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**Legislative Decree No. (10) of 1978**

**Approving the Agreement to Establish Gulf Air Company**

We, Isa bin Salman Al Khalifa, Emir of the State of Bahrain,

Having reviewed Article (37) of the Constitution,

And the Agreement to Establish Gulf Air Company,

And upon the submission of the Minister of Development and Industry,

And after the approval of the Cabinet,

Hereby Decree the following Law:

- Article One -

The Agreement to Establish Gulf Air Company, signed in Doha on the twenty-fourth day of Jumada al-Awwal, 1398 AH corresponding to the first day of May 1978, attached to this Law, has been approved.

- Article Two -

The Minister of Development and Industry shall implement this Law, and it shall come into force from the date of its publication in the Official Gazette.

Emir of the State of Bahrain

Isa bin Salman Al Khalifa

Issued at Riffa Palace

On 10 Rajab 1398 AH

Corresponding to 15 June 1978

Agreement to Establish Gulf Air Company

The Governments of:

The Emirate of Abu Dhabi, represented by the Abu Dhabi Investment Authority,

The State of Bahrain, represented by the Ministry of Development and Industry,

The Sultanate of Oman, represented by the Ministry of Transport,

The State of Qatar, represented by the Ministry of Transport and Communications,

Desiring to strengthen the economic ties among themselves and to work towards the development and enhancement of their resources,

Believing in the importance of air transport and its future in line with the rapid developments in the aviation world,

Desiring to unify their efforts and capabilities to support and promote air transport between their countries and the outside world,

Have agreed, in accordance with the provisions of this Agreement and its accompanying annexes, as follows:

Chapter One

Formation of the Company, Its Legal Status, Headquarters and Objectives

1. Formation of the Company and Its Legal Status:

1- A joint-stock company with limited liability for air transport shall be established between the governments of the member states, which shall have legal personality and be named Gulf Air, hereinafter referred to as "the Company." In the scope of its objectives, the Company shall have the right to litigate, contract, and undertake all other legal actions.

2- The Company shall enjoy full legal personality in the territories of the member states, both with respect to these states and to other states.

2. Headquarters of the Company:

1- The principal headquarters of the Company shall be situated in Bahrain.

2- The General Assembly of the Company may relocate the principal headquarters by a majority of not less than three-quarters of the shares.

3- The Board of Directors may establish branches of the Company or offices or agencies within and outside the member states.

3. Objectives of the Company:

1- The Company shall have the following objectives:

a. To carry out all necessary actions to achieve and develop an integrated air transport system between the territories of the member states and beyond, characterised by efficiency, safety, and economic viability for the transport of passengers, goods, and mail on sound technical and commercial bases.

b. To work on developing, improving, and expanding its network of flight routes on sound economic bases and to develop and renew the machinery and equipment it uses.

c. To upgrade and modernise its fleet of aircraft and other machinery and equipment necessary for its operations.

d. To strive for the prosperity and advancement of air transport to foster the development of economic, commercial, and industrial resources in the territories of the member states.

e. To purchase, sell, mortgage, import, and export aircraft and equipment and spare parts, as well as to lease and rent them.

f. To manufacture, build, repair, maintain, and refurbish aircraft, their engines, parts, and all machinery, equipment, and devices necessary for air transport operations.

g. To establish and create branches and agencies within and outside the territories of the member states, including undertaking ground, technical, and commercial agency work, and supplying aircraft with food, beverages, and other supplies.

h. To establish subsidiary companies or have shares in other companies.

i. To employ agents and representatives and compensate them for their services to the Company.

j. To own, purchase, sell, mortgage, and lease land and real estate and to construct and maintain buildings to achieve its objectives.

k. To carry out warehousing operations for goods and luggage.

l. To engage in concluding, purchasing, leasing, renting, selling, exchanging, mortgaging, and depositing all types of properties, shares, and securities, whether real or movable, as well as rights of any kind, including production tools, commissions, contracts, trademarks, inventions, and methods and licenses related to its activities and connected to the development of its objectives.

m. To make the necessary and appropriate arrangements with any government or governmental body or any company to support the Company’s objectives fully or partially, in order to obtain rights, privileges, or licenses and to benefit from them.

n. To undertake special air service activities such as aerial photography, aerial surveying, and agricultural spraying.

o. To establish and manage training institutes for aviation, engineering, and ground services, as well as to train individuals selected by the Company in these institutes or elsewhere, and to provide training in the commercial and administrative aviation activities necessary to achieve its objectives.

p. To establish and manage hotels, clubs, restaurants, exhibition halls, and to provide the necessary services for them.

q. To establish and manage retail outlets and duty-free shops at airports in the territories of the member states.

r. To contribute and cooperate with other aviation companies, institutions, and aviation bodies as well as regional and international aviation federations, and to enter into individual or collective agreements that benefit the Company.

s. To provide any necessary or appropriate care and facilities for passengers transported by it and for other persons benefiting from these services and facilities.

