

Financial Year End	31/12/2014
Reporting Period Ending	31/03/2014
Reporting Quarter	1Q-2014

Recommendation	HOLD
Target Price (MYR)	0.18
Current Price (MYR)	0.17

Industry Group	Housewares
Industry Sub Group	Housewares

Key Company Statistics	
Bloomberg Ticker	NHR MK
Bursa Stock Code	7215
Issued Capital (mn shares)	236.6
Market Capitalisation (MYR mn)	40.2
52 week High (MYR)	0.20
52 week Low (MYR)	0.13
Average Volume (3 month) '000	1,607.3
1 Yr Return (%)	3.8

Major Shareholders (%)	
Hsiao Family	59.1
Ng Shw u Ching	0.3
Yiew Kiang Chong	0.0

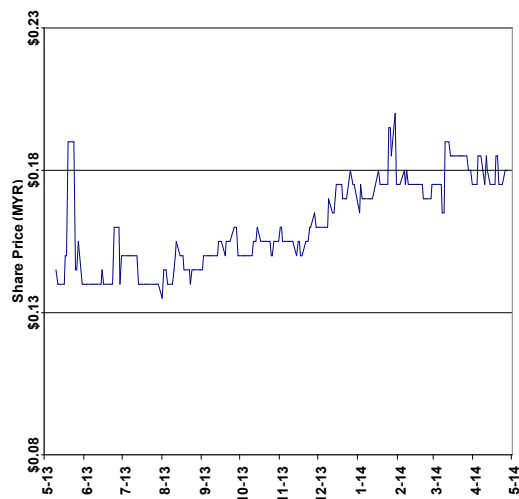
FTSE-BURSA INDEX MEMBERSHIP

FBMKLCI	FBM70	FBMEMAS	FBMHJRAH
No	No	No	No

REPORT INDEX

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SHARE PRICE LAST 12 MONTHS (MYR)



MALAYSIA EQUITY NI HSIN RESOURCES BHD

RESULTS REPORT

YTD 1Q FY14 revenue fell 29.2% vs YTD 1Q FY13. Cookware sales in Japan and Asia Pacific were sharply lower, though good gains were seen in clad metal and convex mirror divisions. Over the last several quarters NHR has been developing new markets in North America, Europe and Australia with very good results. However, gains in clad metal and convex mirror sales were not sufficient to offset sharp declines in cookware. As sales levels fell sharply, so did capacity utilisation and operating profits. Operating margins were negative 1Q 2014 and may only recover to levels of 3-4% later in the year. Consumer sentiment in Japan remains very fragile as wages remain subdued, whilst cost of living and taxes are both rising.

INVESTMENT RISKS

Risks to our recommendation and target price include: i) significant strengthening in the MYR exchange rate, ii) rising promotional costs, iii) a sharp slowdown in the general level of economic activity in Malaysia, Japan, North America, Europe or Australia, and iv) continued rises in stainless steel prices would be an additional concern.

RECOMMENDATION

Though Ni Hsin Resources Bhd has made good progress in its marketing efforts, consumer sentiment in Japan and elsewhere in Asia is turning more defensive. Growth in clad metal and convex mirror sales is unlikely to fully compensate for weak cookware demand. We downgrade the shares to Hold and trim our fair value to MYR 0.18. Any further weakness in the Ringgit would be a benefit.

The company's up to date manufacturing assets alone are worth some MYR 0.15 per share. The balance sheet is very clean, and management should be able to maintain dividends at the current level. Unless capacity utilisation increase further in the quarters ahead, net margins will remain depressed. The one bright spot is NHR's good balance sheet and respectable dividend - at current prices NHR yields nearly 6%.

