CSL Limited
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13 August 2008

The Company Announcements Office
Australian Stock Exchange Limited

Dear Sir/Madam

PRELIMINARY FINAL REPORT – ACCOUNTS AND MEDIA RELEASE

For the purposes of dual lodgement with the ASX and ASIC, following are a Media Release, CSL's Preliminary Final Report (Appendix 4E), Directors' Report, Financial Report and a Presentation announcing the results.

Yours faithfully,

Peter Turvey
Company Secretary

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ASX Announcement

For immediate release

13 August 2008

Full Year Result
Reported Profit up 30%
(Constant Currency Basis up 45%)
Cash Flow from Operations up 49%

CSL Limited today announced a profit after tax of $702 million for the twelve months ended 30 June 2008, up 30% when compared to the twelve months ended 30 June 2007. On a constant currency basis profit grew 45%.

HIGHLIGHTS

Financial

- Total revenue of $3.8 billion, up 15%;
  - Up 23% on a constant currency basis;
  - GARDASIL® royalty of $167m;
  - GARDASIL® – Australian sales $227m;
- Reported net profit after tax grew 30% to $702m;
  - Includes an adverse foreign currency impact of $78m;
- Research and Development expenditure of $225m, up 18%;
- Cash flow from operations of $715m, up 49%;
- Earnings per share of $1.28, up 30%[1];
- Final dividend 23 cents per share, franked at 100%, payable on 10 October 2008. Total ordinary dividends for the year were 46 cents per share up 33%[1] on the previous year.

Operational

- Global demand for plasma therapies continues;
- Privigen® (10% liquid intravenous immunoglobulin) approved July 2007 by US FDA;
  - launched in the USA during February 2008;
  - Marketing approval in Europe;
- International rollout of GARDASIL® continues to perform well, including the European sales by sanofi pasteur-MSD, a joint venture of Merck and Co., Inc (Merck) and sanofi aventis;
- Encouraging uptake of GARDASIL® in Australia;
  - New Zealand program announced
- Influenza vaccine production capacity doubled;

[1] After restating the comparative period for 3:1 share split undertaken 24 October 2007

- Influenza vaccine approved by US FDA;
- Panvax® (avian influenza vaccine) approved June 2008 by Australian TGA;
- 5 Year plasma product agreement signed with Canadian Blood Service and Héma Quebéc;
- Rheumatoid arthritis antibody fully licensed to MedImmune / AstraZeneca (AZ).

Dr McNamee, CSL's Managing Director, said "This is a fine result despite absorbing the impact of significant adverse currency movements.

"Global demand for our plasma therapies continues as we enter new markets, develop new therapies and find new indications for existing therapies. The company's strategic move towards our new generation liquid IVIg, Privigen®, is well underway with key regulatory approvals received and the construction of manufacturing facilities in Switzerland progressing as planned.

"In excess of 26 million doses of GARDASIL® have been distributed by our licensee Merck who have now submitted an application for filing in the US for adult women through to age 45 and intend to also submit a filing application for males 9 to 26 years of age.

"During the year we entered the US market with our influenza vaccine and started the registration process in a number of other northern hemisphere markets. In support of our influenza vaccine growth program we have now completed the capacity expansion of our Melbourne based manufacturing facility to 40m doses per season" Dr McNamee said.

BUSINESS REVIEW

Results overview

CSL Behring[2] sales grew 15% when compared to the 12 months ended 30 June 2007. Robust performance across the plasma product portfolio continued with a sales volume growth of approximately 10%.

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

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

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

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

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

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

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

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

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

Business development

Privigen®

On 27 July 2007, the US FDA granted marketing approval for Privigen® (10% liquid intravenous immunoglobulin) used for treating patients diagnosed with primary immunodeficiency. Privigen® is also indicated for the treatment of chronic immune thrombocytopenic purpura to rapidly raise platelet counts to prevent bleeding. Privigen® is the first and only proline stabilised IVIg that is ready for immediate use, not requiring refrigeration or reconstitution during its shelf life. Privigen® was launched in the USA on 7 February 2008.

During April 2008, Swissmedic, the Swiss Agency for therapeutic products granted marketing approval for Privigen®. The European Commission has also accepted the product for marketing in the member states of the European Union and the European Economic Area states, Norway and Iceland. Market launch is planned for later in calendar 2008.

Underpinning the company's strategy for growing the supply of Privigen has been the construction of a 10 million gram manufacturing facility in Switzerland. This facility is expected to be approved for US sales in the quarter ending June 2009.

GARDASIL® – Human Papillomavirus Vaccine
The international rollout of GARDASIL®, by CSL's licensee Merck, continues to perform well. Through their joint venture sanofi pasteur-MSD, Merck have made significant progress in the European rollout program.

Merck have also submitted an application for filing in the US for adult women through to age 45 and intend to also submit a filing application for males 9 to 26 years of age.

During May 2008, the New Zealand Government announced a NZ$164m funding program for human papillomavirus immunisation program to be offered free to more than 300,000 young women aged 12 to 18 years over the next five years. The program, which is scheduled to commence in September this year will utilise GARDASIL®, which will be supplied by CSL.

Influenza
On 1 October 2007, the US Food and Drug Administration (FDA) granted marketing approval for Afluria®, the company's brand name for its influenza vaccine in the USA. Following approval, shipments were made of both single-dose, thiomersal-free, pre-filled syringes and multidose vials. The company's influenza vaccines are now registered in twenty-seven countries and international sales continue to expand.

A two year capital works program to expand the Melbourne plant capacity to 40 million doses per season at a cost of $80m, is now complete. During the year, the Australian

Therapeutic Goods Administration gave approval for registration of Panvax®, CSL's avian influenza vaccine developed in collaboration with the Australian Government.

Beriplex® P/N

CSL Behring's prothrombin complex, Beriplex® P/N was launched in several European countries following its broad European approval in January 2008. Beriplex® P/N is used to rapidly improve blood coagulation in patients who bleed when receiving warfarin anticoagulant therapy.

Rheumatoid Arthritis

During 2006 CSL Limited acquired Zenyth Therapeutics which included a 50/50 joint venture with Cambridge Antibody Technology (CAT). The joint venture was conducting antibody research on the GM-CSF receptor with Rheumatoid Arthritis being the clinical target. CAT has since been acquired with the research work now being conducted by MedImmune / AstraZeneca. During the period under review, CSL decided to license its 50% share in the project to MedImmune, a company with a great deal of experience in inflammation research. MedImmune commenced Phase I clinical trials in December 2007.

Albumin Fusion Technology

Recombinant Factor VIIa effectively controls bleeding episodes in haemophilia patients with inhibitors. In June 2008 CSL Behring presented results of animal studies demonstrating the feasibility of genetically fusing factor VIIa to human albumin. The study also showed that this therapeutic protein with a prolonged half life can lead to a longer biologic effect of coagulation factors. On the strength of this animal data the company has decided to take a program through to the next phase and into pre-clinical development.

Q-Fever

Q-Fever is primarily an occupational disease of people working in Australia's meat and livestock industries. CSL produces the only known vaccine against this disease as part of the company's commitment to products of national significance. A new state-of-the-art Q-Fever vaccine facility is being built at the company's Broadmeadow's site in Melbourne and is scheduled to be opened in 2009.

