

**Leading Provider of Language Translation Technologies**

## First Semester 2010 Interim Report

- **Consolidated Sales of 4,151 K€ +7.6%**
- **Consolidated net losses: -116 K€**

July 30<sup>th</sup> 2010 – SYSTRAN, the leading provider of language translation technologies, today announced its consolidated financial results for the first semester ended June 30<sup>th</sup>, 2010.

| Consolidated and Audited Accounts<br>(in K€) | 1 <sup>st</sup> semester<br>2010 | 1 <sup>st</sup> semester<br>2009 | Annual Change<br>2010 / 2009 |
|--|----------------------------------|----------------------------------|------------------------------|
| <b>Sales</b>                                 | <b>4,151</b>                     | <b>3,858</b>                     | <b>+7.6%</b>                 |
| <b>Current Operating Income (Loss)</b>       | <b>(272)</b>                     | <b>(110)</b>                     | <b>NA</b>                    |
| %  | NA                               | NA                               |                              |
| <b>Net Income (Loss) - Group's Share</b>     | <b>(116)</b>                     | <b>(317)</b>                     | <b>NA</b>                    |
| %  | NA                               | NA                               |                              |

Consolidated sales for the first half of the year amounted to 4,151 K€, a growth of 7.6% as compared with 2009.

During this period SYSTRAN continued to invest in R&D and increased its sales team dedicated to the enterprise market. Salaries and wages and other expenses increased respectively by 16.2% and 6.4%. Consolidated current operating loss amounted to -272 K€ as compared with -110 K€ during the first semester of 2009.

Operating income amounted to – 81 K€ as compared with -111 K€ during the first semester of 2009.

Financial income amounted to 142 K€ resulting from gains on investments, including interest and favorable foreign exchange translation. Taxes are attributed to SYSTRAN Software, Inc.

Consolidated net losses amounted to -116 K€ versus -317 K€ in 2009.

Total shareholders' equity amounted to 14.5 million Euros as compared with 15.0 million Euros as of December 31, 2009. The Company has no significant debt and the Company's net cash position amounted to 10.7 million Euros at June 30, 2010, as compared with 11.2 million Euros on December 31, 2009. Total group debt amounted to 0.23 million Euros as of June 30, 2010.



## Activities – First semester 2010

| In K€                        | 2010         | In %<br>of total | 2009         | In %<br>of total | Annual<br>Change<br>2010 / 2009 |
|------------------------------|--------------|------------------|--------------|------------------|---------------------------------|
|                              |              |                  |              |                  |                                 |
| <b>Software Publishing</b>   | <b>2,927</b> | <b>70.5%</b>     | <b>2,270</b> | <b>58.8%</b>     | <b>+28.9%</b>                   |
| <b>Professional Services</b> | <b>1,224</b> | <b>29.5%</b>     | <b>1,588</b> | <b>41.2%</b>     | <b>-22.9%</b>                   |
| <b>Consolidated Sales</b>    | <b>4,151</b> | <b>100.0%</b>    | <b>3,858</b> | <b>100.0%</b>    | <b>+7.6%</b>                    |

Total sales amounted to 4.15 million Euros, an increase of 7.6% as compared with 2009. **Software Publishing** sales increased to 2.93 million Euros while **Professional Services** decreased to 1.22 million Euros.

The increase in **Software Publishing** sales is attributed to server product (**SYSTRAN Enterprise Server 7**) sales to corporate customers.

**Professional Services** sales decreased by -22.9% compared to 2009, and represent 29,5 % of total sales. This reflects a slowdown in orders received from the US Government.

During the first quarter of 2010, SYSTRAN released **SYSTRAN Training Server**. As part of the **SYSTRAN Enterprise Server 7** solution suite. Training Server allows corporate users and language services providers to independently train SYSTRAN Enterprise Server 7 to any domain or business objective to produce high quality translations.

## Outlook

SYSTRAN plans to focus its investments and commercial initiatives in developing server product sales to corporate customers.

During the fourth quarter of 2010, SYSTRAN plans to release the new version 7 of its Desktop product line. This new desktop version will bring major innovations. It intelligently uses existing documents stored on PCs to learn user terminology and linguistic specificities. The SYSTRAN 7 desktop product line is a productivity-enhancing software tool that quickly and efficiently translates documents.

Without accounting for the impact of the Euro / US Dollar foreign exchange translation, the growth demonstrated during the first half of the year should continue. New license sales should be higher than 2009 and Professional Services should be lower.

As a result, the current operating income for the second half of 2010 and the full year 2010 should be positive. Nevertheless, there is a high degree of uncertainty concerning this outlook because of the current economic environment.



## Dispute with the European Commission

On March 26<sup>th</sup> 2010 the Court reopened the oral proceedings and sent the parties questions. SYSTRAN answered the Court on May 5<sup>th</sup>, 2010. On May 20<sup>th</sup> 2010 the Court sent the parties new questions which were answered on June 11<sup>th</sup>, 2010. On June 29<sup>th</sup> 2010, the Court declared the oral procedure closed but did not announce any decision date.

## 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 and the European Commission.

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 2010 ending on September 30, 2010 will be announced on November 5, 2010.

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<br/>2010<br/>(6 months)</b> | <b>1<sup>st</sup> semester<br/>2009<br/>(6 months)</b> |
|---|--|--|
| <b>Net sales</b>  | <b>4,151</b>   | <b>3,858</b>   |
| Cost of sales and other external expenses                           | (1,498)  | (1,289)  |
| Wages and salaries  | (2,673)  | (2,512)  |
| Taxes and duties  | (92)   | (95)   |
| Depreciation and amortization (net)                                 | (152)  | (149)  |
| Other income / (expenses)   | (8)  | 77   |
| <b>Current operating income</b>                                     | <b>(272)</b>   | <b>(110)</b>   |
| Other operating income  | 191  |  |
| Other operating expenses  |  | (1)  |
| <b>Operating income</b>   | <b>(81)</b>  | <b>(111)</b>   |
| Net cost of debt  | 88   | 88   |
| Other financial income  | 81   | 35   |
| Other financial expenses  | (27)   | (42)   |
| <b>Net financial income</b>   | <b>142</b>   | <b>81</b>  |
| <b>Profit before tax</b>  | <b>61</b>  | <b>(30)</b>  |
| Income tax expenses   | (177)  | (287)  |
| <b>Profit from operations</b>                                       | <b>(116)</b>   | <b>(317)</b>   |
| Minority interest   | 0  | 0  |
| <b>Net income / (loss) – Group's share</b>                          | <b>(116)</b>   | <b>(317)</b>   |
| <b>Earning / (loss) per share</b>                                   |  |  |
| <i>On the basis of the average number of shares in circulation:</i> |  |  |
| - Number of common shares   | 8,284,684  | 9,142,220  |
| - <b>Euros per share</b>  | <b>(0.01)</b>  | <b>(0.03)</b>  |