FOCUSED ON PROTECTION

Annual Report 2018

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About Ansell –
Ansell the Safety Company

For 125 years, Ansell has delivered the most advanced protection solutions to millions of people at work, at home and wherever hazards arise – because the Company's market expertise, innovative products and advanced technology give them a confidence and peace of mind that no other brand can deliver.

Our Purpose

Ansell's mission is to provide innovative safety solutions in a trustworthy and reliable manner – creating an 'Ansell protected' world.
#AnsellProtects

Around the globe, Ansell stands for safety. The Company has evolved from an Australian rubber latex products manufacturer to one of the world's most advanced safety solutions providers. With a comprehensive global presence, Ansell is a market leader that continues to grow through new-product development, acquisitions and the expansion of the Company's footprint in emerging markets. Ansell products and services enable customers to perform better and be more productive, earning Ansell a leadership position as well as a track record of impressive growth for its shareholders. As the Company continues to evolve with first-to-market innovations across a wide range of protection solutions, **Ansell remains committed to enabling the safety, well-being and peace of mind of customers around the world.**

Our Values

Integrity – We value doing what is right and ethical.

Trustworthiness – We value acting with respect, fairness and dependability.

Agility – We value responsiveness to customers and each other, openness to change and flexibility.

Creativity – We value inventiveness, innovation and new and divergent ways of thinking.

Passion – We value energy and excitement, commitment, drive and dedication.

Involvement – We value our team members' input, influence and initiative.

Teamwork – We value collaboration and a sense of partnership, sharing and caring.

Excellence – We value a tenacious focus on results, accountability and goal achievement.

Financial Summary

Statutory Results Ansell Group

-3% Sales down

+156% EBIT up

+237% EPS up

Statutory Results Continuing Operations

+8% Sales up

-11% EBIT down

+19% EPS up

+9% Adjusted EBIT

Adjusted Results in Constant Currency

+5% Sales up

+5% EBIT up

+18% EPS up

Industrial GBU Results

+5% Organic constant currency sales up

+4% Adjusted constant currency EBIT up

Healthcare GBU Results

+3% Organic constant currency sales up

+6% Adjusted constant currency EBIT up

Results Commentary

We have provided our results on both a Statutory and Adjusted basis for Continuing Operations. The Adjusted results have excluded the substantial one-off gain from the Sexual Wellness divestiture, the ensuing transformation costs, one-off costs of the change in accounting treatment for development costs and the accounting gains from the US tax reform. As in prior years, we have also normalised the prior period for constant currency and foreign currency impacts. The adjusted results show solid revenue and profitability growth, in what was another successful year.

	Statutory Results				
	Group		Continuing Operations		Adjusted
US$m	FY17	FY18	FY17	FY18	FY18
Sales	1,599.7	**1,547.5**	1,374.5	**1,489.8**	**1,489.8**
EBIT[1]	217.8	**557.0**	177.8	**157.8**	**193.1**
Profit Attributable	147.7	**484.3**	119.5	**138.8**	**146.7**
Operating Cash Flow[2]	146.0	**93.6**	115.2	**85.5**	**104.5**
Earnings per Share – US cents	100.1	**336.8**	81.0	**96.5**	**102.0**
Dividends per Share – US cents	44.0	**45.5**			

1. EBIT defined as Earnings Before Tax and Interest.
2. Net cash provided by operating activities per the Consolidated Statement of Cash Flows adjusted for Net Capex, interest received and paid (net interest). Adjusted Operating Cash Flow is the continuing Operations Cash Flow excluding Transformation costs of $19m.

Currency Reporting – United States dollar (US$)

The US$ is the predominant global currency of Ansell's business transactions and the currency in which the global operations are managed and reported. Non-US$ values are included in this report where appropriate.

Constant Currency

The presentation of constant currency information is designed to facilitate comparability of reported earnings by restating the prior period's results at the exchange rates applied in determining the results for the current period. This is achieved by analysing and estimating, where necessary, revenue and cost transactions by underlying currencies of our controlled entities. These transactions are converted to US dollars at the average exchange rates applicable to the current period on a month by month basis.

In addition, the following adjustments are made to the current and prior year's results: the profit and loss impact of net foreign exchange gains/losses is excluded; and the foreign exchange impact on unrealised profit in stock is excluded.

The principles of constant currency reporting and its implementation are subject to oversight by the Audit and Compliance Committee of the Board. It is considered as supplemental non-IFRS financial information.

Adjusted Results

Adjusted results are continuing operations results after excluding the impact of the Transformation Program costs, the change in accounting estimate for development costs and the deferred tax revaluation following corporate tax rate changes (primary impact in the US).

Organic constant currency

Organic constant currency is Constant Currency information (as described above) after excluding the impact of acquisitions, divestments and exited products.

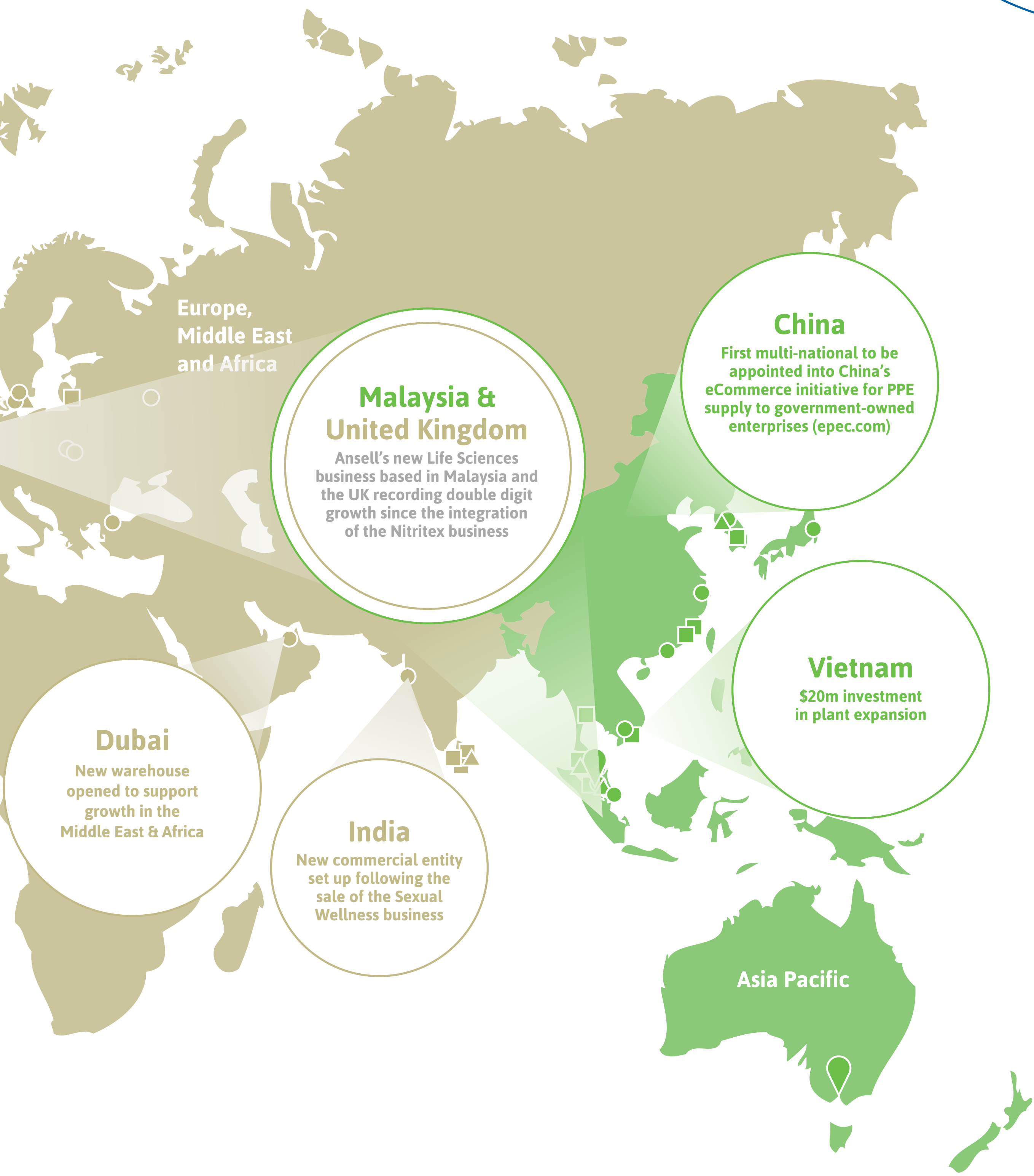

Ansell
HyFlex

Ansell's Global Footprint

Ansell is a global leader in protection solutions. For 125 years, we have delivered the most advanced protection solutions to people all around the world. With operations in four regions, offices and plants located across 55 countries and a team of more than 12,000 employees, our strong global presence has allowed us to better meet the needs of customers and end-users. As a global company, all our sites share the same mission: To provide innovative solutions in a trustworthy and reliable manner – creating an 'Ansell protected' world.

Some key activities and achievements for FY18 are highlighted on the map below:

Map Key
- Corporate hubs
- Offices
- Manufacturing and distribution facilities
- Research and development facilities


Europe, Middle East and Africa
Malaysia & United Kingdom
Ansell's new Life Sciences business based in Malaysia and the UK recording double digit growth since the integration of the Nitritex business
China
First multi-national to be appointed into China's eCommerce initiative for PPE supply to government-owned enterprises (epec.com)
Vietnam
$20m investment in plant expansion
Dubai
New warehouse opened to support growth in the Middle East & Africa
India
New commercial entity set up following the sale of the Sexual Wellness business
Asia Pacific

Chairman's Review

'We aim to make Ansell the world's best at providing safety solutions to customers globally, by helping customers use our leading products and services to achieve better results while operating safely.'
Glenn L L Barnes, Chairman

Dear Fellow Shareholders,

Following the divestment of our Sexual Wellness business and the successful implementation of the initial stages of our Transformation Program, Ansell is being reshaped with a tighter purpose, a greater focus on its markets and an improved ability to pursue cost efficiencies and accelerated growth.

Consistency of focus on the implementation of our strategy is yielding sustained organic growth, and the Company is in a strong position to capitalise on marketplace consolidation and expansion opportunities as they present themselves.

Divestment Opens the Door for Change

The sale of the Sexual Wellness business was at an attractive valuation and rewarded a long but well-executed process. The business was transferred to the new owners with minimum disruption to all parties and this is a credit to everyone involved.

The sale removed a key source of complexity in the business, providing Ansell with the opportunity to sharpen its focus on its core strengths and move to enhance its leadership and engagement in workplace safety markets. While some of the sale proceeds were returned to shareholders through dividends and share buy-backs, our focus remains on acquisitions and investing in our core business through continued investment in the Transformation Program, R&D and manufacturing innovation and upgrade.

We have commenced a $60m+ investment program in manufacturing enhancements and capacity expansion – ensuring the Transformation Program will continue to build on Ansell's process innovation and manufacturing efficiency. In addition, we are addressing opportunities in the global supply chain to reduce production lead time and inventory with concurrent improvements in delivery time to customers.

Meeting our Corporate Social Responsibility

Ansell continues to work on identification and management of the issues that will impact on our ability to grow the business in a sustainable manner over the medium to longer term.

In recognition of the growing and strategic importance of sustainability issues, effective FY19, the Board has widened the brief for the Board's Risk Committee, which was renamed the Corporate Social Responsibility (CSR) and Risk Committee. It has also led to the decision to annually release a detailed stand-alone Corporate Social Responsibility & Sustainability Report for our stakeholders, with key focus issues being carried forward in an integrated manner into our Annual Report to shareholders. This year's CSR & Sustainability Report will be released by the end of September.

In 2018, Ansell made further progress in improving its sustainability, by reducing its carbon footprint with the rollout of the fourth bio-mass boiler to replace old oil-based furnaces. The Company also completed the rollout of a more space-efficient packaging system for surgical gloves, reducing packaging material and container volume.

Further exemplifying our ongoing commitment to a sustainable environment and the communities that support our business, Ansell has partnered with the Carbon Consulting Company and the Sustainable Future Group in Sri Lanka to create the Ansell Bio-Link, an agroforestry project creating a biodiversity corridor connecting two protected rainforests – Haycock and Dunawala. In March, as part of the Bio-Link project, 100 Sri Lankan school children planted the first group of trees around the perimeter of their school.

Looking ahead, it is clear that our major sustainability challenge is to reduce the quantity of water and energy consumed in our production processes. Innovation remains at the heart of everything we do, and we intend to address these issues through our strengths in material science and process development.

Dividend Increase and Capital Deployment

The continued momentum of the Ansell business, combined with a strong balance sheet and cash flow has enabled the Board to increase the dividend for the 15th consecutive year– a rare and admirable achievement in these often volatile times.

Ansell's Capital Deployment & Management Program is geared to drive investments for growth, long-term sustainability and shareholder value creation. We look to identify capital investments offering a strong strategic fit, organic growth and productivity improvements to enhance Ansell's competitiveness, with expectations of significant after-tax returns relative to the capital deployed.

We are proud of our strong track record on dividends and will continue to selectively execute share buyback programs to optimise financial efficiency in the absence of higher return investment opportunities.

Succession Planning

The Board and CEO succession plans announced last year have been initiated. While our CEO Magnus Nicolin will remain in his role until the end of the 2021 financial year, the Board has begun the process of challenging and assessing the pool of internal CEO contenders to allow the identification of the best candidate.

Last year we were delighted to welcome Mrs Christina Stercken and Mr William Reilly as non-executive directors. They both bring considerable skill and experience to the Board, adding to its balance and diversity. Both have become contributing members of the Risk Committee. Christina is also a member of our Audit & Compliance Committee.

At this year's Annual General Meeting (AGM), Mr Ronald (Ronnie) Bell retires after 13 years of service on the Ansell Board. Ronnie joined the Board in 2005, at a time when the Company was in the final stages of recovery from the traumas of the prior decade. Ronnie has leveraged his deep knowledge and experience of management in a transnational environment, in addition to his keen sense of strategic focus, to help the business chart its path back to one of innovation and disciplined growth. On behalf of all stakeholders, I would like to thank Ronnie for his commitment to, and role in, Ansell's growth and development over his tenure.

Upon the retirement of Ronnie Bell at this year's AGM, the Board will return to a total of eight directors, a number the Board considers optimal.

Over the past six months the Governance Committee has considered the forward skill and experience requirements of the Board within the context of our succession timetable, and an international search has commenced for a new non-executive director to fill the vacancy on the Board that will result from my retirement at the 2019 AGM.

In conclusion, I would like to acknowledge the continued efforts of everyone at Ansell – especially the hard-working employees and management who, in the face of challenging times, have kept the business on track to deliver the objectives of our strategy. They have helped us transform this Company into the newly focused organisation it is today, providing us with both satisfaction in seeing a job well done and increased confidence in the future.

Glenn L L Barnes
Chairman

Chief Executive Officer's Review

'Ansell's global leadership is based on eight points of differentiation in how we drive our business and support our customers. We continuously invest in these areas to drive competitive advantage and value creation for shareholders.'
Magnus Nicolin, Managing Director and Chief Executive Officer

We look back on fiscal year 2018 as a successful year, evidenced by the success of our organic growth strategy and delivery of Transformation objectives. Total sales revenue was up 8%, with good organic revenue growth of 4% driven by Industrial (up 5%, including Mechanical up 6%) and the Healthcare Life Sciences business (up 8%).

Reported EPS of 336.8¢ was exceptionally strong, assisted by the gain on the sale of the Sexual Wellness business. Even on an adjusted basis (after excluding the gain on sale and other unusual items as detailed on page 16), we saw strong FY18 EPS growth of 26% in our continuing operations – at the upper end of our expectations. Our Industrial GBU performed well, benefiting from a favourable economic environment and supported by strong execution against our organic growth strategy. Our Healthcare GBU achieved a satisfactory result in a more difficult market environment. Lower interest costs following the Sexual Wellness sale, and a low effective tax rate, offset the impact of a temporary period of unusually high raw material costs that limited EBIT growth primarily in the first half of the year.

Strategy

Ansell's focus on organic growth, efficient manufacturing, innovation, smart use of capital and strategic acquisitions has positioned us to outperform, outgrow and outlast our competitors. We believe we are uniquely well positioned to succeed long term and add sustainable value to our customers through our Eight Dimensions of Differentiation.

Ansell's 8 Dimensions of Differentiation

By leveraging the unique and well-defined strengths of Ansell, we deliver better solutions to customers.

Ansell has established itself as the global leader at providing hand and body safety solutions, delivering end-users with the best, most innovative products and helping them achieve better outcomes while operating safely. The combination of advising end-user customers on the best safe-work practices with our core capabilities in unrivalled hand and body protection products, we think, gives us unmatched ability to help customers improve safety outcomes and increase productivity and worker satisfaction.

Our strategy is to leverage this market leadership position and our Eight Dimensions of Differentiation and build on our competitive strengths. These strengths stem from, among other things, Ansell's intimate knowledge of what individual users value, the workplace risks employers must mitigate, the needs of leading distributors and the nature and impact of regulatory change. This in turn underpins the breadth and quality of our product and service ranges and delivers the customer focus underpinning our innovation in material science and service technology.

The execution of our strategy this year has been focused on:

- Completing the successful divestment of the Sexual Wellness business;
- Implementing our 'sharper-focus' Transformation Program to reduce cost and improve efficiency and capacity for growth;
- Continued active M&A process evaluating several opportunities;

- Strengthening key distributor-customer relationships through our channel partnership program;
- Continued expansion of our footprint and sales in emerging markets; and
- Continuing to build on successful innovation and strengthening our leading global brands.

The delivery of these strategic components has been critical in driving our achievements in fiscal year 2018 and is testament to the quality of our people and the passion they have for our Company and our customers.

Innovation

A core part of the Ansell strategy and culture is our focus on innovation. On average, Ansell introduces 40 new products in a given year and with rapid deployment to the market. Over the last four years, we have seen new product sales grow from 10% to 15% of sales in the Industrial business and from 12% to 14% in the Healthcare business. Recent examples include the GAMMEX® PI Glove-in-Glove™ System launched in February – a first-to-market, pre-donned, double-gloving system that promotes greater infection protection in the operating theatre. This platform reduces packaging and hospital storage space and reduces the time the surgical team takes to don gloves and get ready. We have also launched a new range of triple-layer single-use products which increase the chemical resistance of single-use gloves to an unprecedented level.

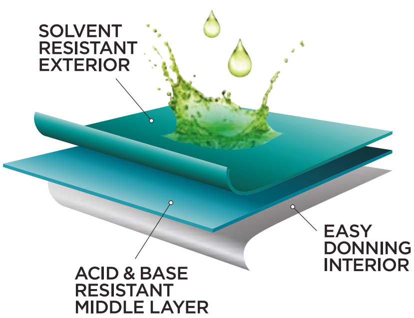


Illustration of the triple layers of MICROFLEX® 93-260.

GAMMEX® PI Glove-in-Glove™ System

A core part of the Ansell strategy and culture is our focus on innovation. On average, Ansell introduces 40 new products in a given year and with rapid deployment to the market.

Chief Executive Officer's Review continued

Finally, I would like to highlight the new HyFlex® 11-540 series which offers flexibility and thinness whilst retaining high levels of cut and abrasion resistance as evidenced by its certification under the new, more demanding EU legislative requirements.

Ansell's innovation springs from identifying unmet user needs, collecting and filtering ideas and then transforming those concepts into projects in our technology centres with a view to move quickly to market. With strong patent protection behind our new technology platforms, each innovation helps build and underpin the strength and reputation of our key brands.

Emerging Markets

The economies of emerging markets are seeing high growth rates for protective products as an increasing percentage of workers live and work in these markets. Less than a third of workers in emerging markets use gloves – compared to 80% in mature markets – and increasing safety awareness and stricter regulation is rapidly driving up demand.

Our focus on emerging markets continued this year and our percentage of sales achieved in those markets increased to 21%.

Distributor Partnership

The development of a stronger channel partnership program is an essential pillar of Ansell's strategic plans for the delivery and sustainability of organic growth. The strategic alignment with our distributor partners has led to successful engagements resulting in accelerated growth delivery and profitable market share expansion.

These partnerships have led to the alignment of defined growth plans and mutually agreed objectives with two-way accountability. During FY18 we leveraged this success by expanding and replicating the channel partnership program across global markets. At June 30, Ansell distributor partnerships accounted for 39% of Ansell's sales to industrial end markets. Increasingly, this way of engaging with key channel partners is becoming the norm as we formalise relationships with key distributors.

Transforming our Company

Following the Sexual Wellness divestiture, Ansell has focused on improving the efficiency of the core business by launching an ambitious Transformation Program. This program is focused on reducing the cost of production, marketing and corporate overhead, adding new capacity in the lowest-cost production locations and strengthening our global supply chain to achieve more efficient movement of product from plant to customer.

So far, our Transformation journey is well on target, delivering $10m in savings this year, $2m better than forecast and we remain on target to meet or exceed our $30m savings target by FY20.

An important part of this Transformation is the dramatic expansion of our Ho Chi Minh, Vietnam, facility, more than doubling output through the inclusion of eight more production lines, accommodating compounding, knitting, printing, covering, warehousing and social areas. We expect that through this $20m expansion, this efficient and effective facility will support Ansell's growth for many years to come.

Collectively, the implementation of the Transformation Program along with execution of our strategy will further enhance Ansell's Eight Dimensions of Differentiation and reinforce the Company's competitive position.

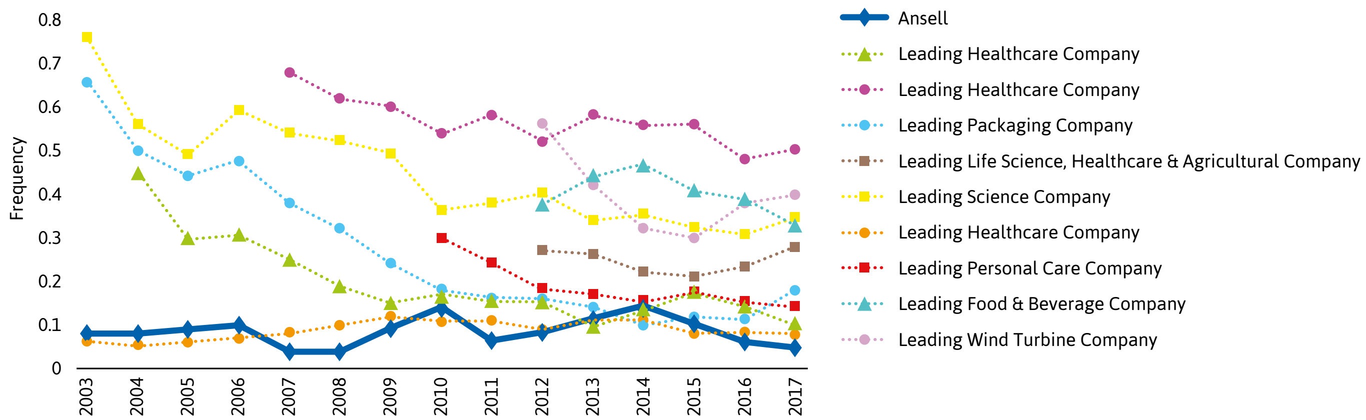
Corporate Social Responsibility

Ansell is committed to leading by example in responsible practices in human rights, community, environment and governance. We have been actively working in these areas for a number of years to consume less energy, water and space per unit of output, support the communities we live and work in and ensure ethical behaviour and a safety culture are top of mind for our diverse workforce. Ansell is also pleased to release its first standalone Corporate Social Responsibility (CSR) & Sustainability Report in September 2018, which further highlights the importance of sustainability to Ansell. You can find the full CSR & Sustainability Report online at www.ansell.com.

Financial Strength Driving Growth

We have taken a progressive approach to the deployment of our free cash flow, and the redeployment of the cash from the Sexual Wellness sale. Our first priority is to identify investments in Ansell's existing business. These typically offer us by far the highest returns with lower risk to implement. We are spending approximately $100m over 3 years on our Transformation Program of which $50m is on cost reduction initiatives, and the balance on capacity expansion including the $20m investment in our Vietnam facility, and we are close to finalising plans for a multi-year $30m investment in our single-use glove range for industrial applications. We continue to give priority to cash returns to shareholders as evidenced by a 15th year of dividend increases and our ongoing share buyback program. Finally, we continue to put a significant focus on our disciplined acquisition strategy with a number of potential targets under active evaluation.

Lost Time Injuries (LTIs)



A comparison of Ansell safety performance against lost time injury performance of comparable market-leading global manufacturers drawn from publicly-available website data through 2017 illustrates Ansell's best-in-class safety level. The Company's safety track record reflects the strong emphasis on safety products, culture and expertise at Ansell. Frequency equals number of incidents/per 100 employees/per year.

Our Safety Story

Ansell prides itself on being an industry leader in the provision of workplace safety solutions. The approaches and dedication extended to our global customers are rooted in Ansell's own operations. Workplace accidents, injuries and near-miss incidents are actively tracked and reported, and FY18 results show that the Company's performance remains at world-class levels.

We are working to further reduce workplace risks by strengthening Ansell's Corporate Incident Reporting & Investigation Guidelines, deploying the Ansell Guardian® safety assessment program within our own manufacturing plants, and running detailed risk assessments of all worker-machine interfaces. In FY18, Ansell also largely completed a three-year program to expand and upgrade its fire detection and protection systems to world-class standards.

The Ansell Team

During the year, Ansell made great progress on the development of a stronger and more diverse global workforce and management team, with greater representation coming from local staff in emerging markets. There is still work to be done in the field of gender diversity, with a need for us to see more female representation in senior management (currently 22%, and up from 19%, but with a target of 30%), and this is something we will continue to pursue.

One of the achievements I was particularly pleased with this year was the success of the operations management team in improving an important metric of manufacturing quality and efficiency: first pass yield. Overall waste is constantly being reduced – down 20 basis points over the last 12 months. The success of this team has been instrumental in driving important improvements in labour and overhead productivity.

I would also like to point out the excellent achievements of the Latin American & Caribbean (LAC) team, which has developed many areas of best practice in sales enablement, customer insights and innovative end-user engagement initiatives that we are now rolling out in other geographies. LAC sales for FY18 came in at over $100m – up from $76m in 2016 – reflecting consistently strong annual sales growth since FY16 combined with improved margins. These figures are underpinned by Mexico's strong performance and Brazil's return to growth after two years – particularly in the Hercules business.

Finally, I would like to thank the hard-working Ansell employees who continue to show great resilience, commitment and passion for what we do and a determination to make ours the best Company in its field. To every one of you located all over the world I say a heartfelt thank you.

Magnus Nicolin
Managing Director and
Chief Executive Officer

Strategy

Ansell has global market-leading positions in single and multi-use hand protection products for industrial and healthcare applications. We also have fast-growing positions in industrial body protection products, safety solutions for surgical operating theatres and clean room laboratory environments.

Our markets provide attractive long-term sources of growth driven by regulatory and societal pressures to improve safety outcomes for workers around the globe. Whether in healthcare or industrial environments, demand driven by regulatory requirements continues to help drive demand for safety solutions.

Ansell's continued ability to build and maintain its leading positions in these attractive markets arises from our differentiated offering, which is summarised under Ansell's Eight Dimensions of Differentiation. Our employees bring their knowledge and passion to leverage the Eight Dimensions to deliver improved safety solutions to our customers.

Refer to page 10 for the Eight Dimensions of Differentiation diagram.

Eight Dimensions of Differentiation

Customer Intimacy and Safety Focus

- We are uniquely positioned to provide global solutions as the only industry participant with leading market positions in all our product ranges in all regions.
- We have invested over many years in our patented Ansell Guardian® technology. These are tools that provide comprehensive advice to end users on the right products to use for optimal safety, productivity and injury avoidance and as such they help build strong relationships with end users.

Product Range and Innovation

- Ansell has unrivalled breadth and performance capability within our product range, which is evident in each industry sector vertical. Our ongoing investment in R&D has created or complemented product categories in each of our verticals and we continue to lead the industry in product performance.

Ansell Brand Equity

- Our brands are some of the most recognisable in the industry. Our global market research confirms that HyFlex® is the Number 1 most recognised hand protection brand in the world.

Geographic and Vertical Coverage

- Ansell has an extensive geographic network of factories and warehouses to manufacture and distribute its products across the globe. We have been prominent in growing our footprint in emerging markets with new warehouses in the Middle East and Latin America and expanded factories in South East Asia.

Regulatory and Compliance

- We operate in industries and verticals that require market-leading knowledge of the regulatory and compliance environments of each region. Helping customers navigate this regulatory complexity is a significant part of the Ansell value proposition and helps secure the status of brands that are trusted for quality and compliance to industry standards.

Materials Science

- Our material science capability allows us to provide products that are both comfortable to use and improve worker productivity. Many of these capabilities are patent protected. Our commitment to maintaining optimum comfort and dexterity means that many products are unique with ergonomic certification. We also lead our industry in providing high cut protection from light weight yarns.

World Class Manufacturing and Engineering capability

- Ansell's world-class manufacturing capabilities have benefitted from the technological experience of our engineering teams. Their industry leading expertise and safety know how has driven significant improvements not only in employee productivity but also environmental and OH&S metrics across our extensive manufacturing footprint.

Strong Balance Sheet and Cash Conversion

- Ansell has consistently generated strong operating cash flows over many years, which have been used to fund growth in existing and new businesses. The sale of the Sexual Wellness business has resulted in a substantial cash inflow of $523m (after taxes) which has further strengthened an already robust balance sheet. Our substantial cash reserves coupled with our existing debt facilities provide us with significant capacity to explore further growth opportunities.

Business Priorities

Our business priorities for advancing our strategic goals in FY18 were oriented around the following main objectives:

- Transformation into a sharper focused safety solutions business, particularly following the divestment of the Sexual Wellness business early in the year;
- New product development;
- Grow our emerging market footprint;
- Stronger brand performance by expanding existing Growth Brands such as HyFlex®, as well as recently acquired product ranges such as MICROFLEX®, MICROGARD® and BioClean™ globally;
- Build stronger and deeper partnerships with our key distributor partners;
- Work to resume growth of our leading synthetic surgical range and reduce waste levels in our key manufacturing plants;
- Continue improvement in service and quality metrics to ensure Ansell is the leading company globally on these criteria as well as in product performance;
- Ongoing productivity savings stemming from our capital investments and our sharper focus Transformation Program; and
- Strategic and disciplined acquisition evaluation.

M&A initiatives

Through a disciplined acquisition strategy we have:

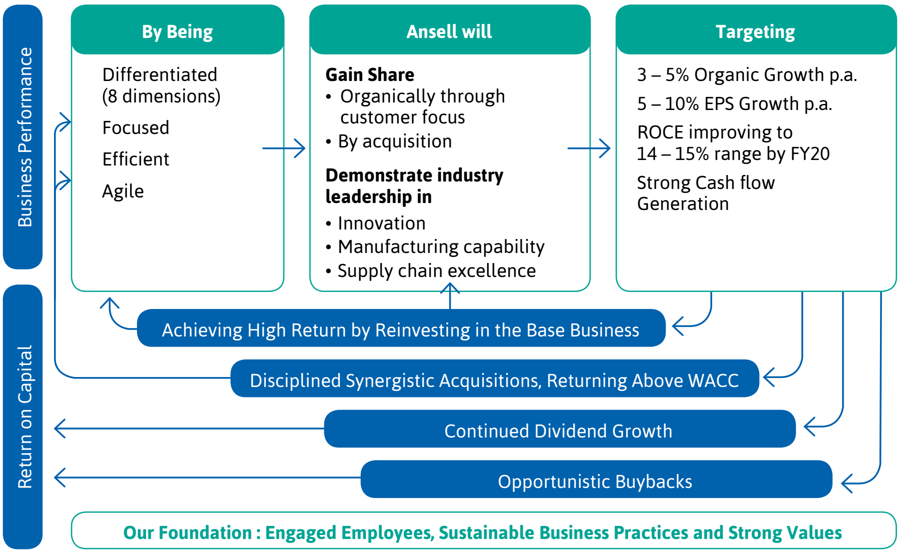
- Strengthened our core market positions,
- Increased our ability to differentiate in material science; and
- Added near adjacent product portfolios which we are demonstrating we can grow rapidly on a global basis.

With a strong balance sheet and significant cash and borrowing capacity, we continue to explore and evaluate growth opportunities.

Outlook

Shareholder Value Creation Model

At Ansell, we strive to be focused, efficient and agile in delivering our differentiated business proposition. Through building and maintaining a leadership position in innovation, manufacturing capability and supply chain excellence we aim to grow at above market rates, gaining market share and achieving good profit and cash flow growth.



Priorities for Shareholder Value Creation

Ansell organises its strategic priorities under the most important drivers for long-term shareholder value, being organic revenue growth, profit and cash flow generation and successful deployment of capital.

Organic Growth

Economic conditions currently remain largely favourable in most of our key geographies. We seek to continue building on our success with new products, particularly through increased traction in our new glove and clothing products, providing superior chemical protection and supplementing the continued success of the INTERCEPT™ Cut Resistance Technology and FORTIX™ Abrasion Resistance Technology platforms.

We are also targeting improved growth rates in surgical by building on the success of recent new product launches as well as capitalising on the growth potential of our position in emerging markets.

We aim to continue increasing our competitive differentiation with a particular focus on three of our Eight Dimensions of Differentiation:

- Strengthening our manufacturing and supply chain capability through our Transformation Program;
- Working closely with customers to guide them through an increasingly demanding regulatory environment; and
- Building our customer intimacy through channel partnerships and a continued focus on the services we provide under the Ansell Guardian® technology.

Profitability and Cash Flow

We will continue to drive our Transformation agenda to deliver SG&A savings, but our emphasis during FY19 will be on the delivery of manufacturing and supply chain productivity initiatives which are currently underway. We look forward to significant improvements in our inventory turns via continued process improvements and an ongoing drive to eliminate excess inventories. Whilst we anticipate higher margins as a result of these initiatives, there are further raw material price inflation pressures on the horizon, particularly on synthetic rubber exam products that have recorded solid FY18 growth. Price increases are planned to offset these increases but the success of these will depend on the industry dynamics in place. In addition there is likely to be an increase in the cost of products Ansell imports to the US from China of $5–$10m per annum arising from recent proposals to increase import tariffs. Mitigation plans are being developed to offset this and the impact on Ansell in FY19 is currently uncertain. We anticipate capital expenditure to be moderately higher year on year to fund the significant expansion plans in Vietnam and other locations, creating new cost competitive capacity in support of our most innovative and high growth product ranges.

