

Management report on the financial year ending 31st December 2002

SWORD GROUP – Public limited company with capital of 6,161,215 Euros
Headquarters: 9, Avenue Charles de Gaulle
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MANAGEMENT REPORT DRAFTED BY THE BOARD OF DIRECTORS AND PRESENTED AT THE ANNUAL ORDINARY SHAREHOLDER MEETING OF 30TH APRIL 2003

Ladies and Gentlemen,

We have brought you together at this Annual Ordinary Shareholder Meeting, in application of the legal provisions, to submit the annual financial statements and consolidated financial statements for the financial year ending 31st DECEMBER 2002 for your approval.

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

1 IMPORTANT EVENTS

The company SWORD GROUP was floated on the Nouveau Marché of the Paris Stock Exchange on 12th March 2002, as decided in 2001.

This floatation has been a success and has made a capital increase of €1,295,100 possible. Overall capital stands at €6,161,215 divided into 1,232,243 shares worth €5. Taxable capital stands at around €16 million.

Two acquisitions were carried out during the course of the financial year:

A. TEXT SOLUTIONS on 1st April 2002: A company specialising in Document Management, which operates mainly in London and Manchester

Over the nine months of activity, it generated turnover of 2,602 K€.

Forecast turnover for 2003 is more than €4.4 million and a large proportion of its contracts are long-term contracts.

B. CRONOS LUXEMBOURG SA on 1st December 2002: A company specialising in Data Management.

Over its month of activity, it generated turnover of 1,388 K€.

Forecast turnover for 2003 is more than €17 million and a large proportion of its contracts are long-term contracts.

As of 1st January 2002, SWORD GROUP opted for the fiscal consolidation tax regime.

2 COMPARABILITY OF THE FINANCIAL STATEMENT, ACCOUNTING RULES AND METHODS

The consolidated financial statements have been established according to the same rules and methods as for those of the previous financial year, closing on 31st December 2001. They comply with the provisions of rule no. 99-02 of the Accounting Rules Committee.

In 2002, the company implemented CRC rule 06 relating to liabilities and provisions: the implementation of this rule has had no impact on the consolidated financial statements.

Annual financial statements for 2002 were established on a similar basis to those of the previous financial year.

In the aim of maintaining the comparability of consolidated financial statements, pro forma data is presented next to the consolidated financial statements:

- pro forma financial statements on 31st December 2002 established for the perimeter as it stood on 31st December 2002 over 12 months,
- pro forma financial statements on 31st December 2002 established for the perimeter as it stood on 31st December 2001 over 12 months,
- pro forma financial statements on 31st December 2001 established for the perimeter as it stood on 31st December 2001 over 12 months.

3 THE GROUP'S ACTIVITIES – PRESENTATION OF INCOME STATEMENTS FOR THE FINANCIAL YEAR ENDING 31ST DECEMBER 2002

The table below presents a simplified income statement for the SWORD group for the financial year ending 31st December 2002, as well as the pro forma income statement.

In thousands of euros	2002 consolidated 12 months	2001 consolidated 6 months	2002 pro forma 31/12/2001 perimeter (1)	2001 pro forma 31/12/2001 perimeter (2)	2002 pro forma 31/12/2002 perimeter (3)
Turnover	33,441	12,592	29,551	25,418	47,815
Operating margin	16.4%	15.9%	16.6%	14.3%	12.9%
Profit before goodwill amortisation	3,813	1,239	3,087	2,200	3,946
Net profit after goodwill amortisation	3,778	1,239	3,052	2,100	3,911
Net profit, group share	3,662	1,203	3,006	2,075	3,780

(1) Pro forma consolidated operating accounts for 2002 with the SWORD GROUP perimeter as it stood on 31/12/2001 over 12 months.

(2) Pro forma operating accounts for 2001, consolidating all the companies acquired over the course of that year, in other words the entire DDS and PROFILER year.

(3) Pro forma operating accounts for 2002, consolidating all the companies acquired over the course of that year, in other words TEXT SOLUTIONS and CRONOS LUXEMBOURG SA.

