ANSELL LTD
Form 20-F
December 08, 2006
Table of Contents

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

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

For the fiscal year ended 30 June 2006

OR

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

For the transition period from ______ to ______

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 (ADRs), each American Depositary Share representing four (4) Ordinary Shares. The ADR program was terminated effective 5 June 2006, and all Ordinary Shares underlying the ADRs were sold by the Depositary on 11 August 2006.

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 151,782,512 (at 30 June 2006)**

** This figure includes 316,348 shares represented by the 79,087 American Depositary Shares outstanding on 30 June 2006.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act x Yes ¨ No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. ¨ Yes x No

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. x Yes ¨ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer.

x Large accelerated filer ¨ Accelerated filer ¨ Non-accelerated filer

Indicate by check mark which financial statement item the registrant has elected to follow. ¨ Item 17 x 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 x No

Table of Contents

Contents - Business Description and Financial Statements

SEC ITEM	PAGE NO
PART I	
OR 1	
Item 1 : Identity of Directors, Senior Management and Advisors	**1**
Item 2 : Offer Statistics and Expected Timetable	**2**
Item 3 : Key Information	**3**
3A Selected Financial Data	3
3B Capitalisation and Indebtedness	5
3C Reasons for the Offer and use of Proceeds	5
3D Risk Factors	5
Item 4 : Information on the Company	**8**
4A History and Development of the Company	8
4B Business Overview	11
4C Organisational Structure	15
4D Property, Plants and Equipment	15
Item 4A : Unresolved Staff Comments	**16**
Item 5 : Operating and Financial Review and Prospects	**17**
5A Operating Results	17
5B Liquidity and Capital Resources	21
5C Research And Development	23
5D Trend Information	23
5E Off-Balance Sheet Arrangements	23
5F Contractual Obligations	24
5G Safe Harbour	24
5H Critical Accounting Policies	24
Item 6: Directors, Senior Management and Employees	**26**
6A Directors and Senior Management	26
6B Compensation	30
6C Board Practices	37
6D Employees	43
6E Share Ownership	44
Item 7: Major Shareholders and Related Party Transactions	**46**
7A Major Shareholders	46
7B Related Party Transactions	46
7C Interests of Experts and Counsel	46
Item 8 : Financial Information	**47**
8A Consolidated Statements and other Financial Information	47
8B Significant Changes	47
Item 9: The Offer and Listing	**48**
9A Offer and Listing Details	48
9B Plan of Distribution	48
9C Markets	49
9D Selling Shareholders	49
9E Dilution	49
9F Expenses of the Issue	49
Item 10: Additional Information	**50**
10A Share Capital	50
10B Constitution	50
10C Material Contracts	52
10D Exchange Controls	52
10E Australian Taxation	54
10F Dividends and Paying Agents	58
10G Statement by Experts	58
10H Documents on Display	58

10I Subsidiary Information 58

Table of Contents

Item 11: Quantitative and Qualitative Disclosures about Market Risk	**59**
Derivative Financial Instruments	59
Item 12 : Description of Securities Other than Equity Securities	**65**
Item 13 : Defaults, Dividend Arrearages and Delinquencies	**66**
Item 14 : Material Modifications to the Rights of Security Holders	**67**
Item 15 : Controls and Procedures	**68**
Item 16	**69**
16A Audit Committee Financial Expert	69
16B Code Of Ethics	69
16C Principal Accountant Fees and Services	69
16D Exemptions from the Listing Standards for Audit Committees	70
16E Purchases Of Equity Securities By The Issuer	70
Item 17 : Financial Statements	**71**
Item 18 : Consolidated Financial Statements	**72**
Income Statement	72
Statement of Recognised Income and Expense	73
Balance Sheet	74
Statement of Cash Flows	75
Industry and Regional Segments	76
1. Summary of Significant Accounting Policies	77
2. Total Revenue	86
3. Profit before income tax	87
4. Contributed Equity	88
5. Accumulated Losses and Reserves	89
6. Income Tax	90
7. Dividends Paid or Declared	90
8. Cash and Cash Equivalents	91
9. Trade and Other Receivables	91
10. Inventories	92
11. Current Assets Other	92
12. Other Financial Assets (Investments)	92
13. Property, Plant and Equipment	93
14. Intangible Assets	94
15. Deferred Tax Assets	95
16. Trade and Other Payables	96
17. Interest Bearing Liabilities	96
18. Provisions	98
19. Retirement Benefit Obligations	99
20. Deferred Tax Liabilities	102
21. Expenditure Commitments	102
22. Ownership-Based Remuneration Schemes	102
23. Contingent Liabilities and Contingent Assets	103
24. Financial Instruments	104
25. Key Management Personnel Disclosures	108
26. Notes to the Industry and Regional Segments Report	113
27. Notes to the Statements of Cash Flows	114
28. Acquisition of Subsidiaries	115
29. Disposal of Subsidiaries	115
30. Related Party Disclosures	116
31. Earnings per Share	117
32. Particulars Relating to Subsidiaries	118
33. Impact of Adopting Australian Equivalents to IFRS	120
34. Major differences between AIFRS and US GAAP	124
35. Reconciliation to United States Generally Accepted Accounting Principles (US GAAP)	133
Report of Independent Registered Public Accounting Firm	141
Item 19 : Exhibits	**142**
Signature	**143**
Exhibit Index	**144**

Table of Contents

Exhibit 8.1	145
Exhibit 12.1	147
Exhibit 12.2	148
Exhibit 13.1	149
Exhibit 13.2	150

Table of Contents

PART I

Item 1 : Identity of Directors, Senior Management and Advisors

Not Applicable

1

Table of Contents

PART I

Item 2 : Offer Statistics and Expected Timetable

Not Applicable

2

Table of Contents

PART I

Item 3 : Key Information

3A Selected Financial Data

Effective 1 July 2004 Ansell Limited has adopted Australian equivalents to International Financial Reporting Standards (AIFRS) and as such the financial statements also comply with International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board. As allowed by the US Securities and Exchange Commission (SEC) rules in relation to first time adoption of IFRS, only one year of comparative financial statements has been included. For an explanation of how the transition to AIFRS has affected the financial statements see Note 33 to the Consolidated Financial Statements.

The following selected financial data in accordance with AIFRS for the two year period ended 30 June 2006 has been derived from the Consolidated Financial Statements. The selected financial data in accordance with US generally accepted accounting principles (US GAAP) has been derived from Ansell Limited s financial statements including the Consolidated Financial Statements. This information should be read in conjunction with and is qualified in its entirety by reference to the Consolidated Financial Statements and accompanying notes.

The preparation of the financial statements in accordance with AIFRS results in a number of differences to US GAAP. For discussion of the major differences and a reconciliation of the material differences between AIFRS and US GAAP as they relate to Ansell Limited for the 2 years ended 30 June 2006, see Notes 34 and 35 to the Consolidated Financial Statements.

	For Years Ended 30 June				
In millions of A$, except per share & per ADS amounts	**2006**	**2005**	**2004**	**2003**	**2002**
Statement of Financial Performance Data					
Amounts prepared in accordance with AIFRS :					
Sales revenue	1,138	1,081			
Profit/(loss) before income tax	127	56			
Income tax expense	8				
Outside equity interest after tax	3	2			
Net profit/(loss) after income tax	116	54			
Amounts prepared in accordance with US GAAP : (1)					
Sales revenue from continuing operations	1,138	1,081	1,113	1,294	1,414
Income/(loss) from continuing operations	116	130	83	69	(126)
Net income/(loss)	116	130	90	51	(172)
Share Information					
Amounts prepared in accordance with AIFRS :					
Number of shares on issue (millions)	152	160			
Basic Earnings per share ($ s)	0.73	0.33			
Basic Earnings per ADS ($ s)	2.92	1.32			
Dividends provided for or paid	30	24			
Dividends per ordinary share ($ s)	0.19	0.14			
Dividends per ADS ($ s)	0.76	0.56			
Dividends per ADS US$(2)	0.57	0.42			
Amounts prepared in accordance with US GAAP : (1)					
Basic Earnings per share continuing operations(3) ($ s)	0.73	0.78	0.46	0.37	(0.67)
Basic Earnings per ADS continuing operations ($ s)	2.92	3.12	1.84	1.48	(2.68)
Basic Earnings per share net income/(loss) ($ s)	0.73	0.79	0.50	0.27	(0.92)
Basic Earnings per ADS net income/(loss) ($ s)	2.92	3.12	2.00	1.12	(3.68)
Statement of Financial Position Data (at year end)					
Amounts prepared in accordance with AIFRS :					

Current assets	738	612			
Total assets	1,308	1,241			
Current liabilities	318	222			
Non-current liabilities	336	396			
Shareholders equity	654	623			
Amounts prepared in accordance with US GAAP : [(1)]					
Current assets	738	612	749	761	821
Total assets	1,479	1,411	1,591	1,615	1,844
Current liabilities	319	223	405	367	389
Long term debt	276	331	236	320	517
Shareholders equity	818	799	880	864	874

Table of Contents

PART I

Item 3 : Key Information

3A Selected Financial Data (continued)

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(1) The principle differences between AIFRS and US GAAP for each of the 2 years ended 30 June 2006, are explained in Notes 34 and 35 to the Consolidated Financial Statements.
(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) 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 2006 was 0.7740.

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 2006	0.7740	0.7424
September 2006	0.7709	0.7463
August 2006	0.7677	0.7574
July 2006	0.7674	0.7416
June 2006	0.7516	0.7290
May 2006	0.7754	0.7517

For the last five fiscal years

US$ per A$1.00	2006	2005	2004	2003	2002
Average Rate [1]	0.7505	0.7610	0.7016	0.5865	0.5221

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(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.

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.

Table of Contents

PART I

Item 3 : Key Information

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 2005 and 2006 all Ansell s manufacturing costs were denominated in currencies other than Australian dollars.

Similarly, due to the worldwide presence of Ansell s customer base, a substantial portion of net sales is realised 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: 2005 approximately 93% and 2006 approximately 94%. 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.

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.

Table of Contents

PART I

Item 3 : Key Information

3D Risk Factors (continued)

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 2006, approximately 90% of Ansell s manufacturing operations, measured in terms of cost of production, and approximately 60% 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 the date of this Annual Report, Ansell was a defendant along with other manufacturers and distributors of latex gloves in 7 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 9 and 8 latex allergy lawsuits pending against Ansell at 30 June 2005 and 30 June 2006 respectively.

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. As of 30 June 2006, Ansell was a defendant in 26 lawsuits involving distributor indemnity claims, and as of the date of this Annual Report, 16 of these lawsuits remained. 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. 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. Ansell appealed that decision. The Louisiana Fourth Circuit Court of Appeals affirmed the trial court s finding that Ansell had a duty to indemnify the hospital but found that the trial court erred in not determining whether the hospital spent sums defending its own negligence. On 13 October 2006 the Louisiana Supreme Court affirmed and remanded the case to the trial court for a recalculation of damages.

It is not possible at this time to quantify the potential financial impact of the remaining cases on Ansell.

Table of Contents

PART I

Item 3 : Key Information

3D Risk Factors (continued)

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 Ansell 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 3.5% of worldwide liquid natural latex consumption in fiscal 2006.

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.

Table of Contents

PART I

Item 4 : Information on the Company

Overview

The fiscal year of Ansell Limited (Ansell Limited , the Company or Group , which, unless the context otherwise requires, includes Ansell Limited and its consolidated subsidiaries) ends on 30 June. The fiscal year ended 30 June 2006 is referred to herein as 2005-2006 or fiscal year 2006 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 identi 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 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.

Table of Contents

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 of businesses 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 Telectronics business of the Medical Group were sold and Ansell Healthcare acquired the Golden Needles Knitting business.

On 29 November 1996, the Telectronics 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,

- 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.

Table of Contents

PART I

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) enabling 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.

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 lead 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 purchased Ansell s interest in South Pacific Tyres, effective 25 January 2006, for $53 million resulting in a $5 million non-cash write-down. In addition a loan outstanding from Ansell to South Pacific Tyres was repaid in full, which with accrued interest, totalled $69.2 million.

On 31 March 2006 the Company acquired 75% of a leading Chinese condom marketing business, Wuhan Jissbon Sanitary Products, for $25.1 million. The Company also established an Occupational glove trading subsidiary in China.

On 4 May 2006 the Company announced its intention to voluntarily delist from the NASDAQ National Market and to terminate its American Depositary Receipt program, with both to take effect as of the close of trading on 5 June 2006.

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 two 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 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.

	For Years Ended 30 June	
$ in millions (except for number of employees)	**2006**	**2005**
Sales	1,138	1,081
Operating Profit before tax	127	56
Gross Assets	1,308	1,241
Number of employees	11,317	11,059

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. 47 percent of Ansell s sales in fiscal year 2006 were in the Americas, with a further 37 percent in the Europe, Middle East and Africa 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, MicrOptic, 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 71% of the product sourced is manufactured at these facilities with the balance outsourced under strict quality and performance specifications.

Table of Contents

PART I

Item 4 : Information on the Company

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 manufacturers 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 manufacturers 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. The disposal of the remaining non core operation, being the non-controlling investment in the South Pacific Tyres (SPT) business, was completed during the year (refer Item 4A).

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.

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.

Table of Contents

PART I

Item 4 : Information on the Company

4B Business Overview (continued)

Regulation and Environmental Matters (continued)

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 recognised, 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 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.

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.

Table of Contents

PART I

Item 4 : Information on the Company

4B Business Overview (continued)

Regulation and Environmental Matters (continued)

United States (continued)

Ansell s condom manufacturing facility in Surat Thani, Thailand is currently in the probationary period following Level 1 detention beginning in August 2005. Two of Ansell s outsource suppliers of examination gloves, Latexx Manufacturing Sdn. Bhd. and Perusahaan Getah Asas Sdn. Bhd., recently experienced glove failures and were therefore placed on automatic Level 1 detention. Both suppliers have been officially removed from Level 1 detention, and are now in the 24 month probationary period.

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.

Ansell Heathcare Europe identified the need in September 2006 to exercise a product recall on examination gloves manufactured for Ansell by outsourcing partner Perusahaan Getah Asas.

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.

14

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.

4C Organisational Structure

Note 32 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, Plant 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 2006.

Geographic Region	Products Produced	No. of Manufacturing Facilities
United States	Industrial gloves	3
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:

Country	City	Floor Space (Sq ft)	Use
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

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. Refer to Note 13 to the Consolidated Financial Statements for details of the carrying value of the Group s property, plant and equipment.

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 4A : Unresolved Staff Comments

None.

16

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 AIFRS. As noted in Item 3A the Company has included only one year of comparative financial information throughout this report as permitted under SEC rules in relation to first time adoption of IFRS.

Notes 34 and 35 to the Consolidated Financial Statements contain a discussion of the major differences between AIFRS and U.S. GAAP and the 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 2005 and 2006:

Operating Revenue By Business Group [(1)]

(excluding unallocated)

	For Years ended 30 June		
$ In millions	**2006**	**% change**	**2005**
Occupational Healthcare	569	4.4%	545
Professional Healthcare	387	5.2%	368
Consumer Healthcare	182	8.3%	168
Total Healthcare	1,138	5.3%	1,081
Total Operating Revenue	**1,138**	**5.3%**	**1,081**

(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	**2006**	**% change**	**2005**
Occupational Healthcare	81		81
Professional Healthcare	39	(11.4)%	44
Consumer Healthcare	24	(17.2)%	29
Unallocated Items and Eliminations [(2)]	(11)		(88)
Net Interest, including borrowing costs	(6)		(10)
Total Operating Profit Before Tax	**127**	**126.8%**	**56**

(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 2006 includes $5.5 million write-down of the investment in the South Pacific Tyres partnership (30 June 2005 $80.0 million).

SALES REVENUE BY GEOGRAPHIC MARKET

The following table sets forth the Company s sales revenue by geographic market for the fiscal years ended 30 June 2005 and 2006. The revenue has been classified by location of the customer and excludes intergroup sales.

	For Years Ended 30 June	
$ in millions	**2006**	**2005**
Australia, New Zealand and Southeast Asia	178	163
North, Central and South America	539	518
Europe, Middle East and Africa	421	400
Total	**1,138**	**1,081**

Table of Contents

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 $116.1 million for the year ended 30 June 2006, compared to a profit of $54.4 million in 2004/2005. These results include $5.5 million and $80.0 million write-downs of the investment in South Pacific Tyres (SPT) in 2005/2006 and 2004/2005 respectively. This investment was sold during fiscal 2006 resulting in the afore-mentioned loss of $5.5 million. Unlike under AIFRS where the Company had previously discontinued equity accounting for the investment in SPT, equity accounting had been consistently applied under US GAAP to the date of sale. As a result, from a US GAAP perspective, the write-downs under AIFRS in fiscal years 2006 and 2005 were reversed and the result of the sale was calculated based on the carrying value of the investment under US GAAP. The net impact of this on the US GAAP result was to increase the result reported under AIFRS by $82.1 million in fiscal 2005 and by $7.1 million in fiscal 2006.

Operating Revenue

Total revenue in 2005/2006 was $1,152.3 million compared with $1,093.4 million in 2004/2005. Sales revenue in 2005/2006 from Healthcare businesses (Occupational, Professional and Consumer) was $1,138.2 million, up 5.3% on the $1,081.1 million in the previous year.

Operating Profit before Tax

Ansell Limited recorded an operating profit before tax of $126.6 million for the current year, compared to a profit of $56.4 million for 2004/2005. Excluding the impact of the above-mentioned write-downs of the investment in SPT, operating profit fell from $136.4 million in 2004/2005 to $132.1 million in 2005/2006. The impact of a 73% increase in natural rubber latex in fiscal 2006 (based on the Malaysian ringitt price per wet kg), much of which occurred in the second half, could not be recouped with price increases, manufacturing productivity and overhead cost controls. Financing costs, net of interest revenue, reduced from $9.6 million in 2004/2005 to $5.9 million in 2005/2006 due to reduced net interest bearing debt levels (interest bearing liabilities less cash at bank and short term deposits) .

Income Tax Expense

Income tax expense for the year was $7.9 million compared to the previous year s $0.2 million. The amount reported in both year s benefited from the recognition of previously unbooked tax losses in respect of the Group s US operations totalling $7.5 million in 2005/2006 and $21.2 million in 2004/2005.

