2004 FIRST HALF RESULTS

With revenues up 18.4% to CHF 1 390 million, SGS posted the sixth consecutive increase in earnings, with margins up to 13% (11.7% in the prior year) and net income up 28% to CHF 128 million. The Group reaffirms its commitment to achieve CHF 45 Earnings per Share in 2005.

FINANCIAL HIGHLIGHTS		
CHF million	June 03	**June 04**
Revenue	1 174	**1 390**
Change in %		18.4
EBITDA	184	**234**
Change in %		27.2
Operating income	137	**181**
Change in %		32.1
Operating margin in %	11.7	**13.0**
Profit before tax	137	**177**
Change in %		29.2
Net profit	100	**128**
Change in %		28.0
Net profit before exceptionals	100	**128**
Change in %		28.0
Free cash flow	72	**59**
Change in %		(18.1)
Net cash	424	**278**
Weighted average number of shares (000's)	7 661	**7 650**
Basic earnings per share (CHF)	13.06	**16.77**
Change in %		28.4
Period end number of employees	32 347	**36 982**
Change in %		14.3

Overview

Revenue for the Group improved to CHF 1 390 million, up 18.4% on the same period last year (17.7% in local currency). This was achieved in a market environment that is beginning to improve. Organic growth (exclusive of acquisitions) was 10.1%.

Strong revenue growth was achieved in Consumer Testing, Oil Gas & Chemicals, Minerals, Environmental, Industrial and Trade Assurance Services with all these businesses delivering more than +10% comparable growth to first half last year.

Operating income improved by CHF 44 million or 32% to CHF 181 million at constant currencies. Operating margins in all businesses (except Agricultural and System and Services Certification) continued to improve with significant gains being achieved by Consumer Testing, Minerals and Industrial Services.

Net financial income was CHF 4 million reflecting the continued low global yields and the reduction in net cash outlined below. 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 from CHF 100 million to CHF 128 million, an increase of 28% (nearly 30% on a constant currency basis).

Cash from operations improved by CHF 13 million to CHF 139 million. This inflow of cash was used to fund net investment in fixed assets of CHF 74 million, the payment of the dividend of CHF 69 million, acquisitions of CHF 196 million and CHF 15 million for share buy-backs. As a result, Group net cash decreased from CHF 493 million at the end of 2003 to CHF 278 million at 30 June 2004.

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Six Sigma

The six sigma program that was first launched in 2003 continues to deliver improvements in the lab organisation, back-office operations and field operating processes across businesses. Quality enhancements and operational savings are substantial and in line with expectations.

Acquisitions

In line with the Group's growth objectives, a number of acquisitions were finalised during the semester.

SGS acquired Institut Fresenius effective March 1, 2004, making the Group the laboratory market leader in Germany in the fields of pharmaceutical products quality assurance, environmental contamination control, consumer products and microelectronic testing and mineral water certification.

The Oil, Gas and Chemicals business was strengthened by the acquisition of Vernolab in France, the leading international oil diagnostics specialist. The business reach of the sector was further expanded by acquiring Petroleum Service Corporation (PSC) in the USA. It specializes in in-plant outsourcing services for the oil refining and chemical industry and operates the largest tankerman pool in the USA, handling over 35 000 shipments per year. Both of these acquisitions were effective as of January 1, 2004.

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 2004 and as a result to significantly exceed 2003 reported net income.

