

ANSELL LTD
Form 20-F
January 12, 2006
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 20-F

(Mark One)

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended 30 June 2005

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of event requiring this shell company report

Commission file number 0-15850

Ansell Limited

(Australian Company Number 004 085 330)

(Exact name of Registrant as specified in its charter)

Victoria, Australia

(Jurisdiction of incorporation or organisation)

Level 3, 678 Victoria Street, Richmond, Victoria, 3121, Australia

(Address of principal executive offices)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class

Name of each exchange on which registered

None

None

Securities registered or to be registered pursuant to Section 12(g) of the Act.

Ordinary Shares

American Depositary Shares*

* Evidenced by American Depositary Receipts, each American Depositary Share representing four (4) Ordinary Shares

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Securities registered or to be registered pursuant to Section 15(d) of the Act.

None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

Ordinary Shares 160,125,483 (at 30 June 2005)**

** This figure includes 1,290,004 shares represented by the 322,501 American Depositary Shares outstanding on 30 June 2005.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark which financial statement item the registrant has elected to follow Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

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PART I

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Not Applicable

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PART I

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Not Applicable

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The following selected financial data for the five year period ended 30 June 2005 has been derived from Ansell Limited's audited consolidated financial statements (the Financial Statements) and should be read in conjunction with and are qualified in their entirety by reference to those statements and accompanying notes thereto. Such Financial Statements have been audited by KPMG, Independent Registered Public Accounting Firm.

Except as set forth below, Ansell Limited's consolidated financial statements are prepared in accordance with Australian GAAP, which varies in certain material respects from US GAAP. For discussion of the major differences and a reconciliation of the material differences between Australian GAAP and US GAAP as they relate to Ansell Limited for the 3 years ended 30 June 2005, see Notes 39 and 40 to the Consolidated Financial Statements.

In millions of A\$, except per share & per ADS amounts	For Years Ended 30 June				
	2005	2004	2003	2002	2001
STATEMENT OF FINANCIAL PERFORMANCE DATA					
Amounts prepared in accordance with Australian GAAP :					
Sales revenue (excluding South Pacific Tyres)	1,096	1,113	1,294	2,223	4,157
Profit/(loss) before income tax	35	94	80	(57)	54
Income tax expense	22	21	27	56	190
Outside equity interest after tax	2	2	3	(3)	(3)
Net profit/(loss) after income tax	11	71	50	(116)	(139)
Amounts prepared in accordance with US GAAP :					
Sales revenue from continuing operations	1,096	1,113	1,294	1,414	1,412
Income/(loss) from continuing operations	130	83	69	(126)	(281)
Net income/(loss)	130	90	51	(172)	(207)
SHARE INFORMATION ⁽¹⁾					
Amounts prepared in accordance with Australian GAAP :					
Number of shares on issue (millions)	160	177	187	188	188
Basic Earnings per share (\$ s)	0.07	0.39	0.27	(0.62)	(0.72)
Basic Earnings per ADS (\$ s)	0.28	1.56	1.08	(2.48)	(2.88)
Dividends provided for or paid	24	31			47
Dividends per ordinary share (\$ s)	0.14	0.17			0.05
Dividends per ADS (\$ s)	0.56	0.68			0.20
Dividends per ADS US\$ ⁽²⁾	0.42	0.48			0.10
Amounts prepared in accordance with US GAAP : ⁽³⁾					
Basic Earnings per share continuing operations ⁽⁴⁾ (\$ s)	0.78	0.46	0.37	(0.67)	(1.45)
Basic Earnings per ADS continuing operations (\$ s)	3.12	1.84	1.48	(2.68)	(5.80)
Basic Earnings per share net income/(loss) (\$ s)	0.78	0.50	0.27	(0.92)	(1.07)
Basic Earnings per ADS net income/(loss) (\$ s)	3.12	2.00	1.12	(3.68)	(4.28)

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STATEMENT OF FINANCIAL POSITION DATA (AT YEAR END)

Amounts prepared in accordance with Australian GAAP :

Current assets	613	749	761	822	1,803
Total assets	1,199	1,499	1,579	1,833	3,476
Current liabilities	226	404	368	389	1,450
Non-current liabilities	370	283	366	568	960
Shareholders' equity	603	812	845	876	1,066

Amounts prepared in accordance with US GAAP : ⁽³⁾

Current assets	613	749	761	821	1,802
Total assets	1,421	1,591	1,615	1,844	3,546
Current liabilities	240	405	367	389	1,427
Long term debt	331	236	320	517	862
Shareholders' equity	802	880	864	874	1,139

- (1) Effective 12 April 2002, Ansell Limited reduced the number of ordinary shares and exercisable options on issue by means of a 1 for 5 share consolidation, which received shareholder approval at an Extraordinary General Meeting held on 12 April 2002. Where appropriate prior year comparatives have been adjusted to take into account this share consolidation.

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- (2) US\$ amount of A\$ dividends translated at the Noon Buying Rate on the respective A\$ dividend payment dates, which represents approximately the actual US\$ dividend paid to holders of American Depositary Shares (ADSs) by the Depositary.
- (3) The principle differences between Australian GAAP and US GAAP for each of the 3 years ended 30 June 2005, are explained in Notes 39 and 40 to the Consolidated Financial Statements.
- (4) Diluted earnings per share are not materially different to basic earnings per share due to the limited number of dilutive securities.

EXCHANGE RATES

Ansell Limited publishes its consolidated financial statements in Australian dollars (A\$ or \$). Unless specified or the context otherwise requires, references to US\$ or US dollars are to United States dollars and references to \$ or A\$ are to Australian dollars. For the convenience of the reader, this Annual Report contains translations of certain Australian dollar amounts into US dollars at specified exchange rates. These translations should not be construed as representations that the Australian dollar amounts actually represent such US dollar amounts or could be converted into US dollars at the rate indicated. Unless otherwise stated, the translations of Australian dollars into US dollars have been made at the noon buying rate in New York City for cable transfers in Australian dollars as certified for customs purposes by the Federal Reserve Bank of New York (the noon buying rate) on specified dates.

The rate of exchange of A\$1.00 to US\$ based on the noon buying rate 31 October 2005 was 0.7499.

The following table sets forth, for the periods and dates indicated, information concerning the rates of exchange of A\$1.00 to US\$ based on the noon buying rate.

For the last six months

US\$ per A\$1.00	High	Low
October 2005	0.7633	0.7474
September 2005	0.7747	0.7560
August 2005	0.7744	0.7485
July 2005	0.7648	0.7395
June 2005	0.7784	0.7498
May 2005	0.7810	0.7549

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For the last five fiscal years

<u>US\$ per A\$1.00</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Average Rate ⁽¹⁾	0.7610	0.7016	0.5865	0.5221	0.5377

(1) The average of the noon buying rate on the last business day of each calendar month during the period.

Fluctuations in the A\$/US\$ exchange rate will affect the US\$ equivalent of the A\$ price of the ordinary shares on the Australian Stock Exchange Limited, and as a result, are likely to affect the market price of Ansell Limited's ADSs in the United States. Such fluctuations would also affect the US\$ amounts received by holders of ADSs on conversion by the Depositary of cash dividends paid in A\$ on the ordinary shares underlying the ADSs.

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Item 3 : Key Information

3A SELECTED FINANCIAL DATA (continued)

Ansell Limited purchases forward exchange contracts to cover exchange rate risks on certain import/export transactions. The Company believes it has reduced substantially its exposure to movements in exchange rates with respect to these transactions. The Company remains exposed, however, to fluctuations in exchange rates to the extent that the results of operations of its foreign subsidiaries are denominated in currencies other than Australian dollars and are translated for each relevant financial period into Australian dollars at the average exchange rate for the period.

3B CAPITALISATION AND INDEBTEDNESS

Not Required

3C REASONS FOR THE OFFER AND USE OF PROCEEDS

Not Required

3D RISK FACTORS

The following list of risks and uncertainties may not be exhaustive. Additional risks and uncertainties that we do not currently know about or that we currently believe are immaterial may also harm Ansell's business, results of operations and financial condition.

Since a substantial portion of Ansell's costs and net sales are incurred and realised in currencies other than Australian dollars, fluctuations in currency exchange rates could have a material effect on the results of operations.

Due to the worldwide locations of Ansell's manufacturing facilities, a substantial portion of costs are incurred in currencies other than Australian dollars, primarily the U.S. dollar and currencies of various Southeast Asian countries. In fiscal years 2003, 2004 and 2005 all Ansell's manufacturing costs in respect of its continuing operations were denominated in currencies other than Australian dollars.

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Similarly, due to the worldwide presence of Ansell's customer base, a substantial portion of net sales is realized in various currencies other than Australian dollars, primarily U.S. dollars, Euros and to a lesser extent British pounds, Canadian dollars and several other currencies. Net sales are largely denominated in currencies other than Australian dollars for each of fiscal years as follows: 2003 approximately 95%, 2004 approximately 94% and 2005 approximately 93%. Net sales and costs are not aligned in certain regions, which limits natural currency hedges.

We expect that a large part of Ansell's costs and sales will continue to be in non-Australian currencies. As a result, fluctuations in currency exchange rates, particularly of the U.S. dollar, various Southeast Asian currencies and the Euro relative to the Australian dollar could have a material positive or negative effect on the results of operations.

Ansell's board of directors reviews and approves the currency and hedging strategies. These strategies should reduce but not eliminate the risks of currency exchange rate fluctuations and will result in transaction costs associated with hedging transactions.

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Item 3 : Key Information

3D RISK FACTORS (continued)

The public market for Ansell Limited's shares may fluctuate.

The market price of Ansell Limited's shares could fluctuate significantly in response to various factors, including:

actual or anticipated variations in semi-annual operating results, including currency translation,

announcements of technological innovations or new services or products by Ansell or Ansell's competitors,

the operating and stock price performance of other comparable companies,

changes in financial estimates by securities analysts,

changes in Ansell's expected capital needs, and

announcements relating to strategic relationships, mergers or consolidations by Ansell or its competitors.

The stock markets have experienced extreme price and volume fluctuations that have affected the market prices of equity securities. These fluctuations have often been unrelated or disproportionate to operating performance. These broad market factors may materially affect the trading price of Ansell Limited's shares. General economic, political and market conditions, like recessions and interest rate fluctuations, may also have an adverse effect on the market price of Ansell Limited's shares.

Ansell's manufacturing operations are based, and revenues originate, in many different countries and are, therefore, subject to instability and fluctuation in political, diplomatic and economic conditions, including changes in policies regarding taxation.

In fiscal year 2005, approximately 91% of Ansell's manufacturing operations, measured in terms of cost of production, and approximately 62% of Ansell's net sales were outside the United States. As a company with worldwide presence, we are subject to economic, political and diplomatic factors in countries where we operate that could adversely affect the financial results, restrict Ansell's ability to expand or limit current operations.

Ansell's plants outside the United States are located in Malaysia, Thailand, Sri Lanka, India, Mexico, and the United Kingdom. As a result, we can be directly affected by political and economic conditions, to the extent that they impact exports of product from manufacturing plants that exist in those countries. Any political or economic instability, a significant increase in the rate of corporate taxation, a discontinuance or reduction in export tax rebates or any other change in a country's policies regarding foreign ownership of manufacturing facilities could adversely affect the results of operations. We expect that non-U.S. production costs will continue to represent the major portion of such costs.

We also expect that we will be subject to the risks of conducting business internationally, including foreign currency exchange rate fluctuations, unexpected changes in regulatory requirements, tariffs and other barriers. The results of operations may be adversely affected by these factors.

Several of Ansell Limited's subsidiaries, and the Company in some instances, are defendants in product liability lawsuits related to products manufactured and sold by subsidiaries. Although we cannot quantify Ansell's exposure in these cases, we are incurring and expect to incur additional expenses in defending these. Some of those expenses, as well as judgements that could be entered against us, are not covered by insurance.

Ansell, and other companies in its industry are defendants in a number of product liability lawsuits alleging fault for allergic reactions to natural rubber latex gloves experienced by some users. The lawsuits allege among other things, that the defendants were negligent in the design and manufacture of the gloves and failed to adequately warn users of the possibility of allergic reactions to latex products. As of 30 June 2005, Ansell was a defendant along with other manufacturers and distributors of latex gloves in 9 product liability cases filed in the United States on behalf of individuals alleging wrongful death, personal injuries and lost wages as a result of their exposure to natural rubber latex gloves; down from 313 and 46 latex allergy lawsuits pending against Ansell at 30 June 2003 and 30 June 2004 respectively.

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Item 3 : Key Information

3D Risk Factors (continued)

In a number of additional cases, distributors of latex gloves that have also been named as defendants are pursuing cross-claims and third-party claims against several manufacturers of natural rubber latex gloves, including Ansell, in an effort to recover their costs related to the latex litigation. In one such case, Owens & Minor, Inc., et al. v. Ansell Healthcare Products Inc., et al., Case No. 00-C-0099A-102, Bowie County, Texas, on 27 August, 2004, the trial court entered a judgment against Ansell and another defendant, Becton Dickinson and Company in the amount of US\$351,728.32. Ansell is appealing that decision. In another case, Gilberti v. Touro Infirmary, et al., Case No. 2000-9920, Civil District Court for the Parish of New Orleans, Ansell received a jury verdict in its favor on the individual plaintiff's liability claim. After the verdict, the hospital employer of the plaintiff pursued a claim for indemnity against Ansell. On 10 November, 2004, the trial court entered judgment against Ansell on the hospital employer's indemnity claim in the amount of US\$828,935.14. Ansell is appealing that decision. It is not possible at this time to quantify the potential financial impact of the remaining cases on Ansell.

Ansell is subject to regulation by governments around the world, and if these regulations are not complied with, existing and future operations may be curtailed, and could be subject to liability.

The design, development, manufacturing, marketing and labelling of Ansell's products are subject to regulation by governmental authorities in the United States, Europe and other countries, including the Food and Drug Administration and the European Committee for Standardisation, known as the FDA and CEN, respectively. The regulatory process can result in modification or withdrawal of existing products and a substantial delay in the introduction of new products. Also, it is possible that regulatory approval may not be obtained for a new product.

Failure to comply with applicable regulatory requirements can result in actions that could adversely affect Ansell's business and financial performance.

Ansell is heavily dependent upon the rubber crop and the availability of latex concentrate, and a material disruption in the regular supply of rubber for latex concentrate or increases in the price of latex concentrate could negatively affect the results of operations.

Ansell accounted for approximately 4% of worldwide liquid natural latex consumption in fiscal 2005.

Ansell's ability to produce natural latex products is heavily dependent upon the regular availability of raw rubber harvested by independent growers in Southeast Asia and processed into latex concentrate. A material disruption in the regular supply of rubber for latex concentrate due to weather or other natural phenomena, labour or transportation stoppages or shortages, political unrest or otherwise, would cause adverse effects to Ansell's business, financial condition and results of operations. In addition, rubber is a commodity traded on world commodities exchanges and is subject to price fluctuations driven by changing market conditions.

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The fiscal year of Ansell Limited (Ansell Limited or the Company, which, unless the context otherwise requires, includes Ansell Limited and its consolidated subsidiaries) ends on 30 June. The fiscal year ended 30 June 2005 is referred to herein as 2004-2005 or fiscal year 2005 and other fiscal years are referred to in a similar manner.

This Annual Report contains forward looking statements (within the meaning of the Securities Exchange Act of 1934, as amended) and information that is based on management's beliefs as well as assumptions made by and information currently available to management. When used in this Annual Report the words anticipate, estimate, believe, expect, potential, should and similar expressions are intended to identify forward looking statements. These forward looking statements necessarily make numerous assumptions with respect to the Company's operations, potential exposure, industry performance, general business, economic and regulatory conditions, access to markets and materials and other matters, all of which are inherently subject to significant uncertainties and contingencies and many of which are beyond the Company's control. Should one or more of these risks or uncertainties materialise or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, planned for, estimated, expected or projected. The Company believes that a number of important factors could cause the Company's actual results to differ from those that may have been or may be projected in forward looking statements made by or on behalf of the Company from time to time. These factors include the economic situation in those areas of the world where the Company has substantial operations, customers or consumers, foreign currency exchange rates, the success of the Company's business strategies including cost cutting and consolidations, the ability of the Company to take advantage of growth opportunities through acquisitions, the positioning of business segments, future production output capacity, litigation, environmental risks, and risks of derivative instruments. See also Risk Factors in Item 3 of this Annual Report. The forward looking statements in this Annual Report are contained principally under Item 5 Operating and Financial Review and Prospects.

4A HISTORY AND DEVELOPMENT OF THE COMPANY

Ansell Limited's business originated in 1893 as a branch of Dunlop of the United Kingdom (Dunlop UK) conducting an Australian bicycle tire business. The Company was incorporated under the *Corporations Act of Australia* (the Corporations Act) on 16 August 1920 in Victoria, Australia under the name of Dunlop Rubber Company of Australia Limited, at which time it acquired the rights in Australia to the trademark and tradename Dunlop and the right to use certain technology of Dunlop UK.

Until the 1960s the Company was engaged primarily in the manufacture of rubber based products. During the 1960s and the 1970s, the Company undertook a geographic and product diversification program, including the addition of clothing and footwear businesses (which were the foundation for the Pacific Brands Group) and the establishment of manufacturing facilities in Malaysia, New Zealand and the Philippines.

In 1980, the Company merged with another Australian industrial company, Olympic Consolidated Industries Limited (Olympic), which was engaged in the tire, polyurethane foam, cable and polystyrene businesses. Both the Company and Olympic had substantial tire manufacturing operations in an industry with over capacity, and the merger led to significant consolidation. After the merger, the Company operated under the

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name Dunlop Olympic Limited until 1986, when it changed its name to Pacific Dunlop Limited.

In 1984, the Company acquired the New Zealand businesses of Canzac Cables Ltd and Dunlop New Zealand Ltd., with their cables, tire manufacturing and retailing, industrial products and sporting goods operations fitting in well with the Company's operations in Australia.

During the course of the 1980s, the Company further expanded its operations in Australia and internationally through acquisitions, increased international marketing activity and the construction of new manufacturing facilities, particularly in Asia and North America. The Company also completed a series of joint ventures which complemented and strengthened its prior activities, the most significant of which was the combination of its Australian and New Zealand tire manufacturing and retailing activities with those of The Goodyear Tire and Rubber Company in March 1987.

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PART I

Item 4 : Information on the Company

4A HISTORY AND DEVELOPMENT OF THE COMPANY (continued)

In addition, during the 1980s, the Company significantly expanded its battery operations through the acquisition of the battery operations of Chloride Group Plc in the United States, Australia and New Zealand and the acquisition of GNB Technologies Inc., a United States battery manufacturer.

During 1988-1989, the Company acquired certain health and medical businesses, which led to the creation of the Medical Group. The Company also acquired during 1988-1989 the automotive parts distribution businesses of Repco Limited in Australia. Shortly thereafter, the Company acquired the Edmont industrial glove business (Edmont) and in 1995 acquired the Perry medical gloves business.

These two acquisitions significantly increased the size of the Ansell Healthcare business. Sales during 1995-1996 included adidas, a number of businesses in the Industrial Foam and Fibre Group and the public float of Cochlear Ltd. In 1996-1997 Loscam Ltd and the Teletronics business of the Medical Group were sold and Ansell Healthcare acquired the Golden Needles Knitting business.

On 29 November 1996, the Teletronics implantable medical device business was sold for US\$135 million (\$166 million net proceeds) to St Jude Medical, Inc. of the United States. Responsibility for products manufactured prior to the sale of the business (including the Accufix Pacing Leads Litigation) was not assumed by the purchaser.

During the 1998 fiscal year the Olex Communications division of the Cables and Engineered Products Group was sold for \$23 million. GNB Environmental Services Inc. (ESI), a subsidiary of GNB was also sold in that year.

The Australian, New Zealand and Sri Lankan cable businesses were sold on 2 June 1999. Proceeds from the sale, including certain property sales of the Cables Group, amounted to \$300 million. The sale generated a breakeven result after providing for appropriate write-downs for the Chinese and Indonesian facilities, which were sold during the 2000 fiscal year. During that year the Company also purchased the Medical Glove business of Johnson & Johnson for US\$86 million and announced the intention to sell its Electrical Distribution business and GNB Technologies Group.

The sales of the Electrical Distribution business and GNB Technologies Group were finalised during the 2001 fiscal year for \$343 million and US\$333 million respectively. Other key events that occurred during the 2001 fiscal year were:

resolution of the outstanding Accufix Pacing Leads class action litigation in the United States within the previously provided provisions,

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the strengthening of Ansell Healthcare's global leadership and competitiveness in barrier protection products by continuing the integration of the Johnson & Johnson medical gloves business, fully commissioning the new Thailand condom plant and commencing a major manufacturing and marketing restructure,

the acquisition and integration by Pacific Brands of Clarks Shoes and the Sara Lee Apparel business in Australasia and Fiji,

the closure of South Pacific Tyres heavy truck tire plant and the realignment of the marketing function along consumer and commercial lines,

effective 1 August 2000, the Novare joint venture between the Company and Andersen Consulting (now Accenture) for the provision of business support services and information technology solutions to companies across the manufacturing, distribution and retail industries in Australia and New Zealand formally commenced operation.

In addition to the above, during 2001 the Company also commenced a restructuring of its activities including the sale of the Pacific Automotive and Pacific Brands businesses, the acquisition of Accenture's 50% interest in the Novare joint venture and an agreement with the Goodyear Tire and Rubber Company of the United States governing the restructure of the South Pacific Tyres Joint Venture.

During the 2002 fiscal year the sales of the Pacific Automotive and Pacific Brands businesses were finalised for \$251.5 million and \$730 million respectively. The agreement with the Goodyear Tire and Rubber Company of the United States was also completed. This agreement included reducing manufacturing facilities from five to two and franchising a number of company owned stores.

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Item 4 : Information on the Company

4A HISTORY AND DEVELOPMENT OF THE COMPANY (continued)

As part of the agreement, an option in favour of the Company was executed (exercisable between August 2005 and August 2006) which enables the Company to put the South Pacific Tyres business to Goodyear. If the option is not exercised, Goodyear has a call option exercisable in the following six months. Under these agreements the Company is not required to contribute any further cash to the partnership.

As a result of this agreement, the Company effective 1 July 2001, discontinued its past practice of including 50% of the result of South Pacific Tyres (after elimination of intercompany items) in its statements of income prepared under Australian GAAP. The Company's interest in the South Pacific Tyres Partnership is carried as an investment.

Also effective 31 August 2001 the Company took full ownership of the Novare joint venture by acquiring Accenture's 50% interest for \$19.3 million.

In April 2002 the Company changed its name from Pacific Dunlop Limited to Ansell Limited and reduced the number of ordinary shares and exercisable options on issue by means of a 1 for 5 share consolidation.

During the 2003 fiscal year, the Company completed most of the remaining corporate and restructuring activities associated with its former structure.

Also during fiscal 2003 the Company launched the first phase of Operation Full Potential, a three year program designed to significantly enhance Ansell's operating performance. The first phase concentrated on business growth and development initiatives and provided capabilities and resources to address business challenges that emerged during the year.

The Company also progressed its Occupational Value Proposition (OVP), an exciting and radically different approach begun at Ford Motor Company in 2001, to move Ansell from products to solutions by developing our expertise in guiding customers in hand injury reduction techniques using our products and know-how. During fiscal 2003 the Company progressed OVP from concept through to trials completed successfully in potential customers' production facilities.

During the 2004 fiscal year, the Company moved into the second phase of Operation Full Potential resulting in the activities, capabilities and program structure being integrated into the respective business segments.

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Also during fiscal 2004 Ansell continued its successful push to help customers change the way they manage their hand protection costs to focus on the total value of hand protection rather than the more traditional concentration on glove procurement cost. This approach led to a number of significant glove contracts during the year.

The Company also adopted the globally recognised Six Sigma operational excellence methodology during the 2004 fiscal year. This methodology focuses on improving customer satisfaction and delivering on customer expectations by reducing variations in products and processes.

Fiscal 2005 saw the Company complete the Operation Full Potential program. The Company also introduced a disciplined process for and focus on new product development – Stage-Gate. Stage-Gate employs best practices for customer-linked idea generation, product development and program management and provides a common international database with the ability to monitor progress in a variety of areas, including marketing, research and development, regulatory and legal.

On 16 December 2005 the Company announced that it had reached agreement with Goodyear as to the terms of its exit from the South Pacific Tyres business. Pursuant to the agreed terms, Goodyear will purchase Ansell's interest in SPT for \$53 million resulting in a \$5 million non-cash write-down from the current carrying value of \$58 million. In addition a loan outstanding from Ansell to SPT will be repaid in full, which with accrued interest, totals approximately \$69 million.

The Company's registered head office is located at 678 Victoria Street Richmond, Victoria, Australia. Its telephone number is (61 3) 9270 7270 and fax number is (61 3) 9270-7300. Further information can be found by viewing the Company's website www.ansell.com. However, such information is not part of this Annual Report.

Refer to Item 5.B for information on the Company's principal capital expenditures and divestitures since the beginning of the last three financial years.

Table of Contents**PART I****Item 4 : Information on the Company****4B BUSINESS OVERVIEW****ORGANIZATION**

Although the Company continues to be listed on the Australian Stock Exchange and maintains its registered head office in Australia, its operational head office is located in Red Bank, New Jersey, USA. The Company's Chief Executive Officer, Chief Financial Officer and most of the senior management team are based in New Jersey.

ANSELL HEALTHCARE

Ansell Healthcare provides essential healthcare barrier protection against injury, infection and contamination for millions of people at work, in medical situations, in the home and in special environments, such as food preparations and microelectronics.

The following table sets forth certain information with respect to Ansell Healthcare for the periods and dates indicated.

<u>\$ in millions</u>	<u>For Years Ended 30 June</u>		
	<u>2005</u>	<u>2004</u>	<u>2003</u>
Sales	1,096	1,113	1,294
Operating Profit	154	146	160
Gross Assets ⁽¹⁾	570	663	707
Employees	11,036	11,509	11,991

⁽¹⁾ Gross assets exclude cash, goodwill and brand names.

Ansell operates in three broad market segments: Professional Healthcare (surgeons and examination gloves); Occupational Healthcare (industrial hand protection); and Consumer Healthcare (condoms and household gloves). The Company is organized across three geographic regions – the Americas, Europe and Asia Pacific – supported by a shared operations/supply chain, a Science and Technology group and global marketing teams. More than 48 percent of Ansell's sales in fiscal year 2005 were in the Americas, with a further 37 percent in the European region and the balance in Asia Pacific. Refer to Item 5.A. for additional information on the breakdown of total revenues by category of activity and geographic market.

Medical gloves are marketed principally under the umbrella brands of Ansell and Ansell Perry and specific product brands include Gammex, Conform, Encore, Nutex, MicroOptic, X-AM, Synsation, Dermaclean, Dermaprene, Nitratouch, Maxxus, Neutralon, Ultralon, Micro Touch Ultra and Micro Touch Plus.

Ansell Healthcare believes it is one of the world's largest manufacturers and marketers of synthetic dipped and sewn industrial gloves, which are principally branded Ansell Edmont. Specific product brands include Ansell, Nitrilite, TNT, Solvex, Hycron, Hyknit, Golden Needles and HyFlex.

Condom brands include Lifestyles, Mates, Mannix, Contempo, Primex, Chekmate and Kama Sutra.

Refer to Item 5.C for additional information on new product development.

Ansell Healthcare's products produced in-house, are predominantly made by dipping a former (unlined or with a textile liner) into natural or synthetic latex using very similar manufacturing processes and polymer dipping technology. (The major exception is uncoated knitted gloves). Ansell Healthcare believes that the expertise it has developed in proprietary latex process and engineering technology enables it to produce high quality natural and synthetic latex gloves and condoms at a relatively low cost and that to a significant degree, it has a flexible supply and logistics infrastructure that allows it to take advantage of changes in market demand.

The Operations and Supply Chain group support product flows to the markets through 15 global production facilities located in Asia, North America and the UK. Almost 77% of the product sourced is manufactured at these facilities with the balance outsourced under strict quality and performance specifications.

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4B BUSINESS OVERVIEW (continued)

ANSELL HEALTHCARE (continued)

Each of Ansell's products faces competition from a variety of sources, including international and local producers. Major international competitors include SSL International PLC, the world leader in condoms; Regent Medical Limited, which produces medical surgical gloves; Allegiance (a Division of Cardinal Healthcare), which manufactures and distributes medical examination and surgical gloves; MAPA, (a subsidiary of the French TOTAL group) which produces household and light industrial gloves and condoms; Kimberley Clark Corporation, a U.S. company that manufactures and markets disposable latex, synthetic gloves and light industrial gloves; Sempermed (a Division of Austria's Semperit), which produces disposable medical gloves; and Church & Dwight, which is a major US based producer of condoms.

Ansell Healthcare's operations are not impacted by seasonal factors.

DISCONTINUED OPERATIONS

Since the mid 1990's the Company has pursued a policy of divesting major businesses to enable greater focus on the Ansell Healthcare operations. The divestments were largely completed by the end of fiscal 2002 with principally only the investment in the South Pacific Tyres (SPT) business remaining as a non core operation (refer Item 4A). SPT is not treated as discontinued for US GAAP reporting.

RAW MATERIALS

Raw materials are a significant manufacturing cost for many of Ansell Healthcare's products, the most significant being latex. Latex prices can be volatile and are dependent upon world supply and demand and currency movements.

Ansell Limited attempts to obtain raw materials from the most economical and reliable sources wherever situated, with regard to world supply, prices and commodity markets. The Company has multiple suppliers for its major raw materials to minimise the risks associated with sole suppliers. No material shortages are anticipated in any of Ansell Healthcare's operations. The Company attempts to pass on to its customers raw material price fluctuations. Careful monitoring and management of raw material costs is carried on throughout its business segments.

REGULATION AND ENVIRONMENTAL MATTERS

Government Regulation

The products Ansell manufactures are subject to regulations of varying degrees in each of the countries in which they are marketed. These regulations have been particularly advanced in the United States by the Safe Medical Devices Act of 1990 and in Europe, with the completion of the work required by the Single European Act of 1986 and its on-going implementation. In addition, harmonisation of regulatory requirements and reciprocity of testing procedures and data, on an international basis, has led to the adoption of an international quality management system standard, which is being implemented progressively by various regulatory authorities including the FDA and the Commission of the European Union.

Changes in existing requirements or adoption of new requirements could adversely affect Ansell Healthcare's ability to comply with regulatory requirements. Failure to comply with regulatory requirements could have a material adverse effect on the business, financial condition and results of operations.

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Item 4 : Information on the Company

4B BUSINESS OVERVIEW (continued)

REGULATION AND ENVIRONMENTAL MATTERS (continued)

United States

In the United States, products offered through Ansell's Professional Healthcare and Personal Healthcare segments are regulated as medical devices under the Federal Food, Drug and Cosmetic Act (the FDC Act) by the FDA. We believe that all of the Company's products regulated by the FDC Act are in compliance in all material respects with the relevant sections of the FDC Act and the advice and guidance provided by the FDA. However, the application of complex standards to the detailed operation of our business always creates areas of uncertainty, and we cannot guarantee that the FDA will not question our practices. Medical device manufacturers are subject to periodic inspections and audits by the FDA for compliance with the FDA's current Quality System Regulation, which specifies good manufacturing practices (known as QSR/GMP requirements) for medical devices. The FDA has a number of compliance and enforcement procedures when deviations from QSR/GMP requirements are observed during such inspections. Which procedures are used depends upon the seriousness of the observations as well as the compliance history of the facility inspected and the company owning it.

As a general matter, the FDA often seeks to resolve observed QSR/GMP deficiencies on a voluntary basis without resorting to formal administrative enforcement action. In many cases, the FDA and the affected company enter into an agreement whereby the company retains one or more recognized, expert consultants to assist the company in achieving substantial compliance with the relevant QSR/GMP requirements and to certify that such efforts have been successful. When observed QSR/GMP deficiencies cannot be resolved through voluntary action and in a timely manner, the FDA has the option of initiating further enforcement action, including warning letters, import alerts, product bans, field corrections, seizures, recalls, injunctions, civil penalties, fines based on the equitable remedy of disgorgement, adverse publicity issued by the FDA and criminal prosecutions.

Each manufacturing operation of Ansell Healthcare has a Quality Assurance/Quality Control (QA/QC) department with its own budget. Also, we operate in a total quality environment where all participants in the manufacturing process are responsible for quality. It is the responsibility of the QA/QC department along with manufacturing to maintain the quality systems and records.

The FDA has periodically inspected most of Ansell Healthcare's condom and medical glove manufacturing facilities and has made observations on how manufacturing operations could be improved. In upgrading manufacturing facilities to address the FDA's observations and evolving technology and to otherwise comply with QSR/GMP requirements, we have and will continue to expend time, monies and efforts in the areas of product and quality control.

The FDA currently requires manufacturers intending to market a new medical examination glove, surgical glove or condom or to modify significantly a previously cleared medical examination glove, surgical glove or condom or the labelling of one of these products to obtain prior clearance. Although we typically have not experienced delays in obtaining clearance for new medical examination glove, surgical glove or

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condom products, there can be no assurance that we will not experience such delays for future products. An adverse determination by the FDA or a request for additional data or information could have the effect of delaying or precluding clearance and, at the same time, could materially delay or block the commencement of marketing new medical examination glove, surgical glove or condom products.

The FDA examines medical examination gloves, surgical gloves and condoms that are imported into the United States by randomly testing some but not all shipments for defects. If a shipment of any of these products is found to be defective, the manufacturing facility that produced the defective product will be subject to a Level 1 import alert. Under Level 1, no further shipments will be cleared for import unless tested and shown not to be defective.

A facility will be removed from Level 1 if five consecutive shipments are tested and shown not to be defective. The facility can then import shipments without prior testing but subject to possible FDA testing on a random basis. If a second shipment is found to be defective during testing while on Level 1 or in random FDA testing during the 24 months after removal from Level 1, the manufacturing facility will be placed on Level 2 import alert. On Level 2, no further shipments will be cleared for import unless tested and shown not to be defective.

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Item 4 : Information on the Company

4B BUSINESS OVERVIEW (continued)

REGULATION AND ENVIRONMENTAL MATTERS (continued)

United States (continued)

A facility will be removed from Level 2 if ten consecutive shipments are tested and shown not to be defective. The facility can then import shipments without prior testing but subject to possible FDA testing on a random basis. If a second shipment is found to be defective during testing while on Level 2 or in random FDA testing during the 24 months after removal from Level 2, the manufacturing facility may be placed on Level 3 import alert. A facility on Level 3 cannot import further shipments even if they have been tested and shown not to be defective.

A facility can be removed from Level 3 only by showing the FDA that the facility complies with QSR/GMP requirements based on an acceptable FDA inspection or a certification by the facility based on an independent audit by a qualified third party. After this, the facility will be placed on Level 1 detention and must seek removal from that status as described above.

Ansell's condom manufacturing facility in Surat Thani, Thailand was placed on Level 1 detention in August 2005. While Ansell was working with FDA to remove the facility from detention, another shipment from the Surat Thani facility was found to be defective. Ansell believed that FDA would place it on Level 2 detention, but has been told that the agency has not done so at this time. Ansell is currently working with FDA to remove the facility from Level 1 detention, and prevent placement on Level 2 detention.

Labelling and promotional material for medical examination gloves, surgical gloves, and condoms are regulated by the FDA under the FDC Act and violations are subject to enforcement action as described above. Advertising for medical examination gloves, surgical gloves, and condoms is regulated by the Federal Trade Commission (FTC) under the Federal Trade Commission Act and violations are subject to enforcement action by the FTC including orders prohibiting objectionable claims, civil monetary penalties, monetary consumer redress, and orders requiring corrective advertising. We believe that the labelling and advertising of all Ansell products complies in all material respects with FDA and FTC requirements.

Europe

Condoms and medical gloves are regulated by Directive 93/42/EEC of the European Commission on medical devices that came into effect on 1 January 1995 and became a mandatory requirement for sales in Europe in June 1998. This directive regulates the sale of all medical devices throughout the European Union and the European Economic Area (which comprises the fifteen states of the European Union plus Iceland, Norway and Liechtenstein). Ansell Healthcare's condoms and medical gloves are in compliance with the requirements of this directive and all

relevant standards (including rules for the affixing and use of CE conformity marking set forth by Directive 93/465/EEC of the European Commission) allowing these products to carry the CE mark and to be sold in all European countries except, with respect to condoms, France, without further approval. Pursuant to Article 8 of Directive 93/42/EEC, France requires testing of condoms in addition to the requirement necessary to obtain a CE mark.

Other Government Regulation

Whether or not FDA clearance is obtained for a new product, approval or clearance of a product by regulatory authorities in foreign countries may be required prior to the commencement of sales of the product in such countries. The requirements governing product approvals or clearances vary widely from country to country, and the time required for approval may be longer or shorter than that required for FDA approval. There are also several local country quality marks that, although not required, are essential to sales in various countries.

Occupational gloves are governed under the directive for personal protective equipment, Directive 89/686/EEC. Ansell Healthcare's occupational gloves are in compliance with the requirements of this directive and all relevant standards (including rules for the affixing and use of CE conformity marking set forth by Directive 93/465/EEC of the European Commission) allowing these products to carry the CE mark and to be sold in all European countries without further approval.

Ansell Healthcare is also required to comply with regulations governing packaging waste, including Directive 94/62/EEC, which requires that certain percentages of waste material must be reused or recycled in every European Union country. The required percentage will increase over the next few years. Ansell Healthcare must also show compliance with Directive 46/95/EEC, which regulates the privacy of personal data on customers and individuals submitting complaints.

Table of Contents**PART I****Item 4 : Information on the Company****4B BUSINESS OVERVIEW** (continued)**REGULATION AND ENVIRONMENTAL MATTERS** (continued)**Other Government Regulation** (continued)

Additionally, Ansell Healthcare operates plants in the United Kingdom, Malaysia, Sri Lanka, Thailand, Mexico and India. The occupational, health and safety laws and regulations vary dramatically within these countries. Ansell Healthcare's policy is to operate a more stringent Ansell-wide approach to occupational health and safety regardless of these prescribed regulations and to ensure that an internationally acceptable work environment is provided for employees. We coordinate an international occupational health and safety program through Ansell Healthcare's Global Safety, Health and Environment Director. All plants are required to report on all occupational health and safety issues on a monthly basis to senior management.

Details of other regulatory and environmental matters are referred to in Note 36 to the Consolidated Financial Statements contained within Item 18.

4C ORGANISATIONAL STRUCTURE

Note 37 to the Financial Statements included in Item 18 contains a listing of the Company's subsidiaries, their countries of incorporation and the Company's proportion of ownership interest in each.

4D PROPERTY, PLANTS AND EQUIPMENT

Set out below is a breakdown by geographic location of the Company's manufacturing facilities (with distribution facilities attached to manufacturing facilities not counted separately), as at 30 June 2005.

<u>Geographic Region</u>	<u>Products Produced</u>	<u>No. of Manufacturing Facilities</u>
United States	Industrial gloves	3

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Malaysia	Household, surgical and examination gloves	3
United Kingdom	Industrial gloves	1
Thailand	Household, surgical and examination gloves and condoms	2
Mexico	Industrial gloves	2
Sri Lanka	Industrial, surgical and examination gloves	1
India	Industrial and surgical gloves and condoms	3
Total		15

The Company's material leased properties are as set forth below:

<u>Country</u>	<u>City</u>	<u>Floor Space (Sq ft)</u>	<u>Use</u>
Premises/Property:			
Australia	Richmond	29,750	Corporate
England	Tamworth	26,000	Manufacturing, Warehousing
England	Surbiton	9,000	Marketing
England	Newark	12,000	Marketing
Germany	Munich	7,000	Marketing
France	Paris	27,000	Marketing
Belgium	Brussels	22,000	Marketing
Belgium	Aalst	56,000	Warehousing
USA	Red Bank	45,877	Marketing, Corporate
USA	Dothan	82,000	Manufacturing, Warehousing
Mexico	Juarez	219,000	Manufacturing
Property Only:			
Sri Lanka	Colombo	1,080,000	Manufacturing

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Item 4 : Information on the Company

4D PROPERTY, PLANTS AND EQUIPMENT (continued)

The Company believes that its facilities are suitable and adequate for its present needs and are in good operating condition. Ansell Limited has in place insurance covering casualty and certain other risks to which its worldwide facilities and operations may be subject. Generally, the current insurance policies do not cover political risks.

Pursuant to Company policy, the Company's principal capital intensive and strategic manufacturing and distribution facilities are owned. Those facilities that are not owned are generally leased by the Company for periods varying from 1 to 10 years, and comprise certain warehouse/distribution centres and sales and administration office accommodation. The Company does not believe its business is dependent on any single facility.

No major encumbrances on material tangible fixed assets or environmental issues exist that may affect the Company's utilisation of the assets.

Table of Contents**PART I****Item 5 : Operating and Financial Review and Prospects****5A OPERATING RESULTS**

The following discussion and analysis is based upon or derived from the Consolidated Financial Statements included in this Annual Report, which are prepared in accordance with Australian GAAP.

Notes 39 and 40 to the Consolidated Financial Statements contain a discussion of the major differences between Australian GAAP and U.S. GAAP and reconciliation to U.S. GAAP.

The following tables set forth the contributions of each business group to sales revenue and operating profit of the Company for the fiscal years ended 30 June 2003, 2004 and 2005:

OPERATING REVENUE BY BUSINESS GROUP ⁽¹⁾**For Years Ended 30 June****(EXCLUDING UNALLOCATED)**

\$ In millions	2005	% change	2004	% change	2003
Occupational Healthcare	552	1.3%	545	(12.8)%	625
Professional Healthcare	371	(2.9)%	382	(15.7)%	453
Consumer Healthcare	173	(7.0)%	186	(13.9)%	216
Total Healthcare	1,096	(1.5)%	1,113	(14.0)%	1,294
Discontinued Businesses					
Total Operating Revenue	1,096	(1.5)%	1,113	(14.0)%	1,294

(1) The sales figures in this table exclude intergroup sales. There were no significant intergroup sales during any of these three fiscal years.

OPERATING PROFIT BEFORE TAX ⁽¹⁾**For Years Ended 30 June**

\$ in millions	2005	% change	2004	% change	2003
Occupational Healthcare	81	9.5%	74	17.5%	63
Professional Healthcare	43	4.9%	41	(24.1)%	54
Consumer Healthcare	29	(9.4)%	32	(25.6)%	43

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Unallocated Items and Eliminations ⁽²⁾	(108)		(37)		(54)
Net Interest, including borrowing costs	(10)		(17)		(27)
Total Operating Profit Before Tax	35	(62.4)%	93	17.7%	79

- (1) The operating profit figures in this table exclude unrealised operating profit on inventory which has been purchased by one business group from another.
- (2) Fiscal year ended 30 June 2005 includes \$80.0 million write-down of the investment in the South Pacific Tyres partnership.

SALES REVENUE BY GEOGRAPHIC MARKET

The following table sets forth the Company's sales revenue from continuing businesses by geographic market for the fiscal years ended 30 June 2003, 2004 and 2005. The revenue has been classified by location of the customer and excludes intergroup sales.

\$ in millions	For Years Ended 30 June		
	2005	2004	2003
Australia, New Zealand and Southeast Asia	163	168	174
North, Central and South America	527	545	656
Europe	406	400	464
Total	1,096	1,113	1,294

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PART I

Item 5 : Operating and Financial Review and Prospects

5A OPERATING RESULTS (continued)

RESULTS OF OPERATIONS

Consolidated

Ansell Limited recorded a profit after tax to shareholders of \$11.3 million for the year ended 30 June 2005, compared to a profit of \$70.7 million in the 2003/2004 and \$49.9 million in 2002/2003. The current year's result was impacted by a write-down in the carrying value of the investment in the South Pacific Tyres (SPT) partnership of \$80 million.

Operating Revenue

Total revenue in 2004/2005 of \$1,109.9 million compared with \$1,131.1 in 2003/2004 and \$1,320.1 million in 2002/2003.

