





Financial Calendar

2011

17 August	Annual profit and final dividend announcement
19 September	Shares traded ex-dividend
23 September	Record date for final dividend
14 October	Final dividend paid
19 October	Annual General Meeting
31 December	Half year ends

2012

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

Cover: *Marcus de Alwis is a corporate counsel for CSL and Daria Kurtov is a CSL research scientist at the Bio21 Institute. Both work in Parkville, Australia.*

Annual General Meeting

Wednesday 19 October 2011 at 10:00am
Function Centre, National Tennis Centre,
Melbourne Park, Batman Avenue, Melbourne 3000

AGM Live Webcast

The CSL Limited Annual General Meeting will be webcast through CSL's website: www.csl.com.au

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

Share Registry

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Please see inside back cover for legal notice.

Biotherapies for life

CSL Limited has over 10,000 staff in more than 20 countries. We produce life-saving and life-enhancing medicines that enable many thousands of people around the world to lead normal healthy lives. Our headquarters is in Australia and we have substantial manufacturing operations in the US, Germany and Switzerland.

CSL is a global specialty biopharmaceutical company that researches, develops, manufactures and markets biotherapies to treat and prevent serious and rare medical conditions. We produce safe and effective therapies for patients who rely on them for their quality of life, and sometimes for life itself.

Innovation is at the heart of everything we do. It is reflected in our creation of state-of-the-art plasma collection and manufacturing facilities, our investment in improving current therapies, finding new indications for existing therapies, and innovating new therapeutic products for unmet needs.

We support patient, biomedical and local communities by improving access to therapies, enhancing patients' quality of life, advancing scientific knowledge, supporting future medical researchers, and engaging our staff in the support of local communities. We also contribute to humanitarian programs and relief efforts around the world.

Our continuing priority is to develop innovative therapies and programs that make a real and lasting difference to the lives of people who use our products, providing new medicines for unmet needs and continuous improvement of our protein-based therapies. To achieve this, we invest in life cycle management and market development for existing products, as well as longer term, new product development opportunities.

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About CSL Limited 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.

Our therapies are indicated for treatment of coagulation disorders including haemophilia and von Willebrand disease, primary immune deficiencies, hereditary angioedema and inherited respiratory disease.

CSL Behring products are also used to prevent haemolytic disease in newborns, speed recovery from heart surgery, prevent infection in people undergoing solid organ transplants, and help victims of shock and burns to recover faster.

CSL Biotherapies

CSL Biotherapies 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 we develop, manufacture and market immunohaematology products (diagnostic reagents) for Australia and Asia Pacific.

CSL Biotherapies manufactures and markets vaccines and pharmaceutical products in Australia and New Zealand and is responsible for global sales of our influenza vaccines.

Research and Development

CSL continues to invest in the development of protein-based medicines to treat serious human illnesses. Today, most of our licensed medicines are purified from human plasma or made from traditional sources. In addition, CSL is building the capabilities required to develop future products using recombinant DNA technology.

Global research and development activities support CSL's licensed product businesses and the development of new therapies focusing on products that align with our technical and commercial capabilities in immunoglobulins, specialty products, haemophilia and coagulation, breakthrough therapies and licensing.



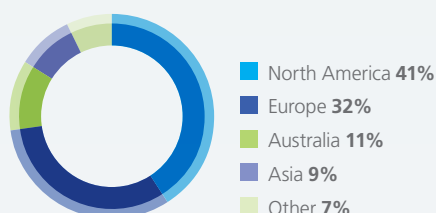
Year in Review

2010-2011 Highlights

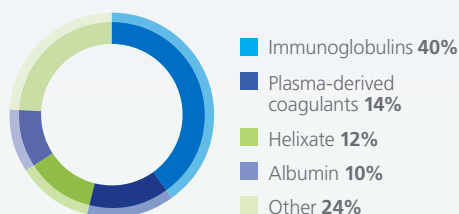
Dear Shareholder,

CSL achieved international sales growth for our plasma products this year in both established and emerging markets and continues to build the capacity to develop and produce new and improved therapies.

CSL Group Sales by Region 2010-11



CSL Group Sales by Major Products 2010-11



- > Net profit after tax was \$941 million for the twelve months ended 30 June 2011. This result has been achieved despite an unfavourable foreign exchange impact of \$116 million. On a constant currency basis¹, operational net profit after tax was \$1,057 million. CSL's balance sheet remains very strong with \$479 million cash on hand against borrowings of \$416 million. Cash flow from operations was \$1,018 million.
- > Our immunoglobulin portfolio achieved an outstanding result as transitions continued to Hizentra[®] from Vivaglobin[®], and to Privigen[®] from Carimune[®] and Sandoglobulin[®]. Strong sales in our critical care portfolio came from fibrinogen products Haemocomplettan[®] and RiaSTAP[™], and from Berinert[®] our C1 esterase inhibitor for hereditary angioedema.
- > We continue to invest in manufacturing capacity to meet future demand for our products. We have expanded facilities in Bern and received approval by the US FDA and European regulatory authorities for our 20% subcutaneous immunoglobulin Hizentra[®]. In addition, capacity expansion has been completed in Marburg for several critical care products and a capacity upgrade has been initiated in Kankakee (US) for albumin.
- > We are going to build a 15 million gram capacity Privigen[®] facility at our Broadmeadows site in Melbourne. Expected to be in place by 2016, the facility will enhance operational integration with CSL Behring to maximise single platform efficiencies and support global demand.
- > We further progressed development of a family of recombinant coagulation therapies to treat bleeding disorders, concluded Phase III clinical trials for Beriplex[®] to arrest bleeding caused by anti-coagulant therapy and completed a Phase I safety study supporting the possible use of reconstituted high density lipoprotein, a potential additional breakthrough product made from human plasma.
- > Supporting our research and development activities, new facilities have been completed in Marburg for the purification and formulation of recombinant products, and construction of a new biotechnology facility commenced in Melbourne for late stage development of new therapies for cancer, bleeding disorders and inflammation.

¹ Constant currency removes the impact of exchange rate movements to facilitate comparability between 2010-11 and the prior year. For further details see page 4.

Financial Results

Financial highlights for the year ended 30 June 2011

Dividends to Shareholders

On 8 April 2011, shareholders received an interim unfranked dividend of 35 cents per share. A final dividend of 45 cents per share, franked to 2 cents per share, will be paid on 14 October 2011. Total ordinary dividends for the year were 80 cents per share.

Five Year Summary All figures are in \$A million unless stated otherwise ^(1,2)

	2010-11 Constant Currency ²⁾	2010-11 Reported ⁽¹⁾	2009-10 Reported ⁽¹⁾	2008-09 Reported ⁽¹⁾	2007-08 Reported ⁽¹⁾	2006-07 Reported ⁽¹⁾
Total revenue	4,729	4,322	4,627	5,039	3,803	3,313
Sales revenue	4,584	4,188	4,456	4,622	3,557	3,172
R&D investment	344	325	317	312	225	191
Profit before income tax expense	1,340	1,198	1,379	1,370	952	774
Net profit	1,057	941	1,053	1,146	702	539
Capital investment		212	265	286	218	205
Total assets at 30 June		5,068	5,711	7,367	4,695	4,200
Total equity at 30 June		3,644	4,215	5,463	2,806	2,269
Net tangible assets per share at 30 June (\$) ⁽³⁾		5.20	5.93	7.43	3.44	2.44
Weighted average number of shares (million) ⁽³⁾		541	567	595	550	548
Basic earnings per share (cents) ⁽³⁾		174.0	185.8	192.5	127.6	98.5
Dividend per share (cents) ⁽³⁾		80.0	80.0	70.0	46.0	34.7



(1) The Group's Reported results are reported in accordance with the Australian Equivalents to International Financial Reporting Standards (A-IFRS).

(2) Constant currency removes the impact of exchange rate movements to facilitate comparability by restating the current year's results at the prior year's rates. This is done in two parts: 1) by converting the current year net profit of entities in the group that have reporting currencies other than Australian Dollars at the rates that were applicable to the prior year ("translation currency effect") and comparing this with the actual profit of those entities for the current year; and 2) by restating material transactions booked by the group that are impacted by exchange rate movements at the rate that would have applied to the transaction if it had occurred in the prior year ("transaction currency effect") and comparing this with the actual transaction recorded in the current year. The sum of translation currency effect and transaction currency effect is the amount by which reported net profit is adjusted to calculate the result at constant currency.

(3) Restated for the year ended 30 June 2007 following the 3 for 1 share split undertaken on 24 October 2007.

Year in Review 2010-2011



**Elizabeth
Alexander, AM**
Chairman

Brian McNamee, AO
Chief Executive Officer
and Managing Director

Dividends and Financial Results

On 8 April 2011, shareholders received an interim unfranked dividend of 35 cents per share. A final dividend of 45 cents per share, franked to 2 cents per share, will be paid on 14 October 2011. Total ordinary dividends for the year were 80 cents per share.

Net profit after tax was \$941 million for the twelve months ended 30 June 2011. This result included an unfavourable foreign exchange impact of \$116 million. On a constant currency basis, operational net profit after tax was \$1,057 million. CSL's balance sheet remains very strong with \$479 million cash on hand against borrowings of \$416 million. Cash flow from operations was \$1,018 million.

Announced on 18 August 2010, CSL's on-market share buyback of up to \$900 million has been completed through our purchase of approximately 26.1 million shares. The benefit to shareholders is through improved investment return ratios, such as earnings per share and return on equity.

CSL business activities reported on here include CSL Behring, CSL Biotherapies and our global research and development operations.

CSL Behring

Increasing demand for CSL Behring's plasma products underpinned sales of \$3.5 billion, up 10% in constant currency. Strong sales in North America were well supported by those in both Europe and emerging markets.

Immunoglobulin sales increased 25% in constant currency as transition continued from Carimune® and Sandoglobulin to Privigen®, and Vivaglobin® to Hizentra®. We anticipate this trend will continue for our immunoglobulin portfolio through increasing sales of Privigen® and rolling European launches in the next year of Hizentra®, our 20% immunoglobulin for subcutaneous administration.

In our haemophilia product portfolio, we continue to maximise opportunities for Helixate® recombinant factor VIII and to develop sales of plasma derived coagulation factors Beriate®, Haemate® and Mononine® in Russia, Brazil and other emerging markets.

Year in Review 2010-2011 continued

Key highlights in our critical care portfolio included very strong sales of our fibrinogen products Haemocomplettan® and RiaSTAP™, and our Berinert® C1 esterase inhibitor for hereditary angioedema. The strongest contribution for albumin sales came from our Asian markets.

To support the strong demand for Privigen®, Hizentra® and albumin, CSL Behring has invested in capacity upgrades in our Bern manufacturing facility over a number of years. This year, we received US and European regulatory approvals for two manufacturing modules which will enable us to satisfy demand for a number of years. Further capacity upgrades in Bern, Kankakee and Melbourne manufacturing facilities have been initiated to meet prospective demand in the second half of this decade. Through operational integration with CSL Behring, the new Privigen® facility in Melbourne is expected to maximise single platform efficiencies in such areas as information technology systems, product dossier management and product development programs.

Our Marburg facility has expanded capacity for haemophilia and critical care products in anticipation of continued strong demand for several products. In November 2010, CSL Behring also completed a state-of-the-art biotechnology facility in Marburg for use in the production of recombinant coagulation therapies in the later stages of our research and development pipeline.

To meet strong demand for immunoglobulin and albumin, CSL Plasma has increased collections and purchases of plasma to meet our projected needs. Favourable market conditions for plasma recovered from whole blood collections also allowed us to increase our purchased volumes. Every year, we upgrade and expand the capacity of a number of our existing plasma collection centres. In addition to these ongoing upgrades, we will open two new centres in Florida in the second half of 2011. CSL Plasma's new electronic

management system (paperless) has been implemented in all collection centres improving both the quality and efficiency of operations and enhancing the donor experience.

Most CSL Behring products are used to treat patients with congenital or acquired deficiencies of blood proteins in order to mitigate serious and life-threatening medical outcomes, and most of these deficiencies are rare or orphan conditions. Since there are few treatment choices for many patients, we work on additional indications for our products and seek to enter new markets so that more patients can enjoy improved well-being and more fulfilling lives.

CSL Behring's broad product range, commercial presence, plasma supply and manufacturing infrastructure ensure that we remain well placed to meet increasing demand. Prospective product development activities in our research and development portfolio enhance this potential.

Treatment for a rare disease

In May 2011, the National Organization for Rare Disorders (NORD) presented CSL Behring with a corporate award for developing Corifact™ and bringing this unique product to the US market. The first and only factor XIII approved in the US, Corifact™ is for treatment of congenital factor XIII deficiency, a rare and potentially life-threatening bleeding disorder.

Shown here with the NORD award is CSL Behring President, Paul Perreault. Representing the teams instrumental in bringing Corifact™ to market are Marie DiFiore (left) from Marketing and Dr Antionette Mangione from Clinical R&D.



CSL Biotherapies

CSL Biotherapies delivered sales of \$735 million this year, a good result after taking into account the one-off contribution of \$235 million from pandemic influenza vaccine sales in the previous year.

CSL Biotherapies is the leading supplier of plasma fractionation services and plasma-derived products in the Asia Pacific region. We continue to expand our fractionation capacity to ensure we remain positioned to meet demand for our plasma fractionation services.

As mentioned above, a new Privigen® manufacturing facility at Broadmeadows in Melbourne was approved with the aim of enhancing efficiency through operational integration with CSL Behring's global plasma products business and supporting global demand.

Advancing our immunoglobulin product portfolio, INTRAGAM® 10 NF, our high yielding chromatographically purified 10% intravenous immunoglobulin was approved by the Therapeutic Goods Administration (TGA) and is under review by the New Zealand Medicines and Medical Devices Safety Authority (MedSafe) for a broad range of indications. EVOGAM®, our high yielding chromatographically purified 16% subcutaneous product, is under review in Australia and New Zealand.

Following registration by both the TGA and MedSafe, we commenced manufacture of a 1000 IU presentation of BIOSTATE®, our Factor VIII/von Willebrand factor concentrate. We have launched BIOSTATE® 1000 IU in New Zealand, and will launch it in Australia early in 2012.

BIOSTATE® 1000 IU is formulated to twice the concentration of the smaller (500 and 250 IU) presentations to allow dosing in half the infusion volume and preparation of fewer vials.

This year, we manufactured Factor VIII/von Willebrand concentrate from source plasma (collected by CSL Plasma) for supply to commercial markets in Asia and South America. Expansion of product registrations in Europe and other markets will provide strong opportunities for future sales.

Demand for our plasma fractionation services remains strong and this year we renewed our manufacturing agreement with the New Zealand Blood Service. We also continued to provide plasma fractionation services from our Broadmeadows facility to Hong Kong, Malaysia, Singapore and Taiwan.

Our Asian business again grew well underpinned by demand for albumin in China and by relationships built with distributors in the Asian region for plasma-derived therapies.

In addition to our ongoing commitment to Australia, we have continued with global plans to expand our influenza vaccine market. Commercial partners have achieved substantial sales in the US, Europe, Asia and Latin American countries.

During the period, CSL Biotherapies received a Warning Letter from the US Food and Drug Administration (FDA) following an inspection of its influenza vaccine manufacturing facilities, processes and procedures at the Parkville, Australia site in March 2011.

Progress has been made towards the close-out of compliance issues at CSL Biotherapies' Parkville site following receipt of the FDA's Warning Letter. CSL Biotherapies submitted a comprehensive response to the letter and met with the FDA to discuss the response in detail. Corrective actions continue to be implemented in close consultation with the FDA. The TGA has been closely involved with this process, ensuring our approach is consistent with Australian regulatory requirements.

The FDA and European regulators have approved CSL Biotherapies annual strain update and the release of CSL Biotherapies seasonal influenza vaccine for the 2011-2012 Northern Hemisphere influenza season.

Our in-licensing business includes vaccines and a range of pharmaceutical products for distribution in Australia and New Zealand. We successfully launched Vesicare* for overactive bladder treatment following the transfer of distribution rights to CSL in February 2011. We also entered into distribution agreements with Crucell and Novartis for two new vaccines.

Australia's TGA approved registration of GARDASIL* for immunisation of males aged 9 to 26 years for prevention of external genital lesions. Merck & Co. Inc. remains our exclusive licensee for GARDASIL* vaccine with global marketing rights. CSL retains distribution rights for Australia and New Zealand and receives royalties from global sales. In the current year, CSL received \$83 million in royalties from international sales of human papillomavirus vaccines.

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

* Vesicare is a trademark of licensor Astellas Pharma Europe

Year in Review 2010-2011 continued



In November last year, Professor John Shine, AO, received the 2010 Prime Minister's Prize for Science, Australia's highest honour for scientific achievement. Among his many career highlights, John is perhaps best known for discovering the importance of a sequence of genetic code now known as the Shine-Dalgarno sequence. John also developed sophisticated gene cloning techniques that helped revolutionise the world of biotechnology.

Professor Shine has been on CSL's Board since June 2006 and recently shared highlights of his career with scientists at our Parkville site. Shown here with John are CEO and Managing Director, Dr Brian McNamee, AO, and Chief Scientist, Dr Andrew Cuthbertson, who both attended the presentation.

Research and Development

Global research and development activities support CSL's licensed product businesses and the development of new therapies focusing on products that align with our technical and commercial capabilities in immunoglobulins, specialty products, haemophilia and coagulation, breakthrough therapies and licensing.

Achieving licenses for therapies in major regulatory jurisdictions is a critical objective of our research and development programs. During the year Hizentra®, our 20% subcutaneous immunoglobulin product, was approved by the European Commission for treating patients in Europe diagnosed with Primary Immune Deficiency or Secondary Immune Deficiency. This follows the approval of Hizentra® by the US Food and Drug Administration in March 2010.

RiaSTAP™ (human fibrinogen) was approved in Europe and Corifact™ (human factor XIII concentrate) in the US for the treatment of patients with congenital deficiencies of these coagulation factors.

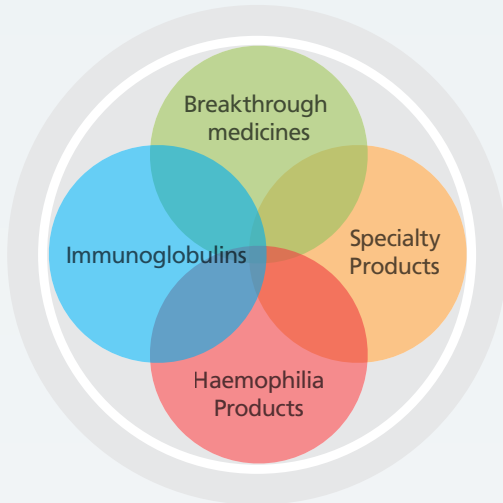
Investment in new therapies continued with a key focus the development of a family of recombinant coagulation therapies to treat haemophilia and other coagulation disorders. These therapies include the extended half-life albumin fusion proteins rIX-FP (recombinant fusion protein linking coagulation factor IX with albumin), rVIIa-FP (recombinant fusion protein linking coagulation factor VIIa with albumin), and a unique single-chain rFVIII. Important milestones in the past year included commencement of clinical trials of rIX-FP and completion of preclinical studies to support the development of rVIIa-FP and rFVIII products.

We completed Phase III clinical trials for Beriplex® to arrest bleeding caused by anti-coagulant therapy and expect to submit a Biological License Application (BLA) to the US FDA by the end of 2011.

Developing our capability to take recombinant products into the clinic and ultimately to patients, construction is now well under way of a new state-of-the-art biotechnology facility at our Broadmeadows site in Melbourne (see feature on page 18).

A priority for CSL's R&D program is the development of reconstituted high density lipoprotein (rHDL), a potential additional breakthrough product made from human plasma. We have recently completed a Phase I safety study supporting possible use in acute coronary syndrome.

Research and Development Strategy



Maintain commitment to extracting maximum value from existing assets and supporting and improving current products

Develop new protein-based therapies for treating serious illnesses focusing on products that align with our technical and commercial capabilities

During the year our partners continued to show confidence in CSL's ISCOMATRIX® adjuvant as a technology platform that could be used to enable the next generation of prophylactic and therapeutic vaccines. Additional licenses have been obtained by our major partners covering more than thirty fields of interest for research and product development.

Because of the complexity of CSL's biological products we regularly undertake research activities as part of our commitment as a supplier of safe and efficacious products. One example which arose in the past year was the development and rapid implementation of an extensive research program to identify the cause of reported febrile events associated with influenza vaccine in paediatric patients. Investigations are ongoing but the preliminary results of this research have been communicated to public health officials and regulatory agencies.

Investment in research and development remains an important driver for CSL's future growth. We now have a high quality and potentially valuable portfolio of projects in various stages of development. We continue to make a balanced investment in the life cycle management and market development of existing products that bring short to mid-term commercial benefits, and we make strategic investments in longer term, higher risk and high opportunity new product development activities.

Our Thanks to Management and Staff

Our commitment to saving lives and improving the quality of life for people with serious and rare conditions underpins everything we do from developing new and improved therapies to their production and worldwide distribution, and to the support we provide to assist patient communities.

Your Board of Directors understands and appreciates the work done by our management and staff throughout the world to ensure that we deliver on our commitment through high operational standards and strong business performance.

Elizabeth Alexander, AM
Chairman

Brian McNamee, AO
Chief Executive Officer
and Managing Director

Business Feature

CSL Behring

CSL Behring is committed to saving lives and improving the quality of life for patients with rare and serious diseases.

Our product supply capacity, extensive research and development activities and patient support services are key elements in an ongoing commitment to people whose lives depend on our products. We deliver on our commitment with new therapies for unmet needs and through improvements to help patients lead more normal lives.

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 manage the daily challenges of living with chronic conditions. CSL Behring is committed to collaboration with

patient groups and stakeholders around the world to advocate for patient access to care.

Our therapies are indicated for treatment of bleeding disorders including haemophilia and von Willebrand disease, primary immune deficiencies, hereditary angioedema and inherited respiratory disease. CSL Behring products are also used to prevent haemolytic diseases in newborns, speed recovery from heart surgery, prevent infection in people undergoing solid organ transplants, and help victims of shock and burns to recover faster.

CSL Behring is well positioned to develop its biotherapeutics business with a broad portfolio of quality products, global marketing that meets customer needs, an ongoing pipeline of new and improved plasma

therapies, cost effective, high yield manufacturing processes and efficient operations.

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.

A global leader in biotherapies with substantial markets in the US, Europe and Japan, we offer the broadest range of quality products in our industry.

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



Now able to lead more normal lives

Stacey Monden and her sons Gary and Gage are able to lead more normal lives since they began receiving Privigen® treatments in February this year for Common Variable Immunodeficiency (CVID), which is characterised by low levels of serum immunoglobulins (antibodies) and increased susceptibility to infections.

“Privigen® allows us to go out and enjoy everyday activities like everyone else,” says Stacey. “We used to go shopping at 1:00am to avoid excessive exposure to people and their germs. This therapy allows me to be a mum and do things with my children that were not possible before. Now we can go to the mall, church, sporting events, movies, and be involved in community activities.”

Major 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 Behring

Plasma-derived Factor XIII

- Corifact™
- Fibrogammin® P

Other Products

- Stimate®
- Octostim*

* Octostim is a trademark of Ferring GmbH

* Tachocomb is a trademark of Nycomed.

CRITICAL CARE CONDITIONS

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

Haemostasis Disorders

- Beriplex® P/N
- Confidex®
- Haemocomplettan® P
- Kybernin® P
- RiaSTAP™

Trauma Therapies

- Albuminar®
- Human Albumin Behring
- Humanalbumin®
- AlbuRx®

Other Critical Care

- Berinert®
- Streptase®

WOUND HEALING

Wound healing therapies are used to facilitate healing.

- Beriplast® P
- CombiSet
- Fibrogammin® P
- Tachocomb*

IMMUNE DISORDERS AND IMMUNE THERAPY

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

Polyvalent Immunoglobulins

- Privigen®
- Carimune® NF
- Sandoglobulin®
- Sanglopor®

Subcutaneous Immunoglobulins

- Hizentra®
- Vivaglobin®

Specific Immunoglobulins

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

ALPHA 1-PROTEINASE INHIBITOR DEFICIENCY

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

- Zemaira®

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



Business Feature CSL Behring continued

Capacity increased to meet strong patient demand

In April 2011, the US Food and Drug Administration (FDA) granted approval for expanded Privigen® and Hizentra® facilities at our Bern manufacturing plant.

As a result, we have now increased the production capacity available to meet the growing demand for these immunoglobulin products.

Privigen® is a 10% liquid immunoglobulin for intravenous administration for the treatment

of primary immune deficiency and chronic immune thrombocytopenic purpura.

Hizentra® is a 20% liquid immunoglobulin for subcutaneous administration for the treatment of primary immune deficiency.

The US demand, European authorisation and our increased production capacity will enable us to serve a wider range of patients with these therapies.



Andreas von Gunten in the Hizentra® facility.



New plant for recombinants

In November 2010, Marburg unveiled a new state-of-the-art production plant for the purification and formulation of recombinant proteins.

Shown inside the new Marburg facility (left to right) are Mario Fischer (Deputy Operations Manager), Daniel Brigulla (Team Leader), Dr Wilfried Freudenberg (Department Head, Albumin and Immunoglobulins Production) and Dr Klaus-Jürgen Schlitt (Operations Manager).



Patient and CSL Behring employee

As an engineering work planner at CSL Behring's manufacturing facility in Marburg, Germany, Jens Burk knows first-hand the importance of his daily efforts because he has been managing a bleeding disorder throughout his life.

Since Jens was diagnosed with haemophilia A in early childhood, he has been treating his condition with factor VIII replacement therapy. Currently, he manages the disorder by self-infusing Helixate® NexGen three times a week.

"Easy and convenient, this treatment is part of my routine, and using a therapy my company provides gives me a feeling of pride, trust and security," says Jens.

"My mum and dad were always there for me and helped educate me about haemophilia but they were not overprotective and I really appreciate that they allowed me to lead a normal life."

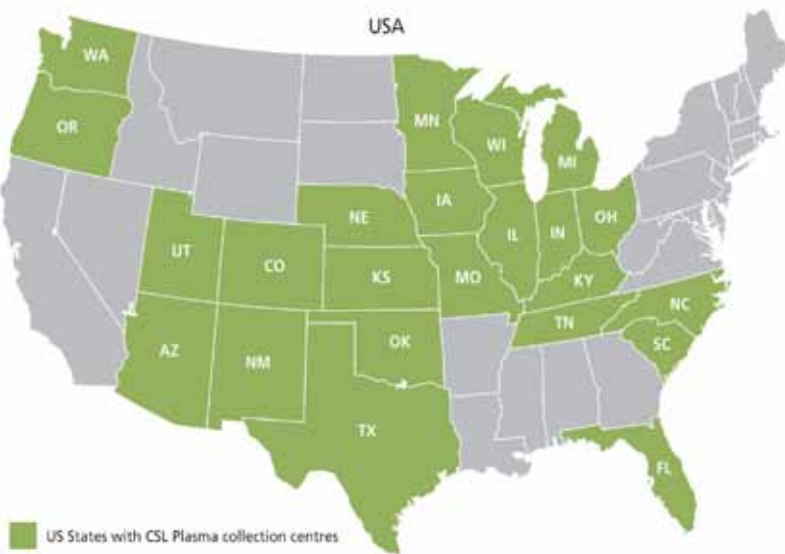
Jens remains active when not at work, spending time with his family, fishing and playing games on his computer.



Franziska Dahlke takes care of a donor at our new CSL Plasma collection centre in Goettingen. Located in the inner city's largest shopping mall, the centre has 24 beds and includes operational efficiencies to better serve our plasma donors.

The CSL Plasma laboratory in Goettingen has new testing machines and is designed to meet current and future testing requirements for our German plasma collection centres.

US STATES AND GERMAN CITIES WITH CSL PLASMA COLLECTION CENTRES



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
Schwalmstadt, Germany

CSL Plasma

CSL Behring's plasma collection business, CSL Plasma, has collection centres throughout the US and 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. CSL Plasma offers a reliable and secure source of plasma for those essential medications.

CSL Plasma has its headquarters in Boca Raton, Florida (US), a logistics centre in Indianapolis, Indiana (US), and a plasma-testing laboratory in Knoxville, Tennessee (US). Our German operations include a plasma-testing laboratory in Goettingen and a logistics centre in Schwalmstadt.

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

Business Feature

CSL Biotherapies

CSL Biotherapies is committed to serving the health needs of patients by providing innovative medicines to treat and prevent a range of serious human medical conditions.

Our unique role includes:

- The manufacture of plasma-derived therapies under contract for six countries in Asia Pacific, and for commercial sale in international markets;
- The manufacture and global sales of seasonal and pandemic influenza vaccines;
- The development, manufacture, marketing and distribution of immunohaematology products (diagnostic reagents) in Australia and Asia Pacific;
- The manufacture and distribution of antivenoms in Australia and Papua New Guinea;
- The marketing and distribution of in-licensed vaccines and pharmaceutical products in Australia and New Zealand; and
- Australia-wide, cold chain distribution services.

From our manufacturing facility at Broadmeadows in Melbourne (Australia), CSL Biotherapies provides plasma fractionation services under contracts with Australia's National Blood Authority (NBA), and with the Governments or Blood Services of New Zealand, Hong Kong, Malaysia, Singapore and Taiwan.

CSL Biotherapies' immunohaematology business develops, manufactures and distributes diagnostic reagents in Australia under contract with the NBA and in Asia under commercial arrangements with several countries.

The CSL Biotherapies Asia head office in Hong Kong provides local support to our longstanding plasma fractionation customers in the region. The Hong Kong office also supports the sale and distribution of commercial plasma-derived therapies manufactured by CSL Behring at its facilities located in Bern (Switzerland), Marburg (Germany) and Kankakee (US), and by CSL Biotherapies at Broadmeadows in Melbourne (Australia).

Our presence in the People's Republic of China has increased considerably in recent years. CSL Biotherapies is the leading supplier of albumin in China where we now have more than sixty staff supporting sales, and offices in Shanghai, Guangzhou, Wuhan, Chengdu and Beijing.

At our manufacturing site at Parkville in Melbourne, we manufacture seasonal and (as required) pandemic influenza vaccines for Australia and international markets including the US, Europe, Asia and Latin America. At Parkville, we also manufacture a portfolio of antivenoms that have

saved the lives of many children and adults by neutralising toxins in the bites and stings of Australia's most venomous creatures.

At our Broadmeadows site, we have a dedicated Q-Vax® manufacturing facility. Q-Vax® protects against Q-Fever, an occupational disease of people working in the meat and livestock industry, and is supplied under contract to the Australian Government.

CSL Biotherapies' plasma-derived therapies, immunohaematology products, seasonal and pandemic influenza vaccines, antivenoms and Q-Fever® vaccine underpin our ongoing commitment to ensuring that Australians have access to products of national significance.

Our vaccine and pharmaceutical product in-licensing business based at Parkville provides vaccines and pharmaceuticals for distribution in Australia and New Zealand. This allows CSL Biotherapies to offer a broad portfolio of vaccines against life threatening infections, and pharmaceutical products to treat serious medical conditions.

