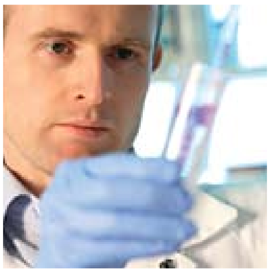


CSL Limited
Annual Report 2007-2008

CSL Limited ABN 99 051 588 348
Annual Report 2007-2008

Financial Calendar

2008

13 August	Annual profit and final dividend announcement
16 September	Shares traded ex-dividend
22 September	Record date for final dividend
10 October	Final dividend paid
15 October	Annual General Meeting
31 December	Half year ends

2009

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

Annual General Meeting

Wednesday 15 October 2008 at 10:00am
Function Centre, National Tennis Centre,
Melbourne Park, Batman Avenue,
Melbourne 3000

AGM Live Webcast

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 called Annual General Meeting webcast.

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

Contents

Year in Review

Highlights 2007-2008

Dear Shareholder,

Continuing robust demand for our plasma products and the strong uptake of the GARDASIL* vaccine in Australia and on international markets have combined to deliver an excellent annual result for CSL.

- Group net profit after tax from continuing operations increased 30% on the previous year to $702 million, up 45% after adjusting for adverse foreign currency movements. Cash flow from operations grew by 49% to $715 million;
- CSL received royalty payments of $167 million from Merck & Co. Inc. (Merck) on international sales of the GARDASIL* vaccine and a successful Australian immunisation program has been implemented generating $227 million.
- In February 2008, CSL launched Privigen™ in the US. This new generation 10% liquid intravenous immunoglobulin (IVIg) is set to become a driver of margin expansion and value.
- Expenditure on Research and Development increased by 18% to $225 million.
- Following US Food and Drug Administration (FDA) approval of CSL's Afluria® influenza vaccine in September 2007, this product has been launched in the US. Capital works recently completed at our Melbourne production facility will provide the extra capacity required for significant market expansion.
- In April 2008, CSL signed a five year agreement with the Canadian Blood Service to fractionate Canadian plasma and supply a broad range of plasma products. At the same time, CSL entered into an agreement with Héma Québec to become the main supplier of bleeding disorder treatments for the Province of Quebec.
- In August 2008, CSL announced that it had signed an agreement to acquire Talecris Biotherapies Holdings Group for US$3,100 million.

*GARDASIL is a trademark of Merck & Co. Inc. ™ Trademark of CSL Limited or its affiliates. ® Registered trademark of CSL Limited or its affiliates.

Year in Review

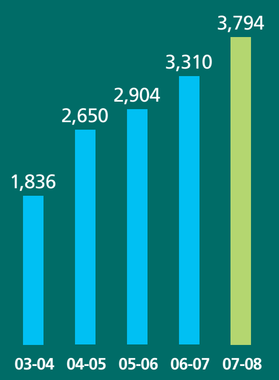
Financial Results

Financial highlights for the year ended 30 June 2008

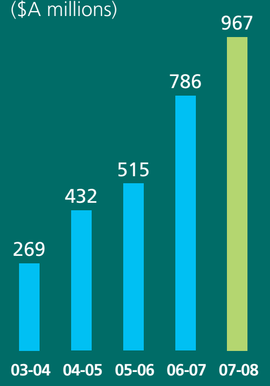
Dividends to Shareholders

On 14 April 2008, shareholders received an interim unfranked dividend of 23 cents per share. Adjusted for the 3 for 1 share split on 24 October 2007, this was an increase of 41% on the same period last year. A final dividend of 23 cents per share franked at 100% will be paid on 10 October 2008, an increase of 26% on the same period last year.

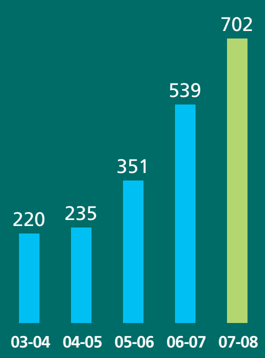
CSL Total Revenue
($A millions)



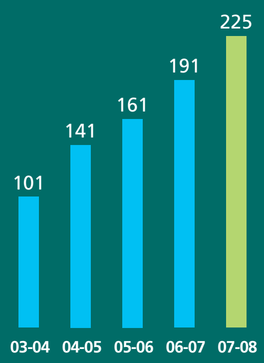
CSL Profit Before Interest and Tax[2]
($A millions)



CSL Net Profit[2]
($A millions)



CSL R&D Investment
($A millions)



Five Year Summary All figures are in $A million unless stated otherwise[1].

	2007-08	2006-07	2005-06	2004-05	2003-04
Total revenue	**3,794**	3,310	2,904	2,650	1,836
Sales revenue	**3,557**	3,172	2,849	2,609	1,650
Research and development investment	**225**	191	161	141	101
Profit before income tax expense[2]	**952**	774	499	410	255
Net profit[2]	**702**	539	351	235	220
Capital investment	**218**	205	122	105	80
Total assets at 30 June	**4,695**	4,200	4,186	3,893	3,875
Total equity at 30 June	**2,806**	2,269	1,990	2,109	2,074
Net tangible assets per share at 30 June ($)[4]	**3.44**	2.44	2.14	2.34	2.06
Weighted average number of shares (million)[4]	**550**	548	546	588	535
Basic earnings per share (cents)[2] [4]	**127.6**	98.5	64.3	39.9	41.1
Dividend per share (cents)[3] [4]	**46.0**	34.7	22.7	15.7	12.7

(1) The Group's results for the years ended 30 June 2008, 30 June 2007, 30 June 2006 and 30 June 2005 are reported in accordance with the Australian Equivalents to International Financial Reporting Standards (A-IFRS). The Group's results for the year ended 30 June 2004 are reported in accordance with the Group's old basis of accounting (AGAAP).

(2) Excludes recognition of the contingent consideration payable for the acquisition of Aventis Behring and the profit after tax from discontinued operations for years ended 30 June 2006 and 30 June 2005.

(3) Excludes special dividend of 10 cents for the year ended 30 June 2005.

(4) Restated for the years ended 30 June 2007, 30 June 2006, 30 June 2005 and 30 June 2004 following the 3 for 1 share split undertaken on 24 October 2007.

Elizabeth Alexander
Chairman

Brian McNamee
Chief Executive Officer
and Managing Director

Year in Review
2007-2008

Dividends and Financial Results

On 14 April 2008, shareholders received an interim unfranked dividend of 23 cents per share. A final dividend of 23 cents per share fully franked will be paid on 10 October 2008, an increase of 26% on the same period last year.

The CSL Group achieved a net profit after tax from continuing operations of $702 million, up 30% on the previous year or 45% after adjusting for adverse foreign currency movements. Group sales revenue grew 12% to $3.6 billion. Cash flow from operations was up 49% to $715 million. Earnings before interest, taxes, depreciation and amortisation (EBITDA) grew 21% to $1.1 billion.

Business Reports

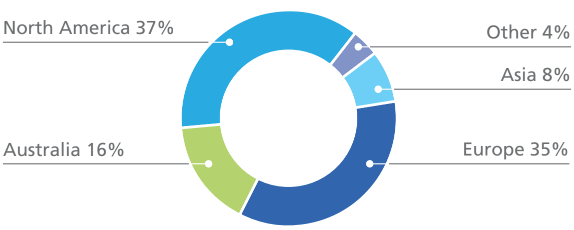
CSL's business activities include CSL Behring, CSL Bioplasma, CSL Biotherapies and our global research and development operations.

CSL Behring

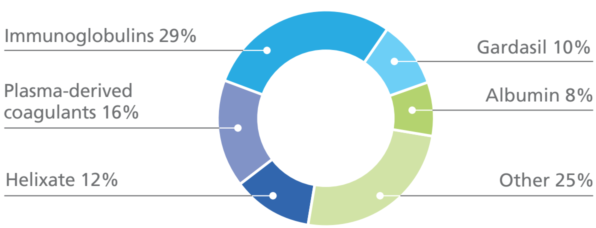
Strong demand for CSL Behring products once again demonstrated the life enhancement they bring to people with congenital or acquired deficiencies in plasma proteins. Total sales of $2.8 billion increased 7% over the previous year or 15% after adjusting for adverse foreign currency movements. The business continued to leverage infrastructure and operating efficiencies to achieve a 9% increase in earnings before interest and tax over last year.

US sales were encouraging with high double digit growth but the stand out performance was sales in Latin America, the Middle East and Canada which contributed to the strongest year on year growth. A highlight was the securing of significant contracts for supply to Canada for a broad range of products, the full benefits of which will be realized in future years. European sales remained robust with continuing growth opportunities in immunoglobulins and critical care products.

CSL Group Sales by Region 2007-08



CSL Group Total Revenue by Major Products 2007-08



Year in Review 2007-2008 continued

Privigen™ was launched in the United States in February 2008 and favourably received by the market. Privigen™ is a 10% immunoglobulin, proline stabilised preparation that offers room temperature storage for up to two years. Combined immunoglobulin sales grew strongly with healthy demand for all presentations. Sales of Vivaglobin® , a subcutaneous immunoglobulin, were particularly strong in the US.

We continue to have success with plasma-derived Factor VIII/vWF products with our market leading Humate® P for the treatment of von Willebrand disease. Helixate® recombinant Factor VIII sales have continued to grow year on year due in part to successful tendering in the UK market.

Our prothrombin complex, Beriplex® P/N was launched in several European countries following its broad European approval in January this year. Beriplex® P/N rapidly improves blood coagulation in patients who bleed when receiving warfarin anticoagulant therapy.

Increased demand for albumin in China, South America and the Middle East contributed to significant growth enabling balanced manufacturing and sales volumes. Critical care products Haemocomplettan® (fibrinogen) and Berinert® P (C1 esterase inhibitor) made solid gains in sales in Central European markets.

Our portfolio of specific immunoglobulins continues to grow at double digit rates led by Rhophylac® and Cytogam®. Rhophylac® is indicated for preventing haemolytic disease in the newborn (HDN) and achieved US marketing authorisation for treatment of idiopathic thrombocytopenic purpura, an auto-immune disease that causes bleeding as a result of low blood platelet counts. Our first full year of Cytogam® confirmed the potential of this product in the prevention of cytomegalovirus infection in solid organ transplants.

Plasma collections by ZLB Plasma grew in line with demand to meet growth in patient needs, particularly for immunoglobulin. ZLB Plasma has become one of the most efficient plasma collection operations globally.

The productivity of our research and development team was most rewarding with the approval of Privigen™ in the US, Europe, Canada and Switzerland, and the European approval of Beriplex® P/N for anticoagulant reversal in bleeding patients. Good progress was made in clinical trials of our second generation subcutaneous immunoglobulin for primary immune disease (PID) and fibrinogen for congenital deficiency. We have also made progress in preclinical development of a recombinant coagulation factor, Factor VIIa FP. This protein has an extended half life (clinical activity) in animal models and, if human trials are successful, patients will need fewer infusions.

Our manufacturing centres of excellence continue to drive efficiencies, extract more products per litre of plasma and process increased volumes and we are increasing our capital investments to meet growth expectations.

CSL Behring Global Market Positions* 2007-08

	Share	Rank
Critical Care	38%	1
Immunoglobulins	22%	2
Coagulation	21%	2
Alpha-1-PI	10%	3

**Top 20 markets for our products*

CSL Behring Global Sales 2007-08

CSL Bioplasma

CSL Bioplasma provides plasma fractionation services in Melbourne under contracts with Australia, New Zealand, Hong Kong, Malaysia, Singapore, and Taiwan. We market commercial plasma products in Asia (excluding Japan) and operate an immunohaematology blood grouping business in Australia.

Sales growth of 20% to $253 million underpinned a successful year driven by increasing commercial sales of plasma products in Asia and expanding plasma volumes for fractionation at our Australian facility. Our business focus as a leading supplier in the Asia Pacific is to continue developing commercial sales and fractionation services.

Growth in Asia was driven by albumin sales to China where our operational commitment and extensive distribution network ensured that clinicians and patients had continued access to CSL's global brands. Our fractionation business growth has been driven by Australia, New Zealand and the commencement of fractionation services for Taiwan.

In Australia and New Zealand, CSL Bioplasma continued providing access to a number of niche plasma products distributed on a named patient basis. Manufactured by CSL Behring, these products include Haemocomplettan® P (fibrinogen), Fibrogammin® P (Factor XIII) and Berinert® P (C1 esterase inhibitor). These valuable services ensure access to a broad portfolio of plasma products for a very small number of patients with rare and life-threatening inherited disorders.

We successfully increased manufacturing capacity at our Melbourne facility and further investment is planned to ensure our ability to meet the growing demand for fractionation services. We also carried out equipment upgrades to further optimise manufacturing process control and automation.

One benefit of manufacturing process enhancements has been further yield improvements for INTRAGAM® P, our chromatographically purified IVIg for which demand continues to grow. Better yields ensure the optimal use of plasma collected from Australia's voluntary, non-remunerated donors by the Australian Red Cross Blood Service for fractionation by CSL.

Two high-yielding, chromatographically purified immunoglobulins entered phase III clinical trials in Australia and New Zealand during the year. These 10% intravenous and 16% subcutaneous immunoglobulins are designed to improve patient convenience. Following successful clinical investigations, we have also lodged a dossier with the Therapeutic Goods Administration (TGA) seeking approval for Biostate® (Factor VIII/von Willebrand Factor) for the treatment of von Willebrand disease.

As detailed in our feature story on page 12 of this Report, CSL Bioplasma is continuing to fund educational programs in neurology and immunology to support the appropriate use of our products.

Privigen™ is a 10% immunoglobulin, proline stabilised preparation that offers room temperature storage for up to two years, increasing patient convenience. Launched in the US in February 2008, Privigen™ has been favourably received.

Year in Review 2007-2008 continued

CSL Biotherapies

CSL Biotherapies manufactures and markets vaccines and pharmaceutical products in Australia and New Zealand and is responsible for international sales of influenza vaccines. In-licensed pharmaceutical products include vaccines and a range of neurological, cardio-thoracic, dermatological, analgesic, urological, allergy and emergency products.

Strong sales of the GARDASIL* vaccine in Australia of $227 million, continuing expansion of our international influenza vaccine business and increased sales of in-licensed pharmaceuticals underpin our significant sales revenue growth to $481 million – up 52% on last year.

The success of the GARDASIL* national immunisation program in Australia is reflected in the number of women vaccinated to date and in awards received during the year. However, the Government funded catch-up vaccination program is now largely complete. A special award at the Ethical Investor Sustainability Awards for Social and Community Relations recognised GARDASIL* for demonstrating innovation and therapeutic value in management of a major condition affecting many people. GARDASIL* also received an award for Best Ethical Product in the 2007 Australian Journal of Pharmacy Awards which recognise excellence in the Australian pharmaceutical industry.

Following US FDA approval in September last year, our Afluria® influenza vaccine has been launched in the US. CSL's influenza vaccines are now registered in twenty-seven countries and international sales continue to expand. The capital works completed at our Melbourne plant this year provide the significant extra capacity required to support the continued expansion of our influenza vaccine business. During the year, the TGA gave approval for registration of our Panvax® avian influenza vaccine developed in collaboration with the Australian Government.

Several new in-licensed products have been launched including Solaraze (Laboratorios Almirall, S.A.) and Thelin (Encysive Pharmaceuticals Inc). Solaraze is a topical treatment for the management of actinic keratoses, skin lesions common in Australian adults that can develop after years of exposure to ultraviolet light, such as sunlight. Thelin is for the treatment of pulmonary hypertension.

Q-Fever is primarily an occupational disease of people working in Australia's meat and livestock industries. Only CSL produces a vaccine against this disease, Q-Vax®, being part of our commitment to products of national significance. The new state-of-the-art Q-Fever vaccine facility being built by CSL at our Broadmeadows site in Melbourne is on schedule to be opened in 2009.

Following US Food and Drug Administration approval in September 2007, CSL's Afluria® seasonal influenza vaccine has been launched in the US. Our influenza vaccines are now registered in twenty-seven countries.

New Product Development

CSL invests in the development of protein-based medicines to treat serious human illnesses. Most of our licensed medicines are purified from human plasma or made from traditional sources, like our influenza vaccines. CSL is also increasing investment in the capabilities required to develop future products using recombinant DNA technology.

Global research and development activities support CSL's core businesses and three other main areas of new product development:

- Replacement therapies that build on our plasma products portfolio;
- Therapeutic proteins based on recombinant proteins and antibodies; and
- Vaccines that use our proprietary ISCOMATRIX® adjuvant and/or our influenza vaccine capabilities.

Our replacement therapies focus has been on supporting the registration of Privigen™ in the US and Europe, further clinical development of our 20% subcutaneous immunoglobulin, progressing our recombinant coagulation projects, and expanding the indications for existing plasma products.

Our therapeutic proteins program delivered further progress with early stage clinical development of a recombinant antibody for acute myeloid leukemia and our GM-CSF antibody licensed to AstraZeneca and Medimmune, Inc.

The CSL research team located in the Molecular Science and Biotechnology Institute at Melbourne University (Bio21) manages a significant portfolio of early stage biotechnology research projects. During the past year, we have strengthened our clinical, regulatory and product development capabilities associated with this portfolio.

In September 2007, CSL achieved a major milestone when the FDA approved our seasonal influenza vaccine Afluria® for sale in the US. For the next two to three years, significant clinical and regulatory commitments will continue with further clinical trials in adults, the elderly and the very young. In June 2008, the Therapeutic Goods Administration approved our Panvax® prototype pandemic avian influenza vaccine for registration in Australia.

An adjuvant enhances the immune response when formulated with a vaccine antigen. We continue to make good progress with our ISCOMATRIX® adjuvant and have several commercial partners with vaccine candidates at various stages of clinical development. To facilitate supply of ISCOMATRIX® to our international commercial partners for clinical trials, commercial scale production is now being carried out in the US at our Kankakee site.

To enhance our ability to commercialise current projects, we are working to increase capacity to carry out later stage product development, particularly in strategic clinical trial design and the development of new products from recombinant proteins.

We will continue to seek out high quality new product opportunities that enable us to apply the competitive strengths of our core research and development capabilities to contribute to CSL's future growth.

Our Thanks to Management and Staff

Our continuing strong business performance and international delivery of life-saving medicines are grounded on the achievements of many people in research and development, manufacturing, business development, sales and marketing, capital works and a range of essential support services.

Your Board of Directors congratulates management and staff around the world for CSL's achievements in another successful year.

Elizabeth Alexander
Chairman

Brian McNamee
Chief Executive Officer
and Managing Director

CSL Behring

CSL Behring is a global leader in biotherapies with the broadest range of quality products in our industry and substantial markets in the US, Europe and Japan. CSL Behring products replace missing proteins in the blood and are indicated for the treatment of rare diseases such as haemophilia and other coagulation disorders, primary immune deficiencies and inherited respiratory disease.

Our products also prevent Rh-factor problems in newborns, speed recovery from heart surgery and help victims of shock and burns recover faster.

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

CSL Behring remains well positioned to develop its global biotherapeutics business 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 efficiency in operations.

Our extensive research and development activities, patient support services and patient focused resources are key elements in an ongoing commitment to people whose lives depend on our products.

We listen carefully to the concerns of people with rare, life-threatening disorders and work to address their needs. By providing safe and effective products and services, we help patients to improve their quality of life. We continue to develop programs and provide educational tools that help patients and families to manage the daily challenges of living with chronic conditions. CSL Behring is dedicated to ongoing collaboration with patient groups and stakeholders around the world to advocate for patient access to care.

CSL Behring produces high quality products in our state-of-the-art facilities using the most sophisticated methods available. Because patient safety is our first priority, we closely monitor every aspect of the manufacturing process.

At CSL Behring in Bern, Operator Hans Guggisberg prepares cartridges used to filter Privigen™ and Quality Control Laboratory Technician, Pia Kappeler, fills an auto-sampler ready to carry out a high pressure liquid chromatography (HPLC) test.

Privigen™ is a 10% immunoglobulin, proline stabilised preparation that offers room temperature storage for up to two years, increasing patient convenience. Launched in the US in February 2008, Privigen™ has been favourably received.

Members of the technical project team with a model of one of the filling machines inside the new filling and packaging facility being built in Marburg: (from left) Veronika Bolick, Esther Seidel, Rainer Herbener, Stefan Bonnard, Peter Fieber, Harald Broessel and Gerhard Kornmann. The team is also shown here outside this new building in which coagulation therapies for bleeding disorders will be manufactured.

Major plasma products marketed by CSL Behring

Haemophilia and Other Coagulation Disorders

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

Plasma-derived Factor VIII and von Willebrand Factor

- Beriate® P
- Monoclate-P®
- Humate-P®
- Haemate® P

Recombinant Factor VIII

- Helixate® FS
- Helixate® NexGen

Plasma-derived Factor IX

- Berinin® P
- Mononine®

Plasma-derived Factor X

- Factor X P

Other Products

- Stimate®
- Octostim®
- Minirin®

Alpha 1-Proteinase Inhibitor Deficiency

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

- Zemaira®

Critical Care Conditions

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

Coagulation Disorders

- Beriplex® P/N
- Fibrogammin® P
- Haemocomplettan® P
- Kybernin® P

Trauma Therapies

- Albuminar®
- Human Albumin
- AlbuRx™

Other Critical Care

- Berinert® P
- Minirin® Parenteral
- Innohep®
- Streptase®

Wound Healing

Wound healing therapies are used to facilitate healing.

- Beriplast® P
- Fibrogammin® P
- Tachocomb®

Immune Disorders and Immune Therapy

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

Polyvalent Immunoglobulins

- Privigen™
- Carimune® NF
- Redimune®
- Redimune® NF Liquid
- Sandoglobulin®
- Sandoglobulin® NF Liquid
- Sanglopor®
- Lymphoglobuline®

Subcutaneous Immunoglobulins

- Vivaglobin®

Specific Immunoglobulins

- Beriglobin® P
- Berirab® P
- Hepatitis B Immunoglobulin
- Rhesogamma® P
- Rhophylac®
- Tetagam® P
- Varicellon® P
- Cytogam®

For more information about these products, see www.cslbehring.com

CSL Behring continued

Building patient communities

Because many of the conditions treated using our products are rare, patients are often isolated from people who can share their experience of a disease.

Building patient communities is a powerful way to alleviate that isolation.

For many patients, the product websites and portals created by CSL Behring have become useful tools both for managing their health and well-being and reducing isolation. Our sites give patients access to information about patient organisations, chat rooms and current events.

Our disease education sites are also used to rapidly spread awareness of new therapies being developed, and to share useful news and information about diseases and treatments.

Walk for Breath

In June 2008, CSL Behring sponsored the first annual Walk for Breath in St. Louis, Missouri (US). CSL Behring employees and people with Alpha1-antitrypsin deficiency from all over the United States participated in this organised walk to raise awareness of Alpha1 and to launch CSL Behring's new program, *My Steps for Healthy Living* – a free, no-obligation program to encourage people with Alpha-1 to walk their way towards a healthier lifestyle.

ZLB Plasma

CSL Behring's plasma collection business, ZLB Plasma, has collection centres throughout the US and eight in Germany, along with plasma testing laboratories and logistics centres in both countries.

Millions of donations every year provide the plasma used to produce life-saving products for critically ill patients. ZLB Plasma offers a reliable and secure source of plasma for those essential medications.

ZLB Plasma is based in Boca Raton, Florida (US) and has the largest plasma-testing laboratory in the industry in Knoxville, Tennessee (US) and a logistics centre in Indianapolis, Indiana (US).

Based in Marburg, our German operations include a plasma-testing laboratory in Goettingen and a logistics centre in Schwalmstadt.

The largest collector of human blood plasma in the world, ZLB Plasma sources the plasma required by CSL Behring through its plasma collection operations and commercial purchases.

In this stringently regulated industry, CSL Behring and ZLB Plasma meet or exceed international standards, use the most sophisticated systems and continue to explore avenues of innovation.

New college graduates join CSL Behring in Japan

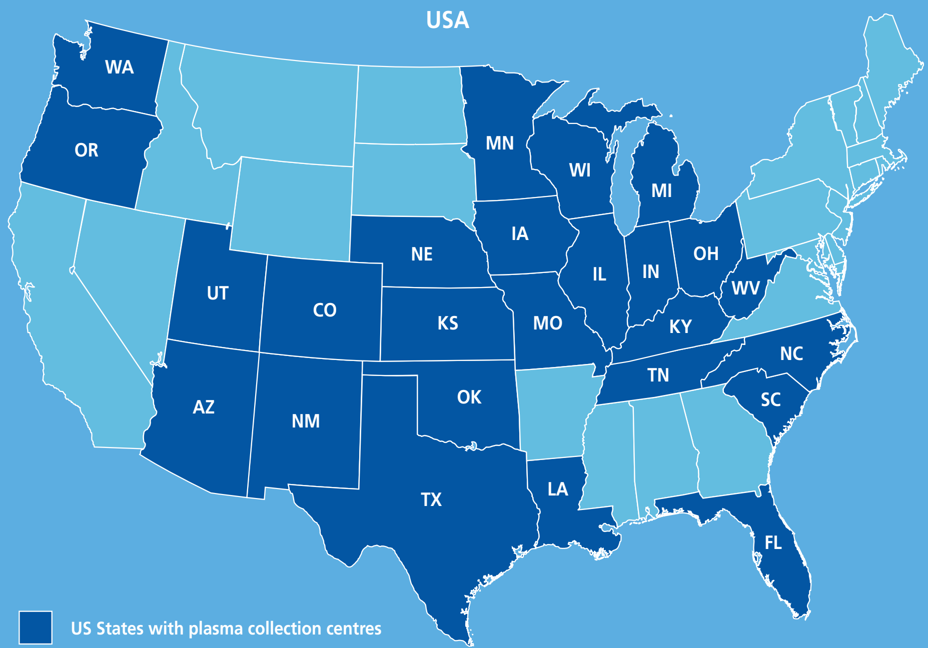
Kiyoaki Yamabe (Vice President and General Manager, CSL Behring K.K.) meets new college graduates who joined the company in April 2008. After an intensive training course in Tokyo, they will all take up their assignments in September. Shown here are (back from left): Saori Wada, Shiori Sakai, Mina Murayama, Saki Ohnishi, Hitomi Wakino, Naoyuki Hirozawa, Kiyoaki Yamabe, Yohei Ohzeki, Sayaka Hashimoto, Liyu Chin, and (front from left) Masato Sugimoto, Ryoji Takeshima and Junya Ii.

Beth Wilhoite with donor Carol Ernst at the ZLB Plasma collection centre in Hamilton, Ohio (US).

Ensuring highly efficient operations and manufacturing processes

Plasma is a precious resource. We are committed to using that resource wisely, from plasma collection at our donor collection centres to turning every fraction of a litre into as many precious therapies as possible. We continuously look for new ways to improve all our processes.

US States and German cities with ZLB Plasma collection centres



ZLB Plasma

US Headquarters – Boca Raton, Florida

US Testing Laboratory – Knoxville, Tennessee

US Logistics Centre – Indianapolis, Indiana

EU Headquarters – Marburg, Germany

EU Testing Laboratory – Goettingen, Germany

EU Logistics Centre – Marburg, Germany

CSL Bioplasma

Through a number of undirected educational grants, CSL Bioplasma enables expert clinicians to design and implement educational programs that enhance health care by facilitating educational opportunities for clinicians practising in the Asia Pacific region.

Our educational grants have facilitated the creation of Asia Pacific expert groups in neurology and immunology and also their authoring of consensus recommendations on the use of intravenous immunoglobulins (IVIg) in these two complex areas of medicine.

Comprised of thought leaders from Australia, New Zealand, Taiwan, Hong Kong, Malaysia, Singapore, Thailand, the US and the UK, these expert groups produce consensus recommendations for dissemination at scientific congresses and symposia that they scope and implement. Held both in Asia and Australia, these events are associated with the programs of relevant medical societies and colleges.

The consensus recommendations provide an excellent resource for clinicians beginning their specialised training. In Asia, where care may be delivered by a general physician, the recommendations provide invaluable diagnostic and treatment information and assist optimal patient outcomes associated with the use of IVIg.

In immunology, our grants support the Asia Pacific Primary Immune Deficiency (APPID) Summer School for immunology registrars, and the APPID Interactive Update for consultant immunologists. Led by international scientific faculties, the APPID programs provide small group, highly advanced learning experiences. A similar program is planned in neurology.

We are also a long term supporter of the Australasian Society of Clinical Immunology and Allergy (ASCIA) annual scientific meetings, the Primary Immunodeficiency Disease (PID) register and the PID register scientific research awards.

In both neurology and immunology, we sponsor Fellowships at the Royal Children's Hospital in Melbourne, providing a useful additional resource for the hospital. When the Fellow is a young clinician visiting from Asia, our sponsorship contributes towards enhanced health care in their home country.

At a First Aid training course attended by 20 CSL Bioplasma staff in June this year, Lara Morgan from Premium Health teaches Peter Szitas (left) and Shane Zahra how to perform CPR (Cardiopulmonary Resuscitation).

In July this year, CSL Bioplasma organised a tour of its Broadmeadows plasma fractionation facility for a group of Australian Red Cross Blood Service (ARCBS) Donor Services, Laboratory and Marketing staff.

Shown here during the tour are Dr Leon Rozen - Medical Services Education Manager ARCBS, Dr Elizabeth Campbell, Director, Sales and Marketing, CSL Bioplasma (left), and Kristina Chambers, Product Manager, CSL Bioplasma.

Used for mid-stream purification of albumin and intravenous immunoglobulin, CSL Bioplasma's new filter press offers more efficient filtration and is easier to clean after processing each batch of product. Increased throughput and improved product yields are now being achieved. Shown here with their new filter press (from left) are Anthony Manovella, John Lontos, Steven Jacovou, Andreas Gavriel and Nick Kotsonis.

In the intensive care unit of Sichuan Hua Xi Hospital, a nurse infuses CSL's human albumin into a patient injured in the recent earthquake. Following this earthquake tragedy in Sichuan Province, CSL quickly responded providing emergency supplies of albumin to numerous provincial hospitals in the region.

Major plasma products manufactured by CSL Bioplasma

Haemophilia and Other Coagulation Disorders

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

- ***Biostate®***
  (human coagulation factor VIII)
- ***MonoFix®-VF***
  (human coagulation factor IX)
- ***Prothrombinex®-VF***
  (human prothrombin complex)

Critical Care Conditions

Critical care products are used in fluid resuscitation, for replacement of albumin, and to treat specific factor deficiencies.

- ***Albumex®***
  (human albumin)
- ***Thrombotrol®-VF***
  (human antithrombin III)

Immune Disorders and Immune Therapy

Immunoglobulins are used to treat immunodeficiency, modify the function of the immune system, and for protection against specific infections.

- ***Intragam® P***
  (6g liquid intravenous immunoglobulin)
- ***Normal Immunoglobulin-VF***
  (human normal immunoglobulin)
- ***Rh(D) Immunoglobulin-VF***
  (human Rh (D) immunoglobulin)
- ***CMV Immunoglobulin-VF***
  (human cytomegalovirus immunoglobulin)
- ***Hepatitis B Immunoglobulin-VF***
  (human hepatitis B immunoglobulin)
- ***Zoster Immunoglobulin-VF***
  (human zoster immunoglobulin)
- ***Tetanus Immunoglobulin-VF***
  (human tetanus immunoglobulin)

Diagnostic Products

Diagnostic products are used in the testing of blood to prevent haemolytic transfusion reactions and haemolytic disease of the foetus and newborn, and for snake venom detection.

- ***Reagent Red Blood Cells***
- ***Monoclonal Reagents***
- ***Supplementary Reagents***
- ***Snake Venom Detection Products***
  Used to detect venom in snakebite victims and indicate the appropriate monovalent antivenom for treatment.

Special Access Scheme

Under Australia's Special Access Scheme, CSL Bioplasma distributes several life-saving, plasma-derived products for the treatment of rare conditions.

Sandoglobulin® NF Liquid

(12% liquid intravenous immunoglobulin) manufactured by CSL Behring and distributed in Australia by CSL Bioplasma.

Toll Fractionation

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 of New Zealand, Hong Kong, Malaysia and Singapore.

CSL Biotherapies

This has been a milestone year for our influenza vaccines with Afluria® approved for the US market, Panvax® approved in Australia and CSL's expanded influenza vaccine facility ready to provide extra capacity for continuing business growth.

The US Food and Drug Administration (FDA) approval of our Afluria® seasonal influenza vaccine in September 2007 and the October product launch marked CSL's first entry into the US vaccine market.

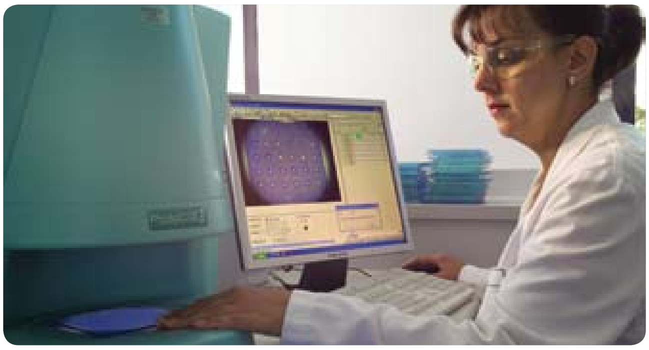
This outstanding achievement is the result of close cooperation between many people in our manufacturing, quality, regulatory and supply chain groups. Afluria® is manufactured and formulated into bulk vaccine in our Melbourne facility, flown to Marburg in Germany to be dispensed into single use syringes or multi-dose vials, then packaged and sent to CSL's Kankakee site for distribution across the US.

New dispensing and packaging facilities are being built at our Kankakee site to help meet projected US sales growth. We anticipate dispensing and packaging operations will commence at this new facility in 2009.

International expansion of CSL's influenza vaccine business and entry to the US market are underpinned by the extra capacity now available at our Melbourne influenza vaccine manufacturing facility. Designed to increase potential influenza vaccine production to 80 million doses per annum, the plant expansion program took only eighteen months to complete.

