FEDERAL LAW NO. (8) OF 1984
AS AMENDED BY FEDERAL LAW NO. (13) OF 1988
COMMERCIAL COMPANIES

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We Zayed Bin Sultan Al Nahyan, President of the United Arab Emirates, with cognizance to the Provisional Constitution, Law No.1 of 1972 concerning Capacities of Ministers and Authorities of Ministries and its amending laws and submission made by the Ministers of Economy and Commerce, approval of both the Cabinet and the Federal National Assembly and ratification by the Supreme Council,

Hereby issue the following law:

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GENERAL PROVISIONS

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CHAPTER ONE
GENERAL PROVISIONS

ARTICLE (1)

Applying this law, each of the following terms shall have the meaning assigned thereto hereunder:

State : united Arab Emirates
Ministry : The Ministry of Economy and Commerce.
Minister : The Mister of Economy and Commerce.
Authority : Local concerned authority in the relevant Emirate.
Agent : Natural person holding the State nationality of private artificial person incorporated within the state totally owned by natural nationals.

ARTICLE (2)

The provisions of this law shall apply to commercial corporations established in or that have their Head offices inside the State.

ARTICLE (3)

Each company incorporated in the State shall hold its nationality but it shall not necessarily be entitled to privileges reserved only to U.A.E nationals.

ARTICLE (4)

A company is a contract under which two or more persons are committed to participate in profit - making economic venture either with funds or efforts and to divide between them profit or loss arising from such venture .

For the purposes of the preceding sub-clause, an economic venture shall include each and every commercial, finance, industrial, agricultural, real estate or other economic activities.

ARTICLE (5)

A company established in the U.A.E shall adopt either or of the following types:

1. General Partnership.
2. Commandite.
3. Joint - Venture.
4. Public Joint - stock.
5. Private Joint - stock .
6. Limited Liability companies.
7. Commandite Limited by shares.

ARTICLE (6)

A Company that does not assume any of the types referred to in the preceding Article shall be null and void, and the individuals who enter into a contract in its name shall be personally and jointly answerable for the liabilities arising from such contract.

Provisions of this law shall apply to all companies even if under different names as long as their activities are subject to the provisions herein.

ARTICLE (7)

A company in which the State or any other public body hold any share capital, irrespective of its amount, shall be incorporated only as a public joint - stock company

Should the state or the public body acquire a share in an existing company, such company shall be converted into a public joint - stock company.

ARTICLE (8)

Except for joint ventures, company Memorandum of Association and any appropriate official authority, or otherwise be null and void . Partners may invoke invalidity arising from failure to provide the Memorandum in writing or to attest the same against each other, but no protest thereby may be admitted against third parties who may protest against the partners on the basis of such invalidity.

ARTICLE (9)

If, at the request of third parties a judgment is awarded whereunder the company is invalidated, the company shall then be invalid only in so far as such third parties are concerned, and the persons who entered into agreement therewith in the name of the company shall be personally and jointly liable for the commitments arising from such agreement. However if the judgement concerning the invalidity is awarded at the request of a partner, the invalidity effect shall commence only from the time such award is decreed.

In all cases, where a company is decreed invalid, procedures concerning its liquidation and settlement of its partner's entitlements shall be effected in conformity with the provisions of the Memorandum of Association.

ARTICLE (10)

No evidence inconsistent with or exceeding the latitude of the company Memorandum of Association shall be admissible for settlement of disputes arising between partners..

ARTICLE (11)

To the exception of joint-ventures, all Memorandums of Association as well as amendments thereto, shall be registered in the Register of Commerce. Registration formalities shall be specified by a Ministerial decision to be issued after consultations with the Concerned Authorities in the emirates.

A Memorandum not registered as aforementioned shall be deemed invalid with regard to third parties. Where failure of registration concerns one or more particular(s), invalidity toward others shall be restricted to the said particular(s).
Should any damage, due to non-registration, be incurred by the company, the partners or third parties, the company managers or its board - members shall be jointly liable to indemnify.

ARTICLE (12)

All companies, joint ventures excepted, shall attain their respective corporate entity, and shall perform their functions only after they have been registered in the register of Commerce.

The official instrument issued shall be published in the ministry's special bulletin. Persons, who before the completion of registration formalities carry out actions or arrangements for the account of the company, shall be jointly liable for such acts.

However, a company under establishment shall maintain a corporate entity to the extent required for finalizing its establishment procedures.

ARTICLE (13)

A company's purpose must be lawful with due consideration given to standardization and specialization of its main objectives.

ARTICLE (14)

A partner's share may be an allocated fund (cash share) or may be made in kind (corporeal share). In cases other than those derived from the provisions hereof, such share may take the form of efforts, but in no case may the share of a partner be the reputation and the authority which such partner enjoys.
The company's capital shall comprise only cash and corporeal shares.

ARTICLE (15)

Where a partner's share comprises a title or any other corporeal right, the partner concerned shall , in accordance with the applied regulations , in respect of sale agreements, be liable to the guarantee of such a share in case of amortisation or maturity or in the event of an evident flow or shortage therein.

In the event of a share being based merely on utilization of funds the valid regulations in respect of rent agreements shall apply to matters referred to in the preceding sub-clause.

If a partner's share involved entitlements with others, such partner's liability towards the company shall be settled only upon the settlement of these entitlements.

Unless otherwise agreed , if a partner's share is composed of efforts, then the profits arising from such efforts shall be the company's right unless such profits are achieved by virtue of a patent certificated.

ARTICLE (16)

Each partner shall be indebted to the company for the share undertaken by himself and unless settled on due dates, default partners shall indemnify the company against damages caused by such delay.

ARTICLE (17)

No personal creditor of a partner shall be allowed to receipt his entitlements from any unpaid share of the company's capital. However, her may receive his entitlements from dividends accrued to his debtor. If the company is dissolved, the creditor's entitlement shall evolve from the surplus balance of the share of the debtor in the company assets after liquidation.

If a partner's share comprises stocks, his personal creditor, in addition to the entitlements referred to in the preceding sub-clause, may request the sale of these stocks to satisfy his entitlements out of the sale proceeds.

ARTICLE (18)

If it is agreed in the Memorandum of Association to deprive a partner form profits or relieve him from loss, such Memorandum shall be invalid.

It may be agreed, however, that partners contributing only with efforts, shall be exempted form loss.

ARTICLE (19)

where a partner's share in profit or loss in not specified in the Memorandum of Association, his share thereof shall be prorate to his share capital.

Where a Memorandum determines the partner's share in profits only, his share in loss shall be equal to his share in profits. The same ruling shall also apply if only the partner's share in loss was determined in the Memorandum.

Where a partner's share is restricted to his efforts, his share in profit or in loss shall be specified in the Memorandum of Association. If, in addition to his efforts, a partner's contribution is made in cash or in corporeal shares, he shall be entitled to a share in the profit or in the loss in consideration of his efforts, and to another one (share) against his cash or corporeal share.

ARTICLE (20)

If is not permissible to allocate nominal dividends for the partners by means of over-estimation of the company-assets. If nominal dividends are distributed among partners, the company's creditors may demand of every partner reimbursement of the amounts he so received even in good faith.

Should the company incur loss during succeeding years, partners shall not be liable to reimburse actual dividends received thereby.

ARTICLE (21)

All contracts, correspondences, discharge receipts and announcements issued by a company shall show the name, hind, head office and serial number in the Register of Commerce of such company. In addition to the above requirements, in case of joint stock, commandite limited by shares and limited liability companies, the company's authorized capital and the paid-up amount thereof shall be indicated.

Where a company is under liquidation, the same shall show on papers issued thereby.

ARTICLE (22)

Without prejudice to commercial activities reserved only to nationals, as may be prescribed herein or in any other law, it is a requirement for the establishment of a company to have one or more national partner(s) whose share in the company's capital is not less than 51%.

CHAPTER TWO
GENERAL PARTNERSHIP
ARTICLE (23)

A general partnership is a company compression two or more partners jointly liable for the company-obligations to the full extent of all their assets.

ARTICLE (24)

The firm-name of general partnership shall be composed of the names of all the partners or of the name of one or more partners together with what may show the existence of company. In addition to the foregoing, it may have a special trade name of its own.

Where a name of an individual, who is not a partner therein, is knowingly embodied in the name of the corporation, such person shall be jointly liable for the company's obligations.

ARTICLE (25)

All partners in a general partnership must be state nationals.

ARTICLE (26)

The Memorandum of Association of a general partnership shall contain the following:

a. Name, family name and surname, if any, of each partner and his nationality, date of birth and place of residence.
b. Name and purpose of the company.
c. The company's registered office and the branches thereof.
d. The capital and shares undertaken by each partner whether paid in cash or in kind, the estimated value of these shares, subscription method and due dates.
e. Date of establishment, and expiry, if any.

f. Management of the company and names of authorized signatories and the extent of their respective powers.
g. Commencement, and expiry, dates of the company's financial year.
h. Rate of distribution of the profit and loss.

ARTICLE (27)

A partner in a general partnership shall be deemed a merchant, and the company's bankruptcy shall lead to the bankruptcy of all partners.

ARTICLE (28)

Shares may not be made in the form of negotiable instruments .

ARTICLE (29)

In a general partnership, shares may be assigned either by approval of all the partners or by observing the terms and conditions of the Memorandum of Association.

Any agreement whereby non-conditional assignment of the shares is allowed shall be invalid. A partner may, however, agree to assign to others the entitlements related to its share, but such agreement shall have no impact upon any other one the parties thereto.

ARTICLE (30)

All partners shall be jointly liable for the company's obligations to the full extent of all their assets. Any agreement to the contrary may not be invoked against others.

ARTICLE (31)

No execution may be enforced on a partner's assets against the company's commitments unless an execution- decree against the company is obtained, and the company is excused of such commitments. The execution decree shall be deemed to be evidence against the partner.

ARTICLE (32)

Unless obtaining the other partners' approval, a partner shall not be permitted to conduct any of the company's activities neither for his permitted to conduct any of the company's activities neither for his own account nor for any third party's account nor to become partner in another general partnership or to be a joint or silent partner in a commandite or a limited liability company if any o the said companies carries out activities competitive with the company's activities.

ARTICLE (33)

A partner who joins a general partnership shall together with the other partners, be jointly liable to the extent of all his assets for the company obligation preceding and proceeding his membership therein. any agreement between the partners to the contrary shall be inadmissible against others.

ARTICLE (34)

A partner who retires from partnership shall be held harmless of such partnership-commitments as might arise after his retirement is proclaimed.

ARTICLE (35)

A partner who assigns his share in the company, shall not be released from the company obligations towards it creditors unless the latters approved of such assignment, in accordance with the procedures applied with regard to debt assignment .

ARTICLE (36)

Unless otherwise agreed, a partner who is not a Director may not interfere in the company's management affairs. However, such partner may demand to be granted access to the partnership-operations, inspect its books and documents and instruct or direct its manager.

ARTICLE (37)

Unless the Memorandum of Association allows for a majority of votes, general partnerships shall adopt resolutions made by unanimous voted the partners' unanimous votes, and unless otherwise stipulated in the Memorandum of Association, "majority" shall mean numerical majority of votes.

Resolutions pertaining to the amendment of the Memorandum of Association shall be valid only in taken by the partners' unanimous votes.

ARTICLE (38)

Management of a Partnership shall be carried out by all the partners unless such management, by virtue of the Memorandum of Association or an independent contract, be vested in one or more partners or in a manager who is not a partner.

ARTICLE (39)

Should the company be directed by more than one manager, each of them shall be liable only for the functions under his jurisdiction.

In the event of numerous managers who are jointly responsible for the management of affairs, their resolutions shall be valid only if reached by unanimity or by the majority of motes stipulated in the Memorandum. However, each manager may individually carry out urgent matters if omission thereof may incur substantial damages to the partnership or may cause loss of sizeable profit thereto .

In the event of numerous managers and the Memorandum fails to define the powers of each manager or the provide for them to act jointly, any one of such managers may carry out any of the management businesses, provided that the other managers shall have the right of veto against any such action before it is finalized. In this case, majority of votes shall count, and in the event of a tie, the matter shall be referred to the partners.

ARTICLE (40)

A manager who is a partner, and who is appointed in accordance with the Memorandum of Association, may not be removed except by the partners' unanimous vote. Unless otherwise

stipulated in the Memorandum, such removal shall necessarily entail the dissolution of the partnership.

A manager who is a partner and who is appointed under a contract independent of the Memorandum, or he who is not a partner but has been appointed either by virtue of the Memorandum of Association or a separate contract, may be dismissed by a majority of the partners' votes having to resort to partnership-dissolution.

ARTICLE (41)

A managing partner, appointed under the Memorandum of Association, shall not retire form office without acceptable reasons, otherwise he shall be liable to indemnity.

Unless it is otherwise stipulated in the Memorandum of Association, the resignation of such a partner shall cause partnership dissolution.

A managing- partner, appointed under a separate contract, or one who is not a partner but appointed under the memorandum of association, or by virtue of a separate contract, may freely resign office, provided that he close an occasion convenient for such resignation and shall, reasonably in advance, notify the partners of same - otherwise he shall be liable to indemnity. Such resignation shall not cause partnership-dissolution.

ARTICLE (43)

Except with the partners' approval or as per an express provision in the Memorandum, it is not permissible for a manager to exceed normal management powers. The above restriction shall apply to the following acts:

a. Donations, except for casual minor tips.
b. Shale of the partnership properties, unless the same be part of the partnership's objectives.
c. Charge (lien- decision) of the partnership properties, whereunder the manager is empowered to sell such properties.
d. Sale or lien of the company's shop.

ARTICLE (44)

No manager shall be allowed to enter into agreement with the company for his own account unless the partners' approval had been obtained in each incident independently.

Furthermore, no manager unless with the partners' permission which shall be renewed each year, is allowed to practice any activities similar to those of the partnership.

ARTICLE (45)

A manager shall be liable for damages sustained by the partnership, the partners or others as a result of breach of the Memorandum of Association or default in the performance of his functions. Any provision to the contrary shall be null and void.

ARTICLE (46)

Profit and loss and the share of each partner therein shall be determined at the end of the partnership's fiscal year calculated on the basis of the balance sheet and the profit-and-loss account.

A partner shall be deemed a creditor to the partnership for the amount of his share in the profit upon the determination of such share and shall, unless otherwise agreed, cover, from dividends of the following years, any capital's deficit generated by loss, Except as above stated, it is not permitted to commit a partner, except by his own consent, to complement the deficit of his share in the partnership's capital, if caused by loss.

CHAPTER THREE
COMMANDITE

ARTICLE (47)

A commandite is a company comprising one or more jointly-associated partners liable for the company's obligations to the extent of all their assets together with one or more silent partner(s) liable for the company's obligations only to the extent of their respective shares in the capital.

ARTICLE (48)

All joint partners in a commandite must be U.A.E nationals.

ARTICLE (49)

The firm-name of a commandite shall be composed of the names of the joint partners in addition to an indication showing the existence of the company. Moreover, a special trade-name may be added to the foregoing.

