INTERIM FINANCIAL REPORT **FOR THE SIX-MONTH PERIOD**

ended 30 June 2013

axway

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Summary

AXWAY
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1 HALF-YEAR MANAGEMENT REPORT

KEY EVENTS IN THE FIRST HALF OF 2013

During the first semester of 2013, the difficult economic environment in certain of our regions continued, specifically in certain European countries. This environment makes it difficult on our license revenue and in closing larger value sales transactions. However, we have continued to build out the Axway 5 suite and continued to target our Tier 1 customer base. With the acquisition of Vordel in late 2012, we added a key element to our product suite strategy. Additionally, we continue to see our customers renewing their maintenance contracts and in some cases upgrading to more comprehensive levels of services to protect the investment in our solutions they have previously made.

For the services business, the difficult economic environment in Europe has led on this continent, a scarcity of investment projects, with a consequent decrease in the number and size of projects implementation platforms of infrastructure.

The operating profit includes a provision of $6.2 million U.S. dollars (€4.7 million) taking into account an agreement in principle obtained recently from the US Department of Justice related to the GSA dispute negotiations. The finalization of a settlement agreement is expected to occur in the second semester of 2013. As a reminder, the activity of Tumbleweed (acquired in 2008 by the group) with the US government has been challenged since 2011 by a client, the General Services Administration (GSA).

The tax benefit for the first half of the year integrates the release of a portion of the valuation allowance on the U.S. deferred tax assets made possible by the increase of the profitability (realized and forecast) of this American subsidiary

BUSINESS PERFORMANCE IN THE FIRST HALF OF 2013

(in millions of euros)	**1st half 2013**	**1st half 2012**	**2012 pro forma**	**Total growth**	**Organic growth(1)**
France	34.8	32.6	32.8	6.8%	6.2%
Rest of Europe	26.7	25.1	26.4	6.3%	1.2%
America's	41.6	38.0	39.6	9.5%	5.1%
Asia/Pacific	3.2	2.6	2.8	22.6%	17.7%
AXWAY	**106.4**	**98.4**	**101.6**	**8.1%**	**4.8%**

(1) At comparable perimeter and exchange rate.

Axway posted first half 2013 consolidated revenues of €106.4 million, representing an organic revenue growth of 4.8% and a total growth of 8.1% compared with the same period in 2012. During the first semester of 2013, All main regions experienced both total and organic growth when compared to a challenging 2012. Our French market grew over 2012, primarily from strong product related revenues (license and maintenance revenues). In general, the rest of our European areas struggled growing license revenue which resulted in a moderate total revenue growth in the region. Our America's region had total growth of 5.1% over 2012, primarily driven by strong maintenance and service revenue growth while our APAC region, grew in all lines of business over 2012.

(in millions of euros)	**1st half 2013**	**1st half 2012**	**2012 pro forma**	**Total growth**	**Organic growth(1)**
Licenses	27.0	24.6	26.6	9.8%	1.6%
Maintenance	52.4	47.1	47.9	11.2%	9.5%
Services	27.0	26.7	27.1	1.1%	-0.4%
AXWAY	**106.4**	**98.4**	**101.6**	**8.1%**	**4.8%**

(1) At comparable perimeter and exchange rate.

In the first semester of 2013, Axway had organic license revenue growth of 1.6% and a total growth of 9.8% over the first semester of 2012. Our French business returned after a very difficult 2012. The service revenue in the first semester recorded an organic decrease of 0.4% from the first semester of 2012. During the first semester of 2013, the drop in service revenue was linked to a drop large license transaction with service transactions.

The revenues of maintenance progressed 9.5% over the first semester of 2012. This organic growth in maintenance revenue was present in all regions.

RESULTS FOR THE FIRST HALF OF 2013

Operating profit from business activity stood at 6.7% in the first half of 2013, compared with 5.6% in the first half of 2012. This increase of 1.1% was driven by the 8.1% growth in total revenue, while maintaining the growth in total costs of 6.8%.

