

Leading Provider of Information and Translation Technologies

First Semester 2003 Interim Report

- Sales of 5,273 K€ : +61 % compared with the first semester 2002
- Operating income of 1,444 K€ : +90.1% compared with the second semester 2002
- Cash position: 3,115 K€
- « Innovative Company » award from ANVAR (Agence Nationale de Valorisation de la Recherche) qualifies company for FCPI

July 31st, 2003 - SYSTRAN, leading provider of information and translation technologies today announced consolidated financial results for the first semester ended June 30, 2003.

Due to the increase in sales and the results of the restructuring implemented in 2002, the interim net income is 1,235 K€.

Increase of revenue, operating income and cash position

Consolidated and Audited Accounts (In K€)	1 st semester 2003 published	1 st semester 2002 pro forma	1 st semester 2002 published	Annual change 2003 / 2002 pro forma
Sales	5,273	3,275	3,149	+61.0 %
Operating Income	1,444	(1,309)	(1,528)	-
%	+27.4%	(39.9%)	(48.5%)	-
Net Income (Group's Share)	1,235	(1,679)	(1,883)	-
%	+23.4 %	(51.3%)	(59.8%)	

Pro forma financial statements for the first semester 2003, representing the impact of the accounting changes for annual licenses and download sales, have been prepared in order to provide a comparison with the first semester 2002.



Growth in sales continued for both the Software Publishing and Professional Services business units during the first semester 2003.

Revenue for the first semester 2003 amounted to 5,273 K€, reflecting a sales increase of 61%.

Operating income for the first semester 2003 amounted to +1,444 K€, resulting in operating margin of 27,4% and an increase of 90,1%, as compared with the first semester 2002 which was 760 K€ (unaudited figure).

Cash amounted to 3,115 K€ as of June 30, 2003, an increase of 1,416 K€ compared with the same reporting period in 2002.

Revenue analysis

Consolidated and Audited Accounts (In K€)	1 st semester 2003 published	%	1 st semester 2002 pro forma	%	1 st semester 2002 published	%	Annual change 2003 / 2002 pro forma
Software Publishing	2,591	49.1%	1,863	56.9%	1,737	55.2%	+39.1%
Home & Small Business (HSB)	305	5.8%	122	3.7%	122	3.9%	+150%
Corporate	974	18.5%	842	25.7%	623	19.8%	+15.7%
Resellers	686	13.0%	540	16.5%	540	17.1%	+27.0%
Online Sales	614	11.6%	359	11.0%	452	14.4%	+71.0%
Administrations	12	0.2%	-	-	-	-	ns
Professional Services	2,682	50.9%	1,412	43.1%	1,412	44.8%	+89.9%
Corporate	1,098	20.8%	637	19.5%	637	20.2%	+72.4%
Administrations	596	11.3%	578	17.6%	578	18.4%	+3.1%
Co-funded	988	18.7%	197	6.0%	197	6.3%	+401.5%
Consolidated sales	5,273	100 %	3,275	100	3,149	100	+61.0%

Increase of consolidated revenue of +61 %

Software Publishing revenues rose 39,8%, compared with the first semester 2002, due to the increase of download sales and the resurgence of activity from resellers.

Earnings from Professional Services continue to expand as revenue increased by 89,9% compared with the same reporting period last year. Positive results are due to new orders from *Corporate* customers.



Corporate sales rose 40,1%

Corporate sales (Software licenses and Professional Services) increased by 40,1% to 2,072 K€, compared with 1,479 K€ for the first semester 2002.

Sales to Administrations increased by 3,1%

Earnings from Professional Services for sales to *Administrations* increased by 3,1%, due to new orders received from the U.S. and European Administrations, despite the slow start of new contracts during the first semester 2003.

Co-funded sales grew 401,5%

Co-funded sales increased by 401,5% to 988 K€ for the first semester 2003, compared with 197 K€ for the first semester 2002, and 791 K€ for the second semester 2002.

Release of product upgrades and new language pairs

During the first semester 2003, SYSTRAN introduced new language pairs and the upgraded version 4.0 for its *Corporate* family of products.

The next release of new products, version 5.0, is currently under development and is scheduled for released during the first quarter of 2004.

SYSTRAN awarded the FCPI Eligibility by ANVAR

ANVAR (Agence Nationale de Valorisation de la Recherche) awarded SYSTRAN with the title of « Innovative Company ». This qualifies SYSTRAN for FCPI funding (Fonds Commun de Placement dans l'Innovation) – a French type of venture-fund dedicated to investment in innovative companies.

Outlook

The Software Publishing business unit plans to develop *Corporate* sales as well as download and resellers' sales.

The Professional Services business unit has a significative inventory of work orders as follows: 1.2 M€ for *Corporate* customers, 1,5 M€ for *Administrations*, and 1,0 M€ for *Co-funded* contracts.



About SYSTRAN

SYSTRAN is the leading provider of the world's most scalable and modular translation software. SYSTRAN's expertise spans over 30 years of building customized machine translation solutions for large corporations, ISPs, governments and public administrations through open and robust architecture.

Its core technology powers translation solutions for the Internet, PCs and network infrastructures that facilitate communication in 36 language pairs and 20 specialized domains. SYSTRAN's technology is developed under Linux and runs on all Unix platforms, MacOS X and MS Windows.

SYSTRAN is headquartered in France and has a subsidiary in California, USA.

SYSTRAN (Bloomberg: SYST NM, Reuters: SYTN.LN, Code ISIN FR0004109197) is listed on Euronext Paris, *Nouveau Marché*, and is member of Euronext's Next Economy segment.

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Revenue for the third quarter 2003 ending on September 30, 2003 will be announced on October 31st, 2003.

This Press Release is available for download at:

www.systransoft.com/Investors/Press.html

	1 st semester 2003 (6 month)	1 st semester 2002 (6 month)	2002 (12 month)
<i>(thousand of Euros)</i>			
Sales	5,273	3,149	8,238
Other revenues	158	21	33
Operating revenues	5,431	3,170	8,271
Purchases and other external expenses	(2,011)	(1,629)	(3,528)
Taxes and duties	(28)	(32)	(59)
Wages and salaries	(1,847)	(2,835)	(4,958)
Gross profit / (loss)	1,545	(1,326)	(274)
Depreciation and operating provisions (net)	(101)	(202)	(492)
Operating income / (loss)	1,444	(1,528)	(766)
Financial provisions	0	0	0
Other financial income / (expense)	(56)	(23)	(54)
Financial profit / (loss)	(56)	(23)	(54)
Current profit/ (loss) on ordinary activities	1,388	(1,551)	(820)
Extraordinary income / (loss)	(69)	(516)	(834)
Income taxes	(84)	207	113
Net income / (loss) from consolidated companies	1,235	(1,860)	(1,541)
Goodwill amortization		(23)	(22)
Consolidated net income / (loss)	1,235	(1,883)	(1,563)
Minorities	0	0	0
Net income / (loss) applicable to common shares	1,235	(1,883)	(1,563)

Earning / (loss) per share	1 st semester 2003	1 st semester 2002	2002 (12 month)
On the basis of the average number of shares in circulation :			
- Number of common shares	9 833 695	9 833 695	9 833 695
- Euros per share	0.13	(0.19)	(0.16)