



**Cardia Bioplastics Limited™**  
Suite 510 Level 5 Pacific Tower  
737-741 Burwood Road Hawthorn  
Victoria 3122, Australia

Telephone +61 3 9813 3228  
Facsimile +61 3 9813 2668

**TO: COMPANY ANNOUNCEMENTS OFFICE  
ASX LIMITED**

**DATE: 31<sup>st</sup> August 2009**

---

**PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2009**

Attached is the Preliminary Final Report (Appendix 4E) of Cardia Bioplastics Limited and its Controlled Entities Pursuant to Listing Rule 4.3B.

**JOHN WILSON  
Company Secretary**

Australia  
Asia  
Europe  
Americas  
Africa

ACN 064 755 237

For personal use only

# **CARDIA BIOPLASTICS LIMITED**

ACN 064 755 237

## **APPENDIX 4E**

### **PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2009**

#### **CONTENTS**

	PAGE
Results for Announcement to the Market	1
Preliminary Consolidated Income Statements	2
Preliminary Consolidated Balance Sheets	3
Preliminary Consolidated Statement of Changes in Equity	4
Preliminary Consolidated Cash Flows Statements	5
Notes to the Preliminary Consolidated Financial Statements	6
Commentary on Results for the Year	11

For personal use only

## RESULTS FOR ANNOUNCEMENT TO THE MARKET

<b>Revenue</b> from ordinary activities	Up	65.02%	to	\$810,490
<b>Loss</b> from ordinary activities after tax attributable to members	Up	229.83%	to	(\$3,764,891)
<b>Net Loss</b> for the year attributable to members	Up	229.83%	to	(\$3,764,891)
<b>Dividends/Distributions</b>				
No interim dividend was paid during the year and it is not proposed to pay a final dividend for the year. A dividend policy will be established when the Company achieves a regular profitable operation.				

### Brief Explanation of the above figures

The increase in revenue in the 2009 year was due to sales revenue of \$456,875 earned by the Company's subsidiary- Cardia Bioplastics (Australia) Limited since its acquisition on 6<sup>th</sup> March 2009.

The Consolidated loss for 2009 was principally due to Impairment of Goodwill and Impairment of Investments of \$1,742,604 and inclusion of the Cardia Bioplastics (Australia) Limited's overheads since its acquisition.

PRELIMINARY CONSOLIDATED INCOME STATEMENTS

	Notes	2009	2008
		\$	\$
<b>Revenue from continuing operations</b>	<b>1</b>	<b>810,490</b>	<b>491,136</b>
Cost of Good sold		(531,213)	(5,253)
Office Expenses		(318,659)	(120,403)
Listing Expenses		(77,949)	(64,051)
Depreciation & Amortisation Expense		(78,644)	(7,364)
Employee Benefits Expense		(1,074,425)	(644,690)
Research and Development and Patents		(60,236)	(2,656)
Travel and Marketing Expenses		(264,165)	(72,564)
Professional Fees		(51,902)	(66,909)
Write down of Investments		(1,100)	-
Impairment Loss on Investments		(195,771)	-
Impairment in Goodwill		(1,546,833)	-
Foreign Exchange Loss (net)		(48,615)	-
Other Expenses from continuing operations		(159,403)	(27,917)
Share of Net losses of Associates Accounted for using the Equity Method		(162,784)	(92,825)
Loss on deconsolidation of subsidiary		-	(522,959)
<b>Loss from continuing operations before Income Tax Expense</b>		<b>(3,761,209)</b>	<b>(1,136,455)</b>
Income Tax Expense/(Credit)		-	-
<b>Loss from continuing operations after Income Tax Expense</b>		<b>(3,761,209)</b>	<b>(1,136,455)</b>
<b>Net Profit Attributable to Outside Equity Interest</b>		<b>(3,682)</b>	<b>(5,006)</b>
<b>Net Loss Attributable to Members of Cardia Bioplastics Ltd</b>		<b>(3,764,891)</b>	<b>(1,141,461)</b>

