

26 September 2006

The Manager
Company Announcement Office
Australian Stock Exchange Limited
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

Off-market takeover bid by SP Telemedia Limited for B Digital Limited

Copy of bidder's statement and notice under subsection 633(4) of the Corporations Act 2001 (Cth)

In accordance with item 5 of subsection 633(1) of the *Corporations Act 2001* (Cth), SP Telemedia Limited attaches a copy of the bidder's statement (incorporating the offer document) in relation to an off-market takeover bid by SP Telemedia Limited for all the fully paid ordinary shares in B Digital Limited (*Offer*).

SP Telemedia Limited hereby gives notice under subsection 633(4) of the *Corporations Act 2001* (Cth) that the Register Date (being the date for determining the people to whom the bidder's statement for the Offer is to be sent) is 10:00am on 27 September 2006.

Yours faithfully,



Name: Nick Dunn
Office Held: Company Secretary
SP Telemedia Limited

11-17 Mosbri Crescent
Newcastle NSW 2300
T: 02 4926 5007
F: 4926 5231
www.soulaustralia.com.au
ABN: 46 093 058 069
SP Telemedia Limited trading as SOUL



Securityholder Reference Number (SRN)



| 1234567890 | IND

Use a black pen.
Print in CAPITAL letters
inside the grey areas.

A	B	C
---	---	---

1	2	3
---	---	---

Transfer and Acceptance Form - Cash Offer

This is an important document and requires your immediate attention. If you are in doubt about how to deal with it, please consult your financial or other professional advisor.

Use this form to accept SP Telemedia Limited Offer for your B Digital Limited Shares

B Consideration

The consideration applicable under the terms of this Offer is \$0.16 for every B Digital Limited Share.

Shareholder details

Subregister

Issuer/CHESS

Your holding in
B Digital Limited

123456789012

Cash consideration payable to you
at \$0.16 per share

\$000.00

C To be completed by Shareholder

You will be deemed to have accepted the Offer in respect of all your B Digital Limited Shares if you sign and return the form.

If you hold your B Digital Limited shares in a CHESS holding (see "subregister" above), to accept the offer you can either:

- Instruct your Controlling Participant directly - normally your stockbroker or
- Authorise SP Telemedia Limited to contact your Controlling Participant on your behalf, which you can do by signing and returning the form. By signing and returning the form you will be deemed to have authorised SP Telemedia Limited contact your Controlling Participant directly via the CHESS system.

Contact details

Please provide your contact details in case we need to speak to you about this form.

Name of contact person

Contact person's daytime telephone number

F Sign here - this section must be signed before we can process this form.

I/we accept the offer made by SP Telemedia Limited in respect of shares in B Digital Limited I/we hold and I/we agree to be bound by the terms and conditions of the offer (*including the instructions as to acceptance of the offer on the back of this form*) and transfer all of my/our B Digital Limited Shares to SP Telemedia for the above consideration

Individual or Shareholder 1

Individual or Shareholder 2

Individual or Shareholder 3

--	--

(continued from page 1)

Sole Director and Sole Company Secretary

Director

Director/Company Secretary

The directors reserve the right to make amendments to this form where appropriate. Please refer to the lodgement instructions overleaf.

See back of form for completion guidelines

BBB TKO

1TKAC

<Broker PID>

How to complete this form

Acceptance of the takeover offer

A Registration Details

The Shares are currently registered in the name(s) printed on this form. Your consideration will be issued in the names as it appears on the B Digital Limited register.

If you have already sold all your B Digital Limited Shares shown overleaf, do not keep or return this form. Please send this form to the broker who sold them for you.

B Consideration

The cash consideration payable under the takeover offer is \$0.16 per Share

C How to accept the Offer

If your B Digital Limited Shares are held in an Issuer Sponsored Holding, simply complete and return this form to the SP Telemedia Limited Registry so that it is received by no later than <Time> <Time Zone> on <Date>, unless extended.

If your B Digital Limited Shares are in a CHESS holding, you may contact your Controlling Participant directly (normally your stockbroker) with instructions to accept the offer. If you do this, you will need to sign and return this Transfer and Acceptance Form to your Controlling Participant. If you want SP Telemedia Limited to contact your Controlling Participant on your behalf via the CHESS system, sign and return this form to the SP Telemedia Limited Registry so that it is received no later than <Time> <Time Zone> on <Date> unless extended.

If you sign and return this Transfer and Acceptance Form to the Registry either in respect of an Issuer Sponsored Holding or so that contact may be made with your Controlling Participant on your behalf, you warrant to SP Telemedia Limited (and authorise SP Telemedia Limited to warrant on your behalf) that you have full legal and beneficial ownership of the B Digital Limited Shares and that SP Telemedia Limited will acquire them free from all mortgages, charges, liens, encumbrances (whether legal or equitable), restrictions on transfer of any kind and free from any third party rights.

Neither SP Telemedia Limited or Computershare Investor Services Pty Limited ('CIS') will be responsible for any delays incurred by this process. You should allow sufficient time for the preferred party to initiate the acceptance of the offer on your behalf.

D Contact details

Enter the name of a contact person and telephone number. These details will only be used in the event that the registry has a query regarding this form.

E Signature(s)

You must sign the form as follows in the space provided:

Joint holding: where the holding is in more than one name all of the Shareholders must sign.

Power of Attorney: to sign under Power of Attorney, you must have already lodged this document with the SP Telemedia Limited registry. Alternatively, attach a certified copy of the Power of Attorney to this form when you return it.

Deceased Estate: all executors must sign and, if not already noted by the SP Telemedia Limited registry, a certified copy of Probate or Letters of Administration must accompany this form.

Companies: this form must be signed by either 2 Directors or a Director and a Company Secretary. Alternatively, where the company has a Sole Director and, pursuant to the Corporations Act, there is no Company Secretary, or where the Sole Director is also the Sole Company Secretary, that Director may sign alone. Delete titles as applicable.

Lodgement of Transfer and Acceptance Form

This Transfer and Acceptance Form must be received at the Sydney office of CIS by no later than <Time> <Time Zone> on <Date>. Return this Transfer and Acceptance Form to:

Postal Address
Computershare Investor Services Pty Limited
GPO Box 7043
SYDNEY NSW 2001

OR Hand Delivery
Computershare Investor Services Pty Limited
Level 3
60 Carrington Street
SYDNEY NSW 2000

Privacy Statement

Personal information is collected on this form by CIS, as registrar for securities issuers ("the issuer"), for the purpose of maintaining registers of Shareholders, facilitating distribution payments and other corporate actions and communications. Your personal information may be disclosed to our related bodies corporate, to external service companies such as print or mail service providers, or as otherwise required or permitted by law. If you would like details of your personal information held by CIS, or you would like to correct information that is inaccurate, incorrect or out of date, please contact CIS. In accordance with the Corporations Act 2001, you may be sent material (including marketing material) approved by the issuer in addition to general corporate communications. You may elect not to receive marketing material by contacting CIS. You can contact CIS using the details provided on the front of this form or E-mail privacy@computershare.com.au

If you have any enquiries concerning this Takeover Offer please contact CIS on telephone 1300 307 508. For legal reasons, all calls to this number will be recorded.

Please note this form may not be used to change your address.

Please return the completed form in the envelope provided or to the address opposite:

Computershare Investor Services Pty Limited
GPO Box 7043
SYDNEY NSW 2001
AUSTRALIA



BIDDER'S STATEMENT

FOR CASH OFFER BY



SP TELEMEDIA LIMITED

ABN 46 093 058 069

to acquire all your ordinary shares in



B DIGITAL LIMITED

ABN 99 085 089 970

for 16 cents per share

The Offer is scheduled to open on 10 October 2006 and close on 13 November 2006

Offer Information Line

1300 307 508 (callers in Australia) or +61 3 9415 4084 (callers outside Australia).

For legal reasons, calls to these numbers will be recorded.

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION.

IF YOU ARE IN ANY DOUBT AS TO HOW TO ACT, YOU SHOULD CONSULT YOUR FINANCIAL, LEGAL OR OTHER PROFESSIONAL ADVISER AS SOON AS POSSIBLE.

Financial Adviser



Legal Adviser

BAKER & MCKENZIE

IMPORTANT INFORMATION

This is a Bidder's Statement given by Soul under Part 6.5 Division 2 of the Corporations Act in relation to the Offer.

This Bidder's Statement is dated 26 September 2006.

ASIC

A copy of this Bidder's Statement was lodged with ASIC on 26 September 2006. Neither ASIC nor any of its officers takes any responsibility for the contents of this Bidder's Statement.

Investment Decision

This Bidder's Statement does not take into account the individual investment objectives, financial situation or particular needs of each B Digital Shareholder. You may wish to seek independent financial and taxation advice before making the decision whether or not to accept the Offer.

Defined Terms

A number of defined terms are used in this Bidder's Statement. The definitions are in Section 12 of this Bidder's Statement.

Key Dates

Date of announcement of the Offer	25 September 2006
Lodgement of Bidder's Statement with ASIC	26 September 2006
Offer Opens*	10 October 2006
Offer Closes*	13 November 2006

* These dates may vary as permitted under the Corporations Act.

Disclaimer as to Forward Looking Statements

Some of the statements appearing in this Bidder's Statement may be in the nature of forward looking statements. You should be aware that such statements are only predictions and are subject to inherent risks and uncertainties. Those risks and uncertainties include industry specific factors and risks as well as general economic conditions, prevailing exchange rates and interest rates and government policies and regulation. Actual events or results may differ materially. None of Soul or any of its related bodies corporate, any of their respective directors or officers, any person named in this Bidder's Statement with their consent or any person involved in the preparation of this Bidder's Statement, make any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, except to the extent required by law.

Privacy Collection Statement

Personal information relating to your B Digital shareholding will be collected by Soul in accordance with its rights under the Corporations Act. Soul will share this information with its advisers and service providers where necessary for the purposes of the Offer. Soul and its advisers and services providers will use the information solely for purposes relating to the Offer. You can contact the Offer Information Line if you have any queries about the privacy practices of Soul.

Time

All references to time in this Bidder's Statement are to Sydney, Australia time.

Further Information

If you have any queries about this Offer or how to accept this Offer, please call the Offer Information Line on 1300 307 508 (callers within Australia) or +61 3 9415 4084 (callers outside Australia).

As required by law, all calls to these numbers will be recorded.

TABLE OF CONTENTS

Chairman's Letter	2
1. WHY YOU SHOULD ACCEPT THE OFFER	2
2. SUMMARY OF THE OFFER AND HOW TO ACCEPT	2
3. ANSWERS TO KEY QUESTIONS	2
4. INFORMATION ABOUT SOUL	2
5. INFORMATION ABOUT B DIGITAL	2
6. FUNDING	2
7. SOUL'S INTENTIONS FOR THE BUSINESS, ASSETS AND EMPLOYEES OF B DIGITAL	2
8. THE OFFER	2
9. TAXATION CONSIDERATIONS	2
10. ADDITIONAL INFORMATION	2
11. AUTHORISATION OF BIDDER'S STATEMENT	2
12. DEFINITIONS AND INTERPRETATION	2

ANNEXURES

1. Soul announcements to ASX regarding the Offer
2. Nick Kotzohambos' announcement to ASX regarding intention to accept the Offer in the absence of a higher offer
3. B Digital announcements to ASX since lodgement of B Digital Half-Yearly Report for the 7 months ended 31 January 2006 with ASIC



Chairman's Letter

26 September 2006

Dear B Digital Shareholder,

The Directors of SP Telemedia Limited (*Soul*) are pleased to make an offer to buy all of your ordinary shares in B Digital Limited (*B Digital*) for cash of 16 cents per share.

The Offer is now open and is scheduled to close at 7.00pm (Sydney, Australia time) on 13 November 2006 (unless extended by Soul in accordance with the Corporation Act).

Reasons to Accept

Attractive Premium

Soul's cash offer of 16 cents for each B Digital Share represents a premium of 57.1% to the volume weighted average price of B Digital Shares in the one month period up to 20 September 2006 (being the last trading day before public speculation that the Offer may be made) of approximately 10.2 cents per share. Soul's offer values B Digital at approximately \$133 million or approximately 66.7% higher than B Digital's market capitalisation as at 20 September 2006.

Support of Major Shareholder

Soul is B Digital's largest shareholder, holding approximately 45.8% of B Digital's issued share capital. In addition, another major shareholder, Nick Kotzohambos, who holds approximately 20.7% of B Digital's issued share capital, has granted Soul an option to acquire 3% of B Digital's issued share capital and has announced his intention to accept the Offer in respect of the remainder of his holding in the absence of a higher offer.

Additional Reasons to Accept

Additional reasons to accept the Offer include:

- the Offer is a cash offer;
- other than a condition that there are no Prescribed Occurrences before the date that is three Business Days after the end of the Offer Period, Soul's bid has no other conditions;
- the B Digital Share price may decline below current levels if the Offer lapses, at least in the short term;
- if you hold an unmarketable parcel of B Digital Shares (a shareholding of less than \$500), accepting the Offer provides an efficient and cheap mechanism by which to sell your shares and avoid brokerage costs which can represent a significant proportion of your proceeds; and
- if you hold a large number of B Digital Shares, the Offer provides an opportunity for you to realise your investment for cash that might not otherwise be available due to the illiquidity of B Digital's shares, while also avoiding brokerage costs.

I encourage you to accept the Offer as soon as possible. Further details about the Offer, its terms and benefits, are contained in this Bidder's Statement, which you should read in detail. The Offer is scheduled to close on 13 November 2006 unless it is extended. To accept the Offer, you should follow the instructions on the Acceptance Form which accompanies this Bidder's Statement. If you have any

questions about the Offer or how to accept, please contact the Offer Information Line on 1300 307 508 (callers within Australia) or +61 3 9415 4084 (callers outside Australia).

Yours sincerely

A handwritten signature in dark ink, appearing to read 'Robert Millner', with a long horizontal flourish extending to the right.

Robert Millner

Chairman

1. WHY YOU SHOULD ACCEPT THE OFFER

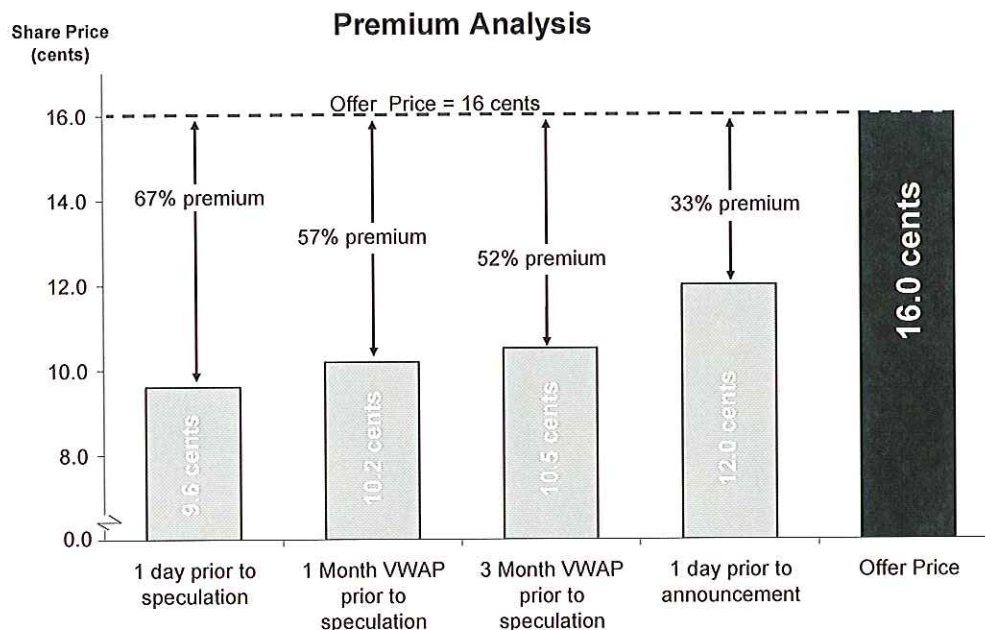
1.1 The Offer Represents an Attractive Premium to B Digital's Recent Trading Prices

Soul's cash offer of 16 cents for each of your B Digital Shares represents an attractive premium to the trading price ranges of B Digital Shares in the period prior to public speculation that the Offer may be made.

