

CAVANAGH GROUP PLC

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the sixth annual general meeting of the Company will be held at The Courtyard, Staplefield Road, Cuckfield, West Sussex RH17 5JT on 29 May 2008 at 10.00 a.m. for the following purposes:

ORDINARY RESOLUTIONS

1. To receive the directors' report, auditors' report and the Company's financial statements for the year ended 31 December 2007.
2. To re-elect Andrew Fay as a director of the Company.
3. To re-elect Ian Henson as a director of the Company.
4. To re-elect Paul Sinnett as a director of the Company.
5. To reappoint Baker Tilly UK Audit LLP as auditors of the Company to hold office from the conclusion of the meeting until the conclusion of the next general meeting of the Company at which financial statements are laid and to authorise the directors to set their remuneration.
6. That in substitution for all existing authorities under that section, the directors be generally and unconditionally authorised pursuant to section 80 of the Companies Act 1985 to exercise all the powers of the Company to allot, grant options over, offer or otherwise deal with or dispose of any relevant securities within the meaning of that section up to an aggregate nominal amount of £33,000 for a period expiring (unless previously renewed, varied or revoked by the Company in general meeting) on the date of the next annual general meeting of the Company after the passing of this resolution, but the Company may make an offer or agreement which would or might require relevant securities to be allotted after expiry of this authority and the directors may allot relevant securities in pursuance of that offer or agreement.

SPECIAL RESOLUTION

7. That in substitution for all existing authorities and subject to the passing of resolution 6 the directors be generally empowered pursuant to section 95 of the Companies Act 1985 ("**Act**") to allot equity securities (within the meaning of section 94(2) of the Act) pursuant to the authority conferred by resolution 6 as if section 89(1) of the Act did not apply to the allotment. This power:
 - 7.1 expires on the date of the next annual general meeting of the Company after the passing of this resolution but the Company may make an offer or agreement which would or might require equity securities to be allotted after expiry of this authority and the directors may allot equity securities in pursuance of that offer or agreement; and
 - 7.2 is limited to:
 - 7.2.1 allotments of equity securities where such securities have been offered (whether by way of a rights issue, open offer or otherwise) to holders of ordinary shares in the capital of the Company in proportion (as nearly as may be) to their existing holdings of ordinary shares but subject to the directors having a right to make such exclusions or other arrangements in connection with the offer as they deem necessary or expedient:
 - 7.2.1.1 to deal with equity securities representing fractional entitlements; and
 - 7.2.1.2 to deal with legal or practical problems under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory; and
 - 7.2.2 allotments of equity securities for cash otherwise than pursuant to paragraph 7.2.1 up to an aggregate nominal amount of £10,000

8. That the share premium account of the Company be cancelled.
9. That the regulations contained in the printed document produced to the meeting and signed, for the purposes of identification, by the chairman of the meeting, be adopted as the articles of association of the Company in substitution for the existing articles of association of the Company.

By order of the board

Ian R Henson

Secretary

25 April 2008

Registered office:

The Courtyard
Staplefield Road
Cuckfield
West Sussex
RH17 5JT

Notes:

1. *A person entitled to receive notice of, and attend and vote at the above meeting may appoint a proxy or proxies to attend and exercise all or any of his rights to attend, speak and vote at that meeting in his stead. A proxy need not be a member of the Company. A member may appoint more than one proxy provided that each proxy is appointed to exercise the rights attached to a different share or different shares held by him.*
2. *Forms of proxy must be deposited with the Company's Registrars, Capita Registrars, Proxy Department, 34 Beckenham Road, Beckenham, Kent, BR3 4TU not later than 48 hours before the time appointed for the meeting or adjourned meeting. Completion and return of the form of proxy will not prevent the holder from attending the meeting and voting in person should he wish to do so.*
3. *To have the right to attend and vote at the meeting (and also for the purpose of calculating how many votes a person may cast), a person must have his name entered in the register of members of the Company by no later than 10.00 a.m. on 27 May 2008 or, if the meeting is adjourned, shareholders entered in the register of members of the Company, by no later than 48 hours before the time fixed for the adjourned meeting shall be entitled to attend and vote at the meeting. Changes to entries on the register after this time will be disregarded in determining the rights of any person to attend or vote at the meeting.*

Explanatory Notes for the Annual General Meeting to be held on 29th May 2008

Resolution 12: Proposed cancellation of share premium account

The Company's historical deficit on its profit and loss account means that it is unable to make a distribution to its shareholders. The Company is proposing to cancel its share premium account of £3,742,647. The cancellation of the share premium account (the "**Cancellation**") will enable the Company to eliminate the deficit on its profit and loss account, to create distributable reserves and, when the directors consider it appropriate, to make a distribution to shareholders. The Cancellation must be first approved by the shareholders by special resolution, and subsequently confirmed by order of the High Court on the application to the High Court by the Company.

