KINGSTON & KNIGHT AUDIT APPENDIX A INDEPENDENT EXPERT REPORT 25 February 2020

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1 Introduction

On 18 December 2019, I Synergy Holdings Berhad (NSX: ISY) (ISY or the Company) announced that it signed a letter of intent with Arris Consulting Sdn Bhd (Arris), to takeover a majority interest in Arris (the Transaction). ISY will acquire 100% of Arris, in a reverse transaction. The consideration for the Transaction will be issuing of new ordinary shares in ISY such that, at the date of completion, Arris shareholders will be issued with 95% of the issued capital of ISY post-acquisition, with Arris' largest shareholder holding more than 39% of the voting shares in ISY.

ISY is a National Stock Exchange of Australia (**NSX**) listed company that previously operated and managed its own affiliate network called Affiliate Junction, Malaysia's leading and premiere affiliate network. On 28 March 2017, ISY was successfully admitted to the official list of ASX under the name of I Synergy Group Limited (ASX:**IS3**) but decided to retain its name on the NSX listing. Following the listing on Australia Securities Exchange (**ASX**), ISY no longer have any material assets or business and turned out to be a "shell corporation" in the market and is keen to look into acquiring new asset or business.

Arris is privately owned by Ms. Por Yan Chew and Mr. Lim Hock Loh and a number of other shareholders. Arris provides integrated multidisciplinary professional services mainly to private and subsidiaries of public listed companies and multinational corporations. Their key business segments included accounting, tax advisory, company secretarial services, financial consulting and venture capital management.

To assist ISY's non-associated shareholders in assessing the Transaction, the directors of ISY have appointed Kingston & Knight Audit (K&K) to act as the Independent Adviser to prepare an Independent Expert Report (IER) in accordance with Paragraph 3.06 of the Rules on Take-overs, Mergers and Compulsory Acquisitions (Rules) issued by Securities Commission Malaysia (SC) setting out whether or not, in our opinion, the Transaction is fair and reasonable to the non-associated shareholders of ISY.

This IER sets out K&K's opinion as to the Transaction and should be considered in conjunction with and not independently of the information set out in the Notice of Meeting and Explanatory Memorandum (Notice of Meeting) to which this IER is attached.

2 Summary Of The Transaction

ISY will acquire 100% of the Arris ordinary shares on issue, which currently total 1,000,000 and which are anticipated to be 1,022,618 just prior to the completion of the Transaction. As such, ISY will acquire control of each of Arris' wholly owned subsidiaries and a minority interest in Arris' partially owned subsidiary TST Arris Partners Sdn Bhd (TSTA). In return Arris shareholders will be issued 347,691,767 new ordinary shares in ISY. The total shares on issue immediately post completion of the Transaction will be 365,991,334 ordinary shares. No cash consideration is to be paid as part of the Transaction; therefore no funding is required to complete the Transaction.

Upon completion of the Transaction, Arris will become a wholly owned subsidiary of ISY, which will remain listed and the Arris shareholders will become shareholders in ISY. Arris shareholders will hold a combined total of 95% of the shares on issue in ISY and ISY's existing shareholders will hold the remaining 5% of the shares on issue in ISY.

As a result of the Transaction, Ms. Por Yan Chew will hold an aggregate of approximately 39.9% of ISY shares, whereas Mr. Lim Hock Loh will hold an aggregate of approximately 32.65% of ISY shares.

3 Summary Of Opinion

In our opinion the Transaction is not fair but reasonable and in the best interest of ISY's non-associated shareholders, in the absence of a superior proposal.

The regulatory framework requires the fairness of the Transaction to be assessed as if ISY was the subject of a takeover offer. As such, we have assessed whether the Proposed Transaction is fair by comparing our assessed value of a Arris' share on a controlling interest basis to our assessed value of the consideration (being the notional value of a post-acquisition ISY share on a minority interest basis following completion of the Transaction).

We have assessed the value of an Arris share to be issued under this Transaction, to lie in the value range of MYR 0.064 to MYR 0.077 per share, on a minority and fully diluted basis. As our assessed value of a post-acquisition ISY share, on a minority and fully diluted basis, lies below the value range for a ISY share based on recent additional issuance of ordinary shares on NSX of AUD 0.07 (MYR 0.21) and AUD 0.1888 (MYR 0.57), we consider the Transaction to be not fair.

The valuation of an ISY share to be issued under this Transaction represents the estimated full underlying value of Arris and exceeds the price at which, based on current market conditions, K&K would expect ISY shares to trade on the NSX.

Paragraph 4 of Schedule 2: Part III of the Rules, issued by the Securities Commission of Malaysia indicates that an offer can be reasonable even if it is not fair.

Notwithstanding this SC Rule, we have also considered various benefits and disadvantages that will accrue to the non-associated ISY shareholders as a result of the Transaction, as well as compared to maintaining the status quo.

The Transaction should give rise to a number of advantages for ISY's non-associated shareholders including post-acquisition ISY being an active organisation, with new business injection and income stream.

The Transaction will not be without its disadvantages for the non-associated ISY shareholders. The Transaction will result in the Arris shareholders obtaining a 95% interest in ISY post-acquisition.

3.1 Fairness

The assessment of fairness is as follows:

Table: 1 Summary Of Valuation

	Low	High
Currency: MYR		
Value per Share to be issued under this Transaction		0.077
ISY recent right issue share price	0.21	0.5664

Source: K&K Analysis

The recent ISY share issuance announced on NSX was priced at AUD 0.07 and AUD 0.1888. This compares to the assessed value of the Consideration offered per ISY share of MYR 0.064 to MYR 0.077.

Based on the above analysis, the value of an ISY share exceeds the value of the Consideration offered, by between 14.6 and 48.94 cents (MYR). Therefore, we conclude that the Transaction is "not fair".

3.2 Reasonableness

As we concluded that the Transaction is "not fair" to the non-associated ISY shareholders according to Paragraph 2 of Schedule 2: Part III of the Rules, we considered whether the Transaction is "reasonable". This involved an assessment of whether, in our opinion, there are sufficient reasons for the non-associated ISY shareholders to accept the Transaction despite it being "not fair".

We have concluded that there are sufficient reasons for the non-associated ISY shareholders to accept the Transaction in the absence of any superior proposal. Therefore, in our opinion, while the Transaction is "not fair", it is "reasonable".

A summary of the matters we considered is set out below.

