TO: **COMPANY ANNOUNCEMENTS OFFICE**
ASX LIMITED

DATE: **31 August 2015**

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30th JUNE 2015

Attached is the Preliminary Final Report (Appendix 4E) of Cardia Bioplastics Limited and its Controlled Entities pursuant to Listing Rule 4.3B.

REKHA BHAMBHANI
Company Secretary

APPENDIX 4E

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

CONTENTS

Revenue from ordinary activities	**Down**	**17.82%**	**to**	**$17,957,801**
Loss from ordinary activities after tax attributable to members	**Up**	**76.62%**	**to**	**($3,934,093)**
Net Loss for the year attributable to members	**Up**	**76.62%**	**to**	**($3,934,093)**
Dividends/Distributions No interim dividend was paid during the year and it is not proposed to pay a final dividend for the year. A dividend policy will be established when the Company achieves a regular profitable operation.				

Brief Explanation of the above figures

Revenue

Brief Explanation of the above figures

General

A merger of Stellar Films Group Pty Ltd and Stellar Films (Malaysia) Sdn Bhd ("The Stellar Films Group") with Cardia Bioplastics Limited which completed on 21 April 2015 resulted in:

- Stellar Films Group Vendors acquiring 55% of the issued shares in Cardia Bioplastics Limited.
- Cardia Bioplastics Limited changing its name to SECOS Group Limited.
- Refer page -20 for Advantages and Disadvantages of the merger.

Following merger, SECOS Group Limited is the parent entity from a legal perspective, however, pursuant to the requirements of Australian Accounting Standard AASB 3 'Business Combinations', Stellar Films Group is deemed to be the acquirer of the Company and accordingly, for reporting purposes, the above preliminary statement of comprehensive income incorporates:

- Trading results for Stellar Films Group for the full financial year ended 30 June 2015.
- Trading results for SECOS Group Limited for the period 21 April 2015 (being completion date for the merger) to 30 June 2015 and hence do not include first ten months of SECOS Group (formerly known as "Cardia Bioplastics") revenues and business contributions.
- Comparative trading results for Stellar Films Group for the full financial year ended 30 June 2014.

Revenue

Revenue for the last year has decreased by 17.82% to **$17,957,801** as compared to revenue of $21,850,657 due to:

- Revenues were affected because of Stellar Australia having scaled down operations pre-merger. Stellar Australia operations have reopened in April 2015 post-merger with SECOS Group.
- Stellar Films Group's Malaysian operations reducing sales due to change in customer mix and restructuring of supply between Australian and Malaysian plants.

Loss Position

The Company's loss from its operating activities for the year was (**$3,934,093),** an increase of 76.62% or **$1,706,612** compared to last year ($2,227,481).

Current year's increase in loss was primarily due to the following reasons:

- Profit margins were negatively impacted by high Australian dollar and Malaysian Ringgit and high polymer prices (due to increased oil prices); these factors also being present in the previous year but worsening over the 2015 financial year.
- Trading losses incurred by Stellar Films Group's Australian manufacturing operation during its scaling down phase.
- Trading losses incurred by Stellar Films Group's Malaysian manufacturing operations as production efficiency suffered during transitioning of Australian based customers to the Malaysian operation.
- Abnormal expenses including merger transaction costs of $309,446.
- Impairment of a receivable by an amount of $624,075. In addition, trade receivables across Stellar Films Group's Australian and Malaysian based operations have been impaired by an amount of $96,564.
- Inclusion of Cardia's operating losses of approximately $450,000 since the merger completion date.

  The above losses are after recording a gain of $500,000 on the restructuring of ownership of the shares in Stellar Films (Malaysia) Sdn Bhd as part of the negotiated merger.

