REGISTRATION DOCUMENT **2011**

ANNUAL FINANCIAL REPORT

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Contents

The information required in the Annual Financial Report is identified in the contents table by the AFR pictogram AFR

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ANNUAL FINANCIAL REPORT

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

The original French-language version of this Registration Document was registered with the *Autorité des Marchés Financiers* (AMF) on 27 April 2012 pursuant to Article 212-13 of its General Regulations. The French-language original may be used as a basis for a financial transaction if it is supplemented by a prospectus authorised by the AMF. This document was prepared by the issuer whose authorised signatories alone assume responsibility for its content.

In accordance with its General Regulations (in particular Article 212-13), the Autorité des Marchés Financiers (AMF) recorded this Registration Document on 27 April 2012 under no. R12-017. This document may only be used as a basis for a financial transaction if it is supplemented by a prospectus authorised by the AMF. It was prepared by the issuer whose authorised signatories alone assume responsibility for its content. The document was filed, in accordance with Article L. 621-8-1-I of the French Monetary and Financial Code, after the AMF had verified that it contains the required information, which must be comprehensible and consistent. This does not mean that the AMF has certified the financial and accounting information presented in the document. Copies of this Registration Document are available free of charge from Axway Software SA, Investor Relations Department, 26 rue des Pavillons, 92800 Puteaux, France, or from the websites www.axway.com or www.amf-france.org.

This document is a free translation into English of the original French “Document de référence”, referred to as the “Registration Document”. It is not a binding document. In the event of a conflict in interpretation, reference should be made to the French version, which is the authentic text.

GENERAL REMARKS

This Registration Document also includes:

- the annual financial report, which must be drafted and published by all listed companies within four months from the end of each financial year, pursuant to Article L. 451-1-2 of the French Monetary and Financial Code and Article 222-3 of the General Regulations of the AMF;
- the management report for the financial year drafted by the Board of Directors of the Company, which must be presented to the General Meeting of Shareholders held to approve the financial statements for each financial year, pursuant to Articles L. 225-100 *et seq.* of the French Commercial Code.

A table is provided below that can be used to cross-reference the items of information contained in these two reports.

INFORMATION INCLUDED IN THE REGISTRATION DOCUMENT

Pursuant to Article 28 of Commission Regulation (EC) no. 809/2004 of 29 April 2004, the following information is included with respect to this Registration Document: the combined financial statements of Axway for 2010 and 2009 and the Statutory Auditors' Report that formed part of the prospectus filed on 29 April 2011 under no. 11-0137 (on pages 85 and 134-135 respectively).

DEFINITIONS

Unless indicated otherwise, in this Registration Document:

- "the Company" and "Axway Software" refer to Axway Software SA;
- "the Group", "Axway" and "the Axway Group" refer to Axway Software SA and its subsidiaries.

MARKET INFORMATION

This Registration Document also contains information relating to markets and the market shares of the Company and its competitors, as well as its competitive position, mainly in sections 1 and 3 of Chapter 1. Most of this information comes from research conducted by third parties. Moreover, information in the public domain, which the Company believes to be reliable, has not been verified by an independent expert, and the Company cannot guarantee that a third party using different methods for the collection and analysis of such data or for calculations made using such data, would obtain the same results. The Company and its direct or indirect shareholders cannot undertake any obligations nor provide any guarantees as to the accuracy of this information.

FORWARD-LOOKING INFORMATION

This Registration Document contains forward-looking statements and information on the Axway Group's objectives, notably in sections 1 and 3 of Chapter 1, and section 3 of Chapter 3, which are sometimes identified by the use of verbs in the future or conditional tenses, such as "should" or "could" or by verbs such as "estimate", "consider", "target", "project", "expect" or "aim". These statements and information are based on data, assumptions and estimates deemed to be reasonable by the Company. The forward-looking statements and objectives contained in this Registration Document may be affected by known or unknown risks, uncertainties relating to the regulatory, economic, financial and competitive environments, and other factors that may lead to the Company's future results, performances and transactions varying significantly from its objectives or indications. In particular, these factors may include the factors described in section 5 of Chapter 3 of this Registration Document.

The forward-looking statements set out in this Registration Document are valid only as of the date of publication. The Group operates in a competitive, constantly-changing business environment. It cannot therefore anticipate all of the risks, uncertainties or other factors likely to affect its business activities, nor is it always able to measure the potential impact on its business or assess to what extent the occurrence of a particular risk or combination of risks might cause actual results to differ significantly from those set out in any forward-looking statement, given that forward-looking statements do not constitute guarantees of future performance.

RISK FACTORS

Investors are invited to make careful consideration of the risk factors described in section 5 of Chapter 3 of this Registration Document before making any investment decisions. The occurrence of one or more of these risks may have a negative impact on the business activities, financial position or results of the Company or its objectives. Moreover, other risks, which have not yet been identified or are not deemed significant by the Company may also have a negative impact, and investors could lose all or part of their investment.

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French société anonyme
with share capital of €40,301,282
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THE AXWAY GROUP AND ITS BUSINESS ACTIVITIES

1 GENERAL SITUATION IN THE SOFTWARE PUBLISHING INDUSTRY

1.1 Software publishing industry

According to a French 2011 study[(1)] by Syntec Numérique, "global sales earned by the top 297 French software publishers totaled €7.7 billion in 2010, posting 10% growth from 2008 to 2010, returning to double digit growth after a tough FY2009." - note that these amounts include "games and personal" software programs. In comparison, revenues of B2B French software publishers included in the October 2011 edition of the Truffle 100[(2)] totaled €3.4 billion. The Truffle study also mentioned the following about the components of publishers' revenues: "While Cloud Computing is a clear growth axis, the revenue model has yet to be completely overturned. Licenses still account for 32% of sales, a slight decrease compared to 2008 (34%), in favor of SaaS, which grew from 7% to 10% during the same period. Other components like maintenance and services remain stable." The study also ranked publishers, where Axway is ranked second in the "horizontal" publishers' category behind Cegid.

In a press release issued February 6, 2012 from IDC France[(3)], analyzing the IT and telecommunications market segment for 2011-2012 and concluded that: "the business market should total €42.8 billion, a 0.7% increase, in other words more than 2011 (+0.4%) when overall growth was affected by a 4.3% decrease in hardware, offset by a 2.4% increase in services and a 3.8% increase in software. (…). Software programs will only grow 1.6%, but within the industry, a distinction must be made between certain dynamic fields that are still resisting the impact of the economic crisis (including CRM, BI, security, storage and collaboration) and other industry heavyweights such as accounting, OS, CAPM and some business applications that are transitioning to SaaS or losing ground."

According to EITO[(4)], in 2012, revenues from system software and applications are expected to increase by 4.6 per cent to in excess of 70 billion euros.

According to Forrester Research, Inc.[(5)] "Global Tech Market Outlook For 2012 And 2013, January 6, 2012", the global business and government software purchases will total $434 billion in 2012, posting 5.3% growth compared to 2011, in a global business and government IT goods and services purchases totaling $1.742 trillion. Forrester also estimated the global middleware market at $136 billion (without exchange rate adjustments and excluding operating systems (OS) estimated at $56 billion).

The Gartner Report[(6)] "Forecast Analysis: Enterprise Infrastructure Software, Worldwide, 2010-2015, 4Q11 Update, 8 February 2012," estimated the enterprise infrastructure software forecast at $140.8 billion in 2010, including $30.4 billion for operating systems. In the same research document, Gartner estimated the "Application Infrastructure and Middleware" forecast at $17.7 billion in 2010; where most of Axway's portfolio falls in this segment. According to Gartner, this segment should reach $26.2 billion in 2015.

(1) 2011 Syntec Numérique research study on "Top 250 French software vendors".

(2) Truffle 100 (www.truffle 100.fr) : « The Truffle 100 was created by Private Equity Truffle Capital and research firm CXP, in partnership with Syntec Informatique, with the aim of improving understanding of the French software development industry, and analysing its dynamism, value and job creation potential and its capacity for innovation ».

(3) Press Release from IDC 'IDC n'envisage pas de récession sur le marché de l'informatique et des télécoms en 2012' dated February 6, 2012.

(4) Press Release from EITO "Software demand drives the European IT market" dated December, 12 2011.

(5) Global Tech Market Outlook For 2012 And 2013, Forrester Research, Inc., January 6, 2012.

(6) Gartner, Forecast Analysis: Enterprise Infrastructure Software, Worldwide, 2010-2015, 4Q11 Update, Colleen Graham, Laurie F. Wurster, Ruggero Contu, Fabrizio Biscotti, Matthew Cheung, Asheesh Raina, Jie Zhang, February 8, 2012. The Gartner Report described herein, (the «Gartner Report») represents data, research opinion or viewpoints published, as part of a syndicated subscription service, by Gartner, Inc. («Gartner»), and are not representations of fact. Each Gartner Report speaks as of its original publication date (and not as of the date of this Prospectus) and the opinions expressed in the Gartner Report are subject to change without notice.

Furthermore, our analyses indicate that the share of software investment within GFCF NRI (gross fixed capital formation – non residential investment) is relatively stable (around 12% for France, 19% for the United States). Barring unexpected economic events, we can easily correlate the change in software investments in the various regions where Axway is present to changes in this index. We are seeing the cyclical phenomenon of "catch-up investments" following several consecutive years of lower software investment growth.

All of these market research studies highlight the following analysis points:

- The software publishing industry's growth will slow in 2012, but pick up again in 2013. Europe will lose momentum in 2012, with recession possible in some places, while the Asia-Pacific region, the Americas and emerging markets will grow, with the highest rates of growth in the Asia-Pacific region.
- Growth is "pulled" by major market trends, namely: mobility, cloud computing, exponential increases in data volume (the big data phenomenon), social networks and the consumerization of IT.

1.2 Axway's growth in the software sector

Axway operates on the middleware market, as opposed to the application market, and, more precisely, in the exchange platform segment.

Since 2007, Axway has taken full advantage of the growth of its market in 2008 and 2010, performing better than the market with growth rates over 10% and doing well in 2009 and 2011 when the market experienced negative and weak growth respectively. Axway's growth outperformed the US market; it also leveraged growth in the Asia-Pacific region, even though the Asia-Pacific region represents a small proportion of Axway's revenue base.

For 2012 and subsequent years, the previously discussed market trends will benefit Axway: whether we look at mobility, cloud computing or even big data, we see an increase in electronic data exchanges, a need to address new forms of interaction (such as integrating applications "on premise and in the cloud") and the need to transport increasingly large volumes of data, all in an increasingly restrictive legal and regulatory environment, especially in terms of security.

According to major analysts, software industry growth should be 5.0-6.5% in 2012, varying by region, and lower in Europe, probably between 2-3%. To overtake this growth, Axway can count on the existence of powerful market drivers all over the world and especially within its customers' businesses:

1. The ever-growing need for agility, in which IT enables business organizations to reconfigure easily and quickly adapt their processes;
2. All manner of conformities, whether legal, regulatory or corporate: this is especially true in sectors where Axway has a strong presence, such as the financial sector, with payment changes in Europe, or in the health care sector with federal government reforms in the United States.
3. Modernization of legacy systems: businesses often seek to leverage their past investments or to consolidate their infrastructure following mergers/acquisitions, or a decentralization/recentralization.

2 HISTORY OF AXWAY

Significant events in the development of the Group's business activities

Key dates	Events
January 2001	Sopra's software infrastructure business hived off to Axway
April 2002	Acquisition of Viewlocity (Sweden)
January 2006	Acquisition of Cyclone Commerce (USA)
February 2007	Acquisition of the B2B software business of Atos (Germany)
September 2008	Acquisition of Tumbleweed (USA)
June 2011	Flotation on the NYSE Euronext market in Paris

2001-2005: foundation years

In January 2001, the software infrastructure division of Sopra Group SA (notably with the "Rules of the Game" software and CFT and InterPel managed file transfer tools) was hived off to Axway. Sopra retained the application software used in the banking, real estate and HR sectors. The distinction between application software and infrastructure software continues to be made by the major technology research organisations.

This operation was driven by strategic requirements and industry trends, which are reflected in the priorities set for Axway over the last five years:

- becoming a leading software developer;
- becoming well-established in Europe (outside France) and securing a significant market share.

Operations in Europe

Axway doubled its client numbers between 2001 and 2005, from 3,100 to 6,000. The acquisition of **Viewlocity** in 2002 considerably broadened the international nature of Axway's client base, with the addition of a large number of clients based in Scandinavia and Germany, as well as in the USA and Asia.

Thanks to this acquisition, by the end of 2005 Axway had established a direct presence in the UK, Belgium, the Netherlands, Germany, Italy, Spain, Sweden and Norway.

2006-2009: Axway targets expansion in North America

The pattern of Axway's revenue by country in 2005 (61% in France and just 4% in the USA) differs markedly from that of the global market, with a regional breakdown showing that the Americas account for 55%, Europe for 35% and Asia Pacific for 10% (source: Company estimates). Axway's aim in the second period of its history was to correct this imbalance, by:

- sharply increasing Axway's business and presence in the USA;
- becoming market leader in business interaction networks through its Synchrony™ product (a business interaction software platform).

The acquisition of **Cyclone Commerce** in 2006 served as springboard for this expansion. Axway's Executive Management was transferred to the USA, and English became the Group's working language. In 2007, the acquisition of the **B2B software business of Atos Origin** in Germany provided the opportunity to establish a presence in this country. In 2008, the acquisition of **Tumbleweed** consolidated Axway's position on the North American market, giving it the "green card" it needed in order to be accepted by the major firms in the region.

Presence in North America

The acquisition of Cyclone Commerce and Tumbleweed enabled Axway to increase the proportion of its revenue in the USA from 4% in 2005 to 30% in 2009, comfortably reaching the target which had been set. Although US revenues increased to 34% in 2010, this still lags by some distance North America's percentage of the global infrastructure market, of around 55% (source: Company estimates).

As well as considerably boosting revenue, the acquisitions of Cyclone Commerce and Tumbleweed also led to an expansion of client numbers (+300 with Cyclone Commerce, +2,200 with Tumbleweed), US-based operations (Phoenix, San Francisco, Atlanta), staff numbers and related expertise, partnerships, and mid-market and other distribution models (*e.g.* appliance offerings). These acquisitions also gave Axway a firm footing in certain sectors in the USA (banking and the main supply chain users, such as manufacturing, retail and logistics) and with the federal government, particularly with institutions such as the country's defence ministry and tax authority.

Another imbalance to be addressed concerns Europe (excluding France), which is also under-represented in Axway's revenue at just over 26% (the acquisition of the B2B software business of Atos Origin in Germany was carried out with this in mind).

2010-2011: Autonomy vis-à-vis Sopra Group SA

Having previously operated with a large degree of autonomy for several years, Axway now has its own essential functions and resources so that it can grow independently of Sopra Group SA:

- in terms of operational governance, the coordination and control of Axway's business is now under the supervision of specialised committees (Executive Committee, Distribution Monitoring Committee, Development Monitoring Committee Functional Oversight Committee);
- Axway has its own Human Resources Department, which is responsible for the recruitment, training and professional advancement of the Group's 1,755 employees. A core competency reference guide suited to the operations of a software developer facilitates the career development of employees;
- the Finance and Administration Department was strengthened in 2010, and now covers all areas relating to this function (accounting, consolidation, internal audit);
- the responsibilities of the support departments have been further structured and tested in the Company's real world environment (Legal Department, Quality Assurance Department, Internal IT Resources and Systems Department;
- Axway has gained full autonomy in relation to its network infrastructure and internal applications. Service level agreements have been put in place with Sopra Group SA in relation to certain support functions for the duration of the transitional period and will be invoiced on the basis of actual costs;
- Axway has also taken out its own insurance policies, which are entirely separate from those of Sopra Group SA.

2011: a very eventful year

2011 marked an important phase in the projects to consolidate Axway's positioning as a software developer:

- the culmination of the plan to separate the activities of Axway Software from the traditional activities of the Sopra Group was approved at the General Meeting of 8 June 2011, with Sopra Group SA retaining 26.27% of Axway;
- Axway's shares were listed on NYSE Euronext Paris on 14 June 2011 (code: AXW.PA);
- prior to the spin-off of Axway Software and its flotation, the structure of the shareholders' equity of Axway was modified, including the payment of a dividend of €21.8 million to Sopra Group SA;
- a €61.9 million rights issue was completed in July 2011. This transaction enabled the Sopra Group current account to be reimbursed in full;
- Axway gained full financial autonomy vis-à-vis Sopra Group SA following the rights issue;
- a medium-term credit line of €100 million was obtained from a pool of six banks.

3 AXWAY'S STRATEGY AND BUSINESS ACTIVITIES

3.1 General information

Axway is mainly a developer of software for the implementation of business interaction networks. Thanks to revenue of €217.2 million in 2011, more than 1,755 employees, a leading position in France and a solid presence in the USA and Europe, with some 11,000 clients in over 100 countries, Axway considers that it is a major player on the market for business interaction networks.

The software market offers a wide variety of suppliers with an array of different profiles. According to the major research firms, the market is divided into two segments: Infrastructure software, the segment in which Axway operates, and applications software, which is the domain of Sopra Group.

Within the infrastructure software market, Axway specialises in business interaction networks. Axway is thus dedicated to companies' ever-growing need for software to facilitate and protect the multiple electronic interactions with their business ecosystem, as well as the existing connections between applications and systems within the firms themselves.

In a particularly dense competitive environment, Axway is currently one of a few market players to cover all areas of business interaction, irrespective of the electronic media used (emails, files, web services processes, events), or method of deployment adopted (software installed on IT systems or "on premise" services, or external software or "on demand" services).

Axway's offering in this market is built around its interaction management software platform, called Synchrony™, which includes all the necessary components for the implementation and operation of powerful enterprise data exchange networks of all types. With Synchrony™, companies and organisations gain access to a unified server covering all interaction modes, while Axway also provides specific solutions in the form of software products tailored to the requirements of each data exchange method. Apart from this portfolio of software solutions, Axway's offering includes professional services, running the gamut from assistance with implementation to managed services, whereby Axway personnel take charge of operations making use of Synchrony™ or any of its components on behalf of the client.

Axway's solutions are mainly targeted towards large companies and organisations, in all industry sectors, serving their entire ecosystem of business interactions. The Company therefore enjoys a significant presence in sectors relying to a great extent on business interaction networks: financial services, the pharmaceutical and healthcare sectors, supply chain (including discrete and process manufacturing, transport and logistics, and distribution) as well as the public sector. This positioning has prompted Axway to adopt a client-oriented approach by industry sector, offering specialised patterns of use for the Synchrony™ platform for each segment. This verticalisation of offerings taking as its main focus large companies and organisations, by their very nature already attuned to the issues raised by interactions in heterogeneous and complex environments, has also led Axway to develop a network of local branch offices on three continents. In order to accompany its major North American and European clients in their infrastructure deployment projects, Axway has established directly operated sites in Asia.

Axway operates mainly as a developer of software and as a provider of services to build and maintain business interaction networks for its clients. Software development generates revenue from licence sales and maintenance as well as revenue from services relating to these software products, which may be deployed on the client's site (known as on premise deployment) or rely instead on a cloud computing environment accessed over the Internet for application delivery on demand or following the Software-as-a-Service (SaaS) model. Maintenance activities, together with a portion of the services business (multi-year agreements), guarantee significant recurring revenue. In the area of services, fixed-price contracts may be concluded, but represent a small portion of Axway's revenue. In addition, the nature of Axway's offering, which involves both a unified platform and specialised components, encourages the use of cross-selling or up-selling techniques on the basis of existing installations, thereby reinforcing the performance of sales activities.

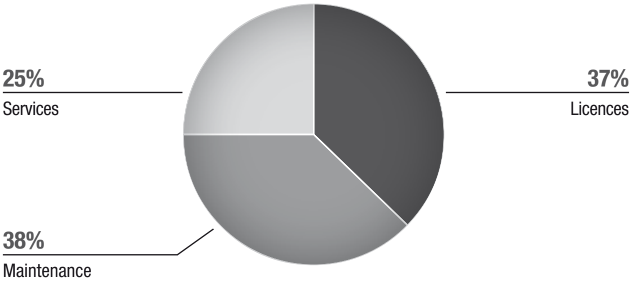
Furthermore, Axway has demonstrated its ability to successfully integrate acquisitions, through each of the four transactions of this kind completed since its creation. Clients of Viewlocity, Cyclone Commerce, Tumbleweed and of Atos Origin's German B2B software business have thus joined Axway's client base and have very quickly taken advantage of the complementary modules and add-on solutions made immediately available by the nature of Axway's offering. Axway's ability to fully take advantage of the installed client base of newly acquired companies, integrating their solutions and building loyalty among their staff members serves to guarantee the future success of any acquisitions that Axway might be likely to pursue.

Axway's key growth indicators in recent years are as follows:

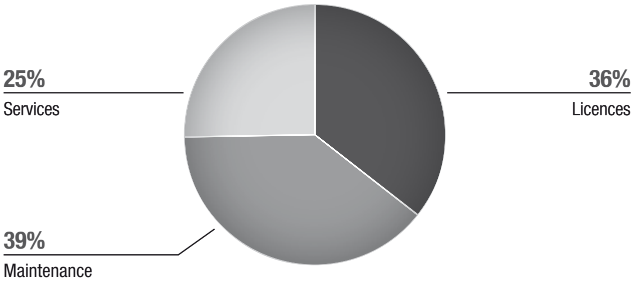
Similarly, the Group's business model, balanced between revenue generated by licences, maintenance and services, guarantees a clear competitive edge, strengthening its resilience in the current economic climate.

Breakdown by business activity

Revenue in 2010: €208.4 million

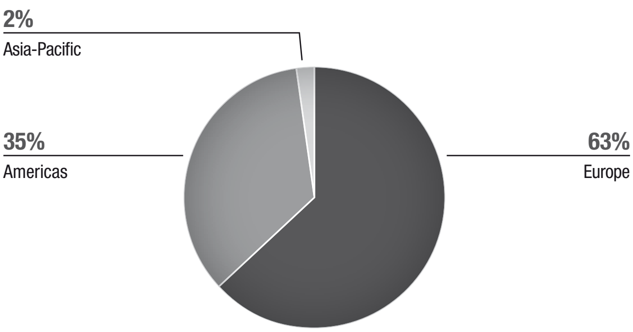


Revenue in 2011: €217.2 million

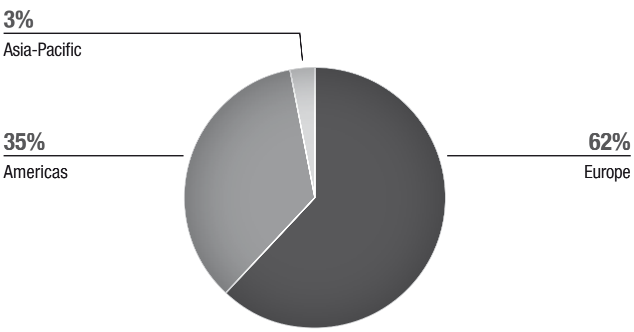


Breakdown by region

Revenue in 2010: €208.4 million



Revenue in 2011: €217.2 million



3.2 Group strategy

Today, Axway is proud to be recognised by technology analysts and major clients as a worldwide player in the business interaction network management software market. By virtue of its strategic market position, Axway is able to avoid direct competition with major software industry players not strategically oriented to serve this market. Now that it has reached critical mass, the Group intends to build on its successes with its existing client base of more than 11,000 companies and organisations to further its growth. To this end, Axway plans to:

- continue to apply its comprehensive approach to its clients, favouring a vertical solution strategy by industry sector;
- focus marketing efforts on major client accounts as the preferred target for its comprehensive offering, extending the client portfolio to include the partners of these major clients within their ecosystems;
- improve the product mix (which is mainly based on MFT and B2B), by developing the proportion of revenue accounted for by system integrations technologies and secure email gateways);
- propose hybrid offerings, combining installed on premise components with components in the cloud. This implies building further on efforts to date in the area of research and development to integrate innovation as an essential element in the market for new technologies;
- intensify the geographic re-balancing efforts already under way to fully leverage the trends at work in each region;
- pursue a targeted acquisition strategy to maintain organic growth momentum. In this context, the priority markets are the United States, the United Kingdom and the most dynamic European countries. However, Axway will make the most of any opportunities that arise involving technologies closely

related to those used in its own products or the possibility of acquiring a substantial client portfolio, even if these accounts are based outside these geographic areas;

- build on efforts to streamline internal processes by furthering the implementation of a developer/distributor model. This model is founded on the establishment of a worldwide development business unit charged with the industrialisation of production processes for the Synchrony™ platform and support services, together with a distribution business unit bringing together all sales, marketing and related service functions with the aim of providing solutions to clients by offering value-driven proposals subsequently tailored to local requirements when necessary;
- supplement direct distribution through a focus on partnerships mainly targeting the markets where Axway lacks presence and more specifically the emerging markets;
- instil a strategic commitment to employee excellence through robust recruitment efforts (200 new hires per year), training, loyalty building and the identification of high-potential talent.

3.3 Business activities

3.3.1 Issues and challenges of business interaction networks

Apart from excellence in their core activities, the performance of companies and organisations is increasingly dependent upon the ease with which they integrate with the business networks of their ecosystem. These networks are constantly changing ("business in motion"). The ability of any company or organisation to quickly adjust its interactions in its business networks provides a competitive advantage.

Business networks are structured around domains (production, factories, suppliers, distributors, management and administration, financial services, Human Resources, regulators, business process outsourcing service providers, IT service providers, etc.); these are often legal entities in their own right and often have their own form of governance. This model has been referred to as the "extended enterprise" or the "network enterprise". Interactions between these domains or entities are governed by the exchange of business documents (orders, shipment notices, invoices, payments, regulatory reports, contracts, design descriptions, images, etc.). Enterprise performance is directly affected by the efficiency and effectiveness of these exchanges: a file that is missing, late or incorrect can have a direct impact on stock replenishment, payment settlement, accounting book closure, etc., which is immediately reflected in revenue, profitability or cash flow.

Not only are these exchanges increasing by leaps and bounds, but they are also becoming "digitised" or "dematerialised" to an ever greater extent (to mention just two examples, digital invoices and payroll sheets). The information systems used by companies and organisations need to be equipped with software that can withstand the increasing proliferation of electronic data exchanges, along with the associated challenges of volume and security. **Axway is positioned in this market, providing enterprise data exchange solutions for business interaction networks.**

The convergence of technologies observed in the domestic sphere (the phenomenon of box connectivity has taken the market by storm) is now prevalent in the business universe as well. The information systems of companies and organisations have been built on applications, most of which originally called for the use of their own connectivity (cash management applications, the management of payment methods, accounts payable modules of ERP products, EDI, etc.).

As networks have developed, applications have become increasingly connected and businesses have quickly found themselves with communication "silos" between internal applications or between internal users and external partners.

Technological innovation has made it possible to converge these interactions so that they may be handled by middleware products, independent of the applications themselves, which manage the more complex interactions, whether internal or external, on behalf of these applications. The achievement of this convergence allows the company or organisation to develop further because it facilitates its openness to its ecosystem and enables new interactions within its business networks, making it easier to work with a new distributor, a new supplier, etc.

Demand for middleware products is driven by increasing globalisation, which has prompted large companies and multinational corporations to invest heavily in infrastructure software.

Thanks to its assets and the depth of its technological skills in terms of connectivity, acquired over the years, **Axway is particularly well positioned in its market to carry out the innovative convergence of all kinds of interactions.**

Very few of today's software market players can cover the diversity of interaction types found in business networks:

- between people (human interactions), between applications or computers (automated interactions), between people and systems (interactive interactions);
- structured in planned processes or through unplanned or minimally planned or unstructured or minimally structured ad-hoc collaboration;
- within a single business line or across the enterprise, between business lines or across multiple enterprises;

- end to end, from and through to the end point, which may be a person, an application or a computer, whether internal or external (often called "the last mile").

Axway's solutions serve this convergence, which provides numerous opportunities for value creation:

- such an approach naturally engenders a collaborative enterprise, one that it is "easy" to "do business" with. The company or organisation can easily join an existing network (for example, a manufacturer of consumer goods who needs to integrate with the network used by its distributors). It also becomes easier for partners to join its own network (for example, a bank that facilitates the acquisition of payment flows from its corporate clients). In other words, it increases the reach of the company or organisation's business network and does not exclude any member from its ecosystem;
- by consolidating all of its interactions within the same interaction server, the company or organisation can better monitor its business interaction networks. This consolidation enables it to give better visibility to its business lines and offers better control of all of their interactions with their ecosystem. The impact on operational performance and risk management is immediate;
- consolidating interactions also reduces the cost of existing communication "silos". Any company or organisation lacking this centralised management of interactions can only have partial and fragmented visibility into business transactions, faces a long and costly process each time it adds new partners to its network, and must deploy its business or security rules or policies to numerous and heterogeneous systems, to name only a few shortcomings.

In brief, Axway helps companies and organisation, as actors in a constantly changing ecosystem, to implement powerful business interaction networks by providing universal enterprise data exchange solutions that may be deployed anywhere. Axway's software packages enable the exchange and integration of all types of data, both across the enterprise and with trading partners, whether between applications or people.

With Axway, business interaction networks are more dynamic, more extensive, more sustainable and more cost-effective.

Since its creation in 2001, business interactions have been the focus of Axway's expertise and reputation. Today, the Group is one of very few market players able to provide coverage of all types of business interactions and is uniquely positioned to ensure their convergence.

3.3.2 Market for business interaction networks

Axway is positioned in the software market as a provider of enterprise data exchange solutions for the business interaction networks used by companies and organisations. This unique position results from the convergence of existing and emerging practices. By promoting the convergence of business interactions, and by honing its expertise precisely to serve this convergence, Axway has staked out an innovative, unique and differentiated position in this market, through the offer of universal enterprise data exchange solutions.

The software market is divided into two main segments: application software and infrastructure software. Axway's offering falls into this second category. Based on reports produced by the main IT market analysts, Axway values this segment at around $135 billion.

Among infrastructure software (which encompasses database software, operating systems, data storage management, etc.), Axway is positioned in the middleware segment, valued at about $15 billion in 2010 (as reported by Axway based on indications provided by major technology industry analysts), and particularly in the data exchange sub-segment valued at about $5 billion in 2010 (as reported by Axway based on indications provided by major technology industry analysts).

Analysts maintain a fragmented approach to the data exchange sub-segment, tending to consider its components as sub-segments in their own right, although they are all intricately related. In the future, it is very likely that the analysts will bring their various sub-segments under a single umbrella, covering all data exchange solutions used in connection with business interaction networks. In application of their fragmented approach to the business interaction network market, the sub-segments surveyed at present by analysts are managed file transfer (MFT), B2B gateways, enterprise application integration (EAI) and edge security gateways (security/policy gateways). These terms are the ones most commonly used in the industry. By consolidating these market segments and considering the portion related to business interaction networks, this market has been valued by Axway at around $4-6 billion for 2010, with yearly growth of between 5% and 10% over the period 2011-2014, also as estimated by Axway, depending on market conditions.

A significant subset of this market functions as a corollary to the application software market and is the direct result of the deployment of communicating applications. While the market for communicating applications was valued at around $50 billion in 2010 (as reported by Axway based on indications provided by major technology industry analysts), the market for interactions between these communicating applications, both B2B and within the enterprise, is considered by Axway to account for around 10% of the total, thus about $5 billion in 2010, but its growth is directly contingent upon that of the originating market. The multiplication of deployment methods (on premise, on demand/SaaS) further increases this potential. This is a market that aptly complements the business interaction network management software market.

The markets where Axway operates are those related to the development of business community networks. These markets are rapidly growing because new community networks are being created, spurred by the phenomenal rise of new social, professional and socio-professional networks, and also because a number of community networks are replacing or represent a new concept for existing value-added networks (VANs). The market for traditional VANs was valued at about $1 billion in 2007, but declined to $770 million in 2010 (as reported by Axway based on indications provided by major technology industry analysts): it is gradually being replaced by the market for providers of services in the cloud, and in particular those using a Software-as-a-Service (SaaS) model, whose share of this segment has grown by more than 20% on average each year (as reported by Axway based on indications provided by major technology industry analysts). The market for new business community networks is difficult to assess, but it is rapidly growing and is a major generator of business interactions.

In brief, Axway is positioned in the market for enterprise data exchange solutions serving the business interaction networks of companies and organisations. Axway values this market at about $5 billion per year (based on indications provided by major technology industry analysts), with foreseeable average annual growth of between 5% and 10% between now and 2014, depending on market conditions.

3.3.3 Trends

The market is changing rapidly (business in motion) – and the trends observed are extremely favourable to Axway and its core business: business interaction networks.

Networks (in the "community" sense of the term) permeate organisations, where the need for collaboration of all kinds – automatic, interactive and human – is rapidly growing. The scope of automation and computerisation is extending, with the result that an ever-increasing amount of data and data exchange is being digitized or going paperless. An equivalent of "Moore's law" (which applies to microprocessors) can be observed for data exchanges (in relation to both the size and number of exchanges): they double every 18 months.

A combination of various developments has led to the emergence of cloud computing, further strengthening growth in "networks" and the required interaction between all the "nodes" in those networks: outsourcing (whether of IT or of specific functions), virtualisation of operating environments and service-oriented architecture. Economic models are evolving towards multi-party capability: transactions are no longer bilateral but now take place between several parties, developed in particular using economic models based on advertising revenue.

Every "object" can communicate, and is perpetually interacting with other "objects" in the network: this is referred to as the "object internet". Mobile payments and intelligent counters are typical manifestations of this type of deployment. Intelligence is thus increasingly distributed across the different points in a network.

These trends have contributed to the arrival of a phenomenon known as "big data": the huge volume of data that has to be managed and controlled is becoming a problem and an opportunity for firms. This data is both unstructured, coming from communications between people, and structured, produced by equipment (RFID, smart meters, etc.).

These trends are also contributing to sustainable development, in particular by removing paper and fostering the creation of information processing centres that consume less energy thanks to the concentration made possible by virtualisation.

Another trend is referred to as the "consumerisation of IT". In the past, companies used to influence consumers' IT use, but now the reverse is true. People use technology for their own needs, and expect the technologies they use at work to be ergonomic and affordable.

As a supplier of data exchange systems for interaction networks, Axway is at the heart of these new market requirements and uses. Its aim is to build the equivalent of an "internet of interaction" by rolling out exchange systems to every point in every kind of interaction network.

3.4 Target customers and markets

3.4.1 Vertical markets and business networks

Although Axway targets all market sectors, its marketing approach to certain sectors is more specialised: financial services, supply chain (including consumer goods manufacturing, transport and logistics, and distribution), healthcare (from the pharmaceutical industry and life sciences to healthcare institutions and associated mutual insurers) and the public sector (covering central and federal authorities as well as local government). This marketing approach consists of converting these sectors' needs into software product requirements, contextualising product usage within these business sectors and training distributors in the sale of functional solutions dedicated to these sectors.

Marketing is thus based on typical cases of product use which are common to and can be reproduced across multiple companies within a given sector or for the members of a given sectoral business network:

- financial services are creating interaction networks:
  - for straight-through processing (STP) of payment remittances (by companies, banks, clearing platforms, etc.) or to consolidate payment flows irrespective of channel or payment type, in an environment which is undergoing some profound changes (such as SEPA, the Single Euro Payment Area) and is constrained by increasingly strict regulatory requirements (transparency, auditability, compliance, risk management, etc.),
  - in the context of separating production from distribution activities and vice versa (*e.g.* a bank distributing insurance policies or a loan factory managing products distributed by more than one banking network);
- in the "supply chain" sector:
  - the distribution sector is creating interaction networks to collect sales and stock reports from retailers and circulate information on products, special offers, stocks, etc.,
  - both manufacturers and distributors are creating interaction networks to automate the sales value chain (order, delivery, billing and payment) and for every exchange that forms part of a key process in that value chain ("order-to-cash", "procure-to-pay", etc.); once processes are automated, these interaction networks can facilitate further collaboration within ecosystems, for example through demand-supply synchronisation, collaborative stock management ("vendor management inventory" or VMI; collaborative planning, forecasting and replenishment or CPFR; etc.) and real-time financial visibility of contractual commitments between manufacturers and distributors;
- in the healthcare sector:
  - organisations involved in administering and managing care (healthcare institutions, hospitals, medical insurers and mutual health insurers, etc.) are creating interaction networks to manage shared medical records, reimbursement of healthcare expenditure, etc.,
  - the pharmaceutical industry (manufacturers, laboratories, retailers, distributors, dispensing chemists, etc.) is creating interaction networks to manage clinical trials and track drugs in the supply chain (*e.g.* to fight counterfeit products and associated trafficking and protect patients and brands);
- the public sector is creating interaction networks:
  - as part of "single window" projects aimed at centralising administrative processes involving multiple administrations and service suppliers,
  - by going paperless in relation to documents exchanged between local and central authorities, Central Ministries and Public Accounts Departments, and in unemployment insurance, working with companies, the social security system, national agencies managing benefit payments, etc.

The above overview is not intended to be exhaustive; rather, it aims to illustrate a few typical cases where business interaction networks are being rolled out in business sectors in which Axway has a significant presence and expertise.

3.4.2 Geographical markets and key access channels

Axway has customers all over the world: in the United States and Europe, with a predominant presence in France. Axway supports customers in the Asia-Pacific region with their infrastructure rollout projects through a limited direct presence. Axway mainly accesses these markets through a direct approach, with its own presence and on-the-ground capability. In "emerging" markets, Axway currently operates through third party distributors.

Depending on the region and sector, the business interaction networks rolled out by Axway have been used for some purposes more than others: this is a result of Axway's history and successive acquisitions. This situation means that Axway has significant potential to grow business within its installed customer base through cross-selling additional modules and functions, thus providing existing customers with further added value in rationalising their infrastructure and suppliers.

3.5 Competitive position

Axway occupies a favourable, differentiated position in the business interaction network exchange systems market. This differentiation arises from the vision historically handed down to the Company. Axway is one of the few players in the market that has the necessary assets to achieve convergence in business interactions. Axway also stands out for its ability to deliver individualised global commitment: global capacity in the service of personalised local commitments.

Axway is already a market leader in its core business in the MFT and B2B segments, recognised by leading analysts.

3.5.1 Competitive environment

Operators in the business interaction networks market may be any of the following:

- global players in the IT sector (Microsoft, IBM, Oracle and SAP) covering a very broad spectrum ranging from computers and operating systems to services of all kinds, and including software (with some players focusing more on infrastructure software, some more on software applications and others on both); all of them primarily target the business market, with the exception of Microsoft, a significant proportion of whose business is in the personal market;
- specialised infrastructure software vendors ("pure players") like Axway, which specialise more specifically in certain fields:
    - some focus more on developing applications by combining processes or services: their offerings are more focused on business process management (BPM) and application integration through orchestrating services (enterprise service bus or ESB); their services sometimes extend to managed file transfer (MFT) and inter-company (B2B) exchanges, mainly through partnerships or acquisitions; the two main players of this type are Tibco and Software AG; they are therefore direct competitors of Axway in the MFT and B2B segments;
- start-ups or niche players taking advantage of the dynamic technological development that has appeared since the emergence of the internet and cloud computing; in fact, most of these have been taken over by players in the other three categories (*e.g.* CastIron acquired by IBM and Boomi by Dell in 2010);
- suppliers of outsourced services arising from value-added networks (VANs), suppliers of outsourced software services cloud services, SaaS and ASP services) and business process outsourcing (BPO) and IT outsourcing suppliers; examples of players in this field are GXS/Inovis and Liaison Technologies.

This market is currently undergoing significant consolidation, with some recent examples of mergers and acquisitions:

- within a single category, for example between suppliers of outsourced services (*e.g.* GXS/Inovis in 2009) or between niche players (*e.g.* Tibco/Proginet in 2010);
- between different categories: for example, global IT providers and specialised infrastructure software vendors or suppliers of outsourced services (*e.g.* IBM/Sterling Commerce in 2010, SAP/Crossgate in 2011).

Axway has also contributed to consolidation in this market (in this connection, see the history of Axway in Chapter 1 section 2).

3.5.2 Differentiation of Axway's offering

Axway achieves market differentiation through a number of critical success factors:

1) Universal exchange systems

These can be rolled out to every interaction point, providing unlimited coverage of business interaction networks.

Axway is one of the few players on the market to offer virtually every form of business interaction, whether automated, human or interactive; in-house or outside the Company; formal – *i.e.* structured into processes – or informal – *i.e. ad hoc* collaborative; rolled out within existing IT systems or outsourced to service operators.

By supporting as many computers and operating environments, rollout methods, protocols, formats, application formats and connectors, and forms of business interaction as possible, Axway has achieved very wide coverage of networks linked by its exchange systems. Axway's solutions ensure that no member of a network need be left out and reach every application, person and computer – in short, every partner in a business network, down to the "last mile" (to borrow an expression from logistics).

Axway promotes the convergence of interactions, in particular through pooling and unifying the management of interactions. Irrespective of how interactions are used, the user experience is the same as regards operating conditions, supervision of exchanges, activation of management processes, and management of partner communities, policies and associated management and security rules.

Axway also aims to promote independence from suppliers of operating environments and applications, thus maximising its customers' freedom and control over the development of their exchange systems.

2) Individualised global commitment

A commitment to the customer to deliver a high-performance exchange system in full working order

Axway gives its customers the opportunity to combine offerings, products and services, together with their respective rollout and delivery methods and associated economic models, and is committed to providing a value proposition that is both global and individualised.

This commitment may also include service quality components in relation to the exchange system (volumes, performance and scalability, resilience and service continuity) and project success factors (delivery within agreed budgets and timescales). In this way, Axway is able to roll out exchange systems that meet high and even extreme demands, making it a critical strategic partner for a large number of business networks. Axway is committed to providing its customers with exchange systems in full working order.

Axway tailors its exchange systems to the target IT and business environments. This means that all or part of its exchange systems can be rolled out in line with customer needs and existing resources ("start anywhere, use anything"). Axway therefore has a wealth of experience in working with its customers to create joint solutions, thus ensuring that its products are appropriate for the market and speeding up their adoption.

3.6 Offering

3.6.1 Comprehensive range of products and services

Axway's offering consists of various forms of software products and different types of business services, together with their various delivery methods, for implementing high-performance business interaction networks. One of Axway's differentiating features is the flexibility it offers its customers by enabling them to combine the software products and associated services best suited to their needs.

Software products

Axway supplies universal exchange systems for business interaction networks operated by businesses in motion. Exchange systems are a sub-segment of the middleware software market (as opposed to application-type software).

An exchange system consists of interaction engines, which vary according to interaction type, and the functions used to manage them. Up to now, each interaction engine, depending on its type, has offered its own management capability; Axway, on the other hand, pools and unifies the functions used to manage its various interaction engines. This pooling has already gone some way towards delivering convergence of interactions, and ensures improved performance.

Four functions are vital when building and maintaining business interaction networks for customers: **data file transfers, inter-company transactions, application integration and secure exchange.** For example, a consumer goods manufacturer has to accept purchase orders (file transfer) from its distributors in accordance with the protocols they offer (inter-company exchanges) and in complete security (secure exchange), and incorporate the data from those purchase orders into its management application (application integration). These are the four functional pillars of Axway's exchange systems. They are the four basic interaction engines detailed below.

The interaction management functions that Axway pools and unifies across its entire range relate to operational management (from both an IT and a functional perspective), supervision of the data exchanges that make up business interactions, activation of processes for managing those interactions and management of partner communities involved in those interactions, in accordance with associated corporate policy and management and security rules. With Axway's exchange system, a given management or security policy or rule is applied in a uniform way, whether in-house or externally, between applications or between individuals; networks of partners involved in interactions are formed in a similar way, whether those partners be in-house or external, and whether they be companies, systems or individuals; whatever the data, the exchange system provides the same degree of end-to-end visibility of data flows.

Managed File Transfer (MFT)

MFT is used to guarantee agreed service levels in respect of transporting data between applications or users, whether inside or outside the Company. Most data is transported in files, which still represent by far the most common method for transporting management data (80% of inter-company exchanges, according to Axway estimates). This data transported in files is considered sensitive or critical for the business: the Company's performance is directly dependent on the performance of file delivery systems.

Axway's exchange system covers all uses of file transfer: automated transfers between applications, sites or companies; interactive transfers via portals (downloads); and transfers between individuals. Through its advanced management functions, the system ensures that files are transferred with the optimum level of service, contractual compliance and confidence.

Business-to-business (B2B) gateways

B2B gateways are located between a company and the members of its business network (customers, distributors, suppliers, regulators and all the partners in its ecosystem). They are characterised by:

- support for network protocols and business document formats required by the sectoral business networks in which the Company is involved: in addition to general-purpose internet protocols, each sector imposes its own exchange protocols and formats (SWIFT for financial services, Odette for the automotive sector, RosettaNet in the electronics sector, HL7 for life sciences and healthcare, etc.);
- integration with corporate applications for end-to-end delivery and fully automated processes (*e.g.* an incoming purchase order crosses the gateway and is delivered to the management application ready for processing).

The scope of Axway's exchange system is one of the broadest on the market:

- in functional terms, *i.e.* by number of protocols, formats and application connectors;
- in usage terms: extending management applications (*e.g.* ERP systems) to connect them to a company's business networks; integrating customers, distributors and suppliers into a company's business network; supplying a portal of interactive services to members of a company's business network; and intermediating services linking the members of a given business community ("single window").

Axway's exchange system is highly scalable (*i.e.* the same software can be scaled up as volumes increase and extended as functional requirements increase), ranging from one-to-one connectivity (one partner/one application) through to consolidation of more than one gateway into a platform supporting all the various uses required by a company (connecting the entire partner network to every application within the information system).

Enterprise application integration (EAI) brokers

Application integration involves reorganising interactions between applications more efficiently (sometimes referred to as "urbanizing the information system") and using dedicated software known as the "integration broker" to control these interactions. Integration brokers are complementary to and separate from the applications, which delegate their interactions with other applications to the broker. These interactions involve more than just connectivity and may include, for example, archiving, encryption, checking for duplicates, verifying file transfer sequence numbers, file syntactic or semantic verification, and file enhancement or conversion for adaptation to a different protocol or format. Interaction between applications therefore involves the entire sequence of processing tasks.

The Axway exchange system meets all of the integration requirements of business interaction networks, from process support to the most sophisticated conversion or "mapping" engines, which convert between data formats, while covering all of the more basic functions of classification, envelopment, intelligent routing, archiving, encryption, bundling/unbundling, etc.

Edge security gateways

Ensuring the security of data exchange is a booming market. Since the network of all networks, the Internet, is increasingly vital for business but offers little security, firms must protect their business networks with appropriate infrastructure components. Ensuring secure data transfer involves a complex combination of procedures and requirements that spans the authentication of sending and receiving applications or people, the management of their identities and user rights (many "digital identity" projects are currently being developed), data confidentiality and compliance with data security regulations (HIPAA, PCI, encryption mandates, etc.), non-repudiation, evidence management and related legal aspects, data integrity (*i.e.* ensuring that the data received is identical to that sent), electronic signature and the implementation of data loss protection or "leak prevention" policies and measures.

Axway has developed a distinctive exchange system for ensuring the security of business interaction networks. This system is composed of:

- proxy gateways installed in company networks to ensure secure data exchange via the Internet or email. These protect against intrusion and enable companies to apply their own security rules to all outgoing data;
- essential security governance components, such as the validation of data-security certificates issued by certification authorities. This validation process involves verifying that the certificate used for a given exchange is valid and grants the rights requested for the application or person. If performed manually the tasks involved can be quite cumbersome and costly, particularly when data volume requirements increase. Axway's experience with the US army and UK social security authorities over the past three years make it one of the very few in its market to provide a comprehensive and proven offering.

These four key functions of business interaction networks are grouped together and managed through a single exchange system. The same approach is therefore used for file transfer, B2B data exchange, applications integration and data security. To enable gradual deployment within the customer's information system, Axway's offering was designed to be modular and flexible. When a customer is ready to incorporate the modules required for one of these functions Axway can ensure a uniform platform and control system so that the customer will not have to deploy "silos" with independent and isolated platforms and control. This approach considerably reduces the total cost of system ownership and operation while ensuring both technical and functional scalability. This is why Axway is able to meet its customers' needs over the long term, as their business grows and their interaction requirements evolve.

Business information systems have changed considerably over the past few years, thanks to the new opportunities made possible by the "on demand" provision of processing power, the virtualisation of operating environments and outsourcing. Moreover, it is the combination of these trends that has led to the emergence of cloud computing, whereby the IT resources required to run software are transferred from a conventional "on premise" computer and provided externally as a service on an "on demand" basis. Axway will move increasingly toward these new forms of service provision with a "hybrid" offering that includes on premise software deployment and/or the on demand provision of outsourced software services, in a complementary manner that ensures maximum overall value and end-to-end control of all types of business interaction networks.

By being one of the very few in its market to offer virtually all forms of business interaction, Axway has built a distinctive position as a provider of a "universal exchange system":

- Axway provides complete, dedicated and application-independent systems for moving data. Axway's exchange systems are independent of operating environment vendors and applications, while being compatible with a large majority of these;
- whether in an on premises information system or up in the cloud, Axway's exchange systems fit into the overall IT infrastructure in a similar way to the way in which large vehicle sub-assemblies and systems are integrated into existing platforms in the automotive industry;
- Axway's exchange systems can support all types of interactions, whether automated (between systems), interactive (between people and systems) or human (between people), irrespective of the medium used (email, file, message, document, network frame, etc.), and whether or not the exchange is scheduled and structured, or is internal to the Company or with its ecosystem;
- these systems can be deployed at all business network interaction points and in a variety of forms. They can, for example, be installed on premises in an information system, made available on premises via a shared services centre, hosted off-site and dedicated to a single tenant (or client), provided as Software-as-a-Service to multiple tenants, or deployed by a service provider that mediates the relationship between partners.

Professional services

Several types of services accompany these software products. They are similar to those offered by most software vendors and include: maintenance and support (which are specified in the license agreement) and such services as training, on-site installation and configuration, integration in the information system, migration to new software, and consultancy in setting up business interaction networks.

Migration is a distinctive Axway service. When setting up business interaction networks migration to a new infrastructure is often necessary from a legacy system composed of numerous isolated applications based on commercially available products or developed in-house. A software provider's ability to ensure successful migration is a key success factor.

In some cases Axway will put together service packages or provide complementary software tools to accelerate the implementation of business interaction networks, such as its quick start package.

For most of its professional services, Axway proposes several service level agreements:

- for its support services, Axway offers four service levels, ranging from online support via its eSupport portal, to customised mission critical support services, which offer a rapid response commitment and dedicated personnel;
- for its product deployment, installation and configuration, software implementation and maintenance, and migration services, Axway can simply make available its capable personnel or provide a project-type commitment with specific deadline and budget commitments.

Axway can provide its services in two ways:

- on an "as-needed" basis, when they are required by the customer. This is often the case, for example, with training and software installation and configuration;
- on a recurring or continuous basis. In this case services are said to be "managed services" since Axway commits personnel over a relatively long period under a service contract and assumes responsible for service provision. This is the case, for example, with application management services, operations support, the management of new releases, modifications, incidents, etc., and more rarely, overall system operation.

The deployment of software products on an on demand or Software-as-a-Service basis necessarily involves managed services.

In brief, Axway supplies universal exchange systems for every interaction point on companies' business networks. Axway's offering comprises software products and related services.

These systems consist of interaction engines and their control functions. The main interaction engines are used for data file transfer, B2B data exchange, applications integration and data exchange security. The control functions cover operations, data exchange monitoring, control process activation, management of partner communities, and activation of management policies and rules and related security policies and rules. Axway's exchange systems apply these control functions to all types of interaction engines, and therefore for all types of interactions.

The professional services that accompany these infrastructure software products cover the full range of software vendor services, including: maintenance and support, training, on-site installation and configuration, implementation and integration in the information system, migration to new systems and business interaction network consultancy. With the exception of maintenance and support, these services are provided on an as-needed basis. Axway can also offer these services in a managed-services format when they lend themselves to provision on a recurring or continuous basis.

Vendor/distributor organisation model

Axway's offering is built upon a structure encompassing both developer and distributor processes, implemented as follows:

- the distribution business unit is staffed by a worldwide sales force whose deployment follows a region-based organisation (Americas, Europe and Asia-Pacific). All personnel apply an approach based on vertical markets. In each of the three regions, Axway built up centres of expertise with the aim of leveraging best practices identified in the market, assisting with software packages deployment and providing field feedback to the development teams. The Group's professional services are also provided by this business unit;
- the developer business unit ensures the industrialisation of production processes for Synchrony™ across several development centres (Paris, Annecy, Bucharest, Sofia, Phoenix and San Francisco). Apart from the production of the technology foundation, these centres are also responsible for the packaging of the vertical solutions built on this foundation. This business unit also carries out the Group's support activities on behalf of its 11,000 clients and deploys the Group's new advanced levels of maintenance and assistance (Premier Level, Mission Critical Support).

3.6.2 Innovation

In the software sector, the solutions proposed play a critical role, and constant innovation is essential in order to stand apart from the competition on a lasting basis, to continually create more value and, sometimes, to generate demand, for example by bringing new uses to the market. To this end, Axway uses an "innovation model", whereby multi-disciplinary teams (market intelligence, office of the CTO, R&D, marketing and distribution) work together, analysing new offers based on a host of criteria (cost price, market accessibility, closeness to Axway's core competencies, etc.), providing information used in the early stages of the product life cycle (PLC) management process. Axway's R&D investments are also maintained at a substantial level, as compared with the average level of investment in its market, and Axway devotes R&D resources on a permanent basis to novel and innovative developments, some of which will complement existing offers while others will create entirely new solutions. For several years, Axway has systematically earmarked 15% of its revenue for R&D (see Chapter 1, section 4, and Chapter 3, section 1.1.5).

Axway mainly focuses its investments in:

- the convergence of interactions in business networks and the interoperability of data exchange solutions serving these interactions, with the aim of enhancing the universal applicability of Axway's platform;
- support for all deployment methods, reflecting specific market requirements for each type of interaction: this may range from private clouds, whether internal to the enterprise (shared service centres) or external (outsourced and dedicated hosting and operations), to public clouds (outsourced and shared services);

- new features added to existing products, supporting cloud services for the control of interactions, such as the management of partner communities, the activation of policies or strategies and of related management or security rules, the control of exchanges originating in or being received by cloud infrastructures, etc.

The model for Axway's offering is thus tending towards that of an interlinked meshwork of interaction systems that would be **hybrid** in nature, combining solutions deployed on clients' premises within their information systems with solutions deployed in the cloud: together they form a cohesive fabric of **secure, flexible and reliable** business interaction networks.

Furthermore, as a member of a number of professional associations, Axway takes part in the creation of industry and market standards. It currently pursues this role in the following positions:

- OASIS sponsor member and participant in several OASIS technical committees working on Business Process Execution Language (BPEL), Electronic Business using eXtensible Markup Language (ebXML) and Web Services (Synchrony™ is Drummond Certified™ for ebXML interoperability);
- Object Management Group (OMG) Influencing Member and active participant in the development of standards such as Business Process Modeling Notation (BPMN) and Business Process Definition MetaModel (BPDM);
- Web Services Interoperability (WS-I) member and participant in the Reliable Secure Profile (RSP) workgroup;
- Participant in the Web Services Definition Language (WSDL), XML Protocol (XMLP), Web Services Choreography Description Language (WS-CDL), Web Services Policy Framework (WS-Policy) and Web Services Addressing (WSAddressing) workgroups;
- Integrator of the Electronic Data Interchange-Internet Integration (EDIINT) standard of the Internet Engineering Task Force (IETF): Synchrony™ is Drummond Certified for Applicability Statements 1, 2 and 3 (AS1-AS2-AS3);
- Member of RosettaNet for the development and promotion of RosettaNet standards.

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4 RESEARCH AND DEVELOPMENT, PATENTS AND LICENCES

The Group has consistently spread its research and development efforts across its entire software portfolio. The sums invested over the last three years were as follows:

(in millions of euros)	2011	2010	2009
Research and development	32.1	32.7	31.2

These sums relate to:

- ongoing maintenance work;
- the convergence of the different technologies used in Synchrony™;
- the launch of new versions to the market;
- work on the IT architecture to enable a hybrid model to be used for the Synchrony™ platform.

These R&D expenses, which relate mainly to the direct cost of software development staff, have been recognised in full as operating expenses.

The Group has been granted 54 patents, and has nine pending. These patents were mainly filed in the USA. A breakdown is shown below:

	Managed File Transfer (MFT)	MFT – Doc Convert	MFT – Enrolment	Private URL	Messaging Firewall	Crypto-Security Firewall	Anti Spam	Certificate Authority
Granted	15	5	3	3	14	15	4	7
Pending	2	0	2	0	5	3	2	0

These patents mainly relate to the secure data exchange segment (see Chapter 1, section 3.6.1), and the Company's business as whole is not especially dependent on a particular patent or technology.

