

ELECTRONICS

The Electronics sector grew its business internationally, winning e-Government, rail electronics, communications and simulation projects around the world.

SEIZING OPPORTUNITIES TO EXPAND GLOBAL REACH

ST Electronics continues to grow its global reach, providing its solutions to customers in more than 80 countries worldwide.

The company made inroads into new markets, winning contracts in Bangladesh and Tanzania. Its three business groups were awarded contracts in the areas of rail electronics, intelligent transportation and interactive digital media.

Large-Scale Systems Group

Building on its strong track record in rail projects, the Large-Scale Systems Group (LSG) secured several Mass Rapid Transit (MRT) contracts including an Automatic Fare Collection System and Passenger Information Display System in Thailand; a train-borne Communication System in Hong Kong; and Integrated Supervisory Control and Platform Screen Door Systems worth about \$23.7m for China's Guangzhou-Foshan Line.

In Singapore, ST Electronics' mechanical and electrical systems including Communications, Integrated Supervisory Control and Platform Screen Door systems went live when part of the Circle Line was opened in May 2009. New MRT lines planned for the Thomson and Eastern regions will present new opportunities.



Artist's impression of the Singapore 2010 Youth Olympic Games Virtual World. The actual design may differ from illustration.



LSG continued to win contracts to provide security and monitoring solutions. These included an Integrated Security Management System for the new Khoo Teck Puat Hospital and a pre-paid card system for the Nanyang Technological University's Halls of Residence.

A contract was also secured to supply a Meteorological Weather Radar system to the National Environment Agency.

A model of ST Electronics' Venus, an advanced Unmanned Surface Vehicle, was unveiled at the International Maritime Exhibition (IMDEX) Asia in May. The full-sized 9-metre long Venus was showcased at the Singapore Airshow 2010.

LSG continues to target new markets such as Vietnam, India and the Gulf States while strengthening its presence in China and Singapore for its transportation and intelligent building businesses.



*Left to right:
Advanced Combat Man System for the Singapore
Armed Forces.*

*The 11-metre Ku-Band Antenna System at
SingTel's Seletar Earth Station in Singapore.*

**ST ELECTRONICS CONTINUED TO GROW ITS
GLOBAL REACH, PROVIDING ITS SOLUTIONS TO
OVER 80 COUNTRIES WORLDWIDE.**

THE COMPANY MADE INROADS INTO NEW MARKETS, WINNING CONTRACTS IN BANGLADESH AND TANZANIA



Communication & Sensor Systems Group

Through Telematics Wireless, ST Electronics strengthened its capabilities in traffic management, wireless data communication and sensor networks for wireless transmission of information for remote monitoring and control.

The Communication & Sensor Systems Group (CSG) won a \$6.8m contract to provide Integrated Security, IT Infrastructure and Carpark Guidance and Payment Systems to Resorts World Sentosa, bringing its total involvement in the project to \$92.8m.

Meeting the growing demand for urban transportation, CSG secured a \$40m contract from Singapore's LTA to extend the Expressway Monitoring & Advisory System to six major arterial roads that serve as alternative routes to expressways.

In the area of satellite communications (satcoms), the company's 11-metre Ku-Band antenna system was successfully commissioned by SingTel at its Seletar Earth Station in June. The system monitors and carries commercial traffic on SingTel satellites.

AT&T implemented a revolutionary technology from ST Electronics that enables continuous reception of video services on-the-move for in-car entertainment in the US.

iDirect, ST Electronics' satcoms company in the US, upgraded its Evolution operating software, unveiling iDX 2.0 with several advances in performance, efficiency and flexibility. iDirect and Panasonic Avionics developed in-flight broadband, eXconnect, and through Lufthansa, now offer broadband connectivity to 50 aircraft.

In June, iDirect Government Technologies successfully demonstrated the capabilities of several military-grade satcoms technologies at the US Joint User Interoperability Communications Exercise at Fort Monmouth, New Jersey.

iDirect Asia won a contract from China National Petroleum Corporation to provide a satellite-based Internet Protocol communications network to cover remote sites across China.

Software Systems Group

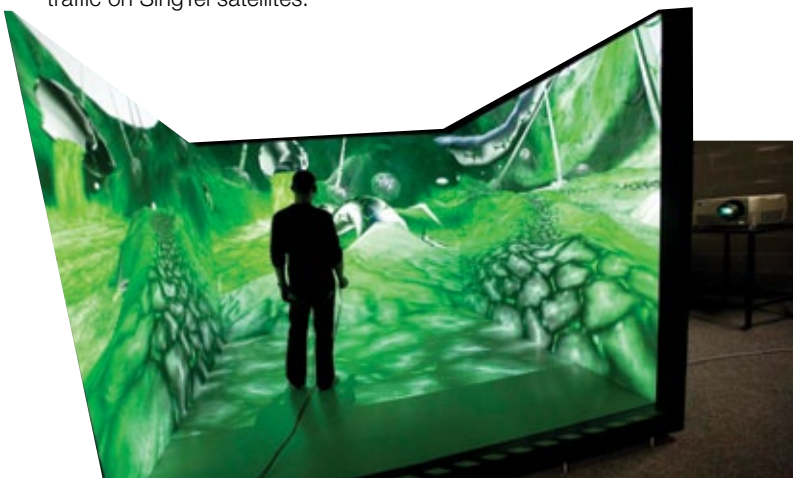
The Software Systems Group (SSG) continued to grow its interactive media, simulation and e-Supply Chain Management solutions.

