

**OIL AND GAS HOLDING COMPANY  
A BAHRAINI JOINT STOCK CLOSED COMPANY (B.S.C.C.)**

**ARTICLES OF ASSOCIATION**

On Wednesday, 18<sup>th</sup> Rajab 1428H, corresponding to 1<sup>st</sup> August 2007, before me, I, notary Fahd Abdulla Sulaibeekh;

In the presence of the two witnesses:

1. Dr. Ahmed Al-Sharyan, Bahraini national residing in the Kingdom of Bahrain, holding CPR No. 560121938;
2. Dr. Mahmood Salama Jabr, Egyptian national residing in the Kingdom of Bahrain, holding CPR No. 481107312;

the two witnesses who have all the required legal capacities;

Attended before me His Excellency Dr. Abdul Hussain bin Ali Mirza, Minister of Oil & Gas Affairs, Chairman of the National Oil & Gas Authority, as the representative of the Government of the Kingdom of Bahrain for the purposes of these Articles.

The Founder has decided to establish a Bahraini joint stock closed company under the provisions of Decree-Law No. 21 for the year 2001 and of its Implementation Regulations promulgated by Ministerial Order No. 6 for the year 2002, and requested us to authenticate the provisions of the Company's Articles of Association, as follows:

**PRELIMINARY CHAPTER  
DEFINITIONS**

**Article 1**

For the purposes of these Articles of Association, the following terms and expressions shall have the meanings assigned thereto, unless otherwise required by the context:

**The Kingdom:** The Kingdom of Bahrain.

**The Government:** The Government of the Kingdom of Bahrain.

**The Shareholder:** The National Oil & Gas Authority (NOGA).

**NOGA:** The National Oil & Gas Authority.

**The Board:** The Board of Directors of the National Oil & Gas Authority (NOGA).

**The Chairman:** The Chairman of the National Oil & Gas Authority (NOGA).

**The Company:** The Oil & Gas Holding Company.

**Subsidiaries:** The subsidiary companies of the Company as provided for in Article 7 (a) hereof.

## **CHAPTER I**

### **INCORPORATION OF THE COMPANY, ITS NAME OBJECTS AND HEAD OFFICE**

#### **Incorporation of the Company**

##### **Article 2**

The Company has been incorporated under the provisions of the Commercial Companies Law and its Implementation Regulations, promulgated by Ministerial Order No. 6 for the year 2002, and subject to the Company's Memorandum of Incorporation and these Articles of Association.

#### **The Name of the Company**

##### **Article 3**

The name of the Company is Oil and Gas Holding Company, a Bahraini joint stock closed company (B.S.C.C).

#### **Objects of the Company**

##### **Article 4**

The objects for which the Company has been established are as follows:

- (a) Acquire the Government's shareholdings and stakes in the companies set forth in Article 7 hereof, and to receive the Government's net retained lines of resources, earnings and profits of such companies, taking into consideration the issues established under the articles of association of such subsidiaries and companies in which the Government acquires a shareholding of not more than one-half of the share capital.
- (b) Invest the Company's funds in the areas specified by the Board of Directors, taking into consideration the issues established under the articles of association of the subsidiaries and companies in which the Government acquires a shareholding of not more than one-half of the share capital.
- (c) Acquire real estates and movable property required for carrying out its activities.
- (d) Establish and participate in the establishment of new ventures or companies; acquire and participate in the ownership of existing ventures or companies and sell

- any such ventures, companies or its interests therein within or outside Bahrain.
- (e) Acquire, invest, and franchise intellectual property rights such as patents, trademarks, franchises and other physical titles to its subsidiaries or companies in which it participates at not more than one-half of the share capital or to others.
  - (f) Commission companies, corporations or individual to perform services relevant to the objects of the Company.
  - (g) Any other objects that are identical, similar, associated or complementary to the objects above, as the Board of Directors of the National Oil & Gas Authority may feel appropriate.

### **Head Office of the Company**

#### **Article 5**

The Company's head office and legal domicile shall be in the Kingdom of Bahrain. The Board of Directors may establish branches, agencies or offices for the Company in the Kingdom of Bahrain or abroad.