The Company's degree of dependence on patents and licences is covered in Chapter 3, sections 5.1.2 to 5.1.6 and section 5.2.2.

5 INVESTMENTS IN 2011

5.1 Investment policy

Software development is not a sector that requires significant investment to be made on a routine basis. Axway regularly invests in IT equipment and office furniture, fixtures and fittings. Moreover, the Group's R&D expenses are recognised as operating expenses, and not as investments.

As a result, Axway's main investments comprise acquisitions or purchases of shareholdings or intangible assets, particularly with a view to gaining new client bases and software, entering new markets or consolidating its existing presence in a certain region.

5.2 Main acquisitions

No acquisitions were made in 2011.

5.3 Research and development

The Group continued its R&D initiatives in 2011 and set aside €32.1 million (€32.7 million in 2010) to develop, improve and expand its software solutions.

These R&D expenses, which relate mainly to the direct cost of staff dedicated to developing Axway Software's software packages and solutions, have been recognised in full as operating expenses.

5.4 Facilities

A total of €3.0 million was invested in infrastructure and technical facilities in 2011, compared with €3.1 million in 2010.

These investments break down as follows:

- furniture, fixtures and fittings: €0.6 million;
- IT equipment: €2.4 million.

6 KEY FIGURES

6.1 Financial summary

(in millions of euros)	2011	2010	2009
Revenue	217.2	208.4	182.2
EBITDA	34.3	29.2	20.1
Operating profit on business activity	35.3	31.1	18.5
As % of revenue	*16.3%*	*14.9%*	*10.1%*
Profit from recurring operations	33.3	29.1	16.6
As % of revenue	*15.3%*	*14.0%*	*9.1%*
Operating profit	29.3	25.6	16.6
As % of revenue	*13.5%*	*12.3%*	*9.1%*
Net profit – Group share	21.5	26.6	10.0
As % of revenue	*9.9%*	*12.8%*	*5.5%*
Total assets	304.5	308.4	260.8
Total non-current assets	209.2	208.6	186.3
Shareholders' equity – Group share	213.4	148.1	110.3
Minority interests	0.0	0.0	0.0
Number of shares at 31 December	20,150,641	1,990,000	1,990,000
Basic earnings per share *(in euros)*	1.20	1.67	0.63
Diluted earnings per share *(in euros)*	1.18	1.67	0.63
Net dividend per share *(in euros)*	0.25 (1)	10.95	0.00
Staff at 31 December	1.755	1.661	1.614

(1) Amount proposed to the General Meeting (May 2012).

6.2 Revenue by activity

(in millions of euros)	2011	2010 reported	2010 pro forma	Total growth	Organic growth (1)
Licences	77.8	77.9	76.8	-0.2%	1.2%
Maintenance	85.0	78.6	77.2	8.2%	10.1%
Services	54.4	51.9	51.4	4.9%	6.0%
TOTAL	**217.2**	**208.4**	**205.4**	**4.2%**	**5.7%**

(1) At constant exchange rates and scope of consolidation.

6.3 Revenue by region

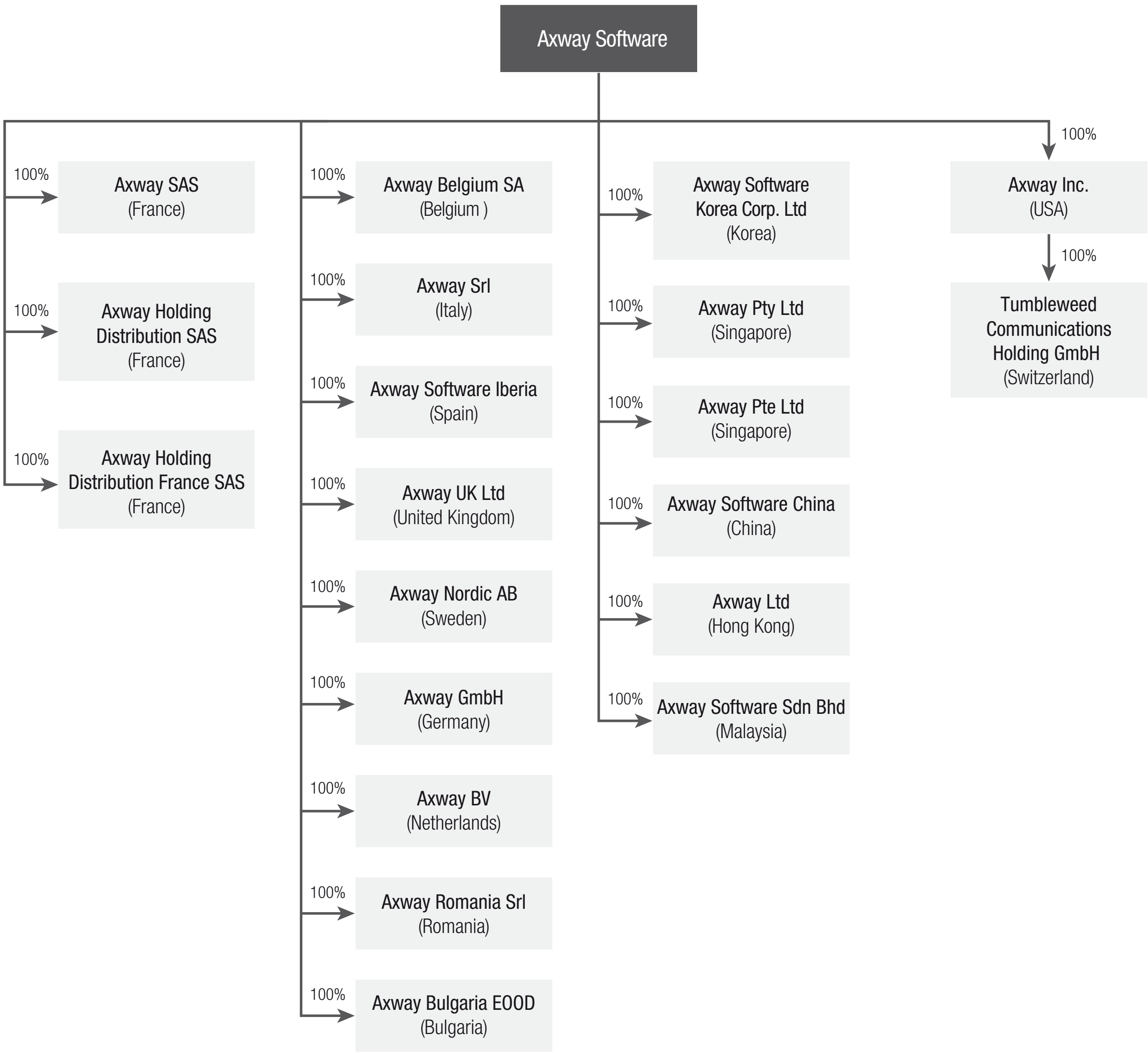
(in millions of euros)	2011	2010 reported	2010 pro forma	Total growth	Organic growth (1)
Europe	135.0	131.9	133.0	2.4%	1.5%
Americas	76.7	72.4	68.2	6.0%	12.6%
Asia Pacific	5.5	4.1	4.3	32.6%	27.5%
TOTAL	**217.2**	**208.4**	**205.5**	**4.2%**	**5.7%**

(1) At constant exchange rates and scope of consolidation.

6.4 Comparison of the years ended 31 December 2011, 2010 and 2009

(in thousands of euros)	2011	2010	2009
Revenue			
Licences	77,762	77,948	61,186
Maintenance	85,037	78,578	71,486
Sub-total licences and maintenance	**162,799**	**156,526**	**132,673**
Services	54,445	51,895	49,545
TOTAL REVENUE	**217,244**	**208,421**	**182,218**
Cost of sales			
Licences and maintenance	19,929	22,076	19,458
Services	49,285	46,354	44,798
TOTAL COST OF SALES	**69,214**	**68,430**	**64,256**
Gross profit	**148,030**	**139,991**	**117,961**
Operating expenses			
Sales costs	61,528	57,923	51,655
Research and development costs	32,079	32,662	31,175
General and administrative costs	19,120	18,321	16,642
TOTAL OPERATING EXPENSES	**112,727**	**108,906**	**99,472**
Operating profit on business activity	**35,303**	**31,085**	**18,489**
As % of revenue	*16.3%*	*14.9%*	*10.2%*
Expenses related to stock options	-146	-	-
Amortisation of intangible assets acquired	-1,858	-1,944	-1,856
Profit from recurring operations	**33,299**	**29,141**	**16,633**
As % of revenue	*15,5%*	*14,0%*	*9,1%*
Other income and expense	-3,967	-3,583	-
Operating profit	**29,332**	**25,558**	**16,633**
Financial income and expense	2,667	2,008	1,289
Tax expense	-5,208	3,046	-5,365
Net profit	**21,457**	**26,596**	**9,979**

7 SIMPLIFIED GROUP STRUCTURE AT 31 DECEMBER 2011



8 GROUP ORGANISATION

Axway's governance structure consists of a Chairman, a Chief Executive Officer and a Board of Directors.

This organisational structure is supported by an ongoing operational and functional structure as well as temporary structures for the management of particular businesses and projects.

8.1 Ongoing structure

The Group's ongoing structure comprises a management body, an organisation based on the main operating functions and functional structures.

8.1.1 Executive management

Executive Management comprises the Chairman, the Chief Executive Officer and the Executive Committee (AxCom).

AxCom comprises the Chief Executive Officer, the Heads of the major operating entities and the Heads of the functional structures.

The members of AxCom are responsible for the development of strategy and supervise organisation and internal audit, as well as major cross-functional initiatives.

8.1.2 Operational departments

These are the entities that make up Axway's value chain and participate in developing, producing and selling Axway's products and services. The operational departments are:

- the Marketing Department, which carries out upstream strategic analysis (markets, competition) and processes involved in bringing products and services to the market;
- the Product Management and Development Department, which works on product development and maintenance;
- the Global Support Department, which provides clients with around-the-clock telephone assistance and support;
- the Distribution Department, which includes the Sales and Professional Services teams, who support clients in installing the software sold and provide assistance in using it.

These global departments have regional or national structures below them:

- regional marketing operations (EMEA, North America, APAC);
- development centres (France, North America, Germany, Bulgaria, Romania, India);
- support centres (France, North America, Germany, Romania, Bulgaria, India);
- sales subsidiaries (sales and services in eight countries in Europe, the Americas and Asia).

This organisation ensures that strategies and processes are consistent and harmonised, while providing the necessary proximity to clients and markets.

Each department is allocated resources and assigned budget targets, which it is then responsible for meeting. Progress towards the achievement of targets is assessed on a monthly basis, with weekly control points for sales and services and monitoring of major client accounts.

National sales subsidiaries are responsible for managing local clients: sales relationships, invoicing and debt collection. These subsidiaries benefit from the support of cross-functional programmes organised at Group level, which are aimed at coordinating the operational activities relating to certain client groups (sector-based approaches, key account approaches) or products/services (B2B programme, MailGate programme, AI Suite programme).

8.1.3 Functional structures

Functional departments (Corporate Secretariat, Finance, Logistics, Human Resources Management, Communication, Information System Resources, Internal Information Systems, Legal Affairs) are centralised for the entire Group. They contribute to overall Group cohesiveness, transmit and ensure commitment to the Group's core values, serve the operational entities and report directly to Executive Management. The functional capacity of international subsidiaries is strictly limited to the local business environment.

Functional structures standardise and propose management rules (information system resources, IT systems, financial reporting, etc.), support and render services on behalf of operational units and monitor the application of strategies and rules.

In this manner, they contribute to overall supervision and enable the operational entities to focus on business.

Their direct accountability to Executive Management ensures that the entire Group functions smoothly.

8.2 Temporary structures: businesses and projects

The Group's organisation must retain flexibility in order to adapt to changes in its markets and ensure the successful completion of projects.

Projects are handled by temporary teams and are supervised:

- within a national sales subsidiary; or
- under the responsibility of a management subsidiary, acting in concert with other entities (another sales entity for local commercial support, or another department, for example, for expert product assistance); or
- under the coordination of a Key Client Account Manager.

Each project must be organised in order to meet a fundamental objective: client service, financial success and the contribution to the overall growth of the Group.

The main development programmes for the various product lines use resources and expertise from different development centres, under the responsibility of a Programme Manager.

9 HUMAN RESOURCES

9.1 Axway's corporate culture

Axway's value system is an integral part of the management model that is instilled at all levels and in all locations.

9.1.1 Axway's values

Axway has five core values:

- **serving clients is our priority:** on a daily basis, our priorities are listening carefully to the requirements of existing and prospective clients, being creative and effective in meeting their needs, providing useful, scalable and innovative solutions;
- **targeting quality and excellence:** quality and excellence are our watchwords as we seek to deliver value-creating services for our clients by being innovative and expanding our know-how, by working methodically, rigorously and consistently, and by being the best that we can be;
- **showing respect for others:** listening, communicating, fulfilling the commitments we have made, developing the skills and aptitudes of others – these are the fundamental principles that guide us in our everyday activities;
- **working proactively and effectively:** the keys to a proactive and effective approach to work are acting quickly and efficiently in every situation, meeting the challenges of competition, accepting ambitious objectives, having the ability to delegate, recognising good work, and identifying areas in which we can improve;
- **adopting a Group ethos:** for our mission to be successful, we have to know how to work in a team, be consistently supportive, approachable and cooperative, play our part in meeting the complex needs of our clients by taking a global approach, and project the Group's image and share its core values.

9.1.2 Sharing the Group's values and ethos and integrating new staff

Axway's value system and ethos must be shared by our entire workforce, which consisted of 1,755 employees at 31 December 2011. A programme has been set up specifically to communicate and ensure the commitment of all staff to these values, especially among the 292 new members we welcomed in 2011.

This programme is organised by the Training Department. Its aim is to support Axway's expansion through the implementation of plans for the development of skills and the sharing of knowledge in order to:

- foster the development and motivation of employees by providing soft skills and behavioural training;
- stimulate a rapid increase in sales of Axway's products and services by strengthening technical and commercial training, *i.e.* by increasing the number and diversity of sessions, in conjunction with the Product & Solutions Marketing Department;
- develop sector-specific training, mainly in relation to the finance, logistics, insurance and healthcare sectors, in conjunction with the organisation by business activity, in order to develop functional expertise in our clients' sectors;
- enhance the overall functioning of Axway by providing a higher level of behavioural training in relation to working in a matrix organisation in teams based in different locations and operating in an intercultural context;
- implement regulatory provisions for vocational training;
- develop mentoring to increase the transfer of know-how in the context of taking on new responsibilities.

9.1.3 Orientation seminars and staff integration

Axway regularly organises two-day orientation seminars for its new employees to familiarise them with the Group's history, mission, values and products and services, as well as the Group's service and quality ethos.

9.2 Change in Axway's total workforce

	2011	2010	2009	2008
Workforce	1,755	1,661	1,614	1,652

In 2011, the Group recruited 84 new staff in France and 208 at its international subsidiaries. At 31 December 2011, the Group had a total of 1,755 staff, of which 1,131 were employed outside France.

9.3 Recruitment

In support of its recruitment drive, Axway continued its partnerships with a number of prestigious engineering schools and its internship scheme (mainly end-of-study internships leading to permanent recruitment in a very high proportion of cases). The recruitment of staff with highly-specialised skill sets was also stepped up.

The vast majority of newly-recruited staff are offered permanent contracts and have completed five or more years of higher education.

In France, there was a marked increase in staff turnover in 2011, at 11%, compared with 9% in 2010.

9.4 Workforce by age and length of service

At 31 December 2011, the average length of service in France was 8.8 years, broadly unchanged from 2010 (8.2 years).

The average age of employees was 39 in 2011, unchanged from 2010. The maintenance of the average age at this level is the direct result of a recruitment policy targeting young graduates.

9.5 Career development

9.5.1 Core Competency Reference Guide

All new staff members joining Axway do so with the intention of developing their skills and advancing in their chosen career.

The Core Competency Reference Guide describes all of the Group's business activities (Product Management & Development, Support, Sales and Services) and helps employees grasp the demands of their positions as well as the career options within the different areas.

9.5.2 Evaluation and career management

The evaluation of staff members allows us to optimise Axway's performance, but it is above all the cornerstone of our system for employee development. This system is based on two types of individual monitoring: work evaluations (focusing on performance and skills acquisition) and annual evaluation meetings (development and advancement plan).

These evaluations, in which the staff member plays an active role, are then discussed at HR Department meetings held every six months, where decisions are made about promotion, training and compensation. They thus form part of the career management process for each employee.

9.5.3 Skills development

The training of its staff members is a priority for Axway.

In 2011, the Training Department concentrated on consolidating training programmes for each main business activity, promoting the exchange of knowledge and know-how and leveraging best practices.

In particular, efforts focused on sector-specific training, mainly in relation to the finance, logistics, insurance and healthcare sectors, in conjunction with the organisation by business activity, in order to develop functional expertise in our clients' sectors.

The key figures relating to our 2011 training programmes in France are as follows:

- 4,250 training days;
- more than 370 staff members trained.

9.5.4 Compensation

The Group's compensation policy is founded on the following objectives:

- respect for the principle of fairness;
- recognition of achievement and motivation of staff through a policy of compensation aligned with specific performance goals consistent with the Group's major challenges;
- remaining competitive so as to attract and retain the most qualified candidates.

In 2011, Axway implemented salary increases on an individual basis.

9.6 Application of the provisions of Book 4 of Part IV of the French Labour Code

In France, Axway has signed profit-sharing and incentive agreements and has established a company savings plan.

The profit-sharing agreement currently in force was signed in June 2011. This agreement covers all employees of Axway Software. The special profit-sharing reserve consists of two portions: the first, 75% of the amount, is calculated in relation to length of service and the second, the remaining 25%, is calculated in relation to salaries.

An agreement pertaining to the establishment of a company savings plan within the Sopra Group UES was signed in July 2002. The amounts paid under this plan are invested in mutual fund shares. The Group's contribution consists of the payment of all operating fees for the company savings plan. This agreement has been withdrawn, and a new agreement is to be negotiated.

An incentive agreement was signed in June 2009, covering all employees of the French companies (Sopra Group SA, Axway Software SA and Sopra Consulting SA). Payments in respect of this agreement will be made in relation to the number of working days (including authorised absences) during the year.

9.7 Gender equality in the workplace

Women represented 22.1% of the Group's workforce in 2011, up slightly from 21.5% in 2010.

A company-wide agreement introduced in 2007 stipulates the conditions for the entry into application of the individual wage increase guarantee for employees on maternity or adoption leave as required by the Law of 23 March 2006 on equal pay for women and men.

10 SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

The concern for long-term viability and social responsibility to contribute to sustainable development is a natural extension of the Group's values. The desire to manage its business rigorously and to turn these values into action has led the Group to adopt "virtuous" forms of behaviour in the environmental, social and business spheres.

Axway Software's sustainable development policy covers all actions contributing to the Group's business development:

- respecting employees through appropriate working conditions, developing employees' skills and employability, non-discrimination and adherence to principles of fairness;
- providing an outstanding service to clients thanks to a focus on excellence in the accomplishment of day-to-day responsibilities;
- safeguarding the environment by limiting pollution and the depletion of natural resources;
- treating suppliers transparently and fairly in terms of relationships and working methods.

Axway Software's approach aims to reconcile efficiency with social fairness and respect for the environment. It is a continuous improvement process.

10.1 A responsible corporate citizen

Axway is a well-established player in its field, offering its 1,755 employees a stable working environment with excellent career prospects. These opportunities are made possible within a Group whose businesses involve a wide variety of activities, with operations in France and abroad, and a strong company culture. Since its inception, Axway has always sought to retain its employees, even during periods of major turbulence such as the crisis that faced all companies in 2009.

Axway's corporate culture is shaped by a system of core values that bind together the entire Group.

Our Human Resources policy is based on:

- the successful integration of new employees into a Group that has consistently expanded its workforce;
- a recruitment policy organised in particular around long-lasting partnerships with prestigious engineering schools and a highly successful programme of internships;
- a high level of training guaranteeing the excellence and adaptability of both employees and management, with a skills development plan that is reviewed each year and implemented by the Training Department;
- regular evaluation of skills and revisions to our Core Competency Reference Guide so as to adapt to changes in the Group and in our clients' requirements.

Axway's international presence means that it employs people of different nationalities, both in France and abroad.

With the conviction that this diversity is a major advantage for an international group, Axway promotes the diversity of its employees in terms of social, cultural and ethnic background, as well as age.

10.1.1 An ambitious training programme

Axway's major objectives in the area of Human Resources management include increasing the expertise of its employees and providing opportunities for their professional development. In response to this major challenge, Axway has set up an internal structure offering a full range of training through a broad network of trainers: orientation seminars and training in the Group's business areas and products and services, as well as personal development programmes.

Through working closely with staff in a flexible way, this approach seeks to develop the skills of each and every one of the Company's employees.

These training programmes also have mechanisms for sharing knowledge and best practices.

In 2011, Axway strengthened its training programmes, in particular by implementing training actions specifically intended to inculcate greater discipline in the management of contracts and to develop its capacity for innovation.

In 2011, the average number of training days per employee was 2.8 days, up from 2.5 days in 2010.

10.1.2 A continuous assessment system supporting employee development

Axway's assessment system enables the Group to get to know its staff members and regularly monitor their development. This system is mainly based on assignment reviews, annual appraisals and twice-yearly assessment and review cycles. The system also includes a Core Competency Reference Guide, which can be used by employees to improve their understanding of the requirements of the Group's businesses and career development opportunities. For local managers, this Guide supports professional development in line with both employees' wishes and the Group's priorities.

The assessment system operates under the responsibility of over 75 local managers.

10.1.3 Non-discrimination principles

Gender equality

Axway observes the principles of non-discriminatory recruitment and gender equality. The proportion of female engineers recruited is higher than the percentage of women graduating from engineering schools. With regard to gender equality, Axway applies a policy of fairness in relation to pay, promotion and access to training.

50+ Employment Plan

In accordance with new legislation a plan covering the employment of the 50+ age group has been put in place. The main aims of this plan are:

- maintaining employees aged 50 and over in their jobs;
- planning a career path;
- developing competencies, qualifications and access to training;
- transmitting know-how and competencies and developing mentoring schemes.

Under this plan, interviews have been held with 41 employees to explore options for career development.

Plan for the Disabled

With regard to its policy of employing more people with disabilities, Axway pursued two main aims in 2011:

- raising awareness among operational and functional managers to promote the recruitment of people with disabilities;
- developing the use of subcontracting, supply and service provision agreements with officially recognised sheltered workshops and accredited ESATs (assisted employment centres).

10.2 Awareness of our environmental impact

Compared with heavy industry, Axway's software development and installation activities have a limited impact on the environment. Nevertheless, our businesses generate a large amount of travel, require significant IT infrastructure and equipment and produce a lot of documents.

The need to control our environmental impact has therefore become a key factor in our management and production methods, and is covered by a continuous improvement programme involving the relevant functional divisions and their staff.

As the limitation of our environmental impact is understood to be a matter of concern for all parties involved, the Group's employees play a key role in this eco-responsibility process. Axway encourages employee initiatives in the area of environmental protection and promotes the avoidance of excess consumption of non-renewable energy resources in our working methods. A guide to eco-friendly behaviours was published and distributed in early 2009 to raise awareness and help employees in their day-to-day activities. Staff are regularly reminded of this guide, and all Group sites have champions tasked with supporting its adoption. With regard to purchases of consumables, office equipment and IT hardware, Axway has a proactive policy of working with suppliers who offer eco-friendly products.

10.2.1 Travel and commuting

Axway has locations both in France and abroad. In France, the Group has two sites. Axway's clients are located throughout France and abroad. All of the above generates a large amount of travel, with an associated environmental impact in terms of pollution and the consumption of energy resources.

In this context, and in order to limit the amount of business travel, Axway has implemented an action plan targeting a number of different areas: reducing travel to internal and external meetings by installing videoconferencing equipment at most Group sites and offering incentives to promote the use, wherever possible, of the least polluting forms of transport, particularly for travel within France and daily commutes to client sites. In 2011, Axway had 14 videoconferencing rooms available. Moreover, communications *via* webcam at individual workstations are becoming increasingly common.

10.2.2 IT resources

IT resources are managed centrally by Axway's IT team. This ensures that hardware is standardised and shared, leading to energy savings.

Axway has a large number of servers that it uses in its software development activity. These servers contribute to the Company's environmental footprint (in terms of materials, energy consumption and air conditioning requirements). With the aim of controlling the related costs, as well as the environmental impact, Axway manages its servers as efficiently as possible by pooling hardware and implementing solutions for reducing the amount of energy consumed by workstations.

With regard to photocopiers and printers, Axway has developed a process for rationalising the number of devices and promoting sensible use of consumables. In this regard, networking represents a way of reducing the number of devices, since photocopiers also function as both printers and scanners (scan to mail). Most of our photocopiers have now been networked. Furthermore, virtually all our photocopiers support double-sided printing.

Axway manages its IT equipment according to very precise guidelines with a view to controlling costs and protecting the environment.

All IT equipment is listed in a database managed using HP's AssetCenter product. Technical, financial and usage information is continually updated over the life cycle of IT equipment, which helps to maximise its lifespan and ensure proper recycling when such equipment reaches the end of its life.

The quality of information collected ensures that IT equipment is effectively managed. Moreover, only equipment that becomes obsolete or which no longer meets the required standards is replaced.

Even once equipment has been removed and recycled, Axway maintains information relating to the final destination of equipment in its database.

Furthermore, the IT team helps to reduce Axway's greenhouse gas emissions by opting for the virtualisation of its IT infrastructure. This technology enables the IT centres to pool and optimise the use of their equipment resources.

The aims of this approach are reflected in:

- an increase in processing capacity and a reduction in the number of physical machines and related energy consumption;
- the purchase of more compact machines using less energy;
- significant space savings in IT centres by limiting the need to build extensions;
- a longer life cycle for the use of equipment resources, thereby reducing toxic waste.

Finally, one of the key principles adopted over the last few years has been that of extending the lifespan of hardware and resisting pressure from manufacturers to constantly replace equipment.

Currently, Axway's IT equipment is used for at least four years. In order to ensure traceability, this equipment is regularly inventoried physically by Axway's technical teams, while related information is collected automatically *via* the network.

10.2.3 Management of business premises

At its sites in France and, depending on local legislation, in its international subsidiaries, Axway supports measures to protect the environment:

- furnishing of premises with ergonomic workstations enhancing the quality of working conditions for its staff;
- installation of energy-efficient and environmentally-friendly heating and air-conditioning systems when existing systems require replacement;
- preventive maintenance of installations to conserve energy;
- installation of whiteboards in place of flipcharts;
- use of low-energy light bulbs;
- use of non-toxic and non-hazardous products by the cleaning services;
- installation of water fountains directly connected to the drinking water distribution network to reduce plastic bottle use;
- commitment by site managers to observe and encourage respect for the environment and good practice on a day-to-day basis.

10.2.4 Waste management

In 2011, Axway continued to implement its waste recycling policy, in particular with respect to the following areas:

- implementation of waste separation at the Group's sites in France, working with specialised service providers.

This decision was accompanied by an awareness campaign promoting the proper use of waste separation, in accordance with the specific characteristics of each site. Site representatives are appointed to ensure that all waste separation programmes across the Group operate smoothly, notably by suggesting corrective measures to improve efficiency;

- waste management relating to consumable computer and office supplies, batteries, beverage cans and paper, by making available special containers for this purpose, with waste collected by an accredited firm implementing procedures allowing for the monitoring of the quantity of waste processed;
- a specific waste management plan for products covered by the European Union's Waste Electrical and Electronic Equipment (WEEE) Directive, with waste collected by accredited firms implementing procedures allowing for the traceability of this waste.

10.2.5 Paperless processes

Axway continues to encourage the wider use of paperless processes by deploying tools permitting electronic document management and by frequently urging its employees to avoid printing whenever possible. Concrete measures implemented by the Group to encourage the use of paperless processes combined with its efforts to raise environmental awareness among employees have a positive impact on the environment on a number of levels since they allow for reductions both in the use of paper and in energy consumed by printing. In addition, paperless processes help to limit the physical delivery of documents and, last but not least, less paper used for printing means less waste to be processed.

Paperless processes within the Group concern activity reports produced on a monthly basis by each employee, the management of paid leave and absences and IT requests related to the management of the Group's IT equipment, while work documents required for internal and external meetings are increasingly distributed electronically with the instruction to print them out only if absolutely necessary.

New projects in this area were initiated in 2011, notably relating to travel expense information and invoices.

2

CORPORATE GOVERNANCE

1 ADMINISTRATIVE AND MANAGEMENT BODIES

1.1 Composition of the Board of Directors

The Company is a French *société anonyme* with a Board of Directors. It is subject to applicable French laws and regulations and its Articles of Association.

The main provisions of these Articles of Association in respect of members of the Board of Directors and management bodies are provided in Chapter 8, section 2 of this document.

Unless otherwise indicated, the term "Articles of Association" in this chapter refers to the Company's Articles of Association adopted by the Board of Directors on 23 June 2011 and updated on 19 July 2011.

1.2 Board of Directors

The Company is administered by a Board of Directors comprising a minimum of three members and a maximum of eighteen. During the life of the Company, the directors are appointed, reappointed or dismissed by the Ordinary General Meeting; they are all eligible for re-election. Directors are appointed for a term of four years.

The Board of Directors elects from among its members a Chairman, who must be a natural person in order for the appointment to be valid. The Board of Directors can dismiss him at any time.

The Board of Directors meets as often as the Company's interests require it to do so, at the request of its Chairman.

The Board of Directors determines the overall business strategy of the Company and supervises its implementation.

It decided to separate the functions of Chairman of the Board and Chief Executive Officer.

In its meeting of 28 April 2011, the General Meeting appointed the members of the Board of Directors, to be effective immediately. The Board of Directors is composed of the following members:

First name, surname and professional address	Shares in the Company owned personally	Position held on the Board of Directors	Date of appointment	Expiration of term	Directorships and offices held during the last five years
Pierre PASQUIER **(76 years)** **Professional address:** **Sopra Group SA** **PAE Les Glaisins** **BP 238** **74942 Annecy-le-Vieux Cedex** **France**	120,463	Chairman of the Board of Directors	General Meeting of 19 May 2009 and Board of Directors' Meeting of 19 May 2009	General Meeting convened to approve the financial statements for the year ended 31 December 2014	Within the Group: • Chairman of Axway Software; • director or company officer of the Group's foreign subsidiaries (direct and indirect). Outside the Group: • Chairman and CEO of Sopra Group SA; • Chairman and CEO of Sopra GMT.
Kathleen CLARK BRACCO **(44 years)** **Professional address:** **Sopra GMT** **PAE Les Glaisins** **BP 238** **74942 Annecy-le-Vieux Cedex** **France**	6,250	Director	General Meeting of 28 April 2011	General Meeting convened to approve the financial statements for the year ended 31 December 2014	Within the Group: Nil. Outside the Group: Financial Information Director of Sopra Group SA
David COURTLEY **(55 years)** **Professional address:** **25 Mount Pleasant Villas** **London N4 4HH** **England**	0	Director	General Meeting of 28 April 2011	General Meeting convened to approve the financial statements for the year ended 31 December 2014	Within the Group: Nil. Outside the Group: • Director of Sagentia • Chief Executive of Fujitsu Services (United Kingdom)

First name, surname and professional address	Shares in the Company owned personally	Position held on the Board of Directors	Date of appointment	Expiration of term	Directorships and offices held during the last five years
Hervé DÉCHELETTE (67 years) Professional address: Sopra Group SA PAE Les Glaisins BP 238 74942 Annecy-le-Vieux Cedex France	22,406	Director	General Meeting of 28 April 2011	General Meeting convened to approve the financial statements for the year ended 31 December 2014	Within the Group: • director; • director or company officer of the Group's foreign subsidiaries. Outside the Group: Nil.
Christophe FABRE (43 years) Professional address: Axway 6811 E. Mayo Boulevard, Suite 400 Phoenix, Arizona 85054 USA	17,674	Director	General Meeting of 28 April 2011	General Meeting convened to approve the financial statements for the year ended 31 December 2014	Within the Group: • Chief Executive Officer • Director or company officer of the Group's foreign subsidiaries. Outside the Group: Nil.
Pascal IMBERT (53 years) Professional address: Solucom Tour Franklin 100-101 Terrasse Boieldieu 92042 Paris La Défense Cedex France	340	Director	General Meeting of 28 April 2011	General Meeting convened to approve the financial statements for the year ended 31 December 2014	Within the Group: Nil. Outside the Group: Chairman of the Management Board of Solucom.
Françoise MERCADAL-DELASALLES (49 years) Professional address: Société Générale Tour Société Générale 17 cours Valmy Paris La Défense 7 France	0	Director	General Meeting of 28 April 2011	General Meeting convened to approve the financial statements for the year ended 31 December 2014	Within the Group: Nil. Outside the Group: Resources Director of the Group and member of the Executive Committee of Société Générale.
Hervé SAINT-SAUVEUR (67 years) Professional address: LCH Clearnet SA 18 rue du 4 septembre 75002 Paris France	0	Director	General Meeting of 28 April 2011	General Meeting convened to approve the financial statements for the year ended 31 December 2014	Within the Group: Nil. Outside the Group: • Chairman of LCH Clearnet SA; • Director of Sopra Group SA; • Director of VIPARIS Holding; • Director of COMEXPOSIUM; • Director of SOGECAP; • Elected member of Paris Chamber of Commerce and Industry.

In its meeting of 9 May 2011, the Board of Directors named independent directors in accordance with the recommendations of the MiddleNext Corporate Governance Code for Midcaps (Messrs. David Courtley, Hervé Déchelette, Pascal Imbert and Hervé Saint-Sauveur were appointed independent directors).

Pierre Pasquier was appointed Chairman of the Board of Directors on 22 December 2001.

Pierre Pasquier has around 40 years' experience in the fields of IT and corporate management. In 1968 he co-founded Sopra Group SA, the Company that gave birth to Axway and which is now one of France's leading consulting and systems and solutions integration companies. He is a graduate of the University of Rennes (Mathematics, 1962).

Kathleen Clark Bracco has been a member of the Board of Directors since 28 April 2011.

Kathleen Clark Bracco has been Deputy Managing Director of Sopra GMT since 1 January 2012. She is also Sopra Group SA's Director of Financial Communications and, as such, is responsible for investor relations as a whole. Kathleen Clark Bracco began her professional career in the United States education sector. She is a graduate of the University of California at Irvine (Literature, 1994) and the University of California at San Jose (English, 1989).

David Courtley has been a member of the Board of Directors since 28 April 2011.

David Courtley is an advisor for a number of IT and private equity companies and also works as a management consultant. He has many years experience in the IT field, having been Chief Executive of Fujitsu Services (formerly ICL) in the United Kingdom from 2001 to 2008 and a senior executive at EDS UK from 1991 to 2000.

Hervé Déchelette has been a member of the Board of Directors since 28 April 2011.

Hervé Déchelette has been with Sopra Group SA for most of his career, and was Company Secretary until 2008. He is an expert-comptable (French equivalent of chartered accountant) by training and has a degree from the *École Supérieure de Commerce de Paris.*

Christophe Fabre was appointed Chief Executive Officer on 22 December 2005 and has been a member of the Board of Directors since 28 April 2011.

Christophe Fabre has been with Sopra Group SA since July 1995, when he joined the Department that gave birth to Axway Software. After being appointed *Chief Technology Officer* (CTO) in 2003, he was responsible for combining all of Axway Software's existing products onto a single platform before being appointed Chief Executive in 2005. He is a graduate of the *Institut d'Informatique et Mathématiques Appliquées de Grenoble* (IMAG), where he gained a DESS postgraduate diploma in Computer Science in 1993.

Pascal Imbert has been a member of the Board of Directors since 28 April 2011.

Pascal Imbert began his career with Télésystèmes in 1980. In 1990, he co-founded Solucom, where he has been Chairman of the Management Board since 2002. Solucom is a management and information systems consultancy whose clients are among the top 200 large corporates and administrations. Solucom is listed on NYSE Euronext and has been recognised as an "innovative business" by OSEO innovation. Pascal Imbert is a graduate of both the *École Polytechnique* and the *École Supérieure des Télécommunications.*

Françoise Mercadal-Delasalles has been a member of the Board of Directors since 28 April 2011.

Françoise Mercadal-Delasalles has spent her career working for the French Ministry of Finance (Budget Directorate) and in the banking sector. Since February 2009, she has been Société Générale Group's Resources Director and a member of the Group's Executive Committee. Françoise Mercadal-Delasalles holds bachelor's degrees in Arts and Law and is a graduate of the *Institut d'Études Politiques de Paris* and an alumna of the *École Nationale d'Administration* (class of 1986/1988).

Hervé Saint-Sauveur has been a member of the Board of Directors since 28 April 2011.

Since 30 May 2005, Hervé Saint-Sauveur has been a member of Sopra Group SA's Board of Directors, within which he is Chairman of the Audit Committee. He joined Société Générale in 1973. After working in the Economic Research Department (1973), he went on to become Director of Financial Control (1980-84), Chief Executive of Europe Computer Systems (1985-90), Operations Director in the Capital Markets Division (1990-94), Group Strategy and Finance Director and member of the Executive Committee (1995-2002), and adviser to the Chairman (2003-06). Since 2009, he has been Chairman of LCH Clearnet SA. He is a graduate of both the *École Polytechnique* and the *École Nationale de la Statistique et de l'Administration Économique.*

1.3 Executive management

First name, surname and professional address	Office	Date first appointed and date on which office expires	Offices and duties within the Group during the last five years	Offices and duties outside the Group during the last five years
Pierre PASQUIER Professional address: Sopra Group SA PAE Les Glaisins BP 238 74942 Annecy-le-Vieux Cedex France	Chairman of the Board of Directors	**First appointed:** 22 December 2001	**Current offices and duties:** (Chapter 2, section 1.2)	**Current offices and duties:** (Chapter 2, section 1.2)
		Expiration of term: General Meeting convened to approve the financial statements for the year ended 31 December 2014	**Expired offices and duties:** (Chapter 2, section 1.2)	**Expired offices and duties:** (Chapter 2, section 1.2)
Christophe FABRE Professional address: Axway 6811 E. Mayo Boulevard, Suite 400 Phoenix, Arizona 85054 USA	Chief Executive Officer	**First appointed:** 22 December 2005	**Current offices and duties:** Nil	**Current offices and duties:** Nil
		Expiration of term: Open-ended	**Expired offices and duties:** Nil	**Expired offices and duties:** Nil

1.4 Family relationships

As at the date of approval of this document, to the best of the Company's knowledge, there are no family relationships between members of the Board of Directors and the Company's management.

1.5 Legal information

At the time of writing, to the best of the Company's knowledge, none of the members of the Board of Directors or management have been:

- convicted of fraud in the past five years;
- declared bankrupt or placed into receivership or liquidation in the past five years;
- incriminated and/or issued an official public sanction by statutory or regulatory authorities in the past five years.

To the best of the Company's knowledge, none of the corporate officers has been prevented by the courts from acting as a member of an issuer's administrative, management or supervisory body or from being involved in an issuer's management or the conduct of its business in the past five years at least.

1.6 Conflicts of interest within administrative and management bodies

The Company maintains significant relations for its business and development with Sopra GMT, the lead holding company of which Pierre Pasquier is Chairman and Chief Executive Officer and in which he holds a majority of voting rights. Sopra GMT controls the Company as a result of its directly and indirectly holding of more than half of the Company's voting rights (Chapter 7 section 2).

Furthermore, a framework assistance agreement has been entered into with Sopra GMT, under the terms of which Sopra GMT will provide a number of services to Sopra Group SA and Axway Software (Chapter 7 section 2.3). In accordance with the procedure applicable to regulated agreements, this agreement was submitted to the Board of Directors for approval prior to being signed.

To the best of the Company's knowledge, these relationships are not liable to constitute conflicts of interest.

It should also be noted that:

- Axway's Board of Directors includes four independent members, appointed at a meeting held on 9 May 2011, in accordance with the recommendations of the MiddleNext Corporate Governance Code for Midcaps;
- the directors submit to the obligation to comply with the interests of the Company, the rules set out in the charter and the rules of procedure of the Board of Directors or any other rules contributing to good governance as defined in the Middlenext Corporate Governance Code ("Compliance for Board members").

1.7 Committees

An Audit Committee was created by resolution of the Board of Directors held on 9 May 2011 which also decided, with immediate effect, on its composition, its operating procedures and its powers. Its members are:

- Hervé Saint-Sauveur (Chairman of the Committee);
- Françoise Mercadal-Delasalles;
- Hervé Déchelette;
- David Courtley.

The procedures of the Audit Committee are described in Chapter 2, section 4.1.5.

1.8 Compensation paid to company directors and officers

The Company's Combined General Meeting of 28 April 2011 decided to allocate directors' fees in the amount of €250,000 in respect of the 2011 financial year.

Article 9 of the internal regulations of Axway Software's Board of Directors

Half of the total directors' fees are distributed equally between the members of the Board of Directors.

The other half of the total directors' fees are distributed, at the end of the year, in proportion to the number of sessions of the Board of Directors or, where applicable, of each committee in which each member of the Board took part.

STATEMENT OF DIRECTORS' FEES AND OTHER COMPENSATION RECEIVED BY NON-EXECUTIVE COMPANY DIRECTORS

Non-executive company directors	Amounts paid in the 2010 financial year	Amounts paid in the 2011 financial year
Pierre PASQUIER		
Directors' fees	-	23,438
Other compensation		
Hervé SAINT-SAUVEUR		
Directors' fees	-	26,367
Other compensation		
Hervé DÉCHELETTE		
Directors' fees	-	23,438
Other compensation		
David COURTLEY		
Directors' fees	-	23,438
Other compensation		
Pascal IMBERT		
Directors' fees	-	21,973
Other compensation		
Kathleen BRACCO		
Directors' fees	-	23,438
Other compensation		
Françoise MERCADAL-DELASALLES		
Directors' fees	-	21,973
Other compensation		
TOTAL	**-**	**164,064**

The table below shows the remuneration paid and owed to Christophe Fabre over the last two financial years:

SUMMARISED STATEMENT OF COMPENSATION PAYABLE AND OPTIONS AND SHARES ALLOCATED TO EACH EXECUTIVE OFFICER

(in euros)	2010	2011
Christophe FABRE		
Compensation payable in respect of the financial year	564,240	946,639
Valuation of options allocated during the year	-	588.841
Valuation of performance-based shares allocated during the year	-	-

SUMMARISED STATEMENT OF COMPENSATION PAYABLE TO EACH EXECUTIVE DIRECTOR

	2010		2011	
(in euros)	**Amount due**	**Amount paid**	**Amount due**	**Amount paid**
Christophe FABRE				
Fixed compensation (1)	266,394	266,394	305,144	305,144
Variable compensation (1)	213,601	105,305	167,829	213,601
Exceptional compensation (3)	-		372,200	372,200
Directors' fees		-	23,438	-
Value of benefits in kind (1) (4)	84,245	84,245	78,028	78,028
TOTAL	**564,240**	**455,944**	**946,639**	**977,426**

(1) The fixed and variable compensation is paid in dollars. The conversion rate used to produce this table is that in effect at 31 December 2011; on that date, the rate was $1.00 = €0.76286.

(2) The criteria applied to determine the amount allocated under the variable compensation was the operational margin of the Company and the organic growth.

(3) This exceptional compensation replaces bonus shares authorized by the Board in a context where it was considered important to strengthen the Chief Executive Officer at a key moment in the development of the enterprise, and also in view of a delay in the establishment of a stock option plan. The amount of exceptional compensation, which was decided by the Board, has been calculated on the basis of a value of 20,000 shares valued at €18.61 per share.

(4) The benefits in kind enjoyed by Christophe Fabre primarily comprise a company vehicle and living accommodation. The amounts shown in the table above do not include social security contributions paid in France, which came to €85,155 in 2011 and €84,273 in 2010.

Pierre Pasquier received no compensation in respect of the 2009 and 2010 financial years. For 2011, he received total compensation of €60,000.

	Employment contract		Supplementary pension plan		Indemnities or benefits due or likely to become due on the termination of service or change of functions		Indemnities relating to a non-competition clause	
Senior executive directors	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**
Pierre PASQUIER Chairman Start of term of office: Board of Directors' meeting of 19 May 2009 End of term of office: General Meeting convened to approve the financial statements for the year ended 31 December 2014		X		X		X		X
Christophe FABRE Chief Executive Officer Start of term of office: Board of Directors' meeting of 22 December 2005 End of term of office: Open-ended	X			X		X		X

Christophe Fabre has been employed by Sopra Group SA since 1995. His employment contract was transferred to Axway when it was made a subsidiary in 2001, as were all the employment contracts of the employees of the transferred business activities.

With effect from 22 December 2005, the date of Christophe Fabre's appointment as the Company's Chief Executive Officer, his employment contract was suspended and it will remain suspended for as long as Christophe Fabre serves as Chief Executive Officer.

The Board of Directors' decision to maintain Christophe Fabre's employment contract and to suspend it whilst he serves as Chief Executive Officer was taken based on his length of service as an employee of the Company.

It should be noted that Christophe Fabre was granted 170,397 options to subscribe to shares under Plan no. 1 (chapter 7 section 6), and 200,000 options to subscribe to shares under Plan no. 3 (chapter 7 section 6), which has the following characteristics:

HISTORY OF SHARE SUBSCRIPTION OPTIONS GRANTED TO COMPANY OFFICERS

Information on share subscription options		
	Plan no. 1	Plan no. 3
Date of the General Meeting that authorised the plan	23/05/2007	28/04/2011
Grant date by the Board of Directors	23/05/2007	18/11/2011
Company officer concerned by the award	Christophe Fabre	Christophe Fabre
Total number of shares that may be subscribed	170,397 (1)	200,000 (1)
Date from which options may be exercised	24/05/2011	18/05/2014 for 50% 18/11/2016 for 50%
Expiry date	23/05/2012	18/11/2019
Subscription price	€12.61	€14.90
Number of shares subscribed at 31/12/2011	0	0
Cumulative number of share subscription options having been cancelled or expired	-	-
Share subscription options outstanding at 31/12/2011	170,397	200,000

(1) The granting of these share subscription options is not dependent on any performance conditions.

The table below sets out the method used to determine the subscription price and the adjustments made to the number of shares that may be subscribed under Plan no.1:

Unit price Change	Value of the option	Number of options	Event
-	78.90	20,100	Allocation (1)
28.00	106.90	-	2008 Adjustment (2)
0.9558	102.18	-	Before distribution & capital increase (3.1)
-	-	21,029	Before distribution & capital increase (3.2)
0.1250	12.77	168,231	Eight-for-one stock split (4)
0.9876	12.61	-	Capital increase (5.1)
-	-	170,397	Capital increase (5.2)

(1) Initial situation at 23/05/2007 upon allocation.
(2) = (par value of one share after 2008 capital increase – par value of one share before 2008 capital increase) i.e. (€38.00 – €10.00).
(3.1) = (Axway value after distribution/Axway value before distribution of premiums and reserves) i.e. €300,000,000.000/€313,863,641.18.
(3.2) = (strike price of a share option before adjustment/strike price of a share option after adjustment).
(4) = (total number of shares after stock split/total number of shares before stock split), i.e. 1/8.
(5.1) = (number of shares before capital increase/number of shares after capital increase), i.e. 15,920,000/16,120,513 = 0.9876.
(5.2) = (strike price of a share option before adjustment/strike price of a share option after adjustment).

SHARE SUBSCRIPTION AND PURCHASE OPTIONS ALLOCATED DURING THE YEAR TO EACH EXECUTIVE OFFICER BY THE ISSUER AND BY ALL GROUP COMPANIES

Name of executive officer	Number and date of plan	Type of options (purchase or subscription)	Valuation of options based on the method used for the consolidated financial statements (1)	Number of options allocated during the year	Exercise price	Exercise period
Christophe FABRE	Plan No. 3 of 18/11/2011	Subscription options	€3.76	100,000	€14.90	18/05/2014 – 18/11/2019
Christophe FABRE	Plan No. 3 of 18/11/2011	Subscription options	€2.12	100,000	€14.90	18/11/2016 – 18/11/2019
TOTAL				**200,000**		

(1) The fair value of the subscription options allocated under plan no. 3 was determined using a model recommended by IFRS 2 pertaining to the fair value measurement of options, known as the binomial model. This model was applied using the following hypotheses: average projected lifetime of between 4.5 and 6 years, expected volatility rate of 29.44%, dividend yield rate of 1.39% and risk-free interest rate of 2.48%. The expected volatility was determined based on the expected volatility of comparable segment values.

- No action plan had been implemented by Axway Software as of the date of this Registration Document.

1.9 Provisions made by the Company and its subsidiaries to pay pension, retirement and other advantages to senior executives

There is no supplementary retirement plan specifically for senior executives.

In respect of the 2011 financial year, the Company made no provisions to pay pension, retirement and other advantages to members of its administrative or management bodies or under the suspended employment contract of Christophe Fabre.

1.10 Code of Corporate Governance

The Company decided to adopt the recommendations of the MiddleNext Code of Corporate Governance for small and midcaps as issued in December 2009, owing to its compatibility with the size of the Company and its capital structure.

The Board of Directors has reviewed the principles of this Code.

The Company applies a number of recommendations included in the Middlenext Code and intends to adapt its internal process on a gradual basis with each passing financial year. However, for 2011, the status of the application of the Code's recommendations is as follows:

Recommendation number	Purpose of the recommendation	Applied	Explained
1	Combination of employment contract and directorship	Yes	
2	Definition and transparency of the compensation of executive officers	Yes	
3	Severance pay	Yes	
4	Supplementary pension plans	Yes	
5	Stock options and bonus share awards	Partially	- (1)
6	Introduction of Board internal regulations	Partially	- (2)
7	Compliance for Board members	Partially	- (3)
8	Composition of the Board – Independent directors	Yes	
9	Selection of directors	Yes	
10	Directors' term of office	Yes	
11	Board member information	Partially	- (4)
12	Creation of committees	Yes	
13	Board and Committee meetings	Yes	
14	Directors' compensation	Yes	
15	Introduction of Board evaluation	No	- (5)

(1) The terms of allocation are complied with (no excessive allocation or allocation on departure). However, the terms for exercising options are not complied with (no performance conditions) as the overall allocation plan this falls under does not include any performance conditions.
(2) This recommendation is followed, with the exception of the publication of the internal regulations.
(3) The members of Axway's Board have not signed the internal regulations of the Board but will be invited to do so during 2012.
(4) No procedure for the Board's members to assess the quality of its information has been implemented.
(5) The evaluation of the Board was not conducted. However, beginning in the 2012 financial year, its members will be invited to give their views on the procedures and preparation of the work of the Board. The methods used to assess the work of the Board of Directors are also discussed in Chapter 2, section 4.1.6.

2 THE STATUTORY AUDITORS

2.1 Statutory Auditors and Alternate Auditors

Cabinet Mazars represented by Christine Dubus, Statutory Auditor;

Jean-Louis Simon, Alternate Auditor;

Cabinet ACA (Auditeurs & Conseils Associés) represented by François Mahé, Statutory Auditor;

AEG Finances, Alternate Auditor.

2.2 Fees for Statutory Auditors and members of their networks

	Mazars						Auditeurs & Conseils Associés					
	Amount (excl. VAT)			%			Amount (excl. VAT)			%		
(in thousands of euros)	2011	2010	2009	2011	2010	2009	2011	2010	2009	2011	2010	2009
Audit												
Statutory audit, certification, of the individual company and consolidated financial statements:												
• Issuer	102	45	42	34%	17%	15%	94	54	45	51%	37%	59%
• Fully-consolidated subsidiaries	194	202	195	66%	77%	70%	27	28	27	15%	19%	36%
Other work and services directly related to the statutory audit:												
• Issuer	-	-	-	0%	0%	0%	59	55	-	32%	38%	0%
• Fully-consolidated subsidiaries	-	-	-	0%	0%	0%	-	-	-	0%	0%	0%
Subtotal	**296**	**247**	**237**	**100%**	**94%**	**86%**	**180**	**137**	**72**	**98%**	**94%**	**95%**
Other services provided by the networks to fully-consolidated subsidiaries												
Legal, tax and employee-related	-	15	40	0%	6%	14%	4	9	4	2%	6%	5%
Other	-	-	-	0%	0%	0%	-	-	-	0%	0%	0%
Subtotal	**-**	**15**	**40**	**0%**	**6%**	**14%**	**4**	**9**	**4**	**2%**	**6%**	**5%**
TOTAL	**296**	**262**	**277**	**100%**	**100%**	**100%**	**184**	**146**	**76**	**100%**	**100%**	**100%**

3 REGULATED AGREEMENTS

3.1 New agreements concluded in 2011

3.1.1 Agreement for the recharging of expenses and fees incurred in connection with the spin-off and listing project for Axway Software

At its meeting held on 13 April 2011, the Board of Directors authorised the recharging of internal and external fees and expenses incurred through listing Axway Software on the stock market. 25% for Sopra Group and 75% for Axway Software.

The application of this agreement led Sopra Group to recharge Axway Software a total amount of €2,496,555.

3.1.2 Agreement with Sopra GMT, financial holding company of Axway Software

At its meeting held on 13 April 2011, the Board of Directors authorised the signature of a framework assistance agreement with Sopra GMT, under which Sopra GMT will provide the following services to Axway Software from 1 July 2011:

- coordinating general policy between Sopra Group SA and Axway Software and developing synergies subsequent to Axway's spin-off;
- strategic planning, particularly with respect to acquisition projects and possible affiliations with larger companies, or independent development if appropriate;
- providing strategy, consultancy and assistance services, particularly in the areas of finance and internal control.

It was anticipated that the costs recharged by Sopra GMT would consist mainly of a percentage of salaries, related charges and expenses of employees assigned to the services provided to Axway and, where applicable, external expenses incurred by Sopra GMT under the same conditions. The costs would have to be recharged using a cost plus basis of 7%.

It was decided that the allocation criterion applied between Sopra GMT and Axway, in order to take into account the estimated distribution of Sopra GMT's business between the two companies, should allocate 30% of the recharged expenses to Axway Software.

The contract, of an initial duration of two years starting from 1 July 2011, is automatically renewable for subsequent terms of two years, unless otherwise indicated with a notice period of three months.

The application of this agreement led to Axway Software being billed by Sopra GMT for the approximate amount of €65,000 in the second half of 2011.

3.1.3 Transfer of intellectual property on Software held by Axway Inc. in favour of Axway Software

The Board of Directors authorised the acquisition by Axway Software from Axway Inc. of the intellectual property rights held by the latter on Tumbleweed products, for the fixed price of $18 million; this price may be revised up or down according to an independent valuation made by McGladrey & Pullen, LLP. The acquisition related to software rights only. The transfer took retroactive effect on 1 April 2011.

3.1.4 Tax consolidation withdrawal agreement

As part of the *spin-off,* the tax consolidation agreement signed on 25 February 2002 with Sopra Group was terminated.

This withdrawal from tax consolidation had no impact for either company.

3.1.5 Debts forgiven

The Board of Directors authorised the Company to forgive its debt of €280,822 in favour of its subsidiary Axway Srl.

3.1.6 Agreement for the provision of IT resources between Axway Software and its subsidiaries

The Company agreed an agreement for the provision of IT resources with all of its subsidiaries. This agreement stipulates billing of the provision on a *prorata* basis proportional to the workforce of each subsidiary. The agreement was not subject to prior authorisation by the Board of Directors owing to an involuntary omission.

This agreement shall be submitted for approval at the next General Assembly, in accordance with the provisions af Article L.225-42 of the Commercial Code.

The Company recorded the following income from this agreement in 2011:

Agreement	Impact on the 2011 financial statements
Provision of IT resources	
Axway GmbH	€202,900
Axway Nordic	€38,632
Axway Belgium	€28,800
Axway Srl	€36,400
Axway BV	€15,800
Axway Iberia	€25,200
Axway Romania	€421,100
Axway Bulgaria	€219,089
Axway Inc.	€668,508
Axway UK	€35,393
Axway Pte Ltd	€32,091
Axway Software China	€15,821
Axway Ltd	€19,702
Axway Pty	€2,459

3.2 Agreements approved in previous years which continued to be applied during the year

The execution of the following agreements which were approved in previous years continued in 2010:

3.2.1 Agreements between Axway Software and Sopra Group

Agreement	Impact on the 2011 financial statements
Provision of premises	-€3,326,256
Provision of IT resources	-€771,297
Assistance provided by functional divisions	-€360,450
Commercial support Payment of management fees for commercial support by Sopra Group	No impact. Not applied in 2011.