The Offer Price of 16 cents per B Digital Share represents:

- (a) a premium of 52.3% to the volume weighted average B Digital Share price in the three month period up to 20 September 2006 (the last full day of trading before public speculation that the Offer may be made) of approximately 10.5 cents per B Digital Share;
- (b) a premium of 57.1% to the volume weighted average B Digital Share price in the one month period up to 20 September 2006 of approximately 10.2 cents per B Digital Share;
- (c) a premium of 66.7% to the closing B Digital Share price of 9.6 cents per share on 20 September 2006.

The last recorded sale price of B Digital Shares on ASX on 22 September 2006, being the last trading day before the Announcement Date, was 12 cents. The Offer Price of 16 cents per B Digital Share represents a premium of 33.3% to this price.



1.2 Pre-Bid Deed and B Digital's Other Major Shareholder Intends to Accept

Kilaben Holdings, a major shareholder of B Digital and an Associate of Nick Kotzohambos, has granted Soul the right to purchase 24,900,906 B Digital Shares, representing 3.0% of B Digital's issued share capital, under a pre-bid deed, further details of which are set out in Section 10.1. This arrangement results in Soul having a relevant interest in 48.8% of B Digital Shares on issue. Nick Kotzohambos has announced that he intends to accept the Offer for the balance of Kilaben Holdings' B Digital shareholding (representing 17.7% of B Digital's issued share capital) in the absence of a higher offer. A copy of this announcement is attached as Annexure 2 to this Bidder's Statement.

1.3 The Offer is a 100% Cash Offer and You Will Incur No Brokerage

If you accept the Offer and it becomes unconditional, you will receive cash of 16 cents for each of your B Digital Shares. Further, you will not pay any brokerage if you accept the Offer. You may incur brokerage costs and GST on those costs if you choose to sell your B Digital Shares on ASX.

1.4 The Offer is Subject to Only One Condition

Other than a condition that there are no Prescribed Occurrences before the date that is three Business Days after the end of the Offer Period, Soul's offer has no other conditions.

1.5 B Digital's share price may fall if the Offer lapses

For the three months prior to public speculation that the Offer may be made, B Digital's share price traded between 9.2 cents and 13 cents, closing at 10.2 cents on 20 September 2006, the last trading day prior to public speculation that the Offer may be made. Whilst there are many factors that might influence the market price of B Digital Shares, there is a risk that the B Digital Share price may fall to similar levels, at least in the short term, if the Offer does not succeed and no other takeover offer is made for B Digital at or above the Offer Price.

1.6 B Digital Shares Are Thinly Traded – Opportunity to Exit

B Digital Shares have been thinly traded on ASX in the past year.

If you hold an unmarketable parcel of B Digital Shares, the Offer provides you with the opportunity to sell your B Digital Shares without incurring transaction costs at a price substantially above the pre-Offer market price.

If you are a larger shareholder who wants an opportunity to realise your investment for cash but are finding it difficult to do so given the illiquidity of B Digital Shares, the Offer provides you with an opportunity to do so at a price substantially above the pre-Offer market price.

2. SUMMARY OF THE OFFER AND HOW TO ACCEPT

This Section provides a summary of the key features of the Offer and how to accept the Offer. This summary does not contain all of the information that B Digital Shareholders should consider before accepting the Offer. You should read the Bidder's Statement in full before making any decision in respect of the Offer.

2.1 The Offer

Soul is offering to buy all of your B Digital Shares, by way of an off-market takeover offer. You may only accept the Offer for all of your B Digital Shares.

The Offer also extends to any B Digital Shares:

- issued on the conversion of, or the exercise of rights attached to, B Digital Options before the end of the Offer Period; and
- that are converted from B Digital Employee Shares into B Digital Shares before the end of the Offer Period as a result of the restrictions on transfer of the B Digital Employee Shares being released before the end of the Offer Period.

2.2 Offer Price

Soul is offering cash of 16 cents for each B Digital Share you hold.

2.3 How to Accept the Offer

Depending on the nature of your shareholding, you may accept the Offer in the following ways:

2.3.1 Issuer Sponsored Holding

If your B Digital Shares are held in an Issuer Sponsored Holding, complete and sign the Acceptance Form enclosed with this Bidder's Statement and either:

- post the Acceptance Form to Soul at the address indicated on the form and outlined in Section 2.4 below; or
- deliver the Acceptance Form to Soul's Share Registry for the Offer at the address indicated on the form and outlined in Section 2.4 below.

2.3.2 CHESS Holding

If your B Digital Shares are held in a CHESS Holding:

- complete and sign the Acceptance Form enclosed with this Bidder's Statement and post it to the address indicated on the form and outlined in Section 2.4 below; or
- complete and sign the Acceptance Form enclosed with this Bidder's Statement and deliver it to Soul's Share Registry for the Offer at the address indicated on the form and outlined in Section 2.4 below; or
- instruct your Controlling Participant (usually your Broker) to accept the Offer on your behalf before the Offer closes.

2.3.3 Participant

If you are a Participant, initiate acceptance of the Offer in accordance with the ASTC Settlement Rules before the end of the Offer Period.

2.4 Mailing and Delivery Addresses

The mailing and delivery addresses for completed Acceptance Forms and any associated documents are as follows:

The mailing address is:

Computershare Investor Services Pty Limited
GPO Box 7043
Sydney NSW 2001

Alternatively, you may deliver the Acceptance Form and any associated documents in person to:

Computershare Investor Services Pty Limited
Level 3
60 Carrington Street
Sydney NSW 2001

A reply paid envelope (not able to be used by B Digital Shareholders outside Australia) is enclosed with this Bidder's Statement for your convenience.

2.5 When You Can Accept the Offer

You may accept the Offer at any time during the Offer Period, which is scheduled to close at 7.00pm (Sydney, Australia time) on 13 November 2006 (unless extended in accordance with the Corporations Act). Acceptances must be received before the end of the Offer Period.

2.6 When You Will Be Paid

If you validly accept the Offer and the contract resulting from your acceptance becomes unconditional, you will be paid on or before the earlier of:

- one month after the date of your acceptance, or if the Offer is subject to a condition when you accept it, within one month of the Offer becoming unconditional (whichever is the later); and
- 21 days after the end of the Offer Period.

2.7 Condition

The Offer is subject to only one condition, namely that between the Announcement Date and the date that is three Business Days after the end of the Offer Period, no Prescribed Occurrence occurs.

2.8 Compulsory Acquisition

If you do not accept the Offer, and Soul becomes entitled to acquire your B Digital Shares and/or your B Digital Employee Shares under the compulsory acquisition provisions of the Corporations Act, Soul intends to acquire your B Digital Shares and/or B Digital Employee Shares. In that case, you will be paid later than B Digital Shareholders who accept the Offer. If Soul does not become entitled to compulsorily acquire your B Digital Shares or B Digital Employee Shares, you will remain a shareholder of B Digital.

If you do not or cannot exercise your B Digital Options and accept the Offer in respect of any B Digital Shares issued upon exercise of those options, and Soul becomes entitled to acquire your B Digital Options under the compulsory acquisition provisions of the Corporations Act, Soul intends to acquire your B Digital Options. In that case, you will be paid later than if you accept the Offer in respect of any B Digital Shares issued upon exercise of your B Digital Options before the end of the Offer Period. If Soul does not become entitled to compulsorily acquire your B Digital Options, you will remain a holder of B Digital Options.

2.9 Brokerage, GST and Stamp Duty

You are not required to pay brokerage, goods and services tax or stamp duty if you accept the Offer.

2.10 Further Information

If you have any queries in relation to the Offer or its acceptance, please contact the Offer Information Line on 1300 307 508 (callers within Australia) or + 61 3 9415 4084 (callers outside Australia).

Please note that, for legal reasons, any calls made to these numbers will be recorded. Enquiries in relation to the Offer will not be taken on any other telephone numbers of Soul or its advisers.

3. ANSWERS TO KEY QUESTIONS

Question	Answer
Offer Structure	
What is the Offer?	<p>Soul is offering to buy all of your B Digital Shares, including B Digital Shares:</p> <ul style="list-style-type: none"> • issued on the conversion of, or the exercise of rights attached to, B Digital Options before the end of the Offer Period; and • that are converted from B Digital Employee Shares into B Digital Shares before the end of the Offer Period as a result of the restrictions on transfer of the B Digital Employee Shares being released. <p>The Offer Price is cash of 16 cents per share.</p>
What are the tax consequences if I accept the Offer?	<p>A general outline of the tax implications of accepting the Offer is set out in Section 9 of this Bidder's Statement.</p>
Reasons to Accept the Offer	
Why accept the Offer?	<p>The Soul Board believes that B Digital Shareholders should accept the Offer for the following key reasons:</p> <ul style="list-style-type: none"> • Soul's cash offer of 16 cents for each of your B Digital Shares represents an attractive premium to the trading price ranges of B Digital Shares in the period prior to public speculation that the Offer may be made; • Kilaben Holdings, a major shareholder of B Digital, has granted Soul the right to purchase 24,900,906 B Digital Shares, representing 3.0% of B Digital's issued share capital, under a pre-bid deed. Kilaben Holdings intends to accept the Offer for the balance of its shareholding (representing 17.7% of B Digital's issued share capital) in the absence of a higher offer; • Soul's offer is a 100% cash offer and you will incur no brokerage; • other than a condition that there are no Prescribed Occurrences before the date that is three Business Days after the end of the Offer Period, Soul's offer has no other conditions; • B Digital's share register is highly concentrated (the top two shareholders together hold 66.5% of B Digital Shares on issue) and its shares trade on low volumes. Soul's offer provides an opportunity for B Digital Shareholders to realise their investment at an attractive premium to recent trading prices before public speculation that the Offer may be made. <p>Refer to Section 1 of this Bidder's Statement for further information.</p>

Question	Answer
Offer Terms & Conditions	
How do I accept the Offer?	To accept the Offer you should follow the instructions set out in Sections 2 and 8.6 of this Bidder's Statement. To be effective, your acceptance must be received by Soul before 7.00pm (Sydney, Australia time) on the Closing Date.
What choices do I have as a B Digital Shareholder?	<p>As a B Digital Shareholder, you have the following choices in respect of your B Digital Shares:</p> <ul style="list-style-type: none"> • accept the Offer; • sell some or all of your B Digital Shares on ASX (unless you have previously accepted the Offer for your B Digital Shares); or • do nothing.
Can I accept the Offer for part of my holding in B Digital?	No. You cannot accept for part of your holding in B Digital. You may only accept the Offer for ALL of your B Digital Shares.
Can I withdraw my acceptance?	Under the terms of the Offer, you cannot withdraw your acceptance unless a withdrawal right arises under the Corporations Act. Such a withdrawal right will arise if, after you have accepted the Offer, Soul varies the Offer in a way that postpones, for more than one month, the time when Soul has to meet its obligations under the Offer.
What happens if I do not accept the Offer?	If you do not accept the Offer and Soul becomes entitled to proceed to compulsory acquisition under the Corporations Act and the condition to the Offer is satisfied or waived, Soul intends to proceed to compulsorily acquire your B Digital Shares and/or your B Digital Employee Shares. If this occurs, payment of the Offer Price for your B Digital Shares and/or B Digital Employee Shares will be despatched at the conclusion of this process. You will receive payment sooner if you accept the Offer.
When does the Offer close?	The Offer is currently scheduled to close at 7.00pm (Sydney, Australia time) on 13 November 2006, unless it is extended.
Can Soul extend the Offer Period?	Yes, the Offer can be extended at Soul's election or otherwise in accordance with the Corporations Act.
If I accept the Offer, when will I receive payment?	<p>Generally, if you accept the Offer, you will receive payment by the earlier of:</p> <ul style="list-style-type: none"> ▪ one month after the Offer is validly accepted by you, or if the Offer is still subject to the Condition when accepted, one month after the Offer becomes unconditional (whichever is the later); and ▪ 21 days after the end of the Offer Period. <p>Refer to Section 8.9 of this Bidder's Statement which contains further information about the dates for payment of the Offer consideration.</p>

Question	Answer
Will I need to pay brokerage or stamp duty if I accept the Offer?	You will not pay brokerage or stamp duty if you accept the Offer.
What are the conditions to the Offer?	The Offer is subject to only one condition, namely that, between the Announcement Date and the date that is three Business Days after the end of the Offer Period, no Prescribed Occurrence occurs (other than the issue of B Digital Shares pursuant to the exercise or conversion of options or other securities which had been issued and notified to ASX prior to the Announcement Date).
What happens if the condition to the Offer is not satisfied or waived?	If the Condition is not satisfied or waived by the date that is three Business Days after the end of the Offer Period, the Offer will lapse. If you have accepted the Offer, your B Digital Shares will not be transferred to Soul and you will not receive any consideration for your B Digital Shares. You will remain a shareholder of B Digital.
General	
What is the Bidder's Statement?	This Bidder's Statement was prepared by Soul for distribution to B Digital Shareholders. It sets out the terms of the Offer, information relating to the Offer and the Offer consideration you will receive. The Bidder's Statement is an important document. If you are in any doubt as to how to deal with this document, you should consult your broker or your financial, legal or other professional adviser as soon as possible.
Is there a number that I can call if I have further queries in relation to the Offer?	<p>If you have any further queries in relation to the Offer, you can call the Offer Information Line on 1300 307 508 (callers within Australia) or + 61 3 9415 4084 (callers outside Australia), Monday to Friday between 8.30am and 5.30pm (Sydney, Australia time). For legal reasons, all calls to these numbers will be recorded.</p> <p>Any further material relating to the Offer will be lodged with the ASX and included on Soul's website at www.soulaustralia.com.au</p>
Who is Soul?	<p>Soul is an innovative full-service multi-media and telecommunications company. Services including voice, internet and data solutions are provided to a customer base ranging from the consumer market through to the SME, corporate and government sectors. Soul owns 45.8% of B Digital and has a relevant interest in a further 3.0% of B Digital (aggregate relevant interest of 48.8%). Refer to Section 10.1 for further details.</p> <p>Soul is listed on ASX. The Chairman of Soul is Robert Millner. Refer to Section 4 for further information on Soul.</p>

4. INFORMATION ABOUT SOUL

4.1 Overview of Soul

Soul is a full-service multi-media telecommunications company providing innovative voice, internet and data solutions to a wide range of customers from the consumer through to the SME, corporate and government sectors, with operations located throughout Australia. Since its establishment in 2000 and listing on ASX in May 2001, Soul has maintained rapid growth proving to be a dynamic and significant force in the Australian telecommunications industry. Soul is listed on ASX (ASX Code: SOT) and is 44.5% owned by Washington H. Soul Pattinson and Company Limited (*Soul Pattinson*), a major investment house listed on ASX. As at 22 September 2006, Soul's market capitalisation was approximately \$297.8 million.

