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

ended 30 June 2012

axway

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Contents

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This document is a free translation into English of the original French "Rapport financier semestriel au 30 juin 2012", hereafter referred to as the "Interim financial report for the six-month period ended 30 June 2012". 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.

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1

HALF-YEAR MANAGEMENT REPORT

KEY EVENTS IN THE FIRST HALF OF 2012

Axway's 1st half 2012 revenue reflects very different situations across the geographical areas. Revenue was up in the US, Germany and the UK, notably increasing by more than 17% in the 2nd Quarter in the US, thanks to excellent performance from its commercial portfolios, in terms of both quality and volumes. There was a further deterioration of the economic climate in Southern Europe (France, Spain and Italy) in the 2nd Quarter which resulted in licence orders being suspended or postponed, particularly in the group's key sectors (finance, the public sector).

BUSINESS PERFORMANCE IN THE FIRST HALF OF 2012

(in millions of euros)	**1st half 2012**	**1st half 2011**	**2011 pro forma**	**Total growth**	**Organic growth(1)**
Europe	57.7	63.4	64.1	-9.1%	-10.1%
America's	38.0	34.0	36.0	11.8%	5.8%
Asia/Pacific	2.7	2.6	2.9	4.2%	-7.5%
AXWAY	**98.4**	**100.0**	**103.0**	**-1.6%**	**-4.5%**

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

Axway posted first half 2012 consolidated revenue of €98.4 million, representing negative organic growth of 4.5% and negative total growth of 1.6% compared with the same period in 2011. In the first half of 2012, Axway encountered some difficulties that prevented it from matching the activity levels of the first half of 2011, mainly due to a sharp fall in revenue in France. The first and second quarters were particularly difficult in France, due to the slowdown in economic activity and a lack of business from major accounts. Our North American business remained strong, with second quarter results offsetting a slowdown in the first quarter of the year.

(in millions of euros)	**1st half 2012**	**1st half 2011**	**2011 pro forma**	**Total growth**	**Organic growth(1)**
Licenses	24.6	31.9	33.0	-23.0%	-25.5%
Maintenance	47.1	40.7	42.2	15.8%	11.7%
Services	26.7	27.4	27.8	-2.6%	-4.1%
AXWAY	**98.4**	**100.0**	**103.0**	**-1.6%**	**-4.5%**

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

Axway posted first half 2012 consolidated revenue of €98.4 million, representing negative organic growth of 4.5% and negative total growth of 1.6% compared with the same period of 2011. Licence sales were down 25.5% on the first half of 2011. The lack of major international transactions in the first half and the fall in activity in France led to a drop in licence revenue in the first half of 2012. Service revenue was also down versus the first half of 2011, by 4.1%. In the first half of 2012, the decline in service revenue was not offset by licence sales, which were also down. This made it difficult to meet the target for revenue from services, as a large proportion comes from major transactions. Maintenance revenue bucked the trend, however, with growth of 11.7%. This organic growth in maintenance revenue was achieved in all regions.

RESULTS FOR THE FIRST HALF OF 2012

Operating profit from business activity stood at 5.6% in the first half of 2012, compared with 10.3% in the first half of 2011. This decrease (4.7%) stemmed from a decline in total revenue of 1.6% and an increase in costs of 3.5%.

	1st half 2012		1st half 2011	
	(in M€)	(% Rev)	(in M€)	(% Rev)
Total revenue	**98.4**	-	**100.0**	-
Total costs of sales	35.5	36.1%	33.2	33.1%
Gross profit	**62.9**	**63.9%**	**66.9**	**66.9%**
Operating expenses				
Sales and marketing	31.2	31.7%	30.4	30.4%
Research and development	16.2	16.5%	16.4	16.4%
General and administrative	10.0	10.1%	9.8	9.8%
Total operating expenses	**57.4**	**58.4%**	**56.6**	**56.6%**
Profit on operating activities	**5.5**	**5.6%**	**10.3**	**10.3%**

The decrease of 3 percentage points in the gross margin in the first half of 2012 versus the same period of 2011 was mainly attributable to our on-going investments, notably in cloud computing, which were not offset by revenue from licences and services.

