

CARDIA BIOPLASTICS LIMITED

ASX (Australian): CNN

Price (July 26, 2010): A\$0.018

52-Week Range: A\$0.040-A\$0.017

12-Month Target Price Range: A\$0.065-A\$0.070

Shares O/S: 741.6 million

Market Cap: A\$13.34 million

1. HYGIENE PRODUCTS CONTRACT WITH CHINESE MANUFACTURER

2. COLLABORATION IN FOOD WASTE RECYCLING SOLUTIONS

(1) Compostable Moisture Barrier Film

Cardia Bioplastics Limited will supply major Chinese manufacturer Ben's Land Baby Articles Corp. Ltd. with a new compostable moisture barrier film ("Bio-Film") for the manufacture of a range of hygiene products including baby diapers. The contract is expected to be the first of many in the personal hygiene sector and to contribute A\$1.5 million to Cardia's annual sales revenue.

The Company was approached by Ben's Land to collaborate in the development of the specialist film product following demand from U.S. and European customers for more environmentally-friendly hygiene products.

Ben's Land is an OEM supplier, specializing in products for infants, and is a business partner of the large trading Chinese trading company Jiangsu Sainy International Group. Ben's Land's major markets are in the U.S. and Europe; customers include Target and Marks & Spencer.

COMMENT: *The contract reflects the ongoing shift away from conventional fossil-fuel-based plastics by global suppliers and consumers. The expected annual sales of A\$1.5 million is approximately 60%-70% of total revenue for the year ended June 30, 2010 (eResearch estimate). This demonstrates the ability of the Company to grow aggressively.*

(2) Collaboration With SULO in Waste Recycling

Cardia and SULO MGB (Australia) Pty Ltd., Australia's leading supplier of waste containment products, are collaborating in household food waste recycling solutions. Their partnership was announced at Australia's peak environmental and sustainability conference exhibition (Enviro 2010), held in Melbourne July 21-23.



The two companies are showcasing the new organic waste system - SULO kitchen tidy bins fitted with tailored Cardia compostable kitchen tidy bags. The bin and bag combination serves to make collection and disposal of household organic waste easier and more efficient.

Organic waste, consisting of plant material and food scraps, comprise around 40% of the domestic waste stream in Australia. The new system will allow SULO to offer fully integrated organic waste diversion services to local governments.

COMMENT: *Diverting organic waste from landfill to composting significantly reduces greenhouse gas generation and produces compost that can be used as fertilizer and soil conditioner in farming, parks and gardens. In Australia, increasing numbers of councils offer a 'kitchen-to-compost' service, aiming to divert organic waste from landfill where greenhouse gas methane is released as a byproduct. We believe this market will continue to provide Cardia with the opportunity to grow more rapidly.*

For more on Cardia's two announcements, see the July 15, 2010 and July 22, 2010 news releases, available on the Company's website at www.cardiabioplastics.com.

RECOMMENDATION

We recommend Cardia Bioplastics Limited as a Speculative Buy, suitable for long-term risk-tolerant investors. At A\$0.018, the stock is trading at a significant discount to our derivation of the intrinsic value (see eResearch's March 30, 2010 *Initiating Report*, available at www.eresearch.ca). Our 12-month Target Price range for the stock remains at A\$0.065-A\$0.070.



Source: www.BigCharts.com



RATINGS HISTORY

Date	Report Type	Recommendation	Stock Price	Target Price
March 30, 2010	Initiating	Speculative Buy	A\$0.02	A\$0.065-A\$0.07
April 7, 2010	Perspective	No Change	A\$0.021	No Change
April 19, 2010	Perspective	No Change	A\$0.022	No Change
July 27, 2010	Perspective	No Change	A\$0.018	No Change

THE COMPANY

Cardia is an Australian-based company with a focus on its global sustainable and renewable packaging and plastics products business. The Company also holds a portfolio of passive investments through its equity investments in the following industries: (a) biotechnology medical; (b) biotechnology agriculture; and (c) natural pharmaceuticals.

Note: eResearch reports on Cardia Bioplastics Limited and other companies are available free at www.eresearch.ca.

eResearch Analysts:

Eric Eng, B.A., MBA, and Bob Weir, B.Sc., B.Comm, CFA

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Cardio Bioplastics Limited paid eResearch a fee of \$10,000 to conduct research on the Company on an Annual Continual Basis.

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