

Financial Year End	31/12/2013
Reporting Period Ending	30/09/2013
Reporting Quarter	3Q-2013

Recommendation	BUY
Target Price (MYR)	0.19
Current Price (MYR)	0.16

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)	36.7
52 week High (MYR)	0.19
52 week Low (MYR)	0.12
Average Volume (3 month) '000	45.8
1 Yr Return (%)	23.1

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

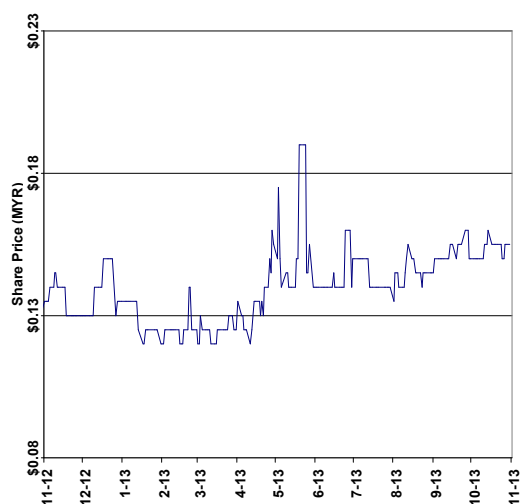
FTSE-BURSA INDEX MEMBERSHIP

FBM KLCI	FBM 70	FBM EMAS	FBM HIJRAH
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 3Q FY13 revenue rose 19.2% vs YTD 3Q FY12. Sales in North America, Europe, Australia and Malaysia are growing strongly and now account for more than 40% of total sales. Over the last several quarters NHR has been developing new markets in North America, Europe and Australia with very good results. Although we expect slower growth globally, NHR's investments in its own marketing organisation appear to be bearing fruit - sales are growing nicely and operating margins increased to 6.2% YTD 3Q 2013 vs 2.7% YTD 3Q 2012. Should operating margins rise back up to the 10-15% level, a 50-75% increase in the share price from current levels would not be unreasonable.

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

Ni Hsin Resources Bhd continues to make good progress in its marketing efforts, relying more on its own efforts rather than other channels. Management is not only developing new in-house products but is also penetrating new overseas markets. Growth in North America, Europe and Australia has more than offset weaker sales in China/HK and Singapore. We continue to rate the shares a BUY and raise our fair value to MYR 0.19. 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. Moreover, should stainless steel prices come off, or capacity utilisation increase further in the quarters ahead, net margins could trend toward levels of 6-8%, possibly higher.

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 20% 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 3Q FY13 revenue comprised 50.9% cookware products, 11.8% convex mirrors, 35.7% clad metals and 1.5% other.

ANNUAL RESULTS AND METRICS (MYR mn)

FY Dec	2011	2012	2013F	2014F
Revenue	39.3	49.9	58.4	65.4
Revenue g (%)	9.6	26.9	17.0	12.0
Net Profit	-0.2	0.9	2.3	2.7
Net Profit g (%)	na	na	>100	19.9%
Dividends Paid	2.3	2.3	1.2	1.4
Owners' Equity	59.5	60.4	61.3	62.6
Total Liabilities	11.8	12.8	16.4	16.6
Debt/Equity (%)	19.9	21.3	26.8	26.5
EPS (sen)	-0.1	0.4	1.0	1.1
P-S (x)	0.7	0.7	0.6	0.6
P-E (x)	na	38.5	16.3	13.5
P-BV (x)	0.5	0.5	0.6	0.6
ROE %	-0.3	1.4	3.7	4.3

MALAYSIA EQUITY
NI HSIN RESOURCES BHD

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

FY Dec	3Q-13	3Q-12	Q-o-Q %chg	YTD FY13	YTD FY 12	Y-o-Y %chg
Revenue	13.3	12.0	10.6	40.7	34.2	19.2
Operating Profit	1.2	0.3	na	2.5	0.9	na
Other Income	0.0	0.0	-50.0	0.0	0.0	-28.6
Share of Associates	0.0	0.0	na	0.0	0.0	na
Depreciation/Amort'n	-0.6	-0.7	-14.7	-2.0	-2.1	-9.0
Finance Costs	-0.1	-0.1	na	-0.3	-0.2	na
Pre Tax Profit	1.1	0.3	na	2.3	0.8	na
Tax	-0.3	-0.3	na	-0.7	-0.7	0.5
Minority Interest	0.0	0.0	na	0.0	0.0	na
Net Profit to S'holders	0.8	0.0	na	1.5	0.0	na
Dividends	1.2	0.0	na	1.2	0.0	na
EPS (sen)	0.3	0.0	na	0.6	0.0	na
DPS (sen)	0.5	0.0	na	0.5	0.0	na
Operating Margin (%)	8.8	2.9	na	6.2	2.7	na
Net Margin (%)	5.9	0.1	na	3.8	0.1	na
Effective Tax Rate (%)	26.4%	na	na	32.4%	na	na
NTA/share (RM)				0.24	0.25	-2.6

Comments
Revenue up 19.2% YTD 3Q 2013 vs YTD 3Q 2012. Sales in Malaysia, Europe, North America and Australia rose strongly YTD 3Q FY 2013, helping to offset lower sales in China/HK and Singapore.
Operating margins are showing solid improvement on lower cost of goods sold.

