



SWORD GROUP

French limited liability company (*Société Anonyme*) with a capital of €6,161,215

Head office: 9 avenue Charles de Gaulle – 69370 Saint Didier au Mont d'Or

Company registration: 438 305 054 R.C.S. Lyon

This document is a free translation for information purposes only of the French language *Note d'opération*, which received the visa of the AMF no. R.04-036 on March 26th 2004. In the event of any ambiguity or conflict between corresponding statements in the two documents, the French language *Note d'opération* shall prevail. No action has been taken in any jurisdiction other than France that would permit a public offering of the shares and/or warrants or possession or distribution of this document or any other offering material, in any jurisdiction where action for this purpose is required.

Offering Memorandum

Made available to the public on the occasion of a capital increase, without pre-emptive rights but with a priority subscription period for existing shareholders from March 29th to April 5th 2004 inclusive on the basis of 1 share with warrants attached ("units") for 6 old shares owned, through the issuance and listing on the Nouveau Marché of Euronext Paris of 205,373 new shares with warrants attached at a maximum price per unit of €82 equivalent to a maximum capital increase of €16,840,586, for which the subscription period will run from March 29th to April 5th 2004 inclusive.



Visa of the Autorité des Marchés Financiers

Pursuant to articles L.412-1 and L.621-8 of the monetary and financial Code, *l'Autorité des Marchés Financiers* (the French securities regulator) has granted this document the visa no. 04-221 dated March 26th 2004 in compliance with the provisions of the COB rule no. 95-01. This document has been drawn up by the issuer and engages the responsibility of its signatories. The visa implies neither an approval of the advisability of the operation nor an authentication of the financial and accounting details presented. It has been attributed after an examination of the pertinence and the coherence of the information given in relation to the operation proposed to investors.

This prospectus comprises:

- the reference document filed by the company SWORD GROUP with the *Autorité des Marchés Financiers* on March 22nd 2004 under registration number R.04-036 with the warning: "the *Autorité des marchés financiers* draws the attention of the public to the fact that approximately 40% of the 2003 pro forma turnover of the company is made on a contractual basis. However, the company considers that the risk is under control as it is explained in paragraph 3.2.4. of the Offering Memorandum".
- this Offering Memorandum.

"The *Autorité des Marchés Financiers* draws the attention of the public on the following elements:

- the subscription of the new shares is not underwritten in accordance with article 225-145 of *Code de Commerce*. Consequently, trading on the new shares will begin only after the share certificate has been issued, i.e. after the settlement date;
- the capital increase without pre-emptive rights can be restricted to the amount of subscriptions collected, provided that this amount equals at least 75% of the capital increase."

Copies of the reference document and this note are available without charge from:

- SWORD GROUP, 9 avenue Charles de Gaulle – 69370 Saint Didier au Mont d'Or,
- CREDIT DU NORD, 50 rue d'Anjou – 75008 Paris,
- CDC IXIS – Compagnie Financière Rothschild Midcaps, 3, rue Lafayette – 75 009 Paris,
- A copy can also be downloaded from the website of the *Autorité des marchés financiers* (www.amf-france.org) as well as the company website (www.sword-group.com).

The legal notice will be published in the *Bulletin des Annonces Légales Obligatoires* on April 7th 2004.



Crédit du Nord

Lead Manager– Bookrunner



Lead Manager

MAIN CHARACTERISTICS OF THE OFFERING

A) Description of the shares with warrants attached ("units")

Characteristics of the issuer

SWORD GROUP:

- Listed on the Nouveau Marché of Euronext Paris
- ISIN code FR0004180578.
- FTSE code: 972 – computer services

Number of units to be issued

The company should issue 205,373 new shares (thereafter "new shares"), with warrants attached ("warrants"), one unit consisting in one new share with one warrant attached.

Extension clause

The number of units may be increased to a maximum of 236,178 units, in the event of the exercise of the 15% extension option ("Extension"), (i.e. a maximum of 30,805 units).

Issue price

The issue price of the units will be subject to market conditions at the time of issue. It should be fixed in such a way that the issue price of the new shares after deducting the value of the warrants is at least equal to the average of the volume weighted average price ("VWAP") during 10 days chosen amongst the last 20 days before the pricing date. This average will be adjusted by the accrual of the dividend. In any case, the maximum price will be €82 per unit and the issue price will be fixed on April 5th 2004.

The final terms and conditions will be announced through a press release in a financial newspaper having general circulation in France.

Gross proceeds of the issue

It is anticipated that the gross proceeds of the issue will be a maximum of €16,840,586 and in the case of the exercise of the Extension, a maximum amount of €19,366,596. Pursuant to the delegation given by the Board of the Directors, the Chairman can decide, if the subscriptions do not cover the total issue, to restrict the issue to the amount of subscriptions collected, provided that this amount equals at least 75% of the capital increase.

Right to dividend

The new shares will bear a right to a dividend from January 1st 2004 and will be fungible with the old shares after the payment of the 2003 dividend.

Preferential subscription rights

The shareholders have waived their preferential subscription rights as per the XVIIth resolution adopted at the AGM ("*assemblée générale mixte*") on February 27th 2002.

Priority subscription period

The priority subscription period for the 205,373 units will run from March 29th 2004 to April 5th 2004 inclusive. This priority will not be listed nor traded on the market. Any shareholder of SWORD GROUP holding shares as of March 26th 2004 will be entitled to subscribe to one unit for 6 old shares.

The exercise of this priority is qualified by the lock-up of the shares on the subscriber's account by the financial intermediary or the bank until the end of the priority subscription period.

Intended action by principal shareholders

Mr. Jacques MOTTARD and 21 CENTRAL PARTNERS, both of whom are represented on the Board of Directors, have announced that they will not subscribe to the offering.

Intended action by other investors

None

Underwriting

The subscription for the units will be underwritten by CREDIT DU NORD and CDC IXIS – Compagnie Financière Rothschild Midcaps, pursuant to an underwriting agreement, which SWORD should enter into on April 5th 2004. This underwriting agreement shall not constitute a “*garantie de bonne fin*” in accordance with article 225-145 of the *Code de Commerce*. As a consequence, trading on new shares will start after the issue of the share certificate, i.e. after the settlement date.

Subscription period

From March 29th to April 5th 2004 inclusive. The subscription period may be closed early, except for retail investors. Orders will be binding.

Listing of the new shares

The new shares will be listed on the Nouveau Marché of Euronext Paris subsequent to the issuance of a certificate by the custodian, in other words following the settlement date, with the ISIN code FR0010071316. This listing is expected to be around April 16th 2004.

As soon as they are issued, which will be subsequent to the issuance of a certificate by the custodian, in other words following the settlement date, the warrants will be detached from the new shares and will trade separately. This listing is expected to be around April 16th 2004.

Recent share price

- First trade on March 26th 2004: €77.15
- VWAP on March 25th 2004: €77.11

Purpose of the issue

The proceeds of this issue by SWORD GROUP will finance the external growth. Indeed, in 2004, SWORD GROUP intends to pursue its acquisition strategy with a view to expand its activities in the UK and the US, as well as its offshore strategy and should the occasion arise to round off its know-how.

B) Description of the warrants

A warrant is attached to each new share issued.

Parity-Exercise price

4 warrants (parity) give the right to subscribe for one SWORD GROUP share (subject to any adjustments provided for). The exercise price will be around 15% to 30% above the average weighted share price on the day the subscription price is fixed, and will be payable in full when the warrants are exercised.

Gross amount issued in case of exercise of all warrants

With a reference share price of €82 (maximum price), the amount would be between €4,841,645 (exercise premium of 15%) and €5,473,164 (exercise premium of 30%).

Exercise period

Warrant holders are entitled to subscribe for SWORD GROUP shares at any moment from their recording in an account until April 30th 2006 inclusive (approximately 24 months). Any warrant not exercised by April 30th 2006 will be worthless and will lapse.

Listing of the warrants

An application to list the warrants on the Nouveau Marché of Euronext Paris will be made and they should trade from April 16th 2004 (ISIN code: FR0010071308). They will be listed separately from the new shares at the same time that the new shares are listed.

Rights attached to shares to be issued once the warrants have been exercised

The shares issued upon exercise of the warrants will carry entitlement as of the start of the financial year during which the subscription is effective.

Theoretical value of the warrant

The theoretical value of the warrant is between €0.05 and €2.27, on the basis of a reference price of €77.11 (the average weighted price on March 25th 2004), an exercise premium of between 15% and 30% and a volatility of between 10% and 30%.

