

ELECTROSONIC



Annual Review | 2010

Electrosonic

Electrosonic is an international company that has a strong presence in audio-visual markets worldwide. With over 46 years of experience, Electrosonic has been, throughout its existence, at the forefront in creating innovative, state-of-the-art AV solutions.

Electrosonic provides audio-visual solutions for three distinct markets. For convenience, these are labeled 'Corporate', 'Entertainment' and 'Control rooms', as further defined below. The solutions offered are Design Consulting (primarily for the Entertainment market), Engineering and Project Management, and Service and Maintenance. The aim is to provide lifetime support to installations, from conception to decommissioning, while ensuring both 100% availability and economic operation.

Corporate

The corporate market is one of the largest users of AV techniques. Significant advances in technology, and pressures to reduce travel, have changed the nature of the market considerably. Whereas traditional corporate AV installations revolved around individual boardrooms and formal presentation spaces, where usage was sporadic, the new installations are all about collaborative working. This has resulted in systems being used intensively, with demands for high reliability and simplicity of operation.

Electrosonic focuses on the needs of specific sectors in the corporate market, both in terms of business and geography. The prime market served is the financial and professional services market, with work also in the medical, industrial and commercial sectors.

The technologies deployed include all forms of electronic image displays, video and audio conferencing equipment, video source and distribution equipment and room control systems.

Entertainment

This covers Electrosonic's activities in providing systems and services to museums, visitor centers, exhibitions and theme parks. Because of its 'show business' nature the work is significantly different to that associated with more conventional AV markets; it also requires very close co-operation with designers and with other contractors since every installation is 'different'.

Electrosonic concentrates on developing long-term relationships with significant end-users and key designers, thus ensuring continuity and making the most of shared experience. Electrosonic offices are located near to clusters of designers and large clients, even though the projects themselves may be anywhere in the world. The company is well known for managing large projects in remote locations and for its expertise in large and complex projection systems; however it is also skilled in delivering best value systems to comparatively modest museum and visitor center installations.

The technologies deployed are those needed for shows and interactive exhibits. They include high-resolution servers, image processing, high power projection, touch and gesture interactive technology, and networked exhibit control and content distribution.

Control Rooms

The market here is represented by control rooms that have large overview displays, usually showing a combination of multiple video images and high-resolution graphic images from a variety of sources. The users include transport and utility undertakings, telecom network operations centers, military command and control, CCTV control rooms, and emergency or disaster management rooms. Most are required to operate on a '24/7/365' basis.

Electrosonic was one of the pioneers of videowall technology and has over 20 years experience of this market. Besides being competent to engineer control room display systems of any size, the company provides a comprehensive service to existing users with the aim of minimizing downtime and reducing running costs. A lamp replacement program maximizes uptime and relieves users of lamp disposal problems.

The technologies deployed include rear projection videowall displays, large LCD displays, high-resolution projection, specialized image processing equipment and image compression equipment. New systems are based on the delivery of images over networks.

Key Figures | 2010

Electrosonic	2010	2009
Turnover, USD million	112.8	101.2
Operating result, USD million	2.6	1.1
Profit after financing items, USD million	2.1	1.2
Net profit, USD million	1.0	1.5
Shareholders' equity and minority holding, USD million	15.0	14.4
Balance sheet total, USD million	38.2	35.7
Capital employed, USD million	17.1	16.9
Return on capital employed, %	11.4	7.1
Solidity, %	42.4	42
Gearing	-35.8	-61.7
Staff at 31 December	421	343

President's Report

The Electrosonic Group performed well in 2010, continuing its consistent performance of the past few years. With a clear focus on specific customer segments and a mandate for quality and simplification, the company has reinforced its position as a long-term partner to its clients.

During the year, the company continued to simplify its overall structure and align its processes to better serve the customers. Many of the larger customers are themselves multi-national and it is vital that Electrosonic provide consistent quality of service around the globe.

Over the past 3 years, Electrosonic has been able to prove that even in an economic downturn an effective strategy combined with operational expertise can create good results. Our solid financial performance in 2010 supports the strategic growth initiatives in the company.

