
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549**

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): August 10, 2006

SGS INTERNATIONAL, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
Incorporation)

333-133825
(Commission File
Number)

20-3939981
(I.R.S. Employer
Identification No.)

626 West Main Street, Suite 500, Louisville, KY 40202
(Address of principal executive offices) (Zip Code)

(502) 637-5443
(Registrant's telephone number, including area code)

N/A
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02 – Results of Operations and Financial Condition.

On August 10, 2006, SGS International, Inc. (the “Company”) issued a press release announcing its financial results for the second quarter of 2006 and which included information regarding an earnings conference call being held by the Company to discuss those financial results. A copy of the press release is furnished as Exhibit 99.1 to this report.

Item 9.01 – Financial Statements and Exhibits.

(d) Exhibits

The following is furnished as an exhibit to this report:

Exhibit Number	Description
99.1	Press release issued by the Company dated August 10, 2006.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SGS INTERNATIONAL, INC.

Date: August 10, 2006

By: /s/ James M. Dahmus
James M. Dahmus
Chief Financial Officer

EXHIBIT INDEX

**EXHIBIT
NUMBER**

**NAME OF
EXHIBIT**

99.1

Press Release dated August 10, 2006

Exhibit 99.1

FOR IMMEDIATE RELEASE

Date: August 10, 2006

From: SGS International, Inc.
626 West Main Street, Suite 500
Louisville, KY 40202

Contact: James M. Dahmus
Chief Financial Officer
(502) 634-5295

SGS REPORTS RECORD Q2 REVENUE, UP 12.8% VERSUS 2005

LOUISVILLE, KY – August 10, 2006 – SGS International, Inc., a provider of design-to-print graphic services to the consumer products packaging market, announced that sales in the second quarter of 2006 increased by 12.8% versus the same period in 2005. Sales for the second quarter increased to a record \$74.3 million from \$65.9 million in the prior year's quarter. The increase in sales was largely due to acquisitions completed in 2005, and the revenues at a production facility established in North Carolina during the second quarter of 2005. Organic revenue growth was 3.7%. Revenue for the first six months of 2006 was \$147.1M, up \$15.5M, or 11.7% versus the same period in 2005. Reasons for the revenue increase during the first six months of 2006 are the same as the reasons for the second quarter increase. Organic revenue growth for the six month period was 3.0%.

Net income for the second quarter of 2006 decreased from \$5.8 million in 2005 to \$0.8 million in the current year. The decline was entirely due to an increase of \$7.1 million in interest expense associated with debt incurred in the acquisition of the business from its former owner. For the first six months of 2006, net income was \$1.6M, down \$8.4M from the same period in 2005. The decrease was entirely due to a year-to-year increase in interest expense of \$14.4M.

EDITDA in the second quarter decreased 3.7% from \$16.0 million in 2005 to \$15.4 million in the current year. Included in the second quarter 2006 EBITDA are restructuring charges of \$0.8 million. On the year, EBITDA increased from \$28.4M during the first half of 2005 to \$29.2M during the first half of 2006. EBITDA in 2006 would have been \$30.5M but for the incurrence of \$1.3M in restructuring charges. The reconciliation of this non-GAAP measure to a GAAP measure is as follows:

	Quarter Ended <u>06/30/06</u> (in millions)	Quarter Ended <u>06/30/05</u> (in millions)	Six Months Ended <u>06/30/06</u> (in millions)	Six Months Ended <u>06/30/05</u> (in millions)
Revenue	\$ 74.3	\$ 65.9	\$ 147.1	\$ 131.6
Net income	0.8	5.8	1.6	10.0
Add:				
Depreciation and amortization	4.3	4.1	8.3	8.1
Other Expense	0.6	0.9	0.6	0.9
Interest expense	8.7	1.6	17.4	3.0
Income tax expense	<u>0.9</u>	<u>3.7</u>	<u>1.3</u>	<u>6.4</u>
EBITDA	<u>\$ 15.4</u>	<u>\$ 16.0</u>	<u>\$ 29.2</u>	<u>\$ 28.4</u>

While EBITDA is a non-GAAP measure Management believes its inclusion enhances the user's overall understanding of the Company's current financial performance and prospects for the future. This non-GAAP financial information should be considered in addition to, and not as a substitute for, or superior to, results prepared in accordance with GAAP.

Hank Baughman, CEO of SGS, said "The employees of Southern Graphic Systems delivered record sales during the second quarter of 2006. We also added new customers in North America, and extended our geographic reach in Europe with a tactical acquisition in the UK. Finally, we completed our Transition Services Agreement with our former owner on schedule on June 30."

SGS International, Inc. is the parent company of Southern Graphic Systems, Inc., a global leader in the digital imaging and communications industry offering design-to-print graphic services to the international consumer products packaging market.

Conference Call Notification

SGS International, Inc., will hold a teleconference at 11:00 AM EDT on August 10, 2006. Please dial (1-800-374-0624) in the USA or (1-7066347233) internationally to access the call. The conference ID number is 4001383.

Please contact Jim Dahmus, CFO of SGS, at 502-634-5295 if you have any questions about this release.

This press release contains forward-looking information. These statements reflect management's expectations, estimates, and assumptions, based on information available at the time of the statement. Forward-looking statements include, but are not limited to, statements regarding future events, plans, goals, objectives, and expectations. The words "anticipate," "believe," "estimate," "expect," "plan,"

“intent,” “likely,” “will,” “should,” and similar expressions are intended to identify forward-looking statements. Forward-looking statements are not guarantees of future performance and involve risks, uncertainties, and other factors, which may cause our actual results, performance or achievements to be materially different from any future results, performance, or achievements expressed or implied by those statements. We undertake no obligation to publicly update or revise any forward-looking statements to reflect changed assumptions, the occurrence of anticipated or unanticipated events, or changes to future results over time.