



Annual Activity Report 2007

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Company Profile

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.

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.

The Cotecna group who had a 2007 turnover of CHF 252 million, has a combined workforce of about 4 000 employees and agents in close to 100 offices. Cotecna holds 15 government inspection contracts.

Cotecna's strength is an ability to develop bespoke solutions implemented with the help of state-of-the-art technologies. Each client – whether a government body or commercial enterprise – is viewed as a unique entity with its own individual requirements.



A MESSAGE FROM THE CEO





A message from the CEO

Overall, 2007 was an excellent year for the company, and we reached a turnover of CHF 252 million, up 13% on 2006. The objective we have set ourselves is to maintain or exceed a net profit of 10% of revenues for 2008. We are confident that we will achieve it.

Cotecna remains the worldwide leader in government inspection contracts. At the end of 2007, we held 15 government contracts in Angola, Bangladesh, Burkina Faso, Congo, Ecuador, Equatorial Guinea, Ghana, Mexico, Niger, Nigeria, Peru, Senegal, Tanzania, Togo, and Yemen with new contracts likely to mature in 2008. We are the recognized expert in scanner services, presently operating a total of 16 different scanners including fixed, mobile, and pallet scanners. We are committed to install and start operating another 6 scanners before the end of 2008. This includes a new contract in Senegal for which Cotecna will install and operate three new high-energy, high-performance scanners and provide risk management and transit monitoring services.

We also provide consultancy services involving 13 scanners that belong to different clients throughout the world. We clearly want to maintain our leadership in this sector, and continue to strengthen our position in the years ahead.

Institutional activities 2007

In 2007 our Institutional business saw the signature of a new Pre-Shipment Inspection contract in Equatorial Guinea and a risk management contract in Angola to start in 2008. Consulting services in Yemen were extended and in Peru we signed a scanner consulting service contract for Customs. The Angola PSI contract commenced at the end of 2006 really kicked off in 2007 and we are proud to have received congratulatory remarks from Customs on the quality of the service we offer to the country's importers. By the end of 2007 we had opened three new offices in Angola and Portugal to improve service to our clients and our license was duly extended for a further 12 months. We also obtained an extension to the Niger PSI contract taking us through to the end of 2007.

The Destination Inspection contract that began in Nigeria in early 2006 remains our key government contract where the construction of two multi-million dollar state of the art dual view cargo scanners began in early 2008.

Tiscan in Tanzania continues to thrive and we have upgraded our services for importers and clearing agents using new software features that improve processing time. These innovations include Customs documentation now available in electronic format for data download from Tiscan's website, electronic updates of Customs declarations and a new e-mail notification service that automatically informs importers and clearing agents of any change in the status of their files.

Commercial activities 2007

Our commercial business continued to grow throughout 2007. The commodities inspection business continued to lead our commercial activities and we are now selectively concentrating on the most important and most profitable areas, principally in Latin America, the USA, Asia, the Mediterranean region and select European and African locations. A major achievement in 2007 was the consolidation of a solid network in Asia, which has great potential for the future. Marginal operations have been cut back, while we have concentrated our Trade Finance business in areas of solid operational capabilities and growth potential.

To complement our commercial activities, we continued to set up laboratories expanding our offer in testing and certification. In 2007 new laboratories in Thailand, Russia, India, Brazil, Uruguay and the US, joined the existing ones in Argentina, Russia and Ukraine, which have themselves been substantially upgraded.

We continue to pursue our objective to develop our commercial activities, so that revenues from these services represent 30% of Group turnover by the end of 2010. However, our main commercial business objectives for 2008 remain focused on profitability. We will expand the consumer goods business, particularly between China and emerging markets, and will exploit synergies with our Quality Resources department. We will also continue to examine appropriate acquisitions to enable us to reach our 2010 target.

Supply chain security services

Cotecna is recognized as an expert in the field of Supply Chain Security and COSEC's 2007 activities included the completion of the European Commission funded project SECCONDD (Secure Container Data Device) in cooperation with the European Committee for Standardization and other economic actors, and also the kickoff of the MENTORE (Galileo track / trace) project in July with a number of European partners. Another milestone for COSEC in 2007 was the creation of the European Organisation for Security (EOS) in which Cotecna has a seat on the Board of Directors. In 2007 COSEC's European efforts were directed toward product, service and client development, addressing issues related to the EU Authorized Economic Operator and ISO 28000 certification.

