

Article 85.

After the expiration of one year from the date when the invalidation ceased to exist, should any third party claim damages by reason of the invalidation, such claim will not be admitted by the Courts.

Article 86.

If, to prevent the nullity, a special general meeting is called and the shareholders (partners) are notified of the meeting in accordance with articles, nullity proceedings will not be entertained by the Courts from the date of notification, unless the meeting has failed to remove the nullity.

Article 87.

If no action is taken for invalidation and damages within ten years of the date of such invalidation, The Courts will no longer admit such action.

Article 88.

Dividends cannot be reclaimed from shareholders unless the distribution was made without the preparation of a statement of accounts, or contrary to the results shown by such a statement. In such cases, claim for refund can be made within five years only. prescription runs from the date of distribution of such dividends.

Article 81.

When the company wishes to convert provisional scrip it has issued into shares, the non-registered provisional scrip will be dealt with in accordance with Articles 76, 77, 78, and 79 and the registered provisional scrip in accordance with Article 80.

VII. The invalidation of a joint stock company or its deeds and resolutions.**Article 82.**

Any joint stock company failing to comply with Articles 28, 29, 36, 39, 41, 44, 45, 46, 47, and 40 of the present law will be declared null and void. The shareholders (partners) however, are not discharged from liability to third parties of reason of this annulment.

Article 83.

If in conformity with the preceding article, the Court decrees that the company, itself, or its deeds and resolutions are void, the promoters responsible for the nullity, as well as the auditors and directors who were in charge when the cause of nullity arose, or immediately thereafter, and who have failed in their duty, are jointly and severally responsible towards shareholders and third parties for the damages resulting from the invalidation.

The same responsibility may attach to shareholders whose non-cash shares have not been valued and approved, or where they have demanded privileges which have not yet been approved.

Article 84.

The proceeding for annulment of the company or of its deeds and contracts cannot be heard by the Court, if before the lodging of the petition, the cause for invalidation has ceased to exist.

the Ministry of Justice, and in one of the widely circulated papers appearing in the town where the company is registered. Where head office is outside Tehran, the notice must also be published in one of the Tehran daily papers appointed by the Ministry of Justice for that purpose.

The six months will run from the date of first publication in the Official Gazette.

Article 78.

Any Shareholder not having converted his shares within the time limit mentioned in Article 76 will lose the right to do so. The company will then have the right to see to third parties, by auction, the new shares issued in lieu of the unconverted ones.

Article 79.

The price of shares sold in accordance with the preceding article will be deposited in the company's head office or in the Banque Mellie Iran. If, within a period of ten years from the date of sale, the shareholder does not return his shares and claim the amount deposited as above, his rights to claim the deposit will be barred by statute. The said deposit will be considered as unclaimed money and the managing directors must pay it over to the competent authorities. Any managing director failing to carry out this obligation will be liable to pay treble the amount mentioned above.

Article 80.

When the company wishes to convert its registered shares into bearer shares it must publish an announcement on this effect as stated above. If within the prescribed limit, which must not be less than two months, the shareholders do not convert their registered shares into bearer shares, the registered shares actually in their hands will be considered as cancelled and the new shares deposited in their name at the company's head office.

of this second meeting the minutes of the previous meeting and resolutions passed thereat must be published twice at an interval of eight days in one of the local papers appointed each year for this purpose by the Ministry of Justice.

There must be present at the second meeting a quorum of shareholders representing at least one half the company's capital. If this quorum is not present, a third general meeting may be summoned, provided the formalities prescribed above are complied with. The third meeting will be allowed to pass resolutions, if the number of shareholders present represents at least one-third of the company's capital.

At each of the above-mentioned meeting, resolutions will be passed by a majority of two-thirds of the voters present. All shareholders, irrespective of the number of shares they own, will have the right to be present at these meetings. They will have one vote per share, even if the articles provide otherwise.

Article 75.

A record will be kept of the names, addresses, and the number of shares held by shareholders present at each general meeting. This record, after being certified by the Board, will be kept at the head office and may be consulted by any one wishing to do so.

VI. The conversion of shares.

Article 76.

If the company wishes, in conformity with the provisions of its articles, to convert its bearer shares into registered shares, it must publish a notice to that effect and grant shareholders a respite of six months at least in which to change their shares for new ones.

Article 77.

The notification referred to in the preceding article must be published twice, at an interval of ten days, in the Gazette of

41, to examine the subscriptions to the capital and the privileges enjoyed by the shareholders. They may also attend the meetings convened in accordance with article 45, to appoint the first directors and auditors and to certify the declarations of the promoters.

Article 71.

Except in cases provided for in articles 41, 45 and 74, the general meeting must be composed of a number of shareholders representing one-third at least of the company's capital. If this quorum is not present at the first meeting, a new general meeting must be called in conformity with the company's articles, and the resolutions passed by this meeting will be final, even though the above mentioned quorum is not present.

Article 72.

Resolutions at the general meeting must be passed by a majority vote.

Article 73.

Should the general meeting of shareholders pass such resolutions concerning the rights enjoyed by a special class of shares, which will modify the said rights, such a resolution will only be effective after ratification at a special meeting by the shareholders whose rights are affected. In order to make the resolutions passed by such a special meeting valid, the shareholders present must own more than half the shares under discussion.

Article 74.

At general meetings called to extend the life of the company, or to wind it up before the time appointed has expired, or to make any other alteration in the articles, a quorum of shareholders representing more than three-quarters of the company's capital must be present. If this quorum is not present a second meeting may be called. One month at least before the calling

Article 64.

The extent and scope of the auditor's responsibility is the same as that of an attorney towards his principal.

V. General meetings of joint stock companies.**Article 65.**

A general meeting must be held at least once annually at the time fixed by the articles.

Article 66.

The articles will state the number of shares a shareholder must hold, either as owner or by proxy, to be admitted to the general meeting.

Article 67.

The number of votes to which each shareholder will be entitled in proportion to the number of his shares will be fixed by the articles.

Article 68.

Except for provisions to the contrary in the articles, there will be no distinctions concerning the right to vote at the general meeting between ordinary shareholders and those holding preferential shares.

Article 69.

The shareholders who do not hold sufficient number of shares to allow them to vote at the general meeting may combine, so that the number of their shares will be sufficient to assure them a vote, and they may appoint one of their number to vote at the general meeting.

Article 70.

All shareholders, irrespective of the number of their shares, may attend the general meeting called, in conformity with article

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IV. Auditors and their duties.

Article 62.

The annual general meeting will appoint one or more auditors.

The said auditors, who may be chosen from outside the shareholders, will be entrusted with the drafting of a report to be read at the next annual meeting. The report will deal with the general position of the company, as well as with the balance sheet and the accounts submitted by the directors.

In the absence of this report, any decisions relative to the passing of the balance sheet and the directors, accounts will be null and void.

Should the general meeting have failed to appoint auditors, or if one or more of the auditors appointed have been unable to submit a report or refused to give one, the president of the court of first Instance in the place where the head office of the company is situated, at the request of any interested party and after having summoned the directors to be present, will appoint fresh auditors in room of those who failed or refused to submit a report.

Article 63.

For three months prior to the date fixed by the articles for the calling of the general meeting, the auditors have the right to examine the books and to scrutinise the company's transactions.

They may, if necessary, call the general meeting immediately.