

**Leading Provider of Language Translation Technologies**

## Annual Results 2006

- Sales of 9,342 K€ as compared with 10,113 K€ in 2005
- Operating Income of 1,234 K€ and Net Income of 1,085 K€
- Total work orders of 3,323 K€

February 14<sup>th</sup> 2007 – SYSTRAN, the leading provider of language translation technologies today announced its consolidated financial results for the year ended December 31, 2006.

Consolidated and Audited Accounts (in K€)	2006 (IFRS)	2005 (IFRS)	Annual Change 2006 / 2005
<b>Sales</b>	<b>9,342</b>	<b>10,113</b>	<b>-7.6%</b>
<b>Operating Income</b>	<b>1,234</b>	<b>3,352</b>	<b>-63.2%</b>
%	+13.2%	+33.1%	
<b>Net Income - Group's Share</b>	<b>1,085</b>	<b>3,061</b>	<b>-64.6%</b>
%	+11.6%	+30.3%	

Total revenue for the year 2006 amounted to 9,342 K€, a decrease of 7.6% when compared with 2005. This decrease in sales compounded by higher labor costs and operating expenses resulted in a decrease in the Company's operating income.

Increased labor and expenses were needed to finalize the development of the new version 6 product line and to supplement the sales and marketing staff. Consequently, operating income amounted +1,234 K€ as compared with +3,352 K€ in 2005.

The amount of financial income was equal to the losses on the foreign exchange rate. The US Dollar negatively impacted the net financial income which amounted to 19 K€ versus 843 K€ in 2005.

However, SYSTRAN's net income amounted to 1,085 K€ in 2006, versus 3,061 K€ in 2005.

The Company's cash position amounted to 10,169 K€ on December 31, 2006, as compared with 10,909 K€ on December 31, 2005.



## Activities - 2006

In K€	2006	In % of total	2005	In % of total	Annual Change 2006 / 2005
<b>Software Publishing</b>	<b>6,236</b>	66.8%	<b>7,785</b>	77.0%	<b>-19.9%</b>
<b>Professional Services</b>	<b>3,106</b>	33.2%	<b>2,328</b>	23.0%	<b>+33.4%</b>
<b>Consolidated Sales</b>	<b>9,342</b>	100.0%	<b>10,113</b>	100.0%	<b>-7.6%</b>

During 2006, software license sales amounted to 6,236 K€, a decrease of 19.9% as compared with 2005. The *Professional Services* activities increased by 33.4%, when compared to year-end 2005.

The decrease in *Software Publishing* sales is attributable to *Desktop Products*, the result of the delayed release of the new version 6 product line. This decrease is apparent on every channel.

The increase in *Professional Services* is due to new contracts received from the US Federal Government and existing corporate customers in the USA.

## Outlook

On January 30th, 2007 SYSTRAN launched the new version 6 for its family of Desktop products. Version 6 provides major technological advances in SYSTRAN's software such as improvement in translation quality, a dictionary lookup and many new features to help customers rapidly create multilingual documents.

Thanks to this new version, software license sales are expected to increase throughout all markets.

Total work orders amounted to 3,323 K€ at December 31, 2006.

## Dispute with the European Commission

On October 4<sup>th</sup>, 2003, the Directorate-General for Translation of the European Commission launched a call for tenders in order to modify the Unix version of EC-SYSTRAN as delivered by SYSTRAN to the European Commission in 2003. In January 2004, a Luxembourg based company was awarded the contract. This company had no prior activity or experience in the field of Machine Translation and hired all the former employees of SYSTRAN's subsidiary in Luxembourg who were laid off because of the lack of new orders from the European Commission. SYSTRAN wrote to the European Commission to express its doubts about the legality of this call for tenders, and underlined that the work performed on its software might infringe upon its intellectual property rights.

In July 2005, SYSTRAN lodged a complaint to the European Ombudsman against the European Commission. On October 23, 2006, the European Ombudsman provided his decision and found no maladministration on the part of the Commission



but did not make a statement on the violation of SYSTRAN's intellectual property rights.

In January 2007, SYSTRAN introduced an application for indemnification against the European Commission before the Court of First Instance of the European Communities, for damages due to the violation of its intellectual property rights.

## 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™, Google™, Yahoo!®, and Orange, and governmental institutions throughout the world such as the US Intelligence Community and the European Commission.

Use of SYSTRAN products and solutions enhances multilingual communication and increases 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 EuroList Paris, *Compartment C*, and is member of Euronext's Next Economy segment. For more information, visit [www.systransoft.com](http://www.systransoft.com).

## Contact

Dimitris SABATAKAKIS, Chairman & CEO  
Telephone: +33 (0)1 47 96 86 86 Fax: +33 (0)1 46 98 00 59  
Email: [sabatakakis@systran.fr](mailto:sabatakakis@systran.fr)

Revenue for the first quarter 2007 ending on March 31<sup>st</sup>, 2007 will be announced on May 11<sup>th</sup>, 2007.

This Press Release is available for download at:  
<http://www.systransoft.com/index/About-Systran/Investors/Financial-Releases>



<i>(In K€)</i>	<b>Year 2006</b> (12 months)	<b>Year 2005</b> (12 months)
<b>Net sales</b>	<b>9,342</b>	<b>10,113</b>
Other operating revenue	0	0
<b>Total revenue from operations</b>	<b>9,342</b>	<b>10,113</b>
Cost of sales and other external expenses	(3,187)	(2,687)
Taxes and duties	(239)	(104)
Wages and salaries	(4,454)	(4,100)
Depreciation and amortization (net)	(269)	(84)
Other income / (expenses)	20	100
<b>Current operating income</b>	<b>1,173</b>	<b>3,238</b>
Other operating income / (expenses)	61	114
<b>Operating income</b>	<b>1,234</b>	<b>3,352</b>
Financial income from cash activities	215	291
Financial expenses	(1)	(8)
<b>Net financial income</b>	<b>214</b>	<b>283</b>
Other financial income / expenses	(195)	560
<b>Profit before tax</b>	<b>1,253</b>	<b>4,195</b>
Income tax expenses	(168)	(1,134)
<b>Profit from operations</b>	<b>1,085</b>	<b>3,061</b>
Minority interest	0	0
<b>Net income / (loss) – Group's share</b>	<b>1,085</b>	<b>3,061</b>

<b>Earning / (loss) per share</b>	<b>Year 2006</b>	<b>Year 2005</b>
On the basis of the average number of shares in circulation:		
- Number of common shares	9,868,439	9,848,095
<b>- Euros per share</b>	<b>0.11</b>	<b>0.31</b>