

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document you should consult a person authorised under the Financial Services and Markets Act 2000 (“FSMA”) who specialises in advising upon investments in shares and other securities before taking any action.**

If you have sold or transferred all of your ordinary shares of one pence each (“**Ordinary Shares**”), please forward this document and the accompanying form of proxy as soon as possible 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.

The directors, whose names appear on page 2 of this document (the “**Directors**”), accept responsibility for the information contained herein. To the best of the knowledge of the Directors, such information is in accordance with the facts and does not omit anything likely to affect the import of such information.

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# **Coolabi plc**

*(Incorporated and registered in England and Wales with registered no. 3735898)*

## **Acquisition of Licensing by Design Limited**

### **Placing of 9,375,000 Ordinary Shares at a price of 8 pence per share**

#### **Notice of General Meeting**

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You are recommended to read the whole of this document but your attention is drawn, in particular, to the letter to shareholders from the Directors of Coolabi plc (the “**Company**”), set out on pages 2 and 3, which recommends that you vote in favour of the resolutions to be proposed at a general meeting of the Company’s shareholders.

Notice convening a general meeting of the Company (the “**General Meeting**”) to be held at the offices of Speechly Bircham LLP, 6 New Street Square, London EC4A 3LX at 4.00 p.m. on 19 November 2008, is set out at the end of this document. Shareholders will find enclosed a Form of Proxy for use at the General Meeting. **To be valid, the accompanying Form of Proxy for use at the meeting should be completed, signed and returned to Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, by post or by hand, as soon as possible and, in any event, by not later than 4.00 p.m. on 17 November 2008.** The completion and depositing of a Form of Proxy will not preclude you from attending and voting in person at the General Meeting should you wish to do so.

# Coolabi plc

(Incorporated and registered in England and Wales with registered no. 3735898)

*Directors:*

William Harris (*Chairman*)  
Jeremy Banks (*Chief Executive*)  
Tim Ricketts (*Finance Director*)  
Linda James (*Non-Executive Director*)  
Stuart Lindsay (*Non-Executive Director*)

*Registered and Head Office:*

48 Broadley Terrace  
London  
NW1 6LG

23 October 2008

*To shareholders and, for information only, to holders of options over ordinary shares of 1p each*

**Acquisition of Licensing by Design Limited  
Placing of 9,375,000 Ordinary Shares at a price of 8 pence per share  
Notice of General Meeting**

Dear Shareholder,

## **Introduction**

The Board announced today that the Company had conditionally agreed to acquire the entire issued share capital of Licensing by Design Limited (“**LBD**”) for a cash consideration of £400,000 (the “**Acquisition**”). In order to finance the Acquisition and to provide capacity for further small acquisitions and working capital for the Company, Coolabi proposes to raise approximately £750,000 (before expenses) by way of a placing (the “**Placing**”) of 9,375,000 new Ordinary Shares (the “**Placing Shares**”) at a price of 8p per share (the “**Placing Price**”).

## **Background to and reasons for the Acquisition**

LBD is a privately owned licensing and merchandising company which was established in 1989. LBD represents a number of intellectual property assets including Bagpuss, the Clangers and Ivor the Engine, which it has represented since 1991. Despite only 13 television episodes ever being made, Bagpuss has regularly been voted the UK’s favourite children’s character. The licensing and merchandising rights for Bagpuss, the Clangers and Ivor the Engine are contracted to 2013 and, as part of the transaction, the vendor of LBD will be contractually obliged to use best endeavours to secure an extension of these rights beyond 2013, and will participate in certain future earnings should this and certain other post completion obligations be achieved.

The acquisition of LBD is in line with Coolabi’s stated acquisition strategy as it will be earnings enhancing in its first full financial year within the group, it will utilise the Company’s existing infrastructure, and its properties, in particular Bagpuss, have the ability to be exploited across different media. The strategic intention of the Directors is to apply their proven brand management skills to grow and develop the licensing and merchandising opportunities for the LBD portfolio in general, and Bagpuss in particular.