List of consolidated companies

COMPANY CONTROLLED Name	UNDER GROUP CONTROL	GROUP STAKE	INCORPORATION	METHOD SELECTED
SWORD GROUP	100.00%	100.00%	100.00%	FC
ACRAMAN	100.00%	97.37%	100.00%	FC
SWORD CREATION INFORMATIQUE	100.00%	100.00%	100.00%	FC
SWORD CONSULTING	100.00%	100.00%	100.00%	FC
SWORD DDS FRANCE (Ex ESPACE CRECY)	99.88%	99.88%	100.00%	FC
CRONOS LUXEMBOURG SA	90.00%	90.00%	100.00%	FC
DDS EUROPE LIMITED	97.37%	97.37%	100.00%	FC
SWORD ECM (EX TEXT SYSTEM)	93.46%	91.00%	100.00%	FC
FIRCOSOFT	98.15%	98.15%	100.00%	FC
FIRCOSOFT INC	100.00%	98.15%	100.00%	FC
SWORD INC	100.00%	100.00%	100.00%	FC
TEXT SOLUTIONS	100.00%	97.37%	100.00%	FC
SWORD SWITZERLAND	100.00%	100.00%	100.00%	FC
SWORD SA	100.00%	100.00%	100.00%	FC

a/ activities and turnover

Overall change

In 2002, SWORD GROUP posted a 31.56% increase in consolidated turnover compared to 2001 (2002 consolidated turnover with the perimeter as it stood on 31/12/2002 compared with pro forma turnover for 2001 with the perimeter as it stood on 31/12/2001).

In 2002, the group share of net profit for the consolidated companies as a whole was 10.95% of turnover.

The group has:

- Continued its internationalisation
- Continued to specialise in Electronic Content Management
- Pursued both its internal and external expansion policies

A. Internationalisation

The international nature of the British team was further amplified and we are currently working with some thirty countries.

In addition, we have successfully penetrated the market in Benelux through the acquisition of CRONOS LUXEMBOURG SA.

Lastly, the postponed project for the creation of our Swiss subsidiary has been a resounding success, thanks to an order book for the subsidiary that currently contains the equivalent of 9 months of the budget for 2003.

Distribution of turnover by geographical zone is as follows (pro forma consolidated turnover with the perimeter as it stood on 31/12/2002):

France	26%	
UK	26%	
Benelux		30%
Others	18%	

It must be noted that part of the turnover posted for a particular country is often generated in several countries for a multinational customer.

B. Specialisation

The range of services has been structured around the following, using an industrial approach (software components):

E-Content Management: 68% of turnover (pro forma consolidated turnover with the perimeter as it stood on 31/12/2002), with the main segments being:

- Document Management (31%)
- GIS (7%)
- Data Management (30%)
- Change Management (21% of turnover)
- Consulting (7%), divided into three main segments:
 - card payment systems
 - logistics
 - CRM
- Straight Through Processing (4%)

C. Expansion

In terms of pro forma turnover, expansion is as follows:

2000 turnover	16,837 K€	(pro forma 12/00 with 12/2001 perimeter)
2001 turnover	25,418 K€	(pro forma 12/01 with 12/2001 perimeter)
2002 turnover	47,815 K€	(pro forma 12/02 with 12/2002 perimeter)

On a like-for-like basis, the budget for 2003 is 56,000 K€. Operating profit (EBIT) for the managed (consolidated) perimeter remains constant and is close to 16%.

Internal growth over the financial year stands at 16.3%.