	1st half 2013		1st half 2012	
	(in M€)	(% Rev)	(in M€)	(% Rev)
Total Revenue:	**106.4**	**100.0%**	**98.4**	**100.0%**
Total Costs of sales:	36.3	34.1%	35.3	35.9%
Gross profit:	**70.1**	**65.9%**	**63.1**	**64.1%**
Operating expenses:				
Sales and marketing	33.9	31.8%	31.4	31.9%
Research and development	17.7	16.6%	16.2	16.5%
General and administrative	11.4	10.7%	10.0	10.1%
Total operating expenses:	**63.0**	**59.2%**	**57.6**	**58.6%**
Profit on operating activities	**7.1**	**6.7%**	**5.5**	**5.6%**

The increase in our gross margin by 1.8% was driven by a growth in our license and maintenance revenues while holding the product related costs in line. Services margin remained relatively flat over the two periods.

Overall, our total operational costs were 59.2% of our revenues for the first semester of 2013. This compares directly to 58.6% for the first semester of 2012, a growth of €5.4 million or 0.6% of consolidated revenue. This absolute dollar costs increase results from the integration of the Vordel activities as well as investment in certain key activities as mentioned further below.

For the first semester of 2013 and 2012, the sales and marketing represented 31.8% and 31.9% respectively of our total revenues and represent the continued constant level of spending in these activities. The costs of our research and development activities increased with the additional product spending picked up from the Vordel acquisition as well as our continued investments in our Axway 5 suite. In relation to our total revenue, we spent 16.6% of our total revenues in the first semester of 2013 versus 16.5% in 2012. G&A costs increase of €1.4 million to continue supporting our activities related to the Vordel acquisition as well as a strategic investment in our Human Resource activities during 2013, including the launch of several key activities in this area across our multiple business regions.

The Group's financial position

At 30 June 2013, Axway's financial situation remains solid. Axway ended the period with a strong cash balance of over €54 million and a treasury position, net of financial debt of €14.5 million. Our financial covenants all remain below the limits within our bank agreements. Our shareholder's equity €238.7 million includes the dividend distribution of €7.1 million. At this time, our €50 million medium term line of credit is not utilized.

Our operating cash activity before tax and interest remains strong at €8.4 million for the first semester of 2013 compared to €5 million in the first semester of 2012. As a significant amount of our maintenance billings occur in the beginning of the year, our first semester working capital continues to be significant at €19.8 million for a total cash flows from operating activities of €27.0 million for the first semester of 2013. Overall, we increased our net cash position by €18.7 million in the first semester of 2013.

MAIN RISKS AND UNCERTAINTIES FOR THE SECOND HALF OF 2013

Except the agreement relating GSA commercial dispute (see note 17), the level and nature of the risks to which the Group is expose is unchanged with regard to the risk factors set out on pages 91 to 101 of the 2012 Registration Document.

In particular, the risk relating to the changes in the economic environment is one of the main factors that could impact on Axway's second half performance.

PERSPECTIVES FOR THE SECOND HALF OF 2013

At this time, there are no other known events likely to have a significant impact on the financial situation of Axway.

For 2013, Axway confirms its forecast for organic growth as well as a slight improvement in its operating margin.

EVENTS SUBSEQUENT TO THE END OF THE PERIOD

Between 1 July 2013 and the date of the Board of Director's meeting, there were no significant events likely to impact the financial statements presented.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2013

INCOME STATEMENT

		1st half 2013	1st half 2012
	Notes	**Amount**	**Amount**
Revenue	*3, 4*	**106,366**	**98,371**
Staff costs	*5*	-72,738	-68,416
External expenses		-26,561	-25,259
Taxes and duties		-927	-790
Depreciation and amortisation, Provisions and impairment		-2,384	-1,782
Other operating expenses and income from recurring operations		3,374	3,339
Operating profit on business activity		**7,130**	**5,463**
as % of revenue excl. VAT		***6.7%***	***5.6%***
Share-based payment expense		-645	-564
Amortisation of allocated intangible assets		-1,898	-992
Profit from recurring operations		**4,587**	**3,907**
as % of revenue excl. VAT		***4.3%***	***4.0%***
Other operating income and expenses	*6*	-5,177	-877
Operating profit		**-590**	**3,030**
as % of revenue excl. VAT		***-0.6%***	***3.1%***
Cost of net financial debt	*7*	-395	-240
Other financial income and expense	*7*	-83	-229
Tax charge	*8*	10,881	41
Net income from associates		-	-
Net profit for the period from continuing operations		**9,813**	**2,602**
Profit after tax from discontinued operations		-	-
ATTRIBUTABLE TO GROUP		**9,813**	**2,602**
AS % OF REVENUE EXCL. VAT		***9.2%***	***2.6%***
Minority interests		-	-
Net profit		**9,813**	**2,602**

