



Briefing Document

Tasmanian Alkaloids Pty Ltd (TasAlk) is a company registered in Tasmania and with principal offices and facilities at Westbury in Northern Tasmania. TasAlk has long held the strategy of investing and developing its business in Tasmania. The company was founded in 1975 as a joint venture between Abbott Laboratories (USA) and Ciech - Polfa (Poland). Johnson & Johnson, the world's largest health care company based in New Brunswick, USA, acquired TasAlk in 1982.

The basis of the work of the company is cultivation of poppies under contract with independent growers and then to harvest and store at our factory for processing. Processing results in poppy seeds for sale, bulk alkaloid raw materials and high value-added Active Pharmaceutical Ingredients. The process adds value to the poppy crop purchased from farmers and in doing so provides a great deal of employment and investment in Tasmania.

Tasmania is regarded as an excellent site for the industry for the following reasons:

1. First class agricultural land worked by skilled farmers, on small paddocks suitable for close supervision.
2. Weather conditions most suitable for poppies with clear strong sunlight in summer, which is also normally dry at harvest time. Winter produces good rainfall that is stored in dams and used in summer for irrigation.
3. Secure, law-abiding community. Stable, reliable and hard working employees readily available.
4. Good industrial infrastructures provided by highways, water reticulation, hydro-electricity and Government services. Technical service and suppliers available due to presence of other major industries in Northern Tasmania. Jet transportation close by with frequent flights. Full range of telecommunication services.

The net effect of the above combined with plant breeding programmes is that poppies grown in Tasmania are by far the highest quality in the world.

TasAlk products go predominantly for export and the main competition comes from Europe. These countries have agricultural subsidies and substantial industrial protection. It is essential that Tasmania retain its lead in technology and productivity, in order to balance the relative advantages.

Poppies are grown as a rotation crop throughout the arable areas of Tasmania, from Stanley along the North West Coast, in the Northern Midlands and in the South. Field Officers employed by TasAlk are resident in each main area and provide advice to growers plus co-ordinating sowing, harvest and cartage of the crop.

Seed, sowing and harvest/cartage costs are all paid for by TasAlk. The grower is paid for the crop according to its content of alkaloids. Seed for sowing results from the TasAlk plant breeding programme and new improved varieties are continually being evaluated and introduced.

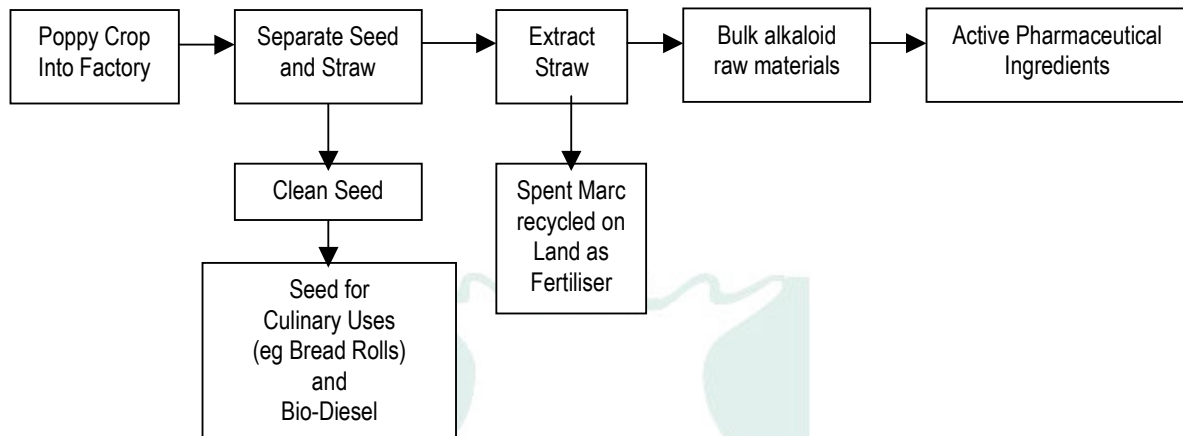


TASMANIAN ALKALOIDS

Value Adding in Tasmania



The process cycle is as follows:



TasAlk world-class facilities have been continuously improved and extended by regular annual investments.

TasAlk is:

- **The largest manufacturer of Active Pharmaceutical Ingredients in Australia.**
- **The largest exporter of Thebaine and Oripavine in the world (UN statistics).**

Sick and injured people all over the world use the products made in the Westbury factory and TasAlk is a much-respected supplier, renowned for reliability and quality. Major markets are: USA, Canada, Norway, UK, Germany, Switzerland and Australia. Any significant illegal use of poppies or their products would severely damage the industry but stringent regulatory requirements prevent such problems. Operations are supervised by the Tasmanian Government, Australian Government and the United Nations.

About 90% of the inputs for the Company are supplied from within Tasmania and 95% of the products are exported from Australia.

Over 200 people are directly employed. Their skill level is very high, one third of employees are graduates. In addition about 500 growers produce the poppy crop for processing and a further 50 people work in related activities such as harvest and cartage of the crop. Harvesting lasts for about two months, usually January and February. The harvested crop is processed during the remainder of the year.

The waste product from the factory processing of poppies is mulch that is recycled back into the land to provide valuable organic matter and nutrients. As a renewable resource feeding a sustainable export industry, TasAlk is proud of its contribution to Tasmania's economy and employment and looks forward to further growth and Value Adding in Tasmania.