

Shareholders' Rights and Obligations

Rights of Share Owners and their obligations

First: Each share entitles to:

1. Receipt of profits to be distributed to shareholders.
2. Fulfill of a share upon liquidation.
3. Contribute to the management of the company's business, both in the General Assemblies or in the Board of Directors according to the company's system.
4. Obtain a printed booklet that includes the budget for the past financial year and profit and loss account and report of the Board of Directors and auditors.
5. Institute an action to invalidate any decision issued by the General Assembly or the Board of Directors contrary to the law or public order or contract of incorporation or statute.
6. Dispose of the shares owned by it, and priority in the subscription of new shares in accordance with the law.
7. The right to review the Company's records and obtain copies or extracts of its data in accordance with the conditions and cases prescribed by the Articles of Association, provided that their use shall not result in harm to the interests of the company, its financial position or others.
8. All the rights mentioned in the Company's Memorandum and Articles of Association. .
9. Institute an action against the company, if its affairs are run in a way that is unfair to the shareholders in general or harming one shareholder or more in particular provided that, the claimant is among the affected shareholders, and in case the company intends to do or withhold from any act that might harm or damage in a similar way, and when others do, withhold or intend to do the same on behalf of the company.

Second: The General Assembly of shareholders shall not:

1. Increase the financial burdens of the shareholder or increase the value of the shares except within the provisions of the law.
2. Reduce the percentage to be distributed from the net profits to the shareholders specified in the Company's Articles of Association.
3. Impose new conditions other than those mentioned in the Articles of Association related to the right to attend and vote in General Assemblies.
4. Restrict the right of the shareholder on instituting action on the members of the Board of Directors or upon themselves in claiming for compensation for the harms incurred upon him in accordance with the provisions of the law.

Third: in particular, each shareholder shall be bound to the following:

1. Repay the due installments and pay the delay as soon as the expiry time without need to warning.
2. Pay the expenses that the company bears for fulfilling the unpaid installment and sale of shares.
3. Refrain from any action with the intent to cause harm to the company.
4. Execute any legal resolution issued by the General assembly.

Company funds may not be seized

1. The creditor or his heirs may not claim to place the stamps on the company books, documents or properties, or claim to divide or sell them for impossibility of division, or intervene in any way whatever it is in the company management, as they should rely on

the company records, its financial statements and resolutions of the general assembly upon using their rights.

2. The company funds may not be seized to fulfill debts owed by one of shareholders, but shares of the debtor and the profits of such shares may be seized and shall be indicated by the seizure or the lifting of the shares from the shares registered in the company on the basis of a declaration issued by a legally competent.
3. All resolutions adopted by the General Assembly shall apply to the seizer and to the mortgagee as they apply to the shareholder whose shares are seized, or the mortgagor without having the rights of membership in the company.

Temporary certificate and shares record

The Company shall keep a record of registered shareholders of the General Assembly, listing the names of the shareholders. The record shall contain the names of the shareholders, their nationalities, and the number of certificates of shares, the number and the actions taking place on the shares mentioned. The company shall provide a copy of these statements to the Ministry of Commerce and the Bahrain Bourse. Interested persons are entitled to review this register during working hours free of charge.

Trading, disposing, seizing, or mortgaging shares

1. The shares shall be traded, registered, transferred, assigned, settled, mortgaged and seized, and the Company shall purchase its shares in accordance with the provisions of the Central Bank of Bahrain and the Financial Institutions Law promulgated by Law No. 64 of 2006.
2. Affiliates to any Public **Joint Stock Company** are prohibited from possession of the shareholding company's shares, for the purposes of this article and in compliance of the Central Bank of Bahrain and the Financial Institutions Laws, an affiliate is a company controlled by a parent company directly or indirectly, through the parent company's ownership by over half of its capital, equity ,stocks or shares, which enable the parent company to control the affiliate's decisions or form its Board or appoint its directors.