In 2010 the audio-visual industry showed early signs of recovery after a few years of market uncertainty. The year was good for Electrosonic, especially in the USA, but business operations and prospects improved across the world. Our strong commitment to international business and an increasing global demand for audio-visual solutions is allowing us to expand our services in all parts of the world.

Worldwide Projects

Electrosonic provided an impressive array of high-profile audio-visual solutions in 2010 offering our clients a full range of services from design and engineering to on-site operational support. Our integrated global presence ensured that Electrosonic can assemble resources and expertise from its offices around the world.

Electrosonic's active participation in World Expos also continued as the World Expo in Shanghai pushed the number of Expo projects the company has completed to over 50.

In 2010, Electrosonic provided AV solutions to the National Museum of American Jewish History, the Kennedy Space Center and the NASCAR Hall of Fame in the USA. Project deliveries in the UK included the TAQA Bratani's Emergency Response Center and the Museum of the Order of St. John in London. Other system deliveries around the globe included the 360 Mall in Kuwait and the USA Pavilion, the China State Shipbuilding Pavilion and the Information and Communications Pavilion at Expo 2010 Shanghai.



Business Review and Group Structure

Electrosonic entered the year in a sound financial position that only improved as the year progressed. Besides the growth in sales revenue and underlying profitability, the Group continued to grow in terms of order intake. The entertainment sector carried on its good performance from the previous period while the corporate sector grew its revenue significantly. At year-end, Electrosonic implemented a new improved strategy for the control room business, our third market segment.

In the entertainment sector, investments by theme park operators worldwide and the World Expo in Shanghai enabled Electrosonic to achieve continued growth. We retained our position as a world leader in complex projection systems.

In the field of corporate business our narrow focus on a few discrete customer segments allowed for strong growth and expanded global opportunities. We have learned that as large corporations invest in international communications infrastructure, it becomes very important to have suppliers like Electrosonic that can support the technology around the world.

Electrosonic took significant action in 2010 to align investment more tightly to its strategy. In March 2010 Electrosonic sold its products division to Extron Electronics. In April 2010 the company acquired Multimedia Group Ltd, a company specializing in audio-visual maintenance and support services for corporate customers in the United Kingdom. Electrosonic Oy Ab, a small local subsidiary in Finland, was sold to Audico Holding Oy in August 2010.

With the sale of the products business division, Electrosonic has a clearer strategy for the control room business. By delivering best-in-class systems and support services, we can now invest to grow this market segment in the USA and Europe.

Clarification of our strategy has allowed us to simplify and align our structure, focus our attention on the customer and expand the scope of our services.

Future Outlook

Electrosonic achieved a great deal in 2010 and has structured its operations to meet the challenges of the marketplace. We have a clear business model, a very strong balance sheet and a strong open order book --all factors that once again will provide us an ideal starting point for a successful year.

With our drive for performance and our renewed focus on serving the customer internationally, I expect the Group to grow both organically and through acquisition in 2011.

Finally, I would like to thank the Electrosonic staff all around the world for their support in driving the changes in the company.

A handwritten signature in black ink, appearing to read "Jim Bowie". The signature is fluid and cursive.

Jim Bowie
President
Electrosonic
April 2011

>>A



>>B



>>C



>> Modern-day AV support combines with ten centuries of history in new galleries at the **Museum of the Order of St. John**, where AV hardware installed by Electrosonic helps visitors interpret exhibits and learn about the Order's unique story. The London-based museum is located in the circa 1500 St. John Gate entrance of the English headquarters of the crusading Knights Hospitallers. It traces the Order's origin in 11th century Jerusalem and its rich history interwoven with such figures as Henry VIII, Elizabeth I, Suleiman the Magnificent, William Shakespeare, William Hogarth and Dr. Samuel Johnson.

>>A

TAQA Bratani's Emergency Response Center located in Aberdeen, Scotland, consists of an incident room, a control room and a relatives' support suite. Oil companies with offshore sites have to be ready for any emergency, which means being able to relay, receive and analyze time-sensitive information as quickly and efficiently as possible. Electrosonic engineered a visual display system that allows multiple sources to be processed and displayed in custom layouts on a large, central projection screen. This system assists the offshore North Sea site and organizes the required external support during such emergencies.