For personal use only

PRELIMINARY CONSOLIDATED BALANCE SHEETS

	Notes	2009 \$	2008 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	3,820,677	5,442,550
Trade and other receivables		368,910	69,833
Inventories		536,228	-
<b>TOTAL CURRENT ASSETS</b>		<b>4,725,815</b>	<b>5,512,383</b>
<b>NON-CURRENT ASSETS</b>			
Investments accounted for using the equity method		935,840	462,156
Financial assets	4	1,145,473	1,123,346
Plant and equipment		665,173	14,361
Intangible Assets		6,902,749	-
Other non current assets		473,681	317,969
<b>TOTAL NON-CURRENT ASSETS</b>		<b>10,122,916</b>	<b>1,917,832</b>
<b>TOTAL ASSETS</b>		<b>14,848,731</b>	<b>7,430,215</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		1,141,559	474,587
Short-term provisions		75,384	36,027
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,216,943</b>	<b>510,614</b>
<b>TOTAL LIABILITIES</b>		<b>1,216,943</b>	<b>510,614</b>
<b>NET ASSETS</b>		<b>13,631,788</b>	<b>6,919,601</b>
<b>EQUITY</b>			
Issued capital		30,978,621	22,427,510
Reserves		1,785,233	(101,645)
Accumulated Losses		(19,184,283)	(15,454,799)
Parent interest		13,579,571	6,871,066
Minority equity interest		52,217	48,535
<b>TOTAL EQUITY</b>		<b>13,631,788</b>	<b>6,919,601</b>

For personal use only

PRELIMINARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued Share Capital	Accumulated Losses	Option Issue Reserve	Foreign Currency Translation Reserve	Capital Reserve	Revaluation Reserve	Minority Interests	Total Equity
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 01.07.2007</b>	22,409,321	(14,985,375)	273,633	(75,442)	-	105,440	43,529	7,771,106
Shares/Options issued during the period	19,893	-	-	-	-	-	-	19,893
Cost of Capital	(1,704)	-	-	-	-	-	-	(1,704)
Asset Revaluation Reserve	-	-	-	-	-	(207,085)	-	(207,085)
Option Issue Reserve	-	273,633	(273,633)	-	-	-	-	-
Movement of foreign currency translation Reserve	-	-	-	75,442	-	-	-	75,442
Adjustment for Investments accounted using Equity Method	-	398,404	-	-	-	-	-	398,404
Loss attributable to members of Cardia Bioplastics Ltd	-	(1,141,461)	-	-	-	-	-	(1,141,461)
Share of results and movement in minority equity interest	-	-	-	-	-	-	5,006	5,006
<b>Balance at 30.06.2008</b>	22,427,510	(15,454,799)	-	-	-	(101,645)	48,535	6,919,601
Shares/Options issued during the period	8,659,111	-	-	-	-	-	-	8,659,111
Cost of Capital	(108,000)	-	-	-	-	-	-	(108,000)
Asset Revaluation Reserve	-	-	-	-	-	101,645	-	101,645
Option Issue Reserve	-	-	1,461,689	-	-	-	-	1,461,689
Movement of foreign currency translation Reserve	-	-	-	(273,730)	-	-	-	(273,730)
Investments accounted using Equity Method	-	-	-	-	-	636,468	-	636,468
Capital Reserve	-	-	-	-	(3,787)	-	-	(3,787)
Loss attributable to members of Cardia Bioplastics Ltd	-	(3,764,891)	-	-	-	-	-	(3,764,891)
Share of results and movement in minority equity interest	-	-	-	-	-	-	3,682	3,682
<b>Balance at 30.06.2009</b>	30,978,621	(19,219,690)	1,461,689	(273,730)	(3,787)	636,468	52,217	13,631,788