## **Details of the Placing**

In order to finance the Acquisition and to provide capacity for further small acquisitions and working capital for the Company, Coolabi is proposing to raise approximately £750,000 (before expenses) by way of a placing of 9,375,000 Placing Shares at a price of 8 pence per share. The Placing Price represents the closing middle market price of the Company on 22 October 2008.

Following admission of the Placing Shares to trading on AIM (“**Admission**”), the Company will have 33,901,043 Ordinary Shares in issue and a market capitalisation of £2.71 million at the Placing Price. The Placing Shares will represent 27.65 per cent. of the issued ordinary share capital of the Company immediately following Admission. Application will be made to the London Stock Exchange for the Placing Shares to be admitted to trading on AIM and it is expected that Admission will occur on 20 November 2008.

The Placing is conditional, *inter alia*, upon (i) the Company obtaining approval from its shareholders to disapply pre-emption rights and to grant the Board the necessary authority to allot the Placing Shares; and (ii) Admission. The Placing will not be underwritten.

Certain of the Directors of the Company, who currently hold between them interests in 1,412,499 Ordinary Shares representing 5.76 per cent. of the issued share capital of the Company, have undertaken to subscribe for 450,000 Placing Shares at the Placing Price. On Admission, these Directors between them will hold 5.49 per cent. of the issued Ordinary Share capital of the Company after the Placing.

### **General Meeting**

A notice convening the General Meeting, to be held at the offices of Speechly Bircham LLP, 6 New Street Square, London, EC4A 3LX at 4.00 p.m. on Wednesday 19 November 2008, is set out at the end of this document, at which the following resolutions will be proposed:

1. to increase the authorised share capital of the Company from £350,000 to £700,000 by the creation of an additional 35,000,000 Ordinary Shares;
2. to authorise the Directors pursuant to section 80 of the Companies Act 1985 (the “Act”) to allot relevant securities up to an aggregate maximum nominal value of £212,876.56 which will be in substitution for the existing authority; and
3. to disapply the pre-emption rights conferred by the Act in connection with the allotment of Ordinary Shares pursuant to the Placing, offers by way of rights and otherwise in respect of the allotment of equity securities up to a maximum aggregate nominal value of £72,197.91 in substitution for the existing disapplication.

Subject to the passing of the resolutions and following completion of the Placing the Directors will have authority to allot up to 7,219,791 Ordinary Shares for cash and disapplying pre-emption rights, representing respectively approximately 20 per cent of the enlarged issued share capital of the Company.

### **Action to be taken**

A Form of Proxy is enclosed for use at the General Meeting. Shareholders are requested to complete and sign a form of proxy whether or not they propose to attend the meeting in person.

**Completed forms of proxy should be returned in the reply paid envelope provided to Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, by post or by hand, as soon as possible and, in any event, by not later than 4.00 p.m. on 17 November 2008.**

The lodging of a form of proxy will not prevent a shareholder from attending and voting in person at the General Meeting if he/she decides to do so.

### **Recommendation**

The Directors consider the terms of the proposals outlined above to be in the best interests of the Company and its shareholders as a whole. Accordingly, the Directors recommend that you vote in favour of the resolutions to be proposed at the General Meeting, as they intend to do in respect of their own holdings of Ordinary Shares, totalling 1,503,391 Ordinary Shares, being approximately 6.13 per cent. of the current issued share capital of the Company.

Yours faithfully,

**William Harris**

*Chairman*

# Coolabi plc

(Incorporated and registered in England and Wales with registered no. 3735898)

## Notice of General Meeting

Notice is hereby given that a General Meeting (the “**Meeting**”) of Coolabi plc (the “**Company**”) will be held at the offices of Speechly Bircham LLP, 6 New Street Square, London EC4A 3LX at 4.00 p.m. on 19 November 2008. You will be asked to consider and vote on the resolutions below. Resolution 1 will be proposed as ordinary resolutions (the “**Ordinary Resolutions**”) and resolution 3 will be proposed as a special resolution (the “**Special Resolution**”).

