CARDIA TECHNOLOGIES LIMITED
ACN 064 755 237

TO: **COMPANY ANNOUNCEMENTS OFFICE**
AUSTRALIAN SECURITIES EXCHANGE

DATE: **10th March 2009**

COMPLETION OF MERGER WITH BIOGRADE LIMITED

The Board of Cardia Technologies Limited ("Cardia") is pleased to announce that on Friday 6th March, the Supreme Court of Victoria approved the Scheme of Arrangement between Biograde Limited and its members. Consequently the Scheme came into effect on that date.

Under the Scheme the Record Date for determining entitlements of Biograde members to the Cardia shares and options is Friday 13th March and the Implementation Date when the securities will be issued and allotted is Friday 20th March.

Holding Statements will be despatched on Monday 23rd March.

A Copy of the Court Order, which was lodged with ASIC on Friday 6th March, is attached.

JOHN WILSON
Company Secretary

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IN THE SUPREME COURT OF VICTORIA
AT MELBOURNE

IN THE SUPREME COURT
06 MAR 2009
ASSOCIATE TO JUSTICE ROBSON

No 10206 of 2008

COMMERCIAL AND EQUITY DIVISION

IN THE MATTER of the Corporations Act 2001

and

IN THE MATTER of an application by
BIOGRADE LIMITED
(ABN 65 102 302 134)

IN THE SUPREME COURT
04 MAR 2009
ASSOCIATE TO JUSTICE ROBSON

A.C.

GENERAL FORM OF ORDER

JUDGE:	The Honourable Justice Robson
DATE MADE:	6 March 2009
ORIGINATING PROCESS:	Originating Process filed 5 December 2008
HOW OBTAINED:	On return of Originating Process
ATTENDANCE:	Mr G Menzies Solicitor for the Plaintiff There was no appearance for the Australian Securities and Investments Commission
OTHER MATTERS:	A statement dated 4 March 2009 had been given by the Australian Securities and Investments Commission in accordance with section 411(17)(b) of the Corporations Act 2001

THE COURT ORDERS AND DIRECTS THAT:

1. The Scheme of Arrangement set out in Schedule "A" to this Order be and is hereby approved.

2. The Plaintiff be exempted from compliance with section 411(11) of the Corporations Act 2001 in relation to the scheme of arrangement referred to in Order 1.

3. The solicitors for the Plaintiff draw up this Order and that it be signed by the Judge pursuant to Rule 60.04.

SUPREME COURT OF VICTORIA
Associate of a Judge of the Court

JUDGE: A. M'H. Rob

DATE: 6 March 2009

SCHEDULE "A"

SCHEME OF ARRANGEMENT (PURSUANT TO SECTION 411 OF THE CORPORATIONS ACT 2001) BETWEEN BIOGRADE LIMITED (ACN 102 302 134) AND ITS MEMBERS

1. INTERPRETATION

In these provisions unless the context otherwise requires:

