

2006

Annual Activity Report

COTECNA

Table of contents

Message from the Chief Executive Officer	3
2006 Operational Review	4
Cotecna Products and Services	8
2006 Key Events	14
Corporate Social Responsibility	15
Company Organization	18
Corporate Governance	22
Quality Management Systems	25
Key Figures	26



Message from our CEO

The significant increase in our 2006 annual revenues, which totaled CHF 223 million, a rise of more than 10% over fiscal 2005, was largely due to the success of new business initiated in 2006.

Important new institutional inspection service contracts commenced in 2006 in Nigeria, Mexico, Yemen, Congo Brazzaville and Angola, and contracts in Niger, Burkina Faso, Senegal and Togo were either extended or renewed. New contracts were also won with the United Nations Environment Programme (UNEP) and Cotecna received funding from the European Commission for a security research programme. Furthermore, our commercial activities have shown growth, especially in Asia, the Middle East and Latin America.

As part of the strategy to grow our commercial business in Asia, Cotecna launched a joint venture with Sinotrans, one of the largest integrated logistics companies in China, to create Sinoswiss Inspection Co., Ltd., and began operations in May 2006. Our business development strategy also led to the opening of new offices during 2006 in Singapore, Ho Chi Minh City (Vietnam), Brazzaville (Congo), and Luanda (Angola). More offices are scheduled to open in 2007 as we continue to expand our business.

The implementation of a matrix organization within Cotecna to support our business objectives was one of the major 2006 milestones in the area of human resources. A new Performance Review Process (PRP) was also launched in the Geneva headquarters and is being rolled out throughout the Group during 2007. Its objective is to encourage a company-wide standardization of personal goal-setting and to foster opportunities for employee development within the company. Much emphasis is being placed on training, and the Human Resources department was reinforced in 2006 with a specific Training and Development function.

Cotecna's 2006 revenue increase confirms the steady trend that we have seen over the past five years. Our aim is to continue with a similar growth rate, reaching an annual turnover of CHF 300 million by 2010.

To achieve this objective we intend to consolidate and maintain our current leadership position in the institutional contract sector through new contracts, as well as with the growth of existing contracts to achieve an average annual increase of 3% over the period. Cotecna will continue to enhance its client proposition and offer innovative and value-added services to our customers.

We shall also develop and extend the scope of our commercial inspection activities, with the intention that this sector will generate 30% of Group revenue by 2010. In doing so, we shall prioritize our efforts in growing all business lines in Asia and specific services in Europe, (with a focus on Eastern Europe), North America, and Latin America. The increase in revenues from the commercial inspection sector will be achieved through a policy combining organic growth and targeted acquisitions.

Through this policy, together with a focus on personnel development, we are confident that Cotecna will continue to expand and maintain the positive trend seen over recent years.

Robert Massey
Chief Executive Officer



Institutional Services

2006 saw the launch and signature of new institutional service contracts and the extension of others. In January 2006 Cotecna commenced scanning and risk management operations for the new Destination Inspection programme in Nigeria. By the end of 2006, four mobile scanners and two tunnel scanners were operational and close to 50,000 containers had been scanned since the beginning of operations.

Cotecna signed a contract with the Mexico Customs Service involving second inspection services at a number of land border control points throughout the country. This type of service is a world first. A Pre-Shipment Inspection (PSI) contract with the Republic of Congo was successfully implemented. Cotecna was also selected for the new PSI scheme in Angola and opened new offices, both in Luanda and inland, to support the heavier-than-expected workload. Cotecna signed a first consultancy agreement with the Yemen Customs Authority for the installation

and operation of eight scanners, which was subsequently extended to include capacity building and training to Customs personnel.

Extensions and renewals of contracts include PSI in Niger, Burkina Faso and Senegal, as well as an amendment to Cotecna's Togo contract to merge the present agreements into a Destination Inspection scheme.

Customs training plays a major part in these programmes and during 2006 a number of courses covering subjects such as Customs classification, the prevention of counterfeiting, capacity building, scanner management and risk management led by Cotecna staff were held in many countries including Nigeria, Tanzania, Mali, Burkina Faso and Ecuador.