COSEC's Supply Chain Security capabilities were also formerly acknowledged by the U.S. Customs and Border Protection (CBP), Office of Customs-Trade Partnership Against Terrorism (C-TPAT) who selected Cotecna to participate in a one-year pilot programme to conduct supply chain security validations in China. Cotecna's 3rd Party Validation Services were recognized as "Qualified Anti-Terrorism Technology" with the award of a Certificate of SAFETY Act Designation by the US Department of Homeland Security. Additionally, a contract for derivative supply chain security compliance services was signed with FedEx Trade Networks in support of their China and Indochina operations. Teaming agreements with S2 Global and CakeBoxx corporations were signed to further position COSEC for success in 2008.

Support activities 2007

We launched the Cotecna Intranet in 2007 and deployed it throughout the company during the 2nd half of the year. It is an important strategic tool and has already become the preferred means of information and communication throughout the Group. It will support and facilitate our business initiatives by centralising all policies, procedures and operational information, as well as act as a forum for exchange of information between offices worldwide.

2007 also saw the launch of our TOP100, a database of all strategic positions within Cotecna. This important Human Resources initiative is more than just a simple database, rather a tool that will help the company deal more efficiently with issues such as succession planning, career development, internal mobility and awareness of skills and competencies.

Looking forward

I am confident that the decisions we made in 2007 for the new direction of the company, and the measures that we have already put in place for 2008 will support our strategic objectives and enhance our competitiveness going forward. We have a good mix of product services and support functions to be able to adapt and respond to the increasingly demanding requirements of a global marketplace, and we have the experience and the people in place to deliver. I look forward to the year ahead with continued optimism.

Robert Massey
Chief Executive Officer



PRODUCTS & SERVICES





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. Our services contribute to Customs modernization and improve Customs revenue collection.

Destination Inspection (DI) is a service whereby goods and imports are inspected on arrival in the importing country without the need for inspection in originating country prior to shipment. Combined with sophisticated modern technology such as scanning and risk management, DI represents an efficient and effective tool for governments, Customs authorities and traders to combine the facilitation of legitimate trade with the need for responsible enforcement.

Cotecna has been offering Pre-Shipment Inspection (PSI) services, a physical inspection of goods, prior to shipment, in five continents since 1984. Overall, PSI helps to: detect over-invoicing to prevent unjustified transfer of foreign exchange abroad; determine the classification and valuation of goods; and ensure the correct collection of import duties and taxes by Customs authorities. In addition to combating capital flight and collecting extra fiscal income, governments aim to improve customs procedures and facilitate trade.

Scanner services

Cotecna uses scanner imaging technology to conduct non-intrusive inspections of containers or vehicles on import. 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 BOT (Build Operate Transfer) 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, the technical analysis and selection of appropriate hardware, project management including maintenance, training and capacity building and the relevant IT systems to facilitate the use of the scanner technology.

The Computerized Risk Management System (CRMS®)

This is a powerful IT Customs application that collects and analyses trade transactions to assign the appropriate level of intervention based on the potential risk. The system supports Customs agents in deciding on the most adequate 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. Cotecna's CRMS® is designed to help its clients cope more effectively with managing and facilitating ever-increasing volumes of imports.

Customs valuation support - ValueQuest®

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. The benefits of Cotecna's ValueQuest® includes price testing using Cotecna's extensive database that provides details on Harmonized System (HS) Code, origin, dates, commercial terms and quality indicators. ValueQuest® also provides value opinion and advice that is especially useful in the

assessment of bonds and guarantees for conditional release of goods. ValueQuest® incorporates a number of security features including a strict and secure login policy and tracking for each query in the system.

Verification of conformity

Cotecna Verification of Conformity (VoC) services are carried out per shipment and include: physical inspection, collection of samples for laboratory testing, and verification of the product's compliance against standard of import. Cotecna delivers VoC services and Certificates of Conformity (CoC) in a growing number of countries in Asia, Europe, Middle East and the Americas. Cotecna's product certification services verify the capability of the manufacturer to produce products in compliance with an import standard.

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. Cotecna's solution not only provides a real time snap shot of inventory levels, but also ensures that continuous Customs controls and security measures are applied along the bonded logistics chain. Cotecna uses a transport, logistics and warehouse management system;

a powerful solution bringing warehouse and logistics onto a single IT platform in order to ensure the optimum co-existence of space management, reporting and Customs control functions. Inventory reports on stock levels can be produced at any moment. Cotecna's solution also incorporates duty and tax determination and payment for Customs.

Transit monitoring & cargo tracking - Cotrack®

Cotecna has developed an innovative electronic solution to remotely monitor the movements of vehicles transporting goods in transit. This powerful solution, known as Cotrack®, was developed to reinforce the capacity of Customs to better control international and in-land transit and fight efficiently against fraud whilst facilitating trade. This solution uses state-of-the-art GPS technologies, wireless telecommunications and geographical information. The transit monitoring solution developed by Cotecna is flexible and can be tailored to a client's needs. This solution can also be applied to domains other than Customs regulatory compliance.