Capital Management – ROCE improvements

Our priority for capital deployment continues to be:

- Investment in core business to drive growth and productivity; and
- Acquisitions that meet our strategic and financial criteria.

The Transformation Program is a clear example of investments in our core business. We are also investing in other areas of our business, which include the ongoing and future ERP roll-outs, now also planned for our operations sites and Asia Pacific sales and marketing centres. We are planning further investments in e-commerce and CRM planning tools to augment our customer intimacy initiatives.

On the acquisition front, we continue to assess businesses with a strong strategic fit and we hope to announce further acquisitions in the near future.

Ansell also expects to be able to continue its balanced capital deployment approach through continuing to buy back shares, as previously announced, and retaining a focus on dividends as an important part of the cash return to shareholders.

The Board, management and staff are genuinely excited by Ansell's future prospects and we look forward to delivering on our strategic goals.

Our Performance

Financial Reporting Presentation

At Ansell, we believe in providing the necessary information to our investors to ensure that our financial statement commentary is meaningful and at all times provides relevant year-over-year comparatives.

FY18 saw the successful completion of the divestiture of the Sexual Wellness business. Consequently the Sexual Wellness business is reported under discontinued operations.

Within Discontinued Operations in FY18 we provide the combined effect of results of the Sexual Wellness business prior to completion of divestment and profit on sale of the business.

Continuing Operations includes:

- The costs related to the Transformation Program, the benefits of which are partly seen in FY18, but the majority are to come in future years;
- The one-time accounting impact of US Tax reform; and
- Change in accounting estimate for development costs.

The performance of the Continuing Operations, excluding these items, has been shown below as FY18 Adjusted. We believe this provides a more meaningful measure of the Group's performance for the year.

Group Sales Commentary

Sales revenue for Continuing Operations of $1,489m was 8% higher as reported, and 5.1% up on a Constant Currency basis. The strongest contributors to that growth being the Mechanical portfolio within the Industrial GBU and the Life Sciences business within the Healthcare GBU. There was also continued solid momentum with our channel strategy through a number of new agreements being concluded with key distributors. Our emerging markets revenues grew a further 10% and benefitted from the significant resources deployed in emerging markets throughout the globe. We are particularly excited with the establishment of our new India operations to further capitalise on the growth in that country.

We continue to focus on innovation as a core driver of growth with new products delivering strong results in our established brands. For instance, sales in our HyFlex® products with INTERCEPT™ Cut Resistance Technology were up 45% and are approaching $50m in sales globally. Our global expansion of the MICROFLEX® product lines and the release of our new multi-layer chemical resistant product offering has provided further strong momentum into next year.

Our most recent acquisitions in life sciences, BioClean™ and gammaSUPPLIES are also creating significant global growth capability in highly differentiated end markets.

At the business unit level, the following notable sales results were achieved:

- Industrial continued to see strong results in Growth Brands (up 10%) including HyFlex® (up 9%), AlphaTec® (up 17%) and EDGE® (up 46%).
- Healthcare Growth Brands were up 5%, including TouchNTuff® (up 9%), GAMMEX® (up 6%), MICROFLEX® (up 4%) and strong growth in Life Sciences with BioClean™ up almost 20%.

Group EBIT Commentary

Adjusted earnings before interest and tax (EBIT) of $193.1m was up 8.6% against the comparable prior period ($177.8m), reflecting the strong sales growth. Gross Profit after Distribution Expenses (GPADE) was 34.7%, which was lower by 20 bps due to higher raw material costs in the first half of the year. The higher sales coupled with Transformation cost reduction benefits containing SG&A growth, drove EBIT higher.

Corporate Costs

Unallocated corporate costs in FY18 of $13.9m include a $3.7m provision for expected demolition and site clearance costs of a legacy Pacific Dunlop site in Louisiana, US. Corporate costs in FY17 of $12.1m include $2.1m of portfolio review costs in preparation for the sale of Sexual Wellness and development of the Transformation Program.

Financial Summary

Profit and Loss (US$M)	Total Group FY17	Discontinued SW Results	FY17 Continuing	Total Group FY18	Discontinued SW Results and Gain on Sale	FY18 Continuing	Transformation and Major Non Cash Items	FY18 Adjusted
Sales	**1,599.7**	**225.2**	**1,374.5**	**1,547.5**	**57.7**	**1,489.8**	**–**	**1,489.8**
GPADE	599.3	118.8	480.5	545.4	27.7	517.7	–	517.7
SG&A	(381.5)	(78.8)	(302.7)	11.6	371.5	(359.9)	(35.3)	(324.6)
EBIT	**217.8**	**40.0**	**177.8**	**557.0**	**399.2**	**157.8**	**35.3**	**193.1**
Net Interest	(22.7)	–	(22.7)	(12.5)	–	(12.5)	–	(12.5)
Taxes	(44.9)	(11.0)	(33.9)	(58.3)	(53.6)	(4.7)	(27.4)	(32.1)
Minority interests	(2.5)	(0.8)	(1.7)	(1.9)	(0.1)	(1.8)	–	(1.8)
Profit attributable	**147.7**	**28.2**	**119.5**	**484.3**	**345.5**	**138.8**	**7.9**	**146.7**
EPS (US¢)	**100.1¢**	**19.1¢**	**81.0¢**	**336.8¢**	**240.3¢**	**96.5¢**	**5.5¢**	**102.0¢**
Dividend	**44.0¢**			**45.5¢**				

Transformation Initiative

In July 2017, the group announced the Transformation initiative to sharpen focus on its continuing core business activities following the Sexual Wellness divestment. SG&A cost reductions were successfully delivered in FY18 with the focus now shifting to manufacturing efficiencies anticipated to flow through to our earnings during FY19 and beyond. The initiative has resulted in $24.1m of one-time costs being incurred during FY18 with further costs anticipated in FY19 relating to manufacturing cost reduction and supply chain efficiency initiatives. When completed, the business aims to realise savings in excess of $30m, with $10m of savings being achieved in FY18.

Borrowing Costs & Taxes

Net interest costs were down 45% to $12.5m and reflected higher cash on hand flowing from the sale of the Sexual Wellness business, which settled in September 2017.

Taxation expense of $58.3m included a number of significant items, such as:

- Tax expense relating to discontinued operations of $53.6m; and
- Tax benefit on Transformation costs and other non-cash and non-recurring tax credit items.

The tax expense after adjusting for the above was $32.1m, which was an effective tax rate of 17.8%. This was below the prior year continuing operations tax rate of 21.9%.

Cash Flow Commentary

Net cash provided by operating activities fell $62.6m from $216.2m to $153.6m mainly due to:

- $27.4m lower cash from the discontinued Sexual Wellness operation as a result of its divestiture during FY18 – (Refer to Note 18b) of the Notes to the Financial Statements);
- $19m of Transformation costs incurred during FY18; and
- Higher working capital requirements from the sales growth in the continuing operations.

Net cash generated by investing activities was $476.8m, up $584.7m on the prior year and due to:

- Net cash realised from the sale of the discontinued Sexual Wellness operation $523m; and
- Cash outlay during FY17 for the Nitritex acquisition of $56.1m.

Cash used in financing activities was $340.6m, up $274.2m driven mainly by:

- Repayment of borrowings of $170.9m (against $24.3m drawn last year); and
- Payments for share buyback of $92.3m (compared to $8.7m in FY17).

As a result of the combined effect of the above factors and the effect of FX rates on cash held, cash at the end of the financial year increased by $273.2m to $589.8m.

Discontinued Operations – Sexual Wellness

The Sexual Wellness business manufactured and sold a range of branded condoms, lubricants, devices and fragrances globally. As discussed previously, Ansell divested this business for $600m on 30 September 2017, with the exception of JK Ansell – our joint venture (JV) in India.

Whilst the majority of the business was divested in September 2017 for a significant profit, the demerger of the Indian JV has taken longer than anticipated to conclude. A moderate loss is now anticipated on the sale of the JV, and this and additional charges incurred in the second half relating to the divestment process are included in calculating the substantial gain on sale of this business. We anticipate closing on the divestment of our interest in JK Ansell in the first quarter of FY19.

The net profit from the sale of the Sexual Wellness business was $344.8m and comprised the following:

	US$m
Net Sales Proceeds	$600.2
Disposal Costs	($40.7)
Net disposal consideration	**$559.5**
Carrying amount of net assets sold	($161.3)
Gain on Sale before tax	**$398.2**
Income tax expense on gain	($53.4)
Gain on sale after income tax	**$344.8**

The business contributed $57.7m of sales and a profit after tax of $0.7m prior to being divested.

Industrial Global Business Unit

The Industrial GBU manufactures and markets high-performance hand and body protection solutions for a wide-range of industrial applications. Ansell protects workers in almost every industry including automotive, chemical, metal fabrication, machinery & equipment, food, construction and mining.

Sales Performance

Sales grew strongly and were up 5% on a constant currency basis with key drivers being:

- Growth Brands up 10% on the back of strong gains in HyFlex® (9%), AlphaTec® (17%) and EDGE® (46%);
- Emerging markets (up 12%) once again grew strongly with Latin America continuing to lead the way from an already solid foundation;
- Mechanical products up 6% with HyFlex® (up 9%) leading the way in achieving $275m in sales globally. The cut protection category was also up 9% for both gloves and sleeves, whilst expansion in INTERCEPT™ Cut Resistance Technology and FORTIX™.
- Abrasion Resistance Technology platforms continued to gain momentum.
- Chemical products grew a more modest 1.4%.
- Strong growth was achieved in clothing from the AlphaTec® expansion (up 10%) and MICROGARD® products (up 9%).
- Lower margin and non-differentiated private label and household gloves declined.

EBIT Performance

EBIT of $86.9m grew in line with higher sales, with EBIT margins steady year over year despite our gross profit margins being impacted by higher raw material costs in the first quarter of the year. Whilst gross profit margins recovered to historical levels during the year, EBIT performance also benefitted from the following:

- Lower operations costs stemming from early gains in the Transformation Program; and
- SG&A was again well controlled and benefitted from Transformation cost savings.

US$m	FY17	FY18	% change	CC%[1]
Sales	$655.9	**$715.5**	+9.1%	+5.0%
EBIT[2]	$79.8	**$86.9**	+8.9%	+4.3%
% EBIT/sales	12.2%	**12.1%**		

1. CC refers to adjusted Constant Currency as described on page 4 of this Report.
2. FY18 EBIT excludes the impact of restructuring costs ($11.6m) and the change in accounting treatment for development costs ($7.3m) – all of which were announced earlier in FY18.

AlphaTec® 58-735

AlphaTec®

+17% Growth

Poised to become the next +$100m brand

HyFlex® 11-542

HyFlex®

+9% Growth

+45% growth
INTERCEPT™ Cut Resistance Technology

+13% growth
FORTIX™ Abrasion Resistance Technology

EDGE® 48-205

EDGE®

+46% Growth

Emerging market success continues to include strong results from EDGE® branded products targeted to middle range market segment

Brands

HyFlex® AlphaTec® ACTIVARMR® Solvex® EDGE® MICROGARD®

+5%
Organic constant currency sales up

+9%
Statutory results sales % change

+4%
Adjusted constant currency EBIT

+9%
Adjusted EBIT % change

Healthcare Global Business Unit

The Healthcare GBU was formed following the merger of the medical and single use GBUs. It manufactures and markets surgical and exam gloves for healthcare and industrial applications.

Its customer base in the medical vertical includes acute care hospitals, emergency services, alternate care, dentistry and veterinary clinics.

The Healthcare GBU also distributes a range of high performance single use gloves used in industrial applications, including chemical, food services, life sciences, electronics and automotive after market.

Sales Performance

Sales growth in constant currency terms of 3% was recorded during the year:

- Surgical & Safety Solutions were up 1%. The prior year figures benefitted from a one-time gain during FY17 following the ban on powdered gloves in the USA and was a factor in the modest headline growth in this category;
- Exam and Single Use products grew 3.2% with strong growth coming from industrial and non-acute applications. Our acute medical exams declined in the face of stiff price competition however our TouchNTuff® and MICROFLEX® branded products grew strongly; and
- Our Life Sciences products grew by 8.4% with solid growth coming from our newly acquired Nitritex business and its range of clean-room focused BioClean™ products.

EBIT Performance

EBIT margins were slightly above the prior year, but were adversely affected by the following:

- Product mix – Sales of lower margin exam gloves grew faster than the higher margin surgical products;
- Work is underway to return the surgical glove sector to stronger growth with significant growth expectations in emerging markets and an expectation of increasing traction from recent new product launches;
- Trading margins were also affected in the first half by higher raw material pricing, some of which was able to be passed on to the end users.

The business responded to the above pressures by exerting a disciplined approach to SG&A spending.

Furthermore, the EBIT results also benefited from the reversal of a $4m provision raised in a prior period for indirect taxes.

US$m	FY17	FY18	% change	CC%[1]
Sales	$718.6	**$774.3**	+7.8%	+5.2%
EBIT[2]	$110.1	**$120.1**	+9.1%	+5.6%
% EBIT/sales	15.3%	**15.5%**		

1. CC refers to Adjusted Constant Currency as described on page 4 of this Report.
2. FY18 EBIT excludes the impact of restructuring costs ($5.4m) and the change in accounting estimate for development costs ($3.9m) – all of which were announced earlier in FY18.

GAMMEX® Glove-In-Glove System™

GAMMEX®

+6% Growth

Supported by strength of the synthetic latex portfolio, including newly launched hybrid polyisoprene formulations and our latest 'glove in glove' product facilitating the trend to double donning.

MICROFLEX® LifeStar™ EC

MICROFLEX®

+4% Growth

Strong performance as a result of innovative new product launches and continued expansion to new markets

TouchNTuff® 92-600

TouchNTuff®

+9% Growth

Continued strong growth as the world leader in chemical splash protection for industrial workers

Brands

GAMMEX® MICROFLEX® TouchNTuff® SANDEL® ENCORE® BioClean EDGE®

+3%
Organic constant currency sales up

+8%
Statutory results sales % change

+6%
Adjusted constant currency EBIT up

+9%
Adjusted EBIT % change

Corporate Social Responsibility & Sustainability

Focused On Protection

Ansell is committed to leading the Personal Protective Equipment (PPE) industry in responsible human rights, environment and governance practices.

This year, Ansell made the decision to begin issuing annually a stand-alone Corporate Social Responsibility (CSR) & Sustainability Report, to give these important issues the attention and transparency they deserve.

Below are some highlights from the 2018 CSR & Sustainability Report. The full report will be published later in the year and made available on the Ansell website at www.ansell.com.

Human Rights

Our People and Human Rights

In keeping with a fundamental respect for workers and professionals, Ansell is committed to operating in accordance with all applicable laws and in accordance with the Universal Declaration of Human Rights (UDHR). The Company also follows the United Nations Guiding Principles on Business and Human Rights (the Guiding Principles) and applicable International Labour Organisation (ILO) labour standards.

Goals:

Workplace Safety

Sustain the lowest accident rates in the industry, with continued year-over-year reduction in lost time injuries (LTIs) and medical treatment injuries (MTIs).

Gender Diversity

Achieve 30% women at Director level and above; 40% at Manager through Associate Director; and 50% women at Board level by the end of FY20.

Employee Engagement

Ensure that Ansell employee engagement scores approach best-in-class levels globally by the end of FY25.

Suppliers

Partner with top ten global suppliers to become 100% compliant in the completion of standardised CSR audits.

Health & Safety

At Ansell the focus continuously turns to workers at its own manufacturing sites, warehouses and offices. Mitigating risk, enhancing well-being, and ensuring consistently safe operations for people – the Company's most important resource – form the foundation of the Company's commitment to worker protection in an 'Ansell protected' world.

During Safety Week, shippers and receivers at Ansell's Cowansville, Canada, warehouse completed forklift safety training.

'Safely – that's just how we do things around here.' Safety is top of mind at all Ansell locations, like the Company's newest, state-of-the-art warehouse in Reno, Nevada.

Community

Ansell is committed to helping people in need around the globe achieve safety, well-being and peace of mind. By partnering with non-profit organisations, the Company is working with people to develop a sustainable future, and when disaster or disease strike, Ansell steps in to lend a hand.

Goals:

Volunteerism

Engage employees to help others by having 100% of locations participate in community service activities by end of FY21.

Philanthropy

Global donations and community investments aligned to Ansell's strategy and values.

Environment

Ansell is working to improve its environmental performance even as the business continues to grow, and has set clear commitments and environmental targets to advance its sustainability vision. As a leader in its industry, Ansell recognises the obligation to operate more efficiently, protecting resources and communities through strategic environmental management.

Goals:

GHG Emissions

25% of Scope 1 (direct) and Scope 2 (indirect) emissions, in tonnes of CO_2– equivalent/$M production value, below FY16 baseline by end of FY25.

Energy

Continuous improvement and reduction of energy usage.

Water

15% reduction in water usage, measured in m^3/$M production value, below the FY16 baseline by the end of FY25.

Waste

Baseline to be established in FY19.

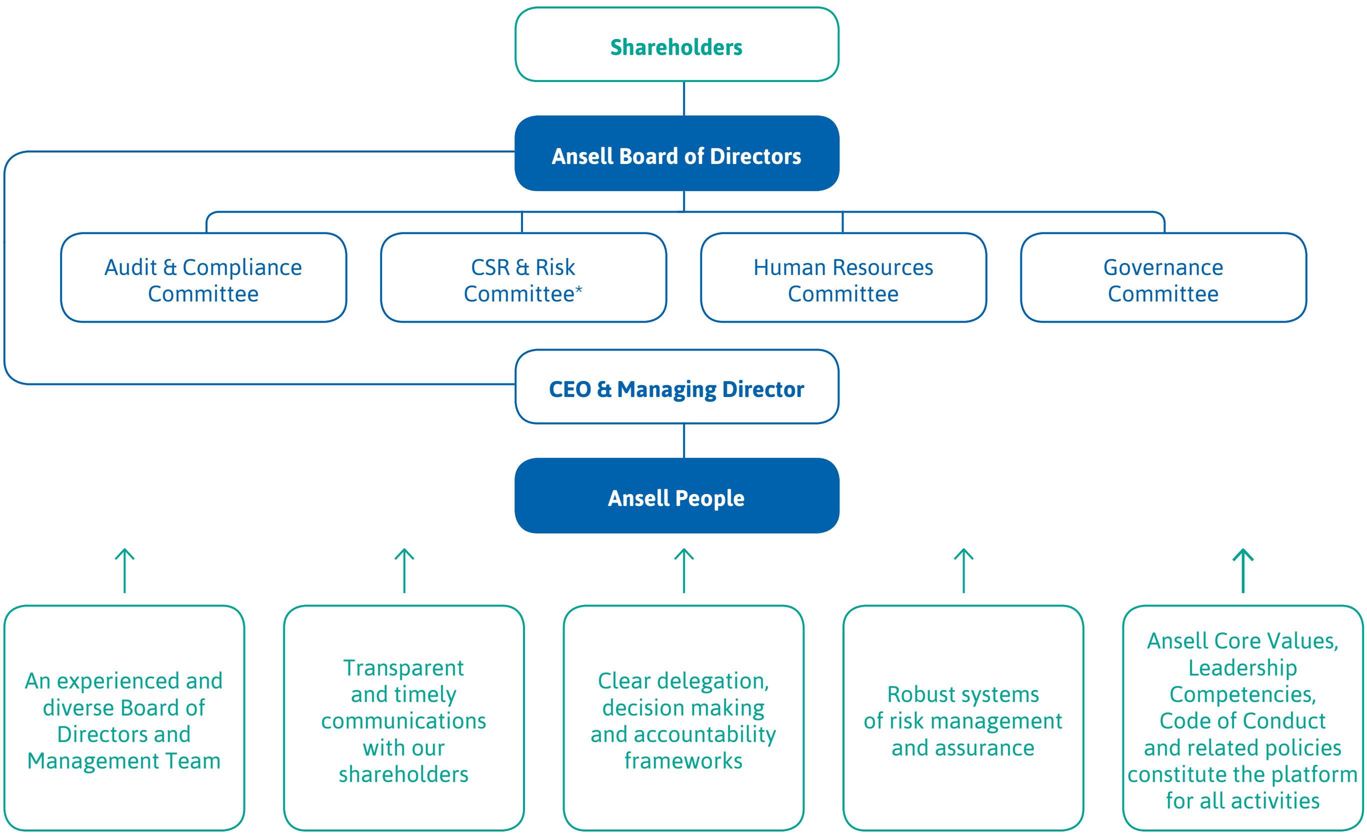
Governance

We will continue to proactively engage with key stakeholders to understand and respond to issues that are important to our employees, customers, investors, distributors, suppliers, regulators, CSR rating agencies and advocacy groups.

Ansell is committed to effective corporate governance. By putting in place the right governance framework, the Board and management have set a culture of integrity, transparency and accountability that permeates throughout the Company.

Ansell works to embrace the spirit of the ASX Corporate Governance Council's Corporate Governance Principles & Recommendations (ASX Principles). Ansell currently complies with each of the recommendations and is also actively reviewing the implications and application of the latest draft 4th edition of the ASX Principles recently released by the ASX – a number of which cause us concern as to their appropriateness. Further details are set out in Ansell's Corporate Governance Statement, which is available on the Ansell website at www.ansell.com.

Our Governance Framework



Role of the Board

The Board's role is to represent the Company's shareholders, taking into consideration the interests and wants of the broad range of Ansell's stakeholders. The Board leads and oversees the management of the Company and is accountable to shareholders for creating and delivering shareholder value.

The Board is responsible for ensuring that management's objectives and activities are aligned with the expectations and risks identified by the Board.

The Board has adopted a formal Board Charter that details the Board's role, authority, responsibilities, membership and operations. The Board also has four standing committees that assist it in discharging its responsibilities:

- Audit & Compliance Committee
- CSR & Risk Committee*
- Human Resources Committee
- Governance Committee

Each Committee operates under a specific charter and provides advice to the Board on specific matters within the Committee's remit. The Board also delegates specific functions to ad hoc committees of Directors on an 'as needs' basis. Ansell's Board and Committee Charters can be found on the Ansell website at www.ansell.com.

Specific responsibilities for the day-to-day management and administration of the Company are delegated by the Board to the Managing Director and Chief Executive Officer (CEO), assisted by the Executive Leadership Team (ELT). Ansell's Delegation of Authority Policy sets out the powers that are reserved to the Board and those that are delegated to the CEO.

* In August 2018, the Board resolved to widen the brief of the Risk Committee and renamed it the CSR & Risk Committee.

Board Composition and Processes

Ansell is committed to ensuring an appropriate mix of skills, expertise, experience and diversity (including gender diversity) on the Board and its committees so that the Board can effectively discharge its corporate governance and oversight responsibilities.

The Board annually reviews the performance of the Board and each committee, as well as individual directors and the Chairman, and requires all directors (except the CEO) to submit themselves for re-election at least once every three years. The Board will endorse a retiring director for re-election only where his or her performance over the preceding year meets or exceeds the Board's expectations. It is a general policy that non-executive directors should not serve for a consecutive period exceeding 15 years, and the Chairman should not serve in that role for more than 10 years.

An external review of the Board is also completed every three years.

To support the Board's succession plan announced in FY17, the Board obtained shareholder approval at the 2017 Annual General Meeting (AGM) to increase the number of directors to nine, allowing for the appointment in 2017 of both Mrs Christina Stercken and Mr William Reilly to the Board. With the retirement of Mr Ronald Bell at this year's AGM, the Board will return to eight directors, a number that the Board considers optimal. There will therefore be capacity for one additional director following the 2018 Annual General Meeting.

As also announced, the Chairman, Mr Glenn Barnes, intends to retire from the Board at the 2019 AGM, with Deputy Chairman, Mr John Bevan, his successor. The Board has commenced an international search for a new non-executive director to replace Mr Barnes.

With the commitment of Ansell's CEO to remain in his role until the end of the 2021 financial year, the Board continues the process of challenging and assessing the pool of internal CEO contenders to allow the identification of the best candidate.

The Board sets clear targets for gender representation as part of Ansell's broader commitment to diversity and inclusion. Ansell has committed to have women constituting circa 50% of its Board by 2020 and beyond, acknowledging that this may fluctuate from time to time due to the effect of changes on a small group size. With the appointment of Mrs Christina Stercken, women currently make up 38% of the Board (non-executive directors). Upon Mr Ronald Bell's retirement at the 2018 AGM, this will increase to 43%.

Refer to the Ansell CSR & Sustainability Report for further information on diversity within the Company, which will be released in September 2018 and made available on www.ansell.com.

Risk Management

Ansell has a comprehensive risk management framework. The Board is responsible for the oversight of the Company's risk management system, risk appetite and risk tolerance levels of the Company by monitoring and advising on the management of all material business risks, including but not limited to strategic, operational, reputational, ethical, environmental, legislative and regulatory and market-related risks.

Shareholder Engagement

Ansell is committed to positive and meaningful stakeholder engagement. Ansell knows that it builds greater trust with stakeholders when the Company is transparent and accountable.

Ansell's engagement occurs through a number of channels, including ASX disclosures, Annual General Meeting, Annual Report, the Ansell website and social media and interactions with large investor groups, proxy analysts and regulators.

The Chairman and Deputy Chairman meet proxy advisors and shareholders twice per year to discuss proposed developments and results. In October 2017, Ansell hosted its first Capital Markets Day (CMD) in Sydney, Australia. The forum provided attendees with greater appreciation of Ansell's business fundamentals, strategic direction and growth plans. Ansell was recognised by the Australian Investor Relations Association (AIRA) for holding one of the best Investor Days by an Australiasian company in 2017.

To connect with key stakeholders in Europe and the Americas, a smaller Ansell team subsequently presented a condensed Capital Markets Day event in London and Toronto during November 2017.

Corporate Responsibility

Ansell's Core Values, the Code of Conduct and related policies constitute the platform for all activities, serving as a guide to ethical principles and business conduct at Ansell.

- **Code of Conduct**

  The Code of Conduct is Ansell's core policy, serving as a guide to ethical behavior and business conduct for all employees. It sets out what it means to work at Ansell and the standards expected of all employees.

- **Human Rights Statement**

  As a responsible corporate citizen, Ansell operates in accordance with the Universal Declaration of Human Rights and the United Nations Guiding Principles on Business and Human Rights. This statement has been published to reflect Ansell's commitment to compliance with human rights requirements and expectations.

- **Modern Slavery Act Statement**

  This statement has been published to demonstrate compliance with the UK legislation known as the *Modern Slavery Act 2015* (Act) in FY18.

  Modern Slavery laws are soon to come into effect in Australia. Ansell is actively reviewing the progress of the legislation to ensure and demonstrate compliance with the requirements of those laws once they are in force in Australia.

Ansell provides focus-specific compliance training each year. In FY18, Ansell launched global online anti-trust training for all email-enabled employees, as well as providing targeted internet security training and sexual harassment training.

Magnus Nicolin presenting at Ansell's 2017 Capital Markets day in Sydney.

Board of Directors

Glenn L L Barnes
Chairman

B Ag Sc (Melb), CPM, FAMI, FAICD, SF Fin, FRSA

Appointed Non-Executive Director in September 2005 and Chairman in October 2012.

Chair of the Governance Committee and member of the Human Resources Committee and the M&A Sub-Committee.

Current Directorships: Non-Executive Director of Sydney Children's Hospital Foundation, Stronghold Pty Ltd, and Barnes Investments Pty Ltd.

Former Directorships: Chairman of Australian Unity Limited (2012 – 2016).

Mr Barnes has over 20 years of governance experience in banking and financial services, business information, healthcare, consumer goods and the not-for-profit sector. He was involved in the packaged goods, banking and financial services sectors for over thirty years, as an executive, business leader and Director in Australia, New Zealand, the United Kingdom, United States of America, Republic of Ireland, Japan and China.

The Board considers Glenn Barnes to be an independent Director.

Magnus R Nicolin
Managing Director And Chief Executive Officer

BA (Stockholm), MBA (Wharton)

Appointed Managing Director and Chief Executive Officer in March 2010.

Current Directorships: Non-Executive Director of FAM AB.

Prior to joining Ansell, Mr Nicolin, a Swedish citizen, spent three years with Newell Rubbermaid Inc., most recently as President, Europe, Middle East, Africa and Asia Pacific. Prior to that he spent seven years with Esselte Business Systems Inc. where in 2002 he led the leveraged buy-out of Esselte from the Stockholm and London Stock Exchanges. Following the buy-out he became the Chief Executive Officer of Esselte. Mr Nicolin has also held senior management positions with Bayer AG, Pitney Bowes and McKinsey & Company.

As an Executive Director, Magnus Nicolin is not an independent Director.

John A Bevan
Deputy Chairman

BCom (UNSW)

Appointed Non-Executive Director in August 2012 and Deputy Chairman in February 2017.

Member of the Human Resources Committee, Governance Committee, Audit and Compliance Committee and Chair of the M&A Sub-Committee.

Current Directorships: Chairman of BlueScope Steel Limited (2014 to present), Non-Executive Director of Humpty Dumpty Foundation (2017 to present) and Alumina Limited (2018 to present).

Former Directorships: Non-Executive Director of Nuplex Industries Limited (2015 – 2016), Executive Director of Alumina Limited (2008 – 2014).

Mr Bevan was formerly the Chief Executive Officer and Executive Director of Alumina Limited and brings to the Board extensive international business experience. Prior to joining Alumina Limited, he had a long career with the BOC Group Plc where he was a member of the Board of Directors and held a variety of senior management positions in Australia, Korea, Thailand, Singapore and the United Kingdom.

The Board considers John Bevan to be an independent Director.

Marissa T Peterson
Non-Executive Director

BSc (MECH), MBA (Harvard), Hon Doctorate (MGMT)

Appointed Non-Executive Director in August 2006.

Chair of the Human Resources Committee and member of the Risk Committee.

Current Directorships: Chair of Oclaro Inc. (2011 to present) and Director of Humana Inc. (2008 to present).

Mrs Peterson currently runs Mission Peak Executive Consulting, an executive coaching and consulting firm specialising in helping develop, grow and scale leaders in the high technology space.

Mrs Peterson retired from full-time executive roles in 2006, having spent 18 years with Sun Microsystems with an unprecedented legacy of concurrently leading some of Sun's largest and most effective organisations: as Executive Vice President of Services, EVP of Worldwide Operations, and as Chief Customer Advocate.

She has extensive experience in supply chain management, manufacturing and quality, logistics, information technologies, customer advocacy and leadership development. Among her awards are Women Inc's Most Influential Corporate Director, Silicon Valley Tribute to Women in Industry, National Association of Corporate Directors Leadership Fellow, Filipinas Magazine Corporate Leader of the Year, National Co-op Hall of Fame, and the Excellence in Science and Engineering Award from the Philippine Development Forum.

The Board considers Marissa Peterson to be an independent Director.

W Peter Day
Non-Executive Director

LLB (Hons), MBA (Monash), FCPA, FCA, FAICD

Appointed Non-Executive Director in August 2007.

Chair of the Audit and Compliance Committee and member of the Risk Committee.

Current Directorships: Chairman of Alumina Limited (2018 to present, Director since 2014), and Chairman of Australian Unity Investment Real Estate Limited (2015 to present).

Former Directorships: Boart Longyear Limited (2014 to 2017), SAI Global Limited (2008 – 2016), Orbital Corporation Limited (2007 – 2014), Centro Retail and Federation Centres (2009 – 2014).

Mr Day was formerly Chief Financial Officer of Amcor Limited for seven years, and Chief Financial Officer and Executive Director Finance of Bonlac Foods Limited. He also has held senior office and executive positions in the Australian Securities and Investments Commission (Deputy Chair), Rio Tinto, CRA and Comalco. He is also involved with disability services and education initiatives. He has a background in finance and general management across diverse and international industries.

The Board considers Peter Day to be an independent Director.

Ronald J S Bell

Non-Executive Director

BA (Strathcylde)

Appointed Non-Executive Director in August 2005.

Chair of the Risk Committee and member of the Audit and Compliance Committee.

Former Directorships: Director of Gallaher Group (2004 - 2007), Director of Northern Foods Ltd (2006 – 2010), Chairman of Premier Foods plc (2010 – 2012), Chairman of Milk Link (2005 – 2013) and Director of Edrington Group (2005 – 2016).

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

The Board considers Ronald Bell to be an independent Director.

Leslie A Desjardins

Non-Executive Director

B. Industrial Admin, Finance (Kettering), MS. Management (MIT)

Appointed Non-Executive Director in November 2015.

Member of the Audit and Compliance Committee, Human Resources Committee, Governance Committee and the M&A Sub-Committee.

Current Directorships: Director and Audit Committee Chair of Terry Fox Cancer Foundation (2018).

Former Directorships: Director of Aptar Group (2012-2015).

Mrs Desjardins is a former international finance executive with experience in business performance and growth. Mrs Desjardins was formerly the Chief Financial Officer of Amcor Limited. Prior to Amcor, she held executive roles at General Motors Corporation, in Canada, the United States and Australia, including Chief Financial Officer GM Holden, Controller for GM North America, and Finance Director for GM's manufacturing facilities in North America. Mrs Desjardins has extensive experience in finance, M&A, strategy, government relations and global operations.

The Board considers Leslie Desjardins to be an independent Director.

William G Reilly

Non-Executive Director

BA (Fairfield), J.D (Seton Hall)

Appointed Non-Executive Director in October 2017.

Member of the Risk Committee.

