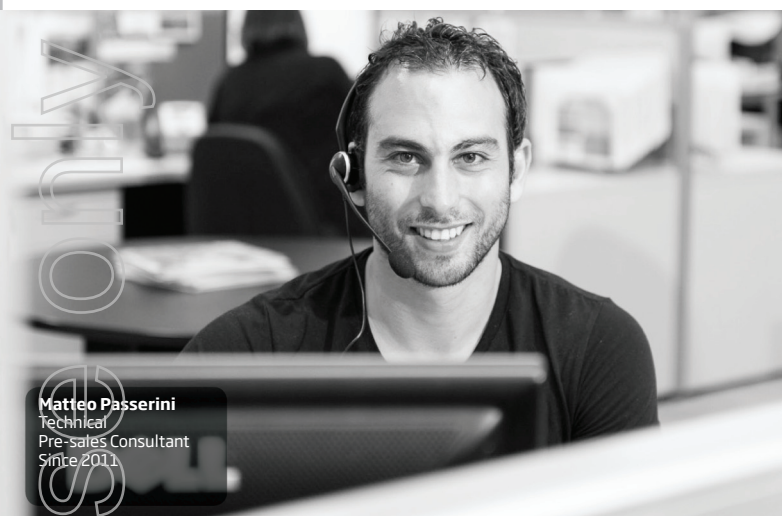


PROSPECTUS

Inabox Group Limited ACN 161 873 187



For the Offer of new Shares at \$1.20



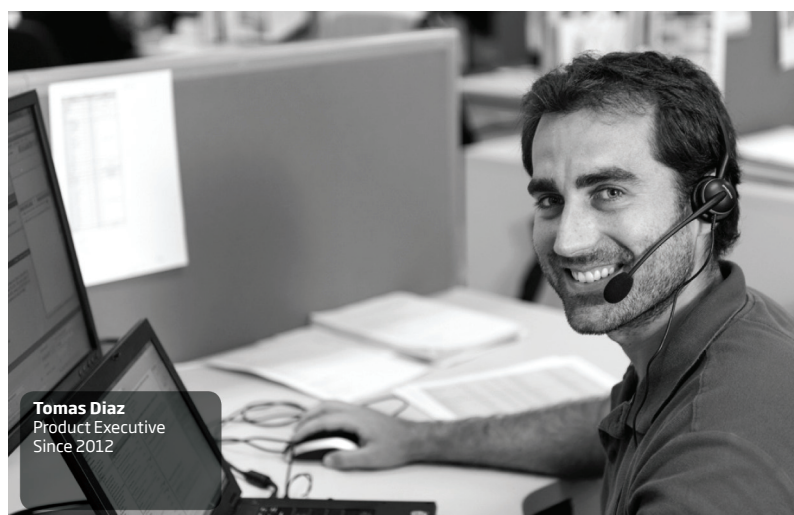
Matteo Passerini
Technical
Pre-sales Consultant
Since 2011



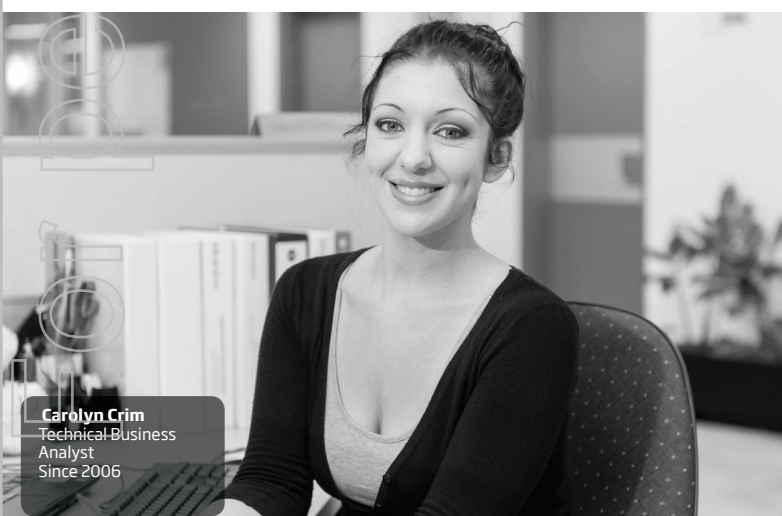
Grant Ellison
CEO CommsChoice
Partner since 2008
Customers range
from 20+ staff to
ASX100 companies
and multi-nationals



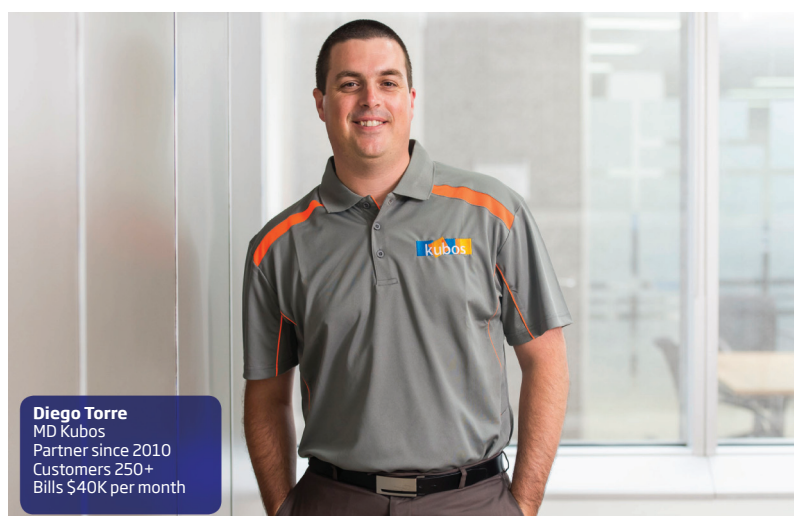
Jackson Zhu
MD Urban Telecom
Partner since 2011
Customers 350+
Bills \$85K per month



Tomas Diaz
Product Executive
Since 2012



Carolyn Crim
Technical Business
Analyst
Since 2006



Diego Torre
MD Kubos
Partner since 2010
Customers 250+
Bills \$40K per month

CREATE, SUPPLY AND SUPPORT

This is an important document and should be read in its entirety.

Sponsoring Broker



Shaw Stockbroking

IMPORTANT NOTICES

Conditions and context of the Offer

Allotment of Shares under this Offer is conditional upon the Directors being satisfied of:

- The iVox Acquisition completing; and,
- Approval by the ASX of the application by Inabox for the quotation of the Shares.

If these conditions are not met, all Application Money will be refunded in full without interest.

Inabox Group Limited also plans to make a small Offer to staff, customers and others of 104,167 Shares to raise up to \$100,000 ("Affiliate Offer"). The Affiliate Offer will be made under a separate Offer document and will run concurrently with this Offer. The Offer made under this Prospectus and the IPO are not conditional upon raising a minimum amount under the Affiliate Offer. The Affiliate Offer is fully underwritten by a private investor.

Inabox intends to complete the acquisition of 100% of the shares of iVox Pty Ltd concurrently with the IPO.

This Prospectus is written on the assumptions that the Affiliate Offer is fully subscribed and the iVox Acquisition has completed.

For the purposes of this Prospectus, Inabox means Inabox Group Limited ACN 161 873 187 and, where the context requires it, the businesses operated by its subsidiary Telcoinabox Operations Pty Limited ACN 162 159 935 and its proposed future subsidiary, iVox Pty Ltd ACN 108 182 421. Telcoinabox Operations Pty Limited acquired the business and selected assets and liabilities of TELCO IN A BOX Pty Ltd ACN 103 267 161 in May 2013.

This Prospectus and the Offer

The Prospectus is dated Friday, 10 May 2013. A copy of this Prospectus was lodged with ASIC on that date. Neither ASIC nor the ASX takes any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates. No Shares will be allotted or issued on the basis of this Prospectus after its expiry date. This Prospectus expires on 31 December 2013.

Inabox will apply to the ASX, within seven days after the date of this Prospectus, for admission to the official list of the ASX and for quotation by the ASX of the Shares offered under this Prospectus.

The Offer is available to Australian residents. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law. If you are not an Australian resident, you should seek professional advice on any restrictions that may apply to purchasing Shares and comply with those restrictions. This Prospectus is not an Offer in any place where, or to any person to whom, it would not be lawful to make the Offer.

No person is authorised to give any information or make representations about the Offer which is not contained in this Prospectus. Information or representations not contained in this Prospectus must not be relied on as authorised by Inabox, or any other person, in connection with the Offer.

Application Forms

Under the Corporations Act, Inabox Group Limited must not process Application Forms during the seven day period after the date of lodgement of this Prospectus with ASIC. This period may be extended by ASIC for up to a further seven days.

This exposure period enables the Prospectus to be examined by market participants. Application Forms received during the exposure period will not be processed until after the expiry of that period, and no preference will be given to Application Forms received during that period.

Matters to consider when reading this Prospectus

Some terms used in this Prospectus are defined in Section 11 titled Glossary.

Read this document in its entirety. Examine the risk factors which could affect the financial performance of Inabox. Consider these factors carefully in light of your own personal financial circumstances. Seek professional advice from your accountant, stockbroker, lawyer or other professional adviser before deciding whether to invest. The Offer does not take into account the investment objectives, personal (including financial) situation or needs of particular Investors. Neither Inabox Group Limited nor any other person guarantees the success of Inabox, the repayment of capital, the payment of dividends or the price at which the Shares will trade on the ASX.

Investors should be aware that any forward looking statements in this Prospectus are subject to inherent risks and uncertainties. Actual future events may differ materially from the forward looking statements and the assumptions on which those statements are based. Investors are cautioned not to place undue reliance on forward looking statements.

Monetary amounts shown in this Prospectus are expressed in Australian dollars unless otherwise stated. Any photographs used in this Prospectus without descriptions are only for illustration. Any persons shown are not endorsing this Prospectus or its contents. Diagrams used in this Prospectus may not be drawn to scale. Any assets depicted in photographs in this Prospectus are not assets of Inabox unless otherwise stated.

Privacy

Persons who apply for Shares will provide personal information to Inabox and the Share Registry. Taxation and company law requires some personal information to be collected in connection with Applications for Shares. If an Applicant does not provide the information requested, the Applicant's Application Form may not be able to be processed efficiently, if at all.

Inabox and the Share Registry will collect, store and use the personal information provided by each Applicant in order to assess the Applicant's Application for Shares, service the needs of the Applicant as an Investor, provide facilities and services requested by the Applicant as an Investor and carry out relevant administration. Applicants may request access to their personal information held by or on behalf of Inabox or the Share Registry.

Inabox and the Share Registry may disclose an Applicant's personal information to their agents and service providers for purposes related to the Applicant's investment in Shares. Inabox and the Share Registry may also disclose an Applicant's personal information as otherwise authorised under the *Privacy Act 1988 (Cth)*.

How to apply

To apply for Shares under this Offer, fill out the Application Form which appears at the back of this Prospectus and mail your completed Application Form to the address at the end of this document.

THIS DOCUMENT IS IMPORTANT AND SHOULD BE READ IN ITS ENTIRETY

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KEY INFORMATION

Key Dates

Offer opens	27 May 2013
Offer closes	14 June 2013
Anticipated date of issue of Shares	20 June 2013
Shareholding statements expected to be dispatched	21 June 2013
Trading on the ASX commences	26 June 2013

All dates and times are subject to change and are indicative only. Inabox reserves the right to vary these dates and times without prior notice. Inabox may (without notice) close the Offer early, withdraw the Offer, extend the Offer or accept late Applications. The decision to grant quotation of the Shares, and the date the Shares are first traded on the ASX, are subject to the discretion of the ASX.

Offer Details

Offer Price per Share	\$1.20
Number of Shares offered	2,416,667
Number of Shares on issue following this Offer if fully subscribed	13,500,000
Cash proceeds of the Offer	\$2,900,000

Key Financials

Pro forma for Inabox for FY 2011, FY 2012 and the 1st Half of FY 2013 (\$ million)

	FY 2011	FY 2012	1st half FY 2013
Revenue	51.6	45.7	22.6
EBITDA	1.7	1.4	1.6
EBIT	1.1	1.2	1.4
NPAT	0.8	0.8	1.0
Earnings per Share for Half Year (assuming Offer fully subscribed)			7.4 cents
Market capitalisation @ \$1.20 per Share (assuming Offer fully subscribed)			\$16.2 million

Note: Past results are no indication of future performance. Seasonality and other factors including an increase in staff numbers to support anticipated growth in FY 2014 are likely to affect the second half FY 2013 results. As a consequence the second half FY 2013 is unlikely to produce the same level of profitability as the first half. The Directors believe that these additional costs will contribute to profitability in coming years. There are no financial forecasts in this Prospectus. See Section 2 titled Investment Highlights and Summary for further explanation of this table. For the effect of more or less than the \$2.9 million being raised, please see Section 3 titled Details of the Offer – If more or less money is raised.

Risks

There are risks in investing in Shares in Inabox. The risks comprise specific risks related to Inabox and our proposed activities as well as general risks common to many share investments and the telecommunications industry generally. The risks are described in further detail in Section 2 titled Investment Highlights and Summary and Section 7 titled Risks and include:

Specific Risks

- Carriers and supply
- Billing delays or problems
- Credit risk
- Loss of major customer
- Network operation and IT risks
- Regulatory risks and NBN
- Sustainability of revenue and profitability
- Risks associated with mass market strategy
- Restructure risks
- Reputational and association risks
- Technology risk
- Dependence on key personnel
- Dividends may not be paid
- Shareholder dilution
- Mergers and acquisitions
- Financing and financial risk management

General Risks

- Accounting Standards
- General economic conditions
- Share market investments
- Taxation risks

1. CHAIRMAN'S LETTER

Friday, 10 May 2013

Dear Investor,

On behalf of the Directors, it gives me great pleasure to offer you this opportunity to invest in Inabox Group Limited (Inabox).

The Inabox business model was founded over 10 years ago. From the beginning the mission of Inabox has been to make it easier for almost anyone to build and run their own telecommunications company. That vision will now generate over \$40 million in revenue and employ around 75 full time staff at the completion of this IPO.

Inabox does not deal with end users under its own brand, we are an aggregator and our customers are hundreds of Retail Service Providers (RSPs) located all over Australia. We provide our RSPs with telecommunications products including fixed line, mobile and data services. They on sell these products to end users under their own brand and they manage the relationship with their customers.

In addition, we provide a range of back office services such as billing, provisioning, product development, training and support and white label customer service. This allows many of our RSPs to outsource parts of their business to us, reducing their costs and allowing them to focus on growth and customer retention.

A major point of difference is that we are one of only a limited number of aggregators who do not compete with their customers by selling to end users. This eliminates channel conflict and allows us to focus exclusively on wholesale.

Inabox is built around an experienced and passionate management team who effectively deliver on our value proposition. This places Inabox in a good position to grow in the coming years. Our growth strategies are simple: continue to expand our RSP channel and sell more products to them, continue to build our new mass market channel and follow a disciplined and conservative acquisition plan to buy businesses which are highly complementary, strategically aligned and well priced.

We are excited and optimistic about the growth prospects for Inabox and plan to use the cash flow generated to fund growth and pay dividends to Shareholders.

Through this Prospectus, Inabox invites Investors to subscribe for Shares at an Offer Price of \$1.20 per Share. The proceeds of the Offer will be used to complete the iVox Acquisition and to increase working capital to help achieve our growth plans. Shaw Corporate Finance has been engaged as the Sponsoring Broker to the Offer. You are encouraged to read this Prospectus carefully in its entirety before making your investment decision. In particular, it is important that you read and understand Section 2.4 Key Risks and Section 7 Risks, about the risks involved in an investment in Inabox.

Should you have any further questions please contact 1300 5 TELCO (583526) on business days between 8.30am and 5.00pm up until the closing date.

For Investors interested in participating in the telecommunications sector, I commend you to consider an investment in Inabox. I have great confidence in Inabox's management team and their ability to continue to grow the business.

Together with my fellow Directors, I look forward to welcoming you as a Shareholder of Inabox Group Limited.

Yours faithfully



Siimon Reynolds
Chairman
Inabox Group Limited

2. INVESTMENT HIGHLIGHTS AND SUMMARY

2.1 Investment highlights

Inabox provides its customers – called Retail Service Providers (RSPs) – with telecommunications products (voice, mobile, data) and back office services including customer support, billing and provisioning branded for each RSP. Inabox invites you to consider an investment in the Company.

