

Financial Year End	31/12/2011
Reporting Period Ending	31/03/2011
Reporting Quarter	1Q-2011

Recommendation	BUY
Target Price (MYR)	0.23
Current Price (MYR)	0.15

Industry Group	Housewares
Industry Sub Group	Housewares

Key Company Statistics	
Bloomberg Ticker	NHR MK
Bursa Stock Code	7215
Issued Share Capital (mn)	236.6
Market Capitalisation (MYR mn)	35.5
52 week High (MYR)	0.25
52 week Low (MYR)	0.15
Average Volume (3 month) '000	249.3
1 Yr Return (%)	-30.5

Major Shareholders (%)	
Hsiao Tsai Sheng	11.7
Hsiao Liu Lee	11.7
Hsiao Chih-Che	11.7

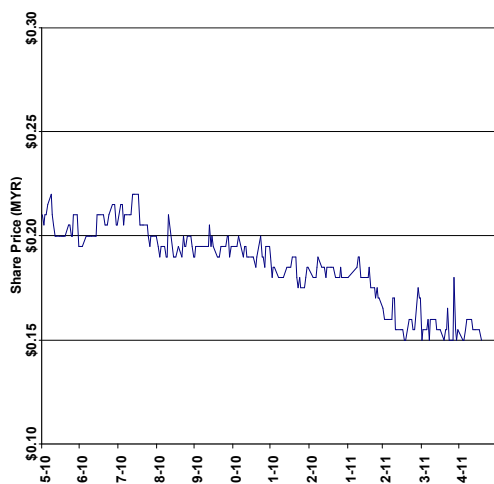
FTSE-BURSA INDEX MEMBERSHIP

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 FY11 revenue came in about flat year on year, decreasing less than 1%; while another small loss was realised. The convex mirror segment saw YOY sales growth above 7%, whilst cookware sales fell 7% and clad metals sales decreased 19% YOY. Given the large slowdown in the Japanese economy, these results are reasonably good. Ni Hsin Resources Bhd is looking to Europe for new distributors and customers, and is currently making fairly large promotional and marketing investments. These investments may take two to three quarters to bear fruit; however, given the company's low gearing and cash reserve it will have little problem investing for the future.

INVESTMENT RISKS

Risks to our recommendation and target price include: i) increases in the MYR exchange rate, ii) rising promotional costs, iii) a sharp slowdown in the general level of economic activity in the economies of the company's trading partners, e.g. Japan, Taiwan, Singapore and South Korea, and iv) continued rises in stainless steel prices would be an additional concern.

RECOMMENDATION

Ni Hsin Resources Bhd is facing a number of challenges, however the current share price has discounted many of the headwinds. In addition, management has put in place a number of initiatives that are likely to result in improved sales and higher factory utilisation. We rate the shares a BUY with a fair value of MYR 0.23.

The company's up to date manufacturing assets alone are worth some MYR 0.15 per share. Thus there is not a great deal of downside for the shares at current levels. The balance sheet is very clean, and management has been able to operate the company at minimal losses given the severe damage to the Japanese economy. Moreover, should stainless steel prices come off, or capacity utilisation increase in the quarters ahead, net margins would likely double or triple from their current levels.

COMPANY PROFILE

Ni Hsin Resources Bhd 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 20% of total revenue is realised in Malaysia, with Japan, Taiwan, Singapore, and South Korea accounting for the lion's share of the company's substantial export revenue. Revenue this quarter comprised 53% cookware products, 20% convex mirror and 27% clad metals.

ANNUAL RESULTS AND METRICS (MYR mn)

FY Dec	2009	2010	2011F	2012F
Revenue	47.3	36.0	31.6	33.5
Revenue g (%)	-16.2	-24.0	-12.2	6.1
Net Profit	5.1	-0.3	0.6	3.2
Net Profit g (%)	-17.6	na	na	>100
Dividends	3.6	1.2	1.2	1.2
Owners' Equity	59.0	57.4	56.8	58.8
Total Liabilities	9.8	8.1	9.7	9.9
Debt/Equity (%)	16.7	14.1	17.2	16.8
EPS (sen)	2.2	-0.1	0.2	1.3
P-S (x)	1.1	1.2	1.1	1.1
P-E (x)	10.4	na	63.6	11.2
P-BV (x)	0.9	0.8	0.6	0.6
ROE %	8.7	-0.6	1.0	5.4

