SYSTRAN
Language Translation Technologies

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1 PRESENTATION OF THE SYSTRAN GROUP

1.1 PRESENTATION OF THE GROUP

SYSTRAN is the world leader in machine translation technologies enjoying major European and US market share. The Group enjoys significant competitive advantages, thanks to its intensive Research and Development policy and over forty years' experience in its market.

SYSTRAN is a key player in both its areas of business:

- Software publishing:
    - o for businesses;
    - o for major Internet *portals*;
    - o for the general public.
- Professional Services:
    - o for companies;
    - o for American and European administrations.

SYSTRAN markets corporate solutions that improve multilingual communication, can publish information in several languages, reduce costs and human translation times, and result in multilingual business applications.

For several years, SYSTRAN has been selling its translation technology to the main *Portals* (Yahoo!, AltaVista, Apple, etc.), resulting in it translating millions of pages daily on the Internet.

As well as selling its "general public" products directly via its Web download site, SYSTRAN also sells its products indirectly through a network of specialist resellers.

SYSTRAN is continuing to maintain its high levels of R&D with the objectives of improving the quality of the translations its software produces and increasing its range of language pairs.

SYSTRAN S.A. is the parent company heading up the SYSTRAN Group.

1.2 SYSTRAN GROUP KEY FIGURES

1.2.1 Results

In thousands of Euros	**2008 *(1)***	**2007 *(1)***	**2006 *(1)***	**2005 *(1)***	**2004 *(1)***
Revenue	**7,649**	**8,848**	**9,342**	10,113	10,189
Current operating income	**(72)**	**954**	**1,173**	3,238	2,942
Operating income	**(11,936)**	**917**	**1,234**	3,352	2,758
Pre-tax income	**(11,437)**	**760**	**1,253**	4,195	2,713
Net income from consolidated companies	**(7,107)**	**818**	**1,085**	3,061	2,679
Net income per share (in Euros) *(2)*	**-0.75**	**0.08**	**0.11**	0.31	0.27
Shareholders equity	**15,279**	**22,347**	**22,653**	22,122	18,442
Financial indebtedness	**224**	**245**	**287**	236	263
Cash	**9,534**	**10,742**	**10,169**	10,909	7,995

(1): Under IFRS regulations.
(2): The notes to the consolidated financial statements of 31 December 2008 (see paragraph 3.5 note 7.3) give exact details of the method used to calculate net income per share.

1.2.2 Market capitalisation

In millions of Euros	**2008**	**2007**	**2006**	**2005**	**2004**
Market capitalisation	12.3	31.9	36.3	34.7	39.8

Source: SYSTRAN

1.3 BACKGROUND

1.3.1 The origin of SYSTRAN: development of translation systems for the American and European governments

The idea of describing natural languages by mathematical techniques became reality after the Second World War. In the '50s, research on machine translation started with literal translation, generally known by the term word-for-word translation, without the use of linguistic rules.

In 1968, Dr. Toma created a company in La Jolla (California, United States) with software called SYSTRAN, the acronym for SYStem TRANslation. Shortly afterwards, his company was chosen to develop the Russian → English system for the US Air Force. The first system developed by SYSTRAN was tested in early 1969 at Wright-Patterson Air Base in Dayton (Ohio, United States), and since 1970 the system has been supplying translations for the Foreign Technology Division of the US Air Force. In 1996, SYSTRAN thus signed a contract with the US National Air Intelligence Center to develop several Eastern Europe language pairs. During the conflict in Yugoslavia, SYSTRAN developed the first Serbo-Croat → English system for the US government.

Patented SYSTRAN technology was also used by NASA for the Apollo-Soyuz American-Soviet project in 1974-1975. This historical event prepared the ground for the setting up of a first English → French prototype for the European Commission. Shortly afterwards, SYSTRAN was chosen by the European Commission to provide translation systems for all European language pairs. Currently, the European Commission and numerous European institutions are using 17 SYSTRAN translation systems.

1.3.2 From mainframes to personal computers (PC) and business applications

In 1992, SYSTRAN began migrating its technology for use on personal computers and public or private networks.

Thus in 1997 SYSTRAN launched SYSTRAN PROfessional for Windows in a standalone release for PCs and a Client-Server release. Since 1997, the Company has marketed six new software packages intended for home and corporate use.

In 1997, SYSTRAN signed a licence agreement with SEIKO Instruments, Inc. to support dictionaries for SEIKO's pocket translators. Pursuing this integration strategy, SYSTRAN provided its technology in late 1998 to the first online game publisher, ELECTRONIC ARTS, for its game "Ultima online: The Second Age".

In 2001, SYSTRAN developed a translation solution for the SONY Web-based games platform.

1.3.3 Growth of Internet-based translation

In early 1998, SYSTRAN made the Internet community aware of the usefulness and capabilities of machine translation by providing its technology for the AltaVista translation service: Babelfish.

By late 2002, SYSTRAN was used on most major Internet *Portals*: Yahoo!, Google, AltaVista, Lycos, Wanadoo, Voila, Free, etc.

1.3.4 SYSTRAN: machine translation software publisher

Since 2002, SYSTRAN has continued its growth strategy based on product sales while also maintaining its traditional business as a service provider to the major American and European administrations.

SYSTRAN has widened its product range and now sells products for standalone PCs, corporate solutions and online services. It also continues to supply the main Internet *Portals*.

SYSTRAN is continuing to invest massively in R&D, enabling it to offer new pairs of languages, further improve its translation quality and ensure compatibility with the leading products on the market every year. SYSTRAN's new version 6 launched in January 2007, for example, offered compatibility with the new Windows Vista operating system and supported 14 new language pairs.

In 2009, SYSTRAN will launch the first *hybrid* translation engine that combines the benefits of linguistic-rule-based and statistical translation technologies to enable it to automatically learn from previous validated translations. This new engine's automatic learning techniques mean it can be quickly and easily customised for a specific field and provide top-quality translations at a moderate cost.

SYSTRAN's business growth strategy is firstly based on direct sales to large companies and secondly on sales via the Internet and via software retailers and resellers for workstations.

1.3.5 Legal background

1986: GACHOT S.A., a French company, the principal activity of which is industrial valves and fittings and fluids control, acquires both US companies, STS (formerly, WTC) and LATSEC, who are the developers and sole owners of the SYSTRAN technology, and also acquires 76% of the capital of the German company SYSTRAN INSTITUT GmbH.

The period from 1986 to 1988 is devoted to developing the system and SYSTRAN'S linguistic assets.

1989: In order to ensure efficient development, it is decided to give the Machine Translation activity an autonomous operational and legal structure. GACHOT S.A. transfers a portion of the assets from its "Translation" division to SYSTRAN S.A. This contribution is offset by the issuance of SYSTRAN S.A. shares to GACHOT S.A., which then holds 99.9% of the capital of SYSTRAN S.A.

1992 (February): SYSTRAN S.A. is listed on the OTC Market of the Paris Stock Exchange.

1994 (November): GACHOT S.A. transfers to its shareholders the shares of SYSTRAN S.A. that it holds. From this point on, the two companies no longer have any direct legal affiliation.

1995 (August): For reasons of rationalisation and to reduce administrative costs, LATSEC takes over STS. The new entity resulting from the merger takes the company name SYSTRAN Software Inc. (SSI).

1998: SYSTRAN S.A. becomes affiliated with the Luxembourg corporation TELINDUS Luxembourg S.A. and its managers, in a new corporation called SYSTRAN Luxembourg S.A., which works primarily with European government entities and especially the European Commission.

In December 1998, TELINDUS sells its shares in SYSTRAN Luxembourg S.A., i.e. 30% of the capital stock, and SYSTRAN S.A. reduces its holding in its Luxembourg subsidiary company to 78.4%.

2000 (March): SYSTRAN S.A. repurchases the minority shareholders' stake in SYSTRAN Luxembourg S.A..

2000 (September): SYSTRAN S.A. is listed on the Nouveau Marché of the Paris Stock Exchange.

1.4 WORLD TRANSLATION MARKET

1.4.1 The Globalisation Market

The world market for Globalisation services includes different businesses:

- Internationalisation services that include all services relating to the internationalisation of software, Web services and content;
- Localisation services that include all services relating to the translation of Web sites and interfaces;
- Human translation;
- Interpreting services: these mainly consist of services providing simultaneous or consecutive translation of speeches, conferences, etc.
- Globalisation software comprising all automatic translation software and translation support software.

Most growth is due to the growth in localisation and translation services, which is mainly due to the strong increase in the volume of content published by companies.

These increased translation and localisation volumes cause capacity problems, however, that can only be solved through greater use of machine translation software.

1.4.2 Machine translation

Machine translation is found in two main families of applications: those intended to help in understanding content in a foreign language, and those intended to publish content in a foreign language.

Understanding

This market is dominated by the free translation services available on Internet, which translate several million pages daily. Each day, these services, which have been adopted by all the Internet *Portals* and search engines, enable millions of Internet users to access pages that would otherwise be incomprehensible.

Faced with this need, companies are deciding to provide their employees with identical Web-based translation services they can access directly via their Intranet, taking the company's business context into account as it translates.

Publication

Today, machine translation is entering the heart of information systems. Internal and external corporate communications are strongly influenced by globalisation and increased recourse to electronic media (e-mail, Intranets, extranets, and Web sites).

International companies feel linguistic barriers even more strongly as trade borders disappear.

To meet this need, SYSTRAN offers integrated translation solutions and linguistic customisation, integration and training services.

The functional departments, in their turn, want to incorporate automatic translation into their business applications so that they can translate more information without increasing their translation costs.

as a result, automatic translation software is increasingly integrated into companies' business applications, making them multilingual: Web sites, content management solutions, e-Commerce platforms, technical support knowledge bases, etc.

Machine translation and human translation

Human translation poses three major problems that limit its use and its market growth:

- Time: a translator translates an average of 2,000 words per day;
- Cost: on average, human translation costs EUR 40 per translated page;
- Capacity: the volumes of information available electronically are beyond the capabilities of translators.

In view of these constraints, machine translation is a technology that is essential in addressing this new demand. It firstly offers considerable productivity gains, and secondly means that documents that otherwise could not have been translated can now be translated.

1.4.3 Technology

Machine Translation, or automatic translation software, is a process that uses computer software to translate text from one natural language (such as English) to another (such as Spanish).

There are two main families of machine translation software: rule-based software ("*Rule-based MT*") and software based on statistical processing of previously-translated texts ("*Statistical MT*").

Rule-based machine translation software

The basis of this approach, which is based on linguistic rules and resources, is that, in order for it to be translated, the meaning of the original (source) text must be understood so that it can be reconstructed in the target language. Translation is not limited to merely substituting one word for another. The software must analyse and interpret the text and also understand the relationships between the words that could influence their meaning. This demands a knowledge of grammar, syntax (sentence structure) and semantics (the meaning of the words) in both the source language and the target language.

All rule-based machine translation software is based on using many linguistic rules and millions of dictionary entries for each language pair.

The software reads through the text for translation and creates a working version from which the translation is generated. This process requires enormous dictionaries, syntactic, morphological and semantic data, and many linguistic rules. The software uses these rules to transfer the source text's grammatical structure into the target text (translation).

Translations are constructed from gigantic dictionaries and sophisticated linguistic rules. Users can improve the quality of translations by incorporating their own terminology, which will be included in the translation process. The information in these user dictionaries takes precedence over the software's standard parameters.

Rule-based machine translation software can achieve a high level of translation quality, but the customisation process may be a long and complicated one.

In view of the complexity of natural languages, the development of rule-based translation software is a very complex process that requires continuous work:

- Each language has its own structure - this is the asymmetry of languages;
- There are numerous grammatical combinations and stylistic variations for each language, and the number of combinations increases as sentences become more complex;
- Translation software cannot understand the meaning of a sentence. It has to use information already integrated into the software.

In order to develop rule-based translation software, bilingual linguistic resources must be built, the grammatical, syntactic and semantic rules of the source language and target language must be analysed and described, and algorithms must be created. This requires a high level of expertise in computational linguistics.

Given the volume of development costs, translation systems have long been reserved for major administrations or governments. The METEO system (translation system for English-French and French-English weather reports), developed in Canada in 1977, illustrated the usefulness of a limited-scope application in which translation was very effective. In 1993, the number of words translated via computer by large-scale users was estimated at 380 million per year. This included the European Union, which alone translated 30 million words in thirteen language combinations, using SYSTRAN. These figures had more than doubled in 1998, to over 70 million words.

Extremely high investments are required to develop a translation system, but SYSTRAN possesses considerable competitive advantages since it offers the widest range of language pairs currently available.

Statistical machine translation software

Statistical machine translation software translates by applying "statistical models" constructed from monolingual and bilingual texts. These statistical models are quick to construct but they require a large quantity of previously-translated texts. A minimum of 2 million words are needed to construct a bilingual model for a specific field, and considerably more are required for general applications.

In theory, statistical machine translation software can be rapidly developed but, in reality, several problems must be solved in the process. Firstly, the data needed to construct the software is rare and varies in quality. It may not even exist or not be available for certain languages. The computing power required to process and feed the data is a second difficulty. The quality of translations obtained through statistical machine translation software is not significantly better than that produced through rule-based translation software. In addition, new problems appear with the use of statistical translation software as it has no linguistic or grammatical “knowledge,” resulting in many mistranslations. Lastly, statistical machine translation software require powerful hardware to obtain normal translation performance.

1.4.4 Competition

The machine translation market is characterised by strong barriers to entry, given the investments required and the development time needed to implement the software.

There were several historical players in the market:

- In spring 2001, IBM launched a server-based translation solution, “WebSphere Translation Server” offering 11 language pairs;
- Logomedia, a subsidiary of Language Engineering Corp., is a player in the North American market;
- In early 2001, SDL International, a British translation company listed on the London Stock Exchange (code: SDL) bought the “Transcend” translation software of Transparent Language, a US-based company;
- The German company “Sail Labs,” founded in 2001 to take over the assets of Lernout & Hauspie, went bankrupt in February 2002, then merged with two other Swiss companies to form Comprendium;
- The Russian “Prompt” company.

Aside from these historical competitors, several newcomers have appeared in recent years:

- The Language Weaver company, which was created in the US in 2002 and financed by the In-Q-Tel investment fund;
- The Microsoft company, which has been a player in this field for several years;
- The Google company, which has undertaken a major development programme to develop statistical machine translation software.

These companies have ambitious research programmes intended to develop statistical machine translation software. The use of these methods represents the greatest competitive risk. In addition, some technological components used to develop statistical machine translation software are distributed as Open Source code, and the number of companies in the market will undoubtedly increase in coming years. As a result, the risk of newcomers entering the market and the probability of strategic alliances being formed is high.

1.5 THE ASSETS OF SYSTRAN

In this context, SYSTRAN has five major advantages, namely:

- Its ability to innovate and develop its technology in order to incorporate the latest innovations in natural language processing;
- The uniformity and modularity of its technology, enabling it to optimise its use in producing a wide range of solutions, from Pocket PCs to translation servers;
- The quality and robustness of its systems, which are optimised to handle the high service demands of Internet *Portals*;
- The richness and scope of its linguistic databases (rules and dictionaries), which have been built up over a period of 40 years;
- Its long experience in linguistic customisation to meet customer needs.

SYSTRAN has considerable linguistic resource and specialist terminological dictionary assets.

SYSTRAN's assets include at least 54 language pairs and numerous specialised dictionaries, which are the result of 40 years of research and development.

SYSTRAN integrates new modules to apply statistical techniques chosen for their added value in combination with the existing linguistic rules. This approach has enabled SYSTRAN to develop the World's first hybrid translation engine, which will be launched on the market in 2009.

SYSTRAN is recognised for the quality of its software.

Since its inception, SYSTRAN has been a service provider to public agencies whose principal objective is the quality of translations:

- European Commission;
- US Department of Defense.

Various competing products have been positioned in the mass consumer market as tools that provide an understanding of the translated text, are easy to use and do not claim to provide high quality translations. The price of the SYSTRAN software also reflects its distinct positioning in relation to its competitors.

SYSTRAN has also developed powerful linguistic customisation tools, using its IntuitiveCoding technology, enabling users to build linguistic resources to produce translations that are as accurate as possible.

SYSTRAN's sustained R&D investment enables it to constantly enhance the quality of translations that its software provides for every language pair it offers. These efforts are combined with significant investments intended to increase the number of language pairs offered. SYSTRAN has also set up a major R&D programme designed to make use of the new statistical approaches. The initial results obtained are highly encouraging, as SYSTRAN has won international competitions as a result (WMT 2007 and NIST 2008).

List of language pairs developed by SYSTRAN

Europe	Asia	Middle East
English <> French	English <> Simplified Chinese	English <> Arabic
English <> Spanish	English <> Traditional Chinese	French <> Arabic (1)
English <> German	English <> Japanese	English < Farsi (1)
English <> Dutch	English <> Korean	English < Hindi (1)
English <> Italian	French <> Chinese (1)	English < Urdu (1)
English <> Portuguese	French <> Japanese (1)	
English <> Swedish	Japanese <> Korean (1)	
English <> Greek	Japanese <> Chinese (1)	
English <> Russian		
English <> Polish		
English > Danish (1)		
English > Finnish (1)		
English > Norwegian (1)		
English > Hungarian (1)		
English > Czech (1)		
Albanian > English (1)		
Serbo-Croat > English (1)		
French <> Spanish		
French <> German		
French <> Dutch		
French <> Greek		
French <> Italian		
French <> Portuguese		
French <> Polish (1)		
Hungarian > French (1)		
Spanish <> German		
Spanish <> Italian		
Spanish <> Portuguese		
German <> Italian		
German <> Portuguese		
Italian <> Portuguese		

(1) Not sold

List of specialised dictionaries developed by SYSTRAN:

Aeronautics	Shipping
Business	Mathematics
Farming and food industry	Mechanics
Automobile	Medicine
Chemistry	Metallurgy
Defence	Photography
Law	Nuclear physics
Economics	Politics
Electronics	Earth Sciences
Information Technology	Life Sciences

Source: SYSTRAN S.A.

The technologies chosen by SYSTRAN ensure consistency and transparency to allow rapid development of new language pairs, easy integration with the standard software on the market and complete product portability, ranging from Pocket PCs to translation servers.

All language pairs use the same translation engine, making it possible to optimise system use and administration. Since SYSTRAN has not grown by acquiring various technologies, it has developed all language pairs using its own methodology, ensuring an integrated, consistent and easy-to-manage solution.

Its modular architecture means that new language pairs can be created in a very short time. Over the last three years, SYSTRAN has dedicated most of its R&D efforts to rationalising the development cycle and customising its technology in order to be able to offer professional solutions in times that meet its customers' new constraints.

SYSTRAN software comprises very advanced linguistic processing modules that enable it to be integrated into office automation suites like Microsoft Office, as well as into real-time computer processes such as document research and analysis, or updating and multilingual processing of databases.

One of SYSTRAN's major assets is the size of its installed base.

SYSTRAN is the system used by the European Commission and its bodies, the NAIC, US intelligence agencies, the US Air Force and numerous governmental bodies in Europe and the United States, all of which benefit from perpetual use licences in exchange for recurring financing[1].

SYSTRAN innovated in 1998 by launching the first Internet translation service in partnership with AltaVista. Since then, SYSTRAN has been supporting many Internet *Portals*, as well as thousands of Web sites with permanent links to "*Powered by SYSTRAN*" sites. SYSTRAN technology has proven its worth in environments as demanding as search engines. As a result, SYSTRAN has millions of users on the Internet.

In addition, its PC-based products are used by tens of thousands of people.

SYSTRAN is also widely used by corporate customers in both Europe and the United States.

[1] Including linguistic and automation development

1.6 ACTIVITY OF SYSTRAN

SYSTRAN's general public and professional software publishing business currently represents 75.3% of its total revenue.

In 2008, its Software publishing business therefore represented EUR 5.8 million, broken down as follows:

- Desktop products generating EUR 2.3 million;
- Server products generating EUR 2.8 million;
- Online services generating EUR 0.7 million.

1.6.1 Software publishing

SYSTRAN publishes a full range of software for personal (Desktop) and Client-Server use, and provides Online Services both for companies and for the general public. In addition, SYSTRAN supplies its translation technology to other software editors under OEM agreements.

Desktop products

SYSTRAN markets its Desktop software directly via a network of consumer and business retailers and resellers.

The Desktop software range consists in SYSTRAN Web Translator, SYSTRAN Home Translator, SYSTRAN Office Translator, SYSTRAN Business Translator and SYSTRAN Premium Translator, which meet the needs of the general public, companies and translation industry professionals.

This software can be integrated into office applications by means of plugins for the Microsoft Office suite. The Desktop products incorporate linguistic customisation tools, notably tools enabling users to create and import dictionaries.

Server solutions

SYSTRAN develops integrated solutions for corporate information systems:

- Intranet-based self-service translation (Saint-Gobain, EADS, Toyota, Dassault, etc.)
- Multilingual knowledge base consultation (Symantec, SWIFT, Ford, Cisco, etc.)
- Multilingual catalogue publication (Manutan, etc.)
- Technological and business intelligence concerning foreign sources (Chemical Abstracts, Verizon, etc.)

The roll-out of this software often involves customisation and integration services.

Online solutions

SYSTRAN has developed a comprehensive range of online services to meet the needs of its customers who do not wish to host the software themselves.

This range of online services includes the SYSTRANBox, SYSTRANLinks and SYSTRANet services, for which SYSTRAN offers basic versions designed for home and small business users, as well as “Corporate” versions.

SYSTRANBox is used to translate text and Web pages. The service is available on the Internet and is customised to meet individual customer needs. The service is used by many leading *Portals* including Apple and Free, giving it a high profile on the Internet.

SYSTRANLinks is used to translate Web sites.

SYSTRANet provides the basic functions of the SYSTRAN software for PC in a SaaS (Software as a Service) form. This free service is provided at www.systranet.com and http://www.systran.co.uk and currently has 600,000 regular registered users. It offers functions such as the translation of files while maintaining formatting, the translation of emails and RSS feeds, and the handling of user-created dictionaries.

OEM

SYSTRAN has standardised its software and *Application Programming Interface* (API) and it can be integrated into all computer applications. SYSTRAN is developing OEM agreements with software publishers, integrators and computer manufacturers (Brother, SEIKO, Electronic Arts, OneRealm, SONY, etc.)

1.6.2 Professional Services

From the start, SYSTRAN has provided services to American and European governmental bodies seeking solutions for processing, extracting and translating large volumes of multilingual data.

SYSTRAN develops new language pairs for the American government and it maintains and upgrades the systems used by government and administrations.

The development of communications – particularly via the Internet – and increasing globalisation have given rise to a similar need for large companies that also want to benefit from these services.

Along with this conventional business providing services to administrations, SYSTRAN has developed a range of Professional Services that meet the translation solution roll-out needs of large companies.

The roll-out of a professional translation solution requires installation and integration services that are currently provided by SYSTRAN, but which in the long term should be provided by partner value-added resellers (VAR).

To address the quality issues of machine translation solutions, the systems must be customised by providing them with information on the documents to be translated and the special terminology to be used.

Until now, the work required to adapt translations to a specific field was carried out entirely by SYSTRAN on behalf of its customers.

The range of new extraction, coding or updating tools available with SYSTRAN software now enables customers to perform some of these tasks.

If more substantial customisation is required, SYSTRAN handles the analysis, creation and integration of specific terminology for its customers.

1.7 DESCRIPTION OF SYSTRAN'S ORGANISATION

1.7.1 Legal organisation

Legal organisation chart of the Group (as of 31 December 2008)

Company	Holding (%)	Acquisition date	Staff	Capital	Business
SYSTRAN S.A. (France)	Parent company	-	35	14.50 MEUR	1. Software publishing and sales 2. Professional Services (European companies and administrations)
SYSTRAN USA (United States)	100%	03/1986	0	0.05 MUSD	Holding company controlling 100% of SYSTRAN Software Inc.
SYSTRAN Software Inc. (United States)	100%(*)	01/1986	30	4.05 MUSD	1. Software sales 2. Professional Services (US companies and administrations)
SYSTRAN Luxembourg S.A. (Luxembourg)	100%	1998	0	0.12 MEUR	No business since 2004.

(*) Indirect stake held by SYSTRAN USA

The voting rights are identical to the percentage stakes in the share capital stated in the table above. No loans or advances have been made between SYSTRAN S.A. and its subsidiaries.

1.7.2 Executive Management

The SYSTRAN Group is composed of three companies, SYSTRAN S.A. being the parent company heading up the Group's functional, technical and operational management.

The Group's Executive Committee is composed of Mr. Dimitris Sabatakakis, Chairman and CEO of SYSTRAN S.A. and the Group, Mr. Denis Gachot, CEO of SYSTRAN Software Inc., Mr. Guillaume Naigeon, Deputy CEO, and Mr. Jean Senellart, Research & Development Director.

Dimitris Sabatakakis, Chairman and CEO. Born in 1962 in Athens, Greece. An Economic Sciences graduate from Strasbourg University, he began his career in finance, then in industry. Joined by investors, he took over and managed the recovery of the Gachot S.A. company, which was sold to the KEYSTONE / TYCO Group in 1995. Mr. Sabatakakis has managed SYSTRAN since February 1997.

Mr. Dimitris Sabatakakis is also Chief Executive Officer of SYSTRAN Luxembourg S.A. and Chairman of the Board of Directors of SYSTRAN Software Inc.

Mr. Denis Gachot, CEO of SYSTRAN Software Inc. Born in 1951, Mr. Gachot graduated from the Ecole Fédérale Polytechnique de Zurich and began his career in industry. Since 1986, he has been managing SYSTRAN'S US subsidiary.

Guillaume Naigeon, Deputy CEO. Born in 1972, Mr. Naigeon is a graduate of IEP (Institute of Political Studies) in Grenoble, has a DESS (postgraduate diploma) in Finance from the University of Paris – Dauphine and began his career in banking, before serving as CEO of Aurora from 1999 to 2001.

Jean Senellart, R&D Manager. Born in 1972. Mr. Senellart graduated from the Ecole Polytechnique and holds a PhD in Computational Linguistics from the University of Paris VII – LADL. He began his career as a researcher and taught at the Ecole Polytechnique and the University of Marne la Vallée.

1.7.3 Human resources

The Group's current workforce is spread between France (SYSTRAN S.A.) and the United States (SYSTRAN Software Inc.), as SYSTRAN Luxembourg S.A. is no longer trading. SYSTRAN has introduced attractive compensation policies to attract the best employees. Working hours differ for each company in the group and comply with the laws in force in the country where it operates.

Workforce

Most of the Group's current workforce is made up of software engineers and computational linguists with degrees or doctorates from the best universities.

Changes in the Group's average headcount (2006-2008)

Profile	2008	2007	2006
Board of Directors	3	3	3
Computer experts (engineers)	26	25	22
Computational linguists (*)	15	20	28
Sales and marketing	8	11	12
Administrative staff	7	6	5
Total	**59**	**65**	**70**
of which time-limited work contracts and apprenticeship contracts	*2*	*2*	*3*
Average total cost (in thousands of Euros)	73	68	61
Average salary (in thousands of Euros)	52	50	47

(*) Many linguists, particularly in the United States, are employed on permanent contracts that can be terminated by the employer, notably when the projects to which they are assigned are completed.

Changes in SYSTRAN S.A.'s average headcount (2008)

	Permanent	Fixed term	Other	Total
Headcount at the start of the fiscal year	33	0	2	35
New hirings	9	2	0	
Terminations	7	1	2	
Headcount at the end of the fiscal year	**35**	**1**	**0**	**36**

Organisation of working hours

Since 1 January 2002, SYSTRAN S.A. has implemented measures to reduce working hours pursuant to the Aubry 35-hour week legislation, by directly applying the National Work Time Agreement signed on 22 June 1999 within the SYNTEC Federation.

Non managerial staff

Their actual average weekly working time is is counted in hours, in accordance with clause 1 (article 2) of the SYNTEC agreement signed on 22 June 1999. These are either collective working hours (called standard working hours) or personal working hours as appropriate. The collective working hours are 36.5 hours per week.

They also receive days of compensatory time off as a result of the reduction in working hours for employees working more than 1,600 hours a year.

Middle management (1.2 and 3.1 positions)

Their actual average weekly working time is is counted in hours, in accordance with clause 2 (article 3) of the SYNTEC agreement signed on 22 June 1999. These are either collective working hours (called standard working hours) or personal working hours as appropriate. Their collective working hours are 38.5 hours per week including 10% of overtime in accordance with the SYNTEC agreement, providing their salary is above both the monthly Social Security limit and 115% of the minimum salary specified in the agreement. They also receive days of compensatory time off as a result of the reduction in working hours for employees working more than 220 days a year.

Senior management (3.2 and 3.3 positions)

Their working time is counted in days in accordance with clause 3 (article 4) of the SYNTEC agreement signed on 22 June 1999. They are not directly covered by the collective working hours and receive days of compensatory time off as a result of the reduction in working hours. They work a maximum of 218 days a year. This “day” rate is applicable if their monthly salary is more than double the monthly Social Security limit.

Special case of apprentices

The reduction in working hours also applies to apprentices. They are considered as full-time employees if their combined working time spent at SYSTRAN and mandatory hours spent studying are the same as the working hours of similar full-time employees working at SYSTRAN. If not, they considered as part-time employees.

Stock options

The Ordinary and Extraordinary General Shareholders Meetings of 6 March 2000, 9 November 2001, 25 June 2004 and 22 June 2007 authorised the Board of Directors to implement a stock option plan (“Stock Options”) up to the current limit of 20% of the Company’s capital, with this threshold being assessed on the dates the stock options are granted by the Board of Directors.

The Board of Directors meetings of 1 February 2001, 9 November 2001, 4 February 2002, 13 March 2003, 23 December 2003, 14 February 2006, 27 July 2006, 9 February 2007, 8 February 2008 and 25 September 2008 used this authorisation as shown in the following table:

Stock options awarded to the Group's employees										Total
Date of the General Shareholders Meeting	06.03.01	09.11.01				25.06.04		22.06.07	22.06.07	
Date of the Board of Directors meeting	01.02.01	09.11.01	04.02.02	13.03.03	23.12.03	14.02.06	09.02.07	08.02.08	25.09.08	
Total number of shares that can be subscribed or purchased	97,668	28,000	56,175	100,000	100,000	100,000	15,000	315,000	0	721,843
of which shares that can be subscribed or bought by members of the Executive Committee	-		-	100,000	100,000			200,000		400,000
Starting point for exercise of the options	01.02.06	09.11.05	04.02.06	13.03.07	23.12.07	14.02.10	09.02.11	08.02.12		
Expiry date	31.01.09	8.11.09	3.02.10	12.03.11	22.12.11	13.02.14	8.02.15	7.02.16		
Strike price (in Euros)	4.6	1.64	1.94	1.21	4.61	3.93	3.92	1.57		
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 of its subsidiaries.									
Number of shares subscribed as of 31/12/2008	-	72,000	23,825	-	-		-		-	
Closing number of exercisable shares for the fiscal year	97,668	28,000	56,175	100,000	100,000		-		-	381,843
of which, options in the money	-	-	-	*100,000*	-	-	-		-	*100,000*
Movements during the period										
Exercised options								315,000	270,000	585,000
Expired options	-	-	-	-	-	-			-	-
Cancelled options	-	-	-	-	-	-			270,000	270,000
Exercised options	-	-	-	-	-	-			-	-

Allocation of free shares reserved for employees and directors

No allocation of free shares reserved for employees and directors has been effected.

Profit sharing plans

None

Shares held by employees

In accordance with the provisions of article L. 225-129-6 of the Commercial Code, the Company shareholders were consulted at the Combined General Shareholders Meeting of 20 June 2008 (tenth resolution) regarding a capital increase to pay employees (three-year-obligation) participating in a company savings plan, in accordance with the provisions of article L. 3332-18 of the Labour Code L. 3332-18 du Code du travail.

1.7.4 Research & Development

One of SYSTRAN'S major assets are its linguistic assets, acquired through forty years of research and development. As a result of the European Commission violating the copyright and revealing these linguistic assets and related know-how, SYSTRAN has made a provision for these assets in the financial statements.

SYSTRAN's historic technology has been based on a linguistic approach that consisted in developing a set of rules describing each language pair's linguistic phenomena. This long, expensive approach has been superceded by "statistical" approaches that can create terminological resources automatically from monolingual and bilingual texts.

Since 2007, SYSTRAN has allocated considerable investment to development and evaluation of statistics modules, which are gradually being integrated into the traditional translation engines as a supplement to the linguistic rules. Their first tangible result is the increased size of the SYSTRAN dictionaries, which are now constantly enriched by means of automatic processes that extract information from the Internet.

This new approach has resulted in the development of a new generation of "hybrid" translation engines. Each year, SYSTRAN enters international competitions that find and reward the best translation software and won several awards. In 2009, SYSTRAN will launch its first generation of software to integrate this new technology. The level of quality achieved through use of this new generation of software means that it can be adopted and used by larger numbers of professional translators.

SYSTRAN is maintaining its research efforts in three areas: hybrid translation engines, the development of linguistic customisation and translator review interface tools, and the development of new language pairs.

Self-financed Research and Development

Self-financed Research and Development expenditure amounted to EUR 1.7 million in 2008, i.e. 22% of consolidated revenue, and is the same as in fiscal year 2007. This expenditure consists primarily of salaries and fringe benefits.

These are posted as expenses for the fiscal year and so are not recorded as balance-sheet assets.

Co-financed research

In the United States, SYSTRAN Software Inc. signed new contracts with US government agencies to continue developing translation systems for Farsi and Urdu into English, and also to improve the Asian language systems.

In Europe, SYSTRAN participated in two research projects co-financed by the European Union as well as in projects financed by French government agencies. The co-financed share of these development contracts totalled approximately EUR 0.1 million in 2008. The development contracts co-financed by the European Union will continue in 2009.

Research and Development costs are handled in accordance with standard IAS 38.

1.7.5 Premises

SYSTRAN owns no buildings or land. The premises rented by the Group's two entities belong to private companies with no legal or financial links to SYSTRAN and / or its management.

List of premises occupied by SYSTRAN in 2008

Company	Address	Floor space	Annual rent
SYSTRAN S.A.	La Grande Arche, 1, parvis de La Défense – 92044 Paris La Défense – France	700 m2	0.248 MEUR
SYSTRAN Software Inc.	9333 Genesee Avenue – San Diego - California – United States	600 m2	0.321 MUSD

SYSTRAN S.A. has signed a statutory lease (3-6-9) for its premises in Paris La Défense. The rents are linked to the construction cost index.

It expires in October 2011. The rents are contractually indexed to a 3.0% increase up until 11/11/11.

These leases do not impose any particular restriction on SYSTRAN.

There is no contract providing for conditional rentals.

1.8 ANALYSIS OF SYSTRAN RISK FACTORS

1.8.1 Technology risks

SYSTRAN's success will partly depend on its ability to market machine translation solutions, and in particular software adapted to the needs of companies, to meet the increasingly specific requirements of its present and future customers within strict time and budget constraints, to grow and to adapt to progress in technology, new IT standards, the market environment and new offerings from its competitors.

However, the technology marketed by SYSTRAN has proven its quality since it was developed for government entities concerned with translation quality, such as the European Commission or the US Department of Defense. The SYSTRAN technology has also demonstrated its ability to operate in an environment as demanding as the Internet. This technology migrated successfully from mainframes to personal computers and then to the Internet.

The Company does not believe it is in a situation in which it depends on holders of patents or licences, supply, commercial or financial contracts, new manufacturing procedures and suppliers, or the public authorities to any large extent.

The new, statistical machine translation technologies that entered the market in recent years may result in rule-based technologies, such as those developed by SYSTRAN, becoming obsolete. The quality of translations obtained through statistical machine translation software does not currently lead us to believe that these technologies are obsolete. In addition, these statistical technologies have their own limitations in terms of development and use.

SYSTRAN has countered this risk through adapting its technologies by developing "hybrid" engines that utilise its existing linguistic assets and combine them with the benefits of statistical techniques.

1.8.2 Competition risks

The machine translation market is in the startup phase. Its most widespread use currently lies in providing free Web-based translation as part of the online services supplied by the main *Portals* and search engines.

Since 1997, SYSTRAN has been the traditional supplier of the major Internet *Portals* and search engines for these services. In recent years, Google and Microsoft have developed their own technologies and have changed from being customers to being competitors. They are extremely serious competitors for SYSTRAN, particularly in its general-public software and Internet-based translation business activities. It is possible that the two companies may develop sales offerings for corporate customers, notably in the form of SaaS (Software as a Service) offerings.

