



Half year financial report
for 30 June 2012

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The financial statements that follow have been examined by the Board of Directors on 25 July 2012 and have been subject to a limited examination by the statutory auditors.

1 HALF YEAR ACTIVITY REPORT

1.1 BUSINESS ACTIVITY DURING H1 2012

Financial results for H1 2012

Consolidated and audited data (in thousands of euros)	H1 2012	H1 2011	Annual change 2012 / 2011
Revenue	5,402	5,269	+ 2.5%
Current operating income	202	242	- 16.5%
%	3.7%	4.6%	
Net income (Group 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.

Business activity in H1 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**.

Consolidated figures (in thousands of euros)	2012	% of the total	2011	% of the total	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 revenue	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 asset installation zone (in thousands of euros)	H1 2012	H1 2011
Europe	2,287	2,150
North America	3,115	3,119
Other geographical areas		0
Total revenue	5,402	5,269

1.2 OUTLOOK FOR THE LAST SIX MONTHS OF THE FISCAL YEAR

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.

2 CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR 30 JUNE 2012

2.1 INCOME STATEMENT

<i>(in thousands of euros)</i>	<i>Notes</i>	H1 2012 (6 months)	H1 2011 (6 months)
Revenue	4.1	5,402	5,269
Purchases and other external expenses	4.2	(1,659)	(1,638)
Salaries and fringe benefits	4.3	(3,620)	(3,333)
Taxes and duties		(117)	(99)
Net impairment and amortisation		(175)	(173)
Other operating expenses and income	4.4	371	216
Current operating income		202	242
Other operating income	4.5	25	
Other operating expenses	4.5	(46)	(226)
Operating income		181	16
Net cost of indebtedness	4.6	262	68
Other financial expenses and income	4.7	(8)	(19)
Financial income		254	49
Pre-tax income		435	65
Income taxes	4.8	(140)	(241)
Total consolidated net income		295	(176)
Minority interests			
Net income (Group share)		295	(176)
Income per share	7.5	0.04	(0.02)
Fully diluted income per share	7.5	0.04	(0.02)

2.2 CONSOLIDATED INCOME

<i>(in thousands of euros)</i>	Fiscal year 2012 (6 months)	Fiscal year 2011 (6 months)
Net income (Group share)	295	(176)
Minority interests	0	0
Total consolidated net income	295	(176)
Financial instruments		
Actuarial gains and losses		
Income taxes		
Neutralisation of share payments reported as revenue		
Conversion adjustments	112	(164)
Income and expenses recorded directly in equity	112	(164)
Consolidated income for the period	407	(340)
Of which:		
- Group share	407	(340)
- minority interest share	0	0

2.3 CONSOLIDATED BALANCE SHEET AS OF 30 JUNE 2012**ASSETS**

<i>(in thousands of euros)</i>	<i>Notes</i>	30/06/2012	31/12/2011
Intangible fixed assets	5.1	5,101	5,106
Tangible fixed assets	5.2	824	871
Financial fixed assets	5.3	203	206
Total noncurrent assets		6,128	6,183
Inventory		40	40
Trade and other accounts receivable	5.4	2,105	2,174
Tax payable debit	5.5	1,357	1,158
Other receivables and accruals	5.6	745	618
Cash flow and cash flow equivalents	5.7	23,022	22,320
Total current assets		27,269	26,310
Total assets		33,397	32,493

LIABILITIES

<i>(in thousands of euros)</i>	<i>Notes</i>	30/06/2012	31/12/2011
Capital	5.8	4,000	4,121
Premium accounts		12,257	12,407
Consolidated reserves		(618)	(1,563)
Income for the fiscal year		295	698
Conversion adjustments		(364)	(477)
Shareholders' equity (group share)		15,570	15,186
Provisions	5.9	32	27
Interest-bearing borrowing	5.10	370	112
Deferred tax credit	5.11	1,662	1 662
Total noncurrent liabilities		2,064	1,801
Provisions	5.9	12,053	12,007
Borrowing – items < one year	5.10	47	58
Trade accounts payable and related accounts	5.12	394	508
Tax payable credit	5.12	0	0
Other liabilities and deferred revenue	5.12	3,269	2,933
Total current liabilities		15,763	15,506
Total liabilities		17,827	17,307
Total shareholder equity and liabilities		33,397	32,493

