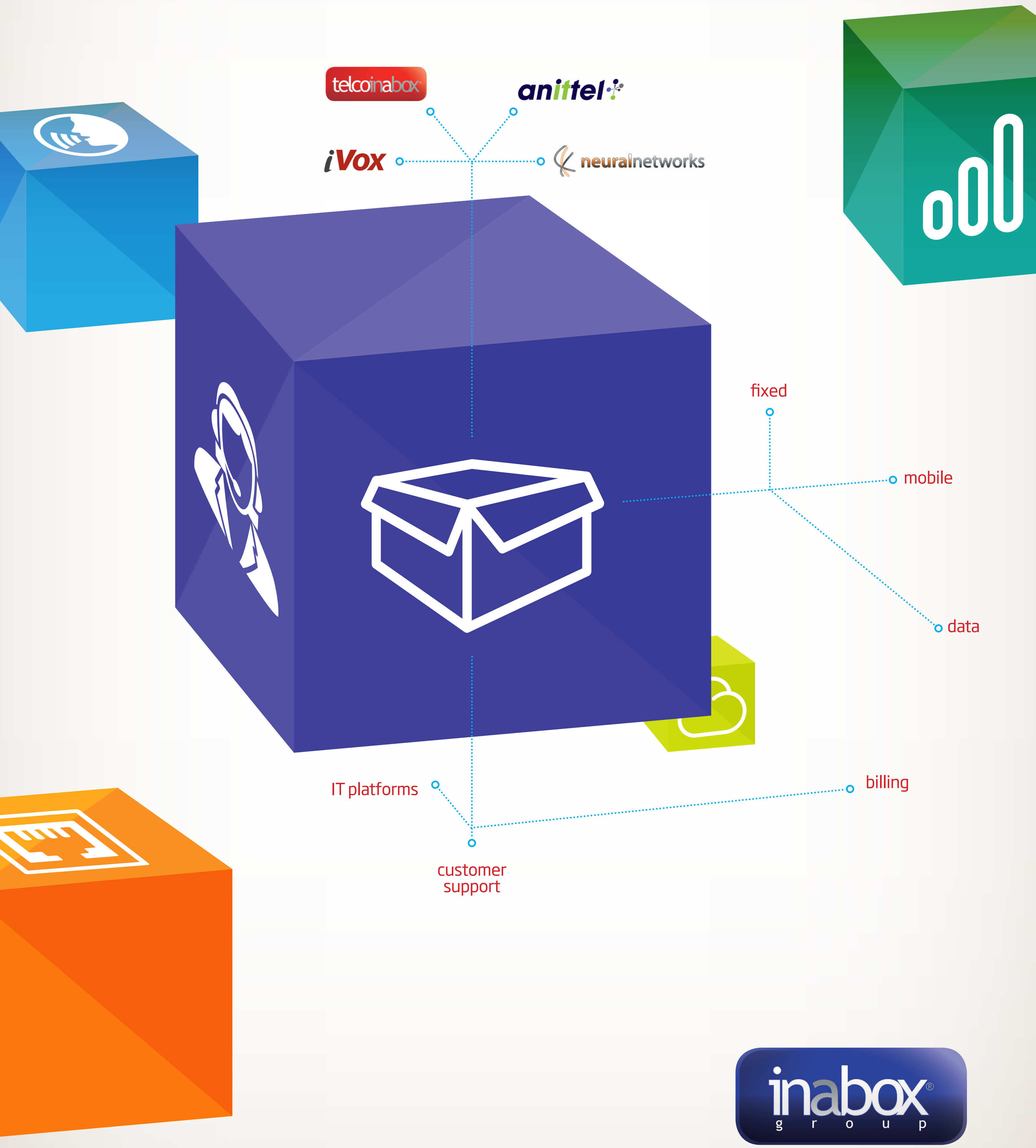
Inabox Group Limited
Half-year report

For the half-year ended 31 December 2014



Inabox Group Limited
Appendix 4D
Half-year report

1. Company details

Name of entity:	Inabox Group Limited
ABN:	32 161 873 187
Reporting period:	For the half-year ended 31 December 2014
Previous period:	For the half-year ended 31 December 2013

2. Results for announcement to the market

				$
Revenues from ordinary activities	down	3.5%	to	23,307,653
Profit from ordinary activities after tax attributable to the owners of Inabox Group Limited	down	21.1%	to	371,843
Profit for the half-year attributable to the owners of Inabox Group Limited	down	21.1%	to	371,843

Dividends
There were no dividends paid, recommended or declared during the current financial period.