In Australia, we provide cold chain distribution services through which we distribute our plasma-derived therapies, immunohaematology products, antivenoms, vaccines and pharmaceutical products. Leveraging the resources and expertise of this part of our Australian operation, we also offer a national third party distribution service under commercial arrangements with Australia's State Governments and international pharmaceutical companies based offshore.



Plasma fractionation specialist, Ryan D'Sousa, inspects new state-of-the-art chromatography columns commissioned this year at CSL's Broadmeadows facility in Melbourne. They offer double the processing capacity of existing columns. INTRAGAM® 10 NF will be produced in this facility.

More convenience for patients

Two new immunoglobulin products that have been developed by CSL Biotherapies will deliver more convenient treatment options for patients.

INTRAGAM® 10 NF (developed as an enhancement to 6% INTRAGAM® P) is a high-yielding chromatographically purified 10% intravenous immunoglobulin in a higher concentration and smaller volume that will reduce the treatment time for patients. EVOGAM® is a high-yielding chromatographically purified 16% subcutaneous immunoglobulin suitable for self administration by patients at home.

In December 2010, INTRAGAM® 10 NF was approved by Australia's Therapeutic Goods Administration (TGA) and the regulatory dossier is being reviewed by the Medicines and Medical Devices Safety Authority (MedSafe) in New Zealand. The EVOGAM® regulatory dossier is being reviewed by both the TGA and MedSafe.

The manufacturing facilities required for both of these products are in place at our Broadmeadows site in Melbourne.

Australia's HPV vaccination program making an impact

The broad scope of Australia's National Human Papillomavirus (HPV) Vaccination Program (females aged 12-26 years) and the high uptake of GARDASIL* have resulted in Australia being the first country to demonstrate an impact of an HPV vaccination program at a population level. Post vaccination program commencement, a significant reduction in diagnoses of genital warts in females of vaccine eligible age was reported by Donovan et al (Lancet 2010).

In another study, Brotherton et al (2011) compared the incidence of cervical abnormalities reported to the Victorian Cervical Cytology Registry before and after the vaccination program began. After the introduction of the program, a reduction in high grade cervical abnormalities was observed in females less than 18 years. The authors note that although the study is ecological in nature, the observed reductions are likely attributable to the impact of the vaccination program.



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

Business Feature

CSL Biotherapies continued

Major plasma-derived therapies and diagnostic products manufactured by CSL Biotherapies

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/von Willbrand Factor Concentrate)
- **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.

RHOPHYLAC®

Rhophylac® (human Rh (D) immunoglobulin for IV use) is manufactured by CSL Behring and distributed in Australia by CSL Biotherapies.

RiaSTAP®

RiaSTAP® (fibrinogen concentrate) is manufactured by CSL Behring and distributed in Australia by CSL Biotherapies.

BERINERT®

Beriner® (C1 esterase inhibitor) is manufactured by CSL Behring and distributed in Australia by CSL Biotherapies.

Special Access Scheme

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

Toll Fractionation

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

Major vaccines and pharmaceutical products marketed by CSL Biotherapies in Australia

VACCINES

• Fluvax®	<i>Influenza</i>
• ADT® Booster	<i>Diphtheria and Tetanus</i>
• Q-Vax®	<i>Q-Fever</i>
• Comvax*	<i>Haemophilus influenzae B and Hepatitis B infection</i>
• GARDASIL*	<i>Cervical cancer and genital warts</i>
• H-B-Vax* II	<i>Hepatitis B infection</i>
• JESPECT*	<i>Japanese encephalitis</i>
• Menjugate*	<i>Meningococcal C disease</i>
• Menveo*	<i>Meningococcal (A,C W-135,Y)</i>
• M-M-R*II	<i>Measles, mumps and rubella</i>
• Panvax®	<i>Pandemic influenza</i>
• PedvaxHIB*	<i>Haemophilus influenzae B</i>
• Pneumovax 23*	<i>Pneumococcal infection</i>
• Rabipur*	<i>Rabies infection</i>
• RotaTeq*	<i>Rotavirus-induced gastroenteritis</i>
• Vaqta*	<i>Hepatitis A infection</i>
• Varivax*	<i>Varicella</i>
• Vivotif Oral*	<i>Typhoid infection</i>

FOR PREVENTION OF:

PHARMACEUTICALS FOR TREATMENT OF:

• Advantan*	<i>Eczema and psoriasis</i>
• Angiomax*	<i>Patients undergoing percutaneous coronary intervention (PCI).</i>
• Antivenoms	<i>Envenomation</i>
• BenPen®	<i>Bacterial infections</i>
• Burinex*	<i>Oedema</i>
• Cervidil*	<i>Complications during childbirth requiring induced labour</i>
• Daivobet*	<i>Psoriasis</i>
• Daivonex*	<i>Psoriasis</i>
• Finacea*	<i>Rosacea</i>
• Flomaxtra*	<i>Benign prostatic hyperplasia</i>
• Fucidin*	<i>Bacterial infections</i>
• Modavigil*	<i>Excessive daytime sleepiness in narcolepsy</i>
• Nebilet*	<i>Congestive heart failure</i>
• Scheriproct*	<i>Haemorrhoids, proctitis and anal fissures</i>
• Solaraze*	<i>Actinic keratosis</i>
• Streptase®	<i>Myocardial infarction and arterial thrombosis</i>
• Tramal*	<i>Moderate to severe pain</i>
• Vaniqa*	<i>Unwanted facial hair in women</i>
• Vesicare*	<i>Overactive bladder syndrome</i>

TRADEMARKS

CSL, Bioplasma and ISCOMATRIX are trademarks of the CSL Group

® Registered trademark of CSL Limited or its affiliates

™ Trademark of CSL Limited or its affiliates

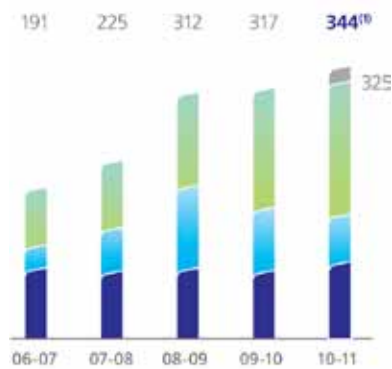
* Trademarks of companies other than CSL and referred to on this page are listed below:

Merck & Co. Inc.	Comvax M-M-R II RotaTeq	GARDASIL PedvaxHIB Vaqta	H-B-Vax II Pneumovax Varivax	Intendis GmbH	Advantan Finacea Scheriproct
Almirall			Solaraze Vaniqa	Intercell AG	JESPECT
Astellas			Flomaxtra Vesicare	Leo Pharmaceutical Products Limited AS	Burinex Daivobet Daivonex Fucidin
Crucell			Vivotif Oral	Novartis	Menjugate Rabipur Menveo
Cephalon Inc.			Modavigil	Menorini	Nebilet
Controlled Therapeutics (Scotland) Limited			Cervidil	The Medicine Company	Angiomax
Grunenthal GmbH			Tramal		

Business Feature Research and Development

CSL invests in the development of protein-based medicines that save lives by preventing or treating serious human illnesses.

Research and Development
Investment (\$A millions)



- **New Product Development** activities focus on innovative new therapies for life-threatening diseases.
- **Market Development** strategies seek to bring therapies to new markets and new indications.
- **Life Cycle Management** ensures continuous improvement of existing products.

In July 2010, CSL announced plans to build a new R&D biotechnology facility at our manufacturing site at Broadmeadows in Melbourne, Australia. The facility is designed for the manufacture of protein medicines from engineered mammalian cells and will be used to support later stage clinical development of new therapies for cancer, bleeding disorders and inflammation.

Construction is scheduled to be complete by the third quarter of 2012, which will be followed by commissioning and validation. Manufacturing for clinical trials in a fully validated facility is expected to commence during the first half of 2013. The facility will build on CSL's core manufacturing skills and enable CSL to progress R&D projects through Phase III clinical trials, a key step in the regulatory approval of new medicines.

The facility has been designed to be highly flexible and is based on single use technology systems, resulting in a lower environmental footprint compared to traditional manufacturing facilities. It will have sufficient capacity to meet the planned future needs of CSL's R&D portfolio, be fully compliant with local and international regulatory agencies and capable of performing commercial scale manufacture of new biotechnology products.

This significant project enables CSL to build on our existing capabilities and research collaborations, further develop key biotechnology skills and work towards our important goal of improving the lives of people with life-threatening diseases.

Research and Development Operations



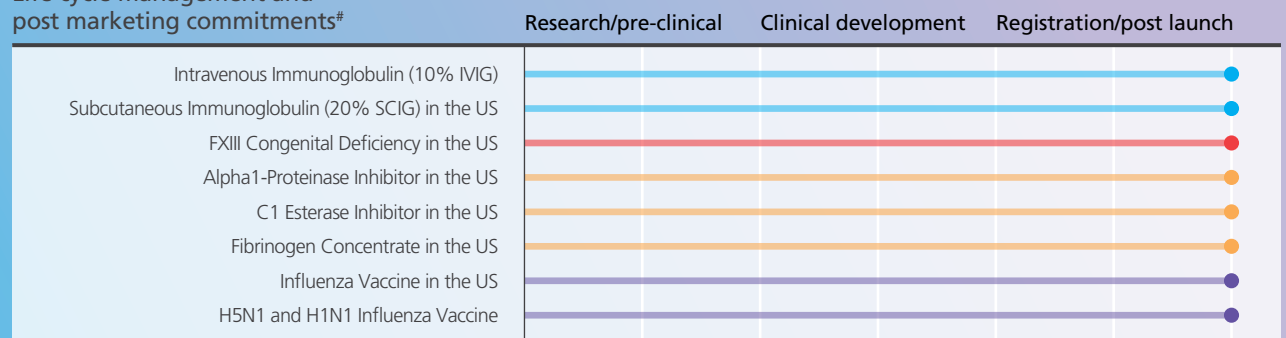
Plasma fractionation and associated research and development activities are carried out in Melbourne, Kankakee, Bern and Marburg.

Clinical and regulatory affairs teams operate from Melbourne, King of Prussia, Bern, Marburg and Tokyo. Global project teams draw together staff from different sites depending on the expertise required for a specific project.

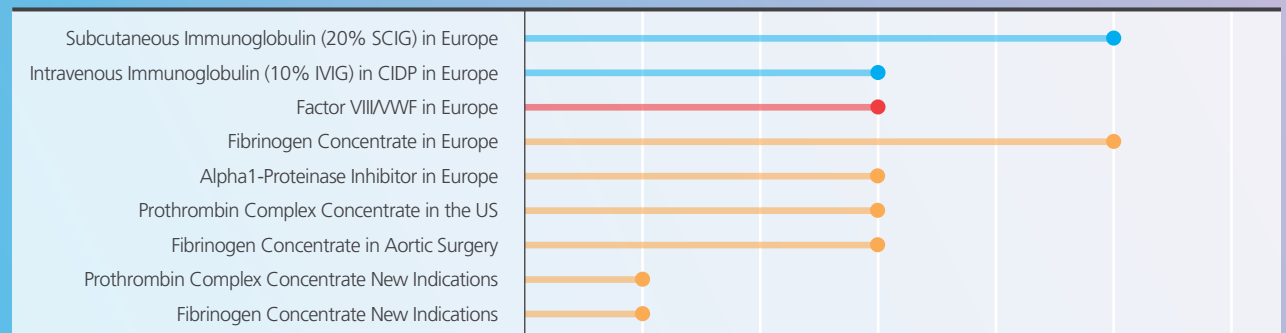
¹ Constant currency removes the impact of exchange rate movements to facilitate comparability between 2010-11 and the prior year. For further details see page 4.

CSL's Global R&D Pipeline Achievements 2010-2011

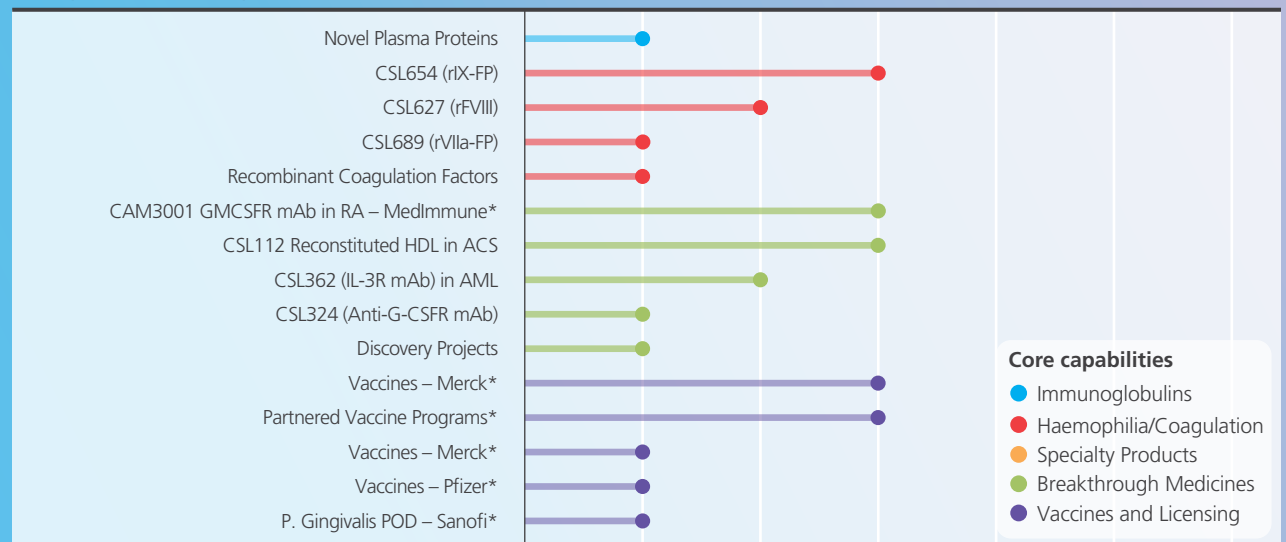
Life cycle management and post marketing commitments[#]



Market development



New product development



* Partnered projects

[#] Life cycle management projects also address pathogen safety, capacity expansions, yield improvements and new packages and sizes

Corporate Responsibility

At CSL, Corporate Responsibility is our ongoing commitment to conduct business ethically and to contribute to the economic, social and environmental well-being of our communities.

Our Corporate Responsibility priority areas

- **Researching and developing new medicines** for unmet needs, while continually improving our protein-based therapies for patients;
- **Ensuring our therapies are safe and of the highest quality** by maintaining the highest standards throughout all stages of the product life cycle;
- **Operating responsibly in the marketplace** by marketing our medicines in an ethical manner, working with others to improve equity of access and sharing our financial success;
- **Providing a positive working environment for our people** by engendering a culture of mutual trust and respect, enabling them to do their jobs safely and effectively, and rewarding and recognising their contributions;
- **Supporting our patient, biomedical and local communities** by improving access to our therapies and enhancing the quality of life for patients, advancing scientific knowledge and supporting future medical researchers, and engaging our staff in the support of local communities;
- **Minimising our impacts on the environment** through the responsible management of our operations and natural resources, without compromising the safety, quality and accessibility of our therapies.

As part of our commitment to providing stakeholders with comprehensive and balanced information about our economic, social and environment performance, CSL released its second global corporate responsibility report on 1 February this year.

Our Corporate Responsibility 2010 details our challenges and achievements across our corporate responsibility priority areas in the 2009-2010 financial year. It is available in limited print copy and on our website www.csl.com.au/about/corporate-responsibility.

CSL continues to improve internal reporting systems, taking into consideration feedback received from stakeholders. We are working towards the goal of publishing environmental, social and governance (ESG) information closer to the applicable reporting period.

We have made substantial progress in formalising and integrating corporate responsibility within the business. In recognition of this, CSL was awarded the 2010 Sustainable Company of the Year by Ethical Investor in Australia.

The award acknowledged our leadership on ESG issues and our advances in sustainability reporting.

During the year, CSL was also listed on the Dow Jones Sustainability Asia Pacific Index (DJSI Asia Pacific). This index tracks the performance of the top 20% of the 600 largest Asia Pacific companies in the Dow Jones Global Total Stock Market Index that leads the field in terms of sustainability.

In addition, over three consecutive years to 2010, CSL was included in the Carbon Disclosure Project (CDP) Australia/New Zealand Leadership Index. The index recognises companies that provide the most comprehensive disclosure of their emissions and climate change exposures. Furthermore, CSL was one of four Australian companies and amongst 175 across the globe that participated in the first ever CDP Water Disclosure 2010 Project. This initiative provides investors with insight into water related risks and opportunities including associated strategies and plans faced by organisations. CSL's submissions are available from the CDP website.

CSL Corporate Responsibility Associate, Patrick Castauro, accepts our Ethical Investor Award for 2010 Sustainable Company of the Year. The award acknowledges our leadership on environmental, social and governance issues, and advances in sustainability reporting.

Photo courtesy of Ethical Investor





Our stakeholders

Understanding the perceptions and expectations of our stakeholders provides the basis for informing our priorities and our approach to sustainability. We maintain an open dialogue with our stakeholders and utilise various methods for achieving this including customer surveys, meetings with government, visits to major suppliers, perception studies amongst health care professionals, forums to brief our investors and surveys of employees.

Supporting local communities in times of emergency

CSL is committed to supporting communities in times of disaster, and never before have we seen such great need in areas where we operate. In early 2011, we witnessed a number of devastating natural disasters affecting communities in Australia and abroad. Extreme rainfalls in Queensland and Victoria inundated homes and businesses with almost three quarters of Queensland declared a natural disaster zone. A state of emergency was also declared in regional Victoria in communities that endured similar floods a few months earlier.

To assist those affected and to support the significant rebuilding efforts, CSL made a corporate donation of A\$250,000 and A\$100,000 to Queensland and Victorian state-run relief appeals respectively. Employees across

the CSL group also came to the immediate aid of Australians through payroll giving, fundraising events and volunteering, with over A\$70,000 raised from staff and matched in full by CSL.

As rebuilding efforts commenced in Australia, a series of other tragic natural disasters took the world by surprise - the devastating earthquake in Christchurch, New Zealand and the catastrophic 9.0 magnitude Pacific Ocean earthquake near Japan, both taking place within weeks of each other. The earthquakes were in countries where CSL operations and permanent staff are located. We are fortunate all staff are reported safe and well.

CSL contributed to the New Zealand relief efforts with a corporate donation of A\$50,000 as well

as employee giving and matching programs. CSL Behring Japan, on behalf of the CSL Group, donated US\$250,000 to the Japan Red Cross which was instrumental in establishing relief efforts in regions affected by the tsunami which resulted from the earthquake.

Combined with corporate and employee donations and the matching of staff contributions, a total of A\$857,982 was raised by CSL and staff towards these relief efforts.

CSL is grateful to all staff who, despite difficult circumstances, continued to support our operations and maintain the supply of our life-saving therapies. To them and those who contributed financially we are most appreciative.

Directors' Profiles



ELIZABETH ALEXANDER



BRIAN MCNAMEE



PETER TURNER



JOHN AKEHURST

Brian A McNamee, AO

MBBS, FAICD, FTSE - (Age 54)

*INTERNATIONAL PHARMACEUTICAL INDUSTRY,
MEDICINE (RESIDENT IN VICTORIA)*

Chief Executive Officer and Managing Director

Dr McNamee was appointed to the CSL Board in July 1990 and is the Chief Executive Officer and Managing Director. Dr McNamee is a former Director of the Peter MacCallum Cancer Foundation Ltd. Dr McNamee completed Bachelor of Medicine and Bachelor of Surgery Degrees at the University of Melbourne.

Dr McNamee is a member of the Innovation and Development Committee.

Peter J Turner

BSc, MBA, MAICD - (Age 62)

*INTERNATIONAL PHARMACEUTICAL INDUSTRY
(RESIDENT IN PENNSYLVANIA, USA)*

Executive Director

Mr Turner was appointed to the CSL Board in December 2009. He has more than 40 years experience in the biopharmaceutical industry. His expertise includes plasma fractionation, research and development, production, engineering and management. Mr Turner contributed to the successful acquisition of Aventis Behring to form CSL Behring in 2004 and served as President of CSL Behring from that time until June 2011. He was also Chief Operating Officer, CSL Group from December 2009 until June 2011.

John H Akehurst

MA (Oxon), FIMechE - (Age 62)

*ENGINEERING AND MANAGEMENT
(RESIDENT IN WESTERN AUSTRALIA)*

Mr Akehurst was appointed to the CSL Board in April 2004. He had 30 years' executive experience in the international hydrocarbon industry, including seven years as Managing Director and CEO of Woodside Petroleum Ltd. Mr Akehurst is a member of the Board of the Reserve Bank of Australia and is also a Director of Origin Energy Limited and of Secury International Pty Ltd. He was formerly Chairman of Alinta Limited and of Coogee Resources Limited and is a former Director of Oil Search Limited. Mr Akehurst is Chairman of the National Centre for Asbestos Related Diseases and the Fortitude Foundation and a Director of the University of Western Australia's Business School.

Mr Akehurst is a member of the Human Resources and Remuneration Committee.



DAVID ANSTICE



BRUCE BROOK



CHRISTINE O'REILLY



IAN RENARD



MAURICE RENSHAW



JOHN SHINE



DAVID SIMPSON

Elizabeth A Alexander, AM

BCom, FCA, FCPA, FAICD - (Age 68)

*FINANCE AND RISK MANAGEMENT
(RESIDENT IN VICTORIA)*

Chairman

Miss Alexander was appointed to the CSL Board in July 1991 and became Chairman in October 2006. She is Chairman of the Dexus Wholesale Property Group Limited, a Director of the Dexus Property Group and of Medibank Private Limited. Miss Alexander is a former National President of the Australian Society of Certified Practising Accountants and of the Australian Institute of Company Directors. She is Chancellor of the University of Melbourne, Chairman of the Nossal Institute of Global Health and National President of the Winston Churchill Fellowship Trust.

Miss Alexander is a member of the Audit and Risk Management Committee.

David W Anstice**BEC - (Age 63)***INTERNATIONAL PHARMACEUTICAL INDUSTRY
(RESIDENT IN PENNSYLVANIA, USA)*

Mr Anstice was appointed to the CSL Board in September 2008. He was a long-time member of the Board of Directors and Executive Committee of the US Biotechnology Industry Organisation, and has over 40 years' experience in the global pharmaceutical industry. Until August 2008, Mr Anstice was for many years a senior executive of Merck & Co. Inc. serving at various times as President of Merck Human Health for US/Canada/Latin America, Europe, Japan and Asia, and as Executive Vice President. He is a Director of Alkermes, Inc., in Boston, Massachusetts, and a Director of the United States Studies Centre at the University of Sydney.

Mr Anstice is a member of the Human Resources and Remuneration Committee and the Innovation and Development Committee.

Bruce R Brook**BCom, BAcc, FCA, MAICD – (Age 56)***FINANCE AND MANAGEMENT
(RESIDENT IN VICTORIA)*

Mr Brook was appointed to the CSL Board in August 2011. He is currently Chairman of Programmed Maintenance Services Limited and a Director of Boart Longyear Limited. Mr Brook has previously been Chairman of Energy Developments Limited and a Director of Lihir Gold Limited and Consolidated Minerals Limited. During his executive career he was Chief Financial Officer of WMC Resources Limited and prior to that the Deputy Chief Financial Officer of the ANZ Banking Group.

Christine E O'Reilly**BBus (Age 50)***FINANCE AND INFRASTRUCTURE
(RESIDENT IN VICTORIA)*

Ms O'Reilly was appointed to the CSL Board in February 2011. She is currently Co-Head of Unlisted Infrastructure Investments at Colonial First State Global Asset Management, a position that she has held since July 2007. In this capacity, Ms O'Reilly is a Director of the Anglian Water Group (UK) and Electricity North West (UK). Prior to her position with Colonial First State Global Asset Management, Ms O'Reilly was the Chief Executive Officer of the GasNet Australia Group from October 2001 until December 2006. She is a Director of Care Australia.

Ms O'Reilly is a member of the Audit and Risk Management Committee and the Human Resources Remuneration Committee.

Ian A Renard**BA, LL.M., LL.D (Hon), FAICD - (Age 65)***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. Mr Renard is a Director of Hillview Quarries Pty Ltd, SP Australia Networks (Distribution) Ltd and SP Australia Networks (Transmission) Ltd. He is the Chairman of the University of Melbourne Archives Advisory Board and a Trustee of the R E Ross Trust.

Mr Renard is Chairman of the Audit and Risk Management Committee.

Maurice A Renshaw**BPharm. - (Age 64)***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, USA, 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. He has had more than 30 years' experience in the international pharmaceutical industry.

Mr Renshaw is Chairman of the Innovation and Development Committee.

John Shine, AO**BSc (Hon), PhD, DSc, FAA - (Age 65)***PHARMACEUTICAL INDUSTRY AND 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 and a Member of the Prime Minister's Science, Engineering and Innovation Council. In November 2010, he was awarded the 2010 Prime Minister's Prize for Science.

Professor Shine is a member of the Innovation and Development Committee.

David J Simpson**FCPA – (Age 71)***FINANCE AND MANAGEMENT
(RESIDENT IN VICTORIA)*

Mr Simpson was appointed to the CSL Board in September 2006. He is a former 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 Human Resources and Remuneration Committee and a member of the Audit and Risk Management Committee.

Edward H Bailey**LLB, BCom, FCIS - (Age 45)****Company Secretary**

Executive Management



BRIAN MCNAMEE

PETER TURNER

PAUL PERREAULT

GORDON NAYLOR

Paul Perreault

President, CSL Behring
BA Psychology – (Age 54)

Paul joined a CSL predecessor company in 1997. He currently heads CSL Behring as President and works with all areas of the business. Paul's previous roles were in sales, marketing and operations. He has worked in senior leadership roles with Wyeth, Centeon, Aventis Behring, Aventis Bioservices and CSL. Paul has worked in the health care field for 30 years.

Gordon Naylor

Chief Financial Officer
MBA, BEng (Hons), DipCompSc – (Age 48)

Gordon was appointed Chief Financial Officer in October 2010. He joined CSL in 1987 and has held many operational and corporate roles in different parts of the CSL Group. Prior to his current role, Gordon was based in the US and responsible for CSL Behring's global supply chain, the supply of plasma for CSL Behring and CSL's global information systems.



ANDREW CUTHBERTSON

JEFF DAVIES

MARY SONTROP

KAREN ETCHBERGER

Andrew Cuthbertson

R&D Director and
 Chief Scientific Officer
BMedSci, MBBS, PhD – (Age 56)

Andrew is responsible for CSL's Research and Development strategy and the implementation of that strategy. He joined CSL in March 1997 as Director of Research. Andrew trained in medicine and science at the University of Melbourne, the Walter and Eliza Hall Institute, the Howard Florey Institute and the National Institutes of Health in the US. Andrew was then a Senior Scientist at Genentech, Inc. in San Francisco.



GREG BOSS

EDWARD BAILEY

JILL LEVER

PAUL WALTON

Brian McNamee, AO

Chief Executive Officer
 and Managing Director
MBBS, FAICD, FTSE – (Age 54)

See the Directors' Profiles on page 22.

Peter Turner

Executive Director
BSc, MBA, MAICD – (Age 62)

See the Directors' Profiles on page 22.

Jeff Davies

Executive Vice President,
CSL Biotherapies

BSc (Hons), PhD – (Age 54)

Jeff was appointed Executive Vice President of CSL Biotherapies in January 2010 and is responsible for CSL's Australian and Asia Pacific businesses. He served as General Manager and President of CSL Bioplasma Asia Pacific from 2008 to 2010, responsible for plasma businesses in the region. Jeff has 28 years experience at CSL including executive and senior management roles in research and development in Australia and Switzerland.

Mary Sontrop

Executive Vice President,
CSL Behring Operations

BAppSc, MBA – (Age 54)

Mary was appointed as Executive Vice President, CSL Behring Operations in April 2010. She joined CSL as a Production Manager in April 1988 and has held a broad range of positions in manufacturing, quality management and general management located in Australia, Switzerland and Germany. Prior to her current position, Mary was General Manager of CSL Biotherapies for Australia and New Zealand.

Karen Etchberger

Executive Vice President,
Plasma, Supply Chain and
Information Technology,
CSL Behring

PhD – (Age 53)

Karen was appointed as Executive Vice President, Plasma, Supply Chain and Information Technology in April 2010. She joined CSL as Product Manager in JRH Biosciences in August 2001 and progressed through a number of positions in technical services, research and development, quality management, and was most recently Head of Global Quality for CSL Behring. Prior to joining CSL, Karen was Director of Developmental Research at Endotech Corporation.

Greg Boss

CSL Group General Counsel
and Executive Vice President,
CSL Behring

JD, BS (Hon) – (Age 50)

Greg was appointed Group General Counsel in January 2009 and is responsible for worldwide legal operations for all CSL Group companies. He joined CSL in 2001, serving as General Counsel for CSL Behring, a position he continues to hold. In addition, Greg is responsible for risk management for the Group. Prior to joining CSL, Greg was Vice President and Senior Counsel for CB Richard Ellis International.

Edward Bailey

Company Secretary and
Australian General Counsel

LLB, BCom, FCIS – (Age 45)

Edward was appointed as Company Secretary and Australian General Counsel in January 2009. Prior to that, he was Senior Corporate Counsel and Assistant Company Secretary, having joined CSL in 2000. Edward works with the Board to develop and maintain CSL's corporate governance practices and provides legal advice to the Corporate Head Office and Australian operations. Prior to joining CSL, Edward was a Senior Associate with lawyers Arthur Robinson & Hedderwicks.

Jill Lever

Senior Vice President,
Human Capital

BA (Hons) – (Age 55)

Jill joined CSL Limited as Senior Vice President, Human Capital in 2009. She heads the Human Resources function and works with the Managing Director and Board on strategic matters relating to talent, succession, organisation culture and executive remuneration. Originally from the UK, Jill held a number of Human Resources roles with the Royal Dutch Shell Group in Europe, the Middle East, South America and Asia Pacific before working in the finance and mining sectors in Melbourne.