Our customer base is divided into 5 areas:

Banking/Insurance	19%
Industry and Pharmaceuticals	13%
International Organisations	36%
Energy/Environmental	22%
Telecoms	10%

Lastly, the various contributions to 2002 pro forma turnover are as follows:

a) turnover of the perimeter on	31/12/2001	K€29,551
b) turnover of TEXT SOLUTIONS in its 9 months of consolidation		K€2,602
(acquired on 01/04/2002)		
c) turnover CRONOS LUXEMBOURG SA in its month of consolidation		K€1,288
(acquired on 01/12/2002)		
<i>Consolidated sub-total</i>		<i>K€33,441</i>
d) turnover of TEXT SOLUTIONS over the 3 non-consolidated months	K€1,148 (Q1 2002)	
e) turnover of CRONOS LUXEMBOURG SA over the 11 non-consolidated months		K€13,226
<i>Pro forma total</i>		<i>K€47,815</i>

b/ Operating profit

2002 operating profit from all the consolidated companies stands at 5,486 K€, or 16.4% of turnover.

The operating margin continues to be the Group's main strength and demonstrates its ability to acquire less profitable companies and bring them into line with SWORD's standards within a year of their acquisition.

c/ Financial result and income from ordinary operations

The financial result stands at – K€793, or 2.4% of turnover.

This can be broken down mainly into net interest payable on loans of 408 K€, exchange rate losses of 163K€, reserve allocations for the depreciation of marketable securities (own shares) of 99 K€, costs of K€290 linked to the repurchasing of SWORD SA shares with the scope of the stock options agreement, and revenues from the sale of marketable securities of K€167.

Income from ordinary operations therefore stands at K€4,693, or 14.03% of turnover.

d/ Extraordinary profit

Extraordinary profit is constituted mainly of non-recurring revenue from previous financial years of K€118.

e/ Income tax and net profit

Corporation tax at consolidated level amounts to K€1,018, with an effective tax rate of 21.23% (see analysis of income tax expenses (note 3.6 in the annexe to the consolidated financial statements)).

After corporation tax, net profit for the consolidated companies stands at K€3,778, or 11.3% of turnover, the group share of net profit stands at K€3,662, or 10.95% of turnover, and net profit allocated to minority shareholders is K€116.

f/ Debt, cash flow and investments

Net debt, in other words total gross debt from which cash reserves on 31st December 2002 are deducted, stands at K€2,392.

Cash flow (see cash flow table) stands at K€3,791.

Gross investments for the financial year, both intangible (excluding goodwill and market shares) and tangible, stand at K€712.

g/ External growth

This concerns the companies TEXT SOLUTIONS and CRONOS LUXEMBOURG SA.

- a) TEXT SOLUTIONS was acquired on 01/04/2002 and its contribution to the consolidated operating financial statement is as follows:

Turnover	K€2,602
Operating profit	K€393

- b) CRONOS LUXEMBOURG SA was acquired on 01/12/2002 and its contribution to the consolidated operating financial statement is as follows:

Turnover	K€1,288
Operating profit	K€202

h/ Changes in the group's main subsidiaries (SWORD SA, SWORD CREATION INFORMATIQUE SA, SWORD Switzerland, DDS EUROPE LIMITED , SWORD INC, CRONOS LUXEMBOURG SA)

SWORD SA's turnover stands at K€15,573, a 23% increase on the figure for the previous financial year. Its net profit of K€743 was 2.09 times higher than the previous year's total.

The company SWORD CREATION INFORMATIQUE SA multiplied its turnover by 2.9 in the last financial year. Its turnover for the financial year ending on 31st December 2002 stands at K€187. Net profit is K€30, 50% higher than for the previous financial year.

SWORD SWITZERLAND's turnover stands at K€443 and is 28.5 times greater than in the financial year ending 31st December 2001. The net result stands at K€-62, down K€123 from the previous year's figure.

The turnover of DDS EUROPE LIMITED stands at K€7,901, up 19% from the financial year ending 31st December 2001. Net profit stands at K€1,456, a drop of 5%.

SWORD INC's 2002 turnover stands at K€1,347, a drop of 34.6% compared to the previous year. Its net result stands at K€-347, a drop of K€433.