PRELIMINARY TIMETABLE

26th March 2004	Visa from the AMF
29th March 2004	Subscription period for the units and priority subscription period for existing shareholders begin
5th April 2004	Subscription period for the units and priority subscription period for existing shareholders end Pricing of the units
15th April	Settlement date of the units
16th April	Admission of the new shares and the warrants to the Nouveau Marché

CHAPTER I

PERSON BEARING RESPONSIBILITY FOR THE OFFERING MEMORANDUM AND PERSONS BEARING RESPONSIBILITY FOR THE AUDIT OF THE ACCOUNTS AND PERSONS BEARING RESPONSIBILITY FOR THE FINANCIAL INFORMATION

1.1 RESPONSIBILITY FOR THE OFFERING MEMORANDUM

M. Jacques Mottard, chairman of the Board of Directors of SWORD GROUP.

1.2 STATEMENT FROM THE PERSON RESPONSIBLE FOR THE OFFERING MEMORANDUM

"To our knowledge, the information given in this offering memorandum is accurate; it contains all the information necessary for investors to form an opinion on the net worth, the activities, the financial situation, the results and the outlook of the issuer as well as the rights attached to the securities being offered. There are no omissions that would significantly alter its scope".

Lyon, March 26th 2004
Jacques Mottard
Chairman of the Board of Directors of SWORD GROUP

1.3 PERSONS BEARING RESPONSIBILITY FOR THE AUDIT OF THE ACCOUNTS

Company auditors:

Deloitte Touche Tohmatsu SA

Head office: 185, avenue Charles de Gaulle, 92200 Neuilly-sur-Seine

Date of first appointment: June 29th 2001

Term expires: mandate expires at the end of the AGM called to examine the accounts for the financial year ending December 31st 2006.

Cabinet Figerec

Head office: 21 rue Bossuet - 69006 LYON

Date of first appointment: October 29th 2001.

Term expires: mandate expires at the end of the AGM called to examine the accounts for the financial year ending December 31st 2006.

Alternate auditors:

BEAS

Head office: 7/9, Villa Houssay, 92200 Neuilly-sur-Seine.

Date of first appointment: June 29th 2001

Term expires: mandate expires at the end of the AGM called to examine the accounts for the financial year ending December 31st 2006.

Monsieur Paul Mollin

Head office: 14, rue Claude Fouilloux, 69450 Saint-Cyr-au-Mont-d'Or

Date of first appointment: October 29th 2001

Term expires: mandate expires at the end of the AGM called to examine the accounts for the financial year ending December 31st 2006.

1.4 AUDITORS OPINION

(FREE TRANSLATION OF THE FRENCH ORIGINAL)

As auditors to the company SWORD GROUP and in accordance with the regulation 95-01, we have verified, in accordance with the professional norms applicable in France, the accounting and financial details in this offering memorandum, drawn up on the occasion of a capital increase, without pre-emptive rights but with a priority subscription period for existing shareholders, through the issue of new shares with warrants attached ("units") by the company SWORD GROUP.

This memorandum completes the reference document filed by the company SWORD GROUP with the *Autorité des Marchés Financiers* on March 22nd 2004 under registration number R.04-036, which has already been subject of a notice issued by ourselves on March 22nd 2004, in which we conclude that we have no remarks to make regarding the financial situation and the accounts, presented in the reference document.

This offering memorandum has been drawn up under the responsibility of the chairman of the Board of Directors of SWORD GROUP. It is our role to express an opinion on the sincerity of information pertaining to the company's financial situation and the accounts.

In accordance with the professional norms applicable in France, our due diligence consisted in assessing the sincerity of the information relating to the company's financial situation and accounts, and in verifying their consistency with statements that have been reported. It also consisted in reviewing the other information contained in the Offering Memorandum in order to identify, if necessary, any significant inconsistencies with the information regarding the financial situation and the accounts and in pointing out any manifestly incorrect information that we may have found based on our general knowledge of the company, acquired within the scope of our task. Because this report consists of isolated projected data resulting from a structured calculation process, the examination took into account the assumptions made by the company's management and the figures they generated as a result of these assumptions.

The annual accounts and the consolidated accounts for the financial year ending December 31st 2001(6 months), December 31st 2002 and December 31st 2003, settled by the Board of Directors in line with French accounting standards, have been audited by ourselves in line with the professional norms applicable in France and have been approved without any reservations or remarks.

On the basis of these efforts, we have no comment to make as to the sincerity of the information regarding the financial information and the accounts presented in this offering memorandum, drawn up on the occasion of a capital increase, without pre-emptive rights but with a priority subscription period for existing shareholders, through

the issue of new shares with warrants attached ("units") by the company SWORD GROUP.

Through an application of the provisions of article L. 225-235, paragraph 2, of the *Code du commerce* regarding the justification of our appraisal, which apply for the first time to this financial year, our report on the consolidated accounts for the year ending December 2003 mentioned the following point:

"As part of its policy of external growth, the company undertakes the acquisition of market share in the area of its technical expertise. These acquisitions either take place through the direct acquisition of a business or indirectly via the acquisition of a controlling stake in a competitor.

The method of recording these intangible assets in the balance sheet and establishing their closing value (tests for loss of value) are described in the note 1.7 in the annex to the consolidated accounts.

As part of our audit of the consolidated accounts for the financial year ending December 31st 2003, we have judged that the treatment of market share is one area of the accounts that is subject to significant accounting estimates and warrants our opinion.

To estimate the value of each market share we have relied upon the findings of an independent expert appointed by the company to appraise the value of its various assets at the end of each financial year. In this context, and in line with normal French accounting procedures regarding the treatment of accounting estimates, we have appraised the information, examined the assumptions underlying the estimates made by this expert and we have checked the calculation process. We have compared the accounting estimates made in previous periods with the eventual outcome, examined the procedure used by the Board of Directors for authorising these estimates and reviewed the subsequent results on the closing. The valuation of these assets is based on assumptions, which by their nature are uncertain in character with the outcome sometimes being susceptible to being significantly different from the initial data.

This work forms part of the due diligence necessary for us to give an opinion on the overall consolidated accounts of SWORD GROUP and does not put into question the opinion given below".

Through an application of the provisions of article L. 225-235, paragraph 1 of the *Code de commerce* (the French Commercial Code), which relates for the first time to this financial year, our general report on the financial year ending December 31st 2003 mentions the following point:

"As is shown in note 1.3 of the annex to the annual accounts, the book value of equity interests is largely based on the valuation of intangible assets.

Within the framework of our audit of the annual results for the year ending December 31st 2003, we consider that equity interests are amongst the accounts which are subject to significant accounting estimates and susceptible to a justification of our evaluation.

To estimate the value of these equity interests we have notably relied upon the findings of an independent expert appointed by the company to appraise the value of the intangible assets held by the different subsidiaries of SWORD GROUP at the end of each financial year. In this context, and in line with normal French accounting procedures regarding the treatment of accounting estimates, we have appraised the information, examined the assumptions underlying the estimates made by this expert and we have checked the calculation process. We have compared the accounting estimates made in previous periods with the eventual outcome, examined the procedure used by the Board of Directors for authorising these estimates and reviewed the subsequent results on the closing. The valuation of these assets is based on assumptions, which by their nature are uncertain in character with the outcome sometimes being susceptible to being significantly different from the initial data.

This work forms part of the due diligence necessary for us to give an opinion on the overall consolidated accounts of SWORD GROUP and does not put into question the opinion given below”.

