SECURITY RISK MANAGEMENT

Ava Risk Group Limited

10 Hartnett Close, Mulgrave, Victoria 3170 Australia
P: +61 3 9590 3100 | F: +61 3 9560 8000
E: info@theavagroup.com | W: www.theavagroup.com

A.B.N: 67 064 089 318

05 October 2018

Company Announcements Office
Australian Securities Exchange Limited
20 Bridge Street
Sydney NSW 2000

COMPULSORY ACQUISITION OF SHARES IN MAXSEC GROUP LIMITED

On 29 June 2018, AVA Risk Group Limited (**AVA**) increased its interest in the ordinary equity of Maxsec Group Limited (**Maxsec**) to more than 90% of the voting power in Maxsec and a beneficial interest in at least 90% by value of all the securities in Maxsec.

AVA has commenced the process for compulsorily acquiring the outstanding ordinary shares in Maxsec (**Ordinary Shares**) by lodging the relevant compulsory acquisition notices with the Australian Securities and Investments Commission (**ASIC**).

Please find attached a copy of the following documents:

1. Letter to the holders of the Ordinary Shares;
2. Form 6024 *Notice of Compulsory Acquisition*;
3. Objection Form for the holders of the Ordinary Shares; and
4. Copy of the Independent Expert's Report.

We confirm that the enclosed documents were lodged with ASIC yesterday, pursuant to section 664C(2)(a) *Corporations Act 2001* (Cth) (**Corporations Act**).

We also confirm that the enclosed documents were provided to the directors of Maxsec today, pursuant to section 664C(2)(c) Corporations Act and will be dispatched to holders of the Ordinary Shares.

Yours sincerely

K. Clark

Kim Clark
Company Secretary

Ava Risk Group Limited
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A.B.N: 67 064 089 318

05 October 2018

Dear Shareholder

COMPULSORY ACQUISITION

As you may be aware, on 29 June 2018, AVA Risk Group Limited (**AVA**) increased its interest in the ordinary equity of Maxsec Group Limited (**Maxsec**) to more than 90% of the voting power in Maxsec and a beneficial interest in at least 90% by value of all the securities in Maxsec.

You have received this letter and the enclosed information as you hold ordinary shares in Maxsec (**Ordinary Shares**).

AVA now proposes to compulsorily acquire each Ordinary Share in Maxsec for $0.03 per Ordinary Share in accordance with section 664E(1) *Corporations Act 2001* (Cth) (**Corporations Act**). The **attached** Independent Expert's Report supports the proposed acquisition price on the basis that the Ordinary Shares have a fair value between $0.29 and $0.33 per Ordinary Share.

AVA encloses by way of service:

- a Notice of Compulsory Acquisition under section 664C Corporations Act in relation to the Ordinary Shares held by you (**Notice**);
- a copy of the Independent Expert's Report relating to the compulsory acquisition of the Ordinary Shares; and
- a copy of an Objection Form (**Objection Form**) pursuant to which you may object to the acquisition within one month of receipt of the Notice (i.e. no later than 08 November 2018).

The Notice was lodged with the Australian Securities and Investments Commission on 04 October 2018. As well as providing formal notice of AVA's intention to compulsorily acquire your Ordinary Shares, the Notice sets out certain rights available to you under the Corporations Act in response to the Notice.

WHAT DO YOU NEED TO DO?

If you wish to object to the acquisition, you must complete and return the Objection Form, otherwise, no action is required. In due course, you will receive a letter setting out details for the payment of the consideration payable to you upon compulsory acquisition of your Ordinary Shares.

Yours sincerely

K. Clark

Kim Clark
Company Secretary

CORPORATIONS ACT 2001 (CTH)
SECTION 664E(1)
OBJECTION FORM

The Directors
AVA Risk Group Limited
10 Hartnett Close
MULGRAVE VIC 3170

Dear Sirs/Madam

OBJECTION TO COMPULSORY ACQUISITION

I/We refer to the notice of compulsory acquisition received by me on ……………2018.

Pursuant to section 664E(1) Corporations Act 2001, I/we

……….,of

……., hereby notify

AVA Risk Group Limited, that I/we object to the acquisition of the ordinary shares held by me/us and acknowledge that this objection:

(i) relates to all securities of the above class that are covered by the notice and are held by me/us as at the date of this objection; and

(ii) cannot be withdrawn.

………………………………………………………………………….
Signature of shareholder (or representative)

………………………………………………………………………….
Name of shareholder (print)

………………………………………………………………………….
Capacity of representative (if applicable)

…………………………………………………
Date

Australian Securities & Investments Commission

Form 6024
Corporations Act 2001
664C(1)

Notice of compulsory acquisition

Notice

To each holder of:

Description of class of securities — Class of securities ('the class')

Fully paid ordinary shares

in

Name of target company — Name ('the Company')

Maxsec Group Limited

ACN/ARBN/ARSN

000 029 265

Insert name of 90% Holder

1. AVA Risk Group Limited ACN 064 089 318

('the 90% holder')

Tick one box

☒ holds either alone or with a related body corporate, full beneficial interests in at least 90% of the securities (by number) in the class.

☐ has voting power of at least 90% in the Company and holds, either alone or with a related body corporate, full beneficial interests in at least 90% by value of all securities of the Company that are either shares or convertible into shares.

2. Under subsection 664A(3) of the Corporations Act 2001 ('the Act') the 90% Holder may compulsorily acquire all the

Description of class of securities — Fully paid ordinary shares

if less than 10% by value of holders in that class have objected to the acquisition by the end of the objection period set out in this notice or the Court approves the acquisition under section 664F of the Act.

3. The 90% Holder hereby gives notice that it proposes to compulsorily acquire

Description of class of securities — Fully paid ordinary shares

that you hold for the cash amount of

Cash amount for the securities. This may be expressed as an amount per security. — $0.03 per share

A notice sent by post to you is taken to be given to you 3 days after it is posted.

4. Under section 664E of the Act, you, (or anyone who acquires the securities during the objection period) have the right to object to the acquisition of your securities by completing and returning the objection form that accompanies this notice within

Period during which holders may return the objection form. The period must be at least one month. — One month

of receipt of this notice. The objection cannot be withdrawn.

5. You have the right to obtain the names and addresses of everyone else who holds securities in the class from the Company register.

6. Under section 664F of the Act, if 10% of holders of securities covered by this compulsory acquisition notice have objected to the acquisition before the end of the objection period, the 90% Holder may, within one month after the end of the objection period, apply to the Court for approval of the acquisition of the securities covered by this notice.

7. During the last 12 months the 90% Holder or an associate has purchased securities of the same class for

Details of the consideration given for the securities — 1 fully paid ordinary share in Future Fibre Technologies Limited (now AVA Risk Group Limited) for every 4 fully paid ordinary shares in Maxsec Group Limited pursuant to a takeover bid by AVA Risk Group Limited

Continued... **Notice**

Include any information that is known to the 90% Holder or any related bodies corporate that is material to deciding whether to object to the acquisition and has not been disclosed in an expert's report under section 667A of the Act.

8.

The 90% Holder is not aware of any material information that has not otherwise been included in the expert's report under section 667A of the Act

Signature

Name of person signing

Kim Clark

Capacity

Company Secretary

Signature

K. Clark.

Date signed

0 4 / 1 0 / 1 8
[D D] [M M] [Y Y]

INDEPENDENT EXPERT'S REPORT

MaxSec Group Limited

Compulsory Acquisition of the Remaining Shares in MaxSec Group Limited by Ava Risk Group Limited.

26 September 2018

Tel: +61 2 9251 4100
Fax: +61 2 9240 9821
www.bdo.com.au

Level 11, 1 Margaret St
SYDNEY NSW 2000
Australia

This Financial Services Guide is issued in relation to an independent expert's report (**Report** or **IER**) prepared by BDO Corporate Finance (East Coast) Pty Ltd (ABN 70 050 038 170) (**BDOCF**) at the request of the directors (**Directors**) of Ava Risk Group Limited (**AVA**).

Engagement

The IER is intended to accompany the Notice of Compulsory Acquisition (**Notice**) that is to be provided by the Directors of MSP to Shareholders of MaxSec Group Limited (**MSP**) notifying them of the proposed compulsory acquisition of the remaining shares in MSP not held by AVA (**Proposed Transaction**).

Financial Services Guide

BDOCF holds an Australian Financial Services Licence (License No: 247420) (**Licence**). As a result of our IER being provided to you BDOCF is required to issue to you, as a retail client, a Financial Services Guide (**FSG**). The FSG includes information on the use of general financial product advice and is issued so as to comply with our obligations as holder of an Australian Financial Services Licence.

Financial services BDOCF is licensed to provide

The Licence authorises BDOCF to provide reports for the purposes of acting for and on behalf of clients in relation to proposed or actual mergers, acquisitions, takeovers, corporate restructures or share issues, to carry on a financial services business to provide general financial product advice for securities and certain derivatives (limited to old law securities, options contracts and warrants) to retail and wholesale clients.

BDOCF provides financial product advice by virtue of an engagement to issue the IER in connection with the issue of securities of another person.

Our IER includes a description of the circumstances of our engagement and identifies the party who has engaged us. You have not engaged us directly but will be provided with a copy of our IER (as a retail client) because of your connection with the matters on which our IER has been issued.

Our IER is provided on our own behalf as an Australian Financial Services Licensee authorised to provide the financial product advice contained in the IER.

General financial product advice

Our IER provides general financial product advice only, and does not provide personal financial product advice, because it has been prepared without taking into account your particular personal circumstances or objectives (either financial or otherwise), your financial position or your needs.

Some individuals may place a different emphasis on various aspects of potential investments.

An individual's decision in relation to voting on the Proposed Transaction described in the Notice may be influenced by their particular circumstances and, therefore, individuals should seek independent advice.

Benefits that BDOCF may receive

BDOCF will receive a fee based on the time spent in the preparation of the IER in the amount of approximately $32,500 (plus GST and disbursements). BDOCF will not receive any fee contingent upon the outcome of the Proposed Transaction, and accordingly, does not have any pecuniary or other interests that could reasonably be regarded as being capable of affecting its ability to give an unbiased opinion in relation to the Proposed Transaction.

Remuneration or other benefits received by our employees

All our employees receive a salary. Employees may be eligible for bonuses based on overall productivity and contribution to the operation of BDOCF or related entities but any bonuses are not directly connected with any assignment and in particular are not directly related to the engagement for which our IER was provided.

Referrals

BDOCF does not pay commissions or provide any other benefits to any parties or person for referring customers to us in connection with the reports that BDOCF is licensed to provide.

Associations and relationships

BDOCF is the licensed corporate finance arm of BDO East Coast Partnership, Chartered Accountants and Business Advisers. The directors of BDOCF may also be partners in BDO East Coast Partnership, Chartered Accountants and Business Advisers.

BDO East Coast Partnership, Chartered Accountants and Business Advisers is comprised of a number of related entities that provide audit, accounting, tax and financial advisory services to a wide range of clients.

BDOCF's contact details are as set out on our letterhead.

BDOCF is unaware of any matter or circumstance that would preclude it from preparing the IER on the grounds of independence under regulatory or professional requirements. In particular, BDOCF has had regard to the provisions of applicable pronouncements and other guidance statements relating to professional independence issued by Australian professional accounting bodies and Australian Securities and Investments Commission (**ASIC**).

Complaints resolution

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing, addressed to
The Complaints Officer, BDO Corporate Finance (East Coast) Pty Ltd, Level 11, 1 Margaret Street, Sydney NSW 2000.

On receipt of a written complaint we will record the complaint, acknowledge receipt of the complaint and seek to resolve the complaint as soon as practical. If we cannot reach a satisfactory resolution, you can raise your concerns with the Financial Ombudsman Service Limited (**FOS**). FOS is an independent body established to provide advice and assistance in helping resolve complaints relating to the financial services industry. BDOCF is a member of FOS. FOS may be contacted directly via the details set out below.

Financial Ombudsman Service Limited

GPO Box 3

Melbourne VIC 3001

Toll free: 1300 78 08 08

Email: info@fos.org.au

Tel: +61 2 9251 4100
Fax: +61 2 9240 9821
www.bdo.com.au

Level 11, 1 Margaret St
SYDNEY NSW 2000
Australia

The Directors
MaxSec Group Limited
c/o Ava Risk Group Limited
10 Harnett Close
MELBOURNE VIC 3170

26 September 2018

Dear Directors

INDEPENDENT EXPERT'S REPORT IN RELATION TO THE COMPULSORY ACQUISITION OF THE REMAINING SHARES IN MAXSEC GROUP LIMITED BY AVA RISK GROUP LIMITED

Proposed Transaction

AVA Risk Group Limited (**AVA**) currently holds 90.68% of MaxSec Group Limited's (**MSP** or **the Company**) shares. As a result of acquiring at least a 90% interest in MSP's shares, AVA intends to compulsorily acquire all of the issued shares of MSP which AVA does not own (**Remaining Shares**), pursuant to section 664A of the Corporations Act 2001 (Cth) (Act) (**Proposed Transaction**). The offer price is cash consideration of $0.03 per share (**Offer)** and is only offered to the remaining holders of the shares, excluding AVA (**Remaining Shareholders**).

