Press release

Le Plessis, March 19, 2007

Results for fiscal year 2006

Order book increasing
Operating margin* up 41%, to 3.2% of revenues
Net profit of €5.5 million

The CS Board Meeting, held on March 16, 2007 and chaired by Mr. Yazid Sabeg, has approved the consolidated financial statements for fiscal year 2006.

Results for fiscal year 2006

€ millions	2005	H1 2006	H2 2006	2006
Revenues	345.5	168.1	163.1	**331.2**
Operating margin *% of revenues*	*7.6* *2.2%*	*4.9* *2.9%*	*5.8* *3.6%*	***10.7*** ***3.2%***
Other operating income and expenses	(10.7)	(1.8)	(3.6)	**(5.4)**
Operating income	(3.0)	3.2	2.2	**5.4**
Financial income (expenses)	(0.5)	(1.5)	(1.9)	**(3.4)**
Income tax	1.1	0.2	3.4	**3.6**
Net income (loss) before minority interests	(2.5)	1.8	3.8	**5.6**
Net income, group share (loss)	(3.3)	1.7	3.8	**5.5**

The CS group reported consolidated revenues of €331.2 million in 2006, compared with the objective announced €330 million and orders intake rose to €384.7 million up 5.5% compared to 2005. The group is pursuing its international growth (+17%), with a share of total revenues increasing regularly from 11,7% in 2005 to 14,2% in 2006.

Operating margin increased by 41% on the 2005 level to €10,7 million, corresponding to 3,2% of revenues, a one-point improvement on 2005.

Other operating income and expenses were reduced to a net expense of €5.4 million, compared with a net expense of €10.7 million in 2005.

Operating income came in at €5.4 million, following a €3.0 million loss a year earlier.

Taking into account net financial expenses of €3.4 million and the positive impact of deferred taxes (€3.6 million), net income reached +€5.5 million, or 1.7% of sales, compared with a net loss of €3.3 million in 2005.

An improvement in net cash flow (€4.4 million against €1.3 million in 2005), combined with a positive change in working capital (€6.3 million), helped lift the net cash balance to €31.4 million at December 31, 2006, excluding financial debt of €19.4 million.

**Operating margin is the main indicator of the group's performance. It corresponds to the difference between revenues and operating expenses. The latter are equal to the total cost of services rendered (expenses incurred to complete projects), selling expenses and general and administrative expenses.*

At December 31, 2006, consolidated shareholders' equity amounted to €46.3 million, up from €35.1 million at December 31, 2005.

Information by business

"Build" business: Growth in strategic sectors, sustained profitability

€ millions	2005	H1 2006	H2 2006	2006	% Change
Revenues	256.5	**126.8**	**124.0**	**250.8**	**-2.2%**
Operating margin *% of revenues*	*14.1* *5.4%*	***7.2*** ***5.7%***	***7.1*** ***5.7%***	***14.3*** ***5.7%***	***+1.4%*** ***+0.3 pt***

The "Build" business generated 2006 revenues of €250.8 million, down 2,2% from the previous year, due to the phasing out of low added-value deployment activity on behalf of telecom operators. Excluding deployment activity (- €12 million in 2006), revenues from the "Build" business rose 3%. 2006 orders intake were up 6% at €289.5 million and the book-to-bill ratio reported to 1.15.

Operating margin at the "Build" business expanded by 0.3 point.

"Run" business: Turnaround underway

€ millions	2005	H1 2006	H2 2006	2006	% change
Revenues	96.5	**47.1**	**44.5**	**91.6**	**-5.1%**
Operating margin *% of sales*	*(4.7)* *(4.9%)*	***(1.9)*** ***(4.0%)***	***(1.2)*** ***(2.7%)***	***(3.1)*** ***(3.4%)***	***NA*** ***+1.5 pt***

Revenues from the "Run" Businesses reached €91.6 million in 2006, with fourth-quarter 2006 up 2,6% versus Q4 2005 and up 11% compared to Q3 2006. 2006 orders intake were up 8.5% at €106.5 million, with a book-to-bill ratio of 1.16 over the year, thanks to an acceleration of orders intakes in the second half of the year.

Operating loss were substantially reduced on the first and second half of 2006.

Outlook

The new organization set up in 2006 into two divisions, Mission Critical Systems (61% of sales and around 1,800 employees) and Mission Critical Infrastructures (39% of revenues, around 1,400 employees), clarified the services portfolio and contributed to satisfy customers' needs, while setting a new sales dynamic.

Thanks to the increase of orders on the second half of the year, the group book-to-bill ratio is 1.27 on the second half of the year and 1.16 on the whole exercise. 2007 will start with a strengthened order book, representing 14.0 months of revenues.

The efforts underway outside France, particularly in the Defense and Homeland Security sectors, are becoming successful: the group has just signed a €50 million three-year contract in the Middle East.

CS will be pursuing its growth strategy in 2007, notably abroad in the areas of Defense, Security and Intelligent Transportation Systems. It is also committed to achieving further growth in net and operating margins.

CS (CEO, Éric Blanc-Garin) is a major player in the design, integration and operation of mission critical systems. CS is listed on the Eurolist and Euronext Paris stock markets - Compartment C – and is part of the CAC Small 90, CAC Mid&Small 190 and SBF 250 indices (Shares: Euroclear 7896 / ISIN FR 007317813; Share warrants – FR 0010221481-SXBS7).
For more information: **www.c-s.fr**

Press relations
CS Communication & Systèmes
Barbara Goarant
Tel.: +33 (0)1 41 28 46 94

Investor relations
CS Communication & Systèmes
Hugues Rougier
Tel.: +33 (0)1 41 28 44 44