Mr Reilly has over 35 years' experience as an in-house lawyer. Mr Reilly was appointed as General Counsel of Ansell Healthcare in 2000 when it was a division of Pacific Dunlop Limited, subsequently becoming General Counsel of Ansell Limited in 2002. Mr Reilly has served with three Chief Executive Officers and has played pivotal roles leading many of Ansell's corporate strategic and legal initiatives, including mergers and acquisitions, litigation and the successful intellectual property strategy. He has also overseen the Global Compliance and Risk functions, acted as interim head of Human Resources, leader of the Regulatory function and joint Company Secretary. Prior to joining Ansell, Mr Reilly held senior legal positions at C. R. Bard, Inc., The Hertz Corporation and McKesson Corporation. In 2016, Mr Reilly was named to the Financial Times first ever Global GC 30 List.

As a recently retired executive, William Reilly is not an independent Director.

Christina M Sterckcn

Non-Executive Director

BEcon & MEcon (Univ. of Bonn), EMBA (Duke)

Appointed Non-Executive Director in October 2017.

Member of the Audit & Compliance Committee and the Risk Committee.

Current Directorships: Ascom Holding AG, Landis & Gyr Group AG, Myanmar Foundation (Vice Chairman).

Mrs Stercken was a partner at Euro Asia Consulting PartG (EAC) until the end of 2017. In this function, Mrs Stercken helped customers in Machinery, Automotive, Chemical, Healthcare and Infrastructure industries in strategy, M&A and operational excellence in growth markets. Before joining EAC, Mrs Stercken served as Managing Director Corporate Finance M&A of Siemens AG. Among other management positions within Siemens AG, she was responsible for the Siemens Task Force China and Head of Public Sector Business Unit at Siemens Business Services. Mrs Stercken started her career in Marketing at BMW Pty. Ltd, South Africa. Mrs Stercken brings a broad range of competencies relevant to Ansell's strategies, including mergers and acquisitions, broad industry background and business building in developing markets.

In her function as Vice Chairman of Myanmar Foundation, Munich, Mrs Stercken supports social projects in Myanmar.

The Board considers Christina Stercken to be an independent Director.

Executive Leadership Team

Magnus Nicolin
Managing Director and
Chief Executive Officer
BA, MBA

Neil Salmon
Chief Financial Officer
(Finance and IT)
BA, ACMA

Steve Genzer
President and General
Manager Industrial Global
Business Unit
BSc, MBA

Joe Kubicek
President HGBU
BA, MBA

Francois le Jeune
Senior Vice President
Business Development,
Transformation and
Corporate Marketing
BS, MS, MBA

Debbie Lynch
Chief Human Resources
Officer
BS, MS, PhD

Peter Dobbelsteijn
Senior Vice President
Global Supply Chain and
Ansell Global Guardian
BMkt

Darryl Nazareth
Senior Vice President
Global Operations and R&D
BS, MS, MBA

Mark Nicholls
Senior Vice President
and Chief Commercial
Officer-Americas
BA, LLB (Hons)

Giri Peddinti
Senior Vice President
and Global Chief
Information Officer
BE, MBA

Michael Gilleece
Senior Vice President,
Corporate General Counsel
BA, JD

Rikard Froberg
Chief Commercial Officer
EMEA & APAC Region
MS, MA

Associate Executive Leadership Team

Jocelyn Petersen
Vice President, Global FP&A, Treasury & Investor Relations
BS, CPA

Frederic Guyonneau
SBU Vice President & GM, US HGBU Life Sciences
MA Econ, MBA

Augusto Accorsi
SBU Vice President & GM, US HGBU Exam and SU
MBA

Sean Sweeney
SBU Vice President & GM, US IGBU Mechanical Solution
BA, MT

Angie Phillips
SBU Vice President & GM, US HGBU SHSS
BA, MT

Paul Bryce
SBU Vice President & GM, EMEA IGBU Chemical Solutions

Report by the Directors

This Report by the Directors of Ansell Limited ('the Company') is made for the year ended 30 June 2018. The information set out below is to be read in conjunction with the:

- Operating Financial Review appearing on pages 14 to 21;
- Remuneration Report appearing on pages 39 to 63; and
- Notes 20 and 21 to the financial statements, accompanying this Report.

Directors and Secretary

The names and details of each person who has been a Director of the Company during or since the end of the financial year are:

- Glenn L L Barnes (Chairman)
- Magnus R Nicolin (Managing Director and Chief Executive Officer)
- John A Bevan (Deputy Chairman)
- Ronald J S Bell[1]
- L Dale Crandall[2]
- W Peter Day
- Leslie A Desjardins
- Marissa T Peterson
- William G Reilly[3]
- Christina M Stercken[4]

1. Will retire 18 October 2018.
2. Retired from the Board on 20 October 2017.
3. Appointed to the Board on 20 October 2017.
4. Appointed to the Board on 20 October 2017.

Particulars of the qualifications, experience and special responsibilities of each Director, as at the date of this Report, and of their other directorships, are set out on pages 26 and 27.

Details of meetings of the Company's Directors (including meetings of Board Committees) and each Director's attendance are set out on page 33.

The Company Secretary is Catherine Stribley, B.Com/LLB (Hons), FGIA, and she was appointed as Company Secretary in April 2017. Ms Stribley first joined the Company in 2010, and has held legal positions in both Australia and the United States, including Senior Counsel and Senior Counsel, IP.

Principal Activities

The activities of Ansell Limited and its subsidiaries ('the Group') principally involve the development, manufacturing and sourcing, distribution and sale of gloves and protective personal equipment in the industrial and medical end markets. In FY18, after the divestment of the Sexual Wellness business, Ansell operated in two main business segments, Industrial and Healthcare.

Operating and Financial Review

The Operating and Financial Review for the Group for the financial year is set out on pages 14 to 21, and forms part of this Report.

State of Affairs

During the year the Group continued to progress the strategies that have been identified to accelerate growth and create increased shareholder value. The Operating and Financial Review provides additional information on the Group's growth strategies. Other than set out in the Operating and Financial Review, no significant changes occurred in the state of affairs of the Group during the financial year.

Likely Developments

Likely developments in the operations of the Group are referred to on page 15 of this Report. In the opinion of the Directors, the disclosure of any further information about likely developments in the operations of the Group has not been included in the Report because disclosure of this information would likely result in unreasonable prejudice to the Group.

Significant Events Since Balance Date

The Directors are not aware of any significant matters or circumstances that have arisen since the end of the financial year that have affected or may affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

Performance in Relation to Environmental Regulations

Group entities are subject to environmental regulation in the jurisdictions in which they operate. The Group has risk management programs in place to address the requirements of the various regulations. From time to time, Group entities receive notices from relevant authorities pursuant to local environmental legislation. Ansell works to evaluate each environment issue within a framework of optimal management. On receiving such notices, the Group evaluates potential remediation or other options, associated costs relating to the matters raised and, where appropriate, makes provision for such costs. The Directors are not aware of any material breaches of Australian or international environmental regulations during the year.

The Board monitors compliance with the Group's environmental policies and practices, and believes that any outstanding environmental issues are well understood and are being actively managed. At the date of this Report, any costs associated with remediation or changes to comply with regulations in the jurisdictions in which Group entities operate are not considered material.

Dividends and Share Issue

The final dividend of US23.75 cents per share (unfranked) in respect of the year ended 30 June 2017 was paid to shareholders on 8 September 2017. An interim dividend of US20.50 cents per share (franked) in respect of the half-year ended 31 December 2017 was paid to shareholders on 8 March 2018. A final dividend of US25.00 cents per share (unfranked) in respect of the year ended 30 June 2018 is payable on 13 September 2018 to shareholders registered on 27 August 2018. The financial affect of this dividend has not been brought to account in the financial statements for the year ended 30 June 2018 and will be recognised in subsequent financial reports. On 19 April 2018, the Company issued 1,200 shares; and on 21 May 2018 the Company issued 3,000 shares, each such issue being in respect of the conversion of partly-paid shares to fully paid shares under the Executive Share Plan. On 8 September 2017, the Company issued 99,665 shares under its Dividend Reinvestment Plan. On 8 March 2018, the Company issued 52,488 shares under its Dividend Reinvestment Plan. There are no unissued shares under option at the date of this report.

Interests in the Shares of the Company

The relevant interests of each Director in the share capital of the Company, as at the date of this Report, as notified to ASX Limited pursuant to the Listing Rules and Section 205G of the *Corporations Act 2001*, were:

G L L Barnes	68,116^
J A Bevan	26,017^
R J S Bell	19,847
L D Crandall[1]	22,218
W P Day	29,707^
L A Desjardins	6,711
M R Nicolin	266,239^
M T Peterson	23,647
W G Reilly	40,202
C M Stercken	860

1. Retired from the Board on 20 October 2017.

^ Beneficially held in own name or in the name of a trust, nominee company or private company.

Directors' Meetings

The following table sets out the number of Directors' meetings (including meetings of Board committees) held during the financial year and the number of meetings attended by each Director.

	Board		Audit and Compliance Committee		Risk Committee		Human Resources Committee		Governance Committee	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
G L L Barnes	6	6					4	4	3	2
R J S Bell	6	6	4	4	4	4				
J A Bevan	6	6	4	4			4	4	3	3
L D Crandall[1]	2	2	1	1	2	2				
W P Day	6	6	4	4	4	4				
L Desjardins	6	6	4	4			4	4	3	3
M T Peterson	6	6			4	4	4	4		
W G Reilly[2]	4	4			2	2				
C M Stercken[3]	4	4	2	2	2	2				
M R Nicolin	6	6								

Held – Indicates the number of meetings held while each Director was a member of the Board or Committee.

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

1. Retired from the Board on 20 October 2017.

2. Appointed to the Board on 20 October 2017.

3. Appointed to the Board on 20 October 2017.

The Audit & Compliance Committee, Risk Committee and Human Resources Committee meetings were attended by all Directors in FY18.

In June 2016, the Board resolved to form a sub-committee of the Board to review M&A and divestment opportunities – including related business transformation. This sub-committee is currently led by Mr John Bevan and comprised of Mr Glenn Barnes, Mrs Leslie Desjardins, Mrs Christina Stercken and Mr Magnus Nicolin. The sub-committee met five times during FY18. All M&A Sub-Committee meetings are excluded from the number of meetings noted above.

In May 2017, the Board resolved to form a sub-committee of the Board to make recommendations on share buybacks and the dividend policy. This sub-committee is currently led by Mr Glenn Barnes and comprised of Mr John Bevan and Mr Peter Day. The sub-committee met 3 times during FY18. All Share Buyback Sub-Committee meetings are excluded from the number of meetings noted above.

Indemnity

Upon their appointment to the Board, each Director enters into a Deed of Access, Indemnity and Insurance with the Ansell Group. These Deeds provide for indemnification of the Directors to the maximum extent permitted under law. They do not indemnify for any liability involving a lack of good faith. No Director or officer of the Group has received the benefit of an indemnity from the Group during or since the end of the 2018 fiscal year. Rule 61 of Ansell's Constitution also provides an indemnity in favour of officers (including the Directors and Company Secretary) of the Group against liabilities incurred while acting as such officers to the extent permitted by law. In accordance with the powers set out in the Constitution, the Group maintains a Directors' and Officers' insurance policy. Due to confidentiality obligations and undertakings of the policy, no further details in respect of the premium or the policy can be disclosed.

Material Business Risks

Ansell has established controls and procedures that are focused on safeguarding the Group's assets and the integrity of its reporting. The Group's internal controls cover accounting, financial reporting, safety and sustainability, fraud, delegations of authority and other control points. The risk management framework below summarises the Group's approach to managing risk, including the identification of risk appetite and monitoring of risks to that appetite.

Risk Appetite → **Organisational Alignment** → **Resource and Adherence** → **Communication**

Risk Appetite
- Board and management establish risk appetite, including goals, metrics and measurement methods
- Cascades through the organisation

Organisational Alignment
- Stakeholders and managers to identify major risks
- Risk mitigation process
- Risk appetite updated after feedback

Resource and Adherence
- Adherence to risk appetite
- Supports risk culture to ensure they are within acceptable tolerances

Communication
- Organisational communication of strategies and objectives
- Clear communication of how much risk organisation will accept

Material Risks – Description and Mitigation Actions

Risk	Nature of Risk	Mitigation Actions
Global markets instability	The Group's presence in over 55 countries globally and its growing presence in emerging markets exposes the Company to geopolitical, regulatory and other factors beyond the Group's control. These include changes in tariff barriers, taxation policies globally and policies to implement or vary sanctions by one country on another.	• Continually monitor the Group's exposure to these risks through our local presence. • Geographic diversification provides protection in itself. • Insurance coverage in certain jurisdictions against political violence in certain emerging markets. • Careful monitoring and management of customer credit risk. • Using in-house and external local expertise to advise on matters of country risk.
Systems and technology	As a modern business Ansell relies on Information Technology (IT) platforms. Interruption, compromise to or failure of these platforms could affect Ansell's ability to service its customers effectively. The Company is also exposed to the risk of theft of confidential data, fraud committed through cyber means, and has an obligation to adequately protect the data it holds on employees and all stakeholders in compliance with increasingly complex global data protection regulations.	• Modern ERP systems are in place in the largest regions of North America and EMEA whilst also managing our supply chain. Disaster recovery plans are in place and tested regularly. • These systems are progressively being deployed through the rest of the group. • The Group has an active cyber risk management program, including conducting tests on the vulnerability of key systems and ongoing training to employees on their responsibility for mitigating cyber fraud risk. • Manufacturing materials and processes are subject to continuous review and upgrade to enhance productivity and maintain our competitive position. • The Group has implemented new data protection procedures and obtained external advice to ensure its compliance with European GPDR and other global regulations.

Risk	Nature of Risk	Mitigation Actions
Major incident at a significant manufacturing site or warehouse	The Group has a number of materially sized manufacturing sites and warehouses. These are vital to the business and financial losses from natural disasters, civil or labour unrest, terrorism, major fire or other incidence are possible.	• The Group has business continuity and disaster recovery plans for all major sites. • Insurance coverage including business interruption cover. • The Group monitors its overall exposure to individual sites and seeks to limit its dependence on any one site through dual sourcing strategies. • Regular risk and safety audits are conducted at each of the major sites. • Ongoing safety, fire preparedness and local country economic reviews are conducted. • Duplication of most production lines minimises business interruption risk.
Transformation change management	The Group has announced a series of initiatives designed to improve the performance of the continuing business. With any change of this nature there is a risk of business disruption.	• The Group has a detailed change management plan. • A dedicated project management office has been established reporting to the CEO but with appropriate Board oversight. • Detailed communication plans are under way to ensure affected staff are clear on new roles and responsibilities. • Contingency and risk management plans have been developed.
Foreign exchange risk	Around half of the Group's revenues and costs are in currencies other than the US$. With volatile foreign exchange markets, significant changes can occur in foreign exchange rates and result in a significant impact on US$ earnings.	• The Group's foreign exchange risks and management strategies are detailed in Note 15 to the financial statements.
Product quality	As a manufacturer, quality is paramount to the Group and failures in this area can have a significant negative affect on results and customer relationships.	• Investment in quality assurance and governance practices, including systematic quality assurance testing during and after the manufacturing and procurement process. • Dedicated team of quality and regulatory staff monitor this, led by a quality steering committee that reports to the CEO. • Implementation of quality metrics to monitor and correct defective processes before the product is released to the market.

Risk	Nature of Risk	Mitigation Actions
Loss of a key supplier	Raw materials purchased for manufacturing purposes and finished goods purchased for resale, expose the group to the risk of the failure of a supplier to perform, leaving the Company short of a vital ingredient or product.	• Utilise dual sourcing strategy wherever feasible. • In recent years there has also been a strategy of vertical integration which reduces dependency on third parties. • Increased quality audits and inspections of third party facilities for compliance with Ansell's sustainability standards. • Ansell's supplier arrangements are formalised into supply contracts. Our business partners work with Ansell to provide metrics on waste management and other KPIs. Furthermore, Ansell regularly reviews the liquidity of its suppliers to ensure ongoing solvency.
Changes in competitive environment	Ansell is a leading global manufacturer and branded supplier of hand and body protection, with the number 1 market share position in most of its focus markets and product categories. However, Ansell's ability to achieve adequate profit margins and maintain that profitability in periods of increasing input cost, such as from rising raw materials and energy, depends in part on the actions of competitors and the relative value of competitor products.	• Ansell's focus on innovation and leadership in manufacturing technology aims to maintain Ansell's competitive advantage in product technology while also ensuring products are manufactured cost competitively. • Diversity of products, markets and geographic position limits Ansell's risk to the actions of competitors who mostly have a more narrow market or product focus. • Through its channel partnership strategy Ansell aims to increase its value to distributor partners and build or maintain a leading market share.
Corporate Social Responsibility (CSR)	Reputational risk can occur from poor CSR practices. Failure to maintain a safe working environment or to offer a working environment conducive to the health and well-being of its employees could result in significant cost to the Company and difficulty in attracting and retaining talented employees.	• Cross-functional Management CSR Steering committee in place for governance led by the Chief HR Officer (CHRO) with updates to the CEO and full Executive team. • Enforcement of supplier self-assessments through Sedex for transparency and baseline on Human Rights, Environment and Governance. • Continued strong focus on Ansell's Code of Conduct, Values and Leadership Competencies. • New Long-term goals established (see CSR/Sustainability pages 22 to 23). • Increased emphasis on CSR/Sustainability at the Board level with the Risk Committee now also overseeing CSR and having being renamed the CSR & Risk Committee for FY19.

Auditor Independence

Lead Auditor's Independence Declaration under Section 307C of the *Corporations Act 2001*

To the Directors of Ansell Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Ansell Limited for the financial year ended 30 June 2018 there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Suzanne Bell
Partner

Melbourne
20 August 2018

Report by the Directors continued

Non-audit Services

During the year, the Group's auditor, KPMG, was paid the following amounts in relation to non-audit services provided by KPMG:

Advisory services	$172,851
Taxation and other services	$9,010
Other audit and assurance services	$28,000

The Directors are satisfied that the provision of such non-audit services is compatible with the general standards of independence for auditors, and do not compromise the auditor independence requirements of the *Corporations Act 2001* in view of both the amount and the nature of the services provided. All non-audit services were subject to the corporate governance procedures adopted by the Group and have been reviewed by the Audit and Compliance Committee to ensure they do not impact the integrity and objectivity of the Auditor.

Rounding

The Group is a company of the kind referred to in Australian Securities and Investments Commission Instrument 2016/191 dated 31 March 2016 and, in accordance with that Instrument, unless otherwise shown, amounts in this Report and the accompanying financial statements have been rounded off to the nearest one hundred thousand dollars.

This Report is made in accordance with a resolution of the Board of Directors made pursuant to Section 298(2) of the *Corporations Act 2001* and is signed for and on behalf of the Directors.

G L L Barnes
Director

M R Nicolin
Director

Dated in Melbourne this 20th day of August 2018

Remuneration Report

Contents

Chairman's Letter

Dear Shareholders,

On behalf of the Board of Directors, we are pleased to present Ansell's Remuneration Report for the financial year ended 30 June 2018.

The remuneration of Ansell's Key Management Personnel (KMP) for FY18 is detailed on the following pages.

Key Points in the FY18 Remuneration Report

- We continue to evolve the report to improve clarity and presentation of key information while increasing transparency of the data shared to meet shareholder expectations;
- As a result of the Transformation Program, we reviewed our management KMPs and reduced these from 8 to 4 since several roles no longer met the definition of KMP. This change was a result of structural changes in the Company and the divesture of the Sexual Wellness business announced at the end of FY17;
- The targets set for the FY18 Short Term Incentive (STI) plan were for the continuing operation with performance measured against those targets on a comparable basis without any impact from the divestment of the Sexual Wellness business or results under discontinued operations;
- As communicated in last year's remuneration report, the targets for the Long Term Incentive (LTI) plan vesting in FY18 were adjusted to reflect the divestment of Sexual Wellness. The intent being to neutralise the impact of the one-off divestment and require operating performance consistent with the original business portfolio targets, so as to permit an appropriate achievement opportunity for incentive outcomes. Performance against the FY16 LTI plan has has now been assessed against those adjusted targets announced a year ago;
- The remuneration policy was operated in line with the previous year and there are no planned changes for FY19 but there will be design changes for FY20 which will be discussed in the upcoming months.

Summary of Performance and Link to Incentive Outcomes

- Overall, the Board was pleased with management's accomplishments in delivering improved sales and earnings growth for continuing operations while also executing very well on the significant structural changes in the Group associated with the sale of Sexual Wellness and the Transformation Program. The STI award for FY18 varied between 27% to 32% of maximum for the respective KMPs. This reflected a good sales result but awards were lower against the EBIT based targets, which were impacted by higher raw material costs in the early part of the year, amongst other things.
- The LTI plan has demanding performance targets and no payments were made for the plan vesting in FY17 as these targets were not met. In FY18 the strong EPS performance achieved (even after excluding the items noted below), ensured the minimum performance condition for the FY16 plan vesting this year was exceeded, however the payout earned remained below the midpoint of this plan.

Exercise of Board Discretion in Arriving At Incentive Outcomes

The financial results for FY18 are complex and reflect the impact of the sale of the Sexual Wellness business and the actions taken to reposition the continuing business for long-term success. If results as reported had been used in determining incentive outcomes, maximum incentive awards under the LTI scheme would have accrued to management. However, the Board felt that this created a disproportionate benefit to management. As a result, a series of adjustments have been applied in determining incentive outcomes which have the effect of substantially lowering realised remuneration and linking outcomes more closely to operational achievements versus the one time impact of transformation actions. These adjustments follow the principles articulated last year as we announced the adjusted targets for LTI plans affected by the Sexual Wellness divestment.

In summary excluded items fall into three categories:

1. Excluding the impact of the divestment (including the gain on sale), disposal costs and a portion of costs incurred under the Transformation Program necessary to reposition the continuing business with an appropriately sized overhead structure;
2. The net gain from the two major non cash accounting items disclosed in arriving at adjusted EPS; and
3. Excluding the demolition and site clearance costs of a legacy site dating back to Pacific Dunlop times and with no connection to the current Ansell business.

Results after these exclusions were then compared against the adjusted performance targets for ongoing incentive plans.

Consistent with its practice in prior years, the Board has continued to apply principles established around measuring outcomes on a constant currency basis and the treatment of restructuring costs, as shown in Section 4 of the Remuneration Report.

The Board also reviewed several other favourable and unfavourable items, which impacted reported results, and determined – in accordance with the principles used to decide on incentive treatment, consistently applied now over many years – that no further adjustments should be made. These items include the benefit to taxation expense of the US legal entity restructuring, a benefit which arose only as a result of management action and which also created value for shareholders. The Board of Directors has reviewed in detail the results reported in FY18 and the material items contributing to those results. It has exercised its discretion in a number of areas, as explained in detail in this report, the overall effect of which has been to substantially reduce incentives accruing to management. In the Board's view the adjustments are necessary to ensure incentive outcomes are aligned to the operational contribution of management to results achieved and are consistent with the principles announced last year immediately following the divestment of Sexual Wellness.

Finally, it is important to highlight that Ansell is an Australian-listed organisation that is highly global in its structure and operations and its executive remuneration framework must take this into account. Ansell's Executive KMP are all based outside of Australia and their remuneration agreements reflect the international market conditions in which we recruit and retain our senior leadership. Attracting, motivating and retaining a talented global workforce requires our remuneration practices to be globally competitive, regionally appropriate and flexible.

We hope that you find this year's remuneration report informative and we encourage you to open a dialogue with us where you require further clarification on information in the report.

On behalf of the Directors, we look forward to welcoming you to the 2018 AGM.

Marissa Peterson
Chairman of the HR Committee
Ansell Limited

Remuneration Report (audited) continued

Section 1 – At a Glance

FY18 Performance

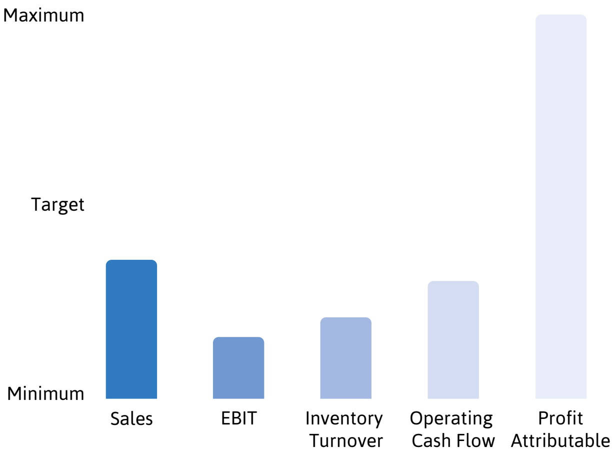
This section is intended to provide a high level visual summary of the Remuneration Outcomes for FY18 for Realised Pay[4]. Further detail is provided on each of these in the ensuing sections of the Remuneration Report.

Key Strategic Highlights – Continuing Operations

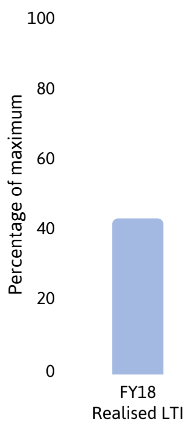
- Successful completion of the divestiture of the Sexual Wellness business.
- Transformation Program progressing well with savings in line with the target or better.
- Solid organic growth in Sales revenue.
- EBIT up 5% at constant currency overcoming higher raw material pricing in H1.
- ROE was above the 1.5 x WACC gateway (FY16 grant).
- Cash flow was again strong but inventory turn metrics were at the lower end of expectations.

Sales[1]	$1,489.8
EBIT[1]	$193.1
EPS[2]	$102.0
Profit Attributable to Shareholders	$146.7
Share price[3]	A$27.19
DPS	US45.5¢
ROCE	12.9%
Return on Average Equity	12.4%

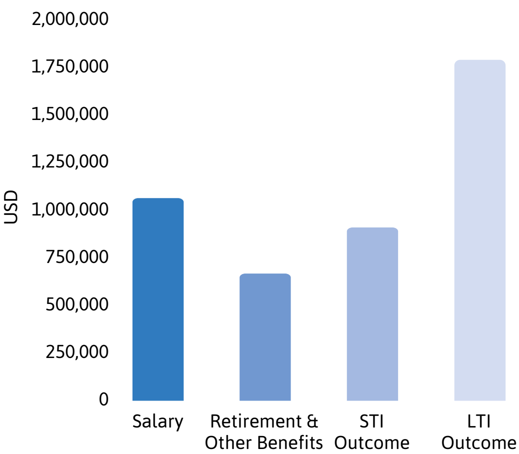
STI Performance (Realised)



LTI Performance (Realised)

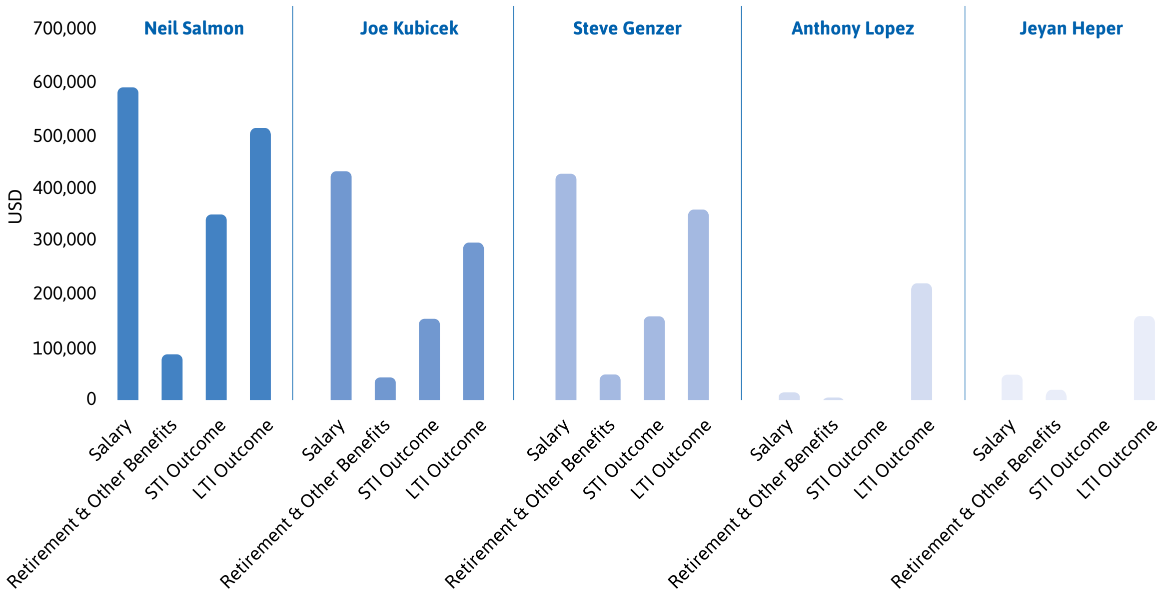


CEO Realised Pay

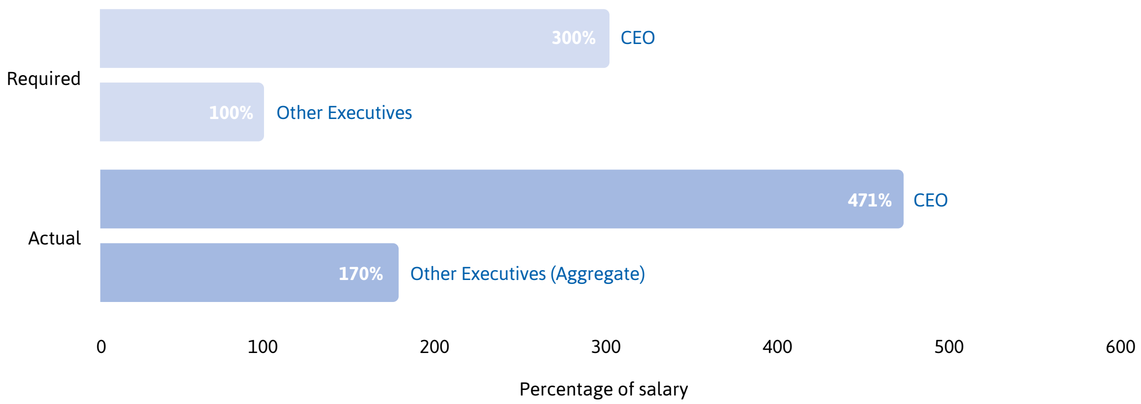


1. Continuing Operations excluding Transformation costs and change in accounting estimate.
2. Continuing Operations excluding Transformation costs, change in accounting estimate and impact of US tax reform on deferred tax balances.
3. Represents share price at 29 June 2018.
4. Realised Pay is a non-IFRS measure and is defined in Section 9 – Glossary.

Other Executives Realised Pay



CEO & Other Executives Shareholding Requirements (expressed as a percentage of base pay)



Shareholding requirements are higher than market norm and Executives hold more than required, which aligns executive and shareholder interest.

Section 2 – Remuneration Governance

Introduction

The directors of Ansell Limited (Ansell) and its subsidiaries (the 'Group') present the Remuneration Report. This report has been prepared in accordance with Section 300A of the Corporations Act for the financial year ending 30 June 2018. This Report, which has been audited by KPMG, forms part of the Report of the Directors.

The Report outlines the remuneration arrangements in place for the Non-Executive Directors and Executive KMP of Ansell, being those executives who have authority and responsibility for planning, directing and controlling the activities of the Group. In this Report, 'Executives' refers to members of the Group Executive team identified as KMP.

KMPs Comprising the Board of Directors and Executives

The following table details Ansell's KMP during FY18:

Non-Executive Directors	Location of Board Member	Role
Glenn L L Barnes	Australia	Chairman, Independent Non-Executive Director
John A Bevan	Australia	Deputy Chairman, Independent Non-Executive Director
Ronald J S Bell[1]	United Kingdom	Independent Non-Executive Director
L D Crandall[2]	United States	Independent Non-Executive Director
W Peter Day	Australia	Independent Non-Executive Director
Leslie A Desjardins	United States	Independent Non-Executive Director
Marissa T Peterson	United States	Independent Non-Executive Director
William G Reilly[3]	United States	Non-Independent Non-Executive Director
Christina M Stercken[4]	Germany	Independent Non-Executive Director

Executive Director	Location of Executive	Role
Magnus R Nicolin	Belgium	Managing Director (MD) and Chief Executive Officer (CEO)

Other Executives	Location of Other Executives	Role
Neil Salmon	Belgium	Chief Financial Officer (CFO) (Finance and IT)
Steve Genzer	United States	President and General Manager Industrial (IGBU)
Joe Kubicek	United States	President and General Manager Healthcare (HGBU)
Anthony Lopez[5]	United States	President and General Manager Medical GBU
Jeyan Heper[6]	Belgium	President and General Manager Sexual Wellness GBU

1. Will retire on 18 October 2018.
2. Retired on 20 October 2017.
3. Appointed as NED on 20 October 2017.
4. Appointed as NED on 20 October 2017.
5. Ceased to be a KMP on 15 July 2017.
6. Left the Company on 31 August 2017.

In the beginning of FY18, as a result of the sale of the Sexual Wellness business, Ansell transformed the organisation to focus on two Global Business Units (GBU) comprising of Industrial and Healthcare. The Board resolved that following the organisational Transformation only the CEO, CFO and the heads of the 2 GBUs satisfied the definition of a KMP.