Earnings per share

(in euros)	**Notes**	**1st half 2013**	**1st half 2012**
Basic earnings per share	*9*	**0,48**	**0,13**
Fully diluted earnings per share	*9*	**0,48**	**0,13**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in thousands of euros)	**1st half 2013**	**1st half 2012**
Net profit	**9,813**	**2,602**
Other comprehensive income statement:		
Actuarial gains and losses on pension plans	-6	4
Tax impact	2	-2
Subtotal of items not reclassifiable to profit or loss	**-4**	**2**
Translation differential	871	4,048
Change in the value of derivatives	298	-
Tax impact	-110	141
Subtotal of items reclassifiable to profit or loss	**1,059**	**4,189**
Total other comprehensive income statement	**1,055**	**4,191**
TOTAL COMPREHENSIVE PROFIT	**10,868**	**6,793**
Minority interests	-	-
Attributable to Group	**10,868**	**6,793**

BALANCE SHEET

ASSETS *(in thousands of euros)*	**Notes**	**30/06/2013**	**31/12/2012**
Goodwill	*10*	195,613	196,556
Intangible assets		31,317	30,998
Property and equipment		5,948	6,251
Financial assets		939	833
Deferred tax assets		29,391	17,705
Other non-current assets		**263,208**	**252,343**
Inventories		290	337
Trade accounts receivable	*11*	57,721	72,202
Other current receivables		22,435	16,817
Cash and cash equivalents		54,080	35,378
Current assets		**134,526**	**124,734**
TOTAL ASSETS		**397,734**	**377,077**

LIABILITIES AND EQUITY *(in thousands of euros)*	**Notes**	**30/06/2013**	**31/12/2012**
Share capital		40,710	40,642
Capital reserves		104,446	102,631
Consolidated reserves		83,754	66,017
Profit for the period		9,813	24,660
Equity – Group share		**238,723**	**233,950**
Minority interests		**1**	**1**
TOTAL EQUITY	*12*	**238,724**	**233,951**
Financial debt – long-term portion	*13*	37,863	36,876
Deferred tax liabilities		6,263	6,872
Other non-current liabilities		13,342	9,395
Non-current liabilities		**57,468**	**53,143**
Financial debt – short-term portion	*13*	4,739	5,253
Trade accounts payables		8,451	9,966
Other current liabilities	*14*	88,352	74,764
Current liabilities		**101,542**	**89,983**
TOTAL LIABILITIES		**159,010**	**143,126**
TOTAL LIABILITIES AND EQUITY		**397,734**	**377,077**

