

Financial Year End	31/12/2011
Reporting Period Ending	31/12/2011
Reporting Quarter	4Q-2011

**MALAYSIA EQUITY
NI HSIN RESOURCES BHD**

Recommendation	BUY
Target Price (MYR)	0.23
Current Price (MYR)	0.13

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)	30.8
52 week High (MYR)	0.18
52 week Low (MYR)	0.10
Average Volume (3 month) '000	26.8
1 Yr Return (%)	-16.9

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

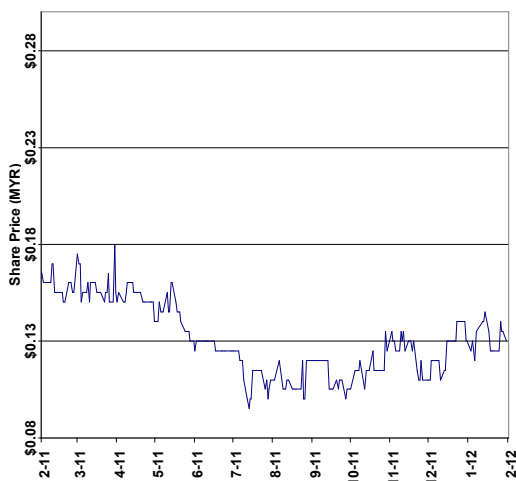
FTSE-BURSA INDEX MEMBERSHIP

FBMKLCI	FBM70	FBMEMAS	FBMHIJRAH
No	No	No	No

REPORT INDEX

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SHARE PRICE LAST 12 MONTHS (MYR)



RESULTS REPORT

YTD 4Q FY11 revenue rose 9.3% vs YTD 4Q FY10. Sales in Singapore and Malaysia are growing nicely and helped to offset slowdown in Japan, Taiwan and China. Net margins have returned to the black and sales momentum is rising. NHR is wisely focusing its marketing efforts on Malaysia and Singapore. As mentioned above, there has been a noticeable improvement in the Malaysia Cookware segment, which grew 48.2% YTD 4Q FY11 vs YTD 4Q FY10. Malaysia accounts for about 28% of Cookware revenue, which in turn accounts for about 60% of total revenue. A generous dividend has been announced - at current prices NHR's dividend yield is above 7%.

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 starting to make good progress in its marketing efforts, relying more on its own efforts rather than other channels. 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 further in the quarters ahead, net margins would trend toward levels of 8-10%.

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	2010	2011	2012F	2013F
Revenue	36.0	39.3	48.8	56.2
Revenue g (%)	-24.0	9.3	24.1	15.2
Net Profit	-0.3	0.1	3.4	3.8
Net Profit g (%)	-106.4	na	>100	13.0%
Dividends	1.2	2.3	2.3	2.3
Owners' Equity	57.4	55.2	56.3	57.8
Total Liabilities	8.1	11.7	11.8	12.0
Debt/Equity (%)	14.1	21.2	21.0	20.7
EPS (sen)	-0.1	0.1	1.4	1.6
P-S (x)	1.2	0.7	0.6	0.5
P-E (x)	na	>100	9.1	8.0
P-BV (x)	0.8	0.5	0.5	0.5
ROE %	-0.6	0.3	6.0	6.6

MALAYSIA EQUITY
NI HSIN RESOURCES BHD

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

FY Dec	4Q-11	4Q-10	Q-o-Q %chg	YTD FY11	YTD FY10	Y-o-Y %chg
Revenue	13.1	10.0	31.3	39.3	36.0	9.3
Operating Profit	1.4	-0.7	na	0.9	0.0	na
Other Income	0.2	0.1	29.1	0.7	0.6	14.3
Share of Associates	0.0	0.0	na	0.0	0.0	na
Depreciation/Amort'n	-0.8	-0.8	6.3	-3.0	-3.0	1.6
Finance Costs	0.0	0.0	na	-0.1	-0.1	na
Pre Tax Profit	1.3	-0.7	na	0.7	0.0	na
Tax	-0.2	0.3	na	-0.9	-0.3	>100
Minority Interest	0.0	0.0	na	0.0	0.0	na
Net Profit to S'holders	1.4	-0.4	na	0.1	-0.3	na
Dividends	2.3	0.0	na	2.3	1.2	na
EPS (sen)	0.6	-0.2	na	0.1	-0.1	na
DPS (sen)	1.0	0.0	na	1.0	0.5	na
Operating Margin (%)	10.4	-6.6	na	2.2	0.1	na
Net Margin (%)	10.8	-3.7	na	0.4	-0.9	na
Effective Tax Rate (%)	16.0%	na	na	na	na	na
NTA/share (RM)				0.24	0.25	-2.6