Section 3 – Remuneration Policy

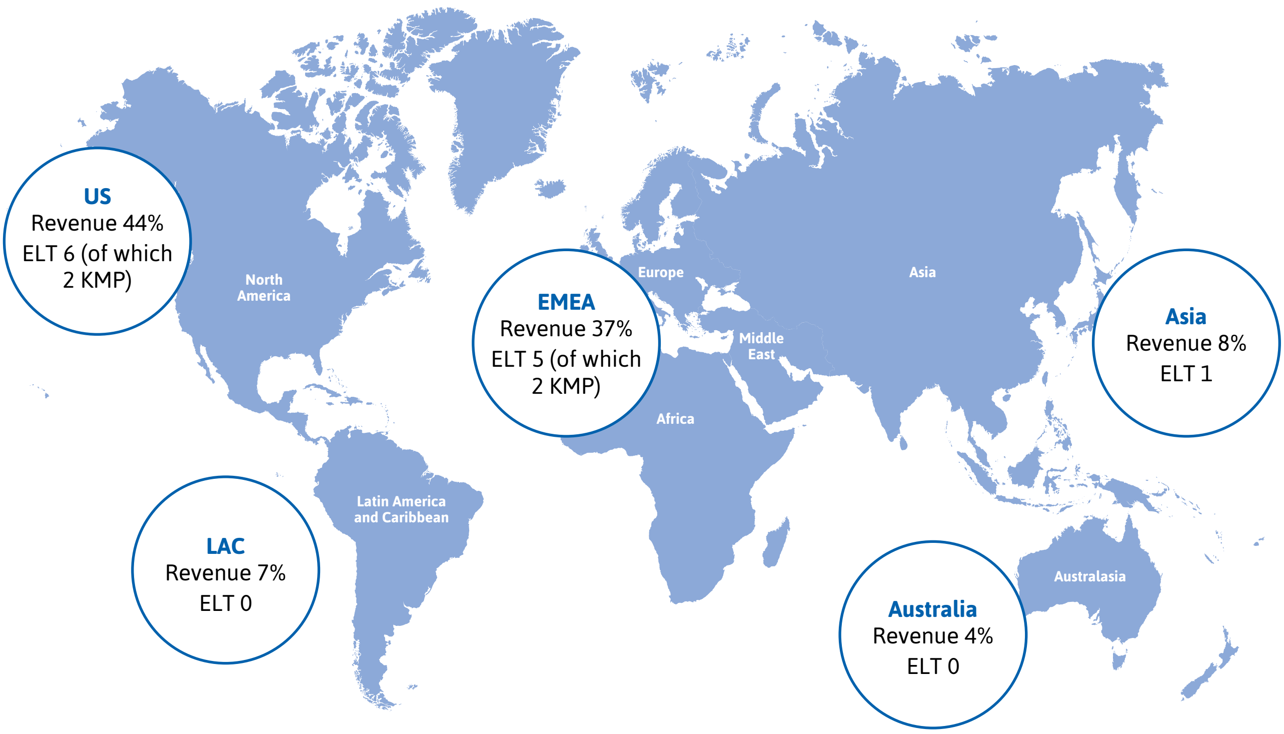
Philosophy and Strategy

Our remuneration philosophy links the achievement of our strategic objectives and corporate plans with appropriate and measured rewards for our Executives.

Our governing principles are summarised below:

- **Ensure competitiveness in base salary and total package**
- **Support a performance culture**
- **Reflect the markets and locations we recruit from**
- **Balance of short and long-term performance**
- **Link rewards to business results and strategy**

Even though Ansell is listed on the Australian Stock Exchange, it has offices in approximately 55 worldwide locations, with the core Executive Leadership Team (ELT) based in Belgium, Malaysia and the United States.



Remuneration Report (audited) continued

Remuneration Framework Components

Our executive remuneration framework which was used for FY18 consists of the following components:

Component	Operation and Performance Measure	Strategic Objective/ Performance Link
Fixed Annual Remuneration (FAR) Base salary plus retirement provisions plus benefits. Pay Mix FAR: 32% – 39%	Takes into account: • Responsibilities, qualifications, experience; and • Performance, location and market rate for a comparable role.	• Attract, retain and engage talented executives. • Consider, but not constrained to, relevant benchmarks. • Increases are linked to individual performance, the organisation he/ she leads & indirectly the overall business.
+		
STI Cash plus Deferral into equity for part of the award above the target. Pay Mix STI: 21% – 25%	• Combination of financial and non-financial performance metrics. • Performance weighted more towards financial KPIs (not less than 80% of the award).	• Aligned with the Group's short-term objectives. • Clear line of sight for participants. • Deferral of part of the award encourages longer-term sustainable performance.
+		
LTI Rights to receive fully paid ordinary shares subject to performance. Pay Mix LTI: 39% – 43%	• Three-year performance and vesting period. • Combination of key financial and shareholder value measures.	• Reflects key priorities of the business at the time. • Relevant indicator of shareholder value creation. • Suitable line of sight for participants to encourage and motivate executive performance.
=		
Total Remuneration	• Attract, retain and motivate highly capable executives. • Reinforce short and long-term objectives. • Alignment with shareholders. • Deliver sustainable growth.	

Section 4 – How the Policy was Operated for FY18 – What did the Executives take home in FY18?

This section uses non-IFRS financial information to detail realised pay earned by the CEO and Other Executives during FY18 together with prior year comparatives. This is a voluntary disclosure and is supplemental information to the statutory remuneration disclosure contained in Section 5 of this Remuneration Report. Realised Pay includes Base Salary, Retirement and other benefits paid/payable in relation to FY18. It also includes the full value of incentive payments earned in relation to the FY18 performance period. This differs from the statutory amount as it excludes accruals and estimations and is thus a closer measure of 'take home pay' received in respect of the current year.

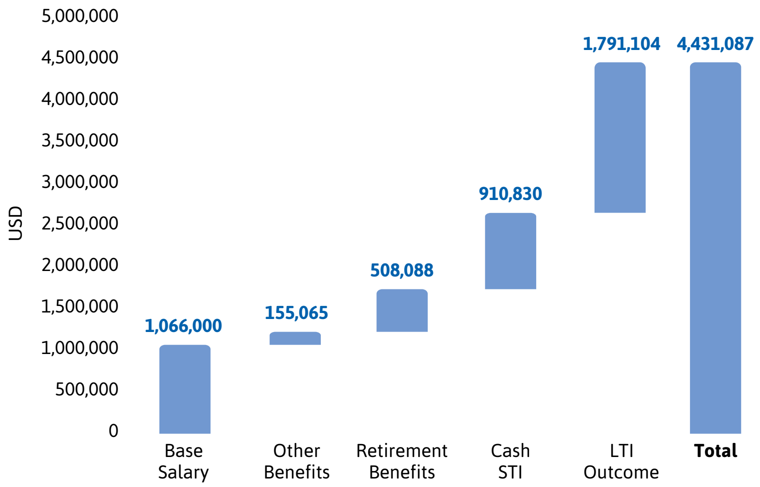
Our reporting currency is US$ and the CEO and a number of members of the KMP are paid in US$. For other executives the reported numbers in the statutory and realised pay tables are subject to translation differences from year to year.

Realised Pay Summary

					2018 STI[4]		LTI[5]		
US$ Name	Year	Base Salary[1]	Retirement Benefits[2]	Other[3]	Cash	Restricted Shares	Cash	Equity	2018 Total Earnings
Executive Director									
Magnus R Nicolin	**2018**	**1,066,000**	**508,088**	**155,065**	**910,830**	**–**	**–**	**1,791,104**	**4,431,087**
	2017	1,059,500	312,171	152,627	1,199,251	400,749	–	–	3,124,298
Other Executives									
Neil Salmon	**2018**	**585,450**	**54,460**	**29,609**	**346,114**	**–**	**195,888**	**312,710**	**1,524,231**
	2017	497,277	48,597	149,191	373,188	111,210	–	–	1,179,463
Steve Genzer	**2018**	**424,064**	**48,383**	**–**	**157,296**	**–**	**172,398**	**183,473**	**985,614**
	2017	414,732	44,115	2,000	207,366	13,064	–	–	681,277
Joe Kubicek	**2018**	**426,842**	**42,501**	**–**	**152,782**	**–**	**144,160**	**153,427**	**919,712**
	2017	391,000	37,645	21,113	195,500	8,407	–	–	653,665
Anthony Lopez[6]	**2018**	**15,259**	**2,045**	**114**	**–**	**–**	**106,967**	**113,842**	**238,227**
	2017	378,420	42,712	765,712	189,210	4,352	–	–	1,380,406
Jeyan Heper[7]	**2018**	**46,954**	**5,192**	**12,925**	**–**	**–**	**79,213**	**78,069**	**222,353**
	2017	293,222	28,444	52,256	148,467	15,292	–	–	537,681

1. Base salary includes the salary earned by the individual in FY18. The increases in Base salary for Executives are based on external benchmarking of similar positions in the jurisdictions in which the executives are based. As a result, the CEO did not receive any pay increase in FY18, whilst the Other Executives' pay increases ranged from 3% to 10%. The year over year increase for Mr Nicolin reflects the timing of his FY17 pay increase.
2. Retirement Benefits includes all the retirement benefits earned by the individual in FY18. Mr Nicolin's Retirement Benefits are based on his base salary plus prior year STI achievement and will vary from year to year.
3. Other includes the cost to the Company of cash benefits such as motor vehicle, executive expatriation and relocation expenses, executive insurance and other amounts.
4. 2018 STI represents amounts payable under the 2018 STI plan.
5. LTI relates to the FY16 grant, which was approved by the HR Committee on 14 August 2018. The FY16 award was determined to be 42.4% of the Maximum award. The equity figure represents the US$ value of the number of PSRs that have vested multiplied by the closing share price of Ansell Limited on the ASX on 14 August 2018 ($A27.86). This was the date on which the HRC approved the vesting of the shares. The translation to US$ used an FX rate of A$1:US$0.724.
6. Ceased to be a KMP on 15 July 2017.
7. Ceased to be a KMP on 31 August 2017.

Breakdown of CEO Realised Pay



Remuneration Framework Details

Element of pay

How the policy was operated for FY18

No material changes were made to the policy in FY18.

Base salary

Normally review base salaries annually.

For FY18 the HRC considered a number of reference points including internal relativities, changes in scope of responsibilities, local market inflation and the wider macro-economic environment.

External market data was sourced during the year but was used with caution.

The base salaries for the Executive KMPs, as a result of the increases, effective 1 October 2017 were:

Executive	Base Salary	Increase
Magnus R Nicolin	$1,066,000	0%
Neil Salmon	€502,700	10%
Steve Genzer	$427,174	3%
Joe Kubicek	$430,100	10%

Magnus Nicolin and Neil Salmon are based in Belgium; Steve Genzer and Joe Kubicek are based in the United States. Joe Kubicek and Neil Salmon both expanded their roles with increased accountability which is reflected in their base salary increase. In addition to Finance, Mr Salmon added Global Information Technology and Portfolio management. Mr Kubicek runs the new Healthcare GBU which combined the Single Use GBU and Medical GBU into one business.

The increase is based on a percentage of base pay not a percentage of fixed annual remuneration (FAR).

FY19 – No expected plan changes in FY19.

Retirement provisions

Includes contributions to US benefit or non-qualified pension plans and Belgian pension fund (as applicable).

Magnus Nicolin's retirement benefit is based on his base salary plus prior year STI achievement which varies year to year.

FY19 – No expected plan changes in FY19.

Other benefits

May vary between Executives, depending on their local market and their particular circumstances.

May include benefits such as motor vehicle, executive expatriation/ repatriation and relocation allowances, executive insurance, expat tax equalisation payments and other amounts.

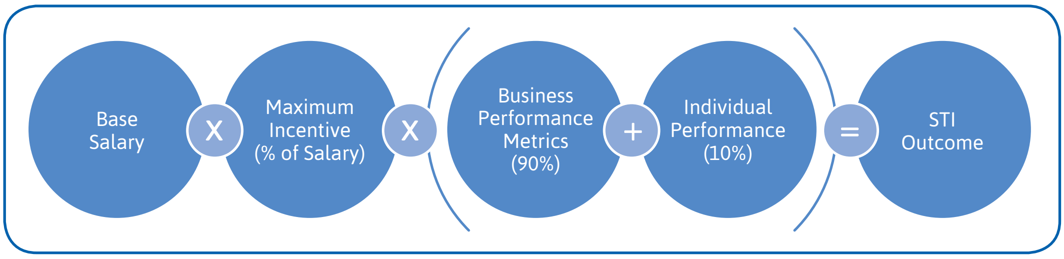
Reflect the Company's overall policy on international mobility.

FY19 – No expected plan changes in FY19.

STI – awards granted during the year

Executives may participate.

Annual award payable part in cash and part in restricted shares. The deferral of equity only relates to those awards earned for above mid-point performance.



Opportunity

Executive	Minimum STI (% of base salary)	Maximum STI (% of base salary)
CEO	0%	225%
CFO	0%	150%
Other Executives	0%	130%

Methodology

Ansell Sales and EBIT target setting process methodically factors the following aspects:

(a) Current year fiscal performance as a baseline subject to limited adjustments (e.g. normalisation of material items and projected FX rates).

(b) Targets are established for Sales and EBIT growth.

- Sales targets at 1.5X GDP growth in markets weighted for Ansell Industrial & Healthcare.
- EBIT growth assumes costs increase below the rate of sales growth to leverage a higher EBIT growth target.

(c) Incremental growth returns on committed significant investments are also added to targeted Sales and EBIT growth.

Performance measures

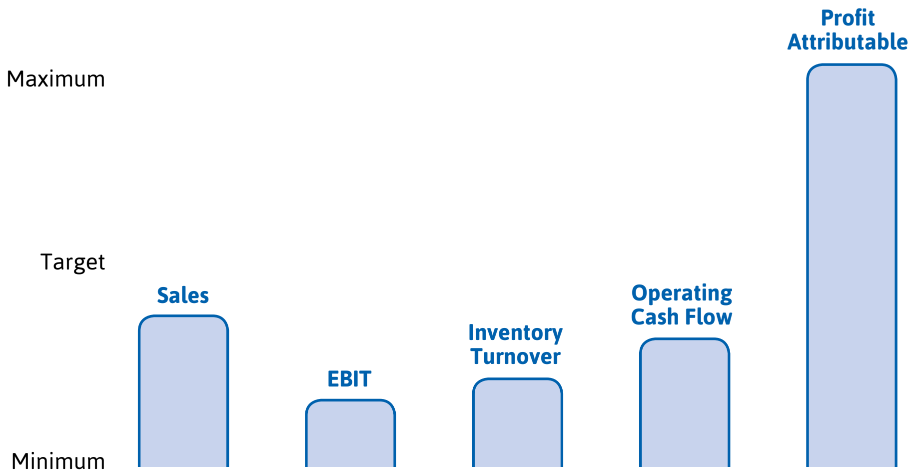
Requires the achievement of pre-set performance targets directly linked to Ansell's business strategy:

	Performance measures						
Executive	Sales	EBIT	Inventory Turns	Operating Cash Flow After Capex Pre Tax	Profit Attributable	Individual Objectives	Total
CEO	35%	35%	–	10%	10%	10%	100%
CFO	35%	35%	–	10%	10%	10%	100%
Other Executives	35%	35%	20%	–	–	10%	100%

STI Outcomes FY18

STI Achievement against the 5 metrics used in different KMP STI plans can be summarised as follows:

- Improving rates of organic constant currency sales growth were slightly below target levels of performance against this metric.
- EBIT growth was also positive, but the lower achievement versus sales reflected the impact of higher raw material costs seen particularly in the earlier part of the year.
- Inventory turns showed good improvement towards the end of the year, but that was insufficient to deliver a significant improvement in the full year average turns metric used for STI purposes.
- A further year of strong operating cash flow delivery was held back only by higher working capital levels at year end.
- Profit attributable achieved maximum STI achievement on EBIT growth and the impact of the US legal entity restructuring and associated tax benefits.



Outcomes continued

Executive	Performance against individual objectives
Magnus R Nicolin	Led the maintenance of business momentum through a period of major change. Contributed to increased focus on ROCE across the business, supply chain improvements and succession planning.
Neil Salmon	Drove completion of the Sexual Wellness divestiture, securing the Transformation Program returns and helped secure an increased level of performance across the board.
Steve Genzer	Led the IGBU to very strong growth worldwide ensuring continued delivery of new innovative products, success with key distribution partners and further penetration of emerging markets.
Joe Kubicek	Delivered for HGBU a very strong year in the Life Science and Exam products and is now focused on bringing the Surgical business back to solid growth.

For the FY18 STI the Board approved the following payments to the Executives:

Executive	Financial	Individual	Total STI payable	Cash payable	Restricted shares[1]
Magnus Nicolin	754,927	155,903	910,830	910,830	–
Neil Salmon	283,143	62,971	346,114	346,114	–
Steve Genzer	123,976	33,320	157,296	157,296	–
Joe Kubicek	124,825	27,957	152,782	152,782	–

1. Any realised STI above target is paid in restricted shares. For FY18, no restricted shares have been granted for the STI.

FY19 – No changes to STI plan.

LTI Awards vesting in FY18

Exercise of Board discretion in arriving at incentive outcomes

The financial results for FY18 are complex and reflect the impact of the sale of the Sexual Wellness business and the actions taken to reposition the continuing business for long-term success. If results as reported had been used in determining incentive outcomes, maximum incentive awards under the LTI scheme would have accrued to management. However, the Board felt that this created a disproportionate benefit to management. A series of adjustments have been applied in determining incentive outcomes which have the effect of substantially lowering realised remuneration and linking outcomes more closely to operational achievements versus the one time impact of transformation actions. These adjustments follow the principles articulated last year as we announced the adjusted targets for LTI plans affected by the Sexual Wellness divestment.

FY16–18 Plan performance

The FY16-18 LTI plan (and beyond) was adjusted to factor in the divestiture of the Sexual Wellness (SW) business. As we announced in the FY17 Remuneration report, the EPS Growth of the continuing business in FY18 versus FY17 would be measured against 'to-go' EPS growth targets adjusted to require equivalent performance to the original LTI targets for the period post divestment of Sexual Wellness.

	Threshold	Target	Stretch	Actual result	Vesting % of maximum
Original EPS Growth CAGR	7%	8%	12%	–	–
Adjusted 'To Go' Targets (cents)*	24.7	28.8	46.0	27.5	42.4%

* Adjustment takes account of achieved growth to end FY17 for total portfolio and projected growth in FY18 for SW to derive required 'to go' growth for continuing operations in FY18.

Current year EPS for the purposes of LTI Award

The Board assessed the FY18 adjusted EPS relevant for incentive purposes as 109.7 with a reconciliation to Statutory EPS shown below:

Statutory EPS	**336.8**
1) Exclude SW, including results in Discontinued Operations, and disposal costs.	(221.6)
2a) Tax – revaluation of deferred tax assets and liabilities from US tax reform	(13.0)
2b) Change in Accounting estimate – development costs	5.5
3) Demolition and site clearance costs of legacy Pacific Dunlop site in Louisiana, US	2.0
Current year EPS for the purposes of LTI Award	**109.7**

A reconciliation from the EPS for LTI award purposes to the Adjusted EPS (as per Page 4) is shown below:

Reconciliation of EPS for LTI award to Adjusted EPS

EPS for LTI purposes (above)	109.7
FY18 Manufacturing and Supply Chain Transformation costs	3.5
Tax benefit from US legal entity restructure included in discontinued operations	(9.2)
Demolition and site clearance costs of legacy Pacific Dunlop site in Louisiana, US	(2.0)
Adjusted EPS	102.0

The primary adjustments were:

1. To exclude the one-time impact of the Sexual Wellness business divestment, encompassing the gain on sale, disposal costs, and the portion of costs arising from the Transformation Program directly associated with restructuring company overhead aligned to support the new ongoing GBUs and eliminating stranded cost remaining behind after the Sexual Wellness business divestment;
2. To exclude the net gain arising on the two non-cash accounting items disclosed separately in this report; and
3. To exclude the demolition and site clearance costs associated with a legacy site dating back to Pacific Dunlop times and with no connection to the current Ansell business.

The Board elected to retain within results for incentive purposes a number of other items. The Board considered, but elected to make no adjustment for the benefit to interest expense of the cash arising from the divestment. It recognised that while it was appropriate to exclude the gain on sale as a disproportionate benefit to management, appropriate stewardship of the cash arising is a responsibility of management and the successful receipt of disposal proceeds was only possible through successful execution of a complex divestment transaction. The Board also elected to retain the benefit of the US legal entity restructuring that gave rise to a reduction in capital gains earned on the Sexual Wellness divestment and allowed the carry back to offset prior capital gains taxes previously recorded in ordinary continuing earnings. It recognised that this benefit was of value to shareholders, only came about through management action, and would have accrued to the Company whether or not the Sexual Wellness business had been sold. A number of other favourable and unfavourable items were assessed, with a decision made to make no adjustment in accordance with the principles the Board has established and consistently applied to assess whether such items should be included or excluded from results for incentive purposes.

LTI Performance Measures

Calculating EPS Growth for Continuing Operations

Having determined the appropriate adjusted EPS for incentive purposes, the principles of constant currency adjustment were then applied to the calculation of achieved EPS Growth. Consistent with the application of the principles in prior years other LTI adjustments as described below were made.

Earnings per share

Prior year reported – continuing operations	81.0¢	
Prior year EPS at Constant Currency (CC)	88.5¢	a)
Current year EPS	109.7¢	b)
Prior year EPS at CC plus Prior year LTI adjustments	86.2¢	e=(a+c)
Current year EPS plus Current year LTI adjustments	113.7¢	f=(b+d)
Achieved EPS Growth for LTI measurement	27.5	= (f-e)

LTI adjustments

	FY17	FY18
Restructuring FY15 – Note 1	(3.0)	**(2.9)**
Restructuring FY18 – Note 2	-	**3.5**
Other – Note 3	(1.6)	**-**
Deduct net FX Gain/(loss) reported in EPS – Note 4	0.7	**3.3**
Exclude portfolio review costs – Note 5	1.6	**-**
EPS impact total adjustments	(2.3)c)	**3.9 d)**

Notes on LTI adjustments

1. Represents amortising the FY15 restructuring cost that was excluded from the year incurred then deducted from LTI achievement over the next years beginning FY16.
2. Excludes the post-tax cost in FY18 of the manufacturing and Global Supply Chain Transformation Program announced in July 2017. These costs will be amortised for LTI purposes over the next three years beginning in FY18.
3. Other includes in FY18 the final year of the agreed amortisation of the post-tax cost of the cash related elements of the FY14 restructuring program. With these costs fully amortised by end of FY17, there is no impact on FY18.
4. Consistent with the policy to measure performance for incentive plans on a constant currency basis, P&L gains or losses arising from FX movements are also excluded from reported EPS.
5. Excludes the costs of the FY17 portfolio review to be consistent with exclusion of the gain on sale on divestment of the Sexual Wellness business as disclosed in the FY18 remuneration report.

LTI Outcomes for KMP

The outcome for each executive is shown in the table below:

Name	Date Award Granted	Maximum Cash Opportunity (US$)	Maximum Value of PSRs Granted (US$)	Cash Award vested (US$)	Number of PSRs vested (Shares)	Amount of Cash Forfeited (US$)	Number of PSRs Forfeited (Shares)
Executive Director							
Magnus R Nicolin	13/8/2015	–	3,005,652	–	88,719	–	120,525
Other Executives							
Neil Salmon	13/8/2015	462,000	524,758	195,888	15,490	266,112	21,042
Steve Genzer	13/8/2015	406,600	307,885	172,398	9,088	234,202	12,346
Joe Kubicek	13/8/2015	340,000	257,466	144,160	7,600	195,840	10,324
Tony Lopez	13/8/2015	371,000	280,938	106,967	5,639	264,033	13,919
Jeyan Heper	13/8/2015	268,425	188,230	79,213	3,867	189,212	9,237

LTI Design

FY19 – There will not be any change in FY19. We anticipate several changes in FY20 and will be communicating more details during the second half of the 2019 fiscal year.

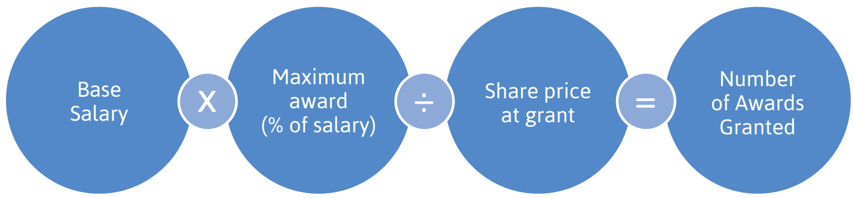
LTI – awards granted during the year

Annual awards granted which will vest after three years subject to the achievement of the performance conditions and continued service.

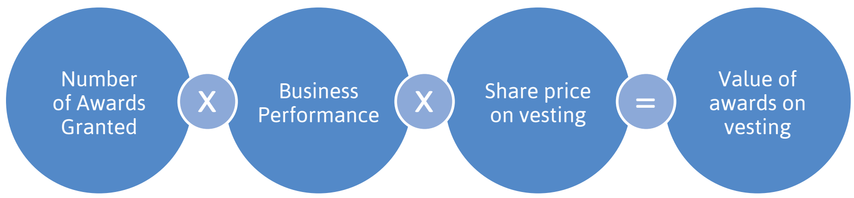
LTI awards are entirely in the form of Performance Share Rights ('PSRs').

Executives are eligible to participate in the LTI plan.

How awards will vest:



How awards will vest:



Opportunity

For FY18 the LTI awards were as follows:

Executive	Minimum LTI (% of base salary)	Maximum LTI (% of base salary)
CEO	0%	360%
CFO	0%	300%
Other Executives	0%	200%

Performance measures

Performance measures for FY18 awards

Performance measure and weighting	Weighting	Minimum Hurdle (0% vesting)	Maximum Hurdle (100% vesting)
EPS Growth (also subject to ROCE gateway in year 3)	33.3%	12.5% growth by year 3 (4% Compound Annual Growth Rate – CAGR)	33.1% growth by year 3 (10% CAGR)
Organic Revenue Growth	33.3%	6.1% growth by year 3 (2% Compound Annual Growth Rate – CAGR)	15.8% growth by year 3 (5% CAGR)
ROCE	33.4%	14% in year 3	15.5% in year 3

The LTI metrics reflect the business strategy of maximising sustainable growth organically and through acquisitions aligned with leadership as a safety company. Growth will be measured against FY17 continuing operations at constant currency.

Other policy issues	
Board discretion	(a) HRC policy covers individual material items including restructuring charges, acquisitions, divestments, equity capital issuance and repurchase. Discretion may be exercised when events or accounting rules create a favourable or unfavourable effect on earnings for a single year that may cause a misalignment between incentive outcomes and shareholder value creation. (b) As described on pages 50 and 51, the Board exercised its discretion to exclude a number of items from statutory reported results for the purpose of determining incentive outcomes, the overall effect of which was to substantially reduce incentive payments.
Change of control	On a change of control, the Board has discretion to vest some or all of the LTI awards but, unless it uses its discretion, awards will vest as if the applicable performance condition has met the mid-point level of performance (and without time pro-rating). In exercising this discretion, the Board will consider all relevant circumstances, including performance against the various measures and conditions for the part period up to the change of control event and the portion of the performance period which has expired. Any restricted shares under the STI will be converted to ordinary shares, unless the Board determines otherwise.
Recovery and withholding	The recovering and withholding provisions are consistent across both STI and LTI. The Board can clawback incentives to cover the following events: a. Material misstatement of the financial statements b. Misconduct c. Error in calculation of the performance condition d. Serious reputational damage to the Group
Leaver treatment	(a) If an Executive ceases his or her employment with Ansell at any time prior to the end of the performance period, the Executive shall not be entitled to any STI payment. However, the HRC may, in its sole discretion, pay a pro-rated award in certain circumstances, such as death, disablement, retirement, or other approved situations. (b) If an Executive ceases his or her employment with Ansell at any time prior to the end of the vesting period, the Executive shall not be entitled to any LTI award. However, the Board may, in its sole discretion, pay a pro-rated award in certain circumstances, such as death, disability, retirement or any other reason approved by the Board.

Section 5 – Statutory Information

Executive Service Agreements

Chief Executive Officer

Magnus Nicolin was recruited as a US based executive and his contract reflects this. He has subsequently relocated to Belgium and there has been no substantial change to the terms and conditions of his contract. He is engaged by the Group under an agreement which:

- does not specify a fixed term of engagement;
- provides that the Group may terminate the CEO's engagement upon giving 12 months' notice or payment in lieu and may terminate immediately in the case of willful misconduct;
- provides that in certain circumstances, such as a material diminution of responsibility or the CEO ceasing to be the most Senior Executive of Ansell, the CEO may be entitled to a payment equivalent to 12 months' base salary;
- requires the CEO to give the Group at least six months' notice of termination of services; and
- in order to protect the Group's business interests, prohibits the CEO from engaging in any activity that would compete with the Group for a period of 12 months following termination of his engagement for any reason.

The agreement entered into with the CEO has been drafted to comply with the Corporations Act regarding the payment of benefits.

Other Executives

Neil Salmon was recruited as a US based executive and his contract reflects this. He has subsequently relocated to Belgium and there has been no substantial change to the terms and conditions of his contract. His services are engaged by the Group for an unlimited duration. He is entitled to a separation fee upon termination by the Group (other than for gross misconduct) equal to 12 months' base salary plus certain other contractual entitlements. He is required to give the Group six months' prior notice of termination of services.

Steve Genzer is based in the United States and is employed 'at will' and as such, his service agreement does not specify a fixed term of employment. He is entitled to a severance fee equal to 12 month's base salary assuming a termination for any reason other than resignation, performance issues or cause.

J Kubicek was employed under agreements entered into at the time of Ansell's acquisition of the BarrierSafe Solutions International business in January 2014. These employment agreements had a fixed two-year term through 2 January 2016. As this period has now passed, employment continues on an 'at-will' basis. He is entitled to a severance fee equal to 12 month's base salary assuming a termination for any reason other than resignation, performance issues or cause.

Steve Genzer and Joe Kubicek are both based in the United States and there have been no substantial changes to their terms and conditions of employment.

Anthony Lopez, who was based in the United States, was employed 'at will' and as such, his service agreement did not specify a fixed term of employment. The agreement specified Anthony Lopez was entitled to a severance fee equal to 12 month's base salary assuming a termination for any reason other than resignation, performance issues or cause. Anthony Lopez's contract has now ended and he has left the Company.

Jeyan Heper was based in Belgium and was employed for an unlimited duration. The agreement specified 10 week severance benefits upon termination in accordance with applicable Belgian laws and regulations, and a 5 weeks' notice period applied if he wished to resign. Jeyan Heper's contract has now ended and he has left the Company.

Share Trading Policy

Ansell's Share Trading Policy outlines the law relating to insider trading and details the Company's requirements with regards to dealings in Ansell securities. The policy applies to all directors and employees, and aims to prevent the misuse (or perceived misuse) of sensitive information and ensure compliance with insider trading laws. The Policy can be found on the Ansell website at www.ansell.com.

Shareholder Alignment

Mandatory Shareholding Requirements

To encourage alignment with shareholder interests, the Company adopted mandatory shareholding requirements, known as the Share Purchasing Policy. This policy requires Directors and Executives to purchase a multiple of their fee/base salary in Ansell shares over a 10-year period. The current requirement is:

- CEO: 3 x base salary
- Executives: 1x base salary
- Non-Executive Directors: 2 x annual Director fees,

to be achieved by 2023 or within 10 years of becoming a Director or Executive if appointed after 2013.

Vested but unexercised awards are included in the target assessment. Unvested equity rights held pursuant to the incentive plans are not included in the target assessment.

Voluntary Share Purchase Plan

Ansell has developed a mechanism to enable Directors and Executives to regularly purchase Ansell shares, known as the Voluntary Share Purchase Plan (VSPP). While optional, the VSPP facilitates compliance with the Share Purchasing Policy, while complying with the Share Trading Policy and ASX Listing Rules.

Under the VSPP, a pre-agreed amount of Ansell shares (by value) are acquired monthly on the ASX through a trustee company at the prevailing market price and are transferred into the name of the applicable Executive/Director, but are subject to a restriction on dealing until the Executive/Director ceases to hold office.

Shares were purchased on market (at no discount) on behalf of the Directors throughout FY18 pursuant to the VSPP (as shown in the Current Shareholding table on page 55).

Current Shareholding

The table below details the movement of shares held by each KMP and the progress of each KMP during FY18 in achieving their respective share ownership goals in accordance with the mandatory shareholder requirements set out in the Share Purchasing Policy detailed on page 54.

	Held at 1 July	VSPP Purchases[6]	Other Purchases	Granted Under Awards	Net Movement Due to Other Changes	Held at 30 June	% of Share Ownership Goal Met[7]	Target Year to Comply	Target Year Projected to Comply
Non-Executive Directors									
G L L Barnes									
FY18	**63,478**	**2,138**	**2,500**	**n/a**	**0**	**68,116**	**192%**	**2023**	**COMPLY**
FY17	61,748	1,730	0	n/a	0	63,478	162%	2023	COMPLY
R J Bell									
FY18	**18,740**	**1,107**	**0**	**n/a**	**0**	**19,847**	**108%**	**2023**	**COMPLY**
FY17	15,429	3,311	0	n/a	0	18,740	99%	2023	2018
J A Bevan									
FY18	**18,728**	**559**	**6,730**	**n/a**	**0**	**26,017**	**140%**	**2023**	**COMPLY**
FY17	17,402	1,326	0	n/a	0	18,728	98%	2023	2018
L Dale Crandall[1]									
FY18	**22,077**	**141**	**0**	**n/a**	**0**	**22,218**	**n/a**	**n/a**	**n/a**
FY17	20,680	1,397	0	n/a	0	22,077	113%	2023	COMPLY
W P Day									
FY18	**28,838**	**869**	**0**	**n/a**	**0**	**29,707**	**162%**	**2023**	**COMPLY**
FY17	27,540	1,298	0	n/a	0	28,838	142%	2023	COMPLY
L Desjardins									
FY18	**4,230**	**2,481**	**0**	**n/a**	**0**	**6,711**	**41%**	**2025**	**2023**
FY17	1,961	2,269	0	n/a	0	4,230	23%	2025	2023
M T Peterson									
FY18	**23,647**	**0**	**0**	**n/a**	**0**	**23,647**	**129%**	**2023**	**COMPLY**
FY17	20,133	3,514	0	n/a	0	23,647	119%	2023	COMPLY
W G Reilly[2]									
FY18	**39,464**	**0**	**0**	**738**	**0**	**40,202**	**264%**	**2027**	**COMPLY**
FY17	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
C M Stercken[3]									
FY18	**0**	**860**	**0**	**n/a**	**0**	**860**	**5%**	**2027**	**2028**
FY17	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Executive Director									
M R Nicolin									
FY18	**251,783**	**0**	**0**	**14,456**	**0**	**266,239**	**157%**	**2023**	**COMPLY**
FY17	229,030	0	0	22,753	0	251,783	135%	2023	COMPLY
Other Executives									
N Salmon									
FY18	**35,689**	**0**	**0**	**3,867**	**0**	**39,556**	**124%**	**2023**	**COMPLY**
FY17	30,130	0	0	5,559	0	35,689	123%	2023	COMPLY
S Genzer									
FY18	**20,185**	**0**	**0**	**734**	**0**	**20,919**	**92%**	**2023**	**2019**
FY17	15,648	0	0	4,537	0	20,185	83%	2023	2018
J Heper[4]									
FY18	**1,500**	**0**	**0**	**410**	**0**	**1,910**	**n/a**	**n/a**	**n/a**
FY17	-	0	1,500	0	0	1,500	9%	2024	2028
J Kubicek									
FY18	**70,546**	**0**	**0**	**282**	**0**	**70,828**	**311%**	**2024**	**COMPLY**
FY17	66,981	0	0	3,565	0	70,546	308%	2024	COMPLY
A Lopez[5]									
FY18	**16,513**	**0**	**0**	**146**	**0**	**16,659**	**n/a**	**n/a**	**n/a**
FY17	12,373	0	0	4,140	0	16,513	75%	2023	2019

1. Dale Crandall retired from the Ansell Board of Directors, effective 20 October 2017. Mr Crandall's closing balance disclosed is at his retirement date of 20 October 2017.
2. William Reilly was appointed as a Non-Executive Director on 20 October 2017. The shares awarded in FY18 relate to the FY17 STIP award in respect to his prior employment as an executive of Ansell.
3. Christina Stercken was appointed as a Non-Executive Director on 20 October 2017.
4. Jeyan Heper left the Company on 31 August 2017.
5. Anthony Lopez ceased to be a KMP on 15 July 2017.
6. Purchases made under the Voluntary Share Purchase Plan (see page 54).
7. The percentage of ownership goals met are based upon a multiple of an individual's base pay or directors fees (as applicable).

