

Financial Year End	31/12/2012
Reporting Period Ending	31/03/2012
Reporting Quarter	1Q-2012

Recommendation	HOLD
Target Price (MYR)	0.20
Current Price (MYR)	0.18

Industry Group	Housew are s
Industry Sub Group	Housew are s

Key Company Statistics	
Bloomberg Ticker	NHR MK
Bursa Stock Code	7215
Issued Capital (mn shares)	236.6
Market Capitalisation (MYR mn)	41.4
52 week High (MYR)	0.20
52 week Low (MYR)	0.10
Average Volume (3 month) '000	108.6
1 Yr Return (%)	26.8

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

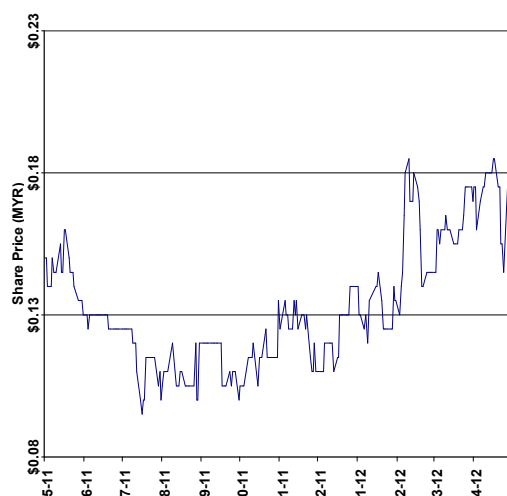
FTSE-BURSA INDEX MEMBERSHIP

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 FY12 revenue rose 52.1% vs YTD 1Q FY11. Sales in Japan and Malaysia are growing nicely and helped to offset the slowdown in Europe and the US. Ni Hsin is making good progress in Malaysia and Japan, which are by far its two biggest cookware markets. However other cookware markets are showing weakness and may add little, if any revenue growth over the next few quarters. We expect broadly slower growth in all the major economies, and thus have turned more cautious on our outlook for the cookware sector in general. However, Ni Hsin is likely to remain profitable in the quarters ahead, and thus we expect management will maintain its respectable dividend payment.

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 continues 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. However, the global outlook appears to be weakening. We rate the shares a HOLD with a fair value of MYR 0.20.

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 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%.

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 26% 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 60% cookware products, 14% convex mirror and 26% clad metals.

ANNUAL RESULTS AND METRICS (MYR mn)

FY Dec	2010	2011	2012F	2013F
Revenue	36.0	39.3	50.1	54.6
Revenue g (%)	-24.0	9.3	27.5	8.9
Net Profit	-0.3	0.1	2.4	2.8
Net Profit g (%)	na	na	>100	16.3%
Dividends	1.2	2.3	2.3	2.3
Owners' Equity	57.4	59.5	59.6	60.2
Total Liabilities	8.1	11.8	10.2	10.4
Debt/Equity (%)	14.1	19.9	17.2	17.2
EPS (sen)	-0.1	0.1	1.0	1.2
P-S (x)	1.2	0.7	0.8	0.8
P-E (x)	na	>100	17.0	14.6
P-BV (x)	0.8	0.5	0.7	0.7
ROE %	-0.6	0.2	4.1	4.7

MALAYSIA EQUITY
NI HSIN RESOURCES BHD

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

FY Dec	1Q-12	1Q-11	Q-o-Q %chg	YTD FY12	YTD FY11	Y-o-Y %chg
Revenue	11.7	7.7	52.1	11.7	7.7	52.1
Operating Profit	0.7	-0.5	na	0.7	-0.5	na
Other Income	0.2	0.2	5.3	0.0	0.0	na
Share of Associates	0.0	0.0	na	0.0	0.0	na
Depreciation/Amort'n	-0.7	-0.8	-5.0	-0.7	-0.8	-5.0
Finance Costs	0.0	0.0	na	0.0	0.0	na
Pre Tax Profit	0.7	-0.6	na	0.7	-0.6	na
Tax	-0.3	-0.2	na	-0.3	-0.2	17.6
Minority Interest	0.0	0.0	na	0.0	0.0	na
Net Profit to S'holders	0.4	-0.8	na	0.4	-0.8	na
Dividends	0.0	0.0	na	0.0	0.0	na
EPS (sen)	0.2	-0.3	na	0.2	-0.3	na
DPS (sen)	0.0	0.0	na	0.0	0.0	na
Operating Margin (%)	6.2	-7.1	na	6.2	-7.1	na
Net Margin (%)	3.6	-10.3	na	3.6	-10.3	na
Effective Tax Rate (%)	37.4%	na	na	na	na	na
NTA/share (RM)				0.24	0.25	-2.6