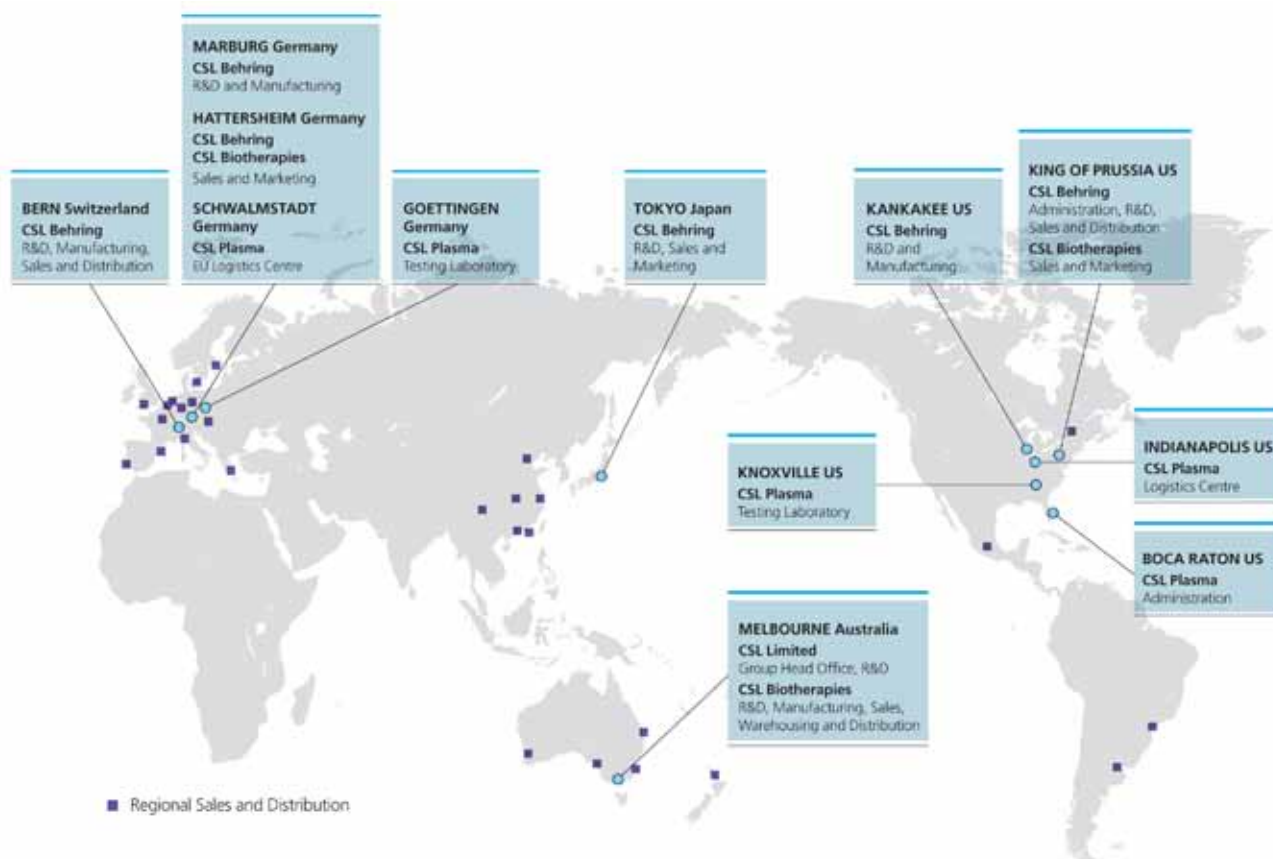
Paul Walton

Senior Vice President,
Corporate Development

PhD, MS, GMQ, BAppSc – (Age 54)

Paul was appointed as SVP Corporate Development in January 2008. Prior to that, he was SVP Business Development at CSL Behring, and held senior roles in ZLB and JRH Biosciences, having joined CSL in 1999. Paul works with the Managing Director and the Board on corporate growth initiatives, including mergers and acquisitions. Prior to joining CSL, Paul was Vice President, Marketing, Sales and Business Development, Diagnostic Systems Laboratories, Inc., Webster, Texas.

CSL Group Business Operations



Regional Sales and Distribution Locations

CSL Biotherapies		CSL Behring	
Australia	Adelaide Brisbane Melbourne Perth Sydney	Argentina	Buenos Aires
China	Beijing Chengdu Guangzhou Hong Kong Shanghai Wuhan	Austria	Vienna
Germany	Hattersheim	Belgium	Leuven
New Zealand	Auckland	Brazil	Sao Paulo
United States	King of Prussia	Canada	Ottawa
		Denmark	Copenhagen
		France	Paris
		Germany	Hattersheim
		Greece	Athens
		Italy	Milan
		Japan	Tokyo
		Mexico	Mexico City
		Netherlands	Breda
		Portugal	Lisbon
		Spain	Barcelona
		Sweden	Stockholm
		Switzerland	Bern
		United States	King of Prussia
		United Kingdom	Haywards Heath

Share Information

CSL Limited

Issued Capital Ordinary Shares:
524,840,532 as at 30 June 2011

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

As at 30 June 2011, the Capital Group Companies, Inc. was a substantial shareholder in CSL.

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 2011, the Capital Group Companies, Inc. was a significant foreign shareholder in CSL.

Distribution of Shareholdings as at 30 June 2011

Range	Holders	Shares	% Total Shares
1 - 1,000	73,563	28,998,191	5.53
1,001 - 5,000	29,048	68,357,416	13.02
5,001 - 10,000	5,153	35,471,386	6.76
10,001 - 100,000	2,278	41,779,811	7.96
100,001 and over	91	350,233,728	66.73
Total shareholders	110,133	524,840,532	100.00
Number of shareholders with less than a marketable parcel of 16 shares (based on the share price at 30 June 2011)	815	6,257	

Shareholder Information

CSL's Twenty Largest Shareholders as at 30 June 2011

Shareholder	Account	Shares	% Total Shares
1 HSBC Custody Nominees (Australia) Limited		123,631,700	23.56
2 J P Morgan Nominees Australia Limited		84,687,285	16.14
3 National Nominees Limited		58,510,734	11.15
4 Citicorp Nominees Pty Limited		25,756,930	4.91
5 J P Morgan Nominees Australia Limited	Cash Income A/c	5,318,880	1.01
6 Cogent Nominees Pty Limited		5,058,715	0.96
7 RBC Dexia Investor Services Australia Nominees Pty Limited	PIPOOLED A/c	4,793,711	0.91
8 AMP Life Limited		3,486,587	0.66
9 UBS Wealth Management Australia Nominees Pty Ltd		3,075,172	0.59
10 Citicorp Nominees Pty Limited	BHP Billiton ADR Holders A/c	2,552,334	0.49
11 RBC Dexia Investor Services Australia Nominees Pty Limited	BCUST A/c	2,499,023	0.48
12 Perpetual Trustee Company Limited		2,207,202	0.42
13 Queensland Investment Corporation		2,064,907	0.39
14 UBS Nominees Pty Ltd		1,278,000	0.24
15 RBC Dexia Investor Services Australia Nominees Pty Limited	MLCI A/c	1,249,502	0.24
16 Argo Investments Limited		1,120,337	0.21
17 Cogent Nominees Pty Limited	SMP Accounts	1,110,207	0.21
18 Australian Reward Investment Alliance		1,036,980	0.20
19 Citicorp Nominees Pty Limited	CFSIL CFS WS AUST SHRE A/c	903,485	0.17
20 Dr Brian Anthony McNamee		835,669	0.16
Top 20 holders of ordinary and employee shares		331,177,360	63.10
Remaining holders balance		193,663,172	36.90
Total shares on issue		524,840,532	100.00
In addition, as at 30 June 2011, a substantial shareholder notice has been received from:			
The Capital Group Companies, Inc.		34,827,695	6.496

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 4178

Investor enquiries facsimile:
61 3 9473 2500

Website:
www.investorcentre.com

Email:
web.queries@computershare.com.au

Shareholders with enquiries should go to www.investorcentre.com where most common questions can be answered by virtual agent "Penny". Alternatively, shareholders may 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 online via the Investor Centre at www.investorcentre.com, by telephone or in writing without delay. Shareholders who are broker sponsored on the CHES sub-register must notify their sponsoring broker of a change of address.

Shareholders as at 30 June 2011

	Shareholders	Shares
Australian Capital Territory	1,973	2,898,219
New South Wales	30,603	289,901,260
Northern Territory	341	346,281
Queensland	14,498	22,178,226
South Australia	6,934	12,252,498
Tasmania	1,659	2,121,339
Victoria	38,143	177,658,972
Western Australia	11,745	11,916,506
International Shareholders	4,237	5,567,231
Total shareholders	110,133	524,840,532

Direct payment of dividends into a nominated account may be arranged with the Share Registry. Shareholders are encouraged to use this option by providing a payment instruction online via the Investor Centre at www.investorcentre.com or by obtaining a direct credit form from the Share Registry or by advising the Share Registry in writing with particulars.

The Annual Report 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 19 October 2011. 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 \$1 is made to Landcare Australia towards reforestation projects to help restore degraded plant, animal and water resources. With your support, CSL has registered over 19,200 email addresses, which in turn has facilitated the planting of more than 55,600 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 dollar will be donated to Landcare Australia. To register, you will need your Security Holder Reference Number (SRN) or Holder Identification Number (HIN).

Corporate Governance

CSL's Board and management maintain high standards of corporate governance as part of their commitment to maximise shareholder value through promoting effective strategic planning, risk management, transparency and corporate responsibility.

This statement outlines the Company's principal corporate governance practices in place during the financial year. The Board believes that the Company complies with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, released in August 2007 (the Corporate Governance Principles and Recommendations) and the amendments to the Corporate Governance Principles and Recommendations which applied to the financial year ending 30 June 2011.

A checklist summarising the Company's compliance with the Corporate Governance Principles and Recommendations is available on the Company's website.

1. The Board of Directors

1.1 The CSL 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 Nomination Committee;
- the Audit and Risk Management Committee;
- the Human Resources and Remuneration Committee;
- the Innovation and Development Committee; and
- the Securities and Market Disclosure Committee.

Each committee is governed by a charter setting out its composition and responsibilities. A description of each committee and their responsibilities is

set out below. The Board also delegates specific responsibilities to ad hoc committees from time to time.

The CSL 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 the expiry of a director's term of office, the Board reviews that director's performance. In the event that such performance is considered less than adequate, the Board may decide that it will not support the re-election of that 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.

Details of Board 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.

The CSL Board Charter is available on the Company's website.

1.2 Composition of the Board

Throughout the year there were either nine or ten directors on the Board. Christine O'Reilly was appointed to the Board as a non-executive director on 16 February 2011. On 17 August 2011, an additional director, Bruce Brook, was appointed to the Board. Two of the current directors – the Managing Director and Peter Turner – are executive directors. The CSL 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 22 and 23 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. On 17 August 2011, the Company announced that John Shine would become Chairman of the Board upon the conclusion of the 2011 Annual General Meeting.

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 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 of the financial report. 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 ASX Listing Rules. If a potential conflict of interest exists on a matter before the Board then (unless the remaining directors determine otherwise), the director concerned does not receive the relevant briefing papers, and takes no part in the Board's consideration of the matter nor exercises any influence over other members of the Board.

In addition to considering issues that may arise from disclosure by directors from time to time under these obligations, the Board makes an annual assessment of each non-

executive director to determine whether it considers the director to be independent. The Board considers that an independent director is a director who is independent of management and free of any business or other relationship that could, or could reasonably be perceived to, materially interfere with the exercise of their unfettered and independent judgment.

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

- information contained in specific disclosures made by directors pursuant to their obligations under the CSL 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. The Nomination Committee comprises all of the independent non executive directors. 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. In making recommendations for new directors, the Committee seeks to ensure that any new director will complement or maintain the skills, experience, expertise and diversity of the Board necessary to enable it to oversee

Corporate Governance *continued*

the delivery of the Company's objectives and strategy. 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, experience, expertise and diversity;
- regularly reviewing the membership of Board committees; and
- conducting annual performance reviews of the Board, individual directors, and the Board committees.

Details of Committee 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.

The Nomination Committee Charter is available on the Company's website.

1.5 Director Appointments

One new director was appointed to the Board during the financial year. Christine O'Reilly was appointed as of 16 February 2011 and will be eligible for election at the 2011 Annual General Meeting. In addition, another new director, Bruce Brook, was appointed to the Board on 17 August 2011 and will also be eligible for election at the 2011 Annual General Meeting. One director retired from the Board during the financial year. Antoni Cipa retired as Finance Director as of the conclusion of the 2010 Annual General Meeting.

Peter Turner was elected and John Akehurst, David Anstice and Ian Renard were each re-elected as directors at the 2010 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 CSL Board Charter sets out procedures relating to the removal of a director whose contribution is found to be inadequate.

The Company provides an induction program to assist new directors to gain an understanding of:

- the Company's financial, strategic, operational and risk management position;
- the culture and values of the Company;
- the rights, duties and responsibilities of the directors;
- the roles and responsibilities of senior executives;
- the role of the Board committees;
- meeting arrangements; and
- director interaction with each other, senior executives and other stakeholders.

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. The program includes education on key developments in the Company and in the industry and environment within which it operates. 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 to attend meetings and information sessions with the Company's local management and employees.

1.6 Performance Evaluation

As mentioned above, the Nomination Committee meets annually to review the Board's performance. The Chairman also holds discussions with individual directors to facilitate peer review. The Nomination Committee is responsible for evaluating the performance of the Managing Director, who in turn evaluates the performance of all other senior executives and makes recommendations in respect of their remuneration. 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.

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 directors' declaration in respect of the annual and half-year financial statements, the Board requires the Managing Director and the Chief Financial Officer 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, the Corporations Regulations 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;
- 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; and
- 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 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 2011.

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 (other than the management of risk associated with research and development projects which is the responsibility of the Innovation and Development Committee);
- monitoring the activities and effectiveness of the internal audit function;
- monitoring the activities and performance of the external auditor and coordinating its operation with the internal audit function; and
- providing full reports to the Board on all matters relevant to the Committee's responsibilities.

The roles and responsibilities of the Committee are reviewed annually.

The Committee currently comprises four 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 22 and 23 of this Report. The Committee's 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 of the Directors' Report attached to the financial report.

The Audit and Risk Management Committee Charter is available on the Company's website.

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, including as to the effectiveness of the Company's management of material risks. 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. 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.

In addition, the oversight of risk management associated with research and development projects is one of the responsibilities of the Innovation and Development Committee (see below). The research and development operations have a number of management committees that report into the Innovation and Development Committee.

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 and Remuneration

3.1 Competitiveness of Remuneration and Human Resources

The Company is committed to ensuring that it has competitive remuneration and human resources policies and practices that offer appropriate and fair rewards and incentives to employees in the countries in which they are employed. The Company also seeks to align the interests of senior management and shareholders.

3.2 Remuneration Report

Details on the Company's remuneration policies and practices are set out in the Remuneration Report on pages 44 to 62 of the Director's Report attached to the financial report. The Remuneration Report includes details of the remuneration of directors and other key management personnel of the consolidated entity and the Company, and details of the Company's long-term incentive plans.

3.3 Human Resources and Remuneration Committee

The Human Resources and Remuneration Committee is responsible for assisting the Board in fulfilling its responsibilities with respect to human resources and remuneration matters. Details of the Human Resources and Remuneration

Corporate Governance *continued*

Committee and its charter are set out in the Remuneration Report on pages 44 to 62 of the Directors' Report attached to the financial report. Details of Committee 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.

The Human Resources and Remuneration Committee Charter is available on the Company's website.

4. Innovation and Development

4.1 Governance of Innovation and Development

The Board is committed to ensuring that the Company's investments in innovation, research and development are undertaken in ways that are most likely to create long term value for shareholders.

4.2 Innovation and Development Committee

The Innovation and Development Committee is responsible for providing the Board with oversight of CSL's technology, research and product development opportunities. The functions and responsibilities of the Innovation and Development Committee are documented in a formal charter approved by the Board. The Committee is authorised by the Board to:

- monitor the strategic direction of CSL's technology, research and product development programs;
- provide guidance on issues and priorities, additions to the research and development pipeline and significant development milestones; and
- oversee the management of risk associated with the research and development projects.

The Committee generally meets at least four times a year. The Committee currently comprises four members, being three independent non-executive directors and the Managing Director. Details of the Committee's current members, including their qualifications and experience, are set out in the directors' profiles on pages 22 and 23 of this Report. The Company's Chief Scientific Officer is a required attendee. The Board Chairman or any

other director may attend any meeting of the Committee in an ex officio capacity. Details of Committee meetings held during the year and individual directors' attendance at these meetings can be found on page 38 of the Directors' Report attached to the financial report.

The Innovation and Development Committee Charter is available on the Company's website.

5. Market Disclosure

5.1 Communications and External Disclosure

The Company has a Communications and External Disclosure Policy. This policy is available on the Company's website, and operates in conjunction with the Company's more detailed internal continuous disclosure policy. Together, these policies are designed to facilitate the Company's compliance with its obligations under the ASX Listing Rules by:

- providing guidance as to the types of information that may require disclosure, including examples of practical application of the rules;
- providing practical guidance for dealing with market analysts and the media;
- identifying the correct channels for passing on potentially market-sensitive information as soon as it comes to hand;
- establishing 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
- allocating responsibility for approving the substance and form of any public disclosure and communications with investors.

5.2 Securities and Market Disclosure Committee

Significant ASX announcements (such as announcements of financial results, market guidance or major transactions) are the subject of full Board approval. The Board has also delegated authority to a Securities and Market Disclosure Committee that may be convened at short notice to enable the Company to comply with urgent or less significant continuous disclosure

obligations and miscellaneous 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.

From time to time, the Committee may also be specifically authorised by the Board to approve minor amendments to significant ASX announcements following full Board approval.

Details of Committee 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.

The Securities and Market Disclosure Committee Charter is available on the Company's website.

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 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.

A copy of the Company's Communications and External Disclosure Policy is available on the Company's website.

6. Securities Trading

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 or margin loan arrangements in relation to Company securities. The Company has a comprehensive securities trading policy which applies to all directors and employees and is available on the Company's website. 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.

The policy prohibits directors and employees from buying or selling securities in the Company when they are in possession of price sensitive information which is not generally available to the market. In addition, the policy identifies certain "blackout periods" during which no directors or employees are allowed to trade in Company securities (unless exceptional circumstances apply, the person has no inside information, and special approval is obtained to sell (but not buy) Company securities). Directors and employees are reminded that procuring others to trade in Company securities when in possession of price sensitive information is also a

breach of the law and the securities trading policy. Acquisitions of securities under the employee share and option plans are exempt from the prohibition under the Corporations Act.

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

A copy of the Company's Securities Dealing Policy is available on the Company's website and has also been lodged with the ASX in accordance with Listing Rule 12.9.

7. Corporate Responsibility

The Company's approach to Corporate Responsibility is guided by its Group Values, Code of Responsible Business Practice 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 Responsible Business Practice

The Board has adopted a Code of Responsible Business Practice (the Code). Based upon the CSL Group Values and guiding principles, the Code outlines CSL's commitment to responsible business practices and ethical standards. The Code replaced the previous CSL Limited Code of Conduct and sets out the rights and obligations that all employees have in the conduct of the Company's business. These rights and obligations relate to:

- business integrity, including statements relating to compliance with applicable laws and standards, ethical and transparent business practices, privacy and political donations;

- the safety and quality of products, including statements on bioethics (including animal ethics) and human rights principles;
- maintaining a safe, fair and rewarding workplace, which covers many employee relations issues such as:
 - labour standards;
 - equal employment opportunity/workplace harassment;
 - learning and development;
 - occupational health and safety;
 - professional behaviour;
 - employee counselling;
 - recruitment and selection;
 - recognition of employee contribution;
 - rehabilitation; and
 - reporting and management of incidents;
- the community, incorporating policy statements on charitable donations; and
- environmental management.

In accordance with the Code, the Company is committed to ensuring that employees, contractors, suppliers and partners are able to raise concerns regarding any illegal conduct or malpractice and to have such concerns properly investigated. This commitment is implemented through the Company's internal Whistleblower Policy, which sets out the mechanism by which employees, contractors, suppliers and partners can confidently, and anonymously if they wish, voice such concerns in a responsible manner without being subject to victimisation, harassment or discriminatory treatment.

A copy of the Code has been distributed to all employees and an enhanced training program has been implemented across the CSL Group.

The Company expects its contractors and suppliers to 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 and suppliers also observe the principles set out in the Code.

A copy of the Code can be accessed in 11 languages on the Company's website.

7.3 Diversity

The Company recognises its talented and diverse workforce as a key competitive advantage. CSL's business success is a reflection of the quality and skill of its people. CSL is committed to seeking out and retaining the best talent to ensure strong business growth and performance.

Diversity benefits individuals, teams, CSL as a whole and our customers. CSL recognises that each employee brings their own capabilities, experiences and characteristics to their work. Diversity is valued at all levels within the Company.

In the area of gender diversity, CSL has a long history of implementing programs and policies supporting women in the workplace. As at June 2011, there are two female directors on the CSL Board (one being the Chairman) and 27% of the most senior roles in the Company (that is, "Vice President level" and above) are held by women. CSL believes it has a culture of inclusiveness across the organisation.

Further evidence of CSL's inclusive culture was provided in the CSL Employee Opinion survey results published in 2010 in which 73% of female respondents agreed or strongly agreed with the statement "working hours are flexible enough to meet family or personal needs". Benchmark data indicate this result places CSL above European, Australian and United States comparators.

The CSL Board adopted a formal Diversity Policy (including gender diversity) in June 2011. Under this Diversity Policy, the CSL Board is required to establish measurable objectives in relation to gender diversity and, on at least an annual basis, assess and renew these objectives. The CSL Board will also measure progress against these objectives annually. Our current focus is to ensure that CSL continues to build strong and consistent systems and processes to further support women in the workplace.

The measurable objectives that the CSL Board has set for the financial year commencing 1 July 2011 are:

- Review of sourcing, recruitment and selection processes, throughout the CSL Group to ensure that consistent processes exist to support gender diversity principles;

- Introduce an annual review by the Board of trends and results across a range of metrics by gender, including: gender profile at all levels, recruitment, promotion, departures, inclusion in talent and succession processes and remuneration. Metrics will be reviewed both globally and by country of employment and will include benchmark data where available;
- Implement further enhancements to our Global talent identification process to ensure all employees are consistently assessed against objective criteria; both the process and outcomes to be reviewed annually by the Board; and
- Require that individual development actions are recorded for all employees at Vice President level and above levels and employees who are considered to have the potential to reach Vice President level or above levels.

The Company will report against these measurable objectives in its 2012 Annual Report.

In addition to these CSL Group-wide measurable objectives, CSL management in each of the 25 countries in which we operate are encouraged to implement diversity related initiatives consistent with local laws, practice and culture. Examples of recent site specific diversity initiatives include, in Australia, where CSL will be opening a childcare centre on the Parkville site in September 2011 and, in Japan, where a recently initiated program is supporting female sales representatives to return to work from maternity leave by providing flexible working hours. The CSL Board will consistently review site/business specific initiatives on diversity during regular Board visits to sites/businesses.

A copy of the Company's Diversity Policy is available on the Company's website.

7.4 Anti-Bribery and Anti-Corruption

The Code provides a high level policy statement on preventing bribery and inducements. The CSL Board also considers that it is appropriate to have a clear stand-alone policy which sets out the Company's policy against bribery and corruption.

The Board therefore adopted an Anti-Bribery and Anti-Corruption Policy in July 2011. This Policy builds on the current policy statement in the Code. This Policy also supports the considerable amount

of work being undertaken in many areas of the Company's operations to ensure that the Company is acting with Integrity (one of CSL's core values) at all times.

A copy of the Company's Anti-Bribery and Anti-Corruption Policy is available on the Company's website.

7.5 Supporting Policies

A review of the CSL policy framework was conducted in conjunction with the introduction of the Code in December 2008. The framework provides for three levels of policy making within the CSL Group as follows:

- Board Policies cover any operational issue of strategic importance that applies to all CSL Group business units and all CSL Group employees and are approved by the Board;
- Global Policies cover issues of an operational nature requiring consistent implementation across all CSL Group business units and are approved by a member of the Executive Management Group or the Chair of a CSL Global Functional Committee; and
- Local Policies cover issues that apply to a particular CSL Group business unit or a part of a particular CSL Group business unit and are approved by the appropriate site leader or functional leader.

The framework ensures that policy issues are reviewed and approved at the appropriate level within the CSL Group and that the principles outlined in the Code are properly implemented.

Communication of the revised CSL policy framework has been undertaken to ensure that all employees have a clear understanding of the policy structure and decision making processes within the CSL Group.

7.6 Ongoing Policy Review and New Policy Development

The Board and management remain committed to continuing to review the Company's corporate governance practices in response to changes in market conditions or recognised best practices, including the implementation of any changes to the Corporate Governance Principles and Recommendations or ASX Listing Rules.



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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 2011.

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, AO (Managing Director)

Mr J H Akehurst

Mr D W Anstice

Mr I A Renard

Mr M A Renshaw

Professor J Shine, AO

Mr D J Simpson

Mr P J Turner

Ms C E O'Reilly was appointed Director on 16 February 2011 and continues in office at the date of this report.

Mr A M Cipa retired at the Annual General Meeting held on 13 October 2010.

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

Mr E H Bailey, B.Com/LLB, FCIS, was appointed to the position of Company Secretary on 1 January 2009 and continues in office at the date of this report. Mr Bailey joined CSL Limited in 2000 and had occupied the role of Assistant Company Secretary from 2001. Before joining CSL Limited, Mr Bailey was a Senior Associate with Arthur Robinson & Hedderwicks. On 16 August 2011, Mr J Levy, CPA, was appointed as Assistant Company Secretary, following the retirement of Mr P R Turvey from the position. Mr Levy has held a number of senior finance positions within the CSL Group since joining CSL Limited in 1989.

3. Directors' Attendances at Meetings

The table below shows the number of directors' meetings held (including meetings of Board Committees) and number of meetings attended by each of the directors of the Company during the year. In addition, on two separate occasions last year, the directors visited various of the Company's operations in each of the US and Europe and met with local management.

	Board of Directors		Audit and Risk Management Committee		Securities and Market Disclosure Committee	Human Resources & Remuneration Committee		Innovation and Development Committee		Nomination Committee
	A	B	A	B	A	A	B	A	B	A
E A Alexander	7	7	4	4	6	4 ¹		3 ¹		5
B A McNamee	7	7	4 ²	4	6	5 ²		4	4	3 ²
J H Akehurst	7	7				5	5	2 ¹		5
D W Anstice	7	7				5	5	4	4	5
A M Cipa	3	3	1 ²	1						
C O'Reilly	2	2	1	1				2 ¹		2
I A Renard	7	7	4	4				3 ¹		5
M A Renshaw	7	7						3	4	5
J Shine	7	7			2			4	4	5
D J Simpson	7	7	4	4	1	5	5	3 ¹		5
P J Turner	7	7						1 ¹		

A Number of meetings (including meetings of Board Committees) attended during the period.

B Maximum number of meetings that could have been attended during the period.

¹ Attended for at least part in *ex officio* capacity

² Attended for at least part by invitation

Directors' Report continued

4. Principal Activities

The principal activities of the consolidated entity during the financial year were the research, development, manufacture, marketing and distribution of biopharmaceutical and allied products.

5. Operating Results

The Group announced a net profit after tax of \$941 million for the twelve months ended 30 June 2011, down \$112 million or 11% when compared to the prior comparable period. This result included an unfavourable foreign exchange impact of \$116 million. On a constant currency¹ basis, operational net profit after tax grew 14% after excluding a one-off contribution from the sale of pandemic influenza vaccine (H₁N₁) in the prior period. Sales revenue \$4.2 billion, up 9% on an underlying² basis when compared to the twelve months ended 30 June 2010, with research and development expenditure of \$325 million up 9% at constant currency. Cash flow from operations was \$1,018 million.

6. Dividends

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

2009-2010 An interim dividend of 35 cents per share, unfranked, was paid on 9 April 2010. An unfranked final dividend of 45 cents per ordinary share, franked to 5.28 cents per share, for the year ended 30 June 2010 was paid on 8 October 2010.

2010-2011 An interim dividend of 35 cents per share, unfranked, was paid on 8 April 2011. The Company's Directors have declared a final dividend of 45 cents per ordinary share, franked to 2 cents per share, for the year ended 30 June 2011.

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

Total dividends for the 2010-2011 year are:

	On Ordinary shares \$000
Interim dividend paid 8 April 2011	188,393
Final dividend payable on 14 October 2011	236,178

7. Review of Operations

CSL Behring sales of US\$3.4 billion grew 10% on a constant currency basis when compared to the twelve months ended 30 June 2010. Sales contribution from the immunoglobulins and specialty products portfolios underpinned this growth.

Immunoglobulins grew 25% in constant currency terms. Volume growth for intravenous immunoglobulins, lead by Privigen[®], was strong. The balance of growth arose from a product mix shift in demand towards subcutaneous immunoglobulin, largely Hizentra[®], and sales arising from the withdrawal of a competitor from the market place. This competitor has since returned to certain markets and is expected to increasingly compete for sales during the coming year.

The Critical Care segment, including Asian sales³, grew 9% in constant currency terms underpinned by strong demand for specialty products Haemocompletan[®] P/ RiaSTAP[®] (fibrinogen concentrate) particularly in peri-operative bleeding management and Berinert[®] P (C-1 esterase inhibitor), following growth in US patient numbers. Growth in albumin sales continues with ongoing demand from China.

Haemophilia product sales declined 1% in constant currency terms. Volume growth for plasma derived FVIII, led by Beriate[®], was approximately 8%. Typically, however, these sales are in new lower priced markets. Including sale of product manufactured at the Broadmeadows facility, volume growth in plasma derived FVIII was 9%.

During the period, CSL Behring recorded an expense of \$25 million relating to losses on receivables in Southern European countries. The majority of these losses arose from the sale of Greek Government bonds at a discount to their face value. These bonds were issued to CSL Behring in settlement of long standing Greek Government hospital receivables.

Other Human Health (CSL Biotherapies) sales of \$735 million grew 4% on an underlying basis when compared to the twelve months ended 30 June 2010. The prior period included a one-off contribution of \$235 million from novel A (H₁N₁) influenza (swine flu) vaccine sales.

Underlying growth during the period was driven by the Australian plasma therapies business following an increase in plasma collections by the Australian Red Cross Blood Service.

¹ Constant currency removes the impact of exchange rate movements to facilitate comparability by restating the current year result at the prior year's rates. This is done in two parts: 1) by converting the current year net profit of entities in the group that have reporting currencies other than Australian Dollars at the rates that were applicable to the prior year ("translation currency effect") and comparing this with the actual profit of those entities for the current year; and 2) by restating material transactions booked by the group that are impacted by exchange rate movements at the rate that would have applied to the transaction if it had occurred in the prior year ("transaction currency effect") and comparing this with the actual transaction recorded in the current year. The sum of translation currency effect and transaction currency effect is the amount by which reported net profit is adjusted to calculate the result at constant currency.

² Excludes the one-off contribution from the sale of pandemic influenza vaccine (H₁N₁) in the prior comparable period and the impact of foreign exchange movements in the period under review.

³ Adjusted to include CSL Behring critical care products sold in Asia by CSL Biotherapies.

Directors' Report continued

Biostate® (Human coagulation factor VIII and human von Willebrand factor (VWF) complex) sales were particularly strong, arising from demand for Immune Tolerance Therapy and von Willebrand disease treatments.

This growth was offset by the conclusion of a Gardasil* (Human Papillomavirus vaccine) catch-up program in New Zealand drawing to an end and the normalisation of Pneumovax* (Pneumococcal vaccine) sales following the booster program in fiscal 2010. Influenza sales of \$125 million were up 5% on a constant currency basis.

Intellectual Property Licensing revenue of \$96 million was down 10% on a constant currency basis. Royalty contribution from Human Papillomavirus Vaccines largely accounts for the decline, with receipts this year of \$83 million.

