

THIS LETTER IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in doubt as to what action you should take, please consult your stockbroker, bank manager, solicitor, accountant or other independent professional adviser duly authorised under the Financial Services and Markets Act 2000.

If you have recently sold or transferred your Ordinary Shares in COE Group PLC, please send this document, together with the accompanying Form of Proxy, to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee.



COE GROUP PLC

**(Registered in England and Wales under the
Companies Act 1985, registered no. 00128467)**

Placings Capitalisation of Loan owed to IP2IPO Limited

Notice of General Meeting

A notice of a General Meeting of the Company to be held at DLA Piper UK LLP, Princes Exchange, Princes Square, Leeds, LS1 4BY on Thursday 11 December 2008 at 10.00 am is set out at the end of this document. Shareholders are requested to complete and return the enclosed Form of Proxy to the Company's Registrars, Computershare Investor Services PLC, PO Box 1075, The Pavilions, Bridgwater Road, Bristol, BS99 3FA as soon as possible, but in any event, so as to arrive no later than 10.00 am on Tuesday 9 December 2008, whether or not they propose to be present at the General Meeting.

CONTENTS

	Page
Expected Timetable of Principal Events	2
Definitions	3
Letter from the Chairman	5
Appendix - Additional Information	10
Notice of General Meeting	11

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Expected date on which Unconditional Placing Shares will be admitted to trading on AIM	8.00 am on Monday 1 December 2008
Expected date on which CREST accounts are to be credited in respect of the Unconditional Placing Shares	1 December 2008
Expected date by which definitive new share certificates are to be despatched in respect of the Unconditional Placing Shares	12 December 2008
Latest time and date for receipt of Forms of Proxy	10.00 am on Tuesday 9 December 2008
General Meeting	10.00 am on Thursday 11 December 2008
Expected date on which the Conditional Placing Shares will be admitted	8.00 am on Friday 12 December 2008
Expected date on which CREST accounts are to be credited in respect of the Conditional Placing Shares	12 December 2008
Expected date by which definitive new share certificates are to be despatched in respect of the Conditional Placing Shares	23 December 2008

DEFINITIONS

In this document and in the accompanying Form of Proxy, the following words and expressions shall, except where the context requires otherwise, have the following meanings:

"Act"	the Companies Act 1985 (as amended) and the Companies Act 2006
"Admission"	admission of the Placing Shares to trading on AIM becoming effective in accordance with the AIM Rules
"AIM"	the market operated by the London Stock Exchange
"AIM Rules"	the rules applicable to AIM companies, as published by the London Stock Exchange from time to time
"Articles"	the articles of association of the Company
"Board" or "Directors"	the board of directors of the Company
"Capitalisation"	the capitalisation pursuant to a capitalisation and subscription agreement to be entered into between (1) the Company and (2) IP2IPO Limited of a £350,000 loan owed to IP Group plc ("IPG") under the terms of the Loan Agreement
"Capitalisation Shares"	the 3,888,888 Ordinary Shares to be issued pursuant to the Capitalisation
"certificated"	the description of a share or other security which is not in uncertificated form (that is, not in CREST)
"COE Shareholder" or "Shareholder"	a holder of Existing Ordinary Shares
"COE Shares" or "Ordinary Shares"	ordinary shares of one pence each in the capital of COE
"Company" or "COE"	COE Group PLC (registered with number 128467)
"Company's Registrars"	Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZZ
"Conditional Placing"	placing of the Conditional Placing Shares
"Conditional Placing Shares"	5,744,405 ordinary shares of £0.01 each in the capital of the Company
"CREST"	the relevant system (as defined in the CREST Regulations) for the paperless settlement of share transfers and the holding of shares in uncertificated form in respect of which CRESTCo is the Operator (as defined in the CREST Regulations)
"CRESTCo"	CRESTCo Limited
"CREST Regulations"	the Uncertificated Securities Regulations 2001 (SI 2001/3755) (as amended)
"Enlarged Share Capital"	the issued ordinary share capital of the Company following the issue of the New Ordinary Shares