2.4 CONSOLIDATED CASH FLOW STATEMENT

	H1 2012 (6 months)	H1 2011 (6 months)
Total consolidated net income	295	(176)
Impairment and provisions	220	174
Provision reversals	0	0
Variation of deferred taxes	0	0
Stock options	3	7
Income re-evaluations	0	0
Net income from fixed asset transfers	0	1
Transfer capital gains and losses	0	0
Taxes on transfer capital gains and losses	0	0
Share in the income of the companies consolidated by the equity method	0	0
Sundry	0	0
Gross margin from self-financing	518	6
Inventory variations	1	18
Change in accounts receivable	47	(905)
Change in other receivables	(330)	11,693
Change in accounts payable	(112)	(336)
Change in other payables	351	269
Change in working capital requirement linked to the activity	(43)	10,739
NET OPERATING CASH FLOW	475	10,745
Acquisitions of tangible and intangible fixed assets	(110)	(386)
Transfers of tangible and intangible fixed assets	0	0
Increase in permanent financial investments	0	(1)
Reductions in permanent financial investments	1	0
Change in investments	0	0
Change in payables and receivables on fixed assets	0	0
Effect of changes in the consolidation scope	0	0
CASH FLOW FROM INVESTMENT ACTIVITIES	(109)	(387)
Dividends paid to parent company shareholders	0	0
Dividends paid to minority shareholders of integrated companies	0	0
Increase in capital or contributions	0	121
Increase in other equity	0	0
Decrease in other equity (repurchase of own shares)	0	0
Increase in financial liabilities	278	36
Decrease in financial liabilities	(32)	(64)
CASH FLOW FROM FINANCING ACTIVITIES	246	93
CHANGE IN NET CASH POSITION	612	10,451
<i>Opening cash position</i>	22,320	9,984
<i>Closing cash position</i>	23,022	20,253
<i>Effect of exchange rate changes</i>	90	(182)
<i>Effect of cash re-evaluations</i>	0	0

2.5 CHANGES IN SHAREHOLDERS' EQUITY

(in thousands of euros)	Capital	Premiums and consol. reserves	Group income for fiscal year	Conversion adjustments	Total Group shareholders' equity
Situation as of 30 June 2012	4,000	11,640	295	(365)	15,570
Change in conversion adjustments and sundry		(26)			(26)
Capital in treasury shares and cancellation of options		270			270
Capital reduction	(121)	(149)			(270)
Stock options		3			3
Consolidated income for H1 2012			295	112	407
Allocation of 2011 income		698	(698)		-
Situation as of 31 December 2011	4,121	10,844	698	(477)	15,186
Change in conversion adjustments and sundry		(56)			(56)
Capital in treasury shares and cancellation of options		463			463
Increase in capital	121				121
Capital reduction	(9,214)	8,644			(570)
Stock options		16			16
Consolidated income for fiscal year 2011			698	184	882
Allocation of 2010 income		82	(82)		-
Situation as of 31 December 2010	13,214	1,695	82	(661)	14,330
Change in conversion adjustments and sundry		23			23
Change in treasury shares		(710)			(710)
Capital reduction	(564)	201			(363)
Stock options		102			102
Consolidated income for fiscal year 2010			82	176	258
Allocation of 2009 income		304	(304)		-
Situation as of 31 December 2009	13,778	1,775	304	(837)	15,020
Change in conversion adjustments and sundry		(45)		-	(45)
Capital in treasury shares and cancellation of options	(769)	263			(506)
Capital reduction					-
Stock options		105			105
Consolidated income for fiscal year 2009			304	(117)	187
Allocation of 2008 income		(7,107)	7,107		-
Situation as of 31 December 2008	14,547	8,559	(7,107)	(720)	15,279

2.6 SELECTION OF ADDITIONAL NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS CLOSED ON 30 JUNE 2012

2.6.1 General presentation

SYSTRAN was founded in 1968 in San Diego (USA). It develops and markets machine translation products and offers millions of users a wide range of software and services in this field.

On the strength of 40 years' experience in machine translation technologies developed for organisations including the US Department of Defense and the European Commission, the Company also counts some of the largest multinational corporations among its customers.

The SYSTRAN Group generates more than half of its revenue from outside of Europe, particularly in North America.

The parent company, SYSTRAN SA, is a French corporation [société anonyme] whose registered office is located at 5 rue Feydeau, 75002 Paris, France. The Company is listed in Compartiment C of Euronext Paris (ISIN code: FR0004109197, Reuters: SYTN.LN; Bloomberg: SYST NM).

2.6.2 Important events during the year

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.

2.6.3 Accounting policies

2.6.3.1 Principles for establishing the consolidated financial statements

SYSTRAN SA is a company domiciled in France. The condensed consolidated financial statements for the period of 6 months ending 30 June 2012 include the Company and its subsidiaries (together referred to as "the Group").

The Group's consolidated financial statements for the year ended 31 December 2011 are available on request at the registered office of the Company - 5 rue Feydeau 75002 Paris, France.