Sales revenue in 2004/2005 from Healthcare businesses (Occupational, Professional and Consumer) was \$1,096.2 million, compared with \$1,113.3 million in 2003/2004 and \$1,293.6 million in 2002/2003. The decrease in sales revenue over the last three years was largely due to the strengthening of the Australian dollar against the US dollar.

Operating Profit from Ordinary Activities before Income Tax Expense

Ansell Limited recorded an Operating Profit of \$34.8 million for 2004/2005, compared to a profit of \$93.3 million for 2003/2004 and a profit of \$79.3 million in 2002/2003.

In June 2005, a review of the investment in SPT indicated that the carrying value was in excess of the estimated recoverable amount and necessitated an impairment charge. Previous reviews conducted indicated that although SPT's performance was below expectations, management and the Board expected that the Company would ultimately recover the carrying value of its investment by exercising its put option contained in the Partnership Agreement, based on the achievement of certain levels of performance contained in SPT's business plans at the time which included improvements expected to arise from the significant restructuring activities undertaken in recent years along with other profit improvement initiatives. However, SPT's performance in the six months to 30 June, 2005 significantly lagged behind forecast with a continuing

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increase in low price imported tyres and significant increases in raw material costs adversely impacting results. This together with a revised future trading outlook for the business provided by SPT management, indicated that Ansell's carrying value of its investment in SPT was now in excess of the anticipated realisable value. As a result, the equity component of the investment was written down by \$80 million.

Unlike under AGAAP where the Company discontinued equity accounting for SPT effective 1 July 2001, equity accounting has been consistently applied under US GAAP to date. As a result, from a US GAAP perspective, the write-down reported at 30 June, 2005 under AGAAP is reversed as the application of equity accounting up to and including 30 June, 2005 has resulted in the carrying value of Ansell's investment in SPT under US GAAP of \$44.7 million being less than the post write-down value at 30 June, 2005 under AGAAP of \$57.8 million.

On 16 December 2005 the Company announced that it had agreed to sell its investment in SPT to Goodyear for \$53 million which will result in a loss on sale of \$5 million. This loss will be reflected in the Company's A GAAP financial statements for the year ended 30 June 2006.

A review of the carrying value of all assets in 2002/2003 resulted in the write-down in the value of the Company's non-core investment in Ambri Limited. A non-cash write-off of \$6.1 million was incurred to bring the book value of Ansell Limited's investment into line with the market price of the shares.

Income Tax Expense

Income tax expense for the year was \$21.7 million, compared to the previous year's \$20.7 million and \$26.8 million for 2002/2003. The Group continues to benefit from the utilisation of unbooked US tax losses. However from a US GAAP perspective, given that the Group's US operations generated taxable income in the current year and the two preceding years and that management believes taxable income will continue to be generated for the foreseeable future, a net deferred tax asset of \$21.2 million has been recognised for US GAAP purposes as at 30 June 2005. This net deferred tax asset could be adjusted in the near term based on changes in estimates of future taxable income.

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Item 5 : Operating and Financial Review and Prospects

5A OPERATING RESULTS (continued)

ANSELL HEALTHCARE

YEAR ENDED JUNE 2005 v JUNE 2004

Ansell Healthcare's sales of \$1,096.2 million were 1.5% lower than the previous year, while operating profit of \$153.7 million was 5.1% higher as a result of improved operating margins in the Occupational and Professional businesses.

Occupational Healthcare

Sales of \$551.6 million were higher than the previous year by 1.3% while operating profit of \$81.3 million was higher by 9.5%. Operating profit margin increased from 13.6% to 14.7%.

This segment accounted for approximately 50% of Ansell Healthcare's total revenues and 53% of operating profit.

This business continued to perform strongly across all three regions. This was due to a revitalized product range and continued manufacturing savings. The Hyflex® family continued to grow strongly, up 27% in volume and the knitted glove range also showed healthy growth assisted by new product development using new yarn materials / technologies. The Ansell Value Proposition Solution Selling program, in conjunction with our proprietary SafetyNet software, enabled enhancement of the company's leadership position in the global Occupational hand protection market.

Professional Healthcare

Sales of \$371.4 million were lower than the prior period by 2.9% while operating profit of \$43.3 million was higher by 4.9%. Operating profit margin increased from 10.7% to 11.6%.

This segment accounted for approximately 34% of Ansell Healthcare's revenue and 28% of operating profit.

The improved Operating Profit margin was led by the ongoing conversion of powdered to powder-free gloves, strong synthetic sales and European branded surgical glove growth. These more than offset declining examination glove prices and higher costs of latex and petroleum-based materials such as vinyl and nitrile. Restructuring costs of approximately \$1.0 million were also incurred to improve plant productivity going forward. New and improved products continued to be launched and were well received: Gammex®HydraSoft, a surgical glove with a coating designed to offer hand care benefits; and the Surefit cuff roll-down prevention system.

Consumer Healthcare

Sales of \$173.2 million were lower than the prior period by 7.0%, while operating profit of \$29.1 million was lower by 9.4%. Operating profit margin decreased from 17.2% to 16.8%.

This segment accounted for approximately 16% of Ansell Healthcare's revenues and 19% of operating profit.

Results were driven by a difficult first half in branded retail condoms, and the cancellation of the Brazil condom tender by its Ministry of Health. The award of other tenders in the second half offset the Brazilian shortfall, and new product introductions were strong with the roll-out of the European Play sub-brand, Vibe4U® and the US 4Play by LifeStyle™. Household glove sales recovered in the second half and the company, along with Freudenberg Household Products, its marketing partner / distributor, will continue to pursue opportunities worldwide.

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PART I

Item 5 : Operating and Financial Review and Prospects

5A OPERATING RESULTS (continued)

YEAR ENDED JUNE 2004 v JUNE 2003

Ansell Healthcare's sales of \$1,113.3 million were 13.9% lower than the previous year, while operating profit of \$146.3 million was 8.3% lower. Sales and operating profit were both materially impacted by currency movements, compared to the prior period.

Occupational Healthcare

Sales of \$545.2 million were lower than the previous year by 12.9% while operating profit of \$74.2 million was higher by 18.0%. Operating profit margin increased from 10.1% to 13.6%.

This segment accounted for approximately 49% of Ansell Healthcare's total revenues and 51% of operating profit.

The expanding Hyflex® family of products continued to drive sales with substantial year on year growth. Sales of traditional knitted gloves were stronger in the second half of the year as increased production improved product availability. The knitting plant in North Carolina, USA was closed and the Mexico knitting plants' results improved significantly due to this consolidation and improved production process.

Benefits started to flow from our growing and innovative proprietary selling programs - Safety Net in Europe and Ansell Value Proposition in North America.

Professional Healthcare

Sales of \$381.8 million were lower than the prior period by 15.6% while operating profit of \$40.5 million was lower by 24.9%. Operating profit margin decreased from 11.9% to 10.6%.

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This segment accounted for approximately 34% of Ansell Healthcare's revenue and 27% of operating profit.

In the USA, recovery in the surgical business was slower than expected as we continued to concentrate on our market share recovery program assisted by product improvements. Profitability in Europe and Australia was impacted by currency-associated price reductions and worldwide by examination glove competitive price pressures and latex cost increases. Surgical glove sales in Europe were lower in the first half following a strategic decision to reduce our reliance on private label customers in favour of sales of Ansell branded product. We did however gain market share in surgical gloves in France. Sales of examination gloves in Europe improved in the second half of the year as prices were adjusted to meet the competitive environment created by a stronger Euro.

Consumer Healthcare

Sales of \$186.3 million were lower than the prior period by 13.8%, while operating profit of \$31.6 million was lower by 26.2%. Operating profit margin decreased from 19.8% to 17.0%.

This segment accounted for approximately 17% of Ansell Healthcare's revenues and 22% of operating profit.

Condom volumes increased by 7% year on year primarily due to bid contracts in both Brazil and India. Retail condom results were essentially flat in all regions, where new retail entrants and heightened competition in several markets, particularly the UK, adversely impacted sales growth and caused additional selling and advertising expenditure. We remained in partnership with Freudenburg Household Products, our global distributor of Household gloves. However Household glove sales in the second half of the year were below the same period in the prior year primarily due to reductions and clearances of older technology products in anticipation of deliveries in the coming year of the new Foamlined gloves.

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Item 5 : Operating and Financial Review and Prospects

5B LIQUIDITY AND CAPITAL RESOURCES

The Company operates internationally and in many different economic climates but inflation has not had a material effect on the Company's results of operations. The Company does not have material subsidiaries in any economies that have been subject to hyperinflation.

The Company operates a Central Treasury from its office in Melbourne, Australia. The Treasury manages Ansell's external debt, invests excess cash held centrally and acts to hedge foreign exchange exposures worldwide. The Company has small bank borrowings outside Australia and cash is generated in operating subsidiaries around the world in a number of currencies. Where possible excess funds are accumulated at the Central Treasury.

Cash and deposits at 30 June 2005 were \$227.3 million, compared with \$318.1 million at 30 June 2004 and \$299.8 million at 30 June 2003. Cash and deposits at 30 June 2005 included restricted deposits of \$8.4 million (\$10.3 million at 30 June 2004 and \$13.8 million at 30 June 2003) which have been set aside to cover the provisions established to address any remaining liability of members of the Group to claims arising with respect to the Accufix Pacing Lead.

The Company believes its working capital is sufficient for the Company's present requirements.

Net cash from operating activities

Net cash provided by operating activities for 2004/2005 was \$152.8 million compared to \$179.2 million in 2003/2004 and \$161.6 million in 2002/2003.

Payments in respect of the Accufix Pacing Leads litigation and settlement totalled \$3.9 million compared with \$3.1 million in 2003/2004 and \$2.7 million in 2002/2003. Payments under operating leases for the year totalled \$21.5 million compared with \$20.0 million in 2003/2004 and \$24.1 million in 2002/2003. The Group anticipates payments of \$9.5 million over the next fiscal year to 30 June 2006 in respect of current operating lease commitments, with a further \$27.0 million payable during the period 1 July 2006 to 30 June 2010 and \$9.5 million in subsequent years.

Net cash used in investing activities

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Net cash used in investing activities was \$12.7 million compared to \$6.4 million used in investing activities in 2003/2004 and \$4.0 million provided by investing activities in 2002/2003.

Table of Contents**PART I****Item 5 : Operating and Financial Review and Prospects****5B LIQUIDITY AND CAPITAL RESOURCES (continued)**

Capital expenditure for the year was \$14.1 million, compared to \$13.8 million in 2003/2004 and \$15.4 million in 2002/2003. There are no material commitments for capital expenditure at 30 June 2005. The following table presents a summary of capital expenditure by Business Segment for the past three years:

<u>\$ in millions</u>	<u>For Years Ended 30 June</u>		
	<u>2005</u>	<u>2004</u>	<u>2003</u>
Occupational Healthcare	5	6	3
Professional Healthcare	6	5	9
Consumer Healthcare	3	3	3
Total	14	14	15

Net cash used in financing activities

Net cash used in financing activities was \$217.0 million, compared with \$153.4 million in 2003/2004 and \$117.8 million in 2002/2003. The strong cash flows of the Company enabled net repayments of borrowings totalling \$26.4 million during the year following repayments of \$36.6 million and \$79.1 million in the previous two years and an off-market buy-back of over 16 million shares for \$156.1 million in 2004/2005 following on-market buy-backs totalling \$65.4 million in 2003/2004 and \$8.2 million in 2002/2003.

Net debt (i.e. borrowings less cash) increased during the year from \$119.3 million in 2003/2004 to \$146.6 million at the end of 2004/2005. Net Debt to Equity increased from 14.7% to 24.6% and Net Liabilities to Equity increased from 46.3% to 62.6%.

The Company's long term debt has been rated by the U.S. credit rating agencies Standard & Poor's Rating Group and Moody's Investors Service Inc. since 1988-89. The Company's current ratings are as follows:

<u>Long Term</u>	<u>Outlook</u>	<u>Short Term</u>
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Moody's
Standard & Poor's

Ba1
BB+

Positive
Stable

Not Prime

Moody's upgraded their rating of the Company during the year with the Outlook improving from Stable to Positive.

The Company's borrowing portfolio at 30 June 2005 had an average maturity of 1,174 days (previous year 816 days), and was approximately 75% fixed and 25% floating. The average cost of debt for the year was 4.94%, down from the previous year's 5.64%.

Net interest expense and borrowing costs for the year was \$9.6 million compared to the previous year's \$16.8 million and \$26.5 million in 2002/2003. The reduced costs resulted from the continued reduction in net debt, a lower cost of funds as older high-cost borrowings matured and were repaid or replaced by new lower-cost borrowings and a better return on cash.

The Group established a US\$250 million revolving credit bank facility on 30 April 2004 of which US\$200 million had a five year term and US\$50 million had a 364 day term. On 29 April 2005, US\$150 million of the US\$200 million was extended to 30 April 2010 and US\$50 million to 30 April 2012. The US\$50 million 364 day facility was extended to 30 April 2006. This facility can be accessed by the parent company and certain USA subsidiaries. US\$175 million of the term facilities had been drawn down at 30 June 2005 (compared to US\$70 million at 30 June 2004) leaving an unused balance available for immediate use of US\$75 million. There are a number of financial covenants attaching to this new facility including restrictions on the level of borrowings of non guarantor subsidiaries, ensuring the assets of the guarantor subsidiaries are in excess of a specified percentage of total group assets and ensuring certain financial ratios are maintained. The interest rate for this facility is determined based on market rates at the time amounts are drawn down.

Currency Restrictions

The Company operates in a number of countries such as China, India, Sri Lanka and Malaysia where Central Banks in those countries have imposed currency restrictions and Malaysia has pegged its currency rate to the US dollar. These restrictions do not affect the daily operations of the relevant subsidiaries and to date have not restricted the flow of capital, interest or dividends. The Company anticipates that these restrictions will not have a material adverse affect on its operations.

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5C RESEARCH AND DEVELOPMENT

Ansell Healthcare spends about approximately 1.3% of sales on research and development. Product and process innovation is essential to continuing profitable growth, and approximately 10% of total sales currently come from products developed in the previous three years. Note 4 to the Financial Statements included in Items 17 and 18 contains more detailed information concerning the Company's research and development expenditures.

The Company's commitment to innovation and new product development was further enhanced with the establishment of Ansell Healthcare's Science and Technology Centre in Shah Alam, outside Kuala Lumpur, Malaysia. Eleven members of the total 70-member technical staff hold PhDs, while another 16 hold masters degrees in the fields of chemistry, chemical engineering, materials and fibre technologies. Ansell also has a smaller fibre-technology centre in Seneca, South Carolina. Starting in April 2004, Ansell established small application engineering groups in four (4) of its plants to focus on technology transfer as it applies to new product & process development. These satellite centres are located in Surat Thani, Thailand; Redditch, UK; and Bermudez and Salvarcar in Mexico.

While Science and Technology was heavily involved in advancing process-related technologies for improved quality and cost-savings, the group also delivered a range of new products to the market during the past year. New products that generate, or will likely generate, significant sales are skin-friendly surgical gloves, condoms with desensitizing and warming lubricants, foam-lined household gloves, as well as a new ultrahigh cut resistant HyFlex[®] CR variant.

We maintain relationships with several medical and materials research institutions, such as the University of Sydney (Australia) and Clemson University. Ansell also supports ongoing research at the University of Tampere in Finland. Ansell Healthcare's sponsored research includes the identification and isolation of natural rubber latex proteins, linked to latex allergies in some people, as well as more accurate testing methods. We use the results of this research to improve the product quality and we encourage the researchers to publish their findings in the scientific journals as part of the AnsellCares[®] program. The output from the AnsellCares[®] program has paved the way for a greater understanding of these complex issues and, through publication and dissemination, has allowed us to reduce the allergen content of Ansell Healthcare's products. It has also provided clinicians with guidelines on how to better manage latex-sensitive healthcare workers and patients, and to reduce the risk of sensitisation for future generations. The AnsellCares[®] program includes accredited continuing medical education programs, video presentations, technical bulletins, newsletters, and periodic lectures and seminars.

5D TREND INFORMATION

Please refer to Item 4B Business Overview and Item 5A Operating Results.

5E OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on the Company's financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

Table of Contents**PART I****Item 5 : Operating and Financial Review and Prospects****5F CONTRACTUAL OBLIGATIONS**

CONTRACTUAL OBLIGATIONS	PAYMENTS DUE BY PERIOD IN \$ MILLIONS				
	Total	LESS THAN 1 YEAR	1-3 YEARS	3-5 YEARS	MORE THAN 5 YEARS
Long-Term Debt Obligations	331.0		115.9	215.1	
Interest on Debt Obligations ⁽¹⁾	59.0	17.5	26.8	14.7	
Operating Lease Obligations	46.0	9.5	16.4	10.6	9.5
Purchase Obligations	0.9	0.9			
Defined Benefit Plan Contributions ⁽²⁾	5.2	5.2			
Other Long-Term Liabilities	39.3		9.9	9.1	20.3
Total	481.4	33.1	169.0	249.5	29.8

⁽¹⁾ These amounts are the Company's best estimates based on current conditions however may vary due to potential variations in the mix of the debt portfolio between fixed and floating interest rates.

⁽²⁾ The Company is not in possession of and does not believe that it can reasonably estimate amounts that it will be required to contribute to its defined benefit plans beyond the next twelve months. However the Company does not anticipate that such amounts will be material on an annual basis.

Refer to Note 28 to the Consolidated Financial Statements contained within Item 18 for detailed information in respect of the derivative financial instruments used by the Company such as foreign exchange and interest rate swaps and the Company's exposure to interest rate risk.

Amounts due under foreign currency contracts in respect of contracted obligations are included within Current Liabilities on the Statement of Financial Position.

5G SAFE HARBOUR

Not applicable

5H CRITICAL ACCOUNTING POLICIES

The preparation of the Company's consolidated financial statements requires our management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the consolidated financial statements and the reported turnover and costs during the reported period. On an ongoing basis, our management evaluates its estimates and judgements in relation to assets, liabilities, contingent liabilities, turnover and costs. Management bases its estimates and judgements on historical experience and on other various factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

Our management has identified the following critical accounting policies.

Long-Lived Assets Valuation

Fixed assets, goodwill and brand names are assessed to ensure carrying values do not exceed estimated recoverable amounts. The carrying value of each long-lived asset is reviewed annually to evaluate whether the carrying amount is recoverable. Assets may be reviewed more regularly if an event or change in circumstances indicates that the carrying amount of an asset may not be recoverable. If the asset is determined to be impaired, an impairment loss will be recorded, and the asset written down, based upon the amount by which the asset carrying amount exceeds the higher of net realisable value and value in use. Value in use is generally determined by discounting expected future cash flows using a risk-adjusted discount rate. Future cash flows are estimated based on production and sales plans, commodity prices (considering current and historical prices, price trends and related factors), operating costs, and planned capital costs. These estimates are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter these projections, which may impact the recoverability of these assets.

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5H CRITICAL ACCOUNTING POLICIES (continued)

Taxation

Full provision is made for deferred taxation on all timing differences which have arisen but not reversed at the balance sheet date, except as follows:

tax payable on the future remittance of the past earnings of subsidiaries, associates and joint ventures is provided only to the extent that dividends have been accrued as receivable or a binding agreement to distribute all past earnings exists;

deferred tax is not recognised on the difference between book values and fair values of non-monetary assets arising on acquisitions or purchased fixed assets which have subsequently been revalued unless there is a binding agreement to sell such an asset and the gain or loss expected to arise has been recognised; and

deferred tax assets are recognised only to the extent that it is virtually certain that they will be recovered.

Provision for Doubtful Accounts

The Company maintains a provision for doubtful accounts, as well as provisions for sales rebates and allowances. Significant management judgements and estimates must be made and used in connection with establishing these provisions. Actual results could be different from the Company's current estimates, possibly resulting in increased future charges to earnings.

The Company provides for doubtful accounts for all individual receivables judged to be unlikely for collection. This provision is based on management's analysis of the age of the receivable balances, historical bad debts write-off experience and general customer creditworthiness.

The Company provides for sales rebates and allowances based on existing agreements with customers.

Inventory Valuation

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The Company uses certain estimates and judgements to properly value inventory. In general, the Company's inventories are recorded at the lower of actual cost, manufactured cost or market value. The Company has an ongoing process of evaluating inventories for obsolescence and excess quantities. Inventories that are considered obsolete are written down to an estimated net sales value where such value is below cost.

Rationalisation and Restructuring

Provisions for rationalisation and restructuring are only recognised when a detailed plan has been approved and the restructuring has either commenced or been publicly announced or firm contracts related to the restructuring have been entered into. Costs related to ongoing activities are not provided for.

Contingencies, Accufix Pacing Lead Related Expenses and Insurance Claims

The consolidated entity provides for certain specifically identified or obligated costs when these amounts are reasonably determinable.

The Group has no significant long term contractual obligations for the purchase of raw materials. The Group enters into lease arrangements for office and warehouse facilities in the normal course of business with such leases ranging from one to twenty years.

Table of Contents**PART I****Item 6: Directors, Senior Management and Employees****6A DIRECTORS AND SENIOR MANAGEMENT**

The business of Ansell Limited is managed by a Board of Directors of such number of not fewer than four and not more than eight as the Directors determine. At the date of this report there are seven Directors in office, of whom Mr R. Bell was appointed a Non-executive Director in August 2005 and Mr G. Barnes was appointed a Non-executive Director in September 2005. There are no family relationships (within the meaning of Item 6 of Form 20-F) between any director or executive officer and any other director or executive officer.

As of 30 June 2005 the Directors of Ansell Limited were as follows:

Name	Age	Position	Year of Initial Appointment	Expiration of Current Term ⁽¹⁾
Edward Tweddell ⁽²⁾	64	Chairman	2001	2005
Peter L. Barnes ⁽²⁾	62	Director	2001	2004
L. Dale Crandall	64	Director	2002	2005
Herbert J. Elliott	67	Director	2001	2004
Michael J. McConnell ⁽³⁾	39	Director	2004	2007
Douglas D. Tough	56	Chief Executive Officer	2004	

⁽¹⁾ Other than the Chief Executive Officer, the directors are subject to re-election at the Annual General Meeting next following their appointment and retirement by rotation every three years. At least one third of the Company's Directors (those who have served the longest since last being re-elected) retire each year and may offer themselves for re-election by the shareholders.

⁽²⁾ Dr Edward Tweddell passed away on 4 August 2005. Mr Peter L. Barnes was unanimously elected by the Board to succeed Dr Tweddell as Chairman.

⁽³⁾ Mr. Stanley P. Gold serves as alternate to Mr. Michael J. McConnell.

As of 30 June 2005 the Executive Officers ⁽¹⁾ who were not Directors were:

Name	Position	Year of Initial Appointment	Commenced employment with Ansell Limited
Phil Corke	Senior Vice President, Human Resources & Communications	1998	1998
Werner Heintz	Senior Vice President & Regional Director Europe, Middle East and Africa	2001	1999

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Rustom Jilla	Senior Vice President & Chief Financial Officer	2002	2002
William Reed	Senior Vice President & Regional Director Americas	2001	1989
William G Reilly, Jr.	Senior Vice President & General Counsel	2000	2000

(1) Executive Officers serve at the discretion of the Board of Directors.

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PART I

Item 6: Directors, Senior Management and Employees

6A DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

The following is a brief biography of each of the Directors and Executive Officers of Ansell Limited as at 30 June 2005 and as at the date of this report:

Edward Tweddell, BSC, MBBS (HONS.), FRACGP, FAICD

Chairman and Non-executive Director since October 2001 until his death in August 2005.

Peter L Barnes, B.COM, (HONS.) MBA MELB

Appointed Non-executive Director in October 2001 and Chairman in August 2005. Chairman of the Nomination, Remuneration and Evaluation Committee and member of the Audit Committee. Peter Barnes is a Director of News Corporation and Metcash Limited and is Chairman of Samuel Smith & Son Pty Limited.

Peter Barnes brings to the Board experience in finance, marketing and general management in the international arena. His background includes a long career with Philip Morris International Inc. where he held several senior management positions in Australia and overseas, including Managing Director, Lindeman Holdings Ltd, and President, Asia Region, based in Hong Kong.

The Board considers Peter Barnes to be an independent Director.

Resident Sydney. Age 62

Douglas D Tough, MBA, BBA

Managing Director and Chief Executive Officer since 1 July 2004.

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Prior to joining Ansell, Mr Tough spent 17 years with Cadbury Schweppes plc in a number of international and domestic leadership roles, including President and Chief Executive Officer of its largest division worldwide, Dr Pepper/Seven Up, North America. Mr Tough has also had 12 years experience with Procter & Gamble in various sales and marketing assignments. He holds an MBA from the University of Western Ontario, Canada, and a BBA from the University of Kentucky, USA.

As an Executive Director, Douglas Tough is not independent.

Resident USA. Age 56

Glenn L L Barnes, B.AG. SCI (MELB), CPM, FAMI, FAIM, FAICD, FAIBF, FRSA

Appointed Non-executive Director in September 2005.

Glenn Barnes is Chairman of Baycorp Advantage Limited and a Director of Lion Nathan Limited. He also serves as Chairman, Director and council member of a number of not-for-profit and private interest organisations. He was formerly a Director of Repco Corporation Limited, National Foods Limited and Banksia Wines Limited.

Glenn Barnes commenced his management career with Unilever Limited and has been involved in banking and financial services for over 30 years in Australia and internationally, including the UK and USA. Since retiring from executive roles in 2002, Mr Barnes has focused on governance and consulting.

The Board considers Glenn Barnes to be an independent Director.

Resident Melbourne. Age 58

Ronald J S Bell BA (STRATHCLYDE)

Appointed Non-executive Director in August 2005.

Member of the Nomination, Remuneration and Evaluation Committee. Mr Bell is a Director of Gallaher Group Plc and Northern Foods Plc and is Chairman of the Milk Link Co-Operative.

Mr Bell is an experienced international consumer industry executive with a background of over 30 years in highly competitive global branded products. He is a former President of Kraft Foods, Europe and served as Executive Vice President of Kraft Foods Inc. Mr Bell brings to the Board broad general management and marketing skills particularly in the European and North American markets.

The Board considers Ronald Bell to be an independent Director.

Resident U.K. Age 55

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PART I

Item 6: Directors, Senior Management and Employees

6A DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

L. Dale Crandall, MBA UC BERKELEY, CPA

Appointed Non-executive Director in November 2002. Chairman of the Audit Committee.

Mr Crandall is a Director of Union Bank of California, Covad Communications Group, BEA Systems Inc. and Coventry Health Care Inc. He is also a Trustee of Dodge & Cox Mutual Funds.

Mr Crandall has a background in accounting and finance and is a former Group Managing Partner for Southern California for Price Waterhouse. He was formerly President and Chief Operating Officer of Kaiser Foundation Health Plan and Hospitals in the USA.

The Board considers Dale Crandall to be an independent Director.

Resident USA. Age 64

Herbert J Elliott, AC, MBE, MA (CANTAB)

Appointed Non-executive Director in February 2001. Member of the Audit and Nomination, Remuneration and Evaluation Committees.

Mr Elliott was appointed Deputy Chairman of Fortescue Metals Group Limited in May 2005, having served as a Director of that company since October 2003. He is Chairman of the Telstra Foundation Limited and a member of the Board of Athletics Australia.

Mr Elliott has experience in marketing and general management, including an appointment as President and Chief Executive of North America for Puma, the sporting goods company.

The Board considers Herb Elliott to be an independent Director.

Resident Perth. Age 67

Michael J McConnell AB, MBA (HONS) VIRGINIA

Appointed Non-executive Director in April 2004. A member of the Nomination, Remuneration and Evaluation Committee until September 2005.

Mr McConnell is Managing Director of Shamrock Capital Advisors Inc. and Chairman of Shamrock's Investment Committee. He serves as a Director of Neo Technology Ventures and La Canada Educational Foundation. He is a former Director of Nuplex Industries Limited and Force Corporation.

Mr McConnell has an investment banking background having served with Kidder Peabody and Merrill Lynch.

The Board considers that Michael McConnell is not an independent Director.

Resident USA. Age 39

STANLEY P GOLD, AB, JD (Alternate to Mr. Michael J McConnell since April 2004)

Non-executive Director from October 2001 to April 2004.

Mr Gold is President and Chief Executive Officer of Shamrock Holdings Inc., President of Shamrock Capital Advisors Inc., Chairman of Tadiran Communications Ltd, a Director of Trefoil International III SPRL and a former Director of the Walt Disney Company.

Mr Gold is a former Managing Partner of a prominent Los Angeles law firm and has specialised in corporate acquisitions, sales and financing. He has served as President and Chairman of a number of companies in the USA and Israel.

The Board considers that Stanley Gold is not an independent Director.

Resident USA. Age 63

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PART I

Item 6: Directors, Senior Management and Employees

6A DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

EXECUTIVE OFFICERS WHO ARE NOT DIRECTORS

Phil Corke

Senior Vice President Human Resources and Communications

Phil Corke has been with Ansell since 1998 when he was appointed Senior Vice President of Human Resources. Prior to joining Ansell, he held senior human resources positions with Alpharma Inc., Textran Inc. and the Bristol-Myers group in the United Kingdom and the United States.

Werner Heintz

Senior Vice President and Regional Director Europe, Middle East and Africa

Mr Heintz joined Ansell in 1999 as Managing Director Ansell Protective Products Europe, Middle East and Africa. In February 2001 he assumed the position of Regional Director Europe, Middle East and Africa. Prior to joining Ansell, he was the European Marketing Director for Nynas, a leading producer and distributor of bitumen and specialty oils.

Rustom Jilla

Senior Vice President and Chief Financial Officer

Mr Jilla joined Ansell Limited in 2002. Mr Jilla has extensive experience in financial roles with global companies and prior to joining Ansell was Vice President Financial Operations of Perkin Elmer Inc. This followed a successful career with BOC Group Plc from 1988-2000, in the United States and New Zealand, in planning, product management and finance culminating in the role of Vice President Finance, BOC Edwards Americas.

William Reed

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Senior Vice President and Regional Director Americas

Mr Reed has been with Ansell since 1989 following the acquisition of the Edmont Industrial glove business from Becton Dickinson and Co. He has been Senior Vice President and Regional Director of the Americas since February 2001. He was Executive Vice President and Regional Director of the Occupational Healthcare Division for the Americas from 1996 and was previously Americas Regional Director for the Consumer Division. Prior to 1993, he was Regional Director of Europe, based in Brussels.

William G. Reilly, Jr.

Senior Vice President and General Counsel

Mr Reilly has been with Ansell since 2000 when he was appointed Senior Vice President & General Counsel. Prior to joining Ansell, Mr Reilly was Associate General Counsel of C.R. Bard Inc. from 1990 to 2000. Prior to Bard, Mr Reilly held increasingly responsible positions as senior counsel with The Hertz Corporation, McKesson Corporation, Dresser Industries and GAF Corporation.

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Item 6: Directors, Senior Management and Employees

6B COMPENSATION

The aggregate amount of remuneration paid or accrued by the Company on a worldwide basis during 2004-2005 as compensation to its Directors and its executive officers named below as a group was \$8,449,191.

In accordance with the provisions of Australian law, amounts notionally attributed to pension and retirement benefits are deemed to be remuneration and such amounts are included in the total amount set out in the preceding paragraph.

NON-EXECUTIVE DIRECTORS REMUNERATION

Directors Fees

Non-executive Directors fees, including committee fees, are set by the Board within the maximum annual aggregate amount of \$750,000, which was approved by shareholders in 1989. The fees paid to Directors are set at levels which reflect both the responsibilities of, and the time commitments required from, each Director to discharge their duties. The remuneration of the Non-executive Directors is not linked to the performance of the Company in order to maintain their independence and impartiality.

In setting fee levels, the Nomination, Remuneration and Evaluation Committee, which makes recommendations to the Board, takes into account:

the Company's existing remuneration policies;

fees paid by comparable benchmark companies;

independent advice from Remuneration consultants and other external advisers;

the time commitment expected of Directors and the risks connected with discharging the duties attaching to the role of director; and

the level of remuneration necessary to attract and retain suitable Directors.

Until 30 June 2005, Non-executive Directors received a fee of \$75,000 per annum in relation to their services as a Director. The Chairman, taking into account the greater time commitment required, received a fee of \$225,000 per annum. In addition, Directors participating on the Board's committees received an additional fee of \$7,500 per annum. The Chairs of those committees received a fee of \$9,375 per annum. Superannuation contributions are also made on behalf of the Non-executive Directors at a rate of 9% of gross fees to satisfy the Company's statutory superannuation obligations.

In accordance with rule 35 of the Constitution, Non-executive Directors are also permitted to be paid additional fees for special duties or exertions. Such fees are not included in the aggregate remuneration cap approved by shareholders. No such fees were paid during the year. Directors are also entitled to be reimbursed for all business related expenses, including travel, as may be incurred in the discharge of their duties.

The Board periodically reviews its approach to Non-executive Director remuneration to ensure it remains in line with general industry practice and best practice principles of corporate governance.

Consequent upon a review by the Nomination, Remuneration and Evaluation Committee after it had taken independent advice, the Board approved and implemented an adjustment to fees subsequent to 30 June 2005. Board fees for Non-executive Directors were increased to \$82,500 per annum, however the fee for the new Chairman was reset at \$206,250 per annum to be comparable with a relevant peer group. Board committee fees were increased to \$8,250 per annum and the Chairs' fees increased to \$16,500 per annum for the Audit Committee and \$10,312 per annum for the Nomination, Remuneration and Evaluation Committee.

Table of Contents**PART I****Item 6: Directors, Senior Management and Employees****6B COMPENSATION (continued)****Non-executive Directors Share Plan**

In recognising that ownership of Company shares aligns Directors' interests with those of shareholders, the Company has adopted a Non-executive Directors Share Plan. Shareholders approved the participation by Non-executive Directors in the Plan in October 2000 and April 2002 (on amended terms).

Under the terms of the Plan, a copy of which is available on the Company's website at www.ansell.com, Non-executive Directors are required to reinvest a minimum of 10% of their gross annual fees in acquiring shares in the Company until their shareholding is equal to at least one year's fees. The Plan rules permit Non-executive Directors to elect to apply up to 100% of their fees towards acquiring shares. The fees contributed by the Non-executive Directors are used to purchase shares on the ASX at the prevailing market price. These shares are subject to a restriction on dealing until each Director ceases to hold office and are held in the name of the Director during the restriction period.

The Non-executive Directors Share Plan is not a performance-based share plan, nor is it intended as an incentive component of Non-executive Director remuneration.

Retirement Benefits

Consistent with best practice, the Company does not pay Non-executive Directors retirement benefits in addition to statutorily prescribed superannuation contributions.

Details of Non-executive Directors' remuneration for the 2005 financial year are set out in the following table.

	Fees	Non-Monetary Benefits ⁽¹⁾	Superannuation Contributions ⁽²⁾	Total
NON EXECUTIVE DIRECTORS	A\$	A\$	A\$	A\$

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P L Barnes	91,875	1,287	8,269	101,431
L D Crandall	82,500	17,690	7,425	107,615
H J Elliott	82,500		7,425	89,925
M J McConnell (g)	82,500	16,034	7,425	105,959
E D Tweddell	234,375	1,044	21,094	256,513

- (1) Includes spouse travel incurred in accompanying the Director while on Company business.
- (2) Contributions are made on a notional basis upon the advice of the Trustee, as the Company's superannuation fund is currently in surplus.

EXECUTIVE DIRECTOR AND SENIOR EXECUTIVE REMUNERATION

The Nomination, Remuneration and Evaluation Committee of the Board has recommended, and the Board has adopted, a policy that ensures remuneration will:

(a) align management rewards with the creation of value for shareholders in order to create a common interest between executives and shareholders;

(b) support the short- and long-term objectives of the Company as set out in the strategic business plans endorsed by the Board; and

(c) be competitive in the markets in which the Company operates in order to attract, motivate and retain high calibre executives.

The policy recognises that it is necessary for remuneration packages of senior executives (including Executive Directors and the Company Secretary) to include both a fixed component and an incentive or performance related component. Accordingly, the Board aims to achieve a balance between fixed and performance related components of remuneration that reflect market conditions at each job and seniority level.

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PART I

Item 6: Directors, Senior Management and Employees

6B COMPENSATION (continued)

In general, between 50% and 70% of the total remuneration packages for Executive Directors and senior management is performance based.

Fixed Remuneration

The terms of employment for all executive management contain a fixed remuneration component, which is expressed in local currency. This fixed component is set at the mid point of the market rate for a comparable role by reference to appropriate benchmark information and having regard to an individual's responsibilities, performance, qualifications, experience and location. Executive management salaries are also benchmarked against global salary and grade data supplied by Watson Wyatt, and internal equity is monitored using a global broad band grading system.

Fixed remuneration includes contributions to superannuation and pension plans in accordance with relevant legislation or as contractually required.

At-Risk Remuneration

Annual Cash Incentive

The annual short-term incentive program (STI) is a cash-based plan that involves linking specific targets (predominantly financial) with the opportunity to earn incentives based on a percentage of fixed salary. In relation to members of the senior executive team, this generally comprises an amount equal to between 30% and 45% (75% for the CEO) of their fixed annual remuneration for target performance and up to an amount equal to between 60% and 90% (150% for the CEO) of their fixed annual remuneration for performance that is well in excess of target performance.

In general, the performance measures for 2005 were based on annual growth in sales and Segment EBITA, weighted equally. The Board considers these performance measures to be appropriate in respect to delivering profitable growth for the organisation and improving shareholder return. Executives have a clear line of sight to the targets and are able to affect results through their actions.

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While also a performance measure for the long-term incentive plan, Segment EBITA was adopted as one of the performance measures for the STI to ensure that the executive team was continually focused on achievement of the 10% year-on-year improvement in profitability required in order for the Company to deliver, by the end of the 2005 financial year, the long-term commitment of 50% cumulative improvement in Segment EBITA made to shareholders in 2002.

The hurdles for the STI in the 2005 financial year were set so that achievement of the internal business plan sales and Segment EBITA objectives would result in 100% of the award being earned. Additional incentive payments would be made for performance exceeding target objectives. Incentives would start to be earned at 50% of the target level once performance measures exceeded levels achieved in the preceding financial year.

Performance against these objectives was determined and incentives paid following the completion of the audit of the financial accounts. In general, the performance measures attaching to the STI were satisfied beyond the target level by 26.4%.

The STI performance measures for the 2006 financial year will, in general, be based on a mix of improvement in sales revenues, Segment EBITA, manufacturing profitability and Profit Attributable, with the proportions applicable to each component determined according to the respective executive's level and area of responsibility.

Stock Incentive Plan

The Company's long-term incentive (LTI) arrangements are designed to link executive reward through the grant of equity securities with the key performance drivers which underpin sustainable growth in shareholder value, which comprises both share price and returns to shareholders.

Participation in the Company's Stock Incentive Plan (**the Plan**) is only offered to executives who are able or have the potential to influence the generation of shareholder wealth and thus have a direct impact on the Company's performance against the relevant performance hurdles. In general, these executives are offered a grant under the

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PART I

Item 6: Directors, Senior Management and Employees

6B COMPENSATION (continued)

Plan which is designed to be the equivalent of approximately 30% of their total remuneration (on an annualised basis).

The Plan provides for senior executives to be granted:

performance share rights (**PSRs**); or

options.

Participants in the Plan are granted PSRs that vest in three annual tranches. PSRs vest immediately upon satisfaction of the performance conditions applicable to the performance period. One fully-paid ordinary share is allocated to the holder of a PSR automatically upon that PSR vesting, at no cost to the executive.

The Chief Executive Officer and Chief Financial Officer were granted options under the Plan upon joining the Company. The options were granted at no cost to the participants and vest upon satisfaction of the performance conditions. Vested options may be exercised at a price based on the average of the Company's share price on the five days preceding the date of grant. The relevant exercise price is \$7.40 for the Chief Executive Officer and \$6.97 for the Chief Financial Officer. Vested options may not be exercised until 12 months after the date of vesting. Options, if not exercised, will lapse on the tenth anniversary of their issue.

Any PSRs or options that do not vest in a financial year will be added to the PSRs or options otherwise available in the next vesting year and tested against the performance condition applicable to that subsequent year. However, any PSRs or options that have not vested within three years of being granted may not be carried forward, and will lapse.

Participants are entitled to vote their shares and to receive any dividend, bonus issue, return of capital or other distribution made in respect of their shares from the date of allocation of the shares following vesting of the PSRs.

In general, executives are permitted to sell shares allocated on vesting of PSRs to the extent necessary to provide sufficient cash to meet any taxation liabilities arising from the grant or vesting, plus 50% of the balance of the shares from that tranche. The remainder of the shares from that tranche may not be sold within 12 months of their allotment.

Performance measures applicable to the Stock Incentive Plan

In relation to the 2005 financial year, the performance measure applicable to PSRs and options previously granted was for the Segment EBITA for the Ansell Healthcare business to meet or exceed US\$115 million. This measure reflected the commitment in relation to the 2005 financial year that was made to shareholders in 2002. It applied equally to all participating management team members, was met and all PSRs and relevant options vested.

The Board is of the view that the achievement of that commitment is directly linked to the creation of shareholder value, as evidenced by the increase in the Company's share price.

The LTI performance measures for the 2006 financial year will be based on improvement in sales revenues (with the target payout level set at a level above that applicable for the STI) and growth in EPS (with earnings adjusted to remove possible distortion due to significant non-recurring items (if any), and the number of shares on issue adjusted to eliminate the effect of any significant share issues or buy-backs).

Service Agreements

The remuneration and other terms of employment for the Managing Director and the executive management team are covered in formal agreements or letters of offer. Each of these agreements makes provision for performance-related cash incentives (as disclosed above), other benefits and participation, where eligible, in the Company's Stock Incentive Plan (as described above).

The base salary and incentive components of remuneration for the Managing Director and each of the executive management team are reviewed and determined annually by the Nomination, Remuneration and Evaluation Committee.

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Item 6: Directors, Senior Management and Employees

6B COMPENSATION (continued)

Details of the duration of executive employment, applicable notice periods and payments on termination provided for under the agreements are summarised below:

Managing Director

The Managing Director, D Tough, is employed under the terms of an Employment Agreement that provides for termination payments to be made in certain circumstances. In particular, the Company may terminate his employment within the first three years of service upon giving 18 months' notice or payment in lieu, and at any time thereafter upon giving 12 months' notice or payment in lieu. In certain circumstances, such as a substantial diminution of responsibility, the Company may be deemed to have terminated his employment and would be liable to make a termination payment equivalent to 18 months' base salary and target annual incentive. In general, the Managing Director must give the Company at least six months' notice of resignation.

Upon termination of employment for any reason, the Managing Director is prohibited from engaging in any activity that would compete with the Company for a period of 18 months if he terminates his employment within the first three years, and 12 months thereafter, in order to protect the Company's business interests.

Other Senior Executives

Each of P Corke, R Jilla, W Reed, and W Reilly, all of whom are USA-based, is employed at will. These executives, once employed for more than 12 months, would, in general, receive payments upon early termination (other than for gross misconduct) equal to 12 months' base salary plus certain other benefits. These executives would typically be expected to give the Company four weeks' notice of resignation. In certain circumstances, such as a diminution of responsibility, the Company may be deemed to have terminated Mr Jilla's appointment and would be liable to make a termination payment equivalent to 12 months' base salary and target annual incentive.

W Heintz is a Europe-based executive and in the event of his termination without cause, he would receive severance calculated by taking into account: notice period in months; seniority in fractions of years; age in years and fractions of years; total annual remuneration; total bonus received in the year prior to termination; and the value of non-monetary benefits.

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Details of the remuneration paid to the Managing Director and Senior Executives, being those with the most authority during the 2005 financial year, are set out in the following table.