Equity Instruments

The table below details the movement in the number of Performance Share Rights (PSRs) over ordinary shares of Ansell Limited by the CEO and Other Executive KMPs during the 2018 financial year.

	Held at 1 July or Date Appointed	PSRs Granted during the Year[1]	PSRs Vested During the Year[4]	PSRs Lapsed/Forfeited During the Year[5]	Held at 30 June
Performance Share Rights					
Magnus Nicolin					
FY18	**732,064**	**233,602**	**–**	**(225,986)**	**739,680**
FY17	435,230	296,834	–	–	732,064
Neil Salmon					
FY18	**195,308**	**93,206**	**–**	**(39,868)**	**248,646**
FY17	76,400	118,908	–	–	195,308
Steve Genzer					
FY18	**108,538**	**50,484**	**–**	**(22,954)**	**136,068**
FY17	44,388	64,150	–	–	108,538
Joe Kubicek					
FY18	**98,942**	**47,596**	**–**	**(20,538)**	**126,000**
FY17	38,462	60,480	–	–	98,942
Jeyan Heper[2]					
FY18	**76,508**	**0**		**(18,424)**	**58,084**
FY17	31,528	44,980	–	–	76,508
Anthony Lopez[3]					
FY18	**99,234**	**0**	**–**	**(21,142)**	**78,092**
FY17	40,700	58,534	–	–	99,234

1. PSRs were granted during FY18 pursuant to the FY18 LTI Plan. The Fair Values and factors and assumptions used in determining the fair values of the PSRs applicable for FY18 are summarised in the table immediately below. For completeness FY17 and FY16 fair values are also included.
2. Jeyan Heper left the Company on 31 August 2017.
3. Anthony Lopez ceased to be a KMP on 15 July 2017.
4. The FY15 LTIP did not meet the threshold grant targets, resulting in no PSRs vesting in FY18. This table does not represent FY16 LTIP vesting occurring in August 2018.
5. The FY15 LTIP did not meet the threshold grant targets, resulting in the lapse of associated PSRs in FY18.

	Grant Date	Vesting Date	Fair Value	Share Price on Grant Date	Risk Free Interest Rate	Dividend Yield
FY16 LTIp PSRs	13/8/15	30/6/18	A$18.53	A$20.20	n/a	3.00%
FY17 LTIp PSRs	11/8/16	30/6/19	A$17.95	A$19.49	n/a	2.90%
FY18 LTIp PSRs	8/8/17	30/6/20	A$20.41	A$22.01	n/a	2.60%

Awards that do not vest at Vesting Date automatically lapse.

Executive Statutory Remuneration

US$ Name	Year	Base Salary[1]	Retirement Benefits[4]	Other[3]	STI[2] Cash	STI[2] Restricted Shares	LTI[5] Cash	LTI[5] Equity	2018 Total Earnings
Executive Director									
Magnus R Nicolin	**2018**	**1,066,000**	**508,088**	**155,065**	**910,830**	**–**	**–**	**2,565,744**	**5,205,727**
	2017	1,059,500	312,171	152,627	1,199,251	400,749	–	669,705	3,794,002
Other Executives									
Neil Salmon	**2018**	**585,450**	**54,460**	**29,609**	**346,114**	**–**	**195,888**	**738,824**	**1,950,345**
	2017	497,277	48,597	149,191	373,188	111,210	–	268,275	1,447,739
Steve Genzer	**2018**	**424,064**	**48,383**	**–**	**157,296**	**–**	**172,398**	**409,620**	**1,211,761**
	2017	414,732	44,115	2,000	207,366	13,064	–	144,733	826,010
Joe Kubicek	**2018**	**426,842**	**42,501**	**–**	**152,782**	**–**	**144,160**	**372,277**	**1,138,562**
	2017	391,000	37,645	21,113	195,500	8,407	–	136,450	790,114
Anthony Lopez[6]	**2018**	**15,259**	**2,045**	**114**	**–**	**–**	**106,967**	**127,633**	**252,018**
	2017	378,420	42,712	765,712	189,210	4,352	–	132,060	1,512,466
Jeyan Heper[7]	**2018**	**46,954**	**5,192**	**12,925**	**–**	**–**	**79,213**	**55,548**	**199,832**
	2017	293,222	28,444	52,256	148,467	15,292	–	101,482	639,162

1. Base Salary includes the salary earned by the individual in FY18. The increases in Base salary for Executives are based on external benchmarking of similar positions in the jurisdictions in which the Executives are based. As a result, the CEO did not receive any pay increase in FY18, whilst the Other Executives' pay increases ranged from 3% to 10%.
2. 2018 STI represents amounts payable under the 2018 Short Term Incentive Plan.
3. Other includes the cost to the Company of cash benefits such as motor vehicle, executive expatriation and relocation expenses, executive insurance and other amounts.
4. Retirement Benefits includes all the retirement benefits earned by the individual in FY18. Mr Nicolin's Retirement Benefits are based on his base salary plus prior year STI achievement and will vary from year to year.
5. 2018 LTI includes amounts provided in respect of the Group's LTI Plans.
6. Ceased to be a KMP on 15 July 2017.
7. Left the Company on 31 August 2017.

Section 6 – Non-Executive Directors

Policy and approach

Overview of policy

(a) Structured with a fixed fee component only.

(b) Fees are not linked to the performance of Ansell so that independence and impartiality is maintained.

(c) Director fees are paid in US dollars, however Directors may elect to be paid in their local currencies (subject to applicable currency exchange rates).

(d) Board and Committee fees are set by reference to a number of relevant considerations including:

- Accountabilities and responsibilities attaching to the role of Director;
- Time commitment expected of Directors;
- Fees paid by peer companies;
- Independent advice received from external advisors;
- The global nature of our businesses (to ensure that the Directors' fee attracts and retains the best international Directors); and
- The requirement to travel internationally to familiarise oneself with international operations and for required meetings.

Aggregate fees approved by shareholders

Current aggregate fee pool for Non-Executive Directors of US$1,600,000. Approved by shareholders at the 2014 AGM. The fee pool in US$ reflects the fact that business operations are run from outside Australia.

Base fees for 2018

Fees for Non-Executive Directors during FY18 were as follows:

Base fees (Board)		
Non-Executive Chairman	US$320,000	
Non-Executive Deputy Chairman	US$160,000	
Non-Executive Director	US$116,500	
Committee fees	**Committee chair**	**Committee member**
Audit & Compliance Committee	US$30,000	US$12,000
HR Committee	US$30,000	US$12,000
Risk Committee	US$30,000	US$12,000

Directors are permitted to be paid additional fees for special duties, including fees paid for serving on ad hoc projects or transaction-focused committees.

Directors are entitled to be reimbursed for all business-related expenses, including travel expense incurred performing their duties.

A travel allowance of US$15,000 per annum is paid to each Non-Executive Director, which is in addition to the above fees.

Superannuation contributions are made on behalf of the Non-Executive Directors at a rate of 9.5% as required by Australian law. For non-Australian based Directors, these payments are pro-rated for the period of time spent in Australia. The Directors fees above are inclusive of any Superannuation payments payable by law.

FY19 – No fee change for FY19.

Non-Executive Directors' statutory remuneration

Details of Non-Executive Directors' remuneration are set out in the following table:

Non-Executive Directors	Year	Directors Fees[1] $	Superannuation[2] $	Total $
G L L Barnes (Chairman)	**FY18**	**335,000**	**-**	**335,000**
	FY17	335,000	-	335,000
J A Bevan (Deputy Chairman)[3]	**FY18**	**159,817**	**15,183**	**175,000**
	FY17	148,664	14,441	163,105
R J S Bell	**FY18**	**170,983**	**2,517**	**173,500**
	FY17	160,401	2,119	162,520
L D Crandall[4]	**FY18**	**55,122**	**887**	**56,009**
	FY17	165,326	2,174	167,500
W P Day	**FY18**	**158,448**	**15,052**	**173,500**
	FY17	158,138	15,362	173,500
L Desjardins	**FY18**	**153,722**	**1,778**	**155,500**
	FY17	153,401	2,099	155,500
M T Peterson	**FY18**	**171,369**	**2,131**	**173,500**
	FY17	167,353	2,487	169,840
W G Reilly[5,6,7]	**FY18**	**105,973**	**1,652**	**107,625**
	FY17	n/a	n/a	n/a
C M Stercken[8,9]	**FY18**	**115,046**	**1,579**	**116,625**
	FY17	n/a	n/a	n/a
Total Non-Executive Directors' Remuneration	**FY18**	**1,425,480**	**40,779**	**1,466,259**
	FY17	1,288,283	38,682	1,326,965

1. Directors Fees include base and committee fees plus travel allowances less superannuation (see footnote (2) below). All fees are expressed in US$. Due to changes to Committee Fees mid-way through FY17, the fees differ between FY17 and FY18. The methodology of converting the fees into the base currency of the Directors has not changed.
2. Superannuation contributions are made on behalf of the Non-Executive Directors at a rate of 9.5% as required by Australian law. For non-Australian based Directors, these payments are pro-rated for the period of time spent in Australia.
3. Following his appointment as Deputy Chairman on 10 February 2017, the Board resolved to pay Mr Bevan a fee equivalent to half the Chairman's fee. This fee, plus travel allowances, represents the entire Board and committee fees earned by Mr Bevan.
4. Mr Crandall retired from the Board on 20 October 2017 and his Directors fees and associated entitlements reflects a part year entitlement up to his retirement date in FY18.
5. Mr Reilly was appointed on 20 October 2017 and his Directors fees and associated entitlements reflects a part year entitlement in FY18 from his appointment.
6. Prior to Mr Reilly's appointment as a non-executive director, Mr Reilly was paid US$10,958 in consideration of various preparatory work in relation to his role as a director (including attendance at various meetings with directors and management) before his commencement as a director. This payment was made in October 2017.
7. As a recently retired executive, Mr William Reilly held 42,819 Performance Share Rights (PSRs) as at 30 June 2018. These PSRs were granted under the FY16 and FY17 LTI plans while Mr Reilly was an executive and employee of the Company, and prior to his appointment as a non-executive director. As a result of the FY16 LTI vesting in August 2018, Mr Reilly will receive an award valued at US$378,937, made up of both equity and cash.
8. Mrs Stercken was appointed on 20 October 2017 and her Directors fees and associated entitlements reflects a part year entitlement in FY18 from her appointment.
9. Prior to Mrs Stercken's appointment as a non-executive director, Mrs Stercken was paid two payments of US$10,958 each in consideration of various preparatory work in relation to her role as a director (including attendance at various meetings with directors and management) before her commencement as a director. These payments were made in September and October 2017.

The composition of the committees is summarised in the Directors Report.

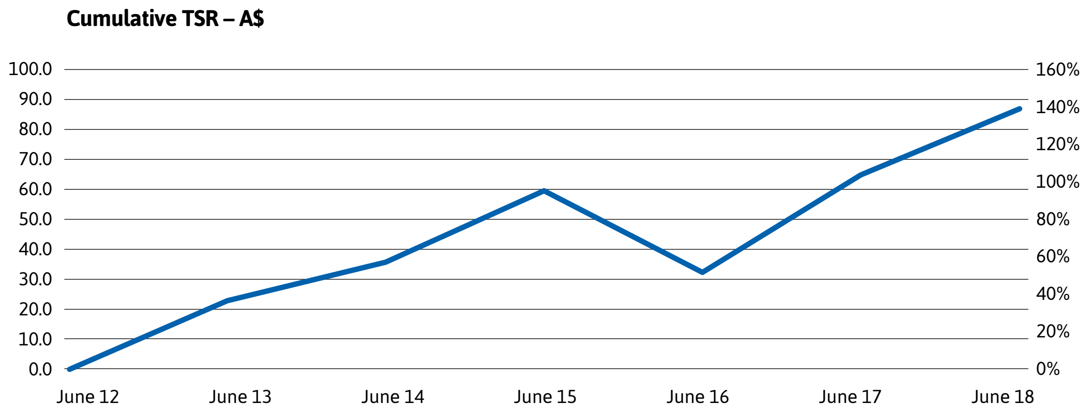
Section 7 – Group Performance and Remuneration Outcomes

Group performance

The five-year performance history of the Group is summarised below.

	Total Group Statutory Results					Continuing Operations	
	2014[1] US$m	2015 US$m	2016 US$m	2017 US$m[4]	2018 US$m	2017 Continuing Operations	2018 Adjusted[4] US$m
Income Statement							
Sales	1,590.2	1,645.1	1,572.8	1,599.7	**1,547.5**	1,374.5	**1,489.8**
EBIT	206.5	245.3	236.7	217.8	**557.0**	177.8	**193.1**
Profit for the period attributable to Ansell shareholders	156.9	187.5	159.1	147.7	**484.3**	119.5	**146.7**
Share information							
Basic earnings per share ($US cents)	110.0	122.5	105.1	100.1	**336.8**	81.0	**102.0**
Dividends per share[2] ($US cents)	39.0	43.0	43.5	44.0	**45.5**	44.0	**45.5**
Ansell Share Price (A$)	19.83	24.09	18.17	22.68	**27.19**[5]		
Ratios							
Return on average shareholders' equity (%)	15.7	16.4	14.1	12.7	**35.0**		**12.4**

Table 4.1(b) – Cumulative Total Shareholder Return (TSR)[3]



STI/LTI payouts as percentage of maximum

CEO incentive outcomes	FY13	FY14	FY15	FY16	FY17	FY18
STI (% of Maximum)	32%	49%	36%	29%	67%	**37%**
LTI grant (% of Maximum)	100%	82%	50%	0%	0%	**42%**

1. During FY14, the Group acquired BSSI and restructured its business, which involved significant non-cash write-downs as well as cash expenses totalling $122m. The above results exclude this charge.
2. Dividends have been declared in US$ since Ansell adopted the US$ as reporting currency in FY14.
3. Cumulative Total Shareholder Return (TSR) is the cumulative financial return which an investor received from holding shares in Ansell, assuming dividends paid are reinvested in Ansell shares. It is expressed as a cumulative percentage change from a starting value at 1 July 2012 and finishing on 30 June 2018.
4. 2018 Adjusted results are Continuing Operations adjusted for Transformation and other one-off costs.
5. Share Price is at 29 June 2018.

Section 8 – Governance

Role of the Human Resources Committee

Board
The Board is responsible for:

- defining Ansell's remuneration strategy; and
- determining the structure and quantum of remuneration for the CEO and Other Executives that support and drive the achievement of Ansell's strategic objectives.

The Board has an overarching discretion with respect to the awards given under Ansell's incentive plans.

Consultation with shareholders and other stakeholders

Remuneration consultants and other external advisors

- Provide independent advice, information and recommendations relevant to remuneration decisions.
- In performing its duties and making recommendations to the Board, the Chairman of the HRC seeks independent advice from external advisors on various remuneration related matters.
- Any advice or recommendations provided by external advisers are used to assist the Board – they do not substitute for the Board and HRC process.

HRC
The HRC is delegated responsibility by the Board to review and make recommendations on the remuneration policy, strategy and structure for Ansell's Board members, the CEO and Other Executives.

The HRC has in place a process of engaging and seeking independent advice from external remuneration advisors and ensures remuneration recommendations in relation to Other Executives are free from undue influence by management.

Management
Provides information relevant to remuneration decisions and makes recommendations to the HRC.

Obtains remuneration information from external advisors to assist the HRC (i.e. market data, legal advice, accounting advice, tax advice).

Remuneration consultants and other external advisors

- Management may seek its own independent advice with respect to information and recommendations relevant to remuneration decisions.

External consultants

During the year, the HRC engaged KPMG-3dc to provide independent advice on the overall pay policy, advice on the drafting of the Remuneration report and ad hoc advice on market practice and regulatory trends. During FY18 the HRC also engaged PwC to review variable pay strategy. More will be forthcoming on this topic during FY19.

Shareholder engagement

The HRC maintains a regular dialogue with major shareholders and relevant institutional investor bodies. The views and opinions expressed are considered when determining remuneration. The HRC monitors trends and developments in corporate governance and market practice to ensure the structure of executive remuneration remains appropriate. The HRC would undertake a consultation process in advance of any material changes to the remuneration policy.

Section 9 – Glossary

Board means the Board of Directors of Ansell Limited.

Capex is an abbreviation for Capital Expenditure and means the payments for property, plant, equipment (PP&E) and intangibles less the proceeds from sale of PP&E.

Constant Currency refer to page 4 of this Report.

CAGR means Compound Average Growth Rate which as used in this document measures the average year-over-year growth rate of a financial metric over the specified time period.

Corporations Act means the *Corporations Act 2001 (Cth)*.

EBIT means all profits of Ansell before taking into account interest payments and income taxes.

EBITDA means EBIT before Depreciation and Amortisation.

EMEA means Europe, Middle East and Africa.

EPS means Earnings Per Share which means the portion of Ansell's profit which is allocated to each outstanding ordinary fully-paid share.

Executive or **Group Executive** in this report refers to the CEO and Other Executives.

FY16 means the 2016 financial year commencing on 1 July 2015 and ending on 30 June 2016.

FY17 means the 2017 financial year commencing on 1 July 2016 and ending on 30 June 2017.

FY18 means the 2018 financial year commencing on 1 July 2017 and ending on 30 June 2018.

FY19 means the 2019 financial year commencing on 1 July 2018 and ending on 30 June 2019.

HRC means the Human Resources Committee of the Board.

KMP means the Key Management Personnel of Ansell, which comprises all Directors (executive and non-executive) and those executives who have authority and responsibility for planning, directing and controlling the activities of the Group.

Long Term Incentive (LTI) means the Ansell Long Term Incentive Plan which is subject to the rules of the Ansell Long Term Incentive Plan as periodically approved by the Board.

Operating Cash Flow as referred to in the Remuneration Report, means net receipts from customers per the Consolidated Statement of Cash Flows adjusted for Capex (see above), and interest received and paid (net interest).

Other Executives means the group of people who are KMP but are not Non-executive Directors or the CEO.

Organic Growth means the change in total revenue achieved by normal business activities such as customer base expansion or new product development. It excludes the effects of corporate developments such as mergers, acquisitions, divestments and exiting lines of business.

PSRs means Performance Share Rights.

Profit Attributable means those profits of the Company which are available to the shareholders for distribution.

Realised Pay means the pay actually received/receivable by the executive during the financial year, including salary, benefits, STI in relation to the relevant financial year and any equity incentives which vested in relation to the completion of the relevant financial year. Equity incentives were valued using the values of the shares determined as at the vesting date.

ROCE means Return on Capital Employed which is the amount of EBIT returned as a percentage of the average funds that are employed (both equity and debt used in the business).

ROE Gateway means the return on equity required for the successful achievement of the relevant award.

Short Term Incentive Plan (STI) or **(STIP)** means the Ansell Short Term Incentive Plan which is subject to the rules of the Ansell Short Term Incentive Plan as periodically approved by the Board.

TSR means Total Shareholder Return which means the total financial return which an investor receives from holding shares in Ansell, assuming dividends paid are reinvested in Ansell shares.

TSR (A$) means Total Shareholder Return calculated in Australian dollars.

Working Capital is the balance as defined in Note 7 to the Financial Statements.

WACC means the Weighted Average Cost of Capital which is a calculation of the average cost to Ansell of the debt and equity capital employed in the business.

Consolidated Income Statement

of Ansell Limited and Subsidiaries for the year ended 30 June 2018

	Note	2018 US$m	2017 US$m
Continuing operations			
Revenue			
Sales revenue		**1,489.8**	1,374.5
Expenses			
Cost of goods sold		**(907.1)**	(833.3)
Distribution		**(65.0)**	(60.7)
Selling, general and administration including restructuring and change in accounting estimate	3(b)	**(359.9)**	(302.7)
Total expenses, excluding financing costs		**(1,332.0)**	(1,196.7)
Net financing costs	3	**(12.5)**	(22.7)
Profit before income tax		**145.3**	155.1
Income tax expense	4(a)	**(4.7)**	(33.9)
Profit from continuing operations		**140.6**	121.2
Discontinued operations			
Profit from discontinued operations, net of tax	18(b)	**345.6**	29.0
Profit for the period		**486.2**	150.2
Profit for the period is attributable to:			
Ansell Limited shareholders		**484.3**	147.7
Non-controlling interests		**1.9**	2.5
Profit for the period		**486.2**	150.2

		2018 US cents	2017 US cents
Earnings per share from continuing operations:			
Basic Earnings Per Share	5	**96.5**	81.0
Diluted Earnings Per Share	5	**95.1**	80.0
Earnings per share from discontinued operations:			
Basic Earnings Per Share	5	**240.3**	19.1
Diluted Earnings Per Share	5	**236.8**	18.9

The above Consolidated Income Statement should be read in conjunction with the accompanying notes.

Consolidated Statement of Comprehensive Income

of Ansell Limited and Subsidiaries for the year ended 30 June 2018

	2018 US$m	2017 US$m
Profit for the period	**486.2**	150.2
Other comprehensive income		
Items that will not be reclassified to the Income Statement:		
Retained earnings		
Remeasurement of defined benefit superannuation/post retirement health benefit plans	**3.7**	2.9
Tax expense on items that will not be reclassified to the Income Statement	**(2.2)**	(1.5)
Total items that will not be reclassified to the Income Statement	**1.5**	1.4
Items that may subsequently be reclassified to the Income Statement:		
Foreign currency translation reserve		
Net exchange differences on translation of financial statements of foreign subsidiaries	**(26.4)**	5.0
Hedging reserve		
Movement in effective cash flow hedges for the year	**9.3**	1.8
Movement in time value of options for the year	**1.4**	(1.4)
Tax expense on items that may subsequently be reclassified to the Income Statement	**(2.8)**	(0.3)
Total items that may subsequently be reclassified to the Income Statement	**(18.5)**	5.1
Other comprehensive income for the period, net of tax	**(17.0)**	6.5
Total comprehensive income for the period	**469.2**	156.7
Attributable to:		
Ansell Limited shareholders	**466.8**	154.1
Non-controlling interests	**2.4**	2.6
Total comprehensive income for the period	**469.2**	156.7
Attributable to Ansell Limited shareholders:		
From continuing operations	**116.3**	124.6
From discontinued operations	**350.5**	29.5
Total comprehensive income for the period, attributable to Ansell Limited shareholders	**466.8**	154.1

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Balance Sheet

of Ansell Limited and Subsidiaries for the year ended 30 June 2018

	Note	2018 US$m	2017 US$m
Current assets			
Cash and cash equivalents	6(a)	**582.8**	316.6
Trade and other receivables	7(a)	**201.0**	189.9
Derivative financial instruments	15(c)	**9.8**	4.6
Inventories	7(b)	**329.8**	331.9
Other current assets		**17.6**	16.8
Assets held for sale	18(c)	**12.3**	200.9
Total current assets		**1,153.3**	1,060.7
Non-current assets			
Trade and other receivables		**5.7**	2.7
Derivative financial instruments	15(c)	**3.3**	4.0
Property, plant and equipment	8	**230.4**	217.9
Intangible assets	9	**1,028.4**	1,049.8
Deferred tax assets	4(b)	**67.6**	88.5
Retirement benefit assets	12(a)	**5.9**	-
Other non-current assets		**27.9**	26.9
Total non-current assets		**1,369.2**	1,389.8
Total assets		**2,522.5**	2,450.5
Current liabilities			
Trade and other payables	7(c)	**222.2**	222.5
Derivative financial instruments	15(d)	**3.0**	7.9
Interest bearing liabilities	10	**–**	3.8
Provisions	11	**53.0**	56.7
Current tax liabilities		**14.9**	29.0
Liabilities held for sale	18(c)	**6.4**	42.8
Total current liabilities		**299.5**	362.7
Non-current liabilities			
Trade and other payables		**3.1**	1.3
Derivative financial instruments	15(d)	**0.5**	0.8
Interest bearing liabilities	10	**552.0**	716.7
Provisions	11	**7.8**	8.2
Retirement benefit obligations	12(a)	**14.3**	19.0
Deferred tax liabilities	4(c)	**71.1**	89.9
Other non-current liabilities		**24.0**	23.2
Total non-current liabilities		**672.8**	859.1
Total liabilities		**972.3**	1,221.8
Net assets		**1,550.2**	1,228.7
Equity			
Issued capital	13(a)	**1,052.6**	1,142.2
Reserves		**(82.0)**	(78.2)
Retained profits		**564.0**	146.9
Total equity attributable to Ansell Limited shareholders		**1,534.6**	1,210.9
Non-controlling interests		**15.6**	17.8
Total equity		**1,550.2**	1,228.7

The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

of Ansell Limited and Subsidiaries for the year ended 30 June 2018

	2018 US$m	2017 US$m
Total equity		
Balance at the beginning of the financial year	**1,228.7**	1,136.7
Total comprehensive income for the period attributable to:		
Ansell Limited shareholders	**466.8**	154.1
Non-controlling interests	**2.4**	2.6
Transactions with owners attributable to Ansell Limited shareholders:		
Shares issued under Dividend Reinvestment Plan	**2.7**	4.0
Share buy-back	**(92.3)**	(8.7)
Share-based payments reserve	**10.4**	4.7
Dividends	**(63.8)**	(64.3)
Transactions with owners attributable to non-controlling interests:		
Non-controlling interests of entities disposed	**(3.0)**	–
Dividends	**(1.7)**	(0.4)
Total equity at the end of the financial year	**1,550.2**	1,228.7
Share capital		
Balance at the beginning of the financial year	**1,142.2**	1,146.9
Transactions with owners as owners:		
Shares issued under Dividend Reinvestment Plan	**2.7**	4.0
Share buy-back	**(92.3)**	(8.7)
Balance at the end of the financial year	**1,052.6**	1,142.2

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity continued

of Ansell Limited and Subsidiaries for the year ended 30 June 2018

	2018 US$m	2017 US$m
Reserves		
Share-based payments reserve		
Balance at the beginning of the financial year	**47.7**	43.0
Transactions with owners as owners:		
Charge to the Income Statement	**10.4**	4.7
Balance at the end of the financial year	**58.1**	47.7
Hedging reserve		
Balance at the beginning of the financial year	**(2.1)**	(2.2)
Comprehensive income for the period:		
Movement in effective cash flow hedges net of tax	**6.9**	1.1
Movement in time value of options net of tax	**1.0**	(1.0)
Balance at the end of the financial year	**5.8**	(2.1)
General reserve		
Balance at the beginning of the financial year	**12.0**	11.7
Transfer from retained profits	**4.9**	0.3
Balance at the end of the financial year	**16.9**	12.0
Foreign currency translation reserve		
Balance at the beginning of the financial year	**(127.5)**	(132.5)
Comprehensive income for the period:		
Net exchange differences on translation of financial statements of foreign subsidiaries	**(27.0)**	5.0
Balance at the end of the financial year	**(154.5)**	(127.5)
Transactions with non-controlling interests		
Balance at the beginning of the financial year	**(10.9)**	(10.9)
Balance at the end of the financial year	**(10.9)**	(10.9)
Fair value reserve		
Balance at the beginning of the financial year	**2.6**	2.6
Balance at the end of the financial year	**2.6**	2.6
Total reserves at the end of the financial year	**(82.0)**	(78.2)
Retained profits		
Balance at the beginning of the financial year	**146.9**	62.4
Transfer to reserves	**(4.9)**	(0.3)
Comprehensive income for the period:		
Net profit attributable to Ansell Limited shareholders	**484.3**	147.7
Remeasurement of defined benefit superannuation/post retirement health benefit plans net of tax	**1.5**	1.4
Dividends paid	**(63.8)**	(64.3)
Balance at the end of the financial year	**564.0**	146.9

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

of Ansell Limited and Subsidiaries for the year ended 30 June 2018

	Note	2018 US$m	2017 US$m
Cash flows related to operating activities			
Receipts from customers		**1,544.4**	1,607.6
Payments to suppliers and employees		**(1,355.2)**	(1,355.6)
Net receipts from operations		**189.2**	252.0
Income taxes paid		**(35.6)**	(35.8)
Net cash provided by operating activities	6(b)	**153.6**	216.2
Cash flows related to investing activities			
Payments for businesses, net of cash acquired		**(1.0)**	(56.1)
Payments for property, plant, equipment and intangible assets		**(45.7)**	(51.0)
Proceeds/(payments) from the disposal of discontinued operations, net of cash disposed and disposal costs		**567.2**	(2.9)
Income tax paid on the net gain on the disposal of discontinued operations		**(44.0)**	–
Proceeds from the sale of property, plant and equipment		**0.3**	2.1
Net cash provided by/(used in) investing activities		**476.8**	(107.9)
Cash flows related to financing activities			
Proceeds from borrowings		**–**	74.2
Repayments of borrowings		**(170.9)**	(49.9)
Net proceeds from/(repayments of) borrowings		**(170.9)**	24.3
Payments for share buyback		**(92.3)**	(8.7)
Dividends paid – Ansell Limited shareholders		**(61.1)**	(60.3)
Dividends paid – Non-controlling interests		**(1.7)**	(0.4)
Interest received	3(a)	**7.6**	3.6
Interest and financing costs paid		**(22.2)**	(24.9)
Net cash used in financing activities		**(340.6)**	(66.4)
Net increase in cash and cash equivalents		**289.8**	41.9
Cash and cash equivalents at the beginning of the financial year		**316.6**	272.7
Effects of movements in exchange rates on cash held		**(16.6)**	2.0
Cash and cash equivalents at the end of the financial year	6(a)	**589.8**	316.6
Cash and cash equivalents at the end of the financial year comprises:			
Continuing operations	6(a)	**582.8**	316.6
Discontinued operations	18(c)	**7.0**	–
		589.8	316.6

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

1. Summary of Significant Accounting Policies

General

Ansell Limited ('the Company') is a Company domiciled in Australia. The Company and its subsidiaries (together referred to as the 'Group') is a global leader in protection solutions. The Group is a for-profit entity and designs, develops and manufactures a wide range of hand and arm protection solutions and clothing.

Following the sale of the Sexual Wellness business the Group was reorganised into two Global Business Units ('GBUs') as detailed in Note 2.

- Healthcare GBU (previously Medical GBU and Single Use GBU); and
- Industrial GBU.

Statement of compliance

The Financial Report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The Financial Report of the Group also complies with International Financial Reporting Standards and interpretations adopted by the International Accounting Standards Board.

The consolidated financial statements were authorised for issue by the Board of Directors on 20 August 2018.

Basis of accounting

The Financial Report is presented in United States dollars and on the historical cost basis except that assets and liabilities in respect of derivative financial instruments and available-for-sale financial assets are stated at their fair value.

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 dated 31 March 2016 and in accordance with the Instrument, amounts in the Financial Report and Directors' Report have been rounded off to the nearest hundred thousand dollars, unless otherwise stated.

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

There has been no change to the Group's accounting policies during the financial year.

New accounting standards issued but not yet applied

On 1 June 2013, the Group elected to early adopt a previous version of IFRS 9/AASB 9 *Financial Instruments* (2013). Subsequent to the early adoption, IFRS 9/AASB 9 *Financial Instruments* (2014) was issued which includes a new expected credit loss model ('ECL') for calculating impairment on financial assets.

The Group will adopt the practical expedient for low credit risk financial assets, which will allow impairment of trade receivable balances to be measured on a 12 month ECL model. The Group currently utilises a provision matrix using the ageing profiles of trade receivable balances and applies an expected default rate based on its historical observed default rate, adjusted for forward looking estimates. In addition, historically, default rates have been low, therefore management does not expect trade receivable balances to be significantly impacted by adopting this standard.

The Group will adopt IFRS 9/AASB 9 *Financial Instruments (2014)* effective 1 July 2018.

IFRS 15/AASB 15 *Revenue from Contracts with Customers* establishes a comprehensive framework for determining whether, how much, and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 / AASB 118 *Revenue*, IAS 11 / AASB 111 *Construction Contracts*, and IFRIC 13/Australian Interpretations 13 *Customer Loyalty Programmes*. IFRS 15 / AASB 15 is effective for annual reporting periods beginning on or after 1 January 2018 (financial year commencing 1 July 2018 for the Group). The Group will adopt IFRS15/AASB 15 effective 1 July 2018.

The Group's primary source of revenue stems from the supply of finished goods to its customers. Customers may be offered various forms of rebates and allowances, the levels of which are regularly monitored and adjusted throughout the year. The majority of these are treated as a reduction to reported sales revenue.