Comments
The profit for the group after providing for income tax amounted to $371,843 (31 December 2013: $471,344).

Refer to the attached directors' report for further commentary on the results.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	5.23	(3.47)

4. Control gained over entities

On 8 July 2014 the group acquired the business of Neural Networks Data Services Pty Limited. Refer to note 15 to the Interim Report for further details.

5. Dividends

Current period
There were no dividends paid, recommended or declared during the current financial period.

Previous period
There were no dividends paid, recommended or declared during the previous financial period.

6. Dividend reinvestment plans

Not applicable.

7. Details of associates and joint venture entities

Not applicable.

8. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

9. Attachments

Details of attachments (if any):

The Interim Report of Inabox Group Limited for the half-year ended 31 December 2014 is attached.

10. Signed

Signed ________________________________ Date: 28 February 2015

Damian Kay
Managing Director and Chief Executive Officer
Sydney

Inabox Group Limited

ABN 32 161 873 187

Interim Report - 31 December 2014

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'group') consisting of Inabox Group Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2014.

Directors

The following persons were directors of Inabox Group Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Siimon Reynolds - Independent Chairman
Damian Kay
Paul Line
Garry Dinnie
David Rampa

Principal activities

The group operates as a non-carrier telecommunications aggregator, providing its customers with telecommunications products including fixed line, hosted voice, mobile, cloud and data services. As part of this service, the group provides back office services including billing, provisioning, product development, training and support, and customer service using the brand selected by its service providers. The group has expanded its activities to provide enablement services to large corporates.

Review of operations

The profit for the group after providing for income tax amounted to $371,843 (31 December 2013: $471,344).

The financial half-year earnings were impacted by non-recurring costs related to the acquisition of the businesses from Neural Networks Data Services Pty Limited ('Neural') and Anittel Group Limited ('Anittel'), which completed on 1 January 2015. The group has now substantially integrated the Neural business and has commenced and made substantial progress in integrating the newly-acquired Anittel business with other Inabox operations.

The group looks forward to continuing earnings contribution from its acquired businesses in the coming financial year and is satisfied that, after excluding the non-recurring costs of acquisition, earnings from the group have increased.

These earnings include the flow-on effects of the departure of a substantial indirect channel customer during the previous financial year. Despite this, margins from the group's indirect channel remain solid and the group has recently contracted a large majority of its key indirect channel customers for extended fixed terms to protect the channel's ongoing revenue. In addition, the group has begun to benefit from cross-selling opportunities between its indirect channel and Anittel after the conclusion of the reporting period.

Inabox has continued to expand on its successful enablement strategy. It now supports more than 20,000 services, between its primary enablement customer and a number of additional enablement customers.

The directors consider the consolidated entity to be a going concern, For further details refer to note 2 to the financial statements.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the group during the financial half-year.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 follows this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

Siimon Reynolds	Damian Kay
Chairman	Managing Director and Chief Executive Officer

28 February 2015
Sydney

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Auditor's Independence Declaration to the Directors of Inabox Group Limited

In relation to our review of the financial report of Inabox Group Limited for the half-year ended 31 December 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Lisa Nijssen-Smith
Partner
28 February 2015