MANAGING DIRECTOR AND SENIOR EXECUTIVES⁽¹⁾ OF THE COMPANY AND THE GROUP

	Fixed Salary A\$	Annual Cash Incentive A\$	Non-Salary Benefits ⁽²⁾ A\$	Superannuation	Options/Rights ⁽⁴⁾ A\$	Total A\$
				Contributions ⁽³⁾ A\$		
D Tough ⁽⁵⁾						
Group Managing Director and Chief Executive Officer	854,139	705,283	70,637	114,260	1,409,968	3,154,287
P Corke ⁽⁵⁾	315,147	179,385	60,080	59,193	133,886	747,691
W Heintz ⁽⁶⁾	365,737	129,230	220,903	117,218	181,757	1,014,845
R Jilla ⁽⁵⁾	442,181	261,603	35,593	94,540	403,242	1,237,159
W Reed ⁽⁵⁾	348,074	126,380	161,811	83,260	176,855	896,380
W Reilly ⁽⁵⁾	321,794	183,122	36,255	62,329	133,886	737,386

- (1) The Executives included in this disclosure are those executives having, during the year, the greatest authority for managing the Group. Other personnel who have not had such authority may have received remuneration at a level in excess of that shown for the executives named above.
- (2) Includes the cost to the Company of cash benefits such as motor vehicle and travel allowances, telephone expenses, cost of living and relocation allowances and executive insurance.

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- (3) Includes contributions to USA benefit or non-qualified pension plans or European pension plan, as applicable.
- (4) Includes a proportion of the fair value of options or PSRs granted or outstanding during the year. The fair value is determined as at grant and is progressively allocated over the vesting period for these securities. The amount included as remuneration is not related to, nor indicative of, the benefit (if any) that individual executives may ultimately realise should the options or PSRs vest.

The fair value of options or PSRs is calculated at the date of the grant using binomial tree techniques. The fair values and the factors and assumptions used in determining the fair values of the tranches of options and PSRs applicable for the 2005 financial year are as follows:

Instrument	Number Issued	Grant Date	Expiry Date	Fair Value per Option/PSR	Exercise Price	Share Price	Risk Free	Dividend Yield
						on Grant Date	Interest Rate	
Options	300,000	23/9/2002	23/9/2012	\$ 2.66- \$2.70	\$ 6.97	\$ 6.88	5.3%	0.0%
Options	525,000	30/6/2004	30/6/2014	\$ 2.35 - \$2.38	\$ 7.40	\$ 7.74	6.1%	2.0%
PSRs	437,500	19/2/2003	30/6/2005	\$ 6.07	N/A	\$ 6.07	N/A	0.0%
PSRs	515,000	18/12/2003	30/6/2006	\$ 5.89 - \$6.12	N/A	\$ 6.19	N/A	2.0%
PSRs	150,000	30/6/2004	30/6/2007	\$ 6.94 - \$7.22	N/A	\$ 7.74	N/A	2.0%
PSRs	391,000	8/8/2005	30/6/2007	\$ 7.34 - \$7.64	N/A	\$ 7.78	N/A	2.0%

An estimated volatility factor of up to 20% has been applied in the above valuations and is based on an analysis of historical share price data.

- (5) US-based Executives paid in US\$. The average exchange rate for the 2005 financial year is US\$0.7610 = A\$1.00.
- (6) Europe-based Executive paid in . The average exchange rate for the 2005 financial year is 0.6204 = A\$1.00.

Discontinued Executive and Employee Share Plans

The Company (when it was Pacific Dunlop Limited) historically operated two share plans for employees and Directors.

the Pacific Dunlop Executive Share Plan (Executive Plan) - discontinued in 1996, and

the Pacific Dunlop Employee Share Plan (Employee Plan) discontinued in 1994.

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Shares issued under the Executive Plan to selected employees (Executives) were paid up to 5 cents and were subject to restrictions for a period. While partly paid, the shares are not transferable, carry no voting rights and no entitlement to dividends (but are entitled to participate in bonus or rights issues as if fully paid). The price payable for shares issued under the Executive Plan varies according to the event giving rise to a call being made. Once restrictions cease, the price payable upon a call being made will be the lesser of \$10.00 (\$2.50 for issues prior to 13 September 1991) or the last sale price of the Company s ordinary shares on Australian Stock Exchange Limited.

The number of Executive Plan Shares outstanding at 30 June 2005 was 377,800 and as of 31 October 2005 was 361,500 shares. During the fiscal year, the amounts outstanding on 360,200 existing Executive Plan Shares were fully paid. From the end of the fiscal year through 31 October 2005, the amounts outstanding on an additional 16,300 Executive Plan Shares were fully paid.

Under Australian law, the Company is not required to disclose and does not otherwise disclose the number of Executive Plan Shares held by each executive officer individually, unless such executive officer is also a Director. There were no Executive Plan Shares held by Directors of Ansell Limited as of 30 June 2005.

In addition to the Executive Plan, the Company maintained an Employee Plan under which 135,614 fully paid Ordinary Shares were held as of 30 June 2005 by employees of the Company and 133,716 shares (including Ordinary Shares issued as bonus shares) were held as of 31 October 2005. The Employee Plan permitted eligible employees to acquire a number of shares in the Company. The shares were issued at market value payable as to 50 cents per share by the employee, the balance financed by an interest free loan from the Company (provided that no loans will be made in contravention of applicable law, including Section 13(k) of the Securities Exchange Act of 1934) repayable, at latest, on cessation of employment. The US GAAP compensation cost component of this plan is zero for all years presented.

The shares are not transferable while a loan remains outstanding, but carry voting rights and entitlement to dividends (although dividends are applied in reduction of the loan).

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Item 6: Directors, Senior Management and Employees

6B COMPENSATION (continued)

During the 2004-2005 fiscal year, the loan liability of members in respect of 14,149 fully paid ordinary shares was discharged. From the end of the fiscal year through 31 October 2005 the loan liability in respect of an additional 1,898 fully paid shares was discharged.

The Company's accounting policy in respect of the Employee Plan is to recognise the paid-up capital upon allotment and the receivable created by the loan to employees to acquire the shares. In respect of the Executive Plan, no amount is recognised upon issue, apart from the capital paid-up on the shares, as the amount of the call payable is not known at the time of issue. Once a call has been made upon the shares and paid, the Company recognises the increase in paid-up capital. A loss of \$13,801 pre tax in respect of the Employee Share Plan was recognised for the year 2004-2005, compared to a loss of \$4,366 pre tax for the year 2003-2004 and in 2002-2003 a loss pre tax of \$13,288.

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Item 6: Directors, Senior Management and Employees

6C BOARD PRACTICES

The Board works under a set of well established corporate governance policies that reinforce the responsibilities of all Directors in accordance with the requirements of the Australian Corporations Act, the Australian Stock Exchange (ASX), the Securities Exchange Act of 1934 and the NASDAQ Stock Market. In addition, many of the governance elements are enshrined in the Company's Constitution.

The Board regularly reviews and updates its corporate governance policies, to ensure that the Company's policies remain in accordance with best practice. The Board is aware of, and has had regard to developments in Australia and overseas in relation to corporate governance best practice.

The Board has for some time satisfied the recommendations of the ASX Corporate Governance Council and has incorporated its provisions in its periodic review of corporate governance practices.

The corporate governance section of the Company's website, *www.ansell.com*, contains various material relating to corporate governance, including Board Charter, Committee Charters, Code of Conduct, Social Accountability Policy, core policies regarding dealing in securities and disclosures and other information.

Board Responsibilities

The Board has ultimate responsibility for setting policy regarding the business and affairs of the Company and its subsidiaries for the benefit of the shareholders and other stakeholders. The Board is accountable to shareholders for the performance of the Group.

The Board has the following responsibilities and functions, namely, to:

review and approve corporate strategies, budgets, plans and policies developed by management and evaluate performance of the Group against those strategies and plans in order to:

monitor the performance of functions delegated to the executive team including the progress of major capital expenditures, share buy-backs, acquisitions, divestitures and strategic commitments; and

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assess the suitability of the Company's overall strategies, business plans and resource allocation;

appoint a Chief Executive Officer for the ongoing management of the business and its strategies;

regularly evaluate the performance of the Chief Executive Officer and senior management and ensure appropriate executive succession planning is conducted;

monitor financial and business results (including the audit process) to understand at all times the financial position of the Group;

ensure regulatory compliance and maintain adequate risk management processes;

report to shareholders; and

implement a culture of compliance with the highest legal and ethical standards and business practices.

In carrying out its duties, the Board meets formally at least five times a year, with additional meetings held as required to address specific issues. Directors also participate in meetings of various Board Committees, which assist the full Board in examining particular areas or issues.

It is also the Company's practice for Directors to visit some of the Company's facilities in each year. During the 2005 financial year, Board meetings were held in conjunction with a visit to Ansell facilities in North America.

The Board delegates management of the Company's resources to the executive team under the leadership of the Chief Executive Officer, to deliver the strategic direction and achieve the goals determined by the Board. Any powers not specifically reserved for the Board have been delegated to the executive team.

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Item 6: Directors, Senior Management and Employees

6C BOARD PRACTICES (continued)

Risk Management

Ansell places high priority on risk identification and management throughout all its operations and has processes in place to review their adequacy. These include:

a comprehensive risk control program that includes property protection and health, safety and environmental audits using underwriters, self-audits, and engineering and professional advisers; and

a process to identify and measure business risk.

The Company also has in place a system of internal controls for the identification and management of financial risk including a system of internal sign-offs to ensure the Company is in compliance with its legal obligations, including those which arise under the US Sarbanes-Oxley Act and the Corporations Act. In accordance with this system of internal sign-offs, the Chief Executive Officer and Chief Financial Officer have provided assurances to the Board that, having made appropriate enquiries, they have formed the opinion that:

the financial records of the Company and its controlled entities are maintained in accordance with the Corporations Act;

the Financial Report for the year ended 30 June 2005 has been prepared in accordance with the relevant accounting standards and gives a true and fair view, in all material respects, of the financial position and performance of the Company and its controlled entities; and

the risk management and internal compliance and control systems of the Company and its controlled entities are, in all material respects:

consistent with the policies adopted by the Board; and

operating effectively and efficiently.

Code of Conduct

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The Company is committed to upholding the highest legal, moral and ethical standards in all of its corporate activities and has adopted a Code of Conduct consisting of both a Statement of Guiding Principles and Policies on Business Conduct, which aim to strengthen its ethical climate and provide basic guidelines for situations in which ethical issues arise.

The Code of Conduct applies to Directors, executives, management and employees, sets high standards for ethical behaviour and business practice beyond complying with the law, and is based on the guiding principles whereby the Company:

strives to uphold high ethical standards in all corporate activities;

is committed to competing lawfully, fairly and ethically in the marketplace, consistent with its aim of providing quality products to its customers;

is committed to pursuing sound growth and earnings goals, by operating in the best interests of the Company and shareholders;

strives to treat all employees and applicants with fairness, honesty and respect;

expects all employees to work together for the common good and to avoid placing themselves in a position that is in conflict with the interests of the Company;

is committed to good corporate citizenship and participating actively in and improving the communities in which the Company does business; and

expects all employees to conduct themselves in accordance with the guiding principles.

It is the Company's policy to comply with the letter and spirit of all applicable laws, including those relating to employment, discrimination, health, safety, medical devices, consumer protection, privacy, intellectual property,

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PART I

Item 6: Directors, Senior Management and Employees

6C BOARD PRACTICES (continued)

Code of Conduct (continued)

antitrust, securities and the environment. The Company has also developed procedures to ensure that employees are aware of and discharge their obligations under relevant privacy laws in their handling of information provided to the Group. No Director, officer, executive or manager of Ansell has authority to violate any law or to direct another employee or any other person to violate any law on behalf of the Company.

The Code of Conduct also sets out the Company's policies in respect of ethical issues such as conflicts of interest, social accountability and fair dealing. In addition, the Company has developed specific policies in relation to several of the matters covered in the Code of Conduct. These policies, along with the Code of Conduct are publicly available on the Company's website, www.ansell.com.

The Company's ethical practices and procedures are reviewed regularly, and processes are in place to promote and communicate these policies within the Company. In keeping with the Company's commitment to a strong culture of ethics, a computer-based Code of Conduct training program was introduced during the year and implemented across the organisation globally. Employees and Directors are required to participate in the compliance training programs to ensure that they remain up to date regarding relevant legal and industry developments. Assistance is also available to clarify whether particular laws apply and how they may be interpreted.

Board Composition

The Board's policy is that there should be a majority of independent, Non-executive Directors. This is a requirement embodied in the Company's Constitution, ensuring that all Board discussions or decisions have the benefit of predominantly outside views and experience, and that the majority of Directors are free from interests and influences that may create a conflict with their duty to the Company. Maintaining a balance of experience and skills is an important factor in Board composition.

The requirement under the Constitution is for at least twice as many Non-executive Directors as Executive Directors. As an additional safeguard in preserving independence, an Executive Director cannot hold the office of Chairman.

The Board has adopted the definition of independence set out in the IFSA Blue Book (December 2002).¹ The Board has developed guidelines to determine materiality thresholds for the purposes of that definition. Broadly speaking, these guidelines seek to determine whether the Director is generally free of any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with

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the Director's ability to act in the best interests of the Company.

The Company currently has seven Directors, one of whom is an Executive Director (the Chief Executive Officer who is also Managing Director). Five of the Non-executive Directors, including the Chairman, are considered to be independent.

The Board considers that, in addition to the Managing Director, Mr M J McConnell is not independent by virtue of his position as an officer of Shamrock Capital Advisors Inc., a related body corporate of Shamrock Holdings of California Inc. which had been a substantial shareholder until 22 October 2004. Mr McConnell will retire at the conclusion of the 2005 Annual General Meeting.

Mr S P Gold, an alternate Director to Mr McConnell, also does not meet the Board's definition of independence due to his financial interest in Trefoil International III L.P., a related body corporate of Shamrock Holdings Inc.

¹ *Corporate Governance, A Guide for Fund Managers and Corporations - Blue Book*, Investment and Financial Services Association, December 2002 (copy available at www.ifsa.com.au).

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PART I

Item 6: Directors, Senior Management and Employees

6C BOARD PRACTICES (continued)

Any Director can seek independent professional advice at the Company's expense in the furtherance of his or her duties, subject to prior discussion with the Chairman. If this occurs, the Chairman must notify the other Directors of the approach, with any resulting advice received to be generally circulated to all Directors.

Board Review and Election Processes

The Board periodically conducts a formal review of its performance. Such reviews include:

comparing Board performance against agreed external benchmarks;

assessment and consideration of the effectiveness and composition of the Board;

an assessment of the performance of the Chief Executive Officer and Managing Director by the Non-executive Directors;

assessing whether corporate governance principles are appropriate and reflect good practice (by way of self-assessment using a structured approach); and

assessing whether the expectations of differing shareholder groups have been met.

New Directors are nominated by the Board, as described below, and then stand for election at the next Annual General Meeting in order to be confirmed in office. The criteria for considering new candidates for the Board are set by the Nomination, Remuneration and Evaluation Committee. All Directors other than the Managing Director are required to seek re-election at least once in every three years on a rotating basis.

Appointment Terms

In order to ensure that composition of the Board will change over time, the Board has a general policy that Non-executive Directors should not serve for a period exceeding 12 years, and that the Chairman should not serve in that role for more than 10 years.

In order to ensure that Directors are able to fully discharge their duties to the Company, all Directors must consult with the Chairman of the Board, and advise the Nomination, Remuneration and Evaluation Committee, prior to accepting a position as a Non-executive Director of another company.

Dealings in Shares

The Company has adopted a policy on dealing in Ansell shares by Directors and employees generally which is publicly available on the Company's website www.ansell.com.

Subject to the restriction that persons may not deal in any securities when they are in possession of price-sensitive information, Directors and employees generally may only buy or sell Ansell shares in the period immediately following any price-sensitive announcements, including the half-year and full year results and the Annual General Meeting. At other times, Directors dealing in Ansell shares must obtain prior approval from the Chairman.

Conflict of Interest

In order to ensure that any interests of a Director in a particular matter to be considered by the Board are brought to the attention of each Director, the Company has developed protocols, consistent with obligations imposed by the Corporations Act and the Listing Rules, to require each Director to disclose any contracts, offices held, interests in transactions and other directorships which may involve any potential conflict. Appropriate procedures have been adopted to ensure that, where the possibility of a material conflict arises, relevant information is not provided to the Director, and the Director does not participate in discussion on the particular issue, or vote in respect of the matter at the meeting where the matter is considered.

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Item 6: Directors, Senior Management and Employees

6C BOARD PRACTICES (continued)

Board Committees

The Board has established two standing Committees, being the:

Audit Committee; and

Nomination, Remuneration and Evaluation Committee.

The Board periodically reviews the charter of each Committee. These charters are publicly available on the Company's website *www.ansell.com*.

The Board also delegates specific functions to ad hoc Committees of Directors on an as needs basis. The powers delegated to these Committees are set out in Board resolutions.

Senior executives attend Board and Committee meetings by invitation, whenever particular matters arise that require management presentations or participation.

Audit Committee

The members of the Audit Committee during the year were all independent Non-executive Directors and comprised:

Mr L D Crandall (Chair from 9 August 2005);

Mr P L Barnes (Chair until 8 August 2005); and

Mr H J Elliott.

Members of the Audit Committee are financially literate and the Board is of the opinion that the members of the Committee possess sufficient financial expertise and knowledge of the industry in which the Company operates.

The Audit Committee reviews the financial statements, adequacy of financial controls and the annual audit arrangements, both internal and external. It monitors the controls and financial reporting systems, applicable Company policies, national and international accounting standards and other regulatory or statutory requirements.

The Committee also liaises with the Company's internal auditors and Independent Registered Public Accounting Firm, reviews the scope of their activities, reviews the Independent Registered Public Accounting Firm's remuneration and independence, and advises the Board on their remuneration, appointment and removal. It is Board policy that the lead external audit partner and review partner not serve for more than 5 consecutive years. The Board has adopted a policy in relation to the provision of non-audit services by the Company's Independent Registered Public Accounting Firm that is based on the principle that work that may detract from the Independent Registered Public Accounting Firm's independence and impartiality, or be perceived as doing so, should not be carried out by the Independent Registered Public Accounting Firm. The Company's Independent Registered Public Accounting Firm has also confirmed its independence to the Directors in accordance with applicable laws and standards.

The Committee also reviews the processes in place for the identification, management and reporting of business risk, and reviews the findings reported.

The Chief Executive Officer, Chief Financial Officer, Group Chief Accountant, Director - Internal Audit, other relevant Company officers (as required) and the principal external audit partner participate in meetings of the Committee.

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PART I

Item 6: Directors, Senior Management and Employees

6C BOARD PRACTICES (continued)

Nomination, Remuneration and Evaluation Committee

The members of the Nomination, Remuneration and Evaluation Committee during the year and at the date of this Report were all Non-executive Directors and comprised:

P L Barnes (Chair from 9 August 2005);

Dr E D Tweddell (Chair until 4 August 2005);

R J Bell (from 9 August 2005);

M J McConnell (until 5 September 2005), and

H J Elliott (from 5 September 2005),

all of whom, with the exception of Mr McConnell, are independent Non-executive Directors.

This Committee's charter provides for it to periodically review the structure and performance of the Board, Board Committees and individual Directors and to recommend changes when necessary. This includes identifying suitable candidates for appointment as Non-executive Directors.

In doing so, the Committee establishes the policies and criteria for Non-executive Director selection. The criteria include a candidate's personal qualities, professional and business experience, and availability and time to commit to all aspects of the Board's program.

The Committee also considers matters including succession and senior executive remuneration policy, including short- and long-term incentive plans and the Company's recruitment, retention and termination policies, and advises the Board accordingly. The Committee makes recommendations to the Board regarding the specific remuneration of the Chief Executive Officer (including base pay, incentive payments, equity awards, retirement rights and service contracts). The remuneration of Non-executive Directors is a matter that is determined by the Board,

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although the Committee may request management or external consultants to provide necessary information upon which the Board may make its determination.

The Committee has available to it the services of independent professional advisers to assist in the search for high calibre people at all levels and ensure that the terms and conditions offered by the Company are competitive with those offered by comparable companies.

Disclosure to Investors

The Company has implemented procedures to ensure that it provides relevant and timely information to its shareholders and to the broader investment community, in accordance with its obligations under the ASX continuous disclosure regime. The Company's Continuous Disclosure policy is available on its website, at www.ansell.com.

In addition to the Company's obligations to disclose information to the ASX and to distribute information to shareholders, the Company publishes annual and half-year reports, media releases and other investor publications on its website.

The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and discussion of the Group's strategy and goals. The external auditor attends the Annual General Meeting to answer shareholder questions about the conduct of the audit and the preparation and content of the Report of Independent Registered Public Accounting Firm.

Table of Contents**PART I****Item 6: Directors, Senior Management and Employees****6C BOARD PRACTICES (continued)****ATTENDANCE AT BOARD AND BOARD COMMITTEE MEETINGS DURING THE YEAR ENDED 30 JUNE 2005**

<u>Directors</u>	<u>Board</u>		<u>Audit</u>		<u>Nomination, Remuneration and Evaluation</u>	
	<u>Held</u>	<u>Attd</u>	<u>Held</u>	<u>Attd</u>	<u>Held</u>	<u>Attd</u>
E D Tweddell	7	7			4	4
P L Barnes	7	6	4	4	4	4
L D Crandall	7	7	4	4		
H J Elliott	7	7	4	4		
M J McConnell	7	7			4	4
D D Tough	7	7				

Held Indicates the number of meetings held while each Director was in office.

Attd Indicates the number of meetings attended during the period that each Director was in office.

6D EMPLOYEES

As of 30 June 2005 Ansell Limited employed 11,059 full time equivalent employees (11,530 as at 30 June 2004 and 12,013 as at 30 June 2003) .

Approximately 16% of the total workforce of Ansell, who are predominantly located outside of Australia, belong to trade unions, while the length of the union contracts is typically 3 years. Management believes it has good relations with its unions.

The following is an analysis of the Group s employees by geographic location (information regarding activities undertaken by employees is not available):

Location	2005	2004	2003
Americas			
USA (including Mexico)	1,844	1,943	1,935
Canada	49	44	44
Asia Pacific			
Australia	93	87	87
India	1,442	1,540	1,847
Malaysia	3,426	3,543	3,679
Sri Lanka	1,863	1,919	1,959
Thailand	1,962	2,033	2,030
Rest of Asia	6	6	9
Europe			
Belgium	145	171	125
United Kingdom	133	157	172
France	47	51	66
Rest of Europe	49	36	60
Total	11,059	11,530	12,013

Table of Contents**PART I****Item 6: Directors, Senior Management and Employees****6E SHARE OWNERSHIP**

The relevant interests of each of those Directors in the share capital of the Company as at the date of this Report, as notified to the Australian Stock Exchange Limited pursuant to the Listing Rules and section 205G of the Corporations Act, were:

	<u>1</u>	<u>2</u>
P L Barnes	13,024	
G L L Barnes	5,000	
R J S Bell	116	
L D Crandall	9,174	
H J Elliott	10,032	
M J McConnell	6,314	
D D Tough	20,000	640,041
S P Gold (alternate to M J McConnell)		

- Beneficially held in own name, or in the name of a trust, nominee company or private company.
- Beneficial Executive Share Options (525,000) and Performance Share Rights (PSRs) (115,041). These were granted upon Mr Tough's appointment in May 2004.

No director holds more than one percent of the Company's ordinary shares beneficially or of record.

Non-executive Directors Share Plan

Details of securities acquired on ASX on behalf of Non-executive Directors pursuant to the Ansell Non-executive Directors Share Plan at prevailing market prices during the financial year are set out below in accordance with ASX Listing Rule 10.15A.

<u>Director</u>	<u>Number of shares</u>		<u>Acquisition Price</u>	
	<u>acquired</u>	<u>Date of Acquisition</u>	<u>A\$</u>	
Mr P L Barnes	262	17/09/2004	\$	8.68
	246	17/12/2004	\$	9.26
	222	16/03/2005	\$	10.24
	224	23/06/2005	\$	10.14

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Mr L D Crandall	234	17/09/2004	\$	8.68
	221	17/12/2004	\$	9.26
	199	16/03/2005	\$	10.24
	201	23/06/2005	\$	10.14
Mr H J Elliott	235	17/09/2004	\$	8.68
	220	17/12/2004	\$	9.26
	199	16/03/2005	\$	10.24
	201	23/06/2005	\$	10.14
Mr M J McConnell	1,557	17/09/2004	\$	8.68
	1,460	17/12/2004	\$	9.26
	1,327	16/03/2005	\$	10.24
	1,334	23/06/2005	\$	10.14
Dr E D Tweddell	670	17/09/2004	\$	8.68
	629	17/12/2004	\$	9.26
	570	16/03/2005	\$	10.24
	575	23/06/2005	\$	10.14

Table of Contents**PART I****Item 6: Directors, Senior Management and Employees****6E SHARE OWNERSHIP (continued)****Executives Share Ownership**

The relevant interests of senior executives in the share capital of the Company as at the date of this Report, were:

	<u>1</u>	<u>2</u>	<u>3</u>
Mr P. Corke	2,772		18,334
Mr W. Heintz	8,333		26,667
Mr R. Jilla	6,000	300,000	50,001
Mr W. Reed	3,602		25,001
Mr W. Reilly	5,545		18,334

- Beneficially held in own name, or in the name of a trust, nominee company or private company.
- Beneficial Executive Share Options. Options were granted on 23 September 2002, have an exercise price of \$6.97 and an expiry date of 23 September 2012. Tranches 1 & 2 have a fair value of \$2.66 and Tranche 3 has a fair value of \$2.70.
- Performance Share Rights (PSR s). The award of a PSR by the Company entitles the participant to receive one fully paid ordinary share in the Company at the end of a Performance Period. The number of PSR s that vest will be contingent on the degree to which performance measures and, as appropriate, service conditions established at the time of the grant are met. Grants of PSR s to each executive comprise three equal tranches, each tranche subject to performance hurdles for vesting to occur.

The shareholdings of each Executive Officer represents less than 1% of the Company s shares on issue.

Table of Contents**PART I****Item 7: Major Shareholders and Related Party Transactions****7A MAJOR SHAREHOLDERS**

To the best of its knowledge, Ansell Limited is not directly, or indirectly, controlled by any corporation, by any foreign government or by any other natural or legal person(s) severally or jointly. Ansell Limited does not know of any arrangement, the operation of which may result in a change of control of Ansell Limited.

The names of substantial shareholders in the Company and the number of fully paid ordinary shares in which each has an interest as at 30 September 2005 are as follows:

	No. of Fully Paid Shares	% of Issued Capital
Perpetual Investments	20,287,040	12.64%
Barclays Group	13,457,040	8.39%
Maple-Brown Abbott Ltd.	11,229,237	7.00%
Schroder Investment Management Australia Limited	8,476,446	5.28%

None of the Company's substantial shareholders has voting rights that differ from those granted to Ansell Limited's ordinary shareholders by the Company's Constitution.

Voting rights as governed by the Constitution of the Company provide that each ordinary shareholder present in person or by proxy at a meeting shall have:

- (a) on a show of hands, one vote only;
- (b) on a poll, one vote for every fully paid ordinary share held.

On 30 June 2005, 322,501 ADSs (equivalent to 1,290,004 Ordinary Shares, which represents approximately 0.8% of the Ordinary Shares then outstanding) were outstanding and held by 126 registered holders with addresses in the United States.

7B RELATED PARTY TRANSACTIONS

Refer to Notes 29 and 34 to the Financial Statements included in Item 18 for additional details of Related Party Transactions.

7C INTERESTS OF EXPERTS AND COUNSEL

Not Applicable

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PART I

Item 8 : Financial Information

8A CONSOLIDATED STATEMENTS AND OTHER FINANCIAL INFORMATION

The Consolidated Financial Statements are included herein as Item 18.

Refer to Note 27 to the Consolidated Financial Statements for details of legal proceedings.

The Company has no fixed policy on dividend distribution. The payment of dividends is at the discretion of the Board.

8B SIGNIFICANT CHANGES

There have been no significant events subsequent to the end of the financial year.

Table of Contents**PART I****Item 9: The Offer and Listing****9A OFFER AND LISTING DETAILS**

The following table sets out for the periods indicated (\$A) the highest and lowest market quotation for the Ordinary Shares reported on the Daily Official List of The Australian Stock Exchange Limited and (US\$) the highest and lowest bid prices for ADSs quoted on the NASDAQ National Market System.

Period	\$A		US\$	
	Ordinary Shares		Per ADS ⁽¹⁾	
	High	Low	High	Low
Last 5 Financial Years				
Fiscal Year 2005	10.450	7.580	33.000	21.711
Fiscal Year 2004	7.900	5.840	22.810	15.500
Fiscal Year 2003	7.690	4.960	17.900	12.100
Fiscal Year 2002	7.010	3.400	15.310	6.550
Fiscal Year 2001	8.400	4.000	19.375	8.205
By Quarter 2005-2006				
First Quarter	11.350	9.960	34.081	29.900
By Quarter 2004-2005				
First Quarter	8.840	7.580	25.700	21.711
Second Quarter	9.300	8.740	28.880	25.510
Third Quarter	10.450	8.860	33.000	26.810
Fourth Quarter	10.270	9.000	32.180	27.150
By Quarter 2003-2004				
First Quarter	6.950	5.840	18.310	15.500
Second Quarter	7.220	6.190	20.020	18.090
Third Quarter	7.170	6.320	22.220	19.260
Fourth Quarter	7.900	7.310	22.810	20.200
Last 6 Months				
October 2005	11.590	10.050	34.700	31.321
September 2005	11.350	10.770	34.081	32.900
August 2005	10.980	9.740	32.800	29.900
July 2005	10.420	9.960	31.150	29.900
June 2005	10.270	9.260	32.180	27.850
May 2005	9.570	9.000	28.850	28.250

(1) Each ADS represents four Ordinary Shares.

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The total market capitalisation of Ansell Limited at 30 June 2005 was \$1,606 million. The total market capitalisation of Ansell Limited at 31 October 2005, was \$1,683 million and the closing price for Ansell Limited ordinary shares on the ASX on that date was \$10.52.

9B PLAN OF DISTRIBUTION

Not Applicable

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PART I

Item 9: The Offer and Listing

9C MARKETS

The principal trading market for Ansell Limited's Ordinary Shares (Ordinary Shares), is the Australian Stock Exchange Limited (ASX). The Ordinary Shares are also listed on the London Stock Exchange and the Stock Exchange of New Zealand. The Company's American Depositary Shares (ADSs), represented by American Depositary Receipts (ADR s) issued by Morgan Guaranty Trust Company of New York, as Depositary (the Depositary), are traded in the United States in the over-the-counter market and are quoted on the NASDAQ National Market System.

The stock market operated by the ASX is the principal stock exchange in Australia. The exchange operates by way of the Stock Exchange Automated Trading System (SEATS) which is a fully computerised system.

Trading on SEATS takes place each business day between the hours of 10:00am and 4:00pm, Australian Eastern Standard Time or Australian Eastern Summer Time. At 4:05pm each day, the ASX subsequently matches any buy and sell orders in the system, which are at the same price. The prices of all listed Shares are continuously quoted while the market is open and the system prioritises the orders first by price and second by placement in the system.

Exchange participants can cross stock between buying and selling orders, at the buy or sell quote provided those quotes are no more than one marketable bid apart and can cross outside this range in amounts of A\$1 million or more. Transactions on the ASX are settled on the third business day following the trade date.

9D SELLING SHAREHOLDERS

Not Applicable

9E DILUTION

Not Applicable

9F EXPENSES OF THE ISSUE

Not Applicable

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PART I

Item 10: Additional Information

10A SHARE CAPITAL

Not Applicable

10B CONSTITUTION

The Company adopted its current Constitution on 12 April 2002. Set out below is a summary of the Constitution's key provisions.

Under Australian company law, a company is permitted, but not required, to have an objects clause or statement of purposes in its Constitution. The Company's constitution does not contain an objects clause. Pursuant to the provisions of the Corporations Act 2001, (Cth), (the Corporations Act) the Company has the legal capacity of an individual and all of the powers of a body corporate.

Rule 38(b) of the Company's Constitution permits the Directors to exercise all the powers of the Company, at their discretion, including:

- (a) to raise or borrow money;
- (b) to charge any of the Company's property or business or any amount unpaid on its shares; and
- (c) to issue debentures or give any other security for a debt, liability or obligation of the Company or of any other person.

These borrowing powers, as with any provision of the Constitution, can be amended by the shareholders of the Company passing a special resolution at a general meeting.

Rule 5 permits the Company to issue shares and grant options for shares on such terms and with such rights and restrictions as decided by the Directors. The issue and terms of issue of preference shares must be approved by the Company's shareholders in general meeting as required by the Corporations Act. It is currently proposed to insert a preference share article in the Constitution at the Company's 2005 Annual General Meeting, which would permit the Directors to issue preference shares (including convertible or redeemable preference shares) without further reference to shareholders.

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The Constitution contains provisions consistent with ASX Listing Rules, which permit the Company to divest holdings of less than a marketable parcel (i.e. holdings which are worth less than \$A500).

Rule 53 provides that, subject to any rights or restrictions attached to any shares or class of shares, the profits of the Company are divisible amongst the holders of ordinary shares (being the only class of shares currently on issue) in proportion to the capital paid up, or credited as paid, upon the shares held by them respectively.

Rule 32 provides that the maximum number of Directors is 8 and the minimum number is 4. There is no age limit prescribed in the Company's Constitution for Directors. All Directors of the Company, other than the Managing Director, are required to seek re-election at least once in every three years on a rotating basis.

Rule 37(f) of the Company's Constitution permits a Director who has an interest in a matter that is being considered at a meeting of Directors to, despite that interest, vote, be present and be counted in a quorum at the meeting, unless prohibited by the Corporations Act. The Corporations Act prohibits a Director of the Company from being present at a meeting of Directors during consideration of, or voting upon, a matter in which that Director has a material personal interest. This does not apply to voting on Directors' compensation. However, the total aggregate remuneration payable to the Non-executive Directors may not exceed the maximum amount approved by shareholders at a general meeting from time to time pursuant to rule 35(a) of the Company's Constitution.

Rule 60 of the Constitution provides Directors with a right to access Company documents consistent with existing rights under the Corporations Act. Rule 61 of the Constitution provides for the provision of an indemnity and the maintenance of insurance in favour of certain Directors and officers of the Company and its related bodies corporate to the levels required by the Corporations Act.

As previously indicated, rule 53 provides for each share to participate in those of the Company's profits the Board determines to distribute in proportion to the amount paid up on those shares, subject to any right or restriction

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PART I

Item 10: Additional Information

10B CONSTITUTION (continued)

attaching to a share or class of shares. In the event of liquidation, rule 59 permits the liquidator, with the sanction of a special resolution to divide among shareholders the whole or any part of the Company's property and decide how the division is to be carried out as between the members or different classes of members.

Rule 58 provides that where the assets available upon a winding up are insufficient to repay all of the capital paid on shares, the losses will be borne by shareholders in proportion to the capital paid or that ought to have been paid on the shares at the commencement of the winding up. If surplus assets remain upon a winding up after having repaid the whole of the capital paid up, the excess is to be distributed amongst shareholders in proportion to the capital paid or that ought to have been paid on the shares at the commencement of the winding up.

There are no redemption or sinking fund provisions in the Constitution. However, as noted above, shareholder approval will be sought at the 2005 Annual General Meeting to insert a new article in the Constitution permitting the Company to issue preference shares which could include a right or obligation to be redeemed. Any amount of the issue price of a share that remains unpaid may, subject to any rights or restrictions attaching to a share, be called for payment by the Board pursuant to rule 10. However, once the full amount of the issue price of a share has been paid, a shareholder is not liable to contribute any further capital to the Company in respect of that share. The Company's Constitution does not contain any provision discriminating against any existing or prospective shareholder as a result of such shareholder owning a substantial number of shares. The rights attaching to a class of shares may only be altered if shareholder approval is obtained in accordance with the procedure set out in rule 9 of the Constitution.

The provisions of the Constitution dealing with general meetings and proxies reflect the requirements in relation to the matters imposed by the Corporations Act. The Company is required by the Corporations Act to hold an annual general meeting at least once in each calendar year. In addition, the Corporations Act and rule 23 provide that the Directors (including any single Director) may at any time convene a general meeting of shareholders and the Directors must convene a general meeting upon the requisition of at least 100 shareholders or the holders of 5% of the votes that may be cast at the meeting. The Constitution does not impose any conditions upon the admission of shareholders to a general meeting, however, rule 25(a) permits the chair of a general meeting to take any action he or she considers appropriate for the safety of persons attending the meeting and the orderly conduct of the meeting and may refuse a person admission to, or require a person to leave and remain out of, the meeting if the person is disruptive.

The Company continues to rely on an exemption from the quorum requirement set forth in Nasdaq Marketplace Rule 4350(f). In accordance with Australian law, the Company's Constitution provides that the quorum requirement is met at a general shareholder meeting if five or more shareholders entitled to vote on a resolution at the meeting are present.

Rule 30(a) provides, subject to any rights or restrictions attached to any shares or class of shares, that every shareholder present at a meeting has one vote on a show of hands and each share, on a poll is:

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- (a) if fully paid entitled to one vote;
- (b) if partly paid entitled to a fraction of one vote which the amount paid (not credited) on the share bears to the total amounts paid and payable (excluding amounts credited).

The Constitution contains no limitations on the rights to own securities. In the event of a partial or proportional takeover bid being made for shares in the Company, rule 69 requires that a resolution to approve the takeover scheme be passed at a general meeting of shareholders before any registration of a transfer giving effect to the proportional takeover can be made. The Constitution contains no by-law provisions governing the ownership threshold above which shareholder ownership must be disclosed.

In addition to the information contained above, the Corporations Act:

- (a) provides a code that regulates takeovers (changes in control) of Australian companies that applies, in general, where a shareholder becomes entitled to 20% or more of the issued shares of a company; and
- (b) provides for disclosure of share ownership once a person and his or her associates become entitled to 5% or more of the issued shares in a company.

Table of Contents**PART I****Item 10: Additional Information****10B CONSTITUTION (continued)**

The Foreign Acquisition and Takeovers Act 1975 (Cth) regulates the acquisition of interests in Australian companies by foreign nationals in excess of 15% of the issued shares of a company. There are no conditions imposed under the Constitution governing changes in capital that are more stringent than required by Australian company law.

10C MATERIAL CONTRACTS

There have been no material contracts entered into by the Company over the last two years.

10D EXCHANGE CONTROLS

Except for restrictions on foreign exchange transactions with ministers and senior officials of the Government of Zimbabwe, the former Iraqi regime and the supporters of the former Milosevic regime, the Reserve Bank of Australia (RBA) does not inhibit the import and export of funds, and no permission is required by Ansell Limited for the movement of funds in and out of Australia. Under Part 4 of the *Charter of the United Nations Act 1945* and the *Charter of the United Nations (Terrorism and Dealing with Assets) Regulations 2002* (Cth) (Regulations), anybody holding financial or other assets of persons or entities listed as terrorists by either the Minister of Foreign Affairs in the Commonwealth Gazette or on the website of the Committee established by Resolution 1267 (1999) of the Security Council of the United Nations, is prohibited from dealing with those assets. It is also a criminal offence to make assets available to such persons or entities. The *Iraq (Reconstruction and Repeal of Sanctions) Regulations 2003* (Cth) imposes a freeze on the financial resources of the previous government of Iraq, Saddam Hussein, other senior officials of his regime, and their immediate families. Accordingly, at the present time, remittance of any dividends, interest or other payment by Ansell Limited to non-resident holders of Ansell Limited's securities in the United States is not restricted by exchange controls or other limitations, unless the non-resident holder is a person or entity listed by the Minister or on the Committee website under the Regulations.

Ansell Limited has 159,989,869 Ordinary Shares (excluding Employee Plan Shares, as defined in Compensation of Directors and Executive Officers) on issue as at 30 June 2005. Non-residents of Australia may freely hold and vote Ordinary Shares, subject to compliance with the Foreign Acquisitions and Takeovers Act 1975 of Australia (the Foreign Takeovers Act). Takeovers of Australian companies by foreign interests are subject to review and approval by the Treasurer of the Commonwealth of Australia under the Foreign Takeovers Act. Technically, the statute applies to any acquisition of 15% or more of the outstanding shares of an Australian company that has total assets valued \$5 million or more (\$3 million or more if greater than 50% of the assets of the company are in the form of rural land) or any acquisition which results in one foreign person or group of associated foreign persons controlling 15% or more of total voting power. In addition, the statute applies to any acquisition by non-associated foreign persons resulting in foreign persons controlling, in the aggregate, 40% or more of total voting power or ownership.

Since the Australian government's Economic Statement of February 1992, the policy of the body which reviews foreign investment (the Foreign Investment Review Board) is that only acquisitions of shares in companies which have assets in excess of \$50 million or where the acquisition

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proposal values the business at over \$50 million, will require approval. Pursuant to the recent Free Trade Agreement between Australia and the US, an increased threshold for notification and approval of \$800 million applies for US investors, except for investments in prescribed sensitive sectors, including the media, telecommunications, transport, and the supply or training of humans resources. The Corporations Act also regulates acquisitions giving rise to ownership of substantial amounts of a company's shares.

The Corporations Act prohibits any person (including a corporation), whether foreign or not, from acquiring a relevant interest in voting shares in a company if, after the acquisition, that person's or any other person's voting power in the company increases from 20% or below to more than 20%, or increases from a starting point that is above 20% and below 90%.

A person is considered to have voting power in respect of a share under the Corporations Act if the person or an associate (as defined in the Corporations Act) is the holder of the share, or has, or is deemed under the Corporations Act to have, power (whether direct or indirect and whether legally enforceable or not and irrespective

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Item 10: Additional Information

10D EXCHANGE CONTROLS (continued)

of certain restrictions and restraints on such powers and other matters and things as specified in the Corporations Act):

- (1) to exercise, or to control the exercise of, the right to vote attached to that share; or
- (2) to dispose of, or to control the exercise of a power to dispose of, that share.

This prohibition is subject to certain exceptions which must be strictly complied with to be applicable. Some of the more significant exceptions are as follows:

Section 611, item 1 of the Corporations Act permits a person to acquire more than 20% of the voting shares of a company under a formal takeover bid, being an offer to the shareholders of the target company to acquire their shares. The takeover bid may be an off-market bid or a market bid; and

under Section 611, item 9 of the Corporations Act, a person who is already entitled to at least 19% of the voting shares is permitted to increase their voting power by not more than 3% in any period of six months.

Dividends paid to holders of Ordinary Shares who are non-residents of Australia are subject to certain Australian withholding tax requirements. See Taxation-Australian Taxation.

Dividends paid to United States Holders (as defined below) are also subject to United States federal income tax requirements, although those paid to non-United States Holders generally are not.

AMERICAN DEPOSITARY RECEIPTS

The following is a summary of all material provisions of the Second Amended and Restated Deposit Agreement (including any exhibits thereto, the Deposit Agreement) dated as of 26 March 1999 among the Company, Morgan Guaranty Trust Company of New York, as depositary (the Depositary), and the registered Holders from time to time of the ADR s issued thereunder (ADR s). This summary does not purport to be complete and is qualified in its entirety by reference to the Deposit Agreement. Copies of the Deposit Agreement are available for inspection at the principal office of the Depositary in New York, New York (the Principal New York Office), which is presently located at 60 Wall Street,

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New York, New York 10260. Terms used herein and not otherwise defined shall have the respective meanings set forth in the Deposit Agreement.

ADRs evidencing American Depositary Shares (ADSs) are issuable by the Depositary pursuant to the terms of the Deposit Agreement. Each ADS represents, as of the date hereof, the right to receive four Shares deposited under the Deposit Agreement (together with any additional Shares deposited thereunder and all other securities, property and cash received and held thereunder at any time in respect of or in lieu of such deposited Shares, the Deposited Securities) with the Custodian under the Deposit Agreement (together with any successor or successors thereto, the Custodian).

An ADR may evidence any number of ADSs. Only persons in whose name ADRs are registered on the books of the Depositary will be treated by the Depositary and the Company as Holders. As the context requires, the term ADR refers to certificated receipts as well as to ADSs reflected on the direct registration system maintained by the Depositary.