"Existing Ordinary Shares"	the 22,394,397 Ordinary Shares in issue as at the date of this document
"General Meeting" or "GM"	the General Meeting of the Company to be held at DLA Piper UK LLP, Princes Exchange, Princes Square, Leeds, LS1 4BY on Thursday 11 December 2008, notice of which is set out at the end of this document
"Form of Proxy"	the form of proxy for use by Shareholders in connection with the General Meeting
"Loan"	a loan of £350,000 to the Company from IP2IPO Limited
"Loan Agreement"	a secured loan agreement dated 7 July 2008 entered into between (1) the Company and (2) IP2IPO Limited in respect of the Loan
"London Stock Exchange"	London Stock Exchange plc
"New Ordinary Shares"	the Placing Shares and the Capitalisation Shares
"Optionholders"	holders of options under the Share Option Schemes
"Ordinary Shares"	ordinary shares of £0.01 each in the capital of the Company
"Placings"	the Conditional Placing and the Unconditional Placing
"Placing Price"	£0.09 per Ordinary Share
"Placing Shares"	the Conditional Placing Shares and the Unconditional Placing Shares
"Resolutions"	the resolutions numbered 1 to 3, to be proposed at the GM, as set out in the notice of GM at the end of this document
"Share Option Schemes"	the COE Group PLC (formerly Scoot.com plc) 1999 Unapproved 2000 Share Option Scheme and the COE Group PLC (formerly Scoot.com plc) 1999 Approved 2000 Share Option Scheme
"Shareholding"	a holding of Existing Ordinary Shares
"UK"	the United Kingdom of Great Britain and Northern Ireland
"uncertificated" or "in uncertificated form"	the descriptions of a share or other security which is held in uncertificated form in CREST and title to which by virtue of the Regulations may be transferred by means of CREST
"Unconditional Placing"	placing of the Unconditional Placing Shares
"Unconditional Placing Shares"	4,716,710 ordinary shares of £0.01 each in the capital of the Company

COE Group PLC

(Registered in England and Wales with company number 128467)

Directors:

Alison Fielding *(Non-Executive Chairman)*
Ian Jefferson *(Chief Executive Officer)*
Mark Marriage *(Technical Director)*
Anton Elsborg *(Non-Executive)*
Mark Norton *(Global Sales Director)*

Registered Office:
Photon House
Percy Street
Leeds
LS12 1EG

18 November 2008

To Shareholders and, for information only, to Optionholders

Dear Shareholder,

Proposed Placings and Capitalisation of Loan owed to IP2IPO Limited

1. Introduction

The Board believes that it would be in the interests of Shareholders and the Company as a whole to undertake a placing of shares in the capital of the Company and a capitalisation of a £350,000 loan owed to IP2IPO Limited. The reasons for and details of the proposed Placings and Capitalisation are set out below. I am therefore writing to you today to seek the necessary approval to allow the proposed Placings to proceed. Notice of a general meeting of the Company (at which the Resolutions to give effect to the Placings will be put to COE Shareholders) is set out at the end of this document.

2. Background to and reasons for the proposed Placing

During the year ending 30 June 2008, COE continued to made slow progress against its growth plan laid out in March 2007 with turnover only slightly up against the prior year. Overheads, however, rose significantly during the period and as a result the board announced, in July 2008, a restructuring in order to more effectively match costs with anticipated trading. As part of this plan Andrew Wallace stepped down as Chief Executive and left the business at the end of July 2008. Ian Jefferson, formerly Finance Director, took over as CEO and Mark Norton was appointed to the board as Global Sales Director. This restructuring is now complete and the Group recorded an operating profit (before re-organisation costs) in the first quarter of FY09.

As a result of the Group's product development programme, it is now able to offer analogue, digital and hybrid products, which puts the Group in a strong position as the market moves towards digital products via intermediary hybrid solutions which incorporate both technologies. The board believes that there will be a significant increase in the market for hybrid systems over the coming years and the Group is well positioned to exploit these having already won one such contract with the 1,100 camera system for the Port of Singapore Authority ("PSA") announced in March 2008. The Group has recently tripled its sales presence in the rapidly growing market of Asia Pacific in order to pursue more of these larger size opportunities.

However, whilst the operational performance has improved and an operating profit (before re-organisation costs) was recorded in Q1FY09, the accumulated losses have resulted in the need for the Company to raise additional funds in order to reduce borrowings, strengthen the balance sheet and to provide sufficient working capital for the business to take advantage of developing sales opportunities.

