

April 19, 2004

Company Announcements Office  
Australian Stock Exchange Limited  
4th Floor, 20 Bridge Street  
SYDNEY, NSW 2000

Pages: 12 including this cover

### **Heads of Agreement to acquire all shares in Total Corrosion Control Pty Ltd ("TCC")**

The Board of MBox.com Limited ("MBX") is pleased to confirm that MBX has executed a conditional Heads of Agreement ("HOA") with TCC to acquire 100% of the shares in TCC along with all its assets and business's.

TCC is a privately owned Australian company providing protective coating and maintenance services to the construction, mining and oil and gas industries.

It is proposed that the MBX consideration shares will rank *pari passu* with its existing issued shares. The Board of Directors will be reconstituted to reflect the change in activities.

The proposed transaction is subject to conditions including shareholder approval, due diligence and regulatory approval.

Should all the conditions be met, and following circulation of an Information Memorandum, shareholders will be asked to vote on the acquisition at a proposed General Meeting.

### **TRANSACTION HIGHLIGHTS**

Australian Stock Exchange Limited ("ASX") has advised MBX that it will need to obtain shareholder approval in accordance with Chapter 11 of the ASX Listing Rules (change in nature and scale of activities) and also re-comply with Chapters 1 and 2 of the ASX Listing Rules in order to complete the acquisition.

MBX believes that it will comply with the provisions of Chapters 1 and 2 of the ASX Listing Rules without having to raise further capital. Compliance with chapters 1 and 2 of the ASX listing rules will need to ensure the company:

- Has consolidation of shares on a minimum one (1) for two (2) basis to ensure that the new entity has listing price of at least A\$0.20.
- Obtain the requisite shareholder spread.

Key transaction highlights are:

- MBX will change the nature and scale of its activities to Diversified Industrial.
- The Company will also change its name to "TCC Group Limited".
- MBX will acquire 100% of TCC for a total amount of A\$5.4 million satisfied by the issue of new shares in MBX at an issue price of A\$0.09 per pre consolidation shares or a part cash option where MBX will acquire TCC for part shares part cash up to a maximum of \$2m cash. The cash will be payable six months from the date of the transaction.
- If part of the consideration for TCC is payable in cash, MBX may need to raise cash within six months of the transaction. At all times MBX will ensure that it has in excess of \$2 million in working capital or net tangible assets. It is possible that the cash component consideration for TCC may be drawn from the current cash balance. At present the company has a cash balance of \$2.9 million.
- The Board of MBX is pleased to nominate Mr Reginald N Gillard as Non-executive Director to replace Mr Robert Franco who will resign. Mr Gillard joins Mr Geoff Gander and Mr Paul Price however only Mr Gillard will remain as a director post the transaction.

## TRANSACTION RATIONALE

- MBX was floated on the ASX in March 2000, with the original business model to sell web based advertising space subsequently evolved to become a subscriber fee based ASP carrier grade unified messaging service provider.
- MBX has been operating at a loss for the past 4 years.
- The MBX Directors have been concerned about the lack of success despite cost cutting and moving to higher subscription revenue. As a result Directors began looking at other alternative assets for the Company. The directors of the Company believe that TCC provides this opportunity.

Specifically:

- TCC provides MBX shareholders with the opportunity to participate in a well established profitable business directing services to the mining and construction industry, which the Board considers is in a major growth phase.

## ANTICIPATED TIMETABLE

The anticipated timetable for completion of the acquisition and the balance of the matters referred to above is set out below:

### Event Date

ASX announcement of TCC Transaction	19 April 2004
Completion of Independent Experts Report and Due Diligence	24 May 2004
Dispatch of Notice of Meeting seeking approval for TCC transaction	14 June 2004
Suspension of MBX's securities from trading on ASX at the opening of trading	14 July 2004
General meeting to approve the TCC transaction	15 July 2004
Anticipated date the suspension of trading is lifted and the merged entity is re-listed on the ASX. Assuming no capital raising is required and pending compliance with Chapters 1 and 2 of ASX listing rules.	12 August 2004

## **PROPOSED APPOINTMENTS TO THE BOARD OF MBOX.COM LIMITED**

The Board of MBX is pleased to nominate Mr Ron Gajewski, Mr John Hyslop and Mr Salvatore Iannello approval for this appointment will be sought at the General Meeting that is to be convened to approve the acquisition of TCC. It is proposed that upon conclusion of the meeting, Mr Geoff Gander and Mr Paul Price will tend their resignation.