Comments
Sales up 9.3% YTD 4Q 2011 vs. YTD 4Q 2010
Sales in Singapore and Malaysia rose nicely YTD 4Q 2011, helping to offset the slow down in Japan, Taiwan and China
Operating margins recovering on higher capacity utilization.

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

Current FY Ending	Ni Hsin Resources Bhd Dec-12	Cam Resources Bhd Dec-12
Revenue	48.8	102.0
Net Profit	3.4	7.0
Owners' Equity	56.3	89.7
Dividends	2.3	2.0
Market Cap	30.8	43.3
P-S (x)	0.6	0.4
P-E (x)	9.1	6.2
P-BV (x)	0.5	0.5
Div Yield (%)	7.5	4.6
Net Margins (%)	7.0	6.9
ROE (%)	6.0	7.8
Payout Ratio (%)	67.8	28.6

*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	2010	2011	2012F	2013F
Revenue	36.0	39.3	48.8	56.2
Operating Profit	0.0	0.8	4.7	5.3
Other Income	0.6	0.7	0.8	0.8
Share of Associates	0.0	0.0	0.0	0.0
Depreciation/Amortization	-3.0	-3.0	-3.2	-3.2
Finance Costs	-0.1	-0.1	-0.2	-0.2
Pre Tax Profit	0.0	0.7	4.5	5.1
Tax	-0.3	-0.9	-1.1	-1.3
Minority Interest	0.0	0.0	0.0	0.0
Net Profit to Shareholders	-0.3	0.1	3.4	3.8
Operating Margin (%)	0.1	2.1	9.6	9.4
PBT Margin (%)	0.0	1.9	9.3	9.1
Net Margin (%)	-0.9	0.4	7.0	6.8
Effective Tax Rate (%)	na	na	25.0	25.0

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

FY Dec	2010	2011	2012F	2013F
Total Assets	65.5	66.9	68.1	69.8
Fixed Assets	34.3	32.2	33.5	34.8
Current Assets	26.1	29.6	29.5	29.9
Other LT Assets	5.1	5.1	5.1	5.1
Current Liabilities	5.9	9.6	9.7	9.8
LT Liabilities	2.2	2.1	2.1	2.2
Total Liabilities	8.1	11.7	11.8	12.0
Share Capital	47.3	47.3	47.3	47.3
Minority Interest	0.0	0.0	0.0	0.0
Owners' Equity	57.4	55.2	56.3	57.8
Total Equity	57.4	55.2	56.3	57.8
Total Liabilities & Equity	65.5	66.9	68.1	69.8

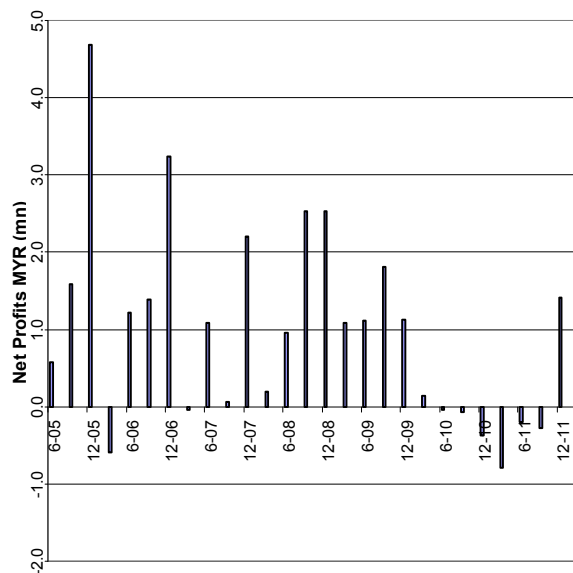
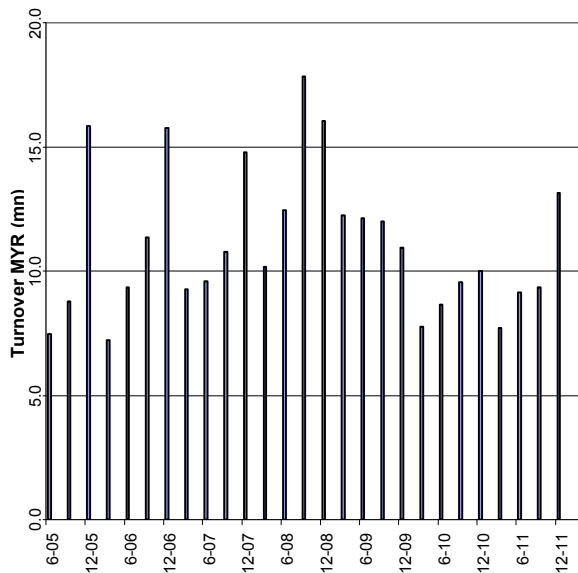
PER SHARE DATA (All figures in sen unless otherwise indicated)