Georges Muller
Chairman

Werner Pluss
Chief Executive

13 July 2004

CONSOLIDATED PROFIT & LOSS FIRST HALF YEAR

CHF million	June 03	June 04
Revenue	1 174	**1 390**
Operating income	137	**181**
Exceptionals	--	--
Goodwill	(5)	**(8)**
EBIT	132	**173**
Net financial income	5	4
Profit before taxes and minority interests	137	**177**
Taxes	(34)	(43)
Profit after taxes	103	**134**
Minority interest	(3)	(6)
Net profit	100	**128**
Net profit before exceptionals (net of tax)	100	**128**
Diluted earnings per share (CHF)	13.06	**16.63**
Change in %		27.3

CHANGES IN SHAREHOLDERS' EQUITY

CHF million	2003	2004
As at 1 January	897	**1 072**
Dividend	(56)	(69)
Share buyback	--	(15)
Translation and other	27	(14)
Net profit	100	128
As at 30 June	968	**1 102**

ACQUISITION

CHF million	Total
Goodwill	149
Assets	95
Liabilities	(53)
Total purchase price	**191**
Net debt acquired	5
Cash outflow	**196**

CONSOLIDATED CASH FLOW FIRST HALF YEAR

CHF million	June 03	June 04
EBIT	132	**173**
Adjustment for non cash items	51	56
(Increase)/decrease in net working capital	(19)	(54)
Changes in other provisions	(21)	(4)
Taxes paid	(17)	(32)
Cash from operations	126	**139**
Net sale/(purchase) of fixed assets	(57)	(74)
Other	3	(6)
Free cash flow	72	**59**
Financing	5	5
Dividend paid	(56)	(69)
Net cash (used in) acquisitions/disposals	(2)	(196)
Purchase of treasury shares	--	(15)
Exchange differences on opening balances	(4)	(3)
Translation differences on flows	7	4
Increase/(decrease) in net cash	22	**(215)**

CONSOLIDATED BALANCE SHEET

CHF million	Dec. 03	June 04
Non-current assets		
Land building and equipment	415	455
Other long-term assets	120	146
Goodwill and other intangible assets	147	286
Total non-current assets	682	**887**
Current assets		
Trade accounts and notes receivables	571	596
Other current assets	243	298
Cash and short term investments	526	316
Total current assets	1 340	**1 210**
Total assets	2 022	**2 097**
Shareholders' equity	1 072	**1 102**
Minority interests	18	**21**
Non-current liabilities		
Long term loans	11	10
Provisions and other liabilities	281	286
Total non-current liabilities	292	**296**
Current liabilities		
Trade and other payables	299	310
Other current liabilities	341	368
Total current liabilities	640	**678**
Total liabilities and shareholder's equity	2 022	**2 097**

Accounting Principles

The condensed consolidated financial statements are prepared in accordance with the accounting and reporting requirements of the International Financial Reporting Standards (IFRS) and the incorporated International Accounting Standard 34 Interim Financial Reporting (IAS 34), issued by the International Accounting Standards Board (IASB).

These condensed consolidated accounts are based on the accounts of the individual subsidiaries at 30 June, which have been drawn up according to uniform Group accounting principles consistent with those reflected in the consolidated financial statements for the year ended 31 December 2003 of SGS Group.

The acquisitions completed during the period have been accounted for using the purchase method of accounting. The fair value of the identifiable assets and liabilities reflect best estimates and may be subject to final adjustments which are not expected to be material. No amortisation of goodwill has been recognised for acquisitions with an agreement date on or after 31 March 2004.

EXCHANGE RATES

			Balance Sheet end of period rate CHF		Profit & Loss account First half year average rate CHF	
			Dec. 03	**June 04**	2003	**2004**
Australia	AUD	100	93.24	87.02	83.29	93.59
EU	EUR	100	156.06	152.79	149.17	155.35
Great Britain	GBP	100	221.55	227.85	217.75	230.35
USA	USD	100	124.86	126.09	135.19	126.54

AGRICULTURAL SERVICES		
CHF million	June 03	**June 04**
Revenue	122.0	**124.3**
Change in %		1.9
Change due to		
Volume and Prices		1.2
Currency Translation		1.1
Acquisitions/(Disposals)		--
Operating Income	12.4	**9.7**
Change in %		(21.8)
Operating Margin %	10.2	**7.8**

Agricultural Services

Revenues in Agricultural Services grew by 1.9% (1.0% on a comparable basis) and operating margins declined from 10.2% to 7.8%.