The cost of machine translation software development has decreased considerably, and there are fewer barriers to entering the market than in the past. Previously, linguistic resources and grammatical, semantic and syntactic analysers had to be built and algorithms created in order to develop a machine translation system. This required a high level of linguistic and computing expertise, and SYSTRAN has built up its know-how in this technological field over many years.

The development of statistical machine translation software, which mean that systems can be developed rapidly and automatically provided the necessary resources are available (monolingual and bilingual texts, and the appropriate infrastructure), has meant that these barriers to entry have become less effective. As we have already said, however, this software has its own problems in terms of development and use.

Following an ambitious two-year research programme to develop statistics-based machine translation software, Google launched its own Web-based translation service in 2007, with good results. Microsoft has, in turn, launched its own Web-based translation service that uses its own statistical technology.

The free services available are the SYSTRAN general public products' biggest potential competitors. There is also a major risk that these new methods may be used to develop software for corporate customers. The Language Weaver company in California is expanding in this market segment, for example.

In addition, some technological components used to develop machine translation software are distributed as Open Source code, and the number of players in the market has increased considerably during the last three years. These are mainly research laboratories, but new companies will probably also enter the market.

1.8.3 Legal risk

Generally speaking, computer programs are not patentable inventions. The Group retains all copyrights pertaining to its technology and products.

In January 2007, SYSTRAN began proceedings with the European Communities' Trial Court against the European Commission, demanding compensation for the considerable harm it suffered as a result of its intellectual property rights being violated and its know-how being revealed. In May 2007, the European Commission filed its case. On 31 October 2007, SYSTRAN filed its case in reply with the European Communities' Trial Court. The European Commission's plea, which occurred at the end of January 2008, should have closed the pleadings. Contrary to the Company's expectations, the oral arguments did not take place in 2008.

On 3 December 2008, the Court issued the parties with a series of questions before closing the pleadings. These questions were mainly intended to determine whether the claim came within the Court's jurisdiction. In accordance with the Court's request, SYSTRAN provided its information on 30 January 2009. The Court may now make a decision concerning its jurisdiction and, if appropriate, commence the proceedings.

Moreover, SYSTRAN has established a systematic policy to protect its brands worldwide.

1.8.4 Key person risks

The future success of SYSTRAN will depend on it retaining its technical and commercial staff. In particular, the Group depends on its specialist engineers who develop its linguistic resources and engines. Until now, SYSTRAN has succeeded in attracting the appropriate staff to its traditional businesses as well as to its new activities through an attractive pay policy and an ambitious and incitative employee development plan.

1.8.5 Customer risks

SYSTRAN'S principal customers are major corporate customers (administrations and large corporations), for which there are very few bad debts to date. For all other customers, SYSTRAN applies a policy of payment with order, to avoid this type of risk.

The share represented by the 10 largest customers in the consolidated figure declined in 2008 as compared with 2007:

Rank	2008	2007	2006	2005	2004
Customer n°1	10.9%	11.3%	18.5%	18.6%	14.8%
Customer n°2	8.9%	8.4%	11.5%	11.9%	14.8%
Customer n°3	8.9%	8.3%	9.6%	9.7%	12.2%
Customer n°4	7.0%	7.1%	8.5%	4.4%	9.9%
Customer n°5	6.6%	6.7%	5.1%	3.3%	9.2%
Subtotal for the top 5	42.3%	41.7%	53.3%	47.9%	60.9%
Customer n°6	4.2%	6.6%	2.4%	3.3%	3.9%
Customer n°7	3.8%	3.8%	2.3%	3.0%	3.2%
Customer n°8	2.9%	3.6%	2.1%	2.3%	1.5%
Customer n°9	2.0%	2.6%	2.1%	2.2%	1.2%
Customer n°10	1.9%	2.2%	2.0%	1.9%	1.1%
Total for the top 10	**57.1%**	**60.5%**	**64.2%**	**60.6%**	**71.9%**

Payment terms vary by customer type:

Customer	Invoicing method	Payment terms
Corporate	Licences: annual or lifetime fee	Licences: 30 to 90 days
	Services: invoiced according to work progress or upon completion, depending on the contract	Services: 60 to 90 days
Distributors	Invoiced upon delivery of goods	60 to 120 days
Services to administrations	Invoiced based on contractual schedules (every 3 or 6 months depending on the contract)	Europe: 60 days United States: 90 to 120 days

1.8.6 Industrial and environmental risk

SYSTRAN produces intangible goods in a production process that poses no industrial or environmental risk.

1.8.7 Risk of decline in sales prices

There is pressure on SYSTRAN's prices, notably in its software publishing business and particularly regarding its entry-level products. This phenomenon is accentuated through the growth of free Web-based services. The quality of the Group's products enables it to maintain its high pricing while also keeping its market share, however. In addition, SYSTRAN earns a large part of its revenue by providing Corporate solutions and added-value services that are less subject to competitive pressure on its pricing as SYSTRAN is currently one of the few players in this sector.

1.8.8 Supplier risks

There is no supplier related risk due to the small proportion of subcontractor involvement in revenue. The SYSTRAN Group only calls upon external service providers in special cases and to a very limited extent.

The Company uses subcontractors to do the following in its software development business and in fulfilling its service agreements:

- Multilingual dictionary translation and postediting;
- Writing technical documentation;
- Developing GUIs;
- Quality control;
- Creating graphics for Web site design and product packaging.

However, subcontracting remains limited compared to revenue: the largest subcontractor represents less than 1% of the Group's consolidated revenue. The other suppliers correspond to rent, consulting fees or compensation for intermediaries.

Rank	2008	2007	2006	2005
Supplier n°1	4.5%	3.7%	4.9%	3.0%
Supplier n°2	2.8%	2.4%	3.6%	2.6%
Supplier n°3	1.8%	2.2%	3.3%	2.0%
Supplier n°4	1.3%	2.1%	2.7%	1.7%
Supplier n°5	1.0%	1.6%	1.3%	1.3%
Subtotal for the top 5	11.4%	11.9%	15.9%	10.6%
Supplier n°6	1.0%	1.5%	1.2%	0.9%
Supplier n°7	0.8%	1.0%	0.9%	0.9%
Supplier n°8	0.8%	0.9%	0.9%	0.8%
Supplier n°9	0.7%	0.9%	0.7%	0.6%
Supplier n°10	0.6%	0.9%	0.7%	0.6%
Total for the top 10	**15.3%**	**17.2%**	**20.3%**	**14.4%**

1.8.9 Risk of recruitment difficulties

The Group's growth, especially with respect to corporate customers, is based in part on its capacity to attract, train, retain and motivate employees as well as technical and marketing teams. More specifically, SYSTRAN must be able to recruit engineers and computational linguists. Until 1999, openings for computational linguists were limited. Since 1999, the competition has increased in the field of language engineering. Numerous companies have started up and foreign companies are recruiting large numbers of employees. All these factors could affect the Group's ability to recruit new employees during the next few years.

However, SYSTRAN's attractive pay policy and stock option plans, the attraction of working for a extremely well known Group, and the Group's ambitious growth plans, are all key factors in the recruiting process.

1.8.10 Securities risks

SYSTRAN does not have a portfolio or shares in companies apart from those in its subsidiaries, and is therefore not open to any risk with regard to securities.

On 31 December 2008, SYSTRAN held 241,617 of its own shares, totalling 272,000 euros at their value on that date. These were acquired on the market within the framework of the share repurchase programme authorised by the Extraordinary General Shareholders Meeting of 20 June 2008.

Consequently, the Company's securities-related risk is negligible given the risks of fluctuations in treasury share prices.

1.8.11 Liquidity risk

The Company faces no liquidity risk given its available cash flow and low level of debt. The Company's net cash as of 31 December 2008 totalled EUR 9.3 million.

During the fiscal year, cash flow decreased by EUR 1.4 million, while financial debt remained stable at EUR 0.2 million.

Types of securities issued or loans raised	Fixed rate or variable rate	Overall amount of lines (in thousands of Euros)	Terms	Existence or absence of hedges
Loans and financial liabilities	Fixed rate	18	Less than 1 year	No
Financing leases	Fixed rate	206	Between 1 and 5 years	No
Total		**224**		

1.8.12 Exchange rate risk

SYSTRAN'S foreign subsidiary companies invoice their services in local currency and incur costs that are also expressed in local currency.

In addition, the parent company holds American dollars and so is exposed to exchange rate risk related to that currency. The parent company also bears the risk on foreign currency exchange related to intercompany transactions. This exchange rate risk is not covered by financial instruments.

In thousands of Euros	31/12/2008	31/12/2007	31/12/2006
Financial assets of Euro-zone companies, in USD	997	6,612	5,473
Financial liabilities of Euro-zone companies, in USD	(122)	(336)	(153)
Net position before management (in USD)	875	6,276	5,320
Coverage derivatives	0	0	0
Net position after management (net assets)	**875**	**6,275**	**5,320**

1.8.13 Interest rate risk

SYSTRAN's financial debt amounts to EUR 224 thousand and is insignificant, as the Company has no net debt. In addition, most of this debt consists in fixed-rate leasing contracts.

The Company is therefore not exposed to the risk of interest rate fluctuations on its existing debt.

A 100 base point (1%) rise in the short-term interest rate would increase the Group's financial revenue by EUR 107 thousand, whereas an equivalent decrease in the interest rate would reduce the Group's revenue by the same amount.

In thousands of Euros	2008	< 1 year	Existence or absence of hedges
Financial assets	8,787	8,787	No
Financial liabilities	(224)	(97)	No
Net position before management	8,563	8,690	
Coverage derivatives	0	0	
Net position after management	8,563	8,690	

In thousands of Euros	2007	< 1 year	Existence or absence of hedges
Financial assets	10,741	10,741	No
Financial liabilities	(245)	(106)	No
Net position before management	10,496	10,635	
Coverage derivatives	0	0	
Net position after management	10,496	10,635	

In thousands of Euros	2006	< 1 year	Existence or absence of hedges
Financial assets	10,169	10,169	No
Financial liabilities	(287)	(115)	No
Net position before management	9,882	10,054	
Coverage derivatives	0	0	
Net position after management	9,882	10,054	

1.8.14 Extraordinary events and litigation

With the exception of the litigation with the European Commission, the Company knows of no extraordinary facts or litigation to date that might have or have had in the recent past a significant impact on the business, results, financial situation or assets of SYSTRAN S.A. or its subsidiary companies.

1.8.15 Provisioning and impairment methods with respect to risks and litigation

SYSTRAN establishes provisions and impairment for amounts needed to cover likely risks and expenses of events that have occurred or are pending and that are clearly specified as to their purpose, but for which the occurrence, expiration or amount are uncertain.

SYSTRAN has set up internal methods aimed at ensuring that the risks are assessed as fully and accurately as possible. These mainly concern customer risks that are reviewed every week at management meetings and are subject to provisions at their exact known value, i.e. at the full value of the receivable.

1.8.16 Insurance

Risks covered	Premiums (in thousands of Euros)	Coverage
SYSTRAN S.A.	**28.6**	
- company vehicles	8.0	Fully comprehensive insurance
- management liability	4.2	EUR 2 million (at Group level)
- provident scheme / supplementary health insurance	Managerial staff: 1.65% on brackets A, B and C (retirement) and 4.065% on A (supplementary health) Non managerial staff: 0.72% on bracket A and 1.1% on bracket B	SYNTEC guarantees / 100% social welfare expenses supplement
- employee business travel	0.5	Coverage for medical expenses, hospitalisation and repatriation
- premises and business liability insurance	15.9	Physical injury (4.5 MEUR per claim); material / immaterial damage (0.8 MEUR per claim); other (0.1 to 0.4 MEUR per claim and per year)
SYSTRAN Software Inc.	**31.8**	
- retirement / supplementary health insurance		100% of standard ceiling rate
- employee business travel		Coverage for medical expenses, hospitalisation and repatriation
- 401K pensions plan		0.4 MUSD
- employer liability		1 MUSD
- premises and business liability insurance		Physical injury (1 MUSD), material damage (0.3 MUSD), overall damage (2 MUSD)
- professional civil liability insurance		2 MUSD
- company vehicles		Fully comprehensive insurance

To the best of the Company's knowledge, there are no significant uninsured risks.

1.8.17 Financial commitments

Contractual obligations *(amounts in thousands of Euros)*	**Total 2006**	**Total 2007**	**Total 2008**	**Payments due per period** < 1 year	From 1 to 5 years
Long-term liabilities (*)	287	245	224	97	127
Direct leasing agreements	2,067	1,533	765	420	345
Binding purchase agreements	0	0	0	0	0
Other long-term obligations	0	0	0	0	0
Total	2,354	1,778	989	517	472

(*) including direct financing leases

Other commercial commitments *(amounts in thousands of Euros)*	**Total 2006**	**Total 2007**	**Total 2008**	**Commitments per period** < 1 year	From 1 to 5 years
Lines of credit	0	0	0	0	0
Letters of credit	0	0	0	0	0
Guarantees	248	248	248	248	0
Acquisition obligations	0	0	0	0	0
Other commercial commitments	0	0	0	0	0
Total	248	248	248	248	0

Details of the EUR 248 thousand guarantees granted by SYSTRAN are provided in note 7.1 of the consolidated financial statements.

This presentation has not omitted the existence of a large off-balance-sheet liability and complies with applicable accounting standards.

1.9 SYSTRAN AND ITS SHAREHOLDERS

1.9.1 Capital stock

The capital stock is EUR 14,547,305, divided into 9,542,677 shares.

In 2008, the number of shares making up the capital stock was affected by the cancellation of 449,398 treasury shares as a result of the Board's decision on 8 February 2008.

These registered or bearer (anonymous) shares, as the holder chooses unless this is prevented by current legislation, are fully paid-in.

As of 31 December 2008, the capital consisted in 241,617 treasury shares, 1,587,640 registered shares with voting rights, 2,663,558 registered shares with double voting rights and 5,049,862 bearer shares, amounting to a total of 9,542,677 shares and 11,964,618 net voting rights.

1.9.2 Changes in the capital and voting rights

	31 December 2006				31 December 2007				31 December 2008			
	No. of shares (2)	%	Voting rights (2)	%	No. of shares (2)	%	Voting rights (2)	%	No. of shares (2)	%	Voting rights (2)	%
Members of the Board of Directors and affiliated companies	3,445	34.6%	4,780	36.0%	2,068	20.7%	2,398	19.5%	2,063	21.6%	2,393	20.0%
Jean Gachot (1)					1,056	10.6%	1,056	8.6%	785	8.2%	785	6.5%
SOPI SA (1)					1,017	10.2%	2,035	16.6%	1,017	10.7%	2,035	17.0%
SOPREX AG	1,421	14.2%	2,842	21.4%	687	6.9%	1,375	11.2%	687	7.2%	1,375	11.5%
Alto Invest	597	6.0%	597	4.5%	597	5.9%	597	4.9%	606	6.4%	606	5.1%
Amiral gestion									526	5.5%	526	4.4%
Public	4,301	43.1%	5,065	38.1%	4,118	41.2%	4,836	39.2%	3,617	37.9%	4,246	35.5%
Treasury shares (3)	208	2.1%		0.0%	449	4.5%		0.0%	242	2.5%		0.0%
Total	9,972	100.0%	13,284	100.0%	9,992	100.0%	12,297	100.0%	9,543	100.0%	11,965	100.0%

(1) On 31 December 2006, the shares held by Mr. Jean Gachot and the SOPI Company were included in the number of shares held by members of the Board of Directors and related companies.

(2) Number of shares and voting rights, in thousands.

(3) The Company acquired 241,617 of its own shares on the market, under the stock acquisition plan authorised by the Extraordinary General Shareholders Meetings of 20 June 2008. As of 31 December 2008, the Company held 241,617 SYSTRAN shares.

To the best of the Company's knowledge, no other shareholder holds over 5% of the capital as of 31 December 2008.

The Company has approximately 2,000 public shareholders.

1.9.3 SYSTRAN share price

The Company was listed on the OTC market of the Paris Stock Exchange on 14 February 1992. The first traded price was FRF 16.00 (EUR 2.44). On 11 June 1998, SYSTRAN S.A. shares were transferred to the new OTC of the Paris Stock Exchange. On 14 September 2000, SYSTRAN S.A. was listed on the Nouveau Marché of the Paris Stock Exchange, with a stock price of EUR 6.90.

The SYSTRAN share (ISIN code: **FR0004109197**) is continuously listed on Eurolist Compartiment C of Euronext Paris.

The share's market price has been as follows since 1st January 2008:

Date	Opening	High	Low	Latest quote	Average volume	Adjusted price
Dec. 08	0.9	0.97	0.7	0.76	1,000	0.76
Nov. 08	1.07	1.2	0.9	0.99	1,800	0.99
Oct. 08	0.98	1.16	0.9	0.93	3,200	0.93
Sep. 08	1.18	1.25	0.99	1.08	26,500	1.08
Aug. 08	1.23	1.3	1.06	1.25	5,500	1.25
Jul. 08	1.25	1.38	1.15	1.24	1,400	1.24
Jun. 08	1.25	1.45	1.18	1.29	4,700	1.29
May 08	1.49	1.49	1.17	1.3	13,100	1.3
Apr. 08	1.47	1.53	1.31	1.32	1,500	1.32
Mar. 08	1.35	1.64	1.32	1.33	1,200	1.33
Feb. 08	1.48	1.74	1.37	1.6	1,600	1.6
Jan. 08	1.91	2.11	1.21	1.6	4,000	1.6
Dec. 07	2.29	2.29	1.71	2.11	12,000	2.11

Source: Euronext

Rate fixing has been applied to SYSTRAN shares since 2 March 2009.

1.9.4 Communication with shareholders

SYSTRAN is concerned with providing all its shareholders with meticulous, regular, consistent and high-quality information that is in line with best practices for the markets and recommendations regarding the stock market authorities.

A section for "Investors" is available on the SYSTRAN website at the address http://www.systran.co.uk/systran/investors containing comprehensive, relevant regulated information.

The timetable for publication of the financial statements for 2009 is as follows:

Revenue for the 1st quarter of 2009	7 May 2009
Revenue and income for the 1st half of 2009	31 July 2009
Revenue for the 3rd quarter of 2009	6 November 2009
Revenue and income for fiscal year 2009	13 February 2010
Revenue for the 1st quarter of 2010	7 May 2010

1.9.5 Dividends

The Company has not distributed dividends over the last five fiscal years.

Dividends not claimed within five years after their payment date revert to the French Government.

1.9.6 General Shareholders Meeting

The last General Shareholders Meeting was held on 20 June 2008 after the shareholders received their first summons to attend. The draft resolution was published in the BALO Obligatory Legal Announcements Bulletin 9238 on 30 July 2008. The quorum was as follows:

	No. of shareholders	No. of shares	No. of voting rights	% holding
Present or represented	11	3,372,075	3,714,420	15.4%
Proxy in the Chairman's favour	38	1,843,713	3,687,426	29.2%
Postal votes	6	1,679	3,008	0.8%
Total	55	5,217,467	7,404,854	45.3%
Capital excluding treasury shares		**9,542,677**	**12,286,782**	
Quorum for ordinary resolutions		1,908,536		20%
Quorum for extraordinary resolutions		2,385,670		25%

All resolutions proposed to the shareholders were adopted except the tenth, relating to a proposed capital stock increase reserved for employees who have joined a company saving plan, which was rejected.

The conditions governing the holding of the SYSTRAN General Shareholders Meeting are defined in articles 23, 24, and 25 of the Company's by-laws.

An Ordinary General Shareholders Meeting brings together all of the shareholders at least once a year during the six months following the end of the fiscal year, at the request of the Board of Directors, to vote on an agenda set by it. It is called to make all decisions that do not change the by-laws, through a majority vote.

An Extraordinary General Shareholders Meeting is convened whenever decisions that would modify the by-laws, and notably increase the capital, must be made. It rules by a majority of two-thirds of votes cast by attending or represented shareholders.

Holders of registered shares automatically receive, regardless of the number of shares they hold, complete invitation documentation (notably including the agenda and draft resolutions) and a voting form.

Holders of "bearer" shares are informed by announcements in the press.

Every shareholder who has registered his or her shares 5 days before the General Shareholders Meeting can attend the meeting, on the express condition that holders of bearer shares must show a pass or an attendance certificate.

If they do not attend the Meeting, shareholders can, by returning the form included with the summons to attend:

- either vote by mail;
- or be represented by a proxy in accordance with the applicable legal and regulatory conditions, under the terms and conditions specified in the by-laws;
- or vest proxy in the Chairman or else specify no proxy.

1.9.7 Declaring the crossing of limits

In addition to the limits provided for under the law and in virtue of article 13 of the by-laws, any party, operating alone or jointly, who comes to hold or ceases to hold, in any way, a percentage of shares equal to or greater than 3% of the capital stock and / or voting rights is required to inform the Company of the holding of each fraction of 3% of the capital and / or voting rights, up to 5%, within fifteen days of crossing this limit, by registered letter with a request for acknowledgment of receipt addressed to its registered office, specifying the total number of shares or instruments giving access to the capital as well as the numbers of voting rights held, alone, indirectly or jointly.

In the event of a violation of this reporting obligation, one or more shareholders holding a portion of the capital or voting rights equal to at least three percent (3%) may request that the shares exceeding the portion that should have been declared be deprived of voting rights for any Shareholders Meeting that might be held within a two-year period following the date of regularisation of the notification. The request is countersigned in the minutes of the General Shareholders Meeting. Under the same conditions, the voting rights for the shares that were not properly declared cannot be delegated by the defaulting shareholder.

On 25 June 2008, the Amiral Gestion limited-liability company, acting on behalf of the funds it manages, wrote to the financial markets authorities to inform them that on 19 June 2008 it had bought SYSTRAN shares, meaning that it held 525,759 SYSTRAN shares with voting rights on behalf of the funds and so exceeded the SYSTRAN company's 5% holding limit by holding 5.51% of its capital and 4.28% of its voting rights.

The Amiral Gestion company also stated that "[…] these transactions were carried out as part of its normal business of portfolio management. As a result, the shares were and will be bought and sold depending on market opportunities. Amiral Gestion also stated that it does not wish to take control of SYSTRAN or be represented on the Board of Trustees".

On 22 August 2008, the Alto Invest company, acting on behalf of the funds it manages, wrote to the financial markets authorities to inform them that on 20 August 2008 it had bought SYSTRAN shares, meaning that it held 612,120 SYSTRAN shares with voting rights on behalf of the funds it manages and so exceeded the SYSTRAN company's 5% holding limit by holding 6.41% of its capital and 5.01% of its voting rights.

Name and Grade	Date of crossing the limit	Capital limits crossed	Voting right limits crossed	Operation causing the limit to be crossed	Amount of the transactions (in Euros)
Amiral Gestion	19 June 2008	5% up	None	No. of shares	Unknown
Alto Invest	20 August 2008	None	5% up	No. of shares	Unknown

1.9.8 Shareholders' agreements

There are no shareholders' agreements.

1.9.9 Shareholders' commitments

Since 13 March 2001, the commitment to retain shares, taken by major shareholders on the occasion of the Company's IPO on the Nouveau Marché, has expired. However, these shareholders committed themselves not to dispose their shares in the frame of the programme of repurchase of clean shares, described in paragraph 4.8.1. Shareholders did not enter into other commitments.

1.9.10 Potential capital

The Company has granted its employees stock options. If all the options were exercised, the result would be a maximum potential dilution of 7.6%, representing 731,843 shares.

2 2008 ACTIVITY REPORT

2.1 INFORMATION ON THE GROUP'S ECONOMIC LIFE

2.1.1 Financial figures

Consolidated figures *(in millions of Euros)*	**2008**	**2007**	**Change 2008/2007**
Revenue	**7.65**	**8.85**	-13.55%
Current operating income	**(0.07)**	**0.95**	ns
Operating margin	*ns*	*10.7%*	
Net income - Group share	**(7.11)**	**0.82**	ns
Net margin	*ns*	*9.3%*	

Consolidated revenue for 2008 amounted to EUR 7.65 million, down 13.55% on 2007.

The year's salaries and fringe benefits were down 2.9% and external costs were down 5.2%. This reduction in operating expenses did not offset the reduction in revenue, however. As a result, the current trading income is slightly down, amounting to EUR 72 thousand compared with a profit of EUR 954 thousand in 2007.

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 2008 difficulties and the highly uncertain economic climate, SYSTRAN has revised the assumptions used to assess the value of its intangible assets.

The Enterprise Value assessed this way on 31 December 2008 exceeds the market capitalisation, which is affected by the current severe financial crisis. Nevertheless, this value is less than shareholders' equity as of that date - before impairment.

As a result, SYSTRAN has recorded a EUR 11.6 million provision for impairment of its intangible fixed assets. Their net book value as of 31 December 2008 was EUR 5.1 million.

As a result, the operating loss amounted to EUR (11.94) million.

Each year, the Company also continues to invest in research and development of new products. This R&D expenditure, amounting to between 20 and 25% of revenue, does not fulfill all criteria for immobilisation. These significant regular investments are intended to enable the Group to overcome its current difficulties and resume growth.

The financial result is positive due to the positive effect of foreign exchange differences and financial revenue for the fiscal year.

The tax burden is mainly due to the profits of SYSTRAN Software Inc. while SYSTRAN S.A. receives a research tax credit and a tax loss carry-back. The provision for impairment of intangible assets has reversed the provision for the deferred tax liability amounting to EUR 3.9 million for the year.

The Group made a consolidated loss of EUR 7.11 million as compared with a profit of EUR 0.82 million in 2007.

Shareholders' equity totalled EUR 15.28 million compared with EUR 22.35 million as of 31 December 2007, due to the effect of impairment on intangible assets. The Group has practically no debt despite significant maintained investment during 2008.

Net cash as of 31 December 2008 totalled EUR 9.5 million as against EUR 10.7 million the previous year.

The Group's financial debt amounts to EUR 0.22 million.

2.1.2 Group business during the fiscal year

The Group's consolidated revenue totalled EUR 7.65 million, down 13.6% on 2007. It was divided between EUR 5.76 million for ***Software Publishing*** business, and EUR 1.89 million for ***Professional Services*** business.

Consolidated figures *(in thousands of Euros)*	**2008**	*As % of total*	**2007**	*As % of total*	*Change 2008/2007*
Software Publishing	**5,758**	*75.3%*	**6,933**	*78.4%*	*-17.0%*
Professional Services	**1,891**	*24.7%*	**1,915**	*21.6%*	*-1.3%*
Consolidated revenue	**7,649**	*100.0%*	**8,848**	*100.0%*	*-13.6%*

The decrease in the Group's revenue is due to the decline in ***Software Publishing*** business, although it has maintained its level of ***Professional Services*** business through the year.

The decrease in ***Software Publishing*** business is mainly due to the decline in ***Desktop*** product sales, which are down 29.1% on 2007. In 2007, ***Desktop*** product sales had risen by 39.2% due to the successful launch of version 6.

At the same time, ***Server*** product sales have not been as high as expected, resulting in less business with ***Corporate*** customers.

In thousands of Euros	2008	As % of total	2007	As % of total	2008/2007 change
Software Publishing					
Desktop Products	*2,284*	*29.9%*	*3,220*	*36.4%*	*-29.1%*
Server Solutions	*2,756*	*36.0%*	*3,020*	*34.1%*	*-8.8%*
e-Services	*681*	*8.9%*	*669*	*7.6%*	*+1.8%*
OEM	*37*	*0.5%*	*24*	*0.3%*	*+55.1%*
Total Software Publishing	**5,758**	**75.3%**	**6,933**	**78.4%**	**-17.0%**
Professional Services					
Corporate	623	*8.1%*	768	*8.7%*	*-19.0%*
Administrations	1,134	*14.8%*	1,126	*12.7%*	*+0.8%*
Co-funded	134	*1.8%*	21	*0.2%*	*Ns*
Total Professional Services	**1,891**	**24.7%**	**1,915**	**21.6%**	**-1.3%**
Consolidated revenue	**7,649**	***100%***	**8,848**	***100%***	***-13.6%***

2.2 SYSTRAN S.A.'S ACTIVITY

SYSTRAN S.A.'s revenue in 2008 amounted to EUR 4.7 million compared with EUR 5.0 million in 2007, an decrease of 6.0%. Excluding intracompany billing, the Group's revenue is stable, as the decline in ***Software Publishing*** business is offset by ***Professional Services*** business growth.

In fiscal year 2008, the EBITDA amounted to a loss of EUR (0.6) million, which is in line with 2007. The fiscal year's personnel expenses are stable and purchases and other external expenses are down by 6.9%.

Given the EUR 10 million impairment of its intangible assets, SYSTRAN S.A. made a loss of EUR 8.4 million during the year as compared with a loss of EUR 0.2 million in 2007.

SYSTRAN S.A. has invoiced its subsidiary SYSTRAN Software Inc. a total of EUR 1.4 million for royalties on product sales and administrative costs in 2008, compared with EUR 1.8 million in 2007. No loans or advances have been made between SYSTRAN S.A. and its subsidiaries.

SYSTRAN S.A. has received a dividend of USD 0.8 million from its subsidiary SYSTRAN USA.

An information table on the subsidiary companies and shareholdings is contained in paragraph 5.6 at the end of Chapter 4.3.

2.3 ACTIVITY OF SUBSIDIARIES

SYSTRAN Software Inc. earned revenue of USD 6.8 million in 2008, down 16% on 2007, and a net profit of USD 0.9 million compared with USD 1.4 million in 2007.

This decline is due to its ***Software Publishing*** business, down 20.8% on 2007, while its ***Professional Services*** business is down 6.6%.

During the year, SYSTRAN Software Inc. did not renew its licence agreement with the Microsoft company.

SYSTRAN Software Inc. invoiced SYSTRAN S.A. for development work amounting to a total of EUR 0.3 million during 2008.

SYSTRAN Luxembourg did not trade in 2008.

SYSTRAN USA is an intermediary holding that does not trade.

2.4 PROSPECTS

Software Publishing

In 2009, the Group will continue its efforts to develop its ***Software Publishing*** business by:

- Selling the new version 7 of the ***Server*** products and strengthening the sales teams in order to increase ***Corporate*** licence sales;
- Selling the new version 7 of the ***Desktop*** products and reinforcing the sales and marketing campaigns to increase online sales and ***Desktop*** product sales via the retailer and reseller networks.

As of 31 December 2008, unearned revenue on licence sales amounted to approximately EUR 1.2 million as compared with EUR 1.6 million at 31 December 2007.

Professional Services

In parallel, SYSTRAN anticipates that its ***Professional Services*** business with US administrations will build up again.

As of 31 December 2008, orders for ***Professional Services*** purchased but not executed totalled EUR 1.4 million, compared with EUR 0.3 million as of 31 December 2007. They mainly consist of contracts with US administrations and total EUR 1.2 million.

2.5 EVENTS OCCURRING BETWEEN THE END OF THE FISCAL YEAR AND THE DATE ON WHICH THIS REPORT WAS PRODUCED

Nil.

3 CONSOLIDATED FINANCIAL STATEMENTS

3.1 CONSOLIDATED INCOME STATEMENT FOR FISCAL YEAR 2008

(in thousands of Euros)	**Fiscal year 2008** (12 months)	**Fiscal year 2007** (12 months)	**Fiscal year 2006** (12 months)
Revenue	**7,649**	**8,848**	**9,342**
Other income			0
Revenue from related business	**7,649**	**8,848**	**9,342**
Purchases and other external expenses	(2,835)	(2,990)	(3,187)
Taxes and duties	(192)	(189)	(239)
Salaries and fringe benefits	(4,293)	(4,419)	(4,454)
Net impairment and amortisation	(331)	(303)	(269)
Other operating expenses and income	(70)	7	(20)
Current operating income	**(72)**	**954**	**1,173**
Other operating expenses and income	(11,864)	(37)	61
Operating income	**(11,936)**	**917**	**1,234**
Cash income	432	(116)	215
Gross cost of financial indebtedness	(12)	(14)	(1)
Net cost of financial indebtedness	**420**	**(130)**	**214**
Other financial expenses and income	79	(27)	(195)
Pre-tax income	**(11,437)**	**760**	**1,253**
Income taxes	4,330	58	(168)
Total consolidated net income	**(7,107)**	**818**	**1,085**
Minority interests			0
Net income (Group share)	**(7,107)**	**818**	**1,085**
SYSTRAN net income per share			
Based on the average number of shares outstanding:			
No. of shares	*9,476,208*	*9,683,504*	*9,868,439*
in Euros per share	***-0.75***	***0.08***	***0.11***

3.2 CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2008

ASSETS

(in thousands of Euros)	**31/12/2008**	**31/12/2007**	**31/12/2006**
Goodwill	0	0	0
Intangible fixed assets	5,137	16,702	16,735
Tangible fixed assets	621	706	648
Financial assets	113	108	101
Total noncurrent assets	**5,871**	**17,516**	**17,484**
Inventory	47	66	0
Trade and other accounts receivable	2,223	1,257	2,334
Tax payable debit	2,173	884	880
Other receivables and accruals	684	706	741
Cash	9,534	10,742	10,169
Total current assets	**14,661**	**13,655**	**14,124**
Total assets	**20,532**	**31,171**	**31,608**

LIABILITIES

(in thousands of Euros)	**31/12/2008**	**31/12/2007**	**31/12/2006**
Capital	14,547	15,232	15,202
Premium accounts	5,396	5,396	5,393
Consolidated reserves	3,163	1,715	1,416
Income for the fiscal year	(7,107)	818	1,085
Conversion adjustments	(720)	(814)	(443)
Shareholders' equity (Group share)	**15,279**	**22,347**	**22,653**
Provisions	13	7	7
Interest-bearing borrowing	127	165	196
Deferred tax credit	1,662	5,088	5,453
Total noncurrent liabilities	**1,802**	**5,260**	**5,656**
Provisions	300	34	75
Borrowing – items < one year	97	80	91
Trade accounts payable and related accounts	724	844	895
Tax payable credit	0	0	0
Other payables and accruals	2,330	2,606	2,238
Total current liabilities	**3,451**	**3,564**	**3,299**
Total shareholders' equity and liabilities	**20,532**	**31,171**	**31,608**

3.3 CONSOLIDATED CASH FLOW STATEMENT FOR FISCAL YEAR 2008

(in thousands of Euros)	Fiscal year 2008	Fiscal year 2007	Fiscal year 2006
Total consolidated net income	**(7,107)**	**818**	**1,085**
Impairment and provisions net of subsidies	12,286	343	269
Provision reversal	(108)	(40)	(198)
Variation of deferred taxes	(3,426)	(365)	(58)
Stock options	99	10	166
Income re-evaluations	(17)	(133)	184
Net income from fixed asset transfers	0	(2)	0
Transfer capital gains and losses	0	(2)	0
Taxes on transfer capital gains and losses	0	0	0
Share in the income of companies consolidated by the equity method	0	0	0
Sundry	0	0	0
Gross margin from self-financing	**1,727**	**629**	**1,448**
Inventory variations	19	(66)	0
Change in accounts receivable	(889)	970	1,241
Change in other receivables	(1,281)	24	(172)
Change in accounts payable	(154)	89	(157)
Change in other payables	(328)	511	(1,649)
Change in working capital requirement linked to the activity	**(2,633)**	**1,528**	**(737)**
NET OPERATING CASH FLOW	**(906)**	**2,157**	**711**
Acquisitions of tangible and intangible fixed assets	(244)	(399)	(490)
Transfers of tangible and intangible fixed assets	0	2	0
Increase in permanent financial investments	(8)	(10)	(16)
Reductions in permanent financial investments	3	(7)	(1)
Change in investments	0	0	0
Change in payables and receivables on fixed assets	0	0	0
Effect of changes in consolidation scope	0	0	0
CASH FLOW FROM INVESTMENT ACTIVITIES	**(249)**	**(414)**	**(507)**
Dividends paid to parent company shareholders	0	0	0
Dividends paid to minorities of integrated companies	0	0	0
increase in capital or contributions	0	33	104
Increase in other equity	0	(795)	(180)
Decrease in other equity	(272)		(228)
Increase in financial liabilities	80	196	95
Decrease in financial liabilities	(101)	(223)	(47)
CASH FLOW FROM FINANCING ACTIVITIES	**(293)**	**(789)**	**(256)**
CHANGE IN NET CASH POSITION	**(1,448)**	**954**	**(52)**
Opening cash position	*10,742*	*10,159*	*10,909*
Closing cash position	***9,534***	***10,742***	***10,159***
Effect of exchange rate changes	*223*	*(507)*	*(514)*
Effect of cash re-evaluations	*17*	*133*	*(184)*

3.4 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 31 December 2008	**14,547**	**8,559**	**-7,107**	**-720**	**15,279**
Change in conversion adjustments and sundry		118		94	212
Change in treasury shares	-685	413			-272
Capital reduction					
Stock options		99			99
Income for fiscal year 2008			-7,107		-7,107
Allocation of 2007 income		818	-818		-
Situation as of 31 December 2007	**15,232**	**7,111**	**818**	**-814**	**22,347**
Change in conversion adjustments and sundry	-	-10		-371	-381
Change in treasury shares	-	-786			-786
Stock options	30	13			43
Income for fiscal year 2007	-		818		818
Allocation of 2006 income	-	1,085	-1,085		-
Situation as of 31 December 2006	**15,202**	**6,809**	**1,085**	**-443**	**22,653**
Change in conversion adjustments and sundry	-	-1		-414	-415
Change in treasury shares	-	-409			-409
Stock options	93	177			270
Income for fiscal year 2006	-		1,085		1,085
Allocation of 2005 income	-	3,061	-3,061		-
Situation as of 31 December 2005	**15,109**	**3,981**	**3,061**	**-29**	**22,122**

3.5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 DECEMBER 2008

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 Ministry of Defense and the European Commission, the Company also counts some of the largest multinational corporations among its customers.