(a) "**ASIC**" or "**Commission**" means the Australian Securities and Investments Commission or, in respect of any particular function or power given to the Commission under the Corporations Act, any person to whom the Commission has delegated that function or power;
(b) "**ASX**" means ASX Limited (ABN 98 008 624 691);
(c) "**Biograde"** or the **"Company**" mean Biograde Limited (ABN 65 102 302 134);
(d) **"Board"** in relation to any of Biograde or Cardia means the board of directors of that party. A reference to the "**Biograde Board**" means a reference to the board of directors of Biograde and a reference to the "**Cardia Board"** means a reference to the board of directors of Cardia;
(e) "**Business Day**" means a Business Day as defined in the Listing Rules of ASX;
(f) "**Business Rules**" means, in the case of ASX, those rules promulgated as the Business Rules of N and, in relation to any other Stock Exchange, those rules pursuant to which trading in securities on or through the facilities of the Stock Market conducted by it is regulated by that Stock Exchange;
(g) **"Cardia"** means Cardia Technologies Limited (ABN 89 064 755 237);
(h) **"Cardia Directors"** means a reference to the directors of Cardia acting as a board of directors or otherwise acting in their role or capacity as a director of Cardia and a reference to a **"Cardia Director"** means a reference to a director of Cardia acting in his capacity as a director of Cardia;
(i) **"Cardia Information"** means the information in relation to Cardia set out herein;
(j) **"Cardia Options"** means options to acquire ordinary shares in the capital of Cardia to be granted to Members on the Implementation Date to Scheme Members in part consideration of the transfer of their Shares to Cardia pursuant to the Scheme and the Implementation agreement: which options shall be on the terms set out in clause 9 hereof which are the same terms as the options granted by Cardia which are listed on the Stock Market conducted by ASX under the ASX Code CNNO;
(k) **"Cardia Shares"** means new ordinary shares in the capital of Cardia to be issued and allotted on the Implementation Date to Scheme Members in consideration of the transfer of their Shares to Cardia pursuant to the Scheme in accordance with the Scheme and the Implementation Agreement;
(l) "**Commonwealth**" means the Commonwealth of Australia and its external territories;
(m) "**Company**" or **"Biograde"** each means Biograde Limited (ABN 28 102 302 134);
(n) **"Corporations Act"** means the Corporations Act 2001 as it applies in Victoria.
(o) **"Court"** means the Supreme Court of Victoria in relation to matters associated with the Scheme and otherwise means a court of competent jurisdiction under the Corporations Act.
(p) "**Court Order Time**" means the commencement of the hearing by the Court to approve the Scheme ;
(q) **"Directors"** means a reference to the directors of Biograde acting as a board of directors or otherwise acting in their role or capacity as a director of Biograde and a reference to a "**Director**" means a reference to a director of Biograde acting in his capacity as a director of Biograde;
(r) **"Effective"** when used in relation to the Scheme, means the coming into effect, pursuant to section 411(10) of the Corporations Act, of the order of the Court made under section 411(4) (b) in relation to the Scheme.
(s) "**Effective Date**" means the date on which an office copy of an order of the Court in relation to this Scheme made under Section 411(6) of the Corporations Act is lodged with the Commission;
(t) **"Explanatory Statement"** means the draft Explanatory Statement ordered by the Court as the Explanatory Statement to accompany this Scheme pursuant to the provisions of Section 412 of the Corporations Act;
(u) **"Foreign Shareholder"** means a Member with a registered address in the Share Register outside of Australia and its external territories and New Zealand;
(v) **"Government Agency"** means any foreign or Australian government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity, or any minister of the Crown in the right of the Commonwealth of Australia or any state including the Australian Consumer & Competition Commission, the Corporations and Securities Panel and Australian Stock Exchange Limited.
(w) "**Implementation Agreement**" means the Implementation Agreement to be tabled at the meeting of Members convened by the Court and a copy of which is set out in Section Seven and which

has been entered into between Biograde and Cardia conditionally upon this Scheme coming into effect;

(x) **"Implementation Date"** means the date on which this Scheme shall be implemented being 5:00 pm AEST on that date which is five(5) Business Days after the Record Date;

(y) "**Listing Rules**" means, in relation to any Stock Exchange, the rules of that Stock Exchange governing trading in securities quoted on that Stock Exchange as in force from time to time and, in relation to ASX, mean the Listing Rules of ASX as in force from time to time;

(z) "**Members**" means those persons registered as the holders of the shares in the capital of Biograde on the Share Register as at the date and time of the Scheme Meeting Provided That if a Member shall after that date and time cease to be registered as a member of Biograde on the Share Register such person shall cease to be a Member for the purposes of the Scheme Provided further that where a person shall after that date and time become registered as a member of Biograde on the Share Register in respect of any share in the capital of Biograde such person shall, from the time his name is entered on the Share Register, be deemed to be a Member for the purposes of the Scheme ;

(aa) "**Cardia**" means Cardia Technologies Limited (ABN 89 064 755 237)**;**

(bb) **"Cardia Directors"** means a reference to the directors of Cardia acting as a board of directors or otherwise acting in their role or capacity as a director of Cardia and a reference to an "**Cardia Director**" means a reference to a director of Cardia acting in his capacity as a director of Cardia;

(cc) "**person**" includes the Crown and bodies corporate or unincorporated;

(dd) "**Record Date**" means that date and time being 5.00 p.m. AEST five (5) Business Days after the Effective Date;