**MALAYSIA EQUITY
NI HSIN RESOURCES BHD**

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

FY Dec	1Q-11	1Q-10	Q-o-Q %chg	YTD FY11	YTD FY10	Y-o-Y %chg
Revenue	7.7	7.8	-0.6	7.7	7.8	-0.6
Operating Profit	-0.5	0.4	na	-0.5	0.4	na
Other Income	0.2	0.4	-57.2	0.2	0.4	-57.2
Share of Associates	0.0	0.0	na	0.0	0.0	na
Depreciation/Amort'n	-0.6	-0.6	-1.5	-0.6	-0.6	-1.5
Finance Costs	0.0	0.0	>100	0.0	0.0	>100
Pre Tax Profit	-0.6	0.4	na	-0.6	0.4	na
Tax	-0.2	-0.3	na	-0.2	-0.3	-18.8
Minority Interest	0.0	0.0	na	0.0	0.0	na
Net Profit to S'holders	-0.8	0.1	na	-0.8	0.1	na
Dividends	0.0	0.0	na	0.0	0.0	na
EPS (sen)	-0.3	0.1	na	-0.3	0.1	na
DPS (sen)	0.0	0.0	na	0.0	0.0	na
Operating Margin (%)	-7.0	5.3	na	-7.0	5.3	na
Net Margin (%)	-10.3	1.9	na	-10.3	1.9	na
NTA/share (RM)				0.24	0.25	-2.6

Comments
Demand sharply lower for clad metals; up for convex mirrors; flat sales YOY
Higher marketing expense, higher material costs and unfavourable exchange rates

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

Current FY Ending	Ni Hsin Resources Bhd Dec-11	Cam Resources Bhd Dec-11
Revenue	31.6	69.8
Net Profit	0.6	4.1
Owners' Equity	56.8	88.9
Dividends	1.2	0.0
Market Cap	35.5	46.2
P-S (x)	1.1	0.7
P-E (x)	63.6	11.2
P-BV (x)	0.6	0.5
Div Yield (%)	3.3	0.0
Net Margins (%)	1.8	5.9
ROE (%)	1.0	4.6
Payout Ratio (%)	208.1	0.0

*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	2009	2010	2011F	2012F
Revenue	47.3	36.0	31.6	33.5
Operating Profit	6.9	0.0	1.4	4.4
Other Income	1.0	0.7	0.6	0.6
Share of Associates	0.0	0.0	0.0	0.0
Depreciation/Amortization	-2.3	-2.3	-2.3	-2.4
Finance Costs	-0.3	-0.1	-0.2	-0.2
Pre Tax Profit	6.7	0.0	1.2	4.2
Tax	-1.6	-0.3	-0.7	-1.1
Minority Interest	0.0	0.0	0.0	0.0
Net Profit to Shareholders	5.1	-0.3	0.6	3.2
Operating Margin (%)	14.6	0.1	4.4	13.1
PBT Margin (%)	14.2	0.0	3.9	12.6
Net Margin (%)	10.8	-0.9	1.8	9.4
Effective Tax Rate (%)	23.9	25.0	54.4	25.0

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

FY Dec	2009	2010	2011F	2012F
Total Assets	68.8	65.5	66.5	68.7
Fixed Assets	34.5	34.3	34.6	36.0
Current Assets	29.2	26.1	26.8	27.5
Other LT Assets	5.1	5.1	5.1	5.1
Current Liabilities	7.2	5.9	7.5	7.6
LT Liabilities	2.7	2.2	2.3	2.3
Total Liabilities	9.8	8.1	9.7	9.9
Share Capital	47.3	47.3	47.3	47.3
Minority Interest	0.0	0.0	0.0	0.0
Owners' Equity	59.0	57.4	56.8	58.8
Total Equity	59.0	57.4	56.8	58.8
Total Liabilities & Equity	68.8	65.5	66.5	68.7

