CSL Limited
Biopharmaceuticals for Life™

8 September 2005

Mr James Gerraty
Listings Officer
Australian Stock Exchange Limited
530 Collins St
MELBOURNE VIC 3000

Dear Mr Gerraty

FOR ANNOUNCEMENT –
ANNUAL REPORT AND NOTICE OF ANNUAL GENERAL MEETING

Following is the 2004-2005 Annual Report and Notice of the Annual General Meeting including Explanatory Notes and Proxy Form of CSL Limited, which will be held at the Function Centre, National Tennis Centre, Melbourne Park, Batman Avenue, Melbourne on Wednesday, 12 October, 2005, at 10.00 a.m.

The above material is being mailed to shareholders on 9 September 2005.

Yours sincerely

Peter Turvey
COMPANY SECRETARY

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45 Poplar Road Parkville Victoria 3052 Australia

CSL Limited

Biopharmaceuticals for Life™

Annual Report 2004-2005

CSL Limited
Biopharmaceuticals for Life™

CSL Limited ABN 99 051 588 348
Annual Report 2004-2005

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**

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CSL's Year in Review

Highlights 2004-2005

Dear Shareholder,

It is with much pleasure that we can report that CSL's expanded plasma therapeutics business has been successfully integrated and has enabled us to deliver our strongest financial result to date.

Highlights of the year were:

- Reported net profit after tax of $547 million, up 149% on the previous year with net profit after tax from continuing operations of $317 million after adjusting for the operating contributions and sale of JRH Biosciences and goodwill.
- Net operating cash flow of $568 million, up 174% on the previous year.
- The sale of JRH Biosciences to the Sigma-Aldrich Corporation for an estimated profit of $250 million on 28 February 2005.
- A significant expansion of influenza vaccine manufacturing and research facilities in Melbourne which has strengthened our ability to meet the increasing demands of our Australian and international customers.
- In Australia, CSL entered into a new five-year agreement with the National Blood Authority under which CSL Bioplasma will provide specialised plasma products and other services to State and Federal governments in collaboration with the Australian Red Cross.
- CSL's exclusive licensee, Merck & Co. Inc., announced they will file with the US FDA before the end of 2005 for a product license for a new vaccine against human papillomavirus. The technology for this vaccine to prevent cervical cancer and genital warts was developed in the early 1990s in a collaboration between CSL and Professor Ian Frazer at the University of Queensland.

Financial Results

Financial Highlights for the year ended 30 June 2005

Five Year Summary

All figures are in $A million unless stated otherwise.

	2004-05	2003-04	2002-03	2001-02	2000-01
Total revenue	3,253	1,836	1,313	1,350	855
Sales revenue	2,750	1,650	1,300	1,336	843
Research and development investment	146	101	92	93	81
Profit from ordinary activities before income tax expense	642	255	102	157	106
Net profit attributable to members of CSL Limited	547	220	70	124	78
Profit from ordinary activities after income tax expense before amortisation of goodwill	584	262	113	164	102
Capital investment	105	80	74	83	61
Total assets at 30 June	3,874	3,875	2,220	2,312	1,772
Total equity at 30 June	2,075	2,074	1,283	1,273	876
Net tangible assets per share at 30 June ($)	7.07	6.18	2.42	1.79	1.36
Weighted average number of shares (million)	196	178	159	158	150
Basic earnings per share (cents)	278.9	123.3	44.2	78.2	52.3
Dividend per share (cents)	57.0	38.0	34.0	34.0	26.0

Dividends to Shareholders

On 15 April 2005, our shareholders received an interim dividend of 17 cents per share (fully franked). CSL's final dividend of 30 cents per share (fully franked) and a special dividend of 10 cents per share franked to 1.78 cents per share will be paid on 10 October 2005.

Dividends and Financial Results

On 15 April 2005, our shareholders received an interim dividend of 17 cents per share (fully franked). CSL's final dividend of 30 cents per share, fully franked, and a special dividend of 10 cents per share franked to 1.78 cents per share will be paid on 10 October 2005. It should be noted however, that due to an increasing proportion of Company revenue being generated offshore and increasing expenditure in Australia on research and development, CSL is unlikely to be in a position to deliver franked dividends next financial year.

CSL Group net profit after tax of $547 million included an estimated net profit after tax of $250 million from the sale of JRH Biosciences. Group sales revenue grew 67% to $2.75 billion as ZLB Behring completed its first full year of operations.

Net operating cash flows improved 174% to $568 million.

In February 2005, we announced an on-market buy back of up to 10 million shares (5% of issued capital) which has since been completed at a total cost of $318 million. In June 2005, we announced that a second on-market buy back of up to eight million shares would be carried out in the next financial year. Our strong cash flows and balance sheet position underpin this latest buy back which will further benefit all shareholders by improving investment returns including earnings per share and return on equity.

Business Reports

CSL's business activities include ZLB Behring, CSL Bioplasma, CSL Pharmaceutical and our globally integrated research and development operations.

ZLB Behring

ZLB Behring has delivered a highly successful first full financial year with sales of $2.2 billion and substantial cost savings produced as a result of restructuring and integration synergies.
ZLB Behring is now a global leader in plasma therapies and a significant supplier of recombinant Factor VIII for the treatment of Haemophilia A.

Our sales of Carimune® (intravenous immunoglobulin) benefited from improved prices in the United States. Sales volumes of Helixate® grew strongly at steady prices with strong sales in Europe due to increased government funding for conversion from plasma-derived Factor VIII to recombinant Factor VIII.

Sales of plasma-derived Factor VIII for the treatment of Von Willebrand Factor deficiency were strong, representing 60% of plasma-derived Factor VIII sales. The market for this product is expected to grow due to the improved awareness and diagnosis of this deficiency.

The integration of the two prior companies (ZLB Bioplasma and Aventis Behring) proceeded according to plan with all but a few of 700 initiatives achieved in line with or better than expectations. Approximately 90% of planned initiatives were in place by April 2005 and the Integration Office was closed with the remaining activities transferred to regular operations.

Financial targets for the year were exceeded in all cases with strong profit and excellent cash flow, the latter benefiting from a reduction in inventory through more focused management of working capital.

ZLB Behring's first liquid intravenous immunoglobulin has now been approved in eight European countries and market development is gaining momentum. Vivaglobin®, our new subcutaneously administered immunoglobulin, was approved in Europe late in the year and offers patients more opportunity for home infusion, as well as improved tolerability. Vivaglobin® is currently being evaluated for approval by the US FDA.

Our critical care product portfolio of haemostatics, inhibitors and plasma substitutes save lives in surgical complications, trauma and acquired and chronic deficiencies in acute care situations. Haemocomplettan®, our fibrinogen product, is being used to stem bleeding after surgery. Beriplex®, our four coagulation factor concentrate, restores deficiencies associated with liver complications. Currently accounting for 17% of combined sales, the broader registration of these critical care therapies in Europe and through the US will provide growth opportunities in the future.

In Japan, we have strengthened our surgical sealant business through a distribution agreement with Nycomed for Tachocomb, a fibrinogen based sheet for sealing tissue wounds. Tachocomb complements Beriplast®, our fibrin sealant product. ZLB Behring is now the leader in this market segment in Japan.

We have continued to make progress with Zemaira®, our Alpha-1-Proteinase Inhibitor for treatment of emphysema, with a five-fold growth in the number of patients using this product this year. Further growth is anticipated through increased efforts to detect those at risk by education and diagnostic programs for this genetic disorder. Registration of this product is currently being sought in Europe.

We have commenced clinical trials for the registration of Berinert® (C-1-Esterase Inhibitor) in the US for the treatment of hereditary angeodema (HAE), a life threatening condition brought on by severe swelling of the tissues due to genetic deficiency of the protein. Berinert® is already marketed in Europe and Japan.

ZLB Plasma Services, part of ZLB Behring, is one of the largest collectors of human blood plasma in the world with operations in the US and Europe. Through our own plasma collection operations and commercial purchases, we source all plasma required by ZLB Behring.

We have standardised operational systems across our US plasma collection centres and we are well advanced with developing a fully integrated global plasma supply chain that will further help us to manage plasma inventory.

In a stringently regulated industry, we comply with the highest international standards and continue to explore avenues for further innovation.

CSL Bioplasma

Sales revenue growth of 17% by CSL Bioplasma to $209 million this year has been underpinned by the impact of merging the ZLB Behring commercial activities in Asia (with the exception of Japan) into our business, and also the increasing demand for INTRAGAM® P (intravenous immunoglobulin) in markets where we provide contract fractionation services.

In January 2005, we were proud to announce the signing of a new Plasma Products Agreement (PPA) with the National Blood Authority (NBA) which now acts on behalf of all Australian State and Federal governments. Under the new five-year agreement, and in collaboration with the Australian Red Cross Blood Service, we will provide the life saving plasma-derived therapeutics that meet the rigorous Australian requirements for safety, security and reliability of access by the medical community. Through close cooperation with the NBA, we have achieved a smooth transition to the new arrangements included in the PPA.

The successful integration of ZLB Behring's regional commercial operations with CSL Bioplasma has created a strong platform for our business growth in the Asia Pacific region by adding a diverse portfolio to our existing plasma-derived therapeutic products.

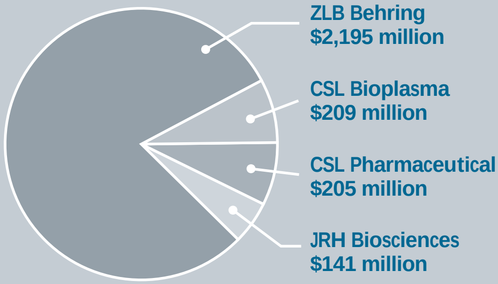
By taking advantage of the complementary strengths of CSL Bioplasma and ZLB Behring, we can now provide an extensive range of life-saving therapeutic products and services to governments, medical professionals and patients. We can offer the broadest range of products in our industry, customised contract fractionation for blood services throughout our region, and enhanced client support through our direct presence in key markets.

We have executed a five-year agreement with Bayer HealthCare granting CSL the exclusive Australian distribution rights for KOGENATE® FS (recombinant coagulation Factor VIII octalog alpha). KOGENATE® FS complements our comprehensive portfolio of trusted coagulation therapies used in the treatment of bleeding disorders such as Haemophilia A and Von Willebrand disease. This new collaboration with Bayer HealthCare brings together two organisations with complementary expertise and strengths that will benefit Australia’s haemophilia community.

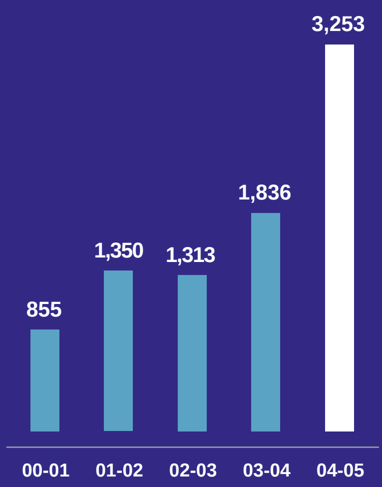
Sales revenue and sales percentages by business

ZLB Behring	80%
CSL Bioplasma	8%
CSL Pharmaceutical	7%
JRH Biosciences	5%

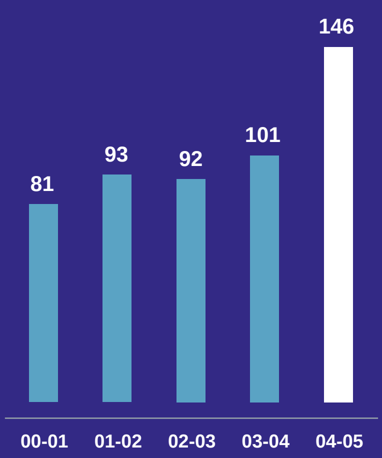
JRH Biosciences sold on 28 February 2005.



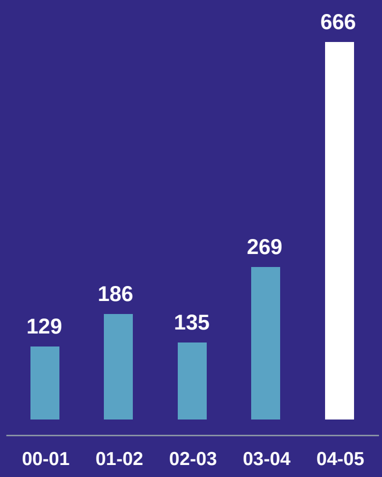
CSL Total Revenue ($A millions)



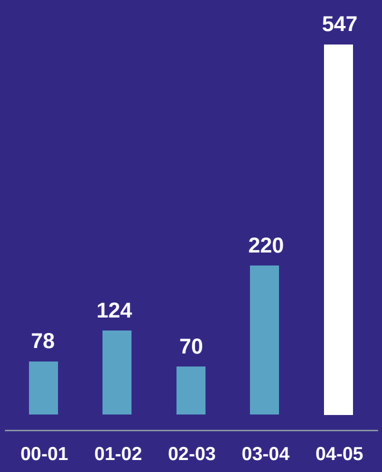
CSL R&D Investment ($A millions)



CSL Profit Before Interest and Tax ($A millions)



CSL Profit After Tax ($A millions)



Melbourne: *Meral Kaypakkaya is Quality Control Team Leader - Immunochemistry.*

Bern: *Group Leader, Adrian Locher setting up a centrifuge.*

Financial Calendar

2005

24 August	Annual profit and final dividend announcement
30 August	Shares traded ex-dividend
5 September	Record date for final dividend
10 October	Final dividend paid
12 October	Annual General Meeting
31 December	Half year ends

2006

22 February	Half year profit and interim dividend announcement
14 March	Shares traded ex-dividend
20 March	Record date for interim dividend
13 April	Interim dividend paid
30 June	Year ends
23 August	Annual profit and final dividend announcement
18 September	Shares traded ex-dividend
22 September	Record date for final dividend
13 October	Final dividend paid
18 October	Annual General Meeting
31 December	Half year ends

Annual General Meeting

Wednesday 12 October 2005 at 10:00am
Function Centre,
National Tennis Centre
Melbourne Park,
Batman Avenue
Melbourne 3000

AGM Live Webcast

Note: The Chairman's Report and the Chief Executive Officer's Report will both be webcast through CSL's web site: www.csl.com.au

Log on to the Home Page of CSL's web site and then click on the item under CSL News called Annual General Meeting webcast.

New Plasma Products Agreement

CSL CEO and Managing Director, Brian McNamee, and the National Blood Authority CEO and General Manager, Dr Alison Turner, sign a new Plasma Products Agreement. Under the new five-year agreement which commenced on 1 January 2005, CSL Bioplasma continues to provide specialised plasma products and services to the State and Federal governments in Australia - in collaboration with the Australian Red Cross Blood Service.

(photo by courtesy of the NBA).

In July 2004, Australia's Federal Government announced a change in policy regarding the provision of in-vitro diagnostic reagents used in assessing the compatibility of donor-recipient blood. CSL had provided these reagents to pathology laboratories throughout Australia since 1993 by agreement with the Federal Government. As part of the NBA's new national procurement arrangements introduced on 1 July 2005, we have been accredited as a provider of in-vitro diagnostic reagents. The breadth and quality of our products has helped ensure we remain a major provider of diagnostics with a pivotal role in transfusion medicine in Australia.

CSL Pharmaceutical

Sales revenue of $205 million for CSL Pharmaceutical compared favourably with our result for the previous year, given a reduction in pharmaceutical distribution activities.

CSL's new influenza vaccine centre in Melbourne was officially opened in May 2005. Australia's first line of defence against influenza, the new centre includes an expanded and upgraded manufacturing facility and a new vaccine seed preparation laboratory.

The new vaccine centre has significantly increased CSL's ability to supply the Australian public with influenza vaccine and the benefit of this position has already been demonstrated in the first few months of operation. Owing to a shortage of vaccine from other suppliers, CSL provided all Australian Federal Government requirements for the 2005 season to vaccinate people aged 65 and over, and also made up part of the shortfall in New Zealand.

The only facility of its kind in the Southern Hemisphere, the new centre will play a key role in combating influenza outbreaks in the Asia Pacific region.

In the event of an influenza pandemic, CSL now also has the capacity to efficiently provide vaccine for the entire Australian population. In this regard, CSL continues to play an essential part in protecting Australia from influenza and other serious infectious diseases.

Further opportunities for opening up new markets in Europe and South East Asia can now be realised, particularly in the light of shortages of influenza vaccine worldwide.

CSL is a participant in two of Australia's national vaccination programs with our Fluvax® influenza vaccine and Pneumovax 23, a vaccine against pneumoccocal disease that we distribute in Australia on behalf of Merck & Co. Inc. The national Pneumovax 23 program began in January 2005 and includes everyone aged 65 and over, people with chronic medical conditions (such as diabetes, cardiovascular, respiratory, liver or renal diseases), people with alcohol-related problems, tobacco smokers and those who are immunocompromised.

New Product Development

We continue to invest in new protein-based product development projects for treating serious human diseases. These medicines are derived from our core technologies in plasma fractionation, vaccinology, recombinant proteins (including recombinant antibodies) and our immunostimulating ISCOMATRIX® adjuvant.

We have successfully integrated all global research and development activities. In the Northern Hemisphere, we have centres of excellence to support plasma product manufacturing in Marburg, Germany (coagulation and specialty products), Bern, Switzerland (immunoglobulins) and Kankakee, USA (Alpha-1-PI). In Melbourne, we support our Australian plasma and influenza vaccine products, and conduct our new product development activities.

Merck & Co. Inc., the exclusive licensee of our human papillomavirus (HPV) vaccine, is now well advanced in its Phase III clinical development program and has announced that filing with the US FDA for a product license will take place in the second half of 2005. Publications of clinical data from Merck during the year continue to give us confidence that this vaccine will make a strong contribution to international public health by preventing certain types of cervical cancer and genital warts.

Developing new high value products from human plasma remains a key strategic imperative. In Canada, we have now begun a Phase II clinical trial of our plasma-derived reconstituted high-density lipoprotein (rHDL) drug. The trial will test whether infusions of rHDL can reduce the volume of atherosclerotic plaque in the coronary arteries of patients with acute coronary syndromes. The clinical development program for ZLB Behring's chromatographically purified liquid IVIG product has also begun.

Over the past few years, we have invested significantly in our proprietary ISCOMATRIX® adjuvant technology. When formulated with an antigen, an adjuvant will increase the quality and strength of the immune response to the antigen. We believe that the ISCOMATRIX® adjuvant has unique properties that will enable it to be part of a new range of potential immunotherapeutic products and vaccines. Our commercialisation strategy is to broadly license the ISCOMATRIX® adjuvant technology to partners who have an interest in enhancing the immune response of their own product candidates. The recently announced agreement with Merck & Co. Inc. is further validation of this strategy. However, we also continued the development of our own biotech product for the treatment of HPV infection that combines the adjuvant technology with a patented E6/E7 fusion protein from the main cancer-causing serotype HPV16. This product has been tested for safety and immunogenicity in both HIV negative and positive individuals, and we are planning a Phase II clinical study to test whether we can treat precancerous lesions in anal intra-epithelial neoplasia (AIN).

Melbourne: *At the opening of the new influenza vaccine centre on 12 May 2005 (left to right) Colin Armit (President, CSL Pharmaceutical), Bill Cracknell (Manufacturing and Capital Improvement Manager, CSL Pharmaceutical) and the Hon. John Brumby (Victorian State Treasurer).*

As the only manufacturer of influenza vaccine in the Southern Hemisphere, we are very conscious of the threat posed by the annual influenza season and particularly in an influenza pandemic. CSL is working closely with health authorities in Australia to ensure that we can respond as rapidly as possible in the event that a pandemic is declared. We have made a manufacturing seed from the H5N1 strain, a potential pandemic strain circulating in bird populations in South-East Asia, and will conduct our first clinical trials of this prototype vaccine in the second half of 2005.

Consistent with our focus on protein-based medicines, we are developing a number of earlier stage recombinant antibody opportunities with Australian academic partners. These include new ways to potentially treat myeloid leukemia (Institute of Medical and Veterinary Sciences in Adelaide) and a technology to achieve topical delivery of antibody fragments for treating serious eye diseases (Flinders University also in Adelaide).

Our Thanks to Management and Staff

Fundamental to our delivering CSL's best ever financial result has been the successful integration of two plasma therapeutics businesses during the year. Many people have been directly involved in this process, and many others played their part in making it happen at grass roots level. There have also been significant achievements in other areas of our business – in research and development, in manufacturing activities, and in bringing the highest quality products to our customers. Your Board of Directors would like to take this opportunity to thank management and staff for the commitment shown in a landmark year that has strengthened our position as a global specialty biopharmaceutical Company.

Peter Wade
Chairman

Brian McNamee
Chief Executive Officer
and Managing Director

Peter Wade
Chairman

Brian McNamee
Chief Executive Officer
and Managing Director

Clockwise from above:

***Bern:** Laboratory Technician, Marlise Nanzer testing Albumin for sterility.*

***Chattanooga:** ZLB Plasma Services Biomedical Technician, Tara Sanders, explains the plasma donation process to Summer Stafford.*

***King of Prussia:** Jim Reilly is ZLB Behring's Marketing Director for Zemaira®.*

***Marburg:** Project Engineers Stefan Bonnard and Olaf Horner.*

ZLB Behring

A global leader in plasma therapeutics

ZLB Behring is a global leader in the manufacture of plasma therapeutics with the broadest range of quality products in our industry and substantial markets in the USA, Europe and Japan.

Based at King of Prussia in Pennsylvania (USA), ZLB Behring has manufacturing plants in Kankakee, Illinois (USA), Bern (Switzerland) and Marburg (Germany), and sales and distribution centres throughout the world.

Our plasma therapeutics include:

- Coagulation therapies to treat bleeding disorders such as haemophilia;
- Critical care products for treatment of shock in trauma, sepsis, severe burns and cardiac surgery;
- Immunoglobulins to treat infections and autoimmune diseases, and to prevent haemolytic disease in the newborn;
- Wound treatment therapies used to minimise blood loss.
- Alpha-1-Proteinase Inhibitor, a prophylactic treatment for people at risk from life-shortening, inherited emphysema.

We understand the needs of people who rely on our products. Those with haemophilia (a bleeding disorder resulting in poor blood clotting and continuous bleeding) have to learn to live with this life-threatening condition. People can suffer severe blood plasma losses in emergency trauma situations and with serious burns. Some patients have wounds that continue bleeding, or immune systems too weak to fight infection.

ZLB Behring provides a wide variety of programs and services to improve patient access to care and quality of life.

continued next page

	Estimated Global Market Share	Rank
Coagulation	22%	2
Critical Care	20%	1
Immunoglobulins	18%	2
Alpha-1-PI	10%	3
Worldwide market share	**21%**	**2**

ZLB Behring (continued)

Meeting customer needs

ZLB Behring is well positioned to develop its global business in plasma therapeutics through our broad portfolio of high quality products, global marketing that meets customer needs, a pipeline of new and improved plasma products, lower cost and higher yield manufacturing processes, and effective balancing of supply and demand.

Manufacturing is focused on core product strengths at each location and cost effective operations that create more return for each litre of plasma processed.

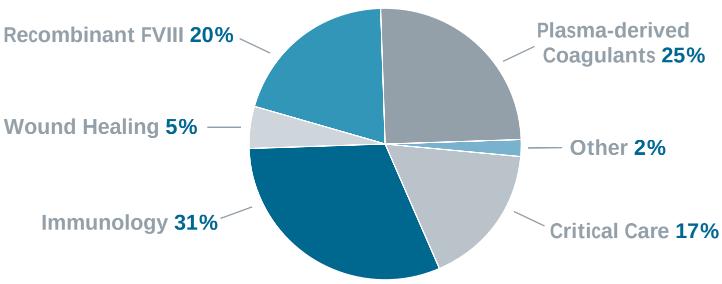
Since creating manufacturing centres of excellence, we have brought a sharper focus on life cycle management, the product pipeline, process development and product safety.

- Marburg develops coagulation therapies, along with critical care and specialty products;
- Bern focuses on immunoglobulins, production methods and safety standards;
- Kankakee is responsible for the continuous improvement of Alpha-1-Proteinase Inhibitor.

ZLB Behring's plasma collection business, ZLB Plasma Services, has more than 65 collection centres in the USA and Germany, along with plasma testing laboratories and logistics centres in both countries.

One of the largest collectors of human blood plasma in the world, ZLB Plasma Services sources the plasma required by ZLB Behring through its plasma collection operations and commercial purchases.

ZLB Behring sales split



Globally, more than 400,000 donors provide the plasma used to produce life-saving products for critically ill patients. ZLB Plasma Services offers a reliable and secure source of plasma for those essential medications.

ZLB Behring's plasma collection business is based at Boca Raton in Florida and has the largest plasma testing laboratory in the industry at Knoxville in Tennessee and a logistics centre at Indianapolis in Indiana. Based at Marburg, operations in Germany include eight plasma collection centres across the country, a plasma-testing laboratory in Gottingen and a Marburg logistics centre.

In this stringently regulated industry, ZLB Behring complies with the highest international standards, uses the most sophisticated systems, and continues to explore avenues of innovation.

Kankakee: *Packaging Operator, Karin Noble labels sterile water for injection for Monoclate-P®.*

Bern: *Vreni Fortsch is Head of Process Development*

Major plasma products marketed by ZLB Behring

Haemophilia and Other Coagulation Disorders

Coagulation therapies are used to treat bleeding disorders such as haemophilia and Von Willebrand disease

Recombinant Factor VIII
- Helixate® FS
- Helixate® NexGen

Plasma-derived Factor VIII
- Beriate® P
- Haemate® P
- Humate-P®
- Monoclate-P®

Plasma-derived Factor IX
- Berinin® P
- Mononine®
- Factor IX HS

Von Willebrand Disease
- Haemate® P
- Humate-P®
- Stimate®

Other Coagulation Disorders
- Beriplex® P
- Fibrogammin® P
- Haemocomplettan® P
- Kybernin® P

Critical Care Conditions

Critical care products are used to treat shock, sepsis and severe burns, and are used in cardiac surgery

Trauma Therapies
- AlbuRx™ 5 and 25
- Albuminar® 5 and 25
- Beriplex® P/N
- Haemocomplettan® P
- Human-Albumin 20% Behring

Inhibitors
- Berinert® P
- Kybernin® P

Cardiology
- Streptase®

Alpha 1-Proteinase Inhibitor Deficiency

For people at risk from life-shortening emphysema through a genetic deficiency in their synthesis of this protein

- Zemaira®

Wound Healing

Wound healing therapies are used to facilitate healing

- Beriplast® P
- Fibrogammin® P

Immune Disorders and Immune Therapy

Immunoglobulins are used to treat infections and autoimmune diseases, and to prevent haemolytic disease in the newborn

Polyvalent Immunoglobulins
- Beriglobin® P
- Carimune® NF
- Sandoglobulin
- Gamma-Venin® P
- Gammar® - P.I.V.
- Redimune®
- Venimmun® N

Specific Immunoglobulins
- Berirab® P
- Hepatitis B Immunoglobulin P
- Rhesogamma® P
- Rhophylac®
- Tetagam® P
- Varicellon® P

CSL Bioplasma

Positioned for continuing growth

The successful integration of CSL Bioplasma's Asia Pacific operations with the established commercial activities of ZLB Behring in Asia has created a strong platform for continuing business growth in our region.

CSL Bioplasma in Melbourne is the operations centre for this combined business which includes a regional office in Hong Kong responsible for operations in China, Taiwan, South Korea and South Asia, as well as plasma fractionation services to the Governments of Hong Kong, Singapore and Malaysia.

The complementary strengths of CSL Bioplasma and ZLB Behring Asia enable us to deliver an extensive range of life-saving therapeutic products and services to governments, medical professionals and patients.

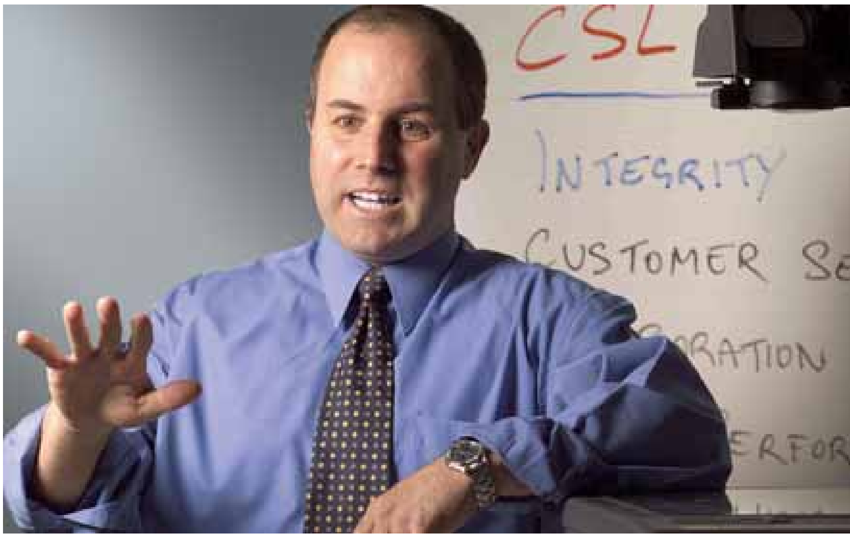
We now offer the broadest range of products in our industry, customised toll manufacturing to blood services throughout our region, and strong client support through our presence in key markets.

CSL Bioplasma has a successful record in toll manufacturing through well-established relationships with the Australian Red Cross Blood Service, the New Zealand Blood Service and other blood services in our region.

ZLB Behring Asia operations are grounded in a long established position as a leading supplier of commercial plasma therapeutics including an extensive portfolio of plasma-derived and recombinant products for the treatment of haemophilia.

In the Southern Hemisphere, CSL Bioplasma is the largest manufacturer of plasma products and the preferred provider of plasma therapeutics and related services in Australia and important regional markets.

We ensure our products remain at the leading edge of the plasma-derived therapeutics industry by continuing to invest in the development of innovative products and enhancements to our current portfolio.



Melbourne: *CSL Bioplasma's Employee Development Manager, Jack Baressi, presented a training workshop on CSL Values for the ZLB Behring team in China during their mid-year sales meeting in Huang Shan.*

The ZLB Behring Team in China: *Operating out of Guangzhou, Shanghai and Beijing, our ZLB Behring team in China provides client sales and support services to customers in twelve of China's twenty-seven provincial centres. The team is shown here in Huang Shan at the mid-year sales meeting and training workshop.*

Major plasma products manufactured by CSL Bioplasma

Coagulation Therapies

Coagulation therapies are used to treat bleeding disorders such as haemophilia and Von Willebrand disease

Biostate®
MonoFix® -VF
Prothrombinex™ - HT

KOGENATE FS

KOGENATE FS (recombinant coagulation Factor VIII octacog alpha). In December2004, CSL Bioplasma signed a five-year distribution agreement with Bayer Australia through which CSL Bioplasma acquired the exclusive rights to distribute KOGENATE FS in Australia.

Immunoglobulins

Immunoglobulins are used to modify function of the immune system

Intragam® P
Normal Immunoglobulin
Rh(D) Immunoglobulin
CMV Immunoglobulin
Hepatitis B Immunoglobulin
Zoster Immunoglobulin
Tetanus Immunoglobulin

Critical Care Products

Critical care products are used for plasma volume expansion and for replacement of albumin

Albumex ®
Thrombotrol®

Diagnostic Products

Diagnostic products are used to determine compatibility of donor-recipient blood in transfusion settings

ABO Monoclonal Reagents
Reagent Red Blood Cells

Our Toll Fractionation Services

CSL Bioplasma performs plasma fractionation for Australia's National Blood Authority, a role pivotal to Australia's policy of self-sufficiency. CSL Bioplasma is also the national fractionator for New Zealand, Hong Kong, Malaysia and Singapore.

ZLB Behring Plasma Therapeutics

CSL Bioplasma also markets ZLB Behring's commercial products in Asia through ZLB Behring Asia.

CSL Pharmaceutical

Australia's first line of defence against influenza

CSL's new influenza vaccine centre in Melbourne is the only one of its kind in the Southern Hemisphere and Australia's first line of defence against this serious infectious disease.

Expanded and upgraded at a cost of more than $30 million, the new facility has the capacity to meet inter-pandemic customer vaccine requirements for both Northern and Southern Hemisphere winters, optimising plant capacity all year round. Should a pandemic occur, CSL is now also well positioned to produce enough vaccine to protect the entire Australian population.

CSL is contracted to supply 65% of Federal Government requirements for its national vaccination program against influenza targeting people over 65 and Torres Straight Islanders over 50. This year, CSL also had to make up for a shortfall in vaccine from another supplier, an unexpected but useful capacity test for our expanded manufacturing facilities.

Influenza disease of varying severity occurs every year as a result of minor changes in circulating strains (know as antigenic shifts) of influenza viruses and waning immunity in human populations. In epidemic years, many thousands of people around the world die from influenza or complications arising from infection with this disease.

Unlike the minor changes that occur from year to year in circulating strains of influenza virus, a pandemic virus (the result of an antigenic drift) will be an influenza variant that the population as a whole has not been exposed to previously. According to the World Health Organisation (WHO), influenza pandemics may be expected to occur three or four times each century. The last in Australia was in 1968.

The WHO undertakes surveillance of influenza around the world, monitoring disease activity and circulating strains. Health authorities and manufacturers work closely with the WHO to develop the inter-pandemic influenza vaccines required to combat annual outbreaks.

The WHO and other international bodies warn that the threat of an influenza pandemic is both inevitable and imminent. In Australia and throughout the world, research and development work is being carried out so that we can better anticipate and effectively respond to the next influenza pandemic.

***Melbourne:** Inside CSL's new centre for the manufacture of influenza vaccine (clockwise from above): Peter Kipnis operates one of the egg harvesting machines, Kellie Goodman monitors a filtration process, and Lillie Nikitna at work in the buffer preparation area.*

Major pharmaceutical products marketed by CSL

Vaccines	For prevention of:
Fluvax®	Influenza
Pneumovax* 23	Pneumococcal infection
Menjugate*	Meningococcal C disease
ADT®	Diphtheria and Tetanus
Tet-Tox®	Tetanus
H-B-Vax* II	Hepatitis B infection
PedvaxHIB*	Haemophilus influenzae B
Vaqta*	Hepatitis A infection
Varivax* Refrigerated	Varicella
Comvax*	Haemophilus influenzae B and Hepatitis B infection
Q-Vax®	Q-Fever
MMR*II	Measles, mumps and rubella

*See page 120

Anti-infectives	For treatment of:
Flopen®	Severe staphylococcal infections
Moxacin®	Bacterial infections
Fucidin*	Bacterial infections
BenPen®	Bacterial infections

Other products	For treatment of:
Tramal*	Moderate to severe pain
Flomax*	Benign prostatic hyperplasia
Antivenoms	Envenomation
Cervidil*	Complications during childbirth requiring induced labour
Modavigil*	Excessive daytime sleepiness in narcolepsy
Epi-Pen*	Severe allergic reactions
Daivobet*	Psoriasis
Daivonex*	Psoriasis

New Product Development

CSL's adjuvant technology being used to produce new vaccines

The new generation of vaccines and immunotherapies being developed by the biopharmaceutical industry to target chronic infectious diseases and cancer require complex immune responses to be effective.

New classes of immunological adjuvants will provide the immune system stimulation necessary to induce these immune responses.

One of the core technologies developed by CSL is our ISCOMATRIX® adjuvant which is now ready for use in the broad commercialisation of a new generation of human vaccines.

Adjuvants enhance or modify the immune response to antigens which are substances (usually proteins) that stimulate the body's immune system to produce antibodies. Bacteria, viruses and allergens are among the most common sources of antigens and cellular responses. Correctly formulated, the ISCOMATRIX® adjuvant forms particles that look like viruses to the immune system. These adjuvant particles can be formulated with specific antigens to produce new and improved vaccines.

A lot of work has been carried out to optimise the manufacturing process for our ISCOMATRIX® adjuvant and to ensure the technology has both unique activities and potential to be manufactured on an industrial scale. Important for regulatory and partnering reasons, we now also more fully understand how our adjuvant works.

CSL's ISCOMATRIX® adjuvant is combined with specific antigens to produce vaccines. The adjuvanted vaccines will generate potent and durable antibody responses, allow lower doses of antigen to be used to generate the same immune response, and induce cellular (T-cell) immune responses. These T-cell responses are considered necessary to allow development of a new generation of immunotherapeutic products, as opposed to the traditional preventative vaccines on the market today.

CSL has had an important collaboration with Merck & Co. Inc. involving CSL's ISCOMATRIX® adjuvant. Merck has been testing the adjuvant in preclinical experiments. CSL has entered into a broad ISCOMATRIX® license and option agreement with Merck. We will work with Merck across a range of vaccines that address both infectious and non-infectious diseases.

Immunotherapeutic vaccine projects include collaborations with Chiron Corporation to develop an HCV immunotherapeutic, SanofiPasteur on Chlamydia and treatments for cancer with the Ludwig Institute for Cancer Research.

__Melbourne:__ CSL's ISCOMATRIX® adjuvant commercialisation team (left to right) Zita Cunningham (Director of Business Development), Martin Pearse (Program Leader for External Collaborations), Debbie Drane (Program Leader for ISCOMATRIX® adjuvant) and Kate Noonan (Business Development Manager for R&D).

Following a sustained period of research and development, CSL's ISCOMATRIX® adjuvant technology is now being commercialised with a number of major partners to develop a range of new human vaccines.

Major human health projects

Products	Current Status	CSL's R&D Partners	
		Academic	Corporate
Vaccine to prevent Cervical Cancer and Genital Warts	Phase III clinical development	The University of Queensland	Merck & Co. Inc.
Melanoma/Tumour Immunotherapy	Phase II clinical development	Ludwig Institute for Cancer Research	
Vaccine to treat Hepatitis C infection	Phase II clinical development		Chiron Corporation
Vaccine to treat Human Papillomaviruses	Phase 1b clinical development	The University of Queensland	
Liquid IVIGs	Clinical development		
Treatment of ACS with rHDL	Phase II Clinical development	Montreal Heart Institute	
Topical Eye Delivery	Late stage research	Flinders University	

Cervical Cancer and Genital Warts: *human papillomaviruses are associated with a range of clinical manifestations including genital dysplasias, tumours and warts.*

Melanoma and tumour immunotherapy: *targeting the human immune system to recognise and kill cancer cells is an attractive approach to reduce tumour burden, increase quality of life, and potentially cure patients with various forms of cancer.*

Hepatitis C (HCV): *a major international public health problem. We are working with scientists at Chiron Corporation to develop an immunotherapeutic to treat patients with chronic HCV infection.*

Liquid IVIGs: *our improved products are in clinical testing.*

Acute Coronary Syndromes (ACS): *reconstituted high-density lipoprotein (rHDL) may be used to shrink atherosclerotic plaque in the walls of coronary arteries following heart attacks.*

Topical Eye Therapy: *delivery of biotech treatment for eye disease requires injection into the eye. We are working with collaborators at Flinders Medical Centre to develop topical (eye drops) delivery of biotech ophthalmic therapies.*

Clockwise (from above):

Kankakee: *Packaging Operator, Paula Wishnowski, carries out vial volume and appearance inspections.*

Kankakee: *Maintenance Mechanic, Craig Runner, replaces a process tank agitator motor.*

Bern: *System Specialist, Reto Moser at work in the IT Computer Centre.*

Chattanooga: *ZLB Plasma Services Biomedical Technician, Kaydie Thomas, prepares to perform a medical screening process.*

Marburg: *Laboratory Technician, Sonja Beckmann-Scheld in the research laboratory for coagulation products.*

Tokyo: *Takeshi Fujikawa is one of ZLB Behring's sales representatives.*

Melbourne: *CSL Pharmaceutical sales representative, Nadine Francis.*

Our People

Building our capability for competitive advantage

On 1 April 2005, the end of the first year of operations of the integrated ZLB Behring was celebrated in King of Prussia, Pennsylvania with the people at ZLB Behring, integration team leaders, the CSL Board and CSL Executive Management.