(ee) **"Registered Address"** means in relation to a Scheme Member, that member's address shown in the Share Register;

(ff) "**Regulations**" means the Corporations Regulations in force under the Corporations Act from time to time;

(gg) "**Scheme**" means this proposed scheme of arrangement to be entered into between Biograde and its Members pursuant to which their Shares will be transferred to Cardia in consideration of them receiving two (2) Cardia Shares and two (2) Cardia Options being the Scheme Consideration as provided herein before the End Date as specified in or determined under Clause 4.4 of the Scheme. A reference to the Scheme shall include any alterations or conditions imposed in relation thereto pursuant to Section 411(6) of the Corporations Act;

(hh) "**Scheme Consideration**" means two (2) Cardia Shares and two (2) Cardia Options which are to be issued and allotted to the Scheme Members for each one Share held as at the Record Date in accordance with the provisions of this Scheme and the Implementation Agreement;

(ii) "**Scheme Meeting**" means the meeting ordered to be convened pursuant to the Order of the Court for the purpose of considering and, if though fit, approving the entering into of this Scheme ;

(jj) **"Scheme Member"** means a Member as at the Record Date;

(kk) "**Second Court Hearing**" means the first day on which the Court makes a final determination in connection with this Scheme ;

(ll) **"Share Register"** means the register of Members of Biograde kept in accordance with the Corporations Act;

(mm) **"Share Registry"** means Biograde Limited or other person from time to time maintaining the Share Register;

(nn) "**Shares**" means the ordinary shares in the capital of Biograde that will be cancelled under the Scheme:

(oo) "**Stockbroker**" and "**Sharebroker**" each mean a person qualified and authorised to act as such under the rules of any Stock Exchange governing trading by members of any such Stock Exchange in any securities of any company or entity the securities of which are listed on such Stock Exchange;

(pp) "**Stock Exchange**" means ASX or any other stock exchange on which Cardia securities are listed from time;

(qq) "**Stock Market**" means a stock market conducted by any Stock Exchange;

2. PRELIMINARY

Biograde is a public company limited by shares.

2.1 As at the date of the Explanatory Statement the issued capital of Biograde comprises 129,982,221 Shares and it has 152 members.

2.2 The Directors of Biograde have determined that it is in the interests of the members of Biograde to enter into this Scheme and for that purpose have made application to the Court for orders convening a meeting of the Members of Biograde in accordance with the provisions of Section 411 of the Corporations Act to enable the Members to consider and if thought fit approve the Scheme.

2.3 Each of Biograde and Cardia has undertaken to do all acts matters and things contemplated to be done by either of them pursuant to this Scheme or to give effect hereto and for such purposes they have entered into the Implementation Agreement.

2.4 The implementation of this Scheme is primarily intended to result in the Shares being transferred to Cardia and for the Scheme Members to be issued and allotted Cardia Shares and Cardia Options as the Scheme Consideration in accordance with the provisions of clauses 7 and 9 hereof in consideration of the transfer of their Shares to Cardia.

3. OBJECT OF THE SCHEME

The object of this Scheme is to effectively merge the activities of Biograde and Cardia under the control of one company: namely Cardia.

4. CONDITIONS PRECEDENT TO AND EFFECTIVENESS OF THE SCHEME

4.1 Conditions

The Scheme is conditional upon all of the conditions set out in clause 3 of the Implementation Agreement having been satisfied or having been waived in accordance with the terms of the Implementation Agreement, as at the Court Order Time.

4.2 Conditions precedent

The fulfilment of clause 4.1 is a condition precedent to the operation of the provisions of clause 6.

4.3 Certificate

Cardia shall provide to the Court at the Second Court Hearing a certificate confirming whether or not all the conditions in the Implementation Agreement have been satisfied or waived in accordance with the terms of the Implementation Agreement.

4.4 End Date

The Scheme will lapse and be of no further force or effect if the Implementation Date has not occurred on or before 30 June 2009 or such later date as Biograde may advise Cardia in writing.