DEPOSIT, TRANSFER AND WITHDRAWAL

In connection with the deposit of Shares under the Deposit Agreement, the Depositary or the Custodian may require the following in a form satisfactory to it:

- (a) a written order directing the Depositary to issue to, or upon the written order of, the person or persons designated in such order an ADR or ADRs evidencing the number of ADSs representing such deposited Shares (a Delivery Order);
- (b) proper endorsements or duly executed instruments of transfer in respect of such deposited Shares;
- (c) instruments assigning to the Custodian or its nominee any distribution on or in respect of such deposited Shares or indemnity therefore; and,

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Item 10: Additional Information

10D EXCHANGE CONTROLS (continued)

DEPOSIT, TRANSFER AND WITHDRAWAL (continued)

- (d) proxies entitling the Custodian to vote such deposited Shares until such Shares are transferred and recorded on the register of shareholders of the Company in the name of the Depositary or its nominee.

As soon as practicable after the Custodian receives Deposited Securities pursuant to any such deposit or pursuant to the form of ADR, the Custodian shall present such Deposited Securities for registration of transfer into the name of the Depositary or its nominee, to the extent such registration is practicable, at the cost and expense of the person making such deposit (or for whose benefit such deposit is made) and shall obtain evidence satisfactory to it of such registration. Deposited Securities shall be held by the Custodian for the account and to the order of the Depositary at such place or places and in such manner as the Depositary shall determine. Deposited Securities may be delivered by the Custodian to any person only under the circumstances expressly contemplated in the Deposit Agreement.

After any such deposit of Shares, the Custodian shall notify the Depositary of such deposit and of the information contained in any related Delivery Order by letter, first class airmail postage prepaid, or, at the request, risk and expense of the person making the deposit, by cable, telex or facsimile transmission. After receiving such notice from the Custodian, the Depositary, subject to the terms and conditions of the Deposit Agreement, shall properly issue at the Transfer Office, which is presently located at the Principal New York Office, to or upon the order of any person named in such notice, an ADR or ADR s registered as requested and evidencing the aggregate ADSs to which such person is entitled.

Subject to the terms and conditions of the Deposit Agreement, the Depositary may so issue ADR s for delivery at the Transfer Office only against deposit with the Custodian of:

- (a) Shares in form satisfactory to the Custodian;
- (b) rights to receive Shares from the Company or any registrar, transfer agent, clearing agent or other entity recording Share ownership or transactions; or,
- (c) other rights to receive Shares (until such Shares are actually deposited pursuant to (a) or (b) above, Pre-released ADR s) only if:
- (i) Pre-released ADR s are fully collateralised (marked to market daily) with cash or U.S. government securities held by the Depositary for the benefit of Holders (but such collateral shall not constitute Deposited Securities);

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- (ii) each recipient of Pre-released ADR s agrees in writing with the Depositary that such recipient (a) owns such Shares, (b) assigns all beneficial right, title and interest therein to the Depositary, (c) holds such Shares for the account of the Depositary and (d) will deliver such Shares to the Custodian as soon as practicable and promptly upon demand therefore; and

- (iii) all Pre-released ADR s evidence not more than 30% of all ADSs (excluding those evidenced by Pre-released ADR s), provided, however, that the Depositary reserves the right to change or disregard such limit from time to time as it deems appropriate. The Depositary may retain for its own account any earnings on collateral for Pre-released ADR s and its charges for issuance thereof.

At the request, risk and expense of the person depositing Shares, the Depositary may accept deposits for forwarding to the Custodian and may deliver ADR s at a place other than its office. Every person depositing Shares under the Deposit Agreement is deemed to represent and warrant that such Shares are validly issued and outstanding, fully paid, non-assessable and free of pre-emptive rights, that the person making such deposit is duly authorised to do so and that such Shares (A) are not restricted securities as such term is defined in rule 144 under the Securities Act of 1933, as amended (the Securities Act of 1933) unless at the time of deposit they may be freely transferred in accordance with rule 144(k) and may otherwise be offered and sold freely in the United States or (B) have been registered under the Securities Act of 1933. Such representations and warranties shall survive the deposit of Shares and issuance of ADR s.

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10D EXCHANGE CONTROLS (continued)

DEPOSIT, TRANSFER AND WITHDRAWAL (continued)

Subject to the terms and conditions of the Deposit Agreement, upon surrender of an ADR in form satisfactory to the Depositary at the Transfer Office, the Holder thereof is entitled to delivery at the Custodian's office of the Deposited Securities at the time represented by the ADSs evidenced by such ADR. At the request, risk and expense of the Holder thereof, the Depositary may deliver such Deposited Securities at such other place as may have been requested by the Holder. Notwithstanding any other provision of the Deposit Agreement or the ADRs, the withdrawal of Deposited Securities may be restricted only for the reasons set forth in General Instruction I.A. (1) of Form F-6 (as such instructions may be amended from time to time) under the Securities Act of 1933.

DISTRIBUTIONS ON DEPOSITED SECURITIES

Subject to the terms and conditions of the Deposit Agreement, to the extent practicable, the Depositary will distribute by mail to each Holder entitled thereto on the record date set by the Depositary therefor at such Holder's address shown on the ADR Register, in proportion to the number of Deposited Securities (on which the following distributions on Deposited Securities are received by the Custodian) represented by ADSs evidenced by such Holder's ADRs:

(a) Cash:

Any U.S. dollars available to the Depositary resulting from a cash dividend or other cash distribution or the net proceeds of sales of any other distribution or portion thereof authorized in the Deposit Agreement (Cash), on an averaged or other practicable basis, subject to:

- (i) appropriate adjustments for taxes withheld,
- (ii) such distribution being impermissible or impracticable with respect to certain Holders, and
- (iii) deduction of the Depositary's expenses in (1) converting any foreign currency to U.S. dollars by sale or in such other manner as the Depositary may determine to the extent that it determines that such conversion may be made on a reasonable basis, (2) transferring foreign currency or U.S. dollars to the United States by such means as the Depositary may determine to the extent that it determines that such transfer may be made on a reasonable basis, (3) obtaining any approval or license of any governmental authority required for such conversion or transfer, which is obtainable at a reasonable cost and within a reasonable time and (4) making any sale by

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public or private means in any commercially reasonable manner.

(b) Shares:

- (i) Additional ADR s evidencing whole ADSs representing any Shares available to the Depositary resulting from a dividend or free distribution on Deposited Securities consisting of Shares (a Share Distribution), and
- (ii) U.S. dollars available to it resulting from the net proceeds of sales of Shares received in a Share Distribution, which Shares would give rise to fractional ADSs if additional ADR s were issued therefore, as in the case of Cash.

(c) Rights:

- (i) Warrants or other instruments in the discretion of the Depositary representing rights to acquire additional ADR s in respect of any rights to subscribe for additional Shares or rights of any nature available to the Depositary as a result of a distribution on Deposited Securities (Rights), to the extent that the Company timely furnishes to the Depositary evidence satisfactory to the Depositary that the Depositary may lawfully distribute the same (the Company has no obligation to so furnish such evidence), or
- (ii) to the extent the Company does not so furnish such evidence and sales of Rights are practicable, any U.S. dollars available to the Depositary from the net proceeds of sales of Rights as in the case of Cash, or

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10D EXCHANGE CONTROLS (continued)

DISTRIBUTIONS ON DEPOSITED SECURITIES (continued)

- (iii) to the extent the Company does not so furnish such evidence and such sales cannot practicably be accomplished by reason of the non-transferability of the Rights, limited markets therefore, their short duration or otherwise, nothing (and any Rights may lapse). Subject to Australian law, the Company
 - (iv) will, in connection with any offer of such Rights, make such Rights generally transferable or consent to the transfer thereof by foreign investors not resident in Australia; and
- (d) Other Distributions:
- (i) Securities or property available to the Depositary resulting from any distribution on Deposited Securities other than Cash, Share Distributions and Rights (Other Distributions), by any means that the Depositary may deem equitable and practicable, or
 - (ii) to the extent the Depositary deems distribution of such securities or property not to be equitable and practicable, any U.S. dollars available to the Depositary from the net proceeds of sales of Other Distributions as in the case of Cash.

Such U.S. dollars available will be distributed by checks drawn on a bank in the United States for whole dollars and cents (any fractional cents being withheld without liability for interest and added to future Cash distributions). To the extent that the Depositary determines in its discretion that any distribution is not practicable with respect to any Holder, the Depositary may make such distribution as it so determines is practicable, including the distribution of foreign currency, securities or property (or appropriate documents evidencing the right to receive foreign currency, securities or property) or the retention thereof as Deposited Securities with respect to such Holder's ADR's (without liability for interest thereon or the investment thereof). There can be no assurance that the Depositary will be able to effect any currency conversion or to sell or otherwise dispose of any distributed or offered property, subscription or other rights, Shares or other securities in a timely manner or at a specified rate or price, as the case may be.

DISCLOSURE OF INTERESTS

To the extent that the provisions of or governing any Deposited Securities may require disclosure of or impose limits on beneficial or other ownership of Deposited Securities, other Shares and other securities and may provide for blocking transfer, voting or other rights to enforce such disclosure or limits, Holders and all persons holding ADR's agree to comply with all such disclosure requirements and ownership limitations and to cooperate with the Depositary in the Depositary's compliance with any Company instructions in respect thereof, and, in the Deposit Agreement, the Depositary has agreed to use reasonable efforts to comply with such Company instructions.

RECORD DATES

The Depositary may, after consultation with the Company if practicable, fix a record date (which shall be as near as practicable to any corresponding record date set by the Company) for the determination of the Holders who shall be entitled to receive any distribution on or in respect of Deposited Securities, to give instructions for the exercise of any voting rights, to receive any notice or to act in respect of other matters and only such Holders shall be so entitled.

VOTING OF DEPOSITED SECURITIES

As soon as practicable after receipt from the Company of notice of any meeting or solicitation of consents or proxies of holders of Shares or other Deposited Securities, the Depositary shall mail to Holders a notice stating:

- (a) such information as is contained in such notice and any solicitation materials;

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10D EXCHANGE CONTROLS (continued)

VOTING OF DEPOSITED SECURITIES (continued)

- (b) that each Holder on the record date set by the Depositary therefore will be entitled to instruct the Depositary as to the exercise of the voting rights, if any, pertaining to the Deposited Securities represented by the ADSs evidenced by such Holder's ADRs; and
- (c) the manner in which such instructions may be given, including instructions to give a discretionary proxy to a person designated by the Company. Upon receipt of instructions of a Holder on such record date in the manner and on or before the date established by the Depositary for such purpose, the Depositary shall endeavour in so far as practicable and permitted under the provisions of or governing Deposited Securities to vote or cause to be voted the Deposited Securities represented by the ADSs evidenced by such Holder's ADRs in accordance with such instructions. The Depositary will not itself exercise any voting discretion in respect of any Deposited Securities.

INSPECTION OF TRANSFER BOOKS

The Deposit Agreement provides that the Depositary will keep books at its Transfer Office for the registration, registration of transfer, combination and split-up of ADRs, which at all reasonable times will be open for inspection by the Holders and the Company for the purpose of communicating with Holders in the interest of the business of the Company or a matter related to the Deposit Agreement.

REPORTS AND OTHER COMMUNICATIONS

The Depositary shall make available for inspection by Holders at the Transfer Office any reports and communications received from the Company which are both:

- (a) received by the Depositary as the holder of the Deposited Securities; and
- (b) made generally available to the holders of such Deposited Securities by the Company. The Depositary shall also send to the Holders copies of such reports when furnished by the Company. Any such reports and communications furnished to the Depositary by the Company shall be furnished in English.

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On or before the first date on which the Company makes any communication available to holders of Deposited Securities or any securities regulatory authority or stock exchange, by publication or otherwise, the Company shall transmit to the Depositary a copy thereof in English or with an English translation or summary. The Company has delivered to the Depositary, the Custodian and any Transfer Office, a copy of all provisions of or governing the Shares and any other Deposited Securities issued by the Company or any affiliate of the Company and, promptly upon any change thereto, the Company shall deliver to the Depositary, the Custodian and any Transfer Office, a copy (in English or with an English translation) of such provisions as so changed. The Depositary and its agents may rely upon the Company's delivery thereof for all purposes of the Deposit Agreement.

CHANGES AFFECTING DEPOSITED SECURITIES

Subject to the terms and conditions of the Deposit Agreement, the Depositary may, in its discretion, amend the form of ADR or distribute additional or amended ADRs (with or without calling the ADRs for exchange) or cash, securities or property on the record date set by the Depositary therefor to reflect any change in par value, split-up, consolidation, cancellation or other reclassification of Deposited Securities, any Share Distribution or Other Distribution not distributed to Holders or any cash, securities or property available to the Depositary in respect of Deposited Securities from (and, in the Deposit Agreement, the Depositary is authorised to surrender any Deposited Securities to any person and to sell by public or private sale any property received in connection with) any recapitalisation, reorganisation, merger, consolidation, liquidation, receivership, bankruptcy or sale of all or substantially all the assets of the Company, and to the extent the Depositary does not so amend the ADR or make a distribution to Holders to reflect any of the foregoing, or the net proceeds thereof, whatever cash, securities or property results from any of the foregoing shall constitute Deposited Securities and each ADS shall automatically represent its pro rata interest in the Deposited Securities as then constituted.

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10D EXCHANGE CONTROLS (continued)

AMENDMENT AND TERMINATION OF DEPOSIT AGREEMENT

The ADRs and the Deposit Agreement may be amended by the Company and the Depositary, provided that any amendment that imposes or increases any fees or charges (other than stock transfer or other taxes and other governmental charges, transfer or registration fees, cable, telex or facsimile transmission costs, delivery costs or other such expenses), or that shall otherwise prejudice any substantial existing right of Holders, shall become effective 30 days after notice of such amendment shall have been given to the Holders.

Every Holder of an ADR at the time any amendment to the Deposit Agreement so becomes effective shall be deemed, by continuing to hold such ADR, to consent and agree to such amendment and to be bound by the Deposit Agreement as amended thereby. In no event shall any amendment impair the right of the Holder of any ADR to surrender such ADR and receive the Deposited Securities represented thereby, except in order to comply with mandatory provisions of applicable law.

Any amendments or supplements which:

- (i) are reasonably necessary (as agreed by the Company and the Depositary) in order for (a) the ADSs to be registered on Form F-6 under the Securities Act of 1933 or (b) the ADSs or Shares to be traded solely in electronic book-entry form; and
- (ii) do not in either such case impose or increase any fees or charges to be borne by Holders, shall be deemed not to prejudice any substantial rights of Holders. Notwithstanding the foregoing, if any governmental body should adopt new laws, rules or regulations which would require amendment or supplement of the Deposit Agreement or the form of ADR to ensure compliance therewith, the Company and the Depositary may amend or supplement the Deposit Agreement and the ADR at any time in accordance with such changed rules. Such amendment or supplement to the Deposit Agreement in such circumstances may become effective before a notice of such amendment or supplement is given to Holders or within any other period of time as required for compliance.

The Depositary may, and shall at the written direction of the Company, terminate the Deposit Agreement and the ADRs by mailing notice of such termination to the Holders at least 30 days prior to the date fixed in such notice for such termination. After the date so fixed for termination, the Depositary and its agents will perform no further acts under the Deposit Agreement and the ADRs, except to receive and hold (or sell) distributions on Deposited Securities and deliver Deposited Securities being withdrawn.

As soon as practicable after the expiration of six months from the date so fixed for termination, the Depositary shall sell the Deposited Securities and shall thereafter (as long as it may lawfully do so) hold in a segregated account the net proceeds of such sales, together with any other cash then held by it under the Deposit Agreement, without liability for interest, in trust for the pro rata benefit of the Holders not theretofore

surrendered. After making such sale, the Depositary shall be discharged from all obligations in respect of the Deposit Agreement and the ADR s, except to advise Holders of such termination, account for such net proceeds and other cash. After the date so fixed for termination, the Company shall be discharged from all obligations under the Deposit Agreement except for its obligations to the Depositary and its agents.

CHARGES OF DEPOSITARY

The Depositary may charge each person to whom ADR s are issued against deposits of Shares including deposits in respect of Share Distributions, Rights and Other Distributions and each person surrendering ADR s for withdrawal of Deposited Securities, U.S. \$5.00 for each 100 ADSs (or portion thereof) evidenced by the ADR s delivered or surrendered. The Company will pay all other charges and expenses of the Depositary and any agent of the Depositary (except the Custodian) pursuant to agreements from time to time between the Company and the Depositary, except:

- (i) stock transfer or other taxes and other governmental charges (which are payable by Holders or persons depositing Shares),
- (ii) cable, telex and facsimile transmission and delivery charges incurred at the request of persons depositing, or Holders delivering Shares, ADR s or Deposited Securities (which are payable by such persons or Holders),

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10D EXCHANGE CONTROLS (continued)

CHARGES OF DEPOSITARY (continued)

- (iii) transfer or registration fees for the registration of transfer of Deposited Securities on any applicable register in connection with the deposit or withdrawal of Deposited Securities (which are payable by persons depositing Shares or Holders withdrawing Deposited Securities; there are no such fees in respect of the Shares as of the date of the Deposit Agreement), and
- (iv) expenses of the Depositary in connection with the conversion of foreign currency into U.S. dollars (which are paid out of such foreign currency).

LIABILITY OF HOLDERS FOR TAXES

If any tax or other governmental charge shall become payable by or on behalf of the Custodian or the Depositary with respect to the ADRs, any Deposited Securities represented by the ADSs evidenced thereby or any distribution thereon, such tax or other governmental charge shall be paid by the Holder thereof to the Depositary. The Depositary may refuse to effect any registration, registration of transfer, split-up or combination thereof or, subject to the terms and conditions of the Deposit Agreement, any withdrawal of such Deposited Securities until such payment is made.

The Depositary may also deduct from any distributions on or in respect of Deposited Securities, or may sell by public or private sale for the account of the Holder thereof any part or all of such Deposited Securities (after attempting by reasonable means to notify the Holder thereof prior to such sale), and may apply such deduction or the proceeds of any such sale in payment of such tax or other governmental charge, the Holder thereof remaining liable for any deficiency, and shall reduce the number of ADSs evidenced thereby to reflect any such sales of Deposited Securities.

In connection with any distribution to Holders, the Company will remit to the appropriate governmental authority or agency all amounts (if any) required to be withheld and owing to such authority or agency by the Company; and the Depositary and the Custodian will remit to the appropriate governmental authority or agency all amounts (if any) required to be withheld and owing to such authority or agency by the Depositary or the Custodian.

If the Depositary determines that any distribution in property other than cash (including Shares or rights) on Deposited Securities is subject to any tax that the Depositary or the Custodian is obligated to withhold, the Depositary may dispose of all or a portion of such property in such amounts and in such manner as the Depositary deems necessary and practicable to pay such taxes, by public or private sale, and the Depositary shall distribute the net proceeds of any such sale or the balance of any such property after deduction of such taxes to the Holders entitled thereto.

GENERAL LIMITATIONS

The Depository, the Company, their agents and each of them shall:

- (a) incur no liability,
 - (i) if law, regulation, the provisions of or governing any Deposited Securities, act of God, war or other circumstance beyond its control shall prevent, delay or subject to any civil or criminal penalty any act which the Deposit Agreement or the form of ADR provides shall be done or performed by it, or
 - (ii) by reason of any exercise or failure to exercise any discretion given it in the Deposit Agreement or the form of ADR;
- (b) assume no liability except to perform its obligations to the extent they are specifically set forth in the ADR and the Deposit Agreement without gross negligence or bad faith;
- (c) in the case of the Depository and its agents, be under no obligation to appear in, prosecute or defend any action, suit or other proceeding in respect of any Deposited Securities or the ADR;
- (d) in the case of the Company and its agents under the Deposit Agreement, be under no obligation to appear in, prosecute or defend any action, suit or other proceeding in respect of any Deposited Securities or the ADR s, which in its opinion may involve it in expense or liability, unless indemnity satisfactory to it against all expense (including fees and disbursements of counsel) and liability be furnished as often as may be required; and

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10D EXCHANGE CONTROLS (continued)

GENERAL LIMITATIONS (continued)

- (e) not be liable for any action or inaction by it in reliance upon the advice of or information from legal counsel, accountants, any person presenting Shares for deposit, any Holder, or any other person believed by it to be competent to give such advice or information. The Depositary, its agents and the Company may rely and shall be protected in acting upon any written notice, request, direction or other document believed by them to be genuine and to have been signed or presented by the proper party or parties. The Depositary and its agents will not be responsible for any failure to carry out any instructions to vote any of the Deposited Securities (so long as any such inaction is in good faith), for the manner in which any such vote is cast (so long as any such action is in good faith) or for the effect of any such vote. The Depositary and its agents may own and deal in any class of securities of the Company and its affiliates and in ADR s.

The Company has agreed to indemnify the Depositary and its agents under certain circumstances and the Depositary has agreed to indemnify the Company against losses incurred by the Company to the extent such losses are due to the negligence or bad faith of the Depositary. No disclaimer of liability under the Securities Act of 1933 is intended by any provision hereof.

Prior to the issue, registration, registration of transfer, split-up or combination of any ADR, the delivery of any distribution in respect thereof, or, subject to the terms and conditions of the Deposit Agreement, the withdrawal of any Deposited Securities, the Company, the Depositary or the Custodian may require:

- (a) payment with respect thereto of
 - (i) any stock transfer or other tax or other governmental charge,
 - (ii) any stock transfer or registration fees in effect for the registration of transfers of Shares or other Deposited Securities upon any applicable register, and
 - (iii) any applicable charges as provided in the form of ADR;
- (b) the production of proof satisfactory to it of
 - (i) the identity and genuineness of any signature, and

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- (ii) such other information, including without limitation, information as to citizenship, residence, exchange control approval, beneficial ownership of any securities, compliance with applicable law (including, but not limited to evidence of compliance with the Corporations Act, the Banking (Foreign Exchange) Regulations or the Foreign Acquisitions and Takeovers Act 1975 of Australia), regulations, provisions of or governing Deposited Securities and terms of the Deposit Agreement and the ADR s, as it may deem necessary or proper; and

- (c) compliance with such regulations as the Depositary may establish consistent with the Deposit Agreement. The issuance of ADR s, the acceptance of deposits of Shares, the registration, registration of transfer, split-up or combination of ADR s or, subject to the terms of the Deposit Agreement, the withdrawal of Deposited Securities may be suspended, generally or in particular instances, when the ADR Register or any register for Deposited Securities is closed or when any such action is deemed advisable by the Depositary or the Company.

GOVERNING LAW

The Deposit Agreement is governed by and shall be construed in accordance with the laws of the State of New York.

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10E AUSTRALIAN TAXATION

The following discussion outlines certain Australian tax considerations relevant to United States persons who are ADS holders or holders of Ordinary Shares. However, the discussion is by no means exhaustive of all possible Australian tax considerations.

The analysis below is based upon existing Australian tax law and established interpretations of that law as at the date of this report and is subject to change in Australian law, as well as any further changes to the double taxation convention between the United States and Australia (the Treaty), as amended by the protocol to the Treaty signed by the parties on September 27, 2001 (the Protocol to the Treaty), occurring after that date.

ADS holders and/or holders of Ordinary Shares are advised to consult their own tax advisors as to the Australian tax consequences of their ownership of the ADSs and/or Ordinary Shares.

TAXATION OF DISTRIBUTIONS

Under the Treaty, dividends paid to a shareholder of Ansell Limited who is a resident of the United States within the meaning of the Treaty, including an ADS holder who is beneficially entitled to the dividends, may be subject to Australian withholding tax at a rate not exceeding 15% of the gross dividend. The Protocol to the Treaty provides that the dividend withholding tax rate may be decreased to 5% for US corporate shareholders directly holding 10% or more of the voting power in Ansell Limited.

As withholding tax is a final tax, no other Australian tax is payable on the dividend. This withholding tax limitation does not apply to a shareholder whose holding is effectively connected with a permanent establishment in Australia or through which the shareholder carries on business in Australia, or in the case of a shareholder who performs independent personal services in Australia, with a fixed base situated in Australia.

Dividends paid to a non-resident of Australia will not be subject to Australian dividend withholding tax to the extent that the dividends have been franked. The concept of franking reflects that the underlying profits from which the dividends have been sourced are subject to Australian corporate income tax. No other Australian tax is payable on a fully franked dividend.

Any dividend withholding tax suffered on the unfranked amount of the dividend is reduced to the extent that the dividend consists of a Foreign Dividend Account amount (FDA amount).

A dividend will consist of an FDA amount to the extent to which it is declared to consist of an FDA amount by the corporation paying the dividend. A corporation is able to declare an FDA amount where it has a surplus in its Foreign Dividend Account at the time of paying the dividend. The main component of the Foreign Dividend Account will be tax exempt dividends received from foreign companies in which the corporation has a voting interest amounting to at least 10% of the voting power, as well as dividends received from 100% owned Australian companies to the extent they are declared to consist of an FDA amount.

Dividends received by a United States citizen who is resident in Australia, or a United States corporation that is resident in Australia, will be treated as assessable income for Australian income tax purposes. If the dividends are wholly or partly franked, the additional amount representing the franking credits is also included in assessable income, with a tax offset being available equal to the franking credits. The tax offset acts to reduce the tax liability on the dividend income. In order to be entitled to claim the tax offset in relation to the franked dividend amount, the recipient of the dividend must be a qualified person. Broadly, to be a qualified person, two tests must be satisfied namely the holding period rule and the related payments rule.

In broad terms, if individual shareholders have held the Shares at risk for 45 days (excluding the dates of acquisition and disposal), they are able to claim a tax offset for the amount of any franking credits attaching to the dividend.

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10E AUSTRALIAN TAXATION (continued)

Ansell Limited will provide all shareholders with a dividend notice which specifies the franked and unfranked amount of each dividend, and the amount (if any) of dividend withholding tax deducted and to the extent to which non-resident withholding tax is not payable because the dividend consists of an FDA amount.

The Protocol to the Treaty has amended the existing convention in a number of ways and with respect to dividends they continue to be taxable in both countries, but with changed limits on the tax that the source country may charge some types of residents of the other country who are beneficially entitled to the income. The Protocol has effect in Australia from 1 July 2003 in respect of the withholding tax on dividends, royalties and interest, and from the year of income beginning on or after 1 July 2004 in respect of Australian tax applicable to other income, profits or gains.

During the year Ansell Limited paid a final unfranked dividend for the year ended 30 June 2004 of 7 cents per share on 14 October 2004 and an interim dividend for the year ended 30 June 2005 of 7 cents per share, franked to 57% for Australian tax purposes, on 8 April 2005.

TAXATION OF FUTURE SHARE DISPOSALS

A United States citizen who is resident in Australia, or a United States corporation that is resident in Australia may be liable to pay Australian income tax in respect of the profit or capital gain (if any) derived upon disposal of the ADSs or Ordinary Shares.

No income or other tax is payable in Australia on any profit arising from the disposal of the ADSs or Ordinary Shares held by persons not resident in Australia except in the following circumstances.

Shares Held on Revenue Account

Australian tax may arise if the ADSs or Ordinary Shares are trading stock of the holder, or if an ordinary incident of the holder's business represents the sale of securities for a profit, and, in either case, the profit is attributable to sources in Australia.

To the extent an amount would be included in a non-Australian tax resident holder's assessable income under both the capital gains tax provisions and the ordinary income provisions, the capital gain amount would generally be reduced, so that the holder would not be subject to double tax on any part of the gain.

Non-Australian tax resident holders who are assessable under the ordinary income provisions in respect of gains made on shares held on revenue account would be assessed for such gains at the Australian tax rates for non-Australian tax residents, which start at a marginal rate of 29% for individuals. Some relief from Australian income tax may be available to such non-Australian tax resident holders under the Treaty.

Shares held on Capital Account

Australian tax may arise if the sale is subject to Australian capital gains tax. Any gain arising upon disposal by a non-resident of the ADSs or Ordinary Shares may be subject to Australian capital gains tax if the asset has the necessary connection with Australia. The ADS or ordinary shares will be taken to have the necessary connection with Australia if at any time during the period of 5 years preceding the disposal (of ADSs or Ordinary Shares acquired after 19 September 1985) the non-resident (together with associates, if any) owns or owned 10% or more of the issued capital of Ansell Limited.

According to Australian income tax law, a taxpayer makes a capital gain if the capital proceeds they receive on the disposal of shares exceed the cost base of those Shares. If the capital proceeds received on disposal are less than the reduced cost base, the taxpayer makes a capital loss.

The cost base and reduced cost base of any Share is generally the amount paid to acquire the share plus any associated costs incurred (e.g. brokerage fees). Cost base adjustments may be required (and capital gains may arise) should a distribution representing a return of capital or certain other non-assessable amounts be paid.

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10E AUSTRALIAN TAXATION (continued)

Where a taxpayer makes a capital gain, they must include the net capital gain in their Australian taxable income (in the income year in which the disposal occurred). The net capital gain is calculated as the current year capital gain less any current year or prior year unused Australian capital losses. Current or prior year Australian revenue losses may also be offset against net capital gains. Capital losses cannot be offset against other Australian sourced taxable income.

Australian capital gains tax is generally imposed at a taxpayer's normal rate of tax, which starts at a marginal tax rate of 29% for non-Australian tax resident individuals.

A further reduction in the amount included in the taxpayer's taxable income in respect of a net capital gain may apply for certain shareholders if the Shares had been held for 12 months or more. For individuals (whether the Shares were held by the individual directly or indirectly through a trust) the rate of discount is 50%. Capital losses must be applied to calculate a net capital gain before applying the discount capital gains tax provisions.

Treaty

These two exceptions are also subject to the operation of the Treaty between Australia and the United States, which may affect Australia's right to tax non-residents of Australia who hold ADSs or Ordinary Shares. Owners of ADSs and Ordinary Shares are advised to consult their own tax advisors as to the tax consequences of the operation of the Treaty.

Dual Residency

If a shareholder were a resident of both Australia and another country under those countries' domestic taxation laws, that shareholder may be subject to tax as an Australian resident. Owners of ADSs and Ordinary Shares should obtain specialist taxation advice in these circumstances.

International Tax Reform

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For completeness, as part of Australia's reform of international tax arrangements, the Australian Government announced in the Federal Budget in May 2005 that the capital gains tax provisions are to be amended to provide conduit capital gains tax relief for non-resident inbound investors. The proposed reform provides capital gains tax relief for non-residents disposing of non-portfolio share interests in Australian entities. The amendments will not extend to the disposal of shares in Australian companies where the value of such an interest is wholly or principally attributable to Australian real property. The change will apply to the disposal of assets occurring on or after the date of Royal Assent of the amending legislation. The Government has foreshadowed that the legislation will be introduced in the 2005-2006 year. To date, no legislation has been released.

OTHER TAXES

No Australian State or Federal estate duty or other inheritance taxes will be payable in respect of ADSs or Ordinary Shares upon the death of the holder thereof, regardless of the holder's domicile. For capital gains purposes, the death of the holder will not produce a deemed disposal, except if the ADSs or ordinary shares are bequeathed to a tax exempt entity or to a beneficiary who is not an Australian resident. In all other circumstances, the liability for tax on any gain is effectively transferred to the deceased's legal representatives or beneficiaries for payment following disposal of the ADSs or Ordinary Shares by that person, subject to those matters referred to above. A deemed disposal or a disposal subsequently by the beneficiary will have the consequences set out above.

STAMP DUTY

No Australian stamp duty will be payable on the acquisition of ADSs or on any subsequent transfer of an ADS, provided that the ADR evidencing such ADS remains at all times outside Australia, that the instrument of transfer is not executed in Australia and remains at all times outside Australia, and that the Depository and the Custodian maintain no register of ADSs in Australia.

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PART I

Item 10: Additional Information

10E AUSTRALIAN TAXATION (continued)

No stamp duty is payable on a transfer of Ordinary Shares, whilst the Ordinary Shares are quoted on the Australian Stock Exchange (ASX) or a recognised stock exchange. If the Ordinary Shares cease to be quoted on the ASX or a recognised exchange, any transfer of Ordinary Shares will ordinarily be subject to stamp duty at the rate of 0.6% of the consideration paid or the unencumbered value of the shares at the time of such transfer. Such stamp duty will need to be paid prior to the transfer of the Ordinary Shares being registered by Ansell Limited.

If the transfer of Ordinary Shares is effected by stockbrokers on the Australian Stock Exchange, each of the transferor and the transferee will be required to pay half of the stamp duty payable. If the transfer of the Ordinary Shares is not effected by stockbrokers on the Australian Stock Exchange, the transferee of the Ordinary Shares will generally be required to pay the stamp duty payable.

AUSTRALIAN FOREIGN SOURCE INCOME RULES

Australia has a dual foreign tax credit/exemption system for relief from double taxation of dividends, whereby dividends received from foreign companies are either fully taxable in Australia, (with a credit available for both the foreign withholding tax paid and the income tax paid by the companies on their underlying profits) or exempt (with no foreign tax credit). Further, the taxation of the income of Ansell Limited's foreign subsidiaries may be affected by the provisions of Australia's Controlled Foreign Companies (CFC) legislation.

Under the Australian CFC provisions, income earned by foreign subsidiaries in certain specified countries, being comparably taxed countries generally would be exempt from Australian tax. However, certain forms of income earned by foreign subsidiaries in all other countries could be attributed to Ansell Limited or its Australian subsidiaries and be subject to Australian tax on an accruals basis, with a foreign tax credit available for relief from double taxation. This accruals-based system does, however, provide exemptions for foreign subsidiaries, which are engaged predominantly in an active business.

All non-portfolio dividends (i.e. a dividend paid to a company where that company holds 10% or more of the voting power in the dividend paying company) received from comparable tax countries and certain other countries on the limited exemption list are exempt from Australian tax. However, with effect from 1 July 2004, the exemption for foreign sourced non-portfolio dividends and certain foreign branch profits received by Australian companies and CFCs has been extended to cover profits repatriated from all listed and unlisted countries. Because these dividends are exempt, no credit is allowed for foreign taxes paid. Otherwise, dividends received from other countries will generally be taxed in Australia, with a foreign tax credit available for relief from double taxation for foreign taxes paid.

International Tax Reform

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As part of the international tax reform process, a number of measures have also been legislated recently dealing with reforming Australia's CFC measures. Specifically, Australian companies and their subsidiaries will be exempt from capital gains on the sale of non-portfolio interests in foreign companies which have underlying active business. The Australian Government also removed the obligation to attribute certain income of CFCs operating in comparable-tax countries (by introducing an exemption) and in relation to certain service income of CFCs.

The capital gains exemption applies from 1 April 2004 and applies to specified capital gains tax events relating to shares in foreign companies occurring after that date. The other CFC measure applies from 1 July 2004 and applies in relation to statutory accounting periods of CFCs beginning on or after that date.

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PART I

Item 10: Additional Information

10F DIVIDENDS AND PAYING AGENTS

Not Applicable.

10G STATEMENT BY EXPERTS

Not Applicable.

10H DOCUMENTS ON DISPLAY

The documents referred to in this report can be inspected at the Company's Head Office at 678 Victoria Street, Richmond, Victoria, Australia.

10I SUBSIDIARY INFORMATION

Not Applicable.

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PART I

Item 11: Quantitative and Qualitative Disclosures about Market Risk

DERIVATIVE FINANCIAL INSTRUMENTS

The Company uses derivative financial instruments, principally foreign exchange and interest rate related, to reduce its exposure to movements in foreign exchange rate and interest rate movements.

The Company has adopted certain principles in relation to derivative financial instruments:

- (i) it does not trade in a derivative that is not used in the hedging of an underlying business exposure of the Company;
- (ii) derivatives acquired must be able to be recorded on the Company's treasury management systems, which contain extensive internal controls; and
- (iii) the Company predominantly does not deal with counter-parties rated lower than A- by Standard and Poor's or A3 by Moody's Investors Service.

The Company follows the same credit policies, legal processes, monitoring of market and operational risks in the area of derivative financial instruments, as it does in relation to financial assets and liabilities on the Statement of Financial Position, where internal controls operate.

The Company is involved in a range of derivative financial instruments, which can be defined in the following broad categories:

(i) Forward / Future Contracts

These transactions enable the Company to buy or sell specific amounts of foreign exchange, financial instruments or commodities at an agreed rate/price at a specified future date. Maturities of these contracts are principally between six months and two years.

(ii) Options

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This is a contract between two parties, which gives the buyer of a put or call option the right, but not the obligation, to transact at a specified interest rate/exchange rate or commodity price at a future date, generally for a premium. Maturities of these contracts are principally between three months and two years.

(iii) Swaps

These agreements enable parties to swap interest rate (from or to a fixed or floating basis) or currency (from one currency to another currency) positions for a defined period of time. Maturities of the contracts are principally between two and five years.

DERIVATIVE FINANCIAL INSTRUMENTS HELD OR ISSUED FOR PURPOSES OTHER THAN TRADING

Gains and losses on derivatives used as hedges are accounted for on the same basis as the underlying physical exposures they hedge. Accordingly, hedge gains and losses are included in the Statement of Financial Performance when the gain or loss arising on the related physical exposures are recognised in the Statement of Financial Performance.

When hedging an underlying interest rate exposure, with a derivative financial instrument, all gains and losses are accounted for on an accrual basis, thereby adjusting the underlying physical cost to the hedged rate over the life of the transaction. Gains or losses resulting from the termination of an interest rate swap contract where the underlying borrowing remains, are deferred on the Statement of Financial Position and then amortised over the life of the borrowing. Where the transaction is a single event, such as a foreign exchange exposure, the hedge gain or loss is taken to account on the actual exposure date.

Gains and losses on derivative financial instruments which hedge transactions are in the first instance deferred and later recognised in the Statement of Financial Performance when the hedged transaction occurs. Such deferrals only occur where the future transaction remains assured. Where a transaction is modified or extinguished any associated derivative financial instrument is also modified or extinguished and any gain or loss that no longer relates to an exposure is immediately taken to the Statement of Financial Performance.

Table of Contents**PART I****Item 11 : Quantitative and Qualitative Disclosures about Market Risk****DERIVATIVE FINANCIAL INSTRUMENTS (continued)****DERIVATIVE FINANCIAL INSTRUMENTS HELD OR ISSUED FOR TRADING PURPOSES**

The Company does not trade in derivative financial instruments or hold them for speculative purposes.

FUTURE TRANSACTIONS

On a continuing basis, the Company monitors its future exposures and on some occasions hedges all or part of these exposures. The transactions that may be covered are future cash flows of overseas controlled entities and future foreign exchange requirements.

These exposures are then monitored and may be modified from time to time. These transactions rarely exceed 12 months duration and hedge transactions the Company expects to occur in this time frame.

The following table shows the Company's deferred gains and (losses), both realised and unrealised, that are currently held on the Statement of Financial Position and the expected timing of recognition as revenue or expense:

<u>\$ in millions</u>	Interest Rate			Foreign Exchange		
	2005	2004	2003	2005	2004	2003
Exposures						
Less than 1 year					(0.1)	1.9
Realized Swaps Deferred						
Less than 1 year		0.7	0.4			
1 to 2 years	(0.3)	0.7	0.8			
2 to 5 years	(3.6)	4.9	0.9			
Greater than 5 years						

Table of Contents**PART I****Item 11: Quantitative and Qualitative Disclosures about Market Risk****DERIVATIVE FINANCIAL INSTRUMENTS (continued)****INTEREST RATE RISK**

The Company's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities is set out below:

\$ in millions	Weighted Average Effective Interest Rate	Interest Rate				Non Interest Bearing	Total
		Floating	Fixed Maturities				
			1 year or less	1 to 5 years ⁽¹⁾	Over 5 years		
Net Financial Assets/(Liabilities) 2005							
Financial Assets							
<i>On-Balance Sheet</i>							
Cash on hand and at bank	1.6%	19.2	6.5			43.7	69.4
Short-term deposits	4.5%	48.8	105.4			3.7	157.9
Receivables - trade	NA					170.8	170.8
Receivables - other	6.1%	66.8				44.8	111.6
Investments (excl. associated companies)	NA					59.0	59.0
Total Financial Assets 2005		134.8	111.9			322.0	568.7
Financial Liabilities							
<i>Recognised</i>							
Payables - trade	NA					106.8	106.8
Payables - other	NA					26.8	26.8
Bank overdraft	4.5%	0.3				1.1	1.4
Bank and other loans	5.1%	6.7	357.2				363.9
Provisions (including certain employee entitlements)	NA					50.1	50.1
<i>Unrecognised</i>							
Net interest rate swaps							
Total Financial Liabilities 2005		7.0	357.2			184.8	549.0
Net Financial Assets/(Liabilities) 2005		127.8	111.9	(357.2)		137.2	19.7
Net Financial Assets/(Liabilities) 2004	%						

Financial Assets*On-Balance Sheet*

Cash on hand and at bank	1.1%	20.5		50.2	70.7
Short-term deposits	4.8%	231.8	15.6		247.4
Receivables trade	N/A			183.0	183.0
Receivables other	6.1%	62.8		46.5	109.3
Investments (excl. associated companies)	N/A			141.4	141.4

Total Financial Assets 2004

315.1	15.6	421.1	751.8
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Financial Liabilities*Recognised*

Payables trade	N/A			124.1	124.1
Payables other	N/A			38.6	38.6
Bank overdraft	1.5%	3.3			3.3
Bank and other loans	5.6%	321.2	101.7		422.9
Provisions (including certain employee entitlements)	N/A			41.0	41.0

Unrecognised

Net interest rate swaps	2.0%	(147.4)	121.1	26.3	
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Total Financial Liabilities 2004

177.1	121.1	128.0	203.7	629.9
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Net Financial Assets/(Liabilities) 2004

138.0	(121.1)	(112.4)	217.4	121.9
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(1) Analysis of Fixed Rate Maturities 1 to 5 years

	<u>1-2 yrs</u>	<u>2-3 yrs</u>	<u>3-4 yrs</u>	<u>4-5 yrs</u>	<u>Total</u>
2005					
Bank & Other Loans	115.9	26.2	105.0	110.1	357.2
2004					
Bank & Other Loans	101.7				101.7
Net Interest Rate Swaps	26.3				26.3
	128.0				128.0

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PART I

Item 11: Quantitative and Qualitative Disclosures about Market Risk

DERIVATIVE FINANCIAL INSTRUMENTS (continued)

INTEREST RATE RISK (continued)

Provisions, including amounts contained within income tax, deferred income tax, contingencies, rationalisation and restructure, Accufix Pacing Lead related expenses and insurance claims amounting to \$47.4 million (2004 \$57.7 million) are not included within the table above as it is considered that they do not meet the definition of a financial instrument.

A separate analysis of debt by currency can be found at Note 21 to the Financial Statements contained in Item 18.

CREDIT RISK AND NET FAIR VALUE

Recognised Financial Instruments

(i) Credit Risk

The credit risk on financial assets, excluding investments, of the Company which have been recognised on the Statement of Financial Position, is the carrying amount, net of any provision for doubtful debts. The Company minimises concentrations of credit risk by undertaking transactions with a large number of customers and counter parties in various countries.

The Company is not materially exposed to any individual overseas country or individual customer.

(ii) Net Fair Value

The Company considers that the carrying amount of recognised financial assets and financial liabilities approximates their net fair value.

Unrecognised Financial Instruments

Credit risk on unrecognised derivative contracts is minimised, as counterparties are recognised financial intermediaries with acceptable credit ratings determined by a recognised rating agency. It is not felt that there is a material exposure to any single counterparty or group of counterparties. The Company's exposure is almost entirely (over 99%) to banks.

Table of Contents**PART I****Item 11 : Quantitative and Qualitative Disclosures about Market Risk****DERIVATIVE FINANCIAL INSTRUMENTS (continued)****CREDIT RISK AND NET FAIR VALUE (continued)**

The following table displays:

(i) Face Value:

This is the contract's value upon which a market rate is applied to produce a gain or loss, which becomes the settlement value of the derivative financial instrument.

(ii) Credit Risk:

This is the maximum exposure to the Company in the event that all counterparties who have amounts outstanding to the Company under derivative financial instruments, fail to honour their side of the contracts. The Company's exposure is almost entirely to banks (see (v) below). Amounts owed by the Company under derivative financial instruments are not included.

(iii) Net Fair Value:

This is the amount at which the instrument could be extinguished between willing parties in a normal market in other than a liquidation or forced sale environment. The net amount owed by / (owing to) financial institutions under all derivative financial instruments would have been \$3.5 million (2004 - \$1.6 million) if all contracts were closed out on 30 June 2005.

