

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.

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

Yes No

Item 17 Item 18

Contents - Business Description and Financial Statements

<u>SEC ITEM</u>	<u>PAGE NO</u>
PART I	
Item 1: <u>Identity of Directors, Senior Management and Advisors</u>	1
Item 2: <u>Offer Statistics and Expected Timetable</u>	2
Item 3: <u>Key Information</u>	3
3A <u>Selected Financial Data</u>	3
3B <u>Capitalisation and Indebtedness</u>	5
3C <u>Reasons for the Offer and use of Proceeds</u>	5
3D <u>Risk Factors</u>	5
Item 4: <u>Information on the Company</u>	8
4A <u>History and Development of the Company</u>	8
4B <u>Business Overview</u>	11
4C <u>Organisational Structure</u>	16
4D <u>Property, Plants and Equipment</u>	16
Item 5: <u>Operating and Financial Review and Prospects</u>	18
5A <u>Operating Results</u>	18
5B <u>Liquidity and Capital Resources</u>	23
5C <u>Research And Development</u>	25
5D <u>Trend Information</u>	25
5E <u>Off-Balance Sheet Arrangements</u>	25
5F <u>Contractual Obligations</u>	26
5G <u>Safe Harbour</u>	26
5H <u>Critical Accounting Policies</u>	26
Item 6: <u>Directors, Senior Management and Employees</u>	28
6A <u>Directors and Senior Management</u>	28
6B <u>Compensation</u>	31
6C <u>Board Practices</u>	35
6D <u>Employees</u>	41
6E <u>Share Ownership</u>	42
Item 7: <u>Major Shareholders and Related Party Transactions</u>	44
7A <u>Major Shareholders</u>	44
7B <u>Related Party Transactions</u>	44
7C <u>Interests of Experts and Counsel</u>	44
Item 8: <u>Financial Information</u>	45
8A <u>Consolidated Statements and other Financial Information</u>	45
8B <u>Significant Changes</u>	45
Item 9: <u>The Offer and Listing</u>	46
9A <u>Offer and Listing Details</u>	46
9B <u>Plan of Distribution</u>	46
9C <u>Markets</u>	47
9D <u>Selling Shareholders</u>	47
9E <u>Dilution</u>	47
9F <u>Expenses of the Issue</u>	47
Item 10: <u>Additional Information</u>	48
10A <u>Share Capital</u>	48
10B <u>Constitution</u>	48
10C <u>Material Contracts</u>	50
10D <u>Exchange Controls</u>	51
10E <u>Australian Taxation</u>	60
10F <u>Dividends and Paying Agents</u>	63

10G	<u>Statement by Experts</u>	63
10H	<u>Documents on Display</u>	63
10I	<u>Subsidiary Information</u>	63
Item 11:	<u>Quantitative and Qualitative Disclosures about Market Risk</u>	64
	<u>Derivative Financial Instruments</u>	64
Item 12:	<u>Description of Securities Other than Equity Securities</u>	70
Item 13:	<u>Defaults, Dividend Arrearages and Delinquencies</u>	71
Item 14:	<u>Material Modifications to the Rights of Security Holders</u>	72
Item 15:	<u>Controls and Procedures</u>	73
Item 16:		74
16A	<u>Audit Committee Financial Expert</u>	74
16B	<u>Code Of Ethics</u>	74
16C	<u>Principal Accountant Fees and Services</u>	74
16D	<u>Exemptions from the Listing Standards for Audit Committees</u>	75
16E	<u>Purchases Of Equity Securities By The Issuer</u>	75
Item 17:	<u>Financial Statements</u>	76
Item 18:	<u>Consolidated Financial Statements</u>	77
	<u>Statements of Financial Performance</u>	77
	<u>Statements of Financial Position</u>	78
	<u>Statements of Cash Flows</u>	79
	<u>Industry Segments</u>	80
1.	<u>Summary of Significant Accounting Policies</u>	81
2.	<u>Impact of Adopting Australian Equivalents to International Financial Reporting Standards</u>	88
3.	<u>Total Revenue</u>	88
4.	<u>Profit/(Loss) from Ordinary Activities Before Income Tax</u>	89
5.	<u>Contributed Equity</u>	90
6.	<u>Accumulated Losses and Reserves</u>	91
7.	<u>Total Equity Reconciliation</u>	92
8.	<u>Income tax</u>	92
9.	<u>Dividends Paid or Declared</u>	93
10.	<u>Outside Equity Interests</u>	93
11.	<u>Cash Assets</u>	93
12.	<u>Receivables</u>	94
13.	<u>Inventories</u>	94
14.	<u>Other Financial Assets (Investments)</u>	95
15.	<u>Property, Plant and Equipment</u>	95
16.	<u>Intangible Assets</u>	97
17.	<u>Deferred Tax Assets</u>	97
18.	<u>Payables</u>	98
19.	<u>Interest Bearing Liabilities</u>	98
20.	<u>Provisions</u>	100
21.	<u>Other Liabilities</u>	101
22.	<u>Dissection of Liabilities</u>	101
23.	<u>Expenditure Commitments</u>	101
24.	<u>Superannuation</u>	102
25.	<u>Ownership-Based Remuneration Schemes</u>	103
26.	<u>Contingent Liabilities and Contingent Assets</u>	105
27.	<u>Financial Instruments</u>	107
28.	<u>Director and Executive Disclosures</u>	110
29.	<u>Service Agreements</u>	115
30.	<u>Notes to the Industry Segments Report</u>	116
31.	<u>Notes to the Statements of Cash Flows</u>	118
32.	<u>Acquisition of Controlled Entities and Material Businesses</u>	119

33. <u>Disposal of Controlled Entities and Material Businesses</u>	119
34. <u>Non-Director Related Party Disclosures</u>	119
35. <u>Earnings per Share</u>	121
36. <u>Environmental Matters</u>	121
37. <u>Particulars Relating to Controlled Entities</u>	122
38. <u>Investments in Associates</u>	125
39. <u>Major differences between Australian GAAP and US GAAP - Restated</u>	127
40. <u>Reconciliation to United States Generally Accepted Accounting Principles (US GAAP)</u>	134
<u>Report of Independent Registered Public Accounting Firm</u>	142
Item 19: <u>Exhibits</u>	143
<u>Signature</u>	144
<u>South Pacific Tyres</u>	145
<u>Statement Of Financial Performance</u>	145
<u>Statement Of Financial Position</u>	146
<u>Statement Of Partners' Equity</u>	147
<u>Statements Of Cash Flows</u>	148
<u>Notes To The Financial Statements</u>	149
<u>Exhibit Index</u>	187
<u>Exhibit 1.1</u>	187
<u>Exhibit 7.1</u>	188
<u>Exhibit 8.1</u>	189
<u>Exhibit 12.1</u>	191
<u>Exhibit 12.2</u>	192
<u>Exhibit 13.1</u>	193
<u>Exhibit 13.2</u>	194

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>	For Years Ended 30 June				
	<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⁾

\$ in millions	For Years Ended 30 June				
	2004	% change	2003	% change	2002
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.

\$ in millions	For Years Ended 30 June		
	2004	2003	2002
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.

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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>	Interest Rate			Foreign Exchange		
	2004	2003	2002	2004	2003	2002
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	Floating	Interest Rate Fixed Maturities			Non Interest Bearing	Total
			1 year or less	1 to 5 years ⁽¹⁾	Over 5 years		
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

<u>Period</u>	<u>Total Number of Shares Purchased</u>	<u>Average Price Paid per Share \$A</u>	<u>Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs</u>	<u>Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs</u>
1 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.

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.

Item 18 : Consolidated Financial Statements

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.

Item 18 : Consolidated Financial Statements

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
---	------	------

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	<u>318.1</u>	<u>299.8</u>	<u>276.9</u>

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

Item 18 : Consolidated Financial Statements

12. RECEIVABLES

<u>\$ in millions</u>	<u>Consolidated</u>		
	<u>2004</u>	<u>2003</u>	<u>2002</u>
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
	<u>183.0</u>	<u>197.5</u>	<u>232.5</u>
Amounts owing by South Pacific Tyres partnership	0.5	7.6	
Other amounts receivable	45.2	57.3	61.2
	<u>228.7</u>	<u>262.4</u>	<u>293.7</u>
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
	<u>63.6</u>	<u>57.0</u>	<u>66.7</u>
Total Non Current	63.6	57.0	66.7
	<u>292.3</u>	<u>319.4</u>	<u>360.4</u>
Total Receivables			
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:

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

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

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

Item 18 : Consolidated Financial Statements

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.

Item 18 : Consolidated Financial Statements

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

Item 18 : Consolidated Financial Statements

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>

Item 18 : Consolidated Financial Statements

18. PAYABLES

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

19. INTEREST BEARING LIABILITIES

\$ in Millions	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
Total Current	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.

Item 18 : Consolidated Financial Statements

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		
Total Other Loans	313.5		

Total Interest Bearing Liabilities	426.2
<hr/>	
Maturity Schedule	
<hr/>	
Term to maturity:	
Within one year	190.2
One to two years	29.0
Two to three years	92.3
Four to five years	101.6
Greater than five years	13.1
<hr/>	
Total	426.2
<hr/>	

\$ in Millions	Consolidated		
	2004	2003	2002
<hr/>			
Net Interest Bearing Debt			
Cash at bank and short-term deposits (net of restricted deposits)	306.9	285.4	258.3
Current borrowings	190.2	151.8	107.6
Non-current borrowings	236.0	320.0	516.5
<hr/>			
Net interest bearing debt	119.3	186.4	365.8
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Item 18 : Consolidated Financial Statements

20. PROVISIONS

<u>\$ in Millions</u>	<u>Consolidated</u>		
	<u>2004</u>	<u>2003</u>	<u>2002</u>
Current			
Provision for employee entitlements	17.1	17.7	25.2
Provision for contingencies	4.6	4.8	2.8
Provision for rationalisation and restructuring costs	13.1	13.5	30.0
Provision for Accufix Pacing Lead related expenses	11.2	14.5	18.6
Provision for claims	6.0	7.0	8.8
	<u>52.0</u>	<u>57.5</u>	<u>85.4</u>
Provision for income tax	2.6	3.1	1.9
Total Current	<u>54.6</u>	<u>60.6</u>	<u>87.3</u>
Non-Current			
Provision for employee entitlements	23.9	21.7	23.3
Provision for deferred income tax	20.2	21.5	24.4
Total Non-Current	<u>44.1</u>	<u>43.2</u>	<u>47.7</u>
Total Provisions	<u>98.7</u>	<u>103.8</u>	<u>135.0</u>

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

<u>\$ in Millions</u>	<u>Consolidated</u>		
	<u>2004</u>	<u>2003</u>	<u>2002</u>
Provision for contingencies			
Balance at the beginning of the financial year	4.8	2.8	3.2
Amounts charged to profit after tax from operating activities		2.4	
Net foreign currency differences on translation of self-sustaining operations	(0.2)	(0.4)	(0.4)
Balance at the end of the financial year	<u>4.6</u>	<u>4.8</u>	<u>2.8</u>
Provision for rationalisation and restructuring			
Balance at the beginning of the financial year	13.5	30.0	111.9
Acquisitions/(disposals) of entities			(11.5)
Amounts charged/(released) to profit/(loss) from operating activities	9.7	10.1	20.3
Amounts utilised for intended purposes	(10.1)	(25.7)	(88.0)
Net foreign currency differences on translation of self-sustaining operations		(0.9)	(2.7)

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Balance at the end of the financial year	13.1	13.5	30.0
Provision for Accufix Pacing Lead related expenses			
Balance at the beginning of the financial year	14.5	18.6	29.3
Amounts utilised for intended purposes	(3.1)	(2.7)	(10.7)
Transfer to controlled entities			
Amounts refunded by Court/recovered from Insurers			1.5
Net foreign currency differences on translation of self-sustaining operations	(0.2)	(1.4)	(1.5)
Balance at the end of the financial year	11.2	14.5	18.6
Provision for claims (Captive Insurance Company)			
Balance at the beginning of the financial year	7.0	8.8	10.9
Amounts utilised for intended purposes	(1.0)	(1.8)	(2.1)
Balance at the end of the financial year	6.0	7.0	8.8

The tax effect of temporary differences that give rise to significant portions of the provision for deferred income tax are presented below:

\$ in Millions	Consolidated		
	2004	2003	2002
Depreciation on plant adjustments	1.8	9.3	4.1
Amortisation of Intangible Assets	12.4	13.5	16.8
Other	6.0	(1.3)	3.5
Total	20.2	21.5	24.4

Item 18 : Consolidated Financial Statements**20. PROVISIONS (CONTINUED)**

The present values of employee entitlements not expected to be settled within twelve months of balance date have been calculated using the following weighted averages:

<u>Employee Entitlements</u>	<u>Consolidated</u>		
	<u>2004</u>	<u>2003</u>	<u>2002</u>
Assumed rate of increase in wage and salary rates	2.0%	3.4%	4.0%
Discount rate	4.1%	1.7%	2.3%
Settlement term (years)	10-15	10-15	10-15
Number of employees at year end	11,530	12,013	12,160

21. OTHER LIABILITIES

<u>\$ in Millions</u>	<u>Consolidated</u>		
	<u>2004</u>	<u>2003</u>	<u>2002</u>
Current			
Deferred income		1.1	1.2
Total Current Other Liabilities		1.1	1.2

22. DISSECTION OF LIABILITIES

<u>\$ in Millions</u>	<u>Consolidated</u>		
	<u>2004</u>	<u>2003</u>	<u>2002</u>
Secured			
Bank overdrafts and other loans	0.6	1.1	1.5
Bank loans	0.8	0.6	0.9
Unsecured			
Bank overdrafts	2.7	1.5	13.1
Bank loans	108.6	14.8	26.5
Other loans	313.5	453.8	582.1
Trade creditors	124.1	130.1	166.6
Other creditors	38.6	27.5	29.8
Provisions (as per Note 20)	98.7	103.8	135.0
Other liabilities (as per Note 21)		1.1	1.2

Total Unsecured Liabilities	686.2	732.6	954.3
Total Liabilities	687.6	734.3	956.7

23. EXPENDITURE COMMITMENTS

<u>\$ in Millions</u>	<u>Consolidated</u>		
	<u>2004</u>	<u>2003</u>	<u>2002</u>
(a) Capital expenditure commitments			
Contracted but not provided for in the financial statements:		0.2	0.2
Plant and equipment		0.2	0.2
Payable within one year		0.2	0.2
(b) Operating Lease Commitments			
Future operating lease commitments not provided for in the financial statements and payable:			
Within one year	11.8	14.0	11.0
One year or later and no later than five years	30.1	33.3	29.1
Later than five years	14.4	11.1	15.6
	56.3	58.4	55.7

The Group leases property under operating leases expiring from one to twenty years. Leases generally provide the Group with a right of renewal at which time all terms are renegotiated.

Item 18 : Consolidated Financial Statements

24. SUPERANNUATION

Ansell Limited and certain controlled entities contribute to certain defined benefit and accumulation Superannuation Funds maintained to provide superannuation benefits for employees.

The defined benefit funds are listed below. Where applicable, amounts shown have been proportionately determined and are based on values extracted from the most recent financial report of the Fund. In respect of these funds, employer contributions are based on the advice of the plan's actuary.

\$ in millions	2004				2003				2002			
	Assets	Accrued benefits	Excess / (Deficiency)	Vested benefits	Assets	Accrued benefits	Excess / (Deficiency)	Vested benefits	Assets	Accrued benefits	Excess / (Deficiency)	Vested benefits
<i>Plan sponsored by the Company</i>												
Pacific Dunlop Superannuation Fund	37.4	26.7	10.7	22.5	41.3	26.7	14.6	26.3	41.3	26.7	14.6	26.3
<i>Plans sponsored by other entities in the consolidated entity</i>												
Ansell Cash Balance Pension Plan	33.0	44.0	(11.0)	42.7	29.2	46.6	(17.4)	45.3	44.7	54.9	(10.2)	53.2
Ansell Healthcare Products Inc. Union Retirement Plan	7.8	12.0	(4.2)	12.0	6.7	12.3	(5.6)	12.3	9.9	11.8	(1.9)	11.8
Ansell Cash Balance Restoration Plan		1.3	(1.3)	1.3		1.6	(1.6)	1.6		1.9	(1.9)	1.9
Total for plans sponsored by the consolidated entity	78.2	84.0	(5.8)	78.5	77.2	87.2	(10.0)	85.5	95.9	95.3	0.6	93.2

Pacific Dunlop Superannuation Fund

Country	Australia
Benefit type	Defined benefit/ Accumulation
Basis of contribution	Balance of Cost/Defined Contribution
Date of last actuarial valuation	01/07/2002
Actuary	Mercer Human Resource Consulting Pty. Ltd.

Plan net assets and vested benefits have been calculated at 30 June 2003, being the date of the most recent financial statements of the plan. Accrued benefits are based on an actuarial valuation undertaken at 1 July 2002. The values shown reflect amounts in respect of Ansell Limited

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employees only. Employees of South Pacific Tyres are also members of the fund through 1 April 2004. Effective 1 April 2004 the remaining Ansell members were transferred out of the Pacific Dunlop Superannuation Fund to Equipsuper (an independent Superannuation Fund). The transfer of assets from the Pacific Dunlop Superannuation Fund to Equipsuper has not as yet been completed.

Ansell Cash Balance Pension Plan

Country	USA
Benefit type	Defined Benefit
Basis of contribution	Statutory Funding Requirements
Date of last actuarial valuation	31/03/2004
Actuary	Retirement Plan Actuaries, Inc

Ansell Healthcare Products Inc. Union Retirement Plan

Country	USA
Benefit type	Defined Benefit
Basis of contribution	Statutory Funding Requirements
Date of last actuarial valuation	31/03/2004
Actuary	Retirement Plan Actuaries, Inc

Ansell Cash Balance Restoration Plan

Country	USA
Benefit type	Defined Benefit
Basis of contribution	Contributions equal benefits paid
Date of last actuarial valuation	31/03/2004
Actuary	Retirement Plan Actuaries, Inc

The Company and the controlled entities are obliged to contribute to the Superannuation Funds as a consequence of legislation or Trust Deeds; legal enforceability is dependent on the terms of the legislation or the Trust Deeds. In accordance with the various Trust Deeds, the Company and their controlled entities are under no legal or constructive obligation to make up any shortfall in the plans' assets to meet payments due to employees and accordingly no provision has been raised for the deficiencies at 30 June 2004.

The directors, based on the advice of the trustees of the funds, are not aware of any changes in circumstances since the date of the most recent financial statements of the funds which would have a material impact on the overall financial position of the funds.

Item 18 : Consolidated Financial Statements**24. SUPERANNUATION (continued)**

The directors, based on the advice of the trustees of the funds, are not aware of any changes in circumstances since the date of the most recent financial statements of the funds which would have a material impact on the overall financial position of the funds.

Definitions

Balance of cost:	The consolidated entity's contribution is assessed by the actuary by taking into account the members' contribution and the values of the assets.
Defined contribution:	The consolidated entity's contribution is set out in the appropriate fund rules, usually as a fixed percentage of salary.
Accrued benefits:	The present value of benefits which the fund is presently obliged to transfer in the future to members and beneficiaries as a result of membership of the fund to the calculation date.
Vested benefits:	Benefits which are not conditional upon the continued membership of the respective fund or any factor other than resignation from the fund.

Details of contributions paid to the funds are as follows:

<u>\$ in millions</u>	<u>Consolidated</u>		
	<u>2004</u>	<u>2003</u>	<u>2002</u>
Contributions to defined benefit funds during the year	9.9	10.7	3.2
Contributions to accumulation funds during the year	1.1	1.5	0.8

25. OWNERSHIP-BASED REMUNERATION SCHEMES**Executive and Employee Share Plans**

The Company has operated two share plans for employees and Directors of the consolidated entity:

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

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the Pacific Dunlop Employee Share Plan (Employee Plan).

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

The Employee Plan permits full time and part time employees, who have completed three or more years continuous service within the consolidated entity 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 at 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 repayable, at latest, on cessation of employment. The shares are not transferable while a loan remains outstanding, but carry a voting right and an entitlement to dividends (although dividends are applied in reduction of the loan). As at reporting date 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.

As stated above, the Executive Plan is no longer available for new issues. Shares issued under that Plan to selected employees (Executives) were paid up to 5 cents and were subject to restrictions for a determined period (for the 1993/1994 issue - 8 1/4 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 within the consolidated entity (other than for death, retrenchment or 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) and the last sale price of the Company's ordinary shares on 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 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 was recognised upon issue, apart from the capital paid up on the shares, as the amount of the call payable was not quantifiable at the time of issue. Once a call had been made upon the shares and paid, the Company recognised the increase in paid up capital. The number of Employee Share Plan Shares and the number

Item 18 : Consolidated Financial Statements**25. OWNERSHIP-BASED REMUNERATION SCHEMES (CONTINUED)**

of Executive Plan Shares (ordinary plan shares paid to five cents) as at balance date are shown in Note 5. A loss of \$4,366 pre-tax in respect of the Employee Share Plan was recognised in the Company and the consolidated financial statements for 2004 (2003 -\$13,288 pre-tax; 2002 - \$535,381 pre-tax).

The market price of the Company's shares as at 30 June 2004 was \$7.74.

Options - Generally

At reporting date and the date of this report 1,825,000 unissued ordinary shares in the Company remain under option (refer Note 28 Director and Executive Disclosures for details).

Ansell Limited Stock Incentive Plan

Options and or Performance Share Rights (PSRs) are granted under the Ansell Limited Stock Incentive Plan (the Plan). Decisions to grant options or PSRs are reviewed annually by the Board and are granted for no consideration. 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 the Chief Executive Officer 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.

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The options granted to the former Managing Director 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 the Chief Financial Officer 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.

Item 18 : Consolidated Financial Statements**25. OWNERSHIP-BASED REMUNERATION SCHEMES (CONTINUED)**

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

In accordance with the disclosure requirements of Australian Accounting Standards remuneration includes a proportion of the fair value of options and PSRs granted or outstanding during the year. The fair value is determined as at grant date and is progressively expensed over the vesting period for these securities. The amount included as remuneration (as disclosed in Note 28 Director and Executive Disclosures) is not related to, or 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 and PSRs is calculated at the date of grant using binomial tree techniques. The fair values and the factors and assumptions used in determining the fair values of the tranches of options and PSRs applicable for financial year 2004 are as follows:

Instrument	Number Issued	Grant Date	Expiry Date	Fair	Exercise Price	Share Price	Estimated Volatility	Risk Free	Dividend Yield
				Value per Option/PSR		on Grant Date		Interest Rate	
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.

26. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Indemnities and Guarantees

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

The Company has also guaranteed the performance of certain wholly-owned controlled entities which have negative shareholders funds.

At this time, no liabilities the subject of any such indemnity or guarantee have been identified and, accordingly, it is not possible to quantify any financial obligation of the consolidated entity under these indemnities and of the Company pursuant to its guarantee.

Accufix Litigation

Only a limited number of lawsuits in relation to the Accufix Pacing Leads which have been made against certain Group Companies remain on foot, the majority of which have been brought in France.

As at 30 June 2004, the balance of the provisions made for settlements in relation to claims (approximately A\$11.2 million) is considered adequate to address any remaining liability of members of the Ansell Group.

Item 18 : Consolidated Financial Statements**26. CONTINGENT LIABILITIES AND CONTINGENT ASSETS (CONTINUED)****Latex Allergy Litigation**

As at 30 June 2004, there were approximately 46 product liability cases pending against one or more Ansell Group Companies in the United States in relation to allergic reaction to exposure to natural rubber latex gloves. In a number of cases, distributors of latex gloves who have also been named as defendants, are pursuing cross-claims and third party claims against United States Group Companies. It is not possible, at this time, to quantify the potential financial impact, of such cases, on the Group.

Business and Asset Sales

The Company and various Group Companies have, as part of the Group's historical asset and business sale program, provided warranties, indemnities and other undertakings and, in some instances, the Company has guaranteed the warranties, indemnities and other obligations of various Group Companies, to the purchasers of Group assets and businesses. At this time, it is not possible to quantify the potential financial impact of those warranties, indemnities, undertakings or guarantees upon the economic entity. From time to time, the Company has received notices from purchasers of its businesses pursuant to the relevant sale agreements. No formal proceedings are currently on foot and, accordingly, it is not possible at this time to quantify the potential financial impact on the Group.

Exide Corporation

US legal proceedings are continuing against entities in the Exide Group in connection with the sale of the GNB business. Proceedings against those entities in the Exide Group that have not filed for bankruptcy (Non-bankrupt Entities) were transferred to the Delaware bankruptcy court (the Court) where the Court determined that all of the Ansell Group's claims against the Non-bankrupt Entities may only be asserted against Exide Technologies, Inc., a company which has emerged from bankruptcy.

The Ansell Group has requested that the Court review its decision. The Court has yet to do so. The Ansell Group will continue to pursue recovery of the amounts owed by the Exide Group, but the Ansell Group only expects to recover stock in the reorganised company (Exide Technologies, Inc.). The ultimate amount of the Ansell Group's claims have not yet been determined and therefore the amount and value of the stock that may be recovered from Exide Technologies Inc. is also undetermined.

Item 18 : Consolidated Financial Statements

27. Financial Instruments

Derivative Financial Instruments

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

(i) Forward / Future Contracts

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

(ii) Options

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

(iii) Swaps

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

Interest Rate Risk

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

Net Financial Assets/(Liabilities)

\$ in millions	Weighted Effective Interest Rate %	Floating	Fixed Interest maturing in:			Non Interest Bearing	Total
			1 year or less	1 to 5 years	Over 5 years		
Financial Assets 2004							
<i>Recognised</i>							
Cash on hand and at bank	1.1%	20.5				50.2	70.7
Short-term deposits	4.8%	231.8		15.6			247.4
Receivables - trade	N/A					183.0	183.0
Receivables - other	6.1%	62.8				46.5	109.3
Investments	N/A					141.4	141.4
Total Financial Assets 2004		315.1		15.6		421.1	751.8
Financial Liabilities 2004							
<i>Recognised</i>							
Payables - trade	NA					124.1	124.1
Payables - other	NA					38.6	38.6
Bank overdraft	1.5%	3.3					3.3
Bank and other loans	5.6%	321.2		101.7			422.9
Provision for employee entitlements	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
Financial Assets 2003							
<i>Recognised</i>							
Cash on hand and at bank	1.3%	61.4					61.4
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	N/A					141.4	141.4
Total Financial Assets 2003		362.5				398.1	760.6
Financial Liabilities 2003							
<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
Provision for 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

Item 18 : Consolidated Financial Statements

27. FINANCIAL INSTRUMENTS (continued)

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

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

Credit Risk and Net Fair Value

Recognised Financial Instruments:

(i) Credit Risk

The credit risk on financial assets, excluding investments, of the consolidated entity which have been recognised on the Statement of Financial Position, is the carrying amount, net of any provision for doubtful debts. The consolidated entity minimises concentrations of credit risk by undertaking transactions with a large number of customers and counter parties in various countries. The consolidated entity is not materially exposed to any individual overseas country or individual customer.

(ii) Net Fair Value

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

Refer to Note 1 for accounting policies in respect of the carrying values of financial assets and financial liabilities.

Unrecognised Financial Instruments:

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

The following table displays:

(i) Face Value

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

(ii) Credit Risk

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

(iii) Net Fair Value

This is the amount at which the instrument could be realised between willing parties in a normal market in other than a liquidation or forced sale environment. The net amount owed by / (owing to) financial institutions under all derivative financial instruments would have been \$1.6 million (2003 - (\$11.1) million; 2002 - (\$23.8) million), if all contracts were closed out on 30 June 2004.

<u>\$ in millions</u>	<u>Face Value</u>			<u>Credit Risk</u>			<u>Net Fair Value</u>		
	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
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>									
- 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)
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Item 18 : Consolidated Financial Statements**27. FINANCIAL INSTRUMENTS (continued)**

From time to time in the ordinary course of business, the consolidated entity enters into forward exchange contracts to hedge a proportion of its purchase and sale commitments denominated in foreign currencies (principally US dollars). Hedge cover does not exceed 12 months.

(iv) Market/Liquidity Risk

The consolidated entity seeks to reduce the risk of:

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

by:

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

(v) Credit Risk by Maturity

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

	Foreign Exchange Related Contracts			Interest Rate Contracts			Foreign Exchange Options			Total		
	2004	2003	2002	2004	2003	2002	2004	2003	2002	2004	2003	2002
\$ in millions												

Term:

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

(vii) Hedges and Future Transactions

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

\$ in millions	Interest Rate			Foreign Exchange		
	2004	2003	2002	2004	2003	2002
Exposures						
Less than 1 year				(0.1)	1.9	(0.5)
Realised 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			

Item 18 : Consolidated Financial Statements

28. DIRECTOR AND EXECUTIVE DISCLOSURES

Specified Directors:

The following persons were directors of Ansell Limited during the financial year:

E.D. Tweddell - Chairman

H. Boon - Group Managing Director and Chief Executive Officer (retired 30 June 2004)

P.L. Barnes

L.D. Crandall

H.J. Elliott

S.P. Gold (resigned 16 April 2004. Alternate to M.J. McConnell from 16 April 2004)

M.J. McConnell (appointed 16 April 2004. Previously alternate to S.P. Gold)

Specified Executives (other than directors) with the Greatest Authority for Strategic Direction and Management:

The following persons were the specified executives with the greatest authority for the strategic direction and management of the consolidated entity during the financial year:

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<u>Name</u>	<u>Position</u>	<u>Employer</u>
W. Heintz	Senior Vice President and Regional, Director - Europe	Ansell Healthcare Europe N.V.
R. Jilla	Senior Vice President and Chief Financial Officer	Ansell Healthcare Products LLC.
N. O' Donnell	Senior Vice President and Regional Director - Asia Pacific	Ansell Limited
W. Reed	Senior Vice President and Regional Director - Americas	Ansell Healthcare Products LLC.
W. Reilly, Jr.	Senior Vice President and General Counsel	Ansell Healthcare Products LLC.
D. Tough	Appointed as an executive effective 11 May 2004 and as Group Managing Director and Chief Executive Officer 1 July 2004	Ansell Healthcare Products LLC.

Remuneration of specified directors and specified executives:

Principles used to determine the nature and amount of remuneration

The Board's Nomination, Remuneration and Evaluation Committee is responsible for reviewing the remuneration policies and practices of the Company, including the compensation arrangements for the Managing Director and senior management and, within the aggregate amount approved by shareholders, the fees for Non-executive Directors. The fees of the Chairman and Non-executive Directors are set within the aggregate amount approved by shareholders, at levels which represent the responsibilities of, and the time commitments provided by, those Directors in discharging their duties. The fees paid to Directors take into account what is paid by comparable companies, and what is necessary to attract high-calibre people to consider Board appointment. The Board will continue to review its remuneration strategies in relation to Non-Executive Directors from time to time, in line with general industry practice.