4.1.1 Soul's operations and business

Soul has undertaken significant expansion in recent times to achieve the goal of developing an infrastructure based full-service multi-media/telecommunications business. There are numerous entities and businesses which form part of the Soul Group, including:

NBN Limited (<i>NBN</i>)	Free to air television broadcaster in regional Australia.
One80 Digital Post (<i>180 D</i>)	Digital video and graphic production, event production and post production operation business.
B Digital	Owns the B Digital, Kooee Communication and DigiPlus businesses and owns 50% of SPTCom (refer to Section 5 for more details).
Kooee JV	Provider of fixed voice, mobile telephony, internet and broadband telecommunications products and services primarily to consumers and the SME sector. A joint venture between Soul and B Digital.
Soul Pattinson Telecommunications Pty Limited (<i>Soul Pattinson Telecommunications</i>)	Licensed telecommunications carrier and broadband network owner providing a range of broadband and multi-media products and services to carriers, carriage service providers and corporate and government customers.
SPTCOM Pty Limited (previously COMindico) (<i>SPTCom</i>)	50% owned by Soul and 50% owned by B Digital. Owns and operates an IP voice and data network and provides a range of data networking and fixed line voice products and services to telecommunications carriers and carriage service providers as well as business and government customers. Refer to Section 5.2.1(c) for further details.
SPT Telecommunications Pty Limited (<i>SPT Telecommunications</i>)	A broadband network owner providing a range of data networking and multi-media products and services delivered on an MPLS based IP network distributed throughout metro and regional Australia. Previously a joint venture between Soul and WIN TV, however now wholly owned and operated by Soul.

Soul's investment in B Digital in 2005 resulted in three operating divisions within the Soul Group: media, telecommunications infrastructure and retail telecommunications.

Media

The media operations of the Soul Group are undertaken through NBN and 180 D. These businesses provide promotional and marketing support and the ability to create digital content for application across traditional or new media, which includes mobile phones and broadband networks.

Telecommunications Infrastructure

The telecommunications infrastructure division operates and markets the Soul Group's extensive broadband IP network and voice IP network under the "Soul" brand.

Retail Telecommunications

The retail telecommunications operations of the Soul Group are undertaken through B Digital, with its "B Mobile", "Digiplus", "B Shop" and "Kooee" brands. B Digital manages extensive call centre operations and retail billing infrastructure, as well as having numerous dealers in retail outlets to market its mobile phone and residential fixed line services.

The Kooee JV provides advertising support for the "Kooee" branded telecommunications products and services throughout regional Australia in markets where both WIN Corporation Pty Ltd (*WIN*) and NBN operate. In return for the provision of advertising support, B Digital pays the Kooee JV a share of the revenue derived from sales in these markets.

Soul operates Australia's largest independent carrier network with the capability to deliver cost effective, high-speed services to 98.5% of Australian homes and businesses.

Soul's business is now well structured for future growth. Soul operates:

- the largest regional access data network in Australia, after Telstra; and
- the largest IP based voice network in Australia.

IP communications are surpassing yesterday's phone systems to become the future of business communications. The delivery of data voice and video products, services and applications on a fully converged IP/MPLS data network is enabling rich media communications and Soul is ideally placed to take advantage of these developments in the market due to its ownership of an MPLS IP network that is the largest of its kind in Australia.

The core competencies within the Soul Group, namely expertise in both telecommunications media and broadcasting services for the consumer, SME, corporate and government sectors, mean that it is ideally placed to lead the introduction of new and innovative multi-media products and applications such as:

- Voice Over IP
- Voice Over Broadband
- IP TV
- Video Over Broadband
- Video on Demand
- Content on Demand (eg. software applications, games etc.)

4.1.2 Relationship between Soul and B Digital

Soul currently owns 379.8 million shares in B Digital, representing 45.8% of the total issued shares in the company. Soul and B Digital also operate two joint ventures: SPTCom and Kooee JV (see Section 4.1.1 above).

The relationship between the two companies was established in May 2005, when B Digital acquired Soul's retail telephony resale business, "Kooee Communications" and 50% of Soul's investment in the assets and business of SPTCom. The consideration for the transactions was 240 million B Digital Shares and \$13.75 million in cash. Soul reached its current level of ownership of B Digital through on market acquisitions of B Digital Shares.

From Soul's perspective, its acquisition of an interest in B Digital enabled it to obtain access to a retail mobile and fixed voice services business that owned and managed its own call centre operations and billing systems. Prior to this, Soul's retail telephony business was that of a simple reseller of services.

From B Digital's perspective, its acquisition of Kooee Communications customers enabled B Digital to benefit from the synergies of bringing this customer base into its existing business activities and expanding coverage into rural and regional markets. Its acquisition of a share in SPTCom positioned B Digital to participate in the projected future demand for IP based voice and data services.

At an operating level, this means that the two businesses are very closely linked.

Soul and B Digital have common directors and key executives:

- B Digital Directors David Fairfull (Chairman), Denis Ledbury and Peter Cleaves are also directors of Soul (and Denis Ledbury is also a director of SPTCom); and
- B Digital Chief Executive Officer Michael Simmons is also the Chief Executive Officer – Telecommunications, of Soul.

Various services are shared across both companies, including:

- the use of network infrastructure for the carriage of voice and data traffic; and
- customer acquisition activities.

The relationship between the two companies is significant to Soul because B Digital provides a retail telecommunications arm to its predominately wholesale corporate and government business. Furthermore, B Digital is a wholesale customer of SPTCom which has resulted in the increased profitability of SPTCom for the benefit of both Soul and B Digital.

The relationship is significant to B Digital because it provides access to network infrastructure for the carriage of its resold telephony and internet services.

4.2 Offer Committee and Protocol

Mr Peter Cleaves, Mr David Fairfull and Mr Denis Ledbury (the *Common Directors*) are directors of both Soul and B Digital. Given these common directorships, Soul has established a Committee comprising Robert Millner, Peter Robinson and Jeff Eather to consider and execute the Offer, and make all Soul Board decisions in relation to the Offer. In addition, the Common Directors:

- have absented themselves from any Soul Board meeting where any discussions in relation to the Offer have taken place, and will continue to do so until completion of the Offer;
- will absent themselves from any B Digital Board meeting where any discussions in relation to the Offer take place, and will continue to do so until completion of the Offer; and
- have not taken and will not take part generally in the formulation or implementation of the Offer by either Soul or B Digital.

4.3 Soul Directors

The directors of Soul are as follows:

Mr Robert Millner, Chairman, Non-Executive Director

Robert has been the Chairman and a Non-Executive Director of Soul since 7 November 2001. He is also a director of Washington H. Soul Pattinson and Company Limited, Brickworks Limited, Choiseul Investments Limited, Souls Private Equity Limited, New Hope Corporation Limited, Brickworks Investment Company Limited, Milton Corporation Limited and Australian Pharmaceutical Industries Limited. He was formerly a director of Clover Corporation Ltd and KH Foods Ltd.

Mr Michael Millner, Deputy Chairman, Non-Executive Director

Michael has been the Deputy Chairman and Non-Executive Director of Soul since 12 November 2002. He is also a director of Brickworks Limited, KH Foods Ltd, Washington H. Soul Pattinson and Company Limited, Choiseul Investments Limited and Ruralco Holdings Limited. He was formerly a director of Australian Food & Fibre Ltd.

Mr W. Peter Cleaves, Non-Executive Director

Peter has been a Non-Executive Director of Soul since 11 August 2004. He is also a director of B Digital. He is a solicitor and barrister with extensive experience in the media and telecommunications industry. Until being appointed to the board of Soul, he was a director of NBN and many of its subsidiaries since 1979.

Mr Denis Ledbury, Non-Executive Director

Denis was the Managing Director of Soul between 26 May 2000 and August 2005, at which time he became a Non-Executive Director. He is also a Director of B Digital. Denis has extensive experience in the media and telecommunications industries. Mr Ledbury has also been associated with the NBN group of companies for over 24 years (the last 14 as Chief Executive Officer). The NBN group has primarily been involved in television broadcasting, but it has also owned and operated businesses in a number of other industries.

Mr Ledbury holds a Bachelor of Business from Charles Sturt University and is a member of The Australian Institute of Company Directors.

Mr Peter Robinson, Non Executive Director

Peter has been a Non-Executive Director of Soul since 12 November 2002. He is also a director of Washington H. Soul Pattinson and Company Limited, KH Foods Ltd, New Hope Corporation Ltd, Clover Corporation Ltd and Australian Pharmaceutical Industries Limited.

Mr David Fairfull, Non Executive Director

David has been a Non-Executive Director of Soul since 26 May 2000. He has extensive experience in finance, investment and merchant banking. A former director of Kleinwort Benson Limited, a prominent UK merchant bank, and the Managing Director of Kleinwort Benson Limited's Australian operations, he has been retained as an adviser to numerous companies in a variety of industries. Mr Fairfull has held the position of CEO of the Glebe Administration Board for 10 years.

His directorships also include Washington H. Soul Pattinson and Company Limited, New Hope Corporation Ltd, Australian Pharmaceutical Industries Limited, Souls Private Equity Ltd, Stockland Ltd and B Digital Ltd. He was formerly a director of Gazal Corporation Ltd, KH Foods Ltd, and Clover Corporation Ltd.

Andrew Bruce Gordon, Non-Executive Director

Andrew was appointed a Non-Executive Director of Soul on 11 July 2006. Andrew is currently the Executive Chairman of WIN. Andrew is actively involved in all facets of WIN including television broadcasting, radio broadcasting, film and television production, telecommunications, transmission

services, media sales, film exhibition and property development. Andrew commenced his media career working in Germany for the Kirch Group and in Japan for Tohokushinsha Film Corporation. He continued his media training at WIN Television Wollongong and i98FM and built the C91FM station in Campbelltown from the ground up. In 1998 Andrew lead WIN's move into new media and technology then had responsibility for WIN's Australian television division in 2002.

4.4 Further Information Regarding Soul

Further information regarding Soul can be found at Soul's website at www.soulaustralia.com.au

5. INFORMATION ABOUT B DIGITAL

5.1 Disclaimer

Certain of the following information about B Digital has been prepared by Soul using publicly available information. Soul has had limited opportunity to independently verify that information about B Digital and does not, subject to the Corporations Act, make any representation or warranty, express or implied, as to the accuracy or completeness of such information.

Further information in relation to the business of B Digital may be included in B Digital's Target Statement.

5.2 Overview of B Digital

5.2.1 B Digital's operations and business

B Digital is a full service telecommunication reseller company targeting the residential market, offering mobile telephony, dial up and ADSL internet, and a range of fixed line telephony services (including international, national, local and fixed to mobile services). The company's brands include "B mobile", "B home phone", "B internet", "Kooee", "Blue Call", "B Shop" and "Digiplus".

B Digital's business model is based on the acquisition of network access and airtime at wholesale rates from various carriers, primarily SPTCom and Optus, and reselling that access and airtime to consumers. It operates through a direct fulfilment model, targeting the consumer market, and also relies on a system of authorised dealer networks, which operate retail outlets that sell the company's services. B Digital is one of Australia's largest mobile telephony resellers.

In addition to the B Digital operations, B Digital has three ancillary businesses. These are Digiplus, Kooee Communications and SPTCom.

(a) Digiplus

B Digital acquired Digiplus at the end of 2003. At that time DigiPlus was a privately held reseller of various telecommunications products and services with around 155,000 customers located in Australia and New Zealand.

The Digiplus operations are based in Maroubra, New South Wales and are primarily focused on the sale of fixed line telephony, mobile telephony and dial up and ADSL internet products and services.

(b) Kooee Communications

Whilst B Digital's historical business focus has been primarily in capital city markets, Kooee Communications has a regional focus. It promotes B Digital's mobile, fixed line and internet services to regional markets under the "Kooee" brand. Marketing support is provided to Kooee Communications through the Kooee JV in the regional television markets where WIN and NBN operate.

(c) SPTCom

In 2005, B Digital acquired a 50% stake in SPTCom from Soul. This acquisition provided B Digital with access to an infrastructure based voice and data IP network.

SPTCom is an Australian carrier of data and voice communication services carried over a nation wide IP network owned by SPTCom and built largely on Cisco Systems product and technology. The SPTCom network was designed in order to consolidate multiple services over a single convergent IP network.

SPTCom's network is interconnected with the Telstra telecommunication network in all the 66 call collection areas in Australia and SPTCom has interconnection agreements with many other telecommunication carriers. This allows SPTCom to provide integrated telecommunications services to 98.5% of the Australian population including telephone call termination and collection throughout Australia.

5.2.2 Relationship between B Digital and Soul

Refer to Section 4.1.2 for details of the relationship between B Digital and Soul.

5.3 B Digital Directors

The directors of B Digital are as follows:

Mr David Fairfull – Chairman

David Fairfull was appointed to the B Digital Board on 28 April 2005 and is also a director of Soul. Please refer to Section 4.3 for details of Mr Fairfull's biography.

Mr Peter George – Non-Executive Director

Peter George was appointed to the B Digital Board on 31 December 2003. Mr George is an experienced executive and non-executive company director in the telecommunications industry. He was a Non-Executive Director of Optus Communications from 1994 to 1998 and Executive Director, Strategy and Policy Development with Cable & Wireless Optus Limited from early 1998 to late 2001. He is also a Non-Executive Director of PMP Limited and Nylex Limited.

Mr George holds a Bachelor of Commerce and a Bachelor of Laws from the University of New South Wales.

Mr William Gregory Egan – Non-Executive Director

William Egan has had 38 years experience in the Australian telecommunications industry including leading roles with both the major telecommunications companies and their smaller competitors.

Mr Egan has been on the board of directors of various telecommunications companies including: Company Connect Pty Ltd, Call Australia Pty Limited, COMindico Holdings Pty Limited and SPTCom and is a director of SPAN – the Service Provider Association.

Mr Egan holds a Bachelor of Engineering (Honours) Electrical from the University of Queensland, and a Master of Science in Telecommunications Systems from the University of Essex in the United Kingdom.

Mr Denis Ledbury – Non-Executive Director

Denis Ledbury was appointed to the B Digital Board on 28 April 2005 and is also a director of Soul. Please refer to Section 4.3 for details of Mr Ledbury's biography.

Mr W Peter Cleaves – Non-Executive Director

Peter Cleaves was appointed to the B Digital Board on 28 April 2005 and is also a director of Soul. Please refer to Section 4.3 for details of Mr Cleave's biography.

Mr Ian Leslie Fraser – Director

Ian Fraser was appointed to the B Digital Board on 1 May 2006. Mr Fraser is a Fellow of the Australian Society of CPAs and Institute of Company Directors and has in excess of 35 years' business experience, during which he held a number of senior corporate positions including Managing Director of Pioneer Sugar Mills Limited, Managing Director of Clyde Industries Limited, Managing Director of

Australian Chemical Holdings Limited and Managing Director of TNT Australia Pty Limited. He also has substantial international experience having lived and worked in South East Asia and the United States. In addition to being on the B Digital Board, Mr Fraser is the Chairman of both Forest Place Group Limited and Occupational & Medical Innovations Limited. He is also a Non-Executive Director of PMP Limited, Lighting Corporation Limited, Promentum Limited and Structural Systems Limited.

