

JOINT VENTURE AGREEMENT

This **JOINT VENTURE AGREEMENT** is made the _____ day of 1998 between:

_____, a Saudi national holding identity card no. _____ dated _____;

_____, a limited liability company, organized under the laws of the Kingdom of Saudi Arabia, with its principal mailing address at P.O. Box _____, Riyadh _____, Saudi Arabia, and holding commercial registration no. _____ (“_____”); and

_____, organized under the laws of _____, with its principal place of business at _____, (“_____”).

The Parties hereinafter may be referred to individually as a “Partner” or collectively as the “Partners”.

WITNESSETH

WHEREAS, _____ is a leading businessman in Saudi Arabia being President of _____, and Vice Chairman of _____.

WHEREAS, _____ is a reputable _____ company and has served as distributor of _____ products and _____ in the Kingdom of Saudi Arabia for several years.

WHEREAS, _____ manufactures and sells a broad range of _____ and _____ for use by _____.

WHEREAS, the Partners agree and acknowledge that there is a demand for the local manufacture of _____ and the supply of _____ products.

WHEREAS, the Partners wish to cooperate in the formation and operation of a joint venture company in Saudi Arabia to manufacture _____ under the brand name of _____, and to generally promote, market, sell and support the whole range of _____ products and all such products that the parties may mutually agree to add to the scope of this Joint Venture Agreement.

WHEREAS, _____ represents that it possesses the necessary technology, experience, personnel, know-how, management skills to establish, operate and manage a factory for the production of _____ in the

Kingdom of Saudi Arabia and has agreed to provide the requisite technical assistance, know-how, training.

WHEREAS, the partners have agreed to enter into this Agreement to govern their mutual relations in respect of the formation of a company, as defined under Article 11, and the carrying out of the company's affairs.

NOW THEREFORE, in consideration of these premises, the Partners hereby agree as follows:

ARTICLE 1: THE LICENSE

The Partners agree that commencing immediately as of the date of this Agreement, they shall work in good faith together to apply for and to obtain an investment license pursuant to the Foreign Capital Investment Code of Saudi Arabia to establish the joint venture for the purposes set forth in Article 3. If such license is not issued prior to _____, any of the Partners shall be entitled without liability to terminate this Agreement upon notice to the other Partner. _____ shall deliver to _____ its completed form of application for an investment license by _____.

ARTICLE 2: FORMATION OF THE COMPANY:

2.1 Registration

The Partners shall begin immediately all required procedures for the formation and registration of the joint venture as a limited liability company (the "Company"), in accordance with Part VII of the Regulations for Companies in Saudi Arabia promulgated by Royal Decree No. M/6 of 22.3.1385 AH (as amended). The Company shall have the characteristics set out in the Articles of Association attached hereto as Exhibit A and incorporated herein by reference. The Arabic text of these Articles of Association shall be used for registration purposes in Saudi Arabia. To the extent that the terms of this Joint Venture Agreement are not incorporated into the Articles of Association, the unincorporated terms shall be deemed the by-laws of the Company. The Partners agree that the form of the Articles of Association may be amended only as may be agreed mutually by the Partners.

2.2 Name

The name of the Company shall be _____ or such other name as the Partners may agree, and the Company may operate in the name of _____.

ARTICLE 3: DEFINITION AND PURPOSES

3.1 _____ Products

“_____ Products” shall mean the following _____ products manufactured and distributed by _____ and by any company of the _____ group which is appointed by _____ as supplier to the Company.

3.2 Purpose

The Partners agree and acknowledge that subject to the receipt of necessary approvals from the relevant authorities, the purpose of the Company shall be to manufacture _____ for the Kingdom of Saudi Arabia, the GCC countries, other countries in the Middle East and other parts of the world as may be found feasible by the Partners, and to promote, market, sell and support the _____ range of products and such other products in the Kingdom of Saudi Arabia as may be found feasible.

3.3 Exclusivity

During the term of the Partners’ participation in the Company, each Partner agreed and acknowledges that it shall not engage independently in such activities in the Kingdom of Saudi Arabia, except as provided for herein or as may be agreed by the Partners. _____ shall continue to exist as a marketing entity and distributor of medical equipment, which does not and shall not compete, with the activities of the Company.