Investment highlights include:

- **10 year track record recurring revenue, profitable and no long term debt**
Inabox's business model generates revenue which is approximately 90% recurring, with Pro forma NPAT of \$1 million for the first half FY 2013. At IPO, Inabox will be free of debt and employ around 75 full time staff. The Directors believe that Inabox has good growth prospects and as the business grows its increased buying power may also improve profitability.
- **Well positioned for growth**
 - **Expanding customer base of RSPs**
Actively marketing to new entrants and existing participants in the telco reseller market. There is the opportunity to win more RSPs from other Carriers or aggregators.
 - **Sell more products through the existing RSP channel**
Inabox plans to launch a range of new products in 2013. High priority products include: call termination services, NBN access services, virtual private networks and cloud based services such as remote back up and storage.
 - **Develop the mass market channel**
This new strategy was developed to assist large corporations with known and trusted brands to enter the telecommunications market. Recently a number of organisations from the retail, finance and utilities industries have announced strategies to bundle telecommunications products with their existing offers to increase customer loyalty and revenue. While these companies have scale in their core businesses they do not typically have the expertise to deal directly with a Carrier. Inabox is well positioned to win these clients through providing advice, enabling customer ownership and improving speed to market. Inabox is currently running a trial with an ASX listed electricity retailer and negotiating other large opportunities.
 - **Selected acquisitions**
Inabox believes there are a number of smaller wholesalers and aggregators, or other complementary businesses, which it may be able to acquire Post IPO.
- **Highly differentiated from other telecommunications wholesalers**
Unlike many of Inabox's competitors we do not have a retail brand competing with our clients for end customers. Many of our RSPs see this as an important point of difference.
- **Record of paying dividends**
Entities related to the Founders have received dividends generated by the Telcoinabox business in the past two financial years and an interim dividend in the current financial year.
- **Founders will not sell Shares in the IPO**
The Founders, who will hold approximately 60% of the Shares Post IPO, have agreed to an escrow period of at least 18 months from the date of the IPO (see the Section 10 titled Additional Information – Material agreements).
- **Telco sector continues to perform well and consolidate**
Small cap telcos may offer a defensive investment (recurring revenue and stable demand) while at the same time providing good growth prospects. Over the last 12 months a number of small cap telcos have outperformed the ASX200 by capitalising on changes in technology and acquisition opportunities. Recently, a number of smaller telcos have been acquired by larger companies such as M2, AAPT, Amcom, My Net Fone and others.

2. INVESTMENT HIGHLIGHTS AND SUMMARY

2.2 Business overview

Inabox's core business is to **"create, supply and support telecommunications service providers"**
(Chris Borg, Telcoinabox, Technical Help Desk Manager)

Inabox is a non-Carrier telecommunications aggregator with a successful 10 year old business which generates revenue that is 90% recurring. We provide our customers – called Retail Service Providers (RSPs) – with telecommunications products including fixed line, mobile and data services. We also provide back office services including billing, provisioning, product development, training and support and customer service using the RSP's brand.

Inabox leverages scale to buy telecommunications products wholesale from major Carriers including Telstra, Optus and AAPT. We then repackage and on sell these products to RSPs at competitive prices. Each RSP is responsible for winning and servicing customers, collecting money and managing its own profitability.

Inabox plans further growth through: expanding the range of products sold through our RSP channel and promoting sustainable growth in our existing RSPs, growing market share by targeting different sections of the market with the "Telcoinabox" and "iVox" brands, winning the business of new large corporates entering the telecommunications market and a conservative acquisition strategy.

RSPs are an important element of the telecommunications industry as they offer:

- Greater flexibility in product design and/or pricing;
- A local presence and industry knowledge; and/or,
- More personalised service.

For a RSP, outsourcing may lower total operating costs by reducing the need for highly specialised (and expensive) staff and systems. Outsourcing can also improve customer service and give the RSP greater capacity to grow.

Many RSPs will find Inabox an attractive partner because unless they have reasonable revenues and experience, it may be difficult for them to put in place the personnel and systems required to build and maintain a telecommunications business. In addition, Carriers may not deal with a RSP directly unless they have significant monthly volumes. Inabox enables RSPs to offer their customers a range of competitive products.

2.3 Business strategy

Inabox is committed to the following core strategic objectives:

- Exclusive focus on wholesale – we do not compete with our RSPs
- Two brands – the "Telcoinabox" brand offers a wide range of products and back office services and the "iVox" brand offers next generation voice products and limited back office services
- Expanding the RSP channel and adding more products and services to fuel organic growth
- Selected acquisitions of complementary businesses
- A business model which can support significant growth
- Multiple network and Carrier strategy thereby diversifying risk
- Effective capital management and the payment of dividends when appropriate

2. INVESTMENT HIGHLIGHTS AND SUMMARY

2.4 Key risks

An investment in Inabox is subject to both general and specific risks which could affect our future performance and the value of your Shares. A summary of various risk factors is located in this section with more detailed descriptions in Section 7 titled Risks. Before deciding to invest in Inabox, you should read the entire Prospectus and, in particular, the risk factors.

Key Risks include:

Operating risks

We rely upon external Carriers to provide telecommunications products. If the pricing or supply terms change, this could materially reduce our revenues, profit margins and competitive position. We mitigate these risks by having relationships with multiple Carriers, however a change of Carrier may cause extensive disruptions. In addition, Inabox builds strong relationships with Carriers at a senior level and leverages our buying power for better terms and service (we expect our buying power will increase over time as our business grows).

Other key operating risks relate to our ability to generate accurate monthly invoices in a timely manner, collecting payments from our customers on time, the reliable operation of our networks and IT systems and providing a high level of support to our RSPs (and their customers). Major or ongoing problems in these areas could have a severe impact on our business.

Monthly invoices are generated by our billing system, which we have used for over six years. Over time the billing system will require upgrades and ongoing development to support the growth of the business. Our billing system, like our other networks and IT systems, is supported by a dedicated team of in house specialists and our important servers and network equipment is kept in a third party secure data centre which is well maintained and are regularly backed up.

In recent years Inabox has suffered significant bad debts as a result of payment defaults by a limited number of RSPs. In 2012, Inabox established a risk committee and took a number of actions to mitigate credit risks resulting in a significant reduction in bad debts. In this financial year, bad debt losses have been well within bad debt allowances, however there is no guarantee that substantial losses may not occur in the future.

The top 10 RSPs combined represent approximately 54% of total revenue (for the six months to 31 December 2012). The loss of one or more of these RSPs would have a material adverse impact on the profitability of Inabox. This risk is mitigated by contractual arrangements, Inabox's business model and active account management.

Regulatory risks and NBN

Our business could be adversely affected by changes to government policies and legislation including those relating to telecommunications, privacy, data security and taxation. Changes to legislated prices of key products such as fixed wire telephony could significantly affect our competitive position. Further industry regulation and new compliance obligations or prohibitions on our RSPs or us could also be detrimental to our business.

We cannot be certain how the National Broadband Network (NBN) or other changes in technology will impact Inabox and our RSPs in the future. We rely on our Carrier partners for access to the NBN and connection to our data network. Securing competitive pricing and terms from them will be essential in order to compete effectively and there is the possibility that regulatory or pricing conditions could place us at a disadvantage to some of our competitors. We are confident our existing strong relationships with Telstra and other Carriers will allow us to offer competitive NBN services but there is no guarantee of this.

Risks relating to the Offer

External market forces or unforeseen events or factors within Inabox could delay or cause the cancellation of the IPO. If the IPO does not proceed or is delayed more than three months from the date of this Prospectus you will be entitled to a full refund.

Once your Shares are quoted on the ASX their price might rise or fall and they may trade at prices below the price you pay for them. This could be caused by factors unrelated to the performance of Inabox.

It is also possible that as a result of initially only 40% or less of Inabox's Shares being traded, an active trading market may not develop, making it difficult for you to buy or sell Shares quickly or at the price you desire. This risk may be reduced if Inabox issues more Shares and once the Shares held by entities related to the Founders start to be released from escrow 18 months after the IPO.

Inabox may seek to raise additional capital within the first 12 months from the date of this Prospectus in order to fund growth or acquisitions. This may have the effect of diluting your shareholding.

For a more detailed description of risks along with the steps we take to mitigate them refer to Section 7 titled Risks.

2. INVESTMENT HIGHLIGHTS AND SUMMARY

2.5 Description of the Offer

The Offer is of 2,416,667 Shares at \$1.20 per Share, to raise up to \$2,900,000, with a right to accept oversubscriptions. Excluding any oversubscriptions, these Shares will represent 17.9% of Inabox's Issued Shares at IPO. For more information see Section 3 titled Details of the Offer.

2.6 Selected financial information

Inabox Pro forma Historical (\$ million)

	FY 2011	FY 2012	1st Half FY 2013
Revenue	51.6	45.7	22.6
EBITDA	1.7	1.4	1.6
EBIT	1.1	1.2	1.4
NPAT	0.8	0.8	1.0

Note: There are no financial forecasts in this Prospectus and past results should not be taken as an indication of future performance. Seasonality and other factors including an increase in staff numbers to support anticipated growth in FY 2014 are likely to affect the second half FY 2013 results. As a consequence the second half FY 2013 is unlikely to produce the same level of profitability as the first half. The Directors believe that these additional costs will contribute to profitability in coming years. For the effect of more or less than the \$2.9 million being raised, please see Section 3 titled Details of the Offer – If more or less money is raised.

The EBIT numbers included in the table above have been reviewed by Ernst & Young and form part of their report in Section 9 titled Investigating Accountant's Report.

As the acquisition of iVox is occurring so close to the close of this Offer there will be minimal franking credits relating to it. The Pro forma Balance Sheet is shown in Section 8 titled Financial Information.

In addition, in the table above:

1. Interest expense from historical results has been eliminated as it is not expected to be incurred as the capital raised under this Prospectus will be sufficient to maintain a positive cash balance.
2. Income tax rates have been adjusted to 30% compared to historical results of 34% (2011) and 30% (2012) which arose due to non-recurring overseas expenses.

Inabox may seek to raise additional capital within the first 12 months after IPO in order to fund growth or acquisitions. This may have the effect of diluting your shareholding.

Further financial information is set out in Section 8 titled Financial Information.

2.7 Dividend policy

Entities related to the Founders have received dividends generated by the Telcoinabox business in the past two financial years and an interim dividend in the current financial year.

Payment of dividends cannot be guaranteed. The payment is at the discretion of Directors who will take into account a number of factors including the general business environment, operating results, financial position of Inabox, future funding requirements, potential availability of strategically important opportunities, taxation considerations (including the level of franking credits available) and any contractual, legal or regulatory restrictions on the payment of dividends by Inabox.

2.8 Rights attaching to Shares

The Shares offered will rank equally in all respects with the Shares held by the existing Shareholders of Inabox. A summary of the rights and liabilities attaching to Shares is set out in Section 10 titled Additional Information – Material agreements.

2.9 Summary only

This summary is not intended to provide full details of the investment opportunity. Investors should read this Prospectus in full and make their own enquiries as part of making an informed investment decision.

3. DETAILS OF THE OFFER



IF Telecom

Brothers Andrew and Richard Branson, co-own IF Telecom. They launched the business in 2005. From the humble beginnings of two brothers working together then only 21 and 23 years of age, today they have grown to 32 staff with offices in Melbourne, Perth and Adelaide and over 4,000 customers across Australia billing approximately \$700,000 per month - equivalent to \$8.4 million per year.

"Telcoinbox makes a very complicated market to enter remarkably simple. We knew from the beginning we wanted to work in the telco space and Telcoinbox made our entry easy.

"With Telcoinbox behind us we have much bigger brand buying power. They go to bat for the group as a whole and purchase higher minute volumes at lower rates. This would be a big cost for a small provider."

Andrew Branson
Managing Director
IF Telecom

3. DETAILS OF THE OFFER

3.1 The Offer

Under this Prospectus, Inabox invites investors to subscribe for up to 2,416,667 Shares at \$1.20 per Share to raise up to \$2,900,000. Inabox will accept oversubscriptions of up to an additional 416,667 Shares (\$500,000). This Offer is not underwritten and while there is no minimum subscription amount Inabox requires at least 300 new Shareholders investing \$2,000 each in order to be eligible for an ASX listing. The Directors fully expect to meet this ASX listing requirement, however if Inabox is not eligible to list within three months from the date of this Prospectus all Application Money will be refunded in full without interest.

3.2 Purpose of the Offer and use of proceeds

The purpose of the Offer is to:

- Broaden the Shareholder base, to allow Inabox to list on the ASX and provide an additional avenue for Inabox to source equity capital in the future;
- Provide business benefits of increased visibility, transparency and credibility which arise from being listed on the ASX;
- Pay the cash component of the iVox Acquisition; and,
- Provide additional working capital to support our growth.

The Offer proceeds will be applied as follows:

Use of proceeds assuming \$2.9 million is raised	\$ million	%
Payment for iVox Acquisition and costs	1.2	42
General working capital	1.0	34
Payment of Offer expenses (see Section 10 titled Additional Information - Expenses of the Offer)	0.7	24
Total funds raised	2.9	100

The Directors are satisfied that after completion of the Offer the Company will be continuing to earn profits and will have sufficient working capital to carry out its objectives as described in this Prospectus.

3.3 If more or less money is raised

As described in this section titled The Offer, this Offer is to raise up to \$2,900,000 and Inabox will accept oversubscriptions of up to \$500,000. Any amounts raised above or below the \$2.9 million will have an impact on use of proceeds, expenses of the Offer, financial position and capital structure. The effect on each for every \$100,000 raised above or below the proposed \$2.9 million is described below:

Use of proceeds

General working capital will increase or decrease by \$94,000 respectively.

Expenses of the Offer

Expenses of the Offer will increase or decrease by \$6,000 respectively.

Financial position

Balance Sheet

Cash in the Pro forma Balance Sheet will increase or decrease by \$94,000 respectively. If less than \$1.9 million is raised under this Offer, borrowings will increase by \$94,000 for every \$100,000 shortfall below \$1.9 million because Inabox would need to use its existing short term debt facilities described in Section 10 titled Additional Information - Finance facilities.

Income Statements

Net Profit After Tax (NPAT) may increase or decrease by \$3,000 pa respectively. If less than \$1.9 million is raised under this Offer, for every \$100,000 shortfall below \$1.9 million NPAT will decrease by approximately \$7,000 pa.

3. DETAILS OF THE OFFER

Capital structure

Shares on issue will increase or decrease by 83,334 respectively.

In addition:

Earnings per Share

Earnings per Share is calculated by dividing net profit after tax by the number of Shares on issue. Raising \$500,000 less than the proposed \$2.9 million, annual earnings per Share would potentially increase by 0.35 cents. Raising \$1 million less than the proposed \$2.9 million, annual earnings per Share would potentially increase by 0.71 cents. Raising \$1.5 million less than the proposed \$2.9 million, annual earnings per Share would potentially increase by 0.96 cents. Raising \$500,000 more than the proposed \$2.9 million, annual earnings per Share would potentially decrease by 0.33 cents.

3.4 Shareholding structure

The following table shows the anticipated shareholding structure at the close of this Offer (including the Shares issued as part of the consideration in the iVox Acquisition):

Anticipated capital structure Post IPO

DIRECTOR SHAREHOLDING	Pre Offer Shares	Pre Offer % of Shares	Post Offer Shares	Post Offer % of Shares	Post Offer % fully diluted
Siimon Reynolds	-	-	-	-	0.6%
Damian Kay	2,692,927	24.5%	2,692,927	19.9%	19.6%
Garry Dinnie	-	-	-	-	0.6%
Paul Line	124,930	1.1%	124,930	0.9%	1.5%
Sub total	2,817,857	25.6%	2,817,857	20.8%	22.3%
Other Substantial Shareholders					
Morgan Duncan	2,692,927	24.5%	2,692,927	19.9%	19.0%
Damien Gould	2,692,927	24.5%	2,692,927	19.9%	19.0%
Knarf Investments	1,257,868	11.5%	1,257,868	9.3%	8.9%
Michael Clarke	807,132	7.4%	807,132	6.0%	5.7%
Other Shareholders	710,455	6.5%	710,455	5.4%	7.4%
Shares under the Affiliate Offer	-	-	104,167	0.8%	0.7%
Shares under this Offer	-	-	2,416,667	17.9%	17.0%
Total	10,979,166	100%	13,500,000	100%	100%

(For the effect of more or less than the \$2.9 million being raised, please see this section titled - If more or less money is raised)

The Shareholders named above may hold Shares either directly, or shareholdings may be of entities related to or controlled by those individuals.

