



Half year financial report
for 30 June 2013

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1 HALF YEAR ACTIVITY REPORT

1.1 BUSINESS ACTIVITY DURING H1 2013

Financial results for H1 2013

Consolidated and audited data (in thousands of euros)	H1 2013	H1 2012	Change 2013 / 2012
Revenue	5,786	5,402	+ 7.1%
Current operating income	1,033	202	+ 411.4%
%	17.9%	3.7%	
Net income (Group 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.

Business activity in H1 2013

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

Consolidated figures (in thousands of euros)	2013	% of the total	2012	% of the total	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 revenue	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 asset installation zone (in thousands of euros)	H1 2013	H1 2012
Europe	1,717	2,287
North America	3,642	3,115
Other geographical areas	427	
Total revenue	5,786	5,402

1.2 OUTLOOK FOR THE LAST SIX MONTHS OF THE FISCAL YEAR

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.

2 CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR 30 JUNE 2013**2.1 INCOME STATEMENT**

<i>(in thousands of euros)</i>	<i>Notes</i>	H1 2013 (6 months)	H1 2012 (6 months)
Revenue	4.1	5,786	5,402
Purchases and other external expenses	4.2	(1,575)	(1,659)
Salaries and fringe benefits	4.3	(3,242)	(3,620)
Taxes and duties		(125)	(117)
Net impairment and amortisation		(166)	(175)
Other current expenses and income	4.4	355	371
Current operating income		1,033	202
Other operating income	4.5	12,112	25
Other operating expenses	4.5	(12,922)	(46)
Operating income		223	181
Net cost of indebtedness	4.6	220	262
Other financial expenses and income	4.7	(14)	(8)
Financial income		206	254
Pre-tax income		429	435
Income taxes	4.8	(297)	(140)
Total consolidated net income		132	295
Minority interests			
Net income (Group share)		132	295
Income per share	7.5	0.02	0.04
Fully diluted income per share	7.5	0.02	0.04

2.2 CONSOLIDATED INCOME

<i>(in thousands of euros)</i>	Fiscal year 2013 (6 months)	Fiscal year 2012 (6 months)
Net income (Group share)	132	295
Minority interests	0	0
Total consolidated net income	132	295
Revaluations		
Other		
Non-recyclable items in net income	0	
Conversion adjustments	13	112
Recyclable items in net income	13	112
Consolidated income for the period	161	407
Of which:		
- Group share	161	407
- minority interest share	0	0

2.3 CONSOLIDATED BALANCE SHEET AS OF 30 JUNE 2013**ASSETS**

<i>(in thousands of euros)</i>	<i>Notes</i>	30/06/2013	31/12/2012
Intangible fixed assets	5.1	5,109	5,121
Tangible fixed assets	5.2	689	811
Financial fixed assets	5.3	209	210
Total noncurrent assets		6,007	6,142
Inventory		39	40
Trade and other accounts receivable	5.4	3,220	2,677
Tax payable debit	5.5	1,114	934
Other receivables and accruals	5.6	924	659
Cash flow and cash flow equivalents	5.7	11,207	22,938
Total current assets		16,504	27,248
Total assets		22,511	33,390

LIABILITIES

<i>(in thousands of euros)</i>	<i>Notes</i>	30/06/2013	31/12/2012
Capital	5.8	3,974	3,974
Premium accounts		12,224	12,224
Consolidated reserves		(819)	(1,582)
Income for the fiscal year		132	745
Conversion adjustments		(499)	(512)
Shareholders' equity (group share)		15,012	14,849
Provisions	5.9	41	37
Interest-bearing borrowing	5.10	960	346
Deferred tax credit	5.11	1,662	1,662
Total noncurrent liabilities		2,663	2,045
Provisions	5.9	1,019	12,099
Borrowing – items < one year	5.10	43	48
Trade accounts payable and related accounts	5.12	391	590
Tax payable credit	5.12	485	
Other liabilities and deferred revenue	5.12	2,898	3,759
Total current liabilities		4,836	16,495
Total liabilities		7,499	18,540
Total shareholder equity and liabilities		22,511	33,390