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	Note	Consolidated 31 Dec 2014 $	Consolidated 31 Dec 2013 $
Revenue	4	23,307,653	24,148,512
Other income		1,955	-
Expenses			
Network expenses and related costs		(15,326,316)	(16,496,447)
Employee benefits expense		(5,147,351)	(5,023,852)
Depreciation and amortisation expense		(461,793)	(386,819)
Occupancy costs		(324,127)	(340,072)
Bad and doubtful debts expense		(14,567)	(17,892)
Acquisition related costs		(363,089)	-
Other expenses		(1,045,389)	(1,141,430)
Finance costs		(82,995)	(33,684)
Profit before income tax expense		543,981	708,316
Income tax expense		(172,138)	(236,972)
Profit after income tax expense for the half-year attributable to the owners of Inabox Group Limited		371,843	471,344
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year attributable to the owners of Inabox Group Limited		371,843	471,344
		Cents	**Cents**
Basic earnings per share	16	2.67	3.48
Diluted earnings per share	16	2.67	3.39

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Inabox Group Limited
Statement of financial position
As at 31 December 2014

	Note	Consolidated 31 Dec 2014 $	Consolidated 30 Jun 2014 $
Assets			
Current assets			
Cash and cash equivalents		2,559,195	3,656,908
Trade and other receivables	5	4,449,066	4,054,016
Inventories		27,941	9,369
Other	6	2,791,173	2,249,736
Total current assets		9,827,375	9,970,029
Non-current assets			
Property, plant and equipment		945,677	572,750
Intangibles	7	4,362,344	4,336,533
Deferred tax		212,773	171,746
Other	8	771,567	500,322
Total non-current assets		6,292,361	5,581,351
Total assets		16,119,736	15,551,380
Liabilities			
Current liabilities			
Trade and other payables	9	5,109,063	5,570,575
Borrowings	10	1,309,181	866,223
Income tax		1,057,703	1,090,592
Employee benefits		813,958	740,057
Deferred revenue		1,605,793	1,645,001
Total current liabilities		9,895,698	9,912,448
Non-current liabilities			
Borrowings		233,211	-
Employee benefits		272,999	282,466
Other		628,012	657,866
Total non-current liabilities		1,134,222	940,332
Total liabilities		11,029,920	10,852,780
Net assets		5,089,816	4,698,600
Equity			
Issued capital		5,694,356	5,694,356
Reserves		(2,304,896)	(2,324,269)
Retained profits		1,700,356	1,328,513
Total equity		5,089,816	4,698,600

The above statement of financial position should be read in conjunction with the accompanying notes

Inabox Group Limited
Statement of changes in equity
For the half-year ended 31 December 2014

Consolidated	Issued capital $	Capital reserve $	Share-based payments reserve $	Retained profits $	Total equity $
Balance at 1 July 2013	537,343	(2,365,823)	3,768	260,452	(1,564,260)
Profit after income tax expense for the half-year	-	-	-	471,344	471,344
Other comprehensive income for the half-year, net of tax	-	-	-	-	-
Total comprehensive income for the half-year	-	-	-	471,344	471,344
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs	5,157,013	-	-	-	5,157,013
Share-based payments	-	-	19,356	-	19,356
Balance at 31 December 2013	5,694,356	(2,365,823)	23,124	731,796	4,083,453

Consolidated	Issued capital $	Capital reserve $	Share-based payments reserve $	Retained profits $	Total equity $
Balance at 1 July 2014	5,694,356	(2,365,823)	41,554	1,328,513	4,698,600
Profit after income tax expense for the half-year	-	-	-	371,843	371,843
Other comprehensive income for the half-year, net of tax	-	-	-	-	-
Total comprehensive income for the half-year	-	-	-	371,843	371,843
Transactions with owners in their capacity as owners:					
Share-based payments	-	-	19,373	-	19,373
Balance at 31 December 2014	5,694,356	(2,365,823)	60,927	1,700,356	5,089,816

The above statement of changes in equity should be read in conjunction with the accompanying notes