8. Significant changes in the State of Affairs

On 18 August 2010, the Company announced its intention to conduct a further on-market buyback of up to \$900 million, representing approximately 5% of shares then on issue. During the financial year, the Company completed this announced share buyback of 26,063,169 shares returning \$900 million to shareholders.

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 the financial statements.

9. Significant events after year end

Other than as disclosed in the financial statements, the 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, results of those operations or the state of affairs of the consolidated entity in subsequent financial years.

10. Likely Developments, Business Strategies and Future Prospects

In the medium term the Company 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 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. Health, Safety and Environmental Performance

The Company continues to operate a global Health, Safety and Environment Management System that ensures its facilities operate to internationally recognized standards. These standards include strict compliance with government regulations and a commitment to minimising the impact of operations on the environment. The Company also maintains certifications to relevant external Health, Safety and Environment management systems including EMAS III certification and certification to AS/NZ4801 (*AS/NZ4801:2001 Occupational health and safety management systems - Specification with guidance for use*).

The Company's global Health, Safety and Environment Management System ensures the consolidated entity continuously reviews its health, safety and environmental responsibilities, including regulatory compliance, and seeks to continuously improve its approach to health, safety and environmental management.

Lost time injury frequency rate (LTIFR) and medical treatment injury frequency rate (MTIFR) continue to record improved performance. For our Australian operations, the Safety, Rehabilitation and Compensation Commission granted an extension to the CSL Limited self-insurance licence until 30 June 2015 with tier 3 status maintained.

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. Throughout the Company's operations, environmental leadership groups continue to refine data collection systems and processes to ensure the Company is well prepared for new regulatory requirements.

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, European, North American or Asia Pacific operations during the year ended 30 June 2011.

The consolidated group has undertaken a number of studies to assess the risks that climate change poses to the Company and its operations. The studies indicate that climate change and measures introduced or announced

*Gardasil and Pneumovax are trademarks of Merck & Co. Inc.

Directors' Report continued

by various governments to address climate change do not pose any significant risks or significant financial impact to its operations in the short to medium term. Climate change risk and control measures continue to be monitored and acted upon by the Company to ensure compliance to new and emerging regulatory requirements.

As part of compliance and continuous improvement in environmental reporting, both regulatory and voluntary, the Company continues to report on key environmental issues including energy consumption, emissions, water use and management of waste as part of its Corporate Responsibility Report - 2010. Other reporting included reporting under the Australian Government's *National Greenhouse Energy Reporting Act (2007)*. The Company's Australian operations did not exceed thresholds for NGER data publication for the 2010 reporting year.

12. Directors' Shareholdings and Interests

At the date of this report, the interests of the directors who held office at 30 June 2011 in the shares, options and performance rights of the Company are set out in Note 28(g) 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 15 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 Statements.

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

The number of options 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 Note 27 (c) and (d) of the Financial Statements. Since the end of the financial year, no shares were issued under the Company's Performance Rights Plan.

15. 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.

Directors' Report continued

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

The Company paid insurance premiums of \$1,313,940 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.

16. 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; and
- 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 2011:

	\$
Due diligence and completion audits	-
Compliance and other services	120,696
Total fee paid for non-audit services	120,696

17. 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.

Directors' Report
continued

Message from the Board

The CSL Board has this year adapted the style and content of this report with the intention of adding clarity and transparency. We appreciate feedback from CSL's shareholders on our communication of remuneration matters.

Our remuneration philosophy is underpinned by a rigorous approach to performance management which is applied to senior executives and throughout the organisation.

CSL is a global company in terms of ownership, operations and employees. The CSL Board considers the reasonable expectations of shareholders, noting that nearly 40% of CSL's shares were held outside Australia as at 30 June 2011. We are also mindful of the need to attract, retain and reward executives in the many geographic locations in which they are employed. We believe that we have addressed these considerations in a balanced way.

In 2010-2011, we implemented the outcomes of an in-depth review of long term incentives, the main conclusions of which were published in last year's remuneration report. Long term incentives in the form of equity (performance rights and performance options) are now available only to the most senior executives.

In October 2010 we introduced a new element into our remuneration mix in the form of (three year) deferred cash incentives for a number of executives. More details are contained in this report. Our intention in this was to improve our overall market remuneration position in order to maximise retention of key executives while continuing to align executive reward and shareholder returns.

We have reviewed and increased the number of senior executives who are defined as Key Management Personnel (KMP). Previously this was limited to those direct reports to the Managing Director who met the KMP criteria. In this and future reports, we will additionally include Executive Vice President positions reporting into the President CSL Behring, of which we currently have three based in the United States.

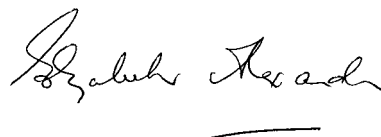
During 2011 the Company's growth in sales revenue and in NPAT at constant currency was 9% and 14% respectively (after removing the sales and NPAT impact of H₁N₁ vaccines in 2010). This continued strong performance was taken into account in the Executive KMP short term incentive awards.

Understanding the remuneration landscape in the markets within which we operate is an important input to remuneration decisions. For support with providing market data and analysis for the 2011 Senior Executive remuneration review we have appointed Guerdon Associates who are contracted by the Human Resources and Remuneration Committee (HRRC) and report directly to them.

The HRRC and Board Charters were amended in July 2011 to include new responsibilities relating to diversity. The CSL Diversity Policy and measurable objectives have been set and are described in the Corporate Governance Statement within CSL's Annual Report. We look forward to following through and reporting on these objectives in next year's report.



David Simpson
Chairman
HR and Remuneration Committee



Elizabeth Alexander
Chairman
CSL Limited

Directors' Report continued

18. Remuneration Report

Introduction

This Remuneration Report sets out the Company's remuneration framework and practices and the remuneration arrangements for the 2011 financial year. This report has been prepared in accordance with the requirements of the Corporations Act 2001 and the Corporations Regulations 2001. It has been audited pursuant to section 308(3C) of the Corporations Act 2001.

Key Management Personnel

Key Management Personnel ("KMP") in this report are those individuals having authority and responsibility for planning, directing and controlling the major activities of the Company during the financial year. They include Non-Executive Directors, Executive Directors and Executive KMP. All are listed below:

Non-Executive Directors	Position
Ms Elizabeth Alexander	Chairman
Mr John Akehurst	Non-Executive Director
Mr David Anstice	Non-Executive Director
Mr Ian Renard	Non-Executive Director
Mr Maurice Renshaw	Non-Executive Director
Professor John Shine	Non-Executive Director
Mr David Simpson	Non-Executive Director
Ms Christine O'Reilly ¹	Non-Executive Director

¹ Appointed Non-Executive Director from 16 Feb 2011.

² President CSL Behring throughout the year. Became a CSL Limited Director in December 2009.

³ Executive KMP for the full year in the role of Executive Vice President Commercial Operations. Appointed as President, CSL Behring (Designate) on 29 March 2011 and assumed the role on 1 July 2011.

⁴ Relocated to the US in the role of Executive Vice President Operations CSL Behring from 1 April 2010.

⁵ Executive KMP at CSL Behring in the role of Executive Vice President Plasma, Supply Chain & IT.

⁶ Ceased to be an Executive Director and KMP from 13 October 2010 and employment ceased 31 March 2011.

Remuneration Framework

Through an effective remuneration framework the Company aims to:

- provide fair and equitable rewards;
- align rewards to business outcomes that create value for shareholders;
- drive a high performance culture by rewarding the achievement of strategic and business objectives;
- attract, retain and motivate high calibre employees; and
- ensure remuneration is competitive in each of our international employment markets.

Executive KMP including Executive Directors	Position
Dr Brian McNamee	Managing Director
Mr Peter Turner ²	Executive Director
Mr Paul Perreault ³	President CSL Behring
Mr Gordon Naylor	Chief Financial Officer
Dr Andrew Cuthbertson	Chief Scientific Officer
Dr Jeff Davies	Executive Vice President, CSL Biotherapies
Mr Greg Boss	Group General Counsel
Ms Mary Sontrop ⁴	Executive Vice President Operations
Ms Karen Etchberger ⁵	Executive Vice President Plasma, Supply Chain and IT
Mr Edward Bailey	Company Secretary
Ms Jill Lever	Senior Vice President, Human Capital
Mr Tony Cipa ⁶	Finance Director

Directors' Report continued

Human Resource and Remuneration Framework Responsibilities

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

The full Board has responsibility for:

- (a) approving any framework or policy for setting the remuneration of the Managing Director and the Company's executives;
 - (b) appointing and, where appropriate, removing the Managing Director, approving other key executive appointments, and planning for executive succession;
 - (c) overseeing and evaluating the performance of the Managing Director and other senior executives who report to the Managing Director in the context of the company's strategies and objectives;
 - (d) reviewing and approving the remuneration of the Managing Director and those senior executives who report to the Managing Director, inclusive of fixed pay and short and long term incentive components (subject to any approval of shareholders in General Meeting for executive directors to acquire securities under an employee incentive scheme);
 - (e) approving the establishment of or any amendment to employee share, performance option, performance rights and deferred cash incentive plans;
 - (f) reviewing and approving remuneration and other benefits to be paid to non-executive directors (subject to any maximum sum for remuneration of non-executive directors approved by shareholders in General Meeting);
 - (g) on an annual basis, approving measurable objectives for achieving gender diversity and assessing progress towards achieving them; and
 - (h) Board succession planning to ensure an appropriate mix of skills, experience, expertise and diversity (subject to the power of shareholders in General Meeting to elect or re-elect directors).
- The HRRC is responsible for approving human resources initiatives of the CSL Group generally. The HRRC's responsibilities include:
- (a) recommending to the Board a framework or policy for setting the remuneration of the Managing Director and the CSL Group's executives. The policy should aim to set remuneration outcomes which:
 - (i) are competitive, equitable and designed to attract and retain high quality executives;
 - (ii) motivate executives to pursue the long-term growth of the CSL Group; and
 - (iii) establish a clear relationship between executive performance and remuneration;
 - (b) reviewing and recommending to the Board the design of any share, performance option, performance rights, retention and deferred cash incentive plans including performance measures and any amendments to such schemes or plans;
 - (c) reviewing and recommending to the Board proposals from the Managing Director for allocations under share, performance option, performance rights, retention and deferred cash incentive plans;
 - (d) reviewing, approving and monitoring the implementation of the Company's Human Resources Strategic Plan, and Performance Management Systems;
 - (e) reviewing and recommending to the Board the total individual remuneration package of the Managing Director and of all senior executives who report to the Managing Director;
 - (f) reviewing the CSL Group's executive succession plan;
 - (g) reviewing and recommending to the Board the remuneration and other benefits of the Non-Executive Directors;
 - (h) engaging on behalf of the Company and interacting directly with any remuneration consultant required to assist the HRRC in matters related to the design of the CSL Group's key management personnel remuneration system and the implementation of appropriate remuneration levels within the agreed system;
 - (i) overseeing the establishment of and regular review of the CSL Group's diversity policy and reviewing and recommending to the Board measurable objectives for achieving gender diversity;
 - (j) reviewing and reporting to the Board at least annually on the relative proportion of women and men within the CSL Group and of the remuneration by gender of CSL Group employees at all levels;
 - (k) reviewing bi-annually the Company's global health, safety and environmental performance; and
 - (l) reporting to the Board the findings and recommendations of the HRRC after each meeting.

Directors' Report continued

The HRRC comprises four independent Non-Executive Directors, namely David Simpson (Chairman), John Akehurst, David Anstice and Christine O'Reilly (from 1 May 2011). Jill Lever, Senior Vice President – Human Capital, acts as the secretary of the HRRC. The Board Chairperson may attend any meeting of the HRRC in an ex officio capacity. The Managing Director, Senior Executives and professional advisors retained by the HRRC attend meetings by invitation.

The HRRC 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 the HRRC meetings held during the year and individual Directors' attendance at these meetings can be found in section 3 of this Directors' Report.

Non-Executive Directors' Remuneration

A remuneration pool of up to \$2,500,000 for the payment of Non-Executive Directors was approved by shareholders on 13 October 2010. This limit applied from 1 July 2010 and any increases to the limit are subject to shareholder approval at a general meeting.

The Board believes that the fee structure approved for Non-Executive Directors must:

- enable the Company to attract and retain suitably qualified directors with appropriate experience and expertise; and
- have regard to directors' Board responsibilities and their activities on Board committees.

Table 1 below sets out annual Non-Executive Director Board and committee fees which became effective 1 July 2010. The fees are inclusive of superannuation.

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

Non-Executive Directors participate in the Non-Executive Directors' Share Plan approved by shareholders at the 2002 annual general meeting, as amended. The Non-Executive Directors' Share Plan requires that each Non-Executive Director takes at least 20% of their after tax director's base fee (excluding superannuation guarantee contributions) in the form of shares in CSL Limited.

Shares are purchased by Directors on-market at prevailing share prices, twice yearly, after the announcement of the Company's half and full year results.

The Board terminated the Non-Executive Director retirement plan as at 31 December 2003 and froze the retirement allowance as at that date. The Non-Executive Directors who remain entitled to a retirement allowance at the level frozen in 2003 are Elizabeth Alexander and Ian Renard.

Directors may be reimbursed for reasonable expenses incurred by them in the course of discharging their duties.

Table 10 shows remuneration paid to Non-Executive Directors in respect to the 2010 and 2011 years.

Table 1 – Annual Non-Executive Director Board and Committee Fees

Role	Board Base Fee	Audit & Risk Management Committee	Human Resources & Remuneration Committee	Nomination Committee	Securities & Market Disclosure Committee	Innovation & Development Committee
Chairman	550,000	40,000	30,000	-	-	30,000
Members	180,000	20,000	15,000	-	-	15,000

Directors' Report continued

Structure of Executive KMP Remuneration

Executive KMP remuneration details prepared in accordance with statutory requirements and accounting standards are contained in Table 11 of this report.

The diagram below outlines the Company's remuneration structure for the Executive KMP covered in this report.

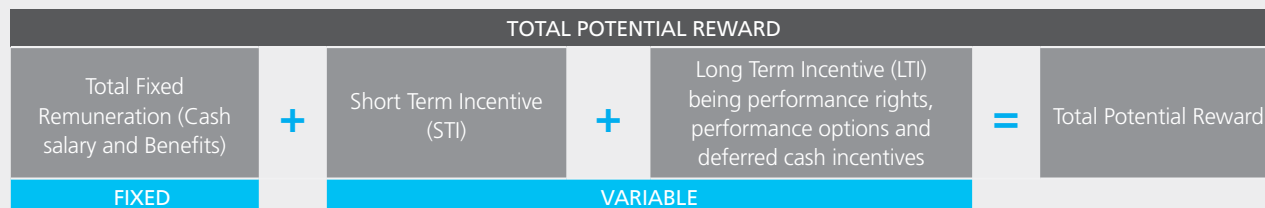


Table 2 below shows the key elements of Total Reward in 2011 as the cash elements actually available to Executive KMP in the 2011 year as well as the value of equity from former years that vested in 2011 and which was originally reported under accounting standards in the year it was granted.

Table 2

Executive KMP including Executive Directors	Total 2011 Fixed Remuneration	STI Applicable to the 2011 year	LTI Vested in 2011*	Total Reward (received or available)
Dr Brian McNamee ^Δ	\$2,517,900	\$1,359,666	\$1,614,786	\$5,492,352
Mr Peter Turner [#]	\$1,071,414	\$538,053	\$584,753	\$2,194,220
Mr Paul Perreault [#]	\$480,992	\$243,989	\$274,788	\$999,769
Mr Gordon Naylor	\$851,481	\$361,879	\$188,035	\$1,401,395
Dr Andrew Cuthbertson	\$702,441	\$316,098	\$333,033	\$1,351,572
Dr Jeffrey Davies	\$514,382	\$167,174	\$205,387	\$886,943
Mr Gregory Boss [#]	\$476,792	\$219,570	\$185,228	\$881,590
Ms Mary Sontrop [#]	\$480,928	\$231,590	\$206,260	\$918,778
Ms Karen Etchberger [#]	\$378,285	\$172,298	\$161,008	\$711,591
Mr Edward Bailey	\$390,600	\$117,180	\$55,959	\$563,739
Ms Jill Lever [†]	\$422,280	\$168,912	n/a	\$591,192
Mr Tony Cipa [°]	\$750,784	-	\$584,785	\$1,335,569

^Δ Dr McNamee is entitled to an additional Deferred STI payment of \$679,833 applicable to the 2011 year in accordance with the terms outlined on page 48-49.

* Number of Options (excluding exercise price) and rights vested during the year multiplied by the share price of \$32.20 at the date of vesting.

[†] Ms Lever commenced employment on 1 June 2009 i.e. after the award date of the grants which vested during the 2011 year.

[°] Mr Cipa's fixed remuneration until cessation of employment on 31 March 2011. Mr. Cipa ceased to be a Director on 13 October 2010.

[#] 2011 Fixed remuneration and STI paid in USD converted to AUD using 2011 average exchange rate.

Directors' Report continued

Total Fixed Remuneration (TFR)

TFR is set based on a combination of an internal assessment of job weight (through a global job evaluation system), review of market data for comparable roles and the incumbent's qualifications and experience. The rate of TFR progression is influenced by annual reviews of performance against objectives and changes in the remuneration market data which is provided by Guerdon Associates. TFR is delivered as cash or benefits.

Short-term Incentives (STI)

The STI is a variable reward paid annually in cash to Executives who meet or exceed agreed objectives based on their annual performance evaluated under CSL's performance management system. Table 3 below shows the bonus opportunity of each KMP and the outcome of the STI review for 2011.

The Board approves the Managing Director's performance objectives, ensures that they are consistent with Board approved corporate objectives, plans and budgets after removing the impact of currency and reviews performance against objectives regularly throughout the year. The Managing Director sets the performance objectives of his direct reports, with those objectives subject to HRRC review. Performance objectives include a blend of financial, corporate and individual objectives and typically include targets in relation to contribution to earnings in the respective operating currency, the successful implementation of strategic initiatives,

management of operating expenses, customer service, behaviour that is consistent with the CSL Group values, risk management (including Health, Safety and Environment objectives) and portfolio management.

A formal review of each Executive KMP's progress against his or her specific objectives is conducted twice annually by the Managing Director, with the full year performance review discussed by the HRRC and confirmed by the Board.

Managing Director's Deferred Short Term Incentive

A deferred cash incentive arrangement has been in place for the Managing Director since 2008. It operates as follows:

- if at the end of the financial year, the Managing Director's performance generates an entitlement to a cash settled STI then it also generates an entitlement to an additional deferred cash amount;
- the additional deferred cash reward is equal to 50% of the STI awarded for performance during that financial year. The amount is then divided by CSL Limited's volume weighted share price during the last week of the entitlement year to give a number ('A'); and
- 3 years from the end of the entitlement year (or earlier at the Board's discretion), the Managing Director is entitled to the payment of a cash amount equivalent to 'A' multiplied by CSL Limited's volume weighted share price during the last week immediately prior to the end of that 3 year period (or such earlier periods as the Board may determine).

Table 3 – Executive KMP Short Term Bonus Opportunity and Actual 2011 Bonus

Executive KMP including Executive Directors	Bonus Potential Maximum % of 2011 Fixed Remuneration at 30 June 2011	STI Awarded as a % of Potential in 2011	Actual Bonus Award in 2011 \$
Dr Brian McNamee*	90%	90%	\$2,039,499
Mr Peter Turner	50%	100%	\$538,053
Mr Paul Perreault	50%	100%	\$243,989
Mr Gordon Naylor	50%	85%	\$361,879
Dr Andrew Cuthbertson	50%	90%	\$316,098
Dr Jeff Davies	50%	65%	\$167,174
Mr Greg Boss	50%	90%	\$219,570
Ms Mary Sontrop	50%	95%	\$231,590
Ms Karen Etchberger	50%	90%	\$172,298
Mr Edward Bailey	40%	75%	\$117,180
Ms Jill Lever	40%	100%	\$168,912
Mr Tony Cipa	50%	0	n/a

*One-third of Dr. McNamee's awarded STI bonus is deferred in accordance with the terms outlined on page 48-49.

Directors' Report

continued

The Managing Director receives a cash payment upon the expiry of the relevant 3 year period (or earlier at the Board's discretion). In the event of the Managing Director leaving the Company the earned but deferred STI is payable in full either at the end of the original 3 year period or earlier at the Board's discretion.

In 2011 the Managing Director became entitled to a further deferred STI.

Executive Deferred Cash Incentives

Deferred Cash Incentives may be offered at the discretion of the Board under the Executive Deferred Incentive Plan (EDIP) in the form of Phantom Shares which are converted to cash at the end of a 3 year vesting period (based on CSL Limited's volume weighted average share price during the 5 trading days immediately preceding the vesting date).

The Board approved an allocation of phantom shares for Executive KMP in 2011 under the EDIP. This was done primarily to reduce the risk of loss of executives in roles that are: key to the delivery of operating or strategic objectives; manage critical activities; or undertake functions requiring skills that are in short supply and are actively sought in the market.

In 2011 the face value of such awards to Executive KMP was between 30% and 80% of the individual's awarded STI bonus. The face value (refer to Table 4) was divided by CSL Limited's volume weighted share price during the last week of the

entitlement year to give a number ('A'). Three years from the end of the entitlement year the Executive 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.

To qualify for the cash payment, Executive KMP must achieve at least a 'good' rating under CSL's performance management system and must remain in employment for the full three year period.

A "Good Leaver" policy applies to the EDIP. This policy allows the Board in its absolute discretion, to determine that any or all of the performance rights and performance options will not lapse upon cessation of employment in the case of voluntary retirement, bona fide redundancy, death or total and permanent disablement or any other reason as determined by the Board in its discretion. Those phantom shares which do not lapse will generally be calculated on a pro-rated basis between the grant date and the employment end date. The pro-rated grants will be subject to the ongoing application of the vesting and expiry provisions of the EDIP.

In the event of a Change in Control, the Board may determine the manner in which Phantom Share Awards will be dealt with so that each participant remains in a financial position which is as near as possible to that which existed immediately prior to the Change of Control Event occurring.

The allocation of phantom shares for Executive KMP in 2011 was as follows:

Table 4 – Executive KMP Deferred Cash Awards in 2011

Executive KMP including Executive Directors	Number of Phantom Shares	Face Value at Grant Date *\$
Mr Peter Turner	8,850	296,033
Mr Paul Perreault	6,000	200,700
Mr Gordon Naylor	3,300	110,385
Dr Andrew Cuthbertson	4,900	163,905
Dr Jeff Davies	4,750	158,888
Mr Greg Boss	4,150	138,818
Ms Mary Sontrop	4,950	165,578
Ms Karen Etchberger	2,400	80,280
Mr Edward Bailey	1,300	43,485
Ms Jill Lever	1,200	40,140

*Volume weighted share price during the 5 days immediately preceding grant date multiplied by the number of phantom shares

Directors' Report continued

Long-term Incentives - Performance Rights and Performance Options

Long-term incentives are offered each year at the discretion of the Board in the form of Performance Rights and Performance Options delivered under the CSL Performance Rights Plan (the "PRP") which has been operating since 2003 with periodic changes to the PRP Rules.

Performance Rights are issued for nil cash consideration and entitle the holder to subscribe for one share in CSL Limited for nil consideration when they vest. Performance Options are also issued for nil consideration and, when they vest, they entitle the holder to acquire one share in CSL Limited at a purchase price equivalent to CSL Limited's volume weighted average share price in the week immediately prior to the date of grant.

A grant of Performance Rights and Performance Options is split into tranches, with each tranche having a different vesting period. At the end of a vesting period, an assessment is made as to whether or not the performance hurdles attaching to the particular tranche have been met. Both EPS and TSR performance hurdles are applied to both Performance Rights

and Performance Options. Where the applicable performance hurdles are met, the tranche vests and the underlying instruments become exercisable until their expiry date. Any vested but unexercised Performance Rights and Performance Options expire seven years from the date of their initial grant. When performance hurdles have not been met, then the particular tranche of Performance Rights or Performance Options can be carried over to the next anniversary and retested. Any Performance Rights and Performance Options that have not vested at the retest opportunity then lapse. The key characteristics and terms and conditions of Performance Rights and Performance Options granted in 2011 are explained in Table 7.

The terms and conditions and key characteristics of Performance Rights and Performance Options changed at the October 2010 grant. The characteristics of grants made between 2006 and 2009 are summarised in Table 15.

During 2011, a number of tranches of Performance Rights and Performance Options granted between 2006 and 2009 reached the test date for vesting. The outcomes are shown in Table 5.

Table 5 – 2011 Vesting Outcomes (Performance Rights and Performance Options granted 2006-2009)

Performance Rights			
Grant Date	Tranche	Vest Date	Relative TSR Percentile Ranking
October 2006	Tranche 3	October 2010	96.7 th
October 2007	Tranche 2	October 2010	82.8 th
April 2008	Tranche 2	April 2011	72.8 th
October 2008	Tranche 1	Did not vest	-
April 2009	Tranche 1	Did not vest	-

Performance Options			
Grant Date	Tranche	Vest Date	Compound Annual EPS Growth
October 2006	Tranche 3	October 2010	26.4%
October 2007	Tranche 2	October 2010	18.6%
April 2008	Tranche 2	April 2011	18.6%
October 2008	Tranche 1	October 2010	13.5%
April 2009	Tranche 1	April 2011	13.5%

Directors' Report continued

In 2010 the Board completed a comprehensive review of the PRP with independent advice provided by Ernst and Young and made a number of changes to the PRP design. Long term incentives in the form of Performance Rights and Performance Options were offered in the 2011 year to all Executive KMP and to 13 other Senior Executives at the level of Senior Vice President and above. The grant of Performance Rights and Options to Executive Directors is in accordance with the resolution approved by shareholders at the 2010 annual general meeting.

The Board determined a maximum allocation value for Executive KMP and 13 other Senior Executives of \$9.4 million in 2010/2011 for LTI equity awards comprising performance rights and performance options. The value which may ultimately be realised from these awards is dependent upon CSL's performance and its future share price. In accordance with Board Policy, Executive KMP are not permitted, either by hedging or any other method, to limit their exposure to risk in relation to any share based equity rewards. From time to time, the Company Secretary makes inquiries of Executive KMP as to their compliance with this policy.

The grant of long term incentives to Executive KMP including Executive Directors in 2011 is based on a percentage of fixed remuneration rising with job weight as noted in Table 6 below.

Table 6 – Executive KMP – Long Term Incentive in 2011

Executive KMP including Executive Directors	Rights and Options* as a % of Fixed Remuneration
Dr Brian McNamee	80%
Mr Peter Turner	75%
Mr Paul Perreault	75%
Mr Gordon Naylor	75%
Dr Andrew Cuthbertson	75%
Dr Jeff Davies	70%
Mr Gregory Boss	75%
Ms Mary Sontrop	70%
Ms Karen Etchberger	70%
Mr Edward Bailey	60%
Ms Jill Lever	60%

*The number of performance rights and performance options are calculated based on an assessment of the fair market value of the instruments in accordance with the accounting standards (refer Note 27 in the Financial Statements).

Key features of the October 2010 grant under the PRP include:

- Subject to performance hurdles being satisfied, vesting of 50% of the LTI award will occur after 3 years, with the remaining 50% vesting after the 4th anniversary of the award date;
- The mix of long-term incentives is 80% Performance Rights and 20% Performance Options;
- Both EPS and TSR measures (see Table 7) are applied to both Performance Rights and Performance Options;
- Each tranche of Performance Rights and Performance Options will have one retest opportunity in the event that performance hurdles are not met at the first testing date. If the performance hurdles are not met on the retest dates the instruments lapse;
- The "Good Leaver" policy allows the Board in its absolute discretion, to determine that any or all of the Performance Rights and Performance Options will not lapse upon cessation of employment in the case of voluntary retirement, bona fide redundancy, death or total and permanent disablement or any other reason as determined by the Board in its discretion. Those Performance Rights and Performance Options which do not lapse will generally be calculated on a pro-rated basis between the grant date and the employment end date. The pro-rated grants will be subject to the ongoing application of the vesting and expiry provisions of the PRP Rules; and
- In the event of a Change in Control, the Board may determine the manner in which Performance Rights and Performance Options will be dealt with so that each participant remains in a financial position which is as near as possible to that which existed immediately prior to the Change of Control Event occurring.

The key characteristics and terms and conditions of Performance Rights and Performance Options granted in 2011 are summarised in Table 7.

Directors' Report

continued

LTI Business Performance Hurdles

Two types of quantitative performance hurdles are used to assess whether or not performance rights and performance options vest at the relevant testing dates. The use of these performance hurdles results in an alignment of long-term incentive rewards/outcomes with corporate performance and returns to shareholders. They increase the market competitiveness of Executive KMP remuneration and facilitate the attraction and retention of high calibre executives.

(i) Relative Total Shareholder Return (TSR)

A company's TSR is measured by reference to increases in share price between grant date and vesting date (or retest date where applicable) and by reference to dividends paid during those dates. Performance Rights and Performance Options subject to a TSR hurdle only start to vest when CSL's TSR places it at or above the 50th percentile of relative TSR performance as compared against a peer group. The peer group is the ASX top 100 companies by market capitalisation (excluding commercial banks, oil and gas and metals and mining). The peer group of companies whose TSR performance is compared to CSL's is fixed at the date when a grant of rights and options is made. If on a test date, a de-listing occurs of companies in the peer group on grant date because of a merger into a new entity, the merged entities, both pre and post merger are excluded from the peer group.

(ii) Basic Earnings per Share (EPS)

Performance Rights and Performance Options subject to an EPS hurdle only vest where CSL Limited achieves a compound EPS growth per annum of 10% or greater. This is measured from 30 June in the financial year preceding a grant of Performance Rights or Performance Options until 30 June in the financial year prior to the relevant test date. The Board may use its discretion to adjust the EPS used for performance measurement purposes to exclude the profit and loss impact attributable to significant events or transactions. In the past this has been done in respect of the contingent payment relating to the acquisition of Aventis Behring and profit after tax upon disposal of JRH Biosciences, the cancelled Talecris acquisition and the sales of H₁N₁ vaccines.

Table 7 – Key Characteristics of Performance Rights and Options granted 2011

LTI Grant year	Tranche	Proportion of Grant	Tranche comprises		Applicable performance hurdle		Vesting Period years	Re-test opportunities
			Performance Options	Performance Rights	Performance Options	Performance Rights		
2011	1	50%	20%	80%	50% EPS / 50% TSR		3	1
	2	50%	20%	80%			4	1

LTI Grant year	Level of performance at the expiration of the vesting period		Amount of grant which vests
2011	50% of options and rights granted		100%
	50% of options and rights granted	EPS growth = or >10% compound	100%
		Below the 50th percentile in relative TSR performance	0%
		At the 50th percentile in relative TSR performance	50%
		Between the 50th and 75th percentile in relative TSR performance	Straight line vesting from 50% to 100%
Above the 75th percentile in relative TSR performance	100%		

Directors' Report continued

Cap on Issue of Equity to Employees

The PRP Rules approved by shareholders at the 2003 Annual General Meeting require that, at any point in time, the aggregate number of CSL shares that:

- have previously been issued to employees under the Company's employee equity plans and which remain subject to the rules of the relevant plan (e.g. a disposal restriction); and
- would be issued if all outstanding share options under such plans (whether or not vested at the time) were to be exercised,

must not exceed 7.5% of the total number of CSL shares on issue at that time.