In June, the IDA awarded ST Electronics a contract to provide a virtual world, the first of its kind, to be used for the inaugural Singapore 2010 Youth Olympic Games.

SSG secured its first project in Tanzania for the installation of a Tower Simulator for the Tanzania Civil Aviation Authority. The Chittagong Port Authority of Bangladesh awarded ST Electronics an e-Supply Chain Management project for Container Terminal Management and Management Information Systems.

ST Electronics will also be implementing for the Singapore Land Authority, a Singapore Titles Automated Registration System that will facilitate more efficient searches, lodgements and registration of properties. SSG was awarded a project to provide the RSN with education and training services and a training ship.

The company's US simulation arm, VT MÄK (MÄK), won the US Army Program Executive Office for Simulation, Training and Instrumentation's Omnibus Contract in July to provide simulation, training and instrumentation products and services for the warfighter. It also launched its VR-Vantage product for the development of out-the-window 3D views, for after-action review of scenarios, or to create customised applications.



Yview, a customisable Cave™-like virtual reality system from Antycip Simulation.



Left to right:
Rail electronics system for Bangkok, Thailand

e-Supply Chain Management project for
Chittagong Port Authority, Bangladesh

Antycip Simulation, ST Electronics' European subsidiary, won a contract in April from VTI, the Swedish National Road and Transport Research Institute, to upgrade an existing driving simulator projection system. In May, Antycip Simulation launched MyModels, a configurable high fidelity modelling toolkit that allows the quick generation of high fidelity models in simulation applications. MyModels is integrated with MÅK's VR-Forces and can be integrated with other Computer Generated Forces software.

Half Yearly Performance

The 2H2009 turnover of \$687m recorded by the Electronics sector was comparable to that of 1H2009. The increase in sales came largely from LSG which was offset by lower sales in CSG.

PBT of \$60.7m for 2H2009 was higher than that of 1H2009 by 11% or \$6.1m. The increase in PBT was mainly contributed by CSG and SSG, but this was partially offset by lower PBT in LSG. While operating expenses for 2H2009 was higher, CSG recorded higher PBT in the same period due to favourable sales mix. SSG's higher profit was mainly due to favourable sales mix and share of higher profit from associated companies. LSG's lower PBT was mainly due to higher operating expenses.

Full Year Performance

FY2009 turnover of \$1,371m for the Electronics sector was higher than FY2008 by 20% or \$228m. All three business groups achieved higher turnover for the period. LSG recorded higher turnover with milestone

completions for the Circle Line project from the LTA, half height platform screen doors project, and MRT projects in Taiwan, Guangzhou and Bangkok. CSG's higher turnover was the result of milestone completions for the Integrated Resort project and a communication project, as well as sales of satcoms products and electro-optics equipment. Turnover in SSG was higher with the milestone completions of a software system project, simulator projects and managed services sales.

PBT of the Electronics sector in FY2009 of \$115.3m was higher than FY2008 by 23% or \$21.4m. The higher PBT was mainly due to higher turnover and the impact of an impairment in value of quoted investments in FY2008 of \$18.7m. These were partially offset by higher operating expenses.

Acquisitions & Divestments

Ripple Systems Pty Ltd was liquidated as a result of an ongoing business review to streamline capabilities and optimise resources. The liquidation was completed in September.

ST Electronics acquired additional equity stakes in MÅK and DataMark Technologies Pte Ltd (DataMark). It took an additional 10% stake in MÅK and 38.88% in DataMark, bringing its total shareholdings in the companies to 90% and 100% respectively.

iDirect has, through its wholly owned subsidiary, iDirect UK Limited, acquired 100% of Parallel Limited (Parallel). Both companies share product synergies and a common market focus, and Parallel's products will become part of the iDirect product portfolio.

Major Projects

The SAF awarded ST Electronics a contract worth about \$100m to provide the Advanced Combat Man System (ACMS). The 3rd Generation Networked ACMS is expected to be completed by 2012.

In China, ST Electronics won contracts to provide Passenger Information Systems (PIS) for an MRT line and a PIS and Security Monitoring Systems which will be exported to Saudi Arabia for the Saudi Mashaer MRT Line.

For mission critical solutions, it won a \$34m project to transform the SCDF 995 emergency call-taking, resource despatching and incident monitoring system in its Operations Centre into a new generation command and control system. The new system will leverage latest technologies that will enable the SCDF to increase its efficiency and effectiveness in responding to 995 emergency calls.

ST Electronics will implement a \$44m, 3rd Generation Command and Control (C2) System for the SPF by the first quarter of 2012. Applying state-of-the-art technologies, the system will enhance the SPF's operational efficiency and responsiveness to incidents and emergencies. Operators will benefit from quick report creation functions, automatic routing to the appropriate officers and enhanced resource allocation based on the type of incident involved.