

**Leading Provider of Language Translation Technologies**
**Annual Results 2008**

- **Consolidated Sales: 7,649 K€**
- **Current Operating Loss: 72 K€**
- **Net Loss: 7,107 K€**

February 13<sup>th</sup> 2009 – SYSTRAN, the leading provider of language translation technologies today announced its consolidated financial results for the year ended December 31, 2008.

Consolidated and Audited Accounts (in K€)	2008 (IFRS)	2007 (IFRS)	Annual Change 2008 / 2007
<b>Sales</b>	<b>7,649</b>	<b>8,848</b>	<b>-13.6%</b>
<b>Current Operating Loss</b>	<b>-72</b>	<b>954</b>	<b>NA</b>
%	NA	+10.8%	
<b>Net Loss - Group's Share</b>	<b>-7,107</b>	<b>818</b>	<b>NA</b>
%	NA	+9.2%	

SYSTRAN's consolidated sales amounted to 7.65 million Euros in 2008, a decrease of 13.6% as compared with 2007.

Personnel and other expenses in 2008 decreased by 2.9% and 5.2% respectively, but were not sufficient to offset the decline in revenue. As a result, the Company incurred a current operating loss of 72 thousand Euros as compared with a profit of 954 thousand Euros in 2007.

Considering the significant harm SYSTRAN suffered as a result of the European Commission's violation of its intellectual property rights and public revealing its technological know-how, the 2008 difficulties, and the highly uncertain economic environment, SYSTRAN has revised the assumptions used to assess the value of its intangible assets. The Enterprise Value exceeds the market capitalization which is strongly affected by the current severe global financial crisis. Nevertheless, this value is less than shareholders' equity as of December 31, 2008 - before depreciation of intangible assets. Therefore, SYSTRAN depreciated its intangible assets by 11.6 million Euros. The net book value of SYSTRAN's intangible assets as of December 31, 2008 was 5.1 million Euros.

The Company continues to invest heavily in research and development. These expenses which represent 20 to 25% of consolidated sales do not fulfill the criteria as required by IAS 38 to be treated as fixed assets. Nevertheless, these investments should allow SYSTRAN to surpass today's challenges and resume a trend of growth.

Operating loss amounted to 11.94 million Euros.

The Company recorded positive non-operating income from gains on the foreign exchange rate and interest earned on investments.



Depreciation of intangible assets generated a reversal of provision on differed taxes for 3.9 million Euros.

Consolidated net loss for the year amounted to 7.11 million Euros versus a profit of 0.82 million Euros in 2007.

As a result of the depreciation of intangible assets, total shareholders' equity amounted to 15.28 million Euros as compared with 22.35 million Euros at December 31, 2007. The Company has no debts despite continuous investments during the period.

The Company's cash position decreased to 9.5 million Euros at December 31, 2008, as compared with 10.7 million Euros on December 31, 2007.

## Activities - 2008

In K€	2008	In % of total	2007	In % of total	Annual Change 2008 / 2007
<b>Software Publishing</b>	<b>5,758</b>	75.3%	<b>6,933</b>	78.4%	<b>-16.9%</b>
<b>Professional Services</b>	<b>1,891</b>	24.7%	<b>1,915</b>	21.6%	<b>-1.3%</b>
<b>Consolidated Sales</b>	<b>7,649</b>	100.0%	<b>8,848</b>	100.0%	<b>-13.6%</b>

Total sales amounted to 7.65 million Euros, a decrease of 13.6% as compared with 2007. **Software Publishing** sales amounted to 5.76 million Euros and were mainly responsible for the decrease in consolidated sales, while **Professional Services** remained stable and amounted to 1.89 million Euros. The decrease in **Software Publishing** sales is attributable to a decline of 29.1% in **Desktop Product** sales. In 2007, **Desktop Product** sales grew by 39.2% due to the launch of version 6. Sales of version 6 **Server Products** did not meet expectations so **Corporate** sales declined.

## Outlook

SYSTRAN is continuing the development of its new version 7 product lines with improved translation quality and new translation engine.

In 2009 SYSTRAN's efforts will focus on the development of the **Software Publishing** business segment:

- The release of its version 7 **Server Products** and commercial investment to develop sales to **Corporate** customers;
- The release of its version 7 **Desktop Products** and commercial investment to develop online and channel sales.

As of December 31, 2008 unearned revenue from license sales amounted to 1.2 million Euros as compared with 1.6 million Euros at December 31, 2007.

In 2009 SYSTRAN also expects growth in **Professional Services** with US administrations. As of December 31, 2008 total work orders for **Professional Services** amounted to 1.4 million Euros as



compared with 0.3 million Euros at December 31, 2007. These orders are largely comprised of contracts with US administrations.

## Dispute with the European Commission

Contrary to SYSTRAN's expectations, the oral arguments did not take place in 2008. On December 3, 2008, the Court sent questions concerning the analysis of prior cases. SYSTRAN responded to these questions on January 30, 2009. The Court may now make a decision concerning its jurisdiction and commence the proceedings.

## About SYSTRAN

SYSTRAN is the market leading provider of language translation software products and solutions for the desktop, enterprise and Internet that facilitate communication in 52 language combinations and in 20 vertical domains.

With over three decades of expertise and research and development, SYSTRAN's software is the choice of leading global corporations, portals including AltaVista, Yahoo!, and Apple, and public agencies like the US Intelligence Community and the European Commission.

Use of SYSTRAN products and solutions enhance multilingual communication and increase user productivity and time-savings for B2E, B2B and B2C market segments as they deliver real-time language solutions for search, content management, online customer support, intra or inter company collaboration, and eCommerce.

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 first quarter 2009 ending on March 31<sup>st</sup>, 2009 will be announced on May 7<sup>th</sup>, 2009.

This Press Release is available for download at:

<http://www.systransoft.com/systran/investors/press-releases>



<i>(In K€)</i>	<b>Year 2008</b> (12 months)	<b>Year 2007</b> (12 months)
<b>Net sales</b>	<b>7,649</b>	<b>8,848</b>
Other operating revenue	0	0
<b>Total revenue from operations</b>	<b>7,649</b>	<b>8,848</b>
Cost of sales and other external expenses	(2,835)	(2,990)
Taxes and duties	(192)	(189)
Wages and salaries	(4,293)	(4,419)
Depreciation and amortization (net)	(331)	(303)
Other income / (expenses)	(70)	7
<b>Current operating income</b>	<b>(72)</b>	<b>954</b>
Other operating income / (expenses)	(11,864)	(37)
<b>Operating income</b>	<b>(11,936)</b>	<b>917</b>
Financial income from cash activities	432	(116)
Financial expenses	(12)	(14)
<b>Net financial income</b>	<b>420</b>	<b>(130)</b>
Other financial income / expenses	79	(27)
<b>Profit before tax</b>	<b>(11,437)</b>	<b>760</b>
Income tax expenses	4,330	58
<b>Profit from operations</b>	<b>(7,107)</b>	<b>818</b>
Minority interest	0	0
<b>Net income / (loss) – Group's share</b>	<b>(7,107)</b>	<b>818</b>

  

<b>Earning / (loss) per share</b>	<b>Year 2008</b>	<b>Year 2007</b>
On the basis of the average number of shares in circulation:		
- Number of common shares	9,476,208	9,683,504
- <b>Euros per share</b>	<b>-0.75</b>	<b>0.08</b>