

CSL Limited

Biopharmaceuticals for Life™



Half Yearly Report
2005-2006

Half Year Financial Results

CSL Group Results

For half year ended December	2005 (\$M)	2004 (\$M)
Sales revenue	1,393.1	1,414.1
Other revenue	24.9	21.4
Total revenue	1,418.0	1,435.5
Earnings before interest, tax, depreciation and amortisation	311.2	302.6
Depreciation/amortisation	50.3	62.2
Net interest expense/(income)	9.0	16.1
Tax expense	75.5	93.1
Net profit from ordinary activities	176.4	131.2
Interim dividend (cents)	28	17
Earnings per share (cents)	96.7	66.5

CSL Limited is a global, specialty biopharmaceutical company that develops, manufactures and markets products to treat and prevent serious human medical conditions.

Innovation and new product development for unmet medical needs continue to drive CSL's growth.

The CSL Group includes:

- ZLB Behring
- CSL Bioplasma
- CSL Pharmaceutical



Chairman's Report

Dear Shareholder,

This has been an excellent half-year for CSL with strong growth in profit underpinned by an impressive performance by ZLB Behring.

CSL's net profit after tax increased 34% to \$176 million against this same period last year (after adjusting for the introduction of AIFRS). Cash flow generated from operations grew 38% to \$264 million. Group sales revenue remained at \$1.4 billion even without the contribution of JRH Biosciences which was sold in February 2005.

Your Directors have announced a substantially increased interim dividend of 28 cents per share (unfranked) up from 17 cents per share (fully franked) for the same period last year and payable to shareholders on 13 April 2006.

Business Group Performance

A strong contribution by ZLB Behring (sales up 11% to \$1.2 billion) is reflected in our operating results for the half year with solid demand for Helixate® recombinant Factor VIII and plasma products contributing to growth along with higher prices for Carimune® IIG. The commitment by the staff of ZLB Behring to restructuring their business and achieving efficiency goals has been impressive.

CSL Bioplasma sales revenue was down 30% (\$92 million) as a result of new policies adopted by Australia's National Blood Authority. Reduced sales of plasma-derived products arose from a new policy on recombinant products for haemophilia patients. Removal of the two-tier pricing policy for plasma products has brought about a more evenly distributed revenue stream where previously first half-year revenue would have been greater.

Sales revenue growth of 14% by CSL Pharmaceutical (\$90 million) has been driven largely by Northern Hemisphere sales of influenza vaccine. A new agreement was signed with Merck & Co. Inc. for the Australian distribution of several new Merck products including vaccines against shingles and rotavirus-induced gastroenteritis, and a combined vaccine against measles, mumps, rubella and chicken pox.

Gardasil® Cervical Cancer Vaccine

In December 2005, a Biologics License Application for Gardasil® was submitted to the US Food and Drug Administration (FDA) by Merck & Co. Inc., CSL's exclusive licensee for this vaccine. The FDA has since indicated a review goal date of 8 June 2006. Merck has also submitted applications to other regulatory authorities including Australia's Therapeutic Goods Administration (TGA). If these applications are granted, CSL has the right to distribute Gardasil® in Australia and New Zealand and preparations for launch of this product are now well under way.

Clinical trial data submitted to the TGA indicates Gardasil® prevented 100% of high-grade cervical pre-cancers and non-invasive cervical cancers associated with human papillomaviruses (HPV) types 16 and 18. HPV types 6, 11, 16 and 18 in the vaccine are the most common types affecting the health of women, causing 70% of cervical cancer and accounting for a significant proportion of abnormal pap tests. Each year in Australia alone, close to 15,000 women are

detected with high-grade cervical abnormalities requiring surgical treatment. This vaccine will benefit millions of women around the world.

New Markets for Influenza Vaccine

As recently announced, a further \$80 million capital investment in our influenza vaccine plant in Melbourne will double production capacity to approximately 40 million doses per season and make our facility one of the largest of its kind in the world. This latest initiative recognises an increasing global demand for seasonal influenza vaccines but will also place us in an excellent position to respond to influenza vaccine needs should a pandemic occur.

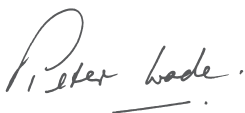
CSL has also announced plans to introduce our influenza vaccine into the US and will initiate the required US human clinical study later this year. A Biologics License Application to market influenza vaccine in the US will then be submitted to the FDA. Subject to FDA approval, CSL will supply vaccine for the 2007-2008 US winter and have capacity to supply up to 20 million doses to the US market in the following season as our expanded manufacturing plant comes on line.

CSL has achieved encouraging preliminary results from initial clinical trials of our pandemic influenza vaccine based on the H5N1 avian virus. Trials indicated that the vaccine was well tolerated in the 18 to 45 year old study population and we now know two doses combined with an adjuvant is likely to be required to produce a satisfactory immune response. Further trials will now target a much broader age range, determine optimum dosage and demonstrate safety.

Business Outlook

Improved US conditions for our therapies and ZLB Behring restructuring benefits flowing through to earnings underpin our profit upgrade forecast for full year results.

For the 2005-2006 fiscal year, we now expect to report net profit after tax of between \$335 and \$350 million, subject to currency fluctuations and material price movements in core plasma products.



Peter Wade, Chairman
March 2006

Shareholder Information

Share Registry

Computershare Investor Services Pty Limited
Yarra Falls, 452 Johnston Street Abbotsford VIC 3067
Postal Address: GPO Box 2975 Melbourne VIC 3001

Enquiries within Australia: 1800 646 882
Enquiries outside Australia: 61 3 9415 4000
Investor enquiries facsimile: 61 3 9473 2500
Website: www.computershare.com.au
Email: web.queries@computershare.com.au

Shareholders with enquiries should email, telephone or write to the Share Registry at the above address.

Separate shareholdings may be consolidated by advice to the Share Registry in writing.

Change of address should be notified to the Share Registry in writing without delay. Shareholders who are broker sponsored on the CHESS sub-register must notify their sponsoring broker of a change of address.

Direct payment of dividends into a nominated account may be arranged with the Share Registry. Shareholders are encouraged to use this option by writing to the Share Registry with particulars.

The Annual General Meeting will be held at the Function Centre, National Tennis Centre, Melbourne Park, Batman Avenue, Melbourne at 10:00am on Wednesday 18 October 2006.

There is a public car park adjacent to the Function Centre that will be available to shareholders at no charge.



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