ANSELL LIMITED

CHAIRMAN'S ADDRESS TO 2006 AGM

18 OCTOBER 2006

Ladies and gentlemen, I am pleased that I am able to report to you that your Company is in sound condition having weathered the 2006 financial year, which certainly had its challenges.

We have a strong balance sheet and strong on-going cash flow, which really positions the Company well for future growth.

Our CEO, Doug Tough, will address you shortly and will speak specifically about the Company's achievements and challenges in the 2006 year and the outlook for the current year.

We had a number of notable achievements during the year:

- We met the commitments that were made to the market regarding earnings per share growth. This is the fifth consecutive year that the Company has honoured its undertakings to shareholders.
- We experienced our best sales growth (measured in US$) in the last 8 years.
- Our expansion into China got off to a sound start with our investment in the Jissbon condom marketing and distribution business and the establishment of a sales office for our Occupational business.
- We completed the sale of South Pacific Tyres, the last of the legacy businesses that we inherited.

At the same time, we, like many other companies, had to contend with significant increases in energy and raw material cost increases. In our case, we were confronted with an unprecedented escalation in latex prices, which saw these costs increase by more than 70% over the previous year. A chart showing the trend in latex prices over the last 20 years and the affect of latex pricing on our margins was included in the Annual Report.

The Company increased its dividend by 23.5% to 21cents for the full year. I think it is now well understood that most of the group's earnings are generated outside Australia and the Company does not and will not have sufficient Australian tax liabilities to generate franking credits. Therefore our dividends will continue to be unfranked.

We continued our capital management program and undertook further share buy-backs during the year. Our on-market buy-back program saw more than 9 million shares bought back at a cost of just on $100 million.

In August we announced a further buy-back of up to 5.7 million shares and later in the meeting you will be asked to refresh the Company's ability to buy back up to a further 10% of the our issued shares during the period from the completion of the 5.7 million share buy-back to the date of the 2007 Annual General Meeting.

Since the end of the 2006 financial year, the ratings agency, Moody's, has upgraded the Company's ratings from Ba1 to Baa3, with a stable outlook. Put simply, Moody's now rates Ansell as investment grade, which is testament to your Company's continued strong financial performance and financial management.

The other major ratings agency, Standard & Poors, has, within the last two weeks, also reviewed the Company. They rate Ansell as BB+ with a positive outlook and have indicated that there is the potential for a further upgrade within the next 12 to 18 months.

Turning now to your Board, I am pleased to be able to introduce to you Marissa Peterson, who was appointed a Director on 22 August. Marissa is standing for election today in accordance with the requirements of the Company's constitution, and you will hear from Marissa herself, later in the meeting.

In searching for a new Director, a key element of the search brief was the recognition of Ansell's strong manufacturing base and reliance on its supply chain and logistics management.

Marissa brings to us an extensive manufacturing and supply chain background gained in a large international company environment, which will complement and add balance to the existing skills and business experience of our Board.

It is, however, with quite some regret that I note this will be Herb Elliott's last official activity as a Director of Ansell. Herb will be retiring at the conclusion of this meeting.

Herb joined the Board of Pacific Dunlop in February 2001 and could probably be described as being the corner-stone of a Board that has evolved over those 6 years. During that period, we saw the completion of Ansell's transition into a stand-alone global organisation, the resolution of legacy issues and five years of performance in line with our forecasts to the market.

I, and the rest of Herb's Board colleagues, as well as the Ansell management team thank Herb for his contribution and counsel over the past 6 years. Herb's input and guidance has been, and is, very much appreciated.

Please join with me in thanking Herb for his involvement with the Company and in wishing him and his wife Liz all the very best for the future.

Shareholders who attended the 2005 Annual General Meeting will recall that we presented our Remuneration Report for the first time. Although shareholders voted overwhelmingly in favour of the adoption of that report, a number of issues were expressed by shareholders, which the Board undertook to consider.

In response, not only to the issues raised by shareholders, but also in recognition of ongoing developments in strategic direction of the Ansell business, the Board engaged Ernst & Young, as external executive remuneration specialists, to assist in a full and independent review of our executive remuneration structure and arrangements.

We had 3 key objectives in commissioning the review of executive remuneration.

- Firstly, to assess the degree of alignment between Ansell's existing executive remuneration arrangements and the Company's short and long-term business strategies.

- Secondly, to ensure an appropriate and commercially effective basis for the remuneration, motivation and retention of the Company's executive team, and
- Thirdly, to provide a global model with sufficient flexibility to reflect the conditions in the local markets in which the Company competes for its executive talent.

This was an extensive review which resulted in changes being made to the previous remuneration structure and arrangements. Part of these revised arrangements is reflected in a new long-term incentive plan that includes an equity-based arrangement for the CEO and members of the management team. Shareholders will be asked later in the meeting to approve the grant of performance rights and options to the CEO and I will provide further details of the incentive plan at that time.

Later in the meeting shareholders will be asked to approve the 2006 Remuneration Report, which also includes reference to the revised remuneration structure. Again, I will provide further comments at that time.

Your Board continues to remain committed to, and observe the principles of, good governance and practices within the Company. We continue to satisfy the ASX Corporate Governance Council's recommendations and we regularly review our internal policies and practices to ensure that we remain up to date in our compliance and with any changing or emerging trends in good governance practices.

We believe that the diversity that exists within the Board, be it the background, business experience or the governance approaches in the home jurisdiction of each individual Director, strengthens our ability to remain current in our corporate governance thinking and practices.

Shareholders will be aware from my earlier comments, from the detail in our Annual Report, our Full-year Results announcement and other announcements to the market, of the additional challenges the Company has faced, and continues to face, as a result of the unprecedented higher latex prices.

In July, it was necessary for us to inform the market that the expectation of analysts, who follow our Company, were too high in respect of the 2007 financial year. We found ourselves in a position where we needed to provide further guidance to the analysts in relation to the impact that the higher latex prices would have on our 2007 results.

At the same time we indicated that the Board had approved additional spending in the 2007 financial year specifically to support future growth opportunities. This additional spending is being directed to research, new product development, market share growth in current and emerging markets, and a number of acquisition opportunities.

I mentioned earlier that your Company had achieved solid growth in sales revenues. It is pleasing to note that the sales growth has been achieved across each of our three main business segments and in each of our three main geographic regions.

The Board and the management team consider that top-line growth is absolutely fundamental to the ongoing improvement in shareholder value. In fact, the Board demonstrated its commitment to that notion by making growth in sales revenues a component of both the short and long-term incentive arrangements for executives for the 2006 financial year.

The drive for growth in sales revenues was further supported with the establishment of a business development group that has been charged with the responsibility of identifying and facilitating additional revenue growth opportunities, both internally through new product development, and externally through acquisition or commercial partnering arrangements.

Following the announcement that we made to the market in July in relation to analysts' outlook for Ansell in 2007, our share price took a correction while the market digested the impact on the Company of our higher input costs, especially the costs of latex, as well as our intention to direct additional spending in 2007 towards growth projects.

Although latex prices have fallen from their peak in June 2006, they are fluctuating at levels that are still well above both the 20 year average and the average over the past 3 years.

We indicated at the time of our full-year results announcement in August that the anticipated result for the 2007 financial year would be in the earnings per share range of US 46 – 50 cents, and, on the basis of solid trading results for the first quarter of the new financial year, I can reaffirm that guidance.