The unusual climatic conditions experienced last summer had a significant impact on crop yields and the global movement of products. This affected the Agricultural business in the second semester of 2003 and continued to do so in the first semester of 2004, particularly in Europe and the FSU. Start-up investments in the development of commodity treatment services (fumigation, etc.) had a negative impact on margins.

South America delivered much improved revenues, driven by strong growth in Peru. In the Americas, the business continues with the rollout of comprehensive value chain services (traceability, blending, commodity treatment, trade finance support and guarantee services) from the farm to ultimate destination. In Asia, the development of cotton inspections coupled with the development of guarantee business solutions fuelled growth.

The Group recognizes that the volatility associated with a business which heavily relies on trade movements must be cured, and steps are underway to balance the portfolio of activities and the geographical coverage to ensure a more reliable earnings profile.

MINERALS SERVICES		
CHF million	June 03	**June 04**
Revenue	132.5	**150.7**
Change in %		13.7
Change due to		
Volume and Prices		16.1
Currency Translation		2.1
Acquisitions/(Disposals)		--
Operating Income	15.0	**21.4**
Change in %		42.7
Operating Margin %	11.3	**14.2**

Minerals Services

The Minerals business grew revenues by 13.7% on a reported basis (12.0% on a currency equivalent basis). Operating margins improved to 14.2% from 11.3% last year. India and South America delivered high growth and showed a significant margin improvement.

There was continued strong growth in the non-ferrous trade related inspection and testing business in a strong trading environment. In geochemistry five new on-site laboratories were added, bringing the total to over 50 units that the business is operating at customer production mines.

A competence centre with technical services teams has been established to offer build, own and operate solutions for mechanical sampling and online analysers.

Energy minerals – coal and coke – continued its growth in line with high demand globally and with several important contracts being renewed.

A renewed focus on the international fertilizer market created a significant improvement in volume and profitability.

OIL, GAS & CHEMICALS SERVICES		
CHF million	June 03	**June 04**
Revenue	212.0	**282.5**
Change in %		33.3
Change due to		
Volume and Prices		26.7
Currency Translation		--
Acquisitions/(Disposals)		43.8
Operating Income	23.2	**33.7**
Change in %		45.3
Operating Margin %	10.9	**11.9**

Oil, Gas & Chemicals Services

The Oil, Gas & Chemical business had a growth of 33% with revenues reaching CHF 282 million (12.6% on a comparable basis) with bottom line improving to 11.9% over prior period of 10.9%.

Geographical expansion and market share gains in inspection and testing services as well as various outsourcing solutions offered to clients contributed to this performance. Outsourcing contracts where obtained in Europe, Asia Pacific and USA. The continued investments in on-site laboratories at key locations also boosted sales.

Further streamlining of the business processes through six sigma initiatives contributed to the bottom line improvement.

The team formed to exploit the potential of the growing Liquified Natural Gas (LNG) market has already contributed to the overall result of the business with new contract wins.

The acquisitions of Vernolab (France) - *used lubricating and cutting oil diagnostics* - and Petroleum Service Corporation (USA) - *marine and in-plant outsourcing services* - strengthened the range of services offered to refineries, chemical plants and terminals. These investments provide the Group with the footprint to expand these services globally.

LIFE SCIENCE SERVICES		
CHF million	June 03	**June 04**
Revenue	29.6	**50.9**
Change in %		72.0
Change due to		
Volume and Prices		(1.4)
Currency Translation		0.7
Acquisitions/(Disposals)		22
Operating Income	2.9	**5.8**
Change in %		100.0
Operating Margin %	9.8	**11.4**

Life Science Services

Revenues for the first semester were up 72% on the prior, with acquisitions more than offsetting a nominal decline in the existing businesses. Margins improved to 11.4% from 9.8%.