Despite the termination of the Pre-Shipment Inspection contract in Mali, Cotecna remains a worldwide leader in the area of government inspection with 14 contracts currently in progress.



Commercial services

Our strategy is to grow our business in sectors other than traditional institutional services, and specifically in Latin America, the Middle East, Eastern Europe and Asia. In line with this strategy we have expanded resources in Brazil, Egypt, Dubai and Asia, where we have experienced strong growth in activities such as collateral management and commercial inspection, notably in agricultural, metal and petroleum products inspections as well as marine surveys. Cotecna will pursue its growth efforts in this region throughout 2007.

In the Eastern European countries of Russia and Ukraine, Cotecna remains the leader in agricultural commodities inspections and saw an increase in inspections of steel and fertilizers during 2006. Towards the end of 2006, we opened a new office in Kazakhstan to support our business projects in that region.

In Africa, where institutional services represent the majority of our business, we expanded our commercial inspection activities, especially in Togo, and also in Benin where we set up our own laboratory for the inspection of petroleum products.

Cotecna's presence in Asia is relatively recent with the first office having been opened in Beijing in 2003. In 2006, Cotecna took a major step forward in the region by concluding a joint venture with Sinotrans, Ltd, one of the largest integrated logistics companies in China, to create Sinoswiss Inspection Co., Ltd., (SSIC). The new company offers a range of services in the areas of inspection, monitoring & control, trade facilitation, logistics & trade finance, compliance & security. To support the activities of this JV, eight new offices were opened in China during 2006.

The increase of commercial activities in Asia has been supported by the opening of new offices in Singapore and Vietnam. Cotecna has also invested in commodity laboratories in Thailand and India which will allow us to expand our commercial inspection activities.

Cotecna's South American activities have traditionally focused on commodity inspection and trade finance. Argentina's organic growth in 2006 was strong in agricultural commodities with more than seven million metric tons of agricultural commodities inspected during the year. Cotecna also has strong collateral management services in Argentina which are tailored to respond to specific Argentine regulations on warrants.

Cotecna maintained its leadership position in the sugar inspection market in Brazil and extended its services to cover other agricultural commodities. A new agri laboratory was set up in Paranagua to support this expanding business. Collateral Management services were launched in 2006 and the outlook is promising in this area.

2006 saw substantial development of commercial activities in Ecuador including vehicle inspection tracking and new agri inspections. Cotecna continues to be the leader for the inspection of bananas destined for export and inspects two million boxes a month. 2006 also saw strong growth in collateral management activities in Ecuador.

Peru largely profited from Cotecna's Sinoswiss JV in China which has resulted in an increase in commercial inspections of consumer products. A structure specialized in inspections to control the loading and unloading of grain was implemented in Peruvian ports and the border port of Arica in Chile.



Cotecna Quality Resources

Cotecna's Quality Resources (CQR) department launched operations in France, the Philippines, Korea and Mexico, widening the scope of existing activities across the Americas and China. In April, Cotecna signed a worldwide license agreement with the American group Stat-A-Matrix to deliver high-quality training, in particular in Six Sigma. CQR also continued to develop management systems training and certification supported by new accreditations, supply chain security, service certification, product certification and process improvement solutions.

Supply Chain Security

Following completion of its involvement in Operation Safe Commerce (OSC) II, Cotecna successfully completed its participation with Sandia National Laboratories in OSC III, a US Department of Homeland Security-funded pilot program, to test technologies and processes in the field. This involved third-party security inspections, using hand-held detection devices, of goods and containers. The expertise gained during this experience permitted Cotecna to enhance its security products and services offered to major logistics providers.

In Europe, Cotecna was selected to participate in the MENTORE consortium, a project under the Galileo Supervisory Authority focusing on tracking and tracing technologies. Cotecna also signed the SECCONDD Grant Agreement with the European Commission under the Preparatory Action for Security Research programme. The goal of this project is to improve European security by initiating standardization of the technical interface between a secure container or vehicle and a data reader at a port or border crossing.

Cotecna was elected a member of the European Committee for Standardization's Expert Group on Supply Chain Security and was nominated to chair the sub-group on Supply Chain Resilience. The pre-standardization work for this committee was completed in 2006.