### **CHAPTER II**

#### **Capital of the Company**

##### **Article 6**

- (a) The authorized capital of the Company is BD 1,619,400,000.
- (b) The issued and subscribed capital is BD1,184,000,000 divided into 1,184,400,000 shares of a nominal value of BD1 each.
- (c) The Company's capital shall comprise:
  - i) The total assets, in kind and in cash, of its subsidiaries and of the companies wholly-owned by the Government or in which the Government participates at not more than one-half of the share capital or the Government's interests in the capitals of companies in which the Government contributes jointly with public or private enterprises.
  - ii) The fund allocated by the Government.

## Article 7

### (a) The Subsidiaries of the Company

No.	Name of Company	Government's Shareholding
1	Bahrain Petroleum Company (BAPCO)	100%
2	Bahrain National Gas Company (BANAGAS)	75%
3	BANAGAS Extension Project	100%
4	Bahrain Aviation Fueling Company (BAFCO)	60%

### (b) Companies in Which the Government Holds Not More Than One-Half of the Share Capital

No.	Name of Company	Government Participation
1	Gulf Petrochemical Industries Company (GPIC)	33.33%

## Article 8

The authorized capital of the Company may, by Decree upon recommendation by the Board of Directors, be increased. The Decree shall specify the method by which such an increase is to be made. The issued capital may, by a decision of the Shareholder, be increased within the authorized capital.

## Article 9

- a) The Company's capital may, by Decree upon recommendation by the Board of Directors, be reduced if it exceeds its requirements or if the Company has sustained a loss and the Company felt that the capital should be reduced to the actual existing value.

A recommendation for the reduction of the capital shall be based on the auditor's report, indicating the reasons necessitating such action, the Company's liabilities and the impact of such reduction on such liabilities.

- b) Reduction shall be effected by either of the following methods:
- (1) If the reduction of the capital is due to excess to requirement, it shall be effected by reducing the nominal value of the shares in the proportion to the intended reduction from the capital.
  - (2) If the reduction is due to a loss sustained by the Company, it shall be effected by writing off a number of shares equivalent in value to the amount to be reduced from the capital.

Under all circumstances, the nominal value of the shares may not be less than the statutorily established minimum.

Such reduction may not be used as an excuse vis-à-vis creditors who may have objected to the reduction within 60 days from the publication of the reduction Order in the Official Gazette and may have submitted their supporting documents within the said period unless they have received payment of the immediate debts due to them and adequate security for their deferred debts.

### **Article 10**

Any Decree amending the Company's capital shall be entered in the Registry of Commerce and published in the Official Gazette and in a local daily newspaper.

## **CHAPTER III THE BOARD OF DIRECTORS**

### **Article 11**

The management of the Company shall be vested in the Board of Directors of NOGA.

### **Article 12**

- a) The Board of Directors shall meet on convening by the Chairman at least four times in any one year. The Chairman shall convoke the Board of Directors to an extraordinary meeting to be held within fifteen days from receiving a causative request in writing from the Shareholder or from at least three members or from the Company's auditor.
- b) Under all circumstances, the invitation for a Board meeting must indicate the purpose of the meeting and include the agenda.
- c) The Board of Directors may invite to its meetings experts or any other persons concerned to discuss matters with them and hear their views. None of such persons shall have a countable vote.
- d) The Board of Directors shall appoint a Secretary to prepare the agendas, to take minutes, to keep all Board's documents and records and to perform any Company-related assignments entrusted to him by the Board.

### **Article 13**

- a) A meeting of the Board of Directors shall be valid with the presence of the majority of its members, including the Chairman or his Deputy. The resolutions of the Board shall be

adopted by the majority votes of those present in other than instances where the Company's regulations stipulate a specific majority. In the case of a tie, the Chairman shall have a casting vote.

- b) The minutes of the Board of Directors shall be entered in a specifically designated record. The minutes shall be signed by the members who were present at the meeting and by the Secretary of the Board. A dissenting member shall have the right to have his dissent recorded in the minutes of the meeting. The signatories to the minutes shall be responsible for the validity of the information recorded in the minutes.

#### **Article 14**

The Board may invite to its meeting the Company's Chief Executive Officer or of the subsidiaries or the companies in which the Government holds not more than one-half of the share capital which are subject to the Company's control when discussing matters related to such companies. Such invitees may make comments and express their views or present any requested statements or documents, without having a countable vote in debates.