The turnover of CRONOS LUXEMBOURG SA, acquired on 1st December 2002, is up 81.4% from the previous year's figure. Its turnover after the acquisition stands at K€1,388. Net profit is 1.16 times greater than for the previous financial year and stands at K€397 over the month of December 2002.

i/ Important events occurring after year-end

On 14th January 2003, SWORD GROUP increased its stake in the company CRONOS LUXEMBOURG SA from 90% to 93%.

j/ Outlook

The group aims to continue its internal and external expansion:

- geographically, the following choices are available:
 - a) FRANCE will have to limit its expansion because of the crisis currently hitting IT service companies and in order to maintain its profitability.
 - b) Benelux, which benefits from the stability of European Community markets, is currently experiencing rapid expansion due to the enlargement of the EU. It should lead the group's internal expansion policy, in particular by enabling penetration into the Document Management market.
 - c) the United Kingdom should intensify its international strategy and will manage the development of our American subsidiary and its activities in Texas.
 - d) the Swiss subsidiary, whose creation we delayed, is set to have a highly successful year and therefore to experience significant growth thanks to an exceptional order book.
 - e) an acquisition may be carried out in another country.
- strategically:
 - a) We will intensify the industrial approach we have always employed, most notably with our components, by envisaging an offshore activity that will allow us to reduce development costs.
 - b) Our aim is to carry out new acquisitions in order to purchase €10 to €15 million in turnover and to attain pro forma turnover of €69 million in 2003.

k/ Estimated value of market shares in the consolidated financial statements

No provision was set up after it was checked that the evaluation criteria for market shares had been met. An independent evaluation led by the firm MAZARS GUERARD confirmed the balance sheet value of these intangible assets.

l/ Research and development

R&D expenses are entered directly into the costs for the financial year in which they were borne.

Internal expenses devoted to the R&D effort represent around 4% of the group's turnover and are entered in the "wages and social contributions" item.

m/ Approval of the consolidated financial statements

In accordance with the provisions of Law 2001.420 of 15th May 2001, we request that you approve the consolidated financial statements for the financial year ending 31st December 2002 (balance sheet, income statement and annexes) such as they are presented, which show profits for the consolidated companies of K€3,778 (of which the group share of profit is K€3,662).

4 ACTIVITIES OF SWORD GROUP – PRESENTATION OF CORPORATE FINANCIAL STATEMENTS.

a/ company activities over the financial year 2002, balance sheet and income statement

Over 2002, SWORD GROUP carried out its operational, strategic and financial supervision role for the Group.

The four members of the team are the Chairman and CEO, the Managing Director, the Administrative and Financial Director and an assistant.

The balance of its operating accounts is maintained by rebilling its services to its subsidiaries.

b/ important events occurring after year-end

The principles of a restructuring programme at the heart of the group have been set and a study into its implementation has been ordered.

Its goal is the subsidiarisation of SWORD SA's operational activities, followed by a takeover of SWORD SA by SWORD GROUP. Most importantly, restructuring will allow us to simplify the group's organisational chart and to render it more legible. Indeed, in view of the creation of the international holding company SWORD GROUP, the positioning of the services company SWORD SA as a sub-holding company for the group no longer seems justified.

c/ Outlook for 2003

2003 will be a fairly lean year. It will be tough in France and worldwide. In this climate, we nevertheless remain optimistic about having a successful year in 2003, because we have structured the group in order to face up to such events.

a) regarding strategy, the group is now fully specialised, international and industrial

b) regarding management, our principles of thoroughness, exemplarity and involvement are adhered to by all our employees

c) regarding localisation, we mainly have operations in flexible countries, where social expenses are the lowest

d) regarding clientele, customers are continuing to invest in the areas that we cover; the state of the order book on 31st December 2002 testifies to this

e) regarding development: we are envisaging an offshore development policy and would like to make acquisitions in countries with strong economic growth.

d/ industrial and environmental risks

In application of rules N° 98-01 and N° 95-01, we would like to point out to you that, because of its area of activity, the company is not exposed to environmental issues and that its workforce consists purely of the members of the Board of Directors and an assistant.