These condensed half year consolidated financial statements have been prepared and published in accordance with IFRS (International Financial Reporting Standards), as adopted in the European Union. The Group has published its accounts in accordance with these standards since fiscal year 2005.

The condensed consolidated interim financial statements prepared in accordance with IAS 34 *Interim financial reporting*. They do not include all of the information required for the full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group published for the year ended 31 December 2011, included in the Reference Document filed with the AMF.

The accounting policies applied by the Group in the interim financial statements are identical to those used in the consolidated financial statements for the year ended 31 December 2011.

The provisions relating to the new standards and interpretations, and to the amendments of the standards, as adopted by the European Union and in force as of 1 January 2012 are found not to apply to the Group.

Moreover, the Group has not opted for an early application of the standards and interpretations whose application is not required as of 1 January 2012.

The consolidated financial statements have been prepared in euros, which is the functional currency of the Company. All of the financial data shown in thousands of euros are rounded up or down to the nearest thousand euros.

No event subsequent to closing has made it necessary to adjust the financial statements for the period or provide specific information in the notes.

The consolidated interim financial statements for 30 June 2012 were closed at the Board Meeting of 25 July 2012.

No event subsequent to closing has made it necessary to adjust the financial statements for the period or provide specific information in the notes.

2.6.3.2 Critical accounting estimates and judgments

Estimates and judgments are regularly updated, and at the end of each financial year are based on historical information and other factors, including expectations about future events deemed reasonable under the circumstances.

The resulting accounting estimates will, by definition, seldom equal the actual results subsequently shown. The estimates and assumptions that could significantly result in a material adjustment to the accounting value of assets and liabilities during the next period are discussed below.

Estimated impairment of intangible assets

The Group assesses its intangible assets with its annual impairment test implemented at the end of the fiscal year or during the financial year during the identification of an impairment index, in accordance with the methodology described in note 5.1 – Intangible fixed assets.

Research tax credit

In accordance with normes IAS 12 and IAS 20, the research tax credit is recognized in "Other operating income" (see note 4.4) and is the subject of an estimate for the first six months of each fiscal year.

Consolidation scope

The consolidated financial statements include the financial statements of SYSTRAN S.A. and of its subsidiaries.

Name	Registered office	Consolidation method	% control	% stake
SYSTRAN S.A. SIREN: 334 343 993	5, rue Feydeau, 75002 Paris France	FC	Parent company	Parent company
SYSTRAN USA*	4445 Eastgate Mall, Suite 310 San Diego, CA 92121 USA	FC	100%	100%
Systran Software Inc. (SSI)	4445 Eastgate Mall, Suite 310 San Diego, CA 92121 USA	FC	100%	100%
SYSTRAN Luxembourg	50, Route d'Esch L-1142 Luxembourg	FC	100%	100%

(*) Holding company controlling 100% of SSI; FC: Fully consolidated

No change in the scope or interest percentage has occurred during the period.

2.6.3.3 Exchange rate used

The only currency used other than the euro is the US dollar (USD).

USD rate expressed in EUR	30/06/2012	30/06/2011	31/12/2011
Opening rate of the fiscal year	0.7729	0.7484	0.7484
Average rate on income statement	0.7714	0.7133	0.7192
Closing rate	0.7943	0.6919	0.7729

2.6.4 Notes to the consolidated income statement**2.6.4.1 Breakdown of revenue**

By geographical asset installation zone (in thousands of euros)	H1 2012	H1 2011
Europe	2,287	2,150
North America	3,115	3,119
Other geographical areas		0
Total revenue	5,402	5,269

By geographical customer location zone (in thousands of euros)	H1 2012	H1 2011
Europe	2,009	2,155
North America	3,082	3,065
Other geographical areas	311	49
Total revenue	5,402	5,269

By type of revenue (in thousands of euros)	H1 2012	H1 2011
Licences	2,733	3,081
Services	2,669	2,189
Total revenue	5,402	5,269

2.6.4.2 Purchases and other external expenses

Purchases and other external expenses (in thousands of euros)	H1 2012	H1 2011
Co-contracting	17	6
Leases of land & buildings	549	536
Fees and sub-contracting	515	376
Marketing, advertising	54	98
Other purchases	524	622
Total	1,659	1,638

Expenses concerning direct rental contracts recorded in the fiscal year (in thousands of euros)	H1 2012	H1 2011
Minimum payments recorded	549	536
Conditional rentals recorded	0	0
Sub-rental income recorded	0	0

The lease entered into on 15 October 2010 by SYSTRAN S.A. at Rue Feydeau is a 3/6/9 commercial lease, with no specified term. The rents are linked to the construction cost index.

SYSTRAN Software Inc. has remained at the same premises since 1 November 2009. A new lease was executed for a period of 7 years and 5 months.