Table of Contents

PART I

Item 5 : Operating and Financial Review and Prospects

5A Operating Results (continued)

Ansell Healthcare

Year Ended June 2006 v June 2005

Ansell Healthcare s sales of $1,138.2 million were up on the previous year s $1,081.1, however operating profit of $144.2 million was down 6.6% from $153.7 million as increases in raw material costs, in particular an unprecedented escalation in natural rubber latex prices, put substantial downward pressure on margins.

Occupational Healthcare

Sales of $569.2 million were up 4.3% on the prior year s sales of $545.7 million while operating profit for both years was $81.3 million. Operating profit margin fell from 14.9% to 14.3%.

This segment accounted for approximately 50% of Ansell Healthcare s total revenues and 56% of operating profit.

After a slow first half of the year, sales in the second half improved strongly to achieve an overall 4.3% increase on the previous year.

The HyFlex™ range continued to grow strongly with new variants introduced and sales volumes up 17% over 2005. The new AlphaTEC™ grip technology glove also had an excellent first six months since its launch, with strong demand from the petrochemical industry.

The Virtex™ nitrile glove was launched for use in oily applications. Virtex™ is the first glove from Ansell to incorporate our unique patent pending Aqadri ™ Ansell Moisture Management Technology™,

Ansell s leading position in the occupational glove market provides leverage scale that facilitates the use of innovative approaches in identifying and developing new products to satisfy customer requirements. In the USA, the Company works closely with a Distributor Advisory Council, a group that includes representatives of Ansell s major industrial distributors. This arrangement provides Ansell with valuable commercial insights and the opportunity to understand, first-hand, the needs of the customer and the nature of solutions that are required.

The Americas and EMEA (Europe, Middle East and Africa) regions continued to gain new business from the Ansell value proposition sales program called Guardian℠, which utilizes Ansell s highly reputed hand protection and safety auditing software tool, SafetyNet™.

Good gains were made in the Americas region in expanding business with existing customers, and new channel opportunities in the construction and do-it-yourself sectors were identified and are being pursued. In the EMEA region, a retail group was established to capitalize on new opportunities in the automotive service parts, and agriculture and viticulture markets.

Other new product introductions and continued penetration of the emerging markets, particularly Russia, Poland, the Czech Republic, Hungary, Ukraine and Mexico, also contributed to increased revenues.

The establishment of the new Occupational Healthcare business in Shanghai has the Company well positioned as commercial/industrial production continues to grow steadily in China, and tighter regulations and improved safety standards emerge for workers.

The maintenance of operating profit at 2005 levels is considered a good result given increased cost pressures on synthetic materials and natural rubber latex, and changes in product mix.

The key strategies for this business segment are:

To continue to leverage the concept of hand injury solutions through the expansion of the Guardian^{SM} program.

The introduction of further new products, concentrating on Ansell s ergonomic technology advantage.

A continued and aggressive push into new channels and markets, with the opportunity for fully incremental sales.

Continued emphasis on lower manufacturing and product sourcing costs.

Table of Contents

PART I

Item 5 : Operating and Financial Review and Prospects

5A Operating Results (continued)

Professional Healthcare

Sales of $387.4 million were 5.4% higher than the prior period sales of $367.7 million while operating profit of $38.9 million was 10.2% lower than prior period operating profit of $43.3 million. Operating profit margin decreased from 11.8% to 10.0%.

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

Good results across all three regions drove the increase in sales however gross margins were affected significantly because of the difficulty in achieving price increases in this extremely competitive sector to recover higher latex costs.

Synthetic surgical glove sales continued to grow, and were up 10% on the previous year. The synthetic surgical glove range was expanded with the introduction of the new DermaPrene® PI glove, which is made from polyisoprene.

Examination glove sales increased 14%, including a 19% increase in synthetic glove sales. Latex cost pressures, however, led to lower margins in the examination glove segment. Some supply contracts in the USA were deliberately relinquished to preserve margins.

The strategies for the Professional Healthcare segment are:

- Strive to recover latex cost increases through appropriate pricing.
- The introduction of further new products, including synthetics, to upgrade the current range.
- Market share recovery in the USA surgical glove sector.
- Outsourcing rather than investing internally in new production capacity for commodity products.

Consumer Healthcare

Sales of $181.6 million were up 8.3% on the previous year s sales of $167.7 million, while operating profit of $24.0 million was lower by 17.5%. Operating profit margin decreased from 17.4% to 13.2%.

This segment accounted for approximately 16% of Ansell Healthcare s revenues and 17% of operating profit.

The sales increase for the year was assisted by a strong second half in retail condom sales particularly in the major markets of France and the UK. Increased promotional expenditure in the intensely competitive USA retail market and higher latex costs contributed to a reduction in margins. Operating profit was also affected as a result of the Surat Thani plant being placed on detention by the US Food and Drug Administration in respect of condoms shipped to the USA. The detention, which lasted five months, was lifted in January 2006.

The Company renewed its agreement with Freudenberg Household Products (FHP), our global household glove marketing partner/distributor, for a further five years and in doing so, fortified our business growth foundation, particularly in vital continental European markets where FHP enjoys a strong market share in the major grocery trade.

The performance of the Suretex business, which provides condoms on a private label basis to retailers and to government/global health institutions was strong.

The expansion in China through the acquisition of 75% of Jissbon provides Ansell with a leading share position in the Chinese condom market and a basis to expand more broadly within China.

The Consumer Healthcare strategy has as its focus:

- Recovering market share for condoms in the USA retail market.
- New products, new packaging, and brand and line extensions.
- Utilization of manufacturing capacity to supply condoms into the public sector and private label channels.
- Expansion into new geographic regions and leveraging the Company s brand strength globally.

20

Table of Contents

PART I

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 Central 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 2006 were $318.0 million compared with $227.3 million at June 2005 and included restricted deposits of $6.6 million ($8.4 million at 30 June 2005) 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 2005/2006 was $131.7 million compared to $152.8 million in 2004/2005.

Payments in respect of the Accufix Pacing Leads litigation and settlement totalled $2.0 million compared with $3.9 million in 2004/2005. Payments under operating leases for the year totalled $21.0 million compared with $21.5 million in 2004/2005.

Net cash used in investing activities

Net cash provided by investing activities was $80.2 million compared to $12.7 million used in investing activities in 2004/2005. The sale of the investment in SPT during the year resulted in proceeds of $53.0 million and a loan to SPT of $66.8 million was also repaid.

Capital expenditure for the year was $16.5 million, compared to $14.1 million in 2004/2005. Capital expenditure commitments of $2.4 million in respect of plant and equipment existed as at 30 June 2006. The following table presents a summary of capital expenditure by Business Segment for the past two years:

	For Years Ended 30 June	
$ in millions	**2006**	**2005**
Occupational Healthcare	7	5
Professional Healthcare	8	6
Consumer Healthcare	2	3
Total	**17**	**14**

Net cash used in financing activities

Net cash used in financing activities was $142.1 million, compared with $217.0 million in 2004/2005. Net repayments of borrowings totalled $5.9 million during the year following repayments of $26.4 million in the previous year. An on-market buy-back, a minimum holding buy-back and the buy-back of shares to satisfy the vesting of options and Performance Share Right resulted in an outflow of $103.1 million during the year following an off-market buy- back totalling $156.1 million in 2004/2005.

Net debt (i.e. borrowings less cash) decreased during the year from $146.6 million in 2004/2005 to $79.1 million at the end of 2005/2006. Net Debt to Equity decreased from 23.5% to 12.1% and Net Liabilities to Equity decreased from 63.9% to 52.4%.

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:

	Long Term	**Outlook**	**Short Term**
Moody s	Baa3	Stable	P3
Standard & Poor s	BB+	Stable	

Moody s upgraded their rating of the Company on 4 September 2006 from Ba1, Positive, Not Prime to the above ratings..

Item 5 : Operating and Financial Review and Prospects

5B Liquidity and Capital Resources (continued)

The Company s borrowing portfolio at 30 June 2006 had an average maturity of 866 days (previous year 1,174 days), with approximately 82% at fixed interest rates and 18% at floating rates. The average cost of debt for the year was 5.03%, up slightly on the previous year s 4.94%.

Net financing costs for the year were $5.9 million compared to the previous year s $9.6 million. The reduced costs resulted from the continued reduction in net debt.

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. In 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 initially extended to 30 April 2006 and has subsequently been extended to 30 April 2007. This facility can be accessed by the parent company and certain USA subsidiaries. US$195 million of the term facilities had been drawn down at 30 June 2006 (compared to US$175 million at 30 June 2005) leaving an unused balance available for immediate use of US$55 million. 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. If any breaches of these covenants occur all monies outstanding under the facility become immediately due and payable. As at 30 June 2006, the Company was in compliance with all covenants. 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 have imposed currency restrictions. 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.

Table of Contents

PART I

Item 5 : Operating and Financial Review and Prospects

5C Research and Development

Ansell Healthcare spends approximately 1.1% of sales on research and development. Product and process innovation are essential to continuing profitable growth, and approximately 12% of total sales currently come from products developed in the previous three years.

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, Malaysia, outside of Kuala Lumpur. 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 science and fibre technologies. Ansell also has a smaller fibre-technology centre in Pendleton, South Carolina, that is affiliated with Clemson University s Center for Advanced Fibers & Films Technologies. Starting in April 2004, Ansell has also established small application engineering groups in five (5) 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; Colombo, Sri Lanka; 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 HyFlex 11-801 Grey, HyFlex polyurethane cut resistant, AlphaTec® oil grip as well as a new synthetic polyisoprene surgical glove.

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

	Payments due by period in $ millions				
Contractual Obligations	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Long-Term Debt Obligations	275.9		162.3	86.6	27.0
Interest on Debt Obligations [(1)]	47.8	17.6	22.3	6.6	1.3
Operating Lease Obligations	41.4	10.5	13.9	10.7	6.3
Purchase Obligations	2.4	2.4			
Defined Benefit Plan Contributions [(2)]	1.7	1.7			
Other Long-Term Liabilities	60.5		13.0	12.3	35.2
Total as at 30 June 2006	429.7	32.2	211.5	116.2	69.8

(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 24 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 Balance Sheet.

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. Other accounting policies are included in Note 1 to the Consolidated Financial Statements contained in Item 18.

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 tends 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.

Table of Contents

PART I

Item 5 : Operating and Financial Review and Prospects

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 probable that they will be recovered. The Company uses a three year projection period when assessing the recoverability of tax losses relating to its USA operations. If a different projection period was utilised or actual results varied significantly from projections this could have a material impact on the level of tax losses recognised.

Inventory Valuation

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.

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 six Directors in office, of whom Mrs M. Peterson was appointed a Non-executive Director in August 2006. 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 2006 the Directors of Ansell Limited were as follows:

Name	Age	Position	Year of Initial Appointment	Expiration of Current Term [1]
Peter L. Barnes	62	Chairman	2001	2007
Glenn L. L. Barnes	59	Director	2005	2008
Ronald J. S. Bell	56	Director	2005	2008
L. Dale Crandall	64	Director	2002	2008
Herbert J. Elliott [2]	67	Director	2001	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) Mr Elliott retired from the Board on 18 October 2006.

As of 30 June 2006 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
Rustom Jilla	Senior Vice President & Chief Financial Officer	2002	2002
Neil O Donnell	Senior Vice President & Regional Director Asia Pacific	2001	1988
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.

Table of Contents

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 2006 and as at the date of this report:

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.

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 Australia. Age 63

Douglas D Tough, MBA, BBA

Managing Director and Chief Executive Officer since 1 July 2004.

Prior to joining Ansell, Doug 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 57

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

Appointed Non-executive Director in September 2005. Member of the Audit Committee.

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 companies, including the Reach Foundation and the Australian Institute of Company Directors. He was previously a Non-executive Director of Banksia Wines Limited, Repco Corporation Limited, National Foods Limited and a Council member of Monash University.

Glenn Barnes commenced his management career with Unilever Limited and was involved in fast moving consumer goods, banking and financial services for over 30 years in Australia and internationally, including UK, USA, Republic of Ireland, Japan and China. 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 Australia. Age 59

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, Northern Foods Plc and Edrington Group 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 56

Table of Contents

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., Coventry Health Care Inc. and UGS Corp. 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 65

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

Appointed Non-executive Director in February 2001. Member of the Audit and Nomination, Remuneration and Evaluation Committees until October 2006.

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 also Chairman of the Telstra Foundation Limited.

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 Australia. Age 68

Marissa Peterson, MBA (Harvard), B.Sc (Mech)

Appointed Non-executive Director on 22 August 2006.

Marissa Peterson is a Director of Supervalu Inc and Lucille Packard Children s Hospital in California, and serves on the Board of Trustees of Kettering University. She was formerly a Director of Covisint Inc. and a member of both the Industry Executive Advisory Council, of Stanford University s Alliance for Innovative Manufacturing, and the US National Center for Women & Information Technology Executive Council.

Mrs Peterson retired from executive roles in mid 2006, having spent the previous 18 years with Sun Microsystems in senior executive positions. She has extensive experience in supply chain management, manufacturing, supplier management and procurement, logistics and distribution, and services.

The Board considers Marissa Peterson to be an independent Director.

Resident USA. Age 44

Table of Contents

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.

Neil O Donnell

Senior Vice President and Regional Director Asia Pacific.

Neil O Donnell has been with Ansell since 1988 and has held a number of senior marketing roles in Australia and in the Asia Pacific region. He has been the Regional Director for the Asia Pacific region since February 2001, working to build markets throughout Asia, following a period where he ran the domestic Australian marketing operations. Prior to joining Ansell Mr. O Donnell spent most of his career with Duracell Australia, the last eight years as CEO.

William Reed

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.

Table of Contents

PART I

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 2005-2006 as compensation to its Directors and its executive officers named below as a group was $9,566,919.

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. In order to maintain their independence and impartiality, the remuneration of the Non-executive Directors is not linked to the performance of the Company. 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 relevant comparable 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.

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. The Board conducted such a review during the 2006 financial year and concluded that no adjustment to current fee levels was required in respect of the coming financial year.

The current Board fee payable to Non-executive Directors is $82,500 per annum. Committee fees are set at 10% of the Board fee. The Board Chair fee is set at 2.5 times the Board fee, while the fees for the Chair of the Audit and Nomination, Remuneration and Evaluation Committees are set at 2 times and 1.25 times the Committee fee, respectively.

Superannuation contributions are also made on behalf of the Non-executive Directors at a rate of 9%, which satisfies the Company s statutory superannuation obligations.

In accordance with rule 35 of the Constitution, Non-executive Directors are 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.

Shareholders at the Company s 2006 Annual General Meeting approved an increase to $900,000 in the maximum aggregate fees that may be paid to Non-executive Directors. The Board does not currently intend to increase Non-executive Directors annual fees, however, it wishes to have the flexibility to increase the size of the Board and to adjust fees in line with market practice as appropriate in future years.

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 operates a Non-executive Directors Share Plan. 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. These shares, which are purchased quarterly on the ASX at prevailing market prices, are registered in the name of the Director, but are subject to a restriction on dealing until the Director ceases to hold office.

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 2006 financial year are set out in the following table.

	Fees	Non-Monetary Benefits	Superannuation Contributions [1]	Total
	A$	A$	A$	A$
NON EXECUTIVE DIRECTORS				
P L Barnes	206,879		18,707	225,586
G L L Barnes	77,715			77,715
R J S Bell	85,736		2,928	88,664
L D Crandall	98,145		8,833	106,978
H J Elliott	97,538	11,774	8,778	118,090
M J McConnell [2]	32,827		2,954	35,781
E D Tweddell [3]	21,484		1,934	23,418

(1) Contributions are made on a notional basis upon the advice of the Trustee, as the Company s superannuation fund is currently in surplus.

(2) Ceased as a Director on 17 November 2005.

(3) Ceased as a Director on 4 August 2005.

Executive Director and senior executive remuneration

The remuneration policy applicable to senior executives and the Company Secretary during the 2006 financial year had the objectives of:

(a) aligning management rewards with the creation of value for shareholders thereby establishing a common interest between executives and shareholders;

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

(c) achieving a balance between fixed and performance-related components of remuneration that reflects market conditions at each job and seniority level.

Table of Contents

PART I

Item 6: Directors, Senior Management and Employees

6B COMPENSATION (continued)

The current approach to executive remuneration was introduced in 2002. At that time, the Board of the restructured Ansell Limited announced specific objectives for the following three years. Having undertaken to deliver strong and consistent growth in earnings before interest, tax and amortisation of the Ansell Healthcare business (Segment EBITA), the Board implemented executive remuneration strategies that were designed to motivate executives to ensure the Company s success in achieving the annual EBITA targets that had been set.

Fixed Remuneration

The remuneration packages of senior executives (including the CEO) comprise both a fixed component and a performance-related component. In general, between 50% and 70% of the total remuneration packages for the CEO and senior management is performance related.

The fixed component, which is expressed in local currency, 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 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.

Performance measures for 2006 were based on annual growth in sales revenue (Sales) and Segment EBITA, or for some executives with more direct responsibility for overall corporate performance, Profit Attributable, weighted equally. The Board considered these performance measures to be appropriate and aligned to the Company s objectives of delivering profitable growth and improving shareholder return, particularly given the commitments made to shareholders in 2002 in respect of Segment EBITA growth objectives. In addition, executives have a clear line of sight to the targets and are able to affect results through their actions.

The hurdles for the STI in the 2006 financial year were set so that achievement of the internal business plan Sales and Segment EBITA (or Profit Attributable) objectives would result in 100% of the award being earned. Additional incentive payments were available for performance exceeding target objectives. Incentives would start to be earned at 50% of the target level once performance measures exceeded a Sales threshold that was set at the median between the 2005 actual results and the 2006 target.

Performance against these objectives was determined, and incentives paid, following the completion of the audit of the 2006 financial accounts. The performance measures attaching to the STI were satisfied well beyond the target level in the case of Sales growth, were slightly above target in the case of Profit Attributable, and fell short of target in the case of Segment EBITA.

Long-term incentive

The Company s long-term incentive (LTI) arrangements are designed to link executive reward with creation of shareholder value through the grant of equity securities subject to performance conditions which underpin sustainable growth in shareholder value.

Item 6: Directors, Senior Management and Employees

6B Compensation (continued)

Participation in the Company s LTI arrangements is only offered to executives who are able or have the potential to influence shareholder value. Key Management Personnel are offered a grant under the Plan which is designed to be the equivalent of approximately 30% of their total remuneration (on an annualised basis). Other executives are offered grants representing a lower proportion of their total remuneration.