At other than the Board meetings, the Company's Chief Executive Officer or of the subsidiaries or the companies in which the Government acquires not more than one-half of the share capital shall provide the Chairman with any statements, information or documents related to the Company, to the subsidiaries or to the companies in which the Government has shareholdings.

#### **Article 15**

The Board of Directors shall have the right to exercise all functions required for the management of the Company in conducive of its objects in a manner that will consist with the Government's general petroleum policy. In particular, the Board of Directors may:

1. Set a Company strategic business plan, which shall be reviewed and amended every five years or as and when required.
2. Issue technical, administrative and financial regulations required for the Company.
3. Decide the organizational structure of the Company and issue personnel regulations.
4. Decide the design and contents of the Company forms and the reporting intervals by the subsidiaries in order to maintain regular assessment of the performance of such companies.
5. Issue investment rules and regulations. Such rules and regulations must include the policy and procedure on the

- investment of the Company's assets and Government's shareholdings in its subsidiaries and in the companies in which the Government acquires not more than one-half of the share capital, as well as disposal controls of such investments.
6. Approve the Company's annual balance sheet and audited final accounts.
  7. Consider the regular reports submitted by the Chief Executive Officer on the progress of the Company and of the companies in which the Government acquires not more than one-half of the share capital and take the necessary actions.
  8. Set the Company's general policies and specify the procedures for implementing such policies.
  9. Exercise any other functions and powers assigned to the Board under the provisions of these Articles.

## **CHAPTER IV.**

### **THE CHIEF EXECUTIVE OFFICER**

#### **Article 16**

- a) The Company shall have a Chief Executive Officer, to be appointed, and his remunerations determined, by a resolution of the Board of Directors upon recommendation of the Chairman.
- b) If the office of the Chief Executive Officer becomes vacant for any reason, a replacement shall be appointed by the same instrument and manner provided for in the preceding clause.

#### **Article 17**

The Chief Executive Officer shall be responsible before the Board of Directors for the Company's technical, administrative and financial affairs under the provisions herein and subject to the regulations and to the resolutions adopted by the Board. The Chief Executive Officer shall in particular assume:

1. The Company's management and conduct of affairs, as well as overseeing its business and staff.
2. Implement the Board's resolutions.
3. Prepare and submit regular three-month, unless determined at shorter intervals by the Board, reports to the Board of Directors on the Company and subsidiaries' activities, progress, achievements made in line with established plans and programmes, and identification of performance impediments and actions proposed to overcome such difficulties.

4. Follow up regularly on the subsidiaries, especially in terms of production, services, investments, manpower, profitability, wages and incentives.
5. Follow up on the subsidiaries with respect to remarks made by the National Audit Court, as well as the comments of the auditors of the companies in which the Government has shareholdings.
6. Coordinate between the Company and its subsidiaries and the companies in which the Government has shareholdings to ensure integration and furtherance of production and profitability.
7. Prepare the Company's budget, balance sheet and final accounts and submit the same to the Board for approval.
8. Conduct technical and economic studies related to the general activities of the Company and its subsidiaries and the companies in which the Government has shareholdings.
9. Perform any other tasks and functions under the regulations and resolutions issued by the Board and any other assignments designated by the Board.

## **CHAPTER V.**

### **THE COMPANY'S ACCOUNTS AND FINANCIAL YEAR**

#### **Article 18**

The beginning and end of the Company's financial year shall be determined by a resolution of the Board of Directors. However, the Company's first financial year shall begin from the date of declaration of its final incorporation and ends with the termination of the financial year.

#### **Article 19**

The Chief Executive Officer shall prepare for each financial year, within a maximum of three months from the end of the financial year:

- a) The Company's balance sheet of the previous financial year covering details of the Company's assets and liabilities.
- b) The profit and loss account.
- c) A detailed report on the Company's financial position during the previous financial year. Such report shall be attached to the balance sheet and submitted to the Board.



## **CHAPTER VI.**

### **AUDIT OF ACCOUNTS**

#### **Article 20**

The Board of Directors, upon a recommendation of the Shareholder, shall, at the beginning of each financial year, appoint an internationally recognized external auditor or more to audit the Company's accounts.

#### **Article 21**

The same auditor may not be appointed for more than three years. The auditor may not be a chairman or board member or entrusted with any management function. Under all circumstances, a Company auditor may not become a Company manager, chief executive or board member before the lapse of two years from release of responsibility.