Cotecna government contracts at end 2007:

Angola	Niger
Bangladesh	Nigeria
Burkina Faso	Peru
Congo	Senegal
Ecuador	Tanzania
Equatorial Guinea	Togo
Ghana	Yemen
Mexico	



Commercial Services

Cotecna has over 30 years experience in Commercial inspection. The company has significantly expanded its network over the past three years, and especially in Asia where Cotecna now has 30 offices.

Incorporated in 2006, Sinoswiss Inspection Co. Ltd. (SSIC), Cotecna's joint venture with Sinotrans, one of China's largest integrated logistics companies, provides a range of services in the areas of inspection monitoring & control, trade facilitation, logistics & trade finance, compliance and security.

Inspections

Cotecna's network of inspections specialists and laboratories in key locations around the globe 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. Services in this area include supervision of loading & discharge, weighing, sampling & sealing, draught survey, tank gauging and hold inspections. Cotecna also offers services in pest control, fumigation and grain dyeing supervision as well as storage management and stock control.

Inspection services for the petroleum industry cover a wide range of products from crude oil and petrol products to condensates, and include controls at loading and at discharge.

Mineral product inspections cover products such as coal and coke, non-ferrous ores, concentrates and metals, iron ore, steel products and scrap metal. Cotecna's services include quality and quantity certification, volumetric surveys and testing and analysis.

Other commercial services include inspections of marine vessels, 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.

Laboratory testing services

Cotecna has a network of laboratories and specialists certified to national standards such as FOSFA and GAFTA. The company offers services for products ranging from grains, feedstuffs, sugar and oleaginous seeds to vegetable oils and fats. Quality certificates can be issued on the basis of results provided by independent and accredited laboratories. Cotecna's laboratory services include testing foodstuffs for illegal or undesirable additives, and testing products for hazardous substances.

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 (FOG)

Using various 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

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



*“Experience
in trade
security
and
visibility
services”*

Supply Chain Security Services: COSEC

COSEC

COSEC is the division at Cotecna responsible for the development and implementation of supply chain security services. COSEC has extensive hands-on experience in trade security and visibility services of containers in transit, from the point of origin and at the different nodes of the supply chain. The team has experience and expertise from the following areas: supply chain security, aviation and air cargo security, port and maritime security, freight rail security, container security, explosive and radiation detection, supply chain security standards and compliance programmes.

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 (AEO), 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. It is aimed at securing a port area, its exports and transit goods movements. 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. Tracers® enables a pre-loading security control to be carried out on containers intended to be exported from a specific port and uses technologies such as non-intrusive container scanners, radiation (gamma and neutron) and explosive detectors, electronic smart seals, and RFID (Radio Frequency Identification) / barcode reading with portable data terminals.

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 or chemical agent detection tools.



KEY EVENTS





January: Cotecna attends textile trade fairs



February: Commodity & Trade Finance conference



March: Car inspections in Peru



April: Banana inspection in Ecuador



May: Contract awarded in Peru for scanner consulting services



June: Cotecna France member of GAFTA

January

Cotecna attends textile trade fairs: Frankfurt Heimtextil & Las Vegas MAGIC to launch services to inspect textiles originating in Asia.

Cotecna Niger participated in the International Customs Day celebrations held in Niamey.

February

Cotecna opens a new office in Santiago, Chile to manage all institutional services.

A Cotecna risk management training week organized in Geneva for capacity building in Nigeria. Participants included Nigeria Customs, Central Bank of Nigeria, Ministry of Finance and Standards Organisation of Nigeria.

Cotecna presentation: "The role of Collateral Management in Structured Commodity Finance" at the annual Commodity & Trade Finance Conference in London.

Workshop seminars organized for Senegalese Customs on management of scanner sites & maintenance, risk management and combating forgery.

Cotecna gives Togo Customs officers training on "Transactionnal value analysis" "L'analyse des valeurs transactionnelles".

March

Cotecna signs a contract with the Republic of Yemen to develop ValueQuest®, a Customs valuation tool.

Cotecna takes a stand at the SITL (International Transport & Logistics Solutions Fair) in Paris.

The Peruvian government renews its agreement with Cotecna for the inspection and documentation of used cars in Southern Peru.

A new internal company Business Ethics & Compliance code is published.

Cotecna participates in the Collin de Sussy Forum for Customs held near Paris, France in the session "Using the Pre-Shipment Inspection procedure".

Cotecna opens a new lab for agri testing in Thailand.

April

New office opens in Ho Chi Minh City, Vietnam to manage all PSI, commercial, commodities, and CMA business.

Cotecna Burkina Faso trains Customs on Risk Management as part of the import verification programme.