The list of compulsory information regarding social matters provided in the decree of 20th February 2002 is therefore irrelevant.

e/ Information on market risks

e – 1 Commercial risk due to fixed price services

Fixed price services dampen the commercial risk of finding ourselves in an intercontract situation from one day to the next.

On the other hand, they increase project completion risks and raise the question of occupying the team between projects.

This illustrates the importance of having an order book. Particular attention has been paid to increasing its size.

On 31st December 2001, it amounted to 8 months worth of turnover.

Each project is monitored on a monthly basis. To date, the difference between days gained and days lost compared with initial estimates for the cost of projects is close to 0, thanks to the systematic application of the Isopro method.

Nevertheless, in the event that a project develops the potential to deviate from the plan, 100% of this deviation will be funded regardless of any corrective action that may be necessary in the future. This is a cautious method that generally leads to part of the provisions being recovered at the end of the project.

Lastly, billing for components is a major element of safety in SWORD Group's quoting policy, given that the resulting turnover does not generate direct costs and may alleviate the consequences of overspending on projects.

e – 2 Technological risk

As far as hardware and local networks are concerned, a 2-person team is dedicated to maintaining our infrastructures and, in particular, the daily safeguarding of data, which is placed in fireproof cabinets.

In addition, a civil liability insurance policy allows us to cover all risks relating to damage caused by our employees at customer sites.

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

e – 3 Competition risk

The competition risk is very low thanks to:

- SWORD Group's technological advantage,
- its functional knowledge of its customers' areas of work,
- the dispersion of its competitors, all of whom display marked differences,
- the nature of its customers (example: the UN), which makes a considerable investment necessary from the outset.

This wide spectrum of competition is actually a very positive point, especially when the customer requires a wide range of skills for its integration projects, for instance.

e – 4 Currency risk

In countries where costs are paid for locally (local personnel), no currency cover is taken.

In countries where we have costs resulting from transactions in different currencies (e.g.: USA with a few European employees), we take out annual currency cover based on the budgeted turnover for the year.

In countries with extremely volatile currencies (e.g.: the Rand in South Africa), we have a systematic policy on insurance, given that very few costs are charged in the local currency.

The currency risk is controlled by the holding company. Budgets are set out with great prudence, and the theoretical exchange rate is always between 4 and 8% lower than the real exchange rate for the period, depending on the currency.

f/ activities and results of the subsidiaries and companies we control

Below, in accordance with the provisions of article L 233-6 paragraphs 1 and 2 of the Commercial Code, we will report to you on the following:

- any significant stakes acquired or takeovers occurring within companies whose headquarters are in FRANCE (f - 1).
- the activities and results of our company's subsidiaries (f - 2) and of the companies it controls (f - 3)

f - 1 / significant stakes acquired or takeovers occurring over the course of the financial year

In December 2002, SWORD GROUP acquired 90% of the capital of CRONOS LUXEMBOURG SA, a company based in Luxembourg that specialises in data management and which works mainly with the organisations of the European communities.

f – 2 / Activities and results of the subsidiaries in the sense of article L 233-1 of the Commercial Code

COMPANY	STAKE HELD AS A PERCENTAGE	TURNOVER	RESULTS	ACTIVITY
SWORD SA	100%	K€15,573	K€743	Document Management + GIS
DDS EUROPE LIMITED	97.37%	K€7,901	K€1,456	Change Management
SWORD INC	100%	K€1,347	K€- 347	Change Management
SWORD CREATION INFORMATIQUE SA	100%	K€187	K€30	Document Management
SWORD SWITZERLAND	100%	K€443	K€- 62	Document Management + GIS
CRONOS LUXEMBOURG SA (12 months)	90%	K€14,614	K€703	Data Management

f – 3 / Activities and results of the companies we control in the sense of article L 233-3 of the Commercial Code

COMPANY	STAKE HELD AS A PERCENTAGE	TURNOVER	RESULTS	ACTIVITY
SWORD CONSULTING	100%	K€3,738	K€703	Consulting
FIRCOSOFT	98.15%	K€1,326	K€351	Straight Through Processing
SWORD DDS SAS	99.88%	K€563	K€- 99	Change Management

g/ Employee equity interest

In application of the provisions of article L 225-102 paragraph 1 of the Commercial Code we must report to you on the state of employee stakes in the company's capital stock at year-end.