In September, Cotecna participated in the first annual Supply Chain Security Management Conference in Vevey, Switzerland, along with other major players in this domain. Cotecna's presentation specifically addressed the issues of Supply Chain Security certification, mutual recognition and liability issues for industry.

Cotecna Products & Services



Cotecna

Incorporated in Switzerland in 1974, Cotecna was first established to meet the demand for professional inspection services in the Middle East. Its entrepreneurial spirit and sense of innovation, combined with an excellent understanding of emerging economies, enabled Cotecna to become a leading supplier of trade security and facilitation services.

Our greatest strength is an ability to develop bespoke solutions implemented with the help of the latest technologies. We also view each client – whether a government body or commercial enterprise – as a unique entity with its own individual requirements.

Our comprehensive range of inspection services for governments and private sector businesses includes the following:

Institutional Services

Inspection of goods at destination (DI) and prior to shipment (PSI)

Cotecna provides solutions and services that assist Customs authorities with the inspection of goods upon arrival in the country or before export. These services contribute to Customs modernization and improve Customs revenue collection.

Scanner services

Cotecna uses scanner imaging technology to conduct non-intrusive inspections of containers or vehicles. This is an effective method of increasing security and combating fraud and smuggling. The technology also facilitates trade for both importers and exporters in port areas by reducing the number of physical inspections, and thereby helps to reduce congestion in the ports. Cotecna offers services that include feasibility studies, site surveys and needs assessments as well as advice on the system design, implementation and operation of scanners. Other services comprise management of the contract, verification of conformity, technical assistance and training.

The Computerized Risk Management System (CRMS®)

This is a powerful IT Customs application that collects and analyses trade transactions to

assign the correct level of intervention based on the risk. The system supports Customs agents in deciding on the most appropriate type of action for each commercial transaction on the basis of the type of goods for inspection, making optimum use of the available resources such as staff, laboratories, scanners and post-entry audits.

Customs valuation support

ValueQuest® is an automated database system designed by Cotecna to enable governments and Customs authorities to verify the accuracy of the declared value of goods. It is designed to support implementation of the WTO Agreement on Customs Valuation (ACV). It seeks to protect state revenues and to promote trade facilitation through the systematic application of a transparent, customized and impartial process for the valuation of goods.

Bonded warehouse management

As an independent facilitator, Cotecna acts both as a partner to the Customs authorities, by ensuring the storage and management of consignments is reliable, effective and sound, and as a service provider to users, with the help of an integrated, flexible and reliable system for managing bonded goods.



Commercial Services

Commercial inspections

Cotecna has a network of inspections specialists and laboratories in key locations around the globe to provide services to exporters, importers, banks and insurance companies in all market segments. Agricultural sector inspections cover grains, pulses, oilseeds and feedstuffs as well as liquid cargoes, sugar, fibers, fruit, coffee, fertilizers and more. Cotecna also offers services in pest control and fumigation. Cotecna provides services to the petroleum industry and can carry out controls at loading as well as at discharge. Mineral product inspections cover products such as coal and coke, iron ore, steel products and scrap metal. Other commercial services include inspections of marine vessels and containers and industrial equipment such as machinery, pressure vessels and electrical equipment. Cotecna also offers a complete range of services for textile and consumer products including product inspection, process assessment and technical assistance.

Audit services for supplier qualification

This process involves assessing the supplier management system in terms of quality of the resources used for environmental protection and of compliance with social regulations. It sets out to ensure that suppliers comply with the buyer's supply chain management strategies.

Laboratories

Cotecna has a network of laboratories and specialists certified to national standards. We offer services for products ranging from grains, feedstuffs and oleaginous seeds to vegetable oils and fats. Quality certificates can be issued on the basis of results provided by independent and accredited laboratories.

Finance Services

Collateral Management

Under the terms of a Collateral Management Agreement (CMA), the owner of a stock of goods hands over legal and physical control of a warehouse site to Cotecna. After inspecting the goods, Cotecna issues a warehouse receipt for the stock, normally in the name of the lender, under which it undertakes not to release the goods before receiving a release order from the lender. This enables the goods to be used as collateral for a loan.