The Stock Incentive Plan (Plan) that operated until the end of the 2006 financial year provided for senior executives to be granted:

- performance share rights (PSRs); and
- in the case of the CEO and CFO, options.

Executives who participate in the Plan were granted PSRs that vest in three annual tranches, subject to the satisfaction of performance conditions applicable to each tranche as set by the Board. PSRs vest immediately upon satisfaction of the performance conditions for the relevant 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 CEO and CFO were granted options under the Plan upon joining the Company. The options were granted at no cost and vest upon satisfaction of the relevant performance conditions. The relevant exercise price, which is based on the average of the Company s closing share price on the five days preceding the date of grant, is $7.40 for the options granted to the CEO and $6.97 for the options granted to the CFO. Vested options may not be exercised until 12 months after the date of vesting.

Any options that do not vest in a financial year will lapse. PSRs that do not vest in a financial year will be added to the PSRs otherwise available in the next vesting year and tested against the performance condition applicable to that subsequent year. Any PSRs 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 the shares they are allocated upon vesting of PSRs and exercise of options.

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

Performance measures applicable to the 2006 financial year

For each tranche of PSRs and options that were to be tested against performance targets for the 2006 financial year, the performance measures comprised Sales growth and earnings per share (EPS) targets (excluding the effect, if any, of the sale of the Company s investment in South Pacific Tyres), weighted equally.

Vesting in respect of the Sales growth component would occur to the extent of 50% once Sales had reached a threshold of US$828.1 million, increasing to 100% vesting on achievement of a target of US$844.1 million. Vesting of the EPS component would occur to the extent of 50% once a threshold of US$0.532 per share had been achieved, increasing to 100% vesting on achievement of the target of US$0.568.

The Board selected these performance measures on the basis that Sales growth is essential for the generation of improved earnings, and EPS growth, in addition to being a relevant indicator of increases in shareholder value, is one that provides suitable line of sight to encourage executive performance.

Both the Sales and EPS targets for the 2006 financial year were exceeded, resulting in 100% of the relevant long-term incentives vesting.

33

Item 6: Directors, Senior Management and Employees

6B COMPENSATION (continued)

Service Agreements

The remuneration and other terms of employment for the CEO and Key Management Personnel are covered in formal agreements or letters of offer. Each of these agreements makes provision for base salary, performance-related cash incentives (as disclosed above), other benefits, and participation, where eligible, in the Company s LTI arrangements (as described above).

The base salary and incentive components of remuneration for the CEO and Key Management Personnel are reviewed and determined annually by the Nomination, Remuneration and Evaluation Committee.

The employment agreements entered into with the CEO and Key Management Personnel do not specify a fixed term of employment. Details of the applicable notice periods and payments on termination as provided under the agreements are summarised below.

Chief Executive Officer

The CEO, 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. As at the date of this Report, Mr Tough has been employed by the Company for two years and three months. 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 the average of his short term incentive earned prior to the termination of his employment.

In general, the CEO must give the Company at least six months notice of resignation.

Upon termination of employment for any reason, the CEO 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.

Key Management Personnel

Each of P Corke, R Jilla, W Reed, and W Reilly, all of whom are USA-based, are assumed to be employed at will . These executives are, in general, eligible for payments upon 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 his target annual incentive for the relevant year.

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 a range of factors, such as: 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.

N O Donnell is an Australian-based executive whose employment is governed by the terms of an employment agreement and the policies of the Company in Australia. The Company is required to give Mr O Donnell at least one month s notice for termination without cause, in which case he would receive a payment equivalent to 12 months total remuneration package at the date of termination, plus all outstanding statutory entitlements.

Table of Contents

PART I

Item 6: Directors, Senior Management and Employees

6B Compensation (continued)

Details of the remuneration paid to the Managing Director and Senior Executives, being those with the most authority during the 2006 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 [2] A$	Non-Salary Benefits [3] A$	Superannuation Contributions [4] A$	Options/Rights [5] A$	Total A$
D Tough [6] Group Managing Director and Chief Executive Officer	984,164	1,059,949	189,936	229,062	637,804	3,100,915
P Corke [6]	332,906	214,854	58,925	71,861	199,427	877,973
W Heintz [7]	532,222	233,649	61,092	150,718	219,561	1,197,242
R Jilla [6]	489,971	316,266	50,305	107,635	462,249	1,426,426
N O Donnell	212,000	91,201	33,967	42,400	126,855	506,423
W Reed [6]	366,167	75,074	139,087	92,115	216,290	888,733
W Reilly [6]	352,688	227,746	37,459	75,655	199,427	892,975

(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 some of the executives named above.

(2) The maximum value of grants made under the STI during the year is the value as set out in this table. The minimum value of the STI, if performance targets had not been satisfied, would have been nil.

(3) 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.

(4) Includes contributions to USA benefit or non-qualified pension plans or European pension plan, or notional contributions to an Australian superannuation fund, as applicable.

(5) 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 on Grant Date	Risk Free Interest Rate	Dividend Yield
Options	525,000	30/6/2004	30/6/2014	$ 2.35 - $2.38	$ 7.40	$ 7.74	6.1%	2.0%
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	8/8/2004	30/6/2007	$ 7.34 - $7.64	N/A	$ 7.78	N/A	2.0%

PSRs	500,000	16/8/2005	30/6/2008	$ 9.45 - $9.83	N/A	$ 10.00	N/A	2.0%

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

(6) US-based Executives paid in US$. The average exchange rate for the 2006 financial year is US$0.7505 = A$1.00.

(7) Europe-based Executive paid in . The average exchange rate for the 2006 financial year is 0.5881 = A$1.00.

35

Table of Contents

PART I

Item 6: Directors, Senior Management and Employees

6B Compensation (continued)

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.

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 2006 was 290,800 and as of 31 October 2006 was 271,300 shares. During the fiscal year, the amounts outstanding on 87,000 existing Executive Plan Shares were fully paid. From the end of the fiscal year through 31 October 2006, the amounts outstanding on an additional 19,500 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 2006.

In addition to the Executive Plan, the Company maintained an Employee Plan under which 122,516 fully paid Ordinary Shares were held as of 30 June 2006. 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).

During the 2005-2006 fiscal year, the loan liability of members in respect of 13,098 fully paid ordinary shares was discharged. Subsequent to the end of the fiscal year the loan liability in respect of all Employee Plan shares outstanding as at 30 June 2006 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 $9,884 pre tax in respect of the Employee Share Plan was recognised for the year 2005-2006, compared to a loss of $13,801 pre tax for the year 2004-2005.

Table of Contents

PART I

Item 6: Directors, Senior Management and Employees

6C Board Practices

In accordance with the Company s Constitution and the Corporations Act, the Company operates through its Board of Directors and management.

The Board, which has authority for ultimate oversight of the Company, works under a set of well-established corporate governance policies and Charters. These policies are publicly available on the Company s website, *www.ansell.com*. The Board regularly reviews and updates these policies and Charters to ensure that they 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 .

Composition of the Board

Maintaining a balance of experience and skills is an important factor in 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 and the Board Charter, 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.

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, there should be a separation of the roles of the Chairman and the Chief Executive Officer, and the Chairman should be an independent Non-executive Director.

The Board has adopted the definition of independence set out in the IFSA Blue Book (December 2002).* 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 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 the Managing Director). All of the Non-executive Directors, including the Chairman, are considered to be independent .

Board Review

The Board periodically conducts a formal review of its performance using a comprehensive and structured self-assessment approach based on the individual input and responses of Directors. The reviews include:

- assessment and consideration of the effectiveness and composition of the Board;
- an assessment of the performance of the Chief Executive Officer by the Non-executive Directors; and
- assessing whether corporate governance principles are appropriate and reflect good practice .

Since the date of the last Report, the Board has conducted an assessment of its performance as outlined above and has also formally assessed the performance of the Chief Executive Officer.

Board Election Process

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. Criteria for selection of new Non-executive Directors include a candidate s personal qualities, professional and business

experience, and availability and time to commit to all aspects of the Board s program. All Directors other than the Managing Director are required to seek re-election at least once in every three years on a rotating basis. The performance of Directors seeking re-election is considered by the Board to enable it to make a recommendation to shareholders in relation to the Directors re-election.

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).

Table of Contents

PART I

Item 6: Directors, Senior Management and Employees

6C BOARD PRACTICES (continued)

Appointment Terms

New Directors are provided with a letter of appointment setting out the terms of their appointment, including their powers, rights and obligations. In order to ensure that the 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.

However, the Board does not consider this length of tenure would necessarily compromise independence or interfere in a material way with a Director s ability to act in the best interests of the Company. Should the situation arise, the Board would make an assessment regarding an individual Director s ongoing service having regard for the length of service of all members of the Board and the mix of experience, skills and knowledge of the Board.

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.

Operation of the Board

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, and is accountable to shareholders for the performance of the Group.

The following table summarises the Board s main responsibilities and functions, which have been grouped into the following three areas:

strategy, planning and monitoring;

shareholder communication and compliance; and

risk management and internal controls.

	Strategy, planning and monitoring	Shareholder communication and compliance	Risk management and internal controls
Approving...	corporate strategies, budgets, plans and policies	procedures to ensure compliance with applicable laws, regulations, accounting standards, ethical standards and business practices	the Company s risk management framework and internal compliance and controls systems
	appointment of the Chief Executive Officer and other members of the senior management team	shareholder communication strategies	

	the remuneration package of the Chief Executive Officer		
	the remuneration policy applicable to the senior executives of the Group		
	the remuneration policy applicable to Non-executive Directors		
Reviewing and monitoring...	implementation of corporate strategies, budgets, plans and policies	implementation of compliance procedures	implementation of risk management framework and internal compliance and controls systems
	financial and business results (including the audit process) in order to understand the financial position of the Group	timeliness and accuracy of information provided to shareholders and the financial market	the Company s wider risk management profile
			internal processes for determining, monitoring and assessing key risk areas
Evaluating...	performance against corporate strategies, budgets, plans and policies	the effectiveness of reporting procedures and mechanisms	the process for assessing the effectiveness of risk management practices
	the performance of the Chief Executive Officer and other members of the senior management team	whether adequate, accurate and timely information is provided to shareholders and the financial market	

Table of Contents

PART I

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.

Each Committee operates under a specific Charter, which is reviewed periodically by the Board. 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. Further details regarding the two standing Committees are set out in the table below:

	Audit Committee	**Nomination, Remuneration and Evaluation Committee**
Members	L D Crandall (Chair from 9 August 2005)	P L Barnes (Chair from 9 August 2005)
	G L L Barnes (from 17 November 2005)	Dr E D Tweddell (Chair and member until 4 August 2005)
	P L Barnes (Chair and member until 8 August 2005)	R J S Bell (from 9 August 2005)
	H J Elliott (until 18 October 2006)	M J McConnell (until 5 September 2005)
		H J Elliott (from 5 September 2005 until 18 October 2006)
Composition	**Committee members are required to:**	**The Committee is required to:**
	be independent, Non-executive Directors (minimum of three required)	comprise a majority of independent, Non-executive Directors (minimum of three required)
	be financially literate	

	possess sufficient financial expertise and knowledge of the industry in which Ansell operates	
Functions	**Reviewing:**	**Reviewing:**
	financial statements	the structure and performance of the Board, the Committees and individual Directors (and to recommend changes where required)
	adequacy of financial controls	**Establishing:**
	annual audit arrangements (internal and external)	policies and criteria for Non-executive Director selection, and identifying suitable candidates for appointment
	activities of internal and external auditors	
	independence and remuneration of external auditor	**Advising Board on:**
	processes for identifying, managing and reporting business risk	succession planning
		remuneration of Chief Executive Officer
	Advising Board on:	
	appointment, removal and remuneration of external auditor	senior executive remuneration policy (including incentive plans, equity awards, retirement payments and service contracts)
	independence of external auditor	
	financial reporting controls and systems, including their adequacy	
	national and international Accounting Standards	

	applicable Company policies, regulatory and statutory requirements	
Attendance	Details regarding attendance at Committee meetings during the year are set out below	Details regarding attendance at Committee meetings during the year are set out below
Consultation	Company officers and the principal external audit partner attend Committee meetings to provide reports and/or guidance	As required, the Committee may engage independent professional advisers to: assist in identifying high-calibre Directors and executives advise on whether the Company s employment policies and practices, including terms and conditions, are competitive and consistent with those offered by comparable companies The Committee may also request information from management where appropriate

39

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 2006

	Board		Audit		Nomination, Remuneration and Evaluation	
	Held	Attended	Held	Attended	Held	Attended
P L Barnes	8	8	1	1	7	7
G L L Barnes	7	7	3	3		
R J S Bell	8	8			7	6
L D Crandall	8	8	4	4		
H J Elliott	8	7	4	4	7	6
M J McConnell	3	3			1	1
D D Tough	8	8				

Held Indicates the number of meetings held while each Director was a member of the Board or Committee. Attended Indicates the number of meetings attended during the period that each Director was a member of the Board or Committee.

In carrying out its duties, the Board meets formally at least six 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.

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.

The Board is free to alter the matters reserved for its decision, subject to the limitations imposed by the Company s Constitution and the law.

Governance Policies Applicable to the Board

Dealing in Shares

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, contracts 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.

External Advice

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.

PART I

Item 6: Directors, Senior Management and Employees

6C BOARD PRACTICES (continued)

Induction and Ongoing Education

New Directors participate in an induction program which covers the operation of the Board and its Committees, and the Company s financial, strategic, operational and risk management positions.

Directors also participate in management presentations and analysis to ensure that they are kept up-to-date with developments in the industry, and to enable them to discharge their duties.

It is the Company s practice for Directors to visit some of the Company s facilities in each year. During the 2006 financial year, Board meetings were held in conjunction with visits to the Group s operating head office in Red Bank, New Jersey, and its European regional headquarters in Brussels. Some Directors also visited a number of the Company s manufacturing locations in South-east Asia and Mexico.

Governance Policies of General Application throughout Ansell

Code of Conduct

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 is available on the Company s website, *www.ansell.com*.

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 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 and no Director, officer, executive or manager has authority to violate any law or to direct another employee or any other person to violate any law on behalf of the Company. Assistance is available to clarify whether particular laws apply and how they may be interpreted.

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.

The Company s ethical practices and procedures are reviewed regularly, and processes are in place to promote and communicate these policies within the Company. Employees and Directors are required to participate in compliance training programs to ensure that they remain up to date regarding relevant legal and industry developments, as well as ethical practices. During the year computer-based courses, including courses relating to financial integrity, competition and antitrust, respect and responsibility, e-compliance and intellectual property, were implemented across the organisation globally.

Table of Contents

PART I

Item 6: Directors, Senior Management and Employees

6C BOARD PRACTICES (continued)

External Audit

It is Board policy that the lead external audit partner and review partner are each rotated periodically. The Board has adopted a policy in relation to the provision of non-audit services by the Company s external auditor that is based on the principle that work that may detract from the external auditor s independence and impartiality, or be perceived as doing so, should not be carried out by the external auditor.

Risk Management

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

The Company s risk management practices 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.

Division of Risk Management Functions and Responsibilities

Board	approving risk management framework and internal compliance systems
	reviewing the Company s wider risk profile
	overseeing implementation of risk management policies, procedures and systems
Audit Committee	liaising with, and reviewing activities of internal and external audit functions
	reviewing adequacy of financial controls
	monitoring relevant legal and regulatory requirements
CEO/CFO	assessing whether risk management procedures and systems are operating efficiently and effectively in all material aspects

	providing sign-off to Board regarding the Company s risk management framework (including internal compliance and control systems)
Internal Audit	reviewing effectiveness of the Company s risk management framework (including internal compliance and control systems)
	reporting to the Audit Committee regarding operation of risk management procedures and systems
Management	identification and management of risks (including financial, operational, reputational and compliance risks)
	implementing policies, procedures and systems adopted by the Board
	providing internal sign-offs regarding risk management procedures and systems

Management Assurance

In accordance with the Company s 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 subsidiaries are maintained in accordance with the Corporations Act;
- the Financial Report for the year ended 30 June 2006 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 subsidiaries; and
- the assurance given above is based on a sound system of risk management and internal compliance and control which, in all material respects, is:
  - consistent with the policies adopted by the Board; and
  - operating effectively and efficiently.

Table of Contents

PART I

Item 6: Directors, Senior Management and Employees

6C BOARD PRACTICES (CONTINUED)

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.

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 relations 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 auditor s report.

6D EMPLOYEES

As of 30 June 2006 Ansell Limited employed 11,317 full time equivalent employees (11,059 as at 30 June 2005) .

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	2006	2005
Americas		
USA (including Mexico)	1,893	1,844
Canada	46	49
Asia Pacific		
Australia	72	93
India	1,498	1,442
Malaysia	3,412	3,426
Sri Lanka	1,867	1,863
Thailand	2,019	1,962
Rest of Asia	79	6
Europe, Middle East and Africa		
Belgium	145	145
United Kingdom	175	133
France	13	47
Rest of Europe, Middle East and Africa	98	49
Total	**11,317**	**11,059**

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:

	1	2	3
P L Barnes	15,079		
G L L Barnes	8,881		
R J S Bell	969		
L D Crandall	10,105		
H J Elliott	10,974		
M T Peterson	5,088		
D D Tough	64,981	427,191	74,550

1. Beneficially held in own name, or in the name of a trust, nominee company or private company.
2. Beneficial Executive Share Options. Options were granted on 11 May 2004, have an exercise price of $7.40 and an expiry date of 30 June 2014. Tranche 1 has a fair value of $2.35, Tranche 2 $2.36 and Tranche 3 $2.38. No options were exercised during the year.
3. Performance Share Rights (PSRs) The award of a PSR by the Company entitles Mr Tough 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 Mr Tough comprise three equal tranches, each tranche subject to performance hurdles for vesting to occur.

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 behalf of Non-executive Directors pursuant to the Ansell Non-executive Directors Share Plan during the financial year are set out below:

Director	Number of shares acquired
Mr P L Barnes	1,906
Mr G L L Barnes	658
Mr R J S Bell	746
Mr L D Crandall	899
Mr H J Elliott	899
Mr M J McConnell	960

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:

	1	2	3
Mr P. Corke	35,445	-	23,334
Mr W. Heintz	40,000	-	25,001
Mr R. Jilla	76,000	240,000	53,334
Mr N. O Donnell	15,667		14,000
Mr W. Reed	34,343	-	25,001
Mr W. Reilly	48,253	-	23,334

1. Beneficially held in own name, or in the name of a trust, nominee company or private company.
2. 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. During the year 60,000 options were exercised.
3. 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 ordinary shares on issue.