Raising Capital

1. Extraordinary General Assembly may decide raising authorized share capital, also authorized share capital could be raised by a decision of Irregular General Assembly to the limits of authorized share capital, in appropriate cases, provided that the capital issued before increasing is paid in full. Raising the issued capital should be within the next three years with the effect from issuing the decision authorizing capital raising, such duration is calculated according to any determined raising, however the company can issue new shares prior to paying full value of previous issuances shares, following the approval by regular general assembly and the Minister of Commerce, on such decision. Relevant Ministry, Central Bank of Bahrain, and Bahrain Bourse should be notified of these decisions and the rationale for such increasing. Irregular General Assembly decision shall be binding only with prior approval of competent bodies. New shares should be issued after obtaining the approval of Central Bank of Bahrain pursuant to the Articles no. 81 to 85 of the Central Bank of Bahrain and The Financial Institutions Law and the regulations made in fulfillment of its provisions.
2. Shareholders have subscription priority for the new shares, and each condition unlike that will be considered null and void, thus a statement should be published in one of daily local newspapers including notifying shareholders of their priority for subscription, date of its opening, date of its closure, and new shares price, besides, it is permitted to

notify shareholders of the said statement through registered letters, then each shareholder should manifest his desire to use his right to subscription priority for new shares within 15 days from the date of publication of statement mentioned in the paragraph above. It is permitted to waive the right of priority for others for a price which would be agreed upon between the shareholder and the transferee.

3. New shares will be distributed among shareholders who requested subscription according to the percentage each of them owns in the original shares, provided that it doesn't exceed the new shares they requested, the remaining new shares will be distributed among the shareholders who requested more than the percentage of shares they own, as mentioned above. Remaining new shares will be offered for general subscription, following the provisions relating to general subscription when the company is incorporated.

Reducing Capital

1. Irregular General Assembly may decide to reduce the redundant company capital or if there is a loss hence the company decides to lower its capital to reach the value already available, after obtaining the approval of Central Bank of Bahrain.
2. The decision of reduction should be taken only upon reading out the two reports of Board of Directors and auditor concerning the rationale for such reduction, the company obligations, and the effect of that reduction on these obligations. The relevant Ministry of Commerce, Central Bank of Bahrain and Bahrain Bourse should be notified by a copy of the two reports of Board of Directors and auditor. The decision of irregular general assembly would be effective only after obtaining the approval of relevant authorities.
3. In the case of reducing capital through canceling a number of its shares, a number of shares owned to each shareholder should be cancelled as much as the percentage of capital which is determined to be reduced, provided that it mustn't entail a shareholder deprivation from contribution to company. Within a month from the date of cancellation, the Company should recover cancelled shares certificates from shareholders in order to destroy them, and this action should be marked on shareholders register. In turn, the relevant Ministry of Commerce, Central Bank of Bahrain and Bahrain Bourse should be notified.
4. Creditors, who express their opposition within 15 working days from the date of publishing the reduction decision in the Official Gazette and submit their documents on the said date, are not entitled to protest against capital reduction until they recover their debts in full or obtain sufficient guarantees to fulfill their due debts.

Bonds

1. The company may borrow through bond loan by resolution of the Regular general assembly upon proposal from the Board of Directors and the issuance of bonds in Bahraini Dinars. As they may be issued in foreign currency subject to approval by the Central Bank of Bahrain in all cases.
2. The General Assembly may authorize to the Board of Directors in selecting release time, provided that it shall be during the two years following the date of the resolution of the Assembly.
3. The Extraordinary General Assembly may, upon a reasoned proposal of the Board of Directors to issue convertible bonds into shares, provided that the company's shares have been accepted for trading in the Bahrain Bourse as specific terms and conditions.
4. The owners of the bonds who desire to convert their bonds into shares, shall demonstrate their desire within the duration set forth in the resolution of issuing the bonds shown in the Prospectus, as the company fulfills the value of the bonds that their owners do not desire to convert them into shares upon the due date, in accordance with Article No. (151) of the Commercial Companies Law.