Canadian Plasma Therapy Supply

In April 2008, CSL Behring announced that the Canadian Blood Services and Héma-Québec have both awarded the company contracts to supply Helixate® FS, Humate® P, Privigen®, Vivaglobin® and other plasma-derived products. The contracts call for CSL Behring to supply these therapies over a period of at least five years and to provide toll manufacturing services to Canadian Blood Services for the fractionation of Canadian plasma. In addition CSL Behring will become the main supplier of bleeding disorder treatments in the province of Quebec.

Australian Plasma Therapy Supply
Two high-yielding, chromatographically purified immunoglobulins phase III clinical trials in Australia and New Zealand were progressed this year. These 10% intravenous and 16% subcutaneous immunoglobulins are designed to improve patient convenience and reduce treatment costs. Following successful clinical investigations Biostate® (Factor VIII/von Willebrand Factor concentrate) has been approved for the treatment of von Willebrand disease in New Zealand and recommended for approval in Australia by the Therapeutic Goods Administration and the Australian Drug Evaluation Committee. Formal approval is anticipated during late 2008.

OUTLOOK

Commenting on CSL's outlook, Dr McNamee said "We continue to anticipate stable market conditions for our plasma therapies business and growing contribution from royalties associated with the international sales of GARDASIL®. Contribution from our influenza vaccine business is expected to increase over the medium term as new northern hemisphere markets are developed.

"Research and Development, which is an essential element of our strategy, will be increased in support of company growth. This year we expect R&D investment to increase to around $265m – $275m.

"In compiling our financial forecasts for 2009 we have determined a number of key variables which may have a significant impact on guidance - in particular, material price and volume movements on core plasma products, unforeseen competitor activity, changes in healthcare regulations and reimbursement policies, royalties[3] arising from the sale of GARDASIL® by Merck, sales of GARDASIL® in Australia, successful implementation of the company's influenza expansion strategy and plasma therapy life cycle management strategies, enforcement of key intellectual property, the risk of regulatory action or litigation, the effective tax rate and foreign exchange movements.

"For the 2008/09 fiscal year we expect net profit after tax of between $810m and $850m, at constant currency. Given the volatile foreign exchange environment we have provided with

[3] Analyst consensus estimates on GARDASIL® royalties used in FY2009 forecast

our results materials a foreign currency sensitivity analysis to assist investors to determine the impact of movement in key currency pairs," Dr McNamee said.

For further information, please contact:

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Email: mark.dehring@csl.com.au

Group Results

Full year ended June	June 2008 $m	June 2007 $m	Change %
Sales	**3,556.7**	**3,172.4**	
Other Revenue	237.6	137.8	
Total Revenue	**3,794.3**	**3,310.2**	**15%**
Earnings before Interest, Tax, Depreciation & Amortisation	**1,108.4**	**918.7**	**21%**
Depreciation/Amortisation	141.8	132.6	
Earnings before Interest and Tax	**966.6**	**786.1**	**23%**
Net Interest Expense	14.6	12.0	
Tax Expense	250.2	234.8	
Net Profit after Tax	**701.8**	**539.3**	**30%**
Total Ordinary Dividends (cents)	46.00	34.67[4]	
Final Dividend (cents)	23.00	18.33[4]	
Basic EPS (cents)	127.6	98.5[4]	

[4] After restating for 3:1 share split undertaken 24 October 2007

CSL Limited

ABN: 99 051 588 348

ASX Full-year information
30 June 2008

Lodged with the ASX under Listing Rule 4.3A.

Contents

CSL Limited

ABN: 99 051 588 348

Appendix 4E

Full-year ended 30 June 2008

(Previous corresponding period:
Year ended 30 June 2007)

Results for Announcement to the Market

	2008	2007
	$000	$000
Sales revenue	3,556,662	3,172,397
Total other revenues	237,630	137,779
Total revenue from continuing operations	**3,794,292**	**3,310,176**
Profit before income tax expense	952,024	774,059
Income tax expense	(250,222)	(234,760)
Net profit from continuing operations and Profit attributable to members of the parent entity	**701,802**	**539,299**

- Revenues from continuing operations up 15.0% to $3,794,292,000.
- Profit from continuing operations after tax and net profit for the year attributable to members of the parent entity up 30.1% to $701,802,000.

Dividends

	Amount per security	Franked amount per security
Final dividend (declared subsequent to balance date)	23.00¢	23.00¢
Interim dividend paid on 14 April, 2008	23.00¢	Unfranked*
Final dividend (prior year)**	18.33¢	9.16¢*
Record date for determining entitlements to the dividend:	22 September 2008	

***** Non-resident withholding tax is not payable on the unfranked component of these dividends as they were declared to be wholly conduit foreign income.
** Prior year dividends have been adjusted following the 3 for 1 share split on 24 October 2007 to enable a meaningful comparison.

Explanation of results
For further explanation of the results please refer to the accompanying press release and "Review of operations" in the Directors' report that is within the Full year report.

Other information required by Listing Rule 4.3A
The remainder of the information requiring disclosure to comply with Listing Rule 4.3A is contained in the attached Additional Information, Directors' Report, Financial Report and media release.

Additional Information

NTA Backing

	30 June 2008	30 June 2007
Net tangible asset backing per ordinary security**	**$3.44**	$2.44

**The prior year net tangible assets figure has been adjusted following the 3 for 1 share split in October 2007 to enable a meaningful comparison.

Changes in controlled entities

The parent entity did not dispose of any entities during the year.

Audit report

The audit report is contained in the attached Financial Report.

Peter R Turvey
Company Secretary
13 August 2008

CSL Limited

ABN: 99 051 588 348

Annual Financial Report

for the year ended 30 June 2008

Directors' Report

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

1. Directors

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

Miss E A Alexander, AM (Chairman)
Dr B A McNamee (Managing Director)
Mr J H Akehurst
Mr A M Cipa
Mr I A Renard
Mr M A Renshaw
Mr K J Roberts, AM
Professor J Shine, AO
Mr D J Simpson

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

2. Company Secretary

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

3. Directors' Meetings

During the year, the Board held nine meetings. The Audit and Risk Management Committee met four times, the Human Resources Committee met four times and the Innovation and Development Committee met once. During 2007-2008 the Nomination Committee comprised the full Board and met in conjunction with Board Meetings. The Securities and Market Disclosure Committee met five times and comprises at least any two Directors, one of whom must be a non-executive director.

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

	Board of Directors		Audit and Risk Management Committee		Securities and Market Disclosure Committee	Human Resources Committee		Innovation and Development Committee	
	Attended	Maximum	Attended	Maximum	Attended	Attended	Maximum	Attended	Maximum
E A Alexander	9	9	4	4	5	4[1]		1[1]	
B A McNamee	9	9	4[2]		5	4[2]			
J Akehurst	9	9				4	4		
A M Cipa	9	9	4[2]			1[2]			
I A Renard	9	9	4	4					
M A Renshaw	9	9				4	4	1	1
K J Roberts	9	9				4	4		
J Shine	8	9						1	1
D Simpson	8	9	4	4		1	1		

[1] Attended for at least part in ex officio capacity

[2] Attended for at least part by invitation

4. Principal Activities

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

5. Operating Results

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

6. Dividends

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

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

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

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

Total dividends for the 2007-2008 year are:

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

7. Review of Operations

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

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

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

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

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

8. Significant changes in the State of Affairs

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

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

9. Significant events after year end

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

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

10. Likely Developments, Business Strategies and Future Prospects

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

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

11. Environmental Regulatory Performance

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

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

No environmental breaches have been notified by the Environmental Protection Authority in Victoria, Australia, or by any other equivalent interstate or foreign government agency in relation to the company's Australian or international operations during the year ended 30 June 2008.

