



ALLGREEN PROPERTIES LIMITED

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File No. 82-4959

MEMORANDUM

To : Directors
Allgreen Properties L

From : Company Secretary

Date : 27 August 2003

Re : Allgreen Properties Limited ("APL") – Second Quarter 2003 Financial Statement



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SUPPL

We forward herewith a copy of APL's Second Quarter 2003 Financial Statement released this evening for your information.

Regards,

Isoo Tan

Isoo Tan

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PROCESSED

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THOMSON
FINANCIAL

Isoo 9/9

File No. 82-4959

cc: U.S. Securities and Exchange Commission
Attn: Ms Rani Doyle

File No. 82-4959

MASNET No. 31 OF 27.08.2003
Announcement No. 31

ALLGREEN PROPERTIES LIMITED

**SECOND QUARTER AND HALF YEAR 2003 FINANCIAL STATEMENTS
ANNOUNCEMENT**



2ndQuarterResults.pdf

Submitted by Ms Isoo Tan, Company Secretary on 27/08/2003 to the SGX

ALLGREEN PROPERTIES LIMITED
Second Quarter and Half Year 2003 Financial Statements Announcement

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

GROUP PROFIT AND LOSS ACCOUNTS FOR THE:

| | Quarter ended 30 June | | | Half year ended 30 June | | |
|--|-----------------------|----------------|----------------|-------------------------|----------------|----------------|
| | 2003 | 2002 | Change | 2003 | 2002 | Change |
| | S\$'000 | S\$'000 | % | S\$'000 | S\$'000 | % |
| Revenue | 43,685 | 117,187 | (62.72) | 163,818 | 329,088 | (50.22) |
| Cost of sales | (17,179) | (67,253) | (74.46) | (96,079) | (209,312) | (54.10) |
| Gross profit | 26,506 | 49,934 | (46.92) | 67,739 | 119,776 | (43.45) |
| Other operating income including interest income | 1,154 | 849 | 35.92 | 2,180 | 1,860 | 17.20 |
| Distribution and selling expenses | (495) | (1,182) | (58.12) | (1,671) | (2,426) | (31.12) |
| Administrative expenses | (3,064) | (3,853) | (20.48) | (6,956) | (7,845) | (11.33) |
| Depreciation | (1,754) | (1,994) | (12.04) | (3,511) | (4,242) | (17.23) |
| Other operating expenses | (390) | (346) | 12.72 | (776) | (679) | 14.29 |
| Profit from operations | 21,957 | 43,408 | (49.42) | 57,005 | 106,444 | (46.45) |
| Interest expense | (3,980) | (4,727) | (15.80) | (8,437) | (9,528) | (11.45) |
| Other finance costs | (82) | (78) | 5.13 | (158) | (156) | 1.28 |
| Share of results of associated companies | 82 | (39) | nm | 49 | (59) | nm |
| Profit before taxation | 17,977 | 38,564 | (53.38) | 48,459 | 96,701 | (49.89) |
| Taxation | (3,563) | (1,518) | nm | (9,839) | (14,892) | (33.93) |
| Profit after taxation but before minority interests | 14,414 | 37,046 | (61.09) | 38,620 | 81,809 | (52.79) |
| Minority interests | (997) | (2,894) | (65.55) | (2,927) | (10,780) | (72.85) |
| Profit attributable to shareholders | 13,417 | 34,152 | (60.71) | 35,693 | 71,029 | (49.75) |

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

BALANCE SHEETS AS AT:

| | Group | | Company | |
|-------------------------------------|---------------------|---------------------|---------------------|---------------------|
| | 30/06/03 S\$'000 | 31/12/02 S\$'000 | 30/06/03 S\$'000 | 31/12/02 S\$'000 |
| Property, plant and equipment | 185,830 | 185,215 | 524 | 501 |
| Investment properties | 1,236,750 | 1,236,750 | - | - |
| Deposits paid | 1,530 | - | - | - |
| Subsidiary companies | - | - | 1,622,801 | 1,680,659 |
| Associated companies | 5,625 | 5,640 | 3,510 | 3,510 |
| Current Assets | | | | |
| Stocks | 268 | 351 | - | - |
| Development properties | 1,267,760 | 1,295,707 | - | - |
| Trade debtors | 21,667 | 173,567 | 707 | - |
| Other debtors | 47,069 | 36,197 | 257 | 277 |
| Bank and cash balances | 150,016 | 141,719 | 579 | 357 |
| Total current assets | 1,486,780 | 1,647,541 | 1,543 | 634 |
| Total assets | 2,916,515 | 3,075,146 | 1,628,378 | 1,685,304 |
| Share capital | 525,000 | 525,000 | 525,000 | 525,000 |
| Reserves | 646,709 | 675,374 | 324,768 | 353,433 |
| Retained profits | 415,048 | 379,355 | 509,607 | 505,828 |
| | 1,586,757 | 1,579,729 | 1,359,375 | 1,384,261 |
| Minority interests | 293,334 | 305,310 | - | - |
| Long-term borrowings | 593,650 | 785,144 | - | - |
| Rental deposits | 7,734 | 7,619 | - | - |
| Deferred taxation | 45,620 | 49,126 | - | - |
| Current liabilities | | | | |
| Trade creditors | 60,292 | 68,295 | 3,596 | 9,306 |
| Rental deposits | 6,388 | 6,516 | - | - |
| Other creditors | 189 | 366 | - | - |
| Advances from subsidiary companies | - | - | 261,166 | 177,706 |
| Advances from associated companies | 1,595 | 935 | 1,265 | 605 |
| Provision for taxation | 32,617 | 38,441 | 2,976 | 2,376 |
| Borrowings | 288,339 | 233,665 | - | 111,050 |
| Total current liabilities | 389,420 | 348,218 | 269,003 | 301,043 |
| Total equity and liabilities | 2,916,515 | 3,075,146 | 1,628,378 | 1,685,304 |

