



Bylaws of
Abdullah Al-Othaim Markets Company
(A Saudi Joint Stock Co.)

(Chapter One) Company Incorporation

Article (1) Transformation:

According to the provisions of the Companies Law and its amendments, as well as these Bylaw Abdullah Al-Othaim Markets Company, with C. R. 1010031185, in Riyadh City ,dated 07/07/1400H, transformed from Limited Liability Company to Saudi Joint Stock Company according to this Bylaw:

Article (2) Company Name:

Abdullah Al-Othaim Markets Co. (registered Joint Stock company)

Article (3) Company Objectives:

Following are the company objectives:

1. Establish, manage, operate, and maintain central markets, commercial and residential compounds, furnished apartments, restaurants, hotels, fuel stations, and tourist products.
2. Wholesale & retail of motor cars and parts, harvesters; livestock; foodstuff; fish; meat; textiles and fabrics; leather products; household utensils; building materials; Electric, electronic and mechanical equipment; equipments, machines and related parts; perfumes and cosmetics; antiquities; gifts; shoes; readymade clothes; blankets and linens; traditional jewelry; child products; sewing tools; bags; plastic products; sports supplies; decoration materials; artificial ceils; detergents; fertilizers; insecticides; construction materials; sanitary products; various types of air-conditioning systems and parts; toys; computer systems and software; telecom systems; furniture; cutleries; crystals; watches; spectacles; office equipments; printed materials; decoration supplies; carton materials; advertising and publicity materials; precast concrete panels; blocks and pipes.
3. Cooked and uncooked food services.
4. Computer services (applications- database).
5. Provide, organize, and manage permanent and temporary fairs.
6. General building contracting, electricity, electronic and mechanical works.
7. Operation and maintenance of electric, electronic, and mechanical equipment and systems.
8. Real estate management, maintenance, and development.
9. Establish and market agricultural and fish farming projects.
10. Electronic installation works.
11. Establish, manage, operate & maintain factories.
12. Maintenance, cleaning and operation of motors, parts, and leasing
13. Transport, travel, tourism, and cargo services.

14. Maintenance, operation, and cleaning contracting.
15. Maintenance, operation and sale of computer systems and necessary training.
16. Establishment, maintenance, and operation of cold stores and warehousing.
17. Purchase land to establish buildings and invest by sale or leasing for the company interest.
18. Packing and packaging services.
19. Management and operation of café and buffets
20. Establish, manage, and operate bakeries.
21. Management and operation of training, education and entertainment centers, sports, and trading centers.
22. Commercial agencies import and export services, marketing for third parties, packing and packaging services, distribution, and brokerage service other than money exchange.

The company shall practice such activities after obtaining the necessary licensing from the competent authorities if any.

Article (4) Partnership and ownership of Companies:

The company may individually establish companies (limited liability, or closed stock companies). Also, the company may obtain shares and stocks in other existing companies or merge with them. The company may share with others to incorporate stock companies or limited liability companies after the fulfilment of the legal requirements necessitated by regulations and instructions in this respect. Further, the company may dispose of these shares and stocks excluding circulation brokerage.

Article (5) Company's Office:

The main company head office shall be at Riyadh city in the Kingdom of Saudi Arabia, and the board of directors shall have the right to open branches, offices, or agencies within and outside the Kingdom. The company head office may not be transferred its location to other city without a resolution by the extraordinary general assembly based on suggestion from the board of directors and approval of the competent official authorities.

Article (6) Company Duration:

The company duration is (99) years commencing from the date of the Ministry of commerce resolution approving its conversion. It is always possible to extend company duration according to a resolution issued by the extraordinary general assembly at least one year before its expiry.

(Chapter Two) Capital & Shares

Article (7) Company's Capital and Shares:

Capital of the Company is determined to be SR. 900,000,000 (nine hundred million Saudi Riyal) divided into 90,000,000 (ninety million) shares with equal value, the value of each share is (10) ten Saudi Riyal, all of which are regular nominal shares represented in the company paid up capital.

Article (8) Subscription for Company Shares:

Shareholders have subscribed for all company Capital's shares which is (90,000,000) ninety million fully paid shares.

Article (9) Issue of company's shares

Company's shares are nominal shares and may not be issued less than the nominal value, however may be issued at a higher value, in this latter case, the difference of value shall be added as an independent item in equity and may not be distributed as shareholders' profit. Share is indivisible before the company, thus if owned by more than one person, they have to select one of them for representation in using the respective rights, such people shall be jointly responsible for the liabilities arising of the share title.

