

**Board of Director's Report**

**NATIONAL PHARMACEUTICAL INDUSTRIES COMPANY (SAOG)  
MUSCAT, SULTANATE OF OMAN**

On behalf of the Board of Directors of National Pharmaceutical Industries Company SAOG, I have pleasure in welcoming you all to the twentieth Annual General Body Meeting and to present to you the Annual Report for the year ended 31<sup>st</sup> December 2016 along with the Audited Financial Statements for the year.

**1. Sales & Profit :**

The Company recorded a sale of RO 13.223 Million in 2016 as compared to RO 10.612 Million in 2015 while the net profit before tax was to RO 1.517 Million in 2016 as compared to RO 1.170 Million in 2015. The increase in sales was mainly from the Export Market

The Company's strategy in the years ahead is to consolidate its presence in the GCC and African markets both in the tender and private market segments as well as expand into newer markets.

**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 8.468 Million syrups & suspensions, 601.137 Million tablets and 66.279 Million sachets in its non-beta lactum plant and 1.654 Million dry suspension and 73.273 Million tablets & 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 206 SKU's 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 2016:**

The strategy of the Company in the year 2016 was to improve the private market sales in the GCC Countries and open up market in African continent. The increase in private market sales helped improve the gross profit to cover the increase in the operational costs resulting in consolidating the net profit before tax at RO1.517 Million this year. During the year new machines were commissioned in the quality control laboratory to improve efficiency and quality. Other machines were ordered to increase the manufacturing capacity in the tablet and sachet lines.

**5. Future Outlook:**

The company's strategy is as under:

- Continued thrust in the Oman, Saudi Arabian, UAE and African markets – both at the private market and institutional levels.
- Increase the number of product offerings in all countries.
- Explore additional markets and avenues of business.
- Expand manufacturing capacity in existing factory as well as set up additional manufacturing plant.

**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. Corporate Social Responsibility:**

The company is committed to serve the society by supporting research and training. The company is impart training to students of various local institutions viz. Sultan Qaboos University, Oman Medical College, Nizwa University etc. as a part of their academic curriculum. Also the company support research by students of local colleges and universities.

**8. 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.

9. 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.



**Dr. GHAZI OMAR AL ZUBAIDI**  
**CHAIRMAN OF THE BOARD**