#### **Article 22**

- a) The auditor may at any time have access to the Company's books, records and documents. He is entitled to request any information he may deem necessary to obtain to perform his function. He may verify the assets and liabilities of the Company.
- b) The Chief Executive Officer shall enable the auditor to perform his responsibilities. Where the auditor is unable to exercise these powers, he shall explain the case in writing in a report to be submitted to the Board of Directors. If the Chief Executive Officer fails to facilitate the auditor's functions, the auditor shall submit a report to the Board to look into the matter.
- c) The auditor shall always provide the Shareholder with copies of his reports and comments, whether such reports are on financial or administrative matters or on any violations.

#### **Article 23**

The auditor shall attend the meetings to which he is invited by the Board and give his opinion at meetings on any matters related to his duty in the Company.

#### **Article 24**

The auditor shall, within a period not exceeding three months from the end of the financial year, audit the Company's account and prepare a report in relation thereto in accordance with internationally recognized standards. The report must include all data and information that reflects the real financial position of the Company, particularly:

- a) Whether he has obtained the documents, records and books, particulars and information he felt necessary for performing his functions satisfactorily.
- b) Whether the balance sheet and profit and loss account are in agreement with facts and whether they have been prepared in accordance with international accounting standards, and that they include all the particulars required by the Law and by the Company's Articles of Association and that they honestly and clearly reflect the real financial position of the Company.
- c) Whether the Company maintains regular accounts.
- d) Whether the stocktaking has been carried out in a proper manner.
- e) Whether the information contained in the report of the Board of Directors is consistent with the Company's books and records.
- f) Whether there has been any breach of the provisions of the Company's Articles of Association or of the law during the financial year concerned so as to prejudice the Company's activities or financial position and whether the said breach continues; all the foregoing shall be based on the information available to the auditor.

## **Article 25**

The auditor shall submit his report referred to in Article 20 hereof to the Board of Directors immediately upon completing it.

## **CHAPTER VII.**

### **PROFITS**

## **Article 26**

The net profit shall be deemed to be the remaining amount after making the following deductions:

- a) The general expenditures.
- b) The percentage determined by the Board of Directors for the depreciation or devaluation of the Company's assets. Such amounts must be used for the purchase of the materials, equipment and installations required or for the repair thereof.

- c) The percentage determined by the Board to cover abnormal expenses of NOGA.
- d) Interests payable on loans, as well as all Company's liabilities and obligations.

### **Article 27**

Disposal of the Company's net profit shall be in the following manner:

- a) A percentage shall be deducted annually from the net profit for the statutory reserve.  
This deduction may be suspended if the reserve amounts to 50% of the paid up capital. If the reserve falls below the said percentage, deduction must be resumed until the reserve amounts to the said percentage.
- b) A percentage of the net profit may be deducted annually for the voluntary reserve which is used for the depreciation or devaluation of assets.
- c) The percentage of the net profit transferred to the State Budget.
- d) The remaining net profit shall be retained for re-investment.

## **CHAPTER VIII.**

### **CONCLUSIVE PROVISIONS**

#### **Article 28**

The Company may be dissolved or liquidated only by a Decree.

#### **Article 29**

The Company shall keep its funds in a separate account with the Bahrain Central Bank. The Company may carry out business with banks within and outside Bahrain.

#### **Article 30**

The expenses and costs paid in connection with the incorporation of the Company shall be charged to the Company's general expenditures.

#### **Article 31**

These Articles of Association shall be filed and published in accordance with the provisions of the Commercial Companies Law.

### **Article 32**

These Articles of Association have been executed in accordance with Approval No. 50492 dated 31<sup>st</sup> July 2007 of the Ministry of Industry & Commerce.

### **Article 33**

The provisions of the Commercial Companies Law, promulgated by Law No. 21 for the year 2001, and its Implementation Regulations, promulgated by Ministerial Order No. 6 for the year 2002, shall apply to any matter for which no specific provision is made herein to the extent that it will not contradict the provisions hereof.

## **THE FOUNDER**

**THE FIRST WITNESS**

**THE SECOND WITNESS**

Based on the above, these Articles of Association have been executed in one original and three duplicates, which have been signed after being duly read out by all and by me. The concerned parties have received three copies thereof to act in accordance therewith.

**Notary Official**

**Fahd Abdulla Sulaibeekh**