With unfavourable market conditions for raising equity funds for companies with a relatively low market capitalisation, the Directors explored a number of potential fundraising routes, including the possibility of undertaking a rights issue or open offer to all shareholders. However, the Directors came to the view that the significant additional cost and delay which a rights issue or an open offer would entail would not be in the best interests of the Company in the context of the relatively small amount of funds being raised.

Having carefully considered a number of alternative proposals to achieve the funding objectives, the Directors decided that it would be in the best interests of shareholders for the necessary funds to be raised by way of the Placing.

3. Details of the proposed Placings

COE proposes to raise £941,500 before expenses, by the placing of 10,461,115 Placing Shares at a price of 9p per Ordinary Share and also proposes to convert a £350,000 existing loan from IP2IPO Limited (“IP2IPO”) into 3,888,888 Capitalisation Shares. The Placing Shares and the Capitalisation Shares will, when issued, represent approximately 39.1 per cent. of the Enlarged Share Capital of the Company.

An application will be made for the admission to trading on AIM of 8,605,598 new Ordinary Shares, constituting the existing loan from IP2IPO converted into 3,888,888 Capitalisation Shares and 4,716,710 Unconditional Placing Shares and dealings are expected to commence at 08:00 am on 1 December 2008.

The remaining £516,996 of the proposed placing equating to 5,744,405 Conditional Placing Shares is conditional, inter alia, on shareholder approval which will be sought at the GM. Application will be made for these 5,744,405 Placing Shares to be admitted to trading on AIM and dealings are expected to commence at 08:00 am on 12 December 2008 conditional, inter alia, on shareholder approval.

4. Details of the Capitalisation

In conjunction with the Placings, the Company is proposing to allot and issue 3,888,888 new Ordinary Shares to IP2IPO Limited, or its nominee, in satisfaction of the Loan.

Following completion of the Placings and the Capitalisation, the Company will have a total of 36,744,400 Ordinary Shares in issue.

5. Related Party Transaction

IP2IPO and parties associated with it will be subscribing for 3,222,220 Placing Shares, representing 30.8% of the total number of Placing Shares. The participation of IP2IPO as a substantial shareholder in the Placing is deemed to be a related party transaction under the AIM Rules for companies. The conversion of the Loan into 3,888,888 Capitalisation Shares is also deemed to be a related party transaction under the AIM Rules for companies. Accordingly the Directors, other than Dr Alison Fielding who is also a director of IPG, consider, having consulted with KBC Peel Hunt Ltd, the Company's nominated adviser, that

the terms of the Placings and the Capitalisation are fair and reasonable insofar as the Company's shareholders are concerned.

6. Admission to AIM

The Unconditional Placing is conditional upon permission being granted by the London Stock Exchange for the Unconditional Placing Shares to be admitted to trading on AIM. Application for such Admission has been made so as to enable the Unconditional Placing Shares to be admitted to trading on AIM as soon as practicable. It is expected that Admission will become effective at 8.00 am on Monday 1 December 2008.

The Conditional Placing is conditional upon:

- 6.1 permission being granted by the London Stock Exchange for the Conditional Placing Shares to be admitted to trading on AIM. Application for such Admission will be made so as to enable the Conditional Placing Shares to be admitted to trading on AIM as soon as practicable following the passing of the Resolutions. It is expected that Admission will become effective at 8.00 am on 12 December 2008.
- 6.2 The passing of the Resolutions.

7. Share Options

The Directors have discussed the need for an appropriate management incentive scheme. It is expected that incentive schemes will be introduced in due course which will provide for the grant of options over Ordinary Shares up to a maximum of 20 per cent. of the Enlarged Share Capital.

8. General Meeting

In order to give effect to the Conditional Placing, the Resolutions need to be approved by Shareholders in general meeting.

