

ANSELL LTD
Form 20-F
March 29, 2005

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 20-F

(Mark One)

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

OR

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

For the fiscal year ended 30 June 2004

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)

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(Exact name of Registrant as specified in its charter)

Ansell Limited

(Translation of Registrant's name into English)

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.

<u>Title of each class</u>	<u>Name of each exchange on which registered</u>
None	None

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

Ordinary Shares

American Depositary Shares*

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

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 176,310,916 (at 30 June 2004)**

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** This figure includes 1,140,936 shares represented by the 285,234 American Depositary Shares outstanding on 30 June 2004.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

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

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Item 1 : Identity of Directors, Senior Management and Advisors

Not Applicable

Item 2 : Offer Statistics and Expected Timetable

Not Applicable

Item 3 : Key Information**3A SELECTED FINANCIAL DATA**

The following selected financial data for the five year period ended 30 June 2004 has been derived from Ansell Limited's audited consolidated financial statements (the Financial Statements) and should be read in conjunction with and are qualified in their entirety by reference to those statements and accompanying notes thereto. Such Financial Statements have been audited by KPMG, Independent Registered Public Accounting Firm.

Except as set forth below, Ansell Limited's consolidated financial statements are prepared in accordance with Australian GAAP, which varies in certain material respects from U.S. GAAP. For discussion of the major differences and a reconciliation of the material differences between Australian GAAP and US GAAP as they relate to Ansell Limited, see Notes 39 and 40 to the Consolidated Financial Statements. Refer Note 39(r) for details regarding the restatement of certain amounts in the US GAAP results for the years ended 30 June 2003, 2002, 2001 and 2000.

In millions of A\$, except per share
& per ADS amounts

	For Years Ended 30 June				
	2004	2003	2002	2001	2000
STATEMENT OF FINANCIAL PERFORMANCE DATA					
Amounts prepared in accordance with Australian GAAP :					
Sales revenue (excluding South Pacific Tyres)	1,113	1,294	2,223	4,157	5,726
Profit/(loss) before income tax	94	80	(57)	54	(53)
Income tax expense	21	27	56	190	30
Outside equity interest after tax	2	3	(3)	(3)	(4)
Net profit/(loss) after income tax	71	50	(116)	(139)	(87)
Amounts prepared in accordance with US GAAP (Restated) :					
Sales revenue from continuing operations	1,113	1,294	1,414	1,412	1,173
Income/(loss) from continuing operations	83	69	(126)	(281)	(33)
Net income/(loss)	90	51	(172)	(207)	(42)
SHARE INFORMATION ⁽¹⁾					
Amounts prepared in accordance with Australian GAAP :					
Number of shares on issue (millions)	177	187	188	188	209
Basic Earnings per share (\$ s)	0.39	0.27	(0.62)	(0.72)	(0.42)
Basic Earnings per ADS (\$ s)	1.56	1.08	(2.48)	(2.88)	(1.68)
Dividends provided for or paid	31			47	103
Dividends per ordinary share (\$ s)	0.17			0.05	0.10
Dividends per ADS (\$ s)	0.68			0.20	0.40
Dividends per ADS US\$ ⁽²⁾	0.48			0.10	0.23
Amounts prepared in accordance with US GAAP (Restated) : ⁽³⁾					
Basic Earnings per share continuing operations ⁽⁴⁾ (\$ s)	0.46	0.37	(0.67)	(1.45)	(0.16)
Basic Earnings per ADS continuing operations (\$ s)	1.84	1.48	(2.68)	(5.80)	(0.64)
Basic Earnings per share net income/(loss) (\$ s)	0.50	0.27	(0.92)	(1.07)	(0.20)
Basic Earnings per ADS net income/(loss) (\$ s)	2.00	1.12	(3.68)	(4.28)	(0.80)
STATEMENT OF FINANCIAL POSITION DATA (AT YEAR END)					
Amounts prepared in accordance with Australian GAAP :					
Current assets	749	761	822	1,803	3,344

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Total assets	1,499	1,579	1,833	3,476	5,086
Current liabilities	404	368	389	1,450	2,863
Non-current liabilities	283	366	568	960	723
Shareholders' equity	812	845	876	1,066	1,500
<i>Amounts prepared in accordance with US GAAP (Restated)⁽³⁾ :</i>					
Current assets	749	761	821	1,802	3,342
Total assets	1,591	1,615	1,844	3,546	5,190
Current liabilities	405	367	389	1,427	2,797
Long term debt (including leases)	236	320	517	862	628
Shareholders' equity	880	864	874	1,139	1,653

Item 3 : Key Information**3A SELECTED FINANCIAL DATA (continued)**

- (1) Effective 12 April 2002, Ansell Limited reduced the number of ordinary shares and exercisable options on issue by means of a 1 for 5 share consolidation, which received shareholder approval at an Extraordinary General Meeting held on 12 April 2002. Where appropriate prior year comparatives have been adjusted to take into account this share consolidation.
- (2) US\$ amount of A\$ dividends translated at the Noon Buying Rate on the respective A\$ dividend payment dates, which represents approximately the actual US\$ dividend paid to holders of American Depositary Shares (ADSs) by the Depositary.
- (3) The principle differences between Australian GAAP and US GAAP are explained in Notes 39 and 40 to the Consolidated Financial Statements.
- (4) Diluted earnings per share are the same as basic earnings per share.

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 28 February 2005 was 0.7880.

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

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February 2005	0.7922	0.7650
January 2005	0.7765	0.7553
December 2004	0.7819	0.7515
November 2004	0.7905	0.7464
October 2004	0.7484	0.7203
September 2004	0.7256	0.6880

For the last five fiscal years

US\$ per A\$1.00	2004	2003	2002	2001	2000
Average Rate ⁽¹⁾	0.7016	0.5865	0.5221	0.5377	0.6280

⁽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 Depository of cash dividends paid in A\$ on the ordinary shares underlying the ADSs.

Item 3 : Key Information**3A SELECTED FINANCIAL DATA (continued)**

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

3B CAPITALISATION AND INDEBTEDNESS

Not Required

3C REASONS FOR THE OFFER AND USE OF PROCEEDS

Not Required

3D RISK FACTORS

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

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

Due to the worldwide locations of Ansell's manufacturing facilities, a substantial portion of costs are incurred in currencies other than Australian dollars, primarily the U.S. dollar and currencies of various Southeast Asian countries. In fiscal years 2002, 2003 and 2004 all Ansell's manufacturing costs in respect of its continuing operations 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. For each of fiscal years 2002 and 2003, approximately 95% and in 2004 approximately 94% of net sales were denominated in currencies other than Australian dollars. Net sales and costs are not aligned in certain regions, which limits natural currency hedges.

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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.

Item 3 : Key Information

3D RISK FACTORS (continued)

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

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

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

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

the operating and stock price performance of other comparable companies,

changes in financial estimates by securities analysts,

changes in Ansell's expected capital needs, and

announcements relating to strategic relationships, mergers or consolidations by Ansell's competitors or us.

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 common stock. General economic, political and market conditions, like recessions and interest rate fluctuations, may also have an adverse effect on the market price of Ansell Limited's shares.

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

In fiscal year 2004, approximately 89% of the Ansell's manufacturing operations, measured in terms of cost of production, and approximately 61% 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 have operations that could adversely affect the financial results, restrict Ansell's ability to expand or limit the current operations.

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Ansell's plants outside the United States are located in Malaysia, Thailand, Sri Lanka, India, Mexico, and the U.K. as are those of many of Ansell's competitors. As a result, we are directly affected by the political and economic conditions, to the extent that they affect on the export of product from manufacturing plants that exist in those parts of the world. 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 currently defendants in numerous product liability lawsuits alleging fault for allergic reactions to natural rubber latex gloves experienced by some users. As of 30 June 2004, Ansell was a defendant along with other manufacturers and distributors of latex gloves in 46 lawsuits 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.

Item 3 : Key Information

3D RISK FACTORS (continued)

The lawsuits allege, among other things, that the defendants were negligent in the design and manufacture of the gloves and failed to adequately warn users of the possibility of allergic reactions to latex products. As of 30 June 2004, the 46 lawsuits pending against us in the United States represented approximately 50% of outstanding latex related cases filed against all defendants in the United States.

In the United States, we had 367 and 313 latex allergy lawsuits pending against us at 30 June 2002 and 30 June 2003, respectively. We are unable to anticipate how many additional plaintiffs may file similar lawsuits or how many lawsuits may be filed in other countries.

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

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

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

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

Ansell accounted for approximately 4% of worldwide liquid natural latex consumption in fiscal 2004.

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.

Item 4 : Information on the Company**OVERVIEW**

The fiscal year of Ansell Limited (Ansell Limited or the Company, which, unless the context otherwise requires, includes Ansell Limited and its consolidated subsidiaries) ends on 30 June. The fiscal year ended 30 June 2004 is referred to herein as 2003-2004 or fiscal year 2004 and other fiscal years are referred to in a similar manner.

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

4A HISTORY AND DEVELOPMENT OF THE COMPANY

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

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

In 1980, the Company merged with another Australian industrial company, Olympic Consolidated Industries Limited (Olympic), which was engaged in the tire, polyurethane foam, cable and polystyrene businesses. Both the Company and Olympic had substantial tire manufacturing operations in an industry with over capacity, and the merger led to significant consolidation. After the merger, the Company operated under the name Dunlop Olympic Limited until 1986, when it changed its name to Pacific Dunlop Limited.

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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.

Item 4 : Information on the Company

4A HISTORY AND DEVELOPMENT OF THE COMPANY (continued)

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

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

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

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

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

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

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

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

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

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

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

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

In addition to the above, the Company also released announcements concerning 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.

Item 4 : Information on the Company

4A HISTORY AND DEVELOPMENT OF THE COMPANY (continued)

As part of the agreement, an option in favour of the Company was executed (exercisable between August 2005 and August 2006) which enables the Company to put the 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, its contribution being limited to its equity invested of \$140 million and its current loans of \$56.3 million.

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

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

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

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

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

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

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

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

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

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

Refer to Item 5.B for information on the Company's principal capital expenditures and divestitures since the beginning of the last three financial years. There are no material capital expenditures or divestitures currently in progress.

Item 4 : Information on the Company**4B Business Overview****ORGANIZATION**

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

ANSELL HEALTHCARE

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

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

<u>\$ in millions</u>	<u>For Years Ended 30 June</u>		
	<u>2004</u>	<u>2003</u>	<u>2002</u>
Sales	1,113	1,294	1,414
Operating Profit	146	160	162
Gross Assets ⁽¹⁾	663	707	865
Employees	11,509	11,991	12,118

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

Ansell operates in three broad market segments: Professional Healthcare (surgeons and examination gloves); Occupational Healthcare (industrial hand protection); and Consumer Healthcare (condoms and household gloves). The Company is organized across three geographic regions – the Americas, Europe and Asia Pacific – supported by a shared operations/supply chain, a Science and Technology group and global marketing teams. More than 48 percent of Ansell's sales in fiscal year 2004 were in the Americas, with a further 36 percent in the European region and the balance in Asia Pacific. Refer to Item 5.A. for additional information on the breakdown of total revenues by category of activity and geographic market.

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Medical gloves are marketed principally under the umbrella brands of Ansell and Ansell Perry and specific product brands include Gammex, Conform, Encore, Nutex, MicroOptic, X-AM, Synsation, Dermaclean, Nitratouch, Allergard, Surgikos, Maxxus, Neutralon, Ultralon, Dispos-a-Glove, 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, Solvex, Hycron, 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.

With the exception of most types of industrial gloves and some medical gloves, Ansell Healthcare's products are predominantly made of natural and synthetic latex and, accordingly, share common manufacturing processes and polymer dipping technology. 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 low cost and that it has a flexible supply and logistics infrastructure that allows it to switch production between various products 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 80% of the product sourced is manufactured at these facilities with the balance outsourced under strict quality and performance specifications.

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, which produces medical surgical gloves; Allegiance (a Division of Cardinal Healthcare), which manufactures and distributes medical examination and surgical gloves; MAPA, (a subsidiary of the French TOTAL group) which produces household and light industrial gloves and condoms; Kimberley Clark Corporation, a U.S. company that manufactures and markets disposable latex and synthetic glove products; Sempermed (a Division of Austria's Semperit), which produces disposable medical gloves; and Church & Dwight, which is a major producer of condoms in the United States.

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

Discontinued Operations

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

The following table sets forth certain information with respect to these discontinued operations for the periods and dates indicated.

<u>\$ in millions</u>	<u>For Years Ended 30 June</u>		
	<u>2004</u>	<u>2003</u>	<u>2002</u>
Sales			809
Operating Profit			61
Gross Assets ⁽¹⁾	210	223	253
Employees			

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

The major business groups divested during the last three years are as follows:

Pacific Brands

The Pacific Brands business was sold in November 2001 for \$730 million to an investor consortium led by CVC Asia Pacific and co-led by Catalyst Investment Managers Pty Ltd.

Pacific Brands was a large Australian consumer goods business marketing many brands that are household names and was organised into four key operating groups: Clothing, Household Products, Footwear and Sport, Leisure and Workwear.

Pacific Automotive

The Company sold its Australian and New Zealand automotive parts business effective 31 August 2001 for \$251.5 million to a company owned and funded by GS Private Equity, Gresham Private Equity and Macquarie Direct Investment.

Pacific Automotive traded under the trade names of Repco Auto Parts, CarParts, Autopro, Motospecs, Ashdown and Appco and was a supplier of general autoparts selling to the trade, service stations and reseller markets.

Item 4 : Information on the Company**4B BUSINESS OVERVIEW** (continued)**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 Ansell Healthcare's 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 the Company markets its products. 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

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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. 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.

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, including Ansell Healthcare's overseas 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.

Item 4 : Information on the Company**4B BUSINESS OVERVIEW (continued)****REGULATION AND ENVIRONMENTAL MATTERS (continued)****United States (continued)**

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

Ansell's condom manufacturing facilities in Bangalore, India and Surat Thani, Thailand were placed on Level 2 detention in March 2003. The import alerts remained in effect for approximately 1 month and were lifted in April 2003. Ansell's glove manufacturing facility in Shah Alam, Malaysia was placed on Level 1 detention in October 2002. The import alert remained in effect for 3 months and was lifted on January 6, 2003. See also Item 5A Operating Results .

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.

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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.

Item 4 : Information on the Company**4B Business Overview** (continued)**REGULATION AND ENVIRONMENTAL MATTERS** (continued)**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.

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

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

4C ORGANISATIONAL STRUCTURE

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

4D PROPERTY, PLANTS AND EQUIPMENT

Set out below is a breakdown by geographic location of the Company's manufacturing facilities (with distribution facilities attached to manufacturing facilities not counted separately), as at 30 June 2004.

Geographic Region**Products Produced**

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		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 and surgical gloves	1
India	Surgical gloves and condoms	3
Total		15

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

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

Item 4 : Information on the Company

4D PROPERTY, PLANTS AND EQUIPMENT (continued)

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

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

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

Item 5 : Operating and Financial Review and Prospects**5A OPERATING RESULTS**

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

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

The following tables set forth the contributions of each business group to sales revenue and operating profit of the Company for the fiscal years ended 30 June 2002, 2003 and 2004:

OPERATING REVENUE BY BUSINESS GROUP ⁽¹⁾

(EXCLUDING UNALLOCATED & NON RECURRING ITEMS ⁽²⁾)

<u>\$ In millions</u>	<u>For Years Ended 30 June</u>				
	<u>2004</u>	<u>% change</u>	<u>2003</u>	<u>% change</u>	<u>2002</u>
Occupational Healthcare	545	(12.8%)	625	(2.3%)	640
Professional Healthcare	382	(15.7%)	453	(17.2%)	547
Consumer Healthcare	186	(13.9%)	216	(4.8%)	227
Total Healthcare	1,113	(14.0%)	1,294	(8.5%)	1,414
Discontinued Businesses					809
Total Operating Revenue	1,113	(14.0%)	1,294	(41.8%)	2,223

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

⁽²⁾ Refer to Industry Segments in Item 18 Financial Statements for details of Non Recurring Items.