Lyon and Villeurbanne, March 26th

The Auditors

FIGEREC

DELOITTE TOUCHE TOHMATSU

Georges BONNEPART

Alain DESCOINS

1.5 PERSON IN CHARGE OF INFORMATION

All requests for information can be addressed to the attention of:

Jacques MOTTARD

Tel.: 04 72 85 37 42

Fax: 04 72 85 37 80

E-mail : jmottard@sword-group.com

CHAPTER II

ISSUE AND LISTING OF SHARES WITH WARRANTS ("Units") ON THE NOUVEAU MARCHÉ OF Euronext Paris

2.1 AUTHORIZATION GIVEN AT THE AGM – DECISIONS MADE BY THE BOARD OF DIRECTORS

2.1.1 Authorisation given at the AGM

The seventeenth resolution of the combined ordinary and extraordinary general meeting held on February 27th 2002:

- gave the Board of Directors full authorisation to make one or more calls on the market by issuing shares in the company or any other type of securities giving immediate or future access to shares in the company, in the quantities and timeframe of its choice, either in France or abroad;
- set the maximum par value of capital increases which can be made as a result of this authorisation at 5,000,000 euros, to which should be added, if required, the par value of the new shares to be issued so as to protect the rights, in accordance with the law, of the holders of securities which give the right to equity securities. The par value of shares issued or to be issued in accordance with the 10th resolution of this meeting (issue of securities with maintained preferential subscription rights) will be deducted from this authorised amount.
- agreed that there will not be preferential shareholder subscription rights for the shares and securities to be issued, but the Board of Directors will be able to offer shareholders priority subscription for all or part of the issue based on the timeframe and conditions it decides upon: these subscription rights will not be tradable;
- decided that if the number of subscriptions falls below the total number of shares or securities issued as defined above, the Board of Directors can use one or more of the options below, in the order of its choice, in accordance with article L. 225-134 of *Code de Commerce*:
 - restrict the issue to the amount of subscriptions collected, as long as they total at least three-quarters of the amount decided on for the issue;
 - share out all or part of the unsubscribed shares and/or securities among subscribers - the board chooses whether they are shareholders or not;
 - offer the public all or part of the unsubscribed shares and/or other securities.

The Board of Directors can automatically limit the issue to the amount obtained rather than the amount decided on when the unsubscribed shares and/or other securities make up less than 3% of the amount decided on.

- noted, in accordance with article L. 228-93 of *Code de Commerce*, that the aforementioned authorisation automatically refers to holders of securities which will give the right to shares in the company and which could be issued as a result of this authorisation, and that shareholders give up their preferential subscription rights to the shares arising from these securities;

- decided, in accordance with the law, that shareholders would not have preferential subscription rights to shares to be issued by bond conversion or exercising warrants;
- decided that an issue of warrants which give the right to subscribe to shares in the company undertaken in accordance with article L. 228-95 of *Code de Commerce* can take the form of either a subscription offer under the conditions mentioned above, or a bonus issue for existing shareholders;
- noted and decided, in accordance with article L. 228-95 of *Code de Commerce*, that the aforementioned authorisation automatically refers to holders of securities which will give the right to shares in the company and which could be issued as a result of this authorisation, and that shareholders give up their preferential subscription rights to the shares arising from these securities;
- decided that the sum returned to the company for each share issued as a result of this authorisation (taking account of the issue price of share warrants if warrants of this kind are issued) must be no less than the average price of the company's share over ten consecutive trading days chosen from twenty trading days prior to the start of the issue of shares and/or other securities, after adjusting the average for the date the share qualifies for dividends;
- decided that starting on the day the shares are listed for trading on the Euronext Paris Nouveau/Second Marché, the Board of Directors will have full authority, with the option of sub-delegation to its chairman under the conditions set by the law, to implement this authorisation. This includes deciding on the date and terms of the issue(s), the type of securities to be issued, setting the subscription prices and the issue conditions, the amount for each issue, the date the share qualifies for dividends, deciding on the means of payment for the shares or other securities. It could also involve planning for the possibility of suspending the rights to share entitlement attached to securities for a period of no more than three months, and ensuring that the rights of holders of securities which give a future right to shares in the company are respected, in line with legal and regulatory measures:
- decided the following in relation to the listing of the company's shares on the Nouveau Marché of Euronext Paris:
 - the subscription price for the newly issued shares will be decided on by the board of directors the day after the closing of the offer centralised by Euronext Paris and the global offering. It will be calculated by comparing the supply of shares and the subscription requests made by investors based on a rough price range using the book building method,
 - the new shares must be cash settled at the time of subscription. They will be considered identical to existing shares as soon as they are issued and subject to all the company's bylaws.

If necessary, the Board of Directors or its chairman can charge expenses arising from the issues to the premium account. Either the Board of Directors or the chairman can take whatever action is necessary, including entering into any agreements required to bring the issues to a successful conclusion. They will have full authority to register the capital increase(s) undertaken in accordance with this authorisation and to proceed with pertaining modifications to the company bylaws and subsequent formalities.

In the case of an issue of bonds or other debt securities, the Board of Directors will have full authority, with the option to sub-delegate this authority to its chairman, to decide whether the instruments will be subordinated, set their coupon, duration, redemption price, repayment terms and the conditions under which these bonds and/or other debt securities will give the right to shares in the company.

In any case, the maximum par value for the debt securities which could be issued as a result of this resolution cannot exceed €100,000,000. The par value of debt securities issued or to be issued by virtue of the 10th resolution of this meeting (issue of securities with maintained preferential subscription rights) will be deducted from this authorised amount.

The authorisation given to the Board of Directors is valid for a period of twenty six months from the date of this meeting.

Amount available: the new shares offered to the public as part of the company's IPO on the Nouveau Marché of Euronext Paris SA have an impact on these authorisations. Following the capital increase which occurred at the same time as the IPO, the authorised balance comes to €3,704,900.

2.1.2 Decisions made by the Board of Directors

At a meeting on January 21st 2004, in accordance with the authorisation granted to the Board of Directors at the combined ordinary and extraordinary general meeting held on February 27th 2002, the board and the company decided to "sub-delegate to the chairman full authority in accordance with the sixteenth and seventeenth resolution of the meeting held on February 27th 2002, allowing for the implementation of capital increases with or without preferential subscription rights capped at a par value of 5,000,000 euros.

The chairman accepted this sub-delegation which will expire on the same date as the authorisation granted to the Board of Directors, i.e. April 27th 2004.

The board authorises the chairman to act fully on this sub-delegated authority to make the necessary contacts, to negotiate in the company's best interests any agreement with banks and other financial intermediaries and, more generally, bring the pertaining operation to a successful conclusion."

2.1.3 Decisions made by the Chairman of the Board

On March 26th 2004, the Chairman of the Board decided to proceed with an issue of 205,373 new shares with warrant attached (units) for a par value of €1,026,865 and a maximum issue premium of €15,813,721, i.e. a maximum total of €16,840,586 including the issue premium. This amount, including the issue premium, could be raised to a maximum of €19,366,596, adding 30,805 newly issued units, if the extension clause ("Extension")- as described in paragraph 2.2. 2 of this prospectus – is exercised. In the cas of the subscriptions do not cover the total issue, the Chairman can decide, to restrict the issue to the amount of subscriptions collected, provided that this amount equals at least 75% of the capital increase.

The chairman also set the subscription period for the units (from March 29th to April 5th 2004) and the date for setting the definitive price (April 5th 2004).

In accordance with the regulations, after deducting the value of the subscription warrant, this subscription price will be no less than the volume-weighted average price of the company's share over ten consecutive trading days chosen from twenty trading days prior to the setting of the issue price, after adjustment of the aforementioned average for the date the share qualifies for dividends.

The Chairman of the Board decided that the subscription price will be equal to or less than €82.

2.2 INFORMATION ABOUT THE ISSUE OF THE UNITS

2.2.1 Issue amount

The issue is to consist of 205,373 units, which comes to a maximum of €16,840,586 including a par value of €1,026,865 and an issue premium of €15,813,721. Net income from the issue, after deduction of legal and administrative fees and payment to financial intermediaries, is expected to come to a maximum of €16,175,000.

The new shares, which will qualify for dividends as from January 1st 2004, will account for 14.29% of the company's share capital and 14.29% of its voting rights after the capital increase, and 17.24% of the company's share capital and 17.24% of its voting rights if all the warrants attached to the shares are exercised.

However, the issue amount could be increased by a maximum of 15% if the extension clause detailed below is exercised.

2.2.2 Extension clause

To meet additional demand during the placement period, the amount of the issue can be increased by a maximum of 15% before the settlement date, i.e. a maximum of 30,805 units, bringing the total number of units to 236,178.

If the extension clause is exercised, the new shares, which will have dividend rights from January 1st 2004, will make up 16.08% of the company's share capital and 16.08% of its voting rights after the capital increase, and 19.32% of the share capital and 19.32% of the voting rights if all the warrants attached to the shares are exercised.

2.2.3 Organisation of the issue

2.2.3.1 Subscription

The placement of the units will be offered:

- in France, to retail and institutional investors;
- outside France and the US, subject to the specific regulations of each country where the placement occurs.

No tranches have been reserved for specific markets.

Crédit du Nord, 50 rue d'Anjou – 75 008 Paris is lead underwriter – bookrunner for the offering.

CDC Ixis – Compagnie Financière Rothschild Midcaps, 3 rue Lafayette – 75 009 Paris, is lead underwriter.