Management has concluded that the application of IFRS 15/AASB 15 will have no material impact on the Group's consolidated financial statements.

IFRS 16/AASB 16 *Leases* removes the classification of leases as either operating leases or finance leases. IFRS 16/AASB 16 introduces a single lessee accounting model and requires a lessee to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. The right-of-use asset is amortised over the expected term of the lease and lease payments are allocated between repayment of the lease liability and interest expense. Short-term leases (less than 12 months) and leases of low-value assets (such as personal computers) are exempt from the new lease accounting requirements.

Management anticipates that the adoption of IFRS 16/AASB 16 will have a material impact on various components of its financial statements and performance indicators being:

1. An increase in Total Assets resulting from the recognition of a right-of-use asset;
2. An increase in Interest Bearing Liabilities resulting from the recognition of a lease liability;
3. The reclassification of amounts currently reported within Cash Flow from Operating Activities (operating lease payments) to Cash Flow from Financing Activities (principal repayments and interest);
4. An increase in Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) offset by higher depreciation charges and interest expense; and
5. An increase in the Leverage Ratio (Net Debt:Net Debt plus Equity).

A project to enable compliance with IFRS 16/AASB 16 has commenced which includes:
1. The creation of a central database of all leases across the Group and assessing appropriate lease terms;
2. The selection of a software tool for use in the determination of the various accounting entries that are required as at the transition date and going forward; and
3. The determination of which transition option will be adopted.

The financial impact of adopting the new standard has not as yet been determined and is dependant upon the completion of the above activities. As at 30 June 2018, the Group has non-cancellable operating lease commitments of $61.7m – refer Note 16 b).

IFRS 16/AASB 16 is effective for annual reporting periods beginning on or after 1 January 2019 (financial year commencing 1 July 2019 for the Group), with early adoption permitted. The Group will not early adopt the new standard.

Principles of consolidation

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

The financial statements incorporate the assets and liabilities of all subsidiaries of the Company as at balance date and the results of all subsidiaries for the year then ended. Subsidiaries are entities controlled by the Company. Control exists when the Company is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Results of subsidiaries are included in the Income Statement from the date on which control commences and continue to be included until the date control ceases to exist.

The effects of all transactions between entities in the Group are eliminated in full. Non-controlling interests in the results and equity of subsidiaries are shown separately in the Income Statement and Balance Sheet respectively.

Foreign currency

Transactions

Transactions in foreign currencies are recorded at the rate of exchange ruling on the date of each transaction. At balance date, amounts payable and receivable in foreign currencies are converted at the rates of exchange ruling at that date with any resultant gain or loss recognised in the Income Statement except when deferred in equity as qualifying cash flow hedges or qualifying net investment hedges.

Translation

The financial statements of overseas subsidiaries are maintained in their functional currencies and are converted to the Group's presentation currency as follows:
- assets and liabilities are translated at the rate of exchange as at balance date;
- income statements are translated at average exchange rates for the reporting period which approximate the rates ruling at the dates of the transactions; and
- all resultant exchange differences are recorded in the foreign currency translation reserve.

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

Recoverable amount of non-current assets valued on the cost basis

The carrying amounts of non-current assets valued on the cost basis are reviewed to determine whether they are in excess of their recoverable amount at balance date. An impairment loss is recognised whenever the carrying amount of a non-current asset exceeds its recoverable amount. The impairment loss is recognised as an expense in the Income Statement in the reporting period in which it occurs.

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

Impairment losses, other than those in respect of goodwill, are reversed through the Income Statement when there is an indication that the impairment loss may no longer exist.

***1. Summary of Significant Accounting Policies** continued*

Accounting estimates and judgements

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

Recognising the increasing complexity and difficulty in reliably estimating the useful life of product and technology development costs, the Company has determined that expensing development costs as incurred will generally be more appropriate. Consistent with this determination, previously capitalised development costs have also now been expensed. Refer to Note 3 (b) for details of the financial impact.

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

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

Business combinations

A business acquisition requires judgement with respect to the determination of the fair value of purchase consideration given and the fair value of identifiable assets and liabilities acquired. Many of these assets and liabilities either given up or acquired are not normally traded in active markets, and thus management judgement is required in determining their fair values. Management judgement is also required in ascertaining the assets and liabilities, which should be recognised, in particular with respect to intangible assets such as brand names, customer relationships, patents and trademarks and contingent liabilities.

Current asset provisions

In the course of normal trading activities, management uses its judgement in establishing the net realisable value of various elements of working capital – principally inventory and accounts receivable. Provisions are established for obsolete or slow moving inventories and bad or doubtful receivables. The actual level of obsolete or slow moving inventories and bad or doubtful receivables in future periods may be different from the provisions established and any such differences would affect future earnings of the Group.

Property, plant and equipment and definite life intangible assets

The Group's property, plant and equipment and intangible assets, other than indefinite life intangible assets, are depreciated/amortised on a straight-line basis over their useful economic lives. Management reviews the appropriateness of useful economic lives of assets at least annually and any changes to useful economic lives may affect prospective depreciation rates and asset carrying values.

Impairment of goodwill and brand names

The Group tests whether goodwill and brand names are impaired at least annually, or more frequently if events or changes in circumstances indicate that their carrying values may be impaired, in accordance with the accounting policy on intangible assets. The policy requires the use of assumptions in assessing the carrying values of CGUs. These assumptions are detailed in Note 9.

Income tax

The Group operates in a number of tax jurisdictions and needs to consider their varying complexities, differing tax rules and the changing tax environments. The Group has processes to assess and manage these issues including the use of external tax advisors.

The reviews undertaken to determine whether a deferred tax asset should be recognised in jurisdictions where unbooked tax losses exist and in assessing the recoverability of booked tax losses, involve the use of judgement and estimates in assessing the projected future trading performances of relevant operations. These judgements and estimates are subject to risk and uncertainty hence there is a possibility that changes in circumstances will alter expectations, which may impact on the amount of the deferred tax asset in respect of tax losses recognised on the Balance Sheet. In such circumstances the carrying amount of this asset may require adjustment resulting in a corresponding credit or charge to the Income Statement.

Defined benefit superannuation plans

Various actuarial assumptions are utilised in the determination of the Group's defined benefit superannuation plan obligations. These assumptions are detailed in Note 12.

Other accounting policies

Other accounting policies that summarise the measurement basis used and are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements.

2. Segment Information

The Group comprises the following operating segments:

Healthcare GBU: surgical and examination gloves, healthcare safety devices and active infection prevention products for healthcare patients and single use industrial application gloves.

Industrial GBU: multi-use hand, foot and body protection solutions for industrial worker environments and specialty applications.

	Operating Segments					
2018	**Healthcare US$m**	**Industrial US$m**	**Unallocated US$m**	**Continuing Operations US$m**	**Discontinued Operations US$m**	**Total Group US$m**
Sales revenue	774.3	715.5	–	1,489.8	57.7	1,547.5
Profit/(loss) before restructuring, change in accounting estimate, gain on the sale of business, net financing costs and income tax expense	120.1	86.9	(13.9)	193.1	2.3	195.4
Restructuring	(5.4)	(11.6)	(7.1)	(24.1)	–	(24.1)
Change in accounting estimate - development costs	(3.9)	(7.3)	–	(11.2)	(1.3)	(12.5)
Gain on the sale of business	–	–	–	–	398.2	398.2
Net financing costs	–	–	(12.5)	(12.5)	–	(12.5)
Profit before income tax expense	110.8	68.0	(33.5)	145.3	399.2	544.5
Income tax expense				(4.7)	(53.6)	(58.3)
Profit after income tax				140.6	345.6	486.2
Non-controlling interests				(1.8)	(0.1)	(1.9)
Net profit attributable to Ansell Limited shareholders				138.8	345.5	484.3
Segment assets	1,027.4	743.4	739.4	2,510.2	12.3	2,522.5
Segment liabilities	96.9	118.5	750.5	965.9	6.4	972.3
Segment depreciation and amortisation	14.4	18.6	6.0	39.0	0.8	39.8
Segment capital expenditure	14.8	29.0	1.2	45.0	0.7	45.7

2017	Healthcare US$m	Industrial US$m	Unallocated US$m	Continuing Operations US$m	Discontinued Operations US$m	Total Group US$m
Sales revenue	718.6	655.9	–	1,374.5	225.2	1,599.7
Profit/(loss) before net financing costs and income tax expense	110.1	79.8	(12.1)	177.8	40.0	217.8
Net financing costs			(22.7)	(22.7)	–	(22.7)
Profit before income tax expense	110.1	79.8	(34.8)	155.1	40.0	195.1
Income tax expense				(33.9)	(11.0)	(44.9)
Profit after income tax				121.2	29.0	150.2
Non-controlling interests				(1.7)	(0.8)	(2.5)
Net profit attributable to Ansell Limited shareholders				119.5	28.2	147.7
Segment assets	1,033.0	735.2	481.4	2,249.6	200.9	2,450.5
Segment liabilities	114.4	119.8	944.8	1,179.0	42.8	1,221.8
Segment depreciation and amortisation	14.9	19.5	6.4	40.8	4.1	44.9
Segment capital expenditure	15.9	29.6	0.8	46.3	4.7	51.0

2. Segment Information continued

Regional information

Sales Revenue is disclosed in the four geographical regions based on where the products are sold to external customers.

Assets (excluding goodwill and brand names) are allocated to the geographical regions in which the assets are located.

Asia Pacific: manufacturing facilities in Malaysia, India, Thailand, Sri Lanka, South Korea, China and Vietnam.
Europe, Middle East and Africa: manufacturing facilities in Lithuania and Portugal.
Latin America and Caribbean: manufacturing facility in Brazil.
North America: manufacturing facilities in USA and Mexico.
The table set out below summarises:

(i) Regional sales revenue from continuing operations.

(ii) Regional assets related to continuing operations.

	Sales Revenue		Regional Assets	
	2018 US$m	**2017 US$m**	**2018 US$m**	**2017 US$m**
Regions				
Asia Pacific	**183.7**	168.4	**325.8**	312.8
Europe, Middle East and Africa	**550.2**	485.0	**172.4**	180.4
Latin America and Caribbean	**106.5**	93.6	**51.5**	49.4
North America	**649.4**	627.5	**224.4**	223.8
Total Regions	**1,489.8**	1,374.5	**774.1**	766.4

Country of domicile

The Company's country of domicile is Australia. The Sales Revenue and Assets for the Australian trading operations (reported within the Asia Pacific region) are as follows:

(i) Sales revenue from continuing operations.

(ii) Assets related to continuing operations.

	2018 US$m	**2017 US$m**
Sales Revenue	**125.7**	116.6
Assets	**39.4**	47.4

3. Profit Before Income Tax

	2018 US$m	**2017 US$m**
(a) Profit before income tax from continuing operations has been arrived at after charging/ (crediting) the following items:		
This table summarises expenses by nature from continuing operations:		
Interest expense	**20.1**	23.3
Other financing costs	**4.1**	3.0
Interest income	**(11.7)**	(3.6)
Net financing costs	**12.5**	22.7
Research and development costs expensed as incurred	**15.8**	11.0
Previously capitalised development costs written off	**–**	0.2
Research and development costs	**15.8**	11.2
Bad debts written off	**0.1**	–
Provision for impairment of trade receivables – recognised	**3.7**	–
Net bad debts expense and provision for impairment of trade debtors	**3.8**	–

	2018 US$m	2017 US$m
Wages and salaries	**231.3**	222.7
Increase in provision for employee entitlements	**15.1**	11.3
Defined contribution superannuation plan expense	**14.3**	13.7
Defined benefit superannuation plan expense	**3.0**	0.3
Equity settled share-based payments expense	**10.4**	4.7
Employee benefits expense	**274.1**	252.7

Net foreign exchange loss	**6.3**	1.2
Loss on the sale of property, plant and equipment	**–**	0.1
Operating lease rentals	**28.1**	24.7
Write-down in value of inventories	**3.0**	4.9

3(b) Transformation and change in accounting estimate

The following table summarises the impact on the profit before income tax of:

(i) Transformation initiative announced on 20 July 2017; and

(ii) Change in accounting estimate as described in Note 1 Significant Accounting Policies – Accounting Estimates and Judgements.

	2018 US$m	2017 US$m
Continuing operations		
Selling, general and administration		
Restructuring – Transformation initiative	**24.1**	–
Change in accounting estimate – development costs	**11.2**	–
Discontinued operations		
Selling, general and administration		
Change in accounting estimate – development costs	**1.3**	–

3(c) Recognition and measurement

Sales revenue

Sales revenue is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and allowances. External sales are recognised when the significant risks and rewards of ownership of the goods have been transferred to the buyer and can be measured reliably.

4. Income Tax

	2018 US$m	2017 US$m
(a) Income tax expense		
Prima facie **income tax calculated at 30% (2017: 30%) on profit before income tax**	**43.6**	46.5
Reduced taxation arising from:		
Investment and export incentive allowances	**(11.9)**	(9.3)
Impact of US tax reform on net deferred tax balances	**(18.7)**	–
Net lower overseas tax rates	**(3.1)**	(0.4)
Recognition/utilisation of previously unbooked tax losses	**(3.7)**	(2.6)
Other permanent differences	**(1.5)**	(0.3)
Income tax expense attributable to profit before income tax	**4.7**	33.9
Income tax expense attributable to profit before income tax is made up of:		
Current year income tax	**13.0**	35.4
Deferred income tax attributable to:		
(Decrease)/increase in deferred tax liability	**(22.6)**	0.4
Decrease/(increase) in deferred tax asset	**14.3**	(1.9)
	4.7	33.9

	2018 US$m	2017 US$m
Income tax expense recognised in other comprehensive income		
Remeasurement of defined benefit superannuation/post retirement health benefit plans	**2.2**	1.5
Movement in effective hedges for year	**2.8**	0.3
	5.0	1.8

The following summarises deferred tax assets and liabilities related to continuing operations:

	2018 US$m	2017 US$m
(b) Deferred tax assets		
Deferred tax assets arising from:		
Deductible temporary differences	**27.2**	51.8
Accumulated tax losses	**40.4**	36.7
	67.6	88.5
Deferred tax assets are attributable to the following:		
Trading stock tax adjustments	**6.5**	5.9
Provisions	**13.8**	19.6
Accruals	**1.9**	7.1
Amortisation of intangible assets	**5.0**	11.5
Assets/liabilities held for sale	**–**	7.7
Accumulated tax losses	**40.4**	36.7
Total deferred tax assets	**67.6**	88.5
Details of the movement in the balance of deferred tax assets are as follows:		
Balance at the beginning of the financial year	**88.5**	90.6
(Over)/under provision of prior year balance	**0.4**	(0.1)
Amount (charged)/credited to the Income Statement	**(14.3)**	1.9
Amount charged to other comprehensive income	**(5.0)**	(1.8)
Reclassification to assets held for sale	**–**	(4.1)
Net exchange differences on translation of foreign subsidiaries	**(2.0)**	2.0
Balance at the end of the financial year	**67.6**	88.5
(c) Deferred tax liabilities		
Deferred tax liabilities are attributable to the following:		
Depreciation on plant and equipment	**4.8**	4.2
Amortisation of intangible assets	**60.9**	85.7
Financial instruments	**2.1**	–
Other	**3.3**	–
Total deferred tax liabilities	**71.1**	89.9
Details of the movement in the balance of deferred tax liabilities are as follows:		
Balance at the beginning of the financial year	**89.9**	89.5
Under provision of prior year balance	**3.9**	0.7
Amount charged to the Income Statement	**(22.6)**	0.4
Reclassification to liabilities held for sale	**–**	(0.6)
Net exchange differences on translation of foreign subsidiaries	**(0.1)**	(0.1)
Balance at the end of the financial year	**71.1**	89.9

***4. Income Tax** continued*

(d) Recognition and measurement

Current tax

Income tax on the profit or loss for the financial year comprises current and deferred tax and is recognised in the Income Statement. Current tax is the expected tax payable or receivable on taxable income for the financial year, using tax rates enacted or substantively enacted at reporting date, and any adjustments to tax payable or receivable in respect of previous years.

Deferred tax

Deferred tax balances are determined using the Balance Sheet method which calculates temporary differences based on the carrying amounts of an entity's assets and liabilities in the Balance Sheet and their associated tax bases. The amount of deferred tax provided is based on the expected manner of realisation of the asset or settlement of the liability, using tax rates enacted or substantively enacted at reporting date. In jurisdictions where unbooked tax losses exist, regular reviews are undertaken of the past trading history and projected future trading performance of the operations in these jurisdictions as part of the determination of the value of any deferred tax asset that should be reflected in the accounts in respect of such losses. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent it is no longer probable that the related tax benefit will be realised.

The Group has not recognised the tax value of deferred tax assets in respect of trading tax losses of $8.0m (2017: $13.8m) and $63.5m of capital losses (2017: $54.8m). Deferred tax assets in respect of these unbooked losses have not been recognised as it is not probable that future taxable profits will be available against which these losses can be utilised.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income. In this case, the associated tax is also recognised in other comprehensive income.

5. Earnings Per Share

	2018 US$m	2017 US$m
Earnings reconciliation		
Profit for the period	486.2	150.2
Less profit for the period attributable to non-controlling interests	(1.9)	(2.5)
Basic earnings	484.3	147.7
From continuing operations	138.8	119.5
From discontinued operations	345.5	28.2
	484.3	147.7
Diluted earnings	484.3	147.7
From continuing operations	138.8	119.5
From discontinued operations	345.5	28.2
	484.3	147.7

	Number of Shares (Millions)	
Weighted average number of ordinary shares used as the denominator		
Number of ordinary shares for basic Earnings Per Share	143.8	147.5
Effect of partly paid Executive Plan shares and Performance Share Rights (PSRs)	2.1	1.8
Number of ordinary shares for diluted Earnings Per Share	145.9	149.3

	US Cents	US Cents
Earnings per share from continuing operations		
Basic earnings per share	96.5	81.0
Diluted earnings per share	95.1	80.0
Earnings per share from discontinued operations		
Basic earnings per share	240.3	19.1
Diluted earnings per share	236.8	18.9

Recognition and measurement

Earnings per share (EPS) is the amount of profit attributable to each share. Basic EPS is calculated on the Group's profit for the year attributable to equity shareholders divided by the weighted average number of shares on issue during the year. Diluted EPS reflects any commitments the Group has to issue shares in the future. Partly paid Executive Plan shares and PSRs have been included in diluted earnings per share.

6. Cash and Cash Equivalents

	2018 US$m	2017 US$m
(a) Cash and cash equivalents		
Cash on hand	**0.2**	0.2
Cash at bank	**126.6**	144.7
Short-term deposits	**453.1**	168.7
	579.9	313.6
Restricted deposits	**2.9**	3.0
Total cash and cash equivalents	**582.8**	316.6
(b) Reconciliation of net profit after tax to net cash provided by operating activities		
Profit for the period	**486.2**	150.2
Add/(less) non-cash items:		
Depreciation	**32.7**	30.7
Amortisation	**7.1**	14.2
Impairment/(impairment reversal) – trade receivables	**3.7**	(0.6)
Share-based payments expense	**10.4**	4.7
Change in accounting estimate – development costs	**12.5**	–
Write down of property, plant and equipment	**3.2**	–
Add/(less) items classified as investing/financing activities:		
Interest received	**(11.7)**	(3.6)
Interest and financing costs paid	**24.2**	26.3
Gain on the sale of property, plant and equipment	**–**	(0.5)
Gain on the sale of business, net of tax	**(344.8)**	–
Net cash provided by operating activities before change in assets and liabilities	**223.5**	221.4
Change in assets and liabilities net of effect from acquisitions and disposals of businesses and subsidiaries:		
Decrease in trade and other receivables	**(6.9)**	8.2
Increase in inventories	**(0.7)**	(38.0)
Increase in other assets	**(2.8)**	(2.1)
(Decrease)/Increase in trade and other payables	**(20.2)**	8.4
(Decrease)/Increase in provisions/other liabilities	**(3.5)**	10.4
(Decrease)/increase in retirement benefit obligations	**(5.9)**	(1.1)
(Decrease)/Increase in provision for deferred income tax	**(22.0)**	0.4
(Increase)/decrease in deferred tax asset	**14.2**	(1.3)
(Decrease)/Increase in provision for income tax	**(22.9)**	9.9
Other non-cash items (including foreign currency impact)	**0.8**	–
Net cash provided by operating activities	**153.6**	216.2

(c) Recognition and measurement

Cash at bank and on deposit

Cash and cash equivalents includes cash on hand and at banks and investments in money market instruments, net of outstanding bank overdrafts.

Restricted deposits

Restricted deposits represent cash set aside (under Court orders) 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 (refer Note 11 Provisions – Other Provisions).

7. Working Capital

This table summarises working capital related to continuing operations at:

	2018 US$m	2017 US$m
Working capital comprises:		
Net trade receivables	191.9	174.6
Inventories	329.8	331.9
Trade payables	(182.1)	(197.8)
Total working capital	339.6	308.7

(a) Current trade and other receivables

This table summarises current trade and other receivables related to continuing operations:

	2018 US$m	2017 US$m
Trade receivables	240.5	218.5
Allowance for impairment	(8.0)	(4.5)
Provision for rebates and allowances	(40.6)	(39.4)
Net trade receivables	191.9	174.6
Other amounts receivable	9.1	15.3
Total current trade and other receivables	201.0	189.9

Movements in the allowance for impairment of trade receivables:
This table summarises the allowance for impairment of trade receivables related to continuing operations:

	2018 US$m	2017 US$m
Balance at the beginning of the financial year	4.5	8.2
Amounts charged to the Income Statement	3.7	–
Amounts utilised for intended purposes	–	(0.1)
Reclassification to assets held for sale	–	(3.7)
Net exchange differences on translation of foreign subsidiaries	(0.2)	0.1
Balance at the end of the financial year	8.0	4.5

	Gross Trade Receivables		Allowance for Impairment	
	2018 US$m	2017 US$m	2018 US$m	2017 US$m
Ageing of trade receivables:				
Within agreed terms	201.6	189.0	–	–
Past due 0 – 60 days	29.4	26.0	1.2	2.1
Past due 61 – 90 days	1.5	1.5	0.5	0.6
Past due 91 days or more	8.0	2.0	6.3	1.8
Total	240.5	218.5	8.0	4.5

(b) Inventories

This table summarises inventories related to continuing operations:

	2018 US$m	2018 US$m
Raw materials	**42.7**	35.7
Work in progress	**17.2**	15.2
Finished goods	**269.9**	281.0
Total inventories	**329.8**	331.9

	2018 US$m	2017 US$m
Inventories recognised as an expense	**870.0**	794.9

(c) Current trade and other payables

This table summarises current trade and other payables related to continuing operations:

	2018 US$m	2017 US$m
Current		
Trade payables	**182.1**	197.8
Other payables	**40.1**	24.7
Total current trade and other payables	**222.2**	222.5

(d) Recognition and measurement

Trade receivables

Trade receivables are carried at amounts due. Receivables that are not past due and not impaired are considered recoverable. Trade receivables are recognised initially at the value of the invoice sent to the customer and subsequently at the amount considered recoverable. Customer trading terms are generally between 30 – 60 days.

Allowance for impairment of trade receivables

The collectability of trade receivables is assessed continuously and at balance date specific allowances are made for any doubtful trade receivables based on a review of all outstanding amounts at year end. Bad debts are written off during the year in which they are identified. The following basis have been used to assess the allowance for doubtful trade receivables:

- individual account by account assessment based on past credit history;
- prior knowledge of debtor insolvency;
- high risk customers' assessments based on continuous analysis of customers' payment trends and monitoring of the political and economic climates particularly for those customers who are located in emerging market countries; and
- customer accounts which have been referred to a collection agency.

Inventories

Inventories are valued at the lower of cost and net realisable value. The net realisable value of inventories is the estimated selling price in the ordinary course of business less estimated costs to sell. The cost of inventories is based on the first-in, first-out principle. In the case of manufactured inventories and work in progress, cost includes an appropriate share of the production overheads as applicable.

Allowances are established for obsolete or slow moving inventories taking into consideration the ageing or seasonal profile of inventories, the nature of inventories, discontinued lines, sell through history and forecast sales.

Trade and other payables

Trade payables are normally settled within 30 to 60 days from invoice date or within the agreed payment terms with the supplier.

Notes to the Financial Statements continued

8. Property, Plant and Equipment

This table summarises property, plant and equipment related to continuing operations:

Year ended 30 June 2018	Freehold Land US$m	Freehold Buildings US$m	Leasehold Land and Buildings US$m	Plant and Equipment US$m	Buildings and Plant Under Construction US$m	Total US$m
Cost	7.1	31.8	62.0	436.5	19.3	556.7
Accumulated depreciation	–	(14.9)	(22.1)	(289.3)	–	(326.3)
	7.1	16.9	39.9	147.2	19.3	230.4
Movement						
Balance at the beginning of the financial year	7.0	15.7	37.5	144.7	13.0	217.9
Additions	–	1.8	–	6.6	35.2	43.6
Disposals/scrappings	–	(1.1)	(0.1)	(1.9)	(0.1)	(3.2)
Transfer from buildings and plant under construction	–	1.0	3.9	24.3	(29.2)	–
Depreciation	–	(1.0)	(2.5)	(28.4)	–	(31.9)
Net exchange differences on translation of foreign subsidiaries	0.1	0.5	1.1	1.9	0.4	4.0
Balance at the end of the financial year	7.1	16.9	39.9	147.2	19.3	230.4

Year ended 30 June 2017	Freehold Land US$m	Freehold Buildings US$m	Leasehold Land and Buildings US$m	Plant and Equipment US$m	Buildings and Plant Under Construction US$m	Total US$m
Cost	7.0	32.5	57.0	436.8	13.0	546.3
Accumulated depreciation	–	(16.8)	(19.5)	(292.1)	–	(328.4)
	7.0	15.7	37.5	144.7	13.0	217.9
Movement						
Balance at the beginning of the financial year	9.3	21.2	46.1	140.2	28.2	245.0
Additions	–	1.3	0.1	3.9	36.0	41.3
Additions through entities/businesses acquired	–	0.5	–	1.0	–	1.5
Disposals/scrappings	–	(0.1)	(0.1)	(0.7)	(0.1)	(1.0)
Reclassification to assets held for sale	(2.8)	(7.3)	(8.0)	(19.9)	(1.9)	(39.9)
Transfer from buildings and plant under construction	0.3	0.5	2.7	45.2	(48.7)	–
Depreciation	–	(0.8)	(2.2)	(26.2)	–	(29.2)
Net exchange differences on translation of foreign subsidiaries	0.2	0.4	(1.1)	1.2	(0.5)	0.2
Balance at the end of the financial year	7.0	15.7	37.5	144.7	13.0	217.9

Recognition and measurement

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the item. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and that the cost of the item can be measured reliably.

Depreciation

Depreciation is generally 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 in the current and prior years are as follows:

Freehold buildings	20 – 40 years
Leasehold buildings	The lesser of 50 years or life of lease
Plant and equipment	3 – 20 years

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

9. Intangible Assets

This table summarises intangible assets related to continuing operations:

Year ended 30 June 2018	Goodwill US$m	Brand Names US$m	Development Costs US$m	Software Costs US$m	Other Intangibles US$m	Total US$m
Cost						
Balance at the beginning of the financial year	955.0	226.5	26.7	71.6	24.0	1,303.8
Additions	3.7	–	–	1.4	–	5.1
Additions through entities acquired/completion of provisional accounting	(12.7)	16.3	–	–	–	3.6
Written off to the Income Statement	–	–	(27.9)	(1.4)	–	(29.3)
Net exchange differences on translation of foreign subsidiaries	(4.0)	(5.1)	1.2	(2.2)	(0.3)	(10.4)
Balance at the end of the financial year	942.0	237.7	–	69.4	23.7	1,272.8
Provision for amortisation and impairment						
Balance at the beginning of the financial year	137.6	61.3	16.1	33.8	5.2	254.0
Amortisation	–	0.1	–	5.7	1.3	7.1
Accumulated amortisation on amounts written off to the Income Statement	–	–	(16.7)	(0.2)	–	(16.9)
Net exchange differences on translation of foreign subsidiaries	3.1	(1.8)	0.6	(1.5)	(0.2)	0.2
Balance at the end of the financial year	140.7	59.6	–	37.8	6.3	244.4
Written down value at the end of the financial year	801.3	178.1	–	31.6	17.4	1,028.4

Notes to the Financial Statements continued

***9. Intangible Assets** continued*

Year ended 30 June 2017	Goodwill US$m	Brand Names US$m	Development Costs US$m	Software Costs US$m	Other Intangibles US$m	Total US$m
Cost						
Balance at the beginning of the financial year	958.9	243.3	25.0	69.9	24.0	1,321.1
Additions	–	–	3.0	2.0	–	5.0
Additions through entities acquired/completion of provisional accounting	48.7	–	–	–	–	48.7
Reclassification to assets held for sale	(50.7)	(17.0)	(1.9)	–	–	(69.6)
Written off to the Income Statement	–	–	(0.2)	–	–	(0.2)
Net exchange differences on translation of foreign subsidiaries	(1.9)	0.2	0.8	(0.3)	–	(1.2)
Balance at the end of the financial year	955.0	226.5	26.7	71.6	24.0	1,303.8
Provision for amortisation and impairment						
Balance at the beginning of the financial year	139.5	60.8	12.3	27.4	3.8	243.8
Amortisation	–	0.4	4.4	5.4	1.4	11.6
Reclassification to assets held for sale	–	–	(1.0)	–	–	(1.0)
Net exchange differences on translation of foreign subsidiaries	(1.9)	0.1	0.4	1.0	–	(0.4)
Balance at the end of the financial year	137.6	61.3	16.1	33.8	5.2	254.0
Written down value at the end of the financial year	817.4	165.2	10.6	37.8	18.8	1,049.8

Carrying amount of goodwill and brand names allocated to each of the CGUs related to continuing operations:	2018 US$m	2017 US$m
Healthcare	**676.1**	671.3
Industrial	**303.3**	311.3
	979.4	982.6

Recognition and measurement

Goodwill and brand names

Goodwill on acquisition is measured at cost being the excess of the cost of the acquisition over the fair value of the Group's share of the net identifiable assets acquired. Goodwill is not amortised. Brand names are initially recorded at cost based on independent valuation at acquisition date, which equates to fair value. Based on the nature of the major brand names acquired by the Group, which are international brands that benefit from competitive advantages due to technology, innovation and product development, it is not possible to make an arbitrary assessment that these brand names have a finite useful life, quantifiable in terms of years except where such brands are subject to licensing agreements covering a finite period or where management intends to phase out the use of a brand. Brand names subject to a licensing arrangement are amortised over the life of the arrangement. Brand names that are intended to be phased out are amortised over the period management anticipates that this process will take. The amortisation of brand names, software costs and other intangibles are recognised in selling, general and administration costs in the Income Statement. No amortisation is provided against the carrying value of those brand names not subject to a licensing arrangement or phase out process as the Group believes that the lives of such assets are indefinite at this point.

Development costs

Development costs are expensed as incurred – refer to Note 1 Significant Accounting Policies - Accounting Estimates and Judgements.

Software costs

Capitalised software costs are amortised over a 3 to 10 year period.

Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are initially recorded at cost based on independent valuation at acquisition date, which equates to fair value. These assets include patents which are amortised on a straight-line basis over the legal life of the patent and customer and distributor relationships, which are amortised on a straight-line basis over their estimated useful lives, which range from 6 to 20 years.

Impairment

Goodwill and indefinite life intangible assets are tested for impairment as part of the year end reporting process. These assets are also reviewed as part of the interim reporting process to determine whether there are any indicators of impairment.

The carrying amount of other non-current assets, excluding any defined benefit fund assets, deferred tax assets and financial assets are reviewed at each reporting date to determine whether there are any indicators of impairment.

If such indicators exist, the asset is tested for impairment by comparing its recoverable amount to its carrying amount. The recoverable amount of an asset is determined as the higher of fair value less costs of disposal and value in use.

The recoverable amount of the CGUs has been determined based on a value in use calculation utilising five-year cash flow projections.

The base for each CGU is the budget for the 2019 financial year as approved by the Board. Specific growth and after tax WACC rates have been used for each CGU in developing internal forecasts for financial years ending June 2020 to 2023 and for the terminal year. Factors such as country risk, forecasting risk and country specific growth and tax rates have been taken into consideration in arriving at these rates.

Cash flows used for value in use calculations are estimated for the asset in its present condition and therefore do not include cash inflows or outflows that improve or enhance the asset's performance or that may arise from future restructuring.

The post-tax discount rate used for a value in use calculation is derived based on an internal assessment of the Group's post-tax weighted average cost of capital in conjunction with risk specific factors to the countries in which the CGU operates.

The average annual sales revenue growth rates applied in the discounted cash flow models range between 2.5% and 6.1% (2017: 3% and 5%) while the growth in the terminal year was 2% (2017: between 2% and 3%). The post tax discount rates applied range between 8% and 8.4% (2017: 8% and 9%).

An impairment loss is recognised whenever the carrying amount of an asset or its CGU exceeds its recoverable amount. Impairment losses are recognised in the Income Statement as part of cost of goods sold and selling, general and administration expenses. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to CGUs and then to reduce the carrying amount of the other assets in the unit.

An impairment loss is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised. An impairment loss in respect of goodwill or other indefinite life intangible assets is not reversed. An impairment loss in other circumstances is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

10. Interest Bearing Liabilities

This table summarises interest bearing liabilities related to continuing operations:

	2018 US$m	2017 US$m
Current		
Loans repayable in:		
Canadian dollars	–	3.8
Total current	–	3.8
Non-current		
Loans repayable in:		
Euros	146.2	144.7
United States dollars	270.0	437.0
United Kingdom pounds	135.8	135.0
Total non-current	552.0	716.7
Total interest bearing liabilities	552.0	720.5

This table summarises the movement in interest bearing liabilities related to continuing operations for the year ended 30 June 2018:

	2018 US$m
Balance at the beginning of the financial year	720.5
Movements from financing activities:	
Proceeds from borrowings as per Consolidated Statement of Cash Flows	–
Repayments of borrowings as per Consolidated Statement of Cash Flows	(170.9)
Other movements:	
Net exchange differences on translation of foreign subsidiaries	2.4
Balance at the end of the financial year	552.0

The Group has a syndicated borrowing facility of US$300m (GBP 103.8m drawn down at 30 June 2018) maturing in June 2023, a Euro 25m revolving credit facility (Euro 25.0m drawn down at 30 June 2018) maturing in January 2021 and Senior Notes to the equivalent of US$387.4m. The Senior Notes of US$270m and Euro 101.5m mature between June 2020 and April 2026. These facilities can be accessed by certain Australian, US, UK and European subsidiaries.