Article (10) Sale of the unsatisfied shares:

If a shareholder fails to pay the such share amount in due time, the board of directors shall send warning to that shareholder according to a registered message to his address stated in the shareholders' record, sell such share in an open auction, however the defaulted shareholder may pay the due share amount up that date in addition to expenses incurred by the company. The company shall recover the due entitlements from the sale outcomes and return the remaining balance to shareholder. In case sale outcome is not sufficient to cover these amounts, the company may satisfy this deficit from all properties of the shareholder. The company shall cancel the sold share and give the buyer a new share bearing the same number of the cancelled share and state the same in the shareholders' register.

Article (11) Shares Trading:

All the Company's shares are liable for trading after issuing certificates except share of the founders that shall not be capable of trading before publishing financial statements of at least two financial years, the term of each year is not less than twelve months of the date of announcing the resolution of conversion and the period within which circulation is not permissible. Nevertheless, during the restriction period, title transfer of shares shall be allowed according the provisions of sale of rights from one founder to the other or from the heirs of a founder in case of his death to other parties, or execution on the properties of an insolvent or bankrupted founder, provided that priority of that share title shall be given to the other founders.

Article (12) Shareholders Resister:

The company shares shall be circulated in accordance with to the Provisions of the Capital Market Regulation.

Article (13) Capital Increase

- A. The extraordinary general assembly may decide to increase company capital provided that the original capital had been paid in full. The full payment of capital shall not be a prerequisite if the unpaid portion of

capital belongs to shares issued against credit instruments of funding deeds and the term of conversion into shares is still valid.

- B. In all cases, the extraordinary general assembly may assign shares issued for the purpose of capital increase or any part thereof to the company personnel, the affiliated companies or some of them, and shareholders may not practice the priority right when issuing shares for personnel.
- C. The shareholder who owns a share at the time of issuing the resolution of the extraordinary general assembly approving the capital increase, shall have priority to subscribe for the new shares against cash shares. These shareholders shall be notified of their right through publication in a daily newspaper or registered mail of the capital increase resolution, subscription conditions, duration, starting and ending dates.
- D. The extraordinary general assembly may stop the shareholders priority right as deemed appropriate for the company interest.
- E. The shareholder may sell or assign his priority right during the period from the date of issuing the general assembly resolution approving capital increase to the last date of subscription for the new shares related to these rights according to terms and conditions set by the competent authorities.

Subject to the provisions of item (E) above, the new shares shall be distributed among the original shareholders who had requested subscription according to the ratio of the original shares owned by the shareholder at that time provided that the number of shares assigned to each of them shall not exceed the number the new shares that he had intended to subscribe for. The remaining new shares shall be distributed among the original shareholders who had demanded more than their shares according to the ration of their owned shares provided that the new distribution shall not exceed the intended new shares. The remaining balance of the new shares shall be offered for public subscription to other parties unless otherwise decided by the extraordinary general assembly or the capital market regulation.

Article (14) Capital Decrease

The extraordinary general assembly may decide to decrease the Company's capital if the capital is in excess of the company need or if the company encountered loss not less than the minimum amount provided for in the capital market regulation, and the resolution may not be issued unless the report of the financial auditor is recited specifying the justifications, company liabilities, and the effect of decrease on such liabilities. The resolution must specify the decrease method. In case the decrease is a result of the company capital excess, all creditors shall be invited to state their objection within sixty days of the date of publishing the decrease resolution in a daily newspaper districted in the company premises, if any creditor had objected and furnished his documents to the company within the specified term, the company shall be committed to satisfy his credit if due or give sufficient guarantee if not matured.

Article (15) Bonds & Debt Instruments:

The company may issue any type of circulation tools such as securities and bonds within or outside KSA in compliance with Islamic principles and pursuant to measurements set by the competent authorities, and the Capital Market Regulation. The general assembly, based on an issued resolution, may authorize the board of directors to issue such debt instruments and bonds whether in one part or various parts, or a series of issues in accordance to schedule set by the board of directors from time to time. All that shall be within times, amounts, and conditions approved by the board of directors who shall have the right to take all necessary procedures.

Article (16) Purchase or Pledging of Company Shares:

- 1- The company may purchase and pledge shares according to measures set by the competent authority. Shares purchased by the company shall not have voting rights in the shareholders assembly.
- 2- The pledging creditor shall have right received profits and use rights pertaining to that share, unless the otherwise stated in the pledge contract, however the creditor shall not have right to attend or vote in the general assembly.