Cotecna participates in the World Customs Organization's annual Information Technology conference in Mexico.

Cotecna Ecuador participates in the annual Global Banana Conference in Guayaquil.

Cotecna Argentina launches solidarity project with a network of micro-entrepreneurs in the Rioja province.

May

Cotecna Peru awarded a contract for scanner consulting services by the United Nations Office for Project Services (UNOPS).

Cotecna signs a six year contract with Equatorial Guinea for Pre-Shipment Inspection, Destination Inspection and document verification using risk management.

New offices opened in Lobito & Cabinda in Angola.

SIDEC, an Ecuadorian manufacturing company, awarded ISO 9001:2000 certification by Cotecna.

Petróleos de Venezuela, a major state hydrocarbon company receives ISO 9001:2000 certification from Cotecna.

June

Cotecna performs Verification of Conformity services for the Kingdom of Saudi Arabia.

Cotecna France elected as a member of GAFTA (Grain and Feed Trade Association).



July: Cotecna member of EOS



August: US SAFETY Act Designation awarded



September: Burkina Faso PSI contract extended



October: Cotecna teams up with CakeBoxx



November: Electroguayas requests its suppliers to obtain a quality certification through CQR Ecuador



December: Cotecna finances the construction of a school in Burkina Faso

July

Cotecna is selected by US Customs and Border Protection to conduct supply chain security validations in China.

Cotecna becomes an incorporating member of the European Organization for Security (EOS).

Cotecna opens new offices in Namibe and Santa Clara in Angola.

Cotecna uses carbon footprint reduction to market Coscan document scanning services in the UK.

August

Cotecna is awarded an Explosives Trace Detection (ETD) contract at Geneva Airport.

Cotecna is awarded US SAFETY Act Designation by US Department of Homeland Security.

Origin Assured: Cotecna supplies process for the International Fur Trade federation (IFTF) for a new label to guarantee the origin of fur products.

Tiscan, Cotecna's subsidiary in Tanzania, launches an e-mail notification for importers and clearing agents on file status.

Cotecna Benin awarded ISO 9001:2000 certification.

September

Burkina Faso Pre-Shipment contract extended to end 2007.

Senegal's Destination Inspection and Pre-Shipment Inspection contracts extended to end 2007.

Cotecna becomes a member of Transparency International Switzerland

Cotecna's CFO presentation at BCGE bank conference: "From a family company to the construction of a group: the challenges of changing the financial policy".

Cotecna opens a new office in Porto, Portugal to service exports to Angola.

October

Cotecna teams up with CakeBoxx to improve supply chain security.

November

Cotecna welcomed as a new member of the Geneva Trading & Shipping Association (GTSA) at their Annual General Meeting.

Electroguayas, a national company that produces and commercializes electrical energy for Ecuador, requests its suppliers of goods and services to obtain a quality certification through Cotecna Quality Resources, Ecuador.

Cotecna awards ISO 9000 and NTCGP 1000 certifications to various departments of Colombian Air Force between May and November.

December

Cotecna announces the opening of a new office in Addis Ababa, Ethiopia and plans to start coffee testing in 2008.

After financing the construction of a primary school in Burkina Faso, Cotecna inaugurates its first classes.

The Angolan government renews Cotecna's annual licensing for Pre-Shipment Inspection.

Cotecna signs a five year BOT contract with the Angolan government for its Computerized Risk Management System (CRMS®).



CORPORATE SOCIAL RESPONSIBILITY





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 in all we do; this constitutes our business promise.

For this reason, Cotecna has implemented a Business Ethics & Compliance programme throughout our 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 include 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.



Human Resources

In the domain of Human Resources, 2007 was a year of action that saw the launch of a large number of processes and tools aimed at improving human resources management. This includes a database of Cotecna's top critical and strategic positions, an improved performance review process, a recruitment policy, a business oriented training plan and a job evaluation system.

Cotecna's TOP100, a database identifying the critical and strategic positions within Cotecna that actually contains close to 300 positions, was launched end 2007. By the end of 2007, over 95% of primary data was collected and recorded in the database. This remains a priority for 2008 and will be further developed.

The new format company Performance Review Process (PRP) was successfully used in 2007 by all managers at Geneva headquarters as well as by principle managers throughout the company. 2008's objective is that all those in the TOP100 database use the PRP.

A recruitment process was put in place specifying reporting and responsibilities throughout the company. This will substantially improve the quality of recruitment.

An ambitious training plan commenced in 2007, primarily at the Geneva headquarters, with clear business oriented objectives. Due to the potential financial impact of the premature termination of a government contract that was brought forward to the beginning of 2008, the training plan was temporarily suspended and kicked-off again in early 2008.