Mr Ron Gajewski – Mr Gajewski is currently a director of TCC and has consented to be named as such.

Mr John Hyslop – Mr Hyslop is currently the Chairperson of TCC and has consented to be named as such.

Mr S Iannello – Mr (Terry) Iannello is currently the Managing Director of TCC and has consented to be named as such.

## **MATERIAL TERMS OF HEADS OF AGREEMENT**

MBX has signed a Heads of Agreement (HOA) which will govern the acquisition of TCC and related transactions. The material terms of the HOA are:

The purchase consideration will comprise 60m MBX pre consolidation shares issued at 9 cents to achieve a total consideration of \$5.4 million. The MBX shares issued to the shareholders of TCC Holdings Pty Ltd will be held in escrow for either a mutually agreed time frame after settlement, or one determined by the ASX, but not exceeding 24 months.

The shares only offer is subject to the following material conditions:

- I. As required, by the Corporations Law and the ASX Listing Rules, MBX shareholders approving the TCC acquisition;
- II. Completion to MBX's satisfaction of its detailed due diligence review of the TCC business;
- III. All license agreements, brand names, assets (not including buildings in Kwinana) and other intellectual property of the TCC Business held by TCC Holdings Pty Ltd or TCC are transferred to TCC or remain with TCC as part of the consideration;
- IV. No material adverse change to the TCC Business' financial or the book value of the Business' NTA between the date of this offer and settlement;
- V. The related party loan of approximately \$1.5m to TCC Holdings Pty Ltd from Total Corrosion Control Pty Ltd is written off prior to completion;
- VI. TCC agreeing to pay a \$20,000 break fee to MBX if following execution of this agreement TCC is not vended into MBX through no fault of MBX;
- VII. Should MBX shareholder approval be not obtained then MBX will pay a break fee of \$20,000 to TCC.
- VIII. MBX shareholders receiving an independent experts report that the transaction is fair and reasonable for MBX shareholders.
- IX. The receipt by MBX of the Audited accounts of TCC for the period ending 30/6/03.
- X. MBX to pay the acquisition related expenditure for the shares in TCC, excluding TCC's independent legal, corporate advisory and accounting costs.
- XI. Conditional upon TCC Holdings Pty Ltd obtaining an Independent Expert Opinion that the proposed consideration is fair and reasonable.
- XII. TCC Holdings Pty Ltd Board approval by 24<sup>th</sup> April.

If any part of the cash consideration is taken the following material conditions will apply:

### **Cash/Share Purchase Consideration**

Cash and Share Consideration – TCC must inform MBX by the 24<sup>th</sup> of April what consideration it is going to accept. At the election of TCC Holdings, a proportion of the 60 million pre consolidation shares (e.g. Cash and Script Option) can be substituted for cash at a ratio of 8 cents per pre consolidation MBX share up to a maximum of \$2,000,000. For example, should TCC Holdings elect to receive \$1 million in cash the share consideration would be 47.5 million pre consolidation shares. Should TCC Holdings elect to receive \$2 million in cash the share consideration would be 35 million pre consolidation shares.

- I. The raising by MBX of an amount as required to ensure that MBX has Working Capital of at least \$2,000,000 at completion of the acquisition of TCC, by placement.
- II. MBX entering into of a Lease of the Kwinana property, workshops and other buildings for a term not less than five years (5) with another five year (5) option at a net rent charge of the lesser of 7% of independent market valuation of the Kwinana property, and \$280,000 per annum (exclusive of GST) ;
- III. The giving by all of the shareholders, and beneficial owners of TCC, of unconditional releases to TCC and MBX against all and any actions or claims that they may have in relation to matters arising howsoever from their ownership of the Shares, and the management of TCC, that precede the date of acquisition of the Shares by MBX.
- IV. The entering into by all shareholders, both legal and beneficial owners, of non-competition and restriction agreements for periods not less than 5 years, in all and any areas in which TCC is currently operating, or has operated in the past.
- V. Inspection of the maintenance agreements/contracts to confirm to MBX's satisfaction that the sale of the shares in TCC to MBX does not result in a requirement to assign the contracts, and which assignment, or consent to the sale of shares, can not be obtained.
- VI. Cash component of purchase consideration will be paid within six months of shareholder approval by MBX for the acquisition of the TCC shares and business.