For The Year Ended 30 June 2015

	Consolidated Group	
	2015	**2014**
	$	**$**
Sales from main operations	**17,284,394**	21,441,764
Cost of Sales (main operations)	**17,410,969**	21,127,622
Trading Income	**445,345**	405,105
Gross Profit	**318,770**	719,247
Other Income	**228,062**	3,788
Administrative Expenses	**(875,386)**	(901,805)
Employment Benefits	**(978,745)**	(764,528)
Marketing & Distribution Expenses	**(87,355)**	-
Research & Development Expenses & Patent Costs	**(201,347)**	-
Depreciation & Amortisation	**(327,766)**	(256,750)
Borrowing Costs	**(321,186)**	(276,641)
Net Foreign Exchange (Losses) /Gains	**(233,571)**	53,101
Other Expenses	**(47,558)**	-
Impairment –Trade & Other Receivables	**(669,075)**	-
Impairment- Inventories	**(51,564)**	-
Merger Transaction Costs	**(309,446)**	-
Results from operating activities	**(3,556,167)**	(1,423,588)
Share in Loss of Joint Venture	**(877,926)**	(803,893)
Gain on Acquisition	**500,000**	-
Impairment –Intangible Assets	**-**	-
Loss before income tax	**(3,934,093)**	(2,227,481)
Income Tax Expense	**-**	-
Loss for the period after income tax	**(3,934,093)**	(2,227,481)
Other comprehensive income		
Foreign currency translation differences of foreign operations	**184,204**	(274,776)
Income tax on other comprehensive income		-
Total comprehensive income for the period	**(3,749,889)**	(2,502,257)
(Loss)/Profit attributable to:		
Members of the Company	**(3,934,093)**	(2,227,481)
Non-Controlling Interest	**-**	-
Loss for the year after income tax	**(3,934,093)**	(2,227,481)

PRELIMINARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2015	2014
	$	**$**
Total comprehensive income attributable to :		
Members of the Company	**(3,749,889)**	(2,502,257)
Non-Controlling Interest	**-**	-
Total comprehensive income for the period	**(3,749,889)**	(2,507,257)

	2015	2014
Earnings per share		
-Basic and Diluted earnings per share	**(0.20)**	(5.57)

- Earnings per share has improved due to change in capital base of the Company post-merger.

AS AT 30 JUNE 2015

	Notes	2015 $	2014 $
CURRENT ASSETS			
Cash and cash equivalents	2	**2,627,392**	86,350
Trade and other receivables		**3,295,283**	3,575,693
Prepayments		**213,253**	70,168
Inventories		**2,940,901**	2,576,946
TOTAL CURRENT ASSETS		**9,076,829**	6,309,247
NON-CURRENT ASSETS			
Trade and other receivables		**345,710**	217,658
Investments accounted for using the equity method	4	**85,380**	488,011
Financial assets	5	**563,400**	-
Deferred Tax Assets		**251,861**	252,801
Plant and equipment		**3,632,208**	3,295,650
Intangible Assets	6	**4,911,721**	-
TOTAL NON-CURRENT ASSETS		**9,790,280**	4,254,120
TOTAL ASSETS		**18,867,109**	10,563,367
CURRENT LIABILITIES			
Trade and other payables		**5,132,275**	5,105,029
Borrowings		**3,298,257**	3,612,550
Short-term provisions		**647,861**	237,928
TOTAL CURRENT LIABILITIES		**9,078,393**	8,955,507
NON CURRENT LIABILITIES			
Long-term provisions		**44,330**	-
TOTAL NON CURRENT LIABILITIES		**44,330**	-
TOTAL LIABILITIES		**9,122,723**	8,955,507
NET ASSETS		**9,744,386**	1,607,860
EQUITY			
Issued capital		**11,967,159**	400,004
Reserves		**124,583**	(378,881)
Accumulated Losses		**(2,347,357)**	1,586,737
Parent interest		**9,744,386**	1,607,860
Non-Controlling Interest		**-**	-
TOTAL EQUITY		**9,744,386**	1,607,860

PRELIMINARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued Share Capital	Accumulated Losses	Foreign Currency Translation Reserve	Revaluation Reserve	Total Equity
	$	$	$	$	$
Balance at 1.7.2013	400,004	4,715,218	(104,105)	-	5,011,117
Loss for the Year	-	(2,227,481)		-	(2,227,481)
Other Comprehensive income for the year	-	-	(274,776)	-	(274,776)
Total comprehensive income for the year	-	(2,227,481)	(274,776)	-	(2,502,257)
Transactions with owners in their capacity as owners					
Shares/Options issued during the year	-	-	-	-	-
Cost of Capital	-	-	-	-	-
Subtotal	400,004	2,487,737	(378,881)	-	2,508,860
Dividends Paid	-	(901,000)	-	-	(901,000)
Balance at 30.6.2014	**400,004**	**1,586,737**	**(378,881)**	**-**	**1,607,860**
Balance at 1.7.2014	**400,004**	**1,586,737**	**(378,881)**	**-**	**1,607,860**
Loss for the Year		**(3,934,093)**	**-**	**-**	**(3,934,093)**
Other Comprehensive income for the year	**-**	**-**	**184,204**	**-**	**184,204**
Total comprehensive income for the year	**-**	**(3,934,093)**	**184,204**	**-**	**(3,749,889)**
Financial Asset Reserve acquired on merger	**-**	**-**	**-**	**319,260**	**319,260**
Transactions with owners in their capacity as owners					
Shares/Options issued during the year	**11,941,658**	**-**	**-**	**-**	**11,941,658**
Cost of Capital	**(374,503)**	**-**	**-**	**-**	**(374,503)**
Balance at *30.06.2015*	**11,967,159**	**(2,347,356)**	**(194,677)**	**319,260**	**9,744,386**

	Notes	2015 $	2014 $
Cash Flows from Operating Activities			
Receipts from customers (inclusive of goods and services tax)		**18,426,015**	23,247,824
Payments to suppliers and employees (inclusive of goods and services tax)		**(19,463,414)**	(22,442,184)
Interest		**1,563**	3,788
Borrowing Costs		**(321,186)**	(276,641)
Research & Development Tax Credits received		**218,458**	-
Net Cash Outflow from Operating Activities	**7**	**(1,138,564)**	532,787
Cash Flows from Investing Activities			
Purchase of Fixed Assets		**(263,285)**	(25,000)
Proceeds from sale of Fixed assets		**6,889**	-
Loans to Related Parties		**(274,633)**	(433,066)
Cash Balance on Business Acquisition		**834,807**	-
Net Cash Outflow from Investing Activities		**303,778**	(458,066)
Cash Flows from Financing Activities			
Proceeds from Borrowings		**240,865**	1,240,787
Repayment of Borrowings		**(600,196)**	(291,127)
Proceeds from issues of ordinary shares and options		**4,145,767**	-
Payment of share issue costs		**(374,503)**	-
Dividend Paid		**-**	(901,000)
Net Cash Inflow from Financing Activities		**3,411,933**	48,660
Net Increase/(Decrease) in Cash Held		**2,577,147**	123,381
Cash at the Beginning of the Financial Year		**(418,960)**	(542,341)
Effect of exchange rates on cash holdings in foreign currencies		**18,856**	-
Cash at the End of the Financial Year	**2**	**2,177,043**	(418,960)

1. Revenue from Ordinary Activities

	2015	2014
	$	$
Revenue from continuing operations		
Sales from main operations	**17,284,394**	21,441,764
Trading Income	**445,345**	405,105
Total	**17,729,739**	21,846,869
Other Income		
Interest	**1,563**	35
Research & Development Tax Credits received	**219,677**	-
Other Income	**6,822**	3,753
Total	**228,062**	3,788
Revenue from continuing operations	**17,957,801**	21,850,657

2. Reconciliation of Cash

	2015	2014
	$	$
Cash at bank and on hand	**2,627,392**	86,350
Bank Overdraft	**(450,349)**	(505,310)
	2,177,043	(418,960)

3. Business Acquisition

	2015
	$
On 21 April 2015 SECOS completed ("Cardia Bioplastics" or "the acquired business") merger with Stellar Films Group whereby the Company acquired 100% issued capital of Stellar Films Group. The Company is the parent entity from a legal perspective, however, pursuant to the requirements of Australian Accounting Standard AASB 3 'Business Combinations', Stellar Films Group is deemed to be the acquirer of the Company.	
The acquisition price consisted of issue of:	
51,972,604 fully paid ordinary shares at a fair value price of $0.15 per share to Stellar Films Group Vendors.	7,795,891
Total Consideration	**7,795,891**
Assets and liabilities acquired at acquisition date :	
Cash & Bank Balance	834,807
Inventories	836,864
Plant & Equipment	894,643
Trade & Other Receivables	1,202,672

Prepayments	32,596
Financial Assets	563,400
Trade & Other Payables	(1,262,193)
Employee Leave Liabilities-Short term	(67,738)
Unsecured Loans	(100,000)
Employee Leave Liabilities- Long Term	(50,881)
Goodwill	4,911,721
	7,795,891

The goodwill is attributable to the technology and global distribution network of the acquired business and the significant synergies expected to arise after the merger.
The assets and liabilities arising from the acquisition are recognised at fair value which is equal to its carrying value.
Cardia Bioplastics Limited has contributed a loss of approximately ($516,267) to group's results since acquisition.