The fully diluted column calculation shows the impact of all Shares which can be acquired under pre-existing rights without performance hurdles including a higher Share price being achieved. For further details of Director shareholdings and Options information refer to Section 10 titled Additional Information - Material agreements.

For information about the Affiliate Offer please see inside the cover titled IMPORTANT NOTICES.

Inabox may seek to raise additional capital within the first 12 months after the IPO in order to fund growth or acquisitions.

3.5 Minimum investment

Applications for Shares under the Offer must be for a minimum of 1,667 Shares, or a minimum investment of \$2,000 and then increasing in multiples of 417 Shares or \$500.

Shaw Corporate Finance as Sponsoring Broker to the Offer will be paid commissions detailed in Section 10 titled Additional Information - Material agreements.

3.6 Company discretion

Inabox reserves the right to not proceed with the Offer at any time before the allocation of Shares to successful Applicants under the Offer. If the Offer does not proceed, all Application Money will be refunded in full (without interest).

3. DETAILS OF THE OFFER

3.7 Allocation policy

An Application Form represents an offer by the Applicant to acquire any or all of the Shares specified in the Application Form, on the terms and conditions described in this Prospectus. Inabox may allocate all, or a lesser number, of Shares for which an Application has been made, accept a late Application or decline an Application. Where Applications are scaled back, there may be a different application of the scale back policy to each Applicant. Inabox does not intend to scale back any individual Applications of \$2,000.

All Application Money from Applicants will be held in trust for those Applicants until the relevant Shares are issued to them. Where no allocation is made to a particular Applicant or the number of Shares allocated is less than the number applied for by an Applicant, surplus Application Money will be returned to that Applicant. No interest will be paid on refunded Application Money. Any interest earned on Application Money is the property of Inabox. It is the responsibility of Applicants to confirm the number of Shares allocated to them prior to trading in Shares. Applicants who sell Shares before they receive notice of the Shares allocated to them do so at their own risk.

If Inabox's application for admission to the official list of the ASX is denied, or for any other reason this Offer does not proceed, all Application Money will be refunded in full without interest.

Successful Applicants will be notified in writing of the number of Shares allocated to them as soon as possible after the Offer Closing Date.

3.8 ASX listing

An application will be made to the ASX not later than seven days after the date of this Prospectus for Inabox to be admitted to the official list of the ASX and for official quotation of the Shares. Acceptance of the application by the ASX is not a representation by the ASX about the merits of the Company or the Shares. Official quotation of Shares, if granted, will commence as soon as practicable after the issue of initial shareholding statements to successful Applicants. If official quotation of the Shares is not granted within three months after the date of this Prospectus, then none of the Shares offered under this Prospectus will be issued and all Application Money from Applicants will be refunded to them (without interest).

It is expected that trading of the Shares on the ASX will commence in late June 2013.

3.9 Share Registry

Inabox's register will be maintained by Boardroom Pty Ltd.

3.10 CHESS

Inabox will apply for the Shares to participate in the security transfer system known as the Clearing House Electronic Sub-register System ("CHESS"). CHESS is operated by ASX Settlement Pty Ltd, a wholly owned subsidiary of the ASX, and in accordance with the Listing Rules and ASTC Settlement Rules.

Under CHESS, Applicants who are issued Shares under this Offer will receive shareholding statements in lieu of share certificates. The shareholding statement will provide details of the Shareholder's Holder Identification Number (HIN) (in the case of a holding on the CHESS sub-register) or Shareholder Reference Number (SRN) (in the case of a holding on the issuer sponsored sub-register).

In future Shareholders need to quote their HIN or SRN, as applicable, in all dealings with a stockbroker or the Share Registry. Further statements will be provided to Shareholders showing changes in their shareholding during a particular month if their shareholding changes. Additional statements may be requested at any time, although Inabox reserves the right to charge a fee.

3.11 Taxation considerations

The taxation consequences of an investment in Inabox will depend upon your particular circumstances. You should make your own enquiries about the taxation consequences of an investment in Inabox. If you are in doubt you should consult your accountant, stockbroker, lawyer or other professional adviser.

3. DETAILS OF THE OFFER

3.12 Foreign selling restrictions

No action has been taken to register or qualify the Shares or the Offer in any jurisdiction outside Australia, or otherwise to permit an offering of the Shares outside Australia, and the distribution of this Prospectus outside of Australia may be restricted by law.

This Prospectus does not constitute an offer or invitation in any jurisdiction where, or to any person to whom, such an offer or invitation would be unlawful.

In submitting an Application Form, each Applicant warrants and represents to Inabox that:

- The Applicant is an Australian citizen or resident in Australia, is located in Australia at the time of the Application and is not acting for the account or benefit of any person in the United States or any other foreign person; and,
- The Applicant will not offer or sell the Shares in the United States or in any other jurisdiction outside Australia, or to a United States person, except in transactions exempt from registration under the *US Securities Act 1933* as amended, and in compliance with all applicable laws in the jurisdiction in which the Shares are offered and sold.

3.13 Brokerage, commission and stamp duty

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

3.14 Underwriting

While the Offer is not underwritten, Shaw Corporate Finance has been engaged as the Sponsoring Broker to the Offer.

3.15 Enquiries

If you require assistance to complete an Application Form or require additional copies of this Prospectus, you should contact the Inabox Offer information line on 1300 5 TELCO (583526).

The Inabox Offer information line will be open on business days from 8.30am to 5.00pm Sydney time (AEST), until the Offer Closing Date. If you require advice as to whether to invest in Inabox, you should seek advice from your stockbroker, accountant or other professional adviser.

4. INDUSTRY OVERVIEW



CommsChoice

Grant Ellison, CEO of CommsChoice, Sydney, started the business in 2008. His company offers corporate customers including ASX100 and multi-national companies, fixed voice, business grade data and mobile services.

"We chose to partner with Telcoinabox because of their superior integration with multiple wholesale telecommunications platforms, the quality, flexibility and reliability of their billing platform and their commitment to a pure wholesale aggregator model - which means we would never be in direct competition with one another."

"Our non exclusive partnership with Telcoinabox is very complementary. Their focus on high quality business to business integration effectively means they operate as the 'back office' for a number of our carrier solutions in Australia and New Zealand. This enables us to maintain an absolute focus on high quality carrier neutral service engagement with our customers."

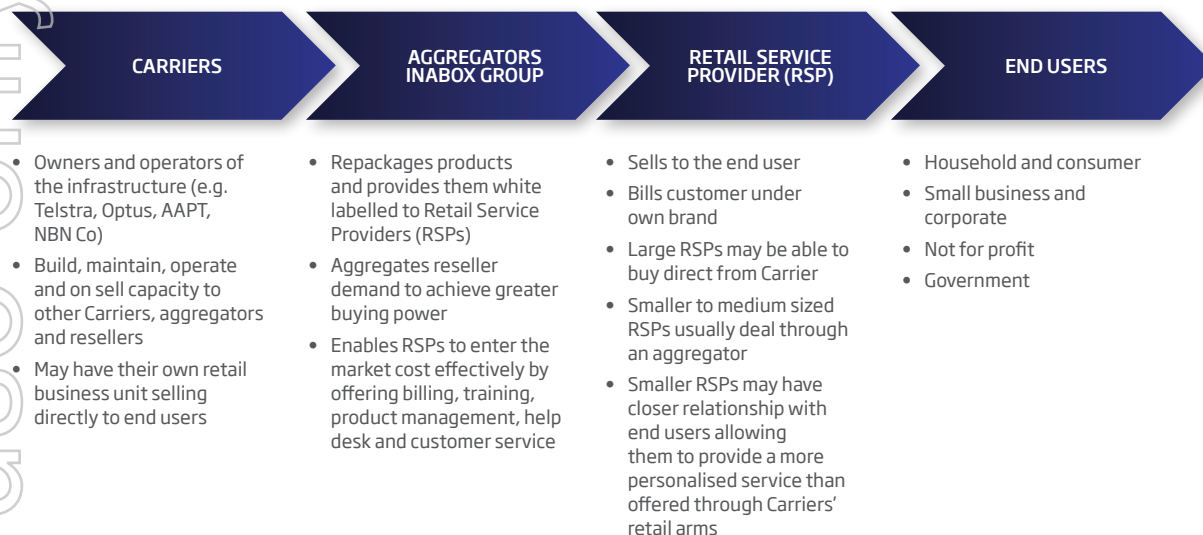
Grant Ellison
CEO CommsChoice
Partner since 2008

4. INDUSTRY OVERVIEW

4.1 Introduction

Despite economic and financial upheavals over recent years, the telecommunications industry in Australia has remained largely unaffected. In 2011, total telecommunications services revenue was approximately \$40 billion in Australia.¹ The industry continues to grow driven by the enthusiastic uptake of the latest mobile technology. It is estimated that this will double the size of the industry to around \$80 billion by 2020.²

4.2 Industry dynamics



4.3 Wholesaler and reseller market

As an aggregator Inabox sits between the Carriers (suppliers) and Retail Service Providers (RSPs).

Incumbent Carriers will often only supply wholesale products directly to larger RSPs. New or smaller RSPs may be required to deal through an aggregator - like Inabox. We provide group buying power for our RSPs as well as specialised marketing, product and technical expertise and back office support. This allows RSPs to offer their customers a range of competitive products.

RSPs can often be an attractive alternative for end users through offering:

- Greater flexibility in product design and/or pricing;
- A local presence and industry knowledge; and/or,
- More personalised service.

As communications technology becomes more complex, end users may appreciate being able to deal with a RSP which will listen to their problems and find solutions.

Market share

In 2012, wholesale market revenue totalled \$3.5 billion in Australia with Telstra accounting for 63% (\$2.2 billion), Optus 19% (\$665 million) and the rest of the industry sharing the remaining 18% of revenue (\$630 million).³ Based upon FY 2012 Pro forma revenue of \$45.7 million, Inabox accounts for around 7% of this remaining revenue.

4.4 Competitors

Inabox competes to varying degrees with the wholesale divisions of Telstra and Optus as well as other companies that resell telecommunications such as AAPT, M2, TPG, MyNetFone, Amcom, Vocus and ispOne.

¹ Buddecomm Report Australia - Telecoms Market Analysis - Top trends into 2013

² Buddecomm Report Australia - Telecoms Industry Statistics and Forecasts 2012

³ Buddecomm Report Australia - Telecoms Industry Statistics and Forecasts 2012

5. OUR BUSINESS



David Yuile (left), CEO of AAPT, is an energised business leader. With more than 20 years' experience with both blue chip and private equity financed companies across four countries, he drives 'The Extreme Performance Networking' vision across the Enterprise, Wholesale and Media segments of AAPT. David has been instrumental in the transformation of AAPT and assisted in the introduction of sustainable business practices.

"AAPT and Telcoinabox have had a long-standing relationship of many years. Telcoinabox is a great value-add provider, energetic and passionate about its business and customers. We know this next exciting stage of their growth will allow them to further expand their horizons."

David Yuile
**CEO
AAPT**

Damian Kay (right), CEO & Managing Director of Inabox Group, co-founded Inabox Group brand Telcoinabox in 2002. He successfully steered the business from a startup to its current position as a profitable and growing telecommunications company. He has more than 12 years' experience in telecommunications and is a big supporter of entrepreneurs breaking new ground.

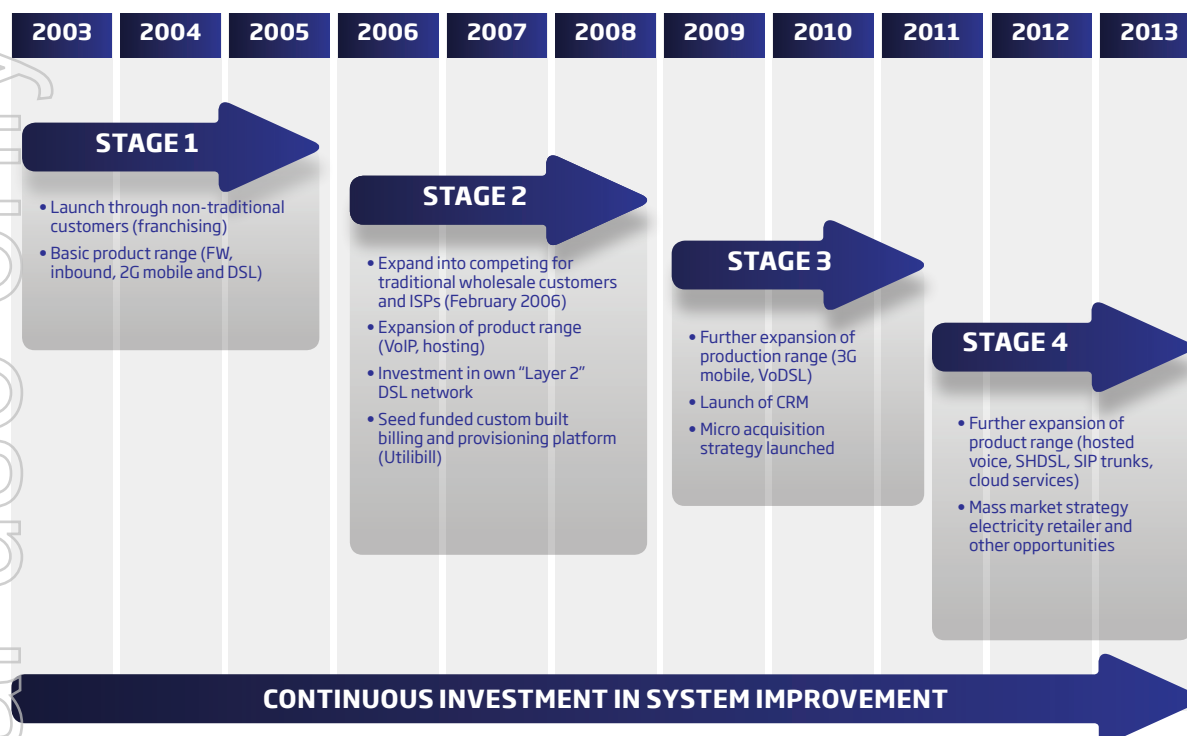
"We (Telcoinabox) have been working with AAPT since our very beginning and we like the relationship we have built together over the years; they are easy to deal with and flexible. When we talk about AAPT we call them our 'innovation partner' as they provide the latest solutions and tailor them to our needs. We place a strong emphasis on partnering closely with our vendors, as ongoing success is based on good relationships."

Damian Kay
**CEO & Managing Director
Inabox Group**

5. OUR BUSINESS

5.1 History and background

Inabox was founded to enable entrepreneurial individuals and organisations to create their own telecommunications business and profit from supplying previously underserved niches in the telecommunications market. Key milestones throughout our business' 10 year history are shown below:



5.2 Business description

Inabox is a non-Carrier telecommunications aggregator. We provide our customers - called Retail Service Providers (RSPs) - with telecommunications products (fixed line, mobile and data) and back office services including billing, customer support and provisioning.

RSPs sell these products and services to end users under their own brand and contract directly with their customers.

Inabox aggregates the demand for telecommunications services from our RSPs. Inabox then buys from large Carriers such as Telstra, Optus, AAPT and NBN Co. Back office services are provided by Inabox's own in house teams using highly customised IT platforms and systems.

Unlike many of our competitors, we do not compete with our RSPs at a retail level. Many of our RSPs see this as an important point of difference.

Inabox operates under two brands targeting different sections of the market:

- The 'Telcoinabox' brand services approximately 115 RSPs. Telcoinabox targets RSPs with a requirement for a full suite of telecommunications products and back end services including billing, payment processing, customer care and technical support; and,
- The 'iVox' brand services approximately 97 RSPs. iVox competes for price sensitive and technically competent RSPs by focusing on a narrower range of next generation Internet Protocol (IP) products, backed up by a strong customer service ethic and a limited range of back office services.