2.4 CONSOLIDATED CASH FLOW STATEMENT

	H1 2013 (6 months)	H1 2012 (6 months)
Total consolidated net income	132	295
Impairment and provisions	1,087	220
Provision reversals	(12,001)	0
Variation of deferred taxes	0	0
Stock options	1	3
Income re-evaluations	0	0
Net income from fixed asset transfers	0	0
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	(10,782)	518
Inventory variations	0	1
Change in accounts receivable	(663)	47
Change in other receivables	(445)	(330)
Change in accounts payable	(202)	(112)
Change in other payables	(243)	351
Change in working capital requirement linked to the activity	(1,553)	(43)
NET OPERATING CASH FLOW	(12,335)	475
Acquisitions of tangible and intangible fixed assets	(26)	(110)
Transfers of tangible and intangible fixed assets	0	0
Increase in permanent financial investments	0	0
Reductions in permanent financial investments	2	1
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	(24)	(109)
Dividends paid to parent company shareholders	0	0
Dividends paid to minority shareholders of integrated companies	0	0
Increase in capital or contributions	0	0
Increase in other equity	0	0
Decrease in other equity (repurchase of own shares)	0	0
Increase in financial liabilities	616	278
Decrease in financial liabilities	(22)	(32)
CASH FLOW FROM FINANCING ACTIVITIES	594	246
CHANGE IN NET CASH POSITION	(11,765)	612
<i>Opening cash position</i>	22,938	22,320
<i>Closing cash position</i>	11,196	23,022
<i>Effect of exchange rate changes</i>	23	90
<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 share- holders' equity
Situation as of 30 June 2013	3,974	11,405	132	(499)	15,012
Change in conversion adjustments and sundry		17		13	30
Capital in treasury shares and cancellation of options					
Capital reduction					
Stock options		1			1
Consolidated income for H1 2013			132		132
Allocation of 2012 income		745	(745)		-
Situation as of 31 December 2012	3,974	10,642	745	(512)	14,849
Change in conversion adjustments and sundry		(26)			(26)
Capital in treasury shares and cancellation of options	(147)	(879)			(1,026)
Increase in capital					-
Capital reduction					-
Stock options		5			5
Consolidated income for fiscal year 2011			745	(35)	710
Allocation of 2010 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

2.6 SELECTION OF ADDITIONAL NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS CLOSED ON 30 JUNE 2013

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 organizations 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

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.

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 2013 include the Company and its subsidiaries (together referred to as "the Group").

The Group's consolidated financial statements for the year ended 31 December 2012 are available on request at the registered office of the Company - 5 rue Feydeau 75002 Paris, France.

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 2012, 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 2012.

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 2013 are found not to apply to the Group with the exception of IAS 19 R. The impact of IAS 19R is not significant to the financial statements due to the low amount of the provision for retirement indemnities.

Moreover, the Group has not opted for an early application of the standards and interpretations whose application is not required as of 1 January 2013:

- IFRS 10 – Consolidated Financial Statements
- IFRS 11 – Joint Arrangements
- IFRS 12 – Disclosure of Interests in Other Entities
- IAS 28 revised – Investments in associates
- Amendments to IAS 32 – Offsetting Financial Assets and Financial Liabilities

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.

The condensed consolidated interim financial statements on 30 June 2013 were approved by the Board of Directors on 11 September 2013. The provisions for contingencies and charges and the revenue for the period reflect information obtained after the closing date. No other 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.

2.6.3.3 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.

2.6.3.4 Exchange rate used

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

USD rate expressed in EUR	30/06/2013	30/06/2012	31/12/2012
Opening rate of the fiscal year	0.7579	0.7729	0.7729
Average rate on income statement	0.7614	0.7714	0.7783
Closing rate	0.7645	0.7943	0.7579

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 2013	H1 2012
Europe	2,073	2,287
North America	3,713	3,115
Other geographical areas	0	0
Total revenue	5,786	5,402

By geographical customer location zone (in thousands of euros)	H1 2013	H1 2012
Europe	1,717	2,009
North America	3,642	3,082
Other geographical areas	427	311
Total revenue	5,786	5,402

By type of revenue (in thousands of euros)	H1 2013	H1 2012
Licences	3,597	2,733
Services	2,189	2,669
Total revenue	5,786	5,402