5. The shareholders of the company shall have the priority right to subscribe in the convertible bonds into shares if they demonstrated their desire of that within a period not exceeding fifteen days as of the date of inviting them to use this right. If the resolution of the General assembly of issuing the convertible bonds into shares included cancellation of the preference right of the shareholders of the subscription, it must have the consent of the bondsholders of bonds convertible into shares bondholders on this resolution.
6. Bonds obtained by the bondholders because of conversion of their bonds share in profits for the fiscal year during which the conversion was madethus via the conversion date to the end of the financial year.
7. The capital may not be reduced, increased or distributed as minimum of profits to shareholders after the adoption of the irregular general assembly resolution of issuing convertible bonds into shares until the date of conversion or payment of their value. And if the capital reduction was made due to loss, the rights of bondholders who chose to convert into shares shall be reduced in the rate of the percent determined to reduce the capital without the consent of the bondholders.
8. The company may issue bonds whose holders have priority right of subscription in any increase in capital as shareholders are for within a period not exceeding 15 days from the date of notification of the bondholders of that, and the right of priority shall be limited in subscription in shares not exceeding the nominal value of the bonds owned from using this right.
9. A Board of the bondholders of each issue shall be formed to protect the common interests for its members , as it shall have a legal representative among its members , whereas the company shall invite the mentioned Board within a month as of the expiration date of subscription in bonds , thus via publishing in a daily newspaper to elect or choose its representative who shall have the right to attend the General Assemblies of the company and participate in the deliberations only without the right to vote, as the Board holds its meeting whenever necessary upon the request of its representative or company or bondholders owning 10 percent of their value. And the invitation of publication shall be in a daily newspaper , and the Board's decisions shall not be valid unless the meeting was attended by a number representing (two thirds) of the bonds issued, if the quorum was not completed, the Board shall invite for a second valid meeting of who represent one third of bonds, decisions by the majority of those present, the Board may not take any decision that entails increasing the burdens of their members or the violation of the principle of equality between them.

Company Management - Board of Directors

1. Company is administered by a Board of Directors composed of ten members whose membership requirements correspond to the regulations of Central the Bank of Bahrain. Each shareholder who owns 10% or more of the company's ,capital has the right to designate representatives in the Board of Directors in the same proportion of the number of board members (with rounding decimal points to the nearest integer number), then he forfeits his right to vote in the proportion he designates representative for it. Shareholders who don't use their right to appoint members in the Board of Directors, or don't have the proportion that entitles them to appoint other members, may use that proportion in voting. Appointment shall be forfeited in the case of not using such a right in any process of electing or designating members of Board of Directors on a case by case basis. While remaining members will be elected by the remaining members of the General Assembly by secret accumulative voting for renewable three years term. The General Assembly may appoint experienced members who are not founders or shareholders

Responsibilities of members of Board of Directors

1. The Chairman of the Board of Directors, the members of the board and and the company's directors are responsible towards the company, the shareholders and others

according to paragraph (3) below of this article and all other conditions that contradict it are null and void. That shall not prevent lodging a liability claim against the above-mentioned if the shareholders vote for absolving their liability. .

2. Above mentioned responsibility in the previous article is either a personal responsibility related to a specific member or a collective responsibility among all members of the Board of Directors. In the last case, all members, collectively, will hold responsibility for reimbursements, unless a group of them opposed that decision which resulted in responsibility, and proved their opposition in the minutes of meeting. The absence of one member from the meeting at which the decision was issued, will not be considered a justification for exemption of responsibility, unless he proved that he is unaware of that decision that he is aware of the decision but he is incapable of objection. In the case of more than one member took part in the error, they will hold responsibility, collectively, towards company.
3. Responsibility proceedings will not be heard after five years from the date of holding the General Assembly that witnessed Board of Directors presentation about its administration. While observing the Corporate Governance Code a businessman may be a partner in more than one competing companies without being involved in their administration, unless the company or its Articles of Association state otherwise.
4. Observing paragraphs (5) and (7)_ of this article, Responsibility proceedings against the members of Directors board because of their errors that result in damages caused to shareholders in paragraph (3) of Article (23) of this law is the company's right. The General assembly must issue a decision for proceeding, on condition that the Chairman of Directors board takes the responsibility for conducting proceedings. If the Chairman of Board of Directors is one of opponents, it is required to appoint another member of board by the general assembly, to conduct proceedings. In the case that all members of board were opponents, it is required to appoint the one (s) who acting on behalf of General Assembly other than the members of the board to conduct proceedings.
5. Every shareholder can conduct responsibility proceedings against the Board individually if the company does not take action as mentioned in paragraph (4) of this Article. If the mistake causes him harm as a shareholder, that is after her has notified the company with a written letter of his intention to take such an action and a proof of receipt at least 30 days prior to take action any company conditions to the contrary are null and void, the shareholder may also request in the hearing make the defendant or others to provide any written evidence or any other items pertaining to the claim.
6. Any shareholder who wishes to start such a dispute of this kind must notify the Chairmain with a registered letter prior to the next general assembly bu at least 30 days and the Chairman must add this suggestion in the agenda, of the general assembly refuses no shareholder shall bring this up under his name.
7. In case of the compan's announcement of bankruptcy, the responsibility proceedings, mentioned in paragraph (4) of this article shall be conducted by the bankruptcy secretary, if the company is facing dissolution, the dissolved party may conduct proceedings without reference to the general assembly's decision.