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

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

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

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

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

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

12. Directors' Shareholdings and Interests

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

13. Directors' Interests in Contracts

Section 17 of this Report sets out particulars of the Directors Deed entered into by the company with each director in relation to Board paper access (indemnity and insurance matters).

14. Share Options

As at the date of this report, the number of unissued ordinary shares in the company under options and under performance rights are set out in Note 27 of the Financial 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 Notes 20 and 27 of the Financial Statements. Since the end of the financial year, no further options or performance rights have been exercised.

15. Remuneration Report

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

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

Key Management Personnel

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

a. All executive and non executive directors of CSL Limited;
b. Those executives who have the authority and responsibility for planning, directing and controlling the activities of the company and the Group.
c. The company's five most highly remunerated executives, and where different, the Group's five most highly remunerated executives.

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

Board and Human Resources Committee

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

The full Board has responsibility for:

a. Determining remuneration payable to non-executive directors;

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

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

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

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

The Board's Human Resources Committee is responsible for:

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

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

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

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

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

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

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

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

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

The Committee comprises three independent, non-executive directors, namely Ken Roberts AM (Chairman), John Akehurst and David Simpson (since March 2008). Prior to David Simpson joining the Committee, Maurice Renshaw was a Committee member. Alison von Bibra, General Manager – Human Resources, acts as Secretary of the Committee. The Board Chairperson may attend any meeting of the Committee in an ex officio capacity. The Managing Director, senior executives and professional advisors retained by the Human Resources Committee attend meetings by invitation.

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

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

Non-Executive Directors' Remuneration

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

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

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

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

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

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

Table 1

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

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

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

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

Non-executive directors were entitled to a retirement allowance as approved by shareholders in 1994 equal to the highest fees over any consecutive 36 months of service. If the director had served more than five years on the Board, they would receive another 5% of the base fee at the time of retirement for every additional year served, up to a limit of 15 years. The Board terminated this retirement plan as at 31 December 2003 and froze the retirement allowance as at that date.

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

Executive Remuneration

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

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

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

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

Fixed Remuneration

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

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

Executives who are working in a country other than their usual country of residence are eligible to receive benefits in accordance with the company's expatriate policies. CSL's expatriate policies are intended to compensate an executive for the additional commitment and costs associated with working in a different country.

Short-term Incentives

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

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

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

Long-term Incentives

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

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

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

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

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

Performance Rights and Performance Options

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

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

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

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

Performance rights

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

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

Performance options

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

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

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

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

SESOP II

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

Under this program, options were issued for a term of seven years and began to be exercisable, subject to satisfying the performance hurdle, after the third anniversary of the date of grant. An allocation could be fully exercisable after five years. The exercise price was calculated using the weighted average price over the 5 days preceding the issue date of the option.

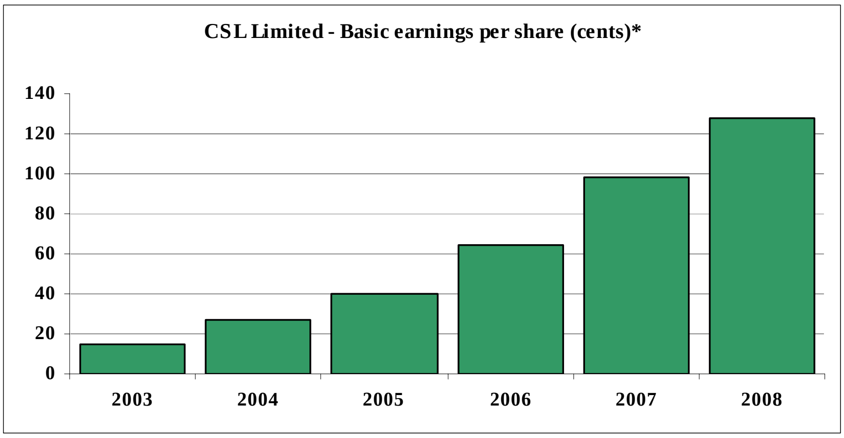
For the options to be exercisable, a performance hurdle relating to earnings per share for CSL ordinary shares had to be met. Specifically, for the period from the financial year preceding the grant of options until the financial year prior to the date of exercise, pre-abnormal earnings per share had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

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

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

Relationship between company performance and executive remuneration

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



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

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

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

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

Table 2- Annual compound growth of EPS

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

Since October 2003, the Company has provided long-term incentives using performance rights which have a total shareholder return (TSR) hurdle. On 20 September 2007 (test date), the vesting period of the performance rights granted on 25 August 2004 concluded and an assessment was undertaken to determine whether the TSR hurdle had been met or exceeded between the grant and test dates. An external, independent party calculated that the TSR from the date of grant and up until the test date was 359.10%, ranking the company at 96.8% in the comparator group. Accordingly, the performance hurdle was exceeded, the rights vested and shares issuable to holders.

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

Table 3 – TSR performance

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

Employment Contracts - Non Executive Directors

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

Employment Contracts - Executive Key Management Personnel

All executive key management personnel are employed under individual service contracts. Each contract outlines the key terms of employment including the executive's fixed remuneration. The potential short-term incentive may also be stipulated in the contract or be governed by the company's remuneration policy which governs the level of short-term incentives applicable to seniority levels.

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

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

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

Table 4 – Executive notice periods

Executive Directors	Notice period by company	Notice period by employee	Termination payments
B A McNamee	6 months	6 months	12 months
A M Cipa	6 months	6 months	12 months
Other executives			
P Turner	6 months	6 months	12 months
C Armit[1]	6 months	6 months	None
A Cuthbertson	6 months	6 months	12 months
P Turvey	6 months	6 months	12 months
A von Bibra	6 months	6 months	12 months
T Giarla[2]	6 months	6 months	12 months
J Davies	6 months	6 months	12 months
M Sontrop	6 months	6 months	12 months

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

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

Directors' Report

Table 5 - Directors' Remuneration

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

Directors' Remuneration (continued)

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

[2] The options and rights have been valued using a combination of the Binomial and Black Scholes option valuation methodologies as at the grant date adjusted for the probability of performance hurdles being achieved. This valuation was undertaken by PricewaterhouseCoopers. The amounts disclosed in remuneration have been determined by allocating the value of the options and performance rights evenly over the period from grant date to vesting date in accordance with applicable accounting standards. As a result, the current year includes options that were granted in prior years.

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

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

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

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

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

Table 6 - Non director executive key management personnel remuneration

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

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

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

performance rights evenly over the period from grant date to vesting date in accordance with applicable accounting standards. As a result, the current year includes options that were granted in prior years.

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

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

Executive Key Management Personnel
Fixed and Performance Remuneration Components

Table 7 – Executive remuneration components in the 2008 financial year

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

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

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

[2]Cash based bonuses include amounts awarded and which are due and payable shortly after the conclusion of the financial year as well as that component of Dr McNamee's entitlement which is subject to deferred settlement terms.

