

# FULL YEAR RESULTS

DECEMBER 2009

SGS

## SGS FULL YEAR RESULTS

The SGS Group delivered a 6.3% increase in operating profit for the year largely as a result of the improvement of full year operating margin by 50 basis points to 17.3% (constant currency basis). In a challenging growth environment for many of the Group's services and geographies, the Group was able to post revenue growth of 2.5% (constant currency basis) to CHF 4.7 billion. Through the introduction of new service offerings and proactive cost control measures, the Group's pre-exceptional EBITDA at CHF 1 billion, increased 6.8% (constant currency basis) at a margin of 22%. Reported net profit before exceptional items remained constant at CHF 579 million (up 5.6% at constant currencies). As a result of the Group's ability to increase profits and cash generation during the year, the SGS Board of Directors proposes a dividend of CHF 60 per share, CHF 30 of which reflects the exceptional cash generation performance of the Group.

## FINANCIAL HIGHLIGHTS

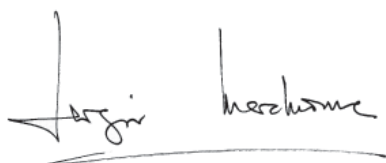
<i>(CHF million)</i>	<b>2009</b>	<b>2008</b>
<b>REVENUE</b>	<b>4 712</b>	4 818
Change in %	(2.2)	
<b>EBITDA (BEFORE EXCEPTIONALS)</b>	<b>1 037</b>	1 024
Change in %	1.3	
<b>OPERATING INCOME (BEFORE EXCEPTIONALS)</b>	<b>814</b>	810
Change in %	0.5	
<b>OPERATING MARGIN (BEFORE EXCEPTIONALS) IN %</b>	<b>17.3</b>	16.8
<b>OPERATING INCOME (EBIT)</b>	<b>794</b>	937
Change in %	(15.3)	
<b>PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF SGS SA (BEFORE EXCEPTIONALS)</b>	<b>579</b>	579
Change in %	-	
<b>PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF SGS SA</b>	<b>566</b>	692
Change in %	(18.2)	
<b>OPERATING CASH FLOW (BEFORE EXCEPTIONALS)</b>	<b>780</b>	780
Change in %	-	
<b>NET CASH</b>	<b>476</b>	248
<b>AVERAGE NUMBER OF SHARES ('000)</b>	<b>7 498</b>	7 597
<b>BASIC EARNINGS PER SHARE (CHF)</b>	<b>75.48</b>	91.08
Change in %	(17.1)	
<b>DILUTED EARNINGS PER SHARE (CHF)</b>	<b>75.17</b>	90.72
Change in %	(17.1)	
<b>BASIC EARNINGS PER SHARE (BEFORE EXCEPTIONALS) (CHF)</b>	<b>77.22</b>	76.19
Change in %	1.4	
<b>AVERAGE NUMBER OF EMPLOYEES</b>	<b>57 153</b>	55 026
Change in %	3.9	

## OVERVIEW

Revenue for the Group improved to CHF 4.7 billion, an increase of 2.5% (constant currency basis) over prior year. This growth was achieved despite the challenging economic environment in 2009 affecting many, if not all in some measure, of the geographies and market segments in which the Group participates. As such, operating performance across the Group's portfolio was more volatile than in previous years as the Group strove to adapt its posture to meet our clients' demands and preserve profitability. Despite the above, eight of ten businesses were able to post comparable revenue growth increases. As a function of the Group's flexible operating model, productivity improvements and tight cost control measures, operating profit increased 6.3% at constant currencies with a corresponding 50 basis point increase in margin to 17.3%. Capital investment for the period at CHF 209 million was down 25% on a full year basis, but increased 15% in the second semester as several of the Groups markets began to demonstrate improved prospects and new growth opportunities emerged.

The Group's Consumer Testing, Governments & Institutions, Systems and Services Certification and Agricultural business lines all delivered solid constant currency organic growth in the period. Increases in the regulatory environment for consumer safety and demand for services supporting customs authorities, ran counter to the larger economic trends offsetting the challenges faced in the mining and automotive sectors.

The group's healthy geographic distribution of revenue paid dividends during the year, as China, Africa, Eastern Europe and the Middle East were



Sergio Marchionne  
Chairman of the Board

able to post strong revenue growth performances, dampening the effect of the difficult conditions in the Americas and Western Europe.