2- In order to achieve the objectives mentioned in Paragraph (1) of this Article, the Company may undertake all actions and exercise all powers that lead to the realisation of those objectives, and it shall, in particular, have the right to borrow funds in the territories of the member states or outside of them, whether from the governments of these states or from banks, institutions, or other companies.

Chapter Two

Capital

4. Transfer of Assets, Properties, and Employees:

1- In accordance with a resolution adopted by the general assembly of Gulf Air—a joint-stock company with limited liability—registered in England under No. 480028 on 24 March 1950 (hereinafter referred to as "the Previous Company"), the following shall be transferred to the Company:

a. All assets and properties of the Previous Company.

b. All rights and obligations of the Previous Company and the effects of all transactions conducted on its behalf until its liquidation or the conclusion of a contract whereby all rights and obligations of the Previous Company are transferred to the Company, including lawsuits pending before the judiciary and judicial rulings that have not been executed.

2- All employees of the Previous Company shall transfer to the Company under the same categories, salaries, and benefits they have accrued up to the date of the entry into force of this Agreement.

5. Capital:

1- The authorised capital of the Company is set at 28,000,000 Bahraini Dinars, divided into 280,000 shares, each valued at 100 Bahraini Dinars.

2- The issued and subscribed capital amounts to 28,000,000 Bahraini Dinars, distributed as follows:

|  |  |  |
| --- | --- | --- |
| Subscribing States | Shares | Amount (BHD) |
| Emirate of Abu Dhabi | 70,000 | Seven million |
| State of Bahrain | 70,000 | Seven million |
| Sultanate of Oman | 70,000 | Seven million |
| State of Qatar | 70,000 | Seven million |

The Board of Directors shall determine the method and timing for the payment of the subscribed share values and shall open an account for this purpose at the National Bank of Bahrain in the country of headquarters. These amounts may only be withdrawn by a resolution from the general assembly.

3- The assets and properties of the previous company shall be inventoried and appraised following a resolution by its general assembly. If a surplus is realised after settling all obligations, the Company shall issue shares equivalent in value to this surplus and distribute them among the member states proportionate to their shares.

4- Waiver of Part of the Capital: Capital subscriptions shall be restricted to the member states. Each member state, by resolution of an extraordinary general assembly, may waive up to 49% of its shares to its nationals, provided that no individual among the transferees may own more than 10 per cent of the total shares waived. The waiving state shall represent the transferee shareholders and vote on their behalf in the general assemblies, and it may organise its relations with them as it deems appropriate.

In all cases, the waiving state shall remain a guarantor and accountable to the Company for the obligations of its national shareholders.

6. Limited Liability:

Shareholders’ liability shall be limited to the value of their shares, and no further obligations may be imposed upon them.

Chapter Three

Registration of the Company

7. Registration of the Company:

 The Company shall be registered in the Commercial Register of each of the member states.

8. Expenses and Costs of Establishment:

The expenses and costs incurred for establishing and registering the Company shall be included in its general expenses.

Chapter Four

Guarantees and Exemptions

9. Non-Expropriation or Confiscation:

Member state governments shall have no right to expropriate, confiscate, or seize the Company’s properties.

10. Provisional Attachment and Executory Attachment:

1- No provisional attachment may be imposed on the Company’s properties, including its aircraft, within the member states.

2- Executory attachment shall not be carried out on the Company’s properties or any of its aircraft in the member states for a debt due unless all available means of debt collection have been exhausted.

11. Exemption from Taxes, Fees, and Currency Restrictions:

1- In the member states, the Company shall be exempt from taxes and fees on:

- Shares upon their issuance and trading.

- Profits from the Company’s ongoing commercial operations.

- The registration of the Company and its branches.

- The purchase, sale, import, and export of aircraft, their spare parts, equipment, and all machinery and devices for its aircraft and operations.

