

Financial Year End	31/12/2011
Reporting Period Ending	30/09/2011
Reporting Quarter	3Q-2011

Recommendation	BUY
Target Price (MYR)	0.23
Current Price (MYR)	0.12

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)	27.2
52 week High (MYR)	0.20
52 week Low (MYR)	0.10
Average Volume (3 month) '000	33.6
1 Yr Return (%)	-39.5

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

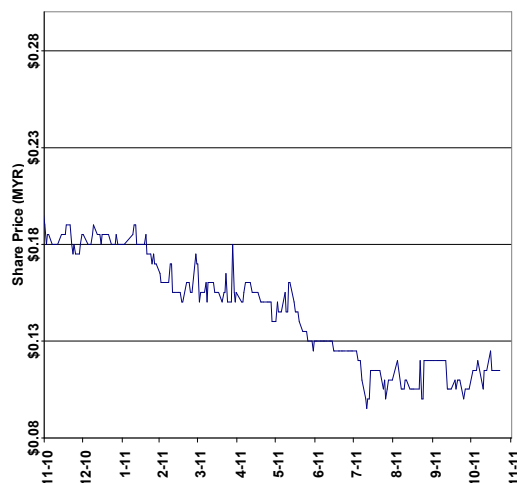
FTSE-BURSA INDEX MEMBERSHIP

FBMKLCI	FBM70	FBMEMAS	FBMHJRAH
No	No	No	No

REPORT INDEX

Contents	Page
Recommendation, Company Profile, Metrics	1
Quarterly Results, Competitor's Metrics	2
P&L, Balance Sheet, Per Share Data	3
6 Year Sales, Net Profit, Price, P-BV charts	4
Analyst's Disclosure, Contact Details	5

SHARE PRICE LAST 12 MONTHS (MYR)



MALAYSIA EQUITY NI HSIN RESOURCES BHD

RESULTS REPORT

YTD 3Q FY11 revenue rose 1% vs YTD 3Q FY10. Sales in Singapore and Malaysia are growing nicely and helped to offset the sharp slowdown in Japanese demand. Net margins may remain slightly negative for another quarter or two. In light of the significant slowdown in the Japanese economy over YTD 3Q FY11, these results are reasonably good. NHR is looking to Europe for new distributors and customers, and is currently making fairly large promotional and marketing investments. As mentioned above, there has been a noticeable improvement in the Malaysia Cookware segment, which grew 50% YTD 3Q FY11 vs YTD 3Q FY10. A generous dividend has been announced - at current prices NHR's dividend yield is above 8%.

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 ("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, Taiwan, Singapore, and South Korea accounting for the lion's share of the company's substantial export revenue. Revenue this quarter comprised 62% cookware products, 16% convex mirror and 20% clad metals.

ANNUAL RESULTS AND METRICS (MYR mn)

FY Dec	2009	2010	2011F	2012F
Revenue	47.3	36.0	35.7	39.3
Revenue g (%)	-16.2	-24.0	-0.8	10.2
Net Profit	5.1	-0.3	-1.4	1.0
Net Profit g (%)	-17.6	na	na	>100
Dividends	3.6	1.2	2.4	3.5
Owners' Equity	59.0	57.4	53.6	51.1
Total Liabilities	9.8	8.1	10.0	10.2
Debt/Equity (%)	16.7	14.1	18.7	19.9
EPS (sen)	2.2	-0.1	-0.6	0.4
P-S (x)	1.1	1.2	0.8	0.7
P-E (x)	10.4	na	na	27.8
P-BV (x)	0.9	0.8	0.5	0.5
ROE %	8.7	-0.6	-2.6	1.9

[illegible]**COMPETITOR'S METRICS (All figures in MYR mn unless otherwise indicated)**

