

Board of Director's Report

On behalf of the Board of Directors of National Pharmaceutical Industries Company SAOG, I have pleasure in welcoming you all to the Fifteenth Annual General Body Meeting and to present to you the Annual Report for the year ended 31st December 2011 along with the Audited Financial Statements for the year.

1. Sales & Profit :

The Company recorded a sale of RO 6.358 Million in 2011 as compared to RO 5.735 Million in 2010 while the net profit rose to RO 0.450 Million in 2011 from RO 0.203 Million in 2010. This could be achieved by increasing the sales in the local market in the Sultanate of Oman, both in the Governmental Sector as well as in the Private market Sector as well as control over costs.

The strategy of the Company is to further consolidate its position in the private markets in Oman as well as in other countries along with a judicious mix of tender sales and the private market sales in the years ahead.

2. Production:

All the lines of the Company were in operation in the current year for fulfilling the commitments against the orders received. The Company produced 5.76 Million syrups & suspensions, 293.03 Million tablets and 24.59 Million sachets in its non-beta lactum plant and 1.75 Million dry suspension and 49.18 Million capsules in its beta lactum plant. The production was mainly against orders on hand.

3. Product Development:

The Company has an established in-house research and development laboratory and a detailed programme of product development.

As of date the Company has 98 products registered with the Ministry of Health, Oman and 47 products registered at the Central GCC level with many more under development & registration.

The products developed cover almost all the therapeutic segments in the almost all the oral dosage forms.

4. Operations in 2011:

The strategy of the Company in the year 2011 was to increase its presence in the Oman market with 55% of the sales being generated from the Oman market during the year. The gross profit % continued to be healthy. The expenses also were lower than the previous year on account of drop in the selling expenses due to the reduction in the export tender sales. Due to this, the net profit recorded an increase from RO 0.203 Million last year to RO 0.450 Million this year.

5. Future Outlook:

The company's strategy is as under:

- Various collaborations are being entered into by the Company with established pharmaceutical companies around the world to bring in high end technology into the Sultanate of Oman as well as increase the number of products registered by the Company.
- Increase the presence in the Oman market – both at the institutional level as well as in the private markets.
- Gearing up for increasing the number of products registered in Oman as well as in other export markets considering the constantly changing regulatory requirements for registering products.
- Explore and add new markets for the Company's products to expand its presence .

6. Internal Controls :

The Directors have reviewed the effectiveness of the Company's system of internal controls through periodic review of by the effectiveness of internal controls and internal audit reports by the Audit Committee, formed by the Board.

7. Government Support :

The Government of Oman has been supporting the Company in various ways – e.g., tax exemption, staggering the installment of Soft loan, etc. It is expected that the Government support, which is vital to the running of the Company, would continue in the years ahead.

The Board of Directors takes this opportunity to extend their gratitude to all the Ministries and Government Organizations especially the Ministries of Health, Commerce & Industries and National Economy for their continued support.

Finally on behalf of the Board of Directors and shareholders I would like to extend their gratitude to His Majesty SULTAN QABOOS BIN SAID and his Government for their continued support from the beginning till date to this National Project.


GHAZI OMAR AL ZUBAIDI
CHAIRMAN OF THE BOARD