6. FUNDING

6.1 B Digital Shares to Which the Offer Relates

Based on publicly available information on B Digital, as at the date of this Bidder's Statement there are 830,030,212 B Digital Shares and 887,600 B Digital Options on issue. Some of the 830,030,212 B Digital Shares on issue comprise B Digital Employee Shares.

As at the date of this Bidder's Statement, Soul has a relevant interest in 404,700,906 B Digital Shares and does not have a relevant interest in any B Digital Options (see Sections 10.1 and 10.4 for further details).

6.2 Total Cash Consideration

The consideration for the acquisition of the B Digital Shares to which the Offer relates will be satisfied wholly in cash. The maximum number of B Digital Shares which could be acquired by Soul under the Offer, not including the 379,800,000 B Digital Shares it already holds and the 24,900,906 B Digital Shares which Soul has an option to acquire under the Pre-Bid Deed summarised in Section 10.1, is 426,216,906 B Digital Shares. This assumes that all B Digital Options are exercised, and all B Digital Employee Shares are converted into B Digital Shares, before the end of the Offer Period. The total acquisition cost of these B Digital Shares, at the Offer Price of 16 cents, is \$68,194,704.96.

The total acquisition cost of the 24,900,906 B Digital Shares which Soul has an option to acquire, for 16 cents per share, under the Pre-Bid Deed summarised in Section 10.1, is \$3,984,144.96.

Accordingly, the total consideration payable by Soul to acquire all B Digital Shares to which the Offer relates and the 24,900,906 B Digital Shares which Soul has an option to acquire under the Pre-Bid Deed is \$72,178,849.92 (the *Maximum Amount*).

6.3 Source of Funds

The funds necessary to pay the Maximum Amount will be provided by Soul Pattinson to Soul by way of a loan facility in an aggregate principal amount of \$75 million (*Facility Limit*) under a facility agreement between Soul Pattinson and Soul dated 25 September 2006 (*Facility Agreement*). Further details of the Facility Agreement are summarised in Section 6.4 below. On 25 September 2006, Soul Pattinson advised Soul that as at that date it has cash deposits with financial institutions exceeding the Facility Limit, which are available on 60 days' notice.

The Offer is not conditional on the availability of funding.

6.4 Soul Pattinson Facility

On 25 September 2006, Soul Pattinson and Soul entered into a Facility Agreement under which Soul Pattinson agreed to provide Soul with a loan facility (*Facility*) in an aggregate principal amount of \$75 million. Soul may only use the proceeds of the Facility to finance the acquisition of B Digital Shares, B Digital Employee Shares and B Digital Options under or in connection with the Offer and the Pre-Bid Deed, and for any other purpose which has Soul Pattinson's prior written approval.

Soul may draw down the Facility in one or more drawings by giving written notice to Soul Pattinson on or before 11.00am on the date of drawdown. Soul Pattinson must advance the amount requested provided that:

- (a) no event of default has occurred and is continuing or in Soul Pattinson's opinion, acting reasonably, no event of default is likely to occur on or as a result of the advance being made; and
- (b) the aggregate of the amount requested and the aggregate principal amount outstanding under the Facility Agreement does not exceed the Facility Limit.

An "event of default" for these purposes is any one of the following events:

- (a) Soul fails to pay when due any amount payable under the Facility Agreement;
- (b) Soul has misrepresented any material fact relating to its financial condition to Soul Pattinson;
- (c) a material default occurs under the provisions of any other agreement or instrument evidencing or securing indebtedness (including any guarantee, charge or similar obligation and whether granted to Soul Pattinson or otherwise) of Soul exceeding \$2 million or any liability of Soul exceeding \$2 million becomes or may be declared due prior to its stated maturity by reason of a default by Soul;
- (d) any event occurs which, in Soul Pattinson's opinion, may materially and adversely affect the business, assets or financial condition of Soul;
- (e) an application is made to a court for an order that Soul be wound up or that a provisional liquidator be appointed (unless the application is withdrawn, struck out or dismissed within 14 days of it being made);
- (f) a liquidator is appointed to Soul;
- (g) a resolution is passed or a decision taken to appoint an administrator to Soul or there is a controller (as defined in the Corporations Act) appointed over any of its assets;
- (h) except to reconstruct or amalgamate while solvent on terms approved by Soul Pattinson, Soul enters into, or resolves to enter into, an arrangement or composition with, or assignment for the benefit of, all or any of its creditors, or it, or anyone on its behalf, proposes a reorganisation, moratorium, deed of company arrangement or other administration involving any of them or the winding up or dissolution of Soul;
- (i) Soul is, states that it is, or is presumed under any applicable law to be, insolvent;
- (j) Soul becomes an insolvent under administration as defined in Part 5 of the Corporations Act or action is taken which could result in that event; and
- (k) as a result of the operation of section 459F(1) of the Corporations Act, Soul is taken to have failed to comply with a statutory demand.

Soul is not aware as at the date of this Bidder's Statement of the occurrence of any event of default or any circumstance that could reasonably be expected to lead to an event of default.

All funds drawn down under the Facility Agreement, together with accrued interest, must be repaid in full by 31 July 2007. Soul must pay interest on the outstanding balance of each amount drawn down under the Facility for the period from and including the drawdown date to but excluding the date of repayment at the average bid rate displayed at or about 10.30am (Sydney, Australia time) on the drawdown date on the Reuters screen BBSY page for a six month period, plus a margin of 0.65% per annum.

7. SOUL'S INTENTIONS FOR THE BUSINESS, ASSETS AND EMPLOYEES OF B DIGITAL

7.1 Introduction

This Section 7 sets out the intentions of Soul in relation to:

- (a) the continuation of the business of B Digital;
- (b) any major changes to be made to the business of B Digital, including any redeployment of the fixed assets of B Digital; and
- (c) the future employment of the present employees of B Digital,

on the basis of the facts and information concerning B Digital, its business and the general business environment that are known to Soul at the time of preparing this Bidder's Statement.

Final decisions on these matters will only be reached in light of any additional material facts, information and circumstances (including the commercial, operational, financial and taxation implications of any decision) at the relevant time. Accordingly, the statements set out in this Section 7 are statements of current intention only which may change as new information becomes available or circumstances change.

7.2 Intentions Upon Becoming Entitled to Compulsorily Acquire B Digital Shares

If Soul becomes entitled to do so then, subject to the satisfaction or waiver of the Condition of the Offer, Soul intends to:

- (a) exercise its rights of compulsory acquisition in respect of the B Digital Shares and B Digital Employee Shares in accordance with Part 6A.1 of the Corporations Act; and
- (b) exercise its rights of compulsory acquisition in respect of any B Digital Options, which are not cancelled by B Digital, exercised by B Digital Optionholders or acquired by Soul, in accordance with Part 6A.2 of the Corporations Act.

Please refer to Section 10.2 for further details.

7.3 Intentions for B Digital as a Wholly Owned Company

Set out below are Soul's intentions if, as a result of the Offer, Soul becomes entitled to compulsorily acquire all outstanding B Digital Shares, B Digital Employee Shares and B Digital Options and, consequently, B Digital becomes wholly owned by Soul.

7.3.1 Operational and strategic review

At the end of the Offer Period, Soul will undertake a detailed review of B Digital's assets, strategy and operations in the light of more detailed information then available to it. It is anticipated that this review will take approximately 3 months. The review will pay particular attention to:

- (a) integration of management, operating systems and platforms, administrative procedures and reporting lines and systems;
- (b) purchasing and distribution synergies;
- (c) opportunities to expand the range of products and services made available to customers;
- (d) utilisation of commonly owned network infrastructure to improve competitiveness;
- (e) potential cost savings; and

- (f) simplification and consistency in product development, pricing and customer acquisition strategies including adoption of common branding.

7.3.2 Directors and management

Soul intends to replace the members of the B Digital Board (other than those B Digital Directors who are also Soul Directors) and the members of the boards of B Digital's Subsidiaries with the nominees of Soul. Replacement board members have not yet been identified by Soul and their identity will depend on the circumstances at the relevant time. It is Soul's intention to retain the management personnel of B Digital in roles appropriate to their skills and expertise.

7.3.3 Impact on employees

As a result of the implementation of the above intentions, it is possible that certain head office functions in the various operations of B Digital, Digiplus, SPTCom and Soul will become redundant. Whilst some job losses may occur as a result, the incidence, extent and timing of such job losses cannot be predicted in advance.

If redundancies do occur, Soul will seek to find new roles for such employees. If that is not feasible, the relevant employees will receive benefits in accordance with their contractual and other legal entitlements.

7.3.4 ASX listing

Soul intends to arrange for B Digital to be removed from the official list of ASX.

7.4 Intentions for B Digital as a Partly Owned Company

Set out below are Soul's intentions if Soul does not become entitled to compulsorily acquire all outstanding B Digital Shares and, consequently, B Digital is only partly owned by Soul.

7.4.1 Operational and strategic review and business integration

Soul intends to implement the intentions described in Sections 7.3.1 to 7.3.3 above to the extent that is feasible if B Digital is controlled by Soul but is not a wholly owned subsidiary.

7.4.2 ASX listing

Soul intends to maintain B Digital's listing on ASX while it meets ASX requirements for maintaining a listing.

7.4.3 Directors and management

Subject to the Corporations Act and B Digital's constitution, Soul intends to seek to ensure that it has such proportion of its nominees on the B Digital Board as reflects its shareholding. Soul would seek to achieve this by making further appointments and/or replacing existing B Digital Directors with its nominees. Candidates to be appointed or replaced in this way have not yet been identified by Soul and their identity will depend on circumstances at the time.

7.4.4 Dividend policy

Soul intends to review (through its nominees on the B Digital Board) the dividend policy of B Digital having regard to any capital funding and ongoing operational requirements of B Digital on the one hand and the appropriateness of paying dividends to shareholders on the other.

7.4.5 Compulsory acquisition

If Soul becomes entitled at some future time to exercise general compulsory acquisition rights under the Corporations Act, it will exercise those rights.

7.5 Business, Assets and Employees

Except for the changes and intentions set out in this Bidder's Statement (including this Section 7), it is the present intention of Soul (based on the information presently available to it) to:

- (a) continue the businesses of the B Digital Group in substantially the same manner as they are presently being conducted;
- (b) not to make any major changes to the businesses of the B Digital Group (including the redeployment of the fixed assets of the B Digital Group); and
- (c) continue the employment of the B Digital Group's present employees in accordance with their current terms.

8. THE OFFER

8.1 Offer

Soul offers to acquire all of your B Digital Shares on the terms and conditions set out in this Offer. The Offer extends to any B Digital Shares:

- that are issued during the period from the Register Date to the end of the Offer Period due to the conversion of, or exercise of rights attached to, B Digital Options that are on issue as at the Register Date; and
- which result from the conversion during the period from the Register Date to the end of the Offer Period of B Digital Employee Shares that are on issue as at the Register Date into B Digital Shares, as a result of the restrictions on transfer of the B Digital Employee Shares being released during that period.

You may only accept the Offer in respect of all of your B Digital Shares.

Soul will be entitled to all Rights (being those accruing after the Announcement Date) in respect of B Digital Shares which it acquires under the Offer. If you receive any Rights and any documents as may be necessary to vest title in those Rights in Soul are not passed on to Soul, or the benefit of those Rights are not passed on to Soul, Soul may reduce the consideration payable to you under the Offer by the amount (or value as reasonably assessed by Soul) of those Rights.

8.2 Offer Price

The consideration offered for each of your B Digital Shares 16 cents in cash.

8.3 Offer Date

The Offer is dated 10 October 2006, being the date on which the first of the Offers is sent to the persons referred to in Section 8.5.

8.4 Offer Period

The Offer commences on the date of the Offer, being 10 October 2006, and will remain open for acceptance until 7.00pm (Sydney, Australia time) on 13 November 2006, unless this period is extended, or the Offer is withdrawn, in accordance with the Corporations Act (*Offer Period*).

Soul expressly reserves its right under section 650C of the Corporations Act, exercisable in its sole discretion, to extend the period during which the Offer remains open for acceptance.

If within the last seven days of the Offer Period:

- (a) the Offer is varied to improve the consideration offered; or
- (b) Soul's voting power in B Digital increases to more than 50%,

then the Offer Period will be automatically extended in accordance with section 624(2) of the Corporations Act, so that it ends 14 days after the relevant event.

You may accept the Offer at any time during the Offer Period.

8.5 Persons to Whom the Offer is Made

The Offer is made to:

- (a) each holder of B Digital Shares registered in B Digital's register of shareholders on the Register Date; and

- (b) each holder of B Digital Shares that were issued:
 - (i) after the Register Date and before the end of the Offer Period; and
 - (ii) as a result of the conversion of, or exercise of rights attached to, B Digital Options that are registered in B Digital's register of option holders on the Register Date; and
- (c) each holder of B Digital Shares that were converted into B Digital Shares:
 - (i) after the Register Date and before the end of the Offer Period; and
 - (ii) as a result of the restrictions on transfer of B Digital Employee Shares registered in B Digital's register of shareholders on the Register Date being released before the end of the Offer Period.

If at the time this Offer is made to you, or at any time during the period from the Register Date to the end of the Offer Period and before you accept the Offer, another person is, or is entitled to be, registered as the holder of some or all of your B Digital Shares to which the Offer relates, then:

- (a) a corresponding Offer will be deemed to have been made to that other person in respect of those B Digital Shares;
- (b) a corresponding Offer will be deemed to have been made to you in respect of any other B Digital Shares held by you to which the Offer relates; and
- (c) this Offer is deemed to have been withdrawn immediately after making those corresponding offers.

8.6 How to Accept

The method by which you can accept the Offer will depend on whether your B Digital Shares are in an Issuer Sponsored Holding or in a CHESS Holding.

Your B Digital Shares will be in an Issuer Sponsored Holding if they are sponsored directly by B Digital as issuer. Your B Digital Shares will be in a CHESS Holding if they are sponsored by a Controlling Participant (usually your Broker) or if you are a Participant.

The enclosed Acceptance Form indicates whether you have an Issuer Sponsored Holding or a CHESS Holding.

8.6.1 Issuer Sponsored Holdings

If any of your B Digital Shares are in an Issuer Sponsored Holding, to accept the Offer in respect of those B Digital Shares you must:

- (a) complete and sign the Acceptance Form enclosed with this Bidder's Statement in accordance with the instructions on the form; and
- (b) ensure that the Acceptance Form, together with all other documents required by the terms of the Offer and the instructions on the form, are received before the expiry of the Offer Period at one of the addresses set out in Section 8.6.3 below.