Non-executive Directors

The total annual amount of fees payable to the Chairman and Non-executive Directors is \$750,000, which was set in 1989. This is the maximum aggregate amount, and the Company does not, at this time, intend distributing the full amount by way of fees. The Board, prior to setting annual fees for the 2004 financial year, obtained independent expert advice and undertook a review of comparable companies. The fees payable to the Non-executive Directors for this year were adjusted to reflect the termination of the retirement payment arrangements as at 30 June 2003. Each Non-executive Director is required to reinvest a minimum of 10 per cent of their gross fee in acquiring shares in the Company until their shareholding is equal to at least one year's fees, pursuant to the Non-executive Directors' Share Plan. The Plan enables Non-executive Directors to elect to apply up to 100 per cent of their fees in acquiring shares in the Company. The Non-executive Directors' Share Plan is not a performance-based share plan and is not intended as an incentive component of a Non-executive Director's remuneration. Shareholders approved the participation by Non-executive Directors in the Plan in October 2000 and April 2002 (on amended terms). This Plan essentially involves each Non-executive Director using his or her own after-tax money to buy shares on ASX at market price (i.e. involving no discount) to increase his or her direct holding in the Company. Accordingly, no performance conditions were proposed to attach as a precondition for purchase of the shares. Each Director is, however, generally required to retain shares acquired under the Plan for the period he or she holds office as a Director.

Item 18 : Consolidated Financial Statements

28. DIRECTOR AND EXECUTIVE DISCLOSURES (CONTINUED)

Senior Executives

Executive compensation is composed of several elements that need to be combined as an integrated whole for the Company to receive the best return from its expenditure. The compensation approach is based on there being consistency between countries but with cost related to market practice in each location.

Executive compensation is composed of fixed (salary and benefits) and variable (short and long term incentives) components. The weighting of fixed and variable aims to provide a strong focus on performance. The balance between short and long term incentives recognises that senior executives are responsible, along with the Board, for the sustainable health and success of the company. Its purpose is to provide compensation which allows the Company to secure the services of high calibre executives and focus them towards a common vision and achievement of goals. As part of this purpose it should foster teamwork, innovation and calculated risk taking aimed at achieving sustainable business improvements and maximising shareholder value.

Participants in the senior executive compensation program are as follows:

CEO

Executives in Ansell Grades E1-E3 and other key management talent as designated by the CEO and or the Compensation Committee.

Compensation of participants is composed of four regular elements as follows:

Base salary

Benefits

Short term incentive

Long term incentive

Other components such as special retention programs may be used from time to time as needed.

Base salary

The terms of employment of all executive management contain a fixed remuneration component, or base salary. In general, base salary is dependent upon the level and scope of an executive's position, is targeted at a norm within benchmarked industries, and takes into account individual performance.

Benefits

Executives receive benefits such as motor vehicle allowances, home office expenses, contributions to Superannuation/Pension plans and executive insurance.

Short term incentive (STI)

An annual cash-based incentive program operates to reward individual performance against agreed performance targets. This target based STI plan is used to reinforce business plans by focusing on Key Performance Indicators (KPIs) which are reviewed with the Remuneration Committee each year. By including company performance as a significantly weighted measure of performance, payouts will be directly linked to overall Company performance. Each executive has a target STI Opportunity (STIO) depending on the accountabilities of the role, impact on the organisation and geographic location. For Senior executives the maximum target bonus opportunity is 45% of base salary.

Each year the Remuneration Committee considers appropriate targets and KPIs to link the STI and the level of payout if targets are met. For the year ended 30 June 2004 the KPIs linked to STIO were based on functional/individual, regional and total Company objectives. The KPIs required performance in growing revenue, improving EBITA and reducing Working Capital. The remuneration committee set a threshold level at which STI payouts are triggered and this will usually represent 50% of the target award. A stretch goal is also established for each KPI allowing up to 200% of the target award to be earned.

Long term incentive

In 2002, the Company established the Ansell Limited Stock Incentive Plan (the Plan). Under the Plan, Ansell may make grants of options or Performance Share Rights (PSRs), which are subject to the achievement of performance targets set by the Board. Refer to Note 25 Ownership-Based Remuneration Schemes for details on options and PSRs.

Item 18 : Consolidated Financial Statements

28. DIRECTOR AND EXECUTIVE DISCLOSURES (CONTINUED)

Details of remuneration

Details of the remuneration of all directors of Ansell Limited and each of the specified executives of the consolidated entity are set out in the following tables.

Specified Directors of Ansell Limited

2004

Name	Primary		Post-employment		Equity	Other		Total
	Cash salary and fees	Cash bonus	Super-annuation contribution (a)	Retirement benefits	Notional value of equity compensation (b)	Termination benefits	Other (c)	
	\$	\$	\$	\$	\$	\$	\$	\$
Non-executive								
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
S. P. Gold (resigned 16 April 2004)	65,625		5,906					71,531
M. J. McConnell (appointed 16 April 2004)	17,187		1,547					18,734
Executive								
H. Boon (CEO and Managing Director) (retired 30 June 2004) ^{(d) (f)}	966,981	419,545	356,636		537,500	2,204,960	714,893	5,200,515
Total all specified Directors	1,541,043	419,545	408,320		537,500	2,204,960	714,893	5,826,261

Specified executives of the consolidated entity

2004

Name	Primary		Post-employment		Equity	Other		Total
	Cash salary and fees	Cash bonus	Super-annuation contribution (a)	Retirement benefits	Notional value of equity compensation (b)	Termination benefits	Other (c)	
	\$	\$	\$	\$	\$	\$	\$	\$
W. Heintz ^{(e) (h)}	386,845	190,824	125,926		152,988		259,624	1,116,207
R. Jilla ^{(d) (g) (h)}	398,978	190,009	29,162		407,732		51,223	1,077,104
N. O'Donnell ^(h)	196,000	61,985	39,004		99,176		32,160	428,325
W. Reed ^{(d) (h)}	363,401	122,118	19,605		142,945		58,032	706,101
W. Reilly ^{(d) (h)}	334,866	159,351	19,092		97,572		22,139	633,020
D. Tough (appointed as an executive 11 May 2004 and CEO and Managing Director 1 July 2004) ^(d)	124,715						1,021	125,736
Total all specified executives	1,804,805	724,287	232,789		900,413		424,199	4,086,493

(a) 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 specified 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.

(b) In accordance with the requirements of Accounting Standards, remuneration includes a proportion of the notional value of options or PSRs granted or outstanding during the year. The notional value is determined as at grant date and is progressively allocated over the vesting period of 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.

(c) Includes cash benefits such as motor vehicle allowances, home office expenses, executive insurance, housing allowances and statutory amounts paid on termination including accumulated annual leave and long service leave.

(d) US-based Executives are paid in US\$. The average exchange rate for June 2004 is US\$0.7016 = A\$1.00.

(e) Europe-based Executive paid in Euros. The average exchange rate for June 2004 is Euros 0.5775 = A\$1.00.

Item 18 : Consolidated Financial Statements

28. DIRECTOR AND EXECUTIVE DISCLOSURES (CONTINUED)

- (f) 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 financial year.
- (g) Notional value of Equity Compensation includes the notional value of 100,000 options granted in September 2002. The options, which have an exercise price of \$6.97 for each share acquired, vested upon achievement of performance conditions applicable to the 2004 financial year.
- (h) Notional value of Equity Compensation includes the notional value of PSRs granted in 2002 and 2003 that vested upon achievement of performance conditions applicable to the 2004 financial year.

Service agreements

Remuneration and other terms of employment for executives are specified in Letters of Appointment. Specified US based executives are considered to be employed at will. Terms regarding the termination of employment are covered under the Company's Severance Policy. It is Company policy that specified US executives employed for more than 12 months will, in general, receive termination payments equal to 12 months base salary plus certain other benefits. The Letters of Appointment provide the framework for the provision of other benefits including participation in the Short Term Incentive Plan, Long Term Incentive Plan, Medical Health Plans, Superannuation and Retirement plans where eligible.

Specified executives based in Europe and Australia are employed according to the terms and conditions of employment as specified in each jurisdiction.

W. Heintz

At will employment

Base salary for the year ended 30 June 2004 EURO 223,403 to be reviewed annually by the remuneration committee.

Payment of termination benefit on early termination by Ansell other than for gross misconduct equal to one times annual base salary.

R. Jilla

At will employment

Base salary for the year ended 30 June 2004 US\$279,923 to be reviewed annually by the remuneration committee.

Payment of termination benefit on early termination by Ansell other than for gross misconduct equal to one times annual base salary.

N. O Donnell

Employed under Australian federal employment law and common law legislation

Base salary for the year ended 30 June 2004 A\$196,000 to be reviewed annually by the remuneration committee.

Payment of termination benefit on early termination by Ansell other than for gross misconduct equal to a maximum of one times total annual remuneration package.

W. Reed

At will employment

Base salary for the year ended 30 June 2004 US\$254,962 to be reviewed annually by the remuneration committee.

Payment of termination benefit on early termination by Ansell other than for gross misconduct equal to one times annual base salary.

W. Reilly

At will employment

Base salary for the year ended 30 June 2004 US\$234,942 to be reviewed annually by the remuneration committee.

Payment of termination benefit on early termination by Ansell other than for gross misconduct equal to one times annual base salary.

D. Tough

At will employment

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Base salary for the period between his appointment on 11 May 2004 and 30 June 2004 US\$650,000 per annum, which will also apply to the 2005 financial year. Mr Tough upon his appointment also received a grant of 525,000 options, exercisable at \$7.40, and 150,000 PSRs, which are subject to performance conditions related to financial years 2005, 2006 and 2007.

Payment of termination benefit on early termination by Ansell other than for gross misconduct equal to one and a half times annual base salary if termination occurs within the first three years of his employment, and one times annual base salary if termination occurs after the third anniversary of his commencement date. In certain circumstances, such as a substantial diminution of responsibility, the Company may be deemed to have terminated employment and will be liable to make payments equivalent to 18 months remuneration.

Item 18 : Consolidated Financial Statements**28. DIRECTOR AND EXECUTIVE DISCLOSURES (CONTINUED)****Equity Instruments**

Refer to Note 25 Ownership-Based Remuneration Schemes for details on options and PSRs.

Options over equity instruments granted as remuneration*Option Holdings:*

Options held by specified directors and specified executives as at balance date and the movements during the year are as follows:

	Held at 1 July 2003	Granted as Remuneration	Held at 30 June 2004	Vested and exercisable at 30 June 2004
Specified directors				
H. Boon ^(a)	1,000,000		1,000,000	500,000
Specified executives				
R. Jilla ^(b)	300,000		300,000	100,000
D. Tough ^(c)		525,000	525,000	

(a) Options were granted on 12 April 2002, have an exercise price of \$6.32, an expiry date of 30 June 2006 and a fair value as at 30 June 2004 of \$2.15.

(b) 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 as at 30 June 2004 of \$2.66 and Tranche 3 has a fair value of \$2.70.

(c) Options were granted on 11 May 2004, have an exercise price of \$7.40 and an expiry date of 30 June 2014. Tranche 1 has a fair value at 30 June 2004 of \$2.35, Tranche 2 \$2.36 and Tranche 3 \$2.38. The vesting period for these options commenced 1 July 2004.

Performance Share Rights (PSRs) granted as remuneration

PSR Holdings:

PSRs held by specified executives as at balance date and the movements during the year are as follows:

	<u>Held at 1 July 2003</u>	<u>Granted as Remuneration</u>	<u>Vested and converted</u>	<u>Held at 30 June 2004</u>
Specified executives				
W. Heintz ^(a)	25,000	30,000	8,333	46,667
R. Jilla ^(a)		50,000		50,000
N. O Donnell ^(a)	15,000	20,000	5,000	30,000
W. Reed ^(a)	30,000	25,000	10,000	45,000
W. Reilly ^(a)	25,000	15,000	8,333	31,667
D. Tough ^(b)		150,000		150,000

^(a) Grants of PSRs during the year were made on 18 December 2003 in three tranches with tranche 1 being applicable to the 2004 financial year.

^(b) Grant of PSRs during the year was made on 11 May 2004 in three tranches. The vesting period for these PSRs commenced 1 July 2004.

PSRs, when vested, are converted into fully-paid ordinary shares and issued at no cost to the executive.

Item 18 : Consolidated Financial Statements**28. DIRECTOR AND EXECUTIVE DISCLOSURES (CONTINUED)****Equity Instruments (continued)***Equity holdings and transactions*

The movement during the reporting period in the number of ordinary shares of Ansell Limited held directly, indirectly or beneficially, by each specified director and specified executive, including their personally-related entities is as follows:

	<u>Held at 1 July 2003</u>	<u>Purchases^(a)</u>	<u>Received on vesting of PSRs</u>	<u>Sales</u>	<u>Held at 30 June 2004</u>
Specified directors					
E. D. Tweddell	30,872	3,348			34,220
P. L. Barnes	10,370	1,315			11,685
H. Boon	56,701				56,701
L. D. Crandall	3,828	4,280			8,108
H. J. Elliott	7,798	1,178			8,976
S. P. Gold ^(b)	24,437,905	6,174		8,000,000	16,444,079
M. J. McConnell	20,000	6,406			26,406
Specified executives					
W. Heintz			8,333		8,333
R. Jilla	6,000				6,000
N. O. Donnell			5,000		5,000
W. Reed	100		10,000	6,498	3,602
W. Reilly			8,333	2,788	5,545
D. Tough					

(a) Includes shares purchased on market pursuant to the Non-executive Directors Share Plan.

(b) Mr Gold has an indirect non-beneficial interest in 16,428,840 shares by virtue of a 10 per cent limited partnership interest in Trefoil International III, L.P., which is a related body corporate of Shamrock Holdings of California Inc (June 2003: 24,428,840 shares).

Other Transactions with specified directors and specified executives

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From time to time, specified directors and specified executives of the Company or its controlled entities, or their personally-related entities, may purchase goods from the consolidated entity. These purchases are on terms and conditions no more favourable than those entered into by unrelated customers and are trivial or domestic in nature.

29. SERVICE AGREEMENTS

The Company has no service agreements with the Non-executive Directors.

Item 18 : Consolidated Financial Statements

30. NOTES TO THE INDUSTRY SEGMENTS REPORT

(a) Operating Revenue

The Operating Revenue of Discontinued Businesses represents the external sales to the date of disposal and the cash received/receivable from the sale of such businesses (net of disposal costs).

(b) Unallocated Revenue and Costs

Represents costs of Statutory Head Office, part of the costs of Ansell Healthcare's Corporate Head Office and non-sales revenue.

(c) Non Recurring Items

The result for the 2004 financial year includes write-downs of property, plant and equipment of \$8.8 million relating to the closure of certain manufacturing facilities, expenses and provisions relating to transitional issues carried over from discontinued businesses and the previous company structure of \$9.7 million, the majority of which arose from the sale of the GNB battery business to Exide Technologies Inc and the latter's involvement in, and exit during the year, from Chapter 11 proceedings. Offsetting these charges were refunds of sales tax of \$17.8million relating to discontinued businesses in Australia.

(d) Tax

June 2002 includes the write off of tax balances attributable to Australian operations of \$15.2 million and tax attributable to Discontinued Businesses.

(e) Cash

Cash also includes Accufix Pacing Leads restricted deposits.

(f) Inter-Segment Transactions

Significant inter-segment sales were made by Asia Pacific - \$216.3 million (2003 - \$258.2 million; 2002 - \$304.9 million) and Americas - \$233.0 million (2003 - \$254.7 million; 2002 - \$188.3 million). Inter-segment sales are predominantly made at the same prices as sales to major customers. Operating revenue is shown net of inter-segment values. Accordingly, the Operating revenues shown in each segment reflect only the external sales made by that segment.

(g) Industry Segments

The consolidated entity comprises the following main business segments:

Occupational Healthcare - manufacture and sale of occupational health and safety gloves.

Professional Healthcare - manufacture and sale of medical, surgical and examination gloves for hand barrier protection and infection control.

Consumer Healthcare - manufacture and sale of condoms, household gloves and other personal products.

Discontinued Businesses - represents former Industry Segment businesses which have been sold or abandoned.

(h) Regions

The allocation of Operating Revenue and Operating Results reflect the geographical regions in which the products are sold to external customers. Assets Employed are allocated to the geographical regions in which the assets are located.

Asia Pacific - manufacturing facilities in 4 countries and sales.

Americas - manufacturing facilities in USA and Mexico and significant sales activity.

Europe - principally a sales region with one manufacturing facility in the UK.

Sales revenue in Australia for the Healthcare operations during 2004 were \$108.3 million (2003 - \$86.0 million; 2002 \$76.8 million). The only material foreign country in terms of sales revenue from continuing operations is United States of America with revenue of \$472.8 million in

2004 (2003 - \$582.0 million; 2002 \$723.3 million).

Item 18 : Consolidated Financial Statements

30. NOTES TO THE INDUSTRY SEGMENTS REPORT (CONTINUED)

	2004	2003	2002
	\$m	\$m	\$m
(i) Segment Capital Expenditure			
Occupational Healthcare	5.4	3.2	6.7
Professional Healthcare	4.4	8.6	12.7
Consumer Healthcare	3.3	3.4	1.5
Discontinued Businesses			12.0
(j) Region Capital Expenditure			
Asia Pacific	8.7	10.1	13.6
Americas	3.4	4.2	5.3
Europe	1.0	0.9	2.0
(k) Segment Depreciation			
Occupational Healthcare	8.7	11.0	15.7
Professional Healthcare	11.5	15.5	18.8
Consumer Healthcare	5.1	4.8	5.6
Discontinued Businesses			11.1
(l) Segment Other Non Cash Expenses (excluding Provision for Rationalisation and Write-down of Assets separately disclosed)			
Occupational Healthcare	6.9	8.3	8.9
Professional Healthcare	1.5	0.7	1.9
Consumer Healthcare	4.9	2.9	5.1
Discontinued Businesses			14.8

Item 18 : Consolidated Financial Statements

31. NOTES TO THE STATEMENTS OF CASH FLOWS

(a) Reconciliation of Net Cash Provided by Operating Activities to Net Profit/(Loss) after Income Tax

<u>\$ in Millions</u>	Consolidated		
	2004	2003	2002
Net profit/(loss) after income tax	72.6	52.5	(113.0)
Add/(less) non-cash items:			
Depreciation	23.8	29.5	50.3
Amortisation	22.9	27.0	32.0
Provision for doubtful debts - trade	1.2	(2.5)	(2.9)
Write off of FITB attributable to Australian tax losses			15.2
Write down of assets	1.0	6.1	75.2
Write down of property, plant and equipment	8.8		69.3
Share of net gain of associate and joint venture entities		(0.3)	(1.9)
Add/(less) items classified as investing/financing activities:			
Interest revenue	(9.0)	(8.0)	(15.5)
Borrowing costs	29.4	37.8	70.2
Loss/(gain) on sale of investments, properties, plant and equipment	(0.8)	(5.6)	5.6
Gain on sale of controlled entities and businesses			(25.7)
	149.9	136.5	158.8
Net cash provided by operating activities before change in assets and liabilities			
Change in assets and liabilities net of effect from acquisitions and disposals of controlled entities and businesses:			
(Increase)/Decrease in debtors	24.9	34.5	(0.3)
(Increase)/Decrease in inventories	(2.6)	47.2	39.4
Decrease/(Increase) in prepaid expenses	(0.8)	4.9	(2.4)
(Increase)/Decrease in deferred expenses			4.3
Increase/(Decrease) in creditors and bills payable	(6.0)	(36.5)	78.3
(Decrease)/Increase in provisions and other liabilities	7.8	(31.9)	(203.1)
Increase/(Decrease) in provision for deferred income tax	(1.3)	(2.9)	2.3
(Increase)/Decrease in future income tax benefit	7.8	17.7	24.7
(Decrease)/Increase in provision for income tax	(0.5)	1.2	(8.5)
Other non-cash items		(9.1)	19.6
	179.2	161.6	113.1
Net cash provided by operating activities	179.2	161.6	113.1

(b) Components of Cash

For the purposes of the Statements of Cash Flows, cash includes cash on hand and at banks and investments in money market instruments, net of outstanding bank overdrafts. Cash, at the end of the financial year, as shown in the Statements of Cash Flows, comprises:

<u>\$ in Millions</u>	<u>Consolidated</u>			
	<u>Note</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Cash on hand	11	0.9	0.6	0.2
Cash at bank	11	69.8	60.8	72.0
Short-term deposits	11	237.1	224.6	186.3
Restricted deposits*	11	10.3	13.8	18.4
Bank overdrafts	19	(3.3)	(2.6)	(14.6)
		<u>314.8</u>	<u>297.2</u>	<u>262.3</u>

* Refer to note 11 for further details on these amounts.

Item 18 : Consolidated Financial Statements**32. ACQUISITION OF CONTROLLED ENTITIES AND MATERIAL BUSINESSES**

During the year the following businesses were acquired:	Date of Acquisition	Voting Shares Acquired %	Cost of Acquisition \$ million	Net Tangible Assets Acquired \$ million	Description of Purchase Consideration
--	----------------------------	---	---	--	--

No material acquisitions were made during the year.

33. DISPOSAL OF CONTROLLED ENTITIES AND MATERIAL BUSINESSES

During the year the following material businesses were disposed of:	Date of Disposal	Voting Shares Disposed %	Consideration (Cash) \$ million	Net Tangible Assets Disposed \$ million	Profit / (Loss) on Disposal \$ million
--	-------------------------	---	--	--	---

No material disposals were made during the year.

34. NON-DIRECTOR RELATED PARTY DISCLOSURES

Ansell Limited is the parent entity of all entities detailed in Note 37 and from time to time has dealings on normal commercial terms and conditions with those related entities, the effects of which are eliminated in the consolidated financial statements.

Disclosures in respect of certain transactions with controlled entities and related parties and amounts paid to or received therefrom are as set out in the details below. Other transactions with related entities, which are eliminated on consolidation, include the lease of certain properties, the supply of materials and labour and the provision of both short and long term finance in the form of varying financial instruments, all of which are conducted on normal commercial terms and conditions.

(a) Transactions with Associates and Other Related Companies

Effective 1 July 2001, the consolidated entity discontinued equity accounting for its interest in South Pacific Tyres N.Z. Ltd. During the course of the year, the consolidated entity received royalties from South Pacific Tyres NZ Ltd. In prior years the Company and consolidated entity conducted financial transactions with associated companies, while still having an ownership interest, on normal commercial terms and conditions. The nature and amounts of these transactions are detailed as follows:

	<u>Consolidated</u>		
	<u>2004</u>	<u>2003</u>	<u>2002</u>
	<u>\$m</u>	<u>\$m</u>	<u>\$m</u>
Sale of goods and services			
Car Parts Distribution Pty Ltd			7.5
Royalty revenue			
South Pacific Tyres N.Z. Ltd.	1.3		0.4
Dividend revenue			
Pacific Marine Batteries Pty. Ltd.			

Item 18 : Consolidated Financial Statements**34. NON-DIRECTOR RELATED PARTY DISCLOSURES (CONTINUED)****(b) Transactions with Partnerships**

The consolidated entity carries on a partnership with Goodyear in Australia under the name of South Pacific Tyres. In addition the consolidated entity carried on a partnership with Accenture in Australia and New Zealand under the name Novare Asia Pacific until 31 August 2001, at which time the consolidated entity acquired Accenture's share of Novare Asia Pacific. During the course of the year the Company and the consolidated entity conducted financial transactions with South Pacific Tyres (and with Novare Asia Pacific until 31 August 2001) on normal commercial terms and conditions being:

<u>\$ in Millions</u>	<u>Consolidated</u>		
	<u>2004</u>	<u>2003</u>	<u>2002</u>
Sales of goods and services			
South Pacific Tyres			1.3
			<u>1.3</u>
Purchases of goods and services			
Novare Asia Pacific			5.5
			<u>5.5</u>
Other revenue			
South Pacific Tyres	3.5	3.3	2.5
	<u>3.5</u>	<u>3.3</u>	<u>2.5</u>
Aggregate current amounts receivable ^(a)			
South Pacific Tyres	0.5	7.6	
	<u>0.5</u>	<u>7.6</u>	
Aggregate non-current amounts receivable			
South Pacific Tyres ^(a)	62.3	55.1	59.4
	<u>62.3</u>	<u>55.1</u>	<u>59.4</u>

(a) Amount included within Other Amounts Receivable (Note 12)

Loans

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On 20 December 2000, the Company agreed to make available to the South Pacific Tyres partnership a loan for \$56.3 million for a period of two years pending South Pacific Tyres receipt of this amount from Goodyear. The loan was drawn down in two tranches, \$31.3 million on 20 December 2000 and \$25.0 million on 5 January 2001.

On 20 December 2000, the Company was assigned a South Pacific Tyres receivable due from Goodyear of \$31.3 million as partial settlement of the above loan.

During the year ended 30 June 2002 Goodyear repaid the loans. In October 2001, the Company through a controlled entity agreed to lend South Pacific Tyres up to \$56.3 million.

The terms of the further agreements of October 2001 with Goodyear containing put and call options (which enables Ansell to put its investment to Goodyear during the 12 month period commencing 15 August 2005 or for Goodyear to exercise its call option over Ansell's investment during the 6 month period from 15 August 2006) provide the consolidated entity an actionable exit strategy in respect of its investment in the South Pacific Tyres partnership.

The loans mature at the earlier of :

the Company exercising the put option (no earlier than August 2005)

the tenth anniversary of the agreement (October 2011); and

the dissolution of the partnership (not expected).

Interest is charged at the 90 day bank bill rate plus a margin of 0.6% per annum, and is capitalised to the principal balance quarterly.

Interest brought to account by the Company in relation to this loan during the year:

<u>\$ in Millions</u>	<u>Consolidated 2004</u>
Interest revenue	3.5

In addition, under the partnership agreement, South Pacific Tyres leases certain properties on a basis of equitable rentals mutually agreed by the partners. Lease payments of \$0.2 million (2003 - \$0.2 million; 2002 - \$0.2 million) were made by South Pacific Tyres to the consolidated entity. The Company, through its corporate treasury operations, also provided on the basis of normal commercial terms and conditions, forward exchange cover on behalf of the partnership.

Item 18 : Consolidated Financial Statements**35. EARNINGS PER SHARE**

<u>\$ in Millions</u>	Consolidated		
	2004	2003	2002
Earnings reconciliation			
Net profit/(loss)	72.6	52.5	(113.0)
Net profit attributable to outside equity interests	1.9	2.6	2.8
	70.7	49.9	(115.8)
Basic earnings	70.7	49.9	(115.8)
Diluted earnings	70.7	49.9	(115.8)
Weighted average number of ordinary shares used as the denominator			
Number for basic earnings per share			
Ordinary shares	180.8	187.1	186.9
Effect of partly paid Executive Plan shares, and options	0.6	0.6	0.7
	181.4	187.7	187.6
Number for diluted earnings per share	181.4	187.7	187.6

Partly paid Executive Plan shares, and options have been included in diluted earnings per share in accordance with accounting standards.

Conversion, Call, Subscription or issue after 30 June 2004:

Refer to Note 5 for further information.

36. ENVIRONMENTAL MATTERS

The Company and various Group Companies as the occupiers of property receive, from time to time, notices from relevant authorities pursuant to various environmental legislation. On receiving such notices, the Company evaluates potential remediation options and the associated costs. At this time, the Company does not believe that the potential financial impact of such remediation upon the economic entity is material.

In the ordinary course of business, the Ansell Group has maintained comprehensive general liability insurance policies covering its operations and assets. Generally such policies exclude coverage for most environmental liabilities.