2.2.3.2 Placement restrictions

Distribution of the prospectus and sale of the units may be subject to specific regulations in certain countries. Recipients of the prospectus should obtain information on any local restrictions that apply to them and comply with those restrictions. Anyone (including nominees and trustees) who receives this document should not distribute it in or send it to such jurisdictions if this is a breach of the laws and regulations applicable there.

Crédit du Nord and CDC IXIS – Compagnie Financière Rothschild Midcaps undertake to comply with the laws and regulations that apply in the countries where the shares are offered.

Selling restrictions in the US

The new shares and warrants have not been and will not be registered under the US Securities Act of 1933 as amended ("*U.S. Securities Act*") and cannot be offered or sold within the United States or to *US Persons* as defined in *Regulation S* of the *U.S. Securities Act* or for the account or benefit of *US Persons* except in certain transactions exempt from the registration requirements as described in *Regulation S* and Rule 144 A, this exemption having been obtained in accordance with the U.S. Securities Act ("Rule 144 A") and can only be offered or sold as part of *offshore transactions* in accordance with *Regulation S*, or in the US solely to *Qualified Institutional Buyers* as described in Rule 144 A.

Selling restrictions in the UK

Each underwriter certifies that:

- A) it has not offered or sold, and prior to the date six months after the issue date, will not offer or sell the new shares or warrants (as long as the latter exist), to anyone in the UK, except those individuals whose ordinary activities involve buying, owning, managing or selling financial products (as principal or agent) for the purposes of their business or otherwise in other circumstances which have not resulted and will not result in an offer to the general public in the UK as described in the Public Offers of Securities Regulations 1995;
- B) it has not issued or passed on, and will not issue or pass on, in the UK, any invitation or encouragement to partake of investment services (as described in section 21 of the Financial Services and Markets Act 2000) (FSMA) which it has received and relates to the issue or sale of the new shares or warrants, except in circumstances in which section 21 of the FSMA does not apply to the company; and
- C) it will comply with all applicable provisions of the FSMA with respect to anything done by it in connection with the shares or with the warrants in the UK or otherwise involving the UK.

Selling restrictions in Canada and Japan

Each underwriter involved in the placement must undertake not to offer nor sell the new shares or the warrants in Canada or Japan.

2.2.4 Preferential subscription rights

The issue will not carry preferential subscription rights, in accordance with the seventeenth resolution of the combined ordinary and extraordinary general meeting held on February 27th 2002. However, there is a priority subscription period for shareholders, the details of which are given below.

2.2.5 Priority subscription period

The subscription of the 205,373 units will be reserved for existing shareholders (who have registered Sword Group shares on March 26th 2004) during a priority subscription period from March 29th to April 5th 2004. This priority does not constitute a tradable or transferable right. The exercise of this priority is qualified by the lock-up of the shares on the subscriber's account by the financial intermediary or the bank until the end of the priority subscription period.

Under these terms, existing shareholders will be able to subscribe to the issue on the basis of 1 new share for every 6 existing shares held, bearing in mind that:

- shareholders who own more than 6 existing shares but do not own a multiple of 6, will be able to subscribe to a number of new shares calculated by multiplying the number of shares they own by 1/6, the result being rounded down to the next whole number;
- shareholders who own less than 6 existing shares will be able to subscribe to 1 (one) new share.

2.2.6 Main shareholders' intentions regarding the issue

The shareholders represented on the Board of Directors (Jacques Mottard and 21 Central Partners) have made it known that they do not intend to subscribe to the issue.

2.2.7 Subscription period

The public offer period will last for 6 trading days, i.e. from March 29th to April 5th 2004 inclusive.

In accordance with COB regulation n° 2002-05 which modifies regulation n° 95-01, n° 98-01 and n° 98-08 and was ratified by the decree of June 18th 2002, orders are binding.

The public offer period may be closed without notice, except for retail investors, for whom it will remain open for the entire period mentioned above. All orders from financial intermediaries will be taken into account. In accordance with COB regulation n° 2002-05 which modifies regulation n° 95-01, n° 98-01 and N° 98-08 and was ratified by the decree of June 18th 2002, this schedule change must be announced in a Euronext notice and a press release which must feature clearly in two national newspapers which specialise in business and finance, at the latest the day before the new closure date.

Share allocations will be undertaken in accordance with the French stock market regulatory agency's ruling n° 2000-01 of April 13th 2000 relating to the application of rules of good conduct during IPOs, and in particular article 7 which aims to ensure that the same categories of investor obtain roughly the same order fill rates.

The order fill rate for retail investors will be published in a Euronext Paris notice.

In accordance with COB regulation n° 2002-05 which modifies regulation n° 95-01, n° 98-01 and N° 98-08 and was ratified by the decree of June 18th 2002, the schedule can be brought forward the day before the initially planned closing date. In this case, prior orders can be cancelled. This schedule change must be announced in a Euronext notice and a press release which must feature clearly in two national newspapers which specialise in business and finance, at the latest the day before the initially planned closure date.

2.2.8 Paying agents, settlement and deposits

Share applications and payments made during the priority period by existing shareholders and retail investors will be handled by Société Générale, which takes care of securities services on behalf of Sword Group. The exercise of this priority is qualified by the lock-up of the shares on the subscriber's account by the financial intermediary or the bank until the end of the priority subscription period.

Share applications and payments made as part of the public offering will be handled by Crédit du Nord and CDC IXIS – Compagnie Financière Rothschild Midcaps.

Each share application must be accompanied by a payment covering the full subscription price for each unit purchased.

Any applications that are not accompanied by the appropriate payment will be duly cancelled, without any obligation to issue a payment reminder.

Payments made in settlement of the units to be issued will be deposited with Société Générale which will issue a depository certificate.

2.2.9 Subscription price

In accordance with COB regulation n° 2002-05 which modifies regulations n° 95-01, n° 98-01 and N° 98-08 and was ratified by the decree of June 18th 2002, the subscription price will be no more than €82.

The definitive price will be set by the chairman of the board, in accordance with the authorisation given to him by the combined ordinary and extraordinary general meeting of February 27th 2002. The subscription price for the units will be set on April 5th 2004. The final terms and conditions will be announced in a press release in a financial newspaper having general circulation in France.

The date of the pricing could be postponed if market conditions are not satisfactory on the date initially foreseen.

If the date of pricing is to be brought forward or back, the new pricing date for the units will be announced via a Euronext notice and a press release which must feature clearly in two national newspapers which specialise in business and finance, at the latest the day before the newly scheduled date.

In accordance with the regulations, after deducting the value of the warrant, this subscription price will be no less than the volume-weighted average price of the company's share over ten consecutive trading days chosen from twenty trading days prior to the setting of the issue price, after adjusting the average for the date the share qualifies for dividends.

To calculate the value of a warrant using the Black & Scholes method, the following are taken into account: the risk-free rate, the underlying share price, estimated future dividends, the warrant's exercise price and its exercise period.

First calculation hypothesis: underlying share price = weighted average share price on 25/3/2004

Underlying share price	€77.11 (weighted average share price on March 25 th 2004)
Dividend pay-out ratio	1.23% net pa
Risk-free rate	2.04% pa
Warrant parity	4 warrants entitles the shareholder to subscribe to 1 new Sword Group share
Exercise price:	
Hypothesis 1 (premium: 15%)	€88.68
Hypothesis 2 (premium: 20%)	€92.53
Hypothesis 3 (premium: 25%)	€96.38
Hypothesis 4 (premium: 30%)	€100.24
Warrant exercise period	from April 30 th 2004 to April 30 th 2006

The following table shows the estimated valuation range for each warrant using the Black & Scholes method and based on different volatility rates.

Volatility	10%	15%	20%	25%	30%
Estimated value of one warrant, excluding parity					
Hypothesis 1 (exercise price: €88.68)	€1.18	€2.93	€4.90	€6.97	€9.07
Hypothesis 2 (exercise price: €92.53)	€0.68	€2.13	€3.95	€5.94	€8.00
Hypothesis 3 (exercise price: €96.38)	€0.37	€1.53	€3.17	€5.05	€7.05
Hypothesis 4 (exercise price: €100.24)	€0.20	€1.09	€2.53	€4.28	€6.21
Estimated value of one warrant, with a parity of 4 warrants for one new share					
Hypothesis 1 (exercise price: €88.68)	€0.30	€0.73	€1.23	€1.74	€2.27
Hypothesis 2 (exercise price: €92.53)	€0.17	€0.53	€0.99	€1.48	€2.00
Hypothesis 3 (exercise price: €96.38)	€0.09	€0.38	€0.79	€1.26	€1.76
Hypothesis 4 (exercise price: €100.24)	€0.05	€0.27	€0.63	€1.07	€1.55

Second calculation hypothesis: underlying share price = €78.16

This is the lowest average resulting from the 10 out of 20 rule in the period prior to March 26th 2004.