Volumes in the quality control businesses declined in the first half of 2004, particularly in France, where the scale of the operation is sensitive to demand fluctuations. The acquisition of Institut Fresenius in Germany has significantly strengthened SGS` position and market share in Central Europe, and also adds additional services to the portfolio, particularly for product registration.

The clinical research service business is now performing well with an increase in volumes in the Phase I facilities in Belgium and related bioanalytical laboratory testing.

SGS Medisearch is now fully integrated and the business is benefiting from the efforts of the combined sales and marketing team.

CONSUMER TESTING SERVICES		
CHF million	June 03	**June 04**
Revenue	126.4	**165.6**
Change in %		31.0
Change due to		
Volume and Prices		24.1
Currency Translation		(0.3)
Acquisitions/(Disposals)		15.4
Operating Income	17.7	**28.6**
Change in %		61.6
Operating Margin %	14.0	**17.3**

Consumer Testing Services

Revenues for the period were CHF 166 million, 31% up on the prior year (19.3% on a comparable basis). Operating Margins increased to 17.3% from 14%.

The top line growth was mainly generated in the Asia markets with Softlines, Hardlines and E&E as the main contributors. Revenue growth in Europe has been limited following the re- alignment of the business last year to limit exposure to the less profitable segments of the food testing market.

The acquisition of Institut Fresenius has extended the range of services and technical expertise that the Group offers and significantly improves the presence of CTS services in Europe.

Substantial investments in new laboratories and expansion of existing units have been made to extend the Group's capabilities in Asia, the Mediterranean and the Americas.

SYSTEMS & SERVICES CERTIFICATION		
CHF million	June 03	**June 04**
Revenue	105.4	**114.2**
Change in %		8.3
Change due to		
Volume and Prices		7.8
Currency Translation		1
Acquisitions/(Disposals)		--
Operating Income	14.1	**14.2**
Change in %		0.7
Operating Margin %	13.4	**12.4**

Systems & Services Certification

Revenues at CHF 114 million were 8.3% up from 2003 on reported basis (7.3% on a comparable basis). The loss of the revenues from transition to the ISO 9000 (2000 version) in the first half of 2003, was more than offset by the introduction of new products. Operating margins declined from 13.4% to 12.4% as a result of new product introductions.

On a regional basis, revenue increased in Southern Europe and South America both with double digit growth. Although the ISO 9000 remains the largest market segment, targeted sales efforts have resulted in faster growth of integrated audits, 2nd party audits and other standards e.g. ISO 14000 (environmental), OHSAS 18001 (health and safety).

The operating margin was positively impacted by increased efficiencies driven by a number of six-sigma projects focused on the streamlining of processes and reducing operational costs. These benefits are offset by the costs associated with the development and launch of new products in the field of corporate social responsibility, sustainable development and management system certification linked with six-sigma methodology.

A number of global contracts have been won for integrated certification audits, 2nd party audits and service certification with companies in the beverage, energy, chemical and skin care industries.

INDUSTRIAL SERVICES		
CHF million	June 03	**June 04**
Revenue	158.7	**182.3**
Change in %		14.9
Change due to		
Volume and Prices		20.2
Currency Translation		3.4
Acquisitions/(Disposals)		--
Operating Income	15.4	**21.0**
Change in %		36.4
Operating Margin %	9.7	**11.5**

Industrial Services

Industrial Services comparable revenues grew 14.9% (up 12.5% on a currency equivalent basis) and operating margins are up to 11.5% from 9.7% in the prior period. The bulk of the growth originated out of Western Europe and Asia.

The statutory business and vendor surveillance for new projects has grown significantly in Spain. Belgium also experienced good growth in statutory services. Industrial projects in Asia Pacific have led to an increase in demand for supply chain services in the region.

Our Chinese joint venture opened the first accredited building materials and construction laboratory in that country. The laboratory provides its services to construction and engineering companies and their suppliers mainly for new petrochemical and power generation plants and for infrastructure projects in China.