45

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 2006 are as follows:

	No. of Fully Paid Shares	% of Issued Capital
Perpetual Investments	19,356,606	12.84%
Maple Brown Abbott	16,936,503	11.23%
Perennial Group	10,078,596	6.68%
Investors Mutual	8,290,012	5.50%

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 5 June 2006 Ansell terminated its American Depositary Receipt (ADR) program. All Ordinary Shares underlying the ADRs were sold by the depositary, JP Morgan Chase Bank, N.A. as at 11 August 2006. As at 30 June 2006, 79,087 ADS (equivalent to 316,348 Ordinary Shares, which represents approximately 0.2% of the Ordinary Shares then outstanding) were outstanding and held by 112 registered holders with addresses in the United States.

7B Related Party Transactions

Refer to Notes 30 and 32 to the Financial Statements included in Item 18 for additional details of Related Party Transactions.

7C Interests of Experts and Counsel

Not Applicable

Item 8 : Financial Information

8A Consolidated Statements and other Financial Information

The Consolidated Financial Statements are included herein as Item 18.

Refer to Note 23 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 (up until 5 June 2006 when the Company delisted from NASDAQ).

	$A		US$	
	Ordinary Shares		Per ADS[1]	
Period	**High**	**Low**	**High**	**Low**
Last 5 Financial Years				
Fiscal Year 2006	11.950	9.300	35.500	29.450
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
By Quarter 2006-2007				
First Quarter	11.800	8.150	NA	NA
By Quarter 2005-2006				
First Quarter	11.350	9.740	34.081	29.900
Second Quarter	11.590	10.050	34.700	29.740
Third Quarter	11.900	10.320	35.000	31.500
Fourth Quarter	11.950	9.300	35.500	29.450
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
Last 6 Months				
October 2006	11.800	10.560	NA	NA
September 2006	10.620	9.290	NA	NA
August 2006	9.420	8.340	NA	NA
July 2006	9.750	8.150	NA	NA
June 2006	9.890	9.300	NA	NA
May 2006	11.480	9.790	35.500	30.340

(1) Each ADS represents four Ordinary Shares.

The total market capitalisation of Ansell Limited at 30 June 2006 was $1,467 million. The total market capitalisation of Ansell Limited at 31 October 2006, was $1,659 million and the closing price for Ansell Limited ordinary shares on the ASX on that date was $11.09.

9B PLAN OF DISTRIBUTION

Not Applicable

Table of Contents

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 (ADRs) issued by Morgan Guaranty Trust Company of New York, as Depositary (the Depositary), program was terminated effective 5 June 2006, and all Ordinary Shares underlying the ADRs were sold by the Depositary on 11 August 2006.. 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

Table of Contents

PART I

Item 10: Additional Information

10A Share Capital

Not Applicable

10B Constitution

The Company adopted its current Constitution on 12 April 2002. The Constitution was most recently amended at the Company s 2005 Annual General Meeting on 17 November 2005. 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 5.1 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 Company may also issue preference shares (including convertible redeemable preference shares) in accordance with the procedure set out in rule 5.2 of the Constitution.

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(d) 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. Rule 33 provides that 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.

Table of Contents

PART I

Item 10: Additional Information

10B CONSTITUTION (CONTINUED)

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 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, rule 5.2 permits 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.

In accordance with Australian law, rule 26(b) of 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:

(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 70 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.

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.

51

Table of Contents

PART I

Item 10: Additional Information

10C Material Contracts

In January 2006, as part of the sale to The Goodyear Tire & Rubber Company (Goodyear) of the Company s interest in South Pacific Tyres, the Company entered into a Trade Marks Agreement (TMA) with Goodyear. The TMA brought about the assignment and licensing of various trade marks as part of the sale, for consideration of $46 million. The TMA also imposes ongoing obligations on both parties regulating the use of common trade marks for which the Company and Goodyear now both hold registrations in relation to different goods or services.

In February 2006, the Company entered into an agreement to acquire a 75% interest in the Wuhan Jissbon Sanitary Products Company Ltd for US$18 million. The acquisition was settled in March 2006. Under the terms of the agreement, Ansell has an option to purchase the remaining 25% of the Jissbon business.

There have been no other 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 151,659,996 Ordinary Shares (excluding Employee Plan Shares, as defined in Compensation of Directors and Executive Officers) on issue as at 30 June 2006. 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 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

52

Table of Contents

PART I

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

On 5 June 2006 the Company terminated its American Depositary Receipt (ADR) program. All Ordinary Shares underlying the ADRs were sold by the Depositary, J P Morgan Chase Bank, N.A. on 11 August 2006.

PART I

Item 10: Additional Information

10E AUSTRALIAN TAXATION

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

Holders of Ordinary Shares are advised to consult their own tax advisors as to the Australian tax consequences of their ownership of the 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, 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.

The Australian dividend withholding tax exemption was expanded with effect from 1 July 2005, with the introduction of the Conduit Foreign Income (CFI) measures, which replaced the former Foreign Dividend Account rules. The impact of the CFI measures are two fold. First, the categories of foreign income earned by an Australian corporation which can be on-distributed to foreign resident shareholders free of Australian tax have been broadened. Secondly, the measures provide a mechanism to ensure that Australian tax is not paid where an unfranked distribution declared to be CFI flows through Australian corporations. Accordingly, dividends paid by Ansell Limited to foreign resident shareholders are not subject to dividend withholding tax, and are not assessable income, to the extent that Ansell Limited declares such dividends to be CFI.

Broadly, CFI comprises foreign income earned by or through Ansell Limited that is non-assessable non exempt income which includes exempt non-portfolio foreign dividends. Dividends paid by Ansell Limited on or after 14 December 2005 (the date the CFI measures received Royal Assent) can be declared to be CFI.

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 shareholders are not required to make a related payment in respect of dividends and have held the Shares at risk for at least 45 days (excluding the dates of acquisition and disposal), they would generally be able to claim a tax offset for the amount of any franking credits attaching to the dividend.

54

PART I

Item 10: Additional Information

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 is declared to be CFI.

The Protocol to the Treaty has amended the existing convention in a number of ways and with respect to dividends they may 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 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 2005 of 10 cents per share on 18 October 2005 and an interim unfranked dividend for the year ended 30 June 2006 of 9 cents per share on 7 April 2006. A final unfranked dividend for the year ended 30 June 2006 of 12 cents per share was paid on 5 October 2006.

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) made upon disposal of Ordinary Shares.

No income or other tax is payable in Australia on any profit arising from the disposal of 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 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 Ordinary Shares may be subject to Australian capital gains tax if the asset has the necessary connection with Australia. The 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 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 incidental 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.

55

Table of Contents

PART I

Item 10: Additional Information

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 Ordinary Shares. Owners of 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 Ordinary Shares should obtain specialist taxation advice in these circumstances.

International Tax Reform

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 capital gains tax relief for non-resident inbound investors. The proposed reform provides capital gains tax relief for non-residents disposing of 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. Draft legislation was introduced into the Australian Parliament in June 2006 and to date it has not received Royal Assent.

Other Taxes

No Australian State or Federal estate duty or other inheritance taxes will be payable in respect of 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 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 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

Table of Contents

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 may be subject to stamp duty at the rate of 0.6% of the higher of the consideration paid or the unencumbered value of the shares at the time of such transfer. Stamp duty will need to be paid prior to the transfer of the Ordinary Shares being registered by Ansell Limited.

Acquisitions of interests in companies with shares quoted on the ASX or a recognised exchange are generally not subject to the land rich provisions (except in the case where the company is land rich in Western Australia (WA) and the acquisition gives rise to a 90% interest in the company. It is important to note that for the purposes of determining whether a 90% interest is held in WA, any previous acquisitions made, including those made by associates, will be aggregated with current acquisitions).

Stamp duty and/or land rich duty could arise in the event that there is a transfer of the Ordinary Shares after a time when they cease to be quoted (for example, under a temporary suspension or because of a compulsory acquisition).

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 would generally be exempt from Australian tax. However, certain forms of income earned by foreign subsidiaries in all other countries could be attributed to Ansell Limited 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) and certain foreign branch profits received by Australian companies and CFCs are exempt from Australian tax. As such no credit is allowed for any foreign taxes paid.

International Tax Reform

As part of the international tax reform process, a number of measures have also been legislated 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 service income generated by related party 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.

Table of Contents

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.

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 Balance Sheet, 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) Foreign Exchange 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 exchange rate. The Company typically uses a combination of a bought and sold option, generally for zero cost, to hedge foreign currency receivable and payable cash flows out to one year.

(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

Under AIFRS derivative financial instruments are recognised initially at fair value and subsequently remeasured to their fair value at each reporting date. The fair value of forward exchange contracts is calculated by reference to current forward exchange contracts with similar maturity profiles. The fair value of interest rate swap contracts is determined by reference to markets for similar instruments.

The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and continues to satisfy the requirement for hedge accounting, and if so, the nature of the item being hedged. The Company designates certain derivatives as either; (1) hedges of the fair value of recognised assets or liabilities (fair value hedge); or (2) hedges of highly probable forecast transactions (cash flow hedges).

The Company documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Gains or losses that are recognised in the hedging reserve are transferred to the income statement in the periods when the hedged item will affect profit or loss. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains or losses previously deferred in equity are transferred from equity and included in the measurement of the initial cost or carrying amount of the asset or liability.

Table of Contents

PART I

Item 11 : Quantitative and Qualitative Disclosures about Market Risk

DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that point in time, any cumulative gain or loss on the hedging instrument recognised in equity remains in equity until the forecasted transaction is ultimately recognised in the income statement. When a hedged transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

Derivatives that do not qualify for hedge accounting

Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the income statement.

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 subsidiaries, and future foreign exchange requirements and interest rate positions.

These exposures are then monitored and may be modified from time to time. The foreign exchange hedge transactions rarely exceed 12 months duration and the Company hedges operational transactions expected to occur in this time frame.

The following table shows the Company s deferred gains and (losses), both realised and unrealised, that are held on the balance sheet at 30 June 2006 and 2005 respectively and the expected timing of recognition as revenue or expense:

	Interest Rate		Foreign Exchange	
$ in millions	**2006**	**2005**	**2006**	**2005**
Realised Swaps Deferred				
1 to 2 years	(0.2)	(0.3)		
2 to 5 years	(3.0)	(3.6)		
Unrealised Swaps Deferred				
Less than 1 year	(0.5)		0.9	

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 %	Floating	Fixed Interest repricing in: 1 year or less	1 to 5 years [1]	Over 5 years	Non Interest Bearing	Total
2006							
Interest earning financial assets							
Cash on hand and at bank	3.4%	35.2	10.4			29.8	75.4
Short-term and restricted deposits	4.9%	183.5	56.3			2.8	242.6
Interest bearing financial liabilities							
Bank overdraft	4.7%	(13.6)				(1.4)	(15.0)
Bank and other loans	5.3%	(78.2)	(33.3)	(236.7)	(27.0)		(375.2)
Effect of interest rate swaps	(1.3)%	12.2		(12.2)			
		139.1	**33.4**	**(248.9)**	**(27.0)**	**31.2**	**(72.2)**

	%						
2005							
Interest bearing financial assets							
Cash on hand and at bank	1.6%	19.2	6.5			43.7	69.4
Short-term and restricted deposits	4.5%	48.8	105.4			3.7	157.9
Receivables - other	6.1%	66.8				44.8	111.6
Interest bearing financial liabilities							
Bank overdraft	4.5%	(0.3)				(1.1)	(1.4)
Bank and other loans	5.1%	(127.7)	(43.6)	(192.6)			(363.9)
Effect of interest rate swaps	(0.8)%	38.0		(38.0)			
		44.8	**68.3**	**(230.6)**		**91.1**	**(26.4)**

(1) Analysis of Fixed Rate Maturities 1 to 5 years

	1-2 yrs	2-3 yrs	3-4 yrs	4-5 yrs	Total
2006					
Bank & Other Loans	(54.1)	(108.2)	(74.4)		(236.7)
Effect of interest rate swaps			(12.2)		(12.2)
	(54.1)	**(108.2)**	**(86.6)**		**(248.9)**

2005				
Bank & Other Loans	(26.2)	(94.3)	(72.1)	(192.6)
Effect of interest rate swaps	(26.6)		(12.2)	(38.8)
	(52.8)	**(94.3)**	**(84.3)**	**(230.6)**

61

Item 11: Quantitative and Qualitative Disclosures about Market Risk

DERIVATIVE FINANCIAL INSTRUMENTS (continued)

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 Balance Sheet, is the carrying amount, net of any provision for impairment. 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.

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 ($1.5) million (2005 - $2.8 million) if all contracts were closed out on 30 June 2006.

	Face Value		Credit Risk		Net Fair Value	
$ in millions	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**
Foreign Exchange Contracts						
Purchase/Sale Contracts:						
- U.S. dollars	26.5	78.5	0.1	0.5		0.4
- Australian dollars	87.8	5.0	0.1			
- Euro	39.6	20.7	0.1		(0.2)	(0.7)
- Other currencies	8.7	5.3			(0.2)	(0.1)
Cross Currency Swaps:						
- U.S. dollars	24.5	23.7	0.1	0.9	0.1	(0.1)
Foreign Exchange Options						
Zero Cost Collar:						
- Euro/U.S. dollars	124.8	99.3	0.8	2.6	(1.2)	3.1
- U.S. dollars/Thai baht	39.1	16.5	7.0	0.4	(0.1)	
- Australian dollars/U.S. dollars	27.0	6.0	0.5		0.6	
- Canadian dollars/U.S. dollars	42.9	29.1	0.2	0.2	(0.9)	(0.1)
- GBP/U.S. dollars	2.2	0.9				
- U.S. dollars/Euro		6.6				
- U.S. dollars/Mexican peso	19.7		2.5		(0.1)	
Interest Rate Contracts						
Interest Rate Swaps:						
- U.S. dollars	12.2	38.0	0.5	0.4	0.5	0.3
Total	**455.0**	**329.6**	**11.9**	**5.0**	**(1.5)**	**2.8**

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 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.

	Foreign Exchange Related Contracts		Interest Rate Contracts		Foreign Exchange Options		Total	
$ in millions	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**
Term								
0 to 6 mths	0.4	0.5			3.9	2.1	4.3	2.6
6 to 12 mths					7.1	1.1	7.1	1.1
1 to 2 yrs		0.9						0.9
2 to 5 yrs			0.5	0.4			0.5	0.4
Total	**0.4**	**1.4**	**0.5**	**0.4**	**11.0**	**3.2**	**11.9**	**5.0**

(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.

Item 12 : Description of Securities Other than Equity Securities

Not Applicable

Table of Contents

PART II

Item 13 : Defaults, Dividend Arrearages and Delinquencies

Not Applicable

66

Table of Contents

PART II

Item 14 : Material Modifications to the Rights of Security Holders

Not Applicable

Table of Contents

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 by NASDAQ.

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

	Consolidated		The Company	
Audit and Review of Financial Reports ($ in Thousands)	**2006**	**2005**	**2005**	**2005**
Auditors of Ansell Limited and Australian entities KPMG	1,108	1,050	1,108	1,050
Other Member firms of KPMG	1,614	1,564		
Total	2,722	2,614	1,108	1,050

(b) Audit-Related Fees

	Consolidated		The Company	
Other Audit and Assurance Services (including disposals and acquisitions) ($ in Thousands)	**2006**	**2005**	**2005**	**2005**
Auditors of Ansell Limited and Australian entities KPMG		36		36
Other Member firms of KPMG [1]	89	70		
Total	89	106		36

(1) Includes the audit of defined benefit pension plans in the USA and the audit of local statutory accounts of foreign subsidiaries.

(c) Tax Fees

	Consolidated		The Company	
Taxation and Other Services ($ in Thousands)	**2006**	**2005**	**2005**	**2005**
Auditors of Ansell Limited and Australian entities KPMG	12	30	12	30
Other Member firms of KPMG	46	43		
Total	58	73	12	30

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

(d) All Other Fees

($ in Thousands)	Consolidated 2005	Consolidated 2004	The Company 2005	The Company 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.

69

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

Period	Total Number of Shares Purchased	Average Price Paid per Share $A	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
1 July 31 July 2005	404,994(1)	10.27	6,295	NA
1 August 31 August 2005	395,133(1)	10.70	8,374	NA
1 September 30 September 2005	134,542(1)	10.87	Nil	NA
1 October 31 October 2005	Nil	NA	Nil	NA
1 November 30 November 2005	Nil	NA	Nil	NA
1 December 31 December 2005	Nil	NA	Nil	100,000,000
1 January 31 January 2006	Nil	NA	Nil	100,000,000
1 February 28 February 2006	1,956,843	10.84	1,956,843	78,787,822
1 March 31 March 2006	3,633,505	10.84	3,633,505	39,400,628
1 April 30 April 2006	999,411	11.47	999,411	27,937,384
1 May 31 May 2006	1,222,161	10.84	1,222,161	14,689,159
1 June 30 June 2006	648,364	9.51	648,364	8,523,217
1 July 31 July 2006	478,834	8.26	478,834	4,568,048
1 August 31 August 2006	365,584	8.65	365,584	Nil

On 16 December 2005 the Board authorised an on-market buy-back program of up to $100 million under which 9,301,502 shares were bought back. This on-market buy-back program was completed on 11 August 2006. In addition 17,869 shares were bought back under two minimum holding buy-back offers.

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(1) During the period 1 July 2005 to 30 September 2005, 920,000 shares were bought back to satisfy the exercising of 500,000 options and the vesting of 420,000 Performance Share Rights.

Table of Contents

PART II

Item 17 : Financial Statements

Not Applicable

Table of Contents

Item 18 : Consolidated Financial Statements

INCOME STATEMENT

of Ansell Limited and its Subsidiaries as at 30 June 2006

		Consolidated	
		2006	2005
	Note	$m	$m
Revenue			
Total revenue	2	1,152.3	1,093.4
Expenses			
Cost of goods sold		716.2	650.1
Selling, distribution and administration		284.0	285.0
Other	3(b)	5.5	80.0
Total expenses, excluding financing costs		1,005.7	1,015.1
Financing costs	3(a)	20.0	21.9
Profit before income tax		**126.6**	**56.4**
Income tax	6	7.9	0.2
Net profit		**118.7**	**56.2**
Minority interests in net profit		2.6	1.8
Net profit attributable to Ansell Limited shareholders		**116.1**	**54.4**

Earnings per share is based on net profit attributable to Ansell Limited shareholders

		cents	cents
Basic earnings per share	31	73.4	32.5
Diluted earnings per share	31	72.7	32.1

The above income statement should be read in conjunction with the accompanying notes.