5.3 Growth initiatives and operational goals

Inabox believes growth will come from:

- Expanding customer base of RSPs**
Actively marketing to new entrants and existing participants in the telco reseller market. There is the opportunity to win more RSPs from other Carriers or aggregators.

5. OUR BUSINESS

- **Sell more products through the existing RSP channel**

Inabox plans to launch a range of new products in 2013. High priority products include: call termination services, NBN access services, virtual private networks and cloud based services such as remote back up and storage.

- **Develop the mass market channel**

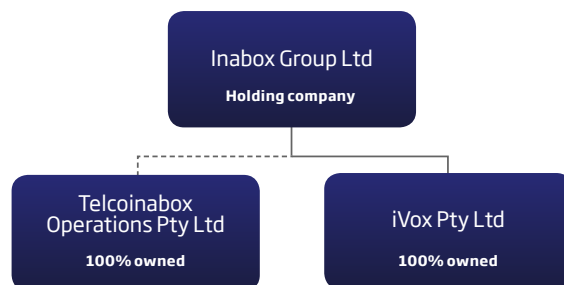
This new strategy was developed to assist large corporations with known and trusted brands to enter the telecommunications market. Recently a number of organisations from the retail, finance and utilities industries have announced strategies to bundle telecommunications products with their existing offers to increase customer loyalty and revenue. While these companies have scale in their core businesses they do not typically have expertise to deal directly with a Carrier. Inabox is well positioned to win these clients through providing advice, enabling customer ownership and improving speed to market. Inabox is currently running a trial with an ASX listed electricity retailer and negotiating other large opportunities.

- **Selected acquisitions**

Inabox believes there are a number of smaller wholesalers and aggregators, or other complementary businesses, which it may be able to acquire Post IPO.

5.4 Business structure

Inabox is the holding company for Telcoinabox Operations Pty Ltd and iVox Pty Ltd:



Telcoinabox Operations Pty Ltd

In preparation for the IPO and to provide a cleaner structure for new Investors, Telcoinabox Operations Pty Ltd was formed in early 2013 to acquire the 10 year old business and selected assets and liabilities of TELCO IN A BOX Pty Ltd.

iVox Pty Ltd

iVox Pty Ltd was founded in 2004 to take advantage of the then new Voice over Internet Protocol (VoIP) technology. By late 2005, iVox had launched the first phase of the product suite - Hosted Voice and billing. Since then iVox has added call termination/origination, broadband, landline, mobile rebill and hosted software portals. Like Telcoinabox, iVox does not sell directly to retail customers. Instead, iVox sells through a channel of Retail Service Providers (RSPs). iVox currently has approximately 97 RSPs.

5.5 Business model

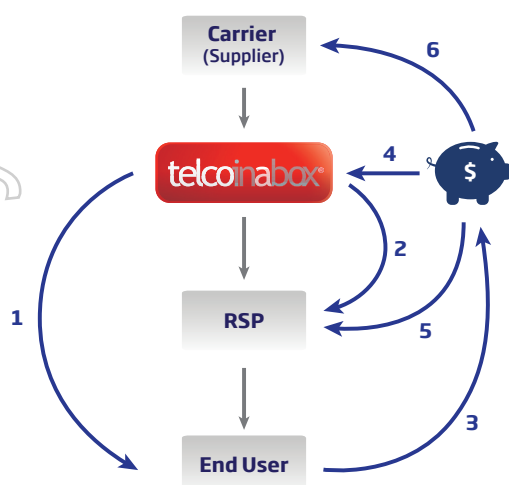
Inabox generates profit through the resale of telecommunications products and the provision of back office services to Retail Service Providers (RSPs).

Outlined below is a typical process for Telcoinabox's RSPs beginning with the acquisition of a new end user through to completion of their first billing cycle. This provides a general idea of how the Telcoinabox business operates and the relationships between the end user, RSP, Telcoinabox and Carrier/supplier. Note this is for illustration only and actual transactions, relationships and processes may vary.

- RSPs enter into an agreement to supply telecommunications products and services to end users
- The RSP uses Telcoinabox's provisioning and billing platform to enter the end user and service details
- Telcoinabox then sends a provisioning request to the ultimate Carrier (Telstra, Optus etc.)
- Once the services are active the Carrier starts to bill Telcoinabox for usage and call/data traffic
- Each day Telcoinabox collects usage information relating to the end user services from the Carrier, this is stored in the provisioning and billing system.

5. OUR BUSINESS

The process of billing is shown below:



1. Telcoinabox bills end users under the RSP brand
2. Telcoinabox bills the RSP for product and services cost (plus a margin for Telcoinabox)
3. End users pay their invoice by depositing funds into an account controlled by Telcoinabox
4. Telcoinabox offsets money collected against the RSPs wholesale invoice
5. Telcoinabox pays the RSP the difference between product and services cost (plus a margin for Telcoinabox)
6. Telcoinabox pays the Carriers

The majority of Telcoinabox's RSPs use the process shown above. The iVox business operates differently with most of their RSPs using their own billing systems and prepaying for their services. For those RSPs the above business model will not apply.

5.5.1 Inabox's value proposition and competitive advantages

Value proposition

Inabox simplifies building and managing a telecommunications business and removes the barriers to entry for RSPs. Many Carriers will not deal with a RSP directly unless they have a significant monthly volume. By partnering with Inabox, RSPs are able to access a wide range of telecommunications products and services from multiple Carriers at competitive prices.

Even where new market entrants have the potential for significant volume, they do not typically have expertise to deal directly with a Carrier. Inabox is well positioned to win these clients through providing advice, enabling customer ownership and improving speed to market.

Inabox differentiates itself from competitors by offering our RSPs a range of back office support services designed to lower their total cost of operating the business, improve service levels and leave the RSP's management team free to focus on marketing, sales, account management and collecting money from their clients. To many RSPs this is appealing because they might otherwise need:

- Staff who are experienced and knowledgeable about the telecommunications industry;
- Multiple supplier relationships;
- A help desk and customer service capability (for faults, billing enquiries, additions and changes);
- Access to a reliable billing system and print/mailing house; and,
- Payment facilities which allow them to accept credit cards, EFTPOS, BPAY, etc.

Competitive advantages

We believe that we have the following competitive advantages:

- We are one of only a limited number of aggregators willing and able to provide an end to end bespoke solution to RSPs – we aim to provide them with almost everything they need to build their business;
- Two brands with different value propositions appealing to different sections of the RSP market;
- We do not compete with our customers and are focused solely on the wholesale market – many of our RSPs see this as an important point of difference;
- Barriers to entry – the business model is likely to be difficult to replicate without significant scale and expertise;
- Customer retention – it is potentially disruptive and costly for a RSP to move away if they are using our provisioning and billing system along with back office services; and,
- We have spent over \$5 million over six years on a provisioning and billing platform for which we have a perpetual licence. This allows our RSPs to use a single interface for provisioning and billing products and services.

5. OUR BUSINESS

5.6 Our suppliers

Inabox has relationships with suppliers including Telstra, Optus, Vocus and AAPT. These suppliers provide the majority of telecommunications products which Inabox offers including fixed line, mobile and data.

5.7 Our products and services

Inabox provides the following products and services to our RSPs:

Telecommunications products

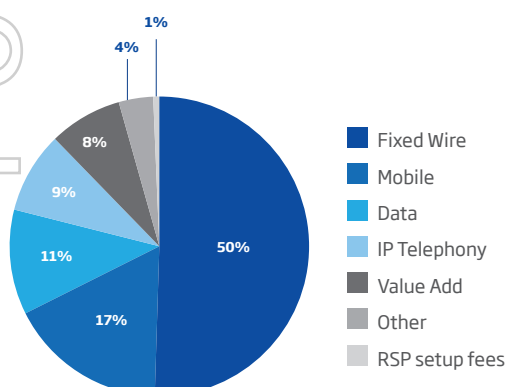
- Mobile voice and data services – supplied by both Telstra and Optus
- Fixed wire – traditional phone lines (Public Switched Telephone Network (PSTN)), digital phone lines (Integrated Services Digital Network (ISDN))
- Internet – we manage and maintain our own national network in conjunction with our suppliers, providing ADSL, SHDSL and Ethernet. Wireless broadband is provided through Optus, with coverage in most capital cities (and steady growth in regional areas)
- Inbound – telephone service for 13, 1300 and 1800 numbers
- Hosted Voice – includes IP telephone lines (SIP trunks), Hosted PBX and VoIP
- Hosting products including Web, domain name services and Email
- Hardware – mobile handsets and SIM cards, routers and Hosted Voice hardware

Back office services

We offer and charge our RSPs for the following back office services:

- Bill management – production of monthly end user invoices, printing and mailing
- Customer Relationship Management (CRM) – cloud based system integrated with the billing system allowing end users to be managed throughout all stages of the selling process
- Provisioning services – the transfer of existing or the activation of new services
- Training – comprehensive training programs covering all aspects of being a RSP, from technical knowledge to marketing and ongoing workshops, webinars, regulatory guidance, annual sales conference and online tutorials
- Payment processing – provides many different ways for end users to pay their bills, e.g. credit card, EFTPOS, BPAY etc.
- Marketing – assisting RSPs via branded product collateral, stationery, websites, email campaign templates and social media guidance
- Faults – technical help desk provides assistance to end users and answers the phone using the RSP's name (rather than Inabox)
- Customer care using the RSP's brand – this team handles billing enquiries, requests for additions, moves, changes and upgrades on behalf of RSPs
- Knowledge base – online technical support with over 5,000 articles
- Product development – procurement and launch of new products and services

Inabox revenue break down by product

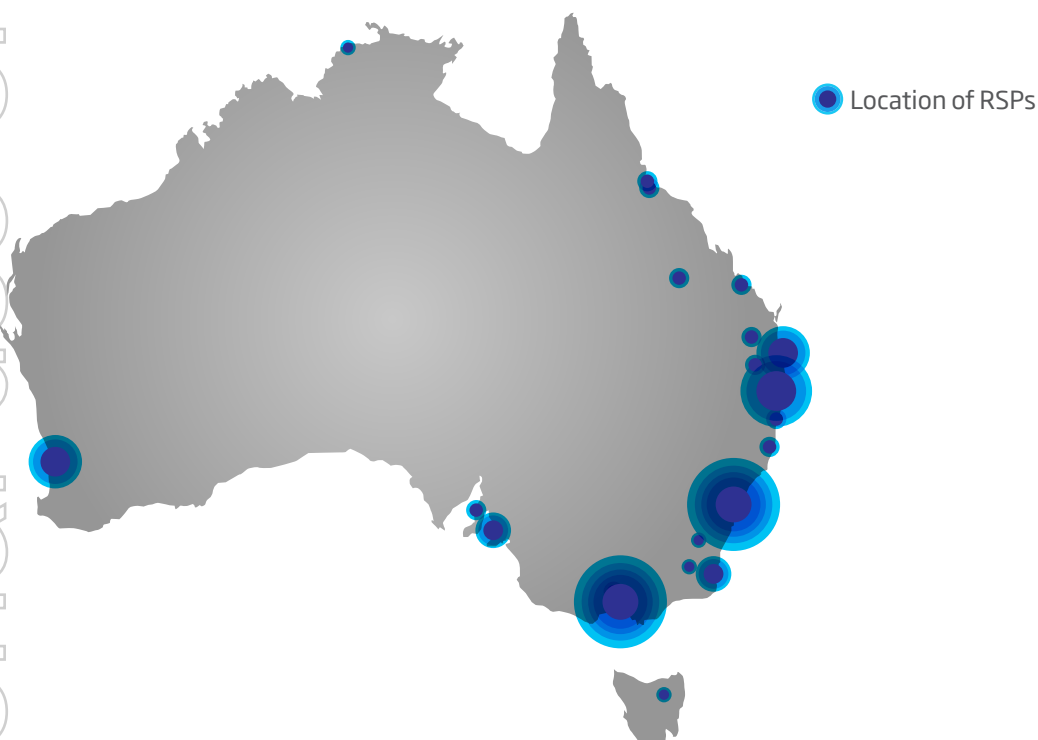


5. OUR BUSINESS

5.8 Retail service providers

Inabox has over 200 RSPs which include:

- Startups - entrepreneurs that have built their own RSP business
- Existing RSPs - with an established business they migrated to Inabox
- IT services companies - offering telecommunications products to their customers
- Dealers and resellers - hardware vendors or dealers that own a customer base generating recurring revenue
- International Carriers - with a relatively small physical presence in Australia
- Large corporates and associations - building a telecommunications business unit



5.9 External recognition

Telcoinabox has been included in:

- BRW Fast 100 (2007)
- BRW Fast Starter (2008)
- BRW Great Place to Work (2011)
- BRW Fast Franchises (2008-2012)

5.10 Regulatory environment

Telecommunications Act and the Telecommunications Consumer Protection Code

The telecommunications industry, of which Inabox is a participant, is regulated by the *Telecommunications Act 1997 (Cth)* and a large number of industry codes, including the Telecommunications Consumer Protection Code (TCP Code). The TCP Code imposes certain obligations on carriage service providers and businesses connected to the supply of carriage services that are aimed at enhancing existing consumer safeguards. Some of those obligations relate to clearer advertising, transparent billing practices and complaint handling.

Franchising Code of Conduct

The Franchising Code of Conduct (Franchising Code) is a mandatory industry code established under the *Competition and Consumer Act 2010 (Cth)*. While part of Inabox's business is similar to a franchise, that business is not considered to be a 'franchise' within the meaning of the Franchising Code and as a result the Franchising Code does not compulsorily apply to Inabox. Inabox has nonetheless chosen to voluntarily comply with key parts of the Franchising Code in respect of the part of the Company that is operated like a franchise.

General

Laws that apply to Inabox (including federal, state and local government laws, regulations, policies or international laws) are subject to review and change from time to time. Any changes to applicable laws may affect the telecommunications industry and, consequently, Inabox's operating costs, revenue and profitability.

6. BOARD, MANAGEMENT AND GOVERNANCE



Urban Telecom

Jackson Zhu, Managing Director, Urban Telecom, started the business in July 2011. He has a corporate sales background. In less than a year he has four permanent staff and signed on 350 SME customers typically with three to six fixed lines and an average monthly spend of \$250-300. Last month he billed \$85,000 but his goal is to raise the bar to \$150,000 per month by the end of 2013.

"I chose Telcoinabox because its business model is easy to understand and the business is reputable. They take care of the back end work so we can concentrate on sales. Telcoinabox also helps keep my business competitive by constantly updating its product offerings and regularly reviewing product performance.

"This type of business gives me more flexibility with my time, especially being able to spend more time with my new baby."

Jackson Zhu
Managing Director
Urban Telecom

6. BOARD, MANAGEMENT AND GOVERNANCE

6.1 Board of Directors



Siimon Reynolds
Non Executive Chairman

Siimon Reynolds has over 25 years' experience in media and marketing, building and leading multi national businesses. He cofounded Photon Group, which in eight years grew from two people to over 6,000, listing on the ASX in 2004. Siimon has been featured on 60 Minutes, Today, Bloomberg and CBS Moneywatch. He also writes a column on Entrepreneurship on Forbes.com. Siimon's recent book, 'Why People Fail' was awarded the Silver Medal at the 2012 Axiom Business Book Awards and reached number one on the Business book bestseller list. He has won over 50 industry and business awards.



Damian Kay
Managing Director and CEO

Damian cofounded Telcoinabox in 2002. He has more than 12 years' experience in the telecommunications industry. Previously he owned phone reseller Universal Telecom which he sold to Commander in 2006. Damian also held roles at Optus and has extensive sales experience in the FMCG (fast moving consumer goods) and IT industries. Damian has a degree in Commerce from Latrobe University, Melbourne, and is a graduate and Member of the Australian Institute of Company of Directors.



Paul Line
Executive Director and Chief Operating Officer

Paul joined Telcoinabox in 2005. He has over 10 years' experience in product development and operations in the telecommunications industry. At Telcoinabox, he has held account and product management positions and became General Manager in 2009. He accepted his position as COO in 2012. Prior to Telcoinabox, Paul held managerial roles for major FMCG and retail companies in the UK. Paul holds a Bachelor of Science (Hons.) specialising in Production and Operations Management from Nottingham University, UK, and is a Member of the Australian Institute of Company Directors.