There are a number of financial covenants attaching to the bank and note facilities including restrictions on the level of borrowings of non-guarantor subsidiaries and ensuring certain financial ratios are maintained. If any breaches of these covenants occur all monies outstanding under the facility become immediately due and payable. The Group is in compliance with all covenants. The interest rates for these facilities are determined based on market rates at the time amounts are drawn down.

	2018 US$m	2017 US$m
Net interest bearing debt		
Current interest bearing liabilities	–	3.8
Non-current interest bearing liabilities	552.0	716.7
Cash at bank and short-term deposits	(579.7)	(313.4)
Net interest bearing debt	(27.7)	407.1

Recognition and measurement

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

This table summarises interest bearing liabilities related to continuing operations:

Nature and Currency of Borrowing		Effective Interest Rate % p.a.	Financial Year of Debt Maturity	2018 US$m
Bank loans	Euros	1.00	2021	**28.9**
	United Kingdom pounds	2.06	2023	**135.8**
Other loans	Euros	3.37	2020	**34.7**
	Euros	3.52	2022	**41.3**
	Euros	1.60	2023	**41.3**
	United States dollars	3.75	2020	**20.0**
	United States dollars	3.91	2021	**50.0**
	United States dollars	4.70	2024	**100.0**
	United States dollars	4.05	2025	**50.0**
	United States dollars	4.68	2026	**50.0**
Total interest bearing liabilities				**552.0**

Nature and Currency of Borrowing		Effective Interest Rate % p.a.	Financial Year of Debt Maturity	2017 US$m
Bank loans	Canadian dollars	2.23	2018	3.8
	Euros	1.07	2021	28.6
	United Kingdom pounds	1.38	2019	135.0
	United States dollars	2.83	2019	20.0
	United States dollars	2.91	2019	15.0
	United States dollars	3.83	2019	10.0
	United States dollars	3.43	2019	10.0
	United States dollars	3.21	2019	20.0
	United States dollars	3.87	2019	35.0
	United States dollars	2.26	2019	30.0
	United States dollars	2.45	2019	17.0
	United States dollars	2.67	2019	10.0
Other loans	Euros	3.37	2020	34.3
	Euros	3.52	2022	40.9
	Euros	1.63	2023	40.9
	United States dollars	3.75	2020	20.0
	United States dollars	3.91	2021	50.0
	United States dollars	4.70	2024	100.0
	United States dollars	4.05	2025	50.0
	United States dollars	4.68	2026	50.0
Total interest bearing liabilities				720.5

11. Provisions

This table summarises provisions related to continuing operations:

	2018 US$m	2017 US$m
Current		
Provision for employee entitlements	**43.8**	49.3
Provision for rationalisation and restructuring costs	**5.7**	3.5
Other provisions	**3.5**	3.9
Total current	**53.0**	56.7
Non-current		
Provision for employee entitlements	**7.8**	8.2
Total non-current	**7.8**	8.2
Total provisions	**60.8**	64.9

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

Provision for rationalisation and restructuring costs		
Balance at the beginning of the financial year	**3.5**	6.9
Amounts charged/(credited) to the Income Statement	**3.4**	(0.2)
Payments made	**(1.2)**	(3.2)
Balance at the end of the financial year	**5.7**	3.5

Other provisions		
Balance at the beginning of the financial year	**3.9**	3.9
Amounts credited to the Income Statement	**(0.3)**	–
Payments made	**–**	(0.1)
Net exchange differences on translation of foreign subsidiaries	**(0.1)**	0.1
Balance at the end of the financial year	**3.5**	3.9

Recognition and measurement

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

A provision is determined by discounting the expected future cash flows required to settle the obligation at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Employee entitlements

Wages, salaries and annual leave

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

Long service leave and post-retirement health benefits

The liability for employee entitlements to long service leave represents the present value of the estimated future cash outflows to be made by the Group resulting from employees' services provided in the current and prior periods. Post retirement health benefits are subject to annual actuarial reviews.

The liability is calculated using estimated future increases in wage and salary rates including related on-costs, expected settlement dates based on turnover history and medical cost trends and is discounted using corporate bond rates, which most closely match the terms of maturity of the related liabilities.

Provision for rationalisation and restructuring costs

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.

Other provisions

Other provisions are recognised to cover specifically identified or obligated costs relating to Accufix Pacing Lead and insurance claims. The Accufix Pacing Lead related expenses include costs of patients associated with the monitoring and (where appropriate) explantation of the leads and for legal costs in defence of claims made in respect of the Accufix Pacing Lead. This provision is covered by cash required to be set aside by the Courts (refer to Note 6 – Cash and Cash Equivalents – Restricted deposits).

12. Retirement Benefit Obligations

Certain members of the Group contribute to defined benefit and defined contribution superannuation plans maintained to provide superannuation benefits for employees. They are obliged to contribute to the various superannuation plans as a consequence of legislation or Trust Deeds. Legal enforceability is dependent on the terms of the legislation or the Trust Deeds.

(a) Defined benefit superannuation plans

Funding for post-employment benefits is carried out in accordance with the requirements of the Trust Deed for the Fund and the advice of the Fund's actuarial adviser. Plan assets are held in trusts, which are subject to supervision by prudential regulators. Responsibility for governance of the plan, including investment decisions and plan rules, rests solely with the Board of trustees of the plan.

The amounts recognised in the balance sheet related to continuing operations are determined as follows:

Retirement Benefit Asset

	2018 US$m	2017 US$m
Fair value of defined benefit plan assets	33.7	–
Present value of accumulated defined benefit obligations	(27.8)	–
Defined benefit asset recognised in the balance sheet	5.9	–

The movements in the defined benefit asset during the year are outlined below:

	2018 US$m	2017 US$m
Balance at the beginning of the financial year	–	–
Reclassification from defined benefit liability during the year	(3.5)	–
Actuarial gains[1]	2.4	–
Current service cost[2]	(0.6)	–
Net interest cost[2]	(0.1)	–
Employer contributions[3]	7.8	–
Net exchange differences on translation of foreign subsidiaries	(0.1)	–
Balance at the end of the financial year	5.9	–

The principal actuarial assumptions used (expressed as a weighted average) to calculate the defined benefit asset were as follows:

	2018	2017
Discount rate	3.7%	–
Future salary increases	3.0%	–

Notes to the Financial Statements continued

12. Retirement Benefit Obligations continued

Retirement Benefit Liability

	2018 US$m	2017 US$m
Present value of accumulated defined benefit obligations	27.9	58.4
Fair value of defined benefit plan assets	(13.6)	(39.4)
Net defined benefit liability recognised in the Balance Sheet	14.3	19.0

The movements in the defined benefit liability during the year are outlined below:

	2018 US$m	2017 US$m
Balance at the beginning of the financial year	19.0	23.1
Reclassification to defined benefit asset during the year	(3.5)	–
Actuarial gains[1]	(1.3)	(2.9)
Current service cost[2]	2.2	0.2
Net interest cost[2]	0.1	0.4
Settlement gains[2]	–	(0.3)
Employer contributions[3]	(1.6)	(1.8)
Reclassification to liabilities held for sale	–	(0.1)
Net exchange differences on translation of foreign subsidiaries	(0.6)	0.4
Balance at the end of the financial year	14.3	19.0

The principal actuarial assumptions used (expressed as a weighted average) to calculate the defined benefit liability were as follows:

	2018	2017
Discount rate	1.4%	2.5%
Future salary increases	1.5%	1.6%

1. Actuarial gains are recorded in other comprehensive income.
2. Current service cost, interest cost and settlement gains are recorded in the Consolidated Income Statement as part of selling, general and administration expenses.
3. Employer contributions are a cash payment and are recorded as part of payments to suppliers and employees in the Consolidated Statement of Cash Flows.

The Group expects $1.2m in contributions to be paid to its defined benefit plans during the year ending 30 June 2019.

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	2018	2017
Equity securities	14%	29%
Fixed interest securities	66%	63%
Property	2%	2%
Other	18%	6%

(b) Defined contribution superannuation plans

	2018 US$m	2017 US$m
Contributions to defined contribution plans during the year	14.3	13.7

13. Issued Capital and Reserves

(a) Issued capital

	2018 US$m	2017 US$m
Issued capital		
142,280,089 (2017: 147,328,462) ordinary shares, fully paid	**1,052.6**	1,142.2
49,700 (2017: 53,900) Executive Share Plan shares, paid to A$0.05	**–**	–
Total issued capital	**1,052.6**	1,142.2

	Number of Shares	
	2018	2017
Movement in shares on issue		
Ordinary shares		
Balance at the beginning of the financial year	**147,328,462**	147,660,815
Issue of new shares under Dividend Reinvestment Plan	**152,153**	237,069
Conversion of Executive Share Plan shares to fully paid	**4,200**	5,000
Buy-back/cancellation of shares	**(5,204,726)**	(574,422)
Balance at the end of the financial year	**142,280,089**	147,328,462
Executive Share Plan shares		
Balance at the beginning of the financial year	**53,900**	58,900
Conversion of Executive Share Plan shares to fully paid	**(4,200)**	(5,000)
Balance at the end of the financial year	**49,700**	53,900

***13. Issued Capital and Reserves** continued*

Issued capital

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

Ordinary shares are fully paid and do not have authorised capital or par value. They carry one vote per share and the right to dividends as declared from time to time. 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.

Dividend Reinvestment Plan

The Company operates a dividend reinvestment plan which is open to all shareholders. Under this plan 152,153 shares were issued during the year (2017: 237,069).

Executive Share Plan

During the financial year, 4,200 Executive Plan shares were paid (2017: 5,000). Shares allotted under the Pacific Dunlop Executive Share Plan (which was discontinued in 1996) have been paid to A$0.05 per share. Refer to Note 21 Ownership-based Remuneration Schemes for details of the price payable for shares issued under this plan.

Options

As at the date of this Report, there are nil (2017: nil) unissued shares in the Company remain under option.

Share-based payments

The fair value of PSRs granted to the Managing Director and Chief Executive Officer (CEO), Chief Financial Officer (CFO) and other Senior Executives under the Long Term Incentive Plans is recognised as an employee benefit expense with a corresponding increase in equity over the vesting period.

(b) Nature and purpose of reserves

Share-based payments reserve

This reserve is used to record the value of equity benefits provided to employees as part of their remuneration under various Long Term Incentive Plans. Refer to Note 21 Ownership-based Remuneration Schemes for further details of these plans.

Hedging reserve

This reserve records the portion of the unrealised gains or losses on cash flow hedges, the cumulative net change in the intrinsic and time value of options and interest rate swaps that are deemed to be effective.

General reserve

In certain jurisdictions regulatory requirements result in appropriations being made to a general reserve. The amount in the general reserve is available for release to retained profits.

Foreign currency translation reserve

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

Transactions with non-controlling interests

Represents the excess paid over the fair value of assets acquired as a result of the purchase of additional equity in non-wholly-owned subsidiaries.

Fair value reserve

This reserve records the cumulative net change in the fair value of financial assets.

14. Dividends Paid or Declared

	2018 US$m	2017 US$m
Dividends paid		
A final dividend of US 23.75 cents per share unfranked for the year ended 30 June 2017 (June 2016: US 23.50 cents unfranked) was paid on 8 September 2017 (2016: 8 September 2016)	**35.1**	34.6
An interim dividend of US 20.50 cents per share unfranked for the year ended 30 June 2018 (June 2017: US 20.25 cents unfranked) was paid on 8 March 2018 (2017: 10 March 2017)	**28.7**	29.7
	63.8	64.3

Dividends declared

Since the end of the financial year the Directors have declared a final dividend of US25.00 cents cents per share unfranked, to be paid on 13 September 2018. The financial effect of this dividend has not been brought to account in the financial statements for the year ended 30 June 2018 and will be recognised in subsequent financial reports.

Dividend franking account

The balance of the dividend franking account as at 30 June 2018 was nil (2017: nil).

15. Financial Risk Management

Ansell has a range of financial policies designed to mitigate any potential negative impact financial risks may have on the Group's results. The Group's risk management is carried out by a central treasury department under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's business units. The Board reviews and approves the Group's policies for managing each of these risks which are summarised below:

- Note 15(a) Foreign Exchange Risk;
- Note 15(b) Interest Rate Risk;
- Note 15(c) Credit Risk;
- Note 15(d) Liquidity Risk; and
- Note 15(e) Commodity Price Risk.

These risks affect the fair value measurements applied by the Group, which is discussed in Note 15(f).

(a) Foreign exchange risk

The Group is exposed to a number of foreign currencies, however, the predominant operating currency is the US dollar (US$). As such, the Group has determined it appropriate to manage its foreign currency exposure against the US$. On this basis the Group manages its transactional exposures as follows:

- Major revenue and cost currency net cash flow exposures are predominantly hedged back to US$ on a 12 to 18-month rolling basis so as to reduce any significant adverse impact of exchange rate fluctuations on the Earnings Per Share guidance provided by the Company to the market.
- The Group hedges up to 90% of its estimated foreign currency exposure in respect of forecast purchases and sales.

The Group enters into a range of derivative financial instruments, which can be defined in the following broad categories:

(i) Forward/future contracts

These transactions enable the Group to buy or sell specific amounts of foreign exchange or financial instruments at an agreed rate/price at a specified future date. Maturities of these contracts are predominantly up to one year.

(ii) Foreign exchange options

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

***15. Financial Risk Management** continued*

As at 30 June the exposure to foreign currency risk from the Group's primary trading currency (US$) is:

	Net Receivable	
	2018 US$m	2017 US$m
Net receivable in non-US$ reporting entities	19.5	21.5

The following table demonstrates the estimated sensitivity in the valuation of outstanding forward contracts and foreign exchange options to a 10% increase/decrease in the US$ exchange rate, with all other variables held constant, on profit for the period and equity.

	Profit for the Period		Equity	
	2018 US$m	2017 US$m	2018 US$m	2017 US$m
With all other variables held constant:				
10% increase in US$ exchange rate	–	–	7.9	4.6
10% decrease in US$ exchange rate	–	–	(0.2)	(1.2)

(b) Interest rate risk

The Group has a broad aim of managing interest rate risk on its debt by setting a minimum level of interest rate risk days (the weighted average term of all interest rates in the portfolio) and a minimum fixed/floating interest rate ratio. The Group enters into interest rate swaps that enables parties to swap interest rates (from or to a fixed or floating basis) for a defined period of time. Maturities of the contracts are principally between 1 and 10 years.

Prior to the beginning of each year, the Group calculates its financial budget for the upcoming year using an updated set of financial assumptions and management's view of the marketplace in the coming financial year. The Group forecasts interest rates for all debt repricing and new financing.

In this context interest rate risk is the risk that the Group will, as a result of adverse movements in interest rates, experience:

- unacceptable variations to the cost of debt in the review period for which the financial budget has been finalised; and
- unacceptable variations in interest expense from year to year.

It is recognised that movements in interest rates may be beneficial to the Group. Within the context of the Group's operations, interest rate exposure occurs from the amount of debt repricing that occurs in any one year.

The exposure to interest rate risk and the effective weighted average interest rate for interest bearing financial liabilities are set out below:

			Fixed Interest Repricing in				
	Weighted Average Effective Interest Rate %	Floating US$m	1 Year or Less US$m	1 to 2 Years US$m	2 to 5 Years US$m	> 5 Years US$m	Total US$m
2018							
Bank and other loans	3.4	164.7	–	54.6	132.7	200.0	552.0
Effect of interest rate swaps[1]	(0.1)	(46.1)	–	(20.0)	66.1	–	–
		118.6	–	34.6	198.8	200.0	552.0
2017							
Bank and other loans	3.2	334.4	–	–	145.2	240.9	720.5
Effect of interest rate swaps[1]	0.1	(185.7)	28.6	15.0	183.0	(40.9)	–
		148.7	28.6	15.0	328.2	200.0	720.5

1. Represents notional amount of interest rate swaps.

A separate analysis of debt by currency can be found at Note 10 Interest Bearing Liabilities.

The table below shows the effect on profit for the period and equity, if interest rates had been 10% higher or lower with all other variables held constant, taking into account all underlying exposures and related hedges. A sensitivity of 10% has been selected as this is considered reasonable given the current level of both short-term and long-term US$ interest rates.

	Profit for the Period		Equity	
	2018 US$m	**2017 US$m**	**2018 US$m**	**2017 US$m**
With all other variables held constant:				
If interest rates were 10% higher	**–**	–	**0.3**	1.1
If interest rates were 10% lower	**–**	–	**(0.3)**	(1.2)

(c) Credit risk

The credit risk on financial assets (excluding investments) of the Group, is the carrying amount, net of any provision for impairment, which has been recognised on the Balance Sheet. The Group is exposed to credit risk from its operating activities, primarily from customer receivables and from its financing activities, including deposits with financial institutions, foreign exchange transactions and other financial instruments.

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group does not hold any collateral over any of the receivables.

(i) Credit risk – cash and cash equivalents

The Group held cash and cash equivalents related to continuing operations of US$582.8m at 30 June 2018 (2017: $316.6m). The material cash and cash equivalent balances are held with bank and financial institution counterparties which are rated A3 or above by Moody's Investor Service.

(ii) Credit risk – trade receivables

Customer credit risk is managed by each Region subject to established policies, procedures and controls relating to customer credit risk management. The Group trades with recognised, creditworthy third parties, and also minimises concentrations of credit risk by undertaking transactions with a large number of customers and counterparties in various countries. Customers who wish to trade on credit terms are subject to credit verification procedures including an assessment of their independent credit rating, financial position, past experience and industry reputation. In addition receivable balances are monitored on an ongoing basis. The Group is not materially exposed to any individual customer. An ageing of trade receivables past due is included in Note 7.

The Group's maximum exposure to credit risk at the reporting date related to continuing operations:

	Carrying Amount	
	2018 US$m	**2017 US$m**
Net trade receivables	**191.9**	174.6

Individual trade receivables which are known to be uncollectible are written off by reducing the carrying amount directly. Other trade receivables are assessed where there is objective evidence that an impairment has been incurred but not yet recognised. For these receivables, the estimated impairment losses are recognised as an allowance for impairment. Receivables for which an impairment provision was recognised are written off against the provision where there is no expectation of recovering additional cash. Allowances for impairment are recognised in the Income Statement. Subsequent recoveries of amounts previously written off are credited to the Income Statement. Movements in the allowance for impairment and the ageing of trade receivables are included in Note 7.

***15. Financial Risk Management** continued*

(iii) Credit risk by maturity

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

	Foreign Exchange Related Contracts		Interest Rate Contracts		Foreign Exchange Options		Total	
	2018 US$m	2017 US$m	2018 US$m	2017 US$m	2018 US$m	2017 US$m	2018 US$m	2017 US$m
Term:								
0–6 months	3.1	0.6	–	–	2.2	1.6	5.3	2.2
6–12 months	1.4	0.2	–	–	3.1	2.2	4.5	2.4
1–2 years	–	–	–	–	–	–	–	–
2–5 years	–	–	3.3	0.9	–	–	3.3	0.9
> 5 years	–	–	–	3.1	–	–	–	3.1
Total	4.5	0.8	3.3	4.0	5.3	3.8	13.1	8.6

(d) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its obligations when they are due.

The Group manages liquidity risk by:

(a) maintaining adequate levels of undrawn committed facilities that can be drawn down upon at short notice;

(b) retaining appropriate levels of cash and cash equivalents;

(c) spreading the maturity dates of long term debt facilities between financial years (to the extent practicable); and

(d) regular monitoring of cash balances and cash requirement forecasts.

The following table sets out the contractual maturities of the Group's financial liabilities related to continuing operations into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows comprising principal and interest repayments.

	Carrying Amount	Total Contractual Cash Flows	Contractual Maturity (Years)			
			0–1	1–2	2–5	> 5
	US$m	US$m	US$m	US$m	US$m	US$m
2018						
Trade and other payables	225.3	225.3	222.2	3.1	–	–
Bank and other loans	552.0	642.4	18.1	72.7	337.8	213.8
Derivative financial instruments	3.5	3.5	3.0	0.4	0.1	–
Total	780.8	871.2	243.3	76.2	337.9	213.8
2017						
Trade and other payables	223.8	223.8	222.5	1.3	–	–
Bank and other loans	720.5	826.2	26.1	324.2	212.0	263.9
Derivative financial instruments	8.7	8.7	7.9	0.2	0.6	–
Total	953.0	1,058.7	256.5	325.7	212.6	263.9

(e) Commodity price risk

Ansell is a significant buyer of natural rubber latex and a range of synthetic latex products. It purchases these products in a number of countries in Asia, predominately Malaysia, Thailand and Sri Lanka. The Group is not active in hedging its purchases on rubber exchanges but may, from time to time, buy from suppliers or brokers at a fixed price for up to several months into the future. To the extent that any increases in these costs cannot be passed through to customers in a timely manner, the Group's profit after income tax and shareholder's equity could be impacted adversely.

(f) Fair value

The Group considers that the carrying amount of recognised financial assets and financial liabilities approximates their net fair value. Derivative financial instruments are carried at their fair value.

The following table displays:

(i) Nominal/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 (derivative financial instruments)

This is the maximum exposure to the Group in the event that all counterparties who have amounts outstanding to the Group under derivative financial instruments, fail to honour their side of the contracts. The Group's exposure is almost entirely to banks. Amounts owed by the Group 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 owing (to)/by financial institutions under all derivative financial instruments would have been $9.6m (2017: ($0.1)m) if all contracts were closed out on 30 June 2018.

2018		Average Exchange Rates	Average Maturity Days	Nominal/ Face Value US$m	Credit Risk US$m	Net Fair Value US$m
Foreign Exchange Contracts						
Purchase/Sale Contracts:						
– United States Dollars/Euros		1.21	153	57.6	2.1	2.1
– Australian dollars/Japanese Yen		81.96	43	7.0	–	(0.1)
– Malaysian ringgits/United States Dollars		4.08	152	83.6	1.5	0.7
– Thai baht/United States Dollars		32.33	54	8.2	–	(0.2)
– Sri Lankan rupees/United States Dollars		164.70	213	40.5	0.3	0.2
– United States dollars/Australian Dollars		0.75	89	10.0	0.2	0.1
– Other		–	–	55.3	0.4	(0.1)
Foreign Exchange Zero Cost Collar Options		**Options Strike Rates**				
– Euros/United States Dollars		1.18 – 1.20	179	118.1	3.8	3.4
– Australian dollars/United States Dollars		0.77 – 0.79	53	2.3	0.1	0.1
– Canadian dollars/United States Dollars		0.78 – 0.81	92	8.8	0.3	0.3
– United Kingdom Pounds/United States Dollars		1.34 – 1.39	161	13.9	0.5	0.4
– United States Dollars/Mexican pesos		19.00 – 21.00	169	16.1	0.4	(0.1)
– United States Dollars/Thai baht		32.00 – 33.00	70	10.9	–	(0.1)
– Japanese yen/United States Dollars		103.00 – 108.00	171	7.0	0.2	0.1
Interest Rate Contracts						
Interest Rate Swaps:		**Interest Rate %**	**Years**			
– GBP	Payable fixed	0.96	3.7	78.5	0.6	0.6
– Euros	Payable floating	Euribor	4.2	41.3	2.7	2.7
– Euros	Payable fixed	0.00	2.6	28.9	–	(0.1)
– US Dollars	Payable floating	Libor	1.9	20.0	–	(0.4)
Total				608.0	13.1	9.6

Notes to the Financial Statements continued

***15. Financial Risk Management** continued*

15(f). Fair Value

2017		Average Exchange Rates	Average Maturity Days	Nominal/ Face Value US$m	Credit Risk US$m	Net Fair Value US$m
Foreign Exchange Contracts						
Purchase/Sale Contracts:						
– United States Dollars/Euros		1.12	93	29.3	–	(0.7)
– Australian Dollars/Japanese Yen		83.80	39	3.7	0.2	0.1
– Malaysian Ringgits/United States Dollars		4.36	219	20.8	0.2	0.1
– Sri Lankan Rupees/United States Dollars		159.00	218	34.2	–	(0.2)
– United States Dollars/Australian Dollars		0.75	65	16.7	–	(0.3)
– Other		–	–	59.2	0.4	0.2
Foreign Exchange Zero Cost Collar Options		**Options Strike Rates**				
– Euros/United States Dollars		1.09 – 1.14	192	135.8	0.7	(3.8)
– Australian Dollars/United States Dollars		0.75 – 0.77	150	3.8	–	–
– Canadian Dollars/United States Dollars		0.75 – 0.78	98	6.1	–	–
– United Kingdom Pounds/United States Dollars		1.26 – 1.32	201	14.2	0.2	(0.1)
– United States Dollars/Mexican Pesos		19.00 – 22.00	175	17.1	0.8	0.7
– United States Dollars/Malaysian Ringgits		4.25 – 4.41	146	35.1	0.9	-
– United States Dollars/Thai baht		35.00 – 36.00	178	39.1	0.9	0.8
– Japanese yen/United States Dollars		103.00 – 108.00	144	6.3	0.2	0.2
– US dollars/India Rupees		67.00 – 75.00	154	4.4	0.1	0.1
Interest Rate Contracts		**Interest Rate %**	**Years**			
Interest Rate Swaps:						
– GBP	Payable fixed	0.96	4.7	78.0	–	–
– Euros	Payable floating	Euribor	5.0	40.9	3.0	3.0
– Euros	Payable fixed	(0.18)	1.0	28.6	–	–
– US dollars	Payable fixed	1.82	2.3	265.0	0.9	(0.3)
– US dollars	Payable floating	Libor	3.0	20.0	0.1	0.1
Total				**858.3**	**8.6**	**(0.1)**

The effects of hedge accounting on the financial position and performance of the Group is as follows:

2018	Carrying Amount of Hedging Instruments[1]	Change in Value of the Hedging Instrument for Calculating Hedge Ineffectiveness	Change in Value of the Hedged Item for Calculating Hedge Ineffectiveness	Change in Value of the Hedging Instrument Recognised in OCI	Hedge Ineffectiveness Recognised in P&L	Amount Reclassified from Hedging Reserve to P&L
Cash flow hedges						
Revenue (up to 1 year)	**6.5**	**6.5**	**(6.5)**	**6.5**	**–**	**(4.4)**
Costs (up to 2 years)	**0.7**	**0.7**	**(0.7)**	**0.7**	**–**	**(1.6)**
EUR interest	**(0.1)**	**(0.1)**	**0.1**	**(0.1)**	**–**	**–**
GBP interest	**0.6**	**0.6**	**(0.6)**	**0.6**	**–**	**–**
USD interest	**–**	**–**	**–**	**–**	**–**	**0.2**
Fair value hedges						
EUR interest	**2.7**	**(0.3)**	**0.3**	**–**	**–**	**–**
USD interest	**(0.4)**	**(0.4)**	**0.4**	**–**	**–**	**–**
2017						
Cash flow hedges						
Revenue (up to 1 year)	(4.4)	(4.4)	4.4	(4.4)	–	(0.1)
Costs (up to 2 years)	1.6	1.6	(1.6)	1.6	–	(1.4)
GBP interest	0.1	0.1	(0.1)	0.1	–	–
USD interest	(0.2)	4.6	(4.6)	4.6	–	–
Fair value hedges						
EUR interest	3.0	(1.2)	1.2	(1.2)	–	–
USD interest	–	(0.7)	0.7	(0.7)	–	–

1. Includes the time value of foreign exchange options.

(iv) Fair value hierarchy

The table below analyses financial assets and financial liabilities carried at fair value, including their levels in the fair value hierarchy as well as the valuation method. It does not include information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

The different valuation methods have been defined as follows:

- **Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- **Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- **Level 3:** Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group currently holds only Level 2 derivative financial instruments. In order to determine the fair value of the financial instruments, management used valuation techniques in which all significant inputs were based on observable market data.

The fair values of forward exchange contracts, foreign exchange options and interest rate swaps are determined based on the unrealised gains or losses at reporting date. This is done using the standard valuation technique based on the applicable market observable rates including spot rate, forward points, volatilities and interest rate data sourced from brokers and third party market data vendors.

***15. Financial Risk Management** continued*

	Level 2	
	2018 US$m	**2017 US$m**
Derivative financial assets	**13.1**	8.6
Derivative financial liabilities	**3.5**	8.7

(g) Recognition and measurement

Derivatives

The Group uses derivative financial instruments, principally foreign exchange and interest rate related, to reduce the exposure to foreign exchange rate and interest rate movements.

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

- derivatives may be used to hedge underlying business exposures of the Group. Trading in derivatives is not undertaken;
- derivatives acquired must be able to be recorded in the Group's treasury management systems, which contain extensive internal controls; and
- the Group predominantly does not deal with counterparties rated lower than A3 by Moody's Investors Service.

The Group follows the same credit policies, legal processes, monitoring of market and operational risks in the area of derivative financial instruments, as it does in relation to other financial assets and liabilities on the Balance Sheet.

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

These exposures are then monitored and may be modified from time to time. The foreign exchange hedge instruments are predominantly up to 12 months' duration and are used to hedge operational transactions the Group expects to occur in this time frame. From time to time minor mismatches occur in the forward book, however, these mismatches are managed under guidelines, limits and internal controls. Interest rate derivative instruments can be for periods up to 10 years as the critical terms of the instruments are matched to the underlying borrowings.

Derivative financial instruments are recognised initially at fair value and subsequently remeasured to their fair value at each reporting date. The fair value of forward exchange contracts, foreign exchange options and interest rate swap contracts is determined by reference to current market rates for these instruments.

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

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

Fair value hedge

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

Cash flow hedge

The effective portion of changes in the fair value of derivatives (including the intrinsic value of options) that are designated and qualify as cash flow hedges is recognised in equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the Income Statement. The time value of options is accounted for as a hedging cost with changes in fair value being recognised in the hedging reserve through Other Comprehensive Income.

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

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

Derivatives that do not qualify for hedge accounting

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

Hedge effectiveness

The Group determines its economic exposure to unexpected movements in foreign currency rates and interest rates and ensures the hedging instruments entered into satisfactorily mitigate these risks. The Group ensures the changes in the fair value of the hedging instruments are highly correlated to the change in the fair value of the underlying hedged item and are therefore effective.

Potential sources of ineffectiveness include but are not limited to:

- the Group no longer having the economic exposure rendering the hedge instrument ineffective;
- hedging instrument expires or is sold, terminated or exercised; and
- changes in counterparty credit status.

16. Expenditure Commitments

	2018 US$m	2017 US$m
(a) Capital expenditure commitments		
Contracted but not provided for in the financial statements:		
Plant and equipment	**6.6**	5.7
	6.6	5.7
Payable within one year	**6.6**	5.7
(b) Operating lease commitments		
Future operating lease commitments not provided for in the financial statements and payable:		
Within one year	**16.4**	9.7
One year or later and no later than five years	**31.8**	23.1
Later than five years	**13.5**	4.0
	61.7	36.8

The Group leases property, motor vehicles and other plant and equipment under operating leases with lease terms of between one and 99 years. Some of the property leases include options to extend the term beyond the original end date.

Operating lease commitments refer to future undiscounted minimum rentals payable under non-cancellable operating leases not included within this financial report. Operating lease payments are recognised as an expense in the Income Statement on a straight line basis over the lease term.

