Contracting

Valuation Summary	
Currency	OMR
Price	0.549
PER (x)	15.3
P/B (x) *	2.9
P/S (x)	0.7
EV/Sales	1.0
EV/EBITDA	14.0
Div Yield	2.6
Free Float(%)	40
Shares O/S(m)	75
Beta	1.1

** BV as of 9M10*

(In Million)	OMR	USD
Mcap	41	107
EV	58	150

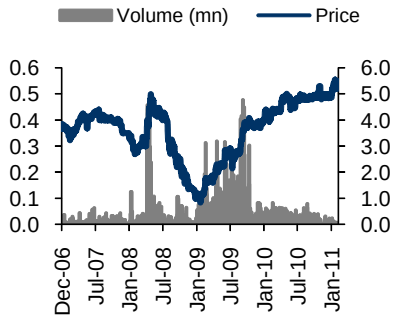
Price Performance (%)	1M	3M	12M
Al Hassan El	6.4%	12%	28%
.MSI	0.1%	5%	4%

Average Daily Turnover (m)	1D	10D	3M
Volume	0.021	0.018	0.053

52 Week	High	Low
Price	0.576	0.420

Major Shareholders	
Maqbool Ali Salman	20%
Hassan Ali Salman	20%
Al Hassan Electricals	20%

Price Chart



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Valuation Data as of Feb 8, 2011

Result Flash: Al Hassan Engineering

2010 earmarked a moderate performance, but 4Q10 results provided not only a respite but showed improvement: Al Hassan Engineering reported its 2010 annual results and the same were on expected lines. Revenue for 2010 grew 21% YoY and increased by 42% QoQ in 4Q10 and expected to be on improved EPC contract additions. Net Profit Margins improved by 20 bps QoQ to reach 4.8% but on a YoY basis, margins were lower on lagging contract additions. Net Profit increased by 49% QoQ to reach RO 1 million and proved to be the best quarter for 2010. The company's current backlog as of 2010 stood at RO 68 million compared to RO 70 million in 2009, but expcted to be better in 2011.

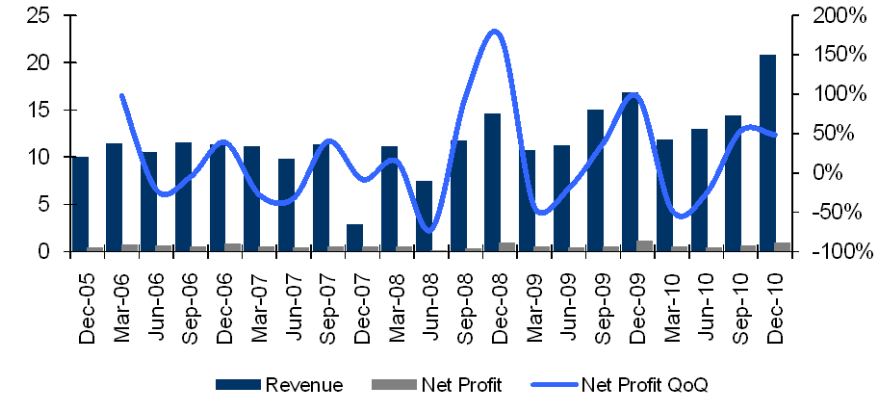
	2009	2010	4Q09	1Q10	2Q10	3Q10	4Q10
Total Revenue *	54.3	60.2	17.1	11.9	13.1	14.5	20.7
% change		11%		-30%	10%	11%	42%
Gross Profit	7.3	NA	2.9	1.6	1.7	1.9	NA
% change			61%	-45%	6%	12%	
Operating Profit	4.0	NA	1.5	0.9	0.9	0.9	NA
% change			65%	-42%	3%	4%	
Net Profit	2.7	2.7	1.1	0.6	0.4	0.7	1.0
% change		1%	98%	-48%	-25%	53%	49%
Gross Profit Margins	13.4%	NA	17.2%	13.4%	13.1%	13.1%	NA
Operating Margins	7.3%	NA	8.9%	7.3%	6.9%	6.4%	NA
Net Profit Margins	4.9%	4.5%	6.7%	5.0%	3.4%	4.6%	4.8%

*****includes other income

Source: Company data and United Securities Research, Fig in RO Millions

High level of government spending to drive valuation, but expected to smoothen further: Al Hassan Engineering is currently trading at P/E of 15.3x, higher than its 5-year average P/E of 11.1x and trades at a premium to MSM valuations. The share's dividend yield is 2.6%. We remain Neutral on the stock considering the overall effect over the near term, but strong government spending plans and access as a primary contractor for PDO's mid sized contracts could make valuations attractive over long term.

Revenue and Net Profit QoQ growth for last 20 quarters (Figures in OMR Million)



Source: Company data and United Securities Research

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