5. COMPLIANCE WITH THE SCHEME

5.1 Obligations of Biograde and its Directors to comply with the Scheme

The Directors, having so undertaken to the Court, shall do all acts, matters and things hereby contemplated to be done by them and so far as it lies within the exercise of their powers as directors of Biograde shall, at the cost of Cardia, procure Biograde to do all such acts, matters and things hereby, or by the Implementation Agreement, contemplated to be done by Biograde.

5.2 Obligations of Cardia and its Directors to comply with the Scheme

The Cardia Directors, having so undertaken to the Court, shall do all acts, matters and things hereby contemplated to be done by them and so far as it lies within the exercise of their powers as directors of Cardia shall procure Cardia to do all such acts, matters and things hereby, or by the Implementation Agreement, contemplated to be done by Cardia.

6. LODGEMENT WITH ASIC

Biograde will lodge with ASIC office copies of the Court orders under section 411 of the Corporations Act approving the Scheme by 5:00pm on the first Business Day after the day on which the Court approves the Scheme.

7. EVENTS TO OCCUR ON IMPLEMENTATION DATE

On the Implementation Date Cardia shall:

7.1 **Provide Scheme Consideration**

Provide the Scheme Consideration to the Scheme Members according to their entitlement thereto as at the Record Date by issuing and allotting the Cardia Shares and Cardia Options in accordance with the requirements of the Implementation Agreement.

7.2 **Foreign Shareholders**

Cardia will not be under any obligation to issue marketable securities to any Foreign Shareholder. As applicable, Cardia will instead issue the Scheme Consideration in respect of the Shares held by each Foreign Shareholder to a nominee which will sell them as soon as reasonably practicable and account to the Foreign Shareholder for the net proceeds of sale, after deduction of any applicable brokerage, and taxes and charges at the Foreign Shareholder's risk, in full satisfaction of the Foreign Shareholder's rights under sub-clause 7.1 above.

7.3 **Dealings In Shares**

For the purpose of establishing who are Scheme Members, dealings in Shares will only be recognised if registrable transmission applications or transfers in respect of those dealings are received on or before the Record Date at the place where the Share Register is kept.

7.4 **Registration of Transfers Before Record Date**

Biograde must register registrable transmission applications or transfers on or before the Record Date except where its constitution permits or requires it not to register a transmission application or transfer.

7.5 **No Registration of Transfers After Record Date**

Biograde will not accept for registration or recognise for any purpose any transmission application or transfer in respect of Shares received after the Record Date.

7.6 **Biograde to Maintain Share Register Until Scheme Consideration Paid**

For the purpose of determining entitlements to the Scheme Consideration, Biograde will, until payment of the Scheme Consideration has been made, maintain the Share Register as at the Record Date in accordance with the foregoing provisions of this clause 7 and the Share Register in this form will solely determine entitlements to the Scheme Consideration.

7.7 **Certificates After Record Date**

All certificates or holding statements for Shares will cease to have any effect from the Record Date as documents of title in respect of such Shares. As from the Record Date, each entry current at that date on the Share Register relating to Shares will cease to be of any effect other than as evidence of entitlement to marketable securities to be issued and allotted or granted pursuant to this Scheme in respect of the Shares relating to that entry.

8. THE COMPANY TO PROVIDE DETAILS OF SCHEME MEMBERS

The Company must procure that by 9:00am on the first Business Day after the Record Date, details of the names, registered addresses and holdings of Shares of every Scheme Member as shown in the Share Register at the Record Date are available to Cardia in such form as Cardia may reasonably require.

9. GENERAL SCHEME PROVISIONS

9.1 **Scheme Members agree to be bound by Constitution of Cardia**

Scheme Members will accept all Cardia Shares and Cardia Options issued or granted by way of Scheme Consideration subject to the constitution of Cardia and agree to be bound thereby.

9.2 **Ranking of Cardia Shares issued as Scheme Consideration**

All Cardia Shares issued and allotted as part of the Scheme Consideration will rank pari passu in all respects with other ordinary fully paid shares on issue in the capital of Cardia as at the Implementation Date.

9.3 **Ranking of Cardia Options granted as Scheme Consideration**

All Cardia Options granted as part of the Scheme Consideration will rank pari passu in all respects with other Cardia Options of the same class on issue as at the Implementation Date.