Table of Contents

Item 18 : Consolidated Financial Statements

Statement of Recognised Income and Expense

of Ansell Limited and its Subsidiaries as at 30 June 2006

	Consolidated	
	2006	2005
	$m	$m
Actuarial gain/(loss) on defined benefit pension /post retirement health benefit plans	7.7	(7.7)
Net exchange difference on translation of financial statements of foreign operations	26.0	(44.5)
Transfer to profit for period on expiration of previously effective hedges	(2.7)	
Effective portion of changes in fair value of cash flow hedges outstanding at year end	(0.6)	
Net income/(loss) recognised directly in equity	30.4	(52.2)
Profit for the period	118.7	56.2
Total recognised income and expense for the period	149.1	4.0
Attributable to:		
Members of Ansell Limited	146.5	2.2
Minority interests	2.6	1.8
Total recognised income and expense for the period	149.1	4.0

Table of Contents

Item 18 : Consolidated Financial Statements

Balance Sheet

of Ansell Limited and its Subsidiaries as at 30 June 2006

		Consolidated	
		2006	2005
	Note	$m	$m
Current Assets			
Cash on hand	8	0.3	0.2
Cash at bank and on deposit	8	311.1	218.7
Cash assets - restricted deposits	8	6.6	8.4
Trade and other receivables	9	221.5	214.1
Inventories	10	186.0	157.3
Other	11	12.6	13.2
Total Current Assets		**738.1**	**611.9**
Non-Current Assets			
Trade and other receivables	9	19.8	68.3
Other financial assets	12		59.0
Property, plant and equipment	13	195.6	195.4
Intangible assets	14	299.8	268.8
Deferred tax assets	15	54.7	37.9
Total Non-Current Assets		**569.9**	**629.4**
Total Assets		**1,308.0**	**1,241.3**
Current Liabilities			
Trade and other payables	16	142.1	129.1
Interest bearing liabilities	17	114.3	34.3
Provisions	18	50.6	48.7
Current tax liabilities		10.9	10.3
Total Current Liabilities		**317.9**	**222.4**
Non-Current Liabilities			
Trade and other payables	16	0.7	0.8
Interest bearing liabilities	17	275.9	331.0
Provisions	18	20.8	20.2
Retirement benefit obligations	19	13.5	25.2
Deferred tax liabilities	20	25.5	18.3
Total Non-Current Liabilities		**336.4**	**395.5**
Total Liabilities		**654.3**	**617.9**
Net Assets		**653.7**	**623.4**
Equity			

Issued capital	4	1,136.8	1,232.8
Reserves	5	(5.2)	(34.7)
Accumulated losses	5	(491.9)	(583.8)
Total equity attributable to Ansell Limited shareholders		**639.7**	**614.3**
Minority interests		14.0	9.1
Total Equity		**653.7**	**623.4**

The above balance sheet should be read in conjunction with the accompanying notes.

74

Table of Contents

Item 18 : Consolidated Financial Statements

STATEMENT OF CASH FLOWS

of Ansell Limited and its Subsidiaries for the year ended 30 June 2006

		Consolidated	
		2006	**2005**
	Note	**$m**	**$m**
Cash Flows Related to Operating Activities			
Receipts from customers		1,138.1	1,128.6
Payments to suppliers and employees		(990.0)	(959.7)
Net receipts from customers		**148.1**	**168.9**
Income taxes paid		(16.4)	(16.1)
Net Cash Provided by Operating Activities	27(a)	**131.7**	**152.8**
Cash Flows Related to Investing Activities			
Payments for businesses, net of cash acquired	28	(24.0)	
Payments for property, plant and equipment		(16.5)	(14.1)
Proceeds from sale of property, plant and equipment		0.9	
Loans repaid		66.8	
Proceeds from sale of other investments		53.0	1.4
Net Cash Provided by/(Used in) Investing Activities		**80.2**	**(12.7)**
Cash Flows Related to Financing Activities			
Proceeds from borrowings		28.4	145.1
Repayments of borrowings		(34.3)	(171.5)
Net repayments of borrowings		(5.9)	(26.4)
Proceeds from issues of shares		4.1	5.0
Payments for share buy-back		(103.1)	(156.1)
Dividends paid		(31.4)	(24.7)
Interest received		14.0	8.5
Interest and financing costs paid		(19.8)	(23.3)
Net Cash Used in Financing Activities		**(142.1)**	**(217.0)**
Net increase/(decrease) in cash and cash equivalents		**69.8**	**(76.9)**
Cash and cash equivalents at the beginning of the financial year		225.9	314.8
Effects of exchange rate changes on the balances of cash and cash equivalents held in foreign currencies at the beginning of the financial year		7.3	(12.0)
Cash and Cash Equivalents at the End of the Financial Year	**27(b)**	**303.0**	**225.9**

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

Table of Contents

Item 18 : Consolidated Financial Statements

INDUSTRY AND REGIONAL SEGMENTS

of Ansell Limited and its Subsidiaries for the year ended 30 June 2006

	Operating Revenue		Operating Result	
	2006	2005	2006	2005
	$m	$m	$m	$m
INDUSTRY				
Ansell Healthcare				
Occupational Healthcare	569.2	545.7	81.3	81.3
Professional Healthcare	387.4	367.7	38.9	43.3
Consumer Healthcare	181.6	167.7	24.0	29.1
Total Ansell Healthcare	**1,138.2**	**1,081.1**	**144.2**	**153.7**
Corporate revenue/(costs)	14.1	12.3	(6.2)	(7.7)
Operating EBIT			**138.0**	**146.0**
Impairment loss on investment in South Pacific Tyres and sale costs			(5.5)	(80.0)
Earnings before Net Interest and Tax (EBIT)			**132.5**	**66.0**
Financing costs net of interest revenue			(5.9)	(9.6)
Operating Profit before Tax			**126.6**	**56.4**
Tax			(7.9)	(0.2)
Minority interests			(2.6)	(1.8)
Total Consolidated	**1,152.3**	**1,093.4**	**116.1**	**54.4**
REGION				
Asia Pacific	178.5	162.7	36.6	38.9
Americas	539.0	517.7	62.2	68.2
Europe, Middle East and Africa	420.7	400.7	45.4	46.6
Total Ansell Healthcare	**1,138.2**	**1,081.1**	**144.2**	**153.7**

	Assets Employed		Liabilities	
	2006	2005	2006	2005
	$m	$m	$m	$m
INDUSTRY				
Ansell Healthcare				
Occupational Healthcare	441.6	410.2	101.4	83.5
Professional Healthcare	346.1	325.1	66.2	62.6
Consumer Healthcare	144.3	101.6	24.4	21.1
Total Ansell Healthcare	**932.0**	**836.9**	**192.0**	**167.2**
Corporate assets/liabilities	58.0	177.1	462.3	450.7
Cash	318.0	227.3		

Total Consolidated	**1,308.0**	**1,241.3**	**654.3**	**617.9**
REGION				
Asia Pacific	251.1	230.4	69.3	60.0
Americas	216.6	196.8	75.7	73.6
Europe, Middle East and Africa	170.2	143.0	47.0	33.6
Goodwill and brand names	294.1	266.7		
Total Ansell Healthcare	**932.0**	**836.9**	**192.0**	**167.2**

The above industry segments report should be read in conjunction with the accompanying notes, including Note 26.

Table of Contents

Item 18 : Consolidated Financial Statements

1. Summary of Significant Accounting Policies

General

Ansell Limited (the Company) and its subsidiaries (together referred to as the consolidated entity) is a multinational healthcare solutions provider of barrier protection products against injury, infection and contamination. The consolidated entity 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 consolidated entity 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.

Statement of Compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The financial reports of the consolidated entity and the Company also comply with International Financial Reporting Standards and interpretations adopted by the International Accounting Standards Board.

International Financial Reporting Standards (IFRS) form the basis of Australian Accounting Standards adopted by the AASB, being Australian equivalents to IFRS (AIFRS). This is the Company s and consolidated entity s first AIFRS financial report covered by AASB 1 *First-time adoption of Australian equivalents to International Financial Reporting Standards*. The consolidated entity has taken the exemption available under AASB 1 to only apply AASB 132 *Financial Instruments: Instruments: Disclosure and Presentation* and AASB 139 *Financial Instruments: Recognition and Measurement* from 1 July 2005.

An explanation of how the transition to AIFRS has affected the reported financial position, financial performance and cash flows of the Company and consolidated entity is provided in Note 33. This note includes reconciliations of equity and profit and loss for comparative periods reported under Australian GAAP (previous AGAAP) to those reported for those periods under AIFRSs.

Basis of Accounting

The financial report is presented in Australian dollars and on the historical cost basis except that assets and liabilities in respect of derivative financial instruments are stated at their fair value in the current year.

The consolidated entity has elected to early adopt the following accounting standards and amendments:

AASB 119 *Employee Benefits* (December 2004)

AASB 2004-3 Amendments to Australian Accounting Standards (December 2004) amending AASB 1 First- time Adoption of *Australian Equivalents to International Financial Reporting Standards (July 2004), AASB 101 Presentation of Financial* Statements and AASB 124 Related Party Disclosures

AASB 2005-1 *Amendments to Australian Accounting Standards* (May 2005) amending AASB 139 *Financial Instruments: Recognition and Measurement*

AASB 2005-3 *Amendments to Australian Accounting Standards* (June 2005) amending AASB 119 *Employee Benefits* (December 2004)

AASB 2005-4 *Amendments to Australian Accounting Standards* (June 2005) amending AASB 139 *Financial Instruments: Recognition and Measurement,* AASB 132 *Financial Instruments: Disclosure and Presentation, AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards* (July 2004), AASB 1023 *General Insurance Contracts* and AASB 1038 *Life Insurance Contracts*

AASB 2005-5 *Amendments to Australian Accounting Standards* (June 2005) amending AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* (July 2004) and AASB 139 *Financial Instruments: Recognition and Measurement*

AASB 2005-6 *Amendments to Australian Accounting Standards* (June 2005) amending AASB 3 *Business Combinations*

AASB 2006-1 Amendments to Australian Accounting Standards (January 2006) amending AASB 21 *The Effects of Changes in Foreign Exchange Rates **(July 2004)***

UIG 4 *Determining whether an Arrangement contains a Lease*

UIG 8 *Scope of AASB 2*.

77

Table of Contents

Item 18 : Consolidated Financial Statements

1. Summary of Significant Accounting Policies (continued)

Basis of Accounting (continued)

The following standards and amendments were available for early adoption but have not been applied by the consolidated entity in these financial statements:

AASB 7 *Financial Instruments: Disclosure* (August 2005) replacing the presentation requirements of financial instruments in AASB 132 *Financial Instruments: Disclosure and Presentation*. AASB 7 is applicable for annual reporting periods beginning on or after 1 January 2007

AASB 2005-9 *Amendments to Australian Accounting Standards* (September 2005) requires that liabilities arising from the issue of financial guarantee contracts are recognised in the balance sheet. AASB 2005-9 is applicable for annual reporting periods beginning on or after 1 January 2006

AASB 2005-10 *Amendments to Australian Accounting Standards* (September 2005) makes consequential amendments to AASB 132 *Financial Instruments: Disclosures and Presentation*, AASB 101 *Presentation of Financial Statements*, AASB 114 *Segment Reporting*, AASB 117 *Leases*, AASB 133 *Earnings per Share*, AASB 139 *Financial Instruments: Recognition and Measurement*, AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards*, AASB 4 *Insurance Contracts* and AASB 1023 *General Insurance Contracts* arising from the release of AASB 7. AASB 2005-10 is applicable for annual reporting periods beginning on or after 1 January 2007.

The consolidated entity plans to adopt AASB 7, AASB 2005-9 and AASB 2005-10 in the 2007 financial year.

The initial application of AASB 7 and AASB 2005-10 is not expected to have an impact on the financial results of the Company and the consolidated entity as the standard and the amendment are concerned only with disclosures.

The initial application of AASB 2005-9 could have an impact on the financial results of the Company and the consolidated entity as the amendment could result in liabilities being recognised for financial guarantee contracts that have been provided by the Company and certain subsidiaries. However, the quantification of the potential impact is not known or reasonably estimable in the current financial year as an exercise to quantify the potential financial impact has not been undertaken by the Company and the consolidated entity to date.

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with the Class Order, amounts in the financial report and Directors Report have been rounded off to the nearest hundred thousand dollars, unless otherwise stated.

A summary of the significant accounting policies of the consolidated entity under AIFRS are disclosed below. The accounting policies have been applied consistently by all entities in the consolidated entity.

Principles of Consolidation

The financial statements of the consolidated entity include the financial statements of the Company being the parent entity, and its subsidiaries.

The financial statements incorporate the assets and liabilities of all subsidiaries of the Company as at balance date and the results of all subsidiaries for the year then ended. Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Results of subsidiaries are included in the income statement from the date on which control commences and continue to be included until the date control ceases to exist.

The effects of all transactions between entities in the consolidated entity are eliminated in full. Minority interests in the results and equity of subsidiaries are shown separately in the income statement and balance sheet respectively.

Foreign Currency

Transactions

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 with any resultant gain or loss recognised in the income statement except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Table of Contents

Item 18 : Consolidated Financial Statements

1. Summary of Significant Accounting Policies (continued)

Foreign Currency (continued)

Translation

The financial statements of overseas subsidiaries are maintained in their functional currencies and are converted to the consolidated entity s presentation currency as follows:

- assets and liabilities are translated at the rate of exchange as at balance date:
- income statements are translated at average exchange rates for the reporting period which approximate the rates ruling at the dates of the transactions;
- all resultant exchange differences are recorded in the foreign currency translation reserve.

On consolidation, exchange differences arising from borrowings and any other currency instruments designated as hedges of investments in overseas subsidiaries, are transferred to the foreign currency translation reserve on a net of tax basis where applicable. When an overseas subsidiary is sold the cumulative amount recognised in the foreign currency translation reserve relating to the subsidiary is recognised in the income statement as part of the gain or loss on sale.

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 allowances which are accrued at expected levels as sales occur) from the provision of products to entities outside the consolidated entity. Sales revenue is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer.

During the current year the consolidated entity changed the manner in which settlement discounts and certain co-operative advertising rebates are classified. Such amounts are now netted against sales revenue whereas in prior periods they were included within expenses. This has resulted in a reduction in reported sales revenue in the current year of $16.9 million with a corresponding reduction in expenses (2005 $15.1 million).

Interest Income

Interest income is recognised as it accrues.

Financing Costs

Financing costs include interest, amortisation of ancillary costs incurred in connection with the arrangement of borrowings and other related charges.

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 current liability in the balance sheet.

Cash flows are included in the cash flow statement 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

Income tax in the income statement for the periods presented comprises current and deferred tax adjusted for income tax over/under provided in previous years except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. The estimated liability for income tax outstanding in respect of the period s operations is included in the balance sheet as a current liability.

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: initial recognition of goodwill and goodwill

Item 18 : Consolidated Financial Statements

1. Summary of Significant Accounting Policies (continued)

Income Tax (continued)

not deductible for tax purposes, the initial recognition of assets or liabilities that are not part of a business combination and do not affect either accounting or taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or when the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Trade Debtors and Other Receivables

Accounting policy applicable for the year ending 30 June 2006

Trade and other receivables are stated at their amortised cost less a provision for impairment losses. The collectibility of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off to the income statement. A provision for impairment is established when there is sufficient evidence to indicate that not all amounts due will be collected.

Accounting policy applicable for the year ending 30 June 2005

Trade and other receivables are carried at invoice amount. The collectibility of debts is assessed at reporting date and specific provision is made for doubtful accounts.

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

Manufactured inventories and work in progress are valued at standard costs which approximate actual costs and include an appropriate allocation of manufacturing overheads. Outsourced finished goods are valued at actual cost into store, determined on a first in, first out basis.

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.

Investments

Associated Companies

An associate is an entity 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.

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.

Table of Contents

Item 18 : Consolidated Financial Statements

1. Summary of Significant Accounting Policies (continued)

Property, Plant and Equipment (continued)

Depreciation and Amortisation (continued)

The expected useful lives in the current and prior years are as follows:

Freehold buildings of overseas controlled entities	- 20 to 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.

Intangible Assets

Goodwill and Brand Names

Goodwill on acquisition is measured at cost being the excess of the cost of the acquisition over the fair value of the consolidated entity s share of the net identifiable assets acquired. Goodwill is not amortised. Brand names are initially recorded at cost based on independent valuation at acquisition date (which equates to fair value). Based on the nature of the major brand names acquired by the consolidated entity which are international brands that benefit from competitive advantages due to technology, innovation and product development, it is not possible to make an arbitrary assessment that these brand names have a finite useful life, quantifiable in terms of years. As such the consolidated entity believes that the lives of the brand names are unlimited at this point in time and no amortisation is provided against their carrying value.

Goodwill and brand names are reviewed annually, or more frequently if events or changes in circumstances indicate that their carrying values may be impaired and are carried at cost less accumulated impairment losses.

For the purposes of impairment testing, goodwill and brand names are allocated to cash generating units (which equate to the consolidated entity s reportable business units i.e. Occupational Healthcare, Professional Healthcare and Consumer Healthcare) 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. Impairment is determined by assessing the recoverable amount of the cash generating unit to which the goodwill and brand names relate. Where the recoverable amount of the cash generating unit is less than the carrying value, an impairment charge is recognised in the income statement.

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.

Recoverable Amount of Non-Current Assets Valued on the 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. An impairment loss is recognised whenever the carrying amount of a non-current asset exceeds its recoverable amount. The impairment loss is recognised as an expense in the income statement in the reporting period in which it occurs.

The recoverable amount of a non-current asset is the higher of an asset s fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Impairment losses, other than those in respect of goodwill, are reversed when there is an indication that the impairment loss may no longer exist. An impairment loss in respect of goodwill is not reversed.

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.