Total operating expenses represented 58.4% of revenue in the first half of 2012, compared with 56.6% in the same period of 2011, an increase of €0.8 million or 1.8% of revenue. This level of operating expenses is consistent with our business development programme.

In the first half of 2012, sales and marketing expenses increased as a proportion of revenue compared with the previous year, in line with the programme of investment in our distribution model. Research and development expenses remained flat in value terms, but increased as a proportion of revenue, due to the fall in total revenue. General and administrative expenses increased by €0.2 million, in accordance with our need to strengthen corporate structures for the purpose of managing major client accounts.

The Group's financial position

At 30 June 2012, Axway's financial position was solid, with €40.9 million in cash and cash equivalents, and no bank debt. Equity attributable to the Group stood at €217.8 million. This figure takes into account a dividend of €5.0 million. As at the date of this report, the medium-term credit line of €100 million had not yet been used.

Cash from operations after tax and the cost of net debt totalled €4.8 million at 30 June 2012, compared with €5.1 million at 30 June 2011. Given that a large proportion of maintenance invoices are issued at the beginning of the year, the change in working capital requirements in the first half of 2012 remained significant, at €18.0 million, contributing to net cash from operating activities of €20.9 million for the first half of 2012. Overall, our net cash position improved by €17.1 million in the first half of 2012.

MAIN RISKS AND UNCERTAINTIES FOR THE SECOND HALF OF 2012

The level and nature of the risks to which the Group is exposed is unchanged with regard to the risk factors set out in pages 76 to 84 of the 2011 Registration Document.

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

OUTLOOK FOR THE SECOND HALF OF 2012

Despite the fall in demand in its strategic sectors in France, a situation the company has been facing for several quarters now, business remain brisk in the US and Northern Europe and looks promising for the end of the year. Moreover, because of the seasonality of its revenue cycle, 2nd half performance, particularly in licences, is a decisive factor in overall annual performance. The company expects business to pick up in France in the second six months of the year and, on this basis, confirms its objective of achieving positive organic growth and very slightly increasing its operating margin for 2012 as a whole.

EVENTS SUBSEQUENT TO THE END OF THE PERIOD

Between 1st July 2012 and the date of the Board of Directors' meeting, there were no significant events likely to impact on the financial statements presented.

2

CONDENSED CONSOLIDATED STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2012

INCOME STATEMENT

(in thousands of euros)	Notes	1st half 2012 Amount	1st half 2012 %	1st half 2011 Amount	1st half 2011 %
Revenue	3, 4	98,371	100.0%	100,018	100.0%
Purchases consumed		-6,366	-6.5%	-7,272	-7.3%
Staff costs	5	-68,416	-69.5%	-63,763	-63.8%
External expenses		-18,893	-19.2%	-19,076	-19.1%
Taxes and duties		-790	-0.8%	-725	-0.7%
Depreciation and amortisation		-980	-1.0%	-885	-0.9%
Provisions and impairment		-802	-0.8%	-231	-0.2%
Other operating income from recurring operations		3,168	3.2%	2,431	2.4%
Other operating expenses from recurring operations		171	0.2%	-219	-0.2%
Operating profit on business activity		**5,463**	**5.6%**	**10,278**	**10.3%**
Expenses related to stock options		-564	-0.6%	-	0.0%
Amortisation of allocated intangible assets		-992	-1.0%	-922	-0.9%
Profit from recurring operations		**3,907**	**4.0%**	**9,356**	**9.4%**
Other operating income and expenses	6	-877	-0.9%	-3,425	-3.4%
Operating profit		**3,030**	**3.1%**	**5,931**	**5.9%**
Income from cash and cash equivalents	7	2	0.0%	3	0.0%
Cost of gross financial debt	7	-242	-0.2%	-784	-0.8%
Cost of net financial debt		**-240**	**-0.2%**	**-781**	**-0.8%**
Foreign exchange gains and losses		-239	-0.2%	-1,075	-1.1%
Other financial income and expense	7	10	0.0%	-62	-0.1%
Tax charge	8	41	0.0%	-1,082	-1.1%
Net profit for the period from continuing operations		**2,602**	**2.6%**	**2,931**	**2.9%**
NET PROFIT		**2,602**	**2.6%**	**2,931**	**2.9%**
Attributable to Group		**2,602**	**2.6%**	**2,931**	**2.9%**
Minority interests		-	-	-	-