OPERATING PROFIT BEFORE TAX ⁽¹⁾

<u>\$ in millions</u>	<u>For Years Ended 30 June</u>				
	<u>2004</u>	<u>% change</u>	<u>2003</u>	<u>% change</u>	<u>2002</u>
Occupational Healthcare	74	17.5%	63	70.3%	37
Professional Healthcare	41	(24.1%)	54	(41.9%)	93
Consumer Healthcare	32	(25.6%)	43	30.3%	33
Unallocated Items and Eliminations	(35)		(48)		(57)
Non Recurring/Discontinued Businesses	(2)		(6)		(108)
Net Interest, including borrowing costs	(17)		(27)		(55)
Total Operating Profit Before Tax	93	17.7%	79		(57)

(1) The operating profit figures in this table exclude unrealised operating profit on inventory which has been purchased by one business group from another.

SALES REVENUE BY GEOGRAPHIC MARKET

The following table sets forth the Company's sales revenue from continuing businesses by geographic market for the fiscal years ended 30 June 2002, 2003 and 2004. The revenue has been classified by location of the customer and excludes intergroup sales.

<u>\$ in millions</u>	<u>For Years Ended 30 June</u>		
	<u>2004</u>	<u>2003</u>	<u>2002</u>
Australia, New Zealand and Southeast Asia	168	174	170
North, Central and South America	545	656	800
Europe	400	464	444
Total	1,113	1,294	1,414

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 \$70.7 million for the year ended 30 June 2004, which was 42% higher than the profit of \$49.9 million in the previous year due to improved margins and lower expenses, net interest and taxation.

Operating Revenue

Total revenue in 2003/2004 of \$1,131.1 million included other revenue of \$5.3 million, which related to proceeds from the sale of non-current assets. Total revenue in 2002/2003 was \$1,320.1 million compared with \$3,190.4 million in 2001/2002 which included \$939.7 million of proceeds from the sale of businesses.

Sales revenue in 2003/2004 from Healthcare businesses (Occupational, Professional and Consumer) was \$1,113.3 million, compared with \$1,293.6 million in 2002/2003 and \$1,414.2 million in 2001/2002. The decrease in sales revenue over the last two years was largely due to the strengthening of the Australian dollar against the US dollar.

Operating Profit from Ordinary Activities before Income Tax Expense

Ansell Limited recorded an Operating Profit of \$93.3 million for 2003/2004, compared to a profit of \$79.3 million for 2002/2003 and a loss of \$57.2 million in 2001/2002.

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

The 2001/2002 result was impacted by a \$99.9 million write-down of all amounts owing by and shares held in Exide Technologies of the USA, as a result of this company filing for bankruptcy protection under Chapter 11 of the U.S. Bankruptcy Code. In addition, the manufacturing

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facility at Troy, Alabama in the USA was written-down by \$63.1 million, following its announced closure. The 2001/2002 result also included a net gain of \$25.7 million on the divestiture of businesses.

Income Tax Expense

Income tax expense for the year was \$20.7 million, compared to the previous year's \$26.8 million and \$55.8 million for 2001/2002. In the 2004 fiscal year the Company continued to benefit from the utilisation of unbooked US tax losses.

The 2001/2002 tax expense included the write off of tax balances attributable to the Australian operations of \$15.2 million.

Item 5 : Operating and Financial Review and Prospects

5A OPERATING RESULTS (continued)

ANSELL HEALTHCARE

YEAR ENDED JUNE 2004 v JUNE 2003

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

Occupational Healthcare

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

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

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

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

Professional Healthcare

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

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

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

Consumer Healthcare

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

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

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

Item 5 : Operating and Financial Review and Prospects

5A OPERATING RESULTS (continued)

YEAR ENDED JUNE 2003 v JUNE 2002

Ansell Healthcare's sales of \$1,293.6 million were 8.5% lower than the previous year, while operating profit of \$159.6 million was 1.7% lower. Both sales and operating profit were materially impacted by currency movements compared to the prior period.

Occupational Healthcare

Sales of \$624.9 million were lower than the previous year by 2.4% while operating profit of \$62.9 million was higher by 70%. Operating profit margin increased from 5.8% to 10.1%.

This segment accounted for approximately 48% of Ansell Healthcare's total revenues and 39% of operating profit.

The premium HyFlex® family of lightweight, ergonomic gloves continued to show robust growth during fiscal year 2003. The Occupational Value Proposition (OVP) program targets major industrial glove users, and is designed to leverage Ansell's expertise in hand injury prevention to offer an innovative program addressing the total cost of worker hand protection and productivity improvement.

During the period, the restructuring of Occupational Healthcare's manufacturing operations started to produce improved operating profits from reduced manufacturing costs. The Troy plant was closed during fiscal year 2003.

Despite the sluggish global economy, Occupational Healthcare delivered positive volume, market share and profit growth.

Professional Healthcare

Sales of \$452.6 million were lower than the prior period by 17.2% while operating profit of \$53.9 million was lower by 41.9%. Operating profit margin decreased from 17% to 11.9%.

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It accounts for approximately 35% of Ansell Healthcare's revenue and 34% of operating profit.

During fiscal year 2003, outstanding performances in Asia Pacific and Europe were offset by first half surgeons' gloves supply interruption in the USA and examination glove price reductions. Operating expenses were higher in the second half due to non-recurring airfreight costs in resupplying the surgeons' gloves market and higher latex raw material costs. Surgeons' gloves supply improved markedly in the second half, and distributor inventories returned to normal levels.

Concern about latex sensitivity among healthcare workers, increased awareness of hand hygiene and better infection control continue to drive growth, especially in the powder-free and synthetic segments of the market. In Germany, France, the UK, the Nordic region and Australia, Ansell saw very high conversion rates to powder-free gloves.

The emergence of the SARS epidemic and global awareness of the virus in fiscal year 2003 helped drive some Asian markets to disposable (single-use) products. SARS also focused the worldwide healthcare industry on the importance of better infection control procedures and the role of high-quality gloves as barriers against infection.

The examination glove market also continued to convert to powder-free and synthetic gloves. Due to the lower barriers of entry into this market, there has been an increased supply of lower-cost gloves and difficulty in differentiating our premium products, resulting in a deterioration of pricing. However, substantial cost increases in natural rubber latex raw material forced some producers of low-end examination gloves to increase their selling prices, leading to a period of more stable prices in the premium segment through the second half of the year.

Item 5 : Operating and Financial Review and Prospects

5A OPERATING RESULTS (continued)

Consumer Healthcare

Sales of \$216.1 million were lower than the prior period by 4.8%, while operating profit of \$42.8 million was higher by 30.3%. Operating profit margin increased from 14.4% to 19.8%.

Consumer Healthcare is approximately 17% of Ansell Healthcare's revenues and 27% of operating profit. Consumer Healthcare ranks in the global top 3 in the condom segment, covering both retail and public sectors.

The European Region saw gains in market share in the UK and France, based significantly on the new Xtra Pleasure condom. This success was replicated in the Asia Pacific Region, with strong improvement in New Zealand, Malaysia and Thailand. In the Americas Region, USA total branded retail condom market share held steady, while the important Public Sector segment remained strong.

DISCONTINUED BUSINESSES

YEAR ENDED JUNE 2004 v JUNE 2003

The business disposed of during 2001/2002 did not trade during the year.

YEAR ENDED JUNE 2003 v JUNE 2002

The business disposed of during 2001/2002 did not trade during the year.

Item 5 : Operating and Financial Review and Prospects**5B LIQUIDITY AND CAPITAL RESOURCES**

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

The Company operates a Central Treasury from its office in Melbourne, Australia. The Treasury manages Ansell's external debt, invests excess cash held centrally and acts to hedge all 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 2004 were \$318.1 million, compared with \$299.8 million at 30 June 2003 and \$276.9 million at 30 June 2002. Cash and deposits at 30 June 2004 included restricted deposits of \$10.3 million (\$13.8 million at 30 June 2003 and \$18.4 million at 30 June 2002) 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 2003/2004 was \$179.2 million compared to \$161.6 million in 2002/2003 and \$113.1 million in 2001/2002. This included \$7.1 million of non-recurring payments compared to \$26.8 million in the previous year and \$82.7 million in 2001/2002. In 2002/2003 payments in respect of Ansell Healthcare's restructuring program of \$15.1 million were a major component of these non-recurring payments.

Payments in respect of the Accufix Pacing Leads litigation and settlement totalled \$3.1 million compared with \$2.7 million in 2002/2003 and \$10.7 million in 2001/2002. Payments under operating leases for the year totalled \$20.0 million compared with \$24.1 million in 2002/2003 and \$37.5 million in 2001/2002. The Group anticipates payments of \$11.8 million over the next fiscal year to 30 June 2005 in respect of current operating lease commitments, with a further \$30.1 million payable during the period 1 July 2005 to 30 June 2009 and \$14.4 million in subsequent years.

Net cash used in investing activities

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Net cash used in investing activities was \$6.4 million compared to \$4.0 million provided by investing activities in 2002/2003 and \$874.5 million provided by investing activities in 2001/2002. The 2001/2002 fiscal year included \$936.4 million of proceeds from the sale of the Pacific Automotive and Pacific Brands businesses.

Item 5 : Operating and Financial Review and Prospects**5B LIQUIDITY AND CAPITAL RESOURCES (continued)**

Capital expenditure for the year was \$13.8 million, compared to \$15.4 million in 2002/2003 and \$34.3 million in 2001/2002. There are no material commitments for capital expenditure at 30 June 2004. The following table presents a summary of capital expenditure by Business Segment for the past three years:

<u>\$ in millions</u>	<u>For Years Ended 30 June</u>		
	<u>2004</u>	<u>2003</u>	<u>2002</u>
Occupational Healthcare	6	3	7
Professional Healthcare	5	9	13
Consumer Healthcare	3	3	2
Discontinued Businesses			12
Corporate Services			
Total	14	15	34

Net cash used in financing activities

Net cash used in financing activities was \$153.4 million, compared with \$117.8 million in 2002/2003 and \$1,041.1 million in 2001/2002. The strong cash flows of the Company enabled repayment of borrowings totalling \$36.6 million during the year following repayments of \$79.1 million and \$936.9 million in the previous two years and an on market buy back of over 11 million shares for \$65.4 million in 2003/2004 and \$8.2 million in 2002/2003. A further off market buy back of up to \$155 million has been approved for 2004/2005.

Net debt (i.e. borrowings including bills payable less cash) again reduced during the year falling from \$186.4 million in 2002/2003 to \$119.3 million at the end of 2003/2004. This reduction further improved balance sheet ratios for the Group with Net Debt to Equity falling from 22.0% to 14.7% and Net Liabilities to Equity decreasing from 53.1% to 46.3%.

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

	<u>Long Term</u>	<u>Outlook</u>	<u>Short Term</u>
Moody's	Ba1	Stable	Not Prime

Standard & Poor's

BB+

Stable

B

The current ratings from both rating organisations were updated during the year.

The Company's borrowing portfolio at 30 June 2004 had an average maturity of 816 days (previous year 699 days), and was approximately 77% fixed and 23% floating. The average cost of debt for the year was 6.15%, down from the previous year's 6.44%.

Net interest expense and borrowing costs for the year was \$16.8 million compared to the previous year's \$26.5 million and \$54.7 million in 2001/2002. The reduced costs resulted from the continued reduction in net debt, a lower cost of funds as older high-cost borrowings matured and were repaid or replaced by new lower-cost borrowings and a better return on cash.

On 30 April 2004, the Company entered into a new Revolving Credit Facility comprising a US\$200 million facility for 5 years and a US\$50 million facility for 364 days. It is envisaged that the 5 year facility will be used to repay maturing Medium Term Notes while the short-term facility will remain available as required. The new facility will result in a reduction in future borrowing costs. There are a number of financial covenants attaching to this new facility including restrictions on the level of borrowings of non guarantor subsidiaries, ensuring the assets of the guarantor subsidiaries are in excess of a specified percentage of total group assets and ensuring certain financial ratios are maintained. The interest rate for this facility is determined based on market rates at the time amounts are drawn down.

Currency Restrictions

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

Item 5 : Operating and Financial Review and Prospects**5C RESEARCH AND DEVELOPMENT**

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

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

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

We maintain relationships with several medical and materials research institutions, such as the University of Sydney (Australia), Drexel University, Johns Hopkins University (USA) and Clemson University. Ansell also supports ongoing research at the University of Tampere in Finland and the Medical College of Wisconsin, USA. 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 AnsellCares® Scientific Advisory Board, established in 1992, is composed of some of the leading latex allergy researchers worldwide. The Advisory Board's charter is to direct research into critical hand barrier protection issues, such as latex and chemical allergy, factors affecting glove barrier integrity and the development of synthetic glove polymers. Research groups on three continents are responsible for numerous scientific breakthroughs, and have presented their work at many national and international allergy conferences. The output from Ansell Healthcare's Advisory Board 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

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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.

Item 5 : Operating and Financial Review and Prospects**5F CONTRACTUAL OBLIGATIONS**

CONTRACTUAL OBLIGATIONS	PAYMENTS DUE BY PERIOD IN \$ MILLIONS				
	Total	LESS THAN 1 YEAR	1-3 YEARS	3-5 YEARS	MORE THAN 5 YEARS
Long-Term Debt Obligations	236.0		121.3	101.6	13.1
Operating Lease Obligations	56.3	11.8	17.2	12.9	14.4
Purchase Obligations					
Other Long-Term Liabilities	47.4		11.5	8.2	27.7
Total	399.7	11.8	150.0	122.7	55.2

5G SAFE HARBOUR

Not applicable

5H CRITICAL ACCOUNTING POLICIES

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

Our management has identified the following critical accounting policies.

Long-Lived Assets Valuation

Fixed assets, goodwill and brand names are assessed to ensure carrying values do not exceed estimated recoverable amounts. The carrying value of each long-lived asset is reviewed annually to evaluate whether the carrying amount is recoverable. Assets may be reviewed more regularly if an event or change in circumstances indicates that the carrying amount of an asset may not be recoverable. If the asset is determined to be

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impaired, an impairment loss will be recorded, and the asset written down, based upon the amount by which the asset carrying amount exceeds the higher of net realisable value and value in use. Value in use is generally determined by discounting expected future cash flows using a risk-adjusted discount rate. Future cash flows are estimated based on production and sales plans, commodity prices (considering current and historical prices, price trends and related factors), operating costs, and planned capital costs. These estimates are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter these projections, which may impact the recoverability of these assets.

Taxation

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

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

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

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

Item 5 : Operating and Financial Review and Prospects

5H CRITICAL ACCOUNTING POLICIES (Continued)

Provision for Doubtful Accounts

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

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

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

Inventory Valuation

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

Rationalisation and Restructuring

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

Contingencies, Accufix Pacing Lead Related Expenses and Insurance Claims

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

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

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 which Mr D. Tough is Chief Executive Officer and Managing Director. Mr. H. Boon resigned on 30 June 2004 and was replaced as Chief Executive Officer and Managing Director by Mr. D. Tough effective 1 July 2004. 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 2004 the Directors of Ansell Limited were as follows:

<u>Name</u>	<u>Age</u>	<u>Position</u>	<u>Year of Initial Appointment</u>	<u>Expiration of Current Term ⁽¹⁾</u>
Edward Tweddell	63	Chairman	2001	2005
Peter L. Barnes ⁽²⁾	61	Director	2001	2004
L. Dale Crandall	63	Director	2002	2005 ⁽³⁾
Herbert J. Elliott	66	Director	2001	2004
Michael J. McConnell ⁽⁴⁾⁽⁵⁾	38	Director	2004	2007

⁽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 Peter L. Barnes was re-elected by a vote of shareholders at the Annual General Meeting held in October 2004.

⁽³⁾ Mr L. Dale Crandall was appointed a Director in November 2002 and his appointment was confirmed by a vote of shareholders at the Annual General Meeting held in October 2003.