Underlying share price	€78.16
Dividend pay-out ratio	1.23% net pa
Risk-free rate	2.04% pa
Warrant parity	4 warrants entitles the shareholder to subscribe to 1 new Sword Group share
Exercise price:	
Hypothesis 1 (premium: 15%)	€89.88
Hypothesis 2 (premium: 20%)	€93.79
Hypothesis 3 (premium: 25%)	€97.70
Hypothesis 4 (premium: 30%)	€101.60
Warrant exercise period	from April 30 th 2004 to April 30 th 2006

The following table shows the estimated valuation range for each warrant using the Black & Scholes method and based on different volatility rates.

Volatility	10%	15%	20%	25%	30%
Estimated value of one warrant, excluding parity					
Hypothesis 1 (exercise price: €89.88)	€1.21	€2.98	€4.98	€7.07	€9.21
Hypothesis 2 (exercise price: €97.79)	€0.69	€2.17	€4.01	€6.03	€8.12
Hypothesis 3 (exercise price: €97.70)	€0.38	€1.56	€3.22	€5.12	€7.15
Hypothesis 4 (exercise price: €101.60)	€0.20	€1.11	€2.57	€4.35	€6.30
Estimated value of one warrant, with a parity of 4 warrants for one new share					
Hypothesis 1 (exercise price: €89.88)	€0.30	€0.74	€1.24	€1.77	€2.30
Hypothesis 2 (exercise price: €97.79)	€0.17	€0.54	€1.00	€1.51	€2.03
Hypothesis 3 (exercise price: €97.70)	€0.09	€0.39	€0.81	€1.28	€1.79
Hypothesis 4 (exercise price: €101.60)	€0.05	€0.28	€0.64	€1.09	€1.57

As a rough guide, the Sword Group share's volatility on March 25th 2004 is given below:

1 month	3 months	6 months	1 year
26.72%	24.19%	33.14%	35.00%

These historical figures are not necessarily representative, as they could be influenced by the share's weak market liquidity. They do not predict the future volatility of Sword Group's shares.

2.2.10 Issue proceeds and costs

The maximum gross and net proceeds from the issue will be €16,840,586 and €16,175,000 respectively.

If the extension clause is exercised in its entirety, the gross and net incomes from the issue are likely to rise to a maximum of €19,366,596 and €18,600,000 respectively.

Legal and administrative costs and fees to financial intermediaries will be borne by Sword Group, and charged, after tax, to the premium account.

2.2.11 Purpose of the issue

Sword Group is making a call on the market to fund its acquisitions policy.

In 2004, Sword Group will pursue its acquisitions strategy to achieve the following goals in descending order of priority:

- a) first and foremost, to round out its existing operations in the US and the UK; around 75% of the funds raised will be used to this effect;
- b) to assist its offshore strategy, i.e. possibly acquire a business in India which would be certified CMM level 4. If customers agree, this business would develop software for contracts signed in the US and the UK, undercutting the cost of local engineers;
- c) to add to its expertise.

Sales from the acquisitions are expected to come to around €20m in 2004.

2.2.12 Underwriting

The issue of these units is expected to be underwritten by Crédit du Nord and CDC IXIS – Compagnie Financière Rothschild Midcaps, based on the terms and conditions set forth in an underwriting agreement which Sword Group should enter into on 5 April 2004. This underwriting agreement shall not constitute a *garantie de bonne fin* in accordance with article L. 225-145 of *Code de Commerce*.

Consequently, trading on the new shares will begin only after the share certificate has been issued, i.e. after the settlement date.

The underwriting would refer to a minimum of three-quarters of the issue amount, given that the chairman of the board can limit the issue to the amount of subscriptions received, provided that this amount equals at least three-quarters of the capital increase.

2.3 Ownership structure

Shareholder	Ownership structure (%)		
	Before the transaction	After the transaction	After the transaction and the extension clause
Jacques Mottard	29.93%	25.65%	25.11%
21 Centrale Partners and FCPR 21 Développement	32.74%	28.06%	27.48%
Françoise Fillot	1.73%	1.48%	1.45%
Christian Tapia	1.59%	1.37%	1.34%
"Autodétention" (treasury stock)	1.03%	0.88%	0.86%
Employees and various registered shareholders	5.68%	4.87%	4.77%
"Autocontrôle" (treasury stock)	0.00%	0.00%	0.00%
Free float	27.31%	37.69%	39.00%
TOTAL	100.00%	100.00%	100.00%

Shareholder	Voting Rights breakdown (%)		
	Before the transaction	After the transaction	After the transaction and the extension clause
Jacques Mottard	35.11%	31.98%	31.56%
21 Centrale Partners and FCPR 21 Développement	38.41%	34.99%	34.53%
Françoise Fillot	2.03%	1.85%	1.82%
Christian Tapia	1.87%	1.70%	1.68%
"Autodétention" (treasury stock)	0.00%	0.00%	0.00%
Employees and various registered shareholders	6.56%	5.98%	5.90%
"Autocontrôle" (treasury stock)	0.00%	0.00%	0.00%
Free float	16.02%	23.50%	24.51%
TOTAL	100.00%	100.00%	100.00%

2.4 INFORMATION ABOUT THE NEW SHARES

2.4.1 Rights associated with the newly issued shares

All the new shares are of the same category and offer the same rights, both in terms of the distribution of company profits and the liquidation surplus.

A double voting right is allocated to registered shares recorded in the name of the same shareholder for at least two years.

The new shares will be subject to all statutory requirements and will qualify for dividends as from January 1st 2004.

They will not have any right to the dividend for 2003. In the following years, they will have the right to the same dividend as existing shares. They will be identical to existing shares after payment of the dividend for 2003.

2.4.2 Share trading

There are no statutory clauses that prevent the shares from being freely traded.

2.4.3 Share registration

The subscriber chooses whether the new shares are registered or bearer shares. Both types of shares must be registered in an account held by the company, its representative, or an authorised financial intermediary. Shareholders' rights will be registered under their name as follows:

- for bearer shares or shares in administered registered form ("nominative administrée): an intermediary of their choice;
- for fully registered shares ("nominative pure"): Société Générale.

The company will apply for these new shares to be admitted to Euroclear France operations. The estimated date for registration of the new shares (and the warrants) will come after the depository certificate has been issued, i.e. after settlement and delivery, meaning probably around April 16th 2004.

In accordance with existing laws and regulations, the company is entitled to ask the organisation responsible for clearing the shares for the following information at any time: the person or company name, nationality and address of holders of shares granting immediate or future voting rights at its shareholders' meetings, as well as the quantity of shares held and, if applicable, any restrictions on the shares.

2.4.4 Taxation of the new shares

Based on current French legislation, the tax treatment of the company's shares is described below. Investors should note that this information is only a summary and their specific tax situation should be examined with their tax advisor.

Non-residents of France for tax purposes should comply with the tax legislation applying in their country of residence.

Investors should note that the 2004 budget has reformed tax on dividends as from January 1st 2005. This new tax treatment of dividends is included in the summary below.

2.4.4.1 Residents of France for tax purposes

Individuals who own French shares as part of their private assets

(a) Dividends

Dividends paid on French shares, plus the 50% tax credit where applicable (bearing in mind the information given below regarding dividend payment from January 1st 2005), are taken into account when calculating the taxpayer's total income from securities. Dividends currently qualify for an annual tax-free allowance of 2,440 euros for married couples or partners taxed jointly (as from the third year after registering a "Solidarity Pact" in accordance with article 515-1 of the French Civil Code) and 1,220 euros for single and divorced people, widows, and married couples taxed separately.

Dividends, together with any tax credits, are included in the taxable income that is subject to personal income tax, at the sliding-scale rate. The following surtaxes (which do not provide any tax-free allowances) also apply:

- the supplementary social security contribution of 7.5%, of which 5.1% is deductible from taxable income in the year it is paid,
- the 2% social levy and the 0.5% contribution to the repayment of the social security debt

The tax credit on the dividends is chargeable to the total amount of income tax to be paid and is refunded in the event of a surplus.