**PRELIMINARY CONSOLIDATED CASH FLOW STATEMENTS**

	Notes	2009 \$	2008 \$
<b>Cash Flows from continuing operations</b>			
Receipts from customers (inclusive of goods and services tax)		456,875	14,895
Payments to suppliers and employees (inclusive of goods and services tax)		(3,392,545)	(792,040)
Interest received		223,946	438,557
<b>Net Cash Outflow from continuing operations</b>	<b>5</b>	<b>(2,711,724)</b>	<b>(338,588)</b>
<b>Cash Flows from Investing Activities</b>			
Purchase of property, plant and equipment		(119,600)	(1,701)
Loans to related parties		-	(1,000,000)
Repayment of Borrowings		(1,418,891)	-
Exploration Expenditure		(155,712)	(317,969)
Cash on acquisition		585,541	-
Cost of Business Purchase		(179,986)	-
<b>Net Cash Outflow from Investing Activities</b>		<b>(1,288,648)</b>	<b>(1,319,670)</b>
<b>Cash Flows from Financing Activities</b>			
Proceeds from issues of ordinary shares and options		2,644,723	19,893
Payment of share issue costs		(170,892)	(1,704)
<b>Net Cash Inflow from Financing Activities</b>		<b>2,473,831</b>	<b>18,189</b>
<b>Net Decrease in Cash Held</b>		<b>(1,526,541)</b>	<b>(1,640,069)</b>
<b>Cash at the Beginning of the Financial Year</b>		<b>5,442,550</b>	<b>7,082,606</b>
<b>Effect of exchange rates on cash holding in foreign currencies</b>		<b>(95,332)</b>	<b>13</b>
<b>Cash at the End of the Financial Year</b>		<b>3,820,677</b>	<b>5,442,550</b>

**Non-Cash Financing and Investing Activities**

On 6<sup>th</sup> March 2009 the Supreme Court of Victoria approved a Scheme of Arrangement between Biograde Limited and its shareholders under which Cardia acquired all the issued capital of Biograde Limited by the issue of 259,964,442 ordinary shares and 259,964,442 options (exercisable at \$0.10 per share at or before 30 June 2011) to Biograde members on 20th March 2009.

Biograde Limited changed its name to Cardia Bioplastics (Australia) Limited on 11<sup>th</sup> June 2009.

For personal use only

**1. Revenue from Ordinary Activities**

	2009	2008
	\$	\$
<b>Revenue from continuing operations</b>		
Revenue from sale of goods and services	456,875	3,513
Total revenues from continuing operations	456,875	3,513
<b>Revenue from outside the operating activities</b>		
Interest	340,181	467,777
Royalty Income	13,434	19,846
<b>Total revenues from outside the operating activities</b>	353,615	487,623
<b>Revenue from continuing operations (excluding share of Equity accounted net losses of associates)</b>	810,490	491,136

**2. Comparison of Half –Year Results**

	2009	2008
	\$	\$
Consolidated loss from continuing operations after tax attributable to members reported for the first half-yearly report	(147,453)	(731,051)
Consolidated loss from continuing operations after tax attributable to members for the second half-year	(3,617,438)	(410,410)

**3. Reconciliation of Cash**

	2009	2008
	\$	\$
Cash at bank and on hand	3,281,540	1,616,397
Deposits at Call	539,137	3,826,153
	3,820,677	5,442,550

**4. Financial Assets**

	2009	2008
	\$	\$
<b>Available for sale financial assets</b>		
Shares in listed corporation at fair value *	-	94,126
	-	94,126
<b>Fixed Interest Bearing Loan</b>		
To Related parties	1,000,000	1,000,000
Interest Accrued thereon	145,473	29,220
	1,145,473	1,029,220
<b>Total</b>	1,145,473	1,123,346

\* Available for sale financial assets consist 156,877 ordinary shares in Pallane Medical Limited (formerly Dia-B Tech Investments Limited). The investment in those shares has been fully impaired as at 30 June 2009 in accordance with AASB-139: Financial Instruments: Recognition and Measurement

For personal use only

**5. Reconciliation of Loss After Income Tax to Net Cash Flows from Continuing Operations**

	2009	2008
	\$	\$
Operating Loss after income tax	(3,761,209)	(1,136,455)
Depreciation on plant and equipment	78,644	7,364
Impairment of Goodwill	1,546,833	-
Impairment of Investments	195,771	-
Loss on write down of Investments	1,100	-
Equity accounting of associates' operating loss	162,784	92,825
<b>Changes in operating assets and liabilities</b>		
(Increase)/decrease in receivables	(182,814)	55,990
(Increase)/decrease in other operating assets	(864,084)	496,908
Increase/(decrease) in creditors	19,785	(135,589)
Increase in provisions and other operating liabilities	91,466	280,369
Net cash outflow from operating activities	<u>(2,711,724)</u>	<u>(338,588)</u>