Full details of the Proposed Transaction are set out in the Notice of Compulsory Acquisition (**Notice**).

This Report sets out our opinion as to whether the Offer gives a fair value for the Remaining Shares.

Introduction

BDO Corporate Finance (East Coast) Pty Ltd (ABN 70 050 038 170) (**BDOCF, we, us or our**) was nominated by the Australian Securities and Investment Commission (ASIC) and has been engaged by the Directors of AVA to prepare an Independent Expert's Report (**Report or IER**). Consistent with Section 667A, the purpose of the IER is to state whether or not, in our opinion, the terms of the compulsory acquisition proposed by AVA give a fair value for the Remaining Shares and sets out the reasons for forming our opinion. A copy of the IER is to be included in the Notice.

Summary of Opinion

In Section 8 of this report we set out our valuation conclusions. The Offer by AVA is within our valuation range.

Therefore, we conclude that the Offer as outlined in the Notice gives a fair value for the Remaining Shares.

A summary of our analysis in forming the above opinion is provided below.

Fairness Assessment

In undertaking our fairness opinion, we have had regard to Section 667C of the Act, which stipulates that the IER must state whether or not, in our opinion, the Offer, as outlined in the Notice, gives a fair value for the Remaining Shares and outline the reasons for our opinion.

Section 667C states that to determine what is "fair value:"

- First, assess the value of the company as a whole; and
- Then allocate that value among the classes of issued securities in the company (taking into account the relative financial risk, and voting and distribution rights, of the classes); and
- Then allocate the value of each class pro rata among the securities in that class (without allowing a premium or applying a discount for particular securities in that class).

Additionally, Section 667C of the Act states that,

"without limiting subsection (1), in determining what is fair value for securities for the purposes of this Chapter, the consideration (if any) paid for securities in that class within the previous 6 months must be taken into account."

Although the Act provides a procedure to calculate "fair value," it does not define the term "fair value." As such, we have formed our opinion in reference to the standard definition, which is:

"the price that would be negotiated in an open and unrestricted market between a knowledgeable, willing but not anxious buyer and a knowledgeable, willing but not anxious seller acting at arm's length."

The Offer will give a fair value for the Remaining Shares if the cash consideration under the Offer is equal to or greater than the fair market value of a share in MSP.

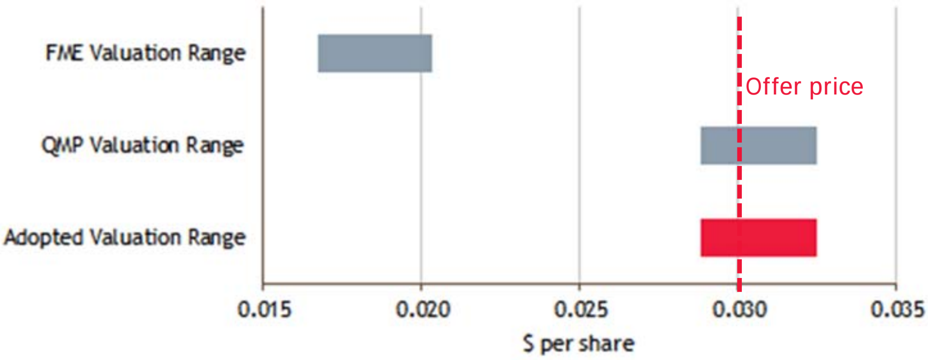
The result of our fairness analysis is summarised below.

Table 1: Fairness assessment

AUD	Low	High
Value per share - FME method	0.017	0.020
Value per share - QMP method	0.029	0.033
Value of a MSP share (control)	**0.029**	**0.033**
Offer price	0.030	0.030
Offer price - premium or discount	*4.2%*	*(7.7%)*

Source: BDOCF analysis

Figure 1: Comparison of fair value to offer price



Source: BDO analysis

In determining our adopted value per share, we have considered the relative strengths and weaknesses of the FME and QMP valuation methods, respectively. FME method is a subjective measure of intrinsic value largely impacted by the selected level of maintainable earnings. QMP is less subjective, however listed companies may never trade at a share price that reflects intrinsic value due to lack of broker and market coverage, limited trading activity, and other market factors. A strength of the QMP valuation method is that it reflects regulated and observable market trading data.

On balance and for the purposes of this Report, we consider our QMP valuation to be a better reflection of fair market value than our FME valuation.

We have also considered AVA's previous offers for MSP shares. On 25 August 2017 AVA made an offer of one AVA share for every four MSP shares. Titan Partners Corporate Finance were engaged by MSP to prepare an Independent Expert on this transaction.

Our adopted valuation of $0.029 to $0.033 reflects a decrease in value between $0.008 and $0.013 in comparison to the previous offer made by AVA on 25 August 2017 (**Previous Offer**) based on the Titan Partners Corporate Finance independent expert report. We consider this decrease in value to be attributable to the following:

- MSP remains loss making, underperformed the market guidance in the latest half year results and did not achieve budget for FY18 since the Previous Offer was announced;

- The MSP's VWAP during the offer period was $0.026 (1 month);
- MSP's VWAP post the close of the offer was $0.025 (1 month) which represents a $0.008 decline on the VWAP prior to the Previous Offer;
- Our FME valuation of MSP is between $0.015 and $0.017 which is below our QMP valuation; and
- the Titan report applies a control premium of 25% to 30%, while we have applied a premium of 20% as we consider a portion of the transaction premiums paid to reflect synergistic value (attributable to a specific purchaser only).

We have adopted an equity value range utilising the QMP methodology. The proposed consideration of $0.03 per share is within the range of our assessed fair value of $0.029 to $0.033. Hence, we conclude that the Offer, as outlined in the Notice, gives a fair value for the Remaining Shares.

Shareholders' individual circumstances

Our analysis has been undertaken, and our conclusions are expressed at an aggregate level. Accordingly, BDOCF has not considered the effect of the Proposed Transaction on the particular circumstances of individual Remaining Shareholders. Some individual Remaining Shareholders may place a different emphasis on various aspects of the Proposed Transaction from those adopted in this IER. Accordingly, individual Remaining Shareholders may reach different conclusions as to whether or not the Proposed Transaction gives a fair value for the Remaining Shares in their individual circumstances.

The decision of an individual Remaining Shareholder in relation to the Proposed Transaction may be influenced by their particular circumstances and accordingly Remaining Shareholders are advised to seek their own independent advice.

The decision to object to the compulsory acquisition is a matter for individual Remaining Shareholders based on their expectations as to the expected value, future prospects and market conditions. Remaining Shareholders should carefully consider the Notice. Remaining Shareholders who are in doubt as to the action they should take in relation to the Proposed Transaction should consult their professional adviser.

Current Market Conditions

Our opinion is based on economic, market, and other conditions prevailing at the date of this IER. Such conditions can change significantly over relatively short periods of time.

Changes in those conditions may result in any valuation or other opinion becoming quickly outdated and in need of revision. We reserve the right to revise any valuation or other opinion, in light of material information existing at the date of this Report that subsequently becomes known to us.

Sources of Information

Appendix 2 to the IER sets out details of information referred to and relied upon by us during the course of preparing this IER and forming our opinion.

The statements and opinions contained in this IER are given in good faith and are based upon our consideration and assessment of information provided by AVA.

Under the terms of our engagement, AVA agreed to indemnify the partners, directors and staff (as appropriate) of BDO East Coast Partnership and BDOCF and their associated entities, against any claim, liability, loss or expense, costs or damage, arising out of reliance on any information or documentation provided by AVA which is false or misleading or omits any material particulars, or arising from failure to supply relevant information.

Limitations

This IER has been prepared at the request of the Directors for the sole benefit of the Remaining Shareholders. This IER is to accompany the Notice to be sent to the Remaining Shareholders.

Accordingly, this IER and the information contained herein may not be relied upon by anyone other than the Remaining Shareholders without our written consent. We accept no responsibility to any person other than the Remaining Shareholders in relation to this IER.

This IER should not be used for any other purpose and we do not accept any responsibility for its use outside this purpose. Except in accordance with the stated purpose, no extract, quote or copy of our IER, in whole or in part, should be reproduced without our written consent, as to the form and context in which it may appear.

We have consented to the inclusion of the IER within the Notice. Apart from this IER, we are not responsible for the contents of the Notice or any other document associated with the Proposed Transaction. We acknowledge that this IER may be lodged with regulatory authorities.

Summary

This summary should be read in conjunction with the attached IER that sets out in full, the purpose, scope, basis of evaluation, limitations, information relied upon, analysis and our findings.

Glossary

Capitalised terms used in this Report have the meanings set out in the glossary. A glossary of terms used throughout this IER is set out in Appendix 1.

Financial Services Guide

BDOCF holds an Australian Financial Services Licence which authorises us to provide reports for the purposes of acting for and on behalf of clients in relation to proposed or actual mergers, acquisitions, takeovers, corporate restructures or unit issues. A financial services guide is attached to this IER.

Yours faithfully
BDO CORPORATE FINANCE (EAST COAST) PTY LTD

David McCourt
Director

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1. PURPOSE AND BACKGROUND

1.1. Purpose of the Report

Pursuant to Section 664A of the Act, once a shareholder holds more than 90% of a particular class of shares in a company (**90% holder**), they are able to compulsorily acquire the remaining shares in that class. Pursuant to Section 664C, the 90% holder must prepare a notice of compulsory acquisition to ASIC and the remaining minority shareholders. Pursuant to Section 667A, the notice must be accompanied by an expert's report that states whether or not, in the expert's opinion, the terms proposed in the notice give a fair value for the relevant shares.

On 24 September 2018, AVA provided a notice of compulsory acquisition offer of $0.03 per share for the Remaining Shares to BDO.

1.2. AVA's acquisition of shares through private placement

On 24 August 2017, AVA announced the acquisition of 65,000,000 shares (13.7% of the shares on issue) at $0.03 each through a private placement (**Private Placement).**

The Private Placement was used to provide MSP with an additional $1,950,000 of working capital to be used in growing and developing the business.

1.3. AVA's acquisition of shares through a takeover offer

On 25 August 2017, AVA made an off-market takeover bid for all MSP shares (**Previous Offer**). The consideration offered was all-scrip, namely one AVA share for every four MSP shares.

An independent expert report was issued in relation to the Previous Offer by Titan Partners Corporate Finance (**Titan**). The Titan report valued the consideration offered to be between $0.0375 to $0.043 per share (controlling basis). The valuation range was based on a minority value per share between $0.03 and $0.033 and a control premium of 25% to 30%. The Titan report found that Previous Offer was not fair but was reasonable.

On 21 December 2017 the Previous Offer closed with AVA acquiring a relevant interest of 85.1% in MSP.

1.4. Buy back of unmarketable parcels

On 9 March 2018 MSP announced an offer to buy back shares from holders of less than marketable parcels. Under ASX Listing Rules, holdings of the MSP's shares valued at $500 are considered to be less than marketable (**Unmarketable parcels**).

The buy back price was $0.0193 cents per share and was based on the volume weighted average price (**VWAP**) for the trailing five days ended 8 March 2018. On 7 May 2018 MSP announced the completion of the buy back of 3,535,991 shares at $0.0193 per share.

1.5. On market share buy back

On 9 March 2018 MSP announced an on market buy back offer of up to 41,051,092 fully paid ordinary shares. The on market buy back commenced on 26 March 2018 and will remain in place until 28 February 2019 or until the 41,051,092 shares are bought back.

On 29 June 2018, AVA announced a 90.31% shareholding in MSP. AVA now intends to compulsorily acquire the remaining 42,091,998 shares outstanding as at 11 September 2018. If the Proposed Transaction is implemented AVA will hold 100% of MSP.

We were nominated by ASIC and have been engaged by the Directors of AVA to prepare an IER to state whether or not, in our opinion, the terms of the compulsory acquisition, as outlined in the Notice, give a fair value for the Remaining Shareholders. A copy of the IER is to be included in the Notice.

1.6. Basis of Evaluation

Pursuant to Section 667C of the Act, the IER must state whether or not, in our opinion, the terms of the compulsory acquisition, as outlined in the Notice, give a fair value for the Remaining Shareholders and outline the reasons for our opinion.

Section 667C states that to determine what is "fair value:"

- First, assess the value of the company as a whole; and
- Then allocate that value among the classes of issued securities in the company (taking into account the relative financial risk, and voting and distribution rights, of the classes); and
- Then allocate the value of each class pro rata among the securities in that class (without allowing a premium or applying a discount for particular securities in that class).

Additionally, Section 667C of the Act states that,

- "without limiting subsection (1), in determining what is fair value for securities for the purposes of this Chapter, the consideration (if any) paid for securities in that class within the previous 6 months must be taken into account."

The Act does not define the term "fair value." As such, we have formed our opinion in reference to the standard definition, which is:

- "the price that would be negotiated in an open and unrestricted market between a knowledgeable, willing but not anxious buyer and a knowledgeable, willing but not anxious seller acting at arm's length"

In determining whether the Offer gives a fair value for the Remaining Shares, we have also had regard to Australian Securities and Investments Commission (ASIC) Regulatory Guide 111 Content of expert reports (RG 111) and Regulatory Guide 112 'Independence of experts' (RG 112):

In particular, RG 111 establishes guidelines in respect of independent expert reports under the Act.