- Fuel and lubricants necessary for its aircraft and other ground operations, as well as all materials necessary for supplying the aircraft.

2- The Company shall be exempt from all currency restrictions and import and export procedures imposed in the member states.

Chapter Five

Air Transport Rights

Air Transport Rights:

1- The contracting states undertake to ensure the air transport freedoms necessary for the regular and non-regular operations of the Company, as it is the national carrier of the member states.

2- The member states grant the Company, exclusively:

a. The right to operate regular air transport between their territories.

b. The right to operate regular air transport between their territories and the territories of other states.

c. The member states shall consider the interests of the Company when granting air transport rights to any other company.

Chapter Six

Registration of Aircraft

13. Registration of Aircraft in the Sultanate of Oman:

The Company’s aircraft shall be registered in the national registry of the Sultanate of Oman and shall bear its nationality marks and registration numbers.

14. Duties of the State of Registration:

The Sultanate of Oman shall perform the duties of the State of registration in accordance with the provisions established therein, as well as the provisions of the International Civil Aviation Convention signed in Chicago in 1944 and its annexes, particularly with regard to the issuance of registration certificates, airworthiness certificates, and pilot licences or their validation.

15. Ownership of Aircraft:

All aircraft shall be considered the property of the Company, regardless of the state of registration.

16. Insurance:

The Company shall obtain insurance for:

a. Its aviation fleet and equipment.

b. Its liability for damages that may be caused by its aircraft to third parties on the ground, as well as those that may affect passengers, luggage, and goods on board.

c. Its employees, particularly those exposed to aviation risks, to cover damages that may arise therein.

The insurance may be obtained from one or more insurance companies registered in the member states, and it may stipulate that reinsurance be conducted with internationally reputable reinsurance companies.

Chapter Seven

Miscellaneous Provisions

17. Exemptions from Immigration and Tax Restrictions:

Members of the Board of Directors and all employees of the Company shall be exempt from:

a. Immigration, passport restrictions, and registration procedures for foreigners, including entry and exit visas, while performing their official duties in the territories of the member states.

b. Taxes on their salaries and bonuses which they receive from the Company.

18. Duration of the Company:

The Company’s duration shall be fifty Gregorian years, starting from the effective date of this Agreement, and may be renewed for additional terms by a resolution of the general assembly.

19. Applicability of Provisions to Laws:

1- The Company shall be subject to the provisions of this Agreement and the accompanying Articles of Association, even if their provisions conflict with the laws in the territories of the member states.

2- In matters not addressed by contradictory provisions in this Agreement and the accompanying Articles of Association, the provisions of the legislation governing companies in the member states shall apply.

20. The Articles of Association and other annexes accompanying this Agreement shall be considered an integral part thereof.

21. Amendment of the Agreement and Articles of Association:

This Agreement may be amended by a subsequent agreement specifying the contracting states, and certain provisions of it and the Articles of Association may be amended to the extent and in the manner provided in the texts of those Articles.

Chapter Eight

Final Provisions

22. Withdrawal from the Agreement:

1- No member state may withdraw from this Agreement before the expiration of at least four years from the date it enters into force for that state.

2- If any member state wishes to withdraw, it shall notify the depositary state thereof, and such notification shall not take effect until six months from its date. The depositary state shall inform the other member states of this notification.

3- Membership of the withdrawing state in the Company shall terminate after the expiration of the aforementioned six-month period, and its share of the capital shall be distributed equally among the other member states.

4- All rights and obligations of the withdrawing state shall be evaluated by agreement between the member states or, if no agreement is reached, by one or more experts.

23. Dispute Resolution:

If a dispute arises between two or more of the contracting states regarding the interpretation or application of the provisions or terms of this Agreement or its annexes, the provisions of Article (52) of the Articles of Association shall apply.

24. Signature and Ratification:

1- This Agreement shall be signed by the representatives of the member states duly authorised by their governments.

2- The Agreement shall be ratified in each of the member states in accordance with the constitutional procedures of that state, and the instruments of ratification shall be deposited with the Government of the State of Bahrain, which shall notify the other signatory states of the date of deposit of each instrument of ratification.

25. Entry into Force of the Agreement:

1- This Agreement shall enter into force after it has been ratified by the member states on the first day of the month following the deposit of the fourth instrument of ratification, and the Government of the State of Bahrain, as the depositary state, shall notify the other member states of the date of its entry into force and the date of deposit of each instrument of ratification.