Interest Bearing Liabilities

Accounting policy applicable for the year ending 30 June 2006

Interest bearing liabilities are initially recognised at fair value less attributable transaction costs. Subsequent to initial recognition interest bearing liabilities are stated at amortised cost. Any difference between the cost and redemption value is recognised in the income statement over the period of the liability using the effective interest method.

Accounting policy applicable for the year ending 30 June 2005

Interest bearing liabilities are carried at their principal amounts, 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

The liability for employee entitlements to long service leave 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 in the current and prior periods. Post retirement health benefits are subject to annual actuarial reviews.

The liability is calculated using estimated future increases in wage and salary rates including related on-costs, expected settlement dates based on turnover history and medical cost trends 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.

Retirement Benefit Obligations

The Company and certain subsidiaries contribute to certain defined benefit and defined contribution superannuation plans maintained to provide superannuation benefits for employees. The defined benefit plans generally provide benefits based on salary in the period prior to retirement. The defined contribution plans receive contributions from the Company and subsidiaries and the consolidated entity s legal or constructive obligation is limited to these contributions.

A liability or asset in respect of each defined benefit superannuation plan is recognised in the balance sheet and is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. This benefit is discounted to determine its present value and the fair value of plan assets is deducted. The present value of the defined benefit is based on expected future payments calculated annually by independent actuaries using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash flows.

As a result of the early adoption of AASB 119 *Employee Benefits*, actuarial gains or losses are taken directly to accumulated losses.

Contributions to defined contribution plans are recognised as an expense as they become payable.

Table of Contents

Item 18 : Consolidated Financial Statements

1. Summary of Significant Accounting Policies (continued)

Employee Entitlements (continued)

Share-Based Payments

The Company operates the Ansell Limited Stock Incentive Plan under which options and Performance Share Rights (PSRs) are granted to employees.

Options granted before 7 November 2002 and vested before 1 July 2004

No expense is recognised in respect of these options. The shares are recognised when the options are exercised and the proceeds allocated to issued capital.

Options and PSRs granted before or after 7 November 2002 and vested after 1 July 2004

The fair value of options and PSRs granted under the Ansell Limited Stock Incentive Plan is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options or PSRs.

The fair value at grant date is independently determined using binomial tree techniques that take into account the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option or PSR. The fair value excludes the impact of any non-market vesting conditions with such conditions being factored into the assumptions about the number of options or PSRs that will vest. At each balance date the number of options and PSRs that are expected to vest is reviewed and the employee benefit expense for the period is adjusted accordingly.

Upon the exercising of options and vesting of PSRs, the related balance of the share-based payments reserve is transferred to issued capital.

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.

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.

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.

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.

Derivatives

Accounting policy applicable for the year ending 30 June 2005

The consolidated entity has taken the exemption available under AASB 1 to apply AASB 132 and AASB 139 from 1 July 2005. The consolidated entity has applied previous AGAAP in the comparative information on financial instruments within the scope of AASB 132 and AASB 139. The following sets out how derivatives were accounted for under previous AGAAP.

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 rates and interest rate movements.

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 balance sheet 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.

Table of Contents

Item 18 : Consolidated Financial Statements

1. Summary of Significant Accounting Policies (continued)

Derivatives (continued)

Accounting policy applicable for the year ending 30 June 2005 (continued)

Gains and losses on derivative financial instruments which hedge transactions are in the first instance deferred and later recognised in the income statement 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 income statement.

Adjustments on transition date: 1 July 2005

The nature of the main adjustments to take account of the change in accounting policy to comply with AASB 132 and AASB 139 are that derivatives are measured on a fair value basis. Changes in fair value are taken to the income statement or a hedging reserve within equity. At the date of transition (1 July 2005) changes in the carrying amounts of derivatives are taken to accumulated losses or reserves, depending on whether the criteria for hedge accounting are satisfied at that date. The transition impact on the balance sheet is to increase the hedging reserve by $3.0 million, reduce accumulated losses by $0.2 million and increase hedge receivables (included within current trade and other receivables) by $3.2 million.

Accounting policy applicable for the year ending 30 June 2006

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:

- it does not trade in a derivative that is not used in the hedging of an underlying business exposure of the consolidated entity;
- derivatives acquired must be able to be recorded on the consolidated entity s treasury management systems, which contain extensive internal controls; and
- 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.

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 other financial assets and liabilities on the balance sheet, where internal controls operate.

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 subsidiaries, future foreign exchange requirements and interest rate positions.

These exposures are then monitored and may be modified from time to time. The foreign exchange hedge transactions rarely exceed 12 months duration and hedge operational 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 as the critical terms of the instruments are matched to the life of the borrowings.

Derivative financial instruments are recognised initially at fair value and subsequently remeasured to their fair value at each reporting date. The fair value of forward exchange contracts is calculated by reference to current forward exchange contracts with similar maturity profiles. The fair value of interest rate swap contracts is determined by reference to markets for similar instruments.

The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and continues to satisfy the requirement for hedge accounting, and if so, the nature of the item being hedged. The consolidated entity designates certain derivatives as either; (1) hedges of the fair value of recognised assets or liabilities (fair value hedge); or (2) hedges of highly probable forecast transactions (cash flow hedges).

The consolidated entity documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The consolidated entity also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

Table of Contents

Item 18 : Consolidated Financial Statements

1. Summary of Significant Accounting Policies (continued)

Derivatives (continued)

Accounting policy applicable for the year ending 30 June 2006 (continued)

Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Gains or losses that are recognised in the hedging reserve are transferred to the income statement in the periods when the hedged item will affect profit or loss. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains or losses previously deferred in equity are transferred from equity and included in the measurement of the initial cost or carrying amount of the asset or liability.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that point in time, any cumulative gain or loss on the hedging instrument recognised in equity remains in equity until the forecasted transaction is ultimately recognised in the income statement. When a hedged transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

Issued Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax where applicable, from the proceeds. When shares are repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity.

Earnings per Share

Basic earnings per share (EPS) is calculated by dividing the net profit attributable to members of the Company 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 and share split.

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.

Accounting Estimates and Judgements

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.

The key estimates and assumptions that may have a significant impact on the financial statements are as follows:

Impairment of goodwill and brand names

The consolidated entity tests whether goodwill and brand names are impaired annually, or more frequently if events or changes in circumstances indicate that their carrying values may be impaired, in accordance with the accounting policy on Intangible Assets. The policy requires the use of assumptions in assessing the carrying values of cash generating units. These assumptions are detailed in Note 14.

Defined Benefit Superannuation Plans

Various actuarial assumptions are utilised in the determination of the consolidated entity s defined benefit superannuation plan obligations. These assumptions are detailed in Note 19.

Table of Contents

Item 18 : Consolidated Financial Statements

2. Total Revenue

$ in millions	Consolidated	
	2006	2005
Revenue from the Sale of Goods	1,138.2	1,081.1
Interest Received or Due and Receivable		
From related parties	2.4	4.0
From others	11.7	8.3
Total Revenue	**1,152.3**	**1,093.4**

Table of Contents

Item 18 : Consolidated Financial Statements

3. Profit before income tax

$ in millions	**Consolidated 2006**	**2005**
(a) Profit before income tax has been arrived at after charging/(crediting) the following items:		
Financing Costs		
Interest Paid or Due and Payable:		
To others	18.7	20.3
Other Financing Costs	1.3	1.6
Total Financing Costs	20.0	21.9
Depreciation		
Buildings	1.2	1.5
Plant and equipment	22.7	21.9
Amortisation		
Leasehold land and buildings	1.4	1.4
Capitalised development costs	0.1	
Research and Development Costs		
Expensed as incurred	12.1	12.8
Previously capitalised development costs written off	0.5	
Net Bad Debts Expense	0.4	0.2
Amounts Set Aside to Provision for:		
Impairment of trade debtors	0.9	(0.1)
Rationalisation and restructuring costs	0.5	2.0
Accufix pacing lead related expenses		2.3
Rebates and allowances	18.8	11.5
Employee Related Expenses		
Wages and salaries	158.1	152.8
Increase in provision for employee entitlements	16.3	16.3
Defined contribution superannuation plan expense	3.2	4.9
Defined benefit superannuation plan expense	2.6	3.2
Equity settled share-based payments expense	4.9	4.6
Net Foreign Exchange Loss/(Gain)	0.1	0.4
Losses Arising from Sale of Property, Plant and Equipment	0.1	0.1
Operating Lease Rentals	21.0	21.5
Write-down in Value of Inventories	2.0	(0.7)
(b) Exceptional items included in profit before income tax		
Impairment loss on investment in South Pacific Tyres and sale costs	(5.5)	(80.0)
(c) Auditors Remuneration ($ in thousands)		
Audit and review of the financial reports:		
Auditors of Ansell Limited and Australian entities - KPMG	1,108	1,050
Other member firms of KPMG	1,614	1,564
	2,722	2,614

Other services:		
Other audit and assurance services (including acquisitions and disposals)		
Auditors of Ansell Limited and Australian entities - KPMG		36
Other member firms of KPMG	89	70
Taxation and other services		
Auditors of Ansell Limited and Australian entities - KPMG	12	30
Other member firms of KPMG	46	43
Total other services	147	179
Total auditors remuneration	2,869	2,793

Item 18 : Consolidated Financial Statements

4. Contributed Equity

$ in millions	Consolidated 2006	2005
Issued Capital		
151,782,512 (2005 - 160,125,483) ordinary shares, fully paid *	1,136.7	1,232.7
290,800 (2005 - 377,800) ordinary plan shares, paid to 5 cents	0.1	0.1
Total Issued Capital	**1,136.8**	**1,232.8**

* includes 122,516 (2005 - 135,614) shares issued in accordance with the Employee Share Plan.

Issued Capital Reconciliation

	2006	2005
Balance at the beginning of the financial year	1,232.8	1,383.9
Increase in Issued Capital:		
Additional capital issued	4.1	5.0
Transfer from share-based payments reserve	3.0	
Decrease in Issued Capital:		
Share buy-back	(103.1)	(156.1)
Balance at the end of the financial year	**1,136.8**	**1,232.8**

Effective 1 July 1998, the Company Law Review Act abolished the concept of par value shares and the concept of authorised capital. Accordingly, the Company does not have authorised capital or par value in respect of its issued shares.

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 Note 25 Key Management Personnel Disclosures for details of shares subject to options and Performance Share Rights granted under the Ansell Limited Stock Incentive Plan.

Share Buy-Back

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 previous financial year, and also approved a further on-market buy-back for up to 10% of the Company s shares.

On 16 December 2005 the Board authorised an on-market buy-back program of up to $100 million under which 8,457,084 shares have been bought back. In addition 920,000 shares were bought back to satisfy the exercising of 500,000 options and the vesting of 420,000 Performance Share Rights and 17,869 were bought back under a minimum holding buy-back program.

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 87,000 existing Executive Plan shares were fully paid. Since the end of the financial year, the amounts outstanding on a further 3,000 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 22 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 13,098 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.

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 and 60,000 ordinary shares fully paid to $6.97 were issued to satisfy the exercising of 60,000 granted to the Chief Financial Officer under the Ansell Limited Stock Incentive Plan. As at the date of this report 712,358 unissued shares in the Company remain under option.

Table of Contents

Item 18 : Consolidated Financial Statements

5. Accumulated Losses and Reserves

$ in millions	Consolidated 2006	2005
Share-based payments reserve	7.6	5.7
Hedging reserve	(0.3)	
Asset revaluation reserve		
General reserve	6.0	4.1
Foreign currency translation reserve	(18.5)	(44.5)
Total Reserves	(5.2)	(34.7)
Accumulated losses	(491.9)	(583.8)
Total Accumulated Losses and Reserves	**(497.1)**	**(618.5)**
Movements during the year:		
Share-Based Payments Reserve		
Balance at the beginning of the financial year	5.7	1.1
Charge to the income statement for the year	4.9	4.6
Transfer to issued capital	(3.0)	
Balance at the end of the financial year	**7.6**	**5.7**
Hedging Reserve		
Balance at the beginning of the financial year		
Adjustment upon adoption of AASB 139	3.0	
Transfer to profit for period on expiration of previously effective hedges	(2.7)	
Effective portion of changes in fair value of cash flow hedges outstanding at year end	(0.6)	
Balance at the end of the financial year	**(0.3)**	
Asset Revaluation Reserve		
Balance at the beginning of the financial year		0.7
Transfer to accumulated losses		(0.7)
Balance at the end of the financial year		
General Reserve		
Balance at the beginning of the financial year	4.1	3.3
Transfer from accumulated losses	1.9	0.8
Balance at the end of the financial year	**6.0**	**4.1**
Foreign Currency Translation Reserve		
Balance at the beginning of the financial year	(44.5)	
Currency translation differences arising during the year	26.0	(44.5)
Balance at the end of the financial year	**(18.5)**	**(44.5)**
Accumulated Losses		

Balance at the beginning of the financial year	(583.8)	(606.8)
Adjustment upon adoption of AASB 139	0.2	
Transfer to/from reserves	(1.9)	(0.1)
Net profit attributable to Ansell Limited shareholders	116.1	54.4
Actuarial gain/(loss) on defined benefit pension /post retirement health benefit plans	7.7	(7.7)
Dividends paid	(30.2)	(23.6)
Balance at the end of the financial year	**(491.9)**	**(583.8)**

Nature and purpose of reserves

Share-based payments

This reserve is used to record the value of equity benefits provided to employees as part of their remuneration under the Ansell Limited Stock Incentive Plan. Refer to Note 22 for further details of the plan.

Hedging

This reserve records the portion of the gains or losses on cash flow hedges that are deemed to be effective.

Table of Contents

Item 18 : Consolidated Financial Statements

5. Accumulated Losses and Reserves (continued)

General

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

Foreign currency translation

The foreign currency translation reserve records the foreign currency differences arising from the translation of the financial statements of foreign operations where their functional currency is different to the presentation currency of the consolidated entity, as well as the translation of borrowings or any other currency instruments that hedge the Company s net investment in a foreign operation. Refer to Note 1 Summary of Significant Accounting Policies.

6. Income Tax

	Consolidated	
$ in millions	**2006**	**2005**
Prima facie income tax calculated at 30% (2005: 30%) on profit before income tax	38.0	16.9
Increased taxation arising from:		
Impairment of investment in South Pacific Tyres	1.7	24.0
Net higher overseas tax rates	2.7	3.9
Reduced taxation arising from:		
Income tax over provided in previous years	(1.0)	(1.6)
Investment and export incentive allowances	(5.0)	(3.5)
Recognition of previously unbooked deferred tax asset in respect of tax losses	(7.5)	(21.5)
Other permanent differences*	(21.0)	(18.0)
Income tax attributable to profit before income tax	**7.9**	**0.2**
Income tax attributable to operating profit before income tax is made up of:		
Current year income tax	20.4	21.0
Over provision in respect of previous years	(1.0)	(1.6)
Deferred income tax attributable to:		
Increase in deferred tax liability	7.7	0.6
(Increase) in deferred tax asset	(19.2)	(19.8)
	7.9	**0.2**

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

7. Dividends Paid or Declared

	Consolidated	
$ in millions	**2006**	**2005**
Dividends Paid		

The following dividends were paid during the year to Ansell Limited shareholders:

A final dividend of 10 cents per share unfranked for the year ended 30 June 2005 (June 2004 - 7 cents unfranked) was paid on 18 October 2005 (2004 - 14 October 2004)	16.0	12.4
An interim dividend of 9 cents per share unfranked for the year ended 30 June 2006 (June 2005 - 7 cents franked to 57%) was paid on 7 April 2006 (2005 - 8 April 2005)	14.2	11.2
	30.2	23.6

Dividends Declared

Since the end of the financial year the Directors have declared a final dividend of 12 cents per share unfranked, for the year ended 30 June 2006.

The financial effect of this dividend has not been brought to account in the financial statements for the year ended 30 June 2006 and will be recognised in subsequent financial reports.

Dividend Franking Account

The balance of the dividend franking account as at 30 June 2006 was nil (2005 - nil).

Table of Contents

Item 18 : Consolidated Financial Statements

8. Cash and Cash Equivalents

$ in millions	Consolidated 2006	2005
Cash on hand	0.3	0.2
Cash at bank	75.1	69.2
Short-term deposits	236.0	149.5
	311.4	218.9
Restricted deposits	6.6	8.4
Total Cash and Cash Equivalents	**318.0**	**227.3**

Restricted deposits represent cash set aside to cover the provisions established to address any remaining liability of members of the consolidated entity for claims arising with respect to the Accufix pacing lead.

9. Trade and Other Receivables

$ in millions	Consolidated 2006	2005
Current		
Trade debtors	227.5	191.8
Less provision for impairment	7.3	5.8
Less provision for rebates and allowances	23.5	15.2
	196.7	170.8
Amounts owing by South Pacific Tyres partnership		0.6
Other amounts receivable	24.8	42.7
Total Current	**221.5**	**214.1**
Non-Current		
Interest bearing amount owing by South Pacific Tyres partnership		66.2
Other amounts receivable	19.8	2.1
Total Non-Current	**19.8**	**68.3**
Total Receivables	**241.3**	**282.4**

The reconciliations of provision for impairment - trade debtors are presented below:

$ in millions	Consolidated 2006	2005
Balance at the beginning of the financial year	5.8	6.7
Amounts charged/(credited) to the income statement	0.9	(0.1)
Amounts utilised for intended purposes	(0.1)	(0.1)
Acquired entities	0.3	
Net exchange differences on translation of foreign operations	0.4	(0.7)

Balance at the end of the financial year	**7.3**	**5.8**

Table of Contents

Item 18 : Consolidated Financial Statements

10. Inventories

$ in millions	Consolidated 2006	2005
At Cost		
Raw materials	20.6	22.2
Work in progress	11.8	9.1
Finished goods	139.7	113.9
Other stock	1.5	1.4
Total Inventory at Cost	**173.6**	**146.6**
Net Realisable Value		
Finished goods	12.4	10.7
Total Inventory at Net Realisable Value	**12.4**	**10.7**
Total Inventories	**186.0**	**157.3**
Inventories recognised as an expense	684.0	626.9

11. Current Assets Other

$ in millions	Consolidated 2006	2005
Prepayments	8.3	9.0
Engineering spares	4.3	4.2
Total Current Assets - Other	**12.6**	**13.2**

12. Other Financial Assets (Investments)

$ in millions	Consolidated 2006	2005
Other financial assets		
Not quoted on a prescribed stock exchange:		
At cost		1.2
South Pacific Tyres N.Z. Ltd		21.4
Investment in Partnership		
South Pacific Tyres		116.4
Less Provision for impairment		80.0
Total Other Financial Assets		**59.0**

The consolidated entity s interest in the South Pacific Tyres Partnership is carried as an investment.