There is no contract providing for conditional rentals.

2.6.4.3 Salaries and fringe benefits

Salaries and fringe benefits (in thousands of euros)	H1 2012	H1 2011
Salaries and benefits	2,691	2,458
Employment contract termination allowance	0	0
Pensions	0	0
Stock options expenses	3	7
Welfare contributions	926	868
Total	3,620	3,333

The Group's average headcount has changed as follows:

Profile	H1 2012	H1 2011
Executive management	4	3
Computational engineers	39	40
Computational linguists	16	18
Sales and marketing	15	13
Administrative staff	7	7
Total headcount	81	81

The remuneration paid to the director members of the Group's Executive Committee are collectively as follows:

Remuneration paid to the Executive Committee (in thousands of euros)	H1 2012	H1 2011
Short-term benefits	342	252
Post-employment benefits		
Other long-term benefits		
Stock options expenses	3	4
Employment contract termination allowance		
Total	345	256

2.6.4.4 Other operating expenses and income

Other operating expenses and income (in thousands of euros)	H1 2012	H1 2011
Research tax credit	340	250
Net extraordinary provisions for accounts receivable	7	38
Other	24	(72)
Total	371	216

Other operating expenses and revenue correspond to the research tax credits for H1 2012 that have been recognized amounting to EUR 340 thousand against EUR 250 thousand for H1 2011.

2.6.4.5 Other operating expenses and income

Other operating expenses and income (in thousands of euros)	H1 2012	H1 2011
Income from fixed asset transfers	0	(1)
Non-recurring provision movements	(46)	0
Other non-recurring expenses and revenue	25	(225)
Total	(21)	(226)

2.6.4.6 Net cost of indebtedness

Net cost of indebtedness (in thousands of euros)	H1 2012	H1 2011
Income from marketable securities and other investments	242	137
Gains from changes in marketable securities and other investments	27	10
Losses from changes in marketable securities and other investments	(1)	(75)
Other	(6)	(4)
Total	262	68

2.6.4.7 Other financial expenses and income

Other financial expenses and income (in thousands of euros)	H1 2012	H1 2011
Exchange difference on financial items	(8)	(19)
Other		0
Total	(8)	(19)

2.6.4.8 Income taxes

The income tax burden breaks down as follows:

Group tax income (expense) (in thousands of euros)	H1 2012	H1 2011
Current tax expense (income)	(140)	(241)
Adjustment of current taxes from previous fiscal years	0	0
Deferred taxes on temporary differences	0	0
Total	(140)	(241)

The differences between the actual corporate income tax posted and the theoretical tax obtained by applying the French tax rate are as follows:

Tax revenue (expense) in the income statement (in thousands of euros)	H1 2012	H1 2011
Pre-tax income	435	65
Theoretical tax revenue (expense) at the parent company's rate	(145)	(22)
<i>Tax rate of the parent company</i>	33.33%	33.33%
Effect on the theoretical tax:		
- utilisation tax losses from previous fiscal years		
- effect of unposted tax losses (*)	(73)	(267)
- research tax credit for the period	113	83
- permanent differences	(20)	(10)
- effect of intercompany flows		
- tax adjustment from previous fiscal years		43
- other (including the tax burden of subsidiaries)		
- other (including tax rate variances)	(15)	(68)
Total	(140)	(241)
Tax at the standard rate	(140)	(241)
Tax at the reduced rate		
Tax revenue (expense) in the income statement	(140)	(241)

(*) The Group no longer recognises deferred taxes on tax losses since 31 December 2008.

2.6.4.9 Research & development expenses

Self-financed research expenditure totalled EUR 1.2 million in H1 2012, as against EUR 1.2 million in H1 2011. It consists primarily of staff expenses.

2.6.5 Notes to the consolidated balance sheet**2.6.5.1 Intangible fixed assets**

Intangible fixed assets (in thousands of euros)	01/01/2012	Increase	Reduction	Conversion adjustments	30/06/2012
Research & development expenses					
Concessions, patents and licences					
- Gross value (1)	10,783	14	0	79	10,876
- Amortisation (1)	(10,663)	(19)	0	(79)	(10,761)
- Ongoing	0	0	0	0	0
- Net value	120	(5)	0	0	115
Goodwill					
- Customers	45,994	0	0	0	45,994
- Amortisation	(45,994)	0	0	0	(45,994)
- Net value	0	0	0	0	0
Other fixed assets					
Intangibles (2)					
- Dictionaries and know-how	16,569	0	0	0	16,569
- Provisions for impairment	(11,583)	0	0	0	(11,583)
- Net value	4,986	0	0	0	4,986
Total	5,106	(5)	0	0	5,101

(1) The concessions, patents and licences item primarily consists of software licences for language pairs acquired by the Group. Their gross value as of 30 June 2012 consists of the following items:

- EUR 7.6 million of software acquired by Gachot S.A. and contributed to SYSTRAN S.A. in July 1989, fully depreciated today;
- EUR 2.8 million in software capitalised by SYSTRAN Software Inc., revalued during the repurchase of the company by Gachot S.A. in 1985 and completely depreciated;
- EUR 0.4 million in software acquired and not yet fully amortised.