⁽⁴⁾ Mr. Michael J. McConnell was appointed to the Board on 16 April 2004 having actively served as alternate to Mr. Stanley P. Gold since October 2002. Mr. McConnell's appointment was confirmed by a vote of shareholders at the Annual General Meeting held in October 2004.

⁽⁵⁾ Mr. Stanley P. Gold has served as alternate to Mr. Michael J. McConnell since 16 April 2004.

As of 30 June 2004 the Executive Officers ⁽¹⁾ who were not Directors were:

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<u>Name</u>	<u>Position</u>	<u>Year of Initial Appointment</u>	<u>Commenced employment with Ansell Limited</u>
Phil Corke	Senior Vice President, Human Resources & Communications	1998	1998
Werner Heintz	Senior Vice President & Regional Director Europe	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.

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 2004 and as at the date of this report:

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

Chairman and Non-executive Director since October 2001. A Director of Australia Post and CSIRO, he is also Chairman of the Nepenthe Group Pty Ltd.

Dr Tweddell's experience includes 10 years with a multi-national pharmaceutical company primarily involved in medical affairs and drug development, an appointment as President and Chief Executive of a consumer-products healthcare company in Japan, and 8 years as Chief Executive of an Australian-based pharmaceutical company.

Resident Adelaide. Age 63

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

Appointed Non-executive Director in October 2001. He is Chairman of Samuel Smith & Son Pty Limited and a Director of The News Corporation Limited and Metcash Trading Limited. He is also President of the Winemakers Federation of Australia and a Member of the National Food Industry Council.

Mr Barnes has experience in senior roles in finance, marketing and general management in the international arena. His background includes a long career with a leading global consumer marketing organisation in USA, Europe, Asia and Australia.

Resident Sydney. Age 61

Doug D Tough, MBA, BBA

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Managing Director and Chief Executive Officer since 1 July 2004.

Prior to joining Ansell, Mr. Tough spent 17 years with Cadbury Schweppes plc in a number of international and domestic leadership roles, most recently as President and Chief Executive Officer of its largest division world wide, Dr Pepper/Seven Up, North America.

Resident USA. Age 55

L. Dale Crandall, MBA UC BERKELEY, CPA

Non-executive Director since November 2002. Director of Union Bank of California, Covad Communications Group and BEA Systems, 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 United States.

Resident USA. Age 63

Herbert J Elliott, AC, MBE, MA CANTAB

Non-executive Director since February 2001. Chairman of the Telstra Foundation Limited and Director of Fortescue Metals Group Limited and Board member of Athletics Australia.

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

Resident Perth. Age 66

Michael J McConnell AB, MBA (HONS) VIRGINIA

Managing Director Shamrock Capital Advisors Inc. and Shamrock Holdings Inc. and Chairman of Shamrock's Investment Committee. He is also a Director of Neo Technology Ventures.

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Mr. McConnell was appointed to the Board in April 2004 having actively served as Alternate Director to Mr. Stanley Gold since October 2002.

Mr McConnell has an investment banking background having served with Kidder Peabody and Merrill Lynch. He received an AB from Harvard University in Economics, and an MBA with honours from The Darden School of The University of Virginia.

Resident USA. Age 38

Item 6 : Directors, Senior Management and Employees

6A DIRECTORS AND SENIOR MANAGEMENT (Continued)

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

Non-executive Director since October 2001. President and Chief Executive Officer of Shamrock Holdings, Inc. and President of Shamrock Capital Advisors Inc.

Resident USA. Age 61

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

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.

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 2003-2004 as compensation to its Directors and its executive officers named below as a group was \$10,543,867.

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.

The following table sets out the remuneration provided to the Directors and the most highly remunerated officers of the Company and the Group (including those based overseas) for the financial year.

NON EXECUTIVE DIRECTORS	Cash salary and fees ^(a) (b)	Cash bonus (c)	Notional Value		Termination benefits	Other ^(f)	Total
			Superannuation Contributions (d)	of Equity Compensation (e)			
	A\$	A\$	A\$	A\$	A\$	\$A	A\$
E D Tweddell Chairman	234,375		21,094				255,469
P L Barnes	91,875		8,287				100,162
L D Crandall	82,500		7,425				89,925
H J Elliott	82,500		7,425				89,925
M J McConnell ^(g)	17,187		1,547				18,734
S P Gold(h)	65,625		5,906				71,531

MANAGING DIRECTOR AND OFFICERS^(o) OF THE COMPANY AND THE GROUP

H Boon ^{(i)(j)(l)} Group Managing							
Director and Chief Executive Officer	966,981	419,545	356,636	537,500	2,204,960	714,893	5,200,515
P Corke ^{(i)(l)}	320,613	149,685	20,123	97,573		43,119	631,113
W Heintz ^{(k)(m)}	386,845	190,824	125,926	152,988		259,624	1,116,207
R Jilla ^{(i)(l)}	398,978	190,009	29,162	407,732		51,223	1,077,104
N O Donnell	196,000	61,985	39,004	99,176		32,160	428,325
W Reed ^{(i)(l)}	363,401	122,118	19,605	142,945		58,032	706,101
W Reilly ^{(i)(l)}	334,866	159,351	19,092	97,572		22,139	633,020
D Tough ^{(i)(l)(n)}	124,715					1,021	125,736

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- (a) Comprises the cost to the Company of cash salary, non-cash benefits, expatriate assignment costs and associated taxes.
- (b) Includes fees in connection with Board and Board Committee responsibilities.
- (c) Performance-based payments pursuant to the Company's short-term incentive program.
- (d) For Directors includes notional contributions at the rate that satisfies Australian Superannuation Guarantee requirements. No amounts were required to be paid to the Australian Superannuation fund in respect of the year ended 30 June 2004 upon advice of the Trustee. For US based Executives, includes contributions to US benefit or non-qualified pension plans as applicable and to a European pension plan for Mr Heintz. For Messrs Boon and O'Donnell it also includes an imputed notional contribution to the Australian superannuation fund calculated at an actuarial rate.

Item 6 : Directors, Senior Management and Employees**6B COMPENSATION** (continued)

- (e) In accordance with the requirements of Accounting Standards, remuneration includes a proportion of the fair value of options or Performance Share Rights (PSRs) granted or outstanding during the year pursuant to the Company's equity-based long term incentive plan. 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 is not related to nor indicative of the benefit (if any) that individual executives may ultimately realise should the options or PSRs vest. No amount in respect of options or PSRs has been included in the determination of the remuneration of the Chief Executive Officer as the vesting period for these instruments commenced after balance date.

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 2004 financial year are as follows:

<u>Instrument</u>	<u>Number Issued</u>	<u>Grant Date</u>	<u>Expiry Date</u>	<u>Fair Value per Option/ PSR</u>	<u>Exercise Price</u>	<u>Share Price on Grant Date</u>	<u>Estimated Volatility</u>	<u>Risk Free Interest Rate</u>	<u>Dividend Yield</u>
Options	1,000,000	12/4/2002	30/6/2006	\$2.15	\$ 6.32	\$ 6.40	30.0%	6.0%	0.0%
Options	300,000	23/9/2002	23/9/2012	\$2.66 -\$2.70	\$ 6.97	\$ 6.88	20.0%	5.3%	0.0%
Options	525,000	30/6/2004	30/6/2014	\$2.35 -\$2.38	\$ 7.40	\$ 7.74	20.0%	6.1%	2.0%
PSRs	437,500	19/2/2003	30/6/2005	\$6.07	N/A	\$ 6.07	20.0%	N/A	0.0%
PSRs	515,000	18/12/2003	30/6/2006	\$5.89 -\$6.12	N/A	\$ 6.19	20.0%	N/A	2.0%
PSRs	150,000	30/6/2004	30/6/2007	\$6.94 -\$7.22	N/A	\$ 7.74	20.0%	N/A	2.0%

Estimated volatility is based on an analysis of historical share price data.

- (f) Includes cash benefits such as motor vehicle allowances, home office expenses, executive insurance, housing allowances and statutory amounts paid on termination of including accumulated annual leave and long service leave.
- (g) Mr M J McConnell was appointed as a director on 16 April 2004.
- (h) Mr S P Gold retired as a director and was appointed alternate director for Mr McConnell on 16 April 2004.
- (i) US-based Officers.
- (j) Notional value of Equity Compensation includes the notional value of 500,000 options granted in April 2002. The options, which have an exercise price of \$6.32 for each share acquired, vested upon achievement of performance conditions applicable to the 2004 year.

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- (k) European-based Officer.
- (l) US-based Officers are paid in US\$. The average exchange rate for the period, as set out in the Financial Statements, is US\$0.7016 = A\$1.00.
- (m) Europe-based Officer paid in . The average exchange rate for the period is 0.5775 = A\$1.00.
- (n) Mr Tough was appointed as an Executive on 11 May 2004 and Chief Executive Officer and Managing Director on 1 July 2004.
- (o) The Officers included in this disclosure are those executives having, during the year, the greatest authority for managing the Group. Other personnel who have not had such authority may have received remuneration at a level in excess of that shown for the executives named above.

The Company had agreements with each of the Non-executive Directors, which provided for benefits upon termination. These agreements were terminated at 30 June 2003.

The Company has operated two share plans for employees and Directors.

the Pacific Dunlop Executive Share Plan (Executive Plan); and

the Pacific Dunlop Employee Share Plan (Employee Plan).

No issue of shares has been made under either Plan since February 1994. The Board determined during 1996 that no further issues of shares would be made under the Executive Plan.

Item 6 : Directors, Senior Management and Employees**6B COMPENSATION (continued)**

The Executive Plan is no longer available for new share issues. Shares issued under the Executive Plan to selected employees (Executives) were paid up to 5 cents and were subject to restrictions for a determined period (for the 1993/94 issue 8¼ years). 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. Market price at the date of the call is payable if an Executive ceases employment with the Company (other than for death, retrenchment, retirement) prior to expiration of the restriction period. 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 the Australian Stock Exchange Limited. The aggregate number of Executive Plan Shares on issue could not exceed 5% of the total issued capital of the Company.

The number of Executive Plan Shares outstanding at 30 June 2004 was 738,000 and as of 31 October 2004 was 387,000 shares. During the fiscal year, the amounts outstanding on 184,100 existing Executive Plan Shares were fully paid. From the end of the fiscal year through 31 October 2004, the amounts outstanding on an additional 351,000 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 2004.

In addition to the Executive Plan, the Company maintains an Employee Plan under which 149,763 fully paid Ordinary Shares were held as of 30 June 2004 by employees of the Company and 145,102 shares (including Ordinary Shares issued as bonus shares) were held as of 31 October 2004. The Employee Plan permits full-time and part-time employees, who have completed three or more years continuous service with the Company and who do not participate in the Executive Plan, to acquire 20 ordinary shares in the capital of the Company for each completed year of service. The shares are issued at market value as of the date of issue, 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). As of 30 June 2004, no offer to employees was outstanding. The aggregate number of Employee Plan Shares on issue may not exceed 5% of the total issued capital of the Company.

Issues of shares under the Employee Plan to date have been in 1986-1987 at \$23.60 per share, in 1987-1988 at \$20.05 per share, in 1988-1989 at \$20.65 per share, in 1990-1991 at \$22.10 per share, in 1991-1992 at \$21.50 per share and in 1993-1994 at \$25.00 per share. Holders of Employee Plan Shares at June 1987, May 1989 and October 1993 became entitled to bonus shares (stock dividends) totalling 1,960,062 shares in respect of bonus issues (stock dividends) declared in June 1987, May 1989 and October 1993.

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During the 2003-2004 fiscal year, the loan liability of members in respect of 60,916 fully paid ordinary shares was discharged. From the end of the fiscal year through 31 October 2004 the loan liability in respect of an additional 4,661 fully paid shares was discharged. No new shares were issued during 2003-2004 under the Employee Plan.

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 \$4,366 pre tax in respect of the Employee Share Plan was recognised for the year 2003-2004, compared to a loss of \$13,288 pre tax for the year 2002-2003 and in 2001-2002 a loss pre tax of \$535,381.

Item 6 : Directors, Senior Management and Employees**6B COMPENSATION (continued)**

The Company adopted the Ansell Limited Stock Incentive Plan (Stock Incentive Plan) for the benefit of key employees of the Company. The Stock Incentive Plan provides for equity-based awards in the form of stock options and performance share rights (PSRs). The Board administers the Stock Incentive Plan and determines the employees eligible for awards, and the type and amount of awards that will be granted to each eligible employee. The Board can unilaterally amend or terminate the Stock Incentive Plan at any time.

In general, grants are made annually, each award being three equal tranches. Each tranche is subject to performance targets set by the Board in respect of each of the three successive years. These rights entitle the holder to an equivalent number of fully-paid ordinary shares upon achievement of the performance targets. The options may be exercised at a price based on the average of the Ansell share price on the five days preceding the grant. PSRs, when vested, are converted to fully-paid ordinary shares at no cost to the executive. Upon vesting participants are permitted to sell shares to cover tax liabilities and up to 50% of the remaining vested tranche. The balance remains restricted for a further 12 months. PSRs that have vested but remain restricted attract dividends.

During 2004 525,000 options and 150,000 PSRs were granted to Mr Tough upon his appointment as an executive, pursuant to the Plan. The options, which are subject to performance conditions, have an exercise price of \$7.40, are not exercisable until one year after they vest and will lapse if not exercised on or before 30 June 2014. The PSRs convert to shares at no cost to the executive upon satisfaction of performance conditions. Both the options and PSRs were granted in three tranches, and are subject to the achievement of long-term performance targets and stretch targets established by the Board. Targets for financial year 2005 and future years are yet to be finalised and are subject to further Board consideration of the next stage of the Company's development under the leadership of the new Chief Executive Officer. The vesting period for both the options and PSRs commenced 1 July 2004.

The options granted to Mr Boon have now vested. The first tranche of 500,000 options are now exercisable at \$6.32 for each share acquired. The second tranche of 500,000 options may be exercised, again at \$6.32 for each share acquired, after 30 June 2005. Both tranches of options may only be exercised prior to 30 June 2006.

During the 2003 financial year Mr Jilla was granted 300,000 options in three equal tranches of 100,000 options, each with an exercise price of \$6.97 and subject to certain performance targets aligned to EBITA of the Ansell Healthcare business and the achievement of certain financial ratios for the 2003-2005 financial years. In respect of the first two tranches the performance targets have been met and these options have vested. The first tranche is exercisable after 30 June 2004, the second after 30 June 2005. These options expire on 23 September 2012.

During 2003 437,500 PSRs, exercisable in three equal tranches, were granted to senior Group executives pursuant to the Plan. The performance targets applicable to the first two tranches have been met and those tranches have vested. The third tranche is subject to the achievement of performance targets for the 2005 financial year.

During 2004 a further 665,000 PSRs, exercisable in three equal tranches, were granted to executives (including those granted to Mr Tough). The performance targets in respect of the first tranche of PSRs granted in the current year (with the exception of those

granted to Mr Tough) have been achieved and these PSRs have vested. The second and third tranches are subject to the achievement of performance targets for the 2005 and 2006 financial years respectively.

In relation to the 2005 financial year the performance condition applicable to options and PSRs issued to executives other than Mr Tough is that the EBITA for the Ansell Healthcare business meets or exceeds US\$115 million. Performance targets for periods beyond financial year 2005 are under review pending Board consideration of the next stage of the Company's development under the leadership of the recently-appointed Chief Executive Officer.

Item 6 : Directors, Senior Management and Employees

6C BOARD PRACTICES

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

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

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

The corporate governance section of the Company's website contains various materials relating to corporate governance, including Board charter, Committee charters, Code of Conduct and other information. The link to the corporate governance section of the Ansell website is www.ansell.com.

Board Responsibilities

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

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

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

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

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

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

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

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

ensure regulatory compliance and maintain adequate risk management processes;

report to shareholders; and

implement a culture of compliance with the highest legal and ethical standards and business practices to ensure social accountability.