Pre-exceptional operating income improved by CHF 48 million or 6.3% (constant currency basis) to CHF 814 million. Group pre-exceptional EBITDA and operating margin expanded to 22% and 17.3% respectively as a result of service mix, geographical distribution, productivity improvements and tightened cost control measures.

Net financial expense for the period was CHF 3.2 million. The pre-exceptional tax rate for the year at 25.5% was consistent with the Group's expectations for geographical profit distribution for the year. Profit attributable to equity holders of SGS SA was CHF 566 million. Cash flow from operations before exceptionals was CHF 780 million for the year as a concerted effort in net working capital control was able to offset the effects of the strength of the Swiss Franc. This inflow was used to fund net investments in fixed assets of CHF 209 million and a distribution to shareholders of CHF 375 million. As a result of the above, Group cash increased from CHF 574 to CHF 783 million.

## EXCEPTIONAL ITEMS

During the period, the Group received the second and final cash tranche of the settlement with the Government of the Philippines in accordance with the terms of the agreement reached in 2008. The Group incurred a CHF 13 million post-tax restructuring charge as a result of cost alignment measures in those geographies disproportionately impacted by the economic downturn.



Christopher Kirk  
Chief Executive Officer

## ACQUISITIONS

In February 2009, SGS acquired Ustav Paliv a Maziv (UPM) and in October EKO-PROJEKT Ltd.

## DISTRIBUTION TO SHAREHOLDERS

The SGS Board of Directors will recommend to the Annual General Meeting, to be held on 22 March, the approval of the dividend of CHF 60 per share.

## MANAGEMENT

Anthony Hall, Managing Director SGS Australia has been appointed Chief Operating Officer for South East Asia&Pacific.

Mr Beat In-Albon, EVP Life Science Services is taking over the Industrial Services from Chris Kirk.

Mrs Anne Hays, currently Life Science Services Global Business Development R&D/QC Manager is promoted EVP Life Science Services.

## SIGNIFICANT SHAREHOLDERS

As at 31 December 2009, Exor held 15.0% (2008: 15.0%), Mr. August von Finck and members of his family acting in concert, held 14.96% (2008: 25.05%), Allianz SE held 7.4% (2008 : 7.4%), The Capital Group Companies held 3.5% (2008: less than 3%), the Bank of New York Mellon Corporation 3.01% (2008: 3.01%) of the share capital and voting rights of the company.

At the same date, SGS Group held 4.12% of the share capital of the Company (2008: 4.46%).

## OUTLOOK

SGS is forecasting another good performance for 2010 with both top line and earnings increasing over 2009 levels.

# SGS FULL YEAR RESULTS

## AGRICULTURAL SERVICES

Agricultural services delivered constant currency revenue growth of 4.6% to CHF 356 million for the year, leading to an increase in operating margin of 40 basis points to 16%.

Conditions in the trade inspection business remained volatile as export volumes fluctuated with changes in harvest conditions, government intervention and the impact of foreign exchange on price competitiveness. Difficult conditions in the agricultural trading community continued throughout the year pressuring many of our smaller clients as reduced bank lending and commodity price volatility reduced volumes. Despite these headwinds, the sector was able to flex its structure to meet demand, introduce new service packages on the back of a tightening regulatory environment for food safety and continue to expand its harvest yield enhancement services.

Excellent crop conditions and improved inland service packages drove profitability with notably good performances in Russia, Ukraine, Hungary and Romania. As a result of this success, new investments were made

in the area of laboratory testing in support of field yield enhancement and environmental sustainability. This good performance served to offset difficult trading conditions in the Americas where less favorable conditions led to reduced business activity which negatively impacted second semester revenue growth.

The sector will continue to improve and enhance its core services for the trading community in support of the increased demand for supply chain transparency and regulatory compliance. The sector's ability

to offer a comprehensive service, coupling laboratory testing and trade facilitation across a wide range of agricultural commodity groups and its wide geographic network are key market differentiators. Yield enhancement services such as soil and seed testing and market and crop research are expected to be the principle drivers of future growth for the sector.

(CHF million)	2009	2008
<b>REVENUE</b>	<b>356.3</b>	358.3
Change in %	(0.6)	
<b>CHANGE DUE TO</b>		
Volume & Prices	14.5	
Currency Translation	(17.6)	
Acquisitions / (Disposals)	1.1	
<b>OPERATING INCOME (BEFORE EXCEPTIONALS)</b>	<b>57.1</b>	55.9
Change in %	2.1	
<b>MARGIN %</b>	<b>16.0</b>	15.6

## MINERALS SERVICES

Minerals services comparable revenue declined 10.4% to CHF 536 million as difficult trading conditions persisted through the year in industrial and precious metals markets and reduced energy demand, related to reduced oil and natural gas prices, impacted coal consumption. Operating margin for the year at 16.1% was down 220 basis points from 2008 but the business posted a significant 200 basis point improvement over the first semester as business costs were aligned with activity levels.