(2) The gross value of the other intangible fixed assets as of 30 June 2012 amounted to EUR 16.6 million, corresponding to the following:

- the valuation of the language-pair dictionaries, related utilities and know-how contributed in 1989 to SYSTRAN S.A. by Gachot S.A., its parent company at the time, for EUR 15 million;
- the acquisition of the SYSTRAN Luxembourg shares held by minority shareholders for EUR 1.6 million.

The method used to assess the going concern value of these intangible assets consists of preparing restated net cash flow projections based on the following principal assumptions:

- Medium-term plans are prepared by Management on a 5-year horizon.
- The projected flows resulting from these plans are restated at a rate representative of the Group's weighted average cost of capital ("WACC") of the group of cash management units concerned.
- The terminal value is determined by capitalising ad infinitum the last flow in the explicit forecast horizon at the rate representing the difference between the WACC and the long-term growth rate deemed appropriate for the business. This value is then restated using the Group's WACC.

At the end of 2011, the use of this method led to the calculation of a utility value of these intangible assets that exceeds their book value. Consequently, no additional impairment was accounted for as of 31 December 2011.

In the absence of indications of impairment, no impairment test was implemented as of 30 June 2012.

Summary: at the end of 2008, because of the considerable harm it suffered as a result of the European Commission violating its intellectual property rights and revealing its technological know-how, the difficulties encountered in 2008 and the highly uncertain economic climate at the time, SYSTRAN revised the assumptions used to assess the value of its intangible assets to the amount of EUR 11.6 million.

2.6.5.2 Tangible fixed assets

Tangible fixed assets (in thousands of euros)	01/01/2012	Increase	Reduction	Conversion adjustments	30/06/2012
Fixtures and fittings					
- Gross value	237	3	0	0	240
- Amortisation	(25)	(16)	0	0	(41)
- Ongoing	0	0	0	0	0
- Net value	212	(13)	0	0	199
Facilities, hardware and tools					
- Gross value	930	26	0	26	982
- Amortisation	(814)	(52)	0	(23)	(889)
- Net value	116	(26)	0	3	93
Other fixed assets					
- Gross value	1,539	68	0	3	1,610
- Amortisation	(996)	(80)	0	(2)	(1,078)
- Net value	543	(12)	0	1	532
Total	871	(51)	0	4	824

2.6.5.3 Financial fixed assets

Financial fixed assets (in thousands of euros)	01/01/2012	Increase	Reduction	Conversion adjustments	30/06/2012
Deposits and guarantees					
- Gross value	210		(1)		209
- Depreciation	(4)	(2)			(6)
- Net value					
Total	206	(2)	(1)		203

The deposits and guarantees are payments made to the landlords of premises occupied by the Group. They are not restated in view of the possible termination dates.

2.6.5.4 Trade and other accounts receivable

Trade and other accounts receivable (in thousands of euros)	30/06/2012	Which are less than one year	31/12/2011
Trade accounts receivable	2,340	2,340	2,416
Depreciation of the accounts receivable	(235)	(235)	(242)
Total	2,105	2,105	2,174

2.6.5.5 Tax payable debit

Tax payable debit (in thousands of euros)	30/06/2012	Which are less than one year	31/12/2011
Tax receivables (research tax credit)	1,357	1,357	1,158
Total	1,357	1,357	1,158

The tax receivables correspond to the research tax credit for fiscal year 2011 and H1 2012, as well as a surplus of tax instalments paid by the subsidiary, SYSTRAN Inc.

The Company posted a research tax credit of EUR 340 thousand relating to H1 2012. On 31 December 2011, the Company posted a research tax credit of EUR 1,011 thousand relating to fiscal year 2011. The Company met the criteria for reimbursement of the research tax credit and in March 2012 made a request to the tax authorities for a refund of the tax credit for fiscal year 2011.

2.6.5.6 Other receivables and accruals

Other receivables and accruals (in thousands of euros)	30/06/2012	Which are less than one year	31/12/2011
Other receivables from the Government	194	194	98
Sundry debtors	101	101	91
Prepaid expenses	450	450	429
Total	745	745	618

2.6.5.7 Cash flow and cash flow equivalents

Cash flow and cash flow equivalents (in thousands of euros)	30/06/2012	31/12/2011
Fixed term deposits	21,820	20,813
Cash	1,202	1,507
Total	23,022	22,320

The Company has placed a portion of its available cash in fixed term deposit accounts for which reimbursement may be obtained at any time and whose capital is guaranteed. These fixed term deposits are classified as "cash equivalents". The accrued interest for the period was recorded in the income statement.