4. Associate Entity

Name	**Ownership interest**		**Aggregate share of profits/(losses), where material**	
	2015	**2014**	**2015**	**2014**
	%	**%**	**$**	**$**
Akronn Industries Sdn Bhd	**50.8%**	**50.8%**	**($877,926)**	($803,893)

5. Financial Assets

	2015	**2014**
	$	**$**
Non-Current		
Available –for-sale financial assets		
Unlisted Investments, at fair value	**563,400**	-

(a) Non-current- Available for sale financial assets consist of 18,780,000 ordinary shares in Bioglobal Limited ("Bioglobal"). As at 30 June 2015, these assets have been valued at 3 cents per share based on the offer price for the last capital raising by Bioglobal that occurred in August 2015.

(b) All of the group's financial assets are classified as Tier 3 assets. This assessment has remained unchanged for the year ended 30 June 2015.

6. Intangible Assets

	Economic Entity 2015 $	Economic Entity 2014 $
Goodwill		
Net carrying value	**4,911,721**	-

Impairment Disclosures

All Goodwill is allocated to the Company's distribution division, being a cash generating unit.

The recoverable amount of the cash-generating unit is determined based on value-in-use calculations. Value-in-use is calculated based on the present value of cash flow projections for the next three years. The cash flows are discounted using estimated discount rate based on Capital Asset Pricing Model adjusted to incorporate risks associated with a particular segment.

Management has based the value-in-use calculations on three year budget forecasts of Bioplastics business. Revenue has been projected on the below mentioned assumptions. Costs are calculated taking into account historical gross margins as well as estimated weighted inflation rates over the period which is consistent with inflation rates applicable to the locations in which the unit operates. Discount rates are pre-tax and reflect risks associated with the distribution division.

The following assumptions were used in the value-in-use-calculations:

a. Revenue is premised on a "zero based budget" approach whereby each customer, or potential customer, has been specifically assessed having regard to current indications of demand, customer contacts or as assessed by the relevant sales manager.

   Long term contracts typically include expenditure "rise and fall" clauses. Accordingly, Revenue is forecast to alter in line with relevant changes to the Company's direct manufacturing costs.

b. Projected cash flows have been discounted using discount rate of 13%. (2014: 15%)
c. Gross profit margins are forecast to be in a range of 20%-45% dependent upon product and each geographic region. (2014: 20%-45%)
d. The annual growth rate of 2% has been estimated in the calculation of terminal value.

Based on the above assumptions, the recoverable amount of the cash generating unit has been determined to exceed its carrying amount as at 30 June 2015 and accordingly; no impairment loss has been recognised.

7. Reconciliation of Loss After Income Tax to Net Cash Flows from Operating Activities

	2015 $	2014 $
Operating Loss after income tax	**(3,934,093)**	(2,227,481)
Depreciation & Amortisation	**327,766**	256,750
Depreciation included in Costs of goods sold	**360,231**	494,429
Foreign Currency translation differences	**186,145**	(201,474)
Share in loss of Joint Venture	**877,926**	803,893

Impairments	**720,640**	-
Gain on Acquisition	**(500,000)**	-
Profit on sale of Fixed Assets	**(6,962)**	-
Changes in operating assets and liabilities, net of Business acquisition effects		
(Increase)/decrease in receivables	**688,235**	1,400,955
(Increase)/decrease in other operating assets	**1,040,853**	(86,603)
Increase/(decrease) in creditors	**(1,042,086)**	(311,988)
Increase/(decrease) in provisions and payables	**142,781**	404,306
Net cash outflow from operating activities	**(1,138,564)**	532,787

8. Events Occurring After Reporting Date

Other than the matters discussed below, there has not arisen in the interval between the end of the financial year and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company to affect the operations of the consolidated entity, the results of these operations or the state of affairs of the consolidated entity in subsequent years.