The Company expects its application to the High Court for confirmation of the Cancellation to be heard on 25 June 2008 and the Cancellation to take effect a few days later upon the order of the High Court confirming the Cancellation being registered by the Company with the Registrar of Companies (the "**Effective Date**").

As part of the legal process towards the High Court's confirmation of the Cancellation, the High Court will be obliged to consider the impact of the Cancellation upon the creditors of the Company at the Effective Date (including contingent creditors) unless the Company can satisfy the High Court that such creditors have been informed of the Cancellation and have given their consent to the Cancellation. The Company anticipates all such creditors will give their consent to the Cancellation.

If the Company is unable in the timetable proposed to obtain consent from all such creditors, the Company will offer such undertaking to the Court as it is advised would be appropriate, which will either require the Company to provide security for the protection of any such non-consenting creditors, or will require the Company to credit the reserve arising on the Cancellation to a reserve which will be treated as an undistributable reserve, and will not be treated as representing realised profits, until any outstanding consents have been obtained from such non-consenting creditors and/or the obligations to such non-consenting creditors have been discharged.

The Board reserves the right to abandon or discontinue any application to court if the Board believes that the terms required to obtain confirmation are unsatisfactory to the Company.

The Cancellation does not affect the voting or dividend rights or the rights on a return of capital of shareholders.

Resolution 13: Adoption of new articles of association

It is proposed in resolution 13 to adopt new articles of association (the **New Articles**) in order to update the Company's current articles of association (the **Current Articles**) primarily to take account of changes in company law brought about by the Companies Act 2006.

The principal changes introduced in the New Articles are summarised in the following additional explanatory notes. Other changes, which are of a minor, technical or clarifying nature and also some more minor changes which merely reflect changes made by the Companies Act 2006 have not been noted in the additional explanatory notes.

A copy of the proposed new articles of Association of the company, and a copy of the existing articles of association marked to show the changes being proposed in resolution 13 will be available for inspection during normal business hours from Monday to Friday (except public holidays) at The Courtyard, Staplefield Road, Cuckfield, West Sussex RH17 5JT until the time of the Annual General Meeting and at the Annual General Meeting location from 15 minutes before the Annual General Meeting until it ends.

Additional Explanatory Notes of Principal Changes To The Company's Articles of Association

1. Articles which duplicate statutory provisions

Provisions in the Current Articles which replicate provisions contained in the Companies Act 2006 are in the main amended to bring them into line with the Companies Act 2006. In some of these cases the relevant articles will not be replicated in the New Articles and this is in line with the approach advocated by the Government that statutory provisions should not be duplicated in a company's constitution. The main changes made to reflect this approach are detailed below.

2. Form of resolution

The Current Articles contain a provision that, where for any purpose an ordinary resolution is required, a special or extraordinary resolution is also effective and that, where an extraordinary resolution is required, a special resolution is also effective. This provision is being amended as the concept of extraordinary resolutions has not been retained under the Companies Act 2006.

The Current Articles enable members to act by written resolution. Under the Companies Act 2006 public companies can no longer pass written resolutions. These provisions have therefore been removed in the New Articles.

3. Variation of class rights

The Current Articles contain provisions regarding the variation of class rights. The proceedings and specific quorum requirements for a meeting convened to vary class rights are contained in the Companies Act 2006. The relevant provisions have therefore been amended in the New Articles.

4. Convening extraordinary and annual general meetings

The provisions in the Current Articles dealing with the convening of general meetings and the length of notice required to convene general meetings are being amended to conform to new provisions in the Companies Act 2006. In particular an extraordinary general meeting to consider a special resolution can be convened on 14 days' notice whereas previously 21 days' notice was required.