Directors' Report

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

Key management person	Cash incentives [1]		Accounting Values being amortised in respect of the 2008 equity grants in future years[2]				(A) Remuneration consisting of options & rights	(B) Value of options & rights granted during 07/08, at grant date [3]	(C) Value of options & rights exercised during 07/08 at exercise date [4]	(D) Total of columns (B) to (C)
	Percentage Awarded[1]	Percentage Not Awarded[1]	2009 $	2010 $	2011 $	2012 $	%	$	$	$
Executive Directors										
B A McNamee	95.0%	5.0%	548,444	396,456	205,478	39,920	28%	1,600,504	-	1,600,504
A M Cipa	80.0%	20.0%	209,579	151,502	78,524	15,256	32%	611,615	-	611,615
Other executives										
P Turner	95.0%	5.0%	209,579	151,502	78,524	15,256	23%	611,615	2,239,200	2,850,815
C Armit	-	-	-	-	-	-	-	-	1,348,260	1,348,260
A Cuthbertson	62.5%	37.5%	125,606	90,795	47,057	9,142	32%	366,546	1,050,750	1,417,296
P Turvey	100.0%	-	91,584	66,203	34,312	6,666	18%	267,265	700,500	967,765
M Sontrop	100.0%	-	79,537	57,497	29,802	5,790	21%	232,116	429,150	661,266
J Davies	87.5%	12.5%	76,664	55,419	28,724	5,580	24%	223,729	420,300	644,029
T Giarla	100.0%	100.0%	-	-	-	-	19%	-	1,193,760	1,193,760
A von Bibra	50%	50%	67,491	48,792	25,291	4,914	23%	196,968	226,591	423,559

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

As mentioned in the "Short-term incentives" section, consistent with the philosophy of the short-term incentive percentage representing the potential short-term incentive, to be awarded 100% of short-term incentive, an executive is required to have exceeded all performance objectives. An executive who has obtained less than 100% of their incentive payment may have met all their objectives and exceeded some of their objectives but may not have exceeded all of the performance objectives.

[2] The value has been determined at grant date and amortised in accordance with the applicable accounting standard requirements. The minimum value of the grant is $nil if the performance conditions are not satisfied.

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

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

Executive Key Management Personnel

Options and Rights Holdings

Table 9 - Performance rights

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

Table10 - The terms and conditions of the performance rights granted in the 2007 and 2008 financial years

Terms and Conditions for Performance right grants during 2007 and 2008				
Grant Date	**Tranche**	**Value per Right at Grant Date**	**First Exercise Date**	**Last Exercise Date**
2 October 2006	1	14.20	2 October 2008	2 October 2013
2 October 2006	2	13.32	2 October 2009	2 October 2013
2 October 2006	3	12.47	2 October 2010	2 October 2013
1 October 2007	1	28.65	1 October 2009	1 October 2014
1 October 2007	2	26.78	1 October 2010	1 October 2014
1 October 2007	3	25.20	1 October 2011	1 October 2014

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

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

1 Refer to the table above for the balance of performance rights held by key management personnel subsequent to exercise of the performance rights.

Options and Rights Holdings

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

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

Table 13- terms and conditions of the options granted during the 2007 and 2008 financial years

Terms and Conditions for Options grant during 2007 and 2008				
Grant Date	**Tranche**	**Value per Option at Grant Date**	**First Exercise Date**	**Last Exercise Date**
2 October 2006	1	5.71	2 October 2008	2 October 2013
2 October 2006	2	5.83	2 October 2009	2 October 2013
2 October 2006	3	5.96	2 October 2010	2 October 2013
1 October 2007	1	12.06	1 October 2009	1 October 2014
1 October 2007	2	12.33	1 October 2010	1 October 2014
1 October 2007	3	12.59	1 October 2011	1 October 2014

SESOP and SESOP II Options

In relation to the 2007 financial year, the company used the CSL Performance Rights Plan approved by shareholders at the 2003 annual general meeting for long term incentive purposes. Accordingly, no options were issued under SESOP II during the financial year. The last grant of options under SESOP II was made in July 2003.

Table 13 – Shares issued on exercise of options during the 2008 financial year

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

[1] Refer to the table above for the balance of options held by Key Management Personnel subsequent to exercise of the options.

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

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

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

17. Indemnification of Directors and Officers

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

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

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

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

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

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

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

The company paid insurance premiums of $769,285.86 in respect of a contract insuring each individual director of the company and each full time executive officer, director and secretary of the company and its controlled entities, against certain liabilities and expenses (including liability for certain legal costs) arising as a result of work performed in their respective capacities, to the extent permitted by law.

18. Auditor independence and non-audit services

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

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

- all non-audit services have been reviewed by the Audit and Risk Management Committee to ensure that they do not impact the impartiality and objectivity of the auditor

- none of the services undermine the general principles relating to auditor independence as set out in Professional Statement F1, including reviewing or auditing the auditor's own work, acting in a management or a decision making capacity for the company, acting as an advocate for the company or jointly sharing economic risks and rewards.

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

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

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

19. Rounding

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

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

Elizabeth Alexander (Director)

Brian A McNamee (Director)

Melbourne

13 August 2008

Ernst & Young

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Auditor's Independence Declaration

to the Directors of CSL Limited

In relation to our audit of the financial report of CSL Limited for the financial year ended 30 June 2008, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Ernst & Young

Denis Thorn
Partner
Melbourne
13 August 2008

CSL Limited

Income Statements

for the year ended 30 June 2008

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

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

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

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

CSL Limited

Balance Sheets

As at 30 June 2008

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

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

CSL Limited
Statements of Recognised Income and Expense
for the year ended 30 June 2008

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

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

CSL Limited
Cash Flow Statements
for the year ended 30 June 2008

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

For non-cash financing activities refer to note 25.

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

1. Corporate information

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

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

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 consistency applied to all the years presented unless otherwise stated.

(a) Basis of preparation

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

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

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

(b) Principles of consolidation

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

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

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

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

(c) Segment reporting

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

(d) Foreign currency translation

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

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

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

1. Summary of significant accounting policies (continued)

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

(e) Revenue recognition

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

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

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

iii. *Other revenue*
Other revenue is recognised as it accrues.

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

(f) Government grants

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

(g) Borrowing costs

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

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

Revenues, expenses and assets are recognised net of GST except where the amount of GST incurred is not recoverable from a taxation authority in which case it is recognised as part of an asset's cost of acquisition or as part of the expense. Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, taxation authorities is included in other receivables or payables in the balance sheet. Cash flows are presented in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities that are recoverable from or payable to a taxation authority are presented as part of operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, a taxation authority.

(i) Income tax

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

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

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

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

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

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

1. Summary of significant accounting policies (continued)

(j) Cash, cash equivalents and bank overdrafts

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

(k) Trade and other receivables

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

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

(l) Inventories

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value.

Cost includes direct material and labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity.

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

(m) Investments and other financial assets

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

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

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

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

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

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

1. Summary of significant accounting policies (continued)

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

(n) Business Combinations

The purchase method of accounting is used for all business combinations regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the combination. Where equity instruments are issued in a business combination, the fair value of the instruments is their published market price as at the date of the combination. Transaction costs arising on the issue of equity instruments are recognised directly in equity. Where settlement of any part of cash consideration is deferred, where material, the amounts payable in the future are discounted to their present value as at the date of the acquisition. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

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

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

(o) Property, Plant and Equipment

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

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

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

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

(p) Impairment of Assets

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

(q) Leasehold Improvements

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

(r) Leases

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

1. Summary of significant accounting policies (continued)

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

(s) Goodwill and intangibles

i. Goodwill

On acquisition of another entity, the identifiable net assets acquired (including contingent liabilities assumed) are measured at their fair value. The excess of the fair value of the purchase consideration plus incidental expenses, over the fair value of the identifiable net assets, is brought to account as goodwill. Goodwill acquired is allocated to each of the cash-generating units expected to benefit from the combination's synergies. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

ii. Intangibles

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

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

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

iii. Research and development costs

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

(t) Trade and other payables

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

(u) Interest-Bearing Liabilities and Borrowings

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

(v) Derivative Financial Instruments

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

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

1. Summary of significant accounting policies (continued)

(w) Provisions

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

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

(x) Employee Benefits

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

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

(y) Pension plans

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

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

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

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

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

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

(z) Share-based payment transactions

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

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

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

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

1. Summary of significant accounting policies (continued)

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

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

(aa) Contributed equity

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

(bb) Earnings per share

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

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

(cc) Dividends

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

(dd) New standards and interpretations not yet adopted

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

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

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

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

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

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

1. Summary of significant accounting policies (continued)

(ee) Critical accounting estimates and judgements

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

i. Testing goodwill and intangible assets for impairment

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

ii. Income taxes

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

2 Segment Information

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

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

Geographical Segments
The Group operates predominantly in three segments, being Australasia/Asia Pacific, Americas and EMEA. The geographic segment of Australasia/Asia Pacific comprises Australia, New Zealand and Asia. The geographic segment of Americas includes North and South America. The geographic segment of EMEA includes Europe, Middle East and Africa.