The non-destructive testing business in Europe is steady. New units have been started in the Caspian and the Far East, servicing the oil and gas sector. Russian GOST and similar import standards compliance schemes continue to provide both good revenue growth and margins.

ENVIRONMENTAL SERVICES		
CHF million	June 03	**June 04**
Revenue	78.5	**97.3**
Change in %		23.9
Change due to		
Volume and Prices		8.8
Currency Translation		2.6
Acquisitions/(Disposals)		7.4
Operating Income	4.2	**6.4**
Change in %		52.4
Operating Margin %	5.4	**6.6**

Environmental Services

The Environmental Services business has delivered comparable revenue growth of 10.7% (23.9% on a reported basis). Operating margins continue to improve with margins at 6.6% compared to 5.4% last year.

The overhaul of the business is under way. The strategy is to emphasize laboratory testing and related field services. The realignment of the US facilities has been completed. Six sigma projects currently running in the Benelux are addressing the operational efficiency in the laboratories.

Revenue growth has been driven by Southern Europe and Asia. In addition new operations have commenced in several markets such as Poland, Argentina and India.

The acquisition of Institut Fresenius in March has provided SGS with a much needed platform to enter the European soil and water volume testing market. Leverage of the network will generate samples from across Europe for processing in a single high volume throughput laboratory allowing full economy of scale to be achieved.

AUTOMOTIVE SERVICES		
CHF million	June 03	**June 04**
Revenue	111.9	**89.0**
Change in %		(20.5)
Change due to		
Volume and Prices		(20)
Currency Translation		(2.9)
Acquisitions/(Disposals)		--
Operating Income	12.0	**9.8**
Change in %		(18.3)
Operating Margin %	10.7	**11.0**

Automotive Services

Automotive Services comparable revenues declined by 18.4% versus prior period (20.5% down reported). Margins, however, improved slightly to 11.0% for the first half 2004.

The anticipated decline is due to reduction in manufacturers off-lease and auction inspections of automobiles in the USA. This is a direct result of non-recurrence of the manufacturers' lease incentives for early return of vehicles which positively impacted volume in the first half of 2003.

The statutory car inspections performed well in all our existing operations. The inspection program for the London private hire cars started successfully with the testing centres fully operational since April.

SGS has been selected by the Californian Bureau of Automotive Repairs for a new seven years contract to implement a data information system, similar to the State of New York contract model. In Chile, a 10 years concession for statutory vehicle inspection has also been won. Both are expected to generate first time revenues during 2005.

A new off-lease car inspection contract with a major fleet management company is being implemented across Europe. The globalisation of automotive services across the SGS network continues with new operations being started in several countries.

TRADE ASSURANCE SERVICES		
CHF million	June 03	**June 04**
Revenue	96.7	**133.0**
Change in %		37.5
Change due to		
Volume and Prices		36.5
Currency Translation		(0.2)
Acquisitions/(Disposals)		--
Operating Income	20.0	**29.9**
Change in %		49.5
Operating Margin %	20.7	**22.5**

Trade Assurance Services

Revenues of Trade Assurance Services increased by 37.8% on a comparable basis (37.5% reported) mainly due to higher volume in Africa and South America. Margins improved to 22.5% from 20.7%.

Trade Assurance Services renewed PSI (pre-shipment inspection) contracts in Cameroon, Mauritania and Burundi. New sector programs started in Indonesia. PSI programs in Peru, Ethiopia and Burkina Faso ended during the period.

SGS has started to implement a Non Governmental Organisations (NGO) benchmarking service. SGS validates that the NGO operates in line with recognised best practices in terms of good governance, transparency and efficiency.

Non-PSI revenues grew with a full semester of TradeNet operations in Ghana, ValueNet in Mexico, and the start of CO_2 emission verification in preparation for the European Union Emission Trading Scheme.

English version is binding

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2004 FULL YEAR RESULTS
Friday, 14 January 2005

ANNUAL GENERAL MEETING OF SHAREHOLDERS
Wednesday, 23 March 2005

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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