Stock Monitoring Agreement

Under a periodical Stock Monitoring Agreement (SMA) Cotecna undertakes to check stock levels at a frequency to be agreed between the parties. Unlike Collateral Management Agreements, SMA arrangements do not involve Cotecna having control of the goods, and do not therefore offer the same level of security. Communication and management processes for CMA and SMA use the Vestalis® web-based application, specially designed by Cotecna for this purpose.

Full Outturn Guarantee

Using different means of weighing at loading and unloading, Cotecna can provide the client with a guarantee against a possible shortage and can ensure compensation if a difference is identified.

Cotecna Quality Resources

Quality verification and certification services Cotecna's Quality Resources department (CQR) offers a wide range of training technical assistance, auditing and certification services relating to quality, safety, security, the environment and social or process performance. CQR training courses are accredited and benefit from an exclusive partnership with Stat-A-Matrix for training programmes related to process performance such as Six Sigma, DMAIS, DFSS or Lean Management and Process Management.



COTECNA

4.5m

TISCAN

MSKU 857 294

3300 TURBO INTERCOOLING

DAF

T 285 ADG



TISCAN
COTECNA

TISCAN COTECNA



Auto

TISCAN

Supply Chain Security Services

Assessment and Compliance Services

Cotecna offers a wide range of supply chain security-related services including vulnerability assessments, risk analysis and a range of independent third party compliance or pre-application assessments in all relevant areas of security, crisis recovery and training programmes in the context of standards such as C-TPAT, European Authorized Economic Operator, ISO 28000 and the Secured Trade Programme (STP).

Cargo Tracking, Visibility and Chain of Custody Solutions

Tracers® is a Cotecna solution designed to track and report vehicle and cargo movement through the screening of containers as they move through different nodes of the supply chain. The objective is to detect abnormal behavior and combat fraud and

terrorism while at the same time facilitating the circulation of goods and border crossings. Cotecna develops, implements, operates and maintains customized solutions to enhance end-to-end visibility and chain of custody controls using a proprietary system that is a combination of state-of-the-art telecommunications technology, GPS, and electronic seals.

Security Technologies

Cotecna carries out feasibility studies, site surveys and needs assessments and can advise on the system design, implementation and operation of multiple technologies such as gamma and X-Ray, explosive and radiation detection tools. Cotecna can intervene in operations involving radiation and chemical agent detection.

2006 Key Events

January

Launch of Destination Inspection programme involving scanning and risk management operations in Nigeria at both Lagos seaports and four other ports of entry.

February

New inspection contract signed in Mexico for the inspection of containers after customs clearance involving the re-verification of importers' and exporters' declarations to validate the origin and the duties & taxes payable for the goods.

March

Pre-Shipment Inspection contract signed with the Government of the Republic of the Congo. This includes the installation of high tech IT and communication equipment, plus a VSAT for satellite transmission of data, voice and video signals.

April

Contract signed with the Republic of Yemen to provide consultancy services for the installation and operation of scanners and to assist the country in encouraging trade and making its borders secure.

Cotecna signed a partnership agreement with the American Stat-A-Matrix Group (consultancy and training in process improvement & management systems) to supply training, ranging from basic awareness courses and supply chain management to Six Sigma Black Belt Certification.

May

Launch of a completely revamped Corporate Internet site to provide a better service to clients and external stakeholders.

June

Cotecna is granted funding by the European Commission under a security research programme, the PASR, as part of a consortium that will devise a data and interface standard for electronic security technology for containerized cargo entering and leaving the European Union.

July

Cotecna presented its services for Customs at the World Customs Exhibition which was organized during the WCO's annual session event in Brussels.

August

Cotecna and Sinotrans Ltd, one of the largest integrated logistics companies in China, launched a Joint Venture, Sinoswiss Inspection Co., Ltd. (SSIC) to provide trade-related services for product and commodity inspection, trade facilitation and trade security for the rapidly growing Chinese market.

Cotecna was awarded a contract (within the United Nations Environment Programme - UNEP), for the development of Customs assistance materials for the Senegalese Customs to enable the identification, evaluation and tracing of Persistent Organic Pollutants (POPs) in import-export activities.