A silent partner's name may not be incorporated in the name of the company. If knowingly incorporated, such silent partner shall, with regard to bona fide third parties, be deemed a joint partner.

ARTICLE (50)

Subject to conditions hereinafter contained, a commandite shall be deemed a general partnership with regard to joint partners, and the provisions governing general partnerships shall equally apply to commandite.

ARTICLE (51)

In addition to the provisions constrained in Article (26), the Memorandum of Association of a commandite shall contain a partner's name, surname, nationality, place of birth and place of residence, as well as his share in the capital and the amount he paid up thereof.

ARTICLE (52)

Notwithstanding an authorization thereto, a silent partner may not interfere in the management's affairs when such affairs are related to third parties. However, within the limits prescribed in the Memorandum of Association, a silent partner may participate in the internal administrative affairs &, provided that no damage be sustained by the company, he may, furthermore, ask for copies of the profit-and loss account and the balance-sheet, to verify the accuracy of their contents by inspecting the company's books, either personally or through a representative, who may, or may not, be a partner.

ARTICLE (54)

A silent partner who violates the restrictions constrained in the preceding Article shall be liable to the extent of all his assets for obligations arising from actions carried out thereby.

A silent partner may also be held liable, to the extent of all his assets, toward every and each commitment of the company if management actions carried out thereby would invite others to believe beyond doubt that he is a partner. In such a case the provisions concerning the joint partners shall apply to that silent partner.

Should a silent partner, whether under implied or expressed proxy from the joint partners, carry out the managerial business prohibited thereto, the said partners along with himself shall be jointly liable for the obligations arising from such businesses.

ARTICLE (55)

Unless a majority of votes is prescribed in the Memorandum of Association, resolutions of a commandite shall be adopted by the unanimous votes of joint and silent partners. in the latter case, unless otherwise stipulated in the Memorandum of Association, the number of votes shall count. Resolutions pertaining to the amendment of the Memorandum of Association shall be valid only if endorsed unanimously by both the joint and the silent partners.

CHAPTER FOUR
JOINT – VENTURES

ARTICLE (56)

A joint venture is an association between two or more partners to share profit or loss of a commercial business or businesses carried out in the private name of one of the partners. The association shall be restricted to the relationship between the partners but shall not operate in respect of others.

Evidence of the association may be substantiated by any manner of attestation.

ARTICLE (57)

A joint venture agreement shall regulate the entitlements and obligations of the partners and also the manner of distribution of obligations of the partners and also the manner of distribution of profit and loss. It is not a requirement for such an agreement to be entered in the register of Commerce nor to be proclaimed publicly.

ARTICLE (58)

Except he carries out commercial transactions personally, a partner in a joint venture shall not be considered a merchant.

ARTICLE (59)

Unless otherwise agreed, each partner in a joint Venture shall maintain title to the share subscribed thereby.

ARTICLE (60)

Joint ventures are not allowed to issue bonds or negotiable instruments.

ARTICLE (61)

Third Parties shall have the right of recourse only against the partner with whom they concluded a transaction. In the event of any thing made by the partners whereby the third parties are notified of the existence of and association, then the Joint Venture may be considered an actual company, and the partners shall be jointly liable towards third parties.

ARTICLE (62)

Each partner may demand access to the joint-venture books and documents either by himself or through an attorney from among the partners or others, provided that inspection by such attorney does not cause any damage to the corporations. Any agreement to the contrary shall be null and void.

ARTICLE (63)

Provisions of Article (37) of this Law shall apply to joint ventures.

CHAPTER FIVE
PUBLIC JOINT-STOCK COMPANIES
PART 1
PROPERTIES OF PUBLIC JOINT-STOCK COMPANIES

ARTICLE (64)

Any company whose capital is divide into negotiable shares of equal value shall be considered a public joint-stock company and a partner therein shall be liable only to the extent of his capital share.

ARTICLE (65)

A public joint-stock company shall derive its firm-name from its company is intended for the investment of a patent of invention registered in the name of the said person, or it has, upon incorporation or thereafter, acquired a premises and has adopted that premises; name as its own.

In all cases, the term " Public Joint Stock " should be appended to the name of the company. It is not permissible, however, for a public joint-stock to adopt the name of another company or a name similar thereto. The latter company may otherwise plead to the administration name to change it.

ARTICLE (66)

A company may change its name by a resolution adopted by the Extra-Ordinary General Meeting.

Entitlements, commitments or legal proceedings instituted by, or against, the company shall not be affected as a result of the change of its name. The new name shall be noted in the Register of Commerce in accordance with the provisions of the law.

ARTICLE (67)

The company capital must adequately achieve the objectives of its incorporation, and in all cases may not be less than ten million dirhams.

ARTICLE (68)

Both the Memorandum and Articles of Association must comply with the form issued under a Ministerial Order. Any inconsistency therewith must be approved by the Minister.

ARTICLE (69)

The duration of the company must be specified in its Memorandum and Articles of Association. If the company's objectives do so require, the said duration may be wither extended or reduced, by resolution of the Extra-ordinary General Assembly.

PART ii

INCORPORATION OF PUBLIC JOINT-STOCK COMPANIES

ARTICLE (70)

He shall be deemed a founder any one who signs the initial Memorandum and Articles of the Association with the intent to assume the liability arising therefrom. Incorporation of the company may be permitted only if the number of founders is not less than ten.

However, the Federal Government or the Governments of the respective member-Emirate may independently establish a company, and may involve a number of capital subscribers less than that reserved in the preceding sub-clause.

ARTICLE (71)

The founders shall elect a panel inter se comprising a minimum of three and a maximum of five members to finalize establishment formalities with the concerned authorities.

ARTICLE (72)

During the period of establishment, the company shall maintain a body corporate and the actions of the founders during the said period shall be binding thereto, provided the company establishment is finalized according to the law.

ARTICLE (73)

The Memorandum and Articles of Association shall be set up by the founders in accordance with the form issued under a Ministerial decree and shall contain the following details:

1. Name of the company and its registered office.
2. Term of Company.
3. Purposes of Company.
4. Founders' names, their places of residence, profession and nationalities.
5. Capital, number of the capital shares and value and kind of each share.
6. Particulars of each share not paid in cash, name of the subscriber thereof and the conditions pertaining thereto, along with the pledges and privileges on such a share.
7. An approximate estimate of the company- expenditures, wages and costs payable thereby for its establishment purposes.
8. An undertaking on the part of the founders to finalize the establishment formalities.

ARTICLE (74)

Application for a company incorporation shall be submitted to the concerned authority on the form prepared for this purpose together with its articles of incorporation and memorandum of Association as well as the projects' profitability inclusive of the time schedule proposed for execution. The application thereof shall be entered in the special Register Kept for this purpose with the concerned authority.

The concerned authority shall, by a decision, form a committee authority, to study the application for company's establishment and the feasibility of its intended project. The Committee may require the applicant to supplement any necessary documents or particulars, or memorandum of Association so that they would comply with the provisions of the Law and its executive regulations.

The Committee shall prepare a report of the findings within two weeks from the date of application or of supplementing the documents required by this law or its executive regulations as the case may be.

ARTICLE (75)

The concerned authority shall make a decision about the application for a company's establishment in light of the findings contained in the report of the committee referred to in the previous article, within a maximum period of sixty days from the date of application or

of supplementing the documents required by the committee, as the case may be. Non-issuance of a decision with such period shall be deemed a rejection.

Should the application be rejected, or the said period lapse, the founders may challenge the rejection before the competent Civil Court within sixty days as for the date they are notified of the rejection, or the lapse of the period referred to in the previous para, as the case may be.

ARTICLE (76)

If the application for a company's establishment is approved, the concerned authority shall issue a decision for licensing the company's incorporation, which decision shall be published in the official Gazette of the State at the founders' expense and notified to the ministry.

Founders shall commence the subscription of company's shares according to the procedures contained in this law and its executive regulations within fifteen days from the date of issue of the aforementioned decision.

ARTICLE (77)

Invitations for public subscription shall be announced in two local Arabic dailies at least five days before the commencement of subscription. In addition to a summary of the Memorandum and Articles of association, the announcement shall contain the following details :

1. Payment, by the founders, for the required percentage of the value of their shares.
2. The maximum number of shares open for subscription.
3. Requirement with regard to membership on the Board of Directors in terms of the number of shares owned by a subscriber.
4. Date and place of, and requirements for , subscription.
5. Percentage of shares owned by nationals and terms of disposal thereof.
6. Any other matters affecting the entitlements or obligations of the shareholders.

Founders shall sign the subscription announcement and shall be jointly liable for the credibility of the contents thereof.

ARTICLE (78)

Founders shall subscribe to a minimum of 20% and a maximum of 45% of Association's capital, and shall, before the publication of the subscription announcement, pay the percentage required to be paid up by the founders for each share at subscription time. Before invitation for public subscription is made the founders must provide the Ministry and the concerned authority with a bank certificate to effect that payment of the above-mentioned percentage was made thereby.

ARTICLE (79)

Subscription may be made with one or more bank(s) selected by the founders from among those banks operating within the state. Payments due upon subscription shall be deposited with such bank(s).

ARTICLE (80)

Subscription to the shares shall be made by an application containing particularly the name, objectives and capital of the company, subscription requirements, name and address of each subscriber and his address in the State, profession and nationality and the number of shares he intends to hold and an undertaking on his part expressing his approval of the provisions contained in the company Memorandum and Articles of Association. Subscription shall be duly made and without condition. Any condition made by the subscriber in the subscription-application shall be invalid.

Each subscriber shall receive a printed copy of the company-Memorandum & Articles of Association against a fee fixed in the Articles of Association.

ARTICLE (81)

Subject to the provisions of Article (67) above, initial payment of the value of each cash share upon subscription shall be not less than 25% of its nominal value. Unless otherwise

stipulated in the Memorandum of Association, payment of the balance shall be made within a period not exceeding five years from date of incorporation.

The paid up portion of the share value shall be noted on the share.

ARTICLE (82)

Subscription shall remain open for a minimum period of ten days and maximum of ninety days during which all shares, founders' shares excepted, shall be offered for public subscription. A company shall be duly established only after all its shares are subscribed for .

In the event of incomplete subscription during the said period, the founders may, under a concerned authority's decision, extend the subscription period for a maximum period of thirty days provided that the Ministry be duly notified of the concerned Authority's decision in this respect.

ARTICLE (83)

In the event of the lapse of the period referred to in the preceding Article before all shares offered for subscription are covered, the founders shall either relinquish the establishment of the company altogether or, provided that approval of the Minister is obtained, decrease its capital. Approval of capital reduction shall be by a decision from the minister approved by the concerned authority.

As an exception of the provisions of Article 78, the founders may, by approval of the Minister and the concerned authority, subscribe to the shares remaining.

ARTICLE (84)

If the establishment of the company is relinquished, founders shall be jointly liable for the reimbursement to the subscribers of the paid-up value of shares.

In the event of decrease of the capital, the subscribers may opt to repeal their subscription within a period of not less than the period of initial subscription, otherwise their subscription shall be final. In such a case, the founders shall de novo, open for public subscription, the shares so remaining.

ARTICLE (85)

If subscription exceeded the number of shares offered, the shares shall be allocated among the subscribers prorate to their subscriptions. Allocation shall be to the nearest complete share & provided that no shareholder is deprived from participating in the company irrespective of the number of share subscribed thereby.

The minister may, upon a proposal by the founders and approval by the concerned authority, decide to initially distribute a number of shares whose value does not exceed ten thousand Dirhams, among all subscribers, thereafter distribution shall take place in the manner referred to in the previous para.

ARTICLE (86)

Amounts received from the shareholders shall be deposited with a bank to the account of the company under establishment. Such amounts may be transferred only to the Board of Directors following entry of the company in the Register of Commerce.

ARTICLE (87)

Subscription may be made by corporeal shares.
In that case, such shares shall be evaluated by a committee set up by order of the Minister, under the Chairmanship of a judge named by the Minister of Justice or the Chairman of the Department of Justice or him who acts on his behalf in the concerned Emirate, as the case may be and the membership of director in the concerned Chamber of Commerce and Industry to be nominated by its chairman, a member of the Municipal Council or the Department of Municipality named by the Mayor in the concerned Emirate and specialist expert member.

A corporeal share forwarded by the public body corporate may take the form of a concession or a franchise to utilize certain public funds. The committee shall submit its report within thirty days from the effective date of its mandate. The Minister may, upon reasonable request from the Committee, extend the above period.

A copy of the Committee report shall be delivered to the founders who shall deposit an adequate number of copies thereof at the company's center and announcement to that effect shall be published in two local Arabic dailies, at least fifteen days before the meeting of the Statutory General Assembly. Anyone concerned shall have the right of access to the report.

If however the Committee's evaluation was lower than that of the founders', the person submitting the share in kind shall be requested either to cover the difference in cash or by another share in kind equal to the amount of such difference as approved by the other founders. Credibility as to the accuracy of its estimation shall be in the manner herebefore mentioned. The person who submits a share in kind may, however, withdraw the same entirely and pay its estimated amount in cash as assessed by the founders.

The Committee estimation shall be forwarded to the Statutory General Assembly for approval, refusal or decrease as the Assembly may deem fit. If the Assembly decided to decrease the estimate, the person who submitted the share may either withdraw it from the capital or pay the difference in cash money.

If the Assembly resolved to refuse the share in kind, or if it was withdrawn by the owner, subscription thereto may be made in cash according to the terms and conditions concerning cash subscription, or alternatively the capital may be equally decreased, provided that the capital is not reduced below the limit fixed hereby and that the Minister's approval is obtained for same decrease.

Resolutions concerning the assessment of a share in kind shall be adopted by a majority of votes of holders of shares paid in cash, provided that such majority should represent a minimum of two-thirds of the said shares. Holders of corporeal shares, even if they hold shares in cash, shall have no right of vote.

If corporeal shares are submitted by all the subscribers, their evaluation of these shares shall be final, provided it does not exceed the value estimated in the Committee report.

Corporeal shares shall represent only paid-up shares.

ARTICLE (88)

Founders shall, within thirty days from date of closure of subscription, invite the subscribers to a Statutory General Meeting, and copies of the invitation shall sent to the Ministry and the concerned authority.

If the founders fail to extend such invitation before the lapse of the period referred to in the preceding para, the Ministry shall do so.

The convening of the Statutory General Meeting shall be valid if attended by the owners of three quarters of paid-up shares either personally or by proxies. The Meeting shall be chaired by a founder elected for the purpose by the General meeting.

If the above quorum is not achieved, a second Meeting shall be convened within thirty days from the date of the first Meeting. Presence of one half of the shareholders, or their proxies, shall be lawful quorum. In the event of failure to acquire such a quorum the present shareholders, or any one of them, may either call for dissolution of the company or for a third Meeting to be held within fifteen days from the date of second Meeting. Any number of subscribers represented in such a meeting shall constitute a quorum. Resolutions of the Statutory General Meeting shall be adopted by absolute majority of the shares represented therein. Each of the ministry and the concerned authority may dispatch one or more representative to attend the meeting as observers without a voting right, and their attendance shall be indicated in the minutes of the general meeting.

