2002 FIRST HALF RESULTS

SGS Group's net income before exceptional items for the first half of 2002 increased by 54.5% to CHF 68 million on the back of good revenue growth in local currency terms and a marked improvement in operating margins from 5.2% to 8.1%. Net income after exceptional items increased by 50.0% to CHF 66 million, reflecting CHF 21 million in cash receipts from discontinued government contracts and a CHF 25 million charge for reorganisation activities.

FINANCIAL HIGHLIGHTS

CHF million	June 01	June 02
Revenue Change in %	1 164	**1 201** 3.2
EBITDA Change in %	111	**145** 30.6
Operating income Change in %	61	**97** 59.0
Operating margin in %	5.2	**8.1**
Profit before tax	67	**96**
Net profit	44	**66**
Net profit before exceptionals	44	**68**
Free cash flow	(5)	**39**
Net cash	451	**386**
No. of shares (000's) registered equivalent	7 822	**7 822**
Earnings per share (CHF) before exceptionals	5.62	**8.69**
Earnings per share (CHF) after exceptionals	5.62	**8.44**
Avg. number of employees	30 712	**32 339**

Overview

Revenue for the Group improved to CHF 1 201 million, up 3.2% on the first half of last year (9.5% on a local currency basis) in a market environment that, at least in part, remained difficult.

Strong revenue growth was achieved in Consumer Services, Automotive Services and Systems and Services Certification with all of them delivering more than 10% revenue growth on a comparable basis. Whilst single digit, the other businesses all delivered revenue growth notwithstanding a slowing down of activities in the relevant markets.

Operating income improved by CHF 36 million or 59.0% to CHF 97 million. The major contributions to this improvement were Trade Assurance, Agricultural and Automotive Services, with the reduction in corporate overheads showing the first positive signs after the implementation of the restructuring program in May 2002. These improvements more than offset the operating profits and margin reduction in the Oil, Gas & Chemicals business driven by a slowing down of activities.

Exceptional items totalling CHF 4 million (CHF 2 million after tax) were made up of two components. Firstly the Group recovered CHF 21 million of receivables relating to terminated Trade Assurance contracts which were de-recognized in 2001, pursuant to a change in accounting policy. Offsetting this, the Group incurred CHF 25 million in reorganisation costs of which 60% related to permanent corporate costs reductions.

Net financial income of CHF 7 million is below that of the same period last year reflecting the global reduction in interest rates. The tax rate for the first half at 29% is within the expected range for the year.

Net profit before exceptionals increased from CHF 44 million to CHF 68 million. Including exceptional items, net profit increased from CHF 44 million to CHF 66 million in the current year.

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Cash from operations improved by CHF 107 million to CHF 127 million in the first half of this year, mainly as a result of better working capital management. This inflow of cash was used to fund acquisitions totalling CHF 52 million in the first half (principally Lakefield Canada), net investment in fixed assets of CHF 53 million and the payment of the dividend of CHF 47 million. Group net cash decreased from CHF 446 million at the end of December 2001 to CHF 386 million at 30 June 2002.

Acquisitions and disposals

In April 2002 SGS announced the acquisition of Lakefield Research Ltd, an international group based in Canada. As the world leaders in testing and research services to the minerals and metals sectors, Lakefield complements the coverage of the minerals and metals value chain by the Group. The Lakefield business has an annual turnover in excess of CHF 40 million.

Currency Translation Exposures

The Group has two main exposures in the translation of financial results into Swiss Francs, namely to the Euro and the US Dollar. Together they represent over two-thirds of revenues on the current business mix. The Group also has small translational exposures to a great variety of other currencies as a part of its trading activities as a multi-national company present in many countries. The Swiss Franc represents less than 5% of the revenue mix of the Group.

Outlook

The Group expects to both improve operating performance in 2002 and to exceed the 2001 reported net profit before exceptionals.

Vigorous efforts continue to collect the full amounts outstanding on pre-2002 terminated Trade Assurance contracts.

Share buy back

The Board of Directors has authorised a share buy back programme of up to CHF 250 million not for cancellation.

Georges Muller
Chairman

Sergio Marchionne
Chief Executive

24 July 2002

CONSOLIDATED PROFIT & LOSS FIRST HALF YEAR

CHF million	June 01	June 02
Revenue	1 164	**1 201**
Operating income	61	**97**
Exceptionals	-	(4)
Goodwill	(3)	**(4)**
EBIT	58	**89**
Net financial income	9	7
Profit before taxes and minority interests	67	**96**
Taxes	(20)	(28)
Profit after taxes	47	**68**
Minority interest	(3)	(2)
Net profit	44	**66**
Net profit before exceptionals (net of tax)	44	**68**