8.6.2 CHESS Holdings

If any of your B Digital Shares are in a CHESS Holding, acceptance of the Offer in respect of those B Digital Shares can only be made in accordance with the ASTC Settlement Rules. To accept the Offer in accordance with the ASTC Settlement Rules:

- (a) If you are a Participant, you must initiate acceptance of the Offer in accordance with the ASTC Settlement Rules before the expiry of the Offer Period;

- (b) If you are not a Participant:
- (i) you must instruct your Controlling Participant (usually your Broker) to initiate acceptance of the Offer in accordance with the ASTC Settlement Rules before the expiry of the Offer Period; or
 - (ii) you may complete and sign the Acceptance Form in respect of those B Digital Shares which are in a CHESS Holding in accordance with the instructions on the form, and send the form together with all other documents required by the terms of the Offer and those instructions to one of the addresses set out in Section 8.6.3 below. This will authorise Soul to instruct your Controlling Participant to initiate acceptance of the Offer on your behalf. You must ensure that the Acceptance Form is received by Soul in time for Soul to give instructions to your Controlling Participant and your Controlling Participant to carry out those instructions before the expiry of the Offer Period. You will be taken to have completed acceptance of the Offer when your Controlling Participant initiates acceptance of the Offer in accordance with Rule 14.14 of the ASTC Settlement Rules.

8.6.3 Mailing and delivery addresses

The mailing and delivery addresses for completed Acceptance Forms and any associated documents are as follows:

The mailing address is:

Computershare Investor Services Pty Limited
GPO Box 7043
Sydney NSW 2001

Alternatively, you may deliver the Acceptance Form and any associated documents in person to:

Computershare Investor Services Pty Limited
Level 3
60 Carrington Street
Sydney Australia 2000

A reply paid envelope (not able to be used by B Digital Shareholders outside Australia) is enclosed with this Bidder's Statement for your convenience.

8.6.4 B Digital Shares held in different holdings

If some of your B Digital Shares are held in different parcels in different forms, your acceptance of the Offer may require action under Sections 8.6.1 and 8.6.2 of this Bidder's Statement in relation to the separate parcels of your B Digital Shares.

8.6.5 Nominee holdings

If your B Digital Shares are registered in the name of a broker, investment dealer, bank, trust company or other nominee, you should contact that nominee for assistance in accepting the Offer.

8.6.6 Trustees and nominees

If you are registered or entitled to be registered as the holder of one or more parcels of B Digital Shares as trustee or nominee for, or otherwise on account of, another person, section 653B of the Corporations Act deems an Offer to have been made to you in respect of each separate parcel. An acceptance by you of the Offer in respect of any separate parcel of B Digital Shares will be ineffective unless:

- (a) you deliver a notice to Soul stating that the B Digital Shares consist of a separate parcel; and
- (b) your acceptance specifies the number of B Digital Shares in that parcel.

You may at the one time accept the Offer in respect of two or more such separate parcels as if they were a single parcel.

The notice must:

- (a) if it relates to B Digital Shares in a CHESS Holding, be in an electronic form approved by the ASTC Settlement Rules for the purposes of Part 6.8 of the Corporations Act; or
- (b) otherwise, be in writing.

If this Section applies to you, please call the Offer Information Line on 1300 307 508 (callers within Australia) or +61 3 9415 4084 (callers outside Australia) for such additional copies of this Bidder's Statement or the Acceptance Form as are necessary. In accordance with legal requirements, calls to these numbers will be recorded.

8.6.7 Power of attorney, deceased estate

When accepting this Offer, you should also forward for inspection:

- (a) if the Acceptance Form is executed by an attorney, the power of attorney; and
- (b) if the Acceptance Form is executed by the executor of a will or the administrator of the estate of a deceased B Digital Shareholder, the relevant grant of probate or letters of administration.

Further details of the documents required to be sent with the Acceptance Form are contained in the instructions on the form.

8.6.8 Status of Acceptance Form

The Acceptance Form which accompanies this Bidder's Statement forms part of the Offer. The requirements on the Acceptance Form must be observed in accepting the Offer. Acceptance of the Offer for B Digital Shares held in an Issuer Sponsored Holding or CHESS Holding will be effective only when (subject to Section 8.6.9) the properly completed Acceptance Form (together with any document required by Section 8.6.7 or the instructions on that form) has been received at the address indicated on the Acceptance Form or the address indicated in Section 8.6.3 above.

The Acceptance Form may also be faxed to the fax number specified on the Acceptance Form.

The method chosen to deliver the Acceptance Form and other documents is at the risk of each accepting B Digital Shareholder.

8.6.9 Soul's discretion

Despite anything in Section 8.6.8, Soul may at its discretion treat any Acceptance Form received before the end of the Offer Period as valid or waive any requirement of this Section 8.6 in respect of any B Digital Shares held in an Issuer Sponsored Holding or CHESS Holding in any case. Payment of the Offer Price in accordance with the Offer will not be made in accordance with Section 8.9 until any irregularity has been resolved or waived and Soul has received any other documents required to procure registration.

Please contact the Offer Information Line on 1300 307 508 (callers within Australia) or +61 3 9415 4084 (callers outside Australia) if you have any queries about the Offer or how to accept the Offer or need a replacement Acceptance Form. In accordance with legal requirements, calls to these numbers will be recorded.

8.7 Effect of Acceptance

By accepting the Offer, or initiating acceptance of the Offer, in accordance with Section 8.6, you will, or will be deemed to have:

- (a) accepted the Offer for all of your B Digital Shares and irrevocably agreed to the terms and conditions of the Offer to sell all your B Digital Shares to Soul (regardless of the number of B Digital Shares specified in the Acceptance Form or other acceptance);
- (b) subject to the Offer being declared free from the Condition or that Condition being fulfilled, assigned all your beneficial interest in your B Digital Shares to Soul, conveyed beneficial title to your B Digital Shares to Soul and agreed to transfer legal title to all your B Digital Shares to Soul in accordance with the terms of the Offer;
- (c) authorised Soul (by its directors, officers, servants or agents) to complete the Acceptance Form by:
 - (i) inserting any details which have been omitted in respect of your B Digital Shares; and
 - (ii) rectifying any errors in or omissions from the Acceptance Form (including, without limitation, altering the number of B Digital Shares stated to be held by you if it is otherwise than as set out in the Acceptance Form),

as may be necessary to make the Acceptance Form an effective acceptance of the Offer or to enable registration of the transfer of all your B Digital Shares to Soul;

- (d) represented and warranted to Soul, as a fundamental condition going to the root of the contract, that both at the time of acceptance of the Offer and at the time you transfer your B Digital Shares to Soul, your B Digital Shares will be fully paid and free from all mortgages, charges, liens, encumbrances and interests of third parties of any kind (whether legal or otherwise) and restrictions on transfer of any kind, and that you have full power, capacity and authority to sell and to transfer your B Digital Shares (including the legal and beneficial ownership of those B Digital Shares and any Rights);
- (e) irrevocably appointed Soul and each of its directors, secretaries and officers severally as your true and lawful exclusive attorney, agent and proxy in your name and on your behalf, with effect from the date that the Offer, or any contract resulting from your acceptance of the Offer, becomes unconditional, with power to do all things which you could lawfully do concerning your B Digital Shares or in exercise of any right derived from the holding of your B Digital Shares, including (without limitation):
 - (i) attending and voting at any meeting of B Digital Shareholders;
 - (ii) demanding a poll for any vote to be taken at any meeting of B Digital Shareholders;
 - (iii) proposing or seconding any resolution to be considered at any meeting of B Digital Shareholders;
 - (iv) requisitioning the convening of any meeting of B Digital Shareholders and convening a meeting under any such requisition (or joining with other B Digital Shareholders to do either of those things);
 - (v) notifying B Digital that your address in the records of B Digital Shareholders for all purposes, including the despatch of notices of meeting, annual reports and dividends, should be altered to an address nominated by Soul and directing B Digital to serve all correspondence, payments and notifications in respect of any Rights and any other communications and documents whatsoever in respect of your B Digital Shares to Soul at that address;

(vi) executing all forms, transfers, assignments, notices, instruments (including instruments appointing a director of Soul as a proxy in respect of any of your B Digital Shares and a transfer form for your B Digital Shares), proxies, consents, agreements and resolutions relating to your B Digital Shares as may be necessary or desirable to convey your B Digital Shares and Rights to Soul; and

(vii) doing all things incidental or ancillary to any of the above,

and to have agreed:

(i) that in exercising the powers conferred by that power of attorney, the attorney may act in the interests of Soul as the intended registered holder and beneficial holder of your B Digital Shares; and

(ii) to do all such acts, matters and things that Soul may require to give effect to the matters the subject of this paragraph (e) (including the execution of a written form of proxy to the same effect of this paragraph (e) which complies in all respects with the requirements of the constitution of B Digital) if requested by Soul; and

(iii) not to attend or vote in person at any meeting of B Digital Shareholders, or to exercise or purport to exercise any of the powers conferred on Soul and its directors, secretaries and officers under this paragraph (e).

This appointment, being given for valuable consideration to secure the interest acquired in your B Digital Shares, is irrevocable, and terminates upon registration of a transfer to Soul of your B Digital Shares.

Soul will indemnify you and keep you indemnified in respect of all costs, expenses and obligations which might be incurred or undertaken by you as a result of the exercise by an attorney of any powers under this paragraph;

(f) represented and warranted to, and agreed with, Soul that your B Digital Shares in respect of which you have accepted the Offer will be purchased by Soul with all Rights and you will execute all such instruments as Soul may require for the purposes of vesting in it any such Rights;

(g) irrevocably authorised and directed B Digital to pay Soul or to account to Soul for all Rights in respect of your B Digital Shares it acquires under the Offer;

(h) except where the Rights have been paid or accounted for under paragraph (g) above, irrevocably authorised Soul and its directors to deduct from the consideration payable to you in accordance with the terms of the Offer the amount of all Rights referred to in paragraph (g) above or any amount equal to the value of those Rights as reasonably assessed by Soul;

(i) if you signed the Acceptance Form in respect of any of your B Digital Shares in a CHESS Holding, irrevocably authorised Soul:

(i) to instruct your Controlling Participant to initiate acceptance of the Offer in respect of all such B Digital Shares in accordance with the ASTC Settlement Rules; and

(ii) to give any other instructions concerning those B Digital Shares to your Controlling Participant on your behalf under the sponsorship agreement between you and the Controlling Participant.

Soul will be so authorised even though at the time of such transfer it has not paid the consideration due to you under the Offer;

- (j) if at the time of acceptance of the Offer your B Digital Shares are in a CHESS Holding, with effect from the date that the Offer, or any contract resulting from your acceptance of the Offer, becomes unconditional, authorised Soul to cause a message to be transmitted to ASTC in accordance with Rule 14.17.1 of the ASTC Settlement Rules so as to transfer your B Digital Shares to Soul's takeover transferee holding. Soul shall be so authorised even though at the time of such transfer it has not paid the consideration due to you under the Offer;
- (k) agreed to indemnify Soul in respect of any claim or action against it or any loss, damage or liability whatsoever incurred by it as a result of you not producing your holder identification number, participant identifier or security reference number for your B Digital Shares or in consequence of the transfer of your B Digital Shares to Soul being registered by B Digital without production of your holder identification number, participant identifier or security reference number for your B Digital Shares; and
- (l) represented and warranted to Soul that unless you have notified Soul in accordance with Section 8.6.6 of this Bidder's Statement, your B Digital Shares do not consist of several parcels of B Digital Shares.

8.8 Condition of the Offer

The Offer and any contract that results from the acceptance of the Offer is subject to the following condition being fulfilled or waived by Soul:

That, between the Announcement Date and the date that is three Business days after the end of the Offer Period, no Prescribed Occurrence occurs (other than the issue of B Digital Shares pursuant to the exercise or conversion of options or other securities which had been issued and notified to ASX prior to the Announcement Date).

8.8.1 Nature and effect of Condition

The Condition set out in Section 8.8 is a condition subsequent. The breach or non-fulfilment of any condition subsequent does not prevent a contract to sell your B Digital Shares resulting from your acceptance of the Offer, but if:

- (a) Soul has not declared the Offer to be free from the Condition before the date applicable under subsection 650F(1) of the Corporations Act; and
- (b) the Condition has not been fulfilled or waived by the date that is three Business Days after the end of the Offer Period,

all contracts resulting from the acceptance of the Offer and all acceptances that have not resulted in binding contracts are void. In such case, Soul will:

- (a) return all documents forwarded by you to the address shown in the Acceptance Form; and
- (b) notify ASTC of the lapse of the Offer in accordance with Rule 14.19 of the ASTC Settlement Rules.

8.8.2 The benefit of the Condition

Subject to the provisions of the Corporations Act, Soul alone shall be entitled to the benefit of the Condition and any non-fulfilment of the Condition may be relied upon only by Soul.

8.8.3 Freeing the Offer from the Condition

Subject to section 650F of the Corporations Act, Soul may, at any time in its sole discretion, declare the Offer free from the Condition generally or in relation to any specific occurrence or any specific

entity by giving notice in writing to B Digital not later than three Business Days after the end of the Offer Period.

8.8.4 Notice on the Status of the Condition

The date for giving the notice on the status of the Condition required by section 630(3) of the Corporations Act is 6 November 2006 (subject to extension in accordance with section 630(2) of the Corporations Act if the Offer Period is extended).

8.9 Payment of Consideration for Your B Digital Shares

8.9.1 When consideration is paid

- (a) Subject to Sections 8.9.1(b) and 8.9.1(c) and the Corporations Act, if you have validly accepted the Offer, Soul will despatch payment to you for your B Digital Shares on or before the earlier of:
 - (i) the day one month after the date you accept the Offer or, if the Offer is subject to the Condition when accepted, one month after the contract resulting from your acceptance becomes unconditional; and
 - (ii) 21 days after the end of the Offer Period.
- (b) Where the terms of the Offer or the Acceptance Form require an additional document to be given to Soul with your acceptance (such as a power of attorney) to enable Soul to become the holder of your B Digital Shares:
 - (i) if that document is delivered with your acceptance, Soul will despatch payment to you in accordance with Section 8.9.1(a);
 - (ii) if that document is delivered after acceptance and before the end of the Offer Period while the Offer is no longer subject to the Condition, Soul will despatch payment to you by the earlier of:
 - (A) one month after that document is delivered to Soul; and
 - (B) 21 days after the end of the Offer Period;
 - (iii) if that document is delivered after acceptance and before the end of the Offer Period while the Offer is still subject to the Condition, Soul will despatch payment to you by the earlier of:
 - (A) one month after the contract resulting from your acceptance becomes unconditional; and
 - (B) 21 days after the end of the Offer Period;
 - (iv) if that document is delivered after the end of the Offer Period while the Offer is no longer subject to the Condition, Soul will despatch payment to you within 21 days after that document is delivered to Soul; or
 - (v) if that document is delivered after the end of the Offer Period while the Offer is still subject to the Condition, Soul will despatch payment to you within 21 days after the contract which arises upon your acceptance of this Offer becomes unconditional.
- (c) If at the time you accept the Offer you are a resident in or a resident of a place to which, or you are a person to whom, the following regulations apply:
 - (i) the *Banking (Foreign Exchange) Regulations 1959* (Cth); or

- (ii) the *Charter of the United Nations (Terrorism and Dealings with Assets) Regulations 2002* (Cth); or
- (iii) the *Charter of the United Nations (Sanctions – Afghanistan) Regulations 2001* (Cth); or
- (iv) the *Iraq (Reconstruction and Repeal of Sanctions) Regulations 2003* (Cth); or
- (v) any other law of Australia that would make it unlawful for Soul to provide consideration for your B Digital Shares,

acceptance of the Offer will not create for you or transfer to you any right (contractual or otherwise) to receive the consideration specified in the Offer unless and until all requisite authorities or clearances have been obtained by Soul.

The places to which and persons to whom the *Banking (Foreign Exchange) Regulations 1959* (Cth) currently apply include supporters of the former Milosevic government of the Federal Republic of Yugoslavia, and specified ministers and senior officials of the government of Zimbabwe.