Advantages

In our opinion, the Transaction has a number of potential positive implications for non-associated ISY shareholders, including:

- liquidity of shares with new business injected into ISY; and
- strengthen financial performance post-acquisition

Disadvantages

In our opinion, the Transaction has a number of disadvantages to non-associated ISY shareholders, including:

- Consideration is at a discount to fair market value of an ISY shares; and
- dilution of existing shareholders' interest

4 Other Matters

In forming our opinion, we have considered the interests of ISY non-associated shareholders as a whole. This advice therefore does not consider the financial situation, objectives or needs of individual shareholders. It is not practical or possible to assess the implications of the Transaction on individual shareholders as their financial circumstances are not known.

The decision of the ISY non-associated shareholders as to whether or not to approve the Transaction is a matter for individuals based on, amongst other things, their risk profile, liquidity preference, investment strategy and tax position. Individual shareholders should therefore consider the appropriateness of our opinion to their specific circumstances before acting on it. As an individual's decision to vote for or against the proposed resolutions may be influenced by his or her particular circumstances, we recommend that individual shareholders including residents of foreign jurisdictions seek their own independent professional advice.

This report has been prepared solely for the purpose of assisting the ISY non-associated shareholders in considering the Transaction. We do not assume any responsibility or liability to any other party as a result of reliance on this report for any other purpose. Our report should not be construed to represent a recommendation as to whether or not ISY non-associated shareholders should accept or reject the Transaction.

All currency amounts in this report are denominated in Malaysian Ringgit (MYR) unless otherwise stated. Neither the whole nor any part of this report or its attachments or any reference thereto may be included in or attached to any document, other than the Notice of Meeting and Explanatory Memorandum to be sent to ISY shareholders in relation to the Transaction, without the prior written consent of K&K as to the form and context in which it appears. K&K consents to the inclusion of this report in the form and context in which it appears in the Notice of Meeting and Explanatory Memorandum.

The above opinion should be considered in conjunction with and not independently of the information set out in the remainder of this report, including the appendices.

5 The Transaction

ISY will acquire 100% of the Arris ordinary shares on issue, which currently total 1,000,000 and which are anticipated to be 1,022,618 just prior to the completion of the Transaction. As such, ISY will acquire control of each of Arris' wholly owned subsidiaries and a minority interest in Arris' partially owned subsidiary TST Arris Partners Sdn Bhd. In return Arris shareholders will be issued 347,691,767 new ordinary shares in ISY. No cash consideration is to be paid as part of the Transaction; therefore, no funding is required to complete the Transaction.

Upon completion of the Transaction, Arris will become a wholly owned subsidiary of ISY, which will remain listed and the Arris shareholders will become shareholders in ISY. The shareholding of ISY will comprise of 365,991,334 ordinary shares, Arris shareholders will hold a combined total of 95% of the shares on issue in ISY and ISY's existing shareholders will hold the remaining 5% of the shares on issue in ISY.

As a result of the Transaction, Ms. Por Yan Chew will hold an aggregate of approximately 39.9% of ISY shares, whereas Mr. Lim Hock Loh will hold an aggregate of approximately 32.65% of ISY shares, on an undiluted basis.

6 Scope Of The Report

The Transaction is to be implemented by way of reverse acquisition. The ISY directors have requested K&K to prepare an independent expert report for the non-associated shareholders of ISY setting out whether, in our opinion, the Transaction is fair and reasonable to the ISY non-associated shareholders.

6.1 Purpose Of The Report

Pursuant to Section 218(2) of the Capital Markets and Services Act (**CMSA**) 2007 of Malaysia and Paragraph 4.01(a) of the Rules, as Arris will hold an aggregate relevant interest of approximately 95% of ISY shares after the Transaction, ISY is seeking shareholder approval in accordance with Paragraph 9.10(1) of the Rules.

The ISY directors have engaged K&K to prepare an independent expert report setting out our opinion as to whether the Transaction is considered fair and reasonable to non-associated shareholders, and to state the reasons for that opinion.

This report has been prepared for inclusion in the Explanatory Memorandum to accompany the Notice of Meeting to be sent to ISY shareholders.

6.2 Basis Of Assessment

In considering whether a take-over offer can be considered 'fair', the independent adviser should assess if the offer price or value of consideration is equal to or greater than the value of the securities that are the subject of the take-over offer, based on the following criteria:

- (a) If the offer price (or value of consideration) is equal to or higher than the market price and is also equal to or higher than the value of the securities of the offeree, the take-over offer is considered as 'fair'; and
- (b) If the offer price (or value of consideration) is equal to or higher than the market price but is lower than the value of the securities of the offeree, the take-over offer is considered as 'not fair'.

The independent adviser should not consider the percentage holding of the offeror or its associates in the offeree when making the above comparison but should instead value the securities assuming 100 per cent of the offeree is being acquired.

In considering whether a take-over offer is 'reasonable', the independent adviser should take into consideration matters other than the valuation of the securities that are the subject of the take-over offer. Generally, a take-over offer would be considered 'reasonable' if it is 'fair'. Nevertheless, an independent adviser may also recommend for shareholders to accept the take-over offer despite it being 'not fair', if the independent adviser is of the view that there are sufficiently strong reasons to accept the offer in the absence of a higher bid and such reasons should be clearly explained.

The independent adviser should take into consideration all relevant factors in evaluating whether an offer is 'reasonable' including, but not limited to, the following:

- (a) The existing shareholding of the offeror and persons acting in concert with the offeror in the offeree and their ability to pass special resolutions or control the assets of the offeree;
- (b) Any other significant shareholding in the offeree, other than (a) above;
- (c) The liquidity of the market in the offeree's securities;
- (d) The expected market price if the take-over offer is unsuccessful; and
- (e) The likelihood and value of alternative offers or competing offers before the close of the takeover offer.

In forming our opinion, we have considered the interests of ISY's non-associated shareholders as a whole. As an individual shareholder's decision to vote for or against the proposed resolution(s) may be influenced by their particular circumstances, we recommend they each consult their own financial advisor.

6.3 Limitations And Reliance On Information

In preparing this report and arriving at our opinion, we have relied on public information of ASX and NSX company announcements, as well as non-public information from the management of ISY and Arris. In forming our opinion, we have relied upon the truth, accuracy and completeness of any information provided or made available to us without independently verifying it. Nothing in this report should be taken to imply that K&K has in any way carried out an audit of the books of account or other records of ISY or Arris for the purposes of this report.

Further, we note that an important part of the information base used in forming our opinion is comprised of the opinions and judgements of Management of ISY and Arris. In addition, we have also had discussions with Management of ISY and Arris in relation to the nature of ISY's and Arris' business operations, specific risks and opportunities, historical results and prospects for the foreseeable future. This type of information has been evaluated through analysis, enquiry and review to the extent practical. However, such information is often not capable of external verification or validation.