	Face Value		Credit Risk		Net Fair Value	
	2005	2004	2005	2004	2005	2004
\$ in millions						

Foreign Exchange Contracts

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Purchase/Sale Contracts:

- U.S. dollars	78.5	77.0	0.5	0.4	0.4	0.2
- Australian dollars	5.0	22.0				
- Euro	20.7	19.9			(0.7)	
- Other currencies	5.3	13.5		0.2	(0.1)	0.1

Cross Currency Swaps:

- U.S. dollars	23.7	53.8	0.9	1.9	0.9	1.9
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Foreign Exchange Options

Zero Cost Collar:

- Euro/U.S. dollars	99.3	145.4	2.6	1.6	3.3	0.4
- U.S. dollars/Thai baht	16.5	21.5	0.4	0.1	(0.3)	(0.2)
- Australian dollars/U.S. dollars	6.0	11.3		0.4		0.6
- Canadian dollars/U.S. dollars	29.1	6.8	0.2	0.1	(0.1)	(0.1)
- GBP/U.S. dollars	0.9	8.5				
- U.S. dollars/Euro	6.6				(0.2)	

Interest Rate Contracts

Interest Rate Swaps:

- U.S. dollars	38.0	141.0	0.4	0.4	0.3	(1.2)
- Australian dollars		50.0				(0.1)

Total	329.6	570.7	5.0	5.1	3.5	1.6
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From time to time in the ordinary course of business, the Company enters into forward exchange contracts to hedge a proportion of its purchase and sale commitments denominated in foreign currencies (principally US dollars). Hedge cover does not exceed 12 months.

(iv) Market/Liquidity Risk:

The Company seeks to reduce the risk of:

- (a) being forced to exit derivative financial instrument positions at below their real worth; or
- (b) finding it cannot exit the position at all, due to lack of liquidity in the market;

By:

- (a) dealing only in liquid contracts dealt by many counterparties; and
- (b) dealing only in large and highly liquid and stable international markets.

Table of Contents**PART I****Item 11 : Quantitative and Qualitative Disclosures about Market Risk****DERIVATIVE FINANCIAL INSTRUMENTS (continued)****CREDIT RISK AND NET FAIR VALUE (continued)****(v) Credit Risk by Maturity:**

The following table indicates the value of amounts owing by counterparties by maturity. Based on the Group policy of not having overnight exposures to an entity rated lower than A- by Standard & Poor's or A3 by Moody's Investors Service, it is felt the risk to the Company of the counterparty default loss is not material.

\$ in millions	Foreign Exchange Related		Interest Rate		Foreign Exchange		Total	
	Contracts		Contracts		Options		Total	
	2005	2004	2005	2004	2005	2004	2005	2004
Term								
0 to 6 mths	0.5	0.6			2.1	1.1	2.6	1.7
6 to 12 mths		0.1			1.1	1.1	1.1	1.2
1 to 2 yrs	0.9						0.9	
2 to 5 yrs		1.8	0.4	0.4			0.4	2.2
Total	1.4	2.5	0.4	0.4	3.2	2.2	5.0	5.1

(vi) Historical Rate Rollovers:

It is the Company's policy not to engage in historical rate rollovers except in circumstances where the maturity date falls on a bank holiday. In these instances, settlement occurs on the next trading day.

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Item 12 : Description of Securities Other than Equity Securities

Not Applicable

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PART II

Item 13 : Defaults, Dividend Arrearages and Delinquencies

Not Applicable

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PART II

Item 14 : Material Modifications to the Rights of Security Holders

Not Applicable

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PART II

Item 15 : Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Chief Executive Officer and the Chief Financial Officer, of the effectiveness of the design and operation of its disclosure controls and procedures. Disclosure controls and procedures are designed to ensure that the material financial and non-financial information required to be disclosed in the Form 20-F and filed with the Securities and Exchange Commission is recorded, processed, summarized and reported in a timely manner.

Based on this evaluation, the Company's management, including the Chief Executive Officer and the Chief Financial Officer, concluded that the Company's disclosure controls and procedures were effective as of the end of the period covered by this report.

Internal Controls

There have been no changes in the Company's internal control over financial reporting during the period covered by this report that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Table of Contents**PART II****Item 16****16A AUDIT COMMITTEE FINANCIAL EXPERT**

The Company's Board of Directors has determined that Mr. L.D. Crandall, Chairman of the Company's Audit Committee, is a financial expert and is independent as that term is defined.

16B CODE OF ETHICS

The Company has adopted a Code of Conduct which applies to Directors, executives, management and employees. The Code of Conduct is posted on the Company's website refer to Item 6C Board Practices for further details.

16C PRINCIPAL ACCOUNTANT FEES AND SERVICES

(a) Audit Fees

Audit and Review of Financial Reports (\$ in Thousands)	Consolidated		The Company	
	2005	2004	2005	2004
Auditors of Ansell Limited and Australian entities KPMG	1,050	1,013	1,050	927
Other Member firms of KPMG	1,564	1,423		
Total	2,614	2,436	1,050	927

(b) Audit-Related Fees

Other Audit and Assurance Services (including disposals and acquisitions) (\$ in Thousands)	Consolidated		The Company	
	2005	2004	2005	2004
Auditors of Ansell Limited and Australian entities KPMG ⁽¹⁾	36	131	36	131

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Other Member firms of KPMG ⁽²⁾	70	77	—	—
Total	106	208	36	131

- (1) Includes audit of local statutory accounts and Ansell's US GAAP financial statements and audit of a warranty claim in the prior year.
(2) Includes the audit of defined benefit pension plans in the USA and the audit of local statutory accounts of foreign subsidiaries.

(c) Tax Fees

Taxation and Other Services	Consolidated		The Company	
(\$ in Thousands)	2005	2004	2005	2004
Auditors of Ansell Limited and Australian entities KPMG	30	40	30	40
Other Member firms of KPMG	43	150	—	—
Total	73	190	30	40

Represents fees for tax compliance services in respect of statutory lodgements.

(d) All Other Fees

(\$ in Thousands)	Consolidated		The Company	
(\$ in Thousands)	2005	2004	2005	2004
Auditors of Ansell Limited and Australian entities KPMG	—	—	—	—
Other Member firms of KPMG	—	—	—	—
Total	—	—	—	—

- (e) The Audit Committee is required to approve in advance all audit and non-audit services provided by the Company's external auditors. Non-audit services that are perceived to be materially in conflict with the role of auditor, should not be provided by the external auditor. These services are expected to include investigations and consulting advice and subcontracting of operational activities normally undertaken by management and where the external auditor may ultimately be required to express an opinion on its own work.

- (f) Not applicable.

Table of Contents**PART II****Item 16****16D EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES**

Not Applicable

16E PURCHASES OF EQUITY SECURITIES BY THE ISSUER

<u>Period</u>	<u>Total Number of Shares Purchased</u>	<u>Average Price Paid per Share \$A</u>	<u>Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs</u>	<u>Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs</u>
1 December 31 December 2004	16,847,345	9.20	16,847,345	Nil
21 July 11 August 2005	14,669	10.07	14,669	Nil

The Company, on 30 April 2004, ceased buying back shares under the on-market buy back announced on 16 April 2003, after buying back 11,199,184 shares for a total outlay of \$72.1 million representing 6% of ordinary shares issued on that date. On 3 May 2004, the Company announced that it would undertake a further on-market buy-back of up to 12 million shares over the following 12 month period. As at 30 June 2004, the Company had bought back 198,288 shares for \$1.47 million. No further purchases pursuant to this on-market buy-back were made in the current year.

At the Annual General Meeting held on 14 October 2004, shareholders approved an off-market buy-back for up to \$155 million, under which 16,847,345 shares were bought back during the year, and also approved a further on-market buy-back for up to 10% of the Company's shares. No purchases under the latter on-market buy-back have yet been made.

As a result of the off-market buy-back some shareholders were left with less than a marketable parcel of shares. To enable all shareholders with unmarketable parcels of shares to divest their shares at no transactional cost, the Company implemented on 21 July 2005 a minimum holding share buy-back offer. At the close of the offer on 11 August 2005, 14,669 shares had been bought back at a cost of \$147,672.

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PART II

Item 17 : Financial Statements

Not Applicable

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Table of Contents**Item 18 : Consolidated Financial Statements****STATEMENTS OF FINANCIAL PERFORMANCE**

of Ansell Limited and its Controlled Entities as at 30 June 2005

	Note	Consolidated		
		2005	2004	2003
		\$m	\$m	\$m
Revenue				
Total revenue	3	1,109.9	1,131.1	1,320.1
Expenses				
Cost of goods sold		650.1	662.1	830.4
Selling, distribution and administration		277.8	289.8	310.3
Depreciation and amortisation		45.3	46.7	56.5
Write-down of assets		80.0	9.8	6.1
Total expenses, excluding borrowing costs		1,053.2	1,008.4	1,203.3
Borrowing costs	4(a)	21.9	29.4	37.8
Profit from ordinary activities before income tax expense		34.8	93.3	79.3
Income tax expense attributable to ordinary activities	8	21.7	20.7	26.8
Net profit from ordinary activities after income tax expense		13.1	72.6	52.5
Outside equity interests in net profit after income tax	10	1.8	1.9	2.6
Net profit after income tax attributable to Ansell Limited shareholders	6	11.3	70.7	49.9
Non-owner transaction changes in equity				
Net exchange difference on translation of financial statements of self-sustaining foreign operations	6	(44.5)	(7.4)	(71.3)
Total valuation adjustments attributable to Ansell Limited shareholders recognised directly in equity		(44.5)	(7.4)	(71.3)
Total changes in equity from non-owner related transactions attributable to Ansell Limited shareholders	7	(33.2)	63.3	(21.4)
Earnings per share is based on net profit after income tax attributable to Ansell Limited shareholders				
		cents	cents	cents
Basic earnings per share*	35	6.7	39.1	26.7
Diluted earnings per share	35	6.7	38.8	26.6

* Basic earnings per share in the current period is 54.5 cents excluding the effect of the write-down of the investment in the South Pacific Tyres Partnership.

The above statements of financial performance should be read in conjunction with the accompanying notes.

Table of Contents**Item 18 : Consolidated Financial Statements****STATEMENTS OF FINANCIAL POSITION**

of Ansell Limited and its Controlled Entities as at 30 June 2005

	Note	Consolidated		
		2005	2004	2003
		\$m	\$m	\$m
Current Assets				
Cash on hand	11	0.2	0.9	0.6
Cash at bank and on deposit	11	218.7	306.9	285.4
Cash assets - restricted deposits	11	8.4	10.3	13.8
Receivables	12	214.1	228.7	262.4
Inventories	13	157.3	185.8	183.8
Other	14	14.4	16.4	15.0
Total Current Assets		613.1	749.0	761.0
Non-Current Assets				
Receivables	12	68.3	63.6	57.0
Other financial assets	15	59.0	141.4	141.4
Property, plant and equipment	16	195.4	227.8	262.9
Intangible assets	17	246.2	293.4	324.5
Deferred tax assets	18	15.1	24.2	32.0
Other	19	2.1		
Total Non-Current Assets		586.1	750.4	817.8
Total Assets		1,199.2	1,499.4	1,578.8
Current Liabilities				
Payables	20	132.8	159.4	155.5
Interest bearing liabilities	21	34.3	190.2	151.8
Provisions	22	56.7	52.0	57.5
Current tax liabilities	22	2.3	2.6	3.1
Total Current Liabilities		226.1	404.2	367.9
Non-Current Liabilities				
Payables	20	0.8	3.3	3.2
Interest bearing liabilities	21	331.0	236.0	320.0
Provisions	22	23.7	23.9	21.7
Deferred tax liabilities	22	14.8	20.2	21.5
Total Non-Current Liabilities		370.3	283.4	366.4

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Total Liabilities		596.4	687.6	734.3
Net Assets		602.8	811.8	844.5
Equity				
Contributed equity	5	1,232.8	1,383.9	1,448.3
Reserves	6	(296.6)	(275.6)	(268.9)
Accumulated losses	6	(342.5)	(306.7)	(345.7)
Total equity attributable to Ansell Limited shareholders		593.7	801.6	833.7
Outside equity interests	10	9.1	10.2	10.8
Total Equity		602.8	811.8	844.5

The above statements of financial position should be read in conjunction with the accompanying notes.

Table of Contents**Item 18 : Consolidated Financial Statements****STATEMENTS OF CASH FLOWS**

of Ansell Limited and its Controlled Entities for the year ended 30 June 2005

	Note	Consolidated		
		2005	2004	2003
		\$m	\$m	\$m
Cash Flows Related to Operating Activities				
Receipts from customers (excluding non-recurring and Accufix Research Institute)		1,128.6	1,155.9	1,357.0
Payments to suppliers and employees (excluding non-recurring and Accufix Research Institute)		(955.8)	(950.6)	(1,159.9)
Net receipts from customers (excluding non-recurring and Accufix Research Institute)		172.8	205.3	197.1
Income taxes paid		(16.1)	(15.9)	(8.6)
Dividends received				2.6
Net cash provided by operating activities (excluding non-recurring and Accufix Research Institute)		156.7	189.4	191.1
Non-recurring payments to suppliers and employees			(7.1)	(26.8)
Payments to suppliers and employees net of customer receipts (Accufix Research Institute)		(3.9)	(3.1)	(2.7)
Net Cash Provided by Operating Activities	31(a)	152.8	179.2	161.6
Cash Flows Related to Investing Activities				
Payments for property, plant and equipment		(14.1)	(13.8)	(15.4)
Payments for brand names				
Proceeds from sale of plant and equipment in the ordinary course of business			5.3	6.1
Loans repaid			3.4	4.2
Net loans to controlled entities	31(c)			
Proceeds from sale of other investments		1.4		9.1
Payments for other investments			(1.3)	
Net Cash (Used in)/Provided by Investing Activities		(12.7)	(6.4)	4.0
Cash Flows Related to Financing Activities				
Proceeds from borrowings		145.1	104.3	7.8
Repayments of borrowings		(171.5)	(140.9)	(86.9)
Net repayments of borrowings		(26.4)	(36.6)	(79.1)
Proceeds from issues of shares		5.0	1.0	1.0
Payments for share buy-back		(156.1)	(65.4)	(8.2)
Dividends paid		(24.7)	(32.7)	(1.7)
Interest received		8.5	9.0	8.0
Interest and borrowing costs paid		(23.3)	(28.7)	(37.8)
Net Cash Used in Financing Activities		(217.0)	(153.4)	(117.8)

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Net (Decrease)/Increase in Cash Held	(76.9)	19.4	47.8
Cash at the beginning of the financial year	314.8	297.2	262.3
Effects of exchange rate changes on the balances of cash held in foreign currencies at the beginning of the financial year	(12.0)	(1.8)	(12.9)
Cash at the End of the Financial Year	31(b) 225.9	314.8	297.2

The above statements of cash flows should be read in conjunction with the accompanying notes.

Table of Contents**Item 18 : Consolidated Financial Statements****INDUSTRY SEGMENTS**

of Ansell Limited and its Controlled Entities for the year ended 30 June 2005

	Operating Revenue			Operating Result		
	2005	2004	2003	2005	2004	2003
	\$m	\$m	\$m	\$m	\$m	\$m
INDUSTRY						
Ansell Healthcare						
Occupational Healthcare	551.6	545.2	624.9	81.3	74.2	62.9
Professional Healthcare	371.4	381.8	452.6	43.3	40.5	53.9
Consumer Healthcare	173.2	186.3	216.1	29.1	31.6	42.8
Total Ansell Healthcare	1,096.2	1,113.3	1,293.6	153.7	146.3	159.6
Unallocated items	13.7	17.8	26.5	(8.8)	(13.1)	(22.4)
Operating EBITA				144.9	133.2	137.2
Write-down of investment in South Pacific Tyres				(80.0)		
Write-down of Ansell Healthcare assets/Discontinued Businesses adjustments					(1.7)	(6.1)
EBITA				64.9	131.5	131.1
Goodwill amortisation				(20.5)	(21.4)	(25.3)
Earnings before Net Interest and Tax (EBIT)				44.4	110.1	105.8
Borrowing costs net of interest revenue				(9.6)	(16.8)	(26.5)
Operating Profit before Tax				34.8	93.3	79.3
Tax				(21.7)	(20.7)	(26.8)
Outside equity interests				(1.8)	(1.9)	(2.6)
Total Consolidated	1,109.9	1,131.1	1,320.1	11.3	70.7	49.9
REGIONS						
Asia Pacific	162.9	168.2	173.7	38.9	41.4	35.9
Americas	527.0	544.7	656.0	68.2	65.0	80.2
Europe	406.3	400.4	463.9	46.6	39.9	43.5
Total Ansell Healthcare	1,096.2	1,113.3	1,293.6	153.7	146.3	159.6
				Assets Employed	Liabilities	

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	2005	2004	2003	2005	2004	2003
	\$m	\$m	\$m	\$m	\$m	\$m
INDUSTRY						
Ansell Healthcare						
Occupational Healthcare	250.8	274.8	284.4	83.5	96.1	90.0
Professional Healthcare	230.9	277.4	310.8	62.6	68.1	63.9
Consumer Healthcare	88.5	110.4	111.5	21.1	37.2	39.4
Total Ansell Healthcare	570.2	662.6	706.7	167.2	201.4	193.3
Corporate Assets/Liabilities	155.5	225.3	247.8	429.2	486.2	541.0
Goodwill and Brand names	246.2	293.4	324.5			
Cash	227.3	318.1	299.8			
Total Consolidated	1,199.2	1,499.4	1,578.8	596.4	687.6	734.3
REGIONS						
Asia Pacific	230.4	268.3	269.5	60.0	75.3	78.6
Americas	196.8	227.5	256.1	73.6	90.6	86.6
Europe	143.0	166.8	181.1	33.6	35.5	28.1
Total Ansell Healthcare	570.2	662.6	706.7	167.2	201.4	193.3

The above industry segments report should be read in conjunction with the accompanying notes, including Note 30.

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Item 18 : Consolidated Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Ansell Limited is a multinational healthcare solutions provider of barrier protection products against injury, infection and contamination. The Company's principal line of business, determined and reported on the basis of differing products and services, is the manufacture and supply of barrier protection products into the Occupational, Professional and Consumer healthcare markets.

The Ansell Healthcare group manufactures industrial gloves, medical gloves and consumer products including household gloves and condoms in the Asia Pacific region and the Americas, and markets these products globally.

The significant policies which have been adopted in the preparation of this financial report are:

Basis of Preparation of Financial Report

The financial report is a general purpose financial report which has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

It has been prepared on the basis of historical costs and except where stated, does not take into account changing money values or fair values of non-current assets.

These accounting policies have been consistently applied by each entity in the consolidated entity and are consistent with those of the previous year with the exception of accounting for research and development costs - see Note 2.

Comparative information is reclassified where appropriate to enhance comparability.

Principles of Consolidation

The consolidated financial statements of the Ansell Limited Group (the consolidated entity) include the financial statements of Ansell Limited (the Company), being the parent entity, and its controlled entities.

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by the Company as at balance date and the results of all controlled entities for the year then ended. The effects of all transactions between entities in the consolidated entity are eliminated in full. Outside interests in the results and equity of controlled entities are shown separately in the consolidated Statement of Financial Performance and Statement of Financial Position respectively.

Results of controlled entities are included in the consolidated Statement of Financial Performance from the date on which control commences and continue to be included until the date control ceases to exist.

Revenue Recognition

Revenues are recognised at fair value of the consideration received net of the amount of goods and services tax (GST).

Sales Revenue

Sales revenue comprises revenue earned (net of returns, discounts and rebates which are accrued at expected levels as sales occur) from the provision of products to entities outside the consolidated entity. Sales revenue is recognised when the goods are shipped and title passes.

Interest Income

Interest income is recognised as it accrues.

Asset Sales

The net proceeds of asset sales are included as revenue of the consolidated entity. The profit or loss on disposal of assets is brought to account at the date control passes and a contract of sale has been signed.

The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of the disposal and the net proceeds on disposal.

Any related balance in the asset revaluation reserve is transferred to retained profits/accumulated losses on disposal.

Borrowing Costs

Borrowing costs include interest, amortisation of ancillary costs incurred in connection with the arrangement of borrowings and other related charges. Material ancillary costs incurred in connection with the arrangement of term borrowings are capitalised and amortised over the life of the borrowings.

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Item 18 : Consolidated Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

Income Tax

The consolidated entity adopts the income statement liability method of tax effect accounting.

Income tax expense is calculated at current rates on the accounting profit adjusted for permanent differences and income tax over/under provided in the previous year. The estimated liability for income tax outstanding in respect of the period's operations is included in the Statement of Financial Position as a current liability.

Future income tax benefits and liabilities arising because some items are included in accounting profit in a period different from that in which the items are assessed for income tax, are included in the Statement of Financial Position as a non-current asset and a non-current liability respectively. As provided for in Accounting Standard AASB 1020, these deferred tax balances have been offset, where applicable, in the financial statements of the individual entities.

The eventual recoverability of future income tax benefits and payment of the non-current tax liability is contingent upon taxable income being earned in future periods, continuation of the relevant taxation laws and each relevant company continuing to comply with the appropriate legislation.

Future income tax benefits attributable to tax losses (including capital losses) are only recorded where virtual certainty of recovery exists.

Provision is made for overseas taxes, which may arise in the event of retained profits of foreign controlled entities being remitted to Australia, when the dividend is declared. Provision is made for capital gains tax, which may arise in the event of sale of revalued assets, only when such assets are sold.

Receivables

Trade Debtors

Trade debtors are recognised as at the date they are invoiced and are principally on 30 day terms. A provision for doubtful debts is recognised when collection of the full amount is no longer probable.

Other Amounts Receivable

Other amounts receivable comprise amounts due as a result of transactions outside the normal course of trading.

Inventories

Stock on Hand and Work in Progress

Stock on hand and work in progress are consistently valued on the basis of the lower of cost and net realisable value. The methods generally adopted throughout the consolidated entity in determining costs are:

Raw Materials and Other Stock

Actual costs, determined on a first in, first out basis or standard costs approximating actual costs.

Finished Goods and Work in Progress

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Standard costs approximating actual costs include an appropriate allocation of manufacturing overheads. Obsolete and slow moving stocks are written down to net realisable value where such value is below cost. Net realisable value is determined on the basis of each inventory line's normal selling pattern. Expenses of marketing, selling and distribution to customers are estimated and are deducted to establish net realisable value.

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Item 18 : Consolidated Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Associated Companies

An associate is an entity, other than a partnership, over which the consolidated entity exercises significant influence, where the investment in that entity is material and has not been acquired with a view to disposal in the near future.

The consolidated entity has no investments that meet the criteria for recognition as an associated company.

Other Companies

Investments in other listed and unlisted companies are carried at cost less any amount provided for diminution in value as determined by the Directors. Dividends are recognised when they are received.

Interest in Partnership

The consolidated entity's 50% interest in the South Pacific Tyres Partnership is carried as an investment. The principal activity of the partnership is the manufacture and sale of tyres and related products.

Property, Plant and Equipment

Acquisition

Items of property, plant and equipment are initially recorded at cost and depreciated as set out below. The cost of property, plant and equipment constructed by the consolidated entity includes the cost of materials, direct labour and capitalised interest.

Depreciation and Amortisation

Depreciation and amortisation is calculated on a straight line basis so as to write off the net cost of each item of property, plant and equipment, excluding land, over its estimated useful life.

The expected useful lives are as follows:

Freehold buildings of the Company and all Australian controlled entities	- 40 years
Freehold buildings of overseas controlled entities	- 20 - 40 years
Leasehold buildings	- Life of lease
Plant and equipment	- 3 to 10 years

Depreciation and amortisation rates and methods are reviewed annually for appropriateness.

Leases

Operating lease payments are expensed as incurred on a straight line basis over the term of the lease.

Recoverable Amount of Non-Current Assets Valued on Cost Basis

The carrying amounts of non-current assets valued on the cost basis are reviewed to determine whether they are in excess of their recoverable amount at balance date. If the carrying amount of a non-current asset exceeds its recoverable amount, the asset is written down to the lower amount. The write-down is recognised as an expense in the net profit or loss in the reporting period in which it occurs.

In assessing recoverable amounts of non-current assets the relevant cash flows have been discounted to their present value.

Brand Names

Brand names acquired since 1 July 1987 are recorded in the financial statements at cost. No amortisation is provided against the carrying value of these brand names on the basis that the lives of these assets are considered unlimited at this point in time.

Brand names have an unlimited legal life and the brand names recorded in the financial statements are not currently associated with products which are likely to become commercially or technically obsolete.

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Item 18 : Consolidated Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Payables

Trade and Other Creditors

Trade and other creditors are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Company or the consolidated entity. Trade liabilities are normally settled on 60 day terms.

Bills Payable

Bills payable are carried at the principal amount plus accrued interest.

Interest Bearing Liabilities

Bank and other loans are carried at their principal amount, subject to set-off arrangements. Interest is charged as an expense as it accrues.

Employee Entitlements

Wages, Salaries and Annual Leave

Liabilities for employee entitlements to wages, salaries and annual leave represent the amount which the consolidated entity has a present obligation to pay resulting from employees' services provided up to the balance date calculated at undiscounted amounts based on expected wage and salary rates that will be paid when the obligation is settled and include related on-costs.

Long Service Leave and Post Retirement Health Benefits

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The liability for employee entitlements to long service leave and post retirement health benefits represents the present value of the estimated future cash outflows to be made by the Company and the consolidated entity resulting from employees' services provided up to the balance date.

The provision is calculated using estimated future increases in wage and salary rates including related on-costs and expected settlement dates based on turnover history and is discounted using rates attaching to national government securities at balance date which most closely match the terms of maturity of the related liabilities. The unwinding of the discount is treated as long service leave expense.

Provisions

A provision is recognised when there is a legal, equitable or constructive obligation as a result of a past event and it is probable that a future sacrifice of economic benefits will be required to settle the obligation, the timing or amount of which is uncertain.

If the future sacrifice of economic benefits is material, a provision is determined by discounting the expected future cash flows required to settle the obligation at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is treated as part of the expense related to the particular provision.

Rationalisation and Restructuring

Provisions for rationalisation and restructuring are only recognised when a detailed plan has been approved and the restructuring has either commenced or been publicly announced, or firm contracts related to the restructuring have been entered into. Costs related to ongoing activities are not provided for.

Contingencies, Accufix Pacing Lead Related Expenses and Insurance Claims

The consolidated entity provides for certain specifically identified or obligated costs when these amounts are reasonably determinable.

Dividends

A provision for dividends payable is recognised in the reporting period in which the dividends are declared.

Other Liabilities

Amounts due under contract

Amounts due under contract are carried at the outstanding consideration payable.

Superannuation Contributions

The Company and other controlled entities contribute to various defined benefit and accumulation superannuation funds as set out in Note 25. Employer contributions to these funds are charged against the operating profit as they are made. The Company and the controlled entities have no legal or constructive obligation to fund any deficit.

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Item 18 : Consolidated Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Employee and Executive Share Plans

The Company currently maintains two plans for employees of the consolidated entity - the Pacific Dunlop Employee Share Plan and the Ansell Limited Stock Incentive Plan. A further Plan, the Pacific Dunlop Executive Share Plan, was discontinued in 1996. Further information on these plans is set out in Note 26.

The consolidated entity has recorded a charge to the profit and loss for the current year of approximately \$3.7 million based on the expected vesting of Performance Share Rights issued to executives pursuant to the Ansell Limited Stock Incentive Plan. Australian Accounting Standards do not currently require the recognition of compensation expense in relation to issuance of shares to employees, however the Company considers the recognition of such to be consistent with appropriate accounting criteria given the requirement for the recognition of such compensation under the Australian equivalents of International Financial Reporting Standards (AIFRS) which become effective from 1 July 2005.

Accounting for Acquisitions (Goodwill)

Acquired businesses are accounted for on the basis of the cost method. Fair values are assigned at date of acquisition to all the identifiable underlying assets acquired and to the liabilities assumed. Specific assessment is undertaken at the date of acquisition of any appropriate additional costs to be incurred. A liability for restructuring costs is only recognised as at the date of acquisition when there is a demonstrable commitment to restructuring together with a detailed plan. Further, the liability is only recognised when there is little or no discretion to avoid payment to other parties to settle such costs and a reliable estimate of the amount of the liability can be made. Goodwill represents the excess of the purchase consideration plus incidental costs over the fair value of the identifiable net assets acquired. Acquired goodwill is capitalised and amortised to the Statement of Financial Performance on a straight line basis over the future period of expected benefit.

The benefits from the goodwill acquired may exceed 20 years but the goodwill is written off over periods not exceeding 20 years in compliance with Australian Accounting Standards. The unamortised balance of goodwill is reviewed at least at each reporting date and any material diminution in value is charged to the Statement of Financial Performance. For the purposes of this review process, goodwill is allocated to cash generating units (which equate to the Group's reportable business units i.e. Occupational, Professional and Consumer) upon acquisition. Acquired businesses can readily be allocated to one of the business units on the basis of products manufactured and/or marketed. Such manufacturing and marketing operations tend to cover more than one geographical region.

Foreign Currency Translations

Transactions in foreign currencies are recorded at the rate of exchange ruling on the date of each transaction. At balance date, amounts payable and receivable in foreign currencies are converted at the rates of exchange ruling at that date.

The financial statements of overseas controlled entities that are self sustaining foreign operations are maintained in their functional currencies and are converted to the Group's reporting currency using the current rate method. Equity items are translated at historical rates. Variations occurring from year to year arising from this translation method are transferred to the foreign currency translation reserve until disposal, or partial disposal, of the operations.

Exchange differences arising on foreign currency amounts payable and receivable are brought to account in the Statement of Financial Performance. On consolidation, exchange differences on long term foreign currency amounts payable and receivable that hedge a net investment in an overseas controlled entity are transferred to the foreign currency translation reserve on a net of tax basis where applicable.

Derivatives

The Company and consolidated entity use derivative financial instruments, principally foreign exchange and interest rate related, to reduce their exposure to movements in foreign exchange rate and interest rate movements.

The consolidated entity has adopted certain principles in relation to derivative financial instruments:

- (i) it does not trade in a derivative that is not used in the hedging of an underlying business exposure of the consolidated entity;
- (ii) derivatives acquired must be able to be recorded on the consolidated entity's treasury management systems, which contain extensive internal controls; and
- (iii) the consolidated entity predominantly does not deal with counter-parties rated lower than A- by Standard and Poor's or A3 by Moody's Investors Service.

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Item 18 : Consolidated Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derivatives (continued)

The Company and consolidated entity follow the same credit policies, legal processes, monitoring of market and operational risks in the area of derivative financial instruments, as they do in relation to financial assets and liabilities on the Statement of Financial Position, where internal controls operate.

Derivative Financial Instruments Held or Issued for Purposes Other Than Trading

On a continuing basis, the consolidated entity monitors its future exposures and on some occasions hedges all or part of these exposures. The transactions which may be covered are future net cash flows of overseas controlled entities, future foreign exchange requirements and interest rate positions.

These exposures are then monitored and may be modified from time to time. The foreign exchange transactions rarely exceed 12 months duration and hedge transactions the consolidated entity expects to occur in this time frame. From time to time minor mismatches occur in the forward book, however these mismatches are managed under strict guidelines, limits and internal controls with stop loss parameters. Interest rate derivative instruments can be for periods up to 7 years.

When hedging an underlying interest rate exposure, with a derivative financial instrument, all gains and losses are accounted for on an accrual basis, thereby adjusting the underlying physical cost to the hedged rate over the life of the transaction. Gains or losses resulting from the termination of an interest rate swap contract where the underlying borrowing remains, are deferred on the Statement of Financial Position and then amortised over the life of the borrowing. Where the transaction is a single event, such as a foreign exchange exposure, the hedge gain or loss is taken to account on the actual exposure date.

Gains and losses on derivative financial instruments which hedge transactions are in the first instance deferred and later recognised in the Statement of Financial Performance when the hedged transaction occurs. Such deferrals only occur where the future transaction remains assured. Where a transaction is modified or extinguished any associated derivative financial instrument is also modified or extinguished and any gain or loss that no longer relates to an actual exposure is immediately taken to the Statement of Financial Performance.

Derivative Financial Instruments Held or Issued for Trading Purposes

The Company and the consolidated entity does not trade in derivative financial instruments or hold them for speculative purposes.

Use of Estimates

The preparation of consolidated financial statements in conformity with Australian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reported period. The estimates and associated assumptions are based on historical experience and various factors that are believed to be reasonable under the circumstances and are reviewed on an ongoing basis. Actual results could differ from these estimates.

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Earnings per Share

Basic earnings per share (EPS) is calculated by dividing the net profit attributable to members of the parent entity for the reporting period, after excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares of the Company, adjusted for any bonus issue.

Diluted EPS is calculated by dividing the basic EPS earnings, adjusted by the after tax effect of financing costs associated with dilutive potential ordinary shares and the effect on revenues and expenses of conversion to ordinary shares associated with dilutive potential ordinary shares, by the weighted average number of ordinary and dilutive potential ordinary shares adjusted for any bonus issue.

Table of Contents**Item 18 : Consolidated Financial Statements****2. CHANGE IN ACCOUNTING POLICY****Research and Development Costs**

Expenditure on research and development is written off in the period in which it is incurred, except for development expenditure on new products or substantially improved existing products which is capitalised only when future recoverability is reasonably assured. Amortisation of the capitalised expenditure commences in the half year period following the product's commercialisation and continues for a three year period. Capitalised costs are regularly reviewed and when the criterion for capitalisation is no longer met, such costs are written off.

This is a change in policy from prior years when all research and development costs were written off in the period in which they were incurred. The impact of this change in policy on the current year's results was to increase consolidated operating profit before income tax and non-current assets by \$2.1 million.

3. TOTAL REVENUE

<u>\$ in millions</u>	<u>Consolidated</u>		
	<u>2005</u>	<u>2004</u>	<u>2003</u>
Revenue from the Sale of Goods	1,096.2	1,113.3	1,293.6
Revenues From Other Operating Activities			
Interest Received or Due and Receivable			
From related parties	4.0	3.5	3.3
From others	8.3	9.0	8.0
Total revenue from other operating activities	12.3	12.5	11.3
Revenue from Outside Operating Activities			
Proceeds from the Sale of Non-Current Assets	1.4	5.3	15.2
Total Revenue	1,109.9	1,131.1	1,320.1

Table of Contents**Item 18 : Consolidated Financial Statements****4. PROFIT FROM ORDINARY ACTIVITIES BEFORE INCOME TAX**

\$ in millions	Consolidated		
	2005	2004	2003
(a) Profit from ordinary activities before income tax has been arrived at after charging/(crediting) the following items:			
Borrowing Costs			
Interest Paid or Due and Payable:			
To others	20.3	25.4	33.9
Other Borrowing Costs	1.6	4.0	3.9
	21.9	29.4	37.8
Total Borrowing Costs			
Depreciation			
Buildings	1.5	1.1	1.8
Plant & equipment	21.9	22.7	27.7
Amortisation			
Leasehold land and buildings	1.4	1.5	1.7
Goodwill	20.5	21.4	25.3
Research and Development Costs			
Expensed as incurred	12.8	12.6	12.8
Net Bad Debts Expense			
	0.2	0.4	(0.6)
Amounts Set Aside to Provision for:			
Doubtful trade debts	(0.1)	1.2	(2.5)
Employee entitlements	16.3	13.0	10.8
Rationalisation and restructuring costs	2.0	9.7	10.1
Accufix Pacing Lead related expenses	2.3		
Rebates, allowances and warranty claims	6.9	9.6	11.5
Net foreign exchange loss	0.4	1.0	4.0
Profits Arising from the Sale of Property, Plant and Equipment		(0.8)	(0.3)
Losses Arising from Sale of Property, Plant and Equipment	0.1		0.2
Operating Lease Rentals	21.5	20.0	24.1
Write-down in Value of Inventories	(0.7)	3.7	5.9
(b) Individually significant items included in profit from ordinary activities before income tax expense			
Write-down of investment in South Pacific Tyres partnership	(80.0)		
Refund of sales tax		17.8	
Write-down of Ansell Healthcare fixed assets		(8.8)	
GNB Workers Compensation costs		(7.5)	
(c) Auditors Remuneration (\$ in Thousands)			
Audit and review of the financial reports:			
Auditors of Ansell Limited and Australian entities - KPMG	1,050	1,013	1,183
Other member firms of KPMG	1,564	1,423	1,661
	2,614	2,436	2,844
Other services:			
Other audit and assurance services (including disposals and acquisitions)			

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Auditors of Ansell Limited and Australian entities - KPMG	36	131	259
Other member firms of KPMG	70	77	78
Taxation and other services			
Auditors of Ansell Limited and Australian entities - KPMG	30	40	32
Other member firms of KPMG	43	150	90
	<u> </u>	<u> </u>	<u> </u>
Total other services	179	398	459
	<u> </u>	<u> </u>	<u> </u>
Total auditors remuneration	2,793	2,834	3,303
	<u> </u>	<u> </u>	<u> </u>

Table of Contents**Item 18 : Consolidated Financial Statements****5. CONTRIBUTED EQUITY**

\$ in millions	Consolidated		
	2005	2004	2003
Issued and Paid up Capital			
160,125,483 (2004 - 176,310,916, 2003 - 185,917,580)			
ordinary shares, fully paid *	1,232.7	1,383.8	1,448.2
377,800 (2004 - 738,000, 2003 - 922,100)			
ordinary plan shares, paid to 5 cents	0.1	0.1	0.1
Total Issued and Paid up Capital	1,232.8	1,383.9	1,448.3

* includes 135,614 (2004 - 149,763; 2003 - 210,679) shares issued in accordance with the Employee Share Plan.

Ordinary Shares Reconciliation

Balance at the beginning of the financial year	1,383.9	1,448.3	1,455.5
Increase in Contributed Equity:			
Additional capital issued	5.0	1.0	1.0
Decrease in Contributed Equity:			
Share buy-back ⁽ⁱ⁾	(156.1)	(65.4)	(8.2)
Balance at the end of the financial year	1,232.8	1,383.9	1,448.3

⁽ⁱ⁾ Current year includes costs associated with the share buy-back of \$1.1 million.

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders meetings. In the event of winding up of the Company ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any proceeds of liquidation. Refer to Section 2C of the Remuneration Report for details of shares subject to options and Performance Share Rights granted under the Ansell Limited Stock Incentive Plan.

Share Buy-Back

The Company, on 30 April 2004, ceased buying back shares under the on-market buy back announced on 16 April 2003, after buying back 11,199,184 shares for a total outlay of \$72.1 million representing 6% of ordinary shares issued on that date. On 3 May 2004, the Company announced that it would undertake a further on-market buy-back of up to 12 million shares over the following 12 month period. As at 30 June 2004, the Company had bought back 198,288 shares for \$1.47 million. No further purchases pursuant to this on-market buy-back were made in the current year.

At the Annual General Meeting held on 14 October 2004, shareholders approved an off-market buy-back for up to \$155 million, under which 16,847,345 shares were bought back during the year, and also approved a further on-market buy-back for up to 10% of the Company's shares. No purchases under the latter on-market buy-back have yet been made.

Executive Share Plan

As previously reported, the Pacific Dunlop Executive Share Plan was closed to new members effective 12 September 1996, and no further issues of Executive Plan Shares will be made. During the financial year, the amounts outstanding on 360,200 existing Executive Plan shares were fully paid. Since the end of the financial year, the amounts outstanding on a further 2,000 Executive Plan shares have been fully paid. Shares allotted under the Pacific Dunlop Executive Share Plan have been paid to 5 cents per share. Refer to Note 26 Ownership-Based Remuneration Schemes for details of price payable for shares issued under this plan.

Employee Share Plan

During the financial year, the loan liability of members in respect of 14,149 fully paid ordinary shares of \$2.50 each was discharged. Since the end of the financial year, no further payments in respect of Employee Plan shares have been made. Under the Employee Share Plan, 50 cents was payable on subscription for each Plan share allotted to eligible employees, the balance of issue price being funded by way of interest free loans from the Company to the member. No new shares were issued during the financial year or up to the date of this Report under the Pacific Dunlop Employee Share Plan.

Table of Contents**Item 18 : Consolidated Financial Statements****5. CONTRIBUTED EQUITY (CONTINUED)****Options**

During the financial year 500,000 ordinary shares fully paid at \$6.32 were issued to satisfy the exercising of 500,000 options granted to the previous Managing Director under the Ansell Limited Stock Incentive Plan. Since the end of the financial year a further 500,000 ordinary shares fully paid at \$6.32 were issued to satisfy the exercising of the previous Managing Director's remaining options.

As at the date of this report 825,000 unissued shares in the Company remain under option.

6. ACCUMULATED LOSSES AND RESERVES

<u>\$ in millions</u>	<u>Consolidated</u>		
	<u>2005</u>	<u>2004</u>	<u>2003</u>
Asset revaluation reserve		0.7	1.5
General reserve	4.1	3.3	1.8
Foreign currency translation reserve	(300.7)	(279.6)	(272.2)
Total Reserves	(296.6)	(275.6)	(268.9)
Accumulated losses	(342.5)	(306.7)	(345.7)
Total Accumulated Losses and Reserves	(639.1)	(582.3)	(614.6)
Movements during the year:			
Asset Revaluation Reserve			
Balance at beginning of the financial year	0.7	1.5	14.7
Transfer to retained profits	(0.7)	(0.8)	(13.2)
Balance at the end of the financial year		0.7	1.5
General Reserve			
Balance at beginning of the financial year	3.3	1.8	2.7
Transfer from/(to) retained profits	0.8	1.5	(0.9)
Balance at the end of the financial year	4.1	3.3	1.8

Foreign Currency Translation Reserve			
Balance at the beginning of the financial year	(279.6)	(272.2)	(193.6)
Transfers to retained profits	23.4		(7.3)
Exchange fluctuations on assets and liabilities held in foreign currencies			
net loss on translation of net assets	(63.7)	(16.8)	(121.1)
net gain on hedge borrowings	19.2	9.4	49.8
Balance at the end of the financial year	(300.7)	(279.6)	(272.2)
Accumulated Losses			
Balance at the beginning of the financial year	(306.7)	(345.7)	(417.0)
Transfer to/from reserves	(23.5)	(0.7)	21.4
Net profit after income tax attributable to Ansell Limited shareholders	11.3	70.7	49.9
Dividends provided for or paid	(23.6)	(31.0)	
Balance at the end of the financial year	(342.5)	(306.7)	(345.7)

Nature and purpose of reserves

General

The amount standing to the credit of the general reserve resulted from prior period allocations of retained profits for non-specific purposes and is available for release to retained profits.

Foreign currency translation

The foreign currency translation reserve records the foreign currency differences arising from the translation of self-sustaining foreign operations, the translation of transactions that hedge the Company's net investment in a foreign operation or the translation of foreign currency monetary items forming part of the net investment in a self-sustaining operation. Refer to Summary of Significant Accounting Policies Note 1.

Table of Contents**Item 18 : Consolidated Financial Statements****7. TOTAL EQUITY RECONCILIATION**

<u>\$ in millions</u>	<u>Consolidated</u>		
	<u>2005</u>	<u>2004</u>	<u>2003</u>
Total equity at the beginning of the financial year	811.8	844.5	876.0
Total changes in equity from non-owner related transactions attributable to Ansell Limited shareholders	(33.2)	63.3	(21.4)
Transactions with owners as owners:			
Contributions of equity	5.0	1.0	1.0
Share buy-back	(156.1)	(65.4)	(8.2)
Dividends	(23.6)	(31.0)	
Total changes in outside equity interest	(1.1)	(0.6)	(2.9)
Total equity at the end of the financial year	602.8	811.8	844.5

8. INCOME TAX

<u>\$ in millions</u>	<u>Consolidated</u>		
	<u>2005</u>	<u>2004</u>	<u>2003</u>
Prima facie income tax expense calculated at 30%			
(2004: 30%) on profit from ordinary activities	10.4	28.0	23.8
Increased taxation arising from:			
Write down of assets	24.0	2.9	2.3
Net restructuring costs		2.9	1.4
Write down of intergroup investments and intercompany balances			
Goodwill amortisation	0.8	0.9	1.1
Income tax under provided in prior years		2.2	1.3
Net higher overseas tax rates	3.9		8.3
Reduced taxation arising from:			
Net loss on sale of businesses and controlled entities			
Income tax over provided in previous years	(1.6)		
Investment and export incentive allowances	(3.5)	(6.8)	(6.7)
Net lower overseas tax rates		(0.9)	
Other permanent differences*	(12.3)	(8.5)	(4.6)
Income tax expense attributable to profit from ordinary activities	21.7	20.7	26.8

Income tax expense attributable to operating profit is made up of:

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Provision attributable to current year	21.0	17.2	0.7
(Over)/Under provision in respect of previous years	(1.6)	2.2	1.3
Provision attributable to future years			
Deferred income tax liability	0.2	(1.5)	0.3
Future income tax benefit	2.1	2.8	24.5
	<u>21.7</u>	<u>20.7</u>	<u>26.8</u>

* Includes recovery of tax losses not previously brought to account.