The places to which and persons to whom the *Charter of the United Nations (Terrorism and Dealings with Assets) Regulations 2002* (Cth) currently apply include the Taliban, Osama bin Laden, a member of the Al-Qaida organisation, and any person named on the list maintained by the Committee under United Nations Resolution 1390.

The places to which and persons to whom the *Charter of the United Nations (Sanctions – Afghanistan) Regulations 2001* (Cth) currently apply include the Taliban Territory, a bin Laden Entity and a Taliban Entity (as those terms are defined in those regulations).

The persons to whom the *Iraq (Reconstruction and Repeal of Sanctions) Regulations 2003* (Cth) currently apply include members of the previous government of Iraq, Saddam Hussein, its senior officials and their immediate families.

8.9.2 Payment to be mailed by cheque

Payment of the cash amount to which you are entitled will be mailed at your risk in Australian currency. Cheques will be sent to the address on the Acceptance Form by pre-paid ordinary mail or, if you have an overseas address, by pre-paid airmail.

8.10 Improved Offer Price

If you have accepted the Offer and Soul subsequently increases the Offer Price, you will be entitled to receive the increased price in respect of all of your B Digital Shares and Soul will pay it to you:

- (a) if payment for your B Digital Shares has not already been despatched to you, at the time when payment is despatched to you; or
- (b) if payment for your B Digital Shares has already been despatched to you, as soon as practicable.

Under no circumstances will interest be paid on the consideration due under the Offer, regardless of any delay in paying the consideration or any extension of the Offer.

8.11 Withdrawal of Offer

In accordance with section 652B of the Corporations Act, the Offer may be withdrawn with the consent in writing of ASIC, which consent may be subject to conditions.

If this occurs, Soul will give notice of the withdrawal to ASX and to B Digital and will comply with any other conditions imposed by ASIC.

If the Offer is withdrawn, all contracts arising from its acceptance will automatically be void.

8.12 Variation of Offer

Soul may vary the Offer as permitted by Part 6.6 Division 2 of the Corporations Act.

8.13 Notices

Soul may give a notice to you under the Offer by leaving it at or sending it by prepaid ordinary post or by airmail (if your address is outside Australia), to your address given to Soul by B Digital under section 641 of the Corporations Act.

8.14 Brokerage and Other Costs

No brokerage, stamp duty or goods and services tax will be payable by you if you accept the Offer.

8.15 Governing Law

The Offer and any contract that results from your acceptance of the Offer will be governed by the laws in force in New South Wales.

9. TAXATION CONSIDERATIONS

9.1 Introduction

The following is a general description of the Australian income and capital gains tax consequences of the Offer for Australian income tax resident B Digital Shareholders.

The comments are relevant only to those B Digital Shareholders who hold their B Digital Shares on capital account for the purpose of investment. They do not apply to shareholders that hold their B Digital Shares on revenue account or as trading stock.

For B Digital Shareholders selling shares acquired under the B Digital Employee Share Plan or the B Digital Executive Share and Option Plan, there may be additional considerations that need to be taken into account which are outside the scope of this summary.

In all cases you should consult your accountant, lawyer or other professional adviser in order to obtain a full understanding of the tax consequences for you.

B Digital Shareholders who are not resident in Australia for income tax purposes should take into account the tax consequences under the laws of their country of residence, as well as under Australian law and the potential application of any tax treaty between Australia and their country of residence, of acceptance of the Offer.

The following description is based upon the Australian law and administrative practice in effect at the date of this Bidder's Statement. It is not intended to be an authoritative or complete statement and all B Digital Shareholders should seek independent professional advice in relation to their own particular circumstances.

9.2 Australian Resident Shareholders

The transfer by B Digital Shareholders of their B Digital Shares to Soul will be a taxable event under the capital gains provisions of the *Income Tax Assessment Act 1997* (Cth). The capital gains event will occur at the time of acceptance of the Offer.

B Digital Shareholders should make a capital gain or capital loss on the transfer, depending on whether their "capital proceeds" from the disposal of the B Digital Shares are more than the "cost base" (or in some cases indexed cost base) of the shares, or whether the capital proceeds are less than the "reduced cost base" of those B Digital Shares.

The capital proceeds will be the consideration price of 16 cents per B Digital Share.

The cost base of a B Digital Share should include:

- money paid and property provided to acquire the B Digital Share;
- incidental costs, which can include costs such as professional advisory fees and stamp duty on transfer (if any); and
- non-deductible costs of ownership.

The reduced cost base of a B Digital Share should include the first two bullet points above, but not the third.

If the B Digital Shares were acquired at or before 11.45am on 21 September 1999 (Australian Capital Territory time), a B Digital Shareholder may choose to adjust the cost base of the B Digital Shares to include indexation by reference to changes in the consumer price index from the calendar quarter in which the B Digital Shares were acquired until the quarter ended 30 September 1999. These

indexation adjustments are taken into account for the purposes of calculating any assessable capital gain; they are ignored when calculating the amount of any capital loss.

Individuals, complying superannuation entities, virtual PSTs of life insurance companies and/or trustees of trusts that have held B Digital Shares for at least 12 months and elect not to index the cost base of the shares for inflation as discussed above should be entitled to discount the amount of the assessable net capital gain (after application of capital losses) from the disposal of B Digital Shares by 50% (in the case of individuals and trusts) or by 33% (for complying superannuation entities and virtual PSTs of life insurance companies).

Capital gains and capital losses of a taxpayer in a year of income are aggregated to determine whether there is a net capital gain. Any net capital gain is included in assessable income and is subject to income tax. Capital losses may not be deducted against other income for income tax purposes, but may be carried forward to offset against future capital gains.

9.3 Non-Resident Shareholders

Under current law, B Digital Shareholders who are not resident in Australia for income tax purposes are generally not subject to Australian capital gains tax on the disposal of B Digital Shares if they do not have an Australian permanent establishment and they (and their associates) have not held 10% or more of the issued B Digital Shares at any time in the five years preceding the disposal of their shares. As indicated above, this summary is intended for Australian resident B Digital Shareholders only. Non-resident shareholders should seek independent professional advice in relation to their own particular circumstances.

The *Tax Laws Amendment (2006 Measures No 4) Bill 2006*, currently before Federal Parliament, intends to change the scope of these rules. The proposed new rules will apply to disposals that occur on or after the day on which the amending Act receives Royal assent. Under these new rules, we would expect that all non-resident shareholders will fall outside the scope of Australia's capital gains tax regime (if they do not have an Australian permanent establishment).

Non-residents should seek advice as to whether this change in law has been enacted before they accept the Offer.

9.4 Goods and Services Tax

Holders of B Digital Shares or B Digital Options should not be liable to GST in respect of a disposal or exercise of those shares or options.

10. ADDITIONAL INFORMATION

10.1 Pre-Bid Deed

On 25 September 2006, Soul entered into a pre-bid deed (*Pre-Bid Deed*) with Nick Kotzohambos and Kilaben Holdings Pty Limited as trustee for the Kilaben Holdings 2005 Trust (*Kilaben Holdings*), the principal terms of which are set out below. Kilaben Holdings is an Associate of Nick Kotzohambos.

10.1.1 Call option over 3.0% shareholding

Kilaben Holdings has granted Soul (or its nominee) the option to acquire 24,900,906 B Digital Shares (*Option Shares*), representing 3.0% of the total number of B Digital Shares on issue as at the date of the Pre-Bid Deed, for 16 cents per Option Share. The option may be exercised at any time on and from the Announcement Date up to 7.00pm on the closing date of the Offer (being currently 13 November 2006) (*Option Period*). Kilaben Holdings may immediately terminate the option by providing written notice to Soul (or its nominee) if the option is not exercised by the date that is 6 days before the end of the Offer.

If B Digital announces a dividend prior to completion of the transfer of the Option Shares to Soul (or its nominee), Soul (or its nominee) must pay an amount to Kilaben Holdings equal to the total of all dividends received by Soul (or its nominee) from B Digital in respect of the Option Shares up to a maximum of \$0.01 per Option Share within 5 days of receipt of the dividend.

10.1.2 Announcement of intention to accept the Offer

Nick Kotzohambos has announced his intention to procure the acceptance of the Offer by Kilaben Holdings in respect of the remaining B Digital Shares held by Kilaben Holdings (*Remaining Shares*), representing 17.7% of the total number of B Digital Shares on issue as at the date of this Bidder's Statement, in the absence of a higher offer which has not been matched or exceeded by Soul. A copy of this announcement is attached as Annexure 2 to this Bidder's Statement. Under the terms of the Pre-Bid Deed, a "higher offer" for these purposes is an offer for all or a specified proportion of B Digital Shares made by any person other than Soul that offers consideration that is superior to the consideration offered under the Offer:

- allowing in each case for the value of any Share Rights that are to be retained by B Digital Shareholders; and
- with the value of any Share Rights or consideration taking a non-cash form being assessed in accordance with the bidder's statement for the relevant offer.

10.1.3 Undertakings

Each of Nick Kotzohambos and Kilaben Holdings have agreed that:

- they will, and must ensure that each of their associates will, immediately cease all discussions and negotiations regarding any Alternative Proposal in which any one of them are participating as at the date of the Pre-Bid Deed and not during the two week period commencing on the Announcement Date, participate in any discussions or negotiations regarding an Alternative Proposal;
- they will promptly notify Soul of the specific details of any approach, contact, proposal or discussion (including the identity of the person and the nature of the approach, contact, proposal or discussion) they or any of their associates receive during the Option Period in relation to an Alternative Proposal; and
- will at all times during the Option Period do all things reasonably within their power to support the positive consideration of the Offer including, where requested by Soul, through

public endorsements or public statements supporting the Offer on terms reasonably requested by Soul.

The notification and support obligations referred to above do not apply if a higher offer has been publicly announced and Soul has not matched or exceeded the consideration per B Digital Share offered under the higher offer.

10.1.4 Break fee

If Kilaben Holdings does not accept the Offer for all of the Remaining Shares (for any reason other than the consideration offered under the Offer is less than 16 cents per B Digital Share or the terms of the Offer are otherwise materially less favourable to B Digital's shareholders than those summarised in the Pre-Bid Deed), each of Nick Kotzohambos and Kilaben Holdings jointly and severally undertakes to pay Soul, as reimbursement for the costs and expenses incurred by Soul in relation to the Offer, \$720,000.00. This amount may be set off from any amount payable by Soul upon exercise of the call option referred to in Section 10.1.1 above.

10.2 Compulsory Acquisition of B Digital Shares

10.2.1 Post bid compulsory acquisition provisions

If Soul becomes entitled to compulsorily acquire any B Digital Shares under section 661A of the Corporations Act, Soul will give notices to compulsorily acquire any outstanding B Digital Shares in accordance with section 661B of the Corporations Act, even if the B Digital Shares to which those notices relate:

- (a) are issued after the Offer closes but before the notices are given (pursuant to paragraph 661A(4)(b) of the Corporations Act); or
- (b) are issued on exercise of the B Digital Options, or are converted from B Digital Employee Shares into B Digital Shares, up to six weeks after the notices are given (pursuant to paragraph 661A(4)(c) of the Corporations Act).

Soul may compulsorily acquire all outstanding B Digital Shares at the Offer Price under these provisions if, during or at the end of the Offer Period:

- (a) Soul and its Associates have a relevant interest in at least 90% (by number) of B Digital Shares; and
- (b) Soul and its Associates have acquired at least 75% (by number) of B Digital Shares that Soul offered to acquire under the Offer.

Holders of B Digital Shares covered by a compulsory acquisition notice under Part 6A.1 of the Corporations Act may apply to the Court for an order that their shares not be compulsorily acquired. The Court may only make such an order if it is satisfied that the consideration is not fair value for the securities.

ASIC class order CO 03/636 modifies section 661A of the Corporations Act to the effect that a bidder may compulsorily acquire non-transferable employee securities. Soul reserves its rights to rely on class order CO 03/636 to compulsorily acquire B Digital Employee Shares if it is entitled to do so.

10.2.2 General compulsory acquisition provisions

If Soul becomes entitled to compulsorily acquire B Digital Shares and B Digital Options under section 664A of the Corporations Act, Soul will give notices to B Digital Shareholders (unless Soul is entitled to proceed to compulsory acquisition of the B Digital Shares pursuant to section 661A of the Corporations Act described above) and B Digital Optionholders to compulsorily acquire any

outstanding B Digital Shares and B Digital Options in accordance with section 664C of the Corporations Act.

Soul will be able to compulsorily acquire all outstanding B Digital Shares and B Digital Options under section 664A of the Corporations Act if Soul's voting power in B Digital is at least 90% and Soul (either alone or with related bodies corporate) holds full beneficial interests in at least 90% (by value) of the aggregate of all B Digital Shares, B Digital Employee Shares and B Digital Options and:

- (a) lodges a compulsory acquisition notice with ASIC in accordance with section 664C(2) within six months of achieving that 90% holding (and despatches the notice to B Digital Shareholders and B Digital Optionholders by the following Business Day); and
- (b) obtains the report of an expert stating whether, in the expert's opinion, the terms proposed in the notice give fair value for the securities covered.

B Digital Shareholders and B Digital Optionholders whose B Digital Shares or B Digital Options are covered by the compulsory acquisition notice are entitled to object to the acquisition by signing an objection form and returning it to Soul. If B Digital Shareholders holding 10% or more of the B Digital Shares covered by the notice object, or B Digital Optionholders holding 10% or more of the B Digital Options covered by the notice object, Soul will need Court approval before the relevant acquisition can proceed.

ASIC class order CO 03/636 modifies section 664A of the Corporations Act to the effect that a bidder may compulsorily acquire non-transferable employee securities. Soul reserves its rights to rely on class order CO 03/636 to compulsorily acquire B Digital Employee Shares if it is entitled to do so

10.2.3 Compulsory offer to buy out B Digital Shares, B Digital Employee Shares and B Digital Options

If Soul is required to offer to buy out outstanding B Digital Shares under section 662A of the Corporations Act or B Digital Employee Shares and B Digital Options under section 663A of the Corporations Act (and no relevant modification of those sections apply), Soul will give notices to the relevant B Digital shareholders and B Digital Optionholders offering to buy out their B Digital Shares in accordance with section 622B of the Corporations Act and their B Digital Employee Shares and/or B Digital Options in accordance with section 663B of the Corporations Act.

Soul must serve a notice offering to buy out all remaining B Digital Shares, B Digital Employee Shares and B Digital Options if, at the end of the Offer Period, Soul and its Associates have relevant interests in at least 90% (by number) of B Digital Shares. In the case of a notice to holders of B Digital Employee Shares or B Digital Options, the notice will need to be accompanied by a report of an expert stating whether, in the expert's opinion, the terms proposed in the notice give fair value for the B Digital Employee Shares or B Digital Options as applicable. B Digital shareholders and B Digital Optionholders who hold shares or options covered by the notice may, but need not, accept the offer in the notice. The notices must be despatched to B Digital shareholders and B Digital Optionholders within one month after the end of the Offer Period and on the same day as they are lodged with ASIC or the next Business Day). B Digital shareholders and B Digital Optionholders who wish to accept the offer must do so within one month after the notice is despatched to them.