ISY and Arris have been responsible for ensuring that information provided by each company and their representatives, as far as it relates to the relevant company, is not false or misleading or incomplete. Complete information is deemed to be information which at the time of completing this report should have been made available to K&K and would have reasonably been expected to have been made available to K&K to enable us to form our opinion.

We have no reason to believe that any material facts have been withheld from us but do not warrant that our inquiries have revealed all of the matters which an audit or extensive examination might disclose. The statements and opinions included in this report are given in good faith, and in the belief that such statements and opinions are not false or misleading.

The information provided to K&K included forecasts/projections and other statements and assumptions about future matters (forward-looking financial information) prepared by ISY management and/or Arris management. Whilst K&K has relied upon this forward-looking financial information in preparing this report, ISY and Arris remain responsible for all aspects of this forward-looking financial information, as it relates to them. The forecasts and projections as supplied to us are based upon assumptions about events and circumstances which have not yet transpired. We have not tested individual assumptions or attempted to substantiate the veracity or integrity of such assumptions in relation to any forward-looking financial information. However, we have made sufficient enquiries to satisfy ourselves that such information has been prepared on a reasonable basis.

K&K has made various enquiries in relation to the historical and forecast information of both ISY and Arris, including holding discussions with management of ISY and Arris in regard to the historical earnings as well as the operational and commercial assumptions underlying the forecast earnings and their bases. K&K has, where considered appropriate, made adjustments to the analysis of historical and forecast performance of both businesses. K&K is of the view that the short-term forward-looking information which forms the basis of our valuation has been prepared on a reasonable basis and therefore is suitable as a basis for our valuation.

Notwithstanding the above, K&K cannot provide any assurance that the forward-looking financial information will be representative of the results which will actually be achieved during the forecast period. Any variations in the forward-looking financial information may affect our valuation and opinion.

It is not the role of the independent expert to undertake the commercial and legal due diligence that a company and its advisers may undertake. The ISY directors, together with ISY's legal advisers, are responsible for conducting due diligence in relation to the Transaction. K&K provides no warranty as to the adequacy, effectiveness or completeness of the due diligence process, which is outside our control and beyond the scope of this report. We have assumed that the due diligence process has been and is being conducted in an adequate and appropriate manner.

The opinion of K&K is based on prevailing market, economic and other conditions at the date of this report. Conditions can change over relatively short periods of time. Any subsequent changes in these conditions could impact upon our opinion. We note that we have not undertaken to update our report for events or circumstances arising after the date of this report other than those of a material nature which would impact upon our opinion.

6.4 Disclosure Of Information

In preparing this report, K&K has had access to all financial information considered necessary in order to provide the required opinion. ISY has requested K&K limit the disclosure of some commercially sensitive information relating to ISY and its subsidiaries and/or Arris and its subsidiaries. This request has been made on the basis of the commercially sensitive and confidential nature of the operational and financial information. As such the information in this report has been limited to the type of information that is regularly placed into the public domain by ISY.

7 Overview Of ISY And Arris

7.1 Company Overview Of ISY

When ISY (the Company) first listed on NSX on 31 August 2015, with the vision of becoming the regional leader in affiliate marketing solutions. The Company was the parent company of av (ISI), a private limited liability company formed in Malaysia. The Company's core business operations revolve around affiliate marketing where ISI operates and manages an affiliate network platform called Affiliate Junction (AJ) in Malaysia. AJ has several affiliate programs in its network, and has a database of affiliates, merchants and registered members. Affiliate marketing is where affiliates act as the link between merchants and members of the program. Through the program, the merchants achieve their objective of selling product to the large number of members to elicit other responses.

Due to rapid business growth and planned overseas expansions, the management of ISY considered the mainboard listing of ASX will help to raise capital needed for expansion and to enhance exiting shareholders' value with better share liquidity. ISY implemented a corporate restructure and acquisition strategy to become a listed company on ASX.

Upon receiving approval by ISY shareholders and approval for ASX, ISY successfully transition itself in to ASX listing on 28 March 2017 under the name of I Synergy Group Limited (ASX:IS3). Following the listing on ASX, ISY no longer have any material assets or a business and may be de-listed from the NSX, which was labelled as the "shell corporation" in the market. However, the management of ISY think that it is best to have ISY to retain its name on the NSX listing and is keen to look into acquiring new asset or business to achieve it. For these reasons, ISY has concluded that the acquisition of assets and business of Arris is currently the best interest for ISY in the current situation. Otherwise, failure to acquire Arris will result in ISY being delist and removed from the official listing of NSX.

Summary Financial Performance of ISY

Table 2: Summary Of Financial Performance Of ISY

	Audited Historical 1/1/2018 to 31/12/2018	Reviewed Historical 1/1/2019 to 30/6/2019
	MYR	MYR
Revenue	-	-
Profit/(Loss) before tax	(203,636)	(82,600)
Total Asset	122,351	104,115
Total Equity	(226,449)	(101,885)
Total Liability	348,800	206,000

Source: NSX, ISY

With regard to the historical financial performance summarised above, ISY is now a dormant company and has not been operated since its transition into the official listing of ASX on 28 March 2017.

7.2 Share Price And Volume Trading History

The figure below depicts ISY's daily closing price on the NSX over the period from 14 February 2017 to 13 February 2020, along with its trading volume on the NSX.

Figure 1: ISY Daily Close Price And Volume Traded On The NSX

Source: NSX

As illustrated in the figure above, ISY's share price has generally been no movement over the past year, reflecting the lack of trading volume.

ISY separately listed on ASX on 28 March 2017, prior to the removal of the affiliate marketing business.

7.3 Trading Liquidity On The NSX

The table below presents an analysis of the volume of trading in ISY's shares on the NSX over the last twelve months ending 13 February 2020.

Table 3: ISY Historical Volume Weighted Average Price (VWAP) Analysis

VWAP and liquidity analysis							
Period	Price	Price	Price	Cumulative	Cumulative	% of issued	% of issued
	(Low)	(High)	VWAP	Value	Volume	capital	capital
	AUD	AUD	AUD	AUD		(period)	(annualised)
1 day VWAP							
1 week VWAP							
1 month VWAP	0	0	0	0	0	0	0
3 months VWAP	U	U	U	U	U	U	U
6 months VWAP							
12 months							

Source: NSX

8 Company Overview Of Arris

Arris is a global financial consulting firm and a leading advisor on business strategies. The company works with clients from the both the private and public sectors globally to identify their competitive advantage, address their challenges and transform their businesses.