COMPANY PROFILE

Ni Hsin Resources Bhd ("NHR") is one of the leading cookware manufacturers listed in Malaysia. The company has its roots in Taiwan, and was incorporated in Malaysia in 1989 and listed in 2005. About 12% of total revenue is realised in Malaysia, with Japan and Europe accounting for the lion's share of the company's substantial export revenue. Group YTD 1Q FY14 revenue comprised 37.1% cookware products, 18.4% convex mirrors, 42.7% clad metal and 1.8% other. (see page five)

ANNUAL RESULTS AND METRICS (MYR mn)

FY Dec	2012	2013	2014F	2015F
Revenue	49.9	55.2	46.4	51.0
Revenue g (%)	26.0	10.4	-15.9	10.0
Net Profit	0.9	2.3	1.0	2.2
Net Profit g (%)	na	>100	-55.8%	>100
Dividends Paid	2.3	2.3	2.3	2.3
Owners' Equity	60.4	60.1	58.9	58.8
Total Liabilities	12.8	15.4	13.9	14.1
Debt/Equity (%)	21.3	25.6	23.6	23.9
EPS (sen)	0.4	1.0	0.4	0.9
P-S (x)	0.7	0.7	0.9	0.8
P-E (x)	38.5	16.9	39.3	18.2
P-BV (x)	0.5	0.6	0.7	0.7
ROE %	1.4	3.9	1.7	3.8

MALAYSIA EQUITY
NI HSIN RESOURCES BHD

QUARTERLY RESULTS TABLE (All figures in MYR mn unless otherwise indicated)

FY Dec	1Q-14	1Q-13	Q-o-Q %chg	YTD FY14	YTD FY13	Y-o-Y %chg
Revenue	10.4	14.6	-29.2	10.4	14.6	-29.2
Operating Profit	-0.3	0.4	na	-0.3	0.4	na
Other Income	0.0	0.0	na	0.0	0.0	na
Share of Associates	0.0	0.0	na	0.0	0.0	na
Depreciation/Amort'n	-0.7	-0.6	2.3	-0.7	-0.6	2.3
Finance Costs	0.0	-0.1	-41.0	0.0	-0.1	-41.0
Pre Tax Profit	-0.4	0.3	na	-0.4	0.3	na
Tax	-0.2	-0.2	na	-0.2	-0.2	-15.0
Minority Interest	0.0	0.0	na	0.0	0.0	na
Net Profit to S'holders	-0.5	0.1	na	-0.5	0.1	na
Dividends	0.0	0.0	na	0.0	0.0	na
EPS (sen)	-0.2	0.1	na	-0.2	0.1	na
DPS (sen)	0.0	0.0	na	0.0	0.0	na
Operating Margin (%)	-3.1	2.9	na	-3.1	2.9	na
Net Margin (%)	-5.3	0.9	na	-5.3	0.9	na
Effective Tax Rate (%)	-49.5%	62.6%	na	-49.5%	62.6%	na
NTA/share (RM)				0.24	0.25	-2.6

Comments
Revenue down 29.2% YTD 1Q 2014 vs YTD 1Q 2013. Lower sales in Japan and Asia Pacific not offset elsewhere.
Clad metal and convex sales were a bright spot, however.
Operating margins negative due to lower capacity utilisation.

COMPETITOR'S METRICS (All figures in MYR mn unless otherwise indicated)

Current FY Ending	Ni Hsin Resources Bhd Dec-14	Cam Resources Dec-14
Revenue	46.4	183.5
Net Profit	1.0	2.7
Owners' Equity	58.9	96.3
Dividends	2.3	0.0
Market Cap	40.2	60.0
P-S (x)	0.9	0.3
P-E (x)	39.3	21.9
P-BV (x)	0.7	0.6
Div Yield (%)	5.7	0.0
Net Margins (%)	2.2	1.5
ROE (%)	1.7	2.8
Payout Ratio (%)	na	0.0
Debt/Equity (%)	23.6	61.2

*Consensus data used for peers where available

MALAYSIA EQUITY
NI HSIN RESOURCES BHD**PROFIT & LOSS (All figures in MYR mn unless otherwise indicated)**