Earnings per share

(in euros)	Notes	1st half 2012	1st half 2011
Basic earnings per share	9	**0.13**	**0.18**
Fully diluted earnings per share	9	**0.13**	**0.18**

INCOME AND EXPENSES RECOGNISED IN EQUITY

(in thousands of euros)	1st half 2012	1st half 2011
Net profit	**2,602**	**2,931**
Translation differential	4,189	-10,452
Actuarial gains and losses on pension plans	2	-2
Total gains and losses recognised directly in equity	**4,191**	**-10,454**
NET PROFIT AND GAINS AND LOSSES RECOGNISED DIRECTLY IN EQUITY	**6,793**	**-7,523**
Attributable to Group	**6,793**	**-7,523**
Minority interests	-	-

BALANCE SHEET

ASSETS *(in thousands of euros)*	Notes	30/06/2012	31/12/2011
Goodwill	10	173,208	169,578
Intangible assets		19,219	19,440
Property and equipment		4,621	4,883
Financial assets		849	819
Deferred tax assets		15,741	14,482
Non-current assets		**213,638**	**209,202**
Inventories		563	606
Trade accounts receivable	11	54,114	57,056
Other current receivables		16,269	13,809
Cash and cash equivalents		40,903	23,801
Current assets		**111,849**	**95,272**
TOTAL ASSETS		**325,487**	**304,474**

LIABILITIES AND EQUITY *(in thousands of euros)*	Notes	30/06/2012	31/12/2011
Share capital		40,642	40,301
Capital reserves		102,050	99,199
Consolidated reserves		59,569	43,529
Profit for the period		2,602	21,456
Gains and losses taken directly to equity		12,986	8,948
Equity – Group share		**217,849**	**213,433**
Minority interests		**2**	**2**
TOTAL EQUITY	12	**217,851**	**213,435**
Financial debt – long-term portion	13	2,097	1,968
Current account with Sopra Group		-	-
Deferred tax liabilities		6,254	6,998
Provision for post-employment benefits		6,075	5,815
Non-current provisions		1,281	1,122
Other non-current liabilities		763	608
Non-current liabilities		**16,470**	**16,511**
Financial debt – short-term portion	13	537	530
Trade accounts payables		7,947	8,184
Other current liabilities	14	82,682	65,814
Current liabilities		**91,166**	**74,528**
TOTAL LIABILITIES		**107,636**	**91,039**
TOTAL LIABILITIES AND EQUITY		**325,487**	**304,474**

