



SCi Entertainment Group Plc

Notice of Annual General Meeting

24 January 2007 at 12.30 pm

This document is important and requires your immediate attention. If you are in any doubt as to what action to take, you are recommended to seek your own financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000. If you have sold or transferred all of your ordinary shares in SCi Entertainment Group Plc, please send this document, together with the accompanying form of proxy, immediately to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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Letter from the Chairman

SCi Entertainment Group Plc

Directors:

Tim Ryan – Non-executive Chairman

Jane Cavanagh – Chief Executive

Bill Ennis – Commercial Director

Rob Murphy – Chief Financial Officer

Nigel Wayne – Non-executive Director

Roger Ames – Non-executive Director

Registered Office:

Wimbledon Bridge House

1 Hartfield Road

London

SW19 3RU

To shareholders and, for information only, to holders of options under the SCi 1996 Share Option Scheme

5 December 2006

Dear Shareholder,

I am pleased to send you your Notice of the Annual General Meeting (the "AGM") of SCi Entertainment Group Plc (the "Company"), for the period ended 30 June 2006. The AGM will be held at 12:30pm on 24 January 2007 at the offices of KBC Peel Hunt, 111 Old Broad Street, London EC2N 1PH.

The Notice convening the AGM is set out in Appendix 1 on page 3. An explanation of the resolutions you will be asked to vote on can be found in Appendix 2 on page 4. As well as matters which your AGM deals with every year (resolutions 1 to 6), there are also four items of special business (resolutions 7 to 10). The full text of the resolutions for these four items of special business is set out in Appendix 3 on page 6.

Action to be taken

A form of proxy for use in connection with the AGM is enclosed. Whether or not you expect to attend the AGM, you are asked to complete and return the form of proxy, in accordance with the instructions thereon, as soon as possible and, in any event, so as to be received by the Company's registrars, Capita IRG plc, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, not later than 12.30pm on 22 January 2007. The completion and return of a form of proxy will not prevent you from attending the AGM and voting in person should you so wish.

Recommendation

The directors consider that all the resolutions in the Notice are in the best interests of the Company and the shareholders as a whole, and unanimously recommend shareholders to vote in favour of them. The directors intend to vote their own shares totalling 5,407,897 ordinary shares, representing approximately 7.01% of the total issued share capital of the Company, in favour of the resolutions.

Yours sincerely,



Tim Ryan
Chairman

Appendix 1: Notice of the Annual General Meeting of SCi Entertainment Group Plc for the 12 month period ended 30 June 2006

Notice is hereby given that the Annual General Meeting of SCi Entertainment Group Plc (the "Company") will be held at the offices of KBC Peel Hunt, 111 Old Broad Street, London EC2N 1PH on 24 January 2007 at 12.30pm for the following purposes:

Ordinary business

To consider and, if thought fit, pass the following resolutions as ordinary resolutions:

1. To receive and adopt the Annual Report and Accounts and reports of the directors and auditors for the 12 months ended 30 June 2006.
2. To approve the directors' remuneration report set out in the Annual Report and Accounts for the 12 months ended 30 June 2006.
3. To re-appoint BDO Stoy Hayward LLP as auditors to the Company and authorise the directors to fix their remuneration.
4. To re-elect Bill Ennis as a director of the Company who retires by rotation at the AGM and, being eligible, offers himself for re-election.
5. To re-elect Tim Ryan as a director of the Company who retires by rotation at the AGM and, being eligible, offers himself for re-election.
6. To elect Roger Ames as a director of the Company who was appointed since the last AGM and, being eligible, offers himself for election.

Special business

To consider and, if thought fit, pass the resolutions set out in Appendix 3 of the Chairman's letter dated 5 December 2006, of which this Notice forms part, of which resolutions 7 and 10 will be proposed as ordinary resolutions and resolutions 8 and 9 as special resolutions:

7. To renew the directors' authority to allot shares.
8. To renew the directors' power to disapply shareholders' pre-emption rights in relation to certain allotments of shares.
9. To enable the Company to purchase its own shares.
10. To increase the maximum aggregate fees payable to the directors of the Company under Article 85 of the Company's Articles of Association.