During the year, the Therapeutic Goods Administration (TGA) approved Panvax®, CSL's avian influenza vaccine developed in collaboration with the Australian Government. Should a pandemic occur, CSL is well placed to manufacture the vaccine required to protect the Australian population.

CSL is Australia's only manufacturer of influenza vaccine which is now registered and marketed as a finished product in twenty-six countries, and as a bulk vaccine in South Korea.



(Clockwise from above)

CSL Quality Control Scientist, Angela Antoni, uses a protocol reader to test the potency of influenza vaccine samples.

Inside the influenza vaccine manufacturing facility at Parkville in Melbourne, allantoic fluid containing inactivated influenza virus is harvested by Melanie Chiu, and Joseph Grima monitors an allantoic fluid filtration process.

Inside CSL's influenza virus vaccine formulation facility at Parkville in Melbourne, Daniella Cannavo seals a sterile transport bag of influenza virus vaccine before handing it over to Vincent Ho in the pallet tank used to transport the bulk vaccine to Marburg.

Major pharmaceutical products marketed by CSL Biotherapies in Australia

Vaccines

	For prevention of:
Fluvax®	Influenza
ADT® Booster	Diphtheria and Tetanus
Q-Vax®	Q-Fever
Comvax*	Haemophilus influenzae B and Hepatitis B infection
GARDASIL*	Cervical cancer
H-B-Vax* II	Hepatitis B infection
Menjugate*	Meningococcal C disease
M-M-R*II	Measles, mumps and rubella
PedvaxHIB*	Haemophilus influenzae B
Pneumovax 23*	Pneumococcal infection
Rabipur*	Rabies infection
Rotateq*	Rotavirus-induced gastroenteritis
Vaqta*	Hepatitis A infection
Varivax*	Varicella
Vivotif Oral*	Typhoid infection
Zostavax*	Herpes zoster (shingles)

Anti-infectives

	For treatment of:
BenPen®	Bacterial infections
Fucidin*	Bacterial infections

Other Products

	For treatment of:
Advantan*	Eczema and psoriasis
Angiomax*	Patients undergoing percutaneous coronary intervention (PCI)
Antivenoms	Envenomation
Cervidil*	Complications during childbirth requiring induced labour
Daivobet*	Psoriasis
Daivonex*	Psoriasis
EpiPen*	Severe allergic reactions
Finacea*	Rosacea
Flomaxtra*	Benign prostatic hyperplasia
Modavigil*	Excessive daytime sleepiness in narcolepsy
Solaraze*	Actinic keratosis
Thelin*	Pulmonary arterial hypertension
Tramal*	Moderate to severe pain
Vaniqa*	Unwanted facial hair in women

Trademarks

CSL, **Bioplasma**, **ZLB** and **ISCOMATRIX** 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:

Merck & Co. Inc.	Comvax H-B-Vax II PedvaxHIB Rotateq Varivax	GARDASIL M-M-R II Pneumovax Vaqta Zostavax
Merck KGaA		EpiPen
Shire		Solaraze Vaniqa
Astellas		Flomaxtra
Berna Biotech		Vivotif Oral
Cephalon Inc.		Modavigil
Controlled Therapeutics (Scotland) Limited		Cervidil
Grunenthal GmbH		Tramal
Intendis GmbH		Advantan Finacea
Leo Pharmaceutical Products Limited AS		Daivobet Daivonex Fucidin
Novartis		Menjugate Rabipur
Encysive Pharmaceuticals Inc.		Thelin
The Medicine Company		Angiomax

New Product Development

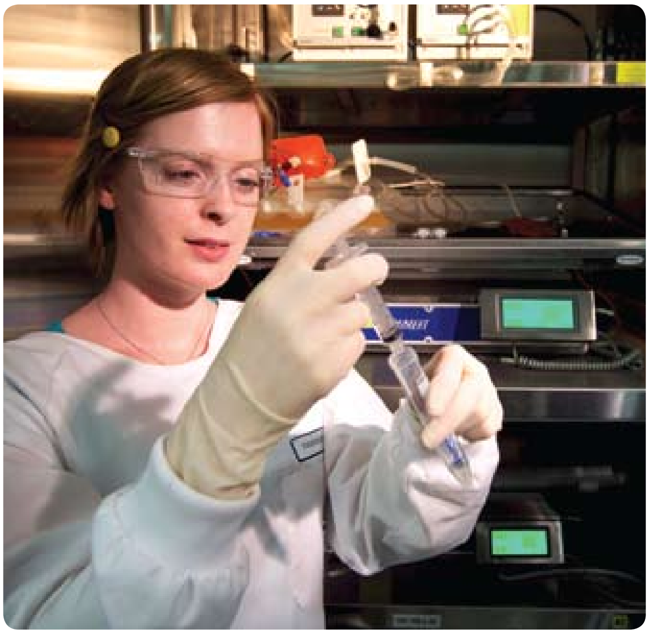
CSL develops new protein-based medicines to save lives by preventing or treating serious medical conditions.

Our Core Capabilities

Our core capabilities are in products derived from human plasma, vaccines, recombinant biotechnology and our proprietary ISCOMATRIX® adjuvant.

CSL is a global leader in the development and manufacture of therapeutic products derived from human plasma. We have established international markets for our influenza vaccines. ISCOMATRIX® adjuvant may be used to enhance influenza vaccine effectiveness and in the development of new vaccines both by CSL and major vaccine manufacturers through license and option agreements. CSL uses its expertise in recombinant proteins, particularly monoclonal antibodies, in research programs on cancer, inflammation and immunology.

We maintain strong long-standing strategic partnerships with academic institutions and corporations in Australia, North America and Europe. These collaborative partnerships support a range of effective research programs, including both basic and applied research in plasma products, vaccines and recombinant biotechnology.



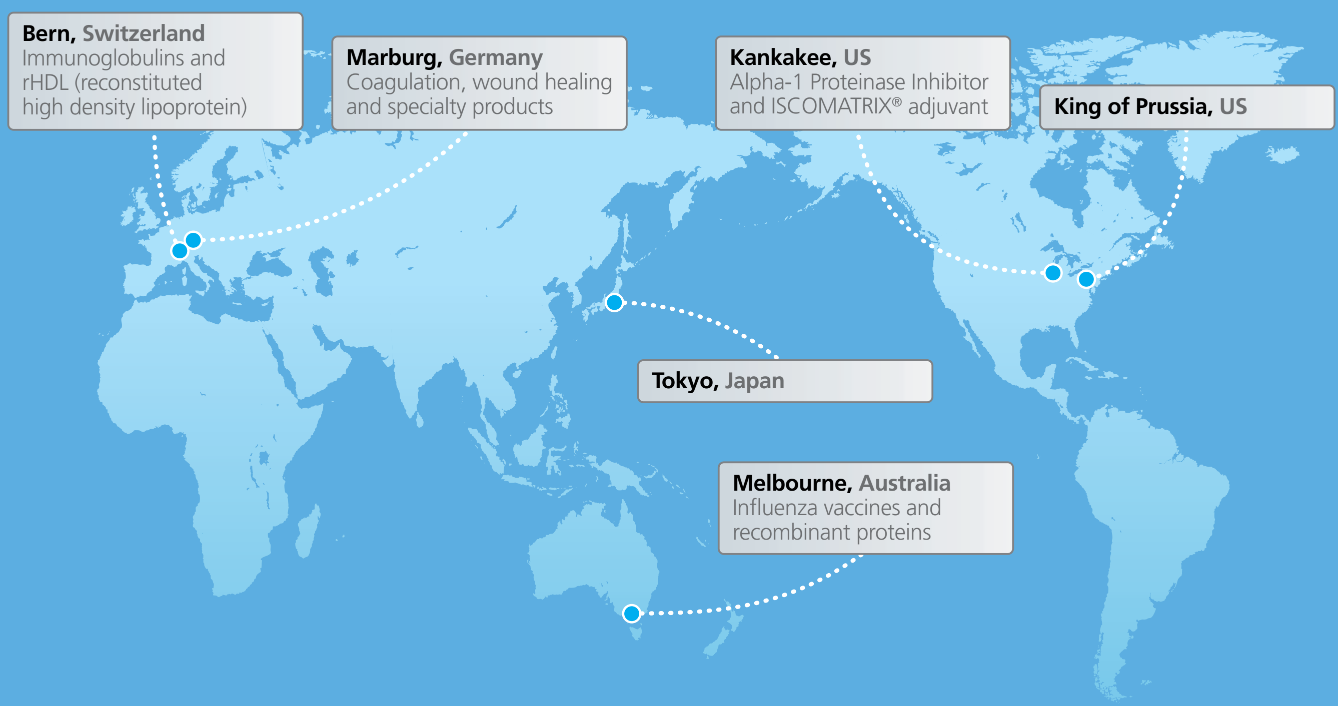
CSL's team of scientists in the Molecular Science and Biotechnology Institute at Melbourne University (Bio21) focuses on research into recombinant protein-based medicines and works closely with Australian and global research and development colleagues. Shown here are Bio21 scientists, Therese Lynch (above), Anne McDonald (below left) and Anabel Silva.

Our new biopharmaceutical formulation centre at Parkville will be used by CSL for development projects, by Swinburne University for training students in GMP procedures and by small biotechnology companies needing assistance in formulating their own products for testing.

Research and Development Operations

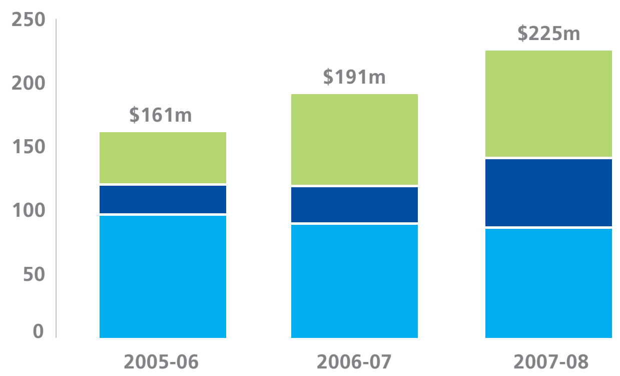
Clinical and regulatory affairs teams operate from Melbourne, King of Prussia, Bern and Tokyo.

Plasma fractionation and associated research and development activities are carried out in Melbourne, Kankakee, Bern and Marburg.



Research and Development Investment

CSL invested $225 million in research and development this year.



New Product Development activities focus on innovative new treatments for life-threatening diseases.

Market Development strategies seek to maximise market opportunities for existing products.

Life Cycle Management is a global program of continuous improvement to ensure existing products remain competitive.

Our People

With over 9,000 people working in 27 countries, it's our people who shape CSL's culture of innovation and excellence. Listening to our employees, providing the opportunity to develop leadership and technical expertise as well as ensuring equality and collaboration in the workplace are some of the ways we support our people in the complex and challenging environment in which CSL operates.

Listening to our employees

Distributed in eleven languages, our biannual 2007 Global Employee Opinion Survey garnered an exceptionally high response rate of 88% across the business. Over 84% of those who responded are proud to work for CSL and 86% strive to achieve their own work goals. Opportunities for improvement include continuing to engage with employees about their career development and providing further opportunities for employees to share their opinions and thinking with senior management. Across the business, departmental teams are developing improvement initiatives to address their local results, ensuring that action is taken at the level which has the greatest impact on employees.

Dr Simon Green has returned to Melbourne after spending over a year and a half as the General Manager of CSL Behring's Marburg site in Germany. The Marburg facility manufactures and develops over 24 products for global markets. In January 2008, Simon took up the position of Senior Vice President, Global Head of R&D Product Development, based in Parkville. In this role, Simon will focus on building CSL's recombinant protein and vaccine adjuvant manufacturing capabilities.

Above: Dr Simon Green touring the Marburg manufacturing site during shutdown before his relocation to Parkville, Melbourne as the Senior Vice President, Global Head of R&D Product Development

Developing our people

All employees are encouraged to participate in learning and development activities. These are identified during performance reviews, built into forward year workplans and supported through our learning management systems. In Kankakee, a series of eight courses have been developed to allow supervisors and new managers to build an understanding about fundamental management skills and strategies to improve employee performance and operational efficiencies. Most notably the "Conflict Resolution and Contract Administration" course is ensuring that attendees develop a sound understanding of labour-management relations.

Across our global operations we recognise the need to develop the next generation of CSL business leaders and this year we have offered an Executive program, as well as two programs targeted at high potential senior managers. By bringing people together from across the globe for these initiatives, global networks are formed and our current business leaders can share their experiences and insights with our high potential people. Both programs incorporate 360-feedback and external coaching, with ties between the two programs strengthened by an internal mentoring program, matching executives to senior managers.

This year we have formalised our Short Term Assignment program, allowing employees to relocate for a period of up to twelve months to gain skills and insights into other areas of the business and to share their own expertise with local teams. Short term roles are sourced internally and an evaluation process determines the best available candidate, based on employee development needs. To date, ten employees have been relocated while participating in the Short Term Assignment program. Relocated employees receive support from Human Resources teams to ensure that they and their families settle into their temporary home as quickly as possible and receive maximum value from the relocation, both personally and professionally.

Recruiting the Best

CSL's competitive advantage relies on attracting the best people to fill roles across the organisation. Internally, positions are now advertised globally, ensuring that we take advantage of our strong internal talent market. Employees are encouraged to apply for positions which allow them to develop their skills and experience, ensuring that talented employees remain within the company when looking for advancement.

In Marburg, the recent recruitment drive to fill 53 new positions, created as a result of a new filling and packaging facility for our Afluria® vaccine product, resulted in a new approach to recruitment. Joint efforts by Human Resources, the relevant production departments and local labour agencies resulted in 300 applications, an overwhelming response from the local community, cementing CSL Behring GmbH's reputation as a preferred local employer. At our Kankakee facility, an employee referral program has been implemented, attracting a number of new employees who have been referred to positions by current CSL employees.

In the ZLB Plasma US operations, new initiatives have been developed to address a growing shortage of qualified Medical Technologists and Medical Laboratory Technicians. ZLB Plasma is developing relationships with technical colleagues; meeting Program Directors, hosting groups of academics and students at ZLB Plasma facilities and ensuring that ZLB Plasma is well placed to attract new graduates. A successful partnership with MedVance College near ZLB Plasma's Knoxville facility has seen four graduates employed by ZLB Plasma in the last year. Twenty-one collection centres have hosted successful internship applicants and the ZLB Plasma corporate office in Boca Raton hosted five interns, taking on assignments as diverse as Human Resources to Biopharmaceutical Industry Analysts.

Charmaine Gittleson, Associate Director of Clinical Development (left), Enrique Velasco, HR Associate R&D Australia and Meryl Coyle, Head Clinical Operations, attend a recruitment fair in London as part of CSL's strategy to recruit global talent. 14% of R&D recruitment in Australia this year has been filled with international candidates as the group works to strengthen ties with global recruiters.

Short Term Assignment program

Christina Chin, Regulatory Affairs Manager, Afluria®, is on a twelve-month Short Term Assignment in the King of Prussia office, working with the CSL Behring and CSL Biotherapies regulatory teams to fulfil the post license commitments required by the FDA. Christina's secondment has provided her with the opportunity to step outside her usual role of Regulatory Affairs Associate managing the Antivenoms, Q-Vax® and Fucidin* portfolios, and complete a temporary move from Melbourne, Australia, to King of Prussia, US.

*Fucidin is a trademark of Leo Pharmaceutical Products Limited AS.

Health, Safety and Environment

At CSL we strive to achieve safety excellence, enhance the health and well-being of our people and minimise the impact of our operations on the environment.

Health and Safety.

Good internal governance systems are necessary to ensure our safety processes are robust. Where accidents do occur we share lessons learned swiftly throughout the company.

Audits ensure our Health, Safety and Environment (HS&E) standards are maintained. Our corporate team conducts management systems audits at each of our manufacturing sites on a regular basis. In an audit this year, our Bern manufacturing facility showed strong compliance. We also audited four US plasma collection centres and the Knoxville laboratory as well as three German collection centres and the Goettingen laboratory. Both Australian manufacturing operations were audited and recertified by Lloyds Assurance Quality Register this year. As indicated by these successful audits, all our facilities continue to maintain high HS&E standards.

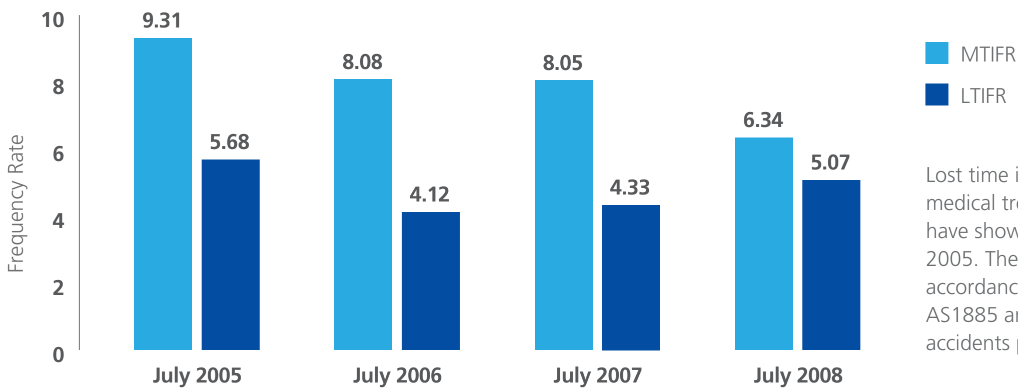
Proactive incident reporting is a key feature of our HS&E operations and in Australia this year we introduced a new online reporting system to further facilitate timely reporting of any hazards or incidents.

In June this year, our Kankakee site hosted a Health and Wellness Fair for employees. A fun way to access valuable information and resources relevant to their health and well-being, the Fair attracted more than 350 employees on the day. Health booths included screenings for cholesterol, glucose, osteoporosis, blood pressure and sleep apnea. Health educators were also available to provide information on a variety of health topics including heart health and mental health.

We continue to promote employee health and well-being programs in all our businesses encouraging staff to adopt positive lifestyle changes. We also support employee participation in other healthy activities including events like the Tokyo Marathon, Melbourne BRW Corporate Triathlon, Philadelphia Fun Run, and the Bern Grand Prix Marathon.

ZLB Plasma's sponsorship of the "Plasmatadors" corporate softball team is just one example of their strong commitment to encouraging the health and well-being of employees.

Medical Treatment Injury Frequency Rate (MTIFR) and Lost Time Injury Frequency Rate (LTIFR)
July 2005 to July 2008 (millions of hours)



Lost time injury frequency rates and medical treatment injury frequency rates have shown a downward trend since July 2005. The global figures presented are in accordance with Australian Standard AS1885 and based on the number of accidents per million hours worked.

Bern initiative reduces carbon emissions

CSL Behring's manufacturing plant in Bern is adjacent to the Stade de Suisse Wankdorf Stadium which is home to the BSC Young Boys Soccer Club and was recent host to the 13th European Soccer Championship (Euro 2008). As part of Bern's local Agenda 21 CO_2 reduction campaign, CSL Behring collaborated with stadium staff to install a heating register 30cm below the field surface. During winter the register heats the soccer field using energy from CSL Behring's cooling water circuit, prolonging the growth of lawn roots and reducing the Stadium's carbon emissions by approximately 270 tonnes per annum.

Environment.

The production of biological medicines at CSL's manufacturing facilities requires large quantities of energy, water and processing materials. We see it as our responsibility to use these resources more efficiently and to reduce the associated greenhouse gas emissions and waste.

Since CSL's last major acquisition, we have focused on implementing process changes at our manufacturing sites to minimise our environmental impacts. Over the last four years, for each unit of plasma processed, we have been able to reduce the amount of fresh water used by 34% and CO_2-e emitted by 36%.

As a result, our total consumption of energy and water has remained relatively stable over the period despite a significant increase in production of therapies. The same is true for our carbon emissions and waste water.

Initiatives at our plasma plants have included redirecting used water to other parts of the manufacturing process, modifying humidity, temperature and pressure levels and reducing the frequency of heated cleaning cycles. We have also taken advantage of capital works, equipment upgrades and new technology to reduce our environmental footprint.

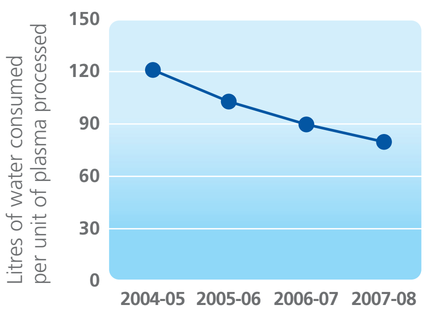
Environmental performance has also been improved at our Parkville site in Australia, where we manufacture influenza vaccine for global markets. We have rationalised cooling towers and steam piping, redirected used water to boilers, improved heating and cooling controls, introduced on-line monitoring of waste water and installed rainwater tanks.

Throughout our plasma collection centres, we are installing programmable heating and cooling, energy efficient lighting, low-flow toilets and urinals and new demountable wall systems that are made from recycled and reusable materials. New software is being used to detect fugitive emissions from freezers and lab coats are now recycled to reduce biomedical waste.

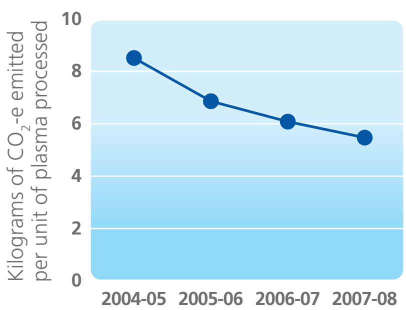
Our European facilities continue to lead the way in waste management, with almost all waste being recycled or incinerated. Some incineration generates 'greener' energy which is captured for use in production. In Bern, ethanol waste is turned into biofuel for the town's bus fleet and excess heat from recycled sources is supplied to a nearby school and stadium. These innovative programs offset Bern's total carbon emissions by approximately one third.

This year, we formed environmental leadership groups to develop new goals and strategies, and ensure readiness for regulatory changes. We created a sharepoint to centralise global environmental data and to underpin performance management and reporting. Climate change risk assessment workshops have commenced and a green office pilot is under development.

Water Consumption
per unit of plasma processed



CO_2-e Emissions*
per unit of plasma processed



**Direct (Scope 1) and indirect (Scope 2) emissions from our plasma manufacturing sites.*

Parkville and Marburg recycling collaboration

Some vaccines imported by CSL from the US are protected by polyurethane slabs that have to be sent to landfill because they are not recyclable. In a move initiated by our Parkville and Marburg logistics teams, these slabs are now sent to Marburg to be used again to assist with the temperature stability of other products shipped around the world. CSL expects to reduce solid waste for landfill by 432 cubic metres and achieve annual savings of $180,000 net in packaging materials and waste disposal fees.

Our Communities

As a company dedicated to improving the quality of life for people with rare and serious diseases, we believe that helping our patient communities and those who support them is part of being socially responsible.

CSL has long supported the World Federation of Hemophilia, the Primary Immune Deficiency Foundation and the Alpha 1 Foundation, as well as their affiliated national foundations and local chapters. These organisations play a critical role in supporting people who live with rare diseases and use plasma-derived and recombinant therapies to manage their conditions.

CSL's contributions help fund awareness, education, research, advocacy and outreach programs such as children's camps, sports events and local fundraisers. This year in the US, CSL launched a new patient advocacy program which provides grants for grassroots advocacy initiatives and youth-focused advocacy training.

The life blood of our business

Blood donors are literally the life blood of our business. Without them, we couldn't produce the therapies that help save and improve so many lives. Our plasma collection centres throughout the US are very much a part of their local communities. We work alongside donors to support neighbourhood initiatives, critical charity needs and civic events.

This year, CSL staff in Australia featured in a new internal campaign to raise awareness of on-site blood bank visits.

In Australia, the Australian Red Cross Blood Service (ARCBS) collects blood and plasma from voluntary and non-remunerated donors. Plasma is sent to CSL Bioplasma's fractionation facility in Melbourne where we manufacture life-saving plasma products on behalf of the Australian Government. CSL supports the work of the ARCBS, participating in its annual Youth Leadership Day, conducting plant tours and education sessions for ARCBS staff and volunteers, and hosting on site blood bank visits that enable our staff to donate during their working day. Around the world, we also contribute to Red Cross fundraising.

Ensuring access to life-saving therapies

Helping financially disadvantaged patients and people in developing countries access our life-saving therapies is important to CSL. In the US, our Patient Assistance Program provides medically necessary therapies to patients who are uninsured, underinsured, or who cannot afford their prescribed therapy. CSL's Assurance Program is designed to ensure that patients who rely on our therapies continue to receive treatment even if they experience a lapse in insurance.

In Australia, we are working to improve access to snake antivenom in developing countries. We also supported the Australian Cervical Cancer Foundation to pilot a HPV

Raising Haemophilia Awareness

The CSL Behring Foundation for Research and Advancement of Patient Health is dedicated to advancing the standard of care for people affected by bleeding disorders. This year, the Foundation funded ten diverse projects including a new awareness campaign by the World Federation of Hemophilia (WFH). In developing countries, the majority of children and adults with haemophilia remain untreated. The infusion of even small amounts of safe blood treatment products can significantly boost life prospects. The WFH Treatment for All campaign is designed to inspire families with haemophilia to build awareness of the need to improve treatment all over the world for people with bleeding disorders.

Blue Jeans for Healthy Genes

The Immune Deficiency Foundation is dedicated to improving the diagnosis, treatment and quality of life of people with primary immunodeficiency diseases, a group of rare conditions caused by intrinsic or genetic defects in the immune system. To support the work of the Foundation, ZLB Plasma took part in the pilot of a new workplace fundraising campaign called Blue Jeans for Healthy Genes. Donors and employees from 11 collection centres wore blue jeans and made personal donations to the campaign. Participating centres displayed blue jean cut-outs for every donation made and hosted morning teas and guest speakers. The pilot was very successful and is set for expansion.

At Oak Park in Michigan (US), ZLB Plasma Centre Manager, Kim Griffin (right), with one of the contributors to the Blue Jeans for Healthy Genes fundraiser.

vaccination program for schoolgirls in Nepal, and donated influenza vaccine to non-profit organisations who provide medical services for disadvantaged groups. In Germany, CSL donates coagulation therapies to the Chernobyl Children's Project International.

Supporting young medical researchers

At CSL, we also support programs that advance and encourage the professional development of promising young medical researchers. Ensuring continued innovation in health care is critically important to us all, particularly with the significant global health challenges ahead. The next generation of medical researchers will become key partners in improving treatments for the patient groups we serve.

This year, we awarded our eighth CSL Medical Research Fellowship with the Royal Australasian College of Physicians and continued our contribution to the memorial fellowship established in honour of the late Dr Jian Zhou, co-inventor of the technology used in GARDASIL*. In Europe, CSL launched a new awards scheme for young researchers in memory of Professor Dr. Norbert Heimburger, a pioneer of modern coagulation therapy and CSL employee for more than three decades.

Reducing the burden of snakebite

CSL has unique expertise in antivenom production and snakebite management, and remains one of the few commercial antivenom manufacturers in the world. To help address a growing crisis in the accessibility and use of antivenom in regions where snakebites have their greatest public health impact, CSL is contributing to a World Health Organisation project to develop guidelines for the production, control and regulation of antivenom. CSL also provided funding for doctors from developing countries to attend an intensive training course in snakebite management in Australia this year. We continue to support snakebite education initiatives in Papua New Guinea conducted by the Australian Venom Research Unit.

**GARDASIL is a trademark of Merck & Co. Inc.*

Aiding disaster relief

In times of disaster, affected populations can become more vulnerable to infections and health systems can be challenged to provide life-saving therapies. CSL has responded to many of these crises by donating plasma products and vaccines to countries in need through international medical aid agencies.

This year, CSL donated 10,000 doses of influenza vaccine to assist families affected by fires in California and kept tetanus immunoglobulin on standby following natural disasters in Myanmar and China. Many people in China's Sichuan Province are living in tents because their houses were destroyed by the earthquake. 1,000 hand-held fans were supplied to the region by our office in China to offer people some protection from the extreme summer heat. CSL staff also came together in the US to support relief efforts following floods in the Midwest and Kankakee and tornados in Colorado.

Involvement in our local communities

CSL continues to open its doors to local communities, patients and their families, industry and governments, visiting dignitaries, students and trainees. We support various apprenticeship schemes and participate in our local Chambers of Commerce. For the past two years, CSL was an active member of the Bern Euro 08 Association, helping to make Euro 08 a major celebration and unforgettable occasion for the City and region, as well as nearly a million visiting soccer fans.

CSL encourages the involvement of our employees in the community by supporting volunteering, facilitating workplace fundraising and matching staff donations at various sites. Throughout the US, our employees support their local communities through United Way, a major US charity. This year our staff in Kankakee received the Pinnacle Award for being the highest local contributor to United Way.

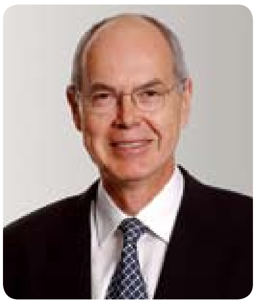
In addition to getting involved in events that support our patient groups, our employees raise funds for cancer research and volunteer for local charities that provide services for disadvantaged people. In Australia this year, our employees packed Christmas food hampers for families in need while in the US our staff helped to repair homes of low-income families as part of National Rebuilding Day.

Directors' Profiles

Elizabeth Alexander
Chairman

Brian McNamee
Chief Executive Officer and Managing Director

Tony Cipa
Finance Director

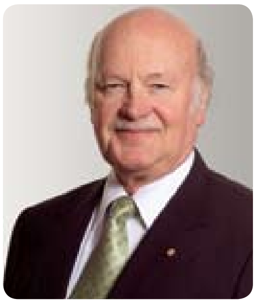


John Akehurst

Ian Renard

Maurice Renshaw

Kenneth Roberts



Professor John Shine

David Simpson

Elizabeth A Alexander, AM. BCom, FCPA, FCA, FAICD - (age 65)

Finance and Risk Management (resident in Victoria).

Chairman

Miss Alexander was appointed to the CSL Board in July 1991 and became Chairman on 1 October 2006. She is a Director of Boral Limited and Dexus Property Group. Miss Alexander is a Member of the Takeovers Panel 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), National President of the Winston Churchill Fellowship Trust and Chairman of the Finance Committee of Melbourne University. Miss Alexander is a Member of the Audit and Risk Management Committee.

Brian A McNamee, MB, BS, FAICD, FTSE - (age 51)

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. Dr McNamee completed Bachelor of Medicine and Bachelor of Surgery Degrees at the University of Melbourne in 1979. Dr McNamee is a Fellow of the Australian Academy of Technical Services and Engineering (FTSE).

Antoni M Cipa, B.Bus (Acc), Grad.Dip (Acc), CPA, ACIS - (age 53)

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.

John Akehurst, **MA (Oxon), FIMechE - (age 59)**
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 had 30 years' experience in the international hydrocarbon industry, including 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.

In September 2007, Mr Akehurst was appointed a member of the Board of the Reserve Bank of Australia. He is a Director of Coogee Resources Limited, Biostarch Technologies Pty Ltd and Securency International Pty Ltd. He is the former Chairman of Alinta Limited and a former Director of Oil Search Limited. He is Chairman of The Fortitude Foundation and 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.

Ian A Renard, **BA, LLM, FAICD - (age 62)**
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 was a Director of Newcrest Mining Limited from 1998 until September 2006, and is a Director of Hillview Quarries Pty Ltd, SP Australia Networks (Distribution) Ltd and SP Australia Networks (Transmission) 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 61)**
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 Global Consumer Group and President of Pfizer's Global Consumer Healthcare Division. Prior to his positions in Pfizer, Mr Renshaw was Vice-President of Warner Lambert Co. and President of Parke-Davis USA. Mr Renshaw has had more than 30 years' experience in the international pharmaceutical industry. Mr Renshaw is Chairman of the Innovation and Development Committee.

Kenneth J Roberts, **AM, FRACP (Hon), BEc, FCPA, FAIM, FAICD (age 70)**
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 Board of the Australian Genome Research Facility Ltd 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.

John Shine, **AO, FAA - (age 62)**
Pharmaceutical Industry, Medicine (resident in NSW)

Professor Shine was appointed to the CSL Board in June 2006. He is Executive Director of the Garvan Institute of Medical Research and a Board Member of the Garvan Research Foundation. He is Professor of Molecular Biology and Professor of Medicine at the University of NSW, and a Director of many scientific research and medical bodies throughout Australia. Professor Shine was formerly Chairman of the National Health and Medical Research Council (NHMRC) and a Member of the Prime Minister's Science, Engineering and Innovation Council (PMSEIC). Professor Shine is a member of the Innovation and Development Committee.

David J Simpson, **FCPA – (age 68)**
Finance and Management (resident in Victoria)

Mr Simpson was appointed to the CSL Board in September 2006. He is the non-executive Chairman of Aristocrat Leisure Limited. For many years, Mr Simpson was Finance Director of Tabcorp Holdings Limited and before that Executive General Manager Finance of Southcorp Holdings Ltd. Mr Simpson is Chairman of the Audit and Risk Management Committee and a member of the Human Resources Committee.

Peter R Turvey, **BA/LLB, MAICD**
Company Secretary

Executive Management Group

Dr Brian McNamee
Chief Executive Officer
and Managing Director

Antoni M Cipa
Finance Director

Peter Turvey
Company Secretary
and General Counsel

Peter Turner
President
CSL Behring

Jeff Davies
General Manager
Asia Pacific
CSL Bioplasma

Mary Sontrop
General Manager
CSL Biotherapies
Australia and New Zealand

Dr Andrew Cuthbertson
Chief Scientific Officer

Alison von Bibra
General Manager
Human Resources

Paul Walton
Senior Vice President
Corporate Development

CSL Group Business Operations

Regional Sales and Distribution Locations

CSL Biotherapies

Australia	Sydney Brisbane Adelaide Perth
New Zealand	Auckland
China	Hong Kong
US	King of Prussia

CSL Bioplasma

Australia	Sydney Brisbane Adelaide Perth
New Zealand	Auckland
China	Hong Kong Beijing Chengdu Shanghai Guangzhou

CSL Behring

Canada	Ottawa
Mexico	Mexico City
Brazil	Sao Paulo
Argentina	Buenos Aires
UK	Haywards Heath
Belgium	Leuven
France	Paris
Portugal	Lisbon
Spain	Barcelona
Denmark	Copenhagen
Sweden	Stockholm
Germany	Hattersheim
Austria	Vienna
Italy	Milan
Switzerland	Zurich
Greece	Athens
Japan	Tokyo

Share Information

CSL Limited
Issued Capital Ordinary Shares: 550,400,606 as at 30 June 2008

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

A list of substantial shareholders is shown in the table on the adjacent page.