### **PROFORMA STATEMENT OF FINANCIAL POSITION**

A Proforma Statement of Financial Position of MBX following the completion of the acquisition provided in Annexure 2. It has been assumed in preparing this Proforma statement of Financial Position that no further capital raising is required in order to satisfy chapters 1 and 2 of the ASX listing rules.

### **PROFORMA CAPITAL STRUCTURE**

A Proforma Capital Structure of MBX is provided in Annexure 4 based on the assumption that the shares only offer is accepted and a minimum one (1) for two (2) consolidation of shares.

### **EXISTING ASSETS**

The MBX Board is currently reviewing the Company's existing assets. The MBX Board believe that the acquisition of TCC offers an exciting opportunity and will look to dispose of the current assets after shareholder approval or seek an outsourcing group to take over day to day running of the assets.

Further detailed information will be provided to shareholders for the purpose of the General Meeting of MBX shareholders to be held to approve any sale transaction.

If Shareholders have any queries please call MBX Company Secretary, Mr Andrew Meloncelli, on (08) 9214 2540 at your convenience.

Yours faithfully,

**Andrew Meloncelli**  
**Company Secretary**

**ANNEXURE 1****TCC UNAUDITED TRADING STATEMENT  
1 JULY – 31 DECEMBER 2003**

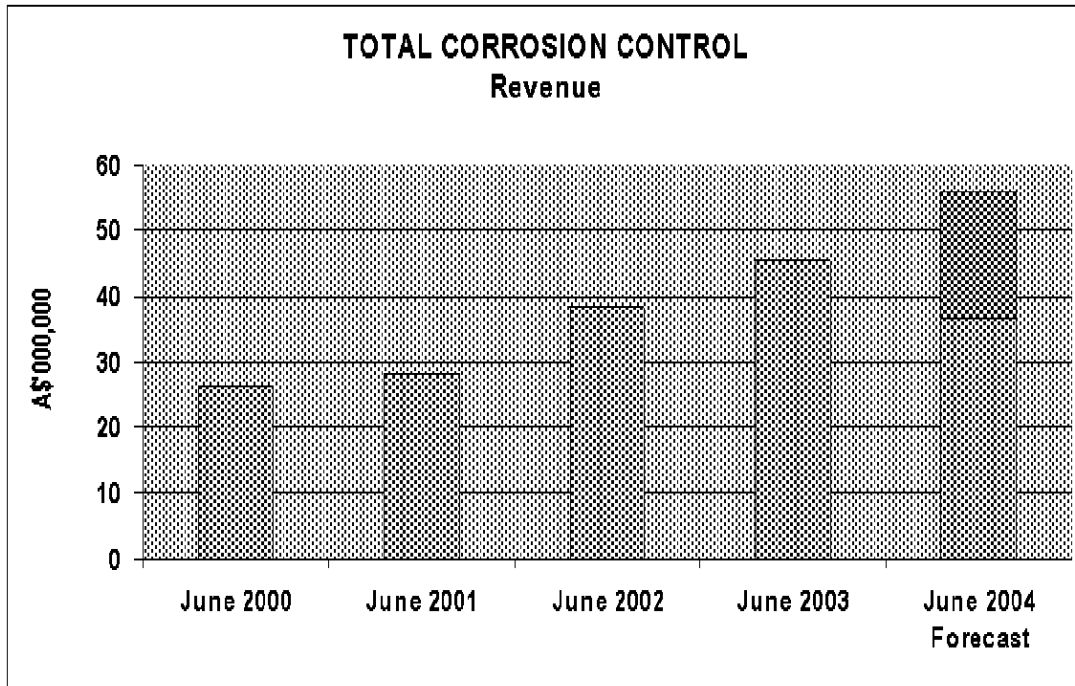
<b>A\$000'000</b>	<b>July – December 2003</b>
<b>Revenue</b>	<b>\$30.9</b>
Cost of Sales	\$23.2
Gross Profit	\$7.7
Operating Expenses	\$6.6
<b>EBITDA</b>	<b>\$1.1</b>