2.6.4.2 Purchases and other external expenses

Purchases and other external expenses (in thousands of euros)	H1 2013	H1 2012
Co-contracting	4	17
Leases of land & buildings	610	549
Fees and sub-contracting	371	515
Marketing, advertising	81	54
Other purchases	509	524
Total	1,575	1,659

Expenses concerning direct rental contracts recorded in the fiscal year (in thousands of euros)	H1 2013	H1 2012
Minimum payments recorded	610	549
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 2013	H1 2012
Salaries and benefits	2,375	2,691
Employment contract termination allowance	0	0
Pensions	0	0
Stock options expenses	1	3
Welfare contributions	866	926
Total	3,242	3,620

The Group's average headcount has changed as follows:

Profile	H1 2013	H1 2012
Executive management	4	4
Computational engineers	35	39
Computational linguists	15	16
Sales and marketing	16	15
Administrative staff	6	7
Total headcount	76	81

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

Remuneration paid to the Executive Committee (in thousands of euros)	H1 2013	H1 2012
Short-term benefits	338	342
Post-employment benefits		
Other long-term benefits		
Stock options expenses	0	3
Employment contract termination allowance		
Total	338	345

2.6.4.4 Other current expenses and income

Other current expenses and income (in thousands of euros)	H1 2013	H1 2012
Research tax credit	330	340
Net extraordinary provisions for accounts receivable	1	7
Other	24	24
Total	355	371

Other operating expenses and revenue correspond to the research tax credit that has been recognized for an amount of EUR 330 thousand for the first half of 2013 against EUR 340 thousand for the first half of 2012.

2.6.4.5 Other operating expenses and income

Other operating expenses and income (in thousands of euros)	H1 2013	H1 2012
Income from fixed asset transfers	0	0
Non-recurring provision movements	12,923	(46)
Other non-recurring expenses and revenue	(11,890)	25
Total	1,033	(21)

On 26 June 2013, SYSTRAN has, in accordance with the judgment of the European Court of Justice on 18 April 2013, reimbursed the European Commission the indemnity of EUR 12,001,000 that had been paid by the latter in execution of the judgment of 16 December 2010.

SYSTRAN has consequently recognized a charge of EUR 12,001,000 and has taken a provision for the contingencies in the same amount established in December 2010.

Following this decision, SYSTRAN has recorded a provision for the contingencies for an amount of EUR 931 thousand corresponding, primarily, to the compensatory interest claimed by the European Commission on the sum of EUR 12,001,000 that it was reimbursed in accordance with the decision of 18 April 2013. SYSTRAN has contested this latest request.

Refer to the paragraph 1.6.2 - Important events during the year - for the history of the litigation.

2.6.4.6 Net cost of indebtedness

Net cost of indebtedness (in thousands of euros)	H1 2013	H1 2012
Income from marketable securities and other investments	225	242
Gains from changes in marketable securities and other investments	0	27
Losses from changes in marketable securities and other investments	0	(1)
Other	(5)	(6)
Total	220	262

2.6.4.7 Other financial expenses and income

Other financial expenses and income (in thousands of euros)	H1 2013	H1 2012
Exchange difference on financial items	(14)	(8)
Other	0	0
Total	(14)	(8)

2.6.4.8 Income taxes

The income tax burden breaks down as follows:

Group tax income (expense) (in thousands of euros)	H1 2013	H1 2012
Current tax expense (income)	(484)	(140)
Stabilization of current US taxes from earlier fiscal years	187	0
Deferred taxes on temporary differences	0	0
Total	(297)	(140)

The line "Adjustment of current US taxes from previous fiscal years" includes the adjustment of the income tax on the companies of the subsidiary Systran Software Inc. (SSI) for EUR 187 thousand for the posting of a research tax credit for previous years (2008 to 2010).

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 2013	H1 2012
Pre-tax income	429	435
Theoretical tax revenue (expense) at the parent company's rate	(143)	(145)
<i>Tax rate of the parent company</i>	33.33%	33.33%
Effect on the theoretical tax:		
- utilization tax losses from previous fiscal years		
- effect of unposted tax losses (*)	(424)	(73)
- research tax credit for the period	110	113
- permanent differences	(6)	(20)
- effect of intercompany flows		
- US tax adjustment from the previous fiscal years	187 (**)	
- other (including the tax burden of subsidiaries)		
- other (including tax rate variances)	(21)	(15)
Total	(297)	(140)
Tax at the standard rate	(297)	(140)
Tax at the reduced rate		
Tax revenue (expense) in the income statement	(297)	(140)

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

(**) This amount mainly corresponds to the research tax credit of SYSTRAN Inc. for fiscal years 2008 to 2010.