Garry Dinnie
Non Executive Director

Garry has more than 35 years' experience in audit and accounting, information technology, finance, risk and corporate governance in the IT and communication, financial services, manufacturing and retail industries. He retired from Ernst & Young in 2008 after 25 years as a Senior Partner. Today he is Non Executive Director of Integrated Research Limited, Non Executive Director and Chair of the Audit and Risk Committee of CareFlight Limited and Non Executive Director of a number of private companies. He also is Chair of the Audit and Risk Committees of several public and private sector organisations. Garry holds a Bachelor of Commerce Degree from the University of NSW and is a Fellow of the Institute of Chartered Accountants, Australian Institute of Company Directors and Australian Institute of Management.

6. BOARD, MANAGEMENT AND GOVERNANCE

6.2 Senior Management



Tony Crossley
Chief Financial Officer

Tony joined Telcoinabox in 2011 as CFO. He has more than 30 years' experience in financial management and accountancy with an extensive background in risk management and funding in the mortgage, insurance and reinsurance industries. Prior to Telcoinabox, Tony was CFO for Mortgage Choice and Macquarie Bank Limited's Securitised Lending Division. He holds a Bachelor of Laws (LL.B) with Honours from the University College London and was called as a barrister of Lincoln's Inn.



Angus Fotheringham
Company Secretary and General Counsel

Angus joined Telcoinabox in 2010 as General Counsel and Company Secretary. He has more than 10 years' experience in commercial advisory roles and has worked as a solicitor in corporate and commercial law and in dispute resolution, in the telecommunications, media and technology industries. Prior to joining Telcoinabox, Angus was Legal and Business Affairs Executive for Beyond International Limited and was a solicitor at Gadens Lawyers and at Deacons, now Norton Rose Australia. He holds a Bachelor of Laws (LL.B) with Honours and Bachelor of Arts from the University of Technology Sydney and is a certificated member of Chartered Secretaries Australia.



Michael Clarke
General Manager, iVox

Michael has been in the IT and telecommunications industry for 18 years. His early years were spent providing outsourced IT services to corporate clients and building a boutique internet service provider for businesses. Michael cofounded iVox in 2004, acting as CTO until 2010 when he took over as CEO. Michael excels in heading technical design and support teams, whilst being involved in all aspects of operations and finance.

6.3 Employees

Inabox will employ approximately 75 full time staff at the completion of the IPO.

6. BOARD, MANAGEMENT AND GOVERNANCE

6.4 Corporate governance

The Board has adopted a comprehensive set of charters and policies which establish the corporate governance framework for Inabox, including Board and committee charters, a code of conduct and continuous disclosure, securities trading, communications and diversity policies, copies of which will be available on our website, www.inaboxgroup.com.au.

6.4.1 Composition of Board

Inabox is committed to having a Board whose members have the capacity to act independently and have the composite skills to optimise our financial and operational performance and maximise returns to all Shareholders. Inabox has two Non Executive independent Directors, Garry Dinnie and Siimon Reynolds.

6.4.2 Responsibility of the Board

The Board is responsible for the corporate governance of Inabox. In particular, the Board:

- Promotes ethical and responsible decision making;
- Ensures compliance with the *Corporations Act*, accounting standards, the ASX Listing Rules and all other appropriate laws;
- Sets and reviews strategic direction and approves the annual operating budget;
- Establishes goals for management and monitors the achievement of these goals;
- Monitors the operating and financial performance of Inabox;
- Monitors the performance of the Board, the CEO and executive management ensuring a clear link between performance and remuneration;
- Ensures that an appropriate overall framework of internal controls is in place to facilitate efficient decision making and monitor business risk;
- Ensures that capital markets and Shareholders are fully informed of material developments through effective compliance with continuous disclosure best practice; and,
- Recognises the legitimate interests of all stakeholders.

The Board plans to meet regularly as part of a regular reporting cycle and otherwise as required. In addition, the Board plans to meet annually with senior management to discuss and set future strategy.

6.4.3 Board Committees

The Board Committees include:

- Audit and Risk Committee
- Nomination and Remuneration Committee

	Audit and Risk Committee	Nomination and Remuneration Committee
Chairman of the Committee	Garry Dinnie	Garry Dinnie
Non Executive Chairman	Siimon Reynolds	Siimon Reynolds
Executive Director	Paul Line	Paul Line

Given the small size of Inabox's Board, all Non Executive Directors are members of the Audit and Risk and Nomination and Remuneration Committees.

6.4.3.1 Audit and Risk Committee

The objective of the Audit and Risk Committee is to assist the Board of Inabox to discharge its responsibility to exercise due diligence and skill in relation to:

- Financial reporting – ensuring review of all statutory financial statements and related notes;
- Accounting – reviewing accounting and reporting issues as they arise;
- Compliance – in accordance with statutory requirements;
- Internal audit – overseeing the internal audit function and evaluation of performance and objectivity of the internal audit function;

6. BOARD, MANAGEMENT AND GOVERNANCE

- External audit – assessment of approach and evaluation of performance and remuneration of the external auditor;
- Risk management – provide a mechanism to enable the Board to focus on risk management and internal control in respect of Inabox's business; and,
- Reporting – provide reports and make recommendations to the Board in relation to the risk profile of Inabox and management of risks.

The committee meets these objectives by providing a forum for communication between the Board, management and the external auditor.

The Board and the Audit and Risk Committee will review the performance of and monitor the independence of the external auditor, on a periodic basis.

The Audit and Risk Committee will have a direct line of access to the Board and shall meet at least annually with representatives of the Board to discuss the effectiveness of the committee's functions.

It is proposed that representatives of Inabox's auditor will attend Shareholder meetings and make themselves available to answer Shareholders' questions about the conduct of the audit, the preparation and content of the financial statements and their audit report.

6.4.3.2 Nomination and Remuneration Committee

The Nomination and Remuneration Committee has responsibility for the following:

- Reviewing and evaluating market practices and trends in relation to remuneration relevant to Inabox;
- Reviewing the competence and performance of the Board and key executives against measurable and qualitative indicators;
- Reviewing Board succession plans;
- Ensuring the Board is provided with sufficient resources and information, including access to advice from external specialists or consultants, to ensure informed decision making on the issue of remuneration and nomination;
- Advising the Board on the appropriate disclosure to be made in relation to executive remuneration, termination payments and retirement benefits; and,
- Reviewing and making recommendations to the Board in relation to Inabox's remuneration policies and any incentive schemes.

Remuneration includes not only monetary payments (salary and wages) but all other monetary and non monetary benefits. The Board undertakes an annual review of Inabox's performance and the performance of Inabox's committees. Whilst performance related bonuses will be available to executives, they are not payable to Non Executive Directors.

7. RISKS



Kubos

Diego Torre, Managing Director, Kubos, Sydney, started the business in October 2010. His previous occupation was Channel Manager for People Telecom. Target customers are small businesses with five employees or less with landline and internet requirements. Currently he has 250+ customers with a monthly billing of \$40,000.

"Telcoinabox was the best fit for me. They could offer the full service of telecommunications, billing, products, back office support at a much lower cost than if I tried to go out on my own and negotiate deals directly with the carrier.

"Telcoinabox helps lower my operating costs associated with customer service management allowing me to fully focus on selling and growing the business.

"Telcoinabox is fantastic at customer service and the billing system is very user friendly."

Diego Torre
Managing Director
Kubos

7. RISKS

7.1 Factors influencing success and risk

This section identifies the areas which the Directors believe are the major risks associated with an investment in Inabox.

An investment in Inabox should be considered in light of relevant risks, both general and specific. Each of the risks set out below could have a material adverse impact on Inabox's operating performance and profits and the market price of our Shares. It should be noted that this is not intended to be an exhaustive list of the risk factors to which Inabox is exposed.

Before deciding to invest in Inabox, you should:

- Read the entire Prospectus in particular Section 2.4 and this section
- Consider the risk factors which could affect the performance of Inabox
- Review these factors in light of your personal circumstances
- Seek professional advice from your accountant, stockbroker, lawyer or other professional adviser before deciding whether to invest

7.2 Risks specific to Inabox

The business activities of Inabox are subject to a number of risks which could affect Inabox and the industry in which we operate. These factors may have a substantial impact on future performance and the value of your Shares.

Carriers and supply

Inabox does not own significant infrastructure and could face the risk of supply constraints, such as changes to pricing or supply terms, from Carriers providing carriage services. Inabox's suppliers have the right to vary the terms of pricing for products supplied to Inabox or other terms of supply.

Inabox presently holds supply agreements from major Carriers including Telstra, Optus, Vocus, AAPT and NBN Co. The majority of products supplied to Inabox are from Telstra. Our contract with Optus for mobile services is currently being renegotiated and in the absence of a satisfactory outcome Inabox may have to acquire the services from an alternative supplier.

Inabox mitigates these risks by having supply agreements with multiple Carriers, however change of Carrier may cause extensive disruptions. As Inabox grows, the proportional importance of our business to Carriers may provide some protection against unfavourable changes to supply agreements.

Billing delays or problems

Inabox carries out two bill runs each month, one on behalf of our RSPs where the end customers are invoiced, the other to bill the RSPs for the wholesale cost of the products and services purchased. It is extremely important that Inabox will be able to produce accurate invoices in a timely fashion. Any interruption which prevents Inabox from issuing bills to our RSPs or to their customers would critically impact the ability of Inabox to continue operations. This is because Inabox is obliged to pay suppliers each month, irrespective of whether Inabox has received money from our RSPs and their customers. Such a delay would also damage the reputation of Inabox.

To mitigate this risk Inabox recently acquired a perpetual licence for the billing software which we have used for more than six years. We have recently migrated the software from the licensor's server environment to an environment controlled by Inabox and completed two successful billing cycles. The perpetual licence contains terms requiring the ongoing provision of support by the original licensor of the software, daily back ups are carried out and the software runs on a secure server located in a secure data centre.

The billing software will require significant ongoing development in order to support new products intended to be released by Inabox and to scale up to support mass market RSPs. There is a risk that this development may not be possible to achieve within time and cost constraints imposed on Inabox by the market and RSPs. Inabox will reduce this risk by maintaining a dedicated billing team and a software development team in house to manage and operate the billing software.

Credit risk

Inabox minimises the risk of bad debt through prepayment or the use of a system whereby end users pay their monthly invoice directly into an account controlled by Inabox as described in Section 5 titled Our Business - Business model. Inabox then deducts what it is owed by the RSP and only then pays the RSP the balance.

7. RISKS

In the period from late 2010 to mid 2012 Telcoinabox suffered significant bad debts as a result of payment defaults by four former RSPs. Subsequently, a Risk Committee was established in 2012 and an ongoing review of risks faced by the business commenced.

Inabox has also taken the following actions to further mitigate credit risk:

- Discontinued or imposed limits on the supply of products which the Company believes are associated with a higher risk of default;
- Implemented tougher screening of new RSPs;
- Regular monitoring of key indicators of RSP performance and creditworthiness; and,
- Reviewed and (where required) upgraded contracts with RSPs and reviewed security provided by them.

As a result, Inabox has significantly reduced the occurrence of bad debts and expects to continue to maintain an acceptable level of bad debt.

Despite these improvements, Inabox is still subject to credit risk and this could have a material adverse impact on earnings and cash flows.

Loss of major customer

There are a small number of RSPs which proportionately account for a significant amount of Inabox's revenue and margins. The largest of these accounted for approximately 18% of total revenue with the top 10 combined representing approximately 54% of total revenue (for the six months to December 2012).

Inabox's risk of losing RSPs is mitigated by the following factors:

- A number of RSPs have fixed term contracts with liquidated damages payable upon early termination by the RSP;
- The Inabox model provides a low total cost of operation for its RSPs allowing us to respond to competitive offers in the market;
- It is potentially disruptive and costly for a RSP to move away if they are using our provisioning and billing system along with back office services;
- A team of dedicated account managers are responsible for maintaining good relationships with RSPs; and,
- We do not compete with our RSPs by offering retail products - to many of our RSPs this is a significant point of difference.

There remains a risk that should larger RSPs change to another wholesaler, go out of business or reduce their volume, this will have a material adverse impact on the revenue and earnings of Inabox.

Network operation and IT risks

Any material damage or disruption to Inabox's network or IT systems will impair our ability to provide products and services and result in significant disruption to the business and our customers.

This disruption could arise as a result of events which are beyond Inabox's control, such as telecommunications network failure, failure of other Carrier/supplier equipment or networks, improper or negligent operation of Inabox's systems by employees, consultants or RSPs, unauthorised physical or electronic access, general network failure and/or natural disasters.

In addition, Inabox could be adversely impacted by electronic attacks and other forms of cyber crime, such as attempts by hackers to gain access to or damage Inabox's systems and databases. This could cause failures, faults, provisioning and billing issues and problems for RSPs dealing with Inabox or their end users. While Inabox employs security measures and undertakes regular system and network maintenance, no assurance can be given that Inabox's servers and network will not be adversely impacted by malicious viruses or hackers.

Any damage to Inabox's network operation and/or IT systems could materially and adversely affect Inabox's reputation, operations and financial performance.

Regulatory risks and NBN

Inabox may be affected by changes to government policies and legislation, including those relating to telecommunications, privacy, franchising, data security and taxation. In particular, Inabox may be affected by regulatory changes to pricing of key products such as fixed wire telephony, which may advantage either Inabox or our competitors disproportionately. Inabox may also be affected by changes to industry regulation which impose new compliance obligations or prohibitions on either us or our RSPs.

7. RISKS

It is also unknown how the National Broadband Network (NBN) will impact on Inabox and Inabox's RSPs in the future, but there is the possibility that regulatory or pricing conditions may apply to the sale of NBN services which place Inabox at a disadvantage to some of our competitors.

Sustainability of revenue and profitability

The sustainability of revenue and the level of profit margins from operations are dependent on a number of factors outside of Inabox's control. Industry margins are likely to continue to be put under pressure as competitors seek to gain market share and technology changes reduce the use of traditionally high margin services (e.g. fixed line).

There is no assurance that Inabox's past operating results are indicative of future performance nor that Inabox will be able to achieve the strategic growth objectives discussed in Section 2 titled Investment Highlights and Summary - Business strategy.

Risks associated with mass market strategy

In pursuing the growth strategies described in this Prospectus in particular in implementing the mass market strategy the business may be subjected to significant risks, including those related to customer concentration, scalability of systems, increased supply risk and diversion of resources from the existing business.

Restructure risks

Prior to the IPO, Telcoinabox was acquired by Inabox. There are a number of administrative steps remaining to fully complete the transfer of the business. If for any reason these administrative steps are not completed or are significantly delayed Inabox could suffer a material loss. This risk is mitigated by entities related to the Founders being significant Shareholders in Inabox.

Reputational and association risks

Inabox has only limited control over the activities of its RSPs, however there is a risk that Inabox may be associated with activities carried out by those RSPs which could cause damage to Inabox's reputation.

There are companies operating under the 'Telcoinabox' brand in the UK and NZ which are not owned or controlled by Inabox but which are majority owned by entities related to the Founders. There is a risk that the actions of those companies in their respective markets could be associated with the Australian brand, thereby causing reputational or commercial damage.

Technology risk

Inabox competes with other telecommunications companies who may introduce new products and services which are unavailable to Inabox or cannot be introduced by Inabox at a competitive price.

If these products and services are superior or perceived to be superior to Inabox's products and services, and if Inabox is unable to offer similar products and services at a competitive price, then this may impact adversely on Inabox's ability to compete in the market and keep customers.

Dependence on key personnel

Inabox is reliant upon a number of key senior management staff including the Managing Director, Chief Operating Officer and Chief Financial Officer. The loss of key staff could have a materially adverse impact on the performance of Inabox. While no assurance can be provided about the continued availability of key personnel we are committed to providing an attractive employment environment and incentives to assist in retaining them. Accordingly, Inabox may put in place an employee share option plan in FY 2014 as part of a program to enhance employee loyalty and productivity.

Dividends may not be paid

Payment of dividends cannot be guaranteed. The payment is at the discretion of Directors who will take into account a number of factors including the general business environment, operating results, financial position of Inabox, future funding requirements, potential availability of strategically important opportunities, taxation considerations (including the level of franking credits available) and any contractual, legal or regulatory restrictions on the payment of dividends by Inabox.