CHANGES IN SHAREHOLDERS' EQUITY

CHF million	2001	2002
As at 1 January	1 099	**982**
Dividend	(45)	(47)
Translation	3	(66)
Net (loss)/profit	(75)	66
As at 31 Dec./30 June	982	**935**

CONSOLIDATED CASH FLOW FIRST HALF YEAR

CHF million	June 01	June 02
Adjusted operating profit	117	121
(Increase)/decrease in working capital	(97)	6
Cash from operations	20	**127**
Free cash flow	(5)	**39**
(Decrease) in net cash	(38)	**(60)**

EXCHANGE RATES

			Balance Sheet end of period rate CHF		**Profit & Loss account Year to date average rate CHF**	
			Dec. 01	June 02	2001	2002
Australia	AUD	100	85.81	83.58	89.04	87.49
EU	EUR	100	148.05	146.88	153.09	146.89
Great Britain	GBP	100	243.42	227.04	245.61	236.40
USA	USD	100	168.10	148.94	170.62	163.75

CONSOLIDATED BALANCE SHEET

CHF million	Dec. 01	June 02
Land, buildings and equipment	398	390
Other long-term assets	148	180
Trade accounts and notes receivable	513	497
Other current assets	283	311
Cash and short-term investments	649	598
Total assets	1 991	**1 976**
Shareholders' equity	982	**935**
Minority interests	26	**23**
Long-term loans	42	19
Provisions and other liabilities	270	277
Short-term liabilities	671	722
Total liabilities and shareholder's equity	1 991	**1 976**

Accounting Principles

These condensed consolidated financial statements are prepared in accordance with the accounting and reporting requirements of the International Accounting Standards (IAS) as issued by the International Accounting Standard Board (IASB) and with the Standing Interpretations issued by the Standing Interpretation Committee of the 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 2001 of SGS Group.

AGRICULTURAL SERVICES		
CHF million	June 01	**June 02**
Revenue	127	**125**
Change in %		(1.6)
Change due to		
Volume and Prices		**6**
Currency Translation		**(9)**
Acquisitions/(Disposals)		**1**
Operating Income	11	**14**
Change in %		27.3
Operating Margin %	8.7	**11.2**
EBITDA	16	**18**
Change in %		12.5
Margin %	12.6	**14.4**

Agricultural Services

With sales of CHF 125 million, 5.6% up from 2001 on a comparable basis, the Agricultural business delivered a much improved operating margin of 11.2% compared to 8.7% last year.

Revenue growth was strongest in Eastern Europe with an increase of over 50% in comparable revenues. This increase was driven by the export of cereals from the Black Sea region which more than compensated the low level of exports from Western Europe.

Revenue growth in North America was also high, on the back of a higher level of activity in Canada and of an expansion of our offerings into the market with the sale of guarantee products. In South America the volumes are beginning to recover, having been severely impacted by the fishing ban in Peru in the first quarter. In Asia, the weaker economic conditions coupled with the downward pressure on commodity prices led to a reduction in volumes

The improvement in volumes in Eastern Europe and cost containment measures in the regions with lower volumes enabled the business to deliver a better profitability than the same period last year.

MINERALS SERVICES		
CHF million	June 01	**June 02**
Revenue	103	**132**
Change in %		28.2
Change due to		
Volume and Prices		**1**
Currency Translation		**(6)**
Acquisitions/(Disposals)		**34**
Operating Income	11	**15**
Change in %		36.4
Operating Margin %	10.7	**11.4**
EBITDA	15	**21**
Change in %		40.0
Margin %	14.6	**15.9**

Minerals Services

Minerals revenues grew by 28.2 % on a reported basis, with all of the growth attributable to the recently completed acquisitions. Operational efficiencies and the inclusion of acquired earnings pushed margins to 11.4% from 10.7% last year.

The global steel industry remains in an oversupply situation, but due to consolidations and some closures in the US, sanctions gripping, and an unexpected upturn in demand, price declines are beginning to reverse. The sanctions and the oversupply have impacted on the Group’s revenues principally in Eastern Europe and Asia, though at the end of the first half the position was beginning to show signs of improvement.

African and American revenues were also impacted as sea borne traded steam coal volumes were down, driven by large inventory builds triggering production cut backs. The entry of China into the supply market only exacerbated the excess supply situation.

After six months of integration, the combined SGS and Scientific Services Ltd businesses are performing above expectations with significant synergies being extracted. The sustained increase in the price of gold over the previous period has generated a large number of projects in producing countries such as Mongolia, the Democratic Republic of Congo, South Africa, Australia and the US. The recent acquisition of Lakefield Research worldwide operations has given the Minerals Business the ability to cover the entire value chain of services.