September

Cotecna was selected by the government of the Republic of Angola to participate in a new Pre-Shipment Inspection programme in which importers have the possibility to select the company they wish to inspect and certify their imports.

October

The Yemen Customs authorities extended Cotecna's contract to include training and other services to optimize scanner operations.

Cotecna UK launched a Disability Access Audits service which consists of an assessment of the issues that disabled visitors, staff or customers face in accessing goods, facilities and services.

November

Cotecna launched a new initiative for the inspection of textiles coming from Asia. Services for manufacturers, wholesalers, mail order, retail purchasing centres and importers include validation of the manufacturers' origin and shipment loading.

Cotecna's Quality Resources department presented its certification, training and technical assistance services at the Sisqual trade fair in Paris.

December

Cotecna France launched inspection services for international transport and logistics professionals at major French ports.

Niamey, in Niger, became the first Cotecna liaison office in Africa to be certified ISO 9001:2000. This was followed closely by the certification of our offices and two scanner sites in Dakar, Senegal.

Human Resources

Because excellence and expertise are key words in Cotecna's success, the quality and commitment of our employees is essential. Having the right people in the right place and at the right time will undoubtedly be the Human Resources credo for many years to come.

During the past two years Cotecna has increased resources in the HR Division, allowing an improved alignment with the needs of a growing and successful company.

2006 saw a certain number of key achievements. The PRP (Performance Review Process) was developed and fine-tuned and we were pleased to achieve a 100% participation in the 2006 reviews taking place at the beginning of 2007. The training and development plan was put in place in Geneva and 53 courses were delivered during 2006. A professional company organization is now in place allowing for improved management

of talented staff and their development within the company. A new expatriate policy was worked on during 2006 and will be communicated to our colleagues by mid-2007. Finally many guidelines for procedures and documents have been issued to allow better efficiency and transparency in terms of the services provided.

In 2007, we plan to develop what has been successfully put in place in 2006 and to roll it out across the group with the consistent aim of "speaking the same language". This will help to build an even stronger link between Geneva and our affiliates in other countries. We shall place a strong focus on our ability to recruit good, skilled and competent people.

Our aim remains to build the best possible working environment where our employees have the satisfaction of being in an attractive and forward-looking place to work.

Contributions & Donations Policy

While Cotecna strives to pursue its financial and operational goals, we also recognize the importance of playing an active and committed role in the communities in which we operate.

Cotecna has operations throughout the world including many developing countries, where one of our objectives is to assist governments to increase their revenues by helping combat fraud and corruption. It is specifically in these countries that we must take into account the impact or influence of our business activities on the surrounding communities. It is here that we recognize the need to be involved with the local community and to identify how we can help the underprivileged. As a group, we recognize our responsibility for social, community and environmental issues linked to our activities.

In 2006, Cotecna endeavored to structure its contributions policy and actions, and we believe that our role in social responsibility should have an impact on staff motivation and consumer satisfaction.

The decision was made to ensure that our corporate contributions and sponsorships reflect our business orientations as much as possible and that at least 80% of all charitable contributions and sponsorships are on the theme of water, health and education. At the same time, all contributions must strictly adhere to the Compliance manual rules where a clear distinction is made between a charitable contribution and a sponsorship.

Mali: Cotecna donated 3,000 locally-produced exercise books to children at the Foundation for Infancy in Bamako, Mali. The foundation focuses primarily on the education and the health of infants. About 100 babies are also looked after by the centre, to whom Cotecna donated boxes of canned baby milk, an essential element in their daily diet. Also in Mali, Cotecna donated 500kgs of rice to the SOS Village for children, an association with a vocation to take in and bring up children who are orphans, abandoned or separated from their families to help them become independent and responsible adults.

Niger: Each year, Cotecna supports the progress of the education sector in Niger by donating school supplies to close to 2,500 children in different rural areas in Niger. In the past Cotecna has also contributed to the building of classrooms at these schools.