Comments
Revenue up 52.1% YTD 1Q 2012 vs YTD 1Q 2011. Cookware sales in Japan and Malaysia rose strongly YTD 1Q FY 2012, helping to offset the slow down in Europe, USA and Canada.
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	50.1	72.0
Net Profit	2.4	4.5
Owners' Equity	59.6	93.0
Dividends	2.3	2.0
Market Cap	41.4	40.3
P-S (x)	0.8	0.6
P-E (x)	17.0	9.0
P-BV (x)	0.7	0.4
Div Yield (%)	5.6	5.0
Net Margins (%)	4.9	6.2
ROE (%)	4.1	4.8
Payout Ratio (%)	94.3	44.7

*Consensus data used for peers where available

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

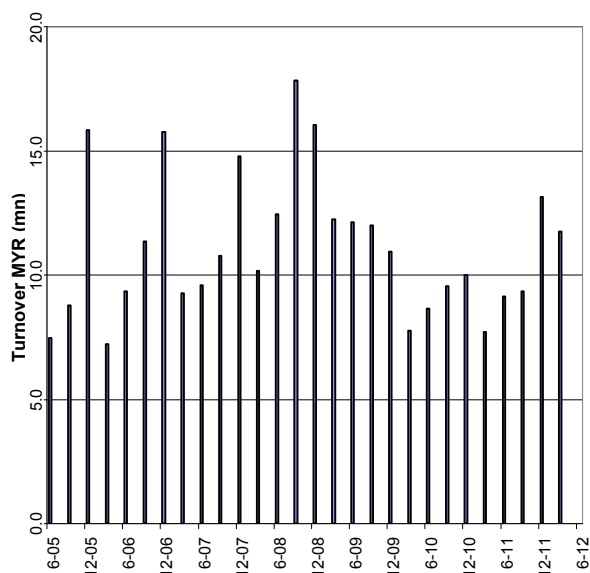
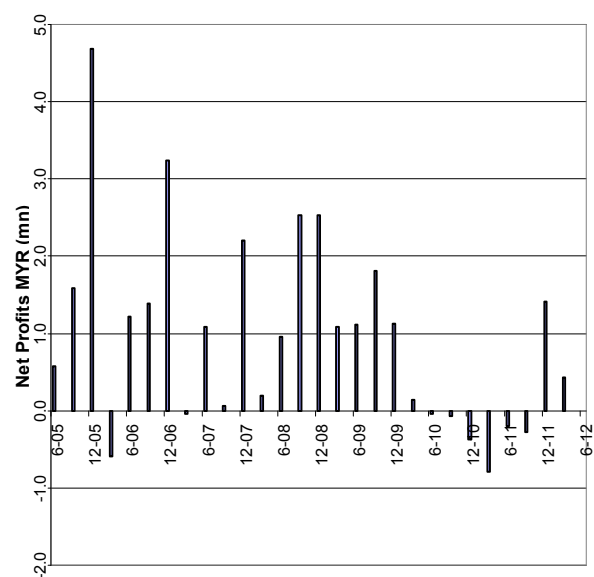
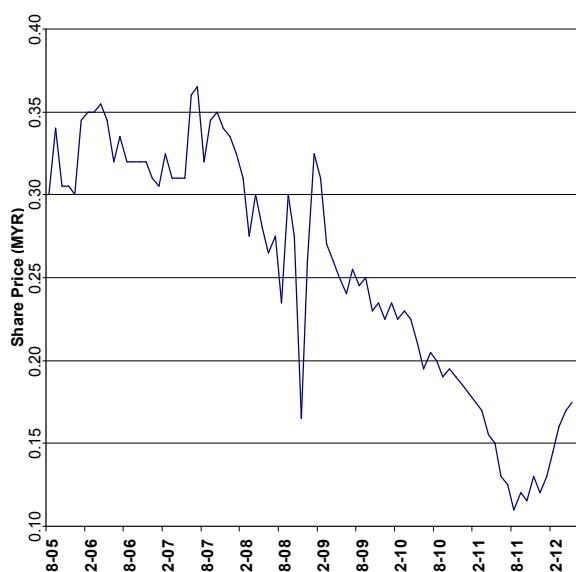
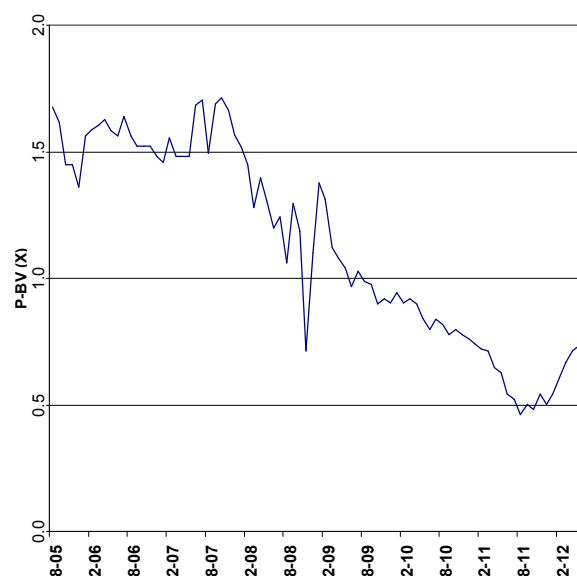
FY Dec	2010	2011	2012F	2013F
Revenue	36.0	39.3	50.1	54.6
Operating Profit	0.0	0.8	3.5	3.9
Other Income	0.6	0.7	0.6	0.6
Share of Associates	0.0	0.0	0.0	0.0
Depreciation/Amortization	-3.0	-3.1	-3.1	-3.2
Finance Costs	-0.1	-0.1	-0.2	-0.2
Pre Tax Profit	0.0	0.7	3.4	3.8
Tax	-0.3	-0.9	-0.9	-0.9
Minority Interest	0.0	0.0	0.0	0.0
Net Profit to Shareholders	-0.3	0.1	2.4	2.8
Operating Margin (%)	0.1	2.1	7.0	7.2
PBT Margin (%)	0.0	1.9	6.7	6.9
Net Margin (%)	-0.9	0.4	4.9	5.2
Effective Tax Rate (%)	na	na	27.5	25.0