Table of Contents**Item 18 : Consolidated Financial Statements****9. DIVIDENDS PAID OR DECLARED**

<u>\$ in millions</u>	<u>Consolidated</u>		
	<u>2005</u>	<u>2004</u>	<u>2003</u>
Dividends paid			
The following dividends were paid during the year to Ansell Limited shareholders:			
A final unfranked dividend of 7 cents per share for the year ended 30 June 2004 (June 2003 - 11 cents unfranked; June 2002 nil) was paid on 14 October 2004 (2003 - 9 October 2003)	12.4	20.4	
An interim dividend of 7 cents per share franked to 57% for the year ended 30 June 2005 (June 2004 - 6 cents unfranked; June 2003 - nil) was paid on 8 April 2005 (2004 - 8 April 2004)	11.2	10.6	
	<u>23.6</u>	<u>31.0</u>	

Dividends Declared

Since the end of the financial year the Directors have declared a final dividend of 10 cents per share unfranked, for the year ended 30 June 2005.

The financial effect of this dividend has not been brought to account in the financial statements for the year ended 30 June 2005 and will be recognised in subsequent financial reports.

Dividend Franking Account

Following the payment of the interim dividend in April 2005 the balance of available franking credits in the franking account as at 30 June 2005 was nil (2004 - \$2.7 million; 2003 - nil).

10. OUTSIDE EQUITY INTEREST

<u>\$ in millions</u>	<u>Consolidated</u>		
	<u>2005</u>	<u>2004</u>	<u>2003</u>

Outside equity interests comprise:			
Contributed equity	2.1	2.1	2.1
Reserves	(4.8)	(3.0)	(2.2)
Retained profits at the beginning of the financial year	11.1	10.9	6.8
Profits for the year	1.8	1.9	2.6
Dividends paid/provided for during the year	(1.1)	(1.7)	(1.7)
Retained profits at the end of the financial year	11.8	11.1	10.9
	<u> </u>	<u> </u>	<u> </u>
Total Outside Equity Interests	9.1	10.2	10.8
	<u> </u>	<u> </u>	<u> </u>

11. CASH ASSETS

<u>\$ in millions</u>	<u>Consolidated</u>		
	<u>2005</u>	<u>2004</u>	<u>2003</u>
Cash on hand	0.2	0.9	0.6
Cash at bank	69.2	69.8	60.8
Short-term deposits	149.5	237.1	224.6
	<u> </u>	<u> </u>	<u> </u>
	218.9	307.8	286.0
Restricted deposits	8.4	10.3	13.8
	<u> </u>	<u> </u>	<u> </u>
Total Cash Assets	227.3	318.1	299.8
	<u> </u>	<u> </u>	<u> </u>

Restricted deposits represent cash set aside to cover the provisions established to address any remaining liability of members of the Group for claims arising with respect to the Accufix Pacing Lead.

Table of Contents**Item 18 : Consolidated Financial Statements****12. RECEIVABLES**

<u>\$ in millions</u>	<u>Consolidated</u>		
	<u>2005</u>	<u>2004</u>	<u>2003</u>
Current			
Trade debtors	191.8	204.7	218.2
Less provision for doubtful debts	5.8	6.7	6.9
Less provision for rebates, allowances and warranty claims	15.2	15.0	13.8
	<u>170.8</u>	<u>183.0</u>	<u>197.5</u>
Amounts owing by South Pacific Tyres partnership	0.6	0.5	7.6
Other amounts receivable	42.7	45.2	57.3
	<u>214.1</u>	<u>228.7</u>	<u>262.4</u>
Total Current	214.1	228.7	262.4
Non-Current			
Interest bearing amount owing by South Pacific Tyres partnership	66.2	62.3	55.1
Other amounts receivable	2.1	1.6	2.4
Less provision for doubtful debts		0.3	0.5
	<u>68.3</u>	<u>63.6</u>	<u>57.0</u>
Total Non-Current	68.3	63.6	57.0
Total Receivables	282.4	292.3	319.4
Included in other amounts receivable are:			
Loans to employees in relation to the employee share plan			
- non-current	1.4	0.8	1.2

The reconciliations of provision for doubtful debts - trade are presented below:

<u>\$ in millions</u>	<u>Consolidated</u>		
	<u>2005</u>	<u>2004</u>	<u>2003</u>
Balance at the beginning of the financial year	6.7	6.9	17.5
Amounts charged/(released) to profit from operating activities	(0.1)	1.2	(2.5)
Amounts utilised for intended purposes	(0.1)	(1.3)	(7.4)
Net foreign currency differences on translation of self-sustaining operations	(0.7)	(0.1)	(0.7)
	<u>5.8</u>	<u>6.7</u>	<u>6.9</u>
Balance at the end of the financial year	5.8	6.7	6.9

13. INVENTORIES

<u>\$ in millions</u>	<u>Consolidated</u>		
	<u>2005</u>	<u>2004</u>	<u>2003</u>
At Cost			
Raw materials	22.2	20.1	21.6
Work in progress	9.1	13.6	13.1
Finished goods	113.9	112.0	137.2
Other stock	1.4	2.2	1.4
Total Inventory at Cost	146.6	147.9	173.3
Net Realisable Value			
Finished goods	10.7	37.9	10.5
Total Inventory at Net Realisable Value	10.7	37.9	10.5
Total Inventories	157.3	185.8	183.8

Table of Contents**Item 18 : Consolidated Financial Statements****14. CURRENT ASSETS - OTHER**

<u>\$ in millions</u>	<u>Consolidated</u>		
	<u>2005</u>	<u>2004</u>	<u>2003</u>
Prepayments	10.2	11.7	10.9
Engineering Spares	4.2	4.7	4.1
Total Current Assets - Other	14.4	16.4	15.0

15. OTHER FINANCIAL ASSETS (INVESTMENTS)

<u>\$ in millions</u>	<u>Consolidated</u>		
	<u>2005</u>	<u>2004</u>	<u>2003</u>
<i>Other financial assets</i>			
Quoted on a prescribed stock exchange:			
At market value		2.1	3.1
Not quoted on a prescribed stock exchange:			
At cost	1.2	1.3	
South Pacific Tyres N.Z. Ltd	21.4	21.6	21.9
Investment in Partnership			
South Pacific Tyres	116.4	116.4	116.4
Less Provision for diminution in value	80.0		
Total Other Financial Assets	59.0	141.4	141.4

(1) The Directors have adopted the cost basis of valuation in accordance with AASB 1041 Revaluation of Non-Current Assets

16. PROPERTY, PLANT AND EQUIPMENT

<u>\$ in millions</u>	<u>Consolidated</u>		
	<u>2005</u>	<u>2004</u>	<u>2003</u>
(a) Freehold Land			
At cost	11.4	12.6	13.4
(b) Freehold Buildings			
At cost	35.6	37.7	39.8
Less provision for depreciation	12.0	11.7	11.9
	23.6	26.0	27.9

(c) Leasehold Land and Buildings			
At cost	47.9	52.2	53.4
Less provision for amortisation	11.9	12.2	11.1
	36.0	40.0	42.3
(d) Plant and Equipment			
At cost	373.6	400.6	436.3
Less provision for depreciation	254.8	260.2	266.1
	118.8	140.4	170.2
(e) Buildings and Plant under construction			
At cost	5.6	8.8	9.1
Total property, plant and equipment	195.4	227.8	262.9

In accordance with the consolidated entity's policy of obtaining an independent valuation of land and buildings every three years, a valuation was carried out as at 31 December 2003 by independent valuers. This valuation was on the basis of Fair Value - Existing Use, subject to continued occupation by the operating entity or, where this was not the case, Fair Value - Alternative Use. With respect to land and buildings owned as at 30 June 2005, this resulted in a valuation of freehold land of \$33,527,961 and a valuation of freehold buildings of \$52,227,266.

As land and buildings are recorded at cost, the valuation has not been brought to account.

Table of Contents**Item 18 : Consolidated Financial Statements****16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)****Reconciliations**

Reconciliations of the balances for each class of property, plant and equipment are set out below:

<u>\$ in millions</u>	Consolidated		
	2005	2004	2003
Freehold Land			
Balance at the beginning of the financial year	12.6	13.4	16.3
Disposals/Write-downs		(1.5)	(0.6)
Net foreign currency differences on translation of self-sustaining operations	(1.2)	0.7	(2.3)
Balance at the end of the financial year	11.4	12.6	13.4
Freehold Buildings			
Balance at the beginning of the financial year	26.0	27.9	38.0
Additions	0.1	0.1	0.1
Disposals/Write-downs		(2.0)	(3.4)
Transfer from capital works in progress	1.5	0.2	0.1
Depreciation	(1.5)	(1.1)	(1.8)
Net foreign currency differences on translation of self-sustaining operations	(2.5)	0.9	(5.1)
Balance at the end of the financial year	23.6	26.0	27.9
Leasehold Land and Buildings			
Balance at the beginning of the financial year	40.0	42.3	50.5
Additions	0.4	0.1	0.8
Disposals/Write-downs		(0.2)	
Transfers from capital works in progress	0.4	0.7	0.2
Amortisation	(1.4)	(1.5)	(1.7)
Net foreign currency differences on translation of self-sustaining operations	(3.4)	(1.4)	(7.5)
Balance at the end of the financial year	36.0	40.0	42.3
Plant and Equipment			
Balance at the beginning of the financial year	140.4	170.2	215.8
Additions	3.3	3.9	5.4
Disposals/Write-downs	(0.3)	(9.7)	(3.7)
Transfers from capital works in progress	10.3	8.3	9.5
Depreciation	(21.9)	(22.7)	(27.7)
Net foreign currency differences on translation of self-sustaining operations	(13.0)	(9.6)	(29.1)
Balance at the end of the financial year	118.8	140.4	170.2
Buildings and Plant under construction			
Balance at the beginning of the financial year	8.8	9.1	11.9
Additions	10.3	9.7	9.1
Transfers to property, plant & equipment	(12.2)	(9.2)	(9.8)
Net foreign currency differences on translation of self-sustaining operations	(1.3)	(0.8)	(2.1)

Balance at the end of the financial year	5.6	8.8	9.1
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<u>\$ in millions</u>	<u>Consolidated</u>		
	<u>2005</u>	<u>2004</u>	<u>2003</u>
Brand Names			
At cost	106.0	117.4	121.2
Goodwill			
At cost	341.1	375.3	385.6
Less provision for amortisation	200.9	199.3	182.3
	140.2	176.0	203.3
Total Intangibles	246.2	293.4	324.5

18. DEFERRED TAX ASSETS

<u>\$ in millions</u>	<u>Consolidated</u>		
	<u>2005</u>	<u>2004</u>	<u>2003</u>
Future income tax benefit arising from:			
Accumulated timing differences	15.1	23.6	26.0
Accumulated tax losses		0.6	6.0
	15.1	24.2	32.0

The Group has unrecognised capital tax losses relating to controlled entities of \$342.4 million (2004 - \$374.9 million; 2003 -\$267.9 million). Future income tax benefits of \$317.1 million (2004 - \$363.9 million; 2003 - \$380.4 million) relating to trading tax losses of controlled entities have not been recognised in the financial statements.

The benefit of those trading losses will only be obtained if:

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(a) the relevant company derives future assessable income of a nature and an amount sufficient to enable the benefit to be realised, or the benefit can be utilised by another company in the consolidated entity; and

(b) the relevant company and/or the consolidated entity continues to comply with the conditions for deductibility imposed by the law; and

(c) no changes in tax legislation adversely affect the relevant company and/or consolidated entity in realising the benefit.

The tax effect of temporary differences that give rise to significant portions of the future income tax benefit are presented below:

<u>\$ in millions</u>	Consolidated		
	2005	2004	2003
Trading stock tax adjustments	1.6	3.5	4.9
Provisions	10.4	17.0	18.1
Accruals	1.2	2.7	2.3
Accumulated tax losses		0.6	6.0
Other	1.9	0.4	0.7
Total temporary differences	15.1	24.2	32.0

19. NON-CURRENT ASSETS - OTHER

<u>\$ in millions</u>	Consolidated		
	2005	2004	2003
Research and development costs			
Expenditure deferred in the current period	2.1		
Provision for amortisation			
Net foreign currency differences on translation of self-sustaining operations			
	2.1		

Table of Contents**Item 18 : Consolidated Financial Statements****20. PAYABLES**

<u>\$ in millions</u>	<u>Consolidated</u>		
	<u>2005</u>	<u>2004</u>	<u>2003</u>
Current			
Trade creditors	106.8	124.1	130.1
Other creditors	26.0	35.3	25.4
Total Current	132.8	159.4	155.5
Non-Current			
Other creditors	0.8	3.3	3.2
Total Non-Current	0.8	3.3	3.2
Total Payables	133.6	162.7	158.7

21. INTEREST BEARING LIABILITIES

<u>\$ in Millions</u>	<u>Consolidated</u>		
	<u>2005</u>	<u>2004</u>	<u>2003</u>
Current			
Bank overdrafts	1.4	3.3	2.6
Bank loans repayable in:			
Canadian dollars	5.3		5.6
Malaysian ringgits		7.0	9.2
Indian rupees	1.4	0.8	0.6
Other loans repayable in:			
Australian dollars		50.0	
U.S. dollars	26.2	129.1	133.8
Total Current	34.3	190.2	151.8
Non-Current			
Bank loans repayable in:			
U.S. dollars	229.5	101.6	
Other loans repayable in:			
Australian dollars	66.0	66.0	116.0
U.S. dollars	11.8	68.4	204.0

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Japanese yen	23.7		
Total Non-Current	331.0	236.0	320.0
Total Interest Bearing Liabilities	365.3	426.2	471.8

At 30 June 2005 bank overdraft and bank loans totalling \$1.7 million (2004 - \$1.4 million; 2003 - \$1.7 million) were secured, principally against Group property, plant and equipment having carrying values slightly in excess of the secured amounts payable. These security arrangements relate to acquired controlled entities and were in place prior to the companies concerned becoming part of the Ansell Limited Group.

The Group established a US\$250 million revolving credit bank facility on 30 April 2004 of which US\$200 million had a five year term and US\$50 million had a 364 day term. On 29 April 2005, US\$150 million of the US\$200 million was extended to 30 April 2010 and US\$50 million to 30 April 2012. The US\$50 million 364 day facility was extended to 30 April 2006. This facility can be accessed by the parent company and certain USA subsidiaries. US\$175 million of the term facilities had been drawn down at 30 June 2005 (June 2004 - US\$70 million; June 2003 Nil) leaving an unused balance of the total facilities available for immediate use at that date of US\$75 million.

There are no restrictions on the access to this facility. There are a number of financial covenants attaching to this facility including restrictions on the level of borrowings of non guarantor subsidiaries, ensuring the assets of the guarantor subsidiaries are in excess of a specified percentage of total group assets and ensuring certain financial ratios are maintained. The interest rate for this facility is determined based on market rates at the time amounts are drawn down. The Company is in compliance with all covenants.

Table of Contents**Item 18 : Consolidated Financial Statements****21. INTEREST BEARING LIABILITIES (CONTINUED)**

<u>Nature of Borrowing</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
	<u>\$m</u>	<u>% p.a.</u>	
Bank Overdrafts			
Indian rupees	0.3	4.50	At Call
United States dollars	1.1	4.00	At Call
	<u>1.4</u>		
Bank Loans			
Current			
Canadian dollars	5.3	3.89	2006
Indian rupees	1.4	4.50	2006
	<u>6.7</u>		
Non-Current			
United States dollars	26.2	3.99	2008
United States dollars	105.0	4.82	2009
United States dollars	72.1	5.27	2010
United States dollars	26.2	5.28	2012
	<u>229.5</u>		
Total Bank Loans	<u>236.2</u>		
Other Loans			
Current			
United States dollars	26.2	4.03	2006
	<u>26.2</u>		
Non-Current			
Australian dollars	50.0	6.72	2007
Australian dollars	16.0	7.96	2007
Japanese Yen	23.7	3.61	2007
United States dollars	11.8	4.26	2010
	<u>101.5</u>		
Total Other Loans	<u>127.7</u>		
Total Interest Bearing Liabilities	<u>365.3</u>		

Maturity Schedule

Term to maturity:	
Within one year	34.3
One to two years	89.7
Two to three years	26.2
Three to four years	105.0
Four to five years	83.9
Greater than five years	26.2
Total	365.3

<u>\$ in Millions</u>	<u>Consolidated</u>		
	<u>2005</u>	<u>2004</u>	<u>2003</u>
Net Interest Bearing Debt			
Current interest bearing liabilities	34.3	190.2	151.8
Non-current interest bearing liabilities	331.0	236.0	320.0
Cash at bank and short-term deposits	(218.7)	(306.9)	(285.4)
Net interest bearing debt	146.6	119.3	471.8

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<u>\$ in Millions</u>	<u>Consolidated</u>		
	<u>2005</u>	<u>2004</u>	<u>2003</u>
Current			
Provision for employee entitlements	26.4	17.1	17.7
Provision for contingencies	4.1	4.6	4.8
Provision for rationalisation and restructuring costs	12.4	13.1	13.5
Provision for Accufix Pacing Lead related expenses	8.9	11.2	14.5
Provision for claims	4.9	6.0	7.0
	<u>56.7</u>	<u>52.0</u>	<u>57.5</u>
Provision for income tax	2.3	2.6	3.1
	<u>59.0</u>	<u>54.6</u>	<u>60.6</u>
Non-Current			
Provision for employee entitlements	23.7	23.9	21.7
Provision for deferred income tax	14.8	20.2	21.5
	<u>38.5</u>	<u>44.1</u>	<u>43.2</u>
Total Provisions	<u>97.5</u>	<u>98.7</u>	<u>103.8</u>

Reconciliations of the carrying amount of each class of provision, except for employee entitlements, are set out below:

<u>\$ in Millions</u>	<u>Consolidated</u>		
	<u>2005</u>	<u>2004</u>	<u>2003</u>
Provision for contingencies			
Balance at the beginning of the financial year	4.6	4.8	4.8
Net foreign currency differences on translation of self-sustaining operations	(0.5)	(0.2)	(0.4)
	<u>4.1</u>	<u>4.6</u>	<u>4.8</u>
Provision for rationalisation and restructuring			
Balance at the beginning of the financial year	13.1	13.5	30.0
Amounts charged to profit from operating activities	2.0	9.7	10.1
Amounts utilised for intended purposes	(2.7)	(10.1)	(25.7)
	<u>12.4</u>	<u>13.1</u>	<u>14.4</u>

Balance at the end of the financial year	12.4	13.1	13.5
Provision for Accufix Pacing Lead related expenses			
Balance at the beginning of the financial year	11.2	14.5	18.6
Amounts charged to profit after tax from operating activities	2.3		
Amounts utilised for intended purposes	(3.9)	(3.1)	(2.7)
Net foreign currency differences on translation of self-sustaining operations	(0.7)	(0.2)	(1.4)
Balance at the end of the financial year	8.9	11.2	14.5
Provision for claims (Captive Insurance Company)			
Balance at the beginning of the financial year	6.0	7.0	10.9
Amounts utilised for intended purposes	(1.1)	(1.0)	(2.1)
Balance at the end of the financial year	4.9	6.0	8.8

The tax effect of temporary differences that give rise to significant portions of the provision for deferred income tax are presented below:

\$ in Millions	Consolidated		
	2005	2004	2003
Depreciation on plant adjustments	(0.3)	1.8	9.3
Amortisation of Intangible Assets	10.2	12.4	13.5
Other	4.9	6.0	(1.3)
Total	14.8	20.2	21.5

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The present values of employee entitlements not expected to be settled within twelve months of balance date have been calculated using the following weighted averages:

Employee Entitlements	Consolidated		
	2005	2004	2003
Assumed rate of increase in wage and salary rates	4.0%	2.0%	3.4%
Discount rate	1.3%	4.1%	1.7%
Settlement term (years)	10-15	10-15	10-15
Number of employees at year end	11,059	11,530	12,013

23. DISSECTION OF LIABILITIES

\$ in Millions	Consolidated		
	2005	2004	2003
Secured			
Bank overdrafts	0.3	0.6	1.1
Bank loans	1.4	0.8	0.6
Unsecured			
Bank overdrafts	1.1	2.7	1.5
Bank loans	234.8	108.6	14.8
Other loans	127.7	313.5	453.8
Trade creditors	106.8	124.1	130.1
Other creditors	26.8	38.6	28.6
Provisions (as per Note 22)	97.5	98.7	103.8
Total Unsecured Liabilities	594.7	686.2	732.6
Total Liabilities	596.4	687.6	734.3

24. EXPENDITURE COMMITMENTS

Consolidated

<u>\$ in Millions</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
(a) Capital expenditure commitments			
Contracted but not provided for in the financial statements:			
Plant and equipment	0.9		0.2
	<u>0.9</u>		<u>0.2</u>
Payable within one year	0.9		0.2
(b) Operating Lease Commitments			
Future operating lease commitments not provided for in the financial statements and payable:			
Within one year	9.5	11.8	14.0
One year or later and no later than five years	27.0	30.1	33.3
Later than five years	9.5	14.4	11.1
	<u>46.0</u>	<u>56.3</u>	<u>58.4</u>

The Group leases property under operating leases expiring from one to fifteen years. Leases generally provide the Group with a right of renewal at which time all terms are renegotiated.

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Ansell Limited and certain controlled entities contribute to certain defined benefit and accumulation Superannuation Funds maintained to provide superannuation benefits for employees.

The defined benefit funds are listed below. Where applicable, amounts shown have been proportionately determined and are based on values extracted from the most recent financial report of the Fund. In respect of these funds, employer contributions are based on the advice of the plan's actuary.

\$ in millions	2005				2004			
	Assets	Accrued benefits	Excess / (Deficiency)	Vested benefits	Assets	Accrued benefits	Excess / (Deficiency)	Vested benefits
Defined Benefit Plan								
<i>Plan sponsored by the Company</i>								
Equisuper Superannuation Fund	16.6	16.4	0.2	16.4	37.4	26.7	10.7	22.5
<i>Plans sponsored by other entities in the consolidated entity</i>								
Ansell Cash Balance Pension Plan	29.9	40.4	(10.5)	39.2	33.0	44.0	(11.0)	42.7
Ansell Healthcare Products Inc.								
Union Retirement Plan	7.6	10.8	(3.2)	10.8	7.8	12.0	(4.2)	12.0
Ansell Cash Balance Restoration Plan		1.3	(1.3)	1.2		1.3	(1.3)	1.3
Total for plans sponsored by the consolidated entity	54.1	68.9	(14.8)	67.6	78.2	84.0	(5.8)	78.5

Equisuper Superannuation Fund

Country	Australia
Benefit type	Defined benefit/ Accumulation
Basis of contribution	Balance of Cost/Defined Contribution
Date of last actuarial valuation	30/06/2004
Actuary	Mercer Human Resource Consulting Pty. Ltd.

Effective 1 April 2004 members were transferred out of the Pacific Dunlop Superannuation Fund to Equisuper (an independent Superannuation Fund). Plan net assets and vested benefits attributable to Ansell Limited employees have been calculated at 30 June 2004, being the date of the most recent financial statements of the plan. Accrued benefits are based on an actuarial valuation undertaken at 30 June 2004.

Ansell Cash Balance Pension Plan

Country	USA
Benefit type	Defined Benefit
Basis of contribution	Statutory Funding Requirements
Date of last actuarial valuation	31/03/2005
Actuary	Retirement Plan Actuaries, Inc

Ansell Healthcare Products Inc. Union Retirement Plan

Country	USA
Benefit type	Defined Benefit
Basis of contribution	Statutory Funding Requirements
Date of last actuarial valuation	31/03/2005
Actuary	Retirement Plan Actuaries, Inc

Ansell Cash Balance Restoration Plan

Country	USA
Benefit type	Defined Benefit
Basis of contribution	Contributions equal benefits paid
Date of last actuarial valuation	31/03/2005
Actuary	Retirement Plan Actuaries, Inc

The Company and the controlled entities are obliged to contribute to the Superannuation Funds as a consequence of legislation or Trust Deeds; legal enforceability is dependent on the terms of the legislation or the Trust Deeds. In accordance with the various Trust Deeds, the Company and their controlled entities are under no legal or constructive obligation to make up any shortfall in the plans' assets to meet payments due to employees and accordingly no provision has been raised for the deficiencies at 30 June 2005. The directors, based on the advice of the trustees of the funds, are not aware of any changes in circumstances since the date of the most recent financial statements of the funds which would have a material impact on the overall financial position of the funds.

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Balance of cost:	The consolidated entity's contribution is assessed by the actuary by taking into account the members' contribution and the values of the assets.
Defined contribution:	The consolidated entity's contribution is set out in the appropriate fund rules, usually as a fixed percentage of salary.
Accrued benefits:	The present value of benefits which the fund is presently obliged to transfer in the future to members and beneficiaries as a result of membership of the fund to the calculation date.
Vested benefits:	Benefits which are not conditional upon the continued membership of the respective fund or any factor other than resignation from the fund.

Details of contributions paid to all funds are as follows:

<u>\$ in millions</u>	<u>Consolidated</u>		
	<u>2005</u>	<u>2004</u>	<u>2003</u>
Contributions to defined benefit funds during the year	5.0	4.8	10.7
Contributions to accumulation funds during the year	4.9	6.2	1.5

Following the transfer of the members and assets of the Pacific Dunlop Superannuation Fund to Equisuper, the Company received \$8.6 million related to the utilisation of surplus assets.

26. OWNERSHIP-BASED REMUNERATION SCHEMES**Ansell Limited Stock Incentive Plan**

The Company only operates one equity incentive plan, the Ansell Limited Stock Incentive plan. Details of the operation of the Plan and the details and number of Performance Share Rights (PSRs) and options granted during the year are set out in Item 6B Compensation.

In accordance with the disclosure requirements of Australian Accounting Standards remuneration includes a proportion of the fair value of options and PSRs granted or outstanding during the year. The fair value is determined as at grant date and is progressively allocated over the vesting period for these securities. The amount included as remuneration (as disclosed in the Item 6B Compensation and Note 29 Director and Executive Disclosures) is not related to, or indicative of, the benefit (if any) that individual executives may ultimately realise should the options

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or PSRs vest.

The fair value of options and PSRs is calculated at the date of grant using binomial tree techniques. The fair values and the factors and assumptions used in determining the fair values of the tranches of options and PSRs applicable for financial year 2005 are as follows:

<u>Instrument</u>	<u>Number Issued</u>	<u>Grant Date</u>	<u>Expiry Date</u>	<u>Fair Value per Option/PSR</u>	<u>Exercise Price</u>	<u>Share Price on Grant Date</u>	<u>Risk Free Interest Rate</u>	<u>Dividend Yield</u>
Options	300,000	23/9/2002	23/9/2012	\$2.66 - \$2.70	\$ 6.97	\$ 6.88	5.3%	0.0%
Options	525,000	30/6/2004	30/6/2014	\$2.35 - \$2.38	\$ 7.40	\$ 7.74	6.1%	2.0%
PSRs	437,500	19/2/2003	30/6/2005	\$6.07	N/A	\$ 6.07	N/A	0.0%
PSRs	515,000	18/12/2003	30/6/2006	\$5.89 - \$6.12	N/A	\$ 6.19	N/A	2.0%
PSRs	150,000	30/6/2004	30/6/2007	\$6.94 - \$7.22	N/A	\$ 7.74	N/A	2.0%
PSRs	391,000	8/8/2005	30/6/2007	\$7.34 - \$7.64	N/A	\$ 7.78	N/A	2.0%

An estimated volatility factor of up to 20% has been applied in the above valuations and is based on an analysis of historical share price data.

Options - Generally

As at the date of this report 825,000 unissued ordinary shares in the Company remain under option.

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26. OWNERSHIP-BASED REMUNERATION SCHEMES (CONTINUED)

Discontinued Executive and Employee Share Plans

The Company (when it was Pacific Dunlop Limited) historically operated two share plans for employees and Directors of the consolidated entity:

the Pacific Dunlop Executive Share Plan (Executive Plan) - discontinued in 1996, and

the Pacific Dunlop Employee Share Plan (Employee Plan) - discontinued in 1994.

The Employee Plan permitted eligible employees to acquire a number of shares in the Company. The shares were issued at market value, payable as to 50 cents per share by the employee, the balance financed by an interest free loan from the Company repayable, at latest, on cessation of employment. The shares are not transferable while a loan remains outstanding, but carry a voting right and an entitlement to dividends (although dividends are applied in reduction of the loan).

Shares issued under the Executive Plan to selected employees (Executives) were paid up to 5 cents and were subject to restrictions for a period. While partly paid, the shares are not transferable, carry no voting rights and no entitlement to dividends (but are entitled to participate in bonus or rights issues as if fully paid). The price payable for shares issued under the Executive Plan varies according to the event giving rise to a call being made. Once restrictions ceased the price payable upon a call being made is the lesser of \$10.00 (\$2.50 for issues prior to 13 September 1991) and the last sale price of the Company's ordinary shares on Australian Stock Exchange Limited.

The Company's accounting policy in respect of the Employee Plan was to recognise the paid up capital upon allotment and the receivable created by the loan to employees to acquire the shares. In respect of the Executive Plan, no amount was recognised upon issue, apart from the capital paid up on the shares, as the amount of the call payable was not quantifiable at the time of issue. Once a call had been made upon the shares and paid, the Company recognised the increase in paid up capital. The number of Employee Share Plan Shares and the number of Executive Plan Shares (ordinary plan shares paid to five cents) as at balance date are shown in Note 5. A loss of \$13,801 pre-tax in respect of the Employee Share Plan was recognised in the Company and the consolidated financial statements for 2005 (2004 - \$4,366 pre-tax; 2003 - \$13,288 pre-tax).

The market price of the Company's shares as at 30 June 2005 was \$10.04.

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27. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Indemnities and Guarantees

Ansell Limited (the Company) has previously entered into Deeds of Indemnity with each of the Directors of the Company and certain officers of controlled entities, in relation to liabilities that they may incur (other than to Group companies) as Directors of the Company and Directors and officers of certain controlled entities respectively, to the extent permitted by law and the Company s Constitution.

The Company has also guaranteed the performance of certain wholly-owned controlled entities which have negative shareholders funds.

At this time, no liabilities the subject of any such indemnity or guarantee have been identified and, accordingly, it is not possible to quantify any financial obligation of the consolidated entity under these indemnities and of the Company pursuant to its guarantee.

Accufix Litigation

Only a limited number of lawsuits in relation to the Accufix Pacing Leads which have been made against certain Group Companies remain on foot, the majority of which have been brought in France.

As at 30 June 2005, the balance of the provisions made for settlements in relation to claims (as disclosed in Note 22) is considered adequate to address any remaining liability of members of the Ansell Group.

Latex Allergy Litigation

As at 30 June 2005, there were approximately nine product liability cases pending against one or more Ansell Group Companies in the United States in relation to allergic reaction to exposure to natural rubber latex gloves.

In a number of additional cases, distributors of latex gloves, who have also been named as defendants, are pursuing cross-claims and third party claims against several manufacturers of natural rubber latex gloves, including the Ansell Group Companies, in an effort to recover their costs related to the latex litigation. In some cases, judgement has been entered against an Ansell Group Company. The relevant Ansell Group Companies are appealing these decisions. The Company is not a defendant in any cases in the United States.

It is not possible at this time to quantify the potential financial impact of the remaining cases on the Group, however they are not considered to have a material potential impact on the Group results either individually or on an aggregate basis.

Business and Asset Sales

The Company and various Group Companies have, as part of the Group's historical asset and business sale program, provided warranties, indemnities and other undertakings and, in some instances, the Company has guaranteed the warranties, indemnities and other obligations of various Group Companies, to the purchasers of Group assets and businesses. At this time, it is not possible to quantify the potential financial impact of those warranties, indemnities, undertakings or guarantees upon the economic entity. From time to time, the Company has received notices from purchasers of its businesses pursuant to the relevant sale agreements. No formal proceedings are currently on foot and, accordingly, it is not possible at this time to quantify the potential financial impact on the Group.

Exide Corporation

US legal proceedings are continuing against entities in the Exide Group in connection with the sale of the GNB business. Proceedings against those entities in the Exide Group that have not filed for bankruptcy (Non-bankrupt Entities) were transferred to the Delaware bankruptcy court (the Court) where the Court determined that all of the Ansell Group's claims against the Non-bankrupt Entities may only be asserted against Exide Technologies, Inc., a company which has emerged from bankruptcy.

The Ansell Group has requested that the Court reconsider its decision and the Court has denied that request. The Ansell Group has filed an appeal to the appropriate court. The Ansell Group will continue to pursue recovery of the amounts owed by the Exide Group, but as to the reorganised Company (Exide Technologies, Inc) the Ansell Group expects to recover only stock in that Company. The ultimate amount of the Ansell Group's claims has not yet been determined and therefore the amount and value of the stock that may be recovered from Exide Technologies, Inc. is also undetermined.

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28. FINANCIAL INSTRUMENTS

Derivative Financial Instruments

The consolidated entity is involved in a range of derivative financial instruments, which can be defined in the following broad categories:

(i) Forward / Future Contracts

These transactions enable the consolidated entity to buy or sell specific amounts of foreign exchange, financial instruments or commodities at an agreed rate/price at a specified future date. Maturities of these contracts are principally between six months and two years.

(ii) Options

This is a contract between two parties, which gives the buyer of a put or call option the right, but not the obligation, to transact at a specified interest rate/exchange rate or commodity price at a future date, generally for a premium. Maturities of these contracts are principally between three months and two years.

(iii) Swaps

These agreements enable parties to swap interest rate (from or to a fixed or floating basis) or currency (from one currency to another currency) positions for a defined period of time. Maturities of the contracts are principally between two and five years.

Interest Rate Risk

The Company's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities is set out below:

Net Financial Assets/(Liabilities)

\$ in millions	Weighted Average Effective Interest Rate %	Floating	Fixed Interest maturing in:			Non Interest Bearing	Total
			1 year or less	1 to 5 years	Over 5 years		
Financial Assets 2005							
<i>Recognised</i>							
Cash on hand and at bank	1.6%	19.2	6.5			43.7	69.4
Short-term deposits	4.5%	48.8	105.4			3.7	157.9
Receivables - trade	NA					170.8	170.8
Receivables - other	6.1%	66.8				44.8	111.6
Investments	NA					59.0	59.0
Total Financial Assets 2005		134.8	111.9			322.0	568.7
Financial Liabilities 2005							
<i>Recognised</i>							
Payables - trade	NA					106.8	106.8
Payables - other	NA					26.8	26.8
Bank overdraft	4.5%	0.3				1.1	1.4
Bank and other loans	5.1%	6.7		357.2			363.9
Provision for employee entitlements	NA					50.1	50.1
Total Financial Liabilities 2005		7.0		357.2		184.8	549.0
Net Financial Assets/(Liabilities) 2005		127.8	111.9	(357.2)		137.2	19.7
Financial Assets 2004							
<i>Recognised</i>							
Cash on hand and at bank	1.1%	20.5				50.2	70.7
Short-term deposits	4.8%	231.8		15.6			247.4
Receivables - trade	NA					183.0	183.0
Receivables - other	6.1%	62.8				46.5	109.3
Investments	NA					141.4	141.4
Total Financial Assets 2004		315.1		15.6		421.1	751.8
Financial Liabilities 2004							
<i>Recognised</i>							
Payables - trade	NA					124.1	124.1
Payables - other	NA					38.6	38.6
Bank overdraft	1.5%	3.3					3.3
Bank and other loans	5.6%	321.2		101.7			422.9
Provision for employee entitlements	NA					41.0	41.0
<i>Unrecognised</i>							
Net interest rate swaps	2.0%	(147.4)	121.1	26.3			
Total Financial Liabilities 2004		177.1	121.1	128.0		203.7	629.9
Net Financial Assets/(Liabilities) 2004		138.0	(121.1)	(112.4)		217.4	121.9

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28. FINANCIAL INSTRUMENTS (CONTINUED)

Provisions, including amounts contained within income tax, deferred income tax, contingencies, rationalisation and restructure, Accufix Pacing Lead related expenses and insurance claims amounting to \$47.4 million (2004 - \$57.7 million; 2003 - \$64.4 million) are not included within the table above as it is considered that they do not meet the definition of a financial instrument. A separate analysis of debt by currency can be found at Note 21 - Interest Bearing Liabilities.

Credit Risk and Net Fair Value

Recognised Financial Instruments

(i) Credit Risk

The credit risk on financial assets, excluding investments, of the consolidated entity which have been recognised on the Statement of Financial Position, is the carrying amount, net of any provision for doubtful debts. The consolidated entity minimises concentrations of credit risk by undertaking transactions with a large number of customers and counter parties in various countries. The consolidated entity is not materially exposed to any individual overseas country or individual customer.

(ii) Net Fair Value

The Directors consider that the carrying amount of recognised financial assets and financial liabilities approximates their net fair value.

Refer to Note 1 for accounting policies in respect of the carrying values of financial assets and financial liabilities.

Unrecognised Financial Instruments

Credit risk on unrecognised derivative contracts is minimised as counterparties are recognised financial intermediaries with acceptable credit ratings determined by a recognised rating agency. It is not felt that there is a material exposure to any single counterparty or group of counterparties. The consolidated entity's exposure is almost entirely (over 99%) to banks.

The following table displays:

(i) Face Value

This is the contract's value upon which a market rate is applied to produce a gain or loss which becomes the settlement value of the derivative financial instrument.

(ii) Credit Risk

This is the maximum exposure to the consolidated entity in the event that all counterparties who have amounts outstanding to the consolidated entity under derivative financial instruments, fail to honour their side of the contracts. The consolidated entity's exposure is almost entirely to banks (see (v) below). Amounts owed by the consolidated entity under derivative financial instruments are not included.

(iii) Net Fair Value

This is the amount at which the instrument could be realised between willing parties in a normal market in other than a liquidation or forced sale environment. The net amount owed by / (owing to) financial institutions under all derivative financial instruments would have been \$3.5 million (2004 - \$1.6 million; 2003 - (\$11.1) million), if all contracts were closed out on 30 June 2005.

\$ in millions	Face Value			Credit Risk			Net Fair Value		
	2005	2004	2003	2005	2004	2003	2005	2004	2003
Foreign Exchange Contracts									
<i>Purchase/Sale Contracts:</i>									
- U.S. dollars	78.5	77.0	112.0	0.5	0.4	0.3	0.4	0.2	(0.4)
- Australian dollars	5.0	22.0	47.5			1.8			1.8
- Euro	20.7	19.9					(0.7)		
- Other currencies	5.3	13.5	44.8		0.2		(0.1)	0.1	(0.9)
<i>Cross Currency Swaps:</i>									
- U.S. dollars	23.7	53.8	69.4	0.9	1.9	2.7	0.9	1.9	2.7
Foreign Exchange Options									
<i>Zero Cost Collar</i>									
- Euro/U.S. dollars	99.3	145.4	103.5	2.6	1.6	0.8	3.3	0.4	(2.6)
- U.S. dollars/Thai baht	16.5	21.5		0.4	0.1		(0.3)	(0.2)	
- Australian dollars/U.S. dollars	6.0	11.3			0.4			0.6	
- Canadian dollars/U.S. dollars	29.1	6.8		0.2	0.1		(0.1)	(0.1)	
- GBP/U.S. dollars	0.9	8.5							
- U.S. dollars/Euro	6.6						(0.2)		
<i>Premium Paid (Put)</i>									
- Euro/U.S. dollars			19.8			0.2			0.2
Interest Rate Contracts									
<i>Interest Rate Swaps:</i>									
- U.S. dollars	38.0	141.0	369.4	0.4	0.4	0.3	0.3	(1.2)	(10.9)
- Australian dollars		50.0	100.0					(0.1)	(1.0)

Total	329.6	570.7	866.4	5.0	5.1	6.1	3.5	1.6	(11.1)
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28. FINANCIAL INSTRUMENTS (CONTINUED)

From time to time in the ordinary course of business, the consolidated entity enters into forward exchange contracts to hedge a proportion of its purchase and sale commitments denominated in foreign currencies (principally US dollars). Hedge cover does not exceed 12 months.

(iv) Market/Liquidity Risk

The consolidated entity seeks to reduce the risk of:

- (a) being forced to exit derivative financial instrument positions at below their real worth; or
- (b) finding it cannot exit the position at all, due to lack of liquidity in the market;

by:

- (a) dealing only in liquid contracts dealt by many counterparties; and
- (b) dealing only in large and highly liquid and stable international markets.

(v) Credit Risk by Maturity

The following table indicates the value of amounts owing by counterparties by maturity. Based on the Group policy of not having overnight exposures to an entity rated lower than A- by Standard & Poor's or A3 by Moody's Investors Service, it is felt the risk to the consolidated entity of the counterparty default loss is not material.

	Foreign Exchange			Interest Rate			Foreign Exchange					
	Related Contracts			Contracts			Options			Total		
<u>\$ in millions</u>	2005	2004	2003	2005	2004	2003	2005	2004	2003	2005	2004	2003

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Term:												
0 to 6 mths	0.5	0.6	2.1			0.3	2.1	1.1	0.4	2.6	1.7	2.8
6 to 12 mths		0.1					1.1	1.1	0.6	1.1	1.2	0.6
1 to 2 yrs	0.9		0.2							0.9		0.2
2 to 5 yrs		1.8	2.5	0.4	0.4					0.4	2.2	2.5
Total	1.4	2.5	4.8	0.4	0.4	0.3	3.2	2.2	1.0	5.0	5.1	6.1

(vi) Historical Rate Rollovers

It is the consolidated entity's policy not to engage in historical rate rollovers except in circumstances where the maturity date falls on a bank holiday. In these instances, settlement occurs on the next trading day.

(vii) Hedges and Anticipated Future Transactions

The following table shows the consolidated entity's deferred gains and (losses), both realised and unrealised, that are currently held on the Statement of Financial Position and the expected timing of recognition as revenue or expense:

\$ in millions	Interest Rate			Foreign Exchange		
	2005	2004	2003	2005	2004	2003
Anticipated Exposures						
Less than 1 year					(0.1)	1.9
Realised Swaps Deferred						
Less than 1 year		0.7	0.4			
1 to 2 years	(0.3)	0.7	0.8			
2 to 5 years	(3.6)	4.9	0.9			

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The total remuneration of all directors of Ansell Limited and specified executives of the consolidated entity for the 2005 and 2004 financial years is as follows:

Specified Directors of Ansell Limited

	<u>Primary</u>	<u>Non- monetary benefits</u>	<u>Post Employment Superannuation Contributions</u>	<u>Equity Notional value of equity compensation</u>	<u>Other Benefits Termination payments</u>	<u>Total</u>
	Fees, cash salary, bonus and non- salary benefits					
	\$	\$	\$	\$	\$	\$
2005	2,203,809	36,055	165,898	1,409,968		3,815,730
2004 ^(a)	1,984,875		408,320	537,500	2,895,566	5,826,261

Specified Executives of the consolidated entity

	<u>Primary</u>	<u>Non- monetary benefits</u>	<u>Post Employment Superannuation Contributions</u>	<u>Equity Notional value of equity compensation</u>	<u>Other Benefits Termination payments</u>	<u>Total</u>
	Cash salary, bonus and non-salary benefits					
	\$	\$	\$	\$	\$	\$
2005	3,495,806		441,395	1,056,489	752,784	5,746,474
2004 ^(a)	2,886,724		424,791	900,413		4,211,928

(a) Prior year information has been restated to enhance comparability.