(Chapter Three) Board of Directors

Article (17) Company Management:

The Company shall be managed by a (9) nine -member board of directors, appointed by the regular general assembly for no more than three years term, through the cumulative voting system, and always may be re-elected. Each shareholder may nominate himself or any other person to the membership of the board of directors within the limits of his ownership percentage in the company's capital.

Article (18) Expiry of Board Membership:

The board membership expires by the expiry of office term, death, condemned in dishonesty crime, judged to be bankrupted, or disqualified for the board membership according to any regulation or instructions valid in KSA, or if dismissed by 51% votes of the represented shares of the general assembly, without prejudice to his compensation rights if such discharge is unjustifiable or in an inappropriate time. The board member may resign in the suitable time otherwise shall be responsible before the company for any damages resulting of such resignation.

Article (19) Vacant Post in the Board of Directors:

In case a post is vacant in the membership of the board of directors, the board may temporarily appoint a member in the vacant post, provided that he is qualified and experienced. The same shall be notified to the competent authorities within five working days of the date of that appointment, and such appointment shall be presented before the regular general assembly in the first following meeting. This member shall just complete the term of his predecessor. Failure of the board of directors to convene due to insufficiency of the minimum legal quorum provided

for in the companies' regulation or this statute, the remaining members shall call for regular general assembly to convene within sixty days to elect the necessary number of members.

Article (20) Authorities of the Board of Directors:

Subject to the authorities vested upon the regular general assembly, the board of directors shall have broader authorities to manage the company affairs. To achieve this, they shall have wide authorities and powers to manage the company and supervise its activities and funds, direct activities, set policies and operation base, determine its investments, manage its affairs, resources and all matters inside and outside KSA. This shall include without limitation, sales, purchase, pledge company assets, evacuate and accept evacuation, receive and deliver, lease and rent, receive and pay, open of accounts with a various types whether current or investment accounts, letters of credit, deposit and draw from banks, issue bank guarantees, sign all types of papers, documents and checks, as well as all banking transactions. Also shall have the right to appoint and dismiss employees & laborers, apply for visas, recruit manpower from abroad, conclude their contracts, determine their salaries, issue residence permits, transfer sponsorship and give release of sponsorship, establish and open company branches, offices, or agencies inside and outside KSA, appoint managers for branches, determine their activities. The board may authorize one or more within its membership or other party to perform a specific assignment(s).

Regarding sale of real estate, the board minutes shall include justifications of the resolution provided that in the resolution of sale, the board must state reasons and justifications, and that sale must be at the then current market price, sale must be on down payment basis except in cases defined by the board with sufficient guarantees, provided that such sale may not prevent some of the company activities or introduce other burden.

The board of director may conclude loan contracts with the government funds and institutions of whatever term, commercial loans whose term is not exceeding the company term. The board may apply for facilities and loans from commercial and Islamic banks for whatever term or amount, sign bailments, request issue guarantees, open credits on behalf of the company, sign facilities contracts, bond to order, and endorse the same. The board may also award discounts and concessions to institutions or individuals determine by the board not exceeding 10% of their purchase from the company considering that the commercial loans conditions shall not cause damages to the company, and shareholders.

In cases judged by the board, may relief the company debtors according to company interest, provided that the board minutes shall consider the following conditions:

- 1- The relief must be after one complete year of the initial debt date.
- 2- Relief must be for a specific maximum annual amount for the debtor.

Article (21) Remunerations of Members of the Board of Directors:

Remunerations of the board members is composed of a predefined amount, or allowance for session attendance, or expenses allowance, or king advantages as determined by the board in compliance with regulations, resolutions and

instructions valid in KSA issued by the competent authorities or combination of two or more but not exceeding (SAR 500,000) five hundred thousand Riyal within the limits provided for in the companies' regulation or any other regulation, resolutions or other complementary instructions. Report of the board of directors to the general assembly must include comprehensive and detailed statement of the earnings of the board members during the financial year including salaries, profit share, attendance allowance, expenses and other advantages. The report must also include a statement of earnings of the board members as employees or administrators or against technical, administrative or consultation services to the company. Also, shall include a statement of the number of the board sessions, and sessions attended by each member as of the date of the last general assembly.