2- Notwithstanding the provisions of Paragraph (1) of this article, this Agreement shall temporarily enter into force sixty days after the date of its signature, pending the completion of the ratification procedures.

In witness whereof, the duly authorised representatives on behalf of their governments have signed this Agreement, each on behalf of their respective government on the date indicated before each signature.

This Agreement was concluded in Arabic in the city of Doha on the twenty-fourth day of Jumada al-Awwal 1398 AH, corresponding to the first day of May 1978.

A certified copy of it shall be provided to each signatory state.

|  |  |
| --- | --- |
| On behalf of the Emirate of Abu Dhabi | On behalf of the Government of the State of Bahrain |
| (Abu Dhabi Investment Authority) | (Ministry of Development and Industry) |
| On behalf of the Sultanate of Oman | On behalf of the Government of the State of Qatar |
| (Ministry of Transport) | (Ministry of Transport and Communications) |

Articles of Association of Gulf Air,

a Joint-Stock Company with Limited Liability.

Chapter One

Establishment of the Company and Its Headquarters

1- A joint-stock company with limited liability named Gulf Air has been established by virtue of the agreement among the member states, hereinafter referred to as "the Company."

2- The Company’s principal headquarters shall be in the State of Bahrain, and the Board of Directors may establish branches, offices, or agencies in the territories of the member states or abroad.

3- The provisions of the Agreement and the provisions of these Articles of Association shall apply to all aspects of the management of the Company, and in the event of a conflict therebetween, the provisions of the Agreement shall prevail.

Chapter Two

Capital of the Company

4- The capital of the Company shall consist of the amounts specified in the Agreement and any complementary provisions thereof in these Articles of Association.

5- The shares of the Company shall be nominal and indivisible.

6- 1. Any overdue amount shall accrue interest payable to the Company from the due date, at a rate set by the Board of Directors, up to a maximum of 6% per annum.

 2. The Board of Directors shall have the right to exercise a lien on shares for which the full payment has not been made by the due date, granting a specified grace period for payment.

 3. The Board of Directors may sell shares for which payment remains unpaid after the grace period mentioned in Paragraph (2), at the defaulting shareholder’s risk, and without legal proceedings. Proceeds from the sale shall first cover unpaid instalments, interest, and expenses, with any surplus returned to the shareholder. If the proceeds are insufficient, the Company may recover the shortfall from the shareholder.

7- The Board of Directors shall deliver to each shareholder, within three months from the date of the final establishment of the Company, temporary certificates representing the shares they own. The definitive shares shall be issued within three months from the date of payment of the final instalment, and the shares shall be extracted from a book of counterfoils, numbered serially, signed by two members of the Board of Directors, and sealed with the Company's seal.

8- Shareholders shall only be liable up to the value of their shares, and their obligations shall not be increased.

9- Ownership of shares ensues acceptance of the Company’s Articles of Association and the resolutions of its duly convened general assembly, in accordance with these Articles.

10- All shares shall have equal rights and obligations, and no shares with preferential or special privileges may be issued.

11- The Company shall maintain a register of shareholders, recording their names, share numbers, quantities, and transactions involving those shares.

12- 1. Individuals may transfer ownership of their shares only to nationals of the same state to which they belong.

 2. Ownership of transferred shares may not be conferred to individuals who are not nationals of the transferring state, whether by inheritance, will, or otherwise; in such cases, ownership shall revert to the transferring state at market value.

 3. The provisions of the above paragraphs shall also apply to shares owned by legal entities.

Chapter Three

Amendment of Capital

13- 1. The authorised capital may be increased by issuing new shares or by converting reserves into shares, by a resolution of the extraordinary general assembly, specifying the terms of the new shares, provided that the instalments of the original shares have been fully paid.

 2. **Refined Translation:** New shares may not be issued below their nominal value. If issued at a premium, the surplus shall be added to the general reserve after deducting issuance expenses. Each shareholder shall have the pre-emptive right to subscribe to a portion of the new shares proportional to their holdings, with a 15-day period granted from the date of the shareholders’ invitation to exercise this right. The same pre-emption rules shall apply when converting reserves into shares.

 3. In the event of a surplus of shares, they shall be distributed equally among the member states, and the original subscription rules shall apply to the new shares.