Table of Contents

Item 18 : Consolidated Financial Statements

13. Property, Plant and Equipment

$ in millions	Consolidated 2006	2005
(a) Freehold Land		
At cost	11.9	11.4
(b) Freehold Buildings		
At cost	36.5	35.6
Less provision for depreciation	13.7	12.0
	22.8	**23.6**
(c) Leasehold Land and Buildings		
At cost	48.4	47.9
Less provision for amortisation	13.3	11.9
	35.1	**36.0**
(d) Plant and Equipment		
At cost	402.2	373.6
Less provision for depreciation	284.1	254.8
	118.1	**118.8**
(e) Buildings and Plant under construction		
At cost	7.7	5.6
Total Property, Plant and Equipment	**195.6**	**195.4**

Reconciliations

Reconciliations of the balances for each class of property, plant and equipment are set out below:

$ in millions	Consolidated 2006	2005
Freehold Land		
Balance at the beginning of the financial year	11.4	12.6
Disposals/Write-downs	(0.3)	
Net exchange differences on translation of foreign operations	0.8	(1.2)
Balance at the end of the financial year	11.9	11.4
Freehold Buildings		
Balance at the beginning of the financial year	23.6	26.0
Additions	0.1	0.1
Disposals/Write-downs	(1.1)	
Transfer from buildings and plant under construction	0.1	1.5
Depreciation	(1.2)	(1.5)
Net exchange differences on translation of foreign operations	1.3	(2.5)

Balance at the end of the financial year	22.8	23.6
Leasehold Land and Buildings		
Balance at the beginning of the financial year	36.0	40.0
Additions	0.1	0.4
Transfer from buildings and plant under construction	0.1	0.4
Amortisation	(1.4)	(1.4)
Net exchange differences on translation of foreign operations	0.3	(3.4)
Balance at the end of the financial year	35.1	36.0
Plant and Equipment		
Balance at the beginning of the financial year	118.8	140.4
Additions	2.4	3.3
Additions through entities acquired	0.3	
Disposals/Write-downs	(0.6)	(0.3)
Transfer from buildings and plant under construction	11.7	10.3
Depreciation	(22.7)	(21.9)
Net exchange differences on translation of foreign operations	8.2	(13.0)
Balance at the end of the financial year	118.1	118.8
Buildings and Plant under construction		
Balance at the beginning of the financial year	5.6	8.8
Additions	13.9	10.3
Transfers to property, plant & equipment	(11.9)	(12.2)
Net exchange differences on translation of foreign operations	0.1	(1.3)
Balance at the end of the financial year	7.7	5.6

Table of Contents

Item 18 : Consolidated Financial Statements

14. Intangible Assets

$ in millions	Consolidated 2006	2005
Brand Names		
At cost		
Balance at the beginning of the financial year	106.0	117.4
Net exchange differences on translation of foreign operations	3.5	(11.4)
Balance at the end of the financial year	**109.5**	**106.0**
Goodwill		
At cost		
Balance at the beginning of the financial year	341.1	375.3
Additions through entities acquired	19.0	
Net exchange differences on translation of foreign operations	12.7	(34.2)
Balance at the end of the financial year	**372.8**	**341.1**
Provision for impairment		
Balance at the beginning of the financial year	180.4	199.3
Net exchange differences on translation of foreign operations	7.8	(18.9)
Balance at the end of the financial year	**188.2**	**180.4**
Written down value of Goodwill at the end of the financial year	**184.6**	**160.7**
Development costs (internally generated intangible asset)		
Balance at the beginning of the financial year	2.1	
Expenditure deferred in the current period	4.0	2.1
Previously capitalised costs charged to the income statement	(0.5)	
Amortisation	(0.1)	
Net exchange differences on translation of foreign operations	0.2	
Balance at the end of the financial year	**5.7**	**2.1**
Total Intangible Assets	**299.8**	**268.8**

Impairment testing of Goodwill and Brand Names

Goodwill and brand names are tested for impairment annually, or more frequently if events or changes in circumstances indicate that the carrying values may be impaired.

For the purposes of impairment testing, goodwill and brand names are allocated to cash generating units (CGU s), which equate to the consolidated entity s reportable business units i.e. Occupational Healthcare, Professional Healthcare and Consumer Healthcare, upon acquisition.

Carrying amount of goodwill and brand names allocated to each of the cash generating units:

	Consolidated			
	Goodwill		Brand Names	
	2006	2005	2006	2005
Occupational Healthcare	103.9	100.9	60.4	58.5
Professional Healthcare	54.5	53.2	42.3	41.0
Consumer Healthcare	26.2	6.6	6.8	6.5
	184.6	**160.7**	**109.5**	**106.0**

The recoverable amount of the CGU s has been determined based on a value in use calculation utilising five year cash flow projections based on budgets for the next financial year as approved by the Board and internal forecasts for the 2007/2008 and 2008/2009 financial years. A zero growth rate has been assumed for the subsequent two years. The terminal value is based on the cash flows for year five and a zero growth rate. The pre-tax cash flow discount rate applied is 10% which equates to the consolidated entity s pre-tax weighted average cost of capital.

The results of the impairment testing undertaken at 30 June 2006 indicated that the value in use of each of the CGU s was in excess of the carrying value of its net operating assets (inclusive of goodwill and brand names) and no impairment charge was necessary.

Table of Contents

Item 18 : Consolidated Financial Statements

15. Deferred Tax Assets

$ in millions	Consolidated 2006	2005
Deferred tax assets arising from:		
Accumulated temporary differences	25.5	16.7
Accumulated tax losses	29.2	21.2
	54.7	**37.9**
Deferred tax assets are attributable to the following:		
Trading stock tax adjustments	2.5	1.6
Provisions	11.4	10.6
Accruals	1.5	1.2
Plant and equipment and capital allowances	3.3	0.3
Capitalised development costs	6.1	
Accumulated tax losses	29.2	21.2
Other	0.7	3.0
Total temporary differences	**54.7**	**37.9**

The consolidated entity has not recognised deferred tax assets in respect of trading tax losses of $260.9 million (2005 - $292.1 million) and $207.0 million of capital losses (2005 - $360.7 million). Deferred tax assets in respect of these losses have not been recognised as it is not probable that future taxable profits will be available against which these losses can be utilised.

The expiry dates of gross trading and capital losses for which deferred tax assets have not been recognised are as follows (in respect of financial years ending on 30 June):

$ in millions	Consolidated 2006	2005
Year		
2007	33.1	28.1
2008	0.3	0.3
2009	49.0	48.9
2011	52.3	83.1
2012	65.4	63.5
2013	0.9	0.9
2019	24.8	24.0
2022	9.0	8.7
No expiry date	1,274.1	1,331.5

Details of the movement in the balance of deferred tax assets are as follows:

$ in millions	Consolidated 2006	2005
Balance at the beginning of the financial year	37.9	25.1
Over provision of prior year balance	(2.9)	(4.5)
Amount credited to the income statement	19.2	19.8
Net exchange differences on translation of foreign operations	0.5	(2.5)

Balance at the end of the financial year	**54.7**	**37.9**

There were no movements in deferred tax assets taken directly to equity during the year.

Table of Contents

Item 18 : Consolidated Financial Statements

16. Trade and Other Payables

$ in millions	Consolidated 2006	2005
Current		
Amounts owing to subsidiaries		
Trade creditors	126.1	106.8
Other creditors	16.0	22.3
Total Current	**142.1**	**129.1**
Non-Current		
Other creditors	0.7	0.8
Total Non-Current	**0.7**	**0.8**
Total Payables	**142.8**	**129.9**

17. Interest Bearing Liabilities

$ in millions	Consolidated 2006	2005
Current		
Bank overdrafts	15.0	1.4
Bank loans repayable in:		
Canadian dollars	3.0	5.3
Chinese yuan	3.4	
Indian rupees	2.4	1.4
Other loans repayable in:		
Australian dollars	66.0	
Japanese yen	24.5	
U.S. dollars		26.2
Total Current	**114.3**	**34.3**
Non-Current		
Bank loans repayable in:		
U.S. dollars	263.7	229.5
Other loans repayable in:		
Australian dollars		66.0
Japanese yen		23.7
U.S. dollars	12.2	11.8
Total Non-Current	**275.9**	**331.0**
Total Interest Bearing Liabilities	**390.2**	**365.3**

At 30 June 2006 bank loans totalling $1.2 million (2005: $1.7 million) were secured, principally against property, plant and equipment having carrying values slightly in excess of the secured amounts payable. These security arrangements were in place prior to the subsidiaries concerned

becoming part of the consolidated entity.

A US$250 million revolving credit bank facility was established 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 initially extended to 30 April 2006 and has subsequently been extended to 30 April 2007. This facility can be accessed by the parent company and certain US subsidiaries. US$195 million of the term facilities had been drawn down at 30 June 2006 (June 2005 US$175 million) leaving an unused balance of the total facilities at that date of US$55 million.

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. If any breaches of these covenants occur all monies outstanding under the facility become immediately due and payable. As at 30 June 2006, the Company was in compliance with all covenants. The interest rate for this facility is determined based on market rates at the time amounts are drawn down.

Table of Contents

Item 18 : Consolidated Financial Statements

17. Interest Bearing Liabilities (continued)

The following table sets out details in respect of the major components of Interest Bearing Liabilities at 30 June, 2006.

Nature and Currency of Borrowing	Amount $m	Interest Rate % p.a.	Maturity Date
Bank Overdrafts			
Euros	8.0	2.80	At Call
Malaysian ringgits	1.4		At Call
UK pounds	4.4	4.50	At Call
United States dollars	1.2	4.60	At Call
Total Bank Overdrafts	**15.0**		
Bank Loans			
Current			
Canadian dollars	3.0	5.71	2007
Chinese yuan	1.7	5.58	2007
Chinese yuan	1.7	6.70	2007
Indian rupees	1.2	8.50	2007
Indian rupees	1.2	10.60	2007
	8.8		
Non-Current			
United States dollars	54.1	4.70	2008
United States dollars	108.2	4.82	2009
United States dollars	74.4	5.27	2010
United States dollars	27.0	5.28	2012
	263.7		
Total Bank Loans	**272.5**		
Other Loans			
Current			
Australian dollars	50.0	6.94	2007
Australian dollars	16.0	7.92	2007
Japanese yen	24.5	3.61	2007
	90.5		
Non-Current			
United States dollars	12.2	6.19	2010
	12.2		

Total Other Loans	**102.7**
Total Interest Bearing Liabilities	**390.2**
Maturity Schedule	
Term to maturity:	
Within one year	114.3
One to two years	54.1
Two to three years	108.2
Three to four years	86.6
Greater than five years	27.0
Total	**390.2**

	Consolidated	
$ in millions	**2006**	**2005**
Net Interest Bearing Debt		
Current interest bearing liabilities	114.3	34.3
Non-current interest bearing liabilities	275.9	331.0
Cash at bank and short-term deposits	(311.1)	(218.7)
Net interest bearing debt	**79.1**	**146.6**

Table of Contents

Item 18 : Consolidated Financial Statements

18. Provisions

$ in millions	Consolidated 2006	2005
Current		
Provision for employee entitlements	30.5	26.4
Provision for rationalisation and restructuring costs	8.5	8.5
Provision for Accufix pacing lead related expenses	6.9	8.9
Provision for insurance claims	4.7	4.9
Total Current	**50.6**	**48.7**
Non-Current		
Provision for employee entitlements	20.8	20.2
Total Non-Current	**20.8**	**20.2**
Total Provisions	**71.4**	**68.9**

Reconciliations of the carrying amount of each class of provision, except for employee entitlements, are set out below:

$ in millions	Consolidated 2006	2005
Provision for rationalisation and restructuring		
Balance at the beginning of the financial year	8.5	9.2
Amounts charged to the income statement	0.5	2.0
Amounts utilised for intended purposes	(0.5)	(2.7)
Balance at the end of the financial year	**8.5**	**8.5**
Provision for Accufix pacing lead related expenses		
Balance at the beginning of the financial year	8.9	11.2
Amounts charged to the income statement		2.3
Amounts utilised for intended purposes	(2.2)	(3.9)
Net exchange differences on translation of foreign operations	0.2	(0.7)
Balance at the end of the financial year	**6.9**	**8.9**
Provision for insurance claims (Captive Insurance Companies)		
Balance at the beginning of the financial year	4.9	6.0
Amounts utilised for intended purposes	(0.2)	(1.1)
Balance at the end of the financial year	**4.7**	**4.9**

Provision for rationalisation and restructuring costs

This provision covers a variety of matters predominantly relating to the sale of businesses and controlled entities and is regularly reviewed in light of issues that have been settled or new events that have arisen during the reporting period.

Provision for Accufix pacing lead related expenses

This provision is to meet the costs of patients associated with the monitoring and (where appropriate) explantation of Accufix pacing leads and for legal costs in defence of claims made in respect of the Accufix pacing leads. This provision is predominantly covered by cash required to be set aside by the Courts (refer Note 8 - Cash and Cash Equivalents - Restricted deposits).

Provision for insurance claims (Captive Insurance Companies)

Corrvas Insurance Pty. Ltd. and Corrvas Insurance (Singapore) Pte. Ltd. are entities authorised by their respective jurisdiction s regulatory authority to operate as captive insurance companies for Ansell Limited and its subsidiaries. This provision comprises current open claims where the reserves are set for the total estimated costs of individual claims that have not been fully paid out and Incurred but not reported (IBNR) claims.

In Australia, the provision is required to be supported by a Liability Valuation Report prepared by an actuary approved by the Australia Prudential Regulatory Authority. In Singapore, captives are exempted from undertaking an actuarial assessment of their insurance liabilities and are not required to lodge such a report with the Monetary Authority of Singapore (MAS). In line with MAS regulations, the IBNR estimates are in accordance with a policy approved by the board of Corrvas Insurance (Singapore) Pte. Ltd.

Table of Contents

Item 18 : Consolidated Financial Statements

19. RETIREMENT BENEFIT OBLIGATIONS

Ansell Limited and certain subsidiaries contribute to defined benefit and defined contribution superannuation plans maintained to provide superannuation benefits for employees.

The following sets out details in respect of defined benefit plans.

(a) Balance sheet amounts

	Consolidated	
$ in millions	**2006**	**2005**
Present value of defined benefit obligations	84.3	83.7
Fair value of defined benefit plan assets	70.8	58.5
Net liability/(asset) in the balance sheet	13.5	25.2

The Company and its subsidiaries are obliged to contribute to the various superannuation plans 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 its subsidiaries are under no legal or constructive obligation to make up any shortfall in the plans assets to meet payments due to employees.

(b) Reconciliations of benefit obligations and plan assets

	Consolidated	
$ in millions	**2006**	**2005**
Present value of defined benefit obligations		
Balance at the beginning of the financial year	83.7	76.6
Current service cost	2.4	4.0
Interest cost	4.0	4.1
Contributions by plan participants	0.4	0.1
Actuarial (gains)/losses	(2.7)	7.0
Taxes and expenses paid	(0.2)	
Past service cost		0.1
Curtailment (gain)/loss		(0.9)
Settlements	(1.8)	(3.8)
Benefits paid	(4.0)	(3.4)
Exchange rate changes/other movements	2.5	(0.1)
Balance at the end of the financial year	84.3	83.7
Fair value of plan assets		
Balance at the beginning of the financial year	58.5	56.6
Expected return on plan assets	4.0	4.5
Actuarial gains/(losses)	5.0	
Contributions by employer	7.5	4.9
Contributions by plan participants	0.4	0.1
Taxes and expenses paid	(0.2)	
Settlements	(2.0)	(4.2)

Benefits paid	(4.0)	(3.4)
Exchange rate changes/other movements	1.6	
Balance at the end of the financial year	70.8	58.5

(c) Categories of plan assets

The major categories of plan assets are as follows:

	Consolidated	
	2006	**2005**
Equity securities	66%	67%
Fixed interest securities	24%	25%
Property	7%	5%
Other	3%	3%

Table of Contents

Item 18 : Consolidated Financial Statements

19. Retirement Benefit Obligations (continued)

(d) Amounts recognised in the income statement

	Consolidated	
$ in millions	**2006**	**2005**
Current service cost	2.4	4.0
Interest cost	4.0	4.1
Past service cost		0.1
Curtailment (gain)/loss		(0.9)
Settlements	0.2	0.4
Expected return on plan assets	(4.0)	(4.5)
Total expense recognised in the income statement	2.6	3.2

The expense is recognised in the following lines within the income statement:

	Consolidated	
$ in millions	**2006**	**2005**
Cost of goods sold	0.2	1.0
Selling, distribution and administration	2.4	2.2
	2.6	3.2
Actual return on plan assets	9.0	4.5

(e) Amounts recognised directly in accumulated losses

	Consolidated	
$ in millions	**2006**	**2005**
Actuarial gain/(loss) recognised for year	7.7	(7.0)
Cumulative actuarial gain/(loss)	0.7	(7.0)

(f) Principal actuarial assumptions

The principal actuarial assumptions used (expressed as a weighted average) were as follows:

	Consolidated	
	2006	**2005**
Discount rate	4.9%	5.3%
Expected return on plan assets	6.5%	7.5%
Future salary increases	3.8%	4.1%

(g) Historic summary

$ in millions	Consolidated 2006	2005
Defined benefit plan obligation	84.3	83.7
Plan assets	70.8	58.5
Deficit/(Surplus)	13.5	25.2
Experience adjustments (gain)/loss - plan liabilities	(0.2)	1.9
Experience adjustments (gain)/loss - plan assets	(5.1)	

(h) Defined contribution superannuation plans

$ in millions	Consolidated 2006	2005
Contributions to defined contribution plans during the year	3.2	4.9

Table of Contents

Item 18 : Consolidated Financial Statements

19. Retirement Benefit Obligations (continued)

(i) Surplus/deficit for each material defined benefit superannuation plan (or section thereof) on a funding basis

The table below shows the surplus/deficit of the material defined benefit superannuation plans measured as the difference between the net market value of plan assets and accrued benefits, as determined in accordance with AAS 25 *Financial Reporting by Superannuation Plans.* These figures (rather than those disclosed above) are calculated for funding purposes and are used to determine the required level of company contributions. The effective date of the amounts is 30 June 2005 being the date of the most recent financial statements of the plans.

