

centurion[®]
electronics plc

Incorporated in England and Wales with registered number 2826917

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Centurion Electronics Plc will be held at the Company's registered office at Satellite House, City Park, Swiftfields, Welwyn Garden City, Herts AL7 1LY on **21st March 2007 at 10.00 a.m.** for the transaction of the following business:

As Ordinary Business

to consider and, if thought fit, pass the following resolutions which will be proposed as Ordinary Resolutions:

1. To receive and adopt the report of the directors of the Company and the audited accounts for the Company for the year ended 30th September 2006.
2. To re-appoint Christopher Rhodes as a Director of the Company, who retires in accordance with Article 23 of the Company's Articles of Association.
3. To re-appoint Ernst and Young LLP as auditors of the Company and to authorise the Directors to fix their remuneration.

As Special Business

to consider and, if thought fit, pass the following resolutions of which Resolutions 4 to 6 will be proposed as Ordinary Resolutions and Resolution 7 will be proposed as a Special Resolution:

4. That the authorised share capital of the Company be and is hereby increased from £1,400,000 to £1,500,000 by the creation of 2,000,000 new ordinary shares of 5 pence each in the capital of the company having attached to them the rights, privileges and restrictions set out in the Company's articles of association.
5. THAT the Centurion Electronics PLC 2007 Enterprise Management Incentive Share Option Plan ('the EMI Plan'), and the Centurion Electronics PLC 2007 Unapproved Share Option Plan ('the Unapproved Plan') (together the EMI Plan and the Unapproved Plan 'the Plans'), the main features of which are set out in the attached note and the rules of which are produced to the Meeting and signed by the Chairman for the purpose of identification, be and are hereby approved and that the Directors be and hereby authorised: (i) to do all such acts and things as they may consider necessary or expedient to carry out the Plans into effect (ii) to vote, and be counted in the quorum, on any matter connected with the Plans, notwithstanding that they may be interested in the same and the provisions of the Articles of Association of the company be relaxed accordingly to that extent (except that no director may be counted in a quorum or vote in respect of his own participation).
6. THAT, in substitution for all existing authorities, the Directors be generally and unconditionally authorised in accordance with Section 80 of the Companies Act 1985 ('the Act') to exercise all powers of the Company to allot relevant securities (within the meaning of Section 80(2) of the Act) of the Company provided that such power shall be limited to:
 - 6.1 the allotment of up to 4,000,000 new ordinary shares of 5p each on the conversion of the £1,000,000 7.5% secured convertible loan note (the "Convertible Loan Note") issued to Ravensworth (International) Limited on 14th March 2005 (pursuant to the terms of a loan note instrument approved by the Company at the Extraordinary General Meeting held on 13th March 2005) into ordinary shares in the capital of the Company, credited as fully paid;
 - 6.2 the allotment of relevant securities (other than pursuant to 6.1 above) up to an aggregate nominal amount of £205,204.33 to such persons and on such terms as they think fit;

such authority to expire at the earlier of the date which is 15 months from the passing of this resolution and the conclusion of the next Annual General Meeting of the Company and the Company be and is hereby authorised to make, prior to the expiry of such authority any offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors shall be permitted to allot such securities pursuant to such offer or agreement as if such authority has not expired.

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7. THAT, conditional upon the passing of resolution 6 above and in substitution for all existing authorities, the Directors be and are hereby generally empowered to allot equity securities (as defined in Section 94(2) of the Act) pursuant to Section 95 of the Act for cash pursuant to the authority conferred upon them by Resolution 5 above as if Section 89(1) of the Act did not apply to such allotment provided that this power shall be limited to:
- 7.1 the allotment of up to 4,000,000 new ordinary shares of 5p each on the conversion of the Convertible Loan Note into ordinary shares in the capital of the Company, credited as fully paid;
- 7.2 the allotment of relevant securities in connection with a rights issue, open offer or equivalent offer in favour of the holders of ordinary shares and such other equity securities of the Company as the Directors may determine in which such holders are offered the right to participate in proportion (as nearly as may be) to their respective holdings or in accordance with the rights attached thereto but subject to such exclusions or other arrangements as the Directors may consider necessary or expedient in connection with shares representing fractional entitlements or on account of either legal or practical problems arising in connection with the laws of any territory, or of the requirements of any generally recognised regulatory body or stock exchange in any territory;
- 7.3 the allotment of relevant securities (other than pursuant to paragraphs 7.1 and 7.2 above) up to an aggregate nominal amount of £205,204.33 to such persons and on such terms as they think fit;

and shall expire at the conclusion of the next Annual General Meeting of the Company or fifteen months after the date of the passing of this resolution if earlier save that the Company may at any time before such expiry make an offer or agreement which would or might require equity securities to be allotted for cash after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if the power conferred hereby had not expired.

By order of the Board
Sharon Armstrong
Company Secretary

Registered office:
Satellite House
City Park
Swiftfields
Welwyn Garden City
Hertfordshire AL7 1LY

Dated: 21st February 2007.

Notes

- (1) A member entitled to attend and vote at the above meeting is entitled to appoint a proxy or proxies to attend and vote, on a poll, instead of him
- (2) A Form of Proxy is enclosed for your use, if desired. The instrument appointing a proxy must reach the Company's Registrars, Capita IRG Plc, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU not less than 48 hours before the time of holding of the meeting.
- (3) Pursuant to Regulation 41 of The Uncertificated Securities Regulations 2001, the Company specifies that only those Shareholders of the Company on the register at 5pm on 19th March 2007 shall be entitled to attend or vote at the Annual General Meeting in respect of the number of shares registered in their name at the time. Changes to the register of members after that time will be disregarded in determining the rights of any person to attend or vote at the meeting.
- (4) A copy of the register of Directors' interests in shares in the Company and copies of the Directors' service contracts of more than one year's duration will be available for inspection at the registered office of the Company during office hours only on any weekday (excluding Saturdays, Sundays and public holidays) from the date of this Notice until the date of the Annual General Meeting and at the place of the Annual General Meeting for at least 15 minutes prior to and during the Annual General Meeting.