	Note	Consolidated 31 Dec 2014 $	Consolidated 31 Dec 2013 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		25,168,116	23,178,976
Payments to suppliers and employees (inclusive of GST)		(24,393,135)	(22,774,762)
		774,981	404,214
Interest received		33,305	20,917
Interest and other finance costs paid		(82,995)	(33,684)
Income taxes paid		(246,054)	-
Net cash from operating activities		479,237	391,447
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired	14	(350,000)	(483,460)
Payments for property, plant and equipment		(480,328)	(83,131)
Payments for intangibles	7	(26,087)	(121,446)
Payments for security deposits		(134,881)	-
Loans to service providers (net of repayments)		(541,745)	-
Net cash used in investing activities		(1,533,041)	(688,037)
Cash flows from financing activities			
Proceeds from issue of shares		-	2,512,594
Proceeds from borrowings		414,817	23,239
Repayment of borrowings		(48,644)	(205,606)
Repayment of related party loans		(720,078)	-
Net cash from/(used in) financing activities		(353,905)	2,330,227
Net increase/(decrease) in cash and cash equivalents		(1,407,709)	2,033,637
Cash and cash equivalents at the beginning of the financial half-year		3,656,908	409,246
Cash and cash equivalents at the end of the financial half-year		2,249,199	2,442,883

The balance at the end of the financial half-year of $2,249,199 is the net amount of cash at bank of $2,559,195 less the bank overdraft of $309,996.

Note 1. General information

The financial statements cover Inabox Group Limited as a group consisting of Inabox Group Limited and its subsidiaries. The financial statements are presented in Australian dollars, which is Inabox Group Limited's functional and presentation currency.

Inabox Group Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 10, 9 Hunter Street
Sydney NSW 2000

A description of the nature of the group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 28 February 2015.

Comparatives
Certain expenses in profit or loss have been reclassified to align with current period presentation. There was no net effect on profit.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2014 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2014 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted

The group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the group during the financial half-year ended 31 December 2014 and are not expected to have any significant impact for the full financial year ending 30 June 2015. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Going concern

For the financial half-year the group made a profit after tax of $371,843 (31 December 2013: $471,344) and had net cash inflow from operating activities of $479,237 (31 December 2013: inflows of $391,447). As at 31 December 2014, the group had net current liabilities of $68,323 (30 June 2014: net current assets of $57,581).

As detailed in note 16, on 1 January 2015, the group acquired the Anittel businesses ('Anittel') and is in the process of structuring the businesses to achieve synergies and cost reductions from the combined operations. The cash requirements of this structure have been anticipated by the directors.

The group has undrawn credit lines totalling $399,543 (30 June 2014: $738,913). Cash flow forecasts based on projected activity and business volumes indicate that the group will be able to pay its creditors as and when due for at least 12 months from the date of approval of the financial statements, and no asset is likely to be realised for an amount less than the amount at which it is recorded in the financial statements at 31 December 2014. Accordingly, the financial statements have been prepared on a going concern basis.

Note 3. Operating segments

Identification of reportable operating segments
The group has two operating segments based on the internal reports that are reviewed and used by the Chief Executive Officer and the Board of Directors (being the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

Types of products and services
The principal products and services of each of these operating segments are as follows:

Indirect	Providing end to end solutions to white labelled wholesale solutions to Retail Service Providers who predominantly service the small to medium sized business segment
Enablement	Providing mass market retail customers the ability to offer telecommunications products to their consumer customer base

The CODM is provided with information on a net contribution level (revenue less direct costs). The CODM does not review segment assets and liabilities.

Intersegment transactions
Intersegment transactions were made at market rates and are eliminated on consolidation.

Operating segment information

Consolidated - 31 Dec 2014	Indirect $	Enablement $	Intersegment eliminations/ unallocated $	Total $
Revenue				
Sales to external customers	22,553,469	720,879	-	23,274,348
Other revenue	-	-	33,305	33,305
Total revenue	22,553,469	720,879	33,305	23,307,653
Net contribution	6,111,262	668,553	-	6,779,815
Depreciation and amortisation				(461,793)
Bad and doubtful debt expenses				(14,567)
Other income				1,955
Interest revenue				33,305
Finance costs				(82,995)
Other employee benefit expenses				(3,940,065)
Other expenses				(1,771,674)
Profit before income tax expense				543,981
Income tax expense				(172,138)
Profit after income tax expense				371,843

Note 3. Operating segments (continued)