9.4 **Consent to Alterations or Additions to Scheme**

Should the Court propose to approve the Scheme subject to any alterations or conditions, Biograde may by its counsel consent on behalf of all persons concerned to those alterations or conditions to which Cardia has consented. Cardia shall be bound by any alterations or conditions to which Cardia has consented and which are approved by the Court.

9.5 **Provision of Scheme Consideration**

The obligation of Cardia to issue and allot the Scheme Consideration shall be satisfied by Cardia, on the Implementation Date:

(a) entering the name of each Scheme Member on its register of members in accordance with the provisions of this Scheme and in accordance with the Implementation Agreement;

(b) issuing uncertificated holding statements for such Cardia Shares and Cardia Options comprising the Scheme Consideration in the name of that Scheme Member in accordance with the provisions of this Scheme and entering the name of each Scheme Member on its register of members in accordance with the provisions of this Scheme and in accordance with the Implementation Agreement.

In the case of joint holders of Shares, uncertificated holding statements shall be issued in the joint names of those Scheme Members and forwarded to the holder whose name appears first in the Share Register on the Record Date.

9.6 **Terms and conditions of Cardia Options to be issued as Scheme Consideration**

The terms and conditions of the Options are as follows:

(a) Each option entitles the holder to subscribe for 1 ordinary share in Cardia Technologies Limited ACN 064 755 273 ("the Company") upon the payment of $0.10 (10 cents).

(b) The options will lapse at 5.00pm (AEST) on 30 June 2011 ("Expiry Date").

(c) The options are transferable.

(d) There are no participating rights or entitlements inherent in these options and holders of the options will not be entitled to participate in new issues of capital that may be offered to shareholders during the currency of the option.

(e) Optionholders have the right to exercise their options prior to the date of determining entitlements to any capital issues to the then existing shareholders of the Company made during the currency of the options, and will be given a period of not less than 10 Business Days notice before the record date to determine entitlements to the Issue in which to exercise the options.

(f) In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of the Company, the options will be reorganised as required by the Listing Rules, but in all other respects the terms of exercise will remain unchanged.

(g) The options shall be exercisable at any time during the period ending on or before the Expiry Date ("Exercise Period") by the delivery to the registered office of the Company of a notice in writing ("Notice") stating the intention of the optionholder to exercise all or a specified number of options held by the optionholder accompanied by an Option Certificate or Holding Statement and a cheque made payable to the Company for the subscription moneys for the shares to be issued on exercise of the options the subject of the Notice. The Notice and cheque must be received by the Company during the Exercise Period. An exercise of only some options shall not affect the rights of the optionholder to the balance of the options held by the optionholder.

(h) The Company shall allot the resultant shares and deliver a Holding Statement of shareholdings with a holders' identification number within 10 Business Days of exercise of the options.

(i) The shares allotted shall rank, from the date of allotment, equally with the existing ordinary shares of the Company in all respects.

9.7 **Notices to Biograde**

Where a notice, transfer, transmission application, direction or other communication referred to in this Scheme is sent by post to Biograde it shall not be deemed to be received in the ordinary course of post or on a date other than the date (if any) on which it is actually received at Biograde's registered office or at the Share Registry.

9.8 **Further Acts**

Biograde will execute all documents and do all acts and things necessary for the implementation and performance of its obligations under this Scheme.

9.9 **Consent to Further Acts by Biograde**

The Scheme Members consent to Biograde doing all things necessary or incidental to the implementation of this Scheme.

9.10 **Appointment of the Company as Attorney and Agent**

Each Scheme Member, without the need for any further act, irrevocably appoints each of Biograde and the Directors (jointly and severally) as its attorney and agent for the purpose of executing any document necessary to give effect to this Scheme.

9.11 **Governing Law**

The proper law of this Scheme is the law of the State of Victoria.

10. SCHEME PROVISIONS TO PREVAIL OVER CONSTITUTION

Insofar as any provision of this Scheme may be inconsistent with the provisions of the constitution of Biograde, then this Scheme shall prevail to the extent of any such inconsistency.

11. BINDING NATURE OF SCHEME

This Scheme shall bind Biograde and Scheme Members including those who do not attend or vote at the Scheme Meeting convened by order of the Court in this matter.