17. Particulars Relating to Subsidiaries

	Country of Incorporation	Beneficial Interest 2018 %	2017 %
Ansell Limited	Australia		
Ansell Healthcare Japan Co. Ltd.	Japan*	**100**	100
BNG Battery Technologies Pty. Ltd.	Australia	**100**	100
Corrvas Insurance Pty. Ltd.	Australia	**100**	100
Dunlop Olympic Manufacturing Pty. Ltd.	Australia	**100**	100
FGDP Pty. Ltd.	Australia	**100**	100
Nucleus Ltd.	Australia	**100**	100
Lifetec Project Pty. Ltd.	Australia	**100**	100
Medical TPLC Pty. Ltd.	Australia	**100**	100
N&T Pty. Ltd.	Australia	**100**	100
Nucleus Trading Pte. Ltd.	Singapore*	**100**	100
THLD Ltd.	Australia	**100**	100
TNC Holdings Pte. Ltd.	Singapore*	**100**	100
TPLC Pty. Ltd.	Australia	**100**	100
Societe de Management Financier S.A.	France*	**100**	100
Olympic General Products Pty. Ltd.	Australia	**100**	100
Pacific Dunlop Finance Pty. Ltd.	Australia	**100**	100
Pacific Dunlop Holdings (China) Co. Ltd.	China*	**100**	100
Ansell (Shanghai) Commercial and Trading Co. Ltd.	China*	**100**	100
P.D. Holdings Pty. Ltd.	Australia	**100**	100
P.D. International Pty. Ltd.	Australia	**100**	100
Ansell Canada Inc.	Canada*	**100**	100
Ansell Canadian Holdings Limited	Canada*	**100**	–
Ansell Commercial Mexico S.A. de C.V.	Mexico*	**100**	100
Ansell Colombia SAS	Colombia*	**100**	100
Ansell Global Trading Center (Malaysia) Sdn. Bhd.	Malaysia*	**100**	100
Ansell Lanka (Pvt.) Ltd.	Sri Lanka*	**100**	100
Ansell (Middle East) DMCC	UAE*	**100**	100
Ansell Perry de Mexico S.A. de C.V.	Mexico*	**100**	100
Ansell Protective Solutions Singapore Pte. Ltd.	Singapore*	**100**	100
Ansell Services (Asia) Sdn. Bhd.	Malaysia*	**100**	100
Ansell (Kulim) Sdn. Bhd.	Malaysia*	**100**	100
Ansell N.P. Sdn. Bhd.	Malaysia*	**75**	75

	Country of Incorporation	Beneficial Interest 2018 %	2017 %
Ansell Malaysia Sdn. Bhd.	Malaysia*	**75**	75
Ansell Shah Alam Sdn. Bhd.	Malaysia*	**100**	100
Hercules Equipamentos de Protecao Ltda	Brazil*	**100**	100
Ansell Textiles Lanka (Pvt.) Ltd.	Sri Lanka*	**100**	100
Ansell (Thailand) Ltd.	Thailand*	**100**	100
Ansell US Group Holdings Pty. Ltd.	Australia	**100**	100
Ansell US Group Holdings (USA) LLC	United States*	**100**	100
Ansell Liquid Asset Holdings LLC	United States*	**100**	–
Ansell (USA) Inc.	United States*	**100**	100
Ansell Brazil LTDA	Brazil*	**100**	100
Ansell Edmont Industrial de Mexico S.A. de C.V.	Mexico*	**100**	100
Pacific Dunlop Holdings (USA) LLC	United States*	**100**	100
Barriersafe Solutions International Inc.	United States*	**100**	100
Microflex Corporation	United States*	**100**	100
Ansell Healthcare Products LLC	United States*	**100**	100
Ansell Sandel Medical Solutions LLC	United States*	**100**	100
Ansell Hawkeye Inc.	United States*	**100**	100
Pacific Chloride Inc.	United States*	**100**	100
Pacific Dunlop Holdings Inc.	United States*	**100**	100
TPLC Holdings Inc.	United States*	**100**	100
Accufix Research Institute Inc.	United States*	**100**	100
Cotac Corporation	United States*	**100**	100
Pacific Dunlop Finance Company Inc.	United States*	**100**	100
Comercializadora Ansell Chile Limitada	Chile*	**100**	100
Corrvas Insurance (Singapore) Pte. Ltd.	Singapore*	**100**	100
Medical Telectronics N.V.	Netherlands Ant.*	**100**	100
Ansell UK Limited (formerly Pacific Dunlop Holdings (Europe) Ltd.)	United Kingdom*	**100**	100
Ansell Healthcare Europe N.V.	Belgium*	**100**	100
Ansell GmbH	Germany*	**100**	100
Ansell Italy Srl	Italy*	**100**	100
Ansell Medikal Urunler Ithalat Ihracat Uretim ve Ticaret A.S.	Turkey*	**100**	100
Ansell Norway AS	Norway*	**100**	100
Ansell Protective Solutions AB	Sweden*	**100**	100
Ansell Protective Solutions Lithuania UAB	Lithuania*	**100**	100

Notes to the Financial Statements continued

17. Particulars Relating to Subsidiaries continued

	Country of Incorporation	Beneficial Interest 2018 %	2017 %
Ansell Rus LLC	Russia*	**100**	100
Ansell S.A.	France*	**100**	100
Ansell Services Poland Sp. z o.o.	Poland*	**100**	100
Ansell Spain SL (Sociedad de Responsabilidad Limitada)	Spain*	**100**	100
Comasec SAS	France*	**100**	100
Ampelos International Malaysia	Malaysia*	**100**	100
Ansell Industrial & Specialty Gloves Malaysia Sdn. Bhd.	Malaysia*	**100**	100
Comasec Holdings Ltd.	United Kingdom*	**100**	100
Marigold Industrial Ltd.	United Kingdom*	**100**	100
Ansell Portugal – Industrial Gloves, Sociedade Unipessoal, Lda	Portugal*	**100**	100
Ansell Korea Co. Ltd.	South Korea*	**100**	100
Ansell Vina Corporation	Vietnam*	**100**	100
Ansell Microgard Ltd.	United Kingdom*	**100**	100
Ansell Xiamen Limited	China*	**100**	100
Ansell Microgard Xiamen Limited	China*	**100**	100
Nitritex Limited	United Kingdom*	**100**	100
Nitritex (M) Sdn. Bhd.	Malaysia*	**100**	100
Nitritex Canada Ltd.	Canada*	**100**	100
Pacific Dunlop Holdings (Singapore) Pte. Ltd.	Singapore*	**100**	100
Ansell India Protective Products Pvt Ltd.	India*	**50**	50
JK Ansell Ltd.	India*	**50**	50
Ansell (Hong Kong) Limted.	Hong Kong*	**100**	100
PDOCB Pty. Ltd.	Australia	**100**	100
PD Licensing Pty. Ltd.	Australia	**100**	100
Siteprints Pty. Ltd.	Australia	**100**	100
S.T.P. (Hong Kong) Ltd.	Hong Kong*	**100**	100

	Country of Incorporation	Beneficial Interest 2018 %	2017 %
Pacific Dunlop Holdings N.V.	Netherlands Ant.*	**100**	100
Pacific Dunlop (Netherlands) B.V.	Netherlands*	**100**	100
The Distribution Group Holdings Pty. Ltd.	Australia	**100**	100
The Distribution Group Pty. Ltd.	Australia	**100**(a)	100(a)
The Distribution Trust	Australia	**100**	100
Xelo Pty. Ltd.	Australia	**100**	100
Xelo Sacof Pty. Ltd.	Australia	**100**	100

* Subsidiaries incorporated outside Australia carry on business in those countries.

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

The following subsidiary was liquidated during the year:

- Ansell Medical Products Pvt. Ltd.

The following entities were disposed of during the year:

- Ansell SW Europe SAS.
- Fabrica de Artefatos de Latex Blowtex Ltda.
- Guangzhou Kangwei Trading Co Ltd.
- Latex Investments Ltd.
- Shanghai Feidun Trading Company Ltd.
- Shenyang Yipeng Trading Company Ltd.
- Suretex Ltd.
- Suretex Prophylactics (India) Ltd.
- SXWELL Australia Pty. Ltd.
- SXWell UK Limited (formerly Ansell UK Limited)
- SXWell USA LLC
- Unimil SP. z.o.o.
- Wuhan Jissbon Sanitary Products Company Ltd

18. Acquisitions and Disposal Group Held for Sale

(a) Acquisitions

Nitritex Limited

The acquisition accounting for Nitritex Limited, acquired 1 February 2017, was completed and resulted in a reduction of previously reported goodwill of $12.7m due to the recognition of brand names totalling $16.3m and additional net liabilities of $3.6m.

gammaSupplies

Effective 28 November 2017, Ansell acquired the gammaSupplies business from gammaSupplies LLC. The business is a provider of isolator and gauntlet gloves and prep mats for Life Science customers for use in clean room production environments. The acquisition will provide an opportunity for the Group to be a full solution provider to many customers in the validated sterile needs segments.

The total acquisition cost is comprised of an upfront payment of $1m, a further $1.3m payable over a 4 year period and contingent consideration of up to $1.5m payable after 4 years subject to the business meeting certain sales growth targets.

The identifiable net assets acquired at fair value were $0.1m resulting in goodwill of $3.7m.

Recognition and measurement

Business combinations

The Group accounts for business combinations using the acquisition method. Identifiable assets acquired and liabilities and contingent liabilities assumed are measured at fair value. Any excess of the cost of acquisition over the fair values of the net identifiable assets acquired is recognised as goodwill. Transaction costs are expensed as incurred unless related to the issue of debt or equity securities.

(b) Discontinued operations

On 25 May 2017 Ansell Limited announced that it had executed a binding agreement for the sale of its Sexual Wellness business for US$600m to Humanwell Healthcare (Group) Co., Ltd and CITIC Capital China Partners III, L.L.P. The associated assets and liabilities were consequently presented as held for sale in the year ended 30 June 2017 financial statements.

On 4 September 2017 Ansell Limited reported the closing of the sale of its Sexual Wellness business, followed by Ansell's Brazillian condom business, Fabrica de Artefatos de Latex Blowtex Ltda on 3 October 2017. The Company also announced that it had executed an agreement with Raymond Limited, its joint venture partner in J.K. Ansell Limited in India where Raymond Limited will take full ownership of the J.K. Ansell sexual wellness business. The transaction is expected to be completed in the first half of the 2019 financial year. The associated assets and liabilities of J.K. Ansell Limted are presented as held for sale.

The comparative consolidated statement of financial performance has been restated to show the discontinued operations separately from continuing operations.

	Note	2018 US$m	2017 US$m
Results from discontinued operations			
Sales revenue		57.7	225.2
Cost of goods sold		(27.6)	(96.6)
Distribution		(2.4)	(9.8)
Selling, general and administration including change in accounting estimate	3(b)	(26.7)	(78.8)
Gain on sale of business		398.2	–
Profit before income tax		399.2	40.0
Income tax expense on trading operations		(0.2)	(11.0)
Income tax expense on gain on sale of business		(53.4)	–
Profit after income tax		345.6	29.0
Non-controlling interests		(0.1)	(0.8)
Profit from discontinued operations attributable to Ansell Limited Shareholders		345.5	28.2

	2018 US$m	2017 US$m
Other comprehensive income from discontinued operations		
Items that will not be reclassified to the Income Statement		
Remeasurement of defined benefit superannuation plans (net of tax)	–	(0.1)
Items that may subsequently be reclassified to the Income Statement		
Net exchange difference on translation of financial statements of foreign subsidiaries	4.8	1.0
Other comprehensive income from discontinued operations	4.8	0.9

	2018 US$m	2017 US$m
Attributable to:		
Ansell Limited shareholders	5.0	1.3
Non-controlling interests	(0.2)	(0.4)
Other comprehensive income from discontinued operations	4.8	0.9

	2018 US$m	2017 US$m
Cash flows from discontinued operations		
Net cash from operating activities	8.8	36.2
Net cash from/(used) in investing activities[1]	522.5	(5.4)
Net cash used in financing activities	–	(1.2)
Net cash flows from discontinued operations	531.3	29.6

1. The current period includes $523.2m being the cash received from the sale of the Sexual Wellness business net of cash disposed, disposal costs paid and tax paid on the gain on sale.

	2018 US$m	2017 US$m
Details of the sale of the discontinued operations		
Net sale proceeds	600.2	–
Disposal costs	(40.7)	–
Net disposal consideration	559.5	–
Carrying amount of net assets sold	(161.3)	–
Gain on sale before income tax	398.2	–
Income tax expense on gain	(53.4)	–
Gain on sale after income tax	344.8	–

Notes to the Financial Statements continued

***18. Acquisitions and Disposal Group Held for Sale** continued*

Assets and liabilities of discontinued operations

The carrying amounts of assets and liabilities disposed of as at the date of sale were as follows:

	$USm
Cash and cash equivalents	15.6
Trade and other receivables	33.4
Inventories	36.2
Property, plant and equipment	35.6
Intangible assets	72.7
Deferred tax assets	3.8
Other assets	2.7
Total assets	**200.0**
Trade and other payables	25.3
Provisions	7.6
Current tax liabilities	2.8
Other Liabilities	3.0
Total liabilities	**38.7**
Net assets disposed	**161.3**

(c) Disposal group held for sale

As at 30 June 2018 the net assets of J.K. Ansell Limited are stated at their estimated net realisable value and comprised the following assets and liabilities:

	2018 $USm
Cash and cash equivalents	7.0
Trade and other receivables	1.7
Inventories	2.2
Property, plant and equipment	1.4
Assets held for sale	12.3
Trade and other payables	6.0
Provisions	0.4
Liabilities held for sale	6.4

Recognition and measurement

Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographic area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

In accordance with AASB 5 Non-current *Assets Held for Sale and Discontinued Operations* when an operation is classified as a discontinued operation prior year comparatives in the Income Statement are restated as if the operation had been discontinued from the start of the comparative year.

Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs of disposal. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, or employee benefit assets which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for-distributions, and subsequent gains and losses on re-measurement are recognised in profit or loss.

In accordance with AASB 5 Non-current *Assets Held for Sale and Discontinued Operations* assets and liabilities held for sale are disclosed separately from other assets and liabilities in the Balance Sheet. Prior year comparatives in the Balance Sheet are not restated.

19. Parent Entity Disclosures

As at the end of and throughout the financial year ending 30 June 2018, the parent company of the Group was Ansell Limited.

	2018 US$m	2017 US$m
Result of the parent entity		
Profit for the period	**425.5**	16.1
Other comprehensive income	**8.9**	(4.5)
Total comprehensive income for the period, from continuing operations, net of income tax	**434.4**	11.6

Financial position of the parent entity at year end

This table summarises information related to continuing operations:

	2018 US$m	2017 US$m
Current assets	**1,276.5**	684.7
Assets held for sale	**–**	18.5
Total assets	**2,806.3**	2,311.7
Current liabilities	**1,352.9**	1,100.1
Liabilities held for sale	**–**	0.4
Total liabilities	**1,358.0**	1,103.6
Total equity of the parent entity comprising:		
Issued capital	**1,052.6**	1,142.2
Reserves	**(283.0)**	(249.3)
Retained profits	**678.7**	315.2
Total equity	**1,448.3**	1,208.1

The Group has a net current asset position of $853.8m (2017: $698m) which the parent company controls. As at 30 June 2018, the parent company has a net current liability position of $76.4m (2017: $415.4m). The Directors will ensure that the parent company has, at all times, sufficient funds available from the Group to meet its commitments.

Parent entity guarantee

The parent entity guarantees the debts of certain subsidiaries that are guarantors under the Group's revolving credit bank facility.

20. Related Party Disclosures

(a) Subsidiaries

Ansell Limited is the parent entity of all entities detailed in Note 17 Particulars Relating to Subsidiaries and from time to time has dealings on normal commercial terms and conditions with those entities, the effects of which are eliminated in these consolidated financial statements.

(b) Transactions with Key Management Personnel

(i) Key Management Personnel remuneration

	2018 US$	2017 US$
Short-term benefits	**5,754,784**	9,283,091
Retirement benefits	**701,448**	629,885
Long term equity-based incentives	**4,269,646**	1,712,985
Long term cash-based incentives	**698,626**	–
Restricted share awards	**–**	568,864
	11,424,504	12,194,825

(ii) Service agreements with Key Management Personnel

The Company has no service agreements with the Non-executive Directors. Refer to Section 5 of the Remuneration Report for details of service agreements with the Managing Director and other Key Management Personnel.

21. Ownership-based Remuneration Schemes

Long Term Incentive Plans

The above plans involve the granting of Performance Share Rights (PSRs) to the Managing Director, other members of the Executive Leadership Team and other members of senior management.

In accordance with the disclosure requirements of Australian Accounting Standards remuneration includes a proportion of the fair value of PSRs granted or outstanding during the year. The fair value is determined as at grant date and is progressively allocated over the vesting period for these securities.

The fair value of PSRs is calculated at grant date. The fair values and the factors and assumptions used in determining the fair values of the PSRs applicable for the 2018 financial year are as follows:

Instrument	Grant Date	Vesting Date	Fair Value	Share Price on Grant Date	Risk Free Interest Rate	Dividend Yield
PSRs	13/8/2015	30/6/2018	A$18.53	A$20.20	N/A	3.00%
PSRs	11/8/2016	30/6/2019	A$17.95	A$19.49	N/A	2.85%
PSRs	8/8/2017	30/6/2020	A$20.41	A$22.01	N/A	2.60%

The PSRs are subject to a gateway condition and a performance condition as outlined in the Remuneration Report. As the hurdles within these conditions are all non-market based performance hurdles the valuation excludes the impact of performance hurdles.

Options

As at the date of this Report, there is no unissued ordinary shares in the Company that remain under option.

Executive Share Plan

The number of Executive Plan Shares (ordinary plan shares paid to A$0.05) as at balance date are shown in Note 13 Issued Capital and Reserves.

22. Auditors' Remuneration

	2018 US$	2017 US$
Audit and review of the financial reports:		
Auditors of Ansell Limited and Australian entities – KPMG	**1,421,889**	1,572,490
Other member firms of KPMG[(i)]	**714,509**	960,200
	2,136,398	2,532,690
Other services[(ii)]:		
Advisory services		
Auditors of Ansell Limited and Australian entities – KPMG	**172,851**	–
Other member firms of KPMG	**–**	132,016
Other audit and assurance services		
Other member firms of KPMG	**28,000**	2,140
Taxation and other services		
Other member firms of KPMG	**9,010**	6,647
Total other services	**209,861**	140,803
Total auditors' remuneration	**2,346,259**	2,673,493

(i) Includes fees paid or payable for overseas subsidiaries' local statutory lodgement purposes, group reporting, and other regulatory compliance requirements.

(ii) Other services primarily include assurance based engagements undertaken for compliance and internal governance purposes, tax and IT compliance. Other services provided by KPMG to the Group are subject to appropriate corporate governance procedures encompassing the selection of service providers and the setting of their remuneration.

Directors' Declaration

1. In the opinion of the Directors of Ansell Limited ('the Company'):
   - (a) The consolidated financial statements and notes, set out on pages 64 to 112, and the Remuneration Report contained in the Report by the Directors, set out on pages 39 to 63, are in accordance with the *Corporations Act 2001*, including:
     - (i) Giving a true and fair view of the Group's financial position as at 30 June 2018 and of its performance, for the year ended on that date; and
     - (ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001;
   - (b) The consolidated financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1;
   - (c) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. The directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the Chief Executive Officer and the Chief Financial Officer for the financial year ended 30 June 2018.

Signed in accordance with a resolution of the Directors:

G L L Barnes
Chairman

M R Nicolin
Director

Dated in Melbourne this 20th day of August 2018.

Independent Auditor's Report

To the shareholders of Ansell Limited

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of Ansell Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the ***Group***'s financial position as at 30 June 2018 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Consolidated Balance Sheet as at 30 June 2018
- Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity, and Consolidated Statement of Cash Flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

The ***Group*** consists of the Company and the entities it controlled at the year end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with *the Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

KPMG

Key Audit Matters

The ***Key Audit Matters*** we identified are:

- Valuation of goodwill and brand names
- Taxation

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of goodwill and brand names (USD$979.4m)

Refer to Note 9 to the Financial Report

The key audit matter	How the matter was addressed in our audit

At 30 June 2018, the Group has $979.4m (39% of total assets) of goodwill and brand names. The sectors in which the Group operates experienced economic and currency volatility during the current period. In addition, one of the Group's key strategic focuses is on organic growth through new product development. The inherent uncertainty in the performance of new products and the market volatility increase the risk of impairment and also present challenges to the Group's cash flow forecasting.
 	
Further, the Group's cash generating units (CGUs) operate in different countries or regions which give rise to complexity in determining a discount rate specific to each CGU.
 	
Valuation of goodwill and brand names is a key audit matter due to:
 	
• the inherent complexity in auditing the forward-looking assumptions applied to the Group's value in use (VIU) models for each CGU given the significant judgement involved. The key assumptions in the cash flow models include the forecast revenue growth rate, terminal growth rate, raw material prices, and margin percentages; and
	Our procedures included:
	
	• assessing the accuracy of prior period cash flow forecasts of the Group by reference to actual performance to inform our evaluation of current forecasts incorporated in VIU models;
	
	• using our knowledge of the Group and industry, and involving our valuation specialists, to challenge the significant judgements and assumptions incorporated in the Group's VIU models by;
	
	    • assessing the relevant cash flow forecasts and underlying assumptions against the latest Board approved long range plan ('LRP') and the new product strategy;
	
	    • challenging the Group's forecast revenue growth rate, raw material prices and margin percentage assumptions by comparing against the Group's current business performance and macroeconomic environment;
	
	    • considering the impact to future cash flows of changes experienced during the year relating to the varying market conditions and expected volatility in the forecast period; and
	
	    • considering the terminal growth rates used in comparison to relevant Gross Domestic Product growth rates and industry trends.
	
	• involving our valuation specialists in assessing the discount rate for each CGU by considering comparable market information;
	
	• assessing the Group's determination of carrying values of

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• The significant judgement associated with discount rates including the underlying risks of each CGU, the regions they operate in and the weighting applied to these risks. In addition, the Group restructured its Global Business Units (GBU's) during the year, necessitating our consideration of the allocation of goodwill and brand names to the CGU's.	CGUs against the requirements of the accounting standards; • evaluating the Group's sensitivity analysis in respect of the key assumptions, including the identification of areas of estimation uncertainty and reasonably possible changes in key assumptions; • assessing the related financial statement disclosures against accounting standard requirements; and • we analysed the restructure of the GBU's and the Group's internal reporting to assess the Group's monitoring and management of activities, and the consistency of the allocation of goodwill and brand names to CGUs.

Taxation (Income Tax Expense USD$4.7m, Deferred Tax Assets $67.6m, Deferred Tax Liabilities USD$71.1m, Current Tax Liabilities USD$14.9m)	
Refer to Note 4 to the Financial Report	
The key audit matter	**How the matter was addressed in our audit**

The Group operates in a global tax environment across a number of tax jurisdictions. The corporate structure reflects the nature of the global operations and is driven by acquisitions, transactions and the execution of the Group's continued global commercial strategy. This strategy includes:
• manufacturing in countries with access to raw materials (including Sri Lanka, Thailand, India, Mexico, Korea and Malaysia);
• managing sales and marketing on a regional basis. The key regional countries involved are the US, Belgium and Australia for the North America, EMEA and Asia Pacific regional structures respectively; and
• external sales across many countries.
Taxation is a key audit matter due to:
• the number of jurisdictions and the need to consider their varying tax complexities and differing tax rules within each key jurisdiction including
	Our procedures included:
	• identify key tax areas impacting the Group by:
	  • considering the latest Board approved Group Tax Risk Management policy;
	  • attending regular meetings with Group management;
	  • considering any judgmental positions; and
	  • using our specialised knowledge of external developments in local jurisdictions and global tax environments;
	• evaluating the treatment of key tax areas using our local tax specialists' knowledge by comparing against the local jurisdiction tax rules, legislation and compliance requirements;
	• focusing on new transactions undertaken in the year and where there had been significant developments with local tax authorities;
	• assessing the completeness of the tax provisions recorded by evaluating explanations using sources such:
	  • communications from local tax authorities, including the status of recent and current tax authority audits and enquiries;
	  • the outcomes of previous tax audits/reviews by the

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US, Belgium and Australia; • the nature of cross-border tax arrangements and our need to involve taxation specialists with significant cross border transactions experience and expertise in transfer pricing in key operational locations including; US, Belgium and Australia; • the changing tax environment where there have been significant developments to improve the transparency of tax arrangements; and • the heightened awareness of tax disclosures given the global focus on tax transparency. • the level of judgement applied by the Group in assessing the recoverability of deferred tax assets. In addition, the following one off events required additional audit effort in FY18: • the change in US tax rate; and • the taxation implications of the Sexual Wellness divestment.	local tax authorities; and • transaction documentation. • considering tax advice obtained by the Group from external tax advisors. We assessed the skills and competencies of external advisors; • evaluating the tax balances and disclosure in the financial statements against accounting standard requirement; • assessing the impact of the reduction in the US tax rate and compliance with tax rules; and • evaluating the taxation and tax accounting treatment of the Sexual Wellness divestment.

Other Information

Other Information is financial and non-financial information in Ansell Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not and will not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

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Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

• preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*

• implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error

• assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

• to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and

• to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our Auditor's Report.

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Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Ansell Limited for the year ended 30 June 2018, complies with *Section 300A of the Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A of the Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in pages 42 to 61 of the Directors' report for the year ended 30 June 2018.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

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S E Bell

Suzanne Bell
Partner

Melbourne
20 August 2018

Five-Year Summary

of Ansell Limited and Subsidiaries for the year ended 30 June 2018

	2014 US$m	2015 US$m	2016 US$m	2017[1] US$m	2018[1] US$m
Income Statement					
Sales	1,590	1,645	1,573	1,600	**1,548**
EBIT	84	245	237	218	**557**
Net financing costs	18	21	22	23	**13**
Income tax expense	21	34	53	45	**58**
Profit from continuing operations	45	190	162	150	**486**
Profit from discontinued operations	–	–	–	–	**0**
Non-controlling interests	3	2	3	2	**2**
Profit attributable to Ansell Limited shareholders	42	188	159	148	**484**
Balance Sheet					
Cash – excluding restricted deposits	321	278	270	314	**580**
Other current assets	611	619	577	546	**561**
Property, plant and equipment	206	231	245	218	**230**
Intangible assets	1,068	1,116	1,077	1,050	**1,028**
Other non-current assets	155	132	122	122	**105**
Assets held for sale	–	–	–	201	**12**
Total assets	2,360	2,376	2,291	2,451	**2,517**
Current payables	243	244	241	230	**225**
Current interest bearing liabilities	14	7	5	4	**0**
Other current liabilities	108	79	69	86	**68**
Non-current interest bearing liabilities	720	734	687	717	**552**
Other non-current liabilities	134	147	152	142	**121**
Liabilities held for sale	–	–	–	43	**6**
Total liabilities	1,219	1,210	1,154	1,222	**972**
Net assets	1,141	1,167	1,137	1,229	**1,544**
Issued capital	1,227	1,230	1,147	1,142	**1,053**
Reserves	49	(49)	(88)	(78)	**(82)**
Retained Profits/(Accumulated Losses)	(151)	(29)	62	147	**564**
Ansell Limited shareholders' equity	1,125	1,152	1,121	1,211	**1,535**
Non-controlling interests	16	15	16	18	**16**
Total shareholders' equity	1,141	1,167	1,137	1,229	**1,550**
Total funds employed	1,555	1,629	1,559	1,636	**1,522**
	–	0.01	–	–	**5.90**
Share information					
Basic earnings per share (cents)	29.3	122.5	105.1	100.1	**336.8**
Diluted earnings per share (cents)	29.1	121.4	104.5	98.9	**331.9**
Dividends per share (cents)	US39.0	US43.0	US43.5	US44.0	
Net assets per share ($)	7.5	7.6	7.7	8.3	**10.9**
General					
Net cash from operating activities	221	200	232	216	**154**
Capital expenditure	53	84	67	51	**46**
Shareholders (no.)	33,886	36,014	39,884	36,798	**34,307**
Employees (no.)	12,607	14,500	15,890	15,483	**12,482**
Ratios					
EBIT margin (%)	5.3	14.9	15.0	13.6	**36.0**
Return on average shareholders' equity (%)	4.6	16.4	14.1	12.7	**35.0**
EBIT return on funds employed (%) – ROCE	5.4	15.1	14.9	13.6	**35.3**
Average days working capital	85.9	81.4	85.6	83.2	**82.1**
Interest cover (times)	4.6	11.4	10.7	9.6	**44.6**
Net liabilities to shareholders' equity (%) – gearing	78.7	79.8	77.8	73.9	**25.3**
Number of shares at 30 June (million)	153	153	148	147	**142**

1. Includes continuing and discontinued operations.

Shareholders

Details of quoted shares held in Ansell Limited as at 31 July 2018.

Distribution of Ordinary Shareholders and Shareholdings

Size of Holding	Number of Shareholders	Number of Shares	Percentage of Total
1 – 1,000	27,160	9,487,416	6.67%
1,001 – 5,000	6,350	12,244,744	8.61%
5,001 – 10,000	465	3,192,891	2.24%
10,001 – 100,000	186	4,377,351	3.08%
100,001 and over	38	112,977,687	79.41%
Total	34,199	142,280,089	100.00%

* Including 571 shareholders holding a parcel of shares of less than A$500 in value (1,911 shares), based on market price of $28.81 per unit.

Percentage of the total holdings of the 20 largest shareholders = 77.56%.

In addition to the foregoing, as at 30 June 2018, there were 19 members of the Executive Share Plan, holding a total of 49,700 plan shares. Fourteen members have shares paid to 5 cents each, and 5 members have shares paid to $7.55 each.

Voting rights as governed by the Constitution of the Company provide that each ordinary share holder 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.

Twenty Largest Shareholders (as at 31 July 2018)

Rank	Registered Holder	Number of Fully Paid Shares	Percentage of Issued Capital
1	HSBC Custody Nominees (Australia) Limited	53,494,086	37.60%
2	J P Morgan Nominees Australia Limited	22,580,556	15.87%
3	Citicorp Nominees Pty Limited	10,673,098	7.50%
4	National Nominees Limited	9,543,363	6.71%
5	Bnp Paribas Noms Pty Ltd <DRP>	3,132,108	2.20%
6	Bnp Paribas Nominees Pty Ltd <Agency Lending DRP A/C>	2,729,481	1.92%
7	HSBC Custody Nominees (Australia) Limited <Nt-Comnwlth Super Corp A/C>	1,411,051	0.99%
8	Australian Foundation Investment Company Limited	1,283,865	0.90%
9	Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	1,023,856	0.72%
10	BNP Paribas Nominees Pty Ltd <Agency Lending Collateral>	651,000	0.46%
11	Argo Investments Limited	636,972	0.45%
12	Amp Life Limited	461,728	0.32%
13	IOOF Investment Management Limited <IPS Super A/C>	404,751	0.28%
14	BNP Paribas Nominees Pty Ltd Hub24 Custodial Serv Ltd DRP	403,446	0.28%
15	Ecapital Nominees Pty Limited <Accumulation A/C>	390,518	0.27%
16	Australian Executor Trustees Limited <No 1 Account>	357,254	0.25%
17	HSBC Custody Nominees (Australia) Limited – A/C 2	331,052	0.23%
18	CS Fourth Nominees Pty Limited <HSBC Cust Nom Au Ltd 11 A/C>	319,762	0.22%
19	Neweconomy Com Au Nominees Pty Limited <900 Account>	299,752	0.21%
20	Warbont Nominees Pty Ltd <Unpaid Entrepot A/C>	227,063	0.16%
Top 20 Holders of Ordinary Fully Paid Shares		110,354,762	77.56%
Total Remaining Holders Balance		31,925,327	22.44%

Shareholders

Register of Substantial Shareholders (as at 31 July 2018)

The names of substantial shareholders in the Company and the number of fully paid ordinary shares in which each has an interest, as disclosed in substantial shareholder notices to the Company on the respective dates shown, are as follows:

Substantial Date	Name of Shareholder	Number of Shares	Percentage of Issued Share
3 December 2015	BlackRock, Inc.	10,830,590	7.61%

Shareholder Information

Annual Report

Ansell's Annual Report 2018 provides shareholders with a summary of the Group's operations and contains the full financial statement for FY18. The Annual Report 2018 provides a summary of the Group's financial performance, financial position, and financing and investing activities. There is currently an on-market buy-back.

Ansell Limited has opted to deliver its Annual Report by making it available on the Ansell website, www.ansell.com. Shareholders are entitled to receive a printed copy of the Annual Report, but the Company will only send a printed copy to shareholders who elect to receive one.

Shareholders can also access other information pertaining to the Company and its activities from its website at www.ansell.com.

Change of Address

Shareholders should notify the Company in writing immediately if there is a change to their registered address. For added protection, shareholders should quote their Securityholder Reference Number (SRN) or Holder Identification Number (HIN).

Dividend

A final dividend of US25.00 cents per share will be paid on 13 September 2018 to shareholders registered on 27 August 2018.

The dividend will be unfranked.

Australian shareholders must elect to have cash dividends paid directly into any bank, building society or credit union account in Australia. Shareholders with a registered address in Canada can receive their dividends in US dollars.

Company Directory

The Annual Report and the Company's internet site are the main sources of information for investors. Shareholders who wish to contact the Company on any matter relating to its activities are invited to contact the most convenient office listed below, or contact the Company via its website at www.ansell.com.

Investor Relations Contact

Australia – Registered Company Office

Ms Jocelyn Petersen
Ansell Limited
Level 3
678 Victoria Street
Richmond VIC, 3121
Australia Mobile: +61 422 005 994
Australia Direct Line: +61 3 9270 7160
Australian Facsimile: +61 3 9270 7300
US Mobile: +1 732 567-4082
US Direct Line: +1 732 345-5348
Email: jocelyn.petersen@ansell.com

Europe

Mr Neil Salmon
Ansell Limited
Boulevard International 55,
1070 Anderlecht, Belgium
Telephone: +32 2 528 7559
Facsimile: + 32 2 528 74 01
Email: neil.salmon@ansell.com

Company Secretary

Australia – Registered Company Office

Ms Catherine Stribley
Ansell Limited
Level 3
678 Victoria Street
Richmond VIC 3121
Telephone: +61 3 9270 7125
Facsimile: +61 3 9270 7300
Email: catherine.stribley@ansell.com

Enquiries

Shareholders requiring information about their shareholdings should contact the Company's registry at:

Computershare Investor Services Pty Ltd

Yarra Falls
452 Johnston Street
Abbotsford VIC 3067
or
GPO Box 2975
Melbourne VIC 3001
Australia
Telephone: +61 3 9415 4000
Facsimile: +61 3 9473 2500

Shareholder Enquiries: 1300 850 505 (Australian residents only) Email: web. queries@computershare.com.au or visit Computershare's Investor Centre online at www.investorcentre.com where shareholder information can be accessed. You will need to have your SRN or HIN along with your postcode.

Listings

Ansell Limited shares (Ticker Symbol ANN) are listed on the Australian Stock Exchange.

Registered Office

Company Secretary: Catherine Stribley
Level 3
678 Victoria Street
Richmond VIC 3121
Australia

Americas Commercial Hub

Commercial contact: Mark Nicholls
111 Wood Avenue, Suite 210
Iselin, NJ 08830
United States of America

EMEA/APAC Commercial Hub

Commercial contact: Rikard Froberg
Boulevard International 55
1070 Anderlecht
Belgium

Cyberjaya Commercial Hub

Commercial contact: Darryl Nazareth
Prima 6, Prima Avenue
Block 3512, Jalan Teknokrat 6
63000 Cyberjaya
Malaysia

Shareholder Information continued

2019 Financial Calendar*

Half year results announcement	18 February 2019
Ex-dividend share trading commences	22 February 2019
Record date for interim dividend	25 February 2019
Interim dividend paid	14 March 2019
Annual results announcement	12 August 2019
Ex-dividend share trading commences	16 August 2019
Record date for final dividend	19 August 2019
Final dividend paid	5 September 2019
Annual General Meeting	14 November 2019

* Timing of events may be subject to change. Any change will be notified to the Australian Securities Exchange (ASX). See Ansell's website for updates (if any).

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