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OIL, GAS & CHEMICALS SERVICES		
CHF million	June 01	**June 02**
Revenue	209	**203**
Change in %		(2.9)
Change due to		
Volume and Prices		**1**
Currency Translation		**(12)**
Acquisitions/(Disposals)		**5**
Operating Income	23	**20**
Change in %		(13.0)
Operating Margin %	11.0	**9.9**
EBITDA	33	**29**
Change in %		(12.1)
Margin %	15.8	**14.3**

Oil Gas & Chemical Services, formerly Redwood Services

Comparable first half revenue growth at 0.5% was weak reflecting a general slow down in transportation and utilities fuel consumption and continued low activity in the petrochemicals sector. This affected particularly North America and Western Europe, with highly competitive conditions impacting our business in Asia. These factors triggered a drop in operating margin from 11.0% to 9.9%. To improve market share and growth, the Group has now created a fully integrated global sales network and set up project development teams to expand our service reach in these businesses.

In North America air and land travel activity is still depressed in the aftermath of the September 2001 events. As a consequence, together with the effects of a mild winter, oil inventories have remained high, resulting in less movements and refinery and processing cut backs of roughly 20%. The chemical market is facing reduced demand and low commodity prices thus impacting volumes. Western Europe is experiencing similar market difficulties.

Penetration in the faster growing markets of Eastern Europe remains strong with growth over prior year nearly at 30%. South America and East Asia are also on a positive trend with significant revenue improvement over the prior year. South Asia is still affected by the highly competitive conditions in Singapore and Thailand where the regaining of our market share is a key objective.

Revenue stream from the new global chemical service contracts with large commodity based chemical concerns commenced in Q2, in part mitigating the petroleum products slow down.

CONSUMER SERVICES		
CHF million	June 01	**June 02**
Revenue	139	**146**
Change in %		5.0
Change due to		
Volume and Prices		**15**
Currency Translation		**(8)**
Acquisitions/(Disposals)		-
Operating Income	12	**15**
Change in %		25.0
Operating Margin %	8.6	**10.3**
EBITDA	20	**22**
Change in %		10.0
Margin %	14.4	**15.1**

Consumer Services

Sales increased to CHF 146 million from CHF 139 million, with an adverse currency impact of CHF 8 million. Comparable revenue growth of 11.7% (reported growth 5.0%) was mainly attributable to the North American and Asian regions. Operating margins continued to improve, rising to 10.3% from 8.6%.

The Hard line and Soft line business showed solid growth while the Food business growth was more modest as it is tied to food sales at the retail level. The Electric, Electronic and Mechanical business developments are going according to plan with improved revenues and margin.

The end of the second quarter 2002 saw the launch of a refocusing of our activities in all units. Operational structures are being regrouped in line with our client organisations. Business developments, sales and marketing are being reorganised and streamlined to better cover markets. This reorganisation should be completed before year-end and produce above average profitable growth in 2003.

SYSTEMS & SERVICES CERTIFICATION		
CHF million	June 01	**June 02**
Revenue	98	**102**
Change in %		4.1
Change due to		
Volume and Prices		**9**
Currency Translation		**(5)**
Acquisitions/(Disposals)		-
Operating Income	11	**11**
Change in %		-
Operating Margin %	11.2	**10.8**
EBITDA	13	**13**
Change in %		-
Margin %	13.3	**12.7**

Systems & Services Certification, formerly International Certification Services

With revenues of CHF 102 million, 10.2% up from 2001 on a comparable basis (4.1% on a reported basis), Systems & Services Certification business achieved a strong performance despite the difficult economical conditions prevailing in major countries. Growth was driven by the ISO 9000 market segment with strong growth in Asia and Europe tempered by moderate growth in both North and South America. Operating margin declined slightly from 11.2% to 10.8%.

The North American and Central European systems certification markets are still growing but at a moderate pace, with Asia and South America growing at double digit rates.

The ISO 9000 market experienced high conversion rates to the 2000 version as customers began focusing on the improved elements in the new standard. Client expectations are opening opportunities for us to provide added value services through audits which focus on management efficiency. New products are to be launched this year and the Group will continue to seek acquisitions to expand our product offering.

ISO 14001 (environment) and OHSAS18001 (health and safety) services are still growing strongly, with some success being achieved in landing global exclusive contracts. A web-based programme was designed and launched for our global accounts.

Systems & Services Certification revenues grew steadily, while expanding throughout Europe. New contracts have been signed in Belgium, France and Spain. The business is driven by end consumer expectations as well as performance benefits for the service industry itself.

AUTOMOTIVE SERVICES		
CHF million	June 01	**June 02**
Revenue	103	**111**
Change in %		7.8
Change due to		
Volume and Prices		**16**
Currency Translation		**(8)**
Acquisitions/(Disposals)		-
Operating Income	4	**10**
Change in %		150.0
Operating Margin %	3.9	**9.0**
EBITDA	9	**14**
Change in %		55.6
Margin %	8.7	**12.6**

Automotive Services, formerly part of Industrial Services

Automotive Services comparable revenues grew by 16.9% in the first half of this year (reported growth 7.8%), with strong top line movement in Ireland and good performance in the US. This combination, together with significant operational improvement in the US, pushed margins from 3.9% last year to a more reasonable 9.0% level this year.