By order of the Board,

Anthony Price
Company Secretary
5 December 2006

Registered Office: Wimbledon Bridge House, 1 Hartfield Road, London SW19 3RU

Incorporated and registered in England and Wales No: 3121578

A member entitled to attend and vote at the meeting may appoint a proxy to attend in his/her place and, on a poll, vote instead of him/her. A proxy need not be a member of the Company. A form of proxy is enclosed which, to be valid, must (together with any power of attorney or other authority under which it is signed) be lodged with the Company's registrars, Capita IRG plc, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, not less than 48 hours before the time appointed for the meeting. Lodgement of a form of proxy will not prevent a member from attending and voting in person at the meeting should he/she wish.

Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, only those persons entered on the register of members as at 12.30pm on 22 January 2007 shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time.

There will be available for inspection at the Company's registered office during normal business hours on any business day from the date of the Notice until the AGM and at the place of the AGM for at least 15 minutes before the Meeting is held until its conclusion:

- (a) copies of the executive directors' service contracts together with all letters of appointment in respect of non-executive directors; and
- (b) the statutory register of directors' interests (together with those, if any, of their family) in the share capital of the Company.

In the case of joint holders, the vote of the senior who tenders a vote whether in person or by proxy will be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority will be determined by the order in which the names stand on the register of members in respect of the relevant joint holdings.

Appendix 2: Explanatory notes

This year shareholders will be asked to approve ten resolutions. Resolutions 1 to 7 and 10 will be proposed as ordinary resolutions. This means that more than 50% of the votes cast must support these resolutions if they are to be passed. Resolutions 8 and 9 will be proposed as special resolutions. At least 75% of the votes cast must support these resolutions if they are to be passed.

Resolution 1

To receive the Annual Report and Accounts and Reports of the Directors and of the Auditors for the 12 months ended 30 June 2006. Copies of the 2006 Annual Report and Accounts have been sent to shareholders and will be available to the public free of charge at the AGM and, prior to the meeting, at the Company's registered office during normal business hours. A copy can also be found on our website at www.sci.co.uk

Resolution 2

To approve the directors' remuneration report for the 12 months ended June 2006. Following the introduction of the Directors' Remuneration Report Regulations 2002, quoted companies must give shareholders the opportunity to vote on the report on directors' remuneration before the Company at the AGM. A copy of this year's report can be found on pages 28 to 32 of the 2006 Annual Report and Accounts.

Resolution 3

Re-appointment of auditors. The Company is required to re-appoint auditors at each AGM at which accounts are laid before shareholders. Under this resolution, therefore, you will be asked to reappoint BDO Stoy Hayward LLP as the Company's auditors. You are also asked to authorise the directors to set the auditors' remuneration.

Resolutions 4 and 5

Re-election of directors. The Company's Articles of Association require that one-third of the directors must retire by rotation and stand for re-election every year. This year, Bill Ennis and Tim Ryan are retiring by rotation and standing for re-election. Biographical details of the directors standing for election and re-election are given in Appendix 4 of this document.

Resolution 6

Election of Roger Ames as a new director of the Company.

Roger Ames was appointed to the Board as a non-executive director on 25 September 2006 after the last AGM. The Company's Articles of Association require that a director so appointed must retire and stand for election by shareholders at the next AGM after his or her appointment.

Resolutions 7 and 8

To renew the directors' authority to allot shares and the disapplication of pre-emption rights. Under resolution 7, which is similar to that passed by shareholders in previous years, you will be asked to give the directors the authority to allot £1,041,881 in nominal value of the authorised but unissued share capital consisting of 20,837,624 ordinary shares representing less than one-third of the Company's issued share capital as at 30 June 2006.