ARTICLE 4: CONTROLS, SUBCONTRACTING AND MANAGEMENT

4.1 Controls

The Partners shall take all necessary and/or appropriate steps to ensure that:

- 4.1.1 All the officers and managers of the Company are appointed promptly and in accordance with the Articles of Association, and this Agreement and the Organization Chart attached hereto as Exhibit B and incorporated herein by reference;**
- 4.1.2 The Company shall manage and coordinate in accordance with the provisions hereof all contracts awarded to it for the provision of its services as a result of transfers from _____, successful tenders or proposals and the Company shall diligently perform such contracts in accordance with their respective terms;**
- 4.1.3 Each Partner shall notify and consult with the other and cooperate as far as is practicable and reasonable in the opposition to or defense of any claims or actions made or brought by other parties against the Company or against any Partners relating to the Company or its business and the Partners shall diligently endeavor to minimize the consequences of any such claims or actions;**
- 4.1.4 Except with the written consent of the other Partners, no Partner shall accept liabilities or compromise any claim or otherwise act in a manner prejudicial to the defense or resistance of any claim or action against the Company or against the other Partner if such claim relates to the Company or its business;**
- 4.1.5 Each Partner shall bear its share of the risks related to participation in the Company.**

4.2 Subcontracting

In the event that any Partner or any related party (the “Contracting Partner”) acts as a subcontractor to the Company, full risk and responsibility for performance of its subcontract shall be undertaken by the Contracting Partner, and the Contracting Partner shall be responsible for all costs, expenses and liabilities arising therefrom in accordance with the terms of such subcontract.

4.3 Board of Directors

4.3.1 Formation

Upon formation of the Company and subscription of the share capital as set forth below, and upon receipt of a valid Commercial Registration for the Company, the Partners shall appoint a five (5) member Board of Directors to manage and administer the operations of the Company. _____ shall appoint two (2) directors and _____ shall appoint three (3) directors, and

each shall be entitled to dismiss and replace at will the directors it appoints by giving written notice thereof to the other Partners. _____ shall be entitled at all times to designate one of its directors as Chairman of the Board of Directors.

4.3.2 Chairman and Vice Chairman of the Board of Directors

_____ shall nominate one of the managers appointed by it to serve as the Chairman of the Board of Directors. The Chairman shall chair the meetings of the Board of Managers. In the event the Chairman is absent or fails to serve as Chairman at any such meeting, the Vice Chairman of the Board of Directors shall preside in the Chairman's place. _____ may remove the Chairman at any time without any showing of cause and replace the Chairman with another manager appointed by _____.

A manager appointed by _____ shall have the title of Vice Chairman of the Company. _____ may remove the Vice Chairman at any time without any showing of cause and replace the Vice Chairman with another manager appointed by _____. The Vice Chairman shall have no duties other than (i) to substitute for the Chairman in his absence at any meeting of the shareholders or the Board of Managers upon any incapacity of the Chairman, and (ii) to represent the Company at official government functions and before government officials as directed by the Board of Directors from time to time.

4.3.3 Meeting and Voting

The Board of Directors shall meet at least once every three (3) months to review the operations of the Company and may meet more often at its option or at the request of any director or Partner. A quorum shall consist of four (4) members of the Board and any action of the Board may be taken only by an absolute majority of the directors then in office, unless such action relates to any matter which requires a unanimous decision of the Board of Directors or as he may be otherwise authorized as an officer of the Company. Any director may be represented for all purposes by another director or a third person at any meeting by a written proxy in any form, including telex, telegraph or cable to be produced at the subject meeting. The Board also may act without holding a meeting upon the unanimous written consent of all the directors. It is the intent of the Partners that the General Manager shall be invited to attend each meeting of the Board of Directors; however, upon the motion of any two directors, the General

Manager may be asked not to attend all or any part of any meeting of the Board of Directors, unless the General Manager is also a member of the Board of Directors.

4.3.4 Unanimous Written Consents of the Board

Any matter which might be appropriate for action by the Board of Directors of the Company may be adopted by the Board of Directors by an unanimous written consent of the directors signed by each of the directors in respect of such matter, such unanimous written consents to be in one or more counterparts.