CHANGES IN SHAREHOLDERS' EQUITY

(in thousands of euros)	Share capital	Capital reserves	Treasury shares	Reserves and consolidated profit	Other comprehensive income statement items	Total attributable to Group	Minority interests	Total
Equity at 30/06/2012	**40,642**	**102,050**	**-566**	**62,737**	**12,986**	**217,849**	**2**	**217,851**
Capital transactions	-	-	-	-	-	-	-	-
Share-based payments	-	581	-	-	-	581	-	581
Transactions in treasury shares	-	-	96	-40	-	56	-	56
Earnings appropriation	-	-	-	-	-	-	-	-
Changes in scope of consolidation	-	-	-	-	-	-	-	-
Others movements	-	-	-	-75	38	-37	-1	-38
Transactions with shareholders	**-**	**581**	**96**	**-115**	**38**	**600**	**-1**	**599**
Profit for the year	-	-	-	22,058	-	22,058	-	22,058
Other comprehensive income statement	-	-	-	-	-6,557	-6,557	-	-6,557
Total comprehensive profit for the year	**-**	**-**	**-**	**22,508**	**-6,557**	**15,501**	**-**	**15,501**
Equity at 31/12/2012	**40,642**	**102,631**	**-470**	**84,680**	**6,467**	**233,950**	**1**	**233,951**
Capital transactions	68	418	-	-	-	486	-	486
Share-based payments	-	641	-	-	-	641	-	641
Transactions in treasury shares	-	-	-195	73	-	-122	-	-122
Earnings appropriation	-	755	-	-7,855	-	-7,100	-	-7,100
Changes in scope of consolidation	-	-	-	-	-	-	-	-
Others movements	-		-	-7	7	-		-
Transactions with shareholders	**68**	**1,814**	**-195**	**-7,789**	**7**	**-6,095**	**-**	**-6,095**
Profit for the year	-	-	-	9,813	-	9,813		9,813
Other comprehensive income statement	-	-	-	-	1,055	1,055	-	1,055
Total comprehensive profit for the year	**-**	**-**	**-**	**9,813**	**1,055**	**10,868**	**-**	**10,868**
EQUITY AT 30/06/2013	**40,710**	**104,445**	**-665**	**86,704**	**7,529**	**238,723**	**1**	**238,724**

CASH FLOW STATEMENT

(in thousands of euros)	**1st half 2013**	**1st half 2012**
Consolidated net profit (including minority interests)	**9,813**	**2,602**
Net increase in depreciation, amortisation and provisions	8,091	2,470
Unrealised gains and losses relating to changes in fair value	310	-
Share-based payment expense	644	564
Other calculated income and expense	-28	-674
Gains and losses on disposal	73	-164
Cash from operations after cost of net debt and tax	**18,903**	**4,798**
Net cost of financial debt	395	240
Income taxes (including deferred tax)	-10,881	-42
Cash from operations before cost of net debt and tax (A)	**8,417**	**4,996**
Tax paid (B)	-1,206	-2,120
Changes in operating working capital requirements (including liabilities related to employee benefits) (C)	19,755	18,032
Net cash from operating activities (D) = (A+B+C)	**26,966**	**20,908**
Purchase of tangible and intangible fixed assets	-1,146	-1,103
Proceeds from sale of tangible and intangible fixed assets	-	72
Purchase of financial assets	-216	-84
Proceeds from sale of financial assets	110	64
Impact of changes in the scope of consolidation	-272	-
Net cash from (used in) investing activities (E)	**-1,524**	**-1,051**
Proceeds on issue of shares	-	-
Proceeds on the exercise of stock options	486	2,149
Purchase and proceeds from disposal of treasury shares	-195	-26
Dividends paid during the period:	-	-
• Dividends paid to shareholders of Sopra Group SA	-7,101	-5,025
• Dividends paid to minority interests of consolidated expenses	-	-
Change in borrowings	-	-
Change in current account – Sopra Group	-	-
Net interest paid (including finance leases)	-392	-240
Other cash flow relating to financing activities	456	175
Net cash from (used in) financing activities (F)	**-6,746**	**-2,967**
Effect of foreign exchange rate changes (G)	-2	238
NET CHANGE IN CASH AND CASH EQUIVALENTS (D+E+F+G)	**18,694**	**17,128**
Opening cash position	35,370	23,675
Closing cash position	54,064	40,803

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Contents of the notes to the consolidated financial statements

Note 1. Accounting principles

These condensed interim consolidated financial statements for the six months ended 30 June 2013, together with the accompanying notes, were prepared under the responsibility of the Board of Directors and approved at its meeting of 31 July 2013.

1.1 Basis of preparation of the condensed interim consolidated financial statements

The condensed interim consolidated financial statements for the six months ended 30 June 2013 were prepared in accordance with IAS 34 *Interim Financial Reporting* and do not therefore contain all the information required for the annual financial statements. For this reason, they should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2012, which were prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union.

These condensed interim consolidated financial statements are presented in thousands of euros, unless indicated otherwise.