Segment Accounting Policies
The Group accounts for inter-segment sales and transfers as if the sales or transfers were to third parties at current market prices. Segment accounting policies are the same as the Group's policies described in note 1. During the financial year, there were no changes in segment accounting policies.

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

2 Segment Information (continued)

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

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

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

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

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

	Notes	Consolidated Group 2008 $000	Consolidated Group 2007 $000	Parent Company 2008 $000	Parent Company 2007 $000
3 Revenue and expenses (continued)					
Other expenses					
Write-down of inventory to net realisable value		**65,004**	54,448	**12,524**	4,884
Doubtful debts		**3,071**	6,037	**-**	-
Net loss on disposal of property, plant and equipment		**917**	222	**850**	-
Impairment loss on available for sale asset		**5,000**	-	**5,000**	-
Net foreign exchange loss		**-**	-	**62**	2,070
		73,992	60,707	**18,436**	6,954
Lease payments and related expenses included in the income statement					
Rental expenses relating to operating leases		**33,534**	34,640	**2,264**	2,591
Employee benefits expense					
Salaries and wages		**808,497**	733,735	**163,564**	133,266
Defined benefit plan expense	**26(a)**	**14,740**	14,827	**1,465**	1,785
Defined contribution plan expense	**26(b)**	**15,854**	15,420	**10,934**	10,398
Share based payments expense	**21**	**12,607**	9,795	**6,266**	9,795
		851,698	773,777	**182,229**	155,244
4 Income tax expense					
Income tax expense recognised in the income statement					
Current tax expense					
Current year		**304,734**	178,151	**40,720**	19,397
Deferred tax expense					
Origination and reversal of temporary differences	**11**	**(33,603)**	63,649	**(5,393)**	(2,487)
Tax losses recognised	**11**	**(16,765)**	(2,646)	**-**	**-**
	11	**(50,368)**	61,003	**(5,393)**	(2,487)
Under/(over) provided in prior years		**(4,144)**	(4,394)	**(2,216)**	(412)
Income tax expense		**250,222**	234,760	**33,111**	16,498

Reconciliation between tax expense and pre-tax net profit

The reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows:

	Notes	Consolidated Group 2008 $000	Consolidated Group 2007 $000	Parent Company 2008 $000	Parent Company 2007 $000
Accounting profit before income tax		**952,024**	774,059	**466,938**	454,628
Income tax calculated at 30% (2007: 30%)		**285,607**	232,218	**140,081**	136,388
Research and development		**(9,907)**	(2,507)	**(9,907)**	(2,339)
Non-assessable capital loss / (gain)		**(1,169)**	(828)	**(1,169)**	**-**
Exempt dividends received		**-**	**-**	**(97,488)**	(120,262)
Other non-deductible/non-assessable items		**22,026**	1,052	**3,810**	3,123
Utilisation of tax losses/unrecognised deferred tax		**(18,154)**	(14,011)	**-**	**-**
Revaluation of deferred tax balances		**(19,867)**	**-**	**-**	**-**
Effects of different rates of tax on overseas income		**(4,170)**	23,230	**-**	**-**
Under/(over) provision in prior year		**(4,144)**	(4,394)	**(2,216)**	(412)
Income tax expense		**250,222**	234,760	**33,111**	16,498
Income tax recognised directly in equity					
Deferred tax benefit/(expense)					
Share based payments	**21**	**(8,324)**	8,628	**(1,092)**	8,628
Net actuarial (gain)/loss on defined benefit plans	**22**	**855**	(3,226)	**1,275**	(1,730)
Income tax benefit/(expense) recognised in equity	**11**	**(7,469)**	5,402	**183**	6,898

4 Income tax (continued)

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

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

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

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

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

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

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

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

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

Conversions, calls, subscription or issues after 30 June 2008

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

Options

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

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

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

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

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

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

(i) Impaired trade receivables

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

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

(ii) Past due but not impaired

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

(iii) Other receivables

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

		Consolidated Group		Parent Company	
		2008	2007	**2008**	2007
		$000	$000	**$000**	$000
8	**Inventories**				
	Raw materials and stores – at cost	**241,679**	237,185	**19,784**	14,951
	Less: Allowance for diminution in value	**(2,546)**	(4,205)	**(407)**	(424)
	Raw materials and stores – net	**239,133**	232,980	**19,377**	14,527
	Work in progress – at cost	**506,467**	545,629	**29,454**	24,987
	Less: Allowance for diminution in value	**(28,731)**	(35,593)	**(7,415)**	(792)
	Work in progress – net	**477,736**	510,036	**22,039**	24,195
	Finished goods – at cost	**494,828**	393,664	**36,876**	31,559
	Less: Allowance for diminution in value	**(13,564)**	(8,399)	**(839)**	(863)
	Finished goods - net	**481,264**	385,265	**36,037**	30,696
	Total inventories at the lower of cost and net realisable value	**1,198,133**	1,128,281	**77,453**	69,418

9	**Other financial assets**				
	Current				
	At fair value through the profit or loss:				
	Managed financial assets (held for trading)	**1,513**	594	**-**	-
	Non-current				
	Available-for-sale financial assets:				
	Unlisted equity securities*	**-**	7,913	**-**	7,913
	At fair value through the profit or loss:				
	Managed financial assets (held for trading)	**8,442**	5,895	**-**	-
	Shares in subsidiaries – at cost (refer note 32)	**-**	-	**1,340,144**	1,333,788
	Total non-current other financial assets as at 30 June	**8,442**	13,808	**1,340,144**	1,341,701

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Nature and purpose of reserves

Share based payments reserve

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

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

Net unrealised gains reserve

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

Foreign currency translation reserve

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

	Note	Consolidated Group 2008 $000	Consolidated Group 2007 $000	Parent Company 2008 $000	Parent Company 2007 $000
22 Retained earnings					
Opening balance at 1 July		**1,435,279**	1,051,470	**430,773**	151,144
Net profit for the year		**701,802**	539,299	**433,827**	438,130
Dividends	**23**	**(227,431)**	(162,534)	**(227,431)**	(162,534)
Actuarial gain/(loss) on defined benefit plans		**(4,389)**	10,270	**(4,248)**	5,763
Transfers from reserves		**(29)**	-	-	-
Deferred tax on actuarial gain/(loss) on defined benefit plans		**855**	(3,226)	**1,275**	(1,730)
Closing balance at 30 June		**1,906,087**	1,435,279	**634,196**	430,773

23 Dividends

	Consolidated Group 2008 $000	Consolidated Group 2007 $000	Parent Company 2008 $000	Parent Company 2007 $000
Dividends paid				
Dividends recognised in the current year by the Company are:				
Final ordinary dividend of 18.33* cents per share, franked to 50%, paid on 12 October 2007 (2007: 13.33* cents per share, unfranked)	**100,840**	72,926	**100,840**	72,926
Interim ordinary dividend of 23 cents per share, unfranked, paid on 14 April 2008 (2007: 16.33* cents per share, unfranked)	**126,591**	89,608	**126,591**	89,608
	227,431	162,534	**227,431**	162,534
Dividends not recognised at year end				
In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of 23 cents per share, fully franked (2007: ordinary dividend of 18.33* cents per share franked to 50%). The aggregate amount of the proposed dividend, based on the number of shares on issue at the date of this report, that is expected to be paid on 10 October 2008 out of retained earnings at 30 June 2008, but not recognised as a liability at year end is:	**126,592**	100,673	**126,592**	100,673

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

Franked dividends

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

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

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

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

(a) Defined benefit plans

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

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

Amounts for the current and previous periods are as follows:

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

The Group and the Parent Company have 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).

