

Going Forward
Reaching New Frontiers

2003
annual report

Futuristic Image Builder Ltd



Going Forward

Chairman's Statement

Year in Review

2003 was a tough yet rewarding year. External conditions were challenging for many companies worldwide, especially in South East Asia. However, we improved margins, cut losses, built new international partnerships and importantly, won prestigious new clients in the key export market of the United States.

Although the Group registered a loss before tax of S\$2.2 million as compared to S\$3.5 million in the previous year, Group turnover increased by 13.2% to S\$24.5 million, mainly due to expansion in the US, China and Australia. However, this was offset by a decrease in sales from our Malaysian subsidiary, and a slight decline in turnover in Singapore.

Business confidence in the region was challenged first by the war in Iraq, and then by the unexpected epidemic of SARS (Severe Acute Respiratory Syndrome). Customers often reviewed and delayed expansion and investment plans, and that impacted on potential sales for us.

As a result, we refocused our operations in Malaysia. We withdraw from the badly hit sector of general contracting work in that country, to concentrate on our key strength of high-quality millwork for export.

Revenue from millworks activities increased by about 200% to S\$5.9 million in 2003 from S\$2.0 million in the previous financial year. The increase was due to our efforts in securing furniture-supply contracts for the export market, in particular the US.

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CROWNE PLAZA - Sydney, Australia

Thoughtful lighting, engaging art works and well-chosen fabrics produce the right environment for a sophisticated clientele to enjoy a quiet drink in this modern international hotel. Muted tones and subtle acoustics contribute to an atmosphere that is conducive to work and stay.



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SATS - Changi International Airport, Singapore

Natural vegetation gives this leisure facility a spacious feel and a surprising edge that few rivals can match, and none can surpass. An environment that helps the business traveler dazzled by time-zone shifting itineraries to find a moment of peace. A prestigious client who is a global brand name in travel satisfied with a contemporary look that's on the leading edge of design.



Chairman's Statement (continued)

Gross profit margins improved significantly, from 9.7% in 2002 to 22% in 2003, as a result of better profit margins from interior fitting out services in Australia and the supply of furniture to North America. The Group also implemented a selective strategy for better profit margin projects.

Basic loss per share improved to 4.65 cents in year 2003, from 5.82 cents in year 2002.

Our cash position is sound, underpinned by the issue of S\$4 million of convertible bonds which was completed in November 2003. At the end of the financial year, the balance of cash and cash equivalents stood at S\$484,000.

Venturing Into New Markets

In year 2003, with our North American associate, we won a breakthrough order for furniture supply, from The Limited. This customer is the owner of some of the most prestigious and innovative US retail brands, such as the luxury lingerie chain, Victoria's Secret.

Our expansion into Australian market, where we set up our subsidiary company in early 2003, had shown encouraging results. With its buoyant economy and strong currency, we believe there will be many opportunities for us to tap on to grow our business.

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Closer to home, confidence is returning to Thailand, another attractive market where we established a subsidiary in 2002. Also, GDP is rising in China, which is a big market that we will continue to explore.

Conclusion

We have entered 2004 with confidence. We have transformed our export business and diversified away our reliance on South East Asia. We have reduced losses. We continue to pay attention to costs. We have shown we can win prestigious customers with North American quality coupled with East Asian value for money and speed of delivery. We believe the coming year will be a successful one for customers, staff and shareholders alike.

Lau Eng Khoon,
Group Executive Chairman
7th April 2004



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These are exciting times: in hospitality, retail, commercial property and office fitting too. Expansion into new markets is creating fresh opportunities for us in America, Australia, China and many more countries.

Innovative and strategic partnerships are expanding our scope and our ability to compete. Stronger and deeper relationships with existing customers are bringing repeat business and they often lead to referrals and recommendations to new clients as well.

POSB - Compass Point, Singapore

A trusted financial institution shows its relevance and understanding of the modern world and the evolving needs of its customers through a stylish retail environment. Soft furnishings complement software and hardware to provide an ergonomic frame for the simplest to the most sophisticated monetary transaction.



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3RD FLOOR RESTAURANT - Marriott, Malaysia

A fusion of hi-tech metallic surfaces with a reinterpretation of traditional values through walls of luxuriant wood. This restaurant sports a contemporary feel with references to the "space age" look of the sixties and seventies through witty use of illuminated furniture. The mood is complete with subtle lighting.



RESIDENTIAL APARTMENT - Shanghai, China

Contemporary design that is in sync with traditional Eastern values. This prestigious apartment resonates with the vibrancy of Shanghai's modern renaissance. Every item has been selected and fitted with deliberate care to create a personal space that harmonises with the owner's taste perfectly.



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Corporate Information

BOARD OF DIRECTORS

Lau Eng Khoon,
Group Executive Chairman

David Low Chor Hoon,
Group Managing Director

Chan Heng Fai,
Non-Executive Director

Chan Tong Wan,
Non-Executive Director

Guok Chin Huat, Samuel,
Independent Director

Chan Kei Lim,
Independent Director

AUDITORS AND REPORTING ACCOUNTANTS

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Max Loh Khum Whai
(Partner-in-Charge)
Appointed since Financial Year
ended 2001

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COMPANY SECRETARY

Yeo Poh Noi, Caroline
(ACIS, LLB (Hons))
Linda Law, (FCIS)

AUDIT COMMITTEE

Guok Chin Huat, Samuel,
Chairman

Chan Kei Lim
David Low Chor Hoon

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