5. Votes of members

Under the Companies Act 2006 proxies are entitled to vote on a show of hands whereas under the Current Articles proxies are only entitled to vote on a poll. The time limits for the appointment or termination of a proxy appointment have been altered by the Companies Act 2006 so that the articles cannot provide that they should be received more than 48 hours before the meeting or in the case of a poll taken more than 48 hours after the meeting, more than 24 hours before the time for the taking of a poll, with weekends and bank holidays being permitted to be excluded for this purpose. Multiple proxies may be appointed provided that each proxy is appointed to exercise the rights attached to a different share held by the shareholder. Multiple corporate representatives may be appointed (but if they purport to exercise their rights in different ways, then the power is treated as not being exercised). The New Articles reflect all of these new provisions.

6. Age of directors on appointment

The Current Articles contain a provision requiring a director's age to be disclosed if he has attained the age of 70 years or more in the notice convening a meeting at which the director is proposed to be elected or re-elected. Such provision could now fall foul of the Employment Equality (Age) Regulations 2006 and so has been removed from the New Articles.

7. Conflicts of interest

The Companies Act 2006 sets out the directors' general duties which largely codify the existing law but with some changes. Under the Companies Act, from 1 October 2008 a director must avoid a situation where he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict with the company's interests. The requirement is very broad and could apply, for example, if a director becomes a director of another company or a trustee of another organisation. The Companies Act 2006 allows directors of public companies to authorise conflicts and potential conflicts, where appropriate, where the articles of association contain a provision to this effect. The Companies Act 2006 also allows the articles of association to contain other provisions for dealing with directors' conflicts of interest to avoid a breach of duty. The New Articles give the directors authority to approve such situations.

There are safeguards which will apply when directors decide whether to authorise a conflict or potential conflict. First, only directors who have no interest in the matter being considered will be able to take the relevant

decision, and secondly, in taking the decision the directors must act in a way they consider, in good faith, will be most likely to promote the company's success. The directors will be able to impose limits or conditions when giving authorisation if they think this is appropriate.

8. Notice of board meetings

Under the Current Articles, when a director is abroad he can request that notice of directors' meetings are sent to him at a specified address and if he does not do so he is not entitled to receive notice while he is away. This provision has been removed, as modern communications mean that there may be no particular obstacle to giving notice to a director who is abroad. It has been replaced with a more general provision that a director is treated as having waived his entitlement to notice, unless he supplies the Company with the information necessary to ensure that he receives notice of a meeting before it takes place.

9. Records to be kept

The provision in the Current Articles requiring the Board to keep accounting records has been removed as this requirement is contained in the Companies Act 2006.

10. Distribution of assets otherwise than in cash

The Current Articles contain provisions dealing with the distribution of assets in kind in the event of the Company going into liquidation. These provisions have been removed in the New Articles on the grounds that a provision about the powers of liquidators is a matter for insolvency law rather than the articles and that the Insolvency Act 1986 confers powers on the liquidator which would enable it to do what is envisaged by the Current Articles.

11. Provision for employees on cessation of business

The Companies Act 2006 provides that the powers of the directors to make provision for a person employed or formerly employed by the company in connection with the cessation or transfer to any person of the whole or part of the undertaking of the company, may be exercised by the directors or by the company in general meeting. However, if the power is to be exercised by the directors, the articles of association must include a provision to this effect. The New Articles provide that the directors may exercise this power.

12. Electronic and web communications

Provisions of the Companies Act 2006 which came into force in January 2007 enable companies to communicate with members by electronic and/or website communications. The New Articles continue to allow communications to members in electronic form and, in addition, they also permit the Company to take advantage of the new provisions relating to website communications. Before the Company can communicate with a member by means of website communication, the relevant member must be asked individually by the Company to agree that the Company may send or supply documents or information to him by means of a website, and the Company must either have received a positive response or have received no response within the period of 28 days beginning with the date on which the request was sent. The Company will notify the member (either in writing, or by other permitted means) when a relevant document or information is placed on the website and a member can always request a hard copy version of the document or information.

13. Directors' indemnities and loans to fund expenditure

The Companies Act 2006 has in some areas widened the scope of the powers of a company to indemnify directors and to fund expenditure incurred in connection with certain actions against directors. In particular, a company that is a trustee of an occupational pension scheme can now indemnify a director against liability incurred in connection with the company's activities as trustee of the scheme. In addition, the existing exemption allowing a company to provide money for the purpose of funding a director's defence in court proceedings now expressly covers regulatory proceedings and applies to associated companies.

