

Date: 22 February 2006  
FY2005 Results

<b>YNH PROPERTY BERHAD</b> (YNHPROP)		<b>Price:</b>	RM 1.24
		<b>Market Capitalisation:</b>	RM435 m
		<b>Board:</b>	Main
		<b>Sector:</b>	Properties
<b>Stock Code:</b>	5012	<b>Recommendation:</b>	BUY

### Key Stock Statistics

	2005	2006
EPS (est.)	16.7	18.6
P/E (est.)	7.4	6.7
Dividend/Share		11.0
NTA/Share (RM)		1.21
Book Value/Share		1.26
Issued Capital (mil shares)		350.6
52-weeks Share Price Range	RM1.38 (H) - RM1.06 (L)	
<b>Major Shareholders:</b>	<b>%</b>	
Dato' Dr. Yu Kuan Chon	22.4	
EPF	11.1	

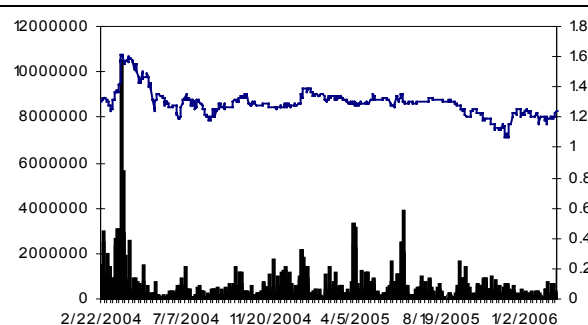
### Per Share Data

	2003	2004	2005	2006F
Book Value (RM)	1.11	1.16	1.26	1.38
Cash Flow (sen)	(0.1)	15.2	16.9	18.9
Earnings (sen)	(0.8)	14.9	16.7	18.6
Dividend (sen)	5.0	10.5	11.0	11.0
Payout Ratio	>100	51.5	50.5	42.5
PER (x)	>100	8.3	7.4	6.7
P/Cash Flow (x)	>100	8.2	7.3	6.6
P/Book Value (x)	1.2	1.2	1.1	1.0
Dividend Yield (%)	4.0	8.5	8.9	8.9
ROE (%)	(0.2)	12.6	12.5	13.5
Net Gearing (%)	23.1	20.3	18.9	19.3

### P&L Analysis (RM mil)

Year-end: Dec	2003	2004	2005	2006F
Revenue	72.4	122.0	176.1	206.1
Operating Profit	35.5	53.5	79.5	94.6
Depreciation	(0.5)	(0.7)	(0.8)	(0.9)
Interest Expenses	(5.1)	(3.2)	(2.5)	(4.6)
Pre-tax Profit	8.1	51.0	77.1	90.7
Effective Tax Rate	106.6	24.9	28.7	28.0
Net Profit	(0.5)	38.3	55.0	65.3
Operating Margin (%)	49.1	43.8	45.1	45.9
Pre-tax Margin (%)	11.2	41.8	43.8	44.0
Net-Margin (%)	(0.7)	31.4	31.2	31.7

### Share Price Chart



### FY 2005 Result Highlights:

(RMm)	FY05	FY04	% chge
<b>Revenue</b>	<b>176.1</b>	<b>122.0</b>	<b>44%</b>
Operating Profit	80.5	52.7	53%
Depreciation	(0.8)	(0.7)	14%
Interest Expenses	(2.5)	(3.1)	20%
<b>Pre-tax Profit</b>	<b>77.1</b>	<b>51.0</b>	<b>51%</b>
Net Profit	55.0	38.3	44%
<b>EPS (sen)</b>	<b>16.7</b>	<b>14.9</b>	<b>12%</b>
Weighted shares	329.5	256.7	28%
Tax charge	28.7%	24.9%	
Operating Margin (%)	45.7%	43.2%	
Pre-tax Margin (%)	43.8%	41.8%	
Net-Margin (%)	31.2%	31.4%	

**FY2005 results were within expectations.** FY2005 pretax profit jumped 51% on 44% rise in turnover. However, EPS grew by a slower 12% due to (a) a larger weighted share base of 329.5m (FY2004: 256.7m) as a result of the issue of 85m new shares to Bumiputra investors and (b) the exercise of employee options and a higher tax charge. Property projects in Perak, mainly in Setiawan, Manjung and Ipoh, were the key profit contributors during the year. In addition, the completion of piling at Lot 133 Jalan Scott Seksyen 55 Kuala Lumpur by its construction arm also added to profits. With the good performance, YNH proposed a final gross

dividend of 5 sen, bringing the total gross dividend to 11 sen in FY2005 based on issued shares of 350.6m (FY2004: 10.5 sen based on issued shares of 261.3m). This represents a payout of 50% of net profits.

**2006 is expected to be another good year**, with pretax profit and EPS growing by 18% and 12% respectively. This will be underpinned by unbilled sales of RM300m as at Dec 2005, new launches and sale of development land. Its property projects in Perak will continue to deliver RM30m pretax profit in 2006. Pretax contributions from its 3 property projects in Kuala Lumpur will become more significant, especially from Lot 163 Suites which is about 80% to-date. Radiant Kiara, a high-end condominium in Mont' Kiara is expected to be launched in 3Q 2006. Lastly, the sale of two parcels of land in Manjung and a parcel in Hulu Kinta for RM11.6m cash to Rapid Synergy Berhad will add another RM7m to net profit in FY2006.

