

**TO: COMPANY ANNOUNCEMENTS OFFICE
ASX LIMITED**

DATE: 2 APRIL 2015

MERGER WITH STELLAR FILMS GROUP

Cardia Bioplastics Limited (**Company**) refers to the announcement on 6 March 2015 and the notice of meeting dated the same date (**Notice of Meeting**). Section 1.5.1 of the Notice of Meeting states that completion of the acquisition (**Acquisition**) of Stellar Films Group Pty Ltd and Stellar Films (Malaysia) Sdn Bhd (**Stellar Malaysia**) (**Stellar**) is conditional on the satisfaction or waiver of certain conditions precedent. In particular, the Acquisition is conditional on the Company receiving documentation or confirmation in a form that is reasonably acceptable to the Company that facility agreements between Stellar Malaysia and CIMB Bank Berhad (**CIMB**) are repayable no earlier than 1 July 2016, or such other arrangement that is mutually agreed by the parties (**Condition Precedent**).

The Company wishes to advise that after negotiations with Stellar and CIMB, the Company has reached arrangements mutually acceptable to the parties and considers the Condition Precedent as satisfied.

By offer letters dated 5 March 2015 and 30 March 2015, CIMB set out the terms of each facility. The facilities have a total limit of RM 7,278,406.20, and include an overdraft facility, trade finance facility, bank guarantee facility, Term Loan (**TL3**) and a Short Term Advance (**TL4**). The bulk of the facility is provided through TL3 and TL4.

Each of TL3 and TL4 have principal and interest amortisation payments acceptable to the Company. While the TL3 and TL4 facility have repayment schedules of 18 months and 16 months respectively, CIMB's practice with these types of facilities is to require that all loans are repayable on demand. Accordingly, despite the revised terms and amortisation schedule, the Company will treat the CIMB facilities as current liabilities on its balance sheet post the Acquisition.

As outlined in Section 1.5.1 of the Notice of Meeting certain other Conditions Precedent remain, including, shareholder approval for the Acquisition being sought at the General Meeting of 7 April 2015.

Richard Tegoni
Chairman
Cardia Bioplastics Limited