As at 30 June 2011 the aggregate number of CSL shares under (a) and (b) above was 0.99% of the total number of CSL shares on issue.

In addition, to satisfy a condition of the exemption granted by the Australian Securities and Investments Commission from certain prospectus and licensing laws, CSL must ensure that, at the time of each offer of shares or share options under an employee equity plan, the aggregate number of CSL shares which are:

- the subject of outstanding offers of shares or share options to, or outstanding share options held by employees in Australia; and
- issued to employees in Australia under the Company's equity plans in the 5 year period preceding the offer,

in each case, after disregarding offers to or holdings of exempt offer recipients, must not exceed 5% of the total number of CSL shares on issue at the time of the offer.

Relationship between Company Performance and Executive KMP Remuneration

The Company's remuneration framework aims to incentivise Executive KMP towards growth and long-term sustainability of the business, and the creation of shareholder value.

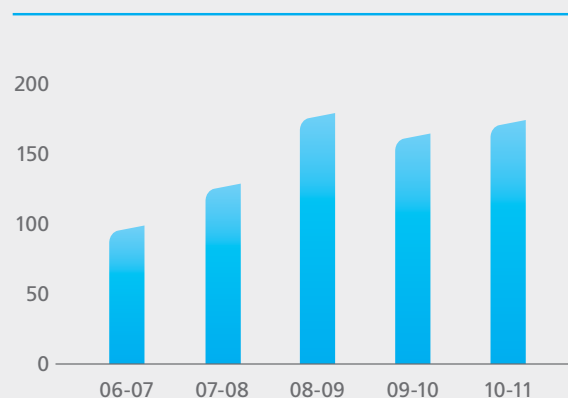
Performance objectives for short term incentive awards include a blend of financial, corporate and individual objectives and typically include targets in relation to contribution to earnings (in the respective operating currency), the successful implementation of strategic initiatives, management of operating expenses, customer service, behaviour that is consistent with the CSL Group values, risk management (including Health, Safety and Environment objectives) and portfolio management.

The creation of shareholder value is reflected in the Company's earnings per share (EPS) and Total Shareholder Return (TSR).

The payment of long-term equity rewards in the form of performance rights and performance options is linked to compound EPS (adjusted for significant one off events) and relative TSR. This is explained further on page 52.

The company's EPS over the last five years is displayed in the graph below.

Basic earnings per share
(cents)*



* In the above graph, the EPS used for performance management purposes has been adjusted to exclude the profit and loss impact attributable to the following significant events and transactions:

- 2009 financial year excluded the favourable NPAT impact of \$79m (or 13.3 cents per share) arising from the termination of the Talecris acquisition; and
- 2010 financial year excluded the favourable NPAT impact of \$122m (or 21.5 cents per share) attributable to H₁N₁ pandemic influenza sales.

Directors' Report continued

Table 8 below illustrates the Company's annual compound growth in basic EPS in respect of performance options granted in 2007, 2008, 2009 and 2010 respectively.

Table 8 – Annual Compound Growth in Basic EPS

Year of Grant	Compound EPS growth to end of financial year			
	2008	2009	2010	2011
2007	30%	35%	19%	15%
2008		41%	13%	11%
2009			-8%	-1%
2010				6%

The company's TSR performance over the relevant performance periods up to 30 June 2011 in respect of as yet unvested performance rights shown in Table 9 below is indicative and for information purposes. The formal TSR calculations will be undertaken at the vesting date.

Table 9 – Relative TSR Performance from Grant Date to 30 June 2011

Performance Right Issue	Indicative Relative TSR Percentile Ranking
October 2007	77.2%
April 2008	68.6%
October 2008	40.9%
April 2009	17.7%
October 2009	54.6%
October 2010	52.3%

Employment Contracts

Non-Executive Directors

There are no specific employment contracts with Non-Executive Directors. Non-Executive Directors are appointed under a letter of appointment and are subject to ordinary election and rotation requirements as stipulated in the ASX Listing Rules and CSL Limited's constitution.

Executive KMP (including Executive Directors)

Executive KMP are employed under individual service contracts. The service contract outlines terms of employment including fixed remuneration. The potential short-term incentive may be stipulated in the contract or be governed by the Company's remuneration policy which sets out the level applicable to various seniority levels. The award of short or long term incentives remains at the discretion of the Board.

Employment contracts for Executive KMP do not have a fixed term. The contracts may be terminated by the Company or the Executive by giving 6 months notice. An Executive KMP's employment may be terminated without notice and without payment in lieu in the event of serious misconduct and/or breach of contract. On termination by the Company for other reasons, including redundancy, an Executive KMP is entitled to 6 months notice and to receive 12 months salary (excluding non-cash benefits). New contracts from November 2009 contain provisions which explicitly limit termination payments in accordance with the changes implemented by the Australian Government in 2009 unless shareholder approval is sought to exceed those limits.

Advisers to the HRRC

The Board and HRRC engage the services of independent consultants for the provision of market remuneration data and to advise on the remuneration of Non-Executive Directors, Executive Directors and Executive Key Management Personnel. During 2010/2011, remuneration consulting services were provided by Guerdon Associates. Ernst & Young assisted in the design of a revised long-term incentive scheme which was introduced from 1 October 2010.

In 2011, Guerdon Associates was appointed as principal advisers on executive remuneration contracted by and reporting directly to the HRRC.

Remuneration for Australia based Executive KMP was primarily compared with: matched executives from an ASX 50 peer group comprising 18 ASX50 companies either side of CSL in market capitalisation such that CSL approximated to the 50th percentile.

Remuneration for US based Executive KMP was primarily compared with 14 international biomedical and pharmaceutical companies where CSL approximated to the 50th percentile on market capitalisation.

The comparison with relevant market data is an important input to the positioning of Executive KMP remuneration. In determining appropriate Executive KMP remuneration, the Board also take into consideration internal relativities, experience and performance.

Directors' Report

continued

Remuneration Tables

Remuneration Tables and additional Remuneration Disclosures are outlined in the following section of this report.

Table 10 – Executive and Non-Executive Directors Remuneration

Directors	Year	Short-term benefits			Post employment			Other long-term		Share Based Payments			Total
		Cash salary and fees ¹	Cash bonus	Non-monetary benefits	Super-annuation	Retirement benefits	Termination Payments	Long service leave	Deferred Incentive	Performance rights ²	Performance options ²	Cash Settled Deferred Payment ⁵	
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Executive Directors													
Dr Brian McNamee	2011	2,503,863	1,359,666	-	49,999	-	-	168,630	679,833	865,915	862,939	-	6,490,845
<i>Managing Director</i>	2010	2,195,406	1,260,000	-	50,000	-	-	110,918	630,000	851,712	985,329	-	6,083,365
Mr Peter Turner	2011	1,094,863	538,053	16,127	243,231	-	-	80,896	-	380,123	375,124	68,742	2,797,159
<i>Executive Director</i>	2010	1,115,605	593,866	13,330	247,735	-	-	88,077	-	338,256	415,303	-	2,812,172
Mr Tony Cipa ³	2011	764,477	-	-	21,071	-	500,523	18,773	-	22,948	33,842	-	1,361,634
<i>Finance Director</i>	2010	937,292	350,366	-	19,668	-	-	98,327	-	93,968	14,969	-	1,514,590
Non-executive Directors													
Ms Elizabeth Alexander	2011	527,294	-	-	22,706	-	-	-	-	-	-	-	550,000
<i>Chairman</i>	2010	440,894	-	-	29,106	-	-	-	-	-	-	-	470,000
Mr John Akehurst	2011	178,899	-	-	16,101	-	-	-	-	-	-	-	195,000
<i>Non-executive director</i>	2010	175,138	-	-	15,762	-	-	-	-	-	-	-	190,900
Mr David Anstice	2011	192,661	-	-	17,339	-	-	-	-	-	-	-	210,000
<i>Non-executive director</i>	2010	185,138	-	-	16,662	-	-	-	-	-	-	-	201,800
Mr Ian Renard	2011	201,835	-	-	18,165	-	-	-	-	-	-	-	220,000
<i>Non-executive director</i>	2010	195,138	-	-	17,562	-	-	-	-	-	-	-	212,700
Mr Maurice Renshaw	2011	192,661	-	-	17,339	-	-	-	-	-	-	-	210,000
<i>Non-executive director</i>	2010	185,138	-	-	16,662	-	-	-	-	-	-	-	201,800
Professor J Shine	2011	178,899	-	-	16,101	-	-	-	-	-	-	-	195,000
<i>Non-executive director</i>	2010	175,138	-	-	15,762	-	-	-	-	-	-	-	190,900
D J Simpson	2011	211,009	-	-	18,991	-	-	-	-	-	-	-	230,000
<i>Non-executive director</i>	2010	200,138	-	-	18,012	-	-	-	-	-	-	-	218,150
Ms Christine O'Reilly ⁴	2011	67,278	-	-	6,055	-	-	-	-	-	-	-	73,333
<i>Non-executive Director</i>													
Total of all Directors	2011	6,113,739	1,897,719	16,127	447,098	-	500,523	268,299	679,833	1,268,986	1,271,905	68,742	12,532,971
	2010	5,805,025	2,204,232	13,330	446,931	-	-	297,322	630,000	1,283,936	1,415,601	-	12,096,377

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 after-tax base fees (excluding superannuation guarantee contributions) in the form of shares in the Company which are purchased on-market at prevailing share prices. The value of this remuneration element is included in cash, salary and fees. Cash salary and fees and cash bonuses paid in foreign currency in respect to Mr P Turner who was based overseas 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 performance hurdles being achieved. This valuation was undertaken by PricewaterhouseCoopers. The amounts disclosed in remuneration have been determined by allocating the value of the options and performance rights evenly over the period from grant date to vesting date in accordance with applicable accounting standards. As a result, the current year includes options that were granted in prior years.

³ As announced to the ASX in December 2009, Mr Cipa resigned from his positions as Chief Financial Officer and Executive Director at the conclusion of the Annual General Meeting in October 2010. He was available to the Company in an advisory capacity until 31 March 2011 at which time he received entitlements due under his contract.

⁴ Ms C O'Reilly was appointed Director from 16 February 2011 and her remuneration is referable to services rendered from that date until 30 June 2011.

⁵ The fair value of the cash settled deferred payment (EDIP) has been measured by reference to the CSL share price at reporting date, adjusted for the dividend yield and the number of days left in the vesting period.

Directors' Report

continued

Table 11 – Non director executive key management personnel and other executive remuneration

Executives	Year	Short-term benefits			Post employment			Other long-term		Share Based Payments			Total
		Cash salary and fees ¹	Cash bonus ¹	Non-monetary benefits ¹	Super-annuation ¹	Retirement benefits	Termination Payments	Long Service Leave	Deferred Incentive	Performance rights ²	Performance options ²	Cash Settled Deferred Payment ⁶	
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Key Management Personnel													
Mr Paul Perreault ³	2011	491,796	243,989	19,286	20,431	-	-	-	-	207,867	223,915	46,605	1,253,889
<i>President CSL Behring</i>	2010	500,955	252,467	21,889	20,832	-	-	-	-	192,564	249,460	-	1,238,167
Mr Gordon Naylor	2011	898,684	361,879	11,956	17,576	-	-	152,763	-	240,480	221,795	25,633	1,930,766
<i>Chief Financial Officer</i>	2010	507,545	222,328	39,868	22,109	-	-	65,485	-	149,426	222,863	-	1,229,624
Dr Andrew Cuthbertson	2011	713,045	316,098	-	24,252	-	-	32,687	-	206,758	195,958	38,060	1,526,858
<i>Chief Scientific Officer</i>	2010	625,063	311,831	2,458	36,137	-	-	45,681	-	192,344	219,090	-	1,432,604
Dr Jeff Davies	2011	430,268	167,174	-	119,882	-	-	33,408	-	177,641	188,058	36,895	1,153,326
<i>Executive VP, CSL Biotherapies</i>	2010	429,639	226,233	-	135,396	-	-	50,385	-	135,301	201,617	-	1,178,571
Mr Greg Boss	2011	494,107	219,570	19,285	19,119	-	-	-	-	172,261	169,731	32,235	1,126,308
<i>Group General Counsel</i>	2010	462,257	244,701	21,397	21,218	-	-	-	-	118,166	176,052	-	1,043,791
Ms Mary Sontrop ⁴	2011	507,597	231,590	11,872	131,901	-	-	45,843	-	181,140	189,491	38,449	1,337,883
<i>Executive VP, Operations</i>	2010	375,374	236,618	1,035	144,963	-	-	25,781	-	136,087	202,910	-	1,122,768
Ms Karen Etchberger ⁵	2011	378,196	172,298	26,591	22,697	-	-	-	-	123,724	121,201	18,642	863,349
<i>Executive VP, Plasma, Supply Chain & IT</i>													
Mr Edward Bailey	2011	388,386	117,180	-	16,400	-	-	33,717	-	79,178	61,366	10,098	706,325
<i>Company Secretary</i>	2010	298,592	104,160	6,595	26,876	-	-	11,405	-	40,361	49,834	-	537,823
Ms Jill Lever	2011	365,570	168,912	-	34,569	-	-	11,730	-	72,713	60,070	9,321	722,885
<i>Senior VP, Human Capital</i>	2010	331,680	108,800	-	28,073	-	-	7,798	-	25,584	37,648	-	539,583
Total KMP remuneration	2011	4,667,649	1,998,690	88,990	406,827	-	-	310,148	-	1,461,762	1,431,585	255,938	10,621,589
	2010	3,531,105	1,707,138	93,242	435,604	-	-	206,535	-	989,833	1,359,474	-	8,322,931

¹ Cash salary and fees, cash bonuses and superannuation paid in foreign currency in respect to executives based overseas 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. The remuneration amounts disclosed in respect of Mr Perreault, Mr Boss, Ms Sontrop and Ms Etchberger are impacted by the AUD/USD exchange rate. All other executives listed in Table 11 receive remuneration which is solely denominated in Australian dollars.

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 that were granted in prior years.

³ Mr Perreault's appointment as President CSL Behring Designate was announced to the ASX in March 2011. He assumed the role on 1 July 2011. The 2010 remuneration report disclosed his remuneration as he was one of the top five remunerated executives in that year. His total remuneration disclosed for the 2011 is attributable to a 12 month period rather than solely to the period subsequent to his appointment to his present role.

⁴ Ms Sontrop relocated to the US to assume the role of Executive Vice President Operations CSL Behring from 1 April 2010. Her 2010 remuneration represents her remuneration for a 12 month period ending 30 June 2010.

⁵ Ms Etchberger is the Executive Vice President Plasma, Supply Chain and IT and is an Executive KMP.

⁶ The fair value of the cash settled deferred payment (EDIP) has been measured by reference to the CSL share price at reporting date, adjusted for the dividend yield and the number of days left in the vesting period.

Directors' Report
continued**Executive Key Management Personnel***Fixed and Performance Remuneration Components*

Table 12 – Executive key management personnel remuneration components in the 2011 financial year

Remuneration Components as a Proportion of Total Remuneration	Fixed Remuneration ¹	Variable Remuneration				Total	Total (100%)
		Cash Based Bonuses ²	Share Based Payments		Cash Settled Deferred Payment		
			Performance rights	Performance options			
Executive Directors							
Dr Brian McNamee	42%	32%	13%	13%	-	58%	100%
Mr Peter Turner	51%	19%	14%	13%	3%	49%	100%
Mr Tony Cipa	96%	-	2%	2%	-	4%	100%
Other executives							
Mr Paul Perreault	42%	19%	17%	18%	4%	58%	100%
Mr Gordon Naylor	56%	18%	13%	12%	1%	44%	100%
Dr Andrew Cuthbertson	50%	20%	14%	13%	3%	50%	100%
Dr Jeff Davies	51%	15%	15%	16%	3%	49%	100%
Mr Greg Boss	47%	20%	15%	15%	3%	53%	100%
Ms Mary Sontrop	52%	17%	14%	14%	3%	48%	100%
Ms Karen Etchberger	50%	20%	14%	14%	2%	50%	100%
Mr Edward Bailey	62%	17%	11%	9%	1%	38%	100%
Ms Jill Lever	57%	23%	10%	9%	1%	43%	100%

¹ Fixed remuneration comprises cash salary, superannuation and non monetary benefits.² Cash based bonuses include amounts awarded 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

Table 13 – Executive KMP performance remuneration components in the 2011 financial year

Key management person	Cash incentives ¹			Accounting Values being amortised in respect of the 2011 Share Based Payment grants in future years ²				Remuneration consisting of Share Based Payments	Grant date value of options & rights granted during 2011	Reporting date value of EDIP granted during 2011 ³	Value of options & rights exercised during 2011 at exercise date ⁴
	Maximum short-term incentive potential	Percentage Awarded ¹	Percentage Not Awarded ¹	2012 \$	2013 \$	2014 \$	2015 \$				
Executive Directors											
Dr Brian McNamee	90%	90%	10%	589,194	587,584	336,370	63,445	26%	2,014,464	-	8,021,027
Mr Peter Turner	50%	100%	0%	355,720	354,748	173,524	28,344	30%	899,960	276,736	1,227,654
Mr Tony Cipa	50%	-	-	-	-	-	-	4%	-	-	7,326,118
Other executives											
Mr Paul Perreault	50%	100%	0%	181,484	180,988	83,571	12,790	39%	406,088	187,618	810,615
Mr Gordon Naylor	50%	85%	15%	221,252	220,647	115,292	20,111	26%	638,539	103,190	599,139
Dr Andrew Cuthbertson	50%	90%	10%	205,316	204,755	100,850	16,594	30%	526,879	153,221	1,194,647
Dr Jeff Davies	50%	65%	35%	154,914	154,491	72,577	11,335	34%	359,913	148,531	-
Mr Greg Boss	50%	90%	10%	162,148	161,705	78,710	12,790	33%	406,088	129,769	357,420
Ms Mary Sontrop	50%	95%	5%	162,191	161,748	76,063	11,894	31%	377,646	154,785	129,372
Ms Karen Etchberger	50%	90%	10%	112,020	111,714	55,937	9,361	30%	297,235	75,047	98,496
Mr Edward Bailey	40%	75%	25%	82,140	81,916	42,552	7,382	21%	234,383	40,651	142,733
Ms Jill Lever	40%	100%	0%	77,038	76,828	39,973	6,945	20%	220,513	37,524	-

¹ Cash incentives awarded and not awarded relate to the period ended 30 June 2011. All cash incentive amounts are payable in full shortly after the conclusion of the 30 June 2011 financial year with the exception of that component of Dr McNamee's cash incentive that is subject to deferred settlement.

The extent to which executives meet and exceed their annual performance objectives determines the level of award received. To be awarded 100% of the potential short-term incentive, the executive is required to have exceeded all performance objectives.

² The value of performance rights and performance options is determined at grant date and is then amortised over the applicable vesting period. The amounts included in the table above are consistent with this amortisation amount for 2011.

³ The value of the EDIP was re-calculated at reporting date and then amortised over the applicable vesting period. The amounts included in the table above are consistent with this amortisation amount for 2011.

⁴ 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) multiplied by the number of options/rights exercised during 2011.

Directors' Report continued

Executive Key Management Personnel

Options and Rights Holdings

Table 14 - Executive KMP performance right holdings

Key management person	Balance at 1 July 2010	Number Granted	Number Exercised	Number Lapsed / Forfeited	Balance at 30 June 2011	Number Vested during the year	Balance at 30 June 2011	
							Vested and exercisable	Unvested
Executive Directors								
Mr Brian McNamee	119,240	61,020	61,356	-	118,904	27,189	-	118,904
Mr Peter Turner	35,289	27,260	10,077	-	52,472	10,077	-	52,472
Mr Tony Cipa	186,060	-	172,668	13,392	-	10,077	-	-
Other executives								
Mr Paul Perreault	20,846	12,300	5,322	-	27,824	5,322	-	27,824
Mr Gordon Naylor	18,362	19,340	3,702	-	34,000	3,702	-	34,000
Mr Andrew Cuthbertson	23,480	15,960	10,512	-	28,928	5,772	-	28,928
Dr Jeff Davies	31,710	10,900	-	-	42,610	3,696	18,666	23,944
Mr Greg Boss	14,767	12,300	3,303	-	23,764	3,303	-	23,764
Ms Mary Sontrop	16,830	11,440	3,738	-	24,532	3,738	-	24,532
Ms Karen Etchberger	10,972	9,000	2,880	-	17,092	2,880	-	17,092
Mr Edward Bailey	6,740	7,100	-	-	13,840	1,125	2,532	11,308
Ms Jill Lever	3,620	6,680	-	-	10,300	-	-	10,300
Total	487,916	193,300	273,558	13,392	394,266	76,881	21,198	373,068

The number of ordinary shares issued on exercise of performance rights is equivalent to the number of performance rights exercised. No amounts are payable on exercise of performance rights.

Table 15 - A summary of the key characteristics applicable to performance rights and performance options granted between 2006 and 2009

LTI Grant year	Tranche	Proportion of Grant	Tranche comprises		Applicable performance hurdle		Vesting Period years	Re-test opportunities
			Performance Options	Performance Rights	Performance Options and	Performance Rights		
2006-2009	1	25%	60%	40%	EPS / TSR		2	3
	2	35%	60%	40%			3	2
	3	40%	60%	40%			4	1

LTI Grant year	Level of performance at the expiration of the vesting period (or later period where applicable)		Amount of grant which vests
2006-2009	Options	EPS growth > 10% compound	100%
	Rights	At or above 50th percentile in relative TSR performance	100%

Directors' Report

continued

Table 16 - The terms and conditions of the performance rights granted to Executive KMP in the 2010 and 2011 financial years

Terms and Conditions for Performance right grants during 2010 and 2011				
Grant Date	Tranche	Value per Right at Grant Date	First Exercise Date	Last Exercise Date
1 October 2009	1	28.91	30 September 2011	30 September 2014
1 October 2009	2	27.72	30 September 2012	30 September 2014
1 October 2009	3	26.31	30 September 2013	30 September 2014
1 October 2010	1	26.59	30 September 2013	30 September 2015
1 October 2010	2	26.23	30 September 2014	30 September 2015

Table 17 - Shares issued to Executive KMP on exercise of performance rights during 2011

Executive	Date Performance Rights Granted	Number of shares issued
Dr Brian McNamee	2 October 2006	46,920
	1 October 2007	14,436
Mr Peter Turner	2 October 2006	6,864
	1 October 2007	3,213
Mr Tony Cipa	31 March 2004	60,000
	7 June 2005	45,000
	20 December 2005	45,000
	2 October 2006	17,160
	1 October 2007	5,508
Mr Paul Perreault	2 October 2006	3,096
	1 October 2007	2,226
Mr Gordon Naylor	2 October 2006	2,232
	1 October 2007	1,470
Dr Andrew Cuthbertson	2 October 2006	7,200
	1 October 2007	3,312
Mr Greg Boss	2 October 2006	2,232
	1 October 2007	1,071
Ms Mary Sontrop	2 October 2006	2,520
	1 October 2007	1,218
Ms Karen Etchberger	2 October 2006	1,872
	1 October 2007	1,008

No amount is payable on exercise of performance rights. One ordinary share is issued on the exercise of each performance right.

Directors' Report
continued

Table 18 - Executive KMP option holdings

Key management person	Balance at 1 July 2010	Number Granted	Number Exercised	Number Lapsed / Forfeited	Balance at 30 June 2011	Number Vested during the year	Balance at 30 June 2011	
							Vested and exercisable	Unvested
Executive Directors								
Dr Brian McNamee	411,740	46,420	158,760	-	299,400	109,398	65,304	234,096
Mr Peter Turner	131,216	20,740	23,256	-	128,700	42,081	26,250	102,450
Mr Tony Cipa	121,560	-	58,140	63,420	-	42,081	-	-
Other executives								
Mr Paul Perreault	87,400	9,360	19,620	-	77,140	22,400	17,051	60,089
Mr Gordon Naylor	75,160	14,720	14,220	-	75,660	17,126	12,947	62,713
Dr Andrew Cuthbertson	81,230	12,140	24,390	-	68,980	23,434	14,866	54,114
Dr Jeff Davies	74,620	8,300	-	-	82,920	16,902	32,361	50,559
Mr Greg Boss	54,744	9,360	7,584	-	56,520	14,809	9,700	46,820
Ms Mary Sontrop	62,296	8,700	-	-	70,996	17,049	19,869	51,127
Ms Karen Etchberger	41,012	6,860	-	-	47,872	12,033	14,373	33,499
Mr Edward Bailey	19,420	5,400	4,320	-	20,500	3,060	1,887	18,613
Ms Jill Lever	13,660	5,080	-	-	18,740	-	-	18,740
Total	1,174,058	147,080	310,290	63,420	947,428	320,373	214,608	732,820

Directors' Report

continued

Table 19 - Terms and conditions of the options granted to Executive KMP (amongst others) during 2010 and 2011

Terms and Conditions for Options grant during 2010 and 2011				
Grant Date	Tranche	Value per Option at Grant Date	First Exercise Date	Last Exercise Date
1 October 2009	1	10.34	30 September 2011	30 September 2014
1 October 2009	2	10.87	30 September 2012	30 September 2014
1 October 2009	3	11.36	30 September 2013	30 September 2014
1 October 2010	1	8.46	30 September 2013	30 September 2015
1 October 2010	2	8.90	30 September 2014	30 September 2015

Table 20 - Shares issued to Executive KMP on exercise of options during 2011

Executive	Date Options Granted	Number of shares issued	\$ amount paid per share	\$ amount unpaid per share
Dr Brian McNamee	2 October 2006	158,760	17.48	-
Mr Peter Turner	2 October 2006	23,256	17.48	-
Mr Tony Cipa	2 October 2006	58,140	17.48	-
Mr Paul Perreault	2 October 2006	19,620	17.48	-
Mr Gordon Naylor	2 October 2006	14,220	17.48	-
Dr Andrew Cuthbertson	2 October 2006	24,390	17.48	-
Mr Greg Boss	2 October 2006	7,584	17.48	-
Mr Edward Bailey	2 October 2006	4,320	17.48	-

One ordinary share is issued on the exercise of each option.

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



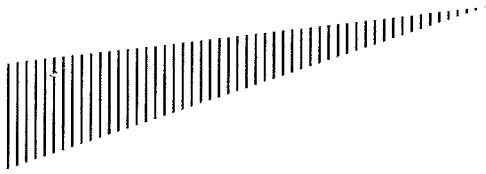
Elizabeth Alexander, AM (Director)



Brian A McNamee, AO (Director)

Melbourne
17 August 2011

Auditor's Independence Declaration



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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 2011, 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

Glenn Carmody
Partner

17 August 2011

CSL Limited

Consolidated Statement of Comprehensive Income

for the year ended 30 June 2011

	Notes	Consolidated Group	
		2011 \$000	2010 \$000
Continuing operations			
Sales revenue	3	4,187,554	4,455,821
Cost of sales		(2,128,873)	(2,184,850)
Gross profit		2,058,681	2,270,971
Other revenues	3	134,014	171,123
Research and development expenses		(325,146)	(316,722)
Selling and marketing expenses		(440,091)	(489,399)
General and administration expenses	3	(214,858)	(238,361)
Finance costs	3	(14,481)	(18,157)
Profit before income tax expense		1,198,119	1,379,455
Income tax expense	4	(257,518)	(326,554)
Profit attributable to members of the parent company	22	940,601	1,052,901
Other comprehensive income			
Exchange differences on translation of foreign operations, net of hedges on foreign investments	21	(193,438)	(276,237)
Actuarial gains/(losses) on defined benefit plans, net of tax	22	(11,201)	7,667
Mark to Market adjustment on available-for-sale financial assets	21	(913)	-
Total of other comprehensive income/(expenses)		(205,552)	(268,570)
Total comprehensive income for the period	24	735,049	784,331
Earnings per share			
	5	Cents	Cents
Basic earnings per share		174.01	185.77
Diluted earnings per share		173.60	185.19

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CSL Limited
 Consolidated Balance Sheet
 As at 30 June 2011

	Notes	Consolidated Group	
		2011 \$000	2010 \$000
CURRENT ASSETS			
Cash and cash equivalents	6	479,403	1,001,059
Trade and other receivables	7	808,651	883,002
Inventories	8	1,455,995	1,454,616
Other financial assets	9	17,993	479
Total Current Assets		2,762,042	3,339,156
NON-CURRENT ASSETS			
Trade and other receivables	7	4,544	7,570
Other financial assets	9	2,280	4,589
Property, plant and equipment	10	1,207,288	1,207,839
Deferred tax assets	11	174,206	191,410
Intangible assets	12	915,049	955,513
Retirement benefit assets	13	2,588	4,967
Total Non-Current Assets		2,305,955	2,371,888
TOTAL ASSETS		5,067,997	5,711,044
CURRENT LIABILITIES			
Trade and other payables	14	493,506	485,403
Interest-bearing liabilities and borrowings	15	226,214	25,984
Current tax liabilities	16	131,729	176,809
Provisions	17	88,620	95,697
Deferred government grants	18	995	995
Derivative financial instruments	19	5,054	1,991
Total Current Liabilities		946,118	786,879
NON-CURRENT LIABILITIES			
Trade and other payables	14	3,983	-
Interest-bearing liabilities and borrowings	15	190,030	436,219
Deferred tax liabilities	11	122,202	114,822
Provisions	17	28,470	30,924
Deferred government grants	18	18,910	10,605
Retirement benefit liabilities	13	113,924	116,401
Total Non-Current Liabilities		477,519	708,971
TOTAL LIABILITIES		1,423,637	1,495,850
NET ASSETS		3,644,360	4,215,194
EQUITY			
Contributed equity	20	253,896	1,139,228
Reserves	21	(421,635)	(242,615)
Retained earnings	22	3,812,099	3,318,581
TOTAL EQUITY	24	3,644,360	4,215,194

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

CSL Limited

Consolidated Statement of Changes in Equity

for the year ended 30 June 2011

Consolidated Group	Notes	Ordinary shares \$000	Foreign currency translation reserve \$000	Share based payment reserve \$000	Available- for-sale investment reserve \$000	Retained earnings \$000	Total \$000
At 1 July 2010		1,139,228	(326,778)	84,163	-	3,318,581	4,215,194
Profit for the period		-	-	-	-	940,601	940,601
Other comprehensive income		-	(193,438)	-	(913)	(11,201)	(205,552)
Total comprehensive income for the full year		-	(193,438)	-	(913)	929,400	735,049
Transactions with owners in their capacity as owners							
Share based payments	21	-	-	15,331	-	-	15,331
Dividends	23	-	-	-	-	(435,882)	(435,882)
Share buy back	20	(900,000)	-	-	-	-	(900,000)
Share issues							
- Employee share scheme	20	14,668	-	-	-	-	14,668
Balance as at 30 June 2011		253,896	(520,216)	99,494	(913)	3,812,099	3,644,360
At 1 July 2009		2,760,207	(50,541)	65,739	-	2,687,490	5,462,895
Profit for the period		-	-	-	-	1,052,901	1,052,901
Other comprehensive income		-	(276,237)	-	-	7,667	(268,570)
Total comprehensive income for the full year		-	(276,237)	-	-	1,060,568	784,331
Transactions with owners in their capacity as owners							
Share based payments	21	-	-	18,424	-	-	18,424
Dividends	23	-	-	-	-	(429,477)	(429,477)
Share buy back	20	(1,640,584)	-	-	-	-	(1,640,584)
Capital raising tax benefit	20	9,341	-	-	-	-	9,341
Share issues							
- Employee share scheme	20	10,264	-	-	-	-	10,264
Balance as at 30 June 2010		1,139,228	(326,778)	84,163	-	3,318,581	4,215,194

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CSL Limited
Consolidated Cash Flow Statement
 for the year ended 30 June 2011

	Notes	Consolidated Group	
		2011 \$000	2010 \$000
Cash flows from Operating Activities			
Receipts from customers		4,302,820	4,543,363
Payments to suppliers and employees		(3,012,454)	(3,213,925)
Cash generated from operations		1,290,366	1,329,438
Income taxes paid		(288,651)	(179,822)
Interest received		30,399	39,210
Finance costs paid		(13,995)	(20,334)
Net cash inflow from operating activities	25	1,018,119	1,168,492
Cash flows from Investing Activities			
Proceeds from sale of property, plant and equipment		320	641
Payments for property, plant and equipment		(198,472)	(244,288)
Payments for intangible assets		(13,738)	(51,926)
Receipts from other financial assets		2,248	2,619
Net cash outflow from investing activities		(209,642)	(292,954)
Cash flows from Financing Activities			
Proceeds from issue of shares		16,626	13,194
Dividends paid	23	(435,882)	(429,477)
Proceeds from borrowings		49,256	-
Repayment of borrowings		(18,292)	(214,821)
Payment for shares bought back		(900,000)	(1,721,317)
Payment for settlement of finance hedges		(302)	(126)
Net cash outflow from financing activities		(1,288,594)	(2,352,547)
Net increase/(decrease) in cash and cash equivalents		(480,117)	(1,477,009)
Cash and cash equivalents at the beginning of the financial year		994,505	2,522,192
Exchange rate variations on foreign cash and cash equivalent balances		(35,569)	(50,678)
Cash at the end of the financial year		478,819	994,505

For non-cash financing activities refer to note 25.