14 -The Company may, by a resolution of the extraordinary general assembly, reduce its capital if it exceeds its needs or if losses occur and the Company deems it necessary to reduce the capital to the actual value, provided that the remaining paid-up capital shall not, in any case, be less than five hundred thousand Bahraini Dinars. The reduction may be effected through one of the following ways:

a. Reducing the value of the shares by cancelling the obligation to pay the instalments that have not yet matured.

b. Reducing the nominal value of the shares by cancelling a portion of the paid-up amount equivalent to the losses incurred by the Company, or refunding part of it if the capital is deemed excessive. A resolution to reduce the capital shall not be issued without reviewing the auditor’s report, which must detail the reasons for the reduction, the Company’s obligations, and the impact of the reduction on those obligations.

Chapter Four

Management of the Company

15- 1. The Company shall be managed by a Board of Directors comprising three members from each member state.

 2. Each member state shall be liable to the Company and third parties for the actions of its representatives.

 3. If there is a substantial change in the distribution of shares among the member states, the extraordinary general assembly may reassess the number of representatives for each member state on the Board.

16- 1. Board members shall be appointed for a term of three years and may be reappointed for further terms.

 2. A Board member, in their personal capacity, shall not serve on the board of a similar or competing company or engage in activities that mirror or compete with those of the Company. They shall also not have any direct or indirect interest in contracts or transactions made by the Company with third parties, nor hold interests that conflict with the Company’s interests, unless they obtain special permission from the general assembly.

17- The chairmanship of the Board shall rotate alphabetically among the member states for a term of one year. The Board shall also elect a deputy chair for a one-year term, provided the deputy is from a different state than the chair.

18- 1. The Board of Directors shall appoint one of its members as a managing director and shall define their competencies, responsibilities, and remuneration.

 2. The managing director shall represent the Company before the judiciary and third parties, shall have the right to sign on behalf of the Company, and shall implement the resolutions and recommendations of the Board.

19- 1. The Board shall convene at least once every three months at the invitation of the chair. A meeting may also be called upon request by members representing at least two states. In all cases, members must be notified of the time and agenda of the meeting by registered mail with acknowledgment of receipt at least two weeks prior to the scheduled date, in accordance with the provisions of Paragraph (5) below.

 2. Meetings of the Board shall be held at the Company’s headquarters or at any other location chosen by the Board.

 3. If any member of the Board is unable to attend any meeting, they may appoint another member of the Board to represent them in writing; however, no member may represent more than one other member in addition to themselves.

 4. A quorum for the meeting of the Board shall require the presence of a majority of the members or their deputies.

 5. In urgent cases, the Chair may make decisions through correspondence by letters or telegrams, and such decisions must be ratified at the first meeting of the Board, and they shall be recorded in the minutes of that meeting.

20- Board resolutions shall be made by a majority of those present. In the event of a tie, the Chair’s vote shall prevail. A special register shall be kept for recording the minutes of Board meetings, signed by the Chair. A dissenting member may request that their opinion be noted in the minutes.

21- 1. The Board shall undertake all actions necessary for managing the Company in accordance with its objectives, except for matters explicitly reserved for the general assembly by these Articles of Association.

 2. The Board shall have general authority to oversee the Company’s affairs, manage its operations, and establish policies as it deems appropriate. It may issue resolutions and internal regulations concerning the Company’s operations, financial and administrative matters, and employee regulations. The Board may also appoint subcommittees, define their powers and duties, and enact other regulations necessary to achieve the Company’s objectives.

22- The ordinary general assembly shall determine the remuneration of the members of the Board.

23- The Board may authorise the Chair, Vice Chair, or any of its members to sign independently on behalf of the Company. Upon the Chair’s proposal, the Board may appoint assistants, managers, or authorised agents, define their powers, and grant them the authority to sign on behalf of the Company, either individually or jointly. The Board may delegate this authority to the Chair or any other member.

24- The Board shall prepare the Company’s financial statements and profit and loss accounts within four months at most from the end of each financial year in accordance with accounting principles.

25- The Board shall send a copy of the financial statements and profit and loss accounts, along with a comprehensive summary of its report and the full text of the auditors’ report, to each shareholder by registered mail at least six weeks prior to the date of the general assembly meeting.

26- The Board shall issue the internal regulations of the Company and the system for its employees.

27-

Chapter Five

General Assembly

28- A duly convened general assembly shall represent the member states and all shareholders and may convene at the Company’s headquarters or in any of the capitals of the member states.