At the close of the financial year, employees held 8.51% of the company's capital, with the shares held being managed collectively:

- Within the scope of a company savings plan (CSP): none
- Within the scope of a voluntary employee savings partnership plan (PPESV): none
- Within the scope of a company mutual fund (FCPE): none
- Within the scope of stakes in the company's results (agreement set up within the subsidiary SWORD SA) €15,882

h/ Distribution of SWORD GROUP capital at the close of the financial year (%)

Forename-Surname	% of capital	% of voting rights
Jacques MOTTARD	31.87	31.87
21 CENTRALE PARTNERS and VCF 21 DEVELOPPEMENT	32.74	32.74
Françoise FILLOT	1.73	1.73
Christian TAPIA	1.73	1.73
SWORD GROUP (repurchasing agreement)	1.00	1.00
Employees	8.51	8.51
Free float	22.42	22.42
TOTAL	100.00	100.00

i/ variations in the share price

2002	2003
Highest price 49.50 euros (on 15.03.2002)	Highest price 26.80 euros (on 2.01.2003)
Lowest price 22.00 euros (on 15.10.2002)	Lowest price 20.00 euros (on 27.01.2003)
Number of shares exchanged via the stock market 1,097	Number of shares exchanged via the stock market 299

j/ information on the acquisition and sale by the company of its own shares

Liquidity agreement: number of shares on 31/12/2002 6,153 shares
 Repurchasing agreement: number of shares on 31/12/2002 12,363 shares

k/ profit allocation proposal and various terms of allocation

k – 1 – Profit allocation

We request that you approve the corporate financial statements for the financial year ending 31st December 2002 (balance sheet, income statement and annexes) such as they are presented to you, which show profits of 1,413,287.26 euros.

We also request that you approve the distributable sums that have been evaluated as well as their allocation.

Evaluation of distributable sums

Profit for the financial year	€1,413,287.26
Proposed allocation	
To Retained Losses	€62,209.34
5% to the legal reserve	€67,553.90
Dividends of €0.75 per share	€924,182.25
Retained earnings	€359,341.77
TOTAL	€1,413,287.26

The net dividend per share stands at €0.75, with corresponding tax credit of €0.375 for those shareholders who are entitled to it, amounting to overall revenue for the latter of €1.125, subject to the special conditions provided by the General Tax Code regarding the amount and the beneficiary of the tax credit.

In order to comply with the provisions of article 243 A of the General Tax Code, we remind you that the value of the dividend placed in circulation during the first financial year and the corresponding tax credit were as follows:

Financial year ending	Net dividend	Tax credit
31.12.2001	0	0

k – 2 – Non-tax-deductible expenses

We would like to point out that, in accordance with the provisions of article 223 of the General Tax Code, the financial statements for the financial year take into account a fraction of 13,338 euros, which is not entered as a cost by the tax authorities by virtue of article 39-4 of the General Tax Code.

k - 3 – Table of results for the five previous financial years.

In accordance with the provisions of article 148 of the decree of 23rd March 1967, a table showing the Company's results for the financial years ending 31st December 2001 and 31st of December 2002 is annexed to this report.

k – 4 Conventions defined in articles L 225-38 and onwards of the Commercial Code

We request that, in accordance with article L 225-40 of the Commercial Code, you approve the conventions defined in article L 225-38 of said code, which have been concluded or pursued over the course of the last financial year, once you have received lawful authorisation from your Board of Directors.

Your auditors have been duly informed of these conventions, which were described by them in their special report.

I/ Mandates of the members of the Board of Directors

The table below contains the list of mandates and positions held by each executive officer in each of the group's companies.

