

**THE COMPANIES ACTS 1948 TO 1967**

**A PUBLIC COMPANY LIMITED BY SHARES**

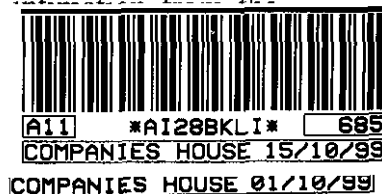
**ARTICLES OF ASSOCIATION**

**OF MATTHEWS OFFICE FURNITURE PLC**

**(As altered by Special Resolution passed on the 22<sup>nd</sup> day of October 1993 and  
Special Resolution passed on the 23<sup>rd</sup> day of September 1999)**

**PRELIMINARY**

1. The Regulations contained in Part 1 of Table A in the First Schedule to the Companies Act 1948 (such Table being hereinafter called "Table A") shall apply to the Company save insofar as they are excluded or varied hereby; that is to say, Clauses 10, 24, 44 and 75 in Part 1 of Table A shall not apply to the Company; and in addition to the remaining clauses in Part 1 of Table A as varied by these Articles, the following shall be the Regulations of the Company.
  
2. The Share Capital of the Company is £10,000,000 and was (pursuant to Ordinary Resolutions of the Company) on 17<sup>th</sup> September 1999 reclassified as follows :-
  - 2.1 4,000,000 of the unissued Ordinary Shares of £1 each in the capital of the Company are reclassified as 4,000,000 'B' Ordinary Shares of £1 each; and
  - 2.2 2,000,000 of the unissued Ordinary Shares of £1 each in the capital of the Company are reclassified as 2,000,000,000 'C' Ordinary Shares of 0.1 pence each; and
  - 2.3 that 4,000,000 of the Ordinary Shares of £1 each in the capital of the Company; 3,188,450 of which are in issue, are renamed as 'A' Ordinary Shares of £1 each"
  
3. The Shares shall be under the control of the Directors, who subject to the provisions of Article 4 hereof may allot and dispose of or grant options over the same to such persons on such terms and in such manner as they think fit.
  
4. Unless otherwise determined by Special Resolution any Shares in the Capital of the Company for the time being unissued shall, before they are issued, be offered to the members in proportion, as nearly as may be to the number of Shares held by them. Such Offer shall be made by notice specifying the number of Shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and after the expiration of such time, or on the receipt of information from the



person to whom the offer is made that he declines to accept the Shares offered, the Directors may, subject to these Articles, dispose of the same in such manner as they think most beneficial to the Company

- 5 The Company may from time to time by Special Resolution increase the Share Capital by such sum, to be divided into Shares of such amount, as the Special Resolution shall prescribe.
- 6 Subject to the provisions and so far as may be permitted by law, the Company may with the sanction of a Special Resolution purchase its own Shares. Clause 10 of Part One of Table A shall not apply.

### **GENERAL MEETING**

- 7 Every notice convening a General Meeting shall comply with the provisions of Section 136(2) of the Companies Act 1948, as to giving information to members in regard to their right to appoint proxies; and notices of and other communications relating to any General Meeting which any member is entitled to receive shall be sent to the Auditor for the time being of the Company.
- 8 Clause 54 in Part I of Table A shall be read and construed as if the words "Meeting shall be dissolved" were substituted for the words "Members present shall be a quorum"

### **DIRECTORS**

- 9 Unless and until the Company in General Meeting shall otherwise determine the number of Directors shall be not less than two or more than eight.
- 10 A Director may from time to time by notice in writing to the Company appoint any person approved by his co-Directors (such approval not to be unreasonably withheld) to act as an alternate Director at any meeting of the Board from which he is himself absent, and may in like manner remove any person so appointed from office. An alternate Director appointed under this Article shall not be required to hold any qualification or be entitled to any remuneration from the Company, but he shall be entitled, while holding office as such, to receive notice of meetings of Directors and to attend and vote thereat in place of and in the absence of the Director appointing him.
- 11 In addition and without prejudice to the provisions of Section 184 of the Act, the Company may by Extraordinary Resolution remove any Director before the expiration of his period of office, and may by Ordinary Resolution appoint another Director in his stead. A person appointed in place of a Director so removed shall be subject to retirement at the same time as if he had become a Director on the day on which the Director in whose place he is appointed was last elected a Director.
- 12 (1) The Directors may, from time to time, appoint any manager or other officer or person in the employment of the Company to be an executive Director of the Company.

