

**TO: COMPANY ANNOUNCEMENTS OFFICE
ASX LIMITED**

DATE: 24 March 2014

Cardia wins supply contract for Biohybrid™ bags with high profile Brazilian retailer Drogaria Araujo



Cardia Biohybrid™ bags to be used in 120 Drogaria Araujo shops

Cardia Bioplastics Limited is pleased to announce that it has executed a strategic supply agreement and received the first order for 1.25 million Biohybrid™ bags to high profile Brazilian retailer Drogaria Araujo.

Drogaria Araujo is Brazil's fourth largest drugstore chain, with 120 stores serving 38 million customers annually. After extensive evaluation Drogaria Araujo has made the decision to replace the use of paper bags in its stores with Cardia Biohybrid™ bags.

With Drogaria Araujo committing to use Cardia Biohybrid™ bags, annual orders are expected to reach \$400,000 with the opportunity to grow the business across the larger Araujo retailing group.

Having recently won the contract to supply carry bags to Brazilian Ricoy Supermercados, the latest win to supply Drogaria Araujo, demonstrates Cardia Bioplastics Brazil is poised for growth as high product performance and quality being recognised within the Brazilian retail market, the largest and most rapidly growing consumer market in South America.

Please find attached the media release.

Richard Tegoni
Chairman
Cardia Bioplastics Limited

For personal use only

24 March 2014

For Immediate Release

High profile Brazilian retailer, Drogaria Araujo orders 1.25 million Cardia Biohybrid™ bags

- Cardia Bioplastics wins strategic contract to supply Biohybrid™ bags to 120 Brazilian Drogaria Araujo stores
- Initial orders of 1,250,000 bags delivered, with annual orders of 20 million bags/annum and \$400,000 sales revenue forecast
- Cardia Bioplastics Brazil poised for growth as Brazilian supply chain established and Cardia's product performance and quality being recognised within the Brazilian retail market



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Cardia Bioplastics Brazil Managing Director João Paulo Mignot stated, "We are very pleased to be forming a strategic supply relationship with Drogaria Araujo, a very influential and respected retailer in Brazil. Following an evaluation process of our Biohybrid™ bags, Drogaria Araujo has given our bags the stamp of approval to be used in all of their 120 stores." Mr Mignot continues, "Drogaria Araujo found our Biohybrid™ bags a quality sustainable replacement that offers a lower carbon footprint, are made with renewable resources, contain no heavy metals and are competitively priced."

Cardia Bioplastics Managing Director Dr. Frank Glatz added, "These are exciting times for Cardia Brazil. With the establishment of our Brazilian supply chain, we are now seeing major retailers such as Ricoy Supermercados and Drogaria Araujo validating our products through placing orders and committing to annual supply agreements. With changing legislation, the imminent FIFA World Cup and the 2016 Olympics which will see global attention and an influx of international visitors into Brazil, we can expect to see more orders for our sustainable bag offering."

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About Cardia Bioplastics

Cardia Bioplastics Limited (ASX: CNN) is an Australian developer and manufacturer of sustainable resins, films, bags and custom finished products derived from renewable resources for the global packaging and plastic products industries. Cardia holds a strong patent portfolio of sustainable resin technologies. Established in 2002 with its main headquarters in Melbourne, Australia, Cardia also has offices in USA, Brazil, Malaysia and China. Cardia's Product Development Centre and manufacturing plant is in Nanjing, China.

Cardia Bioplastics is well positioned to benefit from the market shift towards sustainable packaging and organics diversion from landfill programs. Cardia offers customers the choice of using sustainable Cardia Biohybrid™ technology (less oil, lower carbon foot print) or Cardia Compostable technology (delivering certified compostability to international standards) for their packaging or plastic product solutions. The company's materials are suitable for a broad range of packaging applications, including flexible film, injection moulding, blow moulding, foam, and extrusion applications. For further information visit www.cardiabioplastics.com

About Drogaria Araujo

Brazilian Drogaria Araujo is a network of 120 drugstores headquartered in Belo Horizonte, Minas Gerais. The network has stores in Belo Horizonte, Betim, Count, Lagoa Santa, Nova Lima, Santa Luzia, Sabara, Sevenponds and Vespasian. Drogaria Araujo is the fourth largest drugstore chain in Brazil, generating more than five thousand direct jobs, stocking a range of over 20 thousand items and serving 38 million customers annually.

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