Within this authorised amount, and by the passing of resolution 8, the pre-emption provisions contained in section 89(1) of the Companies Act 1985 (the "Act") will be disapplied in relation to any rights issue or any other allotment for cash up to £190,406 in nominal amount of share capital, representing 5% of the ordinary share capital in issue at 30 June 2006, and consisting of 3,808,119 ordinary shares. This resolution would also permit issues of shares under the terms of the Company's share option schemes or in respect of outstanding warrants.

The passing of resolutions 7 and 8 will give the directors the flexibility to issue ordinary shares up to this amount without the need first to offer such shares to existing shareholders. If approved, the authority and disapplication provided for in these resolutions will remain in force until the earlier of the date 15 months from the date of the passing of this resolution and the conclusion of the next AGM. The directors have no present intention to issue any of the unissued share capital except as may be required in connection with the SCi 1996 Share Option Plan.

Resolution 9

Authority for the Company to make market purchases of its own shares. Section 162 of the Act permits a company to purchase its own shares provided it is authorised to do so by its Articles of Association and the purchase has been authorised by shareholders in general meeting. The directors consider that there may be occasions when it would be desirable for the Company to purchase its own shares in the market for the purposes of cancellation of those shares.

The Company's Articles of Association already provide the appropriate authority for the Company to purchase its own shares. The purpose of this resolution is to seek the authority of shareholders for the Company to make purchases of up to 3,808,119 ordinary shares in the market (being 5% of the Company's current issued share capital as at 30 June 2006) for a period until the conclusion of its next AGM or 24 April 2008, whichever shall be the earlier.

This proposal should not be taken as an indication that the Company will purchase its shares at any particular price, or at all, or to imply any opinion on the part of the directors as to the market or other value of the Company's ordinary shares. The directors will only exercise the power to effect the purchase by the Company of its own shares at price levels and in circumstances which they consider to be in the interests of the Company and its shareholders generally, after taking account of other investment opportunities and the Company's overall financial position, and which, in particular, would lead to an increase in the earnings per share of the remaining issued ordinary shares. In any event, no purchase will be made which would effectively alter the control of the Company without the prior approval of the shareholders in general meeting.

The total number of employee options and purchase rights to subscribe for equity shares currently outstanding is approximately 6.1 million. This represents 7.9% of the Company's current issued share capital. If the Company bought back the maximum number of shares permitted pursuant to the passing of this resolution, then the total number of options and purchase rights outstanding would represent 8.35% of the issued share capital as reduced following those repurchases.

Resolution 10

To amend the maximum aggregate fees payable to directors under Article 85. Under Article 85 of the Company's current Memorandum and Articles of Association adopted by the shareholders on 24 July 1996, the fees payable to the directors in each year are limited to a maximum of £75,000 in aggregate. The approval of shareholders is sought to increase this figure to £300,000, being a more appropriate limit under the Articles of Association given the size of the Group, the number of directors, fees payable by companies of comparable size and to save further recourse to shareholders on this issue in future years. Article 93(d) of the Company's Articles of Association permits additional remuneration to be paid to executive directors of the Company.

Appendix 3: Special business

At the AGM on 24 January 2007 the resolutions below will be proposed as special business. Resolutions 7 and 10 will be proposed as ordinary resolutions and resolutions 8 and 9 as special resolutions.

Ordinary resolution 7

That:

- (a) the directors shall have a general and unconditional authority to exercise all powers of the Company to allot, grant options over, offer or otherwise deal with or dispose of any relevant securities (within the meaning of section 80 of the Companies Act 1985 as amended from time to time (the "Act")) of the Company on and subject to such terms as the directors may determine. The authority hereby conferred shall, subject to section 80 of the Act, be for a period expiring on the earlier of 15 months from the date of the passing of this resolution and the conclusion of the next AGM of the Company after the passing of this resolution, and the maximum nominal amount of relevant securities which may be allotted pursuant to such authority shall be £1,041,881, representing the authorised but as yet unissued share capital of the Company at the date hereof; and
- (b) the directors shall be entitled under the authority conferred by paragraph (a) of this resolution or under any renewal thereof to make at any time prior to the expiry of such authority any offer or agreement which would or might require relevant securities of the Company to be allotted after the expiry of such authority and thereafter to allot relevant securities in pursuance to such an offer or agreement as if the authority conferred hereby had not expired.