ARTICLE (89)

The Statutory General Meeting shall discuss the following matters in particular:

1. Founders report on the incorporation of the company and the costs it entailed.
2. Election of the first Board of Directors and appointment of auditors.
3. Approval of the corporeal shares evaluation.
4. Final proclamation of the company establishment.

ARTICLE (90)

Within seven days from the date of the Statutory General Meeting, the founders shall request the Minister to proclaim the incorporation of the company. The application shall be supported with:

1. A statement of admission substantiating full capital subscription, the apportion paid by the persons subscribed to shares and a list of their names, and the number of shares subscribed to by each.
2. Minutes of the Statutory General Meeting.
3. Articles of Association as endorsed by the same Meeting.
4. Assembly resolutions concerning approval of the founders' report, evaluation of the corporeal shares and election of the first Board of Directors.

5. Supporting documents with regard to the correctness of the incorporation procedures.

ARTICLE (91)

The Minister shall , by decree, incorporate the company within thirty days from date of submittal of the application, and the decree shall be published, at the company's expense, in the Gazette together with the Memorandum and Articles of Association.

ARTICLE (93)

If a company was not incorporated, a public notice to that effect shall be published by the Ministry. Subscribers shall have the right to reimburse amounts paid thereby from the date of such notice and the banks wherein subscriptions were made shall repay the subscribers. The indemnity, if necessary, Incorporation expenses incurred during the establishment process shall also be borne by the founders and they during the period of establishment.

ARTICLE (94)

Results of all actions carried out by the founders to the account of the company prior to its proclamation shall devolve to the company upon its entry in the Register of Commerce and all expenses incurred by the founders to this effect shall be borne by the company.

CHAPTER THREE
MANAGEMENT OF THE COMPANY
I PART
BOARD OF DIRECTORS

ARTICLE (95)

The management of a company shall be vested in a board of directors comprised in accordance with the Articles of Association which shall also state the number of the Directors and their term of office, provided that their number is not less than three, and not more than twelve directors and their term of office does not exceed three years. A Director may be elected for more than one term.

ARTICLE (96)

The ordinary general assembly shall elect members of the Board of Directors by secret ballot. As an exception, the founders may appoint inter se the first board of directors for a maximum period of three years.

ARTICLE (97)

A director must be not convicted in a crime relating to honour and honesty unless he in reinstated or granted amnesty by the concerned authorities.

ARTICLE (98)

No director, either in his personal capacity or as a representative of a corporeal body, shall be a director in more than five joint-stock companies having their head offices within the State.

Nor shall he be a chairman or a vice-chairman of more than two companies having their Head offices within the State, nor managing director of more than one company located in

the State. Nor shall he be delegate of the administration of more than one company located in the state.

If the Board of Directors exceed the legal quorum, a director whose office is invalidated shall reimburse all amounts received thereby from the company concerned.

ARTICLE (99)

The Board of Directors shall inter se elect a chairman, and also a vice-chairman who will act for the chairman in the latter's absence. The chairman must be a UAE national.

ARTICLE (100)

The majority of the directors must be UAE nationals. Should the said rate of UAE nationals on the board of directors be decreased, it shall, within a maximum period of three months, be made good in compliance with the provisions of this Article, otherwise, the board resolutions adopted after the lapse of the said period shall be null and void.

ARTICLE (101)

Before 1st January of each year, each company shall provide both the Ministry and the Concerned Authority with a defiled list, endorsed by the chairman, of the names, offices and nationalities of the chairman and members of the board of directors.
The Ministry and the Concerned Authority must be notified by the company of any change in that list instantly upon its occurrence.

ARTICLE (102)

In event of a vacancy on the board of directors, the Board may appoint a director to fill the vacancy, provided that the General Assembly be instantly notified of such appointment during its first meeting following approval of the same, or to elect a replacement, unless otherwise provided for in the company Articles of Association. The newly elected director shall complement the term of his precedent.

In the event of vacancies amounting to one fourth of the board of directors, the General Assembly shall be convened within a maximum period of three months from the date of the last office vacated, in order to fill the vacancies.

ARTICLE (103)

The Board of Directors shall assume all the powers necessary to execute the businesses required in satisfaction of the company objectives, save such powers as may be vested by the law or the company Articles of Association in the General Assembly. However, it is not permitted for the Board of Director to enter into loan agreements whose term exceeds three years nor to dispose of the company properties or place of business or to mortgage the same, release company debtors from their commitments, concile or refer to arbitration unless the same are expressly granted by the company Articles of Association or embodied by nature thereof in the company objectives. In other than those two cases, it is a condition for the conclusion of such actions to obtain the approval of the General Assembly.

ARTICLE (104)

The Board chairman shall be deemed the president of the company who represents it before courts. The chairman's signature shall be deemed to be the board's signature in so far as the company relationship with third parties is concerned. He shall enforce the Board resolutions and comply with its recommendations. The chairman may, in some of his authorities, delegate powers to others.

ARTICLE (105)

Board meetings shall be valid only if attended by the majority of directors. Resolutions shall be adopted by majority of votes of those present of represented. In case of a tie, the chairman shall have a casting vote.

A director may delegate another director to vote on his behalf during his absence, provided that a director is not allowed to hold more than one proxy.
Voting by mail is not permitted.

ARTICLE (106)

The General meeting has the right to dismiss all or some directors even though the memorandum of association of the company provides otherwise. In such case the general

meeting shall elect new directors in replacement of the dismissed ones and inform the ministry and the concerned authority accordingly.

ARTICLE (107)

Minutes of the board meetings shall be entered in a special register. The present Directors and the Board Secretary shall sing each and every minutes entered therein. Any dissenting director may enter his objection in the minutes of the meeting.

ARTICLE (108)

Unless prior approval, renewable annually, be obtained from the General Assembly, neither the Chairman nor any other director shall be allowed to participate in any business competing with the company business or to carry out trade activities for their own account or for the account of others in any of the company activities. The company may otherwise demand indemnity therefrom or consider businesses carried out for their account as for the company account.

ARTICLE (109)

A director who maintains an interest conflicting with the company's interests in a deal, submitted before the Board of Directors for approval, shall notify the Board of the same and enter his approval in the minutes of the meeting. Such director shall have no right in voting on the said deal.

ARTICLE (110)

The company shall be committed with actions taken by the Board of Directors within the latter's jurisdiction. The company shall also indemnify damages caused by unlawful actions taken by the Directors in the course of the management of the company.

ARTICLE (111)

The chairman and the Directors shall be liable toward the company, the shareholders and third parties for acts of fraud and misuse of powers and for any act of default with regard to the law or the company regulations and for maladministration. Any provision to the contrary shall be hereby revoked.

ARTICLE (112)

With regard to the provisions of the preceding Article, all members of the Board of Directors shall be jointly liable in cases where the default arises from a resolution adopted unanimously. However, in the event of resolutions reached by majority votes, dissident directors shall be held harmless if they entered their objection in the minutes of the meeting.

In the event of any director who was absent during the meeting at which a resolution was adopted, he shall be held liable unless and until it is proven that he was not aware of the resolution or the he, despite his awareness of the same, was unable to protest against the resolution.

ARTICLE (113)

The company shall have the right to institute an action versus the Board of Directors due to such defaults as would cause damages to all share-holders. A General Assembly's resolution shall be required assigning the body who would institute same action in the company's name.

If the company is in the state of liquidation, then the liquidation self-same shall, by a General Assembly's resolution, undertake the same action.

ARTICLE (114)

In the event of an act of default causing particular damage to a shareholder in hid capacity as a such, he may institute and action in his own right if the company failed to redress the same, provided that he had notified the company of his intent to do so.

Any provision in the company by laws to the contrary shall be hereby revoked.

ARTICLE (115)

A resolution adopted by the General Assembly shall in no way release the Board of Directors or dismiss a civil liability action against Board members because of defaults committed in the course of their functions. If the liability action was forwarded to the General Assembly and it was endorsed thereby, the liability action shall drop one year after

the date of the meeting. However, if the act attributed to the directors creates a criminal action, the liability claim shall drop bar only if the public claim was dismissed.

ARTICLE (116)

The General Assembly may, even if it is otherwise stipulated in the company Articles of Association, discharge all or part of the Board members, and in such case the General Assembly shall elect other members to replace them and shall notify of such action, both the Ministry and the Concerned Authority.

ARTICLE (117)

A director who has been discharged from his office may not be renominated for board membership before the lapse of three years from the effective date of the resolution concerning his discharge.

ARTICLE (118)

The Articles of Association shall explain the methods adopted to determine the directors remuneration which may not exceed 10% of the net profit after depreciation and reserve were deducted and dividends of not less that 5% of the capital were distributed among share-holders.

CHAPTER TWO
ORDINARY GENERAL MEETING

ARTICLE (119)

The Ordinary General Meeting of share-holders shall be held at the invitation of the Board of Directors at least once every year within four months following the end of the financial year at the place and date fixed in the company Articles of Association. However, the Board may, whenever it deems necessary, call for the Meeting to convene the Board may, whenever it deems necessary call for the Meeting to convene.

ARTICLE (120)

The Board of Directors shall convene the General Meeting whenever it is requested to do so by the Auditor. If the Board fails to convene the meeting within fifteen days from the date of such request, the Auditor self-same may directly call for the meeting.

ARTICLE (121)

If at least 10 (ten) shareholders representing at least 30% of the capital should for serious reasons request the General Meeting to convene, the Board shall act accordingly and shall, within fifteen days from the date of such request, send invitations for the purpose. In case the Board fails so to do, the Ministry, after consultations with the Concerned Authority, may, within fifteen days of the date of application send such invitations at the request of the said shareholders or at the request of a lesser number of shareholders representing at least 30% of the share capital.

ARTICLE (122)

After consultation with the Concerned Authority, the Ministry shall have to convene the General Meeting in any of the following cases:-

1. In the event of failure to extend invitations to the meeting after the lapse of thirty days from the date fixed in Article (119).
2. In the event of lack of quorum requirement in the number of Board membership.

3. If the Ministry discovered at any time a breach of law or of the company's Articles of Association or a mismanagement.

In all the cases mentioned herein and in the preceding three Articles, both the Ministry and the Concerned Authority may delegate one or more of its representatives to attend the General Meeting as observers with no tight to vote. Their presence shall be entered in the minutes of the Meeting.

ARTICLE (123)

Invitation to all shareholders shall be extended by publishing announcements to this effect in two local Arabic dailies and by registered letters twenty one days at least before the date fixed for the meeting.

The announcement shall contain the meeting agenda. Subject to the date of the preceding para, a copy of the invitation papers shall be sent to both the Ministry and the Concerned Authority.

ARTICLE (124)

The agenda of the Annual General Meeting shall contain the following:

1. Attention to recital of the report of the Board of Directors on the company's activities and its financial position during the preceding year and the auditor's report, and approval of both of them.
2. Discussion & approval of the company balance sheet and profit-and-loss accounts.
3. When necessary, election of members of the Board of Directors, and appointment of auditors and, unless reserved in the company's Articles of Association, the fixture of the auditors' remunerations.
4. Consider the dividends proposed by the Board of Directors.
5. Discharge the Directors and Auditor of liability, or else decide to take liability action against them, as the case may be,

ARTICLE (126)

Whoever is entitled to attend the General Meeting may appoint a proxy other than the Directorate-members. Such appointment shall be made in writing. In such capacity. no authorized proxy may hold more than 5% of the company capital.

Persons of incomplete or non-legal capacity shall be represented by their legal representatives.

ARTICLE (127)

The General Assembly shall be chaired by the Chairman of the Board of Directors or his deputy on whoever the board might assign for such mission.

In case of absence of the said persons, the General Assembly shall appoint a chairman and a secretary for its meeting inter se.

If the General Assembly is discussing a matter related to the Chairman of the meeting, it shall select a chairman from among the shareholders.

ARTICLE (128)

The General Meeting shall be valid only if attended by shareholders representing at least one half of the company's capital. In the event of lack of quorum during the first meeting, the General Meeting shall hold a second meeting within a period of thirty days succeeding the first meeting. The second meeting shall be valid in all cases.

Subject to the provisions of Article (132) hereunder, the General Meeting resolutions shall be taken by absolute majority of votes represented in the meeting.

ARTICLE (129)

During their meetings, the General Assembly, shall consider all matters pertaining to the company affairs other than those reserved by law or company Articles of Association for the Extra-Ordinary General Meeting.

The General Assembly shall not consider matters if not mentioned in the agenda. However, the Assembly may deliberate on significant matters discovered during the meeting.

If a public body shareholder or if a number of shareholders entry of particular issues on the agenda, the Board of Directors shall have to comply, otherwise those present shall have the right to decide to discuss such matters.

ARTICLE (130)

Each shareholder shall be entitled to discuss matters on the agenda of the General Meeting and to address queries to the Board of Directors. The Board shall give replies to the extent not detrimental to the company interests.

A shareholder who is not satisfied with the reply may refer to the Any Provision in the company Articles of Association to the contrary shall be hereby revoked.

ARTICLE (131)

Articles of Association shall determine the method of voting with regard to the General Assembly resolutions. If involving election removal, or questioning of Board-members, voting shall be held by secret ballot.

ARTICLE (132)

Directors shall not participate in voting in the General Meetings on matters concerning their discharge or personal interests or disputes arising between them and the company.

ARTICLE (133)

The Minutes of the General Meeting shall indicate the names of attending shareholders either in person or by proxy, the number of shares held or represented by those present, the number of votes allocated thereto, resolutions made and the number of votes for , or against, therm and the gist of discussions held during the meeting.

ARTICLE (134)

Minutes of the General Meeting shall be duly recorded after each session in a special register whose keeping must company with the provisions prescribed by an order issued by the Minister. The Meeting Chairman, Secretary, letter and Auditor shall sign each minutes.

Signatories to the minutes shall be liable for the correctness of the contents thereof.

ARTICLE (135)

Resolutions adopted by the General meeting in compliance with the provisions of the Law and Articles of Association shall be binding on all the shareholders whether present at or absent from the meeting at same or not.

The Chairman of the Board of Directors shall enforce the resolutions issue, deliver copies of the same to both the Ministry and the Concerned Authority.

ARTICLE (136)

Without prejudice to the rights of bona fide third parties, any resolutions made inconstant with the provisions of this law or Articles of Association shall be null and void.

Any resolution, made in favour of or causing damage to, a particular group of the shareholders or that may afford a special privilege to the Board members or others regardless of the company's interests shall be abrogated.

In the event of abrogation of a resolution, such resolution shall be deemed not existing with regard to all the shareholders. The Board of local Arabic dillies.

Any claim for the abrogation shall bar after the lapse of one year the enforcement of the resolution.

