

**TO: COMPANY ANNOUNCEMENTS OFFICE
ASX LIMITED**

DATE: 1st February 2010

PLASTIC BAG BAN: KFC GOES COMPOSTABLE WITH CARDIA'S BIOPLASTICS BAGS

The Board of Cardia Bioplastics Limited is pleased to announce that KFC has selected Cardia's compostable bags to replace non compostable plastic bags following comprehensive in store trials completed in 2009 with first commercial orders received. The new bags meet Australian compostable plastics standard AS 4736 and are manufactured into finished compostable bags by Cardia using the company's own patented compostable resin.

The South Australian Government introduced a ban on non-compostable plastic bags in May 2009 with other Australian State Governments now looking to follow. Other countries and regions such as California and Dubai have already implemented bans on non-compostable bags.



With the world looking at ways to reduce its carbon foot print and its reliance on oil and with Governments and consumers becoming more conscious of the environmental impact of plastic bags, Cardia has developed high performing compostable and biohybrid plastic products.

KFC's decision to use Cardia's compostable bags is an endorsement of Cardia's quality products as the KFC team had well researched specific requirements. The product development process with KFC was collaborative with the bags hot tested extensively at Cardia's Global Applications Development Centre in Melbourne and in KFC Stores.

Cardia has a growing list of product development and market validation projects with leading international brand owners and retailers and KFC is the first to select the Company's custom made products.

Meeting compostability standards

Cardia's compostable materials already meet international standards for compostability, including Europe's EN 13432, the USA's ASTM D 6400, Japan's GreenPla, and Australia's AS 4736-2006.

The Company's compostability accreditations were secured through internationally recognised independent laboratories, such as Organic Waste Systems in Belgium and by Swinburne University in Melbourne.

As a Global Supplier Cardia has joined a number of Industry Associations such as the European and Australasian Bioplastics Associations and the Company's personnel in Australia, China, Europe and the Americas have developed a comprehensive understanding of the compostability standards in most jurisdictions.

Two Media Releases are attached.

PAT VOLPE
Chairman

About Cardia Bioplastics

Cardia Bioplastics Limited (ASX CODE: CNN) develops, manufactures and markets sustainable resins derived from renewable resources for the global packaging and plastic products industries. The company holds a strong patent portfolio to drive its mission to be the international leader in the supply of technically advanced sustainable resins made from renewable resources. Established in Australia in 2002 as Biograde, the company Headquarters and Global Applications Development Center is in Melbourne, Australia. The Product Development Center and manufacturing plant is in Nanjing, China. There are Cardia Bioplastics offices in Europe, China and the Americas, and a network of leading distributors across Australia, the Americas, Asia and Europe. The company's growth is fuelled by the global trend towards sustainable packaging. As Biograde, the company was the exclusive supplier of biodegradable packaging to the 2008 Olympic and Paralympic Games. Biograde was awarded the Australian Chamber of Commerce *"Australia-China Business Excellence Award"* in 2008 and the 2009 CleanEquity Monaco Conference award for *Excellence in the field of Environmental Technology Commercialisation*. Visit www.cardiabioplastics.com .

Media Release

Plastic Bag Ban: KFC goes compostable with Cardia Bioplastics bags

February, 2010: Adelaide's fast food lovers will now be doing their bit for the environment, with South Australia's 35 Kentucky Fried Chicken stores banning plastic bags in favour of a biodegradable alternative.

The Australian designed compostable bags, manufactured by Melbourne based company CARDIA BIOPLASTICS LTD, will still look the same, but are crafted from cornstarch instead of oil, and are readily compostable.

CARDIA's Managing Director Dr Frank Glatz said "the bags were sturdy and met international durability standards. Comprehensive trials of the bags across South Australia had been extremely successful"

"KFC is at the forefront of meeting its environmental obligations," he said. "After being used these bags can be composted and will decompose within six months, as per international biodegradability requirements.

"CARDIA has developed high performing compostable and Biohybrid plastic products, and KFC's decision to use our compostable bags is an endorsement of CARDIA's quality products that comply with Australian composting standards.