2.6.5.8 Capital and reserves

The capital of the SYSTRAN S.A. company amounts to EUR 3,999,843. The number of ordinary shares issued is 7,999,686.

The capital is fully paid in. There is only one category of shares. Fully paid-in and duly registered shares that have been held by the same shareholder for at least four years benefit from double voting rights.

The "premium" accounts represent the share premium paid by shareholders who have subscribed to SYSTRAN S.A.'s capital. These amounts are fully distributable.

The reserve accounts are derived from the earnings built up by the Group and are fully distributable, with the exception of SYSTRAN S.A.'s legal reserve which amounts to EUR 464 thousand.

Neither SYSTRAN S.A. nor its subsidiaries are subject, by virtue of external rules, to special external requirements regarding capital.

Transactions during the period

The capital of the company was subject to a reduction, following the meeting of the Board of Directors on 8 February 2012, in the amount of EUR 121,368 by the cancellation of 242,736 treasury shares.

Capital management

In its eighth resolution, the Extraordinary General Shareholders' Meeting on 22 June 2012 authorised the Board of Directors to trade SYSTRAN S.A.'s shares. The Board of Directors has not made use of this authorisation.

In its ninth resolution, the Extraordinary General Shareholders' Meeting on 22 June 2012 authorised the Board of Directors to reduce the Company's capital stock. The Board of Directors has not made use of this authorisation.

The Extraordinary General Shareholders' Meeting on 22 June 2012 also authorised the Board of Directors to increase the company's capital with or without cancelling the preferential subscription right. The Board of Directors has not made use of this authorisation.

In its thirteenth resolution, the Extraordinary General Shareholders Meeting on 24 June 2011 authorised the Board of Directors to allocate the employees free SYSTRAN S.A. shares. The Board of Directors has not made use of this authorisation.

In its twelfth resolution, the Extraordinary General Shareholders' Meeting on 24 June 2011 authorised the Board of Directors to reduce the Company's capital stock. The Board of Directors made use of this authorisation on 8 February 2012.

In its fourteenth resolution, the Extraordinary General Meeting on 25 June 2010 authorised the Board of Directors to grant the employees options entitling them to subscribe to the Company's new shares. The Board has exercised this authority (see the following options table).

Number of shares in circulation (excluding treasury shares):

Capital and reserves (number of shares)	30/06/2012	31/12/2011
Opening number of shares for the fiscal year	7,810,025	7,802,355
Treasury shares (acquired in the period)		(71,703)
Stock option plan		
- granted options		
- stock options exercised		79,373
Closing number of shares for the fiscal year	7,810,025	7,810,025

As of 30 June 2012, the Group held 189,661 of its own shares that were acquired during fiscal years 2010 and 2011 for an amount of EUR 248 thousand in order to cancel them. The value of these shares was charged to the consolidated reserve account

Number of shares authorised:

The authorisations given by the Extraordinary General Meetings and not used as of 30 June 2012 are as follows:

- EGM on 22 June 2012: option to increase the capital to a maximum amount of EUR 11.7 million euros delegated to the Board of Directors and;
- EGM on 24 June 2011: An option to allocate a maximum number of stock options to personnel, representing 20% of shares issued, granted to the Board of Directors.

The corresponding number of authorised and non-issued shares is 9,663,078.

Stock options:

Status of the stock options granted to the Group's employees								Total
Date of the General Shareholders' Meeting	25.06.04		22.06.07		25.06.10			
Date of the Board of Directors meeting	14.02.06	09.02.07	08.02.08	10.02.09	09.03.11	27.07.11	08.02.12	
Total number of shares that can be subscribed or purchased	10,000	10,000	310,000	20,000	4,450	-	10,000	364,450
Of which shares that can be subscribed or bought by the members of the Executive Committee:	-	-	300,000	-	-	-	-	300,000
Starting point for exercise of the options	14.02.10	09.02.11	08.02.12	10.08.13	01.04.15	07.12.15	01.04.16	
Expiry date	13.02.14	8.02.15	7.02.16	09.08.17	31.03.19	06.12.19	31.03.20	
Strike price (in euros)	3.93	3.92	1.57	0.81	1.97	1.50	1.67	
Conditions of exercise	Options will be permanently vested to the recipients only by equal thirds on the date of the 1st, 2nd and 3rd anniversaries of their granting by the Board of Directors and provided that, for each allocation, the recipient is still a Director or employee of the Company or its subsidiaries.							
Closing number of exercisable shares for the fiscal year	10,000	10,000	310,000	-	-	-	-	330,000
<i>of which options are in the money</i>	-	-	-	-	-	-	-	0
Movements during the period								
Granted options	-	-	-	-	-	-	10,000	10,000
Expired options	-	-	-	-	-	-	-	0
Cancelled options	-	-	-	-	-	30,000	-	30,000
Exercised options	-	-	-	-	-	-	-	0