In carrying out its duties, the Board meets formally over one or two days 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.

It is also the Company's practice for Directors to visit a number of the Company's facilities in each year. During the 2004 financial year, Board meetings were held in conjunction with visits to Ansell facilities in Europe and South-east Asia.

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.

Item 6 : Directors, Senior Management and Employees

6C BOARD PRACTICES (continued)

Risk Management and Code of Conduct

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

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

a process to identify and measure business risk.

The Company also has in place a system of internal controls for the identification and management of financial risk including a system of internal sign-offs to ensure the Company is in compliance with its legal obligations, including those which arise under the US Sarbanes-Oxley Act. The Chief Executive Officer and Chief Financial Officer also provide assurances to the Board as to the integrity of the Company's risk management and internal compliance and control systems and financial reports.

Ansell is committed to upholding the highest legal, moral and ethical standards in all of its corporate activities and has adopted a Code of Conduct, which aims to strengthen its ethical climate and provide basic guidelines for situations in which ethical issues arise.

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

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;

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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 policy of Ansell to comply with the letter and spirit of all applicable laws, including those relating to employment, discrimination, health, safety, medical device, consumer protection, privacy, intellectual property, antitrust, securities and the environment. The Company has also developed procedures to ensure that employees are aware of and discharge their obligations under relevant privacy laws in their handling of information provided to the Group. No Director, officer, executive or manager of Ansell has authority to violate any law or to direct another employee or any other person to violate any law on behalf of the Company.

The Company has appointed a Compliance Officer to assist in the administration of the Code of Conduct. As part of its commitment to legal and ethical conduct, the Company expects its employees to report information about actual or suspected violations of the Code of Conduct or of the law.

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

Item 6 : Directors, Senior Management and Employees**6C BOARD PRACTICES (continued)****Risk Management and Code of Conduct (continued)**

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 encouraged to participate in Company sponsored compliance programs presented by or on behalf of the Company to ensure that they remain up to date regarding relevant legal and industry developments. Assistance is also available to clarify whether particular laws apply and how they may be interpreted.

Board Composition

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

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

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

The Company currently has 6 Directors, 1 of whom is an Executive Director (the Chief Executive Officer who is also Managing Director). The remaining 5 Directors are Non-executive, 4 of whom, including the Chairman, are independent. The Board considers that, in addition to the Managing Director, Mr McConnell is not independent by virtue of his position as an officer of Shamrock Capital Advisors Inc., a related body corporate of Shamrock Holdings of California Inc. a substantial shareholder.

In addition Mr Gold who retired as a Director in April 2004, has been appointed as an alternate to Director to represent Mr McConnell. This allows the Board to continue to benefit from the experience and insight of Mr Gold from time to time. For the purpose of completeness Mr Gold does not meet the definition of independence, due to his financial interests in Trefoil International III, L.P., a related body corporate of Shamrock Holdings of California Inc.

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.

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

Item 6 : Directors, Senior Management and Employees

6C BOARD PRACTICES (continued)

Board Review and Election Processes

The Board periodically conducts a formal review of its performance in meeting shareholder and stakeholder expectations. Such reviews include:

comparing Board performance against agreed external benchmarks;

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

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

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

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

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

Appointment Terms

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

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

Remuneration

In June 2003, the Board resolved to discontinue the practice of paying retirement benefits to Non-executive Directors (notwithstanding that the payment of retirement benefits had previously been approved by shareholders). The retirement benefits of existing Non-executive Directors were quantified and paid as at 30 June 2003 as detailed in the Annual Review 2003. The Company has no ongoing liability regarding those amounts. In addition to their fees, Non-executive Directors now only receive Company sponsored superannuation contributions at rates that accord with statutory requirements.

Dealings in Shares

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

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

Conflict of Interest

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

Item 6 : Directors, Senior Management and Employees

6C BOARD PRACTICES (continued)

Board Committees

The Board has established two standing Committees, being the:

Audit Committee; and

Nomination, Remuneration and Evaluation Committee.

The Board periodically reviews the charter of each Committee.

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

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

Audit Committee

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

Mr P L Barnes (Chair);

Mr L D Crandall; and

Mr H J Elliott.

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

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

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

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

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

Item 6 : Directors, Senior Management and Employees

6C BOARD PRACTICES (continued)

Nomination, Remuneration and Evaluation Committee

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

Dr E D Tweddell (Chair);

Mr P L Barnes; and

Mr S P Gold (until 16 April 2004); and

Mr M J McConnell (from 16 April 2004),

a majority of whom are independent Non-executive Directors.

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

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

The Committee also considers matters including succession and senior executive compensation policy, including short and long-term incentive plans and the Company's recruitment, retention and termination policies, and advises the Board accordingly. The Committee makes recommendations to the Board regarding the specific remuneration of the Chief Executive Officer (including base pay, incentive payments, equity awards, retirement rights and service contracts). The remuneration of Non-executive Directors is a matter that is determined by the Board, although the Committee may request management or external consultants to provide necessary information upon which the Board may make its determination.

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

Disclosure to Investors

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

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

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

Item 6 : Directors, Senior Management and Employees**6C** BOARD PRACTICES (continued)**ATTENDANCE AT BOARD AND BOARD COMMITTEE MEETINGS DURING THE YEAR ENDED 30 JUNE 2004**

	Board		Audit		Nomination, Remuneration and Evaluation	
	Held	Attd	Held	Attd	Held	Attd
Directors Continuing						
E D Tweddell	7	7			4	4
P L Barnes	7	7	5	5	4	3
H Boon	6	6				
L D Crandall	7	7	5	5		
H J Elliott	7	7	5	5		
M J McConnell	2	2				
S P Gold	5	5*			4	3*

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

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

Mr S P Gold retired on 16 April 2004. Mr M J McConnell was appointed on 16 April 2004.

Mr M J McConnell, who was previously an alternate for Mr Gold, attended two Board meetings as a director.

* Mr S P Gold who retired as a Director and was appointed as an alternate for Mr McConnell, did not attend any Board meetings as a Director but was represented at five meetings by his alternate. Mr Gold was represented at two meetings of the Nomination, Remuneration and Evaluation Committee by his alternate.

6D EMPLOYEES

As of 30 June 2004 Ansell Limited employed 11,530 full time equivalent employees (12,013 as at 30 June 2003 and 12,160 as at 30 June 2002) .

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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):

<u>Location</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Americas			
USA (including Mexico)	1,943	1,935	2,120
Canada	44	44	44
Asia Pacific			
Australia	87	87	104
India	1,540	1,847	1,774
Malaysia	3,543	3,679	3,711
Sri Lanka	1,919	1,959	1,861
Thailand	2,033	2,030	2,089
Rest of Asia	6	9	12
Europe			
Belgium	171	125	124
United Kingdom	157	172	197
France	51	66	54
Rest of Europe	36	60	70
Total	11,530	12,013	12,160

Item 6 : Directors, Senior Management and Employees**6E SHARE OWNERSHIP**

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

	<u>1</u>	<u>2</u>	<u>3</u>
E D Tweddell	34,220		
P L Barnes	11,685		
D D Tough		675,000	
L D Crandall	8,108		
H J Elliott	8,976		
M J McConnell	26,406		
S P Gold (alternate to M J McConnell)	15,239		16,428,840

- Beneficially held in own name, or in the name of a trust, nominee company or private company.
- Beneficial Executive Share Options (525,000) and Performance Share Rights (PSRs) (150,000). These were granted upon Mr Tough's appointment in May 2004.
- Non-beneficial. Mr Gold has an indirect interest in these shares by virtue of a 10% limited partnership interest in Trefoil International III, LP which is a related body corporate of Shamrock Holdings of California Inc.

Note: In addition, Mr H Boon who retired on 30 June 2004, held, as at the date of his retirement, 56,701 share beneficially in his own name or in the name of a trust, nominee company or private company and 1,000,000 options pursuant to the Ansell Limited Stock Incentive Plan.

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

Non-executive Directors Share Plan

Shareholders approved the participation by Non-executive Directors in the Plan in October 2000 and April 2002 (on amended terms). Since receiving shareholder approval, shares have been purchased on ASX under the Plan at the prevailing market price on behalf of each of the then current Non-executive Directors.

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

<u>Director</u>	<u>Number of shares acquired</u>	<u>Date of Acquisition</u>	<u>Acquisition Price A\$</u>
Dr E D Tweddell	853	19/09/2003	\$ 6.84
	904	16/12/2003	\$ 6.46
	842	17/03/2004	\$ 6.94
	749	16/06/2004	\$ 7.80
Mr P L Barnes	337	19/09/2003	\$ 6.84
	355	16/12/2003	\$ 6.46
	330	17/03/2004	\$ 6.94
	293	16/06/2004	\$ 7.80
Mr L D Crandall	1,943	19/09/2003	\$ 6.84
	1,777	16/12/2003	\$ 6.46
	296	17/03/2004	\$ 6.94
	264	16/06/2004	\$ 7.80
Mr H J Elliott	300	19/09/2003	\$ 6.84
	318	16/12/2003	\$ 6.46
	296	17/03/2004	\$ 6.94
	264	16/06/2004	\$ 7.80
Mr M J McConnell	1,406	16/06/2004	\$ 7.80

ITEM 6 : Directors, Senior Management and Employees**6E SHARE OWNERSHIP (continued)****Non-executive Directors Share Plan (continued)**

In addition, Mr S P Gold participated in the Plan prior to his retirement as a Director of the Company, acquiring:

1,943 shares on 19/09/2003 at \$6.84 per share;

1,777 shares on 16/12/2003 at \$6.46 per share;

2,176 shares on 17/03/2004 at \$6.94 per share; and

278 shares on 16/06/2004 at \$7.80 per share (being purchases from fees paid for the period 1-16 April 2004).

Executives Share Ownership

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

	<u>1</u>	<u>2</u>	<u>3</u>
Mr P. Corke	2,772		31,667
Mr W. Heintz	8,333		46,667
Mr R. Jilla	6,000	300,000	50,000
Mr N. O Donnell	5,000		30,000
Mr W. Reed	3,602		45,000
Mr W. Reilly	5,545		31,667

- Beneficially held in own name, or in the name of a trust, nominee company or private company.
- Beneficial Executive Share Options. Options were granted on 23 September 2002, have an exercise price of \$6.97 and an expiry date of 23 September 2012. Tranches 1 & 2 have a fair value at 30 June 2004 of \$2.66 and Tranche 3 has a fair value of \$2.70.

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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 shares on issue.

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 1 February 2005 are as follows:

	No. of Fully Paid Shares	% of Issued Capital
Perpetual Investments	23,209,414	14.55%
Barclays Global Investors (Group)	13,183,909	8.27%
Maple-Brown Abbott Ltd.	12,710,924	7.97%
CDC IXIS Asset Mgt (Group)	7,672,861	4.81%

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

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

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

On 30 June 2004, 285,234 ADSs (equivalent to 1,140,936 Ordinary Shares, which represents approximately 0.6% of the Ordinary Shares then outstanding) were outstanding and held by 135 registered holders with addresses in the United States.

7B RELATED PARTY TRANSACTIONS

Refer to Notes 28 and 34 to the Financial Statements included in Item 18 for additional details of Related Party Transactions.

7C INTERESTS OF EXPERTS AND COUNSEL

Not Applicable

Item 8 : Financial Information

8A CONSOLIDATED STATEMENTS AND OTHER FINANCIAL INFORMATION

The Consolidated Financial Statements are included herein as Item 18.

Refer to Note 26 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. However, since the end of the financial year, the detail of the US GAAP differences pertaining to the consolidated financial statements of the South Pacific Tyres partnership, which are filed by Ansell Limited in accordance with Rule 3.09 of Regulation S-X, have been fully reassessed by the partners.

This reassessment resulted in restatements of Ansell's equity accounted US GAAP results in 2001, 2002 and 2003. The full detail of the restatements is set out in Notes 39 and 40 to the consolidated financial statements. The cumulative effect of the restatements for the three years ended 30 June 2003 is \$432,145. The cumulative impact of SPT restatements prior to 2001 of \$2.8 million (net of tax) has been adjusted against opening equity under US GAAP.

In addition, further restatement of 2003 results has been made in respect of the cumulative impacts of changes in accounting principles arising on adoption of SFAS 142 and SFAS 143. This resulted in a charge of \$5.3 million (net of nil tax).

An additional minimum liability of \$7.9 million in respect of the Company's US pension plans has been recorded in Other Comprehensive Income in 2003.

Item 9 : The Offer and Listing**9A OFFER AND LISTING DETAILS**

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

Period	\$A		US\$	
	Ordinary Shares		Per ADS ⁽¹⁾	
	High	Low	High	Low
Last 5 Financial Years				
Fiscal Year 2004	7.900	5.840	22.810	15.500
Fiscal Year 2003	7.690	4.960	17.900	12.100
Fiscal Year 2002	7.010	3.400	15.310	6.550
Fiscal Year 2001	8.400	4.000	19.375	8.205
Fiscal Year 2000	12.400	6.850	31.875	14.220
By Quarter 2004-2005				
First Quarter	8.840	7.580	25.700	21.711
Second Quarter	9.300	8.740	28.880	25.510
By Quarter 2003-2004				
First Quarter	6.950	5.840	18.310	15.500
Second Quarter	7.220	6.190	20.020	18.090
Third Quarter	7.170	6.320	22.220	19.260
Fourth Quarter	7.900	7.310	22.810	20.200
By Quarter 2002-2003				
First Quarter	7.150	6.450	15.480	13.800
Second Quarter	7.690	6.670	17.200	14.500
Third Quarter	7.650	4.960	17.900	12.100
Fourth Quarter	6.370	5.250	16.220	12.200
Last 6 Months				
February 2005	10.130	9.190	31.920	29.000
January 2005	9.450	8.860	28.500	26.810
December 2004	9.300	8.930	28.880	27.360
November 2004	9.190	9.040	28.750	27.200
October 2004	9.050	8.740	26.650	25.510
September 2004	8.840	8.500	25.700	23.750

⁽¹⁾ Each ADS represents four Ordinary Shares.

The total market capitalisation of Ansell Limited at 30 June 2004 was \$1,362 million. The total market capitalisation of Ansell Limited at 28 February 2005, was \$1,617 million and the closing price for Ansell Limited ordinary shares on the ASX on that date was \$10.11.

9B PLAN OF DISTRIBUTION

Not Applicable

Item 9 : The Offer and Listing

9C MARKETS

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

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

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

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

9D SELLING SHAREHOLDERS

Not Applicable

9E DILUTION

Not Applicable

9F EXPENSES OF THE ISSUE

Not Applicable

Item 10 : Additional Information

10A SHARE CAPITAL

Not Applicable

10B CONSTITUTION

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

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

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

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

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

Rule 5 permits the Company to issue shares and grant options for shares on such terms and with such rights and restrictions as decided by the Directors. The issue and terms of issue of preference shares must be approved by the Company's shareholders in general meeting as required by the Corporations Act.

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).

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

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

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

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

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

Item 10 : Additional Information**10B** CONSTITUTION (continued)

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, the Corporations Act requires the approval of shareholders to the issue of preference shares with a right of redemption (or authorisation of the Board to issue such shares). 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, nor does it contain any provisions pertaining to the changing of the rights of shareholders.

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

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

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

- (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).

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

Item 10 : Additional Information

10C MATERIAL CONTRACTS

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

Item 10 : Additional Information**10D EXCHANGE CONTROLS**

Except for restrictions on foreign exchange transactions with ministers and senior officials of the Government of Zimbabwe 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 175,962,865 Ordinary Shares (excluding Employee Plan Shares, as defined in Compensation of Directors and Executive Officers and shares bought back by the Company prior to 30 June 2004 but not cancelled at that date) on issue as at 30 June 2004. 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 will require approval. 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 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

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(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.