### Ordinary Resolutions

1. The authorised share capital of the Company be and is hereby increased from £350,000 to £700,000 by the creation of an additional 35,000,000 Ordinary Shares of 1 pence each in the capital of the Company, each ranking *pari passu* in all respects with the additional Ordinary Shares of 1 pence each in the capital of the Company.
2. In substitution for all previous authorities which are hereby revoked to the extent not previously utilised, the directors of the Company be and they are generally and unconditionally authorised for the purposes of section 80 of the Companies Act 1985 (the “**Act**”) to exercise all the powers of the Company to allot relevant securities (within the meaning of that section) up to an aggregate nominal amount of £212,876.56, provided that this authority shall expire at the conclusion of the Annual General Meeting of the Company held in 2009 but the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors of the Company may allot relevant securities in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution 2 has expired.

### Special Resolution

3. Subject to the passing of resolution 2, the directors of the Company be and they are empowered pursuant to section 95 of the Act to allot equity securities (within the meaning of section 94(2) of the Act) wholly 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 the allotment of equity securities:
  - (a) pursuant to the placing described in the circular to shareholders dated 23 October 2008 up to an aggregate nominal amount of £93,750;
  - (b) in connection with an offer of such securities by way of rights to holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings of such shares, but subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or any legal or practical problems under the laws of any territory, or the requirements of any regulatory body or stock exchange;
  - (c) otherwise than pursuant to sub-paragraph (a) above up to an aggregate nominal amount of £72,197.91; and
  - (d) and shall expire at the conclusion of the Annual General Meeting of the Company held in 2009, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors of the Company may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution 3 has expired.

By order of the Board

*Company secretary*

**Coolabi plc**

48 Broadley Terrace

Marylebone

London

NW1 6LL

23 October 2008

## **Notes to the Notice of General Meeting**

### **Entitlement to attend and vote**

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those members registered on the Company's register of members at:
  - 6.00 p.m. on 17 November 2008; or,
  - if this Meeting is adjourned, at 6.00 pm on the day two days prior to the adjourned meeting, shall be entitled to attend and vote at the Meeting.

### **Appointment of proxies**

2. If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
3. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy you may photocopy your proxy card or contact Capita Registrars on 0871 664 9300 (calls cost 10p per minute plus network extras) to obtain an extra proxy card.
5. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.

### **Appointment of proxy using hard copy proxy form**

6. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote.

To appoint a proxy using the proxy form, the form must be:

- completed and signed;
- sent or delivered to Capita Registrars, Proxies, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU; and
- received by Capita Registrars no later than 4.00 p.m. on 17 November 2008.

In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

### **Appointment of proxies through CREST**

7. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the Meeting and any adjournment(s) thereof by utilising the procedures described in the CREST Manual. CREST Personal Members or other CREST

sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a **CREST Proxy Instruction**) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's (**EUI**) specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (ID) by 4.00 p.m. on 17 November 2008. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

#### **Appointment of proxy by joint members**

8. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

#### **Changing proxy instructions**

9. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Capita Registrars on 0871 664 9300 (calls cost 10p per minute plus network extras).

If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

#### **Termination of proxy appointments**

10. In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent, B43 4TU. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice. The revocation notice must be received by Capita Registrars no later than 4.00 p.m. on 17 November 2008.

If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.

### **Corporate representatives**

11. 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 member 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 the other corporate representatives for that member 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 member attends the Meeting but the corporate member 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 members are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives – [www.icsa.org.uk](http://www.icsa.org.uk) – for further details of this procedure. The guidance includes a sample form of representation letter to appoint the Chairman as a corporate representative as described in (i) above.

### **Issued shares and total voting rights**

13. As at the date of this Circular, the Company's issued share capital comprised 24,526,043 ordinary shares of 1 pence each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at the date of this Circular is 24,526,043.

### **Communication**

14. You may not use any electronic address provided either in this notice of general meeting; or any related documents (including the chairman's letter and proxy form) to communicate with the Company for any purposes other than those expressly stated.

