

(Translation into English)

**REGISTERED AT
REGISTER OF LEGAL ENTITIES
22 August 2012
Code 140656052**

**ARTICLES OF ASSOCIATION
OF
PUBLIC LIMITED LIABILITY COMPANY
“KLAIPĖDOS BALDAI”**

Article 1. General Provisions

- 1.1. Public Limited Liability Company (AB) “Klaipėdos baldai” (hereinafter referred to as the “Company”) is a company whose authorised capital is divided into shares.
- 1.2. The Company shall have economic-commercial, financial and organizational independence. The Company shall have its own seal with the name of the Company.
- 1.3. The Company shall act in conformity with the Civil Code, the Law on Companies and other laws and legal acts of the Republic of Lithuania, the present Articles of Association as well as other internal documents of the Company.
- 1.4. The Company has taken the legal form of a public limited liability company. The Company shall be a private legal entity with limited civil liability. The Company shall be liable for its obligations only to the extent of its own property. The Shareholders shall be liable for the Company's obligations only to the extent of the amount that they must pay for the shares.
- 1.5. The financial year of the Company shall begin on the 1st of January and shall end on the 31st of December.
- 1.6. The Company is established for perpetual duration.

Article 2. Objectives and Object of Economic Activities of the Company

- 2.1. The purpose of the Company's activities is to obtain economic benefit by way of engaging in economic-commercial activities, whose core business areas include but are not limited to manufacture of diverse furniture and woodenware, wholesale and retail trade thereof, renting and operating of own or leased real estate, holiday and other short-stay accommodation.
- 2.2. The Company shall be entitled to engage in any other economic-commercial activities that are not mentioned above provided that such activities are in line, and are not in contradiction, with the objectives of the Company's activities or the laws. Any activity that must be licensed or carried out in the prescribed order may be carried out by the Company only after such licences and/or permits have been obtained.

Article 3. The Authorised Capital and Shares of the Company

- 3.1. **The authorised capital of the Company is equal to LTL 7,749,249 (seven million seven hundred and forty-nine thousand two hundred and forty-nine Litass). The authorised capital is divided into 7,749,249 (seven million seven hundred and forty-nine thousand two hundred and forty-nine) ordinary registered shares. The nominal value of one share is equal to LTL 1.00 (one Litass).**
- 3.2. All the shares issued by the Company shall be non-certificated (non-material) ordinary registered shares. The Company shares shall be recorded as entries in personal securities

accounts of the Shareholders, which are to be managed in accordance with the procedure laid down in the legal acts regulating the market of securities.

Article 4. Shareholders' Rights

- 4.1. Each ordinary registered share shall give to the Shareholder one vote at the General Shareholders' Meeting, except for the cases established by the laws.
- 4.2. The Shareholders of the Company shall have the following property rights:
- 1) to receive a share of profits of the Company (dividend);
 - 2) to receive a share of property (assets) of the Company in the event of liquidation;
 - 3) to receive shares free of charge if the authorised capital of the Company is being increased from the funds of the Company, except for the cases prescribed by the laws;
 - 4) to acquire the Company's newly issued shares or convertible debentures with the right of pre-emption, except in cases when the General Shareholders' Meeting decides to withdraw such right for all the Shareholders in accordance with the procedure established by the laws;
 - 5) to lend money to the Company in the manner and within the limits prescribed by the laws;
 - 6) to receive a share of the Company's funds provided that the Company's authorised capital is being reduced in order to pay to the Shareholders a portion of the Company funds;
 - 7) other property rights established by the laws and the present Articles of Association.
- 4.3. The Shareholders of the Company shall have the following non-property rights:
- 1) to attend General Shareholders' Meetings and to vote at such meetings according to the rights carried by their shares;
 - 2) to submit to the Company in advance any questions relating to the items put on the agenda of the General Shareholders' Meeting;
 - 3) to receive information on the Company as prescribed by the laws;
 - 4) to file a claim with a court of law for indemnification of damages to the Company that has resulted from non-performance or improper performance of duties by the members of the Board or Director of the Company, as well as in other cases laid down by laws;
 - 5) other non-property rights established by the laws and the present Articles of Association.

