



Attachment 1

HCB update



- The search for a site within NSW to destroy the drummed HCB was unsuccessful.
- Orica lodged an application with the Federal Government to export the waste, to established facilities in Germany, on August 4, 2006.
- The Federal Government is currently considering the application and Orica is hopeful of an announcement by the end of 2006.
- A new facility to repackage the waste for export is being constructed adjacent the current licensed storage sheds.
- The carpark waste encapsulation, which contains soil contaminated with low levels of HCB and HCBd, is to be treated by the internationally proven and accepted direct thermal desorption process.

HCB update – all amounts pre tax



- Provision increase \$70M
- Treatment in accounts (A\$70M) individually significant item
- Increase in provision is due to
 - Transport of HCB waste
 - Treatment of HCB waste
 - Direct Thermal Desorption treatment of carpark encapsulation
- No more HCB waste

HCB update – all amounts pre tax



- HCB provision as at 31/3/06 \$63M
- Spend in 2H06 to date (\$3M)
- New HCB provision @ NPV \$130M

- Provision increase to be booked to P&L \$70M

Villawood



- The 12 hectare site, located in western Sydney, was a chemical complex for over 60 years.
- Villawood site closed since 2000 and is surplus to Orica's requirements
- Site contamination relates to chemicals from previous manufacture of pesticides and insecticides
- Villawood was previously disclosed as a contingent liability
- A provision of A\$23M (post tax) net of estimated sale proceeds will be raised to cover the cost of remediation
- Once remediated the site will be sold in line with Orica's ongoing surplus property divestment program.

Seneca closure and remediation



- Seneca is a high cost facility requiring capital investment
- Closure of Seneca is part of Orica's long term AN strategy for lowest cost optimisation and sourcing
- High cost Seneca production to be replaced by:
 - lower cost Carseland IGAN (500ktpa - Orica owned)
 - lower cost contracted IGAN
- Contracted IGAN will be sourced:
 - PCS approx 225ktpa
 - EDC approx 210ktpa
 - Terra approx 350+ ktpa (full production from October 2006)
- Seneca closure costs US\$10M (A\$13.3M)
 - Asset write downs
 - Redundancies
- Seneca site remediation costs net of anticipated sale proceeds is US\$23M (A\$30.7M)
 - Waste water lagoon
 - Effluent ponds
- Once remediated the site will be sold

Crop Care tax matter



- Crop Care was sold to Nufarm Ltd in October 2002
- Orica indemnified Nufarm on tax matters regarding the sale
- Crop Care's distribution agreement terminated in March 2001 and Crop Care received cancellation payment from Zeneca
- Dispute with ATO relates to whether proceeds from cancellation of agreement is on revenue or capital account
- Orica has paid half the tax in dispute but cannot conclude whether this receivable is virtually certain and has chosen to write it off
- An amount of A\$16M (post tax) will be recognised as an individually significant item in Orica's financial statements for the year ending 30 September 2006.
- This treatment does not impact the way Orica intends to defend this matter