At this event, CSL Chairman, Peter Wade, recognised the extraordinary efforts that have been made by hundreds of our people to create ZLB Behring. Peter's address was accompanied by the launch of the new orientation multimedia program which features over 30 employees across the globe sharing their passion about our products and services and their work in the CSL Group.

Building our capability for competitive advantage is essential to enabling execution of business strategies and our success as a global biopharmaceutical company. More than 80% of the CSL Group population of just over 7000 employees are working outside Australia in over 25 countries. Understanding the differing needs of the CSL Group's stakeholders and the regional and local environments in which we work has been enhanced by the rapid development of extensive knowledge networks and acceleration of our learning processes. Global initiatives include the CSL Group Executive Leadership Program, the Quality Managers' annual forum, the Global R&D projects, the Learning and Development Managers network, a new library portal via the shared intranet and the Information Services Board, to name a few.

CSL's Individual Performance Management (IPM) process has been implemented in ZLB Behring. Under this process rewards for executives and managers are based on achievement of a mix of company, site specific and individual challenging objectives. This has been designed to support development of a value adding culture and a focus on increased accountability, team working across boundaries, devolved decision making and improved communications across the Group.

High level engagement of people in the CSL Group is a global priority. CSL's CEO and Managing Director, Brian McNamee and the various business leaders provide our people with a compelling vision and clear strategy at regular meetings in each of the major locations in the CSL Group. Open feedback about our operations and recommendations for improvement is actively encouraged. The biannual Global Employee Opinion Survey to be conducted in November 2005 in eight languages will enable us to again measure our effectiveness in engaging our people.

It is our continuing task to ensure CSL's business operations are carried out in workplaces that are safe and healthy for our employees, for the community and for the environment.

Health, Safety and Environment

CSL's ability to provide safe and healthy workplaces has been demonstrated in another year in which no significant health, safety or environmental incidents have been reported.

Our employees participate in a wide range of activities through which we maintain and develop safe and healthy workplaces within a framework of clearly defined policies, guidelines and standard operating procedures. Health, Safety and Environment (HS&E) committees provide the forums through which employees and unions are represented and actions initiated.

Developed to comply with international standards, CSL's HS&E management system has been implemented across all our business operations and creates a strong focus for sustaining our culture of safety. Each site has a nominated HS&E professional, supervisor or manager responsible for maintaining and developing the HS&E system.

In July 2005, CSL's Bioplasma facility at Broadmeadows in Melbourne achieved re-accreditation for Australian Standard AS4801, a recognised and reliable indication of how effectively CSL's health and safety management systems are being applied. Re-accreditation was carried out by Lloyds Register, an internationally recognised quality and auditing organisation.

CSL complies with the relevant regulations covering the jurisdictions in which we operate. In keeping with company policy and to minimise the potential for environmental impacts, all CSL sites are required to ensure compliance with their local environmental regulations and policies.

CSL'S HEALTH, SAFETY AND ENVIRONMENT SYSTEMS

The CSL Group maintains management systems for health, safety and the environment that are consistent with internationally recognised standards.

- Our policies, procedures and instructions are implemented in all business operations around the world;
- We consult and cooperate with employees and their representatives on health, safety and environment issues;
- We provide training and resources to ensure people are well equipped to work safely, and to maintain incident-free workplaces.

For his strong contribution to the profession, Neil Dine, CSL's Director, Corporate Health, Safety, Environment and Security, has become the first member outside the US to receive the award from the American Society of Safety Engineers for "International Safety Professional of the Year".

Clockwise from top left

Bern: *Ueli Schurch, Manager, HS&E, responds to a fire alarm notification.*

Kankakee: *Maintenance Mechanics and Members of the Emergency Response Team (left to right) Randy Devore, David Mollema and Ron Fiets conduct a confined space entry rescue training exercise.*

Marburg: *(left to right) Bjoern Wiesner (Environmental Technician), Rainer Koschitzky (Safety Engineer) and Michael Knoll (Head of HS&E).*

Kankakee: *Donna O'Keefe RN (HS&E Manager, Occupational Health) shows members of the Emergency Response Team, Andrew Uftring (HS&E Specialist) and Debra Saxsma (Senior Stability Specialist - Quality Control), how to perform CPR and use an automated external defibrillator.*

Marburg: *Sascha Ludwig (Technician) gowned up ready to clean the cryoprecipitate cutter.*

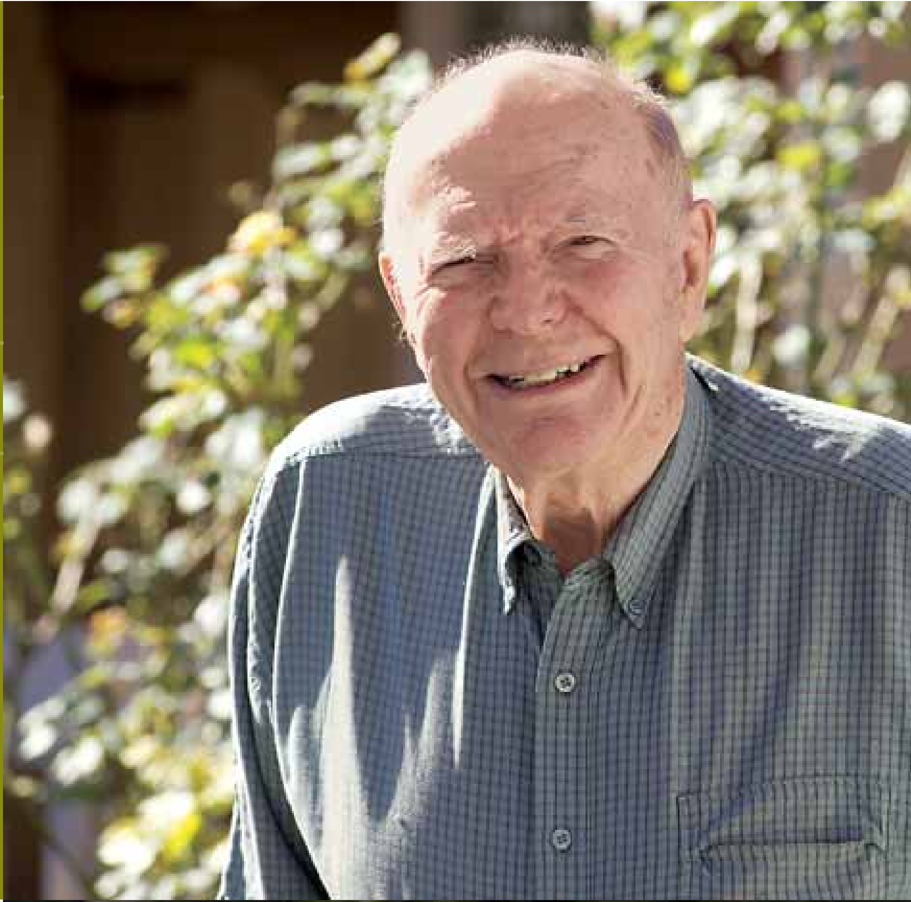
CSL's comprehensive health, safety and environment management system includes audit criteria used to measure and monitor performance against twenty-four standards covering:

- Leadership and commitment
- Responsibility and authority
- Legislative compliance
- Planning, objectives and targets
- Training and competence
- Documentation, control and records
- Hazard and risk management
- Incident management
- Performance monitoring and measurement
- Communication and consultation
- Capital projects and business transactions
- Management of change
- Contractors, suppliers and visitors
- Emergency preparedness and response
- Plant and equipment
- Hazardous materials management
- Working environment and facilities
- Occupational health
- Environmental impacts
- Waste management and conservation
- Safe work procedures
- Product stewardship
- Reviews, audits and inspections
- Corrective and preventative action

In the early 1990s, James Gerrand (right) contracted the immune-mediated nerve disorder known as chronic inflammatory demyelinating polyneuropathy (CIDP) for which he receives fortnightly infusions of CSL's Intragam® P. Continuing treatment has halted progression of the disease and enabled James to lead a relatively normal life.

The Australian Red Cross Blood Service provides plasma to CSL Bioplasma to produce Intragam® P, an intravenous immunoglobulin that is vital in the treatment of CIDP and Guillan-Barre Syndrome (GBS).

James is Director of a group in Victoria (Australia) that he started in 1992 to support CIDP and GBS patients, undertake research into the illness, and promote understanding of the condition.



ZLB Behring's strong support for patients has brought about the establishment of such innovative programs as Choice which offers a comprehensive range of resources and services designed to help families better manage the daily challenges of living with bleeding disorders.

Margaret Mary Conger (above) is a Choice Member Support Representative who helps patients to get the information and support that they need. Janet Reimund (above top), a Program Specialist in haemophilia, is also closely involved in educational programs for patients.

ZLB Behring initiatives such as Gettin' in the Game are designed to teach children with bleeding disorders the value of exercise - from the physical benefits to the emotional rewards.

In the USA, The National Hemophilia Foundation and ZLB Behring have joined forces to offer an annual Junior National Championship in baseball and golf, another program to encourage children with bleeding disorders to get active and stay fit.

Corporate Citizenship in action

Global support for patients living with bleeding disorders

CSL's desire to be an outstanding corporate citizen is integral to our work in making a positive contribution to the lives of patients with serious medical conditions who use our products. It is also based on our significant research and development programs which aim to extend access to health care for patients with unmet medical needs.

Our strong commitment to the highest standards of corporate citizenship is underpinned by our Values, our Code of Conduct and our associated policy framework. Our people are educated about the way in which CSL's business is conducted through orientation programs as well as specific communication activities. Appropriate demonstration of the Values and Code of Conduct is integral to our performance management system.

Across the world, we contribute to improving the quality of life for patients with haemophilia. We work closely with Health Departments, the Blood Services, regulators, medical groups, patient communities and research and academic institutions to fulfil our ongoing commitment to original medical research and world class standards of patient care, education and support .

In Australia and New Zealand, we support excellence in haemophilia care and education as a Sustaining Patron of the Haemophilia Foundations of Australia and New Zealand, and we are an active supporter of the Inflammatory Neuropathy Support Group of Victoria Inc. and the Australia New Zealand Intensive Care Society Foundation and Clinical Trials Group.

In Asia, Latin America, the Middle East and Eastern Europe, we work with the haemophilia communities in the annual awarding of the ZLB Behring Grant. This year's grant, 'Simple Things, Great Results', will be awarded to the top three project proposals submitted based on their likelihood of improving the quality of life of patients with haemophilia and von Willebrand disease in their local environment.

In the United States, ZLB Behring Choice is a program that offers resources and services to help families better manage the daily challenges of living with bleeding disorders.

We make wider contributions to the communities in which we operate through the ongoing development of relationships with our network of stakeholders. We recognise the interdependence that exists between our company and our customers, our people, our shareholders, our regulators, our suppliers and our communities and the value of aligning our efforts for mutual long term benefit.

Our Values

Superior Performance: We strive to be the best at what we do

Innovation: We seek better ways of doing things

Integrity: We are ethical and honest at all times

Collaboration: We work together to achieve better results

Customer Focus: We seek to understand and meet their needs

The CSL Group Business Operations

ZLB Behring

Business: Immunoglobulins, Albumin, Coagulation and Wound Healing Therapies, Pulmonary Disease Treatments

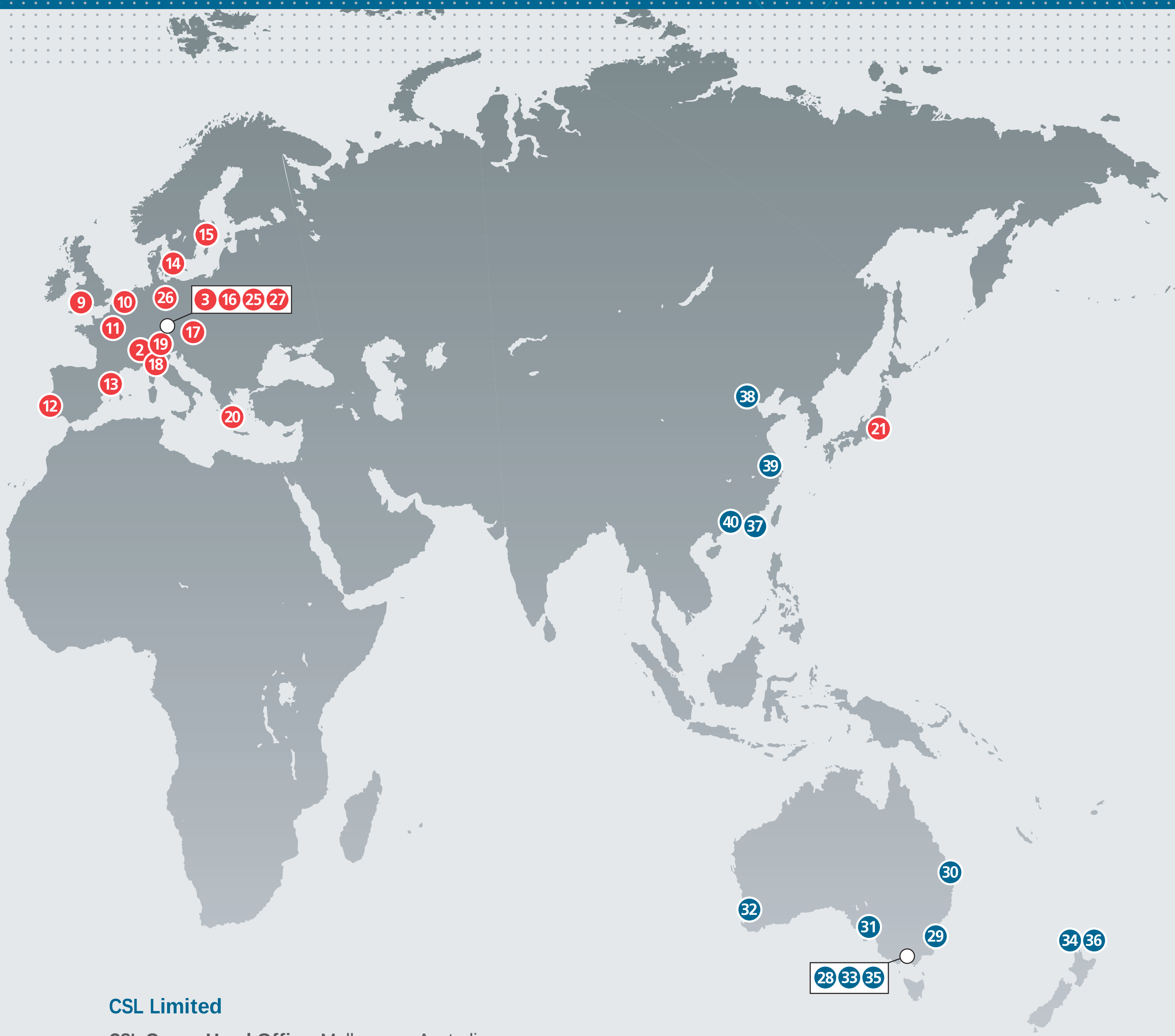
1	King of Prussia	USA	Administration, Sales, Distribution
2	Bern	Switzerland	R&D, Manufacturing, Sales, Distribution
3	Marburg	Germany	R&D, Manufacturing
4	Kankakee	USA	Manufacturing
5	Ottawa	Canada	Regional Sales and Distribution
6	Mexico City	Mexico	
7	Sao Paulo	Brazil	
8	Buenos Aires	Argentina	
9	Haywards Heath	UK	
10	Leuven	Belgium	
11	Paris	France	
12	Lisbon	Portugal	
13	Barcelona	Spain	
14	Copenhagen	Denmark	
15	Stockholm	Sweden	
16	Hattersheim	Germany	
17	Vienna	Austria	
18	Milan	Italy	
19	Zurich	Switzerland	
20	Kryoneri	Greece	
21	Tokyo	Japan	

ZLB Plasma Services

Business: Plasma Collection and Testing

22	Boca Raton	USA	Administration
23	Knoxville	USA	Testing Laboratory
24	Indianapolis	USA	Logistics Centre
25	Marburg	Germany	EU Administration
26	Gottingen	Germany	Testing Laboratory
27	Marburg	Germany	Logistics Centre

+ 61 Plasma Collection Centres in the USA
+ 8 Plasma Collection Centres in Germany



CSL Limited

CSL Group Head Office: Melbourne, Australia

28	Melbourne	Australia	Administration, R&D, Sales, Distribution
29	Sydney	Australia	Sales and Distribution
30	Brisbane	Australia	
31	Adelaide	Australia	
32	Perth	Australia	

CSL Pharmaceutical

Business: Vaccines, Anti-infectives, Antivenoms

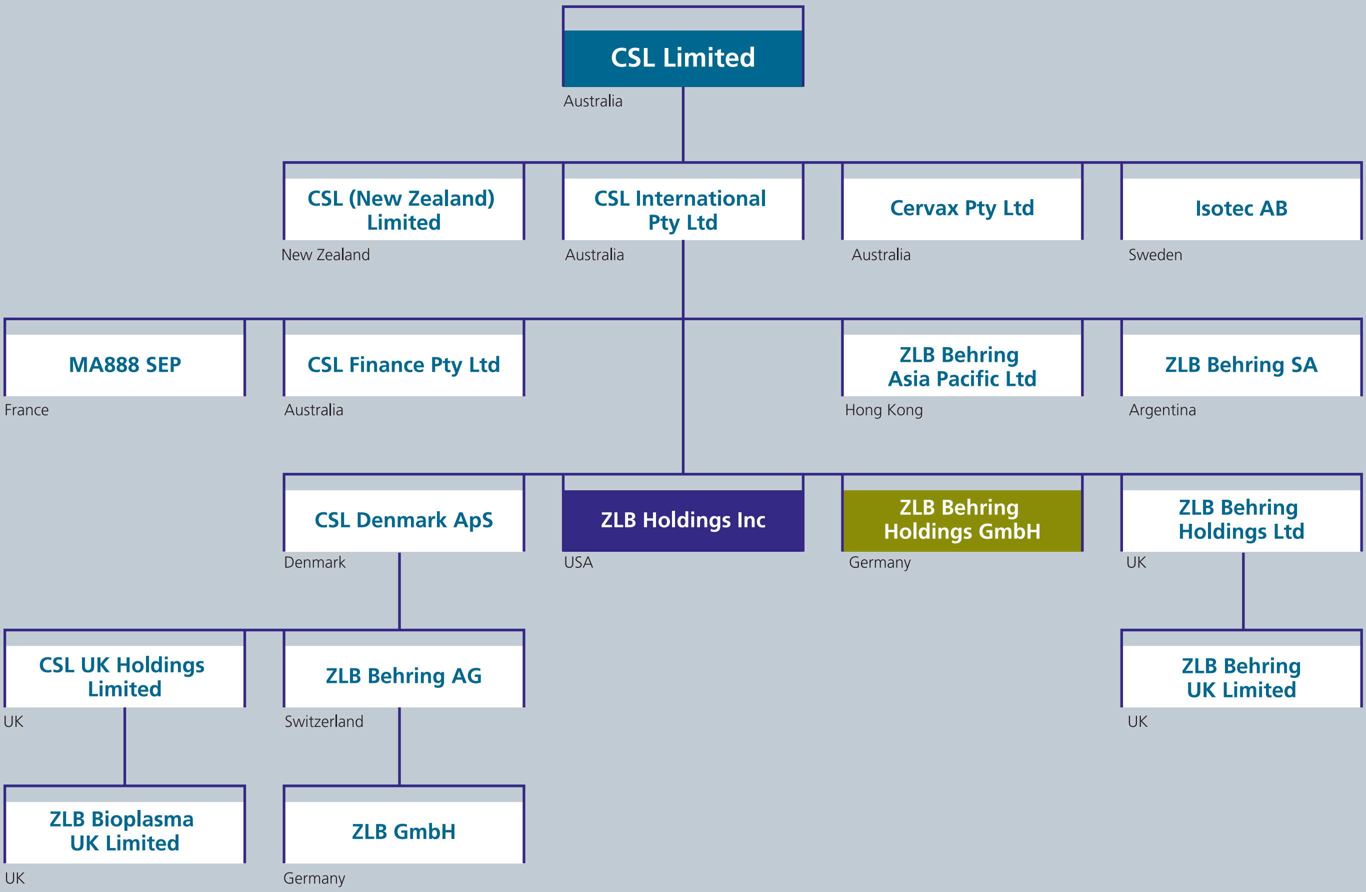
33	Melbourne	Australia	Manufacturing
34	Auckland	New Zealand	Sales, Distribution

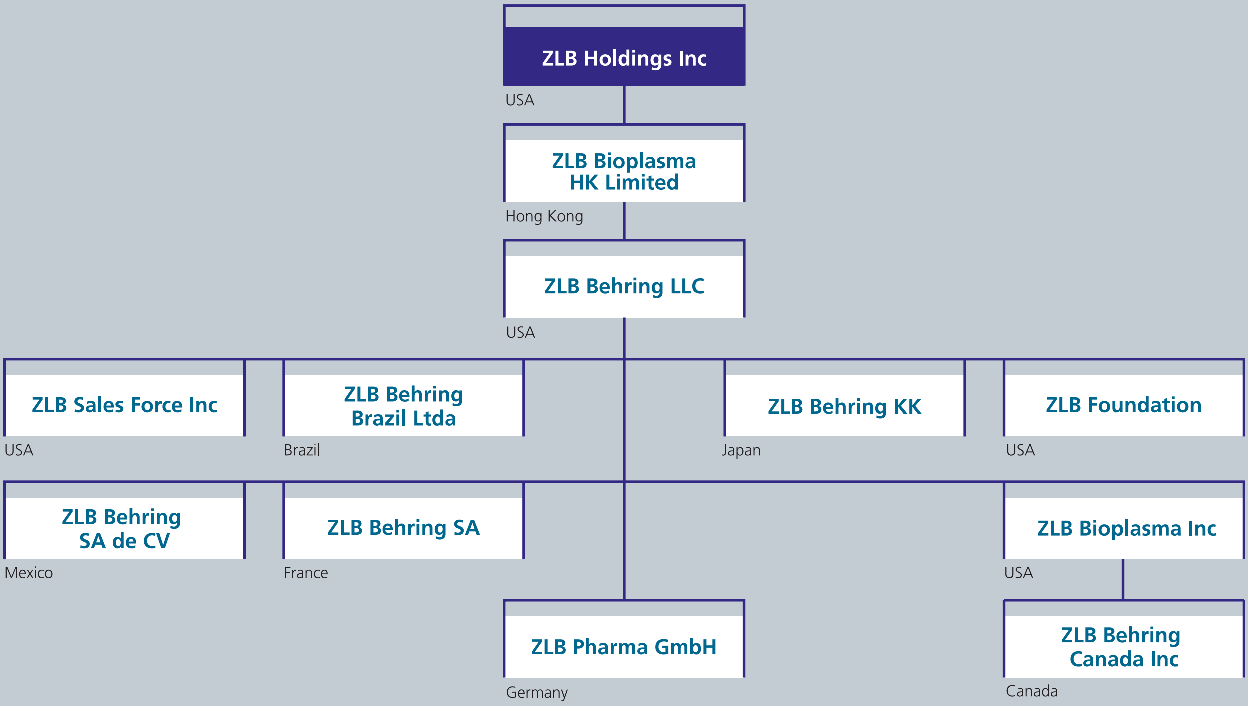
CSL Bioplasma

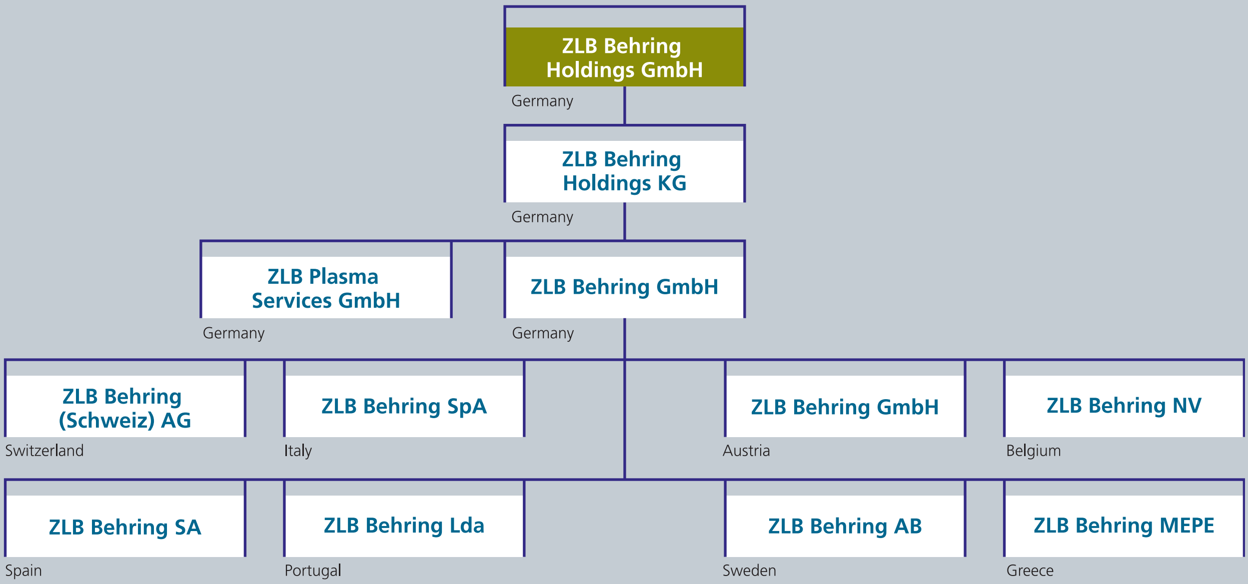
Business: Immunoglobulins, Albumin, Coagulation and Wound Healing Therapies, Blood Diagnostics

35	Melbourne	Australia	R&D, Manufacturing Sales, Distribution
36	Auckland	New Zealand	Sales and Distribution
37	North Point	Hong Kong	
38	Beijing	China	
39	Shanghai	China	
40	Guangzhou	China	

Controlled Entities




ZLB Holdings Inc
USA
ZLB Bioplasma HK Limited
Hong Kong
ZLB Behring LLC
USA
ZLB Sales Force Inc
USA
ZLB Behring Brazil Ltda
Brazil
ZLB Behring KK
Japan
ZLB Foundation
USA
ZLB Behring SA de CV
Mexico
ZLB Behring SA
France
ZLB Bioplasma Inc
USA
ZLB Pharma GmbH
Germany
ZLB Behring Canada Inc
Canada


ZLB Behring Holdings GmbH
Germany
ZLB Behring Holdings KG
Germany
ZLB Plasma Services GmbH
Germany
ZLB Behring GmbH
Germany
ZLB Behring (Schweiz) AG
Switzerland
ZLB Behring SpA
Italy
ZLB Behring GmbH
Austria
ZLB Behring NV
Belgium
ZLB Behring SA
Spain
ZLB Behring Lda
Portugal
ZLB Behring AB
Sweden
ZLB Behring MEPE
Greece

Controlled Entities continued

CSL LIMITED

CSL Limited, based in Melbourne, Australia, is a public company listed on the Australian Stock Exchange and parent company of the CSL Group. The Company manufactures plasma products, human vaccines and antivenoms. Business operations are carried out by CSL Bioplasma (plasma products) and CSL Pharmaceutical.

CSL (New Zealand) Limited in Auckland is the New Zealand marketing arm for our CSL Bioplasma and CSL Pharmaceutical businesses.

Cervax Pty Ltd was formed for a specific research and development project.

Iscotec AB has technology to enhance the immune response to vaccines.

CSL International Pty Ltd is a holding company for the international operations of the CSL Group.

MA888 SEP is a partnership formed to allow CSL access to benefits arising from commercialisation of the MA888 patent for recombinant Factor VIII.

CSL Finance Pty Ltd raises debt funding for the CSL Group.

ZLB Behring Asia Pacific Ltd, ZLB Behring SA and ZLB Behring UK Limited are sales and marketing companies for plasma products manufactured by ZLB Behring.

ZLB Behring Holdings Ltd holds product licences for ZLB Behring.

CSL Denmark ApS is a holding company for certain European subsidiaries of the CSL Group.

CSL UK Holdings Limited is a holding company for certain UK operations of the CSL Group.

ZLB Behring AG manufactures plasma products in Bern, Switzerland.

ZLB Bioplasma UK Limited is a dormant company.

ZLB GmbH holds certain plasma products licences.

ZLB Holdings Inc. is the holding company for ZLB Behring LLC *(see details this page)*.

ZLB Behring Holdings GmbH is a holding company for ZLB Behring Holdings KG *(see details this page)*.

ZLB HOLDINGS INC.

ZLB Holdings Inc. and **ZLB Bioplasma HK Limited** are holding companies for ZLB Behring LLC.

ZLB Behring LLC manufactures products in Kankakee, Illinois and owns the following sales and marketing operations: **ZLB Behring Brazil Ltda** (Sao Paulo - Brazil), **ZLB Behring KK** (Tokyo - Japan), **ZLB Behring SA de CV** (Mexico City - Mexico), **ZLB Behring SA** (Paris - France) and **ZLB Behring Canada Inc.** (Ottowa - Canada).

Business operations also include **ZLB Pharma GmbH**, holding German product licences, **ZLB Sales Force Inc.** which employs the US sales force, and **ZLB Foundation**, a charitable foundation.

ZLB Bioplasma Inc. owns and operates ZLB Plasma Services in the US.

ZLB BEHRING HOLDINGS GMBH

ZLB Behring Holdings GmbH is a holding company for ZLB Behring Holdings KG.

ZLB Behring Holdings KG, a holding company for the European businesses of ZLB Behring, includes the following sales and marketing operations: **ZLB Behring (Schweiz) AG** (Zurich – Switzerland), **ZLB Behring SpA** (Milan – Italy). **ZLB Behring SA** (Barcelona – Spain), **ZLB Behring Lda** (Lisbon – Portugal), **ZLB Behring GmbH** (Vienna – Austria), **ZLB Behring NV** (Brussels – Belgium), **ZLB Behring AB** (Stockholm – Sweden), and **ZLB Behring MEPE** (Kryoneri – Greece).

Company operations also include **ZLB Behring GmbH**, a plasma products manufacturer in Marburg, Germany and **ZLB Plasma Services GmbH**, a plasma collection business in Germany.

Executive Management Group

Dr Brian McNamee
Chief Executive Officer
and Managing Director

Tony Cipa
Finance Director

Peter Turvey
Company Secretary and
General Counsel

Peter Turner
President
ZLB Behring

Paul Bordonaro
President Asia/Pacific
CSL Bioplasma

Colin Armit
President
CSL Pharmaceutical

Dr Andrew Cuthbertson
Chief Scientific Officer

Kelvin Milroy
General Manager
Human Resources

Directors' Profiles

Peter H Wade, FCPA, FAICD - (age 71)
Finance, Management (resident in Victoria).
Chairman

Mr Wade was elected to the CSL Board in 1994 and became Chairman in 1999. He had previously served CSL as a Commissioner and Director from 1985 to 1993 including a period as Acting Chairman during 1988. Mr Wade was formerly a Director of Tabcorp Holdings Limited and Managing Director, North Limited.

Brian A McNamee, MB, BS, FAICD - (age 48)
Pharmaceutical Industry, Medicine (resident in Victoria).
Chief Executive Officer and Managing Director

Dr McNamee was appointed to the CSL Board in 1990 and is the Chief Executive Officer and Managing Director. He is a Director of the Peter MacCallum Cancer Foundation Ltd and Gen-Probe Inc, a US company. Dr McNamee completed Bachelor of Medicine and Bachelor of Surgery Degrees at the University of Melbourne in 1979. Before taking up his present position, Dr McNamee was Managing Director and Chief Executive of Pacific Biotechnology Limited in Sydney, NSW (1988-89), General Manager, Faulding Product Divisions, F H Faulding & Co Limited, Adelaide, South Australia (1984-87), and International Product Manager, Dr Madaus & Co, based in Cologne, West Germany (1982-84).

Antoni M Cipa, B.Bus (Acc), Grad.Dip (Acc), CPA, ACIS – (age 50)
Finance (resident in Victoria).
Finance Director

Mr Cipa was appointed to the CSL Board as Finance Director in August 2000. Mr Cipa commenced his employment at CSL in 1990 as Finance Manager. He was instrumental in the float of the Company in 1994 at which time he was appointed Chief Financial Officer. Prior to joining CSL, Mr Cipa was employed at large public companies where he had significant exposure to mergers and acquisitions.

John Akehurst, MA (Oxon), FIMechE - (age 56)
Engineering, Management (resident in Western Australia).

Mr Akehurst was appointed to the CSL Board in April 2004. After graduating in Engineering from Oxford University, he has had 30 years' experience in the international hydrocarbon industry, most recently as Managing Director and CEO of Woodside Petroleum Ltd. Prior to this, he held a number of engineering and management positions with the Royal Dutch/Shell Group of Companies.

Mr Akehurst is Chairman of Indigo Energy Ltd, a Director of Biostarch Technologies Ltd and a former Director of Oil Search Limited. Mr Akehurst is also a Director of the University of Western Australia Business School and of Youth Focus, a charitable organisation dedicated to the prevention of youth suicide. Mr Akehurst is a Member of the Human Resources Committee.

Peter Wade
Chairman

Brian McNamee
Chief Executive Officer and Managing Director

Tony Cipa
Finance Director

John Akehurst

Elizabeth A Alexander, AM. BCom, FCPA, FCA, FAICD - (age 62)

Accounting (resident in Victoria).

Miss Alexander was appointed to the CSL Board in July 1991. She is a Director of Amcor Limited and Boral Limited. She is a Member of the Takeovers Panel, a Member of the Financial Reporting Council and past National President of the Australian Society of Certified Practising Accountants and of the Australian Institute of Company Directors. She is Chairman of the Board of Advice to the Salvation Army (Southern Command) and is Deputy Chairman of the Winston Churchill Fellowship Trust. Miss Alexander is Chairman of the Audit and Risk Management Committee.

Ian A Renard, BA, LLM, FAICD - (age 59)

Law (resident in Victoria).

Mr Renard was appointed to the CSL Board in August 1998. For many years he practised in company and commercial law. He is a Director of Newcrest Mining Limited, Hillview Quarries Pty Ltd, SP Australia Networks (Distribution) Pty Ltd and SP Australia Networks (Transmission) Pty Ltd. Mr Renard is Chancellor of the University of Melbourne. Mr Renard is a Member of the Audit and Risk Management Committee.

Maurice A Renshaw, B.Pharm. - (age 58)

International Pharmaceutical Industry (resident in NSW).

Mr Renshaw was appointed to the CSL Board in July 2004. Formerly, he was Vice-President of Pfizer Inc, Executive Vice-President, Pfizer Consumer Group and President of Pfizer Consumer Healthcare Division. Prior to his positions in Pfizer, Mr Renshaw was Vice-President of Warner Lambert Co and President of Parke-Davis US. Mr Renshaw has had more than thirty years experience in the international pharmaceutical industry. Mr Renshaw is a Member of the Audit and Risk Management Committee.

Kenneth J Roberts, AM, FRACP (Hon), BEc, FCPA, FAIM, FAICD. - (age 67)

International Pharmaceutical Industry, Management, Marketing, Human Resources (resident in NSW)

Mr Roberts was appointed to the CSL Board in February 1996. Formerly, he was Chairman and Managing Director of Wellcome Australasia and Director of Marketing Development for the Wellcome worldwide group.

Mr Roberts is Chairman of the Royal Australasian College of Physicians Research and Education Foundation and Start-up Australia Pty Ltd. He is also Chairman of the Boards of the Australian Genome Research Facility Ltd and the Australian Phenomics Facility and Deputy Chairman of IMB Com Pty Ltd, the University of Queensland's biotechnology transfer company. Mr Roberts is Chairman of the Human Resources Committee.

Arthur C Webster, BVSc, DipBact (Lond) - (age 61)

Animal Health Industry, Commerce (resident in NSW).

Dr Webster was appointed to the CSL Board in March 1998. He is Chairman of four private Australian companies. He is a Council Member of both the Postgraduate Foundation in Veterinary Science and the Veterinary Science Foundation, University of Sydney. Dr Webster was formerly Technical Director then Managing Director of the animal health company, Cyanamid Webster Pty Ltd, and a Member of the Board of Governors, University of Western Sydney. Dr Webster is a Member of the Human Resources Committee.

Peter R Turvey, BA/LLB, MAICD

Company Secretary

Elizabeth Alexander

Maurice Renshaw

Kenneth Roberts

Ian Renard

Arthur Webster

Share Information

CSL Limited
Issued Capital: Ordinary shares: 188,272,370 as at 30 June 2005

Details of Incorporation

CSL's activities were carried on within the Commonwealth Department of Health until the Commonwealth Serum Laboratories Commission was formed as a statutory corporation under the Commonwealth Serum Laboratories Act 1961 (Cth) [the CSL Act] on 2 November 1961. On 1 April 1991, the Corporation was converted to a public company limited by shares under the Corporations Law of the Australian Capital Territory and it was renamed Commonwealth Serum Laboratories Limited. These changes were brought into effect by the Commonwealth Serum Laboratories (Conversion into Public Company) Act 1990 (Cth). On 7 October 1991, the name of the Company was changed to CSL Limited. The Commonwealth divested all of its shares by public float on 3 June 1994.

The CSL Sale Act 1993 (Cth) amends the CSL Act to impose certain restrictions on the voting rights of persons having significant foreign shareholdings, and certain restrictions on the Company itself.

CSL ordinary shares have been traded on the Australian Stock Exchange since 30 May 1994. Melbourne is the Home Exchange.

Substantial Shareholders

See page 35 of this Annual Report.

Voting Rights

At a general meeting, subject to restrictions imposed on significant foreign shareholders and some other minor exceptions, on a show of hands each shareholder present has one vote. On a poll, each shareholder present has one vote for each fully paid share held in person or by proxy.

In accordance with the CSL Act, CSL's Constitution provides that the votes attaching to significant foreign shareholdings are not to be counted when they pertain to the appointment, removal or replacement of more than one-third of the directors of CSL who hold office at any particular time. A significant foreign shareholding is one where a foreign person has a relevant interest in 5% or more of CSL's voting shares.

Significant Foreign Shareholdings

The Fidelity Investment Group is designated a significant foreign shareholder under the provisions of CSL's Constitution.