Item 18 : Consolidated Financial Statements

37. PARTICULARS RELATING TO CONTROLLED ENTITIES

Particulars Relating to Controlled Entities	Country of Incorporation	Beneficial Interest		
		2004 %	2003 %	2002 %
Ansell Limited	Australia			
Ansell Healthcare Japan Co. Ltd.	*Japan	100	100	100
Ativ Pac Pty. Ltd.	Australia	100	100	100
BNG Battery Technologies Pty. Ltd.	Australia	100	100	100
Cliburn Investments Pty. Ltd.	Australia	100	100	100
Dexboy International Pty. Ltd.	Australia	100	100	100
Corrvas Insurance Pty. Ltd.	Australia	100	100	100
Dunlop Olympic Manufacturing Pty. Ltd.	Australia	100	100	100
FGDP Pty. Ltd.	Australia	100	100	100
H.C. Sleigh Services Pty. Ltd.	Australia	100	100	100
N Harvesters Pty. Ltd.	Australia	100	100	100
PSL Industries Pty. Ltd.	Australia	100	100	100
International Better Brands Pty Ltd	Australia	100	100	100
Licknib Pty. Ltd.	Australia	100	100	100
Nucleus Ltd.	Australia	100	100	100
Lifetec Project Pty. Ltd.	Australia	100	100	100
Medical TPLC Pty. Ltd.	Australia	100	100	100
N&T Pty. Ltd.	Australia	100	100	100
Nucleus Trading Pte. Ltd.	*Singapore	100	100	100
THLD Ltd.	Australia	100	100	100
TNC Holdings Pte. Ltd.	*Singapore	100	100	100
TPLC Pty. Ltd.	Australia	100	100	100
Societe de Management Financier S.A.	*France	100	100	100
TPLC S.A.	*France	100	100	100
Olympic General Products Pty. Ltd.	Australia	100	100	100
Foamlite (Australia) Pty. Ltd.	Australia	100	100	100
Pacific Distribution Properties Pty. Ltd.	Australia	100	100	100
Pacific Dunlop Finance Pty. Ltd.	Australia	100	100	100
Pacific Dunlop Holdings (China) Co. Ltd.	*China	100	100	100
Pacific Dunlop Linings Pty. Ltd.	Australia	100	100	100
Pacific Dunlop Tyres Pty. Ltd.	Australia	100	100	100
P.D. Holdings Pty. Ltd.	Australia	100	100	100
P.D. International Pty. Ltd.	Australia	100	100	100
Ansell Belgium Holdings SPRL N.V.	*Belgium	100	100	100
Ansell Canada Inc.	*Canada	100	100	100
Llesna Healthcare Pty. Ltd.	Australia	100	100	100
Ansell Kemwell Ltd.	*India	74.9	74.9	74.9
Ansell Lanka (Pvt.) Ltd.	*Sri Lanka	100	100	100
Ansell (Thailand) Ltd.	*Thailand	100	100	100
Medical Teletronics N.V.	*Netherlands Ant.	100	100	100
Medical Teletronics Holding & Finance (Holland) B.V.	*Netherlands	100	100	100
Mt Waverley Estates Pty. Ltd.	Australia	100	100	100

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Pacific Dunlop (Hong Kong) Limited.	*Hong Kong	100	100	100
Corvas Insurance (Singapore) Pte. Ltd. (formerly PacDun (Singapore) Pte. Ltd)	* Singapore	100	100	100
Pacific Dunlop Investments (USA) Inc.	*USA	100	100	100
Ansell Brazil LTDA	*Brazil	100	100	100
Ansell Edmont Industrial de Mexico S.A. de C.V.	*Mexico	100	100	100
Ansell Perry de Mexico S.A. de C.V.	*Mexico	100	100	100
Commercializadora GNK S.A de C.V.	*Mexico	100	100	100
Golden Needles de Mexico S.A de C.V.	*Mexico	100	100	100
Ansell Healthcare Products LLC.	*USA	100	100	100
Ansell Protective Products Inc.	*USA	100	100	100
Ansell Services Inc.	*USA	100	100	100
Pacific Chloride Inc.	*USA	100	100	100

Item 18 : Consolidated Financial Statements

37. PARTICULARS RELATING TO CONTROLLED ENTITIES (CONTINUED)

Particulars Relating to Controlled Entities	Country of Incorporation	Beneficial Interest		
		2004	2003	2002
		%	%	%
Pacific Dunlop Holdings Inc.	*USA	100	100	100
Pacific Dunlop USA Inc.	*USA	100	100	100
TPLC Holdings Inc.	*USA	100	100	100
Accufix Research Institute Inc.	*USA	100	100	100
Cotac Corporation	*USA	100	100	100
Pacific Dunlop Finance Company Inc.	*USA	100	100	100
Pacific Dunlop Holdings (Europe) Ltd.	*U.K.	100	100	100
Ansell Healthcare Europe N.V.	*Belgium	100	100	100
Ansell GmbH	*Germany	100	100	100
Ansell Italy Srl	* Italy	100	100	100
Ansell S.A.	*France	100	100	100
Ansell UK Limited	*U.K.	100	100	100
Pacific Dunlop Holdings (Singapore) Pte. Ltd.	*Singapore	100	100	100
JK Ansell Ltd.	*India	(a) 50	(a) 50	(a) 50
Ansell Services (Asia) Sdn. Bhd. (formerly P.D. Holdings (Malaysia) Sdn. Bhd.)	*Malaysia	100	100	100
Ansell Ambi Sdn. Bhd.	*Malaysia	100	100	100
Ansell (Kedah) Sdn. Bhd.	*Malaysia	100	100	100
Ansell (Kulim) Sdn. Bhd.	*Malaysia	100	100	100
Ansell Malaysia Sdn. Bhd.	*Malaysia	75	75	75
Ansell Medical Sdn. Bhd.	*Malaysia	75	75	75
Ansell N.P. Sdn. Bhd.	*Malaysia	75	75	75
Ansell Shah Alam Sdn. Bhd.	*Malaysia	100	100	100
PDOCB Pty. Ltd.	Australia	100	100	100
Ansell Medical Products Pvt. Ltd.	*India	100	100	100
Suretex Ltd.	*Thailand	100	100	100
Latex Investments Ltd.	Mauritius	100	100	100
Suretex Prophylactics (India) Ltd.	*India	100	100	100
STX Prophylactics S.A. (Pty.) Ltd.	*Sth Africa	100	100	100
PD Licensing Pty. Ltd.	Australia	100	100	100
PD Shared Services Pty. Ltd.	Australia	100	100	100
PD Shared Services Holdings Pty. Ltd.	Australia	100	100	100
Siteprints Pty. Ltd.	Australia	100	100	100
S.T.P. (Hong Kong) Ltd.	*Hong Kong	100	100	100
Pacific Dunlop Holdings N.V.	*Netherlands Ant.	100	100	100
Pacific Dunlop (Netherlands) B.V.	*Netherlands	100	100	100
Textile Industrial Design & Engineering Pty. Ltd.	Australia	100	100	100
The Distribution Group Holdings Pty. Ltd.	Australia	100	100	100
The Distribution Group Pty. Ltd.	Australia	(b) 100	(b) 100	(b) 100
Nwodhsa Enterprises (Wholesale) Pty. Ltd.	Australia	100	100	100
TDG Warehousing Pty. Ltd.	Australia	100	100	100
The Distribution Trust	Australia	100	100	100
Union Knitting Mills Pty. Ltd.	Australia	100	100	100

Xelo Pty. Ltd.	Australia	100	100	100
Xelo Sacof Pty. Ltd.	Australia	100	100	100

Controlled Entities Sold in Year Ended 30 June 2004

No controlled entities were sold during the current financial year.

Item 18 : Consolidated Financial Statements

37. PARTICULARS RELATING TO CONTROLLED ENTITIES (CONTINUED)

	Country of Incorporation	Beneficial Interest		
		2004 %	2003 %	2002 %
Controlled Entities in Voluntarily Liquidation at 30 June 2004				
TPLC Ltd.	*UK	100	100	100
TPLC Medizinprodukte GmbH.	*Germany	100	100	100
Ansell Glove Company Ltd.	*UK	100	100	100
Golden Needles Knitting & Glove Co. Ltd.	*UK	100	100	100
Mates Vending Ltd.	*UK	100	100	100
Controlled Entities Voluntarily Liquidated During the Year				
BNG Sub Pty. Ltd.	Australia	100	100	100
F.J. s Auto Plus Pty. Ltd.	Australia	100	100	100
Gardenland Frozen Food Pty. Ltd.	Australia	100	100	100
General Jones Pty. Ltd.	Australia	100	100	100
H.C. Sleigh Investments Pty. Ltd.	Australia	100	100	100
Herbert Adams Holdings Pty. Ltd.	Australia	100	100	100
Jetbase Pty. Ltd.	Australia	100	100	100
Kcile Pty. Ltd.	Australia	100	100	100
Lifetec R&D Pty. Ltd.	Australia	100	100	100
Maspas Pty. Ltd.	Australia	100	100	100
Novare Partnership Pty. Ltd.	Australia	100	100	100
Ooper Auto Parts Pty. Ltd.	Australia	100	100	100
PA Furniture Pty. Ltd.	Australia	100	100	100
Pacific Distribution Pty. Ltd.	Australia	100	100	100
Pacific Dunlop Belting Pty. Ltd.	Australia	100	100	100
Project Array Pty. Ltd.	Australia	100	100	100
Project (X92) Pty. Ltd.	Australia	100	100	100
Retsamtaw Ocla Pty. Ltd.	Australia	100	100	100
Robur Tea Company Pty. Ltd.	Australia	100	100	100
Slumberland (Australia) Pty. Ltd.	Australia	100	100	100
Softwood Towns Pty. Ltd.	Australia	100	100	100
Sport Australia (Export) Pty. Ltd.	Australia	100	100	100
Super Cycle Pty. Ltd.	Australia	100	100	100
Xdds Pty. Ltd.	Australia	100	100	100

* Controlled Entities incorporated outside Australia carry on business in those countries.

(a) Ansell Healthcare has day-to-day management control of this entity.

(b) The trustee of The Distribution Trust is The Distribution Group Pty. Ltd. The beneficiary of the trust is Ansell Limited.

Item 18 : Consolidated Financial Statements

38. INVESTMENTS IN ASSOCIATES

\$ in Millions	Consolidated		
	2004	2003	2002
Results of associates			
Share of associates profit from ordinary activities before income tax		0.4	2.7
Share of associates income tax expense relating to profit from ordinary activities		(0.1)	(0.8)
Share of associates net profit - as disclosed by associates		0.3	1.9
Share of post acquisition retained profits and reserves attributable to associates Retained profits			
Share of associates retained profits at the beginning of the financial year		(0.1)	8.5
Share of associates net profit		0.3	1.9
Dividends from associates		(2.6)	(1.3)
Retained profits of Associates disposed of during the financial year and entity no longer equity accounted		2.4	(9.2)
Share of associates retained profits at the end of the financial year			(0.1)
Asset revaluation reserve			
Share of associates asset revaluation reserve at the beginning of the financial year			0.9
Share of asset revaluation reserve of entity no longer equity accounted			(0.9)
Share of associates asset revaluation reserve at the end of the financial year			
Foreign currency translation reserve			
Share of associates foreign currency translation reserve at the beginning of the financial year			2.3
Share of foreign currency translation reserve of entity no longer equity accounted			(2.3)
Share of associates foreign currency translation reserve at the end of the financial year			
Movements in carrying value of investments			
Carrying amount of investments in associates at the beginning of the financial year		13.3	33.3
Share of associates net profit		0.3	1.9
Dividends received from associates		(2.6)	(1.3)
		11.0	33.9
Less carrying value of investment in associate disposed of during the financial year		(11.0)	(0.8)
Less write-down and carrying value of investment no longer equity accounted			(19.8)
Carrying amount of investment in associates at the end of the financial year			13.3
Commitments			
Share of associates operating lease commitments payable:			
Within one year			0.1
One year or later and no later than five years			0.1

Later than five years

0.2

Item 18 : Consolidated Financial Statements**38. INVESTMENTS IN ASSOCIATES (continued)**

Details of investments in associates are as follows :

Name	Principal Activities	Balance Date	Consolidated Ownership			Consolidated Investment		
			Interest			Carrying Amount		
			2004 %	2003 %	2002 %	2004 \$m	2003 \$m	2002 \$m
Pacific Marine Batteries Pty. Ltd.	Manufacturing	30 June			50		2.7	
BT Equipment Pty. Ltd.	Manufacturing	30 June			45		10.6	
							13.3	

No dividends were received by the Company from associates during the year ended 30 June 2004

(2003 - \$2.6 million; 2002 - \$1.3 million).

Summary of performance and financial position of associates:

\$ in Millions	Consolidated		
	2004	2003	2002
The consolidated entity's share of aggregate assets, liabilities and profits of associates are as follows:			
Net profit - as reported by associates		0.3	1.9
Current assets			24.0
Non-current assets			4.7
Total assets			28.7
Current liabilities			15.2
Non-current liabilities			0.2

Total liabilities	15.4
Net assets - as reported by associates	13.3

Item 18 : Consolidated Financial Statements**39. MAJOR DIFFERENCES BETWEEN AUSTRALIAN GAAP AND US GAAP RESTATED**

Australian generally accepted accounting principles (AGAAP) vary in certain significant respects from generally accepted accounting principles in the United States (US GAAP). Application of US GAAP would have affected shareholders' equity as at 30 June 2004, 2003, and 2002 and net profit after income tax expense attributable to the Ansell Limited shareholders for each of the years in the three year period ended 30 June 2004, to the extent quantified below.

Restatement of Prior Year US GAAP Results

As set out in the financial statements for the years ended 30 June 2001, 2002 and 2003, the Group's interest in the South Pacific Tyres (SPT) partnership has continued to be equity accounted for US GAAP purposes. Accordingly, the previously issued financial statements have included Ansell's equity share of SPT's results and equity impacts in the US GAAP reconciliation.

Goodyear, a US corporation, and the other partner in SPT, undertook certain restatements of its financial statements during the past year. As part of this process, the results and transactions of the SPT partnership were fully reconsidered as to their compliance with US GAAP. The previously issued financial statements of SPT which had been filed with Ansell's 20-F, in accordance with Regulation S-X, Rule 3.09, have now been restated.

Previously, these statements had discussed only one difference between AGAAP and US GAAP. This difference was related to Revaluations of Property, Plant and Equipment, and the consequential impacts upon depreciation. The statements indicated that other US GAAP differences existed, but that all such differences were of an immaterial nature and amount.

As a result of the further evaluation of SPT's transactions, it has been determined that an amount of \$25 million recorded as Supply Agreement revenue under AGAAP in 2001 should, more probably, have been recorded by SPT in 2002, as a Capital Contribution from Goodyear. Since this transaction did not change the structure of the partnership, this US GAAP accounting would result in an increase of \$12.5 million in Ansell's share of SPT's losses in 2001, and a reduction in Ansell's share of SPT's losses in 2002, of the same amount.

In addition to the above, all other US GAAP differences, although immaterial, have been quantified. The quantification of these items, which have now been included in the reconciliation set out in these financial statements (as Note 39(n) Investments), is as follows:

Thousands of A\$		
2001	2002	2003

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Supply Agreement gain/(loss)	(12,500)	12,500	
All Other US GAAP differences gain/(loss)	586	(891)	737
	<u> </u>	<u> </u>	<u> </u>
Restatement effect	(11,914)	11,609	737
	<u> </u>	<u> </u>	<u> </u>
Impact of total restatement effect on			
Basic earnings per share (cents)	(6.14)	6.21	0.37
Diluted earnings per share (cents)	(6.10)	6.19	0.37

The impact of all US GAAP differences on the result of SPT Australia when compared to the result determined in accordance with AGAAP for the 2004 financial year, has been to reduce the loss by \$977,171 (whole dollars). Accordingly, Ansell's equity accounted losses for the year ended 30 June 2004 have been reduced by \$488,586 (whole dollars) as a result of SPT's US GAAP differences.

Additionally, in respect of the prior years, the results of SPT were reflected by Ansell as a component of its discontinued operations. While the put and call options remain in place and Ansell remains committed to its objective of exiting the tyre business, for US GAAP purposes the classification of the results of SPT has been restated and they are now reflected in continuing operations for all periods presented.

In addition to the restatement items set out above in respect of SPT, it has also been determined that the cumulative effect of the adoption of SFAS 142 and SFAS 143 in the year ended June 30, 2003 had been effected as a direct charge to Equity, but had not been recorded as a charge to Net Income. Accordingly, the restatement now reflects this as a charge to Net income, and Income from Continuing operations. Earnings per share amounts have been restated accordingly. There is no restatement of Shareholder's Equity as a result of this restatement.

Further, during the consideration of the SPT restatement issues, the evaluation of the Company's Australian Pension Plan disclosures indicated that of an accumulated Additional Minimum Liability identified for recording in accumulated Other Comprehensive Income in 2004, an amount of \$7.9 million should have been recorded in 2003. Accordingly, the impact on Shareholder's Equity and Comprehensive income has been included in the restatements.

Additional Data in respect of the restatements

Millions of A\$

	2003	2002	2001
Continuing Operations			
US GAAP Net Profit/(Loss) from continuing operations as previously reported	85.8	(75.1)	(223.0)
Reclassification of previously reported SPT Equity accounted results from Discontinued operations	(17.1)	(62.0)	(45.9)
Restatement of SPT Equity accounted results as above	0.7	11.6	(11.9)
	<u> </u>	<u> </u>	<u> </u>
US GAAP Net Profit/(Loss) from continuing operations restated	69.4	(125.5)	(280.8)
	<u> </u>	<u> </u>	<u> </u>
Basic earnings per share from continuing operations previously reported (cents)	46¢	(40)¢	(115)¢
Basic earnings per share from continuing operations restated (cents)	37¢	(67)¢	(145)¢
Net Profit/(Loss)			
US GAAP Net Profit/(Loss) as previously reported	55.9	(183.6)	(195.0)
Cumulative effect of a change in accounting principles re SFAS 142 and 143	(5.3)		
Restatement of SPT Equity accounted results as above	0.7	11.6	(11.9)
	<u> </u>	<u> </u>	<u> </u>
US GAAP Net Profit/(Loss) restated	51.3	(172.0)	(206.9)
	<u> </u>	<u> </u>	<u> </u>
Basic earnings per share previously reported (cents)	30¢	(98)¢	(101)¢
Basic earnings per share restated (cents)	27¢	(92)¢	(107)¢

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Comprehensive Income/(Loss)			
Comprehensive Income/(Loss) as previously reported	(7.2)	(268.8)	(264.4)
Cumulative effect of a change in accounting principles re SFAS 142 and 143 previously reflected directly in equity	(5.3)		
Additional Minimum Pension Liability not previously recorded	(7.9)		
Restatement of SPT Equity accounted results as above	0.7	11.6	(11.9)
	<u> </u>	<u> </u>	<u> </u>
Comprehensive Income/(Loss) restated	(19.7)	(257.2)	(276.3)
	<u> </u>	<u> </u>	<u> </u>
Shareholders Equity			
Ansell Limited Shareholders Equity according to US GAAP (including Comprehensive Income) as previously reported	874.6	876.9	1,153.6
Cumulative restatement of SPT Equity accounted results for periods prior to 2001.	(2.8)	(2.8)	(2.8)
Restatement of SPT Equity accounted results as above	0.4	(0.3)	(11.9)
Additional Minimum Pension Liability not previously recorded	(7.9)		
	<u> </u>	<u> </u>	<u> </u>
Ansell Limited Shareholders Equity according to US GAAP (including Comprehensive Income) restated	864.3	873.8	1,138.9
	<u> </u>	<u> </u>	<u> </u>
US GAAP Equity Roll-Forward			
Opening balance US GAAP Equity Roll-Forward as previously stated	876.9	1,153.6	1,655.8
Cumulative restatement of SPT Equity accounted results for periods post 2001.	(0.3)	(11.9)	
Cumulative restatement of SPT Equity accounted results for periods prior to 2001.	(2.8)	(2.8)	(2.8)
	<u> </u>	<u> </u>	<u> </u>
Opening balance US GAAP Equity Roll-Forward restated	873.8	1,138.9	1,653.0
Increase in Additional Minimum Pension liability	(7.9)		
US GAAP Net Profit/(Loss) restated	51.3	(172.0)	(206.9)
Proceeds from issue of shares	1.0	1.2	2.5
Dividends			(77.6)
Share buy back	(8.2)		(165.4)
Movements in AGAAP Foreign Currency Translation Reserve	(71.3)	(69.6)	(73.0)
Unrealised net gain on cash flow hedges	1.1	(12.1)	(1.6)
Movements in Loans outstanding under Employee Share Plan	3.1	4.3	1.3
Other (including FX on US GAAP adjustments)	21.4	(16.9)	6.6
	<u> </u>	<u> </u>	<u> </u>
Closing Balance US GAAP Equity Roll-Forward restated	864.3	873.8	1,138.9
	<u> </u>	<u> </u>	<u> </u>

A description of the material differences between AGAAP, as followed by Ansell Limited, and US GAAP are as follows:

(a) Property, Plant and Equipment

Certain property, plant and equipment has been revalued by Ansell Limited at various times in prior financial periods. Revaluation increments have increased the carrying value of the assets and accordingly the depreciation charges have been increased above those which would be required on a historical cost basis. Under US GAAP such revaluations are not permitted. Accordingly, these adjustments eliminate this effect.

The above policy also causes differences in reported gains and losses on the sale of property, plant and equipment. Gains and losses for AGAAP are based on consideration less revalued amounts net of accumulated depreciation and amortisation. For US GAAP purposes gains and losses are determined having regard to depreciated historical cost, and revaluation reserves applicable to assets sold are reported as Income.

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In August 2001, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standard (SFAS) No. 144

Accounting for the Impairment or Disposal of Long-Lived Assets . SFAS No. 144 superseded SFAS No. 121 and was adopted by the Group effective 1 July 2002. SFAS No. 144 retains the requirements of SFAS No. 121 to (a) recognise an impairment loss if the carrying amount of a long-lived asset is not recoverable from its undiscounted cash flows and (b) measure an impairment loss as the difference between the carrying amount and fair value of the asset less estimated costs to sell. SFAS No. 144 also requires that a long-lived asset to be abandoned, exchanged for a similar productive asset, or distributed to owners in a spin-off be considered held and used until the asset is disposed of, exchanged or distributed.

(b) Minority Interests

Minority interests are included as part of total Shareholders Equity under AGAAP. The reconciliation to US GAAP in Note 40 has excluded these from Shareholders Equity consistent with US GAAP treatment.

(c) Provisions

The term provisions is used in AGAAP to designate accrued expenses with no definitive payment date. Classification between current and non-current is generally based on management assessments, as subject to audit.

Included within the result for AGAAP are amounts charged to income in respect of future costs associated with rationalisation and restructuring within existing business segments (provision for rationalisation and restructuring costs). Any plans to reorganise or exit a business are approved by the Board of Directors. Once committed to, accruals are made for the estimated costs associated with the reorganisation or exit. The US GAAP criteria for accruing costs associated with business restructure contain certain very specific qualifying criteria including those set out in EITF 94-3. Where these criteria are not satisfied an adjustment to earnings is included in the reconciliation to US GAAP.

The provision for rationalisation and restructuring as at 30 June 2004 predominantly represents costs and claims now expected to be incurred in respect of businesses sold between 1996 and 2002. The adoption of AASB 1044 has resulted in no US GAAP differences in the fiscal years ended 30 June, 2003 or 2004.

Item 18 : Consolidated Financial Statements**39. MAJOR DIFFERENCES BETWEEN AUSTRALIAN GAAP AND US GAAP RESTATED (continued)****(d) Employee Loans, Executive Share Plan and Options**

For AGAAP purposes the Company applies the fair value model which is consistent with the provision of SFAS No. 123 Accounting for Stock Based Compensation to determine compensation cost in respect of options and in respect of the Performance Share Rights (PSR s) first issued in 2003 under the Ansell Limited Stock Incentive Plan. No options have actually been exercised. During 2004 a \$2.6 million compensation charge was recognized covering the current year costs associated with the grants of PSR s. This treatment is consistent with US GAAP.

For AGAAP purposes options are not expensed in the accounts. A further charge of \$300,000 under US GAAP was made in respect of the options in accordance with SFAS No. 123. This charge has been calculated using the fair value method whereby fair value is derived using an option pricing model that takes into consideration the stock price at grant date, the exercise price and the expected life of the award, the expected volatility of the underlying stock, the expected dividends on the stock and the risk free interest rate for the expected life of the option. Compensation cost is recognized over the service period, which is the vesting period, with an corresponding credit to stockholders equity.

(e) Earnings Per Share

Under Australian GAAP earnings per share is calculated by dividing operating profit after tax, minority shareholders interest and any preference dividend by the weighted average number of shares on issue for the year. Methods of computing earnings per share in accordance with US GAAP are documented in SFAS No. 128 Earnings per Share . Earnings per share computations recognise the effect of all bonus issues (stock splits) and bonus elements of rights issues made up to 30 June 2004, and also give effect to the stock consolidation (reverse split) approved by shareholders in April 2002.

For the three year period 1 July 2001 to 30 June 2004 there were no differences in the calculation methodology of EPS under AGAAP and US GAAP.

(f) Pension Plans

The Group sponsors contributory and non-contributory accumulation and defined benefit pension plans covering substantially all employees. The defined benefit plans generally provide benefits based on salary in the period prior to retirement. All defined benefit plans are funded based on actuarial advice on a regular basis.

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Actuarial calculations have been carried out for the defined benefit funds and the material fund aspects are as detailed in Note 24. The majority of assets of the funds are invested in pooled superannuation trusts in the case of the Australian funds and equity securities for other major funds.

Limited disclosure in respect of pension plans is presently required by AGAAP. Under AGAAP the contributions to the various pension plans are recorded as an expense in the Statement of Financial Performance. The disclosure requirements of Statement of Financial Accounting Standards No. 87 (SFAS No. 87) and No. 132 (SFAS No. 132 as revised) have been included in Note 40 to these consolidated financial statements. The Group reports pension plans aggregated where allowed by SFAS No.87. Additionally, an adjustment is made to recognise the measurement principles of SFAS No. 87 and related standards in determining net income and shareholders' equity under US GAAP.

(g) Statement of Cash Flows

Profit from operations determined under AGAAP differs in certain respects from the amount determined in accordance with US GAAP. A reconciliation of US GAAP profits to Cash Flows from operations is provided.

Under AGAAP, cash is defined as cash on hand and deposits repayable on demand, less overdrafts repayable on demand. Under US GAAP, cash and cash equivalents are defined as cash and investments with original maturities of three months or less, and do not include bank overdrafts or restricted deposits. Cash and cash equivalents as of 30 June, 2004, 2003 and 2002 would have been \$307.8 million, \$286.0 million and \$258.5 million respectively, under US GAAP.

Item 18 : Consolidated Financial Statements**39. MAJOR DIFFERENCES BETWEEN AUSTRALIAN GAAP AND US GAAP RESTATED (continued)****(h) Income Taxes**

Under AGAAP, future income tax benefits attributable to temporary differences are only brought to account when their realisation is assured beyond reasonable doubt. Future income tax benefits related to tax losses are only brought to account when their realisation is virtually certain.

Under US GAAP, all deferred tax assets are recognised, net of a valuation allowance, to the extent the likelihood of realising the tax benefit is more likely than not. Although the US GAAP standard provides for a lower threshold than AGAAP, based on the level of historical taxable income and projections for future taxable income over the periods in which the carry forward tax losses and deductible temporary differences will reverse, additional deferred tax adjustments are considered only after having regard to the level and jurisdiction of unbooked tax losses.

At 30 June 2004 the gross tax losses of A\$2.2 million for which future tax benefits (deferred tax assets) have been brought to account under both AGAAP and US GAAP have no expiry date.

All deferred tax balances at 30 June 2004 relate to entities operating in foreign tax jurisdictions.

At 30 June 2004 the expiry dates of gross tax losses for which future tax benefits (deferred tax assets) have not been brought to account under AGAAP and US GAAP are as follows - in respect of financial years ending on 30 June;

Revenue Losses		Capital Losses	
Year	A\$ million	Year	A\$ million
2005	82.9	2005	
2006	65.8	2006	473.0
2007	53.8	2007	10.0
2008	3.2	2008	
2009	2.9	2009	52.7
2010	1.9	2010	
2011	108.0	2011	
2012	69.2	2012	
2019	26.6	2019	
2022	9.7	2022	
No expiry date	712.0	No expiry date	624.9

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The increase in the tax effect of unrecognised capital tax losses during the year of \$107.0 million was primarily due to a reassessment of capital losses available in Australia following the completion of the first income tax return under the tax consolidation regime. Additional capital losses were also incurred in the USA during the period.

The future tax benefit of revenue losses not recognised fell by \$16.5 million with the recoupment of revenue losses in the USA, partially offset by additional revenue losses being incurred in Australia.

Inclusive of the \$24.2 million (2003 \$32.0 million) set out in Note 17 to the consolidated financial statements, the total deferred tax assets amounting to \$763.0 million (June 2003 \$680.3 million) are offset by valuation adjustments of \$738.8 million as at 30 June 2004 (June 2003 \$648.3 million) and total deferred tax liabilities amount to \$20.2 million (June 2003 \$21.5 million). The adequacy of the valuation allowance is regularly assessed and none of the deferred tax assets relate to amounts which, if realised, would impact the carrying values of goodwill or any other intangible assets.

The Company elected to enter the tax consolidation regime in Australia effective 1 July 2002. There was no impact on the consolidated financial statements of the Company as a result of this election as all tax balances of the Company and all Australian wholly owned subsidiaries were written off in a prior period.

Analysis of Pre Tax Profit/(Loss)

	2004	2003	2002
	A\$m	A\$m	A\$m
Australian Operations	(4.0)	(29.2)	(17.8)
Foreign Operations	97.3	108.5	(39.4)
Total Group	93.3	79.3	(57.2)

Total tax expense for 2004 and 2003 was comprised of foreign tax expense (of which \$1.3 million is deferred, 2003 \$24.8 million), as the Australian operations are in a significant tax loss position. For 2002 \$41.4 million of the tax expense for the year was comprised of foreign tax expense and \$14.4 million domestic with \$47.6 million being deferred.

Item 18 : Consolidated Financial Statements**39. MAJOR DIFFERENCES BETWEEN AUSTRALIAN GAAP AND US GAAP RESTATED (continued)****(h) Income Taxes (continued)**

Notwithstanding the level of accumulated losses in certain jurisdictions, the Group has unremitted profits arising from operating activities which are held in foreign tax jurisdictions. In the event that all of these profits do not remain permanently reinvested in those jurisdictions and are distributed by way of dividend, additional taxes amounting to approximately \$12 million may become payable on a total amount of \$39.7 million of unremitted earnings.

(i) Accounting for Goodwill

Shares in controlled entities are recorded on acquisition at the holding company's cost. Any difference between the fair value of net assets acquired and cost is recognised as goodwill. Under AGAAP, goodwill is amortised on a straight line basis over varying periods not exceeding 20 years. Although the benefits from the goodwill acquired may exceed 20 years the goodwill is written off over periods not exceeding 20 years to comply with AGAAP.

In 1989 and prior years, for AGAAP, goodwill was written off in the year of acquisition. For US GAAP purposes, such goodwill has been reinstated.

In June 2001, the FASB issued SFAS No. 141, *Business Combinations*, and SFAS No. 142, *Goodwill and Intangible Assets*. SFAS No. 141 requires that the purchase method of accounting be used for all business combinations completed after 30 June 2002 which is consistent with AGAAP. SFAS No. 141 also specifies the types of acquired intangible assets that are required to be recognised and reported separately from goodwill and those acquired intangible assets that are required to be included in goodwill. SFAS No. 142 requires that goodwill no longer be amortised, but instead tested for impairment at least annually. This requirement creates a difference between AGAAP and US GAAP. SFAS No. 142 also requires recognised intangible assets to be amortised over their respective estimated useful lives and reviewed for impairment in accordance with SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*. SFAS No. 142 also permits indefinite useful lives to be assigned to recognised intangibles. Any recognised intangible assets determined to have an indefinite useful life will not be amortised, but instead tested for impairment in accordance with the Standard until its life is determined to no longer be indefinite.

The Group adopted SFAS No. 141 and SFAS No. 142 effective 1 July 2002 at which time the values of goodwill and brand names capitalised under US GAAP were reviewed for impairment. This review resulted in a write down of the value of goodwill of \$5.0 million. This write down related to goodwill capitalised under US GAAP that had previously been written off under AGAAP. Under US GAAP this adjustment would be presented as a cumulative effect of a change in accounting principles in US GAAP income for the year ended 30 June 2003 and is reflected as an adjustment in arriving at net income pursuant to US GAAP.

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SFAS No. 142 requires goodwill and other intangible assets to be tested for impairment at the reporting unit level. A reporting unit is the same as, or one below, an operating segment as defined by SFAS No. 131 Disclosure about Segments of an Enterprise and Related Information .

Ansell has traditionally managed its business by product type within three business units Occupational, Professional and Consumer. Each of these three business units comprise both manufacturing and sales and marketing with most manufacturing facilities being principally a supplier to one of the business units only (certain factories can produce product for more than one business unit, however, production for a particular unit does dominate).

Although the manufacturing facilities are predominantly product specific they do supply product to multiple marketing regions. The primary focus of the manufacturing facilities is to manufacture product as cost effectively as possible and to form an important component of an integrated supply chain, notwithstanding that due to taxation issues an appropriate manufacturing margin is retained by the manufacturing facilities.

Accordingly, the Group has allocated to, and conducts impairment testing of goodwill and brand names semi-annually based on the three business units, which are considered to be the cash generating units and the same as the Company's business segments. Any material diminution in value is charged to the Statement of Financial Position for US GAAP purposes.

For US GAAP purposes no goodwill amortisation has been charged against income since 1 July 2002, the effective date of SFAS No. 142. In prior years the Group adopted the method of straight-line amortisation over 40 years for US GAAP where the useful life was considered to exceed 20 years. Goodwill amortisation of \$21.4 million under AGAAP in 2004 and \$25.3 million in 2003 has also been added back to income in the Statement of Financial Performance for US GAAP purposes.

Goodwill attributable to sold businesses is brought to account in determining the gain or loss on sale.

Item 18 : Consolidated Financial Statements**39. MAJOR DIFFERENCES BETWEEN AUSTRALIAN GAAP AND US GAAP RESTATED (CONTINUED)****(j) Brand names**

Brand names acquired since 1 July 1990, are recorded in the accounts at cost based on independent valuation. No amortisation has been charged on these assets under AGAAP as no event has occurred to cause a reduction in the values or limit their useful lives.

