

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This document contains the Resolutions to be voted on at an Extraordinary General Meeting of the Company to be held at 9.30am on 15 November 2007. If you are in any doubt about the contents of this document and/or action you should take, you are recommended to seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

If you have sold or otherwise transferred all of your shares in Coolabi plc, please forward this document together with 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.

Application will be made to the London Stock Exchange for the New Ordinary Shares of Coolabi plc proposed to be created pursuant to the Resolutions described in this document to be admitted to trading on AIM. It is expected that dealings in the New Ordinary Shares will commence on 16 November 2007.

COOLABI PLC

(Incorporated and registered in England and Wales under the Companies Act 1985 with registered number 03735898)

PROPOSED SUB-DIVISION AND CONSOLIDATION

A notice convening an Extraordinary General Meeting of Coolabi plc to be held at 44 Southampton Buildings, London WC2A 1AP at 9.30am on 15 November 2007 is set out at the end of this document. The enclosed Form of Proxy for use in connection with the meeting should be completed and returned to the Company's registrars, Capita Registrars (Proxies) The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible, but in any event so as to arrive not later than 9.30am on 13 November 2007. Completion and return of the Form of Proxy will not preclude Shareholders from attending and voting at the Extraordinary General Meeting should they so wish.

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TIMETABLE

2007

Latest time and date for receipt of Forms of Proxy	9.30am on 13 November
Extraordinary General Meeting	9.30am on 15 November
Consolidation record date	5.00pm on 15 November
Latest time and date of dealings in Existing Ordinary Shares	4.30pm on 15 November
Admission and first day of dealings in New Ordinary Shares	16 November
New Ordinary Shares issued pursuant to the Capital Reorganisation will be credited to CREST stock accounts in uncertificated form	16 November
Despatch of definitive share certificates for New Ordinary Shares issued pursuant to the Capital Reorganisation	by 23 November

COOLABI PLC

DEFINITIONS

The following definitions apply throughout this document unless the context requires otherwise or as otherwise stated.

“Admission”	Admission of the New Ordinary Shares trading on AIM
“AIM”	the AIM Market of the London Stock Exchange
“Capita Registrars”	a trading name of Capita Registrars Limited
“Capital Reorganisation”	the proposed Sub-division and Consolidation
“Company” or “Coolabi”	Coolabi plc
“Consolidation”	the consolidation of every twenty 0.05p Ordinary Shares to create one New Ordinary Share of 1p as described in this document
“Deferred Shares”	deferred shares of 0.95p each in the capital of the Company, arising from the Sub-division
“Directors” or “Board”	the directors of Coolabi
“EGM Notice”	the notice convening the EGM, set out at the end of this document
“Existing Ordinary Shares”	ordinary shares of 1p each in the capital of the Company
“Extraordinary General Meeting” or “EGM”	the extraordinary general meeting of the Company to be held at 9.30am on 15 November 2007
“Form of Proxy”	the form of proxy for use in connection with the EGM which accompanies this document
“London Stock Exchange”	London Stock Exchange plc
“New Ordinary Shares”	new ordinary shares of 1p each in the capital of the Company arising from the Consolidation
“Option Holders”	the holders of options over the Existing Ordinary Shares
“0.05p Ordinary Shares”	new ordinary shares of 0.05p each in the capital of the Company arising from the Sub-division
“Resolutions”	the resolutions set out in the EGM Notice
“Shareholders”	the holders of Existing Ordinary Shares
“Sub-division”	the sub-division of each Existing Ordinary Share of 1p into one 0.05p Ordinary Share of 0.05p and one Deferred Share of 0.95p

COOLABI PLC

(Registered in England and Wales under company number 03735898)

CHAIRMAN'S LETTER

Directors

Registered Office:

William Harris (Chairman)
Jeremy Banks (Chief Executive)
Timothy Ricketts (Finance Director)
The Lord Brabourne (Non Executive Director)
Lawrence Chrisfield (Non Executive Director)
Linda James (Non Executive Director)