Distribution of Shareholdings as at 30 June 2005

Range	Holders	Shares	% Total Shares
1 - 1,000	30,845	14,252,222	7.57
1,001 - 5,000	16,794	33,235,027	17.65
5,001 - 10,000	896	6,037,956	3.21
10,001 - 100,000	391	9,299,837	4.94
100,001 and over	62	125,447,328	66.63
Total Shareholders	**48,988**	**188,272,370**	**100.00**
Number of shareholders with less than a marketable parcel of 15 shares (based on the share price of 30 June 2005)	681	5,562	

Shareholder Information

CSL's Twenty Largest Shareholders as at 30 June 2005

	Shareholder	Account	Shares	%Total Shares
1	Chase Manhattan Nominees Limited		32,422,791	17.22
2	Westpac Custodian Nominees Limited		24,316,413	12.92
3	National Nominees Limited		21,950,314	11.66
4	Citicorp Nominees Pty Limited		7,464,027	3.96
5	Queensland Investment Corporation		6,218,661	3.30
6	ANZ Nominees Limited	Cash Income A/c	4,227,439	2.25
7	Cogent Nominees Pty Limited		2,950,715	1.57
8	AMP Life Limited		2,212,184	1.17
9	Citicorp Nominees Pty Limited	CFS WSLE Imputation Fund A/c	2,175,305	1.16
10	ANZ Nominees Limited		2,078,237	1.10
11	Citicorp Nominees Pty Limited	CFS Imputation Fund A/c	1,447,478	0.77
12	HSBC Custody Nominees (Australia) Limited - GSI ECSA		1,315,927	0.70
13	IAG Nominees Pty Limited		1,099,453	0.58
14	HSBC Custody Nominees (Australia) Limited		1,087,332	0.58
15	Cogent Nominees Pty Limited	SMP Accounts	976,204	0.52
16	HSBC Custody Nominees (Australia) Limited - GSCO ECSA		914,995	0.49
17	Westpac Financial Services Limited	C/- Westpac Custodian Nominees Limited	831,542	0.44
18	Perpetual Trustee Company Ltd		663,173	0.35
19	Government Superannuation Office	A/c State Super Fund C/- National Nominees Limited	639,302	0.34
20	UBS Private Clients Australia Nominees Pty Ltd		565,024	0.30

In addition, at the date of this Report substantial shareholding notices have been received from:

Fidelity Management Research Company and Fidelity International Limited	13,159,739	6.95

Shareholder Information continued

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 inquiries should 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 Report is produced for your information. However, should you receive more than one or wish to be removed from the mailing list for the Annual Report, please advise the Share Registry. You will continue to receive Notices of Meeting and Proxy.

The Annual General Meeting will be held at the Function Centre, National Tennis Centre, Melbourne Park, Batman Avenue, Melbourne at 10:00am on Wednesday 12 October 2005. There is a public car park adjacent to the Function Centre which will be available to shareholders at no charge.

Help us to help the environment with eTree

Register your email address at www.eTree.com.au/csl to receive your Annual Report and other shareholder communications electronically. eTree is a Computershare initiative with Landcare Australia providing an environmental incentive for electing to receive shareholder communications electronically to save paper and help preserve the environment. For every email address registered to a validated shareholding, CSL will donate up to two dollars directly to Landcare Australia to help a landscape restoration project in the State or Territory where you live.

To find out more about eTree visit http://www.eTree.com.au/csl

You will need your shareholder reference number (SRN) or Holder Identification Number (HIN) to register.

Shareholders as at 30 June 2005

	Shareholders	Shares
Australian Capital Territory	1,072	1,064,365
New South Wales	12,016	90,214,729
Northern Territory	143	119,545
Queensland	6,869	13,863,221
South Australia	3,035	3,828,897
Tasmania	703	714,486
Victoria	20,671	73,774,052
Western Australia	3,092	3,318,812
International Shareholders	1,387	1,374,263
Total Shareholders	**48,988**	**188,272,370**

Corporate Governance

This statement outlines the Company's principal corporate governance practices in place during the year.

1. THE BOARD OF DIRECTORS

1.1 The Board Charter

The Board has a formal charter documenting its membership, operating procedures and the apportionment of responsibilities between the Board and management.

The Board is responsible for oversight of the management of the Company and providing strategic direction. It monitors operational and financial performance, human resources policies and practices and approves the Company's budgets and business plans. It is also responsible for overseeing the Company's risk management, financial reporting and compliance framework.

The Board has delegated the day-to-day management of the Company, and the implementation of approved business plans and strategies to the Managing Director, who in turn may further delegate to senior management. In addition, a detailed authorisations policy sets out the decision-making powers which may be exercised at various levels of management.

The Board has delegated specific authority to four Board committees that assist it in discharging its responsibilities by examining various issues and making recommendations to the Board. Those committees are the Audit and Risk Management Committee, the Human Resources Committee, the Nomination Committee and the Securities and Market Disclosure Committee. Each committee is governed by a charter setting out its composition and responsibilities. A description of each committee and their responsibilities is set out below. The Board also delegates specific responsibilities to ad hoc committees from time to time.

The Board charter sets guidelines as to the desired term of service of non-executive directors. Board appointees should be available to serve for at least eight years. Prior to re-election the Board must review the performance of such director. In the event that such performance is considered less than adequate, the Board may decide that it will not support the re-election of such director.

Directors are entitled to access independent professional advice at the Company's expense to assist them in fulfilling their responsibilities. To do so, a director must first obtain the approval of the Chairperson. The director should inform the Chairperson of the reason for seeking the advice, the name of the person from whom the advice is to be sought, and the estimated cost of the advice. Professional advice obtained in this way is made available to the whole Board.

1.2 Composition of the Board

Throughout the year there were either eight or nine directors on the Board. (Mr Maurice Renshaw was appointed to the Board shortly after the start of the financial year in July 2004). Two of the Directors – the Managing Director and the Finance Director – are executive directors. The Board charter provides that a majority of directors should be independent. No director acts as a nominee or representative of any particular shareholder. A profile of each current director, including details of their skills, expertise, relevant experience, term of office and Board committee memberships can be found on pages 32 and 33.

The Chairman of the Board is an independent, non-executive director. He is responsible for leadership of the Board, for ensuring that the Board functions effectively, and for communicating the views of the Board to the public. The Chairman sets the agenda for Board meetings and manages their conduct and facilitates open and constructive communication between the Board, management, and the public.

Corporate Governance continued

1.3 Independence

The Board has determined that all of its non-executive directors are independent, and were independent for the duration of the reporting period.

All CSL directors are aware of, and adhere to, their obligation under the Corporations Act 2001 to disclose to the Board any interests or relationships that they or any associate of theirs may have in a matter that relates to the affairs of the Company, and any other matter that may affect their independence. As required by law, details of related party dealings are set out in full in note 27 to the Company's financial statements. All directors have agreed to give the company notice of changes to their relevant interests in Company shares within five days to enable both them and the Company to comply with the Australian Stock Exchange (ASX) Listing Rules. If a potential conflict of interests exists on a matter before the Board then (unless the remaining directors determine otherwise), the director concerned does not receive the relevant briefing papers, and takes no part in the Board's consideration of the matter nor exercises any influence over other members of the Board.

In addition to considering issues that may arise from disclosure by directors from time to time under these obligations, the Board makes an annual assessment of each non-executive director to determine whether it considers the director to be independent. The Board considers that an independent director is a director who is independent of management and free of any business or other relationship that could, or could reasonably be perceived to, materially interfere with the exercise of their unfettered and independent judgment.

Information about any such interests or relationships, including any related financial or other details, is assessed by the Board to determine whether the relationship could, or could reasonably be perceived to, materially interfere with the exercise of a director's unfettered and independent judgment. As part of this process the Board takes into account a range of relevant matters including:

> information contained in specific disclosures made by directors pursuant to their obligations under the Board charter and the Corporations Act;

> any past employment relationship between the director and the Company;

> any shareholding the director or any of his or her associates may have in the Company;

> any association or former association the director may have with a professional adviser or consultant to the Company;

> any other related party transactions whether as a supplier or customer of the Company or as party to a contract with the Company other than as a director of the Company;

> any other directorships held by the director; and

> any family or other relationships a director may have with another person having a relevant relationship or interest.

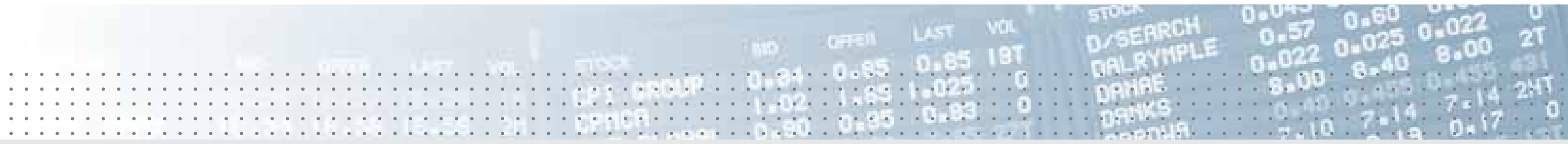
In determining whether an interest or relationship is considered to interfere with a director's independence, the Board has regard to the materiality of the interest or relationship. For this purpose, the Board adopts a conservative approach to materiality consistent with Australian accounting standards. If a director has a current or former association with a supplier, professional adviser or consultant to the CSL Group, that supplier, adviser or consultant will be considered material:

> from the Company's point of view, if the annual amount payable by the CSL Group to the supplier, adviser or consultant exceeds 5% of the consolidated expenses of the CSL Group; and

> from the director's point of view, if that amount exceeds 5% of the supplier's, adviser's or consultant's total revenues.

Similarly, a customer of the CSL Group would be considered material for this purpose from the Company's point of view if the annual amount received by the CSL Group from the customer exceeds 5% of the consolidated revenue of the CSL Group, and from the director's point of view if that amount exceeds 5% of the customer's total expenses.

In addition to assessing the relationship in a quantitative sense, the Board also considers qualitative factors, such as the nature of the goods or services supplied, the period since the director ceased to be associated and their general subjective assessment of the director.



The Board notes that Elizabeth Alexander is a former partner of PricewaterhouseCoopers and Ian Renard is a former consultant to Allens Arthur Robinson, with both professional service firms providing professional advice to the Company during the financial year. In each case, the Board determined (applying the above criteria) that the director was independent despite those former relationships. In each case, the relationship was regarded as immaterial from both the Company's and the professional service firm's point of view using the above quantitative criteria and, in any event, the Board's general subjective assessment of each director was that the Company's relationship with the professional service firm did not prejudice the director's ability to act independently and in the best interests of the Company.

1.4 Nomination Committee

The functions and responsibilities of the Nomination Committee are documented in a formal charter approved by the Board. Currently all members of the Board sit as the Nomination Committee, and the Committee is chaired by the Board Chairperson.

The Committee is responsible for reviewing the Board's membership and making recommendations on any new appointments. The Committee is also responsible for:

- setting and following the procedure for the selection of new directors for nomination;
- conducting regular reviews of the Board's succession plans to enable it to maintain an appropriate mix of skills and experience;
- regularly reviewing the membership of Board committees; and
- conducting annual performance reviews of the Board, individual directors, and the Board committees.

Information about meetings held during the year, and individual directors' attendance at these meetings, can be found on page 44 of the Directors' Report attached to the financial report.

1.5 Director Appointments

Mr Maurice Renshaw was the only new director appointed to the Board during the financial year and, in accordance with the Company's Constitution, he was elected at the 2004 annual general meeting. Miss Elizabeth Alexander and Mr Tony Cipa were each re-elected as directors at the 2004 annual general meeting.

Before their nomination for election or re-election, it is the Company's policy to ask directors to acknowledge to the Board that they have sufficient time to meet the Company's expectations of them. The Board requires that all of its members devote the time necessary to ensure that their contribution to the Company is of the highest possible quality. The Board charter sets out procedures for the removal of a director whose contribution is found to be inadequate.

1.6 Performance Evaluation

As mentioned above, the Board (as the Nomination Committee) meets annually to review its own performance. The Chairperson also holds discussions with individual directors to facilitate peer review. The non-executive directors are responsible for evaluating the performance of the Managing Director, who in turn evaluates the performance of all other senior executives. These evaluations are based on specific criteria including the Company's business performance, whether the long term strategic objectives are being achieved and the achievement of individual performance objectives.

In addition to the briefing papers, agenda and related information regularly supplied to directors, the Board has an ongoing education program designed to give directors further insight into the operation of the Company's business. As part of this program, directors have the opportunity to visit Company facilities and attend meetings and information sessions with employees.

Corporate Governance continued

2. AUDIT AND RISK MANAGEMENT

2.1 Integrity in Financial Reporting and Regulatory Compliance

The Board is committed to ensuring the integrity and quality of its financial reporting, risk management and compliance systems.

Prior to giving their director's declaration in respect of the annual and half-year financial statements, the Board requires the Managing Director and the Finance Director to sign written declarations to the Board that:

> The relevant financial statements present a true and fair view, in all material respects, of the Company's financial condition and operational results, and are in accordance with relevant accounting standards; and

> The declaration is founded on a sound and functioning system of risk management and internal compliance which implements the applicable policies of the Board and which operated efficiently and effectively in all material respects during the applicable period.

2.2 Audit and Risk Management Committee

The Audit and Risk Management Committee is responsible for assisting the Board in fulfilling its financial reporting, risk management and compliance responsibilities. The functions and responsibilities of the Committee are set out in a charter. Broadly, the Committee is responsible for:

> overseeing the Company's system of financial reporting and safeguarding its integrity;

> overseeing risk management and compliance systems and internal control framework;

> monitoring the activities and effectiveness of the internal audit function;

> monitoring the activities and performance of the external auditor and coordinating its operation with the internal audit function; and

> providing full reports to the Board on all matters relevant to the Committee's responsibilities.

The roles and responsibilities of the Committee are reviewed annually.

The Committee currently comprises three independent non-executive directors. Details of the Committee's current members, including their qualifications and experience, are set out in the directors' profiles on pages 32 and 33. The Committee charter provides that a majority of the Committee must be independent directors, and that the Committee Chair must be an independent director who is not also Chairperson of the Board. Executive directors may not be members of the Committee. Members are chosen having regard to their qualifications and training to ensure that each is capable of considering and contributing to the matters for which the Committee is responsible.

The Committee meets at least four times a year, and senior executives and internal and external auditors frequently attend meetings on invitation by the Committee. The Committee holds regular meetings with both the internal and external auditors without management or executive directors present. The Board Chairperson may also attend meetings of the Committee in an ex officio capacity. Details of Committee meetings held during the year and individual directors' attendance at these meetings can be found on page 44 of the Directors' Report attached to the financial report.

A Risk Management Committee of responsible executives reports to the Audit and Risk Management Committee on a quarterly basis. Its task is to quantify and manage certain business risks, including those relating to operating systems, the environment, health and safety, product liability, physical assets, security, disaster recovery, risk financing and compliance. Risk assessment and management policies are reviewed periodically.

2.3 External Auditor

One of the chief functions of the Audit and Risk Management Committee is to review and monitor the performance and independence of the external auditor. The Company's external auditor for the financial year was Ernst & Young, who were appointed by shareholders at the 2002 annual general meeting. A description of the procedure followed in appointing Ernst & Young is set out in the notice of the 2002 annual general meeting.

The Committee has established guidelines to ensure the independence of the external auditor. The external audit partner is to be rotated at least every five years, and the auditor is required to make an independence declaration annually. Information about the total remuneration of the external auditor, including details of remuneration for any non-audit services, can be found on page 93 of the financial report.

The Committee is satisfied that the provision of those non-audit services by the external auditor was consistent with auditor independence.

It is the Company's policy to request that the auditor attend each annual general meeting to be available to answer questions from shareholders.

3. REMUNERATION POLICIES

Detail on the Company's remuneration policies and practices (including details of the Human Resources Committee of the Board, remuneration of directors and senior executives of the consolidated entity and the Company, and details of the Company's employee share, option and performance rights plans) are set out in the Remuneration Report on pages 46 to 60 of this report.

4. MARKET DISCLOSURE

4.1 Summary of Continuous Disclosure Policy

The Board has approved a continuous disclosure policy designed to facilitate the Company's compliance with its obligations under the Australian Stock Exchange (ASX) Listing Rules. The policy:

> gives guidance as to the types of information that may require disclosure, including examples of practical application of the rules;

> gives practical guidance for dealing with market analysts and the media;

> identifies the correct channels for passing on potentially market-sensitive information as soon as it comes to hand;

> establishes regular occasions at which senior executives and directors are actively prompted to consider whether there is any potentially market-sensitive information which may require disclosure; and

> allocates responsibility for approving the substance and form of any public disclosure and communications with investors.

4.2 Securities and Market Disclosure Committee

The Board has delegated authority to a Securities and Market Disclosure Committee, which has a formal charter. The Committee is designed to be convened at short notice to enable the Company to comply with continuous disclosure obligations and securities related issues. It comprises a minimum of any two directors, one of whom must be an independent director.

The Committee has authority to:

> approve the form and substance of any disclosure to be made by the Company to the ASX in fulfilment of its continuous disclosure obligations;

> approve the allotment and issue, and registration of transfers of securities;

> make determinations on matters relating to the location of the share register; and

> effect compliance with other formalities which may be urgently required in relation to matters affecting the share capital.

4.3 Shareholder Communication

In addition to its formal disclosure obligations under the ASX Listing Rules, the Board uses a number of additional means of communicating with shareholders. These include:

> the half-year and annual report;

> posting media releases, public announcements, notices of general meetings and voting results, and other investor related information on the Company's website;

> annual general meetings, including webcasting which permits shareholders worldwide to view proceedings.

The Company has a dedicated corporate governance page on the Company's website which supplements the communication to shareholders in the annual report regarding the Company's corporate governance policies and practices. That web page also contains copies of many of the Company's governance-related documents, policies and information.

The Board is committed to monitoring ongoing developments that may enhance communication with shareholders, including technological developments, regulatory changes and the continuing development of "best practice" in the market, and to implementing changes to the Company's communications strategies whenever reasonably practicable to reflect any such developments.

Corporate Governance continued

5. SECURITIES TRADING POLICY

By promoting director and employee ownership of shares, the Board hopes to encourage directors and employees to become long-term holders of Company securities, aligning their interests with those of the Company. It does not condone short-term or speculative trading in its securities by directors and employees. The Company has a comprehensive securities trading policy which applies to all directors and employees. The policy aims to inform directors and employees of the law relating to insider trading, and provide them with practical guidance for avoiding unlawful transactions in Company securities.

As a basic principle, the policy states that directors and employees should not buy or sell securities in the Company when they are in possession of price sensitive information which is not generally available to the market. The policy identifies trading 'windows' during which, subject to the blanket rule, it is safest to trade in Company securities. Directors and employees are reminded that procuring others to trade in Company securities when in possession of price sensitive information is also a breach of the law and the securities trading policy. Acquisitions of securities under the employee share and option plans are exempt from the prohibition under the Corporations Act 2001.

A procedure of internal disclosure applies to directors and employees wishing to buy or sell Company securities or exercise options over Company shares. Directors and employees are forbidden from making such transactions without the prior approval of the Chairperson (in the case of directors) or the Company Secretary (in the case of employees). Directors also have specific disclosure obligations under the Corporations Act 2001 and the corresponding ASX Listing Rules.

6. ETHICAL STANDARDS

In 2002, the Company set out to identify a set of values common to the diverse business units that form the CSL Group. This process resulted in the adoption of the CSL Group Values, intended to set a foundation for working across the organisation and serve as a tool in decision-making. These values are superior performance, innovation, integrity, collaboration and customer focus.

The Board has also adopted a Corporate Code of Conduct (the Code) outlining its commitment to ethical conduct. The Code sets out principles of conduct derived from the Group Values. The Code includes:

- a commitment to conducting its business with the utmost integrity by complying with laws and regulations in all countries in which the Company operates, and by fulfilling all of its responsibilities to shareholders and the financial community.
- rules guiding employees and directors towards ethical decisions in situations of potential conflict of interest, political involvement, bribery and financial inducements;
- workplace relations principles regarded by the Company as fundamental, including mutual respect, anti-discrimination and freedom of association;
- commitment to adherence to health and safety standards, both of products, through compliance with manufacturing and other best practice standards, and in the provision of safe employee work environments;
- practices for responsible environmental management;
- guidance for beneficial interactive relationships with the communities in which CSL operates and collaboration throughout the organisation.

The Company expects that its contractors will comply not only with the laws of the countries in which they operate, but also with internationally accepted best practice. It therefore expects that contractors also observe the principles set out in the Code of Conduct.

In furtherance of the Code, the Company has adopted a whistleblower policy which outlines the Company's commitment to ensuring that employees are able to raise concerns regarding any illegal conduct or malpractice without being subject to victimisation, harassment or discriminatory treatment, and to have such concerns properly investigated. This Serious Complaints Policy sets out the mechanism by which staff, contractors and consultants can confidently, and anonymously if they wish, voice concerns in a responsible manner without fear of discriminatory treatment.

CSL Limited

Financial Report 2004-2005

Contents

Directors' Report

The Board of Directors of CSL Limited has pleasure in submitting the statement of financial position of the Company and of the consolidated entity at 30 June 2005, and the related statement of financial performance and statement of cash flows for the year then ended, and reports as follows:

1. Directors

The Directors of the Company in office during the financial year and until the date of this report are as follows:

Mr P H Wade (Chairman)

Dr B A McNamee (Managing Director)

Mr J Akehurst

Miss E A Alexander, AM

Mr A M Cipa

Mr I A Renard

Mr M A Renshaw (appointed July 2004)

Mr K J Roberts, AM

Dr A C Webster

Particulars of the directors' qualifications, experience, all directorships of public companies held for the past three years, special responsibilities, ages and the period for which each has been a director are set out in the Directors' Profiles section of the Annual Report.

2. Company Secretary

The company secretary is Mr P R Turvey, BA/LLB, MAICD. Mr Turvey was appointed to the position of company secretary in 1998 having joined the Company in 1992. Before joining CSL Limited he held the role of Company Secretary for five years with Biotech Australia Pty Ltd. Mr E H Bailey, B.Com/LLB, is Assistant Company Secretary and was appointed in 2001 having joined the Company in 2000. Before joining the Company he was a Senior Associate with Arthur Robinson & Hedderwicks.

3. Directors' Meetings

During the year, the Board held 10 meetings. The Audit and Risk Management Committee met four times and the Human Resources Committee met five times. The Nomination Committee comprises the full Board and meets in conjunction with Board Meetings. The Securities and Market Disclosure Committee met 15 times and comprises at least any two Directors, one of whom must be a non-executive director.

The attendances of directors at meetings of the Board and its Committees were:

	Board of Directors		Audit and Risk Management Committee		Securities and Market Disclosure Committee	Human Resources Committee	
	Attended	Maximum	Attended	Maximum	Attended	Attended	Maximum
P H Wade	10	10	4[1]		15	4[1]	
B A McNamee	10	10	4[2]		15	4[2]	
J Akehurst	10	10				4	4
E A Alexander	10	10	4	4			
A M Cipa	10	10	4[2]		2		
I A Renard	10	10	4	4		1	1
M A Renshaw	10	10	1	2			
K J Roberts	10	10				5	5
A C Webster	9	10	1	2		5	5

[1] *Attended for at least part in ex officio capacity*
[2] *Attended for at least part by invitation*

Directors' Report
continued

4. Principal Activities

The principal activities of the consolidated entity during the financial year were the research, development, manufacture, marketing and distribution of biopharmaceutical and allied products. During the year the consolidated entity sold its cell culture business, JRH Biosciences, to Sigma-Aldrich Corporation.

5. Operating Results

The profit of the consolidated entity for the financial year, after providing for income tax, amounted to $546.5 million. This represents a 149% increase on the 2003-2004 result of $219.6 million. Underlying net profit after tax was $316.7 million an increase of 103% over the previous year after adjusting for goodwill and the sale and operating contributions of JRH Biosciences and the Animal Health Division in 2004 and 2005. Net profit after tax including goodwill amortisation but before the sale of JRH Biosciences was $297 million. Sales revenue was $2.75 billion which was up 67% on the previous year. Research and development expenditure was $146m which was up 44% on the previous year. Net operating cash flow was $568 million which was up 174% on the previous year.

6. Dividends

The following dividends have been paid or declared since the end of the preceding financial year:

2003-2004 A final dividend for the year ended 30 June, 2004, of 26 cents per ordinary share, fully franked at 30%, was paid on 8 October, 2004, out of profits for that year as declared by the Directors in last year's Directors' Report.

2004-2005 An interim dividend on ordinary shares of 17 cents per share, fully franked at 30%, was paid on 15 April 2005. The Directors of the Company have declared a final dividend of 30 cents per ordinary share, fully franked and a special dividend of 10 cents per ordinary share franked to 1.78 cents per ordinary share for the year ended 30 June 2005, to be paid out of profits for that year.

In accordance with determinations by the Directors, the Company's dividend reinvestment plan remains suspended.

Total dividends for the 2004-2005 year are:

	On Ordinary shares $000
Interim fully franked dividend paid 15 April 2005	33,701
Final dividend payable on 10 October 2005	73,538

7. Review of Operations

The most significant activity during the year has been the implementation of a complex integration plan to merge the Aventis Behring business acquired in the previous year with ZLB Bioplasma. ZLB Behring, the new merged entity with global sales of $2.2 billion, became a global leader in plasma therapies and a significant supplier of Recombinant Factor VIII for the treatment of Haemophilia A. Sales of intravenous immunoglobulin benefited from improved prices in the United States with the Company's first liquid version being approved in eight European countries. Vivaglobin, the new subcutaneously administered immunoglobulin was approved in Europe late in the year and is currently being evaluated in the US by the FDA.

The Australian plasma products operations, CSL Bioplasma, generated $209 million in sales revenue achieving growth of 17% underpinned by the merging of ZLB Behring's commercial activities in Asia (excluding Japan).

A new Agreement was entered into with the National Blood Authority which provides for the supply of plasma derived therapeutics to Australia for the next five years. In addition, a new five year agreement was entered into with Bayer Healthcare appointing the Company as the exclusive Australian distributor for Bayer's recombinant Factor VIII product.

In regard to the Company's pharmaceutical business, a new influenza vaccine centre was opened with an expanded and upgraded manufacturing facility and an increased ability to supply influenza vaccine to the Australian market and with capacity to efficiently provide vaccine in the event of an influenza pandemic.

In regard to new product development activities, Merck & Co Inc, as the exclusive licensee of a human papillomavirus vaccine, has announced that it intends to file for product registration with the US FDA in the second half of 2005. In Canada the Phase II clinical trials of plasma derived reconstituted high density lipoprotein (rHDL) has recently begun to test whether infusions of rHDL will reduce the volume of plaque in coronary arteries of patients with acute coronary syndromes.

Progress has also been made in the development of the Iscomatrix® adjuvant with the continued clinical program of a number of potential products utilising the technology as well as continuing to work with licensing partners such as Merck and Chiron on new vaccine and immunotherapeutic opportunities.

8. Significant changes in the State of Affairs

In February 2005, the consolidated entity sold its JRH Biosciences business to Sigma-Aldrich Corporation for US$370 million (A$492 million) subject to normal contractual adjustments.

There are no other significant changes in the state of affairs of the consolidated entity during the financial year not otherwise disclosed in this report or in the financial statements.

Directors' Report
continued

9. Significant Events After Year End

Directors are not aware of any matter or circumstance which has arisen since the end of the financial year which has significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent financial years.

10. Likely Developments, Business Strategies and Future Prospects

In the medium term, the Company will continue to grow through developing differentiated plasma products, expanding flu vaccine sales, receiving royalty flows from the exploitation of the human papillomavirus by Merck & Co. Inc, referred to in section 7 of this Directors' Report and the commercialisation of the Company's Iscomatrix® adjuvant technology. Over the longer term the Company intends to develop new products which are protected by its own intellectual property which are high margin human health medicines marketed and sold by the Company's global operations. Further comments on likely developments and expected results of certain aspects of the operations of the consolidated entity, and on the business strategies and prospects for future financial years of the consolidated entity, are contained in the Year in Review in the Annual Report and in section 7 of this Directors' Report. Additional information of this nature can be found on the Company's website (www.csl.com.au). Any further information of this nature has been omitted as it would unreasonably prejudice the interests of the consolidated entity if this report were to refer further to such matters.

11. Environmental Regulatory Performance

The consolidated entity maintains management systems for health, safety and the environment that are consistent with internationally recognised standards to help ensure that its facilities operate to those standards to help protect its employees, contractors and the environment. The consolidated entity also provides appropriate training and resources so that its employees are equipped to work safely and to maintain incident-free workplaces.

Additionally, the consolidated entity's environmental obligations and waste discharge quotas are regulated under applicable Australian and foreign laws. All environmental performance obligations are monitored by the Board and subjected from time to time to government agency audits and site inspections.

The consolidated entity also endeavours to minimise the environmental impact of its operations by recycling waste paper and other materials and by the responsible management and disposal of all product packaging.

No environmental breaches have been notified by the Environmental Protection Authority in Victoria, Australia, or by any other equivalent interstate or foreign government agency in relation to the Company's Australian or international operations during the year ended 30 June 2005.

12. Directors' Shareholdings and Interests

At the date of this report, the interests of the directors who held office at 30 June 2005 in the shares, options and performance rights of the Company are set out in tables on pages 57 and 59 of this report.

13. Directors' Interests in Contracts

Section 17 of this report sets out particulars of the Director's Deed entered into by the Company with each director in relation to Board paper access (indemnity and insurance matters).

14. Share Options

As at the date of this report, the number of unissued ordinary shares in the Company under options and under performance rights are set out in Note 28 of the Financial Statements.

Holders of options or performance rights do not have any right, by virtue of the options or performance rights, to participate in any share issue by the Company or any other body corporate or in any interest issued by any registered managed investment scheme.

The number of options exercised during the financial year and the exercise price paid to acquire fully paid ordinary shares in the Company is set out in Note 28 of the Financial Statements. Since the end of the financial year, no further options have been exercised.

During, and since the end of, the financial year, no performance rights were exercised. There were no shares issued as a result of the exercise of performance rights during the financial year or since the end thereof.

15. Remuneration Report

Board and Human Resources Committee

The Board has adopted a formal charter delegating certain of its responsibilities concerning human resources and remuneration to the Human Resources Committee. This charter can be found on the Company's website under Corporate Governance; Board and Committee Charters.

The responsibilities of the Human Resources Committee include:

- reviewing and monitoring the human resources strategic plan;
- reviewing and approving the corporate human resources policies;
- establishing a policy framework for employee and senior executive remuneration;
- reviewing and recommending the terms relating to the Company's employee share, option and performance right schemes;
- recommending to the Board individual senior executive remuneration packages and where appropriate, seeking independent advice regarding senior executive remuneration;

Directors' Report
continued

15. Remuneration Report (cont.)

- recommending to the Board senior executive recruitment, retention and termination policies as well as succession planning strategies and policies;
- reviewing benchmarks against which salary reviews are made and monitoring and reviewing the Company's performance management system; and
- reporting to the Board any findings or recommendations of the Committee after each meeting.

In accordance with the charter, the Board reserves responsibility for:

- the remuneration of non-executive directors;
- setting the terms of employment and remuneration for the Managing Director;
- approving remuneration for senior executive management; and
- the operation and policies relating to the Company's employee share, option and performance right schemes and succession planning.

The Board's Human Resources Committee comprises three members, all of whom are independent non-executive directors. These are:

- Mr Ken Roberts (Chairman);
- Dr. Arthur Webster; and
- Mr John Akehurst.

Mr John Akehurst replaced Mr Ian Renard (formerly a member of the Human Resources Committee) during the course of the year. Mr Kelvin Milroy, the General Manager – Human Resources, acts as Secretary of the Committee. The Board Chairperson may attend any meeting of the Committee in an ex officio capacity. The Managing Director, senior executives and professional advisors retained by the Human Resources Committee may attend meetings by invitation.

The Committee meets at the conclusion of the performance management process, at the conclusion of the succession planning process, and at other times as are required to discharge its responsibilities. Information about Committee meetings held during the year and individual directors' attendance at these meetings can be found in section 3 of this Directors' Report.

Any recommendation made by the Human Resources Committee concerning an individual director or executive's remuneration is made without that director or executive being present.

Non-Executive Directors' Remuneration

The Board's principal responsibility is the oversight of the management of the Company and providing strategic direction for and approving the Company's business strategies and objectives. Non-executive director remuneration is not linked to the Company's short-term financial performance and these directors are not entitled to performance based remuneration or participation in the Company's equity incentive plans.

Non-executive directors are entitled to fixed fees having regard to their Board responsibilities, obligations on any of the four Board committees and the aggregate non-executive director remuneration limit approved by shareholders. Within this limit, the Board determines the fees payable to non-executive directors based on advice from professional advisors which takes into consideration fees payable to non-executive directors by comparable organisations as well as fee levels which the Board considers appropriate to attract and retain high quality non-executive directors having regard to the Company's requirements.

Currently, the Company's Constitution sets the maximum aggregate amount of remuneration which may be paid to non-executive directors at $1,500,000. Any increases to this sum must be approved by shareholders at a general meeting. As contemplated by the Constitution, remuneration for any extra services by individual directors or the reimbursement of reasonable expenses incurred by directors may also be approved by the Board from time to time.

The table on page 52 of this report sets out the fees paid to non-executive directors which amounted to $1,021,876 and which was based on the following schedule:

NED Committee Fees (Effective 1 Jan 2005)

	Board $	Audit & Risk Management Committee $	Human Resources Committee $	Nomination Committee $	Securities & Market Disclosure Committee $
Chairman	250,000	25,000	15,000	-	-
Members	110,000	10,000	7,500	-	-

Non-executive directors participate in the Non-Executive Directors' Share Plan (the NED Share Plan) approved by shareholders at the 2002 annual general meeting. Under the NED Share Plan, non-executive directors take at least 20% of their fees in the form of shares in the Company which are purchased on-market at prevailing share prices. These purchases are made by the NED Share Plan administrator at pre-determined intervals.

In addition to fees paid in cash or taken in the form of shares, non-executive directors also receive superannuation contributions equal to 9% of their fees.

Non-executive directors were entitled to a retirement allowance as approved by shareholders in 1994 equal to the highest fees over any consecutive 36 months of service. If the director had served more than five years on the Board, they would receive another 5% of the base fee at the time of retirement for every additional year served, up to a limit of 15 years. The Board terminated this retirement plan as at 31 December 2003 and froze the retirement allowance as at that date. No Non-executive Director has accrued any entitlement to any retirement allowance since 31 December 2003.

Executive Remuneration Structure

Remuneration Policy

The Company's remuneration policy is designed to be competitive and equitable and to attract and retain high quality employees. The aim of the policy is to provide executives (including Executive Directors and the Company Secretary) with an appropriate balance of fixed and performance related remuneration.

Directors' Report
continued

15. Remuneration Report (cont.)

Fixed remuneration is set at a level competitive with market rates and the performance component ensures that a significant proportion of executive remuneration is at risk by being linked to the achievement of corporate objectives, business performance and shareholder returns. The performance component may also include elements of remuneration designed to encourage retention.

Where appropriate, the Human Resources Committee considers independent external advice in setting both the balance of fixed and performance remuneration and the remuneration levels.

Remuneration Structure

The Company's remuneration structure comprises three core elements:

- fixed remuneration
- short-term incentives
- long-term incentives

Together, these elements comprise an executive's total potential remuneration.

Broadly, an executive will have fixed remuneration and a short-term incentive percentage representing the executive's potential short-term incentive as a percentage of fixed remuneration. Under the Company's performance management system, this percentage ranges from 15% to 50% of fixed remuneration depending on an executive's seniority level. In addition, an executive may participate in specific one-off Board approved incentive arrangements relating to key corporate objectives, milestones or events.

An executive will also have a long-term incentive percentage which is multiplied by their fixed remuneration to derive a long-term incentive amount. This amount influences the level of options or performance rights which may be allocated to an eligible executive under the Company's equity incentive arrangements. The long-term incentive percentage generally reflects an executive's short-term incentive percentage and hence also ranges from 15% to 50% of fixed remuneration.

The short-term and long-term incentive arrangements are discussed further below.

Subject to specific industry or geographical labour market conditions, the short-term and long-term incentive percentages are the same and the proportion of performance related remuneration to an executive's total potential remuneration is kept consistent for a given level of seniority. As an executive's seniority level increases, so do the incentive percentages and the proportion of performance related remuneration to that executive's total potential remuneration.

CSL's performance management system is central to how the Company manages performance related remuneration and its integration into the total remuneration structure. The extent to which executives meet or exceed the performance objectives as set out in the performance management system influences the calculation of short-term incentives as well as executives' ability to participate in the Company's long-term incentive programs. Performance as measured under the performance management system is also taken into consideration in reviewing fixed remuneration.

The total remuneration levels for executive directors and specified executives are illustrated in the tables on pages 52 and 53 of this report. The balance of fixed and performance related remuneration for executive directors and specified executives is illustrated in the table on page 55 of this report.

Fixed Remuneration

Depending on the country in which the executive is employed, an executive's fixed pay is expressed as a "Total Employment Cost" ("TEC") or as "salary plus benefits".

Where a TEC approach is adopted, an executive's fixed remuneration comprises benefits the executive has elected to receive in lieu of salary inclusive of any associated costs such as fringe benefits tax and mandatory superannuation with the balance taken as cash salary. Where a "salary plus benefits" approach is adopted, the salary is specified and the Company provides benefits to an executive consistent with the labour market practices in that jurisdiction.

Executives who are working in a country other than their usual country of residence are eligible to receive benefits in accordance with the Company's expatriate policies. CSL's expatriate arrangements are intended to recompense an executive for the additional commitment and costs associated with working in a different country. The Human Resources Committee periodically reviews these arrangements to ensure appropriateness and consistency with market practices.

The level of fixed remuneration paid to each executive is based on the executive's skills and experience, the requirements for their role and their relevant labour market in terms of the particular industry and geographical location.

In setting fixed remuneration, the executive's total potential remuneration is taken into consideration to ensure appropriateness of the balance between fixed and performance related remuneration and also appropriateness of the resulting total potential remuneration level.

Executive fixed remuneration is reviewed annually to ensure that it remains market competitive for each executive and reflects any changes in an executive's role or relevant employment market conditions. The executive's performance as evaluated against objectives under the Company's performance management system significantly influences recommendations relating to fixed remuneration.

Any recommendations concerning senior executive fixed remuneration levels are made by the Human Resources Committee to the Board for the Board's consideration.

All executives, excluding directors, are eligible to participate in the CSL Global Employee Share Plan on the same terms and conditions as all other employees. A description of this Plan is set out in note 28 "Employee Benefits" of the financial statements.

Short-term Incentives

Short-term incentives may be awarded to employees based on their annual performance as evaluated under the CSL performance management system. In addition, the Human Resources Committee may recommend the establishment of specific incentive programs linked to the achievement of key corporate objectives, milestones or events. Short-term incentives are paid in cash.

Directors' Report
continued

15. Remuneration Report (cont.)

All executive directors and specified executives are eligible to receive an annual incentive under the Company's performance management system. This system facilitates consideration of appropriate performance metrics by the Company and by executives and provides the mechanism for the payment of incentives linked to measurable gains in the achievement of the Company's corporate objectives.