Voting Rights

At a general meeting, subject to restrictions imposed on significant foreign shareholdings 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

As at 30 June 2008, Fidelity Management Research Company (FMR) and Fidelity International Limited (FIL) are jointly considered a significant foreign shareholder. Barclays Global Investors Australia Limited is also considered a significant foreign shareholder representing the interests of the Barclays Group.

Distribution of Shareholdings as at 30 June 2008

Range	Holders	Shares	% Total Shares
1 - 1,000	30,565	13,195,612	2.40
1,001 - 5,000	25,691	63,557,673	11.55
5,001 - 10,000	5,623	38,854,164	7.06
10,001 - 100,000	2,449	46,070,692	8.37
100,001 and over	101	388,722,465	70.62
Total Shareholders	**64,429**	**550,400,606**	**100.00**
Number of shareholders with less than a marketable parcel of 15 shares (based on the share price of 30 June 2008)	237	1,743	

Shareholder Information

CSL's Twenty Largest Shareholders as at 30 June 2008

	Shareholder	Account	Shares	%Total Shares
1	HSBC Custody Nominees (Australia) Limited		129,088,341	23.45
2	J P Morgan Nominees Australia Limited		102,596,170	18.64
3	National Nominees Limited		60,922,608	11.07
4	Citicorp Nominees Pty Limited		22,975,379	4.17
5	ANZ Nominees Limited	Cash Income A/c	13,610,871	2.47
6	Queensland Investment Corporation		8,238,522	1.50
7	Cogent Nominees Pty Limited		5,933,889	1.08
8	ANZ Nominees Limited	SL Cash Income 4SF A/c	5,674,198	1.03
9	AMP Life Limited		3,982,232	0.72
10	UBS Wealth Management Australia Nominees Pty Ltd		2,794,287	0.51
11	HSBC Custody Nominees (Australia) Limited	A/c 2	1,806,916	0.33
12	Cogent Nominees Pty Limited	SMP Accounts	1,803,125	0.33
13	Perpetual Trustee Company Limited		1,708,803	0.31
14	Citicorp Nominees Pty Limited	CFS WSLE Imputation Fund A/c	1,350,593	0.25
15	HSBC Custody Nominees (Australia) Limited GSI ECSA		1,227,130	0.22
16	Australian Reward Investment Alliance		1,063,841	0.19
17	Citicorp Nominees Pty Limited	CFS WSLE Geared Share Fund A/c	1,058,112	0.19
18	Citicorp Nominees Pty Limited	CFS Imputation Fund A/c	953,833	0.17
19	DWS Nominees Pty Ltd		795,954	0.14
20	Citicorp Nominees Pty Ltd	Commonwealth Bank Off Super A/c	750,903	0.14

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

FMR Corp and FIL	74,508,665	13.54
Barclays Global Investors Australia Limited	27,561,264	5.01

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

Separate shareholdings may be consolidated by advising the Share Registry in writing or by completing a Request to Consolidate Holdings form which can be found online at the above website.

Change of address should be notified to the Share Registry by telephone or 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 completing a payment instruction form online or advising the Share Registry in writing with particulars.

The Annual Report or a shorter Shareholder Review is produced for your information. The default option is an online Annual Report via the company's website. If you opted to continue to receive a printed copy and you receive more than one or you wish to be removed from the mailing list for the Annual Report, please advise the Share Registry. You will continue to receive Notice 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 15 October 2008. There is a public car park adjacent to the Function Centre which will be available to shareholders at no charge.

Supporting the environment through eTree

CSL Limited is a participating member of eTree and proud to support this environmental scheme encouraging security holders to register to access all their communications electronically. Our partnership with eTree is an ongoing commitment to driving sustainable initiatives that help security holders contribute to a greener future.

For every email address registered at www.eTree.com.au/csl, a donation of up to $2 is made to Landcare Australia towards reforestation projects to help restore degraded plant, animal and water resources. With your support, CSL has registered over 10,600 email addresses which in turn has facilitated planting of more than 38,500 trees in Australia and New Zealand.

We also encourage you to visit eTree if your email address has changed and you need to update it. For every updated registration, $1 will be donated to Landcare Australia.
To register, you will need your Security Holder Reference Number (SRN) or Holder Identification Number (HIN).

Shareholders as at 30 June 2008

	Shareholders	Shares
Australian Capital Territory	1,347	2,827,284
New South Wales	16,877	301,637,055
Northern Territory	199	295,656
Queensland	9,062	27,549,805
South Australia	3,774	10,176,799
Tasmania	930	1,909,457
Victoria	25,153	192,104,667
Western Australia	4,705	9,393,060
International Shareholders	2,382	4,506,823
Total Shareholders	**64,429**	**550,400,606**

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 five 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. The Innovation and Development Committee was established this year to recognise the increased importance that this activity plays in the Company's affairs and the consequent need for the Board to have appropriate input and oversight of this activity. Each committee is governed by a charter setting out its composition and responsibilities. A description of each committee and their responsibilities are 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. This charter recognises that whilst board renewal is essential, a mixture of skills and differing periods of service provides for balance and optimal outcomes at a board level. 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 Chairman. The director should inform the Chairman 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 nine directors on the Board. 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 24 and 25 of this Report.

The Chairman of the Board, Elizabeth Alexander, is an independent, non-executive director. She 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.

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 any related party dealings are set out in full in Note 28 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 Securities 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.

Corporate Governance continued

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 which includes length of service, 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;
- any family or other relationships a director may have with another person having a relevant relationship or interest; and
- length of service.

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.

1.4 Nomination Committee

The functions and responsibilities of the Nomination Committee are documented in a formal charter approved by the Board. During the year the charter was changed to ensure that only independent members of the Board sit as the Nomination Committee. The Committee is chaired by the Board Chairman.

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 38 of the Directors' Report attached to the financial report.

1.5 Director Appointments

No new directors were appointed to the Board during the financial year. However David Anstice was appointed as of the 2 September 2008 and will be seeking election at the 2008 Annual General Meeting. John Akehurst, Maurice Renshaw and Ian Renard were each re-elected as directors at the 2007 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 Chairman 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. These performance evaluations took place in accordance with these processes during the last financial year.

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 including all major operating sites in the US, Europe and Australia and attend meetings and information sessions with employees.

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 financial statements and associated notes comply with IFRS Accounting Standards as required by the Corporations Act 2001, the Corporations Regulations 2001 and the CSL Group Accounting Policies.
- The financial statements and associated notes give a true and fair view of the financial position as at the relevant balance date and performance of the Company for the year then ended as required by the Corporations Act 2001.
- In their opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- They have established and maintained an adequate risk management and internal compliance and control system to facilitate the preparation of a reliable financial report which in all material respects implements the policies adopted by the Board of Directors and the Statements made above are based on that system.

These written declarations were received by the Board in respect of the financial year ended 30 June 2008.

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 the 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.

Corporate Governance continued

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 24 and 25 of this Report. 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 Chairman 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. Details of Committee meetings held during the year and individual directors' attendance at these meetings can be found on page 38.

2.3 Risk Framework

The Company has adopted and follows a detailed and structured Risk Framework to ensure that risks in the CSL Group are identified, evaluated, monitored and managed. This Risk Framework sets out the risk management process, the roles and responsibilities for different levels of management, the risk tolerance of the Company, the matrix of risk impact and likelihood for assessing risk, and risk management reporting requirements.

As part of the Risk Framework, a Corporate Risk Management Committee of responsible executives reports to the Audit and Risk Management Committee on a quarterly basis. Its task is to implement, coordinate and facilitate the risk management process across the CSL Group. This includes quantifying and monitoring certain business risks identified and evaluated as part of the risk management process, including those relating to operating systems, the environment, health and safety, product quality, physical assets, security, disaster recovery, insurance and compliance. In addition, each business unit and manufacturing site in the Group has its own Risk Management Committee which reports to the Corporate Risk Management Committee on a quarterly basis, and the Group has a Global Risk and Insurance Manager who is responsible for monitoring and coordinating the implementation of the Risk Framework throughout the CSL Group.

Risk assessment and management policies are reviewed periodically, including by the CSL Group's internal audit function.

2.4 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 in Note 30 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.

The external auditor attends each annual general meeting to be available to answer questions from shareholders.

3. Human Resources Committee

Detail on the Company's remuneration policies and practices (including details of the Human Resources Committee of the Board and its Charter, 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 and human resources priorities and succession planning) are set out in the Remuneration Report on pages 41 to 52.

4. Innovation and Development Committee

With the establishment of the Innovation and Development Committee, the Board has delegated authority to this Committee to provide the Board with oversight of CSL's programs and development opportunities. The membership of the Committee shall comprise three members, two being independent non-executive directors and the third being the Managing Director. The Committee is authorised by the Board to:

- monitor the strategic direction of the CSL's technology, research and product development programs; and
- provide guidance on issues and priorities, additions to the R&D pipeline and significant development milestones.

5. Market Disclosure

5.1 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 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.

5.2 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.

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

6. 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 nor does it permit directors or employees to enter into any price protection arrangements with third parties to hedge such securities nor for directors to enter into margin loan arrangements in relation to Company securities. 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.

Corporate Governance continued

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 Chairman (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.

7. Corporate Responsibility

The Company's approach to Corporate Responsibility is guided by its Group Values, Corporate Code of Conduct and related policies.

7.1 Group Values

The Company has developed a set of values common to the diverse business units that form the CSL Group. The CSL Group Values, endorsed by the Board, serve as the foundation for every day decision-making. These values are superior performance, innovation, integrity, collaboration and customer focus.

7.2 Code of Conduct

The Board has also adopted a Corporate Code of Conduct (the Code) outlining its commitment to responsible business practices and ethical standards. The Code sets out principles of conduct derived from the Group Values and 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 and healthy employee work environments;
- practices for responsible environmental management; and
- guidance for beneficial interactive relationships with stakeholders and the communities in which CSL operates, and collaboration throughout the organisation.

The Company expects that its contractors and suppliers 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.

7.3 Supporting Policies

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 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.

Other specific policies have been developed to support each aspect of the Code, which are endorsed by the Board and then tailored by each business unit to suit the legal, regulatory and cultural environment in which they operate. These policies include:

- Animal Ethics;
- Charitable Donations;
- Drugs and Alcohol;
- Employee Counselling;
- Environment;
- Equal Employment Opportunity/Workplace Harassment;
- Labour Standards;
- Learning and Development;
- Occupational Health and Safety;
- Political Donations;
- Privacy;
- Professional Behaviour;
- Recognition of Employee Contribution;
- Recruitment and Selection;
- Rehabilitation Policy; and
- Reporting and Management of Incidents.

CSL Limited
Financial Report
2007-2008

Contents

Directors' Report

The Board of Directors of CSL Limited has pleasure in presenting their report on the consolidated entity for the year ended 30 June 2008.

1. Directors

The following persons were directors of CSL Limited during the whole of the year and up to the date of this report:

Miss E A Alexander, AM (Chairman)

Dr B A McNamee (Managing Director)

Mr J H Akehurst

Mr A M Cipa

Mr I A Renard

Mr M A Renshaw

Mr K J Roberts, AM

Professor J Shine, AO

Mr D J Simpson

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 nine meetings. The Audit and Risk Management Committee met four times, the Human Resources Committee met four times and the Innovation and Development Committee met once. During 2007-2008 the Nomination Committee comprised the full Board and met in conjunction with Board Meetings. The Securities and Market Disclosure Committee met five 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		Innovation and Development Committee	
	Attended	Maximum	Attended	Maximum	Attended	Attended	Maximum	Attended	Maximum
E A Alexander	9	9	4	4	5	4[1]		1[1]	
B A McNamee	9	9	4[2]		5	4[2]			
J Akehurst	9	9				4	4		
A M Cipa	9	9	4[2]			1[2]			
I A Renard	9	9	4	4					
M A Renshaw	9	9				4	4	1	1
K J Roberts	9	9				4	4		
J Shine	8	9						1	1
D Simpson	8	9	4	4		1	1		

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

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.

5. Operating Results

The Group's net profit was up 30% to $701.8 million. Total revenue was $3.8 billion up 15% on the previous year with research and development expenditure of $225.1 million up 18% on the previous year. Net operating cash flow was $715.3 million, up 49% on the previous year.

6. Dividends

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

2006-2007 A final dividend for the year ended 30 June 2007, of 18.33 cents per share (or 55 cents per ordinary share in pre share split terms). This dividend was franked at 50% and was paid on 12 October 2007 out of profits for that year as declared by the directors in last year's Directors' Report.

2007-2008 An interim dividend on ordinary shares of 23 cents per share, unfranked, was paid on 14 April 2008. The company's directors have declared a fully franked final dividend of 23 cents per ordinary share for the year ended 30 June 2008, 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 2007-2008 year are:

	On Ordinary shares $000
Interim dividend paid 14 April 2008	126,591
Final dividend payable on 10 October 2008	126,592

7. Review of Operations

CSL Behring[1] sales grew 15% when compared to the 12 months ended 30 June 2007. Robust performance across the plasma product portfolio continued with a sales volume growth of approximately 10%.

Immunoglobulins grew 23% with Carimune® / Sandoglobulin® (Intravenous Immunoglobulin), Vivaglobin® (subcutaneous Immunoglobulin) and Rhophylac® (used in the prevention of haemolytic disease of the new born) performing well.

Privigen® (10% liquid intravenous immunoglobulin) sales were included for the first time after the product was launched in the USA during February 2008. Also included for the first time was a full year of CytoGam® (Cytomegalovirus immunoglobulin intravenous) sales, after the product was acquired in December 2006.

The Critical Care segment grew 16% underpinned by Albumin price increases and growth in specialty products, particularly Haemocomplettan® P, Beriplex® P/N and Berinert® P.

Haemophilia sales grew 10% with growth in demand for Helixate® arising from increasing US patient numbers and the win-back of a UK tender contract. Sales of Humate® P / Haemate® P also grew driven by demand from patients in need of von Willibrand's factor and Haemophilia-A patients in need of inhibitor therapy.

CSL Bioplasma sales grew 20% to $253 million driven by increasing commercial sales of plasma products in Asia, particularly Albumin sales into China and the commencement of fractionation services for Taiwan. A 7% increase in plasma collected by the Australian Red Cross Blood Service for fractionation at our Australian facility also contributed to growth.

CSL Biotherapies sales grew 52% to $481 million driven mainly by strong demand for the GARDASIL® cervical cancer vaccine in Australia, with sales of $227m. Sales are forecast to decline in FY2009 as the schools based catch up program is due for completion at the end of this calendar year and the GP based catch up program is due for completion at the end of June 2009. Thereafter there will be an ongoing immunisation program of only 12 to 13 year old females.

Also contributing to sales growth has been the continued expansion of our international influenza vaccine business and increased sales of in-licensed pharmaceuticals.

Other Revenue grew 72% to $238m in line with the royalty increase from Merck on the sale of GARDASIL®. The total GARDASIL® royalty received for the period amounted to $167 million.

8. Significant changes in the State of Affairs

As authorised by the company's shareholders at the 2007 Annual General Meeting, the company conducted a 3 for 1 share split with effect from 24 October 2007, with the result that the number of shares on issue tripled.

There were 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.

[1] *Growth in CSL Behring products are shown at constant currency*

DIrectors' Report continued

9. Significant events after year end

On 13 August 2008, the company announced that it had agreed to acquire Talecris Biotherapeutics Holdings Corp, a leading manufacturer and marketer of plasma derived protein therapies, for cash consideration of US$3.1billion (A$3.5 billion at an exchange rate of 0.89) less any net debt that may be assumed by CSL Limited, payable on completion of the acquisition. The final Australian dollar consideration will be determined by reference to the exchange rate prevailing on the date of closing. Closing of the acquisition is subject to customary regulatory approvals, including approval from anti-trust authorities. The company expects to fund the acquisition from existing cash reserves, via the raising of up to US$1.3 billion of new debt and, as also announced on that day, via cash proceeds realised from a A$1.75 billion institutional share placement. In the event that the transaction is not approved by the relevant regulatory authorities or if it does not close within 12 months of signing, CSL Limited will pay the vendors a cash break fee of US$75m. Additional information on this transaction is contained in the company's announcement to the Australian Stock Exchange.

Directors are not aware of any other 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

The company's strategies and proposals in connection with the proposed acquisition and integration of Talecris Biotherapeutics Holdings Corp are summarised in the company's announcement to the ASX on 13 August 2008.

Further, in the medium term the company expects to continue to grow through developing differentiated plasma products, expanding flu vaccine sales internationally, receiving royalty flows from the exploitation of the Human Papillomavirus Vaccine by Merck & Co, Inc, 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 and 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 company to refer further to such matters.

11. Environmental Regulatory Performance

The consolidated entity maintains a global management system for health, safety and the environment to ensure its facilities operate to internationally recognised standards. Such standards include strict compliance with Government regulations and a commitment to minimising the impact of operations on the environment.

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

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 2008.

The Health, Safety and Environment Management system ensures the consolidated entity continuously reviews its environmental responsibilities, including regulatory compliance, and improves its approach to environmental management. Climate change continues to drive new regulatory regimes around the world, which are being acted upon by the company. It is the company's view that climate change does not pose any significant risks to its operations in the short to medium term.

During the year, CSL Biotherapies and CSL Bioplasma registered for the new Environment and Energy Resource Efficiency Plans program in Victoria, Australia, and will submit related action plans to the Environmental Protection Authority by 31 December 2008. In 2009, CSL Limited will register under the Australian Government's new National Greenhouse Energy Reporting Act and commence reporting of energy consumption and greenhouse gas emissions for its facilities in Australia.

Throughout the company, environmental leadership groups have been formed and data collection systems and processes have been refined to ensure the company is well prepared for new regulatory requirements.

The company also commenced a series of climate change risk assessment workshops in accordance with the Australian Greenhouse Office Guide and the Australian Standard AS4360:2004.

These initiatives are aimed at ensuring the consolidated entity achieves a new set of goals that reflect a commitment to environmental responsibility and sustainability:

- To further integrate environmental responsibility into company systems and policies;
- To continue to reduce energy and water consumption and waste, and to measure improvements;
- To review and continue to mitigate any risks associated with climate change;
- To extend the involvement of our people in achieving improvements in environmental performance; and
- To share information about our environmental performance with CSL's stakeholders.

12. Directors' Shareholdings and Interests

At the date of this report, the interests of the directors who held office at 30 June 2008 in the shares, options and performance rights of the company are set out in Section 15 (and in Tables 9 and 12) of this Report and Note 28 of the Financial Report. It is contrary to Board policy for key management personnel to limit exposure to risk in relation to these securities. From time to time the Company Secretary makes inquiries of key management personnel as to their compliance with this policy.

13. Directors' Interests in Contracts

Section 17 of this Report sets out particulars of the Directors 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 27 of the Financial Report.

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 and performance rights exercised during the financial year and the exercise price paid to acquire fully paid ordinary shares in the company is set out in Notes 20 and 27 of the Financial Report. Since the end of the financial year, no further options or performance rights have been exercised.

15. Remuneration Report

This remuneration report summarises the remuneration arrangements applicable to the key management personnel of the company and the Group in accordance with the requirements of the Corporations Act 2001 and its Regulations.

The information provided in this report has been audited as required by section 308(3C) of the Corporations Act 2001.

Key Management Personnel

For the purposes of this report, key management personnel (KMP) are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the company and the Group, and include:

a. All executive and non executive directors of CSL Limited;

b. Those executives who have the authority and responsibility for planning, directing and controlling the activities of the company and the Group; and

c. The company's five most highly remunerated executives, and where different, the Group's five most highly remunerated executives.

The individuals who are considered to be KMP in the 2008 and 2007 financial years are listed in Tables 5 and 6.

Board and Human Resources Committee

The Board and its Human Resources Committee have various responsibilities in relation to the Group's human resource and remuneration framework.

The full Board has responsibility for:

a. Determining remuneration payable to non-executive directors;

b. Deciding the remuneration package of the CEO, inclusive of fixed pay and short and long term incentive components;

c. Reviewing and making decisions in relation to the terms of employment of the CEO;

d. Approving remuneration proposals from the Committee in relation to senior management; and

e. Overseeing the Group's Senior Executive Share Ownership Plan and Global Employee Share Plan and any other employee share, option and performance right plans (including approval of the establishment of, or any amendment to, those plans), and determining the policies which will apply to the implementation of those plans.

DIrectors' Report continued

The Board's Human Resources Committee is responsible for:

a. Approving and renewing human resource policies of the CSL Group generally;

b. Recommending to the Board a framework or policy for employee remuneration which:

   i. Is competitive and equitable and designed to attract and retain high quality employees;

   ii. Motivates executives to pursue the long-term growth of the Group; and

   iii. Establishes a clear relationship between executive performance and remuneration outcomes;

c. Reviewing, approving and monitoring the implementation of the Group's Human Resources Strategic Plan and Performance Management Systems;

d. Reviewing and recommending to the Board the total individual remuneration package of each member of senior management who reports to the CEO;

e. Reviewing recommendations from the CEO on short and long term incentive and retention schemes and share ownership plans, inclusive of plan design, allocations and measurement; and

f. Reporting to the Board the findings and recommendations of the Committee after each meeting.

The Committee comprises three independent, non-executive directors, namely Ken Roberts AM (Chairman), John Akehurst and David Simpson (since March 2008). Prior to David Simpson joining the Committee, Maurice Renshaw was a Committee member. Alison von Bibra, 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 attend meetings by invitation.

The Committee meets at the conclusion of the performance management process, at the conclusion of the succession planning process, prior to the allocation of long term incentives, 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's or executive's remuneration is made without that director or executive being present.

Non-Executive Directors' Remuneration

As approved by shareholders on 17 October 2007, the company's constitution sets the current maximum aggregate amount of remuneration which may be paid to non-executive directors at $2,000,000. Any increases to this sum in the future are subject to shareholder approval at a general meeting.

Subject to the aggregate remuneration cap, non-executive director fees are set at levels which:

a. Enable the company to attract and retain suitably qualified directors with appropriate experience and expertise; and

b. Have regard to directors' Board responsibilities and their individual roles on Board committees.

The Board determines the fees payable to non-executive directors based on advice from professional advisors and after considering the fees payable to non-executive directors by comparable organisations. Non-executive director remuneration is not linked to the Group's short-term financial performance and these directors are not entitled to performance based remuneration or participation in the Group's equity incentive plans.

Table 1 sets out non-executive director board and committee fees on a per annum basis. These fee levels became effective as of 1 July 2007.

Table 1

Role	Board	Audit & Risk Management Committee	Human Resources Committee	Nomination Committee	Securities & Market Disclosure Committee	Innovation & Development Committee
Chairman	410,000	30,000	20,000	-	-	20,000
Members	165,000	15,000	10,000	-	-	10,000

The Chairperson of the Board does not receive any additional fees for committee responsibilities.

In addition to the fees detailed in Table 1, the company's constitution provides that the Board may approve the payment of additional amounts of remuneration to individual directors for extra services rendered from time to time. It also provides that directors be reimbursed for reasonable expenses incurred by them in the course of discharging their duties.

Non-executive directors participate in the Non-Executive Directors' Share Plan approved by shareholders at the 2002 annual general meeting. Under this plan, non-executive directors are required to take at least 20% of their director's fees in the form of shares in the company. Shares are purchased on-market at prevailing share prices, twice yearly, subsequent to the announcement of the half and full year results.

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.

Table 5 shows actual fees paid to non-executive and executive directors in respect to the 2008 and 2007 financial years.

Executive Remuneration

In order to attract and retain high calibre employees, the Group aims to provide each individual executive with a market competitive remuneration package that is commensurate with their position and responsibilities and which is geared towards aligning their interests with those of shareholders. As such, executive remuneration packages include a fixed remuneration element and performance related at risk elements in the form of short term cash based and long term equity based incentives.

The proportion of an executive's maximum remuneration potential that is performance based or at risk varies depending on the executive's seniority level. As an executive's seniority level increases, so does the proportion of their maximum remuneration potential that is performance related or at risk. This proportion ranges from 10% to 60% of fixed remuneration. The relative proportions of remuneration attributable to fixed and performance based remuneration elements in respect to each of the Group's executive key management personnel in 2008 is set out in Table 7.

CSL's performance management system is central to the management of performance related remuneration. The extent to which executives meet or exceed the performance objectives as set out in the performance management system influences an executive's actual entitlement to short-term incentives as well as executives' ability to participate in the Group's long-term incentive programs. Performance as measured under the performance management system is also taken into consideration in reviewing fixed remuneration.

Table 6 shows actual remuneration paid to non director executive key management personnel in respect to the 2008 and 2007 financial years.

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 paid 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 policies are intended to compensate an executive for the additional commitment and costs associated with working in a different country.

Short-term Incentives

Subject to meeting or exceeding agreed objectives, short-term incentives may be awarded to executives based on their annual performance as evaluated under CSL's performance management system.

At the commencement of each financial year each executive's performance objectives are set. The Board approves the Managing Director's performance objectives and ensures that they are consistent with Board approved corporate objectives, plans and budgets. Similarly, and in that context, the Managing Director sets the performance objectives of his direct reports and he reviews and approves the objectives of their staff. Performance objectives include a blend of financial, corporate and individual objectives and typically include targets in relation to contribution to earnings, the successful implementation of strategic initiatives, management of operating expenses, customer service, risk management, market share and portfolio management. These objectives have been adopted because the attainment of each is likely to directly correlate to an increase in shareholder value. Additionally each executive is expected to conduct themselves in a manner which supports and demonstrates behaviour, consistent with our company values.

A formal review of each executive's progress against their specific objectives is conducted twice annually, with the full year performance review of the Managing Director's direct reports provided to the Board. The Board has responsibility for reviewing the Managing Director's performance annually. Short term incentive rewards are then paid subsequent to the completion of the financial year if individual executives have met or exceeded their performance objectives.

DIrectors' Report continued

Long-term Incentives

Long-term incentives are reserved for executives (and other employees) who have performed to a required performance level and who are regarded as being of strategic and/or operational importance to the Group. These incentives are also used in order to attract certain new employees. The Group currently offers long term incentives in the form of:

a. Cash incentives subject to deferred settlement, the value of which is ultimately determined via reference to the company's future share price. Only the Managing Director has a long term incentive of this type.

   In any given year, where the Managing Director's performance generates an entitlement to a cash settled STI, it simultaneously generates an entitlement to a further cash based reward which is subject to deferred settlement. When the Managing Director is eligible to receive this particular reward, its amount is determined and payable as follows:

   - 50% of the STI awarded to the Managing Director for a given financial year's performance (the 'entitlement year') is divided by the volume weighted share price during the last week of that financial year to give a number ('A').
   - 3 years from the end of the 'entitlement year' (or earlier at the Board's discretion), and subject to his continuing employment with the Group over the intervening period, the Managing Director is entitled to the payment of a cash amount equivalent to 'A' multiplied by the volume weighted share price during the last week immediately prior to the end of that 3 year period (or such earlier period as the Board may determine).

b. Equity rewards. Equity rewards take the form of performance rights and performance options and options issued under the Senior Executive Share Ownership Plan II ("SESOP II"). During the years ended 30 June 2008 and 2007, only performance rights and performance options were issued to eligible executives under the CSL Performance Rights Plan, as approved by shareholders at the 2003 annual general meeting. No SESOP II options were issued during the 2008 year.

Performance rights and performance options

In October 2007 the long-term incentive grants made to executives incorporated both Performance Rights and Performance Options. Each long-term incentive grant generally consists of 50% performance rights and 50% performance options. For a specified group of Senior Leadership Executives, a mix of 40% performance right and 60% performance options was granted. The use of a higher proportion of the grant as performance options is consistent with our intent of providing a higher level of at risk remuneration, for the most senior staff in the Group. This latter group includes the CEO and executive key management personnel.

Performance rights and performance options are subject to different quantitative performance hurdles. The use of two types of quantitative performance hurdles aligns long term incentive rewards more closely with corporate performance, increases the market competitiveness of remuneration packages and facilitates the attraction and retention of high calibre executives. In addition, the vesting of performance rights and options is also contingent on a qualitative hurdle which requires executives to obtain a satisfactory (or equivalent) rating under the company's performance management system for the financial year prior to exercise of the performance rights and performance options.

Performance rights and performance options are issued for a term of seven years. Current offers provide for a portion to become exercisable, subject to satisfying the relevant performance hurdles, after the second anniversary of the date of grant. Full vesting does not occur until fours years post grant date.

If the portion tested at the applicable anniversary meets the relevant performance hurdle, then those particular rights and options vest and become exercisable until the expiry date. If the portion tested fails to meet the performance hurdles then those particular rights and options are carried over to the next anniversary and retested. After the fifth anniversary, any performance right and performance options not vested will lapse.

Performance rights

The number of performance rights granted, reflects an executives seniority, job value and location and the relevant market conditions in each region of the world in which CSL recruits for talent.

The performance hurdle attached to performance rights is a relative Total Shareholder Return ("TSR") hurdle with a peer group 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). Relative TSR was chosen as the LTI performance hurdle, as it provides an alignment between comparative shareholder return and potential reward for staff. The peer group for the October 2007 performance rights allocation was established on 1 October 2007, which was also the date of grant. Vesting of performance rights will occur where the company's TSR ranking is at or above the 50th percentile. Subject to performance hurdles being met over applicable vesting periods, performance rights entitle eligible executives to an ordinary share in the company for nil cash consideration. Prior to October 2006, the performance hurdle for performance rights issued was defined so that 50% of performance rights vest at the 50th percentile, with the balance vesting on a straight line basis between the 50th and 75th percentile, where 100% of rights vest.

Performance options

Performance options are issued for nil cash consideration with an exercise price equal to the volume weighted average CSL share price over the week up to and including the day of grant.

Performance options have an earnings per share (EPS) performance hurdle. The target is 10% compound EPS growth per annum measured from 30 June in the financial year preceding the grant of options until 30 June in the financial year prior to the relevant test date. The Board considers that an EPS hurdle is appropriate since a key approved corporate objective is the pursuit of sustainable earnings growth.

Subject to the EPS performance hurdle being met over applicable vesting periods, performance options entitle eligible executives to purchase an ordinary share in the company at the exercise price applicable to the option tranche.

Loans to fund the exercise of performance options are not available.

SESOP II

The Senior Executive Share Ownership Plan II ("SESOP II") had 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 5 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 had to 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 had to increase by 7% compound per annum. Either none or all of the options were exercisable depending upon whether this target was achieved.

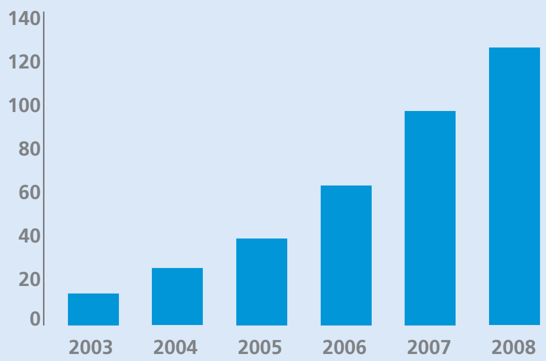
In addition, there was also an individual employee hurdle requiring an executive to obtain for the financial year prior to exercise of the options, a satisfactory rating under the Group's performance management system.

Under the rules of SESOP II, participants could be provided with a loan to fund the exercise of the options as at the date of exercise. 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 46.5%) was charged on the loan. During the 2006 fiscal year, the SESOP II loan terms were adjusted to enable the company to seek loan repayment where the market value of the shares issued to an individual participant falls to 110% or less of the total exercise price. This mechanism ensures that the full loan amount remains recoverable by the company. No options were granted under SESOP II during the 2007 and 2008 financial years.

Relationship between company performance and executive remuneration

The company's remuneration framework aims to incentivise executives towards creating shareholder value. The creation of shareholder value in recent years is evidenced by increases in earnings per share (EPS). The company's EPS performance is displayed graphically below:

CSL Limited - Basic earnings per share (cents)*



* *Earnings per share is calculated on a basis excluding once off profits arising from the disposal of businesses and excluding extraordinary expenses associated with the acquisition of businesses.*

The generation of an increasing level of EPS and shareholder value over the 5 years to 30 June 2008, has meant performance objectives which are linked to financial results have been met (or exceeded) and accordingly over that timeframe the component of each executive's short term incentive that is linked to the consolidated group's financial result has been payable.

Similarly, long term equity rewards in the form of options and rights that have had testing dates within this 5 year timeframe have been found to have exceeded relevant performance hurdles and accordingly have vested.

Table 2 below illustrates the company's annual compound growth in basic earnings per share (EPS) starting from various years during which various option tranches were granted (noting that there were no options issued between 2 July 2003 and 1 October 2006 inclusive). Options granted under SESOP and SESOP II have a 7% annual compound growth hurdle. Performance options granted under the Performance Rights Plan have a 10% annual compound EPS growth hurdle. In respect to options issued in 2002 and 2003, the table illustrates that the EPS performance hurdles have been exceeded and therefore the options have vested. In respect to the 2006 and 2007 performance options the vesting period has yet to expire however if current EPS growth trends continue these options could be expected to vest in the future.

Table 2 – Annual compound growth of EPS

Year of grant	Compound EPS growth to the end of the financial year			
	2005	**2006**	**2007**	**2008**
2002	23%	30%	33%	33%
2003	15%	25%	30%	30%
2006			53%	41%
2007				30%

Since October 2003, the company has provided long-term incentives using performance rights which have a total shareholder return (TSR) hurdle. On 20 September 2007 (test date), the vesting period of the performance rights granted on 25 August 2004 concluded and an assessment was undertaken to determine whether the TSR hurdle had been met or exceeded between the grant and test dates. An external, independent party calculated that the TSR from the date of grant and up until the test date was 359.1%, ranking the company at 96.8% in the comparator group. Accordingly, the performance hurdle was exceeded, the rights vested and shares issuable to holders.

