



Le Plessis, 14 September 2005

First Half 2005 results

5% organic revenue growth

Operating margin up 100%

"Consulting and Systems Integration" business shows good revenue and operating margin growth

"System Operation" business is being strategically repositioned and staff downsizing plan is expected to improve profitability by 2006.

The CS Board of Directors met on 13 September 2005 to review the consolidated financial statements for the first half of 2005. The meeting was chaired by Mr. Yazid Sabeg.

First half 2005 results*

In millions of euros	2004 IFRS	1st half 2004 IFRS	1st half 2005 IFRS
Revenue	319.7	156.9	173.6
Operating margin <i>% of revenue</i>	6.2 1.9%	1.5 0.9%	3.0 1.7%
Other operating expenses and income	-0.9	0.9	-9.0
Net financial income	-1.9	-0.8	0.2
Total net income	6.9	2.2	-5.4
Net income, group share	5.7	2.4	-6.0

⁽¹⁾ *Per IFRS – see section concerning transition to IFRS*

In the first half of 2005, the CS group posted consolidated revenue of €174 million, representing 10.6% growth compared to the first half of 2004, and 5% organic growth.

The group's order intake also rose 11% in the first half of the year. The signing of new and large contracts is a reflection of CS success in achieving its strategic business objectives, which include: being prime contractor for large and mission-critical projects; cross-marketing our expertise across industries and business segments and turning Build projects into Run projects. For example, during the past few months, CS was selected to completely overhaul Cofiroute's highway toll system, to be prime contractor for the ground segment for the Pléiades satellite Earth observation system, and to design and operate the new Renater high-speed network.



Operating margin in H1 2005 was €3 million, which is a 100% increase over the €1.5 million earned in the first half of 2004. This represents 1.7% of revenue, compared to 0.9% the previous year.

The net total of "Other operating expenses and income" was -€9 million, compared to +€0.9 million in H1 2004. This includes €7.9 million of restructuring costs incurred in the first half of the year. The group's restructuring plan, which will be completed in December 2005, will reduce the group's structural costs from 14% to 12% of revenue and will increase the productivity of our "Systems Operation" business, as measured by revenue per employee. This plan will produce its full benefits at the start of 2006.

Net financial income was +€0.2 million, vs. -€0.8 million a year ago.

When restructuring costs are included, the group's share of the net loss was €6 million.

Cash flow, after net financial income and taxes, was €3.8 million, compared to €0.1 million in 2004.

On 30 June 2005, CS had net cash of €12 million, compared to €20m on 31 December 2004 and €12 million at 30 June 2004. The gearing has stabilized at -38% compared to -52% at end 2004 and -35% at 30 June 2004. Net cash includes outstanding Factoring of €19.5 million at 30 June 2005.

At 30 June 2005, consolidated shareholder's equity totaled €31.7 million.

Revenue and operating margin by business activity

In millions of euros	H1 2004	H1 2005	Change
Consulting and systems integration (Build)			
Revenue	106	127	+11.2%*
Operating margin <i>% of revenue</i>	2.8 2.6%	6.1 5.0%	+118% +2.4 points
Systems operation (Run)			
Revenue	54	51	-5.5%*
Operating margin <i>% of revenue</i>	-0.5 -0.9%	-1.2 -2.3%	NS -1.4 point

**organic growth*

The first half of the year saw our "Consulting and Systems Integration" business grow 11.2%, to €127 million. This is a good reflection of CS ability to lead large and mission-critical projects, where it can contribute both its expertise in specific industries and its capacity for technological innovation. The operating margin for this business was €6.1 million, which is 5% of revenue and 2.4 percentage points higher than in H1 2004.

"Systems Operation" activities generated €51 million in revenue, which is 5.5% less than in the first half of 2004. In accordance with its business plan, CS continues to refocus this business on high value-added contracts. This activity produced an operating loss of €1.2 million in H1 2005 (vs. a loss of €0.5m in H1 2004), before the full benefits of the restructuring plan.



(1) Transition to IFRS

The switch to IFRS will change the way the group recognizes some revenue but will not affect profit.

Revenue	2004	1 st half 2004	2 nd half 2004	1 st half 2005
IFRS	319.7	156.9	162.8	173.6
French GAAP 2004/ Temporary IFRS 2005	347.9	167.9	180.0	172.7

Outlook

For 2005, the CS group will continue to develop its "Consulting and Systems Integration" business, both in terms of revenue and operating margin. Completion of the restructuring plan currently underway will restore "Systems operation" business to profitability by 2006.

The group will continue to grow revenue and operating margin in 2005.

CS, headed by its Chief Executive Officer Eric 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 exchanges, and is a component of the CAC Small 90, CAC Mid&Small 190 and SBF 250 indices (Shares: Euroclear 7896 / ISIN FR 007317813; Share warrants – FR 0010003350-SXBSA).

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