For US GAAP purposes and for purposes of this reconciliation, brand names were, effective 1 July 1994 amortised over a period of 40 years using the straight line method. Upon the adoption of SFAS No. 142 effective 1 July 2002, such amortisation ceased for US GAAP purposes as indefinite useful lives have been assigned to brand names. The carrying value of brand names is reviewed semi annually and any material diminution in value is charged to the Statement of Financial Performance for AGAAP and US GAAP purposes.

Brand names attributable to sold businesses are brought to account in determining the gain or loss on sale.

(k) Derivatives not designated as hedges

Derivatives not designated as hedges primarily consist of interest rate swaps and forward exchange contracts which, while mitigating economic risks to which the economic entity is exposed, do not qualify for hedge accounting under SFAS 133 as they relate to hedging of anticipated transactions. These amounts are adjusted in determining US GAAP income. The amount adjusted, by decreasing US GAAP net income by \$2.0 million (2003 - \$2.4 million increase; 2002 - \$1.9 million decrease), is in respect of forward contracts hedging future foreign currency sales of product. The contracts are related to budgeted sales and are not in relation to firm commitments.

(l) Discontinued Operation

Under AGAAP a business or segment is presented as a discontinued operation upon completion of the transaction, whereas under US GAAP presentation as discontinued is determined in accordance with either APB 30 or SFAS No. 144 which basically requires presentation as discontinued at the relevant measurement date, which may pre-date completion.

Sales revenue under US GAAP as disclosed in Note 40 to the consolidated financial statements represents the sales revenue for the periods shown of the continuing Ansell Healthcare operations. Certain retained liabilities relating to Accufix Pacing Lead related expenses are reported in Note 20 to the consolidated financial statements as a current provision of \$11.2 million. As set out in Note 26 to the consolidated financial statements the expected outcomes of the material litigation actions outstanding in respect of the Medical Products Group and retained by Ansell

following the sale of the operation in 1996 have been provided for.

Certain deferred tax assets previously reported in respect of the results of the Medical Products Group were subject to a valuation allowance in 1996, and income tax benefits attributable to the losses from operations and loss from sale have not been brought to account as recovery is not, at this time, considered to be more likely than not.

(m) Derivative Instruments and Hedging Activities

The nature of Ansell Limited's business activities necessarily involves the management of various financial and market risks, including those related to changes in interest rates, currency exchange rates and commodity prices. Ansell Limited uses derivative financial instruments to mitigate or eliminate certain of those risks, as a component of its risk management strategy. The Company does not use derivative instruments for trading purposes.

Under Australian GAAP, derivative financial instruments may have hedge accounting treatment applied if the hedging derivatives are effective in reducing the exposure being hedged and are designated as a hedge at the inception of the contract. Hedging derivatives are accounted for in a manner consistent with the accounting treatment of the hedged items as disclosed in Note 1 to the consolidated financial statements.

The FASB issued SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities* as amended, which became effective for Ansell Limited on 1 July 2000. Under SFAS No. 133, as amended, all derivative instruments are recognised in the Statement of Financial Position at their fair values. The accounting for changes in the fair value of a derivative (that is, gains and losses) depends on the intended use of the derivative and the resulting designation.

For a derivative designated as hedging the exposure to changes in the fair value of a recognized asset or liability or a firm commitment (referred to as a fair value hedge), the gain or loss is recognized in earnings in the period of change together with the offsetting loss or gain on the hedged item attributable to the risk being hedged. The effect of that accounting is to reflect in earnings the extent to which the hedge is not effective in achieving offsetting changes in fair value.

For a derivative designated as hedging the exposure to variable cash flows of a forecasted transaction (referred to as a cash flow hedge), the effective portion of the derivative's gain or loss is initially reported as a component of other comprehensive income (outside earnings) and subsequently reclassified into earnings when the forecasted transaction affects earnings. The ineffective portion of the gain or loss is reported in earnings immediately.

For a derivative designated as hedging the foreign currency exposure of a net investment in a foreign operation, the gain or loss is reported in other comprehensive income (outside earnings) as part of the cumulative translation adjustment. The accounting for a fair value hedge described above applies to a derivative designated as a hedge of the foreign currency exposure of an unrecognized firm commitment or an available-for-sale security. Similarly, the accounting for a cash flow hedge described above applies to a derivative designated as a hedge of the foreign currency exposure of a foreign-currency-denominated forecasted transaction.

For a derivative not designated as a hedging instrument, the gain or loss is recognized in earnings in the period of change.

Under US GAAP, all derivatives are recognised on the Statement of Financial Position at their fair value. On the date the derivative is entered into, Ansell Limited designates the derivative as either a fair value hedge or a cash flow hedge.

Item 18 : Consolidated Financial Statements**39. MAJOR DIFFERENCES BETWEEN AUSTRALIAN GAAP AND US GAAP RESTATED (CONTINUED)****(m) Derivative Instruments and Hedging Activities (continued)**

Ansell Limited is exposed to interest rate risk and foreign exchange risk associated with underlying assets and liabilities. To hedge these exposures, which relate primarily to long term borrowings in United States Dollars and to assets held by self sustaining foreign affiliates, Ansell Limited uses derivative financial instruments to mitigate or eliminate those risks. The difference between the accounting treatment under AGAAP and US GAAP detailed above affects only the pattern and timing of non-cash accounting recognition of gains and losses on derivative instruments and does not change the economic benefits of using these instruments to manage risk.

Hedges of recognised assets, liabilities and firm commitments (fair value hedges)

All fair value hedges have been assessed for their effectiveness in accordance with SFAS No. 133 guidelines. The ineffective portion of changes in fair values of hedged positions, reported in earnings, amount to a gain of \$1.8 million (2003 - gain of \$1.3 million; 2002 - gain of \$2.6 million), before income taxes. There were no amounts excluded from the measure of effectiveness.

Hedges of future cash flows (cash flow hedges)

Amounts classified in Other Comprehensive Income (OCI) during the period relate to cash flow hedges, which will be reclassified to earnings when the forecasted transaction affects earnings. During the next 12 month period ending 30 June 2005, a loss of \$0.4 million is expected to be reclassified to earnings. At 30 June 2004, the maximum term of cash flow hedges that hedge forecasted transactions was 38 months.

A reconciliation of current period changes in Other Comprehensive Income within equity is as follows:

	<u>\$ millions</u>
Opening balance of accumulated net gain/(loss) on cash flow hedges	(12.6)
Net gain / (loss) on cash flow hedges - recognized in OCI net of nil tax	17.3
Add reclassification adjustments to earnings	
Closing balance of accumulated net gain/(loss) on cash flow hedges	<u>4.7</u>

(n) Investments

For AGAAP purposes investments held in publicly listed companies have been marked to market and the charge included in AGAAP profit for the year. To comply with SFAS No 115 Accounting for Certain Investments in Debt and Equity Securities this charge has been reclassified to accumulated other comprehensive income as the Company has designated such securities as available for sale pursuant to SFAS No. 115.

Accounting for the Investment in South Pacific Tyres (SPT)

The accounting for the investment in SPT is detailed in Note 1 to the Financial Statements.

For US GAAP purposes the existing provisions contained within the amended partnership agreement - notwithstanding the substance of the revised arrangements and actual process in respect of the operational control of SPT, which has ultimately determined the AGAAP treatment - continue to provide the company with the legal ability to significantly influence the partnership.

Accordingly, equity accounting continues to be applied for the purpose of reporting in accordance with the requirements under US GAAP.

(o) Revenue Recognition

Under AGAAP, interest income and proceeds from the sale of non current assets are recorded as other revenues from ordinary activities and the book basis of the assets and businesses sold is included in expenses. Under US GAAP, interest income is classified as other income and the difference between the sale proceeds and the book basis of the assets and business sold would be presented as a gain or loss and included in the determination of operating income or income from discontinued operations.

Item 18 : Consolidated Financial Statements

39. MAJOR DIFFERENCES BETWEEN AUSTRALIAN GAAP AND US GAAP RESTATED (CONTINUED)

(p) Asset Retirement Obligations

In August 2001, the FASB issued SFAS No. 143 Accounting for Asset Retirement Obligations which was adopted by the Company effective 1 July 2002. The Statement addresses financial accounting and reporting obligations associated with the retirement of tangible long-lived assets and for the associated asset retirement costs. The adoption of SFAS No. 143 resulted in the recognition of a net retirement obligation of \$0.3 million as at 1 July 2002. In accordance with the provisions of SFAS No. 143 this would be presented as a cumulative effect of a change in accounting principle in the period of adoption of the standard. A charge of \$0.1 million was recorded during 2003 and 2004 reflecting the amortisation of the asset retirement obligation.

(q) Recent Changes in US GAAP

The adoption of those current changes in US GAAP which are not yet effective is not expected to have any material effects on the consolidated financial statements of the Company.

Item 18 : Consolidated Financial Statements

40. RECONCILIATION TO UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (US GAAP)

\$ in millions	Consolidated		
	2004	2003	2002
Statement of Financial Performance (for years ended 30th June)		Restated	Restated
Net profit/(loss) of the consolidated entity per Australian GAAP	72.6	52.5	(113.0)
Less interest of outside equity holders after income tax	1.9	2.6	2.8
	70.7	49.9	(115.8)
Net profit/(loss) attributable to Ansell Limited shareholders	70.7	49.9	(115.8)
Adjustments required to accord with US GAAP:			
add/(deduct)	19.7	1.4	(56.2)
	90.4	51.3	(172.0)
Net Profit/(Loss) according to US GAAP⁽²⁾	90.4	51.3	(172.0)
Weighted average number of shares per basic EPS calculations (millions)	180.8	187.1	186.9
Weighted average number of shares/options (millions)	0.6	0.6	0.7
	181.4	187.7	187.6
Weighted average number of shares per diluted EPS calculations (millions)	181.4	187.7	187.6
Continuing Operations			
Income/(loss) from continuing operations			
Before income tax	104.0	96.2	(98.6)
Income tax expense	(20.7)	(26.8)	(26.9)
Income/(loss) from continuing operations	83.3	69.4	(125.5)
Discontinued Operations			
Income/(loss) from discontinued operations			
Before income tax ⁽¹⁾	7.1	(12.8)	(27.0)
Income tax expense			(19.5)
Income/(loss) from discontinued operations	7.1	(12.8)	(46.5)
Cumulative effect of a change in accounting principles goodwill and asset retirement obligations (nil tax)		(5.3)	
	90.4	51.3	(172.0)
Net profit/(loss) per US GAAP	90.4	51.3	(172.0)
Earnings per share - basic and diluted (Australian Cents)			
Continuing operations			
- basic	46¢	37¢	(67)¢
- diluted	46¢	37¢	(67)¢
Discontinued operations			
- basic	4¢	(7)¢	(25)¢
- diluted	4¢	(7)¢	(25)¢
Cumulative effect of a change in accounting principle - basic		(3)¢	
- diluted		(3)¢	
	50¢	27¢	(92)¢
Net Profit/(Loss)⁽³⁾	50¢	27¢	(92)¢
- basic	50¢	27¢	(92)¢
- diluted	50¢	27¢	(92)¢

Condensed US GAAP Consolidated Statement of Income Data excluding Discontinued Operations

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Revenues	1,113.3	1,293.6	1,414.2
Total costs and expenses	992.5	1,170.9	1,458.1
Interest expense	16.8	26.5	54.7
Tax expense	20.7	26.8	26.9
	<u> </u>	<u> </u>	<u> </u>
Profit/(Loss) from continuing operations	83.3	69.4	(125.5)
	<u> </u>	<u> </u>	<u> </u>
⁽¹⁾ Includes net gain/(loss) on disposal/liquidation of businesses and controlled entities		(7.0)	25.7
⁽²⁾⁽³⁾ Proforma earnings and EPS for 2002 inclusive of the adoption of SFAS No. 142 would be:			
Reported Net Profit/(Loss)	90.4	51.3	(172.0)
Goodwill and brand name amortisation added back			22.1
	<u> </u>	<u> </u>	<u> </u>
Adjusted Net Profit/(Loss)	90.4	51.3	(149.9)
	<u> </u>	<u> </u>	<u> </u>
Basic Earnings per share (Australian cents)			
Reported Net Profit/(Loss)	50¢	27¢	(92)¢
Goodwill and brand name amortisation			12¢
	<u> </u>	<u> </u>	<u> </u>
Adjusted Net Profit/(Loss)	50¢	27¢	(80)¢
	<u> </u>	<u> </u>	<u> </u>

Item 18 : Consolidated Financial Statements

40. RECONCILIATION TO UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (US GAAP) (CONTINUED)

\$ in Millions	Consolidated		
	2004	2003	2002
		Restated	Restated
Reconciliation of Net Cash Provided by Operating Activities per Australian GAAP financial statements to Net Profit/(Loss) after Tax Under US GAAP			
Net Cash Provided by Operating Activities per AGAAP	179.2	161.6	113.1
Items classified as financing activities: ⁽¹⁾			
Interest received	9.0	8.0	15.5
Interest paid	(29.4)	(37.8)	(70.2)
Net Cash Provided by Operating Activities per US GAAP	158.8	131.8	58.4
Write-down of non-current assets	(1.0)	(6.1)	(144.5)
Depreciation	(23.8)	(29.4)	(50.1)
Amortisation	(1.9)	(2.5)	(24.3)
Provision for doubtful debts - trade	(1.2)	2.5	2.9
Write off of Deferred Tax Assets attributable to Australian tax losses			(15.2)
Write down of property, plant and equipment	(8.8)		
Share of net loss of associate and joint venture entities	(7.7)	(16.1)	(48.5)
Change in assets and liabilities net of effect from acquisitions and disposals of subsidiaries and businesses:			
(Decrease)/Increase in debtors	(24.9)	(34.5)	0.3
(Decrease)/Increase in inventories	2.6	(47.2)	(39.4)
(Decrease)/Increase in prepaids	0.8	(4.9)	2.4
(Decrease)/Increase in deferred expenses			(4.3)
(Increase)/Decrease in creditors and bills payable	6.0	36.5	(78.3)
Decrease in lease liabilities, provisions and other liabilities	(2.2)	37.4	187.9
(Increase)/Decrease in provision for deferred income tax	1.3	2.9	(2.3)
Increase/(Decrease) in future income tax benefit	(7.8)	(17.7)	(24.7)
(Increase)/Decrease in provision for income tax	0.5	(1.2)	8.5
(Loss)/Gain on sale of investments, properties, plant and equipment	1.6	5.6	(5.6)
Gain/(loss) on sale/liquidation of subsidiaries and businesses		(7.0)	27.2
Outside equity interest in profit for the year	(1.9)	(2.6)	(2.8)
Other		3.8	(19.6)
Net Profit/(Loss) after tax	90.4	51.3	(172.0)

⁽¹⁾ Interest is classified as a financing activity under AGAAP.

Item 18 : Consolidated Financial Statements

40. RECONCILIATION TO UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (US GAAP) (CONTINUED)

\$ in Millions	Note	Consolidated		
		2004	2003	2002
Adjustments to reflect U.S. GAAP			Restated	Restated
Add/(Deduct): Amortisation of goodwill for AGAAP purposes only	39(i)	21.4	25.3	
Reduced goodwill amortisation charge as a result of differences in useful lives	39(i)			12.7
Amortisation of goodwill capitalised for US GAAP purposes only	39(i)			(2.4)
Write-down of US GAAP goodwill on adoption of SFAS No. 142	39(i)		(5.0)	
Amortisation of brand names capitalised	39(j)			(4.5)
Amortisation of compensation component of options	39(d)	(0.3)	(0.7)	1.9
Creation of asset retirement obligation on adoption of SFAS No. 143	39(p)		(0.3)	
Amortisation of asset retirement obligation	39(p)	(0.1)	(0.1)	
Pension Plans ⁽¹⁾	39(f)	5.8	1.9	5.4
Income tax expense		(1.8)	(0.6)	(1.9)
Depreciation of asset revaluation included in depreciation charge	39(a)			0.2
Net realisation of asset revaluation reserve and related depreciation adjustment on sale/liquidation of controlled entities, businesses and assets	39(a)	0.8	(7.0)	20.5
Net hedge (losses)/gains (brought to account)/ deferred for AGAAP	39(k)	(2.0)	2.4	(1.9)
Income tax (expense)/benefit		0.6	(0.7)	0.6
Rationalisation and restructuring provision	39(c)			(30.0)
Income tax benefit				8.1
Goodwill capitalised for US GAAP purposes written off on sale of controlled entities and businesses	39(i)			(34.5)
Incremental gain on sale of controlled entities and businesses due to lower carrying value of amortised brand names	39(j)			15.5
Net change in fair value hedges	39(m)	1.8	1.3	2.6
Income tax expense		(0.5)	(0.4)	(0.8)
Equity share in loss of South Pacific Tyres	39(n)	(7.7)	(16.4)	(50.4)
Income tax benefit		2.3	4.9	11.1
Valuation adjustment for above income tax (benefit)/expense amounts		(0.6)	(3.2)	(8.4)
Total Adjustments		19.7	1.4	(56.2)
Shareholders Equity of the Group as at 30th June		811.8	844.5	876.0
Deduct: Outside equity interests	39(b)	(10.2)	(10.8)	(13.7)
Shareholders equity attributable to Ansell Limited		801.6	833.7	862.3
Adjustments required to accord with U.S. GAAP:				
Add / (Deduct): Goodwill not capitalised for Australian GAAP - net of amortisation and amortisation adjustments on Australian GAAP goodwill (including fx impact)	39(i)	184.4	148.6	123.7
Amortisation of brand names cumulative (including fx impact)	39(j)	(21.5)	(22.2)	(26.1)
Amortisation of asset retirement obligations	39(p)	(0.5)	(0.4)	
Pension Plans	39(f)	13.9	8.1	6.2

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Hedging adjustments net of nil tax	39(k)	0.1	2.1	(0.3)
Reserves attributable to Asset Revaluation	39(a)	(0.7)	(1.5)	(20.2)
Depreciation charged on Revaluation increments	39(a)	0.1	0.1	12.6
Loans outstanding under ownership based remuneration scheme	39(d)	(0.8)	(1.2)	(4.3)
Net change in fair value hedges, hedged items and cash flow hedges	39(m)	0.8	(1.0)	(2.3)
Net gains/(losses) on cash flow hedges residing in Comprehensive Income	39(m)	4.7	(12.6)	(13.7)
Additional minimum pension liability residing in Comprehensive Income	39(f)	(13.2)	(7.9)	
Gain on equity securities residing in Comprehensive Income	39(n)			1.0
Equity share of South Pacific Tyres	39(n)	(89.2)	(81.5)	(65.1)
		<u>78.1</u>	<u>30.6</u>	<u>11.5</u>
Ansell Limited Shareholders Equity according to U.S. GAAP (including Comprehensive Income)		<u>879.7</u>	<u>864.3</u>	<u>873.8</u>
Note: All US GAAP adjustments are in respect of 100% owned operations				
Statement of Comprehensive Income:				
Net profit/(loss) per U.S. GAAP		90.4	51.3	(172.0)
Foreign Currency Translation Reserve net of nil tax		(6.3)	(63.2)	(74.1)
Unrealised net gain/(loss) on cash flow hedges net of nil tax		17.3	1.1	(12.1)
Additional minimum pension liability net of nil tax		(5.3)	(7.9)	
Unrealised gain/(loss) on available for sale equity securities net of nil tax			(1.0)	1.0
		<u>96.1</u>	<u>(19.7)</u>	<u>(257.2)</u>

(1) Pension Plans - includes curtailment gains of \$6.1 million for 2002 resulting from the sale of businesses.

Item 18 : Consolidated Financial Statements

40. RECONCILIATION TO UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (US GAAP) (CONTINUED)

\$ in Millions	2004		2003	
	Australian Fund	US Funds	Australian Fund	US Funds
Pension Plan data supporting Note 39(f)				
Plan's funded status at 30 June is summarised as follows:				
Actuarial present value of accumulated obligations:				
- Vested	19.9	54.9	63.3	57.6
- Non-vested		1.2	0.7	1.3
Total accumulated benefit obligation	19.9	56.1	64.0	58.9
Projected benefit obligation	20.6	56.7	64.4	59.8
Plan assets at fair value	41.7	40.8	79.6	36.1
Excess/(deficiency) of assets over benefit obligations	21.1	(15.9)	15.2	(23.7)
Unrecognised net gain/(loss)	(5.6)	15.1	(16.4)	24.2
Unrecognised prior service costs		(0.8)		(1.4)
Unrecognised net transition obligation/(asset) and other deferrals			(1.0)	
Net Pension (Liability)/Asset	15.5	(1.6)	(2.2)	(0.9)
NET PENSION COST				
Defined Benefit Plans:				
- Service cost-benefits earned during the year	0.9	2.5	1.9	3.1
- Interest cost on projected benefit obligation	1.0	3.3	4.3	4.2
- Expected return on plan assets	(2.7)	(3.7)	(5.5)	(4.7)
- Net amortisation and settlement and curtailment (gain)/loss	(5.9)	3.1	(1.1)	0.8
Net Pension Cost of Defined Benefit Plans	(6.7)	5.2	(0.4)	3.4
ASSUMPTIONS (used to determine net pension cost)				
Weighted average discount rate	5.0%	5.8%	5.0%	5.8%
Rate of increase in compensation level	4.0%	4.3%	3.5%	4.3%
Expected long term rate of return	7.0%	8.0%	7.0%	8.0%
The expected long term rate of return on pension assets is based on a strategic asset allocation. The real rate of return (net of inflation) is expected to average 5% over the long term and the long term average rate of inflation is expected to be 3%.				
MEASUREMENT DATE	30 June 04	31 March 04	30 June 03	31 March 03
CHANGE IN BENEFIT OBLIGATION				
Projected Benefit Obligation at beginning of year	64.4	59.8	82.6	67.9
Service cost	0.9	2.5	1.9	3.1
Interest cost	1.0	3.3	4.3	4.2
Transfers from/(to) other funds*	(42.5)		1.2	
Member contributions	0.3		2.2	
Actuarial (gain)/loss	1.5	0.3	(7.4)	6.3
Benefits, administrative expenses and tax paid	(5.0)	(7.2)	(20.4)	(11.5)
Foreign currency exchange rate changes		(2.0)		(10.2)
Projected Benefit Obligation at end of year	20.6	56.7	64.4	59.8
ASSUMPTIONS (used to determine end of year benefit obligations)				
Weighted average discount rate	5.0%	5.8%	5.0%	5.8%
Rate of increase in compensation level	4.0%	4.3%	3.5%	4.3%

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CHANGE IN PLAN ASSETS

Market value of assets at beginning of year	79.6	36.1	84.9	54.5
Adjustment to fair value at beginning of the year	2.6			
Member/Employer Contributions		4.3	2.3	4.8
Transfers from/(to) other funds*	(42.5)		1.2	
Benefits, administrative expenses and tax paid	(5.0)	(7.2)	(20.4)	(11.5)
Actual return on plan assets	7.0	8.7	11.6	(5.2)
Foreign currency exchange rate changes		(1.1)		(6.5)
Market value of assets at end of year	41.7	40.8	79.6	36.1

* Current year represents removal of assets and liabilities relating to Ansell accumulation members from disclosures.

Item 18 : Consolidated Financial Statements**40. RECONCILIATION TO UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (US GAAP) (CONTINUED)**

\$ in Millions

Pension Plan data supporting Note 39(f) (continued)**CONTRIBUTIONS**

Employer contributions to the Australian fund during the fiscal year ending 30 June 2005 are expected to be nil. In respect of its US plans the Company expects to contribute \$4.6 million to the plans in 2005.

ADDITIONAL INFORMATION - AUSTRALIAN FUND**Estimated Future Benefit Payments**

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

2005	2.7
2006	1.6
2007	1.7
2008	1.9
2009	2.4
2010 -2014	11.4

Plan Assets

The allocation of the Fund's assets by asset category is as follows:

Asset Category

Plan assets at 30 June

	Target Allocation	2004	2003
Equity securities	64%	64%	73%
Fixed Interest	22%	21%	15%
Real estate	9%	9%	10%
Other	5%	6%	2%

The primary investment objective of the Ansell Employer Benefit Account is to achieve a rate of return (after tax and investment expenses) that exceeds inflation (CPI) increases by at least 4.0% per annum over rolling three year periods.

ADDITIONAL INFORMATION - USA FUNDS

Estimated Future Benefit Payments

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

2005	4.2
2006	2.4
2007	3.1
2008	3.5
2009	3.7
2010 -2014	27.7

Plan Assets

The allocation of the funded US pension plans weighted-average assets by asset category are as follows:

Asset Category	Target	Plan assets at 31 March	
	Allocation	2004	2003
Equity securities	62%	64%	56%
Debt securities	32%	32%	41%
Real estate	3%	3%	
Other	3%	1%	3%

The target allocation currently is 62% equity (47% US, 15% International), 3% real estate, 32% debt and 3% cash. Over the past 5 years the allocation to equities has ranged from 55% to 65% depending on market conditions and the expected ability of the Plan to meet an 8% earnings assumption. The asset allocation is reviewed at least annually and adjusted based on past and future assumptions for market returns. Recent low level interest rates have necessitated a rise in the equity allocation to increase the probability of achieving an 8% return. The investment approach dictated in the IPS is to maintain sufficient diversification by asset class and economic sectors. The IPS mandates that each manager be diversified and that significant sector deviations to the benchmark be explained and approved.

Item 18 : Consolidated Financial Statements

40. RECONCILIATION TO UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (US GAAP) (CONTINUED)

Information for United States Investors

<u>\$ in Millions</u>	<u>Consolidated</u>		
	<u>2004</u>	<u>2003</u>	<u>2002</u>
Proceeds Received from the sale of businesses and investments per Note 3			
Pacific Automotive business			238.7
Pacific Brands business			701.0
	—	—	—
			939.7
	—	—	—
Material Write-down of assets			
Ambri Investment			
The Group's investment in Ambri Ltd has been written down to recoverable amount.	(1.0)	(6.1)	
Exide Receivable/Investment ⁽ⁱ⁾			
As a result of Exide Inc filing for chapter 11 bankruptcy protection and subsequent demise of Exide Inc's share price the company fully wrote off its investment in and all amounts receivable from Exide Inc.			(99.9)
Ansell Healthcare fixed assets ⁽ⁱⁱ⁾			
Following the announcement to close Ansell Healthcare's manufacturing facility in Troy, Alabama the company wrote down the value of plant and equipment at the site to estimated recoverable value. In addition, certain other values attributed to land and buildings within the USA were written down to independently appraised values.			(63.1)
Other ⁽ⁱⁱⁱ⁾			
Represents the write-down of various assets to recoverable amount as determined by the company.			(13.5)
⁽ⁱ⁾ Included within Income/Loss from discontinued operations			
⁽ⁱⁱ⁾ Included within Income/Loss from continuing operations			
⁽ⁱⁱⁱ⁾ Of this amount \$3.6 million is included within Income/(Loss) from continuing operations and \$9.9 million included within Income/Loss from discontinued operations.			
		<u>Restated</u>	<u>Restated</u>
US GAAP Equity Roll-forward			
Opening Balance US GAAP equity	864.3	873.8	1,138.9

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US GAAP Profit/(Loss)	90.4	51.3	(172.0)
Proceeds from issue of shares	1.0	1.0	1.2
Dividends	(31.0)		
Share buy back	(65.4)	(8.2)	
Movement in AGAAP Foreign Currency Translation Reserve	(7.4)	(71.3)	(69.6)
Unrealised net gain/(loss) on cash flow hedges in OCI	17.3	1.1	(12.1)
Additional minimum pension liability in OCI	(5.3)	(7.9)	
Movements in Loans outstanding under Employee Share Plan	0.4	3.1	4.3
Other (including FX on US GAAP adjustments)	15.4	21.4	(16.9)
	<u> </u>	<u> </u>	<u> </u>
Closing balance US GAAP equity	879.7	864.3	873.8
	<u> </u>	<u> </u>	<u> </u>

Item 18 : Consolidated Financial Statements

40. RECONCILIATION TO UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (US GAAP) (CONTINUED)

Information for United States Investors (continued)

\$ in Millions	Consolidated		
	2004	2003	2002
Goodwill:			
AGAAP goodwill - written down value 30 June	176.0	203.3	260.7
Add: Amortisation for AGAAP only from 1 July 2002	46.7	25.3	
Add: Net Goodwill recognised for US GAAP only	33.3	33.3	38.3
Add :Adjustment for different amortisation basis on AGAAP goodwill	104.4	90.0	85.4
US GAAP goodwill - written down value 30 June	360.4	351.9	384.4
US GAAP Goodwill Comprises:			
Gross Goodwill	438.2	448.6	516.7
Accumulated Amortisation	(77.8)	(96.7)	(132.3)
Written down value	360.4	351.9	384.4
Brand names			
AGAAP brand names - 30 June	117.4	121.2	142.5
(Deduct): US GAAP accumulated amortisation	(21.5)	(22.2)	(26.1)
US GAAP Brand names - 30 June	95.9	99.0	116.4
Property, plant & equipment			
Property, plant & equipment at cost and valuation (net of accumulated depreciation)	227.8	262.9	332.5
(Deduct): Asset revaluation reserves applicable	(0.7)	(1.5)	(20.2)
Add: Adjustment to add back depreciation charged on the revaluation increments (cumulative)	0.1	0.1	12.6
Property, plant & equipment at cost (net of accumulated depreciation)	227.2	261.5	324.9
Analysis of long-lived assets by Country			
- Australia	53.4	62.8	72.5
- USA	293.4	338.1	430.4
- Malaysia	77.5	83.2	98.6
- Thailand	56.0	61.9	80.2
- Sri Lanka	43.7	49.3	61.0
- Other Countries	51.2	54.6	85.2
	575.2	649.9	827.9

Asset Retirement Obligations

Asset retirement obligations relate to future legal obligations to restore certain leased facilities to their original conditions as at the commencement of the lease.

Asset retirement obligation

Balance at beginning of period	0.8		
Initial balance on adoption of SFAS No. 143		0.7	
Liabilities incurred in current period	0.1	0.1	
	<u>0.9</u>	<u>0.8</u>	
Balance at end of period	0.9	0.8	
	<u>0.9</u>	<u>0.8</u>	

Accumulated Other Comprehensive Income

Foreign Currency Translation Reserve net of nil tax	(138.2)	(131.9)	(68.7)
Unrealised net gain/(loss) on cash flow hedges net of nil tax	4.7	(12.6)	(13.7)
Additional minimum pension liability net of nil tax	(13.2)	(7.9)	
Unrealised gain on available for sale equity securities net of nil tax			1.0
	<u>(146.7)</u>	<u>(144.5)</u>	<u>(81.4)</u>
	(146.7)	(144.5)	(81.4)

Item 18 : Consolidated Financial Statements

40. RECONCILIATION TO UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (US GAAP) (CONTINUED)

Information for United States Investors (continued)

Executive Share Option Data Supporting Notes 39(d), 25 and 28

SFAS 123 Accounting for Stock Based Compensation encourages the adoption of a fair value based method of determining compensation costs. For US GAAP purposes, the company has adopted the fair value provision of SFAS 123.