**TCC AUDITED NET PROFIT PRIOR YEARS**

<b>YEAR ENDING 30 JUNE</b>	<b>REVENUE</b>	<b>\$ PROFIT</b>
	<b>\$M</b>	
<b>2003</b>	<b>46.4</b>	<b>\$650,954</b>
2002	38.3	\$200,813
2001	28.2	(\$802,313)

### ANNEXURE 2

### TCC HISTORICAL REVENUE



**ANNEXURE 3****PRO-FORMA STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2003**

	Pre Acquisition Audited Proforma Consolidated	Post Acquisition MBX/TCC Proforma Consolidated
<b>Current Assets</b>		
Cash Assets	2,961,371	2,961,371
Receivables	7,690	11,979,207
		-
Less Provision for D/Debts		135,000
Sundry Debtors		768,132
Works In Progress		1,339,697
Inventories	-	186,772
Prepayments		614,615
Other	-	-
<b>Total Current Assets</b>	<b>2,969,061</b>	<b>17,714,794</b>
<b>Non-Current Assets</b>		
Building and Land Improvements	-	203,161
Property, Plant and Equipment	224,856	2,441,738
Goodwill	-	429,688
Related Company Loans		1,536,470
Other	-	1,126,766
<b>Total Non-Current Assets</b>	<b>224,856</b>	<b>5,737,823</b>
<b>Total Assets</b>	<b>3,193,917</b>	<b>23,452,617</b>
<b>Current Liabilities</b>		
Trade Creditors	54,857	5,980,188
Other	-	2,430,236
Overdraft		861,135
Commercial Bills		450,000
Premium Funding		519,237
Lease Current		91,883
Loans Current		7,373
Related Party Loan		60,406
Provisions	14,730	3,611,849
<b>Total Current Liabilities</b>	<b>69,587</b>	<b>14,012,307</b>
<b>Non Current Liabilities</b>		
Commercial Bills	-	1,050,000
Lease	-	42,700
Loans	-	28,505
Provisions		2,209,158
<b>Total Non-Current Liabilities</b>	<b>-</b>	<b>3,330,363</b>
<b>Total Liabilities</b>	<b>69,587</b>	<b>17,342,670</b>
<b>Net Assets</b>	<b>3,124,330</b>	<b>6,109,947</b>
<b>Equity Shareholders Equity</b>		
Contributed Equity	9,511,926	19,724,694
	-	-
Accumulated Losses	6,387,596	14,353,791
Profits this year		732,004
<b>Total Equity</b>	<b>3,124,330</b>	<b>6,370,903</b>

\* Based on assumption that no further capital raising is required.

**ANNEXURE 4****PRO-FORMA CAPITAL STRUCTURE**

<b>Shares</b>	<b>Number</b>
Current	64,757,621
*Acquisition of TCC	60,000,000
<b>TOTAL</b>	<b>124,757,621</b>
<b>Post minimum 1:2 Consolidation</b>	<b>62,378,811</b>
<b>Options Post minimum 1:2 Consolidation</b>	
Current 20c exercise 31 December 2005	140,000
Current 50c exercise 31 March 2005	2,685,095
Proposed to Corporate Adviser Cunningham Securities	160,000
Proposed to Current Directors and Company Secretary	
25c exercise 31 December 2005	500,000
<b>TOTAL</b>	<b>3,485,095</b>

\*Assumption is made that the acquisition will be for shares only. While unlikely, if the cash and script consideration option is accepted and NTA falls below \$2m MBX will need to raise additional funds to satisfy ASX listing rules for chapters 1 and 2. However it is not anticipated that NTA will fall below \$2m.