Article 5. Management Bodies of the Company

- 5.1. The management bodies of the Company shall include the General Shareholders' Meeting, the Supervisory Board, the Board, and the Head of the Company - Director.
- 5.2. The General Shareholders' Meeting shall be the supreme management body of the Company.
- 5.3. A member of the Company's management body may conclude a deal with the Company, the member of the management body of which he is. The member of the Company's management body must inform in writing or verbally (by entering the same in the minutes of the meeting) the Shareholders attending the nearest General Shareholders' Meeting of any deal and the respective circumstances, where his personal interests conflict with the interests of the Company.

Article 6. The General Shareholders' Meeting

- 6.1. The General Shareholders' Meeting shall have an exclusive right:
- 1) to amend the Company's Articles of Association, except in the cases prescribed by the laws;
 - 2) to change the Company's domicile/office address;
 - 3) to elect the members of the Supervisory Board;

- 4) to remove the Supervisory Board or its members;
- 5) to select and remove an audit firm and to set the terms and conditions of payment for audit services;
- 6) to determine the class, number, nominal value and the minimum issue price of the shares issued by the Company;
- 7) to adopt a decision regarding conversion of Company shares of one class into the shares of another class and to approve the description of procedure for conversion of shares;
- 8) to approve a set of annual financial statements;
- 9) to adopt a decision on profit/loss appropriation;
- 10) to adopt a decision on the formation, use, reduction and cancellation of reserves;
- 11) to approve a set of interim financial statements, drawn up for the purpose of adopting a decision on the distribution of dividends for a period shorter than a financial year;
- 12) to adopt a decision on the distribution of dividends for a period shorter than a financial year;
- 13) to adopt a decision to issue convertible debentures;
- 14) to adopt a decision to withdraw for all the Shareholders the right of pre-emption to acquire the shares or convertible debentures of a specific issue of the Company;
- 15) to adopt a decision to increase the authorised capital of the Company;
- 16) to adopt a decision to reduce the authorised capital of the Company, save exceptions prescribed by the laws;
- 17) to adopt a decision for the Company to purchase its own shares;
- 18) to adopt a decision on the reorganisation or spin-off of the Company and to approve the terms and conditions of such reorganisation or spin-off;
- 19) to adopt a decision to transform the Company;
- 20) to adopt a decision to restructure the Company;
- 21) to adopt a decision to liquidate the Company, to cancel the liquidation of the Company, save exceptions prescribed by the laws;
- 22) to elect and remove the liquidator of the Company, save exceptions prescribed by the laws.

6.2. The General Shareholders' Meeting shall be convened in accordance with the procedure established by the laws.

6.3. The General Shareholders' Meeting may adopt decisions and shall be deemed to have taken place if attended by the Shareholders who hold shares carrying more than 1/2 (a half) of all the votes.

6.4. A decision of the General Shareholders' Meeting shall be considered as adopted if more votes of the Shareholders have been cast in favour of it than against it, except for the issues mentioned below. Decisions of the General Shareholders' Meeting related to the election of the Supervisory Board shall be adopted in accordance with the procedure established by the laws. Decisions to amend the Company's Articles of Association; to determine the class, number, nominal value and the minimum issue price of the shares issued by the Company; to convert the Company shares of one class into the shares of another class and to approve the procedure for conversion of shares; on profit (loss) appropriation; on the formation, use, reduction and cancellation of reserves; on the distribution of dividends for a period shorter than a financial year; to issue convertible debentures; to increase the authorised capital of the Company; to reduce the authorised capital of the Company; on the reorganisation or spin-off of the Company and on approval of the terms and conditions of such reorganisation or spin-off; on the transformation of the Company; on the restructuring of the Company, and on the liquidation of the Company or on cancellation of such liquidation shall be adopted by a 2/3 (two-thirds) majority of all the votes carried by the shares held by the Shareholders attending the General Shareholders' Meeting. The decision to withdraw for all the Shareholders the right of pre-emption to acquire the shares of a specific issue of the Company or the convertible debentures of a specific issue of the Company shall be adopted by a 3/4 (three-fourths)

majority of all the votes carried by the shares held by the Shareholders attending the General Shareholders' Meeting.

