

**Leading Provider of Language Translation Technologies**

## First Semester 2011 Interim Report

- **Consolidated Sales of 5,269 K€ +26.9%**
- **Consolidated Current Operating Income : +242 K€**
- **Consolidated net losses: -176 K€**

July 29<sup>th</sup>, 2011 – SYSTRAN, the leading provider of language translation technologies, today announced its consolidated financial results for the first semester ended June 30<sup>th</sup>, 2011.

Consolidated and Audited Accounts (in K€)	1 <sup>st</sup> semester 2011	1 <sup>st</sup> semester 2010	Annual Change 2011 / 2010
<b>Sales</b>	<b>5,269</b>	<b>4,151</b>	<b>+26.9 %</b>
<b>Current Operating Income (Profit)</b>	<b>242</b>	<b>(272)</b>	<b>NA</b>
%	4.6%	NA	
<b>Net Income (Loss) - Group's Share</b>	<b>(176)</b>	<b>(116)</b>	<b>NA</b>
%	NA	NA	

Consolidated sales for the first half of the year amounted to 5,269 K€, an increase of 26.9% as compared with 2010.

Salaries and wages and other expenses increased respectively by 24.7% and 9.3%.

Consolidated Current Operating Income amounted to 242 K€ as compared with a loss of -272 K€ during the first semester of 2010. A 250 K€ tax credit for research activities was accounted for during the first semester of 2011.

Operating income amounted to 16 K€ as compared with a loss of 81 K€ during the first semester of 2010.

Financial income amounted to 49 K€ resulting from gains on investments which were partially offset by negative foreign exchange translation. Taxes are attributed to SYSTRAN Software, Inc.

Consolidated net losses amounted to -176 K€ versus -116 K€ in 2010.

Total shareholders' equity amounted to 14.1 million Euros as compared with 14.3 million Euros as of December 31, 2010. The Company's net cash position amounted to 20.1 million Euros at June 30, 2011, as compared with 9.8 million Euros on December 31, 2010, with effectively no debt outstanding. Total group debt amounted to 173 K€ as of June 30, 2011.



## Activities – First semester 2011

In K€	2011	In % of total	2010	In % of total	Annual Change 2011 / 2010
<b>Software Publishing</b>	<b>3,080</b>	<b>58.5%</b>	<b>2,927</b>	70.5%	<b>+5.2%</b>
<b>Professional Services</b>	<b>2,189</b>	<b>41.5%</b>	<b>1,224</b>	29.5%	<b>+78.8%</b>
<b>Consolidated Sales</b>	<b>5,269</b>	<b>100.0%</b>	<b>4,151</b>	100.0%	<b>+26.9%</b>

Total sales amounted to 5.27 million Euros, an increase of 26.9% as compared with 2010. The sales are distributed between 3.08 million Euros for **Software Publishing** and 2.19 million Euros for **Professional Services**. Over this period, the increase in sales was attributable largely to new orders received from the US Government.

## Outlook

SYSTRAN plans to develop the **Software Publishing** business in 2011, focusing on **Server Product** sales to corporate customers. SYSTRAN will continue its efforts to market the new version 7 **Desktop Product** line and develop online and channel sales.

SYSTRAN expects sales to grow for all of 2011 across all business segments before accounting for the impact of the Euro / US Dollar foreign exchange translation. Nevertheless, there is a high degree of uncertainty concerning this outlook because of the current economic environment.

## Dispute with the European Commission

The Commission has already partially complied with the General Court's decision by paying SYSTRAN the amounts of 5,685,240 Euros on February 9, 2011 and 6,315,760 Euros on March 14, 2011. However, in spite of the repeated requests from SYSTRAN, the Commission has not paid the remaining liabilities pursuant to the decision of December 16, 2010.

On March 4, 2011, the European Commission brought an appeal before the Court of Justice, against the judgement of the General Court delivered on December 16, 2010. On May 13, 2011, SYSTRAN filed its response. The Court of Justice has allowed the European Commission to supplement its appeal with a reply which must be submitted by September 12, 2011. SYSTRAN will submit a rejoinder.

## About SYSTRAN

SYSTRAN is the market leading provider of language translation software products and solutions for the desktop, enterprise and Internet.



Use of SYSTRAN products and solutions enhance multilingual communication and increase user productivity. SYSTRAN delivers real-time language solutions for search, content management, online customer support, intra or inter company collaboration, and eCommerce.

With the ability to facilitate communication in 52 language combinations and in 20 vertical domains, SYSTRAN's software is the choice of leading global corporations, portals including Apple, Yahoo! and AltaVista, and public agencies such as the US Intelligence Community.

SYSTRAN has been pioneering advances in machine translation for over four decades. Its latest achievement, SYSTRAN Hybrid MT, combines the predictability and language consistency of rule-based machine translation with the fluency of statistical MT.

SYSTRAN is headquartered in Paris, France with a North American office located in San Diego, California, USA.

SYSTRAN (Code ISIN FR0004109197, Bloomberg: SYST NM, Reuters: SYTN.LN) is listed on EuroNext Paris, Compartiment C.

For more information, visit [www.systransoft.com](http://www.systransoft.com)

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Revenue for the third quarter 2011 ending on September 30, 2011 will be announced on November 4, 2011.

This Press Release is available for download at:  
<http://www.systransoft.com/systran/investors/press-releases>

Half-Year financial report is available for download at:  
<http://www.systransoft.com/systran/investors/financial-report/half-year>



<i>(In K€)</i>	<b>1<sup>st</sup> semester 2011 (6 months)</b>	<b>1<sup>st</sup> semester 2010 (6 months)</b>
<b>Net sales</b>	<b>5,269</b>	<b>4,151</b>
Cost of sales and other external expenses	(1,638)	(1,498)
Wages and salaries	(3,333)	(2,673)
Taxes and duties	(99)	(92)
Depreciation and amortization (net)	(173)	(152)
Other income / (expenses)	216	(8)
<b>Current operating income</b>	<b>242</b>	<b>(272)</b>
Other operating income		191
Other operating expenses	(226)	
<b>Operating income</b>	<b>16</b>	<b>(81)</b>
Net cost of debt	68	88
Other financial income		81
Other financial expenses	(19)	(27)
<b>Net financial income</b>	<b>49</b>	<b>142</b>
<b>Profit before tax</b>	<b>65</b>	<b>61</b>
Income tax expenses	(241)	(177)
<b>Profit from operations</b>	<b>(176)</b>	<b>(116)</b>
Minority interest	0	0
<b>Net income / (loss) – Group's share</b>	<b>(176)</b>	<b>(116)</b>
<b>Earning / (loss) per share</b>		
<i>On the basis of the average number of shares in circulation:</i>		
- Number of common shares	7,816,311	8,284,664
- <b>Euros per share</b>	<b>(0.02)</b>	<b>(0.01)</b>