48 Broadley Terrace
Marylebone
London NW1 6LG

22 October 2007

To Shareholders and, for information only, to holders of options over Existing Ordinary Shares

Dear Shareholder

PROPOSED CAPITAL REORGANISATION

The purpose of this document is to provide you with details of, and the reasons for, the Resolutions being put forward for approval at the Extraordinary General Meeting. This document explains why your Board considers the Capital Reorganisation to be in the best interests of the Company and the Shareholders as a whole and why your Board recommends that you vote in favour of the Resolutions to be proposed at the Extraordinary General Meeting.

The Capital Reorganisation will comprise a Sub-division and then a Consolidation of the Company's ordinary shares. Under the Sub-division, each Existing Ordinary Share of 1p will be sub-divided into one new ordinary share of 0.05p and one Deferred Share of 0.95p. Under the Consolidation, every twenty 0.05p Ordinary Shares will then be consolidated into one New Ordinary Share of 1p.

The nominal value of each of the Company's Existing Ordinary Shares is 1p, with a mid-market price at the close of business on 19 October 2007 (being the latest practicable date before the publication of this Circular) of 1.5p.

In the view of your Board, the Capital Reorganisation would be beneficial in the following ways:

- reduce share price fluctuations caused by small volume trades;
- assist in decreasing the bid/offer spread;
- improve the attractiveness of the shares to new investors; and
- retain a suitably low nominal value per share.

Accordingly, your Board is proposing to:-

- sub-divide each Existing Ordinary Share of 1p into one new 0.05p Ordinary Share and one Deferred Share of 0.95p;
- consolidate every twenty 0.05p Ordinary Shares into one New Ordinary Share of 1p; and
- seek authority to enable the Board to transfer each Deferred Share to the Company or its nominee for nil consideration.

If any Shareholder would otherwise become entitled to fractions of New Ordinary Shares as a result of the Consolidation, the maximum value of the fractional entitlement per Shareholder would be 0.95p. Accordingly, it is proposed to grant to the Directors the power to aggregate the fractions arising and to sell the resulting New Ordinary Shares in the market and for the net proceeds of the sale of such shares to be retained for the benefit of the Company.

The New Ordinary Shares will have the same rights as those currently accruing to the Existing Ordinary Shares under the Company's Articles of Association, including those relating to voting and entitlement to dividends.

It is important to note that, following the Capital Reorganisation, each Shareholder will hold one twentieth of the number of ordinary shares which he or she currently holds in the Company. A Shareholder's *pro rata* entitlement to ordinary shares will not be affected.

The Capital Reorganisation should not affect the market value of your aggregate holding of ordinary shares in the capital of the Company.

The Deferred Shares have very limited rights (which are set out in Resolution 3) and are effectively valueless. It is proposed that the Company's Articles of Association will be amended pursuant to the Resolutions in order to include the rights attaching to the Deferred Shares.

The current authorised and issued share capital of the Company is as follows:

AUTHORISED	ISSUED
700,000,000 ordinary shares of 1p each	490,520,871 ordinary shares of 1p each
250,000 cumulative redeemable preference shares of £1 each	0 cumulative redeemable preference shares of £1 each

Should the Resolutions authorising the Capital Reorganisation be passed, the Company's share capital will be as follows:

AUTHORISED	ISSUED
35,000,000 new ordinary shares of 1p each	24,526,043 new ordinary shares of 1p each
700,000,000 deferred shares of 0.95p each	490,520,871 deferred shares of 0.95p each
250,000 cumulative redeemable preference shares of £1 each	0 cumulative redeemable preference shares of £1 each

It is proposed that the Capital Reorganisation will become effective from the close of business on 15 November 2007.

