

ANITTEL TO MERGE OPERATING BUSINESS UNITS WITH LISTED TELECOMMUNICATIONS PROVIDER, INABOX (IAB) IN A TRANSACTION INVOLVING SHARES AND CASH.

For Release 5th November 2014

The Board of Anittel Group Limited (ASX: AYG) has reached agreement with Inabox Group Limited (ASX:IAB) and will recommend to shareholders at a forthcoming general meeting the merging of Anittel's IT and HCS business units with the IAB business.

Key elements of the proposed transaction, which is subject to approval by shareholders (and a number of conditions precedent), are as follows:

- The two operating units of AYG will be merged with the business of IAB.
- Most Anittel staff will transfer to IAB other than a small number of duplicated back office and corporate roles.
- Anittel's Chairman and CEO, Peter Kazacos, will consult to the new entity and focus on integration and future growth opportunities.
- AYG will retain its cash and debt (other than lease related debt) at completion, expected 1 January 2015, and intends to remain a publicly listed entity.
- Purchase price comprises 6,153,846 IAB shares, \$500,000 in cash and \$1.5m of deferred, performance based cash consideration.
- The Anittel business will operate within the IAB structure under the same brand and with substantially the same management. As a consequence there are no plans to make any substantial changes to the engineering and support departments servicing Anittel clients.

Based on IAB's share price as of close of business yesterday (\$1.28), the minimum total consideration for the transaction is \$8.38 million and the potential total consideration is \$9.88 million if the full performance based consideration is achieved. This equates to an effective price per AYG share in the range of 0.33 cents (minimum) to 0.39 cents (maximum) or a premium to AYG's current share price (0.3 cents) in the range of 9.06% to 28.59%.

The performance based consideration of up to a maximum \$1.5 million in cash will be based on several agreed measures relating to the performance of the two Anittel business units in the period from completion (1 January 2015) to 30 June 2015. Performance consideration will be paid, if due, by September 25, 2015.

The transaction relating to IAB shares is proposed as a return of capital to AYG shareholders whereby they will receive a pro rata shareholding in IAB based on their respective shareholding in AYG as at a record date, anticipated to be on or around 24 December 2014.

The AYG Board will be reviewing all available options for the AYG shareholders post completion, including other acquisitions if appropriate.

The AYG Board has engaged the services of an Independent Expert to prepare a valuation report and recommendation in relation to the transaction for the consideration of AYG shareholders. The Independent Experts Report will be included with the notice of meeting and sent to all AYG shareholders at least 28 days prior to AYG's 2014 Annual General Meeting (AGM).

AYG has received approval from ASIC to hold its AGM on or before 19 December 2014 so that the transaction can be considered by shareholders at its AGM, allowing AYG to avoid the cost of holding a separate general meeting of its shareholders to consider the transaction.

Further information on the proposed transaction will be provided to shareholders with the notice of meeting, along with the Independent Experts Report. In addition, IAB will lodge a prospectus in relation to the proposed issue of IAB purchase consideration shares for the benefit of IAB and AYG shareholders.

The view of both the Board of Anittel and the Board of Inabox is that the acquisition of Anittel's business will provide the combined business with a number of important benefits, including:

- Enhanced sales, service and technical capabilities – with over 200 staff and a national footprint the combined group will be able to offer its clients end-to-end IT, cloud and communications solutions in 14 locations across metropolitan and regional Australia.
- Complementary products, services and capabilities – the combination will provide opportunities for cross-sell and up-sell through Inabox's existing [300] wholesale partners and Anittel's [1,000+] clients (which include SMEs, corporations, not-for-profit organisations and Government departments).
- New platform - Inabox is acquiring a fully deployed, enterprise grade Cisco Hosted Collaboration Solution (HCS). Anittel has made a considerable investment building this cloud based communications platform and over [8,000] endpoints have already been deployed for the Tasmanian Government. The HCS platform is expected to create significant opportunities for further growth of the combined business annuity revenue streams.
- Scale and financial strength - the combined group will have the scale and financial strength to accelerate its growth. In FY14 Anittel's revenue from continuing operations was \$34m, which represents a 74% increase on Inabox's FY14 revenue of \$46m.

"I believe that the combination of the Anittel business with Inabox will result in enhanced value and opportunity for our shareholders, clients and employees. The significantly increased scale of the business will be a key factor in this enhancement of value and opportunity," said Anittel Executive Chairman Peter Kazacos.

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About Anittel Group Limited:

Anittel is a national, end-to-end provider of technology and connectivity services with a proposition focused on support and value. It offers managed and hosted ICT solutions for desktop, infrastructure and communications. Anittel provides these services to regional and metropolitan Australia with a physical presence in 14 locations.

Anittel has a diverse client base of over 1,000 small, medium and large enterprise clients, corporates and government agencies with key strengths in the education and government sectors. It also benefits from relationships with key ICT vendors and distributors and is an accredited or certified partner with Cisco, HP, Dell, Microsoft, Lenovo, IBM, VMWare, Citrix and others. Anittel is one of only a select few Cisco partners in Australia to deploy a Hosted Collaboration Solution, supporting a cornerstone contract with the Tasmanian government.

Anittel's awards include: SMB Reseller of the Year in the ARN IT Industry Awards in 2008, 2009, 2010, 2011 and 2012 and inclusion in Deloitte's Technology Fast 50 and CRN Fast 50.

See www.anittel.com.au