Soul is not required to give a notice to B Digital Shareholders offering to buy out their B Digital Shares under section 662B of the Corporations Act if it has given those shareholders a compulsory acquisition notice under section 661B of the Corporations Act. Accordingly, Soul does not anticipate that it will need to make an offer to buy out outstanding B Digital Shares under section 662A of the Corporations Act as it will proceed to compulsory acquisition of those shares in accordance with section 661A of the Corporations Act, as outlined in Section 10.2.1 above.

10.3 Information on B Digital Securities

10.3.1 B Digital securities on issue

As at the date of this Bidder's Statement, based on documents lodged by B Digital with ASX, B Digital has the following securities on issue:

Number	Class
830,030,212	Ordinary shares
887,600	Options over ordinary shares

Soul understands from documents lodged by B Digital with ASX that of the 830,030,212 ordinary shares on issue, 2,005,750 comprise B Digital Employee Shares issued under the B Digital Employee Share Plan (which is summarised in Section 10.3.3(a) below), B Digital Employee Shares issued under the B Digital Executive Share and Option Plan (which is summarised in Section 10.3.3(b) below), and/or B Digital Shares issued upon exercise of B Digital Options granted under the B Digital Executive Share and Option Plan.

Soul understands from documents lodged by B Digital with ASX that all of the options over ordinary shares on issue have been issued under the B Digital Executive Share and Option Plan.

10.3.2 Substantial shareholders

As at the date of this Bidder's Statement, the following entities had notified B Digital of current substantial shareholdings in B Digital:

Substantial shareholder	Number of B Digital Shares in which shareholder has relevant interest	Voting power
SP Telemedia Limited	404,700,906	48.8%
Kilaben Holdings Pty Limited	172,134,863	20.74%
Washington H. Soul Pattinson Limited	404,849,576	48.8%

10.3.3 B Digital Employee Share Plan and Executive Share and Option Plan

The following information about the B Digital Employee Share Plan (**ESP**) and the B Digital Executive Share and Option Plan (**ESOP**) has been prepared by Soul based on a summary of the ESP and ESOP contained in B Digital's Notice of Annual General Meeting and Explanatory Statement dated 21 April 2005. Soul has not had an opportunity to independently verify those summaries and does not, subject to the Corporations Act, make any representation or warranty, express or implied, as to the accuracy or completeness of the following information.

(a) Employee Share Plan (**ESP**)

Soul understands from documents lodged by B Digital with ASX that B Digital adopted an ESP in 2000, which was varied by B Digital Shareholders on 21 April 2005.

All full-time or permanent part time employees of the B Digital Group are entitled to participate in the ESP, if they receive an offer to participate from the B Digital Board. Whether offers are made to eligible employees is entirely at the discretion of the B Digital Board. Eligible employees are not entitled, as of right, to acquire B Digital Shares under the ESP.

Eligible employees who receive an offer from the B Digital Board to participate in the ESP are entitled to up to \$1,000 worth of B Digital shares. The issue price of the B Digital shares for these purposes is determined by reference to the volume weighted average share price for B Digital shares on the ASX over the five trading days ending on the day that the B Digital shares are issued under the ESP. Participants are not required to pay any money or forego any component of their remuneration for B Digital shares issued to them under the ESP. Shares issued under the ESP rank equally with all existing B Digital Shares on issue.

Under ASIC class order 03/184 the aggregate of:

- the number of B Digital shares offered (but not yet accepted) under the ESP;
- the number of B Digital shares issued under the ESP in the preceding five years; and
- the number of B Digital shares (and options over unissued B Digital shares) issued under any other employee share scheme extended to members of the B Digital Group (e.g. the ESOP),

must not exceed an amount equal to 5% of the total number of B Digital shares on issue at the time any offer of B Digital shares under the ESP is made by the B Digital Board.

Unless otherwise determined by the B Digital Board when making an offer of B Digital shares under the ESP, B Digital shares acquired under the ESP may not be disposed of before the earlier of:

- three years after their date of issue; and
- the time when the relevant employee ceases to be employed by a member of the B Digital Group.

A participant may not sell or transfer less than 100% of the B Digital shares issued under the ESP at any time.

Given these restrictions on transfer, B Digital Employee Shares issued under the ESP are not shares in the same class as the B Digital Shares to which the Offer relates. However, in accordance with Section 8.1, the Offer is extended to B Digital Shares which result from the conversion of B Digital Employee Shares into B Digital Shares before the end of the Offer Period due to the release of the restrictions on transfer of those B Digital Employee Shares.

(b) Executive Share and Option Plan (ESOP)

Soul understands from documents lodged by B Digital with ASX that B Digital adopted an ESOP in 2000, which was varied by B Digital Shareholders on 21 April 2005.

Certain executive members of the B Digital Group, including a full-time or permanent senior manager of a member of the B Digital Group, or a director (other than an alternate director) of a member of the B Digital Group, are entitled to participate in the ESOP, if they receive an offer to participate from the B Digital Board. Whether offers are made to eligible executives is entirely at the discretion of the B Digital Board. Eligible executives are not entitled, as of right, to acquire B Digital shares or B Digital Options under the ESOP.

An eligible executive may be issued B Digital shares or B Digital Options under the ESOP. Shares issued under the ESOP rank equally with all existing B Digital Shares on issue and are quoted on ASX. Options issued under the ESOP have no voting rights or dividend rights and are not quoted on ASX. Each B Digital Option is convertible to one B Digital Share, subject to certain performance and/or time vesting conditions determined by the B Digital Board at the time of grant. B Digital Shares issued upon exercise of B Digital Options granted under the ESOP rank equally with all existing B Digital Shares on issue and are not subject to the ESOP. The exercise price for any one or more B Digital Options is \$1.

B Digital shares issued under the ESOP are held by a plan trustee, who must not sell or transfer those shares before the earlier of:

- ten years after their date of issue;
- the time when the executive ceases to be an employee of the B Digital Group as a result of death, total or permanent disability, redundancy, retirement or any other reason the B Digital Board determines in its absolute discretion;
- where the executive ceases to be an employee for any other reason, such date within 6 months of the date of ceasing employment as is determined by the B Digital Board in its absolute discretion;
- the date the executive becomes entitled to request a sale or transfer of such B Digital shares under the ESOP (being dates determined by the B Digital Board from time to time); and
- the receipt of the B Digital's Board's consent following an application by an executive for the sale or transfer of a B Digital share where that application is made not less than 12 months after the issue of the B Digital share.

Given these restrictions on transfer, B Digital Employee Shares issued under the ESOP are not shares in the same class as the B Digital Shares to which the Offer relates. However, in accordance with Section 8.1, the Offer is extended to B Digital Shares which result from the conversion of B Digital Employee Shares into B Digital Shares before the end of the Offer Period due to the release of the restrictions on transfer of those B Digital Employee Shares.

B Digital Options may not be transferred or assigned without the prior written consent of the Board.

Unless the B Digital Board determines otherwise, if a takeover bid is made for B Digital and the bidder acquires a relevant interest (which was not previously held) in more than 50.1% of B Digital's issued shares, and the offers under the takeover are no longer subject to any defeating conditions, then B Digital will notify holders of B Digital Options under the ESOP (which have not yet been exercised or lapsed) that their options are exercisable, and notify each participant who has a beneficial interest in B Digital shares held on their behalf under the ESOP by the plan trustee, that those B Digital shares will cease to be subject to restrictions on transfer under the ESOP and may be transferred at the request of the participant.

10.3.5 Recent B Digital share prices

The last recorded sale price of B Digital Shares on ASX as at close of trading on ASX on 22 September 2006, being the last trading day prior to the Announcement Date, was 12 cents.

10.3.6 Dividends

In the last two financial years, B Digital has paid the following dividends:

- a fully franked interim dividend of 1c per share on 13 December 2005; and
- a fully franked final dividend of 1c per share on 25 October 2004.

On 20 September 2006, B Digital announced that it is unable to declare a final dividend due to B Digital recording a net loss for the current financial year and having negative retained earnings at year end.

10.4 Interests in B Digital Securities

10.4.1 Relevant interests in B Digital Shares and voting power in B Digital

As at the date of this Bidder's Statement:

- (a) Soul holds 379,800,000 B Digital Shares and has a relevant interest in 48.8% of B Digital Shares pursuant to this shareholding and the arrangements described in Section 10.1; and
- (b) Soul's voting power in B Digital is 48.8%.

10.4.2 Interests of Soul Directors in B Digital securities

As at the date of this Bidder's Statement, the following Soul Directors have a relevant interest in B Digital Shares:

Directors	No. of B Digital Shares held	Voting power
Mr Denis Ledbury	50,000	0.006%
Mr Peter Cleaves	15,000	0.002%

No Soul Director holds any B Digital Options.

10.5 Consideration Provided for B Digital Shares During the Previous 4 Months

Except as disclosed in Section 10.1, during the 4 months up to the date of the Bidder's Statement, neither Soul nor any of its Associates have provided any form of consideration for B Digital Shares under a purchase or agreement to purchase or a sale or agreement to sell.

10.6 No Inducing Benefits Given During the Previous 4 Months

Except as referred to elsewhere in this Bidder's Statement, neither Soul nor any Associate of Soul has, during the period of 4 months up to the date of the Bidder's Statement, offered or agreed to give, a benefit to another person that was likely to induce the other person, or an Associate of that person, to:

- (a) accept the Offer; or
- (b) dispose of B Digital Shares,

which benefit is not offered to all B Digital Shareholders under the Offer.

10.7 Agreements or Arrangements with B Digital Directors

Except as referred to elsewhere in this Bidder's Statement, there are no agreements or arrangements made between Soul with the directors or senior management of B Digital in connection with the Offer.

10.8 Operational and Forecast Financial Information

As Soul and B Digital have some directors and management in common, Soul has access to certain confidential operational and forecast financial information relating to B Digital and its Subsidiaries which has not been disclosed to other B Digital Shareholders.

None of the information to which Soul has access is of a sufficiently complete or reliable nature to be disclosed to the market. This information is not, in Soul's opinion, of such a nature and quality which, if the information were generally available, a reasonable person would expect to have a material effect on the price or value of B Digital Shares or, in Soul's opinion and except as disclosed in the Bidder's Statement, would otherwise be material to a decision by a B Digital Shareholder whether or not to accept the Offer.

Further, Soul considers that it cannot responsibly include the forecast financial information in the Bidder's Statement, as in order to provide a reliable guide to the levels and trends of B Digital's future financial performance, the information requires further analysis and validation which Soul is not in a position to provide.

10.9 Break Fee Arrangements

There are no arrangements for any break fees to be paid by either Soul or B Digital in relation to the Offer. Nick Kotzohambos and Kilaben Holdings may be required to pay a break fee to Soul in certain circumstances under the Pre-Bid Deed, as described in Section 10.1.4.

10.10 ASX Announcements in Relation to the Offer

Copies of Soul's announcements in relation to the Offer are attached as Annexure 1 of this Bidder's Statement.

10.11 B Digital's Disclosures to the ASX

B Digital is a disclosing entity for the purposes of the Corporations Act and therefore is subject to regular reporting and disclosure obligations.

Annexure 3 contains a list of each announcement made by or in respect of B Digital to ASX between lodgement of B Digital's Half-Yearly Report for the 7 months ended 31 January 2006 with ASIC and the date of this Bidder's Statement. If you would like to receive a copy of any of the announcements made by or in respect of B Digital in this period, please contact the Offer Information Line on 1300 307 508 (callers within Australia) or +61 3 9415 4084 (callers outside Australia) and you will be sent copies free of charge. As required by law, all calls to these numbers will be recorded.

10.12 Date for Determining Holders of B Digital Shares

For the purposes of section 633(2) of the Corporations Act, the date for determining the people to whom information is to be sent under items 6 and 12 for each Offer is the Register Date.

10.13 Consents

In accordance with subsection 636(3) of the Corporations Act, Baker & McKenzie has consented to being named in this Bidder's Statement as Soul's legal adviser in the form and context in which its name appears and has not withdrawn its consent before lodgement of this Bidder's Statement with ASIC.

In accordance with subsection 636(3) of the Corporations Act, Pitt Capital Partners Limited (Australian Financial Services Licence Number 276 323) has consented to being named in this Bidder's Statement as Soul's financial adviser in the form and context in which its name appears and has not withdrawn its consent before lodgement of this Bidder's Statement with ASIC.

In accordance with subsection 636(3) of the Corporations Act, Washington H. Soul Pattinson and Company Limited has consented to statements made by, or based on statements by, Washington H. Soul Pattinson and Company Limited in this Bidder's Statement in the form and context in which those statements appear and has not withdrawn its consent before lodgement of this Bidder's Statement with ASIC.

In accordance with subsection 636(3) of the Corporations Act, Computershare Investor Services Pty Limited has consented to being named in this Bidder's Statement as the share registry in respect of the Offer in the form and context in which its name appears and has not withdrawn its consent before lodgement of this Bidder's Statement with ASIC. Computershare Investor Services Pty Limited has had no involvement in the preparation of any part of this Bidder's Statement other than being named as the share registry in respect of the Offer.

None of the persons referred to above has authorised or caused the issue of this Bidder's Statement. Each of these persons to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any statements in or omissions from this Bidder's Statement.

As contemplated by ASIC class order 01/1543, this Bidder's Statement also includes statements based on statements made by persons in the circumstances described in that class order. Those persons have not consented to the inclusion of statements in this Bidder's Statement based on statements made by them. Where statements in this Bidder's Statement refer to or are based on statements made in or announcements made by B Digital to ASX, Soul will provide a copy of those announcements free of charge to any person who asks for it during the Offer Period. Any requests for copies of those announcements may be made by calling the Offer Information Line on 1300 307 508 (callers within Australia) or + 61 3 9415 4084 (callers outside Australia).

10.14 No Other Material Information

Other than as disclosed in this Bidder's Statement, there is no other information which:

- (a) is material to the making of a decision by a person to whom an Offer is made whether or not to accept an Offer;
- (b) is known to Soul; and
- (c) has not previously been disclosed to B Digital Shareholders.

11. AUTHORISATION OF BIDDER'S STATEMENT

This Bidder's Statement was approved by a resolution of the Soul Directors on 22 September 2006. All Soul Directors present and voting at the meeting voted in favour of that resolution.

Signed for and on behalf of SP Telemedia Limited.



Robert Millner

Chairman

12. DEFINITIONS AND INTERPRETATION

12.1 Defined Terms

In this Bidder's Statement, unless context otherwise requires:

Acceptance Form means the acceptance form which accompanies this Bidder's Statement.

ADSL means asynchronous digital subscriber line.

Alternative Proposal means:

- (a) any proposal or offer from a third party to acquire all or a substantial part of the assets or business of B Digital and its Subsidiaries;
- (b) any proposal from a third party for a takeover bid, scheme of arrangement, amalgamation, merger, capital reconstruction, consolidation, purchase of main undertaking or other business combination involving B Digital and its Subsidiaries;
- (c) any proposal from a third party to form a dual listed company structure, stapled security structure or other form of synthetic merger having the same or substantially the same effect as a takeover bid for, or scheme or arrangement in respect of, B Digital; or
- (d) any proposal from a third party for B Digital to issue a material number of its shares or other securities as consideration for the assets or securities of another person.

Announcement Date means 25 September 2006.

ASIC means Australian Securities and Investments Commission.

Associate has the meaning given to it in the Corporations Act.

ASTC means ASX Settlement and Transfer Corporation Pty Limited (ABN 49 008 504 532), the body which administers the CHESS system in Australia.