RG 111.11 indicates that an offer is 'fair' if the value of the offer price or consideration is equal to or greater than the value of the securities the subject of the offer. The value of the securities the subject of the offer is determined assuming:

- A knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length.
- 100% ownership of the target company, irrespective of the percentage holding of the bidder or its associates in the target company.

2. SCOPE AND LIMITATIONS

2.1. Scope

The scope of the procedures we undertook in forming our opinion on whether the Offer gives a fair value for the Remaining Shares has been limited to those procedures we believe are required in order to form our opinion. Our procedures did not include verification work nor constitute an audit or assurance engagement in accordance with Australian Auditing and Assurance Standards.

Our assessment involved determining the fair market value of various securities, assets and liabilities. For the purposes of our opinion, the term fair market value is defined as the price that would be negotiated in an open and unrestricted market between a knowledgeable, willing, but not anxious purchaser and a knowledgeable, willing, but not anxious vendor, acting at arm's length.

2.2. Basis of assessment

The Offer gives a fair value to the Remaining Shareholders if the consideration offered by AVA is equal to or greater than the fair market value of a share in MSP. We have calculated the fair value of the Remaining Shares in accordance with Section 667C of the Act.

General requirements in relation to the IER

In preparing the IER, ASIC requires the independent expert when deciding on the form of analysis for a report, to bear in mind that the main purpose of the report is to adequately deal with the concerns that could reasonably be anticipated of those persons affected by the Proposed Transaction. In preparing the IER we considered the necessary legal requirements and guidance of the Act, ASIC regulatory guides and commercial practice.

The IER also includes the following information and disclosures:

- Particulars of any relationship, pecuniary or otherwise, whether existing presently or at any time within the last two years, between BDO East Coast Partnership or BDOCF and any of the parties to the Proposed Transaction.
- The nature of any fee or pecuniary interest or benefit, whether direct or indirect, that we have received or will or may receive for or in connection with the preparation of the IER.
- We have been appointed as independent expert for the purposes of providing an IER for the Notice.
- That we have relied on information provided by the board of Directors of AVA (**Board**) and management of MSP (**Management**) and that we have not carried out any form of audit or independent verification of the information provided.
- That we have received representations from the Board and Management in relation to the completeness and accuracy of the information provided to us for the purpose of our IER.

2.3. Special value

We have not considered special value in forming our opinion. Special value is the amount that a potential acquirer may be prepared to pay for a business in excess of the fair market value. This premium represents the value to the particular potential acquirer of potential economies of scale, reduction in competition, other synergies and cost savings arising from the acquisition under consideration not available to likely purchasers generally. Special value is not normally considered in the assessment of fair market value as it relates to the individual circumstances of special purchasers.

2.4. Reliance on information

This IER is based upon financial and other information provided by the Board and management of AVA. We have considered and relied upon this information. Unless there are indications to the contrary, we have assumed that the information provided was reliable, complete and not misleading, and material facts were not withheld. The information provided was evaluated through analysis, inquiry and review for the purpose of forming an opinion as to whether the Offer gives a fair value for the Remaining Shares.

We do not warrant that our inquiries have identified or verified all of the matters which an audit, extensive examination or due diligence investigation might disclose. In any event, an opinion as to whether an offer gives a fair value to the Remaining Shareholders is in the nature of an overall opinion rather than an audit or detailed investigation.

It is understood that the accounting information provided to us was prepared in accordance with generally accepted accounting principles.

Where we relied on the views and judgement of management the information was evaluated through analysis, inquiry and review to the extent practical. However, such information is often not capable of direct external verification or validation.

Under the terms of our engagement, AVA has agreed to indemnify BDOCF and BDO East Coast Partnership, and their partners, directors, employees, officers and agents (as applicable) against any claim, liability, loss or expense, costs or damage, arising out of reliance on any information or documentation provided, which is false or misleading or omits any material particulars, or arising from failure to supply relevant documentation or information.

2.5. Limitations

We acknowledge that this IER may be lodged by AVA with regulatory and statutory bodies and will be included in the Notice to be sent to the Remaining Shareholders. The Board acknowledges that our IER has been prepared solely for the purposes noted in the Notice and accordingly we disclaim any responsibility from reliance on the IER in regard to its use for any other purpose. Except in accordance with the stated purposes, no extract, quote or copy of the IER, in whole or in part, should be reproduced without our prior written consent, as to the form and context in which it may appear.

It was not our role to undertake, and we have not undertaken any commercial, technical, financial, legal, taxation or other due diligence, other similar investigative activities in respect of MSP. We understand that the Board has been advised by legal, accounting, tax and other appropriate advisors in relation to such matters as necessary. We provide no warranty or guarantee as to the existence, extent, adequacy, effectiveness and/or completeness of any due diligence or other similar investigative activities by the Board or their advisors.

We note that the IER does not deal with the individual investment circumstances of Remaining Shareholders and no opinion has been provided in relation to same.

Apart from the IER, we are not responsible for the contents of the Notice or any other document. We have provided consent for inclusion of the IER in the Notice. Our consent and the Notice acknowledge that we have not been involved with the issue of the Notice and that we accept no responsibility for the Notice apart from the IER.

2.6. Assumptions

In forming our opinion, we have made certain assumptions and outline these in our IER including:

- Assumptions outlined in the valuation sections.
- That matters such as title to all relevant assets, compliance with laws and regulations and contracts in place are in good standing, and will remain so, and that there are no material legal proceedings, other than as publicly disclosed.
- Information sent out in relation to the Proposed Transaction to Remaining Shareholders or any regulatory or statutory body is complete, accurate and fairly presented in all material respects.
- Publicly available information relied on by us is accurate, complete and not misleading.
- If the Proposed Transaction is implemented, that they will be implemented in accordance with the stated terms.
- The legal mechanisms to implement the Proposed Transaction are correct and effective.

3. PROFILE OF MSP

3.1. Company history & overview

MaxSec is a public company listed on the Australian Securities Exchange (ASX:MSP). MSP provides integrated security, turn-key solutions and international logistics services. The company offers smart card and reader systems, biometric scanners, and electromechanical locking devices, as well as secure logistics and storage services.

MSP operates through its two business divisions, namely BQT Solutions (**BQT Solutions)** and Ava Global (**Ava Global**). MSP provides these products and services in Australia, the United Kingdom, the Middle East, the United States, Southeast Asia, and New Zealand.

The BQT Solutions division houses the development, manufacture and sale of security products (smartcard, biometric access control technologies and electromechanical locking products etc.).

The Ava Global division provides secure logistic of high value cargo on a fully insured door to door basis. The Ava Global business commenced operations during FY17.

3.2. Directors and management

The current board of directors consists of four members, as indicated below.

Table 2: Directors and key management personnel

Director/manager name	Capacity
Geoffrey Cleaves	Chief Executive Officer (**CEO**)
Matthew Nye-Hingston	Chief Technology Officer and Head of Products
Leigh Davis	Chief Financial Officer (**CFO**)
Christopher Fergus	Executive Director (Sales and Marketing)
Robert Broomfield	Executive Director (Operations)
Johan Landsberg	Non-Executive Director

Source: MSP organisational chart and management information

3.3. Historical financial information

Historical financial performance

We have presented the historical income statements of MSP by division and on a consolidated basis in the table below. We note that the income statements for the financial years ended 30 June 2016 (**FY16**), 30 June 2017 (**FY17**) and 30 June 2018 (**FY18)** represent information from audited financial statements (for FY16 and FY17) and unaudited management accounts (for FY18).

The full details of the income statements have not been disclosed as they are confidential.

Table 3: Statements of financial performance of MSP

AUD '000s	Note	BQT Solutions	FY16	BQT Solutions	Ava Global	FY17	BQT Solutions	Ava Global	FY18
Revenue		4,314	4,314	5,453	1,997	7,450	5,148	7,349	12,497
Other income		44	44	167	-	167	124	59	183
Total Revenue	1	**4,358**	4,358	**5,620**	**1,997**	7,617	**5,272**	**7,408**	12,680
Operating expenses	4	(5,706)	(5,706)	(5,698)	(5,265)	(10,963)	(6,291)	(9,142)	(15,433)
EBITDA	3	**(1,348)**	(1,348)	**(78)**	**(3,268)**	(3,346)	**(1,019)**	**(1,734)**	(2,753)
Depreciation		(276)	(276)	(322)	(8)	(330)	(512)	(10)	(522)
EBIT		**(1,624)**	(1,624)	**(400)**	**(3,276)**	(3,676)	**(1,531)**	**(1,744)**	(3,275)
Gains on foreign exchange		-	-	-	-	-	183	-	183
Interest income		30	30	20	-	20	6	-	6
Other income		-	-	-	-	-	12	-	12
R&D tax incentive		208	208	225	-	225	222	-	222
Finance costs		(5)	(5)	(3)	-	(3)	(3)	-	(3)
Tax expense		-	-	-	-	-	-	-	-
Net Income		(1,391)	(1,391)	(158)	(3,276)	(3,434)	(1,111)	(1,744)	(2,855)
KPIs									
Sales growth	1	*ina*	*71.5%*	*26.4%*	-	*72.7%*	*(5.6%)*	*268.0%*	*67.7%*
*Gross profit (GP) margin**	3	*ina*	*ina*	*ina*	*ina*	*43.0%*	*ina*	*ina*	*35.0%*
EBITDA margin	2	*(31.2%)*	*(31.2%)*	*(1.4%)*	*(163.6%)*	*(44.9%)*	*(19.8%)*	*(23.6%)*	*(22.0%)*

*Source: Audited financial statements (FY16, FY17), preliminary unaudited final report (FY18). Note: *GP margin per annual report*

BQT Solutions

1. Revenue has grown from $4.3m in FY16 to $5.1m in FY18 as BQT entered into distribution agreements with new customers (such as Consolidated Security Merchants and Dormakaba NZ Limited). The decline in revenue from $5.6m in FY17 to $5.1m in FY18 was due to the delay in revenue from the DHS contract. On 19 July 2018 MSP announced that the contract has been awarded to MSP (estimated revenue of $1.8m to $1.9m to be earned in FY19).

2. The FY18 loss of $1.1m and decline in EBITDA margin from (1.4) % in FY17 to (19.8) % in FY18 was due to:

   - increased spending on advertising and marketing;
   - higher facility and office costs due to international expansion (in New Zealand); and
   - increased employee costs due to the shift from longer term projects which are capital in nature to shorter term projects.

Ava Global

1. Revenue grew by 268.0% in FY18 as the division grew through new service level agreements and by increasing its market share (by 10.0% in FY18) with existing clients.

2. The FY17 EBITDA loss of $3.3m was reflective of the resourcing costs and requirements of Ava Global during the establishment period which resulted in an increased headcount. Ava Global's EBITDA margin in FY18 improved with increased economies of scale and a focus on higher margin sectors.

MSP

3. Gross margin as decreased to 35.0% in FY18 (from 43.0% in FY17) due to a mix change towards the lower margin Ava Global division business which contributed $7.3m (or 58.8% of total revenue) in FY18.

4. During FY18, MSP incurred $262k of non-recurring direct costs attributable to Previous Offer by AVA, included in the operating expenses above.

3.4. Historical statements of financial position

The historical statements of financial position of MSP are set out in the table below. We note that the statements of position for the financial years ended 30 June 2016 and 30 June 2017 are per the audited annual report, while 30 June 2018 represents preliminary unaudited financial information.

Table 4: Statements of financial position

AUD '000s	Notes	FY16	FY17	FY18
Cash and cash equivalents		4,968	1,587	1,144
Trade and other receivables		1,771	1,907	1,642
Inventories		1,043	1,102	1,304
Other assets		117	90	171
Total current assets	**1**	**7,898**	**4,686**	**4,261**
Property, plant and equipment		105	97	92
Intangible assets	2	2,149	2,335	2,426
Total non-current assets		**2,253**	**2,432**	**2,518**
Total assets		**10,152**	**7,118**	**6,779**
Trade and other payables		1,015	2,070	2,972
Borrowings	3	-	-	200
Provisions		159	195	291
Total current liabilities		**1,174**	**2,265**	**3,463**
Provisions		54	40	22
Total non-current liabilities		**54**	**40**	**22**
Total liabilities		**1,228**	**2,305**	**3,485**
Net assets		**8,923**	**4,813**	**3,294**
Issued capital	4	66,857	66,857	68,256
		24,626	23,951	23,888
Retained earnings		(82,560)	(85,995)	(88,850)
Total equity		**8,923**	**4,813**	**3,294**

Source: Annual financial report for 2017 and preliminary financial report for FY18

1. The decline in current assets from $7.9m in FY16 to $4.2m in FY18 is due to the reduction in cash and cash equivalents utilised to fund the historical operating losses ($3.4m loss in FY17 and $2.9m loss in FY18).
2. Intangible assets of $2.4m primarily comprises of product development costs of $1.7m and goodwill of $0.7m.
3. Borrowings of $200k relates to a short term loan provided by AVA at an interest rate of 9.55% per annum.
4. During FY18 MSP raised $1.9m for working capital through the issue of 65,000,000 ordinary shares to AVA at $0.03 per share. Subsequently during the period 4 May 2018 to 29 June 2018 MSP cancelled 18,276,192 shares through a combination of an on-market buy back and an unmarketable parcel buy back of its own shares. The total transaction cost incurred for the buy back process amounted to $0.4m. The net change in the issued capital by $1.4m is reflected in the movement from FY17 to FY18.