"This company is showing they are committed to reducing the carbon footprint of packaging and doing their bit to halt climate change."

Dr Glatz said CARDIA had worked collaboratively with KFC to develop the innovation.

"The KFC team had well researched specific requirements," he said.

"The bags were hot food tested extensively at the Cardia Bioplastics Global Applications Development Centre in Melbourne, and in KFC stores.

"Working closely with the KFC team, we completed product development and trial stages smoothly."

KFC's move to biodegradable bags pre-empted the Rann Government's plastic bag ban nine months ago.

A similar ban is expected to be enforced in Western Australia from next month with the Northern territory also looking at similar options.

Meeting compostability standards

Dr Frank Glatz said Cardia Bioplastics can save a lot of development time for customers seeking sustainable packaging solutions. "Our compostable materials already meet international standards for compostability, including Europe's EN 13432, the USA's ASTM D 6400, Japan's GreenPla, and Australia's AS 4736-2006," he said.

“When new technologies are introduced to the market, there is a risk that non-conforming products can be introduced to the market by non-reputable suppliers. Our compostability accreditations were secured through internationally recognised independent laboratories, such as Organic Waste Systems in Belgium and by Swinburne University in Australia.

“As a global supplier, we are also members of industry associations, such as the European and Australasian Bioplastics Associations. We are aware that regional requirements vary. Our staff members in Australia, China, Europe and the Americas have an extensive understanding of the compostability standards for most jurisdictions,” he said.

Dr Frank Glatz said that KFC is the first one of the company’s growing list of customer projects with global brands to select Cardia Bioplastics. “We are progressing product development and market validation projects with leading international brand owners and retailers.

“To win major global contracts, such as the 2008 Beijing Olympic and Paralympic Games, we usually work directly with the customer to develop products specific to their needs, while our distributors focus on resin sales for standard applications,” he said.

Manufacturing expands

Increasing sales of Cardia Compostable and Cardia Biohybrid™ resins and finished Cardia Bioproducts to major international brands have encouraged the company to bring forward the expansion of its new manufacturing facility in Nanjing, China.

The strict production and quality processes at the plant have been recognized with ISO9001 Quality Certification. The relocation to a larger site will double manufacturing output and accommodate the administration and sales team servicing the China market.

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KFC chooses Cardia Bioplastics compostable bags

KFC (Kentucky Fried Chicken) chooses compostable bags manufactured by Cardia Bioplastics to replace plastic bags, which were banned by the South Australian Government in May 2009.

KFC selected Cardia's compostable bags following comprehensive in store trials that were completed in 2009 with first commercial orders received. The new bags meet Australian compostable plastics standard AS 4736 and are manufactured into finished compostable bags by Cardia using the company's own patented Compostable resin.

The South Australian Government introduced a ban on non-compostable plastic bags in May 2009 with other Australian State Governments now looking to follow. Australian State Governments follow the lead of other countries and regions such as California and Dubai that have already implemented bans of non-compostable bags.

"The world is looking at ways to reduce its carbon foot print and place less reliance on the use of oil where it can. Also Governments around the world are becoming more conscious along with consumers and the public in respect to the environmental impact plastic bags have had," the company's Managing Director Dr Frank Glatz said.



"Cardia has developed high performing Compostable and Biohybrid plastic products, and KFC's decision to use our compostable bags is an endorsement of Cardia's quality products that comply with Australian composting standards", Dr Glatz said. "The product development process with KFC was collaborative. The KFC team had well researched specific requirements. The bags were hot food tested extensively at the Cardia Bioplastics Global Applications Development Center in Melbourne and in KFC stores. Working closely with the KFC team, we completed product development and trial stages quickly and smoothly," he said.

Meeting compostability standards

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Photo caption – KFCCardiaBioplastics.jpg: *Kentucky Fried Chicken has selected compostable bags manufactured by Cardia Bioplastics to replace plastic bags, which were banned by the South Australian government from May 2009.*

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