>>B

The 360 Mall's Family Entertainment Center complex located in Kuwait features an all-around immersive mall experience that offers top-of-the-line rides, the latest video games and skill tests for the entire family. Electrosonic designed, supplied, installed and programmed extensive LED lighting, digital signage, video projection, special effects and audio and show control for what has become a go-to destination in the desert emirate.

>>C

Exploration Space, the first attraction at Kennedy Space Center Visitor Complex to examine the future of space exploration, combines live theater, interactive exhibits and new media components to engage and inform audiences about the next 20 years in space exploration. Electrosonic provided the AV systems for the exhibit designed by BRC Imagination Arts, Inc. in collaboration with Kennedy Space Center Visitor Complex. The Electrosonic team designed, integrated, programmed and installed the exhibit's entire AV system, including projection, audio, video and show control.

>>A



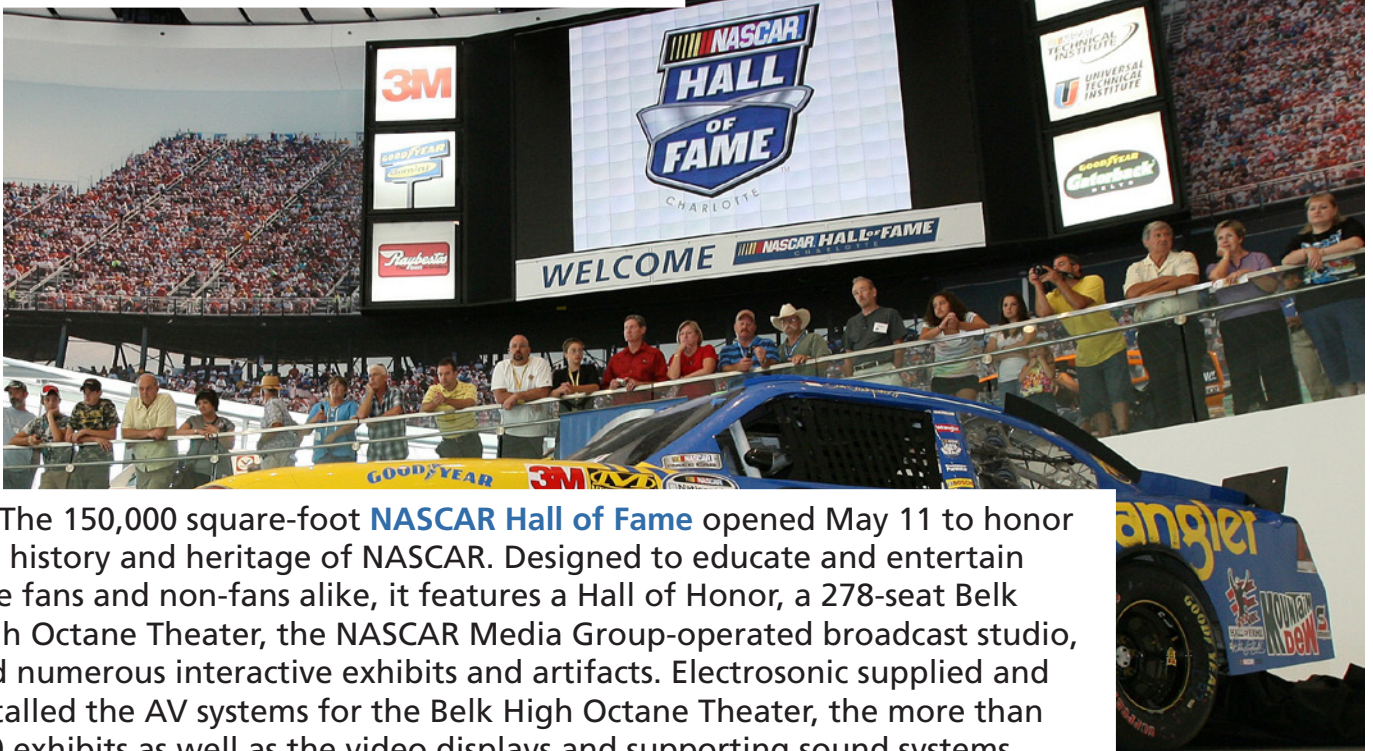
>>B



>>C



>>D



>> The 150,000 square-foot **NASCAR Hall of Fame** opened May 11 to honor the history and heritage of NASCAR. Designed to educate and entertain race fans and non-fans alike, it features a Hall of Honor, a 278-seat Belk High Octane Theater, the NASCAR Media Group-operated broadcast studio, and numerous interactive exhibits and artifacts. Electrosonic supplied and installed the AV systems for the Belk High Octane Theater, the more than 100 exhibits as well as the video displays and supporting sound systems.

>>A

The National Museum of American Jewish History first opened in a relatively modest 15,000-square-foot location in Philadelphia in 1976. In November 2010, it opened a new 100,000-square-foot building on Independence Mall, designed by Polshek Partnership Architects (now Ennead Architects). The museum tells the story of American Jews from their arrival in North America more than 350 years ago to the present. The 25,000-square-foot core exhibition, designed by Gallagher & Associates, makes extensive use of audio-visual support. Electrosonic was the audio visual systems integrator.

>>B

The USA Pavilion at Expo 2010 Shanghai, China, delivered its Rise to the Challenge theme in a series of Hollywood-style, multi-dimensional presentations that told the story of the American spirit of perseverance, innovation and community building. Electrosonic rose to the challenge to provide BRC Imagination Arts with system technical design, engineering, fabrication, installation, encoding and show technical programming for the AV and control systems in the pavilion lobby, pre-show and main show theater. BRC was the show designer and producer and created all content for the USA Pavilion.

>>C

The Information and Communications Pavilion at Expo 2010 Shanghai was the world's first multi-dimensional interactive network pavilion. The design firm BRC Imagination Arts was the creator and producer. Electrosonic supplied the multi-track surround sound system and Electrosonic Design Consulting provided guidance to the exhibit designers on AV equipment selections, projection geometry, facility impact, and budgeting.