The 2004 budget abolishes the tax credit on dividends paid from January 1st 2005. However, private individuals will be entitled to a 50% deduction in the tax to be paid on dividends. This deduction will apply before the above-mentioned tax free allowance of 1 220 euros or 2,440 euros, which will remain.

In addition, a tax credit will be introduced for individual shareholders. It will come to 50% of the dividend, capped at 115 euros or 230 euros depending on the beneficiary's family status. It will not be possible to offset the surplus tax credit against income tax.

(b) Capital gains

Capital gains made by individuals are taxable at 16% if the annual amount of disposals of securities and business interests for the year exceeds 15 000 euros per tax household. These capital gains are also subject to the following taxes:

the supplementary social security contribution of 7.5%,

the 2% social levy and

the 0.5% contribution to the repayment of the social security debt.

Capital losses are chargeable against capital gains of the same type realised during the year of sale or the ten subsequent years, provided that the above-mentioned threshold of 15 000 euros is exceeded in the year in which the losses are realised.

(c) Special tax treatment for PEA (equity saving schemes)

Shares issued by French companies are eligible assets for PEA share savings schemes created by law n° 92-666 of July 16th 1992.

Under certain conditions, dividends received and capital gains realised from these shares are tax-exempt, but are still subject to the social levy, the supplementary social security contribution (the CSG) and the contribution to the repayment of the social security debt (the CRDS).

The table below shows the various taxes payable as of January 1st 2004 according to the duration of the PEA (in contrast to the rules outlined below, early withdrawal of funds invested in a PEA for the creation or purchase of a company within three months does not affect the tax exemption granted to the savings and does not lead to the early closure of the saving scheme: article 31 of the economic initiative law n° 2003-721 of 1 August 2003).

Life span of the PEA	Social levy	CSG	CRDS	Income tax	Total
Less than 2 years	2%	7.5%	0.5%	22.5%	32.5% ⁽¹⁾
Between 2 and 5 years	2%	7.5%	0.5%	16%	26% ⁽¹⁾
Over 5 years	2%	7.5%	0.5%	0%	10%

(1) On all income if the disposal threshold is exceeded.

The 2004 budget stipulates that revenues from a PEA entitle the holder to a tax credit equal to 50% of the dividend, capped at 115 euros or 230 euros depending on the beneficiary's family status as mentioned in (a) above.

(d) Wealth tax

Shares held by private individuals will be included in their taxable holdings and will be subject, if applicable, to the wealth tax.

(e) Estate and gift taxes

Shares acquired by individuals in the form of an inheritance or a gift are liable to estate or gift taxes in France.

Legal entities subject to corporate income tax

Dividends

Dividends received by legal entities subject to corporate income tax, together with a potential 40% tax credit (bearing in mind the information given below in relation to the 2004 budget), are included in the profits liable for tax at the rate of 33 1/3%. On top of this comes a contribution of 3% of the corporate tax liability and a social security contribution of 3.3% of the corporate tax liability in excess of 763,000 euros per 12-month period.

However, for companies with turnover of less than 7,630,000 euros and for which at least 75% the fully paid up capital is held on a continuous basis during the tax period or financial year in question by private individuals or a company which meets all these conditions, the tax rate is 15% for up to 38,120 euros of taxable earnings per 12-month period. In addition, these companies are not liable for the 3.3% social security contribution mentioned above.

The tax credit can be offset against corporate tax but cannot be refunded or carried forward in the event of a surplus. It is currently 10%.

However, under certain conditions, dividends (plus tax credits) received by legal entities which own at least 5% of the capital of the company which paid the dividend, can be exempt from tax (subject to a deduction from the beneficiary company's earnings of a portion of costs and charges equal to 5% of the dividend amount including tax credits, and not exceeding the total amount of costs and charges of any kind borne by the

company during the tax period) in accordance with the tax regulations for parent companies and subsidiaries as mentioned in articles 145 and 216 of the General Tax Code. In this case, the tax credit equivalent to 50% of the funds received cannot be offset against corporate tax due in the year the dividend was paid. But within a five-year period it can be set against the dividend equalisation tax due as a result of the redistribution of the aforementioned dividend.

The 2004 budget abolishes the tax credit on dividends received as of 1 January 2005. What is more, legal entity shareholders cannot use their tax credits from that time.

If the company pays equalisation tax as result of a dividend payment, the legal entity shareholders who receive the 10% tax credit are also entitled to an additional tax credit equivalent to 80% of the equalisation tax paid. This measure does not apply to the equalisation tax, which would be paid as a result of posting tax credits. However, this measure does not apply to equalisation tax resulting from deductions from the long-term capital gains reserve.

The 2004 budget abolishes the equalisation tax from January 1st 2005. However, a 25% levy – applying to the distribution of profits deducted from earnings made over five years ago or not subject to the normal corporate tax rate - will be taken from dividend payments made in 2005. A third of this levy will constitute a debt to the public finance department and can either be refunded or charged against corporate tax due in the following three years.

(b) Capital gains

Capital gains on the sale of securities other than participating interests are subject to corporate tax at a rate of 33 1/3% (or a rate of 15% capped at 38,120 euros per 12-month period for companies which meet the conditions outlined in 2.3.4.1.2 (a) above), to which is added the 3% contribution mentioned above and, if applicable, the 3.3% social security contribution based on the conditions mentioned above.

Provided that a special long-term capital gains reserve is set up, capital gains on the sale of participating interests held for over two years are eligible for long-term capital gains taxation. These gains are taxable at a reduced rate of 19% (or a rate of 15% capped at 38 120 euros per 12-month period for companies which meet the conditions outlined in 2.3.4.1.2 (a) above) to which is added the 3% contribution mentioned above and, if applicable, the 3.3% social security contribution based on the conditions mentioned above.

Shares in companies qualified as participating interests in the chart of accounts are considered to be participating interests. This also applies, under certain conditions, to shares acquired as part of a takeover bid or share swap, as well as to shares qualifying for parent company-subsidiary tax treatment, and those for which the cost price is at least 22,800,000 euros which meet the conditions for parent company-subsidiary tax treatment (excluding a 5% threshold).

Long-term capital losses can be charged against capital gains of the same type generated that year or in the following ten years.

2.4.4.2 Non-residents of France for tax purposes

Dividends

Dividends paid by companies that have their head office in France are subject to a withholding tax of 25% when the beneficiary's tax residence or head office is outside France. Domestic French law dictates that these beneficiaries are not entitled to a tax credit.

Under certain conditions, this withholding tax may be reduced or eliminated if shareholders are covered by an international tax treaty or article 119 ter of the French Tax Code. These treaties may also provide for a transfer of the tax credit (the equalisation tax paid can also be refunded under certain conditions), bearing in mind that some of the treaties signed have specific rules restricting tax credit entitlement to legal entities or may only allow a refund of the tax credit for individual residents (bearing in mind the comments made in 2.3.5.1 in relation to the 2004 budget).

Prospective investors are encouraged to consult with their advisors immediately with respect to the conditions under which they may be entitled to a reduction in the withholding tax and, if applicable, a tax credit by virtue of international tax treaties with France.

(b) Capital gains

Capital gains from sales of shares by individuals who are non-resident in France for tax purposes or by legal entities whose head office is not located in France (and which do not have a fixed entity in France registering the shares) are not taxable in France provided that the seller has not held directly or indirectly, alone or with members of their family, more than 25% of the rights to the company's earnings at any time during the five years prior to the sale.

(c) Wealth tax

The wealth tax does not apply to shares issued by French companies and owned by private individuals living outside France as described in article 4B of the General Tax Code, as long as these shares are financial investments and not participating interests which would give the holder some influence over the company which issued the shares.

(d) Estate and gift taxes

France applies inheritance or gift tax to securities issued by French companies acquired in the form of an inheritance or a gift by individuals who are not resident in France. France has signed treaties with a number of countries aimed at avoiding double taxation on inheritances or gifts by which the residents of those countries can, subject to certain conditions, be exempt from estate and gift taxes, or obtain a tax credit.

Prospective investors are encouraged to consult with their advisors immediately regarding their liability to estate and gift taxes on the Sword shares they own, and the conditions under which they may be entitled to tax exemption or a tax credit as a result of international tax treaties with France.

2.5 LISTING

2.5.1 Admission of the new shares to Euronext Paris

Listing will be sought for the new shares being offered for subscription on the Nouveau Marché of Euronext Paris.