Industrial minerals trade demand was volatile for the year as buyers took advantage of large swings in pricing leading to stockpiling by users in Asia of certain raw materials such as iron ore and metallurgical coke in the first semester. This led to a reduced activity in the second semester as stocks were adequate to meet demand. In energy minerals, coal demand remained fairly constant in Asia for the year but demonstrated a marked slow down in the Americas as a result of reduced alternative fuel prices for power generation.

In exploration services, despite beneficial pricing in precious metals throughout the year, the second half recovery was more muted than expected, with no sign of increased activity until late in the fourth quarter. Metallurgical services largely tracked the performance in exploration as large integrated miners held off on capacity increases and capital projects. Activity here remains at low levels but picked up late in Q4 in preparation for increased capital spending in the mining sector in 2010. On-site mine laboratory performance was

stable throughout the year, dampening the effect of the difficult conditions in exploration and metallurgical services.

The sector took advantage of the reduced activity levels during the year to work on productivity enhancements and cost reduction initiatives while protecting its core execution capabilities especially in metallurgical testing and laboratory services. Capital consumption was reduced as the sector has retained sufficient installed capacity to accommodate a variety of different demand scenarios in 2010.

(CHF million)	2009	2008 <sup>1</sup>
<b>REVENUE</b>	<b>536.0</b>	631.6
Change in %	(15.1)	
<b>CHANGE DUE TO</b>		
Volume & Prices	(65.3)	
Currency Translation	(33.3)	
Acquisitions / (Disposals)	3.0	
<b>OPERATING INCOME (BEFORE EXCEPTIONALS)</b>	<b>86.3</b>	115.8
Change in %	(25.5)	
<b>MARGIN %</b>	<b>16.1</b>	18.3

1. Restated 2008 data following changes in group organisation.

## OIL, GAS & CHEMICALS SERVICES

Oil, Gas, and Chemicals services constant currency revenue was up 1% to CHF 951 million with operating margin increasing 20 basis points to 15.4% as a result of productivity improvements, cost controls, and improved service mix.

Trading conditions in the sector's trade inspection and testing business remained stable during the year with the petroleum market volume flat and the chemicals market remaining at significantly reduced levels, putting pressure on laboratory and logistics services in the sector. Refined products weakened in the second semester of 2009 as reduced refining margins pressured refining profitability resulting in capacities being reduced. These negative pressures to the top line were partially offset by increased activity levels in the sector's cargo treatment services and market share gains in trading, testing and logistics services in Eastern Europe, the Middle East, South America and China markets which have traditionally had lower levels of enhanced service penetration.

The sector's push into oil production testing services, metering, and well engineering, all continued to gain traction through the second

semester. The sector's capital investment of CHF 52 million was, in large part, devoted to the build out of testing capacity in support of this initiative. To date, executed contracts have demonstrated the sector's technical capabilities and unique service offering to our targeted clients, creating increased demand in future periods. Capital projects improving technical capabilities and capacity, have been earmarked for 2010 and will progressively come on line in the coming years in support of forecast increases in exploration and production spending by IOC's and NOC's.

Client demand for seamless, twenty-four hour reporting systems matching the globalisation of supply chains was met with a unique hub reporting system using the Group's wide geographic network and integrated information technology backbone. The sector was awarded several important distinctions for health, safety and environmental (HS&E) performance during the year by our clients, in which the Group takes significant pride. Such efforts to enhance workplace safety and reporting systems continued to act to our competitive advantage.

<i>(CHF million)</i>	2009	2008 <sup>1</sup>
<b>REVENUE</b>	<b>951.0</b>	984.8
Change in %	(3.4)	
<b>CHANGE DUE TO</b>		
Volume & Prices	0.7	
Currency Translation	(42.0)	
Acquisitions / (Disposals)	7.5	
<b>OPERATING INCOME (BEFORE EXCEPTIONALS)</b>	<b>146.4</b>	149.7
Change in %	(2.2)	
<b>MARGIN %</b>	<b>15.4</b>	15.2

1. Restated 2008 data following changes in group organisation.

## LIFE SCIENCE SERVICES

Life Science services revenue increased 3.0% for the year on a constant currency basis as difficult market conditions in late phase clinical research were compensated by growth in quality control testing and bio-analysis laboratory testing volume. Operating margin for the year increased 40 basis points to 13.9% as a result of increased capacity utilisation and productivity gains.