Arris provides integrated multidisciplinary professional services mainly to private and subsidiaries of public listed companies and multinational corporations. Arris key business segments are:

- Accounting
- Tax advisory
- Company secretarial services
- Financial, business consultancy and outsourced services
- Venture capital and venture capital management

8.1 Historical Financial Statements

In Section 10 of the Notice of Meeting, ISY has included Consolidated Pro Forma financial information including Arris' historical financial information, mapped and presented on the same basis as the historical financial information of ISY, which is reproduced below. Refer to Section 10 of the Notice of Meeting for the basis of preparation of the Pro Forma financial information.

8.2 Historical Financial Performance

The consolidated historical financial performance of Arris in FY2019 is summarised below:

Table 4: Arris – Historical Financial Performance

Period ended	30 June 2019
Revenue	2,433,077
Cost of sales and direct expenses	(222,389)
Gross profit	2,210,688
Other operating income	16,676
Administration expenses	(1,138,603)
Selling and distribution expenses	(26,445)
Other operating expenses	(64,547)
Profit before taxation	997,769
Income tax expense	(109,083)
Net profit after taxation	888,686
Profit attributable to:	
Non-controlling interests	(828)
Owners of the Company	889,514
Margins	
Gross margin	90.9%
Net profit margin	36.5%

Source: Arris

With regard to the historical financial performance summarised above, we note the following:

- in preparing the consolidated historical financial performance for FY2019, Arris has taken into account the Statement of Comprehensive Income of the subsidiaries below:
 - i. Arris Venture Sdn Bhd (AV);
 - ii. Arris Venture Management Sdn Bhd (AVM);
 - iii. Arris Project Advisory Sdn Bhd (APA);
 - iv. Arris Risk Planning Sdn Bhd (ARP);
 - v. Arris MSC Sdn Bhd (AMSC); and
 - vi. ACT Partners (ACTP)
- Arris has 70% shareholdings in both AV and AVM, resulting in 30% profit derived from AV and AVM attributable to non-controlling interests party.

8.3 Financial Position

The financial position of Arris as at 30 June 2019 is summarised in the following page:

Table 5: Arris - Financial Position

Investment in unquoted shares 10,3 Unsecured loans 926,0 Investment in Associated company 117,1 Intangible assets 117,1 Total non-current assets 1,145,7 Current assets 3,323,3 Deposit and prepayments 76,2 Amount due to Associated Company 9 Cash and cash equivalents 1,549,4 Total current assets 4,949,9 Total Assets 6,095,7 Equity and liabilities 2 Contributed share capital 2,528,4 Retained profits 2,486,3 Equity attributable to owners of the Company 2 Non-controlling interest 2 Total equity 5,015,1 Non-current liabilities 588,0 Total non-current liabilities 588,0 Current liabilities 588,0 Trade and other payables 367,3 Accruals 12,1 Amount due to Directors / a Director 50,2 Provision for taxation 62,9	As at	30 June 2019
Investment in unquoted shares 10,3 Unsecured loans 926,0 Investment in Associated company 117,1 Intangible assets 117,1 Total non-current assets 1,145,7 Current assets 3,323,3 Deposit and prepayments 76,2 Amount due to Associated Company 9 Cash and cash equivalents 1,549,4 Total current assets 4,949,9 Total Assets 6,095,7 Equity and liabilities 2 Capital and reserves 2 Contributed share capital 2,528,4 Retained profits 2,486,3 Equity attributable to owners of the Company 2 Non-controlling interest 2 Total equity 5,015,1 Non-current liabilities 588,0 Total non-current liabilities 588,0 Current liabilities 588,0 Current liabilities 58,0 Trade and other payables 367,3 Accruals 12,1 Amount due to Directors / a Director 50,2	Non-current assets	
Unsecured loans 926,00 Investment in Associated company 117,12 Intangible assets 117,12 Total non-current assets 1,145,72 Current assets 3,323,3 Deposit and prepayments 76,22 Amount due to Associated Company 9 Cash and cash equivalents 1,549,4 Total current assets 4,949,9 Total Assets 6,095,7 Equity and liabilities 2 Contributed share capital 2,528,4 Retained profits 2,486,3 Equity attributable to owners of the Company 2 Non-controlling interest 2 Total equity 5,015,1 Non-current liabilities 588,0 Total non-current liabilities 588,0 Current liabilities 588,0 Trade and other payables 367,3 Accruals 12,1 Amount due to Directors / a Director 50,2 Provision for taxation 62,9	Property, plant and equipment	92,170
Investment in Associated company Intangible assets	Investment in unquoted shares	10,377
Intangible assets 117,1 Total non-current assets 1,145,7 Current assets 3,323,3 Trade and other receivables 3,323,3 Deposit and prepayments 76,2 Amount due to Associated Company 9 Cash and cash equivalents 1,549,4 Total current assets 4,949,9 Total Assets 6,095,7 Equity and liabilities 2 Contributed share capital 2,528,4 Retained profits 2,486,3 Equity attributable to owners of the Company 5,015,1 Non-controlling interest 2 Total equity 5,015,1 Non-current liabilities 588,0 Total non-current liabilities 588,0 Current liabilities 367,3 Accruals 367,3 Amount due to Directors / a Director 50,2 Provision for taxation 62,9	Unsecured loans	926,000
Total non-current assets 1,145,77 Current assets 1,145,77 Current assets 3,323,3 Deposit and prepayments 76,2 Amount due to Associated Company 9 Cash and cash equivalents 1,549,4 Total current assets 4,949,9 Total Assets 6,095,7 Equity and liabilities 2 Capital and reserves 2 Contributed share capital 2,528,4 Retained profits 2,486,3 Equity attributable to owners of the Company 5,015,1 Non-controlling interest 2 Total equity 5,015,1 Non-current liabilities 588,0 Total non-current liabilities 588,0 Current liabilities 367,3 Accruals 367,3 Amount due to Directors / a Director 50,2 Provision for taxation 62,9	Investment in Associated company	99
Current assetsTrade and other receivables3,323,3Deposit and prepayments76,2Amount due to Associated Company9Cash and cash equivalents1,549,4Total current assets4,949,9Total Assets6,095,7Equity and liabilities2Capital and reserves2Contributed share capital2,528,4Retained profits2,486,3Equity attributable to owners of the Company2Non-controlling interest2Total equity5,015,1Non-current liabilities588,0Total non-current liabilities588,0Current liabilities588,0Trade and other payables367,3Accruals12,1Amount due to Directors / a Director50,2Provision for taxation62,9	Intangible assets	117,144
Trade and other receivables3,323,3Deposit and prepayments76,2Amount due to Associated Company9Cash and cash equivalents1,549,4Total current assets4,949,9Total Assets6,095,7Equity and liabilities2Capital and reserves2Contributed share capital2,528,4Retained profits2,486,3Equity attributable to owners of the Company2Non-controlling interest2Total equity5,015,1Non-current liabilities588,0Total non-current liabilities588,0Current liabilities367,3Accruals12,1Amount due to Directors / a Director50,2Provision for taxation62,9	Total non-current assets	1,145,790
Deposit and prepayments 76,2 Amount due to Associated Company 9 Cash and cash equivalents 1,549,4 Total current assets 4,949,9 Total Assets 6,095,7 Equity and liabilities Capital and reserves Contributed share capital 2,528,4 Retained profits 2,486,3 Equity attributable to owners of the Company Non-controlling interest 2 Total equity 5,015,1 Non-current liabilities Amount attributable to unitholders 588,0 Total non-current liabilities Trade and other payables 367,3 Accruals 12,1 Amount due to Directors / a Director 50,2 Provision for taxation 662,9	Current assets	
Amount due to Associated Company Cash and cash equivalents 1,549,4 Total current assets 4,949,9 Total Assets 6,095,7 Equity and liabilities Capital and reserves Contributed share capital 2,528,4 Retained profits 2,486,3 Equity attributable to owners of the Company Non-controlling interest 2 Total equity 5,015,1 Non-current liabilities Amount attributable to unitholders 588,0 Total non-current liabilities Trade and other payables 367,3 Accruals 12,1 Amount due to Directors / a Director 50,2 Provision for taxation 662,9	Trade and other receivables	3,323,314
Cash and cash equivalents1,549,4Total current assets4,949,9Total Assets6,095,7Equity and liabilities2Capital and reserves5Contributed share capital2,528,4Retained profits2,486,3Equity attributable to owners of the Company5Non-controlling interest2Total equity5,015,1Non-current liabilities588,0Total non-current liabilities588,0Current liabilities588,0Trade and other payables367,3Accruals12,1Amount due to Directors / a Director50,2Provision for taxation62,9	Deposit and prepayments	76,278
Total current assets4,949,95Total Assets6,095,7Equity and liabilities2Capital and reserves2Contributed share capital2,528,4Retained profits2,486,3Equity attributable to owners of the Company2Non-controlling interest2Total equity5,015,10Non-current liabilities588,00Total non-current liabilities588,00Current liabilities588,00Trade and other payables367,3Accruals12,1Amount due to Directors / a Director50,20Provision for taxation62,9	Amount due to Associated Company	936
Total Assets 6,095,7 Equity and liabilities Capital and reserves Contributed share capital 2,528,4 Retained profits 2,486,3 Equity attributable to owners of the Company Non-controlling interest 2 Total equity 5,015,1 Non-current liabilities Amount attributable to unitholders 588,0 Current liabilities Trade and other payables 367,3 Accruals 12,1 Amount due to Directors / a Director Provision for taxation 662,9	Cash and cash equivalents	1,549,453
Equity and liabilities Capital and reserves Contributed share capital 2,528,44. Retained profits 2,486,35 Equity attributable to owners of the Company Non-controlling interest 2 Total equity 5,015,15 Non-current liabilities Amount attributable to unitholders 588,05 Current liabilities Trade and other payables 367,3 Accruals 12,1 Amount due to Directors / a Director 50,25 Provision for taxation 62,99	Total current assets	4,949,981
Capital and reserves Contributed share capital 2,528,44 Retained profits 2,486,33 Equity attributable to owners of the Company Non-controlling interest 2 Total equity 5,015,10 Non-current liabilities Amount attributable to unitholders 588,00 Current liabilities Trade and other payables 367,33 Accruals 12,12 Amount due to Directors / a Director 50,20 Provision for taxation 62,99	Total Assets	6,095,771
Contributed share capital 2,528,4 Retained profits 2,486,3 Equity attributable to owners of the Company Non-controlling interest 2 Total equity 5,015,1 Non-current liabilities Amount attributable to unitholders 588,0 Current liabilities Trade and other payables 367,3 Accruals 12,1 Amount due to Directors / a Director 50,2 Provision for taxation 62,9	Equity and liabilities	
Retained profits 2,486,3 Equity attributable to owners of the Company Non-controlling interest 2 Total equity 5,015,10 Non-current liabilities Amount attributable to unitholders 588,00 Current liabilities Trade and other payables 367,3 Accruals 367,3 Accruals 12,1 Amount due to Directors / a Director 50,20 Provision for taxation 62,9	Capital and reserves	
Equity attributable to owners of the Company Non-controlling interest Total equity Sol15,10 Non-current liabilities Amount attributable to unitholders Total non-current liabilities Current liabilities Trade and other payables Accruals Amount due to Directors / a Director Provision for taxation 2 5,015,10 5,015,1	Contributed share capital	2,528,481
Non-controlling interest 2 Total equity 5,015,19 Non-current liabilities Amount attributable to unitholders 588,09 Total non-current liabilities 588,09 Current liabilities Trade and other payables 367,39 Accruals 12,11 Amount due to Directors / a Director 50,29 Provision for taxation 62,99	Retained profits	2,486,362
Total equity Non-current liabilities Amount attributable to unitholders Total non-current liabilities Current liabilities Trade and other payables Accruals Amount due to Directors / a Director Provision for taxation 5,015,10 588,00 588,00 588,00 588,00 588,00 588,00 588,00 588,00 588,00 588,00 588,00 588,00 688	Equity attributable to owners of the Company	
Non-current liabilities Amount attributable to unitholders Total non-current liabilities Current liabilities Trade and other payables Accruals Amount due to Directors / a Director Provision for taxation 588,00 689,00 689	Non-controlling interest	260
Amount attributable to unitholders 588,000 Total non-current liabilities 588,000 Current liabilities Trade and other payables 367,3 Accruals 12,1 Amount due to Directors / a Director 50,200 Provision for taxation 62,900	Total equity	5,015,103
Total non-current liabilities588,00Current liabilities367,3Trade and other payables367,3Accruals12,1Amount due to Directors / a Director50,2Provision for taxation62,9	Non-current liabilities	
Current liabilitiesTrade and other payables367,3Accruals12,1Amount due to Directors / a Director50,2Provision for taxation62,9	Amount attributable to unitholders	588,000
Trade and other payables367,3Accruals12,1Amount due to Directors / a Director50,2Provision for taxation62,9	Total non-current liabilities	588,000
Accruals 12,1 Amount due to Directors / a Director 50,2 Provision for taxation 62,9	Current liabilities	
Amount due to Directors / a Director 50,20 Provision for taxation 62,90	Trade and other payables	367,375
Provision for taxation 62,9	Accruals	12,120
·	Amount due to Directors / a Director	50,207
	Provision for taxation	62,966
Total current liabilities 492,6	Total current liabilities	492,668
Total liabilities 1,080,6	Total liabilities	1,080,668
Total liabilities and equity 6,095,7	Total liabilities and equity	6,095,771
Net assets 5,015,1	Net assets	5,015,103