You will therefore find set out at the end of this document a notice convening the General Meeting to be held at DLA Piper, Princes Exchange, Princes Square, Leeds, LS1 4BY at which the Resolutions set out in the notice of general meeting will be proposed for the following purposes:

- 8.1 resolution 1 is an ordinary resolution to increase the share capital of the Company by £265,000;
- 8.2 resolution 2 is an ordinary resolution to authorise the Directors, pursuant to section 80 of the Companies Act 1985, to allot relevant securities up to an aggregate nominal amount of £175,000;
- 8.3 resolution 3 is a special resolution to authorise the Directors to allot equity securities for cash otherwise than in accordance with Shareholders' statutory pre-emption provisions for the purposes of the Placings and the Scheme.

9. City Code on Takeovers and Mergers ("City Code")

Under Rule 9 of the City Code, any person who acquires an interest (as such term is defined in the City Code) in shares which, taken together with the shares in which he and persons

acting in concert with him are interested, carry 30 per cent. or more of the voting rights in a company which is subject to the City Code is normally required to make a general offer to all of the remaining shareholders to acquire their shares. Similarly, when any person, together with persons acting in concert with him, is interested in shares which in aggregate carry not less than 30 per cent. but does not hold shares carrying more than 50 per cent. of the voting rights of such a company, a general offer will normally be required if any further interests in shares are acquired by any such person. Such an offer would have to be made in cash at a price not less than the highest price paid by him, or by any member of the group of persons acting in concert with him, for any interest in shares in the company during the 12 months prior to the announcement of the offer.

Under the City Code, “acting in concert” is defined as follows:

Persons acting in concert comprise persons who, pursuant to an agreement or understanding (whether formal or informal), co-operate to obtain or consolidate control (as defined below) of a company or to frustrate the successful outcome of an offer for a company. A person and each of its affiliated persons will be deemed to be acting in concert all with each other.

Under the City Code, “control” is defined as follows:

Control means a holding, or aggregate holdings, of shares carrying 30 per cent. or more of the voting rights of a company, irrespective of whether the holding or holdings gives *de facto* control.

IP2IPO Limited, IP Venture Fund, which are both connected to IP Group Plc, Alison Fielding, Dave Norwood, Alan Aubrey and Richard Farleigh are deemed to be acting in concert with each other (“Concert Party”) solely in respect of their interests in the Company. The current shareholding of the Concert Party equates to 11,846,840 Ordinary Shares or 52.90% of the Company's existing ordinary share capital. All the members of the Concert Party intend to subscribe for Placing Shares under the Placing in addition to which IP2IPO will subscribe for all the Capitalisation Shares.

Shareholders should be aware that members of the Concert Party will together hold more than 50 per cent. of the voting rights attaching to the Company's issued share capital. Accordingly, the Concert Party, for so long as the members of the Concert Party continue to be treated as acting in concert, may be able to increase its aggregate shareholding at a later date without incurring any further obligation under Rule 9 to make a general offer. However individual members of the Concert Party will not be able to increase their percentage shareholdings through a Rule 9 threshold without Panel consent.

10. Action to be taken

A Form of Proxy is enclosed for use by Shareholders at the GM. If you are a Shareholder, you are requested to complete, sign and return the Form of Proxy, whether or not you intend to be present at the meeting, and return it to the Company's Registrars at Computershare Investor Services PLC, PO Box 1075, The Pavilions, Bridgwater Road, Bristol, BS99 3FA as soon as possible and in any event so as to arrive not later than 10.00 am on Tuesday 9 December 2008. The completion and return of a Form of Proxy will not prevent you from attending the meeting and voting in person should you subsequently wish to do so.

11. Recommendation

The directors of the Company unanimously recommended that you vote in favour of the Resolutions being proposed at the GM, as they intend to do or procure to be done in respect of their own and their connected persons' beneficial holdings of, in aggregate,

327,394 Ordinary Shares representing approximately 1.46 per cent. of the issued share capital of the Company.