The SYSTRAN Group generates half its revenue outside Europe, particularly in North America.

The parent company, SYSTRAN S.A., is a French corporation [société anonyme] whose registered office is located at Grande Arche – Paroi Nord, Paris La Défense (France). The Company is listed in Compartiment C of Euronext Paris (ISIN code: FR0004109197, Reuters: SYTN.LN; Bloomberg: SYST NM).

2- Important events during the year

Changes in related business

Consolidated revenue for 2008 amounted to EUR 7.6 million, 13.6% down on 2007, and the current operating income (before provision for impairment of assets) was down slightly by EUR 72 thousand as compared with a profit of EUR 954 thousand in 2007. The Company also recorded a EUR 7.7 million provision for impairment of deferred tax debits in 2008.

Dispute with the European Commission

On 4 October 2003, the Executive Management for Translation of the European Commission launched a request for proposals for development work on the EC-SYSTRAN version for UNIX, which SYSTRAN delivered to the European Commission in 2003. This contract was awarded in January 2004 to a Luxembourg company with no apparent trading activity, which hired all of the workforce that SYSTRAN's Luxembourg subsidiary was obliged to lay off due to the lack of orders from the European Commission. SYSTRAN expressed concerns about this request for proposals, emphasising that the work concerned was likely to affect its intellectual property rights to the software. Receiving no explanation from the Commission, SYSTRAN lodged a complaint with the European Ombudsman on the matter in July 2005. The Ombudsman announced his decision on 23 October 2006, judging that the European Commission was not guilty of misconduct, but made no statement regarding the violation of SYSTRAN's intellectual property rights. In January 2007, SYSTRAN commenced proceedings with the European Communities' Trial Court against the European Commission, claiming compensation for the considerable harm it suffered as a result of its intellectual property rights being violated and its technological know-how being revealed. In May 2007, the European Commission filed its case. On 31 October 2007, SYSTRAN filed its case in reply with the European Communities' Trial Court. The European Commission's plea, which occurred at the end of January 2008, should have closed the pleadings. Contrary to the Company's expectations, the oral arguments did not take place in 2008.

On 3 December 2008, the Court sent the parties questions before closing the pleadings. These questions were mainly intended to determine whether the claim came within the Court's jurisdiction. Accordingly, SYSTRAN filed its response on 30 January 2009. The Court may now make a decision concerning its jurisdiction and, if appropriate, commence the proceedings.

Impairment of assets

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 2008 difficulties and the highly uncertain economic climate, SYSTRAN has revised the assumptions used to assess the value of its intangible assets.
The Enterprise Value assessed this way on 31 December 2008 exceeds the market capitalisation, which is affected by the current severe financial crisis. Nevertheless, this value is less than shareholders' equity as of that date - before impairment.
As a result, the Group has depreciated its intangible assets by EUR 11.6 million. Their net book value as of 31 December 2008 was EUR 5.1 million.

3- Accounting policies

3.1 – Principles for establishing the consolidated financial statements

These annual 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 the fiscal year 2005.

The IFRS rules adopted by the European Union differs in some ways from the IFRS rules published by the IASB. Nevertheless, the Group has checked that the financial information for the periods shown would not have been significantly different if it had applied the IFRS rules published by the IASB.

The financial statements were drawn up according to the principle of historic costs, with the exception of financial assets held for transactional purposes, which were assessed at their fair market value at closing.

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

No event subsequent to closing made it necessary to adjust the fiscal year's financial statements or to provide specific information in the notes.

The consolidated financial statements were closed at the Board Meeting on 10 February 2009. They will be submitted for approval at the General Shareholders Meeting on 26 June 2009.

3.2 – Consolidation scope

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

Name	Registered office	Consolidation method	% control	% stake
SYSTRAN S.A. SIREN: 334 343 993	La Grande Arche, 1, parvis de La Défense 92044 Paris - La Défense, France	FC	Parent company	Parent company
SYSTRAN USA*	9333 Genesee Avenue, San Diego CA 92121, USA	FC	100%	100%
Systran Software Inc. (SSI)	9333 Genesee Avenue, San Diego CA 92121, USA	FC	100%	100%
SYSTRAN Luxembourg	7, rue Pierre d'Aspelt L-1142 Luxembourg	FC	100%	100%

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

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

3.3 – Exchange rate used

The only currency used other than the Euro (EUR) is the US Dollar (USD).

USD rate expressed in EUR	31/12/2008	31/12/2007	31/12/2006
Opening rate of the fiscal year	0.6793	0.7593	0.8478
Average rate on income statement	0.6833	0.7306	0.7970
Closing rate	0.7185	0.6793	0.7593

3.4 – Consolidation methods

All the companies are consolidated using the full consolidation method based on the financial statements as of 31 December 2008 and restated, if necessary, in line with the Group's accounting policies.

Conversion of foreign subsidiaries accounts

The balance-sheet items are converted to Euros at the exchange rate in force at the close of the fiscal year. The income statement items are converted based on the average exchange rate for the fiscal year. The conversion adjustments resulting from fluctuations in the exchange rate on the balance sheet and the income statement are posted under "Conversion adjustments" in stockholders' equity.

Exchange rate variances corresponding to cash items that, in substance, form an integral part of SYSTRAN'S net investment in its foreign subsidiaries, are also posted under "Conversion adjustments".

Goodwill

Mergers and acquisitions are posted using the acquisition method, in accordance with the principles stated by IFRS 3 – *Business combinations*. Each of the acquired business's identifiable assets and liabilities is posted with its exact value.

The difference between the acquisition cost and the exact value of assets and liabilities on the acquisition date is posted in the consolidated balance sheet assets under the heading "Goodwill". This amount is not amortised but undergoes an annual impairment test.

3.5 – Posting and presentation methods

Revenue

Revenue is recognised as follows:

- Licence revenue is posted at the time of the physical or electronic delivery of the documents, or based on statements sent by the distributors. For temporary licences, revenue is posted prorata temporis over the licence period granted;
- Linguistic services are posted according to the completion method;
- Advertising revenue from *Portals* is posted based on the statements they send;
- Development contracts are posted according to the percentage of completion of the expenditure incurred. If services are provided with partners, SYSTRAN, as the project's coordinator and manager, posts the entire services under "Revenue". The share relating to the partners is posted under "Purchases and other external expenses".

Percentage-of-completion method income on service contracts

Income from linguistic service contracts is calculated according to the percentage-of-completion method, in accordance with IAS 18.

If a contract-end shortfall is projected, a reasonable provision for the loss upon completion is established, according to the most probable estimate of the forecast results, including, if necessary, rights to complementary income or claims.

Foreign currency transactions

Foreign currency transactions performed by the consolidated companies are converted into their functional currency using the exchange rates applying on the date of the transactions.

Receivables and payables expressed in foreign currencies are converted at the exchange rates applying for these currencies on the closing date. Latent currency exchange gains and losses resulting from this conversion are recorded as income, under the "Other financial expenses and income" item.

Operating income and current operating income

In IFRS, the operating income and current operating income are defined in accordance with the National Accountancy Council Recommendation R.2004-02, published on 27 October 2004.

Other operating expenses and revenue shown in the current operating income represent the – limited – operating income and expense items considered as unusual, infrequent or one-time in the Company's operation, as these items are defined by CNC Recommendation R.2004-02.

Income per share

The basic income per share is calculated on the basis of the average weighted number of shares in circulation during the fiscal year, after deduction of treasury shares registered as a reduction in stockholders' equity.

The net income per share after dilution is calculated by adjusting the Group's share of net income and the number of shares in circulation by the dilutive effect of exercising option plans open on the closing date. The options-related dilution is determined using the stock acquisition method, in this case the theoretical number of shares redeemed at market price (average price over the year) on the basis of the funds collected when the dilutive options are exercised. For this purpose:

- the dilutive options must be "in the money," with regard to the average stock exchange price of the SYSTRAN S.A share for the closed fiscal year;
- the adjustment in the number of shares ("dilutive effect") is equal to the difference between the potential number of shares that can be subscribed by exercising the dilutive options, and the number of shares that can be acquired on the market using the income from this subscription, on the basis of the average stock exchange price for the fiscal year;
- for the above calculations, the paid-in cash exercise price for the subscription options is increased by the value per share of the services remaining to be provided by the employee or manager beneficiaries.

Research and development expenses

Co-financed research and development costs are posted under operating expenses according to work progress, and the financed portion is posted as revenue.

Self-financed research costs are posted as operating expenses as they are incurred. Self-financed development costs are treated as fixed assets provided they fulfil all the criteria stated by IAS 38 (technical feasibility, future economic benefits, sufficient technical and financial capacities and intention to complete the project, and reliable cost evaluation).

Concessions, patents and licences

Concessions, patents and licences mainly include software licences acquired by the Group. This software is amortised on a straight-line basis over appropriate periods of usefulness for each acquisition; these normally are between 3 and 5 years.

Goodwill

Goodwill derives primarily from the contribution of assets in 1989 by Gachot S.A., SYSTRAN S.A.'s parent company at the time. It is posted to the balance sheet at contribution value.

It represents customers whose value was assessed on the basis of the forecast profitability of the contracts, and it is impaired over 8 years.

Other intangible fixed assets

Other intangible fixed assets are mainly derived from the partial contribution of assets in 1989 by Gachot S.A., SYSTRAN S.A.'s parent company at the time. They are entered in the balance sheet at contribution value. Moreover, when the shares of SYSTRAN Luxembourg's minority shareholders were acquired in 2000, the Group posted as "other intangible fixed assets" a portion of the paid price, i.e. EUR 1.6 million, allocated to the subsidiary's linguistic assets.

The other intangible fixed assets are linguistic assets, i.e. the linguistic programs, language-pair dictionaries and utilities comprising the databases integrated into the marketed software, as well as the corresponding know-how.

These fixed assets have not been impaired as it was judged that, due to their nature, they were legally protected for an indefinite period. They may be subject to impairment if their going concern value decreases.

This protection did not prevent the European Commission violating SYSTRAN's copyright and revealing its know-how, however, and SYSTRAN has taken legal action against it as a result.

Tangible fixed assets

The tangible fixed assets are assessed at their acquisition cost, less impairment and losses in value.

Principal amortisation periods:

• Computer equipment	3 years
• Other office equipment and furniture	5 to 10 years
• Fixtures and fittings	5 to 10 years

Leasing contracts

Direct financing leases are restated in the consolidated financial statements in order to put them into a situation where the company would have acquired the assets concerned directly and financed them by loan. Impairment is calculated using the same method as that used for similar tangible assets owned by the Company.

Payments for simple rentals are posted as expenses on a straight-line basis for the duration of the contract.

Impairment of assets

In conformity with IAS 36 – *Impairment of assets*, the Group assesses the recoverability of its long-term assets using the following process:

- amortisable tangible and intangible assets undergo a impairment test if an impairment index exists for these fixed assets;

- non amortisable intangible assets and goodwill undergo an impairment test whenever an impairment index is identified and at least once a year.

The impairment test consists in comparing the net book value with the higher of the following two values: the selling price net of ex-plant costs, or the going concern value. The going concern value is determined by discounting the future cash flows that will be generated by continuous use of the assets tested during the period of usefulness, and their possible transfer upon termination of this period. Discounting is performed at a rate corresponding to the average weighted cost of the capital owned by the unit generating the cash flow.

Depending on the circumstances, the tests are performed either individually on the assets, or at the level of cash flow generating units to which these assets are attached. How the goodwill is attached to the cash flow generating units depends on how the Group Management monitors performance of activities and assesses acquisition synergies.

As a priority, any impairment of a cash-flow-generating unit's assets is allocated to the relevant goodwill. This decrease in the goodwill value is irreversible.

Inventory

Inventory primarily consists in packaging and user manuals for the marketed software.

The gross value includes the purchase price and related costs (freight and sundry direct costs). It is calculated using the First In First Out (FIFO) method. The gross value is depreciated when the net realisable value is lower than the book value.

Deferred taxes

The Group records deferred taxes for all timing differences between the tax and book values of the assets and liabilities in the consolidated balance sheet, with the exception of the items specified in IAS 12. Deferred tax debits on timing differences or on tax losses carried forward and available tax credits are only posted when they will probably be used.

Financial assets held for transactional purposes

Financial assets held by the Group for transactional purposes are securities acquired as part of its short-term cash flow management. They are assessed at their market value at each closure. The corresponding latent or realised gains and losses are entered in the income statement for the current period, in the "cash income" item.

These financial assets appear in the balance sheet under the heading "Cash flow and cash flow equivalents".

Cash

Cash is shown in the cash flow table. It consists of the bank account balances, petty cash amounts, fixed term deposits for less than three months and financial assets held for transactional purposes where the risk of change in value is negligible, apart from a possible foreign currency exchange impact.

Stock options or share subscription options

The Group records the benefit granted to beneficiaries of stock options under plans issued after 7 November 2002, in conformity with IFRS 2.

The fair value of the services rendered by employees in exchange for stock options constitutes an expense recorded according to the services rendered and at the time they are rendered, and in compensation the shareholders' equity is increased. The cost is distributed over the period of rights acquisition, i.e. in general a period of three years. The total amount of the expense to be recorded is assessed by reference to the fair value of the options granted. This value is determined on the grant date using the Black & Scholes model and is adjusted in accordance with the restrictions applied to transferability of the options.

Retirement obligations

The amounts of the Group's obligations concerning pensions, supplementary retirement payments and retirement allowances are covered by provisions estimated on the basis of actuarial evaluations. These obligations are calculated using the projected credit unit method, as defined in standard IAS 19.

Provisions (excluding pensions)

These are intended to cover obligations to third parties likely to result from events that have occurred or are pending, which are clearly specified as to their object, but for which the occurrence, deadline or amount are uncertain.

The provisions are accounted for insofar as it is reasonably possible to obtain a reliable assessment of their amount. If this loss or liability will probably not occur and cannot be reasonably assessed but may possibly occur, the Group records a possible liability in the notes.

Non-current liabilities

Conditional advances are advances granted by the Government to facilitate development of a project. Their repayment is subject to a number of contractually defined elements (success, break-even point, etc.). Depending on what was defined contractually, such advances may be:

- repaid, if the project is successful;

- abandoned, if the project fails.

Sectorial information

Sectorial information is organised on the basis of the geographical areas monitored by the Group's management in order to analyse and monitor operational performance. These geographical areas are Europe, North America and the rest of the World. On this basis, the notes provide figures for revenue, current operating income, assets, liabilities, investments, amortisations and any long-term asset impairment as well as the main items of expenditure without cash compensation, for each geographical area.

"Secondary" sectorial information is also presented in the notes for each business sector. These business sectors are licences (software) and professional services (maintenance and support, and linguistic services). On this basis, the notes provide figures for revenue, assets and investments during the period, for each business sector.

Sectorial information concerning revenue is provided in § 4.1.

Other sectorial information is provided in § 7.2.

4- Notes to the consolidated income statement

4.1 – Breakdown of revenue

By geographical area of asset location (in thousands of Euros)	**Fiscal year 2008**	**Fiscal year 2007**	**Fiscal year 2006**
Europe	3,273	3,219	2,574
North America	4,376	5,629	6,768
Other geographical areas	0	0	0
Revenue total	**7,649**	**8,848**	**9,342**

By geographical area of customer location (in thousands of Euros)	**Fiscal year 2008**	**Fiscal year 2007**	**Fiscal year 2006**
Europe	3,122	3,086	2,225
North America	4,453	5,651	6,615
Other geographical areas	74	111	502
Total revenue	**7,649**	**8,848**	**9,342**

By type of revenue (in thousands of Euros)	**Fiscal year 2008**	**Fiscal year 2007**	**Fiscal year 2006**
Licences	5,758	6,933	6,236
Services	1,891	1,915	3,106
Total revenue	**7,649**	**8,848**	**9,342**

Income from ordinary business (in thousands of Euros)	**Fiscal year 2008**	**Fiscal year 2007**	**Fiscal year 2006**
Sale of property	0	0	0
Fees (Licences)	5,758	6,933	6,236
Professional Services	1,891	1,915	3,106
Revenue sub-total	**7,649**	**8,848**	**9,342**
Interest revenue	0	0	0
Dividends received	0	0	0
Income from ordinary business	**7,649**	**8,848**	**9,342**

4.2 – Purchases and other external expenses

Purchases and other external expenses (in thousands of Euros)	**Fiscal year 2008**	**Fiscal year 2007**	**Fiscal year 2006**
Sub-contracting	48	43	0
Leases of land & buildings	651	584	606
Fees	934	1,273	1,612
Marketing, advertising	327	371	117
Other purchases	875	719	852
Total	**2,835**	**2,990**	**3,187**

Expenses concerning direct rental contracts recorded in the fiscal year (in thousands of Euros)	**Fiscal year 2008**	**Fiscal year 2007**	**Fiscal year 2006**
Minimum payments recorded	651	584	606
Conditional rentals recorded	0	0	0
Sub-rental income recorded	0	0	0

Obligations concerning non-cancellable direct rental contracts (in thousands of Euros)	Fiscal year 2008	Fiscal year 2007	Fiscal year 2006
- Under 1 year	420	565	549
- From 1 to 5 years	345	968	1,518
- More than 5 years	0	0	0
Minimum payments	**765**	**1,533**	**2,067**
Total future minimum sub-rentals income receivable upon closure (non-cancellable contracts)	**0**	**0**	**0**

The lease entered into on 31 December 2003 by SYSTRAN S.A. at La Défense is a 3/6/9 lease contract, with no specified term. The rents are linked to the construction cost index.

The lease signed by SYSTRAN Software Inc. for its San Diego offices expires in October 2011. The rent payments are contractually indexed to a 3% annual increase.

These leases do not apply any particular restriction on SYSTRAN concerning payment of dividends, indebtedness or execution of new leases.

There is no contract providing for conditional rentals.

4.3 – Salaries and fringe benefits

Salaries and fringe benefits (in thousands of Euros)	Fiscal year 2008	Fiscal year 2007	Fiscal year 2006
Salaries and benefits	3,078	3,280	3,286
Employment contract termination allowance	0	0	0
Pensions (*)	0	0	0
Stock options (see 5.6)	99	10	166
Welfare contributions	1,116	1,129	1,002
Total	**4,293**	**4,419**	**4,454**

The Group's average headcount has changed as follows:

Profile	Fiscal year 2008	Fiscal year 2007	Fiscal year 2006
Board of Directors	3	3	3
Computer engineers	26	25	22
Computational linguists	15	20	28
Sales and marketing	8	11	12
Administrative staff	7	6	5
Total headcount	**59**	**65**	**70**

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

Remuneration paid to the Executive Committee (in thousands of Euros)	Fiscal year 2008	Fiscal year 2007	Fiscal year 2006
Short-term benefits	425	367	375
Post-employment benefits	0	0	0
Other long-term benefits	0	0	0
Stock options (see 5.6)	56	0	168
Employment contract termination allowance	0	0	0
Total	**481**	**367**	**543**

4.4 – Other operating expenses and income

Other operating expenses and income (in thousands of Euros)	Fiscal year 2008	Fiscal year 2007	Fiscal year 2006
Income from fixed asset transfers	0	2	0
Non-recurring provision movements	-11,864	0	60
Other non-recurring expenses and revenue	0	-39	1
Total	**-11,864**	**-37**	**61**

The non-recurring provision movements consist of a EUR 11.6 million provision for impairment of other intangible fixed assets and a EUR 0.3 million provision for litigation.

4.5 – Other financial expenses and income

Other financial expenses and income (in thousands of Euros)	Fiscal year 2008	Fiscal year 2007	Fiscal year 2006
Exchange difference on financial items	79	-118	-236
Other	0	91	41
Total	**79**	**-27**	**-195**

4.6 – Income tax

The income tax burden breaks down as follows:

Group tax income (expense) (in thousands of Euros)	Fiscal year 2008	Fiscal year 2007	Fiscal year 2006
Current tax expense (income)	904	-307	-370
Adjustment of current taxes from previous fiscal years	0	0	144
Deferred taxes on temporary differences	3,426	365	58
Total (*)	**4,330**	**58**	**-168**

(*) Total current and deferred tax on shareholders' equity items, recorded on 31 December 2006: EUR 23 thousand; on 31 December 2007: nil; on 31 December 2008: nil.

At the close of fiscal year 2008, the Company posted a research tax credit of EUR 678 thousand. During fiscal year 2007, it posted a research tax credit amounting to EUR 423 thousand for 2007 and EUR 422 thousand for 2006.

The tax losses carried forward, which originated from SYSTRAN S.A., amounted to EUR 1,802 thousand as of 31 December 2007 and was valued as deferred tax debits amounting to EUR 601 thousand. As of 31 December 2008, these deferred tax debits from the previous year were cancelled out due to a receivable being recorded for SYSTRAN S.A.'s tax loss carry-back amounting to EUR 599 thousand.

The provision for impairment of intangible assets has reversed the provision for the deferred tax liability amounting to EUR 3.9 million for the year.

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)	**Fiscal year 2008**	**Fiscal year 2007**	**Fiscal year 2006**
Pre-tax income	-11,437	761	1,254
Theoretical tax at the parent company's rate	0	-253	-418
Tax rate	*33.33%*	*33.33%*	*33.33%*
Effect on the theoretical tax:			
- valuation of timing differences	-88	22	0
- impairment of tax debits from previous fiscal years	-592		
- research tax credit for the fiscal year	678	423	422
- carry-back	599		
- permanent differences	-45	-8	-55
- effect of intercompany flows	0	-29	-23
- tax adjustment from previous fiscal years	-3	-14	144
- reversal of tax credits on intangible assets	3,900		
- other (including tax rate variances)	-119	-83	-238
Total	**4,330**	**58**	**-168**
Tax at the standard rate	4,330	58	-168
Tax at the reduced rate	0	0	0
Tax revenue (expense) in the income statement	**4,330**	**58**	**-168**

4.7 – Research & development expenditure

Self-financed research expenses totalled EUR 1.7 in 2008 as compared with EUR 1.7 million and EUR 1.4 million in 2007 and 2006, respectively. They mainly consist of personnel expenses and external charges due to the occasional use of outsourcing.

No development project fulfilled all the criteria specified by IAS 38 on opening and closing dates of the fiscal years 2006, 2007 and 2008, and so no development projects are capitalised in the balance sheet.

5- Notes to the consolidated balance sheet

5.1 – Intangible fixed assets

Intangible fixed assets (in thousands of Euros)	01/01/2008	Increase	Reduction	Conversion adjustments	31/12/2008
Research & development expenses					
Concessions, patents and licences					
- Gross value (1)	10,476	73	-237	145	10,457
- Amortisation	-10,343	-81	237	-143	-10,330
- ongoing		24			24
- Net value	**133**	**16**	**0**	**2**	**151**
Goodwill					
- Customers	45,994				45,994
- Amortisation	-45,994				-45,994
- Net value	**0**	**0**	**0**	**0**	**0**
Other intangible fixed assets					
- Dictionaries and know-how	16,569				16,569
- Provisions for impairment	0	-11,583			-11,583
- Net value (2)	**16,569**	**-11,583**	**0**	**0**	**4,986**
Total	**16,702**	**-11,567**	**0**	**2**	**5,137**

Intangible fixed assets (in thousands of Euros)	01/01/2007	Increase	Reduction	Conversion adjustments	31/12/2007
Research & development expenses					
Concessions, patents and licences					
- Gross value (1)	10,707	61		-292	10,476
- Amortisation	-10,541	-91		289	-10,343
- Net value	**166**	**-30**		**-3**	**133**
Goodwill					
- Customers	45,994				45,994
- Amortisation	-45,994				-45,994
- Net value	**0**	**0**	**0**	**0**	**0**
Other intangible fixed assets					
- Dictionaries and know-how	16,569				16,569
- Provisions for impairment	0				0
- Net value (2)	**16,569**				**16,569**
Total	**16,735**	**-30**		**-3**	**16,702**

Intangible fixed assets (in thousands of Euros)	01/01/2006	Increase	Reduction	Conversion adjustments	31/12/2006
Research & development expenses					
Concessions, patents and licences					
- Gross value (1)	10,842	184	0	-319	10,707
- Amortisation	-10,765	-92	0	316	-10,541
- Net value	**77**	**92**	**0**	**-3**	**166**
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 intangible fixed assets					
- Dictionaries and know-how	16,569	0	0	0	16,569
- Provisions for impairment	0	0	0	0	0
- Net value (2)	**16,569**	**0**	**0**	**0**	**16,569**
Total	**16,646**	**0**	**0**	**0**	**16,735**

(1) The concessions, patents and licences item primarily consists of software licences for language pairs acquired by the Group. Their gross value as of 31 December 2006, 2007 and 2008 is composed 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 amortised 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 amortised;
- EUR 0.1 million in software acquired and not yet fully amortised.

(2) The gross value of the other intangible fixed assets as of 31 December 2008, 2007 and 2006 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 millions;
- 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 in preparing restated net cash flow projections based on the following principal assumptions:

- Medium-term plans are prepared by Management for 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 on 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.

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 2008 difficulties and the highly uncertain economic climate, SYSTRAN has revised the assumptions used to assess the value of its intangible assets.

The assumptions adopted in the cash flow projections have been revised as a result of these facts and the current highly uncertain economic climate. The main assumptions adopted are as follows:

- Growth in EBITDA on the adopted forecast horizon is tending towards a normative rate of between 12 and 18% of revenue.
- The adopted discount rate is set at 13.0% after tax, to account for the Group's intrinsic risk premium.
- The long-term projected growth rate is 1.5% based on a conservative estimate of growth expected in the relevant geographical areas (Europe and USA) and inflation.

The Enterprise Value assessed this way on 31 December 2008 exceeds the market capitalisation, which is affected by the current severe financial crisis. Nevertheless, this value is less than shareholders' equity as of that date - before impairment. As a result, the Group has depreciated its intangible assets by EUR 11.6 million. Their net book value as of 31 December 2008 was EUR 5.1 million.

Each year, as already said in paragraph 4.7, the Company also continues to invest in research and development of new products. This R&D expenditure, amounting to between 20 and 25% of revenue, does not fulfill all criteria for immobilisation. These significant regular investments are intended to enable the Group to overcome its current difficulties and resume growth.

5.2 – Tangible fixed assets

Tangible fixed assets (in thousands of Euros)	01/01/2008	Increase	Reduction	Conversion adjustments	31/12/2008
Fixtures and fittings					
- Gross value	242				242
- Amortisation	-86	-24			-110
- Net value	**156**	**-24**			**132**
Facilities, hardware and tools					
- Gross value	686	20		41	747
- Amortisation	-461	-71		-30	-562
- Net value	**225**	**-51**		**11**	**185**
Other fixed assets					
- Gross value	843	127	74	1	897
- Amortisation	-518	-148	-74	-1	-593
- Net value	**325**	**-21**	**0**	**0**	**304**
Total	**706**	**-96**	**0**	**11**	**621**

Tangible fixed assets (in thousands of Euros)	01/01/2007	Increase	Reduction	Conversion adjustments	31/12/2007
Fixtures and fittings					
- Gross value	236	6			242
- Amortisation	-61	-25			-86
- Net value	**175**	**-19**			**156**
Facilities, hardware and tools					
- Gross value	635	127		-76	686
- Amortisation	-523	-180		51	-652
- Net value	**112**	**-53**		**-25**	**34**
Other fixed assets					
- Gross value	652	204	-10	-3	843
- Amortisation	-291	-48	10	2	-327
- Net value	**361**	**156**	**0**	**-1**	**516**
Total	**648**	**84**	**0**	**-26**	**706**

Tangible fixed assets (in thousands of Euros)	01/01/2006	Increase	Reduction	Conversion adjustments	31/12/2006
Fixtures and fittings					
- Gross value	228	8	0	0	236
- Amortisation	-38	-23	0	0	-61
- Net value	**190**	**-15**	**0**	**0**	**175**
Facilities, hardware and tools					
- Gross value	575	125	0	-65	635
- Amortisation	-459	-111	0	47	-523
- Net value	**116**	**14**	**0**	**-18**	**112**
Other fixed assets					
- Gross value	484	172	0	-4	**652**
- Amortisation	-252	-42	0	3	-291
- Net value	**232**	**130**	**0**	**-1**	**361**
Total	**538**	**139**	**0**	**-19**	**648**

5.3 – Financial investments

Financial assets (in thousands of Euros)	01/01/2008	Increase	Reduction	Conversion adjustments	31/12/2008
Deposits and guarantees					
- Gross value	112	8	3	0	117
- Amortisation	-4	0	0	0	-4
- Net value	**108**	**8**	**3**	**0**	**113**
Total	**108**	**8**	**3**	**0**	**113**

Financial assets (in thousands of Euros)	01/01/2007	Increase	Reduction	Conversion adjustments	31/12/2007
Deposits and guarantees					
- Gross value	106	9		-3	112
- Amortisation	-5			1	-4
- Net value	**101**	**9**		**-2**	**108**
Total	**101**	**9**		**-2**	**108**

Financial assets (in thousands of Euros)	01/01/2006	Increase	Reduction	Conversion adjustments	31/12/2006
Deposits and guarantees					
- Gross value	106				106
- Amortisation	-5				-5
- Net value	**101**				**101**
Total	**101**				**101**

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.

5.4 – Trade and other accounts receivable

Trade and other accounts receivable (in thousands of Euros)	31/12/2008	Of which less than one year	31/12/2007	31/12/2006
Trade accounts receivable	2,476	2,476	1,440	2,525
Provisions for impairment of trade accounts receivable	-253	-253	-183	-191
Tax receivables (research tax credit)	1,523	1,523	884	880
Other receivables from the Government	919	919	313	282
Sundry debtors	128	128	138	158
Provisions for impairment of sundry debtors	0	0		0
Prepaid expenses	287	287	255	301
Total	**5,080**	**5,080**	**2,847**	**3,955**

5.5 – Tax payable debit

The tax payable debit totals EUR 2,173 thousand and mainly consists of the research tax credit for fiscal years 2008, 2007 and 2006, and the tax receivables for SYSTRAN S.A.'s tax loss carry-back.

At the close of fiscal year 2008, the Company posted a research tax credit of EUR 678 thousand. During fiscal year 2007, it posted a research tax credit amounting to EUR 423 thousand for 2007 and EUR 422 thousand for 2006.

This tax debit, consisting of SYSTRAN S.A.'s tax loss carry-back, amounts to EUR 599 thousand.

5.6 – Cash flow and cash flow equivalents

Cash flow and cash flow equivalents (in thousands of Euros)	31/12/2008	31/12/2007	31/12/2006
Financial assets for transactions	8,159	4,399	8,135
Cash	1,375	6,343	2,034
Total	**9,534**	**10,742**	**10,169**

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. 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.

5.7 – Capital and reserves

The capital of the SYSTRAN S.A. company amounts to EUR 14,547,305. The number of ordinary shares issued is 9,542,677. 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 reserves 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.

Capital management:

The Extraordinary General Shareholders Meeting on 20 June 2008 authorised the Board of Directors to trade SYSTRAN S.A.'s shares. The Board of Directors has not made use of this authorisation.

The Extraordinary General Shareholders Meeting on 20 June 2008 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 20 June 2008 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.

The Extraordinary General Shareholders Meeting on 20 June 2008 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.

The Extraordinary General Shareholders Meeting on 22 June 2007 authorised the Board of Directors to trade SYSTRAN S.A.'s shares. The Board of Directors has not made use of this authorisation.

The Extraordinary General Shareholders Meeting on 22 June 2007 authorised the Board of Directors to reduce the Company's capital stock. The Board of Directors meeting on 8 February 2008 used this authorisation to cancel 449,398 shares.

The Extraordinary General Meeting on 22 June 2007 authorised 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 authorisation.

The Extraordinary General Shareholders Meeting on 23 June 2006 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.

The Extraordinary General Shareholders Meeting on 24 June 2005 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.

Number of shares in circulation (excluding treasury shares):

Capital and reserves (number of shares)	31/12/2008	31/12/2007	31/12/2006
Opening number of shares for the fiscal year	9,542,677	9,763,863	9,848,095
Treasury shares	-241,617	-241,186	-145,657
Increase in capital			
Stock-option plan			
- exercised options			
- stock options exercised		20,000	61,425
Closing number of shares for the fiscal year	**9,301,060**	**9,542,677**	**9,763,863**

The Group held 241,617 shares on 31 December 2008 as compared with 449,398 shares on 31 December 2007 and 208,212 shares on 31 December 2006.

At the Board of Directors meeting on 8 February 2008, the Board of Directors decided to cancel the 449,398 shares held as of 31 December 2007.

Number of shares authorised:

The authorisations given by Extraordinary General Meetings and not used as of 30 June 2008 were as follows:
- EGM on 20 June 2008: An option to increase the capital to a maximum amount of EUR 15 million, granted to the Board of Directors, and;
- EGM on 22 June 2007: 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 12,254,090.

Stock options:

Stock options awarded to the Group's employees										Total
Date of the General Shareholders Meeting	06.03.01	9.11.2001				25.06.04		22.06.07	22.06.07	
Date of the Board of Directors meeting	01.02.01	9.11.01	4.02.02	13.03.03	23.12.03	14.02.06	9.02.07	08.02.08	25.09.08	
Total number of shares that can be subscribed or purchased	97,668	28,000	56,175	100,000	100,000	10,000	15,000	315,000	0	721,843
of which shares that can be subscribed or bought by members of the Executive Committee	-		-	100,000	100,000			200,000		400,000
Starting point for exercise of the options	01.02.06	9.11.05	4.02.06	13.03.07	23.12.07	14.02.10	9.02.11	8.02.12		
Expiry date	31.01.09	8.11.09	3.02.10	12.03.11	22.12.11	13.02.14	8.02.15	7.02.16		
Strike price (in Euros)	4,6	1.64	1.94	1.21	4.61	3.93	3.92	1.57		
Conditions of exercise	Options will be permanently vested to the recipients only by equal thirds on the date of the 1^{st}, 2^{nd} and 3^{rd} 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 of its subsidiaries.									
Number of shares subscribed as of 31/12/2008	-	72,000	23,825	-	-		-		-	
Closing number of exercisable shares for the fiscal year	97,668	28,000	56,175	100,000	100,000		-		-	381,843
of which, options in the money	-	-	-	*100,000*	-	-	-		-	*100,000*
Movements during the period										
Exercised options								315,000	270,000	585,000
Expired options	-	-	-	-	-	-			-	-
Cancelled options	-	-	-	-	-	-			270,000	270,000
Exercised options	-	-	-	-	-	-			-	-

5.8 – Provisions

Provisions (in thousands of Euros)	31/12/2008	31/12/2007	31/12/2006
Non-current provisions	13	7	7
Current provisions	300	34	75
Total	**313**	**41**	**82**

Non-current provisions consist of the provision for retirement obligations. The Group's retirement obligations were entirely provisioned at closure of the fiscal year, in conformity with IAS 19. Given the average age and seniority of the workforce, the obligations amount as of 31 December 2008 is insignificant. The provision amounts to EUR 13.2 thousand.

The pension obligations concern only the retirement allowance that will be payable to the Group's French employees when they retire, in application of the SYNTEC collective agreement. The main assumptions adopted on 31 December 2008 are as follows:

- Capitalisation rate: 6%;
- Annual wage increase rate: 3%;
- Annual attendance rate: 94%;
- mortality table: TV 88-90.