In quality control testing, notably improved performances were delivered in Germany, Canada, Singapore and India as increased capacity utilisation and widening of service scope drove results. During the period, laboratory capacity was increased in Canada and additional capacity expansions were started in the USA and Germany.

Early phase clinical research operations performed as planned with increased

capacity utilisation in Belgium and France leading to good performances. The late phase clinical research business remained weak for the year due to a severely reduced amount of drugs reaching that stage.

In bio-analysis, immuno-analysis capabilities continued to be developed in support of expanding demand for bio-marker and C14 radio-pharmacology.

<i>(CHF million)</i>	2009	2008
<b>REVENUE</b>	<b>201.3</b>	204.4
Change in %	(1.5)	
<b>CHANGE DUE TO</b>		
Volume & Prices	6.3	
Currency Translation	(8.9)	
Acquisitions / (Disposals)	(0.5)	
<b>OPERATING INCOME (BEFORE EXCEPTIONALS)</b>	<b>28.0</b>	27.5
Change in %	1.8	
<b>MARGIN %</b>	<b>13.9</b>	13.5

# SGS FULL YEAR RESULTS

## CONSUMER TESTING SERVICES

Consumer Testing services delivered revenue growth of 11.1% (constant currencies) for the year, on the back of CPSIA related testing in the first semester and an overall increase in consumer safety regulation. This dampened the effect of reduced factory auditing and inspection business and a weak electronic goods market. Operating margin for the year increased 210 basis points to 25.3% as a result of service and geographical mix and tight cost control in the weaker segments.

During the year, the regulatory environment for consumer products safety continued to tighten in line with prior year trends.

There was a large increase in testing requirements in the first semester as our clients moved towards compliance with CPSIA, largely focused on children's products. This volume effect moderated during the course of the year as the compliance maturity was reached and has now levelled off. In Europe, the regulatory environment was comparable with previous periods as REACH testing volumes remained low, undoubtedly as a result of the poor economic conditions in the chemicals market. Despite these disparate conditions, the structural drivers for future testing volume will

remain: changes in, and enhancement of, consumer products safety legislation and product sustainability.

During the year, three out of four of the sector's testing segments posted revenue growth from a combination of regulatory environment and market share gains.

The textile, hard goods, and food sectors all increased their market penetration during the year lifting laboratory capacity utilisation with a corresponding increase in operating margin. Excellent performances from prior period investments were delivered in Turkey, Bangladesh and Pakistan. The electronics and electrical

testing segment remained weak throughout the year, principally in Europe as manufacturers and retailers struggled with severely reduced demand. This effect was mitigated by a better-than-market performance in Asia due to good service positioning in China, Taiwan and Korea.

Despite the more difficult conditions in the consumer products markets in terms of unit demand, the sector continued to deploy capital in support of new initiatives. Investments in additional capacities and capabilities were started in the USA, Germany, China and India and are expected to progressively come on line in 2010.

(CHF million)	2009	2008 <sup>1</sup>
<b>REVENUE</b>	<b>789.0</b>	733.0
Change in %	7.6	
<b>CHANGE DUE TO</b>		
Volume & Prices	66.7	
Currency Translation	(23.0)	
Acquisitions / (Disposals)	12.3	
<b>OPERATING INCOME (BEFORE EXCEPTIONALS)</b>	<b>200.0</b>	170.2
Change in %	17.5	
<b>MARGIN %</b>	<b>25.3</b>	23.2

1. Restated 2008 data following changes in group organisation.

## SYSTEMS & SERVICES CERTIFICATION

Systems and Services Certification delivered comparable revenue growth of 4.8% to CHF 367 million for the year. This growth was achieved across the entire geographical breadth of the Group's network, with all of the Group's reporting regions posting comparable gains. Particularly good performances were achieved in France as a result of additions to third-party regulatory directives, in China, as a result of an increase in intra-China network expansion and greater Asia Pacific, due to growth in the industrial base in that region. Operating margin for the period increased 190 basis points to 21.1% driven by favorable geographic mix and the sector's ongoing efforts in productivity enhancements.

