

TO: COMPANY ANNOUNCEMENTS OFFICE  
ASX LIMITED

DATE: 11 August 2014

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## Cardia Bioplastics sets up manufacturing plant in Brazil in response to strong orders



*Rulli Standard FE-80 film extrusion line to be set up at Cardia Bioplastics manufacturing plant in Brazil*

Cardia Bioplastics Limited (ASX: CNN) is pleased to announce that it is setting up its own film and bag manufacturing plant in São Paulo, Brazil. New purpose-built facilities have been leased and production commencement is scheduled for September 2014. The production machinery costing A\$750,000 is funded using vendor finance over a twelve months period.

The new factory is expected to deliver a production capacity of 500 million retail carry bags per year. This capacity is over four times greater than that of the current Cardia Bioplastics manufacturing plant in Nanjing, China. Cardia's Brazilian bag making capacity equates to less than 1% of the Brazilian retail carry bag market.

Cardia Bioplastics has established itself over the last couple of years as a reliable supplier of quality environmentally preferred retail carry bags to the Brazilian market and secured annual supply contracts with

high profile Brazilian retailers Ricoy Supermercados and Drogaria Araujo. Cardia's success at Brazil's APAS 2014 Retail Fair saw significant orders being placed for retail carry bags validating the quality and high demand for Cardia products. With its own production coming on stream, Cardia Bioplastics is poised to deliver the increasing orders that have been received, whilst further growing the business.

Cardia Bioplastics' business strategy is to establish a finished products division with its own dedicated resources and manufacturing capability in key markets. The set up of a major film and bag manufacturing plant in the Brazilian market represents a key milestone in Cardia's strategy implementation. The vertical integration from Cardia Biohybrid™ resins to Cardia Biohybrid™ films and bags ensures product quality, control of supply, improved margins and enhanced cost structures that underpin Cardia's global growth strategy.

Please find attached the media release.

**Richard Tegoni**

Chairman

Cardia Bioplastics Limited

11 August 2014

For Immediate Release

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- In response to high demand for its environmentally preferred bags, Cardia Bioplastics sets up own film and bag manufacturing plant in São Paulo, Brazil. Production to commence in September 2014.
- New facility to deliver production capacity of 500 million retail carry bags per year.
- Production machinery funded using vendor finance over a twelve months period.
- The vertical integration from Cardia Biohybrid™ resins to Cardia Biohybrid™ films and bags ensures product quality, control of supply, improved margins and enhanced cost structures that underpin Cardia's global growth strategy.



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Cardia Bioplastics Latin America Managing Director João Paulo Mignot stated, "We are thrilled with our new manufacturing facility. The Brazilian retail market is a major market for our Biohybrid™ carry bags. With our own production coming on stream, we are now poised to deliver the increasing orders that we have been receiving, whilst further growing the business."

João Paulo Mignot continued, "Following the success at the APAS Fair in conjunction with regular sales through established channels, we have confidently committed to establishing our own production in Brazil to meet demand. Brazil is a rapidly growing market with keen interest and orders from retailers for Cardia Biohybrid™ bags."

Cardia Bioplastics Managing Director Dr. Frank Glatz stated, "The establishment of Cardia's own production facilities in Brazil could not have come at a better time. We have seen strong growth in demand for Cardia Biohybrid™ bags – environmentally preferred bags that use less oil, have a lower carbon footprint and are heavy metal free, driven by consumer, retailers, brand owners, municipals and government."

Cardia Bioplastics Chairman Richard Tegoni stated, "This represents a key milestone in the implementation of our business strategy to establish a finished products division with its own dedicated resources and manufacturing capability in key markets. The vertical integration from Cardia Biohybrid™ resins to Cardia Biohybrid™ films and bags ensures product quality, control of supply, improved margins and enhanced cost structures that underpin Cardia's global growth strategy."

## **About Cardia Bioplastics**

*Cardia Bioplastics Limited (ASX CODE: CNN) develops, manufactures and markets its patented renewable resource-based materials and finished products derived from Cardia's proprietary technology for the global packaging and plastic products industries. The company holds a strong patent portfolio and its growth is fuelled by the global trend towards sustainable packaging. Established in Australia in 2002 as Biograde, the company Headquarters and Global Applications Development Centre is in Melbourne, Australia. Cardia Bioplastics' Product Development Centre and manufacturing plant for resins and finished goods are in Nanjing, China; with further offices in Australia, China, USA, Brazil and Malaysia, and a network of leading distributors across the Americas, Asia and Europe. [www.cardiabioplastics.com](http://www.cardiabioplastics.com)*

## **Further information:**

Dr Frank Glatz  
Managing Director  
Cardia Bioplastics  
+61 400 930 530  
[f.glatz@cardiabioplastics.com](mailto:f.glatz@cardiabioplastics.com)

Nadya Krienke-Becker  
Global Head of Marketing  
Cardia Bioplastics  
+61 414 672 863  
[n.krienke-  
becker@cardiabioplastics.com](mailto:n.krienke-becker@cardiabioplastics.com)

João Paulo Mignot  
Managing Director Brazil  
Cardia Bioplastics  
+55 11 989 561 991  
[j.mignot@cardiabioplastics.com](mailto:j.mignot@cardiabioplastics.com)