(2) The appointment of a person to be an executive Director shall not (save as may otherwise be agreed between him and the Directors affect the terms and conditions of his employment by the Company, whether as regard duties, remuneration, pension or otherwise, and his office as an executive Director shall be vacated not only on the events in which it is by the Articles provided that the office of a Director shall be vacated, but also in the event of his ceasing to be in the employment of the Company in some capacity other than of an executive Director, or in the event of his being removed from office by a resolution of a majority of the Directors.

(3) An executive Director shall not, while he continues to hold office, be subject to retirement by rotation, and he shall not be taken into account in determining the number, quorum or rotation of retirement of Directors.

(4) The appointment, removal and remuneration (if any) of the executive Directors shall be determined by the Directors with full powers to make such arrangements as the Directors may think fit; and the Directors shall have the right to enter into any contracts on behalf of the Company or transact any business of the description without the knowledge or approval of the executive Directors, excepting that no act shall be done that would impose any personal liability on any or all of the executive Directors either under the Statutes or otherwise except with his or their knowledge and consent.

(5) The executive Directors shall not have any right of access to the books of the Company except with the sanction of the Directors.

(6) An executive Director shall not be entitled to receive notice of or attend Board Meetings except when expressly invited by the Directors so to do. An executive Director shall in no case be entitled to vote at a Board Meeting.

13 Clause 79 in Part I of Table A shall be read and construed as if the proviso to such Clause were omitted therefrom.

14 A Director may vote as a Director in regard to any contract or arrangement in which he is interested or upon any matter arising thereout, and if he shall so vote his vote shall be counted and he shall be reckoned in estimating a quorum when any such contract or arrangement is under consideration; and Clause 84 in Part I of Table A shall be modified accordingly.

## **WINDING UP**

15. If the Company shall be wound up the assets remaining after payment of the debts and liabilities of the Company and the costs of the liquidation shall first be applied in repaying to the members the amounts paid or credited as paid on the Shares held by them respectively and the balance (if any) shall be distributed among the members in proportion to the number of Shares held by them respectively; provided always that the provisions hereof shall be subject to the rights of the holders of shares (if any) issued upon special conditions.

## **INDEMNITY**

- 16 Every Director or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto, including any liability incurred by him in defending any proceedings, whether civil or criminal or in which judgment is given in his favour or in which he is acquitted or in connection with any application under Section 448 of the Act in which relief is granted to him by the Court, and no Director or other officer shall be liable for any loss, damage or misfortune which may happen to or be incurred by the Company in the execution of the duties of his office or in relation thereto. But this Article shall only have effect in so far as its provisions are not avoided by Section 205 of the Act.
- 17 The Directors may with the sanction of a prior ordinary resolution of the Company offer the members holding 'B' Ordinary Shares of £1 each in the capital of the Company the right to elect to receive 'C' Ordinary Shares of 0.1 pence each in the capital of the Company, credited as fully paid, in whole or in such part as the Directors may determine instead of cash in respect of any dividend or dividends to be declared in respect of such 'B' Ordinary Shares (the "Scrip Dividend"). The following provisions shall apply to any such offer:-
- 17.1 Such right shall be offered in accordance with the terms of the authorising ordinary resolution but otherwise the said resolution may specify a particular dividend or may specify any dividends declared or paid within a specific period;
- 17.2 The Directors may make such provision as they think fit for any fractional entitlements including provisions whereby fractional entitlements are retained and accumulated on behalf of any holder of such 'B' Ordinary Shares and such retained entitlements shall be applied in the allotment of fully paid shares by way of bonus shares to such member or cash subscription of fully paid shares on such member's behalf;
- 17.3 The Directors after determining the basis of allotment shall notify the members in writing of the right of election offered to them and shall send with or following such notification forms of election and specify the procedure to be followed and place at which and the latest time by which duly such completed forms of election must be lodged in order to be effective;
- 17.4 Any dividend (or that part of the dividend in respect of which a right of election has been offered) shall not be payable on shares in respect of which the election has been fully made ("the Elected Shares") and instead 'C' Ordinary Shares shall be allotted to the holders of the Elected Shares on the basis provided by this Article. For such purpose the Directors shall capitalise out of any amount for the time being standing to the credit of any reserve or fund (including the profit and loss account) whether or not the same is available for distribution as the Directors may determine such sum as is necessary to pay up in full the appropriate number of shares for allotment and distribution to and amongst the holders of the Elected Shares;