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

Current FY Ending	Ni Hsin Resources Bhd Dec-13	Cam Resources Dec-13
Revenue	58.4	143.4
Net Profit	2.3	0.9
Owners' Equity	61.3	92.6
Dividends	1.2	0.0
Market Cap	36.7	43.7
P-S (x)	0.6	0.3
P-E (x)	16.3	48.5
P-BV (x)	0.6	0.5
Div Yield (%)	3.1	0.0
Net Margins (%)	3.9	0.6
ROE (%)	3.7	1.0
Payout Ratio (%)	51.2	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	2011	2012	2013F	2014F
Revenue	39.3	49.9	58.4	65.4
Operating Profit	0.8	1.7	3.6	3.9
Other Income	0.0	0.0	0.0	0.0
Share of Associates	0.0	0.0	0.0	0.0
Depreciation/Amortization	-3.1	-2.8	-2.8	-3.2
Finance Costs	-0.1	-0.2	-0.3	-0.3
Pre Tax Profit	0.7	1.5	3.2	3.6
Tax	-0.9	-0.6	-1.0	-0.9
Minority Interest	0.0	0.0	0.0	0.0
Net Profit to Shareholders	-0.2	0.9	2.3	2.7
Operating Margin (%)	2.0	3.4	6.1	6.0
PBT Margin (%)	1.8	3.0	5.5	5.5
Net Margin (%)	-0.4	1.7	3.9	4.1
Effective Tax Rate (%)	na	na	30.2	25.0

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

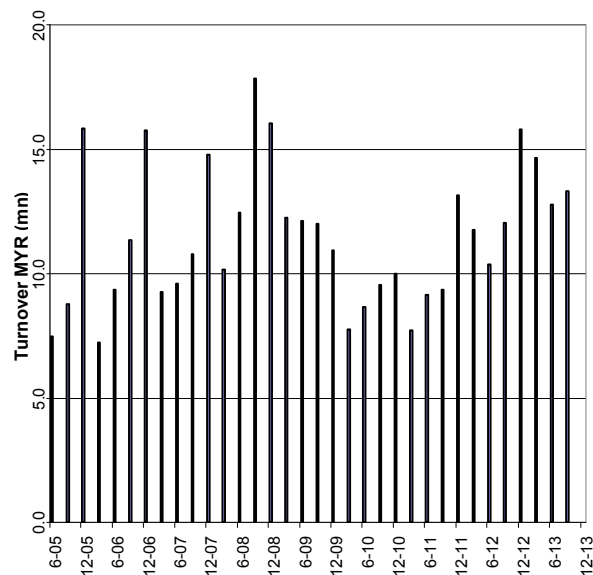
FY Dec	2011	2012	2013F	2014F
Total Assets	71.3	73.2	77.7	79.2
Fixed Assets	36.6	35.1	33.9	35.2
Current Assets	29.6	33.0	38.7	38.8
Other LT Assets	5.1	5.1	5.1	5.1
Current Liabilities	9.6	11.0	14.7	14.9
LT Liabilities	2.3	1.9	1.7	1.7
Total Liabilities	11.8	12.8	16.4	16.6
Share Capital	47.3	47.3	47.3	47.3
Minority Interest	0.0	0.0	0.0	0.0
Owners' Equity	59.5	60.4	61.3	62.6
Total Equity	59.5	60.4	61.3	62.6
Total Liabilities & Equity	71.3	73.2	77.7	79.2