DIrectors' Report continued

Table 3 summarises the actual TSR performance over the relevant performance periods and up to 30 June 2008 in respect to as yet unvested performance rights. If these TSR trends continue then rights issued in the years noted below could be expected to vest.

Table 3 – TSR performance

Performance Right Issue	Company TSR as at 30 June 2008	Indicative Percentile Rank	Indicative Number of Rights Vesting
September 2005	280%	98%	100%
March and April 2006	169%	97%	100%
October 2006	100%	94%	100%
October 2007	0%	94%	100%
April 2008	(2%)	81%	100%

Employment 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.

Employment Contracts - Executive Key Management Personnel

All executive key management personnel are employed under individual service contracts. 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 policy which governs the level of short-term incentives applicable to seniority levels.

It is the Group's general practice that employment contracts for executives do not have a fixed term.

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

The notice period required to be given by the employee or the Group along with any termination payments to which the employee may be eligible are set out in Table 4. Termination payments for all executives are expressed in terms of months of salary payable and are calculated by reference to remuneration (excluding non cash benefits) which the executive would have earned over that time.

Table 4 – Executive notice periods

Performance Right Issue	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
Other executives			
P Turner	6 months	6 months	12 months
C Armit[1]	6 months	6 months	None
A Cuthbertson	6 months	6 months	12 months
P Turvey	6 months	6 months	12 months
A von Bibra	6 months	6 months	12 months
T Giarla[2]	6 months	6 months	12 months
J Davies	6 months	6 months	12 months
M Sontrop	6 months	6 months	12 months

[1] *The company and Mr C Armit entered into a fixed term contract beginning 14 November 2005 which ended 31 December 2007.*

[2] *Mr T Giarla was previously on an international assignment contract. Mr Giarla repatriated to the USA in February 2008, and has been retained in a part time advisor capacity until December 2008. Consistent with the terms of his contract, at the conclusion of Mr Giarla's advisory role he will receive a termination payment consisting of 1 year base salary (or US$300,000, whichever is greater), health benefits for two years after termination date and US$32,000 as compensation for other ongoing benefits. These amounts have not entered into the calculation of Mr Giarla's remuneration for the 2008 financial year (as disclosed in Table 6).*

Table 5 – Directors' remuneration

Key management person	Year	Short Term Benefits			Other Post Employment		Other Long Term		Equity		
		Cash Salary and Fees[1] $	Cash Bonus $	Non-Monetary Benefits $	Super-annuation $	Retirement Benefits $	Long Service Leave $	Deferred Cash Incentives $	Performance Rights[2] $	Options[2] $	Total $
Executive Directors											
Dr B A McNamee	**2008**	**2,048,741**	**1,167,645**	**-**	**100,000**	**-**	**193,565**	**583,822**	**1,059,728**	**561,291**	**5,714,792**
Managing Director	2007	1,711,038	1,032,000	3,242	105,113	-	132,834	-	1,075,240	233,651	4,293,118
A M Cipa	**2008**	**841,851**	**333,960**	**212**	**64,266**	**-**	**60,480**	**-**	**407,137**	**209,538**	**1,917,444**
Finance Director	2007	672,554	290,400	9,180	55,206	-	40,233	-	455,051	85,566	1,608,190
Non-executive Directors											
E A Alexander[3]	**2008**	**376,147**	**-**	**-**	**33,853**	**-**	**-**	**-**	**-**	**-**	**410,000**
Chairman	2007	263,750	-	-	23,738	-	-	-	-	-	287,488
J H Akehurst	**2008**	**161,376**	**-**	**-**	**14,299**	**-**	**-**	**-**	**-**	**-**	**175,675**
Non-executive director	*2007*	135,000	-	-	12,150	-	-	-	-	-	147,150
I A Renard	**2008**	**166,376**	-	-	**14,636**	-	-	-	-	-	**181,012**
Non-executive director	2007	137,500	-	-	12,375	-	-	-	-	-	149,875
M A Renshaw	**2008**	**163,876**	**-**	**-**	**14,524**	**-**	**-**	**-**	**-**	**-**	**178,400**
Non-executive director	2007	135,000	-	-	12,150	-	-	-	-	-	147,150
K J Roberts	**2008**	**171,376**	**-**	**-**	**14,974**	**-**	**-**	**-**	**-**	**-**	**186,350**
Non-executive director	2007	145,000	-	-	13,050	-	-	-	-	-	158,050
Professor J Shine	**2008**	**163,876**	**-**	**-**	**14,524**	**-**	**-**	**-**	**-**	**-**	**178,400**
Non-executive director	2007	135,417	-	-	12,188	-	-	-	-	-	147,605
D J Simpson[4]	**2008**	**183,876**	**-**	**-**	**15,874**	**-**	**-**	**-**	**-**	**-**	**199,750**
Non-executive director	2007	116,250	-	-	10,463	-	-	-	-	-	126,713
P H Wade[5]	**2008**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Chairman	2007	81,750	-	-	-	611,550	-	-	-	-	693,300
(Retired Sept 2006)											
Dr A C Webster[6]	**2008**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Non-executive director	2007	40,353	-	-	3,632	227,522	-	-	-	-	271,507
Total of all Directors[7]	**2008**	**4,277,495**	**1,501,605**	**212**	**286,950**	**-**	**254,045**	**583,822**	**1,466,865**	**770,829**	**9,141,823**
	2007	3,573,612	1,322,400	12,422	260,065	839,072	173,067	-	1,530,291	319,217	8,030,146

[1] As disclosed in the section titled "Non-Executive Director Remuneration", non-executive directors participate in the NED Share Plan under which non-executive directors are required to take at least 20% of their fees in the form of shares in the company which are purchased on-market at prevailing share prices.

[2] 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 and rights that were granted in prior years.

[3] Miss E A Alexander, AM (appointed Chairman on 1 October 2006)

[4] Mr D J Simpson was appointed a Director on 1 September 2006 and continues in office at the date of this report.

[5] Mr P H Wade was the Chairman and a Director from the beginning of the financial year until his retirement on 30 September 2006.

[6] Mr A C Webster was a Director from the beginning of the financial year until his retirement on 18 October 2006.

[7] There were no termination benefits paid to key management personnel during the year ended 30 June 2008 or 2007.

Directors' Report continued

Table 6 – Non director executive key management personnel remuneration

Key management person	Year	Short Term Benefits			Post Employment		Other Long Term		Equity		
		Cash Salary and Fees[1] $	Cash Bonus[1] $	Non-Monetary Benefits[1] $	Super-annuation[1] $	Retirement Benefits $	Long Service Leave $	Deferred Cash Incentives $	Performance Rights[2] $	Options[2] $	Total $
Executive											
P Turner	**2008**	**934,728**	**500,151**	**12,344**	**507,038**	**-**	**111,513**	**-**	**395,443**	**209,538**	**2,670,755**
President - CSL Behring (based in United States)	2007	836,526	839,863	3,219	118,019	-	70,069	-	394,670	112,417	2,374,783
C Armit	**2008**	**105,246**	**-**	**-**	**18,462**	**-**	**-**	**-**	**-**	**-**	**123,708**
President - CSL Biotherapies (based in Australia)	2007	402,144	111,800	40,050	36,925	-	13,226	-	105,189	17,901	727,235
A Cuthbertson	**2008**	**500,755**	**142,684**	**36,396**	**41,720**	**-**	**14,300**	**-**	**220,931**	**120,812**	**1,077,598**
Chief Scientific Officer (based in Australia)	2007	553,104	181,598	34,195	41,035	-	29,473	-	208,088	74,712	1,122,205
P Turvey	**2008**	**538,764**	**245,410**	**10,309**	**250,152**	**-**	**39,723**	**-**	**149,392**	**91,454**	**1,325,204**
Company Secretary and General Counsel (based in Australia)	2007	475,821	213,400	80,742	87,317	-	38,080	-	171,532	55,253	1,122,145
M Sontrop	**2008**	**370,653**	**160,908**	**21,719**	**127,746**	**-**	**23,055**	**-**	**100,877**	**82,501**	**887,459**
General Manager, CSL Biotherapies Australia & New Zealand (based in Australia)	2007	335,964	127,995	17,378	16,606	-	16,225	-	92,290	35,839	642,297
J Davies[3]	**2008**	**100,841**	**43,746**	**1,880**	**2,930**	**-**	**16,541**	**-**	**24,870**	**25,524**	**216,332**
General Manager, CSL Bioplasma, Asia Pacific (based in Australia)	2007	-	-	-	-	-	-	-	-	-	-
T Giarla	**2008**	**244,755**	**210,974**	**86,324**	**27,881**	**3,187**	**-**	**-**	**79,667**	**51,413**	**704,201**
President - Bioplasma Asia Pacific (based in Australia)	2007	436,969	150,696	-	39,858	-	16,384	-	101,994	59,316	805,217
A von Bibra	**2008**	**334,247**	**74,000**	**1,369**	**28,994**	**-**	**8,540**	**-**	**67,160**	**70,013**	**584,323**
General Manager - Human Resource (based in Australia)	2007	338,114	74,000	58,978	28,411	-	19,824	-	45,844	29,969	595,140
Total Specified Executives[4]	**2008**	**3,129,989**	**1,377,873**	**170,341**	**1,004,923**	**3,187**	**213,672**	**-**	**1,038,340**	**651,255**	**7,589,580**
	2007	3,378,642	1,699,352	234,562	368,171	-	203,281	-	1,119,607	385,407	7,389,022

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

[2] *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 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 and rights that were granted in prior years.*

[3] *Mr J Davies became a member of the key management personnel on 1 March 2008, therefore no amounts are disclosed for the 2007 financial year. Remuneration disclosed for 2008 purposes reflects amounts paid or payable since Mr Davies became a key management person.*

[4] *There were no termination benefits paid to key management personnel during the year ended 30 June 2008.*

Executive Key Management Personnel

Fixed and Performance Remuneration Components

Table 7 – Executive remuneration components in the 2008 financial year

Key Management Person	Remuneration not linked to company performance[1]	Performance Related Remuneration				Total
		Cash Based Bonuses[2]	Equity Based		Total	
			Performance Shares	Performance Options		
Executive Directors						
B A McNamee	41%	31%	18%	10%	59%	100%
A M Cipa	50%	18%	21%	11%	50%	100%
Other Executives						
P Turner	59%	18%	15%	8%	41%	100%
C Armit	100%	-	-	-	-	100%
A Cuthbertson	54%	14%	21%	11%	46%	100%
P Turvey	63%	19%	11%	7%	37%	100%
M Sontrop	61%	18%	12%	9%	39%	100%
J Davies	56%	20%	12%	12%	44%	100%
T Giarla	51%	30%	12%	7%	49%	100%
A von Bibra	64%	13%	11%	12%	36%	100%

1 *Remuneration not linked to company performance means fixed remuneration as outlined in the section "Executive Remuneration" of this report and comprises cash salary, superannuation and non monetary benefits.*

As stated under the "Fixed Remuneration" section 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 bonuses include amounts awarded and which are due and payable shortly after the conclusion of the financial year as well as that component of Dr McNamee's entitlement which is subject to deferred settlement terms.*

DIrectors' Report continued

Executive Key Management Personnel

Table 8 – Executive key management personnel performance remuneration components in the 2008 financial year

Key Management Person	Cash incentives [1]		Accounting Values being amortised in respect of the 2008 equity grants in future years[2]				(A) Remuneration consisting of options & rights	(B) Value of options & rights granted during 07/08, at grant date[3]	(C) Value of options exercised during 07/08 at exercise date[4]	Total of columns (B) to (C)
	Percentage Awarded[1]	Percentage Not Awarded[1]	2009 $	2010 $	2011 $	2012 $	%	$	$	$
Executive Directors										
B A McNamee	95.0%	5.0%	548,444	396,456	205,478	39,920	28%	1,600,504	-	1,600,504
A M Cipa	80.0%	20.0%	209,579	151,502	78,524	15,256	32%	611,615	-	611,615
Other Executives										
P Turner	95.0%	5.0%	209,579	151,502	78,524	15,256	23%	611,615	2,239,200	2,850,815
C Armit	-	-	-	-	-	-	-	-	1,348,260	1,348,260
A Cuthbertson	62.5%	37.5%	125,606	90,795	47,057	9,142	32%	366,546	1,050,750	1,417,296
P Turvey	100.0%	-	91,584	66,203	34,312	6,666	18%	267,265	700,500	967,765
M Sontrop	100.0%	-	79,537	57,497	29,802	5,790	21%	232,116	429,150	661,266
J Davies	87.5%	12.5%	76,664	55,419	28,724	5,580	24%	223,729	420,300	644,029
T Giarla	100.0%	100.0%	-	-	-	-	19%	-	1,193,760	1,193,760
A von Bibra	50.0%	50.0%	67,491	48,792	25,291	4,914	23%	196,968	226,591	423,559

[1] *Cash incentives awarded and not awarded relate to the period ended 30 June 2008 only. All cash incentive amounts are payable in full shortly after the conclusion of the 30 June 2008 financial year with the exception of that component of Dr McNamee's cash incentive that is subject to deferred settlement. The percentage awarded and not awarded in respect to Dr McNamee's cash paid incentive components (comprising an amount paid shortly after the conclusion of the financial year and an amount subject to deferred settlement terms) are the same.*

As mentioned in the "Short-term incentives" section, consistent with the philosophy of the short-term incentive percentage representing the potential short-term incentive, 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 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.*

[3] *Represents the value of options and rights that are granted to the person as part of their remuneration in the 2008 financial year. The value at grant date represents the accounting value of the grant.*

[4] *Represents the value of options and rights that were granted to the person as part of their remuneration and that were exercised during the year. The value at exercise date has been determined by the share price at the close of business on exercise date less the option/right exercise price (if any) times by the number of options/rights exercised during 2008.*

Executive Key Management Personnel

Options and Rights Holdings

Table 9 – Performance rights

Key Management Person	Balance at 1 July 2007	Number Granted	Number Exercised	Number Lapsed/ Forfeited	Balance at 30 June 2008	Number Vested during the year
Executive Directors						
B A McNamee	489,420	24,060	-	-	513,480	210,000
A M Cipa	167,160	9,180	-	-	176,340	60,000
Other Executives						
P Turner	105,810	9,180	-	-	114,990	-
A Cuthbertson	52,350	5,520	-	-	57,870	-
P Turvey	38,250	4,020	-	-	42,270	-
C Armit	40,350	-	18,000	22,350	-	18,000
M Sontrop	28,350	3,480	-	-	31,830	-
J Davies	-	3,360	-	-	3,360	-
T Giarla	46,170	-	18,000	-	28,170	18,000
A von Bibra	15,420	2,940	-	-	18,360	-
Total	**983,280**	**61,740**	**36,000**	**22,350**	**986,670**	**306,000**

Table 10 – Terms and conditions of performance rights granted in the 2007 and 2008 financial years

Grant Date	Tranche	Value per Right at Grant Date	First Exercise Date	Last Exercise Date
2 October 2006	1	14.20	2 October 2008	2 October 2013
2 October 2006	2	13.32	2 October 2009	2 October 2013
2 October 2006	3	12.47	2 October 2010	2 October 2013
1 October 2007	1	28.65	1 October 2009	1 October 2014
1 October 2007	2	26.78	1 October 2010	1 October 2014
1 October 2007	3	25.20	1 October 2011	1 October 2014

Table 11 – Shares issued on exercise of performance rights during the 2008 financial year

	Date Performance Rights Granted[1]	Number of shares	Total	Paid $ per share	Unpaid $ per share
Executive					
C Armit	25 August 2004	18,000	18,000	-	-
T Giarla	25 August 2004	18,000	18,000	-	-

[1] *Refer to Table 9 for the balance of performance rights held by key management personnel subsequent to exercise of the performance rights.*

DIrectors' Report continued

Executive Key Management Personnel

Options and Rights Holdings

Table 12 – Options holdings of key management personnel during the 2008 financial year

Key Management Person	Balance at 1 July 2007	Number Granted	Number Exercised	Number Lapsed / Forfeited	Balance at 30 June 2008	Number Vested during the year	Vested and exercisable at 30 June 2008
Executive Directors							
B A McNamee	158,760	77,640	-	-	236,400	-	-
A M Cipa	58,140	29,700	-	-	87,840	-	-
Other executives							
P Turner	148,140	29,700	90,000	-	87,840	45,000	-
C Armit	30,000	-	30,000	-	-	30,000	-
A Cuthbertson	77,520	17,760	45,000	-	50,280	45,000	-
P Turvey	55,380	12,960	30,000	-	38,340	30,000	-
M Sontrop	51,240	11,280	15,000	-	47,520	15,000	15,000
J Davies	39,240	10,860	18,000	-	32,100	18,000	-
T Giarla	55,740	-	30,000	-	25,740	30,000	-
A von Bibra	34,560	9,600	7,920	-	36,240	7,920	7,920
Total	**708,720**	**199,500**	**265,920**	**-**	**642,300**	**220,920**	**22,920**

Table 13 – Terms and conditions of the options granted during the 2007 and 2008 financial years

Grant Date	Tranche	Value per Option at Grant Date	First Exercise Date	Last Exercise Date
2 October 2006	1	5.71	2 October 2008	2 October 2013
2 October 2006	2	5.83	2 October 2009	2 October 2013
2 October 2006	3	5.96	2 October 2010	2 October 2013
1 October 2007	1	12.06	1 October 2009	1 October 2014
1 October 2007	2	12.33	1 October 2010	1 October 2014
1 October 2007	3	12.59	1 October 2011	1 October 2014

SESOP and SESOP II Options

In relation to the 2008 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.

Table 14 – Shares issued on exercise of options during the 2008 financial year

	Date Options Granted[1]	Number of shares	Total	Paid $ per share	Unpaid $ per share
Executive					
P Turner	23 July 2002	90,000	90,000	$9.32	-
C Armit	23 July 2002	30,000	30,000	$9.32	-
A Cuthbertson	23 July 2002	45,000	45,000	$9.32	-
P Turvey	23 July 2002	30,000	30,000	$9.32	-
M Sontrop	1 July 2003	15,000	15,000	$4.06	
J Davies	23 July 2002	18,000	18,000	$9.32	-
T Giarla	23 August 2001	30,000	30,000	$12.51	-
A von Bibra	1 July 2003	7,920	7,920	$4.06	-

[1] *Refer to Table 12 for the balance of options held by key management personnel subsequent to exercise of the options.*

16. Other Transactions and Balances with Directors and other Key Management Personnel

The directors and other key management personnel 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 relationships including property leasing and research collaborations with the University of Melbourne of which Mr Ian Renard is the Chancellor, Miss Elizabeth Alexander is the Chair of the Finance Committee and a member of the Council, and Dr Virginia Mansour (whose husband is Dr Brian McNamee) is a member of the Council.

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 ; 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 $769,285.86 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.

DIrectors' Report continued

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.

Ernst & Young and its related practices received or are due to receive the following amounts for the provision of non-audit services in respect to the year ended 30 June 2008:

Due diligence and completion audits	$746,570
Compliance and other services	$73,016
Total fee paid for non-audit services	$819,586

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.

Elizabeth Alexander (Director)

Brian A McNamee (Director)

Melbourne
13 August 2008

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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 2008, 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

Ernst & Young

Denis Thorn

Denis Thorn
Partner
Melbourne
13 August 2008

CSL Limited

Income Statements

for the year ended 30 June 2008

		Consolidated Group		Parent Company	
	Notes	2008 $000	2007 $000	2008 $000	2007 $000
Continuing operations					
Sales revenue	3	**3,556,662**	3,172,397	**553,674**	485,100
Cost of sales		**(1,928,683)**	(1,737,543)	**(362,355)**	(293,663)
Gross profit		**1,627,979**	1,434,854	**191,319**	191,437
Other revenues	3	**237,630**	137,779	**524,150**	498,078
Other income	3	**9,080**	3,275	**4,526**	3,209
Research and development expenses		**(225,121)**	(190,846)	**(124,233)**	(91,759)
Selling and marketing expenses		**(396,100)**	(373,692)	**(74,738)**	(64,404)
General and administration expenses		**(251,648)**	(192,123)	**(53,649)**	(77,646)
Finance costs	3	**(49,796)**	(45,188)	**(437)**	(4,287)
Profit before income tax expense		**952,024**	774,059	**466,938**	454,628
Income tax expense	4	**(250,222)**	(234,760)	**(33,111)**	(16,498)
Profit attributable to members of the parent company	22	**701,802**	539,299	**433,827**	438,130

Earnings per share	5	Cents	Cents		
Basic earnings per share		**127.58**	98.46*		
Diluted earnings per share		**126.85**	97.80*		

* Basic and diluted earnings per share in the comparative period have been restated following the 3 for 1 share split undertaken on 24 October 2007.

The above income statements should be read in conjunction with the accompanying notes.

CSL Limited

Balance Sheets

As at 30 June 2008

		Consolidated Group		Parent Company	
	Notes	2008 $000	2007 $000	2008 $000	2007 $000
CURRENT ASSETS					
Cash and cash equivalents	6	**701,590**	480,237	**-**	-
Trade and other receivables	7	**709,390**	616,980	**671,824**	334,523
Inventories	8	**1,198,133**	1,128,281	**77,453**	69,418
Other financial assets	9	**1,513**	594	**-**	-
Total Current Assets		**2,610,626**	2,226,092	**749,277**	403,941
NON-CURRENT ASSETS					
Trade and other receivables	7	**8,160**	10,667	**4,832**	7,534
Other financial assets	9	**8,442**	13,808	**1,340,144**	1,341,701
Property, plant and equipment	10	**975,936**	858,894	**348,242**	323,474
Deferred tax assets	11	**173,238**	150,656	**-**	7,670
Intangible assets	12	**910,510**	927,594	**-**	9,425
Retirement benefit assets	13	**8,052**	11,983	**3,518**	7,887
Total Non-Current Assets		**2,084,338**	1,973,602	**1,696,736**	1,697,691
TOTAL ASSETS		**4,694,964**	4,199,694	**2,446,013**	2,101,632
CURRENT LIABILITIES					
Trade and other payables	14	**444,723**	439,510	**684,820**	513,731
Interest-bearing liabilities and borrowings	15	**128,052**	157,145	**5,789**	58,723
Current tax liabilities	16	**123,018**	97,801	**14,021**	2,368
Provisions	17	**139,525**	103,110	**30,328**	28,250
Deferred government grants	18	**469**	100	**469**	100
Derivative financial instruments	19	**167**	-	**-**	-
Total Current Liabilities		**835,954**	797,666	**735,427**	603,172
NON-CURRENT LIABILITIES					
Interest-bearing liabilities and borrowings	15	**825,134**	850,612	**-**	-
Deferred tax liabilities	11	**93,677**	85,515	**593**	-
Provisions	17	**41,553**	107,623	**6,687**	5,681
Deferred government grants	18	**6,950**	4,961	**6,950**	4,961
Retirement benefit liabilities	13	**85,571**	84,468	**-**	-
Total Non-Current Liabilities		**1,052,885**	1,133,179	**14,230**	10,642
TOTAL LIABILITIES		**1,888,839**	1,930,845	**749,657**	613,814
NET ASSETS		**2,806,125**	2,268,849	**1,696,356**	1,487,818
EQUITY					
Contributed equity	20	**1,034,337**	1,023,941	**1,034,337**	1,023,941
Reserves	21	**(134,299)**	(190,371)	**27,823**	33,104
Retained earnings	22	**1,906,087**	1,435,279	**634,196**	430,773
TOTAL EQUITY	24	**2,806,125**	2,268,849	**1,696,356**	1,487,818

The above balance sheets should be read in conjunction with the accompanying notes.

CSL Limited

Statements of Recognised Income and Expense

for the year ended 30 June 2008

	Notes	Consolidated Group 2008 $000	Consolidated Group 2007 $000	Parent Company 2008 $000	Parent Company 2007 $000
Profit for the year		**701,802**	539,299	**433,827**	438,130
Exchange differences on translation of foreign operations, net of hedges	21	**51,894**	(154,357)	**-**	-
Gains/(losses) on available-for-sale financial assets, net of tax	21	**(2,957)**	3,058	**(2,957)**	3,058
Actuarial gains/(losses) on defined benefit plans, net of tax	22	**(3,534)**	7,044	**(2,973)**	4,033
Net income/(expense) recognised directly in equity		**45,403**	(144,255)	**(5,930)**	7,091
Total recognised income and expense for the year attributable to equity holders	24	**747,205**	395,044	**427,897**	445,221

The above statements of recognised income and expense should be read in conjunction with the accompanying notes.

CSL Limited

Cash Flow Statements

for the year ended 30 June 2008

	Notes	Consolidated Group 2008 $000	Consolidated Group 2007 $000	Parent Company 2008 $000	Parent Company 2007 $000
Cash flows from Operating Activities					
Receipts from customers (inclusive of GST)		**3,648,044**	3,177,730	**373,671**	346,152
Payments to suppliers and employees (inclusive of GST)		**(2,683,441)**	(2,517,286)	**(202,227)**	(257,920)
Cash generated from operations		**964,603**	660,444	**171,444**	88,232
Income taxes (paid)/received		**(237,859)**	(175,308)	**(26,417)**	(18,356)
Interest received		**33,574**	32,677	**1,943**	2,112
Finance costs paid		**(44,982)**	(36,973)	**(5)**	(252)
Net cash inflow from operating activities	25	**715,336**	480,840	**146,965**	71,736
Cash flows from Investing Activities					
Proceeds from sale of property, plant and equipment		**845**	3,929	**-**	46
Payments for acquired entities	33	**-**	(103,939)	**-**	(103,939)
Proceeds from sale of other financial assets		**-**	41,605	**-**	-
Dividends received		**-**	98	**857**	971
Trust distribution received		**7,325**	-	**7,325**	-
Payments for property, plant and equipment		**(218,086)**	(205,480)	**(62,102)**	(86,200)
Payments for other investments		**(42)**	(128)	**(42)**	(128)
Payments for intellectual property		**(26,578)**	(79,306)	**-**	-
Payments for restructuring of acquired entities and businesses		**(186)**	(1,999)	**-**	-
Payments for deferred and contingent consideration		**-**	(486,555)	**-**	-
Payments for onerous contracts		**(2,399)**	(3,469)	**-**	-
Net cash inflow/(outflow) from investing activities		**(239,121)**	(835,244)	**(53,962)**	(189,250)
Cash flows from Financing Activities					
Proceeds from issue of shares		**13,099**	31,695	**13,099**	31,695
Dividends paid		**(227,431)**	(162,534)	**(227,431)**	(162,534)
Advances from subsidiaries		**-**	-	**174,263**	12,340
Proceeds from borrowings		**-**	254,128	**-**	-
Repayment of borrowings		**(36,858)**	(20,718)	**-**	-
Net cash inflow/(outflow) from financing activities		**(251,190)**	102,571	**(40,069)**	(118,499)
Net increase/(decrease) in cash and cash equivalents		**225,025**	(251,833)	**52,934**	(236,013)
Cash and cash equivalents at the beginning of the financial year		**474,138**	747,988	**(58,723)**	177,290
Exchange rate variations on foreign cash and cash equivalent balances		**(3,567)**	(22,017)	**-**	**-**
Cash at the end of the financial year	25	**695,596**	474,138	**(5,789)**	(58,723)

For non - cash financing activities refer to note 25.

The above cash flow statements should be read in conjunction with the accompanying notes.

CSL Limited and its controlled entities

Notes to the Financial Statements

for the year ended 30 June 2008

1. Summary of significant accounting policies

Corporate information

CSL Limited is a company incorporated and domiciled in Australia and limited by shares publicly traded on the Australian Stock Exchange. This financial report covers both the separate financial statements of CSL Limited, as an individual entity and the consolidated financial statements for the consolidated entity consisting of CSL Limited (the parent company) and its subsidiaries (together referred to as the Group). The financial report was authorised for issue in accordance with a resolution of the directors on 13 August 2008.

A description of the nature of the Group's operations and its principal activities is included in the directors' report.

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistency applied to all the years presented unless otherwise stated.

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. The financial report also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. The financial report has been prepared under the historical cost convention, except for "available-for-sale" and "at fair value through profit or loss" financial assets and liabilities (including derivative instruments), that have been measured at fair value.

The preparation of a financial report in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial report are disclosed in note 1(ee).

The company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments Commission, relating to 'rounding off' of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars.

(b) Principles of consolidation

The consolidated financial statements comprise the financial statements of CSL Limited and its subsidiaries. Subsidiaries are all of those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The financial statements of the subsidiaries are prepared using consistent accounting policies and for the same reporting period as the parent company.

In preparing the consolidated financial statements, all intercompany balances and transactions have been eliminated in full. Subsidiaries are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.

The acquisition of subsidiaries is accounted for using the purchase method of accounting. The purchase method of accounting involves allocating the cost of the business combination to the fair value of assets acquired and the liabilities and contingent liabilities assumed at the date of the acquisition.

In the individual financial statements of CSL Limited, investments in subsidiaries are accounted for at cost.

(c) Segment reporting

A business segment is a distinguishable component of the Group that is engaged in providing products or services that are subject to risks and returns that are different to those of other operating business segments. A geographical segment is a distinguishable component of the Group that is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different to those of segments operating in other economic environments.

1. Summary of significant accounting policies (continued)

(d) Foreign currency translation

i. Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is CSL Limited's functional and presentational currency.

ii. Translation and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in functional currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

iii. Group companies

The results of foreign subsidiaries are translated into Australian dollars at average exchange rates. Assets and liabilities of foreign subsidiaries are translated to Australian dollars at exchange rates prevailing at balance date and resulting exchange differences are recognised in the foreign currency translation reserve in equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings designated as hedges of such investments, are taken to the foreign currency translation reserve.

(e) Revenue recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable. The Group recognises revenue when: the amount of revenue can be reliably measured, it is probable that the future economic benefits will flow to the Group and the specific criteria have been met for each of the Group's activities as described below.

i. Sales revenue

Sales revenue comprises revenue earned (net of returns, discounts and allowances) from the provision of products external to the Group. Sales revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer.

ii. Interest income

Interest income is recognised as it accrues (using the effective interest rate method).

iii. Other revenue

Other revenue is recognised as it accrues.

iv. Dividend income

Dividend income is recognised when the shareholder's right to receive the payment is established.

(f) Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to an expense item are deferred and recognised in the income statement over the period necessary to match them with the expenses that they are intended to compensate. Government grants received for which there are no future related costs are recognised in the income statement immediately. Government grants relating to the purchase of property, plant and equipment are included in current and non-current liabilities as deferred income and are released to the income statement on a straight line basis over the expected useful lives of the related assets.

(g) Borrowing costs

Borrowing costs are expensed as incurred, except where they are directly attributable to the acquisition or construction of a qualifying asset in which case they are capitalised as part of the cost of that asset.

(h) 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 from a taxation authority in which case it is recognised as part of an asset's cost of acquisition or as part of the expense. Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, taxation authorities is included in other receivables or payables in the balance sheet. Cash flows are presented in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities that are recoverable from or payable to a taxation authority are presented as part of operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, a taxation authority.

CSL Limited and its controlled entities

Notes to the Financial Statements continued

for the year ended 30 June 2008

1. Summary of significant accounting policies (continued)

(i) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted for changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and tax losses.

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent company is able to control the timing of the reversal of temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset only if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities related to the same taxable entity or group and the same taxation authority.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(j) Cash, cash equivalents and bank overdrafts

Cash and cash equivalents in the balance sheet comprise cash on hand, at call deposits with banks or financial institutions, investments in money market instruments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. In the balance sheet bank overdrafts are included within current interest bearing liabilities and borrowings. For the purposes of the cash flow statement, cash at the end of the financial year is net of bank overdraft amounts.

(k) Trade and other receivables

Trade and other receivables are initially recorded at fair value and are generally due for settlement within 30 to 60 days from date of invoice. Collectability of trade and other receivables is reviewed on an ongoing basis at an operating unit level. Debts which are known to be uncollectible are written off when identified. An allowance for doubtful debts is recognised when there is objective evidence that the Group may not be able to fully recover all amounts due according to the original terms. The amount of the allowance recognised is the difference between the receivable's carrying amount and the present value of estimated future cash flows that may ultimately be recovered. Cash flows relating to short term receivables are not discounted if the effect of discounting is immaterial. When a trade receivable for which a provision for impairment has been recognised becomes uncollectible in a subsequent period, it is written off against the provision.

Other current receivables are recognised and carried at the nominal amount due. Non-current receivables are recognised and carried at amortised cost. They are non-interest bearing and have various repayment terms.

(l) Inventories

Raw materials and stores, work in progress and finished goods 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.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

1. Summary of significant accounting policies (continued)

(m) Investments and other financial assets

The Group's financial assets have been classified into one of the three categories noted below. The classification depends on the purpose for which the investments were acquired. The Group determines the classification of its investments at initial recognition and re-evaluates this designation at each financial year end when allowed and appropriate.

i. Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Financial assets at fair value through profit and loss are initially recognised at fair value and transaction costs are expensed in the income statement. After initial recognition, assets in this category are carried at fair value. Gains and losses on financial assets held for trading are recognised in the income statement when they arise.

ii. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are carried at amortised cost using the effective interest rate method and are included in trade and other receivables in the balance sheet. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired.

iii. Available for sale investments

Available for sale investments, comprising principally marketable equity securities, are non-derivatives. They are included in non-current assets unless the Group intends to dispose of the investment within 12 months of the reporting date. Investments are designated as available for sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term. Investments are initially recognised at fair value plus transaction costs. After initial recognition available for sale financial assets are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in the income statement. A significant or prolonged decline in the fair value of an equity security below its cost is considered to be an indicator that the securities may be impaired.

Regular purchases and sales of financial assets are recognised on the date when the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

The fair values of investments that are actively traded in organised financial markets are determined by reference to market prices. For investments that are not actively traded, fair values are determined using valuation techniques. These techniques include: using recent arm's length transactions involving the same or substantially the same instruments as a guide to value, discounted cash flow analysis and various pricing models.

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired.

