





SO

Salon Only™

Soda Brands Limited

ACN 081 149 635

PROSPECTUS

www.sodabrands.com.au

Underwritten by Pitt Capital Partners Limited

A fully underwritten initial public offering of 20,000,000
Shares at an offer price of \$0.25 per Share.



Hall Chadwick

Chartered Accountants & Business Advisers

Bell Potter

SECURITIES LIMITED



STOCK EXCHANGE OF NEWCASTLE (NSX) LISTING

Application will be made for listing of the Soda Brands Limited ('SODA') securities offered by this disclosure document by the Stock Exchange of Newcastle Limited. The fact that the Stock Exchange of Newcastle Limited may list the securities of SODA is not to be taken in any way as an indication of the merits of SODA or the listed securities. The Stock Exchange of Newcastle Limited takes no responsibility for the contents of this document, makes no representations as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon any part of the contents of this document.

IMPORTANT NOTICE

This is an important document that should be read in its entirety. If you do not understand it you should consult your professional advisers without delay. The Shares offered under this Prospectus should be considered speculative.

IMPORTANT INFORMATION

This Prospectus is dated 15th November 2006 and was lodged with ASIC on that date. ASIC and its officers take no responsibility for the contents of this Prospectus nor the merits of the investment to which the Prospectus relates. The expiry date of this Prospectus is at 5.00pm AEST on 14th November 2007. No securities may be issued on the basis of this Prospectus after the Expiry Date. This Prospectus has been prepared in accordance with Section 713 of the Corporations Act. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law, and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities laws. Applicants who are resident in other countries than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered or followed. This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

WEB SITE AND ELECTRONIC PROSPECTUS

A copy of this Prospectus can be downloaded from the website of SODA at www.sodabrands.com.au. Any person accessing the electronic version of this Prospectus for the purpose of making an investment in SODA must be an Australian resident and must only access the Prospectus within Australia.

The Corporations Act prohibits any person passing onto another person an application form unless it is attached to a hard copy of this Prospectus. Any person may obtain a hard copy of this Prospectus free of charge by contacting SODA.

EXPOSURE PERIOD

This Prospectus will be circulated during the Exposure Period. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. Potential investors should be aware that this examination may result in the identification of deficiencies in the Prospectus and, in those circumstances, any application that has been received may need to be dealt with in accordance with Section 724 of the Corporations Act.

Applications for Shares under this Prospectus will not be processed by SODA until after the expiry of the Exposure Period. No preference will be conferred on persons who lodge applications prior to the expiry of the Exposure Period.

SPECULATIVE INVESTMENT

This Prospectus relates to an investment in a relatively young and growing company. Prospective investors should be aware that an investment in Soda Brands Limited is considered speculative and should consider carefully the risk factors that are described in section 8 of this Prospectus. Investment should be made only by those who have the necessary expertise to appraise the investment or alternatively those who have obtained appropriate professional advice.



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chairman's letter

Dear Prospective Shareholder,

On behalf of the board of Soda Brands Limited, I have pleasure in presenting this Prospectus and offering you the opportunity to become a shareholder in the Company. The Company's intended listing on the NSX is supported by Souls Private Equity Limited, an existing key cornerstone shareholder of the Company.

SODA is a marketing and sales company focused on the high margin hair and beauty industries. The Company distributes the "Salon Only" range of hair care products and the "Robanda" range of skin care products. The total proceeds to be raised by the Offer is \$5 million. The proceeds will be used to acquire Salon Only Pty Ltd (owner of the "Salon Only" branded hair care products), repay debt and fund the marketing and branding program over the next 2 years.

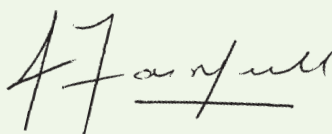
The listing of the Company on the NSX will allow the introduction of our Loyalty Program. The Loyalty Program enables our valued customers (hair and beauty salons) the ability to earn shares in the Company and "be a part of" and "own" the brands that they are recommending on a daily basis.

In addition to the "Salon Only" and "Robanda" brands the Board will be seeking to acquire other "hair and beauty" brands or alternatively their exclusive distribution rights. Any brand additions will need to be both synergistic with our current portfolio as well as have the ability to leverage the Company's core competencies.

My fellow directors and I advise that SODA is in the early stages of its development and growth plans. The Company has a limited operating history and therefore should be considered a speculative investment. We also reiterate that the proceeds of this Offer are being applied to a two year strategic business and growth plan and therefore it is advisable that investors be comfortable with this type of investment horizon.

My fellow directors join me in inviting you to consider this opportunity to participate in the Offer, and we look forward to welcoming you as a new shareholder.

Yours faithfully



Andrew Fairfull
Chairman



I how to invest

The Offer comprises of three separate offers, including two Priority Offers and a General Offer.

1.1 WHEN TO APPLY FOR SHARES

The Offer is due to open at 9.00am AEST on Wednesday 22nd November 2006.

Applications for Shares under the Offer must be received no later than 5.00pm AEST on:

- Monday 11 December 2006 for applications made under the Priority Offers; and
- Friday 15 December 2006 for applications made under the General Offer (General Offer Closing Date).

1.2 HOW TO APPLY FOR SHARES

1.2.1 The Priority Offer to SODA Customers

This section only applies to customers of SODA

If, at 5.00pm AEST on 15th November 2006, you are a SODA customer and a resident of Australia, you are eligible to apply, subject to the terms of the Offer, for an allocation of the number of Shares you request in your Application Form in priority to other investors if you lodge your Application Form prior to the Priority SODA Customer Offer Closing Date. Please refer to section 3.3 for details of the Allotment and Allocation Policy.

As a SODA Customer, you should receive a blue Application Form with your copy of this Prospectus. You must use this blue Application Form to ensure that you are eligible to receive your priority allocations. If you have obtained a copy of this Prospectus by electronic means and you have not yet received your blue Application Form, you should contact the Share Registry to obtain your blue Application Form.

If you lodge a blue Application Form after the Priority SODA Customer Closing Date but before the General Offer Closing Date, the Application will be taken to be an application pursuant to the terms of the General Offer.

1.2.2 The Priority Offer to Eligible SPEL Shareholders

This section only applies to SPEL shareholders

If, at 5.00pm AEST on 15th November 2006, you were registered as a shareholder of Souls Private Equity Limited (SPEL) and you are a resident of Australia (Priority Shareholder), you are eligible to apply, subject to the terms of the Offer, for an allocation of the number of Shares you request in your Application Form in priority to other investors if you lodge your Application Form prior to the Priority Shareholder Offer Closing Date. Please refer to section 3.3 for details of the Allotment and Allocation Policy.

As a SPEL shareholder, you should receive an orange Application Form with your copy of this Prospectus. You must use this orange Application Form to ensure that you are eligible to receive your priority allocations. If you have obtained a copy of this Prospectus by electronic means and you have not yet received your orange Application Form, you should contact the Share Registry to obtain your orange Application Form.

If you lodge an orange Application Form after the Priority Shareholder Closing Date but before the General Offer Closing Date, the Application will be taken to be an application pursuant to the terms of the General Offer.

1.2.3 The General Offer

This section applies to the General Public

If you are not a SODA Customer or an Eligible SPEL Shareholder, you should complete the white Application Form attached to or accompanying the copy of this Prospectus in accordance with the instructions set out on the white Application Form. You need to lodge your completed white Application Form prior to the General Offer Closing Date.

1.3 APPLICATIONS

Applications for Shares under the Offer must be made using the Application Form.

Payment for the Shares must be made in full at the issue price of \$0.25 per Share. Applications for Shares must be for a minimum of 8,000 Shares (\$2,000) and thereafter in multiples of 2,000 Shares (\$500). Completed application forms and accompanying cheques must be mailed or delivered to:

Mailing address:

**Soda Brands Limited
C/- Registries Limited
PO Box R67 Level 2
ROYAL EXCHANGE NSW 1223**

Delivery address:

**Soda Brands Limited
C/- Registries Limited
28 Margaret Street
SYDNEY NSW 2000**

Cheques should be made payable to 'SODA Brands Limited – Share Offer Account' and crossed 'Not Negotiable'. Completed Application Forms must reach one of the above addresses by no later than the Closing Date.

SODA reserves the right to close the Offer early.

1.4 BROKERAGE, STAMP DUTY AND COMMISSION

No brokerage, stamp duty or commission is payable by Applicants on the investment in Shares under the Offer.



2 investment overview

2.1 IMPORTANT NOTICE

Section 2 is not intended to provide full information for investors intending to apply for Shares offered pursuant to this Prospectus. This Prospectus should be read and considered in its entirety.

2.2 OBJECTIVES

SODA proposes to expand its current core activities from the sale and marketing of third party owned brands to include brand ownership and brand development.

SODA has entered a Share Sale Agreement to acquire Salon Only Pty Ltd (The owner of the Salon Only branded hair care product range). SODA has been the exclusive distributor of the Salon Only range for the last two years in Australia. SODA is also the exclusive distributor in Australia of Robanda.

2.3 PURPOSE OF OFFER AND USE OF PROCEEDS

The primary objectives of the Offer are to raise funds necessary to:

- Acquire 100% of issued capital of Salon Only Pty Ltd;
- Facilitate the repayment of loans;
- Fund the proposed packaging redesign;
- Fund the proposed product range extension; and
- Fund the proposed marketing and branding programs over the next two years.

In addition to the funds raised, the NSX listing will also:

- Provide a public market for the shares of SODA;
- Facilitate the introduction of the Loyalty Program;
- Facilitate the introduction of the ESOP; and
- Provide a structure with which the Company may wish to access additional capital in the future.

The table below shows the intended application of the funds being raised pursuant to this Prospectus.

Application	\$
Acquisition of "Salon Only" brand (Cash Component)	2,000,000
Repay SPEL Shareholder Loan	895,000
Marketing program over next two years	1,105,000
Product development over next two years	500,000
Costs of the Offer	500,000
Total	\$5,000,000

2.4 TIMETABLE

Prospectus lodged with ASIC	15 November 2006
Opening Date	22 November 2006
Priority Offer Closing Date (5.00pm AEST)	11 December 2006
General Offer Closing Date (5.00pm AEST)	15 December 2006
Allotment	19 December 2006
Expected Date of Listing on the NSX	4 January 2007

All dates are subject to change and are indicative only. SODA has the right to vary these dates, without prior notice, including the right to close the Offer early, to withdraw the Offer or to accept late Applications.

Applicants are encouraged to submit their Application Forms as early as possible, as the Offer may be closed as soon as the full subscription is reached.

2.5 CAPITAL STRUCTURE

Upon completion of the Offer the shareholding of the Company will be as follows:

	No of Shares	Fully Diluted (%)	Capitalisation at Offer Price (25 cents per share)
New shares to be issued under this Prospectus	20,000,000	48.96	\$5,000,000
Existing Shareholders	10,000,000	24.49	\$2,500,000
Shareholders associated with the Acquisition	4,000,000	9.79	\$1,000,000
Total Shares	34,000,000	83.24	\$8,500,000
Directors Options	1,750,000	4.28	\$437,500
ESOP	1,700,000	4.16	\$425,000
Loyalty Program	3,400,000	8.32	\$850,000
Total Share Options	6,850,000	16.76	\$1,712,500
Fully Diluted Share Capital at Offer price	40,850,000	100.00	\$10,212,500



3 details of the offer

3.1 THE OFFER

By this Prospectus, SODA offers for subscription 20,000,000 Shares at an issue price of \$0.25 each to raise \$5,000,000.

The Shares offered under this Prospectus will rank equally with the existing Shares on issue. The rights of Shareholders are detailed in Section 10.

3.2 UNDERWRITING

The 20,000,000 Shares offered under this Prospectus have been fully underwritten by Pitt Capital Partners Limited.

The Underwriting Agreement entered into between SODA and the Underwriter provides that the Underwriter may terminate the Underwriting Agreement in certain circumstances.

The Underwriting Agreement, including the remuneration of the Underwriter, is summarised in Section 9.2.

3.3 ALLOTMENT AND ALLOCATION POLICY

Subject to the NSX granting approval for SODA to be admitted to the Official List, allotment of Shares offered under this Prospectus will take place as soon as practicable after the General Offer Closing Date. Prior to allotment, all application monies shall be held by SODA in trust. SODA, irrespective of whether the allotment of Shares takes place, will retain interest earned on the Application monies.

The Directors reserve the right to allot Shares in full for any application or to allot any lesser number or to decline any application.

Where the number of the Shares allotted is less than the number applied for; or where no allotment is made, the surplus application monies will be returned by cheque to the Applicant within seven days of the allotment date.

3.4 NSX LISTING

SODA will apply to the NSX within 7 days after the date of this Prospectus for admission to the Official List and for Official Quotation of the Shares offered under this Prospectus and the existing shares already on issue.

If granted, Official Quotation of Shares in SODA will commence as soon as practicable after the allotment of the Shares to Applicants.

The NSX takes no responsibility for the content of this Prospectus. The fact that the NSX may admit Shares in SODA to its Official List is not to be taken in any way as an indication of the merits of the Offer or the Shares offered pursuant to this Prospectus.

If the NSX does not grant permission for Official Quotation of the Shares within three months after the date of this Prospectus, or such longer period as is permitted by the Corporations Act, none of the Shares offered under this Prospectus will be allotted or issued. In that circumstance, all applications will be dealt with in accordance with the Corporations Act.

3.5 APPLICANTS OUTSIDE AUSTRALIA

This Prospectus does not, and is not intended to, constitute an offer in any place or jurisdiction where, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. No action has been taken to register or qualify these Shares or otherwise permit a public offering of Shares the subject of this Prospectus in any jurisdiction outside Australia.

It is the responsibility of applicants outside Australia to obtain all necessary approvals for the allotment and issue of the Shares pursuant to this Prospectus. The return of a completed application form will be taken by SODA to constitute a representation and warranty by the Applicant that all relevant approvals have been obtained.