3.2.2 Agreements between Axway Software and its subsidiaries

Agreement	Impact on the 2011 financial statements
Assistance provided by functional divisions Axway Inc.	-€3,383,300

3.2.3 Cash management agreements

Company concerned	Expense (-)/Income (+)
Sopra Group [(1)]	-€752,029
Axway Belgium [(2)]	-€11,423
Axway BV [(2)]	-€3,953
Axway GmbH [(2)]	-€39,619
Axway Nordic [(2)]	-€6,950
Axway Iberia [(2)]	-€4,257
Axway Romania [(2)]	-€4,589
Axway UK [(2)]	-€3,508
Axway Pty [(2)]	-€984
Axway Pte Ltd [(2)]	€9,677
Axway Inc. [(2)]	€66,853
Axway Software Korea [(2)]	€5,256
Axway Srl [(2)]	€210

(1) At their meetings held on 27 April 2011 and 13 April 2011 respectively, the Boards of Directors of Sopra Group and Axway Software authorised the signature of an amendment to the Group cash pooling agreement dated 19 December 2001, stipulating the repayment of all sums made available by Sopra Group to Axway Software when the capital increase of Axway Software is carried out and, should this capital increase not occur immediately, at all events before 31 December 2012.
Axway Software repaid all of its current account, i.e. €68.4 million, following the capital increase carried out on 19 July 2011. This agreement, modified by an amendment, is therefore no longer applicable.

(2) The cash management agreements applicable between Axway Software and Axway's subsidiaries were terminated, with their end date set at 30 June 2011. A group cash management agreement replaced these agreements, with operating conditions that do not qualify it as a regulated agreement.

4 CHAIRMAN OF THE BOARD OF DIRECTORS' REPORT ON CORPORATE GOVERNANCE AND ON INTERNAL CONTROL PROCEDURES

Pursuant to Article L. 225-37 of the French Commercial Code, the purpose of this report is to inform shareholders as to:

- the manner in which the work of the Board of Directors was prepared and organised;
- specific procedures relating to the participation of shareholders in General Meetings;
- the internal control and risk management procedures implemented by the Company.

4.1 Manner in which the work of the Board of Directors was prepared and organised

4.1.1 Composition of the Board of Directors and remuneration of its members

The composition and remuneration of the members of the Board of Directors are presented in section 1 of Chapter 2 of this Registration Document.

The Board of Directors currently comprises two females, pursuant to the principle of the balanced representation of men and women (law no. 2011-103 of 27 January 2011). The Board shall strive to enhance this balanced representation in its composition when any changes are made to its structure in the future.

4.1.2 Regulatory framework governing the Board of Directors, its organisation and its working procedure

The organisation and working procedure of the Board of Directors are governed by law, the Company's Articles of Association, internal rules and regulations, and a charter.

Legal provisions

The working procedure of the Board of Directors is governed by Articles L. 225-17 *et seq*. of the French Commercial Code. The principal mission of the Board of Directors is to determine the strategic directions to be followed by the Company and to oversee their implementation.

Provisions included in the Articles of Association

The rules governing the organisation and procedures of the Board of Directors are set forth in Articles 14 to 21 of the Articles of Association. Administrative and legal information.

The Articles of Association currently incorporate the recommendations of the MiddleNext Code of Corporate Governance on the term of office of directors, which is set at four years.

Internal rules and regulations of the Board of Directors

The internal rules and regulations relate to the following issues: summary of legal and statutory powers, meetings, information received by the Board of Directors, training of members, committees, conflicts of interest, directors' fees, confidentiality and works council representatives.

Board of Directors' charter

The responsibilities of members of the Board of Directors are governed by a charter that addresses the following issues: proxies, missions and conditions of service, knowledge of rights and obligations, individually owned shares, ethical rules pertaining to stock market transactions, transparency, conflicts of interest, meeting attendance and confidentiality.

The Articles of Association, the rules and regulations and the charter of the Board of Directors are available upon request from the Company's Corporate Secretariat.

4.1.3 Meetings of the Board of Directors

Number of meetings held during the financial year and attendance of members of the Board of Directors

In accordance with its internal regulations, the Board of Directors is required to meet at least five times each year.

An annual calendar of meetings including a provisional agenda was established by the Board and may be modified should any specific events justify a change in the agreed schedule.

The Board of Directors met eight times in 2011. The attendance rate was 92%.

The Board of Directors was kept regularly informed of the work of the Audit Committee.

Issues discussed

The main issues discussed in 2011 were:

- strategy and the enterprise project;
- quarterly performance;
- 2011 budget and major strategies;
- approval of the financial statements for the year ended 31 December 2011;
- approval of the interim financial statements for the first half of 2011;
- the product development strategy and the acquisitions policy;
- the capital increase carried out in 2011;
- the Free Share Allocation Plan;
- the 2011 Stock Option Plan;
- approval of financial information and planning documents;
- procedures of the Board of Directors and its internal regulations.

4.1.4 Access to information by members of the Board of Directors

Dissemination of information – Preparatory materials

Article 4 of the internal regulations states that:

- each member of the Board shall receive all information required in the performance of his or her mission and is authorised to request any documents deemed pertinent;
- in advance of each meeting of the Board, a set of preparatory materials shall be addressed to members presenting the items on the agenda requiring special analysis and preliminary reflection, provided that confidentiality guidelines allow the communication of this information;
- the members of the Board shall also receive, in the intervals between meetings, all pertinent and critical information concerning significant events or operations. This information shall include copies of all press releases disseminated by the Company.

Training

Article 5 of the internal regulations states that "any member of the Board may, on the occasion of his or her appointment or at any point during his or her term in office, engage in training sessions he or she feels are required by the performance of his or her duties".

Given the experience and length of service of the members of the Board of Directors, no training was deemed to be required in 2011.

4.1.5 Committees of the Board of Directors

Audit Committee

The Audit Committee was created on 9 May 2011. Its members are:

- Hervé Saint-Sauveur, Chairman;
- Françoise Mercadal-Delasalles;
- Hervé Déchelette;
- David Courtley.

This Committee meets at least four times a year (on a full-year basis). At least two of these meetings are convened to review the interim and annual financial statements, respectively.

The Committee, which lacks the authority to take decisions on its own, submits its findings and recommendations to the Board of Directors in support of the latter's decisions in the areas of risk management and internal control, financial reporting, internal audit and external audit. The Audit Committee therefore has the following main responsibilities:

- examining the financial statements, especially in order to:
  - review the Company's exposure to risks as well as its off-balance sheet commitments,
  - verify that the procedures for gathering and checking information guarantee its reliability,
  - ensure that accounting policies have been applied consistently and are pertinent;
- promoting the effectiveness of internal control and risk management procedures; monitoring the statutory audit of the Group's financial statements by the Statutory Auditors;
- ensuring compliance with the requirement for the independence of Statutory Auditors.

It was convened twice in 2011 in the presence of the Statutory Auditors. The main items of business at these meetings were as follows:

- the 2011 impairment tests;
- the intra-group transfer pricing policy;
- examination of the financial statements for the first half of 2011;
- the organisation and 2011 work programme for the Group's internal audit function;
- the implementation of the internal audit function;
- the Chairman's draft report on corporate governance and internal control procedures;
- renewal of the appointment of Statutory Auditors and rotation of partners;

The Statutory Auditors appeared before the Committee in the absence of Executive Management personnel.

Various operating and functional Group managers were also interviewed for the informational purposes of the members of the Audit Committee in relation to risk management, internal controls and the preparation of financial and accounting information.

4.1.6 Evaluation of the Board of Directors

The evaluation of the Board of Directors was not performed. As a result, the Board of Directors did not conduct a formal evaluation of its procedures at the end of 2011, which was its first financial year. However, beginning in the 2012 financial year, its members will be invited to give their views on the procedures and preparation of the work of the Board.

4.2 Specific procedures relating to the participation of shareholders in General Meetings

The main provisions of the Articles of Association relating to General Meetings and the rights and obligations of shareholders are included in Chapter 8, sections 3 and 4 of the Registration Document.

4.3 Internal control and risk management procedures implemented by the Company

Introduction

The Company was fully separated from the Sopra Group by the spin-off carried out in June 2011. Until then and since its creation in January 2001, the Company and its subsidiaries functioned as operational divisions of Sopra Group and, as such, applied the internal control and risk management procedures implemented by the Group. Since the spin-off, the Company has naturally continued to apply these procedures whilst gradually implementing additional measures to cover the specific aspects of its business segment.

The Company conducts software sales business activity consisting mainly of the design and development, marketing, support and implementation of software products. Axway's market is data exchange for business interaction networks. This market is the product of the convergence of existing and emerging practices. It is characterised by fierce competition and an increasing concentration of software vendors.

The competition facing the Company takes many forms: it is comprised of large multinationals with a global presence in the IT industry, specialised infrastructure software vendors and start-ups employing specific technological expertise. Despite increasing market concentration over the last few years, the IT software sector is still fragmented and continues to see dramatic changes in the companies and solutions present, driven by the emergence of new client requirements motivated by either economic or organisational interests as well as by technology watersheds.

In this constantly evolving environment, key factors that will ensure success are anticipation and industrial manufacturing capacity to design and market state-of-the-art solutions. Responsiveness, local access to decision makers and the ability to manage projects of strategic importance for major clients are also key factors for implementing and supporting the software deployed.

This requires an industrial operating structure in order to organise the Development (responsible for the design and production of software) and Distribution (responsible for marketing and service activities) divisions. In addition, an information system with robust coordination and control capabilities allows the Group to foster dialogue both between its departments and in a short management chain so that the Executive Committee may remain closely implicated in the Group's business activities.

The main challenges lie in the ability to identify the needs of the market upstream, to organise production to make products with guaranteed quality whilst reducing costs and to industrialise the market release and support processes. Moreover, like all companies producing intangible goods, employee performance is a key issue and calls for Human Resources management that ensures that the most appropriate staff are assigned to each position. The production of accounting and financial information, which is based on the procedures currently in force within Sopra Group, presents no particular difficulties aside from the organisation of a regular evaluation. Only minimal equipment is required.

The rules and procedures, which are drawn from Sopra Group's internal control system and now comprise the Company's own system, must be applied in a relevant manner. All Company employees, regardless of their function, are expected to demonstrate good judgement in all circumstances and, in each and every specific instance, to take decisions that best serve the Company, its partners and clients.

Within the context of the separation of its activities from those of Sopra Group, the Company decided to supplement the body of rules and procedures inherited from its former parent company with a set of adaptations and/or additions in order to take into account the specific characteristics of its business segment. This project was launched in early 2012 under the responsibility of the Company's Executive Management and will be evaluated in the context of the recommendations issued by the workgroup officially established by *Autorité des marchés financiers* (AMF). It should be noted that the essential part of the control system has already been in operation within the Company for a number of years and that this process will mainly serve to supplement and adapt it.

Definition of internal control

According to the definition of the AMF's reference framework, internal control is *"a system set up by the Company, defined and implemented under its responsibility, which aims to ensure:*

- *compliance with laws and regulations;*
- *the application of instructions and guidelines determined by Executive Management […];*
- *the proper functioning of the Company's internal processes, particularly those intended to safeguard its assets;*
- *the reliability of financial disclosures;*
- *and, in a general sense, to contribute to the control of its business activities, to the efficiency of its operations and the effective use of its resources"* although without being able *"to provide an absolute guarantee that the Company's objectives will be attained."*

Approved presentation format

First and foremost, this section aims to present the five components of internal control as implemented within the Company:

- organisation (a);
- internal communication of information (b);
- system for the identification and management of risks (c);
- control activities (d);
- monitoring of the internal control system (e).

A specific review next addresses the production of accounting and financial information to be published.

Finally, the last part focuses on improvements made in the measurement and management of the main risks identified.

4.3.1 Components of the internal control system

a. Organisation

This paragraph refers to the Group's legal, operational and functional organisation, the Human Resources function, the information system, procedures and tools.

Legal structure

The Group's legal structure is designed to be as simple as possible, involving a single company per country, certain exceptions aside.

All Group companies are fully consolidated, with the Company holding 100% of the capital of these subsidiaries. The Company thus controls all subsidiaries within the Group of which it is the parent. There are no *ad hoc* entities outside the scope of consolidation.

Internal organisation

Operational structure

The Company's operational structure makes use of a three-tiered operational organisation:

- tier 1 is composed of the members of the Company's Executive Committee. It is situated at strategic level, and supervises operational matters (organisation, management audit and development of major client accounts, etc.). Organised around Executive Management, the Executive Committee is currently composed of about fifteen individuals;
- tier 2 consists of:
  - divisions focusing on one software development activity,
  - country subsidiaries that cover all activities located in one geographical area.

  These tier-2 entities comprise three divisions (Development, Distribution, Functions) and around ten country entities.

Each entity is coordinated by a member of the Executive Committee;

- tier 3 corresponds to the Company's operational units, called Business Units, or skill centres, which are the entities within which all of the Company's activity is pursued. Where they fall within the scope of the Distribution division, the operational units perform an overall management function: they are responsible for their sales and marketing, service activity production, human resource management and reporting within the framework of the Company's management system. Where they fall within the scope of the Development division, they are responsible for production activities related to products, their human resource management and the associated reporting.

Functional organisation

The cross-departmental entities ('Operations' Department) and those that are strictly functional (Finance, Corporate Communication & Marketing, Legal, Human Resources) are centralised for the entire Group within the Axway Software entity and report directly to Executive Management.

The functional capacity of international subsidiaries is strictly limited to the local business environment. The Functional Divisions contribute to the overall control of Axway and enable operational entities to devote the entirety of their resources to their business.

Human Resources

Recruitment is primarily focused on first-level positions and those requiring specialist skills for the Development division and the Services business. The Distribution division must fill sales manager and pre-sales consultant positions. Managerial positions are generally filled by means of internal promotion, which allows the Company to rely on an executive-level staff sharing the same culture and uniform values.

Training programmes, which are organised centrally, play an essential role in the development of the skills required for the Company's operations. One of its components, Axway Academy, focuses on a training course dedicated to sales staff (see Chapter 1, section 9).

The transmission of the Company's fundamentals (values, best practices) represented around 35% of total training efforts in 2011. A major training programme held in 2011 enabled some 500 participants to review once again the Company's value system, update their knowledge of the organisation and improve their management techniques and technological expertise.

Information system

Information systems are used to cover all of the Company's management needs (in particular, monitoring of operations and revenue, invoicing and receipts, monitoring of commercial transactions, budgeting and economic forecasts, production of accounting and financial information, management of Human Resources). They also structure and provide input for the standardised coordination and control meetings held across the Company.

The various individual information systems used all come under the responsibility of the *Operations* Department, reporting to Executive Management, which is charged with the direct supervision of their operations and authorised to resolve any discrepancies. This entity is in charge of IT resources (including procurement) and security, and is also responsible for developing or selecting the applications to be used to meet the Company's internal needs.

Working constantly to improve the information system, this Department supports the Company's growth in all its aspects: organic growth, integration of acquisitions, extension of the Company's geographic presence, development of its various business segments.

The objectives of this Department are to adapt the information system as effectively as possible to the Company's operating requirements, to ensure the physical and logistical security of data to which permanent access must be guaranteed and, finally, to maintain the cost of the information system at the lowest possible level while remaining compatible with its service constraints in a highly international operating environment.

The *Process & Risk Management* cell within the *Operations* Department, supplemented by the Security cell within PMD *(Product Management & Development),* ensures the development, adaptation and application of information systems security procedures in collaboration with all operational and functional departments concerned. This policy applies in particular to software produced and marketed by the Company (implementation of *Penetration tests*).

Procedures

The Company observes rules and/or procedures originating from its ten-year period operating within Sopra Group, encompassing the areas of organisation and steering, internal and accounting management, the information system, Human Resources, production and quality assurance, sales and marketing, procurement and travel costs.

Functional departments are responsible for the establishment, maintenance and dissemination of these rules and procedures with an associated training programme and for monitoring compliance, acting within the framework defined by the Company's Executive Management.

These procedures are accessible on a permanent basis *via* an intranet portal.

This method is used to circulate major changes in terms of procedures and tools to the entire operational and functional structure and to make available the Registration Documents and updated notes. These documents are drafted in English and a French version is made available as a matter of course.

Currently focused on the monitoring of distribution activities, Axway's Quality System represents a key component of the Company's internal control system and deserves special mention.

The Quality System is defined, documented and maintained by the *Operations* Department. It covers the Service business and its ancillary services.

The organisation, procedures, processes and resources mobilised in the service of quality encompass the following areas: pre-sales, production, Human Resources management, and the management of the Quality System itself.

The basic principles of the Quality System are described in a Quality Manual supplemented by Guides to Procedures and Operating Manuals.

The Company's expanding internationalisation is increasing the need for a sole working language shared by all of its 1,750 employees. English is the Company's sole working language. However, for legal reasons (as Axway Software is a company governed by French law), most of the documents used in their daily duties are translated into French for the attention of the Company's French employees. By way of illustration, the documents accessible in the Company's knowledge base are in English and 65% have been translated into French.

Tools

The centralisation of functions mentioned in the sections of this document addressing the Group's organisation and its information system entails the standardisation of IT equipment and applications.

The management applications and office automation software designed to standardise the documents produced by the Company are deployed across all Group entities.

Requirements related to regulations, operating methods or business-specific constraints are taken into consideration as necessary.

b. Internal dissemination of information

General description of the System for Information, Piloting and Control (SIPC)

This system is designed not only to organise the dissemination of information, ascending to Executive Management and descending to the Business Units, but also to direct, control, assist and provide training. Its regular meetings are adjusted according to the different perspectives considered:

- weekly, for the month in progress, with priority accorded to the monitoring of sales, production, and Human Resources;
- monthly, for the year in progress (special attention is paid to the coming three months), which, apart from the issues handled on a weekly basis, place additional emphasis on economic indicators: entity performance for the previous month, review of annual forecasts, budget monitoring, etc.;
- yearly, in regard to the entity's strategic plan and budget.

Steering meetings are held at the different levels presented above: Business Units, Divisions, Executive Committee.

The monitoring and guidance system is supported by a software tool developed in-house, under the responsibility of the *Operations* Department.

Application of the SIPC to all entities of the Company

This system is deployed for all of the Company's entities, both operational and functional. It is generally rapidly implemented in any company acquired. The total coverage of the Company ensured by the SIPC makes it a highly effective vehicle for cohesiveness, the sharing of values and practices throughout the Company, and for control. An entity within the *Operations* Department is responsible for this system.

c. Risk identification and management process

The process for the identification and management of risks used by the Company is the product of work conducted within Sopra Group which included the area of operations covered by Axway; it aims to anticipate risks or deal with them as quickly as possible in order to facilitate the attainment of its targets.

All staff members, both employees and management, are active participants in this process. The issues involved in risk management are readily appreciated by Axway personnel since the vast majority are engineers, already impregnated with a culture of project management, which is an important part of risk management.

The relaying of information relating to identified operational and functional risks is structured by the rules governing the information system, coordination and control so that it may be handled at the most appropriate level of the organisation.

Operational risks associated with business activities, which are classified as "alerts" in the Company's in-house lexicon when they are significant for the entity that identifies them, are handled immediately or are included in the weekly review carried out at each of the three levels of the organisation with the aim of implementing an appropriate action plan as quickly as possible. The Company's decentralised organisation generally allows for decisions to be taken swiftly, addressing concerns at the level of action, accompanied if necessary by approval from the next reporting level. When a decision is required at Company level, the procedures for the handling of risks (person in charge, time limit granted for the implementation of action plans) are usually determined by the Executive Committee during its meetings.

The Company's Functional Divisions, responsible for the definition and proper application of policies relating in particular to Human Resources, financing, production, client and supplier contracts, information systems, logistics and communications submit reports to Executive Management on a monthly basis, including any newly identified risks, the assessment of their possible consequences and the procedures for prevention or remediation put in place or planned.

The process also involves reviews organised by the management audit team and the *Operations* Department.

Furthermore, the Company has identified four main areas (risks related to strategic positioning, Human Resources, production (particularly the product line), sales and marketing activities) requiring actions over the long term and mobilising considerable resources within the organisations. With regard to these specific areas, risk correspondents have been appointed and assigned responsibility for analysis, monitoring, and corrective actions. They are required to submit reports on their activities to Executive Management on a regular basis.

Lastly, in order to respond optimally in the event of a major crisis, the Company has prepared crisis management procedures as part of its business continuity strategy. The Company conducted a trial run of these procedures as part of preparatory measures for the consequences of a possible pandemic of swine flu in 2009-2010, particularly the strain known as influenza A (H1N1).

The operation of the risk management process is under the supervision of Executive Management, which receives information on risks from operational, functional and audit staff.

d. Control

Apart from self-assessment procedures and the supervisory control procedures assured by operational managers at every level, in application of existing principles of delegation, Functional Divisions play a particular role in the area of risk management by providing assistance and guidance to operational staff, using a preventive approach to perform the mandatory consultations required, where applicable, by the procedures or by carrying out post-controls on the application of procedures and the results obtained (in particular, controls relating to the quality of data entered into the information system).

The Finance Department is entrusted with specific responsibilities in the area of Management Audit and the *Operations* Department is responsible for control procedures relating to the management of its Quality System.

Finance Department (Management Audit)

Management Audit is performed by the Finance Department. Operating within an independent scope since the spin-off and listing of Axway, it comprises five persons at present. The principal tasks of Management Audit are the consolidation and analysis of monthly results produced by the internal management system, overseeing the consistency of monthly forecasts, supervising the application of Company controls and procedures, assisting operating managers, training management system users, performing quarterly reviews of operating units (15 *Business Unit* reviews conducted in 2011) and performing the reconciliation between the internal management accounts and the financial accounts.

Operations Department (Quality System management)

Quality management is now focused on the monitoring of service projects and relies upon the day to day involvement between the operating structure and the quality structure.

Monthly steering meetings are held to provide an overview of quality targets at all levels and to determine appropriate action plans to improve the quality of Axway's products and services on a continual basis.

Axway's Quality System is independent of the project management procedure. In this regard, it offers external quality assurance for projects with a view to safeguarding production and verifying that the quality assurance procedure is compliant, effective and complied with.

An annual review is performed by management to ensure that the Quality System remains pertinent, adequate and effective. This review is based in particular upon an examination of project reviews and internal structural audits performed at all levels of the Company. During this review, the pertinence of the quality policy is evaluated, the annual quality objectives are defined and possible improvements and changes in the Quality System are considered. This review is performed at the level of Executive Management and then at that of Division or Subsidiary Management.

Projects are reviewed on a regular basis, at key phases in their life cycle. Organised by the *Operations* Department, or by the Quality System's local representatives, these reviews provide an external perspective on the status and organisation of projects. Almost 420 reviews of this type were conducted in 2011.

The effectiveness of actions undertaken as a result of monitoring sessions, audits and reviews is verified by the *Operations* Department. In addition, annual plans for improvement of the Quality System are drafted during the annual review performed by Executive Management.

The *Operations* Department is also responsible for the regular client satisfaction survey procedure. A systematic survey is conducted with all clients for whom a service assignment has been completed. Moreover, a panel of 40 'major clients' is formed and asked every quarter for its degree of satisfaction in relation to the various components of Axway's solutions. The perception of the quality of the Company's products and services is thus monitored on a regular basis.

e. Supervision of the internal control system

Internal supervision system

The supervision of the internal control system is a responsibility shared by all Company employees. The Group's management bodies play a key role in this area.

Internal audit (under the authority of the Chief Executive Officer)

Following the separation in June 2011, Axway decided to implement its own internal audit structure taking into account the specific characteristics of its business. This structure will be implemented in 2012 and will aim to ensure:

- the independent and objective evaluation of the functioning of the internal control system *via* a periodic audit of entities;
- the development of all recommendations to improve the Company's operations;
- monitoring of the implementation of recommendations adopted by Executive Management;
- the updating of risk information inherited from the Sopra Group.

The Chief Executive Officer shall validate the audit plan in particular on the basis of risk information obtained using the risk mapping procedure as well as the priorities he has adopted for the year. This plan will be presented to the Audit Committee for review and feedback.

Board of Directors (Audit Committee)

As part of the implementation of an Internal Audit process specific to Axway in 2012, the Audit Committee will keep itself informed of the activities of the Internal Control Department in meetings with the managers employed, which will also be attended by the Statutory Auditors.

The Committee will examine, based on the chosen meeting frequency, the risk mapping procedure, the annual internal audit plan and, on a regular basis, the findings of specific internal audit assignments and the follow-up on the implementation of recommendations resulting from these audits.

External procedures

Furthermore, the internal control system is also monitored by the Statutory Auditors.

External audit

The mission of the Statutory Auditors includes an assessment of internal control procedures.

HIPAA Certification

In terms of security, in 2011 Axway implemented an HIPAA certification process in accordance with American standards published by the Department of Health and Human Services (HHS), which defines the security rules for the electronic management of health insurance in the United States. These compliance activities focused on its business processes, its products and the infrastructure of its IT and network resources.

4.3.2 Production of accounting and financial information

a. Coordination of the accounting and financial function

Organisation of the accounting and financial function

Limited number of accounting entities

As indicated above, the legal entities, and therefore the accounting entities, are limited in number, providing reductions in operating costs and curtailing risks inherent in the function.

Centralisation of the accounting and financial function

As for most functions, the financial and accounting function is predominantly centralised within the Company. Local teams are of adequate size to best serve their role as correspondents within the subsidiaries.

The responsibilities of the Finance Department mainly involve maintaining the individual accounts of the Company's subsidiaries and preparing the consolidated financial statements, financial control, tax issues, financing and cash accounting.

Supervision of the accounting and finance function

Involvement of Executive Management

The Finance Department reports to the Company's Executive Management. Like all of its entities, it participates in the monitoring and guidance system described above: weekly meetings dealing with ongoing business, monthly meetings devoted to a detailed examination of figures (achieved and forecast), the organisation of the function and the monitoring of large-scale projects (clients or development of the product portfolio).

Executive Management is involved in the planning and supervision process as well as in preparing the accounts close-out.

Role of the Board of Directors

The Board of Directors is responsible for the oversight of accounting and financial information. It approves the annual accounts and reviews the interim accounts. It relies on the Audit Committee, as described above (see §4.1.5).

Organisation of the accounting information system

Financial accounting

All Axway companies prepare complete quarterly financial statements on which the Company bases its published quarterly sales figures and interim financial statements. All these companies are fully consolidated.

Monthly cash flow forecasts are prepared for all Companies.

Accounting policies and presentation

The accounting policies applied within the Group are presented in the notes to the consolidated financial statements.

Any changes to them are, where necessary, presented to the Audit Committee.

The proper use of the percentage-of-completion method to evaluate projects is monitored on a permanent basis jointly by the *Operations* Department for client projects, which validates the commitment remaining on projects, and by the Finance Department (Management Audit).

b. Preparation of the published accounting and financial information

Reconciliation with the internal management system accounting data

All of the Company's *Business Units* prepare a monthly budget, a monthly operating statement and budget forecasts revised monthly. These procedures are designed to present the reality of operations and are based upon simple management rules that provide a clear view of performance.

The budget process, which is short in duration and takes place in the last quarter of the year, is a key event. It is the opportunity to apply the strategy approved by the Executive Committee, to adapt the organisation to developments in business segments, to market demand and the competition, as well as to assign quantitative and qualitative objectives to all Company entities. Budgets, including detailed monthly operating forecasts, are prepared by each unit.

A monthly operating statement closed on the third working day of the following month is prepared by each of the Company's Business Units.

The third component of the management system is a revised operating statement prepared each month. This statement includes the results of the previous month and a revised forecast for the remaining months of the current year.

All of these documents are combined with numerous management indicators, related to the economy (labour force participation rate, selling prices, average salary), Human Resources, invoicing and receipts, among others.

Commercial activities (prospective clients, contracts in progress, signings, etc.) and cash accounting (client invoicing, receipts) are monitored on a weekly basis.

The results derived from the monthly management reporting documents are verified by financial controllers reporting to the Chief Financial Officer, who also reconcile these data with the quarterly accounting results. Certain key figures are reconciled on a monthly basis.

Procedures for the preparation of the consolidated financial statements

Each Group company establishes quarterly financial statements and prepares a consolidation pack.

The interim and annual consolidation packs undergo auditing or review processes by the auditors of each company. Once approved, they are used by the Finance Department and the consolidated financial statements are examined by the Company's Statutory Auditors.

4.3.3 Assessment and control of the principal risks identified

Aside from the strategic risk relating to competitive positioning and the reduced pertinence of the Business Model, the Executive Management, after consulting the Executive Committee, deemed that in operational terms, the risks relating to Human Resources, production – particularly as regards the product portfolio – and sales and marketing, as well as the risks relating to cash management, should continue to be addressed by action plans in 2012.

a. Human Resources risks

In a software production and ancillary services business, which also faces certain skill shortages, Human Resources risks are naturally critical. The performance of the recruitment process, Human Resources management, the permanence of key roles and the sharing of the Company's culture and values are key issues deserving of constant attention.

Among the main issues involved in Human Resources, the optimal use and thus the expert knowledge of the resources already present in the Company (skills, aptitudes, potential) is an area of particular importance, as the primary operating entities continue to grow in size.

The capacity to produce a sufficient number of leaders capable of managing large projects which are complex in terms of their volume, client needs, technology and production methods, such as offshore sourcing, affects the potential long-term growth of the Company.

An ongoing programme, which aims to favour the emergence within the Company of its future leaders (Product Managers, project managers, architects, experts, etc.) led to a rethinking of the career paths, skill use opportunities and employment conditions of the Group's staff employed in productive subdivisions. The lessons of this programme, which may also result in organisational changes, will continue to be applied.

The Company's international presence means that it must incorporate aspects specific to certain countries and that affect Human Resources management. Sustained efforts are thus undertaken in the United States to train and raise the awareness of all managers with American staff in their teams on the protection of protected classes (recruitment equality, prevention/protection of cases of discrimination or harassment, etc.).

b. Production risks

The primary risk relates to the capacity to execute the engagement commitments vis-à-vis clients in terms of quality, delivery date and cost: delivering products and services that meet the specifications, within the time limits agreed and within the budgets forecast, in particular in connection with major client projects. Providing responses to fully meet client demands and the control of production quality are among the primary challenges faced by the Company.

Controlling such risks requires a perfect knowledge of numerous constantly evolving technical and business environments, the application of a prior validation procedure covering technical, legal and financial aspects, a tried and tested project management methodology designed to integrate the participation of production platforms some of which may be remote, together with a management system for monitoring and controlling technical and accounting aspects.

Expertise in implementation project management techniques led to the creation of a training programme to address the challenges present and gave rise to 4,250 training days in 2011 (*i.e.* around 3.5 days training per employee in France and an average of two training days per employee outside France).

c. Product risks

The Group's software packages involve complex software engineering methods and often consist of millions of lines of code. For this reason, they may contain errors or technical deficiencies that might lead some clients to bring claims for damages suffered due to the use of a software package and/or business interruption losses or might result in higher costs for maintenance or guarantees.

Errors and technical deficiencies might arise within some of the Group's existing software packages and others it plans to develop in the future and may only be revealed after deployment, on first use or when new versions and updates are released.

Since the Group's software packages are often used in complex operating environments processing millions of individual transactions, any loss caused by an error or a technical deficiency, particularly one related to performance, might require the client to take remedial action thereby incurring excess costs (higher costs for maintenance and guarantees, allocation of human and financial resources, etc.). In addition, these technical deficiencies might tarnish the Group's reputation and ultimately lead to the loss of clients and/or business opportunities.

The Group conducts tests on all of its new software packages (and on all new versions and updates) so as to ensure, as far as is possible, that they are free of errors and technical deficiencies. In addition, all software packages are also subject to in-depth quality assurance testing before being released to the market and delivered to the client.

The software packages are an essential Company asset and the protection of their intellectual property is a major concern that is addressed by:

- systematically filing product source codes;
- maintaining and protecting patents (especially those from the Tumbleweed subsidiary, acquired in 2008).

d. Commercial risks

Commercial efficiency depends upon the ability to mobilise all client-related knowledge for international companies, where relationships with major clients are built over a number of years and involve numerous employees often belonging to different units and who, since the spin-off, no longer fall within the scope of the Company. Mastering this knowledge is a key factor, which permits an understanding of, and an appropriate response to, clients' needs but also allows for better management of the risk of losing a client or a major contract.

The specific sales approach used for some forty major international accounts is coordinated in the form of a procedure involving the members of the Executive Committee for the management of major commercial programmes.

e. Cash management risks

The results obtained during the last few years in promoting better control of working capital requirements are largely attributable to the fact that improving the management of the client cycle remained a top priority throughout this period.

The Finance Department, the Legal Department and all operational managers remained mobilised to improve the Company's performance in this area.

Training efforts were pursued on behalf of managers, sales engineers and project managers, who contribute on a day-to-day basis to the hands-on implementation of directives in this area.

Within the context of tightening credit conditions, maintaining control over invoicing and receipts will continue to be of crucial importance.

Furthermore, adjustments made to the organisation will ensure a more effective separation of functions within the Finance Department and enhance the management of the cash flow cycle.

Legal, industrial, environmental and market risk factors are discussed in Chapter 3, section 5 of this Registration Document.

This report was approved by the Board of Directors in its meeting of 27 March 2012.

Paris, 27 March 2012

Pierre Pasquier

Chairman of the Board of Directors

STATUTORY AUDITORS' REPORT PREPARED PURSUANT TO ARTICLE L. 225-235 OF THE FRENCH COMMERCIAL CODE, ON THE REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS OF THE COMPANY

To the shareholders,

In our capacity of Statutory Auditors of Axway Software SA, and in compliance with the provisions of the last paragraph of Article L. 225-235 of the French Commercial Code, we hereby present our report on the report of the Chairman of the Board of Directors, pursuant to the provisions of Article L. 225-37 of the French Commercial Code, in respect of the financial year ended 31 December 2011.

It is the responsibility of the Chairman to draw up and submit for the approval of the Board of Directors a report on internal control and risk management procedures implemented by the Company that also provides the other disclosures required by Article L. 225-37 of the French Commercial Code, in particular those related to corporate governance.

It is our responsibility to:

- present to you any observations that we have on the basis of the information contained in the Chairman's report on internal control and risk management procedures relating to the preparation and processing of accounting and financial information;
- and to certify that the report includes any other disclosures required by Article L. 225-3 of the French Commercial Code, with the understanding that it is not our responsibility to verify the fair presentation of this information.

We performed our assignment in accordance with professional standards applicable in France.

Disclosures concerning internal control and risk management procedures relating to the preparation and processing of accounting and financial information

These standards require that we carry out work designed to assess the truth and fairness of the information in the Chairman of the Board of Directors' report on the internal control and risk management procedures relating to the preparation and processing of accounting and financial information.

This work consisted notably of:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of financial and accounting information, underlying the information set out in the Chairman's report, as well as existing documentation;
- obtaining an understanding of the work performed to support the information given in the report and existing documentation;
- determining whether any significant deficiencies in the internal control procedures relating to the preparation and processing of financial and accounting information that we may have observed in the context of our mission are properly reported in the Chairman's report.

On the basis of the work that we performed, we have no comment to make on the information on the Company's internal control and risk management procedures relating to the preparation and processing of accounting and financial information, contained in the report of the Chairman of the Board of Directors, prepared in compliance with the provisions of Article L. 225-37 of the French Commercial Code.

Other information

We hereby certify that the report of the Chairman of the Board of Directors includes all other disclosures required by Article L. 225-37 of the French Commercial Code.

Paris and Courbevoie, 29 March 2012

The Statutory Auditors

Auditeurs & Conseils Associés	**Mazars**
François Mahé	Christine Dubus

SPECIAL REPORT OF THE STATUTORY AUDITORS ON REGULATED AGREEMENTS AND COMMITMENTS

General Meeting convened to approve the financial statements for the year ended 31 December 2011

To the shareholders,

As the Statutory Auditors of your Company, we present our report on regulated agreements and commitments.

It is our responsibility to present to you, on the basis of the information given to us, the main features and conditions of the agreements and commitments about which we have been informed or that we might have discovered in the context of our assignment, without having to express an opinion on their usefulness or appropriateness or determine whether or not any other such agreements or commitments exist.

In accordance with the terms of Article R. 225-31 of the French Commercial Code, it is your responsibility to assess the interest of entering into such agreements and commitments when they are submitted for your approval.

In addition, it is our responsibility, where applicable, to present to you the disclosures required by Article R. 225-31 of the French Commercial Code relating to the execution, during the year under review, of the agreements and commitments already approved by the General Meeting.

We have carried out the verifications we deemed necessary in accordance with the professional standards and doctrine of the National Auditors' Association (*Compagnie Nationale des Commissaires aux Comptes* – CNCC) relating to this assignment. The verifications consisted in checking that the information given to us was consistent with the basic documents from which it derives.

Agreements and commitments subject to the approval of the General Meeting

1.1. Agreements and commitments authorised during the year under review

Pursuant to Article L. 225-40 of the French Commercial Code, we were informed of the following agreement, which has been granted prior authorisation by your Board of Directors.

- Agreement for the recharging of expenses and fees incurred in connection with the flotation of Axway Software.

  Persons concerned: François Odin, Pierre Pasquier, Sopra Group, represented by Christophe Bastelica, and Sopra GMT.

  The Sopra Group has charged Axway Software for a portion of the fees and commissions related to the latter's flotation according to the following breakdown: 25% for Sopra Group and 75% for Axway Software.

  In application of this agreement, the Sopra Group charged the amount of €2,496,555 to Axway Software.

- Service agreement with the holding company Sopra GMT

  Persons concerned: François Odin, Pierre Pasquier, and Sopra Group, represented by Christophe Bastelica.

  Under this agreement, Sopra GMT has supplied the following services to Axway Software:

  - coordination between the Sopra Group and Axway Software in relation to general policy and the development of synergies subsequent to the spin-off;
  - strategy guidance;
  - services relating to strategy, advice and assistance.

  These services were invoiced to Axway Software and the Sopra Group on the basis of "cost plus 7%" (excluding expenses related to Sopra GMT's activities involving management of its subsidiaries, estimated at around 5%), with Axway Software and the Sopra Group contributing 30% and 70% respectively.

  The agreement is initially valid for two years from 1 July 2011, and is automatically renewable for subsequent terms of two years, unless three months' notice of termination is given.

  In connection with this agreement, Sopra GMT invoiced Axway Software for €64,937 in respect of the second half of 2011.

- Transfer of intellectual property

  Person concerned: Pierre Pasquier

  The Board of Directors authorised the sale of intellectual property relating to software products held by Axway Inc. to Axway Software.

  This transaction concerned the sale of Tumbleweed products for $18,000,000.

  The corresponding amount of €12,728,944 was recorded under non-current assets.

- Write-off of receivables

  The Board of Directors authorised the write-off of a receivable of €280,822 from its subsidiary, Axway Srl.

- End of tax consolidation agreement

  As part of the spin-off of Axway Software, the Company withdrew from the tax consolidation agreement it signed on 25 February 2002 with the Sopra Group.

This will have no impact on either company.

1.2. Agreements and commitments for which the prior authorisation procedure was not applied

Pursuant to Articles L. 225-42 and L. 823-12 of the French Commercial Code, we call to your attention the fact that the prior authorisation procedure was not applied by the Board of Directors for the agreement described below.

It is our responsibility to provide you with an explanation as to why the prior authorisation procedure was not applied.

- Agreement to make available IT resources between Axway Software and its subsidiaries

  Person concerned: Christophe Fabre

  The Company has entered into agreements with all of its subsidiaries to provide them with IT resources. Under these agreements, the invoice amounts will be based on the number of employees at each subsidiary.

In 2011, Axway Software recorded the following income arising from the above-mentioned agreements:

Agreement	Impact on the 2011 financial statements
Provision of IT resources	
Axway GmbH	€202,900
Axway Nordic	€38,632
Axway Belgium	€28,800
Axway Srl	€36,400
Axway BV	€15,800
Axway Iberia	€25,200
Axway Romania	€421,100
Axway Bulgaria	€219,089
Axway Inc.	€668,508
Axway UK	€35,393
Axway Pte Ltd	€32,091
Axway Software China	€15,821
Axway Ltd	€19,702
Axway Pty	€2,459

This agreement was not subject to the prior authorisation procedure due to an omission.

Agreements and commitments already approved by the General Meeting

Agreements and commitments approved during previous years

Agreements and commitments approved during previous years, which continued to be executed in the year under review

In application of Article R. 225-3 of the French Commercial Code, we were informed that the execution of the following agreements and commitments, already approved by the General Meeting in prior years, continued in the year under review.

Agreement between Axway Software and Axway Inc.

Axway Inc. provides assistance services to the functional divisions of Axway Software.

In 2011, Axway Software recorded a cost of €3,383,300 for these services.

Agreements between Axway Software and the Sopra Group

Agreement	Impact on the 2011 financial statements
Provision of premises (including service charges)	€3,326,256 (expense)
Provision of IT resources	€771,297 (expense)
Assistance provided by functional divisions	€360,450 (expense)

Cash management agreements

Company concerned	Expense (-)/ Income (+)
Sopra Group [(1)]	-€752,029
Axway Belgium [(2)]	-€11,423
Axway BV [(2)]	-€3,953
Axway GmbH [(2)]	-€39,619
Axway Nordic [(2)]	-€6,950
Axway Iberia [(2)]	-€4,257
Axway Romania [(2)]	-€4,589
Axway UK [(2)]	-€3,508
Axway Pty [(2)]	-€984
Axway Pte Ltd [(2)]	€9,677
Axway Inc.	€66,853
Axway Software Korea	€5,256
Axway Srl	€210

(1) The Boards of Directors of Axway Software and Sopra Group authorised the signature of an amendment to the Group cash pooling agreement on 19 December 2001, which provided for the repayment in full of the sums made available to Axway Software by the Sopra Group following a capital increase carried out by Axway Software, and, in the event that the capital increase was not to take place immediately, that it would, in all likelihood, be carried out before 31 December 2012. Axway SA settled this liability in full, following the capital increase implemented on 19 July 2011, with a payment of €68.4 million. This agreement, modified by the amendment, no longer has a purpose.

(2) The cash agreements applicable between Axway Software and its subsidiaries have been cancelled with effect from 30 June 2011. They have been replaced by a Group agreement, with conditions of operation that do not classify it as a regulated agreement.

Agreements and commitments approved during previous years, but not implemented in the year under review

Furthermore, we were informed that the following agreements and commitments, which were approved by the General Meeting in prior years, remain in effect but were not implemented during the year under review.

- Sales support agreement between Axway Software and the Sopra Group

This agreement provides for the payment of management fees for sales support provided by the Sopra Group. No fees were invoiced under this agreement in 2011.

Courbevoie and Paris, 29 March 2012

The Statutory Auditors

Mazars	**Auditeurs & Conseils Associés**
represented by Christine Dubus	represented by François Mahé

3

REPORTS OF THE BOARD OF DIRECTORS TO THE ORDINARY GENERAL MEETING OF 24 MAY 2012

REPORT OF THE BOARD OF DIRECTORS

Based on the combined financial statements for the financial years ended 31 December 2011, 2010 and 2009, Axway has prepared pro forma financial statements that aim to simulate the effects of the spin-off from Sopra Group SA, if this operation had taken place on 1 January 2009 and if Axway had operated as a separate, independent, listed group from that date.

As the spin-off process had no impact on Axway's accounts, the pro forma financial statements are identical to the combined financial statements. Axway made no acquisitions during the 2011 financial year.

1 2011 CONSOLIDATED FINANCIAL STATEMENTS

1.1 Consolidated income statement

1.1.1 Group results

(in millions of euros)	2011	2010	2009
Revenue	217.2	208.4	182.2
EBITDA	34.3	29.2	20.1
Operating profit on business activity	35.3	31.1	18.5
As % of revenue	*16.3%*	*14.9%*	*10.1%*
Profit from recurring operations	33.3	29.1	16.6
As % of revenue	*15.3%*	*14.0%*	*9.1%*
Operating profit	29.3	25.6	16.6
As % of revenue	*13.5%*	*12.3%*	*9.1%*
Net profit attributable to the Group	21.5	26.6	10.0
As % of revenue	*9.9%*	*12.8%*	*5.5%*

For 2011, operating profit on business activity amounted to €35.3 million (16.3%), an increase of 1.4 points (€4.2 million) on 2010 (14.9% and €31.1 million). This improvement was mainly due to the increase in revenue over the period, combined with good cost management.

Operating profit, meanwhile, came to €29.3 million (13.5%). This represents a rise of 1.2 points (€3.7 million) compared with 2010 (12.3% and €25.6 million). Operating profit was impacted by amortisation of intangible assets and other operating income and expenses. Amortisation of allocated intangible assets, which amounted to €1.9 million in 2011, was unchanged from 2010.

Expenses comprise amortisation of allocated intangible assets from Tumbleweed, acquired on 1 September 2008, and those of ATOS.

Other operating income and expenses recorded under this item relate to non-recurring expenses incurred from the spin-off from Sopra Group. These expenses mainly consist of fees for external consultants and other costs incurred specifically in connection with the project, together with other costs subsequent to the acquisition of Tumbleweed relating to the GSA dispute and incurred after the acquisition date.

1.1.2 Revenue by activity

(in millions of euros)	2011	2010 Published	2010 Pro forma	Total growth	Organic growth (1)
Licences	77.8	77.9	76.8	-0.2%	1.2%
Maintenance	85.0	78.6	77.2	8.2%	10.1%
Services	54.4	51.9	51.4	4.9%	6.0%
TOTAL	**217.2**	**208.4**	**205.4**	**4.2%**	**5.7%**

(1) At constant exchange rates and comparable consolidation scope.

The overall economic downturn, particularly in Europe in the second half of the year, impacted upon licences (35.8% of revenue), which saw organic growth of 1.2% compared with 2010, when growth was exceptionally high in this area. Maintenance income (more than 39% of revenue) saw organic growth of 10% compared with 2010, with even better performance in the second half of the year. The Services business, whose correlation with licences explains the slowdown in the fourth quarter of 2011, experienced organic growth of 6% compared with 2010.

1.1.3 Revenue by region

(in millions of euros)	2011	2010 Published	2010 Pro forma	Total growth	Organic growth (1)
Europe	135.0	131.9	133.0	2.4%	1.5%
Americas	76.7	72.4	68.2	6.0%	12.6%
Asia/Pacific	5.5	4.1	4.3	32.6%	27.5%
TOTAL	**217.2**	**208.4**	**205.4**	**4.2%**	**5.7%**

(1) At constant exchange rates and comparable consolidation scope.

- **Europe:** revenue in this region rose by 1.5% between 2010 and 2011. This increase was driven by the growth in maintenance income, which was strong in all European nations and improved by 12% overall on 2010. Our European Licences business fell by 7% compared with 2010, as the European market continued to suffer from a tough economic climate. Our income from the Services business in Europe remained relatively stable.
- **Americas:** revenue in this region rose by 12.6% between 2010 and 2011. In the United States (Americas), growth continued across all of our business lines. This growth was related to the increase in revenue from Licences in 2010. In the second half of 2011, Licence income increased by 8.4%, giving total annual growth of 12.6%. Maintenance income, meanwhile, rose by more than 5% and our Services income by more than 30%.
- **Asia Pacific:** revenue in this region rose by 27.5% between 2010 and 2011. This region experienced growth in all of our business lines, especially licence sales, which rose by more than 40%.

1.1.4 Costs of sales and gross margin

The margin achieved in Services shrank in 2011. This was due to the reduction in margins applied to Services activities in the second half of 2011, which was itself caused by a number of factors during that period. Firstly, we invested in the Services business aimed at *cloud* architectures in the United States, France and Germany. This investment anticipates our subsequent income but has an impact upon margins. Secondly, in France, we have recruited several employees pending projects that have not yet been signed and in anticipation of staff rotation. Some new employees have therefore been under-employed in France. Finally, the Services business in the United States included some small-margin contracts, on behalf of third parties, and some projects with high cost overruns.

The margin on products (Licences and Maintenance) improved between 2010 and 2011, thanks to the rise in the cost of Licences and Maintenance. In 2010, we optimised our royalty costs paid to third parties on products. The effects were thus felt in 2011. Moreover, in 2010, a not inconsiderable portion of revenue came from equipment (Appliances), unlike in 2011 when sales that included an equipment element were smaller in number.

1.1.5 Sales & marketing, R&D and administrative expenses

Operating expenses accounted for 51.9% of our revenue, compared with 52.3% in 2010. Expressed as a percentage of revenue, they have continued to improve each year, driven by our unceasing efforts to improve our margins. As a result, total operating expenses expressed as a percentage of revenue fell between the first and second half of the year, as our revenue rose significantly in the second.

In 2011, sales and marketing expenses represented 28.3% of revenue or €61.5 million, an increase on the 27.5% of revenue in 2010. This increase is related to the ongoing investment in Axway's distribution network and certain third party commissions paid on licence income for 2011.

Our Research and Development expenses fell by €600,000 over the year, despite a slight increase in the second half. Overall, our expenses benefited from the increase in the Research tax credit (€5.6 million in 2011, versus €4.6 million in 2010) and the positive change in exchange rates, which reduced the cost of our key R&D work outside France by around €500,000 when it was consolidated in euros.

Our administrative expenses, meanwhile, remained stable, at 8.8% of revenue in 2011 and 2010 and in absolute figures in the second halves of 2011 and 2010.

1.2 Balance sheet and financial structure

The Group's financial structure was significantly strengthened in 2011. This resulted in the following:

- in 2011, we were able to strengthen Axway's balance sheet whilst completing the spin-off from Sopra Group. Thanks to the capital transactions described in Chapter 4, Note 13, Axway was able to raise capital in order to repay the Sopra Group current account. In addition to the capital transactions, we generated €21.5 in profit over this period. The combination of these activities allowed us to increase our equity to €213.4 million, compared with €148.1 million at the end of 2010;
- a significant reduction in net financial debt in 2011. Our net cash position in 2011 was €21.3 million, versus (-)€48.2 million in 2010. This improvement was the result of the capital increase carried out in 2011, which allowed us to repay the current account for Sopra Group.

2 2011 PARENT COMPANY FINANCIAL STATEMENTS

2.1 Income statement

- Revenue increased by 17.9% in 2011 to €134.6 million, versus €114.2 million in 2010;
- Operating profit amounted to €9.1 million, compared with €12.8 million in 2010;
- Net financial income increased from €0.8 million in 2010 to €1.5 million in 2011;
- Pre-tax profit on ordinary activities fell from €13.6 million in 2010 to €10.5 million in 2011;
- Net exceptional income for 2011 was (-)€6.1 million, compared with (-)€6.2 million in 2010;
- The employee profit sharing expense rose from (-)€1.9 million to (-)€0.9 million and the corporate income tax expense from €2.8 million to €5.1 million;
- There was a net profit of €8.6 million in 2011, versus €8.4 million in 2010.

2.2 Balance sheet

- Shareholders' equity was €161.1 million at 31 December 2011, compared to €108.1 million at end 2010.

This change was due primarily to the following factors:

- the net profit for the year of €8.6 million;
- additional depreciation of intellectual property, in the amount of €4.9 million;
- payment of dividends in respect of the 2010 financial year, amounting to (-)€7.9 million.
- the exceptional distribution of premiums and reserves, amounting to (-)€13.9 million.
- the capital increase in the amount of €61.9 million.
- the costs related to the capital increase, in the amount of (-)€0.6 million.

Pursuant to the provisions of Articles L. 441-6-1 and D. 441-4 of the French Commercial Code, we hereby inform you that the balance of trade accounts payable at 31 December 2011 comprises the following elements:

(in millions of euros)	Total outstanding amount	Amount not yet due	Amount due in less than 60 days	Amount due in more than 60 days
31 December 2011	2,513	2,411	86	16

Axway Software observes the payment terms required by law in France for trade accounts payable: a maximum of 60 days from the issue date of the invoice.

Fixed assets decreased to €172.6 million, from €182.2 million in 2010. These consisted mainly of €140.4 million in non-current financial assets, €29.8 million in intangible assets and property and equipment of €2.4 million.

3 STRATEGY AND TARGETS FOR 2012

3.1 Key events in 2011

3.1.1 Success of the spin-off and listing

Axway was listed on the stock exchange on the NYSE Euronext Paris regulated market (ticker code: AXW) on 14 June 2011, following the direct listing of the shares comprising the Company's capital. This operation successfully concluded the separation of the activities of Axway from those of Sopra Group, which was intended to ensure:

- improved visibility and clarity of the business and results of Axway Software and Sopra Group, whose economic models are increasingly divergent (with increasingly distinct activities, organisation, geography and client portfolios);
- a significant enhancement for Axway Software's reputation and better recognition of its value;
- the strengthening of Axway Software's industrial project, which seeks to provide a benchmark platform for the management of electronic interactions for large companies and their communities;
- a greater scope for both Axway Software and Sopra Group to form alliances and business combinations.
- access for Axway Software to new financing capacities, for example to make acquisitions and allow Sopra Group's resources to be concentrated on the development of its own activities.

Despite a highly distorted stock market situation from summer 2011, this spin-off and listing operation was warmly welcomed by the market, which now fully understands Axway's positioning and project.

3.1.2 A successful deployment of the solutions portfolio

Last year was characterised by a gradually deteriorating economic climate, especially in Europe. This led to poor growth for licences over the whole year, with a downturn in the fourth quarter. However, the good 'mix' of Axway's solutions portfolio allowed it to take full advantage of the opportunities provided by a multi-faceted market with varying dynamics. More specifically:

- Managed File Transfer (MFT) solutions enjoyed a good year, reflecting the solidity of Axway's positioning on this segment and their competitive advantage, recognised by the market;
- Business to Business (B2B) solutions experienced growth thanks to investments made in Adaptative Community Management and in their availability in 'managed' environments (cloud);
- the market release of a new generation of eMail modules met with a positive, encouraging reaction from the market;
- the convergence of technologies (MFT, B2B and eMail), the cornerstone of Axway's strategic vision, met with an increasingly positive response from its major clients and allowed Axway's solutions to achieve lasting differentiation.

In terms of support and maintenance, long-term actions on the satisfaction of the customer base, combined with enhanced structuring of the Company's solutions, achieved significant progress on maintenance renewal rates and the average applied effective rate.

For the services business, the difficult economic climate in Europe led to this region experiencing a scarcity of investment projects, with a resulting fall in the number and size of infrastructure platform implementation projects. In the United States, the market remained more buoyant and the challenge for Axway lay more in its ability to meet sustained demand.

3.1.3 Balanced geographical positioning

The distribution of Axway's activity over three axes (United States, France and the Rest of Europe) allowed it to make the most of the varying economic climates in these regions. More specifically:

- in the United States, Axway enjoyed very positive momentum in 2011 and enhanced its position in all of its main business segments (Health, Finance, Government) and on all of its solutions;
- in France, the economic climate deteriorated sharply during the second half of the year and led to a downturn in business

in the fourth quarter. The financial sector (Axway's first 'vertical' in this country) contributed to this situation;

- in Germany, Axway has a strong position on the Automotive sector, which remained buoyant in 2011. In other economic segments, the growth of Axway's positioning, which was forecast to take place during the year, did not come to fruition;
- in the rest of Europe (United Kingdom, Italy, Spain, Benelux countries and Scandinavia), Axway enjoyed a satisfactory 2011 marked by a number of large deals;
- in Asia, Axway confirmed the recovery begun two years ago and is now able to deliver all of its solutions on this continent under satisfactory performance conditions.

3.1.4 Ongoing organisation of the sales structure

In 2011, Axway implemented a direct global sales structure for all of the 22 countries in which it is present. Launched in the United States, this 'three-tier' structure (Key Accounts, Businesses, Inside Sales) was applied in Europe during the year. This standardisation of sales processes allowed the Worldwide Corporate Programmes to be put in widespread use and deployed in all of the Company's sales entities, which are indicators of operating efficiency and drivers of growth.

The Company's focus on a limited number of large programmes achieved, in addition to sales efficiency, better management of costs throughout the year which eventually led to an improvement in the Company's margins.

3.2 Strategic priorities in 2012

In the field of infrastructure platforms, 2011 ended with a tightening of the European market, reflected mainly in falling demand. The American market remained buoyant, though whether this trend will continue remains to be seen.

Through its work carried out over a many years on its solutions and its production and sales processes, Axway remains in a good position to take full advantage of any opportunities brought about by a positive change in the global climate (recovery in Europe, growth maintained in the US). However, the Company is remaining mindful of the need to react to more adverse changes (continuation of the crisis in Europe and falling demand in the US) by adapting its processes and investments.

Forming part of a long-term leadership project in the field of business connectivity (Business Interaction Networks, or BIN), the 2012 action plans aim to take full account of the changes in the global economic environment without slowing down the transformation of the business which is necessary to attain said leadership.