- 6.5. A Shareholder of the Company shall be entitled - in accordance with the procedure established by the laws - to authorise any other person to vote on his behalf at the General Shareholders' Meeting or to perform other legal actions. Shareholders may vote in writing by filling in ballot papers. Voting in writing shall also include voting by means of electronic communication provided that the security of information being transmitted is ensured and the person who voted can be identified.

Article 7. The Supervisory Board

- 7.1. The Supervisory Board shall be formed of 3 (three) members that are to be elected for the period of 4 (four) years by the General Shareholders' Meeting in accordance with the procedure established by the laws.
- 7.2. The Supervisory Board shall continue in office for the period laid down in the Articles of Association or until a new Supervisory Board is elected and assumes its office but not longer than until the date of the ordinary General Shareholders' Meeting to be held during the final year of the Supervisory Board's term of office.
- 7.3. The chairperson of the Supervisory Board shall be elected by its members.
- 7.4. The General Shareholders' Meeting may remove from office the entire Supervisory Board or its individual members before the expiry of the term of office thereof.
- 7.5. The Supervisory Board:
- 1) shall elect and remove the members of the Board;
 - 2) if the Company is operating at a loss - shall consider the suitability of the Board members to hold office;
 - 3) shall supervise the activities of the Board and the Head of the Company;
 - 4) shall submit its comments and proposals to the General Shareholders' Meeting with regard to the Company's operating strategy, a set of annual financial statements, a draft profit/loss appropriation statement and the Company's annual report, as well as with regard to the activities of the Board and the Head of the Company;
 - 5) shall submit its comments and proposals to the General Shareholders' Meeting with regard to the draft decision on the distribution of dividends for a period shorter than a financial year as well as with regard to the set of interim financial statements and the interim report drawn up for the purpose of adopting such decision;
 - 6) shall submit its proposals to the Board and the Head of the Company to revoke their decisions which are not in conformity with the laws and other legal acts, the Company's Articles of Association and/or the decisions of the General Shareholders' Meeting.
- 7.6. The procedure of work of the Supervisory Board shall be laid down in the rules of procedure of the Supervisory Board adopted by it. The Supervisory Board shall be entitled to adopt decisions if the meeting is attended by more than a half of the members of the Supervisory Board. The decision of the Supervisory Board shall be adopted if the number of votes cast in favour of it is greater than the number of votes cast against it. The decision to remove a member of the Board from office may be adopted if at least 2/3 of the Supervisory Board members attending the meeting vote in favour of it.

Article 8. The Board

- 8.1. The Board shall be formed of 3 (three) members. The Board shall be elected by the Supervisory Board.
- 8.2. The Board shall be elected for the period of 4 (four) years. The chairperson of the Board shall be elected by its members.