## ANNEXURE 5

### SUMMARY INFORMATION ON TCC

Total Corrosion Control Pty Ltd ("TCC") has been established since 1982 and is a privately owned West Australian company providing protective coating services to the mining, petroleum and refining industries throughout the state.

TCC has received ISO 9002 and AS/NZS ISO 9002 certifications, which proves that all areas of the Company that provides products and services have tested their respective internal systems against international standards for effective quality management.

TCC services approximately 30% of the industrial protective coating industry (three times its nearest competitor) in Western Australia, having a client base of over 200 companies. TCC operates from 5 Western Australian locations; Kwinana, Pinjarra, Wagerup, Port Hedland and Karratha and employs approximately 250 staff state-wide. As one of Western Australia's largest protective coating and maintenance services group, it's had a strong growth profile over the past 3 years and continues to grow, with forecast revenues for 2003/2004 of \$55 Million, and is profitable.

#### TCC Core Business Areas:

##### *Abrasive Blasting and Protective Coatings*

Workshop features automated angle, pipe and structural steel blasting units, processing in excess of 41,000 tonnes of steel per year.

##### *Rubber lining*

Provide corrosion and abrasion resistant lining, such as rubber and urethane for the highly corrosive and abrasive environments encountered by mine processing equipment.

##### *Scaffolding*

Supply and erect scaffold for industrial projects and maintenance, including surface treatment, insulation, fire proofing and electrical installation.

##### *Polyurethane Foam Application*

Mobile foam application units allow for onsite foam application

##### *Calciners*

Specialised shutdown teams performing Calciner overhauls throughout WA

##### *Insulation*

Four fully equipped workshops to cater for onsite insulation and cladding for industrial equipment, vessels and structures.

##### *Fire Proofing*

Licensed users of fire safety designs Chartek, Thermolag and Mandolite for

##### *Polyurea Coating*

Workshop and Site application of Polyurea and Polyurethane coatings

##### *Asbestos and Lead Removal*

Licensed asbestos removalists for industrial sites

##### *Training and Education*

An accredited enterprise-training providing training employed and unemployed, to gain understanding in the protective coating industry

**ANNEXURE 5**  
**SUMMARY INFORMATION ON TCC**  
**continued....**

TCC Top 20 Clients:

- Alcoa
- AGC Industries
- BHP Billiton
- BP Refinery
- Chevron Texaco
- Clough Engineering
- Dampier Salt
- Hamersley Iron
- John Holland Pty Ltd
- Monadelphous Engineering
- Murrin Murrin
- Outokumpu
- Robe River
- Tiwest Joint Venture
- Transfield Worley
- United Kilpatrick Green
- Wandoo
- Wesfarmers
- Western Mining Corporation
- Woodside Energy
- Worsley Alumina

Annexures 1 and 2 presents financial information in relation to TCC's business and further information can also be found on TCC's website, [www.tccgroup.com.au](http://www.tccgroup.com.au)

## **ANNEXURE 6**

### **MBOX.COM LIMITED'S BACKGROUND**

#### **Introduction**

MBX was listed on the Australian Stock Exchange in March 2000, towards the end of a major downturn in the technology sector. As part of this process, an Initial Public Offering raised \$8 million from shareholders, many of whom continue to be shareholders of the Company today.

The business model of MBX has been refined over the last 12 to 18 months to reflect the prevailing market conditions. The Company had been focusing on reduction of costs.

There have been a number of changes to the Board of Directors over the last 24 months, with the appointment of John Gillon and Nick Formichella and the resignation of Jamie Hamilton. Following this was the resignation of John Gillon, failure of re-appointment of Nick Formichella and appointment of Robert Franco. In November Geoff Gander was also appointed as director.

#### **Results**

The loss for the last financial year (2002/03) after income tax was \$548,359, this is a result which is disappointing and unacceptable to the Board and has resulted in a refocus on the MBX business model. As at 29 February 2004 cash at bank was \$2.9m

#### **Equal Access Share Buy Back**

The company bought back 22,433,983 fully paid ordinary shares at 4.2 cents per share in December 2002 at a cost of \$942,227, representing 28.39% of the pre buy back number of issued shares.