3.6 CHESS

SODA will apply to NSX to participate in CHESS. Under CHESS, SODA does not issue certificates to investors. Instead investors receive CHESS statements, which are similar to bank account statements, setting out holdings of shares and options.

CHESS statements will be sent to successful Applicants after the allotment of shares and options, advising them of their holding and their holder identification number (HIN).

Further statements will be provided to investors which reflect any changes in their shareholding in SODA during a particular month.

3.7 RISK FACTORS

Prospective investors in SODA should be aware that subscribing for Shares that are the subject of this Prospectus involves a number of risks. These risks are set out in section 8 of this Prospectus and investors are urged to consider those risks carefully (and if necessary, consult their professional adviser) before deciding whether to invest in the Company.

3.8 PRIVACY STATEMENT

If you complete an application, you will be providing personal information to SODA. SODA collects, holds and will use that information to assess your application, service your needs as a Shareholder, and to facilitate distribution payments and corporate communications to you as a Shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, including bidders for your securities in the context of takeovers; regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Share Registry.

You can access, correct and update the personal information that we hold about you. If you wish to do so, please contact the Share Registry at the relevant number set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1998, the Corporations Act and certain rules such as the ASTC Rules. If you do not provide the information required in the Application Form, SODA may not be able to accept or process your application.



4 business overview



4.1 SALON ONLY

SODA's leading market haircare brand Salon Only (also known as SO) was established by a collective of Australia's leading hairdressers. Over the last two decades "exclusive to salons" haircare brands have been increasingly sold via pharmacies, shampoo shops, and cash & carry outlets.

Realising this, the Salon Only Group, of 33 leading hairdressers devised that there was only one solution to the diversion of salon exclusive brands: to create their own salon haircare range. This is

how the original Salon Only brand was created in the late nineties, and this became SO, an Australian-made range developed by leading hairdressers for their clients.

In its early days SO was sold only through the 33 salons owned by the Salon Only Group. After seven years of developing the brand into a complete range the group decided to combine with an experienced and established distributor of haircare (SODA) and commence the distribution of SO to haircare salons outside the group and across Australasia.

A stand out feature of the SO brand that ensures SO is differentiated from the majority of its product competitors is the refill system, meaning empty bottles can be replenished by the consumer. Where appropriate, ingredients in SO are sourced from natural, renewable plant, botanical and organic material. The cleansing agents are sourced from coconut palm oil and also contain natural oils such as Australian tea tree, macadamia and aloe vera gel. The SO range is manufactured with the expertise of experienced chemists who adhere to the stringent quality standards of the company. The ethos of the brand is that SO is good for the customer and good for the environment.



4.1.1 From Brand Distributor to Brand Owner

In the early stages of the development of SO, its products were sold only to the 33 salons within the Salon Only Group. The acquisition of Salon Only Pty Ltd by SODA allows for control over the manufacturing, product range development and worldwide territorial licensing and distribution. Post brand ownership sales margins are expected to significantly increase delivering better returns for the company and its shareholders.

4.1.2 SO Customer Loyalty Program

SODA will introduce a loyalty program for its brands. The incentive programs currently offered by our competitors have been driven by rebates, free stock and discounts. SODA will offer clients, distributors and agents a long-term incentive program that rewards them through the issue of shares in SODA, allowing all salons that support the program to participate in an equity share of SODA.

This loyalty program will be offered and introduced to SODA customers after the completion of this Offer. It will ensure SODA's customers are committed to the company by giving them the opportunity to be shareholders in a business that they choose to recommend and promote to their customers. This program aligns the interest of SODA customers, distributors and shareholders alike.

Part of SODA's current marketing strategy are training and brand presentation evenings, regularly held within the Australasian market place that are designed to encourage salons to do their utmost to be environmentally friendly and do their bit to "Make a Difference" (MAD) and stock the SO range.



4.1.3 SO Saves "you and the environment"



SO has built the brand on the back of its environmentally ethical and cost effective stance of refillable packaging.



4 business overview cont...



Wherever possible, bottles are refillable which enables salon clients to save money and the environment every time they buy SO products. At the same time this ensures that the salons can achieve very high margins in return for providing the refill service to their clients. The refill program has the added benefit of creating a very loyal customer.

4.1.4 Awards and Industry Recognition

The SO product range has won major awards in the hair care industry, such as FHM New Styling Product of the Year, and has been short listed as a finalist for many other accolades. This industry recognition is a testimony to the quality and formulation of the range.

SO has benefited from the strong support of beauty editors on leading fashion and hair industry magazines. SO has consistently been selected by editors as a finalist and winner of major magazine awards, as outlined below.



1. FHM fashion and grooming awards (winner 2003, finalist 2004, 2005 and short listed for the 2006 awards) 2. New Woman Beauty awards finalist 2004 and 2005



In addition to the above accolades, SO has enjoyed a high level of editorial support and exposure from leading magazines including the following:

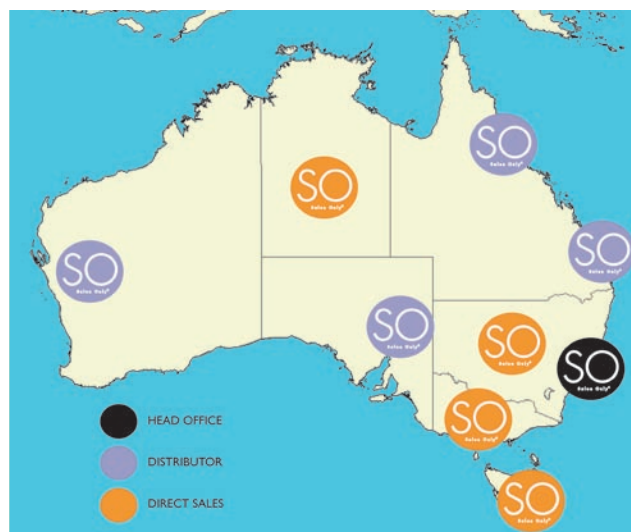
- Marie Claire
- OK
- Instyle consumer
- Who
- Cosmopolitan
- Sunday Telegraph
- NW
- Shop Till you drop
- Harpers Bazaar
- Instyle Industry
- New Idea
- Cleo
- Girlfriend
- New Woman
- FHM
- Australian Hairdressers Journal

4.1.5 Short Term Marketing Initiatives

- The introduction of the SODA loyalty program
- The initiation of a stylist-led marketing campaign, aimed at rewarding stylists who use and recommend SO through incentives and artistic inspiration;
- The increased exposure at point of sale of the Salon Refill system, by introducing to SODA customers refill dispensary units;
- The introduction of Salon Only Professional tools and Accessories;
- The Roll out of SO new packaging in the second half of 2007;
- The introduction of the SO brand to the global market place.

4.1.6 Expand Depth of Local Distribution Business

In order to support future growth and the new marketing initiatives, SODA intends to double its sales force in the next twelve months. SODA's sales force currently covers NSW, VIC, QLD, WA and SA with sub-distributors also employed in some of these states. The increased strengthening of a metropolitan and regional distribution base, via the introduction of SODA's own sales force, coupled with the increased support of existing distributors, is expected to increase long-term revenue streams with salons across Australasia.



4.1.7 International Expansion

SODA's focus in the immediate short-term is on developing the New Zealand market.

SO packaging will be re-designed in the near-term to allow for expansion into the international markets, with a focus on the UK, Europe and Asian markets at the Cosmoprof Hair Show in Asia in 2007. SODA has already been approached by agents and distributors for some of these regions, however the international strategy is not to be progressed in these markets until the new repackaging is launched in Australia.

4.2 SALON ONLY TOOLS

4.2.1 Development of Professional Tools and Accessories Range

The selling of tools and accessories is a fast growing sub sector of the salon retail market. Until three years ago, salons did not make a feature of retailing professional tools or accessories to their clients. It has now become an accepted part of the industry and professional tools and accessories can account for up to 20 per cent of total retail sales in salons. The increase in demand for salon professional tools and accessories has stemmed from the desire of salon clients to achieve the professional look between salon visits.

SODA is developing its own branded Salon Only Professional Tools and Accessories and already distributes existing, respected brands in the market.



4 business overview cont...

4.3 “ROBANDA”

Robanda® ANTI-AGING SKIN CARE

Robanda is an internationally established skincare brand currently sold in up-market beauty salons worldwide. The Robanda Range is manufactured in the USA and its headquarters are in San Diego. Robanda, which has recently released in the Australian marketplace, is exclusively licensed for distribution in Australia to SODA. Robanda's anti-aging skincare product range is suitable for all skin types. The products contain a high percentage of active ingredients, which are suitable to treating the effects of skin of Australia's harsh climate conditions. There are currently twelve different products within the Robanda skincare range.

SODA has been carrying out a low key marketing campaign to test the acceptability of the Robanda products with Australian consumers. Results to date have been promising and as a result SODA has decided to dedicate some of the proceeds of this Offer to a Robanda product launch over the next six months. In addition to this, SODA will use its current sales force to offer the Robanda products to hairdressing salons as well as to traditional beautician and day spas but also to hairdressing salons.

The marketing of Robanda products will be strategically focused on the ever-increasing population of baby boomers looking for anti-aging solutions. The Robanda brand has gained international recognition through publications across the world.

Robanda Anti-Aging Hand Cream has already been recognised within the Australian industry for quality, earning itself a place on the short list at the 2006 FHM grooming awards.



5 directors of the company

5.1 DIRECTORS OF THE COMPANY

The Directors' biographies are set out below:



Andrew Fairfull B.Com, MAICD, SA Fin.

Non-executive Chairman

Andrew is the current General Manager of the ASX Listed Souls Private Equity Limited, the largest shareholder of SODA. He has been employed within the Washington H. Soul Pattinson Group for the past ten years, holding positions as Chief Financial Officer and Company Secretary with several group companies during that time. Prior to joining the Washington H. Soul Pattinson Group, Andrew worked in a chartered accounting firm.



Nicholas Ghattas B.Comm

Executive Managing Director

Nicholas is the group managing director. He has over 9 years experience in the sale, distribution and marketing of haircare and beauty brands. Prior to his appointment with SODA, Nicholas was the Managing Director of Paul Mitchell Australia which is one of the most recognized haircare brands in the salon market. He was responsible for the launching of the Paul Mitchell Brand in Australia.



Hilton Brett B. Comm. PGDA CA (SA)

Non-Executive Director

Hilton has a broad depth of valuable and proven skills in maximizing business opportunities in acquiring, growing, re-engineering and selling businesses in Australia and South Africa. Hilton has recently held two Chief Executive Officer ("CEO") positions. CEO of Vivien's Jewellers, a large chain of retail jewellery stores operating in NSW, ACT and QLD. Prior to this he was CEO of SE Timber Floors, Hilton oversaw the successful trade sales of both businesses. Before this he also held the position of Group National Buyer and Marketing Director of Liberty Liquors which was sold to the Woolworths chain in Australia.



Stephen Kulmar

Non-Executive Director

Stephen has 32 years experience in the advertising industry. He is the current Chief Executive Officer of Ideaworks which is now recognised as the pre-eminent retail marketing services company in Australasia. He has extensive experience in retail strategy, brand strategy, business re-engineering and new retail business development. He has worked with some of Australia's largest retailers over the last 15 years including Westfields and Woolworths.



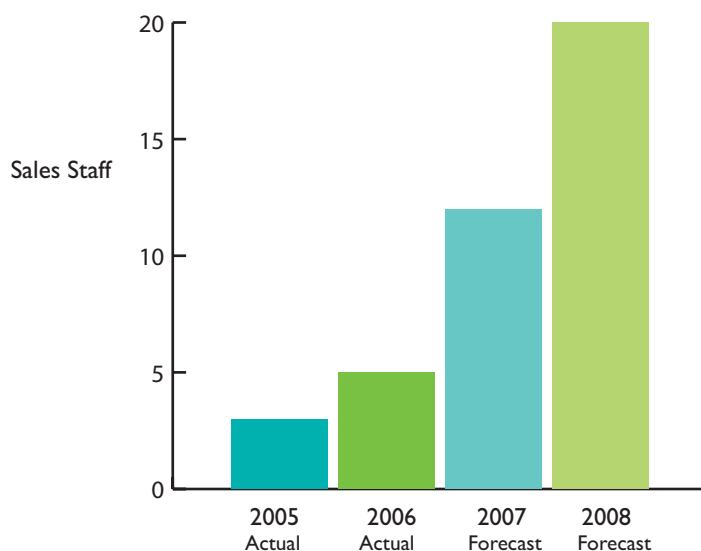
5 directors, industry advisory panel and staff cont...

5.2 INDUSTRY ADVISORY PANEL

The Directors have established an industry advisory panel to advise on development of new products, general industry developments and future trends of the markets. The company has endeavoured to get a mix of experience on the advisory panel from multi salon owners, product formulators and artistically inspired hairdressers. The industry panel will be remunerated with an agreed fee and options in the company.

5.3 STAFF

Part of the proceeds from this offer will be used to increase the direct sales staff representing our brands in the Australasian markets. In addition to the increase in the direct sales staff, SODA will be increasing the distributors and agents representing our brands on a national & international basis.



5.4 CORPORATE GOVERNANCE

The Board is responsible for the overall performance, strategic direction and corporate governance of SODA.

The Board has put in place the framework and operational policies for the management of SODA, ensuring the proper establishment of internal controls and management of risk, where possible.

Each Director has the right to seek independent legal or other professional advice at the Company's expense concerning any aspect of SODA's operations or undertakings in order to fulfill their duties and responsibilities as Directors.

6 hair care industry report

15th November 2006



The Directors

Soda Brands Limited

Suite 3A, Level 3

140 William Street

WOOLLOOMOOLOO NSW 2011

Dear Sirs,

RE: HAIR CARE INDUSTRY REPORT

1. SCOPE OF REPORT

Soda Brands Limited (Soda) has engaged VMC Global Pty Limited (VMC Global) to prepare an industry report for inclusion in the prospectus to be issued by Soda.