These action plans relate to:

The ongoing positioning on the cloud, targeting a large amount of business on this segment;

The strengthening of organisational processes in the key regions in which Axway operates;

- enhanced development of the services business through the worldwide deployment of a global offer in this field, based on an "Expertise/Project Management/Managed Services" sequence,
- ongoing actions on support and maintenance that seek to achieve a lasting improvement in customer loyalty (renewal rate) and the level of support services used (average effective rate),
- investments affecting Axway's offer and aimed at positioning it on a lasting basis as the benchmark platform for large companies to interact with their ecosystems.

The infrastructure market is still a consolidation market and, as has been the case for ten years, Axway wishes to participate fully in this consolidation. With this in mind, external growth remains an objective for 2012. This goal nonetheless depends on overall economic developments and the realistic opportunities that may arise.

4 SUBSIDIARIES AND ASSOCIATED ENTITIES

4.1 Acquisitions of equity interests in subsidiaries and associated entities

4.1.1 First consolidation

No Sopra Group entities were consolidated over the course of the 2011 financial year.

4.1.2 Deconsolidated entities

Axway Asia Pacific Pte Ltd (Singapore) was deconsolidated in 2011.

4.1.3 Reorganisation of legal entities

Axway Asia Pacific Pte Ltd (Singapore) was dissolved in 2011.

4.1.4 Restructuring measures

No restructuring measures were implemented in 2011.

4.2 List of subsidiaries and associated entities

Company *Amounts in euros*	Share capital	Other shareholders' equity	% of capital held *(as a percentage)*	Book value of securities (in euros) Gross	Book value of securities (in euros) Net	Loans and advances granted by the Company and not yet repaid	Latest financial year revenue excl. VAT	Latest fiscal year profit or loss	Dividends received by the Company during the financial year
Subsidiaries									
Axway Software (France)									
Axway UK Ltd (United Kingdom)	119,717	474,886	100.0%	148,270	148,270		10,518,708	1,064,878	
Axway GmbH (Germany)	425,000	10,581,930	100.0%	23,038,194	11,038,194		21,575,169	101,730	12,000,000
Axway Srl (Italy)	98,040	64,017	100.0%	98,127	98,127		4,127,255	-19,576	
Axway Software Iberia (Spain)	1,000,000	1,535,714	100.0%	1,000,000	1,000,000		3,304,246	365,255	
Axway Nordic (Sweden)	11,221	820,954	100.0%	20,706,081	1,606,080		5,762,650	221,709	928,454
Axway Inc. (United States)	2	101,510,877	100.0%	120,266,278	120,266,278		96,653,679	6,108,500	
Axway BV (Netherlands)	18,200	817,523	100.0%	200,000	200,000		4,339,921	459,141	
Axway Belgium (Belgium)	1,000,000	194,374	99.9%	999,000	999,000		7,413,212	638,982	1,098,900
Axway Romania Srl (Romania)	12,141	1,159,640	100.0%	1,972,250	1,972,250		8,713,243	1,347,332	1,419,027
Axway Software Korea corporation Ltd (South Korea)	33,500	-269,085	100.0%	40,486	0	403,045	37,758	2,056	
Axway SAS (France)	37,000	-5,166	100.0%	37,000	37,000		0	-2,256	
Axway Pte Ltd (Singapore)	118,914	123,838	100.0%	1	1	1,138,602	2,739,589	105,528	
Axway Ltd (Hong Kong)	9,949	75,407	100.0%	1	1		1,316,648	68,271	
Axway Pty Ltd (Australia)	78,598	-109,102	100.0%	1	1		1,795,440	6,273	
Axway Software China (China)	1,392,229	-1,329,145	100.0%	1	1		669,642	43,283	
Axway Software SDN BHD (Malaysia)	60,895	-149,284	100.0%	1	1	230,000	338,728	17,255	
Axway Bulgaria EOOD (Bulgaria)	2,556	1,090,037	100.0%	979,846	979,846		5,762,994	696,424	
Axway Distribution France (France)	1,000	-2,835	100.0%	1,800	1,800	3,500	0	-2,129	
Axway Holding Distribution (France)	1,000	-2,241	100.0%	1,880	1,880	2,900	0	-2,196	
Axway Inc. (United States)									
Tumbleweed Communications Holding GmbH (Switzerland)	16,453	950,736	100.0%	9	9		0	-58,326	

5 RISK FACTORS

Apart from the information contained in this Registration Document, investors are invited to take into consideration the risks described below.

The occurrence of any of these risks might significantly affect the Group's operations, net profit or financial position, or cause actual results to differ significantly from those expected or those expressed in any forward-looking statements made by the Group. Furthermore, investors should be aware that the list of risks presented in this chapter is not exhaustive and that the Group may be exposed to other risks, either currently unknown or not considered, at the date of this Registration Document, as likely to have an adverse impact on the Group, its operations, its financial position, its business results or its prospects.

5.1 Risks associated with the Group's operations

5.1.1 Uncertainties related to the global economic environment

The Group's revenue, net profit and cash flow are significantly affected by the global economy and the financial markets.

By its nature, the IT industry is especially susceptible to economic cycles. Moreover, the infrastructure software market in which the Group is active has often shown greater sensitivity to worldwide economic upturns and downturns than the application software market. The deployment of a large-scale infrastructure network may represent an important portion of a client's technology budget. Consequently, decisions relating to this type of investment greatly depend on global economic conditions.

In light of the difficult economic context worldwide, the Group has faced declining revenue, net profit and cash flow in the past, or slower growth than anticipated, and might continue to face such challenges in the future. In addition, although signs of economic recovery have been perceptible in certain countries, the sustainability of a global economic upturn is not yet assured. If economic conditions remain uncertain, the Group might see lower levels of growth than in the past, which might have an adverse impact on the Group's operations and business results.

Furthermore, the Group is present mainly in the European and United States' markets and is currently developing operations in Asia's emerging markets. Apart from risks related to foreign exchange rates described later in this chapter, due to its established presence in these geographic regions, the Group is particularly exposed to the risk of unfavourable developments in the economic context and/or regulatory regimes in the countries where it maintains operations.

The Group has several thousand clients, thus reducing the risk of dependency on a single client or group of clients. In 2011, no single client accounted for more than 4.3% of consolidated revenue. This risk is further reduced by the composition of the portfolio, which is made up of public sector entities and private sector companies operating in diverse business segments. Moreover, the structure and internal client risk management procedures minimise the risk of insolvency and give a delinquency rate of less than 0.05% of consolidated revenue. However, a number of business segments, such as banking, financial services, logistics, government agencies and health, account for a large part of the Group's revenue and may prove more susceptible than others to the economic uncertainties of the current context. This might lead existing or prospective clients in these segments to limit, postpone or cancel all or part of their information technology purchases or investments, or to reduce or terminate maintenance contracts as well as contracts for other services related to their installed base of systems, which might have an adverse impact on licensing and/or the Group's revenue. Sales cycles for licences to use the Group's software packages might also tend to lengthen in the face of current economic uncertainties.

In addition, the Group's ability to recover receivables might be affected by the financial difficulties of its clients, especially in the industry segments mentioned above.

Finally, the fact that clients increasingly seek to obtain the most competitively priced offerings might have a material adverse impact on the Group's business results, financial position and revenue.

5.1.2 Infringement of intellectual property rights of third parties

The Group's software packages include certain third-party components, selected either by the Group itself or by companies it has acquired. Due to the use of these third-party components within its software packages and in the absence of specific contractual agreements, the Group is exposed to the risk of being accused by a third party for infringement of intellectual property rights. To limit the risk of such disputes, the Group is especially careful when selecting partner companies who provide third-party components. Should any of its software products be affected by one or another of the aforementioned circumstances, the Group might suffer an adverse impact, as much in relation to the terms and conditions for providing licences to use its software packages as from a financial and brand image perspective.

In the past, the Group has been the focus of claims alleging that its software packages infringed patent rights, particularly in the United States, and/or other intellectual property rights held by third parties, and it may continue to be targeted in this manner in the future. These claims have entailed, and may continue to entail, considerable legal costs should proceedings be brought against the Group, whether such claims are justified or not. In connection with a dispute relating to intellectual property rights, the Group might be compelled to:

- cease development, licensing or the use of software packages or services protected in whole or in part by the contested intellectual property rights;
- enter into licence agreements with the holder of the intellectual property rights asserting infringement, with the understanding that this licensing might prove difficult to negotiate under acceptable terms and conditions, particularly from a financial standpoint;
- redesign its software packages, which might be very costly and might force the Group to temporarily cease licensing or to postpone scheduled releases of software packages in order to avoid making use of the disputed component. Furthermore, such a plan might prove unrealistic to implement;
- pay large sums in punitive damages.

5.1.3 Errors or technical deficiencies in software packages

The Company's software packages involve complex software engineering methods and often consist of millions of lines of code. For this reason, they may contain errors or technical deficiencies that might lead some clients to bring claims for damages suffered due to the use of a software package and/or business interruption losses or might result in higher costs for maintenance or guarantees.

Errors and technical deficiencies might arise within some of the Company's existing software packages and others it plans to develop in the future and may only be revealed after deployment, on first use or when new versions and updates are released.

Since the Company's software packages are often used in complex operating environments processing millions of individual transactions, any loss caused by an error or a technical deficiency, particularly one related to performance, might require the client to take remedial action thereby incurring excess costs (higher costs for maintenance and guarantees, allocation of human and financial resources, etc.). In addition, these technical deficiencies may tarnish the Company's reputation and ultimately lead to the loss of clients and/or business opportunities.

The Company conducts tests on all of its new software packages (and on all new versions and updates) so as to ensure, as far as is possible, that they are free of errors and technical deficiencies. In addition, all software packages are also subject to in-depth quality assurance testing before being released to the market and delivered to the client. Furthermore, it is the client's responsibility to test the software package thoroughly before using it in a real-life environment. However, any claim for damages brought against the Group, even if unsuccessful, may involve protracted litigation and therefore high legal defence costs, with an adverse impact on the Group's brand image. So as to limit the financial consequences of the risk of errors within its software packages giving rise to damages for clients and third parties, the Group has taken out products liability insurance (see Section 4.9). Nevertheless, although the amount of coverage provided is considerable, it may not be sufficient to offset all costs incurred as a result of errors of technical deficiencies.

5.1.4 Security of software packages

The Group operates in a market characterised by the rapid pace of developments in technology and is therefore exposed on a constant basis to the risks of software piracy and industrial espionage, as well as potential attacks by computer viruses or software bugs that may interfere with the proper functioning of its systems and software packages and of those installed on the premises of its clients, which may result in major losses. Apart from the potential for data loss, such circumstances may also have material adverse consequences for the Group's operations and its brand image.

Given the importance of security concerns in the development of software packages, as much in relation to the Group's own products as to those used by the Group in connection with its operations, the Group has implemented measures to mitigate these potential risks.

In spite of all precautions taken, there can be no assurance that the Group will not fall prey to computer viruses, software bugs, piracy or, more generally, that it will not experience any failures in its information systems or its backup procedures, which may have a material adverse impact on its operations or its business results.

5.1.5 Use of free software

The Group makes use of third-party components. In particular, some of the Group's products may involve the use of free software.

In this respect, the Group may decide to include several components available as free software within its products, as has already been the case in the past, and its team of developers may plan to use these components to reduce the development time required and thus the time to market for the products in question. Certain free software components may involve the application of licence agreements, but others may be used in the absence of any express agreement. Moreover, some free software components, whose creators want to ensure that their products are never distributed under a proprietary licence, include restrictions in their licences known as "contamination" clauses preventing their code from being embedded in commercial products, implying that any product incorporating this component must also have the status of free software. Consequently, there is also the risk that some of the Group's products, developed on the basis of "contaminating" free or open-source software, may themselves be considered as non-proprietary and therefore usable by third-party developers. This type of use may have an adverse impact on the Group's operations because it may result in claims brought by third parties in relation to infringements of intellectual or industrial property rights and require the Group to reveal a portion of the source code for the software products developed on the basis of contaminating software, which otherwise would be covered by trade secret protection.

5.1.6 Innovation

Technology innovation is a constant feature of the market in which the Group operates. As a result, the Group's success depends in large measure on its capacity to develop new software packages (or improve existing ones) in order to better meet the needs of its clients. The Group must therefore anticipate any developments in technology likely to be desired by the market, in order to offer a range of solutions perceived by its clients as sufficiently differentiated from existing software and at prices the market will accept.

Despite the significant resources devoted by the Group in support of the development of new offerings and the improvement of its existing software packages (especially the Synchrony™ platform), with R&D expenses totalling €32.1 million in 2011, the new software packages developed by the Group may not meet the market's expectations, and demand for its software packages may therefore fall, affecting its operating profit and financial position.

In a more general sense, any change in the Group's market position with respect to innovation may have a material adverse impact on the Group's operations, financial position and revenue.

5.1.7 Competition

The target market for the Group's software packages and services is characterised by fierce competition as well as the rapid pace of developments in technology and offerings. The Group competes with a wide range of companies of all sizes whose offers of products and services are similar to those of the Group. Some competitors have been present in the same market as the Group for longer and their financial and technology resources, not to mention their development and marketing resources in support of their software products, are occasionally greater than those of the Group. Although the Group intends to increase its size in future, moves towards consolidation in the sector might favour the emergence of large competitors with stronger financial backing than its own. In addition, the Group might lose market share and report weaker financial results in the face of heightened competition in its market. Hence, the arrival of one or more major competitors, especially a multinational IT company interested in expanding into the business interaction network software market in which the Group is positioned to offer either software packages and/or services, might affect the Group's market share in relation to its full range of solutions. The adverse impact of such a development might involve downward pressure on prices or the need for defensive actions entailing greater advertising and promotional expenditures, and thus materially affect the Group's operations, business results and financial position.

5.1.8 Production

The primary risk relates to the capacity to fulfil commitments vis-à-vis clients in terms of quality, delivery date and cost: delivering products and services that meet the specifications, within the time limits agreed and within the budgets forecast, in particular in connection with major client projects. Providing responses to fully meet client demands and the control of production quality are among the key challenges faced by the Group.

Controlling such risks requires a perfect knowledge of numerous constantly evolving technical and business environments, the application of a prior validation procedure covering technical, legal and financial aspects, a tried and tested project management methodology designed to integrate the use of production platforms that may be in a remote location, and a management system for monitoring and controlling technical and accounting aspects.

With regard to the control of the project management techniques to be implemented, a training programme was set up in relation to these challenges, which led to a total of 4,250 training days in 2011 (equivalent to an average of around 3.5 training days per employee in France and two training days for each employee based outside France).

5.1.9 Dependence on key personnel

Given the complexity of its software packages, the Group's continued success is contingent upon its ability to ensure the harmonious management of its Human Resources and build the loyalty of staff members who are fully familiar with its software packages and their development processes, who have a good understanding of the approaches to the use of a given product that are suitable for each client. Any significant reduction in the number of highly experienced staff members, especially if they leave the Group to work for a competitor, might result in a lowering of Group standards with respect to client service and product quality, requiring additional recourse to sub-contractors, with a potential impact on the Group's revenue. Furthermore, the technologies employed by the Group require the presence of an experienced and motivated sales force on an ongoing basis. Any loss of key members of this team or any steep increase in their turnover rate might have a material adverse impact on the Group's revenue. The Group has not taken out any insurance policy providing coverage for the loss of highly experienced and qualified staff members. However, in order to mitigate this risk, the Group has put in place incentive and training programmes and a stock option plan referred to in Chapter 3, section 9 of this document. It has also diversified its research and development resources across various geographic regions so as to reduce its dependence on any given site.

5.1.10 Seasonality

The software and services sector is characterised by high seasonal variations in business activity, generally reflected in strong performance in the last quarter of the year, and especially in the month of December.

As with most other software developers, signings of the Group's licence agreements are concentrated towards the end of the calendar year, which corresponds to the close of its accounting year. Clients delay their purchases to obtain larger discounts, to regulate the use of their budget or for other factors not related to the Group. Consequently, the cyclical nature of the Group's business activities limits the reliability of its forecasts. The Group's profitability in any given year or half-year period may thus be delayed to a certain extent, in particular if major contracts are involved, as the Group will need to wait for the definitive signing of the necessary contracts in order to recognise its revenue.

This phenomenon, whose magnitude may vary from year to year, results in changing levels of business activity, which may have an impact either on the Group's revenue or its annual or half-year results. In particular, the Group's revenue and profitability are weaker, as a rule, in the first half of the year compared to the second half.

5.1.11 Uncertainty of business results

Rapidly changing markets, competition and the size of client contracts as well as the seasonal nature of the business may materially affect the Group's revenue and profit forecasts for a given period.

Apart from the influence of seasonal variations in revenue (see Chapter 3, Section 5.1.9 "Seasonality" above), the Group's performance might be adversely affected by numerous other factors, some of which are able to be very closely monitored by management, while the potential influence of others is more difficult to assess. These factors include, in particular:

- fluctuations in exchange rates for foreign currencies against the euro (US dollar, Swedish krona and pound sterling) (see Chapter 3, section 5.2.3.a "Foreign exchange risk");
- the overall business context for the software industry (see Chapter 3, section 5.1.1 "Uncertainties related to the global economic environment");
- the general economic environment (see Chapter 3, section 5.1.1 "Uncertainties related to the global economic environment");
- the emergence, consolidation or insolvency of a competitor (see Chapter 3, section 5.1.7 "Competition");
- the Group's programme of acquisitions and those of its competitors (see Chapter 3, section 5.1.11 "Acquisitions");
- launches of software packages by the Group (see Chapter 3, section 5.1.3 "Errors or technical deficiencies in software packages");
- launches of software packages by the Group's competitors (see Chapter 3, section 5.1.7 "Competition").

5.1.12 Acquisitions

The Group's growth strategy is pursued in particular through acquisitions. The Group's ability to increase its revenue and its profit might depend in part on its capacity to identify suitable acquisition targets, to carry out these acquisitions at an acceptable cost and to integrate the products acquired with its existing offering. Should it fail to achieve these objectives, the Group might not be able to implement its acquisition strategy.

The Group cannot provide any guarantee that it will be able to successfully integrate any companies that may be acquired, deliver the anticipated synergies, build loyalty among employees of the acquired companies or ensure that these acquisition swill increase the Group's profitability. Any future difficulties in these areas would be likely to have an adverse impact on the Group's financial results, financial position and prospects.

5.1.13 Changes in the Group's business activities

The Group's revenue is generated by software package licensing together with contracts for professional maintenance and services. In any given period, the results of the Group's operations would be very different should there be a marked shift in favour of one or another of these revenue sources.

5.2 Risks associated with the Group's assets

5.2.1 Risks related to intangible assets

Intangible assets mainly comprise goodwill. At 31 December 2011, goodwill amounted to €169.6 million (see Chapter 4) arising on the acquisition of companies in recent years and certain allocated intangible assets. Every year, the Group's executive management team tests its intangible assets for impairment. Acquisitions or disposals, revisions in standards, fluctuations in exchange rates or interest rates, changes in the Group's profitability, whether resulting from internal or external factors, might have a material adverse impact on the Group's business results or financial position.

5.2.2 Intellectual property risks

The Group's business is built upon the software packages it has developed over a number of years, either in their entirety or on the basis of acquired software packages or licences. Continuing to use and develop these software packages is essential to ensure the Group's future success. Protecting the Group's intellectual property rights is a cornerstone of its business, particularly thanks to copyright and to patent, trademark and trade secret protection.

The Group ensures that its software packages are protected by patents in countries where applicable laws offer this possibility, as is the case in the United States. In countries where it is not possible to obtain protection *via* patents, the Group's software packages are protected by copyright. To supplement this protection, the Group ensures the enforceability of its rights against third parties through the use of registrations with private agencies such as Logitas.

However, the effective protection of copyright, patent rights, trademarks and trade secrets may be unobtainable or limited in some countries where intellectual property rights are not given the same protection as they are in the United States or Western Europe, or even impossible because background rights are held by third parties. There is a risk, particularly in countries not offering sufficient legal protection, that a third party may claim ownership of intellectual property rights relating to a portion or the entirety of software packages lacking sufficient legal protection, which might allow third parties to develop their own products, thus diluting the Group's intellectual property rights. This might have an adverse impact on the Group's operations, causing it to incur expenditure in order to enforce its intellectual property rights. As a consequence, the Group might also be hindered in its capacity to use or develop its portfolio of software packages. A failure to protect intellectual property rights might jeopardise the Group's ability to maintain its competitive position in its market, which could have a material adverse impact on the Group's operations, business results and revenue.

5.2.3 Market risk

a. Interest rate risk

The Company is exposed to an interest rate risk in connection with a medium-term credit facility (with a contractual maturity of five years as of the date of the initial listing) granted in the amount of €100 million under a "club deal". In addition to this loan, bank overdrafts in the amount of €20 million are also available.

At the date of this document, the Company does not plan to implement a hedging strategy to protect against the risk attached to this syndicated loan.

b. Foreign exchange risk

The wide geographic distribution of the Group's operations entails the use of several different currencies. A significant proportion of the Group's assets, liabilities, revenue and expenses is denominated in currencies other than the euro, mainly the US dollar and, to a lesser extent, the Swedish krona and the pound sterling, while the Group's consolidated financial statements are euro denominated. Consequently, fluctuations in these currencies, and especially the US dollar, against the euro, have had a material impact on the Group's financial position and business results, and might also have such an impact in the future (see Note 32.3 of Chapter 4). However, with respect to the US dollar, it should be noted that although this currency has depreciated considerably against other currencies since 31 December 2011, for Axway's business the dollar zone is a region where revenue-generating trade activities and development and assistance activities primarily incurring payroll costs are carried out simultaneously. For this reason, fluctuations in exchange rates for the US dollar against the euro affect Axway's revenues and costs to a nearly equivalent extent and thus have only a limited overall impact, especially with respect to margin levels.

At the date of this document, the Company does not plan to enter into any forward currency contracts to hedge commercial transactions.

c. Equity risk

At the date of this document, the Group does not hold a portfolio of investment securities and does not consider itself as exposed to equity risk.

5.2.4 Risks associated with various national legal frameworks

The Company has operations in more than fifteen countries throughout the world and consequently finds itself subject to the applicable laws in each of these countries. Most of these countries have laws on foreign investments and on companies under foreign ownership conducting business within their territories. These laws may be amended at any time and the Group's operating costs in a given country may prove to be higher than anticipated. These amendments may also alter tax regimes or make it more difficult to bring funds into or out of the country, with the risk of excess costs. Due to its worldwide presence, the Group faces other types of risks such as: adverse changes in tariffs, taxes, export controls and other trade barriers, unanticipated changes to legal and regulatory requirements as well as political and economic instability in some countries. Any occurrence of this type of risk event might have a material adverse impact on the Group's business results.

5.3 Financial risks

The Company aims to ensure that it has access at any time to the financial resources necessary to sustain ongoing activities and make the investments required for its future development.

The Axway group has a medium-term credit facility (five years from the date it was first listed) in the amount of €100 million from a group lending institutions (a Club Deal composed of the following banks: BNP Paribas, CIC Lyonnaise de Banque, Crédit Agricole Corporate and Investment Bank, HSBC France, Crédit Lyonnais and Société Générale). Société Générale's financing teams are involved in the arrangement of the €100 million medium-term credit facility.

In addition to this medium-term credit facility, bank overdrafts in the amount of €20 million are also available. However, the Company's net debt may not exceed certain limits in order to maintain compliance with three ratios set under covenants (R1, R2 and R3), applicable from the moment funds are made available and calculated on the basis of Axway's consolidated financial statements (under IFRS):

$$R1 = \frac{\text{Net debt}}{\text{EBITDA}}$$

This ratio must remain lower than three until 30 June 2013, after which date it must remain lower than 2.5 Net debt as included in the calculation for these ratios does not take into account liabilities related to employee profit sharing.

$$R2 = \frac{\text{EBITDA}}{\text{Cost of net financial debt}}$$

This ratio must be higher than five.

$$R3 = \frac{\text{Net debt}}{\text{Equity}}$$

This ratio must be lower than one.

The cost of net financial debt as included in the calculation for these ratios does not take into account liabilities related to employee profit sharing.

At 31 December 2011, the calculation of these ratios gives the following results:

R1 = -0.69, R2 = 21, R3 = -0.11

Apart from these financial ratios, the Company has made a certain number of representations and warranties, and has undertaken commitments with its banks, all of which are in keeping with standard procedures for this type of financing, particularly with respect to restructuring efforts, acquisitions and disposals of certain assets, and the granting of a pledge relating to Axway's business goodwill, including in particular its client base, leasehold, equipment, goods and tools, its trade name, trademark or service mark and company name. For information, at 31 December 2011, all intangible assets taken together represented a gross value of €34,200 and a net carrying amount of €19,400 (see Note 6 of Chapter 4).

5.4 Credit risk

At present, the Company's clients are the main source of any credit risk to which it might be exposed. The Group's software packages are designed to handle millions of transactions and are particularly useful for major organisations engaged in high-volume business activities. This also implies that a single licensing agreement may represent several million euros. Owing to its diversified revenue streams, the Group is not dependent upon any particular client. However, although the Group's clients are mainly blue-chip companies and organisations (see Note 32.1 of Section Chapter 4 "Schedule of trade receivables"/ "Statement of changes in provisions for doubtful receivables"), it is not beyond the realm of possibility that the Group might be materially exposed in the event of a client's insolvency. In addition, the geographic scope of its operations exposes the Group to longer payment cycles.

Consequently, default by a client might have a material adverse impact on the Group's business results and its cash flow generation.

5.5 Legal risks

5.5.1 Disputes – Legal and arbitration proceedings

Proceedings have been brought against the Group by a US government agency (the General Services Administration or "GSA" hereafter) in the matter of a trade dispute relating to the price schedule to which the Group is alleged to have agreed for the supply of licences to this client. No specific amount has been claimed at this stage by the GSA and the Group is currently exploring possible ways to reach an out-of-court settlement for this dispute.

Due to the uncertainty as to the outcome of this claim, the Group is not able, at the date of this document and given the elements currently in its possession, to estimate the total amounts that might be requested and found to be payable by the Group should this matter enter litigation. The Group has therefore not made any provision.

As far as the Company is aware, there are no other governmental, legal or arbitration proceedings, known, in progress or to which it might be exposed, likely to have a material impact on the financial position or profitability of the Company and/or the Group, or which may have had such an impact during the past 12 months.

5.5.2 Risks associated with the early termination of partnership agreements

Although the portion of revenue generated through partnership agreements is still relatively small, building partnerships is considered by the Group as a strategic priority for its further development, especially in countries where the Group currently enjoys only a limited presence (particularly the emerging markets of Singapore, Hong Kong, Malaysia, China and India).

Consequently, the early termination of one or more partnership agreements might, in future, have an adverse impact on the Group's operations, financial position or business results. In the absence of any specific procedure that might be put in place to mitigate the risk of early termination of partnership agreements, the Group makes every effort to maintain its contractual relationships with its partners.

5.5.3 Risks associated with the non-renewal of maintenance agreements

The Group's maintenance agreements are concluded for periods ranging from one to three years, subject to automatic renewal for successive one-year periods, and the rate of non-renewal of these maintenance agreements is currently less than 10%. Accordingly, the Group's exposure to the risk of non-renewal of these maintenance agreements is low. In the absence of any specific procedure that might be put in place to mitigate the risk of non-renewal of maintenance agreements, the Group makes every effort to maintain its contractual relationships with its clients.

5.5.4 Risks associated with suppliers

The Company plans to expand its hybrid offerings combining components installed on the premises of clients with the supply of software services hosted in the cloud on demand. The development of these off-premise services will mean that the Group will be making greater use of providers to whom it will sub-contract all or a portion of these services A default by one or more service providers might, in future, have an adverse impact on the Company's operations, financial position or business results.

5.6 Dependence on Sopra Group SA

5.6.1 Dependence from an operating standpoint

The Group has gradually put in place structures allowing it to achieve its independence from Sopra Group SA and which ensured near-independent operational status by the end of the 2011 financial year.

Commercial efficiency depends upon the ability to mobilise all client-related knowledge for international companies, where relationships with major clients are built over a number of years and involve numerous employees, often belonging to different units and a number of whom come from Sopra Group SA. However, since the spin-off, some of these employees no longer fall within the scope of the Company. Mastering this client-related knowledge is therefore a key challenge for the Company and one which permits an understanding of, and an appropriate response to, clients' needs but also allows for better management of the risk of losing a client or a major contract.

The Company will continue to benefit from the services provided on a contractual basis by Sopra Group SA relating to some support functions during a transitional period, as well as the other services (the sites of Annecy and Puteaux) described in Chapter 2, section 3. The cancellation or the expiration of any of these agreements may have a material adverse impact on the Group's operations and financial position (especially in relation to the Group's inability to provide the functions in question internally and/or the replacement costs incurred).

In addition, the Company's operations in India will continue to benefit from the equipment made available and Human Resources (100 staff members) seconded by Sopra Group SA under an agreement dated 31 May 2010 concluded between Sopra India Private Limited, Sopra Group SA's Indian subsidiary, and Axway Software, that will be recharged according to terms renegotiated each year (€110 per day and per employee in 2010) (see Note 33.2 of Chapter 4).

5.6.2 Continued dependence on the Group for major decisions

Sopra Group SA and Sopra GMT, the financial holding company of Sopra Group SA and Axway, will retain an influence over the Company and will have the option to reach major decisions concerning the Company, since they control Axway owing to their direct ownership interest, acting in concert, of around 61.87% of the voting rights (see Chapter 7, section 2).

Furthermore, Sopra Group SA will appoint the members of the Company's Board of Directors and will thus have an influence on certain strategic decisions, such as investment and divestment plans that may be carried out by the Company.

Sopra GMT will also provide a certain number of services on behalf of Sopra Group SA and Axway Software (see Chapter 2, section 3).

5.7 Policy with respect to insurance

At the date of this document, the Company has implemented, for itself and for the Group, as necessary, an insurance programme to protect against the risks to which the Group is exposed, namely liability coverage for the Group's operations and property damage coverage for the Group's assets.

This insurance programme covers the risks associated with its operations in information systems engineering, the design, production, distribution, development, sales and marketing, publishing and/or installation and maintenance of all equipment, software packages and other software products, consulting, systems integration, training and technical assistance, and the design and production of computer-aided management or manufacturing systems.

This insurance programme has been taken out with a top-tier insurer, in consultation with and as selected by a broker appointed by the Company.

In the opinion of the Group, the insurance policies described below take into account the risks incurred by the Group. However, it is not inconceivable that the Group may be required to pay compensation for losses not covered by the insurance programme put in place.

1) Professional liability and premises and operations liability insurance

The Group has taken out an insurance policy combining professional liability coverage with premises and operations liability coverage the purpose of which is to provide protection for the Group's various entities against the financial consequences of any liability they might incur due to bodily injury, property damage or economic loss, whether consequential or direct, caused to third parties and resulting from the Group's operations, professional negligence or the goods manufactured, sold and/or delivered by the Group. This policy also covers the additional costs incurred to prevent the occurrence of a loss or reduce its severity.

This insurance programme consists of a master policy, supplemented by local policies in the countries where the Group has subsidiaries (Germany, Belgium, Bulgaria, Spain, Italy, Romania, the Netherlands, Sweden, the United Kingdom, Australia, China, South Korea, Hong Kong, Malaysia, Singapore, Switzerland and the United States).

The master policy serves to provide broader coverage to the insured than that provided by the local policy and to increase the limits of coverage by supplying additional amounts as necessary. It thus includes "difference in conditions" (DIC) and "difference in limits" (DIL) clauses.

The overall coverage amount ("all-inclusive") under this insurance programme is €20 million per year and deductibles are between €15,000 and €150,000 per loss.

2) Employer's liability insurance

The purpose of this insurance policy is to cover the reimbursement of financial losses incurred by the Company (involving insureds governed by laws relating to workplace accidents), comprised of supplemental contributions and compensation provided for in Articles L. 452-2 and L. 452-3 of the French Social Security Code.

These financial losses are covered if they result from workplace accidents having occurred or occupational diseases having manifested and been declared during the policy's validity period.

The overall coverage amount ("all-inclusive") under this insurance programme is €7,622,450 per insurance year and the deductible is €15,000 per loss.

3) Directors' and officers' liability insurance

The Group's senior executives are covered by a specific liability insurance policy, taken out by Sopra Group SA, whose purpose is mainly to provide protection for company officers against the financial consequences of claims brought against them that may be attributed to any act of professional negligence committed during their term in office and to cover civil and criminal legal defence costs.

4) Property damage and computer all risks insurance

The Group is covered by a property damage/business interruption insurance policy whose purpose is protect the assets (sites, equipment, workstations, etc.) of Axway's various entities against the risk of loss or damage resulting, for example, from fire or natural catastrophes as well as business interruption losses incurred by the Group.

Under the above-mentioned insurance policy, the Group enjoys property damage and business interruption coverage up to a cumulative total of €5 million euros per claim.

5) Assistance

On behalf of those of its employees, company officers, senior executives and directors who are often required to travel in the course of their work, the Group has taken out an insurance policy offering coverage in the event of death, accident or illness occurring during work-related travel.

6) Claim history under the Group's policies and insurance programmes

In the last three years, no major claim has been reported by any of the Group's entities under the policies described above (or others covering the Group in the past).

Subject to the indications included in this section, as a general rule the Group's claim history is very low, which has meant that it has been able to benefit from relatively low premiums and favourable conditions for coverage.

6 INFORMATION ON COMPANY OFFICERS

The information required pursuant to Article L. 225-102 of the French Commercial Code regarding the list of company officers and their compensation can be found in Section 1 of Chapter 2 of this Registration Document.

6.1 Information on transactions in securities by directors or persons designated by Article L. 621-18-2 of the French Monetary and Financial Code

Pursuant to Article 223-26 of the General Regulation of the *Autorité des marchés financiers,* the following transactions involving Axway shares fell within the scope of Article L. 681-18-2 of the French Monetary and Financial Code during FY 2011:

Category [(1)]	Name	Function	Transaction type [(2)]	Transaction date	Number of securities	Unit price in euros	Transaction amount
a	C. Fabre	CEO	A	22/11/2011	2,500	15	37,500
a	C. Fabre	CEO	A	24/11/2011	2,500	14	35,000
a	C. Fabre	CEO	A	25/11/2011	2,500	14	35,000
a	C. Fabre	CEO	A	28/11/2011	2,500	14	35,000
a	C. Fabre	CEO	A	29/11/2011	5,200	13.99	72,726

(1) Category:
a. members of the Board of Directors, Chief Executive Officer, Sole Chief Executive Officer, Managing Director.
(2) Type of transaction:
A. Acquisition;
D. Disposal;
S. Subscription;
E. Exchange.

6.2 Employee share ownership

Pursuant to the provisions of Article L. 225-102 of the French Commercial Code, we hereby inform you that, at 31 December 2011, no shares in the Company were held by:

- employees of the Company or its affiliates through an employee savings plan;
- employees or former employees through company mutual funds (FCPE);
- employees during periods of inalienability affecting share option subscription plans.

7 INFORMATION REQUIRED BY LAW 2006-387 OF 31 MARCH 2006 RELATING TO PUBLIC ACQUISITION OFFERS

1. The Company's ownership structure is set out in Section 2 of Chapter 7 of the Registration Document.
2. There are no restrictions in the Articles of Association on the transfer of shares, which are freely transferable, except where provided otherwise under applicable laws or regulations (Article 11 of the Articles of Association).

   The Company has not been informed of any contractual clauses providing for preferential terms for the sale or purchase of Company shares, pursuant to Article L. 233-11 of the French Commercial Code.
3. Any direct or indirect interests in the Company's capital of which the latter has been informed pursuant to Articles L. 233-7 and L. 233-12 can be found in Section 2 of Chapter 7 of the Registration Document.
4. There are no special controlling rights.
5. There is no control mechanism provided under an employee share ownership scheme.
6. Agreements between shareholders of which the Company is aware and that may result in restrictions on share transfers and the exercise of voting rights can be found in Section 2 of Chapter 7 of the Registration Document.
7. The regulations applicable to the appointment and replacement of the members of the Board of Directors are set forth in Article 14 of the Articles of Association. The regulations relating to the amendment of the Company's Articles of Association are contained within Article 33 of the Articles of Association, which states that "the Extraordinary General Meeting alone shall be authorised to amend any and all provisions of the Memorandum and Articles of Association".
8. The powers of the Board of Directors are those described in Article 17 of the Articles of Association: *"The Board of Directors determines the overall business strategy of the Company and supervises its implementation. It examines any and all matters related to the efficiency and effectiveness of business operations and reaches decisions about any and all issues concerning the Company, within the limits of the corporate purpose and except for those matters which, by law, can only be decided on by the shareholders in a General Meeting."*

   In addition, in resolutions 5, 8 to 19 and 21 the Combined General Meeting of 28 April 2011 granted authorisations to the Board of Directors.
9. The agreements entered into by the Company that could be amended or terminated in the event of a change in control at the Company mainly concern the syndicated credit facilities arranged on 7 June 2011.
10. There are no agreements providing for the payment of compensation to members of the Board of Directors or employees upon resignation or dismissal without just cause or should their employment contracts be terminated following a public tender offer.

8 SUSTAINABLE DEVELOPMENT

This issue is expanded upon in Section 10 of Chapter 1 of this Registration Document.

9 APPROVAL OF THE SEPARATE FINANCIAL STATEMENTS – DISCHARGE TO MEMBERS OF THE BOARD OF DIRECTORS

We would ask that, in light of the report of the Statutory Auditors, you approve the annual financial statements for the financial year ended 31 December 2011 showing a profit of €8,623,387.03, to fully and unconditionally discharge the members of the Board of Directors with respect to the performance of their duties for the aforementioned financial year and to also approve the non tax deductible expenses, covered by Article 39-4 of the French Tax Code, which amounted to €51,593, and the corresponding tax expense of €17,198.

10 APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

We would ask that, in light of the report of the Statutory Auditors, you approve the consolidated financial statements for the financial year ended 31 December 2011 showing a consolidated net profit – attributable to equity holders of the parent – of €21,456,393 as well as the transactions reflected in those financial statements or summarised in the report on Group Management included in the management report.

11 APPROPRIATION OF EARNINGS

We would ask that you note that the distributable earnings for the financial year ended 31 December 2011 totalled €8,623,387.03, determined as follows:

Profit for the year	€8,623,387.03
Retained earnings: dividends not paid on treasury shares	€-
TOTAL	**€8,623,387.03**

We would next ask that you resolve to pay shareholders a dividend of €0.25 per share and appropriate distributable earnings as follows:

Legal reserve	€431,169.35
Dividend	€5,037,660.25
Discretionary reserves	€3,154,557.43
TOTAL	**€8,623,387.03**

The dividend shall be payable as from 1 June 2012 for holders of shares entitled to a dividend, namely those holding, on the ex-dividend date (in France 3 business days prior to the dividend payment date, namely 29 May 2012), Axway Software shares giving entitlement to the dividend for FY 2011.

On the basis of the number of shares giving entitlement to a dividend as of 31 December 2011, namely 20,150,641, the dividend would total €5,037,660.25.

The legal reserve will thus stand at €2,017,903.37, *i.e.* 5% of the share capital.

The shares held by the Company on the date of the Meeting shall not be entitled to a dividend and the corresponding dividend will be allocated to “retained earnings” upon payment.

For individual shareholders resident in France for tax purposes, it should be noted that the full amount of the proposed dividend will be eligible for the 40% tax deduction under Article 158-3-2 of the French Tax Code, unless they have elected for the 21% withholding tax provided for under Article 117 *quater* of the French Tax Code with respect to these dividends or other income received during the same year.

The amount of dividends distributed over the three prior financial years is indicated below, along with the amount of earnings distributed over those financial years that was eligible for the deduction provided for under Article 158-3-2 of the French Tax Code and the corresponding amount of distributed earnings not eligible for said deduction:

FY	Distributed earnings eligible for the deduction under Article 158-3-2 of the French Tax Code		Distributed earnings not eligible for the deduction *(in euros)*
	Dividend per share *(in euros)*	Other distributed earnings per share *(in euros)*	
2010	3.98	6.97	0
2009	0	0	0
2008	0	0	0

12 APPROVAL OF THE AGREEMENT FOR THE RECHARGING OF EXPENSES AND FEES INCURRED IN CONNECTION WITH THE LISTING OF AXWAY SOFTWARE FALLING WITHIN THE SCOPE OF ARTICLE L. 225-38 OF THE FRENCH COMMERCIAL CODE

We propose in this resolution to submit for your approval the agreement for the rebilling of expenses and fees incurred in connection with the listing of Axway Software detailed in the special report of the Statutory Auditors on agreements falling within the scope of Article L. 225-38 *et seq*. of the French Commercial Code with respect to the financial year ended 31 December 2011 and the corresponding conclusions of said report.

As regards voting on this resolution, it is noted that pursuant to Article L. 225-40 of the French Commercial Code, François Odin, Pierre Pasquier and Sopra Group will abstain and that their shares will not be taken into account for the purposes of calculating the quorum and majority.

13 APPROVAL OF THE SERVICE AGREEMENT WITH SOPRA GMT, A FINANCIAL HOLDING COMPANY, FALLING WITHIN THE SCOPE OF ARTICLE L. 225-38 OF THE FRENCH COMMERCIAL CODE

We propose in this resolution to submit for your approval the service agreement with Sopra GMT, a financial holding company, referred to in the special report of the Statutory Auditors on agreements falling within the scope of Article L. 225-38 *et seq*. of the French Commercial Code with respect to the financial year ended 31 December 2011 and the corresponding conclusions of said report.

As regards voting on this resolution, it is noted that pursuant to Article L. 225-40 of the French Commercial Code, François Odin, Pierre Pasquier, Sopra Group and Sopra GMT, represented by Pierre Pasquier, will abstain and that their shares will not be taken into account for the purposes of calculating the quorum and majority.

14 APPROVAL OF THE AGREEMENT TO TRANSFER OF INTELLECTUAL PROPERTY FALLING WITHIN THE SCOPE OF ARTICLE L. 225-38 OF THE FRENCH COMMERCIAL CODE

We propose in this resolution to submit for your approval the agreement to dispose of intellectual property referred to in the special report of the Statutory Auditors on agreements falling within the scope of Article L. 225-38 *et seq*. of the French Commercial Code with respect to the financial year ended 31 December 2011 and the corresponding conclusions of said report.

As regards voting on this resolution, it is noted that pursuant to Article L. 225-40 of the French Commercial Code, Pierre Pasquier will abstain and that his shares will not be taken into account for the purposes of calculating the quorum and majority.

15 APPROVAL PURSUANT TO ARTICLE L. 225-42 OF THE FRENCH COMMERCIAL CODE OF THE AGREEMENT FOR THE PROVISION OF IT RESOURCES ENTERED INTO BETWEEN AXWAY SOFTWARE AND ITS SUBSIDIARIES FALLING WITHIN THE SCOPE OF ARTICLE L. 225-38 OF THE FRENCH COMMERCIAL CODE

We propose in this resolution to submit for your approval, pursuant to Article L. 225-42 of the French Commercial Code, the agreement for the provision of IT resources entered into between Axway Software and its subsidiaries referred to in the special report of the Statutory Auditors on the agreements falling within the scope of Article L. 225-38 *et seq*. of the French Commercial Code with respect to the financial year ended 31 December 2011 and the corresponding conclusions of said report.

As regards voting on this resolution, it is noted that pursuant to Article L. 225-40 of the French Commercial Code, Christophe Fabre will abstain and that his shares will not be taken into account for the purposes of calculating the quorum and majority.

16 APPROVAL OF THE WITHDRAWL FROM THE TAX CONSOLIDATION AGREEMENT SIGNED WITH SOPRA GROUP FALLING WITHIN THE SCOPE OF ARTICLE L. 225-38 OF THE FRENCH COMMERCIAL CODE

We propose in this resolution to submit for your approval the agreement to leave the tax consolidation scheme signed with Sopra Group referred to in the special report of the Statutory Auditors on agreements falling within the scope of Article L. 225-38 *et seq*. of the French Commercial Code with respect to the financial year ended 31 December 2011 and the corresponding conclusions of said report.

As regards voting on this resolution, it is noted that pursuant to Article L. 225-40 of the French Commercial Code, François Odin, Pierre Pasquier and Sopra Group will abstain and that their shares will not be taken into account for the purposes of calculating the quorum and majority.

17 APPROVAL OF DEBT FORGIVENESS IN FAVOUR OF AXWAY SRL FALLING WITHIN THE SCOPE OF ARTICLE L. 225-38 OF THE FRENCH COMMERCIAL CODE

We propose in this resolution to submit for your approval the debt write-off in favour of Axway Srl referred to in the special report of the Statutory Auditors on agreements falling within the scope of Article L. 225-38 *et seq*. of the French Commercial Code with respect to the financial year ended 31 December 2011 and the corresponding conclusions of said report.

18 CONCLUSIONS OF THE SPECIAL REPORT OF THE STATUTORY AUDITORS ON RELATED-PARTY AGREEMENTS

We would ask in this resolution that you take note of the conclusions of the special report of the Statutory Auditors on related-party agreements entered into or authorised, previously approved by the General Meeting of 28 April 2011 and which continued to be performed during the past financial year.

19 APPOINTMENT OF A NEW DIRECTOR

We would ask that you approve the proposal of the Board of Directors to appoint Michael Gollner as director for a period of four years ending at the conclusion of the 2016 Ordinary General Meeting called to approve the 2015 financial statements.

A graduate of the University of Pennsylvania where he earned a Master in International Relations and an MBA (Wharton Business School), Michael Gollner began his career in London working on M&As at Goldman Sachs, before moving to Lehman Brothers in 1994. Since 1999, he has held a number of management positions at private equity and venture capital firms and is currently Managing Partner of Operating Capital Partners LLP, an investment company he founded in 2008. Michael Gollner has also been Chairman of the Board of Directors of Flender AG and of Winergy AG, Chairman of the Audit Committee of Pepcom GmbH, and director of Anovo SA and Kabel Medien Service KG.

Michael Gollner, aged 53, holds double British and American nationality.

We hereby inform you that this appointment would comply with the equality principles laid down in Act no. 2011-103 of 27 January 2011 on gender balance on Boards of Directors and that, following this appointment, the Board of Directors would have two women and seven men.

20 SETTING OF DIRECTORS' FEES

We propose setting at €250,000 the amount of directors' fees to be split between the members of the Board of Directors for the current financial year.

21 AUTHORISATION OF THE BOARD OF DIRECTORS TO BUY BACK ORDINARY SHARES IN THE COMPANY

The fifth resolution of the General Meeting of 28 April 2011 authorised the Company to trade in its own shares for a period of eighteen (18) months.

A market making agreement was signed between Axway Software and Kepler Capital Markets on 10 June 2011. The purpose of this agreement is to enable Kepler Capital Markets to act in the market on behalf of Axway Software in order to ensure trading liquidity and stock price stability and thereby avoid price fluctuations that are not based on market trends. On 31 December 2011, Kepler Capital Markets held €311,945.16 in cash and 33,392 Axway Software shares on behalf of Axway Software.

With the current authorisation expiring in October 2012, we would propose terminating it and re-authorising the Company to trade in its own shares for a period of eighteen (18) months from the date of this General Meeting.

The terms and conditions of this new authorisation would be as follows:

- maximum purchase price: €37;
- maximum holding: 10% of the share capital (*i.e.* 2,015,064 shares as of 31 December 2011);
- maximum purchase amount: €74,557,368.

These new powers would be for the same purposes as those approved last year and would enable the Company to trade in its shares so as to:

(a) cover Company share purchase option plans benefiting (some or all) qualifying company officers and/or (some or all) employees of the Company and of companies or groupings that are or will be associated with it as per the terms of Article L. 225-180 of the French Commercial Code;

(b) award ordinary shares to qualifying company officers, employees and former employees, or certain categories thereof, of the Company or of the Group under profit sharing schemes or a company savings plan in accordance with the law;

(c) award bonus shares under the bonus share award scheme provided for under Articles L. 225-197-1 *et seq*. of the French Commercial Code to qualifying company officers and employees, or certain categories thereof, of the Company and/or of companies and economic interest groupings associated with it as per the terms of Article L. 225-197-2 of the French Commercial Code and more generally to award ordinary shares in the Company to these employees and company officers;

(d) retain ordinary shares in the Company that are bought back for subsequent exchange or use as consideration in acquisitions, in line with market practices permitted by the *Autorité des marchés financiers;*

(e) deliver shares upon exercise of rights attaching to securities giving entitlement by means of conversion, exercise, redemption, exchange, presentation of a warrant or by any other means, immediately or in the future, to the allocation of Company shares as well as carrying out any transactions required to cover the Company's obligations with respect to these securities, in compliance with stock market regulations and as and when decided by the Board of Directors or any person acting on the instructions of the Board of Directors;

(f) enable market making in ordinary shares *via* an investment services provider under a market making agreement that complies with the AMAFI code of ethics, in line with market practices permitted by the *Autorité des marchés financiers,* it being noted that the number of ordinary shares bought back in this respect shall, for the purposes of calculating the 10% limit, equal the number of ordinary shares bought back, less the number of ordinary shares sold during the period of this authorisation;

(g) cancel all or some of the ordinary shares bought back, so long as the Board of Directors has a valid authorisation from the Extraordinary General Meeting allowing it to reduce the capital by cancelling ordinary shares bought back under an ordinary share buyback programme.

The Company could also use this resolution and continue to apply its buyback programme in compliance with legal and regulatory provisions and, in particular, the provisions of Articles 231-1 *et seq*. of the General Regulation of the *Autorité des marchés financiers* during the course of a public tender offer or public exchange offer made by the Company.

22 POWERS TO PERFORM FORMALITIES

We would finally propose granting powers to perform the required formalities following this General Meeting.

23 OTHER INFORMATION

In accordance with Article 223 *quater* of the French Tax Code, we would draw attention to the fact that the financial statements for the past financial year include €51,593 in respect of non tax-deductible expenses (Article 39-4 of the French Tax Code).

Paris, 27 March 2012,

The Board of Directors

SUMMARY OF RESULTS OF AXWAY SOFTWARE FOR THE PAST FIVE FINANCIAL YEARS

(in euros)	2011	2010	2009	2008	2007
Capital at end of financial year					
Share capital	40,301,282	75,620,000	75,620,000	75,620,000	19,900,000
Number of ordinary shares outstanding	20,150,641	1,990,000	1,990,000	1,990,000	1,990,000
Number of bonds convertible into shares					
Operations and results for the financial year					
Revenue excluding VAT	134,567,882	114,244,964	94,393,785	91,386,491	86,991,253
Results before tax, employee profit-sharing and depreciation, amortisation and provisions	25,594,204	14,165,750	15,579,249	13,629,029	6,210,723
Corporate income tax	-5,135,529	-2,776,626	-412,039	3,928,249	2,038,056
Employee profit-sharing and incentive schemes owed with respect to the financial year	938,662	1,917,430	708,532	1,632,622	809,312
Results after tax, employee profit-sharing, depreciation, amortisation and provisions	8,623,387	8,351,000	-5,369,854	10,623,943	2,297,491
Distributed earnings	5,037,360	7,920,200			--
Earnings per share					
Results after tax, employee profit-sharing but before depreciation, amortisation and provisions	1.48	7.55	7.68	4.05	1.69
Results after tax, employee profit-sharing, depreciation, amortisation and provisions	0.43	4.20	-2.70	5.34	1.15
Dividend awarded per share	0.25	10.95 (1)			
Employee data					
Average number of employees during the financial year	608	603	601	599	523
Total payroll for the financial year	34,817,799	33,852,544	30,289,359	29,818,063	26,151,359
Total benefits paid with respect to the financial year (social security, employee welfare, etc.)	16,571,046	15,852,251	14,658,500	13,901,757	12,367,759

(1) All dividends paid were to the sole shareholder, Sopra Group, as of 31 December 2010.

REPORT OF THE BOARD OF DIRECTORS ON THE USE OF DELEGATIONS OF AUTHORITY GRANTED BY THE COMBINED GENERAL MEETING OF 28 APRIL 2011

The powers given to the Board of Directors in the **fifth resolution** to buy back ordinary shares in the Company, involving a maximum of 10% of the total number of ordinary shares as of the date of the buybacks, for a total of seventy-five million euros (€75,000,000) in theory representing a maximum of 1,612,051 ordinary shares, **have not been exercised**.

The powers granted to the Board of Directors in the **eight resolution** to increase the share capital by up to twenty million euros (€20,000,000) by means of the incorporation of reserves, retained earnings, additional paid-in capital or other items, **have not been used**.

The powers granted to the Board of Directors in the **ninth resolution** to increase the share capital by a maximum par value of twenty million euros (€20,000,000) and two hundred million euros (€200,000,000) in debt securities, by means of the issue of ordinary shares and/or securities convertible to ordinary shares with preferential subscription rights, were used to carry out the cash capital increase approved by the Board of Directors on 23 June 2011 and formalised on 19 July 2011 **for €8,060,256**, in order to raise the capital from €32,241,026 to €40,301,282.

The powers granted to the Board of Directors in the **tenth resolution** to increase the share capital by a maximum par value of twenty million euros (€20,000,000) and two hundred million euros (€200,000,000) in debt securities, by means of the issue of ordinary shares and/or securities convertible to ordinary shares, without preferential subscription rights, outside of public tender offers, **have not been used.**

The powers granted to the Board of Directors in the **eleventh resolution** to increase the share capital by a maximum par value of twenty million euros (€20,000,000) and two hundred million euros (€200,000,000) in debt securities, by means of the issue of ordinary shares and/or securities convertible to ordinary shares, without preferential subscription rights, as part of a public tender offer, **have not been used.**

The authorisation granted to the Board of Directors in the **twelfth resolution** to increase the size of the initial offering involving the issue of ordinary shares or securities convertible to ordinary shares with or without preferential subscription rights approved pursuant to the ninth, tenth and eleventh resolutions, **has not been used.**

The powers granted to the Board of Directors in the **thirteenth resolution** to issue, up to a maximum of 10% of the share capital, ordinary shares and/or securities convertible to ordinary shares to compensate contributions in kind made to the Company and comprising equity securities or convertible securities, outside of public exchange offers, **have not been used.**

The authorisation granted to the Board of Directors in the **fourteenth resolution** to set the issue price of ordinary shares or any securities convertible to ordinary shares, without preferential subscription rights, up to a maximum of 10% of the capital per annum, **has not been used.**

The overall maximum par value, set in the **fifteenth resolution**, of twenty million euros (€20,000,000) of the issue authorisations with or without preferential subscription rights, **was only used to the tune of €8,060,256, leaving a balance of €11,939,744.**

The authorisation granted to the Board of Directors in the **sixteenth resolution** to increase by up to a maximum of 3% the share capital by means of the issue of ordinary shares reserved for employees of the Axway Group who are members of a company savings plan, **has not been used.**

The authorisation given to the Board of Directors in the **seventeenth resolution** to grant stock options to qualifying company officers and employees of the Axway Group involving up to a maximum of 7% of the number of shares in the Company's capital as of the date the Board of Directors awards the options, **was used to the tune of 4.7%, coming in at 2.3% under the 7% limit.**

The authorisation granted to the Board of Directors in the **eighteenth resolution** to grant bonus shares, whether existing or to be issued, to qualifying company officers or employees, involving up to a maximum of 1% of the Company's share capital as of the date of their award by the Board of Directors, **has not been used.**

The authorisation given to the Board of Directors in the **nineteenth resolution** to grant share warrants (BSAAR – *warrants for redeemable shares*) to employees and company officers of the Company or its Group, without shareholder preferential subscription rights, involving up to a maximum of 7% of the Company's capital as of the date of the decision by the Board of Directors, **has not been used.**

The authorisation granted to the Board of Directors in the **twentieth and twenty-first resolution** to reduce the share capital, by up to 10% of the capital per twenty-four (24) month period from the date of the General Meeting, by means of the cancellation of ordinary shares, **has not been used.**

Paris, 27 March 2012,

The Board of Directors

REPORT OF THE BOARD OF DIRECTORS RELATING TO SHARE SUBSCRIPTION OPTIONS

The Board of Directors used the authorisation granted in the **seventeenth resolution** of the Combined General Meeting of **28 April 2011** to award stock options to certain Axway employees, as follows:

- establishment on 18 November 2011 of stock option plan no. 3 by means of the awarding of 1,032,350 stock options at an exercise price of €14.90 to 262 employees in grades 4, 5 and 6, to "Top management" and/or "key employees" of the Axway Group;
- a vesting schedule governing the options awarded under plan no. 3 as follows:
  - 50% of the options will vest at the end of a period of thirty (30) months from the award date,
  - 50% of options will vest on the day following the fifth (5th) anniversary of the award date;
- except for beneficiaries subject to the French regime who may not sell, or otherwise dispose of, the shares prior to the day following the fourth (4th) anniversary of the award date, beneficiaries under plan no. 3 are not subject to any lock-in period; subject to compliance with quiet periods and the provisions of national plans;
- the stock options awarded under plan no. 3 are not subject to any performance obligations;
- of the 1,032,350 options, 200,000 were awarded to Christophe Fabre, Chief Executive Officer and Director of Axway Software. There are no performance conditions attached to the exercise of options. In line with the decision of the Board of Directors of 14 February 2012, the Chief Executive Officer shall be required to keep registered, until he leaves office, 25% of the shares accruing from the exercise of options awarded under plan no. 3;
- of the 1,032,350 options awarded, none were cancelled during the year.