FY Dec	2012	2013	2014F	2015F
Revenue	49.9	55.2	46.4	51.0
Operating Profit	1.7	3.9	2.0	3.2
Other Income	0.0	0.0	0.0	0.0
Share of Associates	0.0	0.0	0.0	0.0
Depreciation/Amortization	-2.8	-2.7	-3.1	-3.2
Finance Costs	-0.2	-0.3	-0.2	-0.3
Pre Tax Profit	1.5	3.6	1.7	2.9
Tax	-0.6	-1.4	-0.7	-0.7
Minority Interest	0.0	0.0	0.0	0.0
Net Profit to Shareholders	0.9	2.3	1.0	2.2
Operating Margin (%)	3.4	7.2	4.2	6.3
PBT Margin (%)	3.0	6.6	3.7	5.8
Net Margin (%)	1.7	4.2	2.2	4.3
Effective Tax Rate (%)	na	na	40.8	25.0

BALANCE SHEET (All figures in MYR mn unless otherwise indicated)

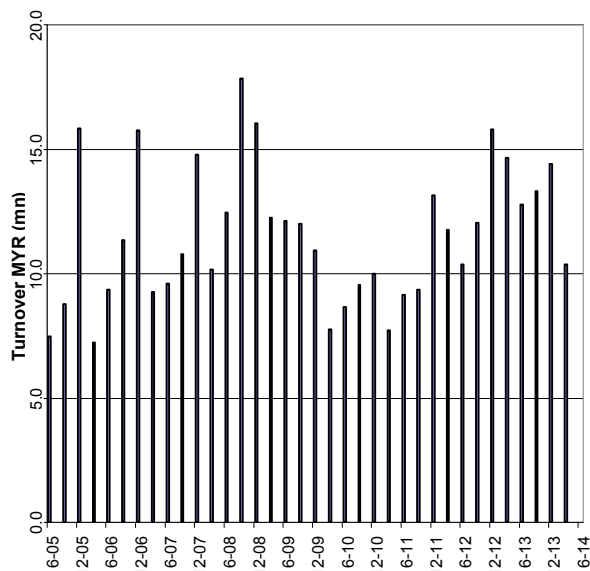
FY Dec	2012	2013	2014F	2015F
Total Assets	73.2	75.5	72.7	72.8
Fixed Assets	35.1	34.1	34.6	36.0
Current Assets	33.0	36.3	33.1	31.7
Other LT Assets	5.1	5.1	5.1	5.1
Current Liabilities	11.0	13.2	11.7	11.9
LT Liabilities	1.9	2.2	2.1	2.2
Total Liabilities	12.8	15.4	13.9	14.1
Share Capital	47.3	47.3	47.3	47.3
Minority Interest	0.0	0.0	0.0	0.0
Owners' Equity	60.4	60.1	58.9	58.8
Total Equity	60.4	60.1	58.9	58.8
Total Liabilities & Equity	73.2	75.5	72.7	72.8

PER SHARE DATA (All figures in sen unless otherwise indicated)

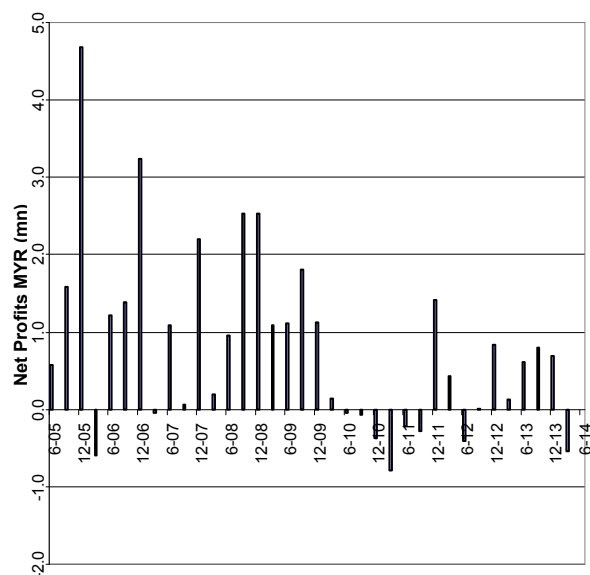
FY Dec	2012	2013	2014F	2015F
Revenue	21.1	23.3	19.6	21.6
Cash Flow	1.5	2.1	1.7	2.3
Earnings	0.4	1.0	0.4	0.9
Dividends	1.0	1.0	1.0	1.0
Book Value	25.5	25.4	24.9	24.8
Payout (%)	na	na	na	na
P-S (x)	0.7	0.7	0.9	0.8
P-CF (x)	9.1	7.9	9.8	7.4
P-E (x)	38.5	16.9	39.3	18.2
P-BV (x)	0.5	0.6	0.7	0.7
Dividend Yield (%)	7.0	5.9	5.7	5.7
ROE (%)	1.4	3.9	1.7	3.8
Total Debt/Equity (%)	21.3	25.6	23.6	23.9

