

Leading Provider of Language Translation Technologies

First Semester 2012 Interim Report

- Consolidated Sales of 5,402 K€ +2.5%
- Consolidated Current Operating Income : +202 K€
- Consolidated Net Income : +295 K€

July 27th, 2012 – SYSTRAN, the leading provider of language translation technologies, today announced its consolidated financial results for the first semester ended June 30th, 2012.

Consolidated and Audited Accounts (in K€)	1 st semester 2012	1 st semester 2011	Annual Change 2012 / 2011
Sales	5,402	5,269	+2.5 %
Current Operating Income (Profit)	202	242	-16.5%
%	3.7%	4.6%	
Net Income (Loss) - Group's Share	295	(176)	NA
%	5.5%	NA	

SYSTRAN's consolidated sales for the first half of the year amounted to 5,402 K€, an increase of 2.5% as compared with 2011.

During the first six months of 2012, the salaries and wages and other expenses increased respectively by 8.6% and 1.3%. The consolidated current operating income amounted to 202 K€ as compared with 242 K€ during the first semester of 2011. A 340 K€ tax credit for research activities was accounted for during the first semester of 2012.

The operating income amounted to 181 K€ as compared with 16 K€ during the first semester of 2011. Financial income amounted to 254 K€ resulting from gains and interests earned on investments. Taxes are attributed to SYSTRAN Software, Inc. Consolidated net income amounted to 295 K€ versus -176 K€ in 2011.

Total shareholders' equity amounted to 15.6 million Euros as compared with 15.2 million Euros as of December 31, 2011. The Company's net cash position amounted to 22.6 million Euros at June 30, 2012, as compared with 22.2 million Euros on December 31, 2011. Total group debt amounted to 417 K€ as of June 30, 2012.



Activities – First semester 2012

Total sales amounted to 5.4 million Euros, an increase of 2.5% as compared with 2011 divided between 2.73 million Euros for **Software Publishing** and 2.67 million Euros for **Professional Services**.

In K€	2012	In % of total	2011	In % of total	Annual Change 2012 / 2011
Software Publishing	2,733	50.6%	3,080	58.5%	-11.3%
Professional Services	2,669	49.4%	2,189	41.5%	+21.9%
Consolidated Sales	5,402	100.0%	5,269	100.0%	+2.5%

During the first semester of 2012, license sales amounted to 2.73 million Euros and represent 50.6% of total sales. The 11.3% decrease as compared to the first semester 2011 is mainly due to the sales decrease of version 7 **Desktop** products launched during the first semester of 2011. **Server Products** sales to enterprises and administrations are steady for the period. However, during the first semester 2012 Yahoo!, one of the 5 top customers of SYSTRAN, has not renewed its annual license.

Professional Services sales totaled to 2.7 million Euros and represent 49.4% of total sales, an increase of 21.9% as compared to 2011. However SYSTRAN Software Inc. has suffered from the decrease of the orders coming from the US Government and backlog orders on June 30, 2012 is much lower as compared to the one of June 30, 2011.

More than half of SYSTRAN sales are in North America. Sales are distributed as follows:

By geographical area of asset location (in thousands of euros)	1st sem. 2012	1st sem. 2011
Europe	2 287	2 150
North America	3 115	3 119
Other geographical areas		0
Total sales	5 402	5 269

Outlook

In 2012 SYSTRAN plans to reinforce the sales team to develop revenue in all business segments. SYSTRAN will also launch new cloud services to complement its line of products and services for corporate customers.

Taking into account the above mentioned comments and due to the economic environment, sales for the second semester 2012 should be less than the first semester 2012 and the second semester 2011.



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. On April 19, 2012 a hearing took place. On July 24, 2012, SYSTRAN has been informed that the Advocate-general would deliver his conclusions on September 27, 2012 instead of September 6, 2012 as previously scheduled.

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 intercompany 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 and public agencies.

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

Contact

Dimitris SABATAKAKIS, Chairman & CEO

Telephone: +33 (0)1 44 82 49 00 Fax: +33 (0)1 44 82 49 01

Email: sabatakakis@systran.fr

Revenue for the third quarter 2012 ending on September 30, 2012 will be announced on November 9, 2012.

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>	1st semester 2012 (6 months)	1st semester 2011 (6 months)
Net sales	5,402	5,269
Cost of sales and other external expenses	(1,659)	(1,638)
Wages and salaries	(3,620)	(3,333)
Taxes and duties	(117)	(99)
Depreciation and amortization (net)	(175)	(173)
Other income / (expenses)	371	216
Current operating income	202	242
Other operating income	25	
Other operating expenses	(46)	(226)
Operating income	181	16
Net cost of debt	262	68
Other financial income		
Other financial expenses	(8)	(19)
Net financial income	254	49
Profit before tax	435	65
Income tax expenses	(140)	(241)
Profit from operations	295	(176)
Minority interest	0	0
Net income / (loss) – Group's share	295	(176)
Earning / (loss) per share		
<i>On the basis of the average number of shares in circulation:</i>		
- Number of common shares	7,816,025	7,816,311
- Euros per share	0.04	(0.02)