Details of remuneration

Details of the remuneration of all directors of Ansell Limited for the 2005 financial year is set out in the following table:

	<u>Primary</u>		<u>Post Employment</u>	<u>Equity</u>	
	<u>Cash salary, bonus and non- salary benefits</u>	<u>Non-Monetary Benefits ⁽¹⁾</u>	<u>Superannuation Contributions ⁽²⁾</u>	<u>Notional value of equity compensation</u>	<u>Total</u>
	\$	\$	\$	\$	\$
Non-executive					
P L Barnes	91,875	1,287	8,269		101,431
L D Crandall	82,500	17,690	7,425		107,615
H J Elliott	82,500		7,425		89,925
M J McConnell	82,500	16,034	7,425		105,959
E D Tweddell	234,375	1,044	21,094		256,513
Executive					
D. Tough (appointed CEO and Managing Director 1 July 2004)	1,630,059		114,260	1,409,968	3,154,287
Total all specified Directors	2,203,809	36,055	165,898	1,409,968	3,815,730

(1) Includes spouse travel incurred in accompanying the Director while on Company business.

(2) Contributions are made on a notional basis upon the advice of the Trustee, as the Company's superannuation fund is currently in surplus.

Table of Contents**Item 18 : Consolidated Financial Statements****29. DIRECTOR AND EXECUTIVE DISCLOSURE (CONTINUED)****Details of remuneration (continued)**

Details of the remuneration of all directors of Ansell Limited for the 2004 financial year is set out in the following table:

	Primary		Post Employment	Equity	Other Benefits	Total
	Cash salary, bonus and non-salary benefits	Non-monetary benefits	Superannuation Contributions	Notional value of equity compensation	Termination payments	
	\$	\$	\$	\$	\$	\$
Non-executive						
E. D. Tweddell	234,375		21,094			255,469
P. L. Barnes	91,875		8,287			100,162
L. D. Crandall	82,500		7,425			89,925
H. J. Elliott	82,500		7,425			89,925
S. P. Gold (resigned 16 April 2004)	65,625		5,906			71,531
M. J. McConnell (appointed 16 April 2004)	17,187		1,547			18,734
Executive						
H. Boon (CEO and Managing Director) (retired 30 June 2004)	1,410,813		356,636	537,500	2,895,566	5,200,515
Total all specified Directors	1,984,875		408,320	537,500	2,895,566	5,826,261

Details of the remuneration of each of the specified executives of the consolidated entity for the 2005 financial year are set out in the following table:

	Primary		Post Employment	Equity	Other Benefits	Total
	Cash salary, bonus and non-salary	Non-monetary benefits	Superannuation Contributions	Notional value of equity compensation	Termination payments	

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	<u>benefits</u>				
	\$	\$	\$	\$	\$
P Corke	554,612		59,193	133,886	747,691
W Heintz	715,870		117,218	181,757	1,014,845
R Jilla	739,377		94,540	403,242	1,237,159
P Soszyn ⁽¹⁾	308,511		24,855	26,863	752,784
W Reed	636,265		83,260	176,855	896,380
W Reilly	541,171		62,329	133,886	737,386
Total all specified executives	3,495,806		441,395	1,056,489	5,746,474

⁽¹⁾ Ceased employment 28 February 2005.

Table of Contents**Item 18 : Consolidated Financial Statements****29. DIRECTOR AND EXECUTIVE DISCLOSURE (CONTINUED)****Details of remuneration (continued)**

Details of the remuneration of each of the specified executives of the consolidated entity for the 2004 financial year are set out in the following table:

Name	Primary		Post Employment	Equity	Other Benefits	Total
	Cash salary, bonus and non-salary benefits	Non-monetary benefits	Superannuation Contributions	Notional value of equity compensation	Termination payments	
	\$	\$	\$	\$	\$	\$
W. Heintz	837,293		125,923	152,988		1,116,204
R. Jilla	620,415		93,910	407,732		1,122,057
N. O Donnell	290,145		39,004	99,176		428,325
W. Reed	517,278		87,469	142,945		747,692
W. Reilly	496,747		66,173	97,572		660,492
D. Tough (appointed as an executive 11 May 2004 and CEO and Managing Director 1 July 2004)	124,846		12,312			137,158
Total all specified executives	2,886,724		424,791	900,413		4,211,928

Equity Instruments**Equity holdings and transactions**

The movement during the reporting period in the number of ordinary shares of Ansell Limited held directly, indirectly or beneficially, by each specified director and specified executive, including their personally-related entities is as follows:

Held at 1 July 2004	Purchases ^(a)	Received on vesting of PSRs	Sales	Held at 30 June 2005
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Specified directors				
E. D. Tweddell	34,220	2,444	20,000	16,664
P. L. Barnes	11,685	954		12,639
L. D. Crandall	8,108	855		8,963
H. J. Elliott	8,976	855		9,831
S. P. Gold ^(b) (alternate to M. J. McConnell)	16,444,079		16,444,079	
M. J. McConnell	26,406	5,678	26,730	5,354
D. Tough		20,000		20,000
Specified executives				
P. Corke	8,333	13,333	5,561	16,105
W. Heintz	8,333	18,333		26,666
R. Jilla	6,000	16,666		22,666
W. Reed	3,602	18,333	5,453	16,482
W. Reilly	5,545	13,333	3,965	14,913
P. Soszyn	8,333	13,333	16,897	4,769

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Item 18 : Consolidated Financial Statements

29. DIRECTOR AND EXECUTIVE DISCLOSURE (CONTINUED)

(a) Includes shares purchased on market pursuant to the Non-executive Directors' Share Plan.

(b) Mr Gold had an indirect non-beneficial interest in 16,428,840 shares at 1 July 2004 by virtue of a 10 per cent limited partnership interest in Trefoil International III, L.P., which is a related body corporate of Shamrock Holdings of California Inc a substantial shareholder of Ansell Limited as at 30 June 2004. During the year ended 30 June 2005 Shamrock Holdings divested its shareholding in Ansell Limited.

Service Agreements

The Company has no service agreements with the Non-executive Directors.

Other Transactions with specified directors and specified executives

From time to time, specified directors and specified executives of the Company or its controlled entities, or their personally-related entities, may purchase goods from the consolidated entity. These purchases are on terms and conditions no more favourable than those entered into by unrelated customers and are trivial or domestic in nature.

30. NOTES TO THE INDUSTRY SEGMENTS REPORT

(a) Unallocated Revenue and Costs

Represents costs of Statutory Head Office, part of the costs of Ansell Healthcare's Corporate Head Office and non-sales revenue.

(b) Cash

Cash also includes Accufix Pacing Leads restricted deposits.

(c) Inter-Segment Transactions

Significant inter-segment sales were made by Asia Pacific - \$196.8 million (2004 - \$216.3 million; 2003 - \$258.2 million) and Americas - \$219.9 million (2004 - \$233.0 million; 2003 - \$254.7 million). Inter-segment sales are predominantly made at the same prices as sales to major customers. Operating revenue is shown net of inter-segment values. Accordingly, the Operating revenues shown in each segment reflect only the external sales made by that segment.

(d) Industry Segments

The consolidated entity comprises the following main business segments:

Occupational Healthcare - manufacture and sale of occupational health and safety gloves.

Professional Healthcare - manufacture and sale of medical, surgical and examination gloves for hand barrier protection and infection control.

Consumer Healthcare - manufacture and sale of condoms, household gloves and other personal products.

(e) Regions

The allocation of Operating Revenue and Operating Results reflect the geographical regions in which the products are sold to external customers. Assets Employed are allocated to the geographical regions in which the assets are located.

Asia Pacific - manufacturing facilities in 4 countries and sales.

Americas - manufacturing facilities in USA and Mexico and significant sales activity.

Europe principally a sales region with one manufacturing facility in the UK.

Sales revenue in Australia during 2005 were \$109.5 million (2004 - \$108.3 million; 2003 - \$86.0 million). The only material foreign country in terms of sales revenue is United States of America with revenue of \$453.4 million in 2005 (2004 - \$472.8 million; 2003- \$582.0 million).

Table of Contents**Item 18 : Consolidated Financial Statements****30. NOTES TO THE INDUSTRY SEGMENTS REPORT (CONTINUED)**

	2005	2004	2003
	\$m	\$m	\$m
(f) Segment Capital Expenditure			
Occupational Healthcare	5.1	5.4	3.2
Professional Healthcare	6.0	4.4	8.6
Consumer Healthcare	3.0	3.3	3.4
(g) Region Capital Expenditure			
Asia Pacific	8.3	8.7	10.1
Americas	4.6	3.4	4.2
Europe	1.2	1.0	0.9
(h) Segment Depreciation			
Occupational Healthcare	9.1	8.7	11.0
Professional Healthcare	11.1	11.5	15.5
Consumer Healthcare	4.2	5.1	4.8
(i) Segment Other Non Cash Expenses (excluding Provision for Rationalisation and Write-down of Assets separately disclosed)			
Occupational Healthcare	11.3	6.9	8.3
Professional Healthcare	2.7	1.5	0.7
Consumer Healthcare	1.3	4.9	2.9

Table of Contents**Item 18 : Consolidated Financial Statements****31. NOTES TO THE STATEMENTS OF CASH FLOWS****(a) Reconciliation of Net Cash Provided by Operating Activities to Net Profit after Income Tax**

<u>\$ in Millions</u>	<u>Consolidated</u>		
	<u>2005</u>	<u>2004</u>	<u>2003</u>
Net profit after income tax	13.1	72.6	52.5
Add/(less) non-cash items:			
Depreciation	23.4	23.8	29.5
Amortisation	21.9	22.9	27.0
Provision for doubtful debts - trade	(0.1)	1.2	(2.5)
Write down of investments in SPT partnership and other companies	80.0	1.0	6.1
Write down of property, plant and equipment		8.8	
Add/(less) items classified as investing/financing activities:			
Interest revenue	(8.5)	(9.0)	(8.0)
Borrowing costs	21.9	29.4	37.8
Loss/(gain) on sale of investments, properties, plant and equipment	0.1	(0.8)	(5.6)
Net cash provided by operating activities before change in assets and liabilities	151.8	149.9	142.6
Change in assets and liabilities net of effect from acquisition and disposals of controlled entities and businesses			
(Increase)/Decrease in debtors	10.0	24.9	34.5
(Increase)/Decrease in inventories	28.5	2.1	47.2
Decrease/(Increase) in prepaid expenses/other assets	2.0	(5.5)	4.9
(Increase)/Decrease in deferred expenses	(2.1)		
Increase/(Decrease) in creditors and bills payable	(17.3)	(6.0)	(36.5)
(Decrease)/Increase in provisions and other liabilities	(7.3)	7.8	(31.9)
Increase/(Decrease) in provision for deferred income tax	(5.4)	(1.3)	(2.9)
(Increase)/Decrease in future income tax benefit	9.1	7.8	17.7
(Decrease)/Increase in provision for income tax	(0.3)	(0.5)	1.2
Other non-cash items	(16.2)		(9.1)
Net cash provided by operating activities	152.8	179.2	167.7

(b) Components of Cash

For the purposes of the Statements of Cash Flows, cash includes cash on hand and at banks and investments in money market instruments, net of outstanding bank overdrafts. Cash, at the end of the financial year, as shown in the Statements of Cash Flows, comprises:

<u>\$ in Millions</u>	<u>Consolidated</u>			
	<u>Note</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Cash on hand	11	0.2	0.9	0.6
Cash at bank	11	69.2	69.8	60.8
Short-term deposits	11	149.5	237.1	224.6
Restricted deposits*	11	8.4	10.3	13.8
Bank overdrafts	21	(1.4)	(3.3)	(2.6)
		<u>225.9</u>	<u>314.8</u>	<u>297.2</u>

* Refer to note 11 for further details on these amounts.

Table of Contents**Item 18 : Consolidated Financial Statements****32. ACQUISITION OF CONTROLLED ENTITIES AND MATERIAL BUSINESSES**

<u>Date of Acquisition</u>	<u>Voting Shares Acquired</u>	<u>Cost of Acquisition</u>	<u>Net Tangible Assets Acquired</u>	<u>Description of Purchase Consideration</u>
	%	\$ million	\$ million	

No acquisitions were made during the year.

33. DISPOSAL OF CONTROLLED ENTITIES AND MATERIAL BUSINESSES

<u>Date of Disposal</u>	<u>Voting Shares Disposed</u>	<u>Consideration (Cash)</u>	<u>Net Tangible Assets Disposed</u>	<u>Profit / (Loss) on Disposal</u>
	%	\$ million	\$ million	\$ million

No disposals were made during the year.

34. NON-DIRECTOR RELATED PARTY DISCLOSURES

Ansell Limited is the parent entity of all entities detailed in Note 37 and from time to time has dealings on normal commercial terms and conditions with those related entities, the effects of which are eliminated in the consolidated financial statements.

Disclosures in respect of certain transactions with controlled entities and related parties and amounts paid to or received therefrom are as set out in the details below. Other transactions with related entities, which are eliminated on consolidation, include the lease of certain properties, the supply of materials and labour and the provision of both short and long term finance in the form of varying financial instruments, all of which are conducted on normal commercial terms and conditions.

(a) Transactions with Associates and Other Related Companies

Effective 1 July 2001, the consolidated entity discontinued equity accounting for its interest in South Pacific Tyres N.Z. Ltd. During the course of the year, the consolidated entity received royalties from South Pacific Tyres N.Z. Ltd. as detailed below:

	<u>Consolidated</u>		
	<u>2005</u>	<u>2004</u>	<u>2003</u>
	<u>\$m</u>	<u>\$m</u>	<u>\$m</u>
Royalty revenue			
South Pacific Tyres N.Z. Ltd.	0.6	1.3	

(b) Transactions with Partnerships

The consolidated entity carries on a partnership with Goodyear in Australia under the name of South Pacific Tyres. During the course of the year the Company and the consolidated entity conducted financial transactions with South Pacific Tyres on normal commercial terms and conditions being:

<u>\$ in Millions</u>	<u>Consolidated</u>		
	<u>2005</u>	<u>2004</u>	<u>2003</u>
Other revenue			
South Pacific Tyres	4.0	3.5	3.3
Aggregate current amounts receivable (a)			
South Pacific Tyres	0.6	0.5	7.6
Aggregate non-current amounts receivable			
South Pacific Tyres (a)	66.2	62.3	55.1
	<u>66.2</u>	<u>62.3</u>	<u>55.1</u>

(a) Amount included within Other Amounts Receivable (Note 12)

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34. NON-DIRECTOR RELATED PARTY DISCLOSURES (CONTINUED)

Loans

On 20 December 2000, the Company agreed to make available to the South Pacific Tyres Partnership a loan for \$56.3 million for a period of two years pending South Pacific Tyres receipt of this amount from Goodyear. The loan was drawn down in two tranches, \$31.3 million on 20 December 2000 and \$25.0 million on 5 January 2001.

On 20 December 2000, the Company was assigned a South Pacific Tyres receivable due from Goodyear of \$31.3 million as partial settlement of the above loan. During the year ended 30 June 2002 Goodyear repaid the loans.

In October 2001, the Company through a controlled entity agreed to lend South Pacific Tyres up to \$56.3 million.

The terms of the further agreements of October 2001 with Goodyear containing put and call options (which enables Ansell to put its investment to Goodyear during the 12 month period commencing 13 August 2005 or for Goodyear to exercise its call option over Ansell's investment during the 6 month period from 13 August 2006) provide the consolidated entity an actionable exit strategy in respect of its investment in the South Pacific Tyres Partnership.

The loans mature at the earlier of:

the Company exercising the put option (no earlier than August 2005),

the tenth anniversary of the agreement (October 2011), and

the dissolution of the partnership (not expected).

Interest is charged at the 90 day bank bill rate plus a margin of 0.6% per annum, and is capitalised to the principal balance quarterly.

Interest brought to account in relation to this loan during the year:

<u>\$ in Millions</u>	<u>Consolidated</u>	
	<u>2005</u>	<u>2004</u>
Interest revenue	4.0	3.5

In addition, under the partnership agreement, South Pacific Tyres leases certain properties on a basis of equitable rentals mutually agreed by the partners. Lease payments of \$0.2 million (2004 \$0.2 million; 2003 \$0.2 million) were made by South Pacific Tyres to the consolidated entity. The Company, through its corporate treasury operations, also provided on the basis of normal commercial terms and conditions, forward exchange cover on behalf of the partnership.

Table of Contents**Item 18 : Consolidated Financial Statements****35. EARNINGS PER SHARE**

<u>\$ in Millions</u>	<u>Consolidated</u>		
	<u>2005</u>	<u>2004</u>	<u>2003</u>
Earnings reconciliation			
Net profit	13.1	72.6	52.5
Net profit attributable to outside equity interests	1.8	1.9	2.6
Basic earnings	11.3	70.7	49.9
Diluted earnings	11.3	70.7	49.9
Weighted average number of ordinary shares used as the denominator			
Number for basic earnings per share (millions)			
Ordinary shares	167.5	180.8	187.1
Effect of partly paid Executive Plan shares, options and PSR s	1.6	1.3	0.6
Number for diluted earnings per share	169.1	182.1	187.7

Partly paid Executive Plan shares, options and PSR s have been included in diluted earnings per share in accordance with accounting standards.

Conversion, Call, Subscription or issue after 30 June 2005

Refer to Note 5 for further information.

36. ENVIRONMENTAL MATTERS

The Company and various Group Companies as the occupiers of property receive, from time to time, notices from relevant authorities pursuant to various environmental legislation. On receiving such notices, the Company evaluates potential remediation options and the associated costs. At this time, the Company does not believe that the potential financial impact of such remediation upon the economic entity can be reliably measured.

In the ordinary course of business, the Ansell Group has maintained comprehensive general liability insurance policies covering its operations and assets. Generally such policies exclude coverage for most environmental liabilities.

Table of Contents**Item 18 : Consolidated Financial Statements****37. PARTICULARS RELATING TO CONTROLLED ENTITIES**

Particulars Relating to Controlled Entities	Country of Incorporation	Beneficial Interest		
		2005	2004	2003
		%	%	%
Ansell Limited	Australia			
Ansell Healthcare Japan Co. Ltd.	*Japan	100	100	100
Ativ Pac Pty. Ltd.	Australia	100	100	100
BNG Battery Technologies Pty. Ltd.	Australia	100	100	100
Cliburn Investments Pty. Ltd.	Australia	100	100	100
Dexboy International Pty. Ltd.	Australia	100	100	100
Corrvas Insurance Pty. Ltd.	Australia	100	100	100
Dunlop Olympic Manufacturing Pty. Ltd.	Australia	100	100	100
FGDP Pty. Ltd.	Australia	100	100	100
H.C. Sleigh Services Pty. Ltd.	Australia	100	100	100
N Harvesters Pty. Ltd.	Australia	100	100	100
PSL Industries Pty. Ltd.	Australia	100	100	100
International Better Brands Pty Ltd	Australia	100	100	100
Licknib Pty. Ltd.	Australia	100	100	100
Nucleus Ltd.	Australia	100	100	100
Lifetec Project Pty. Ltd.	Australia	100	100	100
Medical TPLC Pty. Ltd.	Australia	100	100	100
N&T Pty. Ltd.	Australia	100	100	100
Nucleus Trading Pte. Ltd.	*Singapore	100	100	100
THLD Ltd.	Australia	100	100	100
TNC Holdings Pte. Ltd.	*Singapore	100	100	100
TPLC Pty. Ltd.	Australia	100	100	100
Societe de Management Financier S.A.	*France	100	100	100
Olympic General Products Pty. Ltd.	Australia	100	100	100
Foamlite (Australia) Pty. Ltd.	Australia	100	100	100
Pacific Distribution Properties Pty. Ltd.	Australia	100	100	100
Pacific Dunlop Finance Pty. Ltd.	Australia	100	100	100
Pacific Dunlop Holdings (China) Co. Ltd.	*China	100	100	100
Pacific Dunlop Linings Pty. Ltd.	Australia	100	100	100
Pacific Dunlop Tyres Pty. Ltd.	Australia	100	100	100
P.D. Holdings Pty. Ltd.	Australia	100	100	100
P.D. International Pty. Ltd.	Australia	100	100	100
Ansell Canada Inc.	*Canada	100	100	100
Llesna Healthcare Pty. Ltd.	Australia	100	100	100
Ansell Kemwell Ltd.	*India	74.9	74.9	74.9
Ansell Lanka (Pvt.) Ltd.	*Sri Lanka	100	100	100
Ansell (Thailand) Ltd.	*Thailand	100	100	100
Medical Teletronics N.V.	*Netherlands Ant.	100	100	100
Medical Teletronics Holding & Finance (Holland) B.V.	*Netherlands	100	100	100
Mt Waverley Estates Pty. Ltd.	Australia	100	100	100
Pacific Dunlop (Hong Kong) Limited.	*Hong Kong	100	100	100
Corrvas Insurance (Singapore) Pte. Ltd.	*Singapore	100	100	100
Pacific Dunlop Investments (USA) Inc.	*USA	100	100	100
Ansell Brazil LTDA	*Brazil	100	100	100

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Ansell Edmont Industrial de Mexico S.A. de C.V.	*Mexico	100	100	100
Ansell Perry de Mexico S.A. de C.V.	*Mexico	100	100	100
Commercializadora GNK S.A de C.V.	*Mexico	100	100	100
Golden Needles de Mexico S.A de C.V.	*Mexico	100	100	100
Pacific Dunlop Holdings (USA) Inc.	*USA	100	100	100
Ansell Healthcare Products LLC. (a)	*USA	100	100	100

Table of Contents**Item 18 : Consolidated Financial Statements****37. PARTICULARS RELATING TO CONTROLLED ENTITIES (CONTINUED)**

Particulars Relating to Controlled Entities	Country of Incorporation	Beneficial Interest		
		2005	2004	2003
		%	%	%
Ansell Protective Products Inc.	*USA	100	100	100
Pacific Chloride Inc.	*USA	100	100	100
Pacific Dunlop Holdings Inc.	*USA	100	100	100
Pacific Dunlop USA Inc.	*USA	100	100	100
TPLC Holdings Inc.	*USA	100	100	100
Accufix Research Institute Inc.	*USA	100	100	100
TPLC S.A.	*France	100	100	100
Cotac Corporation	*USA	100	100	100
Pacific Dunlop Finance Company Inc.	*USA	100	100	100
Pacific Dunlop Holdings (Europe) Ltd.	*U.K.	100	100	100
Ansell Healthcare Europe N.V.	*Belgium	100	100	100
Ansell GmbH	*Germany	100	100	100
Ansell Italy Srl	* Italy	100	100	100
Ansell S.A.	*France	100	100	100
Ansell Spain SL (Sociedad de Responsabilidad Limitada)	*Spain	100		
Ansell UK Limited	*U.K.	100	100	100
Pacific Dunlop Holdings (Singapore) Pte. Ltd.	*Singapore	100	100	100
JK Ansell Ltd.	*India	(b) 50	(b) 50	(b) 50
Ansell Services (Asia) Sdn. Bhd.	*Malaysia	100	100	100
Ansell Ambi Sdn. Bhd.	*Malaysia	100	100	100
Ansell (Kedah) Sdn. Bhd.	*Malaysia	100	100	100
Ansell (Kulim) Sdn. Bhd.	*Malaysia	100	100	100
Ansell Malaysia Sdn. Bhd.	*Malaysia	75	75	75
Ansell Medical Sdn. Bhd.	*Malaysia	75	75	75
Ansell N.P. Sdn. Bhd.	*Malaysia	75	75	75
Ansell Shah Alam Sdn. Bhd.	*Malaysia	100	100	100
PDOCB Pty. Ltd.	Australia	100	100	100
Ansell Medical Products Pvt. Ltd.	*India	100	100	100
Suretex Ltd.	*Thailand	100	100	100
Latex Investments Ltd.	Mauritius	100	100	100
Suretex Prophylactics (India) Ltd.	*India	100	100	100
STX Prophylactics S.A. (Pty.) Ltd.	*Sth Africa	100	100	100
PD Licensing Pty. Ltd.	Australia	100	100	100
PD Shared Services Pty. Ltd.	Australia	100	100	100
PD Shared Services Holdings Pty. Ltd.	Australia	100	100	100
Siteprints Pty. Ltd.	Australia	100	100	100
S.T.P. (Hong Kong) Ltd.	*Hong Kong	100	100	100
Pacific Dunlop Holdings N.V.	*Netherlands Ant.	100	100	100
Pacific Dunlop (Netherlands) B.V.	*Netherlands	100	100	100
Textile Industrial Design & Engineering Pty. Ltd.	Australia	100	100	100
The Distribution Group Holdings Pty. Ltd.	Australia	100	100	100
The Distribution Group Pty. Ltd.	Australia	(c) 100	(c) 100	(c) 100
Nwodhsa Enterprises (Wholesale) Pty. Ltd.	Australia	100	100	100
TDG Warehousing Pty. Ltd.	Australia	100	100	100

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The Distribution Trust	Australia	100	100	100
Union Knitting Mills Pty. Ltd.	Australia	100	100	100
Xelo Pty. Ltd.	Australia	100	100	100
Xelo Sacof Pty. Ltd.	Australia	100	100	100

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Table of Contents**Item 18 : Consolidated Financial Statements****37. PARTICULARS RELATING TO CONTROLLED ENTITIES (CONTINUED)**

	Country of Incorporation	Beneficial Interest		
		2005	2004	2003
		%	%	%
Controlled Entities Sold in Year Ended 30 June 2005				
No controlled entities were sold during the current financial year.				
Controlled Entities in Voluntary Liquidation at 30 June 2005				
TPLC Medizinprodukte GmbH.	*Germany	100	100	100
Controlled Entities Voluntarily Liquidated During the Year Ended 30 June 2005				
Ansell Glove Company Ltd.	*UK	100	100	100
Golden Needles Knitting & Glove Co. Ltd.	*UK	100	100	100
Mates Vending Ltd.	*UK	100	100	100
TPLC Ltd.	*UK	100	100	100
Ansell Belgium Holdings SPRL N.V.	*Belgium	100	100	100

- * Controlled Entities incorporated outside Australia carry on business in those countries.
- (a) During the year Ansell Services Inc. was merged with Ansell Healthcare Products LLC.
- (b) Ansell Healthcare has day-to-day management control of this entity.
- (c) The trustee of The Distribution Trust is The Distribution Group Pty. Ltd. The beneficiary of the trust is Ansell Limited.

Table of Contents**Item 18 : Consolidated Financial Statements****38. IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO IFRS**

Ansell is in the process of transitioning its accounting policies and financial reporting from current Australian Accounting Standards (AGAAP) to Australian equivalents of International Financial Reporting Standards (AIFRS). The adoption of AIFRS will be reflected in Ansell's financial statements for the half-year ending 31 December 2005 and the year ending 30 June 2006.

Entities complying with AIFRS for the first time will be required to restate their comparative financial statements to amounts reflecting the application of AIFRS to that comparative period. This will mean that the opening AIFRS balance sheet will be a restated comparative balance sheet, dated 1 July 2004. Most adjustments required on transition to AIFRS will be made, retrospectively against opening accumulated losses as at 1 July 2004, however transitional adjustments relating to those standards where comparatives are not required will only be made on 1 July 2005. Comparatives restated to comply with AIFRS will be reported, for the first time, in the financial statements for the half-year ending 31 December 2005.

Ansell has established a project team to plan and implement the transition process to AIFRS. The project team has analysed all of the AIFRS and has identified the accounting policy changes that will be required. In some cases choices of accounting policies are available, including elective exemptions under Accounting Standard AASB1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards. The choices have been analysed to determine the most appropriate accounting policy for Ansell.

Set out below are the key areas where accounting policies are expected to change on adoption of AIFRS and the known or reliably estimable impacts on the financial report for the year ended 30 June 2005 had it been prepared using AIFRS.

The figures disclosed are management's best estimates of the quantitative impact of the changes as at the date of preparing the 30 June 2005 financial report. The actual effects of transition to AIFRS may differ from the estimates disclosed due to (a) ongoing work being undertaken by the AIFRS project team; (b) potential amendments to AIFRSs and Interpretations thereof being issued by the standard-setters and IFRIC; and (c) emerging accepted practice in the interpretation and application of AIFRS and UIG interpretations. Therefore, until Ansell prepares its first full AIFRS financial statements, the possibility cannot be excluded that the accompanying disclosures may have to be adjusted.

Impact on Statement of Financial Performance for the year ended 30 June 2005

	Consolidated		
	Note	Transition	
		AGAAP	Impact
	\$m	\$m	\$m
Revenue			
Total revenue		1,109.9	1,109.9

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Expenses				
Cost of goods sold		650.1		650.1
Selling, distribution and administration	(b) (c)	277.8	(1.1)	276.7
Depreciation and amortisation	(a)	45.3	(20.5)	24.8
Write-down of assets		80.0		80.0
Other				
		_____	_____	_____
Total expenses, excluding borrowing costs		1,053.2	(21.6)	1,031.6
Borrowing costs		21.9		21.9
		_____	_____	_____
Profit from ordinary activities before income tax expense		34.8	21.6	56.4
Income tax expense attributable to ordinary activities		21.7		21.7
		_____	_____	_____
Net profit from ordinary activities after income tax expense		13.1	21.6	34.7
Outside equity interests in net profit after income tax		1.8		1.8
		_____	_____	_____
Net profit after income tax attributable to Ansell Limited shareholders		11.3	21.6	32.9
		_____	_____	_____

Table of Contents**Item 18 : Consolidated Financial Statements****38. IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO IFRS (CONTINUED)**

Impact on the Statement of Financial Position of the consolidated entity at transition to AIFRS as at 1 July 2004 and for the AIFRS comparative period balance sheet as at 30 June 2005

		Consolidated					
		1 July 2004			30 June 2005		
		AGAAP	Transition Impact	AIFRS	AGAAP	Transition Impact	AIFRS
Note	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Current Assets							
		0.9		0.9	0.2		0.2
		306.9		306.9	218.7		218.7
		10.3		10.3	8.4		8.4
		228.7		228.7	214.1		214.1
		185.8		185.8	157.3		157.3
		16.4		16.4	14.4		14.4
		749.0		749.0	613.1		613.1
Non-Current Assets							
		63.6		63.6	68.3		68.3
		141.4		141.4	59.0		59.0
		227.8		227.8	195.4		195.4
	(a)	293.4		293.4	246.2	20.5	266.7
		24.2		24.2	15.1		15.1
					2.1		2.1
		750.4		750.4	586.1	20.5	606.6
		1,499.4		1,499.4	1,199.2	20.5	1,219.7
Current Liabilities							
	(b)	159.4		159.4	132.8	(3.7)	129.1
		190.2		190.2	34.3		34.3
		52.0		52.0	56.7		56.7
		2.6		2.6	2.3		2.3
	(c)		16.0	16.0		19.6	19.6
		404.2	16.0	420.2	226.1	15.9	242.0
Non-Current Liabilities							
		3.3		3.3	0.8		0.8

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Interest bearing liabilities		236.0		236.0	331.0		331.0
Provisions		23.9		23.9	23.7		23.7
Deferred tax liabilities		20.2		20.2	14.8		14.8
Total Non-Current Liabilities		283.4		283.4	370.3		370.3
Total Liabilities		687.6	16.0	703.6	596.4	15.9	612.3
Net Assets		811.8	(16.0)	795.8	602.8	4.6	607.4
Equity							
Contributed equity		1,383.9		1,383.9	1,232.8		1,232.8
Reserves	(b) (d)	(275.6)	279.6	4.0	(296.6)	284.2	(12.4)
Accumulated losses	(c) (d)	(306.7)	(295.6)	(602.3)	(342.5)	(279.6)	(622.1)
Total equity attributable to Ansell Limited shareholders		801.6	(16.0)	785.6	593.7	4.6	598.3
Outside equity interests		10.2		10.2	9.1		9.1
Total Equity		811.8	(16.0)	795.8	602.8	4.6	607.4

Table of Contents**Item 18 : Consolidated Financial Statements****38. IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO IFRS (CONTINUED)****Impact on Accumulated Losses as at 1 July 2004**

	Consolidated
	\$m
Accumulated losses as at 1 July 2004 under AGAAP	(306.7)
AIFRS reconciliation	
- transfer from foreign currency translation reserve	(279.6)
- defined benefit plans accumulated pension liability	(16.0)
	(602.3)

Notes**(a) Intangible Assets - goodwill**

Under AASB 3 Business Combinations amortisation of goodwill will be prohibited and will be replaced by impairment testing on an annual basis or upon the occurrence of triggers which may indicate a potential impairment. Such impairment testing will focus on the discounted cash flows of the related cash generating unit.

This will result in a change to the current accounting policy, under which goodwill is amortised on a straight line basis over the period during which the benefits are expected to arise but not exceeding 20 years. The Group has not elected to apply AASB 3 retrospectively and hence, prior year amortisation would not be written-back as at the date of transition.

If the policy required by AASB 3 had been applied during the year ended 30 June 2005, consolidated goodwill at 30 June 2005 would have been \$20.5 million higher and consolidated amortisation expense for the year ended 30 June 2005 would have been \$20.5 million lower.

(b) Share based payments

Options and/or Performance Share Rights (PSR s) are granted to executives under the Ansell Limited Stock Incentive Plan. Under current Australian GAAP no expense is required to be recognised for options/PSR s issued to employees however the Group has recorded a charge to the profit and loss over the past three years based on the expected vesting of PSR s with the accrual for the current year of \$3.7 million being recorded within current payables.

Under AASB 2 Share-based Payments the Group is required to recognise an expense for the fair value of both options and PSR s issued to employees after 7 November 2002 that had not vested as at 1 January 2005 with a corresponding increase in a share-based payment reserve. This will result in a change to the current policy of recognising an expense for PSR s only and recording such an expense as an accrual within current payables.

If the policy required by AASB 2 had been applied during the year ended 30 June 2005, consolidated employee costs at 30 June 2005 would have been \$0.9 million higher, current liabilities would have been \$3.7 million lower and a share-based payment reserve of \$4.6 million would have been recognised.

(c) Defined benefit superannuation plans

Under current Australian GAAP, defined benefit superannuation plans are accounted for on a cash basis with no defined benefit obligation or plan assets recognised in the balance sheet. Under AASB 119 Employee Benefits the net deficit/surplus of the Group s defined benefit superannuation plans is required to be recognised in the balance sheet as a liability/asset. The AASB 1 election to recognise all cumulative actuarial gains and losses at transition date through accumulated losses/retained earnings will be adopted. At the date of transition an amount of \$16.0 million is expected to be recognised as a liability of the consolidated entity with a consequential increase in accumulated losses of \$16.0 million.

For the financial year ended 30 June 2005 the adjustment in the consolidated entity to recognise the increase in the pension liability for the year is expected to be \$3.6 million with a reduction in employee costs of \$2 million expected to be recognised in the income statement and actuarial losses of \$5.6 million expected to be recognised in accumulated losses.

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Item 18 : Consolidated Financial Statements

38. IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO IFRS (CONTINUED)

Notes (continued)

(d) Foreign currency

Under AASB 121 The Effect of Changes in Foreign Exchange Rates each entity in the consolidated entity determines its functional currency, being the currency of the primary economic environment in which the entity operates reflecting the underlying transactions, events and conditions that are relevant to the entity. The entity maintains its books and records in its functional currency.

The assets and liabilities of foreign operations are translated from the entity's functional currency to the consolidated entity's presentation currency of Australian dollars at foreign exchange rates ruling at reporting date. The revenues and expenses of foreign operations are translated to Australian dollars at average exchange rates during the period which approximate the rates ruling at the date of the transactions. Foreign exchange differences arising on translation are recognised directly in a separate component of equity.

There are no expected changes in functional currency for the Company or its subsidiaries.

The AASB 1 election to reset existing foreign currency translation reserve balances as at 1 July 2004 to nil will be adopted. As a result the debit balance of \$279.6 million in the foreign currency translation reserve of the group at 30 June 2005 will be set to nil. Consolidated accumulated losses will increase by this amount.

On the disposal/liquidation of a foreign operation, AASB 21 requires the amount recognised in the foreign currency translation reserve attributable to the foreign operation be included in the calculation of the gain or loss on disposal/liquidation and recycled through the current year income statement.

(e) Financial Instruments

The Group will be taking advantage of the exemption available under AASB 1 to apply AASB 132 Financial Instruments : Disclosure and Presentation and AASB 139 Financial Instruments : Recognition and Measurement only from 1 July 2005. This allows the Group to apply previous Australian generally accepted accounting principles (Australian GAAP) to the comparative information of financial instruments within the scope of AASB 132 and AASB 139 for the 30 June 2006 financial report.

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Under AASB 132, the current classification of financial instruments issued by entities in the consolidated entity would not change.

The Group uses cash flow hedges such as interest rate swap contracts and foreign exchange forward and option contracts to hedge the variability in cash flows associated with floating debt and highly probable forecast sales and purchases in currencies other than US dollars. Under AASB 139 changes in the fair value of cash flow hedges can be deferred in equity in the Statement of Financial Position provided certain prescribed effectiveness test are met. Changes in the market value of fair value hedges together with changes in the fair value of the underlying positions are booked to the Statement of Financial Position.

The Group currently values all hedges at their fair value and defers gains and losses on effective hedges to the Statement of Financial Position until the underlying transaction occurs. The Group expects to predominantly continue the use of cash flow hedging in respect of its foreign exchange and interest rate risk hedges, which will increase or decrease shareholders' equity and assets/liabilities. However, the time value component of foreign exchange option contracts, which fall outside the prescribed effectiveness tests, will be recorded in reported earnings from 1 July 2005.

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Item 18 : Consolidated Financial Statements

39. MAJOR DIFFERENCES BETWEEN AUSTRALIAN GAAP AND US GAAP

Australian generally accepted accounting principles (AGAAP) vary in certain significant respects from generally accepted accounting principles in the United States (US GAAP). Application of US GAAP would have affected shareholders' equity as at 30 June 2005, 2004, and 2003 and net profit after income tax expense attributable to the Ansell Limited shareholders for each of the years in the three year period ended 30 June 2005, to the extent quantified below. A description of the material differences between AGAAP, as followed by Ansell Limited, and US GAAP are as follows:

(a) Property, Plant and Equipment

Certain property, plant and equipment has been revalued by Ansell Limited at various times in prior financial periods. Revaluation increments have increased the carrying value of the assets and accordingly the depreciation charges have been increased above those which would be required on a historical cost basis. Under US GAAP such revaluations are not permitted. Accordingly, these adjustments eliminate this effect. The above policy also causes differences in reported gains and losses on the sale of property, plant and equipment. Gains and losses for AGAAP are based on consideration less revalued amounts net of accumulated depreciation and amortisation. For US GAAP purposes gains and losses are determined having regard to depreciated historical cost, and revaluation reserves applicable to assets sold are reported as Income. As at 30 June 2005 the balance of the Asset Revaluation Reserve under AGAAP had been eliminated and as such no adjustments will be required under US GAAP from 1 July 2005.

In August 2001, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standard (SFAS) No. 144

Accounting for the Impairment or Disposal of Long-Lived Assets. SFAS No. 144 superseded SFAS No. 121 and was adopted by the Group effective 1 July 2002. SFAS No. 144 retains the requirements of SFAS No. 121 to (a) recognise an impairment loss if the carrying amount of a long-lived asset is not recoverable from its undiscounted cash flows and (b) measure an impairment loss as the difference between the carrying amount and fair value of the asset less estimated costs to sell. SFAS No. 144 also requires that a long-lived asset to be abandoned, exchanged for a similar productive asset, or distributed to owners in a spin-off be considered held and used until the asset is disposed of, exchanged or distributed. No impairment charges have been necessary in fiscal years 2003, 2004 or 2005 as a result of applying SFAS No. 144.

(b) Minority Interests

Minority interests are included as part of total Shareholders' Equity under AGAAP. The reconciliation to US GAAP in Note 40 has excluded these from Shareholders' Equity consistent with US GAAP treatment.

(c) Provisions

The term 'provisions' is used in AGAAP to designate accrued expenses with no definitive payment date.

Classification between current and non-current is generally based on management assessments, as subject to audit.

The recognition criteria for accruing costs associated with restructuring activities under AGAAP were aligned with and became consistent with SFAS 146 Accounting for Costs Associated with Exit or Disposal Activities following the release of AASB 1044 Provisions and Contingencies which became effective for financial periods commencing after 1 July 2002. Accordingly, there are no differences to be recognised in accounting for the Company's restructuring activities under AGAAP as compared to US GAAP.

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39. MAJOR DIFFERENCES BETWEEN AUSTRALIAN GAAP AND US GAAP (CONTINUED)

(d) Employee Loans, Executive Share Plan and Options

Loans granted to employees in respect of the Employee Share Plan are classified as a reduction of Shareholders' Equity for US GAAP purposes. Such loans are classified as an asset for Australian GAAP.

For AGAAP purposes the Company applies the fair value model which is consistent with the provision of SFAS No. 123, Accounting for Stock Based Compensation, to determine compensation cost in respect of options and in respect of the Performance Share Rights (PSRs) first issued in 2003 under the Ansell Limited Stock Incentive Plan. During 2005 a \$3.7 million compensation charge was recognized covering the current year costs associated with the grants of PSRs. This treatment is consistent with US GAAP.

For AGAAP purposes options are not expensed in the accounts. A further current year charge of \$900,000 (2004 \$300,000, 2003 Nil) under US GAAP was made in respect of the options in accordance with SFAS No. 123. This charge has been calculated using the fair value method whereby fair value is derived using an option pricing model that takes into consideration the stock price at grant date, the exercise price and the expected life of the award, the expected volatility of the underlying stock, the expected dividends on the stock and the risk free interest rate for the expected life of the option. Compensation cost is recognized over the service period, which is the vesting period, with an corresponding credit to stockholders' equity. 500,000 options were exercised during the year and a further 500,000 were exercised subsequent to year end.

(e) Earnings Per Share

Under Australian GAAP earnings per share is calculated by dividing operating profit after tax, minority shareholders interest and any preference dividend by the weighted average number of shares on issue for the year. Methods of computing earnings per share in accordance with US GAAP are documented in SFAS No. 128, Earnings per Share. Earnings per share computations recognise the effect of all bonus issues (stock splits) and bonus elements of rights issues made up to 30 June 2005, and also give effect to the stock consolidation (reverse split) approved by shareholders in April 2002. For the three year period 1 July 2002 to 30 June 2005 there were no differences in the calculation methodology of EPS under AGAAP and US GAAP.

(f) Pension Plans

The Group sponsors contributory and non-contributory accumulation and defined benefit pension plans covering substantially all employees. The defined benefit plans generally provide benefits based on salary in the period prior to retirement. All defined benefit plans are funded based on actuarial advice on a regular basis.

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Actuarial calculations have been carried out for the defined benefit funds and the material fund aspects are as detailed in Note 25. The majority of assets of the funds are invested in pooled superannuation trusts in the case of the Australian funds and equity securities for other major funds.

Limited disclosure in respect of pension plans is presently required by AGAAP. Under AGAAP the contributions to the various pension plans are recorded as an expense in the Statement of Financial Performance. The disclosure requirements of Statement of Financial Accounting Standards No. 87 (SFAS No. 87) and No. 132 (SFAS No. 132 as revised) have been included in Note 40 to these consolidated financial statements. The Group reports pension plans aggregated where allowed by SFAS No.87. Additionally, an adjustment is made to recognise the measurement principles of SFAS No. 87 and related standards in determining net income and shareholders' equity under US GAAP.

(g) Statement of Cash Flows

Profit from operations determined under AGAAP differs in certain respects from the amount determined in accordance with US GAAP. A reconciliation of US GAAP profits to Cash Flows from operations is provided.

Under AGAAP, cash is defined as cash on hand and deposits repayable on demand, less overdrafts repayable on demand. Under US GAAP, cash and cash equivalents are defined as cash and investments with original maturities of three months or less, and do not include bank overdrafts or restricted deposits. Cash and cash equivalents as of 30 June, 2005, 2004 and 2003 would have been \$218.9 million, \$307.8 million and \$286.0 million respectively, under US GAAP.