1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

| As at 30/6/2003 (S\$'000) | | As at 31/12/2002 (S\$'000) | |
|---------------------------|-----------|----------------------------|-----------|
| Secured | Unsecured | Secured | Unsecured |
| 258,770 | 29,569 | 110,346 | 123,319 |

Amount repayable after one year

| As at 30/6/2003 (S\$'000) | | As at 31/12/2002 (S\$'000) | |
|---------------------------|-----------|----------------------------|-----------|
| Secured | Unsecured | Secured | Unsecured |
| 593,650 | - | 785,144 | - |

Details of collateral

Borrowings are secured by the following:

- a deed of debenture creating fixed and floating charges on certain subsidiary companies' assets;
- a deed of assignment of rental proceeds and all monies standing to the credit of the project accounts, rental and sale proceeds accounts of certain subsidiary companies;
- first legal mortgages on certain subsidiary companies' investment and development properties and assignment of all rights, titles and interests on all sale and tenancy agreements, building agreements, construction contracts, guarantees, performance bonds, insurance policies and any other contracts in respect of the investment and development properties of certain subsidiary companies; and
- corporate guarantees given by the Company and the minority shareholders of certain subsidiary companies.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

CONSOLIDATED CASHFLOW STATEMENTS FOR THE:

| | Quarter ended 30 June | | Half year ended 30 June | |
|--|-----------------------|-----------------|-------------------------|-----------------|
| | 2003 | 2002 | 2003 | 2002 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Net profit before taxation | 17,977 | 38,564 | 48,459 | 96,701 |
| Adjustments for: | | | | |
| Share of results of associated companies | (82) | 39 | (49) | 59 |
| Provision for diminution in value of development properties written back | (1,111) | (9,849) | (4,251) | (14,685) |
| Depreciation of property, plant and equipment | 1,754 | 1,994 | 3,511 | 4,242 |
| Gain on disposal of property, plant and equipment (net) | (2) | (2) | - | (13) |
| Interest income | (285) | (115) | (608) | (259) |
| Interest expense | 3,980 | 4,727 | 8,437 | 9,528 |
| Operating profit before working capital changes | 22,231 | 35,358 | 55,499 | 95,573 |
| (Increase)/decrease in stocks | (15) | (187) | 83 | (213) |
| (Increase)/decrease in development properties | (7,650) | 21,019 | 36,542 | 123,790 |
| Decrease/(increase) in trade and other debtors | 65,117 | (10,311) | 141,028 | (157,157) |
| (Increase)/decrease in trade and other creditors | 2,212 | (20,461) | (8,180) | (3,507) |
| Decrease in rental deposits | (244) | (211) | (13) | (307) |
| Cash generated from operations | 81,651 | 25,207 | 224,959 | 58,179 |
| Interest paid | (8,187) | (8,352) | (14,655) | (18,344) |
| Income tax paid | (14,711) | (8,461) | (19,155) | (7,923) |
| Net Cash generated from operating activities | 58,753 | 8,394 | 191,149 | 31,912 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Proceeds from disposal of property, plant and equipment | 20 | - | 21 | 34 |
| Additions to property, plant and equipment | (2,336) | (408) | (4,147) | (761) |
| Deposits paid | (1,530) | - | (1,530) | - |
| Dividends paid - by Company | (28,665) | (24,570) | (28,665) | (24,570) |
| Interest received | 285 | 115 | 608 | 259 |
| Net Cash used in investing activities | (32,226) | (24,863) | (33,713) | (25,038) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Funds from/(to) minority shareholders | 1,528 | 2,227 | (14,903) | 4,798 |
| Funds from associated companies | 685 | 150 | 710 | 200 |
| (Reduction in)/additional borrowings | (102,330) | 28,867 | (131,180) | (2,060) |
| Net Cash (used in)/generated from financing activities | (100,117) | 31,244 | (145,373) | 2,938 |
| Net (decrease)/increase in cash and cash equivalents | (73,590) | 14,775 | 12,063 | 9,812 |
| Cash and cash equivalents as at the beginning of the period | 223,606 | 66,189 | 137,953 | 71,152 |
| Cash and cash equivalents as at the end of the period | 150,016 | 80,964 | 150,016 | 80,964 |