Article (22) Authorities the Board Chairman, Vice Chairman & MD and Secretary:

From within its membership, the board of directors shall appoint a chairman, vice chairman and may appoint a Managing Director, provided that the chairman shall not combine this post with any other executive post in the company. The vice chairman shall replace the chairman in case of absence> the chairman shall have the authority to call the board for meeting, preside sessions of the board and general assembly, and shall have a casting vote in case of equal votes regarding resolutions of the board of directors.

The Chairman shall represent the company before official authorities, and media. The chairman shall have the broadest authorities to manage and run the company affairs inside and outside KSA including without limitation; represent the company in its relationships with third parties, government and private authorities, and judicial authorities, and finalize whatever is required to attend sessions in all claims, appear before Sharia courts, judicial panels, grievance board, notary publics, labor offices, first instance and supreme committees, commercial securities board, banking dispute settlement committees, commercial dispute settlement committees, customs committees, commercial fraud committees, control & investigation authority, other judicial committees, arbitration panels, civil rights, police and civil defense centers, chambers of commerce, private institutions, companies, various types of institutions, compete in bids, receive and pay, receive entitlements from third parties, acknowledge and deny, claim, defend, litigate, make settlements, hear charges and provide reply, reconcile, assign, deny, request and deny oath, present witnesses and evidence, object against, preemption, accept or deny judgments, modify and object on falsification grounds, deny inscriptions, seals, and signatures, demand and relief travel restriction, request execution of article (230) of Sharia pleading regulation, appeal, ask for judgment reconsideration, demand rehabilitation, claim preemption right, demand retention and execution of judgments, receive judgment deeds, request retirement of judge, issue documents, demand modification of title deeds, lengths, sign all types contracts and documents including without limitation, articles of association where the company is a partner, all partners resolutions of such companies, including resolutions related to capital increase or decrease, assign shares, purchase shares, sign before companies' department at the Ministry of Commerce and investment, Notary publics, introduce modifications, addition and deletion, issue and renew commercial registrations, receive and cancel the same, change names of companies, sign agreements, and deeds before the notary public and official authorities, (Also loan agreements,

guarantees, and bailments upon the approval of the board of directors) assign loan repayment priority, issue legal powers of attorney on behalf of the company, follow up deals, collect company rights and pay its liabilities, sale, purchase and evacuation, receive price as he may deem appropriate, receive and deliver, rent and lease, pay and receive, open of accounts with a various types whether current or investment accounts, open credits, draw and deposit in these accounts, issue bank guarantees, sign all papers, documents and checks, as well as investing company funds to achieve objectives in the local and international markets, appoint and dismiss employees and laborers, apply for recruitment visas, recruitment of manpower from abroad, conclude their contracts, determine their salaries, issue residence permits, transfer sponsorship, establish and open company branches, offices, or agencies inside and outside KSA, appoint managers for branches, determine their activities .Also shall have the right to register business, names, agencies and trademarks, apply for agency renewal, appoint attorneys lawyers, auditors and chartered accountants. He may authorize according to a written authorization one or more of the members or other parties to perform a specific work(s) and give them the authority to authorize others.

The Managing Director shall have the authorities as specified by the board of directors from time to time.

At its own discretion, the board of directors may determine the remuneration of the chairman of the board of directors and the Managing Director in addition to the remuneration determined to board members according to this regulation.

The board of directors shall appoint a secretary to be selected from within embers or otherwise and determine his compensation. He shall be responsible to record meeting minutes; record resolutions issued in such meetings and maintain the same in addition to his other responsibilities assigned by the board of directors who shall determine his compensations.

Office term of the board chairman, deputy chairman, CEO and secretary shall not exceed the term of board membership, and always may be reelected. The board may discharge them or any of them anytime without prejudice to their remuneration rights is such discharge came in an inappropriate time without a justifiable reason.

Article (23) Meetings of the Board of Directors:

The board of directors shall convene at least two times a year based on an invitation by the chairman, such invitation must be in writing and may be directly delivered, sent by fax, email or registered mail, and chairman shall call for meeting whenever so required by at least two members.

Article (24) Board Meeting's Quorum:

The board meeting shall not be valid unless attended by at least half of the members. In case of a board member has authorize another member to attend meeting on his behalf, such authorization must be according to the following measures:

- 1- Board member may not represent more than one board member in the same meeting.
- 2- Authorization must be in writing, regarding a specific meeting.

- 3- The representative board member shall not have the right to vote for a resolution where the original member is not permitted to vote.

