

Financial Year End	31/12/2014
Reporting Period Ending	30/09/2014
Reporting Quarter	3Q-2014

**MALAYSIA EQUITY
NI HSIN RESOURCES BHD**

RESULTS REPORT

Recommendation	HOLD
Target Price (MYR)	0.22
Current Price (MYR)	0.45

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)	106.5
52 week High (MYR)	0.55
52 week Low (MYR)	0.15
Average Volume (3 month) '000	18,345.0
1 Yr Return (%)	184.5

Major Shareholders (%)	
Hsiao Family	37.1
Pelaburan Mara	5.0
Ng Shw u Ching	0.3

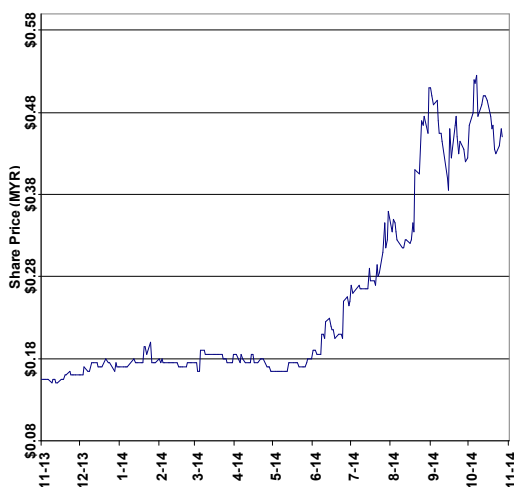
FTSE-BURSA INDEX MEMBERSHIP

FBMKLCI	FBM70	FBMEMAS	FBMHJRAH
No	No	No	No

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SHARE PRICE LAST 12 MONTHS (MYR)



YTD 3Q FY14 revenue fell 26.0% vs YTD 3Q FY13. Cookware and clad metal sales were sharply lower, though good gains were seen in the convex mirror division. Over the last several quarters NHR has been developing new markets in North America, Europe and Australia with good results. However, gains in convex mirror sales were not sufficient to offset sharp declines in cookware and clad metal. Though sales weakened in Europe and Malaysia, they grew a bit in Japan, NHR's largest market. NHR is preparing a significant change in strategic direction. Major changes in shareholding, a new chairman, and investments in a new subsidiary reveal that NHR will enter the oil & gas industry.

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 NHR 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 maintain our HOLD recommendation whilst maintaining our fair value at MYR 0.22. As mentioned above significant changes are on the way; however there are as yet no visible new assets or projects on which to impute a value.

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 increases further in the quarters ahead, net margins will remain depressed.

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 10% 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 FY14 revenue comprised 40.9% cookware products, 20.0% convex mirrors, 37.5% clad metal and 1.6% other. (see page five)

ANNUAL RESULTS AND METRICS (MYR mn)

FY Dec	2012	2013	2014F	2015F
Revenue	49.9	55.2	41.1	42.8
Revenue g (%)	26.0	10.4	-25.4	4.0
Net Profit	0.9	2.3	-0.2	1.3
Net Profit g (%)	na	>100	na	na
Dividends Paid	2.3	2.3	1.2	1.2
Owners' Equity	60.4	60.1	58.8	58.9
Total Liabilities	12.8	15.4	12.8	13.0
Debt/Equity (%)	21.3	25.6	21.8	22.1
EPS (sen)	0.4	1.0	-0.1	0.5
P-S (x)	0.7	0.7	2.6	2.5
P-E (x)	38.5	16.9	na	84.0
P-BV (x)	0.5	0.6	1.8	1.8
ROE %	1.4	3.9	-0.4	2.2

MALAYSIA EQUITY
NI HSIN RESOURCES BHD

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

FY Dec	3Q-14	3Q-13	Q-o-Q %chg	YTD FY14	YTD FY13	Y-o-Y %chg
Revenue	10.2	13.3	-23.0	30.1	40.7	-26.0
Operating Profit	0.1	1.2	-94.6	0.1	2.5	-95.3
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	8.1	-2.0	-2.0	1.1
Finance Costs	-0.1	-0.1	-34.0	-0.2	-0.3	-36.5
Pre Tax Profit	0.0	1.1	-99.9	0.0	2.3	na
Tax	-0.2	-0.3	na	-0.5	-0.7	-31.4
Minority Interest	0.0	0.0	na	0.0	0.0	na
Net Profit to S'holders	-0.2	0.8	na	-0.6	1.5	na
Dividends	0.0	1.2	na	0.0	1.2	na
EPS (sen)	-0.1	0.3	na	-0.2	0.6	na
DPS (sen)	0.0	0.5	na	0.0	0.5	na
Operating Margin (%)	0.6	8.8	-93.0	0.4	6.2	-93.7
Net Margin (%)	-1.6	5.9	na	-1.8	3.8	na
Effective Tax Rate (%)	na	26.4	na	na	32.4	na
NTA/share (RM)				0.24	0.25	-2.6

Comments
Revenue down 26.0% YTD 3Q 2014 vs YTD 3Q 2013. Lower cookware and clad sales not offset by higher mirror sales. Convex mirror sales were a small bright spot; however they account for less than 20% of total sales.
On a brighter note, sales have recovered somewhat in Japan, NHR's largest market.
Operating margins are heading lower and are likely to remain below 5% for some time to come.