- On 24 August 2015, Mr Gideon Meltzer resigned as a Non-Executive Director of the Company.

9. Issued and Listed Securities

The Company had 124,623,163 fully paid ordinary shares on issue of which 124,223,159 shares were listed.

No other securities have been issued.

10. NTA Backing

	2015	2014
	$	$
Net tangible asset backing per ordinary share	**0.04**	4.02

11. Operating segments

Segment Information

Operating segments are premised on the internal reports that are reviewed and used by the Board of Directors in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of product category and service offerings as the diversification of the Group's operations inherently have different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and are also similar with respect to the following:

-the products sold and/or services provided by the segment;
- the manufacturing process;
-the distribution method; and
-any external regulatory requirements.

The following operating segments have been identified

(i) Manufacturing Division
(ii) Distribution Division

Types of products and services by segment

(i) Manufacturing Division

The manufacturing segment develops and manufactures sustainable resins derived from renewable resources for the global packaging and plastic products industries and also manufactures high quality cast films for the personal care, hygiene, pet care and medical product industries

The Manufacturing segment, which includes the manufacturing units in China, Malaysia and Australia is responsible for distribution and sales of products locally and overseas.

The manufacturing segment also sells products to the distribution segment.

(ii) Distribution Division

Distribution segment includes Group's cash generating unit that is designated to develop and distribute the Group's strategic products both locally and overseas.

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors, are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

Inter-segment transactions

An internally determined transfer price is set for all inter-segment sales. This price is based on what would be realised in the event the sale was made to an external party at arm's length. All such transactions are eliminated on consolidation of the group's financial statements.

Inter-segment loans payable and receivable are initially recognised at the consideration received/to be received net of transaction costs. If inter-segment loans receivable and payable are not on commercial terms, these are not adjusted to fair value based on market interest rates.

Corporate charges are allocated to reporting segments based on the segments' overall performance of revenue generation within the Group. The Board of Directors believes this is representative of likely consumption of head office expenditure that should be used in assessing segment performance and cost recoveries.

Segment assets

Where an asset is used across multiple segments, the asset is allocated to that segment that receives majority economic value from that asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Segment liabilities
Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Segment liabilities include trade and other payables.

Unallocated items
The following items of revenue, expenses, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment.

- Non –recurring items of revenue or expense
- Depreciation & Amortisations

Operating segments (continued)
Segment Performance

Year ended 30.06.2015	Manufacturing Division $	Distribution Division $	Total $
Revenue			
External Sales	16,717,648	566,746	17,284,394
Inter –segment sales	575,059	-	575,059
Trading Income	445,345	-	445,345
Interest revenue	76	1,487	1,563
R&D Tax Rebate Refund	-	219,677	219,677
Other Income	6,822	-	6,822
Total Segment Revenue	17,744,950	787,910	18,532,860
Reconciliation of segment revenue to group revenue			
Inter-segment elimination	(575,059)		(575,059)
Total Group Revenue	17,169,891	787,910	17,957,801
Segment Net Loss before Tax	(2,332,425)	(124,948)	(2,457,373)
Reconciliation of segment result to group net loss before tax			
Inter-segment elimination	-	-	-
-Amount not included in segment result but reviewed by Board			
Corporate Charges	(259,136)	(11,892)	(271,028)
Equity accounted losses of Joint ventures	(877,926)	-	(877,926)
Depreciation & amortisation	(321,548)	(6,218)	(327,766)
Net Loss before tax from continuing operations	(3,791,035)	(143,058)	(3,934,093)

