2005 FIRST HALF RESULTS

With revenues up 13.5% to CHF 1 557 million, SGS posted the eighth consecutive semester of increase in earnings, with margins improving to 14.7% (12.7% in the prior year) and net income up 37% to CHF 170 million. The Group reaffirms its commitment to achieve CHF 45 Earnings per Share in 2005.

FINANCIAL HIGHLIGHTS		
CHF million	June 04 (1)	**June 05**
Revenue	1 390	**1 557**
Change in %		12.0
EBITDA	230	**294**
Change in %		27.8
Operating income	177	**229**
Change in %		29.4
Operating margin in %	12.7	**14.7**
Profit before tax	173	**233**
Change in %		34.7
Net profit attributable to Equity holders of SGS SA	124	**170**
Change in %		37.1
Free cash flow	62	**48**
Change in %		(22.6)
Net cash	278	**349**
Average number of shares (000's)	7 486	**7 500**
Basic earnings per share (CHF)	16.68	**22.61**
Change in %		35.6
Diluted earnings per share (CHF)	16.55	**22.36**
Change in %		35.1
Average number of employees	35 460	**40 223**
Change in %		13.4

(1) 2004 data has been adjusted to reflect the adoption of the new accounting standards detailed in page 8.

Overview

Revenue for the Group improved to CHF 1 557 million, up 13.5% in constant currencies (12% on a reported basis). This was achieved across business lines and geographies. Organic growth (exclusive of acquisitions) was 11.2%.

Strong revenue growth was achieved in Consumer Testing, Minerals, Systems & Services Certification, Industrial and Life Science Services with all these businesses delivering more than 12% comparable growth to first half last year.

Operating income improved by CHF 55 million or 32% to CHF 229 million at constant currencies. Operating margins in all businesses (except Trade Assurance Services) continued to improve with significant gains being achieved by Consumer Testing, Systems & Services Certification, Agricultural, Life Science and Environmental Services.

Net financial income was CHF 4 million reflecting the continued low global yields and volatile exchange rate environment. The tax rate for the first half at 23.5% remains in the range that the Group expects for the medium term.

Net profit increased to CHF 170 million from CHF 124 million, an increase of 37.1% (38% on a constant currency basis).

Operating cash flow was CHF 141 million. This inflow of cash was used to fund net investment in fixed assets of CHF 90 million, the payment of the dividend of CHF 90 million and acquisitions of CHF 22 million. As a result, Group net cash decreased from CHF 439 million at the end of 2004 to CHF 349 million at 30 June 2005.

SGS

Six Sigma

The six sigma program that was first launched in 2003 has been refreshed with senior management participating in a newly designed six sigma champions course. Furthermore the six sigma program is being expanded to cover a wider array of competitive advantage initiatives.

Management

Effective 11 April, SGS named Dan Kerpelman as its Chief Executive Officer. Dual citizen of USA and Italy, Dan Kerpelman joined us from Eastman Kodak where he was President of the Health Imaging Group. Previously, he spent 17 years at General Electric in executive positions, mostly within the Healthcare unit.

Significant shareholders

At the end of June, Sequana Capital (formerly Worms & Cie) held 23.8% of the capital and voting rights of the company, Mr. August von Finck and his family held 23.7%.

Outlook

SGS is well placed to reach its 2005 targets and confirms its commitment to deliver CHF 45 earnings per share. The Group expects to see a continuation of the improvement in operating performance for the remainder of 2005 and as a result to significantly exceed 2004 reported net income.

Georges Muller
Chairman

Dan Kerpelman
Chief Executive Officer

13 July 2005

AGRICULTURAL SERVICES		
CHF million	June 04	**June 05**
Revenue	124.3	**137.8**
Change in %		10.9
Change due to		
Volume and Prices		13.6
Currency Translation		(0.1)
Acquisitions/(Disposals)		--
Operating Income	9.5	**15.0**
Change in %		58.0
Operating Margin %	7.6	**10.9**

Agricultural Services

Comparable revenues in Agricultural Services business grew by 10.9% with operating margins improving to 10.9% from 7.6% in the prior period.