The job evaluation system put in place in 2007 successfully covered all positions in the company and forms an excellent base on which to build our remuneration policy.

Each year the corporate Human Resources department, as well as other corporate functions, is re-audited for ISO 9001: 2000 certification. In May 2007, the auditors report specifically remarked upon the significant progress that the Human Resources department had accomplished since 2005.

2008 will principally be a year of consolidation of the processes and tools put in place in 2007.



First class at the Napamboumbou primary school, Burkina Faso

Donations & Contributions

While the company continues 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 business objectives is to assist governments to increase their revenues by helping combat fraud and corruption. It is specifically in these countries that we must understand the impact or influence that our activities have on surrounding communities. We therefore recognize our responsibility for social, community and environmental support and are involved with local communities to identify how we can best help the underprivileged.

We believe that our role in social responsibility should have an impact on staff motivation and consumer satisfaction. Our corporate contributions and sponsorships reflect our business orientations as much as possible and at least 80% of all charitable contributions and sponsorships are made in the areas of greatest humanitarian need; water, health and education. At the same time, all contributions strictly adhere to the Compliance manual rules where a clear distinction is made between a charitable contribution, and a business-related sponsorship.

Some examples of Cotecna programmes in 2007:

Niger



For the fourth year running Cotecna Niger donated educational supplies to local schools. Each year, Cotecna supports the progress of the education sector in Niger by providing supplies to close to 2 500 children in different rural areas. In 2007, the donations included two computers, a printer, books, stationery, sports materials and maps. The schools concerned are located in Torodi, Gaya, Dan Issa, Matameye and Magaria where Cotecna has its border offices. Donation ceremonies were organized in each location and were attended by national and local Customs representatives, local government officials, Cotecna staff, teachers and pupils of the schools. In the past we have also contributed to the building of classrooms at these schools.

Tanzania



Tiscan, Cotecna's subsidiary in Tanzania, donated school uniforms, books and exercise books to 42 orphans in Dar es Salaam. These children, between the ages of 3 and 16, are raised by custodians (mostly grandmothers) who have very limited financial resources. Children are not able to attend school unless they wear a uniform and buy their own books. Tiscan also donated essential supplies such as rice, beans, oil, sugar, soap and mosquito nets. The beneficiaries were identified by the Tanzania Women and Children Welfare Centre (TWCWC), a national NGO, and the donations were made directly in kind to the recipients.

This action is part of Tiscan's Corporate Social Responsibility programme to not only contribute to the Tanzanian people's welfare through the major contribution of our services to the national economy, but also through social support to the Nation in the areas of water, health and education.

The company staff was also closely involved in the preparation and running of this project. On D-day, 24 volunteers dressed with Tiscan caps and T-shirts helped with the distribution.

Burkina Faso



In support of Burkina Faso's national educational objective of increasing the number of children who attend school, Cotecna financed the building of a primary school in the rural department of Ziniaré. Construction began in February 2007 in the village of Napamboumbou, and the school now has six fully equipped classrooms, teachers' lodgings as well as a canteen and sanitary facilities. Cotecna also financed the drilling of a well to ensure water supply.

The buildings were completed in time for the start of the new school year in October when the first class with a total of 76 children was opened. The other classes will become operational over the next few years, bringing the total to six classes. This was all made possible through a partnership with ADDZ, the Association for the Development of the Department of Ziniaré, and a close collaboration with the local authorities and local population. Since its involvement with the Burkinabe government, which began back in 2004, Cotecna has regularly contributed to the education and well being of local communities through donations of school equipment and supplies, as well as with other sports, social and health programmes.



CORPORATE GOVERNANCE



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 a share capital of 2 000 000 Swiss Francs divided into 4 000 bearer shares of CHF 500 each.

Shareholders

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

The Board of Directors 2007

Elie-Georges Massey
Robert Massey
Philippe Massey
Thierry de Loriol

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

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 10 Board meetings were held between January 1, 2007 and December 31, 2007.

Financial Year

The financial year of Cotecna SA was modified in 2007 by decision of the shareholders and now has a year end of 30 June. Exceptionally, there was a reduced accounting period between January 1 and June 30, 2007. A General Meeting was held on July 31 2007 to approve the accounts of this abridged financial year. The financial year in progress will therefore close on June 30, 2008.

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 11 times in 2007, 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, the reliability of financial information and compliance with applicable laws, regulations and internal procedures.

The Board's internal controls include a documented organizational 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.



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

Organization

Board of Directors

Cotecna's Board is chaired by Elie-Georges Massey, founder of the private, family owned company.

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

The Board focuses primarily on the Company's corporate strategy and objectives. The Board monitors and reviews the company's financial results and operations and reviews strategic investment opportunities.