The details of the current provisions are as follows:

Current provisions (in thousands of Euros)	31/12/2007	Allocations	Use	Reversals (*)	Conversion adjustments	31/12/2008
Provision for litigation	34	272	-4	-2	0	300
Provisions for obligations to customers	0	0	0	0	0	0
Other						
Total	**34**	**272**	**-4**	**-2**	**0**	**300**

(*) Reversals of provisions no longer applicable

Provisions established for obligations with respect to customers cover costs of warranties, product returns, penalties, and losses on current contracts.

5.9 – Financial liabilities

Financial liabilities (in thousands of Euros)	Gross amount 31/12/2006	Gross amount 31/12/2007	Gross amount 31/12/2008	Less than one year	1 to 5 years
Repayable COFACE advances	116	0	0	0	0
Loans and financial liabilities	29	17	18	14	4
Financing leases	142	228	206	83	123
Total	***287***	***245***	***224***	***97***	**127**

The financing lease liabilities correspond mainly to vehicles and leased computer equipment. 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.

None of the liabilities has a due date greater than 5 years.

Due dates (in thousands of Euros)	31/12/2008	31/12/2007	31/12/2006
< 1 year	105	115	121
Between 1 and 5 years	136	146	175
> 5 years	0	0	0
Total (*)	**241**	**261**	**296**

(*) Future due dates include the corresponding interest expense.

5.10 – Deferred tax credit

Deferred tax credit (in thousands of Euros)	Intangible	Tax Losses	Other	Total
2006 opening	**5,522**		**-11**	**5,511**
Posted in income statement		-125	67	-58
Posted in shareholders' equity				
Exchange rate fluctuations				
On 31/12/2006	**5,522**	**-125**	**56**	**5,453**
Posted in income statement		-476	111	-365
Posted in shareholders' equity				
Exchange rate fluctuations				
On 31/12/2007	**5,522**	**-601**	**167**	**5,088**
Posted in income statement	-3,860	601	-167	-3,426
Posted in shareholders' equity				
Exchange rate fluctuations				
On 31/12/2008	**1,662**	**0**	**0**	**1,662**

The deferred tax liability for other intangible fixed assets has reversed the provision for their partial impairment, amounting to EUR 3.9 million for the year.

The tax debits, which originated from SYSTRAN S.A.'s brought-forward tax losses and amounted to EUR 601 thousand as of 31 December 2007, have been entirely reversed.

5.11 – Operating liabilities

Operating liabilities (in thousands of Euros)	31/12/2008	31/12/2007	31/12/2006
Supplier debts	724	844	895
Other tax and welfare debts	851	704	700
Other liabilities	67	0	0
Deferred revenue	1,412	1,902	1,538
Total (*)	**3,054**	**3,450**	**3,133**

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

The due date for all of the operating debts described above is less than one year at each of the year-end dates shown.

6- Financial risk management

6.1 – Credit risk

The credit risk is the risk that the Group will incur a financial loss if a customer or a counterpart in a financial instrument fails in its contractual obligations. This risk is mainly derived from trade accounts receivable.

SYSTRAN'S principal customers are major corporate customers (administrations and large corporations), for which there is no bad debt to date. For all other customers, SYSTRAN applies a policy of payment with order, to avoid this type of risk.

Payment terms vary by customer type:

Customer	Invoicing method	Payment terms
Corporate	Licences: annual or lifetime fee Services: invoiced according to work progress or upon completion, depending on the contract	Licences: 30 to 90 days Services: 60 to 90 days
Distributors	Invoiced upon delivery of goods	60 to 120 days
Services to administrations	Invoiced based on contractual schedules (every 3 or 6 months depending on the contract)	Europe: 60 days United States: 90 to 120 days

The financial assets are stated in notes 5.4 and 5.6 but exclude tax and welfare receivables.

Maximum exposure to credit risk corresponds to the book value of the financial assets described in the notes specified above.

The maximum exposure to credit risk concerning trade accounts receivable at year-end, analysed by geographical area, is as follows:

Trade accounts receivable (in thousands of Euros)	31/12/2008	31/12/2007	31/12/2006
Europe	1,017	801	1,094
North America	1,313	376	1,107
Total	**2,330**	**1,177**	**2,201**

The ages of trade accounts receivable at year-end break down as follows:

Age of trade accounts receivable (in thousands of Euros)	31/12/2008	31/12/2007	31/12/2006
Not yet due	830	702	1,511
Due	1,500	475	690
Outstanding for less than 3 months	*1,178*	*165*	*287*
Outstanding for between 3 months and 1 year	*18*	*34*	*139*
Outstanding for more than 1 year	*304*	*276*	*264*
Total	**2,330**	**1,177**	**2,201**

During the fiscal year, impairment of trade accounts receivable has changed as follows:

Closing accumulated impairment (in thousands of Euros)	31/12/2008	31/12/2007	31/12/2006
Opening accumulated impairment	183	191	173
Booked loss in value	78	23	31
Release of bad debts	-9	-30	-10
Conversion adjustments (currency)	1	-1	-2
Cumul	**253**	**183**	**191**

6.2 – Liquidity risk

The liquidity risk is the risk that the Group will have difficulty in honouring its debts when they become due. The Group's approach to managing this risk is to ensure that, whenever possible, it still has sufficient liquidity to honour its liabilities when they become due.

Details of shares issued or loans raised	Fixed rate or variable rate	Total amount (in thousands of Euros)	Terms	Existence or lack of coverage
Repayable COFACE advances	0%	0		
Loans and financial liabilities	Fixed rate	18		No
Financing leases	Fixed rate	206	Between 1 and 5 years	No
Total		**224**		

The financial liabilities are stated in notes 5.8 and 5.10 but exclude deferred tax payables. The residual contractual due dates of the financial liabilities are analysed in the notes specified above.

6.3 – Foreign currency exchange risk

The Group's exposure to foreign currency exchange risk relates mainly to US Dollars (USD). SYSTRAN S.A.'s foreign subsidiary companies invoice their services in local currency and incur costs that are also stated in local currency. In addition, SYSTRAN S.A. holds US Dollars and so is exposed to foreign currency exchange risk related to that currency. The parent company also bears the risk on foreign currency exchange related to intercompany transactions. In reality, this risk concerns only Euro-zone companies. The Group does not carry out transactions involving exchange derivatives. The Group's exposure to foreign currency exchange risk is analysed as follows, based on the notional amounts at the year-end of the fiscal years concerned:

Net position after management (net assets) (in thousands of Euros)	31/12/2008	31/12/2007	31/12/2006
Financial assets of Euro-zone companies, in USD	997	6,612	5,473
Financial liabilities of Euro-zone companies, in USD	-122	-336	-153
Net position before management (in USD)	875	6,276	5,320
Coverage derivatives			
Total	**875**	**6,276**	**5,320**

Analysis of the net earnings's sensitivity to USD foreign exchange risk measures the effect of a variation in that currency on cash held in USD in the Euro-zone companies.

A 10% decrease (increase) in the Euro against the US Dollar on 31 December would result in the following increase (decrease) in net income. For the purposes of this analysis, all other variables, and notably interest rates, are assumed to remain constant.

(in thousands of Euros)	31/12/2008	31/12/2007	31/12/2006
Impact on net income	59	418	344

6.4 – Interest rate risk

At the end of the fiscal year, the main interest rate details of related instruments are as follows:

(in thousands of Euros)	31/12/2008	31/12/2007	31/12/2006
Fixed-rate instruments			
Financial assets	7,411	0	0
Financial liabilities	224	245	171
Net value	*7,187*	*-245*	*-171*
Variable-rate instruments			
Financial assets	1,376	10,741	10,169
Financial liabilities	0	0	0
Net value	*1,376*	*10,741*	*10,169*

Interest rate risk sensitivity analysis

SYSTRAN's financial debt amounts to EUR 224 thousand and is insignificant, as the Company has no net debt. In addition, most of this debt consists in fixed-rate leasing contracts. Given the Company's low level of indebtedness, it is not exposed to the risk of interest rate fluctuations on its existing debt. Furthermore, the Group does not carry out transactions involving interest rate instruments. In this context, analysis of sensitivity to interest rate risk mainly relates to the Group's cash investments. The stipulated rate change is deemed to be effective at the beginning of the fiscal year and remain constant throughout the fiscal year. On this basis, a 100 base-point variation in interest rates would result in the following increase (decrease):

(in thousands of Euros)	31/12/2008	31/12/2007	31/12/2006
Impact on shareholders' equity	14	107	102
Impact on net income	14	107	102

6.5 – Fair value

The Group has no financial assets or liabilities whose fair value is different from the book value, for each of the fiscal years shown.

7- Sundry information

7.1 – Off balance sheet obligations

On 31 December 2008, 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

On 31 December 2008, SYSTRAN's "accepted" obligations to third parties were as follows:

Date	Expiry	Creditor	Subject	Amount
04.2008		African Union Commission	Guarantee for response to RFP	USD 14 thousand

7.2 – Sectorial information

Current operating income (in thousands of Euros)		Europe	North America	Unallocated / eliminated	Consolidated
31/12/2008	(12 months)	-968	892	4	-72
31/12/2007	(12 months)	-702	1,671	-15	954
31/12/2006	(12 months)	-683	1,864	-8	1,173

Sectorial investments (in thousands of Euros)		Europe	North America	Unallocated / eliminated	Consolidated
31/12/2008	(12 months)	187	33	0	221
31/12/2007	(12 months)	239	160	0	399
31/12/2006	(12 months)	342	148	0	490

Sectorial assets (in thousands of Euros)		Europe	North America	Unallocated / eliminated	Consolidated
31/12/2008	(12 months)	11,984	4,854	3,694	20,532
31/12/2007	(12 months)	11,867	6,411	13,577	31,855
31/12/2006	(12 months)	11,562	4,875	15,171	31,608

Sectorial liabilities (in thousands of Euros)		Europe	North America	Unallocated / eliminated	Consolidated
31/12/2008	(12 months)	2,919	1,964	370	5,253
31/12/2007	(12 months)	3,032	3,780	2,696	9,508
31/12/2006	(12 months)	2,629	2,007	4,319	8,955

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

7.3 – Net income per share

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

Income per share – IFRS standards	Fiscal year 2008	Fiscal year 2007	Fiscal year 2006
Basic income per share			
Number of shares used for calculation	9,476,208	9,683,504	9,868,439
Net income per share (in Euros)	-0.75	0.08	0.11
Fully diluted income per share			
Number of shares used for calculation	9,477,040	9,751,972	9,967,016
Net profit per share (in Euros)	-0.75	0.08	0.11

The fully diluted income per share is determined as follows:

Calculation of the fully diluted income per share	Fiscal year 2008	Fiscal year 2007	Fiscal year 2006
Number of ordinary shares	9,476,208	9,683,504	9,868,439
Number of options issued	721,843	1,371,843	1,381,841
Number of options not in the money	-621,843	-1,187,668	-1,177,666
Number of options in the money	100,000	184,175	204,175
Number of shares to acquire with income from dilutive options	-99,168	-115,707	-105,598
Number of diluted shares	9,477,040	**9,751,972**	**9,967,016**
average SYSTRAN share price		*3.27*	*3.91*
Net consolidated income (in thousands of Euros)	-7,107	818	1,085
Fully diluted income per share (in Euros)	**-0.75**	**0.08**	**0.11**

7.4 – Statutory Auditors' Fees

In thousands of Euros	***KPMG***					***GRANT THORNTON***				
	2008	2007	2006	*% N*	*% N-1*	2008	2007	2006	*% N*	*% N-1*
Audit:										
Statutory auditing, (certification & examination of individual and consolidated financial statements)	26	25	24			26	25	24		
Auditing of the US subsidiary SSI by Grant Thornton						14	14	14		
Subtotal	26	25	24	*%*	*100%*	40	39	38	*%*	*100%*
Other services:										
Legal, taxation and corporate										
Information technology										
IFRS		1	1				1	1		
Internal audit						3				
Other: to be specified if > 10% of audit fees						2				
Subtotal	-	-	1	-	-	5	-	1	*- %*	*- %*
TOTAL	**26**	**26**	**25**	***%***	***100%***	**45**	**40**	**39**	***%***	***100%***

3.6 REMINDER OF SYSTRAN FINANCIAL STATEMENTS DRAWN UP IN 2007 AND 2006

The Group's consolidated financial statements published on 31 December 2007 and 31 December 2006 were prepared in accordance with IFRS (International Financial Reporting Standards), as adopted in the European Union. The Group applied the IFRS 1 standard, "First Time Adoption of International Financial Reporting Standards," in order to prepare its financial statements.

The fiscal years 2007 and 2006 are presented respectively in the reference documents D. 08-271 and D.07-0473 submitted to the financial markets authorities on 22 April 2008 and 16 May 2007, respectively.

3.7 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 DECEMBER 2008

Dear Shareholders,

In accordance with the mission assigned to us by your General Shareholders meeting, we present our report on the fiscal year ending 31 December 2008, on:

- the audit of the SYSTRAN company's consolidated financial statements, as attached to this report;
- justification of our assessment;
- the specific checks required by law.

The consolidated financial statements were prepared by the Board of Directors. Our role is to express an opinion on these financial statements, based on our audit.

1. Opinion of the consolidated financial statements

We have performed our audit in accordance with professional standards applicable in France; these standards require the taking of measures to allow us reasonable assurance that the financial statements contain no significant anomalies. An audit consists in checking, through sampling or other selection methods, evidence supporting the amounts and information contained in the consolidated financial statements. It also consists in assessing the accounting policies used, the significant estimates used and the overall financial statement position. We consider that we have gathered sufficient appropriate information to form our opinion.

We certify that the consolidated financial statements give a true and fair view of the financial position, assets and liabilities, and income of the persons and entities comprising the consolidated group in accordance with the IFRS standards as adopted in the European Union.

Without calling into question the opinion expressed above, we draw your attention to the notes “Important events during the year” and “Intangible fixed assets” in the appendix to the consolidated financial statements, which state that your company has recorded a provision for the decrease in the value of its intangible fixed assets for fiscal year 2008.

2. Justification of the assessment

The accounting estimates used in preparing the financial statements as of 31 December 2008 were made by SYSTRAN in a climate of unclear economic prospects due to the current financial and economic crisis. It is in this climate that, pursuant to article L.823-9 of the Commercial Code, we have made our own assessments and state the following:

- The company has applied an impairment test to the value of the intangible fixed assets as described in the paragraph “Posting and presentation methods – Impairment of assets” and the note “Intangible fixed assets” in the appendix of the consolidated financial statements. We have examined this impairment test's details, the cash flow projections and the assumptions used. We have also verified that the above notes in the appendix contain appropriate information. These estimates are based on assumptions that, because of their nature, are incertain, and their results may sometimes be significantly different from the forecast data used.

The assessment we give is in keeping with our approach used to audit the overall consolidated financial statements and therefore helped us to form our unqualified opinion, which is expressed in the first part of this report.

3. Special checks

We have also performed the specific legally-required checks on the information contained in the report of the Board of Directors.

We have no comment to make as to the fair presentation of this information or its consistency with the consolidated financial statements.

Paris La Défense and Paris, 27 April 2009

The Statutory Auditors

KPMG AUDIT

Department of KPMG S.A.

Grant Thornton

French Member of Grant Thornton International

Claire GRAVEREAU

Associate

Vincent FRAMBOURT

Associate

3.8 STATUTORY AUDITORS' REPORTS ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDING 31 DECEMBER 2007 AND 31 DECEMBER 2006

The Statutory Auditors' reports on the consolidated financial statements for the years ending 31 December 2007 and 31 December 2006 are presented respectively in the reference documents D. 08-271 and D. 07-0473 submitted to the financial markets authorities on 22 April 2008 and 16 May 2007.

4 INFORMATION ON THE CORPORATE FINANCIAL STATEMENTS

4.1 CONSOLIDATED INCOME STATEMENT FOR FISCAL YEAR 2008

(in thousands of Euros)	Fiscal year 2008 (12 months)	Fiscal year 2007 (12 months)	Fiscal year 2006 (12 months)
Revenue	4,713	4,977	4,487
Other income	49	30	8
Operating income	**4,762**	**5,007**	**4,495**
Purchases and other external expenses	(2,354)	(2,529)	(2,210)
Taxes, duties and similar payments	(189)	(186)	(253)
Salaries and fringe benefits	(2,834)	(2,869)	(2,569)
EBITDA	**(615)**	**(577)**	**(537)**
Net amortisation and operating provisions	(256)	(157)	(133)
Operating income	**(871)**	**(734)**	**(670)**
Net financial provisions	556	(455)	(192)
Other financial expenses and revenue	899	562	1,504
Financial income	**1,455**	**107**	**1,312**
Current income	**584**	**(627)**	**642**
Net extraordinary provisions	(10,264)	0	198
Other extraordinary expenses and income	(17)	(39)	0
Extraordinary income and expenditure	**(10,281)**	**(39)**	**198**
Income tax	1,277	423	528
Net income	**(8,420)**	**(243)**	**1,368**

4.2 CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2008

ASSETS

(in thousands of Euros)	**31/12/2008**	**31/12/2007**	**31/12/2006**
Intangible fixed assets	5,106	15,087	15,130
Tangible fixed assets	235	254	295
Financial assets	3,494	4,254	3,941
Total fixed assets	**8,835**	**19,595**	**19,366**
Inventory	47	66	O
Trade and other accounts receivable	4,268	3,617	3,043
Cash and investment securities	6,607	6,365	7,221
Total current assets	**10,922**	**10,048**	**10,264**
Prepaid expenses	214	188	215
Conversion adjustment for assets	2	100	2
Total assets	**19,973**	**29,931**	**29,847**

LIABILITIES

(in thousands of Euros)	**31/12/2008**	**31/12/2007**	**31/12/2006**
Capital	14,547	15,232	15,202
Premium accounts	5,395	5,395	5,393
Statutory reserve	465	465	396
Carried forward	5,475	6,511	5,212
Income for the fiscal year	(8,420)	(243)	1,368
Shareholders equity	**17,462**	**27,360**	**27,571**
Provisions for contingencies and expenses	379	224	109
Financial liabilities (excluding bank overdrafts)	0	0	224
Suppliers and other operating debts	1,601	1,798	1,548
Deferred revenue	528	522	389
Conversion adjustment for liabilities	3	27	6
Total external liabilities	**2,511**	**2,571**	**2,276**
Total liabilities	**19,973**	**29,931**	**29,847**

4.3 NOTES TO THE CORPORATE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 DECEMBER 2008

1- Important events during the fiscal year

Changes in related business

Revenue in fiscal year 2008 amounted to EUR 4,713 million compared with EUR 4.977 million in 2007, a decrease of 5.3%.

During the fiscal year, the Company has made an operating loss of EUR 871 thousand as compared with a loss of of EUR 734 thousand in 2007. The financial result amounts to EUR 1,455 thousand as compared with 107 thousand in 2007, due to exchange rate differences and the financial revenue generated during the year.

In 2008, the Company recorded a research tax credit of EUR 678 thousand and a receivable for the tax loss carry-back of EUR 599 thousand. The year's results also included a EUR 10 million provision for the impairment of intangible fixed assets.

Dispute with the European Commission

On 4 October 2003, the Executive Management for Translation of the European Commission launched a request for proposals for development work on the EC-SYSTRAN version for UNIX, which SYSTRAN delivered to the European Commission in 2003. This contract was awarded in January 2004 to a Luxembourg company with no apparent trading activity, which hired all of the workforce that SYSTRAN's Luxembourg subsidiary was obliged to lay off due to the lack of orders from the European Commission. SYSTRAN expressed concerns about this request for proposals, emphasising that the work concerned was likely to affect its intellectual property rights to the software. Receiving no explanation from the Commission, SYSTRAN lodged a complaint with the European Ombudsman on the matter in July 2005. The Ombudsman announced his decision on 23 October 2006, judging that the European Commission was not guilty of misconduct, but made no statement regarding the violation of SYSTRAN's intellectual property rights.

In January 2007, SYSTRAN began proceedings with the European Communities' Trial Court against the European Commission, demanding compensation for the considerable harm it suffered as a result of its intellectual property rights being violated and its know-how being revealed. In May 2007, the European Commission filed its case. On 31 October 2007, SYSTRAN filed its case in reply with the European Communities' Trial Court. The European Commission's plea, which occurred at the end of January 2008, should have closed the pleadings. Contrary to the Company's expectations, the oral arguments did not take place in 2008. On 3 December 2008, the Court issued the parties with a series of questions before closing the pleadings. These questions were mainly intended to determine whether the claim came within the Court's jurisdiction. Accordingly, SYSTRAN filed its response on 30 January 2009. The Court may now make a decision concerning its jurisdiction and, if appropriate, commence the proceedings.

Impairment of assets

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 2008 difficulties and the highly uncertain economic climate, SYSTRAN has revised the assumptions used to assess the value of its intangible assets. As a result, SYSTRAN has recorded a EUR 10 million provision for the impairment of its intangible assets. Their net book value as of 31 December 2008 was EUR 5.1 million.

Dividends received

SYSTRAN S.A. has received a dividend of USD 0.8 million from its subsidiary SYSTRAN USA.

2- Accounting policies

The corporate financial statements were prepared in accordance with the accounting principles of conservatism, historic costs, going-concern, independence of accounting periods and consistency of methods, by applying the Commercial Code's assessment methods.

Revenue

Revenue is recognised as follows:

- Licence revenue is posted at the time of the physical or electronic delivery of the documents, or based on statements sent by the distributors. For temporary licences, revenue is posted prorata temporis over the licence period granted;
- Linguistic services are invoiced as expenses are incurred;
- Advertising revenue from *Portals* is posted based on the statements they send;
- Development contracts are invoiced as expenses are incurred. If services are provided with partners, SYSTRAN, as the project's coordinator and manager, posts the entire services under "Revenue". The share relating to the partners is posted under "Purchases and other external expenses".

Income recognition

Income from linguistic service contracts is calculated according to the completion method.

If a loss is projected, a provision for the loss upon completion is established on a reasonable basis, according to the most probable estimate of the forecast results, including, if necessary, rights to complementary income or claims.

Foreign currency transactions

Foreign currency transactions are converted into their functional currency using the exchange rates applying on the date of the transactions.

Extraordinary income and expenditure

The definition of extraordinary income and expenditure under the French General Accounting Chart of Accounts is applied. It includes items for which recognition is not contingent upon the Company's current operations.

Research and development costs

Co-financed research and development costs are posted under operating expenses according to work progress, and the financed portion is posted as revenue.

Self-financed research and development costs are posted as operating expenses when incurred.

Concessions, patents and licences

Concessions, patents and licences include primarily software licences acquired by the company. This software is amortised on a straight-line basis over periods appropriate to each acquisition, not exceeding 5 years.

Created software, whether for internal or commercial use, is posted under operating expenses.

Goodwill

Goodwill derives primarily from the contribution of assets in 1989 by Gachot S.A., SYSTRAN S.A.'s parent company at the time. It is posted to the balance sheet at contribution value.

It represents customers whose value was assessed on the basis of the forecast profitability of the contracts, and it is impaired over 8 years.

Other intangible fixed assets

Other intangible fixed assets are mainly derived from the partial contribution of assets in 1989 by Gachot S.A., SYSTRAN S.A.'s parent company at the time. They are entered in the balance sheet at contribution value.

The other intangible fixed assets are linguistic assets, i.e. the linguistic programs, language-pair dictionaries and utilities comprising the databases integrated into the marketed software, as well as the corresponding know-how.

These fixed assets have not been impaired as it was judged that, due to their nature, they were legally protected for an indefinite period. They may be subject to impairment if their going concern value decreases.

This protection did not prevent the Company's copyright being violated and its know-how revealed by the European Commission, however, and SYSTRAN has taken legal action against it as a result.

Equity securities

Investment securites are shown in the balance sheet at acquisition cost. In the event of a permanent decline in their going concern value, provisions for impairment are applied.

The going concern value is calculated according to the financial criteria most appropriate to each company's individual situation. The criteria generally selected are the proportion of restated shareholders' equity and prospects for profitability and development.

Trade accounts receivable

Trade accounts receivable are shown in the balance sheet at historic cost. Provisions are constituted on the basis of an evaluation of the risk of not recovering the receivables. These provisions are based on an individual or statistics-based appreciation of this risk.

Investment securities

The investment securities are posted at their acquisition cost. When necessary a provision is made, calculated for each line of securities of the same type, in order to align their value with the average market price over the last month, or with their probable negotiation value for unlisted securities.

Conditional advances

Conditional advances are advances granted by the Government to facilitate development of a project. Their repayment is subject to a number of contractually defined elements (success, break-even point, etc.). Depending on their results, the advances may be:

- repaid, if the project is successful;
- abandoned, if the project fails.

Provisions for contingencies and expenses

These are intended to cover the risks and burdens likely to result from events that have occurred or that are pending, which are clearly specified as to their object, but for which the occurrence, deadline or amount are uncertain.

Retirement obligations

At the time of their retirement, certain of the Company's employees are entitled to a retirement allowance. The corresponding obligations are valued according to the projected credit unit method and are calculated based on the career-end salary. These obligations, subject to provisions against operating expenses, are posted under "Provisions for contingencies and expenses".

3- Notes to the income statement

3.1- Breakdown of revenue

Revenue (in thousands of Euros)	**Fiscal year 2008**	**Fiscal year 2007**	**Fiscal year 2006**
Licences	3,599	4,073	3,484
Services	1,114	904	1,003
Total	**4,713**	**4,977**	**4,487**

3.2- Purchases and other external expenses

Purchases and other external expenses (in thousands of Euros)	**Fiscal year 2008**	**Fiscal year 2007**	**Fiscal year 2006**
Purchases & changes in inventory	55	107	52
Co-contracting	0	0	0
Sub-contracting	48	43	0
Leases of land & buildings	414	357	313
Leases of equipment	209	171	121
Fees	979	1,237	1,447
Copyrights	32	19	5
Marketing, advertising	207	282	-19
Business travel	129	120	90
Telecommunications	83	72	59
Other	198	121	142
Total	**2,354**	**2,529**	**2,210**

3.3- Personnel expenses

Salaries and fringe benefits (in thousands of Euros)	**Fiscal year 2008**	**Fiscal year 2007**	**Fiscal year 2006**
Salaries and benefits	1,969	1,959	1,774
Welfare contributions	865	910	795
Total	**2,834**	**2,869**	**2,569**

The Company's average headcount changed from 38 people in 2006 to 36 in 2007 and then 35 in 2008. The remuneration the Company allocated to its Directors totalled EUR 306 thousand in 2008.

3.4 – Financial income

Financial income (in thousands of Euros)	**Fiscal year 2008**	**Fiscal year 2007**	**Fiscal year 2006**
Provision for foreign exchange risks	114	-98	-2
Financial asset depreciation	442	-357	-190
Net financial provisions	***556***	***-455***	***-192***
Dividends received	601	885	1,364
Capital gains and losses on sale of VMP	14	9	177
Remuneration of bank accounts and shares	132	228	109
Exchange rate gains and losses	152	-651	-146
Abandoning of COFACE advances	0	91	0
Other financial expenses and revenue	***899***	***562***	***1,504***
Total	**1,455**	**107**	**1,312**

The financial income mainly consists in the following:

- A dividend received from the company's subsidiary SYSTRAN USA, amounting to USD 0.8 million in 2008 as compared with USD 1.3 million in 2007 and USD 1.8 million in 2006;
- A foreign exchange profit of EUR 249 thousand as compared with a loss of EUR 749 thousand in 2007 and a loss of EUR 148 thousand in 2006;
- Financial investment revenue of EUR 163 thousand in 2008 as compared with EUR 371 thousand in 2007 and EUR 135 thousand in 2006;
- A net reversal of the provision for impairment of treasury shares, totalling EUR 442 thousand as compared with a net amortisation of EUR 491 thousand in 2007 and EUR 39 thousand in 2006.

3.5 – Extraordinary income

Fiscal year 2008's extraordinary income and expenditure mainly consists of the following:

- Impairment of intangible assets, amounting to EUR 10 million;
- Provisions for litigation, amounting to EUR 264 thousand.

The extraordinary income and expenditure for fiscal year 2007 mainly consisted of compensation paid or received as a result of litigation, amounting to EUR 39 thousand net.

In 2006 the extraordinary income mainly consisted of net reversals of provisions for litigation amounting to EUR 198 thousand.

3.6 – Tax expense

In 2008, due to its tax loss, the Company did not record any closing tax burden, but recorded a research tax credit for 2008 amounting to EUR 678 thousand and a receivable for the tax loss carry-back of EUR 599 thousand.

In view of its tax loss in 2007, the Company did not record any closing tax burden, but instead recorded a research tax credit of EUR 423 thousand for fiscal year 2007.

In view of its tax loss in 2006, the Company did not record any closing tax burden, but instead recorded the EUR 422 thousand research tax credit for fiscal year 2006 and a EUR 106 thousand tax adjustment for 2005.

3.7 – Research & development expenditure

Research and development expenses amounted to EUR 1,572 thousand in 2008 as compared with EUR 1,505 thousand in 2007 and EUR 1,214 thousand in 2006. They were entirely posted as expenses in that fiscal year.

4- Notes to the balance sheet

4.1 – Intangible fixed assets

Intangible fixed assets (in thousands of Euros)	01/01/2008	Increase	Reduction	31/12/2008
Research and development costs				
Gross values (1)				
Amortisation				
Net values	**0**			
Concessions, patents and licences				
Gross values (2)	7,986	60	-237	7,809
Construction work in progress		25		25
Amortisation	-7,885	-66	237	-7,714
Net values	**101**	**19**	**0**	**120**
Goodwill				
Customers	45,994			45,994
Amortisation	-45,994			-45,994
Net values	**0**	**0**	**0**	**0**
Other intangible fixed assets				
Dictionaries and know-how (3)	14,986			14,986
Provisions for impairment		-10,000		-10,000
Net values	**14,986**	**-10,000**	**0**	**4,986**
Total	**15,087**	**-9,981**	**0**	**5,106**

Intangible fixed assets (in thousands of Euros)	01/01/2007	Increase	Reduction	31/12/2007
Research and development costs				
Gross values (1)				
Amortisation				
Net values	**0**	**0**	**0**	**0**
Concessions, patents and licences				
Gross values (2)	7,958	28		7,986
Amortisation	-7,814	-71		-7,885
Net values	**144**	**-43**	**0**	**101**
Goodwill				
Customers	45,994			45,994
Amortisation	-45,994			-45,994
Net values	**0**	**0**	**0**	**0**
Other intangible fixed assets				
Dictionaries and know-how (3)	14,986			14,986
Provisions for impairment				
Net values	**14,986**	**0**	**0**	**14,986**
Total	**15,130**	**-43**	**0**	**15,087**

Intangible fixed assets (in thousands of Euros)	01/01/2006	Increase	Reduction	31/12/2006
Research and development costs				
Gross values (1)				
Amortisation				
Net values	**0**	**0**	**0**	**0**
Concessions, patents and licences				
Gross values (2)	7,787	171		7,958
Amortisation	-7,740	-74		-7,814
Net values	**47**	**97**	**0**	**144**
Goodwill				
Customers	45,994			45,994
Amortisation	-45,994			-45,994
Net values	**0**	**0**	**0**	**0**
Other intangible fixed assets				
Dictionaries and know-how (3)	14,986			14,986
Provisions for impairment				
Net values	**14,986**	**0**	**0**	**14,986**
Total	**15,033**	**97**	**0**	**15,130**

(1) Until 31 December 1998, a portion of research and development expenses was posted to the balance sheet and amortised over three years. As of 1 January 1999, research and development expenses remain as expenses in the fiscal year they are incurred.

(2) The “Concessions, patents and licences” item is essentially comprised of software licences for language pairs acquired by Gachot S.A. and contributed to SYSTRAN in July 1989. This software is fully depreciated.

(3) The gross value of other intangible fixed assets as of 31 December 2008, 2007 and 2006 totalled EUR 15 million, corresponding to the valuation of the language-pair dictionaries, utilities and corresponding know-how contributed in 1989 to SYSTRAN S.A. by Gachot S.A., its parent company at the time.

These intangible fixed assets are recorded only in the parent company’s financial statements although all its subsidiaries benefit from them, and as a result their value is assessed on the basis of consolidated future flows involving the US subsidiary in particular.

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

- Medium-term plans are prepared by Management for 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 on 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.

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 2008 difficulties and the highly uncertain economic climate, SYSTRAN has revised the assumptions used to assess the value of its intangible assets.

The assumptions adopted in the cash flow projections have been revised as a result of these facts and the current highly uncertain economic climate. The main assumptions adopted are as follows:

- Growth in EBITDA on the adopted forecast horizon is tending towards a normative rate of between 12 and 18% of revenue;

- The adopted discount rate is set at 13.0% after tax, to account for the Group's intrinsic risk premium;

- The long-term projected growth rate is 1.5% based on a conservative estimate of growth expected in the relevant geographical areas (Europe and USA) and inflation.

The Enterprise Value assessed this way on 31 December 2008 exceeds the market capitalisation, which is affected by the current severe financial crisis. Nevertheless, this value is less than shareholders' equity as of that date - before impairment. As a result, the Company has recorded a EUR 10 million provision for impairment of these intangible fixed assets. Their net book value as of 31 December 2008 was EUR 5.1 million.

Each year, as already said in paragraph 3.7, the Company also continues to invest in research and development of new products. This R&D expenditure, amounting to between 20 and 25% of revenue, does not fulfill all criteria for immobilisation. These significant regular investments are intended to enable the Company to overcome its current difficulties and resume growth.

4.2 – Tangible fixed assets

Tangible fixed assets (in thousands of Euros)	01/01/2008	Increase	Reduction	31/12/2008
Fittings and other fixed assets				
Gross values	242			242
Construction work in progress				
Amortisation	-85	-24		-109
Net values	**157**	**-24**		**133**
Computer equipment and office equipment and furniture				
Gross values	293	59	-74	278
Amortisation	-196	-54	74	-176
Net values	**97**	**5**	**0**	**102**
Total	**254**	**-19**	**0**	**235**

Tangible fixed assets (in thousands of Euros)	01/01/2007	Increase	Reduction	31/12/2007
Fittings and other fixed assets				
Gross values	236	6		242
Construction work in progress				
Amortisation	-61	-24		-85
Net values	**175**	**-18**	**0**	**157**
Computer equipment and office equipment and furniture				
Gross values	272	21		293
Amortisation	-152	-44		-196
Net values	**120**	**-23**	**0**	**97**
Total	**295**	**-41**	**0**	**254**

Tangible fixed assets (in thousands of Euros)	01/01/2006	Increase	Reduction	31/12/2006
Fittings and other fixed assets				
Gross values	228	8		236
Construction work in progress				
Amortisation	-38	-23		-61
Net values	**190**	**-15**	**0**	**175**
Computer equipment and office equipment and furniture				
Gross values	232	40		272
Amortisation	-116	-36		-152
Net values	**116**	**4**	**0**	**120**
Total	**306**	**-11**	**0**	**295**

4.3 – Financial assets

Financial assets (in thousands of Euros)	Gross 31/12/2008	Provisions	Net 31/12/2008	Net 31/12/2007
Equity securities				
Systran USA (100%)	5,153	-1,935	3,218	3,218
Systran Luxembourg (100%)	1,950	-1,950	0	0
Subtotal	**7,103**	**-3,885**	**3,218**	**3,218**
Related accounts receivable				
Systran USA				
Systran Software				
Subtotal	**0**	**0**	**0**	**0**
Other				
Treasury shares	272	-88	184	948
Loans	92	0	92	88
Subtotal	**364**	**-88**	**276**	**1,036**
Total	**7,467**	**-3,973**	**3,494**	**4,254**

Financial assets (in thousands of Euros)	**Gross 31/12/2007**	**Provisions**	**Net 31/12/2007**	**Net 31/12/2006**
Equity securities				
Systran USA (100%)	5,153	-1,935	3,218	3,218
Systran Luxembourg (100%)	1,950	-1,950		
Subtotal	**7,103**	**-3,885**	**3,218**	**3,218**
Related accounts receivable				
Systran USA				
Systran Software				
Subtotal	**0**	**0**	**0**	**0**
Other				
Treasury shares	1,478	-530	948	644
Loans	88		88	79
Subtotal	**1,566**	**-530**	**1,036**	**723**
Total	**8,669**	**-4,415**	**4,254**	**3,941**

Financial assets (in thousands of Euros)	**Gross 31/12/2006**	**Provisions**	**Net 31/12/2006**	**Net 31/12/2005**
Equity securities				
Systran USA (100%)	5,153	-1,935	3,218	3,218
Systran Luxembourg (100%)	1,950	-1,950		
Subtotal	**7,103**	**-3,885**	**3,218**	**3,218**
Related accounts receivable				
Systran USA				
Systran Software				6
Subtotal	**0**	**0**	**0**	**6**
Other				
Treasury shares	683	-39	644	228
Loans	79		79	76
Subtotal	**762**	**-39**	**723**	**304**
Total	**7,865**	**-3,924**	**3,941**	**3,528**

The gross values of the American companies' investments (the holding company SYSTRAN USA and its subsidiary company, SYSTRAN Software Inc.) derive from the contribution of Gachot S.A. to SYSTRAN S.A. in 1989. A reversal of the provision for impairment of SYSTRAN USA's shares was posted in 2005 to take into account the improvement in the financial situation and prospects of the company, which owns 100% of SYSTRAN Software Inc.'s shares.