Shareholder dilution

Further, Inabox may seek to raise additional capital to fund acquisitions or growth by issuing new Shares within 12 months from the date of this Prospectus. This may also have the effect of diluting existing Shareholders. It is also possible that Inabox may fund growth or acquisitions using debt and debt convertible into Shares. The Directors will adopt prudent financial practices in assessing the appropriate funding mix.

7. RISKS

Mergers and acquisitions

In addition to the acquisition of iVox, Inabox plans to pursue strategic acquisitions which are complementary to our existing business. There is no assurance that Inabox will be able to successfully integrate acquisitions including iVox into our business. A merger or acquisition may bring with it unforeseen risks or liabilities and may not perform to the level anticipated. The failure to identify and successfully execute suitable mergers and acquisitions may have an adverse effect on the financial position of Inabox.

Financing and financial risk management

Inabox's continued ability to effectively implement the business plan and IPO may depend on our ability to raise additional funds. There can be no assurance that any such equity or debt funding, if required, will be available to Inabox on favourable terms or at all. If adequate funds are not available Inabox may not be able to take advantage of opportunities and/or respond to competitive pressures.

7.3 General investment risk

Accounting standards

Australian accounting standards are set by the Australian Accounting Standards Board (AASB) and are outside the Directors', and Inabox's control. Changes to accounting standards issued by AASB could materially adversely affect the financial performance and position reported in Inabox's financial statements.

General economic conditions

Inabox's operating and financial performance will be influenced by a variety of general economic and business conditions including the level of inflation, foreign exchange rates, capital availability, interest rates and government fiscal, monetary and regulatory policies. Prolonged deterioration in general economic conditions may have an adverse impact on Inabox's operating and financial performance.

Share market investments

It is important to recognise that, once the Shares are quoted on the ASX, their price might rise or fall and they might trade at prices below or above the Offer Price. There can also be no assurance that an active trading market will develop for the Shares or that the price of the Shares will not fall.

Factors affecting the price at which the Shares are traded on the ASX could include domestic and international economic conditions. In addition, the prices of many listed entities' securities are affected by factors which might be unrelated to the operating performance of the relevant company. Such fluctuations might adversely affect the price of the Shares.

Taxation risks

A change to the current taxation regime may affect Inabox and Inabox's Shareholders. Personal tax liabilities are the responsibility of each individual Investor. Inabox is not responsible either for taxation or penalties incurred by Investors.

8. FINANCIAL INFORMATION



Matteo Passerini joined Telcoinabox in 2011 as Technical Pre-sales Consultant. He comes from Cesena, Italy, where he worked as a Telecommunications Engineer for Nextmedia.

“It’s such a great culture here at Telcoinabox. My colleagues and retail service providers are fantastic and the work is interesting and challenging. There’s a really strong work ethic, we sit in an open plan office and you can literally see and hear everybody around me doing their very best to achieve a common goal. It makes me feel like I’m part of a team on a mission. I honestly couldn’t be more happy and I am looking forward to seeing what’s on the horizon for the business.”

Matteo Passerini
**Technical Pre-sales Consultant
Since 2011**

8. FINANCIAL INFORMATION

8.1 Introduction

The financial information of Inabox Group Limited contained in this section has been prepared by the Directors.

Inabox Group acquired the former Telcoinabox Australia operations (excluding residual related party loans and taxation liabilities and working capital equivalent to the value of the tax liabilities). The Inabox Group Limited financial information presented includes an aggregation of the former Telcoinabox Australia business and iVox Pty Ltd. The financial information includes:

- The Pro forma Historical Financial Information being the:
 - (i) Pro forma aggregated income statements of TELCO IN A BOX Pty Ltd (being the former Telcoinabox Australian business) and iVox Pty Ltd for the years ended 30 June 2011 and 30 June 2012, and for the half year ended 31 December 2012 ('Pro forma Income Statements'); and
 - (ii) aggregated assets and liabilities of TELCO IN A BOX Pty Ltd (excluding residual related party loans and taxation liabilities and working capital equivalent to the value of the tax liabilities) and iVox Pty Ltd as at 31 December 2012 ('Pro forma historical Balance Sheet').
- The Pro forma Financial Information being the:
 - (i) Pro forma aggregated balance sheet as at 31 December 2012 ('Pro forma Balance Sheet').

Ernst & Young has reviewed the financial information. A report from Ernst & Young is included in Section 9 titled Independent Accountant's Report.

8.2 Basis of preparation and presentation of the financial information

The Pro forma Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies. The Pro forma Financial Information is prepared in a manner consistent with the recognition and measurement principles prescribed in Australian Accounting Standards but has been adjusted in that it reflects the impact of certain Pro forma transactions as outlined in Section 8.3.2.

The financial information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

The Pro forma Historical Financial Information has been extracted from the unaudited management financial information of TELCO IN A BOX Pty Ltd for the years ended 30 June 2011 and 30 June 2012 and for the half year ended 31 December 2012. No audit or review opinions have previously been issued with respect to the unaudited management financial information of TELCO IN A BOX Pty Ltd and iVox Pty Ltd for the years ended 30 June 2011 and 30 June 2012 and for the half year ended 31 December 2012.

8.3 Historical and Pro forma financial information

8.3.1 Pro forma Income Statements

	FY 2011 EY reviewed	FY 2012 EY reviewed	1st Half FY 2013 EY reviewed
	(\$ million)	(\$ million)	(\$ million)
Revenue	51.6	45.7	22.6
Carrier and General Expense	(44.4)	(37.5)	(16.9)
Employee Benefit Expense	(5.5)	(6.8)	(4.1)
EBITDA	1.7	1.4	1.6
Depreciation and Amortisation	(0.6)	(0.2)	(0.2)
EBIT	1.1	1.2	1.4

8. FINANCIAL INFORMATION

The increase in employee benefit expense since FY 2011 will continue in FY 2013 as Inabox strengthens its management team and brings in house previously outsourced roles such as software development, IT and pre-sales technical support. The Directors believe these measures will support the anticipated growth of the business especially in the new mass market channel. In addition, acquiring the perpetual licence for its billing and provisioning software and moving development and support in house reduces a key risk to the business and the additional staff costs are in part offset by a reduction of external licence and support costs.

In FY 2013 there will be costs incurred not shown above including:

- Costs associated with the iVox Acquisition transaction of \$0.3 million
- Costs of approximately \$0.1 million in respect of a number of non recurring expenses associated with the capital raising activities undertaken in the period
- Any amortisation of intangibles flowing from the iVox Acquisition.

Seasonality and other factors including an increase in staff numbers to support anticipated growth in FY 2014 are likely to affect the second half FY 2013 results. As a consequence the second half FY 2013 is unlikely to produce the same level of profitability as the first half. The Directors believe that these additional costs will contribute to profitability in coming years.

8.3.2 Pro forma Balance Sheets

	Historical Balance Sheet As at 31 December 2012 (\$ million)	Pro forma Adjustments: iVox Acquisition & Capital raising (\$ million)	Pro forma Balance Sheet As at 31 December 2012 (\$ million)
Cash	0.3	0.4	0.7 (i)
Receivables	2.9	-	2.9
Other Assets	0.7	-	0.7
Deferred Commission Expenditure	3.8	-	3.8
Fixed Assets	0.4	-	0.4
Software	1.0	-	1.0
Goodwill	-	3.2	3.2 (ii)
Assets	9.1	3.6	12.7
Borrowings	1.5	(1.5)	0.0 (iii)
Trade Payables	4.3	-	4.3
Staff Benefits	1.0	-	1.0
Accruals and Provisions	0.8	-	0.8
Tax Payable	0.0	-	0.0
Deferred Commission Revenue	4.0	-	4.0
Liabilities	11.6	(1.5)	10.1
Net Assets/(Liabilities)	(2.5)	5.1	2.6
Share Capital	-	5.4	5.4 (iv)
Retained Earnings	(2.5)	(0.3)	(2.8) (v)
	(2.5)	5.1	2.6

8. FINANCIAL INFORMATION

The Pro forma adjustments to the historical aggregated balance sheet reflect the following assumptions and transactions:

- (i) Cash movements comprise: (a) net cash proceeds of \$0.5 million from a previous raising; (b) a net cash payment of \$1.0 million in respect of the acquisition of iVox Pty Ltd; (c) the net cash proceeds from the initial public offering after iVox transaction costs of \$2.0 million; and (d) the repayment of net borrowings of \$1.1 million.
- (ii) Goodwill arises on the acquisition of iVox Pty Ltd and is the difference between the purchase consideration and the fair value of assets and liabilities acquired. The accounting for this adjustment is provisional, for two reasons: (a) the calculation will be finalised on actual asset values at the date of completion; and (b) the Directors expect that additional identifiable intangibles will arise out of the transaction, with definite and indefinite life. The definite life intangible will be subject to amortisation.
- (iii) Borrowings adjustment reflects the cancellation of a loan to iVox Pty Ltd from its Shareholders of \$0.4 million (which was excluded from the acquisition) and the reduction of borrowings of \$1.1 million.
- (iv) Share capital movements comprise of: (a) Shares issued for cash since 31 December 2012 of \$3.5 million; (b) Shares issued as part of the iVox purchase consideration of \$2.6 million; and (c) IPO transaction costs of \$0.7 million.
- (v) Retained earnings movements comprise of the iVox Pty Ltd's acquisition transaction cost of \$0.3 million.

8.4 Notes on financial information

8.4.1 Cash

This comprises cash at bank and in hand and short term bank deposits.

8.4.2 Receivables

Trade receivables generally have 30 day terms. Receivables at 31 December 2012 not collected by 15 April totalled approximately \$0.1 million (2.5% of 31 December 2012 receivables) and are fully provided for.

The principal features of Telcoinabox's credit risk management is the billing and collection process outlined in Section 5.5. iVox makes extensive use of prepayment by RSPs.

Collectability of trade receivables is reviewed on an ongoing basis, with individual debts that are considered to be bad written off when identified. An impairment provision is recognised when there is objective evidence, such as financial difficulties of the debtor, default payments and information provided by collection agents, that the debt may not be collectable.

8.4.3 Deferred commission expenditure/revenue

Mobile Carriers may elect to pay a commission to us on signing a new retail customer for a defined period, generally 24 months. It is usual that this is used to fund a new handset for the customer.

Such Carriers require the Telcoinabox business to refund a proportion of the commission should the service actually or constructively terminate before the end of the contract period. The refund is typically calculated on the basis of the number of months remaining on the contract.

Commission received by us is brought to revenue on a monthly basis over the life of the contract. Commission yet to be earned in this way is shown as a deferred commission revenue.

We pay a commission to our RSPs on essentially the same contract period and refund terms. Commission is thus expensed over the same period and commission yet to be expensed is shown as a deferred commission expense.

8.4.4 Software

The principal asset (cost \$1.0 million, written down value \$0.9 million) relates to a perpetual licence of the cloud based billing and provisioning system used by the Telcoinabox business for a number of years and acquired from the original developer on 30 June 2012. This system is amortised on a straight line basis over five years.

8. FINANCIAL INFORMATION

8.4.5 Borrowings

Borrowings comprise:

- Short term revolving credit facilities with two financial institutions; and,
- A \$0.4 million long term facility with the initial funder of iVox Pty Ltd which will be extinguished on the completion of the acquisition of that entity.

8.4.6 Trade payables

These comprise principally of amounts owing to telecommunications Carriers, which are unsecured and generally payable within 30 days of invoice date. Such payables are stated at invoice value.

8.4.7 Employee benefit provisions

This represents accrued liabilities for wages and salaries, stated at actual amounts paid and accrued obligations for annual leave and long service leave.

8.4.8 Accruals and provisions

These principally comprise outstanding instalments for the purchase of the billing and provisioning system referred to above in this section titled Software and provisions for audit fees.

8.4.9 Tax payable

The current taxation liabilities attributable to the Telcoinabox business will be retained by TELCO IN A BOX Pty Ltd. The deferred taxation liabilities and assets which relate to timing differences between the period of recognition on income or expenditure for tax and accounting purposes, which are less than \$0.1 million and are included in the transfer of the assets and liabilities of the Telcoinabox business.

8.4.10 Goodwill

Goodwill represents the difference between the total consideration to be given by the Company to the owners of iVox Pty Ltd, less the value of net assets acquired. It is calculated at cost, but will be tested for impairment if changes in internal or external events or circumstances suggest that this carrying amount is no longer recoverable.

8.4.11 Retained earnings

The Directors of Inabox Group Limited anticipate the acquisition of certain assets and liabilities of TELCO IN A BOX Pty Ltd will be accounted for using pooling of interest accounting principles. Under these principles Inabox Group Limited will continue to reflect the retained earnings of TELCO IN A BOX Pty Ltd. There will be minimal franking credits relating to iVox Pty Ltd.

8.4.12 Share based payment transactions

The Company has issued Options to the Directors and to other unrelated parties. These Options are valued using an established valuation model which requires a number of assumptions to be made, some of which are inherently subjective given that the Company has no share price performance history.

8.4.13 Revenue recognition

The Group principally obtains revenue from providing the following telecommunication services: fixed wire, mobile, data services and equipment sales. Products and services may be sold separately or in bundled packages.

Revenue for fixed wire, mobile and data services are recognised as revenue, as services are performed. Revenue from services provided, but unbilled, are accrued at end of each period and unearned revenue (revenue billed in advance) for services to be provided in future periods is deferred.

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

SUPPLEMENTARY PROSPECTUS

This is a supplementary prospectus ('Supplementary Prospectus') to the Prospectus dated 10 May 2013 issued by Inabox Group Limited (ACN 161 873 187) ('Original Prospectus') and should be read in conjunction with the Original Prospectus.

This Supplementary Prospectus is dated 22 May 2013 and was lodged with the Australian Securities and Investments Commission ('ASIC') on that day. ASIC and ASX Limited ('ASX') and their respective officers do not take any responsibility for the contents of this Supplementary Prospectus. Unless otherwise indicated, terms defined and used in the Original Prospectus have the same meaning in this Supplementary Prospectus and sections referred to in this Supplementary Prospectus refer to sections in the Original Prospectus. This Supplementary Prospectus does not form part of Section 8 titled Financial Information and accordingly is not included within the scope of the Investigating Accountant's Report in Section 9.

The following additional information on revenue is provided.

The phrase 'recurring revenue' has been used in the Original Prospectus. Recurring revenue is defined by Investopedia as 'the portion of a company's revenue that is highly likely to continue in the future. This is revenue that is predictable, stable and can be counted on in the future with a high degree of certainty'. In the Inabox context, 'recurring revenue' is used in a manner consistent with this and comprises both:

- Regular monthly charges to end customers, such as line rental, fixed/minimum value monthly mobile contract charges and data access charges, which do not depend on end customer usage in order to be billable and which require a conscious act of the customer (e.g. disconnection request) in order for this revenue to cease being receivable by Inabox; and,
- Usage charges, such as fixed wire call charges. These are reasonably predictable and stable and are often earned along with and in proportion to the period charges described above.

In order to illustrate the working capital position of Inabox the following information is provided.

	Historical Balance Sheet 31 Dec 2012 (\$ million)	Pro forma Adjustment (\$ million)	Pro forma Balance Sheet 31 Dec 2012 (\$ million)
Current Assets	6.7	0.4	7.1
Current Liabilities	10.1	(1.5)	8.6
Net Current Assets/(Liabilities)	(3.4)	1.9	(1.5)
Non Current Assets	2.4	3.2	5.6
Non Current Liabilities	1.5	-	1.5
Net Non Current Assets/(Liabilities)	0.9	3.2	4.1
Total Assets	9.1	3.6	12.7
Total Liabilities	11.6	(1.5)	10.1
Net Assets/(Liabilities)	(2.5)	5.1	2.6

Other than as set out above, all details in relation to the Original Prospectus remain unchanged.

Each Director has given and not withdrawn his written consent to the issue of this Supplementary Prospectus in the form and context in which it is issued.

22 May 2013



Siimon Reynolds
Chairman

9. INVESTIGATING ACCOUNTANT'S REPORT



Carolyn Crim joined Telcoinabox in 2006 and is a Technical Business Analyst. She originally joined the Company as a Product Manager.