MALAYSIA EQUITY
NI HSIN RESOURCES BHD

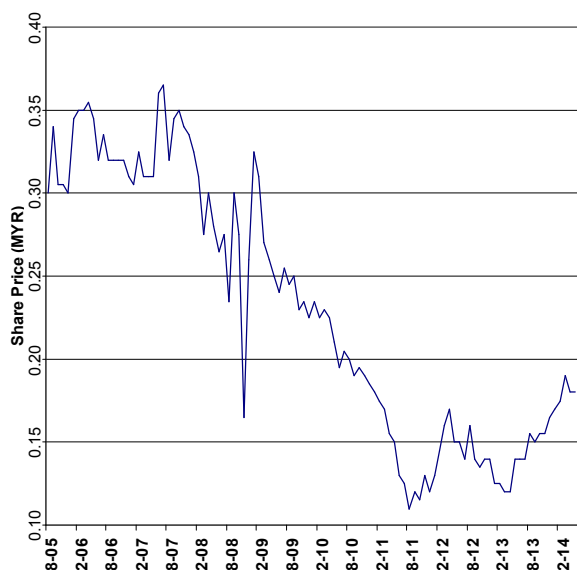
REVENUE - QUARTERLY LAST 9 YEARS (MYR mn)



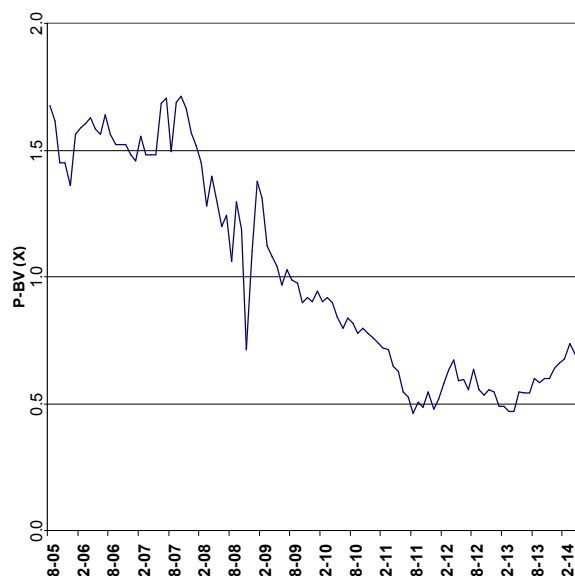
NET PROFIT - Q'TERLY LAST 9 YRS (MYR mn)



SHARE PRICE - MONTHLY - LAST 9 YEARS (MYR)



P-BV (X) - MONTHLY - LAST 9 YEARS



MALAYSIA EQUITY
NI HSIN RESOURCES BHD

SEGMENT RESULTS AND RECENT COMPANY NEWS

Commercial Cookware

Within ASEAN, NHR continues to focus on their in-house 'Buffalo' brand of cookware. NHR's distributor base continues to be increased, reducing the company's reliance on OEMs and ODMS. On the product side, NHR has begun development of a range of commercial cookware ranging from fry pans to pressure cookers. The company's commercial cookware will be branded under the name "Kit-Zen" and will be marketed to restaurants and hotels where high quality cookware is a "must have". The company has also successfully developed pressure cookers with a capacity of 30 litres to cater to the commercial segment.