(n) Business Combinations

The purchase method of accounting is used for all business combinations regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the combination. Where equity instruments are issued in a business combination, the fair value of the instruments is their published market price as at the date of the combination. Transaction costs arising on the issue of equity instruments are recognised directly in equity. Where settlement of any part of cash consideration is deferred, where material, 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.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the identifiable net assets acquired is recognised as goodwill. If the cost of the acquisition is less than the identifiable net assets acquired, the difference is recognised immediately in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

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 exchange. The discount rate used is the Group's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

CSL Limited and its controlled entities

Notes to the Financial Statements continued

for the year ended 30 June 2008

1. Summary of significant accounting policies (continued)

(o) Property, Plant and Equipment

Land, buildings, capital work in progress and plant and equipment assets are recorded at historical cost less, where applicable, associated depreciation and any accumulated impairment losses. Land and capital work in progress is not depreciated. Historical cost includes expenditure that is directly attributable to the acquisition of an asset. Costs incurred subsequent to an asset's acquisition, including the cost of replacement parts, are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repair and maintenance costs are charged to the income statement when incurred.

Depreciable assets are depreciated using the straight line method to allocate their cost, net of residual values, over their estimated useful lives, as follows:

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

Assets' residual values and useful lives are reviewed and adjusted if appropriate at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount. Items of property, plant and equipment are derecognised upon disposal or when no further economic benefits are expected from their use or disposal. Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are included in the income statement when realised.

(p) Impairment of Assets

Goodwill and other assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they may be impaired. Assets with finite lives are subject to amortisation and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the income statement for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash generating units, and then, to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

(q) 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.

(r) Leases

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in interest bearing liabilities and borrowings. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight line basis over the period of the lease.

1. Summary of significant accounting policies (continued)

(s) Goodwill and intangibles

i. Goodwill

On acquisition of another entity, the identifiable net assets acquired (including contingent liabilities assumed) 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. Goodwill acquired is allocated to each of the cash-generating units expected to benefit from the combination's synergies. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

ii. Intangibles

Intangible assets acquired separately or in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the amortisation period or method, as appropriate, which is a change in accounting estimate.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and is thus accounted for on a prospective basis.

iii. Research and development costs

Research costs are expensed as incurred. An intangible asset arising from development expenditure on an internal project is recognised only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during its development. Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any development expenditure so recognised is amortised over the period of expected benefit from the related project.

(t) Trade and other payables

Liabilities for trade and other payables are measured at amortised cost. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid. Trade and other creditors are non-interest bearing and have various repayment terms but are usually paid within 30 to 60 days of recognition.

(u) Interest-Bearing Liabilities and Borrowings

Interest-bearing liabilities and borrowings are recognised initially at fair value net of transaction costs incurred. Subsequent to initial recognition, interest-bearing liabilities and borrowings are stated at amortised cost with any difference between the proceeds (net of transaction costs) and the redemption value recognised in the income statement over the period of borrowings using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(v) Derivative Financial Instruments

The Group uses derivative financial instruments in the form of forward foreign currency contracts to hedge risks associated with foreign currency. Such derivative instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value. The gain or loss on re-measurement to fair value is recognised immediately in the income statement. The fair value of forward foreign exchange contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

The Group also has external loans payable that have been designated as a hedge of its investment in foreign subsidiaries (net investment hedge). Gains or losses on the hedging instruments relating to the effective portion of the hedge are recognised directly in equity while any gains or losses relating to the ineffective portion, if any, are recognised immediately in profit or loss.

CSL Limited and its controlled entities

Notes to the Financial Statements continued

for the year ended 30 June 2008

1. Summary of significant accounting policies (continued)

(w) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation arising from past transactions or events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Provisions recognised reflect management's best estimate of the expenditure required to settle the present obligation at the reporting date. Where the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows required to settle the obligation at a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

(x) Employee Benefits

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in provisions in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(y) Pension plans

The Group contributes to defined benefit and defined contribution pension plans for the benefit of all employees. Defined benefit pension plans provide defined lump sum benefits based on years of service and final average salary. Defined contribution plans receive fixed contributions from the Group and the Group's legal and constructive obligation is limited to these contributions.

A liability or asset in respect of defined benefit pension plans is recognised in the balance sheet, and is measured as the present value of the defined benefit obligation at the reporting date less the fair value of the pension fund's assets at that date and any unrecognised past service cost. The present value of the defined benefit obligation is based on expected future payments which arise from membership of the fund to the reporting date, calculated by independent actuaries using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

Expected future payments are discounted using market yields at the reporting date on national government bonds with maturity and currency that match, as closely as possible, the estimated future cash outflows. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in retained earnings as incurred.

Past service costs are recognised immediately in income, unless the changes to the pension fund are conditional on the employees remaining in service for a specified period of time (vesting period). In this case, the past service costs are amortised on a straight-line basis over the vesting period.

Future taxes that are funded by the entity and are part of the provision of the existing benefit obligation are taken into account in measuring the net liability or asset.

Contributions to defined contribution pension plans are recognised as an expense as they become payable.

1. Summary of significant accounting policies (continued)

(z) Share-based payment transactions

The Group provides benefits to its employees (including key management personnel) in the form of share-based payments, whereby employees render services in exchange for rights over shares (equity settled transactions). There are currently two plans in place to provide these benefits, namely the 'Senior Executive Share Ownership Plan and Employee Performance Rights Plan' and the 'Global Employee Share Plan'.

Under the 'Senior Executive Share Ownership Plan and Employee Performance Rights Plan', Group executives and employees are granted options or performance rights over CSL Limited shares which only vest if the company and the individual achieve certain performance hurdles.

Under the 'Global Employee Share Plan', all employees are granted the option to acquire discounted CSL Limited shares.

The fair value of options or rights is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options or rights. The fair value at grant date is independently determined using a combination of the Binomial and Black Scholes valuation methodologies, taking into account the terms and conditions upon which the options and rights were granted. The fair value of the options granted excludes the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest.

At each reporting date, the company revises its estimate of the number of options and rights that are expected to vest. The employee benefit expense recognised each period takes into account the most recent estimate of the number of options and rights that are expected to vest. No expense is recognised for options and rights that do not ultimately vest, except where vesting is conditional upon a market condition and that market condition is not met.

Share based payment awards granted by CSL Limited, the parent company, to the employees of its subsidiaries are recognised in the parent company's separate financial statements as an additional investment in the subsidiary with a corresponding credit to the share based payment reserve in equity. Effective 2008 and in accordance with the requirements of AASB Interpretation 11, the share based payment expense was reflected in the entity whose employees benefit from the share based payment award. In the 2007 financial year, all of the expense attributable to share based payment awards is reflected in the parent company's profit and loss.

(aa) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue or buy-back of shares are shown in equity as a deduction, net of tax, from equity.

(bb) Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(cc) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not distributed at balance date.

CSL Limited and its controlled entities

Notes to the Financial Statements continued

for the year ended 30 June 2008

1. Summary of significant accounting policies (continued)

(dd) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2008 reporting period. Both the Group and the company have chosen not to early adopt these standards. An assessment of the impact of these new standards and interpretations is set out below.

i. AASB 8 Operating Segments replaces the presentation requirements of segment reporting in AASB 114 Segment Reporting. AASB 8 is applicable for annual reporting periods beginning on or after 1 January 2009 and is not expected to have an impact on the financial results of the company and the Group as the standard is only concerned with disclosures.

ii. AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8 makes amendments to AASB 5 Non-current Assets Held for Sale and Discontinued Operations, AASB 6 Exploration for and Evaluation of Mineral Resources, AASB 102 Inventories, AASB 107 Cash Flow Statements, AASB 119 Employee Benefits, AASB 127 Consolidated and Separate Financial Statements, AASB 134 Interim Financial Reporting, AASB 136 Impairment Assets, AASB 1023 General Insurance Contracts and AASB 1038 Life Insurance Contracts. AASB 2007-3 is applicable for annual reporting periods beginning on or after 1 January 2009 and must be adopted in conjunction with AASB 8 Operating Segments. This standard is only expected to impact disclosures contained within the financial report.

iii. AASB 101 (revised) Presentation of Financial Statements. This standard introduces a statement of comprehensive income, which in general discloses those items currently disclosed in the Statement of recognised income and expenses, as well as other minor presentation changes. This standard is applicable for reporting periods beginning on or after 1 January 2009. The amendments are expected to only affect the presentation of the Group's financial report and will not have a direct impact on the measurement and recognition of amounts under the current AASB 101.

iv. AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101 – This standard makes consequential amendments to other standards as a result of revisions to AASB 101 Presentation of Financial Statements. This standard is applicable to reporting periods beginning on or after 1 January 2009 and it has not been adopted early in the preparation of the financial report. The amendments are expected to only affect the presentation of the Group's financial report and will not have a direct impact on the measurement and recognition of amounts under the current AASB 101.

v. AASB Interpretation 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction. This standard provides guidance on the maximum amount that may be recognised as an asset in relation to a defined benefit plan and the impact of minimum funding requirements on such an asset. This standard is applicable to reporting periods commencing on or after 1 January 2008 and has not been early adopted by the Group. Preliminary estimates suggest that had the standard been applied as at 30 June 2008 then the retirement benefit asset disclosed in Note 13 would have increased by $8m to $16m, with a corresponding increase in retained earnings.

(ee) Critical accounting estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within subsequent financial years are discussed below.

i. Testing goodwill and intangible assets for impairment

At a minimum, annually the Group determines whether goodwill and its indefinitely lived intangible assets are impaired in accordance with the accounting policy described in note 1. In the context of goodwill allocated to specific cash generating units, this requires an estimation of the recoverable amount of the cash generating units using a value in use discounted cash flow methodology. In the context of indefinite lived intangible assets, this requires an estimation of the discounted net cash inflows that may be generated through the use or sale of the intangible asset. The assumptions used in estimating the carrying amount of goodwill and indefinite lived intangibles are detailed in note 12.

ii. Income taxes

Judgements are required about the application of income tax legislation in jurisdictions in which the Group operates. These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the carrying amount of deferred tax assets and deferred tax liabilities recognised on the balance sheet. In such circumstances an adjustment to the carrying value of a deferred tax item will result in a corresponding credit or charge to the income statement.

2. Segment information

Business Segments

The Group's primary segment reporting format is business segments. The Group operates one segment – Human Health, the principal activity being to develop, manufacture and market biopharmaceutical products to the human health industry.

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

Geographical Segments

The Group 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 North and South America. The geographic segment of EMEA includes Europe, Middle East and Africa.

Segment Accounting Policies

The Group accounts for inter-segment 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 Group's policies described in Note 1. During the financial year, there were no changes in segment accounting policies.

Business segments	CSL Behring	Other Human Health	Total Human Health	CSL Behring	Other Human Health	Total Human Health
	2008 $000	2008 $000	2008 $000	2007 $000	2007 $000	2007 $000
External sales	**2,822,359**	**734,303**	**3,556,662**	2,644,994	527,403	3,172,397
Other external revenue	**4,207**	**198,248**	**202,455**	7,602	96,995	104,597
Segment revenue	**2,826,566**	**932,551**	**3,759,117**	2,652,596	624,398	3,276,994
Interest income			**35,175**			33,182
Other unallocated revenue			**-**			-
Total revenue			**3,794,292**			3,310,176
Segment results	**802,838**	**195,059**	**997,897**	736,554	77,288	813,842
Other unallocated expenses net of other unallocated revenue			**(31,252)**			(27,777)
Profit from continuing activities before interest and income tax			**966,645**			786,065
Interest income			**35,175**			33,182
Finance costs			**(49,796)**			(45,188)
Profit before income tax expense			**952,024**			774,059
Income tax expense			**(250,222)**			(234,760)
Profit attributable to members of the Parent Company			**701,802**			539,299

CSL Limited and its controlled entities

Notes to the Financial Statements continued

for the year ended 30 June 2008

2. Segment information (continued)

Business segments	CSL Behring	Other Human Health	Total Human Health	CSL Behring	Other Human Health	Total Human Health
	2008 $000	2008 $000	2008 $000	2007 $000	2007 $000	2007 $000
Assets and liabilities						
Segment assets	**3,453,707**	**530,874**	**3,984,581**	3,219,571	454,542	3,674,113
Unallocated assets			**710,383**			525,581
Total assets			**4,694,964**			4,199,694
Segment liabilities	**808,855**	**211,126**	**1,019,981**	856,778	57,124	913,902
Unallocated liabilities			**868,858**			1,016,943
Total liabilities			**1,888,839**			1,930,845
Other Segment information						
Segment capital expenditure	**155,901**	**61,776**	**217,677**	119,171	86,259	205,430
Unallocated capital expenditure			**409**			50
Total capital expenditure			**218,086**			205,480
Depreciation and amortisation	**91,232**	**48,854**	**140,086**	87,278	43,788	131,066
Unallocated depreciation and amortisation			**1,713**			1,503
Total depreciation and amortisation			**141,799**			132,569
Other non-cash expenses	**66**	**851**	**917**	222	-	222

Geographic segments	Australasia/ Asia Pacific	Americas	EMEA	Consolidated Group
June 2008	$000	$000	$000	$000
External revenues	**1,079,958**	**1,396,884**	**1,317,450**	**3,794,292**
Segment assets	**1,368,885**	**889,604**	**2,436,475**	**4,694,964**
Total capital expenditure	**62,303**	**68,194**	**87,589**	**218,086**
June 2007				
External revenues	785,032	1,293,489	1,231,655	3,310,176
Segment assets	1,128,149	817,180	2,254,365	4,199,694
Total capital expenditure	86,615	39,760	79,105	205,480

CSL Limited and its controlled entities
Notes to the Financial Statements continued
for the year ended 30 June 2008

	Notes	Consolidated Group 2008 $000	Consolidated Group 2007 $000	Parent Company 2008 $000	Parent Company 2007 $000
3 Revenue and expenses from continuing operations					
Revenue					
Sales revenue		**3,556,662**	3,172,397	**553,674**	485,100
Other revenue					
Royalties and licence revenue		**193,975**	103,470	**189,768**	93,052
Trust distribution revenue		**7,325**	-	**7,325**	-
Finance revenue		**35,175**	33,182	**943**	3,112
Rent		**1,155**	1,127	**1,155**	1,041
Dividend revenue - Subsidiaries		**-**	-	**324,959**	400,873
Total other revenues		**237,630**	137,779	**524,150**	498,078
Total revenue from continuing operations		**3,794,292**	3,310,176	**1,077,824**	983,178
Finance revenue comprises:					
Interest income:					
Other persons and/or corporations		**35,141**	33,118	**909**	3,048
Key management personnel		**34**	64	**34**	64
		35,175	33,182	**943**	3,112
Other income					
Government grants		**4,526**	3,209	**4,526**	3,209
Net foreign exchange gain		**4,554**	66	**-**	-
Total other income		**9,080**	3,275	**4,526**	3,209

The Consolidated Group has entered into various grant agreements relating to the development, commercialisation and production of pharmaceutical products. The grants received are deferred until all conditions or other contingencies attaching to them have been satisfied, at which time they are recognised as other income over the period necessary to match them with the expenses that they are intended to compensate.

	Notes	Consolidated Group 2008 $000	Consolidated Group 2007 $000	Parent Company 2008 $000	Parent Company 2007 $000
Finance costs					
Interest expense:					
Other persons and/or corporations		**49,623**	38,293	**437**	4,287
Non-cash interest - Unwinding of discount		**173**	6,895	**-**	-
Total finance costs		**49,796**	45,188	**437**	4,287
Depreciation and amortisation included in the income statement					
Depreciation and amortisation of fixed assets					
Building depreciation	10	**10,778**	9,775	**4,534**	4,194
Plant and equipment depreciation	10	**86,887**	84,476	**31,353**	27,366
Leased property, plant and equipment amortisation	10	**2,573**	2,817	**-**	-
Leasehold improvements amortisation	10	**2,528**	1,880	**598**	-
Total depreciation and amortisation of fixed assets		**102,766**	98,948	**36,485**	31,560
Amortisation of intangibles					
Intellectual Property	12	**39,033**	33,621	**9,425**	10,575
Total amortisation of intangibles		**39,033**	33,621	**9,425**	10,575
Total depreciation and amortisation		**141,799**	132,569	**45,910**	42,135

CSL Limited and its controlled entities

Notes to the Financial Statements continued

for the year ended 30 June 2008

	Notes	Consolidated Group 2008 $000	Consolidated Group 2007 $000	Parent Company 2008 $000	Parent Company 2007 $000
3 Revenue and expenses (continued)					
Other expenses					
Write-down of inventory to net realisable value		**65,004**	54,448	**12,524**	4,884
Doubtful debts		**3,071**	6,037	**-**	-
Net loss on disposal of property, plant and equipment		**917**	222	**850**	-
Impairment loss on available for sale asset		**5,000**	-	**5,000**	-
Net foreign exchange loss		**-**	-	**62**	2,070
		73,992	60,707	**18,436**	6,954
Lease payments and related expenses included in the income statement					
Rental expenses relating to operating leases		**33,534**	34,640	**2,264**	2,591
Employee benefits expense					
Salaries and wages		**808,497**	733,735	**163,564**	133,266
Defined benefit plan expense	26(a)	**14,740**	14,827	**1,465**	1,785
Defined contribution plan expense	26(b)	**15,854**	15,420	**10,934**	10,398
Share based payments expense	21	**12,607**	9,795	**6,266**	9,795
		851,698	773,777	**182,229**	155,244
4 Income tax expense					
Income tax expense recognised in the income statement					
Current tax expense					
Current year		**304,734**	178,151	**40,720**	19,397
Deferred tax expense					
Origination and reversal of temporary differences	11	**(33,603)**	63,649	**(5,393)**	(2,487)
Tax losses recognised	11	**(16,765)**	(2,646)	**-**	-
	11	**(50,368)**	61,003	**(5,393)**	(2,487)
Under/(over) provided in prior years		**(4,144)**	(4,394)	**(2,216)**	(412)
Income tax expense		**250,222**	234,760	**33,111**	16,498
Reconciliation between tax expense and pre-tax net profit					
The reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows:					
Accounting profit before income tax		**952,024**	774,059	**466,938**	454,628
Income tax calculated at 30% (2007: 30%)		**285,607**	232,218	**140,081**	136,388
Research and development		**(9,907)**	(2,507)	**(9,907)**	(2,339)
Non-assessable capital loss / (gain)		**(1,169)**	(828)	**(1,169)**	-
Exempt dividends received		**-**	-	**(97,488)**	(120,262)
Other non-deductible/non-assessable items		**22,026**	1,052	**3,810**	3,123
Utilisation of tax losses/unrecognised deferred tax		**(18,154)**	(14,011)	**-**	-
Revaluation of deferred tax balances		**(19,867)**	-	**-**	-
Effects of different rates of tax on overseas income		**(4,170)**	23,230	**-**	-
Under/(over) provision in prior year		**(4,144)**	(4,394)	**(2,216)**	(412)
Income tax expense		**250,222**	234,760	**33,111**	16,498
Income tax recognised directly in equity					
Deferred tax benefit/(expense)					
Share based payments	21	**(8,324)**	8,628	**(1,092)**	8,628
Net actuarial (gain)/loss on defined benefit plans	22	**855**	(3,226)	**1,275**	(1,730)
Income tax benefit/(expense) recognised in equity	11	**(7,469)**	5,402	**183**	6,898

4 Income tax (continued)

Tax consolidation in Australia

The Parent Company and its wholly owned Australian resident entities formed a tax consolidation group with effect from 1 July 2003 and therefore are taxed as a single entity from that date. CSL Limited is the head entity of the tax consolidated group.

Tax effect accounting by members of the tax consolidated group in Australia

Current tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax consolidation group are recognised in the separate financial statements of the members of the tax consolidation group using the 'separate taxpayer within group' approach, by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation.

Current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the subsidiaries are assumed by the head entity in the tax consolidation group and are recognised as amounts payable/(receivable) to/(from) other entities in the tax consolidated group in conjunction with any tax funding arrangement amounts (refer below). Any difference between these amounts is recognised as an equity contribution or distribution.

The Parent Company recognises deferred tax assets arising from unused tax losses of the tax consolidated group to the extent that it is probable that future taxable profits of the tax consolidated group will be available against which the asset can be utilised.

Tax funding arrangements and tax sharing agreements in Australia

Members of the tax consolidated group have entered into a tax funding agreement. The tax funding agreement sets out the funding obligations of members of the tax consolidated group. Payments are required to/from the head entity equal to the current tax liability/(asset) assumed and any deferred tax assets arising from unused tax losses assumed by the head entity, resulting in the head entity recognising an inter-entity payable/(receivable) equal to the tax liability/(asset) assumed. The inter-entity payable/(receivable) is at call.

Contributions to fund the current tax liabilities are payable as per the tax funding arrangement and reflect the timing of the head entity's obligation to make payments for tax liabilities to the relevant authorities.

The head entity, in conjunction with other members of the tax consolidated group, has also entered into a tax sharing agreement. The tax sharing agreement provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement as payment of any amount under the tax sharing agreement is considered remote.

	Consolidated Group	
	2008 $000	**2007 $000**
5 Earnings Per Share		
Earnings used in calculating basic and dilutive earnings per share comprises:		
Profit attributable to ordinary shareholders	**701,802**	539,299

	Number of shares	
	2008	**2007**
Weighted average number of ordinary shares used in the calculation of basic earnings per share:	**550,105,914**	547,707,939
Effect of dilutive securities:		
Senior Executive Share Ownership Plan options	**999,873**	1,338,681
Employee Performance Rights	**2,147,977**	2,326,707
Global Employee Share Plan	**11,805**	49,491
Adjusted weighted average number of ordinary shares used in the calculation of diluted earnings per share:	**553,265,569**	551,422,818

Conversions, calls, subscription or issues after 30 June 2008

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

Options

Options and performance rights granted to employees are considered to be potential ordinary shares that have been included in the determination of diluted earnings per share to the extent to which they are dilutive. The options and rights have not been included in the determination of basic earnings per share.

CSL Limited and its controlled entities

Notes to the Financial Statements continued

for the year ended 30 June 2008

	Consolidated Group		Parent Company	
	2008 $000	2007 $000	2008 $000	2007 $000
6 Cash and cash equivalents				
Cash at bank and on hand	**156,927**	137,629	**-**	-
Cash deposits	**544,663**	342,608	**-**	-
	701,590	480,237	**-**	-

Note 25 contains a reconciliation of the above figures to cash at the end of the financial year as shown in the statement of cash flows.

	Consolidated Group 2008 $000	Consolidated Group 2007 $000	Parent Company 2008 $000	Parent Company 2007 $000
7 Trade and other receivables				
Current				
Trade receivables	**615,656**	547,797	**26,490**	23,014
Less: Provision for impairment loss (i)	**(20,415)**	(18,853)	**(118)**	(423)
	595,241	528,944	**26,372**	22,591
Sundry receivables	**86,315**	61,242	**56,453**	41,488
Prepayments	**27,834**	26,794	**2,285**	2,763
Receivables – wholly owned subsidiaries	**-**	-	**584,154**	263,742
Receivables – partly owned subsidiaries	**-**	-	**2,560**	3,939
Carrying amount of current trade and other receivables*	**709,390**	616,980	**671,824**	334,523
Non Current				
Related parties				
Loans to key management personnel – executive directors**	**46**	46	**46**	46
Loans to key management personnel – other executives**	**701**	960	**701**	960
Loans to other employees	**4,085**	6,528	**4,085**	6,528
Long Term Deposits	**3,328**	3,133	**-**	-
Carrying amount of non current trade and other receivables*	**8,160**	10,667	**4,832**	7,534

* The carrying amount disclosed above is a reasonable approximation of fair value. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivable disclosed above. Refer to note 35 for more information on the risk management policy of the Group and the credit quality of trade receivables.

** Further information relating to loans to key management personnel is set out in note 28.

(i) Impaired trade receivables

As at 30 June 2008, the parent company and the Group had current trade receivables which were impaired and which had nominal values of $118,160 (2007: $423,316) and $20,414,587 (2007: $18,852,629) respectively. These receivables have been fully provided for within the company's and the Group's respective provisions for impairment loss. Amounts charged to the provision account are generally written off when there is no expectation of recovering additional cash. Movements in the provision for impairment loss are reconciled as follows:

	Consolidated Group 2008 $000	Consolidated Group 2007 $000	Parent Company 2008 $000	Parent Company 2007 $000
Opening balance at 1 July	**18,853**	13,744	**423**	423
Additional allowance / (utilised)	**1,260**	6,037	**(305)**	-
Currency translation differences	**302**	(928)	**-**	-
Closing balance at 30 June	**20,415**	18,853	**118**	423

(ii) Past due but not impaired

Debts which are past due and not impaired are set out in the credit risk analysis in note 35.

(iii) Other receivables

The other classes within trade and other receivables do not contain impaired or overdue receivable amounts and it is expected that all of these amounts will be received when due. Loans provided to key management personnel to purchase the company's shares on the exercise of options are secured against those shares. Neither the company nor the Group holds any collateral in respect to other receivable balances.

CSL Limited and its controlled entities

Notes to the Financial Statements continued

for the year ended 30 June 2008

	Consolidated Group		Parent Company	
	2008 $000	2007 $000	2008 $000	2007 $000
8 Inventories				
Raw materials and stores – at cost	**241,679**	237,185	**19,784**	14,951
Less: Allowance for diminution in value	**(2,546)**	(4,205)	**(407)**	(424)
Raw materials and stores – net	**239,133**	232,980	**19,377**	14,527
Work in progress – at cost	**506,467**	545,629	**29,454**	24,987
Less: Allowance for diminution in value	**(28,731)**	(35,593)	**(7,415)**	(792)
Work in progress – net	**477,736**	510,036	**22,039**	24,195
Finished goods – at cost	**494,828**	393,664	**36,876**	31,559
Less: Allowance for diminution in value	**(13,564)**	(8,399)	**(839)**	(863)
Finished goods - net	**481,264**	385,265	**36,037**	30,696
Total inventories at the lower of cost and net realisable value	**1,198,133**	1,128,281	**77,453**	69,418
9 Other financial assets				
Current				
At fair value through the profit or loss:				
Managed financial assets (held for trading)	**1,513**	594	**-**	-
Non-current				
Available-for-sale financial assets:				
Unlisted equity securities*	**-**	7,913	**-**	7,913
At fair value through the profit or loss:				
Managed financial assets (held for trading)	**8,442**	5,895	**-**	-
Shares in subsidiaries – at cost (refer note 32)	**-**	-	**1,340,144**	1,333,788
Total non-current other financial assets as at 30 June	**8,442**	13,808	**1,340,144**	1,341,701

* Available for sale financial assets consist of an investment in an unlisted unit trust which holds investments in certain listed and unlisted biotechnology companies. During the year, the trust realised certain of its investments and made cash distributions to its unit holders, including to the company which recorded income of $7.3m as disclosed in Note 3. Subsequent to the payment of these distributions by the trust and due to adverse equity market movements affecting the value of the trust's investments, the fair value of the investment in the trust was assessed as nil and accordingly the carrying value of the investment was written down to nil in both the company's and the Group's balance sheet. This write down was reflected as a charge of $5m taken to profit and loss.

CSL Limited and its controlled entities

Notes to the Financial Statements continued

for the year ended 30 June 2008

	Consolidated Group		Parent Company	
	2008 $000	2007 $000	2008 $000	2007 $000
10 Property, Plant and Equipment				
Land at cost				
Opening balance 1 July	**25,594**	25,734	**25,030**	25,030
Disposals	**-**	-	**-**	-
Currency translation differences	**(157)**	(140)	**-**	-
Closing balance 30 June	**25,437**	25,594	**25,030**	25,030
Buildings at cost				
Opening balance 1 July	**224,081**	231,360	**92,138**	83,255
Transferred from capital work in progress	**32,668**	11,795	**29,122**	8,883
Other additions	**656**	4,864	**-**	-
Disposals	**-**	(778)	**-**	-
Currency translation differences	**(894)**	(23,160)	**-**	-
Closing balance 30 June	**256,511**	224,081	**121,260**	92,138
Accumulated depreciation and impairment losses				
Opening balance 1 July	**52,699**	50,641	**30,701**	26,507
Depreciation for the year	**10,778**	9,775	**4,534**	4,194
Disposals	**-**	(778)	**-**	-
Currency translation differences	**(1,664)**	(6,939)	**-**	-
Closing balance 30 June	**61,813**	52,699	**35,235**	30,701
Net book value of buildings	**194,698**	171,382	**86,025**	61,437
Net book value of land and buildings	**220,135**	196,976	**111,055**	86,467
Leasehold improvements at cost				
Opening balance 1 July	**8,772**	5,040	**159**	159
Transferred from capital work in progress	**9,847**	4,504	**7,969**	-
Other additions	**429**	1,275	**-**	-
Additions through acquisition of controlled entities	**-**	357	**-**	-
Disposals	**(2,112)**	(1,471)	**-**	-
Currency translation differences	**(2,537)**	(933)	**-**	-
Closing balance 30 June	**14,399**	8,772	**8,128**	159
Accumulated amortisation and impairment				
Opening balance 1 July	**2,497**	3,378	**159**	159
Amortisation for the year	**2,528**	1,880	**598**	-
Disposals	**(1,742)**	(1,471)	**-**	-
Currency translation differences	**(1,471)**	(1,290)	-	-
Closing balance 30 June	**1,812**	2,497	**757**	159
Net book value of leasehold improvements	**12,587**	6,275	**7,371**	-

CSL Limited and its controlled entities
Notes to the Financial Statements continued
for the year ended 30 June 2008

	Consolidated Group		Parent Company	
	2008 $000	2007 $000	2008 $000	2007 $000
10 Property, Plant and Equipment (continued)				
Plant and equipment at cost				
Opening balance 1 July	**993,405**	994,620	**533,075**	492,845
Transferred from capital work in progress	**107,377**	81,540	**52,973**	40,284
Other additions	**20,969**	17,859	**-**	-
Additions through acquisition of controlled entities	**-**	253	**-**	-
Disposals	**(12,675)**	(12,793)	**(1,346)**	(54)
Currency translation differences	**(10,348)**	(88,074)	**-**	-
Closing balance 30 June	**1,098,728**	993,405	**584,702**	533,075
Accumulated depreciation and impairment				
Opening balance 1 July	**527,778**	509,303	**366,074**	338,715
Depreciation for the year	**86,887**	84,476	**31,353**	27,366
Disposals	**(11,348)**	(8,642)	**(497)**	(7)
Currency translation differences	**(11,709)**	(57,359)	**-**	-
Closing balance 30 June	**591,608**	527,778	**396,930**	366,074
Net book value of plant and equipment	**507,120**	465,627	**187,772**	167,001
Leased property, plant and equipment at cost				
Opening balance 1 July	**33,344**	37,293	**-**	-
Other additions	**2,352**	139	**-**	-
Disposals	**(318)**	(81)	**-**	-
Currency translation differences	**1,515**	(4,007)	**-**	-
Closing balance 30 June	**36,893**	33,344	**-**	-
Accumulated amortisation and impairment				
Opening balance	**8,867**	7,881	**-**	-
Amortisation for the year	**2,573**	2,817	**-**	-
Disposals	**(299)**	(81)	**-**	-
Currency translation differences	**680**	(1,750)	**-**	-
Closing balance 30 June	**11,821**	8,867	**-**	-
Net book value of leased property, plant and equipment	**25,072**	24,477	**-**	-
Capital work in progress				
Opening balance 1 July	**165,539**	93,492	**70,006**	32,973
Other additions	**196,032**	181,343	**62,102**	86,200
Transferred to buildings at cost	**(32,668)**	(11,795)	**(29,122)**	(8,883)
Transferred to plant and equipment at cost	**(107,377)**	(81,540)	**(52,973)**	(40,284)
Transferred to leasehold improvements at cost	**(9,847)**	(4,504)	**(7,969)**	-
Currency translation differences	**(657)**	(11,457)	**-**	-
Closing balance 30 June	**211,022**	165,539	**42,044**	70,006
Total net book value of property, plant and equipment	**975,936**	858,894	**348,242**	323,474

CSL Limited and its controlled entities

Notes to the Financial Statements continued

for the year ended 30 June 2008

	Consolidated Group		Parent Company	
	2008 $000	2007 $000	2008 $000	2007 $000
11 Deferred tax assets and liabilities				
Deferred tax asset	**173,238**	150,656	**-**	7,670
Deferred tax liability	**(93,677)**	(85,515)	**(593)**	-
Net deferred tax asset / (liability)	**79,561**	65,141	**(593)**	7,670
Deferred tax balances reflect temporary differences attributable to:				
Amounts recognised in the income statement				
Trade and other receivables	**6,464**	1,187	**(1,062)**	(13)
Inventories	**30,647**	12,849	**(1,480)**	(2,621)
Property, plant and equipment	**(54,694)**	(60,199)	**(17,344)**	(17,613)
Intangible assets	**(95,082)**	(63,688)	**-**	(2,828)
Other assets	**(546)**	(47)	**15**	148
Trade and other payables	**9,179**	9,295	**7,253**	6,590
Interest bearing liabilities	**4,248**	544	**-**	-
Other liabilities and provisions	**151,901**	147,052	**13,096**	11,298
Recognised carry-forward tax losses	**16,765**	-	**-**	-
	68,882	46,993	**478**	(5,039)
Amounts recognised in equity				
Other assets	**6,731**	15,055	**-**	15,055
Other liabilities and provisions	**3,948**	3,093	**(1,071)**	(2,346)
	10,679	18,148	**(1,071)**	12,709
Net deferred tax asset/(liability)	**79,561**	65,141	**(593)**	7,670
Movement in temporary differences during the year				
Opening balance	**65,141**	125,665	**7,670**	(1,715)
Credited/(charged) to the income statement	**33,603**	(61,003)	**5,393**	2,487
Credited to equity	**(7,469)**	5,402	**183**	6,898
Amounts transferred to subsidiaries	**-**	-	**(13,839)**	-
Currency translation difference	**(11,714)**	(4,923)	**-**	-
Closing balance	**79,561**	65,141	**(593)**	7,670
Unrecognised deferred tax assets				
Deferred tax assets have not been recognised in respect of the following items:				
Tax losses:				
Expiry date in less than 1 year	**22**	18	**-**	-
Expiry date greater than 1 year but less than 5 years	**-**	-	**-**	-
Expiry date greater than 5 years	**-**	8,530	**-**	-
No expiry date	**5,285**	17,413	**-**	-
	5,307	25,961	**-**	-

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available for utilisation in the entities that have recorded these losses.