Operating segments (continued)
Segment Performance

	Manufacturing Division	Distribution Division	Total
Year ended 30.06.2014	**$**	**$**	**$**
Revenue			
External Sales	21,441,764	-	21,441,764
Inter –segment sales	-	-	-
Trading Income	405,105	-	405,105
Interest revenue	35	-	35
Other Income	3,753	-	3,753
Total Segment Revenue	21,850,657	-	21,850,657
Reconciliation of segment revenue to group revenue			
Inter-segment elimination	-	-	-
Total Group Revenue	21,850,657	-	21,850,657
Segment Net Loss before Tax	1,166,838	-	1,166,838
Reconciliation of segment result to group net loss before tax			
Inter-segment elimination	-	-	-
-Amount not included in segment result but reviewed by Board			
Corporate Charges	-	-	-
Equity accounted losses of Joint ventures	803,893	-	803,893
Depreciation & amortisation	256,750	-	256,750
Net Loss before tax from continuing operations	2,227,481	-	2,227,481

Operating segments (continued)

As at 30.06.2015	Manufacturing Division $	Distribution Division $	Total $
Segment Assets	**16,727,576**	**11,028,380**	**27,755,956**
Reconciliation of segment assets to group assets			
Inter-segment eliminations	**-**	**(8,888,847)**	**(8,888,847)**
Segment Assets after inter-segment eliminations	**16,727,576**	**2,139,533**	**18,867,109**
Segment asset increases for the period			
- Capital expenditure	**263,285**	**-**	**263,285**
Included in segment assets are			
Goodwill	**-**	**4,911,721**	**4,911,721**
Investment in Joint Venture	**85,380**	**-**	**85,380**

As at 30.06.2014	Manufacturing Division $	Distribution Division $	Total $
Segment Assets	10,563,367	-	10,563,367
Reconciliation of segment assets to group assets			
Inter-segment eliminations	-	-	-
Segment Assets after inter-segment eliminations	10,563,367	-	10,563,367
Segment asset increases for the period			
- Capital expenditure	25,000	-	25,000
Included in segment assets are			
Goodwill	-	-	-
Investment in Joint Venture	488,011	-	488,011

Operating segments (continued)
Segment Liabilities

	Manufacturing Division	Distribution Division	Total
As at 30.06.2015	**$**	**$**	**$**
Segment Liabilities	**(14,797,432)**	**(812,523)**	**(15,609,955)**
Reconciliation of segment liabilities to group liabilities			
Inter-segment eliminations	**6,487,231**	**-**	**6,487,231**
Total Group Liabilities	**(8,310,201)**	**(815,523)**	**(9,122,724)**

	Manufacturing Division	Distribution Division	Total
As at 30.06.2014	**$**	**$**	**$**
Segment Liabilities	8,955,507	-	8,955,507
Reconciliation of segment liabilities to group liabilities			
Inter-segment eliminations	-	-	-
Total Group Liabilities	8,955,507	-	8,955,507

Operating segments (continued)

Revenue by geographical region	**2015**	**2014**
	$	**$**
Sales revenue attributable to external customers is disclosed below, based on the location of the external customer		
Australia	**1,855,776**	2,688,405
Asia	**14,275,827**	15,544,504
Americas	**393,624**	1,254,550
Others	**759,166**	1,954,305
Total Revenue	**17,284,394**	21,441,764

Non Current Assets by geographical region	**2015**	**2014**
	$	**$**
The location of segment assets by geographical location of assets is disclosed below:		
Australia	**6,344,314**	640,002
Asia	**3,445,966**	3,614,118
Total Assets	**9,790,280**	4,254,120

Major customers

The Group has a number of customers to whom it provides products. The Group has supplied a single external customer in the manufacturing segment who accounted for **24.83%** (2014: 18.20%) of external revenue. The next two significant customers accounted for **13.98%** (2014: 8.34%) and **7.38%** (2014: 7.38%) of external revenue respectively.

Returns to Shareholders

Not applicable.

Material Factors Affecting the Preliminary Consolidated Financial Statements

a) Revenue and Expenses

Revenue for the last year has decreased by 17.82% to **$17,957,801** as compared to revenue of $21,850,657 due to:

- Reopening of the Stellar Australia manufacturing operation in April 2015 post-merger with Cardia, after having scaled down operations pre-merger.

- Stellar Films Group's Malaysian operations reducing sales due to change in customer mix for supply between Australian and Malaysian plants.

b) Assets and Liabilities

The Company maintained its policy of writing off all R&D and Patent expenditure relating to the product development of its business units.