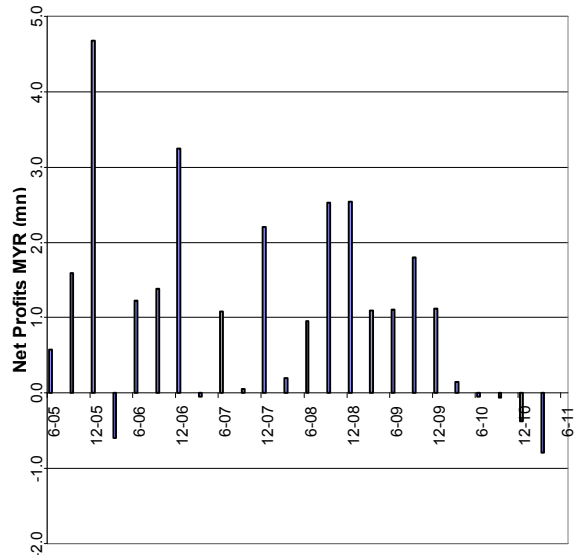
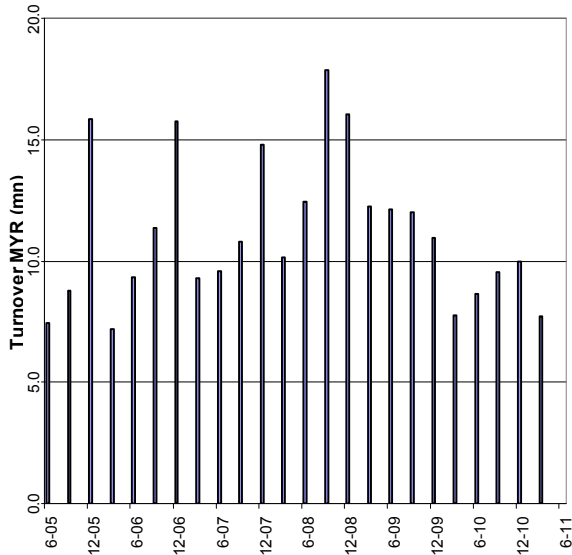
PER SHARE DATA (All figures in sen unless otherwise indicated)

FY Dec	2009	2010	2011F	2012F
Revenue	20.0	15.2	13.4	14.2
Cash Flow	3.1	0.8	1.2	2.3
Earnings	2.2	-0.1	0.2	1.3
Dividends	1.5	0.5	0.5	0.5
Book Value	24.9	24.3	24.0	24.8
Payout (%)	70.4	na	208.1	36.7
P-S (x)	1.1	1.2	1.1	1.1
P-CF (x)	7.2	22.6	12.5	6.4
P-E (x)	10.4	na	63.6	11.2
P-BV (x)	0.9	0.8	0.6	0.6
Dividend Yield (%)	6.8	2.7	3.3	3.3
ROE (%)	8.7	-0.6	1.0	5.4
Total Debt/Equity (%)	16.7	14.1	17.2	16.8

**MALAYSIA EQUITY
NI HSIN RESOURCES BHD**

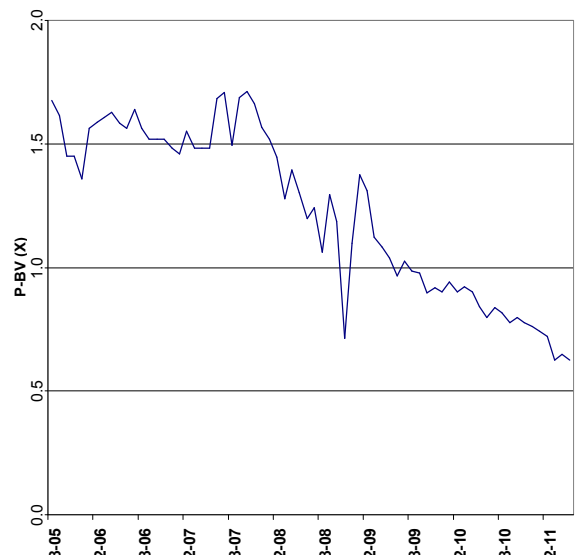
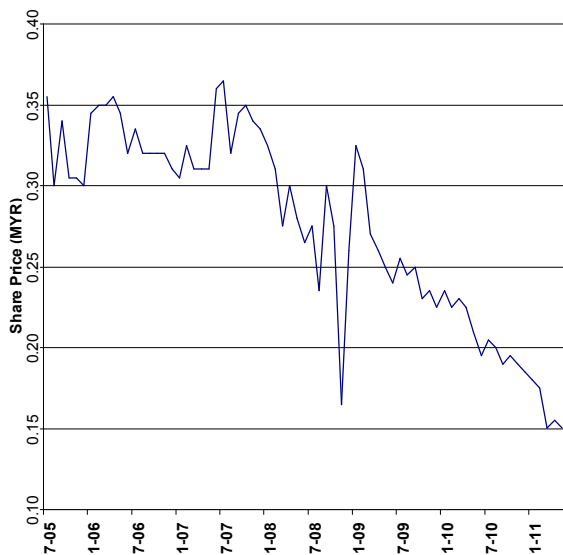
REVENUE - QUARTERLY LAST 6 YEARS (MYR mn)

NET PROFIT - Q'TERLY LAST 6 YRS (MYR mn)



SHARE PRICE - MONTHLY - LAST 6 YEARS (MYR)

P-BV (X) - MONTHLY - LAST 6 YEARS




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

ANALYST'S RECOMMENDATION RECORD

Ticker	Date	Recommendation	Fair Value	Price At Recommendation		% Price Change Since Prior Recommendation
					Date	
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%

QUESTIONS?
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