Source: Arris

With regard to the historical financial position, we note the following:

- the investment in unquoted shares accounted investment made by AV as a venture capital company.
- unsecured loan was MYR 926,000, of which MYR 588,000 was an investment made by AV in the form of loan. The fund was raised from various investors and was reflected in amount attributable to unitholders.

8.4 Cash Flows

The historical operating cash flows statement for Arris for FY2019 are summarised below.

Table 6: Arris - Historical Cash Flows Statement

Period ended	30 June 2019
Cash flows from operating activities	
Profit before taxation	997,769
Adjustments for:	
Amortisation of intangible assets	16,775
Depreciation of property, plant and equipment	42,736
Gain on disposal of property, plant and equipment	(10,000)
Interest income	(5,907)
Operating profit before working capital changes	1,041,373
Increase in receivables	(994,120)
Increase in payables	85,914
Decrease in amount due to Associated Company	(936)
Decrease in amount due to Directors	(50,302)
Cash generated from operations	81,929
Taxation paid	(63,179)
Net cash generated from operating activities	18,750
Cash flows from financing activities	
Issuance of contributed share capital	712,710
Net cash generated from/(used in) financing activities	712,710
Cash flows from investing activities	
Interest received	5,907
Proceed from disposal of investment in Subsidiaries	10,000
Purchase of property, plant and equipment	(28,315)
Net cash generated from/(used in) investing activities	(12,408)
Net increase/(decrease) in cash and cash equivalents	719,052
Cash and cash equivalents carried forward	830,401
Cash and cash equivalents brought forward	1,549,453

Source: Arris

As shown in the table above, Arris has been cash flow positive at a net operating cash flow (after capex) level in FY2019.

9 Post-Acquisition ISY

The Transaction will create an NSX-listed entity providing multidisciplinary professional services, of which will be renamed to Arris Holdings Berhad after securing the approvals from the shareholders (as detailed in Resolution 7 of Notice of Meeting). Arris will continue to pursue more clients in the market throughout Australia, Malaysia and the Asia Pacific.

9.1 Historical Performance

The post-acquisition ISY will have an improved income statement, balance sheet as well as cash flow statement.

ISY has prepared the post-acquisition ISY Pro Forma financial information, showing:

- the consolidated comprehensive income statement of ISY and Arris for the financial year ended 30 June 2019 as if the Transaction had occurred on 30 June 2019;
- the consolidated financial position of ISY and Arris as at 30 June 2019 as if the Transaction had occurred on 30 June 2019; and
- the consolidated statement of cash flows for the financial year ended 30 June 2019 as if the Transaction had occurred on 30 June 2019.

These are set out in Section 10 of the Notice of Meeting and reproduced in the following pages.

9.2 Financial Performance

The Pro Forma historical financial performance of post-acquisition ISY in FY2019 is summarized below.

Table 7: ISY - Pro Forma Income Statement

Period ended	Reviewed
	Consolidated Proforma
	1/7/2018 to 30/6/2019
	MYR
Revenue	2,433,077
Cost of sales and direct expenses	(222,389)
Gross profit	2,210,688
Other operating income	16,676
Administration expenses	(1,221,204)
Selling and distribution expenses	(26,444)
Other operating expenses	(64,547)
Profit before taxation	915,169
Income tax expense	(109,083)
Profit after taxation for the financial year	806,086
Profit attributable to:	
Non-controlling interests	(828)
Owners of the Company	806,914
Margins	
Gross Margins	90.9%
Net Profit Margins	33.2%

Source: ISY, Arris

With regard to the comprehensive income statement stated out above, we note the following:

- revenue recorded were contributed by Arris and its subsidiaries
- the above does not include any potential expenses that are expected to arise as a result of the Transaction.

9.3 Financial Position

The table below summarises the Pro Forma balance sheet of post-acquisition ISY as at 30 June 2019.

Table 8: ISY - Pro Forma Balance Sheet

As at	Reviewed
	Consolidated Proforma
	30 June 2019
	MYR
Non-current assets	
Property, plant and equipment	92,170
Investment in unquoted shares	10,377
Unsecured loans	926,000
Investment in Associated company	99
Intangible assets	117,144
Total non-current assets	1,145,790
Current assets	
Trade and other receivables	3,324,250
Deposit and prepayments	76,278
Cash and cash equivalents	1,653,568
Total current assets	5,054,096
Total assets	6,199,886
Equity and liabilities	
Contributed share capital	2,835,645
Retained profits	2,077,313
Equity attributable to owners of the Company	4,912,958
Non-controlling interest	260
Total equity	4,913,218
Non-current liabilities	
Amount attributable to unitholders	588,000
Total non-current liabilities	588,000
Current liabilities	
Trade and other payables	473,745
Accruals	18,120
Amount due to Directors	143,837
Provision for taxation	62,966
Total current liabilities	698,668
Total liabilities	1,286,668
Total liabilities and equity	6,199,886

Source: ISY, Arris

9.4 Cash Flow

Table 9: ISY Pro Forma Cash Flow Statement

Period ended	Reviewed Consolidated Proforma 1/7/2018 to 30/6/2019 MYR
Cash flows from operating activities	
Profit before taxation	915,169
Adjustments for:	
Amortisation of intangible assets	16,775
Depreciation of property, plant and equipment	42,736
Gain on disposal of property, plant and equipment	(10,000)
Interest income	(5,907)
Operating profit before working capital changes	958,773
Increase in receivables	(965,941)
Increase in payables	150,278
Decrease in amount due to Associated Company	(936)
Decrease in amount due to Directors	(50,302)
Cash generated from operations	91,872
Taxation paid	(63,179)
Net cash generated from operating activities	28,693

Source: ISY, Arris

As shown in the table above, post-acquisition ISY would have generated positive net operating cash flows, after capex, on a Pro Forma basis.