- The table below details the stock options awarded to the top ten employee (non-company officer) beneficiaries and the options exercised by them during FY 2011.

Top ten stock option awards to employees and options exercised by them	Total number of options awarded/ shares subscribed for or purchased	Weighted average price	Plan no. 1	Plan no. 2	Plan no. 3
Options awarded, during the financial year, by the issuer and any company within the option award scope, to the ten employees of the issuer and of any company within this scope to have received the most options (aggregate information)	257,500	14.90	-	-	257,500
Options held vis-à-vis the issuer and the aforementioned companies exercised during the financial year by the ten employees of the issuer and of these companies to have subscribed for or purchased the most (aggregate information)	-	-	-	-	-

Paris, 27 March 2012,

The Board of Directors

REPORT OF THE BOARD OF DIRECTORS ON THE CAPITAL INCREASE

Supplementary report of the Board of Directors to shareholders

Capital increase with preferential subscription rights approved by the Board of Directors at its meeting of 23 June 2011

Ladies and Gentlemen,

The Board of Directors of Axway Software (the “**Company**”) resolved at its meeting of 23 June 2011 to exercise the powers granted to it in the ninth resolution of the Combined General Meeting of 28 April 2011, in order to carry out a capital increase with shareholder preferential subscription rights by means of the issue of ordinary shares.

This supplementary report is prepared pursuant to the provisions of Articles L. 225-129-5 and R. 225-116 of the French Commercial Code to report on the details of this capital increase.

Background to the capital increase

It should be recalled that the Ordinary General Meeting of Sopra Group SA of 8 June 2011 resolved to distribute one Axway Software share for every Sopra Group SA share qualifying for the distribution, in the form of an extraordinary distribution of additional paid-in capital and reserves, namely around 73.73% of the Company’s capital, resulting in the separation of the traditional business activities of Sopra Group SA from the Company’s. This distribution took place on 14 June 2011, the date on which the Company’s shares were also admitted to trading on the regulated NYSE Euronext market in Paris.

The Company announced on a number of occasions that it planned, as soon as possible following this distribution, to, subject to market conditions, carry out a capital increase for a gross amount of between €50 to €65 million primarily to repay the shareholder loans granted by Sopra Group SA to the Company.

It should also be recalled that the ninth resolution of the Company’s Combined General Meeting of 28 April 2011 (the “**Meeting**”), for a period of 26 months from the date of said Meeting:

- empowered the Board of Directors, with the option to further delegate in the legally established manner, to decide to increase the share capital, with preferential subscription rights of ordinary shareholders, on one or more occasions, by means of the issue, both in France and abroad, of ordinary shares in the Company, subscription for which may be in cash or by debt conversion, by up to a maximum par value of twenty million euros (€20,000,000); and

- fully empowered the Board of Directors, with the option to further delegate in the legally established manner, to exercise these powers in the manner established by law and to accordingly amend the Articles of Association.

It is on the basis of these powers that the Company's Board of Directors at its meeting of 23 June 2011 resolved to increase the Company's capital, with shareholder preferential subscription rights, on the terms and conditions set out below.

Main terms and conditions of the capital increase

Subscription period and exercise of preferential subscription rights

Subscription by the general public in France opened on 28 June 2011 and ran to 8 July 2011 inclusive. The preferential subscription rights were stripped on 28 June 2011 and traded on the regulated NYSE Euronext market in Paris from 28 June 2011 to 8 July 2011 inclusive.

During this period, holders of preferential subscription rights were able to subscribe (i) as of right for one new share on the basis of every four existing shares held (four preferential subscription rights giving entitlement to the subscription for one new share priced at €15.35 per share) fractions being ignored, holders of preferential subscription rights being responsible for buying on the market the number of subscription rights necessary to subscribe for a full number of Company shares, and (ii) for as many excess new shares as they wish in addition to those to which they are entitled as of right.

Unit subscription price of new shares

The new shares, with a par value of €2 each, were issued at a unit price of €15.35, *i.e.* with an issue premium of €13.35 per new share.

Amount of capital increase

The amount of the capital increase was €8,060,256, representing gross proceeds of €61,862,464.80 and a premium of €53,802,208.80.

The total number of new shares issued is 4,030,128, including 3,945,229 shares subscribed for as of right and 84,899 subscribed for on an excess basis.

Listing of new shares

The new shares have been admitted to trading on the regulated NYSE Euronext market in Paris since 19 July 2011, their settlement date. They are indistinguishable from existing Company shares already listed on the regulated NYSE Euronext market in Paris and have traded, since that date, under the same ISIN code as the existing Company shares, namely FR0011040500.

As a result of the carrying out of the capital increase, the Company's capital was increased by €8,060,256 from €32,241,026 to €40,301,282, split into 20,150,641 ordinary shares, each with a par value of €2.

The detailed terms and conditions of issue of the new shares set out in the securities note on the issue and admission of new shares as part of the capital increase that was covered by a prospectus approved by the *Autorité des marchés financiers* on 23 June 2011 under number 11-259, made available free of charge at the Company's registered office, on its website (www.axway.com) and on the website of the *Autorité des marchés financiers* (www.amf-france.org). Shareholders are asked to read that document for further information on the terms and conditions of the capital increase.

Impact of the issue of new shares on holders of shares and stock options

Impact of the issue on attributable equity

For reference, the impact of the issue of new shares on the consolidated equity attributable to equity holders of the Axway Group per share *(calculated on the basis of the consolidated equity attributable to equity holders of the Axway Group on 14 June 2011 and the number of shares in the Company's share capital as of that date)* is as follows:

Attributable equity per share *(in euros)*	**Undiluted base**	**Diluted base** (1)
Prior to the issue of 4,030,128 new shares	7.59	7.90
Following the issue of 4,030,128 new shares	9.12	9.31

(1) Assuming all Axway Software stock options are exercised.

Impact of the issue on shareholders

For reference, the impact of the issue on the capital interest of a shareholder holding 1% of the Company's share capital prior to the issue and who doesn' t subscribe to it *(calculated on the basis of the number of shares in the Company's share capital on 14 June 2011)* is as follows:

Shareholder's interest *(in %)*	**Undiluted base**	**Diluted base** [(1)]
Prior to the issue of 4,030,128 new shares	1%	0.96%
Following the issue of 4,030,128 new shares	0.80%	0.77%

(1) Assuming all Axway Software stock options are exercised.

Impact of the issue on stock option holders

As a result of the carrying out of the capital increase, the Capital, by law, made the following adjustments to the stock options:

Date drafted: 19/07/2011
Share type: Axway Software

Grant date	Number of beneficiaries	Of which company officers	Number of shares awarded initially	Initial exercise price	Beginning of option exercise period*	End of option exercise period	Number of lapsed shares at 31/12/2010
Plan no. 1 – 2007 stock option plan (Combined General Meeting of 23 May 2007): issue of up to 5% of the capital							
23/05/2007	1	1	20,100	€78.90	24/05/2011	23/05/2012	
22/11/2007	6		17,000	€93.54	30/06/2010	31/12/2013	4,000
	-		17,000	€93.54	30/12/2012	31/12/2013	4,000
6/11/2008	4		8,500	€145.00	30/06/2011	31/12/2014	
	-		8,500	€145.00	30/12/2013	31/12/2014	
19/05/2009	1		4,000	€145.00	30/06/2011	31/12/2014	
	-		4,000	€145.00	30/12/2013	31/12/2014	
Total	**12**	**1**	**79,100**				**8,000**
Plan no. 2 – 2010 stock option plan (General Meeting of 25 November 2010): issue of up to 10% of the capital							
25/11/2010	2		5,000	€145.00	30/06/2012	31/12/2015	
	-		5,000	€145.00	30/12/2014	31/12/2015	
Total	**2**		**10,000**	**290**			
TOTAL OF 2 PLANS							

** From 2007, each award comprised options that can be exercised in half at the end of four years and half prior to that.*
(1) As of 19 July 2011, date of settlement of the capital increase and of drafting of this report.

		Prior to the capital increase		Following the capital increase			
Of which cancelled in 2010	**Of which company officers**	Number of options following adjustments	Exercise price following adjustments	Number of options following adjustments	Exercise price following adjustments	**Number of options outstanding (1)**	**Of which company officers**
		170,397	€12.61	183,025	€11.74	183,025	183,025
		110,190	€14.34	118,362	€13.35	118,362	
		110,190	€14.34	118,362	€13.35	118,362	
		72,045	€17.11	77,431	€15.92	77,431	
		72,045	€17.11	77,431	€15.92	77,431	
		33,900	€17.11	36,434	€15.92	36,434	
		33,900	€17.11	36,434	€15.92	36,434	
		602,667	**110**	**647,479**		**647,479**	
		42,377	€17.11	45,545	€15.92	€45,545.00	
		42,377	€17.11	45,545	€15.92	€45,545.00	
		84,754	**34**	**91,090**		**91,090**	
						738,569	

Theoretical impact of the issue of new shares on the stock market value of the Axway Software stock

For reference, the theoretical impact of the issue of new shares on the current stock market value of the Axway Software stock, *i.e.* €20.19 (average closing price since the Company's listing on 14 June 2011 up to 28 June 2011) would be as follows:

Stock market value of Axway Software stock	
Prior to the issue of 4,030,128 new shares	€20.19
Following the issue of 4,030,128 new shares and prior to the exercise of all stock options	€19.22
Following the issue of 4,030,128 new shares and following the exercise of all stock options (after factoring in of adjustments arising from the capital increase)	€19.04

***

This report, drawn up pursuant to the provisions of Articles L. 225-129-5 and R. 225-116 of the French Commercial Code, is available to shareholders at the Company's registered office and shall be directly brought to their attention at the upcoming General Meeting.

The Board of Directors

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CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011, 2010 AND 2009

STATEMENT OF FINANCIAL POSITION

ASSETS *(in thousands of euros)*	**Notes**	**31/12/2011**	**31/12/2010**	**31/12/2009**	**01/01/2009**
Goodwill	5	169,578	165,672	154,342	156,074
Intangible assets	6	19,440	20,845	21,269	23,868
Property, plant and equipment	7	4,883	3,478	1,502	1,896
Financial assets	8	819	650	688	618
Deferred tax assets	9	14,482	17,942	8,518	2,709
Non-current assets		**209,202**	**208,587**	**186,319**	**185,165**
Stock and work in progress		606	505	414	345
Trade receivables	10	57,056	65,765	53,326	53,846
Other current receivables	11	13,809	11,171	9,441	5,759
Cash and cash equivalents	12	23,801	22,379	11,287	11,584
Current assets		**95,272**	**99,820**	**74,468**	**71,534**
TOTAL ASSETS		**304,474**	**308,407**	**260,787**	**256,699**

SHAREHOLDERS' EQUITY AND LIABILITIES *(in thousands of euros)*	Notes	31/12/2011	31/12/2010	31/12/2009	01/01/2009
Share capital		40,301	75,620	75,620	75,620
Capital reserves		99,199	1,169	1,169	638
Consolidated reserves		43,529	40,728	30,748	23,956
Profit for the year		21,456	26,595	9,980	7,864
Losses taken directly to equity		8,948	3,983	-7,208	-5,092
Shareholders' equity – Group share		**213,433**	**148,095**	**110,309**	**102,986**
Minority interests		**2**	**2**	**2**	**3**
TOTAL SHAREHOLDERS' EQUITY	**13**	**213,435**	**148,097**	**110,311**	**102,989**
Financial debt – long-term portion	14	1,968	1,774	1,610	1,336
Current account – Sopra Group		0	68,432	76,600	78,476
Deferred tax liabilities	9	6,998	9,182	7,173	213
Provision for post-employment benefits	15	5,815	5,206	4,124	3,838
Non-current provisions	16	1,122	1,155	1,036	977
Other non-current liabilities	17	608	1,909	735	1,808
Non-current liabilities		**16,511**	**87,658**	**91,278**	**86,648**
Financial debt – short-term portion	14	530	352	200	917
Trade payables	18	8,184	7,460	8,074	9,199
Other current liabilities	19	65,814	64,840	50,924	56,946
Current liabilities		**74,528**	**72,652**	**59,198**	**67,062**
TOTAL LIABILITIES		**91,039**	**160,310**	**150,476**	**153,710**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**304,474**	**308,407**	**260,787**	**256,699**

INCOME STATEMENT – GAINS AND LOSSES RECOGNISED DIRECTLY IN EQUITY

Income statement

		2011		2010		2009	
(in thousands of euros)	**Notes**	**Amount**	**%**	Amount	%	Amount	%
Revenue	20	217,244	100.0%	208,421	100.0%	182,218	100.0%
Purchases consumed	21	-15,495	-7.1%	-13,531	-6.5%	-13,960	-7.7%
Employee costs	22	-132,619	-61.0%	-130,878	-62.8%	-115,920	-63.6%
External expenses	23	-35,134	-16.2%	-34,948	-16.8%	-32,069	-17.6%
Taxes and duties		-1,612	-0.7%	-1,486	-0.7%	-2,289	-1.3%
Depreciation and amortisation	24	-1,905	-0.9%	-1,454	-0.7%	-1,458	-0.8%
Provisions and impairment	24	-1,004	-0.5%	-273	-0.1%	-158	-0.1%
Other operating income		5,902	2.7%	5,023	2.4%	2,847	1.6%
Other operating expense		-74	0.0%	211	0.1%	-722	-0.4%
Operating profit on business activity		**35,303**	**16.3%**	**31,085**	**14.9%**	**18,489**	**10.1%**
Expenses related to stock options		-146	-0.1%	0	0.0%	0	0.0%
Amortisation of allocated intangible assets	25	-1,858	-0.9%	-1,944	-0.9%	-1,856	-1.0%
Profit from recurring operations		**33,299**	**15.3%**	**29,141**	**14.0%**	**16,633**	**9.1%**
Other operating income and expenses	26	-3,967	-1.8%	-3,583	-1.7%	0	0.0%
Operating profit		**29,332**	**13.5%**	**25,558**	**12.3%**	**16,633**	**9.1%**
Income from cash and cash equivalents	27	7	0.0%	10	0.0%	1	0.0%
Cost of gross financial debt	27	-1,640	-0.8%	-1,725	-0.8%	-1,208	-0.7%
Cost of net financial debt		**-1,633**	**-0.8%**	**-1,715**	**-0.8%**	**-1,207**	**-0.7%**
Foreign exchange gains and losses	27	-888	-0.4%	-160	-0.1%	-74	0.0%
Other financial income and expense	27	-146	-0.1%	-133	-0.1%	-7	0.0%
Tax expense	28	-5,208	-2.4%	3,046	1.5%	-5,365	-2.9%
Net profit for the year from continuing operations		**21,457**	**9.9%**	**26,596**	**12.8%**	**9,980**	**5.5%**
NET PROFIT		**21,457**	**9.9%**	**26,596**	**12.8%**	**9,980**	**5.5%**
Attributable to Group		**21,456**	**9.9%**	**26,595**	**12.8%**	**9,980**	**5.5%**
Minority interests		1	-	1	-	-	-

EARNINGS PER SHARE

(in euros)	**Notes**	**2011**	**2010**	**2009**
Basic earnings per share	**29**	**1.20**	**1.67**	**0.63**
Fully diluted earnings per share	**29**	**1.18**	**1.67**	**0.63**

Gains and losses recognised directly in equity

(in thousands of euros)	**2011**	**2010**	**2009**
Net profit	**21,457**	**26,596**	**9,980**
Translation differential	5,015	11,583	-2,218
Actuarial gains and losses on retirement obligations	-50	-392	102
Total gains and losses recognised directly in equity	**4,965**	**11,191**	**-2,116**
NET PROFIT AND GAINS AND LOSSES RECOGNISED DIRECTLY IN EQUITY	**26,422**	**37,787**	**7,864**
Attributable to Group	**26,421**	**37,786**	**7,864**
Minority interests	1	1	-

STATEMENT OF CHANGES IN EQUITY

(in thousands of euros)	Share capital	Capital reserves	Treasury shares
Shareholders' equity at 31/12/2008	**75,620**	**638**	**-**
Capital transactions	-	-	-
Share-based payments	-	-	-
Transactions in treasury shares	-	-	-
Appropriation of earnings	-	531	-
Changes in scope of consolidation	-	-	-
Other changes	-	-	-
Transactions with shareholders	**-**	**531**	**-**
Profit for the year	-	-	-
Other comprehensive income statement items	-	-	-
Total comprehensive profit for the year	**-**	**-**	**-**
Shareholders' equity at 31/12/2009	**75,620**	**1,169**	**-**
Capital transactions	-	-	-
Share-based payments	-	-	-
Transactions in treasury shares	-	-	-
Appropriation of earnings	-	-	-
Changes in scope of consolidation	-	-	-
Other changes	-	-	-
Transactions with shareholders	**-**	**-**	**-**
Profit for the year	-	-	-
Other comprehensive income statement items	-	-	-
Total comprehensive profit for the year	**-**	**-**	**-**
Shareholders' equity at 31/12/2010	**75,620**	**1,169**	**-**
Capital transactions	-35,319	97,466	-
Share-based payments	-	146	-
Transactions in treasury shares	-	-	-550
Appropriation of earnings	-	418	-
Changes in scope of consolidation	-	-	-
Other changes	-	-	-
Transactions with shareholders	**-35,319**	**98,030**	**-550**
Profit for the year	-	-	-
Other comprehensive income statement items	-	-	-
Total comprehensive profit for the year	**-**	**-**	**-**
SHAREHOLDERS' EQUITY AT 31/12/2011	**40,301**	**99,199**	**-550**

Reserves and consolidated profit	Translation differential	Actuarial gains and losses on retirement obligations	Total attributable to Group	Minority interests	Total
31,820	**-4,179**	**-913**	**102,986**	**3**	**102,989**
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-531	-	-	-	-1	-1
-	-	-	-	-	-
-541	-	-	-541	-	-541
-1,072	**-**	**-**	**-541**	**-1**	**-542**
9,980	-	-	9,980	-	9,980
-	-2,218	102	-2,116	-	-2,116
9,980	**-2,218**	**102**	**7,864**	**-**	**7,864**
40,728	**-6,397**	**-811**	**110,309**	**2**	**110,311**
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-1	-1
-	**-**	**-**	**-**	**-1**	**-1**
26,595	-	-	26,595	1	26,596
-	11,583	-392	11,191	-	11,191
26,595	**11,583**	**-392**	**37,786**	**1**	**37,787**
67,323	**5,186**	**-1,203**	**148,095**	**2**	**148,097**
-952	-	-	61,195	-	61,195
-	-	-	146	-	146
-91	-	-	-641	-	-641
-22,202	-	-	-21,784	-	-21,784
-	-	-	-	-	-
1	-	-	1	-1	-
-23,244	**-**	**-**	**38,917**	**-1**	**38,916**
21,456			21,456	1	21,457
-	5,015	-50	4,965	-	4,965
21,456	**5,015**	**-50**	**26,421**	**1**	**26,422**
65,535	**10,201**	**-1,253**	**213,433**	**2**	**213,435**

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CASH FLOW STATEMENT

(in thousands of euros)	2011	2010	2009
Consolidated net profit (including minority interests)	**21,457**	**26,596**	**9,980**
Net charges to depreciation, amortisation and provisions	4,365	3,863	3,811
Unrealised gains and losses relating to changes in fair value	-	-	-
Share-based payment expense	146	-	-
Other calculated income and expense	437	-1,272	-453
Gains and losses on disposal	-158	38	8
Cash from operations after cost of net debt and tax	**26,247**	**29,225**	**13,346**
Cost of net financial debt	1,633	1,715	1,207
Income taxes (including deferred tax)	5,208	-3,046	5,365
Cash from operations before cost of net debt and tax (A)	**33,088**	**27,894**	**19,918**
Tax paid (B)	-5,830	-6,587	-9,693
Changes in operating working capital requirements (included liabilities related to employee benefits) (C)	8,078	2,517	-5,130
Net cash from operating activities (D) = (A+B+C)	**35,336**	**23,824**	**5,095**
Purchase of property, plant and equipment and intangible assets	-3,456	-2,876	-1,949
Proceeds from sale of property, plant and equipment and intangible assets	67	2	-
Purchase of financial assets	-343	-41	-190
Proceeds from sale of financial assets	177	123	99
Impact of changes in the scope of consolidation	-	-4	-
Net cash from (used in) investing activities (E)	**-3,555**	**-2,796**	**-2,040**
Proceeds on issue of shares	61,195	-	-
Proceeds on the exercise of stock options	-	-	-
Purchase and proceeds from disposal of treasury shares	-549	-	-
Dividends paid during the year			
• Dividends paid to shareholders of Sopra Group SA	-21,784	-	-
• Dividends paid to minority interests of consolidated companies	-1	-	-
Change in borrowings	-	-	-99
Change in current account – Sopra Group	-68,432	-8,179	-1,876
Net interest paid (including finance leases)	-1,633	-1,715	-1,207
Other cash flow relating to financing activities	359	212	290
Net cash from (used in) financing activities (F)	**-30,845**	**-9,682**	**-2,892**
Effect of foreign exchange rate changes (G)	465	-358	171
CHANGE IN NET CASH AND EQUIVALENTS (D+E+F+G)	**1,401**	**10,988**	**334**
Opening cash position	22,274	11,286	10,952
Closing cash position	23,675	22,274	11,286

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Contents for the notes to the financial statements

These are the first consolidated financial statements for the Axway Group following its flotation on NYSE Euronext in Paris on 14 June 2011. The consolidated financial statements have been drawn up according to the principles described below, in order to provide an overview of the business activities included in Axway's scope of consolidation, which did not previously constitute an independent group of assets.

Moreover, these consolidated financial statements have been prepared using the financial statements of the companies that were previously consolidated in the accounts of the Sopra Group, in accordance with the accounting principles and methods in application as of 31 December 2011.

Axway specialises in Business Interaction Networks. It is at present the sole supplier on the market that manages, implements, secures and monitors company networks for interactions involving email, files or messaging, as well as services, events and processes. With more than 11,000 customers in 100 countries, Axway enables multi-company integration, processes and transactions, raising operational efficiency by eliminating the technical barriers between company departments, customers, partners and suppliers. Axway's comprehensive solutions include B2B integration, managed file transfer, secure email, business activity monitoring, business application integration, service-oriented architecture, business process management, track & trace and identity security. Axway also offers a broad range of assistance services, project implementation, managed services, cloud computing and SaaS (Software-as-a-Service).

Axway Software (historically the parent company of the Axway Group) is a société anonyme. Its registered office is located at Parc des Glaisins, 74940 Annecy-le-Vieux, France and the Executive Management is based at 26, rue des Pavillons 92800 Puteaux, France (for Europe) and in Phoenix, Arizona (for USA).

The consolidated financial statements for the year ended 31 December 2011 of Axway Software were approved by the Board of Directors' meeting of 27 March 2012.

ACCOUNTING PRINCIPLES AND POLICIES

Introductory note First-time application of IFRS

L.1 Application of IFRS 1 – First-Time Adoption of International Financial Reporting Standards

Axway Software is the parent company of a sub-group for which the consolidated financial statements were integrated into the consolidated financial statements of the Sopra Group until 14 June 2011.

Consequently, Axway Software was exempt from the obligation to prepare consolidated financial statements, in accordance with Article L. 233-17 of the French Commercial Code.

These consolidated financial statements thus represent the first consolidated financial statements published in accordance with IFRS. IFRS 1 *First-Time Adoption of International Financial Reporting Standards therefore applies.*

L.2 Basis of preparation for the opening statement of financial position in IFRS

Since Axway Software provides comparative information for three financial years (2009, 2010 and 2011), the "date of transition" to IFRS was set at 1 January 2009, *i.e.* the beginning of the first financial year for which comparative information is given.

An opening "statement of financial position" as of 1 January 2009 is presented in accordance with IFRS 1 paragraph 6.

IFRS 1 requires, as a general principle for the first-time application of the international financial reporting standards, a retrospective restatement of asset and liability items, so that these are represented as if IFRS had always been applied. Nevertheless, the standard includes a number of options that make it possible for all or some of the items on the statement of financial position to be excluded from this retrospective treatment.

In particular, IFRS 1 paragraph D16 (a) allows the subsidiaries of a group that previously published consolidated financial statements under IFRS to retain the carrying amounts for its assets and liabilities as they appeared in the consolidated financial statements of its parent company at the transition date to IFRS for its opening statement of financial position.

Axway Software decided to apply this option, which means that the values for assets and liabilities in its opening statement of financial position under IFRS correspond to the carrying amounts of these assets and liabilities in the consolidated financial statements of the Sopra Group at 1 January 2009.

L.3 IFRS applied to the financial statements

In accordance with IFRS 1 paragraph 7, Axway Software has applied the IFRS in effect at 31 December 2011 to the three financial years presented in the financial statements. The accounting methods arising from these standards are described in Note 1 below.

L.4 Other information relating to the first-time adoption of IFRS

Since Axway Software has never previously published financial statements other than its individual versions, the publication of reconciliations between these separate financial statements, drawn up according to French accounting principles, and the consolidated financial statements under IFRS has no relevance, and is therefore not provided by Axway Software.

Given that Axway Software has decided to retain the carrying amounts appearing in the consolidated financial statements of the Sopra Group as of 1 January 2009, in application of IFRS 1 paragraph B16 (a), it should be noted that the following options were selected by the Sopra Group for the preparation of its opening balance sheet under IFRS as of 1 January 2004:

- retention of historical cost for property, plant and equipment, with no revaluations;
- option to apply IAS 32 and IAS 39 relating to financial instruments with effect from 2005 and on a prospective basis;
- no retroactive adjustment made in respect of business combinations entered into prior to 1 January 2004.

Note 1. Summary of the main accounting policies

The main accounting policies applied for the preparation of the consolidated financial statements are presented below. They have been applied consistently for all of the financial years presented.

1.1. Basis of preparation

The consolidated financial statements for the year ended 31 December 2011 were prepared in accordance with:

- IFRS standards as adopted by the European Union. This information is available on the website of the European Commission: http://ec.europa.eu/internal_market/accounting/ias_fr.htm#adopted-commission;
- IFRS as published by the IASB.

The financial statements were prepared mainly using the historical cost convention, except for employee benefits, share subscription options and financial debt and derivatives, which are measured at fair value.

1.2. Application of new standards and interpretations

a. New mandatory standards and interpretations

The following standards have been adopted by the European Union and are subject to mandatory application for periods beginning on or after 1 January 2011:

- *IAS 24 Related Party Disclosures, revised in 2009;*
- *amendment to IAS 32 Classification of Rights Issues;*
- *amendment to IAS 34 Interim Financial Reporting;*
- *amendment to IFRS 1 Limited Exemption from Comparative IFRS 7 Disclosures for First-Time Adopters;*
- *improvements to IFRS 2010 relating to IAS 1, 21, 27, 28, 31, 32, 34 and 39, IFRS 1, 3 and 7 and interpretation of IFRIC 13;*
- *amendment to IFRIC 14 Prepayments of a Minimum Funding Requirement;*
- *IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments;*

The entry into force of these standards had no material impact on the Group's financial statements.

b. Standards and interpretations not applied in advance to the 2011 financial statements

- *Amendment to IFRS 7 Disclosures – Transfers of Financial Assets.*

c. Standards and interpretations published by the IASB but not yet adopted by the European Union

These primarily relate to:

- *IFRS 9 Financial Instruments (Phase 1: Classification and Measurement of Financial Assets);*
- *IFRS 10 Consolidated Financial Statements, and the other standards relating to consolidation: IFRS 1, IFRS 11, IFRS 12, IAS 1, IAS 12, IAS 27 revised and IAS 28 revised;*
- *IFRS 13 Fair Value Measurement;*
- *amendment to IAS 19 Employee Benefits.*

The early application of these standards (with the exception of IFRS 12, which concerns disclosures to be provided in an appendix) is not authorised in Europe. As their application is not yet mandatory in the standards published by the IASB, they do not prevent the financial statements of Axway Software from being compliant with both the IFRS published by the IASB and the IFRS adopted by the European Union.

d. Format of the financial statements

With regard to the presentation of the consolidated financial statements, Axway Software has decided to apply Recommendation 2009-R.03, dated 2 July 2009, of the *Conseil National de la Comptabilité* dealing with the format of the income statement, the cash flow statement and the statement of changes in shareholders' equity.

However, the format of the income statement as presented in previous years has been altered to improve the presentation of the Company's performance:

- a new line item *Operating profit on business activity* is now positioned before *Profit from recurring operations,* as this indicator is more commonly used internally by the management to assess the Company's performance. This indicator corresponds to *Profit from recurring operations* before expenses related to the cost of services rendered by beneficiaries of share subscription options and before amortisation of the intangible assets concerned;
- foreign exchange gains and losses are now presented on a separate line under Other financial income and expenses.

1.3. Consolidation methods

- Axway Software is the consolidating company.
- The companies over which Axway Software has full control have been consolidated using the full consolidation method. Control is presumed to exist when the parent owns, directly or indirectly through subsidiaries, more than one-half of the voting power of an enterprise unless, in exceptional circumstances, it can be clearly demonstrated that such ownership does not constitute control. Control also exists even when the parent owns one-half or less of the voting power of an enterprise when there is:
  - power over more than one-half of the voting rights by virtue of an agreement with other investors;
  - power to govern the financial and operating policies of the enterprise under a statute or an agreement;
  - power to appoint or remove the majority of the members of the Board of Directors or equivalent governing body, if control over the enterprise is exercised by this Board or governing body; or
  - power to cast the majority of votes at meetings of the Board of Directors or equivalent governing body, if control over the enterprise is exercised by this Board or governing body;
  - Axway Software does not exert significant influence or joint control over any entity;
  - Axway Software Group does not, directly or indirectly, control any *ad hoc* company;
  - transactions between entities included in the scope of consolidation, as well as unrealised balances and profits on operations between Group companies are eliminated;
  - the accounts of all consolidated companies are prepared as at 31 December. These accounts have, where applicable, been restated to ensure the consistency of accounting and valuation rules applied by the Group;
  - the scope of consolidation is presented in Note 3.

1.4. Foreign currency translation

a. Functional and presentation currencies

Items included in the financial statements of each entity included in the scope of consolidation are measured using the currency of the primary economic environment in which each entity operates, *i.e.* its "functional currency".

The consolidated financial statements are presented in euros, the functional and presentation currency of the parent company Axway Software.

b. Translation of the financial statements of foreign subsidiaries

Group subsidiaries' functional currencies are their local currencies in which most of their transactions are denominated. The accounts of all entities included in the scope of consolidation whose functional currency differs from the Group's presentation currency are translated into euros as follows:

- assets and liabilities are translated at rates applying at the balance sheet date;
- income, expenses and cash flows are translated at average rates for the period;
- all resulting foreign exchange differences are recognised as a distinct equity component under Translation differential.

Foreign exchange differences arising from the translation of net investments in foreign operations are recognised in equity on consolidation. When a foreign operation is divested, the applicable accumulated translation difference is transferred to profit or loss as part of the gain or loss arising on disposal.

Goodwill and fair value adjustments arising on acquisition of foreign operations are treated as assets and liabilities of the operation and, as such, are translated at rates applying at the balance sheet date.

No entity operating in a hyper-inflationary economy is included in the scope of consolidation.

The applicable rates of exchange are presented in Note 37.

c. Translation of foreign currency transactions

Transactions denominated in foreign currencies are translated to entities' functional currencies at rates applying on the transaction dates. The foreign exchange gains and losses arising on settlement, as well as those arising from the adjustment of foreign currency denominated monetary assets and liabilities to rates applying at the balance sheet date, are recognised in profit or loss with the exception of amounts recognised directly in equity in respect of cash flow hedging or hedging of the net investment in foreign operations.

1.5. Significant estimates and accounting judgements

The preparation of financial statements implies the use of estimates and assumptions in measuring certain consolidated assets and liabilities as well as certain income statement items. The management is also required to exercise judgement in the application of the Group's accounting policies.

Such estimates and judgements, which are continually updated, are based both on historical information and on reasonable anticipation of future events according to the circumstances. However, given the uncertainty implicit in assumptions as to future events, the related accounting estimates may differ from the actual results.

a. Significant assumptions and accounting estimates

The main assumptions and accounting estimates liable to leave scope for material adjustments to the carrying amount of assets and liabilities in subsequent periods are as follows:

- the measurement of goodwill (see Notes 1.7 and 5);
- the measurement of retirement commitments (see Notes 1.17 and 15);
- the recognition of income (see Note 1.20);
- the measurement of deferred tax assets (see Notes 1.13 and 9.3);
- the measurement of provisions (see Notes 1.19 and 16).

b. Significant judgements in the application of accounting policies

With the exception of those policies requiring accounting estimates, no judgement exercised by Management has had a material impact on the amounts recognised in the financial statements.

1.6. Business combinations

The Group applies *IFRS 3 (revised version)* to the identified assets acquired and liabilities assumed as a result of business combinations. The acquisition of an asset or a group of assets that do not constitute a business combination is recognised under the standards applicable to these assets.

All business combinations are recognised by applying the acquisition method, which consists of:

- the measurement and recognition at fair value as of the acquisition date of the identifiable assets acquired and liabilities assumed. The Group identifies and allocates these items on the basis of contractual provisions, economic conditions and its accounting and management principles and procedures;
- the measurement and recognition at the acquisition date of the difference referred to as "goodwill" between:
  - the purchase price for obtaining control of the acquiree plus the amount of any minority interests in the acquiree,
  - and the net amount of the recognised identifiable assets acquired and liabilities assumed.

The acquisition date is the date on which the Group effectively obtains control of the acquiree.

The purchase price of the acquiree corresponds to the fair value, at the acquisition date, of the elements of consideration remitted to the seller in exchange for control of the acquiree, to the exclusion of any element serving as consideration for any transaction separate from the attainment of control.

If the initial accounting for a business combination can only be determined provisionally for the reporting period in which the combination was effected, the acquirer recognises the combination using provisional values. The acquirer must then recognise adjustments to these provisional values related to the completion of initial accounting within 12 months of the acquisition date.

1.7. Goodwill

For each business combination, the Group may elect to recognise under its balance sheet assets either proportionate goodwill (corresponding only to its percentage of ownership interest) or full goodwill (also including the goodwill corresponding to minority interests).

Should the calculation of goodwill result in a negative difference (in the case of an acquisition conducted under advantageous conditions), the Group recognises the resulting gain as a bargain purchase in profit or loss.

Goodwill is allocated over cash-generating units for the purposes of the impairment tests described in Note 1.11, which are performed as soon as any indication of impairment is noted and systematically at the balance sheet date of 31 December.

1.8. Intangible assets

a. Assets purchased

These relate to software packages recorded at cost as well as software packages, customer relations and distributor relations recognised at fair value in connection with the allocation of the purchase prices of entities acquired in business combinations. These assets are amortised using the straight-line method over five to fifteen years, depending on their estimated useful lives.

b. Assets generated internally

In application of *IAS 38 Intangible assets:*

- all research and development costs are charged to the income statement in the year they are incurred;
- project development costs are capitalised if, and only if, all of the following can be demonstrated:
  - the technical feasibility of completing the intangible asset so that it will be available for use or sale,
  - the intention to complete the intangible asset and use or sell it,
  - the ability to use or sell the intangible asset,
  - the manner in which the intangible asset will generate probable future economic benefits,
  - the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset,
  - the ability to measure reliably the expenditure attributable to the intangible asset during its development.

None of the development expenses for software are recognised under intangible assets if one of the conditions described above has not been met.

In view of the specific nature of the software development business, the determining criteria concern the technical feasibility necessary for completion and the manner in which the asset will generate probable future economic benefits.

The risks and uncertainties inherent in software development do not allow the technical feasibility of a product to be demonstrated before a demo version that can be shown to a prospective customer is available. The differences between a demo version and the final version are generally minor, which means that the costs incurred in this phase of development, which may be capitalised, are not significant.

1.9. Property, plant and equipment

Property, plant and equipment essentially comprise fixtures and fittings, office furniture and equipment and IT equipment.

Items of property, plant and equipment are measured at acquisition cost less accumulated depreciation and any impairment losses. No amounts have been revalued.

Depreciation is based on the straight-line method according to the expected useful economic lives of each non-current asset category as follows:

Fixtures and fittings	ten years
Equipment and tooling	three to five years
Office furniture and equipment	five to ten years

Depreciation is applied against asset acquisition costs after deduction of any residual value. Residual asset values and expected useful lives are reviewed at each balance sheet date.

1.10. Leases

a. Finance leases

Leases on property, plant and equipment under which the Group retains substantially all the risks and rewards incidental to ownership of the assets are treated as finance leases. The related assets are recognised at the fair value of the leased assets, or if lower, at the present value of the minimum payments due under the leases.

Axway does not have any finance lease contracts in its own name; however it uses certain assets that are held by the Sopra Group under finance leases.

b. Operating leases

Leases under which the Group retains substantially all the risks and rewards incidental to ownership of the assets are treated as operating leases. Payments under these contracts are recognised as an expense on a straight-line basis over the duration of the applicable leases.

1.11. Impairment of assets

a. Cash-generating units

IAS 36 *Impairment of Assets* requires that an entity assess at each reporting date whether there is any indication that an asset may be impaired; if so, the asset's recoverable amount must be estimated.

Irrespective of whether there is any indication of impairment, an entity must also:

- test intangible assets with indefinite useful lives annually;
- test the impairment of goodwill acquired in a business combination annually.

In practice, impairment testing is above all relevant to goodwill which comprises the main portion of Axway Software's consolidated non-current assets.

Impairment testing is performed at the level of the cash-generating units (CGUs) to which assets are allocated. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

The Group's segmentation into cash-generating units is consistent with the operating structure of its businesses, its management and reporting structure and its segment reporting structure. Impairment testing involves comparing cash-generating units' carrying amounts with their recoverable amounts. A cash-generating unit's recoverable amount is the higher of its fair (generally market) value, less costs to sell, and its value in use.

The Axway Group provides IT solutions enabling the automatic management of data exchange within and outside the Company.

The Group has expanded in part through external growth in recent years, with its main acquisitions being: Cyclone Commerce in the USA (2006), Actis in Germany (2007) and Tumbleweed in the USA (2008).

All of the products developed internally or related to acquisitions are integrated in a common technical platform.

Axway operates as an international software developer. Its main markets are the USA and Europe. The technical platform's various software packages are distributed by sales subsidiaries that pay royalties on the income they earn from licences and maintenance.

In view of the global nature of products and markets, a breakdown by country of the contribution to the Axway Group's results would not be meaningful. Cash inflows related to business in different countries are thus not considered to be separate from the cash inflows generated by the activities of other countries, and Axway as a whole is considered as the smallest grouping of assets that generates broadly independent cash inflows. Since Axway operates as a software developer on a global market, the Group is treated as a single cash-generating unit for the purposes of impairment testing.

b. Methods for measuring value in use

In accordance with IAS 36, where the carrying amount of a cash-generating unit to which goodwill has been allocated is tested for impairment and exceeds its fair value less costs to sell (or where it is not possible to determine the fair value less costs to sell), the carrying value of the CGU is compared to its recoverable amount.

The value in use is determined using the present value of future cash flows method:

- cash flows for a plan period of five years, with cash flows for the first year of the plan based on the budget;
- cash flows beyond the five-year plan period used in value-in-use calculations are increased in line with historic long-term growth rates adjusted for inflation.

Cash flow projections for the explicit period are determined by taking into account:

- the general growth rate of the economy;
- the impact of technological advances in the sector.

The cash flows are discounted using a discount rate equal to:

- the ten-year risk-free money rate;
- supplemented by the market's risk premium multiplied by a sensitivity coefficient (ß) specific to the entity.

c. Measurement of impairment losses

Impairment losses are recognised to the extent of any excess of a CGU's carrying amount over its recoverable amount. Impairment losses are first allocated against goodwill and are charged to profit or loss as part of *Other operating income and expenses*. Impairment losses on goodwill cannot be reversed.

1.12. Financial assets

The Group classifies its financial assets into the following categories:

- assets measured at fair value through profit or loss;
- assets held to maturity;

- loans and receivables; and
- assets available for sale.

Classification depends on the purposes for which financial assets were acquired. Management decides on the appropriate classification at the time of initial recognition and performs a reassessment at each interim or annual reporting date.

Financial assets are initially measured at their fair value; they are subsequently measured, depending on their classification, at fair value or at amortised cost.

a. Assets measured at fair value through profit or loss

This category comprises derivatives, financial assets held for trading (*i.e.* acquired with a view to resale in the near term) and those designated upon initial recognition as at fair value through profit or loss. Changes in the fair value of assets of this category are recognised in profit or loss.

b. Held to maturity assets

Held to maturity investments are non-derivative financial assets with fixed or determinable payments that the Group has the intention and ability to hold to maturity. If any such asset is disposed of prior to maturity all other assets of the category must obligatorily be reclassified as available for sale. Assets held to maturity are otherwise measured, after initial recognition, at amortised cost.

The Group currently holds no assets classified within this category.

c. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They comprise the financial assets arising when the Group remits funds, or provides goods and services, to an individual or entity. Loans and receivables are initially recognised at fair value then subsequently measured at amortised cost using the effective interest rate method.

The Group has identified within this category:

- non-current financial assets comprising receivables associated with non-consolidated investments as well as guarantee deposits for leased property. Impairment losses are recognised for receivables associated with non-consolidated investments whenever their estimated recoverable amounts are lower than their carrying amounts; and
- current trade receivables. Current trade receivables are initially measured at the nominal amounts invoiced which generally equate with the fair value of the consideration to be received. The impact of discounting would be negligible given that the Group's average credit period is of the order of sixty days. If necessary, impairment losses are recognised on an individual basis reflecting any problems of recovery.

d. Available for sale assets

Assets available for sale are those non-derivative financial assets not entering any of the above categories, whether or not the Group intends to dispose of them. Changes in the fair value of these assets are recognised directly in equity with the exception of impairment losses and foreign exchange gains and losses which are recognised in profit or loss.

With regard to available for sale assets, the Group assesses the impairment losses in order to determine if these are significant or permanent, in which case, the asset concerned is written down. This assessment is made by taking into account all available information and in particular, market conditions, data specific to the companies concerned and their sector of activity, the size of the impairment loss and the period in which this loss was observed, as well as the Group's intention and ability to hold the investment.

The Group has included in this category its investments in non-consolidated entities over which it exercises neither control nor any significant influence.

As such investments comprise equity instruments whose price is not quoted in an active market, and whose fair value cannot otherwise be reliably measured, they are maintained at cost less any impairment losses. Their recoverable amount is estimated based on criteria such as the Group's share of an entity's net assets and its outlook for growth and profitability. An impairment loss recognised cannot subsequently be reversed.

1.13. Deferred tax

Deferred tax is recognised using the balance sheet liability method based on temporary differences between the carrying amount of assets and liabilities in the consolidated balance sheet and their tax base.

Deferred tax assets and liabilities are measured for each entity or taxable unit on the basis of the tax rates in force, or substantially adopted, at the balance sheet date and expected to apply when assets will be realised or liabilities settled.

Deferred tax assets relating to both temporary differences and tax losses carried forward are recognised only to the extent that it appears probable that the future tax savings they represent will be achieved.

1.14. Cash and cash equivalents

Cash and cash equivalents comprise cash, bank demand deposits, other highly liquid investments with maturities not exceeding three months and bank overdrafts. Bank overdrafts are included as part of *Short-term financial debt.*

Under *IAS 7* cash equivalents are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

The Group applies the classification of UCITS proposed by the *Association française de gestion* (AFG) and the *Association française des trésoriers d' entreprise* (AFTE) and adopted as the reasonable basis for recognition by the *Autorité des marchés financiers* (AMF):

- UCITS classified by the AMF as "euro-denominated" money-market instruments are presumed to satisfy the four criteria to be defined as cash equivalents under IAS 7; In accordance with AMF Recommendation 2011-13 on the classification of UCITS as cash equivalents, a regular assessment of historical performance is carried out in order to confirm that the risk of a change in the value of these instruments is negligible, especially in times of crisis or market tension;
- the eligibility of other UCITS to be considered as "cash equivalents" is not automatic but must be established with reference to the four criteria.

Cash equivalents are recognised at their fair value; changes in fair value are recognised in the income statement under *Other financial income and expense.*

1.15. Share-based payments

a. IFRS 2

The application of IFRS 2 to Axway relates purely to options for share subscription granted to employees. As allowed under the standard, the Group will only adjust its financial statements for options granted on or after 7 November 2002 and exercisable after 1 January 2005.

The exercise price for options under the 2011 plan was determined using the average of the closing prices for the twenty trading days prior to the date on which the decision was made to allocate options. This value is constant over the plan's duration.

The value attributed to the options is analysed as a cost of services rendered by employees in return for the options and is recognised on a linear basis over the vesting period.

This charge is recognised in the income statement under Stock option plans and similar expenses, balanced by a credit to an issue premiums account recognised under Capital reserves within shareholders' equity. There is thus no net impact on shareholders' equity.

The calculation performed reflects the total number of options held at each balance sheet date by eligible employees.

b. Sale or conversion to bearer shares during lock-up periods

Under the regulations governing the various stock option plans, shares resulting from the exercise of options may not be sold or converted into bearer shares during the statutory lock-up period. Accordingly no provision is required.

1.16. Treasury shares

All Axway shares held by the parent company are recognised at their acquisition cost, deducted from shareholders' equity.

Gains or losses on the sale of treasury shares are added or deducted net of tax from consolidated reserves.

1.17. Employee benefits

The method used to recognise and report employee benefits complies with IAS 19.

a. Short-term employee benefits and defined contribution post-employment benefits

The Group recognises the amount of short-term employee benefits, as well as the contributions due in respect of mandatory state-sponsored pension plans, under *Employee costs*. As the Group has no commitments beyond these contributions, no provision was recognised for these plans.

b. Defined-benefit plans and other long-term employee benefits

These plans relate mainly to France, for the payment of pensions in accordance with collective bargaining agreements, and to a lesser extent Italy, for the payment of legally required post-employment benefits *(Trattamento di Fine Rapporto).*

The defined-benefit plans are borne directly by the Group, which provides for the cost of the future benefits based on conditions below.

The Group uses the projected credit method to determine the value of its defined-benefit obligation: this method stipulates that each period of service gives rise to an additional unit of benefit rights and values separately each of the units to obtain the final obligation.

The above calculations reflect various actuarial assumptions relating to matters such as the estimated periods of future service of employees, future salary levels, life expectancy and employee turnover.

The resulting benefit obligation is then discounted using an appropriate interest rate for first-rate corporate bonds denominated in the currency of payment of benefits and with a maturity approximating with the estimated average maturity of the benefit obligation.

A change in these estimates and hypotheses may lead to a significant change in the amount of the commitment.

The amount of the provision recognised for retirement and similar commitments corresponds to the present value of the obligation in respect of defined benefits, less unrecognised past service costs. Actuarial differences resulting from changes in the value of the discounted obligation in respect of defined benefits include on the one hand, the effects of differences between previous actuarial assumptions and actual data, and on the other hand, the effect of changes in actuarial assumptions.

Actuarial differences are fully recognised in equity, for all of the Group's defined-benefit plans, in conformity with the SoRIE option introduced by the amendment to IAS 19.

There are no pension commitments, medical cover, or long-service awards. No new benefits or changes in regime resulting from legal, collective-bargaining or contractual provisions occurred during the financial year.

c. Other long-term employee benefits

These mainly include long-service awards and deferred remuneration paid in cash under loyalty and performance plans.

d. Termination benefits

These must be recognised when the employer has made a firm commitment to pay termination benefits on the retirement of employees initiated by the Company before the scheduled retirement date, or where the employer makes an offer of voluntary redundancy.

1.18. Financial debt

Financial debt essentially comprises:

- bank loans: these are initially recognised at fair value less transaction costs. Bank borrowings are subsequently recognised at amortised cost; any difference between the capital amounts borrowed (net of transaction costs) and the amounts repayable is recognised in profit or loss over the duration of the borrowings using the effective interest rate method;
- the current account with the Sopra Group: until the capital increase was carried out in July 2011, all bank loans were entered into directly with the Sopra Group, which refinanced its subsidiaries through a cash agreement;
- profit-sharing debt towards employees for amounts locked up in current accounts: such debt is adjusted for any difference between the contractual interest rate applied to balances and the applicable minimum rate. Any such differential for a given year is recognised as part of financial debt and balanced by an additional charge to employee costs, then amortised as a deduction from financial expense over the following five years;
- current bank overdraft facilities.

Financial debt repayable within 12 months of the balance sheet date is classified within current liabilities.

1.19. Provisions

A provision is recognised when an obligation exists with respect to a third party originating subsequent to the balance sheet date and when the loss or liability is probable and may be reliably estimated.

To the extent that this loss or liability is not probable or may not be reliably estimated, a contingent liability is disclosed by the Group among its commitments given.

1.20. Revenue recognition

The applicable IAS is IAS 18 Revenue.

Services provided within the scope of the Group's software operations include:

- the right of use under licence of the software provided;
- maintenance;
- ancillary services: installation, configuration, adaptation, training, etc.

a. In general, separate contracts are concluded with clients for licences and maintenance on the one hand and ancillary services on the other hand

In this situation, the various elements comprising contracts are accounted for as follows:

- licence revenue is recognised immediately on delivery as licence sale agreements constitute, in substance, a sale of rights. Delivery must be considered to have taken place when all contractual obligations have been fulfilled, *i.e.* when any remaining services to be provided are insignificant and not liable to endanger the client's acceptance of goods supplied or services rendered;
- maintenance revenue is recognised on a time basis, and is generally billed in advance;
- ancillary services revenue is generally provided on the basis of time spent and is recognised when the services are performed, *i.e.* usually when invoiced. Ancillary services are sometimes performed within the scope of fixed-price contracts in which case they are recognised using the percentage of completion method described in paragraph e. below.

b. Sometimes, contracts comprising multiple elements (licence, maintenance, ancillary services, etc.) may be negotiated on a fixed-price basis

In this situation, the amount of revenue attributable to the licence is obtained by the difference between the total contract amount and the fair value of its other components, *i.e.* maintenance and ancillary services. The fair value of the other components is determined when possible on the basis of the list prices applying in the case of a separate sale or alternatively, on the basis of management's best estimate. The residual amount attributed to the licence is recognised at the time of delivery.

c. In fairly rare instances, ancillary services may be considered essential to the operation of a software package

This may be the case for very complex projects, the completion of which may be subject to particular risks. The project is then examined as a whole and is the focus of specific monitoring by the Quality Department. They are accounted for using the percentage of completion method described in paragraph below.

d. Technical assistance, consulting, training and projects provided on an ongoing contract basis

These services are recognised when performed, *i.e.* in general at the time of invoicing.

Operations are reviewed at each balance sheet date:

- services already performed but not yet, or only partially, invoiced are measured on the basis of billable time and the contractual billing rates. They are recognised as revenue and are included in the balance sheet under the Accrued income item, Trade receivables;
- services already billed but not yet entirely performed are deducted from invoiced revenue and included in the balance sheet under the Deferred revenue item, Other current liabilities.

e. Services covered by fixed-price contracts

Under such contracts the Group commits itself to a price, a result and a deadline. Revenue and profit generated by a contract are recognised on the basis of a technical assessment, in line with the Group's quality procedures, of the contract's degree of completion.

1.21. Segment Information

Internal business management information is made available to Axway's management based on the developer/distributor model. Segment information for Axway is presented according to this organisation.

1.22. Earnings per share

Earnings per share as stated in the income statement are calculated on the basis of the Group's share in the net profit as follows:

- basic earnings per share are based on the weighted average number of shares in issue during the financial year, calculated according to the dates when the funds arising from cash share issues were received and, in respect of shares issued for contributions in kind *via* equity, the date on which the corresponding new Group companies were consolidated for the first time;
- diluted earnings per share are calculated by adjusting the Group share of net profit and the weighted average number of shares outstanding for the diluting effect of exercising share subscription option plans in force at the end of the financial year. The share buyback method has been applied at the market price, based on the average share price throughout the year.

Note 2. Key events

In 2011, the key event was the completion of the project to separate the activities of Axway Software from the traditional activities of the Sopra Group, which was formalised by:

- the receipt of approval from the AMF for the listing prospectus of Axway Software on 29 April 2011;
- Axway's flotation on NYSE Euronext Paris on 14 June 2011 (code: AXW). This was carried out through the listing of the 16,120,513 shares comprising the Company's share capital. At the launch price of €18.61 per share, the Company was valued at €300 million.

By providing greater visibility and a clearer picture of Axway's business and results, the separation of activities should raise the Company's profile considerably and lead to a more accurate appreciation of its value. It will also enable Axway to focus on its business strategies, provide access to new sources of finance and bring greater scope for forging partnerships and alliances.

A capital increase through the issue of 4,030,128 new shares in July 2011 took the number of shares comprising the Company's share capital to 20,150,641. At the closing price of €16.47 per share on 30 December 2011, the value of the Company was €332 million.

Note 3. Scope of consolidation

3.1. List of consolidated companies at 31 December 2011

Company	Country	% control	% held	Consolidation method
Axway Software	France	-	-	Parent company
Axway Distribution France SAS	France	100%	100%	FC
Axway Holding Distribution SAS	France	100%	100%	FC
Axway SAS	France	100%	100%	FC
Axway UK Ltd	United Kingdom	100%	100%	FC
Axway Nordic AB	Sweden	100%	100%	FC
Axway GmbH	Germany	100%	100%	FC
Tumbleweed Communications Holding GmbH	Switzerland	100%	100%	FC
Axway BV	Netherlands	100%	100%	FC
Axway Belgium	Belgium	100%	100%	FC
Axway Srl	Italy	100%	100%	FC
Axway Software Iberia	Spain	100%	100%	FC
Axway Romania Srl	Romania	100%	100%	FC
Axway Bulgaria EOOD	Bulgaria	100%	100%	FC
Axway Inc.	United States	100%	100%	FC
Axway Pte Ltd	Singapore	100%	100%	FC
Axway Software China	China	100%	100%	FC
Axway Ltd	Hong Kong	100%	100%	FC
Axway Software Sdn Bhd	Malaysia	100%	100%	FC
Axway Pty Ltd	Australia	100%	100%	FC
Axway Software Korea Corp. Ltd	South Korea	100%	100%	FC

FC: Fully consolidated.

3.2. Changes in the scope of consolidation

There were no significant changes in the Group's scope of consolidation in 2009 and 2010.

In the first half of 2011, the Asia-based holding company Axway Asia Pacific Pte Ltd, located in Singapore ceased trading, and was thus no longer included in the scope of consolidation.

Note 4. Comparability of the accounts

In 2011, the only change in the scope of consolidation was the exit of the Asia-based holding company Axway Asia Pacific Pte Ltd, located in Singapore. This change had no material impact.

NOTES TO THE CONSOLIDATED BALANCE SHEET

Note 5. Goodwill

5.1. Changes in goodwill

The principal movements in 2009, 2010 and 2011 were as follows:

(in thousands of euros)	Gross value	Impairment	Net carrying amount
1 January 2009	**164,585**	**8,511**	**156,074**
Adjustments relating to business combinations	-	-	-
Tumbleweed Corporation	1,054	-	1,054
Translation differential	-2,684	102	-2,786
31 December 2009	**162,955**	**8,613**	**154,342**
Adjustments relating to business combinations	-	-	-
Translation differential	11,586	256	11,330
31 December 2010	**174,541**	**8,869**	**165,672**
Adjustments relating to business combinations	-	-	-
Translation differential	3,919	13	3,906
31 DÉCEMBRE 2011	**178,460**	**8,882**	**169,578**

No earnouts were paid in 2009. The adjustment of €1.054 million corresponds to an adjustment to the opening balance sheet following a revaluation of the provision in the allocation period. This concerns additional costs that were not foreseen at the transaction date in relation to the filing of a patent, which was under way at the time of the transaction.

5.2. Adjustments relating to business combinations in previous periods

Tumbleweed Communications Corp. – The adjustment of €1.054 million in 2009 corresponds to an adjustment to the opening balance sheet following a revaluation of the provision in the allocation period.

5.3. Impairment tests

The aim of the annual impairment tests is to assess whether goodwill is impaired. This is the case when the carrying amount of the cash-generating unit to which the goodwill tested is allocated is lower than its recoverable value. The recoverable value of a cash-generating unit is the higher of its value in use or its fair value less costs to sell. As Axway represents a single CGU, the impairment test for goodwill consists of comparing the overall carrying amount of the Group to its recoverable value.