CSL Limited and its controlled entities

Notes to the Financial Statements continued

for the year ended 30 June 2008

	Consolidated Group		Parent Company	
	2008 $000	2007 $000	2008 $000	2007 $000
12 Intangible Assets				
Carrying amounts				
Goodwill				
Opening balance at 1 July	**655,665**	735,431	**-**	-
Additions	**-**	12,083	**-**	-
Currency translation differences	**16,854**	(91,849)	**-**	-
Closing balance at 30 June	**672,519**	655,665	**-**	-
Intellectual property				
Opening balance at 1 July	**321,708**	105,849	**20,000**	20,000
Additions	**-**	245,693	**-**	-
Disposals	**(48)**	-	**-**	-
Currency translation differences	**8,696**	(29,834)	-	-
Closing balance at 30 June	**330,356**	321,708	**20,000**	20,000
Accumulated amortisation and impairment				
Opening balance at 1 July	**49,779**	20,439	**10,575**	-
Amortisation for the year	**39,033**	33,621	**9,425**	10,575
Current year impairment charge	**1,647**	-	**-**	-
Amortisation written back on disposal	**(48)**	-	**-**	-
Currency translation differences	**1,954**	(4,281)	**-**	-
Closing balance at 30 June	**92,365**	49,779	**20,000**	10,575
Net intellectual property	**237,991**	271,929	**-**	9,425
Total net intangible assets as at 30 June	**910,510**	927,594	**-**	9,425

The amortisation charge is recognised in general and administration expenses in the income statement.

Impairment tests for cash generating units containing goodwill

For the purpose of impairment testing, goodwill is allocated to the business unit which represents the lowest level within the Group at which the goodwill is monitored for internal management purposes.

The aggregate carrying amounts of goodwill allocated to each unit are as follows:

CSL Behring	**660,436**	643,582	**-**	-
CSL Biotherapies	**12,083**	12,083	**-**	-
Closing balance of goodwill as at 30 June	**672,519**	655,665	**-**	-

The impairment tests for these cash generating units is based on value in use calculations. These calculations use cash flow projections based on actual operating results and the three-year strategic business plan. Cash flows for a further period of 2 years have been extrapolated using a four per cent growth rate at which point a terminal value is calculated based on a business valuation multiple. The valuation multiple has been calculated based on independent external analyst views, long term government bond rates and the company's pre-tax cost of debt. Projected cash flows have been discounted by using the implied pre-tax discount rate of 11% associated with the business valuation multiple discussed above.

The recoverable amount of the units significantly exceeds their carrying amounts, including goodwill. It is not considered a reasonable possibility for a change in assumptions to occur that would lead to the recoverable amount falling below the unit's carrying amount.

CSL Limited and its controlled entities

Notes to the Financial Statements continued

for the year ended 30 June 2008

	Consolidated Group		Parent Company	
	2008 $000	2007 $000	2008 $000	2007 $000
13 Retirement benefit assets and liabilities				
Retirement benefit assets				
Non-current defined benefit plans (refer note 26)	**8,052**	11,983	**3,518**	7,887
Retirement benefit liabilities				
Non-current defined benefit plans (refer note 26)	**85,571**	84,468	**-**	-
14 Trade and other payables				
Current				
Trade payables	**160,630**	177,010	**50,232**	43,961
Accruals and other payables	**284,093**	262,500	**14,964**	55,450
Payable – wholly owned subsidiaries	**-**	-	**619,624**	414,320
Carrying amount of current trade and other payables	**444,723**	439,510	**684,820**	513,731
15 Interest-bearing liabilities and borrowings				
Current				
Bank overdrafts – Unsecured	**5,994**	6,099	**5,789**	58,723
Bank loans – Unsecured (a)	**104,001**	118,178	**-**	-
Senior Unsecured Notes - Unsecured (b)	**15,313**	16,751	**-**	-
Deferred cash settlement for intangibles acquired - Unsecured	**-**	14,197	**-**	-
Lease liability – Secured (c)	**2,744**	1,920	**-**	-
	128,052	157,145	**5,789**	58,723
Non-current				
Bank loans - Unsecured (a)	**554,253**	549,182	**-**	-
Senior Unsecured Notes - Unsecured (b)	**235,800**	266,985	**-**	-
Lease liability - Secured (c)	**35,081**	34,445	**-**	-
	825,134	850,612	**-**	-

(a) During the year the Group extended the one year tranche of its global multicurrency facility. The facility has three tranches with maturity dates in February 2009 ($250m), March 2010 ($400m) and March 2012 ($250m). Interest on the facility is paid quarterly in arrears at a variable rate. As at the reporting date the Group had $241.7m in undrawn funds available under this facility.

(b) Represents US$139.1 million and Euro 65.5 million of Senior Unsecured Notes placed into the US Private Placement market. The notes have biannual repayments and mature in December 2012. The interest rate on the US$ notes is fixed at 5.30% and 5.90%. The interest rate on the Euro notes is fixed at 3.98% and 4.70%.

(c) Finance leases have an average lease term of 15 years (2007: 17 years). The weighted average discount rate implicit in the leases is 6.35% (2007: 6.35%). The Group's lease liabilities are secured by leased assets of $25.1 million (2007: $24.5 million). In the event of default, leased assets revert to the lessor.

Note 35 has further information about the Group's exposure to interest rate risk, foreign exchange risk and the fair value of financial assets and liabilities.

CSL Limited and its controlled entities

Notes to the Financial Statements continued

for the year ended 30 June 2008

	Notes	Consolidated Group 2008 $000	Consolidated Group 2007 $000	Parent Company 2008 $000	Parent Company 2007 $000
16 Tax liabilities					
Current income tax liability		**123,018**	97,801	**54,157**	22,072
Tax receivable – wholly owned subsidiaries		**-**	-	**(40,136)**	(19,704)
		123,018	97,801	**14,021**	2,368
17 Provisions					
Current					
Employee benefits	26	**67,601**	61,197	**29,546**	27,473
Restructuring		**6,941**	6,704	**-**	-
Onerous contracts		**13,427**	4,638	**-**	-
Surplus lease space		**195**	724	**-**	-
Provision for contingent consideration		**49,437**	28,402	**-**	-
Other		**1,924**	1,445	**782**	777
		139,525	103,110	**30,328**	28,250
Non-current					
Employee benefits	26	**40,005**	40,771	**5,485**	4,420
Onerous contracts		**-**	10,195	**-**	-
Provision for contingent consideration		**-**	55,070	**-**	-
Other		**1,548**	1,587	**1,202**	1,261
		41,553	107,623	**6,687**	5,681

Restructuring

A restructuring provision is recognised when the main features of the restructuring are planned, identifying the business/locations affected, location, function and approximate number of employees, the expenditures that will be undertaken and the implementation timetable, and there is a demonstrable commitment and valid expectation that the restructuring plan will be implemented.

Onerous contracts

The provision recognised is based on the excess of the estimated cash flows to meet the unavoidable costs, over the estimated cash flows to be received in relation to certain contracts, having regard to the risks of the activities relating to the contracts.

Surplus lease space

A surplus lease space provision has been recognised in respect to the net obligation payable for various non-cancellable operating leases where the leases have been identified as surplus to the Group's current requirements.

Provision for contingent consideration on acquisitions

A provision for contingent consideration is recognised when it is probable that payment will be made and the amount can be measured reliably.

Discounting

Where the effect of discounting is determined to be material to the provision, the net estimated cash flows are discounted using a pre-tax discount rate reflecting current market assessments of the time value of money and the risks specific to the liability.

CSL Limited and its controlled entities

Notes to the Financial Statements continued

for the year ended 30 June 2008

	Consolidated Group		Parent Company	
	2008 $000	2007 $000	2008 $000	2007 $000
17 Provisions (continued)				
Movements in provisions				
Restructuring				
Opening balance	**6,704**	10,828	**-**	-
Payments made	**(186)**	(1,999)	**-**	-
Provision utilised	**-**	(1,101)	**-**	-
Currency differences	**423**	(1,024)	**-**	-
Closing balance	**6,941**	6,704	**-**	-
Onerous contracts				
Opening balance	**14,833**	20,539	**-**	-
Payments made	**(2,399)**	(3,469)	**-**	-
Provision utilised	**571**	(882)	**-**	-
Currency differences	**422**	(1,355)	**-**	-
Closing balance	**13,427**	14,833	**-**	-
Surplus lease space				
Opening balance	**724**	3,291	**-**	-
Payments made	**(499)**	(2,394)	**-**	-
Provision utilised	**-**	(6)	**-**	-
Currency differences	**(30)**	(167)	**-**	-
Closing balance	**195**	724	**-**	-
Contingent consideration				
Opening balance	**83,472**	337,654	**-**	-
Provision recognised	**-**	91,731	**-**	-
Payments made	**(26,578)**	(323,583)	**-**	-
Currency differences	**(7,457)**	(22,330)	**-**	-
Closing balance	**49,437**	83,472	**-**	-
Other				
Opening balance	**3,032**	2,803	**2,038**	2,312
Additional provision	**1,859**	1,692	**1,289**	659
Payments made	**(1,409)**	(1,407)	**(1,343)**	(933)
Currency differences	**(10)**	(56)	**-**	-
Closing balance	**3,472**	3,032	**1,984**	2,038
18 Deferred government grants				
Current deferred income	**469**	100	**469**	100
Non-current deferred income	**6,950**	4,961	**6,950**	4,961
Total deferred government grants	**7,419**	5,061	**7,419**	5,061

CSL Limited and its controlled entities
Notes to the Financial Statements continued
for the year ended 30 June 2008

	Consolidated Group		Parent Company	
	2008 $000	2007 $000	**2008 $000**	2007 $000
19 Derivative Financial Instruments – current liabilities				
Forward Currency Contracts	**167**	-	**-**	-

The Group has entered into forward currency contracts as an economic hedge against variations in the value of certain trade payable amounts due to currency fluctuations. All movements in the fair value of these forward currency contracts are recognised in the profit and loss when they occur.

	Consolidated Group		Parent Company	
	2008 $000	2007 $000	**2008 $000**	2007 $000
20 Contributed equity				
Ordinary shares issued and fully paid	**1,034,337**	1,023,941	**1,034,337**	1,023,941

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 proxy, at a meeting of the company.

	2008		2007	
	Number of shares	**$000**	Number of shares	$000
Movement in ordinary shares on issue				
Opening balance at 1 July	**549,126,066**	**1,023,941**	545,667,057	994,101
Shares issued to employees through participation in SESOP II (i)	**847,300**	**7,101**	2,594,790	25,295
Shares issued to employees through Performance Rights for nil consideration	**293,400**	**-**	665,400	-
Shares issued to employees through participation in GESP (ii)	**133,840**	**3,295**	198,819	2,817
Share Based Payments reserve transfer	**-**	**-**	-	1,728
Closing balance	**550,400,606**	**1,034,337**	549,126,066	1,023,941

	Consolidated Group		Parent Company	
	2008 $000	2007 $000	**2008 $000**	2007 $000
(i) Options exercised under SESOP II as disclosed in note 27 were as follows:				
- 193,200 issued at $4.06	**785**	2,309	**785**	2,309
- 18,000 issued at $6.89	**124**	124	**124**	124
- 578,260 issued at $9.32	**5,390**	9,003	**5,390**	9,003
- 0 issued at $11.35	**-**	1,712	**-**	1,712
- 39,240 issued at $12.51	**492**	8,084	**492**	8,084
- 0 issued at $16.44	**-**	2,465	**-**	2,465
- 18,600 issued at $16.65	**310**	1,598	**310**	1,598
	7,101	25,295	**7,101**	25,295
(ii) Shares issued to employees under Global Employee Share Plan (GESP) as disclosed in note 27 were as follows:				
- 70,344 issued at $22.17 on 7 September 2007	**1,559**	1,373	**1,559**	1,373
- 63,134 issued at $27.50 on 5 March 2008	**1,736**	1,444	**1,736**	1,444
	3,295	2,817	**3,295**	2,817

CSL Limited and its controlled entities

Notes to the Financial Statements continued

for the year ended 30 June 2008

	Consolidated Group		Parent Company	
	2008 $000	2007 $000	2008 $000	2007 $000
21 Reserves				
Share based payments reserve	**37,253**	30,147	**27,823**	30,147
Net unrealised gains reserve	**-**	2,957	**-**	2,957
Foreign currency translation reserve	**(171,552)**	(223,475)	**-**	-
Carrying value of reserves at 30 June	**(134,299)**	(190,371)	**27,823**	33,104
Movements in reserves				
Share based payments reserve				
Opening balance at 1 July	**30,147**	13,452	**30,147**	13,452
Share based payments expense	**12,607**	9,795	**12,607**	9,795
Deferred tax on share based payments	**(8,324)**	8,628	**(1,092)**	8,628
Transfers to subsidiaries	**-**	-	**(13,839)**	-
Transfer to contributed equity	**-**	(1,728)	**-**	(1,728)
Currency difference	**2,823**	-	**-**	-
Closing balance at 30 June	**37,253**	30,147	**27,823**	30,147
Net unrealised gains reserve				
Opening balance at 1 July	**2,957**	(101)	**2,957**	(101)
Unrealised gains/(losses) on revaluation of available-for-sale investments	**(2,957)**	3,058	**(2,957)**	3,058
Closing balance at 30 June	**-**	2,957	**-**	2,957
Foreign currency translation reserve				
Opening balance at 1 July	**(223,475)**	(69,118)	**-**	-
Transfers to retained earnings	**29**	-	**-**	-
Net exchange gains/(losses) on translation of foreign subsidiaries, net of hedge	**51,894**	(154,357)	**-**	-
Closing balance at 30 June	**(171,552)**	(223,475)	**-**	-

Nature and purpose of reserves

Share based payments reserve

The share based payments reserve is used to recognise the fair value of options, performance rights and global employee share plan rights issued but not exercised. Amounts are transferred to contributed equity when options and other equity instruments are exercised.

In 2007 the company's share based payment reserve included two components, namely an expense component and a tax benefit component. The expense component was equivalent to amounts charged through profit and loss. The tax benefit component was equivalent to the estimated future tax deduction that arises due to the fact that share based benefits derived by the Group's United States based employees are tax deductible in that country. In 2008, and in accordance with new accounting standard requirements, $13.8m of the reserve balance that was attributable to these future tax benefits was transferred to the balance sheets of the company's United States based subsidiaries who are expected to realise the tax benefit upon the lodgement of their future tax returns.

Net unrealised gains reserve

The net unrealised gains reserve is used to recognise the cumulative changes in the fair value, net of tax, of investments that are classified as available-for-sale. Amounts are recognised in profit or loss when the associated assets are sold or impaired.

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations and exchange gains and losses arising on those foreign currency borrowings which are designated as hedging the company's net investment in foreign operations.

CSL Limited and its controlled entities

Notes to the Financial Statements continued

for the year ended 30 June 2008

	Notes	Consolidated Group 2008 $000	Consolidated Group 2007 $000	Parent Company 2008 $000	Parent Company 2007 $000
22 Retained earnings					
Opening balance at 1 July		**1,435,279**	1,051,470	**430,773**	151,144
Net profit for the year		**701,802**	539,299	**433,827**	438,130
Dividends	23	**(227,431)**	(162,534)	**(227,431)**	(162,534)
Actuarial gain/(loss) on defined benefit plans		**(4,389)**	10,270	**(4,248)**	5,763
Transfers from reserves		**(29)**	-	**-**	-
Deferred tax on actuarial gain/(loss) on defined benefit plans		**855**	(3,226)	**1,275**	(1,730)
Closing balance at 30 June		**1,906,087**	1,435,279	**634,196**	430,773
23 Dividends					
Dividends paid					
Dividends recognised in the current year by the Company are:					
Final ordinary dividend of 18.33* cents per share, franked to 50%, paid on 12 October 2007 (2007: 13.33* cents per share, unfranked)		**100,840**	72,926	**100,840**	72,926
Interim ordinary dividend of 23 cents per share, unfranked, paid on 14 April 2008 (2007: 16.33* cents per share, unfranked)		**126,591**	89,608	**126,591**	89,608
		227,431	162,534	**227,431**	162,534
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 23 cents per share, fully franked (2007: ordinary dividend of 18.33* cents per share franked to 50%). The aggregate amount of the proposed dividend, based on the number of shares on issue at the date of this report, that is expected to be paid on 10 October 2008 out of retained earnings at 30 June 2008, but not recognised as a liability at year end is:		**126,592**	100,673	**126,592**	100,673

* Dividends paid per share in the comparative period has been restated following the 3 for 1 share split undertaken on 24 October 2007.

Franked dividends

The amount of franking credits available for the subsequent financial year comprise:

	Parent Company 2008 $000	Parent Company 2007 $000
The franking account balance at the end of the financial year at 30% (2007: 30%)	**7,811**	5,425
Franking credits that will arise from the payment of income tax payable as at the end of the financial year	**54,157**	22,072
	61,968	27,497
Less: Franking credits applied to the final dividend recommended by directors that is not recognised as a liability at year end	**(54,254)**	(21,573)
Franking credits available for subsequent financial year	**7,714**	5,924
The amount of retained profits and reserves that can be distributed as fully franked dividends from this balance	**17,999**	13,823

CSL Limited and its controlled entities

Notes to the Financial Statements continued

for the year ended 30 June 2008

	Notes	Consolidated Group 2008 $000	Consolidated Group 2007 $000	Parent Company 2008 $000	Parent Company 2007 $000
24 Equity					
Total equity at the beginning of the financial year		**2,268,849**	1,989,804	**1,487,818**	1,158,596
Total recognised income and expense for the year attributable to equity holders		**747,205**	395,044	**427,897**	445,221
Movement in contributed equity		**10,396**	29,840	**10,396**	29,840
Dividends		**(227,431)**	(162,534)	**(227,431)**	(162,534)
Movement in share based payments reserve		**7,106**	16,695	**(2,324)**	16,695
Total equity at the end of the financial year		**2,806,125**	2,268,849	**1,696,356**	1,487,818
25 Statement of Cash Flows					
(a) Reconciliation of cash and cash equivalents and non-cash financing and investing activities					
Cash at the end of the year is shown in the cash flow statement as:					
Cash at bank and on hand	6	**156,927**	137,629	**-**	-
Cash deposits	6	**544,663**	342,608	**-**	-
Bank overdrafts	15	**(5,994)**	(6,099)	**(5,789)**	(58,723)
		695,596	474,138	**(5,789)**	(58,723)
(b) Reconciliation of Profit after tax to Cash Flows from Operations					
Profit after tax		**701,802**	539,299	**433,827**	438,130
Non-cash items in profit after tax					
Depreciation and amortisation		**141,799**	132,569	**45,910**	42,135
(Gain)/loss on disposal of property, plant and equipment		**917**	222	**850**	-
Finance costs		**78**	368	**-**	-
Unwinding of discount		**173**	6,895	**-**	-
Dividends and management fees		**-**	-	**(401,885)**	(431,175)
Share based payments expense		**12,607**	9,795	**6,266**	9,795
Changes in assets and liabilities, net of the effects of purchase / disposal of subsidiaries:					
(Increase)/decrease in trade and other receivables		**(113,016)**	(104,581)	**(29,249)**	(13,171)
(Increase)/decrease in inventories		**(84,130)**	(257,762)	**(8,037)**	(2,992)
(Increase)/decrease in retirement benefit assets		**4,252**	(9,046)	**4,369**	(6,047)
Increase/decrease in net tax assets and liabilities		**12,433**	59,452	**21,191**	(1,858)
Increase/(decrease) in trade and other payables		**52,257**	93,210	**81,119**	20,979
Increase/(decrease) in deferred government grants		**2,358**	597	**2,358**	597
Increase/(decrease) in provisions		**(10,398)**	1,781	**(5,506)**	9,580
Increase/(decrease) in retirement benefit liabilities		**(5,796)**	8,041	**(4,248)**	5,763
Net cash inflow from operating activities		**715,336**	480,840	**146,965**	71,736
(c) Non cash financing activities					
Acquisition of plant and equipment by means of finance leases		**2,352**	-	**-**	-

CSL Limited and its controlled entities

Notes to the Financial Statements continued

for the year ended 30 June 2008

	Notes	Consolidated Group 2008 $000	Consolidated Group 2007 $000	Parent Company 2008 $000	Parent Company 2007 $000
26 Employee benefits					
A reconciliation of the employee benefits recognised is as follows:					
Retirement benefit assets – non-current (note 13)		**8,052**	11,983	**3,518**	7,887
Provision for employee benefits – current (note 17)		**67,601**	61,197	**29,546**	27,473
Retirement benefit liabilities – non-current (note 13)		**85,571**	84,468	**-**	-
Provision for employee benefits – non-current (note 17)		**40,005**	40,771	**5,485**	4,420
		193,177	186,436	**35,031**	31,893
The number of full time equivalents employed at 30 June		**9,276**	8,423	**1,570**	1,487

(a) Defined benefit plans

The Group sponsors a range of defined benefit pension plans that provide pension benefits for its worldwide employees upon retirement. Entities of the Group who operate the defined benefit plans contribute to the respective plans in accordance with the Trust Deeds, following the receipt of actuarial advice.

Movements in the net liability/(asset) for defined benefit obligations recognised in the balance sheet

	Consolidated Group 2008 $000	Consolidated Group 2007 $000	Parent Company 2008 $000	Parent Company 2007 $000
Net liability/(asset) for defined benefit obligation:				
Opening balance	**72,485**	91,709	**(7,887)**	(1,840)
Contributions received	**(13,997)**	(13,749)	**(1,344)**	(2,069)
Benefits paid	**(2,274)**	(2,309)	**-**	-
Expense/(benefit) recognised in the income statement	**14,740**	14,827	**1,465**	1,785
Actuarial (gains)/losses recognised in equity	**4,389**	(10,270)	**4,248**	(5,763)
Other movements	**935**	146	**-**	-
Currency translation differences	**1,241**	(7,869)	**-**	-
Closing balance	**77,519**	72,485	**(3,518)**	(7,887)
Net liability/(asset) for defined benefit obligation is reconciled to the balance sheet as follows:				
Retirement benefit assets – non-current (note 13)	**(8,052)**	(11,983)	**(3,518)**	(7,887)
Retirement benefit liabilities – non-current (note 13)	**85,571**	84,468	**-**	-
Net liability/(asset)	**77,519**	72,485	**(3,518)**	(7,887)

Amounts for the current and previous periods are as follows:

	Consolidated Group 2008 $000	Consolidated Group 2007 $000	Consolidated Group 2006 $000	Parent Company 2008 $000	Parent Company 2007 $000	Parent Company 2006 $000
Defined benefit obligation	**393,474**	371,106	477,637	**29,801**	26,661	26,903
Plan assets	**315,955**	298,621	385,928	**33,319**	34,548	28,743
Surplus/(deficit)	**(77,519)**	(72,485)	(91,709)	**3,518**	7,887	1,840
Experience adjustments on plan liabilities	**14,723**	(1,983)	(10,562)	**(1,715)**	2,038	959
Experience adjustments on plan assets	**(14,525)**	12,253	(5,316)	**(2,533)**	3,725	1,094
Actual return on plan assets	**1,898**	28,018	11,924	**(149)**	5,736	2,910

CSL Limited and its controlled entities

Notes to the Financial Statements continued

for the year ended 30 June 2008

	Consolidated Group		Parent Company	
	2008 $000	2007 $000	2008 $000	2007 $000
26 Employee benefits (continued)				
(a) Defined benefit plans (continued)				
Changes in the present value of the defined benefit obligation are as follows:				
Opening balance	**371,106**	477,637	**26,661**	26,903
Service cost	**15,514**	15,323	**2,294**	2,516
Interest cost	**15,006**	14,734	**1,555**	1,280
Past service costs	**644**	535	**-**	-
Contributions by members	**3,885**	3,665	**-**	-
Actuarial (gains)/losses	**(10,136)**	1,983	**1,715**	(2,038)
Benefits paid	**(12,844)**	(93,028)	**(2,156)**	(1,135)
Other movements	**667**	(719)	**(268)**	(865)
Currency translation differences	**9,632**	(49,024)	**-**	-
Closing balance	**393,474**	371,106	**29,801**	26,661
The present value of the defined benefit obligation comprises:				
Present value of wholly unfunded obligations	**76,075**	77,721	**-**	-
Present value of funded obligations	**317,399**	293,385	**29,801**	26,661
	393,474	371,106	**29,801**	26,661
Changes in the fair value of plan assets are as follows:				
Opening balance	**298,621**	385,928	**34,548**	28,743
Expected return on plan assets	**16,423**	15,765	**2,384**	2,011
Actuarial gains/(losses) on plan assets	**(14,525)**	12,253	**(2,533)**	3,725
Contributions by employer	**13,997**	13,749	**1,344**	2,069
Contributions by members	**3,885**	3,665	**-**	-
Benefits paid	**(10,570)**	(90,719)	**(2,156)**	(1,135)
Other movements	**(268)**	(865)	**(268)**	(865)
Currency translation differences	**8,392**	(41,155)	**-**	-
Closing balance	**315,955**	298,621	**33,319**	34,548
The major categories of plan assets as a percentage of total plan assets is as follows:				
Cash	**1.7%**	6.2%	**2.0%**	6.0%
Equity instruments	**31.7%**	41.6%	**64.0%**	69.0%
Debt instruments	**50.7%**	42.0%	**12.0%**	9.0%
Property	**14.6%**	10.2%	**10.0%**	16.0%
Other assets	**1.3%**	-	**12.0%**	-
	100.0%	100.0%	**100.0%**	100.0%
Expenses/(gains) recognised in the income statement are as follows:				
Current service costs	**15,514**	15,323	**2,294**	2,516
Interest on obligation	**15,006**	14,734	**1,555**	1,280
Expected return on assets	**(16,423)**	(15,765)	**(2,384)**	(2,011)
Past service costs	**643**	535	**-**	-
Total included in employee benefits expense	**14,740**	14,827	**1,465**	1,785

CSL Limited and its controlled entities
Notes to the Financial Statements continued
for the year ended 30 June 2008

	Consolidated Group		Parent Company	
	2008 $000	2007 $000	2008 $000	2007 $000
26 Employee benefits (continued)				
(a) Defined benefit plans (continued)				
The principal actuarial assumptions at the balance sheet date (expressed as weighted averages) are as follows:				
Discount rate	**4.3%**	4.0%	**6.0%**	5.8%
Expected return on assets and expected long-term rate of return on assets[1]	**5.0%**	5.2%	**7.0%**	7.0%
Future salary increases	**2.3%**	2.0%	**5.0%**	5.0%
Future pension increases	**0.7%**	0.3%	**-**	-

[1]The expected long-term rate of return is based on the portfolio as a whole.

Surplus/(deficit) for each defined benefit plan on a funding basis

	Plan assets[1] $000	Accrued benefit[1] $000	Plan surplus / (deficit) $000
Consolidated Group – June 2008			
CSL Pension Plan (Australia)[2]	**33,319**	**(29,801)**	**3,518**
CSL Bioplasma AG Pension Fund (Switzerland)	**240,694**	**(236,160)**	**4,534**
CSL Behring Union Pension Plan (US UPP)	**41,942**	**(51,438)**	**(9,496)**
CSL Behring GmbH Pension Plan (Germany)	**-**	**(63,755)**	**(63,755)**
CSL Pharma GmbH Pension Plan (Germany)	**-**	**(1,527)**	**(1,527)**
CSL Behring KG Pension Plan (Germany)	**-**	**(3,006)**	**(3,006)**
CSL Plasma Services GmbH Pension Plan (Germany)	**-**	**(117)**	**(117)**
CSL Behring KK Retirement Allowance Plan (Japan)	**-**	**(7,670)**	**(7,670)**
	315,955	**(393,474)**	**(77,519)**
Consolidated Group – June 2007			
CSL Pension Plan (Australia)[2]	34,548	(26,661)	7,887
CSL Bioplasma AG Pension Fund (Switzerland)	213,998	(209,902)	4,096
CSL Behring Union Pension Plan (US UPP)	50,075	(56,822)	(6,747)
CSL Behring GmbH Pension Plan (Germany)	-	(66,667)	(66,667)
CSL Pharma GmbH Pension Plan (Germany)	-	(1,591)	(1,591)
CSL Behring KG Pension Plan (Germany)	-	(2,937)	(2,937)
CSL Plasma Services GmbH Pension Plan (Germany)	-	(124)	(124)
CSL Behring KK Retirement Allowance Plan (Japan)	-	(6,402)	(6,402)
	298,621	(371,106)	(72,485)

[1] Plan assets at net market value and accrued benefits have been calculated at 30 June, being the date of the most recent financial statements of the plans.

[2] The CSL Pension Plan (Australia) is also the defined benefit plan of the Parent Company. On 1 June 2007 the CSL Pension Plan ceased operation as a stand alone fund. The Assets and Liabilities of the Plan were transferred to AustralianSuper under a Successor Fund Transfer Deed and the Plan now operates as a sub-plan of AustralianSuper.

(b) Defined contribution plans

The Group and Parent Company make contributions to various defined contribution pension plans. The amounts recognised as an expense for the year ended 30 June 2008 was $15,854,000 and $10,934,000 respectively (2007: $15,420,000 and $10,398,000).

CSL Limited and its controlled entities

Notes to the Financial Statements continued

for the year ended 30 June 2008

27 Share based payments

(a) Share based payment schemes

The company operates the following schemes that entitles key management personnel and senior employees to purchase shares in the company:

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 Group 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.

Employee Performance Rights Plan (Performance Rights)

The establishment of the Employee Performance Rights Plan (Performance Rights) 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 by market capitalisation (excluding companies with the GICS industry codes of commercial banks, oil and gas and metals and mining).

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.

27 Share based payments (continued)

Long Term Incentive Plan

The Long Term Incentive Plan became effective in October 2006. Under the Plan, the long-term incentive grants made to executives incorporate both performance rights and performance options (each with a different performance hurdle). Each long-term incentive grant generally consists of 50% performance rights and 50% performance options.

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. The performance options are issued for nil consideration with an exercise price equal to the volume weighted average CSL share price over the week up to and including the day of grant.

The performance hurdle attached to performance rights is a relative TSR hurdle with a peer group 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). Vesting will occur where the company's TSR ranking is at or above the 50th percentile.

The performance hurdle for the performance options is an earnings per share (EPS) measure. The initial target is 10% compound EPS growth per annum measured from 30 June in the financial year preceding the grant of options until 30 June in the financial year prior to the relevant test date. Either none or a portion of the performance options are exercisable depending on whether this target is achieved.

Performance rights and performance options are issued for a term of seven years. Current offers provide for a portion becoming exercisable, subject to satisfying the relevant performance hurdle, after the second anniversary of the date of grant. Full vesting does not occur until fours years post grant date. If the portion tested at the applicable anniversary meets the relevant performance hurdle, that portion of rights and options vest and become exercisable until the expiry date. If the portion tested fails to meet the performance hurdle the portion will be carried over to the next anniversary and retested. After the fifth anniversary, any performance rights and performance options not vested will lapse. Importantly, there is an individual employee hurdle requiring an executive to obtain for the financial year prior to exercise of the performance rights and performance options, a satisfactory (or equivalent) rating under the company's performance management system.

There are no company provided loans as part of the current long-term incentive arrangements.

Global Employee Share Plan (GESP)

The 'Global Employee Share Plan' (GESP) 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 the Financial Statements continued

for the year ended 30 June 2008

27 Share based payments (continued)

As a result of the 3 for 1 share split which occurred on 24 October 2007, all references to numbers of instruments and exercise prices have been adjusted accordingly.

(b) Outstanding share based payment equity instruments

The number and exercise price for each share based payment scheme outstanding is presented as follows. All options and rights are settled by physical delivery of shares.

June 2008	Opening Balance	Granted	Exercised	Forfeited	Lapsed	Closing balance	Exercise Price	Expiry date	Vested at 30 June 2008
Options (by grant date)									
21 August 2001*	120,000	-	-	-	-	120,000	$16.44	20-Aug-08	120,000
23 August 2001*	39,240	-	39,240	-	-	-	$12.51	22-Aug-08	-
10 December 2001*	18,600	-	18,600	-	-	-	$16.65	09-Dec-08	-
23 July 2002*	696,660	-	578,260	18,000	-	100,400	$9.32	23-Jul-09	100,400
16 October 2002*	18,000	-	18,000	-	-	-	$6.89	16-Oct-09	-
1 July 2003	396,840	-	193,200	-	-	203,640	$4.06	01-Jul-10	-
2 October 2006	1,352,340	-	-	96,000	-	1,256,340	$17.48	02-Oct-13	-
1 October 2007	-	730,620	-	16,020	-	714,600	$35.46	30-Sep-14	-
1 April 2008	-	3,240	-	-	-	3,240	$36.56	31-Mar-15	-
	2,641,680	733,860	847,300	130,020	-	2,398,220			220,400
Performance rights (by grant date)									
16 October 2003	90,000	-	-	-	-	90,000	Nil	27-Oct-10	90,000
15 December 2003	49,800	-	44,400	-	-	5,400	Nil	27-Oct-10	5,400
28 April 2004	180,000	-	-	-	-	180,000	Nil	31-Mar-11	180,000
21 June 2004	57,900	-	49,500	-	-	8,400	Nil	31-Mar-11	8,400
29 October 2004	235,500	-	190,200	-	-	45,300	Nil	25-Aug-11	45,300
15 July 2005	165,000	-	-	-	-	165,000	Nil	07-Jun-12	-
07 September 2005	978,600	-	-	87,750	-	890,850	Nil	07-Jun-12	-
07 March 2006	157,500	-	-	-	-	157,500	Nil	20-Dec-12	-
06 April 2006	122,550	-	-	8,400	-	114,150	Nil	20-Dec-12	-
02 October 2006	487,920	-	-	37,440	-	450,480	Nil	02-Oct-13	-
01 October 2007	-	282,420	-	7,440	-	274,980	Nil	30-Sep-14	-
01 April 2008	-	1,460	-	-	-	1,460	Nil	31-Mar-15	-
	2,524,770	283,880	284,100	141,030	-	2,383,520			329,100
GESP (by grant date)									
1 March 2007	70,344	-	70,344	-	-	-	$22.17	31-Aug-07	-
1 September 2007	-	63,496	63,496	-	-	-	$27.50	28-Feb-08	-
1 March 2008#	-	65,984	-	-	-	65,984	$30.35	31-Aug-08	-
	70,344	129,480	133,840	-	-	65,984			-
Total	**5,236,794**	**1,147,220**	**1,265,240**	**271,050**	**-**	**4,847,724**			**549,500**

* AASB 2 has not been applied to these options as they were issued before 7 November 2002.