The compensation fair value of all options which are outstanding has been calculated at \$1.0 million. In respect of the options granted to Mr D.Tough (on his appointment as Chief Executive Officer on 1 July 2004) the performance hurdles that must be met before vesting can occur have not as yet been finalised. The compensation fair value will be determined in order to allow for the amortisation over the vesting period which commences 1 July 2004.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the members of Ansell Limited:

We have audited the accompanying consolidated Statements of Financial Position of Ansell Limited and its subsidiaries as of 30 June, 2004, 2003 and 2002, and the related consolidated Statements of Financial Performance, and of Cash Flows for each of the years in the three year period ended 30 June, 2004. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Ansell Limited and its subsidiaries at 30 June, 2004, 2003 and 2002, and the results of their operations and their cash flows for each of the years in the three year period ended 30 June, 2004 in conformity with accounting principles generally accepted in Australia.

Accounting principles generally accepted in Australia vary in certain significant respects from accounting principles generally accepted in the United States. Information relating to the nature and effect of such differences is presented in Notes 39 and 40 to the consolidated financial statements. The application of accounting principles generally accepted in the United States would have affected consolidated financial performance for each of the years in the three year period ended June 30, 2004 and the determination of Shareholder's equity as of June 30, 2004, 2003 and 2002, to the extent summarized in Notes 39 and 40 to the consolidated financial statements.

As discussed in Note 39 to the consolidated financial statements, the company has restated the effects of certain differences between generally accepted accounting principles in Australia and generally accepted accounting principles in the United States and their effects on financial performance and shareholders equity for each of the years in the two year period ended June 30, 2003.

/s/ KPMG

Melbourne

31 August, 2004 except for Notes 39 and 40, for which the date is 15 March, 2005.

Item 19 : Exhibits

See Exhibit Index

Signature

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

Ansell Limited Registrant

/s/ Rustom Jilla
Rustom Jilla
Chief Financial Officer

Dated: 28 March 2005

South Pacific Tyres and Controlled Entities Statutory Accounts Year Ended 30 June 2004

South Pacific Tyres

Statements filed in accordance with Rule 3.09.

STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 30th June 2004

		2004	2003	2002
	Notes	\$	\$	\$
Revenue from sale of goods	3	763,609,409	737,027,575	769,790,943
Revenue from rendering services	3	55,127,229	56,569,421	59,595,043
Other revenues from ordinary activities	3	6,503,245	6,407,910	7,615,697
Total revenue from ordinary activities		825,239,883	800,004,906	837,001,683
Cost of goods sold		591,739,184	587,501,675	647,665,319
Selling, Administrative and General Expenses		218,086,061	219,985,037	225,688,548
Significant items	4(b)	11,790,923	9,752,650	93,108,359
Borrowing costs	4(b)	21,937,942	17,834,103	13,660,548
Other expenses from ordinary activities		297,389	287,389	485,062
Expenses from ordinary activities		843,851,499	835,360,854	980,607,836
Loss from ordinary activities before related income tax expense		(18,611,616)	(35,355,948)	(143,606,153)
Income tax expense/(benefit) relating to ordinary activities	6(a)	3,869,684	4,207,837	(13,579,453)
Loss from ordinary activities after related income tax expense		(22,481,300)	(39,563,785)	(130,026,700)
Net loss attributable to outside equity interests	21			(470)
Net Loss after income tax attributable to the consolidated entity		(22,481,300)	(39,563,785)	(130,027,170)

See accompanying notes to financial statements.

South Pacific Tyres and Controlled Entities Statutory Accounts Year Ended 30 June 2004

STATEMENT OF FINANCIAL POSITION

As at 30th June 2004

		2004	2003	2002
	Notes	\$	\$	\$
CURRENT ASSETS				
Cash assets	7	56,435,875	15,229,939	37,100,672
Receivables	8	130,174,880	137,441,630	141,657,657
Inventories	9	147,411,193	162,032,137	160,741,965
Prepayments	10	3,219,753	3,323,269	2,258,575
TOTAL CURRENT ASSETS		337,241,701	318,026,975	341,758,869
NON-CURRENT ASSETS				
Receivables	8	1,651,270	9,546,303	30,384,952
Property, plant and equipment	12	197,823,676	218,425,028	202,827,093
Intangible assets	13	4,498,952	4,916,874	5,204,262
Deferred tax assets	6(c)	14,516,753	18,231,572	22,441,327
TOTAL NON-CURRENT ASSETS		218,490,651	251,119,777	260,857,634
TOTAL ASSETS		555,732,352	569,146,752	602,616,503
CURRENT LIABILITIES				
Payables	14	144,028,406	159,953,830	161,782,718
Interest bearing liabilities	15	188,484,663	171,413,834	142,395,212
Current tax liabilities	6(b)	290,809	135,944	58,887
Provisions	16	54,318,272	53,365,690	102,837,858
TOTAL CURRENT LIABILITIES		387,122,150	384,869,298	407,074,675
NON-CURRENT LIABILITIES				
Payables	14	704,179	7,986,959	28,491,815
Interest bearing liabilities	15	125,707,508	111,097,444	61,095,014
Provisions	16	6,357,177	6,883,413	7,978,203
TOTAL NON-CURRENT LIABILITIES		132,768,864	125,967,816	97,565,032
TOTAL LIABILITIES		519,891,014	510,837,114	504,639,707
PARTNERS EQUITY				

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Contributed equity	18	317,688,138	317,675,138	317,675,138
Reserves	19	12,374,551	12,570,229	12,570,229
Accumulated losses	20	(294,221,351)	(271,935,729)	(232,268,571)
		<u> </u>	<u> </u>	<u> </u>
TOTAL PARTNERS EQUITY		35,841,338	58,309,638	97,976,796
Outside equity interest	21			
		<u> </u>	<u> </u>	<u> </u>
TOTAL PARTNERS EQUITY		35,841,338	58,309,638	97,976,796
		<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES AND PARTNERS EQUITY		555,732,352	569,146,752	602,616,503
		<u> </u>	<u> </u>	<u> </u>

See accompanying notes to financial statements.

South Pacific Tyres and Controlled Entities Statutory Accounts Year Ended 30 June 2004

STATEMENT OF PARTNERS EQUITY

	Contributed Equity	Outside Equity Interest	Accumulated Losses	Reserves	Total Partners Equity
Balance at June 30, 2001	317,675,137	485,688	(98,587,215)	9,220,023	228,793,633
Net loss			(130,027,170)		(130,027,170)
Foreign currency translation				(303,980)	(303,980)
Foreign Currency Translation Reserve - disposal			(3,645,848)	3,645,848	
Asset Revaluation Reserve - disposal			(8,338)	8,338	
Outside equity interest reduction		(485,688)			(485,688)
Additional contributed equity	1				1
Balance at June 30, 2002	317,675,138		(232,268,571)	12,570,229	97,976,796
Net loss			(39,563,785)		(39,563,785)
Initial adoption of AASB1028			(103,373)		(103,373)
Balance at June 30, 2003	317,675,138		(271,935,729)	12,570,229	58,309,638
Net loss			(22,481,300)		(22,481,300)
Asset Revaluation Reserve - disposal			195,678	(195,678)	
Additional contributed equity	13,000				13,000
Balance at June 30, 2004	317,688,138		(294,221,351)	12,374,551	35,841,338

See accompanying notes to financial statements.

South Pacific Tyres and Controlled Entities Statutory Accounts Year Ended 30 June 2004

STATEMENTS OF CASH FLOWS

	Notes	2004 \$ Inflows (Outflows)	2003 \$ Inflows (Outflows)	2002 \$ Inflows (Outflows)
Cash flows from operating activities				
Cash receipts in the course of operations		941,655,101	836,176,622	856,792,111
Cash payments in the course of operations		(908,776,962)	(882,305,840)	(870,905,731)
Interest received		1,160,246	1,935,297	3,689,606
Borrowing costs paid		(13,589,472)	(12,737,555)	(13,368,875)
Income taxes (paid)/refunded	6(b)		79,774	(112,184)
Net cash provided by/(used in) operating activities	30(c)	20,448,913	(56,851,702)	(23,905,073)
Cash flows from investing activities				
Proceeds on disposal of controlled entities				1,983,805
Proceeds on disposal of property, plant and equipment		5,342,999	4,472,613	2,919,839
Payments for businesses, (net of cash acquired)	30(b)			(1,246,831)
Payments for property, plant and equipment		(16,279,869)	(48,512,695)	(14,750,236)
Net cash used in investing activities		(10,936,870)	(44,040,082)	(11,093,423)
Cash flows from financing activities				
Proceeds from partner contributions		13,000		
Proceeds from borrowings		49,782,954	79,333,371	136,589,773
Repayment of borrowings		(18,195,000)		(79,935,051)
Dividends paid				(2,146)
Net cash provided by financing activities		31,600,954	79,333,371	56,652,576
Net increase/(decrease) in cash held		41,112,997	(21,558,413)	21,654,080
Cash at the beginning of the financial year		14,539,451	36,097,864	14,170,702
Effects of exchange rate fluctuations on the balances of cash held in foreign currencies				273,082
Cash at the end of the financial year	30(a)	55,652,448	14,539,451	36,097,864

See accompanying notes to financial statements.

South Pacific Tyres and Controlled Entities Statutory Accounts Year Ended 30 June 2004

NOTES TO THE FINANCIAL STATEMENTS

Note 1 Statement of significant accounting policies

General

The principal activities of the consolidated entity during the period were:

Manufacture of tyres for vehicles

Wholesaling and retailing of vehicle and aircraft tyres.

There were no significant changes in the nature of the principal activities of the consolidated entity during the year.

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

(a) Basis of preparation

In accordance with Section 11 of the Partnership Agreement, South Pacific Tyres (the consolidated entity) is required to prepare a financial report as if it were a public company under the provisions of the Corporations Act 2001.

In the opinion of the directors, the consolidated entity is not a reporting entity. The financial report of the consolidated entity has been drawn up as a special purpose financial report for distribution to the partners and for the purpose of fulfilling the requirements of the Corporations Act 2001.

The financial report has been prepared in accordance with the requirements of the Corporations Act 2001, the recognition and measurements aspects of all applicable accounting standards and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) that have a material effect.

The financial report has been prepared on the accrual basis of accounting as defined in AASB1001, Accounting Policies, using historical cost convention and going concern assumption. Except where stated, it does not take into account changing money values or current valuations of non-current assets.

The accounting policies have been consistently applied by each entity in the consolidated entity, and except where there is a change in accounting policy, are consistent with those of the previous year.

(b) Principles of consolidation

Controlled entities

The financial statements of controlled entities are included from the date control commences until the date control ceases.

Outside interests in the equity and results of the entities that are controlled by the consolidated entity are shown as a separate item in the consolidated financial statements.

Transactions eliminated on consolidation

Unrealised gains and losses and inter-entity balances resulting from transactions with or between controlled entities are eliminated in full on consolidation.

(c) Revenue recognition - Note 3

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

Sale of goods

Revenue from the sale of goods is recognised (net of returns, discounts and allowances) when control of the goods passes to the customer.

Rendering of services

Revenue from rendering services is recognised when the service has been completed.

Interest revenue

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

Sale of non-current assets

The gross proceeds of non-current asset sales are included as revenue at the date control of the asset passes to the buyer, usually when an unconditional contract of sale is signed.

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

South Pacific Tyres and Controlled Entities Statutory Accounts Year Ended 30 June 2004

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 1 Statement of significant accounting policies (continued)**(d) Goods and services tax**

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

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

(e) Foreign currency*Transactions*

Foreign currency transactions are translated to Australian currency at the rates of exchange ruling at the dates of the transactions. Amounts receivable and payable in foreign currencies at reporting date are translated at the rates of exchange ruling on that date.

Exchange differences relating to amounts payable and receivable in foreign currencies are brought to account as exchange gains or losses in the statement of financial performance in the financial year in which the exchange rates change.

Translation of controlled foreign entities

The assets and liabilities of foreign operations that are self-sustaining are translated at the rates of exchange ruling at reporting date. Equity items are translated at historical rates. The statements of financial performance are translated at a weighted average rate for the year. Exchange differences arising on translation are taken directly to the foreign currency translation reserve until the disposal, or partial disposal, of the

operations.

The balance of the foreign currency translation reserve relating to a foreign operation that is disposed of, or partially disposed of, is transferred to retained profits in the year of disposal.

(f) Derivatives

The consolidated entity is exposed to changes in interest rates, foreign exchange rates and commodity prices from its activities. The consolidated entity uses the following derivative financial instruments to hedge these risks: interest rate swaps and forward foreign exchange contracts. Derivative financial instruments are not held for speculative purposes.

Hedges

Anticipated transactions

Transactions are designated as a hedge of the anticipated specific purchase or sale of goods or services, purchase of qualifying assets, or an anticipated interest transaction, only when they are expected to reduce exposure to the risks being hedged, are designated prospectively so that it is clear when an anticipated transaction has or has not occurred and it is probable the anticipated transaction will occur as designated. Gains or losses on the hedge arising up to the date of the anticipated transaction, together with any costs or gains arising at the time of entering into the hedge, are deferred and included in the measurement of the anticipated transaction when the transaction has occurred as designated. Any gains or losses on the hedge transaction after that date are included in the statement of financial performance.

The net amounts receivable or payable under open swaps and forward rate agreements and the associated deferred gains or losses are not recorded in the statement of financial position until the hedge transaction occurs. When recognised the net receivables or payables are then revalued using the foreign currency and interest rates current at reporting date. Refer to Note 22

When the anticipated transaction is no longer expected to occur as designated, the deferred gains or losses relating to the hedged transaction are recognised immediately in the statement of financial performance.

Where a hedge transaction is terminated early and the anticipated transaction is still expected to occur as designated, the deferred gains or losses that arose on the hedge prior to its termination continue to be deferred and are included in the measurement of the purchase or sale or interest transaction when it occurs. Where a hedge transaction is terminated early because the anticipated transaction is no longer expected to occur as designated, deferred gains or losses that arose on the hedge prior to its termination are included in the statement of financial performance for the period.

Where a hedge is redesignated as a hedge of another transaction, gains or losses arising on the hedge prior to its redesignation are only deferred where the original anticipated transaction is still expected to occur as designated. When the original anticipated transaction is no longer expected to occur as designated, any gains or losses relating to the hedge instrument are included in the statement of financial performance for the period.

Gains or losses that arise prior to and upon the maturity of transactions entered into under hedge rollover strategies are deferred and included in the measurement of the hedged anticipated transaction if the transaction is still expected to occur as designated. If the anticipated transaction is no longer expected to occur as designated, the gains or losses are recognised immediately in the statement of financial performance.

Other hedges

All other hedge transactions are initially recorded at the relevant rate at the date of the transaction. Hedges outstanding at reporting date are valued at the rates ruling on that date and any gains or losses are brought to account in the statement of financial performance.

Cost or gains arising at the time of entering into the hedge are deferred and amortised over the life of the hedge.

South Pacific Tyres and Controlled Entities Statutory Accounts Year Ended 30 June 2004

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 1 Statement of significant accounting policies (continued)

(g) Borrowing costs

Borrowing costs include interest, amortisation of discounts or premiums relating to borrowings and amortisation of ancillary costs incurred in connection with arrangement of borrowings.

Interest payments in respect of financial instruments classified as liabilities are included in borrowing costs.

Where interest rates are hedged or swapped, the borrowing costs are recognised net of any effect of the hedge or the swap.

Borrowing costs are expensed as incurred unless they relate to qualifying assets. Qualifying assets are assets which take more than 12 months to get ready for their intended use or sale. In these circumstances, borrowing costs are capitalised to the cost of the asset. Where funds are borrowed specifically for the acquisition, construction or production of a qualifying asset, the amount of borrowing costs capitalised is those incurred in relation to that borrowing, net of any interest earned on those borrowings. Where funds are borrowed generally, borrowing costs are capitalised using a weighted average capitalisation rate.

(h) Taxation - Note 6

Consolidated entity

Income tax is only provided for in the financial statements in respect of the corporate entities forming part of the consolidated entity of South Pacific Tyres.

Controlled entities

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The controlled entities adopt the income statement liability method of tax effect accounting.

Income tax expense is calculated on operating profit adjusted for permanent differences between taxable and accounting income. The tax effect of timing differences, which arise from the items being brought to account in different periods for income tax and accounting purposes, is carried forward in the statement of financial position as a future income tax benefit or a provision for deferred income tax.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits relating to tax losses are only brought to account when their realisation is virtually certain. The tax effects of capital losses are not recorded unless realisation is virtually certain.

(i) Accounting for acquisitions

Acquired businesses are accounted for on the basis of the cost method. Fair values are assigned at the 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 additional costs to be incurred.

Goodwill, representing the excess of the purchase consideration plus incidental costs over the fair value of the identifiable net assets acquired on the acquisition of the business, is amortised to the statement of financial performance using the following criteria:

<i>Goodwill Acquired</i>	<i>Write-Off Period</i>
Up to \$1.25m	Written off over 5 years in equal instalments, but at a rate of not less than \$250,000 pa
Over \$1.25m	Written off over 20 years on a straight line basis, but at a rate of not less than \$250,000 pa

The unamortised balance of goodwill is reviewed at least annually. Where the balance exceeds the value of expected future benefits, the difference is charged to the statement of financial performance. For the purposes of this review process, goodwill is allocated to cash generating units (which equates to the consolidated entity's reportable business units) upon acquisition. Acquired businesses can readily be allocated to one of the business units on the basis of product manufactured and/or marketed.

Acquisitions of assets

All assets acquired, including property, plant and equipment and intangibles other than goodwill, are initially recorded at their cost of acquisition at the date of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition. Acquired in-process research and development is only recognised as a separate asset when future benefits are expected beyond any reasonable doubt to be recoverable.

Where settlement of any part of cash consideration is deferred, the amounts payable are recorded at their present value, discounted at the rate applicable to the consolidated entity if a similar borrowing were obtained from an independent financier under comparable terms and conditions. The unwinding of the discount is treated as interest expense.

The costs of assets constructed or internally generated by the consolidated entity, other than goodwill, include the cost of materials and direct labour. Directly attributable overheads and other incidental costs are also capitalised to the asset.

Borrowing costs are capitalised to qualifying assets as set out in Note 1(g).

Expenditure, including that on internally generated assets other than research and development costs, is only recognised as an asset when the entity controls future economic benefits as a result of the costs incurred that are probable and can be measured reliably. Costs attributable to feasibility and alternative approach assessments are expensed as incurred.

Subsequent additional costs

Costs incurred on assets subsequent to initial acquisition are capitalised when it is probable that future economic benefits in excess of the originally assessed performance of the asset will flow to the consolidated entity in future years, otherwise, expensed as incurred.

Research and development costs

Research and development expenditure is expensed as incurred.

South Pacific Tyres and Controlled Entities Statutory Accounts Year Ended 30 June 2004

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 1 Statement of significant accounting policies (continued)

(j) Use and revision of accounting estimates

The preparation of the financial report requires the making of estimates and assumptions that affect the recognised amounts of assets, liabilities, revenues and expenses and the disclosure of contingent liabilities. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are viewed on an ongoing basis. 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.

(k) Receivables - Note 8

The collectibility of debts is assessed at reporting date and specific provision is made for any doubtful accounts.

Trade debtors

Trade debtors to be settled within agreed terms are carried at amounts due.

(l) Inventories - Note 9

Raw materials and stores, work in progress and finished goods are carried at the lower of cost allocated and net realisable value.

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Cost includes direct materials, direct labour, other direct variable costs and allocated production overheads necessary to bring inventories to their present location and condition, based on normal operating capacity of the production facilities.

Manufacturing activities

The cost of manufacturing inventories and work-in-progress are assigned on a first-in, first-out basis. Costs arising from exceptional wastage are expensed as incurred.

Net realisable value

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.

(m) Investments - Note 11

Investments in controlled entities are carried in the financial statements of the consolidated entity at the lower of cost and recoverable amount.

(n) Leased assets

Leases under which the company assumes substantially all the risks and benefits of ownership are classified as finance leases. Other leases are classified as operating leases.

Operating leases

Payments made under operating leases are expensed on a straight line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property. Also refer to Note 23.

(o) Recoverable amount of non-current assets valued on cost basis

The carrying amount of non-current assets valued on the cost basis are reviewed to determine whether they are in excess of their recoverable amount at reporting 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 expensed in the reporting period in which it occurs.

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Where a group of assets working together supports the generation of cash inflows, recoverable amount is assessed in relation to that group of assets. In assessing recoverable amounts of non-current assets, the relevant cash flows have not been discounted to their present value.

South Pacific Tyres and Controlled Entities Statutory Accounts Year Ended 30 June 2004**NOTES TO THE FINANCIAL STATEMENTS** (continued)**Note 1 Statement of significant accounting policies** (continued)**(p) Depreciation and amortisation***Complex assets*

The components of major assets that have materially different useful lives, are effectively accounted for as separate assets, and are separately depreciated.

Useful lives

All non-current assets have limited useful lives and are depreciated/amortised using the straight line method over their estimated useful lives.

Assets are depreciated or amortised from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and held ready for use.

Depreciation and amortisation rates and methods are reviewed annually for appropriateness. When changes are made, adjustments are reflected prospectively in current and future periods only. Depreciation and amortisation are expensed, except to the extent that they are included in the carrying amount of another asset as an allocation of production overheads.

The depreciation/amortisation rates used for each class of asset are as follows:

	<u>2004</u>	<u>2003</u>	<u>2002</u>
Freehold buildings	2.50%	2.50%	2.50%
Leasehold buildings and improvements	2.5%-40%	2.5%-40%	2.5%-40%

Plant and equipment	6.7%-33.33%	6.7%-33.33%	6.7%-33.33%
Leased plant and equipment	10%-20%	10%-20%	10%-20%

(q) Payables - Note 14

Liabilities are recognised for amounts to be paid in the future for goods or services received. Trade accounts payable are settled within agreed terms.

(r) Interest bearing liabilities - Note 15

Bank loans are recognised at their principal amount, subject to set-off arrangements. Interest expense is accrued at the contracted rate.

Debentures, bills of exchange and notes payable are recognised when issued at the net proceeds received, with the premium or discount on issue amortised over the period of maturity. Interest expense is recognised on an effective yield basis.

(s) Employee benefits***Wages, salaries, annual leave, sick leave and non-monetary benefits***

Liabilities for employee benefits for wages, salaries, annual leave and sick leave expected to be settled within 12 months of the year-end represent present obligations resulting from employees' services provided up to the reporting date, calculated at undiscounted amounts based on remuneration wage and salary rates that the consolidated entity expects to pay as at reporting date including related on-costs. Related on-costs have been included in trade creditors.

Long service leave

The provision for employee benefits to long service leave represents the present value of the estimated future cash outflows to be made resulting from employees' services provided to reporting date.

The provision is calculated using the expected future increases in wage and salary rates including related on-costs and expected settlement dates based on turnover history and is discounted using the rates attaching to national government bonds at reporting 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.

Superannuation plan

The partnership and its controlled entities contribute to various defined benefit and accumulation superannuation plans. Contributions are recognised as an expense as they are made. Further information is set out in Note 26.

(t) 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 effect is material, a provision is determined by discounting the expected future cash flows (adjusted for expected future risks) 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.

Restructuring and employee termination benefits

A provision for restructuring including termination benefits is only recognised when a detailed plan has been approved and the restructuring has either commenced or been publicly announced. Costs relating to ongoing activities are not provided for.

The liability for termination benefits are included in the provision for Rationalisation and restructure (Note 16).

South Pacific Tyres and Controlled Entities Statutory Accounts Year Ended 30 June 2004

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 1 Statement of significant accounting policies (continued)

(t) Provisions (continued)

Surplus leased premises

Provision is made for non-cancellable operating lease rentals payable on surplus leased premises when it is determined that no substantive future benefit will be obtained from its occupancy and sub-lease rentals are less.

The estimate is calculated based on discounted net future cash flows, using the interest rate implicit in the lease or an estimate thereof.

(u) Advertising

Under AGGAP, Advertising is generally expensed as the service is performed. Costs incurred under the consolidated entity's cooperative advertising program with dealers and franchisees are recorded as reductions of sales as related revenues are recognised.

(v) Environmental remediation

The consolidated entity expenses environmental expenditures related to existing conditions resulting from past or current operations and from which no current or future benefit is discernible. South Pacific Tyres determines its liability on a site by site basis and records a liability at the time when it is probable and can be reasonably estimated.

Note 2 Change in accounting policy

Employee benefits

The consolidated entity has applied the revised AASB 1028 Employee Benefits for the first time from 1 July 2002.

The liability for wages and salaries, annual leave and sick leave is now calculated using the remuneration rates the consolidated entity expects to pay as at each reporting date, not wage and salary rates current at reporting date.

The initial adjustments to the consolidated financial report as at 1 July 2002 as a result of this change are:

\$103,373 increase in provision for employee benefits

\$103,373 decrease in opening retained earnings.

As a result of this change in accounting policy, employee benefits expense increased by \$139,957 and the income tax expense decreased by \$2,222 for the year to 30 June 2003.

	2004	2003	2002
	\$	\$	\$
	<u> </u>	<u> </u>	<u> </u>
Note 3 Revenue from ordinary activities			
Sale of goods revenue from operating activities	763,609,409	737,027,575	769,790,943
Rendering of services revenue from operating activities	55,127,229	56,569,421	59,595,043
Other revenue from operating activities			
<i>Interest:</i>			
Associated entities	27,693	814,052	1,828,580
Other parties	1,132,553	1,121,245	1,861,026
Revenues from outside operating activities			
Gross proceeds from sale of non-current assets	5,342,999	4,472,613	3,926,091
	<u> </u>	<u> </u>	<u> </u>
Total other revenue	6,503,245	6,407,910	7,615,697
	<u> </u>	<u> </u>	<u> </u>
Total revenue from ordinary activities	825,239,883	800,004,906	837,001,683
	<u> </u>	<u> </u>	<u> </u>

South Pacific Tyres and Controlled Entities Statutory Accounts Year Ended 30 June 2004

NOTES TO THE FINANCIAL STATEMENTS (continued)

	2004	2003	2002
	\$	\$	\$
Note 4 Profit from ordinary activities before income tax expense			
(a) Individually significant expenses/(revenues) included in profit from ordinary activities before income tax expense			
Closure of Footscray & Thomastown tyre factories	9,458,682	3,927,911	94,900,000
Closure of BA Hamill		(1,769,227)	2,900,000
Retail store restructure programme		928,524	1,924,813
Reverse Radial truck factory plant & equipment storage and removal provision	(1,967,197)		
Closure of radial truck tyre factory			(3,516,017)
Norhead dispute settlement		2,565,442	1,500,000
Retreading plant closures	513,743		
Somerton factory plant & equipment stocktake loss	4,036,631		
Write down of Thomastown / Footscray properties to recoverable amount	2,219,064		
Activity alignment			(4,600,437)
Superannuation shortfall deficit / (gain) accrual	(2,470,000)	4,100,000	
	<u>11,790,923</u>	<u>9,752,650</u>	<u>93,108,359</u>
(b) Profit from ordinary activities before income tax expense has been arrived at after charging/(crediting) the following items:			
Cost of goods sold	591,739,184	587,501,675	647,665,319
Write-down of Property, Plant & Equipment to recoverable amount	2,219,064		
Relates to Footscray and Thomastown tyre plants. Fair value determined by registered valuer, Knight Frank, in 2004.			
Depreciation of:			
Buildings	251,849	175,527	104,319
Plant and equipment	21,894,326	19,469,383	26,628,428
	<u>22,146,175</u>	<u>19,644,910</u>	<u>26,732,747</u>
Amortisation of:			
Leasehold land and buildings	1,158,908	1,076,008	1,315,525
Goodwill	297,389	287,389	485,062
	<u>1,456,297</u>	<u>1,363,397</u>	<u>1,800,587</u>
Total depreciation and amortisation	23,602,472	21,008,307	28,533,334
Borrowing costs			
Associated entities	8,904,264	5,816,482	3,164,641
Bank loans and overdrafts	13,033,678	12,017,621	10,495,907

Total borrowing costs	21,937,942	17,834,103	13,660,548
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South Pacific Tyres and Controlled Entities Statutory Accounts Year Ended 30 June 2004

NOTES TO THE FINANCIAL STATEMENTS (continued)

	2004	2003	2002
	\$	\$	\$
Note 4 Profit from ordinary activities before income tax expense (continued)			
(b) Profit from ordinary activities before income tax has been arrived at after charging/(crediting) the following items: (continued)			
Research and development expenditure			
Expensed as incurred	1,573,420	2,849,443	1,938,620
Net bad and doubtful debts expense including movements in provision for doubtful debts	624,867	619,922	1,487,774
Net expense for movements in provision for:			
Employee entitlements	23,330,487	18,361,047	83,347,032
Rationalisation and restructuring costs	2,162,833	2,565,422	91,183,546
Rebates and allowances	27,265,039	19,542,569	19,979,619
Net foreign exchange (gain)/loss:			
Borrowings	165,022	(8,205)	(13,907)
Net loss on disposal / writedown of non-current assets:			
Property, plant and equipment	6,134,607	7,721,228	13,327,002
Investments			625,815
Operating lease rental expense			
Minimum lease payments	30,522,660	30,138,477	31,589,141
Note 5 Auditors remuneration			
Audit services			
Auditors of the company - KPMG Australia	312,437	330,000	388,622
For other services			
Auditors of the company - KPMG Australia	3,901		2,550
Note 6 Taxation			
(a) Income tax expense			
Prima facie income tax expense/(benefit) calculated at 30% (2003 : 30%) (2002 : 30%)			
on the profit/(loss) from ordinary activities	(5,583,485)	(10,606,784)	(43,081,846)
Increase in income tax expense due to:			
Depreciation on buildings	68,953	65,465	61,316
Amortisation of goodwill	89,217	86,217	145,519
Thin Capitalisation	1,033,514	401,549	
Entertainment	322,092	213,606	196,069
Sundry items	412,945	84,401	219,335
Decrease in income tax expense due to:			
Effects of lower/higher rates of tax on overseas income			157
Tax at standard rate on consolidated entity profits attributed to partners	(7,679,125)	(13,350,470)	(29,039,039)
Income tax expense/(benefit) on operating profit/(loss) before individually significant income tax items	4,022,361	3,594,924	(13,420,725)
Add: Income tax under/(over) provided in prior year	(152,677)	612,913	(158,728)

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Income tax expense/(benefit) attributable to operating profit	3,869,684	4,207,837	(13,579,453)
<i>Income tax expense/(benefit) attributable to operating profit is made up of:</i>			
Current income tax provision	4,633,950	2,057,845	(11,560,219)
Under/(over) provision in prior year	(152,677)	612,913	(158,728)
Future income tax benefit	(611,589)	1,537,079	(1,860,506)
	3,869,684	4,207,837	(13,579,453)

South Pacific Tyres and Controlled Entities Statutory Accounts Year Ended 30 June 2004

NOTES TO THE FINANCIAL STATEMENTS (continued)

	2004	2003	2002
	\$	\$	\$
Note 6 Taxation (continued)			
(b) Current tax liabilities			
<i>Provision for current income tax</i>			
<i>Movements during the year:</i>			
Balance at beginning of year	135,944	58,887	167,096
Income tax (paid)/received		79,774	(112,184)
Under /(over) provision in prior year	539	635,755	(72,516)
Current year's income tax expense/(benefit) on operating loss	4,633,949	2,057,845	(11,560,219)
Disposal of controlled entity			78,048
Tax loss transferred to FITB	(4,479,623)	(2,696,317)	11,558,662
	290,809	135,944	58,887
(c) Deferred tax assets			
<i>Future income tax benefit</i>			
Future income tax benefit comprises the estimated future benefit at the applicable rate of 30% (2003 : 30%, 2002 : 30%) on the following items:			
Accumulated non-allowable provisions	5,761,608	4,979,376	6,499,991
Accumulated tax losses	8,755,145	13,252,196	15,941,336
	14,516,753	18,231,572	22,441,327

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

Trading stock adjustments	166,306	36,887	30,409
Depreciation on property, plant and equipment	(1,586,941)	(2,018,708)	(2,132,392)
Provisions	6,892,310	6,931,368	8,533,692
Accruals	237,699	160,408	251,990
Accumulated tax losses	8,755,145	13,252,196	15,941,336
Other	52,234	(130,579)	(183,708)
	14,516,753	18,231,572	22,441,327

An amount of \$48,389,177 of taxable income must be earned to allow for the realisation of the deferred tax assets in the foreseeable future. The combined taxable income of Tyre Marketers (Australia) Limited and SACRT Trading Pty Ltd in 2004 was \$16,687,301 (2003 \$6,919,370) and

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(2002 \$36,556,061 loss). In the opinion of the directors of the consolidated entity, it is virtually certain that the results of future operations will generate sufficient taxable income to realise the deferred tax assets.