This industry report provides commentary in relation to the market in which Soda operates including:

- an overview of the Australian hair care industry including market size, major industry participants and future outlook;
- An overview of the Australian hairdressing and beauty salon industries including market size, major industry participants and future outlook; and
- An analysis of past merger and acquisition activity involving hair care and skin care brand owners and marketing and distribution operations.

2. THE AUSTRALIAN HAIR CARE INDUSTRY

2.1 Market Size

The hair care sector has dominated the toiletries and cosmetics industry in Australia over the last five years with an industry share of almost 20%. It has consistently experienced strong growth and recorded a total estimated retail sales value of over \$860 million in 2005, representing 2% growth on the previous year.

Shampoo

Shampoo was the largest contributor in the Australian hair care sector, claiming approximately 35% of the market in 2005 with \$299 million revenue. Sales growth has been stable at 1.3% which is slightly lower than the total hair care sector. As shampoo is considered a necessity to consumers, demand appears to be less affected by general economic conditions. The maturity of the shampoo market has seen the introduction of highly segmented products by manufacturers such as segmentation by gender and hair type to boost sales.

Colourants

Changing consumer attitudes and fashion trends have caused an increase in the demand for colourants which experienced strong growth compared with other hair care products (4% in 2005) with sales revenue in the order of \$113 million. Colourants has maintained its sector share at 13% during 2005.

VMC Global Pty Ltd
ABN 65 097 893 957
AFS Licence 295 872

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51 Pitt Street
Sydney NSW 2000

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6 hair care industry report cont...

Conditioners

The increase in demand of colourants has also triggered an increased use of conditioners, as most colourants are known to cause dryness in hair. Conditioners achieved total sales in the order of approximately \$206 million in 2005, representing growth of 2.5% compared with 2004.

Styling Agents

Current fashion trends are the main driver of growth in sales of styling agents which include hair wax, hair gel, hair cream, hair spray and hair mousse. Sales of these products increased by 4% to almost \$206 million in 2005, reflecting the increasing number of men using styling products.

Perms & Relaxants

The smallest contributors to total hair care sales in 2005 were perms and relaxants. Sales values for these products were in line with the previous year at slightly over \$40 million.

The following table shows retail sales in the hair care sector by segment for the period from 2000 to 2005.

A\$ million	2000	2001	2002	2003	2004	2005	2000-2005 CAGR
Shampoo	280.9	274.7	283.5	292.4	295.1	299.0	1.3%
Conditioners	200.8	205.8	190.0	195.0	200.8	205.8	0.5%
Colourants	104.0	108.4	100.8	102.8	108.7	113.0	1.7%
Styling agents	171.4	179.3	182.0	191.0	197.5	205.9	3.7%
Perms & relaxants	46.5	46.2	44.9	43.2	41.9	40.6	-2.7%
Total Sales	803.6	814.4	801.2	824.4	844.0	864.3	1.5%

Source: Datamonitor August 2006 (Excludes salon hair care)

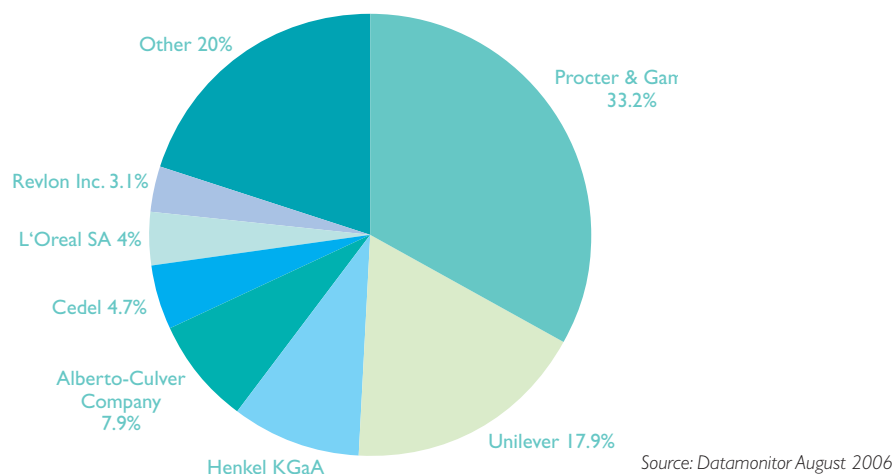
2.2 Major Industry Participants

Participants in the hair care sector continue to be dominated by large multinational companies. The top four manufacturers attained 68% of total sales in 2005. Procter & Gamble Australia has led the market with a 33% market share over the last two years. Its main hair care product, "Pantene", has been the top brand in the hair care market since 2002. Following strong growth over the last four years it reached a 13% market share in 2005.

Unilever Australia followed in second position in 2005 with 18% market share. "Sunsilk" has shown a steady climb in market share since 2002 and ranked second after "Pantene" with an 12% market share. Unilever has been actively launching new products. There were 10 new products introduced to the market in 2005 under the "Sunsilk" and "Dove" brands.

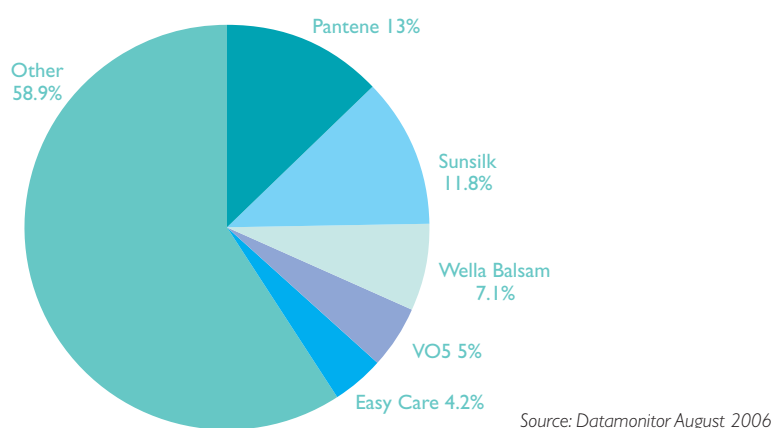
The following chart shows market share by company for companies that constituted the top 80% of the market in 2005.

Australian Hair Care Market Share by Company (2005)



The following chart shows market share by brand for the brands that constituted the top 41% of the market in 2005.

Australian Hair Care Market Share by Brand (2005)



2.3 Outlook

The hair care sector is expected to grow modestly up to 2010, at a compound annual growth rate of around 2.2%, reaching over \$960 million retail sales in 2010. The slow anticipated growth is due to the saturation of the hair care market and the increase in lower-priced, private label products. The tougher competition faced by market players is expected to drive discounts on products and finally influence the overall sales growth of the industry.

It is expected that the shampoo segment will continue to lead the market with an anticipated 34% market share by 2010 followed by styling agents with a 26% market share by 2010.

Conditioner products are expected to grow at a compound annual growth rate of 2% to 2010 with an estimated market share of approximately 24%.

Amongst other hair care products, colourants is expected to maintain a compound annual growth rate of 2% over the forecast period with a market share of 13% by 2010. This growth is significantly slower than the 4% growth experienced in 2005.



6 hair care industry report cont...

The following table summarises forecast retail sales of hair care products by segment from 2006 to 2010.

A\$ million	2006	2007	2008	2009	2010	2005-2010 CAGR
Shampoo	303.1	308.0	313.1	318.5	323.5	1.6%
Conditioners	209.0	214.0	218.5	223.4	227.6	2.0%
Colourants	115.2	118.3	121.1	124.1	126.8	2.3%
Styling agents	214.6	223.7	233.2	242.0	251.2	4.1%
Perms and relaxants	39.5	38.2	36.9	35.7	34.9	-3.0%
Total Sales	881.4	902.2	922.8	943.7	964.0	2.2%

Source: Datamonitor August 2006 (Excludes salon hair care)

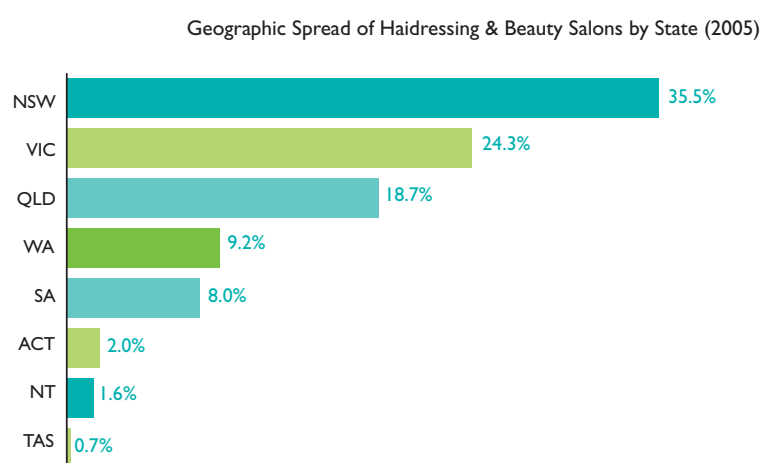
3. HAIRDRESSING AND BEAUTY SALONS IN AUSTRALIA

3.1 Market Size and Geographic Spread

Hairdressing and beauty salons are the main distribution channel for salon hair care products. Therefore, the demand for salon hair care is strongly influenced by the growth in the hairdressing industry. The estimated market size of the Australian hairdressing industry in 2005 was \$2.6 billion, an increase of 2.1% from the previous year. The number of establishments grew by 1.7%, reaching over 22,000 hairdressing and beauty salons.

It is estimated that the total wholesale sales of salon products in 2005 exceeded \$300 million.

The geographic spread of these establishments tends to be in direct proportion to the population spread which is mostly concentrated in major cities. New South Wales has more hairdressing and beauty salons compared to other states, with 35.5%, followed by Victoria with 24%, as shown by the graph below.



Source: IBISWorld September 2006

It is estimated that women account for around two thirds of the total expenditure on hairdressing and beauty treatments, given the greater use of higher value added services and overall greater frequency of use.

The demand for hairdressing and beauty salon services is related to trends in household disposable income which is affected by changes in the rate of growth of employment, interest rates and taxes. Other factors such as hair styles and fashions, the age structure of the population and overall population growth also have an influence on demand. Historic evidence shows that higher income households use more expensive providers of hair and personal care services, use more value added services at higher prices or use these services more frequently.

3.2 Major Industry Participants

Most participants in this industry are single owner operated salons. In 2006 Just Cuts Franchising led the hairdressing market with an estimated market share of 2.4%. It has over 150 franchising outlets with estimated revenue of around \$50 million in 2002 and \$60 million in 2004.

Another major player is Price Attack, a hairdressing operation which also retails a range of hair care and skin care products, cosmetics, wigs and accessories. About 80% of its turnover is generated by hair products retailing and 20% by hairdressing. The company imports some products and accessories through its own supply company. Price Attack had estimated revenue of \$50 million in 2004.

Hairhouse Warehouse is a hair and beauty retailer with over 70 stores in Australia offering a wide range of professional hair care and beauty brands. Every Hairhouse Warehouse has a L'Oreal professional hair salon providing a variety of hair and beauty services. It has been listed as one of the top 20 fastest growing hair and beauty franchises in Australia by the Business Review Weekly (BRW) and was the recipient of the Franchise Council of Australia's franchisee of the year award in 2006.

Another notable industry participant is Stefan Hair Fashions which owns 45 outlets in Queensland, and employs a total of about 500 staff. The revenue of this company was estimated at around \$36 million in 2004.

3.3 Outlook

The hairdressing industry is expected to show growth of 4% in 2007 due to anticipated economic growth. The anticipated slow growth in household disposable income, due to increases in interest rates and high fuel prices will to some extent offset this high expected industry growth.

It is forecast that the total wholesale sales of salon product will exceed \$380 million by 2008.

The continuing strong economic growth in 2008 onwards is expected to drive higher growth rates of employment and household income that will finally increase the demand for industry services. The increase of the population is also believed to drive industry growth. Over the forecast period from 2008 to 2012, the average annual industry growth is estimated to be around 5%. Unisex salons are expected to experience higher demand while the number of lower-priced barber shops is expected to decrease.

Competition amongst hairdressers will remain high and rationalisation during the forecast period is expected. The competitive nature of the market has also driven aggressive expansion of large chain and franchise operators in Australia.

As the market for the salon hair care segment is maturing, the ability to continuously offer new products or product line extensions to the market is considered an important competitive factor. Extensive investments in R&D are therefore significant entry barriers to this specific industry segment. A close relationship with salon personnel and solid distribution networks are also considered significant competitive advantages.



6 hair care industry report cont...

4. RECENT TRANSACTIONS IN THE HAIR CARE INDUSTRY

4.1 Australia

Wella AG's Acquisition of PPS Hairwear Australia

Wella AG, an international cosmetic company, strengthened its position in Australia by acquiring PPS Hairwear Australia in January 2003. Brisbane based PPS Hairwear Australia is a privately owned company in the business of over-the-counter care and styling products which sells salon professional products for use at home. It also exports its products to Europe and South East Asia.

In 2002 PPS Hairwear Australia booked a turnover in the order of EUR13.9 million and was awarded the Australian Government Small Business of the Year. The transaction value of this acquisition was approximately EUR20 million (approximately AUD\$36.4 million) implying an earnings multiple of approximately 8.7 times EBIT or 1.4 times sales.

McPherson's Limited's Acquisition of Cork International

In May 2003 Australian household and consumer product distributor, McPherson's Limited, announced an acquisition of Cork International for \$101 million at a multiple of 6.73 times EBITA.

Cork International's primary business is in branded beauty care and hair care products under the brands of "Manicare", "Lady Jane" and "Cameo". It has sales operations in Australia, New Zealand and Singapore.

The acquisition was funded by a \$26 million institutional share placement and a \$5 million share purchase plan, with the balance being debt funded. The potential synergies resulting from the acquisition was expected to progressively increase to around \$6 million per annum.