- 17.5 The 'B' Ordinary Shares and the 'C' Ordinary Shares (if and when issued) shall have the following rights attached to them:-

17.5.1 Income

All sums paid by the Company by way of dividend or other distribution (other than by way of Scrip Dividend) shall be applied so that for the purposes of such dividend or other distribution (other than any Scrip Dividend):-

17.5.1.1 to the extent that there are only 'A' Ordinary Shares and 'B' Ordinary Shares in issue each such share(s) shall rank pari passu

17.5.1.2 to the extent that there are 'C' Ordinary Shares in issue then for each member who holds both 'B' Ordinary Shares and 'C' Ordinary Shares one 'B' Ordinary Share and one hundred 'C' Ordinary Shares shall:-

17.5.1.2.1 rank equally as between themselves as a group so that one "B" Ordinary Share shall have the same rights to share in income as one "C" Ordinary Share ; and

17.5.1.2.2 together rank pari passu with one 'A' Ordinary Share

and for any member who shall not hold "C" Ordinary Shares his or her "B" Ordinary Shares shall continue to rank pari passu with the "A" Ordinary Shares

17.5.2 Voting

The voting rights attaching to the 'B' Ordinary Shares and the 'C' Ordinary Shares shall be as follows :-

17.5.2.1 to the extent that there are only 'A' Ordinary Shares and 'B' Ordinary Shares in issue then the 'B' Ordinary Shares shall have one vote per share and the 'A' Ordinary Shares and the 'B' Ordinary Shares shall rank pari passu

17.5.2.2 to the extent that there are 'C' Ordinary Shares in issue then for each member who holds both 'B' Ordinary Shares and 'C' Ordinary Shares one 'B' Ordinary Share and one hundred 'C' Ordinary Shares shall together hold one vote and shall:-

17.5.2.2.1 rank equally as between themselves as a group so that one "B" Ordinary Share shall have 1/101<sup>st</sup>

of one vote and one "C" Ordinary Share shall have 1/101<sup>st</sup> of one vote; and

17.5.2.2.2 together rank pari passu with one 'A' Ordinary Share

and for any member who shall not hold "C" Ordinary Shares his or her "B" Ordinary Shares shall continue to rank pari passu with the "A" Ordinary Shares

### 17.5.3 Return of Capital

On a return of assets on sale liquidation or capital reduction or otherwise the assets of the Company remaining after the payment of its liabilities shall be applied in payment to the members (or their successors in title) as follows:-

17.5.3.1 to the extent that there are only "A" Ordinary Shares and "B" Ordinary Shares in issue each such share(s) shall rank pari passu

17.5.3.2 to the extent that there are "C" Ordinary Shares in issue then for each member who holds both "B" Ordinary Shares and "C" Ordinary Shares one "B" Ordinary Share and one hundred "C" Ordinary Shares shall:-

17.5.3.2.1 rank equally as between themselves as a group so that one "B" Ordinary Share shall have the same rights to share in a return of assets as one "C" Ordinary Share; and

17.5.3.2.2 together rank pari passu with one "A" Ordinary Share

and for any member who shall not hold "C" Ordinary Shares his or her "B" Ordinary Shares shall continue to rank pari passu with the "A" Ordinary Shares