9.5 Capital Structure And Board Of Directors

Immediate post the Transaction, ISY will have 365,991,334 ordinary shares in total:

Table 10: Post-Acquisition ISY Significant Shareholders

Shareholder	Number of	Percentage	
	ordinary Shares		
Ms. Por Yan Chew	146,032,977	39.90%	
Mr. Lim Hock Loh	119,481,372	32.65%	
Total shares held by significant shareholders	265,514,349	72.55%	
Dato's Lawrence Teo	4,167,026	1.14%	
Other shareholders	96,309,959	26.31%	
Total shares on issue post completion	365,991,334	100.00%	

Source: ISY, Arris

On completion of the Transaction, the post-acquisition ISY Board will be constituted as follows:

- Mr. Lim Hock Loh (currently Arris Director), also acting as Chief Executive Directors
- Ms. Por Yan Chew (currently Arris Director), also acting as Chief Financial Officer
- Dato' Lawrence Teo (currently ISY Director) as Non-Executive Director

10 Valuation Methodology

A number of valuation approaches may be applied in determining the fair market value of an investment or business, with the appropriate approach dependent upon the specific circumstances. Details of the various accepted approaches are outlined Schedule 1 - Valuation Approaches, and typically comprise the income, market and cost approaches.

Having regard to the nature of Arris' business and the available information, we have applied the market approach as our primary methodology. We have adopted this approach for the following reasons:

- Arris' business is established, with a track record of profitability in a mature market.
- Information is available in respect of broadly comparable companies in Australia. We recognise
 that there are few truly comparable companies as Arris has multiple revenue streams derived
 from various services provided

We have adopted Net Profit After Tax (**NPAT**) as the appropriate earnings basis for our analysis. We also considered the reasonableness of the price earning (**PE**) by comparing with the current trading multiples of companies that may be considered broadly comparable to Arris. In order to arrive at the value per share we considered the likely number of ISY to be issued assuming the Transaction is approved.

11 Valuation Of Arris

As discussed in section 10 of this report, our fair market valuation of one ISY Share to be issued has been conducted by using the market approach methodology.

11.1 Earnings Multiples

We have capitalised the selected NPAT at a multiple that we consider reasonably reflects the business and growth prospects of Arris. In assessing appropriate earnings multiples, we considered the current trading multiples of companies that may be considered broadly comparable to Arris. Presented in the table on the following page are the trading multiples of the selected comparable companies.

Table 11: Trading Multiples In The Public Accounting And Professional Services Sector

Company	Market Cap	PE multiple	FYE	Revenue	PAT	PAT
	(USD	as at		(million)	(million)	Margin
	millions)	14 Feb 2020				
Kelly Partners Group Holdings Ltd	40	16.44x	June19	AUD39.98	AUD7.15	17.88%
Countplus Ltd	142	84.06x	June19	AUD68.65	AUD2.96	4.31%
Axcelasia Inc	18	32.16x	Dec18	MYR25.2	MYR1.45	5.77%
FTI Consulting Inc	4,690	22.51x	Dec18	USD2,027	USD150.61	7.46%
Huron Consulting Group	1,520	48.66x	Dec18	USD878	USD13.65	1.79%
Low		16.44x				
Median		32.16x				
Mean		34.47x				
High		84.06x				

Source: Google Finance, Reuters

Assessment of earnings multiples

In assessing an appropriate range of earnings multiples to apply in valuing Arris on a control basis, we considered the following factors:

- Arris is significantly smaller in terms of revenue and PAT than the selected comparable companies.
 With a relatively low cost, scale benefits may result in an increase profitability and attractiveness.
 Based on FY2019 PAT margin, Arris generates higher margins than the selected quoted companies.
- The PE multiples of the comparable companies range from 16.64x (Kelly Partners Group Holdings Ltd) to 84.06x (Countplus Ltd).

After considering the above factors we have selected a multiple range of 25x to 30x on a control basis to apply to the FY2019 PAT of Arris.

11.2 Summary Of Valuation Analysis

We summarise our fair market valuation of Arris on a control basis as follows:

Table 12: Summary Of Valuation Analysis

	Reference	Low	High
Currency: MYR			
FY2019 PAT		888,686	888,686
Assessed earnings multiple	11.1	25x	30x
Equity value of Arris		22,217,150	26,660,580
Ordinary shares to be issued by ISY		347,691,767	347,691,767
Value per shares (MYR)		0.064	0.077
ISY recent right issue share price (AUD)		0.07	0.1888
ISY recent right issue share price (MYR)		0.21	0.5664

Source: K&K Analysis

11.3 Conclusion

Based on our consideration of the matters outlined above, in our opinion, the Transaction is not fair, but reasonable and therefore is in the best interests of ISY Shareholders.

Similarly, it is a matter for individual shareholders as to whether to buy, hold or sell shares in ISY, Arris or the Combined Group. This is an investment decision upon which we do not offer an opinion and is independent of a decision to vote for or against the proposed Transaction. Shareholders should consult their own professional adviser in this regard.

Our opinion is as at the date of this IER and reflects circumstances and conditions as at that date. This letter must be read in conjunction with, and not independently of information set out in the remainder of this report, including the schedules.

K&K has prepared a Financial Services Guide in accordance with the Corporation Act. The Financial Services Guide is included as Schedule 2 of this report.

Yours faithfully, KINGSTON & KNIGHT AUDIT

Mila Buth

Michael Raffoul

Partner

Chartered Accountant

12 Glossary

ACTP ACT Partners

AJ Affiliate Junction

AMSC Arris MSC Sdn Bhd

APA Arris Project Advisory Sdn Bhd
ARP Arris Risk Planning Sdn Bhd
Arris Consulting Sdn Bhd

ASX Australian Securities Exchange operated by ASX Limited

AUD Australian Dollars
AV Arris Venture Sdn Bhd

AVM Arris Venture Management Sdn Bhd

BNM Bank Negara Malaysia
Board Board of Directors
Capex Capital expenditure

CMSA Capital Markets and Services Act 2007 of Malaysia

Explanatory Accompanying booklet being provided to ISY Shareholders

Memorandum

FCFE Free cash flow to equity
FSG Financial Services Guide
FY2018 Financial year ended 2018
FY2019 Financial year ended 2019
FYE Financial year ended

IER Independent Expert Report prepared by K&K
IS3 I Synergy Group Limited ABN 51 613 927 361

ISI I Synergy International (M) Sdn Bhd

ISY I Synergy Holdings Berhad ARBN 606 426 831

K&K Kingston & Knight Audit MYR Malaysian Ringgit

Notice of Meeting Means the notice of extraordinary general meeting to which this