Activities in Eastern Europe, Turkey and Italy posted solid volume growth due to improved crop conditions and substantial contract wins in specific commodities such as cotton and tobacco. In spite of a poor harvest in Brazil, South America reported excellent results on the back of its fish related inspection activities in Peru and grain export volumes in Argentina.

France and the UK delivered improved performance due to business restructuring measures enacted in 2004 and improved trading conditions. Fumigation activities continue to be deployed within the segment with revenues increasing 30% in Germany and a successful launch in China.

Value added activities such as collateral management, inland grading, and commodity logistics services have been well received by the Group's client base and have started to realise the objective of portfolio diversification from traditional trade related inspection services.

MINERALS SERVICES		
CHF million	June 04	**June 05**
Revenue	150.7	**176.8**
Change in %		17.3
Change due to		
Volume and Prices		28.3
Currency Translation		(2.2)
Acquisitions/(Disposals)		--
Operating Income	21.1	**27.2**
Change in %		28.9
Operating Margin %	14.0	**15.4**

Minerals Services

The Minerals business grew by 19.1% on a comparable basis (17.3% on a reported basis). Operating margins improved to 15.4% from 14% in the prior period.

Robust market demand continued across all three principle trade related product categories: ferrous, non-ferrous, and energy. Additionally, significant market share gains were achieved in fertilizers, solidifying our leadership position.

On the back of a favorable environment in precious metals exploration we were able to continue to expand our leading market position in mine site geochemistry services with the commissioning of multiple contract based laboratories notably in Russia and Africa.

Our analytical laboratories and pilot plant activities in the metallurgy/mineralogy sector continued to perform well with several substantial contract successes with our base of international mining clients. The outsourcing of high end metallurgy/mineralogy services to independent, specialized providers is a trend that we continue to exploit for growth.

From a regional perspective, volume growth was well distributed across the SGS network with particularly good performance from South America, South East Asia Pacific and Eastern Europe.

OIL, GAS & CHEMICALS SERVICES		
CHF million	June 04	**June 05**
Revenue	282.5	**302.0**
Change in %		6.9
Change due to		
Volume and Prices		24.6
Currency Translation		(6.2)
Acquisitions/(Disposals)		1.1
Operating Income	33.1	**36.9**
Change in %		11.5
Operating Margin %	11.7	**12.2**

Oil, Gas & Chemicals Services

Comparative first half organic revenue growth reached 8.9% (6.9% reported) with margins improving to 12.2% from 11.7%.

Activities in the Caspian Region, Russia, and the Baltics improved significantly as the sector continued to invest in network assets and human capital. The commissioning and start up of our greenfield laboratory in Caojing, China, was completed during the period fulfilling our objective of positioning ourselves in this strategic market. Benelux and Germany delivered substantial improvement in revenues and operating margins due to value-added services development and outsourcing contracts won in 2004.

OGC has been able to capitalize on an increasingly diversified portfolio in upstream services; non-inspection related testing, collateral management services and plant and terminal operations. This has driven margin improvement through fixed cost leverage and has also enhanced our ability to obtain single source contracts. Continued focus on service delivery and efficiency improvement initiatives will deliver further profitability.

The market for petroleum products and chemicals remains strong and has been gathering momentum from the early part of 2005. This is particularly so in North America and Asia, with China in the forefront. We expect accelerated growth in H2 in line with winter stock building and overall positive demand for petroleum and chemicals.

LIFE SCIENCE SERVICES		
CHF million	June 04	**June 05**
Revenue	50.9	**62.0**
Change in %		21.8
Change due to		
Volume and Prices		9.2
Currency Translation		(0.3)
Acquisitions/(Disposals)		2.2
Operating Income	5.7	**8.7**
Change in %		52.6
Operating Margin %	11.2	**14.0**

Life Science Services

Revenues for the period increased by 21.8% on a reported basis (18% comparable) to CHF 62 million at a margin of 14% from 11.2% in the prior period.