During the period, the sector continued to prioritise and add to industry specific sectors in the certification market demonstrating growth potential. The food supply chain, pharmaceutical sector and automotive supply chain all posted year-on-year improvements despite the prevailing economic headwinds and contraction

of the supply base in automotive. New industry specific sector entries have been initiated, with sustainability related services such as forestry, and energy management holding the most promise.

In addition to its industry specific focus, the sector was able to expand its geographic network during the year, largely as a result of multi-national client development.

Emerging markets were, for the most part, the geographies which posted better

than average growth rates as new norms were adopted, and through supplier diversification efforts of our multi-national clients. Significant efforts were made to ensure that local staff were trained to meet this demand. Additionally, the sector continued to deploy information technology solutions which were aimed at streamlining our clients' certification management process, and increase our auditor capacity utilisation.

(CHF million)	2009	2008 <sup>1</sup>
<b>REVENUE</b>	<b>367.3</b>	366.5
Change in %	0.2	
<b>CHANGE DUE TO</b>		
Volume & Prices	16.8	
Currency Translation	(16.0)	
Acquisitions / (Disposals)	0.0	
<b>OPERATING INCOME (BEFORE EXCEPTIONALS)</b>	<b>77.6</b>	70.2
Change in %	10.5	
<b>MARGIN %</b>	<b>21.1</b>	19.2

1. Restated 2008 data following changes in group organisation.

## INDUSTRIAL SERVICES

Industrial services delivered full year revenue growth of 6.4% to CHF 744 million of which 2.2% was from organic initiatives. Full year operating margin for the period at 13.9% was 40 basis points below prior year, but improved 60 basis points on a 2009 semester basis as a result of improved service mix, volume and cost alignment measures.

In a volatile operating market, the strength and diversity of the service offering, geographic spread and prior period acquisition strategy allowed the sector to post top line growth. Very good performances were delivered in Brazil as a result of a prior period acquisition; Germany, from the liberalisation of the statutory inspection market; China, due to overall market expansion and South East Europe, from expansion of product offerings and project work. These performances were able to offset the difficult operating conditions in Spain, the USA, and the Middle East which experienced slow-downs in business activity.

The sector's focus on the power generation and alternative energy sectors was augmented during the year with capital investments undertaken in Europe and China in support of the latest demand for testing

and inspection technologies. The sector's large scale investment in Tianjin, which was supported by the local government, is a test case for third-party testing and certification services for the rapidly expanding alternative energy supply base in the region. Testing capacity was added in Asia in support of the sector's construction material testing initiatives.

Activity in large E&P projects for the oil and gas industry reduced during the period as a variety of large scale investments were curtailed due to the turbulent conditions in the marketplace. As such, our operations in West and North Africa and the Middle East

had more difficult operating environments for the full year. Activity in these areas is forecast to pick up progressively during the coming year as a result of the return of capex spending in support of the improvement in demand for energy sources.

(CHF million)

	2009	2008
<b>REVENUE</b>	<b>743.6</b>	738.5
Change in %	0.7	
<b>CHANGE DUE TO</b>		
Volume & Prices	15.5	
Currency Translation	(39.9)	
Acquisitions / (Disposals)	29.5	
<b>OPERATING INCOME (BEFORE EXCEPTIONALS)</b>	<b>103.4</b>	105.5
Change in %	(2.0)	
<b>MARGIN %</b>	<b>13.9</b>	14.3

## ENVIRONMENTAL SERVICES

The environmental services business delivered constant currency revenue growth for the year of 2.0% as markets in Europe and North America remained difficult. All of the sector's other reporting regions posted year-over-year top line expansion. Operating margin for the period increased from 10.6% to 11.7% as a result of improvements in service mix and execution geographies.

During the year, the sector completed several capacity expansion and laboratory consolidation projects. In Italy, capacity was expanded to meet the requirements for contractual commitments for the growing market for air quality testing. In Taiwan, general capacity was added as part of our lab consolidation project in Kaohsiung and in China, general laboratory capacity was added into the regional network in support of this active market. In Australia, capacity grew as part of our general laboratory consolidation efforts in

Perth and our entry into the Melbourne market.

In the fourth quarter the sector completed the acquisition of EKO-PROJEKT, a leading provider of environmental testing in Poland. Through this acquisition the sector becomes the leader in commercial environmental testing in the country and provides a platform, through its extensive

network of locations, to introduce new services and testing technologies from our sister operations in Germany, the Benelux, and Italy. A particular focus will be made in the area of stack emissions monitoring, dioxin testing, and high throughput laboratory tests.