		2006	
$ in millions	**Fund assets**	**Accrued benefit**	**Excess/ (Deficit)**
Plan sponsored by the Company			
Equipsuper superannuation plan (Ansell Ltd defined benefit section)	17.4	16.7	0.7
Plans sponsored by other entities in the consolidated entity			
USA Plans			
Ansell Cash Balance Pension Plan	35.9	41.5	(5.6)
Ansell Healthcare Products Inc Union Retirement Plan	9.0	9.9	(0.9)
Ansell Cash Balance Pension Restoration Plan		1.9	(1.9)
Total for plans sponsored by the consolidated entity	62.3	70.0	(7.7)

(j) Funding arrangements for employer contributions

Equipsuper superannuation plan

Contribution recommendations occur in accordance with Equipsuper Contribution and Funding policy after the update of the employer benefit accounts each six months. The last such update occurred as at 30 June 2005. The minimum recommended contribution rate effective 1 July 2005 was 12.6% of defined benefit members salaries.

The method used to determine the employer contribution recommendations at the last actuarial review was the Target Funding Method. The method adopted affects the timing of the cost to the Company. Under the Target Funding method, the employer contribution rate is set at a level such that the Plan s assets are expected to equal 105% of the Plan s liabilities (on the actuarial funding basis) within 5 years.

USA Funds

The relevant entities make annual contributions each year to the Cash Balance Plan and the Union Plan that are at least equal to the minimum required contribution determined under U.S. pension plan funding laws. Contributions that are made in excess of the minimum funding requirement produce a funding credit that may be used to satisfy the minimum funding requirements of subsequent years. Contributions are not made in excess of the amount that is immediately tax deductible. During the year ended 30 June 2006 contributions made to the Cash Balance Plan and the Union Plan were US$4,050,000 and US$950,000, respectively. The Restoration Plan is not subject to U.S. minimum funding requirements. Contributions to the Restoration Plan are equal to the benefit payments to participants (pay-as-you-go basis).

The contribution requirements and recommendations described above were determined using the Projected Unit Credit funding method. Under this method, the projected benefits of each individual included in the actuarial valuation are allocated to valuation years based on years of service. The normal cost is the portion of the actuarial present value of benefits that is allocated to the current year. The actuarial present value of benefits allocated to all periods prior to a valuation year is called the actuarial accrued liability. Under this method, the actuarial gains (losses), as they occur, generally reduce (increase) the actuarial accrued liability.

101

Item 18 : Consolidated Financial Statements

20. Deferred Tax Liabilities

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 2006	2005
Depreciation on plant adjustments	9.9	7.9
Amortisation of intangible assets	15.8	10.2
Other	(0.2)	0.2
Total	**25.5**	**18.3**

Details of the movement in the balance of deferred tax liabilities are as follows:

$ in millions	Consolidated 2006	2005
Balance at the beginning of the financial year	18.3	23.3
Over provision of prior year balance	(1.3)	(3.6)
Amount charged to the income statement	7.7	0.6
Net exchange differences on translation of foreign operations	0.8	(2.0)
Balance at the end of the financial year	**25.5**	**18.3**

There were no movements in deferred tax liabilities taken directly to equity during the year.

21. Expenditure Commitments

$ in millions	Consolidated 2006	2005
(a) Capital expenditure commitments		
Contracted but not provided for in the financial statements:		
Plant and equipment	2.4	0.9
	2.4	0.9
Payable within one year	2.4	0.9
(b) Operating Lease Commitments		
Future operating lease commitments not provided for in the financial statements and payable:		
Within one year	10.5	9.5
One year or later and no later than five years	24.6	27.0
Later than five years	6.3	9.5
	41.4	**46.0**

22. 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) granted during the year are set out in Note 25 Key Management Personnel Disclosures.

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 Note 25) is not related to, or indicative of, the benefit (if any) that individual executives may ultimately realise should the options or PSRs vest.

Table of Contents

Item 18 : Consolidated Financial Statements

22. Ownership-Based Remuneration Schemes (continued)

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 2006 are as follows:

Instrument	Number Issued	Grant Date	Expiry Date	Fair Value per Option/PSR	Exercise Price	Share Price on Grant Date	Risk Free Interest Rate	Dividend Yield
Options	525,000	30/6/2004	30/6/2014	$ 2.35 - $2.38	$ 7.40	$ 7.74	6.1%	2.0%
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	8/8/2004	30/6/2007	$ 7.34 - $7.64	N/A	$ 7.78	N/A	2.0%
PSRs	500,000	16/8/2005	30/6/2008	$ 9.45 - $9.83	N/A	$ 10.00	N/A	2.0%

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

Options - Generally

As at the date of this report 712,358 unissued ordinary shares in the Company remain under option (refer to Note 25 for details).

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 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 4. A loss of $9,884 pre-tax in respect of the Employee Share Plan was recognised in the Company and the consolidated financial statements for 2006 (2005 - $13,801 pre-tax).

The market price of the Company s shares as at 30 June 2006 was $9.67.

23. Contingent Liabilities and Contingent Assets

Indemnities and Guarantees (relating to Parent Company only)

Ansell Limited (the Company) has previously entered into Deeds of Indemnity with each of the Directors of the Company and certain officers of subsidiaries, in relation to liabilities that they may incur (other than to the Company or subsidiaries) as Directors of the Company and Directors and officers of certain subsidiaries respectively, to the extent permitted by law and the Company s Constitution.

The Company has also guaranteed the performance of certain wholly-owned subsidiaries 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.

Item 18 : Consolidated Financial Statements

23. Contingent Liabilities and Contingent Assets (continued)

Accufix Litigation

Only a limited number of lawsuits in relation to the Accufix pacing leads which have been made against certain subsidiaries remain on foot, the majority of which have been brought in France.

As at 30 June 2006, the balance of the provisions made for settlements in relation to claims (as disclosed in Note 18) is considered adequate to address any remaining liability of members of the consolidated entity.

Latex Allergy Litigation

As at 30 June 2006, there were approximately eight product liability cases pending against one or more subsidiaries 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 subsidiaries of the Company, in an effort to recover their costs related to the latex litigation. In some cases, judgement has been entered against a subsidiary. The relevant subsidiaries 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 consolidated entity, however they are not considered to have a material potential impact on the results either individually or on an aggregate basis.

Business and Asset Sales

The Company and various subsidiaries have, as part of the consolidated entity 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 subsidiaries, to the purchasers of 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 consolidated entity. From time to time, the Company has received notices from purchasers of its businesses and assets 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 consolidated entity.

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 consolidated entity s claims against the Non-bankrupt Entities may only be asserted against Exide Technologies, Inc., a company which has emerged from bankruptcy.

The consolidated entity has requested that the Court reconsider its decision and the Court has denied that request. The consolidated entity has filed an appeal to the United States District Court (the Appeal Court) and, under the rules of the Appeal Court, the consolidated entity participated in a mediation with the Exide Group. The mediation did not result in an agreement among the parties regarding any of the claims each has asserted against the other. The parties have fully briefed the issues on appeal, but no decision has yet been issued by the Appeal Court. The consolidated entity will continue to pursue recovery of the amounts owed by the Exide Group, but as to the reorganized company, Exide Technologies, Inc, the consolidated entity expects to recover only stock in that company. The ultimate amount of the consolidated entity 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.

24. 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.

Table of Contents

Item 18 : Consolidated Financial Statements

24. Financial Instruments (continued)

(ii) Foreign Exchange Options

This is a contract between two parties, which gives the buyer of the put or call option the right, but not the obligation, to transact at a specified exchange rate. The consolidated entity typically uses a combination of a bought and sold option, generally for zero cost, to hedge foreign currency receivable and payable cash flows out to one year.

(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 exposure to interest rate risk and the effective weighted average interest rate for classes of income earning financial assets and interest bearing financial liabilities is set out below:

	Weighted Average Effective Interest Rate		Fixed Interest repricing in:			Non	
$ in millions	**%**	**Floating**	**1 year or less**	**1 to 5 years**	**Over 5 years**	**Interest Bearing**	**Total**
Consolidated							
2006							
Interest earning financial assets							
Cash on hand and at bank	3.4%	35.2	10.4			29.8	75.4
Short-term and restricted deposits	4.9%	183.5	56.3			2.8	242.6
Interest bearing financial liabilities							
Bank overdraft	4.7%	(13.6)				(1.4)	(15.0)
Bank and other loans	5.3%	(78.2)	(33.3)	(236.7)	(27.0)		(375.2)
Effect of interest rate swaps	(1.3)%	12.2		(12.2)			
		139.1	**33.4**	**(248.9)**	**(27.0)**	**31.2**	**(72.2)**
2005							
Interest earning financial assets							
Cash on hand and at bank	1.6%	19.2	6.5			43.7	69.4
Short-term and restricted deposits	4.5%	48.8	105.4			3.7	157.9
Receivables - other	6.1%	66.8				44.8	111.6
Interest bearing financial liabilities							
Bank overdraft	4.5%	(0.3)				(1.1)	(1.4)
Bank and other loans	5.1%	(127.7)	(43.6)	(192.6)			(363.9)
Effect of interest rate swaps	(0.8)%	38.0		(38.0)			
		44.8	**68.3**	**(230.6)**		**91.1**	**(26.4)**

Credit Risk and Net Fair Value

(i) Credit Risk

The credit risk on financial assets, excluding investments, of the consolidated entity which have been recognised on the balance sheet, is the carrying amount, net of any provision for impairment.

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.

Table of Contents

Item 18 : Consolidated Financial Statements

24. Financial Instruments (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 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 ($1.5 million) (2005 - $2.8 million), if all contracts were closed out on 30 June 2006.

	Face Value		Credit Risk		Net Fair Value	
$ in millions	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**
Foreign Exchange Contracts						
Purchase/Sale Contracts:						
- U.S. dollars	26.5	78.5	0.1	0.5		0.4
- Australian dollars	87.8	5.0	0.1			
- Euro	39.6	20.7	0.1		(0.2)	(0.7)
- Other currencies	8.7	5.3			(0.2)	(0.1)
Cross Currency Swaps:						
- U.S. dollars	24.5	23.7	0.1	0.9	0.1	(0.1)
Foreign Exchange Options						
Zero Cost Collar						
- Euro/U.S. dollars	124.8	99.3	0.8	2.6	(1.2)	3.1
- U.S. dollars/Thai baht	39.1	16.5	7.0	0.4	(0.1)	
- Australian dollars/U.S. dollars	27.0	6.0	0.5		0.6	
- Canadian dollars/U.S. dollars	42.9	29.1	0.2	0.2	(0.9)	(0.1)
- Pounds sterling/U.S. dollars	2.2	0.9				
- U.S. dollars/Euro		6.6				
- U.S. dollars/Mexican peso	19.7		2.5		(0.1)	
Interest Rate Contracts						
Interest Rate Swaps:						
- U.S. dollars	12.2	38.0	0.5	0.4	0.5	0.3
Total	**455.0**	**329.6**	**11.9**	**5.0**	**(1.5)**	**2.8**

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.

Table of Contents

Item 18 : Consolidated Financial Statements

24. Financial Instruments (continued)

(v) Credit Risk by Maturity

The following table indicates the value of amounts owing by counterparties by maturity. Based on the 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.

$ in millions	Foreign Exchange Related Contracts 2006	Foreign Exchange Related Contracts 2005	Interest Rate Contracts 2006	Interest Rate Contracts 2005	Foreign Exchange Options 2006	Foreign Exchange Options 2005	Total 2006	Total 2005
Term:								
0 to 6 mths	0.4	0.5			3.9	2.1	4.3	2.6
6 to 12 mths					7.1	1.1	7.1	1.1
1 to 2 yrs		0.9						0.9
2 to 5 yrs			0.5	0.4			0.5	0.4
Total	**0.4**	**1.4**	**0.5**	**0.4**	**11.0**	**3.2**	**11.9**	**5.0**

(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 balance sheet and the expected timing of recognition as revenue or expense:

$ in millions	Interest Rate 2006	Interest Rate 2005	Foreign Exchange 2006	Foreign Exchange 2005
Realised Swaps Deferred				
1 to 2 years	(0.2)	(0.3)		
2 to 5 years	(3.0)	(3.6)		
Unrealised Swaps Deferred				
Less than 1 year	(0.5)		0.9	

Table of Contents

Item 18 : Consolidated Financial Statements

25. Key Management Personnel Disclosures

Details of remuneration

Directors of Ansell Limited

Details of the remuneration of all directors of Ansell Limited is set out in the following tables:

	Short-term Benefits			Post Employment Benefits	Share-based Payments	
	Cash salary and fees	Cash bonus	Non-monetary benefits	Superannuation Contributions	Options and Performance Share Rights	Total
2006	**$**	**$**	**$**	**$**	**$**	**$**
Non-executive						
P L Barnes	206,879			18,707		225,586
G L L Barnes	77,715					77,715
R J S Bell	85,736			2,928		88,664
L D Crandall	98,145			8,833		106,978
H J Elliott	97,538		11,774	8,778		118,090
M J McConnell	32,827			2,954		35,781
E D Tweddell	21,484			1,934		23,418
Executive						
D D Tough (CEO and Managing Director)	984,164	1,059,949	189,936	229,062	637,804	3,100,915
Total	1,604,488	1,059,949	201,710	273,196	637,804	3,777,147

	Short-term Benefits			Post Employment Benefits	Share-based Payments	
	Cash salary and fees	Cash bonus	Non-monetary benefits	Superannuation Contributions	Options and Performance Share Rights	Total
2005	**$**	**$**	**$**	**$**	**$**	**$**
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 D Tough (CEO and Managing Director)	854,139	705,283	70,637	114,260	1,409,968	3,154,287
Total	1,427,889	705,283	106,692	165,898	1,409,968	3,815,730

108

Table of Contents

Item 18 : Consolidated Financial Statements

25. Key Management Personnel Disclosures (continued)

Details of remuneration (continued)

Other Key Management Personnel

Details of the remuneration of each of the Other Key Management Personnel of the consolidated entity are set out in the following tables:

	Short-term Benefits			Post Employment Benefits	Termination Benefits	Share-based Payments	
	Cash salary and fees	Cash bonus	Non-monetary benefits	Superannuation Contributions		Options and Performance Share Rights	Total
2006	**$**	**$**	**$**	**$**	**$**	**$**	**$**
P W Corke	332,906	214,854	58,925	71,861		199,427	877,973
W Heintz	532,222	233,649	61,092	150,718		219,561	1,197,242
R F Jilla	489,971	316,266	50,305	107,635		462,249	1,426,426
N R O Donnell	212,000	91,201	33,967	42,400		126,855	506,423
W Reed	366,167	75,074	139,087	92,115		216,290	888,733
W G Reilly	352,688	227,746	37,459	75,655		199,427	892,975
Total	2,285,954	1,158,790	380,835	540,384		1,423,809	5,789,772

	Short-term Benefits			Post Employment Benefits	Termination Benefits	Share-based Payments	
	Cash salary and fees	Cash bonus	Non-monetary benefits	Superannuation Contributions		Options and Performance Share Rights	Total
2005	**$**	**$**	**$**	**$**	**$**	**$**	**$**
P W Corke	315,147	179,385	60,080	59,193		133,886	747,691
W Heintz	365,737	129,230	220,903	117,218		181,757	1,014,845
R F Jilla	442,181	261,603	35,593	94,540		403,242	1,237,159
N R O Donnell	205,000	49,003	33,768	41,000		98,535	427,306
W Reed	348,074	126,380	161,811	83,260		176,855	896,380
W G Reilly	321,794	183,122	36,255	62,329		133,886	737,386
P Soszyn*	178,879	112,712	16,920	24,855	752,784	26,863	1,113,013
Total	2,176,812	1,041,435	565,330	482,395	752,784	1,155,024	6,173,780

* P Soszyn ceased employment on 28 February 2005 and is included in the above table as he met the definition of one of the highest remunerated executives for the year under the Corporations Act. Mr Soszyn would not have met the definition of a key management person under AASB 124 *Related Party Disclosures* and as such is excluded from the comparative information in respect of other disclosures required by AASB 124.

Table of Contents

Item 18 : Consolidated Financial Statements

25. Key Management Personnel Disclosures (continued)

Equity Instruments

Options and Performance Share Rights (PSRs) granted as compensation

Equity grants made to Key Management Personnel

The number of PSRs granted to key management personnel as compensation is set out in the tables below. No grants of options were made.

2006	Number of PSRs granted during the year	Future financial years that grant may vest	Maximum total value of grant ($ per tranche) [1]
P W Corke	25,000	2007	81,913
		2008	80,330
		2009	78,757
W Heintz	25,000	2007	81,913
		2008	80,330
		2009	78,757
R F Jilla	55,000	2007	180,213
		2008	176,730
		2009	173,256
N R O Donnell	15,000	2007	49,150
		2008	48,200
		2009	47,250
W Reed	25,000	2007	81,913
		2008	80,330
		2009	78,757
W G Reilly	25,000	2007	81,913
		2008	80,330
		2009	78,757

[1] The values per PSR were calculated as $9.83, $9.64 and $9.45 for the tranches that may vest in 2007, 2008 and 2009 respectively.

2005	Number of PSRs granted during the year	Future financial years that grant may vest	Maximum total value of grant ($ per tranche) [2]
P W Corke	20,000	2006	50,928
		2007	49,936
		2008	48,936
W Heintz	25,000	2006	63,664
		2007	62,415
		2008	61,172
R F Jilla	50,000	2006	127,329
		2007	124,836
		2008	122,336
N R O Donnell	20,000	2006	50,928

		2007	49,936
		2008	48,936
W Reed	25,000	2006	63,664
		2007	62,414
		2008	61,172
W G Reilly	20,000	2006	50,928
		2007	49,936
		2008	48,936

(2) The values per PSR were calculated as $7.64, $7.49 and $7.34 for the tranches that may vest in 2006, 2007 and 2008 respectively.

Table of Contents

Item 18 : Consolidated Financial Statements

25. Key Management Personnel Disclosures (continued)

Equity Instruments (continued)

Options and Performance Share Rights (PSRs) granted as compensation (continued)

Movement in Options and PSRs on issue

The movement in the number of options and PSRs over ordinary shares of Ansell Limited held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

2006	Held at 1 July 2005	Granted during the year	Options exercised/ PSRs vested during the year	Options lapsed/ forfeited	Held at 30 June 2006	Vested at the date of this report