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

FY Dec	2010	2011	2012F	2013F
Total Assets	65.5	71.3	69.9	70.5
Fixed Assets	34.3	36.6	37.1	38.6
Current Assets	26.1	29.6	27.7	26.8
Other LT Assets	5.1	5.1	5.1	5.1
Current Liabilities	5.9	9.6	8.0	8.0
LT Liabilities	2.2	2.3	2.3	2.3
Total Liabilities	8.1	11.8	10.2	10.4
Share Capital	47.3	47.3	47.3	47.3
Minority Interest	0.0	0.0	0.0	0.0
Owners' Equity	57.4	59.5	59.6	60.2
Total Equity	57.4	59.5	59.6	60.2
Total Liabilities & Equity	65.5	71.3	69.9	70.5

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

FY Dec	2010	2011	2012F	2013F
Revenue	15.2	16.6	21.2	23.1
Cash Flow	1.1	1.4	2.4	2.6
Earnings	-0.1	0.1	1.0	1.2
Dividends	0.5	1.0	1.0	1.0
Book Value	24.3	25.1	25.2	25.4
Payout (%)	na	na	94.3	81.1
P-S (x)	1.2	0.7	0.8	0.8
P-CF (x)	16.8	8.9	7.4	6.9
P-E (x)	na	>100	17.0	14.6
P-BV (x)	0.8	0.5	0.7	0.7
Dividend Yield (%)	2.6	8.1	5.6	5.6
ROE (%)	-0.6	0.2	4.1	4.7
Total Debt/Equity (%)	14.1	19.9	17.2	17.2

MALAYSIA EQUITY
NI HSIN RESOURCES BHD
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



**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%
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%

QUESTIONS?
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