(CHF million)

	2009	2008
<b>REVENUE</b>	<b>287.7</b>	296.4
Change in %	(2.9)	
<b>CHANGE DUE TO</b>		
Volume & Prices	3.3	
Currency Translation	(14.4)	
Acquisitions / (Disposals)	2.4	
<b>OPERATING INCOME (BEFORE EXCEPTIONALS)</b>	<b>33.6</b>	31.4
Change in %	7.0	
<b>MARGIN %</b>	<b>11.7</b>	10.6

# SGS FULL YEAR RESULTS

## AUTOMOTIVE SERVICES

Automotive services comparable revenue at CHF 266 million declined 4.6% from the comparable period as a result of the difficult economic conditions in the automotive industry and a reduction in government outsourced service volumes, particularly in Ireland in driver testing. Operating margin for the year was flat at 15.9% (constant currency basis) as a result of favourable mix and cost containment actions undertaken.

During the year, statutory services performed well as expected with the sector's concessions and contracts in Western Europe, Africa, South America and the United States all delivering consistent year-over-year improvements. New contracts were started for the states of New Jersey and Massachusetts, a new ten-year concession was started in Albania, testing capacity was increased in Morocco and improved commercial terms were negotiated in California and Argentina, all of which will help to mitigate the termination of our activities in Ireland in 2010.

The market for commercial OEM and fleet automotive services markets remained difficult throughout the year as a result of the curtailment of production capacities, severely reduced unit fleet volumes and a poor auction market which negatively impacted our operations in Europe and the USA. As a result of the situation, the sector has realigned its service offering and cost base to these new levels of activity. This realignment will be permanent in nature unless market conditions and

the competitive environment structurally improves.

The market for the commercialisation and privatisation of statutory safety inspection in the automotive sector should demonstrate signs of improvement in the coming year. Initiatives are underway in replicating the sector's successful efforts for taxi inspections in Europe and truck inspections in markets with developing safety regulation requirements.

(CHF million)

	2009	2008
<b>REVENUE</b>	<b>266.2</b>	292.6
Change in %	(9.0)	
<b>CHANGE DUE TO</b>		
Volume & Prices	(12.7)	
Currency Translation	(13.7)	
Acquisitions / (Disposals)	0.0	
<b>OPERATING INCOME (BEFORE EXCEPTIONALS)</b>	<b>42.4</b>	47.7
Change in %	(11.1)	
<b>MARGIN %</b>	<b>15.9</b>	16.3

## GOVERNMENTS & INSTITUTIONS SERVICES

The Governments and Institutions Services business delivered revenue growth of 7.3% for the period to CHF 214 million on the back of key contract wins, and an attractive market for service solutions in support of governmental bodies. Operating margin for the period increased 150 basis points to 18.4% as new services were able to leverage their cost base off existing portions of our installed geographic and information technology backbone, lowering the overall cost of execution.

During the period, revenue in the pre-shipment inspection (PSI) product line declined as a result of the reduction of import volumes from the macro-economic conditions. Despite this, all of the contracts performed satisfactorily as the sector was able to flex its operating cost into alignment with inspection volume. The sector is currently running five PSI contracts of which none are expected to be terminated in 2010.

In the local solutions product lines, demand was better than expected as mandates increased in several new geographies and new contract opportunities came to the fore. During the year, new mandates for product conformity

assessment programmes were won in Algeria, Nigeria, Egypt and market share was improved in Saudi Arabia. The sector's cargo scanner service line successfully started its operations in Bahrain and Bangladesh. In Liberia, the forestry monitoring contract was the receipt of additional donor aid for scope expansion. These successful projects have created significant momentum in the International community as these organisations seek to tie donor aid programmes to modernisation schemes which result in sustainable improvement at the local level.

In the fourth quarter, the sector was awarded two new contracts that will

progressively come on stream during the coming year. In Ghana, the sector was awarded a mandate for the improvement of tax collection by Ghanaian internal revenue. This contract builds on the successful implementation of our GCNet installation on behalf of Ghanaian customs which has been recognised by the World Bank and IMF. In Mozambique, the sector has been awarded a sub-contractor agreement with a JV formed between the Government, Escopil, and the CTA (private sector association) for the installation and the operation of a Tradenet solution, largely as a result of our successful programmes in Ghana and Madagascar.