AMP Henderson Global Investor's Acquisition of Sabre Group Limited

In August 2003 AMP Henderson Global Investor, a private equity division of AMP, conducted a \$66 million takeover (\$2.15 per share) for Sabre Group Limited (Sabre). Sabre was an Australian listed hair care products company. It owned the "Fudge" hair care brand and was the largest distributor of "Joico" hair care products.

Sabre was delisted following the takeover by AMP. The implied earnings multiple of this transaction was 6.94 times earnings before interest, tax, depreciation and amortisation (EBITDA) based on an EBITDA of \$9.51 million achieved during the year ended 30 June 2002.

4.2 International

L'Oreal's Acquisition of Redken Laboratories Inc.

In June 1993 L'Oreal S.A., through its United States based subsidiary Cosmair Inc., acquired Redken Laboratories Inc. (Redken) for an undisclosed amount.

Redken, a hair-care company based in California, marketed its products exclusively to hair salons in 35 countries and employed 850 workers.

Henkel KgaA's Acquisition of Hans Schwarzkopf GmbH.

In November 1995, Henkel KgaA acquired a 77% participating interest in Hans Schwarzkopf GmbH from Hoechst AG and completed the remaining takeover in December 1996. Through this acquisition Henkel KgaA became a major player in the hair care market.

Although Henkel KgaA already enjoyed a solid position in Europe, it was little known in North America. The acquisition of Schwarzkopf also opened the door to interesting business opportunities for Henkel KgaA in Latin

America and Southeast Asia. Since January 1997 the company's products have been trading under the name Schwarzkopf & Henkel Cosmetics.

Revlon's Acquisition of American Crew Inc.

In April 1996, Revlon acquired American Crew Inc., a manufacturer and distributor of men's shampoos, conditioners, gels and other hair care products for use and resale by professional salons. The acquisition amount was undisclosed.

Styling Technology Corp.'s Acquisition of Framesi USA

In 1998 Styling Technology, a NASDAQ listed developer, producer and marketer of name-brand professional salon products, agreed to acquire a controlling interest in Fort Pitt Acquisition Inc. and its 90%-owned subsidiary, Ft. Pitt – Framesi Ltd, (collectively as Framesi USA).

Styling Technology paid approximately USD30 million (approximately AUD\$51 million) in the form of cash and seller carryback financing. Framesi USA held exclusive license rights for the sale of "Framesi" hair color and hair care products in most of the western hemisphere including the United States and most of Latin America. The implied sales multiple achieved by this transaction was approximately 1.15 times sales.

Estee Lauder Companies' Acquisition of Bumble and Bumble

In June 2000, Estee Lauder acquired a controlling equity interest in Bumble and Bumble Products, LLC, a marketer and distributor of quality hair care products, and Bumble and Bumble, LLC, the operator of a premier hair salon in New York City.

Bumble and Bumble's styling and other hair care products were distributed to top-tier salons and select specialty stores. The acquisition amount was undisclosed.

L'Oreal's Acquisition of Carson Inc.

L'Oreal in August 2000 reached an agreement with the Department of Justice of the United States to complete its cash tender offer for all outstanding Class A common stock of Carson Inc. at USD5.20 net per share or approximately USD270 million (approximately AUD\$465 million).

Carson was the leading global manufacturer and marketer of hair and skin care products that were specifically formulated to address the unique characteristics of black consumers. The implied multiple achieved by this transaction was approximately 12 times EBITDA.

Procter & Gamble Co.'s Acquisition of Clairol

Procter & Gamble in May 2001 acquired the Clairol business from Bristol-Myers Squibb Company for USD4.95 billion in cash (approximately AUD\$9.5 billion). The transaction value achieved equates to multiples of nearly 15 times EBITDA.

Clairol was a world leader in hair color and hair care products. Its hair colorant brands include "Nice 'n Easy", "Natural Instincts", "Miss Clairol", and "Hydrience". Clairol also brought some outstanding hair care brands, including "Herbal Essences", "Aussie" and "Infusium".

Zotos International Inc.'s Acquisition of Joico Laboratories Inc

In December 2001 Zotos International, a subsidiary of Shiseido Co. Ltd, agreed to acquire a California-based professional hair care company, Joico Laboratories Inc., for an amount which is believed to be approximately USD120 million (approximately AUD\$233 million).

Joico Laboratories Inc. marketed shampoos, conditioners, styling substances and coloring agents under the brands of "Joico", "Vero" and "Triactive".



6 hair care industry report cont...

Kao Corp.'s Acquisition of KMS Research Inc.

In February 2002, Kao Corp., through its German subsidiary Goldwell GmbH acquired KMS Research Inc. for approximately JPY 10 billion (approximately AUD\$146 million). The implied sales multiple in this transaction was 1.85 times sales.

KMS Research was a manufacturer of hair care products for professional use, specialising in hair styling agents, shampoos and treatment products.

L'Oreal USA's Acquisition of ARTec Systems Group

L'Oreal, through its wholly owned subsidiary, L'Oreal USA in August 2002 announced its acquisition of ARTec Systems Group for an undisclosed amount. ARTec Systems Group marketed hair care and hair color products for the professional salon industry.

Among its brands are "Textureline", "Purehair", "Kiwi", "Enamels" and "Spaline", all of which are used and sold exclusively through authorised distributors to beauty salons. In 2001 ARTec recorded revenue of USD38 million.

Kao Corp.'s Acquisition of John Frieda Professional Hair Inc.

As part of its continuing expansion, in August 2002 Kao Corp acquired John Frieda Professional Hair Inc. for USD450 million (approximately AUD\$831 million). Kao Corp. spent USD340 million in cash to acquire John Frieda's trademarks while its wholly owned U.S. subsidiary, Andrew Jergens Co., spent another USD110 million to buy John Frieda's shares and other assets excluding its salons.

John Frieda was famous for its hair care products such as "Frizz Ease" and "Sheer Blonde". The implied sales multiple achieved by this transaction was in the order of 2.8 times sales.

Procter & Gamble Co.'s Acquisition of Wella AG

Procter & Gamble Co. in September 2003 announced its share purchase agreement with the family shareholders of Wella AG. Through this transaction Procter & Gamble achieved ownership of 98.1% of Wella AG's voting shares and 79.2% of Wella AG's total shares for a purchase price of EUR4.65 billion (approximately AUD\$7.9 billion). Procter & Gamble expected a combined synergy potential of about EUR300 million (approximately AUD\$510 million) for both companies.

Wella AG was one of the world's leading companies for cosmetics and fragrances and was represented in over 150 countries. The success of the company (which was founded in 1880) was based on three divisions: professional hair care, consumer hair care (retail) and cosmetics & fragrances. The largest business division, professional hair care, offered hair care products as well as salon equipment and furnishings, hair cutting tools and a comprehensive range of training courses and continuing education.

Henkel KgaA's Acquisition of Advanced Research Laboratories

Henkel KgaA in December 2003 agreed to acquire Advanced Research Laboratories, a United States-based privately held hair care group for as much as USD300 million (approximately AUD\$406 million).

Advanced Research Laboratories was best known for its hair care products sold under the "Citre Shine" and "got2b" brand names. These brands were sold in mass channels including drugstores and supermarkets such as Wal-Mart. The implied earnings multiple achieved by this transaction was approximately 9 times EBITDA.

Henkel KgaA's Acquisition of Indola Cosmetics B.V.

The Henkel Group acquired Indola Cosmetics B.V. from Alberto Culver Company in May 2004 for an undisclosed amount. Indola Cosmetics B.V. was a Netherlands based company which marketed professional hair cosmetics

products in major European countries. Alberto-Culver acquired Indola Cosmetics in November 1983 for USD6 million. Indola Cosmetic's annual sales have grown from USD20 million to USD53.3 million over 21 years.

PZ Cussons' Acquisition of Charles Worthington

In order to strengthen its personal care business, PZ Cussons, an international consumer product group, acquired the Charles Worthington hair care business in 2004. This acquisition did not include the salon business of Charles Worthington.

The sales proceeds comprised an initial cash consideration of GBP25 million (approximately AUD\$59 million) and an earn-out over five years of between GBP5 million and GBP12 million (approximately AUD\$12 million and AUD\$28 million) dependent on the future sales performance of the business.

The implied earnings multiple achieved by this transaction was approximately 20 to 25 times EBIT.

Kao Corp.'s Acquisition of Molton Brown

In July 2005 Bridgepoint Capital Ltd, a London-based private equity firm, announced its divestment of Molton Brown to Kao Corp., Japan's leader in personal care, laundry and cleaning products. The transaction value was GBP170 million (approximately AUD\$396 million) with an implied multiple of 3.8 times sales.

Molton Brown produced bath and body skincare goods, color cosmetics and spa treatments.

Lornamead's Acquisition of "Finesse" and "Aqua Net"

Lornamead, a company owned by the Jatania brothers (from one of Britain's wealthiest Asian families), bought Unilever's US hair care brands "Finesse" and "Aqua Net" for around GBP80 million (approximately AUD\$196 million) in May 2006.

The sales multiple achieved by the transaction equates to approximately 1.7 times sales.

The acquisition signals Lornamead's first major move into the North American market. It has been building a hair care empire which includes several brands acquired from Procter & Gamble in 2005 such as "Vosene" and the license to distribute "Wella" hair care products in Ireland.

5. IMPORTANT NOTE

All information provided by VMC Global contained within this prospectus has been obtained from, and any opinions herein expressed by VMC Global are based upon, sources believed reliable by VMC Global. Although care has been taken to ensure accuracy and completeness in the provision of this report by VMC Global it has not independently verified, and does not accept responsibility for the completeness and accuracy of the factual information on which its opinions are based.

The information contained in this report does not constitute financial product advice. An investor's particular investment needs, objectives and financial circumstances have not been considered in the preparation of this report.

Mr Allan Farrar who is a director of VMC Global acted as an advisor to the shareholders of Salon Only Pty Limited regarding their sale to Soda Brands Limited. In addition, a firm whose directors are associated with Mr Allan Farrar by way of a common shareholding in another company performed the audit of the Salon Only Pty Limited financial statements for the year ended 30 June 2006.

In connection with the preparation of this report, VMC Global will be paid a fee of \$17,500 plus GST.

Yours faithfully,



Manda Trautwein

Director, VMC Global Pty Limited



6 hair care industry report cont...

APPENDIX A – SUMMARY OF RECENT TRANSACTIONS IN THE HAIR CARE INDUSTRY

Year	Brand	Acquirer	Seller	Company	Transaction Value	Implied valuation Multiple
Australia						
2003	PPS, D Zine, D Frizz, D Fuse	Wella AG	Shareholders of PPS Hairwear Australia	PPS Hairwear Australia	EUR20 m (Approx. AUD36.4 m)	8.7 × EBIT 1.4 × Sales
2003	Manicare, Lady Jane and Cameo	McPherson's Limited	Cork International	Cork International - Asia Pacific business	AUD101 m	6.73 × EBITA
2003	Fudge and Joico	AMP Henderson Global Investor	Shareholders of Sabre Group Limited	Sabre Group Limited	AUD66 m (AUD2.15 per share)	6.94 × EBITDA
International						
1993	Redken	L'Oreal	Shareholders of Redken Laboratories Inc.	Redken Laboratories Inc.	Undisclosed	Undisclosed
1995	Schwarzkopf	Henkel KgaA	Shareholders of Hans Schwarzkopf GmbH	Hans Schwarzkopf GmbH	Undisclosed	Undisclosed
1996	American Crew	Revlon	Shareholders of American Crew Inc.	American Crew Inc.	Undisclosed	Undisclosed
1998	Framesi	Styling Technology Corp.	Shareholders of Framesi USA	Framesi USA (Fort Pitt Acquisition Inc. and subs. Ft. Pitt-Framesi)	USD30 m (Approx. AUD51 m)	1.15 × Sales
2000	Bumble and Bumble	Estee Lauder Companies	Shareholders of Bumble and Bumble	Bumble and Bumble	Undisclosed	Undisclosed
2000	Carson	L'oreal	Shareholders of Carson Inc	Carson Inc	USD270 m (Approx. AUD465m)	12 × EBITDA
2001	Nice'n Easy, Natural Instincts, Miss Clairol, Hydrience, Herbal Essence, Aussie and Infusium	Procter & Gamble Co	Bristol-Myers Squibb Co.	Clairol	USD4.95 b (Approx. AUD9.5 b)	15 × EBITDA

Year	Brand	Acquirer	Seller	Company	Transaction Value	Implied valuation Multiple
2002	Joico, Vero and Triactive	Zotos International Inc.	Shareholders of Joico Laboratories Inc	Joico Laboratories Inc	USD120 m (Approx. AUD233 m)	Undisclosed
2002	KMS	Kao Corp.	Shareholders of KMS Research	KMS Research Inc	JPY10 b (Approx. AUD146 m)	1.8 x Sales
2002	Textureline, Purehair, Kiwi, Enamels and Spaline	L'Oreal USA	Shareholders of ARTec Systems Group	ARTec Systems Group	Undisclosed	Undisclosed
2002	Frizz Ease and Sheer Blonde	Kao Corp	Shareholders of John Frieda Hair Inc.	John Frieda Professional Hair Inc.	USD450 m (Approx. AUD831 m)	2.8 x Sales
2003	Wella	Procter & Gamble Co	Wella AG	Wella AG	EUR4.65 b (Approx. AUD7.9 b)	Undisclosed
2003	Citre Shine and got2b	Henkel KgaA	Shareholders of Advanced Research Laboratories	Advanced Research Laboratories	Approx. USD300 m (Approx. AUD406 m)	9 x EBITDA
2004	Indola	Henkel KgaA	Shareholders of Indola Cosmetics B.V	Indola Cosmetics B.V	Undisclosed	Undisclosed
2004	Charles Worthington	PZ Cussons	Charles Worthington Hair and Beauty Company	Charles Worthington hair care business	GBP30 m – GBP37 m (Approx. AUD71m to AUD87m)	20 x – 25 x EBIT
2005	Molton Brown	Kao Corp.	Bridgepoint Capital Ltd.	Molton Brown	GBP170 m (Approx. AUD396 m)	3.8 x Sales
2006	Finesse and Aqua Net	L'Oréal	Unilever	Finesse and Aqua Net	GBP80 m (Approx. AUD196 m)	1.7 x Sales



7 financial information & investigating accountant's report

7.1 INTRODUCTION

This section provides historical financial information on the Company. The Investigating Accountant's Report includes the following information:

- An abridged version of the Audited consolidated Financial Statements for the financial year ended 31 July 2006, signed by the directors on 30th August 2006.
- Pro-forma Balance Sheet assuming gross raisings of \$5,000,000 and the Salon Only Pty Ltd share acquisition at 31 July 2006.