CHANGES IN SHAREHOLDERS' EQUITY

(in thousands of euros)	Share capital	Capital reserves	Treasury shares	Reserves and consolidated profit	Translation differential	Variance on retirement obligations	Total attributable to Group	Minority interests	Total
Equity at 31/12/2010	**75,620**	**1,169**	**-**	**67,323**	**5,186**	**-1,203**	**148,095**	**2**	**148,097**
Capital transactions	-43,379	44,331	-	-952	-	-	-	-	-
Share-based payments	-	-	-	-	-	-	-	-	-
Transactions in treasury shares	-	-	-367	-	-	-	-367	-	-367
Earnings appropriation	-	418	-	-22,202	-	-	-21,784	-	-21,784
Changes in scope of consolidation	-	-	-	-	-	-	-	-	-
Others movements	-	-	-	-	-	-	-	-	-
Transactions with shareholders	-43,379	44,749	-367	-23,154	-	-	-22,151	-	-22,151
Profit for the year	**-**	**-**	**-**	**2,931**	**-**	**-**	**2,931**		**2,931**
Other comprehensive income statement	-	-	-	-	-10,452	-2	-10,454	-	-10,454
Total comprehensive profit for the year	-	-	-	2,931	-10,452	-2	-7,523	-	-7,523
Equity at 30/06/2011	**32,241**	**45,918**	**-367**	**47,100**	**-5,266**	**-1,205**	**118,421**	**2**	**118,423**
Capital transactions	8,060	53,135	-	-	-	-	61,195	-	61,195
Share-based payments	-	146	-	-	-	-	146	-	146
Transactions in treasury shares	-	-	-183	-91	-	-	-274	-	-274
Earnings appropriation	-	-	-	-	-	-	-	-	-
Changes in scope of consolidation	-	-	-	-	-	-	-	-	-
Others movements	-	-	-	1	-	-	1	-	1
Transactions with shareholders	8,060	53,281	-183	-90	-	-	61,068	-	61,068
Profit for the year	**-**	**-**	**-**	**18,525**	**-**	**-**	**18,525**		**18,525**
Other comprehensive income statement	-	-	-	-	15,467	-48	15,419	-	15,419
Total comprehensive profit for the year	-	-	-	18,525	15,467	-48	33,944	-	33,944
Equity at 31/12/2011	**40,301**	**99,199**	**-550**	**65,535**	**10,201**	**-1,253**	**213,433**	**2**	**213,435**
Capital transactions	341	1,808	-	-	-	-	2,149	-	2,149
Share-based payments	-	562	-	-	-	-	562	-	562
Transactions in treasury shares	-	-	-16	-97	-	-	-113	-	-113
Earnings appropriation	-	431	-	-5,456	-	-	-5,025	-	-5,025
Changes in scope of consolidation	-	-	-	-	-	-	-	-	-
Others movements	-	50	-	153	-153	-	50	-	50
Transactions with shareholders	341	2,851	-16	-5,400	-153	-	-2,377	-	-2,377
Profit for the year	**-**	**-**	**-**	**2,602**	**-**	**-**	**2,602**		**2,602**
Other comprehensive income statement	-	-	-	-	4,189	2	4,191	-	4,191
Total comprehensive profit for the year	-	-	-	2,602	4,189	2	6,793	-	6,793
EQUITY AT 30/06/2012	**40,642**	**102,050**	**-566**	**62,737**	**14,237**	**-1,251**	**217,849**	**2**	**217,851**

CASH FLOW STATEMENT

(in thousands of euros)	1st half 2012	1st half 2011
Consolidated net profit (including minority interests)	**2,602**	**2,931**
Net increase in depreciation, amortisation and provisions	2,470	2,050
Unrealised gains and losses relating to changes in fair value	-	-
Share-based payment expense	564	-
Other calculated income and expense	-674	133
Gains and losses on disposal	-164	-7
Cash from operations after cost of net debt and tax	**4,798**	**5,107**
Net cost of financial debt	240	781
Income taxes (including deferred tax)	-42	1,082
Cash from operations before cost of net debt and tax (A)	**4,996**	**6,970**
Tax paid (B)	-2,120	2,750
Changes in operating working capital requirements (including liabilities related to employee benefits) (C)	18,032	15,616
Net cash from operating activities (D) = (A+B+C)	**20,908**	**25,336**
Purchase of tangible and intangible fixed assets	-1,103	-2,254
Proceeds from sale of tangible and intangible fixed assets	72	18
Purchase of financial assets	-84	-752
Proceeds from sale of financial assets	64	10
Impact of changes in the scope of consolidation	-	-
Net cash from (used in) investing activities (E)	**-1,051**	**-2,978**
Proceeds on issue of shares	-	-
Proceeds on the exercise of stock options	2,149	-
Purchase and proceeds from disposal of treasury shares	-26	-360
Dividends paid during the period:		
• Dividends paid to shareholders of Sopra Group SA	-5,025	-21,784
• Dividends paid to minority interests of consolidated expenses	-	-
Change in borrowings	-	-
Change in current account – Sopra Group	-	-8,422
Net interest paid (including finance leases)	-240	-780
Other cash flow relating to financing activities	175	343
Net cash from (used in) financing activities (F)	**-2,967**	**-31,003**
Effect of foreign exchange rate changes (G)	238	-319
NET CHANGE IN CASH AND CASH EQUIVALENTS (D+E+F+G)	**17,128**	**-8,964**
Opening cash position	23,675	22,274
Closing cash position	40,803	13,310

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Contents of the notes to the consolidated financial statements

Note 1. Accounting policies

These condensed interim consolidated financial statements for the six months ended 30 June 2012, together with the accompanying notes, were prepared under the responsibility of the Board of Directors and approved at its meeting of 31 July 2012.