Item 10 : Additional Information**10D EXCHANGE CONTROLS (CONTINUED)**

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

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

AMERICAN DEPOSITARY RECEIPTS

The following is a summary of all material provisions of the Second Amended and Restated Deposit Agreement (including any exhibits thereto, the Deposit Agreement) dated as of 26 March 1999 among the Company, Morgan Guaranty Trust Company of New York, as depositary (the Depositary), and the registered Holders from time to time of the ADR s issued thereunder (ADR s). This summary does not purport to be complete and is qualified in its entirety by reference to the Deposit Agreement. Copies of the Deposit Agreement are available for inspection at the principal office of the Depositary in New York, New York (the Principal New York Office), which is presently located at 60 Wall Street, New York, New York 10260. Terms used herein and not otherwise defined shall have the respective meanings set forth in the Deposit Agreement.

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

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

DEPOSIT, TRANSFER AND WITHDRAWAL

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

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- (a) a written order directing the Depositary to issue to, or upon the written order of, the person or persons designated in such order an ADR or ADR s evidencing the number of ADSs representing such deposited Shares (a Delivery Order);
- (b) proper endorsements or duly executed instruments of transfer in respect of such deposited Shares;
- (c) instruments assigning to the Custodian or its nominee any distribution on or in respect of such deposited Shares or indemnity therefore; and,
- (d) proxies entitling the Custodian to vote such deposited Shares until such Shares are transferred and recorded on the register of shareholders of the Company in the name of the Depositary or its nominee.

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

Item 10 : Additional Information**10D EXCHANGE CONTROLS (CONTINUED)**

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

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

- (a) Shares in form satisfactory to the Custodian;
- (b) rights to receive Shares from the Company or any registrar, transfer agent, clearing agent or other entity recording Share ownership or transactions; or,
- (c) other rights to receive Shares (until such Shares are actually deposited pursuant to (a) or (b) above, Pre-released ADR s) only if:
 - (i) Pre-released ADR s are fully collateralised (marked to market daily) with cash or U.S. government securities held by the Depositary for the benefit of Holders (but such collateral shall not constitute Deposited Securities);
 - (ii) each recipient of Pre-released ADR s agrees in writing with the Depositary that such recipient (a) owns such Shares, (b) assigns all beneficial right, title and interest therein to the Depositary, (c) holds such Shares for the account of the Depositary and (d) will deliver such Shares to the Custodian as soon as practicable and promptly upon demand therefore; and
 - (iii) all Pre-released ADR s evidence not more than 30% of all ADSs (excluding those evidenced by Pre-released ADR s), provided, however, that the Depositary reserves the right to change or disregard such limit from time to time as it deems appropriate. The Depositary may retain for its own account any earnings on collateral for Pre-released ADR s and its charges for issuance thereof.

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

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

DISTRIBUTIONS ON DEPOSITED SECURITIES

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

Item 10 : Additional Information**10D EXCHANGE CONTROLS (CONTINUED)****DISTRIBUTIONS ON DEPOSITED SECURITIES (continued)**

(a) Cash :

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

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

(b) Shares:

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

(c) Rights:

- (i) Warrants or other instruments in the discretion of the Depositary representing rights to acquire additional ADR's in respect of any rights to subscribe for additional Shares or rights of any nature available to the Depositary as a result of a distribution on Deposited Securities (Rights), to the extent that the Company timely furnishes to the Depositary evidence satisfactory to the Depositary that the Depositary may lawfully distribute the same (the Company has no obligation to so furnish such evidence), or
- (ii)

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to the extent the Company does not so furnish such evidence and sales of Rights are practicable, any U.S. dollars available to the Depositary from the net proceeds of sales of Rights as in the case of Cash, or

- (iii) to the extent the Company does not so furnish such evidence and such sales cannot practicably be accomplished by reason of the non-transferability of the Rights, limited markets therefore, their short duration or otherwise, nothing (and any Rights may lapse). Subject to Australian law, the Company will, in connection with any offer of such Rights, make such Rights generally transferable or consent to the transfer thereof by foreign investors not resident in Australia; and

- (d) Other Distributions:
 - (i) Securities or property available to the Depositary resulting from any distribution on Deposited Securities other than Cash, Share Distributions and Rights (Other Distributions), by any means that the Depositary may deem equitable and practicable, or
 - (ii) to the extent the Depositary deems distribution of such securities or property not to be equitable and practicable, any U.S. dollars available to the Depositary from the net proceeds of sales of Other Distributions as in the case of Cash.

Item 10 : Additional Information**10D EXCHANGE CONTROLS (CONTINUED)****DISTRIBUTIONS ON DEPOSITED SECURITIES (continued)**

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

DISCLOSURE OF INTERESTS

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

RECORD DATES

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

VOTING OF DEPOSITED SECURITIES

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

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

INSPECTION OF TRANSFER BOOKS

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

Item 10 : Additional Information**10D EXCHANGE CONTROLS (CONTINUED)****REPORTS AND OTHER COMMUNICATIONS**

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

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

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

CHANGES AFFECTING DEPOSITED SECURITIES

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

AMENDMENT AND TERMINATION OF DEPOSIT AGREEMENT

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

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

Item 10 : Additional Information**10D EXCHANGE CONTROLS (CONTINUED)****AMENDMENT AND TERMINATION OF DEPOSIT AGREEMENT (continued)**

Any amendments or supplements which:

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

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

As soon as practicable after the expiration of six months from the date so fixed for termination, the Depositary shall sell the Deposited Securities and shall thereafter (as long as it may lawfully do so) hold in a segregated account the net proceeds of such sales, together with any other cash then held by it under the Deposit Agreement, without liability for interest, in trust for the pro rata benefit of the Holders not theretofore surrendered. After making such sale, the Depositary shall be discharged from all obligations in respect of the Deposit Agreement and the ADR s, except to advise Holders of such termination, account for such net proceeds and other cash. After the date so fixed for termination, the Company shall be discharged from all obligations under the Deposit Agreement except for its obligations to the Depositary and its agents.

CHARGES OF DEPOSITARY

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

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- (i) stock transfer or other taxes and other governmental charges (which are payable by Holders or persons depositing Shares),
- (ii) cable, telex and facsimile transmission and delivery charges incurred at the request of persons depositing, or Holders delivering Shares, ADR s or Deposited Securities (which are payable by such persons or Holders),
- (iii) transfer or registration fees for the registration of transfer of Deposited Securities on any applicable register in connection with the deposit or withdrawal of Deposited Securities (which are payable by persons depositing Shares or Holders withdrawing Deposited Securities; there are no such fees in respect of the Shares as of the date of the Deposit Agreement), and
- (iv) expenses of the Depositary in connection with the conversion of foreign currency into U.S. dollars (which are paid out of such foreign currency).

Item 10 : Additional Information**10D EXCHANGE CONTROLS (CONTINUED)****LIABILITY OF HOLDERS FOR TAXES**

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

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

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

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

GENERAL LIMITATIONS

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

(a) incur no liability,

(i)

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if law, regulation, the provisions of or governing any Deposited Securities, act of God, war or other circumstance beyond its control shall prevent, delay or subject to any civil or criminal penalty any act which the Deposit Agreement or the form of ADR provides shall be done or performed by it, or

- (ii) by reason of any exercise or failure to exercise any discretion given it in the Deposit Agreement or the form of ADR;
- (b) assume no liability except to perform its obligations to the extent they are specifically set forth in the ADR and the Deposit Agreement without gross negligence or bad faith;
- (c) in the case of the Depositary and its agents, be under no obligation to appear in, prosecute or defend any action, suit or other proceeding in respect of any Deposited Securities or the ADR;
- (d) in the case of the Company and its agents under the Deposit Agreement, be under no obligation to appear in, prosecute or defend any action, suit or other proceeding in respect of any Deposited Securities or the ADR s, which in its opinion may involve it in expense or liability, unless indemnity satisfactory to it against all expense (including fees and disbursements of counsel) and liability be furnished as often as may be required; and

Item 10 : Additional Information**10D EXCHANGE CONTROLS (CONTINUED)****GENERAL LIMITATIONS (continued)**

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

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

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

- (a) payment with respect thereto of
 - (i) any stock transfer or other tax or other governmental charge,
 - (ii) any stock transfer or registration fees in effect for the registration of transfers of Shares or other Deposited Securities upon any applicable register, and
 - (iii) any applicable charges as provided in the form of ADR;
- (b) the production of proof satisfactory to it of
 - (i) the identity and genuineness of any signature, and
 - (ii) such other information, including without limitation, information as to citizenship, residence, exchange control approval, beneficial ownership of any securities, compliance with applicable law (including, but not limited to evidence of compliance with the Corporations Act, the Banking (Foreign Exchange) Regulations or the Foreign Acquisitions and Takeovers Act 1975 of Australia),

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regulations, provisions of or governing Deposited Securities and terms of the Deposit Agreement and the ADR s, as it may deem necessary or proper; and

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

GOVERNING LAW

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

Item 10 : Additional Information

10E AUSTRALIAN TAXATION

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

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

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

TAXATION OF DISTRIBUTIONS

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

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

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

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

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

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

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

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 consists of an FDA amount.

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

Ansell Limited declared an unfranked dividend of 11 cents a share in March 2004. The dividend is unfranked due to the increase in profit contributed by the overseas operations relative to the Australian operations (only Australian tax paid creates franking credits) and the existence of tax losses in Australia.

TAXATION OF FUTURE SHARE DISPOSALS

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

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

Shares Held on Revenue Account

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

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

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

Shares held on Capital Account

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

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

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

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 ADSs or Ordinary Shares. Owners of ADSs and Ordinary Shares are advised to consult their own tax advisors as to the tax consequences of the operation of the Treaty.

Dual Residency

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

International Tax Reform

For completeness, as part of Australia's reform of international tax arrangements, the Australian Government will examine the feasibility of a more targeted capital gains tax exemption for capital gains on the disposal by non-residents of some or all of their non-portfolio interests in Australian companies, to the extent the capital gains has an underlying foreign source. At this stage, it is uncertain as to whether any such exemption will be introduced.

OTHER TAXES

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

STAMP DUTY

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

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

If the transfer of Ordinary Shares is effected by stockbrokers on the Australian Stock Exchange, each of the transferor and the transferee will be required to pay half of the stamp duty payable. If the transfer of the Ordinary

Item 10 : Additional Information**10E AUSTRALIAN TAXATION (CONTINUED)**

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

AUSTRALIAN FOREIGN SOURCE INCOME RULES

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

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

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

International Tax Reform

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

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

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

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 does not deal with counter-parties rated lower than A- by Standard and Poor's or A3 by Moody's Investors Service for any overnight transactions.

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

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

(i) *Forward / Future Contracts*

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

(ii) *Options*

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

(iii) Swaps

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

DERIVATIVE FINANCIAL INSTRUMENTS HELD OR ISSUED FOR PURPOSES OTHER THAN TRADING

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

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

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

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

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

FUTURE TRANSACTIONS

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

These exposures are then monitored and may be modified from time to time. These transactions predominantly do not exceed 12 months duration and hedge transactions the Company expects to occur in this time frame.

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

<u>\$ in millions</u>	<u>Interest Rate</u>			<u>Foreign Exchange</u>		
	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Exposures						
Less than 1 year				(0.1)	1.9	(0.5)
Realized Swaps Deferred						
Less than 1 year	0.7	0.4	0.1			
1 to 2 years	0.7	0.8	0.7			
2 to 5 years	4.9	0.9	2.2			
Greater than 5 years						

Item 11 : Quantitative and Qualitative Disclosures about Market Risk

DERIVATIVE FINANCIAL INSTRUMENTS (continued)

INTEREST RATE RISK

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

\$ in millions	Weighted Average Effective Interest Rate	Interest Rate Fixed Maturities			Non Interest Bearing	Total
		Floating	1 year or less	1 to 5 years ⁽¹⁾		
Net Financial Assets/(Liabilities) 2004						
Financial Assets						
<i>On-Balance Sheet</i>						
Cash on hand and at bank	1.1%	20.5			50.2	70.7
Short-term deposits	4.8%	231.8		15.6		247.4
Receivables - trade	N/A				183.0	183.0
Receivables - other	6.1%	62.8			46.5	109.3
Investments (excl. associated companies)	N/A				141.4	141.4
Total Financial Assets 2004		315.1		15.6	421.1	751.8
Financial Liabilities						
<i>Recognised</i>						
Payables - trade	N/A				124.1	124.1
Payables - other	N/A				38.6	38.6
Bank overdraft	1.5%	3.3				3.3
Bank and other loans	5.6%	321.2		101.7		422.9
Provisions (including certain employee entitlements)	N/A				41.0	41.0
<i>Unrecognised</i>						
Net interest rate swaps	2.0%	(147.4)	121.1	26.3		
Total Financial Liabilities 2004		177.1	121.1	128.0	203.7	629.9
Net Financial Assets/(Liabilities) 2004		138.0	(121.1)	(112.4)	217.4	121.9
Net Financial Assets/(Liabilities) 2003						
Financial Assets						
<i>Recognised</i>						
Cash on hand and at bank	1.3%	61.4				61.4

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Short-term deposits	3.9%	238.4				238.4
Receivables trade	N/A				197.5	197.5
Receivables other	5.4%	62.7			59.2	121.9
Investments (excl. associated companies)	N/A				141.4	141.4
Total Financial Assets 2003		362.5			398.1	760.6
Financial Liabilities						
<i>Recognised</i>						
Payables trade	N/A				130.1	130.1
Payables other	N/A				27.5	27.5
Bank overdraft	3.2%	1.3			1.3	2.6
Bank and other loans	6.4%	370.0	24.2	75.0		469.2
Provisions (including certain employee entitlements)	N/A				39.4	39.4
<i>Unrecognised</i>						
Net interest rate swaps	2.5%	(319.4)	168.8	150.6		
Total Financial Liabilities 2003		51.9	193.0	225.6	198.3	668.8
Net Financial Assets/(Liabilities) 2003		310.6	(193.0)	(225.6)	199.8	91.8

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

	1-2 yrs	2-3 yrs	3-4 yrs	4-5 yrs	Total
2004					
Bank & Other Loans	101.7				101.7
Net Interest Rate Swaps	26.3				26.3
	128.0				128.0
2003					
Bank & Other Loans	75.0				75.0
Net Interest Rate Swaps	123.5		27.1		150.6
	198.5		27.1		225.6

Item 11 : Quantitative and Qualitative Disclosures about Market Risk

DERIVATIVE FINANCIAL INSTRUMENTS (continued)

INTEREST RATE RISK (continued)

Provisions, including amounts contained within income tax, deferred income tax, contingencies, rationalisation and restructure, Accufix Pacing Lead related expenses and insurance claims amounting to \$57.7 million (2003 - \$64.4 million; 2002 - \$86.5 million) are not included within the table above as it is considered that they do not meet the definition of a financial instrument.

A separate analysis of debt by currency can be found at Note 19 to the Financial Statements - Interest Bearing Liabilities.

CREDIT RISK AND NET FAIR VALUE

Recognised Financial Instruments

(i) Credit Risk

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

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

(ii) Net Fair Value

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

Unrecognised Financial Instruments

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

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 \$1.6 million (2003 - \$(11.1) million, 2002 - \$(23.8) million) if all contracts were closed out on 30 June 2004.