Table of Contents**Item 18 : Consolidated Financial Statements****39. MAJOR DIFFERENCES BETWEEN AUSTRALIAN GAAP AND US GAAP (CONTINUED)****(h) Income Taxes**

Under AGAAP, future income tax benefits attributable to temporary differences are only brought to account when their realisation is assured beyond reasonable doubt. Future income tax benefits related to tax losses are only brought to account when their realisation is virtually certain.

Under US GAAP, all deferred tax assets are recognised, net of a valuation allowance, to the extent the likelihood of realising the tax benefit is more likely than not. The valuation allowance is determined after considering all available evidence both positive and negative and is regularly assessed. In assessing the need for a valuation allowance for US GAAP at 30 June 2005, management considered, among other things, the fact that the Group's US operations had generated taxable income in the preceding two years (being 30 June 2003 and 30 June 2004) and the current year, and expect to continue to generate taxable income in the foreseeable future. Available projections for the foreseeable future indicate that a portion of available US revenue losses will more likely than not be recouped, and as such a net deferred tax asset of \$21.2 million has been recognised for US GAAP purposes as at 30 June 2005. Management does not believe that available revenue losses in other jurisdictions or any available capital losses meet the criteria for recognition under US GAAP. The amount of deferred tax asset recognised pursuant to US GAAP could be adjusted in the near term based upon changes in estimates of future taxable income.

All deferred tax balances brought to account at 30 June 2005 relate to entities operating in foreign tax jurisdictions.

At 30 June 2005 the expiry dates of gross tax losses for which future tax benefits (deferred tax assets) have not been brought to account under AGAAP and US GAAP are as follows - in respect of financial years ending on 30 June;

Revenue Losses			Capital Losses	
Year	AGAAP A\$ million	US GAAP A\$ million	Year	AGAAP/US GAAP A\$ million
2006	59.6	48.5	2006	410.8
2007	48.9	19.0	2007	9.1
2008	2.5	0.3	2008	
2009	1.4	1.4	2009	47.5
2010	1.7		2010	
2011	97.5	83.1	2011	
2012	63.5	63.5	2012	
2013	0.9	0.9	2013	
2019	24.0	24.0	2019	
2022	8.7	8.7	2022	
No expiry date	688.6	688.6	No expiry date	596.0

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The decrease in the tax effect of unrecognised capital tax losses during the year of \$32.5 million was primarily due to capital gains being made in the USA and Australia.

The future tax benefit of revenue losses not recognised fell by \$68.0 million with the recoupment of revenue losses in the USA and Australia and the recognition of the \$21.2 million net deferred tax asset as mentioned above.

Inclusive of the \$15.1 million (2004 \$24.2 million) set out in Note 18 to the consolidated financial statements and the \$21.2 million recognised for US GAAP purposes, the total deferred tax assets amounting to \$674.6 million (June 2004 \$763.0 million) are offset by valuation adjustments of \$638.3 million as at 30 June 2005 (June 2004 \$738.8 million) and total deferred tax liabilities amount to \$14.8 million (June 2004 \$20.2 million). None of the deferred tax assets relate to amounts which, if realised, would impact the carrying values of goodwill or any other intangible assets.

Analysis of Pre Tax Profit/(Loss)

	2005	2004	2003
	A\$m	A\$m	A\$m
Australian Operations	(84.1)	(4.0)	(29.2)
Foreign Operations	118.9	97.3	108.5
	34.8	93.3	79.3
Total Group	34.8	93.3	79.3

Total tax expense for 2005, 2004 and 2003 was comprised of foreign tax expense (of which \$2.3 million is deferred, 2004 - \$1.3 million, 2003 - \$24.8 million), as the Australian operations are in a significant tax loss position.

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Item 18 : Consolidated Financial Statements

39. MAJOR DIFFERENCES BETWEEN AUSTRALIAN GAAP AND US GAAP (Continued)

(h) Income Taxes (continued)

Notwithstanding the level of accumulated losses in certain jurisdictions, the Group has unremitted profits arising from operating activities which are held in foreign tax jurisdictions. In the event that all of these profits do not remain permanently reinvested in those jurisdictions and are distributed by way of dividend, additional taxes amounting to approximately \$14 million may become payable on a total amount of \$46.0 million of unremitted earnings.

(i) Accounting for Goodwill

Shares in controlled entities are recorded on acquisition at the holding company's cost. Any difference between the fair value of net assets acquired and cost is recognised as goodwill. Under AGAAP, goodwill is amortised on a straight line basis over varying periods not exceeding 20 years. Although the benefits from the goodwill acquired may exceed 20 years the goodwill is written off over periods not exceeding 20 years to comply with AGAAP.

In 1989 and prior years, for AGAAP, goodwill was written off in the year of acquisition. For US GAAP purposes, such goodwill has been reinstated.

In June 2001, the FASB issued SFAS No. 141, *Business Combinations*, and SFAS No. 142, *Goodwill and Intangible Assets*. SFAS No. 141 requires that the purchase method of accounting be used for all business combinations completed after 30 June 2002 which is consistent with AGAAP. SFAS No. 141 also specifies the types of acquired intangible assets that are required to be recognised and reported separately from goodwill and those acquired intangible assets that are required to be included in goodwill. SFAS No. 142 requires that goodwill no longer be amortised, but instead tested for impairment at least annually. This requirement creates a difference between AGAAP and US GAAP. SFAS No. 142 also requires recognised intangible assets to be amortised over their respective estimated useful lives and reviewed for impairment in accordance with SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*. SFAS No. 142 also permits indefinite useful lives to be assigned to recognised intangibles. Any recognised intangible assets determined to have an indefinite useful life will not be amortised, but instead tested for impairment in accordance with the Standard until its life is determined to no longer be indefinite.

The Group adopted SFAS No. 141 and SFAS No. 142 effective 1 July 2002 at which time the values of goodwill and brand names capitalised under US GAAP were reviewed for impairment. This review resulted in a write down of the value of goodwill of \$5.0 million. This write down related to goodwill capitalised under US GAAP that had previously been written off under AGAAP. Under US GAAP this adjustment would be presented as a cumulative effect of a change in accounting principles in US GAAP income for the year ended 30 June 2003 and is reflected as an adjustment in arriving at net income pursuant to US GAAP.

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SFAS No. 142 requires goodwill and other intangible assets to be tested for impairment at the reporting unit level. A reporting unit is the same as, or one below, an operating segment as defined by SFAS No. 131 Disclosure about Segments of an Enterprise and Related Information .

Ansell has traditionally managed its business by product type within three business units Occupational, Professional and Consumer. Each of these three business units comprise both manufacturing and sales and marketing with most manufacturing facilities being principally a supplier to one of the business units only (certain factories can produce product for more than one business unit, however, production for a particular unit does dominate).

Although the manufacturing facilities are predominantly product specific they do supply product to multiple marketing regions. The primary focus of the manufacturing facilities is to manufacture product as cost effectively as possible and to form an important component of an integrated supply chain, notwithstanding that due to taxation issues an appropriate manufacturing margin is retained by the manufacturing facilities.

Accordingly, the Group has allocated to, and conducts impairment testing of, goodwill and brand names semi-annually based on the three business units, which are considered to be the cash generating units and the same as the Company's business segments. Any material diminution in value is charged to the Statement of Financial Position for US GAAP purposes.

For US GAAP purposes no goodwill amortisation has been charged against income since 1 July 2002, the effective date of SFAS No. 142. In prior years the Group adopted the method of straight-line amortisation over 40 years for US GAAP where the useful life was considered to exceed 20 years. Goodwill amortisation of \$20.5 million under AGAAP in 2005, \$21.4 in 2004 and \$25.3 million in 2003 has also been added back to income in the Statement of Financial Performance for US GAAP purposes.

Goodwill attributable to sold businesses is brought to account in determining the gain or loss on sale.

There were no acquisitions or disposals of goodwill during the year with the movement in the net carrying value for US GAAP purposes being due to the impact of foreign currency translations.

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Item 18 : Consolidated Financial Statements

39. MAJOR DIFFERENCES BETWEEN AUSTRALIAN GAAP AND US GAAP (Continued)

(j) Brand names

Brand names acquired since 1 July 1990, are recorded in the accounts at cost based on independent valuation. No amortisation has been charged on these assets under AGAAP as no event has occurred to cause a reduction in the values or limit their useful lives.

For US GAAP purposes and for purposes of this reconciliation, brand names were, effective 1 July 1994 amortised over a period of 40 years using the straight line method. Upon the adoption of SFAS No. 142 effective 1 July 2002, such amortisation ceased for US GAAP purposes as indefinite useful lives have been assigned to brand names. The carrying value of brand names is reviewed semi annually and any material diminution in value is charged to the Statement of Financial Performance for AGAAP and US GAAP purposes.

Brand names attributable to sold businesses are brought to account in determining the gain or loss on sale.

There were no acquisitions or disposals of brand names during the year with the movement in the net carrying value for US GAAP purposes being due to the impact of foreign currency translations.

(k) Derivatives not designated as hedges

Derivatives not designated as hedges primarily consist of interest rate swaps and forward exchange contracts which, while mitigating economic risks to which the economic entity is exposed, do not qualify for hedge accounting under SFAS 133 as they relate to hedging of anticipated transactions. These amounts are adjusted in determining US GAAP income. The amount adjusted, by increasing US GAAP net income by \$0.1 million (2004- \$2.0 million decrease; 2003 \$2.4 million increase), is in respect of forward contracts hedging future foreign currency sales of product. The contracts are related to budgeted sales and are not in relation to firm commitments.

(l) Discontinued Operation

Under AGAAP a business or segment is presented as a discontinued operation upon completion of the transaction, whereas under US GAAP presentation as discontinued is determined in accordance with either APB 30 or SFAS No. 144 which basically requires presentation as discontinued at the relevant measurement date, which may pre-date completion.

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Sales revenue under US GAAP as disclosed in Note 40 to the consolidated financial statements represents the sales revenue for the periods shown of the continuing Ansell Healthcare operations. Certain retained liabilities relating to Accufix Pacing Lead related expenses are reported in Note 22 to the consolidated financial statements as a current provision of \$8.9 million. As set out in Note 27 to the consolidated financial statements the expected outcomes of the material litigation actions outstanding in respect of the Medical Products Group and retained by Ansell following the sale of the operation in 1996 have been provided for.

Certain deferred tax assets previously reported in respect of the results of the Medical Products Group were subject to a valuation allowance in 1996, and income tax benefits attributable to the losses from operations and loss from sale have not been brought to account as recovery is not, at this time, considered to be more likely than not.

(m) Derivative Instruments and Hedging Activities

The nature of Ansell Limited's business activities necessarily involves the management of various financial and market risks, including those related to changes in interest rates, currency exchange rates and commodity prices. Ansell Limited uses derivative financial instruments to mitigate or eliminate certain of those risks, as a component of its risk management strategy. The Company does not use derivative instruments for trading purposes.

Under Australian GAAP, derivative financial instruments may have hedge accounting treatment applied if the hedging derivatives are effective in reducing the exposure being hedged and are designated as a hedge at the inception of the contract. Hedging derivatives are accounted for in a manner consistent with the accounting treatment of the hedged items as disclosed in Note 1 to the consolidated financial statements.

The FASB issued SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities* as amended, which became effective for Ansell Limited on 1 July 2000. Under SFAS No. 133, as amended, all derivative instruments are recognised in the Statement of Financial Position at their fair values.

The accounting for changes in the fair value of a derivative (that is, gains and losses) depends on the intended use of the derivative and the resulting designation.

For a derivative designated as hedging the exposure to changes in the fair value of a recognized asset or liability or firm commitment (referred to as a fair value hedge), the gain or loss is recognized in earnings in the period of change together with the offsetting loss or gain on the hedged item attributable to the risk being hedged. The effect of that

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Item 18 : Consolidated Financial Statements

39. MAJOR DIFFERENCES BETWEEN AUSTRALIAN GAAP AND US GAAP (Continued)

(m) Derivative Instruments and Hedging Activities (continued)

accounting is to reflect in earnings the extent to which the hedge is not effective in achieving offsetting changes in fair value.

For a derivative designated as hedging the exposure to variable cash flows of a forecasted transaction (referred to as a cash flow hedge), the effective portion of the derivative's gain or loss is initially reported as a component of other comprehensive income (outside earnings) and subsequently reclassified into earnings when the forecasted transaction affects earnings. The ineffective portion of the gain or loss is reported in earnings immediately.

For a derivative designated as hedging the foreign currency exposure of a net investment in a foreign operation, the gain or loss is reported in other comprehensive income (outside earnings) as part of the cumulative translation adjustment. The accounting for a fair value hedge described above applies to a derivative designated as a hedge of the foreign currency exposure of an unrecognized firm commitment or an available-for-sale security. Similarly, the accounting for a cash flow hedge described above applies to a derivative designated as a hedge of the foreign currency exposure of a foreign-currency-denominated forecasted transaction.

For a derivative not designated as a hedging instrument, the gain or loss is recognized in earnings in the period of change.

Under US GAAP, all derivatives are recognised on the Statement of Financial Position at their fair value. On the date the derivative is entered into, Ansell Limited designates the derivative as either a fair value hedge or a cash flow hedge.

Ansell Limited is exposed to interest rate risk and foreign exchange risk associated with underlying assets and liabilities. To hedge these exposures, which relate primarily to long term borrowings in United States Dollars and to assets held by self sustaining foreign affiliates, Ansell Limited uses derivative financial instruments to mitigate or eliminate those risks. The difference between the accounting treatment under AGAAP and US GAAP detailed above affects only the pattern and timing of non-cash accounting recognition of gains and losses on derivative instruments and does not change the economic benefits of using these instruments to manage risk.

Hedges of recognised assets, liabilities and firm commitments (fair value hedges)

All fair value hedges have been assessed for their effectiveness in accordance with SFAS No. 133 guidelines. The ineffective portion of changes in fair values of hedged positions, reported in earnings, amount to a gain of \$0.4 million (2004 - gain of \$1.8 million: 2003 - gain of \$1.3 million), before income taxes. There were no amounts excluded from the measure of effectiveness.

Hedges of future cash flows (cash flow hedges)

Amounts classified in Other Comprehensive Income (OCI) during the period relate to cash flow hedges which will be reclassified to earnings when the forecasted transaction affects earnings. During the next 12 month period ending 30 June 2006, no amount is expected to be reclassified to earnings. At 30 June 2005, the maximum term of cash flow hedges that hedge forecasted transactions was 58 months.

A reconciliation of current period changes in Other Comprehensive Income within equity is as follows:

	<u>\$ millions</u>
Opening balance of accumulated net gain on cash flow hedges	4.7
Net gain on cash flow hedges - recognised in OCI net of nil tax	2.1
Add reclassification adjustments to earnings	
	<hr/>
Closing balance of accumulated net gain/(loss) on cash flow hedges	6.8
	<hr/>

(n) Investments

For AGAAP purposes investments held in publicly listed companies have been marked to market and the charge included in AGAAP profit in the prior year. To comply with SFAS No 115 Accounting for Certain Investments in Debt and Equity Securities this charge has been reclassified to accumulated other comprehensive income as the Company has designated such securities as available for sale pursuant to SFAS No. 115.

Accounting for the Investment in South Pacific Tyres (SPT)

Under AGAAP equity accounting for the investment in SPT was discontinued effective 1 July 2001.

For US GAAP purposes the existing provisions contained within the amended partnership agreement, notwithstanding the substance of the revised arrangements and actual process in respect of the operational control of SPT, which has ultimately determined the AGAAP treatment, continue to provide the company with the legal ability to significantly influence the partnership. Accordingly, equity accounting continues to be applied for the purpose of reporting in accordance with the requirements under US GAAP.

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39. MAJOR DIFFERENCES BETWEEN AUSTRALIAN GAAP AND US GAAP (CONTINUED)

(n) Investments (continued)

During the year the investment in SPT was written down by \$80 million under AGAAP to its estimated recoverable amount pursuant to the put and call options in place in the amended partnership agreement. The continued application of equity accounting under US GAAP has resulted in the Company bringing to account its share of the losses incurred by SPT from 1 July 2001 to 30 June 2004 with a corresponding reduction in the carrying value of the investment. The cumulative effect of equity accounting over this period has resulted in the carrying value of the investment in SPT under US GAAP being lower than the carrying value under AGAAP post the current year write-down. As a result the write-down is not required for US GAAP purposes and has been reversed in the current year.

On 16 December 2005 the Company announced that it had reached agreement with Goodyear as to the terms of its exit from the South Pacific Tyres business. Pursuant to the agreed terms, Goodyear will purchase Ansell's interest in SPT for \$53 million. In addition a loan outstanding from Ansell to SPT will be repaid in full, which with accrued interest, totals approximately \$69 million. As the final sale date has yet to be established the US GAAP outcome of the sale cannot be determined at this point.

(o) Revenue Recognition

Under AGAAP, interest income and proceeds from the sale of non current assets are recorded as other revenues from ordinary activities and the book basis of the assets and businesses sold is included in expenses. Under US GAAP, interest income is classified as other income and the difference between the sale proceeds and the book basis of the assets and business sold would be presented as a gain or loss and included in the determination of operating income or income from discontinued operations.

(p) Asset Retirement Obligations

In August 2001, the FASB issued SFAS No. 143 Accounting for Asset Retirement Obligations which was adopted by the Company effective 1 July 2002. The Statement addresses financial accounting and reporting obligations associated with the retirement of tangible long-lived assets and for the associated asset retirement costs. The adoption of SFAS No. 143 resulted in the recognition of a net retirement obligation of \$0.3 million as at 1 July 2002. In accordance with the provisions of SFAS No. 143 this was presented as a cumulative effect of a change in accounting principle in the period of adoption of the standard. A charge of \$0.1 million per annum was recorded during 2003, 2004 and 2005 reflecting the amortisation of the related asset.

(q) Research and Development Costs

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Effective 1 July 2004, the Company changed its accounting policy in respect of research and development costs whereby development expenditure on new products or substantially improved existing products is capitalized when future recoverability is reasonably assured. Amortisation of the capitalised expenditure commences in the half year period following the products commercialisation and continues for a three year period. Capitalised costs are regularly reviewed and when the criterion for capitalisation is no longer met such costs are written off. Previously all research and development costs were written off in the period in which they were incurred.

SFAS 2 Accounting for Research and Development Costs requires research and development expenditure to be expensed as incurred. As such the written down value of capitalised research and development costs will be expensed for US GAAP purposes.

(r) Recent Changes in US GAAP

In November 2004, The Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 151 Inventory Costs, an amendment of ARB No. 43, Chapter 4 (SFAS 151). SFAS 151 requires abnormal amounts of idle facility expense, freight, handling costs and wasted materials to be excluded from the costs of inventory and expensed as incurred. Fixed production overheads are therefore to be allocated to inventory based on the normal capacity of the production facility. SFAS 151 is applicable for financial years beginning after 15 June 2005. The Group does not expect the adoption of SFAS 151 to have a material impact on its financial position or results of operations.

In December 2004, the FASB issued SFAS No. 123 (revised) Share-Based Payment (SFAS 123R), which requires all share-based payments to employees to be measured at their fair value on grant date. The cost is to be recognised over the period during which the employee is required to provide services in exchange for the awards. SFAS 123R is applicable

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39. MAJOR DIFFERENCES BETWEEN AUSTRALIAN GAAP AND US GAAP (CONTINUED)

(r) Recent Changes in US GAAP (continued)

for financial years beginning after 15 June 2005. As the Group currently measures share-based payments in this manner the adoption of SFAS 123R will not impact future results.

In March 2005, FASB Interpretation No. 47 Accounting for Conditional Asset Retirement Obligations an interpretation of FASB Statement No. 143 (FIN 47) was issued. FIN 47 states that a conditional asset retirement obligation represents an unconditional obligation to perform an asset retirement activity where the timing or method of settlement are conditional on a future event that may or may not be within the control of the entity. The interpretation clarifies that an entity is required to recognise a liability for the fair value of a conditional asset retirement obligation, if the fair value of the liability can be reasonably estimated. Uncertainty about the timing or method of settlement of a conditional asset retirement obligation is factored into the measurement of the liability when sufficient information exists. FIN 47 also clarifies the conditions when an entity would have sufficient information to reasonably estimate the fair value of an asset retirement obligation. FIN 47 is effective for periods ending after 15 December 2005. The Group is currently assessing the impact of adopting FIN 47 on its financial statements.

Table of Contents**Item 18 : Consolidated Financial Statements****40. RECONCILIATION TO UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (US GAAP)**

<u>\$ in millions</u>	<u>Consolidated</u>		
	<u>2005</u>	<u>2004</u>	<u>2003</u>
Statement of Financial Performance (for years ended 30th June)			
Net profit of the consolidated entity per Australian GAAP	13.1	72.6	52.5
Less interest of outside equity holders after income tax	1.8	1.9	2.6
	<u>11.3</u>	<u>70.7</u>	<u>49.9</u>
Net profit attributable to Ansell Limited shareholders	11.3	70.7	49.9
Adjustments required to accord with US GAAP	118.8	19.7	1.4
	<u>130.1</u>	<u>90.4</u>	<u>51.3</u>
Net Profit according to US GAAP	130.1	90.4	51.3
Weighted average number of shares per basic EPS calculations (millions)	167.5	180.8	187.1
Weighted average number of shares/options (millions)	1.6	1.3	0.6
	<u>169.1</u>	<u>182.1</u>	<u>187.7</u>
Weighted average number of shares per diluted EPS calculations (millions)	169.1	182.1	187.7
Continuing Operations			
Income from continuing operations			
Before income tax	130.6	104.0	96.2
Income tax expense	(0.5)	(20.7)	(26.8)
	<u>130.1</u>	<u>83.3</u>	<u>69.4</u>
Income from continuing operations	130.1	83.3	69.4
Discontinued Operations			
Income/(loss) from discontinued operations			
Before income tax ⁽¹⁾		7.1	(12.8)
Income tax expense			
	<u>7.1</u>	<u>(12.8)</u>	
Income/(loss) from discontinued operations		7.1	(12.8)
Cumulative effect of a change in accounting principles goodwill and asset retirement obligations (nil tax)			(5.3)
	<u>130.1</u>	<u>90.4</u>	<u>51.3</u>
Net profit per US GAAP	130.1	90.4	51.3
Earnings per share - basic and diluted (Australian Cents)			
Continuing operations			
- basic	78¢	46¢	37¢
- diluted	77¢	46¢	37¢
Discontinued operations			
- basic		4¢	(7)¢
- diluted		4¢	(7)¢
Cumulative effect of a change in accounting principle			
- basic			(3)¢
- diluted			(3)¢

Net Profit

	_____	_____	_____
- basic	78¢	50¢	27¢
- diluted	77¢	50¢	27¢
	_____	_____	_____

Condensed US GAAP Consolidated Statement of Income Data excluding Discontinued Operations

Revenues	1,096.2	1,113.3	1,293.6
Total costs and expenses	956.0	992.5	1,170.9
Net interest expense	9.6	16.8	26.5
Tax expense	0.5	20.7	26.8
	_____	_____	_____
Profit from continuing operations	130.1	83.3	69.4
	_____	_____	_____

(1) Includes net loss on disposal/liquidation of businesses and controlled entities (7.0)

Table of Contents**Item 18 : Consolidated Financial Statements****40. RECONCILIATION TO UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES**

(US GAAP) (CONTINUED)

\$ in Millions	Consolidated		
	2005	2004	2003
Reconciliation of Net Cash Provided by Operating Activities per AGAAP financial statements to Net Profit/(Loss) after Tax Under US GAAP			
Net Cash Provided by Operating Activities per AGAAP	152.8	179.2	161.6
Items classified as financing activities: ⁽¹⁾			
Interest received	8.5	9.0	8.0
Interest paid	(21.9)	(29.4)	(37.8)
	139.4	158.8	131.8
Net Cash Provided by Operating Activities per US GAAP	139.4	158.8	131.8
Write-down of non-current assets		(1.0)	(6.1)
Depreciation	(23.4)	(23.8)	(29.4)
Amortisation	(2.4)	(1.9)	(2.5)
Provision for doubtful debts - trade	0.1	(1.2)	2.5
Write down of property, plant and equipment		(8.8)	
Share of net profit/(loss) of associate and joint venture entities	2.1	(7.7)	(16.1)
Change in assets and liabilities net of effect from acquisitions and disposals of subsidiaries and businesses:			
(Decrease)/Increase in debtors	(10.0)	(24.9)	(34.5)
(Decrease)/Increase in inventories	(28.5)	2.6	(47.2)
(Decrease)/Increase in prepaids	(2.0)	0.8	(4.9)
(Increase)/Decrease in creditors and bills payable	17.3	6.0	36.5
Decrease in provisions and other liabilities	4.8	(2.2)	37.4
(Increase)/Decrease in provision for deferred income tax	5.4	1.3	2.9
Increase/(Decrease) in future income tax benefit	12.1	(7.8)	(17.7)
(Increase)/Decrease in provision for income tax	0.3	0.5	(1.2)
(Loss)/Gain on sale of investments, properties, plant and equipment	0.5	1.6	5.6
Gain/(loss) on sale/liquidation of subsidiaries and businesses			(7.0)
Outside equity interest in profit for the year	(1.8)	(1.9)	(2.6)
Other	16.2		3.8
	130.1	90.4	51.3
Net Profit after tax	130.1	90.4	51.3

⁽¹⁾ Interest is classified as a financing activity under AGAAP.

Table of Contents**Item 18 : Consolidated Financial Statements****40. RECONCILIATION TO UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES****(US GAAP) (CONTINUED)**

\$ in Millions	Note	Consolidated		
		2005	2004	2003
Adjustments to reflect U.S. GAAP				
Add/(Deduct): Amortisation of goodwill for AGAAP purposes only	39(i)	20.5	21.4	25.3
Write-down of US GAAP goodwill on adoption of SFAS No. 142	39(i)			(5.0)
Amortisation of compensation component of options	39(d)	(0.9)	(0.3)	(0.7)
Creation of asset retirement obligation on adoption of SFAS No. 143	39(p)			(0.3)
Amortisation of asset retirement obligation	39(p)	(0.1)	(0.1)	(0.1)
Pension Plans	39(f)	(3.0)	5.8	1.9
Income tax (expense)/benefit		0.9	(1.8)	(0.6)
Net realisation of asset revaluation reserve and related depreciation adjustment on sale/liquidation of controlled entities, businesses and assets	39(a)	0.6	0.8	(7.0)
Net hedge (losses)/gains (brought to account)/ deferred for AGAAP	39(k)	0.1	(2.0)	2.4
Income tax (expense)/benefit			0.6	(0.7)
Net change in fair value hedges	39(m)	0.4	1.8	1.3
Income tax expense		(0.1)	(0.5)	(0.4)
Equity share in profit/(loss) of South Pacific Tyres	39(n)	2.1	(7.7)	(16.4)
Income tax (expense)/benefit		(0.6)	2.3	4.9
Reverse AGAAP write-down of investment in South Pacific Tyres	39(n)	80.0		
Write-off research and development expenditure capitalised for AGAAP	39(q)	(2.1)		
Income tax benefit		0.6		
Valuation adjustment for above income tax (benefit)/expense amounts		(0.8)	(0.6)	(3.2)
Reverse part of AGAAP valuation allowance in respect of US revenue tax losses	39(h)	21.2		
Total Adjustments		118.8	19.7	1.4
Shareholders Equity of the Group as at 30th June		602.8	811.8	844.5
Deduct: Outside equity interests	39(b)	(9.1)	(10.2)	(10.8)
Shareholders equity attributable to Ansell Limited		593.7	801.6	833.7
Adjustments required to accord with U.S. GAAP:				
Add/(Deduct): Goodwill not capitalised for Australian GAAP - net of amortisation and amortisation adjustments on Australian GAAP goodwill (including fx impact)	39(i)	211.7	184.4	148.6
Amortisation of brand names cumulative (including fx impact)	39(j)	(19.5)	(21.5)	(22.2)
Amortisation of asset retirement obligations	39(p)	(0.6)	(0.5)	(0.4)
Pension Plans	39(f)	10.9	13.9	8.1
Hedging adjustments net of nil tax	39(k)	0.2	0.1	2.1
Reserves attributable to Asset Revaluation	39(a)		(0.7)	(1.5)
Depreciation charged on Revaluation increments	39(a)		0.1	0.1
Loans outstanding under ownership based remuneration scheme	39(d)	(1.4)	(0.8)	(1.2)

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Net change in fair value hedges, hedged items and cash flow hedges	39(m)	1.2	0.8	(1.0)
Net gains/(losses) on cash flow hedges residing in Comprehensive Income	39(m)	6.8	4.7	(12.6)
Additional minimum pension liability residing in Comprehensive Income	39(f)	(13.5)	(13.2)	(7.9)
Equity share of South Pacific Tyres net of reversal of write-down	39(n)	(7.1)	(89.2)	(81.5)
Research and development expenditure	39(q)	(2.1)		
Valuation allowance adjustment	39(h)	21.2		
		<u>207.8</u>	<u>78.1</u>	<u>30.6</u>
Ansell Limited Shareholders Equity according to U.S. GAAP (including Comprehensive Income)		<u>801.5</u>	<u>879.7</u>	<u>864.3</u>
Note: All US GAAP adjustments are in respect of 100% owned operations				
Statement of Comprehensive Income:				
Net profit per U.S. GAAP		130.1	90.4	51.3
Foreign Currency Translation Reserve net of nil tax		(51.2)	(6.3)	(63.2)
Unrealised net gain on cash flow hedges net of nil tax		2.1	17.3	1.1
Additional minimum pension liability net of nil tax		(0.3)	(5.3)	(7.9)
Unrealised loss on available for sale equity securities net of nil tax				(1.0)
		<u>80.7</u>	<u>96.1</u>	<u>(19.7)</u>

Table of Contents**Item 18 : Consolidated Financial Statements****40. RECONCILIATION TO UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES**

(US GAAP) (CONTINUED)

\$ in Millions	2005		2004	
	Australian		Australian	
	Fund	US Funds	Fund	US Funds
Pension Plan data supporting Note 39(f)				
Plan's funded status at 30 June is summarised as follows:				
Actuarial present value of accumulated obligations:				
- Vested	16.8	52.1	19.9	54.9
- Non-vested		1.2		1.2
Total accumulated benefit obligation	16.8	53.3	19.9	56.1
Projected benefit obligation	17.4	54.3	20.6	56.7
Plan assets at fair value	17.0	38.1	41.7	40.8
Excess/(deficiency) of assets over benefit obligations	(0.4)	(16.2)	21.1	(15.9)
Unrecognised net gain/(loss)	12.0	15.2	(5.6)	15.1
Unrecognised prior service costs		(0.7)		(0.8)
Unrecognised net transition obligation/(asset) and other deferrals				
Net Pension (Liability)/Asset	11.6	(1.7)	15.5	(1.6)
NET PENSION COST				
Defined Benefit Plans:				
- Service cost-benefits earned during the year	0.8	2.4	0.9	2.5
- Interest cost on projected benefit obligation	0.8	3.1	1.0	3.3
- Expected return on plan assets	(1.1)	(3.3)	(2.7)	(3.7)
- Net amortisation and settlement and curtailment (gain)/loss	3.4	1.3	(5.9)	3.1
Net Pension Cost of Defined Benefit Plans	3.9	3.5	(6.7)	5.2
ASSUMPTIONS (used to determine net pension cost)				
Weighted average discount rate	5.0%	5.8%	5.0%	5.8%
Rate of increase in compensation level	4.0%	4.3%	4.0%	4.3%
Expected long term rate of return	7.0%	8.00%	7.0%	8.00%

The expected long term rate of return on pension assets is based on a strategic asset allocation. The real rate of return (net of inflation) is expected to average 5% over the long term and the long term average rate of inflation is expected to be 3%.

MEASUREMENT DATE	30 June 05	31 March 05	30 June 04	31 March 04
CHANGE IN BENEFIT OBLIGATION				
Projected Benefit Obligation at beginning of year	20.6	56.7	64.4	59.8
Adjustment to value at beginning of year	(1.6)			

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Service cost	0.8	2.4	0.9	2.5
Interest cost	0.8	3.1	1.0	3.3
Transfers from/(to) other funds*			(42.5)	
Member contributions	0.1		0.3	
Actuarial (gain)/loss	(1.4)	1.3	1.5	0.3
Benefits, administrative expenses and tax paid	(1.8)	(5.9)	(5.0)	(7.2)
Foreign currency exchange rate changes		(3.3)		(2.0)
Projected Benefit Obligation at end of year	17.4	54.3	20.6	56.7

ASSUMPTIONS (used to determine end of year benefit obligations)

Weighted average discount rate	5.0%	5.8%	5.0%	5.8%
Rate of increase in compensation level	4.0%	4.3%	4.0%	4.3%

CHANGE IN PLAN ASSETS

Market value of assets at beginning of year	41.7	40.8	79.6	36.1
Adjustment to fair value at beginning of the year	(3.7)		2.6	
Member/Employer Contributions		4.3		4.3
Transfers from/(to) other funds*	(21.4)		(42.5)	
Benefits, administrative expenses and tax paid	(1.8)	(5.9)	(5.0)	(7.2)
Actual return on plan assets	2.2	2.3	7.0	8.7
Foreign currency exchange rate changes		(3.4)		(1.1)
Market value of assets at end of year	17.0	38.1	41.7	40.8

* Represents removal of assets and liabilities relating to Ansell accumulation members from disclosures and transfer of amounts to South Pacific Tyres.

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Item 18 : Consolidated Financial Statements

40. RECONCILIATION TO UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

(US GAAP) (CONTINUED)

\$ in Millions

Pension Plan data supporting Note 39(f) (continued)

CONTRIBUTIONS

Employer contributions to the Australian fund during the fiscal year ending 30 June 2005 are expected to be \$0.5 million. In respect of its US plans the Company expects to contribute \$4.7 million to the plans in 2005.

ADDITIONAL INFORMATION - AUSTRALIAN FUND

Estimated Future Benefit Payments

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

2006	1.7
2007	1.9
2008	2.1
2009	2.0
2010	1.7
2011 - 2015	7.4

Plan Assets

The allocation of the Fund's assets by asset category is as follows:

Asset Category	Target	Plan assets at 30 June	
	Allocation	2005	2004
Equity securities	64%	65%	64%
Fixed Interest	22%	20%	21%
Real estate	9%	9%	9%
Other	5%	6%	6%

The primary investment objective of the Ansell Employer Benefit Account is to achieve a rate of return (after tax and investment expenses) that exceeds inflation (CPI) increases by at least 4.0% per annum over rolling three year periods.

ADDITIONAL INFORMATION - USA FUNDS

Estimated Future Benefit Payments

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

2006	3.9
2007	3.1
2008	3.9
2009	3.9
2010	4.1
2011 - 2015	28.1

Plan Assets

The allocation of the funded US pension plans weighted-average assets by asset category are as follows:

Asset Category	Target	Plan assets at 31 March	
	Allocation	2005	2004
Equity securities	67%	68%	64%
Debt securities	29%	28%	32%
Real estate	3%	3%	3%
Other	1%	1%	1%

The target allocation currently is 67% equity (49% US, 18% International), 3% real estate, 29% debt and 1% cash. Over the past 5 years the allocation to equities has ranged from 55% to 68% depending on market conditions and the expected ability of the Plan to meet an 8% earnings assumption. The asset allocation is reviewed at least annually and adjusted based on past and future assumptions for market returns. Recent low

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level interest rates have necessitated a rise in the equity allocation to increase the probability of achieving an 8% return. In light of the Plans decision to lower the assumed rate of return on portfolio assets to 6.5% we expect a gradual reduction in the level of equity investments over the next six months. The new investment return assumption reflects the anticipated Plan termination by 2010. The investment approach dictated in the IPS is to maintain sufficient diversification by asset class and economic sectors. The IPS mandates that each manager be diversified and that significant sector deviations to the benchmark be explained and approved.

Table of Contents**Item 18 : Consolidated Financial Statements****40. RECONCILIATION TO UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES**

(US GAAP) (CONTINUED)

Information for United States Investors

<u>\$ in Millions</u>	<u>Consolidated</u>		
	<u>2005</u>	<u>2004</u>	<u>2003</u>
Material Write-down of assets			
Ambri Ltd investment			
The Group's investment in Ambri Ltd was written down to recoverable amount in prior years.		(1.0)	(6.1)
The investment was disposed of during the current year.			
US GAAP Equity Roll-forward			
Opening Balance US GAAP equity	879.7	864.3	873.8
US GAAP Profit	130.1	90.4	51.3
Proceeds from issue of shares	5.0	1.0	1.0
Dividends	(23.6)	(31.0)	
Share buy back	(156.1)	(65.4)	(8.2)
Movement in Foreign Currency Translation Reserve	(44.5)	(7.4)	(71.3)
Unrealised net gain on cash flow hedges in OCI	2.1	17.3	1.1
Additional minimum pension liability in OCI	(0.3)	(5.3)	(7.9)
Movements in Loans outstanding under Employee Share Plan	(0.6)	0.4	3.1
Other (including FX on US GAAP adjustments)	9.7	15.4	21.4
Closing balance US GAAP equity	<u>801.5</u>	<u>879.7</u>	<u>864.3</u>

Table of Contents**Item 18 : Consolidated Financial Statements****40. RECONCILIATION TO UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES**

(US GAAP) (CONTINUED)

Information for United States Investors (continued)

<u>\$ in Millions</u>	<u>Consolidated</u>		
	<u>2005</u>	<u>2004</u>	<u>2003</u>
Goodwill:			
AGAAP goodwill - written down value 30 June	140.2	176.0	203.3
Add: Amortisation for AGAAP only from 1 July 2002	67.2	46.7	25.3
Add: Net Goodwill recognised for US GAAP only	33.3	33.3	33.3
Add :Adjustment for different amortisation basis on AGAAP goodwill	111.2	104.4	90.0
	<u>351.9</u>	<u>360.4</u>	<u>351.9</u>
US GAAP goodwill - written down value 30 June	351.9	360.4	351.9
US GAAP Goodwill Comprises:			
Gross Goodwill	404.1	438.2	448.6
Accumulated Amortisation	(52.2)	(77.8)	(96.7)
	<u>351.9</u>	<u>360.4</u>	<u>351.9</u>
Written down value	351.9	360.4	351.9
Brand names			
AGAAP brand names - 30 June	106.0	117.4	121.2
(Deduct): US GAAP accumulated amortisation	(19.5)	(21.5)	(22.2)
	<u>86.5</u>	<u>95.9</u>	<u>99.0</u>
US GAAP Brand names - 30 June	86.5	95.9	99.0
Property, plant & equipment			
Property, plant & equipment at cost and valuation (net of accumulated depreciation)	195.4	227.8	262.9
(Deduct): Asset revaluation reserves applicable		(0.7)	(1.5)
Add: Adjustment to add back depreciation charged on the revaluation increments (cumulative)		0.1	0.1
	<u>195.4</u>	<u>227.2</u>	<u>261.5</u>
Property, plant & equipment at cost (net of accumulated depreciation)	195.4	227.2	261.5
Analysis of long-lived assets by Country			
- Australia	79.7	53.4	62.8
- USA	228.3	293.4	338.1
- Malaysia	67.6	77.5	83.2
- Thailand	45.9	56.0	61.9
- Sri Lanka	37.2	43.7	49.3
- Other Countries	41.9	51.2	54.6

	500.6	575.2	649.9
Asset Retirement Obligations			
Asset retirement obligations relate to future legal obligations to restore certain leased facilities to their original conditions as at the commencement of the lease.			
Asset retirement obligation			
Balance at beginning of period	0.9	0.8	
Initial balance on adoption of SFAS No. 143			0.7
Liabilities incurred in current period	0.1	0.1	0.1
Balance at end of period	1.0	0.9	0.8
Accumulated Other Comprehensive Income			
Foreign Currency Translation Reserve net of nil tax	(189.4)	(138.2)	(131.9)
Unrealised net gain/(loss) on cash flow hedges net of nil tax	6.8	4.7	(12.6)
Additional minimum pension liability net of nil tax	(13.5)	(13.2)	(7.9)
	(196.1)	(146.7)	(152.4)

Table of Contents**Item 18 : Consolidated Financial Statements****40. RECONCILIATION TO UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES****(US GAAP) (CONTINUED)****Information for United States Investors (continued)****Executive Share Option Data Supporting Notes 39(d), 26 and 29**

SFAS 123 Accounting for Stock Based Compensation encourages the adoption of a fair value based method of determining compensation costs. For US GAAP purposes, the company has adopted the fair value provision of SFAS 123. The compensation fair value of all options which are outstanding at the date of this report has been calculated at \$2.0 million.

Equity Accounted Investments South Pacific Tyres

Equity accounting has been consistently applied for US GAAP purposes to the Group's 50% interest in the South Pacific Tyres Partnership and South Pacific Tyres N.Z. Ltd (collectively known as South Pacific Tyres (SPT)).

Summarised US GAAP financial information for SPT for the last three years is as follows:

<u>\$ in millions</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Statement of Financial Performance			
Sales	994.8	987.7	951.0
Cost of Goods Sold	(693.8)	(698.1)	(685.4)
Expenses	(290.6)	(297.9)	(291.7)
Operating Profit/(Loss) before Income Tax	10.4	(8.3)	(26.1)
Income Tax Expense	(6.2)	7.1	6.7
Profit/(Loss) after Income Tax	4.2	(15.4)	(32.8)
Ansell's 50% share	2.1	(7.7)	(16.4)
Statement of Financial Position			

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Current Assets	393.2	387.5	366.3
Non-Current Assets	224.5	244.4	276.2
Total Assets	617.7	631.9	642.5
Current Liabilities	517.2	528.1	517.2
Non-Current Liabilities	28.0	34.8	41.4
Total Liabilities	545.2	562.9	558.6
Net Assets	72.5	69.0	83.9
Shareholders' Equity	72.5	69.0	83.9
Reconciliation of Investment in SPT and share of SPT's Net Assets under US GAAP			
Ansell's share of SPT's Net Assets under US GAAP	36.2	34.5	42.0
Plus New Zealand preference shares included within Liabilities for US GAAP purposes	4.6	4.6	4.4
Plus Other cumulative movements in SPT's equity since cessation of equity accounting and other accounting adjustments	3.9	3.6	4.1
Investment value under US GAAP	44.7	42.7	50.5

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the members of Ansell Limited:

We have audited the accompanying consolidated statements of financial position of Ansell Limited and its subsidiaries as of 30 June, 2005, 2004 and 2003, and the related consolidated statements of financial performance, and cash flows for each of the years in the three-year period ended 30 June, 2005. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Ansell Limited and its subsidiaries at 30 June, 2005, 2004 and 2003, and the results of their operations and their cash flows for each of the years in the three-year period ended 30 June, 2005, in conformity with accounting principles generally accepted in Australia.

As discussed in Note 2 to the consolidated financial statements, the Company changed its method of accounting for research and development costs in 2005.

Accounting principles generally accepted in Australia vary in certain significant respects from accounting principles generally accepted in the United States of America. Information relating to the nature and effect of such differences is presented in Notes 39 and 40 to the consolidated financial statements.

KPMG

Melbourne

23 September, 2005, except for Notes 39 and 40, for which the date is 12 January, 2006.

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Item 19 : Exhibits

See Exhibit Index

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Signature

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

Ansell Limited
Registrant

/s/ Rustom Jilla

Rustom Jilla

Chief Financial Officer

Dated: 12 January 2006

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Exhibit Index

- 1.1 Constitution of Ansell Limited (incorporated by reference to File No. 0-15850, Form 20-F. filed by the Registrant on December 30, 2002).
- 7.1 Computation of the Ratio of Earnings to Fixed Charges.
- 8.1 List of Subsidiaries.
- 12.1 Certification of Chief Executive Officer or Equivalent Pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934.
- 12.2 Certification of Chief Financial Officer or Equivalent Pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934.
- 13.1 Certification of Chief Executive Officer or Equivalent Pursuant to Rule 13a-14(b) or 15d-14(b) of the Securities Exchange Act of 1934 and Section 1350 of Chapter 63 of Title 18 of the United States Code.
- 13.2 Certification of Chief Financial Officer or Equivalent Pursuant to Rule 13a-14(b) or 15d-14(b) of the Securities Exchange Act of 1934 and Section 1350 of Chapter 63 of Title 18 of the United States Code.