26 Employee benefits (continued)
(a) Defined benefit plans (continued)

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

	Consolidated Group		Parent Company	
	2008	2007	**2008**	2007
	$000	$000	**$000**	$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:

	Consolidated Group 2008	Consolidated Group 2007	Parent Company 2008	Parent Company 2007
Discount rate	**4.3%**	4.0%	**6.0%**	5.8%
Expected return on assets and expected long-term rate of return on assets[1]	**5.0%**	5.2%	**7.0%**	7.0%
Future salary increases	**2.3%**	2.0%	**5.0%**	5.0%
Future pension increases	**0.7%**	0.3%	**-**	-

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

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

Consolidated Group – June 2008	Plan assets[1] $000	Accrued benefit[1] $000	Plan surplus / (deficit) $000
CSL Pension Plan (Australia)[2]	**33,319**	**(29,801)**	**3,518**
CSL Bioplasma AG Pension Fund (Switzerland)	**240,694**	**(236,160)**	**4,534**
CSL Behring Union Pension Plan (US UPP)	**41,942**	**(51,438)**	**(9,496)**
CSL Behring GmbH Pension Plan (Germany)	**-**	**(63,755)**	**(63,755)**
CSL Pharma GmbH Pension Plan (Germany)	**-**	**(1,527)**	**(1,527)**
CSL Behring KG Pension Plan (Germany)	**-**	**(3,006)**	**(3,006)**
CSL Plasma Services GmbH Pension Plan (Germany)	**-**	**(117)**	**(117)**
CSL Behring KK Retirement Allowance Plan (Japan)	**-**	**(7,670)**	**(7,670)**
	315,955	**(393,474)**	**(77,519)**

Consolidated Group – June 2007	Plan assets[1] $000	Accrued benefit[1] $000	Plan surplus / (deficit) $000
CSL Pension Plan (Australia)[2]	34,548	(26,661)	7,887
CSL Bioplasma AG Pension Fund (Switzerland)	213,998	(209,902)	4,096
CSL Behring Union Pension Plan (US UPP)	50,075	(56,822)	(6,747)
CSL Behring GmbH Pension Plan (Germany)	-	(66,667)	(66,667)
CSL Pharma GmbH Pension Plan (Germany)	-	(1,591)	(1,591)
CSL Behring KG Pension Plan (Germany)	-	(2,937)	(2,937)
CSL Plasma Services GmbH Pension Plan (Germany)	-	(124)	(124)
CSL Behring KK Retirement Allowance Plan (Japan)	-	(6,402)	(6,402)
	298,621	(371,106)	(72,485)

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

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

(b) Defined contribution plans

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

27 Share based payments

(a) Share based payment schemes

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

Revised Senior Executive Share Ownership Plan (SESOP II)

The establishment of the SESOP II plan was approved by special resolution at the annual general meeting of the Company on 20 November 1997. Under the rules of SESOP II no loan is made to the recipients of options until the option is exercised. Consequently, no amounts are recorded in receivables until the option is exercised.

The options are issued for a term of seven years and begin to be exercisable after the third anniversary of the date of grant. The options cannot be transferred and are not quoted on the ASX. Performance hurdles for both the Group and employees must be met before the options can be exercised. The exercise price is calculated using the weighted average price over the 5 days preceding the issue date of the option.

Employee Performance Rights Plan (Performance Rights)

The establishment of the Employee Performance Rights Plan (Performance Rights) was approved by special resolution at the annual general meeting of the Company on 16 October 2003. Unless otherwise determined by the Board, Performance Rights will be granted for no consideration payable by the employee. A Performance Right represents the right to subscribe for or acquire one share for either nil or monetary consideration not exceeding $1.00 per share.

A Performance Right may only be exercised when it has become a Vested Performance Right. Unvested Performance Rights cannot be exercised. Vested Performance Rights can be exercised from the date they become Vested Performance Rights until they lapse. Performance Rights may become Vested Performance Rights if the Company satisfies specified Performance Hurdles during specified Performance Periods. The Performance hurdle is the Company's Total Shareholder Return (TSR) relative to the ASX top 100 index by market capitalisation (excluding companies with the GICS industry codes of commercial banks, oil and gas and metals and mining).

The Performance Period is 3 years (or, if not fully met after 3 years, then 4 years or 5 years) with the Test Dates occurring at the end of Years 3, 4 and 5. The Performance Hurdles will 'cascade' so that a proportion of Performance Rights become Vested Performance Rights when a minimum target is reached, and the proportion will increase as performance exceeds the minimum target. If, on any Test Date, the Company's performance does not place it above the 50th percentile, in terms of TSR ranking, none of the Performance Rights will vest. Where the Company is placed at or above the 75th percentile, all of the Performance Rights will vest. Between the 50th and 75th percentiles, the proportion of Performance Rights that will vest will increase on a straight-line basis.

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

Long Term Incentive Plan

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

A Performance Right represents the right to subscribe for or acquire one share for either nil or monetary consideration not exceeding $1.00 per share. The Performance Options are issued for nil consideration with an exercise price equal to the volume weighted average CSL share price over the week up to and including the day of grant.

The performance hurdle attached to Performance Rights is a relative TSR hurdle with a peer group of the companies comprising the ASX top 100 by market capitalisation (excluding companies with the GICS industry codes of commercial banks, oil and gas and metals and mining). Vesting will occur where the Company’s TSR ranking is at or above the 50th percentile.

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

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

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

Global Employee Share Plan (GESP)

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

27 Share based payments (continued)

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

(b) Outstanding share based payment equity instruments

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

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

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

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 above disclosures are estimated based on information available as at 30 June 2008.

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

Options	$33.26
Performance Rights	-
GESP	$35.56

27 Share based payments (continued)

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

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

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

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

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 above disclosures are estimated based on information available as at 30 June 2008.

