

**TO: COMPANY ANNOUNCEMENTS OFFICE
ASX LIMITED**

DATE: 9th February 2010

MATERIAL DIFFERENCES IN HALF- YEAR RESULTS

The Company wishes to inform that it is expecting material variations to its half - year results to 31st December 2009 as compared to the previous corresponding period in 2008

The variations are principally as a result of the Company's acquisition of Cardia Bioplastics (Australia) Pty Ltd (formerly Biograde Limited) in March 2009.

The major items affecting the financial results (based on internal management accounts) for the Half -Year to 31st December 2009 are:

Increase in Revenue

The Company is anticipating consolidated revenue of approx \$1 million for the half year compared with \$238,602 for the same period last year.

Sales of the Company's wholly owned subsidiary Cardia Bioplastics (Australia) Pty Ltd was the key driver to the increase in Revenue for the period.

Increase in Loss

The Company is expecting a consolidated loss of approximately \$3.4 million for the 6 months to 31st December 2009 compared with \$145,869 for the same period last year.

The major contributors to the loss for the period are:

- Loss of approximately \$1.4 million by Cardia Bioplastics (Australia) Pty Ltd and its controlled entities.
- Provision for impairment of the Company's Secured Loan to Aquenox of \$1million together with accrued interest of \$198,041.

- Share of Bioglobal Limited (22.46% owned) losses of \$84,210 compared with a profit share of \$116,876 in the previous corresponding period (27.3% owned)
- General increase in overheads resulting from the acquisition of Cardia Bioplastics (Australia) Pty Ltd.

Cardia Bioplastics (Australia) Pty Ltd was acquired by Cardia Bioplastics Limited in March 2009 and the \$1.4million loss for the 6 months to 31st December 2009 was a result of the Company expanding its manufacturing facilities, product range and global distribution network.

During the half-year, Cardia made considerable progress with business development and in –market testing with major packaging companies validating the company’s products and generally positioning itself to take advantage of growing pressures worldwide to ban or tax the use of plastic bags.

PAT VOLPE
Chairman