Rewards of board members

1. General assembly determines the rewards of board members. The total of these rewards shouldn't exceed 10% of net profit after deducting legal reserves and after distributing profit no less than 5% of capital to the shareholders.
2. General assembly may decide to disburse annual awards for the Chairman and the members of the Board of Directors, in those years the company doesn't achieve profits or in those years there is no distribution of profits to the shareholders subject to approval by

the Minister concerned with trade affairs, in accordance with controls stipulated in Article (188) of Companies Ordinance n0. (2) 2001 AD.

3. The report submitted by Board of Directors to the general assembly must involve a comprehensive statement of all what board members got during the fiscal year of salaries, shares of profit, attendance allowance, representation allowance and so forth. Also, the said report must contain a statement of what the members of board got in their capacity as employees or administrators or what they got against technical, administrative or consultative works or any other acts, in accordance with provisions of the Corporate Governance Code, and under the regulatory requirements of Central Bank of Bahrain. Without prejudice to what the law demands, it must be considered in the process of disclosing each member, the privacy of rewards matter. Accordingly, disclosure must be under company internal regulations.

Cases of terminating the membership of board

A member of board may lose his status in the board in one of the following cases:

1. If he fails to attend the board regular and scheduled meetings without valid excuse and in contrast to the requirements of Central Bank of Bahrain, by the attendance less than 75% of these meetings in one fiscal year, by a decision of Board of Directors. In all situations, company should notify Central Bank of Bahrain of absenteeism to take all necessary actions according to its applicable laws and regulations.
2. If he has resigned from his post with a written request.
3. If he lost one of the stipulated conditions in Article (17).
4. If he holds any other office in the company and receives a salary except for the post of the Chairman of board and of the managing Directors.
5. If he misused his membership in any act or participated in any act without a special and reasoned permission from the general assembly, causing a competition for the company in a manner that caused actual damage for the company or divulged company secrets.
6. If Central Bank of Bahrain issued a decision that deprives one member of his membership, where it appears that he has broken laws and issued instructions concerning dealings of main figures, in conformity with the requirements of Central Bank of Bahrain, Bahrain Bourse, Board of Directors Charter for action.

Calling for General Assembly Meeting

1. Shareholders calling for general assembly meeting should be published in at least two daily newspapers issued in Arabic, provided that one of them is a local newspaper. That publication should be at least 21days prior to the set date for holding the meeting, in addition to that, the publication should contain the agenda.

Agenda for General Assembly Meeting

1. Board of Directors sets agenda of general assembly whether it held regularly or irregularly.
 - A. The General Assembly may not discuss items not on the agenda except in the following cases:
 1. Urgent items that came up after drafting the agenda
 2. Items which are revealed in the meeting.
 3. If a written request is submitted for the item 5 days at least prior to the general assembly by the regulatory body of the company or one of the public joint stock company, the auditor, or shareholders owning at least 5% of the company's capital.

- B. If during the meeting it appears that there is no sufficiency of information about some of the items presented, the general assembly postpones the meeting for ten days at most if shareholders owning a quarter of the shares request that.
- C. The Board of directors must present the resolution of the General Assembly on the urgent matters from the Central Bank of Bahrain, within five working days from the date of session.

Voting at AGM

1. Each shareholder has the right to attend general assembly meeting and has a number of votes equal to the number of shares he owns. Shareholders who lack legal capacity, will be represented by their legal attorney.
2. Power of attorney may be permitted to attend general assembly meetings, provided that the attorney is not one of the members or the Chairman of board or one of the employees, and that doesn't interfere with the right to appoint close relatives under a special power of attorney. Power of attorney and representative capacity must be highlighted 24 hours at least before general assembly meeting.
3. A member shouldn't participate in voting for himself or on behalf of the one he represents, on matters concerning direct private benefit related to himself or concerning a dispute between him and the company.
4. Members shouldn't participate in voting general assembly decisions related to identifying salaries or rewards, discharging them, or issuing a disclaimer through the administration.
5. Mechanism of voting is by a show of hands or through any other way approved by general assembly. Voting must be by secret ballot in case that the decision is about electing, dismissing, or conducting proceedings against the Board of Directors, or in the case that the Chairman or 1/10 at least of the votes attending the meeting, requested so.