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

Options	$20.34
Performance Rights	-
GESP	$21.58

27 Share based payments (continued)

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

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

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

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

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

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

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

28 Key management personnel disclosures

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

Non-executive directors

E A Alexander (Chairman)

J Akehurst

I A Renard

M A Renshaw

K J Roberts

J Shine

D Simpson (appointed 1 September 2006)

P H Wade (retired 30 September 2006)

A C Webster (retired 18 October 2006)

Executive directors

B A McNamee (Chief Executive Officer and Managing Director)

A M Cipa (Finance Director)

Executives

P Turner (President, CSL Behring)

C Armit (President, CSL Biotherapies, retired 31 December 2007)

A Cuthbertson (Chief Scientific Officer)

P Turvey (Company Secretary and General Counsel)

T Giarla (President, CSL Bioplasma, ceased to be a KMP effective 29 February 2008)

A von Bibra (General Manager, Human Resources)

M Sontrop (General Manager, CSL Biotherapies Australia & New Zealand)

J Davies (General Manager, CSL Bioplasma, Asia Pacific, appointed 1 March 2008)

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

(a) *Total compensation for key management personnel*

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

28 Key management personnel disclosures (continued)

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

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

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

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

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

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

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

Loans to key management personnel relating to SESOP are interest free. Loans relating to SESOP II are charged interest at a concessional average rate of 2.5%. This is based on interest being charged equivalent to the after-tax cash amount of dividends on the underlying shares (excluding the impact of imputation and assuming a marginal income tax rate of 46.5%). The average commercial rate of interest during the year was 9.59%.

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

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

- The Company has a number of contractual relationships, including property leases and collaborative research arrangements, with the University of Melbourne of which Mr Ian Renard is the Chancellor and Miss Elizabeth Alexander is the Chair of the Finance Committee and a member of the Council and Dr Virginia Mansour (whose husband is Dr Brian McNamee) is a member of the Council.

28 Key management personnel disclosures (continued)

(d) Options over equity instruments granted as compensation

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

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

Options were granted during the current year as follows:

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

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

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

(e) Performance Rights over equity instruments granted as compensation

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

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

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

28 Key management personnel disclosures (continued)

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

Performance Rights were granted during the current year as follows:

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

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

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

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

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

(f) Exercise of equity instruments granted as compensation

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

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

28 Key management personnel disclosures (continued)

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

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

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

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

Movements in shares	**Balance at 1 July 2007**	**Options / Performance Rights Exercised during year**	**(Shares sold)/ Purchased**	**Balance at 30 June 2008**
Non-Executive Directors				
E A Alexander	**22,878**	-	1,844	**24,722**
J Akehurst	**21,474**	-	765	**22,239**
I A Renard	**21,654**	-	765	**22,419**
M A Renshaw	**4,512**	-	765	**5,277**
K J Roberts	**17,049**	-	765	**17,814**
J Shine	**1071**	-	765	**1,836**
D J Simpson	**558**	-	765	**1,323**
Executive Directors				
B A McNamee	**625,533**	-	-	**625,533**
A M Cipa	**25,641**	-	-	**25,641**
Executives				
P Turner	**74,526**	90,000	(90,000)	**74,526**
C Armit	**27,930**	48,000	(30,000)	**45,930**
A Cuthbertson	**79,437**	45,000	(45,000)	**79,437**
P Turvey	**4,197**	30,000	(14,756)	**19,441**
T Giarla	**-**	48,000	(48,000)	**-**
A von Bibra	**2337**	7,920	245	**10,502**
M Sontrop	**71,391**	15,000	(64,556)	**21,835**
J Davies	**41,163**	18,000	(44,700)	**14,463**
Total	**1,041,351**	**301,920**	**(330,333)**	**1,012,938**

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

29 Non key management personnel related party disclosure

Ultimate Controlling Entity

The ultimate controlling entity is CSL Limited.

Identity of related parties

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

Other related party transactions

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

Wholly owned subsidiaries

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

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

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

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

Partly owned subsidiaries

- No transactions occurred during the year.

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

Transactions with key management personnel and their related parties

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

Transactions with other related parties

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

Ownership interests in related parties

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

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

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

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

	Consolidated Group		Parent Company	
	2008	2007	**2008**	2007
	$000	$000	**$000**	$000

31 Commitments and contingencies (continued)

(b) Finance leases

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

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

(c) Total lease liability

Current				
Finance leases (refer note 15)	**2,744**	1,920	-	-
Surplus lease space (refer note 17)	**195**	724	-	-
	2,939	2,644	-	-
Non-current				
Finance leases (refer note 15)	**35,081**	34,445	-	-
	38,020	37,089	-	-

(d) Capital commitments

Capital expenditure contracted for at balance date but not provided for in the financial statements, payable:				
Not later than one year	**68,733**	57,597	**13,814**	19,295
Later than one year but not later than five years	**3,642**	1,202	**-**	-
Later than five years	**-**	-	**-**	-
	72,375	58,799	**13,814**	19,295

(e) Contingent assets and liabilities

Guarantees

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

31 Commitments and contingencies (continued)

Service agreements

The maximum contingent liability for benefits under service agreements, in the event of an involuntary redundancy, is between 3 to 12 months. Agreements are held with the managing director and persons who take part in the management of the companies in the Group. The maximum liability that could arise, for which no provisions are included in the financial statements is as follows:

	Consolidated Group		Parent Company	
	2008	2007	**2008**	2007
	$	$	**$**	$
Service agreements	**9,543**	7,901	**6,623**	5,783

Litigation

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

Deed of cross guarantee

The Parent Company has entered into a deed of cross guarantee in accordance with a class order issued by the Australian Securities and Investments Commission. The Parent Company, and the subsidiaries which are party to the deed, have guaranteed the repayment of all current and future creditors in the event that any of these companies are wound up. Refer note 34 for details.

32 Controlled Entities

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

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

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

33 Acquisition of Controlled Entities

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

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

Details of net assets acquired and goodwill are as follows:

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

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

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

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

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

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

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

34 Deed of Cross Guarantee

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

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

Income Statement	**Consolidated Group**	
	2008	2007
	$000	$000
Continuing operations		
Sales revenue	**666,088**	464,619
Cost of sales	**(360,739)**	(252,359)
Gross profit	**305,349**	212,260
Sundry revenues	**198,277**	101,695
Dividend income	**333,616**	258,979
Interest income	**49,084**	40,622
Research and development expenses	**(130,357)**	(103,840)
Selling and marketing expenses	**(74,738)**	(64,384)
General and administration expenses	**(114,595)**	(97,485)
Finance costs	**(28,387)**	(29,050)
Profit before income tax expense	**538,249**	319,293
Income tax expense	**(47,164)**	(1,928)
Profit for the year	**491,085**	317,364

34 Deed of Cross Guarantee (continued)

Balance sheet

	Consolidated Group 2008 $000	2007 $000
CURRENT ASSETS		
Cash and cash equivalent	**513,897**	306,016
Trade and other receivables	**508,317**	96,401
Current tax assets	**-**	-
Inventories	**120,324**	110,739
Total Current Assets	**1,142,538**	513,156
NON-CURRENT ASSETS		
Trade and other receivables	**198,901**	188,705
Other financial assets	**1,235,573**	1,604,074
Property, plant and equipment	**348,242**	323,771
Deferred tax assets	**22,133**	24,724
Intangible assets	**57,550**	72,802
Retirement benefit assets	**3,518**	7,887
Total Non-Current assets	**1,865,917**	2,221,963
TOTAL ASSETS	**3,008,455**	2,735,119
CURRENT LIABILITIES		
Trade and other payables	**145,881**	140,696
Interest-bearing liabilities and borrowings	**16,540**	32,338
Current tax liabilities	**54,157**	24,123
Provisions	**30,328**	28,250
Deferred government grants	**469**	100
Total Current Liabilities	**247,375**	225,507
NON-CURRENT LIABILITIES		
Trade and other payables	**994**	17,459
Interest-bearing liabilities and borrowings	**548,013**	548,066
Deferred tax liabilities	**14,704**	15,512
Provisions	**6,687**	5,681
Deferred government grants	**6,950**	4,961
Total Non-Current Liabilities	**577,348**	591,679
TOTAL LIABILITIES	**824,723**	817,186
NET ASSETS	**2,183,732**	1,917,933
EQUITY		
Contributed equity	**1,034,337**	1,023,941
Reserves	**38,608**	43,885
Retained earnings	**1,110,787**	850,107
TOTAL EQUITY	**2,183,732**	1,917,933