EXTRAORDINARY GENERAL MEETING

You will find set out at the end of this document a notice convening the Extraordinary General Meeting at which the Resolutions, as summarised below, will be proposed, in the case of Resolutions 1 and 2 as Ordinary Resolutions and in the case of Resolution 3 as a Special Resolution:-

Ordinary Resolutions

1. To sub-divide each Existing Ordinary Share of 1p into one new 0.05p Ordinary Share and one Deferred Share of 0.95p.
2. To consolidate every twenty 0.05p Ordinary Shares into one New Ordinary Share of 1p.

Special Resolution

3. To amend the Company's Articles of Association to set out the rights attaching to the Deferred Shares.

DEALING AND SETTLEMENT

The Capital Reorganisation will be effected by reference to Shareholders and their holdings of Existing Ordinary Shares on the Register as at the close of business on 15 November 2007. Subject to the Resolutions being passed and becoming unconditional:

- dealings in Existing Ordinary Shares will cease at 4.30pm on 15 November 2007;
- Admission and the first dealings in New Ordinary Shares will take place on 16 November 2007;
- New Ordinary Shares issued pursuant to the Consolidation will be credited to CREST stock accounts in uncertificated form on 16 November 2007;
- the expected date of despatch of definitive share certificates for New Ordinary Shares issued pursuant to the Consolidation will be around 22 November 2007. Temporary certificates of title will not be issued and certificates of Existing Ordinary Shares will not be valid from 4:30 pm on 15 November 2007 and should be destroyed upon receipt of certificates in respect of the New Ordinary Shares. Pending despatch of the definitive certificates in respect of the New Ordinary Shares, transfers of the New Ordinary Shares held in certificated form will be certified against the register.

OPTION SCHEMES

Following the Consolidation, the number of shares subject to outstanding options granted by the Company and the acquisition price payable on the exercise of each option will be adjusted in such manner as the Company's auditors confirm is fair and reasonable. Option Holders will be notified of the adjustments to their options in due course.

ACTION TO BE TAKEN

A Form of Proxy for use at the EGM is enclosed. The Form of Proxy should be completed in accordance with the instructions therein and returned to the Company's registrars, Capita Registrars (Proxies), The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, as soon as possible and in any event so as to be received not later than 9.30am on 13 November 2007. The completion and return of a Form of Proxy will not preclude you from attending the EGM and voting in person if you so wish.

RECOMMENDATION

Your Board consider the proposed Consolidation to be in the best interests of the Company and of its Shareholders as a whole. Accordingly, the Directors unanimously recommend Shareholders to vote in favour of the Resolutions, as they intend to do in respect of their own beneficial holdings, which together amount to 43,484,505 Existing Ordinary Shares, representing approximately 8.9 per cent. of the existing issued ordinary share capital of the Company.

Yours sincerely,

William Harris
Chairman

COOLABI PLC

(Registered in England and Wales under Company Number 03735898)

NOTICE IS HEREBY GIVEN that an **EXTRAORDINARY GENERAL MEETING** of Coolabi plc (the “**Company**”) will be held at 44 Southampton Buildings, London WC2A 1AP at 9.30am on 15 November 2007 for the purposes of considering and, if thought fit, passing the following Resolutions, in the case of Resolutions 1 and 2 as Ordinary Resolutions and in the case of Resolution 3 as a Special Resolution.

ORDINARY RESOLUTIONS

1. **THAT**, subject to and conditional upon the passing of Resolutions 2 and 3, each ordinary share of 1p in the authorised share capital of the Company be and is hereby sub-divided into one new ordinary share of 0.05p (“**0.05p Ordinary Share**”) and one deferred share of 0.95p (“**Deferred Share**”) with each class of shares having the rights and being subject to the restrictions set out in the Articles of Association as amended pursuant to Resolution 3.
2. **THAT**, subject to and conditional upon the passing of Resolutions 1 and 3:-
 - (a) every twenty 0.05p Ordinary Shares in the capital of the Company (as created pursuant to Resolution 1) be and are hereby consolidated into one new ordinary shares of 1p (“**New Ordinary Shares**”), the New Ordinary Shares having the same rights and being subject to the same restrictions as the Existing Ordinary Shares as set out in the Articles of Association; and
 - (b) the fractional entitlements of the holders of Existing Ordinary Shares that would otherwise arise from the consolidation referred to in paragraph (a) of this Resolution be aggregated and the resulting New Ordinary Shares be sold in the market for the benefit of the Company.