Impairment tests carried out at the end of 2009, 2010 and 2011 did not give rise to the recognition of impairment.

In 2011, following Axway's flotation on NYSE Euronext in June, the fair value less costs to sell of the Axway CGU can be determined using its market capitalisation. The costs to sell are estimated at 2% of Axway's fair value. Thus, at the close of trading on 30 December 2011, the fair value of the Axway CGU, *i.e.* its market capitalisation, was €331.9 million, and the fair value less costs to sell was €325.3 million. The carrying amount of the Axway CGU is the amount of its consolidated shareholders' equity at 31 December, *i.e.* €213.4 million. Based on the above, the recoverable value is higher than the carrying amount, and it was therefore unnecessary to recognise any impairment of the goodwill allocated to the Axway CGU at 31 December 2011.

For 2009 and 2010, the impairment tests were performed under the conditions described in Note 1.11, using the following parameters:

	Discount rate		Perpetuity growth rate	
	31/12/2010	**31/12/2009**	**31/12/2010**	**31/12/2009**
CGU Axway	9.2%	9.0%	2.5%	2.5%

A sensitivity analysis on the main parameters used (operating margin, discount rate and perpetuity growth rate) based on assumptions considered reasonably possible did not produce a scenario in which the recoverable value would be lower than the carrying amount which would lead to the recognition of impairment.

(a) Analysis of the sensitivity of the recoverable amount to changes in key assumptions for 2010:

	Discount rate used in 2010	**Increase in the discount rate of 0.5 points**
Growth rate used in 2010	-	-8.2%
Decrease in the growth rate of 0.5 points	-6.2%	-13.5%

(b) Analysis of the sensitivity of the recoverable amount to changes in key assumptions for 2009:

	Discount rate used in 2009	**Increase in the discount rate of 0.5 points**
Growth rate used in 2009	-	-9.6%
Decrease in the growth rate of 0.5 points	-7.2%	-15.7%

5.4. *Translation differential*

Changes in exchange rates relate mainly to fluctuations in the euro.

Change euro/currency (in thousands of euros)	**31/12/2011**	**31/12/2010**	**31/12/2009**
USD	3,798	8,417	-3,785
SEK	132	2,765	1,094
Other currencies	-24	148	-95
TOTAL	**3,906**	**11,330**	**-2,786**

Note 6. Intangible assets

(in thousands of euros)	Gross value	Depreciation	Net carrying amount
1 January 2009	**40,223**	**16,355**	**23,868**
Changes in scope of consolidation	-	-	-
Acquisitions	344	-	344
Disposals	-8,619	-8,619	-
Other changes	3	3	-
Translation differential	-888	-170	-718
Depreciation and amortisation	-	2,225	-2,225
31 December 2009	**31,063**	**9,794**	**21,269**
Changes in scope of consolidation	-	-	-
Acquisitions	235	-	235
Disposals	-179	-150	-29
Other changes	-	-	-
Translation differential	1,967	355	1,612
Depreciation and amortisation	-	2,242	-2,242
31 December 2010	**33,086**	**12,241**	**20,845**
Changes in scope of consolidation	-	-	-
Acquisitions	204	-	204
Disposals	-	-	-
Other changes	-16	-	-16
Translation differential	884	371	513
Depreciation and amortisation	-	2,106	-2,106
31 DECEMBER 2011	**34,158**	**14,718**	**19,440**

Intangible assets essentially include non-proprietary software used in the Group's ordinary course of business as well as software and client and distributor relations acquired as part of external growth transactions. These mainly consist of technologies belonging to Cyclone Commerce and Tumbleweed, for which the amortisation periods are six years (from July 2010) and 15 years (from September 2008) respectively.

No expense was incurred in developing the Group's solutions and software was capitalised, either in 2011 or in previous years.

Sales of €8.6 million in 2009 correspond to the elimination of fully-amortised intangible assets following the merger of Axway Inc. and Tumbleweed Communications Corp.

Note 7. Property, plant and equipment

(in thousands of euros)	Furniture, fixtures and fittings	IT equipment	Total
Gross value			
1 January 2009	**5,750**	**8,603**	**14,353**
Translation differential	-100	-148	-248
Acquisitions	70	551	621
Disposals	-257	-21	-278
Other changes	456	292	748
Changes in scope of consolidation	-	-17	-17
31 December 2009	**5,919**	**9,260**	**15,179**
Translation differential	228	593	821
Acquisitions	327	2,770	3,097
Disposals	-94	-268	-362
Other changes	-	-	-
Changes in scope of consolidation	-	-	-
31 December 2010	**6,380**	**12,355**	**18,735**
Translation differential	110	310	420
Acquisitions	631	2,362	2,993
Disposals	-150	-132	-282
Other changes	-	-	-
Changes in scope of consolidation	-	-	-
31 DECEMBER 2011	**6,971**	**14,895**	**21,866**
Depreciation			
1 January 2009	**4,572**	**7,885**	**12,457**
Translation differential	-88	-242	-330
Provisions	369	720	1,089
Reversals	-249	-21	-270
Other changes	510	238	748
Changes in scope of consolidation	-	-17	-17
31 December 2009	**5,114**	**8,563**	**13,677**
Translation differential	210	565	775
Provisions	396	760	1,156
Reversals	-95	-256	-351
Other changes	-	-	-
Changes in scope of consolidation	-	-	-
31 December 2010	**5,625**	**9,632**	**15,257**
Translation differential	85	281	366
Provisions	351	1,307	1,658
Reversals	-150	-132	-282
Other changes	-	-16	-16
Changes in scope of consolidation	-	-	-
31 DECEMBER 2011	**5,911**	**11,072**	**16,983**
Net value			
31 December 2009	**805**	**697**	**1,502**
31 December 2010	**755**	**2,723**	**3,478**
31 DECEMBER 2011	**1,060**	**3,823**	**4,883**

- Investments made by the Group in property, plant and equipment primarily include office equipment in France and abroad, and information technology equipment (central systems, work stations, and networks).
- Amounts included under disposals during the year mainly correspond to the scrapping of computer equipment each year after taking inventory, and premises for which leases were not renewed that the Group no longer occupies.

Note 8. Financial assets

8.1. Financial asset categories

The Group's non-current financial assets consist of loans and receivables.

(in thousands of euros)	31/12/2011	31/12/2010	31/12/2009
Assets at fair value through profit and loss	-	-	-
Held to maturity assets	-	-	-
Available for sale assets	-	-	-
Loans and receivables	819	650	688
TOTAL	**819**	**650**	**688**

8.2. Loans and receivables

(in thousands of euros)	31/12/2011	31/12/2010	31/12/2009
Loans	-	-	-
Deposits and other non-current financial assets	819	650	688
Provisions for loans, deposits and other non-current financial assets	-	-	-
Loans, deposits and other non-current financial assets – net value	**819**	**650**	**688**
TOTAL	**819**	**650**	**688**

Deposits and other non-current financial assets consist mainly of guarantees given for the leased premises. Non-remunerated deposits are maintained at their nominal value, given that the effect of discounting is not significant.

Note 9. Deferred assets and liabilities

9.1. Breakdown by maturity

(in thousands of euros)	31/12/2011	31/12/2010	31/12/2009
Deferred tax assets (DTA)			
• Less than one year	3,121	2,516	303
• More than one year	11,361	15,426	8,215
TOTAL DTA	**14,482**	**17,942**	**8,518**
Deferred tax liabilities (DTL)			
• Less than one year	-847	-	-
• More than one year	-6,151	-9,182	-7,173
TOTAL DTL	**-6,998**	**-9,182**	**-7,173**
NET DEFERRED TAX	**7,484**	**8,760**	**1,345**

9.2. Change in net deferred tax

(in thousands of euros)	31/12/2011	31/12/2010	31/12/2009
At 1 January	**8,760**	**1,345**	**2,496**
Changes in scope of consolidation	-	-	-
Tax – income statement impact	-1,435	7,273	-1,092
Tax – equity impact	26	205	-54
Translation differential	133	-63	-5
AT 31 DECEMBER	**7,484**	**8,760**	**1,345**

9.3. Breakdown of net deferred tax by type

(in thousands of euros)	31/12/2011	31/12/2010	31/12/2009
Differences related to consolidation adjustments			
Actuarial gains and losses on retirement obligations	527	532	347
Software depreciation and amortisation of revalued software	3,809	4,659	-
Fair value of amortisable allocated intangible assets	-1,985	-6,879	-6,967
Discounting of employee profit sharing	69	112	63
Tax-driven provisions	-4,019	-2,303	-206
Activated tax losses	3,219	6,879	6,967
Temporary differences from tax returns			
Provision for retirement benefits	1,188	993	830
Provision for employee profit sharing	321	584	254
Provision for “Organic” tax	81	61	49
Activated tax losses	4,251	4,116	-
Other	23	6	8
TOTAL	**7,484**	**8,760**	**1,345**

At 31 December 2010, deferred tax relating to the fair value of amortisable intangible assets from the final allocation of the acquisition cost of Tumbleweed, led to the separate allocation of goodwill and intangible assets identified as amortisable (€21.7 million). Consequently, a deferred tax liability was recognised, of €6.9 million. In addition, a deferred tax asset was used in respect of tax losses relating to temporary differences generated by the allocation of these intangible assets.

As part of the reorganisation begun in 2010 to centralise intellectual property and software development in France, two transfers of assets were made to Axway Software:

- in 2010, Axway Software acquired the technologies belonging to Cyclone Commerce from Axway Inc. for $18.2 million. At the time of this internal transfer, Axway Software was able to recognise additional amortisation in excess of that required to secure a tax benefit over a 12-month period for the software, which had been revalued. This transaction generated net deferred tax of €2.5 million, arising from deferred tax assets of €4.6 million *(Amortisation of revalued software)* and deferred tax liabilities of €2.1 million *(Tax-driven provisions).* In 2011, deferred tax assets and deferred tax liabilities both amounted to €3.8 million, and therefore had no impact;
- on 1 April 2011, Axway Software acquired Tumbleweed’s technologies (Mailgate, Secure Transport and Secure Messenger) from Axway Inc. for $18 million (€12.7 million). This transaction generated a deferred tax asset of €1.0 million.

The Group’s assessment with respect to the possibility for future use of tax loss carry forwards by the subsidiary Axway Inc. resulted in the decision to apply deferred tax assets, as at 31 December 2011, to the extent that taxable profits are likely to be available over the next two years, in the amount of $9.9 million (€7.1 million).

With regard to the *cotisation sur la valeur ajoutée des entreprises* (CVAE), a component based on the value added each year by the business and forming part of the new *contribution économique territoriale* (CET), the replacement for the professional tax introduced by the French Finance Act for 2010, the Group has decided to recognise this component under corporate income tax in order to ensure consistency with the treatment of similar taxes in other countries. This approach is also consistent with the position adopted by Syntec Informatique and made public on 10 February 2010. No deferred tax assets or liabilities were recognised, as their impact was not material.

9.4. Deferred tax assets not recognised by the Group

(in thousands of euros)	31/12/2011	31/12/2010	31/12/2009
Tax losses carried forward	40,150	48,912	42,279
Temporary differences	520	373	2,232
TOTAL	**40,670**	**49,285**	**44,511**

9.5. Maturity of tax losses carried forward

(in thousands of euros)	31/12/2011	31/12/2010	31/12/2009
N+1	2,052	17,864	19,035
N+2	1,118	20,270	15,534
N+3	1,780	1,100	19,380
N+4	731	703	1,777
N+5 and subsequent years	127,201	103,046	100,249
Tax losses carried forward with a maturity date	132,882	142,983	155,975
Tax losses which may be carried forward indefinitely	12,958	20,767	7,430
TOTAL	**145,840**	**163,750**	**163,405**
Deferred tax basis – portion used	21,710	31,760	19,907
Deferred tax basis – unused portion	124,130	131,990	143,498
Deferred tax – used	7,384	10,995	6,967
Deferred tax – unused	40,150	48,912	42,279

At 31 December 2011, deferred tax assets not used in relation to tax loss carryforwards came to €40.1 million and mainly concerned the following subsidiaries: Axway Inc. (35.9 million), Axway UK (€1.7 million), Axway Srl in Italy (€0.8 million) and Axway Pte Ltd in Singapore (€1.1 million).

Axway Inc.'s tax loss carry forwards primarily result from the acquisition of Tumbleweed Communications Corp. in 2008. They are subject to an overall time limit (20 years) as well as an annual limit on their use ($7 million) imposed by US tax regulations following a change in shareholding structure.

Note 10. Trade receivables

(in thousands of euros)	31/12/2011	31/12/2010	31/12/2009
Trade receivables	52,885	60,558	46,125
Accrued income	5,668	6,743	11,814
Accrued credit notes	-752	-981	-3,912
Provision for doubtful debtors	-745	-555	-701
TOTAL	**57,056**	**65,765**	**53,326**

Net trade receivables, expressed in terms of days of revenue corresponded to 84 days of revenue at 31 December 2011, down from 102 days at 31 December 2010. This ratio is calculated by comparing "Net trade" receivables with the revenue generated in the final quarter of the year.

Accrued income mainly relates to fees for licences and services, which are recognised according to the methods set out in Note 1.19.

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Note 11. Other current receivables

(in thousands of euros)	31/12/2011	31/12/2010	31/12/2009
Employees and social security	128	178	271
Tax receivables (other than corporate income tax)	2,678	2,337	2,548
Corporate income tax	8,582	5,466	4,175
Other receivables	182	911	150
Prepaid expenses	2,239	2,279	2,297
TOTAL	**13,809**	**11,171**	**9,441**

Tax receivables of €2.7 million relate mainly to deductible VAT (of €2.4 million).

Note 12. Cash and cash equivalents

The cash flow statement is presented on page 4.

(in thousands of euros)	31/12/2011	31/12/2010	31/12/2009
Investment securities	-	-	-
Working cash balance	23,801	22,379	11,287
Cash and cash equivalents	**23,801**	**22,379**	**11,287**
Current bank overdrafts	-126	-105	-1
TOTAL	**23,675**	**22,274**	**11,286**

Net cash and cash equivalents include available liquid funds (cash and positive bank balances), liquid marketable securities that meet the definition of cash equivalents as indicated in Note 1.14, bills of exchange presented for collection and falling due before the balance sheet date and temporary bank overdrafts.

Note 13. Shareholders' equity

The consolidated statement of changes in equity is presented on page 106 and 107.

13.1. Changes in the share capital

At 31 December 2010 Axway Software had share capital of €75,620,000 comprising 1,990,000 fully-paid up shares with a nominal value of €38 each.

The principal movements in 2011 are as follows:

- division of the nominal value by 8;
- capital increase by capitalisation of reserves from Other reserves in the amount of €952,436.75, through the creation of 200,513 new shares, each with a nominal value of €4.75;
- capital reduction through the reduction in the nominal value of shares from €4.75 to €2.00;
- capital increase through the issue of 4,030,128 new shares at the price of €15.35, with a share premium of €13.35.

At 31 December 2011, the share capital stood at €40,301,282, comprising 20,150,641 fully-paid up shares with a nominal value of €2.00 each.

13.2. Share subscription option plans

	Initial position		Exercise period		Position at 1 January		Changes during the year		Position at 31/12/2011	
Grant date	No. of options	Exercise price	Start date	End date	No. of options	Exercise price	No. of options	Exercise price	No. of options	Exercise price
Plan No. 1 – 2007 stock option plan, issue of a maximum of 1,990,000 shares (General Meeting of 23/05/2007)										
23/05/2007	20,100	78.90€	24/05/2011	23/05/2012	20,100	106.90€	150,297	-94.29€	170,397	12.61€
22/11/2007	17,000	93.54€	30/06/2010	31/12/2013	13,000	121.54€	97,190	-107.20€	110,190	14.34€
22/11/2007	17,000	93.54€	30/12/2012	31/12/2013	13,000	121.54€	50,571	-107.20€	63,571	14.34€
06/11/2008	8,500	145.00€	30/06/2011	31/12/2014	8,500	145.00€	63,546	-127.89€	72,046	17.11€
06/11/2008	8,500	145.00€	30/12/2013	31/12/2014	8,500	145.00€	63,546	-127.89€	72,046	17.11€
19/05/2009	4,000	145.00€	30/06/2011	31/12/2014	4,000	145.00€	29,904	-127.89€	33,904	17.11€
19/05/2009	4,000	145.00€	30/12/2013	31/12/2014	4,000	145.00€	-4,000	-127.89€	-	17.11€
Total	**79,100**				**71,100**		**451,054**		**522,154**	
Plan No. 2 – 2010 stock option plan, issue of a maximum of 1,990,000 shares (General Meeting of 25/11/2010)										
25/11/2010	5,000	145.00€	30/06/2012	31/12/2015	5,000	145.00€	37,379	-127.89€	42,379	17.11€
25/11/2010	5,000	145.00€	30/12/2014	31/12/2015	5,000	145.00€	37,379	-127.89€	42,379	17.11€
Total	**10,000**				**10,000**		**74,758**		**84,758**	
Plan No. 3 – 2011 stock option plan, issue of a maximum of 1,033,111 shares (General Meeting of 28/04/2011)										
18/11/2011	516,175	14.90€	18/05/2014	18/11/2019	-	-	516,175	14.90€	516,175	14.90€
18/11/2011	516,175	14.90€	18/11/2016	18/11/2019	-	-	516,175	14.90€	516,175	14.90€
Total	**1,032,350**				**-**		**1,032,350**		**1,032,350**	
TOTAL FOR ALL PLANS	**1,121,450**				**81,100**		**1,558,162**		**1,639,262**	

- No share subscription options were exercised in 2011.
- No options were allocated under Plan no. 1.
- In accordance with the authorisation granted by the Combined General Meeting of 28 April 2011, the Board of Directors' meeting of 30 August 2011 approved Plan no. 3, under which a maximum of 1,033,111 shares may be issued to eligible employees and officers of the Axway Group. Under the plan, which will remain in place for 38 months, 1,032,350 share subscription options were allocated on 18 November 2011, with the following characteristics: validity – eight years from the allocation date; vesting period – 50% after 30 months, 50% the day after the fifth anniversary of allocation; exercise period – after the above-mentioned vesting periods have elapsed.
- With regard to Plan no. 1 and Plan no. 2, the changes arising during the period, both in terms of number and exercise price, were solely attributable to the modifications made to the share capital in 2011 (see 13.1 above).
- The fair values of the share subscription options allocated under Plan no. 1 and Plan no. 2 were determined using the binominal model recommended by IFRS 2.
- The fair value of the share subscription options allocated under Plan no. 3 was determined using the same binomial model and the following assumptions: average expected life of 4.5 and six years; expected volatility of 29.44%; dividend yield of 1.39% and risk-free interest rate of 2.48%. Expected volatility was determined on the basis of the volatility expected for stocks in comparable sectors.
- The average closing price of the stock in 2011, following the flotation on 14 June, was €16.77.
- The amount recognised in respect of 2011, in accordance with the method indicated in Note 1.15 Share-based payment, was €0.146 million. This current expense relating to the valuation of services provided by beneficiaries in exchange for the granting of stock options was recorded in the income statement. No non-recurring expenses were recognised in relation to the cost of services rendered by employees benefiting from share subscription options whose right to exercise their options was maintained despite their departure from the Group in 2011.

13.3. Capital reserves

(in thousands of euros)	31/12/2011	31/12/2010	31/12/2009
Share issue, merger and contribution premium	97,612	-	-
Legal reserve	1,587	1,169	1,169
TOTAL	**99,199**	**1,169**	**1,169**

The principal movements in 2011 were as follows:

- appropriation of 2010 profit to the legal reserve: €0.418 million;
- reduction in share capital by way of a decrease in the nominal value of shares amounting to €2.75, with the corresponding amount recognised under issue premiums: €44.331 million;
- issue premium (€13.35 per share) relating to the capital increase through the issue of 4,030,128 new shares, net of issue expenses (€0.667 million).

13.4. Dividends

The General Meeting of Axway Software held on 28 April 2011 resolved to:

- allocate the profit for 2010 of €7.920 million to the payment of a dividend of €3.98 per share;
- distribute the sum of €13.864 million from "Other reserves", *i.e.* €6.97 per share.

This dividend was scheduled for payment on the same date.

Upon approval of the financial statements for financial year 2011, the 2012 General Meeting is invited to distribute a dividend of €0.25 per share, representing a total of €5.038 million.

13.5. Capital management objectives, policy and procedures

The Company's capital consists solely of the items disclosed in the balance sheet. There are no financial liabilities considered as components of capital and, conversely, there are no equity components not considered to be part of the Company's capital.

The Company does not operate under any external capital constraints.

The Company has entered into a liquidity contract to ensure the liquidity of transactions and regular trading of its shares, in order to avoid share price fluctuations that are not justified by market trends. The amount covered by the liquidity contract enabling the intermediary to carry out transactions under the contract is €1 million.

Note 14. Financial debt

14.1. Net debt

(in thousands of euros)	Current	Non-current	31/12/2011	31/12/2010	31/12/2009
Bank loans	-	-	-	-	-
Current account – Sopra Group	-	-	-	68,432	76,600
Liabilities on finance lease contracts	-	-	-	-	-
Employee profit sharing	404	1,968	2,372	2,021	1,809
Other sundry financial debt	-	-	-	-	-
Current bank overdrafts	126	-	126	105	1
FINANCIAL DEBT	**530**	**1,968**	**2,498**	**70,558**	**78,410**
Investment securities	-	-	-	-	-
Working cash balance	-23,801	-	-23,801	-22,379	-11,287
NET DEBT	**-23,271**	**1,968**	**-21,303**	**48,179**	**67,123**

Current accounts

In the first half of 2011, the financing of Axway was provided in full by the Sopra Group through current account advances. This current account was reimbursed in full following the capital increase implemented in July 2011.

Bank loans

Since 7 June 2011, Axway Software has had a multi-currency credit line of €100 million. This credit line, in two tranches, is contracted with six banks. It is intended to finance acquisitions and the Group's general funding needs.

The first €50 million tranche, "credit line A", is a five-year, multi-currency term loan repayble six-monthly from 15 December 2013. It is intended to finance acquisitions.

The second €50 million tranche, "credit line B", is a five-year, multi-currency revolving loan, repayable six-monthly over the last two years of the loan term. It is intended to finance the Group's general funding needs, including investments and acquisitions.

The applicable interest rate is Euribor for the drawdown period concerned plus a spread adjusted every six months in relation to the net debt/EBITDA ratio, calculated on a 12-month rolling basis. The net debt figure used does not include employee profit-sharing liabilities. The spread may move within the range of 0.85% to 1.70% for drawdowns in euros and from 1.55% to 2.40% for drawdowns in GBP and USD. A non-use fee equivalent to 35% of the spread may also be applied.

Three financial ratios must be met under covenants entered into with partner banking establishments (see Note 34.3).

At 31 December 2011 no drawdowns had been made in respect of either tranche.

Employee profit sharing

Axway Software's profit-sharing reserves are managed in current accounts that cannot be accessed for five years, on which interest accrues at a fixed rate. An agreement struck in 2002 also enables employees to opt for external management in multi-company mutual funds.

Profit-sharing liabilities are subject to adjustment to take into account the differential between the contractual interest rate applied and the applicable regulatory rate ceiling.

14.2. Statement of changes in net debt

(in thousands of euros)	31/12/2011	31/12/2010	31/12/2009
Net debt at 1 January (A)	**48,179**	**67,123**	**69,145**
Cash from operations after cost of net debt and tax	**26,247**	**29,225**	**13,346**
Cost of net financial debt	1,633	1,715	1,207
Income taxes (including deferred tax)	5,208	-3,046	5,365
Cash from operations before cost of net debt and tax	**33,088**	**27,894**	**19,918**
Income taxes paid	-5,830	-6,587	-9,693
Changes in working capital requirements	8,078	2,517	-5,130
Net cash from operating activities	**35,336**	**23,824**	**5,095**
Change related to investing activity	-3,389	-2,874	-1,949
Net interest paid	-1,633	-1,715	-1,207
Available net cash flow	**30,314**	**19,235**	**1,939**
Impact of changes in the scope of consolidation	-	-	-
Financial investments	-166	82	-91
Dividends	-21,785	-	-
Capital increase in cash	61,195	-	-
Other changes	-541	-15	2
Total net change during the year (B)	**69,017**	**19,302**	**1,850**
Impact of changes in exchange rates	465	-358	172
NET DEBT AT 31 DECEMBER (A-B)	**-21,303**	**48,179**	**67,123**

Impact of changes in the scope of consolidation

There were no significant changes in the scope of consolidation in 2009, 2010 or 2011.

Note 15. Provision for post-employment benefits

These provisions relate to two non-financed defined-benefit plans in France and Italy.

(in thousands of euros)	01/01/2011	Change in scope of conso-lidation	Provi-sions for the year	Reversals for the year (pro-visions used)	Rever-sal for the year (unused provi-sions)	Other changes	Change in actuarial diffe-rences	31/12/2011
France	4,429	-	515	-37	-	-	76	4,983
Italy	762	-	108	-130	-	-	-	740
Germany	15	-	89	-12	-	-	-	92
TOTAL	**5,206**	**-**	**712**	**-179**	**-**	**-**	**76**	**5,815**
Impact (net of expenses incurred)								
Profit from recurring operations			516		-			
Financial items			196		-			
TOTAL			**712**		**-**			

In France, the defined-benefits scheme relates to the payment of retirement benefits. The Group provides for its commitments to employees in accordance with the provisions of the Syntec collective bargaining agreement with respect to the retirement scheme modified in 2004 pursuant to the retirement reform measures introduced by the *Loi Fillon* of 21 August 2003. Provisions for retirement benefits are recognised in accordance with the conditions in Note 1.17.

The main actuarial hypotheses retained for this plan are as follows:

	31/12/2011	31/12/2010	31/12/2009
Benchmark for discounting	Source: Bloomberg	Source: Bloomberg	Source: Bloomberg
Discount rate for commitments	3.75%	4.10%	4.50%
Future salary growth rate	2.50%	2.50%	2.50%
Age at retirement	65 years	65 years	65 years
Mortality table	Insee 2004-2006	Insee 2004-2006	Insee 2004-2006

Assumptions referring to mortality rates are based on published statistical data.

Turnover tables are established for each company concerned by five-year age groups and are updated at each balance sheet date to reflect data on employee departures for the last five years.

Retirement benefit commitments are discounted using a discount rate corresponding to the interest rate of prime corporate bonds (carrying a rating of AA or higher) denominated in the payment currency, the maturity period of which is close to the average estimated length of the retirement obligation concerned.

Since 31 December 2009, the Group has used the rates published by Bloomberg for the euro zone as the benchmark for the discounting of its retirement obligations. A discount rate of 3.75% was used for 2011.

A ±1.0 point change in the discount rate would have an impact of about (-)€0.582 million/+€0.699 million on the total commitment.

Assumptions relating to procedures for departures take into account changes in legislation in order to reflect the Group's best estimates at the balance sheet date:

- the Social Security Financing Act for 2008 introduced a contribution to be paid by the employer as part of the benefits due to an employee whose retirement is at the request of the employer. This contribution amounts to 50% and applies irrespective of the age of the employee;

- with effect from 1 January 2009, an employer may no longer unilaterally require employees to retire unless they have reached the age of 70. For employees between the ages of 65 and 70, the employer may not make any retirement decisions of its own accord before asking the employees whether or not they would like to retire voluntarily;
- the French pension reform signed into law on 9 November 2010 raised the minimum retirement age from 60 to 62. The pensionable age will increase by four months each year starting on 1 July 2011, to reach 62 years by 2018 for employees born in 1956. The eligibility requirement for full pension benefits regardless of the length of working life, and thus of contributions to insurance schemes, has also been raised, from 65 to 67, increasing at the same rate as the statutory retirement age, but only as from 1 July 2016, meaning that it will reach 67 years of age in 2023.

These successive changes are considered by the Group as changes in actuarial assumptions for the following reasons:

- the changes introduced by the new legal provisions do not have a direct impact on the gross amount received by employees;
- the agreements in force at the date of entry into application of the Act have not been amended: benefits awarded to employees may change at a later date once a new agreement has been concluded;
- the abandonment of an existing departure procedure and the introduction of a new contribution to the benefits paid in the event of retirement at the request of the employer entail the adjustment by the Group of its actuarial assumptions as defined under IAS 19.

TABLE SHOWING THE CHANGE IN PROVISION FOR RETIREMENT INDEMNITIES (FRANCE)

(in thousands of euros)	Present value of obligations not financed	Unrecognised actuarial differences	Net commitments recognised in the balance sheet	Taken to the income statement
31 December 2009	**3,418**	**-**	**3,418**	**376**
Past service cost	250	-	250	250
Financial cost	165	-	165	165
Benefits paid to employees	-	-	-	-
Change in actuarial differences	596	-	596	-
31 December 2010	**4,429**	**-**	**4,429**	**415**
Past service cost	322	-	322	322
Financial cost	193	-	193	193
Benefits paid to employees	-37	-	-37	-37
Change in actuarial differences	76	-	76	-
31 DECEMBER 2011	**4,983**	**-**	**4,983**	**478**

Analysis of the change in recognised actuarial differences

Actuarial differences result solely from the changes in present value of the obligation, in the absence of scheme assets.

These differences include the effects of changes in actuarial assumptions and the effects of the differences between the actuarial assumptions used and actual experience (experience adjustments detailed below).

In 2011, the actuarial loss recognised for the year (€0.076 million) relates to:

- experience impacts on liabilities (upward adjustment in the commitment amounting to €0.045 million);
- the impact of the 0.35 point decrease in the discount rate used compared with 2010 (upward adjustment in the commitment of €0.215 million);
- updating of five-year workforce turnover rates and assumptions relating to departure procedures (downward adjustment in the commitment of €0.184 million).

In 2010, the actuarial loss recognised for the year (€0.596 million) chiefly related to:

- experience impacts on liabilities (upward adjustment in the commitment amounting to €0.249 million);
- the 0.40 point decrease in the discount rate used compared to 31 December 2009 (upward adjustment in the commitment amounting to €0.217 million);
- updating of five-year workforce turnover rates (upward adjustment in the commitment amounting to €0.130 million).

In 2009, the actuarial gain recognised for the year (€0.155 million) chiefly related to:

- experience impacts on liabilities (downward adjustment in the commitment of €0.185 million);
- the 0.80 point increase in the discount rate used compared to 2008 (downward adjustment in the commitment amounting to €0.335 million);
- updating of five-year workforce turnover rates and assumptions relating to departure procedures (upward adjustment in the commitment of €0.365 million).

Experience adjustments arising on scheme liabilities are presented in the table below:

(in thousands of euros)	31/12/2011	31/12/2010	31/12/2009
Present value of obligations for defined benefits	4,983	4,429	3,418
Experience adjustments on scheme liabilities	45	249	-185
Experience adjustments on scheme liabilities (as a % of commitments)	0.90%	5.62%	-5.41%

The breakdown by maturity of the French retirement benefit commitment, discounted at 3.75%, is shown in the table below:

(in euros)	
Present value of theoretical benefits to be paid by employer:	
• less than one year	-
• 1 to 2 years	-
• 2 to 3 years	143,046
• 3 to 4 years	338,365
• 4 to 5 years	165,033
• 5 to 10 years	1,488,546
• 10 to 20 years	1,955,966
• more than 20 years	892,292
TOTAL COMMITMENT	**4,983,248**

In Italy, the defined-benefits scheme relates to the payment of regulatory termination benefits *(Trattamento di Fine Rapporto).* These payments are calculated as a proportion of the employee's gross annual salary and are linked to the price index issued by the Italian Institute of Statistics (ISTAT).

Note 16. Non-current provisions

16.1. Changes in provisions in 2011

(in thousands of euros)	01/01/2011	Change in scope of consolida-tion	Provisions for the year	Reversals for the year (provisions used)	Reversal for the year (unused provisions)	Other changes	31/12/2011
Provisions for disputes	117	-	151	-117	-	-	151
Provisions for guarantees	710	-	620	-	-610	-	720
Other provisions for contingencies	76	-	20	-	-	-	96
Sub-total provisions for contingencies	**903**	**-**	**791**	**-117**	**-610**	**-**	**967**
Other provisions for losses	252	-	23	-15	-4	-101	155
Sub-total provisions for losses	**252**	**-**	**23**	**-15**	**-4**	**-101**	**155**
TOTAL	**1,155**	**-**	**814**	**-132**	**-614**	**-101**	**1,122**
Impact (net of expenses incurred)							
Profit from recurring operations			804		-614		
Financial items			10		-		
TOTAL			**814**		**-614**		

- A provision for guarantees of €0.720 million is recognised in the financial statements of Axway Software GmbH.
- Provisions for disputes mainly relate to labour arbitration proceedings, severance pay and a number of trade disputes.

16.2. Changes in provisions in 2010

(in thousands of euros)	01/01/2010	Change in scope of consolidation	Provisions for the year	Reversals for the year (provisions used)	Reversal for the year (unused provisions)	Other changes	31/12/2010
Provisions for disputes	117	-	-	-	-	-	117
Provisions for guarantees	680	-	620	-	-590	-	710
Other provisions for contingencies	65	-	11	-	-	-	76
Sub-total provisions for contingencies	**862**	**-**	**631**	**-**	**-590**	**-**	**903**
Other provisions for losses	174	-	7	-	-68	139	252
Sub-total provisions for losses	**174**	**-**	**7**	**-**	**-68**	**139**	**252**
TOTAL	**1,036**	**-**	**638**	**-**	**-658**	**139**	**1,155**
Impact (net of expenses incurred)							
Profit from recurring operations			625		-658		
Financial items			13		-		
TOTAL			**638**		**-658**		

16.3. Changes in provisions in 2009

(in thousands of euros)	01/01/2009	Change in scope of consolidation	Provisions for the year	Reversals for the year (provisions used)	Reversal for the year (unused provisions)	Other changes	31/12/2009
Provisions for disputes	145	-	-	-4	-24	-	117
Provisions for guarantees	610	-	590	-	-520	-	680
Other provisions for contingencies	66	-	-	-	-1	-	65
Sub-total provisions for contingencies	**821**	**-**	**590**	**-4**	**-545**	**-**	**862**
Other provisions for losses	157	-	135	-131	-7	20	174
Sub-total provisions for losses	**157**	**-**	**135**	**-131**	**-7**	**20**	**174**
TOTAL	**978**	**-**	**725**	**-135**	**-552**	**20**	**1,036**
Impact (net of expenses incurred)							
Profit from recurring operations			725		-552		
Financial items			-		-		
TOTAL			**725**		**-552**		

Note 17. Other non-current liabilities

(in thousands of euros)	31/12/2011	31/12/2010	31/12/2009
Non-current asset liabilities – portion due in more than one year	-	-	-
Employee profit sharing during the year	608	1,909	735
Contingent advances	-	-	-
Derivatives	-	-	-
TOTAL	**608**	**1,909**	**735**

Employee profit sharing represents amounts booked to employee costs for the year by Axway Software. These amounts increase financial debt for the following year.

Note 18. Trade payables

(in thousands of euros)	31/12/2011	31/12/2010	31/12/2009
Trade payables	8,184	7,460	8,074
Trade payables – advances and payments on account, accrued credit notes	-	-	-
TOTAL	**8,184**	**7,460**	**8,074**

Note 19. Other current liabilities

(in thousands of euros)	31/12/2011	31/12/2010	31/12/2009
Non-current asset liabilities – portion due in less than one year	262	521	65
Employee cost liabilities	23,608	26,475	18,033
Tax liabilities (excluding corporate income tax)	8,755	8,040	7,195
Corporate income tax	1,596	540	1,590
Deferred income	31,564	29,243	24,066
Other liabilities	29	21	-25
Derivatives	-	-	-
TOTAL	**65,814**	**64,840**	**50,924**

Employee cost liabilities include only amounts owed to social security organisations and employees.

Accrued taxes primarily correspond to value added tax collected from clients: the amount payable in respect of the month of December and the VAT collected on trade receivables.

Deferred income mainly comprises the portion of billings issued in advance on fixed-price and maintenance contracts.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

Note 20. Revenue

20.1 Revenue by activity

(in millions of euros)		2011		2010		2009
Licences	77.8	35.8%	77.9	37.4%	61.2	33.6%
Maintenance	85.0	39.1%	78.6	37.7%	71.5	39.2%
Services	54.4	25.0%	51.9	24.9%	49.5	27.2%
TOTAL REVENUE	**217.2**	**99.9%**	**208.4**	**100.0%**	**182.2**	**100.0%**

20.2. International revenue

(in millions of euros)		2011		2010		2009
France	80.9	37.2%	80.0	38.4%	69.4	38.1%
International	136.3	62.8%	128.4	61.6%	112.8	61.9%
TOTAL REVENUE	**217.2**	**100.0%**	**208.4**	**100.0%**	**182.2**	**100.0%**

Note 21. Purchases consumed

(in thousands of euros)	2011	2010	2009
Purchases of subcontracting services	12,539	10,998	12,055
Purchases held in inventory of equipment and supplies	827	607	507
Purchases of merchandise and change in stock of merchandise	2,129	1,926	1,398
TOTAL	**15,495**	**13,531**	**13,960**

Purchases of sub-contracting services in 2011 related to sub-contracting to Sopra India (€3.5 million) and the Sopra Group (€1.0 million).

Note 22. Employee costs

22.1. Breakdown of employee costs

(in thousands of euros)	2011	2010	2009
Salaries	103,259	102,224	90,320
Social charges	28,358	26,575	24,820
Employee profit sharing	1,002	2,079	780
TOTAL	**132,619**	**130,878**	**115,920**

22.2. Workforce

No. of employees at 31 December	2011	2010	2009
France	624	597	598
International	1,131	1,064	1,016
TOTAL	**1,755**	**1,661**	**1,614**

Average no. of employees	2011	2010	2009
France	619	603	601
International	1,102	1,037	1,037
TOTAL	**1,721**	**1,640**	**1,638**

22.3. Employee profit-sharing and incentive schemes

Pursuant to the application of IAS 32 and IAS 39, liabilities in respect of profit sharing were restated, as described in Notes 1.18 and 14.1.

In 2011, employee profit sharing totalled €0.758 million in respect of Axway Software. This compares with €1.747 million in 2010 and €0.735 million in 2009.

An incentive agreement was put in place in 2009 by the Sopra Group for a term of three years. This agreement includes Axway Software.

Note 23. External expenses

(in thousands of euros)	2011		2010		2009	
Leases and charges	9,154	26.1%	9,583	27.4%	9,223	28.8%
Maintenance and repairs	1,521	4.3%	1,227	3.5%	1,062	3.3%
External structure personnel	432	1.2%	371	1.1%	219	0.7%
Remuneration of intermediaries and fees	2,012	5.7%	2,235	6.4%	4,498	14.0%
Advertising and public relations	2,913	8.3%	3,134	9.0%	2,361	7.4%
Travel and entertainment	10,690	30.4%	9,850	28.2%	9,682	30.2%
Telecommunications	3,594	10.2%	2,920	8.4%	2,625	8.2%
Sundry	4,818	13.7%	5,628	16.1%	2,399	7.5%
TOTAL	**35,134**	**100%**	**34,948**	**100%**	**32,069**	**100%**

Note 24. Depreciation, amortisation and provisions

(in thousands of euros)	2011	2010	2009
Amortisation of intangible assets	247	298	369
Depreciation of property, plant and equipment	1,658	1,156	1,089
Depreciation and amortisation	**1,905**	**1,454**	**1,458**
Impairment of current assets net of unused reversals	298	-48	-410
Provisions for contingencies and losses net of unused reversals	706	321	568
Provisions and impairment	**1,004**	**273**	**158**
TOTAL	**2,909**	**1,727**	**1,616**

Note 25. Amortisation of allocated intangible assets

This item corresponds to the amortisation expense in respect of intangible assets obtained in connection with acquisitions of companies (mainly Tumbleweed) of €1.858 million in 2011, €1.944 million in 2010 and €1.856 million in 2009.

Note 26. Other operating income and expenses

The following non-recurring expenses have been recognised under this item:

- in relation to the spin-off from the Sopra Group. These expenses mainly consist of fees for external consultants and other specific costs incurred in the spin-off. The amount recognised was €3.583 million in 2010 and €3.297 million in 2011;
- in relation to the costs arising from the dispute with the US government agency GSA (see Note 35) of €0.670 million.

Note 27. Financial income and expense

27.1. Cost of net financial debt

(in thousands of euros)	2011	2010	2009
Income from cash and cash equivalents	7	10	1
Interest charges	-1,640	-1,725	-1,208
TOTAL	**-1,633**	**-1,715**	**-1,207**

Interest expense mainly comprises the interest charged to Axway Software on the debt relating to the Sopra Group current account.

27.2. Foreign exchange gains and losses

Foreign exchange gains and losses mainly relate to commercial transactions denominated in foreign currencies.

Foreign exchange gains and losses relating to inter-company loans are considered as an integral part of the Group's net investment in the foreign subsidiaries concerned and are recognised as a distinct component of equity under "Translation differential" in application of IAS 21.

(in thousands of euros)	2011	2010	2009
TOTAL	**-888**	**-160**	**-74**

27.3. Other financial income and expense

(in thousands of euros)	2011	2010	2009
Reversals of provisions	11	-	-
Other financial income	24	59	39
Total other financial income	**35**	**59**	**39**
Charges to provisions	-10	-14	-
Discounting of retirement commitments	-195	-182	-127
Discounting of employee profit sharing	38	35	57
Change in the value of derivatives	-	-	-
Other financial expense	-14	-31	25
Total other financial expense	**-181**	**-192**	**-45**
TOTAL OTHER FINANCIAL INCOME & EXPENSE	**-146**	**-133**	**-6**

Discounting of retirement commitments: see Note 15.

Discounting of employee profit sharing: see Note 14.1.

Note 28. Tax expense

28.1. Analysis

(in thousands of euros)	2011	2010	2009
Current tax	3,773	4,227	4,273
Deferred tax	1,435	-7,273	1,092
TOTAL	**5,208**	**-3,046**	**5,365**

28.2. Reconciliation between the theoretical and effective tax charge

(in thousands of euros)	2011	2010	2009
Net profit	21,457	26,596	9,980
Tax expense	-5,208	3,046	-5,365
Profit before tax	26,665	23,550	15,345
Theoretical tax rate	**34.43%**	**34.43%**	**34.43%**
Theoretical tax charge	**-9,181**	**-8,108**	**-5,283**
Reconciliation			
Permanent differences	-109	731	-501
Impact of non-capitalised losses for the year	-29	31	-568
Use of non-capitalised tax loss carry forwards	2,898	4,367	292
Impact of research tax credits	1,936	1,711	863
CVAE reclassification (net of tax)	-788	-685	-
Capitalisation of tax loss carry forwards from previous years	-	4,153	-
Tax rate differences – France/other countries	628	551	-121
Prior year tax adjustments	18	-	-
Other	-581	295	-47
Actual tax charge	**-5,208**	**3,046**	**-5,365**
Effective tax rate	**19.53%**	**-12.93%**	**34.96%**

In 2010 and 2011, unused tax loss carry forwards (€4.4 million and €2.9 million respectively) mainly relate to the capital gains arising on the internal transfer of intangible assets, which allowed Axway Inc. to make use of a portion of its tax losses.

The Group's assessment with respect to the possibility for future use of tax loss carry forwards by the subsidiary Axway Inc. resulted in the decision to apply deferred tax assets in the amount of $5.5 million (€4.2 million), unchanged from 31 December 2010.

28.3. Tax impact of gains and losses recognised directly in equity

	2011			2010			2009		
(in thousands of euros)	Gross	Tax impact	Net	Gross	Tax impact	Net	Gross	Tax impact	Net
Translation differential	4,636	379	5,015	12,208	-625	11,583	-3,069	851	-2,218
Actuarial gains and losses on retirement obligations	-76	26	-50	-598	206	-392	156	-54	102
TOTAL	**4,560**	**405**	**4,965**	**11,610**	**-419**	**11,191**	**-2,913**	**797**	**-2,116**

Note 29. Earnings per share

The basic earnings per share figure is calculated by dividing net profit by the weighted average number of shares outstanding in the period for which the calculation is made. The diluted earnings per share figure is calculated by dividing net profit by the weighted average number of shares outstanding in the period for which the calculation is made, adjusted for dilutive items. The only dilutive instruments existing at present are the stock options mentioned in Note 13.2.

(in euros)	2011	2010	2009
Net profit – Group share	21,456,393	26,595,368	9,979,516
Weighted average no. of ordinary shares in issue	17,899,416	15,920,000	15,920,000
BASIC EARNINGS PER SHARE	**1.20**	**1.67**	**0.63**

(in euros)	2011	2010	2009
Net profit – Group share	21,456,393	26,595,368	9,979,516
Weighted average no. of ordinary shares in issue	17,899,416	15,920,000	15,920,000
Weighted average no. of securities retained in respect of dilutive items	330,286	-	-
Weighted average no. of shares retained for the calculation of diluted net earnings per share	18,229,702	15,920,000	15,920,000
FULLY DILUTED EARNINGS PER SHARE	**1.18**	**1.67**	**0.63**

OTHER INFORMATION

Note 30. Segment information

GEOGRAPHICAL BREAKDOWN OF REVENUE

(in thousands of euros)		2011		2010		2009
Europe	135,017	62.1%	131,877	63.3%	120,875	66.3%
Americas	76,736	35.3%	72,402	34.7%	57,155	31.4%
Asia Pacific	5,491	2.5%	4,142	2.0%	4,188	2.3%
TOTAL REVENUE	**217,244**	**100%**	**208,421**	**100%**	**182,218**	**100%**

Note 31. Derivatives reported in the balance sheet

AT 31 DECEMBER 2011

	31/12/2011		Breakdown by class of derivative instrument					
(in thousands of euros)	Balance sheet value	Fair value	Assets and liabilities at fair value through profit and loss	Available for sale assets	Loans, receivables and other liabilities	Financial debt at amortised cost	Derivatives at fair value through profit or loss	Derivatives at fair value through equity
Financial assets	819	819	-	-	819	-	-	-
Trade receivables	57,056	57,056	-	-	57,056	-	-	-
Other current receivables	13,809	13,809	-	-	13,809	-	-	-
Cash and cash equivalents	23,801	23,801	23,801	-	-	-	-	-
FINANCIAL ASSETS	**95,485**	**95,485**	**23,801**	**-**	**71,684**	**-**	**-**	**-**
Financial debt – long-term portion	1,968	1,968	-	-	-	1,968	-	-
Current account – Sopra Group	-	-	-	-	-	-	-	-
Other non-current liabilities	608	608	608	-	-	-	-	-
Financial debt – short-term portion	530	530	530	-	-	-	-	-
Trade payables	8,184	8,184	-	-	8,184	-	-	-
Other current liabilities	65,814	65,814	-	-	65,814	-	-	-
FINANCIAL LIABILITIES	**77,104**	**77,104**	**1,138**	**-**	**73,998**	**1,968**	**-**	**-**

The fair value of trade receivables, other current receivables, trade payables and other current liabilities is the same as the balance sheet value, owing to their very short settlement times.

AT 31 DECEMBER 2010

	31/12/2010		Breakdown by class of derivative instrument					
(in thousands of euros)	Balance sheet value	Fair value	Assets and liabilities at fair value through profit and loss	Available for sale assets	Loans, receivables and other liabilities	Financial debt at amortised cost	Derivatives at fair value through profit or loss	Derivatives at fair value through equity
Financial assets	650	650	-	-	650	-	-	-
Trade receivables	65,765	65,765	-	-	65,765	-	-	-
Other current receivables	11,171	11,171	-	-	11,171	-	-	-
Cash and cash equivalents	22,379	22,379	22,379	-	-	-	-	-
FINANCIAL ASSETS	**99,965**	**99,965**	**22,379**	**-**	**77,586**	**-**	**-**	**-**
Financial debt – long-term portion	1,774	1,774	-	-	-	1,774	-	-
Current account – Sopra Group	68,432	68,432	-	-	68,432	-	-	-
Other non-current liabilities	1,909	1,909	1,909	-	-	-	-	-
Financial debt – short-term portion	352	352	352	-	-	-	-	-
Trade payables	7,460	7,460	-	-	7,460	-	-	-
Other current liabilities	64,840	64,840	-	-	64,840	-	-	-
FINANCIAL LIABILITIES	**144,767**	**144,767**	**2,261**	**-**	**140,732**	**1,774**	**-**	**-**

AT 31 DECEMBER 2009

	31/12/2009		Breakdown by class of derivative instrument					
(in thousands of euros)	Balance sheet value	Fair value	Assets and liabilities at fair value through profit and loss	Available for sale assets	Loans, receivables and other liabilities	Financial debt at amortised cost	Derivatives at fair value through profit or loss	Derivatives at fair value through equity
Financial assets	688	688	-	-	688	-	-	-
Trade receivables	53,326	53,326	-	-	53,326	-	-	-
Other current receivables	18,352	18,352	-	-	18,352	-	-	-
Cash and cash equivalents	11,287	11,287	11,287	-	-	-	-	-
FINANCIAL ASSETS	**83,653**	**83,653**	**11,287**	**-**	**72,366**	**-**	**-**	**-**
Financial debt – long-term portion	1,610	1,610	-	-	-	1,610	-	-
Current account – Sopra Group	76,600	76,600	-	-	76,600	-	-	-
Other non-current liabilities	735	735	735	-	-	-	-	-
Financial debt – short-term portion	200	200	200	-	-	-	-	-
Trade payables	8,074	8,074	-	-	8,074	-	-	-
Other current liabilities	59,835	59,835	-	-	59,835	-	-	-
FINANCIAL LIABILITIES	**147,054**	**147,054**	**935**	**-**	**144,509**	**1,610**	**-**	**-**

Note 32. Risk factors

32.1. Credit risk

a. Maturity of trade receivables

2011

				Of which: not impaired at the balance sheet date but past due, with the following breakdown					
(in thousands of euros)	Carrying amount	Of which: impaired	Of which: neither impaired nor past due at the balance sheet date	Less than 30 days	Between 30 and 60 days	Between 61 and 90 days	Between 91 and 180 days	Between 181 and 360 days	More than 360 days
Trade receivables (including doubtful debtors)	52,885	745	34,721	9,461	3,540	1,897	1,536	405	580

2010

				Of which: not impaired at the balance sheet date but past due, with the following breakdown					
(in thousands of euros)	Carrying amount	Of which: impaired	Of which: neither impaired nor past due at the balance sheet date	Less than 30 days	Between 30 and 60 days	Between 61 and 90 days	Between 91 and 180 days	Between 181 and 360 days	More than 360 days
Receivables (including doubtful debtors)	60,558	558	49,388	4,966	1,804	945	1,198	920	779

2009

(in thousands of euros)	Carrying amount	Of which: impaired	Of which: neither impaired nor past due at the balance sheet date	Of which: not impaired at the balance sheet date but past due, with the following breakdown					
				Less than 30 days	Between 30 and 60 days	Between 61 and 90 days	Between 91 and 180 days	Between 181 and 360 days	More than 360 days
Receivables (including doubtful debtors)	46,125	703	34,580	5,834	1,634	1,292	859	673	550

b. Statement of changes in provisions for doubtful receivables

(in thousands of euros)	31/12/2011	31/12/2010	31/12/2009
Impairment of trade receivables at start of period	**555**	**701**	**1,315**
Provisions	340	16	-51
Reversals	-152	-196	-576
Changes in scope of consolidation	-	-	-
Translation differential	2	34	13
IMPAIRMENT OF TRADE RECEIVABLES AT END OF PERIOD	**745**	**555**	**701**

32.2. Liquidity risk

According to the definition given by the *Autorité des marchés financiers,* liquidity risk arises when assets are longer term than liabilities. This can result in an inability to repay short-term debt if the Company is unable to sell the asset in question or obtain bank credit lines.

At 31 December 2011, there was no liquidity risk.

The following table shows the non-discounted contractual cash flows of consolidated net debt at 31 December 2011:

(in thousands of euros)	Carrying amount	Total contractual flows	Less than one year	One to two years	Two to three years	Three to four years	Four to five years	More than five years
Bank loans	-	-	-	-	-	-	-	-
Current account – Sopra Group	-	-	-		-	-	-	-
Finance lease liabilities	-	-	-	-	-	-	-	-
Employee profit sharing	2,372	2,428	291	340	392	338	527	540
Other sundry financial debt	-	-	-	-	-	-	-	-
Current bank overdrafts	126	126	126	-	-	-	-	-
Financial debt	**2,498**	**2,554**	**417**	**340**	**392**	**338**	**527**	**540**
Investment securities	-	-	-	-	-	-	-	-
Working cash balance	-23,801	-23,801	-23,801	-	-	-	-	-
CONSOLIDATED NET DEBT	**-21,303**	**-21,247**	**-23,384**	**340**	**392**	**338**	**527**	**540**

32.3. Market risk

Foreign exchange risk

Foreign exchange risk arises mainly from currency translation of financial statements for companies based in the USA and Sweden. No specific hedge has been arranged for this type of risk.

The exposure to risk arising from trade transactions is limited, since each of the entities involved mainly carries out business in its own country and its own currency.

Furthermore, as part of its intra-group transactions, the Group is exposed to the risk of currency fluctuations in respect of:

- the invoicing of services provided from a centre located in Romania. The impact of these currency fluctuations on profit or loss is in principle negligible in view of the regularity of settlements;
- the invoicing of licence fees by the Group to subsidiaries operating in a functional currency other than the euro. The impact of these currency fluctuations on profit or loss is not significant;
- borrowings and loans in foreign currencies related to intra-group financings. The impact of these currency fluctuations is taken to equity. These money flows are not systematically hedged. However, the Group contracts specific hedges, if appropriate, for all large individual foreign currency transactions.

At 31 December 2011, the net carrying amount of assets and liabilities recognised by Group entities in a currency other than their functional currency was as follows:

INTRA-GROUP COMMERCIAL TRANSACTIONS

(in thousands of euros)	USD	GBP	EUR	SEK	SGD	Other	Total
Assets	6,920	1,869	1,627	1,198	240	1,753	13,607
Liabilities	9,330	78	165	153	943	463	11,132
Foreign currency commitments	-	-	-	-	-	-	-
Net position before hedging	**-2,410**	**1,791**	**1,462**	**1,045**	**-703**	**1,290**	**2,475**
Hedging instruments	-	-	-	-	-	-	-
NET POSITION AFTER HEDGING	**-2,410**	**1,791**	**1,462**	**1,045**	**-703**	**1,290**	**2,475**

SENSITIVITY ANALYSIS

(in thousands of euros)	USD	GBP	EUR	SEK	SGD	Other	Total
Currency change assumption (appreciation)	5%	5%	5%	5%	5%	5%	-
NET IMPACT ON PROFIT	**-121**	**90**	**73**	**52**	**-35**	**65**	**124**
IMPACT ON EQUITY	**-**	**-**	**-**	**-**	**-**	**-**	**-**

CURRENT ACCOUNTS

(in thousands of euros)	USD	GBP	EUR	SEK	SGD	Other	Total
Assets	-	-	971	-	1,139	-	2,110
Liabilities	10,320	2,456	633	79	-	1,428	14,916
Foreign currency commitments	-	-	-	-	-	-	-
Net position before hedging	**-10,320**	**-2,456**	**338**	**-79**	**1,139**	**-1,428**	**-12,806**
Hedging instruments	-	-	-	-	-	-	-
NET POSITION AFTER HEDGING	**-10,320**	**-2,456**	**338**	**-79**	**1,139**	**-1,428**	**-12,806**

SENSITIVITY ANALYSIS

(in thousands of euros)	USD	GBP	EUR	SEK	SGD	Other	Total
Currency change assumption (appreciation)	5%	5%	5%	5%	5%	5%	
NET IMPACT ON PROFIT	**-**	**-**	**-**	**-**	**-**	**-**	**-**
IMPACT ON EQUITY	**-516**	**-123**	**17**	**-4**	**57**	**-71**	**-640**

Equity risk

At 31 December 2011, Axway Software held 33,392 of its own shares, acquired under the terms of the share repurchase programmes authorised by the General Meeting at an average price of €15.71, for a total outlay of €0.525 million.

All transactions in treasury shares are taken directly to shareholders' equity. The impact at 31 December 2011 was €0.641 million (see Statement of changes in consolidated shareholders' equity).

Note 33. Related-party transactions

33.1. Remuneration of senior management

The items shown in the table below concern the directors and Executive Management.

(in thousands of euros)	31/12/2011	31/12/2010	31/12/2009
Short-term employee benefits [(1)]	1,188	559	404
Equity compensation benefits	28	-	-
TOTAL	**1,216**	**559**	**404**

(1) Short-term employee benefits include the fixed and variable components of compensation, as well as benefits in kind and directors' fees.

