

Financial Year End	31/12/2014
Reporting Period Ending	31/12/2014
Reporting Quarter	4Q-2014

**MALAYSIA EQUITY
NI HSIN RESOURCES BHD**

Recommendation	HOLD
Target Price (MYR)	0.22
Current Price (MYR)	0.41

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)	95.8
52 week High (MYR)	0.55
52 week Low (MYR)	0.17
Average Volume (3 month) '000	7,147.0
1 Yr Return (%)	121.5

Major Shareholders (%)	
Hsiao Family	30.8
Pelaburan Mara	5.1
Ng Shw u Ching	0.3

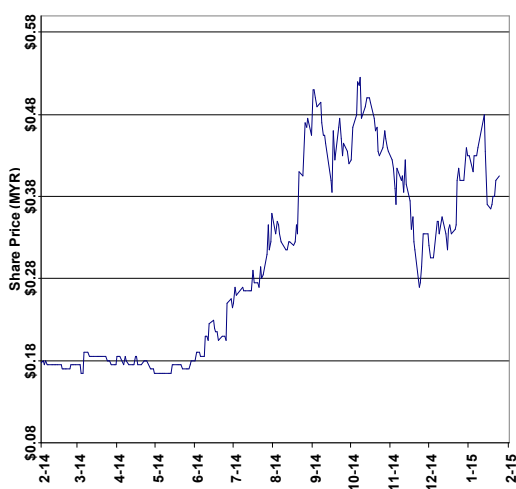
FTSE-BURSA INDEX MEMBERSHIP

FBMKLCI	FBM70	FBMEMAS	FBMHJRAH
No	No	No	No

REPORT INDEX

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SHARE PRICE LAST 12 MONTHS (MYR)



RESULTS REPORT

YTD 4Q FY14 revenue fell 26.2% vs YTD 4Q 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. As mentioned in our previous note, 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. So far there has been no material impact on NHR's cash flows from these activities.

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 4Q FY14 revenue comprised 53% cookware products, 22% convex mirrors, 24% clad metal and 1% other. (see page five)

ANNUAL RESULTS AND METRICS (MYR mn)

FY Dec	2013	2014	2015F	2016F
Revenue	55.2	40.7	42.8	44.5
Revenue g (%)	10.4	-26.2	5.1	4.0
Net Profit	2.4	0.1	1.3	1.3
Net Profit g (%)	>100	-97.6%	>100	2.8%
Dividends Paid	2.3	1.2	1.2	1.2
Owners' Equity	60.1	59.3	59.4	59.6
Total Liabilities	15.4	10.9	11.0	11.2
Debt/Equity (%)	25.6	18.4	18.6	18.7
EPS (sen)	1.0	0.0	0.5	0.6
P-S (x)	0.7	1.9	2.2	2.2
P-E (x)	16.4	>100	73.7	71.7
P-BV (x)	0.6	1.3	1.6	1.6
ROE %	4.0	0.1	2.2	2.2

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

FY Dec	4Q-14	4Q-13	Q-o-Q %chg	YTD FY14	YTD FY13	Y-o-Y %chg
Revenue	10.6	14.4	-26.6	40.7	55.2	-26.2
Operating Profit	0.7	1.4	-53.2	0.8	3.9	-80.1
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	-0.6	-0.7	-11.8	-2.6	-2.7	-2.3
Finance Costs	0.0	-0.1	-5.9	-0.2	-0.3	-31.5
Pre Tax Profit	0.6	1.4	-54.9	0.6	3.6	-84.3
Tax	0.0	-0.6	-98.1	-0.5	-1.4	-62.1
Minority Interest	0.0	0.0	na	0.0	0.0	na
Net Profit to S'holders	0.6	0.7	-18.8	0.1	2.3	-97.5
Dividends	1.2	1.2	0.0	1.2	2.3	-50.0
EPS (sen)	0.3	0.3	-18.8	0.0	1.0	-97.5
DPS (sen)	0.5	0.5	0.0	0.5	1.0	-50.0
Operating Margin (%)	6.3	9.9	-36.2	1.9	7.1	-73.0
Net Margin (%)	5.7	5.2	10.6	0.1	4.1	-96.6
Effective Tax Rate (%)	1.9	45.5	-95.7	90.0	37.4	>100
NTA/share (RM)				0.24	0.25	-2.6

Comments
Revenue down 26.2% YTD 4Q 2014 vs YTD 4Q 2013. Lower cookware and clad sales not offset by higher mirror sales. Convex mirror sales were a small bright spot; this division grew 19% year on year. However mirrors account for about 22% of total sales.
Operating margins are stabilising; we expect them to remain in the 3-8% range for some time to come.