(CHF million)

	2009	2008
<b>REVENUE</b>	<b>214.0</b>	211.9
Change in %	1.0	
<b>CHANGE DUE TO</b>		
Volume & Prices	14.6	
Currency Translation	(12.5)	
Acquisitions / (Disposals)	0.0	
<b>OPERATING INCOME (BEFORE EXCEPTIONALS)</b>	<b>39.3</b>	35.9
Change in %	9.5	
<b>MARGIN %</b>	<b>18.4</b>	16.9

# CONDENSED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

## CONDENSED CONSOLIDATED INCOME STATEMENT

<i>(CHF million)</i>	2009	2008
<b>REVENUE</b>	<b>4 712</b>	<b>4 818</b>
Salaries, wages and sub-contracted costs	(2 533)	(2 574)
Depreciation, amortisation and impairment	(223)	(214)
Other operating expenses	(1 142)	(1 220)
<b>OPERATING INCOME (BEFORE EXCEPTIONAL ITEMS)</b>	<b>814</b>	<b>810</b>
Exceptional items	(20)	127
<b>PROFIT FROM OPERATING ACTIVITIES (EBIT)</b>	<b>794</b>	<b>937</b>
Financial income/(expenses)	(3)	(4)
<b>PROFIT BEFORE TAXES</b>	<b>791</b>	<b>933</b>
Taxes	(200)	(219)
<b>PROFIT FOR THE YEAR</b>	<b>591</b>	<b>714</b>
Profit attributable to:		
Equity holders of SGS SA	566	692
Non-controlling interests	25	22

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>(CHF million)</i>	2009	2008
Actuarial gains/(losses) on defined benefit plans	(25)	(101)
Income tax on actuarial gains/(losses) taken directly to equity	8	24
Exchange differences and other	42	(288)
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>25</b>	<b>(365)</b>
Profit for the year	591	714
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>616</b>	<b>349</b>
Attributable to:		
Equity holders of SGS SA	595	335
Non-controlling interests	21	14

## CONDENSED CONSOLIDATED BALANCE SHEET

(CHF million)

	2009	2008
<b>NON-CURRENT ASSETS</b>		
Land, buildings and equipment	751	721
Goodwill and other intangible assets	777	759
Other non-current assets	229	221
<b>TOTAL NON-CURRENT ASSETS</b>	<b>1 757</b>	<b>1 701</b>
<b>CURRENT ASSETS</b>		
Trade accounts and notes receivable	812	919
Other current assets	375	378
Cash and investments	792	583
<b>TOTAL CURRENT ASSETS</b>	<b>1 979</b>	<b>1 880</b>
<b>TOTAL ASSETS</b>	<b>3 736</b>	<b>3 581</b>
<b>TOTAL EQUITY</b>	<b>2 110</b>	<b>1 862</b>
<b>NON-CURRENT LIABILITIES</b>		
Loans and obligations under financial leases	8	10
Provisions and other non-current liabilities	326	332
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>334</b>	<b>342</b>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	388	403
Other current liabilities	904	974
<b>TOTAL CURRENT LIABILITIES</b>	<b>1 292</b>	<b>1 377</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3 736</b>	<b>3 581</b>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(CHF million)

	2009	2008
Profit for the year	591	714
Non-cash exceptional income 2008	-	(127)
Other non-cash items	393	410
Decrease/(Increase) in working capital	13	(22)
Taxes paid	(217)	(195)
<b>OPERATING CASH FLOW BEFORE EXCEPTIONALS</b>	<b>780</b>	<b>780</b>
Cash flows on exceptional items 2008	60	58
<b>OPERATING CASH FLOW</b>	<b>840</b>	<b>838</b>
Net (purchase)/sale of fixed assets	(209)	(278)
Acquisitions and divestments of businesses	-	(184)
Proceeds from sales of investments	2	-
Other from investing activities	14	5
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>(193)</b>	<b>(457)</b>
Dividend paid to equity holders of SGS SA	(375)	(267)
Dividend paid to non-controlling interests	(16)	(14)
Cash received/(paid) for treasury shares	15	(201)
Interest paid	(16)	(15)
(Decrease)/increase in borrowings	(22)	295
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>(414)</b>	<b>(202)</b>
Currency translations	(24)	(34)
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>209</b>	<b>145</b>