The above consolidated cash flow statement 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 2011

1 Corporate information

CSL Limited is a company incorporated and domiciled in Australia and limited by shares publicly traded on the Australian Securities Exchange. This financial report covers the financial statements for the consolidated entity consisting of CSL Limited 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 17 August 2011.

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

Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently 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.

Critical accounting estimates

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).

Rounding of amounts

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.

Adoption of accounting standards

The group has adopted the following accounting standards that became effective during the year: AASB 2009-5, AASB 2009-8, AASB 2009-10 and AASB 2010-3. The major changes that affect the Group are in the classification of leases for land, classification of cash flows, share based payments expense and classification of financial instruments. Since many of the amendments mandated accounting policies that had historically been applied by the Group the introduction of these standards did not result in a material change in the Group's financial result or the extent of disclosures in the financial report.

(b) Principles of consolidation

i. Subsidiaries

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.

ii. Employee share trust

The Group has formed a trust to administer the Group's employee share scheme. This trust is consolidated as the substance of the relationship is that the trust is controlled by the Group.

1 Summary of significant accounting policies (continued)

(c) Segment reporting

Operating segments, as defined in note 2, are reported in a manner consistent with the internal reporting to the chief operating decision maker. The Chief Executive Officer is considered to be the chief operating decision maker.

(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 statement of comprehensive income, 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. All resulting exchange differences are recognised in other comprehensive income and 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 and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income and in the foreign currency translation reserve in equity. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences are recognised in the statement of comprehensive income, as part of the gain on sale or loss on sale where applicable.

(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 to buyers 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 statement of comprehensive income 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 statement of comprehensive income 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 statement of comprehensive income 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.

1 Summary of significant accounting policies (continued)**(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.

(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 are related to the same taxable entity or group and the same taxation authority.

Current and deferred tax balances attributable to amounts recognised in other comprehensive income or directly in equity are also recognised in other comprehensive income or in equity, respectively.

CSL Ltd and its 100% owned Australian subsidiaries have formed a tax consolidated group effective from 1 July 2003.

(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 and 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 statement of comprehensive income. 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 statement of comprehensive income 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 statement of comprehensive income when the loans and receivables are derecognised or impaired.

iii. Available for sale investments

Available for sale investments, comprising principally marketable 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 statement of comprehensive income. 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.

The fair values of investments that are actively traded in organised financial markets are determined by reference to quoted market bid prices at the close of business on the reporting date. For investments with no active market, fair values are determined using valuation techniques. Such techniques include: using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis; and option pricing models.

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. 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. All other transaction costs are expensed. 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 statement of comprehensive income, but only after a reassessment of the identification and measurement of the net assets acquired.

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 assets are 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 statement of comprehensive income 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 – 40 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 of items of property, plant and equipment are determined by comparing proceeds with carrying amounts. Gains and losses are included in the statement of comprehensive income 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 statement of comprehensive income 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 statement of comprehensive income 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 statement of comprehensive income 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. Goodwill is not amortised. Instead, 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. IT development and software

Costs incurred in developing products or systems and costs incurred in acquiring software and licences that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised include external direct costs of materials and service and direct payroll and payroll related costs of employees' time spent on the project. Amortisation is calculated on a straight line basis over periods generally ranging from 3 to 10 years. IT development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where the Group has the intention and ability to use the asset.

iv. 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 recognised is amortised over the period of expected benefit from the related project.

(t) Trade and other payables

Liabilities for trade and other payables 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 statement of comprehensive income 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.

1 Summary of significant accounting policies (continued)**(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 statement of comprehensive income. 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.

(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 respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is recognised in the current provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

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

i. Equity-settled 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', certain Group executives and employees are granted options or performance rights over CSL Limited shares which only vest if the Group 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 independently 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 number of options and rights that are expected to vest is revised. 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.

ii. Cash-settled transactions

The Group also provides benefits to its employees (including key management personnel) in the form of cash-settled share-based payments, whereby employees render services in exchange for cash, the amounts of which are determined by reference to movements in the price of the shares of CSL Limited.

The ultimate cost of these cash-settled transactions will be equal to the actual cash paid to the employees, which will be the fair value at settlement date.

The cumulative cost recognised until settlement is a liability and the periodic determination of this liability is as follows:

- (a) At each reporting date between grant and settlement, the fair value of the award is determined.
- (b) During the vesting period, the liability recognised at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- (c) From the end of the vesting period until settlement, the liability recognised is the full fair value of the liability at the reporting date.
- (d) All changes in the liability are recognised in employee benefits expense for the period.

The fair value of the liability is determined by reference to the CSL Limited share price at reporting date, adjusted for the dividend yield and the number of days left in the vesting period.

(aa) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Where the Company reacquires its own shares, for example as a result of a share buy-back, those shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid to acquire the shares, including any directly attributable transaction costs net of income taxes, is recognised directly as a reduction from equity.

(bb) Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the financial 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.

1 Summary of significant accounting policies (continued)

(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.

(dd) New and revised standards and interpretations not yet adopted

Certain new and revised accounting standards and interpretations have been published that are not mandatory for the June 2011 reporting period. An assessment of the impact of these new standards and interpretations is set out below.

New Standards and Amendments to Australian Accounting Standards: AASB 9, AASB 124, AASB 1054, AASB 2009-11, AASB 2009-12, AASB 2009-14, AASB 2010-2, AASB 2010-4, AASB 2010-5, AASB 2010-6, AASB 2010-7, AASB 2010-8, AASB 2011-1, AASB 2011-2, IFRS 10, IFRS 11, IFRS 12 and IFRS 13

The amendments prescribe certain recognition, measurement and disclosure rules in respect of certain types of transactions, assets and liabilities. In many instances where the amendments are relevant to the preparation of the Group's financial statements they generally clarify that the accounting policies historically adopted by the Group are now mandatory. On the date of their respective first time application, the amended standards are not expected to result in a material change to the manner in which the Group's financial result is determined or upon the extent of disclosures included in future financial reports.

(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

On an annual basis, the Group determines whether goodwill and its indefinitely lived intangible assets are impaired in accordance with the accounting policy described in note 1(s). 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 statement of comprehensive income.

iii. Trade and other receivables

Government or Government backed entities, such as hospitals, often account for a significant proportion of the aggregate trade receivable balances attributable to the various countries in which the Group operates. In particular countries, most notably Spain, Greece, Italy and Portugal, there is some heightened uncertainty as to the timeframe in which trade receivables are likely to be recovered from Government and Government related entities and/or the amount likely to be recovered from them due to heightened concerns over sovereign risk. Accordingly, in applying the Group's accounting policy in respect to trade and other receivables as set out in note 1(k), and particularly in respect to debts owed by Government and Government related entities in these countries, significant judgement is involved in first assessing whether or not trade or other receivable amounts are impaired and thereafter in assessing the extent of impairment.

2 Segment Information

Description of Segments

Reportable segments are:

- CSL Behring – manufactures markets and develops plasma products.
- Intellectual Property Licensing – revenue and associated expenses from the licensing of Intellectual Property generated by the Group to unrelated third parties.
- Other Human Health – comprises CSL Bioplasma and CSL Biotherapies. These businesses manufacture and distribute biotherapeutic products and are disclosed in aggregate as they exhibit similar economic characteristics.

Geographical areas of operation

The Group operates predominantly in four specific geographic areas, namely Australia, the United States of America, Switzerland, and Germany. The rest of the Group's operations are spread across many countries and are collectively disclosed as 'Rest of World' in note 2.

Segment Accounting Policies

Inter-segment sales are carried out on an arm's length basis and reflect 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.

2 Segment information (continued)

	CSL Behring 2011 \$000	Intellectual Property Licensing 2011 \$000	Other Human Health 2011 \$000	Intersegment Elimination 2011 \$000	Consolidated Group 2011 \$000
Sales to external customers	3,452,395	-	735,159	-	4,187,554
Inter-segment sales	116,947	-	2,643	(119,590)	-
Other revenue / other income (excl interest income)	4,995	95,730	4,797	-	105,522
Total segment revenue	3,574,337	95,730	742,599	(119,590)	4,293,076
Interest income					28,354
Unallocated revenue / income					138
Consolidated revenue					4,321,568
Segment EBIT	1,061,726	82,809	71,685	-	1,216,220
Unallocated revenue / income less unallocated costs					(31,974)
Consolidated EBIT					1,184,246
Interest income					28,354
Finance costs					(14,481)
Consolidated profit before tax					1,198,119
Income tax expense					(257,518)
Consolidated net profit after tax					940,601
Amortisation	26,811	-	10,730	-	37,541
Depreciation	92,571	-	37,677	-	130,248
Segment EBITDA	1,181,108	82,809	120,092	-	1,384,009
Unallocated revenue / income less unallocated costs					(31,974)
Unallocated depreciation and amortisation					4,853
Consolidated EBITDA					1,356,888
Segment assets	4,172,616	16,534	911,861	(109,440)	4,991,571
Other unallocated assets					321,515
Elimination of amounts between operating segments and unallocated					(245,089)
Total assets					5,067,997
Segment liabilities	1,146,676	3,710	351,340	(109,440)	1,392,286
Other unallocated liabilities					276,440
Elimination of amounts between operating segments and unallocated					(245,089)
Total liabilities					1,423,637
Other information - capital expenditure					
Property, plant and equipment	122,618	-	75,854	-	198,472
Payments for intellectual property	-	-	-	-	-
Payments for software intangibles	13,738	-	-	-	13,738
Total capital expenditure	136,356	-	75,854	-	212,210

CSL Limited and its Controlled Entities

Notes to the Financial Statements *continued*

For the Year Ended 30 June 2011

2 Segment information (continued)

	CSL Behring 2010 \$000	Intellectual Property Licensing 2010 \$000	Other Human Health 2010 \$000	Intersegment Elimination 2010 \$000	Consolidated Group 2010 \$000
Sales to external customers	3,497,821	-	958,000	-	4,455,821
Inter-segment sales	126,966	-	276	(127,242)	-
Other revenue / other income (excl interest income)	5,746	111,530	8,303	-	125,579
Total segment revenue	3,630,533	111,530	966,579	(127,242)	4,581,400
Interest income					40,485
Unallocated revenue / income					5,059
Consolidated revenue					4,626,944
Segment EBIT	1,130,546	96,295	160,473	-	1,387,314
Unallocated revenue / income less unallocated costs					(30,187)
Consolidated EBIT					1,357,127
Interest income					40,485
Finance costs					(18,157)
Consolidated profit before tax					1,379,455
Income tax expense					(326,554)
Consolidated net profit after tax					1,052,901
Amortisation	26,708	-	4,180	-	30,888
Depreciation	86,263	-	37,188	-	123,451
Segment EBITDA	1,243,517	96,295	201,841	-	1,541,653
Unallocated revenue / income less unallocated costs					(30,187)
Unallocated depreciation and amortisation					2,276
Consolidated EBITDA					1,513,742
Segment assets	4,288,442	23,029	796,575	(76,771)	5,031,275
Other unallocated assets					1,325,883
Elimination of amounts between operating segments and unallocated					(646,114)
Total assets					5,711,044
Segment liabilities	1,195,279	4,181	722,224	(76,771)	1,844,913
Other unallocated liabilities					297,051
Elimination of amounts between operating segments and unallocated					(646,114)
Total liabilities					1,495,850
Other information - capital expenditure					
Property, plant and equipment	163,511	-	80,777	-	244,288
Payments for intellectual property	30,935	-	-	-	30,935
Payments for software intangibles	20,991	-	-	-	20,991
Total capital expenditure	215,437	-	80,777	-	296,214

2 Segment information (continued)

Geographic areas	Australia	United States	Switzerland	Germany	Rest of world	Total
June 2011	\$000	\$000	\$000	\$000	\$000	\$000
External sales revenue	527,892	1,605,511	156,843	644,575	1,252,733	4,187,554
Property, plant, equipment and intangible assets	478,272	368,620	1,008,203	251,803	15,439	2,122,337
June 2010						
External sales revenue	620,757	1,742,487	153,607	675,843	1,263,127	4,455,821
Property, plant, equipment and intangible assets	454,473	445,479	992,360	251,638	19,402	2,163,352

Consolidated Group

2011	2010
\$000	\$000

3 Revenue and expenses

Revenue

Sales revenue	4,187,554	4,455,821
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Other revenue

Royalties and licence revenue	95,730	111,530
Finance revenue	28,354	40,485
Rent	1,028	1,003
Other revenue	8,902	18,105

Total other revenues	134,014	171,123
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Total revenue from continuing operations	4,321,568	4,626,944
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Finance revenue comprises:

Interest income:

Other persons and/or corporations	28,354	40,395
Key management personnel and other staff	-	90

	28,354	40,485
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Finance costs

Interest expense:

Other persons and/or corporations	14,481	18,157
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Total finance costs	14,481	18,157
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CSL Limited and its Controlled Entities

Notes to the Financial Statements *continued*

For the Year Ended 30 June 2011

	Notes	Consolidated Group	
		2011 \$000	2010 \$000
3 Revenue and expenses (continued)			
Depreciation and amortisation			
Depreciation and amortisation of fixed assets			
Building depreciation	10	12,430	12,302
Plant and equipment depreciation	10	114,715	105,741
Leased property, plant and equipment amortisation	10	3,062	3,445
Leasehold improvements amortisation	10	4,895	4,239
Total depreciation and amortisation of fixed assets		135,102	125,727
Amortisation of intangibles			
Intellectual property	12	22,749	23,433
Software	12	8,241	7,455
Total amortisation of intangibles		30,990	30,888
Impairment loss			
Intellectual property	12	6,550	-
Total depreciation, amortisation and impairment expense		172,642	156,615
Other expenses			
Write-down of inventory to net realisable value		50,567	71,863
Doubtful debts		24,866	10,823
Net loss on disposal of property, plant and equipment		1,279	1,168
Net foreign exchange loss		14,588	10,312
Lease payments and related expenses			
Rental expenses relating to operating leases		31,918	39,504
Employee benefits expense			
Salaries and wages		914,352	975,321
Defined benefit plan expense	26(a)	20,315	21,526
Defined contribution plan expense	26(b)	19,422	19,901
Share based payments expense (LTI)	21	14,488	16,725
Share based payments expense (EDIP)	14	3,983	-
		972,560	1,033,473

	Notes	Consolidated Group	
		2011 \$000	2010 \$000
4 Income tax expense			
Income tax expense recognised in the statement of comprehensive income			
Current tax expense			
Current year		261,858	304,252
Deferred tax expense			
Origination and reversal of temporary differences	11	4,549	34,253
Tax losses recognised		(50)	-
		4,499	34,253
Over provided in prior years		(8,839)	(11,951)
Income tax expense		257,518	326,554
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		1,198,119	1,379,455
Income tax calculated at 30% (2010: 30%)		359,436	413,836
Research and development		(13,973)	(13,569)
Other non-deductible items		5,762	1,388
Utilisation of tax losses/unrecognised deferred tax		(50)	-
Revaluation of deferred tax balances		-	58
Effects of different rates of tax on overseas income		(84,818)	(63,208)
Over provision in prior year		(8,839)	(11,951)
Income tax expense		257,518	326,554
Income tax recognised directly in equity			
Deferred tax benefit			
Share based payments		(3,508)	1,699
Capital raising costs		-	5,636
Income tax benefit recognised in equity	11	(3,508)	7,335

CSL Limited and its Controlled Entities

Notes to the Financial Statements *continued*

For the Year Ended 30 June 2011

	Consolidated Group	
	2011 \$000	2010 \$000
5 Earnings Per Share		
Earnings used in calculating basic and dilutive earnings per share comprises:		
Profit attributable to ordinary shareholders	940,601	1,052,901

	Number of shares	
	2011	2010
Weighted average number of ordinary shares used in the calculation of basic earnings per share:	540,530,188	566,781,567
Effect of dilutive securities:		
Employee options	273,892	444,613
Employee performance rights	1,002,133	1,336,412
Global employee share plan	4,903	312
Adjusted weighted average number of ordinary shares used in the calculation of diluted earnings per share:	541,811,116	568,562,904

Conversions, calls, subscription or issues after 30 June 2011

Subsequent to 30 June 2011, no shares have been issued to employees as a result of the exercise of performance rights and performance options. 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 and performance rights

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.

	Consolidated Group	
	2011 \$000	2010 \$000
6 Cash and cash equivalents		
Cash at bank and on hand	294,883	257,756
Cash deposits	184,520	743,303
	479,403	1,001,059

Note 25(a) 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	
	2011 \$000	2010 \$000
7 Trade and other receivables		
Current		
Trade receivables	734,366	827,078
Less: Provision for impairment loss (i)	(22,891)	(25,615)
	711,475	801,463
Sundry receivables	67,084	54,911
Prepayments	30,092	26,628
Carrying amount of current trade and other receivables*	808,651	883,002
Non Current		
Related parties		
Loans to key management personnel – other executives**	-	979
Loans to other employees	1,093	2,499
Long term deposits	3,451	4,092
Carrying amount of non current trade and other receivables*	4,544	7,570

* 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 34 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) Past due but not impaired and impaired trade receivables

As at 30 June 2011, the Group had current trade receivables which were impaired and had a nominal value of \$22,891,265 (2010: \$25,614,775). These receivables have been provided for within the Group's 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:

Opening balance at 1 July	25,615	20,254
Additional allowance / (utilised)	(1,227)	8,693
Currency translation differences	(1,497)	(3,332)
Closing balance at 30 June	22,891	25,615

Debts which are past due and not impaired are set out in the credit risk analysis in note 34.

(ii) 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. The Group does not hold 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 2011

	Consolidated Group	
	2011 \$000	2010 \$000
8 Inventories		
Raw materials and stores – at cost	290,763	300,107
Less: Allowance for diminution in value	(5,489)	(11,306)
Raw materials and stores – net	285,274	288,801
Work in progress – at cost	496,132	570,121
Less: Allowance for diminution in value	(33,662)	(37,530)
Work in progress – net	462,470	532,591
Finished goods – at cost	733,612	653,012
Less: Allowance for diminution in value	(25,361)	(19,788)
Finished goods - net	708,251	633,224
Total inventories at the lower of cost and net realisable value	1,455,995	1,454,616
9 Other financial assets		
Current		
At fair value through the profit or loss:		
Managed financial assets (held for trading)	2,745	479
Available-for-sale financial assets	15,248	-
Total current other financial assets as at 30 June	17,993	479
Non-current		
At fair value through the profit or loss:		
Managed financial assets	2,280	4,589
Total non-current other financial assets as at 30 June	2,280	4,589

	Consolidated Group	
	2011 \$000	2010 \$000
10 Property, Plant and Equipment		
Land at cost		
Opening balance 1 July	25,494	25,589
Currency translation differences	(187)	(95)
Closing balance 30 June	25,307	25,494
Buildings at cost		
Opening balance 1 July	275,036	266,756
Transferred from capital work in progress	15,886	21,936
Other additions	130	509
Disposals	(410)	(476)
Transfers	(327)	-
Currency translation differences	(6,442)	(13,689)
Closing balance 30 June	283,873	275,036
Accumulated depreciation and impairment losses		
Opening balance 1 July	66,411	58,702
Depreciation for the year	12,430	12,302
Disposals	(374)	(236)
Currency translation differences	(1,734)	(4,357)
Closing balance 30 June	76,733	66,411
Net book value of buildings	207,140	208,625
Net book value of land and buildings	232,447	234,119
Leasehold improvements at cost		
Opening balance 1 July	67,084	67,479
Transferred from capital work in progress	14,975	6,617
Other additions	1,168	900
Disposals	(5,721)	(5,952)
Transfers	503	-
Currency translation differences	(14,236)	(1,960)
Closing balance 30 June	63,773	67,084
Accumulated amortisation and impairment		
Opening balance 1 July	26,863	29,611
Amortisation for the year	4,895	4,239
Disposals	(5,416)	(5,539)
Transfers	63	-
Currency translation differences	(6,371)	(1,448)
Closing balance 30 June	20,034	26,863
Net book value of leasehold improvements	43,739	40,221

CSL Limited and its Controlled Entities

Notes to the Financial Statements *continued*

For the Year Ended 30 June 2011

	Consolidated Group	
	2011 \$000	2010 \$000
10 Property, Plant and Equipment (continued)		
Plant and equipment at cost		
Opening balance 1 July	1,405,733	1,321,694
Transferred from capital work in progress	207,080	218,655
Other additions	26,958	6,085
Disposals	(34,874)	(28,638)
Transfers	(176)	-
Transfers to intangibles	(1,852)	-
Currency translation differences	(87,977)	(112,063)
Closing balance 30 June	1,514,892	1,405,733
Accumulated depreciation and impairment		
Opening balance 1 July	738,258	725,632
Depreciation for the year	114,715	105,741
Disposals	(34,160)	(27,968)
Transfers	(63)	-
Currency translation differences	(56,695)	(65,147)
Closing balance 30 June	762,055	738,258
Net book value of plant and equipment	752,837	667,475
Leased property, plant and equipment at cost		
Opening balance 1 July	37,470	45,293
Other additions	1,051	1,478
Disposals	(1,350)	(992)
Currency translation differences	(4,352)	(8,309)
Closing balance 30 June	32,819	37,470
Accumulated amortisation and impairment		
Opening balance	14,201	15,947
Amortisation for the year	3,062	3,445
Disposals	(817)	(617)
Currency translation differences	(2,078)	(4,574)
Closing balance 30 June	14,368	14,201
Net book value of leased property, plant and equipment	18,451	23,269
Capital work in progress		
Opening balance 1 July	242,755	265,647
Other additions	170,216	236,794
Disposals	(6)	(65)
Transferred to buildings at cost	(15,886)	(21,936)
Transferred to plant and equipment at cost	(207,080)	(218,655)
Transferred to leasehold improvements at cost	(14,975)	(6,617)
Transfers to intangibles	(3,451)	-
Currency translation differences	(11,759)	(12,413)
Closing balance 30 June	159,814	242,755
Total net book value of property, plant and equipment	1,207,288	1,207,839

	Consolidated Group	
	2011 \$000	2010 \$000
11 Deferred tax assets and liabilities		
Deferred tax asset	174,206	191,410
Deferred tax liability	(122,202)	(114,822)
Net deferred tax asset/(liability)	52,004	76,588
Deferred tax balances reflect temporary differences attributable to:		
Amounts recognised in the statement of comprehensive income		
Trade and other receivables	(4,286)	(6,797)
Inventories	69,899	73,144
Property, plant and equipment	(63,869)	(54,373)
Intangible assets	(36,950)	(29,482)
Other assets	1,285	(128)
Trade and other payables	8,641	7,385
Interest bearing liabilities	3,958	4,152
Other liabilities and provisions	33,212	39,769
Retirement assets/(liabilities)	15,311	12,764
Tax bases not in net assets – share based payments	4,322	5,979
Recognised carry-forward tax losses	14,854	13,155
	46,377	65,568
Amounts recognised in equity		
Capital raising costs	3,751	5,636
Share based payments	1,876	5,384
	5,627	11,020
Net deferred tax asset/(liability)	52,004	76,588
Movement in temporary differences during the year		
Opening balance	76,588	119,034
Credited/(charged) to profit before tax	(4,549)	(34,253)
Credited/(charged) to other comprehensive income	(1,302)	2,402
Credited/(charged) to equity	(3,508)	7,335
Currency translation difference	(15,225)	(17,930)
Closing balance	52,004	76,588
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	-	-
Expiry date greater than 1 year but less than 5 years	107	115
Expiry date greater than 5 years	-	-
No expiry date	759	841
	866	956

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 2011

	Notes	Consolidated Group	
		2011 \$000	2010 \$000
12 Intangible Assets			
Carrying amounts			
Goodwill			
Opening balance at 1 July		722,040	758,298
Currency translation differences		(9,370)	(36,258)
Closing balance at 30 June		712,670	722,040
Intellectual property			
Opening balance at 1 July		358,236	367,965
Additions		-	2,166
Disposals		-	(259)
Currency translation differences		(3,316)	(11,636)
Closing balance at 30 June		354,920	358,236
Accumulated amortisation and impairment			
Opening balance at 1 July		171,575	151,716
Amortisation for the year		22,749	23,433
Current year impairment charge	3	6,550	-
Amortisation written back on disposal		-	(259)
Currency translation differences		(2,035)	(3,315)
Closing balance at 30 June		198,839	171,575
Net intellectual property		156,081	186,661
Software			
Opening balance at 1 July		59,400	40,194
Additions		549	20,991
Disposals		(1,900)	-
Transfers from intangible capital work in progress		6,768	-
Currency translation differences		(10,364)	(1,785)
Closing balance at 30 June		54,453	59,400
Accumulated amortisation and impairment			
Opening balance at 1 July		12,588	5,258
Amortisation for the year		8,241	7,455
Currency translation differences		(2,073)	(125)
Closing balance at 30 June		18,756	12,588
Net Software		35,697	46,812
Intangible capital work in progress			
Opening balance at 1 July		-	-
Additions		13,189	-
Transfers to software intangibles		(6,768)	-
Transfers from property, plant and equipment		5,303	-
Currency translation differences		(1,123)	-
Closing balance at 30 June		10,601	-
Total net intangible assets as at 30 June		915,049	955,513

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

	Consolidated Group	
	2011 \$000	2010 \$000
12 Intangible Assets (continued)		
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	700,587	709,957
CSL Biotherapies	12,083	12,083
Closing balance of goodwill as at 30 June	712,670	722,040

The impairment tests for these cash generating units are based on value in use calculations. These calculations use cash flow projections based on actual operating results and the three-year strategic business plan, after which 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 10.3% (2010: 11.4%) associated with the business valuation multiple discussed above. Each unit's recoverable amount exceeds the carrying value of its net assets, inclusive of goodwill. It is not considered a reasonable possibility for a change in assumptions to occur that would lead to a unit's recoverable amount falling below the carrying value of each unit's respective net assets.

	Consolidated Group	
	2011 \$000	2010 \$000
13 Retirement benefit assets and liabilities		
Retirement benefit assets		
Non-current defined benefit plans (refer note 26)	2,588	4,967
Retirement benefit liabilities		
Non-current defined benefit plans (refer note 26)	113,924	116,401

CSL Limited and its Controlled Entities

Notes to the Financial Statements *continued*

For the Year Ended 30 June 2011

	Consolidated Group	
	2011 \$000	2010 \$000
14 Trade and other payables		
Current		
Trade payables	244,711	210,180
Accruals and other payables	248,795	275,223
Carrying amount of current trade and other payables	493,506	485,403
Non-current		
Share based payments (EDIP)	3,983	-
Carrying amount of non-current trade and other payables	3,983	-
15 Interest-bearing liabilities and borrowings		
Current		
Bank overdrafts – Unsecured	584	6,554
Bank loans – Unsecured (a)	209,039	-
Senior Unsecured Notes - Unsecured (b)	13,697	16,312
Lease liability – Secured (c)	2,894	3,118
	226,214	25,984
Non-current		
Bank loans - Unsecured	-	196,984
Senior Unsecured Notes - Unsecured (b)	162,926	207,159
Lease liability - Secured (c)	27,104	32,076
	190,030	436,219

(a) This facility matures in March 2012. Interest on the facility is paid quarterly in arrears at a variable rate. As at the reporting date the Group had \$41.4m in undrawn funds available under this facility.

(b) Represents US\$105.4 million and Euro 58.3 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 12 years (2010: 13 years). The weighted average discount rate implicit in the leases is 5.65% (2010: 5.51%). The Group's lease liabilities are secured by leased assets of \$18.5 million (2010: \$23.3 million). In the event of default, leased assets revert to the lessor.

Note 34 has further information about the Group's exposure to interest rate risk, foreign exchange risk and the fair value of financial assets and liabilities.

	Consolidated Group	
	2011 \$000	2010 \$000
16 Tax liabilities		
Current income tax liability	131,729	176,809
	131,729	176,809
17 Provisions		
Current		
Employee benefits	71,570	74,532
Restructuring	4,107	6,458
Onerous contracts	11,034	11,721
Other	1,909	2,986
	88,620	95,697
Non-current		
Employee benefits	27,391	29,729
Other	1,079	1,195
	28,470	30,924

Restructuring

A restructuring provision is recognised when the main features of the restructuring are planned. Restructuring plans must set out the businesses, locations and approximate number of employees affected and the expenditures that will be undertaken, together with an implementation timetable. There must be a demonstrable commitment and valid expectation that the restructuring plan will be implemented prior to a provision being recognised.

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.