29- 1. Invitations to the member states to attend meetings of the general assembly shall be sent by registered letter and must include the agenda. The relevant ministers in the member states shall prepare the agenda for the constituent general assembly, while the Board of Directors shall prepare the agenda for the ordinary or extraordinary general assembly.

 2. Only representatives of the member states shall be admitted to the general assembly, with each one hundred shares granting one vote.

 3. No transfer of share ownership shall be recorded in the Company’s registers from the day of publishing the announcement of the general assembly’s invitation until its conclusion.

30- In cases where the general assembly may be convened at the request of the member states or the auditors, the agenda shall be included in the request for convening the assembly, and no matters not listed in the agenda may be discussed.

31- Each member state shall have a number of votes equivalent to its shares, and resolutions shall be made by a simple majority of the shares represented at the meeting.

Proxy voting is permitted, provided that the proxy is specific and documented in writing.

32- The meeting of the general assembly shall be chaired by the Chair of the Board, the Vice Chair, or a person designated by the Board or the general assembly for that purpose. The meeting shall only be valid if attended by representatives of member states holding more than half of the shares. If this quorum is not met, a second meeting shall be called within thirty days of the date set for the first meeting, and the second meeting shall be valid regardless of the number of attendees.

33- Resolutions of the ordinary general assembly shall be made by absolute majority of the shares represented.

34- Voting in the general assembly shall be conducted in the manner determined by the Chair of the Board, unless the general assembly decides on a specific voting method.

35- 1. The depositary state shall invite the relevant ministers of the contracting states to an extraordinary session within thirty days following the deposit of the final document of ratification of the Agreement and the Articles of Association in the contracting states. This meeting shall be considered as the meeting of the constituent general assembly of the Company, and this session shall be dedicated to taking the necessary steps to commence the Company’s activities.

 2. The constituent assembly shall appoint the first Board of Directors and the auditor, determine their remuneration, and formally declare the establishment of the Company.

36- The ordinary general assembly shall convene at least once a year upon the Board's invitation, within three months of the end of the Company’s financial year.

37- 1. The ordinary general assembly shall be competent to address all matters related to the Company, except those expressly reserved by these Articles for the extraordinary general assembly (or in its capacity as a constituent general assembly).

 2. Its competency include reviewing the Company’s operations, approving the final accounts, profit and loss statements, Board and auditor reports, appointing auditors, determining the remuneration of the Board of Directors, and proposing profit distribution.

38- 1. Resolutions passed by a duly convened general assembly in accordance with the Agreement and these Articles shall be binding on all shareholders, whether present, absent, in favour, or opposed. This also applies to shareholders who are not entitled to attend or vote. whether they are present at the meeting at which the resolutions were made, absent, or dissenting. This also applies to shareholders who do not have the right to attend meetings and vote.

 2. The Board of Directors shall implement the resolutions of the general assembly.

39- The extraordinary general assembly shall convene upon the Board’s invitation or at the written request of member states holding no less than half of the Company’s shares. The Board must call the assembly within one month of receiving such a request. In this case, the Board must call the assembly to meet within one month of receiving the request.

40- 1. An extraordinary general assembly meeting shall only be valid if attended by shareholders representing three-quarters of the Company’s shares, and resolutions shall require a two-thirds majority of the shares present. If the required quorum is not achieved, a second meeting shall be convened within thirty days of the first meeting, and it shall be valid if shareholders representing more than half of the shares attend.

 2. If the quorum is not met at the second meeting or for the validity of resolutions passed therein as per the previous paragraph, a third meeting shall be convened three months after the date of the second meeting’s invitation. The third meeting shall be valid regardless of the number of attendees, and resolutions shall be passed by a majority of the votes of those present.

41- The following matters shall only be considered by the extraordinary general assembly:

a. Proposals to amend the Agreement or the Articles of Association.

b. The sale or any other form of disposal of the entire project undertaken by the Company.

c. Dissolution of the Company or its merger with another company or entity.

d. An increase or decrease in capital.

e. Liquidation of the Company.

f. Assignment of part of share by any member state.

Chapter Six

Company Accounts

42- The Company shall appoint one or more auditors, whose fees shall be determined by the general assembly. The auditors shall be responsible for auditing the financial accounts for the year of their appointment.

43- The financial year of the Company shall commence on the first of January and end on the thirty-first of December of each, except for the first financial year following the company’s establishment, which shall end on the thirty-first of December of the following year.