- 8.3. The Board shall continue in office for the period laid down in the Articles of Association or until a new Board is elected and assumes the office but not longer than until the date of the ordinary General Shareholders' Meeting to be held during the final year of the term of office of the Board.
- 8.4. The chairperson of the Board shall be elected by its members.
- 8.5. The Supervisory Board may remove from office the entire Board or its individual members before the expiry of their term of office.
- 8.6. The Board shall consider and approve:
- 1) the operating strategy of the Company;
 - 2) the annual report of the Company;
 - 3) the interim report of the Company;
 - 4) the structure of management and staff positions within the Company;
 - 5) the positions to which employees are recruited by way of holding competitions;
 - 6) regulations of branches and representative offices of the Company.
- 8.7. The Board shall elect and remove from office the Director of the Company, shall fix his salary, shall set other terms and conditions of the employment contract, shall approve his job description (occupational regulations), shall provide incentives and impose penalties.
- 8.8. The Board shall determine which information shall be considered to be the Company's commercial (industrial) secret.
- 8.9. The Board shall analyse and evaluate the documents submitted by the Director of the Company on:
- 1) the implementation of the operating strategy of the Company;
 - 2) the organisation of the activities of the Company;
 - 3) the financial status of the Company;
 - 4) the performance results of the Company's economic activities, income and expenditure estimates, the stocktaking data and other accounting data of changes in the assets.
- 8.10. The Board shall analyse and assess the set of annual financial statements as well as the draft profit/loss appropriation statement of the Company and shall submit the same to the Supervisory Board and the General Shareholders' Meeting together with an annual report.
- 8.11. The Board shall analyse and assess the draft decision on the distribution of dividends for a period shorter than a financial year as well as the set of interim financial statements drawn up for the purpose of adopting such decision, which shall be submitted to the Supervisory Board and the General Shareholders' Meeting together with the Company's interim report.
- 8.12. The Board shall adopt the following decisions:
- 1) to incorporate or to acquire shares (interests), to reorganize or to liquidate other legal entities; to transfer shares (interests) or any material part of the assets of other legal entities; to increase or reduce the capital of other legal entities; to acquire newly issued shares (interests) of other legal entities; to elect and remove the heads of subsidiaries of the Company (including the members of the Board, heads/executives and other members of such companies' management bodies that are elected by shareholders) and to fix their salaries;
 - 2) to open and close branches and representative offices of the Company; to approve their regulations, to elect and/or remove their heads and to fix their salaries;
 - 3) to approve and amend the rules of procedure of the Board;
 - 4) to approve and amend the business plan and annual budget of the Company (and other legal entities under its control);
 - 5) to engage in joint activities (under the agreement or otherwise) with any third parties;
 - 6) to invest, transfer or lease fixed (long-term) assets whose book value exceeds 1/20 (one twentieth) of the authorised capital of the Company (calculated individually for every type of transaction; the values shall be determined individually for each transaction of one type and as the total amount of all transactions of one type during the financial year, if the total amount of smaller transactions already concluded during that year exceeds the indicated amount);

- 7) to pledge or mortgage assets of the Company or otherwise guarantee the performance of obligations of the Company;
 - 8) to stand surety or guarantee or otherwise secure the discharge of obligations of third parties;
 - 9) to acquire fixed (long-term) assets whose price exceeds 1/20 (one twentieth) of the authorised capital of the Company (the value shall be determined individually for each transaction and calculated as the total amount of all transactions during the financial year, if the total amount of smaller transactions already concluded during that year exceeds the indicated amount);
 - 10) to receive or grant loans and to conclude, amend or terminate loan agreements, except for granting commodity credits to the clients within the limits established by the Board;
 - 11) to conclude, amend and/or terminate the deals between the Company and the Director or other persons related to him (a related person is understood as (a) an enterprise that is directly or indirectly controlled by the said person or his/her family members and (b) family members of the said person);
 - 12) to determine and change the limits of the Director's rights and powers;
 - 13) to initiate court or arbitration proceedings on behalf of the Company or to represent the Company in the proceedings already commenced, if and when the Board considers it necessary and if the Director refuses to do so;
 - 14) to issue debentures/bonds;
 - 15) to restructure the Company in the cases prescribed by the laws;
 - 16) other decisions within the powers of the Board as prescribed by the laws, the present Articles of Association or the decisions of the General Shareholders' Meeting and those decisions that according to the laws or the present Articles of Association are not assigned within the competence of other management bodies of the Company.
- 8.13. It shall be the duty of the Board to convene and arrange General Shareholders' Meetings in due time.
- 8.14. The procedure of work of the Board shall be laid down in the rules of procedure of the Board. The Board may adopt decisions and its meeting shall be deemed to have taken place when the meeting is attended by at least 2/3 (two-thirds) of the members of the Board. During voting each member of the Board shall have one vote. The decision of the Board shall be adopted if more votes are received in favour of it than against it. In the event of a tie, the chairperson of the Board shall have the casting vote.
- 8.15. Unless the Director of the Company is a member of the Board, the Board shall be obliged to invite him to every meeting of the Board and to give him access to information on the items put on the agenda.
- 8.16. The members of the Board must safeguard and keep in secrecy all and any commercial secrets of the Company.
- 8.17. The members of the Board shall be liable for their actions in accordance with the procedure established by the laws.