The board resolutions are taken according to the absolute majority of the attending or represented members; in case of equal votes the session chairman shall have a casting vote. The board may adopt resolutions by passing to all members severally unless one member asked in writing to convene for deliberations. Such resolutions shall be adopted and presented before the board of directors in the first following meeting.

Article (25) Deliberations of the Board:

Meeting deliberations and resolutions shall be recorded in minutes duly signed by the chairman, the attending members and the secretary and such minutes shall be maintained in a special record signed by the chairman and the secretary.

The board member must notify the board of his direct or indirect personal interests in activities and contracts concluded in favor of the company. This notification shall be recorded in the meeting minutes. The beneficiary member shall not participate in voting for such resolution.

Article (26) The Executive Committee :

The board of directors may form within its membership an executive committee of at least three members and the board shall determine its works and authorities.

Article (27) Formation of Audit Committee:

According to the regulation, a committee shall be formed from among the nonexecutive board members, whether from shareholders or else not less than three members according to the regulations issued from the competent authorities. Members including one member specialized in financial and accounting affairs. The resolution shall define tasks, work standards, and remuneration. The quorum of this committee is the presence of the majority and resolutions shall be adopted according to the majority of the attending members. In case of equal votes, the chairman shall have a casting vote.

This committee shall be responsible for monitoring the company activities, and thus shall have the right to review all records and documents and ask for explanation or a statement from the board members or executive management. The committee may ask the board of directors to call for a general assembly meeting if the board of directors had interrupted its works or if the company encountered major damage or loss.

The auditing committee is responsible to review the financial statements, reports, and notes of the company accounts auditor, and state their opinion – if any. Also, responsible to prepare a report stating opinion on the sufficiency of the internal control system and other performed activities within the scope of its responsibilities. The board of directors must provide enough copies of this report in the company premises sufficiently before the date of the general assembly according to the regulations issued from the competent authorities. This report shall be recited during the general assembly meeting.

Article (28) Remunerations & Nomination Committee:

The Board of Directors shall form a committee called The Remuneration & Nominations Committee, consisting of No less than three members in accordance to the regulations issued by competent authorities, and specifying its term, tasks, measure of its work, and members' remunerations.

(Chapter Four) Shareholders Assembly

Article (29) Attendance of Assemblies:

The general assembly shall take place in the main head office of the company. Each shareholder, regardless to the number of his shares have the right to attend the general assembly and each shareholder may authorize another shareholder other the members of the board of director or company personnel to represent him in the general assembly.

Article (30) The General Transformation Assembly:

The assembly shall be responsible for the following issues:

- 1- Ensure subscription for the whole company capital.
- 2- Approval of the final texts of the company bylaws.
- 3- Approval of the transformation expenses.
- 4- Appoint of the first auditor of the company accounts.

The quorum of this assembly is the attendance of shareholders representing at least (51%) fifty-one percent of the company capital. Each shareholder shall have one vote for each subscribed or represented share.

Article (31) Authorities of the Ordinary General Assembly:

Other than matters falling within the scope of the extraordinary general assembly, the ordinary general assembly shall be authorized by examining all matters related to the company and shall convene at least once every year during the six months following the end of the financial year. The regular general assembly may be called for meeting whenever is required.

Article (32) Authorities of the Extraordinary General Assembly:

The extraordinary general assembly shall have the authority to modify the company articles of association excluding articles excluded from modification by the law.

Furthermore, this assembly shall have the right to take decisions in matters within the general assembly scope of authorities according to the same conditions and cases defined for the latter.

Article (33) Invitation for the General Assemblies:

The shareholders' assemblies convene based on an invitation by the board of directors who is required to call for regular general assembly if so, required by the account's auditor, auditing committee or shareholders representing at least (5%) of the company capital. The accounts auditor may call for general assembly meeting if the board of

directors fail to for meeting within (30) days of the date requested by the account's auditor. Invitation for the regular or extraordinary general assembly, and agenda shall be published in a daily newspaper distributed in the region where the company principal head office is located sufficiently before the fixed date of the assembly meeting and in accordance with the regulations issued from the competent authorities. The invitation shall include the agenda. A copy of the invitation and agenda shall send to the concerned authorities during the period specified for publishing. Shareholders who are intending to attend the general assembly shall register their names in the company premises sufficiently before the meeting date as stated in the invitation.