PART III

EXTRA - ORDINARY GENERAL MEETING

ARTICLE 137

Subject to other powers prescribed herein, the Extra-Ordinary General Meeting shall have the power to amend the company Memorandum and Articles of Association. The same

meeting, however, may not amend the company Memorandum and Articles of Association. The same meeting, however, may not amend the company Articles in a manner leading to increased burdens on the shareholders or amend the main objectives of the company or remove the company's head office incorporated in the State to any other foreign country. Any provisions stipulating otherwise shall be null and void. The Extra - Ordinary General meeting may also undertake to:

1. Increase or reduction of capital.
2. Dissolve the company or amalgamate it with another company.
3. Sell the venture carried out by the company or dispose of it in any other manner.
4. Extend the term of company.

ARTICLE (138)

Subject to provisions stipulated hereunder, the provisions pertaining to the Ordinary General Meetings shall apply to the Extra-Ordinary General Meetings.

ARTICLE (139)

The Extra-Ordinary General Meeting shall convene only at the invitation of the Board of Directors. The board shall cause such invitation to be extended, if so requested by a number of shareholders representing at least 40% of the company - capital. In the event of the Board's failure to do so within fifteen days ass of this request, the application may request the Ministry to cause same invitation to be extended. The Ministry, after consultation with the Concerned Authority, shall carry out the extending of invitations.
Booth the ministry and the concerned authority may delegate one or more representatives to attend the meeting with no right to vote, and their presence shall be entered in the minutes of the meeting.

ARTICLE (140)

An Extra-Ordinary General Meeting shall be valid only if attended by shareholders representing at least three quarter of the company capital.

If no quorum is attained, the Meeting shall re-convene within a period of thirty days after the first meeting. The second meeting shall be valid if attended by shareholders representing one half of the company capital.

If no quorum is attained in the second meeting, a third meeting shall be called to be held within a period of thirty days from the lapse of the second one. The third meeting shall be valid irrespective of the number of the shareholders present. Resolutions reached by the latter meeting shall be valid only if approved by the Concerned Authority.

ARTICLE (141)

Extra-Ordinary General Meeting resolutions shall be reached by a majority of shares represented in the meeting unless such resolutions pertained to increase or reduction of capital, extension of the Articles of Association, amalgamation or conversion of the company. In all such cases the resolutions shall be valid only if adopted by a majority of three quarters of the shares represented in the meeting .

The Chairman of the Board of Directors shall enforce the resolutions of the Extra-Ordinary General Meetings and forward, within fifteen days from date of issue thereof, a copy of the same to both the Ministry and the Concerned Authority.

ARTICLE (142)

Prior to the date fixed for Ordinary or Extra-Ordinary General Meetings, shareholders shall enter their names in a special register prepared for this purpose at the company head office. The Register shall show shareholders names, number of shares represented thereby and name of the owners of such shares. Attorneys shall submit their proxy documents and shall be given access cards indicating the number of votes vested therein whether in their respective own right or by proxy.

ARTICLE (143)

Requirements pertaining to the proclamation of the company Memorandum of Association shall apply to the resolutions of the Extra-Ordinary Association.

PART IV

AUDITORS

Article (144)

Each shareholding company shall have one or more auditor(s) appointed by the General Assembly for a renewable one year term. The General Assembly shall determine the auditor's remunerations.

The foregoing concern may not be vested in the Board of Directors.
The founders however, may appoint an auditor who will carry out his duties until the first General Meeting were convened.

ARTICLE (145)

1. he must have his name entered in the list of auditors in compliance with the provisions of Law No.9 for 1975 regulation .
2. He is not permitted to be simultaneously and auditor and a participant in the establishment or a Director of a company or to carry out any technical, administrative or advisory capacity therein.

3. He is not allowed to be partner or an attorney or a relative to the fourth degree of a company founder or Director.

ARTICLE (146)

The Auditor shall examine the company accounts and inspect the company's balance-sheet, and the profit- and - loss account. He shall also take notice of the proper implementation of the Law and the company Articles of Association. He shall submit a report of his finding to the General meeting and deliver copies of the same to both the Ministry and the Concerned Authority.

ARTICLE (147)

The Auditor shall have at any time right of access to all the company books, records documents and other papers. He may request explanations as he may deem necessary for the performance of his mandate and verify the company assets and liabilities. The Chairman of the Board of Directors shall facilitate his mission.

In the event of obstruction of the auditor's mission, the Auditor shall enter the same in a report to the Board of Directors. If the Board did not facilitate his mission, the Auditor shall send copies of his report to the Ministry and the Concerned Authority and refer the issue to the General meeting.

ARTICLE (148)

The Auditor shall convene the General meeting in the event of failure on the part of the Board of Directors to do so and whenever extreme exigencies so require. In either of such cases, the Auditor shall draft and publish the agenda.

ARTICLE (149)

The Auditor shall hold the company secrets and shall not except in the General Meeting, disclose to the shareholders or to others any of the company secrets which came to his knowledge by virtue of his assignment. In the event of failure to abide by the above provisions, he shall be subject to dismissal and indemnity.

ARTICLE (150)

The Auditor shall attend the General Meetings and present his views with regard to matters relating to his assignment particularly with regard to the company balance sheet and shall read out his report before the General Meeting. The report must include the following:

1. Whether he has satisfactorily obtained the information he considers necessary.

2. Whether the balance sheet and the profit- and -los account are consistent with facts and with the provisions of the law and the company Articles of Association and whether those do clearly and honestly reflect the financial position of the company.
3. Whether the company keeps proper books.
4. Whether stocktaking was conducted according to established principles.
5. Whether the information contained in the Board of Directors' report complies with the company records.
6. Whether the provisions of the law or the company's Articles of Association were violated during the financial year to an extent that affects the company's activities

or financial position, and shall further explain whether, to the best of his knowledge, such defaults remain to exist.

If two Auditors are employed by a company, each shall submit his report independently.

The Auditor's report shall be recited at the General Meeting and each shareholder shall have the right to discuss and request explanations with regard to its contents.

ARTICLE (151)

The Auditor shall be responsible to the company with regard to auditing and credibility of details contained in his report and shall indemnify the company against damages sustained thereby as a result of defaults on his part. In the event of more than one auditor, each shall be liable toward damages caused by his default .

Claims concerning the liability described in the preceding sub-clause General Meeting in which the Auditor's report was recited. If a felony-act is attributed to the Auditors, the claim shall stand valid throughout the duration of the public claim.

CHAPTER FOUR
STOCKS ISSUED BY THE COMPANY

ARTICLE (152)

Stocks issued by the company are shares and debentures.

It is not permissible to create founders' shares nor to grant the founders or others any particular preferences. It is further not permissible for the company to issue preference shares of any kind.

PART I
SHARES
ARTICLE (153)

The company capital shall comprise equal shares. The nominal value of each share shall be not less than one dirham and not more than one hundred dirhams. Upon incorporation of the company it is not permitted to issue shares at a lower or higher price than the nominal value plus issue charges.

All company shares shall maintain equal rights and obligations.

ARTICLE (154)

Shares issued shall be nominative and negotiable. It is not permitted to cause their issue to bearer. Form and term of the profit coupons shall be determined by the Articles of Association and may be issued as nominal or to bearer.

ARTICLE (155)

A share is indivisible. However, if the title of a share devolves by heritage to a number of heirs or if its title is acquired by number of persons, they shall elect one of them to represent them before the company and all such persons shall be jointly liable for the obligations arising from the ownership of the share.

ARTICLE (156)

No shareholder shall be released from paying the share value. Further set-off between such obligation and the shareholder's entitlements from the company is not allowed.

A company creditor may file his claim in his own name against the shareholder for the payment of the share value.

ARTICLE (157)

A shareholder may not demand reimbursement of the amounts paid thereby to the company as capital share.

ARTICLE (158)

Following its incorporation, the company shall replace subscription receipts with provisional share certificates signed by two Directors showing the name of the shareholder and the number of shares he subscribed to, methods of payment of their value, paid up amount and date of payment in addition to the serial number of the provisional certificate, numbers of shares owned thereby and the company capital and its head office. These certificates shall substitute shares.

ARTICLE (159)

Within six months from the date of registration in the Register of Commerce, the company shall substitute the provisional certificates for shares. If the value of the share is paid in installments, the company liabilities with regard to delivery shall be deferred until full settlement.

Shares representing corporeal shares may be delivered only after their title of the corporeal share is transferred to the company.

The share shall particularly bear the date of the permit for the company establishment and of its publication in the Gazette, the company capital and number of the capital shares, in addition to the company registered office and term.

ARTICLE (160)

Profit Coupons shall be enclosed wit the share. These coupons may be nominal or to bearer and in all cases shall be negotiable. Any restriction to their negotiability shall be null and void.

ARTICLE (161)

Shares, names of shareholders, their nationalities and place of residence and the paid up amount of the share value shall be registered by the company in a special register named " The Share Register". The company shall, at the end of each financial year, provide the Ministry and the Concerned Authority with copies of these particulars and of any amendments thereto.

ARTICLE (162)

The title of a share shall be transferred upon entry of the conveyance in writing in the company register. The same shall be marked on the share. Protest against the company or others with regard to the disposal transaction may be made only as from the date of entry in the Register.

The company, however, may decline entry of the disposal of the share in the following events:

1. If such disposal is inconsistent with the provisions of this law or Articles of Association.
2. If the share is under lien or sequestration by court order.
3. If the share was lost and no substitute was given.
4. If the share is indebted to the company, registration of the share may be withheld by the company, until final settlement of such debt had been effected.
5. If a party to the contract is of incomplete or no legal capacity, or declared bankrupt or insolvent.

ARTICLE (163)

Articles of Association shall determine methods and conditions of disposal of shares provided that disposal of shares does not decrease the portion of UAE nationals represented in the company capital as prescribed herein.

ARTICLE (164)

Shares may be pledged by delivery of the same to the mortgagee after satisfying the procedures prescribed in Article (162) above.

Unless otherwise agreed in the mortgage deed, the mortgagee shall have the right to collect dividends and utilize entitlements attached to the share.

ARTICLE (165)

If a title of a share devolves by heritage or will, the heir or legatee shall request registration of the transfer of the title in the Register of Shares.

If the title is transferred by a mandatory court order, registration shall be made accordingly and entry to that effect shall be marked on the share.

Whoever acquires the share title may utilize the entitlements arising therefrom only as from the date of registration.

ARTICLE (166)

No sequestration on the company assets due to debts of a shareholder is allowed. Creditors of the indebted shareholder may, however, place sequestration on the share and profits accrued thereby and sequestration shall be noted on the share entry in the Register of Shares by court order and thereafter on the share itself to verify such sequestration.

ARTICLE (167)

If a shareholder fails to pay the instalment of the share value on due date, the board of directors may issue and order of execution on the share by registered letter to the shareholder calling for the payment of the due instalment. In the event of failure to pay within thirty days, the company may sell the share by auction sale and collect the amount of outstanding installments together with interest and expenses from the proceeds of the sale. The balance shall be paid to the shareholder. If the sale proceeds fail to satisfy the company entitlements, the company shall have the right of recourse on the private properties of the shareholder.

The company shall expunge the share under execution, and deliver to the purchaser a new share under the same number of the deleted share and enter the sale and the name of the new owner in the Share Register.

ARTICLE (168)

The company shall not purchase its own shares, unless for the purpose of decreasing the capital amount or for depreciation of the shares. Shares acquired by the company shall have no vote in the General Meeting.

Furthermore, the company shall not mortgage its own shares.

ARTICLE (169)

A shareholder shall attain all the rights attached to the share, particularly the rights to receive dividends and his portion in the company assets upon liquidation. Also to attend sessions of the General Meeting and cast his vote about its resolutions, all of which shall be in compliance with the restrictions and conditions herein and in Articles of Association.

ARTICLE (170)

As prescribed in the company's Articles of Association, the shareholder may inspect the company books and documents, only so by permit from the Board of Directors or the General Assembly

The Court may instruct the company to provide the shareholders with specific information not detrimental to the company's interests.

ARTICLE (171)

Articles of Association may provide for share depreciation during the life of the company if its venture depreciates gradually or is based on temporary rights.

Part of the profit and annual reserve for share depreciation, shall be allocated by ballot provided that the shareholder whose share is depreciated shall obtain a bonus share.

Amortization may be effected by the company's purchase of its own shares, and the shares thus obtained shall be written off by the company.

ARTICLE (172)

The company Article of Association shall determine the rights attached to bonus shares. However, Articles of Association shall allocate a portion of the net profits for undepreciated shares with priority given thereto as opposed to the bonus shares. Upon the termination of the company, holders of undepreciated shares shall have priority in collecting from the liquidation proceeds and amount equal to the nominal value of their own shares.

ARTICLE (173)

Corporeal shares and cash shares subscribed to by the founders may not be disposed of before the publication of the balance sheet and the profit and loss account for at least two financial years after the announcement of the company's establishment. These shares shall be marked to show both their kind and the date of the company's establishment.

It is permissible, however, during the restricted period, to transfer the title of cash shares by means of sale by one founder to another or to a Director for submission as security for his functions or by heirs of a founder, in the event of his death, to others.

The provisions contained in this Article shall also apply to subscriptions made by the founders in the event of increase of the capital, before the lapse of the restricted period.

ARTICLE (174)

Any resolution issued by the Ordinary or the Extra-Ordinary General Meetings affecting the shareholder's rights derived under the provisions of this law or the company's Articles of Association or increasing his liabilities shall be deemed null and void.

ARTICLE (175)

The company's Articles may restrict the sale of the shares or the shares provisional certificates, for amounts exceeding the nominal value plus issue charges, before the publication of the balance sheet and the profit-and-loss account for the initial financial year.

ARTICLE (176)

If Articles of Association provide for redemption in favour of the shareholders, share-owners shall, before disposal therewith, notify the company of the name of the purchasing party and the price agreed. The shareholders may, within a period fixed in the Articles of Association, substitute for the purchasing party. If the Board of Directors decided that the price was over-valued, they i.e. the Board my instruct the Auditor to fix a fair price for the share.

PART II
DEBENTURES

ARTICLE (177)

Under approval of the General meeting, the company may enter into loan contracts against negotiable stocks of equal value issued thereby.

The General meeting may authorize the Board of Directors to fix the amount and terms of the loan. The loan shall be entered in the Register of Commerce and notified to both the Ministry and the Concerned Authority.

ARTICLE (178)

Debentures shall be nominal or to bearer, but shall continue to be nominal until full payment of its value.

ARTICLE (179)

Company shall not issue debentures before full payment of its capital by the shareholders and the publication of its balance sheet and loss-and-profit account for one financial year at least.

Nevertheless, the company may issue debentures before the publication of the balance sheet only if the State or an operating bank therein guarantees the payment of these debentures or if guaranteed by instruments issued by any of the above parties.

ARTICLE (180)

The value of the debentures shall in no way exceed the available capital as shown in the recently approved balance sheet unless the company was permitted to do so under its incorporation decree or unless the debentures are guaranteed by the State or by a bank operating therein.

The resolution concerning the issue of loan debentures shall be effective only after it is registered in the Register of Commerce.

ARTICLE (181)

Debentures issued for a single loan shall grant their holders equal rights, and any provisions to the contrary shall be hereby revoked.