FY Dec	2010	2011	2012F	2013F
Revenue	15.2	16.6	20.6	23.8
Cash Flow	1.1	1.3	2.8	3.0
Earnings	-0.1	0.1	1.4	1.6
Dividends	0.5	1.0	1.0	1.0
Book Value	24.3	23.3	23.8	24.4
Payout (%)	na	na	67.8	60.0
P-S (x)	1.2	0.7	0.6	0.5
P-CF (x)	16.8	8.9	4.7	4.4
P-E (x)	na	>100	9.1	8.0
P-BV (x)	0.8	0.5	0.5	0.5
Dividend Yield (%)	2.6	8.1	7.5	7.5
ROE (%)	-0.6	0.3	6.0	6.6
Total Debt/Equity (%)	14.1	21.2	21.0	20.7

MALAYSIA EQUITY
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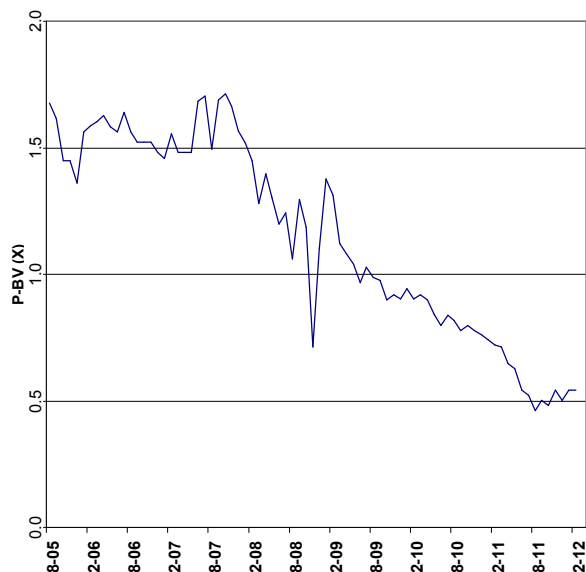
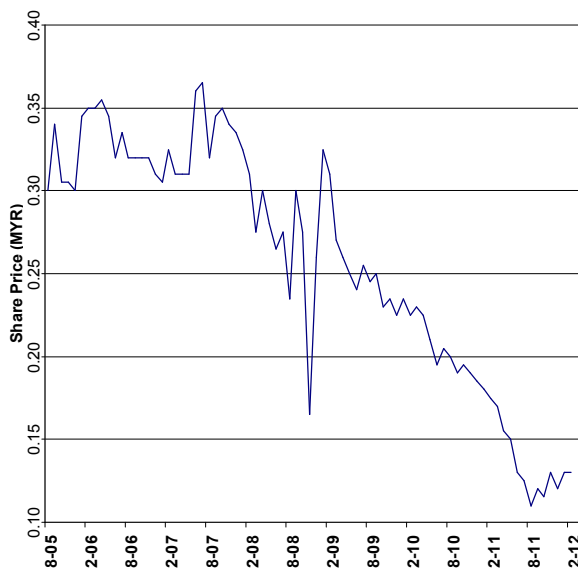
REVENUE - QUARTERLY LAST 7 YEARS (MYR mn)

NET PROFIT - Q'TERLY LAST 7 YRS (MYR mn)



SHARE PRICE - MONTHLY - LAST 7 YEARS (MYR)

P-BV (X) - MONTHLY - LAST 7 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%
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%

QUESTIONS?

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