Under the performance management system, usually no more than six key performance objectives for a financial year are specified along with actions to achieve the stated objectives and indicators or measures to be applied in assessing an executive's performance against the objectives.

Typically, the performance objectives comprise elements relating to individual performance (specific business tasks), the performance of the relevant business division or function depending on the executive's role (eg revenue, cost targets) and in some cases, that of the CSL group. Importantly, consistent with the philosophy of the short-term incentive percentage representing the potential short-term incentive, performance is assessed against the extent to which these objectives are exceeded and not simply met. As discussed below, the objectives directly relate to the corporate objectives, strategic plans and financial budgets approved by the Board.

Accordingly, the specific short-term incentive objectives vary from executive to executive both in terms of their nature and the weighting of these objectives in accordance with the Company's priorities.

In relation to process, the Board approves the corporate objectives, strategic plans and financial budgets. The Board also approves the Managing Director's specific performance objectives established with reference to the Board approved corporate objectives, plans and budgets. The Managing Director specifically approves the performance objectives for other executives which are also based on the Board approved corporate objectives, plans and budgets and which are also linked to the Managing Director's performance objectives.

Annual performance objectives and assessment criteria are established consistent with the corporate objectives and business plans approved by the Board and the responsibilities of the executive's position. Upon completion of the annual performance period, performance reviews are then conducted. Proposed incentive payments are then derived from this process having regard to the established performance objectives and assessment criteria. The Human Resources Committee or Board then considers the proposed incentive payments for approval.

In relation to one-off incentive programs, two programs were approved by the Board during the year. A retention incentive was approved payable to certain executives who remained with the CSL Group until successful completion of the sale of JRH Biosciences provided the business unit met and continued to meet specific business performance targets. The Board approved on 16 March 2004 an incentive linked to the successful integration of ZLB Behring based on integration metrics approved by the Board which were previously used to evaluate the Aventis Behring acquisition.

As with proposed incentive payments under the Company's performance management system, any proposed payments under the one-off incentive programs are considered for approval by the Human Resources Committee or Board.

Further details relating to payments under the short-term incentive programs are set out on pages 52 and 53 of this report.

Long-term Incentives

Long-term incentives are reserved for employees who have performed to a required performance level and who are regarded as being of strategic operational importance to the Company and for prospective key employees. The Company used the CSL Performance Rights Plan approved by shareholders at the 2003 annual general meeting for this purpose during the financial year.

Performance Rights Plan

The number of Performance Rights issued to an executive is dependent upon an executive's long term incentive percentage and the Company's share price. In the case of Executive Directors, any allocations of Performance Rights are also subject to shareholder approval. Shareholder approval was obtained at the 2003 annual general meeting for up to 350,000 performance rights to be issued in total to Dr Brian McNamee and Mr Tony Cipa over three years.

During the financial year, Performance Rights were granted as equity compensation benefits to executive directors and specified executives on the basis that they were strategically operationally important employees who had performed to a required performance level as evaluated under the Company's performance management system.

The Performance Rights were issued for no consideration. Each Right entitles the holder to subscribe for one fully paid ordinary share in the entity for either nil or nominal consideration. A Performance Right may only be exercised when it has become a Vested Performance Right. Unvested Performance Rights cannot be exercised and lapse on termination of employment. Vested Performance Rights can be exercised from the date they become Vested Performance Rights until they lapse which is seven years from their issue date.

Performance Rights may become Vested Performance Rights if the Company satisfies specific Performance Hurdles during specified Performance Periods.

The minimum Performance Period is three years. If all eligible Performance Rights do not vest at the end of this period, performance may be reassessed at one-yearly intervals for up to a further two years. Any Performance Rights which remain unvested after the last reassessment lapse.

The Board believes that a three year performance period is an appropriate minimum time-frame over which executives should be assessed in relation to the achievement of long-term corporate objectives.

Directors' Report
continued

15. Remuneration Report (cont.)

If Performance Rights remain unvested at the end of this period, performance is tested again a year later over at least a four year performance period. If the Performance Hurdle is not fully met at this time, performance is subject to a final test one further year later over at least a five year performance period.

The measure used in the Performance Hurdle is the Company's Total Shareholder Return (TSR) relative to that of the companies comprising the ASX top 100 by market capitalisation (excluding companies with the GICS industry codes of commercial banks, oil and gas and metals and mining). The Peer Groups for various allocations were established on 1 October 2003, 31 March 2004 and 1 October 2004 and are stipulated in the documents evidencing the respective grants.

The Board's view is that TSR is an appropriate measure to assess long-term performance as this measure closely reflects shareholder requirements in terms of share price growth and distributions. Also, the extent to which longer-term corporate objectives are achieved should be reflected in the Company's share price and dividend paying capacity by this time.

Given the Company's relevant capital markets, the Board's view is that the Peer Group best represents the jurisdiction and also the companies with which CSL competes for capital. As the Company is employing a relative TSR measure, the Board's opinion was to exclude from the Peer Group companies operating in distinctive industries not relevant to CSL (such as mining companies).

The Performance Hurdle is defined so that a proportion of Performance Rights vest when a minimum target is reached and this proportion increases as performance exceeds the minimum target.

In relation to Performance Rights granted to date, if the Company's performance in terms of TSR ranking places it below the 50th percentile at every Test Date, none of the Performance Rights will vest. Where the Company is placed at or above the 75th percentile on any Test Date, all of the Performance Rights, which have reached or exceeded the minimum Performance Period of three years will vest. 50% of the eligible Performance Rights vest upon CSL being ranked at the 50th percentile with the balance vesting on a straight line basis between the 50th and 75th percentiles. The data used to assess performance is provided by external advisors.

SESOP II

The Senior Executive Share Ownership Plan II ("SESOP II") has previously been used for the purpose of delivering long-term incentives. SESOP II was approved by special resolution at the annual general meeting of the Company on 20 November 1997.

Under this program, options were issued for a term of seven years and began to be exercisable, subject to satisfying the performance hurdle, after the third anniversary of the date of grant. An allocation could be fully exercisable after five years. The exercise price was calculated using the weighted average price over the five days preceding the issue date of the option.

For the options to be exercisable, a performance hurdle relating to earnings per share for CSL ordinary shares must be met. Specifically, for the period from the financial year preceding the grant of options until the financial year prior to the date of exercise, pre-abnormal earnings per share must increase by 7% compound per annum. Either none or all of the options are exercisable depending upon whether this target is achieved.

In addition, there is also an individual employee hurdle requiring an executive to obtain for the financial year prior to exercise of the options, a satisfactory rating under the Company's performance management system.

In relation to grants of options made in previous financial years, the Board's view was that an earnings per share performance hurdle was most appropriate given a key approved corporate objective of pursuing sustainable growth.

Under the rules of SESOP II, participants may be provided with a loan to fund the exercise of the options. Consequently, no loan is made to the recipients of options until the option is exercised and no amounts are recorded in receivables until the option is exercised. Interest equivalent to the after-tax cash amount of dividends on the underlying shares (excluding the impact of imputation and assuming a marginal income tax rate of 48.5%) is charged on the loan.

No options were issued under SESOP II during the 2005 financial year.

The table below indicates the Company's annual compound growth in earnings per share (EPS) from various base financial years. Options granted under SESOP and SESOP II are subject to the hurdle of 7% annual compound growth in such earnings.

SESOP	Financial Year								
Allocation	1997	1998	1999	2000	2001	2002	2003	2004	2005
1997	21%	24%	17%	16%	19%	23%	10%	24%	33%
1998		27%	16%	15%	18%	24%	9%	24%	34%
1999			6%	9%	15%	23%	5%	24%	35%
2000				13%	20%	29%	5%	28%	41%
2001					28%	38%	3%	32%	47%
2002						50%	(8%)	33%	52%
2003							(43%)	26%	53%
2004								179%	152%
2005									128%

Irrespective of the base year, every allocation of options has to date satisfied the performance hurdle between when the options became first exercisable and their expiry date. Accordingly, except for options lapsing in accordance with the Rules (eg termination of` employment) all options that have met the time-related vesting requirements have vested.

As mentioned earlier in this report, short-term incentives are principally managed by the Company's performance management system. Also, until July 2003, long-term incentives were delivered through SESOP and SESOP II using options having an EPS hurdle. Accordingly, until July 2003, there is no direct link between TSR and performance related pay except to the extent that EPS may influence TSR.

Directors' Report
continued

15. Remuneration Report (cont.)

Since October 2003, the Company has provided long-term incentives using Performance Rights which have a TSR hurdle. While no Performance Period has yet completed for any allocation, the table below summarises the prospect of Performance Rights vesting given the Company's relative TSR performance over the Performance Period to date.

Peer Group Establishment Date	Company TSR[1]	Percentile Rank[1,2]	Rights Vesting[1,2]
1 October 2003	119%	99	100%
31 March 2004	65%	92	100%
1 October 2004	22%	74	98%

1 Test date of 31 March 2005 being the most recent periodical update to participants

2 All Performance Rights vest at the 75th percentile

Director and Executive Contracts

Non Executive Directors

Non-executive directors are subject to ordinary election and rotation requirements as stipulated in the ASX Listing Rules and the Company's Constitution. Accordingly, there are no specific employment contracts with non-executive directors.

Executive Directors and Specified Executives

Each contract outlines the key terms of employment including the executive's fixed remuneration. The potential short term incentive may also be stipulated in the contract or be governed by the Company's remuneration structure which governs the level of short-term incentives applicable to seniority levels.

It is the Company's general practice that employment contracts for executive directors and specified executives do not have a fixed term. Except for Mr Tom Giarla who is on a fixed term contract expiring on 31 January 2006, all of the executive directors' and specified executives' employment contracts do not have a fixed term.

It is the Company's policy that employment contracts for executive directors and specified executives contain provisions for termination with notice or payment in lieu thereof and for termination by the Company without notice for serious misconduct and breach of contract.

Certain executive directors and specified executives may be entitled to receive a termination payment in addition to notice where the Company terminates employment with the executive. In all circumstances, termination payments are not required to be made where termination of employment by the Company occurs for serious misconduct and breach of contract.

The notice period required to be given by the employee or the Company along with any termination payments to which they may be eligible are set out in the table below. With the exception of Tom Giarla whose termination payment may include potential bonuses, termination payments for all executive directors and specified executives are expressed in months and calculated by reference to TEC or salary (excluding benefits) which the executive would have earned over that time.

	Notice Period by Company	Notice Period by Employee	Termination Payments
Executive Directors			
B A McNamee	6 months	6 months	12 months
A M Cipa	6 months	6 months	12 months
Specified Executives			
P Turner	6 months	6 months	12 months
C Armit	6 months	6 months	6 months
P Bordonaro	3 months	3 months	12 months
A Cuthbertson	6 months	6 months	12 months
P Turvey	6 months	6 months	12 months
K Milroy	3 months	3 months	12 months[1]
A Martinez	6 months	6 months	12 months
M Sontrop	3 months	3 months	12 months
H Strenger	3 months	3 months	12 months
T Giarla	3 months	3 months	12 months plus bonus potential

1 Estimated; termination payment is actually based on terms expressed as 5 weeks per year of service (for 5 years) plus 3 weeks for year thereafter to maximum of 15 years.

Directors' Report
continued

15. Remuneration Report (cont.)

Director and Executive Remuneration

Director Remuneration – Audited Section

		Primary			Post employment		Equity		
		Cash salary and fees[3] $	Cash Bonus[4] $	Non-monetary Benefits $	Super-annuation $	Retirement Benefits $	Performance Rights[5] $	Options[5] $	Total $
Executive Directors									
Dr B A McNamee	**2005**	**1,257,993**	**1,300,000**	**68,678**	**40,202**	**-**	**246,680**	**-**	**2,913,553**
Managing Director	2004	947,207	482,500	79,635	44,254	-	65,522	-	1,619,118
A M Cipa	**2005**	**508,020**	**495,000**	**2,565**	**42,531**	**-**	**138,349**	**31,269**	**1,217,734**
Finance Director	2004	406,552	176,000	2,645	33,448	-	40,197	92,500	751,342
Non-executive Directors									
P H Wade	**2005**	**235,000**	**-**	**-**	**21,150**	**-**	**-**	**-**	**256,150**
Chairman	2004	210,000	-	-	18,900	-	-	-	228,900
J Akehurst[1]	**2005**	**108,750**	**-**	**-**	**9,788**	**-**	**-**	**-**	**118,538**
Non-executive director	2004	25,000	-	-	2,250	-	-	-	27,250
E A Alexander	**2005**	**127,500**	**-**	**-**	**11,475**	**-**	**-**	**-**	**138,975**
Non-executive director	2004	110,000	-	-	9,900	-	-	-	119,900
I A Renard	**2005**	**118,750**	**-**	**-**	**10,688**	**-**	**-**	**-**	**129,438**
Non-executive director	2004	107,500	-	-	9,675	-	-	-	117,175
M A Renshaw[2]	**2005**	**110,000**	**-**	**-**	**9,900**	**-**	**-**	**-**	**119,900**
Non-executive director	2004	-	-	-	-	-	-	-	-
K J Roberts	**2005**	**120,000**	**-**	**-**	**10,800**	**-**	**-**	**-**	**130,800**
Non-executive director	2004	105,000	-	-	9,450	-	-	-	114,450
A C Webster	**2005**	**117,500**	**-**	**-**	**10,575**	**-**	**-**	**-**	**128,075**
Non-executive director	2004	103,750	-	-	9,338	-	-	-	113,088
Total of all Directors	**2005**	**2,703,513**	**1,795,000**	**71,243**	**167,109**	**-**	**385,029**	**31,269**	**5,153,163**
	2004	2,015,009	658,500	82,280	137,215	-	105,719	92,500	3,091,223

1 Mr J Akehurst commenced 1 April 2004

2 Mr M A Renshaw commenced 20 July 2004

3 As disclosed on page 47 of this Report under the section titled "Non-Executive Directors' Remuneration", non-executive directors participate in the NED Share Plan under which non-executive directors take at least 20% of their fees in the form of shares in the Company which are purchased on-market at prevailing share prices.

4 As disclosed on pages 48 and 49 of this Report under the section titled "Short-term Incentives", executive directors were entitled to receive one-off bonuses linked to meeting performance objectives relating to the successful integration of ZLB Behring.

Of the $1,300,000 cash bonus to Dr B A McNamee, $650,000 resulted from his annual performance as evaluated by the Board under the Company's performance management system and $650,000 was awarded in relation to the one-off Board approved ZLB Behring integration program.

Of the $495,000 cash bonus to A M Cipa, $275,000 was awarded as a result of his annual performance under the Company's performance management system as approved by the Board and $220,000 was awarded in relation to the one-off Board approved ZLB Behring integration program.

In relation to the ZLB integration bonus, the bonus was dependant upon achieving 95% of the earnings and cash flow integration targets based on integration metrics used by the Board to evaluate the Aventis Behring acquisition.

5 The options and rights have been valued using a combination of the Binomial and Black Scholes option valuation methodologies as at the grant date adjusted for the probability of performance hurdles being achieved. This valuation was undertaken by PricewaterhouseCoopers.

The amounts disclosed in remuneration have been determined by allocating the value of the options and performance rights evenly over the period from grant date to vesting date in accordance with applicable accounting standards. As a result, the current year includes options that were granted in prior years and therefore disclosed as part of the executive director's remuneration in prior years using the grant date basis of measurement.

Directors' Report
continued

15. Remuneration Report (cont.)

Specified Executive Remuneration – Audited Section

		Primary			Post employment		Equity		
		Cash salary and fees[1,2] $	Cash Bonus[1,3] $	Non-monetary Benefits $	Super-annuation[1] $	Retirement Benefits $	Performance Rights[4] $	Options[4] $	Total $
Specified Executives									
P Turner	**2005**	**946,377**	**762,440**	**4,172**	**78,260**	**-**	**83,514**	**200,002**	**2,074,765**
President - ZLB Behring (based in United States)	2004	745,385	403,056	-	40,823	-	16,351	270,546	1,476,161
C Armit	**2005**	**381,966**	**124,500**	**62,895**	**33,160**	**-**	**47,121**	**160,066**	**809,708**
President - CSL Pharmaceutical (based in Australia)	2004	369,544	160,000	-	28,800	-	10,326	228,524	797,194
P Bordonaro	**2005**	**368,755**	**120,000**	**29,650**	**30,783**	**-**	**68,085**	**31,269**	**648,542**
General Manager - CSL Bioplasma (based in Australia)	2004	324,883	105,900	23,647	27,512	-	18,617	92,500	593,059
A Cuthbertson	**2005**	**324,772**	**105,000**	**53,614**	**24,747**	**-**	**37,166**	**173,777**	**719,076**
Chief Scientific Officer (based in Australia)	2004	290,000	72,500	10,987	-	-	7,852	193,165	574,504
P Turvey	**2005**	**366,197**	**294,000**	**31,859**	**48,740**	**-**	**58,319**	**126,414**	**925,529**
Company Secretary and General Counsel (based in Australia)	2004	295,392	101,100	20,558	40,440	-	9,435	170,013	636,938
K Milroy	**2005**	**392,405**	**258,566**	**23,495**	**33,913**	**-**	**20,896**	**82,156**	**811,431**
General Manager - Human Resources (based in United States)	2004	263,063	145,801	19,425	32,935	-	410	166,518	628,152
T Giarla	**2005**	**481,889**	**1,574,604**	**9,663**	**29,382**	**-**	**20,747**	**98,628**	**2,214,913**
President - JRH Biosciences (based in United States)	2,004	384,809	182,252	34,307	15,421	-	-	169,800	786,589
A Martinez	**2005**	**397,795**	**418,082**	**-**	**25,533**	**-**	**25,219**	**-**	**866,629**
Executive Vice President - Commercial Development - ZLB Behring (based in United States)	2004	102,830	105,648	-	5,246	-	495	-	214,219
M Sontrop	**2005**	**534,478**	**427,700**	**2,725**	**45,652**	**-**	**21,976**	**66,836**	**1,099,367**
Senior Vice President and Managing Director - Marburg - ZLB Behring (based in Germany)	2004	385,656	213,776	-	34,762	-	431	146,378	781,003
H Strenger	**2005**	**1,311,049**	**239,705**	**-**	**26,750**	**-**	**10,088**	**-**	**1,587,592**
Vice President and General Manager - Japan - ZLB Behring (based in Japan)	2004	162,532	299,159	-	6,947	-	198	-	468,836
Total Specified Executives	**2005**	**5,505,683**	**4,324,597**	**218,073**	**376,920**	**-**	**393,131**	**939,148**	**11,757,552**
	2004	3,324,094	1,789,192	108,924	232,886	-	64,115	1,437,444	6,956,655

[1] Cash salary and fees, cash bonuses and superannuation paid in foreign currency have been converted to Australian dollars at the average exchange rate for the year ended 30 June 2005. Both the amount of remuneration and any movement in comparison to prior years may be influenced by changes in the respective currency exchange rates.

Directors' Report
continued

15. Remuneration Report (cont.)

Specified Executive Remuneration – Audited Section (cont.)

[2] Certain specified executives receive specific allowances in connection with the Company's expatriate remuneration policies as follows:

Specified Executives		Fixed Base Salary $	Expatriate Allowances $	Total Cash Salary $
P Turner	2005	846,928	99,449	946,377
K Milroy	2005	299,788	92,617	392,405
M Sontrop	2005	411,136	123,342	534,478
H Strenger	2005	600,686	710,363	1,311,049

Mr H Strenger's cash salary and fees includes payments relating to particular expatriate arrangements resulting from his previous contractual rights with Aventis Behring and the transition to CSL's expatriate policies.

[3] Included in cash bonuses are the following ZLB integration bonuses to key executives of the integration team: P Turner $381,220; P Turvey $126,000; K Milroy $137,902; A Martinez $198,897 and M Sontrop $210,209.

T Giarla was entitled to receive a US $300,000 non-compete payment (effective for up to 2 years) relating to the sale of JRH Biosciences and was also entitled to receive a US $300,000 sign-on fee on entering into an employment agreement with CSL in lieu of further entitlements in connection with the sale of JRH Biosciences.

[4] The options and rights have been valued using a combination of the Binomial and Black Scholes option valuation methodologies as at the grant date adjusted for the probability of performance hurdles being achieved. This valuation was undertaken by PricewaterhouseCoopers.

The amounts disclosed have been determined by allocating the value of the options and performance rights evenly over the period from grant date to vesting date in accordance with applicable accounting standards. As a result, the current year includes options that were granted in prior years and disclosed as part of the executive's remuneration in prior years using the grant date basis of measurement.

Directors' Report
continued

15. Remuneration Report (cont.)

Executive Directors and Specified Executives

Fixed and Performance Remuneration Components

Remuneration Components as a Proportion of Total Remuneration

	Fixed Remuneration (not linked to company performance[1])	Performance Related Remuneration				
			Equity Based			
		Cash Based STI[2]	Performance Shares	Performance Options	Total[3]	Total
Executive Directors						
B A McNamee	47%	45%	8%	0%	53%	100%
A M Cipa	45%	41%	11%	3%	55%	100%
Specified Executives						
P Turner	50%	37%	4%	9%	50%	100%
C Armit	59%	15%	6%	20%	41%	100%
P Bordonaro	66%	19%	10%	5%	34%	100%
A Cuthbertson	56%	15%	5%	24%	44%	100%
P Turvey	48%	32%	6%	14%	52%	100%
K Milroy	55%	32%	3%	10%	45%	100%
T Giarla	24%	71%	1%	4%	76%	100%
A Martinez	49%	48%	3%	0%	51%	100%
M Sontrop	53%	39%	2%	6%	47%	100%
H Strenger	84%	15%	1%	0%	16%	100%

[1] Remuneration not linked to company performance means fixed remuneration as outlined in the section "Executive Remuneration Structure" on pages 47 and 48 of this report and comprises cash salary, superannuation and non monetary benefits (interest on loans).

As stated under the section "Fixed Remuneration" on page 48 of this report, any recommendations concerning senior executive fixed remuneration levels are significantly influenced by the executive's performance as assessed under the Company's performance management system.

[2] Cash based STI includes any payments based on the executive's performance under the Company's performance management system as well as any payments pursuant to the specific one-off programs approved by the Board relating to the integration of ZLB Behring and the JRH Biosciences sale.

[3] The balance between fixed and performance related pay, the relationship between short-term and long-term incentive percentages has been significantly influenced during the financial year as a result of cash based short term incentive payments in connection with the integration of ZLB Behring and the sale of JRH Biosciences.

In addition, aside from foreign currency influences, relativities have also been affected by the grants of Performance Rights for certain executives being recognised in the 2004 financial accounts and the proposed grant of Performance Rights which will be recognised in the 2006 financial accounts.

Directors' Report
continued

15. Remuneration Report (cont.)

Directors and Specified Executives

Performance Remuneration

	Short term incentive[1]		Estimates of the maximum remuneration amounts which could be received under the 2005 equity grants in future years[2]			(A) Remuneration consisting of options[3]	(B) Value at grant date[4]	(C) Value at exercise date[5]	(D) Total of columns (B) to (C)
	Percentage Awarded[1]	Percentage Not Awarded[1]	2006	2007	2008	%	$	$	$
Executive Directors									
B A McNamee	100.0%	-	-	-	-	8%	-	1,692,000	1,692,000
A M Cipa	100.0%	-	-	-	-	14%	-	501,246	501,246
Specified Executives									
P Turner	100.0%	-	-	-	-	14%	-	153,186	153,186
C Armit	75.0%	25.0%	24,828	24,828	24,828	26%	24,960	1,427,200	1,452,160
P Bordonaro	75.0%	25.0%	-	-	-	15%	-	342,580	342,580
A Cuthbertson	75.0%	25.0%	-	-	-	29%	-	232,320	232,320
P Turvey	100.0%	-	-	-	-	20%	-	341,438	341,438
K Milroy	87.5%	12.5%	-	-	-	13%	-	219,940	219,940
T Giarla	100.0%	-	24,828	24,828	24,828	5%	24,960	454,320	479,280
A Martinez	100.0%	-	-	-	-	3%	-	-	-
M Sontrop	100.0%	-	-	-	-	8%	-	416,460	416,460
H Strenger	100.0%	-	-	-	-	1%	-	-	-

1 Short term incentive awarded and not awarded relates to the period ended 30 June 2005 only.

As mentioned on pages 48 and 49 of this report under the section 'Short-term incentives", consistent with the philosophy of the short-term incentive percentage representing the potential short-term incentive is that performance under the performance management system is assessed in terms of the extent to which objectives are exceeded.

Accordingly, to be awarded 100% of short-term incentive, an executive is required to have exceeded all performance objectives. An executive who has obtained less than 100% of their incentive payment may have met all their objectives and exceeded some of their objectives but may not have exceeded all of the performance objectives.

2 The balance between fixed and performance related pay and the relationship between long-term incentive pay and total remuneration has been significantly influenced during the financial year as a result of cash based short term incentive payments pursuant to the specific one-off programs approved by the Board in connection with the integration of ZLB Behring and the sale of JRH Biosciences.

In addition, relativities have also been affected by the grants of Performance Rights for certain executives being recognised in the 2004 financial accounts and the proposed grant of Performance Rights which will be recognised in the 2006 financial accounts.

3 The maximum value has been determined at grant date and amortised in accordance with the applicable accounting standard requirements. The minimum value of the grant is $nil if the performance conditions are not satisfied. No options were granted during 2005.

4 The value at grant date has been determined by the share price at the close of business on grant date less the option exercise price times by the number of options granted during 2005.

5 The value at exercise date has been determined by the share price at the close of business on exercise date less the option exercise price times by the number of options exercised during 2005.

Directors' Report
continued

15. Remuneration Report (cont.)

Directors and Specified Executives

Options and Rights Holdings

Performance Rights

	Balance at 1 July 2004	Number Granted	Balance at 30 June 2005	Number Lapsed	Terms and Conditions for Performance Rights grants during 2005: Grant Date	Value per Right at Grant Date	First Exercise Date	Last Exercise Date
Executive Directors								
B A McNamee	70,000	-	70,000	-				
A M Cipa	40,000	-	40,000	-				
Specified Executives								
P Turner	24,800	-	24,800	-				
C Armit	8,400	6,000	14,400	-	25-Aug-04	$20.69	30-Sep-07	25-Aug-11
P Bordonaro	20,800	-	20,800	-				
A Cuthbertson	11,100	-	11,100	-				
P Turvey	17,100	-	17,100	-				
K Milroy	5,800	-	5,800	-				
T Giarla	-	6,000	6,000	-	25-Aug-04	$20.69	30-Sep-07	25-Aug-11
A Martinez	7,000	-	7,000	-				
M Sontrop	6,100	-	6,100	-				
H Strenger	2,800	-	2,800	-				
Total	**213,900**	**12,000**	**225,900**	**-**				

The Board has resolved to make grants of Performance Rights relating to the 2005 financial year subsequent to completing assessments under the Company's performance management system and annual reviews of executive remuneration levels. In relation to the 2004 financial year, grants of performance rights to a number of executive directors and specified executives were recognised in the 2004 financial statements. For this reason, only a small number of grants are being recognised this financial year.

SESOP and SESOP II Options

	Balance at 1 July 2004	Number Granted	Number Exercised	Number Lapsed	Balance at 30 June 2005	Number Vested
Executive Directors						
B A McNamee	100,000	-	100,000	-	-	-
A M Cipa	100,954	-	25,954	-	75,000	60,000
Specified Executives						
P Turner	185,192	-	10,192	-	175,000	80,000
C Armit	250,000	-	160,000	-	90,000	-
P Bordonaro	101,000	-	26,000	-	75,000	60,000
A Cuthbertson	135,000	-	48,000	-	87,000	-
P Turvey	125,924	-	25,924	-	100,000	40,000
K Milroy	84,000	-	14,000	-	70,000	21,000
T Giarla	139,500	-	36,000	-	103,500	72,000
M Sontrop	91,000	-	33,000	-	58,000	19,800
Total	**1,312,570**	**-**	**479,070**	**-**	**833,500**	**352,800**

In relation to the 2005 financial year, the Company used the CSL Performance Rights Plan approved by shareholders at the 2003 annual general meeting for long term incentive purposes. Accordingly, no options were issued under SESOP II during the financial year. The last grant of options under SESOP II was made in July 2003.

Directors' Report
continued

15. Remuneration Report (cont.)

Directors and Specified Executives
Shares on Exercise of Options and Rights

	Date Options Granted [1,2]	Number of Shares	Paid $ Per Share	Unpaid $ Per Share
Executive Directors				
B A McNamee	Nov-1997	100,000	8.93	-
A M Cipa	Jul-1998	5,954	10.82	-
	Jul-1999	20,000	13.23	-
Specified Executives				
P Turner	Jul-1998	10,192	10.82	-
C Armit	Feb-2000	160,000	23.07	-
P Bordonaro	Jul-1998	6,000	10.82	-
	Jul-1999	20,000	13.23	-
A Cuthbertson	Feb-2000	48,000	21.01	-
P Turvey	Jul-1998	5,924	10.82	-
	Jul-1999	20,000	13.23	-
K Milroy	Jul-1999	14,000	13.23	-
T Giarla	Jul-1999	36,000	13.23	-
M Sontrop	Jul-1999	33,000	13.23	-
Total		**479,070**		

[1] For all of the Options granted, the time-related vesting criteria was 60% of the allocation after 3 years from grant date, 20% after 4 years from grant date and the balance of 20% after 5 years from grant date.

[2] Refer to the table on page 57 of this report for the balance of options and performance rights held by executive directors and specified executives subsequent to exercise of the options and performance rights as set out above.

Directors' Report
continued

15. Remuneration Report (cont.)

Directors and Specified Executives Shareholding

	Balance at 1 July 2004	Options exercised during year	Other changes during year	Balance at 30 June 2005	Balance as of date of this report
Directors					
B A McNamee	770,651	100,000	(527,140)	343,511	343,511
A M Cipa	8,468	25,954	(25,875)	8,547	8,547
P H Wade	28,490	-	2,420	30,910	31,267
J Akehurst	2,500	-	3,813	6,313	6,470
E A Alexander	5,215	-	1,301	6,516	6,673
I A Renard	5,342	-	1,031	6,373	6,530
M A Renshaw	-	-	659	659	816
K J Roberts	4,872	-	966	5,838	5,995
A C Webster	7,876	-	966	8,842	8,999
Specified Executives					
P Turner	2,050	10,192	-	12,242	12,242
C Armit	724	160,000	(49,814)	110,910	110,910
P Bordonaro	36,760	26,000	(36,000)	26,760	26,760
A Cuthbertson	30,379	48,000	(30,000)	48,379	48,379
P Turvey	30,734	25,924	(9,687)	46,971	46,971
K Milroy	31,304	14,000	(8,701)	36,603	36,603
T Giarla	40,500	36,000	(76,500)	-	-
A Martinez	-	-	121	121	121
M Sontrop	1,559	33,000	(32,704)	1,855	1,855
H Strenger	-	-	-	-	-
Total	**1,007,424**	**479,070**	**(785,144)**	**701,350**	**702,649**

Loans to Directors and Specified Executives

Details of the aggregate of loans to Directors and Specified Executives are as shown:

		Opening Balance $000	Interest Charged $000	Interest Not Charged $000	Closing Balance $000	Number in group 30 June 2005
Directors	**2005**	**1,882**	**71**	**71**	**941**	**2**
	2004	1,893	51	133	1,882	2
Specified executives	**2005**	**1,930**	**72**	**218**	**5,041**	**10**
	2004	1,587	28	137	1,930	6
Total Directors and Specifed Executives	**2005**	**3,812**	**143**	**289**	**5,982**	**12**
	2004	3,480	79	270	3,812	8

Directors' Report
continued

15. Remuneration Report (cont.)

Details of individuals with loans above $100,000 in the reporting period are as follows:

	Balance at 1 July 2004 $000	Interest Charged $000	Interest Not charged $000	Balance at 30 June 2005 $000	Highest owing in period $000
Directors					
B A McNamee	1,834	70	69	893	2,727
Specified Executives					
P Turner	-	3	4	110	110
C Armit	-	14	63	2,537	2,537
P Bordonaro	462	15	30	330	791
A Cuthbertson	155	15	54	1,008	1,008
P Turvey	397	16	32	593	726
K Milroy	381	8	23	463	463
T Giarla	536	-	10	-	1,012
M Sontrop	-	-	3	-	437

All of the loans relate to SESOP and SESOP II under which executive directors and specified executives were provided with loans to fund the exercise of options. SESOP was terminated by the Company and there are no longer any outstanding options under SESOP. No grants of options have been made under SESOP II since July 2003.

Loans to executive directors and specified executives relating to SESOP are interest free. Loans relating to SESOP II are charged interest at a concessional average rate of 2%. This is based on interest being charged equivalent to the after-tax cash amount of dividends on the underlying shares (excluding the impact of imputation and assuming a marginal income tax rate of 48.5%). The average commercial rate of interest during the year was 7%.

Directors' Report
continued

16. Other Transactions and Balances with Directors and Specified Executives

The directors and specified executives and their related entities have the following transactions with entities within the consolidated entity that occur within a normal employee, customer or supplier relationship on terms and conditions no more favourable than those which it is reasonable to expect the entity would have adopted if dealing at arm's length in similar circumstances:

- The Company has a number of contractual research relationships with the University of Melbourne of which Mr Ian Renard is the Chancellor and Miss Elizabeth Alexander is the Chair of the Finance Committee and a member of the Council.
- The parent entity made contributions during the financial year to the CSL Superannuation Plan. Dr B A McNamee is a shareholder of the Plan's trustee company, but not a member of the Plan.

17. Indemnification of Directors and Officers

During the financial year, the insurance and indemnity arrangements discussed below were in place concerning directors and officers of the consolidated entity:

The Company has entered into a Director's Deed with each director regarding access to Board papers, indemnity and insurance. Each Deed provides:

(a) an ongoing and unlimited indemnity to the relevant director against liability incurred by that director in or arising out of the conduct of the business of the Company or of a subsidiary (as defined in the Corporations Act) or in or arising out of the discharge of the duties of that director. The indemnity is given to the extent permitted by law and to the extent and for the amount that the relevant director is not otherwise entitled to be, and is not actually, indemnified by another person or out of the assets of a corporation, where the liability is incurred in or arising out of the conduct of the business of that corporation or in the discharge of the duties of the director in relation to that corporation;

(b) that the Company will maintain, for the term of each director's appointment and for seven years following cessation of office, an insurance policy for the benefit of each director which insures the director against liability for acts or omissions of that director in the director's capacity or former capacity as a director of the Company; and

(c) the relevant director with a right of access to Board papers relating to the director's period of appointment as a director for a period of seven years following that director's cessation of office. Access is permitted where the director is, or may be, defending legal proceedings or appearing before an inquiry or hearing of a government agency or an external administrator, where the proceedings, inquiry or hearing relates to an act or omission of the director in performing the director's duties to the Company during the director's period of appointment.

In addition to the Director's Deeds, Rule 146 of the Company's Constitution requires the Company to indemnify each "officer" of the Company and of each wholly owned subsidiary of the Company out of the assets of the Company "to the relevant extent" against any liability incurred by the officer in the conduct of the business of the Company or in the conduct of the business of such wholly owned subsidiary of the Company or in the discharge of the duties of the officer unless incurred in circumstances which the Board resolves do not justify indemnification.

For this purpose, "officer" includes a director, executive officer, secretary, agent, auditor or other officer of the Company. The indemnity only applies to the extent the Company is not precluded by law from doing so, and to the extent that the officer is not otherwise entitled to be or is actually indemnified by another person, including under any insurance policy, or out of the assets of a corporation, where the liability is incurred in or arising out of the conduct of the business of that corporation or in the discharge of the duties of the officer in relation to that corporation.

The Company paid insurance premiums of $1,065,095.83 in respect of a contract insuring each individual director of the Company and each full time executive officer, director and secretary of the Company and its controlled entities, against certain liabilities and expenses (including liability for certain legal costs) arising as a result of work performed in their respective capacities, to the extent permitted by law.

18. Auditor independence and non-audit services

The company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the company and/or the consolidated entity are important.

Details of the amounts paid or payable to the entity's auditor, Ernst & Young for non-audit services provided during the year are set out below. The directors, in accordance with the advice received from the Audit and Risk Management Committee, are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the provision of non-audit services by the auditor did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the Audit and Risk Management Committee to ensure that they do not impact the impartiality and objectivity of the auditor
- none of the services undermine the general principles relating to auditor independence as set out in Professional Statement F1, including reviewing or auditing the auditor's own work, acting in a management or a decision making capacity for the company, acting as an advocate for the company or jointly sharing economic risks and rewards.

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 accompanies this report.

Directors' Report
continued

Ernst & Young and its related practices received or are due to receive the following amounts for the provision of non-audit services:

Completion audits in relation to the JRH business unit disposal	$508,103
Accounting advice and audit services in relation to AIFRS	$67,500
Compliance audits and advice	$46,764
	$622,367

19. Rounding

The amounts contained in this report and in the financial report have been rounded to the nearest $1,000 (where rounding is applicable) unless specifically stated otherwise under the relief available to the Company under ASIC Class Order 98/0100. The Company is an entity to which the Class Order applies.

This report has been made in accordance with a resolution of directors.

Signed

Peter Wade.