The quality control businesses performed well during the semester with Canada, France and Germany setting the pace particularly in raw material and microbiology testing. In the period, the global reach of the business has been further expanded with the commissioning of our laboratory in Chennai, India, and with the soon to be opened quality control laboratories in Korea and Singapore.

We continue to focus on our aspiration to become a multi-geographic service provider to the pharma, biotech, generics, and in vitro diagnostics markets. In addition, the business is planning to launch quality control testing of services for biopharmaceuticals (biologics).

Clinical research delivered high-quality organic growth in Belgium and the USA, primarily driven by the Phase I-IV, data management and bio-analysis services. The focus for business growth continues to be early stage services including Phase I, First-in-Man, bioequivalence, proof-of-concept studies and bio-analytical services.

CONSUMER TESTING SERVICES		
CHF million	June 04	**June 05**
Revenue	165.6	**214.2**
Change in %		29.3
Change due to		
Volume and Prices		42.4
Currency Translation		(2.6)
Acquisitions/(Disposals)		8.8
Operating Income	28.3	**45.6**
Change in %		61.1
Operating Margin %	17.1	**21.3**

Consumer Testing Services

Total revenues grew by 29.3% to CHF 214.2 million with organic growth at 26%. Margin increased to 21.3% compared to 17.1% in the prior period.

China and other Asian countries such as Korea, India and Taiwan were significant contributors to revenue growth and margin accretion as prior period investments came on line and laboratory utilization rates improved. Good performance in Europe, particularly Germany, has also contributed to the strong results.

Aquatic Health, acquired in H1, has been fully integrated into the segment network delivering expected performance. Technology transfer from SGS Institut Fresenius to the balance of the laboratory network continued to accelerate with special focus on drinking water, automotive and cosmetics testing markets.

New laboratory infrastructure drove share improvement of the top 25 global retailers spends particularly in soft-line and hard-line testing. Investments in E&E communications/software laboratories (3G, GSM and Bluetooth) are gaining market traction with significant contract wins. Share gains in textile testing were garnered as new laboratories in India, China and Turkey have begun to aggressively compete.

Restricted substances testing and services (RSTS) has further grown during H1 and is on course to significantly increase market share. Testing capacity has been added in key Asian and European locations to cope with the increased demand.

SYSTEMS & SERVICES CERTIFICATION		
CHF million	June 04	**June 05**
Revenue	114.2	**127.0**
Change in %		11.2
Change due to		
Volume and Prices		14.4
Currency Translation		(1.6)
Acquisitions/(Disposals)		--
Operating Income	14.0	**19.7**
Change in %		40.7
Operating Margin %	12.3	**15.5**

Systems & Services Certification

With revenues of CHF 127 million, 12.8% up from 2004 on comparable basis (11.2 % on a reported basis), Systems & Services Certification performed well after a difficult transition year in 2004. Operating margin grew to 15.5% from 12.3% as a result of increased efficiencies and higher volumes.

A strong bounce back in European based revenues driven by France, Benelux and Germany was achieved with new standards (ISO 14000, OHSAS, ISO 13845, BS 7799), 2nd party audits, as well as industry specific standards (TS 16949, AS 9100) growing at double digit rates. This success has been critical to the segments objective of continuous new product introduction and certification scheme diversification.

Developing markets continued to demonstrate strong demand of traditional, first time adopter schemes (ISO) with South East Europe, South East Asia Pacific and Eastern Europe delivering excellent performance. The dislocation of a significant portion of the global manufacturing base and the resulting shift in supply chains into ascension economies has opened up significant opportunities for the Group's established network.

The expansion of international sales has led to a significant increase in global contracts as large multi-nationals continue to decrease the number of vendors and seek to partner with suppliers with similar geographic footprints. E-learning and Sustainability Report Assurance have been successfully introduced. Other new products are being launched in H2.