3.5. Capital structure

Classes of Shares Cap

MSP has 451,855,812 shares outstanding. AVA owns 90.68% of these shares as at 11 September 2018. MSP does not have any other equity instruments in issue other Below is the summary of shareholding structure for the Company at 11 September 2018.

Table 5: Capital structure (Top ten shareholders)

	Shares outstanding	Percentage ownership
AVA	409,763,814	90.68%
HSBC Custody Nominees (Australia) Limited	8,645,433	1.91%
Mr A Malkawi	3,500,000	0.77%
Mr Wawrzyniuk & Ms Wawrzyniuk	2,500,000	0.55%
Mr Boulton & Mrs Boulton	2,035,621	0.45%
Citicorp Nominees Pty Limited	1,736,366	0.38%
J P Morgan Nominees Australia Limited	1,248,286	0.28%
Mr Kevin Thomas Stedman	1,225,376	0.27%
Chag Pty Ltd	1,000,000	0.22%
Mr Waldemar Wawrzyniuk	1,000,000	0.22%
Top ten shareholders	**432,654,896**	**95.75%**
Other shareholders	19,200,916	4.25%
Total shareholders	**451,855,812**	**100%**

Source: Management Information

4. VALUATION METHODOLOGY

4.1. Fairness assessment overview

The Offer will give a fair value for the Remaining Shares if the cash consideration under the Offer is equal to or greater than the fair market value of a share in MSP.

The valuation methods for the above analyses are considered below.

4.2. Valuation methods

Details of common methodologies for valuing businesses and assets are included at Appendix 3. The principal methodologies which can be used are as follows:

- Discounted cash flow (DCF)
- Capitalisation of future maintainable earnings (FME)
- Net asset value (NAV)
- Quoted market price basis (QMP).

Set out below is a discussion around the valuation method we consider appropriate for the purposes of undertaking our valuation assessment of MSP.

4.3. Selected valuation methods for MSP

In accordance with RG 111.15, we have considered the fair market value of MSP on the basis of a knowledgeable and willing, but not anxious, seller that is able to consider alternative options to the bid.

We have assessed the value of MSP using the QMP and FME methodology. We have chosen these methods, as the Company has an established trading history and Management have been able to provide a forecast of the level of earnings expected to be maintainable for the foreseeable future.

4.4. QMP method

We have considered the QMP valuation method to be appropriate given that MSP's shares are listed on the ASX, which provides a regulated and observable market in which the shares are traded.

In assessing MSP's share price performance, we have had particular regard to the following:

- The level of trading activity of MSP securities; and
- Recent key developments, market announcements, and the timing and level of dissemination of information to the market.

We have reviewed the following factors relating to the trading activity of MSP shares:

- Low and high share price movements;
- Daily volume traded;
- Volume weighted average price (**VWAP**); and
- Total securities traded.

We consider MSP's trading history and level of information dissemination to be sufficient to perform a market-based share price analysis.

After analysis of the ASX quoted market price we derived a fair market value range, which reflects a minority interest price for a MSP share. We then applied a control premium to determine a controlling interest value. A detailed presentation of the daily movement in the Company's share price and volume prior to the Offer is outlined in Section 5.

4.5. FME method

The FME Methodology is particularly applicable to businesses with relatively steady growth histories and forecast, regular capital expenditure requirements and non-finite lives. This method places a value on the business by estimating the likely FME. The FME is then capitalised at an appropriate rate which reflects:

- Business outlook;

- Business risk;
- Investor expectations;
- Future growth prospects; and
- Other entity-specific factors

Management have provided an FY19 forecast which they consider to be reflective on a maintainable earnings level going forward. Therefore, we have assessed the fair market value of MSP by applying a capitalisation multiple to the FY19 forecast EBITDA earnings level.

4.6. Recent transactions

Section 667C of the Act states that, "in determining what is fair value for securities for the purposes of this Chapter, the consideration (if any) paid for securities in that class within the previous 6 months must be taken into account."

We have considered the following transactions in our analysis:

- the acquisition of 13.7% in MSP by AVA on 24 August 2017 through a private placement;
- the Previous Offer through which AVA acquired 85.1% of MSP on 21 December 2017:
- the on market buy back of shares by AVA; and
- the acquisition of shares through the buy back of unmarketable parcels which completed on 7 May 2018.

4.7. Other valuation considerations

Future events

The business of MSP to be considered in this valuation is that which exists at the current date.

Growth potentials, which may result from new activities, business initiatives, acquisitions and the like (which are not capable of estimation), is not within the scope of this valuation.

Control premium

Section 667C of the Act states that the first step in determining "fair value" is to *"assess the value of the company as a whole."*

In our application of the QMP and FME methodology, we have applied a control premium in our calculation of the comparable companies' implied trading multiples in order to calculate the value of 100% of MSP, as opposed to a minority interest. Refer to Appendix 6 for greater detail regarding the applied control premium.

Valuation in accordance with APES 225

This engagement has been conducted in accordance with professional standard APES 225 Valuation Services, as issued by the Australian Professional and Ethical Standards Board.

5. QMP VALUATION

MSP is listed on the ASX (ASX:MSP) and has sufficient trading history for a market price based valuation. In order to assess the fair market value of the Company, we have considered the movement in MSP's share price, VWAP and volume traded in the 15 months prior to the Valuation Date.

The Company's share price quoted on the ASX represents a minority level of value. Accordingly, we have also applied a control premium in our analysis to determine a fair market value of the Company on a controlling interest basis.

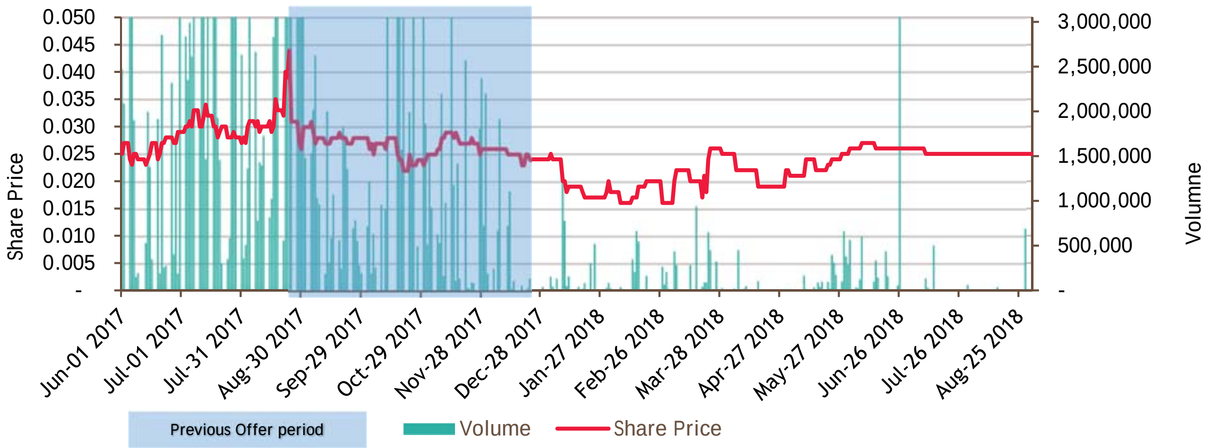
In assessing the Company's share price performance, we have had particular regard to the following:

- Trading value and volume of trading activity;
- Free float; and
- Recent key developments and market announcements.

5.1. Trading price

Set out below is the trading history of the Company over the fifteen months to 31 August 2018.

Figure 2: Monthly closing share price and trading volume (From 1 June 2017 to 31 August 2018)



Source: CapitalIQ

As indicated above, the Company's share price has traded between a low of $0.016 per share (4 March 2018) and a high of $0.044 per share (24 August 2017) over the period. We have analysed and assessed the traded price in three stages, namely (i) the price prior to the Previous Offer, (ii) the price during the Previous Offer period, and (iii) the price post the Previous Offer (i.e. post 21 December 2017).

5.1.1. Prior to the Previous Offer

We note that prior to the Previous Offer the share price was trading on an upward trend with VWAP between $0.030 (3 month VWAP) and $0.033 (1 month VWAP) as at 24 August 2017, reaching a high of $0.044 on 24 August 2017.

5.1.2. During the Previous Offer

During the Offer Period the share price traded on a downward trend from $0.031 on 25 August 2017 to $0.025 on 21 December 2017. This is reflected in the decreased VWAP of $0.026 (1 month VWAP) and $0.026 (3 month VWAP) as at 21 December 2017.

5.1.3. Post the Previous Offer

Post the Previous Offer period, the quoted price for MSP's shares fell to below $0.020 until the announcement of the on market buy back and unmarketable parcels buy back. The on market buy back by

MSP commenced on 26 March 2018. The current VWAP as at 31 August 2018 has decreased to $0.025 (1 month VWAP) and $0.026 (3 month VWAP).

Set out below is a summary of the Company's price-sensitive announcements in the twelve months prior to the Valuation Date. Announcement's made between the announcement of the Previous Offer on 25 August 2017 and the completion of the Previous Offer on 21 December 2017 are shaded below.

Table 6: Price sensitive announcements

Date	Announcement	Share price - 1 day before	Share price - 1 day after	Change ($)	Change (%)
1-Aug-18	Appendix 4C - quarterly	0.025	0.025	-	0.0%
19-Jul-18	BQT Solutions signs Agreement with the Australian Government	0.025	0.025	-	0.0%
17-Jul-18	Change of Auditor	0.025	0.025	-	0.0%
25-Jun-18	AVA: FY18 Market Guidance Update	0.026	0.026	-	0.0%
10-May-18	Ava Global and BQT Solutions update	0.021	0.024	0.00	14.3%
30-Apr-18	Appendix 4C - quarterly	0.019	0.022	0.00	15.8%
20-Mar-18	BQT Solutions Distribution Update	0.017	0.018	0.00	5.9%
9-Mar-18	Announcement of buy-back - Appendix 3C	0.022	0.022	-	0.0%
27-Feb-18	Half Yearly Report and Accounts	0.020	0.016	(0.00)	(20.0%)
30-Jan-18	Appendix 4C - quarterly	0.017	0.020	0.00	17.6%
29-Jan-18	Ava Global Update	0.017	0.018	0.00	5.9%
29-Nov-17	FFT: Notice of Extension of Offer Period	0.026	0.026	-	0.0%
29-Nov-17	FFT: Notice that Offer has been freed from conditions	0.026	0.026	-	0.0%
28-Nov-17	Change in substantial holding from FFT	0.025	0.026	0.00	4.0%
2-Nov-17	FFT: Supplementary Bidders Statement	0.025	0.025	-	0.0%
1-Nov-17	Supplementary Targets Statement	0.024	0.025	0.00	4.2%
27-Oct-17	Appendix 4C - quarterly	0.023	0.024	0.00	4.3%
24-Oct-17	FFT: Notice of Defeating Condition Fulfillment	0.025	0.023	(0.00)	(8.0%)
24-Oct-17	Target Options Condition Satisfied	0.025	0.023	(0.00)	(8.0%)
23-Oct-17	MSP Q1FY2018 Revenue	0.022	0.023	0.00	4.5%
18-Oct-17	Lodgement of Targets Statement	0.025	0.024	(0.00)	(4.0%)
18-Oct-17	FFT: Lodgement of Bidders Statement	0.025	0.024	(0.00)	(4.0%)
16-Oct-17	Bid Implementation Agreement Variation Announced	0.028	0.025	(0.00)	(10.7%)
6-Oct-17	Notice of General Meeting/Proxy Form	0.025	0.027	0.00	8.0%
5-Oct-17	Update to merger presentation released on 20/09/2017	0.027	0.027	-	0.0%
30-Aug-17	Response to ASX Aware Query	0.027	0.030	0.00	11.1%
25-Aug-17	Future Fibre Technologies Limited ASX FFT Placement Clarif	0.044	0.031	(0.01)	(29.5%)
25-Aug-17	FFT: Intention to Make Takeover Bid	0.044	0.031	(0.01)	(29.5%)
25-Aug-17	Proposed Merger of MSP and FFT	0.044	0.031	(0.01)	(29.5%)
24-Aug-17	Preliminary Final Report	0.039	0.031	(0.01)	(20.5%)
24-Aug-17	Trading Halt	0.039	0.031	(0.01)	(20.5%)
24-Aug-17	FFFT makes strategic investment in MSP acquiring 13.7% stake	0.039	0.031	(0.01)	(20.5%)

Source: ASX website, Capital IQ and BDO analysis

Note: Shaded data represents announcements made during the Previous Offer period.