Article (34) Assemblies Attendance Record:

Upon meeting, a list of the attending shareholders and representatives' names and place of residence shall be recorded as well as stating the number of owned shares and respective vote rights. Each stakeholder shall have the right to review this list.

Article (35) Quorum of the Regular General Assembly Meeting:

Quorum of the regular general assembly shall not be valid unless attended by shareholders representing at least half of the company capital, failure to attain this quorum another calls for meeting shall be served for meeting within the following (30) days. However, the second meeting may take place after one hour of specified grace period of the first meeting provided that the first invitation is stating the same. The invitation shall be announced as provided for in article (33) of the regulation and the second meeting shall be valid whatever the number of the represented shares.

Article (36) Quorum of the Extraordinary General Assembly Meeting:

Quorum of the extraordinary general assembly shall not be valid unless attended by shareholders representing at least 50% of the company capital, failure to attain this quorum a call for another meeting shall be served as stated above and the second meeting shall convene one hour after the expiry of the period specified for the first meeting provided that the invitation for the first meeting shall include a statement indicating the possibility of convening the meeting. In all cases, the second meeting shall be quorum if attended by at least one quarter of the company capital. Failure of attaining quorum for the second meeting, a third invitation shall be served as before as stated in article (33) of the regulation and the third meeting shall be quorum whatever the number of the represented share is after the approval of the concerned authority.

Article (37) Voting in Assemblies:

Each subscriber shall have one vote for each represented share in the foundation assembly. Each shareholder shall have one vote for each share in Votes in the general assemblies and extraordinary general assembly are calculated on the basis of one vote for each share, and the cumulative voting shall be used to elect the board of directors, however, members of the board of directors shall not participate voting for the assembly decisions related to their relief during their office term.

Article (38) Assembly Resolutions:

Resolutions of the transformation assembly are taken according to majority of attending shareholders, while resolutions of the extraordinary general assembly according to a majority of two thirds of the represented shares except if such resolutions are related capital increase or decrease, expansion of company term or early liquidation or merger with another company, such resolution shall not be valid unless taken by majority of three quarters of the represented shares in that meeting.

Article (39) Discussion in Assemblies:

Each shareholder has the right to discuss issues included in the agenda of the assembly, raise questions to the board of directors or accounts auditor and the board of directors or accounts auditor shall reply to the questions of the shareholders to the extent not jeopardizing the company interests, and if the shareholder considers the reply for his question is not satisfactory he may refer to the general assembly whose award in this respect shall be final and effective.

Article (40) General Assemblies Presiding & Minutes Preparation:

The regular general assembly shall be presided by the chairman of the board of directors or his deputy in case of his absence- or whoever is authorized by the board of directors from within members in case of the chairman or vice chairman absence. The assembly shall appoint a secretary and vote collector and minutes shall be issued for the general assembly including names of the attending shareholders or their representative, number of shares represented personally or through authorization, number of assigned votes, adopted resolutions, number of the supporting or opposing votes and sufficient summary of the deliberations. Minutes shall be recorded after the meeting in a special record signed by the president, the secretary and vote collectors.

(Chapter Five) Accounts Auditor

Article (41) Appointment of the Accounts 's auditor's

The company shall have one or more accounts auditor from the auditors licensed to practice accounts auditing in KSA annually appointed by the regular general assembly, determine his fees and the general assembly may substitute him anytime without prejudice to his right for compensation if such substitution came in an inappropriate time or unjustifiable reason.

Article (42) Authorities of the Accounts Auditor:

Accounts auditor shall have access in all times to company books, records, and other documents, and may ask for all data and explanations that he may deem necessary. He has the right also to verify the company assets and liabilities. The chairman of the board of directors shall facilitate his task and if he had encountered any difficulty in this respect he must state the same in his report to the board of directors, and the board failed to facilitate his task, he shall ask the chairman to call for a general assembly to take decision in this respect.

Article (43) Auditor's Report:

Auditor shall submit report to the annual general assembly including the company status regarding the facilitation of acquiring the data and explanations required by him, and whatever violations that he detect for the companies' regulation and provisions of this statute and his opinion regarding matching of the accounts to the company reality.

(Chapter Six) Company Accounts and Profit Distribution

Article (44) Financial Year:

The company's financial year starts on 1st January and ends on 31st December every calendar year, noting that the first financial year shall start as of the date of the Ministerial resolution approving the foundation announcement and ends of 31 December of the following calendar year.