44- The auditor shall have the right at all times to review all Company books, records, and documents and to request any information deemed necessary. They shall also have the right to audit the Company’s assets and liabilities. If the auditor is unable to exercise these powers, they must document this in a report submitted to the Board of Directors, which shall be presented to the general assembly, and the auditor has the right to call for a general assembly for this purpose.

45- 1. The auditor shall submit a report to the general assembly stating whether the balance sheet and profit and loss accounts accurately reflect the Company’s true financial position, whether the Company maintains proper accounts, whether inventory is conducted in accordance with accepted standards, whether the information in the Board’s report aligns with the Company’s records, and whether any violations of the Articles of Association or the Agreement occurred during the financial year in a way that affects the Company’s activities or financial position. The report shall also indicate whether these violations are ongoing, based on the information available to the auditor.

 2. The auditor shall be accountable for the accuracy of the information in their report as an agent of all shareholders, and each member state shall have the right to discuss the auditor and seek clarification on the contents of the report during the general assembly.

46- Deductions from the gross income shall be made as determined by the Board, in accordance with technical and accounting standards, to cover the depreciation and renewal of the Company’s assets.

47- The net annual profits of the Company, after deducting all general expenses, depreciation, and other costs, shall be distributed as follows:

a. An amount of no less than 15% of the profits shall be allocated to form a mandatory reserve, which shall cease once the reserve reaches 50% of the subscribed capital of the Company. If the reserve falls below this percentage, it shall be replenished from future profits.

b. A sufficient amount shall be deducted to ensure a minimum dividend of 5% is distributed to shareholders based on their paid-up shares. If annual profits do not permit this distribution, the amount shall be carried forward to the next year.

c. Subsequently, the remaining amount shall be deducted for bonuses for the members of the Board of Directors as approved by the general assembly.

d. The remaining profits shall be distributed to shareholders. The Board may propose carrying over all or part of these profits to the next year or allocating them to an optional reserve fund or for extraordinary depreciation.

48- Dividends shall be paid to shareholders at the locations and times determined by the Board of Directors.

49- The reserves shall be utilized as decided by the Board of Directors in the best interest of the Company.

50- Company funds shall be deposited or invested in banks within member states, Arab banks, or international banks, as determined by the Board of Directors.

Chapter Seven

Dissolution and Liquidation

51- If the Company loses half of its capital, it shall be dissolved ahead of schedule unless the extraordinary general assembly resolves otherwise.

52- If the Company’s term ends without extension, or if it is dissolved ahead of schedule, the general assembly shall decide on the liquidation and appoint liquidators. Upon their appointment, the Board of Directors’ functions shall cease, and the general assembly’s authority shall continue throughout the liquidation process until the liquidators are discharged.

Chapter Eight

Dispute Resolution

53- If a dispute arises between the Company and a member state, or among member states, each party shall appoint a representative to resolve it amicably. Should they fail, the matter shall be referred to the higher authorities of the member states for appropriate action.

Chapter Nine

Final Provisions

54- The Board of Directors shall select a seal bearing the Company’s name, to be affixed to documents requiring the Company’s seal.

This Articles of Association was done in the city of Doha on the 24th of Jumada al-Awwal 1398 AH, corresponding to the first of May 1978, as Annex One to the Agreement.

On behalf of the Emirate of Abu Dhabi On behalf of the Government of the State of Bahrain

On behalf of the Government of the State of Qatar On behalf of the Sultanate of Oman

Annex Two

Joint Ministerial Committee for Civil Aviation

1- Formation of the Committee:

A joint committee comprising ministers responsible for civil aviation in the member states shall be formed.

2- Competences of the of the Committee:

The joint committee shall formulate the general policy for air transport in the member states and means of its development, and study all issues related to civil aviation, particularly concerning the following:

a. Supporting the Company as the designated national carrier for member states, including the provision of direct and indirect assistance, loans, and facilitation of its operations.

b. Coordinating among member states to unify positions on bilateral and multilateral air transport agreements, aiming to protect the Company’s interests and secure maximum commercial air transport rights. Civil aviation authorities in member states shall adhere to the resolutions and recommendations of the joint committee in this regard.

c. Standardising civil aviation laws and regulations in the territories of the member states.

d. Coordinating positions regarding accession to international civil aviation treaties, as well as in international conferences and meetings.

Internal Regulations of the Committee:

The joint committee shall establish internal regulations and procedures to govern its operations and fulfill its assigned objectives and duties.