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

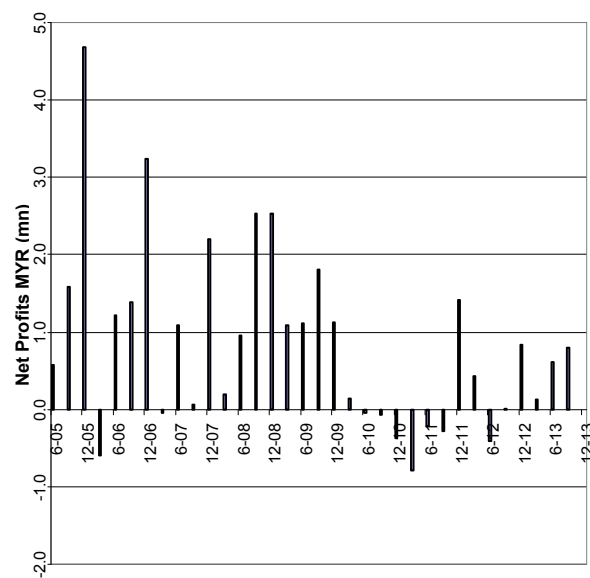
FY Dec	2011	2012	2013F	2014F
Revenue	16.6	21.1	24.7	27.6
Cash Flow	1.2	1.6	2.1	2.5
Earnings	-0.1	0.4	1.0	1.1
Dividends	1.0	1.0	0.5	0.6
Book Value	25.1	25.5	25.9	26.4
Payout (%)	na	na	51.2	51.7
P-S (x)	0.7	0.7	0.6	0.6
P-CF (x)	9.8	9.0	7.3	6.2
P-E (x)	na	38.5	16.3	13.5
P-BV (x)	0.5	0.5	0.6	0.6
Dividend Yield (%)	8.1	7.0	3.1	3.8
ROE (%)	-0.3	1.4	3.7	4.3
Total Debt/Equity (%)	19.9	21.3	26.8	26.5

MALAYSIA EQUITY
NI HSIN RESOURCES BHD

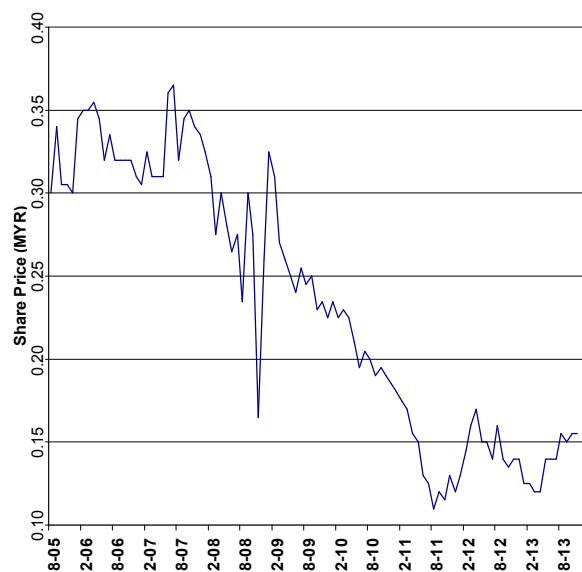
REVENUE - QUARTERLY LAST 8 YEARS (MYR mn)



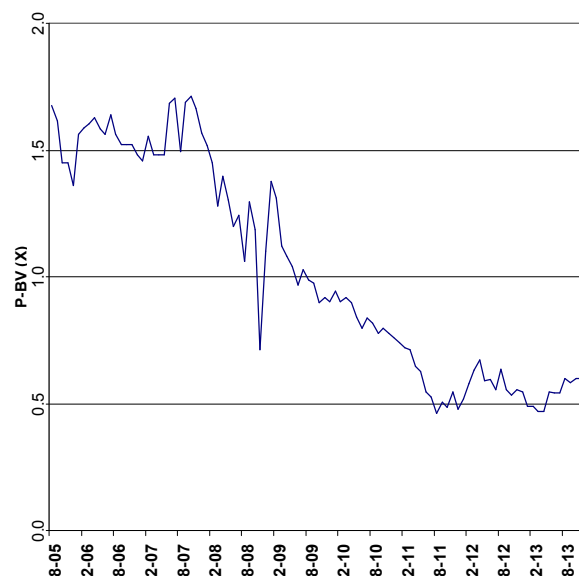
NET PROFIT - Q'TERLY LAST 8 YRS (MYR mn)



SHARE PRICE - MONTHLY - LAST 8 YEARS (MYR)



P-BV (X) - MONTHLY - LAST 8 YEARS



RECENT COMPANY NEWS

Commercial Cookware

Within ASEAN and Europe, 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.

In January 2013, NHR actively participated as a sponsor for the Audi Chef's Cup Sudtiroi 2013, a prestigious cookware event which attracted 68 chefs, including Michelin starred Chefs (for a total of 33 stars), Jeunes Restaurateurs d'Europe and other emerging talent in the F&B industry. The response to the commercial series of cookware was excellent and we expect this new line to boost total cookware sales by 10-15% over the next two years.

Clad Metals

NHR also grew its clad metal sales to European premium cookware manufacturers for the manufacture of premium multi-ply stainless steel cookware. The company indicates that this new line of business will be recurring. Indeed, clad metal sales have been a bright spot YTD 3Q 2013, rising over 64% vs. YTD 3Q FY 2012.

ANALYST'S RECOMMENDATION RECORD

Ticker	Date	Recommendation	FairValue	Price At Recommendation Date	% 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%



**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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QUESTIONS?

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