\$ in millions	Face Value			Credit Risk			Net Fair Value		
	2004	2003	2002	2004	2003	2002	2004	2003	2002
Foreign Exchange Contracts									
<i>Purchase/Sale Contracts:</i>									
-U.S. dollars	77.0	112.0	329.7	0.4	0.3	1.6	0.2	(0.4)	(7.3)
-Australian dollars	22.0	47.5	49.4		1.8			1.8	
-Other currencies	33.4	44.8	216.5	0.2		2.5	0.1	(0.9)	2.4
<i>Cross Currency Swaps:</i>									

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-U.S. dollars	53.8	69.4	96.5	1.9	2.7	2.2	1.9	2.7	(1.5)
-Other Currencies			16.5						(2.1)
Foreign Exchange Options									
<i>Zero Cost Collar:</i>									
-Euro/U.S. dollars	193.5	103.5		2.2	0.8		0.7		(2.6)
<i>Premium Paid (put)</i>									
-Euro/U.S. dollars:		19.8			0.2				0.2
Interest Rate Contracts									
<i>Interest Rate Swaps:</i>									
-U.S. dollars	141.0	369.4	435.1	0.4	0.3	3.0	(1.2)	(10.9)	(14.5)
-Australian dollars	50.0	100.0	300.0				(0.1)	(1.0)	(0.8)
-Other currencies			17.5						
Total	570.7	866.4	1,461.2	5.1	6.1	9.3	1.6	(11.1)	(23.8)

From time to time in the ordinary course of business, the Company enters into forward exchange contracts to hedge a proportion of anticipated purchase and sale commitments denominated in foreign currencies (principally US dollars). The amount of anticipated future purchases and sales is forecast in light of current market conditions and commitments from customers. Hedge contracts are used to cover the next available trading exposure until all contracts are fully utilised. Hedge cover generally does not exceed 3 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.

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

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

<u>\$ in millions</u>	Foreign Exchange Related Contracts			Interest Rate Contracts			Foreign Exchange Options			Total		
	2004	2003	2002	2004	2003	2002	2004	2003	2002	2004	2003	2002
Term												
0 to 6 mths	0.6	2.1	4.1		0.3		1.1	0.4		1.7	2.8	4.1
6 to 12 mths	0.1						1.1	0.6		1.2	0.6	
1 to 2 yrs		0.2				3.0					0.2	3.0
2 to 5 yrs	1.8	2.5	2.2	0.4						2.2	2.5	2.2
5 to 10 yrs												
Total	2.5	4.8	6.3	0.4	0.3	3.0	2.2	1.0		5.1	6.1	9.3

(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

Item 13 : Defaults, Dividend Arrearages and Delinquencies

Not Applicable

Item 14 : Material Modifications to the Rights of Security Holders

Not Applicable

Item 15 : Controls and Procedures

Not Applicable

Item 16**16A AUDIT COMMITTEE FINANCIAL EXPERT**

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

16B CODE OF ETHICS

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

16C PRINCIPAL ACCOUNTANT FEES AND SERVICES

(a) Audit Fees

Audit and Review of Financial Reports	Consolidated		The Company	
	2004	2003	2004	2003
(\$ in Thousands)				
Auditors of Ansell Limited and Australian entities KPMG	1,013	1,183	927	983
Other Member firms of KPMG	1,423	1,661		
Total	2,436	2,844	927	983

(b) Audit-Related Fees

Other Audit and Assurance Services (including disposals and acquisitions) (\$ in Thousands)	Consolidated		The Company	
	2004	2003	2004	2003
Auditors of Ansell Limited and Australian entities KPMG ⁽¹⁾	131	259	131	90
Other Member firms of KPMG ⁽²⁾	77	78		
Total	208	337	131	90

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

(c) Tax Fees

Taxation and Other Services	Consolidated		The Company	
	2004	2003	2004	2003
(\$ in Thousands)				
Auditors of Ansell Limited and Australian entities - KPMG	40	32	40	32
Other Member firms of KPMG	150	90		
Total	190	122	40	32

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

(d) All Other Fees

(\$ in Thousands)	Consolidated		The Company	
	2004	2003	2004	2003
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.

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	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
1 July 31 July 2003	504,923	5.82	504,923	12,086,657
1 August 31 August 2003	249,220	6.22	249,220	11,837,437
1 September 30 September 2003	459,537	6.72	459,537	11,377,900
1 October 31 October 2003	459,234	6.86	459,234	10,918,666
1 November 30 November 2003	1,303,541	6.82	1,303,541	9,615,125
1 December 31 December 2003	2,538,783	6.39	2,538,783	7,076,342
1 January 31 January 2004	2,393,205	6.41	2,393,205	4,683,137
1 February 29 February 2004	636,168	6.41	636,168	4,046,969
1 March 31 March 2004	682,653	6.99	682,653	3,364,316
1 April 30 April 2004	563,500	7.05	563,500	2,800,816
1 May 31 May 2004	192,757	7.43	192,757	11,807,243
1 June 30 June 2004	5,531	7.50	5,531	11,801,712
Total	9,989,052	6.46	9,989,052	

The Company announced on 16 April 2003 that it would undertake an on-market buy-back of up to 10 million shares. As at 30 June 2003 the Company had bought back 1,408,420 shares. During fiscal year 2004 the on-market buyback was extended by up to a further 4 million shares with 9,790,764 shares being acquired between 1 July 2003 and 30 April 2004 when purchases ceased under this program.

On 3 May 2004, the Company announced that it would undertake a further on-market buy-back of up to 12 million shares over the following 12 month period. As at 30 June 2004, the Company had bought back 198,288 shares under this program. Purchase of shares under this program were suspended while consideration was given to an alternative off-market buy-back proposal.

On 10 August 2004 the Company announced that the Board was considering a proposal for an off-market buy-back of 17 million shares. The off-market buy-back proposal was approved by shareholders at the Company's Annual General Meeting on 14 October 2004.

Item 17 : Financial Statements

Not Applicable

Item 18 : Consolidated Financial Statements

STATEMENTS OF FINANCIAL PERFORMANCE

of Ansell Limited and its Controlled Entities as at 30 June 2004

	Note	Consolidated		
		2004	2003	2002
		\$m	\$m	\$m
Revenue				
Total revenue	3	1,131.1	1,320.1	3,190.4
Expenses				
Cost of goods sold		662.1	830.4	1,493.3
Selling, distribution and administration		289.8	310.3	504.8
Depreciation and amortisation		46.7	56.5	82.3
Write-down of assets		9.8	6.1	176.5
Net assets of businesses disposed				922.4
Other	4(b)			
Total expenses, excluding borrowing costs		1,008.4	1,203.3	3,179.3
Borrowing costs	4(a)	29.4	37.8	70.2
Share of net profit of associates and joint venture entities	38		0.3	1.9
Profit/(loss) from ordinary activities before income tax expense		93.3	79.3	(57.2)
Income tax expense/(benefit) attributable to ordinary activities	8	20.7	26.8	55.8
Net profit/(loss) from ordinary activities after income tax expense		72.6	52.5	(113.0)
Outside equity interests in net profit after income tax	10	1.9	2.6	2.8
Net profit/(loss) after income tax attributable to Ansell Limited shareholders	6	70.7	49.9	(115.8)
Non-owner transaction changes in equity				
Net exchange difference on translation of financial statements of self-sustaining foreign operations	6	(7.4)	(71.3)	(69.6)
Total valuation adjustments attributable to Ansell Limited shareholders recognised directly in equity		(7.4)	(71.3)	(69.6)
Total changes in equity from non-owner related transactions attributable to Ansell Limited shareholders	7	63.3	(21.4)	(185.4)

Earnings/(loss) per share is based on net profit/(loss) after income tax attributable to Ansell Limited shareholders

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		<u>cents</u>	<u>cents</u>	<u>cents</u>
Basic earnings per share	35	39.1	26.7	(61.9)
Diluted earnings per share	35	39.0	26.6	(61.7)

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

Item 18 : Consolidated Financial Statements

STATEMENTS OF FINANCIAL POSITION

of Ansell Limited and its Controlled Entities as at 30 June 2004

	Note	Consolidated		
		2004	2003	2002
		\$m	\$m	\$m
Current Assets				
Cash assets	11	307.8	286.0	258.5
Cash assets - restricted deposits	11	10.3	13.8	18.4
Receivables	12	228.7	262.4	293.7
Inventories	13	190.5	187.9	235.1
Prepayments		11.7	10.9	15.8
Total Current Assets		749.0	761.0	821.5
Non-Current Assets				
Receivables	12	63.6	57.0	66.7
Investments accounted for using the equity method	14			13.3
Other financial assets	14	141.4	141.4	145.8
Property, plant and equipment	15	227.8	262.9	332.5
Intangible assets	16	293.4	324.5	403.2
Deferred tax assets	17	24.2	32.0	49.7
Other				
Total Non-Current Assets		750.4	817.8	1,011.2
Total Assets		1,499.4	1,578.8	1,832.7
Current Liabilities				
Payables	18	159.4	154.4	192.7
Interest bearing liabilities	19	190.2	151.8	107.6
Provisions	20	52.0	57.5	85.4
Current tax liabilities	20	2.6	3.1	1.9
Other	21		1.1	1.2
Total Current Liabilities		404.2	367.9	388.8
Non-Current Liabilities				
Payables	18	3.3	3.2	3.7
Interest bearing liabilities	19	236.0	320.0	516.5

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Provisions	20	23.9	21.7	23.3
Deferred tax liabilities	20	20.2	21.5	24.4
		<u> </u>	<u> </u>	<u> </u>
Total Non-Current Liabilities		283.4	366.4	567.9
		<u> </u>	<u> </u>	<u> </u>
Total Liabilities		687.6	734.3	956.7
		<u> </u>	<u> </u>	<u> </u>
Net Assets		811.8	844.5	876.0
		<u> </u>	<u> </u>	<u> </u>
Equity				
Contributed equity	5	1,383.9	1,448.3	1,455.5
Reserves	6	(275.6)	(268.9)	(176.2)
Accumulated losses	6	(306.7)	(345.7)	(417.0)
		<u> </u>	<u> </u>	<u> </u>
Total equity attributable to Ansell Limited shareholders		801.6	833.7	862.3
Outside equity interests	10	10.2	10.8	13.7
		<u> </u>	<u> </u>	<u> </u>
Total Equity		811.8	844.5	876.0
		<u> </u>	<u> </u>	<u> </u>

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

Item 18 : Consolidated Financial Statements

STATEMENTS OF CASH FLOWS

of Ansell Limited and its Controlled Entities for the year ended 30 June 2004

	Note	Consolidated		
		2004	2003	2002
		\$m	\$m	\$m
Cash Flows Related to Operating Activities				
Receipts from customers (excluding non-recurring and Accufix Research Institute)		1,155.9	1,357.0	2,356.5
Payments to suppliers and employees (excluding non-recurring and Accufix Research Institute)		(950.6)	(1,159.9)	(2,124.8)
Net receipts from customers (excluding non-recurring and Accufix Research Institute)		205.3	197.1	231.7
Income taxes paid		(15.9)	(8.6)	(25.5)
Dividends received			2.6	0.3
Net cash provided by Operating Activities (excluding non-recurring and Accufix Research Institute)		189.4	191.1	206.5
Non-recurring payments to suppliers and employees		(7.1)	(26.8)	(82.7)
Payments to suppliers and employees net of customer receipts (Accufix Research Institute)		(3.1)	(2.7)	(10.7)
Net Cash (Used in)/Provided by Operating Activities	31(a)	179.2	161.6	113.1
Cash Flows Related to Investing Activities				
Payments for businesses, net of cash acquired				(40.9)
Payments for property, plant and equipment		(13.8)	(15.4)	(34.3)
Proceeds from sale of businesses, net of cash disposed				936.4
Proceeds from sale of plant and equipment in the ordinary course of business		5.3	6.1	12.1
Loans repaid		3.4	4.2	1.2
Proceeds from sale of other investments			9.1	
Payments for other investments		(1.3)		
Net Cash (Used in)/Provided by Investing Activities		(6.4)	4.0	874.5
Cash Flows Related to Financing Activities				
Proceeds from borrowings		104.3	7.8	737.0
Repayments of borrowings		(140.9)	(86.9)	(1,673.9)
Net repayments of borrowings		(36.6)	(79.1)	(936.9)
Proceeds from issues of shares		1.0	1.0	1.2
Payments for share buy-back		(65.4)	(8.2)	
Dividends paid		(32.7)	(1.7)	(48.3)

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Interest received	9.0	8.0	13.1
Interest and borrowing costs paid	(28.7)	(37.8)	(70.2)
Net Cash (Used in)/Provided by Financing Activities	(153.4)	(117.8)	(1,041.1)
Net (Decrease)/Increase in Cash Held	19.4	47.8	(53.5)
Cash at the beginning of the financial year	297.2	262.3	328.4
Effects of exchange rate changes on the balances of cash held in foreign currencies at the beginning of the financial year	(1.8)	(12.9)	(12.6)
Cash at the End of the Financial Year	31(b) 314.8	297.2	262.3

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

Item 18 : Consolidated Financial Statements

INDUSTRY SEGMENTS

of Ansell Limited and its Controlled Entities for the year ended 30 June 2004

	Operating Revenue			Operating Result		
	2004	2003	2002	2004	2003	2002
	\$m	\$m	\$m	\$m	\$m	\$m
INDUSTRY						
Ansell Healthcare						
Occupational Healthcare	545.2	624.9	640.2	74.2	62.9	37.0
Professional Healthcare	381.8	452.6	546.9	40.5	53.9	92.7
Consumer Healthcare	186.3	216.1	227.1	31.6	42.8	32.6
Total Ansell Healthcare	1,113.3	1,293.6	1,414.2	146.3	159.6	162.3
Unallocated Items	17.8	26.5	27.9	(13.1)	(22.4)	(27.7)
				133.2	137.2	134.6
Discontinued Businesses						
Trading			808.6			61.0
Operating EBITA				133.2	137.2	195.6
NON RECURRING						
Discontinued Businesses						
Net gain on sale of interests in Associated Companies					5.5	
Proceeds/Net gain on sale of Controlled Entities and Businesses			939.7			25.7
Other				17.8		
Rationalisation/Restructuring						
Ansell Healthcare					(4.6)	(11.6)
Other				(9.7)	(5.5)	(6.5)
Write-down of assets						
Ansell Healthcare				(8.8)		(63.1)
Exide Investment						(99.9)
Other				(1.0)	(1.5)	(13.5)
				131.5	131.1	26.7
Goodwill amortisation				(21.4)	(25.3)	(29.2)
Earnings before Net Interest and Tax (EBIT)				110.1	105.8	(2.5)
Borrowing Costs net of Interest Revenue				(16.8)	(26.5)	(54.7)

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Operating Profit before Tax				93.3	79.3	(57.2)
Tax				(20.7)	(26.8)	(55.8)
Outside Equity Interests				(1.9)	(2.6)	(2.8)
Total Consolidated	1,131.1	1,320.1	3,190.4	70.7	49.9	(115.8)

REGIONS

Asia Pacific	168.2	173.7	170.7	41.4	35.9	32.9
Americas	544.7	656.0	799.5	65.0	80.2	99.1
Europe	400.4	463.9	444.0	39.9	43.5	30.3
Total Ansell Healthcare	1,113.3	1,293.6	1,414.2	146.3	159.6	162.3

Assets Employed

Liabilities

2004	2003	2002	2004	2003	2002
\$m	\$m	\$m	\$m	\$m	\$m

INDUSTRY

Ansell Healthcare

Occupational Healthcare	274.8	284.4	353.8	96.1	90.0	105.2
Professional Healthcare	277.4	310.8	376.6	68.1	63.9	81.5
Consumer Healthcare	110.4	111.5	135.3	37.2	39.4	44.3

Total Ansell Healthcare	662.6	706.7	865.7	201.4	193.3	231.0
Unallocated Items	15.6	24.8	34.3	463.8	512.7	682.5
Discontinued Businesses	209.7	223.0	252.6	22.4	28.3	43.2
Goodwill and Brand names	293.4	324.5	403.2			
Cash	318.1	299.8	276.9			

Total Consolidated	1,499.4	1,578.8	1,832.7	687.6	734.3	956.7
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REGIONS

Asia Pacific	268.3	269.5	318.4	75.3	78.6	83.0
Americas	227.5	256.1	343.2	90.6	86.6	119.3
Europe	166.8	181.1	204.1	35.5	28.1	28.7

Total Ansell Healthcare	662.6	706.7	865.7	201.4	193.3	231.0
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The above industry segments report should be read in conjunction with the accompanying notes, including Note 30.

Item 18 : Consolidated Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

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

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

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

Basis of Preparation of Financial Report

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

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

The accounting policies adopted in preparing the financial report have been consistently applied by each entity in the consolidated entity and are consistent with those of the previous year.