2.6.4.9 Research & development expenses

Self-financed research expenditure totalled EUR 1.0 million in H1 2013, as against EUR 1.2 million in H1 2012. 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)	01/01/2013	Increase	Reduction	Conversion adjustments	30/06/2013
Research & development expenses					
Concessions, patents and licences					
- Gross value (1)	10,774	1	0	23	10,798
- Amortisation (1)	(10,639)	(13)	1	(24)	(10,675)
- Ongoing	0	0	0	0	0
- Net value	135	(12)	1	(1)	123
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	5,121	(12)	1	(1)	5,109

(1) The concessions, patents and licenses item primarily consists of software licenses for language pairs acquired by the Group. Their gross value as of 30 June 2013 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 capitalized 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 amortized.

(2) The gross value of the other intangible fixed assets as of 30 June 2013 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.
- Restating of the projected flows resulting from these plans at a rate representative of the Group's weighted average cost of capital ("WACC").
- The terminal value is determined by capitalizing 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 2012, the use of this test led to the calculation of a utility value of these intangible assets that exceeded their book value. Consequently, no additional impairment was accounted for on 31 December 2012.

In the absence of indications of impairment, no impairment test was implemented as of 30 June 2013.

2.6.5.2 Tangible fixed assets

Tangible fixed assets (in thousands of euros)	01/01/2013	Increase	Reduction	Conversion adjustments	30/06/2013
Fixtures and fittings					
- Gross value	247	7	0	0	254
- Amortisation	(57)	(16)	0	0	(73)
- Ongoing	0	0	0	0	0
- Net value	190	(9)	0	0	181
Facilities, hardware and tools					
- Gross value	944	6	0	8	958
- Amortisation	(843)	(39)	0	(7)	(889)
- Net value	101	(33)	0	1	69
Other fixed assets					
- Gross value	1,737	13	1	0	1,749
- Amortisation	(1,217)	(94)	(1)	0	(1,310)
- Net value	520	(81)	0	0	439
Total	811	(123)	0	1	689

2.6.5.3 Financial fixed assets

Financial fixed assets (in thousands of euros)	01/01/2013	Increase	Reduction	Conversion adjustments	30/06/2013
Deposits and guarantees					
- Gross value	214	0	(1)	0	213
- Depreciation	(4)	0	0	0	(4)
- Net value					
Total	210	0	(1)	0	209

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)	30/06/2013	Which are less than one year	31/12/2012
Trade accounts receivable	3,397	3,397	2,878
Depreciation of the accounts receivable	(177)	(177)	(201)
Total	3,220	3,220	2,677

2.6.5.5 Tax payable debit

Tax payable debit (in thousands of euros)	30/06/2013	Which are less than one year	31/12/2012
Tax receivables (research tax credit)	1,114	1,114	934
Total	1,114	1,114	934

The tax receivables correspond to the research tax credit for fiscal year 2012 and H1 2013, as well as a surplus of tax installments paid by the subsidiary, SYSTRAN Inc.

The Company posted a research tax credit of EUR 330 thousand relating to H1 2013. On 31 December 2012, the tax payable debits correspond to the research tax credit for fiscal year 2012 for an amount of EUR 774 thousand, as well as a surplus of tax installments paid by the subsidiary, SYSTRAN Inc.

2.6.5.6 Other receivables and accruals

Other receivables and accruals (in thousands of euros)	30/06/2013	Which are less than one year	31/12/2012
Other receivables from the Government	260	260	72
Sundry debtors	194	194	108
Prepaid expenses	470	470	479
Total	924	924	659

2.6.5.7 Cash flow and cash flow equivalents

Cash flow and cash flow equivalents (in thousands of euros)	30/06/2013	31/12/2012
Financial assets for transactions	10,023	21,349
Cash	1,184	1,589
Total	11,207	22,938

The transaction assets consist of deposit certificates, treasury bills or monetary or account UCITS blocked for at least 3 months and are assessed at their market value at the end of each fiscal year. They correspond to "Category 2" cash instruments (unlisted but observable) within the meaning of IFRS 7.27A. These instruments are perfectly liquid and do not represent any particular risk for the capital apart from a possible variation in the investment's foreign currency exchange rate. The variations in fair market value during the period are posted as a compensation of the period's income under the "cash income" item.