Explanatory Memorandum is annexed

NPAT Net Profit after Tax

NSX National Stock Exchange of Australia

PAT Profit after tax
PE Price Earning

Rules Rules on Take-overs, Mergers and Compulsory Acquisitions issued by SC

SC Securities Commission Malaysia

the Company I Synergy Holdings Berhad

the Transaction The Transaction of where ISY acquire Arris

TSTA TST Arris Partners Sdn Bhd

USD United States Dollar

WACC Weighted average cost of capital

Schedule 1 Valuation Approaches

Most valuation approaches can be categorised under one or more of the following broad approaches:

- The income approach under which an asset is valued as the present value of the future net economic benefits that are expected to accrue to the owner from the use or sale of the asset.
- The market approach under which an asset is valued by reference to evidence (if any) of prices obtained in sales of interests in the asset that is the subject of the valuation, or by reference to the value of comparable assets related to some common variable such as earnings, cash flow or revenue.
- The cost approach under which an asset is valued by reference to its historical cost or replacement cost.

Each of these approaches is appropriate in certain circumstances. The decision as to which approach and methodology to utilise generally depends on the availability of appropriate information and type of business.

Income approach

The most common methodology within the income approach is the discounted cash flow (**DCF**) methodology. The DCF methodology involves calculating the net present value of cash flows that are expected to be derived from future activities. The forecast cash flows are discounted by a rate that reflects the time value of money and the risk inherent in the cash flows.

This methodology is particularly appropriate in valuing projects, businesses and companies that are in a startup phase and are expecting considerable volatility and/or growth in earnings during the growth phase, as well as businesses with a finite life. The utilisation of this methodology generally requires management to be able to provide long term cash flows for the company, asset or business.

Market approach

The main methodology within the market approach is the capitalisation of earnings methodology. This involves capitalising the earnings of a business at an appropriate multiple, which reflects the risks underlying the earnings together with growth prospects. This methodology requires consideration of the following factors:

- Estimation of normalised earnings having regard to historical and forecast operating results, abnormal or non-recurring items of income and expenditure and other factors. The normalised earnings are generally based on net profit after tax, EBIT, EBITA or EBITDA.
- Determination of an appropriate earnings multiple reflecting the risks inherent in the business, growth prospects and other factors. Multiples may be derived from quoted comparable trading companies and well as implied from recent acquisitions of similar companies.
- Earnings multiples applied to net profit after tax are known as price earnings multiples and are commonly used in relation to listed public companies. Earnings multiples applied to EBIT, EBITA

or EBITDA are known, respectively, as EBIT, EBITA or EBITDA multiples, and are commonly used in respect of companies comprising a number of businesses where debt cannot be precisely allocated or in acquisition scenarios where the purchaser is likely to influence the capital structure.

- An adjustment for financial debt, in the event that maintainable earnings are based on EBIT, EBITA
 or EBITDA.
- An assessment of any surplus assets and liabilities, being those which are not essential to the generation of the future maintainable earnings.

This methodology is appropriate where a company or business is expected to generate a relatively stable record of earnings.

Cost approach

The main method within the cost approach is the net realisable value of assets methodology. This involves the determination of the net realisable value of the assets of a business or company, assuming an orderly realisation of those assets. This value includes a discount to allow for the time value of money and for reasonable costs of undertaking the realisation. It is not a valuation on the basis of a forced sale, where assets may be sold at values materially different to their fair market value.

This methodology is appropriate for asset intensive businesses, or where a business does not generate an adequate return on its assets.

Schedule 2 Financial Services Guide

THIS FINANCIAL SERVICES GUIDE FORMS PART OF THE INDEPENDENT EXPERT'S REPORT

28 February 2020

1. Kingston & Knight Audit

Kingston & Knight Audit ("we," or "us" or "our") has been engaged to provide general financial product advice in the form of an Independent Expert Report (IER) in connection with a financial product of another person.

2. Financial Services Guide

This Financial Services Guide (**FSG**) provides important information to help retail clients make a decision as to their use of the general financial product advice in an IER, information about us, the financial services we offer, our dispute resolution process and how we are remunerated.

3. Financial services we offer

As a smaller accounting firm, Kingston & Knight Audit extends a hand to small and medium enterprises in need of premium business advisory services. By engaging Kingston & Knight Audit as your business advisory provider, you will gain:

- In-depth analysis of information recorded during your business operations, presented in a timely and coherent manner to guide decision making and forecasting
- Projection of cash flow information
- Regular reports that detail the financial position of your business in relation to its business objectives
- Access to analytical tools that can be used to perform effective and efficient analysis as required by management
- Access to a broad selection of financial, legal, taxation, and accounting services that support the broader needs of your business.

By developing a working partnership with your business, Kingston & Knight Audit aims to support you throughout your business's lifecycle.

4. General financial product advice

In our IER we provide general financial product advice. The advice in an IER does not take into account your personal objectives, financial situation or needs. You should consider the appropriateness of an IER having regard to your own objectives, financial situation and needs before you act on the advice in an IER. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain an offer document relating to the financial product and consider that document before making any decision about whether to acquire the financial product. We have been engaged to issue an IER in connection with a financial product of another person. Our IER will include a description of the circumstances of our engagement and identify the person who has engaged us. Although you have not engaged us directly, a copy of the IER will be provided to you as a retail client because of your connection to the matters on which we have been engaged to report.

5. Remuneration for our services

We charge fees for providing IER. These fees have been agreed with, and will be paid by, the person who engaged us to provide an IER. Our fees for IER is based on a time cost or fixed fee basis. Our directors and employees providing financial services receive an annual salary, a performance bonus or profit share depending on their level of seniority. The estimated fee for this IER is AUD 8,000 (exclusive of GST). Except for the fees and benefits referred to above, Kingston & Knight Audit, including any of its directors, employees or associated entities should not receive any fees or other benefits, directly or indirectly, for or in connection with the provision of an IER.

6. Associations with product issuers

Kingston & Knight Audit and any of its associated entities may at any time provide professional services to financial product issuers in the ordinary course of business.

7. Responsibility

The liability of Kingston & Knight Audit, if any, is limited to the contents of this Financial Services Guide and the IER.

8. Compensation Arrangement

The company and its related entities hold Professional Indemnity insurance for the purpose of compensation should this become relevant. Representatives who have left the Company's employment are covered by our insurances in respect of events occurring during their employment. These arrangements and the level of cover held by the Company satisfy the requirements of section 912B of the Corporations Act 2001.

Kingston & Knight Audit

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