

**Leading Provider of Language Translation Technologies****First Semester 2005 Interim Report**

- Consolidated Net Income of 1,554 K€ : +16.0%
- Total work orders of 4,055 K€ : + 170.0 %
- Sales of 4,505 K€: -22.2%

August 5<sup>th</sup> 2005 – SYSTRAN, the leading provider of language translation technologies today announced consolidated financial results for its first semester ended June 30, 2005.

Consolidated and Audited Accounts (in K€)	1st semester 2005 (IFRS)	1st semester 2004 (IFRS)	Annual change 2005 / 2004
Sales	4,505	5,791	-22,2%
Operating Income	1,469	1,585	-7,3%
%	+32.6%	+27.4%	
Net Income - Group's share	1,554	1,340	+16.0%
%	+34.5%	+23.1%	

SYSTRAN focused its efforts on *Software Publishing* instead of new contracts for *Professional Services* during the first semester 2005.

*Software Publishing* represents 73.7% of total sales during this period as compared with 45.5% in 2004.

Consolidated sales for the first half of the year amounted to 4,505 K€, a decline of -22.2% as compared with the first semester 2004.

The Company increased its profitability with a 32.6% margin compared as with 27.4% in the first semester 2004. Positive operating income totaled +1,469 K€ on June 30, 2005.

The Company's cash position rose to 9,447 K€ on June 30, 2005, as compared with 7,995 K€ on December 31, 2004.



## Transfer to IFRS Accounting Standards

These financial statements represent the Company's first published financial statements compliant with the IFRS Accounting Standards (*International Financial Reporting Standards*). The Company has applied IFRS 1 standard, « First time Adoption of International Financial Reporting Standards » for the preparation of these financial statements.

A detailed description of IFRS' impact on the Company's financial statements, particularly as relates to the shareholders' equity as of June 30 and December 31, 2004, appears in the notes appended to the consolidated accounts of June 30, 2005 that will be published in the BALO.

## Activities - First Semester 2005

In K€	1st semester 2005	In % of total	1st semester 2004	In % of total	Annual change 2005 / 2004
<b>Software Publishing</b>	<b>3,322</b>	73.7%	<b>2,634</b>	45.5%	<b>+26.1%</b>
<b>Professional Services</b>	<b>1,183</b>	26.3%	<b>3,157</b>	54.5%	<b>-62.6%</b>
<b>Consolidated Sales</b>	<b>4,505</b>	100.0%	<b>5,791</b>	100.0%	<b>-22.2%</b>

The sales generated from software licenses amounted to 3,322 K€, an increase of +26.1% as compared with the first semester 2004.

## Outlook

Unearned revenue and software license orders for the *Software Publishing* business unit amounted to € 2.4 M at June 30, 2005.

The *Professional Services* business unit maintains a significant inventory of work orders, totaling € 1.6 M.

Total work orders and unearned revenue amount to 4.0 M€, an increase of 170% when compared with the status at December 31, 2004.

The Company anticipates an increase in the sales of software licenses during the second half of 2005 as it continues to reinforce its sales and marketing teams.



## About SYSTRAN

SYSTRAN is the leading provider of the world's most scalable and modular translation software. SYSTRAN's expertise spans over three decades of building customized machine translation solutions for global corporations, portals, governments and public administrations through open and robust architecture.

Its core technology powers language translation solutions for the Internet, PCs and network infrastructures that facilitate communication in 40 language pairs and in 20 specialized domains. SYSTRAN's technology is developed under Linux and runs on all Unix platforms, MacOS X and Microsoft Windows.

SYSTRAN is currently developing and/or enhancing the following new or existing language pairs: Arabic, Farsi, Hungarian, Polish, Czech, Danish and Finnish.

SYSTRAN is headquartered in France and has a subsidiary in California, USA.

SYSTRAN (Code ISIN FR0004109197, Bloomberg: SYST NM, Reuters: SYTN.LN) is listed on Euronext Paris, *Nouveau Marché*, and is member of Euronext's Next Economy segment.

### **Contact**

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Revenue for the third quarter 2005 ending on September 30, 2005 will be announced on October 28<sup>th</sup>, 2005.

This Press Release is available for download at:  
[http://www.systransoft.com/company/investors/financial\\_releases.html](http://www.systransoft.com/company/investors/financial_releases.html)



<i>(In K€)</i>	<b>1st semester 2005</b> (6 month)	<b>1st semester 2004</b> (6 month)	<b>Year 2004</b> (12 month)
<b>Net sales</b>	<b>4,505</b>	<b>5,791</b>	<b>10,189</b>
Other operating revenue	9	0	0
<b>Total revenue from operations</b>	<b>4,514</b>	<b>5,791</b>	<b>10,189</b>
Cost of sales and other external expenses	(1,423)	(2,004)	(3,507)
Taxes and duties	(51)	(39)	(81)
Wages and salaries	(1,870)	(1,793)	(3,367)
Depreciation and amortization (net)	(7)	(262)	(202)
Other income / (expenses)	79	(20)	(90)
<b>Current operating income</b>	<b>1,242</b>	<b>1,673</b>	<b>2,942</b>
Other operating income / (expenses)	227	(88)	(184)
<b>Operating income</b>	<b>1,469</b>	<b>1,585</b>	<b>2,758</b>
Financial income from cash activities	199	36	(69)
Financing expenses	(4)	(2)	(2)
<b>Net financing cost</b>	<b>195</b>	<b>34</b>	<b>(71)</b>
Other financing income / expenses	405	76	26
<b>Profit before tax</b>	<b>2,069</b>	<b>1,696</b>	<b>2,713</b>
Income tax expenses	(515)	(355)	(34)
<b>Profit from operations</b>	<b>1,554</b>	<b>1,340</b>	<b>2,679</b>
Minority interest	0	0	0
<b>Net income / (loss) – Group's share</b>	<b>1,554</b>	<b>1,340</b>	<b>2,679</b>

<b>Earning / (loss) per share</b>	<b>1st semester 2005</b>	<b>1st semester 2004</b>	<b>2004</b>
On the basis of the average number of shares in circulation:			
- Number of common shares	9,833,695	9,833,695	9,833,695
- <b>Euros per share</b>	<b>0.16</b>	<b>0.14</b>	<b>0.27</b>