**6. Business Acquisition**

	2009	2008
	\$	\$
On 6th March 2009 Cardia acquired all the issued capital of Biograde Limited under a Scheme of Arrangement. The acquisition price has been allocated as follows :		
259,964,442 Ordinary Shares at fair value of \$0.025 per share	6,499,111	-
259,964,442 Options exercisable at a price of \$0.10 per share (expiring at 30 June 2011) at fair value of \$0.004 per option	1,039,858	-
Costs of acquisition	179,985	-
Total Consideration	<u>7,718,954</u>	<u>-</u>
Assets and liabilities acquired at acquisition date :		
Cash & Bank Balance	585,541	-
Inventories	577,003	-
Plant & Equipment, Vehicles, Furniture & Office Equipment	680,676	-
Trade Debtors & Other Receivables	819,785	-
Intangibles	651,436	-
Trade & Other Payables	(2,045,424)	-
Secured Loans	(1,086,644)	-
Unsecured Loans	(332,247)	-
Employee Leave Liability	(36,847)	-
Goodwill	7,905,675	-
	<u>7,718,954</u>	<u>-</u>

For personal use only

- a. The goodwill is attributable to the technology, manufacturing set up in China and global distribution network of the acquired business and the significant synergies expected to arise after the group's acquisition of business of Biograde Limited.
- b. The assets and liabilities arising from the acquisition are recognised at fair value which is equal to its carrying value.
- c. Biograde Limited has contributed a loss of approximately (\$1,187,557) to group's results since acquisition.

## **7. Events Occurring After Reporting Date**

Other than the matters discussed below, there has not arisen in the interval between the end of the financial year and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company to affect the operations of the consolidated entity, the results of these operations or the state of affairs of the consolidated entity in subsequent years.

### **Non Renounceable Entitlement Issue in Cam Bow Limited to Cardia Shareholders**

On 10 July 2009 the Company announced a non-renounceable issue of shares in Cam Bow Limited to Cardia shareholders on the basis of 1 ordinary share in Cam Bow Limited for every 5 shares in Cardia at 1.5cents per share.

The Issue was fully underwritten by Trayburn Pty Ltd a company associated with Patrick Volpe, the Chairman of Cardia with the funds to be used by Cam Bow for further exploration on its Botswana prospecting licences and for the repayment of earlier advances made by Cardia (approx \$ 600,000)

Following this entitlement issue, Cam Bow will be separated out of Cardia and will establish itself as fully focussed exploration Company.

### **Change of Company Name**

To better reflect the changing nature of the Company's activities following the acquisition of Biograde Limited, the parent company changed its name from Cardia Technologies Limited to Cardia Bioplastics Limited on 13th July 2009 .The Change of name was effected through approval of shareholders in General Meeting in accordance with Section 157 of the Corporations Act.

### **Investment in "Waste Plastic to Fuel" Company**

On 10 August 2009 the Company announced that pursuant to an underwriting commitment it had acquired 7 million shares in P-Fuel Limited at a cost of \$210,000.

The shares acquired represented 5.8% of the issued capital of P-Fuel – an unlisted public company with the rights to market and distribute technology that converts waste plastic and waste oils to diesel, oils and other hydrocarbons.

**8. Issued and Listed Securities**

The Company had 616,136,591 fully paid ordinary shares and 522,612,199 options on issue at 30 June 2009, (2008: 276,172,149 shares and NIL options) all of which were listed.

No other securities have been issued.

**9. NTA Backing**

	<b>2009</b>	2008
	\$	\$
Net tangible asset backing per ordinary share	<u><b>\$0.019</b></u>	<u>\$0.025</u>

**10. Associate Entity**

Name	Ownership interest		Aggregate share of profits/(losses), where material		Contribution to net result, where material	
	2009 %	2008 %	2009 \$	2008 \$	2009 \$	2008 \$
Bioglobal Ltd	27.30	35	(162,784)	(92,825)	-	-