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 2012 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 2011, 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 principles

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 2011, 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 2011 financial year, discounted for the first half of 2012.

The new standards, amendments to existing standards and interpretations for which application is mandatory for financial years starting on or after 1 January 2012 did not have a significant impact on the financial statements and the results of Group operations (notably IFRS 7).

The Group chose not to apply prospectively the standards and interpretations not yet adopted by the European Union for financial years starting on or after 1 January 2012, *i.e.*: amendments to IAS 1, IFRS 12, amendments to IFRS 1, amendments to IAS 19, amendments to IFRS 7 and IFRIC 20.

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 2012		1st half 2011	
Licenses	24.6	25.0%	31.9	31.9%
Maintenance	47.1	47.9%	40.7	40.7%
Services	26.7	27.1%	27.4	27.4%
TOTAL REVENUE	**98.4**	**100.0%**	**100.0**	**100.0%**

3.2. International revenue

(in thousands of euros)	1st half 2012		1st half 2011	
France	32.6	33.1%	40.3	40.3%
International	65.8	66.9%	59.7	59.7%
TOTAL REVENUE	**98.4**	**100.0%**	**100.0**	**100.0%**

Note 4. Segment information

Geographical breakdown of revenue

(in thousands of euros)	1st half 2012		1st half 2011	
Europe	57,660	58.6%	63,422	63.4%
America's	38,047	38.7%	34,039	34.0%
Asia/Pacific	2,664	2.7%	2,557	2.6%
TOTAL REVENUE	**98,371**	**100%**	**100,018**	**100%**

Note 5. Staff costs

5.1. Breakdown of staff costs

(in thousands of euros)	1st half 2012	1st half 2011
Salaries	52,977	49,686
Social charges	15,439	14,077
Employee profit sharing	-	-
TOTAL	**68,416**	**63,763**

5.2. Workforce

Workforce at period-end	1st half 2012	1st half 2011
France	637	620
International	1,128	1,100
TOTAL	**1,765**	**1,720**

Average workforce	1st half 2012	1st half 2011
France	635	610
International	1,129	1,080
TOTAL	**1,764**	**1,690**

Note 6. Other operating income and expenses

At 30 June 2012, this item includes non-recurring expenses relating to the defense costs of the trade dispute with the GSA (General Services Administration), a US government agency. In 2011, the expenses included in this item largely related to the spin-off of Axway Software from the Sopra Group.

Note 7. Financial income and expense

7.1. Cost of net financial debt

(in thousands of euros)	1st half 2012	1st half 2011
Income from cash and cash equivalents	2	3
Interest charges	-242	-784
TOTAL	**-240**	**-781**

7.2. Other financial revenues and expenses

(in thousands of euros)	1st half 2012	1st half 2011
Reversals of provisions	-	-
Other financial income	84	26
Total other financial income	**84**	**26**
Charges of provisions	-	-
Discounting of retirement commitments	-100	-96
Discounting of employee profit sharing	-	17
Change in the value of derivatives	-	-
Other financial expense	26	-9
Total other financial expense	**-74**	**-88**
TOTAL OTHER FINANCIAL INCOME AND EXPENSE	**10**	**-62**

Note 8. Tax expense

(in thousands of euros)	1st half 2012	1st half 2011
Current tax	1,841	856
Deferred tax	-1,882	226
TOTAL	**-41**	**1,082**

At 30 June 2012, deferred tax assets not used in relation to tax loss carryforwards came to €48 million and mainly concerned the following subsidiaries: Axway Inc. (€43.1 million), Axway UK (€1.7 million), Axway Srl in Italy (€1.0 million) and Axway Pte Ltd in Singapore (€1.2 million).