SYSTRAN Luxembourg was "put to sleep" in 2003. Consequently, the shares are fully impaired on the basis of the subsidiary's net situation. The provision balance to cover the subsidiary's negative net situation amounts to EUR 64 thousand.

During the course of 2008, the company bought 241,617 of its own shares totalling EUR 272 thousand and still held them at the close of fiscal year 2008. These shares were acquired as part of the stock acquisition plan authorised at the Extraordinary Shareholders Meeting of 20 June 2008. Due to it cancelling the shares it already held, the Company held 241,617 treasury shares totalling EUR 272 thousand as of 31 December 2008. In view of the share price at the end of fiscal year 2008 (EUR 0.76 per share), a EUR 88 thousand provision for impairment of these shares was recorded.

The Extraordinary General Shareholders Meeting on 22 June 2007 authorised the Board of Directors to reduce the Company's capital stock. The Board of Directors meeting on 8 February 2008 used this authorisation to cancel 449,398 shares.

During the course of 2007, the company bought 241,186 of its own shares totalling EUR 795 thousand and still held them at the close of fiscal year 2007. These shares were acquired as part of the stock acquisition plans authorised at the Extraordinary Shareholders Meetings on 22 June 2007 and 23 June 2006. Due to its existing holding on 31 December 2006 and the fact that it did not dispose of any of the shares during the year, the Company held 449,398 shares totalling EUR 1,478 thousand as of 31 December 2007. In view of the share price at the end of the fiscal year 2007 (EUR 2.11 per share), a EUR 530 thousand provision for impairment of these shares was recorded.

During the first quarter of 2006, the Company disposed of the 62,555 treasury shares, worth EUR 297 thousand, that it held at the end of 2005. The resulting EUR 68 thousand capital gain was recorded as financial income. During the second quarter of 2006, the company bought 208,212 of its own shares totalling EUR 683 thousand and still held them at the close of fiscal year 2006. These shares were acquired as part of the stock acquisition plan authorised at the Extraordinary Shareholders Meeting of 23 June 2006. In view of the share price at the close of fiscal year 2006 (EUR 3.09 per share), a EUR 39 thousand provision for impairment of these shares was recorded.

4.4 – Trade and other accounts receivable

Trade and other accounts receivable (in thousands of Euros)	31/12/2008	31/12/2007	31/12/2006
Trade accounts receivable *	2,110	2,633	2,021
Provisions for depreciation of trade accounts receivable	-249	-181	-163
Other accounts receivable	2,407	1,165	1,185
Total	**4,268**	**3,617**	**3,043**

** Including invoices not yet issued at 31 December 2008, amounting to EUR 216 thousand incl. VAT (i.e. EUR 215 thousand excl. VAT).*

All of these accounts receivable have due dates of less than one year at the end of the fiscal year.

4.5 – Prepaid expenses

Prepaid expenses amounted to EUR 214 thousand as of 31 December 2008.

4.6 – Shareholders' equity

The Company's capital stock totalled EUR 14,547,305, consisting of 9,542,677 shares, after decreasing its capital by EUR 685,084 by cancelling the 449,398 shares held as of 31 December 2007.

Shareholders' equity may be broken down as follows:

(in thousands of Euros)	Capital	Premiums and reserves	Carried forward	Income for the fiscal year	Total shareholders' equity
On 31/12/2005	**15,109**	**5,567**	**1,210**	**4,213**	**26,099**
Increase in capital	93	11			104
Allocation of 2005 income		211	4,002	-4,213	0
Income for fiscal year 2006				1,368	1,368
On 31/12/2006	**15,202**	**5,789**	**5,212**	**1,368**	**27,571**
Allocation of 2006 income		69	1,299	-1,368	0
Increase in capital	30	2			32
Income for fiscal year 2007				-243	-243
On 31/12/2007	**15,232**	**5,860**	**6,511**	**-243**	**27,360**
Allocation of 2007 income			-243	243	0
Increase in capital					
Capital reduction	-685		-793		-1,478
Income for fiscal year 2008				-8,420	-8,420
On 31/12/2008	**14,547**	**5,860**	**5,475**	**-8,420**	**17,462**

4.7 – Provisions for contingencies and expenses

Provisions for contingencies and expenses (in thousands of Euros)	31/12/2007	Increase	Reduction	31/12/2008
Provision for litigation	8	272	-8	272
Provision for product returns	28			28
Provisions for contingencies				
SYSTRAN Luxembourg provision	64			64
Provision for restructuring				
Provision for foreign exchange losses	117	2	-117	2
Provision for retirement obligations	7	6		13
Total	**224**	**280**	**-125**	**379**

Provisions for contingencies and expenses (in thousands of Euros)	31/12/2006	Increase	Reduction	31/12/2007
Provision for litigation	8			8
Provision for product returns	28			28
Provisions for contingencies				
SYSTRAN Luxembourg provision	64			64
Provision for restructuring				
Provision for foreign exchange losses	2	117	-2	117
Provision for retirement obligations	7			7
Total	**109**	**117**	**-2**	**224**

4.8 – Financial liabilities (excluding bank overdrafts)

Financial liabilities (excl. CBC) (in thousands of Euros)	Gross 31/12/2006	Gross 31/12/2007	Gross 31/12/2008
Repayable COFACE advances	116	0	0
Loans and financial liabilities	108	0	0
Total	**224**	**0**	**0**

4.9 – Suppliers and other operating debts

Suppliers and other operating debts (in thousands of Euros)	Gross 31/12/2006	Gross 31/12/2007	Gross 31/12/2008	Less than 1 year
Supplier debts *	1,002	1,232	860	860
Tax and welfare debts	532	534	694	694
Other liabilities	14	32	47	47
Total	**1,548**	**1,798**	**1,601**	**1,601**

** Including expenses outstanding on 31 December 2008, amounting to EUR 313 thousand incl. VAT (i.e. EUR 271 thousand excl. VAT).*

4.10 – Deferred revenue

Deferred revenue results from applying accounting rules on revenue as described in paragraph 2. On 31 December 2008, their breakdown was as follows (in thousands of Euros):

Deferred revenue (in thousands of Euros)	31/12/2008	31/12/2007	31/12/2006
Licences	384	389	292
Professional Services	144	133	97
Total	**528**	**522**	**389**

5- Sundry information

5.1 – Off balance sheet obligations

On 31 December 2008, 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

On 31 December 2008, SYSTRAN's "accepted" obligations to third parties were as follows:

Date	Expiry	Creditor	Subject	Amount
04.2008		African Union Commission	Guarantee for response to RFP	USD 14 thousand

Retirement obligations

Given the low average age of the Company's personnel, retirement obligations total EUR 13.2 thousand. They are fully provided for.

Financial leasing commitments

Financial leasing commitments (in thousands of Euros)	**31/12/2008**
Historical cost	**536**
Amortisation	
Total for previous fiscal years	247
Current fiscal year	92
Total	339
Net value	**197**
Paid leases	
Total for previous fiscal years	164
Current fiscal year	101
Total	**265**
Leases to be paid	
Maximum of one year	91
One year to five years	132
Over five years	0
Total	**223**

5.2 – Underlying tax

The carried-forward tax loss amounted to EUR 1,802 thousand as of 31 December 2007. A EUR 599 thousand receivable for the tax loss carry-back was recorded on 31 December 2008.

5.3 – Financial instruments

The Company does not use financial instruments to reduce its exposure to rate risks.

5.4 – Stock option plan

Stock options awarded to the Group's employees										Total
Date of the General Shareholders Meeting	06.03.01	9.11.2001				25.06.04		22.06.07	22.06.07	
Date of the Board of Directors meeting	01.02.01	9.11.01	4.02.02	13.03.03	23.12.03	14.02.06	9.02.07	08.02.08	25.09.08	
Total number of shares that can be subscribed or purchased	97,668	28,000	56,175	100,000	100,000	10,000	15,000	315,000	0	721,843
of which shares that can be subscribed or bought by members of the Executive Committee	-		-	100,000	100,000			200,000		400,000
Starting point for exercise of the options	01.02.06	9.11.05	4.02.06	13.03.07	23.12.07	14.02.10	9.02.11	8.02.12		
Expiry date	31.01.09	8.11.09	3.02.10	12.03.11	22.12.11	13.02.14	8.02.15	7.02.16		
Strike price (in Euros)	4.6	1.64	1.94	1.21	4.61	3.93	3.92	1.57		
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 of its subsidiaries.									
Number of shares subscribed as of 31/12/2008	-	72,000	23,825	-	-		-		-	
Closing number of exercisable shares for the fiscal year	97,668	28,000	56,175	100,000	100,000		-		-	381,843
of which, options in the money	-	-	-	*100,000*	-	-	-		-	*100,000*
Movements during the period										
Exercised options								315,000	270,000	585,000
Expired options	-	-	-	-	-	-			-	-
Cancelled options	-	-	-	-	-	-			270,000	270,000
Exercised options	-	-	-	-	-	-			-	-

5.5 – Items concerning related parties

Related companies are those likely to be fully consolidated into the same scope of consolidation. Consequently, all SYSTRAN S.A. subsidiaries are related companies.

(in thousands of Euros)	31/12/2008	31/12/2007	31/12/2006
Shareholdings			
Gross value	7,103	7,103	7,103
Provisions	(3,885)	(3,885)	(3,885)
Net value	**3,218**	**3,218**	**3,218**
Related accounts receivable			
Gross value	0	0	0
Provisions			
Net value	**0**	**0**	**0**
Trade accounts receivable and related accounts	983	1,691	733
Trade accounts payable and related accounts	307	527	248
Borrowing	0	0	98
Financial income	600	885	1,364
Income from related business		-	-
Licences (income)	872	1,227	1,165
Services (income)	568	531	748
Services (expenses)	265	305	315

5.6 – Table of subsidiaries and interests

Detailed information on each subsidiary company and investment (in thousands of Euros)	Capital (*)	Other shareholders' equity (*)	Share of capital held in %	Gross value of shares held	Net value of shares held	Loans and advances granted	Guarantees and backing given	Net revenue for fiscal year ending 31/12/2008	Results of the fiscal year ending 31/12/2008 (**)	Dividends paid	Comments
1. Subsidiary companies (shareholding > 50%)											
Systran USA	1,866	(663)	100%	5,193	3,218	-	-	-	547	600	Holding company controlling 100% of Systran Software Inc.
Systran Luxembourg S.A.	124	(176)	100%	1,950	-	-	248	-	(8)	-	
2. Other investments (shareholding between 10% and 50%)											
None	-	-	-	-	-	-	-	-	-	-	

(*) Figures stated in Euros for SYSTRAN USA. 1 USD = 0.7185 Euro. Exchange rate as of 31 December 2008
(**) Figures stated in Euros for SYSTRAN USA. 1 USD = 0.6833 Euro. Average rate for fiscal year 2008

5.7 – Statutory Auditors' Fees

In thousands of Euros	KPMG					GRANT THORNTON				
	2008	2007	2006	% N	% N-1	2008	2007	2006	% N	% N-1
Audit:										
Statutory auditing (certification & examination of individual and consolidated financial statements)	26	25	24			26	25	24		
Auditing of the US subsidiary SSI by Grant Thornton						14	14	14		
Subtotal	26	25	24	%	100%	40	39	38	%	100%
Other services:										
Legal, taxation and corporate										
Information technology										
IFRS		1	1				1	1		
Internal audit						3				
Other: to be specified if > 10% of audit fees						2				
Subtotal	-	-	1	-	-	5	-	1	- %	- %
TOTAL	**26**	**26**	**25**	**%**	**100%**	**45**	**40**	**39**	**%**	**100%**

4.4 COMPANY INCOME DURING THE LAST FIVE FINANCIAL YEARS (IN EUROS)

Type of income item	2008	2007	2006	2005	2004
Capital at year-end					
a) Capital stock	14,547,305	15,232,389	15,201,989	15,108,623	15,086,735
b) Number of shares					
- common	9,542,677	9,992,075	9,972,075	9,910,650	9,896,250
- preferred					
c) Maximum number of shares to be issued					
- by conversion of bonds					
- by subscription right					
Transactions and Income					
a) Revenue net of taxes	4,713,350	4,977,358	4,487,076	6,549,356	5,774,084
b) Income before taxes, profit-sharing, amortisation and provisions	927,804	(509,484)	984,062	3,215,679	1,894,898
c) Income taxes	1,276,891	422,644	511,620	(762,393)	(85,750)
d) Employee profit-sharing					
e) Amortisation and provisions	(10,624,736)	(156,562)	(128,711)	1,759,723	(344,865)
f) Net income	(8,420,041)	(243,403)	1,367,511	4,213,010	1,464,283
g) Distributed income					
Income per share					
a) Income after taxes and profit-sharing, and before amortisation and provisions	0.23	(0.05)	0.15	0.25	0.20
b) Income after taxes, profit-sharing, amortisation and provisions	(0.88)	(0.02)	0.14	0.43	0.15
c) Allotted dividend					
Employees					
a) Average number of employees	35	35	38	29	25
b) Total salaries	1,920,361	1,959,000	1,774,000	1,689,000	1,079,927
c) Amounts paid as welfare benefits (Social Security, etc.)	913,287	910,000	795,000	766,000	442,797

4.5 STATUTORY AUDITORS' REPORT ON THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 DECEMBER 2008

Dear Shareholders,

In accordance with the mission assigned to us by your General Shareholders meeting, we present our report on the fiscal year ending 31 December 2008, on:

- the audit of SYSTRAN S.A.'s annual financial statements, as attached to this report;
- justification of our assessment;
- the specific checks and information required by law.

The annual financial statements have been prepared by the Board of Directors. Our role is to express an opinion on these financial statements, based on our audit.

1. Opinion of the annual financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we take measures to obtain reasonable assurance that the annual financial statements are free of material misstatements. An audit consists in checking, through sampling or other selection methods, evidence supporting the amounts and information contained in the annual financial statements. It also consists in assessing the accounting policies used, the significant estimates used and the overall financial statement position. We consider that we have gathered sufficient appropriate information to form our opinion.

We certify that the annual financial statements give a true and fair view of the financial position and the assets and liabilities of the Company and the results of its operations for the year then ended, in accordance with French accounting rules and principles.

Without calling into question the opinion expressed above, we draw your attention to the notes "Important events during the year" and "Intangible fixed assets" in the appendix to the annual financial statements, which state that your company has recorded a provision for the decrease in the value of its intangible fixed assets for fiscal year 2008.

2. Justification of the assessment

The accounting estimates used in preparing the financial statements as of 31 December 2008 were made by SYSTRAN in a climate of unclear economic prospects due to the current financial and economic crisis. It is in this climate that, pursuant to article L. 823-9 of the Commercial Code, we have made our own assessments and state the following:

- The company has applied an impairment test to the value of the intangible fixed assets as described in the paragraph "Posting and presentation methods – Other intangible fixed assets" and the note "Intangible fixed assets" in the appendix of the annual financial statements. We have examined this impairment test's details, the cash flow projections and the assumptions used. We have also verified that the above notes in the appendix contain appropriate information. These estimates are based on assumptions that, because of their nature, are incertain, and their results may sometimes be significantly different from the forecast data used;

- On the basis of the elements available to us, we ensured that the value selected for the equity securities was based on the restated net situation and the prospects for the relevant subsidiaries, as is pointed out in the note “Posting and presentation methods” of the appendix.

The assessments we give are in keeping with our approach used to audit the overall annual financial statements and therefore helped us to form our unqualified opinion, which is expressed in the first part of this report.

3. Specific checks and information

We have also performed the specific checks required by law.

We have no comment to make as to the following:

- The fair presentation of the information given in the Board of Directors' management report and in the documents sent to shareholders on the financial situation and annual financial statements, nor as to its consistency with the consolidated financial statements;
- The sincerity of the information provided in the management report relating to the salaries and welfare benefits paid to the directors concerned and to the commitments made to them when they assume, cease or change their functions or afterwards.

Pursuant to the law, we have checked that the various items of information relating to the identity of the holders of the capital (or voting rights) has been provided to you in the management report.

Paris La Défense and Paris, 27 April 2009

The Statutory Auditors

KPMG AUDIT
Department of KPMG S.A.

Claire GRAVEREAU
Associate

Grant Thornton
French Member of Grant Thornton International

Vincent FRAMBOURT
Associate

4.6 FINANCIAL STATEMENTS AND STATUTORY AUDITORS' REPORT FOR THE YEARS ENDING 31 DECEMBER 2007 AND 31 DECEMBER 2006

The corporate financial statements, general Statutory Auditors' reports on the corporate financial statements and the special Statutory Auditors' reports on the regulated agreements for the years ending 31 December 2007 and 31 December 2006, are presented respectively in the reference documents D. 08-271 and D. 07-0473 submitted to the financial markets authorities on 22 April 2008 and 16 May 2007.

4.7 HISTORY OF THE CAPITAL

The following operations took place during the completed fiscal year:

- The issuing of 5,000 new shares as the result of one of the Company's employees exercising his subscription options, as noted at the Board of Directors meeting on 8 February 2008. The Board of Directors increased the Company's capital stock of EUR 7,600, bringing it to EUR 15,232,389;
- At its meeting on 8 February 2008, the Board of Directors, with the approval of the Combined General Shareholders meeting on 22 June 2007, resolved, pursuant to article L. 225-209 of the Commercial Code, to cancel 449,398 treasury shares that the Company held on 31 December 2007, and resolved to decrease the capital stock by EUR 685,084, bringing it from EUR 15,232,389 to 14,547,305. The creditors did not oppose the operation within the legally-permitted period.

As of 31 December 2008, the capital totals EUR 14,547,305. The total number of shares issued as of 31 December 2008 is 9,542,677.

Date	Type of transaction	Change in capital	Change in the issuance and/or contribution premium	No. shares before	No. shares after	Par value	Capital stock
Jan-86	Starting capital of S.A.R.L. SOISY TRADUCTION	FRF 50,000			500	FRF 100	FRF 50,000
Dec-88 (EGM of 30.12.88)	Capital increase by offset with receivables due and payable and conversion to SYSTRAN S.A.	FRF 550,000	FRF 110,000	500	6,000	FRF 100	FRF 600,000
Jun-89 (EGM of 30.06.89)	Reduction in face value	0	0	6,000	12,000	FRF 50	FRF 600,000
Jun-89 (ditto)	Capital increase by partial contribution of assets	FRF 300,000,000	FRF 145,844,423	12,000	6,012,000	FRF 50	FRF 300,600,000
Aug-90 (EGM of 26.10.89)	Capital increase by offset with receivables due and payable	FRF 1,700,000	FRF 544,000	6,012,000	6,046,000	FRF 50	FRF 302,300,000
Jun-91 (CGM of 28.06.91)	Capital increase by transfer of the contribution premium	FRF 100,766,650	FRF -100,766,650	6,046,000	8,061,333	FRF 50	FRF 403,066,650
(ditto)	and by offset with receivables due and payable	FRF 46,933,350	0	8,061,333	9,000,000	FRF 50	FRF 450,000,000
Mar-00 (CGM of 6.03.00)	Allocation to the premium of a portion of losses carried forward from previous years	0	FRF -45,731,773	9,000,000	9,000,000	FRF 50	FRF 450,000,000
(ditto)	and capital decrease by reduction in the par value of each share	FRF -360,000,000	0	9,000,000	9,000,000	FRF 10	FRF 90,000,000
May-00 (CGM of 3.05.00)	Increase in reserved capital by offset from receivables, and conversion to euros	FRF 1,350,000	0	9,000,000	9,135,000		EUR 13,926,217
Sep-00 (CGM of 3.05.00)	Capital increase applied during the IPO on the Nouveau Marché of the Paris Stock Exchange.	EUR 1,160,518	FRF 26,842,461	9,135,000	9,896,250		EUR 15,086,735
Nov-05	Capital increase by exercising of options	EUR 21,888	EUR 1,728	9,896,250	9,910,650		EUR 15,108,623
Jan-06	Capital increase by exercising of options	EUR 42,560		9,910,650	9,938,650		EUR 15,151,183
May-06	Capital increase by exercising of options	EUR 22,192		9,938,650	9,953,250		EUR 15,173,375
May-06	Capital increase by exercising of options	EUR 28,614		9,953,250	9,972,075		EUR 15,201,989
2007	Capital increase by exercising of options	EUR 30,400		9,972,075	9,992,075		EUR 15,232,389
2008	Capital decrease through cancellation of options	EUR (685,084)		9,992,075	9,542,677		EUR 14,547,305

4.8 STOCK OPTIONS

4.8.1 Plan of 26 July 2007 authorised by the General Shareholders Meeting of 22 June 2007

The Combined General Meeting of 22 June 2007 (tenth resolution) authorised the Board of Directors to grant one or more options allowing the subscription of new Company shares.

The recipients may be salaried employees and Directors of the Company or its subsidiaries under the terms laid down in article L. 225-180 of the Commercial Code.

This authorisation to grant options cancelled all previous delegations of the same type, and in particular the one granted in the eighth resolution of the Combined General Shareholders Meeting of 25 June 2004.

This authorisation may be used by the Board of Directors within a period of 38 months from the date of the meeting.

The number of shares resulting from the stock options as allocated by the Board of Directors may not exceed 20% (twenty percent) of the capital stock, this threshold being evaluated at the time of the granting of the stock-options by the Board of Directors.

The Board of Directors will define the stock-option plan, which also includes the terms under which the stock options are granted. These terms may or may not include clauses banning immediate resale of all or some of the shares, and the Board of Directors may allocate stock options in one or more stages and specify the list of recipients for each allocation.

The price at which the recipients can subscribe to the stock options will be set by the Board of Directors on the day it grants the stock options to their recipients. The share subscription price must not be lower than ninety-five percent (95%) of the average share price on the regulated market on which the Company's shares are listed, during the twenty trading sessions prior to the date of allocation.

No stock option may be allocated for a period of twenty (20) trading days following the clipping date of a coupon entitling the recipient to a dividend or capital increase.

The Meeting resolved that recipients would permanently receive their options only in equal thirds on the date of the first, second and third anniversaries of their granting by the Board of Directors and provided that, for each allocation, the recipient was still a Director or employee of the Company or one of its subsidiaries on each of those dates, subject to an express waiver granted by the Board of Directors in accordance with the applicable legislation. As an exception, in accordance with the Social Security Code, in the event of the retirement, death or permanent disability (second or third category) of the recipient of the stock options before the third anniversary date of their granting, all stock options already granted will be acquired by him or her.

Moreover, the Meeting gives the Board of Directors full powers to set the maximum period for exercising stock options, which may not exceed 8 years from the date of allocation, as well as the shareholding period imposed on recipients as from exercise of the stock options, as applicable.

The capital stock increase resulting from the exercising of stock options is definitively realised solely as a result of recipients declaring that they wish to exercise the stock option, enclosing the subscription form and payment in cash or by compensation of the corresponding sum with credits.

The Board of Directors Meeting on 26 July 2007 defined the stock option plan, which also specified the terms under which the options would be granted.

4.8.2 Report of the plan

The Ordinary and Extraordinary General Shareholders Meetings of 6 March 2000, 9 November 2001, 25 June 2004 and 22 June 2007 authorised the Board of Directors to implement a stock option plan ("Stock Options") up to the current limit of 20% of the Company's capital, with this threshold being assessed on the dates the stock options are granted by the Board of Directors. The Board of Directors meetings of 6 March 2000, 1 February 2001, 9 November 2001, 4 February 2002, 13 March 2003, 23 December 2003, 14 February 2006, 27 July 2006, 9 February 2007, 8 February 2008 and 25 September 2008 used this authorisation as shown in the following table:

Stock options awarded to the Group's employees										Total
Date of the General Shareholders Meeting	06.03.01	9.11.2001				25.06.04		22.06.07	22.06.07	
Date of the Board of Directors meeting	01.02.01	9.11.01	4.02.02	13.03.03	23.12.03	14.02.06	9.02.07	08.02.08	25.09.08	
Total number of shares that can be subscribed or purchased	97,668	28,000	56,175	100,000	100,000	10,000	15,000	315,000	0	721,843
of which shares that can be subscribed or bought by members of the Executive Committee	-		-	100,000	100,000			200,000		400,000
Starting point for exercise of the options	01.02.06	9.11.05	4.02.06	13.03.07	23.12.07	14.02.10	9.02.11	8.02.12		
Expiry date	31.01.09	8.11.09	3.02.10	12.03.11	22.12.11	13.02.14	8.02.15	7.02.16		
Strike price (in Euros)	4.6	1.64	1.94	1.21	4.61	3.93	3.92	1.57		

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 of its subsidiaries.									
Number of shares subscribed as of 31/12/2008	-	72,000	23,825	-	-		-		-	
Closing number of exercisable shares for the fiscal year	97,668	28,000	56,175	100,000	100,000		-		-	381,843
of which, options in the money	-	-	-	*100,000*	-	-	-		-	*100,000*
Movements during the period										
Exercised options								315,000	270,000	585,000
Expired options	-	-	-	-	-	-			-	-
Cancelled options	-	-	-	-	-	-			270,000	270,000
Exercised options	-	-	-	-	-	-			-	-

4.8.3 Information on the options granted to the Company's directors

Stock options assigned to each Director by the Company						
	Plan no. and date	**Type of options (purchase or subscription)**	**Valuation of stock-options according to the method chosen for the consolidated financial statements**	**No. of stock-options assigned during the fiscal year**	**Exercise price**	**Exercise period**
Dimitris Sabatakakis	None	None	None	None	None	None
Denis Gachot	Revenue on 8 February 2008	Stock options	EUR 95,000	100,000	EUR 1.57	08.02.2012 to 07.02.2016
Guillaume Naigeon	Revenue on 8 February 2008	Stock options	EUR 95,000	100,000	EUR 1.57	08.02.2012 to 07.02.2016
Total			**EUR 190,000**	**200,000**		

Details of conditions for performance and exercise of the options (AFEP-MEDEF recommendations):

- *The options assigned above will be definitively vested to the recipients only by equal thirds at the time of the first, second and third anniversary of their granting by the Board of Directors and on the condition that, for each section, the recipient is still an employee of the Company or of its subsidiary companies on those dates, except when the law allows otherwise;*
- *In addition, a 4-year locking period starting from the date on which the Board of Directors assigns the stock options has been set, during which the beneficiaries cannot exercise their options, except when the law allows otherwise.*

4.8.4 Other information concerning the ten employees who were granted or exercised options the most during the fiscal year

	Number of options assigned / number of shares subscribed or purchased	**Weighted average price (in Euros)**	**Allotment date**
Options granted in 2008	115,000 270,000	1.57 1.13	08.02.2008 25.09.2008
Options exercised in 2008	None	-	-

4.9 ACQUISITIONS BY THE COMPANY OF ITS OWN SHARES

4.9.1 Plan authorised by the General Shareholders Meeting of 20 June 2008

The Combined General Meeting of 20 June 2008 (fifth resolution) authorised the Board of Directors to trade the Company's shares on the Stock Exchange pursuant to articles L. 225-209 of the Commercial Code, in order to do the following, in order of priority:

- Cancel purchased shares if wished, provided that this is approved by the General Shareholders Meeting, in its sixth extraordinary resolution;
- Ensure that share purchase option plans and other forms of share allocation to employees and / or Directors of the Company and the Group's subsidiaries are covered, in accordance with the terms and conditions stipulated by the law, notably concerning company profitsharing, company savings plans or the free allocation of shares;
- Ensure the coverage of securities entitling their holders to the allocation of company shares under current regulations;
- Manage the secondary market dealing or liquidity of SYSTRAN shares by means of an investment service provider, through a liquidity agreement that complies with the ethic charter recognised by the financial markets authorities;
- Hold purchased shares and exchange or sell them later as a result of external growth, provided that the shares acquired in this way do not exceed 5% of the company's capital stock.

The Board of Directors is authorised to acquire, sell, transfer or exchange these shares by any means, on the market or privately, including through the use of any financial derivative instrument negotiated on a regulated or private market. These means also include block acquisitions without limit to size.

The maximum funds that can be used to purchase the Company's shares must not exceed EUR 7,634,136 and the maximum number of Company's shares acquired must not exceed 10% of the total number of shares forming the Company's capital at the time of the acquisition, with the Company's capital adjusted if necessary to take into account any capital increases occurring during the period of the plan.

The maximum purchase price and sale price were set as follows:

- Maximum purchase price per share: EUR 8, after rounding off, excluding acquisition fees;
- Minimum sale price per share: EUR 2, after rounding off, excluding acquisition fees. However, if all or part of the shares acquired in virtue of this delegation was used to grant stock options pursuant to article L. 225-179 of the Commercial Code, the sale price would then be calculated in accordance with the legal provisions relating to the stock options.

This authorisation for the purchase and sale of shares invalidates any prior delegation of the same nature, and specifically that granted under the eighth resolution of the Combined General Shareholders Meeting on 22 June 2007.

The Combined General Shareholders Meeting on 20 June 2008 (sixth resolution) authorised the Board of Directors to dispose of up to 10% of the Company's capital per 24-month period, in one or more disposals, by cancelling the shares acquired in application of the same General Meeting's fifth resolution.

A stock acquisition plan prospectus complying with the provisions of articles 241-1 to 241-8 of the general regulations of the financial markets authorities is available from the Company and can be downloaded from the SYSTRAN Web site.

4.9.2 Transactions during the fiscal year

The Board of Directors used these authorisations to allow the Company to carry out the following transactions during fiscal year 2008 under the terms of article L. 225–209 of the Commercial Code: purchasing 241,617 shares totalling EUR 272,008, representing an average purchase price of EUR 1.13 per share, in order to cancel them.

As on 31 December 2008, the Company held 241,617 shares as compared with 449,398 shares as of 31 December 2007, totalling EUR 183,629.

The total number of shares issued as of 31 December 2008 is 9,542,677.

The shares held by the Company represent 2.53% of its capital stock.

	Accumulated gross flows		**Open positions as of 31 December 2008**			
	Purchases	Sales	Purchased stock options	Hedging	Sold stock options	Forward sale
No. of shares	241,617	None	None	None	None	None
Average maximum maturity		None	None	None	None	None
Average price of transaction (in Euros)	1.13	None	None	None	None	None
Average exercise price (in Euros)		None	None	None	None	None
Amounts in Euros	272,008	None	None	None	None	None

4.9.3 Assessment of previous plans

Upon completion of its first stock acquisition plan authorised by the General Shareholders Meeting on 3 May 2000, the Company held 62,555 of its own shares.

The Company did not acquire any shares as part of the stock acquisition plan authorised by the General Shareholders Meetings on 9 November 2001, 27 June 2003 and 25 June 2004.

The Company did not acquire any shares and disposed of 62,555 shares under the stock acquisition plan authorised by the General Shareholders Meeting on 24 June 2005.

The current plan approved by the General Shareholders Meeting on 20 June 2008 and the previous plans, approved by the General Shareholders Meetings on 3 May 2000, 9 November 2001, 27 June 2003, 25 June 2004, 24 June 2005, 23 June 2006 and 22 June 2007 have enabled the Company to complete the transactions described below:

Type of transaction	Period	Number of shares purchased	Average purchase price (in Euros)	Number of shares sold	Average price of sale (in Euros)
Price stabilisation	03.05.00 to 31.12.00	25,981	3.94	360	4.10
Balance at the end of the fiscal year	**On 12.31.00**	**25,621**	**3.94**	-	-
		(0.26% of capital)			
Price stabilisation	01.01.01 to 30.09.01	36,934	3.45	-	-
Balance	**On 30.09.01**	**62,555**	**3.65**	-	-
		(0.63% of capital)			
Price stabilisation	01.01.06 to 31.12.06	208,212	3.28	62,555	4.74
Balance	**On 31.12.06**	**208,212**	**3.65**	-	-
		(2.09% of capital)			
Price stabilisation	01.01.07 to 31.12.07	241,186	3.30		
Balance	**On 31.12.07**	**449,398**	**3.46**	-	-
		(4.50% of capital)			
Cancellation	01.01.08 to 31.12.08	241,617	1.13		
Balance	**On 31.12.08**	**241,617**	**1.13**	-	-
		(2.53% of capital)			

4.9.4 Cancellation of shares

At the Board of Directors meeting on 8 February 2008, SYSTRAN cancelled 449,398 shares, representing 4.5% of its capital stock, reducing its capital stock proportionally.

4.9.5 New plan subject to approval at the General Shareholders Meeting on 20 June 2009

The Company seeks to implement a plan to acquire its own stock; this is subject to approval at the General Shareholders Meeting on 26 June 2009.

The aims of this plan will be to do the following, in decreasing order of priority:

- Cancel purchased shares if wished, provided that this is approved by the General Shareholders Meeting, in its sixth extraordinary resolution;
- Ensure that share purchase option plans and other forms of share allocation to employees and / or Directors of the Company and the Group's subsidiaries are covered, in accordance with the terms and conditions stipulated by the law, notably concerning company profitsharing, company savings plans or the free allocation of shares;
- Ensure the coverage of securities entitling their holders to the allocation of company shares under current regulations;
- Manage the secondary market dealing or liquidity of SYSTRAN shares by means of an investment service provider, through a liquidity agreement that complies with the ethic charter recognised by the financial markets authorities;
- Hold purchased shares and exchange or sell them later as a result of external growth, provided that the shares acquired in this way do not exceed 5% of the company's capital stock.

A stock acquisition plan prospectus will be published and sent to shareholders before the General Shareholders Meeting is held on 26 June 2009.

The new plan will supersede the plan implemented by the General Shareholders Meeting on 20 June 2008.

4.10 CURRENTLY VALID DELEGATIONS GRANTED THE BOARD OF DIRECTORS BY THE GENERAL SHAREHOLDERS MEETING, RELATING TO CAPITAL INCREASES

4.10.1 Increase in unreserved capital with pre-emptive subscription rights

The General Shareholders Meeting on 20 June 2008 resolved, in its eighth resolution, to renew the authorisation given to the Board of Directors to increase the capital stock by the issuance of shares, warrants, bonds and / or any securities giving access immediately or in the long term, at any time or on a fixed date, to the Company's capital, at a maximum par value not to exceed a ceiling of EUR 15,000,000 (fifteen million Euros), with or without issuance premium, to be subscribed and fully paid-in in cash at the time of subscription, with such new shares to be subject to all the Company's statutory provisions and to be assimilated to the old shares, and to enjoy the same rights as of the first day of the fiscal year in which they were created and issued. Moreover, the ceiling of this authorisation is fixed at EUR 300,000,000 (three hundred million Euros), including the issue premium.

The General Shareholders Meeting has, furthermore, resolved that this delegation applies ipso jure to the earnings of holders of securities giving future access to Company shares, an express waiver by the shareholders of their preferential right of subscription to the shares to which these securities entitle them. In the event of issuance with maintenance of the shareholders' preferential right of subscription, the Board of Directors may grant the shareholders a reduced preferential right.

The General Shareholders Meeting also resolved that if all of a share or security issue defined above is not subscribed, the Board of Directors may use one or more of the following options, in the order it chooses:

- Limit the share issue to the amount of the subscriptions, provided that it totals at least three-quarters of the approved issue;

- Decide that any balance of the issue that has not been subscribed will be allocated completely or partially at the request of the Board of Directors.

As a result of the authorisation granted above, the General Shareholders Meeting has granted the Board of Directors, which may subdelegate its authority to its Chairman, all the powers necessary for the purpose of undertaking, in accordance with the conditions provided for by the laws and regulations, one or more increases in the Company's capital stock or other securities issues, within a period of twenty-six (26) months, in one or more stages, and making full or partial use of the aforementioned authorisation, and to set the terms, verify their completion and amend the by-laws accordingly. Specifically, the General Shareholders Meeting resolved that the Board of Directors will have all authority, specifically to resolve on the number of securities to be issued, the issue price, and the total premium that may be required at the time of issuance.

The General Shareholders Meeting resolved that the Board of Directors and by delegation, its Chairman, will have all powers to enforce this authorisation, under the terms set by the law, for the purposes of offsetting the expenses related to the capital increases with the value of the corresponding premiums and to deduct from this amount the required sums allocated to bringing the statutory reserve up to one-tenth of the capital stock after each increase.