Recording

1. It is required to record shareholders names to engage into general assembly, in a specific record at the company's headquarters (24) hours at least before the date set to hold regular or irregular general assembly.
2. The record containing names of shareholders, number of shares they own, number of shares they represent, names of owners, bonds of attorney, and number of votes they are entitled to whether in person or by attorney.

Minutes of Meetings

1. Minutes of meeting should be drawn up including an executive summary of all discussions of general assembly with everything going on during meetings, quorum of presence, the decisions taken by general assembly, votes that accept and others that objects to these decisions, and all that shareholders request to mention in the minutes of meeting.
2. Recording names of attendants in a special record and whether their attendance is in person or by attorney. Before the beginning of the meeting, auditor, votes' collators, the head of general assembly should sign in record.
3. Company maintains all supporting documents for what the minutes of meeting contained. A copy of minutes of meeting should be sent to the relevant government authority within 15 days from the date of meeting.
4. Each shareholder has the right to request a copy of minutes of meeting, where this is required by his own interest.

General Assembly decisions

Decisions issued by general assembly, in accordance with provisions of law, bind all shareholders whether they attended meeting in which those decisions were taken or didn't attend and whether they approved or objected.

Holding Ordinary General Assembly

- A. Regular General Assembly is held upon a call from the Chairman of Directors board in at a time and place chosen by the company. General assembly is held at least once per year and three months days from the end of fiscal year.
- B. Board of Directors has the right to call general assembly to hold a meeting, in the case that auditor or a number of shareholders that represents 10% of capital requested so.
- C. Ministry of Commerce may call for holding general assembly meeting in the following cases:
 1. If one month lapses from the date set to hold the Ordinary General Assembly and there was no call to hold it. .
 2. If the quorum of Board Members is not reached.
 3. If the Board Members do not call the general assembly within a month of the next day of the request presented according to paragraph (b) of this article.
 4. The Minister of Commerce may decide to call for holding general assembly meeting if he deems there are reasons that necessitate holding the meeting.
 5. If the regulatory body at the company requests the meeting in cases not related to the Ministry of Commerce.

Quorum for holding Ordinary General Assembly

1. General assembly meeting is to be headed by Chairman of board, vice Chairman of board, or who may be delegated by Board of Directors or by general assembly for this purpose.
2. Holding general assembly will be considered valid only when attended by shareholders who have the right to vote and represent more than one half of capital. In the case of that quorum wasn't available, it is a must to call for another meeting for the same agenda after a period not less than 7 days and not more than 15 from the date of the first meeting. Second meeting will be considered valid only when attended by shareholders representing 30% at least of capital. In case that quorum wasn't available, it is a must to call for a third meeting which will be considered valid irrespective of number of attendees.
3. A call for second and third meeting may not be extended in the case that their dates are identified in the call for the first meeting, provided that publication will be in local newspapers after holding any of these meetings.

Voting at the Ordinary General Assembly

Decisions are issued by an absolute majority of represented shares.

Powers of the Ordinary General Assembly

1. The Ordinary General Meeting shall have the power to consider all matters concerning the Company except those matters reserved by the law or these Articles of Association to the Extraordinary General Assembly. In particular, it has the right to discuss the report

of Board of Directors concerning the company's business activity and its financial position during ended fiscal year and to ratify it. Also it has the right to listen to and discuss the report of auditor concerning financial data of ended fiscal year, to ratify profits, losses, and balance sheet. Moreover, it should demonstrate how to allocate net profits, identify earnings per share, elect and dismiss members of Board of Directors, to appoint one or more auditors for the next fiscal year and to determine his salary or delegate board of Directors to determine his salary, to approve the proposal of distribution the rewards of board members, discharge board members of responsibility or to refuse that by issuing bonds, borrowing, mortgaging, and to take a decision concerning that matter and concerning new actions.