ARTICLE (182)

Debentures declared for public subscription shall be made through one or more banks operating within the State. They shall be offered to the public at least fifteen days in advance by notice published in two local Arabic dailies signed by the members of the Board of Directors and containing the following:

1. The decree approving the issue of debentures and its date.
2. Number of debentures, their nominal value and last date of subscription.
3. Interest rate.
4. Date of maturity, terms of payment and payment guarantees, if any.
5. The company's paid-up capital.
6. Number of debentures already issued, their guarantees and the unpaid amount thereof upon the issue of the new bonds.

ARTICLE (183)

Income bonds may be issued by the Board of Directors only under the approval of the Concerned Authority. The company may also issue debentures payable with share premium upon depreciation or settlement of the same. The company may further issue stocks with cumulative value.

ARTICLE (184)

Within one month from the last date of subscription, the Board of Directors shall provide the Ministry and the Concerned Authority with a statement on the subscription progress and names and nationalities of subscribers and their respective subscriptions.

ARTICLE (185)

Resolutions adopted during the Assemblies' General Meetings shall apply to stock holders. The same assemblies, however, may not amend the established equities of the stockholders except by the approval of a special committee formed to this purpose as provided for in the provisions concerning the Extra-Ordinary General Meeting of the Shareholders.

ARTICLE (186)

Debentures shall not be converted into shares unless so stipulated in the loan conditions in accordance with the terms provided for in the preceding Article.

If conversion is allowed, the stockholder may, at his discretion, either accept the conversion or collect the nominal value of the stock.

PART III
LOSS AND DAMAGE OF SHARES AND DEBENTURES

ARTICLE (187)

If a share or a nominal stock was misplaced or destroyed, the owner thereof whose name is shown in the Company Register may demand a new instrument in replacement thereof.

The owner shall publish in two local Arabic dailies the serial numbers of the misplaced or destroyed instruments, their number as well as the number and serial numbers of the dividend coupons attached thereto.

If, within thirty days from the date of publication, no objection was received by the company, it shall provide the owner with a new instrument wherein it shall be stated that it was issued in replacement of a misplaced or a destroyed one. Such document shall grant its holder all the rights and obligations related to the misplaced or destroyed instruments.

ARTICLE (188)

As per the preceding Article, whoever protests against the issue of an instrument in replacement of a misplaced one, may, within fifteen days from date of publication, file his claim before the competent court, and, in the event of failure to do so, the protest shall be deemed null and void.

The court shall issue its judgment expediently.

ARTICLE (189)

Upon being notified of the final judgement, the Company shall deliver the substitute bond to the beneficiary thereof.

CHAPTER FIVE
COMPANY FINANCES

ARTICLE (190)

The company shall have a financial year fixed by its Articles of Association.

ARTICLE (191)

At least one month before the annual General Meeting, the Board of Directors shall, in each financial year, prepare the company's balance-sheet, profit-and-loss account, and a report on the company's activities and financial position during that year. The Board shall also propose the method of allocation of net profits.

The Board of Directors' Chairman shall sign the report, the balance sheet and the profit-and-loss account.

ARTICLE (192)

Unless a higher rate is fixed by the company's Articles of Association, ten percent of the company's net profit shall be deducted annually to create the statutory reserve.

The General Assembly may stop making such deduction whenever the statutory reserve amounts to one half of the paid-up capital.

The statutory reserve may not be allocated to the shareholders, but any excess, beyond one half of the paid up capital, may be used for the distribution of dividends to the shareholders in years where the company does not attain net profit enough to cover the rate fixed for them in the company's Article of Association.

ARTICLE (193)

Articles of Association may provide for laying by a special portion of the net profit, for creating provisions to be used for the purposes described therein. Such provisions may not be used for any other purposes, except under a resolution adopted during an Ordinary General Meeting.

ARTICLE (194)

Articles of Association shall fix the rate of net profit which must be distributed among shareholders after the deduction of the statutory reserve and provisions allocations.

A shareholder is entitled to his share in profit upon the issue of the General Assembly's resolution approving such distribution and the Board of Directors shall implement the said resolution within thirty days from the date of the resolution.

ARTICLE (195)

It is not permissible to distribute fictitious profits. The Board of Directors shall be liable to the shareholders and the company with regard to such measures.

ARTICLE (196)

A company whose establishment requires a long time may, in its Articles of Association, allow for the grant of a fixed interest to the shareholders during the establishment period.

ARTICLE (197)

The Company shall neither grant cash loans of any kind whatsoever to its Chairman or to any of its Directors nor shall it guarantee any loan agreement entered into thereby with third parties.

As an exception to the foregoing, banks and trust companies may, within the limits of their objectives and under the terms established for their customers, grant loans to the Chairman or any of the Directors or sponsor them in any loan agreement entered into thereby.

ARTICLE (198)

Except after two years from its incorporation the company shall not make donations of any kind with the exception of casual,. minor donations, and provided profit was attained.

With regard to other kinds of donations, credibility shall depend on a resolution by the Board or Directors based on clearance from the General Assembly, and provided that it

does not exceed 2% of the company's net profit realized during the two financial years preceding the year during which the donation was paid.]

CHAPTER SIX
AMENDMENT OF COMPANY CAPITAL
PART 1
INCREASE OF THE CAPITAL

ARTICLE (199)

The company capital may be increased by a resolution adopted during an Extra -Ordinary General Meeting stating the increased amount and the nominal value of new shares.

The aforesaid Assembly may, however, authorize the Board of Directors to fix a date for the enforcement of the said resolution provided it does not exceed five years after its issue, other it shall be null and void.

ARTICLE (200)

No increase in the company capital may be effected except after the principal capital was fully paid-up.

ARTICLE (201)

Capital increase shall be affected by either of the following methods:

1. Issue of new shares,
2. Merger of reserves into the capital, or
3. Conversion of debentures into shares.

ARTICLE (202)

Regulations pertaining to subscription in the principal shares shall apply to subscription in the new ones.

ARTICLE (203)

New shares shall be issued with a nominal value equal to the nominal value of the principal shares. However, the General meeting, during an Extra-ordinary Meeting may a add a share premium to the nominal value of the share and determine its amount provided that approval of Concerned authorities and the Ministry are obtained.

ARTICLE (204)

The shareholders shall have priority to subscribe in new shares. Any term in Articles of Association or the resolution for increasing the capital stating otherwise shall be hereby revoked.

ARTICLE (205)

The Chairman shall, by notice published in two local Arabic dailies, notify the shareholders of their priority in subscription, its commencement and expiry date, and of the prices of the new shares.

A shareholder who, within the period fixed for subscription, wishes to practice such right shall express his desire in writing.

ARTICLE (206)

Allocation of shares to applicant shareholders shall be pro rata to the shares held thereby provided that it does not exceed their respective applications. The remaining shares shall be allocated for the shareholders who applied for more than the rate pertaining to the shares owned thereby. The balance shall be offered for public subscription.

Should corporeal shares be allowed for subscription in such capital increase, evaluation of such shares shall be done in accordance with the provisions concerning the same, provided that the Ordinary General Meeting shall supersede the Statutory General Meeting.

ARTICLE (207)

Merger of reserve in the capital shall be affected either by the creation of gratis share distributed among the shareholders pro rata to the shares held by them, or by means of

increase in the nominal value of share equal to the increase in the capital, provided that the shareholders shall not be liable to any financial burdens arising from such act.

ARTICLE (208)

Conversion of the debentures into shares shall be made by appropriation of the capital reserve, in full or in part, for this purpose.

PART II
DECREASE OF CAPITAL

ARTICLE (209)

Subject to the Ministry's approval, capital shall not be decreased except under a resolution adopted during an Extra-ordinary General Meeting and after the Auditor's report is heard, such decrease may be made in either of the following two cases.

1. If the capital exceeds the company's needs.
2. If the company sustain loss which may not likely be recovered from future profits.

ARTICLE (210)

Decrease of the capital shall be made by one of the following measures:

1. Decrease of the nominal value of shares, either by reimbursement of part of their value to the shareholders or by releasing them from the unpaid amount of their share in full or part.

2. Decrease of the value of shares by calling off a part of such value equal to the loss sustained by the company.

3. Write off a number of shares equal to the portion intended to the decreased.

4. Purchase and destruction of a number of shares equal to the portion intended to be decreased.

In all cases, the provisions of Article 152 above shall be observed and the General Assembly resolution shall fix the method to be adopted for effecting the decrease.

ARTICLE (211)

The Board of Directors shall cause publication of the resolution in two local Arabic dailies, calling for the reduction of the capital, and, within sixty days from the date of publication, the creditors shall provide the company with documents in support to their debts to enable the company to pay their due debts and provide adequate securities for deferred ones.

ARTICLE (212)

If the capital is decreased by reimbursement of part of the nominal value of the shares to the shareholders or by releasing them from unpaid among of shares value in full or part, such reduction may not be invoked against the creditors who either submitted their demand with the period fixed in the preceding Article or who obtained adequate securities for the payment of deferred debts.

ARTICLE (213)

If the capital is decreased by writing off a number of shares, equity between the shareholders shall be observed. The shareholders whose shares are resolved written off shall, within the fixed period, provide the company with shares decided to be written off, and in the event of failure to do so that company may declare such shares cancelled.
Provided always that such action does not deprive the shareholder from participating in the company.

ARTICLE (214)

If it is resolved to decrease the company capital by the purchase and destruction of a number of its shares, all shareholders shall be invited to offer their shares for sale. Such invitation shall be published in two local Arabic dailies, or sent by registered letters. If the number of shares offered for sale exceeds the quantity decided to be purchased by the company, sale offers shall be reduced pro rata to the excess. Purchase price shall be fixed according to the provisions of Article of Association. If no provision is contained in this respect, the company shall pay fair prices fixed by the company Auditors in accordance with the prevailing evaluation methods or the market price, whichever is higher.

CHAPTER SIX

PRIVATE JOINT-STOCK COMPANY

ARTICLE (215)

A number of founders, not less than three, may, among themselves, establish a private joint-stock company whose shares are not offered for public subscription and they may subscribe to the full amount of the capital which not be less than two million dirhams.

ARTICLE (216)

Except for provisions concerning public subscription, all provisions contained herein with regard to public joint-stock shall apply to private joint-stock shall apply to private joint stock companies.

ARTICLE (217)

A private joint stock company may be converted into a public joint stock company if satisfying the following requirements:

1. Nominal value of issued shares must be paid up in full.
2. The company must have been more than two financial years old.
3. The company must, during the two years preceding the application for conversion, have realized net profits distributable to other shareholders at an average of not less than ten per cent of its capital.
4. The resolution calling for the conversion of the company is adopted by a majority of three quarters of the company's capital in the Extra-ordinary General Meeting.

   The Minister shall issue a decision declaring the Company's conversion in a public joint stock company. This decision, along with the Company's articles of incorporation and memorandum of Association, shall be published, at the Company's expense, in the Official Gazette.

CHAPTER SEVEN
LIMITED LIABILITY COMPANIES
PART I
ESTABLISHMENT OF THE COMPANY

ARTICLE (218)

A limited liability company is an association of a maximum number of fifty and minimum of two partners.
Each of them shall be liable only to the extent of his share in the capital, and the partners shares are not made in the form of negotiable instruments.

ARTICLE (219)

A limited liability company shall have a name derived from its objectives or from the name of one or more partners.
The term "with limited liability" shall be annexed to the company's name and so shall the amount of its capital. In the event of failure on the part of the Directors to observe the provisions hereabove they shall be jointly liable to the extent of their personal assets towards the company obligations in addition to indemnity.

ARTICLE (220)

With the exception of insurance, banking and investment of funds for the account of others, a limited-liability company may practise any legal activity.

ARTICLE (221)

A limited liability company shall neither seek public subscription for the creation or increase of its capital or for obtaining loans needed thereby, nor issue negotiable stocks or shares.

ARTICLE (222)

All cash and corporeal shares shall be distributed, between the partners according to Articles of Association and the value of each share shall have to be paid in full upon incorporation.
Cash shares shall be deposited in a bank operating in the State. The bank may not release the same except to the company Directors and only so upon submittal of evidence to the effect that the company is entered into the Register of Commerce.

ARTICLE (223)

A corporeal share offered by a partner shall be evaluated in the company Memorandum of Association. Its kind, name of subscriber and the amount it represents in the capital shall also be included therein. The partner who submits the corporeal share shall be liable for the correctness of its amount stated in the the company Memorandum of Association toward others. If it is proven that the share was over evaluated the said partner shall pay the difference in cash to the company and the founders shall be jointly liable to the extent of their private assets for the payment of such difference.

ARTICLE (224)

Founders shall make a Memorandum of Association involving the following details:

1. Name and objectives of the company and its head office.
2. Names of the partners, their nationalities, places of residence and addresses.
3. Amount of the capital, share of each partner and particulars of the corporeal shares, their amounts and names of subscribers therein if any.
4. names and nationalities of the company Directors, and names of the members of the board of trustees in the cases where it is requirement by law to create such board.
5. Date of commencement and expiry of the company.
6. Methods of distribution of profits and loss.
7. Means of notices to be given by the company to the partners.

The Ministry may draft a specimen Memorandum of Association containing the above and such other particulars as it may deem fit.

ARTICLE (225)

The manager of the company shall apply for its entry in the Register of Commerce. Such application shall be annexed to the company's memorandum and such other documents showing the distribution of shares between the partners, payment of their value in full and deposit of the same in a bank operating in the State.

The company shall not practise any of its activities before it is registered in the Register of Commerce.

ARTICLE (226)

If during the establishment period the number of partners exceeded the limit fixed by the law, the authorities concerned shall notify the company to rectify its position. If the company fails to do so within six months, it shall be deemed dissolved and the partners shall be jointly liable inter se of the debts and obligations borne by the company from date such excess occurred. However, the partners who are proven ignorant of such excess shall be exempted.

PART II
SHARES AND CAPITAL
ARTICLE (227)

The capital of a Limited-Liability company may not be less than one hundred fifty thousand dirhams. It shall be composed of equal shares of a minimum value of one thousand dirhams each.

A share shall be indivisible, and if the share is held by more than one person, they shall appoint one of them who will be considered by the company as the owner of such share. The company may fix a date for such owners to declare their appointee, failing which the company shall have the power to sell the share to the account of its owners, and in this case the partners shall have first option.

Unless otherwise stipulated in the Memorandum of Association. Profit and loss shall be divided equally between shareholders.

ARTICLE (228)

In its head office, the company shall maintain a special register the partners showing the following details:

1. names and surnames of the partners, their places or residence, nationalities and professions.
2. Number and value of shares owned by each of the partners.
3. Transactions carried out with regard to the shares and date of the same transactions.

The company's managers shall be jointly liable for the said register and the credibility of its contents. The partners, and whoever holds an interest, shall have the right of access to the said register.

ARTICLE (229)

In January each year, the company shall provide the Ministry and the Concerned Authority with the particulars recorded in the register referred to in the preceding Article along with the amendments thereto.

ARTICLE (230)

In compliance with the Memorandum of Association, a partner may, under an official instrument, assign his share to another partner or to other parties, such assignment shall be valid with regard to the company and others only from the date of entry of the same in the company's register and the register of Commerce.