More generally, the General Shareholders Meeting resolved that the Board of Directors and by delegation, its Chairman, will have full power to approve all agreements, particularly in order to achieve the aims of the intended issuance, take all measures and carry out all due formalities for the issuance and financial servicing of these shares through this authorisation, as well as the exercise of the rights corresponding thereto, confirming the capital increase made through use of this authorisation, and amending the by-laws accordingly.

The General Shareholders Meeting has noted that the Board of Directors will give an account of the use made of this authorisation to the next General Shareholders Meeting.

This authorisation to increase the capital has cancelled all previous delegations of the same type, and in particular, the one granted in the thirteenth resolution of the Combined General Shareholders Meeting on 23 June 2006.

To date, this authorisation has not been used by the Board of Directors.

4.10.2 Increase in unreserved capital and cancellation of pre-emptive subscription rights

The General Shareholders Meeting of 20 June 2008 resolved, in its ninth resolution, to authorise the Board of Directors to increase the capital stock through the issuing of shares, warrants, bonds and / or any securities giving access immediately or in the long term, at any time or on a fixed date, to the Company's capital, at a maximum par value not to exceed EUR 15,000,000 (fifteen million Euros) and with or without issuance premium, and these new shares are to be subscribed and fully paid-in in cash at the time of subscription, subject to all the Company's statutory provisions and added to the old shares, and enjoy the same rights as on the first day of the fiscal year in which they were created and issued. Moreover, the ceiling of this authorisation is fixed at EUR 300,000,000 (three hundred million Euros), including the issue premium. These amounts will also be charged to the values of the shares issued directly or indirectly, by virtue of the eighth resolution of the Meeting on 20 June 2008.

The General Shareholders Meeting resolved to cancel the preferential right of subscription to the shares to be issued, on the understanding that the Board of Directors may grant priority to the shareholders for subscribing all or part of the issuance for the period and under the terms that it will set. This subscription priority will not give rise to the creation of negotiable rights but may, if the Board of Directors deems appropriate, be exercised on both a reducible and irreducible basis, noting that following the priority period the unsubscribed securities will be up for public placement.

The General Shareholders Meeting has resolved that this delegation legally entitled the holders of securities giving future access to Company shares and expressly constituted a waiver by the shareholders of their preferential right of subscription to the shares to which these securities entitled them.

The General Shareholders Meeting resolved that the sum allocated or to be allocated to the Company for each of the shares issued as part of the aforementioned delegation, must be at least equal to the average opening prices of the Company's shares noted on 10 consecutive trading days chosen from the 20 trading days prior to the start of issuance of these securities.

The General Shareholders Meeting further resolved that if all shares or securities issued as defined above are not subscribed, the Board of Directors may use one or more of the following options, in the order it chooses:

- Limit the share issue to the amount of the subscriptions, provided that it totals at least three-quarters of the approved issue;
- Decide that any balance of the issue that has not been subscribed will be allocated completely or partially at the request of the Board of Directors.

As a result of the authorisation granted above, the General Shareholders Meeting has delegated to the Board of Directors, which may subdelegate its authority to its Chairman, all the powers necessary for the purpose of undertaking, in accordance with the conditions provided for by the laws and regulations, one or more increases in the Company's capital stock or other securities issues, within a period of twenty-six (26) months, in one or more stages, and making full or partial use of the aforementioned authorisation, and to set the terms, verify their completion and amend the by-laws accordingly.

Specifically, the General Shareholders Meeting resolved that the Board of Directors will have all authority, specifically to resolve on the number of securities to be issued, the issue price, as well as the total premium that may be required at the time of issuance.

The General Shareholders Meeting resolved that the Board of Directors and by delegation, its Chairman, will have all powers to enforce this authorisation, under the terms set by the law, for the purposes of offsetting the expenses related to the capital increases with the value of the corresponding premiums and to deduct from this amount the required sums allocated to bringing the statutory reserve up to one-tenth of the capital stock after each increase.

More generally, the General Shareholders Meeting resolved that the Board of Directors and by delegation, its Chairman, will have full power to approve all agreements, particularly in order to achieve the aims of the intended issuance, take all measures and carry out all due formalities for the issuance and financial servicing of these shares through this authorisation, as well as the exercise of the rights corresponding thereto, confirming the capital increase made through use of this authorisation, and amending the by-laws accordingly.

The General Shareholders Meeting has noted that the Board of Directors will give an account of the use made of this authorisation to the next General Shareholders Meeting.

This authorisation to increase the capital has cancelled all previous delegations of the same type, and in particular, the one granted in the fourteenth resolution of the Combined General Shareholders Meeting of 23 June 2006.

To date, this authorisation has not been used by the Board of Directors.

4.10.3 Summary table of delegations

Delegating assembly	Type of delegation	Increase ceiling	Period of delegation	Utilisation revenue	Subdelegation	Utilisation ceiling
Combined General Assembly on 20 June 2008 (8th resolution)	Delegation of authorisation to the Board allowing it to increase the Company's capital by issuing shares (excluding preferential shares) and / or any securities giving access to the capital stock	EUR 15,000,000 (nominal value) limited to EUR 300,000,000 (including issue premium)	20 August 2010		To the Chairman & CEO	None
Combined General Assembly on 20 June 2008 (9th resolution)	Delegation of authorisation to the Board allowing it to increase the Company's capital by issuing shares (excluding preferential shares) and / or any securities giving access to the capital stock (and cancellation of pre-emptive subscription rights)	EUR 15,000,000 (nominal value) limited to EUR 300,000,000 (including issue premium)	20 August 2010		To the Chairman & CEO	None

4.11 OTHER LEGAL INFORMATION

4.11.1 Taking of holdings in French companies

The Company has not taken any holding in French companies during fiscal year 2008.

4.11.2 Agreements covered by article L. 225-38 of the Commercial Code

A new agreement pursuant to article L. 225-38 of the Commercial Code (a service contract for storing our Company's archives with the Techniques Nucléaires S.A. company) was signed during the year ending 31 December 2008. The contract had been authorised by the Board of Directors meeting on 29 July 2008, and the Statutory Auditors have been kept regularly informed.

4.11.3 Agreements covered by article L. 225-39 of the Commercial Code

The list of agreements relating to operations on current account under standard terms is available to the shareholders and has been given to the Auditors.

4.11.4 Dispute with the European Commission

On 4 October 2003, the Executive Management for Translation of the European Commission launched a request for proposals for development work on the EC-SYSTRAN version for UNIX, which SYSTRAN delivered to the European Commission in 2003. This contract was awarded in January 2004 to a Luxembourg company with no apparent trading activity, which hired all of the workforce that SYSTRAN's Luxembourg subsidiary was obliged to lay off due to the lack of orders from the European Commission. SYSTRAN expressed concerns about this request for proposals, emphasising that the work concerned was likely to affect its intellectual property rights to the software. Receiving no explanation from the Commission, SYSTRAN lodged a complaint with the European Ombudsman on the matter in July 2005. The Ombudsman announced his decision on 23 October 2006, judging that the European Commission was not guilty of misconduct, but made no statement regarding the violation of SYSTRAN's intellectual property rights. In January 2007, SYSTRAN began proceedings with the European Communities' Trial Court against the Commission, demanding compensation for the considerable harm it suffered as a result of its intellectual property rights being violated and its know-how being revealed. In May 2007, the European Commission filed its case. On 31 October 2007, SYSTRAN filed its case in reply with the European Communities' Trial Court. The European Commission's plea, which occurred at the end of January 2008, should have closed the pleadings. Contrary to the Company's expectations, the oral arguments did not take place in 2008.

On 3 December 2008, the Court issued the parties with a series of questions before closing the pleadings. These questions were mainly intended to determine whether the claim came within the Court's jurisdiction. Accordingly, SYSTRAN filed its response on 30 January 2009. The Court may now make a decision concerning its jurisdiction and, if appropriate, commence the proceedings.

4.11.5 Other items likely to have a bearing on takeover bids

There are no other items likely to have a bearing on a takeover bid under the terms of article L. 225-100-3 of the Commercial Code.

5 CORPORATE GOVERNANCE

The Company has adopted, in a decision by the Board of Directors meeting on 18 December 2008, the latest AFEP / MEDEF recommendations from January 2007 and October 2008 relating mainly to the remuneration of listed companies' Directors. The set of recommendations forming the AFEP-MEDEF Code (revised in December 2008) forms our Company's reference code pursuant to French law no. 2008-649 of 3 July 2008.

5.1 BOARD OF DIRECTORS

5.1.1 Operation of the Board of Directors

In 2008 the Board of Directors had five Directors including two independent Directors: Mr. Jean Ginisty and Mr. Patrick Sellier. Mr. Patrick Sellier died on 13 March 2009.

The Board of Directors met four times during fiscal year 2008, on 8 February, 29 July, 25 September and 18 December.

Due to its size and the limited number of Board members, the Company cannot set up specialised committees such as an audit committee, accounts committee, appointments board or salaries committee, or define articles of association or a procedure for assessing the Board's work. The Company plans to define the Board's rules, however, particularly concerning the use of video conferencing and other means of remote communication in holding Board meetings. Moreover, none of the Directors are elected by the employees and no censor has been appointed.

The co-option of a new Director by the other Directors is subject to ratification at the General Shareholders Meeting. Each Director must hold 3 shares.

5.1.2 Composition of the Board of Directors

Name	Mandate	Appointed	Duration
Dimitris Sabatakakis	Chairman and CEO (1)	CGM of 27/06/03	6 fiscal years, until the AGM ruling on the fiscal year ending 31/12/2008
Jean Ginisty	Director	AGM of 24/06/05	6 fiscal years, until the AGM ruling on the fiscal year ending 31/12/2010
Denis Gachot	Director	AGM of 22/6/07	6 fiscal years, until the AGM ruling on the fiscal year ending 31/12/2012
Guillaume Naigeon	Director	AGM of 24/06/05	6 fiscal years, until the AGM ruling on the fiscal year ending 31/12/2010
Patrick Sellier (†)	Director	AGM of 27/06/03	6 fiscal years, until the AGM ruling on the fiscal year ending 31/12/2008

(1)Appointed by the Board of Directors on 28 July 2003

Mr. Dimitris Sabatakakis, Chairman and CEO of SYSTRAN S.A. is also Non-Executive Chairman of SYSTRAN USA and SYSTRAN Software Inc. and Proxy Chairman of SYSTRAN Luxembourg S.A.

No other member of the parent company's Executive Management performs an equivalent function in the Group's subsidiaries.

<u>Other mandates of Mr. Dimitris SABATAKAKIS</u>

Chairman of the Board of Directors of VALFINANCE S.A.

Chairman of the Board of Directors of TECHNIQUES NUCLEAIRES S.A.

<u>Other mandates of Mr. Jean GINISTY</u>

None

<u>Other mandates of Mr. Denis GACHOT</u>

Chief Executive Officer of INPROD Corp. (USA)

<u>Other mandates of Mr. Patrick SELLIER</u>

None

<u>Other mandates of Mr. Guillaume NAIGEON</u>

Director of Colbert Participations Industrielles Immobilières et Financières

<u>Mandates expiring at the General Shareholders Meeting on 26 June 2009</u>

The mandates of the following directors:

- Mr. Dimitris Sabatakakis, Company Director,
- Mr. Patrick Sellier, Company Director,

expire at the end of the next General Shareholders Meeting.

The General Shareholders Meeting on 26 June 2009 will be asked to renew the mandate of Mr. Dimitris Sabatakakis for a further six fiscal years, that is, until the General Shareholders Meeting ruling on the financial statements for the fiscal year ending 31 December 2014.

The Board of Directors will meet at the end of the General Shareholders Meeting on 26 June 2009 deciding on the mandate of the Company's Chairman and CEO, which is also ending, and decide whether or not the Chairman and CEO's functions should be dissolved in accordance with article 18 of the Company's by-laws.

5.1.3 Conformity with European Regulation RE 809/2004

The Company knows of no conflict of interest between the duties of the members of the Board of Directors with regard to SYSTRAN and their private interests.

There are family ties between the following members of the Board of Directors: Mr. Dimitris Sabatakakis and Mr. Denis Gachot.

As far as the Company is aware, over at least the last five years:

- no member of the Board of Directors has been convicted for fraud;
- no member of the Board of Directors has been involved in a receivership or liquidation;
- no member of the Board of Directors has been incriminated or been the subject of disciplinary action by regulatory or statutory authorities;
- no member of the Board of Directors has ever been prevented by a court from taking up a position as member of a board of directors, management committee or supervisory board of an issuer, or from participating in the management or supervision of an issuer.

Apart from the regulated agreements, no arrangement or agreement under which a member of the Board of Directors is selected has been signed with the main shareholders, customers, suppliers or other parties.

No loan or guarantee is granted or constituted in favour of the Directors by the Company or any company in its Group.

5.1.4 Remuneration

Attendance fees have been allocated to the Board of Directors for the fiscal year ended 31 December 2008, totalling EUR 18,000. At the General Shareholders Meeting on 26 June 2009, the shareholders will be asked to approve the payment of attendance fees to the Board of Directors for the fiscal year ending 31 December 2009, totalling EUR 18,000.

Only Directors who are members of the Executive Management receive remuneration; Directors who are not members of the Executive Management do not receive any other remuneration, and do not benefit from the stock options plans.

The following Directors received remuneration in 2008:

- Dimitris Sabatakakis, Chairman and CEO of SYSTRAN S.A. and Non-Executive Chairman of SYSTRAN Software Inc.
- Denis Gachot, Chairman of SYSTRAN Software Inc. and Director of SYSTRAN S.A.
- Guillaume Naigeon, the Deputy CEO and a Director of SYSTRAN S.A.

Summary table of remuneration paid to each Director

	Fiscal year 2008	**Fiscal year 2007**	**Fiscal year 2006**
Dimitris Sabatakakis, ***Chairman and CEO of SYSTRAN S.A.***			
Remuneration due for the fiscal year	EUR 178,600	EUR 155,449	EUR 155,449
Valuation of options assigned during the fiscal year	None	None	None
Valuation of performance shares assigned during the fiscal year	None	None	None
Total	**EUR 178,600**	**EUR 155,449**	**EUR 155,449**
Denis Gachot, ***Chairman and CEO of SYSTRAN Software Inc.***			
Remuneration due for the fiscal year	EUR 123,177	EUR 112,600	EUR 123,449
Valuation of options assigned during the fiscal year	EUR 28,131	None	None
Valuation of performance shares assigned during the fiscal year	None	None	None
Total	**EUR 151,308**	**EUR 112,600**	**EUR 123,449**
Guillaume Naigeon, ***Deputy CEO of SYSTRAN S.A.***		None	None
Remuneration due for the fiscal year	EUR 134,249	EUR 107,503	EUR 105,814
Valuation of options assigned during the fiscal year	EUR 28,131	None	None
Valuation of performance shares assigned during the fiscal year	None	None	None
Total	**EUR 162,380**	**EUR 107,503**	**EUR 105,814**

During the fiscal year, the Directors did not benefit from:

- any specific post-employment benefits;
- any allowance relating to termination of their employment contract.

No special supplementary pension scheme has been set up for the Directors or Executive Management.

New stock options were granted to the Executive Management during the fiscal year and are reported in the following table.

The Executive Management did not exercise any stock option during the financial year.

The only benefits in kind for the fiscal year are a company car for each member of the Executive Management. They also do not receive any allowance for termination of their employment contract.

5.1.5 Summary statement of declared transactions for SYSTRAN securities

None

5.1.6 Information on the stock options

New stock options were granted to the Directors or Executive Management during the fiscal year.

Stock options assigned to each Director by the Company						
	Plan no. and date	**Type of options (purchase or subscription)**	**Valuation of stock-options according to the method chosen for the consolidated financial statements**	**No. of stock-options assigned during the fiscal year**	**Exercise price**	**Exercise period**
Dimitris Sabatakakis	None	None	None	None	None	None
Denis Gachot	Board of Directors as of 8 February 2008	Stock options	EUR 95,000	100,000	EUR 1.57	08.02.2012 to 07.02.2016
Guillaume Naigeon	Board of Directors as of 8 February 2008	Stock options	EUR 95,000	100,000	EUR 1.57	08.02.2012 to 07.02.2016
Total			**EUR 190,000**	**200,000**		

The Executive Management did not exercise any stock option during the financial year.

5.1.7 Shareholding of Board members as of 31 December 2008

	No. of shares	%	Voting rights	%
Denis Gachot	67,000	0.70%	67,000	0.56%
Jean Ginisty	54,101	0.57%	83,712	0.70%
Guillaume Naigeon	258,973	2.71%	258,973	2.16%
Dimitris Sabatakakis	1,327,140	13.91%	1,327,140	11.09%
Patrick Sellier	500	0.01%	1,000	0.01%
Valfinance SA	354,924	3.72%	654,924	5.48%
Members of the Board of Directors and related companies	**2,062,638**	**21.62%**	**2,392,749**	**20.00%**
Jean Gachot	784,920	8.23%	784,920	6.56%
SOPI SA	1,017,429	10.66%	2,034,858	17.01%
SOPREX AG	687,386	7.20%	1,374,772	11.49%
Alto Invest	605,871	6.35%	605,871	5.06%
Amiral Gestion	525,759	5.51%	525,759	4.39%
Public	**3,617,057**	**37.90%**	**4,245,689**	**35.49%**
Treasury shares	241,617	2.53%		
TOTAL	**9,542,677**	**100%**	**11,964,618**	**100%**

5.2 Chairman's report on internal control procedures for the fiscal year ending 31 December 2008

Dear Directors,

I have the honour of presenting you with my report on how the work of the Board of Directors is prepared and organised and the internal control procedures set up within the company pursuant to article L. 225-37 paragraph 6 of the Commercial Code.

In accordance with the provisions of article 621-18-3 of the French monetary and financial code, this report must be published in accordance with the general regulations of the financial market authorities.

In accordance with the provisions of article L. 225-235 of the Commercial Code, the Company's Statutory Auditors will present their comments on the internal control procedures for the compiling and processing of accounting and financial information, in a report attached to this report.

Introduction

On 25 February 2008, the financial markets authorities (AMF) revised the reference framework for internal controls, entitled "Implementation guide for medium and small securities". The Guide does not specify regulations applicable to medium and small securities; it constititutes an AMF recommendation and must be adapted to each company. We have therefore decided to loosely base this report on it.

The Company has adopted, in a decision by the Board of Directors meeting on 18 December 2008, the latest AFEP / MEDEF recommendations from January 2007 and October 2008 relating mainly to the remuneration of listed companies' Directors.

The set of recommendations forming the AFEP-MEDEF Code (revised in December 2008) forms our Company's reference code pursuant to French law no. 2008-649 of 3 July 2008.

1. Summary of the purposes of internal control in the Company

The internal control procedures in force in the Company have the following aims:

- Firstly, to ensure that management activities or operations and staff behaviour are in keeping with the guidelines set for the Company's business by the administrative bodies, laws and applicable regulations, and by the values, standards and internal regulations of the Company;
- Secondly, to ensure that the accounting, financial and management data provided to administrative bodies truly reflects the Company's business and situation.

In general, internal controls help to control business activities, operational efficiency and the efficient use of resources.

One of the aims of the internal control system is to prevent and control risks resulting from the Company's business and exposure to error and fraud, in particular in accounting and finance. Like any control system, it cannot, however, provide absolute guarantees that these risks are totally eliminated.

2. Description of the conditions under which the work of the Board of Directors is prepared and organised and the general organisation of internal controls

Organisation of internal control in the SYSTRAN Group is characterised by the active involvement of Executive Management in the process but also by a limited number of parties, given the size of the Group.

2.1 – Persons or structures involved in control activities

2.1.1. Executive Management

In accordance with the terms of article 18 of the by-laws, the Board of Directors decided at its meeting on 28 July 2003 not to dissociate the functions of the Chairman of the Board of Directors and the CEO, which are performed by Mr. Dimitris Sabatakakis.

Given the size of the Group, internal control is largely based on Executive Management involvement:

- Dimitris Sabatakakis and Guillaume Naigeon for all business;
- Denis Gachot for North American business.

These three members of the Executive Management also have extensive experience in the Group (11, 6 and 21 years, respectively).

Executive Management involvement particularly relates to:

- authorising investment spending;
- signing new contracts;
- monitoring the profitability of the Group's business units.

The Board of Directors has not set any limits on the authority of Executive Management other than those provided for by legislation or regulations.

2.1.2. Delegations and authorisations

The Group does not necessarily have the resources required in every field for this purpose, in terms of skills. Similarly, the Group does not have an internal audit department.

This is also why the decision-making process is largely centralised in Executive Management.

Signature delegation (delegation of signing authority and power of attorney for banking matters) is restricted to the Directors of each company.

2.1.3. Board of Directors

Members

The by-laws state that there are between three and 12 members of the Board of Directors. The Board of Directors currently has five Directors, including two independent Directors:

Chairman of the Board of Directors: Mr. Dimitris Sabatakakis
Other function performed within the Company: CEO
Other functions performed within the Group: Non-Executive Chairman of SYSTRAN USA and SYSTRAN Software Inc.; Chief Executive Officer of SYSTRAN Luxembourg S.A.
Other mandates held outside the Group: Chairman of the Board of Directors of Valfinance SA and Techniques Nucléaires SA

Director: Mr. Denis Gachot
Other functions performed within the Company: none
Other functions performed within the Group: none; CEO of SYSTRAN Software Inc.
Other mandates held outside the Group: Chief Executive Officer of INPROD Corp. (USA)

Director: Mr. Jean Ginisty
Other functions performed within the Company or Group: none
Other mandates held outside the Group: none

Director: Mr. Patrick Sellier
Other functions performed within the Company or Group: none
Other mandates held outside the Group: none

Director: Mr. Guillaume Naigeon
Other functions performed within the Company or Group: Deputy CEO of SYSTRAN S.A.
Other mandates held outside the Group: Director of Colbert Participations Industrielles Immobilières et Financières

Each Director must hold at least three shares.

Organisation of meetings

On average, the Board of Directors meets 2 times a year. On average, each meeting is attended by three members. The Board of Directors met four times during the completed fiscal year (on 8 February, 29 July, 25 September and 18 December 2008).

In particular, the Board of Directors did the following:

- Closed the half-yearly and annual corporate and consolidated financial statements;
- Closed the remuneration paid to the Executive Management;
- Approved a new draft stock acquisition plan presented to the Annual General Shareholders Meeting on 20 June 2008;

- Recognised that holders have exercised their stock options, the related capital has been increased and the by-laws have been revised;
- Reduced the capital stock of the Company by cancelling shares in accordance with the authorisation given by the Combined General Shareholders Meeting on 22 June 2007 and modified the by-laws;
- Authorised a new regulatory agreement;
- Allocated stock options in accordance with the rights delegated by the Combined General Shareholders Meeting on 22 June 2007;
- Complied with the AFEP / MEDEF Recommendations of October 2008 concerning the remuneration of listed companies' Directors.

The Company's by-laws do not specify any fixed period for convening Board of Directors Meetings. However, the members of the Board of Directors are usually summoned to attend by letter by the Chairman of the Board of Directors, providing a minimum of 8 days notice except in the case of urgent meetings.

In accordance with the terms of article L. 225-238 of the Commercial Code, the Statutory Auditors were summoned to attend the Board of Directors meeting on 8 February 2008, which closed the accounts of the fiscal year ending on 31 December 2007 (including the consolidated financial statements), and 29 July 2008, which closed the half-yearly financial statements ending on 30 June 2008.

Directors' information

The Chairman provided the Board of Directors with the information needed to fully perform its mission in adequate time. Each Director receives and can request all documents he considers useful in completing his mission.

Internal regulations, specialised committees and work assessment

Due to its size and the limited number of Board members, the Company cannot set up specialised committees such as an audit committee, accounts committee, appointments board or salaries committee, or define articles of association or a procedure for assessing the Board's work.

The Company plans to define the Board's rules, however, particularly concerning the use of video conferencing and other means of remote communication in holding Board meetings.

Moreover, none of the Directors are elected by the employees and no censor has been appointed.

Role

The main mission of the Board of Directors is to define the direction the Company's business takes and ensure it is followed.

Among its prerogatives, the Board of Directors is responsible for:

- setting remuneration for the Directors;
- allocating stock options or free shares to the Directors and / or employees, subject to approval at the General Shareholders Meeting.

2.2 – Company references and internal regulations

The Group has not yet laid down its procedures in a handbook. Procedures on *"what to do"* exist for critical procedures, however:

- Purchase ordering and checking procedure;
- Procedure for drafting and reviewing contracts entered into with customers;
- Employee expense reimbursement procedure.

Similarly, the Group has laid down certain rules governing *"what not to do".* Thus, the Group does not use financial instruments for managing foreign exchange or interest rate risk, as it feels it lacks the resources required in-house to monitor them effectively.

2.3 – Organisation of financial and accounting data preparation

The main participants in internal control as regards financial and accounting data are:

- Dimitris Sabatakakis, Chairman of the Board of Directors and CEO of SYSTRAN S.A., is responsible for the reference document;
- Guillaume Naigeon, the Deputy CEO and a Director of SYSTRAN S.A.

Their prerogatives include:

- supervising the preparation of internal reports, individual financial statements and consolidated financial statements;
- relations with the Statutory Auditors of the Company.

3. Information on existing procedures

3.1 – Main existing procedures

The main existing procedures concern:

- purchase ordering and checking;
- drafting and reviewing contracts with customers;
- reimbursing employee expenses.

Each of these three procedures is documented in a written memorandum.

The purchase ordering and checking procedure involves 3 internal controls: prior authorisation of the expenditure, by Executive Management; checking of invoices against purchase orders issued and goods received; and the authorisation to pay (or “approved for payment”) stamped on the invoice by Executive Management.

The procedure for drafting and reviewing contracts involves 2 internal controls: the use of standard contracts ratified by specialist advisers, when preparing any new customer contract; and prior review and signing of all sizeable customer contracts by a Director.

The procedure for reimbursing employee expenses involves 3 internal controls: the use of a reimbursement schedule; the checking of expense bills; and approval of payment by a member of Executive Management.

Given that these procedures are highly centralised, there is no internal procedure for testing control procedures.

3.2 – Procedures for preparing accounting data

The SYSTRAN Group pays particular attention to preparing its accounting data.

Firstly, each Group unit prepares a monthly activity report, including a full income statement, for Executive Management.

Secondly, the Group has set up an appropriate consolidation procedure to ensure the reliability of the financial data produced:

- It has defined an accounting plan and schedule shared by all Group units;
- All Group units use the same consolidation form;
- The consolidation process is managed using custom consolidation software;
- The data is consolidated quarterly;
- Each Group unit’s financial statements and the consolidated accounts are reviewed quarterly by an accountant outside the Company;
- The financial statements are audited by the Statutory Auditors prior to any publication.

4. Principles and rules fixed by the Board of Directors to define the remuneration and benefits of any type granted to the Directors

4.1. Remuneration of Directors

The General Shareholders Meeting on 20 June 2008 resolved to allocate attendance fees to the Directors for a total of EUR 18,000.

The attendance fees were allocated as follows:

- Mr. Dimitris Sabatakakis: EUR 3,600
- Mr. Denis Gachot: EUR 3,600
- Mr. Jean Ginisty: EUR 3,600
- Mr. Patrick Sellier: EUR 3,600
- Mr. Guillaume Naigeon: EUR 3,600

4.2. Remuneration of Directors

Full information on the remuneration of Management and non-Management Directors are provided in the special report and duplicated in the reference document.

Dimitris SABATAKAKIS

Chairman and CEO

5.3 Statutory Auditor's report on the Chairman's report on internal controls for the fiscal year ending 31 December 2008

In our capacity as Statutory Auditors of the SYSTRAN company and pursuant to the provisions of article L. 225-235 of the Commercial Code, we hereby present our report on the report drawn up by the Chairman of the Board of Directors of your company in accordance with article L. 225-37 of the Commercial Code pertaining to the fiscal year ended 31 December 2008.

The Chairman is responsible for drawing up and submitting for the Board's approval a report stating the internal control and risk management procedures set up in the Company and providing the other information, notably relating to corporate governance, required by article L. 225-37 of the Commercial Code.

We are responsible for doing the following:

- Providing you with our comments on the information contained in the Chairman's report concerning the internal control procedures checking the preparation and processing of accounting and financial data;
- Certifying that the report contains the other information required by article L. 225-37 of the Commercial Code, and noting that we are not responsible for checking that this other information is fairly presented.

We have carried out our work in accordance with the standards of professional practice applicable in France.

Professional standards require us to take measures to assess the sincerity of the information contained in the Chairman's report concerning the internal control procedures checking the preparation and processing of the accounting and financial data contained in the Chairman's report. In particular, these measures involve:

- checking the internal control procedures relating to the preparation and processing of accounting and financial data underlying the information presented in the Chairman's report and the existing documentation;
- checking the work that has drawn up this information and the existing documentation;
- determining whether the major internal control deficiencies relating to the preparation and processing of accounting and financial data that we might find as part of our mission are noted appropriately in the Chairman's report.

On the basis of this work, we have no comment to make as to the information given concerning the Company's internal control procedures relating to the preparation and processing of accounting and financial data, as contained in the Chairman of the Board of Directors' report, drawn up in application of article L. 225-37 of the Commercial Code.

Paris La Défense and Paris, 27 April 2009

KPMG Audit	Grant Thornton
Department of KPMG S.A.	*French Member of Grant Thornton International*
Claire GRAVEREAU	Vincent FRAMBOURT
Associate	*Associate*

5.4 Executive Management

In accordance with the terms of article 18 of the by-laws, the Board of Directors decided at its meeting on 28 July 2003 not to dissociate the functions of the Chairman of the Board of Directors and the CEO, both of which are performed by Mr. Dimitris Sabatakakis.

Throughout fiscal year 2008, the Executive Management of the SYSTRAN Group consisted of the following people:

- Mr. Dimitris Sabatakakis, Chairman and CEO of SYSTRAN S.A. and Group CEO;
- Mr. Denis Gachot, CEO of SYSTRAN Software Inc.;
- Mr. Guillaume Naigeon, Deputy CEO.

The curriculum vitae of the members of Executive Management and information on their management experience are provided in section 1.7.2.

6 GENERAL INFORMATION

6.1 INFORMATION ABOUT THE COMPANY

6.1.1 Company name

The Company's name is SYSTRAN S.A.

6.1.2 Date of incorporation

The company SOISY TRADUCTION, Société à responsabilité limitée [French limited liability company], was incorporated on 4 December 1985 and subsequently adopted the structure of a limited liability company and the corporate name "SYSTRAN S.A." on 30 December 1988.

6.1.3 Registered office

La Grande Arche,

1 Parvis de La Défense,

92044 PARIS LA DEFENSE Cedex

6.1.4 Lifetime

The lifetime of the Company is 99 years, to expire on 3 December 2084.

6.1.5 Legal form

"Société Anonyme," which is a French public limited liability company governed by the law of 24 July 1966 on commercial corporations and its application decree.

6.1.6 Fiscal year

Each fiscal year has a duration of one year, beginning 1 January and ending 31 December.

6.1.7 Trade and Corporate Registry

334 343 993 Trade and Company Register NANTERRE

6.1.8 Activity code

New classification: 5829 C – Application software publishing

Old classification: 722 A – software development

6.2 DOCUMENTS AVAILABLE TO THE PUBLIC

This document is available on the SYSTRAN website at the address http://www.systran.co.uk or on the French financial market authorities' website at the address http://www.amf-france.org.

During the period of validity of this reference document, the following documents (or copy of these documents) can be consulted as necessary:

a) the issuer's incorporating document and by-laws;
b) all reports, correspondence and other documents, historic financial information, evaluations and statements drawn up by an expert at the Company's request, part of which is included or referred to in this document;
c) the Company's historical financial information for each of the two fiscal years preceding publication of this document.

Anyone wishing to obtain further information on the SYSTRAN Group can, without commitment, request the documents:

- by post:

  SYSTRAN

  Investor Relations

  La Grande Arche,

  1 Parvis de La Défense,

  92044 PARIS LA DEFENSE Cedex

- By telephone: 01 47 96 86 86

The regulatory information is available on the http://www.systran.co.uk website.

6.3 MAJOR CONTRACTS

To date, SYSTRAN has not signed any major contracts, other than those signed as part of its normal business, that impose a major obligation or commitment on the entire Group.

6.4 POSITION OF DEPENDENCY

To date, there are no relationships between SYSTRAN and entities on which SYSTRAN has a strong influence or that are dependent upon it.

6.5 TRENDS

SYSTRAN's prospects have not been affected by any significant deterioration since 31 December 2008, when its last financial statements were audited and published.

6.6 SIGNIFICANT CHANGES

There has been no significant change in the Group's financial or sales position since 31 December 2008.

6.7 INVESTMENTS

The Group has not made any significant investment over the last three fiscal years.

6.8 LEGAL PROCEEDINGS AND ARBITRATION

To the best of the Issuer's knowledge, none of the few proceedings facing the Issuer have had, or should have, any significant adverse effect on its financial position or profitability.

6.9 INCORPORATING DOCUMENT AND BY-LAWS

Title I

Legal form – Purpose – Company name – Registered office – Lifetime

Article 1 – Legal form

The SOISY TRADUCTION company, a Limited liability company, incorporated in a privately-signed deed (acte sous seing privé) at SOISY S/S MONTMORENCY on 4 December 1985 and recorded in ERMONT-OUEST on 6 December 1985, in Vol. 1, Folio 67, Form 245/2, in application of article 20 of the by-laws, adopted, from 30 December 1988 onwards, the Limited liability legal form and the company name SYSTRAN S.A. as recorded in a privately-signed deed (acte sous seing privé) dated 30 December 1988.

This Company continues to exist between the owners of the shares created hereunder and those that may be subsequently created.

It will henceforth be subject to the provisions of the Commercial Code relating to Limited liability companies and to these by-laws.

Article 2 – Purpose

The Company's purpose, directly or indirectly, in France and abroad, is the following:

Development, use, promotion and sale of computer-based MACHINE TRANSLATION systems (software and hardware), for all natural language pairs.

All activities concerning dictionaries and TERMINOLOGY data banks and all MULTILINGUAL NATURAL LANGUAGE PROCESSING applications.

Management, acquisition, and commercial activities in the field of LANGUAGE INDUSTRIES.

Article 3 – Company name

The Company's name is as follows:

SYSTRAN S.A.

In all deeds, letters, invoices, announcements, publications and other documents of any type issued by the Company and intended for other parties, the company name must be immediately preceded or followed by the words "Société Anonyme" (Limited liability company) or the initials "S.A." and state the amount of the capital stock.

Article 4 – Registered office & Sales offices

The Company's registered office is located at:

La Grande Arche,

1 Parvis de La Défense, Paroi Nord,

92044 PARIS LA DEFENSE Cedex

It may be transferred to any other location in the same or an adjoining department when so decided by the Board of Directors, subject to ratification of said decision by the following Ordinary General Shareholders Meeting, or to any other location by virtue of a decision by an Extraordinary General Shareholders Meeting.

The Board of Directors is empowered to create agencies or sales branches anywhere it judges useful, without any restriction.

Article 5 – Lifetime

The lifetime of the Company is set at NINETY-NINE (99) years starting from the date of its registration with the Trade Registry, in the form of a Limited liability company, except in the event of early winding-up or extension provided for in these by-laws.

At least one year before the Company's expiration date, the Board of Directors must summon an Extraordinary General Shareholders Meeting to decide whether the Company's lifetime must be extended.

Title II

Capital contributions – Capital stock – Shares

Article 6 – [Nil]

Article 7 – Capital stock

The capital stock is fixed at the sum of FOURTEEN MILLION FIVE HUNDRED AND FORTY-SEVEN THOUSAND, THREE HUNDRED AND FIVE Euros (EUR 14,547,305) divided into 9,542,677 fully paid-in shares.

Article 8 – Increase in capital stock

The capital stock may be increased and reduced by any method and in any way permitted by law.

Article 9 – [Nil]

Article 10 – [Nil]

Article 11 – Paying-in of shares

At least half of the face value of shares subscribed in cash must obligatorily be paid in when they are subscribed, together with, as applicable, the total issue premium.

The surplus must be paid up in one or more installments when requested by the Board of Directors, within five years of the increase in capital becoming final.

The shares may be paid up by compensation with claims to money owed by the Company.

The Board of Directors shall notify subscribers of calls for capital by registered letter with request for acknowledgment of receipt, at the address they provide when subscribing the shares, at least fifteen days before the date set for each payment.