2. Approving agenda of regular assembly is subject to the approval of ministry of Commerce and Central Bank of Bahrain.
3. General assembly may not be allowed to discuss matters non listed in agenda unless those matters were urgent and took place after setting that agenda, revealed during meeting or in the case that a relevant government entity ,person of the public joint stock company or shareholders representing 5% at least of capital requested to include a specific topic in agenda. In the case that it revealed, during discussion, lack of sufficient information relating some issues before it, it is required to postpone meeting for 10 days at the most if it requested by shareholders who own 1/4 of shares the meeting should take place with them. The decision taken by general assembly concerning urgent issues should be submitted to the ministry of Commerce for approval, otherwise it will be considered invalid, in accordance with Article (207) of the Commercial Companies Law.

Extraordinary General Assembly

1. General assembly is held on an irregular capacity upon a call from the Board of Directors or upon a written request to the Board submitted by a number of shareholders representing 10% of company shares.
2. In that case, Board of Directors should call general assembly to hold a meeting in its irregular capacity, within one month from the date of receiving the request.

Quorum for holding irregular general assembly

1. Meeting of irregular general assembly will be deemed valid only when it is attended by shareholders representing 2/3 at least of company capital. If there was no quorum, it is required to call for a second meeting within the next 15 days from the first meeting. Second meeting will be valid when attended by shareholders representing 1/3 at least of capital. If there was no quorum, it is required to call for a third meeting within the next 15 days from the second meeting. Third meeting will be valid when attended by shareholders representing 1/4 at least of capital. Call for second and third meeting may not be extended in the case that their dates are identified in the call for the first meeting, provided that publication will be in local newspapers that those two meetings were not held.
2. Decisions of irregular general assembly are issued by a majority of 2/3 of shares represented in meeting, unless that decision is related to increasing or reducing capital, extending company duration, dissolving, converting, or incorporating company in another one, hence it is required issuing decisions by a majority of 3/4 of shares of attendants.
3. Decisions of irregular general assembly will be deemed valid only after an approval of the ministry of Commerce and The Central Bank of Bahrain.

Powers of the Extraordinary General Assembly

First: The Extraordinary General Assembly is competent to the following matters:

1. To amend the memorandum of association, articles of association, or prolong the term of the company.
2. To decrease or increase the capital and the addition of new shares.
3. To dispose over half of the company's assets in compliance of the regulations of Article (194 repeated) of this law.
4. To sell whole the project which the company performed or dispose of it by any other means.
5. To dissolve, transform or merge the company with another company.
6. Any other actions that the law states

Second: The Extraordinary General Assembly may not amend the memorandum of association, articles of association, the company nationality may not be changed, its head office may not be moved outside the Kingdom of Bahrain, and the burdens of the shareholders may not be increased. Any text that contradicts the previously stated is null and void.

Appointment of the Auditors

1. The company shall have an auditor or more who are licensed to practice the profession, they shall be appointed by the General Assembly, as it determines their wages and the term off their appointment. If the auditor appointed by the General Assembly did not assume his mission for any reason, the Board of Directors –when necessary- may appoint someone to who takes his place, provided that this mater shall be presented in the first meeting to the general assembly to decide it.
2. The auditor may not be a Chairman, a member of the Board of Directors of the company or a managing Director, assigned to perform any administrative work, a supervisor on its accounts or even a relative of the second degree to who supervises the company management, as it may not buy the company shares that it reviews the accounts for or sell them during the period of auditing.
3. In all cases, the auditor may not be a member of the Board of Directors of the Company or an employee of the company before the ex piry of two years from the date of vacating his responsibility.

Their Powers and Duties

1. The auditor shall audit the accounts of the fiscal year that it was appointed or its appointment was renewed to audit.
2. The auditor shall have the right at any time to review all the company books, records and documents that he considers necessary to obtain, and he shall have the right to verify the company assets and obligation as well, and in case of being incapable of using these rights, he must prove this in writing by a report submitted to the Board of Directors, if the Board did not facilitate his mission, he must invite the General Assembly to consider the matter.
3. The auditor shall attend the meetings of the Board of Directors and give his opinion, in all matters concerning his work , particularly concerning the budget of the company, and read its report on the General Assembly that must contain the following data:
 - a. If he obtained the information that he considers necessary for performance of his work in a satisfactory manner.
 - b. If the budget and profit and loss account are in accordance with reality and prepared in accordance with international accounting standards or the standards adopted by the competent entity , containing all that'sprovided by law and the company law that must be proven in it, and reflect faithfully and clearly the true financial position of the company
 - c. If the inventory was conducted in accordance with the applicable accounting rules.