Special resolution 8

That the directors be and they are hereby empowered pursuant to section 95 of the Act for a period expiring on the earlier of 15 months from the date of the passing of this resolution or the conclusion of the next AGM of the Company after the passing of this resolution to allot equity securities (as defined in section 94(2) of the Act), for cash, pursuant to the authority conferred by the ordinary resolution numbered 7 above, as if section 89(1) of the Act did not apply to any such allotment, provided that this power shall be limited to:

- (a) the allotment of equity securities where such securities have been offered (whether by open offer, rights issue or any other pre-emptive offer) to the holders of ordinary shares in proportion (as nearly as may be) to the respective number of equity securities held or deemed to be held by them, subject only to such exclusions or other arrangements as the directors deem necessary or expedient to deal with fractional entitlements, legal or practical problems arising in any overseas territory, the requirement of any regulatory body or stock exchange in any territory, or any other matter whatsoever; and
- (b) the allotment of equity securities in connection with or pursuant to the terms of warrants to subscribe for equity securities or any share option scheme or plan or any long-term incentive scheme or plan for employees and directors of the Company approved by the Company in

- general meeting whether before or after the date of this agreement; and/or
- (c) the allotment (otherwise than pursuant to subparagraph (a) or (b) of this resolution) of equity securities up to an aggregate amount of £190,406 (representing 5% of the issued share capital of the Company shown in the Annual Report and Accounts of the Company for the period ended 30 June 2006).

Special resolution 9

That the Company be and is hereby generally and unconditionally authorised for the purposes of Section 166 of the Act to make market purchases (within the meaning of Section 163(3) of the Act) of ordinary shares provided that:

- (a) the maximum number of ordinary shares hereby authorised to be purchased shall be 3,808,119 (representing 5% of the Company's issued ordinary share capital as at 30 June 2006);
- (b) the minimum price, exclusive of any expenses, which may be paid for an ordinary share shall be 5 pence;
- (c) the maximum price, exclusive of any expenses, which may be paid for an ordinary share shall be an amount equal to 105% of the average of the middle market quotations for an ordinary share taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the ordinary share is contracted to be purchased;
- (d) unless previously renewed, varied or revoked the authority hereby conferred shall expire at the conclusion of the Company's next AGM or, if earlier, 15 months from the date of this resolution; and
- (e) the Company may make a contract or contracts to purchase ordinary shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority, as if such activity had not expired, and may make purchases of ordinary shares in pursuance of such contract or contracts.

Ordinary resolution 10

That the maximum limit of aggregate fees payable to the Directors of the Company under Article 85 of the Company's Articles of Association be increased from £75,000 to £300,000 per annum.

Appendix 4: Profiles of directors seeking re-election and election (Resolutions 4, 5 and 6)

Bill Ennis

Commercial Director

Bill Ennis was appointed to the Board on 3 May 1996, having previously worked for DEC. He has substantial experience of the games industry and is a former director of the Entertainment Leisure Software Publishers Association (ELSPA).

Tim Ryan (n) (r) (a)

Non-executive Chairman

Tim Ryan joined the Board as a non-executive director on 19 October 2001 and was appointed as Chairman on 30 June 2006. Tim has considerable experience of corporate communications. His former positions include head of corporate and investor relations at SkyePharma Plc, one of the world's leading drug delivery companies, and director of corporate communications at NTL. He is currently chairman of Bell Pottinger International.

Roger Ames (n) (r) (a)

Non-executive director

Appointed to the Board on 25 September 2006, Roger Ames has extensive experience of the entertainment industry having previously held positions as executive vice-president of Polygram and president of Polygram Music Group in 1996. Subsequently he was chairman and CEO of Warner Music Group from 1999 to 2004.

- (n) Member of the Nomination Committee
- (r) Member of the Remuneration Committee
- (a) Member of the Audit Committee