Clad Metal & Convex Mirror

NHR is making very good progress in its clad metal division. Most of the sales are made to European premium cookware manufacturers for the manufacture of premium multi-ply stainless steel cookware. Clad metal sales continue to grow at double digit rates, whilst convex mirror sales are also picking up momentum.

MYR (000s)	FY 2010	FY2011	FY 2012	FY 2013	FY 2014E	FY14 / FY10 5yr cagr%
Cookw are	24,689	25,766	31,181	33,699	21,300	-2.9%
Convex Mirror	7,066	8,051	9,427	8,496	9,770	6.7%
Clad Metal	11,119	12,498	15,505	22,366	25,721	18.3%
Other	210	742	3,366	1,092	1,201	41.7%
Rev. Including Inter-segment	43,084	47,057	59,479	65,653	57,993	6.1%
Eliminations	-7,109	-7,274	-9,546	-10,503	-11,553	10.2%
Total Revenue	35,975	39,783	49,933	55,150	46,439	5.2%
Annual Change	-24.0%	10.6%	25.5%	10.4%	-15.8%	

ANALYST'S RECOMMENDATION RECORD

Ticker	Date	Recommendation	FairValue	Price At Recommendation	% Price Change Since Prior Recommendation
NHR MK Equity	24-Feb-11	HOLD	0.17	0.17	
NHR MK Equity	11-Apr-11	BUY	0.27	0.15	-11.8%
NHR MK Equity	19-May-11	BUY	0.23	0.15	0.0%
NHR MK Equity	16-Aug-11	BUY	0.23	0.12	-23.3%
NHR MK Equity	21-Nov-11	BUY	0.23	0.12	0.0%
NHR MK Equity	27-Feb-12	BUY	0.23	0.13	13.0%
NHR MK Equity	23-May-12	HOLD	0.20	0.18	34.6%
NHR MK Equity	24-Aug-12	HOLD	0.18	0.16	-8.6%
NHR MK Equity	20-Nov-12	HOLD	0.18	0.14	-15.6%
NHR MK Equity	20-Feb-13	BUY	0.18	0.12	-11.1%
NHR MK Equity	22-May-13	HOLD	0.18	0.15	25.0%
NHR MK Equity	19-Aug-13	BUY	0.18	0.14	-10.0%
NHR MK Equity	18-Nov-13	BUY	0.19	0.16	14.8%
NHR MK Equity	26-Feb-14	BUY	0.21	0.18	16.1%
NHR MK Equity	21-May-14	HOLD	0.18	0.17	-5.6%
Return Since Inception of Coverage					17.6%



**MALAYSIA EQUITY
NI HSIN RESOURCES BHD**

ANALYST'S DISCLOSURE

BUY: Share price may exceed 10% over the next 12 months

TRADING BUY: Share price may exceed 15% over the next 3 months, however longer-term outlook remains uncertain

HOLD: Share price may fall within the range of +/- 10% over the next 12 months

TAKE PROFIT: Target price has been attained. Look to accumulate at lower levels

SELL: Share price may fall by more than 10% over the next 12 months

NOT RATED (NR): Stock is not within regular research coverage

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J Charles Wilson
Head of Research

QUESTIONS?

CONTACT THE INVESTMENT ADVISER:

Wilson & York Global Advisers Sdn Bhd
Suite B-11-3A, Level 11, Block B, Plaza Mont' Kiara
2, Jalan Kiara, Mont' Kiara
50480 Kuala Lumpur
Malaysia

Tel: +603 6203 2280
Fax: +603 6203 2281

E-mail info@wygainvestments.com
Website: www.wygainvestments.com

CONTACT THE COMPANY:

Ni Hsin Resources Berhad
No. 45, Jalan Taming Dua
Taman Taming Jaya
43300 Seri Kembangan
Selangor, Malaysia.

Tel: +603 8961 6815
Fax: +603 8961 3941

Website: www.ni-hsin.com.my