



KDN PP 10551/10/2005
For Private Circulation Only

Investment Research

3QFY05 Results

18 October 2005

Alvin Tai
(603) 2162 4388 ext 674
alvin.tai@osk.com.my

Recommendation

BUY

Price
RM1.24

12-mth target price
RM1.94 (+56.3%)

Share cap / Market cap
350.6m / RM434.8m

Free float
29.4%

Major shareholders
Yu family (40.0%)

Consensus (Net profit)
05F : RM56.6m
06F : RM79.5m

YNH Property

Trimming Earnings Forecast

- 3QFY05 net profit of RM40.6m was 9.2% below our full year forecast of RM59.6m but was within consensus estimates. This was due the construction project at Jalan Scott, which will start to contribute in the 4Q. YTD net profit rose by a strong 42.0% to RM40.6m boosted by an equally strong topline growth of 52.3% RM129.1m.
 - YNHB has awarded the sub-contract of earthwork, piling and sub-structure works for 163 Suites at Jalan Perak, KL serviced apartment project to Bauer (M) SB after receiving the local authority's approval for commencement of work. As such, the management indicated that contribution from the project will only be seen in 2QCY06. As such, we are removing contributions from the project from our earnings forecast. We have conservatively built in a 40% completion rate for FY06 and a further 40% in FY07.
 - The delay in 163 Suites was partly made up by the sale of bungalow lots at Subang Jaya for RM11.8m. The Subang Jaya land, originally planned for a condo development, was instead converted to bungalow lots following the protest of residents against the development of a high rise there. The bungalow lots have been fully sold.
 - Net effect is a 10.1% decrease or RM6m reduction in FY05 earnings forecast. Our FY06 earnings forecast is reduced from RM90.8m to RM84.1m. Nevertheless, our RNAV-based fair value is revised upwards to RM1.94 to account for higher Menara YNH GDV.
 - As works at 163 Suites are well in progress, we believe there will be no further delays in billings from the project. We are not overly concerned about the delay as the project is already 60% sold. The delay in the project will also not result in late delivery payments as it is a commercial project though we do not think the company will exceed the 36-month development period. The 163 Suites plus Radiant Kiara (end '05 launch) and Menara YNH ('06 launch) will result in a 57% surge in '06 earnings. The current trend of rising office space rentals in the Golden Triangle will likely help to sustain interests in Menara YNH.
- Maintain Buy.**

Quarterly Results

Year to 31 Dec	2Q05	3Q05	9mths 05	% chg*	OSK(F)
Turnover (RMm)	37.0	50.6	129.1	52.3	209.0
Pretax (RMm)	19.2	18.3	55.5	46.3	81.6
Net profit (RMm)	13.6	13.8	40.6	42.0	59.6
EPS (sen)	4.0	4.0	12.5	17.0	17.0

* chg is cumulative YoY. OSK(F) is the original forecast

Earnings Table

Year to 31 Dec	03A	04A	05F	06F	07F
Turnover (RMm)	98.5	113.0	194.6	318.2	352.9
EBIT (RMm)	35.5	45.3	72.7	115.2	147.4
Pretax (RMm)	8.1	48.3	74.4	116.9	149.1
Net profit (RMm)	(0.5)	34.8	53.6	84.1	107.4
FD EPS (sen)	(0.2)	13.3	16.8	25.5	32.1
YoY change (%)	nm	nm	25.8	52.0	26.0
PER (x)	nm	9.3	7.4	4.9	3.9
GDPS (sen)	5.0	10.5	10.0	10.0	11.0
Div yield (%)	4.0	8.5	8.1	8.1	8.9
ROE (%)	(0.2)	12.2	14.5	19.4	21.1
NTA PS (RM)	1.16	1.09	1.16	1.31	1.52
P/BV (x)	1.1	1.1	1.1	0.9	0.8

Price performance chart

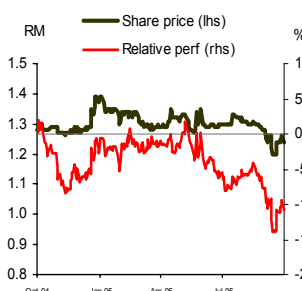


Figure 1: Key Performance – At A Glance

3Q Results (RMm)						% chg		cum. (y-o-y)	Comments
	3Q04 9mths 04	2Q05	3Q05 9mths 05	y-o-y	q-o-q				
Turnover	35.9	84.7	37.0	50.6	129.1	41.1	36.9	52.3	Surge in revenue y-t-d due to strong contribution from commercial properties in Ipoh and Sitiawan, particularly in the 1H. In the 3Q alone, contribution from these commercial properties slowed down. Bulk of the contributions in the 3Q came from residential projects in Manjung, Teluk Intan as well as the sale of bungalow lots in Subang Jaya.
EBIT	15.6	34.2	20.3	19.0	58.0	21.6	-6.4	69.6	EBIT jumped 70% y-t-d, stonger than topline growth due to higher margin products sold this year.
EBIT Margin	43.5%	40.4%	54.8%	37.5%	44.9%				Q-o-q decline in EBIT margin due to slowdown in contribution from commercial projects in Ipoh.
Pretax	14.8	37.9	19.2	18.3	55.5	23.5	-4.7	46.3	PBT still showed impressive growth of 46.3% but was slower than EBIT on a 43% increase in interest costs and lower "other operating income".
Pretax Margin	41.3%	44.7%	51.9%	36.1%	43.0%				
Net Earnings	10.5	28.6	13.6	13.8	40.6	31.4	1.9	42.0	Effective tax rate increased from 24.6% to 26.8% on y-t-d basis.

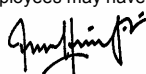
Figure 2: Estimate of YNH's RNAV (RM m)

RM m	Basis	Surplus
163 Suites, Jalan Perak	NPV	62.48
Menara YNH, Jln Sultan Ismail	NPV	84.88
Radiant Kiara, Mont' Kiara	NPV	31.73
Ipoh project	NPV	21.71
Sri Manjung	20% discount to market	87.12
Jalan Scott construction	NPV	11.51
Total project NPV		299.43
Proceeds from Bumiputra issue		103.70
NTA		276.22
RNAV		679.35
Share capital		350.61
RNAV per share (RM)		1.94
Stock price (RM)		1.24
Upside		56.3%

Source: OSK Research

The information in this report has been obtained from sources believed by OSK Research Sdn Bhd (OSK) to be reliable but its accuracy or completeness is not guaranteed. Opinions contained herein are subject to change without notice. This report is for informational purposes only and is not to be construed as an offer or solicitation for the purchase or sale of any financial instrument. This report does not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may receive this report and is not a substitute for the exercise of independent judgement. We accept no liability for any direct or indirect loss arising from the use of this report. Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of OSK. All rights are reserved. We, our associates, directors, employees may have an interest in the securities and/or companies mentioned herein.

Hilmi Mokhtar
Senior Vice President, Advisor



OSK Research Sdn. Bhd. (206591-V)
6th Floor Plaza OSK, Jalan Ampang, 50450 Kuala Lumpur