4.4 Powers and Authority of the Partners

None of the Partners may sign any document, perform any act, or make any commitment or undertaking on behalf of the other Partners of the Company.

4.5 General Manager

4.5.1 Responsibilities

The General Manager shall be responsible for the general execution of the Company, subject to the general policies and procedures to be established by the Board of Directors. The Board of Directors will at the initial meeting adopt a resolution setting out the authority of the General Manager, which resolution may not be amended except by an unanimous vote of the Board of Directors.

4.5.2 Nomination

_____ shall be entitled to nominate the General Manager and any replacements thereof who shall be appointed by the Board of Directors and the Partners shall cause the Board of Directors to vote to appoint such General Manager. _____ shall likewise be entitled to decide to dismiss the General Manager and Partners shall cause the Board of Directors for the nomination and dismissal of the General Manager shall be taken by a simple majority vote. _____ in each instance shall consult with _____ in advance with respect to the appointment and dismissal of any General Manager.

4.5.3 Information to the Partners

_____ shall ensure that the General Manager perform his duties in a proper manner and that he keeps the

Partners informed of the activities and final position of the Company, including issuing a written report to the Partners not less than every three (3) months.

ARTICLE 5: TRANSITION ACTIVITIES

5.1 Timing

The Partners have entered into this Joint Venture Agreement as of _____. As of this date, the Partners shall commence the necessary procedures to establish the Company pursuant to the laws of the Kingdom of Saudi Arabia. For the purposes hereof, the date upon which these procedures are completed and the Company obtains its Commercial Registration shall be referred to as the "Registration Date". Notwithstanding that the Company will not be legally established until the registration date, the Partners have agreed that they will deem the Company to be operational as of _____ (the "Transfer Date"). During the period from the Transfer Date until the Registration Date (the "Transition Period"), the operations of the Company shall be conducted by _____ in accordance with the provisions of this Agreement.

5.1.1 Transition Period

To the extent allowable under Saudi law, the financial results of the Company during the Transition Period shall be included in the Company's financial statements for its initial year of operation. All expenses properly incurred and all revenues received by a Partners during the Transition period on behalf of the Company shall be for the account of the Company. During the Transition Period, _____ shall operate the accounts of the Company, which accounts shall be designated on the _____ books as being for the account of the Company in the process of formation. _____ shall fund or obtain commercial financing for the operations of the Company during the Transition Period and shall reimburse the Partners monthly in arrears for net expenses each has properly incurred on behalf of the Company. In accounting to the Company for its costs, _____ shall include its cost of financing the Company's operations during the Transition Period, irrespective of whether such financing is provided by a commercial institution or by _____, or by one of its affiliates (such financing to be at competitive local market rates).

5.1.2 Transition Period Accounting

Immediately after the Registration Date, an accounting shall be made by _____ for the operations of the Company during the Transition Period. Based upon the determination of the final accounting, payment shall be made by _____ to the Company or by the Company to _____, as appropriate, to transfer to the Company any net profits generated during the Transition Period or to reimburse _____ for any net losses incurred during the Transition Period relating to the Company's operations.

5.1.3 Transition Period Expenses

As set forth above, each Partner shall be entitled to be reimbursed during the Transition Period for expenses properly incurred by it on behalf of the Company. The Partners shall be reimbursed monthly in arrears for these net expenses within fifteen (15) days of the date of each Partner's accounting to the Company for the same. If any Partner realizes a net profit on behalf of the Company during any month, payment in the amount of such net profit shall accompany that Partner's monthly accounting to the Company. For the purposes hereof, reimbursable expense shall include personnel costs, direct expenses paid to third parties, administration and facilities costs and all funding and financial costs, provided that all of the same are properly incurred on behalf of the Company and are approved by both Partners. Any expenses not approved by the Partners in advance shall be reimbursable only to the extent that the Partners agree subsequently that such expenses have been properly incurred on behalf of the Company.