Available-for-Sale Financial assets are required to be assessed for impairment at each reporting date and the impairment loss if any shall be recognised in profit or loss in accordance with the requirements of AASB 139: Financial Instruments: Recognition and Measurement. Accordingly, the Company's financial Assets have been assessed for impairment and loss has been recognised wherever required-Refer Note 5 to Preliminary Consolidated Financial Statements.

In accordance with AASB -136, Goodwill acquired on the acquisition of Cardia Bioplastics Limited by Stellar Films Group has been allocated to Distribution segment of the business, being cash generating unit.AASB-136 also requires Goodwill to be tested annually for impairment and impairment loss to be recognised if the carrying amount of the cash generating unit exceeds the recoverable amount of the unit. No Impairment loss on Goodwill has been recognised during the year- Refer Note 3 to Preliminary Consolidated Financial Statements.

c) Trends

There were no other significant performance trends during the year.

d) Other Factors that Affected Results for the Year or which are likely to affect Results in the Future

SECOS Group has successfully completed its merger with Stellar Films Group in April 2015.
The Merged Group has its own advantages and disadvantages that will affect Group's result in the future.

Advantages for Merged Group:

The Merged Group will offer :

a) enhanced market access and reach in absorbent hygiene products market and the emerging Bioplastics industry;

b) well positioned to globally expand sales and marketing with unique environmentally friendly hygiene products that meet customer demands;

c) highly focused management team with internationally recognised industry experts in sustainable packaging;

d) strong IP and patent position on technology and comprehensive range of high performance sustainable packaging products;

e) sales to high profile brand owners, retailers, packaging companies and councils;

f) joint development with leading consumer goods and global packaging companies;

g) established global operations and distributor network;

h) cost-effective manufacturing in Nanjing, China, Port Klang, Malaysia and Deer Park, Australia, with low cost expansion options; and

i) only ASX-listed stock focused on sustainable packaging.

Disadvantages of Merged Group will be:

a) be a new business with its own strategy, which may be different to the former Cardia growth strategy on bioplastics;

b) determine its business priorities and strategy implementation in the context of the Merged Group's priorities, its strategy, opportunities and resources available, which may change compared to the former Cardia business;

c) have the absorbent hygiene disposable product market as its major target market and will therefore be more dependent on this market to deliver its overall business success; and

d) operate a much larger customer base with customers more spread around the world. Due to the competitive nature of the industry, lower margin and/or longer trading term customers will be part of the new customer portfolio.

ACCOUNT AND AUDIT

There were no changes in accounting policies during the year and this report is based on accounts which are in the process of being audited.

Going Concern Assumption

As anticipated, the Consolidated Group's revenue from sales has been insufficient to cover operational costs of the business and hence the company experienced operating losses during the year ended 30 June 2015. The Company's continuing viability, its ability to continue as a going concern and to meet its debts and commitments as they fall due, are subject to the company being successful in:

- **Accessing additional capital -** The Company has a track record of raising capital; during 12 months to June 2015, the Company has successfully raised approx. $4.2 million through rights issue and share placements after the completion of the merger.

- **Continuing to develop profitable cash flows from current activities**- The Group has been working on a number of development projects with global brand owners and international packaging companies. Some of these projects are in commercial negotiations and others have advanced to "in-market trials" stages. Whist no assurances can be given, it is expected that on successful outcomes, these can significantly contribute positively to the group's cash flows. The Group has already been successful in converting some of these development projects to commercial orders, the details of which have been communicated via the Company's ASX announcements.

  Moreover, SECOS' New Board is continuously seeking and have put in measures in place to redirect resources to activities that are cash-flow positive in the short-term.

- **Controlling costs-**The Group will continue to look for avenues to reduce costs as it develops its operations.

- **Ability to divest non-core assets to increase cash position-** The Group may consider divesting some of its non-core assets, the proceeds of which would yield a net inflow to future cash flows. The Group managed to sell its equity interest in P-Fuel Limited last year.

The Directors are seeking to raise capital and in line with the above matters have prepared the Preliminary final report on a going concern basis. At this time the Directors are of the opinion that no asset is likely to be realised for an amount less than the amount at which it is recorded in the Report.

Rekha Bhambhani
Company Secretary
Dated: 31th August 2015