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 2011

	Consolidated Group	
	2011 \$000	2010 \$000
17 Provisions (continued)		
Movements in provisions		
<i>Restructuring</i>		
Opening balance	6,458	7,757
Provided / (released)	1,790	(474)
Payments made	(4,141)	-
Currency differences	-	(825)
Closing balance	4,107	6,458
<i>Onerous contracts</i>		
Opening balance	11,721	14,217
Currency differences	(687)	(2,496)
Closing balance	11,034	11,721
<i>Surplus lease space</i>		
Opening balance	-	77
Payments made	-	(73)
Currency differences	-	(4)
Closing balance	-	-
<i>Contingent consideration</i>		
Opening balance	-	26,247
Payments made	-	(28,769)
Currency differences	-	2,522
Closing balance	-	-
<i>Other</i>		
Opening balance	4,181	6,841
Additional provision	(311)	1,719
Payments made	(784)	(1,481)
Currency differences	(99)	(2,898)
Closing balance	2,987	4,181
18 Deferred government grants		
Current deferred income	995	995
Non-current deferred income	18,910	10,605
Total deferred government grants	19,905	11,600
19 Derivative financial instruments – current liabilities		
Forward Currency Contracts	5,054	1,991

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	
	2011 \$000	2010 \$000
20 Contributed equity		
Ordinary shares issued and fully paid	253,896	1,139,228

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.

	2011		2010	
	Number of shares	\$000	Number of shares	\$000
Movement in ordinary shares on issue				
Opening balance at 1 July	549,692,886	1,139,228	599,239,428	2,760,207
Shares issued to parties other than CSL employees through participation in:				
- Capital raising tax benefit	-	-	-	9,341
Shares issued to employees via:				
- SESOP II (i)	-	-	77,040	670
- Performance Options (ii)	540,971	9,569	253,154	4,432
- Performance Rights (for nil consideration)	483,734	-	539,006	-
- GESP (iii)	186,110	5,099	186,124	5,162
Share buy-back, inclusive of cost	(26,063,169)	(900,000)	(50,601,866)	(1,640,584)
Closing balance	524,840,532	253,896	549,692,886	1,139,228

	Consolidated Group	
	2011 \$000	2010 \$000
(i) <i>Options exercised under SESOP II as disclosed in note 27 were as follows:</i>		
- Nil (2010: 9,240 issued at \$4.06)	-	38
- Nil (2010: 67,800 issued at \$9.32)	-	632
	-	670
(ii) <i>Options exercised under Performance Option plans as disclosed in note 27 were as follows</i>		
- 534,707 issued at \$17.48 (2010: 252,769 issued at \$17.48)	9,347	4,418
- 6,264 issued at \$35.46 (2010: 385 issued at \$35.46)	222	14
	9,569	4,432
(iii) <i>Shares issued to employees under Global Employee Share Plan (GESP) as disclosed in note 27 were as follows:</i>		
- 95,517 issued at \$27.29 on 7 September 2010	2,607	2,572
- 90,593 issued at \$27.51 on 10 March 2011	2,492	2,590
	5,099	5,162

CSL Limited and its Controlled Entities

Notes to the Financial Statements *continued*

For the Year Ended 30 June 2011

	Consolidated Group	
	2011 \$000	2010 \$000
21 Reserves		
Share based payments reserve	99,494	84,163
Foreign currency translation reserve	(520,216)	(326,778)
Available-for-sale investments reserve	(913)	-
Carrying value of reserves at 30 June	(421,635)	(242,615)
Movements in reserves		
<i>Share based payments reserve (i)</i>		
Opening balance at 1 July	84,163	65,739
Share based payments expense	14,488	16,725
Deferred tax on share based payments	843	1,699
Closing balance at 30 June	99,494	84,163
<i>Foreign currency translation reserve (ii)</i>		
Opening balance at 1 July	(326,778)	(50,541)
Net exchange gains / (losses) on translation of foreign subsidiaries, net of hedge	(193,438)	(276,237)
Closing balance at 30 June	(520,216)	(326,778)
<i>Available-for-sale investments reserve (iii)</i>		
Opening balance at 1 July	-	-
Mark to market adjustment on available-for-sale financial assets	(913)	-
Closing balance at 30 June	(913)	-

Nature and purpose of reserves**(i) 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 to employees.

(ii) 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.

(iii) Available-for-sale investments reserve

Changes in the fair value and exchange differences arising on translation of investments classified as available-for-sale financial assets are recognised in other comprehensive income, as described in note 1(m) and accumulated in a separate reserve within equity. Amounts are reclassified to profit and loss when the associated assets are sold or impaired.

	Notes	Consolidated Group	
		2011 \$000	2010 \$000
22 Retained earnings			
Opening balance at 1 July		3,318,581	2,687,490
Net profit for the year		940,601	1,052,901
Dividends	23	(435,882)	(429,477)
Actuarial gain/(loss) on defined benefit plans		(9,899)	5,265
Deferred tax on actuarial gain/(loss) on defined benefit plans		(1,302)	2,402
Closing balance at 30 June		3,812,099	3,318,581
23 Dividends			
Dividends paid			
Dividends recognised in the current year by the Company are:			
Final ordinary dividend of 45 cents per share, franked to 11%, paid on 8 October 2010 (2010: 40 cents per share, unfranked)		247,489	235,665
Interim ordinary dividend of 35 cents per share, unfranked, paid on 8 April 2011 (2010: 35 cents per share, unfranked)		188,393	193,812
		435,882	429,477
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 45 cents per share, franked to 2.00 cents per share (2010: ordinary dividend of 45 cents per share, franked to 5.28 cents per share). The final dividend is expected to be paid on 14 October 2011. Based on the number of shares on issue as at reporting date, the aggregate amount of the proposed dividend would be:		236,178	247,364
The actual aggregate dividend amount paid out of profits will be dependent on the actual number of shares on issue at dividend record date.			

CSL Limited and its Controlled Entities

Notes to the Financial Statements *continued*

For the Year Ended 30 June 2011

	Notes	Consolidated Group	
		2011 \$000	2010 \$000
24 Equity			
Total equity at the beginning of the financial year		4,215,194	5,462,895
Total comprehensive income for the period		735,049	784,331
Movement in contributed equity	20	(885,332)	(1,620,979)
Dividends	23	(435,882)	(429,477)
Movement in share based payments reserve	21	15,331	18,424
Total equity at the end of the financial year		3,644,360	4,215,194
25 Statement of Cash Flows			
(a) Reconciliation of cash and cash equivalents and non-cash financing and investing activities			
<i>Cash at the end of the year is shown in the cash flow statement as:</i>			
Cash at bank and on hand	6	294,883	257,756
Cash deposits	6	184,520	743,303
Bank overdrafts	15	(584)	(6,554)
		478,819	994,505
(b) Reconciliation of Profit after tax to Cash Flows from Operations			
Profit after tax		940,601	1,052,901
Non-cash items in profit after tax			
Depreciation, amortisation and impairment charges		172,642	156,615
(Gain)/loss on disposal of property, plant and equipment		1,279	1,168
Mark to market adjustment on available-for-sale investments		913	-
Share based payments expense		14,488	16,725
Changes in assets and liabilities:			
(Increase)/decrease in trade and other receivables		48,604	(77,686)
(Increase)/decrease in inventories		(156,934)	(74,383)
(Increase)/decrease in retirement benefit assets		2,224	(4,736)
Increase/decrease in net tax assets and liabilities		10,234	146,732
Increase/(decrease) in trade and other payables		25,440	(28,482)
Increase/(decrease) in provisions		(40,059)	(25,523)
Increase/(decrease) in retirement benefit liabilities		(1,313)	5,161
Net cash inflow from operating activities		1,018,119	1,168,492
(c) Non cash financing activities			
Acquisition of plant and equipment by means of finance leases		1,051	1,478

	Consolidated Group	
	2011 \$000	2010 \$000
26 Employee benefits		
A reconciliation of the employee benefits recognised is as follows:		
Retirement benefit assets – non-current (note 13)	2,588	4,967
Provision for employee benefits – current (note 17)	71,570	74,532
Retirement benefit liabilities – non-current (note 13)	113,924	116,401
Provision for employee benefits – non-current (note 17)	27,391	29,729
	212,885	220,662
The number of full time equivalents employed at 30 June	10,411	9,992

(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

Net liability/(asset) for defined benefit obligation:

Opening balance	111,434	133,894
Contributions received	(16,917)	(18,883)
Benefits paid	(5,822)	(3,126)
Expense/(benefit) recognised in the statement of comprehensive income	20,315	21,526
Actuarial (gains)/losses recognised in equity	9,899	(5,265)
Other movements	-	368
Currency translation differences	(7,573)	(17,080)
Closing balance	111,336	111,434
<i>Net liability/(asset) for defined benefit obligation is reconciled to the balance sheet as follows:</i>		
Retirement benefit assets – non-current (note 13)	(2,588)	(4,967)
Retirement benefit liabilities – non-current (note 13)	113,924	116,401
Net liability/(asset)	111,336	111,434

Amounts for the current and previous periods are as follows:

	Consolidated Group		
	2011 \$000	2010 \$000	2009 \$000
Defined benefit obligation	492,194	467,379	467,887
Plan assets	380,858	355,945	333,993
Surplus/(deficit)	(111,336)	(111,434)	(133,894)
Experience adjustments on plan liabilities	(12,857)	(2,270)	(8,016)
Experience adjustments on plan assets	3,657	7,535	(46,040)
Actual return on plan assets	19,607	24,643	(27,010)

The Group has used the AASB 1 exemption and disclosed amounts under AASB 1.20A(p) above for each annual reporting period prospectively from the AIFRS transition date (1 July 2004).

CSL Limited and its Controlled Entities

Notes to the Financial Statements *continued*

For the Year Ended 30 June 2011

	Consolidated Group	
	2011 \$000	2010 \$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	467,379	467,887
Service cost	18,831	20,098
Interest cost	17,433	18,536
Contributions by members	5,270	5,829
Actuarial (gains)/losses	12,857	2,270
Benefits paid	(19,291)	(14,467)
Other movements	(973)	(522)
Currency translation differences	(9,312)	(32,252)
Closing balance	492,194	467,379
<i>The present value of the defined benefit obligation comprises:</i>		
Present value of wholly unfunded obligations	92,914	98,474
Present value of funded obligations	399,280	368,905
	492,194	467,379
Changes in the fair value of plan assets are as follows:		
Opening balance	355,945	333,993
Expected return on plan assets	15,949	17,108
Actuarial gains/(losses) on plan assets	3,657	7,535
Contributions by employer	16,917	18,883
Contributions by members	5,270	5,829
Benefits paid	(15,448)	(11,341)
Other movements	(412)	(890)
Currency translation differences	(1,020)	(15,172)
Closing balance	380,858	355,945
The major categories of plan assets as a percentage of total plan assets is as follows:		
Cash	4.1%	3.5%
Equity instruments	35.2%	33.8%
Debt instruments	45.4%	48.8%
Property	13.6%	12.7%
Other assets	1.7%	1.2%
	100.0%	100.0%
Expenses/(gains) recognised in the statement of comprehensive income are as follows:		
Current service costs	18,831	20,098
Interest on obligation	17,433	18,536
Expected return on assets	(15,949)	(17,108)
Total included in employee benefits expense	20,315	21,526

	Consolidated Group	
	2011 \$000	2010 \$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	3.7%	4.0%
Expected return on assets and expected long-term rate of return on assets ¹	3.7%	3.8%
Future salary increases	2.3%	2.3%
Future pension increases	0.3%	0.4%

¹The 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 2011			
CSL Pension Plan (Australia)	35,401	(32,813)	2,588
CSL Behring AG Pension Fund (Switzerland)	301,730	(315,293)	(13,563)
CSL Behring Union Pension Plan (US UPP)	43,727	(51,175)	(7,448)
CSL Behring GmbH Supplementary Pension Plan (Germany)	-	(71,986)	(71,986)
CSL Pharma GmbH Pension Plan (Germany)	-	(1,557)	(1,557)
CSL Behring KG Pension Plan (Germany)	-	(3,892)	(3,892)
CSL Plasma GmbH Pension Plan (Germany)	-	(184)	(184)
CSL Behring KK Retirement Allowance Plan (Japan)	-	(13,724)	(13,724)
CSL Behring S.A. Pension Plan (France)	-	(312)	(312)
CSL Behring S.p.A Pension Plan (Italy)	-	(1,258)	(1,258)
	380,858	(492,194)	(111,336)
Consolidated Group – June 2010			
CSL Pension Plan (Australia)	33,020	(31,873)	1,147
CSL Behring AG Pension Fund (Switzerland)	278,215	(274,395)	3,820
CSL Behring Union Pension Plan (US UPP)	44,710	(62,637)	(17,927)
CSL Behring GmbH Supplementary Pension Plan (Germany)	-	(78,409)	(78,409)
CSL Pharma GmbH Pension Plan (Germany)	-	(1,768)	(1,768)
CSL Behring KG Pension Plan (Germany)	-	(3,962)	(3,962)
CSL Plasma GmbH Pension Plan (Germany)	-	(111)	(111)
CSL Behring KK Retirement Allowance Plan (Japan)	-	(14,224)	(14,224)
	355,945	(467,379)	(111,434)

¹Plan 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

In addition to the above, CSL Behring GmbH employees are members of two multi-employer pension plans ("Penka 1" and "Penka 2") administered by an unrelated third party. CSL Behring and the employees make contributions to the plans and receive pension entitlements on retirement. Following a recent review of these arrangements CSL is aware that there is the potential for the employer to have to make additional contributions in the event that the multi-employer fund does not have sufficient assets to pay all benefits. There is insufficient information available for the scheme to be shown at the CSL Group level because the pension assets cannot be split between the participating companies. The company's contributions are advised by the funds and are designed to cover expected liabilities based on actuarial assumptions. CSL Behring GmbH contribute 300% of the employee contribution to Penka 1 (2011: €3.9m, 2010: €4.0m) and 100% of the employee contribution to Penka 2 (2011: €0.4m, 2010: €0.7m), neither of these contribution rates has changed since 2007. Contributions are expensed in the year in which they are made.

(b) Defined contribution plans

The Group makes contributions to various defined contribution pension plans. The amounts recognised as an expense for the year ended 30 June 2011 was \$19,422,000 (2010: \$19,901,000).

	Consolidated Group	
	2011 \$000	2010 \$000
27 Share based payments		
(a) Recognised share based payments expenses		
The expense recognised for employee services rendered during the year is as follows:		
Expense arising from equity-settled share-based payment transactions	14,488	16,725
Expense arising from cash-settled share-based payment transactions	3,983	-
	18,471	16,725

(b) Share based payment schemes

The Company operates the following schemes that entitles key management personnel and senior employees to purchase shares in the Company under and subject to certain conditions:

Senior Executive Share Ownership Plan (SESOP II)

The SESOP II plan was approved by special resolution at the annual general meeting of the Company on 20 November 1997. The plan governed the provision of share based long term incentives in the form of options issued between 1997 and 1 July 2003 inclusive. There have been no SESOP II options issued since July 2003. Other than those which lapsed, all SESOP II options vested in earlier financial years following the achievement of a 7% compound growth in earnings per share over their vesting period. All SESOP II options which were capable of vesting have now been exercised. The price payable on exercise of SESOP II options equalled the weighted average price over the 5 days preceding the issue date of the options. Upon request, interest bearing loans were available to employees to fund the exercise of their SESOP II options. The terms and conditions associated with the provision of SESOP II loans are set out in note 28(b) and the remuneration report. At 30 June 2011, no loans remain outstanding.

Employee Performance Rights Plan (the plan)

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

Share based long term incentives issued between October 2003 and April 2006

The plan, as originally approved, governed the provision of share based long term incentives in the form of performance rights issued between 16 October 2003 and 6 April 2006 inclusive. Other than those which lapsed, all performance rights issued under the original plan vested prior to 30 June 2009. Vesting of the performance rights was contingent on the Company achieving a Total Shareholder Return (TSR) which was at or above the 50th percentile relative to the TSR of a peer group of companies comprising those entities within 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 original plan provided for vesting of 50% of the rights if the Company was ranked at the 50th percentile of TSR performance and for 100% of the rights to vest if the Company was placed at or above the 75th percentile. Relative TSR performance between the 50th and 75th percentile resulted in the proportion of performance rights that vested increasing on a straight-line basis. Vested performance rights which are exercised entitle the holder to one ordinary share for nil consideration.

Share based long term incentives issued between May 2006 and October 2009

The Employee Performance Rights Plan was amended with effect from October 2006. Under the amended plan, share based long term incentives issued between October 2006 and October 2009 comprise grants made to executives of both performance rights and performance options, each subject to a different performance hurdle. Each long-term incentive grant generally consisted of 50% performance rights and 50% performance options. Grants of performance rights and performance options were issued for nil consideration. The plan, as amended, retained the TSR performance hurdle and provided for 100% vesting of performance rights at the expiration of their vesting period if the Company's TSR performance was at or above the 50th percentile on the relevant test date. Under the revised plan, performance options were subject to an earnings per share (EPS) performance hurdle. 10% compound EPS growth per annum is required for the performance options to vest at the expiration of their vesting period. EPS growth is 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. Vested performance options entitle the holder to one ordinary share on payment of an exercise price equal to the volume weighted average CSL share price over the week up to and including the date of grant. Performance rights and performance options issued between October 2006 and October 2009 were issued for a term of seven years. A portion, namely 25%, of the number of instruments granted becomes exercisable, subject to satisfying the relevant performance hurdle, after the second anniversary of the date of grant. Again, subject to satisfying the relevant performance hurdle, further portions of 35% and 40% of the number of instruments granted become exercisable after the third and fourth anniversaries post date of grant, respectively. 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 is carried over to the next anniversary and retested. After the fifth anniversary, any performance rights and performance options not vested 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. The last grant of performance rights and options to be issued on these terms was in October in 2009.

27 Share based payments (continued)**(b) Share based payment schemes (continued)*****Share based long term incentives issued in October 2010***

Changes were made to the terms and conditions and key characteristics of Performance Rights and Performance Options granted in October 2010 and the number of employees who received grants was reduced following the introduction of the Employee Deferred Incentive Plan. Employees receiving a grant under the Plan received 80% of their entitlement in Performance Rights and 20% in Performance Options. Subject to performance hurdles being satisfied vesting of 50% of the LTI award will occur after 3 years, with the remaining 50% vesting after the 4th anniversary of the award date. EPS and TSR measures are applied to both Performance Rights and Performance Options as detailed in the Remuneration Report.

Company provided loans are not available to fund the exercise of performance options under the plan

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 each six month 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.

Executive Deferred Incentive Plan (EDIP)

On 1 October 2010, 518,750 phantom shares were granted to employees under the Executive Deferred Incentive Plan. This plan provides for a grant of phantom shares which will generate a cash payment to participants in three years time, provided they are still employed by the company and receive a satisfactory performance review over that period. The amount of the cash payment will be determined by reference to the CSL share price immediately before the three year anniversary.

CSL Limited and its Controlled Entities

Notes to the Financial Statements *continued*

For the Year Ended 30 June 2011

27 Share based payments (continued)

(c) 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 2011	Opening Balance	Granted	Exercised	Forfeited	Lapsed	Closing balance	Exercise Price	Expiry date	Vested at 30 June 2011
Options (by grant date)									
2 October 2006	815,711	-	534,707	11,352	-	269,652	\$17.48	2-Oct-13	269,652
1 October 2007	660,140	-	6,264	58,356	-	595,520	\$35.46	30-Sep-14	357,272
1 April 2008	3,240	-	-	-	-	3,240	\$36.56	31-Mar-15	810
1 October 2008	762,840	-	-	78,600	-	684,240	\$37.91	30-Sep-15	171,060
1 April 2009	13,840	-	-	4,540	-	9,300	\$32.50	31-Mar-16	-
1 October 2009	1,102,880	-	-	36,560	-	1,066,320	\$33.68	30-Sep-16	-
1 October 2010	-	216,420	-	-	-	216,420	\$33.45	30-Sep-17	-
	3,358,651	216,420	540,971	189,408	-	2,844,692			798,794
Performance Rights (by grant date)									
28 April 2004	60,000	-	60,000	-	-	-	Nil	31-Mar-11	-
21 June 2004	8,400	-	8,400	-	-	-	Nil	31-Mar-11	-
29 October 2004	20,900	-	11,400	-	-	9,500	Nil	25-Aug-11	9,500
15 July 2005	45,000	-	45,000	-	-	-	Nil	7-Jun-12	-
7 September 2005	106,750	-	39,800	-	-	66,950	Nil	7-Jun-12	66,950
7 March 2006	45,000	-	45,000	-	-	-	Nil	20-Dec-12	-
6 April 2006	8,400	-	8,400	-	-	-	Nil	20-Dec-12	-
2 October 2006	253,665	-	186,633	4,080	-	62,952	Nil	2-Oct-13	62,952
1 October 2007	216,285	-	79,101	11,370	-	125,814	Nil	30-Sep-14	33,822
1 April 2008	1,460	-	-	-	-	1,460	Nil	31-Mar-15	876
1 October 2008	273,100	-	-	25,260	-	247,840	Nil	30-Sep-15	-
1 April 2009	5,120	-	-	1,680	-	3,440	Nil	31-Mar-16	-
1 October 2009	371,580	-	-	13,340	-	358,240	Nil	30-Sep-16	-
1 October 2010	-	284,420	-	-	-	284,420	Nil	30-Sep-17	-
	1,415,660	284,420	483,734	55,730	-	1,160,616			174,100
GESP (by grant date)									
1 March 2010	95,517	-	95,517	-	-	-	\$27.29	31-Aug-10	-
1 September 2010	-	90,593	90,593	-	-	-	\$27.51	28-Feb-11	-
1 March 2011 [#]	-	92,645	-	-	-	92,645	\$28.10	31-Aug-11	-
	95,517	183,238	186,110	-	-	92,645			
Total	4,869,828	684,078	1,210,815	245,138	-	4,097,953			972,894

[#]As noted above, 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 number of shares which may ultimately be issued based on entitlements granted on 1 March 2011 has been estimated based on information available as at 30 June 2011.

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

Options	\$34.57
Performance Rights	\$33.38
GESP	\$34.24

27 Share based payments (continued)

(c) 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 2010	Opening Balance	Granted	Exercised	Forfeited	Lapsed	Closing balance	Exercise Price	Expiry date	Vested at 30 June 2010
Options (by grant date)									
23 July 2002*	67,800	-	67,800	-	-	-	\$9.32	23-Jul-09	-
1 July 2003	9,240	-	9,240	-	-	-	\$4.06	1-Jul-10	-
2 October 2006	1,088,880	-	252,769	20,400	-	815,711	\$17.48	2-Oct-13	359,159
1 October 2007	688,920	-	385	28,395	-	660,140	\$35.46	30-Sep-14	164,960
1 April 2008	3,240	-	-	-	-	3,240	\$36.56	31-Mar-15	-
1 October 2008	792,180	-	-	29,340	-	762,840	\$37.91	30-Sep-15	-
1 April 2009	15,380	-	-	1,540	-	13,840	\$32.50	31-Mar-16	-
1 October 2009	-	1,105,760	-	2,880	-	1,102,880	\$33.68	30-Sep-16	-
	2,665,640	1,105,760	330,194	82,555	-	3,358,651			524,119
Performance Rights (by grant date)									
15 December 2003	5,400	-	5,400	-	-	-	Nil	27-Oct-10	-
28 April 2004	60,000	-	-	-	-	60,000	Nil	31-Mar-11	60,000
21 June 2004	8,400	-	-	-	-	8,400	Nil	31-Mar-11	8,400
29 October 2004	38,100	-	17,200	-	-	20,900	Nil	25-Aug-11	20,900
15 July 2005	165,000	-	120,000	-	-	45,000	Nil	7-Jun-12	45,000
7 September 2005	244,850	-	138,100	-	-	106,750	Nil	7-Jun-12	106,750
7 March 2006	157,500	-	112,500	-	-	45,000	Nil	20-Dec-12	45,000
6 April 2006	15,900	-	7,500	-	-	8,400	Nil	20-Dec-12	8,400
2 October 2006	363,600	-	100,851	9,084	-	253,665	Nil	2-Oct-13	359,159
1 October 2007	265,800	-	37,755	11,760	-	216,285	Nil	30-Sep-14	26,970
1 April 2008	1,460	-	-	-	-	1,460	Nil	31-Mar-15	-
1 October 2008	286,780	-	-	13,680	-	273,100	Nil	30-Sep-15	-
1 April 2009	5,680	-	-	560	-	5,120	Nil	31-Mar-16	-
1 October 2009	-	372,720	-	1,140	-	371,580	Nil	30-Sep-16	-
	1,618,470	372,720	539,306	36,224	-	1,415,660			680,579
GESP (by grant date)									
1 March 2009	93,696	-	93,696	-	-	-	\$27.45	31-Aug-09	-
1 September 2009	-	92,428	92,428	-	-	-	\$28.02	28-Feb-10	-
1 March 2010	-	99,203	-	-	-	99,203	\$27.69	31-Aug-10	-
	93,696	191,631	186,124	-	-	99,203			
Total	4,377,806	1,670,111	1,055,624	118,779	-	4,873,514			1,204,698

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

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

Options	\$32.36
Performance Rights	\$34.32
GESP	\$34.84

CSL Limited and its Controlled Entities

Notes to the Financial Statements *continued*

For the Year Ended 30 June 2011

27 Share based payments (continued)

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

	Fair Value ¹	Share Price	Exercise Price	Expected volatility ²	Life assumption	Expected dividend yield	Risk free interest rate
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%
1 October 2008 – Tranche 1	\$33.30	\$38.75	Nil	33.0%	2 years	1.5%	5.22%
1 October 2008 – Tranche 2	\$31.72	\$38.75	Nil	33.0%	3 years	1.5%	5.22%
1 October 2008 – Tranche 3	\$30.15	\$38.75	Nil	33.0%	4 years	1.5%	5.22%
1 April 2009 – Tranche 1	\$27.55	\$32.10	Nil	33.0%	2 years	1.5%	3.94%
1 April 2009 – Tranche 2	\$26.55	\$32.10	Nil	33.0%	3 years	1.5%	3.94%
1 April 2009 – Tranche 3	\$25.50	\$32.10	Nil	33.0%	4 years	1.5%	3.94%
1 October 2009 – Tranche 1	\$28.91	\$33.44	Nil	33.0%	2 years	1.5%	5.16%
1 October 2009 – Tranche 2	\$27.72	\$33.44	Nil	33.0%	3 years	1.5%	5.16%
1 October 2009 – Tranche 3	\$26.31	\$33.44	Nil	33.0%	4 years	1.5%	5.16%
1 October 2010 – Tranche 1	\$26.59	\$32.94	Nil	30.0%	3 years	2.5%	4.83%
1 October 2010 – Tranche 2	\$26.23	\$32.94	Nil	30.0%	4 years	2.5%	4.91%

¹ Options and rights granted are subject to a service condition. Option grants made between 2006 and 2009 are also subject to a non-market vesting condition based on earnings per share (EPS). Service conditions and non-market conditions are not taken into account in the determination of fair value at grant date. Contrastingly, grants of rights made between 2006 and 2009 are also subject to a market vesting condition based on total shareholder returns (TSR), a condition which is taken into account when the fair value of rights is determined. However as a result of the comprehensive review carried out on the PRP, both the October 2010 grants of Performance Rights and Options now consist of a market vesting condition TSR hurdle and a non market vesting condition EPS hurdle equally applied to each grant.

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.

27 Share based payments (continued)

(d) Valuation assumptions and fair values of equity instruments granted (continued)

	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%
1 October 2008 – Tranche 1	\$13.31	\$38.75	\$37.91	33.0%	2 years	1.5%	5.22%
1 October 2008 – Tranche 2	\$13.58	\$38.75	\$37.91	33.0%	3 years	1.5%	5.22%
1 October 2008 – Tranche 3	\$13.85	\$38.75	\$37.91	33.0%	4 years	1.5%	5.22%
1 April 2009 – Tranche 1	\$9.27	\$32.10	\$32.50	33.0%	2 years	1.5%	3.94%
1 April 2009 – Tranche 2	\$9.73	\$32.10	\$32.50	33.0%	3 years	1.5%	3.94%
1 April 2009 – Tranche 3	\$10.15	\$32.10	\$32.50	33.0%	4 years	1.5%	3.94%
1 October 2009 – Tranche 1	\$10.34	\$33.44	\$33.68	33.0%	2 years	1.5%	5.16%
1 October 2009 – Tranche 2	\$10.87	\$33.44	\$33.68	33.0%	3 years	1.5%	5.16%
1 October 2009 – Tranche 3	\$11.36	\$33.44	\$33.68	33.0%	4 years	1.5%	5.16%
1 October 2010 – Tranche 1	\$8.46	\$32.94	\$33.45	30.0%	3 years	2.5%	4.83%
1 October 2010 – Tranche 2	\$8.90	\$32.94	\$33.45	30.0%	4 years	2.5%	4.91%
GESP (by grant date)³							
1 March 2008	\$5.51	\$36.75	\$31.24	32.0%	6 months	1.5%	6.00%
1 September 2008	\$5.62	\$37.50	\$31.88	33.0%	6 months	1.5%	5.22%
1 March 2009	\$4.84	\$32.29	\$27.45	33.0%	6 months	1.5%	3.94%
1 September 2009	\$4.94	\$32.96	\$28.02	33.0%	6 months	1.5%	5.16%
1 March 2010	\$4.81	\$32.10	\$27.29	30.0%	6 months	2.5%	4.83%
1 September 2010	\$4.86	\$32.37	\$27.51	30.0%	6 months	2.5%	4.83%
1 March 2011	\$4.96	\$33.06	\$28.10	30.0%	6 months	2.5%	4.83%

¹ Options and rights granted are subject to a service condition. Options are also subject to a non-market vesting condition based on earnings per share. Service conditions and non-market conditions are not taken into account in the determination of fair value at grant date. Contrastingly, grants of rights are also subject to a market vesting condition based on total shareholder returns, a condition which is taken into account when the fair value of rights is determined.

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.

(e) Cash-settled EDIP

The fair value of the cash-settled options is measured by reference to the CSL share price at reporting date, adjusted for the dividend yield and the number of days left in the vesting period.

The following table lists the inputs to the models used during the year:

	Consolidated Group	
	2011	2010
Dividend yield (%)	2.5%	-
Fair value of grants at reporting date (\$)	\$31.27	-

(f) Recognised cash-settled share based payments liability

The carrying amount of the liability relating to the cash-settled share-based payment at 30 June 2011 is \$3,982,898 (2010: \$Nil). No cash-settled awards vested during the period ended 30 June 2011 (2010: \$Nil).