This information should be read in conjunction with the Prospectus as a whole and particularly in respect to the Risk Factors set out in Section 8.

7.2 NO FINANCIAL FORECASTS

The Directors have considered whether it is appropriate to include in this Prospectus projections of financial results so that investors may better understand the prospects of SODA. The Directors have taken professional advice and note that projected financial numbers for an early stage enterprise are, at best, a poor indicator of likely achievable results.

Inclusion of projected financial numbers has an inherent potential to mislead investors into not considering all the risks which might cause the achieved results to be different from the Prospectus. The Directors have therefore decided not to include projected financial numbers in this Prospectus.

7.3 ADEQUACY OF FUNDING

The Directors expect SODA will expend the funds raised under the Offer over the next 24 months. The directors envisage the operations to be self-sustaining after this period depending on trading conditions.

It may be possible that further funds are needed and if this is the case then funds may be raised by the making additional placements of shares and/or options. Investors should note that additional share or option placements may have a dilutionary effect for existing shareholders.

If the directors approve and utilise external borrowings in the future this will increase the financial risk of SODA and the lender will have first call on SODA's assets in an insolvency situation.

7.4 INVESTIGATING ACCOUNTANT'S REPORT

ROTHSAY CHARTERED ACCOUNTANTS

ABN 59 087 479 410

15th November 2006

The Directors

Soda Brands Limited

Suite 3A Level 3
140 William Street
WOOLLOOMOOLOO
NSW 2011

Dear Sirs

1. INTRODUCTION

The Directors of Soda Brands Limited ("SODA" or the "Company") have requested Rothsay Chartered Accountants ("Rothsay") to report on the Balance Sheet of SODA and its subsidiary SO Distribution Pty Ltd ("Consolidated Entity") as at 31 July 2006 and the Pro Forma Consolidated Balance Sheet ("Pro Forma") as at 31 July 2006 together with the results of the Company for the year ended 31 July 2006.

This report has been prepared for inclusion in a prospectus ("the Prospectus") to be dated on 15th November 2006. The offer ("Offer") is to raise \$5,000,000 relating to the issue of 20,000,000 ordinary shares ("Share") at an issue price of 25 cents per share. Pitt Capital Partners Ltd has fully underwritten the offer.

Soda is a public company and its current operations focus on distribution of hair and beauty care products throughout Australia and overseas.

2. SCOPE OF OUR REPORT

Report on Pro Forma Financial Information

This report has been prepared to provide investors with information on historical results, the assets and liabilities of the Company and the pro-forma consolidated assets and liabilities of the Company as noted in Appendix A. We have conducted a review of the Pro Forma Balance Sheet of the Consolidated Entity as at 31st July 2006, as set out in Appendix A, Section I.

The purpose of the Pro Forma Balance Sheet is to show the financial effects on the Consolidated Entity as if the transactions outlined in Note 2 to Appendix B had taken place as at 31st July 2006. The Pro-Forma Balance Sheet has been based on the audited Balance Sheet as at 31st July 2006. We have undertaken an audit review of the financial information in order to state whether anything has come to our attention that would indicate that the Pro Forma Balance Sheet and historical results contained therein, is not presented fairly on the basis of the



Chartered Accountants

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7 financial information & investigating accountant's report cont...

assumptions included in Note 2 of Appendix B and in accordance with the measurement requirements, but not the disclosure requirements of applicable Accounting Standards and other mandatory professional reporting requirements.

Our audit review was conducted in accordance with Australian Auditing Standards applicable to review engagements and was limited primarily to enquiries and discussions with the Directors and personnel of the Company, reading of Directors minutes and relevant contracts, analytical procedures applied to the financial data, performance of certain limited verification procedures and comparison for consistency in application of accounting standards and policies. The significant accounting policies of the Consolidated Entity are detailed in Note 1 and 2 to Appendix B.

These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. As we have not performed an audit on the Pro Forma financial information of the Consolidated Entity as at 31 July 2006 as set out in Appendices A and B to this report, we do not express an audit opinion.

3. STATEMENTS

Pro Forma Financial Information

Based on the scope of our audit review, nothing has come to our attention which would require any modification to the Pro Forma Balance Sheet, as set out in Appendix A, in order for it to present fairly the financial position of the Consolidated Entity as at 31 July 2006, on the basis of the assumptions stated in Note 2 of Appendix B and in accordance with the measurement requirements, but not the disclosure requirements, of applicable Accounting Standards and other mandatory professional reporting requirements, had the transactions taken place on 31st July 2006. In our opinion, the historical results, shown in Appendix A, give a true and fair view of the results of the year 31st July 2006. Based on the scope of our audit review, nothing has come to our attention which would require any modification to the Balance as at 31 July 2006 and the results for the year ended on that date.

4. SUBSEQUENT EVENTS

To the best of our knowledge and belief, and based on the work we have performed as described in the scope paragraph above, there have been no material transactions or events subsequent to 31st July 2006, other than those described below, which are included in the pro-forma Balance Sheet, that would require comment on, or adjustment to, the information referred to in our report or that would cause the information included in this report to be misleading.

- During the months of July to October 2006, the company borrowed additional funds of \$275,000 from Souls Private Equity, the controlling shareholder at a rate of prime plus 3% p.a.
- The company entered into an agreement to purchase Salon Only Pty Ltd for \$3,000,000. The purchase consideration is payable in cash in the amount of \$2,000,000, out of the proceeds of this share issue and the \$1,000,000, by issuance of 4,000,000 ordinary shares of 25 cents. In addition two performance based share issues valued at \$313,000 in year one and \$313,000 in year two post settlement date have been agreed with the Salon Only Group shareholders, depending on certain performance criteria in the next two years. Should

the performance criteria be met, the additional issue of shares at market value in the future may dilute the value of existing shares.

- The directors have also agreed to repay the SPEL loan \$895,000.00, out of the proceeds of the issue of shares.
- On 3rd November 2006 the directors resolved to issue options as set out in Section 2.3 of the Prospectus.
- The Company also entered in to other Material Contracts as outlined in Section 9 of the prospectus.

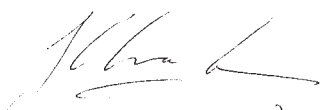
5. CORPORATE GOVERNANCE

The Directors intend to introduce the ASX Corporate Governance Council recommendations, once the listing is complete, as fund raising will enable SODA to employ necessary resources to implement appropriate Corporate Governance measures.

6. DISCLOSURES

Rothsay does not have any pecuniary interest that could reasonably be regarded as being capable of affecting its ability to give an unbiased opinion in this matter. We have complied with relevant independence requirements of the Corporations Act. Rothsay will receive a fee for the preparation of this report. Rothsay has acted as the company auditor prior to this engagement. The Directors have agreed to indemnify and hold harmless Rothsay and its employees from any claims arising out of misstatement or omission in any material or information supplied by the Directors. Consent for the inclusion of the Investigating Accountants Report in this Prospectus in the form and context, in which it appears, has been given. At the date of this report this consent has not been withdrawn.

Yours faithfully



FRANK VRACHAS
PARTNER
Rothsay Chartered Accountants



7 financial information & investigating accountant's report cont...

APPENDIX A

SECTION I – BALANCE SHEET

Set out below is the abridged Audited Balance Sheet as at 31 July 2006, and the Pro Forma Balance Sheet as at 31 July 2006 on the basis of preparation contained in Note 2 of Appendix B.

SODA BRANDS LIMITED ABN: 91 081 149 635 PROFORMA HISTORICAL BALANCE SHEET ASSUMING TOTAL SUBSCRIPTION UNDER THE OFFER AND OTHER SUBSCRIPTION TO OCCUR ON 31 JULY 2006			
		Proforma Historical Balance Sheet	Historical Balance Sheet
	Note	Economic Entity 31-Jul-06	Economic Entity 31-Jul-06 (Audited)
CURRENT ASSETS			
Cash and cash equivalents	A 2.2	1,995,337	15,337
Trade and other receivables		265,052	265,052
Inventories		660,695	660,695
Other current assets		48,662	48,662
TOTAL CURRENT ASSETS		\$2,969,746	\$989,746
NON-CURRENT ASSETS			
Purchased Goodwill	A 2.4	3,000,000	-
Property, plant and equipment		297,522	297,522
TOTAL NON-CURRENT ASSETS		3,297,522	297,522
TOTAL ASSETS		\$6,267,268	\$1,287,268
CURRENT LIABILITIES			
Trade and other payables		321,244	321,244
Current tax liabilities		12,669	12,669
TOTAL CURRENT LIABILITIES		\$333,913	\$333,913
NON-CURRENT LIABILITIES			
Long-term borrowings	A 2.3	-	620,000
Other long-term provisions		9,090	9,090
TOTAL NON-CURRENT LIABILITIES		\$9,090	\$629,090
TOTAL LIABILITIES		\$343,003	\$963,003
NET ASSETS		\$5,924,265	\$324,265
EQUITY			
Issued capital	B 2.1	6,940,100	1,340,100
Retained earnings		(1,015,835)	(1,015,835)
Parent interest		5,924,265	5,924,265
TOTAL EQUITY		\$5,924,265	\$324,265

The Balance Sheet should be read in conjunction with the accompanying notes detailed in Appendix B.

SECTION II - CONDENSED INCOME STATEMENT FOR THE YEAR ENDED 31 JULY 2006

Set out below is the audited abridged Income Statement for the year ended 31 July 2006.

Audited Consolidated Entity year to 31 July 2006 \$	
Revenue	1,827,341
Change in inventories of finished goods and work in progress	(934,761)
Employee benefits expense	(509,903)
Depreciation and amortisation expense	(75,188)
Other expenses	(482,687)
Finance costs	(68,695)
Profit before income tax	(243,893)
Income tax expense	-
Profit from continuing operations	(243,893)
Profit for the year	(243,893)
Profit attributable to members of the parent entity	(243,893)

The Income Statement should be read in conjunction with the accompanying notes detailed in Appendix B.



7 financial information & investigating accountant's report cont...

APPENDIX B

NOTE 1: BASIS OF PREPARATION OF THE FULL YEAR FINANCIAL REPORT

Significant Accounting Policies

Basis of Accounting

NOTE STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a condensed general purpose financial report that has been prepared in accordance with all applicable Australian Accounting Standards, Urgent Issues Group Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act.

The financial report covers the economic entity of Soda Brands Limited and controlled entity ("SO Distribution Pty Ltd") and Soda Brands Limited as an individual parent entity. Soda Brands Limited is a public company, incorporated and domiciled in Australia.

The financial report of "Soda Brands Limited", controlled entity, comply with all Australian equivalents to International Financial Reporting Standards (IFRS) in their entirety.

The accounting policies have been consistently applied, unless otherwise stated.

Basis of Preparation

First-time Adoption of Australian Equivalents to International Financial Reporting Standards

Soda Brands Limited and controlled entity, and SO Distribution Pty Ltd as an individual parent entity have prepared financial statements in accordance with the Australian equivalents to International Financial Reporting Standards (IFRS) from 1 July 2004.

In accordance with the requirements of AASB 1: First-time Adoption of Australian Equivalents to International Financial Reporting Standards, adjustments to the parent entity and consolidated entity accounts resulting from the introduction of IFRS have been applied retrospectively to Soda Brands Limited comparative figures excluding cases where optional exemptions available under AASB 1 have been applied. These consolidated accounts are the first financial statements of Soda Brands Limited to be prepared in accordance with Australian equivalents to IFRS.

The accounting policies have been consistently applied to all years presented. The parent and consolidated entity have however elected to adopt the exemptions available under AASB 1 and relating to AASB 132: Financial Instruments: Disclosure and Presentation, and AASB 139: Financial Instruments: Recognition and Measurement.

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

NOTE 2: BASIS OF PREPARATION OF PROFORMA BALANCE SHEET

The Pro Forma Consolidated Balance Sheet in Appendix A includes the following adjustments:

(i) Events subsequent to balance date:

- During the months of July to November 2006, the company borrowed funds of \$275,000 from Souls Private Equity at a rate of prime plus 3% p.a.
- The company entered into an agreement to purchase Salon Only Pty Ltd for \$3,000,000.

The purchase consideration is payable in cash in the amount of \$2,000,000, out of the proceeds of this share issue and the balance amount of \$1,000,000 by issuance of 4,000,000 ordinary shares of 25 cents. In addition two performance base share issues based on agreed SO Group purchase levels as detailed in Note 4.

- The directors have also agreed to repay the SPEL loan, out of the proceeds of the issue of shares.
- On 7 November 2006 the directors resolved to authorise the issue of options as set out in Note 6.

(ii) The assumption underlying the Pro Forma Consolidated Balance Sheet is set out below:

- To provide investors with all information, the Pro Forma Balance Sheets have been prepared on the basis of the company raising the full subscription of \$5,000,000.
- Estimated capital raising costs are \$500,000.