Consolidated - 31 Dec 2013	Indirect $	Enablement $	Intersegment eliminations/ unallocated $	Total $
Revenue				
Sales to external customers	23,371,581	756,014	-	24,127,595
Other revenue	-	-	20,917	20,917
Total revenue	23,371,581	756,014	20,917	24,148,512
Net contribution	5,975,052	585,519	-	6,560,571
Depreciation and amortisation				(386,819)
Bad and doubtful debt expenses				(17,892)
Interest revenue				20,917
Finance costs				(33,684)
Other employee benefit expenses				(3,909,625)
Other expenses				(1,525,152)
Profit before income tax expense				708,316
Income tax expense				(236,972)
Profit after income tax expense				471,344

Note 4. Revenue

	Consolidated 31 Dec 2014 $	31 Dec 2013 $
Sales revenue		
Operating revenue	22,461,838	23,292,281
Enablement revenue	720,879	754,994
Commissions	57,995	80,320
Other sales revenue	33,636	-
	23,274,348	24,127,595
Other revenue		
Interest	33,305	20,917
Revenue	23,307,653	24,148,512

Note 5. Current assets - trade and other receivables

	Consolidated 31 Dec 2014 $	30 Jun 2014 $
Trade receivables	4,428,944	4,045,076
Other receivables	20,122	8,940
	4,449,066	4,054,016

Note 6. Current assets - other

	Consolidated 31 Dec 2014 $	Consolidated 30 Jun 2014 $
Prepayments	173,681	117,406
Deferred commission expenses	1,572,737	1,647,010
Security deposits	582,067	469,821
Loan to service providers	299,238	15,499
Cost of capital raising - January 2015	163,450	-
	2,791,173	2,249,736

Note 7. Non-current assets - intangibles

	Consolidated 31 Dec 2014 $	Consolidated 30 Jun 2014 $
Goodwill - at cost	1,706,330	1,686,330
Patents and trademarks - at cost	21,457	21,457
Customer lists - at cost	1,862,000	1,862,000
Less: Accumulated amortisation	(398,065)	(265,375)
	1,463,935	1,596,625
Computer software - at cost	1,985,293	1,661,206
Less: Accumulated amortisation	(935,671)	(750,085)
	1,049,622	911,121
Brand - at cost	121,000	121,000
	4,362,344	4,336,533

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Consolidated	Goodwill $	Patents and trademarks $	Customer lists $	Computer software $	Brand $	Total $
Balance at 1 July 2014	1,686,330	21,457	1,596,625	911,121	121,000	4,336,533
Additions	-	-	-	26,087	-	26,087
Additions through business combinations (note 14)	20,000	-	-	330,000	-	350,000
Write off of assets	-	-	-	(32,000)	-	(32,000)
Amortisation expense	-	-	(132,690)	(185,586)	-	(318,276)
Balance at 31 December 2014	1,706,330	21,457	1,463,935	1,049,622	121,000	4,362,344

Note 8. Non-current assets - other

	Consolidated	
	31 Dec 2014	30 Jun 2014
	$	$
Deferred commission expenses	506,425	500,322
Security deposits	22,635	-
Loan to service providers	242,507	-
	771,567	500,322

Terms of loan to service providers - interest is charged at market rates and the loans are repayable over two years from revenue initially collected on behalf of the service providers.

Note 9. Current liabilities - trade and other payables

	Consolidated	
	31 Dec 2014	30 Jun 2014
	$	$
Trade payables	3,587,520	3,573,297
Due to service providers	190,181	235,404
Related party payable	46,160	766,238
Accrued expenses	1,258,552	938,665
Other payables	26,650	56,971
	5,109,063	5,570,575

Note 10. Current liabilities - borrowings

	Consolidated	
	31 Dec 2014	30 Jun 2014
	$	$
Bank overdraft	309,996	-
Lease facility	158,724	155,136
Amex facility	840,047	700,538
Credit card facility	414	10,549
	1,309,181	866,223

Note 10. Current liabilities - borrowings (continued)

Financing arrangements
Unrestricted access was available at the reporting date to the following lines of credit (current and non-current):