2.6.5.8 Capital and reserves

The capital of the SYSTRAN S.A. company amounts to EUR 3,973,814. The number of ordinary shares issued is 7,947,628.

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.

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

Transactions during the period

No operation has taken place on the capital in the first half of 2013.

Capital management

In its ninth resolution, the Extraordinary General Shareholders Meeting on 9 April 2013 authorized the Board of Directors to purchase shares of SYSTRAN S.A. within the limit of 10% of the capital of the Company. The Board of Directors has not made use of this authorization.

In its tenth resolution, the Extraordinary General Shareholders' Meeting on 9 April 2013 authorized the Board of Directors to reduce the Company's capital stock within the limit of 10% of the total capital stock per 24-month period. The Board of Directors has not made use of this authorization.

In its eleventh resolution, the Extraordinary General Meeting on 9 April 2013 authorized the Board of Directors to grant the employees and/or directors options stock options or purchase options for the Company's new shares. The Board of Directors has not made use of this authorization.

In its eighth resolution, the Extraordinary General Shareholders' Meeting on 22 June 2012 authorized the Board of Directors to trade SYSTRAN S.A.'s shares. The Board of Directors made use of this authorization to buy back 456,421 shares on 18 September 2012 and 200,000 shares on 23 November 2012.

In its ninth resolution, the Extraordinary General Shareholders' Meeting on 22 June 2012 authorized the Board of Directors to reduce the Company's capital stock. The Board of Directors made use of this authorization on 25 July 2012.

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

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

The Extraordinary General Shareholders' Meeting on 22 June 2012 also authorized 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 authorization.

The Extraordinary General Meeting on 25 June 2010 authorized the Board of Directors to grant the employees options entitling them to subscribe to the Company's new shares. The Board of Directors has not made use of this authorization.

Number of shares in circulation (excluding treasury shares):

Capital and reserves (number of shares)	30/06/2013	31/12/2012
Opening number of shares for the fiscal year	7,153,604	7,810,025
Treasury shares (acquired in the period)		(656,421)
Stock option plan		
- granted options		
- stock options exercised		
Closing number of shares for the fiscal year	7,153,604	7,153,604

As of 30 June 2013, the Group held 794,024 of its own shares that were acquired during fiscal years 2010, 2011 and 2012 for an amount of EUR 1,214 thousand in order to cancel them. The value of these shares was charged to the consolidated reserve account

Number of shares authorised:

The authorizations given by the Extraordinary General Meetings and not used as of 30 June 2013 are as follows:

- EGM of 9 April 2013: An option to allocate a maximum number of stock options to personnel, representing 20% of shares issued, granted to the Board of Directors.
- 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.

The corresponding number of authorized and non-issued shares is 25,282,907.

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	08.02.12	
Total number of shares that can be subscribed or purchased	10,000	10,000	310,000	20,000	4,450	-	354,450
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	01.04.16	
Expiry date	13.02.14	8.02.15	7.02.16	09.08.17	31.03.19	31.03.20	
Strike price (in euros)	3.93	3.92	1.57	0.81	1.97	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	-	-	-	-	-	-	0
Expired options	-	-	-	-	-	-	0
Cancelled options	-	-	-	-	-	10,000	10,000
Exercised options	-	-	-	-	-	-	0

2.6.5.9 Provisions

Provisions (in thousands of euros)	30/06/2013	31/12/2012
Non-current provisions	41	37
Current provisions	1,019	12,099
Total	1,060	12,136

The details of the current provisions are as follows:

Current provisions (in thousands of euros)	01/01/2013	Allocations	Use	Reversals (*)	Conversion adjustments	30/06/2013
Provisions for contingencies	12,001		12,001			0
Provision for litigation	98	921				1,019
Provisions for obligations to customers						
Sundry						
Total	12,099	921	12,001	0	0	1,019

(*) Reversals of provisions no longer applicable

Taking these the reimbursement of EUR 12,001,000 to the European Commission into account, the Company has make provision for contingencies that have been recognized in 2010. (cf. note 2.6.2)

Non-current provisions consist of the provision for retirement obligations. The Group's retirement obligations were entirely provisioned for at the closure of the fiscal year, 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 and amounts to EUR 41 thousand as of 30 June 2013.