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	41.1	230.1
Net Profit	-0.2	3.0
Owners' Equity	58.8	96.6
Dividends	1.2	0.0
Market Cap	106.5	63.0
P-S (x)	2.6	0.3
P-E (x)	na	20.9
P-BV (x)	1.8	0.7
Div Yield (%)	1.1	0.0
Net Margins (%)	-0.6	1.3
ROE (%)	-0.4	3.1
Payout Ratio (%)	na	0.0
Debt/Equity (%)	21.8	66.7

*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	41.1	42.8
Operating Profit	1.7	3.9	0.6	1.9
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	-2.8	-3.2
Finance Costs	-0.2	-0.3	-0.2	-0.2
Pre Tax Profit	1.5	3.6	0.4	1.7
Tax	-0.6	-1.4	-0.6	-0.4
Minority Interest	0.0	0.0	0.0	0.0
Net Profit to Shareholders	0.9	2.3	-0.2	1.3
Operating Margin (%)	3.4	7.2	1.5	4.5
PBT Margin (%)	3.0	6.6	0.9	4.0
Net Margin (%)	1.7	4.2	-0.6	3.0
Effective Tax Rate (%)	na	na	159.0	25.0

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

FY Dec	2012	2013	2014F	2015F
Total Assets	73.2	75.5	71.6	71.9
Fixed Assets	35.1	34.1	32.9	34.3
Current Assets	33.0	36.3	33.6	32.5
Other LT Assets	5.1	5.1	5.1	5.1
Current Liabilities	11.0	13.2	10.7	10.8
LT Liabilities	1.9	2.2	2.1	2.2
Total Liabilities	12.8	15.4	12.8	13.0
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	58.8	58.9
Total Equity	60.4	60.1	58.8	58.9
Total Liabilities & Equity	73.2	75.5	71.6	71.9

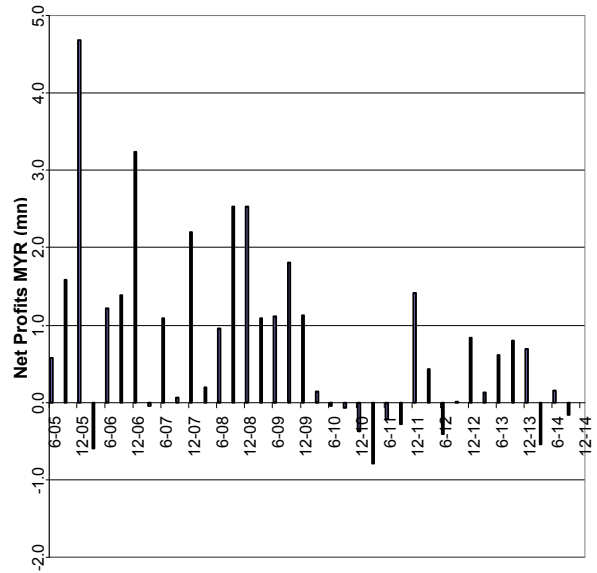
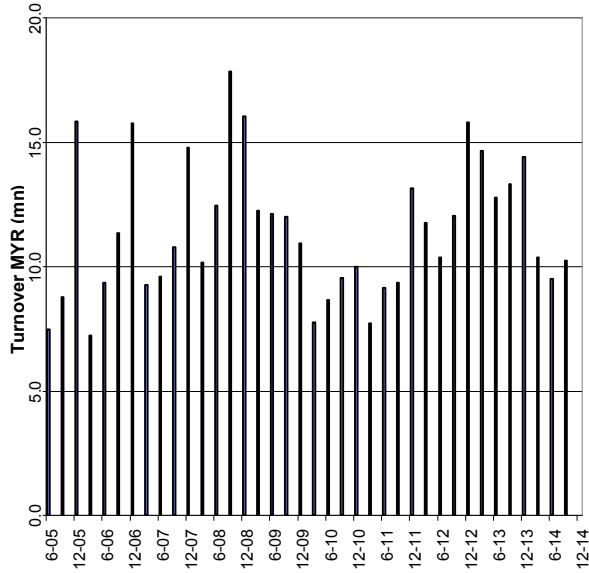
PER SHARE DATA (All figures in sen unless otherwise indicated)

FY Dec	2012	2013	2014F	2015F
Revenue	21.1	23.3	17.4	18.1
Cash Flow	1.5	2.1	1.1	1.9
Earnings	0.4	1.0	-0.1	0.5
Dividends	1.0	1.0	0.5	0.5
Book Value	25.5	25.4	24.8	24.9
Payout (%)	na	na	-509.1	na
P-S (x)	0.7	0.7	2.6	2.5
P-CF (x)	9.1	7.9	41.8	23.8
P-E (x)	38.5	16.9	na	84.0
P-BV (x)	0.5	0.6	1.8	1.8
Dividend Yield (%)	7.0	5.9	1.1	1.1
ROE (%)	1.4	3.9	-0.4	2.2
Total Debt/Equity (%)	21.3	25.6	21.8	22.1