1.2. Summary of main accounting policies

The accounting policies and principles applied in these condensed interim consolidated financial statements are the same as those used to prepare the financial statements for the year ended 31 December 2012, with the exception of provisions specific to the preparation of interim accounts:

- tax expense is calculated by applying the average effective tax rate estimated for the year to pre-tax profit for the period;
- retirement commitments for the period were estimated using actuarial studies carried out for the 2012 financial year, discounted for the first half of 2013.

The new standards, amendments of existing standards and interpretations of mandatory application for periods beginning on or after 1 January 2013 have not had any material effect on the accounts and the result of the Group's operations, namely: amendments to IAS 1, amendments to IAS 19, amendments to IFRS 7, IFRS 13, amendments to IAS 12, amendments to IFRS 1, annual improvements to IFRS 2009–2011.

The Group chose not to apply prospectively the standards and interpretations not yet adopted by the European Union for periods beginning on or after 1 January 2013, namely: IAS 32R, IFRS 10, IFRS 11, IFRS 12, IAS 28R, IFRIC 21.

The main accounting methods used by the Group are described in the notes to the annual financial statements.

Note 2. Significant events and scope of consolidation

There were no significant changes in the scope of consolidation during the period.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

Note 3. Revenue

3.1. Revenue by activity

(in thousands of euros)		1st half 2013		1st half 2012
Licences	27.0	25.4%	24.6	25.0%
Maintenance	52.4	49.2%	47.1	47.9%
Services	27.0	25.4%	26.7	27.1%
TOTAL REVENUE	**106.4**	**100.0%**	**98.4**	**100%**

3.2. International revenue

(in thousands of euros)	1st half 2013		1st half 2012	
France	34.8	32.7%	32.6	33.1%
International	71.6	67.3%	65.8	66.9%
TOTAL REVENUE	**106.4**	**100.0%**	**98.4**	**100.0%**

Note 4. Segment information

Geographical breakdown of revenue

(in thousands of euros)	1st half 2013		1st half 2012	
France	34,792	32.7%	32,586	33.1%
Rest of Europe	26,726	25.1%	25,144	25.6%
Americas	41,610	39.1%	38,001	38.6%
Asia Pacific	3,238	3.0%	2,640	2.7%
TOTAL REVENUE	**106,366**	**100%**	**98,371**	**100%**

Note 5. Staff costs

5.1. Breakdown of staff costs

(in thousands of euros)	1st half 2013	1st half 2012
Salaries	56,380	52,977
Social charges	16,121	15,439
Employee profit sharing	237	-
TOTAL	**72,738**	**68,416**

5.2. Workforce

No. Of employees at 30 June	1st half 2013	1st half 2012
France	628	637
International	1,170	1,128
TOTAL	**1,798**	**1,765**

Average no. Of employees	1st half 2013	1st half 2012
France	628	635
International	1,155	1,129
TOTAL	**1,783**	**1,764**

Note 6. Other operating income and expenses

This item includes non-recurring expenses relating to the legal and consultancy costs of the trade dispute with the GSA (General Services Administration), a US government agency, together with an estimate of damages and interest and any penalties that might be paid (see Note 17).

Note 7. Financial income and expenses

7.1. Cost of net financial debt

(in thousands of euros)	1st half 2013	1st half 2012
Income from cash and cash equivalents	-	2
Interest charges	-395	-242
TOTAL	**-395**	**-240**

7.2. Other financial income and expenses

(in thousands of euros)	1st half 2013	1st half 2012
Foreign exchange gain and losses	-132	-239
Reversal of provisions	1	-
Other financial income	191	84
Total other financial income	**60**	**-155**
Charges to provisions	-	-
Discounting of retirement commitments	-80	-100
Discounting of employee profit sharing	-19	-
Change in the value of derivatives	-	-
Other financial expenses	-45	26
Total other financial expense	**-144**	**-74**
TOTAL OTHER FINANCIAL INCOME & EXPENSE	**-84**	**-229**

Note 8. Tax expense

(in thousands of euros)	1st half 2013	1st half 2012
Current tax	1,493	1,841
Deferred tax	-12,374	-1,882
TOTAL	**-10,881**	**-41**

At 30 June 2013, deferred tax assets not used in relation to tax loss carryforwards came to €31 million and mainly concerned the following subsidiaries: Axway Inc. (€25.7 million), Axway UK (€1.8 million), Axway Srl in Italy (€0.9 million) and Axway Pte Ltd in Singapore (€1.1 million).