The exercise price at which GESP plan shares are issued is calculated at a 15% discount to the lower of the ASX market price on the first and last dates of the contribution period. Accordingly the exercise price and the final number of shares issued is not yet known (and may differ from the assumptions and fair values disclosed below). The above disclosures are estimated based on information available as at 30 June 2008.

The weighted average share price at the dates of exercise, by equity instrument type, is as follows:

Options	$33.26
Performance Rights	-
GESP	$35.56

CSL Limited and its controlled entities

Notes to the Financial Statements continued

for the year ended 30 June 2008

27 Share based payments (continued)

(b) Outstanding share based payment equity instruments (continued)

The number and exercise price for each share based payment scheme outstanding is presented as follows. All options and rights are settled by physical delivery of shares.

June 2007	Opening Balance	Granted	Exercised	Forfeited	Lapsed	Closing balance	Exercise Price	Expiry date	Vested at 30 June 2007
Options (by grant date)									
2 August 2000*	150,900	-	150,900	-	-	-	$11.35	02-Aug-07	-
20 June 2001*	430,260	-	430,260	-	-	-	$12.51	20-Jun-08	-
21 August 2001*	270,000	-	150,000	-	-	120,000	$16.44	20-Aug-08	120,000
23 August 2001*	255,000	-	215,760	-	-	39,240	$12.51	22-Aug-08	39,240
10 December 2001*	114,600	-	96,000	-	-	18,600	$16.65	09-Dec-08	18,600
23 July 2002*	1,662,270	-	965,610	-	-	696,660	$9.32	23-Jul-09	-
16 October 2002*	36,000	-	18,000	-	-	18,000	$6.89	16-Oct-09	-
1 July 2003	1,022,100	-	568,260	57,000	-	396,840	$4.06	01-Jul-10	-
6 October 2006	-	1,357,440	-	5,100	-	1,352,340	$17.48	02-Oct-13	-
	3,941,130	1,357,440	2,594,790	62,100	-	2,641,680			177,840
Performance rights (by grant date)									
16 October 2003	150,000	-	60,000	-	-	90,000	Nil	27-Oct-10	90,000
15 December 2003	385,800	-	330,900	5,100	-	49,800	Nil	27-Oct-10	49,800
28 April 2004	180,000	-	-	-	-	180,000	Nil	31-Mar-11	180,000
21 June 2004	349,800	-	274,500	17,400	-	57,900	Nil	31-Mar-11	57,900
29 October 2004	247,800	-	-	12,300	-	235,500	Nil	25-Aug-11	-
15 July 2005	165,000	-	-	-	-	165,000	Nil	07-Jun-12	-
07 September 2005	1,016,250	-	-	37,650	-	978,600	Nil	07-Jun-12	-
07 March 2006	157,500	-	-	-	-	157,500	Nil	20-Dec-12	-
06 April 2006	122,550	-	-	-	-	122,550	Nil	20-Dec-12	-
06 October 2006	-	490,200	-	2,280	-	487,920	Nil	02-Oct-13	-
	2,774,700	490,200	665,400	74,730	-	2,524,770			377,700
GESP (by grant date)									
1 March 2006	98,181	-	98,181	-	-	-	$13.98	31-Aug-06	-
1 September 2006	-	100,638	100,638	-	-	-	$14.35	28-Feb-07	-
1 March 2007#	-	66,291	-	-	-	66,291	$21.87	31-Aug-07	-
	98,181	166,929	198,819	-	-	66,291			-
Total	**6,814,011**	**2,014,569**	**3,459,009**	**136,830**	**-**	**5,232,741**			**555,540**

* AASB 2 has not been applied to these options as they were issued before 7 November 2002.

The exercise price at which GESP plan shares are issued is calculated at a 15% discount to the lower of the ASX market price on the first and last dates of the contribution period. Accordingly the exercise price and the final number of shares issued is not yet known (and may differ from the assumptions and fair values disclosed below). The above disclosures are estimated based on information available as at 30 June 2007.

The weighted average share price at the dates of exercise, by equity instrument type, is as follows:

Options	$20.34
Performance Rights	-
GESP	$21.58

CSL Limited and its controlled entities

Notes to the Financial Statements continued

for the year ended 30 June 2008

27 Share based payments (continued)

(c) Valuation assumptions and fair values of equity instruments granted

The fair value of services received in return for equity instruments granted are measured by reference to the fair value of equity instruments granted. The estimate of fair value of the services received is measured based on a combination of the Binomial and Black Scholes option valuation methodologies. The expected vesting period of equity instruments is also used as an input into the valuation model applied.

The following tables summarise the assumptions and fair values of unexercised equity instruments issued after 7 November 2002:

	Fair Value[1]	Share Price	Exercise Price	Expected volatility[2]	Life assumption	Expected dividend yield	Risk free interest rate
Options (by grant date)							
1 July 2003	$1.53	$4.03	$4.06	37.0%	3–5 years	2.5%	5.60%
2 October 2006 – Tranche 1	$5.71	$18.01	$17.48	27.0%	2 years	1.5%	5.67%
2 October 2006 – Tranche 2	$5.83	$18.01	$17.48	27.0%	3 years	1.5%	5.67%
2 October 2006 – Tranche 3	$5.96	$18.01	$17.48	27.0%	4 years	1.5%	5.67%
1 October 2007 – Tranche 1	$12.06	$35.93	$35.46	29.0%	2 years	1.5%	6.45%
1 October 2007 – Tranche 2	$12.33	$35.93	$35.46	29.0%	3 years	1.5%	6.45%
1 October 2007 – Tranche 3	$12.59	$35.93	$35.46	29.0%	4 years	1.5%	6.45%
1 April 2008 – Tranche 1	$12.64	$36.56	$36.23	32.0%	2 years	1.5%	6.00%
1 April 2008 – Tranche 2	$12.92	$36.56	$36.23	32.0%	3 years	1.5%	6.00%
1 April 2008 – Tranche 3	$13.18	$36.56	$36.23	32.0%	4 years	1.5%	6.00%
Performance Rights (by grant date)							
16 October 2003	$3.51	$5.42	Nil	37.0%	4 years	2.5%	5.61%
15 December 2003	$3.78	$5.84	Nil	37.0%	4 years	2.5%	5.79%
28 April 2004	$5.05	$7.64	Nil	35.0%	4 years	2.0%	5.71%
21 June 2004	$4.78	$7.24	Nil	34.0%	4 years	2.0%	5.63%
29 October 2004	$6.90	$9.60	Nil	34.0%	4 years	2.0%	5.32%
15 July 2005	$8.17	$11.63	Nil	27.0%	4 years	1.5%	5.19%
7 September 2005	$8.13	$11.58	Nil	27.0%	4 years	1.5%	5.10%
7 March 2006	$14.53	$17.75	Nil	27.0%	4 years	1.5%	5.37%
6 April 2006	$14.32	$17.80	Nil	27.0%	4 years	1.5%	5.51%
2 October 2006 – Tranche 1	$14.20	$18.01	Nil	27.0%	2 years	1.5%	5.67%
2 October 2006 – Tranche 2	$13.32	$18.01	Nil	27.0%	3 years	1.5%	5.67%
2 October 2006 – Tranche 3	$12.47	$18.01	Nil	27.0%	4 years	1.5%	5.67%
1 October 2007 – Tranche 1	$28.65	$35.93	Nil	29.0%	2 years	1.5%	6.45%
1 October 2007 – Tranche 2	$26.78	$35.93	Nil	29.0%	3 years	1.5%	6.45%
1 October 2007 – Tranche 3	$25.20	$35.93	Nil	29.0%	4 years	1.5%	6.45%
1 April 2008 – Tranche 1	$30.27	$36.56	Nil	32.0%	2 years	1.5%	6.00%
1 April 2008 – Tranche 2	$29.06	$36.56	Nil	32.0%	3 years	1.5%	6.00%
1 April 2008 – Tranche 3	$27.57	$36.56	Nil	32.0%	4 years	1.5%	6.00%
GESP (by grant date)[3]							
1 September 2006	$2.86	$16.88	$14.35	27.0%	6 months	1.5%	6.43%
1 March 2007	$4.36	$25.73	$21.87	27.0%	6 months	1.5%	6.41%
1 September 2007	$5.77	$32.35	$27.50	29.0%	6 months	1.5%	6.45%
1 March 2008	$5.85	$35.70	$30.35	32.0%	6 months	1.5%	6.00%

1 Equity instruments are granted under a service condition and a non-market performance condition. Such conditions are not taken into account in the determination of fair value at grant date. The market conditions associated with equity instruments are incorporated into the determination of the fair value at grant date.

2 The expected volatility is based on the historic volatility (calculated based on the remaining life assumption of each equity instrument), adjusted for any expected changes to future volatility due to publicly available information.

3 The fair value of GESP equity instruments is estimated based on the assumptions prevailing on the grant date. In accordance with the terms and conditions of the GESP plan, shares are issued at the lower of the ASX market price on the first and last dates of the contribution period.

CSL Limited and its controlled entities

Notes to the Financial Statements continued

for the year ended 30 June 2008

28 Key management personnel disclosures

The following were key management personnel of the Group at any time during the 2008 and 2007 financial years and unless otherwise indicated they were key management personnel during the whole of those financial years:

Non-executive directors

E A Alexander (Chairman)
J Akehurst
I A Renard
M A Renshaw
K J Roberts
J Shine
D Simpson (appointed 1 September 2006)
P H Wade (retired 30 September 2006)
A C Webster (retired 18 October 2006)

Executive directors

B A McNamee (Chief Executive Officer and Managing Director)
A M Cipa (Finance Director)

Executives

P Turner (President, CSL Behring)
C Armit (President, CSL Biotherapies, retired 31 December 2007)
A Cuthbertson (Chief Scientific Officer)
P Turvey (Company Secretary and General Counsel)
T Giarla (President, CSL Bioplasma, ceased to be a KMP effective 29 February 2008)
A von Bibra (General Manager, Human Resources)
M Sontrop (General Manager, CSL Biotherapies Australia & New Zealand)
J Davies (General Manager, CSL Bioplasma, Asia Pacific, appointed 1 March 2008)

With regards to equity instruments granted as compensations, all references to numbers of instruments and prices have been adjusted as a result of the 3 for 1 share split which occurred on 24 October 2007.

(a) Total compensation for key management personnel

	Consolidated Group		Parent Company	
	2008 $000	2007 $000	2008 $000	2007 $000
Short term				
Salary and fees	**7,407,484**	6,952,254	**6,472,756**	6,115,728
Short term incentive cash bonus	**2,879,478**	3,021,752	**2,379,327**	2,181,889
Non-monetary benefits	**170,553**	246,984	**158,209**	243,765
Total	**10,457,515**	10,220,990	**9,010,292**	8,541,382
Post-employment				
Pension benefits	**1,291,873**	628,236	**784,835**	510,217
Retirement benefits	**3,187**	839,072	**3,187**	839,072
Total	**1,295,060**	1,467,308	**788,022**	1,349,289
Other long-term - Long service leave and equivalents	**467,717**	376,348	**356,204**	306,279
Deferred cash incentive	**583,822**	-	**583,822**	-
Termination benefits	**-**	-	**-**	-
Share-based payments				
Equity settled performance rights	**2,505,205**	2,649,898	**2,109,762**	2,255,228
Equity settled options	**1,422,084**	704,624	**1,212,546**	592,207
	3,927,289	3,354,522	**3,322,308**	2,847,435
Total	**16,731,403**	15,419,168	**14,060,648**	13,044,385

CSL Limited and its controlled entities

Notes to the Financial Statements continued

for the year ended 30 June 2008

28 Key management personnel disclosures (continued)

(b) Loans to key management personnel and their related parties (Group)

Details regarding the aggregate of loans made, guaranteed or secured by any entity in the Group to key management personnel and their related parties, and the number of individuals in each group, are as follows:

		Opening balance	Interest charged	Closing balance	Number in group
		$	$	$	$
Total for key management personnel	**2008**	**1,174,820**	**33,522**	**745,154**	**5**
	2007	5,431,000	63,000	1,007,000	4
Total for other related parties	**2008**	**-**	**-**	**-**	**-**
	2007	-	-	-	-
Total for key management personnel	**2008**	**1,174,820**	**33,522**	**745,154**	**5**
and their related parties	2007	5,431,000	63,000	1,007,000	4

Details regarding loans outstanding at the reporting date to key management personnel and their related parties at any time during the reporting period, are as follows:

	Balance at 1 July 2007	Interest charged	Balance at 30 June 2008	Highest owing in period	Interest not charged
	$	$	$	$	$
Key Management Personnel					
A M Cipa	46,000	4,312	43,122	46,000	212
P Turner	110,000	7,836	110,000	110,000	3,436
A Cuthbertson	420,000	9,951	420,000	840,000	36,396
P Turvey	-	3,317	139,850	139,850	8,809
A von Bibra	-	1,750	32,182	32,182	1,039
T Giarla	-	-	-	375,400	-
M Sontrop	431,000	6,356	-	431,000	20,819
J Davies*	167,820	-	-	335,640	5,291
Total*	**1,174,820**	**33,522**	**745,154**	**2,310,072**	**76,002**

* Mr Davies became a key management person during the 2008 financial year and accordingly his loan balance of $167,820 as an opening balance on 1 July 2007 has been disclosed. However, as Mr Davies was not a key management person in the 2007 financial year, his loan balance as at 30 June 2007 was not included in the $1,007,000 of loans due from key management personnel as at that date.

All of the loans relate to SESOP and SESOP II under which key management personnel 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 this plan. No grants of options have been made under SESOP II since July 2003.

Loans to key management personnel relating to SESOP are interest free. Loans relating to SESOP II are charged interest at a concessional average rate of 2.5%. 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 46.5%). The average commercial rate of interest during the year was 9.59%.

(c) Other key management personnel transactions with the company or its controlled entities

The key management personnel and their related entities have the following transactions with entities within the Group 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 relationships, including property leases and collaborative research arrangements, 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 and Dr Virginia Mansour (whose husband is Dr Brian McNamee) is a member of the Council.

CSL Limited and its controlled entities

Notes to the Financial Statements continued

for the year ended 30 June 2008

28 Key management personnel disclosures (continued)

(d) Options over equity instruments granted as compensation

The movement during the reporting period in the number of options over ordinary shares in the company held directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

Options	Balance at 1 July 2007	Number Granted	Number Exercised	Number Lapsed/ Forfeited	Balance at 30 June 2008	Number Vested during the year	Vested and exercisable at 30 June 2008
Executive Directors							
B A McNamee	158,760	77,640	-	-	236,400	-	-
A M Cipa	58,140	29,700	-	-	87,840	-	-
Executives							
P Turner	148,140	29,700	90,000	-	87,840	45,000	-
C Armit	30,000	-	30,000	-	-	30,000	-
A Cuthbertson	77,520	17,760	45,000	-	50,280	45,000	-
P Turvey	55,380	12,960	30,000	-	38,340	30,000	-
T Giarla	55,740	-	30,000	-	25,740	30,000	-
A von Bibra	34,560	9,600	7,920	-	36,240	7,920	7,920
M Sontrop	51,240	11,280	15,000	-	47,520	15,000	15,000
J Davies	39,240	10,860	18,000	-	32,100	18,000	-
Total	**708,720**	**199,500**	**265,920**	**-**	**642,300**	**220,920**	**22,920**

Options were granted during the current year as follows:

Date granted	Tranche	Expiry date	Exercise price	Fair value
October 2007	Tranche 1	September 2014	$35.46	$12.06
October 2007	Tranche 2	September 2014	$35.46	$12.33
October 2007	Tranche 3	September 2014	$35.46	$12.59

No options have been granted since the end of the financial year. The options have been provided at no cost to the recipients.

For further details, including the key terms and conditions, grant and exercise dates for options granted to executives, refer note 27.

(e) Performance rights over equity instruments granted as compensation

The movement during the reporting period in the number of performance rights over ordinary shares in the company held directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

Performance Rights	Balance at 1 July 2007	Number Granted	Number Exercised	Number Lapsed/ Forfeited	Balance at 30 June 2008	Number Vested during the year	Vested and exercisable at 30 June 2008
Executive Directors							
B A McNamee	489,420	24,060	-	-	513,480	210,000	210,000
A M Cipa	167,160	9,180	-	-	176,340	60,000	60,000
Executives							
P Turner	105,810	9,180	-	-	114,990	-	-
C Armit	40,350	-	18,000	22,350	-	18,000	-
A Cuthbertson	52,350	5,520	-	-	57,870	-	-
P Turvey	38,250	4,020	-	-	42,270	-	-
T Giarla	46,170	-	18,000	-	28,170	18,000	-
A von Bibra	15,420	2,940	-	-	18,360	-	-
M Sontrop	28,350	3,480	-	-	31,830	-	-
J Davies	-	3,360	-	-	3,360	-	-
Total	**983,280**	**61,740**	**36,000**	**22,350**	**986,670**	**306,000**	**270,000**

For further details, including the key terms and conditions, grant and exercise dates for rights granted to executives, refer note 27.

CSL Limited and its controlled entities

Notes to the Financial Statements continued

for the year ended 30 June 2008

28 Key management personnel disclosures (continued)

(e) Performance rights over equity instruments granted as compensation (continued)

Performance rights were granted during the current year as follows:

Date granted	Tranche	Expiry date	Exercise price	Fair value
October 2007	Tranche 1	September 2014	-	$28.65
October 2007	Tranche 2	September 2014	-	$26.78
October 2007	Tranche 3	September 2014	-	$25.20

No performance rights have been granted since the end of the financial year. The performance rights have been provided at no cost to the recipients.

For further details, including the key terms and conditions, grant and exercise dates for all Performance Rights granted to executives, refer note 27.

Modification of terms of equity-settled share-based payment transactions

No terms of equity-settled share-based payment transactions (including options and performance rights granted as compensation to a key management person) have been altered or modified by the issuing entity during the reporting period.

(f) Exercise of equity instruments granted as compensation

During the reporting period, the following shares were issued on the exercise of options granted as compensation:

	30 June 2008			30 June 2007		
	Date Option Granted	Number of Shares	Paid per Share $	Date Option Granted	Number of Shares	Paid per Share $
A M Cipa	-	-	-	August 2000	75,000	11.35
P Turner	July 2002	90,000	9.32	-	-	-
C Armit	July 2002	30,000	9.32	July 2002	120,000	9.32
A Cuthbertson	July 2002	45,000	9.32	July 2002	45,000	9.32
P Turvey	July 2002	30,000	9.32	July 2002	30,000	9.32
T Giarla	August 2001	30,000	12.51	June 2001	105,000	12.51
A von Bibra	July 2003	7,920	4.06	June 2001	15,840	12.51
	-		-	July 2003	23,760	4.06
M Sontrop	July 2003	15,000	4.06	June 2001	19,800	12.51
	-		-	July 2003	45,000	4.06
J Davies	July 2002	18,000	9.32	-	-	-
Total		**265,920**			**479,400**	

CSL Limited and its controlled entities

Notes to the Financial Statements continued

for the year ended 30 June 2008

28 Key management personnel disclosures (continued)

(f) Exercise of equity instruments granted as compensation (continued)

During the reporting period, the following shares were issued on the exercise of performance rights granted as compensation:

	30 June 2008			30 June 2007		
	Date Performance Right Granted	Number of Shares	Paid per share $	Date Performance Right Granted	Number of Shares	Paid per share $
A M Cipa	-	-	-	October 2003	60,000	-
P Turner	-	-	-	December 2003	37,800	-
	-	-	-	June 2004	36,600	-
C Armit	August 2004	18,000	-	December 2003	25,200	-
A Cuthbertson	-	-	-	December 2003	18,300	-
	-	-	-	June 2004	15,000	-
P Turvey	-	-	-	December 2003	21,300	-
	-	-	-	June 2004	30,000	-
T Giarla	August 2004	18,000	-	-	-	-
A von Bibra	-	-	-	June 2004	4,500	-
M Sontrop	-	-	-	June 2004	18,300	-
Total		**36,000**			**267,000**	

There are no amounts unpaid on the shares as a result of the exercise of options or performance rights.

Movements in shares	Balance at 1 July 2007	Options / Performance Rights Exercised during year	(Shares sold)/ Purchased	Balance at 30 June 2008
Non-Executive Directors				
E A Alexander	**22,878**	-	1,844	**24,722**
J Akehurst	**21,474**	-	765	**22,239**
I A Renard	**21,654**	-	765	**22,419**
M A Renshaw	**4,512**	-	765	**5,277**
K J Roberts	**17,049**	-	765	**17,814**
J Shine	**1,071**	-	765	**1,836**
D J Simpson	**558**	-	765	**1,323**
Executive Directors				
B A McNamee	**625,533**	-	-	**625,533**
A M Cipa	**25,641**	-	-	**25,641**
Executives				
P Turner	**74,526**	90,000	(90,000)	**74,526**
C Armit	**27,930**	48,000	(30,000)	**45,930**
A Cuthbertson	**79,437**	45,000	(45,000)	**79,437**
P Turvey	**4,197**	30,000	(14,756)	**19,441**
T Giarla	**-**	48,000	(48,000)	**-**
A von Bibra	**2,337**	7,920	245	**10,502**
M Sontrop	**71,391**	15,000	(64,556)	**21,835**
J Davies	**41,163**	18,000	(44,700)	**14,463**
Total	**1,041,351**	**301,920**	**(330,333)**	**1,012,938**

There have been no movements in shareholdings of key management personnel between 30 June 2008 and the date of this report.

CSL Limited and its controlled entities

Notes to the Financial Statements continued

for the year ended 30 June 2008

29 Non key management personnel related party disclosure

Ultimate Controlling Entity

The ultimate controlling entity is CSL Limited.

Identity of related parties

The Parent Company has a related party relationship with its subsidiaries (see note 32) and with its key management personnel (see note 28).

Other related party transactions

The Parent Company entered into the following transactions during the year with related parties in the Group:

Wholly owned subsidiaries

- 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 intercompany loan accounts and may be subject to extended payment terms.

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

Partly owned subsidiaries

- No transactions occurred during the year.

Amounts payable to and receivable from partly owned subsidiaries are set out in the notes to the financial statements.

Transactions with key management personnel and their related parties

Disclosures relating to key management personnel are disclosed in note 28.

Transactions with other related parties

During the year, the parent and subsidiaries made contributions to defined benefit and contribution pension plans as disclosed in note 26.

Ownership interests in related parties

The ownership interests in related parties in the Group are disclosed in note 32. All transactions with subsidiaries have been eliminated on consolidation.

	Consolidated Group		Parent Company	
	2008 $	2007 $	2008 $	2007 $
30 Remuneration of auditors				
During the year the following fees were paid or were payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:				
(a) Audit services				
Ernst & Young	**820,143**	765,771	**820,143**	765,771
Ernst & Young related practices	**2,363,235**	2,297,783	**-**	-
Total remuneration for audit services	**3,183,378**	3,063,554	**820,143**	765,771
(b) Other services				
Ernst & Young				
- due diligence / completion audits	**48,668**	16,000	**48,668**	16,000
- compliance and other services	**57,660**	13,850	**57,660**	13,850
Ernst & Young related practices				
- due diligence / completion audits	**697,902**	-	**-**	-
- compliance and other services	**15,356**	64,575	**-**	-
Total remuneration for non audit services	**819,586**	94,425	**106,328**	29,850
Total remuneration for all services rendered	**4,002,964**	3,157,979	**926,471**	795,621

CSL Limited and its controlled entities
Notes to the Financial Statements continued
for the year ended 30 June 2008

	Consolidated Group		Parent Company	
	2008 $000	2007 $000	2008 $000	2007 $000
31 Commitments and contingencies				
(a) Operating leases				
Commitments for minimum lease payments in relation to non cancellable operating leases are payable as follows:				
Not later than one year	**30,076**	31,329	**1,199**	1,464
Later than one year but not later than five years	**76,533**	83,270	**1,264**	1,851
Later than five years	**116,296**	115,722	**123**	123
	222,905	230,321	**2,586**	3,438

Operating leases entered into relate predominantly to leased land and rental properties. The leases have varying terms and renewal rights. Rental payments under the leases are predominantly fixed, but generally contain inflation escalation clauses. No operating lease contains restrictions on financing or other leasing activities.

	Consolidated Group		Parent Company	
	2008 $000	2007 $000	2008 $000	2007 $000
(b) Finance leases				
Commitments in relation to finance leases are payable as follows:				
Not later than one year	**4,900**	4,218	**-**	-
Later than one year but not later than five years	**17,786**	15,830	**-**	-
Later than five years	**38,972**	41,534	-	-
Total minimum lease payments	**61,658**	61,582	**-**	-
Future finance charges	**(23,833)**	(25,217)	**-**	-
Finance lease liability	**37,825**	36,365	**-**	-
The present value of finance lease liabilities is as follows:				
Not later than one year	**2,744**	1,964	**-**	-
Later than one year but not later than five years	**9,962**	7,917	**-**	-
Later than five years	**25,119**	26,484	**-**	-
	37,825	36,365	**-**	-
Finance lease – current liability (refer note 15)	**2,744**	1,920	**-**	-
Finance lease – non-current liability (refer note 15)	**35,081**	34,445	**-**	-
	37,825	36,365	**-**	-

Finance leases entered into relate predominantly to leased plant and equipment. The leases have varying terms but lease payments are generally fixed for the life of the agreement. In some instances, at the end of the lease term the Group has the option to purchase the equipment. No finance leases contain restrictions on financing or other leasing activities.

CSL Limited and its controlled entities

Notes to the Financial Statements continued

for the year ended 30 June 2008

	Consolidated Group		Parent Company	
	2008 $000	2007 $000	2008 $000	2007 $000
31 Commitments and contingencies (continued)				
(c) Total lease liability				
Current				
Finance leases (refer note 15)	**2,744**	1,920	**-**	-
Surplus lease space (refer note 17)	**195**	724	**-**	-
	2,939	2,644	**-**	-
Non-current				
Finance leases (refer note 15)	**35,081**	34,445	**-**	-
	38,020	37,089	**-**	-
(d) Capital commitments				
Capital expenditure contracted for at balance date but not provided for in the financial statements, payable:				
Not later than one year	**68,733**	57,597	**13,814**	19,295
Later than one year but not later than five years	**3,642**	1,202	**-**	-
Later than five years	**-**	-	**-**	-
	72,375	58,799	**13,814**	19,295

(e) Contingent assets and liabilities

Guarantees

The Group and Parent Company provide certain financial guarantees in the ordinary course of business. No liability has been recognised in relation to these guarantees as the fair value of the guarantees is immaterial.

Service agreements

The maximum contingent liability 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 Group.
The maximum liability that could arise, for which no provisions are included in the financial statements is as follows:

Service agreements	**9,543**	7,901	**6,623**	5,783

Litigation

The Group is involved in litigation in the ordinary course of business. The directors believe that future payment of a material amount in respect of litigation is remote. An estimate of the financial effect of this litigation cannot be calculated as it is not practicable at this stage. The Group has disclaimed liability for, and is vigorously defending, all current material claims and actions that have been made.

Deed of cross guarantee

The Parent Company has entered into a deed of cross guarantee in accordance with a class order issued by the Australian Securities and Investments Commission. The Parent Company, and the subsidiaries 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. Refer note 34 for details.

CSL Limited and its controlled entities
Notes to the Financial Statements continued
for the year ended 30 June 2008

32 Controlled Entities

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 1.

	Country of incorporation	Percentage Owned 2008 %	Percentage Owned 2007 %	
Company:				
CSL Limited	Australia			
Subsidiaries of CSL Limited:				
CSL Biotherapies Pty Ltd	Australia	**100**	100	
Cervax Pty Ltd	Australia	**74**	74	
CSL Biotherapies (NZ) Limited	New Zealand	**100**	100	(a)
Iscotec AB	Sweden	**100**	100	(a)
Zenyth Therapeutics Pty Ltd	Australia	**100**	100	
Zenyth Operations Pty Ltd	Australia	**100**	100	
Amrad Pty Ltd	Australia	**100**	100	
CSL International Pty Ltd	Australia	**100**	100	
CSL Finance Pty Ltd	Australia	**100**	100	
CSL Behring ApS	Denmark	**100**	100	(a)
CSL Behring AG	Switzerland	**100**	100	(a)
ZLB GmbH	Germany	**100**	100	(a)
CSL UK Holdings Limited	England	**100**	100	(a)
ZLB Bioplasma UK Limited	England	**100**	100	(a)
CSLB Holdings Inc	USA	**100**	100	
CSL Biotherapies Inc	USA	**100**	100	(a)
ZLB Bioplasma (Hong Kong) Limited	Hong Kong	**100**	100	(a)
CSL Behring LLC	USA	**100**	100	(a)
CSL Behring Sales Force Inc.	USA	**100**	100	(a)
ZLB Bioplasma Inc	USA	**100**	100	(a)
CSL Behring Canada Inc.	Canada	**100**	100	(a)
CSL Behring Brazil Comercio de Produtos Farmaceuticals Ltda	Brazil	**100**	100	(a)
CSL Behring KK	Japan	**100**	100	(a)
CSL Behring S.A. de C.V.	Mexico	**100**	100	(a)
CSL Behring S.A.	France	**100**	100	(a)
CSL Biotherapies GmbH	Germany	**100**	100	(a)
CSL Behring Foundation for Research and Advancement of Patient Health	USA	**100**	100	(a)
CSL Behring Verwaltungs GmbH	Germany	**100**	100	(a)
CSL Behring Beteiligungs GmbH & Co KG	Germany	**100**	100	(a)
ZLB Plasma Services GmbH	Germany	**100**	100	(a)
CSL Behring GmbH	Germany	**100**	100	(a)
CSL Behring (Switzerland) AG	Switzerland	**100**	100	(a)
CSL Behring GmbH	Austria	**100**	100	(a)
CSL Behring S.A.	Spain	**100**	100	(a)
CSL Behring A.B.	Sweden	**100**	100	(a)
CSL Behring S.p.A.	Italy	**100**	100	(a)
CSL Behring N.V.	Belgium	**100**	100	(a)
CSL Behring B.V	Netherlands	**100**	-	(b)
CSL Behring Lda	Portugal	**100**	100	(a)
CSL Behring MEPE	Greece	**100**	100	(a)
CSL Biotherapies Asia Pacific Limited	Hong Kong	**100**	100	(a)
CSL Behring S.A.	Argentina	**100**	100	(a)
CSL Behring Holdings Ltd.	England	**100**	100	(a)
CSL Behring UK Ltd.	England	**100**	100	(a)

(a) Audited by affiliates of the company's auditors.
(b) CSL Behring B.V was incorporated during the year.

CSL Limited and its controlled entities

Notes to the Financial Statements continued

for the year ended 30 June 2008

33 Acquisition of Controlled Entities

On 10 November 2006, the Group acquired 100% of the share capital of Zenyth Therapeutics Limited (Zenyth), a Biotechnology company, for a cash consideration of $103,711,000.

The acquired business contributed revenues of $3,572,000 and a loss before tax of $5,349,000 to the Group for the period from acquisition to 30 June 2007. This result is included within “Other Human Health” in the Segment Information contained in note 2. If the acquisition had occurred on 1 July 2006, consolidated revenue and consolidated profit for the year ended 30 June 2007 would not have been materially affected.

Details of net assets acquired and goodwill are as follows:

	$'000
Purchase consideration:	
Cash paid	103,711
Direct costs relating to the acquisition	1,870
Total purchase consideration	105,581
Fair value of net identifiable assets acquired (see below)	93,498
Goodwill	12,083

The goodwill attributable to the acquisition of Zenyth represents the know-how of the research staff.

The assets and liabilities arising from the acquisition are as follows:

	Acquiree's carrying amount $000	Fair value amount $000
Cash and cash equivalents	1,642	1,642
Trade and other receivables	1,409	1,409
Other Financial Assets	40,889	41,605
Property Plant & Equipment	1,383	610
Intangible Assets	-	53,952
Trade and other payables	(5,000)	(5,000)
Provisions	(720)	(720)
Net identifiable assets acquired	39,603	93,498

Outflow of cash to acquire business, net of cash acquired:

	$000
Cash consideration	(103,711)
Direct costs relating to the acquisition	(1,870)
Cash and cash equivalents in subsidiary acquired	1,642
Cash outflow on acquisition	(103,939)

Note: Other Financial Assets comprise Unit Trust investments that were converted to cash following the acquisition.

34 Deed of Cross Guarantee

On 28 June 2007, a deed of cross guarantee was executed between CSL Limited and certain of its wholly owned entities, namely CSL International Pty Ltd, CSL Finance Pty Ltd, CSL Biotherapies Pty Ltd and Zenyth Therapeutics Pty Ltd. Under this deed, each company guarantees the debts of the others. By entering into the deed, these specific wholly owned entities have been relieved from the requirement to prepare a financial report and directors' report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission.

The entities that are parties to the deed represent a 'Closed Group' for the purposes of the Class Order, and as there are no other parties to the Deed of Cross Guarantee that are controlled by CSL Limited they also represent the 'Extended Closed Group'. In respect to the Closed Group comprising the aforementioned entities, set out below is a consolidated income statement and a summary of movements in consolidated retained profits for the year ended 30 June 2008 and a consolidated balance sheet as at that date. Note, Zenyth Therapeutics Pty Ltd became a member of the Closed Group from its date of acquisition on 10 November 2006.

