

First Semester 2013 Interim Report

- **Consolidated Sales of 5,786 K€ +7.1 %**
- **Consolidated Current Operating Income : 1,033 K€**
- **Consolidated Net Income : 132 K€**

September 12, 2013 – SYSTRAN today announced its consolidated financial results for the first semester ended June 30th, 2013.

Consolidated and Audited Accounts (in K€)	1st semester 2013	1st semester 2012	Annual Change 2013 / 2012
Sales	5,786	5,402	+ 7.1 %
Current Operating Income (Loss)	1,033	202	+411.4 %
%	17.9 %	3.7%	
Net Income (Loss) - Group's Share	132	295	- 55.3%
%	2.3 %	5.5%	

SYSTRAN's consolidated sales for the first half of the year amounted to 5,786 K€, an increase of 7.1% as compared with 2012.

During the first six months of 2013, the salaries and wages and other expenses decreased respectively by -10.4% and -5.1% as compared with the first semester 2012. A 330 K€ tax credit for research activities was accounted for during the first semester of 2013 as compared with 340 K€ for the first semester 2012.

The consolidated current operating income amounted to 1 033 K€ as compared with 202 K€ for the first semester of 2012.

The operating income amounted to 223 K€ - because a provision was recorded to cover risks related to the dispute with the European Commission - as compared with 181 K€ during the first semester of 2012. Financial income amounted to 206 K€. Consolidated net income amounted to 132 K€ as compared with 295 K€ in the first semester 2012.

Total shareholders' equity amounted to 15 million Euros as compared with 14.8 million Euros as of December 31, 2012. The Company's net cash position amounted to 11.2 million Euros at June 30, 2013, as compared with 22.9 million Euros on December 31, 2012. This difference is due to the reimbursement of the amount of 12,001,000 Euros to the European Commission as per the judgment dated April 18, 2013 from the European Court of Justice. Total group debt amounted to 1 million Euros as of June 30, 2013 against 0.4 million Euros on December 31, 2012.



Activities – First semester 2013

Total sales amounted to 5,786 K€, divided between 3,597 K€ for **Software Publishing** and 2,189 K€ for **Professional Services**.

In K€	2013	In % of total	2012	In % of total	Annual Change 2013 / 2012
Software Publishing	3,597	62.2%	2,733	50.6%	+31.6%
Professional Services	2,189	37.8%	2,669	49.4%	-17.9%
Consolidated Sales	5,786	100.0%	5,402	100.0%	+7.1%

During the first semester of 2013, license sales amounted to 3,597 K€ and represent 62.2% of total sales, an increase of 31.6% as compared with 2012. This growth is due to a large order received from the US Government.

Professional Services sales totalled to 2,189 K€ and represent 37.8% of total sales, a decrease of 17.9% as compared with the first semester 2012. However SYSTRAN Software Inc. has suffered from the decrease of the orders coming from the US Government and backlog orders on June 30, 2013 is much lower as compared to the one of June 30, 2012.

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. 2013	1st sem. 2012
Europe	1,717	2,287
North America	3,642	3,115
Other geographical areas	427	
Total sales	5,786	5,402

Outlook

In 2013 SYSTRAN plans to expand the sales team to develop revenue in all business segments. SYSTRAN will also launch new version of its server solutions and cloud services for corporate customers.

Taking into account the level of existing orders and the current economic environment, sales for the second semester 2013 should be less than the first semester 2013 and the second semester 2012.



Dispute with the European Commission

On April 18, 2013, the European Court of Justice set aside the judgment of the European General Court ordering the European Commission to pay SYSTRAN a lump-sum amount of 12,001,000 Euros as compensation for the material damage sustained by it.

The European Court of Justice has declared that “the General Court should have declined jurisdiction and invited the parties to refer to the competent national courts, designated by the various contracts concerning the SYSTRAN machine translation system, concluded by SYSTRAN and the Commission” (Press release dated April 18, 2013 from the Court of Justice of the European Union).

Furthermore, the European Court of Justice has given final judgment on the dispute and has declared and judged:

- 1) The judgment of the European General Court dated December 16, 2010 in the case T-19/07 (SYSTRAN S.A. and SYSTRAN Luxembourg / Commission) is annulled.
- 2) The action for damages of SYSTRAN SA and SYSTRAN Luxembourg is dismissed.
- 3) SYSTRAN S.A. and SYSTRAN Luxembourg will have to pay the cost incurred by the European Commission before the European Court of Justice and also before the European General Court.

On June 26, 2013, SYSTRAN reimbursed the amount of 12,001,000 Euros to the European Commission. This amount was kept on a safe account and its refund doesn't endanger the company.

Following this decision, SYSTRAN has recorded a provision for risks, corresponding to the cost incurred by the Commission before the European Courts on one hand, and to compensatory interests – based on 12,001,000 Euros which have been reimbursed to the Commission - claimed by the European Commission on the other hand.

Furthermore, SYSTRAN has lodged a new action against the European Commission before the Court of Luxemburg. The assignation was delivered to the European Commission on June 19, 2013.

About SYSTRAN

SYSTRAN is the market historic 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



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Revenue for the third quarter 2013 ending on September 30, 2013 will be announced on November 8, 2013.

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 2013 (6 months)	1st semester 2012 (6 months)
Net sales	5,786	5,402
Cost of sales and other external expenses	(1,575)	(1,659)
Wages and salaries	(3,242)	(3,620)
Taxes and duties	(125)	(117)
Depreciation and amortization (net)	(166)	(175)
Other income / (expenses)	355	371
Current operating income	1 033	202
Other operating income	12 112	25
Other operating expenses	(12 922)	(46)
Operating income	223	181
Net cost of debt	220	262
Other financial income and expenses	(14)	(8)
Net financial income	206	254
Profit before tax	429	435
Income tax expenses	(297)	(140)
Profit from operations	132	295
Minority interest		
Net income / (loss) – Group's share	132	295
Earning / (loss) per share		
<i>On the basis of the average number of shares in circulation:</i>		
- Number of common shares	7,153,604	7,816,025
- Euros per share	0.02	0.04