



Half Yearly Report  
2004-2005

# Half Year Financial Results

## CSL Group Results

For half year ended December	2004 (\$M)	2003 (\$M)
Sales revenue	1,414.1	636.1
Other revenue	23.3	4.2
Total revenue	1,437.4	640.3
Earnings before interest, tax, depreciation and amortisation	300.5	111.9
Depreciation/amortisation	86.8	57.2
Net interest expense/(income)	16.1	9.4
Tax expense	37.6	19.9
Profit after tax before goodwill amortisation	181.7	44.5
Net profit from ordinary activities	160.1	25.4
Interim dividend (cents)	17.0	12.0
Earnings per share diluted (cents)	80.8	15.6
Earnings per share after tax before goodwill amortisation (cents)	95.7	27.4

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.

# Chairman's Report



Dear Shareholder,

This has been a strong half-year for CSL marked by a 531% increase in net profit to A\$160.1 million and the successful ongoing integration of ZLB Behring into our global business operations. In addition, the sale of JRH Biosciences announced in January has now been completed for US\$387 million (A\$501 million) including closing adjustments.

Your Board of Directors has declared an interim dividend of 17 cents per share (12 cents last year), fully franked and payable on 15 April 2005.

Group sales revenue increased 122% to A\$1.4 billion, net operating cash flows improved 290% to A\$192.1 million, and we reduced our gearing to 24%. Improving US prices for intravenous immunoglobulin (IVIG) and the higher than expected benefits now forecast from the ZLB Behring integration program are additional strong positives for the company.

In February, CSL announced a proposal to buy back up to 10 million shares (5% of issued capital) and advised that it was suspending the company's dividend reinvestment plan. Our strong financial position gives us sufficient capacity to fund this buy back as part of a capital management program while maintaining CSL's strong commitment to research and development, investment in our businesses and the pursuit of strategic growth opportunities.

## **Business Group Performance**

The increase in sales revenue to A\$1.4 billion for the half year reflects the significant impact of ZLB Behring's A\$1.1 billion in sales. ZLB Behring was formed following our acquisition of Aventis Behring in March 2004 and the merging of this business with ZLB Bioplasma. The integration benefits of this acquisition are expected to be between US\$130 and US\$150 million per annum.

# CSL's Board of Directors has declared an interim dividend of 17 cents per share, fully franked and payable on 15 April 2005.

The 16% sales revenue increase on the previous half year by CSL Bioplasma (A\$113 to A\$131 million) included the positive impact of merging ZLB Behring commercial activities in Asia (with the exception of Japan) into the business, a move that will extend growth prospects in Asia Pacific markets. CSL has entered into a new five-year Plasma Products Agreement with the National Blood Authority which acts on behalf of Australian State and Federal governments. Under the new agreement which commenced in January 2005, CSL Bioplasma continues to provide specialised plasma products and other value-added services to government in collaboration with the Australian Red Cross Blood Service.

CSL Pharmaceutical delivered A\$79 million in sales revenue for the half year. We have entered into an agreement with the Federal Government to supply 65% of their influenza vaccine requirements for the next three years. In the event of an influenza pandemic, CSL has also agreed with the Federal Government to manufacture such vaccine as required. As a result of completing the expansion of our influenza vaccine manufacturing facilities in Melbourne during the period, we have sufficient production capacity to meet this domestic demand and the requirements of our international customers.

## **Sale of JRH Biosciences**

JRH Biosciences recorded sales revenue of A\$114 million - 15% above the A\$99 million result for the same period last year. In March 2005, CSL completed the sale of JRH to the Sigma-Aldrich Corporation for US\$387 million, including closing adjustments. CSL purchased this cell culture reagent business for US\$20 million in 1994 when JRH was operating at a loss. We are very pleased with the return on our investment from what is now a global market leader for cell culture and serum products.

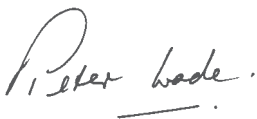
The sale of JRH is another step in reshaping CSL as a global, specialty biopharmaceutical company that develops, manufactures and markets products to treat and prevent serious human medical conditions.

### **New Product Development**

With the integration of ZLB Behring into CSL's global business operations, our spending on research and development increased by 79% for the half year to A\$75.5 million. The most advanced of our major programs is a vaccine to prevent infection with human papilloma virus (HPV). Merck & Co. Inc. is our exclusive licensee for HPV and expects to file with the US FDA for a product license in the second half of 2005. We are also pleased with the progress of our reconstituted high-density lipoprotein (rHDL) project. We will begin testing this early stage product development opportunity in heart attack patients in the next twelve months. Core technologies and skills in plasma fractionation, vaccinology, recombinant proteins and adjuvants will continue to drive new product development investment.

### **Business Outlook**

Despite the absence of JRH Biosciences' normal operating contribution in the second half of this fiscal year, we currently anticipate achieving a net profit after tax for 2004-05 of between A\$270 and A\$295 million. A result towards the upper end of this range is largely dependent upon selling a higher amount of inventory acquired at a discount from Aventis Behring. This result is subject to currency fluctuation and material price movements in core plasma products.

A handwritten signature in black ink that reads "Peter Wade". The signature is written in a cursive style with a horizontal line underneath the name.

Peter Wade, Chairman  
March 2005

# Shareholder Information

## Share Registry

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

Enquiries within Australia: 1800 646 882  
Enquiries outside Australia: 61 3 9415 4000  
Investor enquiries facsimile: 61 3 9473 2500  
Website: [www.computershare.com](http://www.computershare.com)  
Email: [web.queries@computershare.com.au](mailto:web.queries@computershare.com.au)

**Shareholders with enquiries** 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 CHESSE sub-register must notify their sponsoring broker of a change of address.

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

**The Annual General Meeting** will be held at the Function Centre, National Tennis Centre, Melbourne Park, Batman Avenue, Melbourne at 10:00am on Wednesday 12 October 2005.

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



## CSL Limited

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ZLB Behring  
[www.zlbbehiring.com](http://www.zlbbehiring.com)