Based on the above the share price does exhibit movement in relation to market sensitive information and earnings announcements (e.g a 15.8% increase in share price after the quarterly results on 30 April 2018).

5.2. VWAP

5.2.1. VWAP (prior to the Previous Offer)

The table below summarises trading for the six months prior to the Previous Offer.

Table 7: VWAP prior to the Previous Offer (24 February 2017 to 24 August 2017)

Time period	Low price	High price	VWAP	Average daily volume	Cumulative shares traded	Annualised shares traded (% of total)	Free float
One month prior to 24 Aug 2017	0.027	0.044	0.033	2,598,805	83,161,760	231.07%	44.4%
Three months prior to 24 Aug 2017	0.023	0.044	0.030	1,988,031	184,886,890	176.76%	43.1%
Six months prior to 24 Aug 2017	0.019	0.044	0.030	2,298,703	418,363,920	204.39%	42.1%

Source: Capital IQ; BDOCF analysis

We note the following with respect to the period prior to the Previous Offer:

- The Share price reached a high of $0.044 and average over $0.03 for the 1, 3 and 6 month VWAP;

- The price prior to the Previous Offer is considered to represent a minority share price. Assuming a 20% premium for control (as outlined in 5.3 below), the 1 month VWAP and 3 month VWAP on a controlling basis vary between $0.039 and $0.035 respectively;
- The Company's share price exhibited a higher level of trading with over 2.5m shares traded daily (i.e. all shares on issue are traded twice in a year); and
- The Company's free float averaged over 42% for the six months ended 24 August 2017.

5.2.2. VWAP (during the Previous Offer)

The table below summarises trading during the Previous Offer period.

Table 8: VWAP during the Previous Offer (25 August 2017 to 21 December 2017)

Time period	Low price	High price	VWAP	Average daily volume	Cumulative shares traded	Annualised shares traded (% of total)	Free float
One month prior to 21 Dec 2017	0.023	0.028	0.026	401,222	12,437,880	31.03%	24.8%
Three months prior to 21 Dec 2017	0.022	0.029	0.026	834,431	76,767,680	64.53%	26.7%
Four months between 25 August and 21 December 2017	0.022	0.031	0.028	1,198,853	142,663,510	92.71%	30.7%

Source: Capital IQ; BDOCF analysis

We note the following with respect to trading during the Previous Offer:

- The Share price traded between a low of $0.022 and a high of $0.031 and the VWAP averaged below $0.03 per share for the 1, 3 and 6 month measurement periods.
- During the period of the Previous Offer the traded price would have been impacted by the Previous Offer, as this provides shareholders with an opportunity to sell their shares for a consideration which may include a control premium.
- The Company's share price exhibited a lower level of trading dropping to 401k shares traded daily (i.e. 31.03% of the shares are in a year); and
- The Company's free float declined to 25% for the month prior to 21 December 2017.

5.2.3. VWAP (post the Previous Offer)

The table below summarises trading post the Previous Offer.

Table 9: VWAP post the Previous Offer (22 December 2017 to 31 August 2018)

Time period	Low price	High price	VWAP	Average daily volume	Cumulative shares traded	Annualised shares traded (% of total)	Free float
One month prior to 31 Aug 2018	0.0250	0.025	0.025	22,906	732,990	1.85%	0.0%
Three months prior to 31 Aug 2018	0.0250	0.027	0.026	105,039	9,768,590	8.48%	0.0%
Six months prior to 31 Aug 2018	0.0160	0.027	0.024	92,169	17,051,220	7.45%	0.0%
Eight months prior to 31 Aug 2018	0.0160	0.027	0.023	91,890	23,248,150	7.42%	0.9%

Source: Capital IQ; BDOCF analysis

We note the following with respect to trading during post the Previous Offer:

- The share price traded between a low of $0.016 and a high of $0.027;
- The share price continued to decline post the Previous Offer as the VWAP averaged $0.023 (8 months). The 1 month VWAP of $0.025 and 3 month VWAP of $0.026 as at 31 August 2018 represent a 23.3% and 14.9% decrease on the 1 and 3 month VWAP as at 24 August 2017 (prior to the Previous Offer);
- A short term increase in the traded price is observed after the on market buy back by MSP commenced on 26 March 2018.
- The Company made a number of price-sensitive announcements from January 2018 to August 2018. On 27 February 2018 the share price dropped by 20% from previous day after the half yearly report & accounts were released (with the actual results being on the low end of market guidance).
- On 10 May 2018 the share price increased 14% to $0.024 as MSP announced an increase in Ava Global's client spend and a 10% increase in Ava Global's market share.

- The Company's share price exhibited a materially lower level of trading dropping to 23k shares traded daily (i.e. only a 1.85% of the shares are in a year). This indicates a significant lack of liquidity post completion of the Previous Offer; and
- The Company's free float declined to below 1%.

Based on the above, we have primarily relied up the 6 month VWAP to 31 August 2018 of $0.024 and the one month VWAP to 31 August 2018 of $0.206 as we consider this period to most closely reflect operations of the Company as at the Valuation Date.

5.3. Premium for control

Given the price indicated on a public exchange is based on a minority ownership interest, we have applied a control premium in the application of the QMP methodology to derive a fair market value reflective of a controlling ownership interest.

We have applied a control premium of 20% in our analysis.

Refer to Appendix 6 for further discussion regarding our applied control premium.

5.4. QMP value of MSP securities on a control basis

Based on the share price analysis above, we consider the historical trading history to be sufficient to apply a QMP analysis. Specifically, we have selected a minority share price range of $0.024 (6 month VWAP) per share to $0.026 (3 month VWAP) per share.

Our assessed value of one MSP share on a controlling interest basis using the QMP approach ranges from $0.0288 to $0.0312, as presented below.

Table 10: Concluded share value – QMP Method

	Low	High
MSP share (minority basis)	0.024	0.026
Control premium	20%	20%
MSP share (controlling basis)	**0.288**	**0.312**

Source: BDOCF Analysis

We note that the above valuation range is above the VWAPs of MSP shares during the period of the Previous Offer (section 5.2.2). We note that the trading during the offer period was influenced during the offer and reflected any premium for control included in the Previous Offer.

6. FME VALUATION OF MSP

6.1. Normalisation of earnings

The FME method requires a determination of the Company's earnings potential on a normalised basis. We have selected EBITDA as the appropriate earnings level given it allows greater comparability between firms with varying capital structures and differences in accounting practices. In determining the Company's future maintainable earnings, we considered the Company's historical financial performance for the periods ended FY16, FY17 and FY18, including impact from any non-recurring items.

Our calculation of MSP's future maintainable earnings is outlined below:

6.1.1. BQT Solutions maintainable earnings

Table 11: BQT's future maintainable earnings

AUD '000s	Notes	FY16	FY17	FY18	FY19F
EBITDA (BQT Solutions)		(1,348)	1,728	(1,019)	147
Adjustments					
One-off costs incrred due to AVA bid		-	-	262	
Total Adjustments		-	-	262	-
Normalised EBITDA		**(1,348)**	**1,728**	**(757)**	**147**

Source: BDO Analysis, MSP forecasts and statutory accounts

From discussions with MSP and analysis of the financial information, the $262k in one-off costs incurred in relation to the AVA bid were identified as a one-off adjustment for the BQT Solutions division. Management forecast FY19F EBITDA of the BQT Solutions division to be $147k.

Based on the above, we have used Management's assessed level of maintainable earnings for FY19 of $147k EBITDA.

6.1.2. Ava Global maintainable earnings

Table 12: Ava Global's future maintainable earnings

AUD '000s	Notes	FY16	FY17	FY18	FY19F
EBITDA (Ava Global)		-	(3,268)	(1,734)	824
Adjustments					
One-off costs incrred due to AVA bid		-	-	-	
Total Adjustments		-	-	-	-
Normalised EBITDA		**-**	**(3,268)**	**(1,734)**	**824**

Source: BDO Analysis, MSP forecasts and statutory accounts

From discussions with MSP and analysis of the financial information, no one-off costs were incurred in relation to the AVA bid. Management forecast FY19F EBITDA to be $824k for Ava Global.

Based on the above, we have used Management's assessed level of maintainable earnings for FY19 of $824k EBITDA.

6.2. Capitalisation multiple

The appropriate earnings multiple is usually assessed by collecting market evidence with respect to the earnings multiples of companies with operations that are broadly comparable to those of the entity being valued. Such multiples are derived from:

- Share market prices of comparable listed companies; and
- Prices achieved in mergers and acquisitions of comparable companies (usually reflecting a controlling interest status).

Publicly traded comparable companies

We have researched a range of broadly comparable companies that provide similar products and services to MSP. Our search criteria included companies in diversified security and transportation services. Set out in Appendix 4 and 5 are descriptions of the operations of the identified companies. A table of the calculated market multiples of selected comparable companies is set out below:

Table 13: Publicly traded comparable companies' market multiples (Security)

Company Name	Country	Market Cap as at 31/08/18 AUDm	Enterprise Value as at 31/08/18 AUDm	EBITDA Multiple LTM Actual	EBITDA Multiple NTM
Codan Limited	Australia	559.0	531.1	10.7x	9.1x
Smart Parking Limited	Australia	72.4	65.4	19.4x	10.4x
Redflex Holdings Limited	Australia	59.9	47.3	10.3x	3.4x
PS&C Limited	Australia	34.7	42.9	13.5x	n/a
DTI Group Limited	Australia	15.2	10.1	nmf	9.3x
Average				**13.4x**	**8.1x**
Median				**12.1x**	**9.2x**
Average (Market capitalisation below $150m)				**14.4x**	**7.7x**
Median (Market capitalisation below $150m)				**13.5x**	**9.3x**

Source: Capital IQ

Notes:

1. *Enterprise value represents the sum of market capitalisation, preferred equity, minority interest and debt, less cash.*
2. *A control premium of 20% has been applied to market capitalisation to calculate the multiples above (refer to Appendix 6).*

Table 14: Publicly traded comparable companies' market multiples (Logistics and transportation services)

Company Name	Country	Market Cap as at 31/08/18 AUDm	Enterprise Value as at 31/08/18 AUDm	EBITDA Multiple LTM Actual	EBITDA Multiple NTM Forecast
Echo Global Logistics, Inc.	United States	1,315.4	1,545.4	17.6x	13.3x
Ceva Logistics AG	Switzerland	1,275.8	2,810.3	8.3x	8.3x
Freightways Limited	New Zealand	1,085.2	1,227.0	14.3x	13.6x
CTT - Correios De Portugal, S.A.	Portugal	809.5	(119.6)	0.2x	0.2x
Radiant Logistics, Inc.	United States	298.0	352.2	10.6x	8.9x
Air T, Inc.	United States	91.5	141.0	13.7x	n/a
CTI Logistics Limited	Australia	78.2	120.1	8.4x	n/a
Chalmers Limited	Australia	26.6	33.2	13.3x	n/a
Takase Corporation	Japan	25.5	28.7	5.4x	n/a
Janco Holdings Limited	Hong Kong	24.4	31.8	29.0x	n/a
Average				**12.1x**	**8.8x**
Median				**12.0x**	**8.9x**
Average (Market capitalisation below $150m)				**14.0x**	**N/a**
Median (Market capitalisation below $150m)				**13.3x**	**N/a**

Source: Capital IQ

Notes:

1. *Enterprise value represents the sum of market capitalisation, preferred equity, minority interest and debt, less cash.*
2. *A control premium of 20% has been applied to market capitalisation to calculate the multiples above (refer to Appendix 6).*

The capitalisation multiple should reflect the growth prospects of the business, the quality of its earnings and the risks of the business. With regard to the above, we have observed that the majority of the companies are significantly larger than the two divisions of MSP.

We would expect these larger companies to trade at a premium to their smaller counterparts given they generally have greater product and geographic diversification as well as more established and stable operations. Market capitalisation was based on share price listed as of 31 August 2018 which is multiplied by the total outstanding shares listed in the stock exchange. Since, there was no control premium included in the resulting market capitalisations, we have adjusted the above multiples to include a 20% control premium (refer to Appendix 6).

Recent transactions

We have also observed the implied EBITDA multiples of mergers and acquisitions in MSP's industry. Set out below are transactions for companies within the transportation and security industry in the last 5 years.

Table 15: Recent transaction multiples

Transaction Date	Target	Buyer	Implied Enterprise Value (AUDm)	EV/EBITDA multiple
25/08/2017	MaxSec Group Limited (ASX:MSP)	AVA Risk Group Limited (ASX:AVA)	11.99	ina
13/04/2016	CircuTech International Holdings Limited (SEHK:8051)	Foxconn (Far East) Ltd.	66.02	ina
25/01/2016	Tyco International plc	Johnson Controls International plc (NYSE:JCI)	23,682.88	10.5
23/02/2016	United Technologies Corporation (NYSE:UTX)	Honeywell International Inc. (NYSE:HON)	145,175.44	10.0
9/01/2015	The Eastern Company (NasdaqGM:EML)	Synalloy Corporation (NasdaqGM:SYNL)	155.02	7.9
10/02/2015	Axis AB (publ) (OM:AXIS)	Canon Inc. (TSE:7751)	3,540.74	26.0
10/04/2014	R. STAHL AG (DB:RSL2)	Weidmueller Beteiligungsgesellschaft mbH	444.85	9.8
		Average	**24,725.28**	**12.8**
		Median	**444.85**	**10.0**

Source: Capital IQ

The transaction multiples range from 7.9x to 26.0x. The average and median multiples are 7.9x and 8.0x respectively. We note that the multiple paid for The Eastern Company, with an implied enterprise value below $150m, is the lowest at 7.9x.