The new shares will be listed after the issuance of a certificate by the custodian, in other words following the settlement date. This listing is expected to be around April 16th 2004.

The new shares will trade on a different line to the existing shares under the ISIN code FR0010071316. They will be completely assimilated with the old shares after payment of the dividend for the 2003 financial year.

2.5.2 Other places of listing

To date, SWORD GROUP has not applied for the shares' admission to any other market.

2.5.3 Recent trends in the share price and trading volumes

SWORD GROUP's shares are listed on the Nouveau Marché of Euronext Paris (ISIN code FR0004180578).

The details concerning this chapter are described in the reference document filed with the *Autorité des Marchés financiers* on March 22nd 2004 under the registration number R.04-036. These details, which share the same date as this offering memorandum, remain correct and are complemented by the following information:

Month	Average price	High	Low	Average daily volume over the month
	€	€	€	
March 2004	79.58 €	83.40 €	75.00 €	801

VWAP on March 25th 2004: 77.11 €

Source: FININFO

2.6 DESCRIPTION OF THE WARRANTS

2.6.1 Number of warrants attached to the new shares

Attached to each new share in this issue is one warrant.

It will be necessary to exercise 4 warrants to subscribe to 1 share of SWORD GROUP (subject to any adjustments provided for- see paragraph 2.5.5 below).

2.6.2 Form and delivery of the warrants

The warrants will be delivered solely in bearer form.

The rights of holders of the warrants will be represented by a registration of their name with an intermediary of their choice.

2.6.3 Listing of the warrants

Listing will be sought for the warrants on the Nouveau Marché of Euronext Paris. They will be listed separately from the new shares at the same time that the new shares are listed.

The warrants will be listed after the issuance of a certificate by the custodian, in other words following the settlement date. This listing is expected to be around April 16th 2004 under the ISIN code FR0010071308.

2.6.4 Rights attached to the warrants

2.6.4.1 Subscription

The only right attached to the warrants will be the right to subscribe, against payment of the exercise price, shares in SWORD GROUP, to be issued in the proportion shown in paragraph 2.5.4.2 below.

Shareholders are reminded that they explicitly renounced their pre-emptive rights at the AGM on February 27th 2002.

2.6.4.2 Parity-Exercise price

4 warrants (parity) give the right to subscribe for one SWORD GROUP share (subject to any adjustments provided for- see paragraph 2.5.5 below). The exercise price will be around 15% to 30% above the average weighted share price on the day the subscription price is fixed (the "exercise premium"), and will be payable in full when the warrants are exercised. In case of exercise of all the warrants, the issue gross amount will be comprised between €4,841,645 (with a 15% exercise premium) and €5,473,164 (with a 30% exercise premium), with a €82 reference price (maximum share price).

2.6.4.3 Exercise period

Warrant holders are entitled to subscribe for SWORD GROUP shares at any moment from their recording in an account, which is expected to be around April 16th 2004, until April 30th 2006 inclusive (approximately 24 months), though this period is only given on an indicative basis.

Any warrant not exercised by April 30th 2006 will be worthless and will lapse.

2.6.4.4 Suspension of the exercise of the warrants

In the case of a capital increase or the issuance of securities which carries a right to the capital, a merger, a de-merger or any other financial operation carrying a pre-emptive right or reserving a period of priority subscription in favour of the company's shareholders, they reserve the right to suspend the exercise of the warrants for a period of no longer than three months.

A notice will be published in the *Bulletin des Annonces Légales Obligatoires*, at least 15 days in advance to inform holders of the warrants of the date upon which the exercise of the warrants will be suspended and the date at which it will resume. This information will also be the subject of a communiqué in a national financial newspaper and an announcement by Euronext Paris. In no case will this option cause the holders of warrants to lose their right to subscribe to new shares in SWORD GROUP.

2.6.4.5 Exercise terms for the warrants

In order to exercise their warrants, holders must make such a request to the intermediary where the warrants are registered and pay the subscription amount. SOCIETE GENERALE will centralise these operations.

2.6.4.6 Rights attached to shares to be issued once the warrants have been exercised

The shares issued upon exercise of the warrants will carry entitlement as of the start of the financial year during which the subscription is effective.

As soon as they are created they will be subject to all the statutory conditions.

They will be completely assimilated with the old shares after payment, should the occasion arise, of the dividend attached to the previous financial year or, if no dividend is distributed, after the AGM examining the accounts for that financial year.

They will have a right to the same dividend that could be distributed to other shares carrying the same beginning of entitlement for that company year and the years that follow.

2.6.5 Maintenance of the rights of holders of warrants

2.6.5.1 Consequences of the warrant issue

As it stands, the law does not allow, for as long as warrants exist, the write down of capital or a modification of the way in which earnings are distributed. However, the company is able to create non-voting priority dividend shares on the condition that the rights of warrant holders are preserved according to the conditions set out in paragraphs 2.6.5.2 to 2.6.5.4 shown below.

If these provisions were to be modified, it would prompt the arrangement of new texts.

2.6.5.2 Maintenance of the rights of holders of warrants in the case of a reduction in capital prompted by losses

As the law stands, in the case of a reduction in capital prompted by losses, the holders of warrants will see a resultant reduction in their rights, as if the holders had been shareholders from the date the warrants were issued.

If these provisions were to be modified, it would prompt the arrangement of new texts.

2.6.5.3 Maintenance of the rights of holders of warrants in the case of a financial operation

At the end of the following operations:

- issuance of shares carrying a quoted preferential subscription right;
- capital increase via a capitalisation of reserves, profits or share premium and allocation of free shares;
- division or re-groupment of shares;
- capitalisation of reserves, profits or share premium via an increase in the nominal value of shares;
- distribution of reserves in cash or in securities;
- free allotment to shareholders of all financial instruments other than shares in the company;
- takeover, merger, de-merger;
- share buy-back;

the company could perform as of this current issue, the maintenance of the rights of the holders of warrants will be assured, until the end of the exercise period for the warrants, by an adjustment of the conditions governing the exercise of the warrants in line with

articles L. 225-154 and L. 225-156 of *Code de commerce* and 174-1 of the decree dated March 23rd and the terms shown below.

This adjustment will be carried out in such a way that it will equalise the value of the shares that would have been obtained had the warrants been exercised before the implementation of one of the operations mentioned above and the value of the shares which that would be obtained if the warrants were exercised after such an operation.

1. In the case of an issuance of shares carrying a quoted preferential subscription right, the new number of shares available upon the exercise of the warrant will be determined by multiplying the number of shares that could have been subscribed for upon the exercise of the warrant before the start of the issue by the ratio:

$$\frac{\text{Value of the share ex-subscription right} + \text{value of the subscription right}}{\text{Value of the share ex-subscription right}}$$

For the calculation of this ratio, the values of the share ex-rights and of the subscription right will be determined from an average of the first traded price by Euronext Paris during all the trading days included in the subscription period.

2. In the case of capital increase via a capitalisation of reserves, profits or share premium and allocation of free shares as well as in the case of a division or re-groupment of shares the new number of shares available upon the exercise of the warrants will be determined by multiplying the number of shares that could have been subscribed for upon the exercise of the warrants before the operation by the ratio:

$$\frac{\text{Number of shares after the operation}}{\text{Number of shares before the operation}}$$

3. In the case of a capitalisation of reserves, profits or share premium via an increase in the nominal value of shares, the nominal value of the shares subscribed to following an exercise of the warrants will be raised by the due amount.
4. In the case of a distribution of reserves in cash or in securities, the new number of shares that could be obtained by exercising the warrants will be determined by multiplying the number of shares that could have been obtained by exercising the warrants before the operation by the ratio:

$$\frac{\text{Value of the share before the distribution}}{\text{Value of the share before the distribution} - \text{the amount distributed or the value of the securities remitted per share}}$$

For the calculation of this ratio, the value of the share before the distribution will be determined from an average of the first price quoted by Euronext Paris during 20 consecutive trading days, chosen from the 40 preceding the distribution date.

The value of the shares distributed will be calculated as if it were a question of shares already trading on a regulated or assimilated market. It will be determined from an average of the first price quoted on the regulated or assimilated market during 20 consecutive trading days in which the share is quoted, chosen from the 40 trading days that follow the distribution date, according to expert opinion in other cases.