MALAYSIA EQUITY
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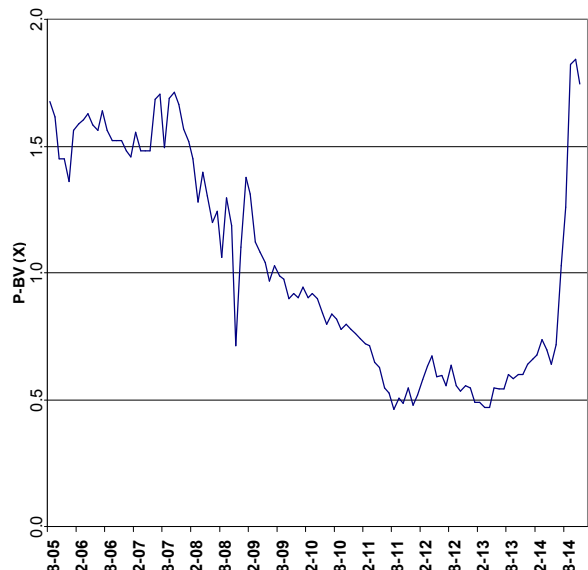
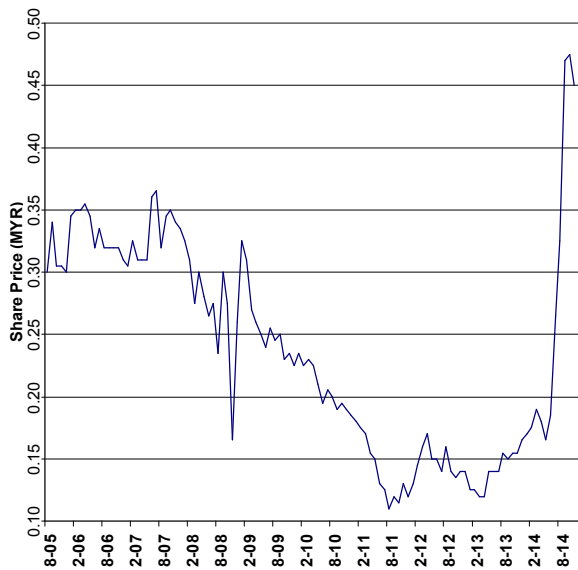
REVENUE - QUARTERLY LAST 9 YEARS (MYR mn)

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



SHARE PRICE - MONTHLY - LAST 9 YEARS (MYR)

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



SEGMENT RESULTS AND RECENT COMPANY NEWS

Sales By Segment

Cookware sales in all of NHR's major markets - Japan, Asia Pacific ex Japan - have been seriously affected by lower consumer confidence and purchasing power. Clad metal sales have also deteriorated, reflecting the same conditions. The one bright spot has been the mirror division; however the mirror division accounts for less than 20% of total sales. Management has done a commendable job in controlling costs, however net margins have turned negative and came in at -1.6% in 3Q 2014.

Recent Changes in Strategic Direction

In November 2014, NHR acquired 2 ordinary shares of RM1.00 each, representing 100% of the issued and paid-up share capital of Inoco Resources Sdn Bhd ("Inoco"). Inoco was acquired from Datin Ida Suzaini Binti Abdullah and Chen Shien Yee for total cash consideration of MYR 2.00. Subsequent to the acquisition, IRSB becomes a wholly-owned subsidiary of Ni Hsin. The acquisition will enable NHR to venture into the oil and gas industry. NHR has also announced the appointment of Md Nazir Bin Md Kassim as Chairman. The Hsiao family ownership now stands at 37.1%. Pelaburan Mara now owns 5% of NHR shares. NHR has recently proposed a bonus issue of up to 118.3 mn warrants on the basis of one warrant for every two NHR shares.

MYR (000s)	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014E	FY14 / FY10 5yr cagr%
Cookware	24,689	25,766	31,181	33,699	20,400	-3.7%
Convex Mirror	7,066	8,051	9,427	8,496	10,600	8.4%
Clad Metal	11,119	12,498	15,505	22,366	19,200	11.5%
Other	210	742	3,366	1,092	700	27.2%
Rev. Including Inter-segment	43,084	47,057	59,479	65,653	50,900	3.4%
Eliminations	-7,109	-7,274	-9,546	-10,503	-9,000	4.8%
Total Revenue	35,975	39,783	49,933	55,150	41,900	3.1%
Annual Change	-24.0%	10.6%	25.5%	10.4%	-24.0%	

ANALYST'S RECOMMENDATION RECORD

Ticker	Date	Recommendation	FairValue	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%
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%
NHR MK Equity	21-Aug-14	HOLD	0.22		0.33	91.2%
NHR MK Equity	19-Nov-14	HOLD	0.22		0.45	38.5%
Return Since Inception of Coverage						147.3%

**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