Yours faithfully

Alison Fielding
Non-Executive Chairman

APPENDIX

Additional Information

1. Responsibility Statement

The Directors, whose names are set out in paragraph 2 of this Appendix, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors, who have taken all reasonable care to ensure that such is the case, the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. Directors and their respective interests

As at 17 November 2008, being the last practicable date prior to publication of the document, the Directors had the following interests in the share capital of the Company, all of which are and will be beneficial:

	No. of Ordinary Shares	Percentage of issued share capital (%)	Number of options
Alison Fielding	246,094	1.1	0
Ian Jefferson	0	0	223,944
Mark Marriage	81,300	0.36	158,000
Mark Norton	0	0	223,944
Anton Elsborg	0	0	0

COE GROUP PLC

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a General Meeting of the Company will be held at DLA Piper UK LLP, Princes Exchange, Princes Square, Leeds, LS1 4BY on Thursday 11 December 2008 at 10.00 am for the purpose of considering and, if thought fit, passing the following resolutions, of which resolution number 1 and 2 will be proposed as ordinary resolutions and resolution number 3 will be proposed as a special resolution:

ORDINARY RESOLUTION

1. THAT, the authorised share capital of the Company be increased from £2,950,000 to £3,215,000 by the creation of new ordinary shares of one pence each in the capital of the Company, such new ordinary shares ranking *pari passu* in all respects with the existing ordinary shares of one pence each in the capital of the Company in issue.
2. THAT, without prejudice and in addition to all existing authorities to the extent unused, the directors of the Company ("**Directors**") be and are hereby generally and unconditionally authorised for the purposes of section 80 of the Companies Act 1985 to exercise all the powers of the Company to allot relevant securities up to an aggregate nominal amount of £265,000, provided that (unless previously revoked, varied or renewed) this authority shall expire on 11 February 2010, save that the Company may make an offer or agreement before the expiry of this authority which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities pursuant to any such offer or agreement as if the authority conferred by the resolution had not expired.

SPECIAL RESOLUTION

3. THAT, subject to the passing of resolution 2, pursuant to section 95 of the Act and in addition to all existing authorities under that section, the Directors be and are generally empowered to allot equity securities (within the meaning of section 94(2) of the Act) for cash pursuant to the authority conferred by resolution 2 as if section 89(1) of the Act did not apply to any such allotment, provided that this power shall be limited to:
 - 3.1 the allotment of equity securities for cash up to an aggregate nominal amount of £150,000 in connection with the Placings and Capitalisation; and
 - 3.2 the allotment of equity securities pursuant to the terms of the Scheme,and (unless previously revoked, varied or renewed) shall expire on 11 February 2010 save that the Company may make an offer or agreement before the expiry of this power which would or might require equity securities to be allotted for cash after such expiry and the directors may allot equity securities for cash pursuant to any such offer or agreement as if the power conferred by this resolution had not expired.

NOTES:

1. *Only those members registered in the register of members of the Company as at 10.00 am on Tuesday 9 December 2008 or, in the event that the meeting is adjourned, in the register of members 48 hours before the time of any adjourned meeting shall be entitled to attend or vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries in the register of members after 10.00 am on Tuesday 9 December 2008 or, in the event that the meeting is adjourned, after 48 hours before the time of any adjourned meeting shall be disregarded in determining the rights of any person to attend or vote at the meeting.*
2. *In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that (i) if a corporate shareholder has appointed the Chairman of the meeting as its corporate representative with instructions*

to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the Chairman and the Chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder has not appointed the Chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives - www.icsa.org.uk - for further details of this procedure. The guidance includes a sample form of representation letter if the Chairman is being appointed as described in (i) above.

3. *A member is entitled to appoint one or more persons as proxies to exercise all or any of his rights to attend, speak and vote at the meeting. A proxy need not be a member of the Company. A member may appoint more than one proxy in relation to the meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him. To appoint more than one proxy, you will need to complete a separate proxy form in relation to each appointment. Additional proxy forms may be obtained by contacting the Company or you may photocopy the proxy form. You will need to state clearly on each proxy form the number of shares in relation to which the proxy is appointed. A failure to specify the number of shares each proxy appointment relates to or specifying a number in excess of those held by the member may result in the proxy appointment being invalid. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.*

The appointment of a proxy will not preclude a member from attending and voting in person at the meeting if he or she so wishes.

4. *A form of proxy is enclosed. To be valid, it must be completed, signed and sent to the offices of the Company's registrars, Computershare Investor Services PLC, so as to arrive no later than 10.00 am on Tuesday 9 December 2008 (or, in the event that the meeting is adjourned, no later than 48 hours (excluding any part of a day that is not a working day) before the time of any adjourned meeting).*