In the event of the shareholder defaulting on the periods fixed by the Board of Directors, the sums owing on the amount of the shares subscribed by him or her shall be subject to interest payable ipso jure to the Company, at the legal interest rate plus 3 points starting from the end of the month following the eligibility date, without requiring the issuance of a claim or a summons.

In addition, to obtain payment of these sums, the Company holds the performance right, recourse to guarantee and sanctions provided for in articles L. 228-27 to L. 228-29 of the Commercial Code.

Shares issued in lieu of profits, reserves or issue premiums must be fully paid up when issued.

Article 12 – Form of shares

The shares are personally registered or bearer shares, as the shareholder chooses.

The Company may, at any time, make use of legal measures relating to the identification of securities granting immediate or subsequent voting rights at shareholders meetings in accordance with articles L. 228-1 et seq. of the Commercial Code.

Article 13 – Transfer of shares

The shares are freely negotiable.

Any party, operating alone or jointly, who comes to hold or ceases to hold, in any way, a percentage of shares equal to or greater than 3% of the capital stock and / or voting rights is required to inform the Company on the holding of each fraction of 3% of the capital and / or voting rights, up to 5%, within fifteen days of exceeding this threshold, by registered letter with request for acknowledgment of receipt addressed to its registered office, specifying the total number of shares or instruments giving access to the capital as well as the numbers of voting rights held alone, indirectly or jointly.

In the event of a violation of this reporting obligation, one or more shareholders holding a portion of the capital or voting rights equal to at least three percent (3%) may request that the shares exceeding the portion that should have been declared be deprived of voting rights for any Shareholders Meeting that might be held within a two-year period following the date of regularisation of the notification. The request is countersigned in the minutes of the General Shareholders Meeting. Under the same conditions, the voting rights for the shares that were not properly declared cannot be delegated by the defaulting shareholder.

To the reporting obligation above is added the obligation to report any surpassing of thresholds as provided for by law.

Article 14 – Rights and obligations attached to the shares

1/ Each share gives a right, in the earnings and corporate assets, to a proportional portion of the issued shares, and notably, to settlement of the same net sum, for any allocation or redemption made during the Company's lifetime or liquidation. As a result, all appropriate measures must be taken so that the holder of each share, like all other shares, receives any tax exemptions to which the above share allocations or redemptions entitle him or her.

2/ The rights and obligations attached to the share are transferred to each holder of the share, and the share's transfer includes all dividends due and not paid and accrued, together with any share in reserve funds and provisions.

Ownership of a share automatically entitles its holder to participating in the decisions of the General Shareholders Meetings and these by-laws.

The heirs, creditors, beneficiaries or other representatives of a shareholder may not, under any pretext, order seals to be placed on the Company's goods and securities or request their sharing or sale by auction, or intermeddle in any way in the Company's administration; they must, in order to exercise their rights, refer to the General Shareholders Meeting's corporate inventories and decisions.

3/ The shareholders are liable only up to the nominal value of the shares they own; beyond this amount, any call for capital is forbidden.

4/ Whenever it is necessary to own several shares in order to hold a given right, in the event of securities being exchanged, grouped or allocated or the Company's capital being increased or reduced, or a merger or any other corporate operation taking place, the owners of single shares or less shares than the required number may only exercise this right if they make it their personal business to group and, potentially, buy or sell the necessary number of securities.

5/ Unless agreed otherwise with the Company, the usufructuaries of shares are deemed to be their legal owners with respect to the Company. However, the voting right belongs to the usufructuary in Ordinary General Shareholders Meetings, and to the legal owner in Extraordinary General Shareholders Meetings.

The pre-emptive subscription right and the right to allocation of free shares belongs to the legal owner. If the latter neglects to exercise his or her rights, the usufructuary may act in place of the legal owner.

Title III

Administration of the Company

Article 15 – Board of Directors & Appointment

1/ The Company is administered by a Board of Directors with a minimum of three members and a maximum of twelve members, subject to the waivers provided for in law.

2/ If a Directorship becomes vacant between two General Shareholders Meetings as the result of a death or resignation, the Board of Directors may appoint a temporary Director.

If only two Directors remain, they, or if not, the Auditors, must immediately convene an Ordinary General Shareholders Meeting in order to complete the Board.

The Directors appointed by the Board of Directors are subject to ratification at the following Ordinary General Shareholders Meeting. In the event of the Director(s) not being ratified, the decisions made and acts performed previously by the Board nevertheless remain valid.

The Director appointed as a replacement of another remains in that position only for the remaining period of his predecessor's mandate.

3/ The age limit for performing the function of Director or serving as the permanent representative of a legal entity is fixed at 85 years; this limit shall apply only when the number of Directors and permanent representatives who are 85 years old exceeds one third of the number of serving Directors.

When this limit is exceeded, the oldest Director is deemed to have resigned from office at the following Ordinary General Shareholders Meeting.

However, the oldest Director shall be deemed to have resigned if the statutory proportion is exceeded as the result of a death or resignation occurring after the previous Ordinary General Shareholders Meeting. The above conditions shall be required to apply after the Director who has died or resigned has been replaced, however.

In the event of the age limit being reached by a permanent representative of a legal entity, the represented legal entity must immediately appoint a new permanent representative as a replacement, who has not reached that age.

Each Director must own at least THREE shares.

If, on the day he is appointed, a Director does not own the required number of shares or if, during his term of office, he ceases to own them, he is deemed to have resigned from office if he does not regularise the situation within a period of THREE months.

Article 16 – Proceedings of the Board of Directors

The Board of Directors meets as often as required by the interests of the Company, by the Chairman or one-third of the Board's members convening the meeting either at the Company's registered office or another place, in France or abroad. It may be convened by any method, even verbally. The CEO may also ask the Chairman to convene the Board of Directors Meeting on a given agenda.

An attendance book, which is signed by all Directors attending in the meeting, is kept.

In order for the proceedings to be valid, at least half of the serving Directors are required to attend the Meeting. Resolutions are taken by a majority of the votes of the members present or represented. In the event of a split vote, the Chairman's vote is final.

Reports are drawn up and the copies or extracts of the proceedings are delivered and certified in accordance with the provisions of the Commercial Code.

Article 17 – Powers and operation of the Board of Directors

1/ The Board of Directors defines the direction taken by the Company's business and ensures it is followed.

Subject to the powers expressly vested in the General Shareholders Meetings and within the limits of the Company's purpose, it addresses any question concerning the Company's proper operation and, through its proceedings, decides on matters concerning it.

The Board of Directors performs the controls and checks it considers appropriate.

Each Director receives the information needed in order to perform his mission and can request all the documents he considers useful.

2/ From among its members, the Board of Directors chooses a Chairman who, under penalty of his appointment being cancelled, must be a natural person and must not be over 80 years old. When the Chairman reaches this age limit, he is deemed to have resigned and he must be replaced under the terms and conditions set forth in these by-laws.

The Board of Directors can also appoint a Vice-Chairman from its members if it judges this useful. The Vice-Chairman is responsible for chairing Board of Directors Meetings and General Shareholders Meetings if the Chairman is unable to do so.

The Chairman and the Vice-Chairman are appointed for a duration that cannot exceed that of their appointment as Director. They may be re-elected subject to the provisions relating to the age limit governing their functions. The Board of Directors can relieve them of their functions at any time.

In the event of the Chairman or the Vice-Chairman being absent or prevented from attending a meeting, the Board chooses which of its attending members is to chair the meeting.

The Chairman represents the Board of Directors. He organises and directs its work, reports on its work at the General Shareholders Meeting and carries out its decisions. He ensures that the Company's units operate smoothly and makes sure that the Directors are able to perform their functions.

Article 18 – Board of Directors & Proxies

1/ In accordance with the provisions of article L. 225-1 of the Commercial Code, the Company's executive management is performed, under their own liability, either by the Chairman of the Board of Directors or by another natural person appointed by the Board of Directors and having the title of Chief Executive Officer.

The choice between these two methods of Executive Management is made by the Board of Directors when its Chairman is appointed. Shareholders and other parties are informed of the decision in accordance with current laws and regulations.

The Board's choices regarding the method of Executive Management are made by a majority of the Directors attending or represented at the Board Meeting.

The option chosen by the Board of Directors can be queried only at the time of its renewal or when the Chairman of the Board of Directors is replaced or the Chief Executive Officer's term of office ends.

It is not necessary to amend the by-laws if the method of executive management changes.

2/ When the Board of Directors chooses to split the Chairman's and Chief Executive Officer's functions, it appoints the Chief Executive Officer, defines the length of his period of office, which cannot exceed that of the Chairman's appointment, determines the details of his remuneration and, if necessary, specifies the limits of his powers.

In performing his functions, the Chief Executive Officer must not be more than 80 years old. When the Chief Executive Officer reaches this age limit, he is deemed to have resigned and he must be replaced under the terms and conditions set forth in these by-laws.

The Chief Executive Officer may be removed from office at any time by the Board of Directors. When the Chief Executive Officer is not also the Chairman of the Board of Directors, his removal can result in a claim for damages if the decision is not based on fair grounds.

3/ The Chief Executive Officer is given the widest powers in order to act in any circumstances on behalf of the Company. He uses these powers within the limits of the purpose of the Company and subject to the limits that the Commercial Code expressly defines for the shareholders' meetings and the Board of Directors.

The Chief Executive Officer represents the Company in its relations with other parties. The Company is even liable for the Chief Executive Officer's actions that are outside the purpose of the Company, unless it can prove that the other party knew that the action was outside this purpose or it was impossible for it not to know this fact in view of the circumstances, sole publication of the by-laws not constituting sufficient proof.

When the Executive Management of the Company is performed by the Chairman of the Board of Directors, the provisions of this paragraph 3/ relating to the Chief Executive Officer are also applicable to him.

4/ If so proposed by the Chief Executive Officer, the Board of Directors may appoint one or more natural persons to assist the Chief Executive Officer and having the title of Deputy Chief Executive Officer.

The maximum number of Deputy Chief Executive Officers is set at five.

When performing his functions, a Deputy Chief Executive Officer must not be over 85 years old. When a Deputy Chief Executive Officer reaches this age limit, he is deemed to have resigned and he must be replaced under the terms and conditions set forth in these by-laws.

In agreement with the Chief Executive Officer, the Board of Directors determines the extent and the duration of the powers granted to the Deputy Chief Executive Officers and the details of their remuneration.

Deputy Chief Executive Officers have the same powers as the Chief Executive Officer in relations with other parties.

In the event of the Chief Executive Officer being absent or prevented from attending a meeting, the Deputy Chief Executive Officers retain their functions and assignments until a new Chief Executive Officer is appointed, unless decided otherwise by the Board of Directors.

When the Company's executive management is performed by the Chairman of the Board of Directors, the provisions of this paragraph 4/ relating to the Chief Executive Officer are also applicable to him.

Article 19 – Remuneration of the Directors and the Board of Directors

1/ The Ordinary Shareholders Meeting may grant the Directors, as remuneration for their work, a fixed annual lump sum as attendance fees. Their amount is recorded as operating expenses of the Company.

The Board distributes this amount freely between its members.

2/ The remuneration of the Chairman of the Board of Directors, the Chief Executive Officer and the Deputy Chief Executive Officers as well as, if necessary, that of the Director delegated the Chairman's functions is set by the Board of Directors in the event of the Chairman being temporarily prevented from performing his functions or dying.

3/ The Board of Directors can be allowed special remuneration for the special assignments entrusted to the Directors; in this case, this remuneration is recorded as operating costs and is submitted to the Ordinary General Shareholders Meeting for approval under the terms and conditions set forth in articles L. 225-38 to L. 225-42 of the Commercial Code.

4/ No other remuneration, permanent or otherwise, may be allocated to the Directors unless they have an employment contract with the Company.

Article 20 – Agreement between the Company and a Director or a (Deputy) Chief Executive Officer

Any direct or indirect agreement between the Company and its CEO, one of its Deputy Chief Executive Officers, one of its Administrators, one of its shareholders holding over 5% of the voting rights or, if it is a shareholding company, the company controlling it as defined in article L. 233-3 of the Commercial Code must be submitted for prior authorisation by the Board of Directors.

The same is true for transactions to which any of the persons referred to in the previous sub-paragraph is indirectly involved.

Transactions between the Company and another company, if the Company's Chief Executive Officer, one of its Deputy Chief Executive Officers or one of its Directors is the owner, partner, Officer, Director, member of the board of trustees or, in a general way, the executive manager of the company also require prior authorisation.

The interested party is required to inform the Board as soon as he is informed of a transaction to which the above provisions are applicable.

The above provisions are not applicable to agreements relating to the Company's everyday transactions contracted under standard terms. The party concerned shall inform the Chairman of the Board of Directors of these transactions, however. The Chairman shall provide the members of the Board of Directors and the Statutory Auditors with the list of transactions and details of their purpose.

TITLE IV

Controls & prevention of difficulties

<u>Article 21 – Statutory Auditors</u>

The Company's controls shall be performed by one or more Statutory Auditors under the terms and conditions defined by the law.

<u>Article 22 – Prevention of difficulties</u>

If the Company meets the legal criteria, the Board of Directors must draw up the accounting and financial documents and the periodic reports specified by articles L. 232-2 and L. 232-3 of the Commercial Code.

The Works Committee or, if not, the shop stewards, shall perform the assignments provided for in articles 422.4 and 432-5 of the Labour Code.

TITLE V

Shareholders' meetings

<u>Article 23 – General Shareholders Meetings</u>

1/ The shareholders' joint resolutions shall be made during Ordinary or Extraordinary General Shareholders Meetings. An Ordinary General Shareholders Meeting is one that is required to take all decisions that do not change the by-laws.

It is held at least once a year, within six months of the end of the fiscal year just completed.

An Extraordinary General Shareholders Meeting is the only one authorised to change the provisions of by-laws and to rule on the Company being converted to any other legal form, whether civil or commercial. It may not, however, increase the shareholders' commitments, subject to transactions resulting from a properly applied share consolidation.

General Shareholders Meetings are called either by the Board of Directors or, failing this, by the Statutory Auditors or a legal representative, in accordance with the terms and conditions stipulated by the law and regulations.

2/ Any shareholder has the right, upon proving his identity, to take part in the Meetings and attend them personally, by returning an absentee ballot or appointing a proxy in accordance with the applicable legal and regulatory provisions, provided that:

- registered shareholders are personally registered in the Company records;
- for bearer shareholders, a certificate is issued by a qualified intermediary, from filing to the locations mentioned in the summons to attend, noting that the their shares recorded in the accounts are unavailable until the date of the shareholders' meeting.

These formalities must be completed at least five (5) days before the meeting is held.

The Board of Directors may reduce the above period by a general measure benefiting all shareholders.

3/ For any proxy sent to the Company by a shareholder without stating the representative, the Chairman shall issue a vote in favour of adopting draft resolutions submitted or approved by the Board of Directors, together with a vote against adopting all other draft resolutions.

4/ In addition to the voting right attached to the shares, a double voting right in consideration of the portion of the Company's capital that the shares represent is granted to all fully paid and duly registered shares once they have been held for at least 4 years by the same stockholder, pursuant to article L. 225-123 of the Commercial Code.

The voting right belongs to the usufructuary in Ordinary General Shareholders Meetings and to the legal owner in Extraordinary General Shareholders Meetings.

In the event of a capital increase by capitalisation of reserves, earnings or premiums, a double voting right is granted, upon their issuance, to registered shares granted gratis to a shareholder in proportion to the number of old shares benefiting from this right.

Any registered share converted to bearer (anonymous) form or transferred to ownership loses the double voting right. Nevertheless, transfer as a consequence of succession, liquidation of community property between spouses, or donation between living spouses to the benefit of a spouse or relative of inheritable relationship, does not cause the right to be lost and does not interrupt the deadlines provided for in article L. 225-123 of the Commercial Code.

Company mergers do not affect the double voting right, which can be exercised in the acquiring Company if this is allowed by its by-laws.

5/ An attendance sheet is kept at each meeting.

This attendance sheet, duly signed by the attending shareholders and proxies, is certified as accurate by the Meeting's officers.

The Meeting is chaired by the Chairman of the Board of Directors, and failing this by a Director appointed to replace him.

The duties of the ballot-counters are filled by two shareholders who are present and agree to perform the function, representing the largest number of shares both on their own behalf and as proxies.

These officers will appoint a Secretary, who cannot be a shareholder.

Article 24 – Quorum and majority

1/ The Ordinary General Shareholders Meeting will be in valid session when first convened only if the attending or represented shareholders hold at least one-quarter of the shares with voting rights.

On the second convocation, no quorum is necessary.

It rules by a majority of votes cast by attending or represented shareholders. The Company cannot vote validly with shares that it has subscribed or acquired itself. Such shares are not counted in calculating the quorum.

2/ The Extraordinary General Shareholders Meeting can resolve validly only if the attending or represented shareholders constitute at least one-third of voting shares on first convocation, and one-quarter on second convocation.

It rules by a majority of two-thirds of votes cast by attending or represented shareholders.

Notwithstanding the above provisions, a General Shareholders Meeting that approves a capital increase through the capitalisation of reserves, earnings or premiums can rule under an Ordinary General Shareholders Meeting's conditions of quorum and majority.

A General Shareholders Meeting called to rule on the conversion of the Company does so under the majority conditions provided for in article L. 225-245 of the Commercial Code and which differ depending on which new form is to be decided upon.

3/ In the event of a postal ballot, this will be in paper form in accordance with the regulatory requirements.

In calculating the quorum, only forms received by the Company before the General Shareholders Meeting is held are considered, subject to the time deadlines set by the regulatory provisions.

Forms stating no vote or expressing an abstention are considered negative.

Article 25 – Reports

The deliberations of General Shareholders Meetings are recorded in written or bound reports in a special detailed and initialled register in accordance with regulatory requirements.

These reports are signed by the members of the Board of Directors. Legally binding copies or extracts may be provided if they are signed by the Chairman of the Board of Directors, the Director temporarily appointed to replace the Chairman unable to attend, two Directors or, following the Company's liquidation, by a liquidator.

Title VI

Article 26 – Shareholders' right of communication

Each shareholder is entitled to be provided with, and the Board of Directors is obliged to provide him with or make available to him, the documents needed in order to enable him to express an informed opinion and state a judgment on management and operation of the Company.

The details of these documents and the way in which they are provided to shareholders are specified by the law and the appropriate decrees.

Each shareholder is also entitled, starting from the date on which the documents are provided and prior to any General Shareholders Meeting, to state in writing any questions that the Board of Directors will be required to answer at the Meeting.

TITLE VII

Annual financial statements

Article 27

The fiscal year begins on 1st January and ends on 31st December each year.

At the end of each each fiscal year, the Board of Directors draws up, with a view to recording the book items and inventory, the annual accounts including an inseparable whole consisting in the following: the balance sheet together with the report of warranties and guarantees, the report of securities, the income statement and a schedule intended to supplement and comment upon, as appropriate, the information provided in the balance sheet and the income statement.

It provides a written report of the Company's position and its business during the completed fiscal year.

The Statutory Auditors are provided with all of these documents in accordance with the applicable legal and regulatory terms.

From each fiscal year's earnings, less any previous losses, five percent is first deducted for the legal reserve fund; this deduction is no longer mandatory when this fund amounts to one-tenth of the capital stock; it resumes when, for any reason whatsoever, the statutory reserve falls below this fraction.

The balance, increased if necessary by unallocated earnings, constitutes distributable earnings.

The Ordinary General Shareholders Meeting, at the proposal of the Board of Directors, may resolve on the allocation of all or part of these distributable earnings to the unallocated earnings fund or to the allocation of all reserve accounts, established or to be established, extraordinary, general or special reserve accounts, specifically pursuant to the tax provisions. The General Shareholders Meeting rules on the allocation or use of these funds. It may also entrust such allocation or use to the Board of Directors.

From the balance, if any, the required amount is applied to be used for all shares at an interest rate of five percent per year of their par value, paid-in and not amortised, as first dividend, without possibility, if the earnings for a fiscal year fail to allow complete payment of this first dividend, for the shareholders to claim it from the earnings of subsequent fiscal years.

The surplus may be disposed of by the General Shareholders Meeting, which is responsible for its allocation. To this end, it may allocate all or part of this sum to general or special reserves accounts, carry it forward, or distribute it to shareholders.

Any losses are posted to the balance sheet in a separate account, after the financial statements have been approved by the General Shareholders Meeting.

The General Shareholders Meeting may decide to post the amounts to the reserves available to it; in this case the decision expressly applies to postings of reserves for which provisions are applied.

Apart from the case of capital reduction, no distribution may be made to shareholders when net assets are or would become lower than the amount of the capital increased by the reserves that the law does not allow to be distributed.

The General Shareholders Meeting may offer shareholders, for all or part of the dividend to be paid, a choice between payment of the dividend in cash or shares issued by the Company, subject to the terms and conditions set or allowed by the legal or regulatory provisions.

Article 28 – Dividend advances

When a balance sheet prepared during the course of or at the end of a fiscal year and certified by the Statutory Auditors shows that the Company has earned a profit since the end of the previous fiscal year, following deduction of any necessary depreciation and provisions and any previous losses and amounts to be applied to reserves have been deducted, in accordance with the law and by-laws, advances on dividends may be paid before the financial statements for the fiscal year are approved.

The amount of these advances may not exceed the total earnings defined above.

They are distributed under the terms and according to the methods set by regulation.

Shareholders may be given, for all or part of the dividend advances distributed, an option between payment in cash or in shares.

Title VIII

Dissolution & Liquidation

Article 29 – Measures to be taken if the Company's shareholders' equity becomes less than half of the capital stock

If, due to the losses stated in the accounts, the shareholders' equity becomes less than half of the capital stock, the Board of Directors must convene an Extraordinary General Shareholders Meeting to decide whether the Company must be wound up, within four months of the accounts that revealed this loss being approved.

If the Company's winding-up is not decided upon, the Company must, no later than the end of the second fiscal year following that in which the loss was observed, and subject to the legal measures fixing the minimum capital stock, reduce its capital by an amount at least equal to the losses that could not be charged to the provisions if, within that time, the shareholders' equity could not be built up to a value equal to at least half of the the capital stock.

Article 30 – Dissolution & Liquidation

At the expiration of the Company's lifetime or if it is wound up early for any reason whatsoever, the Company shall be liquidated by one or more liquidators appointed by the Board of Directors, subject to the terms and conditions governing quorum and majority set forth for Ordinary General Shareholders Meetings and, if not, in a legal decision.

Liquidation shall be carried out in accordance with the provisions provided for in law.

The net revenue resulting from the liquidation, after the liabilities and expenses have been cleared and the shareholders have been refunded the unamortised nominal value of their shares, is divided between the shareholders proportionally to the number of shares they hold, taking into account, if applicable, the rights conferred by the different types of shares.

TITLE IX

Disputes

Article 31

Any disputes that may occur during the Company's lifetime or liquidation, either between the shareholders and the Company or between the shareholders themselves, regarding comporate matters or the performance of the by-laws, shall be judged in accordance with French law and submitted to the competent courts.

6.10 DRAFT RESOLUTIONS OF THE COMBINED SHAREHOLDERS GENERAL MEETING ON 26 JUNE 2009

Eleven resolutions were put to the vote in the Combined General Shareholders Meeting on 26 June 2009.

I. Competence of the Ordinary General Shareholders Meeting

FIRST RESOLUTION

Following the reading of the reports of the Board of Directors, the report of the Chairman of the Board of Directors as provided for in article L. 225-37 of the Commercial Code and the report of the Statutory Auditors on the corporate financial statements, the General Shareholders Meeting decided on the quorums and majorities required in Ordinary General Shareholders Meetings and approves the annual financial statements for the fiscal year ended on 31 December 2008 as presented to it, with a negative closing balance of EUR 8,420,041 for this fiscal year, together with the transactions represented in these financial statements or summarised in these reports.

It approves the total amount of the costs and expenses nondeductible from the taxable earnings of the Companies covered by article 39-4 of the French Tax Code, amounting to EUR 18,864.

Accordingly, it gives the Directors and Statutory Auditors full and unqualified discharge of the execution of their assignments for the aforementioned fiscal year.

SECOND RESOLUTION

Following the reading of the reports of the Board of Directors, the Chairman of the Board of Directors and the Statutory Auditors on the consolidated financial statements, the General Shareholders Meeting decides on the quorums and majorities required in Ordinary General Shareholders Meetings and approves the consolidated financial statements for the fiscal year ended on 31 December 2008 as presented to it, with a negative closing balance of EUR 7,106,599 for this fiscal year, together with the transactions represented in these financial statements or summarised in these reports.

Accordingly, it gives the Directors and Statutory Auditors full and unqualified discharge of the execution of their assignments for the aforementioned fiscal year.

THIRD RESOLUTION

The General Shareholders Meeting decides on the quorums and majorities required in Ordinary General Shareholders Meetings and resolves to allocate the loss made in the fiscal year, totalling EUR 8,420,041, to the carried forward account, bringing it to a negative balance of EUR (2,945,460).

In accordance with current legislation, the General Shareholders Meeting notes that no dividend was distributed during the last three fiscal years.

FOURTH RESOLUTION

The General Shareholders Meeting, after hearing the reading of the Statutory Auditors' special report on the agreements covered by articles L. 225-38 et seq. of the Commercial Code decides on the quorum and majorities required by Ordinary General Shareholders Meetings and approves the report's conclusions and the agreements mentioned in it.

FIFTH RESOLUTION

The General Shareholders Meeting setting the quorums and majorities required in Ordinary General Shareholders Meetings resolves to allocate attendance fees among the members of the Board of Directors, totalling EUR 18,000.

SIXTH RESOLUTION

Following the reading of the report of the Board of Directors, the General Shareholders Meeting decides upon the quorums and majorities required in Ordinary General Shareholders Meetings and notes that the mandate of Mr. Dimitris Sabatakakis as Director expires at the Ordinary General Shareholders Meeting approving the financial statements closing on 31 December 2014, and approves the renewal of his mandate for a further six years.

SEVENTH RESOLUTION

After hearing the reading of the Board's report and deciding on the quorum and majorities required for Ordinary General Shareholders Meetings, the General Shareholders Meeting, noting that Mr. Patrick Sellier's mandate as Director had ended, decided not to renew his mandate or replace him.

EIGHTH RESOLUTION

The General Shareholders Meeting, after hearing the report of the Board of Directors and deciding on the quorum and majority required in Ordinary General Shareholders Meetings, approves the purchase of the Company's shares pursuant to articles L. 225-209 et seq. of the Commercial Code, in one or more stages, up to 10% of the Company's capital stock, with the Company's capital adjusted if necessary to take into account any capital increases occurring during the period of the plan.

The shares may be purchased, in order of priority, with the aim of doing the following:

- Cancel purchased shares if wished, provided that this is approved by the General Shareholders Meeting, in its sixth extraordinary resolution;

- Ensure that share purchase option plans and other forms of share allocation to employees and/or Directors of the Company and the Group's subsidiaries are covered, in accordance with the terms and conditions stipulated by the law, notably concerning company profitsharing, company savings plans or the free allocation of shares;

- Ensure the coverage of securities entitling their holders to the allocation of company shares under current regulations;

- Manage the secondary market dealing or liquidity of SYSTRAN shares by means of an investment service provider, through a liquidity agreement that complies with the ethic charter recognised by the financial markets authorities;

- Hold purchased shares and exchange or sell them later as a result of external growth, provided that the shares acquired in this way do not exceed 5% of the company's capital stock.

These shares may be acquired, sold, transferred or exchanged, by any means, on the market or privately, including through the use of any financial derivative instrument negotiated on a regulated or private market. These means also include block acquisitions without limit to size.

The Meeting resolves that:

- the maximum amount of funds that may be used to purchase the Company's shares shall not exceed EUR 7,634,136;

- the maximum number of shares the Company may acquire under this resolution must not exceed the limits fixed by article L. 225-209 of the Commercial Code, including shares bought under purchase authorisations previously granted by Ordinary General Shareholders Meetings.

The Meeting resolves that the maximum and minimum purchase and sale prices will be as follows:

- Maximum purchase price per share: EUR 8, after rounding off, excluding acquisition fees;

- Minimum sale price per share: EUR 2, after rounding off, excluding acquisition fees. However, if all or part of the shares acquired in virtue of this delegation was used to grant stock options pursuant to article L. 225–179 of the Commercial Code, the sale price would then be calculated in accordance with the legal provisions relating to the stock options.

In the event of a capital increase by the capitalisation of reserves and the distribution of free shares, as well as in the event of the shares being split or regrouped, the share's nominal value being modified, reserves or other assets being distributed, the capital being amortised or any other transaction relating to the equity capital, the prices noted above shall be adjusted by a multiplying coefficient equal to the ratio between the number of shares comprising the capital before the transaction, and the number after the transaction.

To ensure that this delegation is executed, full authority is given to the Board of Directors, for the purpose of:

- placing all trading orders and entering into all agreements, notably with a view to keeping a record of all share purchases and sales;

- making all declarations and completing all formalities and, in general, doing all that is necessary.

This authorisation for the acquisition and sale of shares cancels all previous delegations of the same type, and in particular the one granted in the fifth resolution of the Combined General Shareholders Meeting on 20 June 2008. This authorisation is granted for a period of 18 months from this day onwards. The Board of Directors will inform the annual Ordinary General Shareholders Meeting of all transactions carried out pursuant to this resolution.

II. Competence of the Extraordinary General Shareholders Meeting

NINTH RESOLUTION

After hearing the report of the Board of Directors and the Statutory Auditors' special report, the General Shareholders Meeting decides on the quorum and majority required in Extraordinary General Shareholders Meetings when authorising the Company to purchase its own shares as noted in the Meeting's previous resolution, in its Ordinary part, resolves, in accordance with article L. 225–209 of the Commercial Code, to authorise the Board of Directors to:

- reduce the capital stock by up to 10% of the total capital stock, by cancelling all or some of the acquired shares in one or more stages per 24-month period;

- allocate the difference between the purchase value of the cancelled shares and the book value to premiums and available reserves.

For this purpose, the Meeting gives the Board of Directors full powers to set the conditions and terms thereof, to settle any disputes, to note the reduction(s) in capital resulting from cancellation transactions authorised by this resolution, to amend, as applicable, the by-laws accordingly, and more generally to do all that is necessary for the completion of these transactions.

The maximum number of shares that the Company may cancel by virtue of this authorisation, within a period of twenty-four months, is 10% of the shares forming the Company's capital, on the understanding that this limit applies to an amount of the Company's capital that shall, as appropriate, be adjusted to take into account transactions affecting it subsequently at this General Shareholders Meeting.

This authorisation is granted for a period of 18 months from this day, and cancels all previous delegations of the same type, and in particular the one granted in the sixth resolution of the Combined General Shareholders Meeting on 20 June 2008.

TENTH RESOLUTION

After hearing a reading of the Board's report, the General Shareholders Meeting decides on the quorum and majorities required for Extraordinary General Shareholders Meetings and decides to modify the by-laws as follows in order to ensure that they comply with the latest legislation:

- Article 16 – Proceedings of the Board of Directors: The following paragraph is added: "*The rules of procedure drawn up by the Board of Directors may provide for Directors attending the Board meeting by means of video conferencing and other means of remote communication that allow the participants to be identified being deemed present when the meeting's quorum and majority are calculated, in accordance with current regulations. This provision does not apply to the closure of the annual financial statements and consolidated financial statements or the drawing-up of the corporate management report and the Group's management report*".

- Article 18 – Board of Directors & Proxies: The reference to article L. 225-1 of the Commercial Code is replaced by a reference to article L. 225-51-1 of the Commercial Code.

- Article 20, 1st paragraph – Agreement between the Company and a Director or a (Deputy) Chief Executive Officer: the following wording: “*Any direct or indirect agreement between the Company and (...) one of its shareholders holding over 5% of its voting rights (...) must be submitted for prior authorisation by the Board of Directors”* is replaced by the wording “*Any direct or indirect agreement between the Company and (...) one of its shareholders holding over* *<u>10%</u>* *of its voting rights (...) must be submitted for prior authorisation by the Board of Directors*”.

- Article 22 – Prevention of difficulties: The reference to articles L. 422.4 and 432.5 of the Commercial Code is replaced by articles L. 2313-14 and L. 2323-78 of the Commercial Code.

- Article 23 – General Shareholders Meetings, paragraphs 2 in fine: the wording “*These formalities must be completed at least five (5) days before the meeting is held*” is replaced by “*These formalities must be completed at least three (3) days before the meeting is held*”.

- Article 24 – Quorum and majority: The first paragraph is now worded as follows: “1/ The Ordinary General Shareholders Meeting will be in valid session when first convened only if the attending or represented shareholders hold at least one-fifth of the shares with voting rights”.

  The fourth paragraph is now worded as follows:

  “2/ The Extraordinary General Shareholders Meeting can deliberate validly only if the attending or represented shareholders constitute at least one-quarter of voting shares when the Meeting is first convened, and one-fifth when it is convened a second time.”

  The rest of article 24 remains unchanged.

III. Competence of the Combined General Shareholders Meeting

ELEVENTH RESOLUTION

The General Shareholders Meeting grants all powers to the Board of Directors and to its Chairman, with the right to delegate those powers, to conduct all legal formalities regarding the publication of this Meeting’s documents, and to the bearer of an original, extract or certified copy of the minutes reporting its resolutions, to conduct all legal formalities relating to this Meeting.

6.11 STATUTORY AUDITORS' SPECIAL REPORT ON THE REGULATED AGREEMENTS FOR THE FISCAL YEAR ENDING 31 DECEMBER 2008

Dear Shareholders,

In our capacity as Statutory Auditors of your company, we report to you on the regulatory agreements and commitments.

1. Authorised agreements and commitments during the fiscal year

Pursuant to article L. 225-40 of the Commercial Code, we have been notified of the agreement covered by the prior authorisation of your Board of Directors.

Our responsibility is to research the existence of any other agreements and commitments and to notify you, based on the information given us, of the essential characteristics and conditions of those of which we have been informed, without ruling on their usefulness or justification. According to the provisions of article R. 225-31 of the Commercial Code, it is for you to judge the usefulness of signing these agremeents or commitments, with a view to their approval.

We have taken the measures that we have thought necessary with regard to the professional doctrine of the national Company of Statutory Auditors concerning this assignment. These measures have consisted in verifying that the information we have been given agrees with the basic documents from which they are taken.

Board of Directors Meeting on 29 July 2008

Your company has signed a service contract with the Techniques Nucléaires S.A. company, for the storage of your archives. A EUR 28,000 net expense was recorded in the financial statements for fiscal year 2008. The Director concerned is Mr. Dimitris Sabatakakis (Chairman of the Board of Directors of SYSTRAN SA).

2. Agreements and commitments approved in the course of previous fiscal years and which continued into this fiscal year

Pursuant to the Commercial Code, we have been informed that the following agreement, which was approved in previous fiscal years, continued into the last fiscal year.

Personal guarantee provided up to a limit of EUR 152,449.02 by Mr. Dimitris Sabatakakis to ensure the refunding of all amounts due by SYSTRAN S.A. to Natixis. The relevant Director is Mr. Dimitris Sabatakakis (Chairman of the Board of Directors of SYSTRAN SA).

Paris La Défense and Paris, 27 April 2009

KPMG Audit Department of KPMG S.A.	Grant Thornton French Member of Grant Thornton International
Claire GRAVEREAU *Associate*	Vincent FRAMBOURT *Associate*

7 AUDITORS OF THE FINANCIAL STATEMENTS

7.1 STATUTORY AUDITORS

KPMG	Grant Thornton
3 cours du Triangle	100 rue de Courcelles
92,939 Paris La Défense Cedex	75,017 Paris

KPMG S.A. was appointed as Statutory Auditors by the Combined General Shareholders Meeting of 23 June 2006 for a term of six fiscal years expiring after the General Shareholders Meeting ruling on the financial statements for the fiscal year ending 31 December 2011.

KPMG is represented by Mrs. Claire GRAVEREAU.

Temporary substitute:

SCP J.C. ANDRE, represented by Mrs. Danielle PRUT-FOULATIÈRE, residing at 2 bis rue de Villiers – 92309 Levallois Perret.

GRANT THORNTON's appointment as Statutory Auditors was renewed at the Combined General Shareholders Meeting on 22 June 2007 for a term of six fiscal years expiring after the General Shareholders Meeting ruling on the financial statements for the fiscal year ending 31 December 2012.