Article (45) Financial Documents:

By the end of each calendar year, the board of directors shall prepare the company financial statements, report of activities and financial status for ending year, and proposed method of the net profit distribution. The board shall avail these documents to the account's auditor at least forty-five days before the specified date of the general assembly.

The chairman of the board of directors, CEO, and financial controller must sign these documents and copies of the same shall be made available in the company head office at the disposal of all shareholders before sufficiently time of the fixed date of the assembly meeting and in accordance with the regulations issued from the competent authorities, and the chairman of the board of directors shall provide the shareholders with the company's financial statements, the board's report and the auditor's report unless they are published in a daily newspaper distributed at the company's head office, and send a copy of these documents to the competent authorities, at least fifteen days before the general assembly is convened.

The Board of Directors - within thirty days from the date of approval by the General Assembly of the financial statements, the report of the Board of Directors, the auditor's report, and the report of the Audit Committee - must deposit copies of the aforementioned documents with the competent authorities.

Article (46) Profit Distribution:

Company net profits shall be distributed after the deduction of the general expenses and other costs as follows:

- a) (10%) of the Net profits shall be maintained as statutory reserve, and the general assembly may cease to maintain this reserve whenever it reaches (30%) of the company paid up capital.
- b) Based on a proposal by the board of directors, the regular general assembly may maintain no more than (20%) of the net profits to formulate agreed upon reserve to be used for a specific and predefined purpose(s).

- c) The general assembly may decide to formulate other reserves to the extent serving the company interests or ensure the distribution of fixed amount to shareholders. The said general assembly may deduct sum from the net profit to establish social institutions for the company personnel or support and existing ones.
- d) From the remaining balance, first payment shall be made to shareholders equivalent to at least (5%) of the company paid capital.
- e) After the assignment of remuneration of the board of directors' members, and approvals of the general assembly, and resolutions issued by the competent authorities, the remaining balance shall be distributed to shareholders as additional profit share or to be carried forward to the following years as determined by the general assembly.

Article (47) Interim Dividends:

The company may distribute quarterly or semi-annual interim dividends to shareholders according to regulatory measures and procedures issued by the competent authorities.

Article (48) Dividends Entitlement:

The shareholder is entitled for profit share according to the resolution of the general assembly issued in this regard, the resolution shall specify the entitlement date and distribution, the profit entitlement is given to the registered shareholders in the company records at the end of specified maturity date. The distributed profits shall be made to shareholders in the place and time specified by the board of directors and in accordance to instructions of the concerned authority.

Article (49) Company Losses:

In case the company loss amounts to half of the company paid up capital at any time during the financial year, any person in charge or accounts auditor must notify the chairman of the board of directors promptly after being aware of the same, and the chairman must call for an extraordinary general assembly within (15) fifteens days of being aware to convene within (45) forty five days to decide either to increase or decrease company capital according to provisions of companies regulation to the extent that makes loss less than the paid up capital, or dissolve the company before term as stated in article (6) of this statute. The company shall be considered dissolved by regulation in case of failure of the general assembly meeting during the above specified period, or if convened but fail to decide in this issue, or if resolved to increase capital according to provisions of this article but no subscription for the whole capital within (90) ninety days of the date the capital increase resolution of the general assembly.

(Chapter Seven) Disputes

Article (50) Responsibility Claim:

Each shareholder shall have the right to file responsibility claim against members of the board of directors in case their mistake may cause personal damage provided that the company right to rectify this damage remains persisting. The shareholder must notify the company of his intention to file claim.

(Chapter Eight) Liquidation & Dissolution

Article (51) Expiry of the Company:

The company shall cease to exist upon the expiry of the term specified according to this regulation, or due to one of the issues stated in the companies' regulation. Upon expiry, or in case of liquidation before term, the extraordinary general assembly base on a proposal by the board of directors shall decide the method of liquidation, appoint one or more liquidators, determine their authorities and fees. Authorities of the board of directors shall cease by the expiry of the company, however the board shall continue in charge of the company management until the appointment of the liquidator. The company departments shall continue in office to the extent that is not contradicting with the authorities of the liquidators. In all cases the resolution of the general assemble shall be published in the Gazette.

(Chapter Nine) Final Provisions

Article (52) Companies' Act

Company's Act and its regulations, capital Market law and its executives' regulations shall apply for whatever is not stated in this statute.

Article (53) Publishing:

This bylaw shall be deposited and published according to the provisions of the companies' act and its regulation and respective bylaws.