

ASX RELEASE

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SECOS finalises Akronn divestment, improves balance sheet

Highlights:

- **SECOS finalises divestment of Akronn Industries joint venture in Malaysia, satisfying warranty period**
- **Reversal of \$286,000 warranty provision booked in FY16 leaves SECOS with notably improved balance sheet**

Sustainable and eco-friendly packaging company SECOS Group Limited (ASX: SES, "the Company") is pleased to advise that the Company has received confirmation that escrow conditions in relation to the divestment of its equity interest in Akronn Industries Sdn Bhd (Akronn) are no longer required.

As announced in June 2016, the Company had entered into a share sale agreement (Agreement) for the disposal of its 50.8% equity interest in Akronn, a manufacturer of silicone coated film products in Malaysia, to Itasa Servicios Generales SL (ITASA), a Spanish manufacturer of high quality release liners.

As part of the divestment, the Company made a provision to allow for any unforeseen warranty claim related to Akronn.

As such a provision is no longer required, SECOS will benefit from the reversal of a liability of \$286,000 booked in FY16. This will improve the Company's balance sheet notably in FY2017.

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About SECOS Group Limited

SECOS Group Limited (ASX: SES) is a leading developer and manufacturer of sustainable packaging materials. Based in Melbourne, Australia, SECOS supplies its proprietary biodegradable resins, packaging products and high-quality cast films to a blue-chip global customer base.

SECOS holds a strong patent portfolio and the global trend toward sustainable packaging is fueling the Company's growth, bringing FY16 revenue of \$21 million.

The Company's headquarters and Global Application Development Centre are based in Melbourne, Australia. SECOS has a Product Development Centre and manufacturing plant for resins and finished products in Nanjing, China, with manufacturing plants for high quality cast films in Melbourne and Kuala Lumpur, Malaysia. SECOS' annual production capacity is 7,200 tonnes of bioplastic resins, 15,000 tonnes of cast film and 2,000 tonnes of blown film and finished products.

SECOS has sales offices in Australia, Malaysia, China and the US, with a network of leading distributors across the Americas, Asia and Europe.