GRANT THORNTON is represented by Mr. Victor FRAMBOURT

Temporary substitute:

Mr. Gilles HENGOAT, 100 rue de Courcelles, 75017 PARIS

7.2 TABLE OF STATUTORY AUDITORS' FEES

In thousands of Euros	***KPMG***					***GRANT THORNTON***				
	2008	2007	2006	*% N*	*% N-1*	2008	2007	2006	*% N*	*% N-1*
Audit:										
Statutory auditing (certification & examination of individual and consolidated financial statements)	26	25	24			26	25	24		
Auditing of the US subsidiary SSI by Grant Thornton						14	14	14		
Subtotal	26	25	24	*%*	*100%*	40	39	38	*%*	*100%*
Other services:										
Legal, taxation and corporate										
Information technology										
IFRS		1	1				1	1		
Internal audit						3				
Other: to be specified if > 10% of audit fees						2				
Subtotal	-	-	1	-	-	5	-	1	*-%*	*-%*
TOTAL	**26**	**26**	**25**	***%***	***100%***	**45**	**40**	**39**	***%***	***100%***

8 PERSON RESPONSIBLE FOR THE REFERENCE DOCUMENT

8.1 PERSON RESPONSIBLE FOR THE REFERENCE DOCUMENT

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

8.2 CERTIFICATION BY PERSON RESPONSIBLE FOR THE REFERENCE DOCUMENT

Having taken all reasonable measures for the purpose, I certify that, to the best of my knowledge, the information in this reference document corresponds to reality and does not comprise any distorting omissions.

I hereby certify that, to the best of my knowledge, the financial statements 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 management report information shown on pages 20 to 24, pages 25 to 33, pages 34 to 36, pages 39 to 42, pages 43 to 46, pages 64 to 66, pages 69 to 71, pages 79 to 80, page 100, pages 104 to 117, pages 118 to 123, pages 146 to 150, and page 153 provide an accurate picture of the business, earnings and financial position of the Company and all of the companies included in the consolidation, together with a description of the main risks and uncertainties facing them.

I have obtained a completion letter from the Statutory Auditors KPMG Audit and Grant Thornton, in which they state that they have conducted an audit of information relating to the financial position and financial statements provided in this reference document and have read the entire document.

The corporate and consolidated financial statements for the fiscal year ending 31 December 2008 have been reported upon in the Statutory Auditors' reports shown on pages 76 to 77 and 101 to 102 of this reference document, and these reports contain the following comments:

Corporate financial statements:

"Without calling into question the opinion expressed above, we draw your attention to the notes "Important events during the year" and "Intangible fixed assets" in the appendix to the annual financial statements, which state that your company has recorded a provision for the decrease in the value of its intangible fixed assets for fiscal year 2008".

Consolidated financial statements:

"Without calling into question the opinion expressed above, we draw your attention to the notes "Important events during the year" and "Intangible fixed assets" in the appendix to the consolidated financial statements, which state that your company has recorded a provision for the decrease in the value of its intangible fixed assets for fiscal year 2008".

The corporate and consolidated financial statements for the fiscal year ending 31 December 2007, shown in reference document D.08-0271, have been reported upon in the Statutory Auditors' reports on pages 71 to 72 and 93 to 94 of this reference document, and these reports contain comments.

The corporate and consolidated financial statements for the fiscal year ending 31 December 2006, shown in reference document D.07-0473, have been reported upon in the Statutory Auditors' reports on pages 66 to 67 and 85 to 86 of this reference document, and these reports contain comments".

Paris La Défense, 29 April 2009

Dimitris Sabatakakis

Chairman and CEO

9 ANNUAL DISCLOSURE DOCUMENT

Document drawn up in accordance with the provisions of article 221-1-1 of the general regulations of the financial market authorities.

Subject	Publication date	Medium
Monthly disclosure of transactions in own shares	3 January 2008	AMF / Website
Monthly disclosure of the total number of shares and voting rights	3 January 2008	AMF / Website
Monthly disclosure of transactions in own shares	5 February 2008	AMF / Website
Monthly disclosure of the total number of shares and voting rights	5 February 2008	AMF / Website
2007 financial results	14 February 2008	Press release
2007 financial results	14 February 2008	Website
2007 financial results	14 February 2008	Les Echos
Consolidated revenue for Q4 2007	15 February 2008	BALO no. 20
Monthly disclosure of transactions in own shares	6 March 2008	AMF / Website
Monthly disclosure of the total number of shares and voting rights	6 March 2008	AMF / Website
Monthly disclosure of transactions in own shares	4 April 2008	AMF / Website
Monthly disclosure of the total number of shares and voting rights	4 April 2008	AMF / Website
Reference document 2007	23 April 2008	AMF / Website
Annual financial statements 2007	28 April 2008	BALO no. 51
Monthly disclosure of transactions in own shares	7 May 2008	AMF / Website
Monthly disclosure of the total number of shares and voting rights	7 May 2008	AMF / Website
Revenue for Q1 2008	9 May 2008	Press release
Revenue for Q1 2008	9 May 2008	Website
Revenue for Q1 2008	9 May 2008	Les Echos
Meeting notification serving as summons to attend Combined General Shareholders Meeting of 20 June 2008	16 May 2008	BALO no. 60
Monthly disclosure of transactions in own shares	6 June 2008	AMF / Website
Monthly disclosure of the total number of shares and voting rights	6 June 2008	AMF / Website
Stock acquisition plan	17 June 2008	AMF / Website
Weekly disclosure of transactions in own shares	27 June 2008	AMF / Website
Monthly disclosure of transactions in own shares	4 July 2008	AMF / Website
Monthly disclosure of the total number of shares and voting rights	4 July 2008	AMF / Website
Disclosure of the total number of voting rights - General Shareholders Meeting on 20 June 2008	9 July 2008	BALO no. 83
Disclosure of the total number of voting rights - General Shareholders Meeting on 20 June 2008 - Rectification	14 July 2008	BALO no. 85
Disclosure of the total number of voting rights - General Shareholders Meeting on 20 June 2008 - Rectification	30 July 2008	BALO no. 92
Meeting notification serving as summons to attend Combined General Shareholders Meeting on 20 June 2008	30 July 2008	AMF / Website

Notice of the General Shareholders Meeting on 20 June 2008	30 July 2008	AMF / Website
Interim financial statement for H1 2008	31 July 2008	Press release
Interim financial statement for H1 2008	31 July 2008	Website
Financial results for H1 2008	1 August 2008	Les Echos
Monthly disclosure of transactions in own shares	4 August 2008	AMF / Website
Monthly disclosure of the total number of shares and voting rights	4 August 2008	AMF / Website
Annual financial statements approved at the General Shareholders Meeting	6 August 2008	BALO no. 95
Monthly disclosure of transactions in own shares	4 September 2008	AMF / Website
Monthly disclosure of the total number of shares and voting rights	4 September 2008	AMF / Website
Monthly disclosure of transactions in own shares	3 October 2008	AMF / Website
Monthly disclosure of the total number of shares and voting rights	3 October 2008	AMF / Website
Weekly disclosure of trading in own shares	24 October 2008	AMF / Website
Monthly disclosure of transactions in own shares	4 November 2008	AMF / Website
Monthly disclosure of the total number of shares and voting rights	4 November 2008	AMF / Website
Revenue for Q3 2008	6 November 2008	Press release
Revenue for Q3 2008	6 November 2008	Website
Revenue for Q3 2008	7 November 2008	Les Echos
Identification of holders of registered shares	21 November 2008	BALO no. 141
Monthly disclosure of transactions in own shares	8 December 2008	AMF / Website
Monthly disclosure of the total number of shares and voting rights	8 December 2008	AMF / Website
Monthly disclosure of transactions in own shares	6 January 2009	AMF / Website
Monthly disclosure of the total number of shares and voting rights	6 January 2009	AMF / Website
Monthly disclosure of transactions in own shares	3 February 2009	AMF / Website
Monthly disclosure of the total number of shares and voting rights	3 February 2009	
2008 financial results	13 February 2009	Press release
2008 financial results	13 February 2009	Website
2008 financial results	13 February 2009	Les Echos
Weekly disclosure of trading in own shares	24 February 2009	AMF / Website
Monthly disclosure of transactions in own shares	3 March 2009	AMF / Website
Monthly disclosure of the total number of shares and voting rights	3 March 2009	AMF / Website

The monthly disclosures relating to trading in the Company's own shares, which was carried out as part of stock acquisition plans approved at the Combined General Shareholders Meetings on 20 June 2008 and 22 June 2007, have been regularly sent to the French financial market authorities (AMF) during the fiscal years 2007, 2008 and 2009 and have been published on the Website www.systran.co.uk under the heading "Regulated information" since 20 January 2007.

The monthly disclosures relating to the Company's total number of shares and voting rights are published on the Website http://www.systran.co.uk under the heading "Regulated information" since 20 January 2007.

The press releases are available on the www.systran.co.uk and www.amf-france.org Websites.

10 GLOSSARY OF TERMS USED

Natural language: language intended to be spoken by humans, as opposed to a programming language.

Gisting: language comprehension aid.

Internet Service Provider: company providing Internet users with an Internet network connection: e.g. AOL, Club-Internet, Compuserve, Free or Wanadoo.

Intranet: internal network using communications protocols and sometimes Internet navigation tools.

Localisation: process of translating content (e.g. a Website) and adapting it to the specific cultural preferences of the target language.

OEM: Original Equipment Manufacturing: term used in the computer field to designate a product manufactured by a company to be incorporated into a product manufactured by another company that markets the product assembled under its own brand.

Language pair: machine translation terminology describing the pairing consisting of a source language (to be translated) and a target language (the translated text). Example: from French into English.

Portal: non-specialised Website that provides a set of everyday services (directory, searches, knowledge base, e-mail, forums, etc.) for Internet users who often make the home page the default for their browser, providing a gateway to the Internet (hence the use of the word *Portal*). AltaVista, AOL, Lycos and Yahoo! are Internet *portals*.

“Powered by SYSTRAN” means that the application is provided by SYSTRAN. It may be operated either by SYSTRAN or by a customer or partner.

11 REFERENCE AND CONSISTENCY TABLE

To simplify reading of the reference document, the following consistency table provides links to the main headings required by Appendix I of European Regulation 809/2004 in application of the “Prospectus” directive.

1.	**PERSONS RESPONSIBLE**	
1.1.	Declare all the persons responsible for the information contained in the reference document, and if applicable, certain parts of the reference document, in which case these parts must be indicated. When the persons responsible are physical persons, including members of the issuer’s administrative, managerial or supervisory bodies, indicate their name and position. If they are legal entities, indicate their name and registered office.	**p. 155**
1.2.	Supply a declaration by the persons responsible for the reference document certifying that having taken all reasonable measures for the purpose, the information in the present reference document corresponds to reality and does not comprise any distorting omissions, to the best of their knowledge. If necessary, supply a declaration by the persons responsible for certain parts of the reference document certifying that having taken all reasonable measures for the purpose, the information contained in the part of the reference document for which they are responsible corresponds to reality and does not comprise any distorting omissions.	**p. 155**
2.	**STATUTORY AUDITORS**	
2.1.	Give the name and address of the issuer’s statutory auditors, for the period covered by the historic financial information (also indicate if they belong to a professional body).	**p. 153**
2.2.	If the auditors have resigned, have been eliminated or have not been reappointed during the period covered by the historic financial information, divulge the details of this information if they are important.	**N/A**
3.	**SELECTED FINANCIAL INFORMATION**	
3.1.	Present the historic financial information selected for the issuer for each fiscal year in the period covered by this historic financial information and for the whole of any subsequent interim period, in the same currency. The selected historic financial information must contain the key elements summarising the issuer’s financial situation.	**p. 5; p. 39 to 42**
3.2.	If financial information has been selected for interim periods, comparative data covering the same period of the previous fiscal year must also be provoded. Presentation of the closing balance sheets suffices however to satisfy the requirement for comparable balance sheet information.	**N/A**
4.	**RISK FACTORS**	
	In a section entitled “risk factors”, highlight the risk factors inherent to the issuer or its business sector.	**p. 25 to 33**
5.	**INFORMATION ABOUT THE ISSUER**	
5.1	**Company history and changes**	
5.1.1	Issuer’s corporate name and title	**p. 134**
5.1.2	Issuer’s registration number and location	**p. 134**
5.1.3	Issuer’s date of creation and duration, if it is not undetermined.	**p. 134**

5.1.4	Registered office and legal form of the issuer, legislation governing its activities, its country of origin, address and telephone number of its registered office (or of its main place of business, if different from its registered office)	**p. 134**
5.1.5	Important events in the development of the issuer's business	**p. 39 to 42, p. 47 to 48 and p. 81 to 82**
5.2	**Investments**	
5.2.1	Main investments (including their amount) made by the issuer during each fiscal year in the period covered by the historic financial information, up to the date of the reference document.	**p. 23 to 24 and p. 136**
5.2.2	Main current issuer investments, including geographical locations of these investments (in the national territory and abroad) and their funding method (internal or external)	**N/A**
5.2.3	Information concerning the main investments the issuer is planning to make in the future, for which the management bodies have already made firm commitments.	**N/A**
6.	**OVERVIEW OF ACTIVITIES**	
6.1	**Main activities**	
6.1.1	Describe the nature of the operations performed by the issuer and its main activities - including key factors and related factors – mentioning the main categories of products sold and / or services provided during each fiscal year in the period covered by the historic financial information.	**p. 16 to 18; p. 39 to 42**
6.1.2.	Mention any new important product and / or service launched on the market, and if the development of new products or services has been advertised, indicate the state of progress of this development.	**p. 16 to 18; p. 39 to 42**
6.2	**Main markets**	
	Describe the main markets where the issuer operates, giving a breakdown of the total amount of its revenue for each type of activity and each geographical market, for each fiscal year in the period covered by the historic financial information.	**p. 9 to 12; p. 55**
6.3	If the information supplied for points 6.1 and 6.2 was affected by exceptional events, please mention these events.	**N/A**
6.4	If the issuer's business or profitability is significantly influenced by patents or licences, industrial, commercial or financial contracts or new manufacturing procedures, provide summarised information concerning the issuer's degree of dependence on such factors.	**N/A**
6.5	Indicate the elements justifying any declaration by the issuer concerning its position in relation to competitors.	**N/A**
7.	**ORGANISATION CHART**	
7.1.	If the issuer is part of a group, briefly describe this group and the position the issuer has within it.	**p. 19**
7.2.	Draw up the list of the issuer's main subsidiaries, including their name, country of origin or establishment and the capital percentage and, if it is different, the percentage of voting rights the issuer holds.	**p. 19**
8.	**OWNERSHIP OF BUILDINGS, LAND, PLANTS AND EQUIPMENT**	
8.1.	Indicate any important existing or planned tangible fixed asset, including rented buildings and land, and any major expense pertaining to such property.	**p. 24**
8.2.	Describe any environmental issue that may influence the issuer's use of the tangible fixed assets.	**N/A**

9.	**EXAMINATION OF THE FINANCIAL SITUATION AND INCOME**	
9.1	**Financial situation**	
	Insofar as this information is not shown elsewhere in the reference document, describe the issuer's financial situation, the changes in this financial situation and the income from activities undertaken during each fiscal year and interim period for which the historic financial information is required. Indicate the causes of the major changes that have taken place from one fiscal year to another in this financial information, insofar as is necessary to understand the issuer's overall business activities.	**p. 43 to 100**
9.2.	**Operating income**	
9.2.1.	Mention the important factors, including unusual or infrequent events or new developments that have had a substantial impact on the issuer's operating income, and indicate the extent to which the issuer has been affected.	**p. 47 to 48**
9.2.2.	If the financial reports indicate major changes in the net revenue or net income, explain the reasons for these changes.	**N/A**
9.2.3.	Mention any governmental, economic, budgetary, monetary or political strategy or other factor that has had a substantial influence or could substantially influence the issuer's activities, directly or indirectly.	**N/A**
10.	**CASH FLOW AND CAPITAL**	
10.1.	Provide information about the issuer's capital (short-term and long-term).	**p. 34 to 35; p. 64 to 66; p. 97; p. 104 to 105**
10.2.	Indicate the source and amount of the issuer's cash flow and describe these cash flows.	**p. 45**
10.3.	Provide information about the issuer's borrowing terms and conditions and financing structure.	**p. 30 to 33; p. 67 to 68; p. 93**
10.4.	Provide information about any restriction on use of capital that has had a substantial influence or could substantially influence the issuer's activities, directly or indirectly.	**N/A**
10.5.	Provide information concerning the expected sources of funding that will be necessary to fulfil the commitments listed in points 5.2.3 and 8.1.	**N/A**
11.	**RESEARCH AND DEVELOPMENT, PATENTS AND LICENCES**	
	If these are important, provide a description of the research and development policies implemented by the issuer during each fiscal year in the period covered by the historic financial information, and indicate the cost of the research and development activities financed by the issuer.	**p. 23 to 24**
12.	**INFORMATION ABOUT TRENDS**	
12.1.	Indicate the main trends that have affected production, sales and stock levels, costs and sales prices since the end of the last fiscal year to the date of the reference document.	**N/A**
12.2.	Point out any known trend, uncertainty, demand, commitment or event that may reasonably be considered likely to significantly influence the outlook for the issuer, at least for the current fiscal year.	**N/A**
13.	**PROFIT FORECASTS OR ESTIMATES**	
	If the issuer decides to include a profit forecast or estimate in the reference document, it must contain the information listed in points 13.1 and 13.2:	**N/A**

13.1.	A statement setting out the main assumptions serving as the basis for the issuer's forecast or estimate. It is necessary to draw a clear distinction between assumptions relating to factors that can influence members of the administrative, managerial or supervisory bodies and assumptions relating to factors that are completely beyond their control. In addition these assumptions must be easy for investors to understand, specific and precise, and must not relate to the general exactness of the estimates underlying the forecast.	**N/A**
13.2.	A report drawn up by independent accountants or auditors, stipulating that in their opinion the profit forecast or estimate was drawn up correctly on the indicated basis and that the accounting methods used for the purposes of this forecast or estimate are in conformity with the accounting methods applied by the issuer.	**N/A**
13.3.	The profit forecast or estimate must be drawn up using a basis that is comparable to the historic financial information.	**N/A**
13.4.	If a profit forecast has been included in a leaflet which is still pending, provide a declaration indicating that this forecast is, or is not, still valid on the date of the reference document, and if necessary explain why it is no longer valid.	**N/A**
14.	**ADMINISTRATIVE, MANAGERIAL, SUPERVISORY AND EXECUTIVE MANAGEMENT BODIES**	
14.1	Give the name, professional address and position of the following persons within the issuing company, and indicate the main activities they perform outside this issuing company if these activities are significant in relation to this company: a) members of administrative, managerial or supervisory bodies; b) general partners, if it is a partnership limited by shares; c) founders, if the company was founded less than five years ago; and d) any executive officer whose name can be given to prove that the issuing company has at its disposal the appropriate expertise and experience to run its own affairs. Indicate the nature of any family ties existing between any of these persons. For any person who is a member of an administrative, managerial or supervisory body and for any person concerned by points b) and d) of the first paragraph, provide detailed information about their managerial expertise and experience, as well as the following information: a) name of any companies and limited partnerships within which this person has been a member of an adminstrative, managerial or supervisory body or a general partner, at any time during the last five years (also indicate whether s/he still holds this position). It is not necessary to draw up the list of all the subsidiaries of an issuing company within which the person is also a member of an administrative, managerial or supervisory body; b) any conviction for fraud pronounced in the last five years at least; c) details of any bankruptcy, receivership or liquidation proceedings in which a person concerned by points a) and d) of the first paragraph and who is acting by virtue of any one of the positions listed in points a) and d) has been involved in the last five years at least; d) details of any incrimination and / or disciplinary action taken against such a person by the regulatory or statutory authorities (including designated professional associations). It should also be indicated whether this person has ever been prevented by a court from taking up a position as member of a board of directors, management committee or supervisory board of an issuer, or from participating in the management or supervision of an issuer during the last five years at least. If no information of this kind has to be divulged, a statement to this effect must be provided.	**p. 118 to 123**

14.2.	**Conflicts of interest in the administrative, managerial and supervisory bodies and the executive management** Potential conflicts of interest between the duties of any one of the persons concerned by point 14.1 with regard to the issuer, and their private interests and / or other duties must be clearly indicated. In the absence of such conflicts of interest, a statement to this effect must be provided. Indicate any arrangement or agreement made with the main shareholders, customers, suppliers or others by virtue of which any one of the persons concerned by point 14.1 has been selected as a member of a board of directors, management committee or supervisory board or as a member of the executive management. Give details of any restriction accepted by the persons concerned by point 14.1 with regard to the transfer of their holdings in the issuer's capital stock, after a certain period of time has elapsed.	**p. 120**
15.	**REMUNERATION AND BENEFITS**	
	For the whole of the last fiscal year, indicate for any person concerned by point 14.1, first paragraph, points a) and d):	
15.1	The amount of the remuneration paid (including any conditional or deferred remuneration) and the benefits in kind granted by the issuer and its subsidiaries for services of any kind which this person has provided to them. This information must be supplied on an individual basis, unless individualised information is not required in the country of origin of the issuer or is published elsewhere by the issuer;	**p. 120 to 122**
15.2.	The total amount of the sums provisioned or recorded in addition by the issuer or its subsidiaries in order to pay pensions, retirement allowances or other benefits.	**N/A**
16.	**FUNCTIONING OF ADMINISTRATIVE AND MANAGERIAL BODIES**	
	For the issuer's last fiscal year, unless specified otherwise, provide the following information concerning any person concerned by point 14.1, first paragraph, point a):	
16.1	The expiry date of this person's current assignment, if any, and the period during which s/he has remained in office;	**p. 118**
16.2.	Information about the service contracts binding members of the administrative, managerial and supervisory bodies to the issuer or to any of its subsidiaries and providing for granting of benefits upon termination of such a contract, or else an appropriate negative declaration;	**p. 116 and 119**
16.3.	Information about the issuer's audit committee and remuneration committee, including the names of members of these committees and information on the issuer's audit committee and remuneration committee, including the names of the members of these committees and a summary of their mandate.	**N/A**
16.4.	Also include a statement indicating whether or not the issuer complies with the system of corporate governance in force in its country of origin. If the issuer is not in compliance, the statement must include an explanation.	**p. 118 and 120**
	Report by the Chairman of the Supervisory Board on the internal control procedures. Statutory Auditors' report on the report by the Chairman of the Supervisory Board on the internal control procedures.	**p. 124 to 130**

17.	**EMPLOYEES**	
17.1.	Indicate either the number of employees at the end of the period covered by the historic financial information, or the average number of employees during each fiscal year in this period, up to the date of the reference document (as well as changes in this number, if they are significant) and, if possible, and if this information is important, the allocation of the employees to each principal type of activity and each site. If the issuer employs a large number of temporary workers, indicate also the average number of these temporary workers during the most recent fiscal year.	**p. 20 to 21**
17.2.	**Shares and stock options**	
	For each person concerned by point 14.1, first paragraph, a) and d), supply information that is as recent as possible about the shares they hold in the issuer's capital stock and any stock options they hold.	**p. 123**
17.3.	Describe any agreement providing for shareholding by employees in the issuer's capital.	**N/A**
18.	**MAIN SHAREHOLDERS**	
18.1.	Insofar as this information is known to the issuer, give the name of all persons who are not members of an administrative, managerial or supervisory body who directly or indirectly hold a percentage of the issuer's capital stock or voting rights, who must be notified by virtue of the national legislation applicable to the issuer, as well as the amount of the shares thus held, or if such persons do not exist, provide an appropriate negative statement.	**p. 34 and 123**
18.2.	Indicate whether the issuer's main shareholders have different voting rights, or supply an appropriate negative statement.	**p. 34 and 123**
18.3.	Insofar as this information is known to the issuer, indicate whether it is owned or controlled directly or indirectly, and by whom; describe the nature of this control and the measures taken to ensure that it is not exercised in an abusive manner.	**N/A**
18.4.	Describe any agreement known to the issuer, the implementation of which could subsequently bring about a change in control.	**N/A**
19.	**TRANSACTIONS WITH RELATIVES**	**N/A**
	The detail of transactions with relatives (who for this purpose are those stipulated in the standards adopted in conformity with the regulation (CE) n° 1606/2002) entered into by the issuer during the period covered by the historic financial information up to the date of the reference document, must be divulged, in application of the relevant norm adopted in conformity with the said regulation, if this regulation applies to the issuer. If this is not the case, the following information must be published: a) the nature and amount of any operations which – considered in isolation or in their entirety – are important for the issuer. When the transactions with relatives are not entered into according to market conditions, explain why. In the case of ongoing loans, including guarantees of any type, indicate the outstanding amount; b) the amount or percentage for which the transactions with relatives are posted in the issuer's revenue.	

20.	**FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS, FINANCIAL SITUATION AND INCOME OF ISSUER**	
20.1.	**Historic financial information**	
	Supply verified historic financial information for the last three fiscal years (or for any shorter period during which the issuer was in business) and the audit report drawn up for each fiscal year. For Community issuers, this financial information must be drawn up in conformity with regulation (CE) n° 1606/2002 or, if this regulation is not applicable, in conformity with the national accounting standards of a Member State. For the issuers from third countries, they must be drawn up in conformity with the international accounting standards adopted in application of the procedure stipulated in article 3 of regulation (CE) n° 1606/2002 or in conformity with the national accounting standards of a third party that are equivalent to these standards. In the absence of any equivalence, the financial information must be presented in the form of restated financial reports. The verified historic financial information for the last two fiscal years must be drawn up and presented in a format compatible with the format that will be adopted in the next annual financial statements the issuer will publish, taking into account the accounting standards, methods and legislation applicable to the said annual financial statements. If the issuer has been operating in its current business sector for less than one year, the verified historic financial information for this period must be drawn up in conformity with the norms applicable to the annual financial statements by virtue of regulation (CE) n° 1606/2002 or, if this is not applicable, in conformity with the national accounting standards of a Member State, if the issuer is a Community issuer. For the issuers from other countries, this information must be drawn up in conformity with the international accounting standards adopted in application of the procedure stipulated in article 3 of regulation (CE) n° 1606/2002 or in conformity with another country's national accounting standards that are equivalent to these standards. This historical financial information must be verified. If the information is drawn up in conformity with national accounting standards, the verified financial information required for the purposes of the present section must include as a minimum: a) the balance sheet; b) the income statement; c) a statement indicating all the changes in shareholders' equity or the changes in shareholders' equity other than those caused by transactions on the capital with the owners and distribution to the owners; d) the financing table; e) the accounting methods and explanatory notes. The annual historic financial information must be verified by an independent entity or a statement must be incorporated indicating whether, for the purposes of the reference document they give a true reflection, in conformity with the auditing standards applicable in a Member State or with an equivalent standard.	**p. 43 to 75**

20.2.	**Pro forma financial information**	
	If the gross values are modified significantly, describe the way in which the transaction could have affected the assets, liabilities and income of the issuer, depending on whether it had taken place at the start of the relevant period or on the indicated date. This requirement will normally be fulfilled by including pro forma financial information. The pro forma financial information must be presented in conformity with appendix II and must include all the data relating to that appendix. It must include a report drawn up by independent auditors or accountants.	**N/A**
20.3.	**Financial statements**	
	Ifi the issuer draws up its annual financial statements on an individual and consolidated basis, include at least the annual consolidated financial statements in the reference document.	**p. 43 to 46**
20.4.	**Verification of annual historic financial information**	
20.4.1.	Provide a statement certifying the historic financial information has been verified. If the auditors have refused to draw up an audit report on the historic financial information, or if this audit report contains reserves or notifications that it is impossible to express an opinion, this refusal, these reserves or these notifications must be reproduced in their entirety and accompanied by an explanation.	**p. 76 to 78; p. 101 to 103**
20.4.2.	Indicate what other information contained in the reference document has been verified by the auditors.	**p. 131; p. 151 to 152**
20.4.3.	If the financial information appearing in the reference document is not taken from the issuer's verified financial statements, indicate its source and specify that it has not been verified.	**N/A**
20.5.	**Date of the latest financial information**	
20.5.1.	The latest fiscal year for which financial information has been verified must be no earlier than: a) at the most 18 months prior to the date of the reference document, if the issuer includes in it interim financial statements that have been verified; b) at the most 15 months prior to the date of the reference document, if the issuer includes in it interim financial statements that have not been verified.	**N/A**
20.6.	**Interim and other financial information**	
20.6.1.	If the issuer has published quarterly or half-yearly financial information since the date of its latest verified financial statements, this information must be included in the reference document. If this quarterly or half-yearly financial information has been examined or verified, the examination or audit report must also be included. If this is not the case, point this out. If the reference document was drawn up more than nine months after the last verified fiscal year, it must contain interim financial information, which does not have to be verified (in which case this must be indicated), covering at least the first six months of the new fiscal year. Interim financial information must be accompanied by comparative financial statements covering the same period of the previous fiscal year. However, presentation of the closing balance sheets is sufficient to satisfy the requirememnt for comparable balance sheet information.	**N/A**
20.6.2.	If the reference document was drawn up more than nine months after the last verified fiscal year, it must contain interim financial information, which does not have to be verified (in which case this must be indicated), covering at least the first six months of the new fiscal year. Interim financial information must be accompanied by comparative financial statements covering the same period of the previous fiscal year. However, presentation of the closing balance sheets is sufficient to satisfy the requirement for comparable balance sheet information.	**N/A**

20.7.	**Dividend distribution policy**	
	Describe the issuer's policy with regard to dividend distribution and any applicable restriction in this respect.	**p. 36**
20.7.1.	For each fiscal year of the period covered by the historic financial information, give the dividend amount per share, possibly corrected to allow comparisons when the number of the issuer's shares has changed.	**N/A**
20.8.	**Legal proceedings and arbitration**	
	Indicate for a period covering at least the last twelve months, any governmental, legal or arbitration proceedings (including any proceedings of which the issuer is aware but that have been suspended, or that have been threatened) which may have or may have had a significant impact on the financial situation or profitability of the issuer and/or the group, or provide an appropriate negative statement.	**p. 26; p. 31; p. 47 to 48; p. 81; p. 116 to 117**
20.9.	**Significant change in the financial or commercial situation**	
	Describe any significant change in the group's financial or commercial situation that has occurred since the end of the last fiscal year for which the verified financial statements or interim financial statements have been published, or provide an appropriate negative statement.	**N/A**
21.	**ADDITIONAL INFORMATION**	
21.1.	**Capital stock**	
	Provide the following information, dated from the most recent balance sheet included in the historic financial information:	
21.1.1.	the amount of the subscribed capital, and for each share category: a) the number of authorised shares; b) the number of shares issued and fully paid in and the number of shares issued but not fully paid in; c) the face value per share, or the fact that the shares do not have a face value; and d) a reconciliation of the number of shares in circulation on the opening and closing dates of the fiscal year. If more than 10% of the capital was paid in by means of assets other than cash during the period covered by the historic financial information, point this out;	**p. 34; p. 104 to 115**
21.1.2.	If there are shares not representing the capital, indicate their number and main characteristics;	**N/A**
21.1.3.	The number, book value and face value of the shares held by the issuer itself or in its name, or by its subsidiaries;	**p. 64 to 65; p. 91 to 92; p. 109 to 112**
21.1.4.	The amount of securities that are convertible, exchangeable or with subscription warrants, with an indication of the terms and conditions for conversion, exchange or subscription;	**N/A**
21.1.5.	information about the conditions governing any acquisition right and/or obligation attached to the subscribed capital, but not paid in, or about any enterprise aiming to increase the capital;	**N/A**

21.1.6.	information about the capital of any member of the group that is the subject of an option or a conditional or unconditional agreement providing for it to be an option, and the details of these options, including the identities of the persons to which they relate;	**N/A**
21.1.7.	a history of the capital stock for the period covered by the historic financial information, highlighting any change that has occurred.	**p. 104 to 105**
21.2.	**Incorporating document and by-laws**	**p. 136 to 145**
21.2.1.	Describe the corporate purpose of the issuer and indicate where it is stated in the incorporating document and by-laws.	**p. 136**
21.2.2.	Summarise any provision contained in the incorporating document, by-laws, charter or regulation from the issuer concerning members of its administrative, managerial and supervisory bodies.	**p. 139 to 142**
21.2.3.	Describe the rights, privileges and restrictions attached to each category of existing shares.	**p. 138**
21.2.4.	Describe the actions necessary to modify the rights of shareholders and, if the conditions are stricter than provided for by law, point this out.	**p. 138 and 145**
21.2.5.	Describe the conditions governing the way in which the Ordinary General Shareholders Meetings and Extraordinary General Shareholders' Meetings are convened, including the requirements for admission.	**p. 142 to 143**
21.2.6.	Briefly describe any provision in the incorporating document, by-laws, charter or regulation from the issuer the effect of which could be to delay, defer or prevent a change in control.	**N/A**
21.2.7.	Indicate, if applicable, any provision in the incorporating document, by-laws, character or regulation setting the threshold above which any holding of shares must be divulged.	**p. 138**
21.2.8.	Describe the conditions imposed by the incorporating document and the by-laws, charter or regulation, governing modifications of the capital, if these conditions are stricter than provided for by law.	**N/A**
22.	**IMPORTANT CONTRACTS**	
	For the two years immediately preceding publication of the reference document, summarise each important contract (other than contracts entered into in the normal business context) to which the issuer or any other member of the Group is a party. Summarise any other contract (other than contracts entered into in the normal business context) entered into by any member of the Group which contains provisions requiring any member of the Group to fulfil an obligation or commitment that is important for the whole of the Group, on the date of the reference document.	**p. 135**
23.	**INFORMATION ORIGINATING FROM THIRD PARTIES, EXPERT STATEMENTS AND DECLARATIONS OF INTEREST**	
23.1.	When a statement or a report attributed to a person intervening as an expert is included in the reference document, indicate the name of this person, their business address, qualifications and if appropriate any major interest s/he holds in the issuer. If this statement or report was produced following a request from the issuer, attach a statement specifying that this document has been included as well as the form and context in which it was included, with an indication of the consent of the person who ratified the content of this part of the reference document.	**N/A**

23.2.	When information originates from a third party, provide an affidavit confirming that this information has been faithfully reproduced and that to the best of the issuer's knowledge and as far as it is able to guarantee in the light of the data published by this third party, no fact has been omitted that would make the reproduced information incorrect or misleading. In addition, identify the source(s) of the information.	**N/A**
24.	**DOCUMENTS AVAILABLE TO THE PUBLIC**	
	Provide a statement certifying that during the period of validity of the reference document, the following documents (or copy of these documents) can be consulted if necessary: d) the issuer's incorporating document and by-laws; e) all reports, correspondence and other documents, historic financial information, evaluations and statements drawn by an expert at the issuer's request, a part of which is included or referred to in the reference document; f) all reports, correspondence and other documents, historic financial information, evaluations and statements drawn by an expert at the issuer's request, a part of which is included or referred to in the reference document; g) the issuer's historic financial information, or in the case of a group, the historic financial information relating to the issuer and its subsidiaries for each of the two fiscal years preceding publication of the reference document. Indicate where the above documents can be consulted, in hard copy or by electronic means.	**p. 135**
25.	**INFORMATION ABOUT HOLDINGS**	
	Supply information about enterprises in which the issuer holds a fraction of the capital that may have a significant impact on the assessment of its assets, its financial situation or its income.	**p. 98**

The information relating to the annual Financial Statement appears on the following pages:

- Consolidated financial statements (pages 43 to 46);
- Statutory Auditors' report on the consolidated financial statements (pages 76 to 77);
- Corporate financial statements (pages 79 to 80);
- Statutory Auditors' report on the corporate financial statements (pages 101 to 102);
- Persons responsible for auditing the financial statements (page 153);
- Other information relating to the management report (pages 20 to 24, pages 25 to 33, pages 34 to 36, pages 39 to 42, pages 64 to 66, pages 69 to 71, page 100, pages 104 to 117, pages 118 to 123, and pages 146 to 150).

Pursuant to article 28 of Regulation 809-2004 governing prospectuses, the following items are included by reference:

- The Group's consolidated accounts, the corporate financial statements of SYSTRAN S.A., the Statutory Auditors' report on the consolidated financial statements for the fiscal year ending 31 December 2007 and the Statutory Auditors' report on the corporate financial statements for the fiscal year ending 31 December 2007, as presented in the "Financial situation and results" section of the reference document submitted to the financial markets authorities on 22 April 2008 under number D. 08-0271.

- The Group's consolidated accounts, the corporate financial statements of SYSTRAN S.A., the Statutory Auditors' report on the consolidated financial statements for the fiscal year ending 31 December 2006 and the Statutory Auditors' report on the corporate financial statements for the fiscal year ending 31 December 2006, as presented in the "Financial situation and results" section of the reference document submitted to the financial markets authorities on 16 May 2007 under number D. 07-0473.

The information contained in these two reference documents other than the information listed above has, when appropriate, been replaced and / or updated with information contained in the present reference document.