Peter H Wade (Director)

Signed

Brian A McNamee (Director)

Melbourne

24 August 2005

ERNST & YOUNG

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Auditor's Independence Declaration

to the Directors of CSL Limited

In relation to our audit of the financial report of CSL Limited for the financial year ended 30 June 2005, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Ernst & Young

Ivan Wingreen
Partner
Melbourne

24 August 2005

CSL Limited and its controlled entities

Statement of Financial Performance

for the year ended 30 June 2005

	Notes	Consolidated Entity 2005 $000	Consolidated Entity 2004 $000	Parent Entity 2005 $000	Parent Entity 2004 $000
Sales revenue	2	**2,749,934**	1,650,196	**363,320**	416,593
Cost of sales		**1,686,776**	1,070,028	**169,872**	221,259
Gross profit		**1,063,158**	580,168	**193,448**	195,334
Other revenues	2	**502,976**	185,515	**33,471**	116,206
Research and development expenses		**145,721**	101,188	**59,192**	46,856
Selling and marketing expenses		**332,336**	146,433	**42,517**	44,374
General and administration expenses		**174,583**	131,029	**55,577**	38,190
Borrowing costs	3(b)	**41,640**	23,742	**387**	307
Other expenses - Net assets of discontinued operations sold	36	**178,548**	59,281	**-**	24,920
Other expenses	3(b)(i)	**51,366**	49,381	**-**	-
Profit from ordinary activities before income tax expense		**641,940**	254,629	**69,246**	156,893
Income tax expense relating to ordinary activities	4	**95,422**	35,004	**8,487**	36,553
Net profit attributable to members of CSL Limited	25	**546,518**	219,625	**60,759**	120,340
Net exchange difference on translation of financial statements of self-sustaining foreign operations	24	**(181,715)**	64,435	**-**	-
Share issue costs	23	**-**	(10,126)	**-**	(10,126)
Total revenues, expenses and valuation adjustments attributable to members of CSL Limited recognised directly in equity		**(181,715)**	54,309	**-**	(10,126)
Total changes in equity other than those resulting from transactions with owners as owners attributable to members of CSL Limited	26	**364,803**	273,934	**60,759**	110,214

	Notes	Cents	Cents
Basic earnings per share	37	**278.85**	123.30
Diluted earnings per share	37	**277.50**	122.80

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

CSL Limited and its controlled entities

Statement of **Financial Position**

as at 30 June 2005

		Consolidated Entity		Parent Entity	
	Notes	2005 $000	2004 $000	2005 $000	2004 $000
CURRENT ASSETS					
Cash assets	5	**723,842**	114,896	**461,769**	12,700
Receivables	6	**536,983**	532,196	**68,864**	43,265
Inventories	7	**946,583**	1,352,578	**59,451**	66,147
Other	8	**22,244**	31,860	**2,419**	3,894
Total Current Assets		**2,229,652**	2,031,530	**592,503**	126,006
NON-CURRENT ASSETS					
Receivables	9	**11,014**	6,489	**20,041**	305,109
Other financial assets	10	**19,578**	8,223	**1,232,905**	1,204,058
Property, plant and equipment	11	**769,143**	887,017	**261,402**	259,199
Deferred tax assets	12	**97,414**	77,644	**10,400**	9,825
Intangibles	13	**744,143**	859,870	**20,000**	20,000
Other	14	**3,352**	4,610	**-**	-
Total Non-Current Assets		**1,644,644**	1,843,853	**1,544,748**	1,798,191
TOTAL ASSETS		**3,874,296**	3,875,383	**2,137,251**	1,924,197
CURRENT LIABILITIES					
Payables	15	**398,555**	458,502	**543,936**	53,905
Interest-bearing liabilities	16	**21,861**	13,297	**-**	-
Current tax liabilities	17	**37,130**	26,903	**-**	21,960
Provisions	18	**75,171**	199,406	**17,848**	15,843
Total Current Liabilities		**532,717**	698,108	**561,784**	91,708
NON-CURRENT LIABILITIES					
Payables	19	**-**	3,314	**29,604**	-
Interest-bearing liabilities	20	**1,003,035**	851,033	**-**	-
Deferred tax liabilities	21	**106,814**	80,577	**33,968**	12,699
Provisions	22	**157,218**	168,309	**16,391**	20,712
Total Non-Current Liabilities		**1,267,067**	1,103,233	**79,963**	33,411
TOTAL LIABILITIES		**1,799,784**	1,801,341	**641,747**	125,119
NET ASSETS		**2,074,512**	2,074,042	**1,495,504**	1,799,078
EQUITY					
Contributed equity	23	**1,223,034**	1,502,417	**1,223,034**	1,502,417
Reserves	24	**(62,091)**	77,373	**22,824**	22,824
Retained profits	25	**913,569**	494,252	**249,646**	273,837
TOTAL EQUITY	26	**2,074,512**	2,074,042	**1,495,504**	1,799,078

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

CSL Limited and its controlled entities

Statement of Cash Flows

for the year ended 30 June 2005

		Consolidated Entity		Parent Entity	
	Notes	2005 $000	2004 $000	2005 $000	2004 $000
Cash flows from Operating Activities					
Receipts from customers (inclusive of GST)		**2,698,158**	1,715,258	**369,640**	440,359
Payments to suppliers and employees (inclusive of GST)		**(2,073,331)**	(1,446,852)	**(291,294)**	(341,209)
Interest received		**16,954**	9,525	**12,384**	10,202
Income taxes paid		**(43,299)**	(45,764)	**(14,620)**	(25,842)
Borrowing costs		**(30,660)**	(25,173)	**(387)**	(307)
Net cash inflow from operating activities	34	**567,822**	206,994	**75,723**	83,203
Cash flows from Investing Activities					
Proceeds from sale of property, plant and equipment		**712**	413	**13**	45
Payments for property, plant and equipment		**(105,015)**	(79,591)	**(32,029)**	(31,611)
Payments for other investments		**(277)**	(635)	**(277)**	(635)
Payment for investment in controlled entities		**-**	-	**-**	(508,626)
Purchase of controlled entities, net of cash acquired	35	**-**	(772,870)	**-**	-
Payments for restructuring of acquired entities and businesses		**(83,967)**	(25,752)	**-**	-
Payments for onerous contracts		**(14,682)**	-	**-**	-
Net proceeds from the sale of business unit		**460,135**	161,627	**-**	100,109
Income tax on profit on sale of business unit		**(30,433)**	-	**(20,624)**	-
Payments for intellectual property		**(9,001)**	(8,123)	**-**	-
Net cash inflow/(outflow) from investing activities		**217,472**	(724,931)	**(52,917)**	(440,718)
Cash flows from Financing Activities					
Proceeds from issue of shares	23	**16,970**	554,304	**16,970**	554,304
Payments for shares bought back	23	**(317,795)**	-	**(317,795)**	-
Payment of share issue costs		**-**	(10,126)	**-**	(10,126)
Dividends paid		**(63,508)**	(35,364)	**(63,508)**	(35,364)
Advances from/(to) controlled entities		**-**	-	**790,596**	(179,335)
Proceeds from borrowings		**268,617**	233,654	**-**	-
Repayment of borrowings		**(70,972)**	(200,466)	**-**	-
Net cash inflow/(outflow) from financing activities		**(166,688)**	542,002	**426,263**	329,479
Net increase/(decrease) in cash held		**618,606**	24,065	**449,069**	(28,036)
Cash at the beginning of the financial year		**110,343**	82,855	**12,700**	40,736
Exchange rate variations on foreign cash balances		**(9,198)**	3,423	**-**	-
Cash at the end of the financial year	34	**719,751**	110,343	**461,769**	12,700

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

CSL Limited and its controlled entities

Notes to and forming part of the Financial Statements

1 Summary of Significant Accounting Policies

(a) Basis of Accounting

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 including applicable Accounting Standards. Other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) have also been complied with. The financial report has been prepared in accordance with the historical cost convention.

(b) Changes in Accounting Policies.

The accounting policies adopted are consistent with those of the previous year.

(c) Principles of Consolidation

The consolidated financial statements are those of the consolidated entity, comprising CSL Limited (the parent entity) and all entities that CSL Limited controlled during the year and at balance date. CSL Limited and its controlled entities together are referred to in this financial report as the consolidated entity. All intercompany balances and transactions between entities in the consolidated entity, including any unrealised profits or losses, have been eliminated in full.

Where control of an entity is obtained during a financial year, its results are included in the consolidated statement of financial performance from the date on which control commences. Where there is loss of control of an entity, the consolidated financial statement of performance includes the results for the part of the reporting period during which control existed.

(d) Income Tax

Tax-effect accounting is applied using the liability method whereby income tax is regarded as an expense and is calculated on the accounting profit after allowing for permanent differences. To the extent timing differences occur between the time items are recognised in the financial statements and when items are taken into account in determining taxable income, the net related taxation benefit or liability, calculated at current rates, is disclosed as a future income tax benefit or a provision for deferred income tax. The net future income tax benefit relating to tax losses is not carried forward as an asset unless the benefit is virtually certain of being realised.

(e) Foreign Currency Translation

Transactions in foreign currencies of entities within the consolidated entity are converted to Australian currency at the rate of exchange ruling at the date of the transaction.

Amounts payable to and by the entities within the consolidated entity that are outstanding at the reporting date and are denominated in foreign currencies have been converted to Australian currency using rates of exchange ruling at the end of the financial year.

The assets, liabilities and equity of integrated foreign operations are translated using the temporal rate method. Any exchange difference arising through the use of the temporal method is taken directly to the statement of financial performance.

The assets, liabilities and equity of self-sustaining foreign operations are translated using the current rate method. Any exchange difference arising through the use of the current rate method is taken directly to the foreign currency translation reserve.

The exchange gains and losses arising on those foreign currency borrowings which are designated as hedges of self-sustaining controlled foreign entities are offset in the foreign currency translation reserve against the gains and losses arising on the translation of the net assets of those entities. These circumstances represent an effective natural hedge.

(f) Inventories

All inventories are stated at the lower of cost and net realisable value. Cost includes direct material and labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity.

(g) Acquisitions of Assets

The purchase method of accounting is used for all acquisitions of assets regardless of whether shares or other assets are acquired. Cost is measured as the fair value of consideration given at the date of acquisition plus costs directly attributable to the acquisition.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of the acquisition. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Where the consideration for an acquisition is specifically hedged, exchange gains or losses on the hedging transaction arising up to the date of acquisition and costs relative to the hedging transaction are deferred and included in the cost of acquisition.

Provisions for restructuring costs and related employee termination benefits are recognised as at the date of acquisition of an entity on the basis described in the accounting policy notes 1(n) and 1(x) respectively.

CSL Limited and its controlled entities

Notes to and forming part of the Financial Statements
continued

1 Summary of Significant Accounting Policies (cont.)

(g) Acquisitions of Assets (cont.)

Where goodwill arises it is brought to account on the basis described in Note 1(l).

Where an entity is acquired and the fair value of the identifiable net assets acquired, including any liability for restructuring costs, exceeds the cost of acquisition, the difference represents a discount on acquisition. The discount on acquisition is accounted for by reducing proportionately the fair values of the non-monetary assets acquired until the discount is eliminated.

(h) Freehold Property, Plant and Equipment

Freehold land and buildings are recorded at deemed cost which is not in excess of the recoverable amount. Provision for depreciation of buildings has been made.

The consolidated entity is of the opinion that land and buildings are indivisible and constitute one class of asset. Land and buildings are disclosed separately in Note 11 to provide supplementary information regarding the depreciation of buildings in accordance with AASB 1041 Revaluation of Non-Current Assets.

Plant and equipment is stated at cost less depreciation or amortisation which is not in excess of the recoverable amount. Capital work in progress is stated at cost.

Property, plant and equipment, except freehold land, are depreciated over their economic lives on a straight line basis as follows:

Buildings	5 - 30 years
Plant and equipment	3 - 15 years
Leasehold improvements	5 - 10 years

(i) Recoverable Amount

Non-current assets measured using the cost basis are not carried at an amount above their recoverable amount, and where carrying values exceed this recoverable amount assets are written down. In determining recoverable amount, the expected net cash flows have been discounted to their present value using a market determined, risk adjusted rate of 9.45%.

(j) Leasehold Improvements

The cost of improvements to leasehold properties is amortised over the unexpired period of the lease or the estimated useful life of the improvement whichever is the shorter.

(k) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Operating leases

The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense on a straight-line basis.

Finance leases

Leases which effectively transfer substantially all of the risks and benefits incidental to ownership of the leased item to the group are capitalised at the present value of the minimum lease payments and disclosed as property, plant and equipment. A lease liability of equal value is also recognised.

Capitalised lease assets are depreciated over the shorter of the estimated useful life of the assets and the lease term. Minimum lease payments are allocated between interest expense and reduction of the lease liability with the interest expense calculated using the interest rate implicit in the lease and recognised directly in net profit.

Surplus lease space

The liability of surplus lease space is the net future payments for surplus lease space under non-cancellable operating leases discounted at rates implicit in the leases.

(l) Goodwill

On acquisition of some or all of the assets of another entity, the identifiable net assets acquired are measured at their fair value. The excess of the fair value of the purchase consideration plus incidental expenses over the fair value of the identifiable net assets is brought to account as goodwill and is amortised on a straight line basis over the period of expected benefit which currently ranges from 10 to 20 years. The carrying value of goodwill is reviewed at each reporting date by the directors and written down where it is considered that the carrying amount exceeds the recoverable amount.

CSL Limited and its controlled entities

Notes to and forming part of the Financial Statements continued

1 Summary of Significant Accounting Policies (cont.)

(m) Research and Development, Patents and Intellectual Property

Current expenditure on research and development and on patents is charged against profit from ordinary activities as incurred. Expenditure on equipment used in research and development activities is capitalised in property, plant and equipment and depreciated over its estimated useful life. Purchased intellectual property and other intangibles are carried at cost and amortised over the expected benefit, not exceeding 20 years. The carrying value of intellectual property and other intangibles is reviewed annually by the directors and written down where it is considered the carrying amount exceeds its recoverable amount.

(n) Provisions

Provisions are recognised when the consolidated entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events, it is probable that future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

Dividends

A provision for dividends is not recognised as a liability unless the dividends are declared, determined or publicly recommended on or before the reporting date.

IBNR

The Incurred But Not Reported (IBNR) provision is determined on an actuarial basis as the present value of potential future payments, using statistics based on past experience and a judgemental assessment of relevant risk and probability factors. The liability covers claims incurred but not paid, incurred but not reported and the anticipated direct and indirect costs of settling those claims.

Restructuring

Liabilities for the cost of restructuring entities acquired are recognised as at the date of the acquisition of an entity, if the main features of the restructuring were planned and there was a demonstrable commitment to the restructuring at the acquisition date and this is supported by a detailed plan developed within three months of the acquisition or prior to the completion of the financial report, if earlier.

Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract.

The provision recognised is based on the excess of the estimated cash flows to meet the unavoidable costs under the contract over the estimated cash flows to be received in relation to the contract, having regard to the risks of the activities relating to the contract. The net estimated cash flows are discounted using market yields at balance date on national government guaranteed bonds with terms to maturity and currency that match, as close as possible, the expected future payments, where the effect of discounting is material.

(o) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sales revenue

Sales revenue comprises revenue earned (net of returns, discounts and allowances) from the provision of products external to the consolidated entity. Sales revenue is recognised when title to the goods has passed to the buyer.

Interest income

Interest income is recognised as it accrues.

Other revenue

Other revenue, including government grants, is recognised when the entitlement is confirmed.

(p) Cash and Cash Equivalents

Cash on hand and in banks and short-term deposits are stated at nominal value.

For the purpose of the statement of cash flows, cash includes cash on hand and at call deposits with banks or financial institutions and investments in money market instruments, net of bank overdrafts.

Bank overdrafts are carried at the principal amount. Interest is charged as an expense as it accrues.

(q) Goods and Services Tax and other foreign equivalents (GST)

Revenues, expenses and assets are recognised net of GST except where the amount of GST incurred is not recoverable. Receivables and payables are stated at the GST inclusive amount.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities that are recoverable are classified as operating cash flows.

CSL Limited and its controlled entities

Notes to and forming part of the Financial Statements continued

1 Summary of Significant Accounting Policies (cont.)

(r) Other Financial Assets

Interests in non-controlled entities or non-associated corporations are included in investments at the lower of cost or the recoverable amount.

(s) Receivables

Trade debtors are initially recorded at the amount of the contracted sale proceeds. Provision for doubtful debts is recognised to the extent that recovery of the outstanding receivable balance is considered no longer probable.

Other debtors and other receivables are recognised and carried at the nominal amount due. They are non-interest bearing and have various repayment terms.

(t) Payables

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the consolidated entity.

Trade and other creditors are non-interest bearing and have various repayment terms.

(u) Interest-Bearing Liabilities

Bank and other loans are carried on the statement of financial position at their principal amount. Interest is charged as an expense as it accrues.

(v) Derivative Financial Instruments

The consolidated entity enters into forward exchange contracts where it agrees to sell specified amounts of foreign currencies in the future at a predetermined exchange rate. The objective is to match the contracts with committed future cash flows from sales and purchases in foreign currencies, to protect the consolidated entity against exchange rate movements.

(w) Borrowing Costs

Borrowing costs are expensed in the period in which they are incurred, except where they are included in the costs of qualifying assets, or ancillary costs associated with originating a loan. Any ancillary costs are amortised over the period of the loan.

(x) Employee Benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to reporting date. These benefits include wages and salaries, annual leave, long service leave and other post retirement benefits.

Employee benefits including on costs, expected to be settled within one year together with benefits arising from wages and salaries and annual leave which will be settled after one year, have been measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. Long service leave and other post retirement benefits, including on costs, payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Employee benefits expenses and revenues are charged against profits on a net basis in their respective categories.

Defined Benefit Superannuation Plans

Contributions to defined benefit superannuation plans maintained by the consolidated entity are expensed in the year they are paid or become payable. Provisions are made for plans that are in net deficit.

Termination Benefits arising as a consequence of acquisitions

Liabilities for termination benefits relating to an acquired entity that arise as a consequence of acquisitions are recognised as at the date of acquisition if the main features of the terminations were planned and a valid expectation had been raised in those employees affected that the terminations would be carried out and this is supported by a detailed plan developed within three months of the acquisition or prior to the completion of the financial report, if earlier. These liabilities are disclosed in aggregate with other restructuring costs as a consequence of the acquisition.

(y) Equity-Based Compensation Schemes

Certain employees are entitled to participate in equity-based compensation schemes. Loans are provided to assist in the purchase of shares and options. The details of the schemes are described in Note 28.

No remuneration expense is recognised in respect of issues made through the equity-based compensation schemes. Amounts outstanding on employee share loans are included in non current receivables.

CSL Limited and its controlled entities

Notes to and forming part of the Financial Statements continued

		Consolidated Entity		Parent Entity	
	Notes	2005 $000	2004 $000	2005 $000	2004 $000
2 Revenue from Ordinary Activities					
Sales revenue		**2,749,934**	1,650,196	**363,320**	416,593
Other revenue					
Interest received/receivable					
Other persons and/or corporations		**17,061**	9,461	**11,584**	8,825
Controlled entities		**-**	-	**923**	1,298
Specified directors and executives		**143**	79	**143**	79
Dividend revenue – Controlled entities		**-**	-	**16,331**	2,035
Proceeds from sale of property, plant and equipment		**712**	413	**13**	45
Net Proceeds from sale of business unit	36	**458,246**	161,627	**-**	100,109
Rent		**940**	389	**940**	389
Royalties		**20,016**	9,393	**306**	180
Other		**5,858**	4,153	**3,231**	3,246
Total other revenues		**502,976**	185,515	**33,471**	116,206
Total revenue from ordinary activities		**3,252,910**	1,835,711	**396,791**	532,799

CSL Limited and its controlled entities

Notes to and forming part of the Financial Statements continued

	Notes	Consolidated Entity 2005 $000	Consolidated Entity 2004 $000	Parent Entity 2005 $000	Parent Entity 2004 $000
3 Operating Profit					
Profit from ordinary activities before income tax includes the following specific net gains and expenses:					
(a) Net gains/(losses)					
Net gain/(loss) on disposal of property, plant and equipment		**(1,994)**	(2,584)	**(67)**	(1,034)
Net gain on the disposal of business unit	36	**279,698**	102,346	**-**	75,189
Foreign exchange gains/(losses)		**1,074**	3,386	**980**	9,106
Foreign currency translation gains/(losses)		**(531)**	(159)	**-**	-
(b) Expenses					
Borrowing costs					
Interest paid/payable					
Other persons and/or corporations		**39,653**	22,768	**387**	307
Other borrowing costs		**1,987**	974	**-**	-
Total borrowing costs		**41,640**	23,742	**387**	307
Depreciation and amortisation of fixed assets					
Buildings depreciation		**11,875**	9,104	**3,836**	3,953
Plant and equipment depreciation		**102,755**	69,688	**25,910**	28,024
Leased property, plant and equipment amortisation		**3,907**	208	**-**	-
Leasehold improvements amortisation		**798**	2,004	**-**	-
Total depreciation and amortisation of fixed assets		**119,335**	81,004	**29,746**	31,977
Amortisation of intangibles					
Intellectual Property (i)		**5,802**	2,949	**-**	-
Goodwill (i)		**45,564**	46,042	**-**	-
Total amortisation of intangibles		**51,366**	48,991	**-**	-
(i) The functional expense classification of Other Expenses includes goodwill and intellectual property amortisation.					
Other charges against assets					
Doubtful debts		**2,528**	814	**(3)**	7
Writedown of inventory to net realisable value		**26,148**	20,156	**981**	3,855
Rental expenses relating to operating leases		**41,039**	36,975	**1,433**	2,610
Superannuation contributions – defined benefit fund		**11,879**	24,036	**2,336**	3,645

CSL Limited and its controlled entities

Notes to and forming part of the Financial Statements
continued

	Consolidated Entity		Parent Entity	
	2005 $000	2004 $000	2005 $000	2004 $000
4 Income Tax				
The income tax expense for the financial year differs from the amount calculated on the profit. The differences are reconciled as follows:				
Profit from ordinary activities before income tax expense	**641,940**	254,629	**69,246**	156,893
Income tax calculated at 30%	**192,582**	76,389	**20,774**	47,068
Tax effect of permanent differences				
Non-deductible depreciation and amortisation	**12,090**	3,520	**279**	296
Research and development	**(2,404)**	(2,308)	**(2,404)**	(2,308)
Equity Raising costs	**(879)**	(879)	**(879)**	(879)
Non-assessable capital gain	**(54,831)**	(5,684)	**-**	(5,684)
Restructuring costs relating to acquisition of controlled entity	**(20,830)**	(36,032)	**-**	-
Exempt dividends received	**-**	-	**(4,899)**	(610)
Inventory cost base differences	**(72,908)**	(35,302)	**-**	-
Sundry items	**(4,503)**	(1,590)	**(1,583)**	(1,436)
Unrecognised deferred tax assets	**22,185**	15,041	**-**	-
Effects of different rates of tax on overseas income	**16,991**	20,785	**-**	-
Under/(Over) provision in prior year	**7,929**	1,064	**(2,801)**	106
Income tax expense attributable to profit from ordinary activities	**95,422**	35,004	**8,487**	36,553
5 Current Assets – Cash assets				
Cash at bank and on hand	**258,528**	112,478	**-**	12,700
Cash deposits	**465,314**	2,418	**461,769**	-
	723,842	114,896	**461,769**	12,700
6 Current Assets – Receivables				
Trade debtors	**502,325**	495,909	**29,673**	33,520
Less: provision for doubtful debts	**4,170**	1,642	**497**	500
	498,155	494,267	**29,176**	33,020
Sundry debtors	**38,828**	37,929	**15,089**	10,245
Receivable – wholly owned controlled entities	**-**	-	**24,599**	-
	536,983	532,196	**68,864**	43,265

CSL Limited and its controlled entities

Notes to and forming part of the Financial Statements

continued

	Consolidated Entity		Parent Entity	
	2005 $000	2004 $000	2005 $000	2004 $000
7 Current Assets - Inventories				
Raw materials and stores – at cost	**196,939**	326,340	**11,922**	12,508
Less: provision for diminution in value	**3,515**	3,851	**159**	424
Raw materials and stores – net	**193,424**	322,489	**11,763**	12,084
Work in progress – at cost	**539,361**	565,306	**18,673**	13,955
Less: provision for diminution in value	**33,780**	16,924	**902**	309
Work in progress – net	**505,581**	548,382	**17,771**	13,646
Finished goods – at cost	**265,896**	490,397	**31,355**	41,202
Less: provision for diminution in value	**18,318**	8,690	**1,438**	785
Finished goods - net	**247,578**	481,707	**29,917**	40,417
	946,583	1,352,578	**59,451**	66,147
8 Current Assets – Other				
Prepayments	**22,244**	31,860	**2,419**	3,894
9 Non-Current Assets – Receivables				
Related bodies corporate				
Wholly owned controlled entities	**-**	-	**5,148**	294,909
Partly owned controlled entities	**-**	-	**3,939**	3,939
Loans to specified directors	**941**	1,882	**941**	1,882
Loans to specified executives	**5,041**	1,930	**5,449**	1,930
Loans to other employees	**5,032**	2,677	**4,564**	2,449
	11,014	6,489	**20,041**	305,109
10 Non-Current Assets – Other financial assets				
Investments in non-controlled entities at cost	**4,698**	4,421	**4,698**	4,421
Less: provision for diminution in value of investments	**-**	1,000	**-**	1,000
	4,698	3,421	**4,698**	3,421
Managed Financial Assets	**11,868**	4,802	**-**	-
Long Term Deposits	**3,012**	-	**-**	-
Shares in controlled entities (refer Note 33)	**-**	-	**1,228,207**	1,200,637
	19,578	8,223	**1,232,905**	1,204,058

CSL Limited and its controlled entities

Notes to and forming part of the Financial Statements continued

	Consolidated Entity		Parent Entity	
	2005 $000	2004 $000	2005 $000	2004 $000
11 Non-Current Assets - Property, Plant and Equipment				
Land at cost				
Opening balance	**27,090**	27,101	**25,029**	25,029
Additions	**809**	-	**-**	-
Disposals	**(1,607)**	(644)	**-**	-
Additions through acquisition of controlled entities	**-**	654	**-**	-
Currency translation differences	**(195)**	(21)	**-**	-
Closing balance	**26,097**	27,090	**25,029**	25,029
Buildings at cost				
Opening balance	**206,448**	188,802	**71,215**	70,973
Additions	**-**	193	**-**	-
Disposals	**(5,159)**	(12,424)	**-**	-
Additions through acquisition of controlled entities	**-**	23,978	**-**	-
Transferred from capital work in progress	**12,695**	2,160	**9,948**	242
Currency translation differences	**(17,331)**	3,739	**-**	-
Closing balance	**196,653**	206,448	**81,163**	71,215
Accumulated depreciation				
Opening balance	**33,241**	24,825	**18,664**	14,711
Depreciation for the year	**11,875**	9,104	**3,836**	3,953
Disposals	**(1,221)**	(1,280)	**-**	-
Currency translation differences	**(4,856)**	592	**-**	-
Closing balance	**39,039**	33,241	**22,500**	18,664
Net book value	**157,614**	173,207	**58,663**	52,551
Net book value of land and buildings	**183,711**	200,297	**83,692**	77,580
Leasehold improvements at cost				
Opening balance	**11,687**	11,117	**168**	168
Additions	**5,221**	237	**-**	-
Disposals	**(13,234)**	(543)	**-**	-
Additions through acquisition of controlled entities	**-**	-	**-**	-
Transferred from capital in progress	**952**	1,358	**-**	-
Currency translation differences	**(418)**	(482)	**-**	-
Closing balance	**4,208**	11,687	**168**	168
Accumulated amortisation				
Opening balance	**5,575**	3,798	**168**	168
Amortisation for the year	**798**	2,004	**-**	-
Disposals	**(3,473)**	(186)	**-**	-
Currency translation differences	**(618)**	(41)	**-**	-
Closing balance	**2,282**	5,575	**168**	168
Net book value of leasehold improvements	**1,926**	6,112	**-**	-

CSL Limited and its controlled entities

Notes to and forming part of the Financial Statements continued

	Consolidated Entity		Parent Entity	
	2005 $000	2004 $000	2005 $000	2004 $000
11 Non-Current Assets - Property, Plant and Equipment (cont.)				
Plant and equipment at cost				
Opening balance	**909,382**	666,608	**431,207**	453,003
Additions	**29,431**	9,111	**-**	-
Disposals	**(57,175)**	(72,579)	**(1,270)**	(30,224)
Additions through acquisition of controlled entities	**-**	241,486	**-**	-
Transferred from capital work in progress	**82,424**	42,380	**56,296**	8,428
Currency translation differences	**(79,725)**	22,376	**-**	-
Closing balance	**884,337**	909,382	**486,233**	431,207
Accumulated depreciation				
Opening balance	**381,776**	364,055	**297,008**	294,761
Depreciation for the year	**102,755**	69,688	**25,910**	28,024
Disposals	**(27,670)**	(53,374)	**(1,190)**	(25,777)
Currency translation differences	**(44,291)**	1,407	**-**	-
Closing balance	**412,570**	381,776	**321,728**	297,008
Net book value of plant and equipment	**471,767**	527,606	**164,505**	134,199
Leased property, plant and equipment at cost				
Opening balance	**33,046**	-	**-**	-
Additions	**4,741**	-	**-**	-
Disposals	**(731)**	-	**-**	-
Additions through acquisition of controlled entities	**-**	30,645	**-**	-
Currency translation differences	**(3,439)**	2,401	**-**	-
Closing balance	**33,617**	33,046	**-**	-
Accumulated amortisation				
Opening balance	**214**	-	**-**	-
Amortisation for the year	**3,907**	208	**-**	-
Currency translation differences	**(380)**	6	**-**	-
Closing balance	**3,741**	214	**-**	-
Net book value of leased property, plant and equipment	**29,876**	32,832	**-**	-
Capital work in progress				
Opening balance	**120,170**	36,606	**47,420**	24,479
Additions	**64,813**	70,050	**32,029**	31,611
Additions through acquisition of controlled entities	**-**	53,675	**-**	-
Transferred to buildings at cost	**(12,695)**	(2,160)	**(9,948)**	(242)
Transferred to plant and equipment at cost	**(82,424)**	(42,380)	**(56,296)**	(8,428)
Transferred to leasehold improvements at cost	**(952)**	(1,358)	**-**	-
Currency translation differences	**(7,049)**	5,737	**-**	-
Closing balance	**81,863**	120,170	**13,205**	47,420
Total net book value of property, plant and equipment	**769,143**	887,017	**261,402**	259,199

CSL Limited and its controlled entities

Notes to and forming part of the Financial Statements continued

11 Non-Current Assets - Property, Plant and Equipment (cont.)

Valuation of land and buildings

Land and buildings are valued every three years.

The most recent valuation of land and buildings was at 30 June 2005. The valuation of these land and buildings was on their fair market value based on existing use and showed an excess of $133,776,000 above their book value of $160,539,000. This independent valuation was carried out by Mr PR Dickinson, AAPI AREI, of CB Richard Ellis (V) Pty Ltd and was performed on all the groups properties with the exception of those acquired with the Aventis Behring acquisition in the prior year.

The land and buildings acquired through the Aventis Behring acquisition in the prior year were written down to their fair value at the date of the acquisition.

	Consolidated Entity		Parent Entity	
	2005 $000	2004 $000	2005 $000	2004 $000
12 Non-Current Assets – Deferred tax assets				
Future income tax benefit	**97,414**	77,644	**10,400**	9,825

All future income tax benefits are attributable to timing differences. At 30 June 2005, the consolidated entity has unrecognised deferred tax assets in respect of tax losses carried forward of $62.1 million. (2004: $47.2 million).

This benefit for tax losses will only be obtained if:

(i) the consolidated entity derives future assessable income of a nature and an amount sufficient to enable the benefit from the deductions for the losses to be realised, and

(ii) the consolidated entity continues to comply with the conditions for deductibility imposed by tax legislation, and

(iii) no changes in tax legislation adversely affect the consolidated entity in realising the benefit from the deductions for the losses.

	Consolidated 2005 $000	Consolidated 2004 $000	Parent 2005 $000	Parent 2004 $000
13 Non-Current Assets – Intangibles				
Goodwill at cost (i)	**849,163**	963,407	**-**	-
Less: accumulated amortisation	**198,864**	178,027	**-**	-
	650,299	785,380	**-**	-
Intellectual property	**84,411**	60,277	**-**	-
Less: accumulated amortisation	**10,567**	5,787	**-**	-
	73,844	54,490	**-**	-
Other intangibles	**20,000**	20,000	**20,000**	20,000
	744,143	859,870	**20,000**	20,000

(i) The foreign currency translation differences arising from the translation of self-sustaining foreign operations has decreased goodwill at cost by $100.8 million this financial year (2004: increased by $16.0 million).

	Consolidated 2005 $000	Consolidated 2004 $000	Parent 2005 $000	Parent 2004 $000
14 Non-Current Assets – Other				
Deferred borrowing costs	**3,352**	4,610	**-**	-
15 Current Liabilities – Payables				
Trade creditors	**146,846**	232,413	**31,356**	26,236
Accruals and other creditors	**251,709**	191,861	**23,441**	27,669
Swap payable	**-**	34,228	**-**	-
Payable – wholly owned controlled entities	**-**	-	**489,139**	-
	398,555	458,502	**543,936**	53,905

CSL Limited and its controlled entities

Notes to and forming part of the Financial Statements
continued

	Consolidated Entity		Parent Entity	
	2005 $000	2004 $000	2005 $000	2004 $000
16 Current Liabilities – Interest bearing liabilities				
Bank overdrafts - Unsecured	**4,091**	4,553	**-**	-
Bank loans - Unsecured (refer Note 20(a))	**1,011**	1,363	**-**	-
Deferred cash settlement for intangibles acquired - Unsecured (refer 20(e))	**8,283**	-	**-**	-
Lease liability - Secured (refer Note 20(f))	**1,756**	2,028	**-**	-
Surplus lease space - Unsecured (refer Note 20(g))	**6,720**	5,353	**-**	-
	21,861	13,297	**-**	-
17 Current Liabilities – Tax liabilities				
Income tax	**37,130**	26,903	**-**	21,960
18 Current Liabilities – Provisions				
Employee benefits (refer Note 28)	**47,198**	61,520	**16,717**	14,593
Restructuring (i)	**23,319**	115,879	**-**	-
Onerous contracts (ii)	**2,467**	17,420	**-**	-
Other (iii)	**2,187**	4,587	**1,131**	1,250
	75,171	199,406	**17,848**	15,843

Restructuring

This provision is for restructuring in relation to and as a result of the prior acquisitions.

Onerous contracts

The provision recognised is based on the excess of the estimated cash flows to meet the unavoidable costs under certain contracts over the estimated cash flows to be received in relation to the contracts, having regard to the risks of the activities relating to the contracts. The net estimated cash flows are discounted using market yields at balance date on national government guaranteed bonds with terms to maturity and currency that match, as close as possible, the expected future payments, where the effect of discounting is material.

Movements

	Consolidated Entity 2005 $000	Consolidated Entity 2004 $000	Parent Entity 2005 $000	Parent Entity 2004 $000
(i) Restructuring				
Carrying amount at the beginning of the financial year	**115,879**	9,305	**-**	-
Provision made on acquisition (refer Note 35)	**-**	115,360	**-**	-
Additional provision	**5,014**	9,270	**-**	-
Payments made	**(89,364)**	(25,752)	**-**	-
Currency translation differences	**(8,210)**	7,696	**-**	-
Carrying amount at the end of the financial year	**23,319**	115,879	**-**	-
(ii) Onerous contracts				
Carrying amount at the beginning of the financial year	**17,420**	-	**-**	-
Payments made	**(13,371)**	-	**-**	-
Provision acquired	**-**	15,970	**-**	-
Currency translation differences	**(1,582)**	1,450	**-**	-
Carrying amount at the end of the financial year	**2,467**	17,420	**-**	-

CSL Limited and its controlled entities

Notes to and forming part of the Financial Statements continued

	Consolidated Entity		Parent Entity	
	2005 $000	2004 $000	2005 $000	2004 $000
18 Current Liabilities – Provisions (cont.)				
(iii) Other				
Carrying amount at the beginning of the financial year	**4,587**	340	**1,250**	456
Additional provision	**2,053**	3,472	**1,277**	2,292
Provision acquired	**-**	3,487	**-**	-
Payments made	**(4,089)**	(2,712)	**(1,396)**	(1,498)
Currency translation differences	**(364)**	-	**-**	-
Carrying amount at the end of the financial year	**2,187**	4,587	**1,131**	1,250

19 Non-Current Liabilities – Payables

Other creditors	**-**	3,314	**-**	-
Payable – wholly owned controlled entities	**-**	-	**29,604**	-
	-	3,314	**29,604**	-

20 Non-Current Liabilities – Interest bearing liabilities

Bank loans - Unsecured (a)	**458,276**	236,172	**-**	-
Vendor loans - Unsecured (b)	**-**	25,776	**-**	-
Senior Unsecured Notes - Unsecured (c)	**327,225**	362,371	**-**	-
Deferred cash settlement for subsidiary acquired - Unsecured (d)	**150,950**	158,146	**-**	-
Deferred cash settlement for intangibles acquired - Unsecured (e)	**24,255**	16,245	**-**	-
Lease liability - Secured (f)	**38,485**	43,174	**-**	-
Surplus lease space - Unsecured (g)	**3,844**	9,149	**-**	-
	1,003,035	851,033	**-**	-

(a) The group has a global multi-currency facility of $A650 million. During the year, Euro 100 million and Yen 7.5 billion were drawn down and a repayment of CHF 22.5 million was also made. The facility expires in March 2007 and March 2009. Interest is payable semi-annually in arrears at a variable rate.

(b) A Swiss franc vendor loan was provided by Rotkreuzstiftung Zentrallaboratorium Blutspendedienst SRK as a deferred settlement of 22.5% of the purchase price for the assets of Rotkreuzstiftung Zentrallaboratorium. The loan balance was repaid on 30 June 2005. Interest was fixed at 4.75% for the term of the loan.

(c) Represents USD250 million of Senior Unsecured Notes placed into the US Private Placement market. The Notes mature in December 2012 with interest fixed at 5.30% and 5.90%. Repayments are made biannually from December 2006 to December 2012.

(d) At reporting date, the company had a deferred cash settlement representing the present value of the remaining consideration payable for the acquisition of Aventis Behring, discounted at the prevailing commercial borrowing rate and payable in tranches as follows:-

Payment (USD)	Payment Date	Discount Rate
30 million	1 July 2006	3.79%
30 million	31 December 2006	4.29%
65 million	31 December 2007	4.66%

(e) The company has deferred cash settlements for consideration payable on the acquisition of intangibles, discounted at the incremental borrowing rate at the time of acquisition (ranging from 2% to 3.5%).

(f) Finance leases have an average lease term of 18 years. The average discount rate implicit in the lease is 6.37%.

(g) The liability of surplus lease space is the net future payments for surplus lease space under non-cancellable operating leases discounted at rates implicit in the leases. Refer to Note 31.

Refer to Note 34 for details on the total facilities available and drawn down.

CSL Limited and its controlled entities

Notes to and forming part of the Financial Statements
continued

	Consolidated Entity		Parent Entity	
	2005 $000	2004 $000	2005 $000	2004 $000
21 Non-Current Liabilities – Deferred tax liabilities				
Provision for deferred income tax	**106,814**	80,577	**33,968**	12,699
22 Non-Current Liabilities – Provisions				
Claims provision including IBNR (i)	**5,745**	11,161	**5,745**	11,161
Employee benefits (refer Note 28)	**138,690**	140,801	**10,646**	9,551
Onerous contracts (ii)	**12,783**	16,347	**-**	-
	157,218	168,309	**16,391**	20,712

(i) Claims provision including IBNR

The Australian Government has indemnified CSL Limited for certain existing and potential claims made for personal injury and damage suffered through use of certain products manufactured by CSL Limited under government ownership. The indemnity covers AIDS and hepatitis related claims for blood products derived from Australian blood. The indemnity also covers CJD claims for human pituitary hormones (manufacture of which ceased in 1985) and claims for pertussis vaccines manufactured prior to June 1994.

(ii) Onerous contracts

Refer to Note 18 for description of provision.