Elie-Georges Massey - Chairman

Robert Massey – Member of the Board - Chief Executive Officer, Cotecna

Philippe Massey – Member of the Board - Executive Director, Cotecna

Thierry de Loriol – Member of the Board

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

** left the company on 31 October 2007*

*** joined the company on 19 November 2007*

Group Operations Committee

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

Alison Bourgeois
Vice-President
Corporate Communications

Antoine Chavan**
Senior Vice-President
Legal Department

Hans Daeppen
Senior Vice-President
Human Resources

Matthieu Delorme
Vice-President
Commercial

Philip Henebry
Senior Vice-President
Corporate Development

Nicolas Ménard
Senior Vice-President
Information Technology &
Telecommunications

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

Adrian Walker
Group Compliance Officer

The Executive Committee (EC) members convene once a month to review the Group financial position by region and by business line and examine corporate overheads and other costs. Decisions include corrective actions and budget reforecast. Other financial issues such as cash flow, outstanding fees, bad debts and major claims and provisions are analyzed. The Executive Committee studies and makes the appropriate decisions concerning new projects and business cases. Ad hoc meetings are held when deemed necessary.

The Group Operations Committee (GOC) meets approximately every two months. This committee consists of the members of the Executive Committee with, in addition, the operational and support service Senior Vice-Presidents, Vice-Presidents and the Group Compliance Officer. The Committee reviews the overall financial results by region and by business as well as the action plans, projects and approvals submitted to support the business plans. This committee also reviews the support activities of Human Resources, Information Technology, Finance, Legal, Communications, Compliance, and the Scanner Technology department.

This management organization supports Cotecna's Matrix structure and strategy of geographical expansion and diversification of its product range. The Matrix structure 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 the development of new products and services and the expansion of the company's business through organic and external growth.

*“We make
global
trade flow
smoother
and safer”*



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”.

Quality Management Systems (QMS)

The Cotecna Quality Management Systems (QMS) and Group extension certification scheme, which started with ISO 9001:2000 certification of the Geneva head office in 2002, was further extended to three other countries in Africa during 2007, including our two largest scanner activity operations in Nigeria and Tanzania. Developing QMS in large offices with between 200 and 300 staff is a particularly demanding challenge and we can be justifiably proud of our 2007 success.

Among those operations that were ISO 9001:2000 certified in 2007 were:

- Cotecna Cote d'Ivoire Sarl Abidjan head office and Gestoci's hydrocarbon inspection site.
- Cotecna Destination Inspection Ltd, Nigeria, our largest operation with some 300 staff, achieved certification for the Lagos head office as well as the three scanner sites of Tincan RoRo, Tincan Ashaye and Apapa at the Lagos port. This success clearly highlights the company's commitment to offer unparalleled levels of customer-focused service and expertise to the Nigerian trade community.

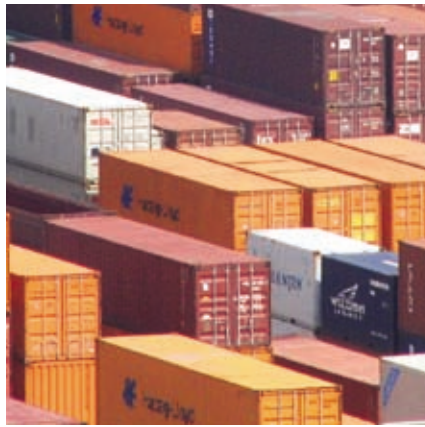
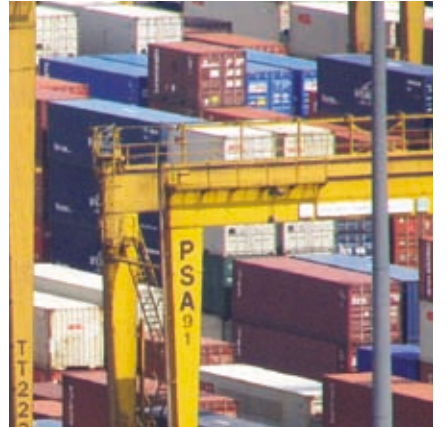
- Tiscan Ltd, Tanzania, Cotecna's second-largest operation with close to 200 staff, achieved certification for their Dar es Salaam head office and two scanner sites at the Dar es Salaam port.

- A total of six offices in Italy, United Arab Republic, Benin Republic, Peru and the United States, were re-audited to renew their certificates. Surveillance audits were carried out in three offices: Geneva (Switzerland), Hounslow (UK) and Shanghai (China). Auditing the IFIA Code of Practice is also carried out during ISO 9001:2000 audits.