Comparative information is reclassified where appropriate to enhance comparability.

Principles of Consolidation

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

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

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

Revenue Recognition

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

Sales Revenue

Sales revenue comprises revenue earned (net of returns, rebates 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 when the goods are shipped and title passes.

Interest Income

Interest income is recognised as it accrues.

Asset Sales

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

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

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

Borrowing Costs

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

Item 18 : Consolidated Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Goods and Services Tax

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

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

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

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

Income Tax

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

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

Future income tax benefits and liabilities arising because some items are included in accounting profit in a period different from that in which the items are assessed for income tax, are included in the Statement of Financial Position as a non-current asset and a non-current liability respectively. As provided for in Accounting Standard AASB 1020, these deferred tax balances have been offset, where applicable, in the financial statements of the individual entities. The eventual recoverability of future income tax benefits and payment of the non-current tax liability is contingent upon taxable income being earned in future periods, continuation of the relevant taxation laws and each relevant company continuing to comply with the appropriate legislation.

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

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

Tax Consolidation

The Company is the head entity in the tax-consolidated group comprising all the Australian wholly owned subsidiaries set out in Note 37. The implementation date for the tax-consolidated group was 1 July 2002. There has been no material impact on the financial statements of the Company or consolidated entity as a result of adopting tax consolidation as all tax balances of the Company and all Australian wholly owned subsidiaries were written off in a prior period.

Receivables

Trade Debtors

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

Other Amounts Receivable

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

Inventories

Stock on Hand and Work in Progress

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

Raw Materials and Other Stock

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

Item 18 : Consolidated Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories (continued)

Finished Goods and Work in Progress

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

Investments

Associated Companies

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

Subsequent to 2002 the consolidated entity has no investments that meet the criteria for recognition as an associated company.

Other Companies

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

Interest in Partnership

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

Property, Plant and Equipment

Acquisition

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

Depreciation and Amortisation

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

The expected useful lives are as follows:

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

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

Leases

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

Item 18 : Consolidated Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recoverable Amount of Non-Current Assets Valued on Cost Basis

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

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

Brand Names

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

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

Payables

Trade and Other Creditors

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

Bills Payable

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

Interest Bearing Liabilities

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

Employee Entitlements

Wages, Salaries and Annual Leave

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

Long Service Leave and Post Retirement Health Benefits

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

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

Provisions

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

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

Item 18 : Consolidated Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Provisions (continued)

Rationalisation and Restructuring

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

Contingencies, Accufix Pacing Lead Related Expenses and Insurance Claims

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

Dividends

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

Other Liabilities

Amounts due under contract

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

Superannuation Contributions

The Company and other controlled entities contribute to various defined benefit and accumulation superannuation funds as set out in Note 24. Employer contributions to these funds are charged against the operating profit as they are made. The Company and the controlled entities have no legal or constructive obligation to fund any deficit.

Employee and Executive Share Plans

The Company currently maintains two plans for employees of the consolidated entity - the Pacific Dunlop Employee Share Plan and the Ansell Limited Stock Incentive Plan. A further Plan, the Pacific Dunlop Executive Share Plan, was discontinued in 1996. Further information on these plans is set out in Note 25.

The consolidated entity has recorded a charge to the profit and loss for the current year of approximately \$2.6 million based on the expected vesting of Performance Share Rights issued to executives pursuant to the Ansell Limited Stock Incentive Plan over the past two years. Australian Accounting Standards do not currently require the recognition of compensation expense in relation to issuance of shares to employees, however the Company considers the recognition of such to be consistent with appropriate accounting criteria given the movement towards the recognition of such compensation under Exposure Draft 108 Equity Based Compensation.

Accounting for Acquisitions (Goodwill)

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

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

Item 18 : Consolidated Financial Statements**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Foreign Currency Translations**

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

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

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

Derivatives

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

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

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

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

Derivative Financial Instruments Held or Issued for Purposes Other Than Trading

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

These exposures are then monitored and may be modified from time to time. The foreign exchange transactions predominantly do not exceed 12 months duration and hedge transactions the consolidated entity expects to occur in this time frame. From time to time minor mismatches occur in the forward book, however these mismatches are managed under strict guidelines, limits and internal controls with stop loss parameters. Interest rate derivative instruments can be for periods up to 5 years.

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

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

Derivative Financial Instruments Held or Issued for Trading Purposes

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

Item 18 : Consolidated Financial Statements**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Use of Estimates**

The preparation of consolidated financial statements in conformity with Australian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reported period. The estimates and associated assumptions are based on historical experience and various factors that are believed to be reasonable under the circumstances and are reviewed on an ongoing basis. Actual results could differ from these estimates. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Earnings per Share

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

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

Item 18 : Consolidated Financial Statements**2. IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS**

Ansell will be required to prepare financial statements using Australian equivalents to International Reporting Standards (IFRS) for the year ending 30 June 2006. Ansell will report for the first time in compliance with IFRS when the results for the half-year ending 31 December 2005 are released.

IFRS requires that entities reporting their financial statements for the first time under IFRS must also restate their comparatives using all IFRS with the exception of IAS 32 Financial Instruments: Disclosure and Presentation and IAS 39 Financial Instruments: Recognition and Measurement. This will mean the opening IFRS balance sheet will be a restated comparative balance sheet, dated 1 July 2004. Most adjustments required on transition to IFRS will be made, retrospectively, against opening accumulated losses on 1 July 2004, however transitional adjustments relating to those standards where comparatives are not required will only be made on 1 July 2005. Comparatives restated to comply with IFRS will be reported, for the first time, in the financial statements for the half-year ending 31 December 2005.

Ansell has established a project team to plan and implement the transition process to IFRS. As at 30 June 2004, the project team has completed an impact study to identify key areas that will be impacted by IFRS. The impact study addressed key differences in accounting policies and disclosures, business issues associated with Australian equivalents to IFRS and key milestones for IFRS implementation including a high-level project plan.

The key differences in accounting policies that are expected to arise from adopting IFRS are as follows:

Intangible Assets - the amortisation of goodwill will be prohibited, and will be replaced by annual impairment testing of cash flows of the cash-generating unit to which the asset belongs.

Impairment of Assets - the recoverable amount of an asset will be determined on a discounted cash flow basis, with strict tests for determining whether the value of goodwill or cash-generating units have been impaired.

Superannuation - surpluses and deficits in defined benefit superannuation plans sponsored by entities within the consolidated entity will be recognised in the Statement of Financial Performance and Statement of Financial Position.

Share-Based Payments - equity-based compensation in respect of options will be recognised as an expense in the periods during which the employee provides related services.

Financial Instruments - derivative financial instruments will be carried at fair value in the Consolidated entity's Statement of Financial Position.

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The above should not be regarded as a complete list of changes to accounting policies that will result from the transition to Australian equivalents to IFRS, as some decisions have not yet been made where choices of accounting policies are available. For this reason it is not possible at this time to quantify the potential impact of the transition to Australian equivalents to IFRS on the consolidated entity's financial performance and financial position.

3. TOTAL REVENUE

<u>\$ in millions</u>	<u>Consolidated</u>		
	<u>2004</u>	<u>2003</u>	<u>2002</u>
Revenue from the Sale of Goods	1,113.3	1,293.6	2,222.8
Revenues From Other Operating Activities			
Dividend income			
From shares in other companies			0.3
Interest Received or Due and Receivable			
From related parties	3.5	3.3	2.5
From others	9.0	8.0	13.0
Total revenue from other operating activities	12.5	11.3	15.8
Revenue from Outside Operating Activities			
Proceeds from the Sale of Non-Current Assets	5.3	15.2	12.1
Proceeds Received from the Sale of Businesses			939.7
Total revenue from outside operating activities	5.3	15.2	951.8
Total Revenue	1,131.1	1,320.1	3,190.4

Item 18 : Consolidated Financial Statements

4. PROFIT/(LOSS) FROM ORDINARY ACTIVITIES BEFORE INCOME TAX

\$ in millions	Consolidated		
	2004	2003	2002
(a) Profit/(loss) from ordinary activities before income tax has been arrived at after charging/(crediting) the following items:			
Borrowing Costs			
Interest Paid or Due and Payable:			
To others	25.4	33.9	61.8
Other Borrowing Costs	4.0	3.9	8.4
	29.4	37.8	70.2
Total Borrowing Costs			
Depreciation			
Buildings	1.1	1.8	3.9
Plant & equipment	22.7	27.7	46.4
Amortisation			
Leasehold land and buildings	1.5	1.7	2.8
Goodwill	21.4	25.3	29.2
Research and Development Costs Expensed as Incurred			
	12.6	12.8	17.0
Net Bad Debts Expense			
	0.4	(0.6)	0.8
Amounts Set Aside to Provision for:			
Doubtful trade debts	1.2	(2.5)	(2.9)
Employee entitlements	13.0	10.8	29.2
Rationalisation and restructuring costs	9.7	10.1	20.3
Rebates, allowances and warranty claims	9.6	11.5	7.2
Net foreign exchange loss/(gain)	1.0	4.0	(0.4)
Profits Arising from the Sale of Property, Plant and Equipment			
	(0.8)	(0.3)	(7.6)
Losses Arising from Sale of Property, Plant and Equipment			
		0.2	13.2
Operating Lease Rentals			
	20.0	24.1	37.5
Write-down in Value of Inventories			
	3.7	5.9	3.0
(b) Individually significant items included in profit/(loss) from ordinary activities before income tax expense			
Refund of Sales Tax	17.8		
Write-down of Ansell Healthcare fixed assets	(8.8)		(63.1)
GNB Workers Compensation costs	(7.5)		
Write-down of receivable/investment		(6.1)	(99.9)
Net gain/(loss) on sale of controlled entities and businesses			25.7
(c) Auditors Remuneration (\$ in Thousands)			
Audit and review of the financial reports:			
Auditors of Ansell Limited and Australian entities - KPMG	1,013	1,183	1,653
Other member firms of KPMG	1,423	1,661	1,891
	2,436	2,844	3,544
Other services:			
Other audit and assurance services (including disposals and acquisitions)			
Auditors of Ansell Limited and Australian entities - KPMG	131	259	4,944

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Other member firms of KPMG	77	78	25
Taxation and other services			
Auditors of Ansell Limited and Australian entities - KPMG	40	32	439
Other member firms of KPMG	150	90	66
	<u> </u>	<u> </u>	<u> </u>
Total other services	398	459	5,474
	<u> </u>	<u> </u>	<u> </u>
Total auditors remuneration	2,834	3,303	9,018
	<u> </u>	<u> </u>	<u> </u>

Item 18 : Consolidated Financial Statements

5. CONTRIBUTED EQUITY

<u>\$ in millions</u>	Consolidated		
	2004	2003	2002
Issued and Paid up Capital			
176,310,916 (2003 - 185,917,580 ; 2002 - 187,073,500)			
ordinary shares, fully paid *	1,383.8	1,448.2	1,455.4
738,000 (2003 - 922,100 ; 2002 - 1,174,600)			
ordinary plan shares, paid to 5 cents	0.1	0.1	0.1
Total Issued and Paid up Capital	1,383.9	1,448.3	1,455.5

* includes 149,763 (2003 - 210,679 ; 2002 - 678,300) shares issued in accordance with the Employee

Share Plan and 198,288 (2003 - nil; 2002 - nil) shares bought back by the Company prior to 30 June 2004

but not cancelled as at that date.

Ordinary Shares Reconciliation

Balance at the beginning of the financial year	1,448.3	1,455.5	1,454.3
Increase in Contributed Equity:			
Additional capital issued	1.0	1.0	1.2
Decrease in Contributed Equity:			
Share buy-back	(65.4)	(8.2)	
Balance at the end of the financial year	1,383.9	1,448.3	1,455.5

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. Note 25 provides details of shares subject to options and Performance Share Rights granted under the Ansell Limited Stock Incentive Plan.

Share Buy-Back

The Company, on 30 April 2004, ceased buying back shares under the on-market buy back announced on 16 April 2003, after buying back 11,199,184 shares for a total outlay of \$72.1 million representing 6% of ordinary shares issued on that date. On 3 May 2004, the Company announced that it would undertake a further on-market buy-back of up to 12 million shares over the following 12 month period. As at 30 June 2004, the Company had bought back 198,288 shares for \$1.47 million.

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 184,100 existing Executive Plan shares were fully paid. Since the end of the financial year, the amounts outstanding on a further 23,800 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 25 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 60,916 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.

Item 18 : Consolidated Financial Statements

6. ACCUMULATED LOSSES AND RESERVES

\$ in millions	Consolidated		
	2004	2003	2002
Asset revaluation reserve	0.7	1.5	14.7
General reserve	3.3	1.8	2.7
Foreign currency translation reserve	(279.6)	(272.2)	(193.6)
Total Reserves	(275.6)	(268.9)	(176.2)
Accumulated losses	(306.7)	(345.7)	(417.0)
Total Accumulated Losses and Reserves	(582.3)	(614.6)	(593.2)
Movements during the year:			
Asset Revaluation Reserve			
Balance at beginning of the financial year	1.5	14.7	6.2
Transfer from/(to) retained profits	(0.8)	(13.2)	8.5
Balance at the end of the financial year	0.7	1.5	14.7
General Reserve			
Balance at beginning of the financial year	1.8	2.7	3.0
Transfer from/(to) retained profits	1.5	(0.9)	(0.3)
Balance at the end of the financial year	3.3	1.8	2.7
Foreign Currency Translation Reserve			
Balance at the beginning of the financial year	(272.2)	(193.6)	(127.2)
Transfers to retained profits		(7.3)	3.2
Exchange fluctuations on assets and liabilities held in foreign currencies			
net loss on translation of net assets	(16.8)	(121.1)	(120.3)
net gain on hedge borrowings	9.4	49.8	50.7
Balance at the end of the financial year	(279.6)	(272.2)	(193.6)
Accumulated Losses			
Balance at the beginning of the financial year	(345.7)	(417.0)	(289.9)
Transfer (to)/from reserves	(0.7)	21.4	(11.4)
Net profit/(loss) after income tax attributable to Ansell Limited shareholders	70.7	49.9	(115.8)
Dividends provided for or paid *	(31.0)		0.1
Balance at the end of the financial year	(306.7)	(345.7)	(417.0)

* 2002 dividends represents an overprovision in the prior year.

Nature and purpose of reserves

Asset Revaluation

The asset revaluation reserve includes the net revaluation increments and decrements arising from the revaluation of non-current assets in accordance with AASB 1041. The balance of \$0.7 million is not available for future asset write-downs as a result of using the deemed cost election for land and buildings when adopting AASB 1041.

General

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

Foreign currency translation

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

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7. TOTAL EQUITY RECONCILIATION

<u>\$ in millions</u>	Consolidated		
	2004	2003	2002
Total equity at the beginning of the financial year	844.5	876.0	1,066.2
Total changes in equity from non-owner related transactions attributable to Ansell Limited shareholders	63.3	(21.4)	(185.4)
Transactions with owners as owners:			
Contributions of equity	1.0	1.0	1.2
Share buy-back	(65.4)	(8.2)	
Dividends	(31.0)		0.1
Total changes in outside equity interest	(0.6)	(2.9)	(6.1)
Total equity at the end of the financial year	811.8	844.5	876.0

8. INCOME TAX

<u>\$ in millions</u>	Consolidated		
	2004	2003	2002
Prima facie income tax expense/(benefit) calculated at 30% (2003: 30%, 2002: 30%) on profit/(loss) from ordinary activities	28.0	23.8	(17.2)
Increased taxation arising from:			
Write down of assets	2.9	2.3	48.9
Net restructuring costs	2.9	1.4	5.4
Goodwill amortisation	0.9	1.1	1.4
Income tax under provided in prior years	2.2	1.3	0.2
Net higher overseas tax rates		8.3	4.1
Reduced taxation arising from:			
Net (gain)/loss on sale of businesses and controlled entities			(7.7)
Investment and export incentive allowances	(6.8)	(6.7)	(6.3)
Net lower overseas tax rates	(0.9)		
Other permanent differences*	(8.5)	(4.6)	12.4
Share of associates net profit		(0.1)	(0.6)
Income tax expense/(benefit) on profit from ordinary activities before individually significant items and effect of change in tax rate	20.7	26.8	40.6
Individually significant income tax items:			
Write off of tax balances attributable to Australian operations			15.2
Income tax expense/(benefit) attributable to profit/(loss) from ordinary activities	20.7	26.8	55.8

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	—	—	—
Income tax expense/(benefit) attributable to operating profit/(loss) is made up of:			
Provision attributable to current year	17.2	0.7	8.0
Under/(Over) provision in respect of previous years	2.2	1.3	0.2
Provision attributable to future years			
Deferred income tax liability	(1.5)	0.3	(2.0)
Future income tax benefit	2.8	24.5	49.6
	—	—	—
	20.7	26.8	55.8
	—	—	—

* Includes tax benefit on loss from Australian trading operations not brought to account/recovery of tax losses not previously brought to account.