2.6.5.9 Provisions

Provisions (in thousands of euros)	30/06/2012	31/12/2011
Non-current provisions	32	27
Current provisions	12,053	12,007
Total	12,085	12,034

The details of the current provisions are as follows:

Current provisions (in thousands of euros)	01/01/2012	Allocations	Use	Reversals (*)	Conversion adjustments	30/06/2012
Provisions for contingencies	12,001					12,001
Provision for litigation	6	46				52
Provisions for obligations to customers						
Sundry						
Total	12,007	46				12,053

(*) *Reversals of provisions no longer applicable*

The provisions for contingencies relate to the provision for the indemnity of EUR 12 million received from the EU Commission, taking into account the appeal filed by the EU Commission against the 16 December 2010 judgment of the CFI.

Non-current provisions consist of the provision for retirement obligations. The Group's retirement obligations were entirely provisioned for at the closure of the period, in conformity with IAS 19. Given the average age and seniority of the workforce, the amount of the obligations as of 30 June 2012 is insignificant. The provision amounts to EUR 32 thousand.

2.6.5.10 Financial liabilities

Financial liabilities (in thousands of euros)	Gross amount 31/12/2011	Gross amount 30/06/2012	Less than one year	1 to 5 years
Loans and financial liabilities	6	270	0	270
Financing leases	164	147	47	100
Total	170	417	47	370

The financing lease liabilities correspond mainly to leased vehicles. Since the relevant amounts are not significant, the reconciliation of the total minimum amount of future rentals and their restated value as posted in the balance sheets is not provided.

The borrowing contracts do not contain any special payment default clause.

2.6.5.11 Deferred tax credit

Deferred tax credit (in thousands of euros)	Intangible	Tax losses	Other	Total
As of 31 December 2011	1,662	0	0	1,662
Posted in income statement				
Posted in shareholders' equity				
Exchange rate fluctuations				
As of 30 June 2012	1,662	0	0	1,662

These deferred liability taxes are related to the intangible assets of SYSTRAN S.A.

2.6.5.12 Operating liabilities

Operating liabilities (in thousands of euros)	Gross amount 31/12/2011	Gross amount 30/06/2012	Less than one year	1 to 5 years
Supplier debts	508	394	394	
Other tax and welfare debts	1,246	1,090	1,090	
Other liabilities	116	566	566	
Deferred revenue	1,571	1,613	1,613	
Total (*)	3,441	3,663	3,663	

(*) *Current liabilities excluding provisions and financial liabilities of less than one year.*

2.6.6 Financial risk management

The standards relating to the financial risk management objectives and policies of the Group remain unchanged and are consistent with the descriptions provided in the consolidated financial statements for the year ended 31 December 2011.

2.6.7 Sundry information**2.6.7.1 Key elements of the parent company income**

The corporate financial statements for the first half of 2012 are based on earned revenue of EUR 3.3 million and a gain of EUR 0.1 million.

2.6.7.2 Off balance sheet obligations

As of 30 June 2012, the obligations "received" and not taken by the Group were as follows:

Date	Expiry	Creditor	Subject	Amount
20.01.98		Banque Générale du Luxembourg	Overdraft facility	EUR 248 thousand

2.6.7.3 Financial instruments

The group does not use financial instruments to reduce its exposure to the fluctuation of rates including exchange rates.

2.6.7.4 Sectorial information

Current operating income (in thousands of euros)		Europe	North America	Unallocated / eliminated	Consolidated
30/06/2012	(6 months)	(132)	334	0	202
30/06/2011	(6 months)	(406)	648	0	242

Sectoral investments (in thousands of euros)		Europe	North America	Unallocated / eliminated	Consolidated
30/06/2012	(6 months)	(153)	334	0	181
30/06/2011	(6 months)	328	59	0	387

Sectoral assets (in thousands of euros)		Europe	North America	Unallocated / eliminated	Consolidated
30/06/2012		24,601	4,549	4,247	33,397
30/06/2011		22,697	4,253	3,987	30,937

Sectoral liabilities (in thousands of euros)		Europe	North America	Unallocated / eliminated	Consolidated
30/06/2012		15,330	1,574	923	17,827
30/06/2011		14,433	1,777	665	16,875

Unallocated/eliminated items correspond to certain of the Group's intangible assets (Sectoral assets), associated deferred taxes (Sectoral liabilities) and inter-sectoral eliminated items.

