already well above the market norms.

The acquisition strategy will concentrate on Anglo-Saxon companies in niche markets with products which are complementary to our current product portfolio as per our "Build Out" strategy. This strategy will be presented at the next SFAF meeting which will take place on September the 10th at 10am at the Palais Brongniart in Paris.

SWORD GROUP

- Consolidated revenue: **€104.2m**
- Consolidated growth: **20.5%**
- Current operational margin: **18.1%**
- Net margin after tax: **12.6%**
  Absolute increase of **50%** on the prior year

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THIRD QUARTER PERFORMANCE FY 2008

Sword Group performance Q3-2008 (1)

€m	Q3		
	2008 (1)	2007	Growth
Revenue	51.81	46.07	+ 12.47%

(1) figures non audited.

Analysis of Q3 results

YTD Q3 operating profitability of 17.7% at the end of Q3.This is above the original budget but in line with the revised expectations issued in Q1.
The organic growth excluding exchange rate fluctuation is 10.4%.

Prospects for 2008

Due to the strength of its backlog as at 30/09/2008 and despite the adverse impact of currencies fluctuation, Sword is confident in meeting its profit target (EBIT) for 2008 at €36m+.

Prospects for 2009

Since FY2006 Sword has been predicting an economic crisis in 2008, this prediction has been a driving force in Sword's strategic positioning during this past three years:

- Increasing the strengh of its backlog over its annual revenue,
- Ensuring flexibility in a downturn by using a greater number of subcontractors,
- Incorporating its services knowledge into software products,
- Increasing its product offerings in order to generate high levels of gross margin,
- Increasing the "On demand" (lease, ASP, SaaS) offerings within its product portfolio in order to increase the predictability of long term revenue streams.

As a result of this Sword is confident that it will be able to maintain its profitability in spite of the difficult economic conditions awaiting us in 2009.
The current backlog over 3 years equates to €353 million.
The group has guaranteed access to finance in order to allow it to continue its acquisition strategy.

Summary of P&L

€K	YTD 2008 (1)	YTD 2007
Revenue	155 967	132 500
Operating profit	27 607 (17.70 %)	21 862 (16.50 %)
Net profit	18 117 (11.62 %)	14 548 (10.98 %)

Sword Group

Q3-2008 (1)

- Consolidated revenue: **€51.81m**
- Consolidated growth: **12.47%**
- Current operational margin: **17.70%**

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Fourth quarter performance FY 2008

€m		
	2008 (1)	2007
Consolidated revenue	205.7	179.0
Current operating profit	37.0	29.3
Net profit	21.3	18.9
Attributable net profit	21.0	18.5

I ANALYSIS

Increase in current operating profit

In spite of the negative evolution of GBP against the Euro Sword Group has still increased its current operating margin by 26% in FY 2008.

Excluding exchange rate fluctuations the current operating profit increases by 40% instead of the 25% originally budgeted.

Current operating margin

The current operating profit margin achieved in FY2008 is 18 % which exceeds both the budget profit margin of 17% and the prior year margin of 16.37%.

Organic growth

Excluding exchange rate fluctuations the organic growth for FY2008 is 13.44%.

Backlog

The current backlog stands at 20.9 months of budgeted forward looking revenue.

II FUTURE PERSPECTIVES

Economic Environment

We expect the markets we operate in to shrink by 5% in FY 2009.

FY 2009 Growth

In spite of these difficult market conditions Sword Group expects to outperform the market by 5 – 10% as a result of the strength of its backlog.

FY 2009 Profitability

Sword Group is absolutely committed to its R&D expenditure in order to maintain its competitive advantage. As such during FY 2009 we will not be reducing our R&D expenditure however we will still show a budgeted current operating profit margin of 17%.

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Sword Group Q4 2008 (1)

Consolidated revenue: €49.76 m

Organic growth (2): 11.70 %

Consolidated growth: 6.85 %

Current operating margin: 18.94 %

Year 2008 (1)

Consolidated revenue: €205.73 m

Organic growth (2): 13.44 %

Consolidated growth: 14.89 %

Current operating margin: 18.00 %

Year 2009 (1)

Organic growth > 5 % (3)

(1) figures non audited

(2) at constant rate of exchange

(3) at constant perimeter

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Media relations

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Sword Group

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SWORD

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2008 Annual Accounts

€m	2008	2007
Consolidated revenue	205.7	179.0
Current operating profit	37.0	29.3
Operating profit	33.7	29.2
Net profit	21.3	18.9
Net attributable profit	21.0	18.5

I ANALYSIS

a. Operating results

• The operating profit for the financial year was 18.0 %. This is 1.5 points greater than the budgeted operating profit.

• Exceptional costs were recorded during the current year relating to:

- Exceptional depreciation of 100% of the capitalised R&D costs,
- 100% provision for onerous leases relating to non-utilised properties.

• 70% of the Group's revenue is now generated out with the Euro with 51.5% is represented by GBP.

The revenue increased by 14.9%. (If the consolidation was performed in GBP this increase would have been 33.5%).

• On the 31st March 2008, Sword acquired Graham Technology (renamed Ciboodle). This was the only acquisition carried out in 2008. The strategic plans for all acquisitions in 2007 and 2008 have been successfully implemented.

b. Strong financial position

The net equity of the Group is €124.5m and the net cash position is - €86.4m. There are long-term credit lines available to the Group of €38m.

As a result of this strong financial position Sword will declare a dividend of €0.6 per share. This represents a 13.21% increase in the level of dividends and provides a dividend yield of 5.5% compared to the average share price in February.

II PROSPECTS FOR FY 2009

• Sword had predicted an economic crisis in 2009 and as such the Group is well placed to manage events effectively. We have ensured areas of flexibility were built into the business in order to allow us to pro-actively respond to the turbulent economic environment (for example there are over 300 sub contractors employed by the business).

• Our current forecasts for the future performance of the organisation have assumed that there will be a 5% reduction in the global IT spends in 2009.

• Taking into account the size of our contracts, the recurring nature of our revenue recognition models and the size of the backlog, Sword predicts a 5 – 10% level of organic growth in 2009 assuming a constant exchange rate and the same consolidation perimeters.

• Sword will continue to invest in R&D activities to support its software portfolio. R&D spend will remain at 18% of revenue and there are no plans to capitalise this expenditure.

• Sword will facilitate the productisation of a number of its services operations in 2009. To support this initiative the Group will launch an exceptional project with a budgeted spend of €1.8m over 2 years. This project will be capitalised.

• The current operating profit in 2009 will be greater than 16%.

Year 2008

Consolidated revenue: €205.7 m

Organic growth: 13.4 % [1]

Consolidated growth: 14.9 %

Current operating profit: 18.0 %

Dividend: +13.21 %

Year 2009

Organic growth: 5 to 10 % [1]

Current operating profit > to 16 %

[1] at constant exchange rate and constant perimeter

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Sword Group

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