(iii) The application of funds held and raised pursuant to the prospectus are summarised below

SODA BRANDS LIMITED ABN: 91 081 149 635
PROFORMA HISTORICAL BALANCE SHEET ASSUMING TOTAL SUBSCRIPTION UNDER THE OFFER AND
OTHER SUBSCRIPTION TO OCCUR ON 31 JULY 2006
NOTES TO THE PROFORMA HISTORICAL BALANCE SHEET AS AT 31 July 2006

NOTE 2.1: CONTRIBUTED EQUITY	Historical 31 July 2006		Proforma 31 July 2006	
	No of shares issued	\$	No of shares issued	\$
Ordinary shares on issue at 31 July 2006	19,000,000	1,340,100	19,000,000	1,340,100
Ordinary shares on issued on 30 September 2006			1,000,000	100,000
Ordinary shares on issue at 30 September 2006	19,000,000	1,340,100	20,000,000	1,440,100
Share Consolidation on 30 September 2006 on 1 for 2 basis)	19,000,000	1,340,100	10,000,000	1,440,100
Shares issued in part consideration of acquisition of Salon Only Pty Ltd			4,000,000	1,000,000
Shares issued pursuant to this prospectus @ 25cents	-	-	20,000,000	5,000,000
	19,000,000	1,340,100	34,000,000	7,440,100
Less capital raising costs	-	-	-	(500,000)
Contributed Equity	19,000,000	1,340,100	34,000,000	6,940,100



7 financial information & investigating accountant's report cont...

NOTE 2.2: RECONCILIATION OF CASH BALANCES		\$
Cash on hand at 31 July 2006 per historical Balance Sheet		15,337
Plus :Additional loans from SPEL		275,000
Plus: Issue of shares to directors and associates on 30 September 2006		100,000
Plus: Capital raised pursuant to this prospectus (Note 1)		5,000,000
Less: Payment for acquisition of Salon Only Pty Ltd in cash		(2,000,000)
Less: Repayment of SPEL Loan		(895,000)
Less: Capital raising costs paid in cash		(500,000)
Cash on hand at 31 July 2006 per Proforma Historical Balance Sheet		1,995,337

Further details of the application of funds are detailed in Section 2.3 of the Prospectus.

(iv) Going concern

The ability of the company and economic entity to continue as a going concern is dependant upon funds being raised from existing shareholders, additional fundraising and/or other third parties. As a result unless the foregoing occurs there is uncertainty whether the economic entity will be able to continue as a going concern and therefore whether it will realise it's assets and extinguish it's liabilities in the normal course of business and at the amounts stated in the financial report.

It has been assumed that the subsequent borrowings of \$275,000 and that the subscription of \$5,000,000, pursuant to the Prospectus, has been raised, and the Directors believe this will satisfy the going concern uncertainty.

BORROWINGS

NOTE 2.3: BORROWINGS - SPEL LOAN		\$
Balance as at 31 July 2006		620,000
Plus: Additional Loans from 1 August to 30 November 2006		275,000
Less:		895,000
Repayments out of fund from this share issue		(895,000)
Borrowings at 31 July 2006 per Proforma Balance Sheet		0

PURCHASED GOODWILL

NOTE 2.4: ACQUISITION OF SALON ONLY PTY LTD.

Payment in cash out of proceeds of this issue	\$2,000,000.
Issue of ordinary shares 4,000,000 @ 25 cents	\$1,000,000
	\$3,000,000
Issue of ordinary shares on meeting next 2 year purchase targets	
Year 1	\$313,000
Year 2	\$313,000
Contingent costs	\$626,000
	\$3,262,000

NOTE 2.5: RELATED PARTY DISCLOSURES

Details concerning related parties are contained in Section 10 of the Prospectus.

NOTE 2.6: OPTIONS

The Options grant a right, on exercise, to be issued one Share at a price of 25c per Share. The Options expire on 31 July 2011 if not exercised by that date at an exercise price of 25c per Share.

The Loyalty Program Options offered by this Prospectus will only be issued following the expiry of 13 months after the date upon which the Shares are admitted for trading to the Official List of the NSX (the Loyalty Option Issue Date).

The Employee Options offered by this Prospectus will only be issued following the expiry of 4 years after the date upon which the Shares are admitted for trading to the Official List of the NSX (the Loyalty Option Issue Date). The options issued are detailed in section 2.5 of the Prospectus.

NOTE 2.7: CONTINGENCIES AND COMMITMENTS

Details of commitments and material contracts are disclosed in Section 9 of the Prospectus. The Directors are not aware of any litigation of a material nature pending or threatened, or any other contingent liabilities which may significantly affect the Company.



8 investment risk factors

RISK FACTORS

There are factors, both specific to SODA and of a general nature, which may affect the future operating and financial performance of SODA and the value of the Shares of SODA. Many of these factors are outside the control of the Directors of SODA.

This Section identifies some, but not all, of the major risks associated with an investment in SODA. Intending Applicants should read the whole of this Prospectus in order to fully appreciate such matters and the manner in which SODA intends to operate before any decision is made to subscribe for Shares.

8.1 NATURE OF INVESTMENT

Any potential investor should be aware that subscribing for Shares involves various risks. Participating in the Offer should be considered speculative. The Shares to be issued pursuant to the Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

8.2 BUSINESS RISKS

Growth Management

There is a risk that the Company will not be able to implement SODA's growth strategy after completion of the Acquisition. The capacity of management to properly implement and manage the strategic direction and growth of SODA may affect SODA's financial performance.

Future Acquisitions

SODA plans to make appropriate strategic acquisitions in the future based on specific acquisition criteria. There is no guarantee that additional targets meeting those criteria will be found or can be negotiated to be acquired on acceptable terms to SODA.

Reliance Upon Key Personnel

The responsibility of overseeing the day-to-day operations and the strategic management of SODA depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on SODA if one or more of these employees ceases their employment.

Liability Risk

SODA has in place a level of insurance considered suitable for its current business undertakings. However, if SODA's insurance arrangements are not adequate to protect it against liability for all losses (including but not limited to public liability, product liability or losses arising from business interruption) or should SODA experience losses in excess of the scope of its insurance cover, SODA's financial performance may be adversely affected.

Capital Requirements

In the opinion of the Board, SODA's working capital before and following the Offer is sufficient to meet its current business objectives. However, there can be no assurance that additional working capital will not be required in the future to meet these objectives, and if it is needed it will be available on terms favourable to SODA.

8.3 INDUSTRY RISKS

General Economic Conditions

Australian and world economic conditions may negatively affect SODA's operating and financial performance. Any protracted slow down in economic or business conditions or factors such as inflation, currency fluctuations, interest rates, level of business or consumer spending, supply and demand and industrial disruption may have a negative impact on SODA's costs and revenue. These changes could adversely affect SODA's operations and earnings.

Regulatory Changes

The introduction of new legislation or amendments to existing legislation by governments, developments in existing common law, or the respective interpretation of the legal requirements in any of the legal jurisdictions that govern SODA's operations or contractual obligations, could impact adversely on the assets, operations and, ultimately, the financial performance of SODA and its shares. In addition, there is a commercial risk that legal action may be taken against SODA in relation to commercial matters.

Exchange Rates

The affordability of certain raw materials and haircare accessories may be adversely affected by movements in exchange rates, for example through higher prices for imported raw materials or products. Conversely, an exchange rate movement in the other direction may limit the appeal of the export opportunities of the SODA group if prices are increased to offset a strengthening Australian dollar, or erode margins if prices are left the same in the foreign market.

8.4 COMPETITION

SODA operates in a competitive market environment.

SODA's financial performance could be affected if the actions of competitors become more effective or if new competitors enter the market.

8.5 INTELLECTUAL PROPERTY

No assurance can be given that the value of the intellectual property rights of the SODA group will be completely protected, or the group's competitive position maintained by the legal protection afforded by a combination of copyright, trade mark, trade secrecy laws, confidentiality and other intellectual property rights.

There can be no assurance that third parties or employees will not breach confidentiality agreements, infringe or misappropriate the intellectual property of the SODA group or will not be able to produce a non-infringing competitive product or service.

8.6 MARKET FOR SHARES

Prior to the Offer there has been no public market for the Shares. No assurance can be given that an active market will develop in the Shares or that the Shares will trade at or above the Offer Price after the Shares have been listed on the Official List and after Official Quotation.



8 investment risk factors cont...

8.7 STOCKMARKET VOLATILITY

Regardless of the performance of SODA, the day to day performance of the share market and general share market conditions may effect the price at which shares trade on a share market such as the NSX. The share market has in the past and may in the future be affected by a number of matters including:

- (a) Economic conditions in general terms and in particular to the industry that a business operates in;
- (b) Interest rates;
- (c) Market confidence;
- (d) Supply and demand for money;
- (e) Currency exchange rates;
- (f) General economic outlook; and
- (g) Changes in government policy.

8.8 PROSPECTIVE INFORMATION

No assurances as to future profitability or dividends can be given as they are dependent on future earnings and the working capital requirements of the Company.

There can be no guarantee that the business plans and strategies of the Board will ultimately prove to be valid or accurate. The business plans and strategies of the Board depend on various factors many of which are outside the control of the Company.

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company.

Potential investors should consider that an investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Shares.

9 material contracts

Certain contracts that director's believe are material in nature and likely to be of interest to investors are summarised below.

9.1 SHARE SALE AGREEMENT BETWEEN CORDONY SALONS PTY LIMITED, FRANK BOFFA PTY LIMITED, CHRIS BOFFA PTY LIMITED, MYDATE PTY LIMITED, CORDONY & CO PTY LIMITED, PHILLIP CORDONY (VENDORS) AND SODA INCORPORATION LIMITED FOR SALON ONLY PTY LIMITED 20/10/06

The Company may acquire 100% of the shares in Salon Only Pty Limited (Salon Only) under a share sale agreement with Cordony Salons Pty Limited, Frank Boffa Pty Limited, Chris Boffa Pty Limited, Mydate Pty Limited, Cordony & Co Pty Limited, Phillip Cordony (Shareholders of Salon Only) and Soda Incorporation Limited (now known as Soda Brands Ltd) for Salon Only Pty Limited dated 20th October 2006 (Salon Only Share Sale Agreement).

The Company may purchase these shares for cash and Shares totalling \$3,000,000 (Purchase Price). The purchase consideration is payable in cash in the amount of \$2,000,000, out of the proceeds of this share issue and the \$1,000,000, by issuance of 4,000,000 ordinary shares at 25 cents. In addition two purchase level bases share issues valued at \$313,000 in year one and \$313,000 in year two post settlement date have been agreed with the salon only group.

The obligations of the Company and Shareholders of Salon Only to complete the Salon Only Share Sale Agreement are not binding unless the conditions precedent are satisfied or waived on or before 28 February 2007.

- The conditions precedent for the Shareholders of Salon Only is payment by the Company of the Purchase Price
- The conditions precedent for the Company is listing on the NSX.
- If the Share Sale Agreement is not completed by 28 February 2007 either the Company or the Shareholders of Salon Only may rescind.

If the Company acquires 100% of the shares in Salon Only, the Company will get its wholly owned subsidiary SO Distribution Pty Limited (SO Distribution) to enter into a supply agreement with the Shareholders of Salon Only (Supply Agreement). The term of the Supply Agreement is 20 years from the completion of the Share Sale Agreement. The SO Distribution has an automatic right of renewal on the same terms for another 20 years.

The Supply Agreement may be terminated:

- By agreement between SO Distribution and the Shareholders of Salon Only;
- If a material obligation by either party has not been remedied by that party responsible within 14 days of being required by the affected party to do so; or
- On an insolvency event occurring for either party.

The Supply Agreement is interdependent with the Salon Only Share Sale Agreement so if the Salon Only Share Sale Agreement is not completed the Supply Agreement will have no effect.

9.2 UNDERWRITING AGREEMENT BETWEEN SODA ACN 081 149 635 AND PITT CAPITAL PARTNERS LIMITED ACN 000 651 427

The Company entered into an underwriting agreement with Pitt Capital Partners Limited (PCP) dated 7 November (Underwriting Agreement). Under the Underwriting Agreement, the Company



9 material contracts cont...

has appointed PCP as the underwriter of the 20,000,000 Shares offered under this Prospectus. However, PCP may appoint a sub-underwriter to sub-underwrite any portion of the issue of Shares under this prospectus at PCP's discretion.

Immediately after the issue of Shares under this Prospectus, the Company must pay PCP:

- underwriting fee of 4% or \$200,000;
- advisory fee of 1% or \$50,000.

PCP may terminate the Underwriting Agreement for a number of reasons relating to any deficiencies in this Prospectus or application for listing on the NSX as well as events in the timetable being delayed by more than five business days.

9.3 EMPLOYEE SHARE OPTION PLAN BETWEEN SODA ACN 081 149 635 AND SENIOR EMPLOYEES

Under the Employee Share Option Plan dated 7 November, SODA will offer its Senior Managers options in the Company to be allotted at the discretion of the Directors. The Company will grant up to 5% of all issued capital in the Company under the ESOP.

Options granted under the Employee Performance Plan will be issued at no cost to the participating Senior Managers. Each option will entitle the participating Senior Manager to subscribe for one Share. A participating Senior Manager may elect to have their options issued to a nominee or an associate with the prior consent of the Board.

Options may not be exercised until the Company has been listed on the NSX for one year.

9.4 LOYALTY PROGRAM FOR SALONS FOR SODA ACN 081 149 635 BY INVITATION TO SODA CUSTOMERS

Under a loyalty program to be set out in an offer information statement SODA is offering options by invitation only to a number of hairdressing salons. The maximum number of options being issued under both Loyalty Programs is 3,400,000. SODA will issue up to 10% of all issued capital in the Company under the Loyalty Programs.

An application by SODA customers for options in SODA may be accepted in full, in part or rejected by SODA at the discretion of the Directors under the Loyalty Program. The Shares a SODA customer will receive when any options are exercised will depend on the amount of products the participating SODA customers purchases from SODA.

9.5 LOYALTY PROGRAM FOR DISTRIBUTORS FOR SODA ACN 081 149 635 BY INVITATION TO SODA DISTRIBUTORS

Under a loyalty program to be set out in an offer information statement (Loyalty Program) SODA is offering options by invitation only to a number of its agents and sub-distributors in relation to SODA's products. The maximum number of options being issued under both Loyalty Programs is 3,400,000. SODA will issue up to 10% of all issued capital in the Company under the Loyalty Programs.

