



Ladies and Gentlemen,

The board and management of Cardia Bioplastics Ltd have been working tirelessly over the last five months with the owners of the Stellar Films Group to bring together the merger of these two complementary businesses.

Today shareholders have the opportunity to vote on seven resolutions which, if approved, will pave the way for the merger to occur and the creation of what aspires to be a world leader in the global manufacture and sales of sustainable bioplastic resin, film and finished products.

The proposed new name is SECOS Group Limited standing for 'Sustainable Eco Solutions' and will best reflect the group's market positioning post-merger.

The group's management has already begun working with key customers and early signs suggest that the group's new Biohybrid™ cast films produced from Cardia's renewable resource based resins on Stellar's large-scale cast film production lines will be well received in the market place. This is the first time that Cardia has been able to produce a product that achieves both the environmental profile at an attractive price point while also offering very high performance. The group's new environmentally preferred high performance film has the potential to change packaging standards worldwide and was the catalyst for the proposed merger in November last year.

The strategic fit of the two businesses goes well beyond the group's new product offering with particular benefits expected to be derived from complementary geographic footprint, market access and reach, production and operational savings, intellectual property positions, resources to deliver business strategy and a high quality and experienced management team.

Both businesses have experienced challenges during recent years with Stellar undergoing significant restructuring to accommodate the changing landscape within the traditional plastic films manufacturing industry, while Cardia has invested heavily into the development of new technology designed to capture the growing demand for more sustainable and environmentally preferred plastic products.

The merger of the group will result in a business that can manufacture its own proprietary environmentally preferred resins for supply to the group's business units that currently manufacture large quantities of plastic films. The pull-through of Cardia resins will provide the group with margin improvements and offer customers a superior film for use in packaging. Having an environmental edge will give the high performance film a competitive advantage over traditional film products of similar quality and price.

Early focus will be to ramp up production at Stellar's Deer Park cast film plant which is capable of producing as much hygiene film in four weeks as Cardia's hygiene film extrusion lines currently produce in one year. This will provide an opportunity to increase sales in the short term because the Deer Park plant is currently underutilised.



CHAIRMAN ADDRESS

7 APRIL 2015

While achieving short term sales and margin improvements will be the prime focus, management will concurrently implement the group's merger synergies to maximise performance improvements.

To achieve the expected growth, the company will require funds to support working capital requirements and shareholders are being asked today to approve the placement capacity so that the Company can raise the funds required to implement the SECOS strategy. The board will aim to complete the capital raising in the coming weeks. The Directors of Cardia Bioplastics Ltd recommend that Shareholders vote in favour of the merger and the resolutions in the Notice of Meeting. We are extremely excited by the opportunity to form SECOS Group Limited and we look forward to taking the business forward.

Richard Tegoni
Chairman