We have calculated the average and median EBITDA multiples excluding the MSP transaction, which are 12.8x and 10.0x respectively.

6.3. Private equity deal metrics

We have also examined transaction multiples observed in private equity transactions. Private equity deal multiples are available for transactions of a similar scale to MSP's enterprise values, whereas the data for listed entities and recent printing industry transactions generally involve businesses significantly larger than MSP. Private equity pricing multiples for FY12 to FY17 are set out in the table below.

Table 16: Private equity transaction multiples

EV/EBITDA Multiples	FY12	FY13	FY14	FY15	FY16	FY17
All	9.3x	7.2x	8.0x	7.7x	8.0x	9.4x
EV < $50M	4.4x	5.9x	5.5x	4.5x	4.7x	9.0x
EV $50M - $250M	7.5x	6.3x	8.5x	7.7x	8.0x	n/a
EV > $250M	10.8x	7.5x	5.3x	7.9x	8.0x	10.3x

Source: Australian Private Equity & Venture Capital Association Limited Deal Metrics Survey December 2016- A survey of Australian VC and PE deal activity in FY17

Note: Weighted by transaction enterprise value

We note that till FY16, smaller companies had lower EBITDA multiples compared to larger entities. However, during FY17 it has increased to match with the remaining industry.

6.4. Selection of appropriate EBITDA multiple

In our analysis, we adopted a capitalisation multiple of 7.0x to 8.0x normalised EBITDA for Ava Global and a multiple of 5.0x to 6.0x for BQT Solutions. In selecting these multiple ranges, we considered:

- The EBITDA multiples at Section 6.2, in particular we had regard to the multiples for smaller listed companies with a market capitalisation below $150m;
- The private equity multiples observed in the venture capital survey; and
- MSP's smaller size compared to the public comparable companies and transactions.

6.5. Equity value of MSP

We have determined the enterprise value of MSP by multiplying the Normalised EBITDA (Section 6.1) by the EBITDA multiple selected (Section 6.4).

A summary of our valuation conclusion, as determined using the FME method, is presented below. We consider the value per share to be between a low of $0.015 and a high of $0.017

Table 17: FME valuation conclusion, 100% of MSP

AUD '000s	Section	Low	Midpoint	High
Normalised EBITDA (Ava Global)	6.1	824	824	824
EV/EBITDA Multiple	6.4	7.0x	7.5x	8.0x
Business enterprise value (Ava Global)		**5,771**	**6,183**	**6,596**
Normalised EBITDA (BQT Solutions)	6.1	147	147	147
EV/EBITDA Multiple	6.4	5.0x	5.5x	6.0x
Business enterprise value (BQT Global)		**736**	**810**	**884**
Total enterprise value		**6,508**	**6,993**	**7,479**
Add: Cash		1,144	1,144	1,144
Less: Debt		(200)	(200)	(200)
Equity value (all shares)		**6,715**	**7,127**	**7,540**
Number of shares		451,855,812	451,855,812	451,855,812
Equity value (per share)		**0.015**	**0.016**	**0.017**

Source: BDO Analysis

7. RECENT TRANSACTION VALUATION OF MSP

7.1. Recent transaction overview

Section 667C of the Act states that, *"in determining what is fair value for securities for the purposes of this Chapter, the consideration (if any) paid for securities in that class within the previous 6 months must be taken into account."*

Accordingly, we have considered the transactions of MSP's shares prior to this Report.

7.1.1. AVA's acquisition of shares through private placement

On 24 August 2017, AVA announced the acquisition of 65,000,000 shares (13.7% of the shares on issue) at $0.03 each through a private placement.

The private placement was used to provide MSP with an additional $1,950,000 of working capital to be used in growing and developing the business.

7.1.2. AVA's acquisition of shares through takeover offer

- AVA announced an off market takeover bid for all the shares in MSP on 25 August 2017. The offer price was all-scrip consideration of one AVA share for four MSP shares.
- AVA acquired 86.81% of MSP's shares on issue upon closing of the Previous Offer on 21 December 2017.
- An independent expert report was issued in relation to the Previous Offer by Titan Partners Corporate Finance (**Titan**). Relevant details in relation to the offer were:
  - The Titan report found that the value of four MSP shares (on a controlling basis) was between $0.150 and $0.172 (or $0.038 per share and $0.043 per share). The valuation range was based on a minority value per share between $0.030 and $0.033 using the QMP valuation method.
  - The Titan report noted the 1, 3 and 6 month VWAP for the periods ended 24 August 2017 to be $0.033, $0.030 and $0.029 respectively. Titan concluded the value per share on a minority basis to be between $0.038 (low) and $0.043 (high) based on the 1 month (low) and 3 month VWAP (high) and a control premium of 25% (low) to 30% (high).
  - The value of an AVA share was between $0.129 and $0.136 per the Titan report. Therefore, the Previous Offer was found to not be fair as it was below the $0.150 and $0.172. Based on the other considerations pertaining to the Previous Offer it was found to be reasonable.
  - Based on the above, the offer price of the Previous Offer was between $0.0375 to $0.043 per share (or a midpoint of $0.040).
- We note that the value of an MSP share per the Titan report was based on the 1 month and 3 month VWAP at that time. However, the current 1 month VWAP of $0.025 and 3 month VWAP of $0.026 as at 31 August 2018 represent a 23.3% and 14.9% decrease on the 1 and 3 month VWAP as at 24 August 2017.
- Our adopted valuation of $0.029 to $0.033 reflects a decrease in value between $0.008 and $0.013 in comparison to the Previous Offer made based on the Titan report. We consider this decrease in value to be attributable to the following:
  - MSP remains loss making, underperformed the market guidance in the latest half year results and did not achieve budget for FY18 since the Previous Offer was announced;
  - The MSP's VWAP during the offer period was $0.026 (1 month);
  - MSP's VWAP post the close of the offer was $0.025 (1 month) which represents a $0.008 decline on the VWAP prior to the Previous Offer;
  - Our FME valuation of MSP is between $0.015 and $0.017 which is below our QMP valuation; and
  - the Titan report applies a control premium of 25% to 30%, while we have applied a premium of 20% as we consider a portion of the transaction premiums paid to reflect synergistic value (attributable to a specific purchaser only).

7.1.3. Buy back of Unmarketable Parcels

- On 9 March 2018 MSP announced an offer to buy back shares from holders of less than marketable parcels.
- Under ASX Listing Rules, holdings of the MSP's shares valued at $500 are considered to be less than marketable.
- The buy back price was $0.0193 cents per share (based on the VWAP for the trailing five days ended 8 March 2018.
- On 7 May 2018 MSP announced the completion of the buy back of unmarketable parcels with 3,535,991 shares being bought back at $0.0193 per share.

7.1.4. On market share buy back

On 9 March 2018 MSP announced an on market buy back offer of up to 41,051,092 fully paid ordinary shares. The on market buy back commenced on 26 March 2018 and will remain in place until 28 February 2019 or until the 41,051,092 shares are bought back.

As at 31 August 2018 MSP has purchased and cancelled 1,878,924 shares. The latest buy back took place on 3 August 2018 at $0.025 per share.

The above transactions are considered to provide an indication of the market value of MSP's shares.

As shown in the QMP analysis the average price paid per share has declined from a 3 month VWAP ended 24 August 2017 of $0.030 (prior to the Previous Offer) to a 3 month VWAP ended 31 August 2018 of $0.026 (post the Previous Offer) (refer section 5). The above transactions are in line with the decline observed in the VWAP as the recent transaction prices decreased from $0.040 (a controlling interest offer) to $0.0193 per share for a minority interest offer (or $0.023 per share assuming a 20% control premium).

8. VALUATION SUMMARY AND CONCLUSION

8.1. Fair market value of MSP's ordinary shares

In determining our concluded value for MSP's ordinary shares, we have considered both the QMP and FME approaches.

The result of our analysis is summarised below:

Table 18: Equity value of MSP and comparison to offer price

AUD	Low	High
Value per share - QMP method	0.029	0.033
Value per share - FME method	0.015	0.017
Value of a MSP share (control)	**0.029**	**0.033**
Offer price	0.030	0.030
Offer price - premium or discount	*4.2%*	*(7.7%)*

Source: BDOCF analysis

8.2. Adopted equity value of a share in MSP

In determining our adopted value per share, we have considered the relative strengths and weaknesses of the FME and QMP valuation methods, respectively. FME method is a subjective measure of intrinsic value largely impacted by the selected level of maintainable earnings. QMP is less subjective, however listed companies may never trade at a share price that reflects intrinsic value due to lack of broker and market coverage, limited trading activity, and other market factors. A strength of the QMP valuation method is that it reflects regulated and observable market trading data.

On balance and for the purposes of this Report, we consider our QMP valuation to be a better reflection of fair market value than our FME valuation.

We have also considered AVA's previous offers for MSP shares. On 25 August 2017 AVA made an offer of one AVA share for every four MSP shares. Titan Partners Corporate Finance were engaged by MSP to prepare an Independent Expert on this transaction.

Our adopted valuation of $0.029 to $0.033 reflects a decrease in value between $0.008 and $0.013 in comparison to the previous offer made by AVA (**Previous Offer**) based on the Titan Partners Corporate Finance independent expert report. We consider this decrease in value to be attributable to the following:

- MSP remains loss making, underperformed the market guidance in the latest half year results and did not achieve budget for FY18 since the Previous Offer was announced;
- The MSP's VWAP during the offer period was $0.026 (1 month);
- MSP's VWAP post the close of the offer was $0.025 (1 month) which represents a $0.008 decline on the VWAP prior to the Previous Offer;
- Our FME valuation of MSP is between $0.015 and $0.017 which is below our QMP valuation; and
- the Titan report applies a control premium of 25% to 30%, while we have applied a premium of 20% as we consider a portion of the transaction premiums paid to reflect synergistic value (attributable to a specific purchaser only).

We have adopted an equity value range utilising the QMP methodology. The proposed consideration of $0.03 per share is within the range of our assessed fair value of $0.029 to $0.033. Hence, we conclude that the Offer, as outlined in the Notice, gives a fair value for the Remaining Shares.

8.3. Comparison to Offer Price and Conclusion

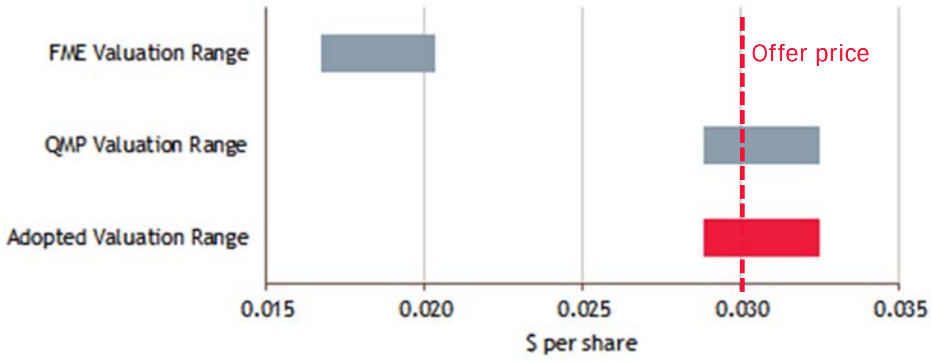
We have compared our assessed value of a share in MSP to the Offer price of $0.03 and to the most recent transaction (per the on market buy back). Our assessed valuation range sufficiently covers both the QMP range as well at the most recent transaction.

Table 19: Comparison of fair value to offer price

AUD	Section	Low	High
Value per share - QMP method	5.4	0.029	0.033
Recent transaction price per share (minority)	7.1.4	0.025	0.025
Recent transaction price per share (adjusted for a 20% control premium)		0.030	0.030
Concluded value per share (control basis)		**0.029**	**0.033**
Offer price (AUD)		**0.03**	**0.03**
Premium/Discount		*4.2%*	*(7.7%)*

Source: BDO analysis

Figure 3: Comparison of fair value to offer price



Source: BDO analysis

The Offer by AVA is within the assessed value of a share. As such, we consider the Offer gives a fair value for the Remaining Shares.

9. OVERALL OPINION

We conclude that the Offer as outlined in the Notice gives a fair value for the Remaining Shares.

10. QUALIFICATIONS, DECLARATIONS AND CONSENTS

10.1. Qualifications

BDOCF is the licensed corporate finance arm of BDO East Coast Partnership, Chartered Accountants and Business Advisers. BDOCF provides advice in relation to all aspects of valuations and has extensive experience in the valuation of corporate entities and provision of expert's reports.

Mr David McCourt, BBus, CA, is a director of BDOCF and a CA certified Business Valuations Specialist. Mr McCourt is also a partner of BDO East Coast Partnership. Mr McCourt has been responsible for the preparation of this IER.