POSITION	DURATION OF MANDATE	COMPANY	EXPIRY DATE (Shareholder meeting ruling on the financial statements for the last financial year)
JACQUES MOTTARD			
Chairman and CEO	3 years	SWORD GROUP	31/12/2003
Chairman and CEO	3 years	SWORD SA	31/12/2002
Chairman	Unlimited	SWORD CONSULTING SAS	Unlimited duration
Chairman	Unlimited	SWORD DDS SAS	Unlimited duration
Chairman	Unlimited	FIRCOSOFT SAS	Unlimited duration
Manager	Unlimited	LE DAVID (EURL)	Unlimited duration
Chairman	Unlimited	DDS EUROPE LIMITED	Unlimited duration
Chairman	Unlimited	SWORD INC	Unlimited duration
Chairman		SWORD CREATION INFORMATIQUE SA	
Chairman	1 year	SWORD SWITZERLAND	31/12/2003
Chairman	6 years	CRONOS LUXEMBOURG SA	10/12/2008
Chairman	Unlimited	FIRCOSOFT INC	Unlimited duration
Chairman	Unlimited	ACRAMAN LTD	Unlimited duration
Chairman	Unlimited	SWORD ECM LTD	Unlimited duration
NICOLAS MOTTARD			
Director		SWORD GROUP	31/12/2003
21 CENTRALE PARTNERS			
Director	3 years	SWORD GROUP	31/12/2003
<i>Mandates exercised outside the group</i>			
	3 years	LE GOUT DE LA VIE	31/12/2003
	6 years	ASTEEL	31/12/2007
	1 year	EMINENCE (Supervisory Board)	31/12/2003
	6 years	CARRERE GROUP (Supervisory Board)	31/12/2007
	1 year	FINATHEM	31/12/2003
	6 years	LE PUBLIC SYSTEME	31/12/2005
	6 years	EGIDE	31/12/2005
	4 years	HARMONY	31/12/2005
	6 years	SAFIG	31/12/2006
	6 years	EURALTECH	31/12/2007
	3 years	COTHERM	31/12/2005
	6 years	FAP (Supervisory Board)	31/12/2004
	6 years	AFE	31/12/2004
	6 years	FONTAINE PAJOT	31/08/2006

m/ Remuneration of executive officers

Total remuneration for the members of the Board of Directors stood at 36,587 euros, in addition to the 13,338 euros paid in kind.

This table shows the total remuneration and all other benefits paid to each executive officer during the financial year.

EXECUTIVE OFFICER	REMUNERATION AND BENEFITS
Jacques MOTTARD	From the company: €49,925 From controlled companies, article L 233-16 of the Commercial Code: 0
21 CENTRALE PARTNERS	From the company: 0 From controlled companies, art. L 233-16 of the Commercial Code: 0
Permanent representative François BARBIER	From the company: 0 From controlled companies, art. L 233-16 of the Commercial Code: 0
Nicolas MOTTARD	From the company: 0 From controlled companies, art. L 233-16 of the Commercial Code: 0

n/ Renewal of directors' mandates

It must be noted that none of the director's mandates have yet expired.

o/ Renewal of the mandates of regular and alternate Auditors

It must be noted that none of the mandates of the regular and alternate Auditors have yet expired.

p/ Appearance fees

We propose that you set the appearance fees for members of the Board of Directors to a sum of 31,000 euros for the financial year opening on 1st January 2003 and for each subsequent year, until otherwise decided.

Once you have read the reports presented by your Auditor, your board invites you to adopt the resolutions it is submitting for your approval.