>>D

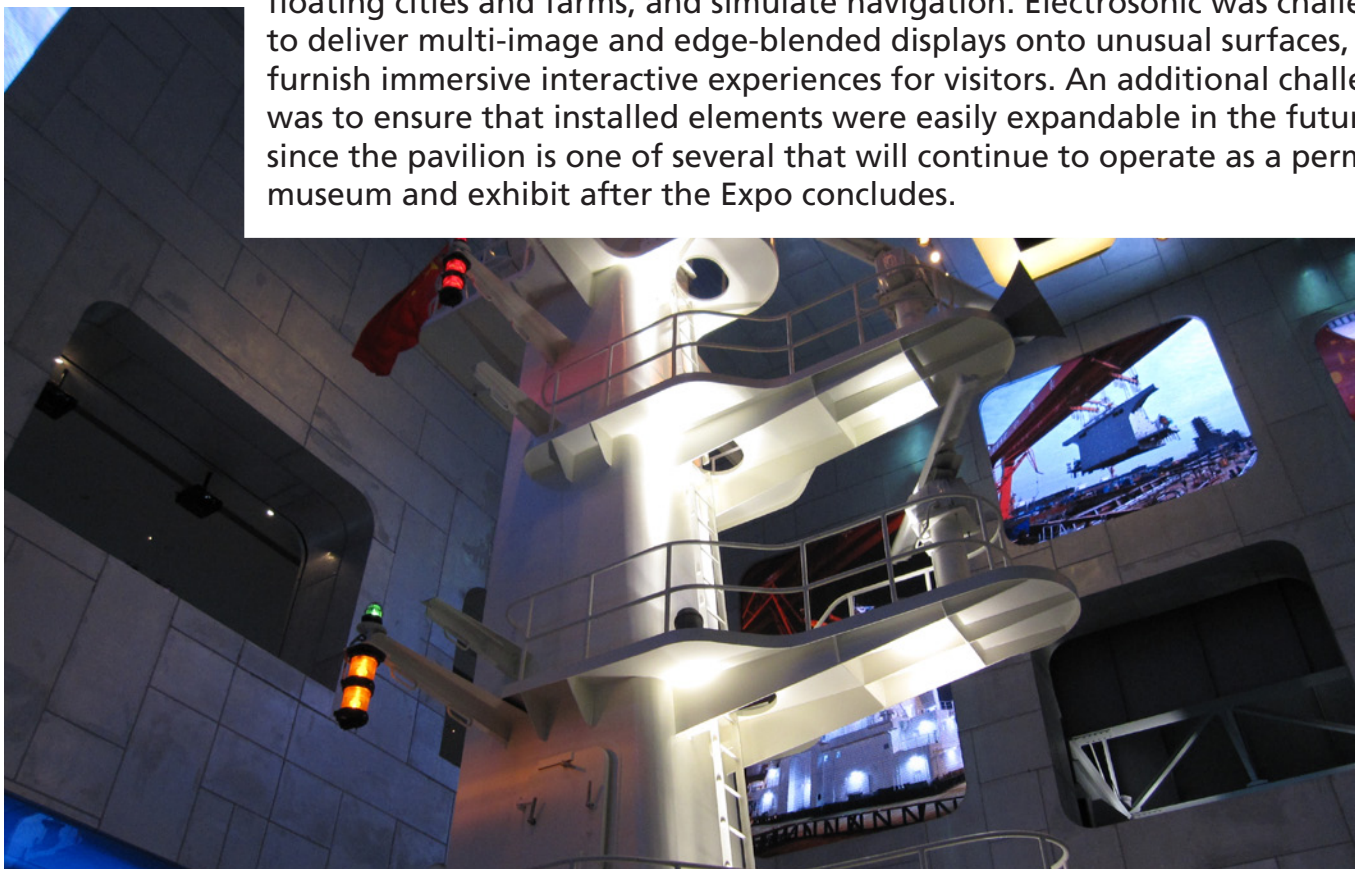
The South Devon Healthcare NHS Trust recently opened **The Horizon Centre – Centre for Innovation, Education & Research at Torbay District Hospital**. DRV was appointed audio visual systems integrator for the new centre. The facilities installed by DRV provide a completely integrated system consisting of 18 linked interactive teaching spaces, centered around a simulated operating theater and simulated ward.

>>COVER 1 **Museum of the Moving Image in Astoria, NY,** is the only institution in the U.S. that explores the art, industry and innovation of screen culture in all its forms. Incorporating everything from 19th century optical toys to the latest Internet developments, the museum provides insight into every phase of the production, promotion and exhibition of moving images. Electrosonic was the principal AV systems integrator for the newly reopened museum.

>>COVER 2 At the **National Museum of the American Indian,** Electrosonic engineered, provided and installed 20 exhibits for "Infinity of Nations" – 10 linear video stations and 10 interactive workstations housed in the NMAI's George Gustav Heye Center in the Old Customs House. Five years in the making, the new permanent collection reflects the geographic and chronological scope of the museum's collection, and includes magnificent headdresses, robes, beadwork, baskets and vessels, as well as works by contemporary Native American artists.

>>COVER 3 Developer OCT called on Electrosonic to provide all the AV solutions for two new **dark ride attractions at Happy Valley outside Shanghai and Window of the World in Shenzhen,** north of Hong Kong. Although a thousand miles separate the theme parks, the two attractions were virtually identical in size and scope for Electrosonic, which supplied full projection systems and screens, the main show control system, 4D effects, audio and lighting. Electrosonic worked in concert with Huss Attractions, who provided the complex ride system and brought in creative content producers Super 78 Studios.

>> At the China State Shipbuilding Pavilion in Expo 2010 Shanghai, Electrosonic provided audio, video and show control systems that enable visitors to explore the role of shipping in China's past, investigate exciting concepts for future floating cities and farms, and simulate navigation. Electrosonic was challenged to deliver multi-image and edge-blended displays onto unusual surfaces, and furnish immersive interactive experiences for visitors. An additional challenge was to ensure that installed elements were easily expandable in the future since the pavilion is one of several that will continue to operate as a permanent museum and exhibit after the Expo concludes.



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