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Summary of the Main Features of the Centurion Electronics PLC 2007 Enterprise Management Incentive Share Option Plan and the Centurion Electronics PLC 2007 Unapproved Share Option Plan

The Company is proposing the implementation of an Enterprise Management Incentive Share Option Plan ("the EMI Plan") and an Unapproved Share Option Plan ("the Unapproved Plan") (together "the Plans") to provide selected key executives with an opportunity to acquire ordinary shares in the Company ("Shares") in a tax efficient manner and to promote the motivation and retention of such key personnel.

The principal terms of the Plans are as follows:

Grants of options

Options may be granted to eligible employees at the discretion of the Board. Options may be granted only during the period of 42 days following any of the following:

- i) the date of adoption of the Plans by the Company;
- ii) the day following the announcement of yearly, half yearly or other period financial results of the Company; or
- ii) any other date on which the Directors consider that exceptional circumstances justify the grant of options.

Eligibility

All full-time employees and directors of the group shall be eligible to participate in the EMI Plan at the discretion of the Board provided that they do not have a material interest in the Company. An individual will have a material interest if he or she, individually or together with associates, owns 30% or more of the share capital of the Company. All employees and directors shall be eligible to participate in the Unapproved Plan at the discretion of the Board.

The Company's current intention is for the time being to grant options to all executives, on the basis described below.

The Company intends to invite the directors to waive all existing options under the Company's existing share schemes. Since in general those existing options have exercise prices substantially higher than the current value of the shares, they offer very little value as an incentive. To the extent that the directors agree to waive existing options, they will be considered for eligibility to receive new options under the Plans.

Performance Criteria

Options may be granted subject to a vesting period and the Board may impose performance conditions that must be satisfied before options may be exercised.

It is intended that in relation to the first tranche of options to be granted under the Plans, the options will vest only if the Company's accounts for the year ending 30 September 2008 reveal a profit so as to produce a positive EPS result, and if the accounts for the following two years reveal compound growth in EPS of at least 15% per annum over that result. If these targets are achieved, the options will become capable of exercise following the publication of the accounts for the year ending 30 September 2010.

Exercise Price

Options must have an exercise price no lower than the market value of a Share.

Limit of participation

A participant may not hold options under the EMI Plan over Shares with a market value in excess of £100,000 as at the date of grant. There is no such individual limit in the Unapproved Plan.

Total number of Shares available

In any rolling ten year period, the Company may not commit to issuing new shares to satisfy employee share incentives under the Plans, or in total under the Plans and any other employee share plan, to the extent that such commitment could cause new shares to be issued amounting to more than 15% of the existing issued ordinary share capital of the Company at the date of the award.

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Exercise of options

Options shall generally be exercisable after a period beginning with the date on which it is established that a performance condition has been satisfied and ending up to ten years from the date of grant. In the case of a takeover the option holder will be able to exercise options, subject to the application of any pro rata performance condition which the Board may in their discretion determine to be appropriate, within a specified period ending 40 days of the date when the takeover or reconstruction is completed, or such longer period as the Board in their discretion may allow.

Option holders may also be able to exchange their options under the EMI Plan for new EMI options over the shares of the company making any takeover, in appropriate circumstances.

Employees leaving the company

If an option holder ceases to hold office or employment with the group on account of:

- injury or disability;
- redundancy (within the meaning of the Employment Rights Act 1996);
- the transfer of the undertaking or part-undertaking in which the option holder is employed so that the option holder becomes employed by a person which is not a group company;
- the company by which the option holder is employed ceasing to be under the control of the Company; or
- any other reason at the discretion of the Board

all options shall become exercisable, subject to the application of any pro rata performance condition which the Board may in their discretion determine to be appropriate, and remain capable of exercise for up to 40 days after the date of cessation and to the extent not exercised within that period shall lapse, subject to the Directors' discretion to permit some or all of the options to be exercised within such further period as they may specify.

If an option holder ceases employment for any other reason other than those stated above, all options which have not by then become exercisable will lapse, and to the extent that options have become exercisable by the time the employee leaves, they will normally remain capable of exercise for up to 40 days after the date of cessation and to the extent not exercised within that period they will lapse, subject to the Directors' discretion to permit some or all of the options to be exercised within such further period as they may specify.

In the event of an option holder's death, the personal representative(s) of the option holder may exercise an option for a period of one year following the date of death.

Variation of share capital

In the event of a variation of share capital the directors may adjust the number of Shares under option and the exercise price to reflect such variation. This adjustment shall be subject to confirmation by the Auditors, or a suitably qualified alternative adviser, that such adjustment is fair and reasonable. Such adjustment may need to be agreed in advance by H M Revenue & Customs.

Alteration of the Plans

The directors may at any time alter or amend the provision of the Plans but, in general, no alteration shall be made without the prior approval by ordinary resolution of the members of the Company in general meeting.

Any such alteration will not need to be so approved where the amendments are minor, to benefit the administration of the Plans, to take account of a change in legislation or to obtain or maintain favourable tax treatment.

Pensions

Benefits under the Plans will not be pensionable.