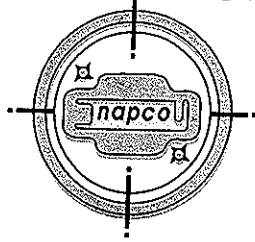


P.O. Box : 15, Rusayl, P. Code : 124
Sultanate of Oman
C.R. : 1/22025/0
E-mail : napco@omantel.net.om
Website : www.napcooman.com
Tel. : +968 24446450
Fax : +968 24446453/24446449



ص.ب : ١٥ الرسيل، الرمز البريدي : ١٢٤
سلطنة عمان
س.ت : ١/٢٢٠٢٥/٠
بريد الكتروني : napco@omantel.net.om
ويب سايت : www.napcooman.com
تليفون : +٩٦٨ ٢٤٤٤٦٤٥٠
فاكس : +٩٦٨ ٢٤٤٤٦٤٤٩/٢٤٤٤٦٤٥٣

BOARD OF DIRECTORS' REPORT FOR THE YEAR ENDED 31ST DECEMBER, 2013

Dear Shareholders,

My warm greeting to all of you and it is my great pleasure to welcome you all on behalf of the Board of Directors. Your Directors are pleased to present the Audited Accounts along with the Auditors' Report for the financial year ending 31st December, 2013.

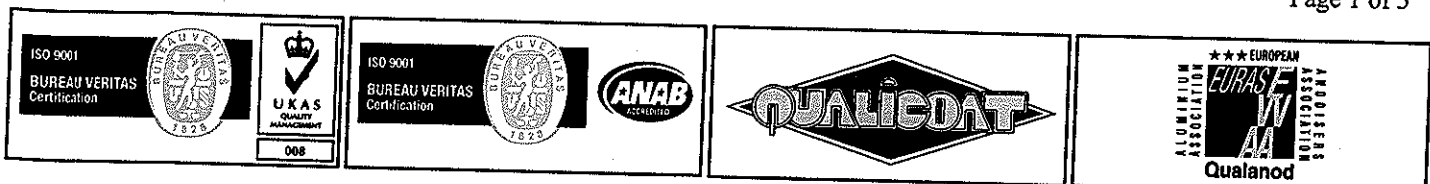
Global economic environment

The global economy is still very slow in recovering from the repercussions of the financial crisis. The US economy appears now to be recovering faster than initially expected and the Euro area is slowly coming out of a long recession. The Annual Meetings of the IMF and the World Bank highlighted the clouds on the horizon for the global economy and the climate in 2014 will still contain downside risks with an unpromising outlook based on very modest projected growth rate. The US Federal Reserve's decision to taper its quantitative easing programme is expected to impact on Gulf Sovereign and credit markets and commodity prices in the shorter term. Also, with liquidity/ easy money drying up, growth in emerging markets will be more expensive and slower.

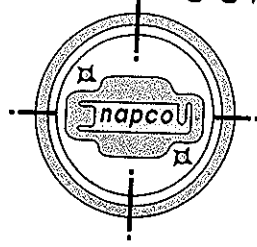
Regional business environment

In this environment, the GCC countries, led by Qatar, are expected to be part of the global economic growth engines. Moreover, the geopolitical situation in the Gulf Region appears to stabilize slowly following the Iran-US deal which could reduce volatility in the oil markets with the expectation of lower oil prices in 2014. Nevertheless the GCC countries will continue their drive to diversify from the hydrocarbon sector through infrastructure investment and a growing service sector, notwithstanding lower commodity prices.

The year 2013 has been a year of solid growth for the Gulf. High oil prices continued to boost the economies of the oil exporting states, delivering healthy trade and current account surpluses that have increased foreign currency reserves and reduced sovereign debt levels. This has enabled government investment in security, infrastructure and job creation initiatives. Government expenditure has and will continue to have a direct impact on the recovery of all the economic activities.



P.O. Box : 15, Rusayl, P. Code : 124
Sultanate of Oman
C.R. : 1/22025/0
E-mail : napco@omantel.net.om
Website : www.napcooman.com
Tel. : +968 24446450
Fax : +968 24446453/24446449



ص.ب : ١٥ الرسيل، الرمز البريدي : ١٢٤
سلطنة عمان
س.ت : ١/٢٢٠٢٥/٠
بريد الكتروني : napco@omantel.net.om
ويب سايت : www.napcooman.com
تليفون : +٩٦٨ ٢٤٤٤٦٤٥٠
فاكس : +٩٦٨ ٢٤٤٤٦٤٤٩/٢٤٤٤٦٤٥٣

Aluminium extrusion industry during the year 2013 reflected sluggish growth in most developed markets. In the GCC the industry has, off late, seen several additions to production with existing players as well through the entry of newer manufacturers.

Performance Review

Despite the difficult economic environment, your company's performance during 2013 was reasonably satisfactory.

The company achieved a profit after tax of RO1,177,290 compared to RO 337,176 in the previous year. The increased profitability was mainly due to sale of higher value product-mix to high-end projects nearing completion. Effective operational efficiencies including the managing volatility in the raw material prices, overhead management have also contributed to the increased profit during the year.