- d. If the company holds regular accounts.
 - e. If the data stated in the report of the Board of Directors are in compliance with what is stated in the books of the company.
 - f. If these are violations to the provisions of the company law or the provisions of the law occurred during the fiscal year in a way which affects the company activity or its financial position , with showing whether these violations are still existing , according to the information which were available to him.
4. If the company has more than one auditor and they did not agree on one report, both of them must prepare an independent report.
 5. The report of the auditor shall be read in the General Assembly, and each shareholder shall have the right to discuss it and claim illustrations on the facts stated therein.
 6. In case of existence of several auditors, they shall hold joint responsibility for the works of auditing.
 7. The Board of Directors or a number of the shareholders who at least represent 25 % of the capital , shall have the right to claim to replace the auditor during the fiscal year, and the Board of Directors shall invite the Regular General Assembly to consider the request after fifteen days as of the submission date, as the request shall be sent during this period to the auditor to prepare its reply on it in writing , provided that the reply shall be sent to the company at least five days before the meeting of the General Assembly.

Annual budget and the report of the Board of Directors

- 1- The Board of Directors shall prepare, for each financial year no later than sixty days from the end of the financial year, the following financial statements - as a minimum - the five main financial statements including:
 - A- The Company's balance sheet for the financial year ended which includes the details of the Company's assets and liabilities.
 - B- Profit and loss account (income statement).
 - C- Comprehensive income statement.
 - D- Disclosure of the financial flows.
 - E- Disclosure of the change in the rights of the shareholders in the company.
 - F- A detailed report on the Company's activity and financial position during the financial year ended and the detailed statements in the manner proposed by the board for the distribution of the net profit for the year and the profits from the previous year. This report is attached to the budget.
- 2- The Chairman of the board shall publish the financial statements, a compendium of the annual report and the full text of the auditor's report in two local daily newspapers, one in Arabic and the other in English, at least fifteen days before the General Assembly.
- 3- The Board of Directors on the one hand, and the auditor, on the other, shall send to the Ministry of Commerce, within six months from the end of the financial year, a copy of the budget, profit and loss account, annual report and auditor's report, or signed and sealed letter from the auditor on the financial position of the company according to the template prepared by the ministry. If the company loses over half of its capital, the Directors and the auditor shall send to the ministry a copy of the auditor's signed and sealed report. In any case, the Ministry of Commerce may request any financial statements, documents, reports or additional information deemed necessary.
- 4- The disclosure and publication of the audited annual and quarterly financial statements shall be subject to the Central Bank of Bahrain regulatory requirements and the Bahrain Bourse.

Publication of the financial statements

1. Disclosure of the audited annual financial statements:

The Company shall publish extracts from its audited annual financial statements in accordance with Article 62 of the Central Bank of Bahrain Law and the Financial Institutions and the regulations issued in implementation of its provisions within a maximum period of sixty days from the date of the end of the financial year of the company, in at least two local daily newspapers, one in Arabic and the other in English. As a minimum, the company shall publish the five main financial statements including the balance sheet, income statement, comprehensive income statement, financial statement checks disclosure and the disclosure of the changes in the shareholders' equity. A copy of such data is provided to the Bahrain Bourse Bahrain Bourse.

2. Publication of the quarterly financial statements:

The Company shall publish extracts from its audited quarterly financial statements in accordance with Article 62 of the Central Bank of Bahrain and the financial Institutions Law and the regulations issued in implementation of its provisions within a period not exceeding forty-five days from the end of the relevant quarter of the financial year of the Company, in at least two local daily newspapers, one in Arabic and the other in English. As a minimum, the company shall publish the five main financial statements including the balance sheet, income statement, comprehensive income statement, financial statement checks disclosure and disclosure of the changes in the shareholders' equity. A copy of such data is provided to the Bahrain Bourse.