The consolidated entity has unrecognised capital tax losses of \$21,271,173 in 2004 (2003 \$22,081,014) and (2002 \$22,817,537).

As a consequence of the substantive enactment of the Tax Consolidation legislation and since the consolidated entity had not notified the Australian Tax Office at the date of signing this report of the implementation date for the tax consolidation, the consolidated entity has applied UIG39 Effects of Proposed Tax Consolidation Legislation on Deferred Tax Balances . There was no impact on the consolidated entity's future income tax benefits, as at 30 June 2004.

South Pacific Tyres and Controlled Entities Statutory Accounts Year Ended 30 June 2004

NOTES TO THE FINANCIAL STATEMENTS (continued)

	2004	2003	2002
	\$	\$	\$
Note 7 Cash assets			
Cash	56,435,875	5,629,939	8,400,672
Bank short term deposits, maturing daily and paying interest at a weighted average interest rate of 4.7 % (2003 : 4.5%) (2002 : 4.7%)		9,600,000	28,700,000
	56,435,875	15,229,939	37,100,672
Note 8 Receivables			
Current			
Gross debtors	127,149,457	132,004,740	138,762,403
Less : Provision for doubtful trade debtors	(1,730,468)	(2,655,040)	(3,050,317)
	125,418,989	129,349,700	135,712,086
Other debtors	4,755,891	8,091,930	5,945,571
	130,174,880	137,441,630	141,657,657
Non-current			
Other debtors	1,651,270	9,546,303	30,384,952
	131,826,150	146,987,933	172,042,609
Other debtor amounts generally arise from transactions outside the usual operating activity of the consolidated entity.			
Note 9 Inventories			
Current			
Raw materials and stores at cost	8,406,434	11,548,888	10,302,933
Less : Provision for stock obsolescence	(56,185)	(462,697)	(490,527)
	8,350,249	11,086,191	9,812,406
Raw materials and stores at net realisable value	8,350,249	11,086,191	9,812,406
Work in progress at cost	5,024,033	7,779,196	4,950,537
Less : Provision for stock obsolescence			(70,301)
	5,024,033	7,779,196	4,880,236
Work in progress at net realisable value	5,024,033	7,779,196	4,880,236
Finished goods at cost	132,113,591	138,819,804	142,658,001
Less : Provision for stock obsolescence	(853,652)	(889,531)	(1,816,842)

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Finished goods at net realisable value	131,259,939	137,930,273	140,841,159
Other stocks at cost	3,215,229	6,519,272	6,390,959
Less : Provision for stock obsolescence	(438,257)	(1,282,795)	(1,182,795)
Other stocks at net realisable value	2,776,972	5,236,477	5,208,164
	147,411,193	162,032,137	160,741,965
Note 10 Other current assets			
Prepayments	3,219,753	3,323,269	2,258,575
Note 11 Other financial assets			
Non-current			
Investments in controlled entities			
Unlisted shares at cost			

South Pacific Tyres and Controlled Entities Statutory Accounts Year Ended 30 June 2004

NOTES TO THE FINANCIAL STATEMENTS (continued)

	2004	2003	2002
	\$	\$	\$
Note 12 Property, plant and equipment			
<i>Freehold land</i>			
At cost	2,508,947	3,350,000	3,350,000
	2,508,947	3,350,000	3,350,000
<i>Freehold buildings</i>			
At cost	10,769,845	11,886,348	11,841,455
Accumulated depreciation	(1,275,597)	(1,184,367)	(1,008,840)
	9,494,248	10,701,981	10,832,615
<i>Leasehold land and buildings</i>			
At cost	34,438,146	57,165,525	57,096,991
Accumulated amortisation	(6,779,839)	(7,366,006)	(6,667,761)
	27,658,307	49,799,519	50,429,230
Held for sale at recoverable amount	19,104,877		
	46,763,184	49,799,519	50,429,230
<i>Plant and equipment</i>			
At cost	346,754,924	357,168,327	369,419,397
Accumulated depreciation	(211,578,026)	(227,312,706)	(242,149,279)
	135,176,898	129,855,621	127,270,118
Held for sale at recoverable amount	145,123		
	135,322,021	129,855,621	127,270,118
<i>Buildings and plant under construction</i>			
At cost	3,735,276	24,717,907	10,945,130
Total property, plant and equipment net book value	197,823,676	218,425,028	202,827,093

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Assets held for sale relate to Footscray tyre plant closed in December 2001 and Thomastown tyre plant closed in July 2002.

Reconciliations

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

Freehold land

Carrying amount at the beginning of year	3,350,000	3,350,000	3,350,000
Disposals	(841,053)		
Carrying amount at the end of year	2,508,947	3,350,000	3,350,000

Buildings

Carrying amount at the beginning of year	10,701,981	10,832,615	11,539,044
Currency conversion			(101,481)
Additions			11,706
Transfer from capital works in progress	12,543	44,893	30,818
Disposal of businesses / subsidiary (net)			(543,153)
Disposals	(968,427)		
Depreciation	(251,849)	(175,527)	(104,319)
Carrying amount at the end of year	9,494,248	10,701,981	10,832,615

South Pacific Tyres and Controlled Entities Statutory Accounts Year Ended 30 June 2004

NOTES TO THE FINANCIAL STATEMENTS (continued)

	2004	2003	2002
	\$	\$	\$
Note 12 Property, plant and equipment (continued)			
Leasehold land and buildings			
Carrying amount at the beginning of year	49,799,519	50,429,230	51,725,245
Transfer from capital works in progress	344,534	458,306	39,515
Disposals	(2,221,960)	(12,009)	(20,005)
Depreciation	(1,158,909)	(1,076,008)	(1,315,525)
	<u>46,763,184</u>	<u>49,799,519</u>	<u>50,429,230</u>
Carrying amount at the end of year	46,763,184	49,799,519	50,429,230
Plant and equipment			
Carrying amount at the beginning of year	129,855,621	127,270,118	151,296,771
Currency conversion			(31,013)
Acquired businesses/subsidiaries			458,033
Additions	189,115	11,306	188,971
Transfer from capital works in progress	36,562,647	34,225,413	15,784,417
Disposals	(9,391,035)	(12,181,833)	(13,639,725)
Disposal of businesses / subsidiary (net)			(158,909)
Depreciation	(21,894,327)	(19,469,383)	(26,628,427)
	<u>135,322,021</u>	<u>129,855,621</u>	<u>127,270,118</u>
Carrying amount at the end of year	135,322,021	129,855,621	127,270,118
Capital works in progress			
Carrying amount at the beginning of year	24,717,907	10,945,130	14,837,434
Acquired businesses/subsidiaries			458,033
Additions	16,090,754	48,501,389	14,549,558
Transfer to property, plant and equipment	(36,919,723)	(34,728,612)	(16,312,783)
Other disposals	(153,662)		(2,587,112)
	<u>3,735,276</u>	<u>24,717,907</u>	<u>10,945,130</u>
Carrying amount at the end of year	3,735,276	24,717,907	10,945,130
Note 13 Intangibles			
Goodwill - at cost	5,847,772	7,268,104	7,768,104
Accumulated amortisation	(1,348,820)	(2,351,230)	(2,563,842)
	<u>4,498,952</u>	<u>4,916,874</u>	<u>5,204,262</u>
	4,498,952	4,916,874	5,204,262

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The consolidated entity estimates that the annual amortisation expense related to intangible assets will be \$287,388 during each of the next 5 years and the weighted average remaining amortisation period is approximately 14 years.

Note 14 Payables

Current			
Trade creditors	108,050,790	115,985,030	117,076,110
Accrued liabilities	35,797,893	41,841,676	43,903,827
Other creditors	179,723	2,127,124	802,781
Total Current	144,028,406	159,953,830	161,782,718
Non-current			
Trade creditors	704,179	752,291	871,199
Other creditors		7,234,668	27,620,616
Total Non Current	704,179	7,986,959	28,491,815
Total Payables	144,732,585	167,940,789	190,274,533

South Pacific Tyres and Controlled Entities Statutory Accounts Year Ended 30 June 2004

NOTES TO THE FINANCIAL STATEMENTS (continued)

	2004	2003	2002
	\$	\$	\$
Note 15 Interest bearing liabilities			
Current			
Bank overdrafts - secured	783,427		
Bank overdrafts - unsecured		690,488	1,002,808
Bank loans - secured	77,638,119		
Bank loans - unsecured		95,833,119	65,897,645
Goodyear Australia Pty Ltd loans	35,033,668		
Securitisation	75,029,449	74,890,227	75,494,759
Total Current	188,484,663	171,413,834	142,395,212
Non-current			
Partner Loan - Pacific Dunlop Tyres Pty Ltd	62,853,754	55,548,722	30,547,507
Partner Loan - Goodyear Tyres Pty Ltd	62,853,754	55,548,722	30,547,507
Total Non Current	125,707,508	111,097,444	61,095,014
Total Interest bearing liabilities	314,192,171	282,511,278	203,490,226

Partner Loans - Pacific Dunlop Tyres Pty Ltd & Goodyear Tyres Pty Ltd

On 19 October, 2001, the partners in South Pacific Tyres (SPT) signed an agreement setting forth a plan to restructure certain operations of the consolidated entity, details of which are set forth in two agreements - the Australian Deed and the Co-ordination Deed (the Agreements.) The Agreements require the partners to advance (in one or more tranches) up to \$56.3 million to the consolidated entity. As of 30 June, 2004, the amounts due to each partner (including principal and interest) were \$62.9 million compared to \$55.5 million at 30 June, 2003. The increase from 30 June, 2003 is primarily due to the receipt of the final tranche of \$3.8 million from each partner. Interest on the outstanding portion of the loan which is compounded and calculated at 90 day intervals based on the 90 day bank bill rate plus a margin of 0.6% per annum.

Also included in the Agreements, is a put and call option giving the partners the right to acquire from the other partner, that partner's interest in the partnership. The earliest date this provision can be exercised is 15 August, 2005 (the put option date) by Pacific Dunlop Tyres Pty Ltd (PDL.) Beginning with the put option date, PDL has twelve months during which they may exercise their put option. At the end of this twelve month period, Goodyear Tyres Pty Ltd will have the right to exercise their call option during the subsequent six month period.

The loans mature at the earlier of:

PDL exercising the put option (no earlier than August 2005);

the tenth anniversary of the Agreements (October 2011); and

the dissolution of the partnership (not expected.)

Bank Loans

Pacific Dunlop Tyres Pty Ltd and Goodyear Tyres Pty Ltd (together comprising the SPT partnership in Australia) along with SPT's Australian controlled entities, are borrowers under bank facilities (the Facilities) provided by a group of banks referred to as the Lenders. At 30 June, 2004, the Facilities provided for borrowings of up to \$79.7 million of which, \$2.4 million was unused. In August 2003, the unsecured bank facilities were renewed for one year and restructured to reduce their size and to provide security to the Lenders by way of a fixed and floating charge over certain assets. Secured bank loans and overdrafts rank ahead in priority order of other interest bearing liabilities. Also in August 2004, a guarantee was provided by The Goodyear Tire & Rubber Company (U.S.)

Interest on the facilities is calculated using the bank bill rate in effect at the time of borrowing plus a margin of up to 1.8% depending on the type of advance. The borrowers must also pay a fee equal to 3.00% per annum on the facility limit regardless of utilization.

In addition to providing cash advances, the Facilities may be used for other purposes including borrowings relating to trade finance (such as bid/performance bonds and shipping guarantees), performance and financial guarantees, leasing, business credit cards, and payroll electronic payment requirements.

Accounts Receivable Financing

During November 2001, the consolidated entity entered into an agreement with a major financial institution in relation to the securitisation of trade receivables. Under this arrangement, eligible receivables are transferred to a SPT Trust Special Purpose Vehicle (SPV) in return for cash and a subordinated loan amount. The SPV is managed by one of the bank facility lenders. Interest on the facility is calculated using the one month bank bill rate (determined each monthly settlement date) plus a margin. This facility must be renewed on 2 November, 2006.

South Pacific Tyres and Controlled Entities Statutory Accounts Year Ended 30 June 2004

NOTES TO THE FINANCIAL STATEMENTS (continued)

	2004	2003	2002
	\$	\$	\$
	<u> </u>	<u> </u>	<u> </u>
Note 15 Interest bearing liabilities (continued)			
<i>Financing arrangements</i>			
The consolidated entity has access to the following lines of credit:			
<i>Total facilities available:</i>			
Bank overdrafts	2,000,000	6,500,000	6,500,000
Bank loans	71,650,000	90,000,000	105,500,000
Trade bills	6,000,000	6,000,000	6,000,000
	<u>79,650,000</u>	<u>102,500,000</u>	<u>118,000,000</u>
<i>Facilities utilised at balance date:</i>			
Bank overdrafts	743,773	574,845	1,012,585
Bank loans	71,650,000	90,000,000	63,500,000
Trade bills	4,859,813	5,589,308	2,247,952
	<u>77,253,586</u>	<u>96,164,153</u>	<u>66,760,537</u>
<i>Facilities not utilised at balance date:</i>			
Bank overdrafts	1,256,227	5,925,155	5,487,415
Bank loans			42,000,000
Trade bills	1,140,187	410,692	3,752,048
	<u>2,396,414</u>	<u>6,335,847</u>	<u>51,239,463</u>

Interest on bank overdrafts is charged at prevailing market rates. The effective interest rates for all overdrafts as at 30 June 2004 is 8.6 % (2003 :8.6%) (2002 : 8.6%).

All bank loans are denominated in Australian dollars. The bank loans amount in current liabilities comprises the portion of the consolidated entity's bank loan payable within one year. The effective interest rate on bank loans is 8.65% (2003 : 8.34%) (2002 : 6.56%)

The effective interest rate on trade bills is 8.15% (2003 : 5.66%) (2002 : 5.32%).

At 30 June 2002 the consolidated entity had committed lines of bank loans of \$105,500,000 up to 1 December 2002.

At 30 June 2002 \$42,000,000 of the lines were undrawn. An annual commitment fee of 0.5% to 0.9% was paid.

Note 16 Provisions**Current**

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Employee entitlements	33,143,515	30,803,805	35,447,716
Rationalisation and restructuring	13,995,281	16,981,066	60,411,626
Rebates	7,179,476	5,580,819	6,978,516
	<u>54,318,272</u>	<u>53,365,690</u>	<u>102,837,858</u>
Non-current			
Employee entitlements	6,357,177	6,883,413	7,978,203
	<u>6,357,177</u>	<u>6,883,413</u>	<u>7,978,203</u>

Reconciliations

Reconciliations of the carrying amounts of each class of provision, except for employee benefits are set out below.

To maintain competitiveness, the consolidated entity has implemented rationalisation actions over the past several years for the purpose of reducing excess capacity, improving productivity and reducing costs. The net amounts of rationalisation charges to the Statement of Financial Performance were as follows:

<i>Rationalisation and restructuring</i>			
Carrying amount at beginning of year	16,981,066	60,411,626	14,084,483
Provisions made during the year	2,162,833	2,565,442	91,183,546
Provision utilised by loss on disposal / scrappings of assets		(8,475,000)	(13,100,000)
Payments made during the period	(5,148,618)	(37,521,002)	(31,756,403)
	<u>13,995,281</u>	<u>16,981,066</u>	<u>60,411,626</u>

South Pacific Tyres and Controlled Entities Statutory Accounts Year Ended 30 June 2004

NOTES TO THE FINANCIAL STATEMENTS (continued)

2004	2003	2002
\$	\$	\$

Note 16 Provisions

In fiscal year 2000 and 2001, a rationalisation program was undertaken by the consolidated entity to close the tyre plants in Thomastown and Footscray, the MRT plant in Somerton and the BA Hamill engineering workshop for the purpose of reducing excess capacity, improving productivity and reducing costs. Rationalisation expense for this plan was \$50.6 million, \$91.2 million, \$2.6 million, and \$2.2 million in 2001, 2002, 2003 and 2004 respectively and was charged to significant items in the statement of financial performance.

The number of people planned to be terminated at the MRT site at Somerton was 525. The actual number of people terminated was 519, all of whom were manufacturing related employees. The number of people planned to be terminated at the Thomastown, Footscray and BA Hamill sites was 868. The actual number of people terminated was 871, 799 of whom were manufacturing and 72 of whom were administrative. At 30 June, 2004 there was a plan to close two tyre retreading plants at North Albury and Tamworth in July 2004. The planned number of people terminating is 6 people.

Net Charges in 2004 of \$2.2 million consisted of \$3.6 million for environmental remediation of the Thomastown and Footscray tyre plants, \$0.5 million for retreading plant closures and \$(1.9) million reversal of provision made for storage, dismantling and packaging of plant and equipment at the MRT Plant at Somerton. In 2004, \$5.1 million was incurred which comprised \$3.6 million for settlement of contractual dispute with customer (Norhead) and \$1.5 million for environmental remediation at Thomastown & Footscray.

Net Charges in 2003 of \$2.6 million related to settlement of contractual dispute with customer (Norhead). In 2003, \$37.5 million was incurred which comprised \$35.4 million of associate redundancy payments for employees at the Thomastown, Footscray and BA Hamill sites, \$0.5 million for environmental remediation at Thomastown and Footscray, \$0.5 million for settlement of contractual dispute with customer (Norhead) and \$1.1 million for storage, dismantling and packaging costs of equipment at the MRT Plant at Somerton.

Net Charges in 2002 of \$91.2 million consisted \$66.3 million for associate redundancy payments for associates at the Thomastown, Footscray and BA Hamill sites, \$9.9 million for environmental remediation at the Thomastown and Footscray tyre plants, \$21.6 million for plant and equipment write off at the Thomastown, Footscray and BA Hamill sites, \$1.5 million for settlement of contractual dispute with customer (Norhead), \$(1.5) million reversal of provision made for preparation of the land and buildings at the MRT site at Somerton for sale, \$(4.0) million reversal of provision made for activity alignment redundancy plan and \$(2.6) million reversal of provision of redundancy for closure of the MRT Plant at Somerton. In 2002, \$31.8 million was incurred which comprised \$9.3 million of associate redundancy payments for employees at the Thomastown, Footscray and BA Hamill sites, \$0.2 million for the activity alignment redundancy plan, \$0.4 million for associate redundancy payments at the MRT Plant at Somerton, \$1.6 million for business interruption expenditure and \$0.3 million for storage, dismantling and packaging of plant and equipment at the MRT Plant at Somerton.

The provision at 30 June, 2004 was \$13,995,281, which included \$1,996,622 for the future costs of storage, dismantling and packaging of plant & equipment at the MRT plant in Somerton, \$11,484,916 for environmental remediation and \$513,743 for the closure of the North Albury and Tamworth Retreading plants.

Rebates

Carrying amount at beginning of year	5,580,819	6,978,516	6,236,155
Provisions made during the year	27,265,039	19,542,569	19,979,619
Payments made during the period	(25,666,382)	(20,940,266)	(19,237,258)

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Carrying amount at end of year	<u>7,179,476</u>	<u>5,580,819</u>	<u>6,978,516</u>
Number of employees	3,063	3,133	3,730

South Pacific Tyres and Controlled Entities Statutory Accounts Year Ended 30 June 2004

NOTES TO THE FINANCIAL STATEMENTS (continued)

	2004	2003	2002
	\$	\$	\$
Note 17 Amounts payable/receivable in foreign currencies			
The Australian dollar equivalents of unhedged amounts payable or receivable in foreign currencies, calculated at year-end exchange rates, are as follows:			
United states dollars			
Amounts payable :			
<i>Current</i>	779,816	872,599	1,382,011
Japanese Yen			
Amounts payable :			
<i>Current</i>			1,432,379
Euro dollar			
Amounts payable :			
<i>Current</i>	764,127	435,439	195,889
Total	1,543,943	1,308,038	3,010,279
Note 18 Contributed equity			
Goodyear Tyres Pty Ltd			
Contributed equity at the beginning of year	158,837,569	158,837,569	158,837,569
Additional contributed equity	13,000		
Contributed equity at the end of year	158,850,569	158,837,569	158,837,569
Pacific Dunlop Tyres Pty Ltd			
Contributed equity at the beginning of year	158,837,569	158,837,569	158,837,569
Contributed equity at the end of year	158,837,569	158,837,569	158,837,569
	317,688,138	317,675,138	317,675,138
Note 19 Reserves			
Asset revaluation	12,374,551	12,570,229	12,570,229
	12,374,551	12,570,229	12,570,229

Movements during the year**Asset revaluation reserve**

Balance at the beginning of year	12,570,229	12,570,229	12,561,891
Transferred to retained profits	(195,678)		8,338
Balance at the end of year	12,374,551	12,570,229	12,570,229

Foreign currency translation reserve

Balance at the beginning of year			(3,341,868)
Translation adjustment on assets and liabilities held in foreign currencies			(303,980)
Transferred to retained profits			3,645,848
Balance at the end of 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 measured at fair value in accordance with AASB1041.

Foreign currency reserve

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 Entity'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 accounting policy Note 1(e).

South Pacific Tyres and Controlled Entities Statutory Accounts Year Ended 30 June 2004

NOTES TO THE FINANCIAL STATEMENTS (continued)

	2004	2003	2002
	\$	\$	\$
Note 20 Accumulated Losses			
Goodyear Tyres Pty Ltd			
Accumulated losses at the beginning of year	(136,469,457)	(116,635,878)	(49,795,200)
Net loss attributable to partners	(11,240,650)	(19,781,893)	(65,013,585)
Amounts transferred from reserves	97,839		(1,827,093)
Net effect of initial adoption of Revised AASB 1028 Employee Benefits		(51,686)	
	<u>(147,612,268)</u>	<u>(136,469,457)</u>	<u>(116,635,878)</u>
Accumulated losses at the end of year	<u>(147,612,268)</u>	<u>(136,469,457)</u>	<u>(116,635,878)</u>
Pacific Dunlop Tyres Pty Ltd			
Accumulated losses at the beginning of year	(135,466,272)	(115,632,693)	(48,792,015)
Net loss attributable to partners	(11,240,650)	(19,781,892)	(65,013,585)
Amounts transferred from reserves	97,839		(1,827,093)
Net effect of initial adoption of Revised AASB 1028 Employee Benefits		(51,687)	
	<u>(146,609,083)</u>	<u>(135,466,272)</u>	<u>(115,632,693)</u>
Accumulated losses at the end of year	<u>(146,609,083)</u>	<u>(135,466,272)</u>	<u>(115,632,693)</u>
	<u>(294,221,351)</u>	<u>(271,935,729)</u>	<u>(232,268,571)</u>

The consolidated entity's ability to pay dividends is restricted by credit facility agreements.

Note 21 Outside equity interest**Outside equity interest in controlled entities comprise:**

Interest in retained profits at the beginning of the financial year after adjusting for outside equity interests in entities			1,034,550
Interest in operating profit after income tax			470
Interest in dividends provided for or paid			(2,146)
Disposal of Interest in Retained Profits			(1,032,874)
	<u>(146,609,083)</u>	<u>(135,466,272)</u>	<u>(115,632,693)</u>
Interest in retained profits at the end of the financial year			
Interest in share capital			
Interest in reserves			
	<u>(146,609,083)</u>	<u>(135,466,272)</u>	<u>(115,632,693)</u>
Total outside equity interest	<u>(146,609,083)</u>	<u>(135,466,272)</u>	<u>(115,632,693)</u>

South Pacific Tyres and Controlled Entities Statutory Accounts Year Ended 30 June 2004

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 22 Additional financial instruments disclosure

(a) Interest rate risk

The consolidated entity enters into interest rate swaps to manage cash flow risks associated with the floating interest rates on borrowings.

Interest rate swaps and forward rate agreements

Interest rate swaps allow the consolidated entity to swap floating rate borrowings into fixed rates. Maturities of swap contracts are principally between one to five years.

Each contract involves quarterly payment or receipt of the net amount of interest. At 30 June 2004 the fixed rates were 5.9% (2003 : 5.7% to 5.9%) (2002 : 5.5% to 5.9%) and floating rates were at bank bill rates plus the consolidated entity's credit margin. The weighted average effective floating interest rate at 30 June 2004 was 5.9% (2003 : 5.8%) (2002 : 5.7%).

Interest rate risk exposures

The consolidated entity'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:

	Fixed interest maturity in:						Total	
	Weighted average interest	Floating interest	Over 1 year or less	More 1 year to 5 years	Non- than 5 years bearing	Non- interest		
2004	Note	rate	rate	or less	years	5 years	bearing	Total

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<i>Financial assets</i>							
Cash	7	4.74%	56,343,803			92,072	56,435,875
Receivables	8					131,826,150	131,826,150
			<u>56,343,803</u>			<u>131,918,222</u>	<u>188,262,025</u>
<i>Financial liabilities</i>							
Bank overdrafts and loans	15	8.65%	73,561,733				73,561,733
Securitisation	15	5.60%	75,029,449				75,029,449
Partner Loans	15	6.31%	160,741,176				160,741,176
Trade bills	15	8.15%	4,859,813				4,859,813
Accounts payable	14					144,732,585	144,732,585
Employee entitlements	16	0.00%		33,143,515	3,378,237	2,978,940	39,500,692
			<u>314,192,171</u>	<u>33,143,515</u>	<u>3,378,237</u>	<u>2,978,940</u>	<u>498,425,448</u>
Interest rate swaps			<u>(20,000,000)</u>	<u>20,000,000</u>			

2003

<i>Financial assets</i>							
Cash	7	4.51%	15,133,917			96,022	15,229,939
Receivables	8					146,987,933	146,987,933
			<u>15,133,917</u>			<u>147,083,955</u>	<u>162,217,872</u>
<i>Financial liabilities</i>							
Bank overdrafts and loans	15	8.27%	90,934,299				90,934,299
Securitisation	15	4.88%	74,890,227				74,890,227
Partner Loans	15	5.35%	111,097,444				111,097,444
Trade bills	15	5.66%	5,589,308				5,589,308
Accounts payable	14					167,940,789	167,940,789
Employee entitlements	16	1.30%		30,803,805	3,177,964	3,705,449	37,687,218
			<u>282,511,278</u>	<u>30,803,805</u>	<u>3,177,964</u>	<u>3,705,449</u>	<u>488,139,285</u>
Interest rate swaps			<u>(50,000,000)</u>	<u>30,000,000</u>	<u>20,000,000</u>		

South Pacific Tyres and Controlled Entities Statutory Accounts Year Ended 30 June 2004

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 22 Additional financial instruments disclosure (continued)

(a) Interest rate risk (continued)

Fixed interest maturity in:

2002	Note	Weighted	Floating interest rate	1 year or less	Over 1 year to 5 years	More than 5 years	Non- Interest bearing	Total
		average interest rate						
<i>Financial assets</i>								
Cash	7	4.70%	37,092,372				8,300	37,100,672
Receivables	8						172,042,609	172,042,609
			<u>37,092,372</u>				<u>172,050,909</u>	<u>209,143,281</u>
<i>Financial liabilities</i>								
Bank overdrafts and loans	15	6.59%	64,652,501					64,652,501
Securitisation	15	5.06%	75,494,759					75,494,759
Partner Loans	15	5.46%	61,095,014					61,095,014
Trade bills	15	5.32%	2,247,952					2,247,952
Accounts payable	14						190,274,533	190,274,533
Employee entitlements	16	2.00%		35,447,716	4,278,361	3,699,842		43,425,919
			<u>203,490,226</u>	<u>35,447,716</u>	<u>4,278,361</u>	<u>3,699,842</u>	<u>190,274,533</u>	<u>437,190,678</u>
Interest rate swaps			<u>(50,000,000)</u>	<u>20,000,000</u>	<u>30,000,000</u>			

(b) Foreign exchange risk

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The consolidated entity enters into forward foreign exchange contracts to hedge foreign currency purchases expected in each month within the following six months within Board approval limits. The amount of anticipated future purchases and sales are forecast in light of current conditions in foreign markets, commitments from customers and experience.

The following table sets out the gross value to be received under foreign currency contracts, the weighted average contracted exchange rates and the settlement periods of outstanding contracts for the consolidated entity.