Article 9. The Head of the Company

- 9.1. The activities of the Company shall be arranged and managed by the Head of the Company - Director.
- 9.2. Within the limits approved by the Director's job description (occupational regulations), the Company's Articles of Association, the Board and/or the General Shareholders' Meeting, the Head:
- 1) shall act on the Company's behalf, shall organise the Company's activities and shall implement its objects;
 - 2) shall hire and dismiss employees, shall conclude and terminate employment contracts with them, shall provide incentives and impose penalties;
 - 3) shall open and close bank accounts and shall manage monetary funds of the Company;

- 4) shall represent the Company in a court of law, arbitration, other institutions and in relations with third parties;
 - 5) shall, in accordance with the procedure established by the laws, issue procurations to perform certain activities that are within the Director's competence;
 - 6) shall ensure protection of the Company's property, creation of normal working conditions for the employees of the Company, as well as security of commercial (industrial) secrets and confidential information of the Company;
 - 7) shall be responsible for drawing up sets of annual financial statements and for preparing annual reports;
 - 8) shall be responsible for preparing draft decisions on the distribution of dividends for a period shorter than a year, for drawing up and preparing the pertinent set of interim financial statements and the interim report for the purpose of adopting the decision on the distribution of dividends for a period shorter than a financial year;
 - 9) shall submit information and documents to the General Shareholders' Meeting and the Board in the cases established by the laws or upon their request;
 - 10) shall publish information as prescribed by the laws in the daily newspaper indicated in the present Articles of Association;
 - 11) shall submit information, as prescribed, to the Shareholders of the Company;
 - 12) shall fulfil other functions established by the laws, the present Articles of Association and decisions of the General Shareholders' Meeting and/or the Board.
- 9.3. The Director shall be elected and removed from office by the Board. The office of Director may not be held by a person who under the laws is not entitled to hold such a position. A person authorised by the Board of the Company must not later than within 5 (five) days notify the administrator of the Register of Legal Persons of the election or removal from office of the Director of the Company as well as of the expiry of his contract for other reasons.
- 9.4. The Director of the Company acting in conformity with the present Articles of Association, decisions of the Board and his working regulations may conclude (sign) the deals of the Company. The Director of the Company may conclude the deals referred to in items 5-11 of clause 8.13 hereof and specified in the decisions of the Board, provided that there is a decision of the Board to conclude such deals. In accordance with the procedure established by the laws, the Director shall be entitled to issue procurations and authorize other persons to conclude (sign) the deals of the Company that are within the Director's competence.
- 9.5. The Director shall be liable for his actions in accordance with the procedure established by the laws.

Article 10. The Audit of the Company

- 10.1. Only the audited set of annual financial statements of the Company may be approved. The General Shareholders' Meeting shall elect the audit firm (the auditor) to control the activities of the Company during the period fixed by the General Shareholders' Meeting.
- 10.2. After the end of the financial year, the audit firm (the auditor) elected must before the ordinary General Shareholders' Meeting audit the set of annual financial statements of the Company and the annual report of the Company. The same auditing procedure shall apply to the set of interim financial statements, when a proposal is put forward to pay dividends for a period shorter than a financial year.
- 10.3. The audit firm (the auditor) elected by the General Shareholders' Meeting shall be obliged to safeguard and keep in secrecy all and any secrets of the Company, which it (he/she) becomes aware of in the course of carrying its functions.
- 10.4. The audit firm (the auditor) elected by the General Shareholders' Meeting shall be liable for the insufficient control of the activities of the Company and/or concealment of deficiencies in activities, in accordance with the procedure established by the laws. The

Director must ensure that the auditor receives all the documents of the Company necessary to carry out the audit specified in the contract with the audit firm.