*Consensus data used for peers where available

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

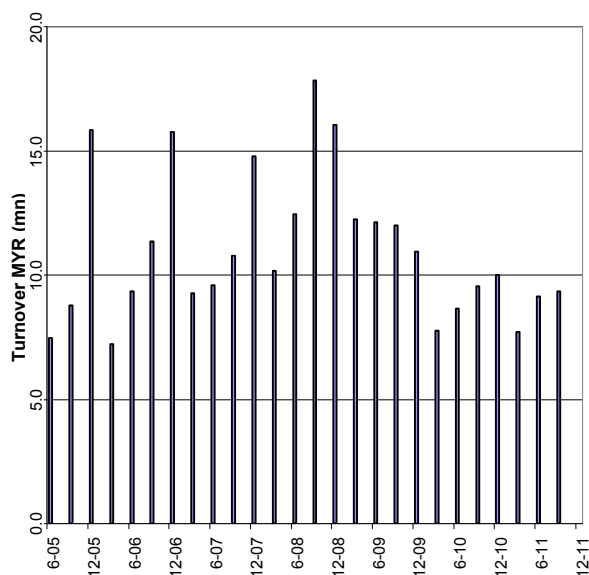
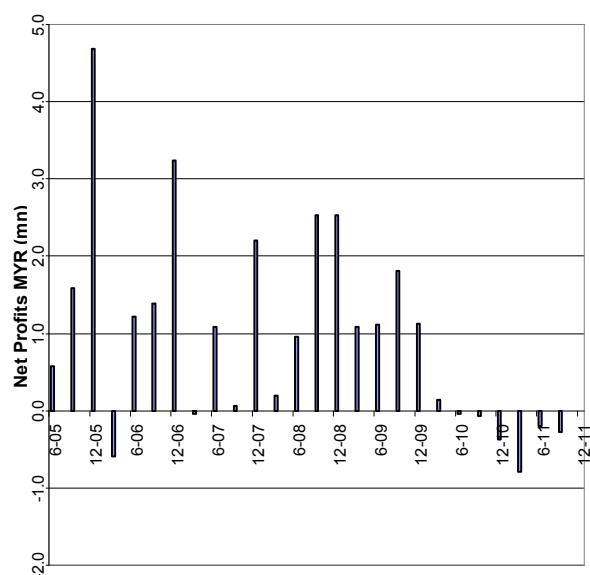
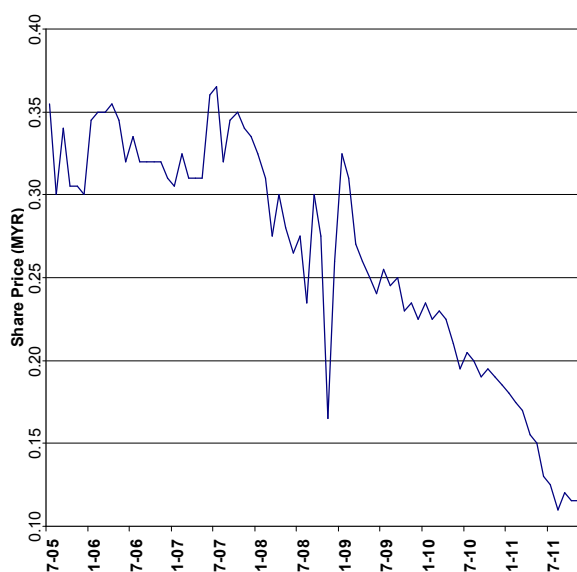
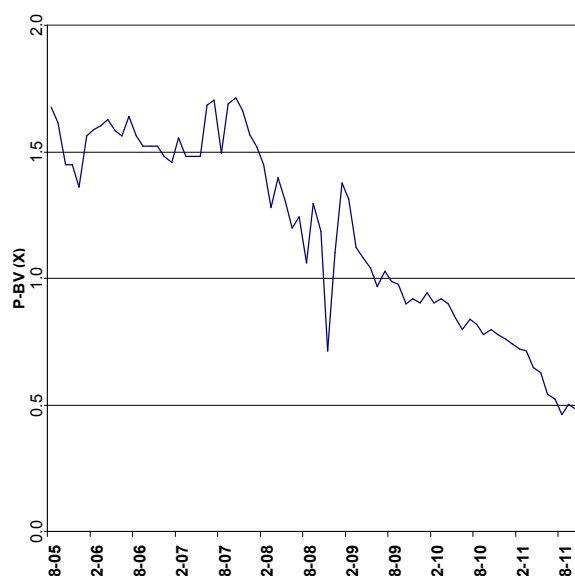
FY Dec	2009	2010	2011F	2012F
Revenue	47.3	36.0	35.7	39.3
Operating Profit	6.9	0.0	-0.9	1.4
Other Income	1.0	0.7	0.9	1.1
Share of Associates	0.0	0.0	0.0	0.0
Depreciation/Amortization	-3.0	-3.0	-3.0	-3.0
Finance Costs	-0.3	-0.1	-0.1	-0.2
Pre Tax Profit	6.7	0.0	-0.7	1.3
Tax	-1.6	-0.3	-0.6	-0.3
Minority Interest	0.0	0.0	0.0	0.0
Net Profit to Shareholders	5.1	-0.3	-1.4	1.0
Operating Margin (%)	14.6	0.1	-2.4	3.6
PBT Margin (%)	14.2	0.0	-2.1	3.3
Net Margin (%)	10.8	-0.9	-3.9	2.5
Effective Tax Rate (%)	23.9	25.0	na	25.0

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

FY Dec	2009	2010	2011F	2012F
Total Assets	68.8	65.5	63.7	61.2
Fixed Assets	34.5	34.3	32.8	34.2
Current Assets	29.2	26.1	25.7	21.9
Other LT Assets	5.1	5.1	5.1	5.1
Current Liabilities	7.2	5.9	7.8	7.9
LT Liabilities	2.7	2.2	2.2	2.2
Total Liabilities	9.8	8.1	10.0	10.2
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	53.6	51.1
Total Equity	59.0	57.4	53.6	51.1
Total Liabilities & Equity	68.8	65.5	63.7	61.2

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

FY Dec	2009	2010	2011F	2012F
Revenue	20.0	15.2	15.1	16.6
Cash Flow	3.5	1.1	0.7	1.7
Earnings	2.2	-0.1	-0.6	0.4
Dividends	1.5	0.5	1.0	1.5
Book Value	24.9	24.3	22.7	21.6
Payout (%)	70.4	na	na	362.1
P-S (x)	1.1	1.2	0.8	0.7
P-CF (x)	6.5	16.4	16.8	6.8
P-E (x)	10.4	na	na	27.8
P-BV (x)	0.9	0.8	0.5	0.5
Dividend Yield (%)	6.8	2.7	8.7	13.0
ROE (%)	8.7	-0.6	-2.6	1.9
Total Debt/Equity (%)	16.7	14.1	18.7	19.9

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



**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

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%

QUESTIONS?
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