Income Statement	Consolidated Group	
	2008 $000	**2007 $000**
Continuing operations		
Sales revenue	**666,088**	464,619
Cost of sales	**(360,739)**	(252,359)
Gross profit	**305,349**	212,260
Sundry revenues	**198,277**	101,695
Dividend income	**333,616**	258,979
Interest income	**49,084**	40,622
Research and development expenses	**(130,357)**	(103,840)
Selling and marketing expenses	**(74,738)**	(64,384)
General and administration expenses	**(114,595)**	(97,485)
Finance costs	**(28,387)**	(28,554)
Profit before income tax expense	**538,249**	319,293
Income tax expense	**(47,164)**	(1,928)
Profit for the year	**491,085**	317,365

CSL Limited and its controlled entities

Notes to the Financial Statements continued

for the year ended 30 June 2008

	Consolidated Group	
	2008 $000	2007 $000
34 Deed of Cross Guarantee (continued)		
Balance sheet		
CURRENT ASSETS		
Cash and cash equivalent	**513,897**	306,016
Trade and other receivables	**508,317**	96,401
Current tax assets	**-**	-
Inventories	**120,324**	110,739
Total Current Assets	**1,142,538**	513,156
NON-CURRENT ASSETS		
Trade and other receivables	**198,901**	188,705
Other financial assets	**1,235,573**	1,604,074
Property, plant and equipment	**348,242**	323,771
Deferred tax assets	**22,133**	24,724
Intangible assets	**57,550**	72,802
Retirement benefit assets	**3,518**	7,887
Total Non-Current Assets	**1,865,917**	2,221,963
TOTAL ASSETS	**3,008,455**	2,735,119
CURRENT LIABILITIES		
Trade and other payables	**145,881**	140,696
Interest-bearing liabilities and borrowings	**16,540**	32,338
Current tax liabilities	**54,157**	24,123
Provisions	**30,328**	28,250
Deferred government grants	**469**	100
Total Current Liabilities	**247,375**	225,507
NON-CURRENT LIABILITIES		
Trade and other payables	**994**	17,459
Interest-bearing liabilities and borrowings	**548,013**	548,066
Deferred tax liabilities	**14,704**	15,512
Provisions	**6,687**	5,681
Deferred government grants	**6,950**	4,961
Total Non-Current Liabilities	**577,348**	591,679
TOTAL LIABILITIES	**824,723**	817,186
NET ASSETS	**2,183,732**	1,917,933
EQUITY		
Contributed equity	**1,034,337**	1,023,941
Reserves	**38,608**	43,885
Retained earnings	**1,110,787**	850,107
TOTAL EQUITY	**2,183,732**	1,917,933
Summary of movements in consolidated retained earnings of the closed group		
Retained earnings at beginning of the financial year	**850,107**	691,243
Net profit	**491,085**	317,365
Actuarial gain / (loss) on defined benefit plans, net of tax	**(2,974)**	4,033
Dividends provided for or paid	**(227,431)**	(162,534)
Retained earnings at the end of the financial year	**1,110,787**	850,107

35 Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise receivables, payables, bank loans and overdrafts, unsecured notes, lease liabilities, available for sale assets and derivative instruments.

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group's policy is to use derivative financial instruments, such as foreign exchange contracts and interest rate swaps, to manage specifically identified risks as approved by the Board of Directors. The objective of the policy is to support the delivery of the Group's financial targets whilst protecting future financial security. The accounting policy applied by the Group in respect to derivative financial instruments is outlined in note 1(v). Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and foreign exchange risks.

Market Risk

1. *Foreign exchange risk*

The Group and parent entity operate internationally and are exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency other than the entity's functional currency and net investments in foreign operations.

The Group's Treasury risk management policy is to hedge contractual commitments denominated in a foreign currency.

The Group 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 Group against exchange rate movements. 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 table on the following page 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.

The Parent Company and other subsidiaries also 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 Company and other Group subsidiaries from movements in exchange rates that would give rise to an income statement impact.

CSL Limited and its controlled entities

Notes to the Financial Statements continued

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35 Financial Risk Management Objectives and Policies (continued)

	Average Exchange Rate		2008		2007	
Currency	2008	2007	Buy $000	Sell $000	Buy $000	Sell $000
US dollars						
3 months or less	**0.9594**	0.8471	**5,180**	**(277,820)**	29,865	(210,744)
Swiss francs						
3 months or less	**0.9872**	1.0440	**112,535**	**(21,877)**	10,338	(17,774)
Argentina peso						
3 months or less	**2.8558**	2.6176	**-**	**(9,017)**	-	(8,710)
Euro						
3 months or less	**0.6082**	0.6156	**146,686**	**(118,795)**	111,926	(41,422)
Pounds sterling						
3 months or less	**0.4767**	0.4227	**-**	**(4,780)**	15,649	(11,110)
Hungarian forint						
3 months or less	**139.79**	154.85	**-**	**(1,237)**	-	(1,548)
Japanese yen						
3 months or less	**101.92**	104.40	**-**	**(14,329)**	-	(36,238)
Swedish kroner						
3 months or less	**5.7198**	5.8222	**-**	**(14,799)**	-	(5,231)
Danish kroner						
3 months or less	**4.5188**	4.6935	**843**	**(3,121)**	959	(5,682)
Mexican peso						
3 months or less	**9.4658**	9.1548	**-**	**(22,470)**	-	(15,750)
Australian dollars						
3 months or less	**0.9596**	0.8120	**231,268**	**(8,267)**	207,791	(22,319)
			496,512	**(496,512)**	376,528	(376,528)

The Group reduces its foreign exchange risk on net investments in foreign operations, by denominating external borrowings in currencies that match the currencies of its foreign investments.

Included in Interest Bearing Liabilities (refer note 15) as at 30 June 2008, are Unsecured Notes amounting to US$72.72m (2007: US$79.69m) and EUR 65.50m (2007: EUR 67.92m) that are designated as a hedge of the Group's investment in ZLB Holdings Inc and CSL Behring GmbH. A net foreign exchange gain of $6.7m (2007: gain of $22.1m) was recognised in equity on translation of these borrowings to Australian Dollars.

Included in Interest Bearing Liabilities (refer note 15) as at 30 June 2008, are Bank Loans amounting to EUR 130m (2007: EUR 130m) that are designated as a hedge of the Group's investment in CSL Behring GmbH. A net foreign exchange loss of $7.3m (2007: gain of $16.6m) was recognised in equity on translation of these borrowings to Australian Dollars.

There was no ineffectiveness recognised on this hedging during the year.

35 Financial Risk Management Objectives and Policies (continued)

2. *Interest rate risk*

The Group is, from time to time, exposed to interest rate risk through primary financial assets and liabilities. In accordance with the Group entities approved risk management policies, derivative financial instruments such as interest rate swaps are used to hedge interest rate risk exposures. As at 30 June 2008, no derivative financial instruments hedging interest rate risk were outstanding (2007: Nil).

The following tables summarise interest rate risk for financial assets and financial liabilities, the effective interest rates as at balance date and the periods in which they reprice.

		Fixed interest rate maturing in					
Consolidated Group – June 2008	**Floating rate (a)**	**1 year or less**	**Over 1 year to 5 years**	**Over 5 years**	**Non-interest bearing**	**Total**	**Average interest rate**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial Assets							
Cash and cash equivalents	**701,590**	**-**	**-**	**-**	**-**	**701,590**	**6.69%**
Trade and other receivables	**-**	**-**	**-**	**-**	**717,550**	**717,550**	**-**
Other financial assets	**-**	**-**	**-**	**-**	**9,955**	**9,955**	**-**
	701,590	**-**	**-**	**-**	**727,505**	**1,429,095**	
Financial Liabilities							
Trade and other payables	**-**	**-**	**-**	**-**	**444,723**	**444,723**	**-**
Bank loans – unsecured	**658,254**	**-**	**-**	**-**	**-**	**658,254**	**3.50%**
Bank overdraft – unsecured	**5,994**	**-**	**-**	**-**	**-**	**5,994**	**6.00%**
Senior unsecured notes	**-**	**15,313**	**235,800**	**-**	**-**	**251,113**	**5.19%**
Lease liabilities	**-**	**2,744**	**9,962**	**25,119**	**-**	**37,825**	**6.35%**
Other financial liabilities	**-**	**-**	**-**	**-**	**167**	**167**	**-**
	664,248	**18,057**	**245,762**	**25,119**	**444,890**	**1,398,076**	

		Fixed interest rate maturing in					
Consolidated Group – June 2007	**Floating rate (a)**	**1 year or less**	**Over 1 year to 5 years**	**Over 5 years**	**Non-interest bearing**	**Total**	**Average interest rate**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial Assets							
Cash and cash equivalents	480,237	-	-	-	-	480,237	5.34%
Trade and other receivables	-	-	-	-	627,647	627,647	-
Other financial assets	-	-	-	-	14,402	14,402	-
	480,237	-	-	-	642,049	1,122,286	
Financial Liabilities							
Trade and other payables	-	-	-	-	439,510	439,510	-
Bank loans – unsecured	667,360	-	-	-	-	667,360	4.11%
Deferred consideration –intangibles acquired	-	14,197	-	-	-	14,197	2.97%
Bank overdraft – unsecured	6,099	-	-	-	-	6,099	4.97%
Senior unsecured notes	-	16,751	67,947	199,038	-	283,736	5.22%
Lease liabilities	-	1,920	7,959	26,486	-	36,365	6.35%
	673,459	32,868	75,906	225,524	439,510	1,447,267	

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

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Notes to the Financial Statements continued

for the year ended 30 June 2008

35 Financial Risk Management Objectives and Policies (continued)

The following tables summarise interest rate risk for income-earning financial assets and interest-bearing financial liabilities, the effective interest rates as at balance date and the periods in which they reprice.

		Fixed interest rate maturing in					
Parent Company – June 2008	**Floating rate (a)**	**1 year or less**	**Over 1 year to 5 years**	**Over 5 years**	**Non-interest bearing**	**Total**	**Average interest rate**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial Assets							
Cash and cash equivalents	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Trade and other receivables	**-**	**-**	**-**	**-**	**676,656**	**676,656**	**-**
Other financial assets	**-**	**-**	**-**	**-**	**1,340,144**	**1,340,144**	**-**
	-	**-**	**-**	**-**	**2,016,800**	**2,016,800**	
Financial Liabilities							
Trade and other payables	**-**	**-**	**-**	**-**	**684,820**	**684,820**	**-**
Bank Overdrafts – Unsecured	**5,789**	**-**	**-**	**-**	**-**	**5,789**	**6.00%**
	5,789	**-**	**-**	**-**	**684,820**	**690,609**	

		Fixed interest rate maturing in					
Parent Company – June 2007	**Floating rate (a)**	**1 year or less**	**Over 1 year to 5 years**	**Over 5 years**	**Non-interest bearing**	**Total**	**Average interest rate**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial Assets							
Cash and cash equivalents	-	-	-	-	-	-	-
Trade and other receivables	-	-	-	-	342,057	342,057	-
Other financial assets	-	-	-	-	1,341,701	1,341,701	-
	-	-	-	-	1,683,758	1,683,758	
Financial Liabilities							
Trade and other payables	-	-	-	-	513,731	513,731	-
Bank Overdrafts – Unsecured	58,723	-	-	-	-	58,723	5.00%
	58,723	-	-	-	513,731	572,454	

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

Sensitivity analysis

In managing interest rate and currency risks the Group aims to reduce the impact of short-term fluctuations on the Group's earnings. However, over the longer-term, permanent changes in foreign exchange and interest rates would give rise to a Group income statement impact.

At 30 June 2008 it is estimated that a general movement of one percentage point in interest rates would change the Group's profit after tax by approximately $1.9m (2007: $3.7m). This calculation is based on applying a 1% movement to the Group's net debt at the year end, tax effected at the Group's effective tax rate.

It is estimated that a general movement of one percentage point in the value of the Australian Dollar against other currencies would change the Group's profit after tax by approximately $5.5m for the year ended 30 June 2008 comprising $3.0m, $1.9m, $0.4m and $0.2m against the Euro, Swiss Franc, US Dollar and all other currencies respectively (2007: $5.1m, comprising $1.9m Euro, $1.7m Swiss Franc, $1.2m US Dollar and $0.3m others). This calculation is based on changing the actual exchange rate of Australian Dollars to all other currencies during the year by 1% and applying these adjusted rates to the translation of the foreign currency denominated financial statements of various Group entities.

CSL Limited and its controlled entities

Notes to the Financial Statements continued

for the year ended 30 June 2008

35 Financial Risk Management Objectives and Policies (continued)

Credit Risk

Credit risk represents the extent of credit related losses that the Group may be subject to on amounts to be exchanged under financial instrument contracts or the amount receivable from trade and other debtors. Management has established policies to monitor and limit the exposure to credit risk on an on-going basis.

Transactions involving derivative financial instruments are with counterparties with whom the Group has a signed netting agreement as well as sound credit ratings. Given their high credit ratings, management does not expect any counterparty to fail to meet its obligations. The Group's policy is to only invest its cash and cash equivalent financial assets with financial institutions having a credit rating of at least 'A' or better, as assessed by independent rating agency Standard and Poor.

The Group minimises the credit risks associated with trade and other debtors by undertaking transactions with a large number of customers in various countries.

The maximum exposure to credit risk at balance date is the carrying amount, net of any provision for impairment, of each financial asset in the balance sheet.

The credit quality of financial assets that are neither past due, nor impaired is as follows:

For the year ended 30 June 2008	Financial Institutions	Governments	Hospitals	Buying Groups	Other	Total
Cash and cash equivalents	**701,590**	**-**	**-**	**-**	**-**	**701,590**
Trade and other receivables	**3,290**	**53,363**	**251,171**	**201,239**	**208,487**	**717,550**
Other financial assets	**9,955**	**-**	**-**	**-**	**-**	**9,955**
	714,835	**53,363**	**251,171**	**201,239**	**208,487**	**1,429,095**
For the year ended 30 June 2007						
Cash and cash equivalents	480,237	-	-	-	-	480,237
Trade and other receivables	1,736	44,417	211,772	180,447	189,275	627,647
Other financial assets	14,402	-	-	-	-	14,402
	496,375	44,417	211,772	180,447	189,275	1,122,286

The Group has not renegotiated any material collection/repayment terms of any financial assets in the current financial year.

An ageing analysis of trade receivables and, where required, the associated provision for impairment is as follows. All other financial assets are less than 30 days overdue.

For the year ended 30 June 2008:	Not impaired	Impaired	Provision for impairment
	$000	$000	$000
Trade and other receivables:			
current and not overdue	**391,033**	**-**	**-**
less than 30 days overdue	**93,624**	**-**	**-**
more than 30 but less than 90 days overdue	**46,378**	**-**	**-**
more than 90 days overdue	**64,206**	**20,415**	**20,415**
	595,241	**20,415**	**20,415**
For the year ended 30 June 2007:			
Trade and other receivables:			
current but not overdue	376,832	-	-
less than 30 days overdue	46,252	-	-
more than 30 but less than 90 days overdue	35,736	-	-
more than 90 days overdue	70,124	18,853	18,853
	528,944	18,853	18,853

Financial assets are considered impaired where there is objective evidence that the Group will not be able to collect all amounts due according to the original trade and other receivable terms. Factors considered when determining if an impairment exists include aging and timing of expected receipts and the credit worthiness of counterparties. A provision for impairment is created for the difference between the asset's carrying amount and the present value of estimated future cash flows. The Group's trading terms do not generally include the requirement for customers to provide collateral as security for financial assets.

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for the year ended 30 June 2008

35 Financial Risk Management Objectives and Policies (continued)

Funding and liquidity risk

Funding and liquidity risk is the risk that CSL cannot meet its financial commitments as and when they fall due. One form of this risk is credit spread risk which is the risk that in refinancing its debt, CSL may be exposed to an increased credit spread (the credit spread is the margin that must be paid over the equivalent government or risk free rate or swap rate). Another form of this risk is liquidity risk which is the risk of not being able to refinance debt obligations or meet other cash outflow obligations at any reasonable cost when required.

Liquidity and re-financing risks are not significant for the Group, as CSL has a relatively low gearing level and strong cash flows, and also maintains surplus liquidity on the balance sheet. The focus on improving operational cash flow and maintaining a strong balance sheet mitigates refinancing and liquidity risks enabling the Group to actively manage its capital position.

CSL's objectives in managing its funding and liquidity risks include ensuring the Group can meet its financial commitments as and when they fall due, ensuring the Group has sufficient funds to achieve its working capital and investment objectives, ensuring that short-term liquidity, long-term liquidity and crisis liquidity requirements are effectively managed, minimising the cost of funding and maximising the return on any surplus funds through efficient cash management, and ensuring adequate flexibility in financing to balance short-term liquidity requirements and long-term core funding, and minimise refinancing risk.

The table below shows the maturity profile of financial liabilities:

	Maturing in			
Consolidated Group – June 2008	**1 year or less**	**Over 1 year to 5 years**	**Over 5 years**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Financial Liabilities				
Trade and other payables	**444,723**	**-**	**-**	**444,723**
Bank loans – unsecured	**104,001**	**554,253**	**-**	**658,254**
Bank overdraft – unsecured	**5,994**	**-**	**-**	**5,994**
Senior unsecured notes	**15,313**	**235,800**	**-**	**251,113**
Lease liabilities	**2,744**	**9,962**	**25,119**	**37,825**
Other financial liabilities	**167**	**-**	**-**	**167**
	572,942	**800,015**	**25,119**	**1,398,076**
Consolidated Group – June 2007				
Financial Liabilities				
Trade and other payables	439,510	-	-	439,510
Bank loans – unsecured	118,178	549,182	-	667,360
Deferred consideration–intangibles acquired	14,197	-	-	14,197
Bank overdraft – unsecured	6,099	-	-	6,099
Senior unsecured notes	16,751	67,947	199,038	283,736
Lease liabilities	1,920	7,959	26,486	36,365
	596,655	625,088	225,524	1,447,267

Parent Company – June 2008	**1 year or less**	**Over 1 year to 5 years**	**Over 5 years**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Financial Liabilities				
Trade and other payables	**684,820**	**-**	**-**	**684,820**
Bank Overdrafts – Unsecured	**5,789**	**-**	**-**	**5,789**
	690,609	**-**	**-**	**690,609**
Parent Company – June 2007				
Financial Liabilities				
Trade and other payables	513,731	-	-	513,731
Bank Overdrafts – Unsecured	58,723	-	-	58,723
	572,454	-	-	572,454

35 Financial Risk Management Objectives and Policies (continued)

Fair values

With the exception of certain of the Group's financial liabilities as disclosed in the table below, the remainder of the Group's and the company's financial assets and financial liabilities have a fair value equal to the carrying value of those assets and liabilities as shown in the Group's and company's respective balance sheet. There are no unrecognised gains or losses in respect to any financial asset or financial liability.

Consolidated Group	Carrying amount 2008	Fair Value 2008	Carrying amount 2007	Fair Value 2007
	$000	$000	$000	$000
Financial Liabilities				
Interest bearing liabilities and borrowings				
Unsecured bank loans	**658,254**	**658,676**	667,360	667,360
Unsecured notes	**251,113**	**252,286**	283,736	286,025

The following methods and assumptions were used to determine the net fair values of financial assets and liabilities:

Trade and other receivables / payables

The carrying value of trade and other receivables/payables with a remaining life of less than one year is deemed to reflect their fair value. All other trade and other receivables/payables are discounted to determine fair values.

Other financial assets – derivatives

Forward exchange contracts are 'marked to market' using listed market prices.

Other financial assets – other

Fair value is estimated using valuation techniques including recent arm's length transactions of like assets, discounted cash flow analysis and comparison to fair values of similar financial instruments.

Interest bearing liabilities and borrowings

Fair value is calculated based on the discounted expected future principal and interest cash flows.

Interest bearing liabilities and borrowings – finance leases

The fair value is estimated as the present value of future cash flows, discounted at market interest rates for homogeneous lease agreements. The estimated fair values reflect change in interest rates.

Capital Risk Management

The Group and the Parent Company are not subject to any externally imposed capital requirements.

The Group's and the Parent Company's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they continue to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

36 Events after balance sheet date

On 13 August 2008 CSL Limited signed an agreement to acquire all of the issued shares of Talecris Biotherapeutics Holdings Corp (Talecris), for cash consideration of US$3.1bn (A$3.5bn at an exchange rate of 0.89) less any net debt that may be assumed by CSL Limited, payable on completion of the acquisition. The final Australian dollar consideration will be determined by reference to the exchange rate prevailing on the date of closing. The completion of the agreement is subject to customary regulatory approvals including approval from anti-trust authorities.

CSL Limited expects to fund the acquisition as follows:

a. Equity approximately A$1.75bn (A$1.65bn from an underwritten institutional placement and $0.1bn from a Share Purchase Plan). Equity issued to fund the acquisition will participate in the fully franked final dividend in respect to the year ended 30 June 2008, as described in Note 23.

b. Existing cash reserves and via the raising of up to US$1.3bn of new debt.

In the event that the transaction is not approved by the relevant regulatory authorities or does not close within 12 months of signing CSL Limited will pay the vendors a cash break fee of US$75m.

Talecris is one of the leading manufacturers and marketers of plasma derived protein therapies in North America. It operates 54 plasma collection centres and two manufacturing facilities in the United States. Talecris' flagship brands, Gamunex® and Prolastin®, are widely recognised as premium products in the industry. Gamunex® was the world's first liquid 10% IVIG (launched in 2003) and Prolastin® was the world's first treatment for Alpha-PI deficiency.

CSL Limited

Directors' Declaration

(1) In the opinion of the directors:

(a) the financial report, and the remuneration report included in the directors' report, of the company and of the Group are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the company's and Group's financial position as at 30 June 2008 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 ended 30 June 2008.

(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 34 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 28 June 2007.

This declaration is made in accordance with a resolution of the directors.

Elizabeth A Alexander
Chairman

Brian A McNamee
Managing Director

Melbourne
13 August 2008

ERNST & YOUNG

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Independent Audit Report

to Members of CSL Limited

We have audited the accompanying financial report of CSL Limited, which comprises the balance sheet as at 30 June 2008, and the income statement, statement of recognised income and expense and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

ERNST & YOUNG

Independence

In conducting our audit we have met the independence requirements of 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, 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.

Auditor's Opinion

In our opinion:

1. the financial report of CSL Limited is in accordance with 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 2008 and of their performance for the year ended on that date; and

    (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

2. the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Report on the Remuneration Report

We have audited the Remuneration Report included in Section 15 of the directors' report for the year ended 30 June 2008. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of CSL Limited for the year ended 30 June 2008, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

Denis Thorn
Partner
Melbourne
13 August 2008

Design and production by Fidelis Design Associates, Melbourne.

Corporate Directory

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Fax: +61 3 9389 1434

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Share Registry

Computershare Investor Services Pty Limited

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452 Johnston Street
Abbotsford VIC 3067

GPO Box 2975
Melbourne
Victoria 3001

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Enquiries outside Australia: +61 3 9415 4000
Investor enquiries facsimile: +61 3 9473 2500
Email: web.queries@computershare.com.au

Website: www.computershare.com.au

Auditors

Ernst & Young

Ernst & Young Building
8 Exhibition Street
Melbourne
Victoria 3000

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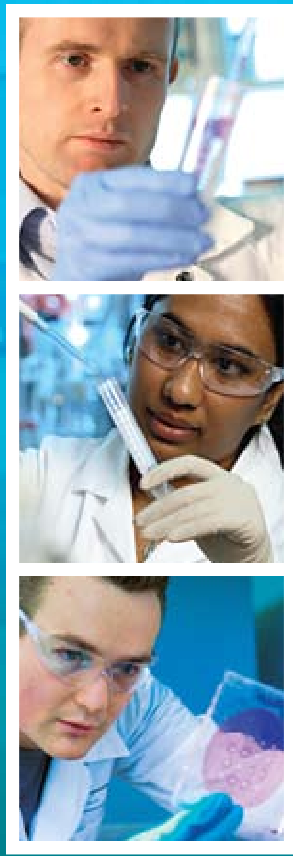
Fax: +61 3 8650 7777

Further Information

For further information about the Company and its operations, refer to the Company's announcements to the Australian Securities Exchange and the Company's website:

www.csl.com.au



CSL Limited
Shareholder Review
2007-2008

CSL™

CSL Limited ABN 99 051 588 348
Shareholder Review 2007-2008

Dividends to Shareholders

On 14 April 2008, shareholders received an interim unfranked dividend of 23 cents per share. Adjusted for the 3 for 1 share split on 24 October 2007, this was an increase of 41% on the same period last year. A final dividend of 23 cents per share franked at 100% will be paid on 10 October 2008, an increase of 26% on the same period last year.

Financial Calendar

2008

13 August	Annual profit and final dividend announcement
16 September	Shares traded ex-dividend
22 September	Record date for final dividend
10 October	Final dividend paid
15 October	Annual General Meeting
31 December	Half year ends

2009

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

Annual General Meeting

Wednesday 15 October 2008 at 10:00am
Function Centre, National Tennis Centre,
Melbourne Park, Batman Avenue,
Melbourne 3000

AGM Live Webcast

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 called Annual General Meeting webcast.

Share Registry

Computershare Investor Services Pty Limited
Yarra Falls, 452 Johnston Street Abbotsford VIC 3067
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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

Highlights 2007-2008

Dear Shareholder,

Continuing robust demand for our plasma products and the strong uptake of the GARDASIL* vaccine in Australia and on international markets have combined to deliver an excellent annual result for CSL.

- Group net profit after tax from continuing operations increased 30% on the previous year to $702 million, up 45% after adjusting for adverse foreign currency movements. Cash flow from operations grew by 49% to $715 million;
- CSL received royalty payments of $167 million from Merck & Co. Inc. (Merck) on international sales of the GARDASIL* vaccine and a successful Australian immunisation program has been implemented generating $227 million.
- In February 2008, CSL launched Privigen™ in the US. This new generation 10% liquid intravenous immunoglobulin (IVIg) is set to become a driver of margin expansion and value.
- Expenditure on Research and Development increased by 18% to $225 million.
- Following US Food and Drug Administration (FDA) approval of CSL's Afluria® influenza vaccine in September 2007, this product has been launched in the US. Capital works recently completed at our Melbourne production facility will provide the extra capacity required for significant market expansion.
- In April 2008, CSL signed a five year agreement with the Canadian Blood Service to fractionate Canadian plasma and supply a broad range of plasma products. At the same time, CSL entered into an agreement with Héma Québec to become the main supplier of bleeding disorder treatments for the Province of Quebec.
- In August 2008, CSL announced that it had signed an agreement to acquire Talecris Biotherapies Holdings Group for US$3,100 million.

**GARDASIL is a trademark of Merck & Co. Inc. ™ Trademark of CSL Limited or its affiliates. ® Registered trademark of CSL Limited or its affiliates.*

Financial Results

Financial highlights for the year ended 30 June 2008

Five Year Summary All figures are in $A million unless stated otherwise(1).

	2007-08	2006-07	2005-06	2004-05	2003-04
Total revenue	**3,794**	3,310	2,904	2,650	1,836
Sales revenue	**3,557**	3,172	2,849	2,609	1,650
Research and development investment	**225**	191	161	141	101
Profit before income tax expense(2)	**952**	774	499	410	255
Net profit(2)	**702**	539	351	235	220
Capital investment	**218**	205	122	105	80
Total assets at 30 June	**4,695**	4,200	4,186	3,893	3,875
Total equity at 30 June	**2,806**	2,269	1,990	2,109	2,074
Net tangible assets per share at 30 June ($)(4)	**3.44**	2.44	2.14	2.34	2.06
Weighted average number of shares (million)(4)	**550**	548	546	588	535
Basic earnings per share (cents)(2) (4)	**127.6**	98.5	64.3	39.9	41.1
Dividend per share (cents)(3) (4)	**46.0**	34.7	22.7	15.7	12.7

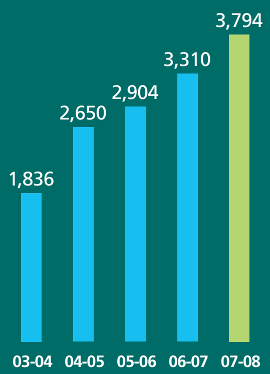
(1) The Group's results for the years ended 30 June 2008, 30 June 2007, 30 June 2006 and 30 June 2005 are reported in accordance with the Australian Equivalents to International Financial Reporting Standards (A-IFRS). The Group's results for the year ended 30 June 2004 are reported in accordance with the Group's old basis of accounting (AGAAP).

(2) Excludes recognition of the contingent consideration payable for the acquisition of Aventis Behring and the profit after tax from discontinued operations for years ended 30 June 2006 and 30 June 2005.

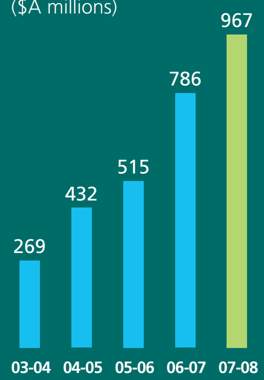
(3) Excludes special dividend of 10 cents for the year ended 30 June 2005.

(4) Restated for the years ended 30 June 2007, 30 June 2006, 30 June 2005 and 30 June 2004 following the 3 for 1 share split undertaken on 24 October 2007.

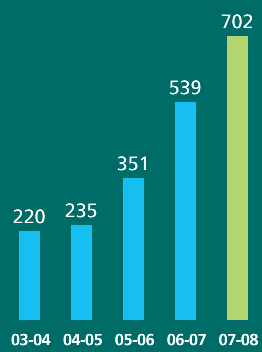
CSL Total Revenue
($A millions)



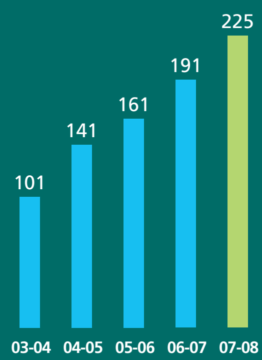
CSL Profit Before Interest and Tax(2)
($A millions)



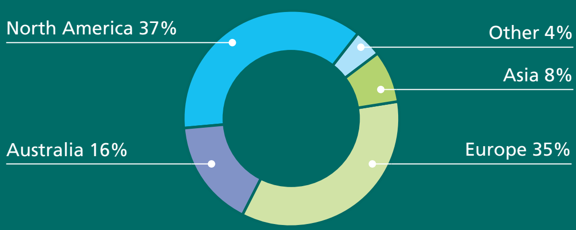
CSL Net Profit(2)
($A millions)



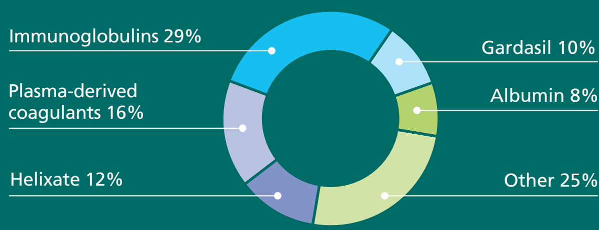
CSL R&D Investment
($A millions)



CSL Group Sales by Region 2007-08



CSL Group Total Revenue by Major Products 2007-08

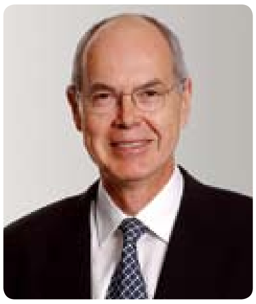


Board of Directors


Elizabeth Alexander
Chairman


Brian McNamee
Chief Executive Officer
and Managing Director

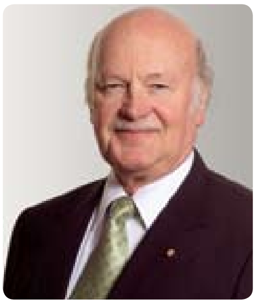

Tony Cipa
Finance Director


John Akehurst


Ian Renard


Maurice Renshaw


Kenneth Roberts


Professor John Shine


David Simpson

Executive Management Group


Dr Brian McNamee
Chief Executive Officer
and Managing Director


Antoni M Cipa
Finance Director


Peter Turvey
Company Secretary
and General Counsel


Peter Turner
President
CSL Behring


Jeff Davies
President
CSL Bioplasma


Mary Sontrop
President
CSL Biotherapies


Dr Andrew Cuthbertson
Chief Scientific Officer


Alison von Bibra
General Manager
Human Resources


Paul Walton
Senior Vice President
Corporate Development

Our Businesses

CSL Behring

CSL Behring is a global leader in biotherapies with the broadest range of quality products in our industry and substantial markets in the US, Europe and Japan.

CSL Behring products replace missing proteins in the blood and are indicated for the treatment of rare diseases such as haemophilia and other coagulation disorders, primary immune deficiencies and inherited respiratory disease.

Our products also prevent Rh-factor problems in newborns, speed recovery from heart surgery and help victims of shock and burns recover faster.

CSL Bioplasma

CSL Bioplasma provides plasma fractionation services in Melbourne under contracts with Australia, New Zealand, Hong Kong, Malaysia, Singapore, and Taiwan. We market commercial plasma products in Asia (excluding Japan) and operate an immunohaematology blood grouping business in Australia.

CSL Biotherapies

CSL Biotherapies manufactures and markets vaccines and pharmaceutical products in Australia and New Zealand and is responsible for international sales of influenza vaccines. In-licensed pharmaceutical products include vaccines and a range of neurological, cardio-thoracic, dermatological, analgesic, urological, allergy and emergency products.

New Product Development

CSL invests in the development of protein-based medicines to treat serious human illnesses. Most of our licensed medicines are purified from human plasma or made from traditional sources, like our influenza vaccines. CSL is also increasing investment in the capabilities required to develop future products using recombinant DNA technology.

Global research and development activities support CSL's core businesses and three other main areas of new product development:

- Replacement therapies that build on our plasma products portfolio;
- Therapeutic proteins based on recombinant proteins and antibodies;
- Vaccines that use our proprietary ISCOMATRIX® adjuvant and/or our influenza vaccine capabilities.

Corporate Directory

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Share Registry

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Further Information

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