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

Current FY Ending	Ni Hsin Resources		Cam
	Bhd Dec-15	Resources Dec-15	Resources Dec-15
Revenue	42.8		275.6
Net Profit	1.3		5.5
Owners' Equity	59.4		103.9
Dividends	1.2		0.0
Market Cap	95.8		64.9
P-S (x)	2.2		0.2
P-E (x)	73.7		11.8
P-BV (x)	1.6		0.6
Div Yield (%)	1.2		0.0
Net Margins (%)	3.0		2.0
ROE (%)	2.2		5.3
Payout Ratio (%)	88.8		0.0
Debt/Equity (%)	18.6		62.0

*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	2013	2014	2015F	2016F
Revenue	55.2	40.7	42.8	44.5
Operating Profit	3.9	0.8	1.9	2.0
Other Income	0.0	0.0	0.0	0.0
Share of Associates	0.0	0.0	0.0	0.0
Depreciation/Amortization	-2.7	-2.6	-3.2	-3.2
Finance Costs	-0.3	-0.2	-0.2	-0.2
Pre Tax Profit	3.6	0.6	1.7	1.8
Tax	-1.4	-0.5	-0.4	-0.4
Minority Interest	0.0	0.0	0.0	0.0
Net Profit to Shareholders	2.4	0.1	1.3	1.3
Operating Margin (%)	7.2	1.9	4.5	4.4
PBT Margin (%)	6.6	1.4	4.1	4.0
Net Margin (%)	4.3	0.1	3.0	3.0
Effective Tax Rate (%)	37.4	90.0	25.0	25.0

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

FY Dec	2013	2014	2015F	2016F
Total Assets	75.5	70.2	70.4	70.8
Fixed Assets	34.1	32.5	33.9	35.2
Current Assets	36.3	32.5	31.5	30.4
Other LT Assets	5.1	5.1	5.1	5.1
Current Liabilities	13.2	8.8	8.9	9.0
LT Liabilities	2.2	2.1	2.2	2.2
Total Liabilities	15.4	10.9	11.0	11.2
Share Capital	47.3	47.3	47.3	47.3
Minority Interest	0.0	0.0	0.0	0.0
Owners' Equity	60.1	59.3	59.4	59.6
Total Equity	60.1	59.3	59.4	59.6
Total Liabilities & Equity	75.5	70.2	70.4	70.8

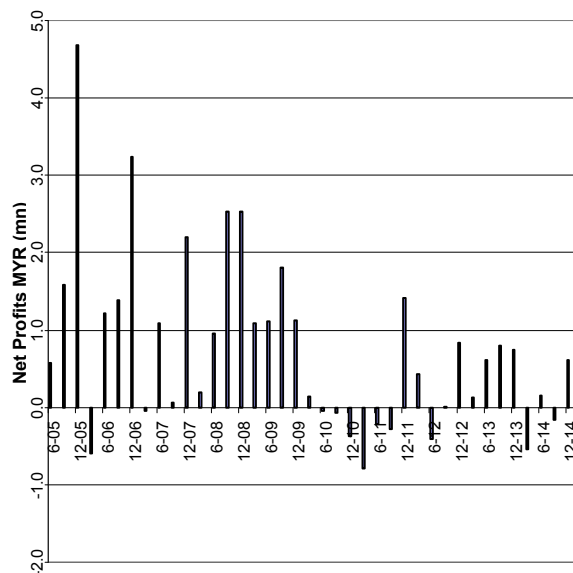
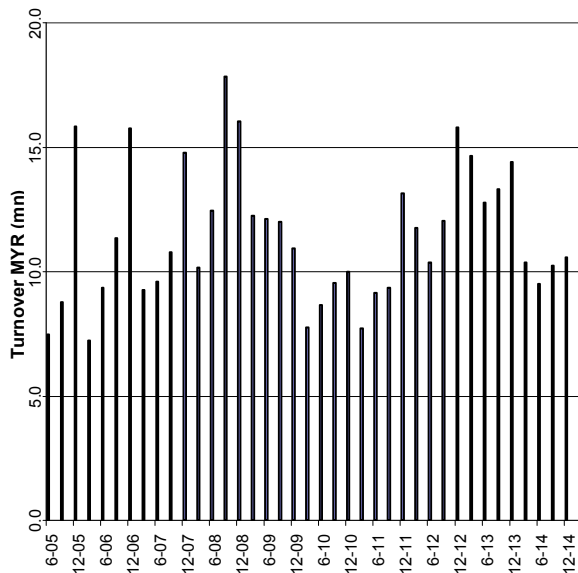
PER SHARE DATA (All figures in sen unless otherwise indicated)