**Table 1: Property projects**

	GDV (RMm)	Type
<b>Projects in Kuala Lumpur</b>	<b>1238</b>	
Lot 163 Suites, Jalan Perak	218	Service apartments, offices, retail mall
Radiant Kiara, Mont' Kiara	140	High-end condominium
Wisma YNH, besides Shangri-La Kuala Lumpur	880	Service apartments, offices
<b>Projects in Perak</b>	<b>1678</b>	
Ipoh projects	160	Shop-offices
Telok Intan	18	Shop-lots
Manjung	1500	Township development

**Good dividends to continue.** It is the Group's policy to allocate at least 30% of its profit after tax as dividends. We are projecting YNH to maintain its gross dividend at 11 sen per share, translating to a net payout of 43%.

**Healthy balance sheet.** As at 31 Dec 2005, YNH had gross debt and cash of RM109m and RM26m, translating to a net gearing of only 20%.

**Table 2: Balance sheet**

Year-end Dec	2003	2004	2005	2006F
Total assets	447.5	461.1	614.4	690.7
Fixed assets	117.5	114.5	165.7	214.8
Current assets	151.8	166.9	322.2	349.4
LT assets	178.2	179.7	126.5	126.5
Current liabilities	107.1	111.4	106.7	98.8
LT liabilities	81.9	46.1	66.9	106.9
Share capital	232.8	261.3	350.6	350.6
Shareholders' funds	258.4	303.6	440.9	485.1

### Recommendation

YNH remains on our Buy list. Attractive PER valuations and dividend yields are its strong points.

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**Singapore**

**Kim Eng Securities Pte Ltd**  
**Kim Eng Research Pte Ltd**  
9 Temasek Boulevard  
#39-00 Suntec Tower 2  
Singapore 038989

Tel: +65 6336 9090  
Fax: +65 6339 6003

LAU Wai Kwok (sales)  
lauwk@kimeng.com

SEAH Hiang Hong (research)  
seahhh@kimeng.com

**London**

**Kim Eng Securities (London) Ltd**  
6/F, 20 St. Dunstan's Hill  
London EC3R 8HY, UK

Tel: +44 20 7621 9298  
Dealers' Tel: +44 20 7626 2828  
Fax: +44 20 7283 6674

David PIRKIS (sales)  
dpirkis@kimeng.co.uk

Geoff HO (sales)  
gho@kimeng.co.uk

James JOHNSTONE (sales)  
jjohnstone@kimeng.co.uk

**New York**

**Kim Eng Securities USA Inc**  
406, East 50<sup>th</sup> Street  
New York, NY 10022, U.S.A.

Tel: +1 212 688 8886  
Fax: +1 212 688 3500

Sunny YOON  
syoon@kesusa.com

Paul SHIN  
pshin@kesusa.com

Lucy CHUAH  
lchuah@kesusa.com

Lynda KOMMEL-BROWNE  
lkommel@kesusa.com

Jonathan NASSER  
jnasser@kesusa.com

**Thailand**

**Kim Eng Securities (Thailand)**  
**Public Company Limited**  
999/9 The Offices at Central World,  
20<sup>th</sup> - 21<sup>st</sup> Floor,  
Rama 1 Road, Pathumwan,  
Bangkok 10330, Thailand

Tel: +66 2 658 6300  
Fax: +66 2 658 6384

Vikas KAWATRA (sales)  
vkawatra@kimeng.co.th

Ron GARCHA (sales)  
ron@kimeng.co.th

Sanyalaksana MANIBHANDU (research)  
sanyalak.M@kimeng.co.th

**South Korea**

**Kim Eng Research Pte Ltd**  
Korea Branch Office  
10th Floor, Seoul Finance Center,  
84 Taepyung-ro 1-ka,  
Chung-ku,  
Seoul, Korea 100-768

Tel: +82 2 6730 1550  
Fax: +82 2 6730 1564

Woo-Kyun CHANG (research)  
wkchang@kimeng.co.kr

**Taiwan**

**Yuanta Core Pacific Securities**  
11/F, No 225, Nanking East Rd  
Section 3  
Taipei, Taiwan

Tel: +886 2 2717 6391  
Fax: +886 2 2545 6394

Gary CHIA (sales)  
Gary.chia@yuanta.com.tw

Matthew SUTHERLAND (research)  
matthew.sutherland@yuanta.com.tw

**Hong Kong**

**Kim Eng Securities (HK) Ltd**  
Room 1901,  
Bank of America Tower  
12 Harcourt Road  
Central, Hong Kong

Tel: +852 2268 0800  
Fax: +852 2877 0104

Ray LUK (sales)  
rluk@kimeng.com.hk

Edward FUNG (research)  
efung@kimeng.com.hk

**Philippines**

**ATR-Kim Eng Securities Inc.**  
17/F, Tower One & Exchange Plaza  
Ayala Triangle, Ayala Avenue  
Makati City, Philippines 1200

Tel: +63 2 849 8888  
Fax: +63 2 848 5738

Lorenzo ROXAS (sales)  
lorenzo\_roxas@atr.com.ph

Ed BANCOD (research)  
ed\_bancod@atr.com.ph

**Malaysia**

**Kim Eng Research Sdn Bhd**  
16/F, Kompleks Antarabangsa  
Jalan Sultan Ismail  
50250 Kuala Lumpur, Malaysia

Tel: +603 2141 1555  
Fax: +603 2141 1045

YEW Chee Yoon (research)  
cheeyoon@kimengkl.com

**South Asia Sales Trading**

Viren SHAH  
shahvp@kimeng.com  
Tel: +65 6333 5775  
US Toll Free: +1 866 406 7447

**North Asia Sales Trading**

Vivian LAU  
vivianlau@kimeng.com.hk  
Tel: +852 2268 0800  
US Toll Free: +1 866 598 2267

**North America Sales Trading**

Howard KEUM  
hkeum@kesusa.com  
Tel: +1 212 688 8886