The company may not refrain from causing entry of the assignment in the register unless it is inconsistent with its Memorandum of Association. In all cases, the assignment may not cause decrease of the national partner's share in the capital to a rate below 51% of the total number of the shares, or may it increase the number of shareholders than that reserved in Article 218.

ARTICLE (231)

A partner who intends to assign his share to a person who is not a partner in the company, whether against or not against consideration, shall, through the company manager, notify the other partners of the assignment terms. Upon receipt of such notice, the manager shall notify the partners instantly. Each partner may request recovery of the said share at an agreed price. In the event of disagreement over the price, the company's auditor shall fix that price as on the recovery date. If, after thirty days, no partner requested recovery the share, the said partner shall be free to dispose of his share.

ARTICLE (232)

If more than one partner used the right of recovery, the shares, or the sold share, shall be divided among them pro rata to their share holding, subject to provisions of Article (227) above.

ARTICLE (233)

A share of a partner shall devolve to his heirs. A legatee shall be deemed to be an heir.

ARTICLE (234)

In the event of commencement of the execution procedures by a creditor against the share of his debtor, such creditor may agree with the debtor and the company on the method and terms of sale, otherwise the share shall be put forward for auction sale.

The company may recover the share sold to one or more partners under the same conveyance terms awarded thereto within fifteen days from the date thereof.
The above provisions shall apply in the event of a partner's bankruptcy.

PART III
MANAGEMENT OF THE COMPANY
ARTICLE (235)

The management of the limited liability shall be assumed by one or more manager(s). They shall be selected either from the partners or from other provided that their number does not exceed five.
The managers shall be appointed under the company Memorandum of Association or a separate contract for a limited or an unlimited period.
In the event of failure to appoint the managers in the above mentioned manner, they shall be appointed by the Partner's General Assembly.

ARTICLE (236)

A manager who is appointed under the company Memorandum of Association for an unlimited period, shall maintain his office throughout the company term unless his removal is provided for in the Articles of Association. In such an event, removal of the manager shall be effected by the majority required for amendment of the company Memorandum of Association unless a different majority is reserved in the same Memorandum.
In the event of failure to provide for the removal of the manager in the company Memorandum of Association, he may be removed either by a unanimous vote of the partners or by a court-order, where significant reasons justify such action.

ARTICLE (237)

Unless the powers of the manger are fixed in the company Memorandum of Association, the company manager shall have full powers to carry out management affairs of the company, and his actions shall be binding on the company, provided that they are substantiated by the capacity under which he acts.

Provisions pertaining to liabilities of Directors of a joint-stock company shall apply to the said manager, and any condition stipulated in the company Memorandum of Association to the contrary hereby shall be revoked.

ARTICLE (238)

Within three months from the expiry date of the financial year, the company managers shall prepare the company balance sheet and the profit and loss account and shall prepare an annual report on the company activities and financial position in addition to there proposed dividends.

Within ten days from the approval of the balance sheet and the profit-and-loss account, the managers shall provide the Ministry and the Concerned Authority with the aforesaid documents.

ARTICLE (239)

In the event of more than one manager, the Memorandum of Association may provide for the formation of a penal of managers and determine both the business of the said panel and the majority needed for the validity of their resolutions.

ARTICLE (240)

Should there be more than seven partners there, supervision shall be vested in a board comprising at least three partners. The said board shall be appointed by the company Memorandum of Association for a limited period. The General Assembly may re-appoint them after the expiry of the said period or appoint others, and may, for a good reason, remove them at any time.

The managers shall have no vote whether in the election of the supervisory board, or in matter related to the removal thereof.

ARTICLE (241)

The supervisory board shall inspect the company books and documents and shall carry out stocktaking of the treasury, goods, financial papers and documents in support of the company entitlements. Also, it may, at any time, instruct the managers to submit a report on their activities and control the budget, the annual report and distribution of the profits,

and shall, at e\least fifteen days before its convention, submit a report to this effect to the partners' General Assembly.

ARTICLE (242)

Members of the supervisory board shall not be liable for the actions of managers unless they became aware of the defaults therein and failed to refer to the same in their report to the partner General Assembly.

ARTICLE (243)

Partners who are not managers in the companies where no supervisory board exists shall have the same rights of supervision as those assumed by joint partners in General Partnerships in accordance with the provisions of Article 36.

ARTICLE (244)

A company with limited liability shall have a general meeting comprised of all the partners. The meeting shall convene at the invitation of the managers at least once every year within the four months preceding the expiry of the financial year at the venue and date fixed in the Memorandum of Association.

The managers shall invite the General Assembly to hold a meeting if same be requested either by the supervisory board or by a number of partners holding not less than one quarter of the capital.

Invitations to the General Meeting shall be addressed by registered mail to each partner at least twenty one days before the date of convention. The invitation letter must include agenda, venue and time of the meeting.

ARTICLE (245)

Each partner is entitled to attend the General Meeting irrespective of the number of shares he holds. He may appoint a partner, other than a manager, to represent him by proxy at the General Meeting. Each partner shall have a number of votes equal to the number of shares owned or represented by him.

ARTICLE (246)

The Annual General Meeting agenda shall include the following:

1. Receive the managers report on the company activities and financial position during the year, the supervisory report and the auditor's report.
2. Approval of the balance sheet and the profit-and-loss account.
3. Fix dividends to be distributed to the partners.
4. Appoint the manager or the supervisory board members and fix their remunerations.
5. Other matters within their jurisdiction in accordance with the provisions of the law or the Memorandum of Association.

ARTICLE (247)

The General Meeting may not deliberate on matters outside the scope of the agenda except, if, during the meeting, certain significant facts demanding discussion, be disclosed.

If a partner requested the inclusion of a specific item on the agenda, the managers shall comply therewith, otherwise the partner shall be entitled to refer to the General Meeting.

ARTICLE (248)

Each partners shall be entitled to discuss items on the agenda and the managers shall give replies to their questions to such an extent that be not detrimental to other company interests. If a partner considered the reply to his query insufficient, he may refer to the General Meeting whose resolution shall be enforceable.

ARTICLE (249)

Unless otherwise stipulated in the Memorandum of Association, the General Meeting resolutions shall be valid only if adopted by a number of votes representing at least one half of the capital.

If such majority is not achieved during the first meeting, a second meeting, within twenty one days from the first, shall convene. Unless otherwise stipulated in the Memorandum of Association, resolutions in the latter meeting shall be adopted by majority of the votes present.

ARTICLE (250)

The managers may not cast their votes on resolutions relating their release from the management responsibilities.

ARTICLE (251)

An adequate summary of minutes of the General Meeting deliberations shall be prepared, Together with the General Meeting resolutions these minutes shall be entered in a special register kept at the company head office. Any of the partners, either in person or through an attorney, may inspect that register as well as the company balance sheet, profit-and-loss account and annual report.

ARTICLE (252)

It is not permissible to amend the company Memorandum nor to increase or decrease its capital, save by the approval of a number of partners representing three quarters of the capital, unless, in addition to the above quorum, a numerical majority of the partners is stipulated in the company Memorandum of Association. Nevertheless, the partners obligations may not be increased except by the unanimous approval thereof and no decrease in the company capital shall be valid except after approval of the Concerned Authority was obtained.

ARTICLE (253)

The company shall have one or more auditor(s) appointed each year by the partners General Assembly. These auditors shall be subject to the same provisions concerning the auditors in the joint-stock companies.

ARTICLE (254)

Without prejudice to the entitlements of bona fide third parties, then null & void shall be any resolution adopted by the partners General Assembly inconsistently with the contents of this law or the Memorandum of Association, or when issued in the interest of certain partners or made to cause damage to others without due consideration to the interests of the company. Only the partners who protested against such decision and those who, for good reasons, were unable to protest, may demand the abrogation thereof.

A nullified resolution shall be invalid with regard to all the partners.

After the lapse of one year of the same resolution, claims involving nullification are inadmissible, and, unless otherwise ordered by the court, filing of the claim does not necessarily suspend the enforcement thereof.

ARTICLE (255)

In order to create a statutory reserve, each year, the company shall lay by as savings 10% of its net profit. If such savings should amount to half of the capital, the partners may opt to suspend same.

CHAPTER EIGHT
COMMANDITE LIMITED BY SHARES

ARTICLE (256)

A Commandite limited by shares is an association comprising both partners who are jointly liable in all their assets toward the company obligations, and shareholding partners who are liable only to the extent of their shares in the capital.

ARTICLE (257)

In so far as the joint partners are concerned, the company shall be deemed a general partnership, and the joint partner shall be deemed a merchant even if he had not attained such capacity prior to his participation in the company. All joint partners shall be UAE nationals.

ARTICLE (258)

The capital of a partnership limited with shares shall be divided into negotiable shares of equal value.

ARTICLE (259)

The name of the "Commandite limited by shares" shall contain the name of one or more joint partners. In invented name or one derived from its own object may be annexed to the partnership's original name.

It is not permissible to insert the name of the shareholding partner in the company name, but if inserted knowingly, he shall, with regard to bona fide others, be deemed a joint partner.
In all cases the term "Commandite limited by shares" shall be added to the company name.

ARTICLE (260)

Provisions pertaining to the establishment of a joint-stock shall apply to the establishment of a "Commandite limited by shares" subject to the following:

1. All joint partners and other founders shall sign the Memorandum of Articles of Association. In so far as their liability is concerned, the provisions concerning a joint-stock company founders shall equally apply thereto.

2. names, surnames, nationalities and places of residence of the joint partners shall be mentioned in the Memorandum and Articles of Association

3. Company capital shall be not less than five hundred thousand dirhams.

ARTICLE (261)

Stocks issued by the a "Commandite limited by shares" shall be subject to the provisions concerning the stocks issued by the joint-stock companies.

ARTICLE (262)

The company management shall be assumed by one or more joint partners, and the Memorandum and Articles of Association of the company shall name the persons who are entrusted with the management and their respective powers. In so far as their responsibility is concerned, the provisions concerning founders and directors of joint-stock companies shall apply thereto.

ARTICLE (263)

The provisions concerning the functions and removal of the directors of joint-stock companies shall also apply to the managers of the Commandite limited by shares.

ARTICLE (264)

A shareholding partner, even if he holds an authorization, may not interfere in the management of affairs related to others. He may, however, within the limits allowed by the Articles of Association participate in the internal administrative affairs.

ARTICLE (265)

If a shareholding partners violate the provisions of the preceding Article, he shall be liable to the extent of all his assets toward obligations arising from the administration business conducted thereby. If he carried out such actions under authority from the joint partners, the party who had authorized him so to do shall be liable therewith toward the obligations arising from such actions.

ARTICLE (266)

Each "Commandite limited by shares" shall have a supervisory board comprising at least three members appointed by the General Assembly either from the shareholding partners, or from others for a period of one year subject to renewal in accordance with the Articles of Association. The joint partners shall have no vote in the election of the members of the supervisory board.

ARTICLE (267)

The supervisory board shall monitor the company business. For the purpose, the board may request the managers to provide it with a report on their management. It may also examine the company books and documents and conduct a stocktaking of its assets. The board shall give its views on such matters as the company managers may refer thereto, and to pronounce its consent of the transactions whenever, under the Article Association, such consent is required thereof.

If a significant default in the company management is discovered, the board may invite the General Meeting to convene.

The members of the supervisory board shall not be responsible for the defaults except for those discovered or came to other knowledge but failed or ignored notifying the General Association of them.

ARTICLE (268)

A Commandite limited by shares shall have a General Assembly comprising all the shareholding partners. Such Assembly shall be subject to the same provisions governing the General Assembly of the joint-stock companies.
Except under the manger's approval, the General Assembly shall not Adopt resolutions pertaining to the Company's relation with third parties.

ARTICLE (269)

Unless it is otherwise provided for in the Articles of Association, the extra-ordinary general meeting may amend the Articles of the Commandite limited by shares only by consent of all the joint partners.

ARTICLE (270)

A Commandite limited by shares shall have one or more auditor(s) who shall be subject to the same provisions governing the auditors in the joint-stock companies.

ARTICLE (271)

The provisions concerning the accounts of the joint-stock companies shall equally apply to the commandite limited by shares.

ARTICLE (272)

In the event of vacancy in the post of the manager of the Commandite limited by shares, the supervisory board shall appoint a temporary manger who will attend to urgent administrative affairs until the General Meeting convenes.
Such temporary manager shall, within fifteen days from date of his appointment, invite the General Meeting to convene in accordance with the procedures established by the Articles of Association, failing which the supervisory board shall extend the invitation without delay.

CHAPTER NINE
RE-ORGANIZATION AND AMALGAMATION OF COMPANIES
PART 1
REORGANISATION OF COMPANIES
ARTICLE (273)

A company may be re-organized to take another status and such re-organization shall be in compliance with the provisions concerning the amendment of the company Memorandum or Articles of Association and the incorporation formalities pertaining to the form it is transferred into.

A resolution for re-organization shall be accompanied by the company statement of assets and liabilities and the estimated amount of both these.

Re-organization of a company and its evaluation shall be entered in the Register of Commerce.

ARTICLE (274)

A company shall continue to maintain such entitlements and liabilities of hers as they were preceding its re-organization. Re-organization shall not release the joint partners from the company liabilities preceding the transfer unless it is approved otherwise by creditors and such approval shall be assumed given if no protest was submitted by the creditors in writing within three months from the date they are formally informed of the transfer in accordance with the procedures decreed by the Minister.

ARTICLE (275)

In the event of re-organization into a joint-stock, a Commandite limited by shares or a limited liability company, each partner shall have share or stocks equal to the value of his shares.

If the partner's share fall short of the minimum limit of a share in a limited liability company, he shall have to complement the same.

PART II]

AMALGAMATION OF COMPANIES

ARTICLE (276)

Even if under liquidation, a company, may be amalgamated with another company of the same or of different, kind. Amalgamation shall be by either of the following methods.

1. By merger; i.e. say by the dissolution of two or more concerns and transfer of their liabilities to an existing concern.

2. by consolidation; i.e. by the dissolution of two or more concerns and the incorporation of a new concern whereto all the liabilities of the dissolved concerns are transferred.

Am amalgamation resolution shall be adopted by mutual agreement between desirous parties of the same in accordance with the established status concerning the amendment of the company Memorandum or Articles of Association. The amalgamation resolution shall be effective only after the obtainment of approval of the concerned local authorities as defined herein in conformity with the form to which the company was transferred.

ARTICLE (277)

Amalgamation by merger shall be as follows:

1. A resolution shall be issued by the amalgamated concern calling for its dissolution.

2. Net assets of the amalgamated concern shall be evaluated according to the provisions concerning evaluation of the corporeal shares contained herein.

3. The mother company shall issue a resolution increasing its capital in accordance with the evaluation of the amalgamated concern.

4. The increase in the capital shall be distributed among the partners in the amalgamated concern pro rata to their shares.

5. In the event of the shares being represented by stocks and provided that two years have elapsed since the date of incorporation of the mother company, the said stocks may be negotiated upon their issue.

