Press Release

Le Plessis, August 31,2011

H1 2011 Results

Revenue growth: +5.8%, order intakes : +11,1%
Reduced operating losses
Continuation of the "Performance" transformation plan which affect Net result
Confirmation of annual targets

The CS Board Meeting, held on August 31, 2011 and chaired by Mr.Yazid Sabeg, approved the Company financial statements for first half 2011.

First-half results 2011 [1 & 2]

€ million	H1 2010	H2 2010	2010	H1 2011
Order intakes	84.8	110.4	**195.2**	**94,0**
Revenues	95.0	98.2	**193.2**	**100,5**
Operatin margin *% of revenues*	*-5.0* *-5.3%*	*-1.3* *-1.3%*	***-6.3*** ***-3,3%***	***-1,4*** ***-1,4%***
Operating income	-7.8	-3.2	**-11,0**	**-8,3**
Pre-tax income from on-going operations	-9.7	-4.2	**-13,9**	**-10,2**
Taxes	-1.2	-13.3	**-14,5**	**-1,2**
Income from discontined operations	-	-	**-**	**-2,0**
Net income	-10.9	-17.5	**-28,4**	**-13,3**

[1] *The accounts have been submitted to a limited review by the auditors.*

[2]*The Board of Directors authorized the launch of the process to dispose of the "electronic warfare" operations (active and passive interception products) of the subsidiary Diginext.*

In accordance with IFRS 5, the operations was classified as "discontinued operations" with retroactive effect to January 1, 2011. The detailed interim and full-year consolidated financial statements for 2010 were restated on a pro-forma basis (available on the "Investors" tab at www.c-s.fr).
In the above table, first-half 2011 financial statements have been restated; the 2009 and 2010 figures are those published as of December 31, 2010. The restated interim and full-year amounts for 2010 are, respectively, as follows: Order intake: €84.8 million; €195.2 million - Revenues: €95.0 million; €192.7 million - Operating margin: €-4.4 million; €-5.1 million

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Revenues reached €100.5 million in first half of 2011, up 5.8% compared to H1 2010.

In France, revenues totaled €75.7 million, up 10.8% compared with year-ago levels. Revenues outside France were €24.8 million in revenue, representing 25% of total revenues.

Orders intake reached €94.0 million in H1 2011, up 10.8% compared with the first half of 2010, and its order backlog amounted to 17.7 months of revenue.

Due to an improved gross margin and reduced marketing & sales costs, the group's operating margin in first half 2011 was €-1.4 million, representing -1.4% of revenues compared with €-5.0 million in first half 2010 (-5.3% of revenue).

"Other operating income and expenses" totaled €-6.9 million (€-2.8 million on June 30, 2010), with €6.8 million restructuring costs which included the redundancy Plan implemented on July 1, 2011 (elimination of about 90 positions).

After taking into account income from discontinued operations (electronic warfare) of €-2.0 million and net financial income of €-1.9 million, net income was €-13.3 million, compared with €-10.9 million in first half 2010.

After reaching a highly favorable €-41.4 million at December 31, 2010, working capital requirement returned to a more comparable level of €-16.5 million (€-14.4 million at June 30, 2009 and €-23.9 million at June 30, 2010). Cash and cash equivalents totaled €17.2 million (€38.9 million at December 31, 2010 and €31.9 million at June 30, 2010). Due to financial debt (€22.1 million), gearing was +24% (-95% at December 31, 2010 and -41% at June 30, 2010).

As at June 30, 2011, consolidated equity was €16.7 million.

Headcount

As of June 30, 2011, there were 2,039 employees, compared with 2,090 employees as of December 31, 2010 and 2,112 employees as of June 30, 2010. The group hired 116 new employees during the half-year 2011, and posted staff turnover of 11.2% (5.5% in 2010). The average occupation rate for billable employees totaled 82.3% (81.6% in 2010; 81.4% in H1 2010).

Performance by operating sector

Defense, Space & Security: Return to confirmed growth, restructuring underway

€ million	**S1 2010**	**S2 2010**	**2010**	**S1 2011**
Order intakes	22,0	56,9	**78,9**	32,7
Revenues	41,7	43,5	**85,2**	44,6
Operatin margin *% of revenues*	*-3,3* *-7,9%*	*-3,4* *-7,8%*	***-6,7*** ***-7,9%***	*-1,9* *-4,2%*

As expected, the Defense, Space & Security business confirmed its return to growth (+7% compared with first half 2010) and reduced operating losses due to an improved projects margin and lower marketing & sales costs. This trend is expected to continue in the second half.

Aeronautics, Energy & Industry: Stable performance

€ million	**S1 2010**	**S2 2010**	**2010**	**S1 2011**
Order intakes	30,5	32,5	**63,0**	31,4
Revenues	34,2	33,6	**67,8**	34,0
Operatin margin *% of revenues*	0,4 *1,2%%*	1,8 *5,4%*	**2,2** ***3,2%***	0,4 *1,1%*

In an intensely competitive environment, the Aeronautics, Energy & Industry business recorded stable revenues and profitability compared with year-ago level. Its subsidiaries in Romania and Canada continued to grow. The challenge facing this sector is to boost business development trend in France and in Europe by strengthening its presence among major customers and supporting European alliances (CenProCS, Yacht-Teccon – Morson-CS).

Transportation: Profitable growth

€ million	S1 2010	S2 2010	2010	S1 2011
Order intakes	25,5	9,2	**34,7**	25,6
Revenues	14,0	15,1	**29,1**	15,3
Operatin margin *% of revenues*	-1,3 *-9,3%*	-0,1 *-0,7%*	**-1,5** ***-5,1%***	0,3 *1,9%*

With good level of order intakes, book-to-bill ratio reached 1.7. Thanks to the improvement action plan, Transportation business again posted revenues growth (+9% compared with year-ago levels) and profitability. Revenues growth is expected to continue in the second half of the year, confirming the Transportation business sustainable return to profitability.

Product: Continued revenue growth

€ million	S1 2010	S2 2010	2010	S1 2011
Order intakes	7,5	12,1	**19,5**	**6,8**
Revenues	5,7	6,6	**12,3**	**7,6**
Operatin margin *% of revenues*	-0,6 *-10,3%*	0,1 *1,5%*	**-0,5** ***-4,3%***	**0,0** ***0,0%***

Thanks to order intakes registered in the second half of 2010 in the fields of tactical data links, virtual reality, and navigation systems, revenues growth reached 33% compared to first half 2010. Diginext is continuing to invest in the field of training and skills reinforcement, and in the development of Stradivarius HF radar (radar for surveillance of maritime areas beyond the horizon). In the second half, Diginext is expected to confirm its growth and profitability.

Outlook :

CS deploys its transformation plan called « Performance » and confirms its objective of return to a positive operating margin in second-half 2011 and a positive net income in 2012.

In parallel, the group continues, with the support of a consultant firm, a strategic review of its activities in view of strengthening up its equity.

CS is a major actor in the design, integration and operation of mission critical systems. CS is listed on the Euronext Paris stock markets - Compartment C (Shares: Euroclear 7896 / ISIN FR 0007317813). For more information, please go to: **www.c-s.fr**

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