# SGS FULL YEAR RESULTS

## CONDENSED STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

(CHF million)	ATTRIBUTABLE TO		
	EQUITY HOLDERS OF SGS SA	NON-CONTROLLING INTERESTS	TOTAL EQUITY
<b>BALANCE AS AT 1 JANUARY 2008</b>	<b>1 941</b>	<b>36</b>	<b>1 977</b>
Total comprehensive income for the year	335	14	349
Dividends paid	(267)	(13)	(280)
Share-based payments	17	-	17
Movement on treasury shares	(201)	-	(201)
<b>BALANCE AS AT 31 DECEMBER 2008</b>	<b>1 825</b>	<b>37</b>	<b>1 862</b>
Total comprehensive income for the year	595	21	616
Dividends paid	(375)	(21)	(396)
Share-based payments	13	-	13
Movement on treasury shares	15	-	15
<b>BALANCE AS AT 31 DECEMBER 2009</b>	<b>2 073</b>	<b>37</b>	<b>2 110</b>

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS

### 1. BASIS OF PREPARATION

These condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

### 2. SELECTED SIGNIFICANT ACCOUNTING POLICIES

The condensed financial statements

have been prepared in accordance with the accounting policies applied by the Group in its consolidated financial statements for the year ended 31 December 2008, except for the following main changes in standards effective 1 January 2009:

- IFRS 8 *Operating Segments*  
The adoption of IFRS 8 has had no impact on the reportable segments

of the Group nor on the measure of segment profitability, as the information previously presented was already established on the basis of internal reporting to senior management for the purposes of resource allocation and assessment of segment performance.

- IAS 1 (revised) *Presentation of Financial Statements*  
- IAS 23 (revised) *Borrowing Costs*

### 3. EXCEPTIONAL ITEMS

(CHF million)

	2009	2008
<b>OPERATING INCOME (BEFORE EXCEPTIONALS) AS REPORTED BY SEGMENT</b>	<b>814</b>	<b>810</b>
Exceptional items:		
Restructuring and termination expenses	(20)	-
Settlement of pre-2002 receivables	-	147
Legal and financial fees	-	(20)
<b>PROFIT FROM OPERATING ACTIVITIES (EBIT)</b>	<b>794</b>	<b>937</b>

**4. EARNINGS PER SHARE**

	2009	2008
Profit attributable to equity holders of SGS SA (CHF million)	566	692
Weighted average number of shares ('000)	7 498	7 597
<b>BASIC EARNINGS PER SHARE (CHF)</b>	<b>75.48</b>	<b>91.08</b>
Profit attributable to equity holders of SGS SA (CHF million)	566	692
Diluted weighted average number of shares ('000)	7 529	7 628
<b>DILUTED EARNINGS PER SHARE (CHF)</b>	<b>75.17</b>	<b>90.72</b>

Adjusted earnings per share are calculated based on the period's profit attributable to Equity holders less the net exceptional items reported in the period:

	2009	2008
Profit attributable to equity holders of SGS SA (CHF million)	566	692
Exceptional items net of tax (CHF million)	13	(113)
Profit attributable to Equity holders of SGS SA, before exceptionals (CHF million)	579	579
<b>BASIC EARNINGS PER SHARE BEFORE EXCEPTIONALS (CHF)</b>	<b>77.22</b>	<b>76.19</b>
<b>DILUTED EARNINGS PER SHARE BEFORE EXCEPTIONALS (CHF)</b>	<b>76.90</b>	<b>75.89</b>

**5. ACQUISITIONS**

In February 2009, SGS acquired Ustav Paliv a Maziv (UPM) and in October EKO-PROJEKT Ltd.

Due to the timing of the transaction, the initial accounting for this acquisition had only been provisionally determined at the balance sheet date.

			YEAR-END RATES		ANNUAL AVERAGE RATES	
			2009	2008	2009	2008
Australia	AUD	100	92.56	73.00	85.45	91.82
Canada	CA	100	98.92	85.77	95.20	101.93
Eurozone	EUR	100	148.79	149.33	151.06	158.80
Great Britain	GBP	100	164.92	153.01	169.49	200.03
USA	USD	100	103.65	105.39	108.57	108.29

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English version is binding.

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**2010 HALF YEAR RESULTS**

Thursday, 15 July 2010

**ANNUAL GENERAL MEETING  
OF SHAREHOLDERS**

Monday, 22 March 2010

**STOCK EXCHANGE LISTING**

SIX Swiss Exchange, SGSN

**STOCK EXCHANGE TRADING**

SIX Swiss Exchange

**COMMON STOCK SYMBOLS**

Bloomberg: Registered Share: SGSN.VX

Reuters: Registered Share: SGSN.VX

Telekurs: Registered Share: SGSN

ISIN: Registered Share: CH0002497458

Swiss security number: 249745

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