The Board of Directors

Jacques MOTTARD
Chairman and CEO of the company SWORD GROUP

**SWORD GROUP - RESULTS (AND OTHER CHARACTERISTIC ELEMENTS) OF THE COMPANY
OVER THE LAST FIVE FINANCIAL YEARS**

NATURE OF THE DATA	Financial year 31.12.01 (1st year)	Financial year 31.12.02			
I . Capital at financial year-end					
Capital stock	3,620,310	6,161,215			
Number of ordinary shares in existence	724,062	1,232,243			
Number of (non-voting) preference shares in existence.					
Maximum number of shares to be issued in the future					
Through bond conversion					
By exercising subscription rights					
II. Operations and results for the financial year					
Turnover excluding tax	228,675	903,642			
Profit before tax, employee stakes, depreciation and provisions	-62,209	1,307,908			
Income tax.	0	-457,280			
Employee equity interest for the financial year					
Profit after tax, employee equity interest, depreciation and provisions	-62,209	1,413,287			
Distributed profit.	/	924,182.25			
III. Profit per share					
Profit after tax and employee equity interest, but before depreciation and provisions	-0.08	1.43			
Profit after tax, employee equity interest, depreciation and provisions	-0.08	1.15			
Dividend distributed for each share	/	0.75			
IV. Personnel					
Average number of staff employed over the financial year	4	4			
Total wage bill for the financial year	146,188	230,340			
Total amount paid in social benefits over the financial year (social security, social welfare)	47,089	94,565			

4.5 Report by the Board of Directors on stocks options

SWORD GROUP – Capital of 6,161,215 Euros, Head office: 9, Avenue Charles de Gaulle - 69370 SAINT DIDIER AU MONT D'OR 438 305 054 RCS LYON

Ladies and Gentlemen,

In accordance with the provisions of article L. 225-184 of the Commercial Code, adopted by the French law of 15th May 2001 relating to New Economic Regulations, we would like to bring to your knowledge the following information relating to the stock options that have been granted and to the shares subscribed as a result of stock options being exercised, over the course of the financial year ending 31st December 2002, by the executive officers and the ten non-executive employees of the company who have been granted the highest number of options or who have subscribed the highest number of shares when the options were exercised.

With regards to this point, we would like to remind you that no stock options plan has been initiated at SWORD GROUP since it was founded and that only a repurchasing agreement for SWORD SA shares has been set up, which may be executed with the scope of a stock options plan set up at SWORD SA during the financial year 2001.

Indeed, in order to preserve the rights of allottees, it has been decided that, when the time comes, they will be able to sell their SWORD SA shares.

SWORD GROUP has therefore agreed to acquire new SWORD SA shares resulting from the exercising of stock options, from any allottees who make such a request, within three months of the end of the period of unavailability for shares defined in the Plan Rules, at the unit price of a SWORD GROUP share, which is calculated as its average quoted price over the twenty days of stock market trading preceding the acquisition.

INFORMATION ON STOCK OPTIONS

STOCK OPTIONS GRANTED TO EACH EXECUTIVE OFFICER AND OPTIONS EXERCISED BY THESE PARTIES	Number of options allocated/ of shares subscribed or purchased	Price	Expiry dates	Plan No.
Options granted during the financial year to each executive officer by the issuer and by the group's companies (list of names)	0			
Options exercised over the course of the financial year by each executive officer (list of names)	0			

STOCK OPTIONS GRANTED TO EACH OF THE TEN NON-EXECUTIVE EMPLOYEES WITH THE HIGHEST NUMBER OF STOCK OPTIONS AND OPTIONS EXERCISED BY THESE PARTIES	Number of options allocated/ of shares subscribed or purchased	Average weighted price	Plan No.1	Plan No.2
Options granted during the financial year by the issuer and by any consolidated company that is able to allocate options, to the ten employees of the issuer and of any of these consolidated companies to whom the highest number of options have been granted (overall information)	5,000	€5	750	4,250
Options from the issuer and the companies referred to above, exercised during the financial year by the ten employees of the issuer or of these companies who have purchased or subscribed the highest number of shares as a result (overall information)	None			

No new plan has been provided for the executive officers or the employees of SWORD SA during the financial year 2002.

Given the exercising period for stock options already provided in plan No.1 and plan No.2, no shares were subscribed over the course of the financial year 2002.

It must be noted that a restructuring programme is currently under study. If this is implemented, it should lead to SWORD SA stock options being converted into SWORD GROUP stock options in 2003.

THE BOARD OF DIRECTORS

Jacques MOTTARD
Chairman and CEO of
SWORD GROUP