2.6.7.5 Net earnings per share

Net income per share is calculated on the basis of the weighted average number of shares outstanding in the current period, as determined below. This is also shown after the impact of the exercise of all the stock options defined in the note 5.8 of these notes.

Income per share – IFRS standards	H1 2012	H1 2011
Basic earnings per share:		
Number of shares used for calculation	7,810,025	7,816,311
Net profit per share (in euros)	0.04	(0.02)
Fully diluted earnings per share:		
Number of shares used for calculation	7,816,821	7,883,090
Net profit per share (in euros)	0.04	(0.02)

The fully diluted income per share is determined as follows:

Calculation of the fully diluted income per share	H1 2012	H1 2011
Number of ordinary shares	7,810,025	7,816,311
Number of options issued	394,450	454,450
Number of options not in the money	(374,450)	(124,450)
Number of options in the money	20,000	330,000
Number of shares to acquire with income from dilutive options	13,204	263,221
Number of diluted shares	7,816,021	7,883,090
<i>average SYSTRAN share price</i>	<i>1.58</i>	<i>1.98</i>
Net consolidated income (in thousands of euros)	295	(176)
Fully diluted income per share (in euros)	0.04	(0.02)

The Company did not distribute dividends in the first half of 2012.

2.6.7.6 Related party

Relations with related parties are not significant.

3 LEGAL OPINION ON THE EXAMINATION OF THE FINANCIAL STATEMENTS FOR 30 JUNE 2012

Période du 1er janvier 2012 au 30 juin 2012

Mesdames, Messieurs les Actionnaires,

In accordance with the mission assigned to us by your General Shareholders meeting and pursuant to Article 451-1-2 III of the French monetary and financial code, we have carried out the following:

- the limited examination the consolidated half year financial statements of SYSTRAN S.A. relating to the period from 1 January 2012 to 30 June 2012, as attached to this report;
- the verification of the information given in the half year activity report.

These condensed consolidated half year financial statements have been prepared under the responsibility of your Board of Directors. Our role is to express our opinion on these financial statements, based on our limited examination.

I – Opinion on the financial statements

We have carried out our limited examination in accordance with the standards of professional practice applicable in France. A limited examination consists primarily of meeting with the members of the management responsible for the financial and accounting standards, and implementing analytical procedures. This work is less extensive than that which is required for an audit conducted in accordance with the standards of professional practice applicable in France. Therefore, the assurance that the financial statements, taken as a whole, do not contain any significant anomalies obtained within the context of a limited review is a moderate assurance, lower than that obtained within the framework of an audit.

Based on our limited examination, we did not identify any material anomalies likely to call into question, in accordance with IFRS standards as adopted by the European Union, the regularity and sincerity of the condensed consolidated half year financial statements and the true and fair view that they give of the assets and financial position at the end of the period, and the income for the Group consisting of the individuals and entities included within the consolidation.

Without calling into question the opinion expressed above, we draw your attention to the notes 1.6.2 - Important events during the year, and 1.6.5.9 - Provisions in the appendix to the condensed consolidated half year financial statements concerning the situation regarding the litigation with the European Commission.

II – Special checks

We have also performed checks on the information provided in the half year activity report, commenting on the condensed consolidated half year financial statements regarding that which was subject to our limited examination. We have no comment to make as to the fair presentation of this information or its consistency with the condensed consolidated half year financial statements.

Paris La Défense, 26 July 2012

Paris, 26 July 2012

KPMG Audit IS

Grant Thornton

Stéphanie ORTEGA
Partner

Vincent FRAMBOURT
Partner

4 PERSON RESPONSIBLE FOR THE HALF YEAR FINANCIAL STATEMENT

4.1 PERSON RESPONSIBLE FOR THE HALF YEAR FINANCIAL STATEMENT

Mr. Dimitris Sabatakakis, Chairman and CEO of SYSTRAN S.A.

4.2 CERTIFICATION OF THE PERSON RESPONSIBLE FOR THE INTERIM FINANCIAL STATEMENT

I hereby certify that, to my knowledge, the condensed financial statements for period were prepared in accordance with the applicable accounting standards and provide a true picture of the assets, financial position and earnings of the Company and of all of the companies included in the consolidation, and the half year activity report provides an accurate picture of the important events that occurred during the first six months of the fiscal year, their impact on the financial statements, as well as a description of the main risks and key uncertainties for the six months remaining in the fiscal year.

Paris, 26 July 2012

Dimitris Sabatakakis
Chairman and CEO