

**TO: COMPANY ANNOUNCEMENTS OFFICE
ASX LIMITED**

DATE: 25 JULY 2012

Sales Update for FY2012

- Strong sales performance in FY2012
- Sales revenue totalling \$4.25million – 158% increase on FY2011
- Q4 2012 sales revenue up 72% on previous corresponding period
- New cost restructuring program in effect and expected to be reflected in Q1 2013

Cardia Bioplastics Limited (ASX: CNN) is pleased to announce a sales revenue of \$4.25 million for the Financial Year ending 30 June 2012 – a significant 2.6-fold increase on the \$1.65 million sales revenue recorded in FY2011. While the Company's sales target for FY2012 was \$5 million, the growth in sales revenue is still significant and represents a 158% improvement on the previous corresponding period.

Furthermore, sales for the June 2012 quarter (\$910,986) were up by 72% on sales for the same quarter period (\$530,600) of the FY2011.

Given the current tough global trading conditions, particularly in Europe, the Board is pleased with the Company's sales performance. It gives further commercial validation of the unique resin technologies, and also confirms that Cardia bioplastic products are achieving market acceptance in a new and developing growth industry. The current global down turn does however make it difficult for the Board to forecast sales with certainty for FY2013.

Cardia has also taken measures to reduce its operating costs as the Company transitions from product development to commercialisation through marketing and sales initiatives. A cost restructure program was implemented in the June 2012 quarter and is expected to be reflected in the September 2012 quarterly cash flow statement. It is also expected that the cost reduction program will benefit the overall business in the 2013 Financial Year.

Chairman of Cardia Bioplastics, Mr Pat Volpe commented:

"Defying tough global trading conditions and in particular in Europe, the 2012 Financial Year has proven to be a period of significant sales growth for Cardia. Preliminary annual sales results of \$4.25m for FY 2012 is approximately 2.6 times that of last Financial Year and a record performance in terms of sales in any one year for the Company.

"Cardia is strengthening its position in the bioplastics market, and as the global shift towards green economies continues to gain momentum, we expect our sales pipeline to continue to grow."

For further information please contact:

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About Cardia Bioplastics

Cardia Bioplastics Limited (ASX: CNN) is an Australian developer and manufacturer of sustainable resins and finished products derived from renewable resources for the global packaging and plastic products industries. The company holds a strong patent portfolio of sustainable resin technologies. The Company was established in 2002 and its main headquarters are in Melbourne, Australia. The Product Development Centre and manufacturing plant is in Nanjing, China and there are also offices in America, Europe, Malaysia and China.