The item Equity compensation benefits relates to the value of the services rendered by Christophe Fabre, which were compensated through the granting of options in 2011.

The total amount of directors' fees to be apportioned among the members of the Board of Directors was set at €0.250 million for 2011.

33.2. Transactions with the Sopra Group and companies in the Sopra Group

The table below lists the transactions between the Axway Group and:

- Sopra Group SA;
- other companies in the Sopra Group.

(in thousands of euros)	31/12/2011	31/12/2010	31/12/2009
Transactions with the Sopra Group			
Sale of goods and services	996	2,970	1,958
Purchase of goods and services	-8,191	-11,179	-10,139
Operating receivables	307	330	494
Operating payables	-490	-2,616	-3,152
Financial expense	-752	-1,503	-1,026
Financial liabilities (current account)	-	-68,432	-76,600
Transactions with Sopra Group companies			
Sale of goods and services	623	67	254
Purchase of goods and services	-3,200	-2,727	-2,918
Operating receivables	795	96	128
Operating payables	-470	-725	-1,243
Financial expense	-	-	-
Financial liabilities (current account)	-	-	-

The purchase of goods and services from the parent company concerns the use of premises, the use of IT resources, internal sub-contracting and non-recurring expenses related to the spin-off of Axway Software from the Sopra Group.

33.3. Subsidiaries and associated entities

Transactions and balances between Axway Software and its subsidiaries were eliminated in full on consolidation, since all of the subsidiaries are fully consolidated.

33.4. Relationships with other related parties

None.

Note 34. Off-balance sheet commitments and contingent liabilities

34.1. Contractual obligations

Contractual obligations	Payments due per period					
(in thousands of euros)	Less than one year	One to five years	More than five years	31/12/2011	31/12/2010	31/12/2009
Long-term liabilities	-	-	-	-	-	-
Current account – Sopra Group [(1)]	-	-		-	68,432	76,600
Finance lease obligations	-	-	-	-	-	-
Employee profit sharing	404	1,968	-	2,372	2,021	1,809
Other sundry financial debt	-	-	-	-	-	-
Current bank overdrafts	126	-	-	126	105	1
TOTAL COMMITMENTS RECOGNISED	**530**	**1,968**	**-**	**2,498**	**70,558**	**78,410**

(1) This current account was reimbursed in full following the capital increase implemented on 19 July 2011.

Other commercial commitments	Amount of commitments per period					
(in thousands of euros)	Less than one year	One to five years	More than five years	31/12/2011	31/12/2010	31/12/2009
Credit lines	-	-	-	-	-	-
Letters of credit	-	-	-	-	-	-
Guarantees	-	-	-	-	187	187
Purchase obligations	-	-	-	-	-	-
Other commercial commitments	-	-	-	-	-	-
TOTAL UNRECOGNISED COMMITMENTS	**-**	**-**	**-**	**-**	**187**	**187**

Sopra Group currently guarantees Axway Inc.'s lease in Phoenix, Arizona (USA). This guarantee total $2.7 million and reduces over time as the time remaining on the leases decreases.

In relation to the commitments received, Axway Software has an unused credit line of €20 million.

Axway Software also has a €100 million multi-currency credit line, which was unused at 31 December 2011.

The Group hires its IT equipment, office fixtures and fittings and premises under operating lease contracts. The rental charges for the above totalled €9.2 million in 2011 and €9.6 million in 2010.

At 31 December 2011, the minimum annual payments due in the future under non-cancellable lease contracts were as follows:

(in thousands of euros)	**Operating leases**
2012	4,276
2013	2,944
2014	2,505
2015	1,865
2016	1,374
2017 and subsequent years	531
TOTAL MINIMUM FUTURE LEASE PAYMENTS	**13,496**

34.2. Commitments given related to recurring operations

(in thousands of euros)	**31/12/2011**	**31/12/2010**	**31/12/2009**
Discounted notes not yet due	-	-	-
Bank guarantees/deposits on leased premises	-	187	187
Bank guarantees for effective project completion	-	-	-
Collateral, guarantees, mortgages and sureties	-	-	-
Exchange rate hedging instruments	-	-	-

34.3. Covenants

Since 7 June 2011, Axway Software has had a multi-currency credit line of €100 million. This credit line is contracted with six banks, and comprises two tranches.

Axway Software has undertaken to respect the following covenants in respect of this multi-currency credit line:

- net debt/EBITDA ratio of lower than 3.0 between 30 June 2011 and 30 June 2013, and lower than 2.5 from 31 December 2013. This ratio stood at -0.69 at 31 December 2011;
- EBITDA/financial expense ratio of higher than 5.0 throughout the term of the loan. This ratio stood at 21.0 at 31 December 2011;
- net debt/shareholders' equity ratio of lower than 1.0 throughout the term of the loan. This ratio stood at -0.11 at 31 December 2011.

Note that the net debt figure used in the calculations does not include employee profit-sharing liabilities.

34.4. Contingent liabilities

No contingent liabilities need to be taken into account.

34.5. Collateral, guarantees and surety

No such assets were pledged in this manner.

34.6. Real collateral given in guarantee

Under the terms of the loan agreement signed on 7 June 2011, and in relation to the loans obtained, Axway Software pledged its goodwill to the lenders as collateral and surety for the obligations guaranteed. The amount of this guarantee is equal to the amount of the medium-term loan obtained, *i.e.* €100 million.

Note 35. Exceptional events and legal disputes

At the date of this report, proceedings had been brought against the Group by a US government agency (the General Services Administration or **GSA**) in the matter of a trade dispute relating to the price schedule to which the Group is alleged to have agreed for the supply of licences to this client. No specific amount has been claimed at this stage by the GSA and the Group is currently exploring possible ways to reach an out-of-court settlement of this dispute.

Due to the uncertainty as to the outcome of this claim, the Group is not able, at the date of this report and given the elements currently in its possession, to estimate the total amounts that might be requested and found to be payable by the Group should this matter enter litigation, and has therefore allocated no provisions in this regard.

As far as the Group is aware, and notwithstanding the information provided in this report, there were no disputes or litigation known of or under way that may have a significant negative impact on the Group's financial position, as at the date of this report.

Note 36. Events subsequent to the financial year-end

None.

Note 37. Rates of conversion of foreign currencies

	Average rate for the period			Period-end rate		
€1/currency	**2011**	**2010**	**2009**	**31/12/2011**	**31/12/2010**	**31/12/2009**
Swiss franc	1.2318	1.3795	1.5075	1.2156	1.2504	1.4836
Pound sterling	0.8675	0.8576	0.8895	0.8353	0.8608	0.8881
Swedish krona	9.0261	9.5374	10.5766	8.9119	8.9654	10.2520
Romanian leu	4.2371	4.2093	4.2413	4.3234	4.2620	4.2363
Bulgarian lev	1.9558	1.9558	1.9558	1.9558	1.9558	1.9558
US dollar	1.3904	1.3243	1.3923	1.2939	1.3362	1.4406
Australian dollar	1.3478	1.4415	1.7559	1.2723	1.3136	1.6008
Hong Kong dollar	10.8237	10.2891	10.7921	10.0513	10.3853	11.1709
Singapore dollar	1.7487	1.8040	2.0228	1.6819	1.7136	2.0194
Yuan (China)	8.9847	8.9646	9.5098	8.1586	8.8222	9.8350
Rupee (India)	64.7668	60.5327	67.3164	68.7285	59.7729	67.0400
Ringitt (Malaysia)	4.2537	4.2589	4.9057	4.1054	4.0950	4.9326
Korean won	1,538.4615	1,538.4615	1,767.3245	1,492.5373	1,492.5373	1,666.9700

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

To the shareholders,

In accordance with our appointment as Statutory Auditors by your General Meetings, we hereby report to you for the year ended 31 December 2011 on:

- the audit of the accompanying consolidated financial statements of the Axway Group;
- the justification of our assessments;
- the specific procedures required by law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

These financial statements were prepared in accordance with the international financial reporting standards (IFRS) adopted by the European Union. They show comparative information for 2009 and 2010 that has been restated according to the same rules.

It should be noted that as the Company prepared consolidated financial statements for the first time for the year ended 31 December 2011, the figures relating to the 2009 and 2010 financial years provided for the purposes of comparison are unaudited.

I Opinion on the consolidated financial statements

We performed our audit in accordance with generally accepted French auditing standards. These standards require that we perform our audit in such a way as to obtain reasonable assurance that the consolidated financial statements are free from material misstatement. An audit involves the verification, on a test basis or through the use of any other selection methods, of the evidence supporting the amounts and disclosures included in the consolidated financial statements. An audit also includes an assessment of the accounting policies used and significant estimates made by the management, as well as an evaluation of the overall presentation of the financial statements. We believe that the evidence we have been able to gather provides a sufficient and appropriate basis to express our audit opinion.

We certify that the consolidated financial statements are, with respect to IFRS as adopted in the European Union, true and fair and provide a true and fair view of the net worth, financial situation and earnings of the consolidated entity at the end of the financial year under review.

Without qualifying the above opinion, we would like to draw your attention to Note 1.2.a of the consolidated financial statements, which discusses the impact of the new standards applicable for accounting periods beginning on or after 1 January 2011.

II Justification of assessments

In accordance with Article L. 823-9 of the French Commercial Code governing the justification of our assessments, we hereby report on the following matters:

- the Company allocates a provision for its retirement benefit commitments towards its employees based on the projected credit unit method, as indicated in Notes 1.17.b and 15 of the consolidated financial statements. In the course of our assessments, we examined the data used, we assessed the actuarial assumptions retained, verified the overall consistency of these assumptions and the resulting measurements, as well as the appropriateness of the information provided in the note;
- at each balance sheet date, the Company systematically performs an impairment test on goodwill, based on the methods described in Notes 1.11 and 5.3 to the consolidated financial statements. In the course of our assessments, we examined the appropriateness of the approach adopted in addition to the implementation methods of this impairment test and the overall consistency of the assumptions used and the resulting assessments;
- the Company recognises deferred tax assets in application of the procedures described in Notes 1.13 and 9.3 to the consolidated financial statements. In the course of our assessments, we verified the consistency of all of the data and assumptions that underpin the measurement of deferred tax assets.

These assessments form part of our overall audit approach of the consolidated financial statements and thus contributed to the formulation of our unqualified opinion expressed in the first section of this report.

III Specific verification

We also performed the specific procedures in accordance with professional standards applicable in France and required by law in relation to the information relating to the Group provided in the management report.

We have no comments to make on the sincerity and consistency with the consolidated financial statements.

Paris and Courbevoie, 29 March 2012

The Statutory Auditors

Auditeurs & Conseils Associés	Mazars
François Mahé	Christine Dubus

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2011 PARENT COMPANY FINANCIAL STATEMENTS

BALANCE SHEET

ASSETS *(in thousands of euros)*	2011	2010
Intangible assets	29,852	20,273
Property, plant and equipment	2,391	1,637
Financial investments	140,363	160,292
Non-current assets	**172,606**	**182,202**
Trade receivables	40,055	44,755
Other receivables, prepayments and accrued income	9,297	7,045
Cash and cash equivalents	8,453	11,178
Current assets	**57,805**	**62,978**
TOTAL ASSETS	**230,412**	**245,180**

EQUITY AND LIABILITIES *(in thousands of euros)*	2011	2010
Share capital	40,301	75,620
Premiums	97,466	
Reserves	3,629	18,014
Net profit for the year	8,623	8,351
Tax-driven provisions	11,062	6,151
Equity	**161,082**	**108,136**
Provisions for contingencies and losses	**3,825**	**3,022**
Financial debt	25,525	89,789
Trade payables	15,374	15,664
Tax and social charge payables	19,733	21,650
Other liabilities, accruals and deferred income	4,873	6,919
Liabilities	**65,505**	**134,022**
TOTAL EQUITY AND LIABILITIES	**230,412**	**245,180**

INCOME STATEMENT

(in thousands of euros)	**2011**	**2010**
Net revenue	134,568	114,245
Other operating income	301	174
Operating income	**134,869**	**114,419**
Purchases consumed	44,817	30,035
Employee costs	51,389	49,705
Other operating expense	22,161	17,545
Taxes and duties	2,864	2,518
Depreciation, amortisation and provisions	4,586	1,816
Operating expenses	**125,816**	**101,619**
Operating profit	**9,053**	**12,800**
Financial income and expense	1,487	842
Pre-tax profit on ordinary activities	**10,539**	**13,642**
Exceptional income and expenses	-6,113	-6,151
Employee profit-sharing and incentive schemes	-939	-1,917
Corporate income tax	5,136	2,777
NET PROFIT	**8,623**	**8,351**

NOTES TO THE 2011 PARENT COMPANY FINANCIAL STATEMENTS

1 Significant events, accounting policies and valuation rules

1.1 Significant events

Flotation of Axway Software SA

The flotation of Axway Software SA on the regulated market NYSE Euronext Paris (code: AXW) on 14 June 2011 was carried out following the direct listing of the 16,120,513 shares comprising its share capital. The admission to listing of the Company's shares took place at the same time as the distribution by the Sopra Group to its shareholders of 73.73% of the Company's share capital. The launch price of the shares was €18.61. The Company was valued at €300 million.

Changes in share capital

Prior to the spin-off of Axway Software and its flotation, the structure of the shareholders' equity of Axway Software SA was modified by the distribution of an exceptional dividend on premiums and reserves of €13.864 million and a capital increase of €61.862 million. This capital increase enabled the current account debt to the Sopra Group to be repaid in full.

Multi-currency loan agreement

In June 2010, Axway Software SA obtained a medium-term multi-currency credit line of €100 million from a pool of six banks. The related fees and commissions, of €0.517 million, were recognised under operating expenses. As at the date of this report, no drawdowns had been made.

Transfer of the intellectual property of Tumbleweed

The intellectual property relating to Tumbleweed software was sold by Axway Inc. to Axway Software on 1 April 2011 for $18 million (€12.729 million at the exchange rate on the transaction date). The payment was made from a current account. The sale price was determined by an independent expert.

The software is amortised over 12 years, giving rise to an expense of €0.772 million for 2011.

1.2 Accounting policies and valuation rules

The 2011 financial statements were prepared in accordance with French generally accepted accounting principles.

These principles were applied on a prudent basis and in accordance with the following underlying assumptions:

- going concern basis;
- consistency of accounting methods from one year to the next;
- accrual basis;
- and in accordance with general guidelines for the preparation and presentation of annual financial statements.

No change has been made in accounting policies during the periods under review.

Research and Development expenses

All research expenses are charged to the income statement in the year they are incurred.

Project development costs may be capitalised if all of the following can be demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- the manner in which the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

No software development expenses have been recognised under intangible assets, as all of the conditions described above have not been met.

Software acquired

Software acquired corresponds mainly to the transfer made by the Sopra Group in 2001 and to the acquisition of the intellectual property relating to the software of Cyclone and Tumbleweed from Axway Inc. in 2010 and 2011.

The software transferred by the Sopra Group was recognised at the net carrying amount recorded in the financial statements of the Sopra Group at 31 December 2000. It is amortised on a straight-line basis over three, five or ten years.

The Cyclone and Tumbleweed software was recognised at the purchase cost, which was calculated by an independent expert in the USA. Amortisation for the Cyclone software is over six years for accounting purposes and one year for tax purposes. The Tumbleweed software is amortised over 12 years.

Business goodwill

The business goodwill comes from the partial contribution of assets from the EAI (Enterprise Application Integration) division.

Business goodwill is not amortised systematically, but if appropriate, a provision may be set aside for impairment. Amortisation applied prior to 1 January 2001 in the financial statements of the Sopra Group has been retained in the balance sheet.

The Company conducts impairment tests on its business goodwill each time that there is an indication of an impairment loss. It writes down the value of an asset if its current value (either the market value or the economic value, whichever is highest) is less than its carrying amount.

Property, plant and equipment

Property, plant and equipment are stated in the balance sheet at their acquisition cost or the pre-transfer carrying amount.

Depreciation is based on the straight-line method according to the useful economic lives of each non-current asset category as follows:

Fixtures and fittings	10 years
Equipment and tooling	3 to 5 years
Furniture and office equipment	5 to 10 years

Equity investments

On initial recognition, equity investments are recognised at their acquisition or subscription price, including acquisition costs.

The carrying amount of equity investments corresponds to their value in use.

Impairment is recognised if the value in use of equity investments, which includes the net assets of subsidiaries (see Note 2.1.3) and an analysis of the growth and profitability projections, is lower than the carrying amount in the financial statements. The analysis of growth projections may involve the discounting of future cash flows. In this case, cash flows are determined on the basis of available data and five-year forecasts. A growth rate in perpetuity of 2.5% is applied from the start of the sixth year. The cash flows resulting from these forecasts are then discounted using a discount rate of 10%.

Revenue

Services provided within the scope of the Group's software operations include:

- the right of use under licence of the software and solutions provided;
- maintenance;
- ancillary services: installation, configuration, adaptation, training, etc.

a. In general, separate contracts are concluded with clients for licences and maintenance on the one hand and ancillary services on the other hand

In this situation, the various elements comprising contracts are accounted for as follows:

- the licence fee is recognised when delivery takes place, which is reputed to be the case when all contractual obligations have been fulfilled, *i.e.* when any remaining services to be provided are insignificant and not liable to endanger the client's acceptance of goods supplied or services rendered;
- maintenance is generally billed in advance and is recognised on a time basis;
- ancillary services are generally provided on the basis of time spent and are recognised when performed, *i.e.* in general when invoiced (see paragraph d. below). Ancillary services are sometimes performed within the scope of fixed-price contracts in which case they are recognised using the percentage of completion method described in paragraph e. below.

b. Sometimes, contracts comprising multiple elements (licence, maintenance, ancillary services, etc.) may be negotiated on a fixed-price basis

In this situation, the amount of revenue attributable to the licence is obtained by the difference between the total contract amount and the fair value of its other components, *i.e.* maintenance and ancillary services. The fair value of the other components is determined when possible on the basis of the list prices applying in the case of a separate sale or alternatively, on the basis of management's best estimate. The residual amount attributed to the licence is recognised at the time of delivery.

c. In fairly rare instances, ancillary services may be considered essential to the operation of a software package

This may be the case for very complex projects, the completion of which may be subject to particular risks. The project is then examined as a whole and is the focus of specific monitoring.

They are accounted for using the percentage of completion method described in paragraph e. below.

d. Technical assistance, consulting, training and projects provided on an ongoing contract basis

These services are recognised when performed, *i.e.* in general at the time of invoicing.

Operations are reviewed at each balance sheet date:

- services already performed but not yet, or only partially, invoiced are measured on the basis of billable time and the contractual billing rates. They are recognised as revenue and are included in the balance sheet under the *Accrued income* item *Trade receivables;*
- services already billed but not yet entirely performed are deducted from invoiced revenue and included in the balance sheet under the *Other liabilities* item *Deferred income*.

e. Services covered by fixed-price contracts

Under such contracts the Group commits itself to a price, a result and a deadline. Revenue and profit generated by a contract are recognised on the basis of a technical assessment, in line with the Group's quality procedures, of the contract's degree of completion.

Trade receivables

Trade receivables are recognised using the methods specified above.

A separate estimate is carried out for each trade receivable at the end of the financial year and impairment is recognised in the event of a risk of non-recovery linked to collective proceedings. Doubtful debts for which legal proceedings have not been instigated are treated as accrued credit notes.

Retirement benefits

Since 2004, Axway Software has provided for all of its retirement commitments in accordance with the provisions of the Syntec collective bargaining agreement regarding retirement and pensions.

Axway Software's obligation towards its employees is determined on an actuarial basis, using the projected credit method: the employer's discounted obligation is recognised in proportion to the probable length of service of the employees, taking into account actuarial assumptions such as the level of future salary, life expectancy and employee turnover. Changes in actuarial assumptions that affect the valuation of the obligation are recognized as actuarial gains and losses.

2 Notes to the balance sheet

2.1 Non-current assets

Intangible assets

(in thousands of euros)	Concessions, patents, similar rights	Business goodwill	Total
Gross value			
At 1 January 2011	**24,870**	**6,609**	**31,479**
• Acquisitions	12,899		12,899
• Disposals			0
At 31 December 2011	**37,769**	**6,609**	**44,378**
Depreciation			
At 1 January 2011	**11,171**	**35**	**11,206**
• Provisions	3,320		3,320
• Reversals			0
At 31 December 2011	**14,491**	**35**	**14,526**
Net value			
At 1 January 2011	**13,699**	**6,574**	**20,273**
At 31 December 2011	**23,278**	**6,574**	**29,852**

Intangible assets mainly comprise software and business goodwill transferred by the Sopra Group in 2001 and acquired from Axway Inc. in 2010 and 2011.

Software development costs, which totalled €15.543 million in 2011, are recorded as expenses (see Note 1.2).

Property, plant and equipment

(in thousands of euros)	Technical installations	Furniture and office equipment	Total
Gross value			
At 1 January 2011	**1,906**	**0**	**1,906**
• Acquisitions	1,446		1,446
• Disposals			0
At 31 December 2011	**3,352**	**0**	**3,352**
Depreciation			
At 1 January 2011	**269**	**0**	**269**
• Provisions	692		692
• Reversals			0
At 31 December 2011	**961**	**0**	**961**
Net value			
At 1 January 2011	**1,637**	**0**	**1,637**
At 31 December 2011	**2,391**	**0**	**2,391**

Sopra Group has made available to Axway Software fully equipped offices, chiefly at the Annecy-le-Vieux and Puteaux sites.

Purchases of technical installations consist solely of IT equipment.

Financial investments

(in thousands of euros)	Equity investments	Receivables related to equity investments	Loans and other financial investments	Total
Gross value				
At 1 January 2011	**170,398**	**10,333**	**13**	**180,744**
• Acquisitions/increase	-	665	862	1,527
• Disposals/decrease	-909	-9,220	-6	-10,134
At 31 December 2011	**169,489**	**1,778**	**869**	**172,136**
Impairment				
At 1 January 2011	**20,049**	**403**	**0**	**20,452**
• Provisions	12,000	230	-	12,230
• Reversals	-909	-	-	-909
At 31 December 2011	**31,140**	**633**	**0**	**31,773**
Net value				
At 1 January 2011	**150,349**	**9,930**	**13**	**160,292**
At 31 December 2011	**138,349**	**1,145**	**869**	**140,363**

Details concerning equity investments are provided in the “Subsidiaries and associated entities” tables presented in Note 4.7.

The increase in “Loans and other financial investments” relates to the liquidity contract put in place with Kepler for market making in Axway shares.

a. Gross amounts

In 2011, the decrease relating to investments in associates relates to the winding up of the subsidiary Axway Asia Pacific Pte Ltd (a holding company based in Singapore).

The decrease in receivables related to equity investments is mainly attributable to the repayment made by Axway Inc. through the allocation to the current account of the transfer of the intellectual property of Tumbleweed.

b. Impairment of equity investments

Provisions on equity investments related to Axway GmbH. In July 2011, this subsidiary paid an exceptional dividend on its issue premium totalling €12 million. Taking into account this dividend, the net assets of Axway GmbH totalled €11 million at 31 December 2011, versus a gross value of securities under assets of €23 million.

The reversal of provisions for the impairment of investments in associates involves the disposal of Axway Asia Pacific Pte Ltd shares.

2.2 Other assets

Trade receivables

(in thousands of euros)	2011	2010
Non-Group clients	20,332	26,903
Accrued income	17,762	16,052
Group clients	2,126	1,851
Doubtful debtors	25	19
Provision for doubtful debtors	-190	-70
TOTAL	**40,055**	**44,755**

Trade receivables are recognised as assets and are stated net of all client-related debit and credit balances.

Provisions have been made for the item “Doubtful debtors” and for certain Group receivables.

Other receivables, prepayments and accrued income

(in thousands of euros)	2011	2010
Corporate income tax	7,875	5,174
Tax at source		297
VAT	363	616
Other receivables	256	628
Prepaid expenses	581	310
Translation differential – Assets	222	21
TOTAL	**9,297**	**7,045**

Impairment of current assets

(in thousands of euros)	Amount at start of year	Provisions	Reversals	Amount at end of year
Impairment of trade receivables	70	125	5	190
TOTAL	**70**	**125**	**5**	**190**

Impairment mainly relates to receivables with subsidiaries in Asia totalling €0.114 million.

2.3 Equity

Share capital

At 31 December 2011, the share capital of Axway Software totalled €40,301,282. It comprises 20,150,641 shares, each with a nominal value of €2.00.

The Company holds 33,392 treasury shares.

Changes in shareholders' equity

(in thousands of euros)	Share capital	Issue premiums	Legal reserve	Discretionary reserves	Net profit for the year	Tax-driven provisions	Total
Position at 1 January 2011	**75,620**		**1,169**	**16,845**	**8,351**	**6,151**	**108,136**
Appropriation of earnings 2010			418	13	-8,351		-7,920
Amortisation of intellectual property						4,911	4,911
Exceptional distribution of premium				-13,864			-13,864
Capital increase by capitalisation of reserves	952			-952			0
Capital reduction and allocation to premiums	-44,331	44,331					0
Capital increase	8,060	53,802					61,862
Costs related to capital increase		-667					-667
Profit for the year					8,623		8,623
Position at 31 December 2011	**40,301**	**97,466**	**1,587**	**2,042**	**8,623**	**11,062**	**161,082**

The total amount of dividends paid in 2011 was €21.784 million.

In April 2011, an initial capital increase was carried out by capitalisation of reserves in the amount of €0.952 million. A bonus issue of 200,513 new shares, each with a nominal value of €4.75, was allocated to shareholders in proportion to their holdings.

This capital increase was followed by a reduction in the nominal value of the shares of €44.331 million. This reduction took the nominal value of the shares from €4.75 to €2.00.

In July 2011, a further capital increase was carried out in the amount of €61.862 million, through the issue of 4,030,128 new shares at the price of €15.35 per share. The costs related to this capital increase were recorded as a deduction from the issue premium of €0.667 million.

Tax-driven provisions correspond to the difference between the amortisation over six years of Cyclone software for accounting purposes (€2.471 million) and over one year for tax purposes (€7.382 million).

Share subscription option plans

	Initial position		Exercise period		Position at 1 January		Changes during the year		Position at 31/12/2011	
Grant date	No. of options	Exercise price	Start date	End date	No. of options	Exercise price	No. of options	Exercise price	No. of options	Exercise price
Plan No. 1 – 2007 stock option plan, issue of a maximum of 1,990,000 shares (General Meeting of 23/05/2007)										
23/05/2007	20,100	€78.90	24/05/2011	23/05/2012	20,100	€106.90	150,297	-€94.29	170,397	€12.61
22/11/2007	17,000	€93.54	30/06/2010	31/12/2013	13,000	€121.54	97,190	-€107.20	110,190	€14.34
22/11/2007	17,000	€93.54	30/12/2012	31/12/2013	13,000	€121.54	50,571	-€107.20	63,571	€14.34
06/11/2008	8,500	€145.00	30/06/2011	31/12/2014	8,500	€145.00	63,546	-€127.89	72,046	€17.11
06/11/2008	8,500	€145.00	30/12/2013	31/12/2014	8,500	€145.00	63,546	-€127.89	72,046	€17.11
19/05/2009	4,000	€145.00	30/06/2011	31/12/2014	4,000	€145.00	29,904	-€127.89	33,904	€17.11
19/05/2009	4,000	€145.00	30/12/2013	31/12/2014	4,000	€145.00	-4,000	-€127.89	-	€17.11
Total	**79,100**				**71,100**		**451,054**		**522,154**	
Plan No. 2 – 2010 stock option plan, issue of a maximum of 1,990,000 shares (General Meeting of 25/11/2010)										
25/11/2010	5,000	€145.00	30/06/2012	31/12/2015	5,000	€145.00	37,379	-€127.89	42,379	€17.11
25/11/2010	5,000	€145.00	30/12/2014	31/12/2015	5,000	€145.00	37,379	-€127.89	42,379	€17.11
Total	**10,000**				**10,000**		**74,758**		**84,758**	
Plan No. 3 – 2011 stock option plan, issue of a maximum of 1,033,111 shares (General Meeting of 28/04/2011)										
18/11/2011	516,175	€14.90	18/05/2014	18/11/2019	-	-	516,175	€14.90	516,175	€14.90
18/11/2011	516,175	€14.90	18/11/2016	18/11/2019	-	-	516,175	€14.90	516,175	€14.90
Total	**1,032,350**				**-**		**1,032,350**		**1,032,350**	
TOTAL FOR ALL PLANS	**1,121,450**				**81,100**		**1,558,162**		**1,639,262**	

- No share subscription options were exercised in 2011.
- No options were allocated under Plan No. 1.
- In accordance with the authorisation granted by the Combined General Meeting of 28 April 2011, the Board of Directors' meeting of 30 August 2011 approved Plan No. 3, under which a maximum of 1,033,111 shares may be issued to eligible employees and officers of the Axway Group. Under the plan, which will remain in place for 38 months, 1,032,350 share subscription options were allocated on 18 November 2011, with the following characteristics:
  - validity – 8 years from the allocation date;
  - vesting period – 50% after 30 months, 50% the day after the fifth anniversary of allocation;
  - exercise period – after the above-mentioned vesting periods have elapsed.
- With regard to Plan No. 1 and Plan No. 2, the changes arising during the period, both in terms of number and exercise price, were solely attributable to the modifications made to the share capital in 2011.
- The fair values of the share subscription options allocated under Plan No. 1 and Plan No. 2 were determined using the binominal model recommended by IFRS 2.

- The fair value of the share subscription options allocated under Plan No. 3 was determined using the same binomial model and the following assumptions: average expected life of 4.5 and 6 years; expected volatility of 29.44%; dividend yield of 1.39% and risk-free interest rate of 2.48%. Expected volatility was determined on the basis of the volatility expected for stocks in comparable sectors.
- The average closing price of the stock in 2011, following the flotation on 14 June, was €16.77.
- No provisions have been made in the financial statements of Axway Software in relation to share subscription options.

2.4 Provisions for contingencies and losses

(in thousands of euros)	Amount at start of year	Provisions	Reversals (provisions used)	Reversals (unused provisions)	Amount at end of year
Provisions for disputes	117	151	117		151
Provisions for foreign exchange losses	21	222		21	222
Provisions for risks relating to subsidiaries	0				0
Provisions for retirement benefits	2,884	605	37		3,452
Provisions for tax	0				0
TOTAL	**3,022**	**978**	**154**	**21**	**3,825**

Provisions were recorded chiefly in relation to financial risks arising from retirement benefit commitments and exchange rate losses.

The total commitment for retirement benefits amounted to €4.983 million. The cumulative amount of unrealised actuarial differences on the balance sheet at year-end 2011 was €1.531 million (see Note 1.2).

Assumptions relating to procedures for departures take into account changes in legislation in order to reflect the Group's best estimates at the balance sheet date:

- the Social Security Financing Act for 2008 introduced a contribution to be paid by the employer as part of the benefits due to an employee whose retirement is at the request of the employer. This contribution amounts to 50% and applies irrespective of the age of the employee;
- with effect from 1 January 2009, an employer may no longer unilaterally require employees to retire unless they have reached the age of 70. For employees between the ages of 65 and 70, the employer may not make any retirement decisions of its own accord before asking the employees whether or not they would like to retire voluntarily;
- the French pension reform signed into law on 9 November 2010 raised the minimum retirement age from 60 to 62. The pensionable age will increase by four months each year starting on 1 July 2011, to reach 62 years by 2018 for employees born in 1956. The eligibility requirement for full pension benefits regardless of the length of working life, and thus of contributions to insurance schemes, has also been raised, from 65 to 67, increasing at the same rate as the statutory retirement age, but only as from 1 July 2016, meaning that it will reach 67 years of age in 2023.

These successive changes are considered by the Group as changes in actuarial assumptions for the following reasons:

- the changes introduced by the new legal provisions do not have a direct impact on the gross amount received by employees;
- the agreements in force at the date of entry into application of the Act have not been amended: benefits awarded to employees may change at a later date once a new agreement has been concluded;
- the abandonment of an existing departure procedure and the introduction of a new contribution to the benefits paid in the event of retirement at the request of the employer entail the adjustment by the Group of its actuarial assumptions as defined under IAS 19.

2.5 Liabilities

Financial debt

Financial debt includes the special profit-sharing reserve managed by Axway Software in current accounts that are locked up for a certain period. An agreement struck in 2011 also enables employees to opt for external management in multi-company mutual funds.

Other debt includes €23.1 million relating to current accounts with Group companies.

Since 7 June 2011, Axway Software has had a multi-currency credit line of €100 million. This credit line is contracted with six banks, and comprises two tranches.

It was put in place in June 2011 with six partner banks, and is intended to finance acquisitions and the Group's general funding needs.

The first €50 million tranche, "credit line A", is a five-year, multi-currency term loan repayable six-monthly from 15 December 2013. It is intended to finance acquisitions.

The second €50 million tranche, "credit line B", is a five-year, multi-currency revolving loan, repayable six-monthly over the last two years of the loan term. It is intended to finance the Group's general funding needs, including investments and acquisitions.

The applicable interest rate is Euribor for the drawdown period concerned plus a spread adjusted every six months in relation to the net debt/EBITDA ratio, calculated on a 12-month rolling basis. The net debt figure used does not include employee profit-sharing liabilities. The spread may move within the range of 0.85% to 1.70% for drawdowns in euros and from 1.55% to 2.40% for drawdowns in GBP and USD. A non-use fee equivalent to 35% of the spread may also be applied.

Three financial ratios must be met under covenants entered into with partner banking establishments (see Chapter 4, Note 34.3).

At 31 December 2011 no drawdowns had been made in respect of either tranche.

Trade payables

(in thousands of euros)	2011	2010
Trade payables and related accounts	1,256	625
Accrued expenses	12,828	11,474
Trade payables – Group	1,291	3,564
TOTAL	**15,374**	**15,664**

Tax and social charge payables

(in thousands of euros)	2011	2010
Employee costs and related payables	6,932	8,842
Social security	7,700	7,465
VAT	4,815	5,130
Other tax	286	213
TOTAL	**19,733**	**21,650**

Other liabilities, accruals and deferred income

(in thousands of euros)	2011	2010
Client deposits	543	684
Liabilities in respect of non-current assets	182	454
Group and associates	750	750
Other liabilities		1,462
Deferred income	2,409	1,623
Translation differential – Liabilities	989	1,945
TOTAL	**4,873**	**6,919**

Deferred income comprises the portion of billings issued in advance on fixed-price and maintenance contracts.

3 Notes to the income statement

3.1 Revenue

Revenue breaks down as follows by business:

(in thousands of euros)	2011	2010
Licences	31.8%	37.0%
Support and maintenance	42.3%	37.7%
Integration and training services	25.9%	25.3%
REVENUE	**100.0%**	**100.0%**

Of the €135 million in revenue generated in 2011, €58 million derived from international operations.

3.2 Compensation allocated to the members of governing and management bodies

No directors' fees were paid to the directors.

Compensation paid in 2011 to governing and management bodies was €0.635 million.

3.3 Financial items

(in thousands of euros)	2011	2010
Dividends received from equity investments	15,446	1,083
Interest on bank borrowings and similar charges		
Interest on employee profit sharing	-142	-123
Discounting of retirement benefits (provision)	-193	-165
Losses on receivables from equity investments	-281	-1,664
Interest received and paid on Group current accounts	-925	-1,171
Positive and negative foreign exchange impact (including provisions)	-832	1,576
Other allocations to and reversals of financial provisions	-11,436	1,294
Other financial income and expense	-151	12
FINANCIAL ITEMS	**1,487**	**842**

The detail of dividends received is listed in the table of subsidiaries and associated entities (see Note 4.7).

3.4 Exceptional items

In 2011, exceptional items mainly related to the additional amortisation in excess of that required for Cyclone's intellectual property of €4.911 million, and the disposal of shares in subsidiary Axway Asia Pacific Pte Ltd.

3.5 Employee profit sharing

Employee profit sharing, in the amount of €0.763 million, is determined under the conditions laid down by law, with the exception of the additional amortisation in excess of that required for Cyclone's software, of €4.911 million, which was eliminated, in accordance with amendment No. 1 to the profit-sharing agreement, from the calculation of the net profit figure to be used.

3.6 Employee incentive scheme

The total Group incentive amount for 2011 was €2.572 million, of which €0.175 related to Axway Software. This amount is then pooled with that of Sopra Group under a Group agreement signed in 2009 by the managements of both companies and by the employee representatives of the *Unité économique et social* (UES, economic and employee unit). The total amount is then shared out among the employees of the two companies according to the same criteria.

3.7 Corporate income tax

Tax consolidation

Following the distribution by Sopra Group of 73.73% of the shares of Axway Software, the qualifying criteria for tax consolidation no longer exist.

As of 31 December 2011, Axway Software was no longer included in the Sopra Group's tax consolidation group.

Research tax credits

Axway Software received research tax credits for 2011 of €5.624 million.

Breakdown of tax between recurring and exceptional operations

(in thousands of euros)	**2011**	**2010**
Tax on recurring operations	2,261	4,369
Tax on exceptional items	-1,738	-2,118
Changes in provisions for tax reassessment		-59
Research tax credits	-5,624	-4,969
Other tax credits	-35	
TOTAL CORPORATE INCOME TAX	**-5,136**	**-2,777**

Deferred and latent tax position

	Basis					
	Start of the year		Change		End of the year	
(in thousands of euros)	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
I. Certain or potential discrepancies						
Tax-driven provisions	--	--	--	--	--	--
Investment grants	--	--	--	--	--	--
Temporary non-deductible expenses						
• To be deducted the following year						
• employee profit sharing	1,747			984	763	
• *"Organic" tax*	178		63		241	
• To be deducted thereafter						
• provision for retirement commitments	2,884		568		3,452	
• other						
Temporary non-taxable income						
• net short-term capital gains						
• capital gains on mergers						
• long-term deferred capital gains						
Deducted expenses (or taxed income) for tax purposes that has not been recognised						
• deferred charges						
Total	**4,809**		**630**	**984**	**4,456**	
II. Items to be offset						
Losses that may be carried forward for tax offset						
Long-term capital losses						
Other						
III. Contingent tax items						
Capital gains on non-depreciable assets contributed on merger		762				762
Special reserve for long-term capital gains						
Special reserve for construction profits						
Other						

4 Other information

4.1 Maturities of receivables and payables at the balance sheet date

Receivables

(in thousands of euros)	Gross amount	Within 1 year	1 to 5 years
Non-current assets			
Other non-current financial assets	869	869	
Current assets			
Doubtful debts or disputes	25		25
Other trade receivables	40,220	40,220	
Employee costs and related payables	4	4	
Social security			
VAT	363	363	
Other tax	7,875	2,251	5,624
Group and associates			
Other receivables	252	252	
Accruals and deferred income	803	635	168
TOTAL	**50,411**	**44,594**	**5,817**

Other financial investments mainly relate to the liquidity contract.

Payables

(in thousands of euros)	Gross amount	Within 1 year	1 to 5 years
Bank debt			
• 2 years maximum at origin	138	138	
• More than 2 years at origin			
Other financial debt	2,239	401	1,838
Group and associates	23,148	23,148	
Trade payables	15,374	15,374	
Employee costs and related payables	6,932	5,994	938
Social security	7,700	7,700	
State and public bodies			
• Corporate income tax			
• VAT	4,815	4,815	
• Other tax	286	286	
Liabilities in respect of non-current assets	932	932	
Other liabilities	543	543	
Accruals and deferred income	3,398	3,398	
TOTAL	**65,505**	**62,728**	**2,776**

4.2 Information concerning related parties

(in thousands of euros)	**Related parties**
Assets	
Advances and payments on account for non-current assets	
Equity investments	138,349
Receivables related to equity investments	1,145
Loans	
Trade receivables	16,486
Other receivables	4
Translation differential – Assets	219
Liabilities	
Convertible bonds	
Other bonds	
Bank debt	
Other financial debt	
Group and associates	23,148
Liabilities in respect of non-current assets	750
Trade payables	12,641
Other liabilities	
Translation differential – Liabilities	948
Income statement	
Income from equity investments	15,446
Other financial income	107
Financial expense	280
Write-off of receivables (financial expense)	281
Provisions for impairment of equity investments (financial expense)	12,000
Provisions for impairment of trade receivables (financial expense)	114
Provisions for impairment of current accounts (financial expense)	230
Reversal of impairment of equity investments (financial income)	908
Reversal of impairment of trade receivables (financial income)	
Reversal of impairment of current accounts (financial income)	
Reversal of provisions for risks relating to subsidiaries (financial income)	

4.3 Accrued income and expenses

(in thousands of euros)	
Accrued income	
Trade payables – Credit notes to be received	
Trade receivables	17,762
Tax and social charge receivables	
Other receivables	
TOTAL	**17,762**
Accrued expenses	
Accrued interest	
Trade payables	12,828
Trade receivables – Credit notes to be issued	
Tax and social charge payables	8,883
Other liabilities	
TOTAL	**21,710**

4.4 Workforce

The workforce at 31 December 2011 comprised 624 employees, and the average number of employees for the year was 608.

4.5 Off-balance sheet commitments

Individual training rights (DIF)

In 2011, 10,028 hours were acquired and 1,320 DIF hours were consumed.

At 31 December 2011, the cumulative balance of training that was not consumed amounted to 36,307 hours.

Bank guarantees

Bank guarantees for effective project completion stood at €0.067 million at 31 December 2011.

4.6 Exceptional events and legal disputes

To the Company's knowledge, there are no exceptional events or legal disputes that may impact on its financial position, business or results.

4.7 List of subsidiaries and associated entities

Company *(in euros)*	Share capital	Other shareholders' equity	% of capital held	Carrying amount of securities: Gross	Carrying amount of securities: Net	Loans and advances granted by the Company and not yet repaid	Latest financial year revenue excl. VAT	Latest financial year profit or loss	Dividends received by the Company during the financial year
Subsidiaries									
Axway UK Ltd (United Kingdom)	119,717	474,886	100.0%	148,270	148,270		10,518,708	1,064,878	
Axway GmbH (Germany)	425,000	10,581,930	100.0%	23,038,194	11,038,194		21,575,169	101,730	12,000,000
Axway Srl (Italy)	98,040	64,017	100.0%	98,127	98,127		4,127,255	-19,576	
Axway Software Iberia (Spain)	1,000,000	1,535,714	100.0%	1,000,000	1,000,000		3,304,246	365,255	
Axway Nordic (Sweden)	11,221	820,954	100.0%	20,706,081	1,606,080		5,762,650	221,709	928,454
Axway Inc. (USA)	2	101,510,877	100.0%	120,266,278	120,266,278		96,653,679	6,108,500	
Axway BV (Netherlands)	18,200	817,523	100.0%	200,000	200,000		4,339,921	459,141	
Axway Belgium (Belgium)	1,000,000	194,374	99.9%	999,000	999,000		7,413,212	638,982	1,098,900
Axway Romania Srl (Romania)	12,141	1,159,640	100.0%	1,972,250	1,972,250		8,713,243	1,347,332	1,419,027
Axway Software Korea Corporation Ltd (South Korea)	33,500	-269,085	100.0%	40,486	0	403,045	37,758	2,056	
Axway SAS (France)	37,000	-5,166	100.0%	37,000	37,000		0	-2,256	
Axway Pte Ltd (Singapore)	118,914	123,838	100.0%	1	1	1,138,602	2,739,589	105,528	
Axway Ltd (Hong Kong)	9,949	75,407	100.0%	1	1		1,316,648	68,271	
Axway Pty Ltd (Australia)	78,598	-109,102	100.0%	1	1		1,795,440	6,273	
Axway Software China (China)	1,392,229	-1,329,145	100.0%	1	1		669,642	43,283	
Axway Software SDN BHD (Malaysia)	60,895	-149,284	100.0%	1	1	230,000	338,728	17,255	
Axway Bulgaria EOOD (Bulgaria)	2,556	1,090,037	100.0%	979,846	979,846		5,762,994	696,424	
Axway Distribution France (France)	1,000	-2,835	100.0%	1,800	1,800	3,500	0	-2,129	
Axway Holding Distribution (France)	1,000	-2,241	100.0%	1,880	1,880	2,900	0	-2,196	

5

STATUTORY AUDITORS' REPORT ON THE PARENT COMPANY FINANCIAL STATEMENTS

To the shareholders,

In accordance with our appointment as Statutory Auditors by your General Meetings, we hereby report to you for the year ended 31 December 2011 on:

- the audit of the accompanying separate financial statements of Axway Software;
- the justification of our assessments;
- specific procedures and disclosures required by law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I Opinion on the annual financial statements

We performed our audit in accordance with generally accepted French auditing standards. These standards require that we perform our audit in such a way as to obtain reasonable assurance that the annual financial statements are free from material misstatement. An audit involves the verification, on a test basis or through the use of any other selection methods, of the evidence supporting the amounts and disclosures included in the annual financial statements. An audit also includes an assessment of the accounting policies used and significant estimates made by the management, as well as an evaluation of the overall presentation of the financial statements. We believe that the evidence we have been able to gather provides a sufficient and appropriate basis to express our audit opinion.

In our opinion, the financial statements give a true and fair view of the financial position and the assets and liabilities of the Company at 31 December 2011 and of the results of operations for the year then ended, in accordance with French accounting regulations.

II Justification of assessments

In accordance with Article L. 823-9 of the French Commercial Code governing the justification of our assessments, we hereby report on the following matter:

- the assets of the company Axway Software mainly consist of equity investments, for which the accounting policies are described in Note 1.2. Our work involved assessing the criteria used to estimate the carrying amount of these investments. In the context of our assessments, we verified the rationale for the approach adopted as well as the consistency of all of the hypotheses used and the resulting valuations.

The assessments made in this way form part of our audit approach with respect to the annual financial statements, taken together, and therefore contributed to the formation of our opinion, as expressed in the first section of this report.

III Specific procedures and disclosures

We also performed the other procedures required by law in accordance with professional standards applicable in France.

We have no matters to report as to the fair presentation and consistency with the financial statements of the information provided in the management report of the Board of Directors and in the documents addressed to shareholders with respect to the financial position and the financial statements.

Concerning the information provided in accordance with the provisions of Article L. 225-102-1 of the French Commercial Code on compensation and benefits in kind paid to company officers as well as commitments granted in their favour, we have verified its consistency with the financial statements or with the data used to prepare these financial statements, and, as applicable, with the information collected by your Company from companies controlling or controlled by it. On the basis of this work, we certify the accuracy and truthfulness of this information.

Pursuant to the law, we have verified that the management report contains the applicable disclosures as to the owners of shares.

Courbevoie and Paris, 29 March 2012

The Statutory Auditors

Mazars	**Auditeurs & Conseils Associés**
represented by Christine Dubus	represented by François Mahé

ORDINARY GENERAL MEETING OF 24 MAY 2012

6

AGENDA

Shareholder's,

We have convened this Ordinary General Meeting to submit the following items of business for your approval:

- approval of the parent company financial statements – discharge of members of the Board of Directors;
- approval of the consolidated financial statements;
- appropriation of earnings;
- approval of the agreement for the recharging of expenses and fees incurred in connection with the listing of Axway Software falling within the scope of Article L. 225-38 of the French Commercial Code;
- approval of the service agreement with Sopra GMT, a financial holding company, falling within the scope of Article L. 225-38 of the French Commercial Code;
- approval of the agreement to transfer of intellectual property falling within the scope of Article L. 225-38 of the French Commercial Code;
- approval pursuant to Article L. 225-42 of the French Commercial Code of the agreement for the provision of IT resources entered into between Axway Software and its subsidiaries falling within the scope of Article L. 225-38 of the French Commercial Code;
- approval of the withdrawl from the tax consolidation agreement signed with Sopra Group falling within the scope of Article L. 225-38 of the French Commercial Code;
- approval of debt forgiveness in favour of Axway Srl falling within the scope of Article L. 225-38 of the French Commercial Code;
- conclusions of the special report of the Statutory Auditors on related-party agreements and commitments;
- appointment of a new director;
- setting of Directors' fees;
- authorisation to be given to the Board of Directors to buy back ordinary shares in the Company;
- necessary powers granted to carry out formalities.

PROPOSED RESOLUTIONS

Resolutions presented for the approval of the Ordinary General Meeting

First resolution

Approval of the parent company financial statements – discharge of members of the Board of Directors

The General Meeting, having fulfilled the quorum and majority requirements for Ordinary General Meetings, and having reviewed the management report of the Board of Directors, and the reports of the Statutory Auditors, approves the separate financial statements for the financial year ended 31 December 2011, showing a profit of €8,623,387.03. It also approves the transactions reflected in those financial statements and summarised in those reports.

It accordingly gives the members of the Board of Directors full and unconditional discharge from their duties for the aforementioned financial year.

The General Meeting also approves the non tax deductible expenses, referred to in Article 39-4 of the French Tax Code, amounting to €51,593 and the corresponding tax expense of €17,198.

Second resolution

Approval of the consolidated financial statements

The General Meeting, having fulfilled the quorum and majority requirements for Ordinary General Meetings, and having reviewed the management report of the Board of Directors and the report of the Statutory Auditors, approves the consolidated financial statements as of 31 December 2011 showing a consolidated net profit – attributable to equity holders of the parent – of €21,456,393. It also approves the transactions reflected in those financial statements and summarised in the report on Group Management included in the management report.

Third resolution

Appropriation of earnings

The General Meeting, having fulfilled the quorum and majority requirements for Ordinary General Meetings, notes that the distributable earnings of Axway Software, determined as follows, are €8,623,387.03:

Profit for the year	€8,623,387.03
Retained earnings: dividends not paid on treasury shares	€0
TOTAL	**€8,623,387.03**

At the proposal of the Board of Directors, it resolves to allocate the distributable earnings as follows:

Legal reserve	€431,169.35
Dividend	€5,037,660.25
Discretionary reserves	€3,154,557.43
TOTAL	**€8,623,387.03**

The legal reserve will thus stand at €2,017,903.37, *i.e.* 5% of the share capital.

As the number of shares comprising the share capital at 31 December 2011 was 20,150,641, the dividend allocated per share will be €0.25. The dividend will be paid on 1 June 2012.

The shares held by the Company on the date of the Meeting shall not be entitled to a dividend and the corresponding dividend will be allocated to "retained earnings" upon payment.

For individual shareholders resident in France for tax purposes, it should be noted that the full amount of the proposed dividend will be eligible for the 40% tax deduction under Article 158-3-2 of the French Tax Code, unless they have elected for the 21% withholding tax provided for under Article 117 *quater* of the French Tax Code with respect to these dividends or other income received during the same year.

The amount of dividends distributed over the three prior financial years is indicated below, along with the amount of earnings distributed over those financial years that was eligible for the deduction provided for under Article 158-3-2 of the French Tax Code and the corresponding amount of distributed earnings not eligible for said deduction:

	Distributed earnings eligible for the deduction under Article 158-3-2 of the French Tax Code		
Financial year	**Dividend per share** *(in euros)*	**Other distributed earnings per share** *(in euros)*	**Distributed earnings not eligible for the deduction** *(in euros)*
2010	3.98	6.97	0
2009	0	0	0
2008	0	0	0

Fourth resolution

Approval of the agreement for the recharging of expenses and fees incurred in connection with the listing of Axway Software falling within the scope of Article L. 225-38 of the French Commercial Code

The General Meeting, having fulfilled the quorum and majority requirements for Ordinary General Meetings, and having heard the special report of the Statutory Auditors on agreements falling within the scope of Article L. 225-38 *et seq.* of the French Commercial Code, approves the agreement for the rebilling of expenses and fees incurred in connection with the listing of Axway Software detailed in the special report of the Statutory Auditors and the corresponding conclusions of said report.

Fifth resolution

Approval of the service agreement with Sopra GMT, a financial holding company, falling within the scope of Article L. 225-38 of the French Commercial Code

The General Meeting, having fulfilled the quorum and majority requirements for Ordinary General Meetings, and having heard the special report of the Statutory Auditors on agreements falling within the scope of Article L. 225-38 *et seq.* of the French Commercial Code, approves the service agreement with Sopra GMT, a financial holding company, detailed in the special report of the Statutory Auditors and the corresponding conclusions of said report.

Sixth resolution

Approval of the transfer of intellectual property falling within the scope of Article L. 225-38 of the French Commercial Code

The General Meeting, having fulfilled the quorum and majority requirements for Ordinary General Meetings, and having heard the special report of the Statutory Auditors on agreements falling within the scope of Article L. 225-38 *et seq.* of the French Commercial Code, approves the agreement for the disposal of intellectual property detailed in the special report of the Statutory Auditors and the corresponding conclusions of said report.

Seventh resolution

Approval pursuant to Article L. 225-42 of the French Commercial Code of the agreement for the provision of IT resources entered into between Axway Software and its subsidiaries falling within the scope of Article L. 225-38 of the French Commercial Code

The General Meeting, having fulfilled the quorum and majority requirements for Ordinary General Meetings, and having heard the special report of the Statutory Auditors on agreements falling within the scope of Article L. 225-38 *et seq.* of the French Commercial Code, approves, pursuant to Article L. 225-42 of the French Commercial Code, the agreement for the provision of IT resources entered into between Axway Software and its subsidiaries detailed in the special report of the Statutory Auditors and the corresponding conclusions of said report.

Eighth resolution

Approval of the withdrawl from tax consolidation agreement signed with Sopra Group falling within the scope of Article L. 225-38 of the French Commercial Code

The General Meeting, having fulfilled the quorum and majority requirements for Ordinary General Meetings, and having heard the special report of the Statutory Auditors on agreements falling within the scope of Article L. 225-38 *et seq.* of the French Commercial Code, approves the agreement to leave the tax consolidation scheme signed with Sopra Group detailed in the special report of the Statutory Auditors and the corresponding conclusions of said report.

Ninth resolution

Approval of debt forgiveness in favour of Axway Srl falling within the scope of Article L. 225-38 of the French Commercial Code

The General Meeting, having fulfilled the quorum and majority requirements for Ordinary General Meetings, and having heard the special report of the Statutory Auditors on agreements falling within the scope of Article L. 225-38 *et seq.* of the French Commercial Code, approves the debt write-off in favour of Axway Srl detailed in the special report of the Statutory Auditors and the corresponding conclusions of said report.

Tenth resolution

Conclusions of the special report of the Statutory Auditors on related-party agreements and commitments

The General Meeting, having fulfilled the quorum and majority requirements for Ordinary General Meetings, and having heard the special report of the Statutory Auditors on the agreements falling within the scope of Article L. 225-38 *et seq.* of the French Commercial Code, notes the conclusions of the special report of the Statutory Auditors on the related-party agreements and commitments entered into or authorised, previously approved by the General Meeting of 28 April 2011 and which continued to be in place during the past financial year.

Eleventh resolution

Appointment of a new director

The General Meeting, having fulfilled the quorum and majority requirements for Ordinary General Meetings, and having reviewed the report of the Board of Directors, resolves to appoint Michael Gollner as director for a period of four years ending at the conclusion of the 2016 Ordinary General Meeting called to approve the financial statements for the 2015 financial year.

Twelfth resolution

Setting of directors' fees

The General Meeting, having fulfilled the quorum and majority requirements for Ordinary General Meetings, resolves to set at €250,000 the amount of directors' fees to be split between the members of the Board of Directors for the current financial year.

Thirteenth resolution

Authorisation to be given to the Board of Directors to buy back ordinary shares in the Company

1. The General Meeting, having fulfilled the quorum and majority requirements for Ordinary General Meetings, and having reviewed the report of the Board of Directors, authorises the Board of Directors with immediate effect, with the option to further delegate this power, in accordance with the provisions of Articles L. 225-209 *et seq.* of the French Commercial Code, Articles 241-1 to 241-6 of the General Regulation of the *Autorité des marchés financiers* and European Commission Regulation no. 2273/2003 of 22 December 2003, and market practices permitted by the *Autorité des marchés financiers,* to buy back, on one or more occasions and as and when it sees fit, ordinary shares in the Company on the terms and conditions below.
2. This authorisation is granted to the Board of Directors up to the date of its renewal at a subsequent Ordinary General Meeting and, in any event, for a maximum of eighteen (18) months from the date of this Meeting.
3. Any purchases of ordinary shares in the Company made by the Board of Directors under this authorisation may not in any event result in the Company owning more than 10% of the ordinary shares in its share capital.
4. The transactions effected under the ordinary share buyback programme established by the Company may be carried out, on one or more occasions, by any means authorised under applicable regulations, on or off-market, on a multilateral trading platform, with a systematic internaliser or over the counter, in particular by means of the purchase or sale of share blocks, or alternatively through the use of derivatives traded on a regulated market or over the counter (such as call and put options or any combination thereof) or warrants or more generally securities convertible into ordinary shares in the Company and which, on the terms and conditions permitted by the competent market authorities and as and when decided by the Board of Directors or any person acting on the instructions of the Board of Directors. It should be noted that the portion of the ordinary share buyback programme carried out by means of the acquisition of blocks of ordinary shares is unlimited and may represent the full amount of said programme.
5. The purchases may involve a number of ordinary shares of up to 10% of the total number of ordinary shares as of the date on which these purchases are made. Nevertheless, the number of ordinary shares acquired by the Company with a view to retaining them or subsequently using them as consideration or in exchange as part of a merger, spin-off or transfer of assets, may not exceed 5% of the Company's ordinary shares.
6. The price paid for these shares may not exceed €37, it nevertheless being noted that in the event of changes to the Company's share capital, in particular capital increases with preservation of shareholders' pre-emptive subscription rights or by means of the incorporation of reserves, retained earnings or additional paid-in capital followed by the creation and bonus awarding of ordinary shares, the splitting or reverse-splitting of ordinary shares, the Board of Directors may adjust the aforementioned maximum purchase price in order to reflect the impact of these changes on the value of the ordinary share.