ARTICLE 6: OPERATION OF THE COMPANY

6.1 Pursuant to the terms and conditions of a full scope Distributor Agreement entered into with _____, _____ is the exclusive distributor for the _____ products in the Kingdom of Saudi Arabia. The Partners intend that the Company will provide _____ all the service and technical support necessary for _____ sale of the Products. Any contract payment received by _____ relating to the sale or service of _____ shall be deposited in an _____ bank account. Upon receipt of any such payment, an amount equal to 10% of the payment shall be paid immediately to _____ and _____ would be paid immediately the CIF value of the goods for which payment is received. Any expenses properly and reasonably incurred by or in the name of

_____ with respect to the implementation of the subject contract will be paid out of this bank account. These payments will be made in accordance with the understanding that the Company shall be responsible for paying all costs properly and reasonably incurred by _____ in connection with the sale and service of the Products. After all _____ expenses relating to any contract have been paid, the balance remaining in the bank account pertaining to such contract will be transferred into a bank account of the Company and will be employed by the Company to pay its own expenses and to compensate it for its management services pertaining to the subject contract. The balance remaining, if any, shall be profits of the Company resulting from such contract.

The payment terms as specified in Annexure IV of under the Distributor Agreement shall be amended to reflect that payment will be made to _____ for the CIF value of the goods on receipt of payment from the customer.

- 6.2 _____ shall receive a commission in the value of 10% with respect to all _____ spare parts shipped into Saudi Arabia. This commission shall be calculated on the basis of the list price of such parts.
- 6.3 Pursuant to the Distribution Agreement entered into by _____ and _____, _____ shall receive compensation from _____ with respect to direct sales of the _____ made in the Kingdom of Saudi Arabia. Upon receipt of any such compensation of _____ shall deduct for its own account an amount equal to the list price of all _____ products which are part of that sale and thereafter shall remit to the Company for its own account the balance of such compensation.
- 6.4 At the Registration Date, all current _____ installation and service contracts and commitments entered into prior to the Registration Date shall be assigned to the Company. For the reasons set forth in Section 5.1 above, this assignment shall be deemed to be effective as of the Transfer Date. If any such contracts or commitments require the approval of any third party for assignment and such approval is not obtained, the Partners shall agree to an alternative basis for accomplishing the desired objective, including the Company's acting as a subcontractor to _____.
- 6.5 Certain personnel of _____ shall be employed by the Company. These personnel shall be employed by the Company pursuant to terms of employment no less favorable than those provided them by _____ immediately prior to the Transfer Date.

- The Partner shall take the steps necessary to transfer the sponsorship and the employment of the personnel from _____ to the Company. These steps shall include obtaining all required government authorizations, which the Company shall obtain. Any costs thereby incurred shall be paid by the Company.
- The Partners acknowledge that the transfer of the personnel shall not be completed until after the Registration Date but that the Transfer Date shall be deemed the effective date of transfer for the purposes hereof. _____ shall be responsible for all obligations to and benefits of the transferred employees accrued through the Transfer Date, including benefits attributable to their termination by _____ and shall indemnify the Company and _____ against any liabilities arising due to or as a result of the employment by _____ of any liabilities arising due to or as a result of the employment by _____ of any of these personnel prior to the Transfer Date. The Company shall be responsible for all obligations to and benefits of the personnel arising after the Transfer Date.

6.6 The inventory of _____ for the Products at the Transfer Date shall be retained by _____ but financed by the Company as further agreed by the Partners. This inventory shall be made available for the Company's uses as of the Transfer Date. The value of such products for purposes of this financing shall be equal to their book value. These financing arrangements shall be completed at such time as the purchase price payment is made by _____.

ARTICLE 7: REVENUES, EXPENSES, PROFITS AND LOSSES

7.1 Percentage Interest

Profit and losses of the Company shall be shared by the Partners in proportion to their respective shares of equity ownership. The profits of the Company, if any, available for distribution after making provision for the statutory reserve or for other reserves established by the unanimous vote of the Board of Directors, shall be distributed annually in full to the Partners and in accordance with Article 175 and 176 of the Regulations for Companies, the losses shall be borne by the Partners up to a maximum of their respective interests in the share capital of the Company. Notwithstanding the foregoing, the Partners may agree in writing that the profits and/or losses arising from any one or more

specific contracts, or during any specified fiscal period, may be allocated or distributed on another basis.