- 1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

STATEMENTS OF CHANGES IN EQUITY FOR THE QUARTER ENDED 30 JUNE

| | Share capital \$'000 | Revaluation reserve \$'000 | Share premium \$'000 | Dividend reserve \$'000 | Retained profits \$'000 | Total \$'000 |
|-------------------------------------|----------------------------|----------------------------------|----------------------------|-------------------------------|-------------------------------|------------------|
| <u>Group</u> | | | | | | |
| Balance as at 1/4/2002 | 525,000 | 337,984 | 324,768 | 23,783 | 361,566 | 1,573,101 |
| Net profit for the period | - | - | - | - | 34,152 | 34,152 |
| Dividend paid for the previous year | - | - | - | (23,783) | (787) | (24,570) |
| Balance as at 30/6/2002 | 525,000 | 337,984 | 324,768 | - | 394,931 | 1,582,683 |
| Balance as at 1/4/2003 | 525,000 | 321,941 | 324,768 | 28,665 | 401,631 | 1,602,005 |
| Net profit for the period | - | - | - | - | 13,417 | 13,417 |
| Dividend paid for the previous year | - | - | - | (28,665) | - | (28,665) |
| Balance as at 30/6/2003 | 525,000 | 321,941 | 324,768 | - | 415,048 | 1,586,757 |
| <u>Company</u> | | | | | | |
| Balance as at 1/4/2002 | 525,000 | - | 324,768 | 23,783 | 517,012 | 1,390,563 |
| Net profit for the period | - | - | - | - | 13,007 | 13,007 |
| Dividend paid for the previous year | - | - | - | (23,783) | (787) | (24,570) |
| Balance as at 30/6/2002 | 525,000 | - | 324,768 | - | 529,232 | 1,379,000 |
| Balance as at 1/4/2003 | 525,000 | - | 324,768 | 28,665 | 508,487 | 1,386,920 |
| Net profit for the period | - | - | - | - | 1,120 | 1,120 |
| Dividend paid for the previous year | - | - | - | (28,665) | - | (28,665) |
| Balance as at 30/6/2003 | 525,000 | - | 324,768 | - | 509,607 | 1,359,375 |

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

STATEMENTS OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 30 JUNE:

| | Share capital \$'000 | Revaluation reserve \$'000 | Share premium \$'000 | Dividend reserve \$'000 | Retained profits \$'000 | Total \$'000 |
|---|----------------------------|----------------------------------|----------------------------|-------------------------------|-------------------------------|-----------------|
| <u>Group</u> | | | | | | |
| Balance as at 1/1/2002 | | | | | | |
| - As previously reported | 525,000 | 310,034 | 324,768 | 23,783 | 352,639 | 1,536,224 |
| - Effect due to changes in accounting policies | - | 27,950 | - | - | (27,950) | - |
| - As Restated | 525,000 | 337,984 | 324,768 | 23,783 | 324,689 | 1,536,224 |
| Net profit for the period | - | - | - | - | 71,029 | 71,029 |
| Dividend paid for the previous year | - | - | - | (23,783) | (787) | (24,570) |
| Balance as at 30/6/2002 | 525,000 | 337,984 | 324,768 | - | 394,931 | 1,582,683 |
| Balance as at 1/1/2003 | 525,000 | 321,941 | 324,768 | 28,665 | 379,355 | 1,579,729 |
| Net profit for the period | - | - | - | - | 35,693 | 35,693 |
| Dividend paid for the previous year | - | - | - | (28,665) | - | (28,665) |
| Balance as at 30/6/2003 | 525,000 | 321,941 | 324,768 | - | 415,048 | 1,586,757 |
| <u>Company</u> | | | | | | |
| Balance as at 1/1/2002 | 525,000 | - | 324,768 | 23,783 | 516,623 | 1,390,174 |
| Net profit for the period | - | - | - | - | 13,396 | 13,396 |
| Dividend paid for the previous year | - | - | - | (23,783) | (787) | (24,570) |
| Balance as at 30/6/2002 | 525,000 | - | 324,768 | - | 529,232 | 1,379,000 |
| Balance as at 1/1/2003 | 525,000 | - | 324,768 | 28,665 | 505,828 | 1,384,261 |
| Net profit for the period | - | - | - | - | 3,779 | 3,779 |
| Dividend paid for the previous year | - | - | - | (28,665) | - | (28,665) |
| Balance as at 30/6/2003 | 525,000 | - | 324,768 | - | 509,607 | 1,359,375 |

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year**

There were no changes in the Company's share capital during the six months ended 30 June 2003.