5. In the case of a free allotment to shareholders of any financial instruments other than shares in the company, the new number of shares available upon the exercise of the warrants will be determined as follows:

(a) if the right attached to the financial instrument(s) is quoted on the Paris stock exchange, the number will be determined by multiplying the number of shares that would have been obtained by exercising the warrant before the operation by the ratio:

$$\frac{\text{Value of the share ex-right} + \text{Value of the allotment right}}{\text{Value of the share ex-right}}$$

Value of the share ex-right

For the calculation of this ratio, the ex-rights value of the share and the value of the allotment right will be determined from an average of the first price quoted by Euronext Paris in the share and the allotment right over the first 10 trading days when the share and the allotment right are quoted simultaneously. In the event that this calculation is derived from a recording of less than five quotes, it must be validated or evaluated by an expert opinion.

(b) if the allotment right for the financial instrument(s) is not quoted on the Paris stock exchange, the number will be determined by multiplying the number of shares that would have been obtained by exercising the warrants before the free allotment by the following ratio:

$$\frac{\text{Value of the share ex-right} + \text{Value of the financial instrument (s) allotted per share}}{\text{Value of the share ex-right}}$$

Value of the share ex-right

For the calculation of this ratio, the value of the share ex-right and the value of the financial instruments allotted per share, if they are quoted on a regulated or assimilated market, will be determined by a reference to the average of the first quoted price during ten consecutive trading days following the allotment date during which the share and the financial instrument(s) are quoted simultaneously. If the allotted financial instrument(s) is not quoted on a regulated or assimilated market it will be valued by expert opinion.

6. In the case of a takeover of the issuing company by another company, a merger with one or several other companies to form a new company or the demerger of the issuing company into several existing or new companies, the owners of the warrants will be able to subscribe to shares of the company making the takeover or the new company or the companies resulting from a demerger, under the same conditions as those foreseen at the beginning.

The new number of shares in the company making the takeover or the new company or the companies resulting from a demerger for which they will be able to subscribe will be determined as follows. By multiplying the number of shares of the issuing company to which they have a right by the exchange ratio being used to establish the number of shares available in the company making the takeover or the new company or the companies benefiting from the demerger for shares in the issuing company.

The company making the takeover of the new company will substitute the company SWORD GROUP, for the application of the provisions of articles L.225-161 paragraph 3 and 5, L. 225-162 and where necessary article L.225-163 of *Code de commerce*.

7. In the case of a buy-back by the company of its own shares at a price superior to the market price, the new number of shares which could be obtained by exercising the warrants will be determined by multiplying the number of shares that could have been subscribed for before the beginning of the operation by the ratio:

$$\frac{\text{Value of the share} + \text{Pc}\% \times (\text{Price of buy-back} - \text{Value of the share})}{\text{Value of the share}}$$

Value of the share

For the calculation of this ratio:

- The value of the share signifies the average of at least 10 consecutive quotations chosen amongst the 20 days preceding the buy-back (or the option to buy-back);
- Pc% signifies the percentage of capital being bought back;
- The buy-back price signifies the effective buy-back price (by definition above the market price).

In the case of adjustments undertaken in line with paragraphs 1 to 7 mentioned above, the number of new shares that could be obtained upon the exercise of the warrants will be calculated to two decimal places, any necessary rounding will take place beforehand to the euro cent above if the third decimal place is superior or equal to 5, or to the euro cent below in all other cases. Other eventual subsequent adjustments will take place on the basis of the preceding parity being calculated and rounded in this way. However, the exercise of the warrants can only take place if it results in the obtention of a whole number of shares, the odd lot rule being explained below (cf. paragraph 2.5.6).

The Board of Directors will take into account the calculations and the results of the adjustment in the next annual report.

2.6.5.4 Notice to holders of warrants in the case of adjustments

In the case of an issue of shares carrying a pre-emptive subscription right, the holders of the warrants will be informed by a notice published in the *Bulletin des Annonces légales obligatoires* before the beginning of the operation.

In the case of an adjustment to the parity used for the exercise of the warrants, the new terms will be brought to the attention of warrant holders via a notice published in the *Bulletin des Annonces Légales Obligatoires* and in a national financial newspaper as well a notice from Euronext Paris.

2.6.6 Odd lot rule

All holders of warrants who exercise their rights attached to the warrants will be able to obtain a number of shares in SWORD GROUP, calculated by applying to the number of warrants presented the exercise parity in force.

When the resultant number of shares is not a whole number, the warrant holder can ask that he be delivered:

- Either, the whole number of shares immediately below; in this case, he will receive a cash amount equal to the value of the fraction of the share forming the "odd lot", calculated on the basis of the first price quoted by Euronext Paris on the trading day preceding the date of such a request;
- Or, the number of shares immediately superior, on the condition of a payment to the company of an amount equal to the supplementary fraction, valued on the basis outlined in the previous paragraph.

2.6.7 Effect of the issue on the shareholder

The details furnished below, as well as the terms of the operation, will be an integral part of the complementary report foreseen by articles 155-2 and 155-3 of the decree dated March 23rd 1967. This report, as well as the complementary report by the auditors, will be made available to shareholders in SWORD GROUP, within the prescribed time and will be brought to their attention at the next AGM.

A shareholder who held , before the warrant issue, 1% of the company's capital, on the basis of the number of shares making up the capital on March 25th 2004, and who does not subscribe to this issue, will see his holding change in the following manner:

	Holding (%)
Before the issue	1.00
After the issue of 205,373 units	
– Before the exercise of the warrants	0.86
– After the exercise of all the warrants	0.83
After the issue of 30 805 units	
– Before the exercise of the warrants	0.84
– After the exercise of all the warrants	0.81

His share of earnings will diminish in the same proportion as his holding.

The share of consolidated shareholders funds on the basis of the accounting details taken on December 31st 2003 will change in the following manner on the basis of a price of €82 per unit (the maximum price):

	Share of consolidated shareholders funds per share as of December 31st 2003
	In €
Before the issue	30,162,000
After the issue of 205,373 units	47,002,586
After the issue of 205,373 units and the exercise of all the warrants	
Assumption 1 (exercise premium: 15%)	51,844,231
Assumption 2 (exercise premium: 20%)	52,054,737
Assumption 3 (exercise premium: 25%)	52,265,244
Assumption 4 (exercise premium: 30%)	52,475,750
After issue of a supplementary 30,805 units	49,528,596
After issue of a supplementary 30,805 units and the exercise of all the warrants	
Assumption 1 (exercise premium: 15%)	55,096,445
Assumption 2 (exercise premium: 20%)	55,338,526
Assumption 3 (exercise premium: 25%)	55,580,606
Assumption 4 (exercise premium: 30%)	55,822,686

2.6.8 Tax treatment of warrants

Profits realised upon the sale of warrants will be liable to the capital gains tax rules within the framework of common law (cf. §2.4.4 « Régime fiscal des actions nouvelles »).

2.7 COMPETENT TRIBUNALS IN THE CASE OF LITIGATION

The competent tribunals in the case of any litigation are those of the head office when the company is the defendant and are designated according to the nature of the litigation, except in the case of contrary provisions in *Nouveau Code de Procédure Civile*.

CHAPTER III

GENERAL INFORMATION REGARDING THE ISSUER AND ITS CAPITAL

The information regarding this chapter is described in the reference document filed with the *Autorité des Marchés Financiers* on March 22nd 2004 under the registration number R.04-036.

These details remain accurate and complete as of the date of this offering memorandum.

CHAPTER IV

GENERAL INFORMATION REGARDING THE ISSUER'S BUSINESS

The information regarding this chapter is described in the reference document filed with the *Autorité des Marchés Financiers* on March 22nd 2004 under the registration number R.04-036.

These details remain accurate and complete as of the date of this offering memorandum.

CHAPTER V

THE NET WORTH, FINANCIAL SITUATION AND RESULTS OF THE ISSUER

The information regarding this chapter is described in the reference document filed with the *Autorité des Marchés Financiers* on March 22nd 2004 under the registration number R.04-036.

These details remain accurate and complete as of the date of this offering memorandum.

CHAPTER VI

ADMINISTRATION, MANAGEMENT AND SUPERVISION OF THE ISSUER

The information regarding this chapter is described in the reference document filed with the *Autorité des Marchés Financiers* on March 22nd 2004 under the registration number R.04-036.

These details remain accurate and complete as of the date of this offering memorandum.

CHAPTER VII

RECENT TRENDS AND THE OUTLOOK FOR THE ISSUER

The information regarding this chapter is described in the reference document filed with the *Autorité des Marchés Financiers* on March 22nd 2004 under the registration number R.04-036.

These details remain accurate and complete as of the date of this offering memorandum.