7.2 Definition of Profits

For the purposes of this Agreement, profits or losses shall mean gross receipts from any and all operations carried out by the Company less all expenses, direct and indirect, properly attributes thereto, as determined by the audited financial statements of the Company. The Company shall calculate its earnings and profits before taking into account any Saudi income tax liabilities. Any such liability shall be calculated separately and subtracted from _____ share of the Company's earnings and profits, leaving only the net amount available for distribution. The Company's books of account shall be kept on this basis.

7.3 Pre-Operating Expenses

Expenses incurred by either Partner on behalf of the Company subsequent to the Transfer Date and prior to the Registration Date shall be deemed pre-operating expenses. If _____ incurs any such pre-operating expenses, it shall be reimbursed by the Company upon its formation for the same. _____ shall be reimbursed for its and pre-operating expenses pursuant to Article 5.1 above. The Partners further agree that expenses incurred in connection with the licensing and registration of the Company shall be deemed pre-operating expenses which shall be shares equally by the Partners and reimbursed by the Company upon its formation.

7.4 Pre-Operating Revenues

The Partners agree and acknowledge that they deem the Company to be operative as of the Transfer Date notwithstanding that the Company will not be legally registered at that date. Each Partner therefore agreed that any revenues it might receive on behalf of the Company during the period from the Transfer Date to the Registration Date shall be treated as Company revenues for all purposes.

7.5 Taxation

The Partners shall exert their best efforts to establish the Company so as to qualify for the various incentives available under the Foreign Capital Investment Code of Saudi Arabia and for other benefits and protections available under the rules and regulations of Saudi Arabia, including the maximum insulation available from Saudi Arabian income taxes. The Company shall withhold from each Partner and shall pay directly to the Saudi Arabian government any and all applicable Saudi Arabian income taxes, Zakat or social insurance levies which are due and payable.

ARTICLE 8: FINANCING OF THE COMPANY

8.1 Stated Capital

The Company shall have an initial authorized capital of _____ Saudi Riyals (SR_____) divided into _____ (_____) indivisible shares valued at _____ Saudi Riyals (SR_____) each.

8.2 Equity Percentage

The stated capital shall be subscribed for by the Partners on the following basis:

Party	Percentage of Capital	Cash Contribution to Capital	Number of Shares
_____	_____%	SR_____	_____
_____	_____%	SR_____	_____
_____	_____%	SR_____	_____
TOTAL		SR_____	_____

8.3 Share Register

In accordance with Article 166 Part VII of the Regulations for Companies, the Company shall prepare and maintain a special register in which shall be entered the names of the Partners, the number of shares owned by each and any transfers of shares by any of the Partners.

8.4 Capital Account

The Company-in-formation shall establish at any Bank in Riyadh a capital account which shall be funded on a timely basis with each Partner’s initial capital contribution. None of the Partners shall receive interest on such contribution, which shall be made in case immediately prior to submission of the Company’s application for its commercial registration. The funds shall be available to the Company upon satisfaction of the Company’s obligations as set out in Article 162 of the Regulations for Companies.

8.5 Share Transfer and Mortgage

8.5.1 Neither Partner shall be entitled to transfer or otherwise dispose of all or any part of its shares in the Company without the prior written agreement of the other Partner. Any Partner wishing to dispose of all or any part of its shares in the Company shall do so

advise the other Partner(s) in accordance with the notice procedures set forth herein. Each Partner so notified shall be expected to advise the notifying Partner within thirty (30) days of its receipt of the deposition notice whether to approve or does not approve such proposed disposition. Failure to respond within said thirty day period shall be deemed to constitute approval of the proposed disposition. Any disposition of shares shall be effected in accordance with the relevant provisions of the Regulations for Companies and the Company's Articles of Association. Any transferee shall be required to provide an undertaking acceptable in form and content to each Partner and to the Company that it shall observe and undertake fully the provisions of this Agreement. The Partner transferring all of its shares shall not have any further responsibility hereunder subsequent to such transfer, except for its accrued liabilities to the date of transfer.

- 8.5.2 None of the Partners shall be entitled to mortgage, encumber, charge or grant a lien against all or any part of its shares of the Company's capital without the prior written consent of the other Partner.