An application by the Company's agents and sub-distributors for options in the Company may be accepted in full, in part or rejected by the Company at the discretion of the Directors. The Shares agents and sub-distributors will receive when any options are exercised will depend on their satisfaction of key performance indicators (for

example, net purchase targets of Soda products) provided by the Company. Agents and sub-distributors that comply with the terms of the Agent and Sub-Distributor Performance Plan will be entitled to dividends if dividends are declared and payable on the Shares.

9.6 INTERNATIONAL DISTRIBUTOR AGREEMENT BETWEEN ROBANDA INTERNATIONAL INC AND SODA DATED 1 MAY 2006

SODA entered into an international distributor agreement with Robanda International Inc dated 2006 (**Robanda Distribution Agreement**). Under the Robanda Distribution Agreement, the Company is the exclusive distributor of Robanda Anti-Aging Skincare and any other new products agreed to by the parties in Australia. However, the Company cannot distribute to duty free channels.

The term of the Robanda Distribution Agreement is three years from 1 May 2006. The term is renewable in two year increments if the Company purchases the following:

Targets	Year 1	Year 2	Year 3
Robanda Anti-Aging Skincare	\$60,000	\$100,000	\$150,000

If the Company does not purchase these amounts Robanda International Inc may terminate the Robanda Distribution Agreement on 30 days written notice.

9.7 EMPLOYMENT AGREEMENT FOR NICHOLAS GHATTAS

Under the employment agreement between the Company and Nicholas Ghattas dated 20 October 2006 (**Employment Agreement**), the Company confirms:

- Nicholas Ghattas is the Managing Director of the Company
- the remuneration terms for Nicholas Ghattas as of 1 November 2006 are:
- total remuneration package of \$188,000 per annum comprising:
 - base salary of \$168,000 per annum
 - car allowance of \$20,000 per annum.

The Company will pay Nicholas Ghattas a bonus of \$70,000 for the year ending 31 July 2007 if the Company earns an operational net profit after tax in excess of \$700,000 for the year ending 31 July 2007.

The Company will issue 1,000,000 options to Nicholas Ghattas to purchase shares in the Company exercisable at 25 cents each.

Either the Company or Nicholas Ghattas may terminate the Employment Agreement by giving six months notice.



10 additional information

10.1 INCORPORATION

SODA was incorporated as a public company limited by shares in 1st July 2006.

10.2 SHARE CAPITAL

As at the date of this Prospectus, SODA has an issued share capital of 10,000,000 Shares. The shareholders are as follows.

Shareholder	Shares	%	Capitalisation at Offer price
SPEL	7,608,334	76.08%	\$1,902,083
Avenue Investment (Aust) Pty Ltd (Trustee of Nicholas Ghattas' family trust)	1,275,000	12.75%	\$318,750
Mary Ghattas	466,667	4.67%	\$116,666
Tidereef Pty Ltd	275,000	2.75%	\$68,750
Temant Pty Ltd	150,000	1.5%	\$37,500
Rastanda Holding Pty Ltd (Trustee of Hilton Brett's Family Trust)	150,000	1.5%	\$37,500
Andrew Fairfull	75,000	0.75%	\$18,750

10.3 TAXATION STATUS

SODA is a public company for taxation purposes. SODA financial year runs from 1 August to 31 July each year.

10.4 RIGHTS AND LIABILITIES ATTACHING TO SHARES

The Shares issued pursuant to this Prospectus will be fully paid ordinary shares and will rank equally in all respects with the SODA fully paid ordinary shares currently on issue.

The rights attaching to the Shares are:

- Set out in the Constitution; and
- in certain circumstances regulated by the Corporations Act, the NSX Listing and Business Rules, the ASTC Business Rules and the general law.

A summary of the more significant rights and liabilities attaching to the shares is set out below. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of the shareholders. Investors should consult their accountant, lawyer, financial or other professional adviser if they require further information. The summary which is set out below is qualified by the actual terms of the Constitution.

10.4.1 Meetings of members

Each shareholder is entitled to receive notice of, and attend meetings of members of SODA and to receive all notices, financial statements and other documents required to be sent to shareholders under the Constitution, the Corporations Act or the NSX Listing Rules.

10.4.2 Voting at a general meeting

Subject to any special rights or restrictions for the time being attaching to any class of shares in the capital of SODA and other applicable provisions of this Constitution, every member present in person or by proxy, representative or attorney at a meeting of members of SODA has one vote on a show of hands and, on a poll, one vote for each share held.

10.4.3 Dividends

The Directors may declare and pay dividends to the members of SODA out of the profits of the company. The directors may fix the amount, time and the method of payment. Subject to the Constitution, the Corporations Act, the NSX Listing Rules and the rights of members entitled to shares with preferred, special or qualified rights as to dividends, dividends are payable on all Shares in proportion to the amount of the total issue price paid (but not credited) for the Shares.

10.4.4 Transfer of shares

Subject to the Constitution, the Act, the NSX Listing Rules and ASTC Business Rules, shareholders may transfer any Shares that they hold by a proper transfer or any other method of transfer in the dealing of Shares introduced by the NSX or a written instrument of transfer in any usual form approved by either the Directors or permitted by the Corporations Act.

The Directors may refuse to register any transfer of Shares (other than a proper ASTC Transfer) where the NSX Listing Rules permit SODA to do so or the transfer is in breach of the NSX Listing Rules or any restriction agreement in respect of those shares. The Directors must decline to register a transfer where required by the Corporations Act, the NSX Listing Rules or the ASTC Business Rules. If the directors refuse to register a transfer, SODA will give the party lodging the transfer written notice of the refusal and the reason for refusal within five business days after the date on which the transfer was lodged with SODA.

Except as permitted by the NSX Listing Rules and ASTC Business Rules, a shareholder may not dispose of shares and the directors of SODA will not acknowledge or dispose of shares which are subject to an escrow period specified in the restriction agreement entered into by SODA and the relevant shareholder in relation to those shares.

10.4.5 Unmarketable parcels

The Constitution contains provisions consistent with NSX Listing Rules allowing SODA to sell a member's shares if the member holds an unmarketable parcel of shares. SODA must follow the procedures set out in the Constitution.

10.4.6 Dividend reinvestment plan

The Constitution contains provisions allowing for the introduction of dividend reinvestment plan.

10.4.7 Variation or cancellation of class rights

Subject to the Corporations Act and the Listing Rules, all or any of the rights attaching to any class of shares may be varied or cancelled:

- (a) With the consent in writing of the holders of the issued shares included in that class who are entitled to at least 75% of the votes that may be cast in respect of those shares; or
- (b) By special resolution passed at a separate meeting of the holders of issued shares included in that class.

10.4.8 Alteration of capital

SODA may by an ordinary resolution passed at a general meeting alter the provisions of the Constitution to create new shares, consolidate shares, subdivide shares or cancel shares. Subject to the requirements of the Corporations Act and the NSX Listing Rules, SODA may reduce its share capital or any capital redemption reserve fund, in any manner.

10.4.9 Share buy-backs

SODA may buy-back its own shares in accordance with the Corporations Act and Listing Rules.

10.4.10 Issue of further Shares

Subject to the Corporations Act and Listing Rules, the directors control the allotment and issue of Shares. The Directors may allot, issue, grant options in respect of, or otherwise dispose of, further Shares as they think fit. However, SODA may not issue any preference shares unless the rights and restrictions attaching to those preference shares are set out in the Constitution or in a special resolution.



10 additional information cont...

10.4.11 Directors' indemnity

SODA must indemnify each of its directors and other officers to the full extent permitted by law against all losses, liabilities, costs, charges and expenses incurred by the officer as an officer of SODA including a liability for negligence and a liability for reasonable legal costs.

10.4.12 Winding up

If SODA is wound up and there remains a surplus, then subject to any rights of holders of shares issued on special terms and conditions, the Constitution, the Corporations Act and the Listing Rules, those assets will be distributed amongst the members in returning capital paid up on their Shares and distributing any surplus in proportion to the amount paid up (not credited) on the Shares they hold.

10.5 EXEMPTIONS AND MODIFICATIONS GRANTED BY ASIC

SODA has not sought any exemptions from ASIC pursuant to subsection 74I of the Corporations Act for the issue of options under the ESOP.

10.6 INTERESTS OF DIRECTORS

Other than as set out below or elsewhere in this prospectus:

No Directors and no firm in which a Director is or was at the relevant time a partner has or has had in the two years before lodgement of this prospectus,

- An interest in the promotion of, or any property proposed to be acquired by, SODA in connection with its formation or promotion; and
- No amounts, whether in cash or Shares or otherwise, have been paid or agreed to be paid to any Director (or to any firm in which he or she is or was a partner) either to induce him or her to become, or to qualify him or her as, a director; or otherwise for services rendered by him or her or by the firm in connection with the promotion or formation of SODA.
- Directors are not required under the Constitution of SODA to hold any Shares or other securities in SODA. Except as set out below, no Director as at the date of this prospectus has an interest in any Shares. However, Directors may acquire Shares pursuant to the Offer at the same price as other Applicants.

10.6.1 Director Options

The Directors of SODA are entitled to be issued Options under the ESOP Plan as follows:

Directors	Option	Exercise Price
Nicholas Ghattas	1,000,000	25c
Andrew Fairfull*	250,000	25c
Hilton Brett	250,000	25c
Stephen Kulmar	250,000	25c

**options are beneficially held by Souls Private Equity Limited*

10.6.2 Directors' Fees

The aggregate annual maximum amount for Non Executive Directors' fees approved by the Directors is \$80,000 excluding superannuation. Details in regard to the remuneration to be paid to Executive Director may be found in the summary of Material Contracts. The Directors fees payable to Andrew Fairfull are paid to Souls Private Equity Limited.

SODA Constitution allows additional amounts to be paid to Directors pursuant to service agreements for extra services, reimbursement of expenses, travelling expenses, or, subject to the Corporations Act and the NSX Listing Rules, in connection with their retirement.

10.6.4 Other Interests of Directors

Andrew Fairfull is:

General Manager of SPEL, Soda's promoter, which will have loans which it provided to SODA paid out by funds provided from this Offer; an Employee of Pitt Capital Partners, the Underwriter to the issue, and A Director of Richvale Pty Ltd, which owns 12.5% of Pitt Capital Partners and 1.41% of SPEL.

Nicholas Ghattas:

Nicholas Ghattas Family trust Avenue Investments (Australia) Pty Ltd is a shareholder in SPEL

10.6.3 Director Interest in SODA

The Directors and their associated entities hold the following Share and Founder Options:

Directors	Shares	Options
Nicholas Ghattas	1,275,000	1,000,000
Andrew Fairfull	75,000	250,000
Hilton Brett	150,000	250,000
Stephen Kulmar		250,000

10.7 INTERESTS OF EXPERTS AND ADVISERS

Other than as set out below, no expert or adviser involved in the preparation of this Prospectus or any firm in which any expert is a partner, has any interest in the promotion of, or in any property proposed to be acquired by SODA and no amounts, whether in cash or Shares or otherwise have been paid or agreed to be paid to any expert (or any firm in which he or she is a partner) for the services rendered by the expert, the adviser or the expert's firm in connection with the promotion or formation of SODA.

Cutler Hughes & Harris has acted as the law firm to SODA in relation to the Offer: SODA has paid or agreed to pay \$35,000 (excluding GST) plus expenses for the legal services provided to the date of this Prospectus.

VMC Global Group has acted as the independent experts to SODA in relation to the Offer: SODA has paid or agreed to pay \$17,500 (excluding GST) for services provided to the date of this Prospectus.

Rothsay Chartered Accounts has acted as the Independent Accountants to SODA in relation to the Offer: SODA has paid or agreed to pay \$16,500 (excluding GST) for the services provided to the date of this prospectus.

Pitt Capital Partners Limited has acted as Underwriter to the Offer. In relation to these services SODA has agreed to pay the Underwriter the fees specified in section 9. SPEL is a 25% shareholder of PCP

Bell Potter is acting as Sponsoring Broker and is entitled to a fee of \$20,000 (GST exclusive) in relation to its role as Sponsoring Broker to SODA for the purposes of the listing on the NSX and in addition Bell Potter will receive a stamping fee of 3% of the total value of allotted applications that have a 'Bell Potter' stamp on them.

Hall Chadwick is acting as the Nominated Advisor and is entitled to a fee of \$5000 (GST exclusive) in relation to its role as Sponsoring Broker to SODA for the purposes of the listing on the NSX.



10 additional information cont...

Registries Limited has agreed to provide share registry services for the Ordinary Shares. SODA has agreed to a scaled fee for providing share registry services calculated upon the total number of applications received and the number of subscribers. At the date of the Prospectus the total fee amount is not able to be calculated. It is estimated that the fee payable to Registries Limited for the share issue reflected by the Offer will be approximately \$8,050 (GST exclusive).

10.8 DOCUMENTS AVAILABLE FOR INSPECTION

Verified copies of the following documents will be available for inspection free of charge during business hours (after seven (7) days from the lodgement of this prospectus) while the prospectus is open at the registered office of SODA;

- The consents referred to below;
- The material contracts summarised below;
- The Constitution of SODA.

10.9 LEGAL PROCEEDINGS

10.9.1 General Litigation

As at the date of this Prospectus the Directors are not aware of any current or threatened litigation, arbitration proceedings or administrative appeals or criminal or governmental prosecutions in which SODA is concerned which are likely to have a material adverse effect on the business or financial position of SODA.

10.9.2 Regulatory Investigations and Complaints

As at the date of this Prospectus, the Directors are not aware of any current or threatened investigation by or any complaint by any person to any relevant regulatory body which is likely to have a material adverse effect on the business or financial position of SODA.