Burkina Faso: Wishing to participate in the country's development, Cotecna donated 30 computers to the National School of Accounting and Finance in Ouagadougou in Burkina Faso. Cotecna also donated 30 desks to a school in the village of Voaga in the rural commune of Dapelogo following the identification of a need for improved educational facilities in schools such as the one in Voaga where 9 to 10 students share a desk. At the end of 2006, Cotecna launched the building of a school of six classrooms and teachers' lodges in the commune of Ziniaré. The project is expected to be completed by mid 2007.

Tanzania: Cotecna donated sunglasses and sun cream to the Albinos Enterprise of Tanzania. Albinism is an inherited condition resulting from the combination of recessive genes passed on from both parents, and affects approximately 25,000 albinos in Tanzania. Albinos suffer from a lack of pigmentation in the eyes, skin and/or hair.

Ecuador: Cotecna donated computers to FUNDEM-PRESAS, an Ecuadorian non-profit making foundation whose objective is to promote entrepreneurship in the country (for small and medium companies) by providing advice, resources training and legal support.



Business Ethics & Compliance

Cotecna is committed to delivering professional excellence. As a company, we believe that our contractual and business obligations can only be fulfilled through uncompromising dedication to our clients' requirements and by adopting the highest professional and ethical standards; this constitutes our business promise.

For this reason, Cotecna has implemented a Business Ethics & Compliance programme throughout its network of offices. At the heart of the programme is the Business Ethics & Compliance Code. The Code's principles and rules apply to all Group activities, and includes standards for technical and professional conduct in the following areas:

- integrity
- conflicts of interest
- confidentiality
- prevention of bribery
- ethical marketing and fair competition

Most importantly, we place business ethics and compliance above all commercial considerations. To ensure the effectiveness of the implementation of our Code, we subject our Business Ethics & Compliance programme to an annual independent assessment conducted by the company's external auditors.

The complete Cotecna Business Ethics and Compliance code can be viewed on our website www.cotecna.com.

Company Profile

Founded in Switzerland in 1974, the Cotecna Group offers a wide range of trade facilitation services, trade security services and quality certification standards. Cotecna is a pioneer in areas such as risk management, destination inspection and scanner integration projects and also offers Customs modernization programmes, Customs valuation assistance, trade security solutions and commercial inspections.

Vision Mission Values

Our Vision

To become the world's best provider of trade security facilitation services.

Our Mission

To provide innovative solutions and tailor-made services to improve and secure the trading environment, while delivering added value to our customers. To make global trade flow smoother and safer.

Our Values

Excellence: We strive to be the best, and ensure quality through uncompromising skill and professionalism.

Innovation: We see new ideas and advanced technology as a way to create a competitive advantage.

Commitment: We deliver what we promise.

Partnership: We work with our clients to form long-term relationships.

Integrity: Without it, trade can neither be smooth nor safe. "Upon the conduct of each, depends the fate of all".



Board of Directors (left to right) Philippe Massey, Elie-Georges Massey, Robert Massey, Thierry de Loriol

Board of Directors

Cotecna's Board is chaired by Elie-Georges Massey. As a family-owned company, Cotecna is committed to developing and fostering relationships – the values on which the company was founded – whilst maximizing the scope and opportunities of global corporate business.

The drive for success reflects a personal determination to ensure that clients' concerns and problems are met with creative and cost-effective solutions.

The Board of Directors generally convenes on a monthly basis but is flexible to meet on an exceptional basis when required.

Corporate Management

Executive Committee

Robert Massey
Chief Executive Officer

*Serge Depallens
Chief Financial Officer

Bill Poppleton
Executive Vice-President
Americas, Europe, & Asia

Didier Reymond
Executive Vice-President
Africa I and Middle East

**Hans Steiner
Executive Vice-President
Commercial

Tyrone Taylor
Executive Vice-President
Africa II

* from June 1st, 2006

** from February 1st, 2006

Corporate Management Committee

Includes all members of the Executive Committee and the following persons:

Hans Daeppen
Senior Vice-President
Human Resources

Philip Henebry
Senior Vice-President
Corporate Development

Philippe Massey
Senior Vice-President
Legal Department

Nicolas Ménard
Senior Vice-President
Information Technology & Telecommunications

Pierre-Olivier Pellegrin
Senior Vice-President
Security & Inspection Technology Division



The Executive Vice-presidents are responsible for a business segment or a geographical zone. The Senior Vice-Presidents are responsible for a Group service.