The prior earnings and future growth prospects of the US subsidiary, Axway Inc., meant that the degree to which deferred tax assets were activated was based on the profits for five years rather than two years as was previously the case. This option led to activation of deferred tax assets of €9.1 million at 30 June.

In Germany, the turnaround enjoyed by this subsidiary and its resulting return to profit led to reconsideration of the original option not to activate deferred tax assets in the amount of the goodwill recorded. At 30 June 2013, deferred tax of €0.8 million was activated.

Note 9. Earnings per share

(in euros)	1st half 2013	1st half 2012
Net profit - Group share	9,812,732	2,602,614
Weighted average no. Ordinary shares in issue	20,324,892	20,188,507
BASIC EARNINGS PER SHARE	**0.48**	**0.13**

(in euros)	1st half 2013	1st half 2012
Net profit - Group share	9,812,732	2,602,614
Weighted average number of ordinary shares in issue	20,324,892	20,188,507
Weighted average number of securities retained in respect of dilutive items	152,962	165,936
Weighted average number of shares retained for the calculation of diluted net earnings per share	20,477,854	20,354,443
FULLY DILUTED EARNINGS PER SHARE	**0.48**	**0.13**

NOTES TO THE CONSOLIDATED BALANCE SHEET

Note 10. Goodwill

(in thousands of euros)	Gross value	Impairment	Net
31 December 2012	**205,516**	**8,960**	**196,556**
Changes in goodwill	-1,452	-	-1,452
Translation differential	462	-47	509
30 JUNE 2013	**204,526**	**8,913**	**195,613**

Adjustment to business combinations concerns the price adjustment clause in respect of Vordel, acquired in November 2012, and the definitive allocation of goodwill on intangible items acquired.

Note 11. Trade receivables

(in thousands of euros)	30/06/2013	31/12/2012
Trade accounts receivable	53,059	69,969
Accrued income	8,085	5,064
Accrued credit notes	-797	-695
Provision for doubtful debtors	-2,626	-2,136
TOTAL	**57,721**	**72,202**

Note 12. Shareholders' equity

12.1. Changes in the share capital

At 31 December 2012, the share capital stood at €40,642,076, comprising 20,321,038 fully-paid up shares with a nominal value of €2.00 each.

In the first half of 2013, 33,904 share subscription options were exercised, leading to the creation of 33,904 new shares at the price of €2.00, with a share premium of €12.34.

In addition, 45 shares were created under the Group employee bonus share plan of 14 February 2012.

At 30 June 2013, the share capital stood at €40,709,974, comprising 20,354,987 fully paid-up shares with a nominal value of €2.00 each.

12.2. Dividends

The General Shareholders' Meeting of Axway Software held on 4 June 2013 to approve the 2012 financial statements approved a dividend of €0.35 per share, representing a total of €7,112,000.

This dividend was scheduled for payment on 12 June 2013.

Note 13. Loans and financial liabilities – Net debt

(in thousands of euros)	Current	Non-current	30/06/2013	31/12/2012
Bank loans	4,712	34,863	39,575	39,566
Employee profit sharing	10	3,001	3,011	2,555
Current bank overdrafts	17	-	17	8
FINANCIAL DEBT	**4,739**	**37,864**	**42,603**	**42,129**
Cash and cash equivalents	-54,080	-	-54,080	-35,378
NET DEBT	**-49,341**	**37,864**	**-11,477**	**6,751**

Note 14. Other current liabilities

(in thousands of euros)	30/06/2013	31/12/2012
Fixed asset liabilities – portion due in more than one year	111	131
Employees	11,978	14,624
Social security	7,425	9,037
Value added tax	7,860	8,184
Other tax liabilities	1,093	1,023
Corporate income tax	1,338	1,529
Deferred income	58,440	40,014
Other liabilities	107	222
TOTAL	**88,352**	**74,764**

The rise in deferred income compared with 31 December 2012 primarily relates to the maintenance activities, for which invoices are mainly issued at the beginning of the year. The deferred income figure at 30 June 2013 is consistent with the growth achieved in the maintenance activity in the first half of 2013.