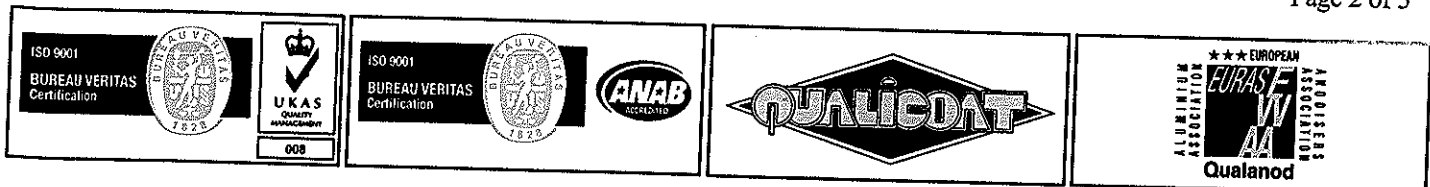
The financial performance of the company in 2013, as compared to that of 2012, is summarized below:

Summary of Income Statement		
	RO in 000's	
	Year 2013	Year 2012
Sales	18,623	17,737
Net profit before tax	1,368	370
Provision for tax	191	(33)
Net profit after tax	1177	337

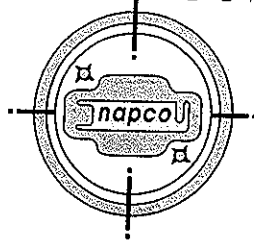
Sales

Total sales during year 2013 amounted to RO18,623,044, an increase of 5% over previous year's Sales of RO 17,737,050.

The company continued retaining a strong position in the domestic market and performed reasonably well in other GCC markets particularly in high-value projects. Aligned with its continued drive to expand its customer base outside the GCC region, the company's export sales remained substantial in value terms at RO 12.6 Million, compared to RO 12.2 Million in the previous year.



P.O. Box : 15, Rusayl, P. Code : 124
Sultanate of Oman
C.R. : 1/22025/0
E-mail : napco@omantel.net.om
Website : www.napcooman.com
Tel. : +968 24446450
Fax : +968 24446453/24446449



ص.ب : ١٥ الرسيل، الرمز البريدي : ١٢٤
سلطنة عمان
س.ت : ١/٢٢٠٢٥/٠
بريد الكتروني : napco@omantel.net.om
ويب سايت : www.napcooman.com
تليفون : +٩٦٨ ٢٤٤٤٦٤٥٠
فاكس : +٩٦٨ ٢٤٤٤٦٤٤٩/٢٤٤٤٦٤٥٣

The company is well-positioned to sustain at least current levels of activity during the coming years targeting high-value projects in the region, To insulate itself against revenue volatility resulting from an economic downturn in a market, the company pursues, apart from deeper market penetration, a market development strategy with a wider and more diverse customer base, end-use and geographic targets. The company's markets today include the GCC, Europe, Africa and South East Asia.

Operations

The company operates in an extremely competitive market environment locally and regionally. The policy of free trade in the region has enabled companies to expand their markets. Intense competition maintains margins under pressure as product prices are kept low because the GCC, as a whole, is a price centric market and is the main factor driving consumer purchase decision. Excess capacity clubbed with price centric nature compels extrusion companies to offer their products more or less at the same price.

The company adapted itself to the significant changes in its operating environment in 2013 and the increase in production, logistics and manpower costs while international prices of aluminium remained volatile during the year in 2013. Despite these, your company managed the above factors reasonably well to earn satisfactory net profit.

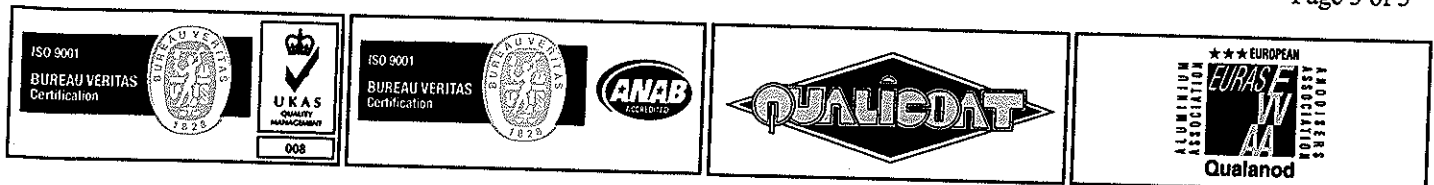
The cash position of the company remained healthy.

Dividend

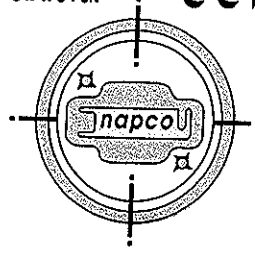
The Board of your Company recommends a dividend of 12% for the current year (previous year 2012: 7%) on the paid up capital of the company. The dividend proposed is subject to the approval of members in the ensuing Annual General Meeting.