As at 30 June 2003, there were 11,124,000 unissued shares of \$0.50 each under the Allgreen Share Option Scheme 2002.

- 2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)**

The figures have not been audited.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)**

Not applicable.

- 4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied**

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period as compared with the audited financial statements for the year ended 2002.

- 5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change**

Not applicable.

6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

| | Group | | Group | |
|-------------------------------------|-----------------------|------|-------------------------|------|
| | Quarter ended 30 June | | Half year ended 30 June | |
| | 2003 | 2002 | 2003 | 2002 |
| Earnings per ordinary share (cents) | | | | |
| - Basic | 1.28 | 3.25 | 3.40 | 6.76 |
| - Diluted | 1.28 | 3.25 | 3.40 | 6.75 |

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year

| | Group | | Company | |
|---|----------|----------|----------|----------|
| | 30/06/03 | 31/12/02 | 30/06/03 | 31/12/02 |
| | S\$ | S\$ | S\$ | S\$ |
| Net asset value per ordinary share on issued share capital at the end of the period | 1.51 | 1.50 | 1.29 | 1.32 |

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on**

2Q 2003 vs 2Q 2002

The Group's revenue declined by 62.7% to S\$43.7 million in 2Q 2003 from S\$117.2 million in 2Q 2002. This was largely due to a sharp drop in revenue from development properties. The lower revenue from Traders Hotel also contributed to the decline.

The sharp drop in revenue of development properties was due to lower sales recognition of all launched projects. In 2Q 2002, the receipt of TOP of Horizon Gardens at Ang Mo Kio and the higher sales recognition of Queens at Stirling Road boosted the revenue from development properties. In 2Q 2003, the Iraq War and the outbreak of SARS severely reduced the occupancy and business at the Traders Hotel.

Depreciation was lower in 2Q 2003 because certain assets have been fully depreciated. The overall expenses were lower in line with lower revenue. Interest expense was lower due to lower borrowings and lower interest rates.

In 2Q 2003, the effective tax rate was lower than the statutory rate mainly because of the tax benefit of group relief. Tax in 2Q 2002 was significantly reduced because of the write-back of an over-provision of S\$4.9 million in respect of prior years arising from the reduction in the tax rate from 24.5% to 22.0% announced on Budget Day in May 2002. Additionally, there was certain income that was non-taxable in nature which resulted in the lower effective rate.

The reduction in revenue resulted in the Group's profit attributable to shareholders declining to S\$13.4 million in 2Q 2003 from S\$34.2 million in 2Q 2002.

1H 2003 vs 1H 2002

In view of economic uncertainties, the Group deferred new launches in 1H 2003. This, coupled with lower sales recognition of development properties largely accounted for the 50.2% drop in revenue in 1H 2003, as compared to 1H 2002.

Correspondingly, the Group's profit attributable to shareholders also declined to S\$35.7 million in 1H 2003 from S\$71.0 million in 1H 2002.

However, the Group had pared down its borrowings to S\$882.0 million as at 30/6/2003 from S\$1,018.8 million as at 31/12/2002, resulting in an improvement in the debt equity ratio of 0.56 from 0.64.

9. **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results**

The results for the quarter ended 30 June 2003 was in line with the prospect statement made in the first quarter of 2003.

10. A commentary at the date of this announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

With the pending announcement on CPF cuts, we see the residential market remaining sluggish for the rest of the year. Our office and retail rental revenues are likely to drop for 2H 2003, whilst our serviced apartments occupancy is expected to remain stable. At Traders Hotel, whilst occupancy has improved from the lows of April and May 2003, a return to pre-SARS levels is unlikely until the end of the year. Notwithstanding, 2H 2003 is expected to be profitable.

The Group is preparing to launch three projects between 4Q 2003 and 1Q 2004, if market conditions permit. These are Cherry Gardens at Lorong Ong Lye, The Shaughnessy at Miltonia Close/Yishun Ave 1 and Baywater at Bedok Reservoir Road/Bedok North Avenue 3.

11. Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on ? No

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding year? No

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommendeded, a statement to that effect

No dividend has been declared or recommended for the six months ended 30 June 2003.

BY ORDER OF THE BOARD

MS ISOO TAN
COMPANY SECRETARY
27/08/2003