The Executive Committee convenes on a monthly basis. The Corporate Management Committee (CMC) also meets monthly, and is joined every two months by the Vice-President of Corporate Communications and the Group Compliance Officer as well as other Operational and Regional Vice-Presidents with a particular interest in the agenda. This meeting in alternate months is known as the Group Operations Committee.

This organisation, based on a Matrix structure, is consistent with Cotecna's strategy of geographical expansion and diversification of its product range. It enables the company to serve its clients more effectively by optimizing the use of its existing network of offices. At the same time it helps the network to identify new business opportunities in a systematic way, both in terms of development of new products and services and expansion of the company's business through organic and external growth.

Group Structure

Cotecna SA, is the Group's Swiss, non-listed holding company. The Group's main operating units are subsidiaries of either Cotecna SA, Cotecna Inspection SA or Cotecna Inspection Services SA, three Swiss companies and their respective affiliates and sub-affiliates.

Capital

Cotecna SA has share capital of 2,000,000 Swiss Francs divided into 4000 bearer shares of CHF 500 each.

Shareholders

All the company's shares are held by members of the Massey family.

The Board of Directors 2006

Elie-Georges Massey

Robert Massey

Philippe Massey

Thierry de Loriol

Note: on February 1, 2006, Hans Steiner assumed the executive position of Senior Vice-President of the Commercial Division of Cotecna and subsequently relinquished his membership of the Board of Directors.

The members of the Board are nominated by the Annual General Meeting for a term of office of one year.

There is a readiness on the part of the company's shareholders to appoint independent directors to the Board.

Chief Executive Officer

The Board of Directors delegates the operational management of the company to Robert Massey who has been CEO since January 1993.

Cotecna's ISO 9001:2000 Quality Management System defines the Company's operating framework.

Remuneration

The remuneration of members of the Board is determined by the General Meeting of Shareholders.

A total of 11 Board meetings were held between January 1, 2006 and December 31, 2006.

Annual General Meeting

The AGM was held on May 31, 2007 and approved the 2006 consolidated accounts.

Committees

The Compliance Committee was established in 2004 and comprises a non-executive Chairman, the Company Compliance Officer and the Chief Executive Officer, as well as management representatives from the operational, legal, and human resources departments.

The Compliance Committee conducts periodic reviews of Cotecna's Business Ethics & Compliance Programme throughout the Group, and provides policy guidance to the Board on compliance-related matters. As part of its remit, the Compliance Committee also reviews the appointment of business partners and key suppliers. Regular reports on the activities of the committee, which met 12 times in 2006, are submitted to the Board of Directors.

Although there are currently no other committees, the Board may establish other committees on an ad hoc basis for specific tasks if and when it determines them to be necessary.

Internal Control

The Board of Directors is responsible for the internal controls throughout the Group. These internal controls are designed to give

reasonable assurance regarding the efficiency and effectiveness of operations, the maintenance of proper accounting records and the reliability of financial information, and compliance with applicable laws, regulations and internal procedures.

The Board's internal controls include a documented organisational structure, defined authority limits for management, and the regular review of financial and operational information.

A dedicated Internal Audit function, reporting to the Board, conducts periodic audits throughout the Group. The Head of Internal Audit reports key audit findings to the Board and detailed audit findings to the CEO and senior, regional and country management.

Company Financial Accounts

Consolidated Group accounts are prepared each year in accordance with International Financial Reporting Standards (IFRS). The annual budget and three-year plan are the outcome of an in-depth review process and monthly performance reviews are undertaken by the management.

Auditors

The Company's auditors are KPMG.



Quality Management Systems (QMS)

Cotecna first launched three-tier QMS activities at its Geneva Head Office. During 2006 these activities developed considerably and our ISO 9001:2000 certification, which was first achieved by Geneva in 2002, has now expanded further throughout Africa and Asia.