INDUSTRIAL SERVICES		
CHF million	June 04	**June 05**
Revenue	182.3	**209.4**
Change in %		14.9
Change due to		
Volume and Prices		22.1
Currency Translation		(0.7)
Acquisitions/(Disposals)		5.7
Operating Income	20.7	**27.3**
Change in %		31.9
Operating Margin %	11.4	**13.0**

Industrial Services

Industrial Services revenues grew by 14.9% (12.2% comparable) with operating margins improving to 13% from 11.4%.

In construction, statutory, and maintenance related inspection activities revenue growth was powered by our established market positions in Spain, France, Benelux and Germany with all units improving operating margins over the prior period. Non-Destructive Testing and Quality Assurance/Quality Control work on behalf of the petrochemical industry in the Middle East and vendor surveillance for the expanding Chinese industrial equipment export market delivered positive achievements.

Testing and inspection services provided to the LNG industry continue to grow with recent contract wins in Qatar, Sakhalin and Nigeria. Construction services grew, mainly due to increased volumes in project monitoring services and engineering services for power plant upgrade projects in Eastern Europe.

X-Per-X Inc (Quebec, Canada) acquired in February 2005 is now fully integrated into the network. Inspection, vendor surveillance and materials testing services strengthen our service offering in the North America market.

ENVIRONMENTAL SERVICES		
CHF million	June 04	**June 05**
Revenue	97.3	**110.9**
Change in %		14.0
Change due to		
Volume and Prices		10.9
Currency Translation		(0.8)
Acquisitions/(Disposals)		3.5
Operating Income	6.2	**11.0**
Change in %		77.4
Operating Margin %	6.4	**9.9**

Environmental Services

The Environmental Services business has delivered revenue growth of 14% (11.4% on a comparable basis). Operating margins improved to 9.9% from 6.4% in the prior period due to the continued consolidation of the laboratory network in the European and North American markets and the expansion of services into new geographies.

Notable revenue performance was delivered by our operations in Australia, Italy, and Spain. The Chilean and Canadian markets are also growing well due to the new environmental monitoring services introduced to our clients in the mining industry. Start-up labs in Asia (India, China and Korea) are providing a platform from which to service these emerging markets.

Sample volumes delivered into our mass-flow laboratory in Germany (Institut Fresenius acquisition) have grown 28% versus the prior period; the resulting operational leverage has contributed to the margin accretion of the segment.

With previously identified individual laboratory performance issues having been resolved, the group has now turned its efforts to productivity measures and operational gearing improvements in our established geographies. The leveraging of our established client base in the petrochemical and mining sectors and the utilization of our installed laboratory network will allow the business to pursue streams of synergistic and geographic nature. The expected tightening of the regulatory environment and standards harmonization in the European Union may provide additional opportunities in certain countries.

AUTOMOTIVE SERVICES		
CHF million	June 04	**June 05**
Revenue	89.0	**97.3**
Change in %		9.3
Change due to		
Volume and Prices		1.0
Currency Translation		(2.4)
Acquisitions/(Disposals)		9.7
Operating Income	9.7	**12.3**
Change in %		26.8
Operating Margin %	10.9	**12.6**

Automotive Services

Automotive Services revenues increased to CHF 97.3 million from CHF 89 million with operating margins improving to 12.6% from 10.9% in prior period.

The statutory and data management vehicle inspection services (VIS) contracts and concessions continue to have a positive impact on business operating margin. Our established operations in Ireland, New York and Ivory Coast performed up to expectations. Leveraging our established technology base and contract expertise we were able to have a successful start up of our concession in Santiago de Chile in H1 and mobilize for the California data management contract, which is targeted to go live in H2.

Organic growth of commercial inspections in Europe and private hire vehicle services in the UK were partly offset by lower volumes in auction and off-lease product lines in the USA.