OTHER INFORMATION

Note 15. Related-party transactions

The agreements that the Axway Group has entered into with related parties were described in Note 30 Related-party transactions of Axway's 2012 Registration Document, which was filed with the AMF *(Autorité des marchés financiers)* on 24 April 2013.

Aside from the agreements referred to above, no new agreements were entered into with related parties by the Group in the first half of 2013.

Note 16. Off-balance sheet commitments and contingent liabilities

The Group's off-balance sheet commitments are those made or received by Axway and its subsidiaries. These commitments were not subject to any significant changes compared with 31 December 2012.

With regard to its outstanding syndicated loans, the Group is in compliance with the covenants and commitments included in the loan agreements. At 30 June 2013, syndicated credit lines remained used at the same level as published at 31 December 2012, i.e. €40 million.

Note 17. Exceptional events and legal disputes

Since 2011, the Group has been involved in a commercial dispute with a US Government agency (General Services Administration/ GSA) in which it, through the acquisition of the GSA agreement in the Tumbleweed acquisition, is accused of failing to honour agreed prices for the supply of licences.

The U.S. Department of Justice (DOJ), on behalf of GSA, and the Group have been exploring possible ways to reach an out-of-court settlement of this dispute. In July 2013, the Group was informed by the DOJ of their approval of an agreement in principle reached in June for $6.2 million U.S. dollars (approximately €4.7 million).

The finalization of a settlement agreement outlining the terms and conditions of this agreement in principle is expected to occur in the second semester of 2013. Accordingly, in the 2013 first semester accounts, the Group has made a provision for this amount.

Accordingly, in the 2013 first semester accounts, the Group has made a provision for this amount booked in "Other operating income and expenses" (see note 6).

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 18. Events subsequent to the end of the period

Between 1 July 2013 and the date of the Board meeting, no significant event liable to impact the financial statements presented took place.

3

STATUTORY AUDITORS' REPORT ON THE INTERIM FINANCIAL STATEMENTS

To the Shareholders,

In accordance with our appointment as Statutory Auditors by the General Shareholder's Meetings, and in application of Article L. 451-1-2 III of the French Monetary and Financial Code *(Code monétaire et financier)*, we have performed:

- a limited review of the accompanying condensed interim consolidated financial statements of Axway Software for the period from 1 January to 30 June 2013;
- verification of the information provided in the half-year management report.

These condensed interim consolidated financial statements were prepared under the responsibility of the Board of Directors. Our responsibility is to express our conclusion on these financial statements, based on our limited review.

I. Conclusion on the financial statements

We conducted our limited review in accordance with the professional standards applicable in France.

A limited review mainly consists of interviewing management in charge of accounting and financial matters and applying analytical procedures. These procedures are less broad in scope that those required for an audit performed in accordance with French auditing standards. Accordingly, a limited review only provides moderate assurance, which is less assurance than that provided by an audit, that the financial statements taken as a whole are free of material misstatements.

Based on our limited review, we did not identify any material misstatements that would cause us to believe that the condensed interim consolidated financial statements do not comply with IAS 34, the IFRS standard relating to interim financial reporting adopted by the European Union.

II. Specific verification

We have also verified the information presented in the half-year management report commenting on the condensed interim consolidated financial statements that were the subject of our limited 1st review.

We have nothing to report with respect to the fairness of such information and its consistency with the condensed interim consolidated financial statements.

Paris and Courbevoie, 1 August 2013

The Statutory Auditors

Auditeurs & Conseils Associés	**Mazars**
François MAHE	Christine DUBUS

4

DECLARATION BY THE PERSON RESPONSIBLE FOR THE INTERIM FINANCIAL REPORT

I declare that, to the best of my knowledge, the accounts presented in the interim financial report have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and of all the entities included in the scope of consolidation, and that the half-year management report provides a fair review of the significant events that occurred in the first six months of the financial year and their impact on the interim financial statements, and of the main transactions between related parties, as well as a description of the main risks and uncertainties for the remaining six months of the financial year.

Phoenix, 1 August 2013

Christophe Fabre

Chief Executive Officer

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