During 2006, in-house QMS training was given to Quality managers from around the group as well as to Cotecna's network of internal auditors. External tuition on internal auditing and IRCA Lead Auditor Courses (ISO 9001:2000 + ISO 19011:2002) were also attended by Cotecna's network of Quality Managers as well as by Country and Operations Managers. The Group Quality & Certification Vice-President kept up her IRCA QMS auditor status by performing regular audits and by remaining updated on developments in management systems (QMS, FSMS, ISMS, EMS, SA8000, OHSAS, Train-the-Trainer).

Positive surveillance audits were carried out in Düsseldorf, Odessa, Milan and Dubai. Successful reassessment audits to renew ISO 9001:2000 certificates were confirmed in Lima and Tacna in Peru, Quito and Guayaquil in Ecuador, and Hounslow in the UK. New

QMS and successful ISO 9001:2000 certification and IFIA Code of Practice compliance audits were completed in Buenos Aires and San Lorenzo in Argentina. In December of 2006, Niamey, in Niger, was the first Cotecna liaison office in Africa to be certified ISO 9001:2000. This was followed closely by the certification of our offices and two scanner sites in Dakar, Senegal. In line with our strategic expansion in Asia, the more recent offices of Manila, Seoul and Mumbai were also certified during the year.

Internal communication concerning the implementation of preventive measures to detect and address possible non compliance was reinforced as was information concerning certification rules and regulations. Regular reminders are published in corporate communication tools such as the Corporate Identity Guidelines, Cotecna Internal Newsletter and QMS Exchange.

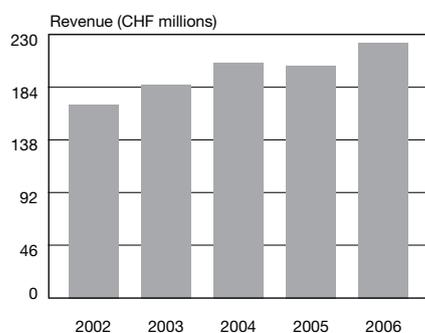
In 2007, training will continue with particular emphasis on train-the-trainer sessions for Quality Managers. Certified offices will be re-audited, and certification of other offices in Africa, Asia as well as America will be carried out.

Key Figures

Following figures in millions CHF

Annual Revenue

2002	179
2003	187
2004	208
2005	202
2006	223



Cotecna saw another year of solid performance with 2006 revenues reaching CHF 223 million, a 10.2% improvement over 2005 and a continuation of the upward trend of recent years. These positive figures represent organic growth and reflect the success of major new institutional contracts launched at the beginning of 2006 as well as a general increase in business. We expect this positive trend in revenue growth to continue into the future as we also look at external growth in the areas of commercial services.

The accounting records and financial statements of all entities of the Cotecna Group have been audited by KPMG. The consolidated financial statements and the cash flow report for the year ending December 31, 2006 have been drawn up in accordance with the International Financing Reporting Standards (IFRS) and comply with Swiss law.

Global Presence

Cotecna has a strong world-wide network with close to 100 offices and a dedicated workforce of over 4000 employees and agents. In the Group's Geneva headquarters, 23 nationalities are represented among the 120 employees.

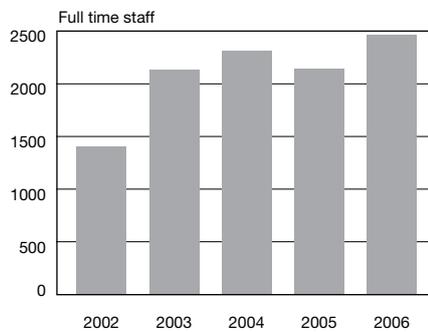
Cotecna agents

Cotecna has a vast network of almost 1500 experienced agents and representatives throughout the world, often in countries where there is no Cotecna subsidiary or joint venture. Such agents and representatives operate in accordance with methodologies techniques and procedures (including Quality audits) clearly defined and continuously monitored by Cotecna.

Cotecna Staff

Full time staff as of 31 Dec.

2002	1470
2003	2145
2004	2309
2005	2142
2006	2486



Staff by geographical regions

■ Geneva HQ	120
■ Europe	232
■ Africa	1166
■ Americas	586
■ Asia	291
■ Middle East	91