"I have been with Telcoinabox for over six years now, and in that time, Telcoinabox has enabled me to grow both personally and professionally. Every day there is always new and exciting challenges. The staff at Telcoinabox believe in having fun, while still being professional and always striving for the best results for our clients. Telcoinabox is the perfect mix of being at the heart of an ever changing telecommunications industry, while still being allowed to wear your ugg boots or jeans in the office!"

Carolyn Crim
Technical Business Analyst
Since 2006

10 May 2013

The Board of Directors
Inabox Group Limited
Level 10
9 Hunter Street
Sydney NSW 2000

Dear Directors

Investigating Accountants Report on Inabox Group Limited

Pro Forma Historical and Pro Forma Financial Information

1. Introduction

We have been engaged by Inabox Group Limited ('Inabox Group') to report on the Pro Forma Historical Financial Information and Pro Forma Financial Information of Inabox Group Limited ('Inabox Group') for inclusion in the Prospectus (the 'Prospectus') to be dated on or about 10 May 2013, and to be issued by Inabox Group Limited ('Inabox Group'), in respect of the issue of shares in Inabox Group Limited and listing on the Australian Stock Exchange ('the Offer').

Expressions and terms defined in the Prospectus have the same meaning in this Report.

2. Scope

Pro Forma Historical Financial Information

You have requested Ernst & Young to review the following Pro Forma Historical Financial Information of Inabox Group included in the Prospectus, being the:

- ▶ Pro Forma aggregated income statements of TELCO IN A BOX Pty Ltd (being the former Telcoinabox Australian business) and iVox Pty Ltd for the years ended 30 June 2011 and 30 June 2012, and for the half year ended 31 December 2012 ("**Pro forma Income Statements**"); and
- ▶ Aggregated assets and liabilities of TELCO IN A BOX Pty Ltd (excluding residual related party loans and taxation liabilities and working capital equivalent to the value of the tax liabilities) and iVox Pty Ltd as at 31 December 2012 ("**Pro forma Historical Balance Sheet**")

(Hereafter the 'Pro Forma Historical Financial Information'.)

The Pro Forma Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the company's adopted accounting policies. The Pro Forma Historical Financial Information has been extracted from the unaudited management financial information of TELCO IN A BOX Pty Ltd and iVox Pty Ltd for the years ended 30 June 2011 and 30 June 2012 and for the half year ended 31 December 2012. No audit or review opinions have previously been issued with respect to the management financial information of TELCO IN A BOX Pty Ltd and iVox Pty Ltd for the years ended 30 June 2011 and 30 June 2012 and for the half year ended 31 December 2012.

Pro Forma Financial Information

You have requested Ernst & Young to review the following pro forma financial information included in the Prospectus:

- ▶ Pro Forma aggregated balance sheet of Inabox Group as at 31 December 2012 ('Pro forma Balance Sheet').

(Hereafter the 'Pro Forma Financial Information')

(Collectively, the 'Financial Information').

The Pro Forma Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards applied to the Pro Forma Historical Financial Information and the events or transactions to which the pro forma adjustments relate, as described in section 8.3.2 of the Prospectus, as if those events or transactions had occurred as at the date of the Pro Forma Historical Financial Information. Due to its nature, the Pro Forma Financial Information does not represent the company's actual or prospective financial position and/or financial performance.

The Financial Information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001.

3. Directors' Responsibility for the Financial Information

The Directors of Inabox Group are responsible for the preparation of the Pro Forma Historical Financial Information and Pro Forma Financial Information, including the selection and determination of pro forma adjustments made to the Pro Forma Historical Financial Information and included in the Pro Forma Financial Information. This includes responsibility for such internal controls as the Directors determine are necessary to enable the preparation of Pro Forma Historical Financial Information and Pro Forma Financial Information that are free from material misstatement, whether due to fraud or error.

4. Our Responsibility for the Financial Information

Our responsibility is to express a limited assurance conclusion on the Financial Information based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450 Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the Financial Information.

5. Conclusions

Pro Forma Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information, as described in sections 8.1 of the Prospectus and comprising the:

- ▶ Pro Forma Income Statement for the years ended 30 June 2011 and 30 June 2012, and for the half year ended 31 December 2012; and
- ▶ Pro Forma Historical Balance Sheet as at 31 December 2012

is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in section 8.2 of the Prospectus.

Pro Forma Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Financial Information, as described in 8.1 of the Prospectus and comprising the Pro Forma Balance Sheet of Inabox Group as at 31 December 2012 is not presented fairly, in all material respects, in accordance with the stated basis of preparation as described in section 8.2 of the Prospectus.

6. Restriction on Use

Without modifying our conclusions, we draw attention to section 3 of the Prospectus, which describes the purpose of the Financial Information, being for inclusion in the Prospectus. As a result, the Financial Information may not be suitable for use for another purpose.

7. Consent

Ernst & Young has consented to the inclusion of this assurance report in the Prospectus in the form and context in which it is included.

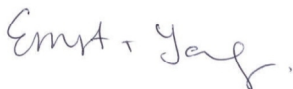
8. Liability

We disclaim any assumption of responsibility for any reliance on this Report or on the Financial Information to which this Report relates for any purposes other than the purpose for which it was prepared. This Report should be read in conjunction with the Prospectus.

9. Independence or Disclosure of Interest

Ernst & Young does not have any interests in the outcome of this issue of shares in Inabox Group Limited and listing on the Australian Stock Exchange other than in the preparation of this Report for which normal professional fees will be received.

Yours faithfully



Ernst & Young

10 May 2013

10. ADDITIONAL INFORMATION

10.1 Shareholding qualifications

Directors are not required under the Constitution to hold any Shares.

10.2 Options and rights

The following Options are currently on issue:

Option Holder	Number of Options and Shares to which they relate	Exercise price	Exercise period	Vesting condition	Expiry date
Simon Reynolds	83,333 exercisable over 83,333 Shares	\$1.20	From vesting of the Options to the fifth anniversary of date of issue*	The vesting condition described below**	5 Years after issue date
Damian Kay	83,333 exercisable over 83,333 Shares	\$1.20	From vesting of the Options to the fifth anniversary of date of issue*	The vesting condition described below**	5 Years after issue date
Garry Dinnie	83,333 exercisable over 83,333 Shares	\$1.20	From vesting of the Options to the fifth anniversary of date of issue*	The vesting condition described below**	5 Years after issue date
Paul Line	83,333 exercisable over 83,333 Shares	\$1.20	From vesting of the Options to the fifth anniversary of date of issue*	The vesting condition described below**	5 Years after issue date

* The date of issue refers to the date of this Prospectus plus 14 days (24 May 2013).

** The Option Holder must continue to be engaged as a Director of Inabox for two years after the date of issue.

In addition to the Options above, other unrelated investors have the right to invest \$1.0 million in tranches at a price of \$0.96 per Share expiring not later than November 2018. Of these Options, the majority have performance hurdles which include requiring Inabox's Share price growth to have outperformed the cumulative movement in the ASX200 index.

10.3 Material agreements

Key documents

The Directors consider that certain agreements relating to Inabox are significant to the operations of Inabox or may be relevant to Investors. A description of material agreements or arrangements, together with a summary of the more important details of each of these agreements, is set out below.

10.3.1 Constitution of Inabox and rights and liabilities attaching to Shares

The Constitution is typical of those for Australian public companies and complies with the ASX requirements. A copy of the Constitution is available on the Inabox website www.inaboxgroup.com.au.

10.3.1.1 Alteration of rights attaching to Shares

As at the date of this Prospectus, Inabox has only ordinary Shares on issue, and does not have any current plan to create any other class of Shares. The rights and restrictions attaching to Shares (and any other class of Shares that in the future may be on issue in Inabox, unless provided by the terms of issue of that class of Shares) can only be varied by a special resolution passed by the holders of Shares and (if applicable) by the holders of the class of Shares so to be varied.

10.3.1.2 Further issuances of Shares or Options over Shares

The Board may (subject to the *Corporations Act*, the Listing Rules and any special rights attaching to any class of Shares or granted to any holder of Shares) issue Shares or another class of Shares in Inabox, or Options over Shares or another class of Shares, to any person at any time, on such terms as the Board may determine to be appropriate.

10.3.1.3 Share transfers

Shares may be transferred in any manner required or permitted by the ASX Listing Rules or the ASTC Settlement Rules and by any instrument in writing in any usual or common form or in any other form that the Board approves. The Board may only refuse to register a transfer of Shares (or other securities in the Company) as permitted by the ASX Listing Rules or the ASTC Settlement Rules.

10. ADDITIONAL INFORMATION

10.3.1.4 Unmarketable parcels of Shares

Subject to the Listing Rules and the ASTC Settlement Rules, Inabox may sell the Shares of Shareholders that hold less than a marketable parcel of Shares. Inabox may only do this once in any 12 month period, however, and a Shareholder will be entitled to elect that his or her Shares will not be sold.

10.3.1.5 Share certificates

Subject to the requirements of the ASX Listing Rules and the *Corporations Act*, Inabox need not issue certificates for the Shares.

10.3.1.6 Meeting procedures

Three Shareholders must be present to constitute a quorum for a general meeting and no business may be transacted at any meeting (except, in certain cases, an adjournment), unless the quorum required is present when that business is transacted.

10.3.1.7 Voting rights

Subject to restrictions on voting from time to time affecting the Shares and any restrictions imposed by the *Corporations Act* or the Listing Rules, each Shareholder has the right to cast one vote on a show of hands and, on a poll, one vote for each Share held.

10.3.1.8 Directors

Inabox must have at least three Directors, and may have up to ten Directors (unless the Shareholders resolve otherwise). Subject to not exceeding that maximum number, the Board may appoint one or more Directors, but any Directors so appointed (other than the Managing Director) must retire at the next annual general meeting (although that Director may stand for election at that meeting).

At each annual general meeting, one third of the Directors (or if the number in office is not a multiple of three, then the number nearest to one third), as well as any Director who has held office for three years or more, must retire from office, but is eligible for re-election at that meeting. The Managing Director is not subject to these retirement requirements.

10.3.1.9 Indemnities and insurance

Inabox is required to indemnify (to the extent permitted by law) each current or former Director, Company Secretary or Executive Officer of Inabox against liabilities incurred by them in that capacity, as well as against any legal costs incurred in defending or resisting proceedings in which that person becomes involved because of that capacity. Inabox may pay the premium on an insurance policy that insures such a person against liability incurred by that person in that capacity.

10.3.1.10 Dividends

Where the Board determines that a dividend is payable, it will be paid on all Shares proportionately in accordance with the number of Shares held (assuming those Shares are fully paid). The Board has the power to decide whether to pay Shareholders an interim dividend on account of the next forthcoming dividend.

The Board may establish and maintain one or more dividend reinvestment plans, to which Shareholders may elect to take up with some or all their Shares subject to the rules of the plan.

10. ADDITIONAL INFORMATION

10.3.2 Contracts with suppliers and retail service providers

Suppliers

Inabox enters into contracts with the suppliers of the products and services which we offer our RSPs. These contracts specify the terms and conditions of provision and the consideration to be by Inabox.

Key supplier contracts are listed below:

Contract	Description	Value	End date	Key terms
Telstra	Fixed wire, mobile and data services	Approximately \$24 million pa	From May 2014	Whole of business pricing terms, exclusivity on PSTN fixed wire and DSL Both parties have termination rights in a variety of circumstances
Optus - various	Mobile and ISDN and inbound services	Approximately \$7 million pa	From May 2013 Monthly rollover provisions with renewal being renegotiated	Non exclusive Both parties have termination rights in a variety of circumstances
Utilibill	Perpetual licence for Provisioning and Billing system	Commercial in Confidence	Not applicable	Irrevocable licence Payable over a period from July 2012 to February 2015
Westpac merchant services	Transactional banking services to process end user payments	Variable	Fixed term expired October 2012 Agreement continues without fixed term	Provision of third party settlement facilities
Harbour MSP	Data centre services	Approximately \$100,000	May 2013 Monthly rollover provisions with renewal being renegotiated	Not applicable

Retail service providers

Inabox provides services to RSPs under either a Wholesale or Master Services Agreement, or a Franchise Agreement.

In either case, Inabox invoices the RSPs monthly for the costs of the services which they obtain and is entitled by each agreement to cease the provision of services to them in the event of non payment.

In the case of the majority of RSPs, Inabox (as agent for the RSP) receives the payments made by the RSPs' customers and sets these off against the costs of the services obtained by the RSP, before forwarding the surplus funds to the RSP. This process provides for a large number of the RSPs to have their entire monthly invoice set off against payments made to Inabox by their customers, reducing the possibility of non payment of Inabox's monthly invoice to the RSPs.

The standard term of a franchise agreement is either seven or 15 years and the standard term of a Wholesale or Master Services Agreement is three years.

Of the top 10 RSPs, three have agreements with Inabox that contain a clause entitling the RSP to terminate the agreement for convenience on 30 days' notice. Two other long term RSPs have contracts where the fixed term expires within 12 months and which entitle those RSPs to terminate for convenience on 90 days and 25 days notice after expiry. Both of these RSPs have previously renewed agreements with Telcoinabox.

10.3.3 iVox Acquisition

Inabox has an agreement to acquire 100% of the shares in iVox Pty Ltd for approximately \$3.42 million concurrently with this IPO. Michael Clarke, iVox's CEO, has agreed to join the Inabox management team.

The total acquisition costs are expected to be:

- Approximately \$900,000 in cash; subject to final adjustments to incorporate certain liabilities of iVox existing as at the date of completion;
- 2,096,446 Shares in Inabox; and,
- \$300,000 in legal, advisory and stamp duty costs.

The iVox Acquisition is conditional upon:

- Inabox's Shares being admitted for quotation on the ASX before first of July 2013.

10. ADDITIONAL INFORMATION

10.3.4 Interest of experts

Except as set out in this Prospectus, no person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus:

- Has any interest or has had any interest during the last two years, in the formation or promotion of Inabox, or in property acquired or proposed to be acquired by Inabox in connection with Inabox's formation or promotion, or the Offer of the Shares; and,
- No amount has been paid or agreed to be paid, and no benefit has been given, or agreed to be given, to any such person in connection with the services provided by the person in connection with the formation or promotion of Inabox, or the Offer of the Shares.

Ernst & Young will be paid up to \$50,000 in relation to the Independent Accountant's Report. Additionally, Ernst & Young were paid for the audit and tax services they provided to Inabox.

Paul Budde has been paid \$1,961 for use of his research data.

10.3.5 Transactions with related parties

Inabox has entered or will enter into a number of agreements with related parties. These include:

Damordam Pty Limited and related entities

In preparation for the IPO and to provide a cleaner structure for new Investors, Telcoinabox Operations Pty Ltd was formed in early 2013 to acquire the business and selected assets and liabilities of TELCO IN A BOX Pty Ltd. Inabox completed an asset sale agreement with TELCO IN A BOX Pty Ltd prior to the IPO for nominal consideration. The business acquired by Inabox was indirectly owned by entities related to the Founders.

Telcoinabox (NZ) Limited

Inabox provides support services to Telcoinabox (NZ) Limited on non arms length terms. The current owners of Telcoinabox (NZ) Limited are related entities of the Founders. Inabox will continue to provide support services on that basis while a sale of Telcoinabox (NZ) Limited is being negotiated. The incremental costs of providing these services are internal to Inabox, and are not considered by the Directors to be material.

Utilibill Pty Ltd

In July 2012, Telcoinabox entered into a perpetual licence agreement with Utilibill Pty Ltd. Damian Kay, Managing Director, was indirectly a shareholder in Utilibill Pty Ltd at the time of that agreement. No identifiable benefit was received by him in conjunction with that transaction. Damian Kay is no longer a shareholder in Utilibill Pty Ltd.

10.3.6 Sponsoring Broker agreement

Inabox has entered into a Sponsoring Broker agreement with Shaw Corporate Finance Pty Ltd in relation to the Offer. Under the agreement, Inabox will pay to them 6% of all funds raised which will be applied to a management fee and a selling fee.

The terms of the agreement are otherwise what the Directors consider to be standard commercial terms for an agreement of this type.