SYSTRAN has recorded a provision for the contingencies for an amount of EUR 921 thousand corresponding, primarily, to the compensatory interest claimed by the European Commission on the sum of EUR 12,001,000 that it was reimbursed in accordance with the decision of 18 April 2013. SYSTRAN has contested this latest request.

2.6.5.10 Financial liabilities

Financial liabilities (in thousands of euros)	Gross amount 31/12/2012	Gross amount 30/06/2013	Less than one year	1 to 5 years
Loans and financial liabilities	303	934	0	934
Financing leases	91	69	34	35
Total	394	1,003	34	969

Financial liabilities as of 30 June 2013 consist primarily of repayable advances paid by OSEO in 2012 and in H1 2013.

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 2012	1,662	0	0	1,662
Posted in income statement				
Posted in shareholders' equity				
Exchange rate fluctuations				
As of 30 June 2013	1,662	0	0	1,662

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

2.6.5.12 Current liabilities

Current liabilities (in thousands of euros)	Gross amount 31/12/2012	Gross amount 30/06/2013	Less than one year	1 to 5 years
Supplier debts	590	391	391	
Other tax and welfare debts	1,309	1,507	1,507	
Other liabilities	194	39	39	
Deferred revenue	2,256	1,837	1,837	
Total (*)	4,349	3,774	3,774	

(*) *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 2012.

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 2013 are based on earned revenue of EUR 3.0 million and a loss of EUR 832 thousand.

2.6.7.2 Off balance sheet obligations

As of 30 June 2013, 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 Geographical area information

Current operating income (in thousands of euros)		Europe	North America	Unallocated / eliminated	Consolidated
30/06/2013	(6 months)	(127)	1,159	0	1,032
30/06/2012	(6 months)	(132)	334	0	202

Sectoral investments (in thousands of euros)		Europe	North America	Unallocated / eliminated	Consolidated
30/06/2013	(6 months)	20	6	0	26
30/06/2012	(6 months)	(153)	334	0	181

Sectoral assets (in thousands of euros)		Europe	North America	Unallocated / eliminated	Consolidated
30/06/2013		12,957	5,554	4,000	22,511
30/06/2012		24,601	4,549	4,247	33,397

Sectoral liabilities (in thousands of euros)		Europe	North America	Unallocated / eliminated	Consolidated
30/06/2013		5,049	1,774	676	7,499
30/06/2012		15,330	1,574	923	17,827

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 present note.

Income per share – IFRS standards	H1 2013	H1 2012
Basic earnings per share:		
Number of shares used for calculation	7,153,604	7,810,025
Net profit per share (in euros)	0.02	0.04
Fully diluted earnings per share:		
Number of shares used for calculation	7,153,604	7,816,821
Net profit per share (in euros)	0.02	0.04

The fully diluted income per share is determined as follows:

Calculation of the fully diluted income per share	H1 2013	H1 2012
Number of ordinary shares	7,153,604	7,810,025
Number of options issued		394,450
Number of options not in the money		(374,450)
Number of options in the money		20,000
Number of shares to acquire with income from dilutive options		13,204
Number of diluted shares	7,153,604	7,816,021
<i>average SYSTRAN share price</i>	<i>0.95</i>	<i>1.58</i>
Net consolidated income (in thousands of euros)	132	132
Fully diluted income per share (in euros)	0.02	0.04

The Company did not distribute dividends in the first half of 2013.

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 2013

Rapport des commissaires aux comptes sur l'information financière semestrielle 2013

Période du 1er janvier 2013 au 30 juin 2013

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 2013 to 30 June 2013, 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 6.2 - Important events during the year, and 6.5.9 - Provisions in the appendix concerning the development of 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, 11 September 2013

Paris, 11 September 2013

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, 11 September 2013

Dimitris Sabatakakis
Chairman and CEO