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9. DIVIDENDS PAID OR DECLARED

<u>\$ in millions</u>	<u>Consolidated</u>		
	<u>2004</u>	<u>2003</u>	<u>2002</u>
Dividends paid			

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

A final dividend for the year ended 30 June 2003 of 11 cents per share unfranked, was paid on 9 October 2003	20.4
An interim dividend for the year ended 30 June 2004 of 6 cents per share unfranked, was paid on 8 April 2004	10.6

Dividends declared

Since the end of the financial year the Directors declared the following dividend payable to Ansell Limited shareholders:

final dividend of 7 cents, unfranked (2003 -11 cents; 2002 - nil)	12.3	20.4
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The financial effect of this dividend has not been brought to account in the financial statements For the year ended 30 June 2004 and will be recognised in subsequent financial reports.

Dividend Franking Account

As a result of entering the Tax Consolidation regime the balance of available franking credits in the franking account as at 30 June 2004 was \$2.7 million (2003 - nil; 2002 - nil).

10. OUTSIDE EQUITY INTERESTS

<u>\$ in millions</u>	<u>Consolidated</u>		
	<u>2004</u>	<u>2003</u>	<u>2002</u>
Outside equity interests comprise:			
Contributed equity	2.1	2.1	4.5
Reserves	(3.0)	(2.2)	2.4
Retained profits at the beginning of the financial year	10.9	6.8	3.6
Profits for the year	1.9	2.6	2.8
Dividends paid/provided for during the year	(1.7)	(1.7)	(1.8)
Outside equity interests disposed/acquired during the year		3.2	2.2
Retained profits at the end of the financial year	11.1	10.9	6.8
Total Outside Equity Interests	10.2	10.8	13.7

11. CASH ASSETS

Consolidated

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<u>\$ in millions</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Cash on hand	0.9	0.6	0.2
Cash at bank	69.8	60.8	72.0
Short-term deposits	237.1	224.6	186.3
	<u>307.8</u>	<u>286.0</u>	<u>258.5</u>
Restricted deposits	10.3	13.8	18.4
	<u>318.1</u>	<u>299.8</u>	<u>276.9</u>
Total Cash Assets	318.1	299.8	276.9

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

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12. RECEIVABLES

\$ in millions	Consolidated		
	2004	2003	2002
Current			
Trade debtors	204.7	218.2	264.8
Less provision for doubtful debts	6.7	6.9	17.5
Less provision for rebates, allowances and warranty claims	15.0	13.8	14.8
	183.0	197.5	232.5
Amounts owing by South Pacific Tyres partnership	0.5	7.6	
Other amounts receivable	45.2	57.3	61.2
Total Current	228.7	262.4	293.7
Non-Current			
Interest bearing amount owing by South Pacific Tyres partnership	62.3	55.1	59.4
Amounts owing by other related parties			0.2
Interest bearing amount owing by external entities			2.5
Other amounts receivable	1.6	2.4	6.8
Less provision for doubtful debts	0.3	0.5	2.2
Total Non Current	63.6	57.0	66.7
Total Receivables	292.3	319.4	360.4
Included in other amounts receivable are:			
(i) Loans to employees in relation to the employee share plan			
current			0.7
non-current	0.8	1.2	3.6
(ii) Loans to Executive Directors of Ansell Limited and Executives who are Directors of certain controlled entities secured under the Ansell Housing Scheme repayable at a future date at concessional interest rates			
non-current			0.2
Repayments received		0.2	0.2

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

\$ in millions	Consolidated		
	2004	2003	2002
Balance at the beginning of the financial year	6.9	17.5	33.1
Acquisitions/(disposals) of entities			(8.2)
Amounts charged/(released) to profit/(loss) from operating activities	1.2	(2.5)	(2.9)
Amounts utilised for intended purposes	(1.3)	(7.4)	(4.0)

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Net foreign currency differences on translation of self-sustaining operations	(0.1)	(0.7)	(0.5)
Balance at the end of the financial year	6.7	6.9	17.5

13. INVENTORIES

\$ in millions	Consolidated		
	2004	2003	2002
At Cost			
Raw materials	20.1	21.6	31.9
Work in progress	13.6	13.1	17.0
Finished goods	112.0	137.2	181.1
Other stock	3.9	5.5	5.1
Total Inventory at Cost	149.6	177.4	235.1
Net Realisable Value			
Finished goods	37.9	10.5	
Other stock	3.0		
Total Inventory at Net Realisable Value	40.9	10.5	
Total Inventories	190.5	187.9	235.1

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14. OTHER FINANCIAL ASSETS (INVESTMENTS)

\$ in millions	Notes	Consolidated		
		2004	2003	2002
<i>Other financial assets</i>				
Quoted on a prescribed stock exchange:				
At cost				9.3
At market value		2.1	3.1	
Not quoted on a prescribed stock exchange:				
At cost		1.3		
South Pacific Tyres N.Z. Ltd		21.6	21.9	20.1
Investment in Partnership				
South Pacific Tyres		116.4	116.4	116.4
Total Other Financial Assets		141.4	141.4	145.8
(b) Investments accounted for using the equity method				
Shares in Unlisted Associated Companies				
Equity Accounted	38			13.3
Total Investments accounted for using the equity method				13.3

(1) The Directors have adopted the cost basis of valuation in accordance with AASB 1041 Revaluation of Non-Current Assets .

15. PROPERTY, PLANT AND EQUIPMENT

\$ in millions	Consolidated		
	2004	2003	2002
(a) Freehold Land			
At cost	12.6	13.4	16.3
(b) Freehold Buildings			
At cost	37.7	39.8	45.6
Less provision for depreciation	11.7	11.9	7.6
	26.0	27.9	38.0
(c) Leasehold Land and Buildings			
At cost	52.2	53.4	62.6

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Less provision for amortisation	12.2	11.1	12.1
	<u>40.0</u>	<u>42.3</u>	<u>50.5</u>
(d) Plant and Equipment			
At cost	400.6	436.3	502.5
Less provision for depreciation	260.2	266.1	286.7
	<u>140.4</u>	<u>170.2</u>	<u>215.8</u>
(e) Buildings and Plant under construction			
At cost	8.8	9.1	11.9
Total property, plant and equipment	<u>227.8</u>	<u>262.9</u>	<u>332.5</u>

In accordance with the consolidated entity's policy of obtaining an independent valuation of land and buildings every three years, a valuation was carried out as at 31 December 2003 by independent valuers. This valuation was on the basis of Fair Value - Existing Use, subject to continued occupation by the operating entity or, where this was not the case, Fair Value - Alternative Use. With respect to land and buildings owned as at 30 June 2004, this resulted in a valuation of freehold land of \$33,527,961 and a valuation of freehold buildings of \$52,227,266.

As land and buildings are recorded at cost, the valuation has not been brought to account.

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15. PROPERTY, PLANT AND EQUIPMENT (continued)

Reconciliations

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

<u>\$ in millions</u>	Consolidated		
	2004	2003	2002
Freehold Land			
Balance at the beginning of the financial year	13.4	16.3	43.3
Disposal of entities			(20.8)
Disposals/Write-downs	(1.5)	(0.6)	(4.6)
Net foreign currency differences on translation of self-sustaining operations	0.7	(2.3)	(1.6)
	12.6	13.4	16.3
Freehold Buildings			
Balance at the beginning of the financial year	27.9	38.0	97.7
Additions	0.1	0.1	0.3
Disposal of entities			(33.3)
Disposals/Write-downs	(2.0)	(3.4)	(19.4)
Transfer from capital works in progress	0.2	0.1	
Depreciation	(1.1)	(1.8)	(3.9)
Net foreign currency differences on translation of self-sustaining operations	0.9	(5.1)	(3.4)
	26.0	27.9	38.0
Leasehold Land and Buildings			
Balance at the beginning of the financial year	42.3	50.5	73.2
Additions	0.1	0.8	1.1
Additions through entities acquired			1.9
Disposal of entities			(14.8)
Disposals/Write-downs	(0.2)		(2.7)
Transfers from capital works in progress	0.7	0.2	1.4
Amortisation	(1.5)	(1.7)	(2.8)
Net foreign currency differences on translation of self-sustaining operations	(1.4)	(7.5)	(6.8)
	40.0	42.3	50.5
Plant and Equipment			
Balance at the beginning of the financial year	170.2	215.8	423.9
Additions	3.9	5.4	11.4
Additions through entities acquired			3.4

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Disposal of entities			(104.4)
Disposals/Write-downs	(9.7)	(3.7)	(74.4)
Transfers from capital works in progress	8.3	9.5	30.5
Depreciation	(22.7)	(27.7)	(46.4)
Net foreign currency differences on translation of self-sustaining operations	(9.6)	(29.1)	(28.2)
	<u> </u>	<u> </u>	<u> </u>
Balance at the end of the financial year	140.4	170.2	215.8

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15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

<u>\$ in millions</u>	Consolidated		
	2004	2003	2002
Buildings and Plant under construction			
Balance at the beginning of the financial year	9.1	11.9	31.8
Additions	9.7	9.1	21.5
Disposal of entities			(7.0)
Disposals/Write-downs			(0.4)
Transfers to property, plant & equipment	(9.2)	(9.8)	(31.9)
Net foreign currency differences on translation of self-sustaining operations	(0.8)	(2.1)	(2.1)
	8.8	9.1	11.9

16. INTANGIBLE ASSETS

<u>\$ in millions</u>	Consolidated		
	2004	2003	2002
Brand Names			
At cost	117.4	121.2	142.5
Goodwill			
At cost	375.3	385.6	445.9
Less provision for amortisation	199.3	182.3	185.2
	176.0	203.3	260.7
Total Intangibles	293.4	324.5	403.2

17. DEFERRED TAX ASSETS

<u>\$ in millions</u>	Consolidated		
	2004	2003	2002
Future income tax benefit arising from:			
Accumulated timing differences	23.6	26.0	32.2

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Accumulated tax losses	0.6	6.0	17.5
	<u> </u>	<u> </u>	<u> </u>
	24.2	32.0	49.7
	<u> </u>	<u> </u>	<u> </u>

The Group has unrecognised capital tax losses relating to controlled entities of \$374.9 million (2003 - \$267.9 million; 2002 - \$331.3 million). Future income tax benefits of \$363.9 million (2003 - \$380.4 million; 2002 - \$393.6 million) relating to trading tax losses of controlled entities have not been recognised in the financial statements.

The benefit of those trading losses will only be obtained if:

(a) the relevant company derives future assessable income of a nature and an amount sufficient to enable the benefit to be realised, or the benefit can be utilised by another company in the consolidated entity; and

(b) the relevant company and/or the consolidated entity continues to comply with the conditions for deductibility imposed by the law; and

(c) no changes in tax legislation adversely affect the relevant company and/or consolidated entity in realising the benefit.

The tax effect of temporary differences that give rise to significant portions of the future income tax benefit are presented below:

<u>\$ in millions</u>	<u>Consolidated</u>		
	<u>2004</u>	<u>2003</u>	<u>2002</u>
Trading stock tax adjustments	3.5	4.9	4.0
Provisions	17.0	18.1	21.4
Accruals	2.7	2.3	3.0
Unrealised foreign exchange losses			0.5
Accumulated tax losses	0.6	6.0	17.5
Other	0.4	0.7	3.3
	<u> </u>	<u> </u>	<u> </u>
Total temporary differences	24.2	32.0	49.7
	<u> </u>	<u> </u>	<u> </u>

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18. PAYABLES

<u>\$ in millions</u>	Consolidated		
	2004	2003	2002
Current			
Trade creditors	124.1	130.1	166.6
Other creditors	35.3	24.3	26.1
	159.4	154.4	192.7
Non-Current			
Other creditors	3.3	3.2	3.7
	3.3	3.2	3.7
Total Payables	162.7	157.6	196.4

19. INTEREST BEARING LIABILITIES

<u>\$ in Millions</u>	Consolidated		
	2004	2003	2002
Current			
Bank overdrafts	3.3	2.6	14.6
Bank loans repayable in:			
Canadian dollars		5.6	5.8
Euro dollars			14.9
Malaysian ringgits	7.0	9.2	5.8
Other currencies	0.8	0.6	0.7
Other loans repayable in:			
Australian dollars	50.0		
Sterling Pounds			16.2
U.S. dollars	129.1	133.8	49.6
	190.2	151.8	107.6
Non-Current			
Bank loans repayable in:			
U.S. dollars	101.6		
Other currencies			0.2

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Other loans repayable in:			
Australian dollars	66.0	116.0	116.0
Euro dollars			34.0
U.S. dollars	68.4	204.0	366.3
	<u> </u>	<u> </u>	<u> </u>
Total Non-Current	236.0	320.0	516.5
	<u> </u>	<u> </u>	<u> </u>
Total Interest Bearing Liabilities	426.2	471.8	624.1
	<u> </u>	<u> </u>	<u> </u>

At 30 June 2004 bank overdraft and other loans totalling \$1.4 million (2003: \$1.7 million, 2002: \$2.4 million) were secured, principally against Group property, plant and equipment having carrying values slightly in excess of the secured amounts payable. These security arrangements relate to acquired controlled entities and were in place prior to the companies concerned becoming part of the Ansell Limited Group.

The Group established a US\$250 million revolving credit bank facility on 30 April 2004 of which US\$200 million has a five year term and US\$50 million a 364 day term. This facility can be accessed by the parent company and certain USA subsidiaries. US\$70 million of the five year term facility had been drawn down at 30 June 2004 (June 2003: Nil) leaving an unused balance at that date of US\$180 million. There are no restrictions on the access to this facility. There are a number of financial covenants attaching to this facility including restrictions on the level of borrowings of non guarantor subsidiaries, ensuring the assets of the guarantor subsidiaries are in excess of a specified percentage of total group assets and ensuring certain financial ratios are maintained. The interest rate for this facility is determined based on market rates at the time amounts are drawn down. The Company is in compliance with all covenants.

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19. INTEREST BEARING LIABILITIES (CONTINUED)

The following table sets out detail in respect of the major components of Interest Bearing Liabilities at 30 June, 2004.

Nature of Borrowing	Amount \$m	Interest Rate % p.a.	Maturity Date
Bank Overdrafts			
Indian rupees	0.8	3.80	At Call
Thai Baht	1.8	1.80	At Call
United States dollars	0.7	1.80	At Call
Total Bank Overdrafts	3.3		
Bank Loans			
Current			
Malaysian ringgits	7.0	3.00	2005
Other currencies	0.8	2.50	2005
	7.8		
Non-Current			
United States dollars	101.6	4.07	2009
Total Bank Loans	109.4		
Other Loans			
Current			
Australian dollars	50.0	6.77	2005
United States dollars	129.1	6.92	2005
	179.1		
Non-Current			
Australian dollars	50.0	6.54	2007
Australian dollars	16.0	7.76	2007
United States dollars	29.0	2.19	2006
United States dollars	26.3	5.99	2007
United States dollars	13.1	1.97	2010
	134.4		