ARTICLE (278)

Amalgamation by consolidation shall be effected by resolutions issued respectively by each of the concerns in question calling for dissolution and thereafter new company is established in accordance with the provisions stipulated herein. If the new company is a joint-stock company, the experts' report on the evaluation of the corporeal shares shall suffice without need for reference to the Statutory Assembly.

ARTICLE (279)

A number of stocks or shares shall be allocated to each amalgamated concern equal to its share in the capital of the new company. These shares shall be distributed between the partners in each amalgamated company pro rata to their shares therein.

ARTICLE (280)

The amalgamation resolution shall become effective three months after it is entered in the Register of Commerce. Within the said period the creditors of the amalgamated company may, by registered letter, protest to the company against the amalgamation. The amalgamation process shall suspend unless the creditors waive the protest, or until the court dismisses it by a final decree, or the company settles the debt if matured or provide sufficient guarantees for its settlement if deferred.

In the event of no protest during the above-mentioned period the amalgamation shall be deemed final and either the mother company or the new company shall, in all their entitlements and obligations substitute the amalgamated concerns.

CHAPTER TEN
EXPIRY OF A COMPANY
PART I
DISSOLUTION OF A COMPANY
ARTICLE (281)

A company shall be dissolved in any of the following cases:

1. Expiry of the period fixed therefor in the Memorandum of Association unless renewed in accordance with the provisions included in the Memorandum or the Articles of Association.

2. Fulfillment of the objectives for which the company was established.

3. Depreciation of all or most of the company funds to an extent whereby the investment of the remaining is deemed not feasible.

4. Amalgamation.

5. Unanimous approval of the partners to terminate its duration unless a certain majority is specified therefor in the Memorandum of Association.

ARTICLE (282)

The court may dissolve any of the general partnerships, simple limited partnerships or joint-ventures at the request of the partner therein if reasonable causes justified the same. Any stipulation depriving partner from exercising such right shall be null and void.

If the reasons justifying dissolution are attributed to actions by a partner, the court may order his dismissal from the company, and in this case the company shall remain valid between the remaining partners. The partner's share shall be set aside when estimated in accordance with the recent stocktaking or any other method decided by the court.

The court may also order the dissolution of the company at the request of a partner in the event of failure on the part of the other partner to fulfil his undertakings.

ARTICLE (283)

In addition to the provisions of Article 281 above, General partnerships, simple limited partnerships or joint-ventures shall dissolve in any of the following events:

1. Withdrawal of a partner, if the company is composed of two partners, provided that if such withdrawal was made in mala fides or at an inappropriate timing, judgement may be made for the partner to maintain the company in addition to indemnity, if necessary.

   Except for good reasons sustained by the court, a partner may not request withdrawal from a company of limited period.

2. Death of a partner or the issuance of a judgement of sequestration, bankruptcy or insolvency against him. The Memorandum of Association may, however, include a provision for the validity of the company with the heirs of the deceased partner, even such heirs were minors. In the event of the death of a joint-partner and the successor being a minor, the latter shall be deemed a silent partner to his lot in his legator's share. In the latter case the existence of the company shall depend on a court-order to maintain the minor assets in the company.

ARTICLE (284)

If, in the Memorandum of Association of general partnership, simple limited partnership or joint venture, there is no provision for the maintenance thereof in the event of withdrawal or death of a partner, judgement of sequestration, bankruptcy or insolvency against him, the partners may, within sixty days from the occurrence of any of the above events, unanimously resolve to maintain the company by themselves. Such agreement may not, however, invoked against third parties except after it is entered in the Register of Commerce.

In all cases where the company is maintained by the remaining partners, the share of the withdrawing partner shall be estimated on the basis of the recent stocktaking unless, in the company Memorandum, any other evaluation method is provided for.

Neither the said partner not his successors shall have any portion of the accrued entitlements of the company except if same entitlements arise from transactions carried out prior to his withdrawal from the company.

ARTICLE (285)

If a joint-stock company sustains loss amounting to one half of the capital the Board of Directors shall convene an Extra-Ordinary General Meeting and resolve whether the company shall be maintained or dissolved before the term fixed in its Articles of Association.

Should the board fail to invite the Extra-ordinary General Meeting of it was impractical for the General Assembly to adopt a resolution on the matter in question, any interested party may file an action demanding dissolution of the company.

ARTICLE (286)

Unless otherwise provided for in the company Articles of Association, a partnership limited by shares shall dissolve upon withdrawal or death of a joint partner who is entrusted with the management of the company or upon a judgement of sequestration or bankruptcy or insolvency against him. If nothing in the company Articles provided therefor, the Extra-Ordinary General Meeting may resolve to maintain the company. Established procedures concerning amendment of the Articles shall apply in this case.

ARTICLE (287)

Should all joint partners in a partnership limited by shares be involved in the retirement, death, sequestration, bankruptcy or insolvency, the company shall be dissolved, unless its Articles of Association provide for its another kind of company.

ARTICLE (288)

A limited liability company shall not dissolve upon withdrawal or death of partner or a judgement of sequestration, bankruptcy or insolvency against him unless otherwise stipulated in the Memorandum of Association.

ARTICLE (289)

If a limited liability company sustains loss amounting to one half of the capital, the Directors shall refer dissolution of the company to the General Assembly. It is a requirement that a valid resolution for dissolution be adopted by the same majority required for the amendment of the company Memorandum of Association.

If the loss amount to three quarters of the capital, partners holding one quarter of the capital may request its dissolution.

ARTICLE (290)

To the exception of joint-ventures, proclamation of the dissolution of a company shall, in all cases, be made by inserting same both in the Register of Commerce and publication, & in two local Arabic dailies. Dissolution of a company may be invoked against third parties only from the date of its proclamation. The company Directors or the Chairman of the Board of Directors, as the case may, shall pursue the execution of the above procedure.

PART II

LIQUIDATION AND DISTRIBUTION

ARTICLE (291)

Right upon the dissolution of a company, it shall enter in the process of liquidation. Throughout the liquidation period, it shall maintain its corporate body to the extent required for the completion of the liquidation formalities. The term "under liquidation" shall be conspicuously annexed to the name of the company.

ARTICLE (292)

Upon the dissolution of the company, the powers of either the Directors or the board of Director shall cease. They shall, however, continue to assume the company management, and with regard to other, they shall be deemed liquidators until a liquidator is appointed.
Throughout the period of liquidation, the company structures shall remain valid and their functions shall be restricted to liquidation-affairs that do not fall within the liquidator's powers.

ARTICLE (293)

For the liquidation of the company, provisions of Articles hereunder shall be complied with, unless a method for liquidation is provided for in the company Memorandum or Articles of Association, or an agreement between the partner is reached upon dissolution.

ARTICLE (294)

Liquidation shall be carried out by one or more liquidator(s) appointed by the partners, or by the General Assembly with the normal majority whereby the company resolutions are being issued.

If liquidation is effected under a court decree, the court shall define the method of a liquidation and appoint the liquidator. In all cases, functions of liquidator shall not end as a result of death of the partners or their bankruptcy, insolence or sequestration, even if he was appointed thereby.

ARTICLE (295)

The liquidator shall effect entry in the Register of Commerce of the resolution vide which he was appointed and the partners agreement or the General Meeting resolution concerning the method of liquidation, or else the court-order related thereto.

Appointment of the liquidator, or the method of liquidation, shall not invoke against third parties, except after the date of entry in the Register of Commerce.

The liquidator's remuneration shall be fixed in his letter of appointment, otherwise it shall be fixed by the court.

ARTICLE (296)

Upon his appointment, and in coordination with the Directors or the Chairman of the Board or Directors, the liquidator shall carry out a stocktaking of the company assets and obligations. The abovementioned administrators shall provide the liquidator with their accounts, and deliver to him the company assets, books and documents.

ARTICLE (297)

The liquidator shall prepare a detailed list of the company assets and entitlements and a balance-sheet on which the directors of the company or the chairman of its board or directors shall sign along with him.

The liquidator shall maintain a register for the liquidation process.

ARTICLE (298)

The liquidator shall take all necessary actions to ensure the safeguarding of the company interests and rights, and shall, without delay, collect from others amount due thereto and shall deposit amounts collected thereby in bank for the account of the company under liquidation.

Unless it is a liquidation-requirement, he may not demand the partners to pay the remainder of their respective shares, provided they are treated equally.

ARTICLE (299)

The liquidator shall assume all functions required for liquidation purposes, particularly to represent the company before courts, settle the company debts and sell its movable or immovable properties either by auction or in any another manner, unless a certain sale-procedure is fixed in the liquidator's appointment-instrument. Except by the consent of the partners or the ordinary general meetings, the liquidator, shall not be allowed to sell the company assets as one lot.

ARTICLE (300)

Unless it is a necessity for the completion of previous transactions, it is not permissible for the liquidator to carry out new transactions. The liquidator shall be liable to the extent of all his assets, and in the even of more than one liquidator, all the liquidators shall be jointly liable with regard to what they perform of new transactions not required for liquidation purposes.

ARTICLE (301)

Upon the dissolution of a company, the terms of all its debts shall lapse. the liquidator shall notify all creditors, by registered mail, of the commencement of liquidation and shall invite them to submit their demands. Notice to this effect may be made by publication in two local Arabic dailies in the event of unknown creditors or if their places of residence are unknown. In all cases, the notice of liquidation shall grant the creditors a grace period of al least forty five days from the date of such notice for submittal of their demands.

ARTICLE (302)

If the company assets fall short of settlement of all the debts, the liquidator shall effect the settlement pro rata to such debts without prejudice to the rights of preferred creditors.
Debts arising from the liquidation process self-name shall, with preference against other debts, be paid from the company funds.

ARTICLE (303)

Should any creditor fail to submit his demand, his debt shall be deposited in the court treasury. Sufficient funds shall also be deposited for the settlement of debts in dispute, unless the creditors concerned had obtained sufficient guarantees, or it was decided to

delay distribution of the company monies until dispute with regard to the said debts was settled.

ARTICLE (304)

Should there be more than one liquidator, their actions shall be valid only by their unanimous approval, unless otherwise provided for in their appointment instrument. This requirement shall not invoke against third parties except after it is entered in the Register of Commerce.

ARTICLE (305)

Actions taken by the liquidator and required by the liquidation affairs and so long as they fall within his jurisdiction shall be binding on the company, and the liquidator shall be held harmless of any liability arising directly from such actions.

ARTICLE (306)

The liquidator shall complete his assignment within the period prescribed therefor in his appointment instrument, and if such period is not fixed therein, each partner shall have the right to ask the court to fix the liquidation period.

Said period may not extend except by resolution of the partners or the General Assembly, as the case may be, following inspection of the liquidator's report, in which causes delaying the completion of the liquidation in due time are defined. Should such period have been fixed by the court, it may not be extended except by order of the court.

ARTICLE (307)

The liquidator shall provide the partners or the General Assembly with a provisional account on the liquidation-affairs every six months. He shall also provide the partner with any information or data they request with regard to the liquidation affairs.

ARTICLE (308)

Company assets arising from the liquidation shall, after company debts are deducted therefrom, be distributed among the partners. Each partner shall receive an amount equal to the value of the share he contributed to the capital.

The remaining company assets shall be distributed among the partners pro rata to their respective shares in the profit.

ARTICLE (309)

If the net assets of the company do not suffice for the payment of all the shares of the partners, the loss shall be distributed among them at the rate fixed for the distribution of loss.

ARTICLE (310)

Upon completion of the liquidation assignment , the liquidator shall submit to the partners or the General Assembly a final account of the liquidation functions which shall cease upon the approval of same final account.

The liquidator shall enter the completion of the liquidation assignment in the Register of Commerce. Completion of the liquidation shall be invoked against third parties only from the date of its entry in the Register of commerce which the liquidator shall cause deletion of the company's entry from the Register of after Commerce.

ARTICLE (311)

The liquidator shall be liable for the company if he, during the period of liquidation, had adversely conducted its affairs. He shall also be liable for indemnity with respect to damages sustained as a result of hid defaults by third parties.

ARTICLE (312)

Removal of the liquidator shall be in the same manner whereby he was appointed, and any resolution or decree for his removal must appoint a substitute.

Removal of the liquidator shall be entered in the Register of Commerce and may not be invoked against third parties except from the fate of registration of the same

CHAPTER ELEVEN
FOREIGN COMPANIES

ARTICLE (313)

Without prejudice to the special agreement entered into between the Federal Government or a local Government on the one hand, and certain companies on the other, the provisions hereof, to the exception of the provisions concerning the incorporation of companies, shall apply to foreign companies that practise their main activities in the State or have their administrative centers therein.

ARTICLE (314)

Except for foreign companies operating under special licences within duty-free areas in the State, foreign companies shall not practise their main activities or establish offices or branches thereof in the State until permit to this effect be obtained from the Ministry after prior approval of the Concerned Authority had been obtained.

The issued permit shall specify the activity which a company is authorized to carry out. Such permit shall be issued if the company engages an agent to be a natural person holding the state nationality or a company fully owned by natural citizens, and whose entire partners be nationals too.

The Agent's responsibilities towards the company and third parties shall be limited to rendering necessary services to the company without his h\bearing any financial liabilities or obligations related to the company or its branches and offices inside and outside the State.

Foreign Companies licensed to operate within the state, under the preceding para, shall not start their business except after registration at the Ministry in the Foreign Companies Commercial Register.

Entries in the said Commercial Register as well as control of same Foreign Companies' accounts & balance-sheets shall be regularized vide a ministerial decision to be issued in this respect. The Foreign Company's officer or branches shall be governed by the laws applied within the State.

ARTICLE (315)

A foreign company or its offices or branches referred to in the preceding Article shall not commence their activities in the State except after entry in the Register of commerce.

They shall have a separate balance-sheet, a separate profit a-and loss account and shall appoint auditors.

ARTICLE (316)

If a foreign company or its office or branch assume activities in the State before effecting the procedures defined in the preceding Article, the persons who assumed such activity shall be severally and jointly liable therefor.

CHAPTER TWELVE
INADMISSIBILITY OF CLAIMS

ARTICLE (317)

In the event of denial or lack of lawful excuse after the lapse five years, claims against the liquidator arising from the liquidation functions and claims against the company managers, Directors, & / or Supervisory Boards shall be inadmissible, unless a shorter period is prescribed by the law.

The duration of the above period shall be calculated rom the date of proclamation of the liquidation for the first event and from the date of removal justifying liability in the second.

CHAPTER THIRTEEN
INSPECTION OF COMPANIES

ARTICLE (318)

In coordination with the local authority concerned, the Ministry may monitor joint-stock companies and "partnerships limited with shares: company Articles of Association. The Ministry and the authority concerned, severally * jointly *\& at whichever time, may further inspect the company through one or more inspector(s_ and examine its managers as they may deem fit.

The Ministry or the concerned authority may also demand the dissolution of the company if it is incorporated or if it is law. The concerned Civil Court shall have jurisdiction with regard to said demand.