Mr McCourt has over 19 years of experience in a number of specialist corporate advisory activities including company valuations, financial modelling, preparation and review of business feasibility studies, accounting, advising on mergers and acquisitions and advising on independent expert reports. Accordingly, Mr McCourt is considered to have the appropriate experience and professional qualifications to provide the advice offered.

10.2. Independence

BDOCF is not aware of any matter or circumstance that would preclude it from preparing this IER on the grounds of independence either under regulatory or professional requirements. In particular, we have had regard to the provisions of applicable pronouncements and other guidance statements relating to professional independence issued by Australian professional accounting bodies and ASIC.

BDOCF considers itself to be independent in terms of RG 112 independence of experts, issued by ASIC. Neither BDOCF, nor its owner practice, BDO East Coast Partnership, has acted in any capacity for MSP or AVA with regard to any matter in the past two years.

BDOCF was not involved in advising on, negotiating, setting, or otherwise acting in any capacity for MSP or AVA in relation to the Proposed Transaction. Further, BDOCF has not held and, at the date of this IER, does not hold any shareholding in, or other relationship with MSP or AVA that could be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Proposed Transaction.

BDOCF will receive a fee of up to $30,000, plus Goods and Services Tax for the preparation of this IER. BDOCF will not receive any fee contingent upon the outcome of the Proposed Transaction, and accordingly, does not have any pecuniary or other interests that could reasonably be regarded as being capable of affecting its ability to give an unbiased opinion in relation to the Proposed Transaction.

A draft of this IER was provided to the Directors and their advisors for review of factual accuracy. Certain changes were made to the IER as a result of the circulation of the draft IER. However, no changes were made to the methodology, conclusions, or recommendations made to the Unitholders as a result of issuing the draft IERs.

10.3. Disclaimer

This IER has been prepared at the request of the Directors and was not prepared for any purpose other than that stated in this IER. This IER has been prepared for the sole benefit of the Directors and Unitholders. Accordingly, this IER and the information contained herein may not be relied upon by anyone other than the Directors and Unitholders without the written consent of BDOCF. BDOCF accepts no responsibility to any person other than the Directors and Unitholders in relation to this IER.

The statements and opinions contained in this IER are given in good faith and are based upon BDOCF's consideration and assessment of information provided by the Directors, executives and Management of all the entities.

APPENDIX 1: GLOSSARY

Term	Definition
90% holder	a shareholder which holds more than 90% of a particular class of shares in a company
ASIC	Australian Securities & Investments Commission
Act	Corporations Act 2001
APES 225	Accounting Professional & Ethical Standards Board Limited issued professional standard APES 225 on valuation services
AVA	Ava Risk Group Limited
BDOCF, we, our or us	BDO Corporate Finance (East Coast) Pty Ltd (ABN 70 050 038 170)
Board	Board of directors of AVA
BQT Solutions	*The BQT division of MSP*
Ava Global	*The Ava Global division of MSP*
DCF	*Discounted cash flow method*
Directors	Directors of MSP
MSP, the Company	MaxSec Group Limited
EBIT	Earnings Before Interest and Tax
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
FME	Future maintainable earnings
FOS	Financial Ombudsman Service Limited
FYxx	Financial year ended/ending June 20xx
Ina	Information not available
k	Thousands
Licence	Australian Financial Services Licence No: 247420
M/m	Millions
Nmf	Not meaningful
NAV	Net asset value
Notice	Notice of compulsory acquisition
NPV	Net present value
Offer Price	The offer price is $0.03 per ordinary share
Private Placement	AVA's acquisition of 65,000,000 shares (13.7% of the shares on issue) at $0.03 each through a private placement on 24 September 2018
Proposed Transaction	Proposed acquisition of Remaining Shares not currently held by AVA for $0.03 per share
QMP	Quoted market price basis
Report or IER	Independent expert's report
Remaining Shares	42,091,998 shares not held by AVA
Remaining Shareholders	Holders of MSP shares other than AVA
Previous Offer	Previous offer made by AVA announced on 25 August 2017 for an all-scrip consideration of one AVA share for 4 MSP shares.
RG 111	ASIC Regulatory Guide 111 Content of expert reports
RG 112	ASIC Regulatory Guide 112 Independence of experts
MSP Shareholders	*Existing shareholders of MSP*
Unmarketable parcels	*A holdings in MSP of $500 or less are considered unmarketable parcels.*
VWAP	*Volume weighted average price*
Titan	*Titan Partners Corporate Finance*

Source: BDOCF

APPENDIX 2: SOURCES OF INFORMATION

In preparing this IER, we had access to and relied upon the following principal sources of information:

- MSP statutory accounts for FY17 with FY16 comparatives
- MSP preliminary unaudited annual report for FY18
- Information supplied by management
- Information sourced from Capital IQ
- ASIC guidance notes and regulatory guides as applicable
- Other publicly available information

APPENDIX 3: VALUATION METHODS - BUSINESSES AND ASSETS

In conducting our assessment of the fair market value of MSP shares, the following commonly used business valuation methods have been considered:

Discounted Cash Flow Method

The discounted cash flow (**DCF**) method is based on the premise that the value of a business or any asset is represented by the present value of its future cash flows. It requires two essential elements:

- the forecast of future cash flows of the business asset for a number of years (usually five to 10 years); and
- the discount rate that reflects the riskiness of those cash flows used to discount the forecast cash flows back to net present value (NPV).

DCF is appropriate where:

- the businesses' earnings are capable of being forecast for a reasonable period (preferably 5 to 10 years) with reasonable accuracy;
- earnings or cash flows are expected to fluctuate significantly from year to year;
- the business or asset has a finite life;
- the business is in a 'start up' or in early stages of development;
- the business has irregular capital expenditure requirements;
- the business involves infrastructure projects with major capital expenditure requirements; or
- the business is currently making losses but is expected to recover.

Capitalisation of Earnings Method

This method involves the capitalisation of normalised earnings by an appropriate multiple. Normalised earnings are the assessed sustainable profits that can be derived by the vendor's business and excludes any one off profits or losses. An appropriate earnings multiple is assessed by reference to market evidence as to the earnings multiples of comparable companies.

This method is suitable for the valuation of businesses with indefinite trading lives and where earnings are relatively stable or a reliable trend in earnings is evident.

Net Asset Value

Asset based valuations involve the determination of the fair market value of a business based on the net realisable value of the assets used in the business.

Valuation of net realisable assets involves:

- separating the business or entity into components which can be readily sold, such as individual business units or collection of individual items of plant and equipment and other net assets; and
- ascribing a value to each based on the net amount that could be obtained for this asset if sold.

The net realisable value of the assets can be determined on the basis of:

- orderly realisation (NRV): this method estimates fair market value by determining the net assets of the underlying business including an allowance for the reasonable costs of carrying out the sale of assets, taxation charges and the time value of money assuming the business is wound up in an orderly manner. This is not a valuation on the basis of a forced sale where the assets might be sold at values materially different from their fair market value;
- liquidation: this is a valuation on the basis of a forced sale where the assets might be sold at values materially different from their fair market value; or
- going concern (NAV): the net assets on a going concern basis estimates the market value of the net assets but does not take into account any realisation costs. This method is often considered appropriate for the valuation of an investment or property holding entity. Adjustments may need to be made to the book value of assets and liabilities to reflect their going concern value.

The net realisable value of a trading entity's assets will generally provide the lowest possible value for the business. The difference between the value of the entity's identifiable net assets (including identifiable intangibles) and the value obtained by capitalising earnings is attributable to goodwill.

The net realisable value of assets is relevant where an entity is making sustained losses or profits but at a level less than the required rate of return, where it is close to liquidation, where it is a holding entity, or where all its assets are liquid. It is also relevant to businesses which are being segmented and divested and to value assets that are surplus to the core operating business. The net realisable assets methodology is also used as a check for the value derived using other methods.

These approaches ignore the possibility that the entity's value could exceed the realisable value of its assets.

Quoted Market Prices

The application of the price that an entity's units' trade on the ASX is an appropriate basis for valuation where:

- the units' trade in an efficient market place where 'willing' buyers and sellers readily trade the entity's units; and
- the market for the entity's units is active and liquid.

APPENDIX 4: COMPARABLE COMPANIES' DESCRIPTIONS - SECURITY

Company Name	Business Description
Redflex Holdings Limited	Redflex Holdings Limited, together with its subsidiaries, provides automated traffic enforcement products and services in the North America, Australia, and internationally. The company offers outsourced traffic enforcement programs; develops and manufactures a range of digital photo enforcement solutions, including red light cameras, speed cameras, and school bus stop arm camera systems; and owns and operates networks of digital speed and red-light cameras. It also provides red light and speed technology that captures combined red light and speed violations across up to six lanes of approaching or receding traffic, as well as captures additional information, such as vehicle length, class, and lane identification; and point to point average speed enforcement systems, which uses high repetition industrial digital camera technology to measure average speed over a specified distance rather than at a single point. In addition, the company offers mobile enforcement platform, a flexible system for deployable and in-vehicle mounting applications; automated photo enforcement solutions for monitor and deter the drivers from speeding in work zones; and safe working environment for road crews. Further, it provides managed motorways detection systems, intersection control systems, travel time monitor systems, pollution detection systems, vehicles over height detection systems, and ticketless parking systems; and SMARTScene, a video surveillance solution that captures short video clips of each potential offence or scene. Additionally, the company develops software for the business process management engines of law enforcement agencies; and network integration and monitoring engines of external sensory devices. Redflex Holdings Limited is headquartered in South Melbourne, Australia.
Codan Limited	Codan Limited develops rugged and electronics solutions for organizations, mining companies, security and military groups, and governments in Australia. The company operates through three segments: Communications Equipment, Metal Detection, and Tracking Solutions. It designs, develops, manufactures, and markets communications equipment for high frequency radios and land mobile radios (LMR). The company offers Sentry-H military radio; and develops Cascade LMR platform. It also designs, develops, manufactures, and markets metal detection equipment, including handheld metal detecting technologies for recreational, gold mining, and demining markets. In addition, the company engages in the design, manufacture, maintenance, and support of a range of electronic products and associated software for the mining sector. It provides tracking solutions, which enable real-time monitoring and control of mining operations, for underground hard-rock mines. Further, the company offers design and adaptation, manufacturing, training, and support to the Australian defense industry. It serves its customers through a network of dealers, distributors, and agents. The company also exports its products to approximately 150 countries. Codan Limited was founded in 1959 and is headquartered in Mawson Lakes, Australia.
DTI Group Limited	DTI Group Limited, together with its subsidiaries, develops, manufactures, and supplies integrated surveillance and passenger communication systems, and fleet management solutions worldwide. Its surveillance solutions comprising hardware systems that incorporate videos, audios, GPS tracking, communications, and recording technology, as well as support through sophisticated device and data management software providing fleet-wide, CCTV, and vehicle management solutions. The company's passenger communication solutions include hardware systems, which incorporate real time passenger information through graphical and high brightness displays, public address and hearing aid loop communications, passenger emergency communications, and driver awareness systems incorporating live viewing of passengers, and infotainment systems, as well as support through a device and content management software to provide a comprehensive, fleet-wide, and passenger information management solutions. It also offers managed services, such as back-end control room communications and infrastructure comprising wide-area urban surveillance, driver development and risk mitigation, video management, vehicle data analysis and monitoring, schedule adherence analysis, IT infrastructure, help desk, technical support and monitoring, and first line maintenance services. The company's products are used in law enforcement, depot, passenger and heavy haul rail, mining, taxi, bus and coach, tram and LRV solution, and level applications. It serves transit agencies, transit vehicle manufacturers, law enforcement authorities, and freight operators. DTI Group Limited was founded in 1995 and is headquartered in Perth, Australia.
Smart Parking Limited	Smart Parking Limited provides parking technology and management solutions in New Zealand, Australia, the United Kingdom, and internationally. The company operates through two segments, Technology and Parking Management. The Technology segment designs, develops, produces, and sells car parking technology hardware, software, and associated products and services. It offers SmartApp that enable drivers to locate vacant parking spaces in real time; in-ground vehicle detection sensors; real-time radio-frequency identification solutions for payment, enforcement, and management, including parking permits; SmartRep, a parking management software; SmartSpot Gateway, an Internet of Things building block that allow city operators to begin with the deployment of smart parking sensing solutions; and SmartCloud, a smart city data intelligence cloud platform for parking services. The company also provides overhead guidance indicators; and Pay & Walk, a ticketless parking solution. The Parking Management segment offers various solutions, including automatic number plate recognition, site surveys, pay and display, parking attendants, and marshalling, as well as disabled, parent, and child parking management solutions. Smart Parking Limited serves retail operators and property developers; transport, healthcare, and leisure sectors; and government organizations. The company was formerly known as Car Parking Technologies Limited and changed its name to Smart Parking Limited in July 2013. Smart Parking Limited is based in Port Melbourne, Australia.