10.3.7 Restriction and holding lock

With the consent of the Founders, Inabox has instructed the Share Registry to apply a holding lock to Shares held by entities related to them, restricting them from dealing in their Shares held at the date of this Prospectus in accordance with the table below.

This restricts the ability of these Shareholders to dispose of, create any security interest in or transfer effective ownership or control of, the Restricted Shares. The restrictions do not apply to a transfer by the holder to another entity associated with the holder.

10. ADDITIONAL INFORMATION

The table below shows the number of Restricted Shares within the first 30 months from the Listing Date and the % of Issued Shares restricted assuming this Offer is fully subscribed.

Time frame	Restricted Shares	Issued Shares	% Restricted	% Free
At IPO Date	8,078,781	13,500,000	60%	40%
Within first 18 months after IPO	8,078,781	13,500,000	60%	40%
Month 18 to month 24 after IPO	5,412,783	13,500,000	40%	60%
Month 24 to month 30 after IPO	2,665,998	13,500,000	20%	80%
Month 30 after IPO and onwards	-	13,500,000	0%	100%

Note: Issued Shares include Restricted Shares. For the effect of more or less than the \$2.9 million being raised, please see Section 3 titled Details of the Offer – If more or less money is raised.

The restrictions will not apply if Inabox is not listed on or before 30 August 2013.

10.3.8 Executive service contracts

Inabox has entered into Executive Service Agreements with Key Executives and Managers (including those referred to in this Prospectus), which contain standard terms and conditions for agreements of this nature, including confidentiality, restraint on competition and retention of intellectual property provisions. The agreements are expressed to cover periods specific to individual appointments, but may generally be terminated by notice by either party or earlier in the event of certain breaches of the terms and conditions.

Inabox has entered into Executive Service Agreements with Key Executives as described in the table below:

Name	Position	Base Remuneration (excl. Superannuation)	Performance Related Bonus
Damian Kay	Managing Director and CEO	\$330,000	\$100,000
Paul Line	Chief Operating Officer	\$257,250	\$75,000
Tony Crossley	Chief Financial Officer	\$205,800	\$40,000
Angus Fotheringham	Company Secretary and General Counsel	\$175,000	\$20,000
Michael Clarke	General Manager – iVox	\$175,000	\$50,000

All executives listed above are entitled to a company provided mobile phone and service, laptops and ADSL at their home residence. Standard confidentiality provisions exist in the contracts.

10.3.9 Deeds of indemnity and access

Inabox has entered into deeds of indemnity and access with the Directors and Company Secretary. Under these deeds, Inabox undertakes, consistent with the *Corporations Act*, to indemnify each of these parties in certain circumstances and to maintain Directors' and Officers' insurance cover in favour of them for seven years after they have ceased to be a Director or Officer of Inabox.

Inabox further undertakes with each Director to maintain a complete set of Inabox's board papers and to make them available to the Director for seven years after the Director has ceased to be a Director.

10.3.10 Long term incentive plan

Inabox reserves the right to establish a long term incentive plan for executives when the Board sees fit. The terms and conditions of this plan will be made clear by a Company announcement released to Shareholders.

10.3.11 Finance facilities

Inabox has access to short term finance through two facilities, as necessary, exceeding \$1 million. The Directors expect that Post IPO these facilities are unlikely to be used by Inabox but may be retained.

10.3.12 Payment to Directors

The Constitution of Inabox provides that the Non Executive Directors may be paid, as remuneration for their services, a sum set from time to time by Inabox's Shareholders in general meeting, with that sum to be divided amongst the Directors as they agree.

The maximum aggregate amount which has been approved by Inabox's Shareholders for payment to the Directors is \$600,000 pa.

Inabox has appointed Garry Dinnie as a Non Executive Director in January 2013. Under the terms of his engagement, Garry Dinnie is entitled to payment of a Director's fee of \$60,000 pa. If Mr Dinnie serves as Chairman of a committee of the Board he is entitled to a further payment of \$10,000 pa.

10. ADDITIONAL INFORMATION

Inabox has appointed Siimon Reynolds as Chairman in May 2013. Under the terms of his engagement, Mr Reynolds is entitled to payment of a Director's fee of \$100,000 pa.

Damian Kay and Paul Line do not receive any monetary payment for their services as Directors other than in accordance with their executive service agreements described in this section titled Executive service contracts.

10.4 Consent and disclaimers of responsibility

None of the parties referred to below has made any statement which is included in this Prospectus or any statement on which a statement made in this Prospectus is based, except 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 included in this Prospectus with the consent of that party, as specified below.

- Ernst & Young has given, and not withdrawn, its consent to be named as Auditor and Investigating Accountant in the form and context in which it is named
- Boardroom has given, and not withdrawn, its written consent to be named as the Share Registry in the form and context in which it is named
- Shaw Corporate Finance has given, and has not withdrawn, its written consent to be named as Sponsoring Broker to Inabox in the form and context in which it is named
- Paul Budde has given, and not withdrawn, his written consent to use the references as footnoted in the Prospectus

10.5 Interest of Directors

Other than set out above or elsewhere in this Prospectus:

- No Director or proposed Director of Inabox has, or has had in the two years before the date of this Prospectus, any interest in the formation or promotion of Inabox, or the Offer of Shares, or in any property proposed to be acquired by Inabox in connection with information or promotion of the Offer of the Shares; and,
- No amounts have been paid or agreed to be paid and no benefit has been given or agreed to be given, to any Director or proposed Director of Inabox 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 in connection with the promotion or formation of Inabox or the Offer of Shares.

10.6 Directors' shareholdings

The Directors and their associates have a relevant interest in the following Shares and Options to acquire Shares in Inabox at the date of this Prospectus:

Director	Shares	% Post IPO	Options
Damian Kay	2,692,927	19.9%	83,333
Paul Line	124,930	0.9%	83,333
Garry Dinnie	-	-	83,333
Siimon Reynolds	-	-	83,333
Total	2,817,857	20.8%	333,332

The terms of the Options and rights are described in this section titled Options and rights. The Directors reserve the right to apply for further Shares under the Offer.

10. ADDITIONAL INFORMATION

10.7 Expenses of the Offer

The total estimated expenses for the Offer and for achieving a listing on the ASX payable by Inabox, including brokers and advisory fees, investigating accountant's fees, legal fees and other miscellaneous expenses, are estimated to be approximately \$700,000.

Expenses of the Offer	\$
Sponsoring Broker and corporate and tax advisers	460,000
Investigating Accountants - Ernst & Young	50,000
Legal	84,000
Other - including ASX, ASIC, printing and Share Registry etc.	106,000
Total	700,000

(For the effect of more or less than the \$2.9 million being raised, please see Details of the Offer - If more or less money is raised)

10.8 Privacy

When applying for Shares in Inabox, Applicants will be asked to provide personal information to Inabox such as name, address, telephone and fax numbers, tax file number and account details. Inabox collects, holds and uses that personal information to assess Applications, provide facilities and services to Applicants and undertake administration. Information collected by Inabox may be disclosed to third parties solely for the purpose of enabling Inabox to complete the Offer and the process of listing on the ASX. Applicants may request access to their personal information held by or on behalf of Inabox.

10.9 Disclaimer

The Application Form may only be distributed attached to a complete and unaltered copy of the Prospectus. The Application Form included with this Prospectus contains a declaration that the Applicant has personally received the complete and unaltered Prospectus prior to completing the Application Form.

The *Corporations Act* prohibits any person from passing the Application Form on to another person unless it is attached to or accompanied by a complete and unaltered copy of this Prospectus. Inabox will not accept a completed Application Form if we have reason to believe that the Applicant has not received a complete copy of the Prospectus or if we have reason to believe that the copy of the Prospectus has been altered or tampered with in any way.

10.10 Authorisation

This Prospectus is issued by Inabox. Each Director has consented to the lodgement of the Prospectus with ASIC.

10 May 2013



Siimon Reynolds
Chairman

11. GLOSSARY

\$	Australian dollars
AAPT	Means AAPT Limited
AEST	Australian Eastern Standard Time
Affiliate Offer	The Offer of Shares to staff, customers and others of 104,167 Shares to raise \$100,000. This Offer is made under a separate Offer document and will run concurrently with this Offer. For more information please see inside front cover titled IMPORTANT NOTICES
Allotment Date	The date on which Shares are allotted under the Offer
Amcom	Amcom Telecommunications Limited
Applicant	A person or entity who submits an Application Form
Application Form	An application form attached to this Prospectus
Application Money	The money received by Inabox pursuant to the Offer, being the Offer Price multiplied by the number of Shares applied for
ASIC	Australian Securities and Investments Commission
ASTC	ASX Settlement and Transfer Corporation Pty Ltd ACN 008 504 532
ASTC Settlement Rules	The ASTC Settlement Rules, being the operating rules of the Settlement Facility for the purposes of the Corporations Act
ASX	ASX Limited ACN 008 624 691 or the securities exchange operated by it (as the context requires)
Board	The board of Directors of Inabox
Boardroom or Share Registry	Boardroom Pty Ltd ACN 003 209 836
Carrier	The owner of a network unit (cable or wireless facility) which is used to supply carriage services, for example telephony or internet, to the public (for example Telstra and Optus)
Cloud Services	Software applications hosted by Inabox and accessed by end users via the internet or a private data connection
Constitution	The constitution of Inabox as amended or replaced from time to time
Corporations Act	<i>Corporations Act 2001 (Cth)</i>
CY	Calendar year
Directors	The Directors of Inabox
DSL	Digital subscriber line
EBIT	Earnings before interest and income tax
EBITDA	Earnings before interest, income tax, depreciation and amortisation
EY	Ernst & Young
Founders	Damian Kay, Damien Gould and Morgan Duncan, the founders of TELCO IN A BOX Pty Ltd ACN 103 267 161
FY	Financial year
GST	Goods and services tax
Historical Financial Information	Income Statement for the half year ended 31 December 2012 and for the years ended 30 June 2012 and 30 June 2011 and as extracted from the audited financial statements ('Historical Income Statements') and Balance Sheet as at 31 December 2012, 30 June 2012, 30 June 2011 as extracted from the audited financial statements ('Historical Balance Sheets')
Hosted Voice	Voice over Internet Protocol (VoIP) provided via equipment located typically in data centres delivered to end users on a data connection
Hosting	Applications, services or hardware hosted by Inabox on its network or in its facilities
IFRS	International Financial Reporting Standards
Inabox, Company, Group, us, our or we	Means Inabox Group Limited ACN 161 873 187 and the businesses operated by the subsidiaries: Telcoinabox Operations Pty Limited ACN 162 159 935 and iVox Pty Ltd ACN 108 182 421
IPO	Means the initial public offer of Shares pursuant to this Prospectus and listing on the ASX
ispOne	Means ispOne Pty Ltd
Issued Shares	The total number of Shares on issue

11. GLOSSARY

Investors	Means investors applying for or subscribing for Shares under this Offer
IT	Information Technology
iVox	iVox Pty Limited ACN 108 182 421
iVox Acquisition	Inabox's acquisition of 100% of the shares of iVox concurrently with the IPO
Layer 2 DSL network	Means the DSL network operated by Inabox
Listing Date	Date of admission to the official list of the ASX and quotation of all Shares
Listing Rules	Listing rules of the ASX
M2	Means M2 Telecommunications Limited
MyNetFone	Means MyNetFone Limited
NBN	National Broadband Network
NBN Co	The company formed to roll out the NBN
NPAT	Net profit after tax
NPBT	Net profit before tax
Offer	The offer of Shares under this Prospectus
Offer Application Form	Means the offer application form attached to this Prospectus
Offer Closing Date	The date on which the Offer closes, being 14 June 2013, or another date nominated by Inabox
Offer Opening Date	The date on which the Offer opens, being 27 May 2013, or another date nominated by Inabox
Offer Period	The period from the Offer Opening Date to the Offer Closing Date
Offer Price	\$1.20 per Share
Option	An option to acquire a Share in Inabox
Option Holder	The holder of an Option
Optus	Means SingTel Optus Pty Ltd
pa	Per annum
PBT	Profit before tax
Pro forma Financial Information	Pro forma Income Statement for the FYs ended 30 June 2011, 30 June 2012 and for the half year ended 31 December 2012 whereby the Historical Income Statement has been adjusted for certain Pro forma transactions ('Pro forma Income Statements') and Pro forma Balance Sheet as at 30 December 2012, whereby the Historical Balance Sheets have been adjusted for certain Pro forma transactions ('Pro forma Balance Sheets')
Prospectus	This Prospectus
PSTN	Public Switched Telephone Network
Restricted Shares	Shares held by entities related to the Founders and restricted from sale for a period of time after the Listing Date
Settlement Facility	Has the meaning specified in the ASTC Settlement Rules
Shareholders	Holders of Shares
Shares	Fully paid ordinary shares in the capital of Inabox
Shaw Corporate Finance, Broker or Sponsoring Broker	Shaw Corporate Finance Pty Limited ABN 25 101 193 971, the sponsoring broker to the Offer
Share Registry	Boardroom Pty Ltd ACN 003 209 836
SHDSL	Single pair high speed digital subscriber line
SIP Trunks	Session Initiated Protocol Trunk Lines
Telstra	Means Telstra Corporation Limited ACN 051 775 556 and its subsidiaries
Telcoinabox	Refers to the business acquired by Telcoinabox Operations Pty Ltd ACN 162 159 935 from TELCO IN A BOX Pty Ltd ACN 103 267 161
Vocus	Means Vocus Communications Limited
VoDSL	Means Voice over a Digital Subscriber Line
2G Mobile	Means a mobile service on the 2G Network
3G Mobile	Means a mobile service on the 3G Network

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

- A. If applying for Shares insert the **number** of Shares for which you wish to subscribe at Item A (not less than 1667) and then in multiples of 417. Multiply by \$1.20 AUD to calculate the total amount payable for Shares and enter the **\$amount** at B.
- C. Write your **full name**. Initials are not acceptable for first names.
- D. Enter your **postal address** for all correspondence. All communications to you from the Company will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.
- E. If you are sponsored in CHESS by a stockbroker or other 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.
- F. 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.
- G. Complete **cheque details** as requested. Make your cheque payable to Inabox Group Limited, cross it and mark it **"Not negotiable"**. Cheques must be made in Australian currency, and cheques must be drawn on an Australian Bank.
- H. Enter your **contact details** so we may contact you regarding your Application Form or Application Money.
- I. Enter your **email address** so we may contact you regarding your Application Form or Application Money or other correspondence.
- J. Tick if you would like to receive Inabox's annual report by post. Paper copies of annual reports will only be sent to Shareholders requesting them.

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
Individual	Mr John David Smith	J D Smith
Company	ABC Pty Ltd	ABC P/L or ABC Co
Joint Holdings	Mr John David Smith & Mrs Mary Jane Smith	John David & Mary Jane Smith
Trusts	Mr John David Smith <J D Smith Family A/C>	John Smith Family Trust
Deceased Estates	Mr Michael Peter Smith <Est Lte 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	John Smith Pty Limited <J Smith Super Fund A/C>	John Smith Superannuation Fund

Lodgement

Mail your completed Application Form with cheque(s) attached. If you are a client of Shaw Stockbroking consult with your adviser as to where to send the form. If you are not a client of Shaw Stockbroking please send it to the following address:

Mailing address:

Inabox Group Limited
GPO Box 1658
SYDNEY NSW 2001

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

Privacy Statement:

The Company 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 in the Corporate Directory.

CORPORATE DIRECTORY

Company

Inabox Group Limited
ACN 161 873 187
www.inaboxgroup.com.au

Registered office

Level 10, 9 Hunter Street
Sydney NSW 2000

Directors

Non Executive Chairman

Siimon Reynolds

Managing Director

Damian Kay

Executive Director

Paul Line

Non Executive Director

Garry Dinnie

Company Secretary

Angus Fotheringham

Corporate Advisors

Sydney Capital Partners
Level 6, 2 Bulletin Place
Sydney NSW 2000

Sponsoring Broker

Shaw Stockbroking
Level 15, 60 Castlereagh Street
Sydney NSW 2000

Lawyers

Hall & Wilcox
Level 30, Bourke Place
600 Bourke Street
Melbourne VIC 3000

Auditors

Ernst & Young
Level 33, Ernst & Young Centre
World Square
680 George Street
Sydney NSW 2000

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