   For the purposes of illustration, without taking account of the shares already owned by the Company, the theoretical maximum amount that the Company may spend buying back ordinary shares under this resolution would be €74,557,368, representing 2,015,064 ordinary shares acquired at the maximum unit price, excluding expenses, of €37 decided above and on the basis of the share capital as of 31 December 2011.
7. This authorisation is designed to enable the Company to buy back ordinary shares for any purpose permitted, or that may be permitted in the future, under applicable laws and regulations. In particular, the Company may use this authorisation to:

   (a) cover Company share purchase option plans benefiting (some or all) employees and/or (some or all) qualifying corporate officers of the Company and of companies or groupings that are or will be associated with it as per the terms of Article L. 225-180 of the French Commercial Code;

   (b) award ordinary shares to qualifying corporate officers, employees and former employees, or certain categories thereof, of the Company or of the Group under profit sharing schemes or a company savings plan in accordance with the law;

(c) award bonus shares under the bonus share award scheme provided for under Articles L. 225-197-1 *et seq.* of the French Commercial Code to employees and qualifying corporate officers, or certain categories thereof, of the Company and/or of companies and economic interest groupings associated with it as per the terms of Article L. 225-197-2 of the French Commercial Code and more generally to award ordinary shares in the Company to these employees and corporate officers;

(d) retain ordinary shares in the Company that are bought back for subsequent exchange or use as consideration in acquisitions, in line with market practices permitted by the *Autorité des marchés financiers;*

(e) deliver shares upon exercise of rights attaching to securities giving entitlement by means of conversion, exercise, redemption, exchange, presentation of a warrant or by any other means, immediately or in the future, to the allocation of Company shares as well as carrying out any transactions required to cover the Company's obligations with respect to these securities, in compliance with stock market regulations and as and when decided by the Board of Directors or any person acting on the instructions of the Board of Directors;

(f) enable market making in ordinary shares *via* an investment services provider under a market making agreement that complies with the AMAFI Code of Ethics, in line with market practices permitted by the *Autorité des marchés financiers,* it being noted that the number of ordinary shares bought back in this respect shall, for the purposes of calculating the 10% limit mentioned in section 5 above, equal the number of ordinary shares bought back, less the number of ordinary shares sold during the period of this authorisation;

(g) cancel all or some of the ordinary shares bought back, so long as the Board of Directors has a valid authorisation from the Extraordinary General Meeting allowing it to reduce the share capital by cancelling ordinary shares bought back under an ordinary share buyback programme.

8. The transactions carried out by the Board of Directors under this authorisation may take place at any time during the period of validity of the share buyback programme.
9. In the event of a public tender offer for the Company's shares, the latter may continue to apply its share buyback programme in compliance with Article 232-15 of the General Regulation of the *Autorité des marchés financiers*.
10. The Company may also use this resolution and continue to apply its buyback programme in compliance with legal and regulatory provisions and, in particular, the provisions of Articles 231-1 *et seq.* of the General Regulation of the *Autorité des marchés financiers* during the course of a public tender offer or public exchange offer made by the Company.

The General Meeting fully empowers the Board of Directors, with the option to further delegate this in the legally permitted manner, to resolve to exercise this authorisation and to set the terms and conditions in line with the law and in line with the terms and conditions of this resolution and, in particular, to draw up and publish the description of the share buyback programme, place any stock market orders, sign any documents, enter into any agreements relating in particular to the keeping of share purchase and sale records, carry out any filings and formalities, in particular vis-à-vis the *Autorité des marchés financiers,* allocate or reallocate the shares acquired between the different purposes and, more generally, do everything necessary.

The Board of Directors must inform the General Meeting, in the report detailed in Article L. 225-100 of the French Commercial Code, of the transactions carried out under this authorisation.

Fourteenth resolution

Powers to perform formalities

The General Meeting fully empowers the bearer of an original, a copy or an extract from the minutes of this Meeting for the purposes of carrying out all legal or administrative formalities and carrying out all filing and disclosure requirements stipulated under applicable law.

The Board of Directors

7

CAPITAL AND AXWAY SOFTWARE STOCK

7

1 GENERAL INFORMATION

Axway Software was listed on the regulated NYSE Euronext market in Paris on 14 June 2011.

At 31 December 2011, the capital of Axway Software was comprised of 20,150,641 shares with a par value of €2, representing a total of €40,301,282.

Axway Software shares are listed on Compartment B of NYSE Euronext Paris and are eligible for the Deferred Settlement Service (SRD).

2 CURRENT OWNERSHIP

Shareholders	Number of shares owned	% of capital	Number of voting rights	% of voting rights
Sopra Group SA	5,293,535	26.27%	5,293,535	26.27%
Sopra GMT (1)	4,382,858	21.75%	4,382,858	21.75%
Pasquier family group (1)	156,995	0.78%	156,995	0.78%
Odin family group (1)	242,595	1.20%	242,595	1.20%
Sopra Développement (2)	252,818	1.25%	252,818	1.25%
Management (2)	345,982	1.72%	345,982	1.72%
Shareholder agreement between the Founders, the Managers and Sopra Group SA (3)	**10,674,783**	**52.97%**	**10,674,783**	**52.97%**
Geninfo	1,793,375	8.90%	1,793,375	8.90%
Shareholder agreement between the Founders, Sopra Group SA and Geninfo	**11,869,358**	**58.90%**	**11,869,358**	**58.90%**
Total of shareholder agreement between the Founders, the Managers, Sopra Group SA and Geninfo	**12,468,158**	**61.87%**	**12,468,158**	**61.87%**
Caravelle	2,572,458	12.77%	2,572,458	12.77%
Float	5,076,857	25.19%	5,076,857	25.19%
Treasury shares	33,392	0.17%	33,392	0.17%
TOTAL	**20,150,641**	**100%**	**20,150,641**	**100%**

(1) Sopra GMT, the Pasquier family group and the Odin family group being together referred to as the "Founders".
(2) Sopra Développement and Management being together referred to as the "Managers".
(3) Of which 5,381,248 shares held by the Founders and Managers sub-group (i.e. 26.70% of the capital and voting rights), and 5,293,535 held by Sopra Group SA (i.e. 26.27% of the capital and voting rights).

No individual shareholder owns more than 5% of the capital.

At 31 December 2011, Axway Software did not own any treasury shares other than those held under the market-making agreement (33,392 shares).

Sopra GMT's ownership structure is as follows:

Sopra GMT's ownership structure	31/12/2011		31/12/2010		31/12/2009	
Shareholders	**Shares**	**% of capital**	Shares	% of capital	Shares	% of capital
Pierre Pasquier family	318,050	67.31%	318,050	67.31%	318,050	67.31%
François Odin family	132,050	27.95%	132,050	27.95%	132,050	27.95%
Sopra Group management	22,435	4.74%	22,435	4.74%	22,435	4.74%
TOTAL	**472,535**	**100.00%**	**472,535**	**100.00%**	**472,535**	**100.00%**

2.1 Share ownership thresholds

"Any shareholder who comes to hold more than 3% or 4% of the Company's capital must inform the Company in the same manner and based on the same methods of calculation as required with respect to legal thresholds." (Article 28 of the Articles of Association)

Other than Sopra Group, Sopra GMT, Geninfo (Société Générale Group) and Caravelle, no other shareholder has declared exceeding these thresholds.

2.2 Approximate number of shareholders

At 31 December 2011, Axway Software had 324 registered shareholders who owned an aggregate of 15,342,120 registered shares out of a total of 20,150,461 shares.

On the basis of the most recent data received by the Company, the total number of Axway Software shareholders can be estimated at circa 2,000.

2.3 Shareholders' agreements notified to the stock market authorities

Sopra Group and Sopra GMT, financial holding company of Sopra Group SA and of Axway, acting in concert vis-à-vis Axway with:

- on the one hand, the Pasquier family group, the Odin family group, Sopra Développement and managers pursuant to an amendment to the shareholders' agreement of 7 December 2009 on Sopra Group SA, such that the provisions of said agreement were extended for the same period to encompass the Company's shares. With respect to the Company this means:
  - an undertaking by the parties to act in concert so as to implement shared policies and, in general, to approve any major decisions,
  - an undertaking by the parties to act in concert in connection with the appointment and reappointment of members of the Company's management bodies, by which the senior managers agree to facilitate the appointment of any individuals proposed by the Pasquier and Odin family groups and Sopra GMT,
  - an undertaking by the parties to act in concert in connection with any proposed acquisition or disposal of more than 0.20% of the capital or voting rights of the Company,
  - an undertaking by the parties to act in concert in order to adopt a shared strategy in the event of a public tender offer for the Company's shares,
  - a pre-emptive right granted to the Pasquier and Odin family groups, Sopra GMT and Sopra Développement in the event of any disposal (i) by a senior Company manager of Company shares (right of first refusal for Sopra GMT, right of second refusal for the Pasquier family group, right of third refusal for the Odin family group, right of fourth refusal for Sopra Développement) or (ii) by Sopra Développement of Company shares (right of first refusal for Sopra GMT, right of second refusal for the Pasquier family group, right of third refusal for the Odin family group). The exercise price for the pre-emptive right shall equal (x) the price agreed by the transferor and the transferee in the event of an off-market sale, (y) the average share price over the ten trading days preceding the announcement of the disposal in the event of a sale on the market, and (z) in all other cases, the transaction value of the shares;
- on the other hand, GENINFO, it being noted that this concerted action, which was confirmed by GENINFO, hasn' t led to a shareholders' agreement with respect to Axway. There is, however, an agreement dated 16 November 2004 between Sopra GMT, Messrs Pasquier and Odin on the one hand and GENINFO on the other hand, in which they represent acting in concert vis-à-vis Sopra Group SA, of which they own circa 43.60% of the capital and voting rights (47.45% including the interest held in concert by Sopra GMT, the Pasquier family group and the Odin family group together with Sopra Développement and the managers).

2.4. Control of the Company

The Company does not believe that there is a risk that the control of the Company will be exercised in an abusive manner by Sopra Group SA and Sopra GMT, since:

- the Company has decided to refer to the Middlenext Code of Corporate Governance for Small and Midcaps of December 2009, due to its suitability in relation to the size of the Company and its capital structure;
- the Board of Directors of Axway has a number of independent directors (David Courtley, Hervé Déchelette, Pascal Imbert and Hervé Saint-Sauveur), who were selected, at a meeting on 9 May 2011, in accordance with the recommendations of the Middlenext Code (see Chapter 2 section 1.2);
- the directors are bound by the obligation to protect the Company's interests, to comply with the Board's charter and its internal regulations and to observe the rules of good governance, as defined in the Middlenext Code (code of ethics for Board members);
- the Company has established an audit committee responsible for reviewing the financial statements, monitoring the efficiency of the internal control and risk management systems, monitoring the statutory audit of the financial statements and verifying compliance with the requirement for the Statutory Auditors to be independent (see Chapter 2, section 4.1.5).

3 CHANGES IN SHARE CAPITAL

Year	Description	Capital following transaction	Nominal value	Number of shares		Contributions	
				Created	Total	Nominal value	Premiums or reserves
2008		75,620,000	€38		1,990,000	-	-
2009		75,620,000	€38		1,990,000	-	-
2010		75,620,000	€38		1,990,000	-	-
2011	Splitting par value by 8	75,620,000	€4.75		15,920,000	-	-
2011	Capital increase by incorporation of reserves	76,572,437	€4.75	200,513	16,120,513	-	-
2011	Capital reduction by means of par value reduction	32,241,026	€2		16,120,513	44,331	44,331
2011	Capital increase	40,301,282	€2	4,030,128	20,150,641	-	-

4 SHARES HELD BY THE COMPANY OR ON ITS BEHALF – SHARE BUYBACK PROGRAMME

The Company's Combined General Meeting of 28 April 2011 authorised the Board of Directors to implement a Company buyback programme, pursuant to the provisions of Article L. 225-209 of the French Commercial Code and in accordance with the General Regulation of the *Autorité des marchés financiers*.

No more than €75 million may be allocated to this share buyback programme for a maximum of 1,612,051 shares. It was also decided that the Company may not directly or indirectly hold over 10% of its share capital.

The authorisation to establish the share buyback programme was given to the Board of Directors for a period of 18 months from the date of the Combined General Meeting of 28 April 2011.

This authorisation is meant to enable the Company to achieve the following objectives:

(a) cover Company share purchase option plans benefiting (some or all) qualifying company officers and/or (some or all) employees of the Company and of companies or groupings that are or will be associated with it as per the terms of Article L. 225-180 of the French Commercial Code;

(b) award ordinary shares to qualifying company officers, employees and former employees, or certain categories thereof, of the Company or of the Group under profit sharing schemes or a company savings plan in accordance with the law;

(c) award bonus shares under the bonus share award scheme provided for under Articles L. 225-197-1 *et seq*. of the French Commercial Code to qualifying company officers and employees, or certain categories thereof, of the Company and/or of companies and economic interest groupings associated with it as per the terms of Article L. 225-197-2 of the French Commercial Code and more generally to award ordinary shares in the Company to these employees and company officers;

(d) retain ordinary shares in the Company that are bought back for subsequent exchange or use as consideration in acquisitions, in line with market practices permitted by the *Autorité des marchés financiers;*

(e) deliver shares upon exercise of rights attaching to securities giving entitlement by means of conversion, exercise, redemption, exchange, presentation of a warrant or by any other means, immediately or in the future, to the allocation of Company shares as well as carrying out any transactions required to cover the Company's obligations with respect to these securities, in compliance with stock market regulations and as and when decided by the Board of Directors or any person acting on the instructions of the Board of Directors;

(f) enable market making in ordinary shares *via* an investment services provider under a market making agreement that complies with the AMAFI code of ethics, in line with market practices permitted by the *Autorité des marchés financiers*, it being noted that the number of ordinary shares bought back in this respect shall, for the purposes of calculating the 10% limit, equal the number of ordinary shares bought back, less the number of ordinary shares sold during the period of this authorisation;

(g) cancel all or some of the ordinary shares bought back, so long as the Board of Directors has a valid authorisation from the Extraordinary General Meeting allowing it to reduce the capital by cancelling ordinary shares bought back under an ordinary share buyback programme.

The Company could also use this resolution and continue to apply its buyback programme in compliance with legal and regulatory provisions and, in particular, the provisions of Articles 231-1 *et seq*. of the General Regulation of the *Autorité des marchés financiers* during the course of a public tender offer or public exchange offer made by the Company.

Pursuant to the provisions of Article L. 225-211 of the French Commercial Code, the Company sets out the terms of exercise of the share buyback programme over the past financial year.

In the financial year ended 31 December 2011, this share buyback programme was exclusively used for the purposes of the market-making agreement designed to facilitate a secondary market in and ensure the liquidity of the Company's stock *via* an investment services provider.

From 10 June 2011 and for a 12-month period, which may be tacitly renewed, the Company entrusted Kepler Capital Markets with the performance of this market-making agreement. Under this agreement, Kepler Capital Markets traded on behalf of Axway Software on the stock market in order to ensure trading liquidity and stock price stability and thereby avoid price fluctuations not justified by underlying market trends. On 31 December 2011, Kepler Capital Markets held €311,945.16 in cash and 33,392 Axway Software shares on behalf of Axway Software.

The Company set aside €1 million for the implementation of this agreement. This agreement complies with the Code of Ethics drawn up by the *Association française des marchés financiers* dated 23 September 2008 and approved by the AMF by decision of 1 October 2008. The performance of the market-making agreement was approved pursuant to the authorisation granted by the Ordinary General Meeting of 28 April 2011.

On 27 March 2012 the Board of Directors resolved to ask the General Meeting of 24 May 2012 to renew this authorisation (see Section 21 of Chapter 3).

5 ISSUE AUTHORISATIONS GIVEN TO THE BOARD OF DIRECTORS OF AXWAY – POWERS GRANTED BY THE GENERAL MEETING

AUTHORISATION GRANTED TO THE BOARD OF DIRECTORS TO BUY BACK ORDINARY SHARES IN THE COMPANY (FIFTH RESOLUTION)

Date of General Meeting granting the powers	28 April 2011
Duration of powers and expiry date	18 months
Expiry date	28 October 2012
Scope of powers	10% of total ordinary shares as of the date of the buybacks, for up to €75,000,000 and a theoretical maximum of 1,612,051 ordinary shares
Use made of these powers during the financial year *(in euros)*	0
Remaining balance	10% of total ordinary shares as of the date of the buybacks, for up to €75,000,000 and a theoretical maximum of 1,612,051 ordinary shares

POWERS GIVEN TO THE BOARD OF DIRECTORS TO INCREASE THE SHARE CAPITAL BY MEANS OF THE INCORPORATION OF RESERVES, RETAINED EARNINGS, ADDITIONAL PAID-IN CAPITAL OR OTHER ITEMS (EIGHTH RESOLUTION)

Date of General Meeting granting the powers	28 April 2011
Duration of powers and expiry date	26 months
Expiry date	27 June 2013
Scope of powers *(in euros)*	20,000,000 [(1)]
Use made of these powers during the financial year *(in euros)*	0
Remaining balance	20,000,000

(1) This threshold is independent and separate from the capital increase thresholds potentially arising from the issue of ordinary shares or convertible securities authorised by the other resolutions of the General Meeting of 28 April 2011.

POWERS GRANTED TO THE BOARD OF DIRECTORS TO INCREASE THE SHARE CAPITAL BY MEANS OF THE ISSUE OF ORDINARY SHARES AND/OR SECURITIES CONVERTIBLE TO ORDINARY SHARES, WITH PREFERENTIAL SUBSCRIPTION RIGHTS (NINTH RESOLUTION)

Date of General Meeting granting the powers	28 April 2011
Duration of powers and expiry date	26 months
Expiry date	27 June 2013
Scope of powers *(in euros)*	20 000 000 200,000,000 [(1)] (debt securities)
Use made of these powers during the financial year *(in euros)*	8,060,256 0
Remaining balance	11,939,744 200,000,000

(1) This threshold covers all debt securities that may be issued under this resolution and the tenth, eleventh and thirteenth resolutions.

POWERS GRANTED TO THE BOARD OF DIRECTORS TO INCREASE THE SHARE CAPITAL BY MEANS OF THE ISSUE OF ORDINARY SHARES AND/OR SECURITIES CONVERTIBLE TO ORDINARY SHARES, WITHOUT PREFERENTIAL SUBSCRIPTION RIGHTS, OUTSIDE OF PUBLIC TENDER OFFERS (TENTH RESOLUTION)

Date of General Meeting granting the powers	28 April 2011
Duration of powers and expiry date	26 months
Expiry date	27 June 2013
Scope of powers *(in euros)*	20,000,000 (1) 200,000,000 (2) (debt securities)
Use made of these powers during the financial year *(in euros)*	0 0
Remaining balance	20,000,000 200,000,000

(1) This amount is deducted from the capital increase par value threshold set in the ninth resolution of the General Meeting of 28 April 2011.
(2) This amount is deducted from the nominal amount of debt securities set in the ninth resolution of the General Meeting of 28 April 2011.

POWERS GRANTED TO THE BOARD OF DIRECTORS TO INCREASE THE SHARE CAPITAL BY MEANS OF THE ISSUE OF ORDINARY SHARES AND/OR SECURITIES CONVERTIBLE TO ORDINARY SHARES, WITHOUT PREFERENTIAL SUBSCRIPTION RIGHTS, AS PART OF A PUBLIC TENDER OFFER (ELEVENTH RESOLUTION)

Date of General Meeting granting the powers	28 April 2011
Duration of powers and expiry date	26 months
Expiry date	27 June 2013
Scope of powers *(in euros)*	20,000,000 (1) 200,000,000 (2) (debt securities)
Use made of these powers during the financial year *(in euros)*	0 0
Remaining balance	20,000,000 200,000,000

(1) This amount is deducted from the capital increase par value threshold set in the ninth resolution of the General Meeting of 28 April 2011.
(2) This amount is deducted from the nominal amount of debt securities set in the ninth resolution of the General Meeting of 28 April 2011.

AUTHORISATION GRANTED TO THE BOARD OF DIRECTORS TO INCREASE THE SIZE OF THE INITIAL OFFERING INVOLVING THE ISSUE OF ORDINARY SHARES OR SECURITIES CONVERTIBLE TO ORDINARY SHARES, WITH PREFERENTIAL SUBSCRIPTION RIGHTS APPROVED PURSUANT TO THE NINTH, TENTH AND ELEVENTH RESOLUTIONS (TWELFTH RESOLUTION)

Date of General Meeting granting the powers	28 April 2011
Duration of powers and expiry date	26 months
Expiry date	27 June 2013
Scope of powers *(in euros)*	Thresholds provided for respectively in the ninth, tenth and eleventh resolutions
Use made of these powers during the financial year *(in euros)*	Unused
Remaining balance	Unused

POWERS GRANTED TO THE BOARD OF DIRECTORS TO ISSUE ORDINARY SHARES AND/OR SECURITIES CONVERTIBLE TO ORDINARY SHARES TO COMPENSATE CONTRIBUTIONS IN KIND MADE TO THE COMPANY AND COMPRISING EQUITY SECURITIES OR CONVERTIBLE SECURITIES, OUTSIDE OF PUBLIC EXCHANGE OFFERS (TIRTHTEENTH RESOLUTION)

Date of General Meeting granting the powers	28 April 2011
Duration of powers and expiry date	26 months
Expiry date	28 June 2013
Scope of powers *(in euros)*	10% of the share capital as of the date of the General Meeting, namely 7,562,000 (1)
Use made of these powers during the financial year *(in euros)*	0
Remaining balance	7,562,000

(1) This amount is deducted from the threshold set in the fifteenth resolution of the General Meeting of 28 April 2011.

THE AUTHORISATION GRANTED TO THE BOARD OF DIRECTORS TO SET THE ISSUE PRICE OF ORDINARY SHARES OR ANY SECURITIES CONVERTIBLE TO ORDINARY SHARES, WITHOUT PREFERENTIAL SUBSCRIPTION RIGHTS, UP TO A MAXIMUM OF 10% OF THE CAPITAL PER ANNUM (FOURTEENTH RESOLUTION)

Date of General Meeting granting the powers	28 April 2011
Duration of powers and expiry date	26 months
Expiry date	28 June 2013
Scope of powers	10% of the share capital per period of twelve (12) months as well as the threshold set in the 9th resolution from which it is deducted
Use made of these powers during the financial year *(in euros)*	Unused
Remaining balance	Unused

OVERALL LIMIT ON ISSUE AUTHORISATIONS WITH OR WITHOUT PREFERENTIAL SUBSCRIPTION RIGHTS (FIFTEENTH RESOLUTION)

Date of General Meeting granting the powers	28 April 2011
Duration of powers and expiry date	26 months
Expiry date	28 June 2013
Scope of powers *(in euros)*	20,000,000 (1)
Use made of these powers during the financial year *(in euros)*	8,060,256
Remaining balance	11,939,744

(1) Overall maximum par value of share capital increases that may be carried out on the basis of the ninth, tenth, eleventh, twelfth, thirteenth and fourteenth resolutions of the General Meeting of 28 April 2011.

AUTHORISATION GRANTED TO THE BOARD OF DIRECTORS TO INCREASE THE SHARE CAPITAL BY MEANS OF THE ISSUE OF ORDINARY SHARES RESERVED FOR EMPLOYEES OF THE AXWAY GROUP WHO ARE MEMBERS OF A COMPANY SAVINGS PLAN (SIXTEENTH RESOLUTION)

Date of General Meeting granting the powers	28 April 2011
Duration of powers and expiry date	26 months
Expiry date	28 June 2013
Scope of powers *(in euros)*	3% of the share capital as of the date of the General Meeting, namely 2,268,600 (1)
Use made of these powers during the financial year *(in euros)*	0
Remaining balance	2,268,600

(1) This threshold is independent and separate from the capital increase thresholds potentially arising from the issue of ordinary shares or convertible securities authorised by the other resolutions of the General Meeting of 28 April 2011.

AUTHORISATION GIVEN TO THE BOARD OF DIRECTORS TO AWARD STOCK OPTIONS TO QUALIFYING COMPANY OFFICERS AND EMPLOYEES OF THE AXWAY GROUP (SEVENTEENTH RESOLUTION)

Date of General Meeting granting the powers	28 April 2011
Duration of powers and expiry date	38 months
Expiry date	28 June 2014
Scope of powers	7% of the number of shares in the Company's capital on the date the options are awarded by the Board of Directors
Use made of these powers during the financial year	4.70%
Remaining balance	2.30%

AUTHORISATION GRANTED TO THE BOARD OF DIRECTORS TO GRANT BONUS SHARES, WHETHER EXISTING OR TO BE ISSUED, TO QUALIFYING COMPANY OFFICERS OR EMPLOYEES (EIGHTEENTH RESOLUTION)

Date of General Meeting granting the powers	28 April 2011
Duration of powers and expiry date	38 months
Expiry date	28 June 2014
Scope of powers	1% of the Company's share capital as of the date on which they are granted by the Board of Directors
Use made of these powers during the financial year *(in euros)*	0%
Remaining balance	1% of the Company's share capital as of the date on which they are granted by the Board of Directors

AUTHORISATION GRANTED TO THE BOARD OF DIRECTORS TO GRANT SHARE WARRANTS (BSAAR – WARRANTS FOR REDEEMABLE SHARES) TO EMPLOYEES AND COMPANY OFFICERS OF THE COMPANY OR ITS GROUP, WITHOUT SHAREHOLDER PREFERENTIAL SUBSCRIPTION RIGHTS (NINETEENTH RESOLUTION)

Date of General Meeting granting the powers	28 April 2011
Duration of powers and expiry date	18 months
Expiry date	28 October 2012
Scope of powers	7% of the Company's capital as of the date on which the Board of Directors makes it decision
Use made of these powers during the financial year *(in euros)*	0%
Remaining balance	7% of the Company's capital as of the date on which the Board of Directors makes it decision

AUTHORISATION GRANTED TO THE BOARD OF DIRECTORS TO REDUCE THE SHARE CAPITAL BY MEANS OF THE CANCELLATION OF ORDINARY SHARES (TWENTY-FIRST RESOLUTION)

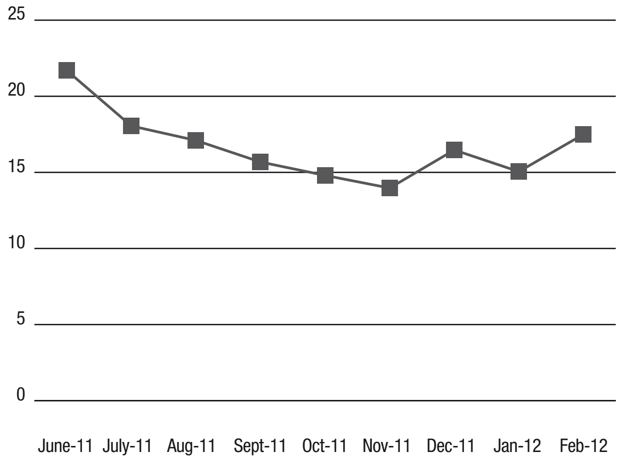
Date of General Meeting granting the powers	28 April 2011
Duration of powers	24 months
Expiry date	28 April 2013
Scope of powers	10% of capital per period of twenty-four (24) months from the date of the Meeting
Use made of these powers during the financial year	0%
Remaining balance	10% of the capital

6 SHARE SUBSCRIPTION OPTIONS

The table below summarises the status as of 31 December 2011 of stock option plans granted by Axway to its employees:

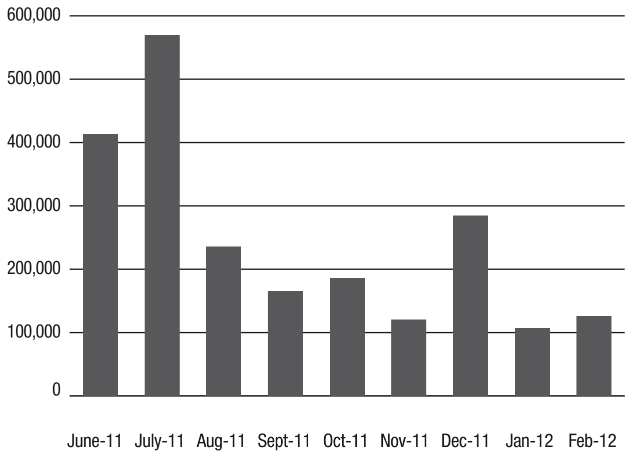
	Initial position		Option exercise period		Position at 1 January		Changes over the period		Position at 31/12/2011	
Grant date	**Number of options**	**Exercise price**	**Start date**	**Expiry date**	**Number of options**	**Exercise price**	**Number of options**	**Exercise price**	**Number of options**	**Exercise price**
Plan no. 1 – 2007 stock options plan, maximum issue of 1,990,000 shares (General Meeting of 23/05/2007)										
23/05/2007	20,100	€78.90	24/05/2011	23/05/2012	20,100	€106.90	150,297	-€94.29	170,397	€12.61
22/11/2007	17,000	€93.54	30/06/2010	31/12/2013	13,000	€121.54	97,190	-€107.20	110,190	€14.34
22/11/2007	17,000	€93.54	30/12/2012	31/12/2013	13,000	€121.54	50,571	-€107.20	63,571	€14.34
06/11/2008	8,500	€145.00	30/06/2011	31/12/2014	8,500	€145.00	63,546	-€127.89	72,046	€17.11
06/11/2008	8,500	€145.00	30/12/2013	31/12/2014	8,500	€145.00	63,546	-€127.89	72,046	€17.11
19/05/2009	4,000	€145.00	30/06/2011	31/12/2014	4,000	€145.00	29,904	-€127.89	33,904	€17.11
19/05/2009	4,000	€145.00	30/12/2013	31/12/2014	4,000	€145.00	-4,000	-€127.89	-	€17.11
Total	**79,100**				**71,100**		**451,054**		**522,154**	
Plan no. 2 – 2010 stock options plan, maximum issue of 1,990,000 shares (General Meeting of 25/11/2010)										
25/11/2010	5,000	€145.00	30/06/2012	31/12/2015	5,000	€145.00	37,379	-€127.89	42,379	€17,11
25/11/2010	5,000	€145.00	30/12/2014	31/12/2015	5,000	€145.00	37,379	-€127.89	42,379	€17,11
Total	**10,000**				**10,000**		**74,758**		**84,758**	
Plan no. 3 – 2011 stock options plan, maximum issue of 1,033,111 (General Meeting of 28/04/2011)										
18/11/2011	516,175	€14.90	18/05/2014	18/11/2019	-	-	516,175	€14.90	516,175	€14.90
18/11/2011	516,175	€14.90	18/11/2016	18/11/2019	-	-	516,175	€14.90	516,175	€14.90
Total	**1,032,350**				**-**		**1,032,350**		**1,032,350**	
TOTAL OF PLANS	**1,121,450**				**81,100**		**1,558,162**		**1,639,262**	

7 SHARE PRICE



Source: NYSE Euronext Paris.

8 MONTHLY TRADING VOLUME



Source: NYSE Euronext Paris.

9 SHARE PRICE PERFORMANCE

High	Date of High	Low	Date of Low	Closing price	Average price	Average opening price	Number of securities	Capital *(in millions of euros)*	Number of trading days
24,7127	14 June 2011	18,7056	24 June 2011	21,7000	20,5495	20,8525	413 297	8.69	13
21,5900	1 July 2011	16,8000	28 July 2011	18,0500	18,6971	18,9300	569 264	10.87	21
19,0100	4 August 2011	16,0000	19 August 2011	17,1000	17,3513	17,4074	235 328	4.13	23
19,9900	7 September 2011	15,5100	30 September 2011	15,6800	17,9005	18,0068	165 073	2.97	22
16,0000	6 October 2011	13,4000	21 October 2011	14,8000	14,9710	15,0114	185 681	2.75	21
15,8000	11 November 2011	13,6000	30 November 2011	13,9700	14,9927	14,9832	120 308	1.77	22
16,4700	30 December 2011	12,6000	20 December 2011	16,4700	14,4719	14,3148	284 220	4.03	21

Source: NYSE Euronext Paris.

7

10 EARNINGS PER SHARE

The Board of Directors of Axway, at its meeting of 14 February 2012, resolved to ask the upcoming General Meeting to approve a dividend of €0.25 per share, namely €5,037,660.25.

8

ADMINISTRATIVE AND LEGAL INFORMATION

1 AXWAY SOFTWARE AT A GLANCE

Company name: Axway Software

Registered office: PAE Les Glaisins, 3 rue du Pré-Faucon, 74940 Annecy-le-Vieux, France

Head office: 6811 East Mayo Blvd, Suite 400 – Phoenix, Arizona 85054, USA

Legal status: French *société anonyme*.

Date of incorporation: 28 December 2000, with a term of 99 years. The Company's term will therefore expire on 28 December 2099 unless it is dissolved before that date or the term is extended.

Corporate purpose: "The Company's purpose in France and abroad is:

- the publishing, sale, distribution, installation and maintenance of all types of software packages, the design and development of any software programme, the integration of any IT system, the sale of any IT systems and hardware, and the provision of any related services, training, consultancy and hosting;
- the Company's, direct or indirect, involvement, by any means, in any transaction connected with its purpose by means of the incorporation of new companies, transfer of assets, subscription or purchase of securities or ownership interests, merger or otherwise, creation, purchase, leasing, lease management of any business assets or premises; the registration, purchase, use or disposal of any processes and patents connected with these activities.

And, in general, all industrial, commercial, financial, procedural, movable property or real-estate transactions that may be directly or indirectly related to the corporate purpose or any similar or connected purpose."

(Article 2 of the Articles of Association).

Registration No.: 433,977,980 RCS Annecy.

Place where legal documents may be consulted: Axway Software, 26 rue des Pavillons, 92807 Puteaux CEDEX, France.

Financial year: From 1 January to 31 December of each year.

Allocation and Distribution of earnings under the Articles of Association:

"The income statement summarises the income and expenses for the financial year and, after deductions for amortisation, depreciation and provisions, shows the profit for the year.

Any prior losses are deducted from the profit for the year, along with at least five per cent for allocation to the legal reserve. Said allocation shall no longer be mandatory when this reserve represents one-tenth of the capital.

Profit available for distribution comprises the profit for the year less any losses carried forward and amounts allocated to reserves, pursuant to the law and the Articles of Association, plus retained earnings.

The General Meeting may deduct from this profit all amounts that it deems appropriate for allocation to all optional, ordinary or extraordinary reserves, or to retained earnings.

The balance, if any, is apportioned by the General Meeting between all shareholders in proportion to the number of shares each owns.

Furthermore, the General Meeting may resolve to distribute sums deducted from available reserves, by expressly indicating the reserves from which the deductions are to be made. However, dividends are first deducted from the profit for the year.

Aside from in the event of a capital reduction, no distribution may be carried out by shareholders where the equity is, or would subsequently be, under the amount of capital plus reserves that by law or pursuant to the Articles of Association cannot be distributed. Revaluation surpluses may not be distributed. Some or all of them may be incorporated into the capital.

Any losses shall, following approval of the financial statements by the General Meeting, be carried forward to be set against earnings in subsequent financial years, until fully used up."

(Article 37 of the Articles of Association).

2 BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

Article 14 - Board of Directors

The Company is administered by a Board of Directors comprising a minimum of three members and a maximum of 18, subject to the exception provided for by law in the event of a merger.

During the life of the Company, the directors are appointed, reappointed or dismissed by the Ordinary General Meeting. They are always eligible for re-election.

Directors serve a four year term of office, expiring at the end of the Ordinary General Meeting called to approve the financial statements for the financial year then ended and held in the year in which their term of office comes to an end.

No-one can be appointed director if, having exceeded the age of 85, his/her appointment results in more than one third of Board members exceeding that age. Once the age limit is reached, the oldest director is deemed to have resigned from office.

Directors may be natural persons or legal persons. When a legal person is nominated, he appoints a permanent representative who is subject to the same conditions, obligations and liabilities as a natural person director, without prejudice to the joint and several liability of the legal entity he represents.

In the event of one or more directors' positions becoming vacant, the Board of Directors may, between two General Meetings, carry out temporary appointments in accordance with the conditions set forth in Article L. 225-24 of the French Commercial Code. The director appointed to replace another performs his duties for the remainder of his predecessor's term of office.

Where the number of directors falls below the legal minimum, the remaining directors must immediately call an Ordinary General Meeting in order to appoint further Board members.

An employee of the Company may only be appointed as a director if his employment contract corresponds to an actual post. The number of directors tied to the Company by an employment contract cannot exceed one third of the directors in office.

Article 15 - Organisation of the Board of Directors

The Board of Directors elects from among its members a Chairman, who must be a natural person in order for the appointment to be valid. The Board determines his remuneration.

The Chairman is appointed for a duration that cannot exceed his term of office as a director. He is eligible for re-election. The Board of Directors can dismiss him at any time.

No one over the age of 85 can be appointed Chairman. If the Chairman in office has reached this age, he is deemed to have resigned from office.

The Board of Directors may appoint one or two Vice-Chairmen from among the directors.

It can also appoint a secretary who need not be a director or shareholder.

In the event of the Chairman's absence, Board meetings are chaired by the eldest Vice-Chairman. Failing this, the Meeting shall elect its own Chairman.

Article 16 - Deliberations of the Board of Directors

The Board of Directors meets as often as the Company's interests require it to do so, at the request of its Chairman. The Chief Executive Officer, or if the Board has not met for more than two months, at least one third of the directors, may request the Chairman, who is bound by such request, to convene a meeting of the Board of Directors on the basis of a predetermined agenda.

Meeting notices may be given by any means, even verbally, in principle three days in advance. They must carefully detail the items on the agenda. They may even be given immediately where all directors are present or represented.

General Meetings shall take place at the registered office or in any other place specified in the convening notice.

The Board can only validly deliberate in the presence of at least half the directors. Decisions are taken on the basis of a majority of votes of members present or represented.

In the event of a tie in voting, the Chairman has the casting vote.

An attendance sheet is signed by the directors taking part in the Board meeting, either in person or by proxy.

Policies and procedures shall be defined.

The policies and procedures may include a provision whereby directors who participate in the Meeting by videoconference or any other means of telecommunication that enables them to be identified as required by law, shall be considered to be present for the purpose of calculating the quorum and majority.

This provision does not apply should the following decision be adopted:

- the closing of the annual accounts and consolidated accounts and the drafting of the management report and Group Management report.

The deliberations of the Board of Directors are recorded in the minutes, which are prepared in accordance with the legal provisions in force and signed by the Meeting Chairman and at least one director. In the absence of the Meeting Chairman, it is signed by at least two directors.

The copies or extracts of the minutes are certified by the Chairman of the Board of Directors, the Chief Executive Officer, the director temporarily carrying out the duties of Chairman or an officer authorised for this purpose.

Where there is a Workers' Council, representatives of this Committee, appointed pursuant to the provisions of the French Labour Code, must be invited to all meetings of the Board of Directors.

Article 17 - Powers of the Board of Directors

The Board of Directors determines the overall business strategy of the Company and supervises its implementation. It examines any and all matters related to the efficiency and effectiveness of business operations and reaches decisions about any and all issues concerning the Company, within the limits of the corporate purpose and except for those matters which, by law, can only be decided on by the shareholders in a General Meeting.

In its dealings with third parties, the Company is bound even by actions of the Board of Directors falling outside the scope of the corporate purpose, unless it can show that the third party knew that the action exceeded the corporate purpose or couldn't but in the circumstances, the mere publication of the Articles of Association not constituting such proof.

The Board of Directors undertakes all the checks and verifications it deems necessary. Each director is entitled to receive all the documents and information necessary to carry out his duties.

The Board of Directors may confer on any and all proxy-holders of its choice, any and all delegations of powers within the limits of those defined by the law and the present Memorandum and Articles of Association.

It can resolve to set up committees to look into matters referred either by itself or its Chairman.

Article 18 - Powers of the Chairman of the Board of Directors

The Chairman of the Board of Directors organises and directs the work of the Board of Directors, on which he reports to the General Meeting. He ensures the smooth running of the Company's managerial bodies and, in particular, that the directors are able to carry out their duties.

Article 19 - Powers of the officers

Operating procedures

Responsibility for the Company's executive management is assumed by either the Chairman of the Board of Directors or by another natural person appointed by the Board of Directors and holding the title of Chief Executive Officer.

The Board of Directors may choose between these two modes of executive management at any time and, at the very least, upon expiry of the term of office of the Chief Executive Officer or of the Chairman of the Board of Directors where the latter also holds the position of Company Chief Executive Officer.

The decision of the Board of Directors relating to the choice of management method is taken on the basis of a majority of directors present or represented. The shareholders and third parties are informed of this choice in the conditions provided for by the regulations in force.

The choice made by the Board of Directors applies for an unlimited period.

Chief Executive Officer

The Chief Executive Officer is a natural person who may or may not be a director. The term of office of the Chief Executive Officer is determined by the Board of Directors at the time of his appointment. However, if the Chief Executive Officer is also a director, his term of office cannot exceed that of his directorship.

No one over the age of seventy may be appointed Chief Executive Officer. Once the Chief Executive Officer has reached the age limit, he or she is deemed to have resigned from office.

The Chief Executive Officer can be dismissed at any time by the Board of Directors. In the event of unfair dismissal, he may be entitled to damages, except when he also performs the function of Chairman of the Board of Directors.

The Chief Executive Officer is vested with the broadest powers to act in all circumstances on behalf of the Company. He exercises his powers within the limits of the corporate purpose and subject to those expressly granted to Shareholders' Meetings and the Board of Directors by the law.

He represents the Company in its dealings with third parties. The Company is bound even by the actions of the Chief Executive Officer falling outside the scope of the corporate purpose, unless it can show that the third party knew that such action exceeded the corporate purpose or couldn' t but realise it in the circumstances, the mere publication of the Articles of Association not constituting such proof.

Officers

On a proposal from the Chief Executive Officer, whether this function is performed by the Chairman of the Board of Directors or by another person, the Board may appoint one or more natural persons to assist the Chief Executive Officer, with the title of officer.

The Board of Directors may or may not choose the officers from among the directors up to a maximum of five.

The age limit is set at 70. Once a officer has reached this age limit, he or she is deemed to have resigned from office.

The length of the term of office of the officers is determined when s/he is appointed although it may not, in any event, exceed that of his/her powers.

The officers may be dismissed at any time by the Board of Directors on a proposal from the Chief Executive Officer. In the event of unfair dismissal, the officers may be entitled to damages.

When the Chief Executive Officer ceases to carry out or is prevented from carrying out his duties, the officers, unless decided otherwise by the Board of Directors, retain their duties and remits until the appointment of a new Chief Executive Officer.

In agreement with the Chief Executive Officer, the Board of Directors determines the scope and duration of the powers conferred on the officers. In their dealings with third parties, the officers have the same powers as the Chief Executive Officer.

Article 20 - Remuneration of directors and officers

1. The General Meeting may award directors a fixed annual sum in the form of directors' fees, which are treated as operating expenses; the amount remains unchanged until further notice. The apportionment of the sum between directors is determined by the Board of Directors.
2. The Board of Directors determines the remuneration of the Chairman of the Board of Directors, the Chief Executive Officer and the officers. Such remuneration may be fixed and/or variable.
3. For assignments or mandates entrusted to directors, the Board of Directors may also award exceptional payments that will be submitted for the approval of the Ordinary General Meeting.

The directors may not receive from the Company remuneration, whether permanent or not, other than that set out in the previous paragraphs, unless they are tied to the Company by an employment contract in conditions authorised by the law.

Article 21 - Concurrently held mandates

A single individual may not serve as a director or Supervisory Board member of more than five French-based public listed companies *(sociétés anonymes).*

Excluded from the aforementioned provisions are the mandates of director or Supervisory Board member held by this person in the companies controlled, within the meaning of Article L. 233-16 of the French Commercial Code, by the Company of which he is a director.

In application of the above provisions, the mandates of directors of companies whose shares are not traded on a regulated market or are controlled, within the meaning of Article L. 233-16 of the French Commercial Code, by the same company only count as one mandate, provided the number of such mandates held does not exceed five.

A single individual may not serve as a Chief Executive Officer, Management Board member or sole Chief Executive Officer of more than one French-based public listed companies *(sociétés anonymes).* Exceptionally, a second mandate of Chief Executive Officer or a mandate of Management Board member or sole Chief Executive Officer may be held in a company controlled, within the meaning of Article L. 233-16 of the French Commercial Code, by the Company of which he is Chief Executive Officer. Another mandate of Chief Executive Officer, Management Board member or sole Chief Executive Officer can be held in one company, provided such company's shares are not traded on a regulated market.

Any natural person in breach of the provisions in respect of concurrently held mandates must relinquish one of the mandates within three months of his appointment, or the mandate in question within three months of the event that led to the lapse of one of the conditions defined by law in the case of exceptions. On expiry of the three-month period, the person is automatically dismissed and must return the remunerations received, although the validity of the deliberations in which he took part is not called into question.

3 RIGHTS, PRIVILEGES AND RESTRICTIONS ATTACHED TO EACH SHARE CLASS

Article 12 - Rights and obligations attaching to shares

1. Each share gives entitlement to a portion of the earnings, corporate assets and liquidation surplus in proportion to the percentage of the capital it represents.

   It moreover carries voting and representation rights at General Meetings, as well as the right to be kept informed about the Company's performance and to receive certain corporate documentation when and in the manner provided for by law and in the Articles of Association.
2. Shareholders are only liable for corporate liabilities to the amount of their contributions.

   The rights and obligations stay with the share regardless of who owns it.

   Ownership of a share implies acceptance of the Company's Articles of Association and the decisions of the General Meeting.
3. Where necessary to hold a certain number of shares to enjoy a particular right, owners not holding that number shall make it their business to group together, or potentially buy or sell the required number of shares.

Article 13 - Indivisibility of shares - Bare ownership - Beneficial interest

1. Share are indivisible from the Company's perspective.

   Join owners of undivided shares are represented at General Meetings by one of them or by a sole agent. In the event of a dispute, the agent is appointed by the courts at the request of the joint owner who acts first.

2. Voting rights belong to beneficial owners in Ordinary General Meetings and to bare owners in Extraordinary General Meetings. Nevertheless, shareholders may agree to share voting rights at General Meetings in any way they see fit. The Company is notified of the agreement by registered letter and shall be required to apply this agreement for any meeting held any time from one month following the sending of this letter.

   Nevertheless, the bare owner is entitled to participate in all General Meetings. His/her voting rights can never be completely eliminated. The beneficial owner cannot be denied the right to vote on decisions involving the allocation of earnings.

   Voting rights of pledged securities are exercised by the owner.

4 GENERAL MEETINGS

Article 25 - General Meetings

The decisions collectively made by the shareholders shall be taken in General Meetings characterised either as Ordinary General Meetings, Extraordinary General Meetings or Special General Meetings depending on the nature of the decision to be taken.

Special General Meetings are called for the holders of shares of a given category to decide upon any changes to the rights attached to shares in this category.

The decisions taken by General Meetings are binding for all the shareholders, including absentee and dissenting shareholders and those lacking legal capacity.

Article 26 - Venue and procedure for convening General Meetings

General Meetings are called and held pursuant to the terms and conditions laid down by law.

General Meetings shall take place at the registered office or in any other place specified in the convening notice.

Article 27 - Agenda

The Meeting agenda is set out in meeting notices and letters of invitation. It is drawn up by the party calling the Meeting.

A shareholder or group of shareholders, representing at least the legally determined percentage of capital and acting in the manner and timeframes provided by law, may have draft resolutions included on the Meeting agenda.

The workers' council may also request the inclusion of proposed resolutions in the agenda.

The General Meeting may not decide upon any issues that are not on the agenda. It may, however, at any time and in any circumstances, dismiss and replace one or more directors.

Article 28 - Rights to shareholder information - Disclosure obligations

All shareholders are entitled to receive all the information necessary for them to take an informed decision relating to the management and situation of the Company.

The documentation required and its availability to shareholders is laid down by the law.

Any shareholder who holds more than 3% or more than 4% of the Company's capital shall inform the Company in the same manner and based on the same methods of calculation as required with respect to legal thresholds.

Article 29 - Access to General Meetings - Powers - Composition

The General Meeting shall be composed of all shareholders, regardless of the number of shares they hold, who attend the Meeting either in person or by proxy.

Shareholders are entitled to take part in General Meetings provided they are able to demonstrate their standing *via* an entry in their own name or in the name of the intermediary duly registered on their behalf pursuant to Article L. 228-1 (7) of the French Commercial Code, either in the registered share registry kept by the Company or in the bearer share registry kept by the authorised intermediary, no later than 00:00 Paris time three business days prior to the date of the Meeting.

A shareholder may be represented in the manner established by law and regulatory provisions, with the proxy being required to demonstrate his/her powers. If a shareholder does not name a proxy-holder in a form of proxy, the Chairman of the General Meeting shall vote in favour of proposed resolutions submitted for approval by the Board of Directors, and against any other proposed resolution. For any other vote, the shareholder shall choose a proxy-holder who agrees to vote as directed by the shareholder.

The legal representatives of legally incapable shareholders and the persons representing legal entities that hold shares in the Company may attend General Meetings whether they are shareholders or not.

If so decided by the Board of Directors when convening the Meeting, shareholders may also take part by videoconference or any other means of telecommunication, including the Internet, that permits them to be identified as provided by the law.

Shareholders who participate in the Meeting *via* videoconference or any other means of telecommunication that enables them to be identified as required by law shall be considered to be present for the purpose of calculating the quorum and majority.

Shareholders may vote remotely by filling in a form sent to the Company, in the manner provided for by law and regulation. To be accepted, this form must reach the Company at least three days prior to the date of the General Meeting.

Two members of the Workers' Council, to be named by the Council in compliance with the law, may attend General Meetings. They must, upon their request, be heard when decisions requiring shareholder unanimity are voted.

Article 30 - Attendance sheet - Officers - Minutes

An attendance sheet is kept at every Meeting and contains the legally required information and signatures.

The General Meeting shall be chaired by the Chairman of the Board of Directors or, in the Chairman's absence, by a Vice-Chairman. Failing this, the Meeting shall elect its own Chairman.

The duties of vote-teller shall be performed by the two shareholders, present and accepting such duties, who hold the largest number of shares, either on their own behalf or as proxy-holders.

The officers of the Meeting are responsible for checking, certifying and signing the attendance sheet, ensuring the discussions are properly held, settling any differences that may arise, counting the votes cast and ensuring they are cast properly and preparing the minutes.

The officers of the Meeting thus appointed shall designate a secretary, who may be a shareholder or not.

The minutes are kept and copies or extracts of these minutes are delivered and certified in accordance with the law.

Article 31 - Quorum - Voting rights - Number of votes

In Ordinary and Extraordinary General Meetings, the quorum is calculated on the basis of all the shares in the share capital and, in Special Meetings, on all shares in the class in question, less any shares denied voting rights by law.

In the case of remote voting, only those forms received by the Company by the deadline specified above are accepted for the purpose of calculating the quorum.

The voting rights attached to shares are proportional to the share capital they represent. With the same par value, each capital share or dividend share gives entitlement to one vote.

Article 32 - Ordinary General Meetings

An Ordinary General Meeting is a meeting called to take decisions which do not amend the Memorandum and Articles of Association.

It shall be held at least once a year, in the conditions provided for by law, to approve the accounts for the financial year then ended.

Decisions are valid only if, when the Meeting is convened for the first time, the shareholders attending the Meeting or represented by proxy or having voted by mail represent at least one quarter of the total voting rights. No quorum is required for a second meeting.

The Meeting makes decisions by simple majority of the votes of the shareholders present or represented by proxy, including the votes of shareholders having voted by mail or remotely.

Article 33 - Extraordinary General Meetings

The Extraordinary General Meeting alone shall be authorised to amend the Memorandum and Articles of Association. However, it may not increase shareholders' commitments, subject to transactions arising from any grouping together of shares, duly and properly carried out.

Decisions are valid only if the shareholders attending the Meeting or represented by proxy or having voted by mail represent at least one third of the total voting rights, in the case of a first meeting, and one quarter of the total voting rights in the case of a second meeting. In the event of this quorum not being reached, the second meeting may be deferred to a date not more than two months later than the date on which it was originally convened; the quorum of one-fifth is also required for this second meeting.

The Meeting makes decisions by a majority of two-thirds of the votes of the shareholders present or represented by proxy, including the votes of shareholders having voted by mail or remotely, except in the event of a legal exemption.

Article 34 - Special General Meetings

When there are several categories of shares, no changes may be made to the rights of a given category of shares unless approved by an Extraordinary General Meeting open to all shareholders and also by a Special General Meeting of the holders of the category of shares in question.

Decisions taken by Special General Meetings are valid only if the shareholders attending the Meeting or represented by proxy represent at least one-third of the total voting rights, in the case of a first meeting, and one-fifth of the total voting rights in the case of a second meeting.

In all other respects, Special General Meetings are convened and deliberate in the same way as Extraordinary General Meetings.

5 PREPARATION AND SUPERVISION OF THE REGISTRATION DOCUMENT AND THE INFORMATION CONTAINED THEREIN

Name and position of the person responsible for the Registration Document

Christophe Fabre, Chief Executive Officer

Information Officer

Patrick Donovan, Chief Financial Officer

Axway Software – 26, rue des Pavillons – 92807 PUTEAUX Cedex, France

Persons responsible for auditing the financial statements

Statutory Auditors

Auditeurs et Conseils Associés

31, rue Henri-Rochefort, 75017 Paris, France

Represented by François MAHE

Term of office expires at the General Meeting convened to approve the 2012 financial statements.

First appointed: May 2007.

Cabinet Mazars

61, rue Henri-Regnault, 92400 Courbevoie

Represented by Christine Dubus

Term of office expires at the General Meeting convened to approve the 2012 financial statements.

First appointed: May 2007.

Alternate Auditors

AEG Finances

4, rue de Châtillon, 75014 Paris

Term of office expires at the General Meeting convened to approve the 2012 financial statements.

Jean-Louis SIMON

61, rue Henri-Regnault, 92400 Courbevoie

Term of office expires at the General Meeting convened to approve the 2012 financial statements.

6 PROVISIONAL REPORTING TIMETABLE

Publication Q1 2012: Thursday 3 May 2012

General Meeting: Thursday 24 May 2012

Publication H1 2012: Wednesday, 1 August 2012

Publication half-yearly report: Friday 31 August 2012

7 DOCUMENTS ON DISPLAY

The Company's press releases and historical financial information on the Company can be found on the Company's website: www.axway.com and a copy can be obtained from Axway's administrative headquarters (26, rue des Pavillons, 92807 Puteaux Cedex, France). The Company's Articles of Association as well as the minutes of General Meetings, the separate and consolidated financial statements, reports of the Statutory Auditors and all other corporate documentation may be consulted, on paper, at the Company's registered office.

Person responsible for shareholder relations

Patrick Gouffran, Director of Financial Communications

Axway Software – 26, rue des Pavillons – 92807 PUTEAUX Cedex, France

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CERTIFICATION BY THE PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

I declare, after having taken all reasonable measures for this purpose, that the information contained in this Registration Document is, to the best of my knowledge, in accordance with the facts and it contains no omission likely to affect its meaning.

I hereby declare that, to the best of my knowledge, the financial statements have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and results of the Company and of all entities within the scope of consolidation, and that the management report appearing on page 68 gives a true and fair view of the business performance, results and financial position of the Company and of all entities within the scope of consolidation, as well as a description of the main risks and uncertainties to which they are exposed.

I have obtained a letter from the Statutory Auditors certifying that they have verified, in accordance with professional standards and doctrine applicable in France, the financial and accounting information provided in this Registration Document and that they have read the document as a whole.

The consolidated financial statements presented in this document are subject to a report by the Statutory Auditors, appearing on page 150, which contains a technical observation relating to changes in accounting methods and in the presentation of the financial statements.

Paris, 27 April 2012

Christophe Fabre

CEO

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n.a.: not applicable.

business. in motion.

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