PS&C Limited	PS&C Limited provides ICT services primarily in Australia. The company operates in three segments: People, Security, and Communications. The People segment offers consulting, contractor management, recruitment, project, business analysis, and technical services to the customers in various industries, including agricultural, mining, retail, and insurance, as well as information technology equipment and services. The Security segment provides penetration testing, red teaming, mobile application testing, vulnerability management, configuration audit and control, compliance and executive coaching training, and security software sales and maintenance solutions, as well as Web application scanners and firewalls, payment card security systems and compliance tools, and exploitation tools. This segment serves various sectors, including banking, finance, and credit unions, local and federal government, professional services, legal, sports betting, retail, industrial, education, and utilities. The communications segment offers unified communications and Internet protocol telephony, network infrastructure, and consulting and managed services to the customers in various fields comprising local government, telecommunications, banking and financial services, and utilities. PS&C Limited was founded in 2013 and is based in Melbourne, Australia.

Source: Capital IQ

APPENDIX 5: COMPARABLE COMPANIES' DESCRIPTIONS - TRANSPORTATION SERVICES

Company Name	Business Description
Air T, Inc.	Air T, Inc., together with its subsidiaries, provides overnight air cargo, ground equipment sale, and ground support services in the United States and internationally. The company's Overnight Air Cargo segment offers air express delivery services. As of March 31, 2018, this segment had 79 aircrafts under the dry-lease agreements with FedEx. Its Ground Equipment Sales segment manufactures, sells, and services aircraft deicers, scissor-type lifts, military and civilian decontamination units, flight-line tow tractors, glycol recovery vehicles, and other specialized equipment. This segment offers its products to passenger and cargo airlines, ground handling companies, the United States Air Force, airports, and industrial customers. The company's Ground Support Services segment provides aircraft ground support equipment, fleet, and facility maintenance services to airlines and aviation service providers. Its Leasing segment provides funding for equipment leasing transactions for the leasing of equipment manufactured by the company and third parties. The company's Printing Equipment and Maintenance segment designs, manufactures, and sells digital print production equipment, spare parts, supplies, and consumable items, as well as provides maintenance contracts. Its Commercial Jet Engines and Parts segment supplies commercial jet engines and components for airlines and original equipment manufacturers, as well as for maintenance, repair, and overhaul service providers. This segment also offers commercial aircraft storage, storage maintenance, and aircraft disassembly/part-out services; commercial aircraft parts, exchanges, procurement services, consignment programs, and overhaul and repair services; and aircraft instrumentation, avionics, and a range of accessories for civilian, military transport, regional/commuter and business/commercial jet, and turboprop aircraft. Air T, Inc. was founded in 1980 and is headquartered in Denver, North Carolina.
Radiant Logistics, Inc.	Radiant Logistics, Inc. operates as a third-party logistics and multi-modal transportation services company primarily in the United States and Canada. The company offers domestic and international air and ocean freight forwarding services; and freight brokerage services, including truckload, less than truckload, and intermodal services. It also provides other value-added logistics services, such as customs brokerage, order fulfillment, inventory management, and warehousing services, as well as distribution solutions. The company offers its services to the consumer goods, food and beverage, manufacturing, retail, healthcare, chemicals, and technology customers through a network of company-owned and strategic operating partner locations under the Radiant, Wheels, Airgroup, Adcom, DBA, and Service By Air brands. Radiant Logistics, Inc. was founded in 2001 and is headquartered in Bellevue, Washington.
Chalmers Limited	Chalmers Limited, together with its subsidiaries, provides road transportation, logistic, warehousing, tank and container storage, and repair and sales services in Australia. It operates through Transport, Containers, and Property segments. The company offers container transportation services primarily for importers and exporters; and operates a fleet of B-doubles, side loaders, dropdeck and retractable trailers, super B-doubles, tautliners, and trays vehicles. It also provides logistic services, including packing and unpacking general and specialized cargo that comprises machinery, steel, wine, personal effects, and food stuffs; and handling of break bulk steel products, such as coil, sheet, bar, wire, L-channel, and pipe products. In addition, the company offers quarantine services; biosecurity washing services for heavy plant and machinery, parts, automobiles, and agricultural and earth moving machinery/vehicles; fumigation services; and tailgate inspection services, as well as tracking services. Further, it provides warehousing and distribution, cross docking/LCL deliveries, reefer pretrip, and in-transit storage and reefer monitoring services; and operates container parks that provide integrated container service facilities comprising handling, repair, sale, washing, and lining of containers, as well as rents properties. Chalmers Limited was founded in 1882 and is headquartered in Yarraville, Australia.
CTI Logistics Limited	CTI Logistics Limited provides transport and logistics services in Australia. It operates through three segments: Transport, Logistics, and Property. The company offers transport services, such as couriers, parcels, taxi trucks, fleet management, heavy haulage, line haul, and freight forwarding services. It also provides warehousing and distribution services, including contracted distribution center, overflow warehousing, temperature controlled storage, pick and pack, bulk product storage, external laydown area storage, quarantine inspection and processing, and stock control management services. In addition, the company offers temperature controlled storage, warehousing, and distribution services for wine, food and health products; and logistical support services to the minerals and energy sector. Further, it provides security systems and services comprising electronic alarms, CCTVs, and access control systems for residential and commercial premises; pest control services comprising termite inspection and treatments, quarantine and fumigation, and pre-construction treatments, as well as treatments for spiders, cockroaches, ants, and other pests; and records management services consisting of document and archive storage, core sample storage, data and media storage, imaging and scanning, scheduled pickup and deliveries, and document destruction, as well as provides online access to reports and file activities. Additionally, the company offers shredding and recycling services; and wrapping services, including cleaning of plant and equipment, fumigation and spraying services, and sealed quarantine wrapping. In addition, the company is involved in the rental of owner-occupied and investment properties. CTI Logistics Limited was founded in 1974 and is based in West Perth, Australia.
Takase Corporation	Takase Corporation provides logistics services in Japan and internationally. It offers warehousing, packing, customs clearance, and harbor transportation services; ocean, air, and inland cargo forwarding services; and truck transportation, international intermodal transportation, and shipping and airfreight agency services, as well as third party logistics, back office, and data processing services. The company also operates as an agency for cargo insurance. Takase Corporation was founded in 1872 and is headquartered in Tokyo, Japan.

CTT - Correios De Portugal, S.A.	CTT - Correios De Portugal, S.A., together with its subsidiaries, provides postal and financial services worldwide. The company operates through Mail, Express & Parcels, Financial Services, and Banco CTT segments. It offers courier, urgent mail, and merchandise services; banking services; services related with the distribution of advertising mail; and physical and hybrid mail production, as well as electronic document management services. The company also provides transport solutions in the road haulage market; and services related to the information and communication technologies, such as invoice processing and digital receipts. In addition, it enables the payment of various services and utilities through a network of approximately 4,000 agents covering business outlets as stationery stores, tobacco shops, kiosks, and supermarkets. The company operates a retail network of 2,369 contact points with 608 post offices; 1,761 postal agencies; and 1,899 stamp sale points, as well as 175 automatic stamp vending machines and 14 automatic postal product vending machines. It also operates a sorting network of 3 production and logistics centers, 7 logistics and delivery centers, and 1 business mail center; a transport network with 244 vehicles; and 235 postal delivery offices, including 60 delivery support offices, as well as 2 delivery support services. The company was formerly known as Correio Publico. CTT - Correios De Portugal, S.A. was founded in 1520 and is headquartered in Lisbon, Portugal.
Freightways Limited	Freightways Limited, together with its subsidiaries, provides express package and business mail services, and information management services primarily in New Zealand and Australia. It operates through Express Package & Business Mail, Information Management, and Corporate and Other segments. The company provides network courier services under the New Zealand Couriers, Post Haste Couriers, Castle Parcels, and NOW Couriers brands; and point-to-point courier services under the SUB60, Kiwi Express, Pass The Parcel, and STUCK brands, as well as offers a secure service for valuables under the Security Express brand. It also provides various postal services, including processing of letters and parcels for box-to-box and street delivery to business customers under the DX Mail brand; and a suite of mailhouse services for physical and electronic transactional mails under the Dataprint name. The company offers its services through its network, as well as through alliances with international express package operators. In addition, it provides information management services, which comprise a range of archive management services for documents, storage and retrieval of computer media, print and copy, and document destruction; and digital services, including data conversion, online back-up, digitization, and workflow and electronic discovery services. The company offers its information management services under the Archive Security, Document Destruction Services, Data Security Services, Filesaver, DataBank, LitSupport, and Shred-X brands. Further, the company provides avionics and engineering services to the aviation industry. Freightways Limited was founded in 1964 and is based in Penrose, New Zealand.
Echo Global Logistics, Inc.	Echo Global Logistics, Inc. provides technology-enabled transportation and supply chain management solutions in the United States. It uses a proprietary technology platform to compile and analyze data from its multi-modal network of transportation providers for the transportation and logistics needs. The company offers services in various transportation modes, such as truckload, less-than truckload, small parcel, inter-modal, domestic air, and expedited and international. Its principal transportation management and logistics services include rate negotiation; procurement of transportation; shipment execution and tracking; carrier management, selection, reporting, and compliance; executive dashboard presentations and detailed shipment reports; freight bill payment and audit; claims processing and service refund management; design and management of inbound client freight programs; individually configured Web portals and self-service data warehouses; enterprise resource planning integration with transactional shipment data; and integration of shipping applications into client e-commerce sites, as well as back-end reports customized to the internal reporting needs of the business. The company serves clients operating in various industries, such as manufacturing, construction, food and beverage, consumer products, and retail. Echo Global Logistics, Inc. was founded in 2005 and is headquartered in Chicago, Illinois.
Ceva Logistics AG	Ceva Logistics AG, a non-asset-based supply chain management company, designs and implements solutions in freight management and contract logistics. It offers contract logistics services, such as aftermarket, inbound, lead, and outbound logistics services. The company also provides air freight solutions; ocean freight services, including less-than-container load and full-container load shipments, as well as ocean freight management, break-bulk, project forwarding, and partial and full charter services; ground solutions; and supply chain solutions. It serves automotive, consumer and retail, energy, healthcare, industrial and aerospace, and technology sectors worldwide. Ceva Logistics AG is based in Baar, Switzerland
Janco Holdings Limited	Janco Holdings Limited, an investment holding company, provides freight forwarding and logistics services in Hong Kong. The company operates through Air Freight, Ocean Freight, Logistics, and E-Commerce segments. It provides ancillary logistics services, which includes warehousing, repacking, labelling, palletizing, and local delivery. The company purchases cargo space from airlines, shipping liners, and other freight forwarders or general sales agents. It is also involved in trading of electronic products through online platform. The company exports its services to various destinations in Asia, such as Bangladesh, Vietnam, Sri Lanka, Cambodia, and Thailand. Janco Holdings Limited was founded in 1989 and is headquartered in Kwun Tong, Hong Kong.

Source: Capital IQ

APPENDIX 6: PREMIUM FOR CONTROL

Section 667C of the Act states that the first step in determining "fair value" is to *"assess the value of the company as a whole."*

Investment fundamentals dictate that the value of 100% of an entity is normally greater than the sum of values attributable to the individual securities of that entity based on transactions in minority holdings.

The difference between the value of 100% of an entity and the total value of minority interests is referred to as a premium for control taking into account control and synergistic benefits for the acquirer.

Control of an entity by a security holder gives that security holder rights to which security holders are not entitled, including control of the entity's policies and strategies, and use of cash flows.

The level of premium for control paid in a takeover bid will vary across industries and is dependent upon the specifics of the entity being acquired. We have reviewed transactions of public companies in similar industries to MSP in order to observe the premium paid (over market capitalisation) to acquire a controlling interest in the target companies. We observed transactions in the Diversified Security, Control, Surveillance and Detection equipment industries, as profiled by S&P Capital IQ, in the last five years. This data is outlined in the table below:

Table 16: Transaction premiums

Transaction Closed Date	Target	Buyer	1-Month Average Price Premium
25/08/2017	MaxSec Group Limited (ASX:MSP)	AVA Risk Group Limited (ASX:AVA)	2.7%
13/04/2016	CircuTech International Holdings Limited (SEHK:8051)	Foxconn (Far East) Ltd.	31.0%
25/01/2016	Tyco International plc	Johnson Controls International plc (NYSE:JCI)	5.9%
23/02/2016	United Technologies Corporation (NYSE:UTX)	Honeywell International Inc. (NYSE:HON)	24.2%
9/01/2015	The Eastern Company (NasdaqGM:EML)	Synalloy Corporation (NasdaqGM:SYNL)	22.4%
10/02/2015	Axis AB (publ) (OM:AXIS)	Canon Inc. (TSE:7751)	70.0%
10/04/2014	R. STAHL AG (DB:RSL2)	Weidmueller Beteiligungsgesellschaft mbH	36.2%
		Average	**27.5%**
		Median	**24.2%**

Source: Capital IQ

We note that transaction premiums in the industries listed above have averaged 27.5%, with a median of 24.2%. However, we note a portion of these premiums reflect synergistic value only available to a specific purchaser, as opposed to solely a premium for control. As such, we have considered a control premium of 20% in our analysis.

We have applied this premium to the market capitalisations of the publicly traded comparable companies to calculate their respective trading multiples.