For personal use only

11. Segment Reporting

Segment Information	Environmental	Mining Exploration	Corporate	Eliminations. / Unallocated	Consolidated
	\$	\$	\$	\$	\$
<b>Primary Reporting - Business Segments</b>					
Sales to external customers	456,875	-	-	-	456,875
Total Sales revenue	456,875	-	-	-	456,875
Interest Revenue	1,036	-	339,145	-	340,181
Other Revenue	-	-	-	13,434	13,434
<b>Total Segment Revenue</b>	<b>457,911</b>	<b>-</b>	<b>339,145</b>	<b>13,434</b>	<b>810,490</b>
Share of net loss of associates accounted for using the equity method	-	-	-	(162,784)	(162,784)
Segment results/net loss before related income tax expense	(1,187,557)	(2,684)	(867,477)	(1,703,491)	(3,761,209)
Income tax expense/(credit)	-	-	-	-	-
Result after related income tax expense/(credit)	(1,187,557)	(2,684)	(867,477)	(1,703,491)	(3,761,209)
Segment Assets	3,022,995	601,498	16,179,076	(4,954,838)	14,848,731
Segment Liabilities	662,533	604,182	481,013	(530,785)	1,216,943
Investments in associates included above	-	-	179,264	756,576	935,840
Acquisition of property, plant and equipment, intangibles and other non-current assets	7,557,387	155,712	-	-	7,713,099
Depreciation and amortisation expense	74,819	-	3,825	-	78,644
<b>Secondary Reporting</b>					
	<b><u>Australia</u></b>	<b><u>Africa</u></b>	<b><u>Asia</u></b>	<b><u>Total</u></b>	
	\$	\$	\$	\$	
Segment revenues from sales to external customers	236,512	-	220,367	456,879	
Segment Assets					
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	6,685,070	155,712	872,317	7,713,099	

**Earnings per Share**

	<b>2009</b>	<b>2008</b>
	\$	\$
○ Basic Earnings (Loss) Per Share	<b>(0.0107)</b>	(0.0041)
○ Diluted Earnings (Loss) Per Share *	<b>(0.0107)</b>	-

\* There were no options on Issue as at 30<sup>th</sup> June 2008.

**Returns to Shareholders**

Not applicable.

**Material Factors Affecting the Preliminary Consolidated Financial Statements**

**a) Revenue and Expenses**

The most material factor affecting revenue and expenses for the year was the acquisition of Biograde Limited.

Major items affecting the operating performance for the year were:

Interest Income	\$ 340,181
Employee Benefits	\$ (1,074,425)
Impairment of Goodwill	\$ (1,546,833)
Impairment loss on Investments	\$ (195,771)
Office Expenses	\$ (318,659)
Travel and Marketing Expenses	\$ (264,165)

**b) Assets and Liabilities**

The Company maintained its policy of writing off all R&D and Patent expenditure relating to the development of its business units.

Investment in the associated entity has been accounted for in the consolidated financial statements using the equity method in accordance with Accounting Standards.

Available-for-Sale Financial assets are required to be assessed for impairment at each reporting date and the impairment loss if any shall be recognised in profit or loss in accordance with the requirements of AASB 139: Financial Instruments: Recognition and Measurement. Accordingly the investment in Pallane Medical Limited has been fully impaired as at 30<sup>th</sup> June 2009 as disclosed in Note 4 and the loss has been recognised in Profit and Loss Account.

In accordance with AASB -136, Goodwill acquired on the acquisition of Biograde Limited has been allocated to that business, being cash generating unit. AASB-136 also requires Goodwill to be tested annually for impairment and impairment loss to be recognised if the carrying amount of the cash generating unit exceeds the recoverable amount of the unit. Accordingly Impairment loss on Goodwill of \$1,546,833 has been recognised during the year.

For personal use only

**c) Cash Flows**

The following was received during the year:

	<b>2008</b>	<b>2008</b>
	\$	\$
<b>1.</b> Issue of Ordinary Shares	2,052,000	-
<b>2.</b> Issue of New Series of Options	421,831	-
<b>3.</b> Exercise of Options	-	19,893
<b>4.</b> Interest Received	223,946	438,557

**d) Segment Results**

There were no changes in the segment results during the period that were significant to an understanding of the business as a whole.

Due to consolidation of Biograde Limited, operations in Asia are classified as a separate reportable geographical segment.

**e) Trends**

There were no significant performance trends during the period.

**Other Factors that Affected Results for the Year or which are likely to affect Results in the Future**

There were no other factors which have affected the results in the period or which are likely to affect results in the future.

**ACCOUNT AND AUDIT**

There were no changes in accounting policies during the year and this report is based on accounts which are in the process of being audited.

**John Wilson**  
**Company Secretary**

**Dated: 31<sup>st</sup> August 2009**

For personal use only