ARTICLE (319)

Partners who own at least one quarter of the capital in joint-stock companies may request the ministry to inspect the company with regard to significant defaults attributed to the Directors or the Auditors in the course of their duties as prescribed in this law or in the company Articles of Association, provided that causes in support of the occurrence of such defaults are provided.

The application must include evidence showing the applicants, seriousness to take such measures and that their application was not submitted for mischievous or defamatory purposes.

The application submitted by the partners must be accompanied by the shares owned thereby and such shares shall remain in custody until final judgement is given .

After consultation with the Concerned Authority and hearing the applicants, the directors and the auditors in a private session, the Ministry may resolve to inspect the company and its books and delegate one or more experts for this purpose at the expense of the inspection applicants.

ARTICLE (320)

The Directors and employees must allow the inspectors access to all the books, documents and papers of the company as may be requested thereby and offer the necessary information and explanations thereto.

ARTICLE (321)

If proven to the Ministry that what was attributed by the inspection applicants to the Directors or Auditors was incorrect, it may cause publication of the result of inspection in the local Arabic dailies and instruct the inspection applicants to pay the expenses without prejudice to their liabilities with regard to indemnity, if any.

If proven to the Ministry and the Concerned Authority that what was attributed to the Directors or the Auditors was correct, the ministry shall, after consultations with the Concerned Authority , take urgent measures and convene a General Meeting instantly. In this event the Meeting shall be presided over by a Ministry representative named by the Minister, who holds as a minimum, the position of an Assistant Undersecretary.

The General Meeting may remove the Directors and institute liability action against them . Its resolution shall be valid if adopted by partner holding one half of the capital after the share of the Director whose removal is under consideration was deducted from the capital. It may also demand the replacement of the Auditors and the institution of a liability action against them.

CHAPTER FOURTEEN
PENALTIES
ARTICLE (322)

Without prejudice to a more severe punishment prescribed in any other law, he shall be imprisoned for a minimum period of three months and a maximum of two years and fined a minimum of ten thousand Dirhams and a maximum of one hundred thousand Dirhams and a maximum of one hundred thousand Dirhams or by either penalty:

1. Any one who wilfully enters false information or details inconsistent with the provisions of this law in the company memorandum or Articles of Association or in

any other company documents and so too shall be any one who knowingly signs or distributes any such documents.

2. Every founder or manager who invites the public for subscription in the stocks or shares of a limited liability company, and so too shall be any one who offers such documents to the account of the company.

3. Any one, who in mala fides, evaluates corporeal shares submitted by the partners for more than their actual value.

4. Any manager or director who distributes dividends or interests to the partners in a manner inconsistent with the provisions of this law or with the company Memorandum or Articles of Association and any Auditor who, while knowing their inconsistency, had approved such distribution.

5. Any manager, director or liquidator who wilfully enters false information in the balance sheet or the profit - and - loss account or who wilfully omits substantial facts from such documents with the intent to conceal the actual financial position of the company.

6. Any auditor who deliberately makes a false report on the result of his auditing or who wilfully conceals substantial fact in such report.

7. Any manger, director , member of the supervisory board, consultant, expert or auditor or an assistant or employee thereof and any inspector which divulges the company secrets which he and any inspector who divulges the company secrets which he obtains ex officio or utilizes the same for a personal interest or to the benefit of any third parties.

8. Any officer appointed by the Ministry or the Concerned Authority to inspect a company who wilfully enters in his report on the inspection process false incidents or wilfully omits to enter in such reports substantial facts that may affect the result of the inspection.

ARTICLE (323)

Without prejudice to a more severe punishment prescribed in any other law, he shall be punished with a fine of not less that ten thousand Dirhams and not more than one hundred thousand Dirhams:

1. Any one who disposes of stocks inconsistently with the provisions established by this law.

2. Any one who issues shares, subscription receipts, temporary certificates or stocks or who offers the same for circulation inconsistently with the provisions of this law.

3. Any one who appoints a director or an auditor in a join-stock company and any one who obtains a security or loan therefrom adversely to the restriction provisions contained herein and so too shall any Chairman of the board of directors of a company wherein any such violation occurs.

4. Any company who violates the provisions concerning the established portion of the U.Q.E nationals in the company capital share or the manager or Chairman of the board of directors therein.

5. Anyone who purposely obstructs access to the company books and documents by the auditors or the officers delegated by the Ministry or the Ministry or the local authority concerned for inspection of the company, or one who withholds information and explanation required thereby.

6. Any company who violates the provisions of this law or the resolutions in implementation thereof and any founder , director or chairman of the board therein.

ARTICLE (324)

Penal liability with regard to the violations prescribed in this Chapter committed by a company shall be addressed against the legal representative of the company.

ARTICLE (326)

After coordination with the competent authorities in the Emirates, the Minister shall issue the Executive Regulations necessary for the implementation of this Law.

Furthermore , a cabinet Decision shall determine the fees due for the publication of the commercial companies' official documents in the Register or for the publications set up by the Ministry and any amendment brought thereto; as well as the fees for the licensing of branch offices of foreign companies or for their registration in the Foreign Companies' Register, along with any amendments that any occur to such companies; data , all this in the cases where the provisions of this Law require such registration, licensing or renewal, provided that the fees may not exceed the sum of Dhs. 10,000/- (Dirhams Ten Thousand).

ARTICLE (327)

Officers delegated by the Minister or the Concerned Authority, as the case may be, shall have judicial powers in substantiating violations to the provisions of this Law and its implementing decisions. They shall have the right of access to all the company books, registers and documents. The company's in -charge officers shall provide the abovementioned officers with all the information, data and documents they might request for the performance of their assignment.

CHAPTER FIFTEEN

Sub-Article No. 2

Article No. 325 of the before-mentioned Federal Law No. 8 of 1994 shall be revoked.

sub-Article No. 3

Companies existing on the effective date of this law (i.e. law No. (13) of 1988) shall within a period of 2 years from the date of its application, adjust their status in accordance with the provisions of law no. 8 of 1984.

In the event of the violation of the provisions of the preceding paragraph, the person responsible for the management of the company shall be liable to punishment in accordance with the provisions of Article (323) of the Commercial Companies above.

If necessary, and in conformity with the interest of the national economy, the Minster may extend the period reserved in the preceding para, by an order to this effect to be issued by himself.

Sub-Article No. 4

Any provision inconsistent with to contradictory to the provision of this law (i.e law No. (13) of 1988) hereby shall be revoked.

Sub-Article No. 5

This law shall be published in the Gazette and shall become effective as of its publication date.

Zayed Bin Sultan Al Nahyan,
President of
The United Arab Emirates

Issued by us at the presidential
place in Abu Dhabi.
Date : 2 Jumada 1 1409 h.,
Corresponding to : 26 December , 1988.

MINISTERIAL DECISION NO. (5) OF 1991
REGARDING THE EXTENSION OF THE TIME
LIMIT FOR THE COMMERCIAL COMPANIES
TO AMEND THEIR STATUS

The Minister of Economy and Commerce:
After perusal of Federal Law No. (1) of 1972 regarding the Ministries ' Jurisdictions and the Ministers' Authorities, and of all laws stipulation amendments thereto;

And of the Federal Law No. (5) of 1975 regarding the Commercial Register'
And or the Federal Law No. (8) of 1984 regarding the Commercial Companies and all amendments thereof;
And of the Ministerial Decision No. (69) of 1989 specifying licensing terms and procedures of foreign companies to practice business in the State;
And of Ministerial Decision no. (71) of 1989 concerning procedures of registration of limited liability companies in the Commercial Register;
And of the Ministerial Decision No.)72(of 1989 concerning procedures of registration of joint liability companies and partnerships in commandite in the Commercial Register;

And of the Ministerial Decision No. (73) of 1989 concerning organization of procedures for incorporation of stock companies and commandite limited by shares;
And in order to protect the interest of the National Economy;
And by virtue of the Undersecretary's proposal;
has resolved:

ARTICLE (1)

The time limit stipulated in Par. (1) of Article (3) of Federal Law No. (13) of 1988 regarding the amendment to be brought by the Companies to their legal status in order to comply with the provisions of Federal law No. (8) of 1984, shall be extended for one more year as from jan. 8,1991.

ARTICLE (2)

Any existing company must , upon expiry of the licence granted to it by the Municipality or its certificate of Entry at the Commercial Register, submit at the earliest an application for

registration or for renewal of its registration in the Ministry's Registers or those of the competent local authority, as the case may be.

ARTICLE (3)

Any Company violation the provisions of Article (1) and (2) hereabove shall be liable to the sanctions provided for in Article (323) of the said Commercial Companies' Law.

ARTICLE (4)

Al competent authorities shall implement this decision.

ARTICLE (5)

This decision shall be published in the Official Gazette and shall take effect form its promulgation date.

Saeed Ahmad Ghobash
Minister of Industry and Commerce

Issued in Abu Dhabi on 21.6.1411 A.H.
Corresponding to 7.1.1991.

MINISTERIAL DECISION NO. (5) OF 1991
REGARDING THE EXTENSION OF THE TIME
LIMIT OF THE COMMERCIAL COMPANIES
TO AMEND THEIR STATUS

The Minister of Economy and Commerce:
After perusal of Federal Law No. (1) of 1972 regarding the Ministries Jurisdiction and the Ministers' Authorities, and of all laws stipulating amendments thereto;

And of the Federal Law No. (5) of 1975 regarding the Commercial Register;

And of the Federal Law No. (8) of 1984 regarding the Commercial Companies and all amendments thereof;

And of the Ministerial Decision No. (69) of 1989 specifying licensing terms and procedures of foreign companies to practice business in the State;

And of the Ministerial Decision No. (71) of 1989 concerning procedures of registration of limited liability companies in the Commercial Register;

And of the Ministerial Decision No. (72) of 1989 concerning procedures of registration of joint liability companies and partnerships in commandite in the Commercial Register;

And of the Ministerial Decision No. (73) of 1989 concerning organization of procedures for incorporation of stock companies and commandite limited by shares;
And in order to protect the interest of the National Economy;
And by virtue of the Undersecretary's Proposal;
Has Resolved:

ARTICLE (1)

The time limit stipulated in Par. (1) of Article (3) of Federal Law No. (13) of 1988 regarding the amendment to be brought by the companies to their legal status in order to comply with the provisions of Federal Law No. (8) of 1984, shall be extended for one more year as from Jan. 8,1991.

ARTICLE (2)

Any existing company must, upon expiry of the licence granted to it by the Municipality or its certificate of Entry at the Commercial Register, submit at the earliest an application for registration or for renewal of its registration in the Ministry's Registers or those of the competent local authority, as the case may be.

ARTICLE (3)

Any Company violating the provisions of Article (1) and (2) hereabove shall be liable to the sanctions provided for in Article (323) of the said Commercial Companies' Law.

ARTICLE (4)

All competent authorities shall implement this decision.

ARTICLE (5)

This decision shall published in the Official Gazette and shall take effect from its promulgation date

Saeed Ahmad Ghobash
Minister of Industry and Commerce
Issued in Abu Dhabi on 21.6.1411 A.H.
Corresponding to 7.1.1991.

MINISTERIAL DECISION NO. (45) OF 1990
AMENDING SOME PROVISIONS OF MINISTERIAL DECISION NO. 5 OF 1990 REGARDING THE EXTENSION OF THE TIME LIMIT FOR COMPANIES' REGISTRATION

The Minister of Economy and Commerce:
After perusal of Federal Law No. (1) of 1972 regarding the Ministries Jurisdictions and the Ministers' Authorities, and of all laws stipulating amending thereto;

And of the Federal Law No. (5) of 1975 regarding the Commercial Register;

And of the Federal Law No. (8) of 1984 regarding the Commercial Companies and all amendments thereof;

And of the Ministerial Decision No. (34) of 1976, being the Executive Regulation of the abovementioned Federal Law No. (5) of 1975;

And of the Ministerial Decision No. (69) of 1989 specifying licensing terms and procedures of foreign companies to practice business in the State;

And of the Ministerial Decision No. (71) of 1989 concerning procedures or registration of limited liability companies in the Commercial Register;

And of the Ministerial Decision No. (72) of 1989 concerning procedures of registration of joint liability companies and partnerships in commandite in the Commercial Register;

And of the Ministerial Decision No. (73) of 1989 concerning organization of procedures for incorporation of stock companies and commandite limited by shares;

And of the Ministerial No. (5) of 1990 regarding the extension of the time limit set for the registration of companies;

Has Resolved:

ARTICLE (1)

That the time limit, set for registration or renewal of registration pertaining to companies existing or established in the State under the effective provisions of Federal Law No. (8) of 1984 regarding the Commercial Companies, amended by Federal Law No. (13) of 1988, in the Commercial Register or in the Companies Register at the Ministry as the case may be, is extended upto the 30th September 1990.

ARTICLE (2)

The competent authorities must enforce this decision each within the frame of its own competence.

ARTICLE (3)

This Decision shall be published in the Official Gazette and shall take effect from the publishing date,

Saif Ali Al-Jarwan
Minister of Economy and Commerce

Issued in Abu Dhabi
On 16.11.1410 A.H.
Corresponding to 10.6.1990 AD

UNITED ARAB EMIRATES
MINISTRY OF ECONOMY & COMMERCE
MINISTER'S OFFICE

MINISTERIAL DECISION NO. (67) OF 1990
AMENDING SOME PROVISIONS OF MINISTERIAL
DECISION NO. (45) OF 1990 REGARDING
THE EXTENSION OF THE ENTRY PERIOD FOR COMPANIES

The Minister of Economy & Commerce,
After perusal of Law No. (1) of 1972 concerning the jurisdictions of ministries and powers of ministers and amendments thereto, and

Federal Law No. (5) of 1975 concerning the Commercial Register, and

Federal Law No. (8) of 1984 concerning the commercial companies and amendments thereto, and

Ministerial Decision No. (34) of 1976 in the executive regulations of said Federal Law No. (5) of 1975, and]

Ministerial Decision No. (69) of 1989 concerning the licensing conditions and procedures for foreign companies to carry on their activity in the State, and

Ministerial Decision No. (71) of 1989 concerning the entry procedures of limited liability companies in the Commercial Register, and

Ministerial Decision No. (72) of 1989 concerning the entry procedures of joint-liability companies and partnerships in commendam in the Commercial Register, and

Ministerial Decision No. (73) of 1989 concerning the incorporation procedures of joint stock companies and companies limited by shares, and

Ministerial Decision No. (5) of 1990 concerning the extension of the entry period for companies, and

Ministerial Decision NO. (45) of 1990 amending some provisions of Ministerial Decision No. (5) of 1990, and

Pursuant to the proposal made by the Undersecretary, hereby decides:

ARTICLE (1)

The period for entry or renewal of entry of companies existing or incorporated in the State at the time of enforcement of the provisions of Federal Law No. (8) of 1984 concerning the Commercial Register or the Companies Registers at the Ministry as the case may be, shall be extended to 31.12.1990.

ARTICLE (2)

The competent authorities, each in its own sphere, shall implement this Decision.

ARTICLE (3)

This Decision shall be published in the Official Gazette and shall come into force from the date promulgated.