Regional future outlook

With the GCC countries Government drive to diversify from the hydrocarbon sector, as mentioned above, , the construction sector will be among the key beneficiaries from the shift to non-oil and gas development. The increased contribution from private sector in real estate development, supported by low interest rates will contribute to the sector's expansion. Demand for extruded products is expected to grow and the company will be focused on developing niche markets for its products within the GCC and other export markets.



P.O. Box : 15, Rusayl, P. Code : 124
Sultanate of Oman
C.R. : 1/22025/0
E-mail : napco@omantel.net.om
Website : www.napcooman.com
Tel. : +968 24446450
Fax : +968 24446453/24446449



ص.ب : ١٥ الرسيل، الرمز البريدي : ١٢٤
سلطنة عمان
س.ت : ١/٢٢٠٢٥/٠
بريد الكتروني : napco@omantel.net.om
ويب سايت : www.napcooman.com
تليفون : +٩٦٨ ٢٤٤٤٦٤٥٠
فاكس : +٩٦٨ ٢٤٤٤٦٤٤٩/٢٤٤٤٦٤٥٣

Increasing costs, particularly manpower, and a highly competitive business environment will continue to apply severe pressure on margins and overcoming these will continue to be a challenge in the future. The company will put in stronger efforts on continuous productivity improvements supported by sharper and niche based market strategies which should enable it to weather adverse conditions successfully.

Corporate Governance

Your Company has a sound corporate governance culture manifested with strong emphasis on transparency, accountability and integrity and our governance system is integrated with ethical business practices meeting the high standards expected by the Authorities. Your company won Third Place for the Industrial Category in the Corporate Governance Excellence Awards 2013 given by the Capital Markets Authority for demonstrating leading governance practices.

This Report contains a separate section confirming compliance with the Code of Corporate Governance issued by Capital Market Authority

Health, Safety and Environment

In line with our commitment to the safety of our people, HSE continues to receive the highest priority in our organization. Your company has been successfully carrying out its daily business activities without any Lost Time Injury (LTI) incident.

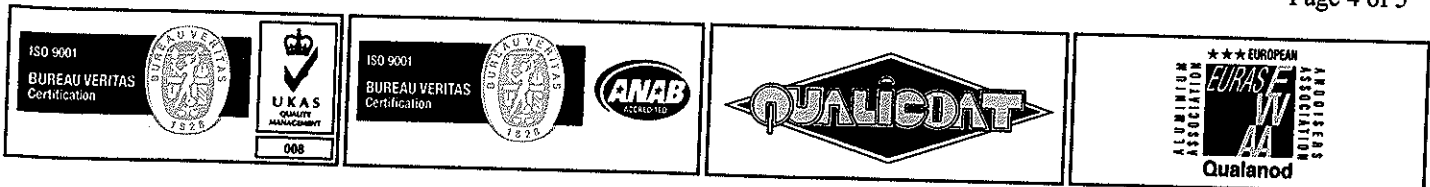
Nationalization

Your company has always paid special attention to recruitment and training of Omani employees and is committed to progressively attain high levels of Omanisation at all levels of hierarchy and skill sets within the organization.

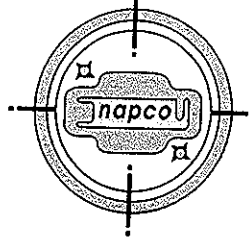
Acknowledgement & Appreciation

All members of the Board express their appreciation to all employees for their contribution in the achievement of our goals, their hard work, dedication and commitment. The enthusiasm and unstinting efforts of the employees have enabled the Company to remain at the forefront of the industry.

The Board also takes this opportunity to acknowledge and appreciate the support extended by all the investors, clients, vendors, banks, regulatory and government



P.O. Box : 15, Rusayl, P. Code : 124
Sultanate of Oman
C.R. : 1/22025/0
E-mail : napco@omantel.net.om
Website : www.napcooman.com
Tel. : +968 24446450
Fax : +968 24446453/24446449



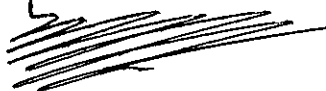
ص.ب : ١٥ الرسيل، الرمز البريدي : ١٢٤
سلطنة عمان
س.ت : ١/٢٢٠٢٥/٠
بريد الكتروني : napco@omantel.net.om
ويب سايت : www.napcooman.com
تليفون : +٩٦٨ ٢٤٤٤٦٤٥٠
فاكس : +٩٦٨ ٢٤٤٤٦٤٤٩/٢٤٤٤٦٤٥٣

authorities, MSM and CMA and look forward to having the continued support from all of them.

Oman marches ahead in the pursuit of all round development despite a gloomy business environment globally. This was made possible for the vision and pragmatic and timely policies of His Majesty Sultan Majesty's Government.

I wish to place on record, personally and on behalf of the Board of Directors and employees, our deepest gratitude to His Majesty Sultan Qaboos Bin Said and His Majesty's Government for their generous encouragement, support and guidance.

For & on behalf of the Board of Directors
National Aluminium Products Co. S.A.O.G.


Rashid Al Sadi
Chairman