Movements

	Consolidated 2005 $000	Consolidated 2004 $000	Parent 2005 $000	Parent 2004 $000
(i) Claims provision including IBNR				
Carrying amount at the beginning of the financial year	**11,161**	15,853	**11,161**	15,853
Additional provision	**-**	308	**-**	308
Provisions utilised	**(5,416)**	(5,000)	**(5,416)**	(5,000)
Carrying amount at the end of the financial year	**5,745**	11,161	**5,745**	11,161
(ii) Onerous contracts				
Carrying amount at the beginning of the financial year	**16,347**	-	**-**	-
Provision acquired	**-**	14,987	**-**	-
Payment made	**(1,311)**	-	**-**	-
Currency translation differences	**(2,253)**	1,360	**-**	-
Carrying amount at the end of the financial year	**12,783**	16,347	**-**	-

CSL Limited and its controlled entities

Notes to and forming part of the Financial Statements continued

	Consolidated Entity 2005 $000	Consolidated Entity 2004 $000	Parent Entity 2005 $000	Parent Entity 2004 $000
23 Contributed Equity				
Ordinary shares fully paid	**1,223,034**	1,502,417	**1,223,034**	1,502,417

	2005 Number of shares	2005 $000	2004 Number of shares	2004 $000
Movements in shares on issue:				
Opening balance	**196,448,377**	**1,502,417**	159,938,660	936,430
Shares issued on equity placement (a)	**-**	**-**	27,905,594	438,118
Shares issued to shareholders through participation in Share Purchase Plan (b)	**-**	**-**	7,041,824	110,556
Shares issued to employees through participation in SESOP II (d)	**985,210**	**15,628**	222,740	2,825
Shares issued to shareholders through participation in Dividend Reinvestment Plan (e)	**770,457**	**21,442**	1,229,417	23,197
Shares issued to employees through participation in GESP (f)	**68,326**	**1,342**	110,142	1,417
Share issue placement costs (a) and (b)	**-**	**-**	-	(10,126)
Share buy back, net of cost (c)	**(10,000,000)**	**(317,795)**	-	-
Balance at 30 June	**188,272,370**	**1,223,034**	196,448,377	1,502,417

(a) On 10 December 2003 the parent entity issued 27,905,594 fully paid shares at $15.70 per share for the purpose of enabling the consolidated entity to acquire Aventis Behring. Costs associated with the equity raising have been applied against contributed equity.

(b) On 26 February 2004 the parent entity issued 7,041,824 fully paid shares at $15.70 per share for the purpose of enabling the consolidated entity to acquire Aventis Behring. Costs associated with the equity raising have been applied against contributed equity.

(c) During March, April and May 2005, the Company purchased 10,000,000 ordinary shares on market as part of its ongoing capital management program. Of these 8,871,306 were cancelled prior to year end and 1,128,694 were cancelled after 30 June 2005. The buy-back was approved by the Board on 22 February 2005. The shares were acquired at an average price of $31.76 per share, with prices ranging from $28.57 to $35.05. There is also an on market buy-back taking place subsequent to year end.

(d) Options exercised under SESOP II as disclosed at Note 28 during the year were as follows:

	Consolidated Entity 2005 $000	Consolidated Entity 2004 $000	Parent Entity 2005 $000	Parent Entity 2004 $000
- 100,000 issued at $8.93	**893**	-	**893**	-
- 58,310 issued at $10.82	**631**	-	**631**	-
- 31,000 issued at $11.45	**-**	355	**-**	355
- 179,000 issued at $12.19	**1,398**	784	**1,398**	784
- 519,920 issued at $13.23	**5,192**	1,686	**5,192**	1,686
- 68,000 issued at $20.84	**1,417**	-	**1,417**	-
- 48,000 issued at $21.01	**1,008**	-	**1,008**	-
- 160,000 issued at $23.07	**3,691**	-	**3,691**	-
- 15,000 issued at $27.97	**420**	-	**420**	-
- 28,720 issued at $34.04	**978**	-	**978**	-
	15,628	2,825	**15,628**	2,825

CSL Limited and its controlled entities

Notes to and forming part of the Financial Statements continued

	Consolidated Entity		Parent Entity	
	2005 $000	2004 $000	2005 $000	2004 $000
23 Contributed Equity (cont.)				
(e) Shares issued to shareholders under the Dividend Reinvestment Plan were as follows:				
- 770,457 issued at $27.83 on 14 October 2004	**21,442**	-	**21,442**	-
- 482,802 issued at $22.30 on 27 April 2004	**-**	10,766	**-**	10,766
- 746,615 issued at $16.65 on 17 October 2003	**-**	12,431	**-**	12,431
	21,442	23,197	**21,442**	23,197
(f) Shares issued to employees under the Global Employee Share Plan (GESP) as disclosed in Note 28 were as follows:				
- 35,895 issued at $22.09 on 9 March 2005	**793**	-	**793**	-
- 32,431 issued at $16.92 on 13 September 2004	**549**	-	**549**	-
- 44,721 issued at $14.32 on 16 March 2004	**-**	640	**-**	640
- 65,421 issued at $11.87 on 9 September 2003	**-**	777	**-**	777
	1,342	1,417	**1,342**	1,417

Terms and conditions of contributed equity

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the company.

24 Reserves

	Consolidated 2005 $000	Consolidated 2004 $000	Parent 2005 $000	Parent 2004 $000
Composition				
Asset revaluation reserve	**22,837**	22,837	**22,824**	22,824
Foreign currency translation reserve	**(84,928)**	54,536	**-**	-
	(62,091)	77,373	**22,824**	22,824
Foreign currency translation reserve movement				
Opening balance	**54,536**	(5,941)	**-**	-
Net exchange differences on translation of foreign controlled entities, net of hedge	**(181,715)**	64,435	**-**	-
Transfer to retained profits on sale of business unit	**42,251**	(3,958)	**-**	-
Closing balance	**(84,928)**	54,536	**-**	-

Nature and purpose of reserves

The Asset Revaluation Reserve is used to record increments and decrements in the value of non-current assets. The reserve can only be used to pay dividends in limited circumstances. All land and buildings previously revalued are now carried at a deemed cost.

The Foreign Currency Translation Reserve is used to record exchange differences arising from the translation of the financial statements of self-sustaining operations and exchange gains and losses arising on those foreign currency borrowings which are designated as hedges of self-sustaining controlled foreign entities.

CSL Limited and its controlled entities

Notes to and forming part of the Financial Statements continued

	Consolidated Entity		Parent Entity	
	2005 $000	2004 $000	2005 $000	2004 $000
25 Retained Profits and Dividends				
Retained profits at the beginning of the financial year	**494,252**	329,372	**273,837**	212,200
Transfer from foreign currency translation reserve on sale of business unit	**(42,251)**	3,958	**-**	-
Dividends provided for or paid	**(84,950)**	(58,703)	**(84,950)**	(58,703)
Net profit attributable to CSL Limited	**546,518**	219,625	**60,759**	120,340
Retained profits at the end of the financial year	**913,569**	494,252	**249,646**	273,837
Final ordinary dividend of 26 cents per share fully franked paid on 8 October 2004 (2004: 22 cents per share fully franked)	**51,249**	35,204	**51,249**	35,204
Interim ordinary dividend of 17 cents per share fully franked paid on 15 April 2005 (2004: 12 cents per share fully franked)	**33,701**	23,499	**33,701**	23,499
	84,950	58,703	**84,950**	58,703
Dividends not recognised at year end				
In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of 30 cents per share fully franked (2004: 26 cents per share fully franked) and a special dividend of 10 cents per share franked to 1.78 cents per share (2004: Nil). The aggregate amount of the proposed dividend, based on the number of shares on issue at the date of this report, is expected to be paid on 10 October 2005 out of retained profits at 30 June 2005, but not recognised as a liability.	**73,538**	51,077	**73,538**	51,077
Franking credit balance				
The amount of retained profits and reserves that could be distributed as fully franked dividends from franking credits that exist or will arise after payment of income tax in the next year, excluding debits attaching to the final dividend not recognised at year end.				
Class C – franked to 30%	**-**	47,070	**-**	44,687

CSL Limited and its controlled entities

Notes to and forming part of the Financial Statements continued

	Consolidated Entity		Parent Entity	
	2005 $000	2004 $000	2005 $000	2004 $000
26 Equity				
Total equity at the beginning of the financial year	**2,074,042**	1,282,698	**1,799,078**	1,171,454
Total changes in equity recognised in the statement of financial performance	**364,803**	273,934	**60,759**	110,214
Transactions with owners as owners				
Contributed equity	**(279,383)**	576,113	**(279,383)**	576,113
Dividends	**(84,950)**	(58,703)	**(84,950)**	(58,703)
Total equity at 30 June	**2,074,512**	2,074,042	**1,495,504**	1,799,078

27 Related Parties Disclosures

Ultimate Controlling Entity

The ultimate controlling entity is CSL Limited.

Transactions with Related Parties in the wholly owned controlled group

The parent entity entered into the following transactions during the year with related parties in the consolidated entity:

- Loans were advanced and repayments received on the long term intercompany accounts;
- Interest was charged on outstanding intercompany loan account balances;
- Sales and purchases of products;
- Licensing of intellectual property;
- Provision of marketing services by controlled entities; and
- Management fees were received from a controlled entity.

The sales, purchases and other services were undertaken on commercial terms and conditions.

Payment for intercompany transactions is through the intercompany loan accounts which may be subject to extended payment terms.

Amounts payable to and receivable from parties in the wholly owned controlled entities are set out in the notes to the financial statements.

Ownership interests:

The ownership interests in related parties in the consolidated entity are disclosed in Note 33. All transactions with controlled entities have been eliminated on consolidation.

Transactions with Other Related Parties

During the year, the parent entity did not enter into any transactions with other related parties. Amounts payable to and receivable from other related parties are set out in the notes to the financial statements.

Director and Executive Disclosures

The company has applied the exemption under Corporations Amendments Regulation 2005 which exempts listed companies from providing remuneration disclosures in relation to their specified directors and specified executives in their annual financial reports by Accounting Standard AASB1046 'Director and Executive Disclosures by Disclosing Entities'. These remuneration disclosures, together with other disclosures in relation to AASB 1046, are provided in the Directors' Report designated as audited. The other disclosures required by AASB1046 that are included in the Directors' Report but are not exempted from being included in the Financial Report under Corporations Amendments Regulation 2005 are duplicated below.

CSL Limited and its controlled entities

Notes to and forming part of the Financial Statements continued

27 Related Parties Disclosures (cont.)

Director and Executive Disclosures (cont.)

Directors and Specified Executives Options and Rights Holdings

Performance Rights

	Balance at 1 July 2004	Number Granted	Balance at 30 June 2005	Number Lapsed	Terms and Conditions for Performance grants during 2005 Grant Date	Value per Right at Grant Date	First Exercise Date	Last Exercise Date
Executive Directors								
B A McNamee	70,000	-	70,000	-				
A M Cipa	40,000	-	40,000	-				
Specified Executives								
P Turner	24,800	-	24,800	-				
C Armit	8,400	6,000	14,400	-	25-Aug-04	$20.69	30-Sep-07	25-Aug-11
P Bordonaro	20,800	-	20,800	-				
A Cuthbertson	11,100	-	11,100	-				
P Turvey	17,100	-	17,100	-				
K Milroy	5,800	-	5,800	-				
T Giarla	-	6,000	6,000	-	25-Aug-04	$20.69	30-Sep-07	25-Aug-11
A Martinez	7,000	-	7,000	-				
M Sontrop	6,100	-	6,100	-				
H Strenger	2,800	-	2,800	-				
Total	**213,900**	**12,000**	**225,900**	**-**				

SESOP and SESOP II Options

	Balance at 1 July 2004	Number Granted	Number Exercised	Number Lapsed	Balance at 30 June 2005	Number Vested
Executive Directors						
B A McNamee	100,000	-	100,000	-	-	-
A M Cipa	100,954	-	25,954	-	75,000	60,000
Specified Executives						
P Turner	185,192	-	10,192	-	175,000	80,000
C Armit	250,000	-	160,000	-	90,000	-
P Bordonaro	101,000	-	26,000	-	75,000	60,000
A Cuthbertson	135,000	-	48,000	-	87,000	-
P Turvey	125,924	-	25,924	-	100,000	40,000
K Milroy	84,000	-	14,000	-	70,000	21,000
T Giarla	139,500	-	36,000	-	103,500	72,000
M Sontrop	91,000	-	33,000	-	58,000	19,800
Total	**1,312,570**	**-**	**479,070**	**-**	**833,500**	**352,800**

CSL Limited and its controlled entities

Notes to and forming part of the Financial Statements continued

27 Related Parties Disclosures (cont.)

Director and Executive Disclosures (cont.)

Director and Specified Executives Shares on Exercise of Options and Rights

	Date Option Granted	Number of shares	Paid $ per share	Unpaid $ per share
Executive Directors				
B A McNamee	November 1997	100,000	8.93	-
A M Cipa	July 1998	5,954	10.82	-
	July 1999	20,000	13.23	-
Specified Executives				
P Turner	July 1998	10,192	10.82	-
C Armit	February 2000	160,000	23.07	-
P Bordonaro	July 1998	6,000	10.82	-
	July 1999	20,000	13.23	-
A Cuthbertson	February 2000	48,000	21.01	-
P Turvey	July 1998	5,924	10.82	-
	July 1999	20,000	13.23	-
K Milroy	July 1999	14,000	13.23	-
T Giarla	July 1999	36,000	13.23	-
M Sontrop	July 1999	33,000	13.23	-
Total		**479,070**		

For all of the Options granted, the time-related vesting criteria was 60% of the allocation after 3 years from grant date, 20% after 4 years from grant date and the balance of 20% after 5 years from grant date.

CSL Limited and its controlled entities

Notes to and forming part of the Financial Statements continued

27 Related Parties Disclosures (cont.)

Director and Executive Disclosures (cont.)

Directors and Specified Executives Shareholding

	Balance at 1 July 2004	Options Exercised during year	Other changes during year	Balance at 30 June 2005	Balance as of date of this Report
Directors					
B A McNamee	770,651	100,000	(527,140)	343,511	343,511
A M Cipa	8,468	25,954	(25,875)	8,547	8,547
P H Wade	28,490	-	2,420	30,910	31,267
J Akehurst	2,500	-	3,813	6,313	6,470
E A Alexander	5,215	-	1,301	6,516	6,673
I A Renard	5,342	-	1,031	6,373	6,530
M A Renshaw	-	-	659	659	816
K J Roberts	4,872	-	966	5,838	5,995
A C Webster	7,876	-	966	8,842	8,999
Specified Executives					
P Turner	2,050	10,192	-	12,242	12,242
C Armit	724	160,000	(49,814)	110,910	110,910
P Bordonaro	36,760	26,000	(36,000)	26,760	26,760
A Cuthbertson	30,379	48,000	(30,000)	48,379	48,379
P Turvey	30,734	25,924	(9,687)	46,971	46,971
K Milroy	31,304	14,000	(8,701)	36,603	36,603
T Giarla	40,500	36,000	(76,500)	-	-
A Martinez	-	-	121	121	121
M Sontrop	1,559	33,000	(32,704)	1,855	1,855
H Strenger	-	-	-	-	-
Total	**1,007,424**	**479,070**	**(785,144)**	**701,350**	**702,649**

CSL Limited and its controlled entities

Notes to and forming part of the Financial Statements
continued

27 Related Parties Disclosures (cont.)

Director and Executive Disclosures (cont.)

Loans to Directors and Specified Executives

Details of the aggregate of loans to Directors and Specified Executives are as shown:

		Opening Balance $000	Interest Charged $000	Interest not charged $000	Closing Balance $000	Number in group 30 June 2005
Directors	**2005**	**1,882**	**71**	**71**	**941**	**2**
	2004	1,893	51	133	1,882	2
Specified executives	**2005**	**1,930**	**72**	**218**	**5,041**	**10**
	2004	1,587	28	137	1,930	6
Total Directors and Specifed Executives	**2005**	**3,812**	**143**	**289**	**5,982**	**12**
	2004	3,480	79	270	3,812	8

Details of individuals with loans above $100,000 in the reporting period are as follows:

	Balance at 1 July 2004 $000	Interest Charged $000	Interest Not Charged $000	Balance at 30 June 2005 $000	Highest owing in period $000
Directors					
B A McNamee	1,834	70	69	893	2,727
Specified Executives					
P Turner	-	3	4	110	110
C Armit	-	14	63	2,537	2,537
P Bordonaro	462	15	30	330	791
A Cuthbertson	155	15	54	1,008	1,008
P Turvey	397	16	32	593	726
K Milroy	381	8	23	463	463
T Giarla	536	-	10	-	1,012
M Sontrop	-	-	3	-	437

All of the loans relate to SESOP and SESOP II under which executive directors and specified executives were provided with loans to fund the exercise of options. SESOP was terminated by the Company and there are no longer any outstanding options under SESOP. No grants of options have been made under SESOP II since July 2003.

Loans to executive directors and specified executives relating to SESOP are interest free. Loans relating to SESOP II are charged interest at a concessional average rate of 2%. This is based on interest being charged equivalent to the after-tax cash amount of dividends on the underlying shares (excluding the impact of imputation and assuming a marginal income tax rate of 48.5%). The average commercial rate of interest during the year was 7%.

Other Transactions and Balances with Directors and Specified Executives

The directors and specified executives and their related entities have the following transactions with entities within the consolidated entity that occur within a normal employee, customer or supplier relationship on terms and conditions no more favourable than those which it is reasonable to expect the entity would have adopted if dealing at arm's length in similar circumstances:

- The Company has a number of contractual research relationships with the University of Melbourne of which Mr Ian Renard is the Chancellor and Miss Elizabeth Alexander is the Chair of the Finance Committee and a member of the Council.
- The parent entity made contributions during the financial year to the CSL Superannuation Plan. Dr B A McNamee is a shareholder of the Plan's trustee company, but not a member of the Plan.

CSL Limited and its controlled entities

Notes to and forming part of the Financial Statements continued

	Consolidated Entity 2005 $000	Consolidated Entity 2004 $000	Parent Entity 2005 $000	Parent Entity 2004 $000
28 Employee Benefits				
Employee benefit liabilities:				
Provision for employee benefits - current (note 18)	**47,198**	61,520	**16,717**	14,593
Provision for employee benefits - non-current (note 22)	**138,690**	140,801	**10,646**	9,551
	185,888	202,321	**27,363**	24,144
The number of full time equivalents employed at 30 June	**6,474**	7,565	**1,253**	1,210

Employee Share Ownership Schemes

CSL Limited operates the following schemes:

Senior Executive Share Ownership Plan (SESOP)

The establishment of the SESOP plan was approved by special resolution at the annual general meeting of the Company on 15 August 1994.

Under the rules of SESOP, the parent entity has provided an interest free loan to each participant which was used to acquire the options. A receivable is included in the financial statements in Note 9. In the event of lapse, the parent entity has undertaken to acquire the options at an amount equal to the option price. This amount will be used to discharge the participants' loans. Options issued under SESOP ceased during the year ended 30 June 1997.

There are no longer any SESOP options outstanding however there are some interest free loans associated with exercised SESOP options remaining.

Revised Senior Executive Share Ownership Plan (SESOP II)

The establishment of the SESOP II plan was approved by special resolution at the annual general meeting of the Company on 20 November 1997.

Under the rules of SESOP II no loan is made to the recipients of options until the option is exercised. Consequently, no amounts are recorded in receivables until the option is exercised.

The options are issued for a term of seven years and begin to be exercisable after the third anniversary of the date of grant. The options cannot be transferred and are not quoted on the ASX.

Performance hurdles for both the consolidated entity and employees must be met before the options can be exercised. The exercise price is calculated using the weighted average price over the 5 days preceding the issue date of the option.

The following table summarises information about options outstanding at 30 June 2005:

Grant Date	No. of Employees	Opening Balance	During the year Granted	During the year Exercised	During the year Lapsed	Balance at 30 June 2005	Exercise Price	Expiry Date
SESOP II - 20 November 1997	1	100,000	-	100,000	-	-	$8.93	20-Nov-04
SESOP II - 14 July 1998	11	58,310	-	58,310	-	-	$10.82	14-Jul-05
SESOP II - 13 July 1999	27	392,480	-	392,480	-	-	$13.23	13-Jul-06
SESOP II - 16 November 1999	1	85,000	-	68,000	-	17,000	$20.84	16-Nov-06
SESOP II - 28 February 2000	1	60,000	-	48,000	-	12,000	$21.01	28-Feb-07
SESOP II - 9 February 2000	1	200,000	-	160,000	-	40,000	$23.07	9-Feb-07
SESOP II - 2 August 2000	28	612,700	-	28,720	25,000	558,980	$34.04	2-Aug-07
SESOP II - 20 June 2001	34	649,500	-	-	15,100	634,400	$37.54	20-Jun-08
SESOP II - 21 August 2001	3	90,000	-	-	-	90,000	$49.31	20-Aug-08
SESOP II - 23 August 2001	17	198,000	-	-	72,000	126,000	$37.54	22-Aug-08
SESOP II - 18 October 2001	1	5,000	-	-	-	5,000	$43.51	20-Aug-08
SESOP II - 10 December 2001	3	91,000	-	-	28,000	63,000	$49.94	9-Dec-08
SESOP II - 28 January 2002	1	20,000	-	-	-	20,000	$47.20	28-Jan-09
SESOP II - 23 July 2002	49	1,091,200	-	15,000	62,500	1,013,700	$27.97	23-Jul-09
SESOP II - 16 October 2002	1	30,000	-	-	-	30,000	$20.67	16-Oct-09
SESOP II - 1 July 2003	29	507,600	-	114,700	-	392,900	$12.19	1-Jul-10
Total		4,190,790		985,210	202,600	3,002,980		

CSL Limited and its controlled entities

Notes to and forming part of the Financial Statements
continued

28 Employee Benefits (cont.)

Senior Executive Share Ownership Plan (SESOP II)

The following table summarises information about options exercised by employees during the year ended 30 June 2005:

Number of Options	Grant Date	Exercise Date	Expiry Date	Exercise Price	Proceeds from shares Issued	Number of shares Issued	Issue Date	Fair value of Shares Issued
42,426	14-Jul-1998	31-Aug-2004	14-Jul-2005	$10.82	$459,049	42,426	03-Sep-2004	$25.85
342,480	13-Jul-1999	31-Aug-2004	13-Jul-2006	$13.23	$4,531,010	342,480	03-Sep-2004	$25.85
100,000	20-Nov-1997	31-Aug-2004	20-Nov-2004	$8.93	$893,000	100,000	03-Sep-2004	$25.85
68,000	16-Nov-1999	31-Aug-2004	16-Nov-2006	$20.84	$1,417,120	68,000	03-Sep-2004	$25.85
48,000	28-Feb-2000	31-Aug-2004	28-Feb-2007	$21.01	$1,008,480	48,000	03-Sep-2004	$25.85
9,930	14-Jul-1998	17-Sep-2004	14-Jul-2005	$10.82	$107,443	9,930	20-Sep-2004	$29.75
19,200	01-Jul-2003	17-Sep-2004	01-Jul-2010	$12.19	$234,048	19,200	20-Sep-2004	$29.75
14,000	13-Jul-1999	17-Sep-2004	13-Jul-2006	$13.23	$185,220	14,000	20-Sep-2004	$29.75
48,000	01-Jul-2003	10-Dec-2004	01-Jul-2010	$12.19	$585,120	48,000	13-Dec-2004	$28.30
5,954	14-Jul-1998	23-Feb-2005	14-Jul-2005	$10.82	$64,422	5,954	28-Feb-2005	$31.99
36,000	13-Jul-1999	23-Feb-2005	13-Jul-2006	$13.23	$476,280	36,000	28-Feb-2005	$31.99
160,000	09-Feb-2000	23-Feb-2005	09-Feb-2007	$23.07	$3,691,200	160,000	28-Feb-2005	$31.99
47,500	01-Jul-2003	10-Mar-2005	01-Jul-2010	$12.19	$579,025	47,500	15-Mar-2005	$33.49
15,000	23-Jul-2002	10-Mar-2005	23-Jul-2009	$27.97	$419,550	15,000	15-Mar-2005	$33.49
28,720	02-Aug-2000	23-Mar-2005	02-Aug-2007	$34.04	$977,629	28,720	28-Mar-2005	$35.08
985,210					$15,628,596	985,210		

The following table summarises information about options exercised by employees during the year ended 30 June 2004:

Number of Options	Grant Date	Exercise Date	Expiry Date	Exercise Price	Proceeds from shares Issued	Number of shares Issued	Issue Date	Fair value of Shares Issued
14,000	17-Mar-1998	19-Jul-2003	17-Mar-2005	$11.45	$160,300	14,000	22-Jul-2003	$13.82
9,000	17-Mar-1998	12-Oct-2003	17-Mar-2005	$11.45	$103,050	9,000	15-Oct-2003	$16.98
18,000	13-Jul-1999	04-Nov-2003	13-Jul-2006	$13.23	$238,140	18,000	07-Nov-2003	$17.52
40,500	13-Jul-1999	17-Jan-2004	13-Jul-2006	$13.23	$535,815	40,500	20-Jan-2004	$17.57
35,000	13-Jul-1999	28-Mar-2004	13-Jul-2006	$13.23	$463,050	35,000	31-Mar-2004	$20.98
35,000	01-Jul-2003	28-Mar-2004	01-Jul-2010	$12.19	$426,650	35,000	31-Mar-2004	$20.98
29,300	01-Jul-2003	12-Apr-2004	01-Jul-2010	$12.19	$357,167	29,300	15-Apr-2004	$23.20
33,940	13-Jul-1999	12-Apr-2004	13-Jul-2006	$13.23	$449,026	33,940	15-Apr-2004	$23.20
8,000	17-Mar-1998	12-Apr-2004	17-Mar-2005	$11.45	$91,600	8,000	15-Apr-2004	$23.20
222,740					$2,824,798	222,740		

The fair value of shares issued during the reporting period is considered to be the market price of shares of CSL Limited on the ASX as at the closing of trading on their respective issue dates.

CSL Limited and its controlled entities

Notes to and forming part of the Financial Statements continued

28 Employee Benefits (cont.)

Employee Performance Rights Plan

The establishment of the Performance Rights Plan was approved by special resolution at the annual general meeting of the Company on 16 October 2003.

Unless otherwise determined by the Board, Performance Rights will be granted for no consideration payable by the employee. A Performance Right represents the right to subscribe for or acquire one share for either nil or monetary consideration not exceeding $1.00 per share.

A Performance Right may only be exercised when it has become a Vested Performance Right. Unvested Performance Rights cannot be exercised. Vested Performance Rights can be exercised from the date they become Vested Performance Rights until they lapse.

Performance Rights may become Vested Performance Rights if the Company satisfies specified Performance Hurdles during specified Performance Periods. The Performance hurdle is the Company's Total Shareholder Return (TSR) relative to the ASX top 100 index (excluding commercial banks, oil and gas and selected metals and mining companies).

The Performance Period is 3 years (or, if not fully met after 3 years, then 4 years or 5 years) with the Test Dates occurring at the end of Years 3, 4 and 5. The Performance Hurdles will 'cascade' so that a proportion of Performance Rights become Vested Performance Rights when a minimum target is reached, and the proportion will increase as performance exceeds the minimum target.

If, on any Test Date, the Company's performance does not place it above the 50th percentile, in terms of TSR ranking, none of the Performance Rights will vest. Where the Company is placed at or above the 75th percentile, all of the Performance Rights will vest. Between the 50th and 75th percentiles, the proportion of Performance Rights that will vest will increase on a straight line basis.

No loans are provided by the Company in relation to the grant of Performance Rights to, or exercise of Performance Rights by employees under the Performance Rights Plan.

The following table summarises information about performance rights outstanding and exercisable at 30 June 2005:

	Opening	During the year:			Balance at	Exercise	Earliest	Expiry
Grant Date	Balance	Granted	Exercised	Lapsed	30 June 2005	Price	Vesting Date	Date
16-Oct-2003	50,000	-	-	-	50,000	Nil	30-Sep-2006	27-Oct-2010
15-Dec-2003	153,000	-	-	(24,400)	128,600	Nil	30-Sep-2006	27-Oct-2010
28-Apr-2004	60,000	-	-	-	60,000	Nil	31-Mar-2007	31-Mar-2011
21-Jun-2004	132,300	-	-	-	132,300	Nil	31-Mar-2007	31-Mar-2011
29-Oct-2004	-	83,400	-	-	83,400	Nil	30-Sep-2007	25-Aug-2011
	395,300	83,400	-	(24,400)	454,300			

Global Employee Share Plan (GESP)

Global Employee Share Plan (GESP) also operates whereby employees make contributions from after tax salary up to a maximum of $3,000 per contribution period. The employees receive the shares at a 15% discount to the applicable market rate, as quoted on the ASX on the first day or the last day of the six month contribution period, whichever is lower.

CSL Limited and its controlled entities

Notes to and forming part of the Financial Statements
continued

29 Superannuation Plans

The consolidated entity sponsors a range of superannuation plans for its employees worldwide. Entities of the consolidated entity who operate benefit plans contribute to their respective plans in accordance with the Trust Deeds following receipt of actuarial advice.

The consolidated entity's defined benefit plans as at 30 June 2005 are as follows:-

Name of the plan	Type	Date of Last Assessment	Note
CSL Superannuation Plan (Australia)	Defined Benefit	30 June 2005	(a)
ZLB Bioplasma AG Pension Fund (Switzerland)	Defined Benefit	30 June 2005	(b)
ZLB Behring Pension Plan (US PP)	Defined Benefit	30 June 2005	(c)
ZLB Behring Union Pension Plan (US UPP)	Defined Benefit	30 June 2005	(c)
ZLB Behring GmbH Pension Plan, ZLB Pharma GmbH Pension Plan and ZLB Behring KG Pension Plan (Germany)	Defined Benefit	30 June 2005	(d)
ZLB Behring KK Retirement Allowance Plan (Japan)	Defined Benefit	30 June 2005	(e)

Details of the above superannuation plans as at the date of their last assessment are as follows:-

	Australia $000	Switzerland $000	US PP $000	US UPP $000	Germany $000	Japan $000	Total $000
Net market value of plan assets	26,040	193,688	62,158	44,055	-	-	325,941
Accrued benefits	(26,199)	(193,637)	(73,190)	(65,244)	(57,616)	(5,672)	(421,558)
	(159)	51	(11,032)	(21,189)	(57,616)	(5,672)	(95,617)
Amounts provided	159	-	11,032	21,189	57,616	5,672	95,668
Excess of plan assets and amounts provided over accrued benefits	-	51	-	-	-	-	51
Vested benefits	24,140	163,964	73,190	65,244	52,320	3,932	382,790

(a) The actuarial assessment of the CSL Superannuation Plan was performed by Mr P Shallue, BSc , FIAA of Mercer Benefit Services Pty Ltd on 30 June 2005.

(b) The actuarial assessment of the ZLB Bioplasma AG Pension Fund was performed by Mr M A Rothlisberger, Qualified Pension Actuary and Dr O Kern, Dipl. phys. ing. ETH of AON Chuard Consulting AG on 30 June 2005.

(c) The actuarial assessments of the ZLB Behring Pension Plan and ZLB Behring Union Pension Plan were performed by Mr T Billone, ASA and Mr C Chinici, EA of Buck Consultants on 30 June 2005.

(d) The actuarial assessment of the ZLB Behring GmbH Pension Plan, ZLB Pharma GmbH Pension Plan and ZLB Behring KG Pension Plan were performed by M Grünzig and F Tiede, certified actuaries of Höchster Pensions Benefits Services GmbH on 30 June 2005.

(e) The actuarial assessment of the ZLB Behring KK Retirement Allowance Plan was performed by Mr M Suzuki, Certified Pension Actuary, FIAJ, and Mr Z Watanabe, Certified Pension Actuary, FIAJ of Mercer Human Resource Consulting Ltd. on 30 June 2005.

CSL Limited and its controlled entities

Notes to and forming part of the Financial Statements continued

	Consolidated Entity		Parent Entity	
	2005 $	2004 $	2005 $	2004 $
30 Remuneration of Auditors				
Amounts received, or due and receivable, for the audit and review of the financial reports of the parent entity and its controlled entities by				
- Ernst & Young	**590,217**	608,000	**590,217**	608,000
- Ernst & Young related practices	**2,391,655**	2,352,576	**-**	-
	2,981,872	2,960,576	**590,217**	608,000
Amounts received, or due and receivable, for the other services in relation to the parent entity and its controlled entities by:				
- Ernst & Young [1]	**602,672**	326,200	**602,672**	326,200
- Ernst & Young related practices [2]	**19,695**	4,851,940	**-**	-
	622,367	5,178,140	**602,672**	326,200
	3,604,239	8,138,716	**1,192,889**	934,200

[1] Includes completion audits in relation to the JRH disposal, IAS Implementation advice and other compliance audits (2004 includes work on the Aventis Behring acquisition). Refer Directors' report for further details.

[2] Completion audits in relation to the JRH disposal (2004 includes financial due diligence in relation to the Aventis Behring acquisition). Refer Directors' report for further details.

	Consolidated Entity		Parent Entity	
	2005 $000	2004 $000	2005 $000	2004 $000
31 Commitments				
Capital Commitments				
Estimated capital expenditure contracted for at balance date but not provided for in the financial statements, payable:				
Not later than one year	**10,550**	32,295	**4,500**	9,985
Later than one year but not later than five years	**-**	446	**-**	-
	10,550	32,741	**4,500**	9,985
Lease Commitments				
(i) Operating Leases				
Total lease expenditure contracted for at balance date but not provided for in the financial statements, payable:				
Not later than one year	**31,889**	29,436	**1,433**	1,378
Later than one year but not later than five years	**86,222**	112,241	**2,619**	1,176
Later than five years	**132,268**	140,543	**378**	158
	250,379	282,220	**4,430**	2,712
Representing				
Non-cancellable operating leases	**250,379**	282,220	**4,430**	2,712

Operating leases entered into relate predominantly to leased land and rental properties. Rental payments are generally fixed, but with inflation escalation clauses on which contingent rentals are determined. No operating leases contain restrictions on financing or other leasing activities.

CSL Limited and its controlled entities

Notes to and forming part of the Financial Statements continued

	Consolidated Entity 2005 $000	Consolidated Entity 2004 $000	Parent Entity 2005 $000	Parent Entity 2004 $000
31 Commitments (cont.)				
(ii) Finance Leases				
Not later than one year	**1,937**	1,912	**-**	-
Later than one year but not later than five years	**8,374**	7,575	**-**	-
Later than five years	**32,329**	37,877	**-**	-
Total minimum lease payments	**42,640**	47,364	**-**	-
- future finance charges	**(2,399)**	(2,162)	**-**	-
- lease liability	**40,241**	45,202	**-**	-
- current liability (refer note 16)	**1,756**	2,028	**-**	-
- non-current liability (refer note 20)	**38,485**	43,174	**-**	-
	40,241	45,202	**-**	-
(iii)Total Lease Liability				
Total lease liability accrued for:				
Current				
- surplus lease space (refer note 16)	**6,720**	5,353	**-**	-
- finance leases (refer note 16)	**1,756**	2,028	**-**	-
	8,476	7,381	**-**	-
Non-Current				
- surplus lease space (refer note 20)	**3,844**	9,149	**-**	-
- finance leases (refer note 20)	**38,485**	43,174	**-**	-
	42,329	52,323	**-**	-
	50,805	59,704	**-**	-

32 Contingent Assets and Liabilities

Guarantees

Details and estimates of maximum amounts of contingent liabilities, classified in accordance with the party from whom the liability could arise for which no provisions are included in the financial statements, are as follows:

	Consolidated Entity 2005 $000	Consolidated Entity 2004 $000	Parent Entity 2005 $000	Parent Entity 2004 $000
Parent entity guarantee of controlled entity borrowings	**-**	-	**818,897**	638,349
Bank guarantees	**23,186**	22,298	**4,045**	6,006
	23,186	22,298	**822,942**	644,355

As explained in Note 33, the parent entity has entered into a deed of cross guarantee in accordance with a class order issued by the Australian Securities and Investments Commission. The parent entity, and the controlled entities which are party to the deed, have guaranteed the repayment of all current and future creditors in the event that any of these companies are wound up.

Service Agreements

The maximum contingent liabilities for benefits under service agreements, in the event of an involuntary redundancy, is between 3 to 12 months. Agreements are held with the managing director and persons who take part in the management of the companies in the consolidated entity.

These contingent liabilities amount to:	**8,243**	8,493	**3,780**	3,363

Notes to and forming part of the Financial Statements continued

32 Contingent Assets and Liabilities (cont.)

Contingent consideration on acquisitions

On 31 March 2004, the consolidated entity acquired the global plasma therapeutics business of Aventis Behring. The consideration included contingent payments. A cash payment or issue of shares (at CSL Limited's discretion) in the amount of USD 125 million will be required to be made by the consolidated entity if the fourth year ordinary share price of CSL Limited is above A$28 per share ('trigger price'). To satisfy this requirement, the volume weighted average share price of an ordinary share of CSL Limited must be above the trigger price for 20 consecutive trading days for the period starting from 1 October 2007 and ending on 31 March 2008.

A further cash payment or issue of shares (at CSL Limited's discretion) in the amount of USD 125 million will be required to be made by the consolidated entity if the fourth year ordinary share price of CSL Limited is above A$35 per share. The same requirement for the trigger price must be satisfied as mentioned above.

Litigation

The consolidated entity is currently involved in litigation with both Bayer and Baxter over alleged infringement of the consolidated entity's interest in the Freudenberg patent covering technology involved in the production of rFVIII. Bayer has filed a counter suit against the consolidated entity, claiming breach of the Helixate supply agreement. There is no guarantee that the consolidated entity will be successful in their defence of this patent. Bayer's counter suit against the consolidated entity represents a threat to the continued supply of Helixate from Bayer.

The consolidated entity is involved in other litigation in the ordinary course of business. The directors believe that future payment for any contingent liabilities in respect of litigation is remote. The consolidated entity has disclaimed liability for, and are vigorously defending, all current claims and actions that have been made.

CSL Limited and its controlled entities

Notes to and forming part of the Financial Statements continued

	Country of incorporation	Percentage Owned 2005 %	2004 %	
33 Controlled Entities				
Parent Entity:				
CSL Limited	Australia			
Controlled Entities of CSL Limited:				
JRH Biosciences Pty Ltd	Australia	-	100	(e)
Cervax Pty Ltd	Australia	**74**	74	
CSL (New Zealand) Limited	New Zealand	**100**	100	(a)
Iscotec AB	Sweden	**100**	100	(a)
CSL International Pty Ltd	Australia	**100**	100	
CSL Finance Pty Ltd	Australia	**100**	100	
CSL Denmark ApS	Denmark	**100**	100	(a)
ZLB Behring AG	Switzerland	**100**	100	(a)
ZLB GmbH	Germany	**100**	100	(a)
CSL UK Holdings Limited	England	**100**	100	(a)
JRH Biosciences Limited	England	-	100	(e)
ZLB Bioplasma UK Limited	England	**100**	100	(a)
ZLB Bioplasma Belgium sprl	Belgium	-	100	(a)(b)
ZLB Bioplasma Italy srl	Italy	-	100	(a)(c)
CSL US Inc	USA	-	100	(e)
JRH Biosciences Inc	USA	-	100	(e)
ZLB Holdings Inc	USA	**100**	100	(a)
ZLB Bioplasma (Hong Kong) Limited	Hong Kong	**100**	100	(a)
ZLB Behring LLC	USA	**100**	100	(a)
ZLB Bio-Services Inc.	USA	-	100	(a)(d)
ZLB Behring Sales Force Inc.	USA	**100**	100	(a)
ZLB Bioplasma Inc	USA	**100**	100	(a)
ZLB Behring Canada Inc.	Canada	**100**	100	(a)
ZLB Behring Brazil Comercio de Produtos Farmaceuticals Ltda	Brazil	**100**	100	(a)
ZLB Behring KK	Japan	**100**	100	(a)
Aventis Behring S.A. de C.V.	Mexico	**100**	100	(a)
ZLB Behring S.A.	France	**100**	100	(a)
ZLB Pharma GmbH	Germany	**100**	100	(a)
Aventis Behring Hispaniola S.A.	Dominican Republic	-	100	(f)
ZLB Behring Foundation for Research and Advancement of Patient Health	USA	**100**	100	(a)

CSL Limited and its controlled entities

Notes to and forming part of the Financial Statements continued

	Country of incorporation	Percentage Owned 2005 %	2004 %	
33 Controlled Entities (cont.)				
ZLB Behring Verwaltungs GmbH	Germany	**100**	100	(a)
ZLB Behring Beteiligungs GmbH & Co KG	Germany	**100**	100	(a)
ZLB Plasma Services GmbH	Germany	**100**	100	(a)
ZLB Behring GmbH	Germany	**100**	100	(a)
ZLB Behring (Switzerland) AG	Switzerland	**100**	100	(a)
ZLB Behring GmbH	Austria	**100**	100	(a)
ZLB Behring S.A.	Spain	**100**	100	(a)
ZLB Behring A.B.	Sweden	**100**	100	(a)
ZLB Behring S.p.A.	Italy	**100**	100	(a)(c)
ZLB Behring N.V.	Belgium	**100**	100	(a)(b)
ZLB Behring Lda	Portugal	**100**	100	(a)
ZLB Behring MEPE	Greece	**100**	100	(a)
ZLB Behring Asia Pacific Limited	Hong Kong	**100**	100	(a)
ZLB Behring S.A.	Argentina	**100**	100	(a)
ZLB Behring Holdings Ltd.	England	**100**	100	(a)
ZLB Behring UK Ltd.	England	**100**	100	(a)

(a) Audited by affiliates of the parent entity auditors.

