

Leading Provider of Language Translation Technologies

First Semester 2006 Interim Report

- Sales of 4,333 K€ -3.8%
- Operating Income of 345 K€

August 4th 2006 – SYSTRAN, the leading provider of language translation technologies today announced its consolidated financial results for the first semester ended June 30, 2006.

Consolidated and Audited Accounts (in K€)	1st semester 2006	1st semester 2005	Annual change 2006 / 2005
Sales	4,333	4,505	-3.8%
Operating Income	345	1,469	-76.5%
%	+7.9%	+32.6%	
Net Income - Group's share	193	1,554	-87.6%
%	+4.5%	+34.5%	

Consolidated sales for the first half of the year amounted to 4,333 K€ - a decline of -3.8% as compared with the first semester of 2005.

During this period, SYSTRAN invested considerably in the upcoming launch of version 6 products. Development and quality assurance teams were reinforced as were sales and marketing personnel.

The Company's profitability was lower. The 7.9% operating margin was adversely affected by investments and the negative impact of the foreign exchange rate.

Operating income and net income amounted to 345 K€ and 193 K€ respectively.

The Company's cash position rose to 11,223 K€ on June 30, 2006, as compared with 10,909 K€ on December 31, 2005.

**S Activities - First Semester 2006**

In K€	1st semester 2006	<i>In % of total</i>	1st semester 2005	<i>In % of total</i>	Annual change 2006 / 2005
Software Publishing	2,950	68.1%	3,322	73.7%	-11.2%
Professional Services	1,383	31.9%	1,183	26.3%	+16.9%
Consolidated Sales	4,333	100.0%	4,505	100.0%	-3.8%

Sales generated from software licenses represented 68.1 % of total sales during the period, and totaled 2,950 K€, a decline of -11.2% as compared with the first semester of 2005. This decrease is the result of delays of new incoming orders from corporate customers.

Professional Services sales amounted to 1,383 K€, an increase of +16.9% as compared with the first semester of 2005. This increase is due to additional orders received from the US Federal Government.

During this semester SYSTRAN completed the development of 12 new languages pairs that will become commercially available with the release of version 6 products.

S Outlook

The Company anticipates a significant improvement in operating margin during the second semester as it continues to finalize the development and launch the new version 6 products before the end of the year.



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 40 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 Wanadoo, 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 EuroList Paris, *Compartment C*, and is member of Euronext's Next Economy segment. For more information, visit www.systransoft.com

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Revenue for the third quarter 2006 ending on September 30, 2006 will be announced on October 27th, 2006.

This Press Release is available for download at:
http://www.systransoft.com/company/investors/financial_releases.html



<i>(In K€)</i>	1st semester 2006 (6 month)	1st semester 2005 (6 month)	Year 2005 (12 month)
Net sales	4,333	4,505	10,113
Other operating revenue		9	0
Total revenue from operations	4,333	4,514	10,113
Cost of sales and other external expenses	(1,612)	(1,423)	(2,687)
Taxes and duties	(67)	(51)	(104)
Wages and salaries	(2,243)	(1,870)	(4,100)
Depreciation and amortization (net)	(125)	(7)	(84)
Other income / (expenses)	(1)	79	102
Current operating income	285	1,242	3,238
Other operating income / (expenses)	60	227	114
Operating income	345	1,469	3,352
Financial income from cash activities	117	199	291
Financing expenses	(4)	(4)	(8)
Net financing cost	113	195	283
Other financing income / expenses	(150)	405	560
Profit before tax	308	2,069	4,195
Income tax expenses	(115)	(515)	(1,134)
Profit from operations	193	1,554	3,061
Minority interest	0	0	0
Net income / (loss) – Group's share	193	1,554	3,061

Earning / (loss) per share	1 ^{er} semester 2006 (6 month)	1st semester 2005 (6 month)	Year 2005
On the basis of the average number of shares in circulation:			
- Number of common shares	9,903,610	9,833,695	9,848,095
- Euros per share	0.02	0.16	0.31