FY Dec	2013	2014	2015F	2016F
Revenue	23.3	17.2	18.1	18.8
Cash Flow	2.1	1.1	1.9	1.9
Earnings	1.0	0.0	0.5	0.6
Dividends	1.0	0.5	0.5	0.5
Book Value	25.4	25.0	25.1	25.2
Payout (%)	97%	>100	89%	86%
P-S (x)	0.7	1.9	2.2	2.2
P-CF (x)	7.8	29.9	21.3	21.1
P-E (x)	16.4	>100	73.7	71.7
P-BV (x)	0.6	1.3	1.6	1.6
Dividend Yield (%)	5.9	1.5	1.2	1.2
ROE (%)	4.0	0.1	2.2	2.2
Total Debt/Equity (%)	25.6	18.4	18.6	18.7

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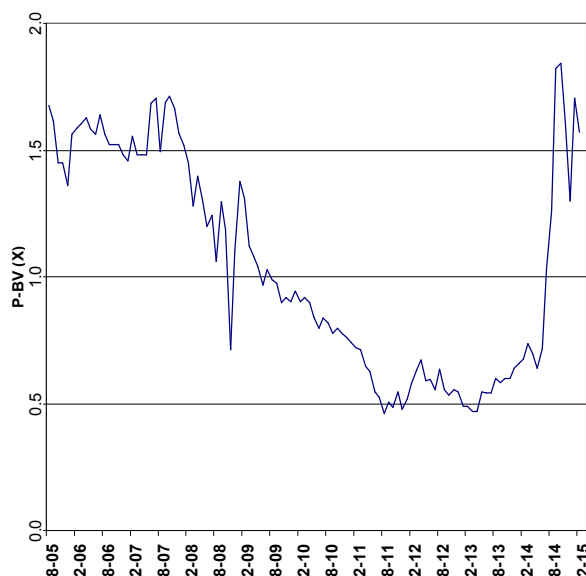
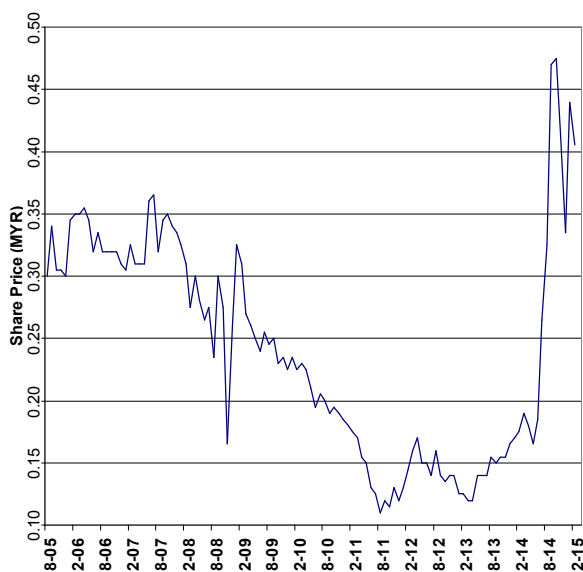
REVENUE - QUARTERLY LAST 9 YEARS (MYR mn)

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 about 22% of total sales. Management has done a commendable job in controlling costs, net margins turned positive in 4Q 2014 and came in at 0.1% for FY 2014.

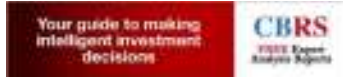
Recent Changes in Strategic Direction

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, Inoco became 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 30.8%. Pelaburan Mara now owns 5.1% of NHR shares. On 19 Nov 2014, NHR proposed a bonus issue of up to 118.3 mn warrants on the basis of one warrant for every two NHR shares. 115.5 mn warrants will be listed on 23 Feb 2015.

MYR (000s)	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY14 / FY10 5yr cagr%
Cookware	24,689	25,766	31,181	33,699	21,614	-2.6%
Convex Mirror	7,066	8,051	9,427	8,496	9,883	6.9%
Clad Metal	11,119	12,498	15,505	22,366	17,853	9.9%
Other	210	742	3,366	1,092	589	22.9%
Rev. Including Inter-segment	43,084	47,057	59,479	65,653	49,939	3.0%
Eliminations	-7,109	-7,274	-9,546	-10,503	-9,212	5.3%
Total Revenue	35,975	39,783	49,933	55,150	40,727	2.5%
Annual Change	-24.0%	10.6%	25.5%	10.4%	-26.2%	

ANALYST'S RECOMMENDATION RECORD

Ticker	Date	Recommendation	Fair Value	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%
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%
NHR MK Equity	16-Feb-15	HOLD	0.22	0.41		-10.0%
Return Since Inception of Coverage						137.3%

**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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