With the recent identification of this activity as a business in its own right the focus on additional improvements in the performance of the existing portfolio will continue as well as an expansion of the activity base to capture the full potential of the market.

INDUSTRIAL & EMERGING BUSINESS		
CHF million	June 01	**June 02**
Revenue	235	**237**
Change in %		0.9
Change due to		
Volume and Prices		**19**
Currency Translation		**(10)**
Acquisitions/(Disposals)		**(7)**
Operating Income	18	**21**
Change in %		16.7
Operating Margin %	7.7	**8.9**
EBITDA	29	**31**
Change in %		6.9
Margin %	12.3	**13.1**

Industrial & Emerging Business Services

Comparable revenues grew by 8.6% for this division (reported revenue growth 0.9%) with operating incomes increasing to CHF 21 million, slightly above last year's level. Operating margins improved to 8.9%, compared to 7.7% in the prior period.

The generally positive development of the European businesses was held back by a weak performance in both the North American industrial inspection and environmental activities.

Industrial activities generally delivered solid growth overall, with particularly strong growth in the construction inspection activities in Spain, reflecting continuing buoyant market conditions.

The Group's Environmental businesses showed mixed results, with healthy revenue growth in France and Spain being held back by weak operating margins in North America. Comparisons to the prior period are adversely impacted by the non-recurrence of several large infrastructure and land assessment projects undertaken in the first half of 2001. Markets were generally weaker in the first half of 2002 reflecting adverse economic conditions and, in the US, the diversion of public sector project funding towards enhanced domestic security. This has led to reduced demand, increased price competition and deferral of major public sector projects.

The Group's Other activities generated marginally lower revenues and slightly lower margins, primarily driven by a weaker performance from the technical staffing business. This reflects weak market conditions in the UK, the Group's largest market for this activity, due to sharply reduced technical staffing requirements in the telecommunications and information technology sectors. On a more positive note, market conditions remained buoyant in the first half of 2002 for the contract supply of technical staff to the oil and energy sector, particularly in the Middle East.

LIFE SCIENCES SERVICES		
CHF million	June 01	**June 02**
Revenue	30	**29**
Change in %		(3.3)
Change due to		
Volume and Prices		**0**
Currency Translation		**(1)**
Acquisitions/(Disposals)		-
Operating Income	2	**2**
Change in %		-
Operating Margin %	6.7	**6.9**
EBITDA	3	**4**
Change in %		33.3
Margin %	10.0	**13.8**

Life Sciences Services

Life Science Services comparable revenues grew by 3.2% in the first half of this year (reported growth -3.3%). Margins improved slightly from 6.7% to 6.9%.

Currently the business (separately identified for the last two months) is represented by a group of diverse activities that remained after the divestiture in 1999. These activities are under review to optimise currently available opportunities and enable an expansion into higher end services to the biotech and pharmaceutical industries.

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TRADE ASSURANCE SERVICES		
CHF million	June 01	**June 02**
Revenue	120	**116**
Change in %		(3.3)
Change due to		
Volume and Prices		**1**
Currency Translation		**(5)**
Acquisitions/(Disposals)		**-**
Operating Income	5	**16**
Change in %		220.0
Operating Margin %	4.2	**13.8**
EBITDA	10	**19**
Change in %		90.0
Margin %	8.3	**16.4**

Trade Assurance Services, formerly Global Trade Solutions

Revenues of Trade Assurance Services of CHF 116 million have increased by only 0.8% on a comparable basis (-3.3% reported) compared to first half 2001 mainly due to the terminated contracts with the governments of Argentina, Angola and Kenya.

The operating margin has recovered significantly to 13.8% up from 4.2% last year, reflecting the implementation of restructuring measures, partially offset by the loss of the above mentioned contracts.

During the first half of 2002 Trade Assurance successfully extended or renewed contracts with the governments of Nigeria, Guinea, Mauritania, Ethiopia, Bolivia, Cameroon and Congo (Forestry contract). The mandate with the government of Rwanda was not renewed.

The new policy on recognition of revenues in this business is working well, with weighted average receivables at slightly more than 3 months sales. All revenues on government contracts that terminated after 31 December 2001 and for which SGS provided services in the current year are being recognised on a cash basis.

English version is binding

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COMMON STOCK SYMBOLS

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Reuters:	Registered Share:	SGSZn.S
Telekurs:	Registered Share:	SGSN
ISIN:	Registered Share:	CH0002497466

ANNUAL GENERAL MEETING OF SHAREHOLDERS
Tuesday, 14 May 2003, 15:00
Location: Geneva

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