More Quality Managers have successfully trained as IRCA Lead Auditors and Internal Auditors and a number of Cotecna managers were observers during third-party audits.

The QMS Intranet site offers a platform for sharing information and knowledge among the Group quality managers and Cotecna staff worldwide.

2008 will see an extension of the Cotecna group certification in Africa and America. Offices in seven countries will be re-audited after the three-year certification period; this will include the 2nd re-assessment for Manila, Shanghai, Durban and Barcelona; and the 3rd re-assessment for Düsseldorf, Paris & Rouen as well as Geneva Head Office.



Company Communications

Internal communications is at the heart of any organization with such diverse international operations as Cotecna. Sharing product and process experience is becoming increasingly important as we expand our service offer and the countries in which we are present. The launch of the Intranet this year was a major communications initiative. We continue to develop its content and reach in order to support the information demands of the company.

Our principal external corporate communications channels are via the company web site and the trade and business press to whom we send regular press releases and news articles to announce all significant information concerning our activities.

We participate in major trade fairs throughout the world to present our activities. This can include exhibiting, making a presentation, or both.

Trade Fair participation in 2007 included:

- Booths at the textile trade fairs; Frankfurt Heimtextil & Las Vegas MAGIC to present textile inspection services, January.
- "The role of Collateral Management in Structured Commodity Finance" presentation at the annual Commodity & Trade Finance Conference in London, February.
- SITL (International Transport & Logistics Solutions Fair), Paris, France, March.
- Workshop participation at the Collin de Sussy Forum for Customs, Paris, France: "Using the Pre-Shipment Inspection procedure", March.
- World Customs Organization IT conference, Mexico, April.

- Global Banana Congreso, Guayaquil, Ecuador, April.

- Presentation at BCGE bank conference in Geneva: "From a family company to the construction of a group: the challenges of changing the financial policy", September.

The company does not invest significantly in corporate advertising but does place tactical advertisements promoting its services in certain international trade publications as well as in local and regional publications to celebrate specific events.

Cotecna's website www.cotecna.com provides local operational contact details for all countries and corporate information for the press can be obtained through the company Press Office based in Geneva at press@cotecna.ch.



KEY FIGURES



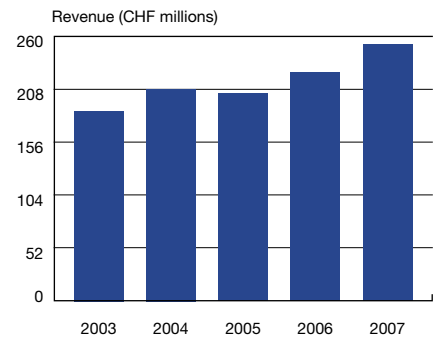


Key Figures

Following figures in millions CHF

Annual Revenue

2003	187
2004	208
2005	202
2006	223
2007	252



Cotecna saw another year of solid performance with 2007 revenues reaching CHF 252 million, a 13% improvement over 2006 and a continuation of the upward trend of recent years. The increase of revenue is principally due to an increase in business in certain government inspection contracts such as Nigeria, Ghana and Angola, and profit was positively affected by a tighter control on operating costs.

The company's objective is to reach annual revenue of CHF 300 million by 2010, with a stronger focus on profitability. Our aim is to maintain or exceed a net profit of 10% of revenues.

The accounting records and financial statements of all entities of the Cotecna group are audited by KPMG. The consolidated financial statements and the cash flow report for the year ending December 31, 2007 have been drawn up in accordance with the International Financing Reporting Standards (IFRS) and comply with Swiss law.



GLOBAL PRESENCE





Cotecna Shanghai

Global Presence

Cotecna has a strong world-wide network with close to 100 offices and a dedicated workforce of over 4 000 employees and agents. In the Group's Geneva headquarters, 21 nationalities are represented among the 130 employees (including part-time).

Cotecna agents

Cotecna has a vast network of almost 1 500 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.

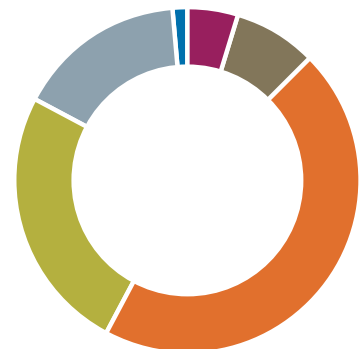
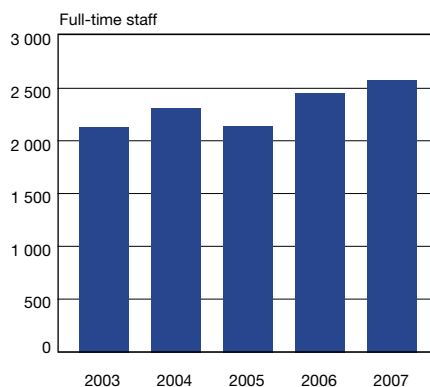
Cotecna Staff