10.10 EXPENSES OF THE OFFER

If the Offer proceeds, the total estimated costs of the Offer, including legal fees incurred, registration fees, fees for other advisors, prospectus design, printing and advertising expenses and other miscellaneous expenses, will be approximately \$500,000. Prior to the issue of the Prospectus, the Company had paid \$80,000 of these costs

10.11 CONSENTS

None of the parties referred to below have made any statement that is included in this Prospectus or any statement on which a statement made in this Prospectus is based, other than as specified below. Each of the parties referred to below, to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this prospectus, other than the reference to its name and a statement or report included in this prospectus with the consent of that party, as specified overleaf

- Cutler Hughes & Harris has given and has not, before lodgement of this Prospectus, withdrawn its written consent to being named as lawyers to SODA in the form and context in which it is named. Cutler Hughes & Harris has, in consultation with SODA, prepared the Additional Information and Material Contracts Sections of this Prospectus. Cutler Hughes & Harris has not made any statement in this Prospectus purported to be based on a statement made by Cutler Hughes & Harris Lawyers has not authorised or caused the issue of this Prospectus and takes no responsibility for any part of this Prospectus.
- Pitt Capital Partners Limited has given and has not, before lodgement of this Prospectus, withdrawn its written consent to be named in this Prospectus as Underwriter. Pitt Capital Partners Limited does not make

any statement in this Prospectus, nor does any statement in this Prospectus purport to be based on a statement made by Pitt Capital Partners Limited and Pitt Capital Partners Limited takes no responsibility for any part of this Prospectus. Pitt Capital Partners Limited has not authorised or caused the issue of this prospectus.

- Bell Potter Securities Ltd ("Bell Potter") has given and has not before lodgement of this Prospectus, withdrawn its written consent to be known in this Prospectus as the Sponsoring Broker. Bell Potter does not make any statement in this Prospectus, nor does any statement in this Prospectus purported to be based on a statement made by Bell Potter and Bell Potter takes no responsibility for any part of the prospectus. Bell Potter does not authorise or cause the issue of this Prospectus.

- Registries Limited has given and has not before lodgement of this Prospectus, withdrawn its written consent to be known in this Prospectus as the Share Registry. Registries Limited does not make any statement in this Prospectus, nor does any statement in this Prospectus purported to be based on a statement made by Registries Limited and Registries Limited takes no responsibility for any part of the prospectus. Registries Limited does not authorise or cause the issue of this Prospectus.

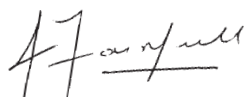
- Hall Chadwick Corporate (NSW) Ltd ("Hall Chadwick") has given and has not before lodgement of this Prospectus, withdrawn its written consent to be known in this Prospectus as the Nominated Advisor. Hall Chadwick does not make any statement in this Prospectus, nor does any statement in this Prospectus purported to be based on a statement made by Hall Chadwick and Hall Chadwick takes no responsibility for any part of the prospectus. Hall Chadwick does not authorise or cause the issue of this Prospectus.

- Rothsay Chartered Accountants (Rothsay) has given and has not, before lodgement of this Prospectus, withdrawn its written consent to the issue of this Prospectus with its Investigating Accountant's Report included in this Prospectus in the form and context in which it is included and to it being named as Investigating Accountant as well as Auditor of SODA. Apart from the Investigating Accountant's Report included in this Prospectus, Rothsay does not make any statement in this Prospectus nor does any statement in this Prospectus purport to be based on a statement made by Rothsay and Rothsay takes no responsibility for any part of this Prospectus.

1 directors authorisation

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with Section 720 of the Corporations Act, each Director has consented in writing to the lodgement of this Prospectus with ASIC.



Andrew Fairfull
Chairman



Nicholas Ghattas
Managing Director



Hilton Brett
Non Executive Director



Stephen Kulmar
Non Executive Director

FOR AND ON BEHALF OF SODA BRANDS LIMITED



12 glossary

ABN – means Australian Business Number.

Applicant – is a person who applies for shares in accordance with this prospectus.

AEST – means Australian Eastern Standard Time.

Application or Application Form – is the application form attached to and forming part of this prospectus to be completed in order to apply for shares offered under this prospectus.

ASIC – means Australian Securities and Investments Commission.

Acquisition – means the Acquisition of Salon Only by SODA.

Allotment and Allocation Policy – The policy in which the Underwriter will allocate Shares to applicants.

ASTC Rules – means the ASX Settlement and Transfer Corporation Pty Ltd Business Rules.

Australasia – means Australia and New Zealand.

CHESS – means the Clearing House Electronic Sub-register System, operated by ASTC.

Closing Date – means the date at which the offer closes, being 8 December 2006 in respect to the Priority Offer or 15th December in respect to the General Offer. These dates may be varied (for example brought forward) without prior notice by the Company, in consultation with the Underwriter.

Company – means SODA Brands Limited (ACN 081 149 635). For ease of reference, in this prospectus, except where content otherwise indicates, references to the Company are to the Company as it exists after the SO brand is acquired.

Constitution – means the constitution of Soda Brands Limited

Corporations Act – means the Corporations Act 2001 (Cth) as amended from time to time.

Directors – means the board of directors of SODA.

Directors Options – mean options given to directors in remuneration for their service to the company.

Eligible SPEL Shareholders – means shareholders in SPEL as at 7.00am (AEST) on the 15th of November 2006.

Employee Options – means options given to employee's in remuneration for their services to the company.

ESOP – means the Employee Share Option Plan for SODA as applicable from time to time.

Exposure Period – means the period of seven days from the date of this prospectus, unless the period is extended by ASIC by up to a further seven days in which event it means the extended period.

General Offer – means the offer of shares other than to Priority Shareholders Under this Prospectus.

General Offer Closing Date – means 5pm (Sydney time) on 15th December 2006.

Holder Identification Number – means the identification number of shareholders on the CHESS sub register.

Loyalty Program – There are two Loyalty Programs. One is directed at SODA customers and one is directed at SODA distributors, under which SODA customers and Soda Distributors will be issued options convertible to Shares upon satisfaction of performance criteria specified by SODA.

Listing Rules – are the official listing rules of the Newcastle Stock Exchange.

NETS – means the trading system of the Newcastle Stock Exchange (Newcastle Electronic Trading Register).

Nominated Advisor – Hall Chadwick Corporate (NSW) Limited

NSX - is the Stock Exchange of Newcastle Limited.

Offer - is the invitation made in this prospectus to the public to subscribe for shares.

Official List - means the official list of the Newcastle Stock Exchange.

Official Quotation - Means the company will be officially listed on the NSX.

Opening Date - means the date at which the offer opens, being 20th November 2006.

Pitt Capital Partners Limited - (ABN 17 000 651 427) Underwriter of the issue and adviser to SODA.

Priority Offer - means the offer open to Eligible SPEL Shareholders and SODA Customers.

Priority Offer to SODA Customers - means the offer open to SODA Customers.

Priority Offer to Eligible SPEL Shareholders - means the offer open to Eligible SPEL Shareholders.

Priority Offer Closing Date - means 5pm (Sydney time) on the 8th December 2006.

Prospectus - means this prospectus and any supplementary or replacement prospectus in relation to this prospectus.

Robanda - The brand name of skincare products to which SODA has the distribution rights to in Australia.

Salon Only Pty Limited - means the company that is owned by the Salon Only Group, which owns the SO brand.

Salon Only Group - The owners of Salon Only Pty Ltd and the owners of 33 hairdressing salons in Australia.

Salon Only Product - A hair care product which is sold in professional hairdressing salons and in salons only.

SEATS - Stock Exchange Automated Trading System.

Shares - fully paid ordinary shares in the capital of SODA.

Share Registry - means 14 003 209 836

Share Sale Agreement - Means the Agreement regarding the transfer of SODA shares to Salon Only Pty Limited in consideration for ownership of the SO brand.

SO - A range of branded hair care products made by Salon Only Pty Ltd and distributed by SODA. Upon completion of the IPO SODA will own 100% of the SO brand.

SO Distributor - Authorised distributors of products by SODA.

SODA - means Soda Brands Limited (ACN 081 149 635) or "the Company".

SODA Customer - A Salon who has purchased products from SODA

SPEL - Souls Private Equity Limited ABN 71 111 196 420.

Sponsoring Broker - Bell Potter Securities Ltd

TFN - means Tax File Number.

Underwriter - Pitt Capital Partners Limited ACN 000 651 427.

Underwriting Agreement - means the agreement between the Underwriter and SODA dated [insert date].

Washington H.Soul Pattinson Group - The companies owned or controlled by Washington H.Soul Pattinson Ltd

\$ - means Australian Dollars unless otherwise stated.



ACN 081 149 635

Broker Reference – Stamp Only

- Please read the Prospectus dated 15 NOVEMBER 2006.
- Follow the instructions to complete this Application form (see reverse).
- Print clearly in capital letters using black or blue pen.

Broker Code

Advisor Code

[illegible]

x \$0.25 per share =

C Write the name(s) you wish to register the shares in (see reverse for instructions)

[illegible][illegible][illegible][illegible][illegible]

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X									
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Important please note if the name & address details above in sections C & D do not match exactly with your registration details held at CHESS, any Securities issued as a result of your application will be held on the Issuer Sponsored subregister.

[illegible][illegible][illegible]

Please enter details of the cheque(s) that accompany this application.

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11

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Guide to the Application Form

YOU SHOULD READ THE PROSPECTUS CAREFULLY BEFORE COMPLETING THIS APPLICATION FORM.

Please complete all relevant sections of the appropriate Application Form using BLOCK LETTERS.

These instructions are cross-referenced to each section of the Application Form.

Instructions

- If applying for Shares insert the **number** of Shares for which you wish to subscribe at Item **A** (not less than **8000** and then in multiples of **2000**).
- Multiply by **\$0.25** AUD to calculate the total **\$amount** at B.
- Write your **full name**. Initials are not acceptable for first names.
- Enter your **postal address** for all correspondence. All communications to you from the Company will be mailed to the person(s) and addresses as shown. For joint Applicants, only one address can be entered.
- If you are CHESS sponsored by a stockbroker or another CHESS participant, you may enter your CHESS HIN if you would like the allocation to be directed to your HIN.
NB: your registration details provided must match your CHESS account exactly.
- Enter your Australian **tax file number** ("TFN") or ABN or exemption category, if you are an Australian resident. Where applicable, please enter the TFN /ABN of each joint Applicant. Collection of TFN's is authorised by taxation laws. Quotation of your TFN is not compulsory and will not affect your Application Form.
- Complete **cheque details** as requested. Make your cheque payable to 'Soda Brands Limited Share Offer Account' in Australian currency, cross it and mark it "**Not negotiable**". Cheques must be made in Australian currency, and cheques must be drawn on an Australian Bank.
- Enter your **contact details so we may contact you regarding your Application Form or Application Monies**.
- Enter your email address so we may contact you regarding your Application Form or Application Monies or other correspondence.

Correct Forms of Registrable Title

Note that **ONLY** legal entities can hold the Shares. The Application must be in the name of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and surname is required for each natural person.

Examples of the correct form of registrable title are set out below.

Type of Investor	Correct Form of Registrable Title	Incorrect Form of Registrable Title
Trusts	Mr John David Smith <J D Smith Family A/C>	John Smith Family Trust
Deceased Estates	Mr Michael Peter Smith <Est Late John Smith A/C>	John Smith (deceased)
Partnerships	Mr John David Smith & Mr Ian Lee Smith	John Smith & Son
Clubs/Unincorporated Bodies	Mr John David Smith <Smith Investment A/C>	Smith Investment Club
Superannuation Funds	Mr John Smith & Mrs Mary Smith <Smith Family Super Fund A/C>	John & Mary Smith Superannuation Fund

Lodgement

Mail your completed Application Form with cheque(s) attached to the following address:

Mailing address:

Soda Brands Limited
C/- Registries Limited
PO Box R67
ROYAL EXCHANGE NSW 1223

Delivery address:

Soda Brands Limited
C/- Registries Limited
Level 2
28 Margaret Street
SYDNEY NSW 2000

It is not necessary to sign or otherwise execute the Application Form.

If you have any questions as to how to complete the Application Form, please contact Registries Limited on 02 9290 9600.

Privacy Statement:

Registries Limited advises that Chapter 2C of the Corporations Act 2001 (Cth) requires information about you as a shareholder (including your name, address and details of the shares you hold) to be included in the public register of the entity in which you hold shares. Information is collected to administer your share holding and if some or all of the information is not collected then it might not be possible to administer your share holding. Your personal information may be disclosed to the entity in which you hold shares. You can obtain access to your personal information by contacting us at the address or telephone number shown on the Application Form.

Our privacy policy is available on our website (http://www.registriesltd.com.au/help/share_privacy.html).

13 corporate directory

Soda Brands Limited

Suite 3a, Level 3
140 William Street
Woolloomooloo NSW 2011
Telephone +61 2 8356 9222
Facsimile +61 2 9331 5522
Email: info@sodabrands.com.au
Website: www.sodabrands.com.au

Underwriter

Pitt Capital Partners Limited

Level 2, 160 Pitt St
Sydney NSW 2000
Telephone +61 2 9210 7000
Facsimile +61 2 9210 7099

Solicitors

Cutler Hughes & Harris

Level 44, 2 Park St
Sydney NSW 2000
Telephone +61 2 9020 5600
Facsimile +61 2 9020 5666

Nominated Advisor

Hall Chadwick Corporate

Level 29 St Martins Tower
31 Market St
Sydney NSW 2000
Telephone +61 2 9263 2600
Facsimile +61 2 9263 2800

Directors

Andrew Fairfull
Non-executive Chairman
Nicholas Ghattas
Executive Managing Director
Hilton Brett
Non-executive Director
Stephen Kulmar
Non-executive Director

Auditors and Investigating Accountants

Rothsay Chartered Accountants

Level 18/6-10 O'Connell St
Sydney NSW 2000
Telephone +61 2 8815 5400
Facsimile +61 2 8815 5401

Share Registry

Registries Limited

Level 2, 28 Margaret St
Sydney NSW 2000
Telephone +61 2 9290 9600
Facsimile +61 2 9279 0664

Sponsoring Broker

Bell Potter Securities Limited

Level 29,
101 Collins St
Melbourne VIC 3001
Telephone 1300 734 587
Facsimile +61 3 9235 1836
Website: www.bellpotter.com.au