(b) ZLB Bioplasma Belgium sprl merged with ZLB Behring NV during the financial year, as a consequence 52% of the share capital of ZLB Behring NV is owned by CSL Denmark ApS.

(c) ZLB Bioplasma Italy srl merged with ZLB Behring S.p.A. during the financial year, as a consequence 3% of the share capital of ZLB Behring S.p.A is owned by CSL Denmark ApS.

(d) ZLB Bio-Services Inc merged with ZLB Bioplasma Inc during the year.

(e) Entity was sold on 28 February 2005.

(f) Entity dissolved during the year.

CSL Limited and its controlled entities

Notes to and forming part of the Financial Statements continued

33 Controlled Entities (cont.)

A deed of cross guarantee between CSL International Pty Ltd and CSL Limited was enacted on 20 June 1995 and relief was obtained from preparing financial statements of CSL International Pty Ltd under the ASIC Class Order. On 30 June 2003, an Assumption Deed was lodged with ASIC, which joins CSL Finance Pty Ltd and JRH Biosciences Pty Ltd as parties to the deed of cross guarantee. JRH Biosciences Pty Ltd was removed from the deed on its disposal from the group during the year. Under the deed, all entities guarantee to support the liabilities and obligations of each other. Financial information for the class order group comprising CSL Limited, CSL International Pty Ltd, CSL Finance Pty Ltd and JRH Biosciences Pty Ltd (until its disposal on 28 February 2005) is as follows:

	2005 $000	2004 $000
Statement of Financial Performance		
Sales revenue	**403,201**	452,475
Cost of sales	**202,458**	253,290
Gross profit	**200,743**	199,185
Other revenues	**443,140**	134,159
Research and development expenses	**59,192**	46,856
Selling and marketing expenses	**43,132**	45,068
General and administration expenses	**43,847**	42,804
Borrowing costs	**23,807**	19,444
Carrying amount of net assets of discontinued operations sold	**261,678**	24,920
Profit from ordinary activities before income tax expense	**212,227**	154,252
Income tax expense relating to ordinary activities	**15,748**	35,753
Profit from ordinary activities after income tax expense	**196,479**	118,499
Set out below is a summary of movements in consolidated retained profits of the closed group:		
Retained profits at the beginning of the financial year	**461,246**	401,450
Net profit	**196,479**	118,499
Dividends provided for or paid	**(84,950)**	(58,703)
Retained profits at the end of the financial year	**572,775**	461,246

CSL Limited and its controlled entities

Notes to and forming part of the Financial Statements continued

33 Controlled Entities (cont.)

	2005 $000	2004 $000
Statement of Financial Position		
CURRENT ASSETS		
Cash assets	**461,769**	12,561
Receivables	**50,951**	63,631
Inventories	**59,451**	93,753
Other	**2,419**	3,894
Total Current Assets	**574,590**	173,839
NON-CURRENT ASSETS		
Receivables	**456,876**	653,387
Other financial assets	**1,301,407**	1,534,091
Property, plant and equipment	**261,402**	259,993
Deferred tax assets	**10,400**	10,233
Intangibles	**20,000**	20,000
Total Non-Current Assets	**2,050,085**	2,477,704
TOTAL ASSETS	**2,624,675**	2,651,543
CURRENT LIABILITIES		
Payables	**138,221**	57,938
Tax liabilities	**-**	16,219
Provisions	**17,848**	15,622
Total Current Liabilities	**156,069**	89,779
NON-CURRENT LIABILITIES		
Payables	**1,328**	34,941
Interest bearing liabilities	**598,286**	489,681
Deferred tax liabilities	**33,968**	29,943
Provisions	**16,391**	20,712
Total Non-Current Liabilities	**649,973**	575,277
TOTAL LIABILITIES	**806,042**	665,056
NET ASSETS	**1,818,633**	1,986,487
EQUITY		
Contributed equity	**1,223,034**	1,502,417
Reserves	**22,824**	22,824
Retained profits	**572,775**	461,246
TOTAL EQUITY	**1,818,633**	1,986,487

CSL Limited and its controlled entities

Notes to and forming part of the Financial Statements continued

	Notes	Consolidated Entity 2005 $000	Consolidated Entity 2004 $000	Parent Entity 2005 $000	Parent Entity 2004 $000
34 Statement of Cash Flows					
Reconciliation of Cash Assets and Non-Cash Financing and Investing Activities					
(i) Cash at the end of the year is shown in the statement of financial position as:					
Cash on hand	5	**258,528**	112,478	**-**	12,700
Cash deposits	5	**465,314**	2,418	**461,769**	-
Bank overdrafts	16	**(4,091)**	(4,553)	**-**	-
		719,751	110,343	**461,769**	12,700

(ii) Non-Cash Financing and Investing Activities

On 31 March 2004, the consolidated entity acquired the global plasma therapeutics business of Aventis Behring through the acquisition of 100% of the share capital of Aventis Behring LLC and Aventis Behring GmbH for $954.0 million. $146.5 million of the consideration amount represents deferred consideration at the date of acquisition.

Reconciliation of Profit from Ordinary Activities after Tax to Cash Flows from Operations	Consolidated Entity 2005 $000	Consolidated Entity 2004 $000	Parent Entity 2005 $000	Parent Entity 2004 $000
Profit from ordinary activities after tax	**546,518**	219,625	**60,759**	120,340
Non-cash items in profit from ordinary activities				
Depreciation and amortisation	**170,701**	129,995	**29,746**	31,977
Loss on sale of property, plant and equipment	**1,994**	2,584	**67**	1,034
Amortisation of borrowing costs	**1,258**	974	**-**	-
Changes in assets and liabilities, net of the effects of purchase of controlled entities				
(Increase)/decrease in receivables	**(83,560)**	55,773	**(14,463)**	16,437
(Increase)/decrease in inventories	**157,972**	(33,268)	**6,696**	(7,882)
(Increase)/decrease in prepayments	**(3,147)**	(20,869)	**475**	(2,392)
(Increase)/decrease in tax assets	**(22,016)**	(18,651)	**(575)**	668
Increase/(decrease) in payables	**40,234**	(13,791)	**892**	(6,562)
Decrease in provisions	**(36,572)**	(20,924)	**(2,316)**	(5,271)
(Increase)/decrease in tax liabilities	**44,087**	7,892	**(5,558)**	10,043
	817,469	309,340	**75,723**	158,392
Less: Profit on sale of a business unit	**249,647**	102,346	**-**	75,189
Net cash inflow from operating activities	**567,822**	206,994	**75,723**	83,203

34 Statement of Cash Flows (cont.)

Financing Facilities

The consolidated entity has access to the following financing facilities with a number of financial institutions:

	Consolidated Entity			Parent Entity		
	Accessible $000	Drawn down $000	Unused $000	Accessible $000	Drawn down $000	Unused $000
June 2005						
Bank overdraft facility (b), (d)	**9,383**	**4,091**	**5,292**	**4,482**	**-**	**4,482**
Bank loan facilities (a), (d)	**658,514**	**459,287**	**199,227**	**-**	**-**	**-**
Total financing facilities (c)	**667,897**	**463,378**	**204,519**	**4,482**	**-**	**4,482**
June 2004						
Bank overdraft facility (b), (d)	9,140	4,553	4,587	4,587	-	4,587
Bank loan facilities (a), (d)	758,906	237,535	521,371	-	-	-
Total financing facilities (c)	768,046	242,088	525,958	4,587	-	4,587

(a) Drawn facilities expire in March 2007 and March 2009.

(b) No specific expiry date.

(c) The current/non-current allocation of loan facilities reflect the existing refinancing arrangements in place during the period.

(d) The bank loan and overdraft facilities have certain loan covenants attached to them. As at balance date, the consolidated entity was in compliance with these covenants.

Disposal of Controlled Entities and Businesses

On 28 February 2005, the consolidated entity disposed of the JRH business unit to Sigma-Aldrich Corporation. Details of the disposal are included in Note 36.

On 26 March 2004, the consolidated entity disposed of the Animal Health business unit. This business unit included Biocor Animal Health Inc. Details of the disposal are included in Note 36.

CSL Limited and its controlled entities

Notes to and forming part of the Financial Statements continued

35 Acquisition of Controlled Entities and Businesses

On 31 March 2004, the consolidated entity acquired the global plasma therapeutics business of Aventis Behring through the acquisition of 100% of the share capital of Aventis Behring LLC and Aventis Behring GmbH for $954.0 million (US$717.9 million).

		Consolidated Entity 2004 $000
Consideration		
Cash		807,528
Deferred Consideration		146,515
Total consideration		954,043
Fair value of net assets of consolidated entities acquired		
Current Assets	Cash	34,658
	Receivables	385,250
	Inventories	1,069,853
	Other	7,962
Non-current assets	Receivables	1,897
	Other financial assets	1,976
	Property, plant and equipment	470,403
	Deferred tax assets	37,784
Current liabilities	Payables	(254,855)
	Interest-bearing liabilities	(8,847)
	Provisions - Employee entitlements	(32,798)
	Provisions - Other	(19,457)
	Provision for restructuring (note 18)	(115,360)
Non-current liabilities	Interest-bearing liabilities	(47,999)
	Deferred tax liabilities	(46,493)
	Provisions - Employee entitlements	(122,147)
	Provisions - Other	(14,987)
		1,346,840
Discount on Acquisition		(392,797)
Total consideration		954,043
Outflow of cash to acquire consolidated entities and business		
Cash consideration		807,528
Cash acquired		(34,658)
		772,870

Contingent consideration

On 31 March 2004, the consolidated entity acquired the global plasma therapeutics business of Aventis Behring. The consideration included contingent payments. A cash payment or issue of shares (at CSL Limited's discretion) in the amount of USD 125 million will be required to be made by the consolidated entity if the fourth year ordinary share price of CSL Limited is above A$28 per share ('trigger price'). To satisfy this requirement, the volume weighted average share price of an ordinary share of CSL Limited must be above the trigger price for 20 consecutive trading days for the period starting from 1 October 2007 and ending on 31 March 2008.

A further cash payment or issue of shares (at CSL Limited's discretion) in the amount of USD 125 million will be required to be made by the consolidated entity if the fourth year ordinary share price of CSL Limited is above A$35 per share. The same requirement for the trigger price must be satisfied as mentioned above.

CSL Limited and its controlled entities

Notes to and forming part of the Financial Statements continued

36 Discontinued Operation

Disposal of JRH Biosciences

On 28 February 2005 the consolidated entity disposed of the JRH business unit to Sigma-Aldrich Corporation. The disposal included 100% of the voting shares in CSL US Inc, JRH Biosciences Limited and JRH Biosciences Pty Ltd. CSL US Inc was the owner of JRH Biosciences Inc.

The net gain from the sale of the JRH Business was as follows:

	Consolidated Entity
	2005 $000
Net proceeds from the sale of the JRH business unit	**458,246**
Written down value of assets sold and liabilities settled	**(178,548)**
Net gain on sale before tax	**279,698**
Attributable income tax expense	**(30,051)**
Net gain on sale after tax	**249,647**
The carrying amounts of total assets to be disposed and total liabilities settled were as follows:	
Total Assets	**199,842**
Total Liabilities	**21,294**
Net Assets	**178,548**

Financial Performance Information

The financial performance of the business unit for the year ended 30 June 2005 is as follows:

Revenue from ordinary activities	**141,327**
Expenses from ordinary activities	**119,387**
Profit from ordinary activities before income tax	**21,940**
Income tax expense relating to ordinary activities	**7,378**
Profit from ordinary activities after income tax	**14,562**
Cash flows during the year	
Net cash flows from operating activities	**(12,826)**
Net cash flows from investing activities	**(14,868)**
Net cash flows from financing activities	**48,709**
Net cash inflows	**21,015**

CSL Limited and its controlled entities

Notes to and forming part of the Financial Statements continued

36 Discontinued Operation (cont.)

Disposal of Animal Health Business Unit

On 26 March 2004, the consolidated entity disposed of the Animal Health business unit to Pfizer Inc. The disposal included the sale of assets in Australia and New Zealand and the disposal of 100% of the voting share capital of Biocor Animal Health Inc. in the USA.

The net gain from the sale of the Animal Health business was as follows:

	Consolidated Entity
	2004 $000
Net proceeds from the sale of the Animal Health business unit	161,627
Written down value of assets sold and liabilities settled	(59,281)
Net gain on sale before tax	102,346
Attributable income tax expense	(27,035)
Net gain on sale after tax	75,311
The carrying amounts of total assets to be disposed and total liabilities settled were as follows:	
Total Assets	61,710
Total Liabilities	2,429
Net Assets	59,281

Financial Performance Information

The financial performance of the business unit for the year ended 30 June 2004 is as follows:

Revenue from ordinary activities	54,286
Expenses from ordinary activities	(49,663)
Profit from ordinary activities before income tax	4,623
Income tax expense relating to ordinary activities	(374)
Profit from ordinary activities after income tax	4,249
Cash flows during the year	
Net cash flows from operating activities	6,940
Net cash flows from investing activities	(594)
Net cash flows from financing activities	(4,127)
Net cash inflows	2,219

CSL Limited and its controlled entities

Notes to and forming part of the Financial Statements continued

37 Earnings Per Share

The following reflects the income and share information used in the calculation of basic and diluted earnings per share:

	Consolidated Entity	
	2005 $000	2004 $000
Earnings used in calculating basic earnings per share	**546,518**	219,625
	Number of shares	
Weighted average number of ordinary shares used in the calculation of basic earnings per share:	**195,988,194**	178,174,322
Effect of dilutive securities:		
Share options	**957,127**	680,869
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	**196,945,321**	178,855,191

Conversions, calls, subscription or issues after 30 June 2005

Since the end of the financial year, no ordinary shares have been issued.

There have been no other conversions to, calls of, or subscriptions for ordinary shares or issues of potential ordinary shares since the reporting date and before the completion of this financial report.

38 Segment Information

Defined business segments	Products/services
Total Human Health	Develops, manufactures and markets biopharmaceutical products to the human health industry.
Biosciences	Develops, manufactures and markets cell culture reagents used in the manufacture of vaccines, biopharmaceuticals and gene therapy products.

The Human Health business segment has been further broken down into ZLB Behring and Other Human Health to assist with external analysis of the financials. Other Human Health includes CSL Pharmaceutical and CSL Bioplasma.

Geographical Segments

The consolidated entity operates predominantly in three segments, being Australasia/Asia Pacific, Americas and EMEA. The geographic segment of Australasia/Asia Pacific comprises Australia, New Zealand and Asia. The geographic segment of Americas includes USA, Canada and South America. The geographic segment of EMEA includes Europe, Middle East and Africa.

Segment Accounting Policies

The consolidated entity accounts for intersegment sales and transfers as if the sales or transfers were to third parties at current market prices.

Segment accounting policies are the same as the consolidated entity's policies described in Note 1. During the financial year, there were no changes in segment accounting policies that had a material effect on the segment information.

CSL Limited and its controlled entities

Notes to and forming part of the Financial Statements continued

38 Segment Information (cont.)

Business Segments	ZLB Behring $000	Other Human Health $000	Total Human Health* $000	Biosciences $000	Elimin -ations $$000	Consoli -dated $000
2005						
External sales	2,195,196	413,769	**2,608,965**	**140,969**	**-**	**2,749,934**
Other external revenue	22,810	3,038	**25,848**	**-**	**-**	**25,848**
Intersegment revenue	26,561	87	**78**	**358**	**(436)**	**-**
Segment revenue	2,244,567	416,894	**2,634,891**	**141,327**	**(436)**	**2,775,782**
Proceeds from sale of Biosciences Business Unit						**458,246**
Unallocated revenue						**18,882**
Total revenue						**3,252,910**
Segment earnings	315,767	59,861	**375,628**	**25,311**	**-**	**400,939**
Borrowing costs						**(41,640)**
Unallocated expense net of unallocated revenue						**2,943**
Net Gain from sale of Biosciences Business Unit						**279,698**
Profit from ordinary activities before tax						**641,940**
Income tax expense						**95,422**
Profit from ordinary activities after tax						**546,518**
Segment assets	2,623,670	386,160	**3,009,830**	**-**	**-**	**3,009,830**
Cash assets						**723,842**
Unallocated assets						**140,624**
Total assets						**3,874,296**
Segment liabilities	507,801	59,222	**567,023**	**-**	**-**	**567,023**
Interest bearing liabilities						**1,024,896**
Provision for dividend						**-**
Unallocated liabilities						**207,865**
Total liabilities						**1,799,784**
Other Information						
Purchase of property, plant and equipment and intangible assets	89,489	32,281	**121,770**	**13,936**	**-**	**135,706**
Unallocated acquisitions of property, plant and equipment						**-**
Total acquisitions						**135,706**
Depreciation and amortisation	137,330	28,126	**165,456**	**3,442**	**-**	**168,898**
Unallocated depreciation and amortisation						**1,803**
Total depreciation and amortisation						**170,701**
Other non-cash expenses	1,927	67	**1,994**	**-**	**-**	**1,994**

**The Total Human Health Segment includes intra segment eliminations of $26,570,000.*

Geographic Segments	Australasia/. Asia Pacific $000	Americas $000	EMEA $000	Eliminations $000	Consolidated $000
External revenues	**974,656**	**1,103,051**	**1,175,203**	**-**	**3,252,910**
Segment assets	**1,089,215**	**723,418**	**2,061,663**	**-**	**3,874,296**
Acquisition of property, plant and equipment and intangible assets	**68,413**	**33,892**	**33,401**	**-**	**135,706**

CSL Limited and its controlled entities

Notes to and forming part of the Financial Statements continued

38 Segment Information (cont.)

Business Segments	ZLB Behring $000	Other Human Health $000	Total Human Health $000	Biosciences $000	Animal Health $000	Elimin -ations $000	Consoli -dated $000
2004							
External sales	1,015,645	389,551	1,405,196	192,466	52,534	-	1,650,196
Other external revenue	10,099	3,493	13,592	-	367	-	13,959
Intersegment revenue	11,759	84	11,843	1,043	1,385	(14,271)	-
Segment revenue	1,037,503	393,128	1,430,631	193,509	54,286	(14,271)	1,664,155
Unallocated revenue							9,929
Proceeds from sale of Animal Health Business Unit							161,627
Total revenue							1,835,711
Segment earnings	57,140	63,525	120,665	41,194	5,170	-	167,029
Borrowing costs							(23,742)
Unallocated expense net of unallocated revenue							8,996
Net Gain from sale of Animal Health Business Unit							102,346
Profit from ordinary activities before tax							254,629
Income tax expense							35,004
Profit from ordinary activities after tax							219,625
Segment assets	3,102,409	396,396	3,498,805	160,269	-	-	3,659,074
Cash assets							114,896
Unallocated assets							101,413
Total assets							3,875,383
Segment liabilities	683,540	67,502	751,042	23,420	-	-	774,462
Interest bearing liabilities							864,330
Provision for dividend							-
Unallocated liabilities							162,549
Total liabilities							1,801,341
Other Information							
Purchase of property, plant and equipment and intangible assets	33,856	31,104	64,960	13,808	594	-	79,362
Unallocated acquisitions of property, plant and equipment							229
Total acquisitions							79,591
Depreciation and amortisation	91,568	30,814	122,382	4,703	2,224	-	129,309
Unallocated depreciation and amortisation							686
Total depreciation and amortisation							129,995
Other non-cash expenses	1,630	(2,008)	(378)	-	-	2,962	2,584

Geographic Segments	Australasia/. Asia Pacific $000	Americas $000	EMEA $000	Eliminations $000	Consolidated $000
External revenues	570,077	875,906	389,728	-	1,835,711
Segment assets	506,040	826,826	2,542,517	-	3,875,383
Acquisition of property, plant and equipment and intangible assets	33,111	18,343	28,137	-	79,591

CSL Limited and its controlled entities

Notes to and forming part of the Financial Statements continued

39 Financial Instruments

Objectives for holding derivative financial instruments

The consolidated entity uses derivative financial instruments to manage specifically identified interest rate and foreign currency risks as approved by the board of directors.

The consolidated entity is primarily exposed to the risk of adverse movements in exchange rates and interest rates. The purpose of which specific derivative instruments are used is as follows:

- Foreign currency forward exchange contracts are purchased predominantly to hedge the foreign currency value of receivables and payables. Forward exchange contracts are purchased throughout the consolidated entity when considered necessary to create a desired hedge position;
- The consolidated entity raises short and long term debt at both fixed and variable rates. Interest rate swap agreements are used to convert variable interest rate exposures on certain debt to fixed rates. These swaps entitle the consolidated entity to receive, or oblige it to pay, the amounts, if any, by which actual interest payments on nominated loan amounts exceed or fall below specified interest amounts.

Interest Rate Risk Exposures

The consolidated entity is exposed to interest rate risk through primary financial assets and liabilities modified through derivative financial instruments such as interest rate and cross currency swaps. The following table summarises interest rate risk for the consolidated entity together with effective interest rates as at balance date.

CSL Limited and its controlled entities

Notes to and forming part of the Financial Statements
continued

	Floating Rate (a) $000	Fixed interest rate maturing in 1 year or less $000	Over 1 year to 5 years $000	Over 5 years $000	Non-interest Bearing $000	Total $000	Average Interest Rate %
39 Financial Instruments (cont.)							
June 2005							
Financial Assets							
Cash at bank and on hand	**258,528**	**-**	**-**	**-**	**-**	**258,528**	**2.10**
Trade debtors	**-**	**-**	**-**	**-**	**502,325**	**502,325**	
Other debtors	**-**	**-**	**-**	**-**	**38,828**	**38,828**	
Cash deposits	**465,314**	**-**	**-**	**-**	**-**	**465,314**	**5.51**
Loans to directors and employees	**-**	**-**	**-**	**-**	**11,014**	**11,014**	
Investment in non controlled entities	**-**	**-**	**-**	**-**	**4,698**	**4,698**	
Other financial assets	**-**	**-**	**-**	**-**	**14,880**	**14,880**	
	723,842	**-**	**-**	**-**	**571,745**	**1,295,587**	
Financial Liabilities							
Trade creditors	**-**	**-**	**-**	**-**	**146,846**	**146,846**	
Other creditors	**-**	**-**	**-**	**-**	**251,709**	**251,709**	
Bank loans	**459,287**	**-**	**-**	**-**	**-**	**459,287**	**1.82**
Vendor loan	**-**	**-**	**-**	**-**	**-**	**-**	
Bank overdraft	**4,091**	**-**	**-**	**-**	**-**	**4,091**	**2.45**
Senior Unsecured Notes	**-**	**-**	**74,791**	**252,434**	**-**	**327,225**	**5.66**
Deferred consideration	**-**	**8,283**	**175,205**	**-**	**-**	**183,488**	**4.03**
Surplus lease space	**-**	**6,720**	**3,844**	**-**	**-**	**10,564**	
Lease liabilities	**-**	**1,756**	**11,733**	**26,752**	**-**	**40,241**	**5.95**
	463,378	**16,759**	**265,573**	**279,186**	**398,555**	**1,423,451**	
June 2004							
Financial Assets							
Cash at bank and on hand	112,478	-	-	-	-	112,478	1.14
Trade debtors	-	-	-	-	495,909	495,909	
Other debtors	-	-	-	-	37,929	37,929	
Cash deposits	-	2,418	-	-	-	2,418	3.00
Loans to directors and employees	-	-	-	-	6,489	6,489	
Investment in non controlled entities	-	-	-	-	3,421	3,421	
Other financial assets	-	-	-	-	4,802	4,802	
	112,478	2,418	-	-	548,550	663,446	
Financial Liabilities							
Trade creditors	-	-	-	-	232,413	232,413	
Other creditors	-	-	-	-	191,861	191,861	
Swap payable	-	-	-	-	34,228	34,228	
Bank loans	237,535	-	-	-	-	237,535	1.44
Vendor loan	-	-	25,776	-	-	25,776	4.75
Bank overdraft	4,553	-	-	-	-	4,553	0.70
Senior Unsecured Notes	-	-	36,237	326,134	-	362,371	5.66
Deferred consideration	-	-	174,391	-	-	174,391	4.35
Surplus lease space	-	5,353	9,149	-	-	14,502	2.45
Lease liabilities	-	2,028	7,537	35,637	-	45,202	6.37
Interest rate swap*	(134,647)	134,647	-	-	-	-	
	107,441	142,028	253,090	361,771	458,502	1,322,832	

* Notional principal amounts

(a) Floating interest rates represent the most recently determined rate applicable to the instrument at balance sheet date.

CSL Limited and its controlled entities

Notes to and forming part of the Financial Statements continued

39 Financial Instruments (cont.)

Foreign Exchange Risk

The consolidated entity enters into forward exchange contracts to buy and sell specified amounts of foreign currencies in the future at predetermined exchange rates. The objective is to match the contracts with committed future cash flows from sales and purchases in foreign currencies, to protect the consolidated entity against exchange rate movements.

The accounting policy with regard to forward exchange contracts is outlined in Note 1(v).

The following table summarises by currency the Australian dollar value of forward exchange agreements at balance date. Foreign currency amounts are translated at rates prevailing at reporting date. Contracts to buy and sell foreign currencies are entered into from time to time to offset purchase and sale obligations in order to maintain a desired hedge position.

The parent entity and other controlled entities enter into forward contracts to hedge foreign currency receivables from other entities within the group.

These receivables are eliminated on consolidation, however, the hedges are in place to protect the parent entity and other group controlled entities from movements in exchange rates that would give rise to a statement of financial performance impact.

Currency	Average Exchange Rate 2005	Average Exchange Rate 2004	2005 Buy $000	2005 Sell $000	2004 Buy $000	2004 Sell $000
US dollars						
3 months or less	**0.7635**	0.6903	**41,721**	**(32,780)**	79,026	(36,144)
Pounds sterling						
3 months or less	**0.4226**	0.3805	**59,287**	**(24,392)**	730	(14,249)
New Zealand dollars						
3 months or less	**-**	-	**-**	**-**	-	-
Euro						
3 months or less	**0.6331**	0.5704	**237,724**	**(6,971)**	55,347	(113,682)
Swiss francs						
3 months or less	**0.9772**	0.8836	**38,889**	**(243,624)**	7,922	(237,221)
3 to 12 months	**-**	1.0003	**-**	**-**	-	(210,000)
			38,889	**(243,624)**	7,922	(447,221)
Hungarian Florint						
3 months or less	**156.4300**	144.7800	**-**	**(522)**	-	(179)
Japanese Yen						
3 months or less	**84.32**	74.9200	**-**	**(30,217)**	-	(17,722)
Swedish Kroner						
3 months or less	**5.9693**	5.1896	**-**	**(6,041)**	-	(4,893)
Mexican Peso						
3 months or less	**8.2654**	7.9418	**-**	**(8,466)**	-	(8,978)
Brazilian Real						
3 months or less	**1.9605**	2.2561	**-**	**(3,765)**	-	(3,914)
Argentina Peso						
3 months or less	**2.2081**	-	**-**	**(5,602)**	-	-
Danish Kroner						
3 months or less	**4.7045**	-	**-**	**(6,164)**	-	-
Australian dollars						
3 months or less	**0.7387**	0.8254	**72,353**	**(81,430)**	296,249	(2,292)
3 to 12 months	**-**	1.0003	**-**	**-**	210,000	-
			72,353	**(81,430)**	506,249	(2,292)
			449,974	**(449,974)**	649,274	(649,274)

CSL Limited and its controlled entities

Notes to and forming part of the Financial Statements continued

39 Financial Instruments (cont.)

The consolidated entity is exposed to foreign currency exchange risk through primary financial assets and liabilities.

The following table, expressed in Australian dollars, summarises the foreign exchange risk carried by the consolidated entity as a result of the existence of foreign currency denominated financial assets and liabilities.

Currency	Aust $ $000	US $ $000	Swiss Francs $000	Euro $000	Other $000	Total $000
June 2005						
Financial Assets						
Cash assets	**461,169**	**181,792**	**6,957**	**45,021**	**28,903**	**723,842**
Trade debtors	**29,438**	**108,545**	**3,471**	**240,243**	**120,628**	**502,325**
Other debtors	**6,132**	**26,291**	**1,663**	**3,259**	**1,483**	**38,828**
Employee loans	**10,955**	**-**	**-**	**13**	**46**	**11,014**
Investment in non controlled entities	**4,698**	**-**	**-**	**-**	**-**	**4,698**
Other financial assets	**-**	**10,615**	**-**	**1,742**	**2,523**	**14,880**
	512,392	**327,243**	**12,091**	**290,278**	**153,583**	**1,295,587**
Financial Liabilities						
Trade creditors	**20,747**	**68,943**	**10,215**	**28,893**	**18,048**	**146,846**
Other creditors	**54,105**	**94,109**	**26,281**	**62,692**	**14,522**	**251,709**
Bank loans	**-**	**-**	**163,566**	**205,664**	**90,057**	**459,287**
Deferred consideration	**-**	**150,950**	**14,294**	**-**	**18,244**	**183,488**
Senior Unsecured Notes	**-**	**327,225**	**-**	**-**	**-**	**327,225**
Surplus lease space	**-**	**10,366**	**-**	**198**	**-**	**10,564**
Lease liabilities	**-**	**-**	**-**	**37,988**	**2,253**	**40,241**
Bank overdrafts	**-**	**4,067**	**-**	**24**	**-**	**4,091**
	74,852	**655,660**	**214,356**	**335,459**	**143,124**	**1,423,451**
June 2004						
Financial Assets						
Cash assets	12,189	56,705	3,027	27,587	15,388	114,896
Trade debtors	32,237	162,838	5,010	253,118	42,706	495,909
Other debtors	8,683	22,002	3,181	1,444	2,619	37,929
Employee loans	6,261	-	-	200	28	6,489
Investment in non controlled entities	3,421	-	-	-	-	3,421
Other financial assets	-	-	-	894	3,908	4,802
	62,791	241,545	11,218	283,243	64,649	663,446
Financial Liabilities						
Trade creditors	22,344	95,181	15,237	87,276	12,375	232,413
Other creditors	26,457	80,190	11,432	65,181	8,601	191,861
Swap payable	-	-	34,228	-	-	34,228
Bank loans	151	-	183,297	52,724	1,363	237,535
Vendor loan	-	-	25,776	-	-	25,776
Deferred consideration	-	158,146	16,245	-	-	174,391
Senior Unsecured Notes	-	362,371	-	-	-	362,371
Surplus lease space	-	14,502	-	-	-	14,502
Lease liabilities	-	-	-	44,004	1,198	45,202
Bank overdrafts	-	4,553	-	-	-	4,553
	48,952	714,943	286,215	249,185	23,537	1,322,832

CSL Limited and its controlled entities

Notes to and forming part of the Financial Statements

continued

39 Financial Instruments (cont.)

Credit Risk

Credit risk represents the extent of credit related losses that the consolidated entity may be subject to on amounts to be exchanged under derivatives or to be received from financial instruments. The consolidated entity, while exposed to credit related losses in the event of non-performance by counterparties to financial instruments, does not expect any counterparties to fail to meet their obligations.

The maximum exposure to credit risk at balance date to recognised financial assets is the carrying amount, net of any provision for doubtful debts, as disclosed in the statement of financial position and notes to the financial statements.

The consolidated entity minimises concentrations of credit risks by undertaking transactions with a large number of debtors in various countries.

The major geographic concentrations of credit risk arise from the location of counterparties to the consolidated entity's financial assets as shown in the following table:

	Consolidated Entity	
Location of Credit Risk	2005 $000	2004 $000
Australia	**513,417**	57,814
USA	**293,126**	221,827
Europe	**353,629**	335,828
Other	**135,415**	47,977
	1,295,587	663,446

Net Fair Values of Financial Assets and Liabilities

The carrying amounts and estimated net fair values of financial assets and financial liabilities held at balance date are given below. The following methods and assumptions are used to determine the net fair values of financial assets and liabilities:

Recognised financial instruments

Short term instruments where carrying amounts approximate net fair values are omitted. The net fair value of a financial asset or a financial liability is the amount at which the assets could be exchanged, or a liability settled in a current transaction between willing parties after allowing for transaction costs.

Unrecognised financial instruments

The fair value of the interest rate swap contracts in the prior year was determined as the difference in present value of the future interest cash flows.

	Consolidated Entity			
	2005		2004	
	Carrying amount $000	Fair value $000	Carrying amount $000	Fair value $000
Financial Assets				
Investments in non-controlled entities	**4,698**	**4,698**	3,421	3,421
Other financial assets	**14,880**	**14,880**	4,802	4,802
Loans to specified directors	**941**	**941**	1,882	1,882
Loans to specified executives	**5,041**	**5,041**	1,930	1,930
Loans to other employees	**5,032**	**5,032**	2,677	2,677
Financial Liabilities				
Short term debt	**6,858**	**6,858**	7,944	7,944
Long term debt	**823,986**	**823,986**	641,717	641,717
Deferred consideration	**183,488**	**183,488**	174,391	174,391
Surplus lease space	**10,564**	**10,564**	14,502	14,502
Swap payable	**-**	**-**	34,228	30,062
Vendor loans	**-**	**-**	25,776	25,776
Derivatives				
Interest rate swaps	**-**	**-**	-	(4,777)

CSL Limited and its controlled entities

Notes to and forming part of the Financial Statements continued

40 Adoption of International Financial Reporting Standards

This financial report has been prepared in accordance with Australian Accounting Standards and other current financial reporting requirements (AGAAP). The Australian Accounting Standards Board (AASB) is adopting International Financial Reporting Standards for application to reporting periods beginning on or after 1 January 2005. This means that the CSL Group will be required to prepare financial statements for the year ending 30 June 2006 that comply with Australian equivalents of International Financial Reporting Standards (AIFRS) and their related pronouncements as issued and recognised by the AASB.

The CSL Group will report its compliance with AIFRS for the first time for the half-year ended 31 December 2005. The transitional rules for the first time adoption of AIFRS require that entities restate their comparative financial statements using all AIFRSs, except for AASB 132 Financial Instruments: Disclosure and Presentation and AASB 139 Financial Instruments: Recognition and Measurement.

The majority of the adjustments required on transition are required to be made to opening retained earnings in the opening AIFRS balance sheet as at 1 July 2004. However, transitional adjustments relating to those standards where comparatives are not required will be made to opening retained earnings at 1 July 2005. Comparatives restated under AIFRS will not be reported in the financial statements until 31 December 2005, being the first half-year reported in compliance with AIFRS.

The CSL Group established a formal AIFRS Steering Committee in 2003 to plan and manage the convergence to AIFRS, monitor the developments in AIFRS and ensure it is prepared to report under AIFRS in accordance with the timeline outlined above. The AIFRS Steering Committee includes senior members of management, is monitored by the Group Finance Director and reports to the Audit and Risk Management Committee on the progress towards transition.

The project has been separated into four phases - impact analysis, design and planning, solution development and implementation. The CSL Group has substantially completed the implementation phase with the earlier three phases being fully completed during the year. The project is achieving its scheduled milestones and we expect to be in a position to fully comply with the requirements of AIFRS as they are currently issued.

Although the adjustments disclosed in this note are based on management's best knowledge of expected standards and interpretations, and current facts and circumstances, these may change. The actual adjustments on transition to AIFRS may differ from those disclosed for a number of reasons; for example, the AASB issuing amended or additional standards or interpretations, the ongoing work of the AIFRS project team or emerging accepted practice in the interpretations and application of AIFRS and UIG interpretations.

The following reconciliations set out the known or reliably estimable impacts on the financial statements for the year ended 30 June 2005 had it been prepared under the AIFRS standards released as at 30 June 2005. Until the company prepares its first full AIFRS financial statements, the possibility cannot be excluded that the accompanying disclosures may have to be adjusted.

There is no impact on cash flows.

Reconciliation of net profit

	Note	Consolidated Entity	Parent Entity
		2005 $000	2005 $000
Net profit (AGAAP)		**546,518**	**60,759**
Amortisation expense	ii	45,564	-
Employee benefits expense	iii	30,125	-
Profit on sale of business unit	vii	9,048	-
Share-based payments expense	iv	(2,294)	(2,294)
Other revenue – government grants	vi	(2,460)	(2,460)
Income tax expense	v	(137,786)	-
Net profit (AIFRS)*		**488,715**	**56,005**

* There is no impact on the reported cash flow for the year.

CSL Limited and its controlled entities

Notes to and forming part of the Financial Statements continued

40 Adoption of International Financial Reporting Standards (cont.)

	Note	Consolidated Entity 2005 $000	Parent Entity 2005 $000
Reconciliation of net assets			
Net assets (AGAAP)		**2,074,512**	**1,495,504**
Goodwill	ii	42,290	-
Deferred income	vi	(2,960)	(2,960)
Provision for employee benefits	iii	(12,942)	-
Deferred tax liability	v	(48,152)	-
Net assets (AIFRS)		**2,052,748**	**1,492,544**
Total equity (AGAAP)		**2,074,512**	**1,495,504**
Retained profits – opening	iii, iv, v, vi, viii, ix	153,611	21,384
Retained profits – current profit		(57,803)	(4,754)
Retained profits – other movements	iii, vii	(33,367)	-
Foreign currency translation reserve	ii, iii, v, viii	(64,615)	-
Asset revaluation reserve	ix	(22,824)	(22,824)
Share-based payments reserve	iv	3,234	3,234
Net equity (AIFRS)		**2,052,748**	**1,492,544**

The following explanatory notes relate to the reconciliations above and describe the differences between the accounting policies under AIFRS and the current treatment under AGAAP:

i) Impairment of Assets

Under AGAAP, the CSL Group determines the recoverable amount of its assets on the basis of discounted cash flows.