ARTICLE 9: MATTER REQUIRING UNANIMOUS APPROVAL

9.1 Partner Matters

Prior written consent of each Partner shall be required with regard to the following:

- 9.1.1 Any change in the principal nature of the business of the Company.
- 9.1.2 The disposition or encumbrance of all or substantially all the assets of the Company (by a single transaction or a series of transactions), whether by sale lease, mortgage or pledge.
- 9.1.3 Any alternation to the share capital of the Company or any increase in the financial liability of the Partners.
- 9.1.4 Any amendment to the Articles of Association of the Company.
- 9.1.5 The creation of any subsidiary Company or acquisition of any interest in any other business, Company or joint venture or any merger or consolidation of the Company with any other Company.
- 9.1.6 The payment of any fees or remuneration to members of the Board of Directors.

9.1.7 The dissolution or termination of the Company except as otherwise provided herein.

9.1.8 Any change in the Company's nationality or name. or

9.1.9 The appointment, change and remuneration of the Company's auditors.

9.2 Board of Directors Matters

Unanimous approval of the Board of Directors shall be required with regard to the following:

9.2.1 The granting of any guarantees or the loan or advance of money to any government, government agency or any person or firm or corporation (including either of the Partners), or the granting of any charge over any of the Company's assets or any variation, termination or acceleration of any of the foregoing, provided that the approval of the Board of Directors shall not be required for advance payments made directly by the Company to its subcontractors or for advance rental payments made by the Company to any of its landlords in the ordinary course of business.

9.2.2 The financial and operational objectives and the annual operating and capital expenditure budgets and the establishment of reserves.

9.2.3 Any raising or borrowing of monies by the Company, whether by one or more transactions (including borrowing from banks in the ordinary course of business).

9.2.4 The execution by the Company of any contract, subcontract, purchase order or commitment with a value equal to or in excess of 500,000 Saudi Riyals or execution by the Company of any contract, subcontract, purchase order or commitment of any value with a Partner.

9.2.5 Any change in the scope of or nature of the powers and authorities vested respectively in the General Manager.

9.2.6 Any amendment to the Company organization chart.

9.2.7 The approval of a Partner's nomination of a candidate, as specified herein, for the position of General Manager.

ARTICLE 10: PARTNER'S SUPPORT TO THE COMPANY**10.1 _____ Support to the Company**

Upon request by the Company, _____ shall give the Company access to its infrastructure and provide administrative support services at pre-agreed rates. Administrative support services include the services of _____ centralized department for materials, warehousing and logistics, credit and collection, information technology, personnel and administration, treasury operations, head office and branch facilities, corporate, support business development and financing and accounting support.

10.2 _____ Support to the Company

_____ shall provide the technical assistance and know-how, training, personnel, managerial skills to establish operate and manage the factory for the production of _____ in the Kingdom of Saudi Arabia.

Any charges to the Company will be on a cost basis and only for the specific work performed at the request of the Company and will not contain any element of overhead allocations of _____ organization. The Company will not be charged for personnel who have not performed any specific work related to the Company.

The Company will also not be charged for the services of _____, or any one taking his place as manager of the technical service office of _____ in the Kingdom of Saudi Arabia.

ARTICLE 11: _____ TRADEMARK AND TRADENAME

The Company shall be use _____ trademark and tradename in accordance with the policy of _____ and the _____ Group. Therefore the Company needs the prior written approval on how to use _____ trademark and tradename in the Company's name and in the Company's letterheads and sales literature. However, in the event in which _____ is no longer a Partner because this Agreement is terminated as per Article 13, _____ and any of its companies shall not any longer make use of the name, trademark or tradename of _____ (in whatever way it may be written, e.g. _____) and _____ may terminate any existing patent and/or know-how or tradename license agreements.

ARTICLE 12: BOOK OF ACCOUNT AND AUDITING OF THE COMPANY**12.1 Financial Records**

The Company shall prepare and maintain at its principal office accurate itemized accounts and records of receipts, expenditures, revenues, costs, assets, and liabilities of the Company in accordance with generally accepted international accounting principles. The internal accounts shall be established so as to segregate the financial information on a project basis. Such accounts shall be maintained in the Arabic and English languages and the monetary unit employed therein shall be the Saudi Arabia Riyal.