Manner of distributing profits and losses

1- The distribution of the net profits is as follows:

- A. Each year, ten percent of the net profits shall be allocated to the compulsory reserve account, this reserve may be suspended if the reserve reaches 50% of the paid up share capital. If the compulsory reserve is less than the said percentage, the deduction must be made up to the reserve. The compulsory reserve may not be distributed to the shareholders, but it may be used to secure the distribution of shareholders' profits not exceeding 5% of the paid-up capital in the years in which the company's profits do not allow this limit.
 - B. A portion of the profits determined by the General Assembly shall be deducted to meet the liabilities of the Company under the Labor Laws.
 - C. The General Assembly may, on the proposal of the Board of Directors, decide to deduct part of the net profits for the voluntary reserve account. This voluntary reserve shall be used in the areas determined by the Assembly.
 - D. The amount required to distribute a first dividend of 5% to the shareholders shall be deducted from the amount paid from the value of the shares.
 - E. After the above, no more than 10% of the balance shall be allocated to the remuneration of the Board of Directors.
 - F. The rest of the profits shall then be distributed to the shareholders as an additional dividend, to be transferred on the proposal of the Board of Directors to the next year or allocated to money reserves or money for the consumption of non-regular.
 - G. With the approval of the General Assembly, a percentage of the company net profits may be distributed as a result of the sale or compensation of a fixed asset, provided that this does not mean that the company will not be able to return its assets to what it was or buy new assets.
 - H. The company shall distribute dividends to the shareholders within a maximum period of 30 days as from the date of the General assembly's approval.
- 2- Losses, if any, shall be borne by the shareholders according to the number of their shares, without one of them committing more than he owns.

Disputes

- 1- The liability of the members of the Board of Directors' action shall be brought due to the errors resulting in damages to the total shareholders of the company. A decision of the General Assembly shall be issued to bring the case to the attention of the Chairman of the Board of Directors. If the Chairman of the Board of Directors is an opponent to the Company, the General Assembly shall appoint another member of the Board of Directors to maintain an action. If the action is addressed to all the members of the Board of Directors, the General Assembly shall appoint a non-member to bring the action on behalf of the Assembly.
- 2- The provisions mentioned in Article (23) of this Articles of Association shall be observed.

Dissolution of the Company

The company is dissolved for one of the following reasons:

- 1- The end of the work for which it was founded.
 - 2- The loss of all its money or a large part of it, so that it is not useful to continue.
 - 3- The approval of a number of shareholders holding at least 75% of the company's capital.
 - 4- The merger of the company in another company.
- That is according to article (320) of the Commercial Companies Law of 2001 AD.

Liquidation and division of the company

The company shall be liquidated after its dissolution in accordance with the following provisions:

- 1- The authority of the Board of Directors shall cease with the dissolution of the Company. The Directors of the company shall remain in charge of the company and deemed as Liquidators until a person is assigned and handed over accounts, money and over the company's funds, books and documents .The General Assembly shall remain in place during the liquidation period. Its authority shall be limited to the liquidation proceedings, which is not within the authority of the liquidators.
- 2- During the liquidation period, the company shall retain the legal personality to the extent necessary for the liquidation proceedings. The term "under liquidation" shall be added to the name of the company during the liquidation period.
- 3- The Ordinary General Assembly shall appoint one or more liquidators from among the shareholders or others and determine their remuneration. Their appointment shall be by the numerical majority issued by the resolutions of the General Assembly. In the event of issuing a judgment to dissolve or invalidate the company, the court shall determine the method of liquidation, as well as appointing the liquidator and his fee
- 4- The liquidator shall, upon his appointment and in agreement with the Director, conduct an inventory of the company's funds and liabilities
- 5-
- 6- and compile a detailed list shall be written of that and a budget shall be signed by the liquidator and the Directors.
- 7- The liquidator may not start new business, unless it is necessary for the completion of the previous works. He may not sell the assets of the company, without the permission of the regular general assembly.
- 8- The liquidator shall sell the movable property of the company's money, property by public auction or in any other manner, unless the document of his appointment specifies the manner of sale. He also shall pay the company's debt status and the avoidance of future or disputed debts.
- 9- To divide the company's funds between the shareholders after the payment of the debts arising from the liquidations proceedings and the fulfillment of the company's creditors rights.

- 10- The liquidator shall submit to the General Assembly a final account of the liquidations proceedings that shall end with the certification of that account. The liquidator shall announce the expiry of the liquidation in the commercial register, in one of the local newspapers and shall cancel the company's registration from the commercial register.