	2004	2003	2002	2004 \$	2003 \$	2002 \$
Average rate						
Buy US Dollars						
Not later than one year	0.7029	0.63	0.56	17,860,867	26,558,702	43,978
Later than one year but not later than two years						
Later than two year but not later than three years						
				<u>17,860,867</u>	<u>26,558,702</u>	<u>43,978</u>
Sell US Dollars						
Not later than one year	0.7155	0.64		1,623,900	814,196	
Later than one year but not later than two years						
Later than two year but not later than three years						
				<u>1,623,900</u>	<u>814,196</u>	
Buy EURO dollars						
Not later than one year	0.59	0.55	0.60	5,693,338	9,937,775	1,096,037
Later than one year but not later than two years						
Later than two year but not later than three years						
				<u>5,693,338</u>	<u>9,937,775</u>	<u>1,096,037</u>
Sell EURO dollars						
Not later than one year	0.61	0.55		18,245	179,783	
Later than one year but not later than two years						
Later than two year but not later than three years						
				<u>18,245</u>	<u>179,783</u>	
Buy Japanese yen						
Not later than one year	79.33	70.57	67.3	1,560,868	2,101,635	223,131
Later than one year but not later than two years						
Later than two year but not later than three years						
				<u>1,560,868</u>	<u>2,101,635</u>	<u>223,131</u>

South Pacific Tyres and Controlled Entities Statutory Accounts Year Ended 30 June 2004

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 22 Additional financial instruments disclosure (continued)

(b) Foreign exchange risk (continued)

	2004	2003	2002	2004	2003	2002
	2004	2003	2002	\$	\$	\$
	Average rate					
Sell Japanese yen						
Not later than one year	76.45	73.94		133,059	56,934	
Later than one year but not later than two years						
Later than two year but not later than three years						
				133,059	56,934	
Buy English pound						
Not later than one year		0.39 0.37		77,119	71,779	
Later than one year but not later than two years						
Later than two year but not later than three years						
				77,119	71,779	

As these contracts are hedging anticipated purchases, any unrealised gains and losses on the contracts, together with the costs of the contracts, will be deferred and then recognized in the financial statements at the time the underlying transaction occurs as designated. The gross deferred gains and losses on hedges of anticipated foreign current purchases are:

	2004		2003		2002	
	Gains	Losses	Gains	Losses	Gains	Losses
	\$	\$	\$	\$	\$	\$
Not later than one year	778,676	80,710	44,231	2,021,565	54,818	
Later than one year but not later than two years						
Later than two year but not later than three years						

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When the underlying transaction has occurred as designated, the effect of the hedge has been recognised in the financial statements.

(c) Commodity price risk

The consolidated entity does not enter into futures contracts to hedge (or hedge a proportion of) commodity purchase prices on anticipated specific purchase commitments of natural rubber.

(d) Credit risk exposures

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted.

Recognised Financial Instruments

The credit risk on financial assets, excluding investments, of the consolidated entity which have been recognised on the statement of financial position, is the carrying amount, net of any provision for doubtful debts.

The consolidated entity minimises concentrations of credit risk by undertaking transactions with a large number of customers and counterparties in various countries.

The consolidated entity is not materially exposed to any individual overseas country or individual customer. Concentrations of credit risk on trade debtors and term debtors due from customers are the motor vehicle and transport industries.

Unrecognised Financial Instruments

Credit risk on derivative contracts which have not been recognised on the statement of financial position is minimised as counterparties are recognised financial intermediaries with acceptable credit ratings determined by a recognised ratings agency.

Interest rate swaps and foreign exchange contracts are subject to credit risk in relation to the relevant counterparties, which are principally large banks.

As all future contracts are transacted through a recognised futures exchange, credit risk associated with these contracts is minimal.

(e) Net fair values of financial assets and liabilities

Valuation approach

Net fair value of financial assets and liabilities are determined by the consolidated entity on the following basis:

Recognised Financial Instruments

The carrying amounts of bank term deposits, trade debtors, other debtors, bank overdrafts, accounts payable, bank loans and employee entitlements approximate net fair value.

Unrecognised Financial Instruments

The valuation of financial instruments not recognised on the statement of financial position detailed in this note reflects the estimated amounts which the consolidated entity expects to pay or receive to terminate the contracts (net of transaction costs), or replace the contracts at their current market rates as at reporting date. This is based on independent market quotations and determined using standard valuation techniques.

South Pacific Tyres and Controlled Entities Statutory Accounts Year Ended 30 June 2004

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 22 Additional financial instruments disclosure (continued)

(e) Net fair values of financial assets and liabilities (continued)

Net fair values

Recognised Financial Instruments

The carrying amounts and net fair values of financial assets and financial liabilities as at the reporting date are as follows:

	2004		2003		2002	
	Carrying amount	Net fair value	Carrying amount	Net fair value	Carrying amount	Net fair value
	\$	\$	\$	\$	\$	\$
<i>Financial assets</i>						
Cash assets	56,435,875	56,435,875	15,229,939	15,229,939	37,100,672	37,100,672
Receivables	131,826,150	131,826,150	146,987,933	146,987,933	172,042,609	172,042,609
<i>Financial liabilities</i>						
Payables	144,732,585	144,732,585	167,940,789	167,940,789	190,274,533	190,274,533
Bank overdrafts and loans	73,561,733	73,561,733	90,934,299	90,934,299	64,652,501	64,652,501
Securitisation	75,029,449	75,029,449	74,890,227	74,890,227	75,494,759	75,494,759
Partner Loans	160,741,176	160,741,176	111,097,444	111,097,444	61,095,014	61,095,014
Trade bills	4,859,813	4,859,813	5,589,308	5,589,308	2,247,952	2,247,952
Employee entitlements	39,500,692	39,500,692	37,687,218	37,687,218	43,425,919	43,425,919

Unrecognised Financial Instruments

The net fair value of financial instruments not recognised on the statement of financial position held as at the reporting date are:

	2004	2003	2002
	\$	\$	\$
Forward foreign exchange contracts gains/(losses)	697,966	(1,977,334)	54,818
Note 23 Commitments			
Capital expenditure commitments			
Plant			
Contracted but not provided for and payable within one year	951,935	3,311,414	4,505,841
	<u>951,935</u>	<u>3,311,414</u>	<u>4,505,841</u>
Lease commitments			
Operating lease expense commitments			
Future operating lease commitments not provided for in the financial statements and payable:			
Within one year	29,992,274	23,865,262	25,799,409
One year or later and no later than five years	60,779,467	47,292,290	48,518,490
Later than 5 years	6,720,240	15,992,314	10,596,215
	<u>97,491,981</u>	<u>87,149,866</u>	<u>84,914,114</u>

The consolidated entity leases property under non-cancellable operating leases expiring from one to ten years.

Leases generally provide the consolidated entity with a right of renewal at which time all terms are renegotiated.

Assets pledged and cash restrictions

Assets pledged to financial institutions as at 30 June 2004 (\$175,571,699), 2003 (\$nil) and 2002 (\$nil). Agreements with financial institutions place certain restrictions on the use of cash balances. These restrictions do not affect the daily operations of the consolidated entity and will not have a material adverse affect on its operations.

Note 24 Contingent liabilities

There were no contingent liabilities as at 30 June 2004, 30 June 2003 and 30 June 2004.

South Pacific Tyres and Controlled Entities Statutory Accounts Year Ended 30 June 2004**NOTES TO THE FINANCIAL STATEMENTS** (continued)**Note 25 Related party transactions**

The consolidated entity from time to time has dealings with Ansell Limited Group Companies and Goodyear Tire & Rubber Co. Group Companies.

Under the partnership agreement, the consolidated entity leases certain properties from Ansell Limited and Goodyear Australia Limited (a wholly owned subsidiary of Goodyear Tire & Rubber Co.) on a basis of equitable rentals between the partners.

The amounts of these transactions are detailed below:

	2004	2003	2002
	\$	\$	\$
Lease payments			
Ansell Limited Group Companies	217,885	217,885	217,885
Goodyear Tire & Rubber Co. Group Companies	75,273	75,273	75,273

During the financial year the consolidated entity received loans from the partners that are subject to interest at market rates compounding quarterly as detailed in Note 15.

On 29/12/2000, the consolidated entity entered into a supply agreement whereby Goodyear will be (subject to certain conditions) the exclusive supplier of certain tyres for a period of twelve years commencing 01/01/2001. The consolidated entity has received \$25.0m plus interest in consideration for this supply.

On 20/12/2000, the consolidated entity received a loan of \$25.0m from Ansell Limited on which interest is charged quarterly in arrears.

Interest brought to account by the consolidated entity in relation to these loans during the year:

Interest expense	1,750,000
Interest revenue	1,750,000

All other dealings with the above parties are on normal commercial terms and involve the purchase and/or supply of materials from/to both parties and the provision of forward exchange cover and commodity hedging by Ansell Limited Group Companies.

The amounts of these transactions are detailed below:

Sale of goods and services

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Ansell Limited Group Companies			37,791
Goodyear Tire & Rubber Co. Group Companies	7,044,157	1,357,021	4,396,011

Purchase of goods and services

Ansell Limited Group Companies		4,092	1,252,256
Goodyear Tire & Rubber Co. Group Companies	115,062,875	118,165,909	107,439,259

Details of interest received/paid to related parties are set out in Notes 3 & 4.

The amounts included in receivables and payables in relation to the consolidated entity are set out in the notes to the financial statements and the amounts relating to the other parties are:

Current receivables

Goodyear Tire & Rubber Co. Group Companies	588,874	182,079	526,745
--	---------	---------	---------

Current payables

Ansell Limited Group Companies			81,767
Goodyear Tire & Rubber Co. Group Companies	20,921,867	21,072,760	23,663,413

The consolidated entity has had since 1987 a significant Research and Development arrangement with Goodyear Tire and Rubber Limited. A fee is payable as a percentage of sales of locally produced tyres. The amount of costs incurred for this contract was, for the year ended 30 June 2004 \$3,528,348 (June 2003 \$4,928,422) and (June 2002 \$10,856,910).

The names of each person holding the position of director of the company during the year were:

Mr. Richard Kramer
Mr. Hugh D. Pace
Ms. Janell Lopus
Mr. Harold Smith

Dr Edward Tweddell
Mr. Herbert J. Elliott
Mr. Douglas Tough
Mr. David Graham

Mr. Robert W. Tieken
Mr. Clark E. Sprang
Mr. Harry Boon

South Pacific Tyres and Controlled Entities Statutory Accounts Year Ended 30 June 2004

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 26 Superannuation commitments

Employer plans

Up until April 1st 2004 the consolidated entity participated in the Pacific Dunlop Superannuation Fund for employees.

Effective 1 April 2004 members were transferred out of the Pacific Dunlop Superannuation Fund to Equisuper (an independent superannuation fund). the transfer of assets from the Pacific Dunlop Superannuation Fund to Equisuper has not yet been completed.

	2002
	\$
Net Assets	148,178,000
Accrued benefits	148,802,000
Deficiency	(624,000)
Vested Benefits	146,578,000

Country	Australia
Benefit type	Defined benefit / Accumulation
Basis of contribution	Balance of cost / Defined contribution
Date of last actuarial valuation	30/06/2002
Actuary	Mercer Human Resource Consulting Pty Ltd

Plan net assets, accrued benefits and vested benefits have been calculated at 30 June 2002, being the date of the most recent financial statements of the plan. Accrued benefits are based on an actuarial valuation undertaken at 30 June 2002.

The consolidated entity has accrued a superannuation expense of \$1,630,000 to meet expected fund deficiency as at 30 June 2004.

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The liabilities of the superannuation fund are covered by the assets in the fund or by specific provisions created by the consolidated entity.

The consolidated entity is obliged to contribute to the superannuation fund as a consequence of Legislation or Trust Deed. Legal enforceability is dependent on the terms of the Legislation and the Trust Deed.

Definitions

Balance of cost	The consolidated entity's contribution is assessed by the Actuary after taking into account the member's contribution and the value of assets.
Defined contribution	The consolidated entity's contribution is set out in the appropriate fund rules, usually as a fixed percentage of salary.

Industry / union plans

The consolidated entity participates in industry and union plans on behalf of certain employees. These plans, which are reviewed periodically, operate on an accumulation basis and provide lump sum benefits for members on resignation, retirement or death.

The consolidated entity has a legally enforceable obligation to contribute at varying rates to the plans.

Note 27 Segment reporting

The principal activity of the group during the year was the manufacture and sale of motor vehicle and aircraft tyres in Australia.

South Pacific Tyres and Controlled Entities Statutory Accounts Year Ended 30 June 2004

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 28 Particulars relating to controlled entities

Details of controlled entities, including the extent that each contributed to the period's result are given below:

Name of Company	Place of incorporation	Beneficial interest held by consolidated entity	Class of share	Book value of consolidated entity's investment			Contribution to the consolidated profit after tax inclusive of abnormal items and after deducting the amount attributable to Outside Equity Interest		
				2004	2003	2002	2004	2003	2002
South Pacific Tyres							(28,982,129)	(44,501,568)	(96,796,795)
Tyre Marketers (Australia) Limited	Vic	100%	Ordinary	21,496,245	21,496,245	21,496,245	8,559,276	4,952,958	(33,840,907)
Sacrt Trading Pty Ltd	Vic	100%	Ordinary				491,696	158,826	365,417
South Pacific Tyres (PNG) Pty. Ltd.	PNG	80%	Ordinary						27,119
Dunlop PNG Pty. Ltd.	PNG	80%	Ordinary						(25,244)
Consolidation adjustments							(2,550,143)	(174,001)	243,240
				21,496,245	21,496,245	21,496,245	(22,481,300)	(39,563,785)	(130,027,170)

South Pacific Tyres and Controlled Entities Statutory Accounts Year Ended 30 June 2004**NOTES TO THE FINANCIAL STATEMENTS** (continued)**Note 29 Events subsequent to balance date**

This financial report has been prepared in accordance with Australian accounting standards and other financial reporting requirements (Australian GAAP). The differences between Australian GAAP and IFRS identified to date as potentially having a significant effect on the consolidated entity's financial performance and financial position are summarised below. The summary should not be taken as an exhaustive list of all the differences between Australian GAAP and IFRS. No attempt has been made to identify all disclosure, presentation or classification differences that would affect the manner in which transactions or events are presented.

The consolidated entity has not quantified the effects of the differences discussed below. Accordingly there can be no assurances that the consolidated financial performance and financial position as disclosed in this financial report would not be significantly different if determined in accordance with IFRS.

Regulatory bodies that promulgate Australian GAAP and IFRS have significant ongoing projects that could affect the differences between Australian GAAP and IFRS described below and the impact of these differences relative to the consolidated entity's financial reports in the future. The potential impacts on the consolidated entity's financial performance and financial position of the adoption of IFRS, including system upgrades and other implementation costs which may be incurred, have not been quantified as at the transition date of 1 July 2004 due to the short timeframe between finalisation of the IFRS standards and the date of preparing this report. The impact of future years will depend on the particular circumstances prevailing in those years.

The board has established a formal project, monitored by a steering committee, to achieve transition to IFRS reporting.

The company's implementation project consists of three phases as described below.

Assessment and planning phase

Design phase

Implementation phase

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Except for certain training that has been given to operational staff, the company has not yet commenced the implementation phase. However, the company expects this phase to be substantially complete by 30 June 2005.

The key potential implications of the conversion to IFRS on the consolidated entity are as follows:

financial instruments must be recognised in the statement of financial position and all derivatives and most financial assets must be carried at fair value

income tax will be calculated based on the balance sheet approach, which may result in more deferred tax assets and liabilities and, as tax effects follow the underlying transaction, some tax effects will be recognised in equity

surpluses and deficits in the defined benefit superannuation plans sponsored by the entities within the consolidated entity will be recognised in the statement of financial position and the statement of financial performance

revaluation increments and decrements relating to revalued property, plant and equipment and intangible assets will be recognised on an individual asset basis, not a class of asset basis

intangible assets:

internally generated intangible assets will not be recognised

intangible assets can only be revalued if there is an active market

goodwill and intangible assets with indefinite useful lives will be tested for impairment annually and will not be amortised

impairment of assets will be determined on a discounted basis, with strict tests for determining whether goodwill and cash generating operations have been impaired

changes in accounting policies will be recognised by restating comparatives rather than making current year adjustments with note disclosure of prior year effects.

Other than as noted above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material nature likely, in the opinion of the directors of the consolidated entity, to affect significantly the operations, or the state of affairs of the consolidated entity in subsequent financial years.

South Pacific Tyres and Controlled Entities Statutory Accounts Year Ended 30 June 2004

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 30 Notes to the statements of cash flows

(a) Reconciliation of cash

For the purposes of the statement of cash flows, cash includes cash on hand and at bank and investments in money market instruments net of outstanding bank overdrafts. Cash as at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	2004	2003	2002
	\$	\$	\$
Cash assets	56,435,875	5,629,939	8,400,672
Cash on deposit		9,600,000	28,700,000
Bank overdrafts	(783,427)	(690,488)	(1,002,808)
	55,652,448	14,539,451	36,097,864

(b) Acquisition/disposal of businesses and entities

During the 2004 and 2003 financial years the consolidated entity purchased no businesses.

During the 2002 year the consolidated entity purchased 100% of businesses of which the details are as follows:

Acquisitions of businesses

	2004	2003	2002
	\$	\$	\$
Net assets acquired/disposed			
Property, plant and equipment			458,033
Inventories			298,112

Receivables			268,685
Creditors			
			1,024,830
Goodwill			222,001
Consideration			
Cash paid/(received)			1,246,831
Outflow/(inflow) of cash			
Cash consideration			1,246,831

Disposal of entities

During the 2002 year, the consolidated entity disposed of all of its 80% share of South Pacific Tyres PNG Ltd.

Details of the disposal is as follows:

Consideration (Cash)			1,983,805
Net assets of entity disposed of			
Property, plant and equipment			702,062
Inventories			2,174,162
Receivables			1,096,993
Other assets			60,964
Prepayments			82,822
Creditors			(952,514)
Other liabilities and provisions			(146,852)
Outside equity			(408,017)
			2,609,620
Profit / (loss) on disposal			(625,815)

South Pacific Tyres and Controlled Entities Statutory Accounts Year Ended 30 June 2004

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 30 Notes to the statements of cash flows (continued)

(c) Reconciliation of profit/(loss) from ordinary activities after income tax to net cash provided by operating activities

	2004	2003	2002
	\$	\$	\$
Loss from ordinary activities after income tax	(22,481,300)	(39,563,785)	(130,026,700)
Add/(less) items classified as investing/financing activities:			
(Profit)/loss on sale of non-current assets	6,134,607	7,721,228	13,327,002
(Profit)/loss on sale of controlled entities			625,815
Add(less) non-cash items:			
Amortisation	1,456,297	1,363,397	1,800,587
Depreciation	22,146,175	19,644,910	26,732,747
Write-down of Property, Plant & Equipment	2,219,064		
Amounts set aside to provisions	(924,572)	41,651,096	134,902,663
(Decrease)/increase in income taxes payable	154,865	77,057	(180,144)
Decrease/(increase) in future income tax benefit	3,714,819	4,209,755	(13,605,285)
Write-off bad trade debts	1,549,439	1,015,199	1,386,762
Net cash provided by operating activities before change in assets and liabilities	13,969,394	36,118,857	34,963,447
Change in assets and liabilities adjusted for effects of purchase and disposal of controlled entities during the financial year:			
(Increase)/decrease in receivables	14,536,916	3,494,488	(13,406,489)
(Increase)/decrease in inventories	14,620,947	(1,290,172)	4,628,518
(Increase)/decrease in prepayments	103,514	(1,064,694)	180,180
(Decrease)/increase in accounts payable	(23,186,218)	(22,333,744)	20,283,451
(Decrease)/increase in provisions	404,360	(71,776,437)	(70,029,855)
(Decrease)/increase in reserves			(524,325)
	6,479,519	(92,970,559)	(58,868,520)
Net cash provided by / (used in) operating activities	20,448,913	(56,851,702)	(23,905,073)

Note 31 Summary of significant differences between generally accepted accounting principles in Australia and generally accepted accounting principles in the United States - RESTATED

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Australia (AGAAP), which differ in certain significant respects with accounting principles generally accepted in the United States (US GAAP). Pursuant to certain rules and regulations of the US Securities and Exchange Commission (SEC), financial statements to be included in filings with the SEC that are prepared on a basis of accounting other than US GAAP are required to provide a description of the significant differences and their effects on net income and equity in arriving at such amounts in accordance with US GAAP.

Subsequent to the issuance of the Company's consolidated financial statements as of 30 June, 2003 and 2002 and for each of the years in the three-year period ended 30 June, 2003, it was determined that information previously provided with respect to material differences and the effects of such differences on the determination of net loss and partners' equity in accordance with US GAAP was inaccurate and incomplete. Those previously issued consolidated financial statements indicated (i) a reduction of \$10.6 million and \$10.7 million as of 30 June, 2003 and 2002, respectively, in arriving at partners' equity pursuant to US GAAP would be required to eliminate the effects of an asset revaluation reserve recognized in partners' equity under AGAAP; (ii) a decrease in depreciation expense of \$125,000 would be required in arriving at net loss pursuant to US GAAP for each of the years in the three-year period ended 30 June, 2003 to reflect the elimination of the asset revaluation reserve described above and; (iii) that there were no further adjustments of a material nature that would be required to be included in the determination of net loss and partners' equity pursuant to US GAAP.

Accordingly, the information set out in notes 32 and 33 provides, as at 30 June, 2004, 2003 and 2002 and for each of the years in the three-year period ended 30 June, 2004 a description of the material differences and their effects in reconciling net loss and partners' equity as reported under AGAAP in the accompanying consolidated financial statements to such amounts pursuant to US GAAP. As indicated above, information as of, and for each of the years in the two-year period ended 30 June 2003 have been presented on a restated basis substantially in their entirety. In addition, the Company has supplementally included disclosures required pursuant to US GAAP that have not otherwise been provided in the consolidated financial statements prepared under AGAAP.

South Pacific Tyres and Controlled Entities Statutory Accounts Year Ended 30 June 2004**NOTES TO THE FINANCIAL STATEMENTS (continued)****Note 32 Major differences between Australian GAAP and USGAAP****(a) Property, plant and equipment**

As permitted by AGAAP, certain property, plant and equipment has been revalued by South Pacific Tyres at various times in prior financial periods. Revaluation increments have increased the carrying value of the assets and accordingly the depreciation charges are different from those which would be required on a historical cost basis pursuant to US GAAP. As a result, a reconciliation adjustment is required to eliminate this effect for US GAAP. Additionally, US GAAP has specific criteria in regard to assets designated as held for sale versus held for use. Accordingly, certain impairment charges taken under AGAAP may result in reversal under US GAAP, but with ongoing accelerated depreciation charges. Furthermore, certain assets written down to fair value under AGAAP may continue to be further depreciated under US GAAP requirements if the held for sale classification criteria are not fully satisfied. The annual depreciation and impairment charges under US GAAP are lower than the amounts reflected in the AGAAP consolidated financial statements for the years ended 2002 and 2004 for certain assets. This results in a higher net income for US GAAP purposes of \$430,414 for the year ended June 2002 and \$128,000 for the year ended June 2004. For the year ended June 2003, and having regard to certain accelerated depreciation charges under US GAAP, depreciation expense would be higher than the amount reflected in the AGAAP consolidated financial statements. Consequently, USGAAP net income for the year ended June 2003 would be lower by \$157,714. The above policy also causes differences in reported gains and losses on the sale of property, plant and equipment. Gains and losses for AGAAP are based on consideration less revalued amounts net of accumulated depreciation and amortisation. For US GAAP purposes gains and losses are determined having regard to depreciated historical cost, and net revaluation reserves applicable to assets sold are reported in Income. The effect of this is to decrease US GAAP net income by \$8,338 in the year ended 30 June 2002. In the year ended 30 June 2004 the effect is to increase net income by \$195,678.

For USGAAP purposes the Company follows the Financial Accounting Standards Board (FASB) Statement of Financial Accounting Standard (SFAS) No. 144 Accounting for the Impairment or Disposal of Long-lived Assets. SFAS No. 144 superseded SFAS No. 121 Accounting for the Impairment of Long-lived Assets and for Long-lived Assets to be Disposed of and was adopted by the Company effective 1 July 2002. SFAS No. 144 retains the requirements of SFAS No. 121 to (a) recognise an impairment loss if the carrying amount of a long-lived asset is not recoverable from its undiscounted cash flows and (b) measure an impairment loss as the difference between the carrying amount and fair value of the asset less estimated costs to sell and expands specific criteria relative to the classification and accounting for such assets. SFAS No. 144 also requires that long lived assets to be abandoned, exchanged for a similar productive asset, or distributed to owners in a spin-off be considered held and used until the asset is disposed of, exchanged or distributed.

(b) Minority interests

Outside Equity interests are included as part of total Equity under AGAAP. The reconciliation to US GAAP in Note 33 has excluded these from Partners Equity in 2002 consistent with US GAAP treatment. The entity in which the outside equity interest existed was sold in the year ended 30 June 2002.

(c) Provisions

The term provisions is used in AGAAP to designate accrued expenses with no definitive payment date. Classification between current and non-current is generally based on management assessments, as subject to audit.

(d) Pension plans

The consolidated entity sponsors contributory and non-contributory accumulation and defined benefit pension plans covering substantially all employees. The defined benefit plans generally provide benefits based on salary in the period prior to retirement. All defined benefit plans are funded based on actuarial determination, and contribution levels are revised, on a regular basis so as to ensure that the plans are fundamentally maintained on a fully funded basis. Actuarial calculations have been carried out for the defined benefit funds and the material provisions of the plans are as detailed in Note 26. The majority of assets of the funds are invested in pooled superannuation trusts in the case of the Australian funds and equity securities for other major funds. Limited disclosure in respect of pension plans is presently required by AGAAP. Under AGAAP the actual contributions to the various pension plans are recorded as an expense in the Statement of Financial Performance in the period they are paid or accrued. The disclosure requirements of Statement of Financial Accounting Standards No. 87 (SFAS No. 87) and No. 132 (SFAS No. 132 as revised) have been included in Note 33 to these consolidated financial statements. The consolidated entity reports pension plans aggregated where allowed by SFAS No.87. Additionally, an adjustment is made to recognize the measurement principles of SFAS No. 87 and related standards in determining net income and shareholders' equity under US GAAP.

(e) Statement of Cash Flows

Net profit (loss) determined under AGAAP differs in certain respects from the amount determined in accordance with USGAAP. A reconciliation of net profit (loss) according to US GAAP to Cash Flows from Operating Activities under US GAAP is provided. There are no material differences between net cash provided by (used in) financing and investing activities determined in accordance with AGAAP and such amounts determined in accordance with US GAAP. Under AGAAP, cash is defined as cash on hand and deposits repayable on demand, less overdrafts repayable on demand. Under US GAAP, cash and cash equivalents are defined as cash and investments with original maturities of three months or less, and do not include bank overdrafts or restricted deposits. Cash and cash equivalents as of 30 June, 2004, 2003 and 2002 would have been \$56,435,875, \$15,229,939 and \$37,100,672 respectively, under US GAAP.

(f) Income Taxes

Under AGAAP, deferred tax assets (future income tax benefits) attributable to temporary differences are only brought to account when their realisation is assured beyond reasonable doubt. Future income tax benefits related to tax losses are only brought to account when their realisation is virtually certain. At each respective reporting date the value of gross tax losses for which future tax benefits have been brought to account under AGAAP totalled \$29,183,817 in June 2004, (2003 \$44,173,986) and (2002 \$53,137,787). These losses have no expiry date. Refer Note 6(c). According to US GAAP deferred tax assets are only brought to account when their realization is more likely than not. As US GAAP represents a lower threshold for assessing the realisability of deferred tax assets as compared to AGAAP, there is no material effect in arriving at net profit (loss) under US GAAP. The SPT operations are conducted through the Partnership (non taxable entity), and by its subsidiary TMA. As TMA is a stand-alone taxable entity certain US GAAP adjustments related to TMA are subject to tax effects. The majority of the US GAAP adjustments are in respect of the Partnership, the results of which are taxed in the hands of the Partners. Accordingly, a substantial number of the adjustments have no tax effect in the SPT consolidated financial statement reconciliation. The consolidated entity has (gross) capital tax losses of \$21,271,173 in 2004 (2003 \$22,081,014) and (2002 \$22,817,537). These losses have no expiry date. Total capital losses are offset by a valuation allowance. The adequacy of the valuation

South Pacific Tyres and Controlled Entities Statutory Accounts Year Ended 30 June 2004

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 32 Major differences between Australian GAAP and USGAAP (continued)

(f) Income Taxes (continued)

allowance is regularly assessed. The valuation allowance in respect of the capital losses decreased by \$242,952 and \$220,957 for the years ended 30 June 2004 and 2003, respectively.

Analysis of Pre tax profit / (loss):	Restated		
	2004	2003	2002
Australian operations	(18,611,616)	(35,355,948)	(143,606,153)
Foreign operations			
Total	(18,611,616)	(35,355,948)	(143,606,153)

Temporary differences and carryforwards giving rise to deferred tax assets and liabilities at 30 June, follows:

	Restated		
	2004	2003	2002
Trading stock adjustments	166,306	36,887	30,409
Provisions	6,892,310	6,931,368	8,533,692
Accruals	237,699	160,408	251,990
Accumulated tax losses	8,755,145	13,252,196	15,941,336
Accumulated capital losses	6,381,352	6,624,304	6,845,261
Other	52,234		
	22,485,046	27,005,163	31,602,688
Less Valuation allowance	(6,381,352)	(6,624,304)	(6,845,261)
Total deferred assets	16,103,694	20,380,859	24,757,427
Total deferred liabilities			

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Property, plant and equipment	(1,586,941)	(2,018,708)	(2,132,392)
Other		(130,579)	(183,708)
	<u> </u>	<u> </u>	<u> </u>
Total deferred liabilities	(1,586,941)	(2,149,287)	(2,316,100)
	<u> </u>	<u> </u>	<u> </u>
Total net deferred tax assets	14,516,753	18,231,572	22,441,327
	<u> </u>	<u> </u>	<u> </u>

As the amount of current deferred tax items are not material in nature, all deferred tax assets have been presented as non current in the Statement of Financial Position.

(g) Accounting for Goodwill

Shares in controlled entities are valued on acquisition at the holding company's cost. Any difference between the fair value of net assets acquired and cost is recognised as goodwill. Under AGAAP, goodwill is amortised on a straight line basis over varying periods not exceeding 20 years. In accounting for business combinations, the Company follows SFAS No. 141, Business Combinations, and SFAS No. 142, Goodwill and Intangible Assets. SFAS No. 141 requires that the purchase method of accounting be used for all business combinations completed after 30 June 2002 which is consistent with AGAAP. SFAS No. 141 also specifies the types of acquired intangible assets that are required to be recognised and reported separately from goodwill and those acquired intangible assets that are required to be included in goodwill.

SFAS No. 142 requires that goodwill no longer be amortised, but instead tested for impairment at least annually. This requirement creates a difference between the amortisation required under AGAAP and US GAAP. SFAS No. 142 also requires recognised intangible assets to be amortised over their respective estimated useful lives and reviewed for impairment in accordance with SFAS No. 144, Accounting for the Impairment or Disposal of Long-lived Assets. SFAS No. 142 also permits indefinite useful lives to be assigned to recognised intangibles. Any recognised intangible assets determined to have an indefinite useful life will not be amortised, but instead tested for impairment in accordance with the SFAS No. 142 until its life is determined to no longer be indefinite. The Company has determined it has one reporting unit consistent with its single operating segment. SFAS No. 142 requires goodwill and other intangible assets to be tested for impairment at the reporting unit level. A reporting unit is the same as, or one level below, an operating segment as defined by SFAS No. 131 Disclosure about Segments of an Enterprise and Related Information.

Accordingly, goodwill and intangible assets with indefinite useful lives are tested for impairment annually or when events or circumstances indicate that impairment may have occurred. Any material diminution in value is charged to the Statement of Financial Performance for USGAAP purposes. For USGAAP purposes no goodwill amortisation has been charged against income since 1 July 2002, the effective date of SFAS No. 142. Goodwill amortisation of \$287,389 under AGAAP in 2004 and 2003 has been added back to income in the Statement of Financial Performance for US GAAP purposes.