On the adoption of the AIFRS standard AASB 136 Impairment of Assets, the recoverable amount of an asset is determined as the higher of its net selling price and value in use.

The CSL Group's assets including goodwill have been tested for impairment on transition to AIFRS and at 30 June 2005 as part of the cash generating unit to which they belong. Based on the tests performed at the lowest level of cash generating units, there is no impairment of assets under the AIFRS requirements.

ii) Goodwill

Under AGAAP goodwill is amortised on a straight line basis over the period during which the benefits are expected to arise, not exceeding 20 years, and is subject to a bi-annual recoverable amounts review.

On the adoption of the AIFRS standard AASB 3 Business Combinations, goodwill acquired in a business combination will not be amortised, instead it will be subject to annual impairment testing focussing on the cash flows of related cash generating units. If AASB 3 had been applied on the date of transition to AIFRS (1 July 2004), the carrying amount of consolidated goodwill at this date would be unchanged as the CSL Group has elected not to apply the standard retrospectively to past acquisitions. There was no impairment to goodwill at this date.

If AASB 3 had been applied during the year ended 30 June 2005, the consolidated entity's profit before tax for the year would have been $45,564,000 higher. Consolidated goodwill at 30 June 2005 would have been $42,290,000 higher due to no amortisation and taking into account foreign exchange movements. There was no impairment to goodwill at 30 June 2005.

There would have been no impact on the parent entity's financial statements on the adoption of AASB 3.

iii) Employee Benefits

Under AGAAP, contributions to defined benefit superannuation plans and other retirement benefits that CSL Group sponsors are expensed in the year they are paid or become payable. In addition, when a plan is in a net deficit position, a provision is recognised by the consolidated entity for the amount of the net deficit.

40 Adoption of International Financial Reporting Standards (cont.)

On the adoption of the AIFRS standard AASB 119 Employee Benefits, the CSL Group will be required to recognise the net position of each scheme, including any net surpluses in funds, based on actuarial valuations on the statement of financial position. Subsequent movements in the net asset or liability of each plan are recognised in either the statement of financial performance or retained earnings. Actuarial gains and losses are recognised directly in retained earnings.

If AASB 119 had been applied on the date of transition to AIFRS (1 July 2004), the consolidated entity's provision for employee benefits would have been $20,394,000 higher at this date, with a corresponding decrease in retained earnings.

If AASB 119 had been applied during the year ended 30 June 2005, the consolidated entity's profit before tax for the year ended 30 June 2005 would have been $30,125,000 higher as a result of decreased employee benefits expense. The higher profit under AIFRS is primarily due to actuarial losses in plans for the year being taken directly to retained earnings under AASB 119 and the additional liabilities recognised at transition date. The provision for employee benefits at 30 June 2005 for the consolidated entity would have been $12,942,000 higher due to the above and taking into account foreign exchange movements.

There would have been no material impact on the parent entity's financial statements on the adoption of AASB 119.

iv) Share-based Payments

Under AGAAP, the CSL Group does not recognise an expense for options or performance rights issued under the current plans (for further information on share plans refer to note 28).

On the adoption of the AIFRS standard AASB 2 Share-based Payments, the CSL Group will be required to recognise an expense for all share-based remuneration issued after 7 November 2002 which had not vested by 1 January 2005. The expense is based on the fair value of the equity instruments issued at the grant date and is recognised on a pro-rata basis over the vesting period in the statement of financial performance with a corresponding adjustment to share-based payments reserve within equity.

If AASB 2 had been applied on the date of transition to AIFRS (1 July 2004), the consolidated entity and the parent entity would create a share-based payments reserve within the equity section of the statement of financial position for $940,000, with a corresponding decrease in retained earnings.

If AASB 2 had been applied during the year ended 30 June 2005, the consolidated and parent entity's profits before tax would have been $2,294,000 lower due to increased employee benefits expense. The consolidated and parent entity's share-based payments reserve at 30 June 2005 would have been $3,234,000.

v) Income Taxes

Under AGAAP, tax effect accounting is applied using the liability method whereby income tax is calculated on accounting profit after allowing for permanent differences.

On the adoption of the AIFRS standard AASB 112 Income Taxes the "balance sheet" approach for accounting for income taxes will be adopted by the CSL Group. The new approach recognises deferred tax balances in the statement of financial position when there is a difference between the carrying value of an asset or liability and its tax base.

If AASB 112 had been applied on the date of transition to AIFRS (1 July 2004), the consolidated entity's net deferred tax asset would have been $98,085,000 higher at this date, with a corresponding increase in retained earnings.

If AASB 112 had been applied during the year ended 30 June 2005, the consolidated entity's tax expense would have been $137,786,000 higher. The consolidated entities net deferred tax liability would have been $48,152,000 higher at 30 June 2005 due to the above and taking into account foreign exchange movements.

These differences take into consideration the numerous tax jurisdictions in which the group operates and the implications of the fair value accounting at the date of acquisition of Aventis Behring. The increase in the net deferred tax asset at the transition date is primarily due to AASB 112 requiring the CSL Group to recognise a deferred tax asset in respect of the unrealised portion of the discount on acquisition and other fair value adjustments from the Aventis Behring acquisition that remain in the balance sheet at the date of transition. The subsequent movement to a net deferred tax liability under AIFRS at 30 June 2005 is primarily due to this deferred tax asset decreasing and flowing through the tax expense line as the assets to which the fair value and discount relate are realised. Such a deferred tax asset is not recognised under current AGAAP requirements.

It should also be noted that the above change in approach has no impact on cash taxes payable.

There is no material impact on the parent entity's financial statements on the adoption of AASB 112.

vi) Government Grants

Under AGAAP, Government grants are recognised immediately as revenue when the fair value of the grant can be reliably measured and it is probable that future economic benefits will be received.

On the adoption of the AIFRS standard AASB 120 Accounting for Government Grants and Disclosure of Government Assistance, where government grants are provided for the acquisition or construction of a long-term asset, the amount of the grant is required to be deferred. The grant is then recognised as income over the periods necessary to match the grant with the related costs that are intended to be compensated.

CSL Limited and its controlled entities

Notes to and forming part of the Financial Statements continued

40 Adoption of International Financial Reporting Standards (cont.)

If AASB 120 had been applied on the date of transition to AIFRS (1 July 2004), the consolidated entity and the parent entity's deferred income liability would increase by $500,000, with a corresponding decrease in retained earnings.

If AASB 120 had been applied during the year ended 30 June 2005, the consolidated and parent entity's profits before tax would have been $2,460,000 lower, with a corresponding increase in deferred income liability. The deferred income liability would have been $2,960,000 at 30 June 2005. The release of the deferred income is matched with the depreciation period of the related asset.

vii) *Profit on sale of business unit*

Under AGAAP, when a business unit is disposed of, the portion of the foreign currency translation reserve that related to the business unit is transferred from that reserve to retained earnings.

On the adoption of the AIFRS standard AASB 121 The Effects of Changes in Foreign Exchange Rates, on disposal of a business unit, the portion of the balance of the foreign currency translation reserve which relates to the unit being disposed must be recognised in the profit and loss account as part of the gain or loss on disposal.

If AASB 121 had been applied during the year ended 30 June 2005 (and taking into account the exemption noted below), the consolidated entity's profit before tax would have been $9,048,000 higher due to a higher profit on the disposal of the JRH business unit.

There is no impact on the parent entity's financial statements on the adoption of AASB 120.

viii) *Foreign currency translation reserve: cumulative translation differences*

On the initial application of AIFRS, the Group has elected to apply the exemption in AASB 1 First time Adoption of Australian Equivalents to International Financial Reporting Standards relating to the balance of the foreign currency translation reserve. The cumulative translation differences for all foreign operations represented in the foreign currency translation reserve will be deemed to be zero at the date of transition to AIFRS.

As a result of this exemption, the balance of the consolidated entity's foreign currency translation reserve at the date of transition (1 July 2004) of $54,536,000 will be transferred to retained earnings. As a result of this transfer, the consolidated entities foreign currency translation reserve will decrease and retained earnings will increase by $54,536,000 at 30 June 2005. The effect of the current years other AIFRS movements increase the foreign currency translation reserve at 30 June 2005 by an additional $10,079,000.

There is no impact on the parent entity's financial statements from the election of this exemption.

ix) *Land and Buildings*

On the initial application of AIFRS, the Group has elected to apply the exemption in AASB 1 First time Adoption of Australian Equivalents to International Financial Reporting Standards and use a previous AGAAP revaluation of land and buildings as the deemed cost.

As a result of this exemption, the balance of the consolidated and parent entity's asset revaluation reserve will be transferred to retained earnings at the date of transition (1 July 2004), resulting in an increase of $22,824,000 and leaving the asset revaluation reserve balance at zero.

x) *Financial Instruments*

The CSL Group will be taking advantage of the exemption under AASB 1 to apply AASB 132 Financial Instruments: Disclosure and Presentation and AASB 139 Financial Instruments: Recognition and Measurement only from 1 July 2005. This allows the group to apply previous AGAAP to comparative information of financial instruments within the scope of AASB 132 and AASB 139 for the 30 June 2006 financial report.

The application of AASB 132 and AASB 139 will not have a material impact on the CSL Group. The current classification of financial instruments issued by entities in the consolidated entity would not change. Measurement of financial assets and financial liabilities will initially be at fair value with subsequent measurement at amortised cost using the effective interest rate method. For hedges of net investments, the CSL Group has in place appropriate documentation at 1 July 2005 which designates the risk being hedged, hedged item, hedging instrument and specific requirements for the prospective and retrospective testing for hedges of net investments for the year ended 30 June 2006. The resulting accounting treatment will be consistent with the current AGAAP treatment. All derivative financial instruments will be designated as fair value through profit or loss unless designated as part of a hedging relationship upon initial recognition.

CSL Limited and its controlled entities

Directors' **Declaration**

(1) In the opinion of the Directors:

(a) the financial report, and the additional disclosures included in the directors' report designated as audited, of the company and of the consolidated entity are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2005 and of their performance for the year ended on that date; and

(ii) complying with Accounting Standards and Corporations Regulations 2001; and

(b) 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) This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the financial period ending 30 June 2005.

(3) In the opinion of the Directors, as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in Note 33 will be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the Deed of Cross Guarantee dated 20 June 1995.

Made in accordance with a resolution of the directors.

Peter Wade.

Peter H Wade
Chairman

Brian A McNamee
Managing Director

Melbourne
24 August 2005

ERNST & YOUNG

■ 120 Collins Street
Melbourne VIC 3000
Australia

GPO Box 67
Melbourne VIC 3001

■ Tel 61 3 9288 8000
Fax 61 3 9654 6166
DX 293 Melbourne

Independent **Audit Report**

to Members of CSL Limited

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for CSL Limited (the company) and the consolidated entity, for the year ended 30 June 2005. The consolidated entity comprises both the company and the entities it controlled during that year.

The directors of the company are responsible for preparing a financial report and the additional disclosures, including the Director Remuneration and Specified Executive Remuneration disclosures included in the directors' report designated as audited ('additional disclosures') that gives a true and fair view of the financial position and performance of the company and the consolidated entity, and that complies with Accounting Standards in Australia, in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report and the additional disclosures.

Audit approach

We conducted an independent audit of the financial report and the additional disclosures in order to express an opinion on them to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report and the additional disclosures are free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report and the additional disclosures present fairly, in accordance with the *Corporations Act 2001*, including compliance with Accounting Standards in Australia, and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report and the additional disclosures; and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial report and the additional disclosures. These and our other procedures did not include consideration or judgement of the appropriateness or reasonableness of the business plans or strategies adopted by the directors and management of the company.

ERNST & YOUNG

Independence

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report. In addition to our audit of the financial report and the additional disclosures, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Audit Opinion

In our opinion, the financial report and the additional disclosures included in the directors' report designated as audited of CSL Limited are in accordance with:

(a) the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the financial position of CSL Limited and the consolidated entity at 30 June 2005 and of their performance for the year ended on that date; and
- (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

(b) other mandatory financial reporting requirements in Australia.

Ernst & Young

Ernst & Young

I Wingreen

Ivan Wingreen
Partner
Melbourne

24 August 2005

Trademarks

CSL, Bioplasma and ZLB are all trademarks of the CSL Group.

® Registered trademark of CSL Limited or its affiliates.

™ Trademark of CSL Limited or its affiliates.

* Trademarks of companies other than CSL and referred to in this Annual Report are listed below:

Controlled Therapeutics (Scotland) Limited	Cervidil
Leo Pharmaceutical Products Limited AS	Daivonex Daivobet Fucidin
Merck & Co. Inc.	Comvax H-B-Vax II M-M-R II PedvaxHIB Pneumovax Vaqta Varivax
Yamanouchi Europe BV	Flomax
Grunenthal GmbH	Tramal
Chiron SpA	Menjugate
Genelco SA	Modavigil
Merck KGaA	EpiPen

Design and production by Fidelis Design Associates, Melbourne.

CSL Limited

Biopharmaceuticals for Life™

CSL Limited
Registered Head Office

45 Poplar Road
Parkville
Victoria 3052
Australia
Telephone: +61 9389 1911
Facsimile: +61 9389 1434

www.csl.com.au

CSL Limited
Biopharmaceuticals for Life™
ABN 99 051 588 348
45 Poplar Road Parkville Victoria 3052 Australia
Telephone: +61 3 9389 1911 Facsimile: +61 3 9387 8454

Dear Shareholder

I have much pleasure in inviting you to our 15th Annual General Meeting, a Notice of which is attached.

The Meeting will be held at the Function Centre at the National Tennis Centre, Melbourne Park, Batman Avenue, Melbourne on Wednesday, 12 October, 2005, commencing at 10.00 a.m. Refreshments will be available before and after the Meeting.

Trams from Flinders Street stop at the Rod Laver Arena tram stop. Proceed through the car park to the ramp leading to the Function Centre. If driving, take Entrance D off Swan Street and proceed to the Northern Car Park. Entrance A off Batman Avenue will also be open for those travelling from the City via the Batman Avenue tollway. At either Entrance A or Entrance D, take a ticket from the gate on arrival. You will be able to validate this ticket at the validation machine in the venue during registration. You can then use the validated ticket to exit the venue after the Annual General Meeting.

Please bring this Notice with you as the barcode printed on it will assist registration and admission.

If you cannot attend but wish to appoint a Proxy, a personalised proxy form is enclosed which may be returned in the envelope provided.

To comply with legal requirements, representatives of Companies holding shares who wish to vote should complete and bring or mail in the "Certificate of Appointment of a Corporate Representative" which may be continuing or for this Meeting only. A new form is not required if a continuing Appointment form has been lodged previously. A form of the Certificate may be obtained from the Company's share registry.

I and the Managing Director will be reviewing the operations of the Group over the past 12 months, concentrating on the integration of ZLB Behring and its performance during the year.

Shareholders will also be asked, among other things, to adopt the Remuneration Report relating to Directors and Executives remuneration, which Report is detailed in the Directors' Report published in the Company's 2005 Annual Report and which outlines the Board's policies for determining the remuneration of Directors and Executives and, among other things, the relationship between those policies and CSL's performance.

Shareholders will also be asked to approve certain amendments to the Company's Constitution to allow the Company to assist shareholders with realising value from their shareholdings where such shareholdings are in unmarketable parcels.

Your participation at the meeting will be both welcome and appreciated by your Directors who look forward to presenting an informative program.

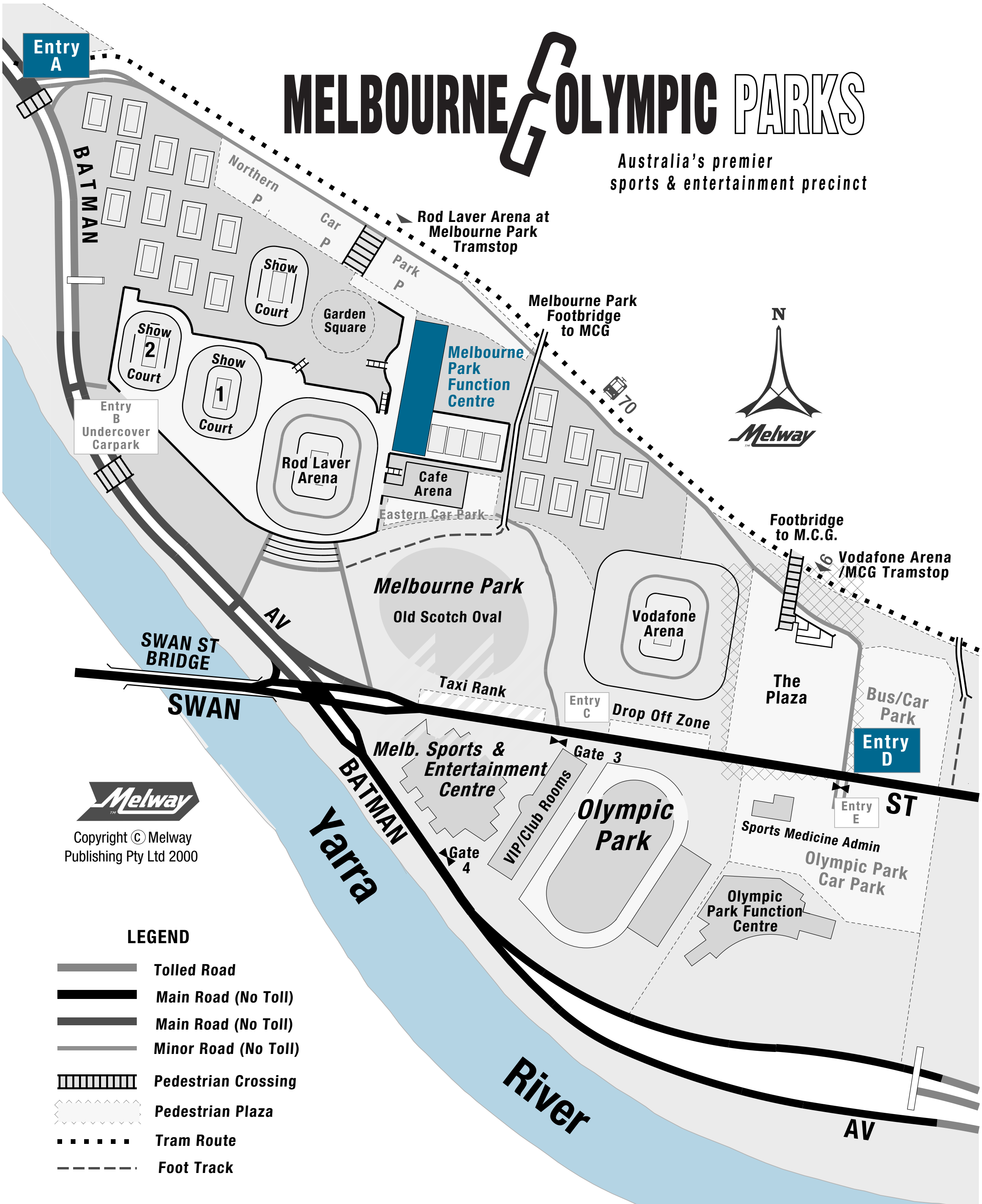
Yours sincerely

Peter Wade

Peter Wade
CHAIRMAN

9 September 2005

CSL Limited
Biopharmaceuticals for Life™



Melbourne & Olympic Parks

Melbourne Park

- *Rod Laver Arena*
- *Vodafone Arena*
- *Function Centre*

Olympic Park

- *Olympic Park Sports Ground*
- *Melbourne Sports & Entertainment Centre*

Batman Avenue, Melbourne, Australia
GPO Box 4611SS, Melbourne, Victoria 3001
Telephone : + 61 3 9286 1600
Facsimile : + 61 3 9650 3256
Websites : www.melbournepark.com.au
www.olympicpark.com.au

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS GIVEN that the Fifteenth Annual General Meeting of CSL Limited (ABN 99 051 588 348) will be held at the Function Centre, National Tennis Centre, Melbourne Park, Batman Avenue, Melbourne on 12 October 2005 at 10.00 am (EST).

CSL Limited

ABN 99 051 588 348
45 Poplar Road Parkville Victoria 3052 Australia
Telephone: +61 3 9389 1911 Facsimile: +61 3 9387 8454

ORDINARY BUSINESS

1. Accounts and Reports

To receive and consider the Financial Statements and the reports of the Directors and Auditors for the year ended 30 June 2005, and to note the final and special dividends in respect of the year ended 30 June 2005 declared by the Board and paid by the Company.

2. Election of Directors

(a) To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

'That Mr Ken J Roberts, a Director retiring from office by rotation in accordance with Rule 99(a) of the Constitution, being eligible, is re-elected as a Director of the Company.'.

(b) To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

'That Mr Ian A Renard, a Director retiring from the office by rotation in accordance with Rule 99(a) of the Constitution, being eligible, is re-elected as a Director of the Company.'

(c) To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

'That Mr Peter H Wade, a Director retiring from the office by rotation in accordance with Rule 99(a) of the Constitution, being eligible, is re-elected as a Director of the Company.'

Information about the candidates for re-election, together with information about voting by any significant foreign shareholder in the Company is included in the Explanatory Notes.

SPECIAL BUSINESS

3. Adoption of the Remuneration Report

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

'That the Remuneration Report (which forms part of the Directors' report) for the year ended 30 June 2005 be adopted.'

For information on the Remuneration Report, see the Explanatory Notes.

4. Alterations to the Constitution – Unmarketable Parcels of Shares

To consider and, if thought fit, to pass the following resolution as a special resolution:

'That the Company's Constitution be altered to provide for the sale of unmarketable parcels of shares by the Company in the manner described in the Appendix to the notice convening this meeting.'

For further information on the proposed alterations to the Constitution, see the Explanatory Notes and the Appendix.

INFORMATION ON PROXIES

Please note that:

- a shareholder of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy;
- a proxy need not be a shareholder of the Company;
- a shareholder who is entitled to cast two or more votes may appoint not more than two proxies and may specify the proportion or number of votes each proxy is appointed to exercise; and
- to be valid the form appointing the proxy and the power of attorney or other authority (if any) under which it is signed (or a certified copy thereof) must be lodged, or received by fax, at least 48 hours prior to the meeting at the following address;

  Computershare Investor Services Pty Limited
  GPO Box 242
  Melbourne VIC 3001
  Fax: (03) 9473 2555

A proxy appointment form accompanies this Notice of Annual General Meeting.

The Company has determined that for the purposes of voting at the meeting, shares will be taken to be held by those who hold them at 10.00pm on 10 October 2005.

BY THE ORDER OF THE BOARD

Peter R Turvey – Company Secretary
9 September 2005

EXPLANATORY NOTES

RESOLUTION 2 ELECTION OF DIRECTORS

Candidates for Re-election to the Office of Director

Kenneth J Roberts, *AM, FRACP (Hon), BEc, FCPA, FAIM, FAICD, (age 67) - International Pharmaceutical Industry, Management, Marketing, Human Resources (resident in NSW)*

Mr Roberts was appointed to the CSL Board in February 1996. Mr Roberts is Chairman of the Royal Australasian College of Physicians Research and Education Foundation and Start-up Australia Pty Ltd. He is also Chairman of the Boards of the Australian Genome Research Facility Ltd and the Australian Phenomics Facility and Deputy Chairman of IMB Com Pty Ltd, the University of Queensland's biotechnology transfer company. Mr Roberts is Chairman of the Human Resources Committee.

Ian A Renard, *BA, LLM, FAICD - (age 59) Law (resident in Victoria).*

Mr Renard was appointed to the CSL Board in August 1998. For many years he practised in company and commercial law. He is a Director of Newcrest Mining Limited, Hillview Quarries Pty Ltd, SP Australia Networks (Distribution) Pty Ltd and SP Australia Networks (Transmission) Pty Ltd. Mr Renard is Chancellor of the University of Melbourne. Mr Renard is a Member of the Audit and Risk Management Committee.

Peter H Wade, *FCPA, FAICD – (age 71) Finance, Management (resident in Victoria), Chairman*

Mr Wade was elected to the CSL Board in 1994 and became Chairman in 1999. He had previously served CSL as a Commissioner and Director from 1985 to 1993 including a period as Acting Chairman during 1988. Mr Wade was formerly a Director of Tabcorp Holdings Limited and Managing Director, North Limited.

Voting restrictions on any significant foreign shareholder

As required by the Commonwealth Serum Laboratories Act, the Company's Constitution provides that if the Board becomes aware of a 'significant foreign shareholding' in the Company, the Board must be divided into two classes of directors, comprising 0 class and A class directors. The Constitution defines a 'significant foreign shareholder' as a foreign person who has a relevant interest in at least 5% of the voting shares of the Company.

The number of 0 class directors must be the number nearest to but not exceeding one third of the directors. Thus in a Board of 9 members, there would need to be 3 0 class directors and 6 A class directors. Under the Constitution, the Managing Director must be regarded as an A class director.

All shareholders are entitled to vote on the election of an 0 class director. A significant foreign shareholder (including any controlled entitles and nominees of the significant foreign shareholder to the extent they hold the shares which comprise the significant foreign shareholding) may not vote on the election of an A class director.

As required by the Constitution, the Board conducts periodic reviews of the Company's share register with a view to determining whether or not there are any significant foreign shareholders. For example, the Company reviews the underlying ownership of substantial shareholders of the Company who, in accordance with Chapter 6C of the Corporations Act, must give notice to the Company and the ASX if they and their associates have relevant interests in 5% or more of the voting shares in the Company. In most cases to date, where the substantial shareholder is a foreign company or a member of a foreign company's group, it has been in its capacity as a fund manager. The Constitution provides that a fund manager is only a foreign person for this purpose if the total interests of foreign persons in the fund represent more than 40% of the total.

As a result of those periodic reviews, the Board has determined that all the shares presently owned by or registered in the names of subsidiaries of FMR Corp are part of a significant foreign shareholding, because FMR Corp (a foreign company) has a relevant interest (as defined in the Corporations Act) in those shares, and because the Company understands that the total interests of foreign persons in the relevant funds managed by the subsidiaries of FMR Corp exceed 40% of the total. Based on the last substantial shareholding notice lodged with the Australian Stock Exchange, FMR Corp had relevant interests in 5.94% of the ordinary shares in the Company at 27 July 2005.

Accordingly, FMR Corp, its controlled entities and its nominees (to the extent they own or hold shares in which FMR Corp has a relevant interest) and any other significant foreign shareholder at the time of the Annual General Meeting, will be prohibited from voting at the election of each A class director at the 2005 Annual General Meeting.

In accordance with the Constitution, the Board of Directors has determined that Mr Peter Wade (Chairman of Directors), Mr Ian Renard and Miss Elizabeth Alexander, be classified as 0 class directors, with the rest of the Directors being classified as A class directors.

At the 2005 Annual General Meeting, 1 A class director (being Mr Ken J Roberts) and 2 0 class directors (being Mr Ian A Renard and Mr Peter H Wade) will retire by rotation and have made themselves available for re-election.

RESOLUTION 3: ADOPTION OF THE REMUNERATION REPORT

As a result of some recent amendments to the Corporations Act 2001 (Cth), the Company is now required to include, in the Directors' Report, a detailed Remuneration Report setting out certain prescribed information relating to directors' and executives' remuneration, and submit this for adoption by resolution of shareholders at the AGM.

The Directors' Report for the year ended 30 June 2005 contains such a Remuneration Report. A copy of the report is set out on pages 46 to 60 of the 2005 Annual Report and can also be found on the CSL website at www.csl.com.au.

The Remuneration Report discusses matters including (but not limited to):

- Board policies for determining the remuneration of directors and executives;
- The relationship between the policies and CSL's performance;
- If the remuneration of directors and executives are performance based, details of these performance conditions; and
- Certain 'prescribed details' of the directors and the top five highest remunerated executives of the Company group.

Shareholders are asked to adopt the Remuneration Report.

The shareholder vote is advisory only and does not bind the directors of the Company.

RESOLUTION 4: ALTERATIONS TO THE CONSTITUTION – UNMARKETABLE PARCELS OF SHARES

The Listing Rules of the Australian Stock Exchange (**ASX Listing Rules**) currently deems an unmarketable parcel of shares to be a parcel that is worth less than $500. The cost to the Company of maintaining and servicing these parcels is high relative to the value of the shares in the parcels.

The price of the shares as at 30 June 2005 was $33.72, resulting in a marketable parcel of shares being approximately 14 shares. As at 30 June 2005, there were approximately 681 holdings of unmarketable parcels of shares in the Company amounting to a total of approximately 5,562 shares.

As a measure to minimise the ongoing costs of maintaining its share register and also to assist shareholders with unmarketable parcels to realise value from their shareholdings, it is proposed to amend the Company's Constitution to enable the Company, subject to certain restrictions and the ASX Listing Rules, to act as the agent for the shareholders and sell the shares on behalf of the shareholders.

Under the proposed amendment to the Company's Constitution, if the Company decides to utilise the provisions it will be required to provide a shareholder who holds less than a marketable parcel of shares, with a notice which specifies a date at least 6 weeks from the date the notice is sent by which the shareholder can make an election to be exempt from the sale provision of the Constitution.

If a shareholder elects to be exempt from this provision by the relevant date, the shareholder may retain their unmarketable parcels of shares and the Company will not be permitted to sell these shares.

If, however, the shareholder does not make such an election or does not increase their shareholding to at least a marketable parcel, the Company can proceed to sell those shares for that shareholder.

The Company could only sell unmarketable parcels of shares once in a 12 month period and may not sell shares following the announcement of a takeover bid for the Company. After the offer period of the takeover bid closes a new notice may be given.

Any shares sold in accordance with the proposed amendments are to be sold on the shareholder's behalf by the Company at a price and on terms determined by the company secretary in the company secretary's sole discretion. The Company bears the costs of the sale. The proceeds of sale will be sent to the shareholder within 45 days after completion of the sale.

The proposed constitutional amendments to effect this proposal are set out in the Appendix to this notice of meeting. Those provisions are consistent with the requirements of ASX Listing Rule 15.13 and the equivalent provisions in the constitutions of many other ASX listed companies.

Appendix - Proposed Alterations to the Constitution

1. Insert the following after the definition of 'Director' in Rule 4(1):

   'Divestment Notice means a notice in writing stating or to the effect that the Company intends to sell or arrange the sale of the shares of a shareholder unless within the Specified Period (which must be set out in the notice):

   (i) the shareholding of the shareholder increases to at least a Marketable Parcel and the shareholder notifies the Company in writing of the increase;

   (ii) the shares are sold by the shareholder; or

   (iii) the shareholder gives to the Company a written notice that the shareholder wishes to retain the shares.'

2. Insert the following after the definition of 'Minister' in Rule 4(1):

   'Notice Date means the date on which the Company sends to a shareholder a Divestment Notice.'.

3. Insert the following after the definition of 'Rules' in Rule 4(1):

   'Sale Period means the period of either seven days following the expiration of the Specified Period or, where Rule 15A(4) applies, seven days following the date of receipt by the Company of revocation of the notice referred to in Rule 15A(4).'
4. Insert the following after the definition of 'Significant foreign shareholding' in Rule 4(1):

   'Specified Period means a period of not less than six weeks after the Notice Date, as determined by the Company.'.
5. Insert the following after the definition of 'writing and written' in Rule 4(1):

   "The terms ***Marketable Parcel*** and ***Takeover*** have the same meaning as they are given in the Listing Rules and the terms ***Certificated Holding, Holding Adjustment*** and ***Issuer Sponsored Holding*** have the same meaning as they are given in the ASTC Settlement Rules."
6. Insert the following as Rule 4(6):

   '(6) Where under this Rule powers are conferred on the Secretary the powers may be exercised either by the Secretary or by any person nominated by the Secretary.'.
7. Insert the following after Rule 15 as Rule 15A:

   "15A. Unmarketable Parcels

   (1) Subject to Rule 15A(2), the Secretary may at any time and from time to time send a Divestment Notice to any shareholder holding less than a Marketable Parcel of shares in the Company.

   (2) Subject to Rule 15A(14), the Company may not give more than one Divestment Notice to a particular shareholder in any 12 months period.

   (3) Where the Company has sent to a shareholder a Divestment Notice then, unless within the Specified Period:

   (a) the shareholding of the shareholder increases to at least a Marketable Parcel and the shareholder has notified the Company in writing of the increase;

   (b) the relevant shares are sold by the shareholder; or

   (c) the shareholder gives to the Company a written notice that the shareholder wishes to retain the relevant shares,

   the shareholder is deemed to have irrevocably appointed the Company as the shareholder's agent to sell the shares the subject of the Divestment Notice during the Sale Period at the price and on the terms determined by the Secretary in the Secretary's sole discretion and to receive the proceeds of sale on behalf of the shareholder. Nothing in this Rule obliges the Company to sell the shares. For the purposes of the sale, the Company may initiate a Holding Adjustment to move all the shares from a CHESS holding to an Issuer Sponsored Holding or a Certificated Holding or to take any other action the Company considers necessary or desirable to effect the sale.

   (4) Where a shareholder has given to the Company notice under Rule 15A(3)(c) the shareholder may at any time revoke the notice and on revocation the Company is constituted the shareholder's agent as provided in Rule 15A(3).

   (5) The Secretary may execute on behalf of a shareholder a transfer of the shares in respect of which the Company is appointed agent under Rule 15A(3) in the manner and form the Secretary considers necessary and to deliver the transfer to the purchaser. The Secretary may take any action on behalf of the shareholder as the Secretary considers necessary to effect the sale and transfer of the shares.

   (6) The Company may register a transfer of shares whether or not any certificate for the shares has been delivered to the Company.

   (7) If the shares of two or more shareholders to whom this Rule applies are sold to one purchaser, the transfer may be effected by one transfer.

   (8) If shares are sold under this Rule, the Company must:

   (a) within a reasonable time after completion of the sale, inform the former shareholder of the sale and the total sale proceeds received by the Company; and

   (b) within 45 days after completion of the sale, cause the proceeds of sale to be sent to the former shareholder (or, in the case of joint holders, to the holder whose name appeared first in the Register in respect of the joint holding). Despite the preceding sentence, if the shares are certificated, the Company will not be obliged to send those proceeds to the shareholder until after the Company receives any certificate relating to the shares (or the Company is satisfied that the certificate has been lost or destroyed or that its production is not essential). Payment may be made in any manner and by means as determined by the Board and is at the risk of the former shareholder.

(9) The Company bears the costs of sale of the transferor of shares sold under this Rule (but is not liable for tax on income or capital gains of the former shareholder).

(10) All money payable to former shareholders under this Rule which is unclaimed for one year after payment may be invested or otherwise made use of by the Board for the benefit of the Company until claimed or otherwise disposed of according to law. No money payable under this Rule by the Company to former shareholders bears interest as against the Company.

(11) A certificate signed by the Secretary stating that shares sold under this Rule have been properly sold discharges the purchaser of those shares from all liability in respect of the purchase of those shares.

(12) When a purchaser of shares is registered as the holder of the shares, the purchaser:

(a) is not bound to see to the regularity of the actions and proceedings of the Company under this Rule or to the application of the proceeds of sale; and

(b) has title to the shares which is not affected by any irregularity or invalidity in the actions and proceedings of the Company.

(13) Any remedy of any shareholder to whom this Rule applies in respect of the sale of the shareholder's shares is limited to a right of action in damages against the Company to the exclusion of any other right, remedy or relief against any other person.

(14) On the date on which a Takeover is announced in relation to the Company, the power of the Company to sell shares under this Rule lapses. However, this Rule 15A(14) does not affect the Company's authority to finalise any matter relating to shares sold prior to the announcement of the Takeover. Despite Rule 15A(2), after the close of the offers under the Takeover the Company may invoke the procedures set out in this Rule."

CSL Limited
ABN 99 051 588 348
45 Poplar Road Parkville Victoria 3052 Australia
Telephone: +61 3 9389 1911 Facsimile: +61 3 9387 8454

Proxy Form

CSL Limited
ABN 99 051 588 348

Mark this box with an 'X' if you have made any changes to your name or address details (see reverse of this form)

All correspondence to:
Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Enquiries (within Australia) 1800 646 882
(outside Australia) 61 3 9415 4000
Facsimile 61 3 9473 2555
www.computershare.com

Appointment of Proxy

I/We being a member/s of CSL Limited and entitled to attend and vote hereby appoint

the Chairman of the Meeting (mark with an 'X') **OR** **Write here the name of the person you are appointing if this person is someone other than the Chairman of the Meeting.**

or failing the person named, or if no person is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of CSL Limited to be held at the Function Centre, National Tennis Centre, Melbourne Park, Batman Avenue, Melbourne on Wednesday, 12 October 2005 at 10:00am and at any adjournment of that meeting.

Voting directions to your proxy – please mark X to indicate your directions

		For	Against	Abstain*
Item 2a	To re-elect Mr Ken J Roberts as a Director			
Item 2b	To re-elect Mr Ian A Renard as a Director			
Item 2c	To re-elect Mr Peter H Wade as a Director			
Item 3	To adopt the Remuneration Report for the year ended 30 June 2005			
Item 4	To approve the alterations to the Constitution regarding the sale of unmarketable parcels of shares			

* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll, or if your votes entitlement cannot be voted by the Chairman of the Meeting, your votes will not be counted in computing the required majority on a poll.

Appointing a second Proxy

I/We wish to appoint a second proxy.

Mark with an 'X' if you wish to appoint a second proxy. **AND** % **OR**

State the percentage of your voting rights or the number of securities for this Proxy Form.

PLEASE SIGN HERE **This section *must* be signed in accordance with the instructions overleaf to enable your directions to be implemented.**

Individual or Securityholder 1	**Securityholder 2**	**Securityholder 3**
Individual/Sole Director and Sole Company Director	**Director**	**Director/Company Secretary**

Contact Name   Contact Daytime Telephone   Date / /

C S L   2 P F

HOW TO COMPLETE THE PROXY FORM

CSL

1 Your Name and Address

This is your address as it appears on the company's share register. If this information is incorrect, please mark the box and make the correction on the form. Securityholders sponsored by a broker (in which case your reference number overleaf will commence with an 'x') should advise your broker of any changes. **Please note, you cannot change ownership of your securities using this form.**

2 Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a securityholder of the company.

3 Votes on Items of Business

You may direct your proxy how to vote by placing a mark in one of the three boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of securities you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

4 Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the company's share registry or you may copy this form.

To appoint a second proxy you must:

(a) indicate that you wish to appoint a second proxy by marking the box.

(b) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.

(c) return both forms together in the same envelope.

5 Signing Instructions

You must sign this form as follows in the spaces provided:

Individual:	where the holding is in one name, the holder must sign.
Joint Holding:	where the holding is in more than one name, all of the securityholders should sign.
Power of Attorney:	to sign under Power of Attorney, you must have already lodged this document with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.
Companies:	where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the company's share registry.

Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below no later than 48 hours before the commencement of the meeting - ie, by 10.00am on Monday 10 October 2005. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Documents may be lodged using the reply paid envelope or:

– by posting, delivery or facsimile to CSL Limited share registry at the address opposite, or

– by delivering to the Registered office of CSL Limited
45 Poplar Road,
Parkville Victoria 3052

CSL Limited share registry
Computershare Investor Services Pty Limited
GPO Box 242
Melbourne Victoria 3001
Australia
Facsimile 61 3 9473 2555