Full time staff at 31 December

2003	2 145
2004	2 309
2005	2 142
2006	2 486
2007	2 578

Full-time staff by geographical regions

Geneva HQ	123
Europe	204
Africa	1 163
Americas	650
Asia	408
Middle East	30



GROUP COMPANIES

Cotecna SA, Geneva (Ultimate parent company)

	%
Gateway Services Ltd, Ghana	70
Cotecna Inspection Nigeria Ltd, Nigeria	99,99
Cotecna Quality Resources Incorporated, USA	100
Cotecna Quality Resources Inc, Ecuador	
Cotecna Inspection Panama SA, Panama	
Cotecna Inspection (Vostok) Ltd, Russia	100
Cotecna Inspection (Comoros) Sarl, Comoros	99
Cotecna Servicos (Angola) Ltda, Angola	99
Cotecna Benelux B.V., Netherland	99
Cotecna Inspection Ltd, Guernsey	99,8
Cotecna Destination Inspection Ltd (CDIL), Nigeria	
Cotecna de Mexico SA de CV, Mexico	99
Cotecna Inspection Senegal Surl, Senegal	100
Tiscan Ltd, Tanzania	100
Cotecna Ukraine Ltd, Ukraine	99
Cotecna Inc (Delaware), USA	100
Cotecna Inspection CA, Venezuela	100
Cotecna Inspection Services S.A, Geneva	100
Cotecna Trade Support JSC, Egypt	
Swissport GBH Cotecna Bolivia SA	

Cotecna Inspection SA, Geneva

Cotecna Inspeccion Argentina, Argentina	100
Cotecna Inspection (Bangladesh) Ltd, Bangladesh	66
Cotecna Inspection Bangladesh Ltd, Bangladesh	100
Cotecna Benin Sarl, Benin	100
Cotecna Inspection Bolivia SA, Bolivia	99,85
Cotecna Servicos Ltda, Brazil	99,99
Intercargo . Vitorias, Consultorias E Servicos Navais LTDA-ME, Brazil	
Cotecna Burkina Sarl, Burkina Faso	100
Cotecna Canada Inc, Canada	100
Sino-Swiss Inspection Co., Ltd	49
Cotecna Inspection Chile SA	100
Cotecna International Trade Consulting (Shanghai) Ltd, China	
Cotecna Inspection (Colombia) SA, Colombia	100
Cotecna Certificadora Ltd, Colombia	
Cotecna Inspection Congo Sarl, République du Congo	100
Cotecna Inspection East Africa Ltd (CIEAL), Kenya	99,5
Cotecna Del Ecuador SA, Ecuador	100
Cotecna Inspection Egypt SAE, Egypt	98
Cotecna Inspection France Sarl, France	100
Cotecna Inspection GmbH, Germany	100
Cotecna Guinee Equatoriale SARL	100
Cotecna Inspection Hong-Kong, China	100
Cotecna Inspection India Pvt Ltd, India	100
Cotecna Quality SRL, Italy	100
Cotecna Côte d'Ivoire Sarl, Ivory Coast	100
Cotecna Mali Sarl, Mali	100
Cotecna Inspection Japan, Ltd, Japan	100
Cotecna Reconocimientos SA de Cv, Mexico	99,99
Cotecna Services De Mexico, Mexico	99
Cotecna Inspection Philippines Inc, Philippines	99,99
Cotecna Inspection (Peru) SA, Peru	100
Cotecna del Peru SA, Peru	99,99
Cotecna Singapore Pte Ltd, Singapore	100
Cotecna Inspection South Africa Ltd, South Africa	100
Cotecna Inspection Korea Inc, South Korea	100
Cotecna Inspeccion SL, Spain	100
Cotecna Tanzania Ltd, Tanzania	99,5
Cotecna Inspection (Thailand) CO LTD, Thailand	49
Cotecna Togo Sarl, Togo	100
Kotecna Gozetim AS, Turkey	80
Cotecna Uganda Ltd (COTUGAL), Uganda	99
Cotecna Inspection Ltd, UK	100
Cotecna International Ltd, UK	
Cotecna Laboratories, UK	
Cotecna Inspeccion Uruguay SA, Uruguay	100
Cotecna Inspection Inc (Miami Lakes), USA	100
Cotecna De Venezuela CA, Venezuela	100
Cotecna Vietnam Co., Ltd	100
Cotecna Inspection Zambia Ltd, Zambia	100



www.cotecna.com

For further information on our services and
our list of offices, please visit our website.

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