The 2004 acquisition of Securitest & ACO Sécurité in France is now fully integrated in the business and is exceeding expected performance.

As emerging markets are increasingly recognizing the positive impact of emission and safety testing, we expect to see additional medium term opportunities in this field.

TRADE ASSURANCE SERVICES		
CHF million	June 04	**June 05**
Revenue	133.0	**119.5**
Change in %		(10.2)
Change due to		
Volume and Prices		(12.7)
Currency Translation		(0.8)
Acquisitions/(Disposals)		--
Operating Income	28.8	**25.1**
Change in %		(12.8)
Operating Margin %	21.7	**21.0**

Trade Assurance Services

On a comparable basis, revenues declined by 9.6% (10.2% reported) due to the discontinuation of contracts in Peru, Ethiopia and Burkina Faso in 2004. Non-PSI revenue continued to grow 11% during the semester as new products such as TradeNet, ValueNet, new certification schemes (NGO, CO2,) and scanner systems were introduced into the market.

Operating margins only declined slightly from 21.7% to 21% as the group was successful in covering contract demobilization costs through decisive actions, productivity improvements on continuing contracts and new contract wins and renewals.

New contracts were signed in Madagascar, Pakistan, Ivory Coast and Indonesia, while Guinea Conakry was discontinued. The forestry contract in Cambodia and the aid monitoring contract with the Japanese Bank for International Cooperation were renewed.

As planned, the two-year Venezuela contract is expected to terminate in H2 resulting in lower PSI revenue and profits in the medium term. Contract demobilization plans have been put in place and will be executed once the specific cessation date is determined.

There were no collections of pre-2002 terminated contract receivables during the semester. Efforts continue to recover the amounts outstanding.

CONSOLIDATED PROFIT & LOSS FIRST HALF YEAR		
CHF million	June 04 (1)	**June 05**
Revenue	1 390	**1 557**
Operating income	177	**229**
Recoveries on pre-2002 terminated contracts	--	--
Goodwill	(8)	**0**
EBIT	169	**229**
Net financial income	4	4
Profit before taxes	173	**233**
Taxes	(43)	(55)
Net profit	130	**178**
Net profit attributable to:		
- Equity holders of SGS SA	124	170
- Minority interests	6	8
Net profit before recoveries on pre-2002 terminated contracts (net of tax) (2)	124	**170**

(1) 2004 data has been adjusted to reflect the adoption of the new accounting standards detailed in page 8.

(2) No recoveries in the first semesters of 2004 and 2005.

CONSOLIDATED BALANCE SHEET		
CHF million	Dec. 04 (1)	**June 05**
Non-current assets		
Land building and equipment	493	547
Other long-term assets	130	135
Goodwill and other intangible assets	304	346
Total non-current assets	927	**1 028**
Current assets		
Trade accounts and notes receivables	579	652
Other current assets	251	325
Cash and short term investments	456	370
Total current assets	1 286	**1 347**
Total assets	2 213	**2 375**
Total equity	1 256	**1 382**
Non-current liabilities		
Long term loans	7	7
Provisions and other liabilities	250	228
Total non-current liabilities	257	**235**
Current liabilities		
Trade and other payables	329	347
Other current liabilities	371	411
Total current liabilities	700	**758**
Total equity and liabilities	2 213	**2 375**

CONSOLIDATED CASH FLOW FIRST HALF YEAR		
CHF million	June 04 (1)	**June 05**
EBIT	169	**229**
Adjustment for non cash items	60	48
(Increase)/decrease in net working capital	(54)	(81)
Changes in other provisions	(4)	(11)
Taxes paid	(32)	(44)
Cash from operations	139	**141**
Net sale/(purchase) of fixed assets	(74)	(90)
Other	(3)	(3)
Free cash flow	62	**48**
Financing	5	4
Dividend paid to equity holders of SGS SA	(68)	(90)
Dividend paid to minority interests	(3)	(5)
Net cash (used in) acquisitions/disposals	(196)	(22)
Purchase of treasury shares	(16)	0
Exchange on opening balances	(3)	11
Translation differences on flows	4	(36)
Increase/(decrease) in net cash	(215)	**(90)**