Article 11. Branches and Representative Offices of the Company

- 11.1. Branches and/or representative offices of the Company shall be founded and liquidated in accordance with the decision of the Board. The number of branches and/or representative offices of the Company shall be unlimited.
- 11.2. Branches and/or representative offices of the Company shall act in conformity with the branch and/or representative office regulations approved by the Board.
- 11.3. The heads of branches and/or representative offices of the Company shall be appointed and revoked by the decision of the Board.

Article 12. Procedure for Announcement of the Company's Notices

- 12.1. All notices of the Company, including information and other documents related to the convocation of the General Shareholders' Meeting, as well as notices and information about the reorganization and liquidation of the Company, decisions of the General Shareholders' Meeting and all other notices and documents that must be made known to the Shareholders and/or other persons under law shall be published in the daily newspaper "Lietuvos rytas" or sent by registered mail or delivered in person against signed acknowledgement of receipt. If required, notices may be delivered by fax, followed up by a letter sent by registered mail or delivered in person against signed acknowledgement of receipt.
- 12.2. The notices of the Company shall be sent within the time-limits established by the laws, but if such time-limits are not established, such notices must be published and/or sent not later than within 15 (fifteen) days after adoption of a certain decision or any other document or provision of information to the Director.
- 12.3. The Director of the Company shall be responsible for the publication and/or dispatch of notices in due time.
- 12.4. Notices to the Shareholders and/or other persons shall be sent to the last known address as notified by them. The Shareholders must notify the Company in advance of any changes in their address (registered office).

Article 13. Procedure of Providing the Shareholders with the Documents of the Company and Other Information

- 13.1. At the Shareholder's written request, the Company shall - not later than within 7 (seven) days from the date of receipt of such request - grant him access to, and/or provide him with the copies of, the following documents: the Articles of Association of the Company, sets of annual and interim financial statements, annual and interim reports of the Company, auditor's reports and audit reports, minutes of the General Shareholders' Meetings and other documents whereby the decisions of the General Shareholders' Meeting have been executed, proposals/recommendations and comments/responses of the Supervisory Board to the General Shareholders' Meeting, the lists of shareholders, the lists of the members of the Supervisory Board and the Board, also other documents of the Company that must be made public under law as well as minutes of the meetings of the Supervisory Board and the Board or other documents whereby the decisions of the above-mentioned management bodies of the Company have been executed, unless the said documents contain a commercial (industrial) secret. The list of shareholders of the Company presented to the Shareholders must contain the following information: the full names (name and surname) of the Shareholders, the names of legal persons, the number of registered shares owned by the Shareholders and the Shareholders' addresses for correspondence according to the most recent data available to the Company. A

Shareholder or a group of Shareholders who hold or control more than 1/2 (a half) of the shares shall have the right of access to all documents of the Company upon giving the Company a written commitment in the form prescribed by the Board of the Company not to disclose the commercial (industrial) secret. The Company shall provide the Shareholders with other information and documents if so required by law. At the Shareholders' request, the Company must execute in writing its refusal to submit the documents. Disputes relating to the Shareholder's right to information shall be settled in a court of law.

13.2. The documents of the Company and other information or copies thereof shall be furnished to the Shareholders at the Company's office. The Director of the Company shall be responsible for the provision of documents and other information of the Company to the Shareholders and/or other persons.

13.3. The documents and other information of the Company shall be furnished to the Shareholders for a charge, which cannot exceed the costs of furnishing of the documents and other information. The said charge shall be fixed by the Director of the Company. The Director may decide to deliver the documents and other information of the Company to the Shareholders free of charge.

Article 14. Procedure for Amendment of the Company's Articles of Association

14.1. The procedure for amendment of the Company's Articles of Association shall be in line with, and shall not differ from, the procedure prescribed by the Law on Companies.

The present Articles of Association are signed on the 25th of April, 2012.

Authorised Person:

Director

of Public Limited Liability Company "Klaipėdos baldai"

Ramūnas Marozas