SPECIAL RESOLUTION

3. **THAT**, subject to and conditional upon the passing of Resolutions 1 and 2, the Articles of Association be amended by the deletion of existing Article 3 in its entirety and by the substitution in its place of the following new Article:
 - “3.1 The authorised share capital of the Company at the date of amendment of these Articles is £7,250,000 divided into 35,000,000 ordinary shares of 1p each (“**Ordinary Shares**”), 700,000,000 deferred shares of 0.95p each (“**Deferre Shares**”) and 250,000 cumulative redeemable preference shares of £1 each. Each Deferred Share has the rights and is subject to the restrictions hereinafter mentioned.
 - 3.2 The Deferred Shares shall have the following rights and restrictions:
 - (a) a holder of Deferred Shares shall not by virtue of or in respect of his or her holding of Deferred Shares, have the right to receive notice of any general meeting of the Company nor the right to attend, speak or vote at any such general meeting;
 - (b) the Deferred Shares shall not entitle their holders to receive any dividends or other distribution;
 - (c) the Deferred Shares shall on a return of assets on a winding up entitle their holders only to the repayment of the amount paid up on such shares after payment of the capital paid up on the Ordinary Shares plus the payment of £10,000,000 per Ordinary Share; and
 - (d) the Company shall have irrevocable authority at any time after the passing of this Resolution 3 adopting this Article 3 to appoint any person to execute on behalf of the holders of the Deferred Shares a transfer thereof and/or an agreement to transfer the same, without making any payment to the holders thereof, to such person as the Company may determine as custodian thereof and/or to cancel the same, without making any payment to the holders thereof and/or acquire the same without making any payment to or obtaining the sanction of the holders thereof and pending such transfer and/or cancellation and/or purchase to retain the certificate of such shares.

- 3.3 The Ordinary Shares shall rank pari passu in all respects and the holders of Ordinary Shares shall be entitled to attend and vote at any general meeting of the Company.”

Dated 22 October 2007

BY ORDER OF THE BOARD

David Glennon

Secretary

Registered Office:
48 Broadley Terrace
Marylebone
London NW1 6LG

Notes:

Appointment of proxies

1. The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those members registered in the register of members of the Company as at 9.30am on 13 November 2007 shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at this time. Changes to entries in the register of members after that time shall be disregarded in determining the right of any person to attend or vote at this meeting.
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.
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) as he 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 48 hours before the time fixed for the meeting or any adjourned meeting at which the proxy is to vote.

In 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 of authority) must be included with the proxy form.

Appointment of proxy by joint members

7. 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

8. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note 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 (Proxies), The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU.

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

9. 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 the Company's Registrars at the address set out at Note 6 above. 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 of authority) must be included with the revocation notice.

The revocation notice must be received by Capita Registrars no later than 9.30am on 13 November 2007.

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.

Communication

10. Except as provided above, members who have general queries about the meeting should call the Shareholder Helpline on 0870 162 3121 (from overseas +44 20 8639 3399) at Capita Registrars (no other methods of communication will be accepted). Calls to the Shareholder Helpline may be monitored or recorded.

You may not use any electronic address provided either:

- in this notice of extraordinary general meeting; or
- any related documents (including the proxy form),

to communicate with the company for any purposes other than those expressly stated.

11. A copy of the register of directors' interests in the Existing Ordinary Shares are available for inspection at the Registered Office during normal business hours (Saturdays and Sundays excepted), until the meeting and at the meeting for a period of 15 minutes before the commencement until the conclusion of the meeting.