12.2 Fiscal Year

The fiscal year of the Company shall begin on January of each year and end of December 31. By way of exception the first fiscal year shall cover the period from the Registration Date to December 31, 1999.

12.3 Auditing

The Partners by unanimous vote shall appoint the auditor for each fiscal year from the list of those internationally recognized accounting firms which are authorized to practice in the Kingdom of Saudi Arabia. Annual fees shall be paid to the auditor as specified by the appointment resolution.

During the four (4) months following end of each fiscal year, the Board of Directors shall cause to be prepared for each such fiscal year a balance sheet, a profit and loss account and a report on the Company's activities and financial position and shall cause copies of these documents to be sent to each Partner within two (2) months following the preparation of the said documents. The General Manager shall direct the auditors for the Company to file with the Department of Companies at the Ministry of Commerce the required reports and statements within two (2) months of the date of completion of the same.

Each Partner shall be entitled to conduct an audit of the Company books at any time at its own expense and using personnel selected by it. Each Partner shall cause the Company to give its best cooperation during the performance of any such audit, which audit shall be conducted during the normal operations of the Company.

12.4 Confidentiality

Without the prior written approval of the other Partners, none of the Partners shall publicize this Agreement, the financial arrangements set forth herein or the financial information contained in the books of account required by this Article 9, except as may be required by any governmental agency, law or regulation of competent authority.

12.5 Final Accounting

Upon termination or dissolution of the Company for any cause, the Partners hereby agree that they will cause to be made a true, just and final accounting of all matters relating to the Company. After all the debts of the Company have been paid and discharged, and all of the work in progress at the time of such termination is completed, all of the remaining assets shall be distributed in kind or in cash, as appropriate, to the Partners pro rata with each Partner's respective ownership of the equity capital of the Company. After all assets of the Company shall have been finally liquidated and distributed as herein provided, the Company shall be dissolved and shall cease to exist.

ARTICLE 13: PROPRIETARY INFORMATION

Each Partners undertakes to take all reasonable precautions to prevent the disclosure of confidential information associated with the Company or its business to any third party, provided that such information may be disclosed as necessary to suppliers and subcontractors engaged on work for the Company only for the purpose of such work and provided that such parties have undertaken in writing to treat such information as confidential. _____ acknowledges that this Article shall not prevent _____ from providing necessary information to its parent and affiliate companies.

ARTICLE 14: TERM AND TERMINATION

14.2 Term of the Company

Subject to the provisions of Articles 14.2 and 14.3, the Partners hereby agree that the term of the Company shall be twenty (20) years from the date of its commercial registration.

14.2 Termination

14.2.1 This Agreement shall terminate with immediate effect if any of the Partners:

- i) becomes bankrupt or insolvent or files a petition therefore.**
- ii) makes an assignment for the benefit of creditors.**
- iii) has a receiver appointed over all or a substantial part of its assets.**
- iv) enters proceedings for winding up or dissolution.**

14.2.2 In the event that any Partner commits a serious breach with respect to any significant provision of this Agreement or any other agreement to be entered into by the Partners in accordance with this Agreement, any Partner may serve written notice of default upon the breaching Partner. In such event, the defaulting Partner shall be allowed thirty (30) day to cure the default or to commence to cure the default if the nature of the default makes it impossible to cure with the allowed thirty (30) day period. If the default is not cured on a timely basis to the satisfaction of the non-defaulting Partners, the non-defaulting Partners shall be entitled to terminate this Agreement upon ninety (90) days' written notice.

14.2.3 In the event that this Agreement is terminated, the Partners shall execute all documents and take all steps required to dissolve and liquidate the Company and the Company shall be dissolved and liquidated.