	Consolidated	
	31 Dec 2014 $	30 Jun 2014 $
Total facilities		
Bank overdraft	500,000	500,000
Lease facility	391,935	155,136
Amex facility	850,000	750,000
Credit card facility	200,000	200,000
	1,941,935	1,605,136
Used at the reporting date		
Bank overdraft	309,996	-
Lease facility	391,935	155,136
Amex facility	840,047	700,538
Credit card facility	414	10,549
	1,542,392	866,223
Unused at the reporting date		
Bank overdraft	190,004	500,000
Lease facility	-	-
Amex facility	9,953	49,462
Credit card facility	199,586	189,451
	399,543	738,913

The lease facility used of $391,925 is split current $158,724 and non-current $233,211 (30 June 2014: $155,136, current $155,136 and non-current $nil).

Note 11. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Note 12. Fair value measurement

The carrying values of financial assets and financial liabilities presented represent a reasonable approximation of fair value.

Note 13. Contingent liabilities

The group had no contingent liabilities as at 31 December 2014 and 30 June 2014.

Note 14. Business combinations

On 8 July 2014 the group acquired the business of Neural Networks Data Services Pty Limited for the total cash consideration transferred of $350,000. It was acquired to grow the group's capacity to provide wholesale cloud and VoIP products. The provisional goodwill of $20,000 represents the value of expected synergies and growth arising from the acquisition.

The acquired business contributed revenues of $530,787 and profit after tax of $86,118, to the group for the period from 8 July 2014 to 31 December 2014 before the earn-out accrual of $126,000. The acquisition of Neural Networks Data Services Pty Limited includes an earn-out which has been accounted for as remuneration in the current financial period under AASB 3 'Business Combinations'. If the acquisition occurred on 1 July 2014, the full period revenues and loss would not have been significantly different. The values identified in relation to the acquisition of Neural Networks Data Services Pty Limited are provisional as at 31 December 2014.

Details of the acquisition are as follows:

	Fair value $
Other intangible assets	330,000
Net assets acquired	330,000
Goodwill	20,000
Acquisition-date fair value of the total consideration transferred	350,000

Transaction costs on acquisition relating to Neural Networks Data Services Pty Limited amounting to $40,166 has been included under acquisition related costs in profit or loss.

Note 15. Events after the reporting period

On 1 January 2015, the group acquired the Anittel businesses ('Anittel') from ASX listed entity Axxis Technology Group Ltd (formally known as Anittel Group Limited) for cash consideration of $500,000 and 6,153,846 shares in the company. The vendor may also receive a performance based consideration of up to $1,500,000 in cash, subject to meeting several agreed measures between 1 January 2015 and 30 June 2015.

The group is in the process of determining the initial accounting and purchase price allocation of Anittel and will provide such information in the annual report for the year ending 30 June 2015.

Following the acquisition, the group is in the process of structuring the businesses to achieve synergies and cost reductions from the combined operations. The cash requirements of this structure have been anticipated by the directors.

No other matter or circumstance has arisen since 31 December 2014 that has significantly affected, or may significantly affect the group's operations, the results of those operations, or the group's state of affairs in future financial years.

Note 16. Earnings per share

	Consolidated	
	31 Dec 2014 $	31 Dec 2013 $
Profit after income tax attributable to the owners of Inabox Group Limited	371,843	471,344
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	13,916,684	13,558,383
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	-	333,333
Weighted average number of ordinary shares used in calculating diluted earnings per share	13,916,684	13,891,716
	Cents	Cents
Basic earnings per share	2.67	3.48
Diluted earnings per share	2.67	3.39

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes thereto give a true and fair view of the group's financial position as at 31 December 2014 and of its performance for the financial half-year ended on that date; and

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors

Siimon Reynolds	Damian Kay
Chairman	Managing Director and Chief Executive Officer

28 February 2015
Sydney

Building a better working world

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Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Inabox Group Limited, which comprises the statement of financial position as at 31 December 2014, the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Inabox Group Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report 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 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.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Inabox Group Limited is not in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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Ernst & Young

Lisa Nijssen-Smith
Partner
Sydney
28 February 2015

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