Goodwill attributable to sold businesses is brought to account in determining the gain or loss on sale.

South Pacific Tyres and Controlled Entities Statutory Accounts Year Ended 30 June 2004**NOTES TO THE FINANCIAL STATEMENTS (continued)****Note 32 Major differences between Australian GAAP and USGAAP (continued)****(h) Derivatives not designated as hedges**

Derivatives not designated as hedges primarily consist of interest rate swaps and forward exchange contracts which, while mitigating economic risks to which the economic entity is exposed, do not qualify for hedge accounting under USGAAP pursuant to SFAS 133, Accounting for Derivative Instruments and Hedging Activities as they relate to hedging of anticipated transactions. These amounts are adjusted in determining net profit (loss) according to US GAAP. The fair value of the interest rate swaps as at June 2003 was an unrealized loss of \$517,350. The fair value at June 2004 was an unrealized loss of \$62,176. The effect of the necessary reconciling adjustment is an increase in the USGAAP loss for June 2003 of \$517,350 and a decrease in the loss of \$455,174 for the year ended June 2004.

(i) Derivative Instruments and Hedging Activities

The nature of South Pacific Tyres business activities necessarily involves the management of various financial and market risks, including those related to changes in interest rates, currency exchange rates and commodity prices. South Pacific Tyres uses derivative financial instruments to mitigate or eliminate certain of those risks, as a component of its risk management strategy. The Company does not use derivative instruments for trading purposes. Under AGAAP, derivative financial instruments may have hedge accounting treatment applied if the hedging derivatives are effective in reducing the exposure being hedged and are designated as a hedge at the inception of the contract. Hedging derivatives are accounted for in a manner consistent with the accounting treatment of the hedged items. For US GAAP purposes, the Company follows SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities as amended, which became effective for South Pacific Tyres on 1 July 2000. Under SFAS No. 133, as amended, all derivative instruments are recognised in the Statement of Financial Position at their fair values and changes in fair value are recognised immediately in earnings, unless the derivatives qualify as hedges of future cash flows or of investments in foreign operations. For derivatives qualifying as hedges of future cash flows, the effective portion of changes in fair value is recorded temporarily in equity, then recognised in earnings along with the related effects of the hedged items. Any ineffective portion of hedges is reported in net profit (loss) as it occurs. Under US GAAP, all derivatives are recognised on the Statement of Financial Position at their fair value. On the date the derivative is entered into South Pacific Tyres designates the derivative as either a hedge of the fair value of a recognised asset or liability or firm commitment (fair value hedge) or of the variability of cash flows to be paid or received related to a recognised asset, liability or forecasted transaction (cash flow hedge). There is no material impact on net profit/(loss) as a result of these differences as the fair value of the derivative instruments at the balance sheet date is offset by the foreign currency translation of the hedged receivables and payables recorded at the forward rate for AGAAP to the spot rate at balance date. Any net difference arising relates to the forward points spread between the spot rate and the forward rate at the balance sheet date which is not material. No US GAAP adjustment has been recognised as a consequence.

(j) Supply agreement

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In December 2000, Goodyear contracted to pay SPT an amount of \$28,500,000 in relation to a 10-year supply agreement commencing in 2003. The amount was to be paid on 1 January 2003. As there were no onerous conditions upon SPT as a result of the contract, and because the receipt of the contribution did not result in a change in the relative interests of the partners in the partnership, the present value of the sum was recognised as revenue under AGAAP in December 2000. SPT further recognised interest income on the determined present value on an accrual basis. Under US GAAP, SPT has recognised the amount of \$25,000,000 not as revenue, but as a capital contribution. The capital contribution has been recognised in the period ended 30 June 2002, being the period in which the cash was actually received from Goodyear.

(k) Provision for Environmental remediation/Impairment

(i) Remediation

In December 2001, SPT recognized a liability to remediate its Footscray and Thomastown idled manufacturing facilities to prepare them for sale. The expenditure of \$9,900,000 was authorized by the SPT Board of Directors and, under AGAAP, was recorded based on that approval. As a result of further development of the disposal plan, and notwithstanding that the plan would not be completed within twelve months, \$3,600,000 of additional expenditure was authorised in April 2004 and an additional liability was recorded under AGAAP.

The expenditure is to cover environmental remediation, demolition and project management. This liability is included in the provision for Rationalisation and Restructure in the AGAAP consolidated balance sheet. Refer Note 16. In addition to the actual cash outlays of \$508,113 charged against the provision in the year ended 30 June, 2003 a further \$1,506,970 was expended and charged against this provision in the year ended 30 June, 2004.

Under US GAAP, environmental liabilities are not recognised until a company has a legal or constructive obligation to remediate. Accordingly, because there is no such obligation to remediate, for US GAAP purposes only the actual cash outlays described above are recognised as expense when they were incurred. Accordingly, the net loss determined under US GAAP was decreased by \$2,093,000 as a result of the reversal of the provision increase of \$3,600,000 and the expensing of the actual cash outlays charged against the provision in 2004 of \$1,506,970.

(ii) Asset Impairment

In December 2001 and as referred to in (i) above, South Pacific Tyres committed to the closedown of its Footscray and Thomastown manufacturing facilities and to prepare them for sale. Because, as a result of this decision, the plants were no longer to generate operating cash flows, the asset carrying values at the time were considered for impairment.

Under US GAAP, in accordance with the provisions of SFAS 121 and SFAS 144, a one time impairment charge of \$7,800,000 was taken against property, plant and equipment in 2002 to write down the net book value of these facilities to the estimated fair values attributable to the unremediated sites. In 2004 following the further development of the plans for remediation and sale of the plants, and due to the plants not qualifying for held for sale classification under US GAAP, a further evaluation of impairment of the sites was undertaken. Based on the valuations obtained, a further impairment charge of \$2,034,000 was required due to the reduction in the values of the unremediated sites. The further impairment charge of \$2,034,000 significantly offsets the reversal of the excess Environmental remediation charge of \$2,093,000 set out in (i) above. The net impact of these items is to decrease the 2004 loss determined in accordance with US GAAP by \$59,030. Accordingly, the cumulative net increase in US GAAP equity at June 2004 for these items is \$1,650,917.

South Pacific Tyres and Controlled Entities Statutory Accounts Year Ended 30 June 2004**NOTES TO THE FINANCIAL STATEMENTS (continued)****Note 32 Major differences between Australian GAAP and USGAAP (continued)****(l) Activity Alignment**

In December 2000 South Pacific Tyres recognised under AGAAP, a \$6 million provision for redundancy costs for headcount reduction. The provision was based on an external consultant's assessment of the required headcount reduction to achieve certain identified overhead efficiencies. The project was called 'Activity Alignment'. The plan was not completed and \$4,046,953 was reversed in the year ended 30 June 2002 under AGAAP. The \$6 million provision at June 2001 did not meet US GAAP recognition criteria and as a result, US GAAP net income in that period is higher by the unspent amount of \$4,046,953. In the year ended 30 June 2002 when the unspent amount was reversed for AGAAP, the net income for US GAAP is \$4,046,953 less.

(m) Manufacturing Plant Accelerated Depreciation

In September 2001 the SPT Board of Directors authorized the closure of operations at its Footscray and Thomastown manufacturing facilities. A provision was recognized in December 2001 under AGAAP for the eventual write-off of plant and equipment. The Thomastown facility was to remain partly in operation until July 2002. Under US GAAP the plant and equipment relating to this partial operation was subject to accelerated depreciation for seven months in accordance with SFAS 121, rather than immediate write off. At June 2002 one month's depreciation in the amount of \$285,714 was still to be brought to account having the effect of decreasing US GAAP losses in the year ended June 2002 and increasing US GAAP losses in the year ended June 2003.

(n) Tyre Marketers Tax Adjustment

The Retail/Corporate restructuring provisions (see Note 4) arose in a tax paying entity, Tyre Marketers (Australia) Ltd (TMA). The provision was therefore tax effected at TMA's effective rate of 30%. Accordingly, US GAAP adjustments relating to TMA have been tax effected.

(o) Business Interruption

In June 2002 South Pacific Tyres released \$1,577,315 of the rationalisation provision to net profit (loss) on the basis that production levels and operating capacity of the tyre plant were significantly reduced as a consequence of the restructuring activities at Somerton. While AGAAP

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allows for costs associated with effecting restructuring activities to be charged as a component of a restructuring provision, it was not considered appropriate under US GAAP. The specific cost cannot be provided for under USGAAP as they are considered future operating costs. This has the effect of increasing the net loss according to US GAAP in the year ended June 2002 by \$1,577,316 and decreasing net loss according to US GAAP by the same amount in the year ended June 2003.

(p) Advertising

Under AGAAP, advertising is generally expensed as the service is performed. Under US GAAP, advertising is expensed as incurred although there are exceptions to this, related to co-operative advertising programs and advertising related materials. Costs incurred under South Pacific Tyres co-operative advertising program with dealers and franchisees are initially deferred and then recorded as reductions of sales as related revenues are recognised under AGAAP. No direct response advertising is reported as an asset. The effect of this difference is that under US GAAP, Partners' equity is lower by \$840,000 after tax compared to that under AGAAP as such amounts are expensed as incurred under US GAAP. This difference relates to all periods presented as the Yellow Pages advertising cost has remained consistent.

(q) Foreign Currency Translation Reserve

In June 2002 South Pacific Tyres sold its interest in South Pacific Tyres PNG Pty Ltd. Under AGAAP the accumulated foreign currency translation reserve of \$3,645,848 was transferred to retained earnings. Under US GAAP the accumulated foreign currency translation reserve included as a component of accumulated other comprehensive income for US GAAP, is reported as part of the gain or loss on sale for the period during which the sale occurs. Consequently the net loss according to US GAAP for the year ended June 2002 is greater than the loss according to AGAAP purposes by \$3,645,848. However, there is no effect on partners' equity under US GAAP.

(r) Securitisation

From November 2001 South Pacific Tyres has maintained a program for the continuous sale of substantially all its domestic trade accounts receivable to the South Pacific Tyres Trust, a bankruptcy remote qualifying special purpose vehicle (QSPV). The QSPV is consolidated for AGAAP, as well as US GAAP, because the program did not meet all the criteria for off balance sheet treatment in accordance with SFAS 140 Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities. Accordingly there is no difference between AGAAP & US GAAP treatment of the securitisation program.

The amount of the receivables securitised at June 2004 was \$115,149,129 (June 2003 \$112,899,035) and (June 2002 \$114,957,253). The amount of interest paid by South Pacific Tyres to the QSPV for the year ended June 2004 was \$3,941,622 (June 2003 \$3,543,248) and (June 2002 \$2,068,668). South Pacific Tyres retains the responsibility for servicing the receivables. As receivables are collected the cash proceeds are used to purchase additional receivables. The amount of service fees paid by the QSPV to South Pacific Tyres was approximately \$120,000 for the year ended June 2004, \$120,000 for the year ended 2003 and \$80,000 for the year ended 2002.

(s) Warranties

South Pacific Tyres and its controlled entities offer warranties on the sale of certain of its products as required under the Australian Trade Practices Act. For AGAAP, warranty expense is charged as incurred. For US GAAP, a provision for warranties has been recognised based on past claims experience, sales history and other considerations. The effect of this difference is that under US GAAP, Partners' equity is lower by

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\$3,204,000 as compared to such amount pursuant to AGAAP. Due to the consistency in the Company's operations, sales generated, customer base, warranty offerings and historical cost experience there has not been a material change in amount of accrued obligation at the balance sheet date since 2000.

(t) MRT Factory - Costs to Sell land and buildings

In fiscal 2001 South Pacific Tyres decided to close its medium truck radial tyre plant at Somerton. \$1,500,000 was recorded as an accrued obligation under AGAAP for the costs associated with the separation and ultimate sale of the land and buildings. In October 2001 the South Pacific Tyres Board reconsidered its decision and changed the classification of the site to held for use and reversed the provision. Since the AGAAP provision represented costs to sell and the land and buildings were not considered to be impaired under the held for use criteria pursuant to SFAS121, the provision was reversed for US GAAP purposes. As a result, net profit according to US GAAP was increased by \$1,500,000 in the year ended 30 June 2001 and reduced by the same amount for US GAAP in the year ended 30 June 2002.

South Pacific Tyres and Controlled Entities Statutory Accounts Year Ended 30 June 2004**NOTES TO THE FINANCIAL STATEMENTS** (continued)**Note 32 Major differences between Australian GAAP and USGAAP** (continued)**(u) Change in Accounting Policy - Employee benefits**

The consolidated entity has applied the revised AASB 1028 Employee Benefits for the first time from 1 July 2002. The liability for wages and salaries, annual leave and sick leave is now calculated using the remuneration rates the consolidated entity expects to pay as at each reporting date, not wage and salary rates current at reporting date. Under AGAAP the initial adjustment of \$103,373 to the consolidated financial report as at 1 July 2002 as a result of this change was charged directly to retained earnings. Under US GAAP, this has been accounted for as a reduction of net income of \$103,373 in the year ended 30 June 2003.

(v) Revenue Recognition

Under AGAAP, interest revenue and proceeds from the sale of non current assets are recorded as other revenues from ordinary activities and the book basis of the assets and businesses sold is included in expenses. Under US GAAP, interest revenue is classified as other income and the difference between the sale proceeds and the book basis of the assets and business sold would be presented as a gain or loss and included in the determination of net profit (loss). Accordingly, revenue for the years 2004, 2003 and 2002 under US GAAP would have been \$818,736,638, \$793,596,996 and \$829,385,986 respectively.

South Pacific Tyres and Controlled Entities Statutory Accounts Year Ended 30 June 2004

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 33 Reconciliation to United States Generally Accepted Accounting Principles (US GAAP)

	2004	Restated	
	\$	2003	2002
	\$	\$	\$
Statement of Financial Performance			
Net profit/(loss) of the consolidated entity per Australian GAAP	(22,481,300)	(39,563,785)	(130,026,700)
Less interest of outside equity holders	32(b)		470
	(22,481,300)	(39,563,785)	(130,027,170)
Net profit / (loss) attributable to the consolidated entity			
Adjustments required to accord with US GAAP:			
Add / (deduct)	977,171	1,473,930	(5,123,240)
	(21,504,129)	(38,089,855)	(135,150,410)
Statement of Comprehensive Income/ (Loss)			
Net profit/(loss) according to USGAAP	(21,504,129)	(38,089,855)	(135,150,410)
Foreign currency translation reserve (net of nil tax)			3,341,868
	(21,504,129)	(38,089,855)	(131,808,542)
Reconciliation of net profit and loss according to US GAAP to Net Cash Provided by Operating Activities determined under US GAAP.			
Net Cash Provided by Operating Activities according to US GAAP	20,448,913	(56,851,702)	(23,905,073)
Write-down of Property, Plant & Equipment	(4,253,064)		(7,800,000)
Depreciation	(22,018,175)	(19,802,624)	(26,302,333)
Amortisation	(1,168,908)	(1,076,008)	(1,800,587)
Amounts set aside to provisions	4,524,572	(38,496,466)	(130,626,931)
Write-of bad trade debts	(1,549,439)	(1,015,199)	(1,386,762)
Gain / (loss) on sale of investments, properties, plant and equipment	(6,134,607)	(7,721,228)	(13,952,817)
Outside equity interest in (profit) / loss for the year			(470)
Change in assets and liabilities net of effects of purchase and disposal of controlled entities during the financial year:			
Increase / (decrease) in receivables	(14,536,916)	(3,494,488)	13,406,489
Increase / (decrease) in inventories	(14,620,947)	1,290,172	(4,628,518)
Increase / (decrease) in prepayments	(103,514)	1,064,694	(180,180)
(Increase) / decrease in accounts payable	23,846,392	22,848,394	(16,683,451)
(Increase) / decrease in provisions	(1,911,330)	69,587,636	68,529,855
Increase / (decrease) in reserves	195,678		(3,129,861)
(Increase) / decrease in income taxes payable	(154,865)	(77,057)	180,144
Increase / (decrease) in future income tax benefit	(4,067,919)	(4,345,979)	13,130,085

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Net profit/(loss) according to US GAAP		<u>(21,504,129)</u>	<u>(38,089,855)</u>	<u>(135,150,410)</u>
Adjustments to reflect US GAAP:				
Add / (Deduct) :				
Supply Agreement	32(j)			
Manufacturing plant accelerated depreciation	32(m)		(285,714)	285,714
Depreciation difference Thomastown / Footscray	32(a)	(170,000)	(170,000)	
Fixed Asset Revaluation depreciation difference	32(a)	298,000	298,000	144,700
Fixed Asset Disposal Difference	32(a)	195,678		(8,338)
FAS87 Pension	32(d)	205,000	1,032,000	3,600,000
Environmental remediation	32(k)	59,030	(508,113)	9,900,000
Impairment	32(k)			(7,800,000)
Advertising	32(p)			
Activity Alignment	32(l)			(4,046,953)
Business Interruption	32(o)		1,577,315	(1,577,315)
MRT Factory - Costs to Sell	32(t)			(1,500,000)
Goodwill Amortisation	32(g)	287,389	287,389	
Interest Rate Swaps	32(h)	455,174	(517,350)	
Disposal of PNG - Translation Reserve	32(q)			(3,645,848)
Initial Adoption of Revised AASB1028	32(u)		(103,373)	
Income tax (expense) / benefit	32(n)	(353,100)	(136,224)	(475,200)
Total Adjustments		<u>977,171</u>	<u>1,473,930</u>	<u>(5,123,240)</u>

South Pacific Tyres and Controlled Entities Statutory Accounts Year Ended 30 June 2004

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 33 Reconciliation to United States Generally Accepted Accounting Principles (US GAAP)

		Restated		
		2004	2003	2002
		\$	\$	\$
Partners equity according to AGAAP		35,841,338	58,309,638	97,976,796
Deduct outside equity interests	32(b)			
Partners equity attributable to the Partners		35,841,338	58,309,638	97,976,796
Adjustments required to reflect US GAAP:				
Add / (Deduct) :				
Asset Revaluation Reserve	32(a)	(12,374,551)	(12,570,229)	(12,570,229)
Supply Agreement	32(j)			
Manufacturing plant accelerated depreciation	32(m)			285,714
Depreciation difference Thomastown / Footscray	32(a)	(340,000)	(170,000)	
Fixed Asset Revaluation depreciation difference	32(a)	885,400	587,400	289,400
FAS87 Pension	32(d)	(363,000)	(568,000)	(1,600,000)
Environmental remediation/Impairment	32(k)	1,650,917	1,591,887	2,100,000
Advertising	32(p)	(1,200,000)	(1,200,000)	(1,200,000)
Warranty	32(s)	(3,204,000)	(3,204,000)	(3,204,000)
Activity Alignment	32(l)			
Business Interruption	32(o)			(1,577,315)
MRT Factory - Costs to Sell	32(t)			
Goodwill Amortisation	32(g)	574,778	287,389	
Interest Rate Swaps	32(h)	(62,176)	(517,350)	
Income tax (expense) / benefit	32(n)	81,876	434,976	571,200
Total Adjustments		(14,350,756)	(15,327,927)	(16,905,230)
Partners equity according to US GAAP		21,490,582	42,981,711	81,071,566

South Pacific Tyres and Controlled Entities - Statutory Accounts Year Ended 30 June 2004

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 33 Reconciliation to United States Generally Accepted Accounting Principles (US GAAP)

	Australian Fund		
	2004	2003	2002
	\$	\$	\$
Pension Plan data supporting Note 26			
Plan's funded status at 30 June is summarised as follows:			
Actuarial present value of accumulated obligations:			
- Vested	135,209,000	120,700,000	141,100,000
- Non Vested			
Total accumulated benefit obligation	135,209,000	120,700,000	141,100,000
Projected benefit obligation	135,957,000	121,887,000	142,532,000
Plan assets at fair value	138,236,000	121,360,000	152,709,000
Excess / (deficiency) of assets over benefit obligations	2,279,000	(527,000)	10,177,000
Unrecognised net gain / (loss)	(11,588,000)	(11,719,000)	573,000
Net Pension (Liability) / Asset	13,867,000	11,192,000	9,604,000
NET PENSION COST			
Defined Benefit Plans:			
- Service cost-benefits earned during the year	10,240,000	13,914,000	10,311,000
- Interest cost on projected benefit obligation	7,313,000	7,131,000	10,072,000
- Expected return on plan assets	(8,495,000)	(10,092,000)	(13,084,000)
- Net amortisation and settlement and curtailment (gain) / loss			
Net Pension Cost of Defined Benefit Plans	9,058,000	10,953,000	7,299,000
ASSUMPTIONS (used to determine net pension cost)			
Weighted average discount rate	6.00%	6.00%	6.00%
Rate of increase in compensation level	3.50%	3.50%	3.50%
Expected long term rate of return	7.00%	7.00%	7.00%
The expected long term rate of return on pension assets is based on a strategic asset allocation. The real rate of return (net of inflation) is expected to average 4.5% over the long term and the long term average rate of inflation is expected to be 2.5%.			
MEASUREMENT DATE	30 June 2004	30 June 2003	30 June 2002
CHANGE IN BENEFIT OBLIGATION			
Projected Benefit Obligation at beginning of year	121,887,000	142,532,000	179,926,000
Service cost	10,240,000	13,914,000	10,311,000
Interest cost	7,313,000	7,131,000	10,072,000
Member contributions	1,387,000		
Actuarial (gain) / loss	8,511,000	(14,990,000)	(19,177,000)
Benefits, administrative expenses and tax paid	(13,381,000)	(26,700,000)	(38,600,000)
Projected Benefit Obligation at end of year	135,957,000	121,887,000	142,532,000

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ASSUMPTIONS (used to determine end of the year benefit obligations)

Weighted average discount rate	5.50%	6.00%	6.00%
Rate of increase in compensation level	3.50%	3.50%	3.50%

CHANGE IN PLAN ASSETS

Market value of assets at beginning of year	121,360,000	152,709,000	180,630,000
Member / Employer Contributions	13,120,000	12,541,000	10,467,000
Benefits, administrative expenses and tax paid	(13,381,000)	(26,700,000)	(38,600,000)
Actual return on plan assets	17,137,000	(17,190,000)	212,000
Market value of assets at end of year	138,236,000	121,360,000	152,709,000

South Pacific Tyres and Controlled Entities - Statutory Accounts Year Ended 30 June 2004**NOTES TO THE FINANCIAL STATEMENTS** (continued)**Note 33 Reconciliation to United States Generally Accepted Accounting Principles (US GAAP) (continued)****CONTRIBUTIONS**

Employer contributions to the Australian fund during the year ending 30 June 2005 are expected to be \$13,580,000.

ADDITIONAL INFORMATION**Estimated Future Benefit Payments**

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

	2005	14,936,000
	2006	15,185,000
	2007	18,597,000
	2008	18,080,000
	2009	18,739,000
	2010 - 2014	82,616,000

Plan Assets

The allocation of the Fund's assets by asset category is as follows:

Target	Plan assets	
	June	June
Allocation	2004	2003

Asset Category			
Equity securities	64%	64%	73%
Debt securities	22%	21%	15%
Real estate	9%	9%	10%
Other	5%	6%	2%

The primary investment objective of the South Pacific Tyres Fund within Equisuper is to achieve a rate of return (after tax and investment expenses) that exceeds inflation (CPI) increases by at least 4.0% per annum over rolling three year periods.

The South Pacific Tyres partnership (SPT) has maintained Pension Plan benefits for its Australian employees which has comprised both Accumulation and Defined Benefit Components. Both the Defined Benefit and Accumulation components of the Plan have legally existed within a plan sponsored by its Australian partner, Ansell Limited (Ansell). SPT has maintained notional separation of the plan assets and the benefit obligations for all periods presented. Accordingly the accompanying financial information is intended to provide relevant disclosures required pursuant to SFAS 87 and SFAS 132 (revised) with respect to the defined benefit and accumulation components of the SPT plan. Effective 1 April 2004 legal separation from Ansell was achieved and members were transferred out of the Pacific Dunlop Superannuation Fund to Equisuper (an independent superannuation fund).

	Restated		
	2004	2003	2002
	\$	\$	\$
Partners equity in accordance with US GAAP - Rollforward			
Opening Balance July 1	42,981,711	81,071,566	217,507,945
Cumulative effect of restatement adjustments at 1st July 2001			(29,627,838)
Net Profit (loss)	(21,504,129)	(38,089,855)	(135,150,410)
Additional contributed equity - Goodyear Tyres Pty Ltd	13,000		
Movement in Other Comprehensive Income			3,341,869
Additional Equity Contribution - Supply Agreement	32(j)		25,000,000
Closing Balance	21,490,582	42,981,711	81,071,566

South Pacific Tyres and Controlled Entities - Statutory Accounts Year Ended 30 June 2004

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 33 Reconciliation to United States Generally Accepted Accounting Principles (US GAAP) (continued)

Balance Sheet GAAP adjustment reconciliation

	Notes	2004			2003			2002		
		AGAAP	Adjustment	US GAAP	AGAAP	Adjustment	US GAAP	AGAAP	Adjustment	US GAAP
		\$			\$			\$		
STATEMENT OF FINANCIAL POSITION										
CURRENT ASSETS										
Cash assets		56,435,875		56,435,875	15,229,939		15,229,939	37,100,672		37,100,672
Receivables		130,174,880		130,174,880	137,441,630		137,441,630	141,657,657		141,657,657
Inventories		147,411,193		147,411,193	162,032,137		162,032,137	160,741,965		160,741,965
Prepayments		3,219,753		3,219,753	3,323,269		3,323,269	2,258,575		2,258,575
TOTAL CURRENT ASSETS		337,241,701		337,241,701	318,026,975		318,026,975	341,758,869		341,758,869
NON-CURRENT ASSETS										
Receivables		1,651,270		1,651,270	9,546,303		9,546,303	30,384,952		30,384,952
Property, plant and equipment	32(a), 32(m), 32(k)	197,823,676	(21,663,151)	176,160,525	218,425,028	(19,952,829)	198,472,199	202,827,093	(19,795,115)	183,031,978
Intangible assets	32(g)	4,498,952	574,778	5,073,730	4,916,874	287,389	5,204,263	5,204,262		5,204,262
Deferred tax assets	32(n)	14,516,753	81,876	14,598,629	18,231,572	434,976	18,666,548	22,441,327	571,200	23,012,527
TOTAL NON-CURRENT ASSETS		218,490,651	(21,006,497)	197,484,154	251,119,777	(19,230,464)	231,889,313	260,857,634	(19,223,915)	241,633,719
TOTAL ASSETS		555,732,352	(21,006,497)	534,725,855	569,146,752	(19,230,464)	549,916,288	602,616,503	(19,223,915)	583,392,588
CURRENT LIABILITIES										
Payables	32(p), 32(d), 32(h)	144,028,406	1,625,176	145,653,582	159,953,830	2,285,350	162,239,180	161,782,718	2,800,000	164,582,718
Interest bearing liabilities		188,484,663		188,484,663	171,413,834		171,413,834	142,395,212		142,395,212
Current tax liabilities		290,809		290,809	135,944		135,944	58,887		58,887
Provisions	32(k), 32(s), 32(I), 32(o),	54,318,272	(8,280,917)	46,037,355	53,365,690	(6,187,887)	47,177,803	102,837,858	(5,118,685)	97,719,173

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32(t)

TOTAL CURRENT LIABILITIES	387,122,150	(6,655,741)	380,466,409	384,869,298	(3,902,537)	380,966,761	407,074,675	(2,318,685)	404,755,990
NON-CURRENT LIABILITIES									
Payables	704,179		704,179	7,986,959		7,986,959	28,491,815		28,491,815
Interest bearing liabilities	125,707,508		125,707,508	111,097,444		111,097,444	61,095,014		61,095,014
Provisions	6,357,177		6,357,177	6,883,413		6,883,413	7,978,203		7,978,203
TOTAL NON-CURRENT LIABILITIES	132,768,864		132,768,864	125,967,816		125,967,816	97,565,032		97,565,032
TOTAL LIABILITIES	519,891,014	(6,655,741)	513,235,273	510,837,114	(3,902,537)	506,934,577	504,639,707	(2,318,685)	502,321,022
PARTNERS EQUITY/ACCUMULATED LOSSES	35,841,338	(14,350,756)	21,490,582	58,309,638	(15,327,927)	42,981,711	97,976,796	(16,905,230)	81,071,566
TOTAL LIABILITIES AND PARTNERS EQUITY	555,732,352	(21,006,497)	534,725,855	569,146,752	(19,230,464)	549,916,288	602,616,503	(19,223,915)	583,392,588

Report of Independent Registered Public Accounting Firm

The Partners

South Pacific Tyres:

We have audited the accompanying consolidated statement of financial position of South Pacific Tyres (the Partnership) as of 30 June, 2004, 2003 and 2002 and the related consolidated statements of financial performance, partners' equity and cash flows for each of the years in the three-year-period ended 30 June, 2004. These consolidated financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Partnership as of 30 June, 2004, 2003 and 2002, and the results of its operations and its cash flows for each of the years in the three-year period ended 30 June, 2004 in conformity with generally accepted accounting principles in Australia.

Accounting principles generally accepted in Australia vary in certain significant respects from accounting principles generally accepted in the United States. Information relating to the nature and effect of such differences as it relates to Partnership is presented in Note 31 to the consolidated financial statements. The application of accounting principles generally accepted in the United States would have affected consolidated financial performance for each of the years in the three-year period ended 30 June, 2004 and the determination of partners' equity as of 30 June, 2004, 2003 and 2002, to the extent summarized in Note 31 to 33 to the consolidated financial statements.

As discussed in Note 31 to the consolidated financial statements, the Partnership has restated its description of significant differences between generally accepted accounting principles in Australia and generally accepted accounting principles in the United States and their effects on financial performance and partners' equity for each of the years in the two-year period ended 30 June, 2003.

KPMG

Dated in Melbourne, Australia

13 October, 2004,

except for notes 31, 32 and 33

which are as of 15 March, 2005

Exhibit Index

- 1.1 Constitution of Ansell Limited (incorporated by reference to File No. 0-15850, Form 20-F, filed by the Registrant on December 30, 2002).
- 7.1 Computation of the Ratio of Earnings to Fixed Charges.
- 8.1 List of Subsidiaries.
- 12.1 Certification of Chief Executive Officer or Equivalent Pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934.
- 12.2 Certification of Chief Financial Officer or Equivalent Pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934.
- 13.1 Certification of Chief Executive Officer or Equivalent Pursuant to Rule 13a-14(b) or 15d-14(b) of the Securities Exchange Act of 1934 and Section 1350 of Chapter 63 of Title 18 of the United States Code.
- 13.2 Certification of Chief Financial Officer or Equivalent Pursuant to Rule 13a-14(b) or 15d-14(b) of the Securities Exchange Act of 1934 and Section 1350 of Chapter 63 of Title 18 of the United States Code.