14.3 Withdrawal Option

At any time subsequent to the expiry of a three (3) year period from the date of the Company's commercial registration, any Partner shall ne entitled to exercise a withdrawal option by giving notice of its desire to withdraw from participation in the Company. The Partners in such event shall negotiate the transfer of the shares of the withdrawing Partner to the other Partners or to a third party. If the Partners cannot reach agreement within three (3) months after the date of the withdrawal notice, the Company shall be dissolved and there shall be a final accounting in accordance with Article 12.5. In the event that _____ exercises this option and the Company is liquidated within six (6) of the effective date of

_____ withdrawal from the Company, _____ shall be required to as requested by the Company or _____ to purchase from _____ and the Company at book value their spare part inventories pertaining to the Products, provided that such are in good working order. In such event, _____ shall not be required to purchase inventory of a value greater than that owned in the aggregate by the Company and _____ on such date as _____ notifies _____ of the exercise of this option.

ARTICLE 15: DISPUTE RESOLUTION

Any dispute hereunder or in respect of the Company, which cannot be resolved amicably by the Partners, shall be submitted to the Board of Grievances in Riyadh, Saudi Arabia for final resolution.

ARTICLE 16: FORCE MAJEURE

The Partners shall not be liable for failure to perform any part of this Agreement when the failure is due to fire, flood, earthquake, strike or other labor disputes, shortage of materials, accident, war, riot, act of God, insurrection, civil disturbance, act of government, governmental regulation or other circumstances of any nature whatsoever beyond the control of such affected Partner, provided, however, that the above shall not relieve any Partner from its obligations to perform its part of the agreement at such times and to such extent as may be reasonably possible subsequent to the cessation of any of the above-cited events or occurrences.

ARTICLE 17: MISCELLANEOUS PROVISIONS

17.1 Governing Law

This Agreement and the obligations and relationships of the Partners provided herein shall be interpreted under the governed by the laws of Saudi Arabia.

17.2 Governing Language

This Agreement, all communications to each Partner hereunder, and the proceedings of the Board of Directors and the General Assembly shall be executed, given and conducted in or by the English language. An Arabic translation of this Agreement will be made available to each Partner at the expense of the Company.

17.3 Non-Assignability

None of the Partners shall be entitled to assign all or any part of its interest in this Agreement or in the Company in-the-process-of-formation without the other Partners express written approval.

17.4 Waiver

Failure by any of the Partners to exert all or any of its rights up breach of this Agreement shall not be deemed a waiver if such rights either with respect to that breach or any subsequent breach.

17.5 Integration and Amendment

This Agreement summarizes the negotiations of the Partners, constitutes the full understanding and entire agreement between the Partners and supersedes any and all prior oral or written understandings and agreements. No terms, conditions, understandings or agreements purporting to modify, amend or vary this Agreement shall be binding unless made in writing and signed by the Partners to be bound. None of the Partners has relied upon any representations nor statements of any other Partner except as stated herein. Each Partner acknowledges that it has been and will continue to be solely responsible for appraising and investigating the feasibility and profitability of the Company.

17.6 Severability

The invalidity or no-enforceability of any provision of this Agreement shall not affect the other provisions hereof and this Agreement shall be construed in all respects as if said invalid or unenforceable provisions were not contained herein. The Partners agree to cooperate in any revisions or amendments of this Agreement which may be necessary to effect the intent of the Partners in the event that any provision of this Agreement is deleted as herein provided.

17.7 Notices

All notices or communications given or sent pursuant to this Agreement shall be sent in writing and shall be deemed to have been duly given or served if delivered by hand or by prepaid airmail letter or by telegraph, telex or cable, followed, if not delivered by hand or prepaid airmail letter, by a signed copy sent by registered air mail, if possible, or if not possible, by regular air mail.

Notice to _____ shall be addressed to:

P.O. Box _____
_____, Saudi Arabia
Tel:
Fax:

Notice to _____ shall be addressed to:

P.O. Box _____
_____, Saudi Arabia
Tel:
Fax:

Notice to _____ shall be addressed to:

Tel:
Fax:

Any of the Partners from time to time may change the address to which notices are to be given it hereunder by sending notice of such change to the other Partners.

17.8 Calendar

All references to month or year herein shall be deemed references to Gregorian months and Gregorian years.

17.9 Captions

The captions and headings contained in this Agreement are for reference only and do not form a part of the operative language hereof.

IN WITNESS WHEREOF, the Partners have caused their duly authorized representatives to execute this Agreement as of the date first above written.

By:

By:

By:

Witness: _____

Witness: _____