ACQUISITION	
CHF million	**Total**
Goodwill	12
Assets	13
Liabilities	(5)
Total purchase price	**20**
Net debt acquired	2
Cash outflow	**22**

Basis of preparation

The unaudited condensed consolidated financial statements have been prepared in accordance with the accounting policies set out in International Accounting Standard 34 Interim Financial Reporting and the accounting rules used in the preparation of the 2004 Annual Report, except for the Group’s adoption of the new or revised IFRS rules effective 1 January, 2005.

EXCHANGE RATES			Balance Sheet end of period rate CHF		Profit & Loss account First half year average rate CHF	
			Dec. 04	**June 05**	2004	**2005**
Australia	AUD	100	87.86	97.69	93.59	92.96
EU	EUR	100	154.49	154.90	155.35	154.65
Great Britain	GBP	100	217.93	230.62	230.35	225.32
USA	USD	100	113.42	128.29	126.54	120.28

STATEMENT OF CHANGE IN CONSOLIDATED EQUITY FIRST HALF YEAR			
CHF million	**Attributable to equity holders of SGS SA**	**Minority interest**	**Total equity**
Balance as at Jan. 1, 2004	1 072	18	1 090
Effect of change in accounting standards	1		1
As restated	1 073	18	1 091
Net profit for the period	124	6	130
Dividends paid	(68)	(3)	(71)
Share-based payments	3		3
Exchange differences	(8)		(8)
Treasury shares	(16)		(16)
Other	(5)		(5)
Balance as at June 30, 2004 (adjusted)	**1 103**	**21**	**1 124**
Balance as at Dec. 31, 2004	**1 229**	**26**	**1 255**
Effect of change in accounting standards	1		1
As restated	1 230	26	1 256
Net profit for the period	170	8	178
Dividends paid	(90)	(5)	(95)
Share-based payments	4		4
Exchange differences	42	1	43
Treasury shares	0		0
Other	(4)		(4)
Balance as at June 30, 2005	**1 352**	**30**	**1 382**

Changes in Accounting Standards

Business Combinations (IFRS 3)

Under IFRS 3, with effect from 1 January, 2005, goodwill is no longer subject to amortisation. This standard is applied on a prospective basis.

Share-based payments (IFRS 2)

Effective 1 January, 2005, IFRS 2 now requires the fair value of equity instruments granted to employees to be recognised as an expense. Prior-year consolidated financial statements have been adjusted to reflect the cost of options granted after 7 November, 2002, and not yet vested as at 1 January, 2005.

Presentation of Financial Statements (IAS 1)

IAS 1 (revised) requires minority interests to be included in the Group's equity in the consolidated balance sheet rather than as a separate category in the balance sheet, and requires that minority interests be no longer deducted in arriving at the Group's net profit.

Special purpose entities (SIC 12)

With effect from 1 January, 2005, the revised Standing Interpretations Committee SIC-12 requires the consolidation of equity compensation plans. For comparability purposes the Group has opted to apply the revised standard commencing 1 January, 2004. The impact of this change on the June 2004 net profit and shareholder's equity amount to CHF 0.2 million and CHF 1 million, respectively.

English version is binding

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2005 FULL YEAR RESULTS

Tuesday, 17 January 2006

ANNUAL GENERAL MEETING OF SHAREHOLDERS

Monday, 20 March 2006

STOCK EXCHANGE LISTING

SWX Swiss Exchange, SGSN

STOCK EXCHANGE TRADING

virt-x

COMMON STOCK SYMBOLS

Bloomberg:	Registered Share:	SGSN
Reuters:	Registered Share:	SGSZn.S
Telekurs:	Registered Share:	SGSN
ISIN:	Registered Share:	CH0002497458

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