ASTC Settlement Rules means the rules of ASTC from time to time, except to the extent of any relief given by ASTC.

ASX means Australian Stock Exchange Limited (ABN 98 008 624 691) or the financial market which it operates, as the context requires.

B Digital or **BBB** means B Digital Limited (ABN 99 085 089 970).

B Digital Board or **B Digital Directors** means the board of directors of B Digital and each of the directors of B Digital (as the case may be).

B Digital Employee Shares means ordinary shares in the capital of B Digital issued under B Digital's Employee Share Plan or Executive Share and Option Plan, the terms of issue which prevent the holder from disposing of such shares for certain periods, as set out in Section 10.3.3.

B Digital Group means B Digital, its Subsidiaries and each body corporate in which B Digital has voting power of not less than 20%.

B Digital Optionholder means a holder of B Digital Options.

B Digital Options means the options to subscribe for B Digital Shares granted by B Digital pursuant to B Digital's Executive Share and Option Plan.

B Digital Shareholder means a holder of a B Digital Share.

B Digital Shares means fully paid ordinary shares in the capital of B Digital, other than B Digital Employee Shares.

Bidder's Statement means this Bidder's Statement in respect of this Offer given by Soul under Part 6.5 Division 2 of the Corporations Act.

Broker means a person who is a share broker and a participant in CHESS.

Business Day means a day on which banks are open for business in Sydney, Australia but not a Saturday, Sunday or public holiday.

CGT means capital gains tax.

CHESS means the Clearing House Electronic Subregister System established and operated by ASTC for the clearing, settlement, transfer and registration of approved securities.

Chess Holding means a holding of B Digital Shares on B Digital's CHESS subregister.

Closing Date means 13 November 2006, unless extended in accordance with the Corporations Act.

Common Directors has the meaning given to it in Section 4.2.

Condition means the condition set out in Section 8.8 of this Bidder's Statement.

Controlling Participant means the Participant who is designated as the controlling participant for shares in a CHESS Holding in accordance with the ASTC Settlement Rules.

Corporations Act means the *Corporations Act 2001* (Cth).

CPA means certified practising accountant.

Digiplus means Digiplus Investments Pty Ltd (ACN 112 949 774) and its Subsidiaries.

Facility has the meaning given to it in Section 6.4.

Facility Agreement has the meaning given to it in Section 6.3.

Facility Limit has the meaning given to it in Section 6.3.

GST means goods and services tax.

IP means internet protocol.

Issuer Sponsored Holding means a holding of B Digital Shares on B Digital's issuer sponsored sub-register.

Kilaben Holdings means Kilaben Holdings Pty Limited (ACN 105 799 497) as trustee for the Kilaben Holdings 2005 Trust.

Kooee Communications means Kooee Communications Pty Limited (ABN 71 001 341 331) and its Subsidiaries.

Listing Rules means the official listing rules of ASX as amended or replaced from time to time, except to the extent of any express written waiver granted by ASX.

Maximum Amount has the meaning given to it in Section 6.2.

MPLS means multi protocol line switching.

NBN means NBN Ltd (ABN 68 000 232 486).

Offer or Offers means the offers by Soul to acquire B Digital Shares as set out in Section 8 of this Bidder's Statement.

Offer Period means the period commencing 10 October 2006 and ending 13 November 2006, unless extended or withdrawn in accordance with the Corporations Act.

Offer Price means 16 cents per B Digital Share.

Option Period has the meaning given to it in Section 10.1.1.

Option Shares has the meaning given to it in Section 10.1.1.

Participant has the meaning given in the ASTC Settlement Rules.

Pre-Bid Deed means the pre-bid deed between Soul, Nick Kotzohambos and Kilaben Holdings Pty Limited as trustee for the Kilaben Holdings 2005 Trust dated 25 September 2006, a summary of which is contained in Section 10.1.

Prescribed Occurrence means an event listed in sections 652C(1)(a) to (h) inclusive of the Corporations Act and 652C(2)(a) to (e) inclusive of the Corporations Act.

PST means pooled superannuation trust.

Register Date means the date set by Soul under section 633(2) of the Corporations Act, being 10.00am on 27 September 2006.

Remaining Shares has the meaning given to it in Section 10.1.2.

Rights means, in the case of all shares in B Digital that Soul acquires under the Offer, all accretions and rights attaching to or arising from those shares after the Announcement Date (including, without limitation, all rights to receive dividends and to receive or subscribe for shares, stock units, notes or options and all other distributions or entitlements declared, paid or issued by B Digital) other than any dividends of up to an aggregate of 1 cent per share that are announced by B Digital after the Announcement Date but before completion of the transfer of the Option Shares to Soul (or its nominee) in accordance with the Pre-Bid Deed.

Section means a section of this Bidder's Statement.

Share Registry means Computershare Investor Services Pty Limited (ABN 48 078 279 277).

Share Rights means all accretions and rights attaching to or arising from B Digital Shares after the Announcement Date (including, without limitation, all rights to receive dividends and to receive or subscribe for shares, stock units, notes or options and all other distributions or entitlements declared, paid or issued by B Digital).

SME means small to medium enterprise.

Soul means SP Telemedia Limited (ABN 46 093 058 069).

Soul Board or Soul Directors means the board of directors of Soul and each of the directors of Soul (as the case may be).

Soul Group means Soul, its Subsidiaries and other entities in which Soul has voting power of not less than 20%.

Soul Pattinson means Washington H. Soul Pattinson and Company Limited (ABN 49 000 002 728).

Soul Pattinson Telecommunications means Soul Pattinson Telecommunications Pty Limited (ABN 79 001 726 192).

SPTCom means SPTCOM Pty Limited (ABN 75 111 578 897).

SPT Telecommunications means SPT Telecommunications Pty Limited (ABN 87 099 173 770).

Subsidiary of a person means any entity whose financial results are consolidated with the financial results of that person for the purposes of preparing the financial statements of that person in accordance with the applicable accounting standards and includes an entity which is a subsidiary of the person as defined in section 9 of the Corporations Act.

WIN means WIN Corporation Pty Ltd (ABN 43 000 737 404).

180 D means One80 Digital Post.

12.2 Interpretation

In this Bidder's Statement and in the Acceptance Form:

- (a) unless the context otherwise requires, a reference:
 - (i) to the singular includes the plural and vice versa;
 - (ii) a gender include all genders;
 - (iii) to a person includes an individual, company, body corporate, association, partnership, firm, joint venture or trust;
 - (iv) to a clause or Section is to a clause or Section in this Bidder's Statement;
 - (v) to dollar or \$ are references to Australian currency;
 - (vi) to "you" are to a person to whom this Offer is made under Section 8;
 - (vii) to "your B Digital Shares" are to B Digital Shares in respect of which you were registered as a holder on the Register Date;
 - (viii) to legislation, rules or other documents include those instruments as amended, supplemented or replaced, and in the case of legislation includes regulations, rules and instruments made under that legislation; and
 - (ix) to time are references to time in Sydney, Australia;
- (b) headings are for convenience only and do not affect the meaning of the Sections they introduce; and
- (c) terms not specifically defined in this Bidder's Statement have the meaning (if any) given to them in Chapter 6 of the Corporations Act or the ASTC Settlement Rules.

ANNEXURE 1

Soul announcements to ASX regarding the Offer



25 September 2006

ASX RELEASE

Soul announces a \$71.9 million cash offer to acquire the shares it does not own in B Digital for 16 cents per share

SP Telemedia ("Soul"), B Digital's largest shareholder with 45.8% of the ordinary shares, today announced an offer to acquire the remaining shares in B Digital for 16 cents per share, implying a market capitalisation for B Digital of \$132 million. The offer is subject only to a condition that there are no prescribed occurrences.

The offer price of 16 cents for each B Digital share represents:

- a 66.7% premium to B Digital's closing share price on 20 September 2006, the last trading day prior to speculation of Soul's offer being announced; and
- a 57.1% premium to the volume weighted average price of B Digital shares for the one month period to 20 September 2006; and
- A 33.3% premium to B Digital's closing share price on 22 September 2006, the last trading day prior to today.

Robert Millner, Chairman of Soul said "We believe this to be a very attractive offer to B Digital shareholders as it includes a substantial premium to B Digital's current share price. Our offer provides certainty to B Digital shareholders in what has been a volatile period for the telecommunications sector."

Support for the offer from Nick Kotzohambos

In connection with its takeover offer, Soul has entered into a pre-bid agreement with a company associated with Mr Nick Kotzohambos, B Digital's second largest shareholder, granting Soul an option over 3% of the outstanding shares in B Digital owned by that company. Mr Kotzohambos, who through this company holds approximately 20.7% of B Digital's ordinary shares, has also indicated to Soul his intention to accept the takeover offer for the remainder of his shares in the absence of a higher offer. This pre-bid agreement includes a break fee arrangement with Soul. In the event Mr Kotzohambos does not accept Soul's offer for all of his remaining shares (for any reason), he must pay \$720,000 to Soul as reimbursement for the costs and expenses incurred by Soul in relation to the offer.

Nick Dunn
Company Secretary

For further information please contact:

Media Enquiries:
Mr Anthony Tregoning
FCR
Phone: 02 9235 1666

11-17 Miesha Crescent
Newcastle NSW 2300
T 02 4926 5067
F 02 4926 5231
www.soulmedia.com.au
ABN: 48 600 055 669
SP Telemedia Limited trading as SOUL



25 September 2006

ASX Release

In reference to the off-market offer announced today by SP Telemedia to acquire the shares it does not own in B Digital (BBB), we advise that the "prescribed occurrences" that are the only condition on the offer, are those "Prescribed Occurrences" as listed under Sections 652C (1)(a) to (h) and 652C (2)(a) to (e) of the Corporations Act, as follows:

652C(1)

- o (a) the target converts all or any of its shares into a larger or smaller number of shares;
- o (b) the target or a subsidiary resolves to reduce its share capital in any way;
- o (c) the target or a subsidiary:
 - (i) enters into a buy-back agreement; or
 - (ii) resolves to approve the terms of a buy-back agreement under subsection 257C(1) or 257D(1);
- o (d) the target or a subsidiary issues shares, or grants an option over its shares, or agrees to make such an issue or grant such an option;
- o (e) the target or a subsidiary issues, or agrees to issue, convertible notes;
- o (f) the target or a subsidiary disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;
- o (g) the target or a subsidiary charges, or agrees to charge, the whole, or a substantial part, of its business or property;
- o (h) the target or a subsidiary resolves to be wound up.

652C(2)

- o (a) a liquidator or provisional liquidator of the target or of a subsidiary is appointed;
- o (b) a court makes an order for the winding up of the target or of a subsidiary;
- o (c) an administrator of the target, or of a subsidiary, is appointed under section 436A, 436B or 436C;
- o (d) the target or a subsidiary executes a deed of company arrangement;
- o (e) a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of the target or of a subsidiary.

Nick Dunn
Company Secretary

11-17 Mosket Crescent
Newcastle NSW 2300
T: 02 4926 5027
F: 4926 5231
www.sptelemedia.com.au
ABN 46 053 053 059
SP Telemedia Limited trading as SOUL

ANNEXURE 2

Nick Kotzohambos' announcement to ASX regarding intention to accept the Offer in the absence of a higher offer

Kilaben Holdings Pty Limited

ACN 105 799 497

57 Page Street

Pagewood NSW 2035

25 September 2006

ASX RELEASE

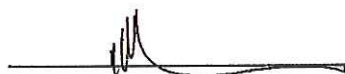
Mr Nick Kotzohambos, B Digital's second largest shareholder, supports Soul offer

Mr Nick Kotzohambos, B Digital's second largest shareholder who through Kilaben Holdings holds 20.7% of B Digital's ordinary shares, today announced he and Kilaben Holdings have entered into a Pre-bid Agreement with SP Telemedia Limited (**Soul**), which gives Soul a call option over 3% of the outstanding shares in B Digital owned by Kilaben Holdings with an exercise price of 16 cents for each share.

Mr Kotzohambos said "I believe the Soul offer for B Digital gives a full and fair price for B Digital shares in the current environment and I intend to accept the offer for the remaining shares held by Kilaben Holdings in the absence of a higher offer which is not matched or exceeded by Soul."



Nick Kotzohambos



Nick Kotzohambos
Sole Director and Secretary
Kilaben Holdings Pty Limited

ANNEXURE 3

B Digital Announcements to ASX since lodgement of B Digital Half-Yearly Report for the 7 months ended 31 January 2006 with ASIC.

Date	Headline
26/09/06	Change in substantial holding from SOT
26/09/06	Response to ASX Query
25/09/06	SOT: Prescribed occurrences referred to in SOTs offer
25/09/06	Letter to Shareholders re Offer to acquire B Digital Shares
25/09/06	SOT: B Digital shareholder supports SP Telemedia share offer
25/09/06	SOT ann: Offer to acquire B Digital Limited shares
22/09/06	Ceasing to be a substantial holder from CGF
22/09/2006	SP Telemedia (SOT) Ownership Increase Speculation
20/09/2006	Full Year Results Presentation
20/09/2006	Preliminary Final Report
14/09/06	SOUL offer provides major headache to other Telcos
14/09/06	Soul Slashes Local Call Costs with New Soulmate Plan
31/08/06	Form 603 & 604
18/08/2006	Appendix 3B
11/08/2006	Cancellation of Employee Options
27/07/2006	Cancellation of Options
26/07/2006	Appendix 3B
19/07/2006	Acquisition of B Shop Business
12/07/2006	Appendix 4F Waiver
28/06/2006	SOT: Acquires WIN Corporation Joint Venture Interests
31/05/2006	Response to ASX Query re: Share Price
26/05/2006	Change of Director's Interest Notice
25/05/2006	Change in substantial holding
25/05/2006	Change in substantial holding from SOT
19/05/2006	Restricted Securities
16/05/2006	Becoming a substantial holder from CGF
02/05/2006	SOT: Optus Soul & B Digital Expand/Extend Relationship

Date	Headline
02/05/2006	SGT: Optus/Soul & B Digital expand & extend relationship
02/05/2006	Optus / Soul & B Digital expand & extend relationship
01/05/2006	Appointment of Independent Non-Executive Director
13/04/2006	ASX Listing Rules Compliance
11/04/2006	Notification of Change of Financial Year
05/04/2006	Presentation
04/04/2006	Change of Director's Interest Notice

CORPORATE DIRECTORY

Soul Directors

Robert Millner, Chairman
Michael Millner, Deputy Chairman
W. Peter Cleaves, Non-Executive Director
Denis Ledbury, Non-Executive Director
Peter Robinson, Non-Executive Director
David Fairfull, Non-Executive Director
Andrew Bruce Gordon, Non-Executive Director

Soul Secretary

Nicholas Robert Dunn

Soul's Registered Office

11 Mosbri Crescent
The Hill NSW 2300

Offer Information Line

1300 307 508 (callers within Australia)
+ 3 9415 4084 (callers outside Australia)
As required by law, all calls to this number will be recorded.

Share Registry for the Offer

Computershare Investor Services Pty Limited
Level 3
60 Carrington Street
Sydney NSW 2000

Financial adviser

Pitt Capital Partners Limited
Level 2
160 Pitt Street Mall
Sydney NSW 2000

Legal adviser

Baker & McKenzie
Level 27
AMP Centre
50 Bridge Street
Sydney NSW 2000