28 Key management personnel disclosures

The following were key management personnel of the Group at any time during the 2011 and 2010 financial years and unless otherwise indicated they were key management personnel (KMP) during the whole of those financial years:

Non-executive directors

E A Alexander (Chairman)
 J Akehurst
 D W Anstice
 I A Renard
 M A Renshaw
 J Shine
 D Simpson
 C O'Reilly (appointed 16 Feb 2011)

Executive directors

B A McNamee (Chief Executive Officer & Managing Director)
 A M Cipa (Finance Director & KMP until 13 October 2010)
 P Turner (Executive Director & President, CSL Behring)

Executives

G Naylor (Chief Financial Officer, KMP since 1 January 2010)
 A Cuthbertson (Chief Scientific Officer)
 E Bailey (Company Secretary)
 G Boss (General Counsel)
 J Lever (Senior VP, Human Capital)
 M Sontrop (Executive VP, Operations CSL Behring, KMP since 1 July 2010)
 J Davies (Executive VP, CSL Biotherapies)
 P Perreault (Executive VP, Commercial Operations, KMP since 1 July 2010, appointed President Designate, CSL Behring on 29 March 2011)
 K Etchberger (Executive VP, Plasma, Supply Chain and IT, KMP since 1 July 2010)

(a) Total compensation for key management personnel

	Consolidated Group	
	2011 \$	2010 \$
Short term remuneration elements		
Salary and Fees	10,781,388	8,835,175
Short term incentive cash bonus	3,896,409	3,658,903
Non-monetary benefits	105,117	84,683
Total of short term remuneration elements	14,782,914	12,578,761
Post-employment elements		
Pension benefits	853,925	861,703
Retirement benefits	-	-
Total of post-employment elements	853,925	861,703
Other long term elements		
Long service leave and equivalents	578,447	503,857
Deferred cash incentive	679,833	630,000
Total of other long term elements	1,258,280	1,133,857
Share-based payments		
Equity settled performance rights	2,730,748	2,081,205
Equity settled options	2,703,490	2,525,615
Cash settled options	324,680	-
Total of share based payments	5,758,918	4,606,820
Other remuneration elements		
Termination benefits	500,523	-
Total of all remuneration elements¹	23,154,560	19,181,141

The basis upon which remuneration amounts have been determined is further described in the remuneration report included in section 18 of the Directors' Report.

¹ This note discloses remuneration of individuals defined as KMP for the relevant period.

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	2011	978,950	-	-	-
	2010	1,598,710	51,393	978,950	3
Total for other related parties	2011	-	-	-	-
	2010	-	-	-	-
Total for key management personnel and their related parties	2011	978,950	-	-	-
	2010	1,598,710	51,393	978,950	3

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 2010	Balance at 30 June 2011	Highest owing in period	Interest charged	Interest not charged
	\$	\$	\$	\$	\$
Key management Personnel					
G Naylor	978,950	-	978,950	-	11,956
Total	978,950	-	978,950	-	11,956

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 7.19% (2010: 6.89%).

(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 Group has a number of contractual relationships, including property leases and collaborative research arrangements, with the University of Melbourne of which Ms Elizabeth Alexander is the Chancellor 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 2011

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:

Key management person	Balance at 1 July 2010	Number Granted	Number Exercised	Number Lapsed / Forfeited	Balance at 30 June 2011	Number Vested during the year	Vested and exercisable at 30 June 2011	Unvested at 30 June 2011
Executive Directors								
B A McNamee	411,740	46,420	158,760	-	299,400	109,398	65,304	234,096
P Turner	131,216	20,740	23,256	-	128,700	42,081	26,250	102,450
A M Cipa	121,560	-	58,140	63,420	-	42,081	-	-
Other executives								
P Perreault	87,400	9,360	19,620	-	77,140	22,400	17,051	60,089
G Naylor	75,160	14,720	14,220	-	75,660	17,126	12,947	62,713
A Cuthbertson	81,230	12,140	24,390	-	68,980	23,434	14,866	54,114
J Davies	74,620	8,300	-	-	82,920	16,902	32,361	50,559
G Boss	54,744	9,360	7,584	-	56,520	14,809	9,700	46,820
M Sontrop	62,296	8,700	-	-	70,996	17,049	19,869	51,127
K Etchberger	41,012	6,860	-	-	47,872	12,033	14,373	33,499
E Bailey	19,420	5,400	4,320	-	20,500	3,060	1,887	18,613
J Lever	13,660	5,080	-	-	18,740	-	-	18,740
Total	1,174,058	147,080	310,290	63,420	947,428	320,373	214,608	732,820

The assumptions inherent in the valuation of options granted to key management personnel, amongst others, during the financial year and the fair value of each option granted are set out in Note 27(d).

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 to note 27.

28 Key management personnel disclosures (continued)

(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:

Key management person	Balance at 1 July 2010	Number Granted	Number Exercised	Number Lapsed / Forfeited	Balance at 30 June 2011	Number Vested during the year	Vested and exercisable at 30 June 2011	Unvested at 30 June 2011
Executive Directors								
B A McNamee	119,240	61,020	61,356	-	118,904	27,189	-	118,904
P Turner	35,289	27,260	10,077	-	52,472	10,077	-	52,472
A M Cipa	186,060	-	172,668	13,392	-	10,077	-	-
Other executives								
P Perreault	20,846	12,300	5,322	-	27,824	5,322	-	27,824
G Naylor	18,362	19,340	3,702	-	34,000	3,702	-	34,000
A Cuthbertson	23,480	15,960	10,512	-	28,928	5,772	-	28,928
J Davies	31,710	10,900	-	-	42,610	3,696	18,666	23,944
G Boss	14,767	12,300	3,303	-	23,764	3,303	-	23,764
M Sontrop	16,830	11,440	3,738	-	24,532	3,738	-	24,532
K Etchberger	10,972	9,000	2,880	-	17,092	2,880	-	17,092
E Bailey	6,740	7,100	-	-	13,840	1,125	2,532	11,308
J Lever	3,620	6,680	-	-	10,300	-	-	10,300
Total	487,916	193,300	273,558	13,392	394,266	76,881	21,198	373,068

The assumptions inherent in the valuation of performance rights granted to key management personnel, amongst others, during the financial year and the fair value of each option granted are set out in Note 27(d).

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.

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

During the reporting period there have been no changes to the terms pertaining to issues of options, performance options and performance rights which have been granted as compensation to a key management person in the prior periods and in the current 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 2011			30 June 2010		
	Date Option Granted	Number of shares	Paid per share \$	Date Option Granted	Number of shares	Paid per share \$
B McNamee	2 October 2006	158,760	17.48			
A M Cipa	2 October 2006	58,140	17.48			
A Cuthbertson	2 October 2006	24,390	17.48			
G Naylor	2 October 2006	14,220	17.48			
E Bailey	2 October 2006	4,320	17.48			
Paul Perreault	2 October 2006	19,620	17.48			
P Turner	2 October 2006	23,256	17.48	2 October 2006	20,349	17.48
G Boss	2 October 2006	7,584	17.48	2 October 2006	11,376	17.48
M Sontrop				2 October 2006	12,744	17.48
Total		310,290			44,469	

There are no amounts unpaid on the shares issued as a result of the exercise of options.

CSL Limited and its Controlled Entities

Notes to the Financial Statements *continued*

For the Year Ended 30 June 2011

28 Key management personnel disclosures (continued)

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

During the reporting period, persons who were key management personnel were issued the following shares on the exercise of performance rights granted as compensation:

	30 June 2011		30 June 2010	
	Date Option Granted	Number of shares	Date Option Granted	Number of shares
A M Cipa	31 March 2004	60,000		
	7 June 2005	45,000		
	20 December 2005	45,000		
	2 October 2006	17,160		
	1 October 2007	5,508		
A Cuthbertson	2 October 2006	7,200		
	1 October 2007	3,312		
P Perreault	2 October 2006	3,096		
	1 October 2007	2,226		
K Etchberger	2 October 2006	1,872		
	1 October 2007	1,008		
G Naylor	2 October 2006	2,232	2 October 2006	1,953
	1 October 2007	1,470	1 October 2007	1,050
B McNamee	2 October 2006	46,920	7 June 2005	120,000
	1 October 2007	14,436	20 December 2005	112,500
G Boss	2 October 2006	2,232	2 October 2006	1,953
	1 October 2007	1,071	1 October 2007	765
M Sontrop	2 October 2006	2,520	2 October 2006	2,205
	1 October 2007	1,218	1 October 2007	870
P Turner	2 October 2006	6,864	2 October 2006	6,006
	1 October 2007	3,213	1 October 2007	2,295
E Bailey			25 August 2004	4,200
			7 June 2005	2,700
Total		273,558		256,497

No amount is payable on the exercise of performance rights.

28 Key management personnel disclosures (continued)

(g) Key management personnel shareholdings

Movements in the respective shareholdings of key management personnel during the year ended 30 June 2011 are set out below.

Movements in shares	Balance at 1 July 2010	Shares acquired on exercise of performance rights during year	Shares acquired on exercise of options during year	(Shares sold)/ Purchased	Balance at 30 June 2011
Non-Executive Directors					
E A Alexander	28,911	-	-	1,548	30,459
J Akehurst	29,512	-	-	530	30,042
D W Anstice	6,346	-	-	659	7,005
I A Renard	17,572	-	-	528	18,100
M A Renshaw	6,777	-	-	526	7,303
J Shine	3,499	-	-	526	4,025
D J Simpson	2,959	-	-	526	3,485
C O'Reilly	-	-	-	61	61
Executive Directors					
B A McNamee	835,669	61,356	158,760	(220,116)	835,669
P Turner	160,569	10,077	23,256	(33,333)	160,569
A M Cipa	25,777	172,668	58,140	(256,585)	-
Executives					
P Perreault	1,910	5,322	19,620	(24,781)	2,071
G Naylor	188,159	3,702	14,220	(104,782)	101,299
A Cuthbertson	54,553	10,512	24,390	(26,280)	63,175
J Davies	735	-	-	-	735
G Boss	358	3,303	7,584	(10,681)	564
M Sontrop	22,674	3,738	-	(3,548)	22,864
K Etchberger	6,990	2,880	-	-	9,870
E Bailey	2,222	-	4,320	(4,101)	2,441
J Lever	-	-	-	-	-
Total	1,395,192	273,558	310,290	(679,303)	1,299,737

There have been no movements in shareholdings of key management personnel between 30 June 2011 and the date of this report.

(h) Cash Settled Options granted as compensation to Key management personnel

During the year 41,800 phantom shares were granted to KMPs under the Executive Deferred Incentive Plan. This was done primarily to reduce the risk of loss of executives in roles that are: key to the delivery of operating or strategic objectives; manage critical activities; or undertake functions requiring skills that are in short supply and are actively sought in the market.

For further details, including key terms and conditions, grant date and exercise dates regarding the EDIP, refer to Note 27 (b) and (e).

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;
- Management fees were received from a controlled entity; and
- Management fees were paid to 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.

Partly owned subsidiaries

- No transactions occurred during the year.

Amounts receivable from partly owned subsidiaries are set out in the note 7.

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	
	2011	2010
	\$	\$
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 and its related practices:		
(a) Audit services		
Ernst & Young	802,000	770,800
Ernst & Young related practices	2,137,336	2,437,888
Total remuneration for audit services	2,939,336	3,208,688
(b) Other services		
Ernst & Young		
- compliance and other services	16,500	209,421
Ernst & Young related practices		
- compliance and other services	104,196	101,566
Total remuneration for non audit services	120,696	310,987
Total remuneration for all services rendered	3,060,032	3,519,675

	Consolidated Group	
	2011 \$000	2010 \$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	31,725	36,455
Later than one year but not later than five years	91,385	105,343
Later than five years	163,577	171,442
	286,687	313,240
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.		
(b) Finance leases		
Commitments in relation to finance leases are payable as follows:		
Not later than one year	4,333	4,875
Later than one year but not later than five years	13,925	16,921
Later than five years	26,092	30,403
Total minimum lease payments	44,350	52,199
Future finance charges	(14,352)	(17,005)
Finance lease liability	29,998	35,194
The present value of finance lease liabilities is as follows:		
Not later than one year	2,894	3,118
Later than one year but not later than five years	8,866	11,130
Later than five years	18,238	20,946
	29,998	35,194
Finance lease – current liability (refer note 15)	2,894	3,118
Finance lease – non-current liability (refer note 15)	27,104	32,076
	29,998	35,194

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 2011

	Consolidated Group	
	2011 \$000	2010 \$000
31 Commitments and contingencies (continued)		
(c) Total lease liability		
Current		
Finance leases (refer note 15)	2,894	3,118
Non-current		
Finance leases (refer note 15)	27,104	32,076
	29,998	35,194
(d) Capital commitments		
Capital expenditure contracted for at balance date but not provided for in the financial statements, payable:		
Not later than one year	63,571	61,226
Later than one year but not later than five years	14,044	23
Later than five years	-	-
	77,615	61,249
(e) Contingent assets and liabilities		
Guarantees		
The Group provides 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 key management personnel who take part in the management of Group entities. The maximum liability that could arise, for which no provisions are included in the financial statements is as follows:		
Service agreements	8,324	11,609

Litigation

The Group is involved in litigation in the U.S. claiming that the Group and a competitor, along with an industry trade association, conspired to restrict output and fix and raise prices of certain plasma-derived therapies in the U.S. The lawsuits, filed by representative plaintiffs, seek status to proceed as class actions on behalf of "all others similarly situated". The Group believes the litigation is unsupported by fact and without merit and will robustly defend the claims.

The Group is involved in other 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.

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		
		2011 %	2010 %	
Company:				
CSL Limited	Australia			
Subsidiaries of CSL Limited:				
CSL Employee Share Trust	Australia	100	100	
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)
CSL Behring (Switzerland) AG	Switzerland	-	100	(c)
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	
ZLB Bioplasma (Hong Kong) Limited	Hong Kong	100	100	(a)
CSL Behring LLC	USA	100	100	(a)
CSL Plasma Inc	USA	100	100	(a)
CSL Behring Canada Inc.	Canada	100	100	(a)
CSL Behring Brazil Comercio de Produtos Farmaceutics 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)
CSL Plasma GmbH	Germany	100	100	(a)
CSL Behring GmbH	Germany	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	100	(a)
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 (Shanghai) Biotherapies Consulting Ltd	China	100	100	(a)
CSL Behring S.A.	Argentina	100	100	(a)
CSL Behring Panama S.A.	Panama	100	-	(a)(b)
CSL Behring s.r.o.	Czech Republic	100	-	(b)
CSL Behring Holdings Ltd.	England	100	100	(a)
CSL Behring UK Ltd.	England	100	100	(a)

(a) Audited by affiliates of the Company auditors.

(b) CSL Behring Panama S.A. and CSL Behring s.r.o. were incorporated during the year.

(c) CSL Behring (Switzerland) AG was dissolved during the year

CSL Limited and its Controlled Entities

Notes to the Financial Statements *continued*

For the Year Ended 30 June 2011

33 Deed of Cross Guarantee

On 22 October 2009, a deed of cross guarantee was executed between CSL Limited and some 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 2011 and a consolidated balance sheet as at that date.

Income Statement	Consolidated Group	
	2011 \$000	2010 \$000
Continuing operations		
Sales revenue	584,361	773,158
Cost of sales	(337,764)	(346,456)
Gross profit	246,597	426,702
Sundry revenues	110,141	125,681
Dividend income	756,109	639,114
Interest income	25,252	38,436
Research and development expenses	(153,238)	(198,168)
Selling and marketing expenses	(56,502)	(91,458)
General and administration expenses	(74,467)	(73,557)
Finance costs	(7,662)	(10,050)
Profit before income tax expense	846,230	856,700
Income tax (expense) / benefit	(15,397)	(37,819)
Profit for the year	830,833	818,881

	Consolidated Group	
	2011 \$000	2010 \$000
33 Deed of Cross Guarantee (continued)		
Balance sheet		
CURRENT ASSETS		
Cash and cash equivalent	193,644	730,389
Trade and other receivables	96,392	81,757
Inventories	175,535	147,895
Total Current Assets	465,571	960,041
NON-CURRENT ASSETS		
Trade and other receivables	9,356	11,791
Other financial assets	1,817,232	1,808,445
Property, plant and equipment	454,132	421,155
Deferred tax assets	12,768	29,173
Intangible assets	24,140	33,317
Retirement benefit assets	2,588	1,147
Total Non-Current assets	2,320,216	2,305,028
TOTAL ASSETS	2,785,787	3,265,069
CURRENT LIABILITIES		
Trade and other payables	123,145	112,178
Interest-bearing liabilities and borrowings	11,336	11,305
Current tax liabilities	5,534	4,558
Provisions	38,902	40,003
Deferred government grants	995	995
Total Current Liabilities	179,912	169,039
NON-CURRENT LIABILITIES		
Trade and other payables	1,147	21
Interest-bearing liabilities and borrowings	117,065	144,314
Deferred tax liabilities	-	13,881
Provisions	7,694	7,373
Deferred government grants	18,910	10,605
Total Non-Current Liabilities	144,816	176,194
TOTAL LIABILITIES	324,728	345,233
NET ASSETS	2,461,059	2,919,836
EQUITY		
Contributed equity	253,896	1,139,228
Reserves	116,316	84,134
Retained earnings	2,090,847	1,696,474
TOTAL EQUITY	2,461,059	2,919,836
Summary of movements in consolidated retained earnings of the Closed Group		
Retained earnings at beginning of the financial year	1,696,474	1,306,523
Net profit	830,833	818,881
Actuarial gain / (loss) on defined benefit plans, net of tax	(578)	547
Dividends provided for or paid	(435,882)	(429,477)
Retained earnings at the end of the financial year	2,090,847	1,696,474

34 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 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 operates internationally and is 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 below 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. Entities in the group 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 entities from movements in exchange rates that would give rise to a profit or loss impact.

	Average Exchange Rate		2011		2010	
	2011	2010	Buy \$000	Sell \$000	Buy \$000	Sell \$000
US Dollar						
3 months or less	1.0737	0.8510	6,676	(142,139)	23,064	(148,046)
Swiss Francs						
3 months or less	0.8928	0.9220	310,898	(31,322)	265,149	(31,847)
Argentina Peso						
3 months or less	4.4104	3.3478	-	(7,664)	-	(10,962)
Euro						
3 months or less	0.7472	0.6901	337,735	(321,081)	304,297	(299,279)
Pounds Sterling						
3 months or less	0.6673	0.5655	830	(15,722)	2,811	(23,334)
Hungarian Florint						
3 months or less	196.43	200.20	-	(2,622)	-	(1,866)
Japanese Yen						
3 months or less	86.38	75.47	445	(24,017)	2,830	(23,911)
Swedish Kroner						
3 months or less	6.7818	6.6258	-	(12,694)	-	(14,325)
Danish Kroner						
3 months or less	5.5239	5.1957	-	(9,808)	1,103	(8,108)
Mexican Peso						
3 months or less	12.6347	10.9505	3,360	(46,502)	3,833	(51,242)
Brazilian Real						
3 months or less	1.6855	1.5412	-	(2,492)	-	(649)
New Zealand Dollar						
3 months or less	1.2924	-	-	(310)	-	-
Hong Kong Dollar						
3 months or less	8.2828	-	-	(809)	-	-
Australian Dollar						
3 months or less	0.8860	0.7930	18,930	(61,692)	26,742	(16,260)
			678,874	(678,874)	629,829	(629,829)

34 Financial Risk Management Objectives and Policies (continued)

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 2011, are Unsecured Notes amounting to US\$105.4m (2010: US\$58.8m) and EUR 58.3m (2010: EUR 60.7m) that are designated as a hedge of the Group's investment in CSLB Holdings Inc and CSL Behring GmbH. A net foreign exchange gain of \$18.6m (2010: gain of \$23.2m) was recognised in equity on translation of these borrowings to Australian Dollars.

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

2. Interest rate risk

The Group is 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 2011, no derivative financial instruments hedging interest rate risk were outstanding (2010: 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.

Consolidated Group – June 2011	Fixed interest rate maturing in					Non- interest bearing	Total	Average interest Rate
	Floating rate (a)	1 year or less	Over 1 year to 5 years	Over 5 years				
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%
Financial Assets								
Cash and cash equivalents	479,403	-	-	-	-	-	479,403	2.5%
Trade and other receivables	-	-	-	-	-	813,195	813,195	-
Other financial assets	-	-	-	-	-	20,273	20,273	-
	479,403	-	-	-	-	833,468	1,312,871	
Financial Liabilities								
Trade and other payables	-	-	-	-	-	497,489	497,489	-
Bank loans – unsecured	209,039	-	-	-	-	-	209,039	0.6%
Bank overdraft – unsecured	584	-	-	-	-	-	584	2.5%
Senior unsecured notes	-	13,697	162,926	-	-	-	176,623	5.3%
Lease liabilities	-	2,894	8,866	18,238	-	-	29,998	5.7%
Other financial liabilities	-	-	-	-	-	5,054	5,054	-
	209,623	16,591	171,792	18,238	-	502,543	918,787	

CSL Limited and its Controlled Entities

Notes to the Financial Statements *continued*

For the Year Ended 30 June 2011

34 Financial Risk Management Objectives and Policies (continued)

Consolidated Group – June 2010	Fixed interest rate maturing in					Total \$'000	Average interest Rate %
	Floating rate (a)	1 year or less	Over 1 year to 5 years	Over 5 years	Non- interest bearing		
	\$'000	\$'000	\$'000	\$'000	\$'000		
Financial Assets							
Cash and cash equivalents	1,001,059	-	-	-	-	1,001,059	4.1%
Trade and other receivables	-	-	-	-	890,572	890,572	-
Other financial assets	-	-	-	-	5,068	5,068	-
	1,001,059	-	-	-	895,640	1,896,699	
Financial Liabilities							
Trade and other payables	-	-	-	-	485,403	485,403	-
Bank loans – unsecured	196,984	-	-	-	-	196,984	0.9%
Bank overdraft – unsecured	6,554	-	-	-	-	6,554	3.8%
Senior unsecured notes	-	16,312	207,159	-	-	223,471	5.3%
Lease liabilities	-	3,118	11,130	20,946	-	35,194	5.5%
Other financial liabilities	-	-	-	-	1,991	1,991	-
	203,538	19,430	218,289	20,946	487,394	949,597	

(a) Floating interest rates represent the most recently determined rate applicable to the instrument at balance sheet date. All floating rate financial assets and liabilities mature within one year.

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 statement of comprehensive income impact.

At 30 June 2011 it is estimated that a general movement of one percentage point in the interest rates applicable to investments of cash and cash equivalents would have changed the Group's profit after tax by approximately \$3.3m. This calculation is based on applying a 1% movement to the total of the Group's cash and cash equivalents at year end. All other financial asset amounts are subject to fixed rate and therefore not subject to interest rate movements in the ordinary course.

At 30 June 2011 it is estimated that a general movement of one percentage point in the interest rates applicable to floating rate unsecured bank loans would have changed the Group's profit after tax by approximately \$1.5m. This calculation is based on applying a 1% movement to the total of the Group's unsecured bank loans at year end. All other interest bearing debt amounts are subject to fixed rate and therefore not subject to interest rate movements in the ordinary course.

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 \$10.3m for the year ended 30 June 2011 comprising \$3.1m, \$5.6m and \$1.6m against the Euro, Swiss Franc and US Dollar respectively. 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.

These sensitivity estimates may not apply in future years due to changes in the mix of profits derived in different currencies and in the Group's net debt levels.

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 instruments 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 agencies.

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.

34 Financial Risk Management Objectives and Policies (continued)

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

For the year ended 30 June 2011	Financial Institutions \$'000	Governments \$'000	Hospitals \$'000	Buying Groups \$'000	Other \$'000	Total \$'000
Cash and cash equivalents	479,403	-	-	-	-	479,403
Trade and other receivables	869	121,483	229,915	256,239	204,689	813,195
Other financial assets	5,025	15,248	-	-	-	20,273
	485,297	136,731	229,915	256,239	204,689	1,312,871
For the year ended 30 June 2010						
Cash and cash equivalents	1,001,059	-	-	-	-	1,001,059
Trade and other receivables	2,771	52,652	301,892	328,467	204,790	890,572
Other financial assets	5,068	-	-	-	-	5,068
	1,008,898	52,652	301,892	328,467	204,790	1,896,699

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

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

Trade receivables which are:

For the year ended 30 June 2011	Not impaired \$'000	Impaired \$'000	Provision for impairment \$'000
Trade and other receivables:			
current but not overdue	515,213	-	-
less than 30 days overdue	52,223	-	-
more than 30 but less than 90 days overdue	56,686	-	-
more than 90 days overdue	87,353	22,891	22,891
	711,475	22,891	22,891

For the year ended 30 June 2010

Trade and other receivables:			
current but not overdue	580,935	-	-
less than 30 days overdue	40,405	-	-
more than 30 but less than 90 days overdue	51,810	-	-
more than 90 days overdue	128,313	25,615	25,615
	801,463	25,615	25,615

34 Financial Risk Management Objectives and Policies (continued)

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 assets 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.

During the year CSL Behring MEPE received zero coupon government bonds issued by the Greek government in settlement of €53.0m of trade receivables. Prior to the recognition of the bonds as a financial asset, the group recorded a provision for doubtful debts equal to the difference between the nominal value of the bonds and their estimated market value. During the financial year, €33.7m of bonds were traded at discounts ranging between 10% and 50% of the nominal value of the bonds. The remaining bonds held by the Group at 30 June 2011 have been classified as an Available-for-sale Financial Asset in the balance sheet and are carried at fair value. The difference between the fair value at balance date and the fair value on initial recognition of the bonds has been reflected in Other Comprehensive Income. The proceeds from the sale of bonds have been recognised in cash flows from operations.

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 prudent gearing level and strong cash flows. 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 below table shows the profile of financial liabilities:

	Maturing in			Total
	1 year or less	Over 1 year to 5 years	Over 5 years	
Consolidated Group – June 2011	\$'000	\$'000	\$'000	\$'000
Financial Liabilities				
Trade and other payables	493,506	3,983	-	497,489
Bank loans – unsecured	209,039	-	-	209,039
Bank overdraft – unsecured	584	-	-	584
Senior unsecured notes	13,697	162,926	-	176,623
Lease liabilities	2,894	8,866	18,238	29,998
Other financial liabilities	5,054	-	-	5,054
	724,774	175,775	18,238	918,787
Consolidated Group – June 2010				
Financial Liabilities				
Trade and other payables	485,403	-	-	485,403
Bank loans – unsecured	-	196,984	-	196,984
Bank overdraft – unsecured	6,554	-	-	6,554
Senior unsecured notes	16,312	207,159	-	223,471
Lease liabilities	3,118	11,130	20,946	35,194
Other financial liabilities	1,991	-	-	1,991
	513,378	415,273	20,946	949,597

34 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 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 balance sheet. There are no unrecognised gains or losses in respect to any financial asset or financial liability.

Consolidated Group	Carrying amount	Fair Value	Carrying amount	Fair Value
	2011 \$'000	2011 \$'000	2010 \$'000	2010 \$'000
Financial Liabilities				
Interest bearing liabilities and borrowings				
Unsecured bank loans	209,039	209,039	196,984	196,886
Unsecured notes	176,623	176,739	223,471	223,958

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 its fair value.

Other financial assets – derivatives

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

Other financial assets – available-for-sale financial assets

Fair value is calculated using quoted prices in active markets.

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's objectives when managing capital are to safeguard their ability to continue as a going concern whilst providing returns to shareholders and benefits to other stakeholders. The Group aims to maintain a capital structure which reflects the use of a prudent level of debt funding so as to reduce the Group's cost of capital without adversely affecting either of their credit ratings.

Each year the Directors determine the dividend taking into account factors such as liquidity and the availability of franking credits. The full year dividend, as disclosed in note 23, represents a payout ratio of 46% of Net Profit after Tax.

During the 2011 financial year, the parent company completed a \$900m buyback, in total 26,063,169 ordinary shares were purchased.

CSL Limited and its Controlled Entities

Notes to the Financial Statements *continued*

For the Year Ended 30 June 2011

	Consolidated Group	
	2011 \$000	2010 \$000
35 Information relating to CSL Limited ('the parent entity')		
(a) Summary financial information		
The individual financial statements for the parent entity show the following aggregate amounts:		
Current assets	460,973	2,288,354
Total assets	2,299,084	4,089,043
Current liabilities	516,663	1,805,821
Total liabilities	544,413	1,823,799
Issued capital	253,896	1,139,228
Share based payments reserve	88,443	73,351
Retained earnings	1,412,332	1,052,665
	1,754,671	2,265,244
Profit or loss for the year	794,879	759,431
Total comprehensive income	795,549	759,978

(b) Guarantees entered into by the parent entity

The parent entity provides 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. These guarantees are mainly related to debt facilities of the Group. In addition the parent entity provides guarantees to some subsidiaries in respect of certain receivables from other group companies.

(c) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2011 or 30 June 2010. For information about guarantees given by the parent entity, please refer above.

(d) Contractual commitments for the acquisition of property, plant or equipment

Capital expenditure contracted for at balance date but not provided for in the financial statements, payable:

Not later than one year	33,965	23,793
Later than one year but not later than five years	-	-
Later than five years	-	-
	33,965	23,793

36 Subsequent events

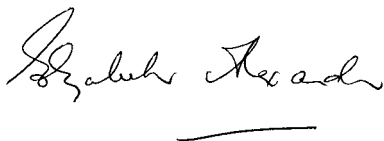
Other than as disclosed elsewhere in these statements, there are no matters or circumstances which have arisen since the end of the financial year which have significantly affected or may significantly affect the operations of the Group, results of those operations or the state of affairs of the Group in subsequent financial years.

CSL Limited and its Controlled Entities

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 2011 and of their performance for the year ended on that date;
 - (ii) complying with Australian Accounting Standards and Corporations Regulations 2001; and
 - (iii) complying with International Financial Reporting Standards as issued by the International Accounting Standards Board.
 - (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 2011.
3. In the opinion of the Directors, as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in note 33 will be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the Deed of Cross Guarantee dated 28 June 2007.

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



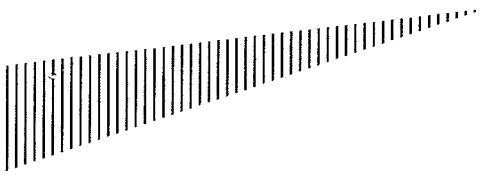
Elizabeth A Alexander
Chairman



Brian A McNamee
Managing Director

Melbourne
17 August 2011

Independent Auditor's Report



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Independent auditor's report

to the members of CSL Limited

Report on the financial report

We have audited the accompanying financial report of CSL Limited, which comprises the consolidated balance sheet as at 30 June 2011, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, 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 of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 the auditor's 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, the auditor considers 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.

Independence

In conducting our audit we have complied with 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.

Independent Auditor's Report



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Opinion

In our opinion:

- a. the financial report of CSL Limited is in accordance with the *Corporations Act 2001*, including:
 - i giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the remuneration report

We have audited the Remuneration Report included in Section 18 of the directors' report for the year ended 30 June 2011. 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.

Opinion

In our opinion, the Remuneration Report of CSL Limited for the year ended 30 June 2011, complies with section 300A of the *Corporations Act 2001*.

A handwritten signature in black ink that reads 'Ernst & Young' in a cursive style.

Ernst & Young

A handwritten signature in black ink, appearing to be 'Glenn Carmody', written over a large, faint circular stamp or watermark.

Glenn Carmody
Partner

Melbourne
17 August 2011

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Further Information

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

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