Note 9. Earnings per share

(in euros)	1st half 2012	1st half 2011
Net profit – Group share	2,602,614	2,930,892
Weighted average number of ordinary shares in issue	20,188,507	15,990,572
BASIC NET EARNINGS PER SHARE	**0.13**	**0.18**

(in euros)	1st half 2012	1st half 2011
Net profit – Group share	2,602,614	2,930,892
Weighted average number of ordinary shares in issue	20,188,507	15,990,572
Weighted average number of securities retained in respect of dilutive items	165,936	286,413
Weighted average number of shares retained for the calculation of diluted net earnings per share	20,354,443	16,276,985
DILUTED NET EARNINGS PER SHARE	**0.13**	**0.18**

NOTES TO THE CONSOLIDATED BALANCE SHEET

Note 10. Goodwill

(in thousands of euros)	Gross value	Impairment	Net
31 December 2011	**178,460**	**8,882**	**169,578**
Adjustments relating to business combinations	-	-	-
Translation adjustments	3,662	32	3,630
30 JUNE 2012	**182,122**	**8,914**	**173,208**

Note 11. Trade receivables

(in thousands of euros)	30/06/2012	31/12/2011
Trade accounts receivable	48,842	52,885
Accrued income	7,326	5,668
Accrued credit notes	-958	-752
Provision for doubtful debtors	-1,096	-745
TOTAL	**54,114**	**57,056**

Note 12. Shareholders' equity

12.1. Changes in the share capital

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.

In the first half of 2012, 170,397 share subscription options were exercised, leading to the creation of 170,397 new shares at the price of €2.00, with a share premium of €10.61.

At 30 June 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.

Following the authorisation granted by the General Shareholders' Meeting of 28 April 2011, the Board of Directors approved the bonus share plan for employees of the Axway Group on 14 February 2012. In accordance with IFRS 2 *Share-based Payment,* the value of bonus shares granted is calculated on the grant date and recognised in expenses over the vesting period, *i.e.* 2 to 4 years. This plan, once complete, will lead to the creation of approximately 50,000 shares.

12.2. Dividends paid

The General Shareholders' Meeting of Axway Software held on 24 May 2012 to approve the financial statements for the 2011 financial year approved a dividend of €0.25 per share, representing a total of €5.038 million.

This dividend was paid on 1 June 2012.

Note 13. Loans and financial liabilities – net debt

(in thousands of euros)	**Current**	**Non-current**	**30/06/2012**	**31/12/2011**
Bank loans	-	-	-	-
Current account with Sopra Group	-	-	-	-
Liabilities on finance lease contracts	-	-	-	-
Employee profit sharing	450	2,097	2,547	2,372
Other sundry financial liabilities	-	-	-	-
Current bank overdrafts	87	-	87	126
FINANCIAL DEBT	**537**	**2,097**	**2,634**	**2,498**
Investment securities	-	-	-	-
Cash and cash equivalents	-40,903	-	-40,903	-23,801
NET DEBT	**-40,366**	**2,097**	**-38,269**	**-21,303**

Note 14. Other current liabilities

(in thousands of euros)	30/06/2012	31/12/2011
Fixed asset liabilities – portion due in less than one year	223	262
Staff cost liabilities	19,036	23,608
Tax liabilities (excluding corporate income tax)	8,279	8,755
Corporate income tax	1,431	1,596
Deferred income	53,684	31,564
Other liabilities	29	29
Derivatives	-	-
TOTAL	**82,682**	**65,814**

The rise in deferred income compared with 31 December 2011 chiefly relates to the maintenance business, for which invoices are mainly issued at the beginning of the year. The deferred income figure at 30 June 2012 is consistent with the growth achieved in the maintenance business in the first half of 2012.

OTHER INFORMATION

Note 15. Related-party transactions

The agreements that the Axway Group has entered into with related parties were described in Note 33 *Related-party transactions* of Axway's 2011 Registration Document, which was filed with the AMF *(Autorité des Marchés Financiers)* on 27 April 2012.

Aside from the agreements referred to above, no new agreements were entered into with related parties by the Axway Group in the first half of 2012.

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 2011.

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 2012, the Group had not used its syndicated credit lines.

Note 17. 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 18. Events subsequent to the end of the period

Between 1st July 2012 and the date of the Board of Directors' meeting, there were no significant events likely to impact on the financial statements presented.

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 1st January to 30 June 2012;
- 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 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, 1st August 2012

The Statutory Auditors

Auditeurs & Conseils Associes
François MAHE

Mazars
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, 1st August 2012

Christophe Fabre

Chief Executive Officer

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