Summary of movements in consolidated retained earnings of the closed group

	2008 $000	2007 $000
Retained earnings at beginning of the financial year	**850,107**	691,243
Net profit	**491,085**	317,365
Actuarial gain / (loss) on defined benefit plans, net of tax	**(2,974)**	4,033
Dividends provided for or paid	**(227,431)**	(162,534)
Retained earnings at the end of the financial year	**1,110,787**	850,107

35 Financial Risk Management Objectives and Policies

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

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

Market Risk

1. *Foreign exchange risk*

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

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

The Group enters into forward exchange contracts to buy and sell specified amounts of foreign currencies in the future at predetermined exchange rates. The objective is to match the contracts with committed future cash flows from sales and purchases in foreign currencies, to protect the Group against exchange rate movements. Contracts to buy and sell foreign currencies are entered into from time to time to offset purchase and sale obligations in order to maintain a desired hedge position.

The table 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.

The Parent Company and other subsidiaries also enter into forward contracts to hedge foreign currency receivables from other entities within the group.

These receivables are eliminated on consolidation, however, the hedges are in place to protect the Parent Company and other group subsidiaries from movements in exchange rates that would give rise to an income statement impact.

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

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

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

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

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

35 Financial Risk Management (continued)

2. *Interest rate risk*

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

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

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

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

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

35 Financial Risk Management (continued)

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

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

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

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

Sensitivity analysis

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

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

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

35 Financial Risk Management (continued)

Credit Risk

Credit risk represents the extent of credit related losses that the Group may be subject to on amounts to be exchanged under financial 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 agency Standard and Poor.

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

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

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

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

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

An 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.

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

Financial assets are considered impaired where there is objective evidence that the Group will not be able to collect all amounts due according to the original trade and other receivable terms. Factors considered when determining if an impairment exists include aging and timing of expected receipts and the credit worthiness of counterparties. A provision for impairment is created for the difference between the 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.

35 Financial Risk Management (continued)

Funding and liquidity risk

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

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

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

The below table shows the profile of financial liabilities:

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

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

35 Financial Risk Management (continued)

Fair values

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

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

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

Trade and other receivables / payables

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

Other financial assets – derivatives

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

Other financial assets – other

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

Interest bearing liabilities and borrowings

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

Interest bearing liabilities and borrowings – finance leases

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

Capital Risk Management

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

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

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

36 Events after balance sheet date

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

CSL Limited expects to fund the acquisition as follows:

a. Equity approximately A$1.75bn (A$1.65bn from an underwritten institutional placement and $0.1bn from a Share Purchase Plan). Equity issued to fund the acquisition will participate in the fully franked final dividend in respect to the year ended 30 June 2008, as described in Note 23.
b. Existing cash reserves and via the raising of up to US$1.3bn of new debt.

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

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

CSL Limited 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 2008 and of their performance for the year ended on that date; and

    (ii) complying with Accounting Standards and Corporations Regulations 2001; and

  (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

(2) This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the financial period ended 30 June 2008.

(3) In the opinion of the Directors, as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in note 34 will be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the Deed of Cross Guarantee dated 28 June 2007.

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

Elizabeth A Alexander	Brian A McNamee
Chairman	Managing Director

Melbourne
13 August 2008

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Independent Audit Report

to the Members of CSL Limited

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

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independence

In conducting our audit we have met the independence requirements of the Corporations *Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report. In addition to our audit of the financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Auditor's Opinion

In our opinion:

1. the financial report of CSL Limited is in accordance with the *Corporations Act 2001*, including:

    i giving a true and fair view of the financial position of CSL Limited and the consolidated entity at 30 June 2008 and of their performance for the year ended on that date; and

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

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

Report on the Remuneration Report

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

Auditor's Opinion

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

Ernst & Young

Denis Thorn
Partner
Melbourne
13 August 2008

CSL Limited
2008 Full Year Result
13 August 2008

Disclaimer

Forward looking statements

The materials in this presentation speak only as of the date of these materials, and include forward looking statements about our financial results and estimates, business prospects and products in research that involve substantial risks and uncertainties, many of which are outside the control of, and are unknown to, CSL. You can identify these statements by the fact that they use words such as "anticipate," "estimate," "expect," "project," "intend," "plan," "believe," "target," "may," "assume," and other words and terms of similar meaning in connection with any discussion of future operating or financial performance. Among the factors that could cause actual results to differ materially are the following: the success of research and development activities, decisions by regulatory authorities regarding whether and when to approve our drug applications as well as their decisions regarding labeling and other matters that would affect the commercial potential of our products; competitive developments affecting our current growth products; the ability to successfully market new and existing products in Australia and other countries; difficulties or delays in manufacturing; trade buying patterns, fluctuations in interest and currency exchange rates; legislation or regulations throughout the world that affect product production, distribution, pricing, reimbursement or access; legal defense costs, insurance expenses, settlement costs and the risk of an adverse decision or settlement relating to product liability, patent protection or governmental investigations, growth in costs and expenses; and CSL's ability to protect its patents and other intellectual property throughout the world. The statements being made in this presentation do not constitute an offer to sell, or solicitation of an offer to buy, any securities of CSL.

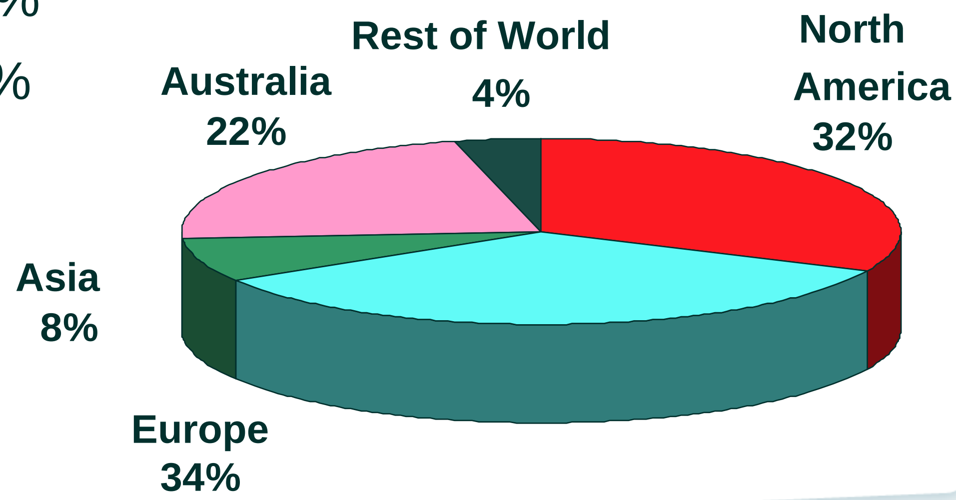
No representation, warranty or assurance (express or implied) is given or made in relation to any forward looking statement by any person (including CSL). In particular, no representation, warranty or assurance (express or implied) is given in relation to any underlying assumption or that any forward looking statement will be achieved. Actual future events may vary materially from the forward looking statements and the assumptions on which the forward looking statements are based. Given these uncertainties, readers are cautioned to not place undue reliance on such forward looking statements.

Subject to any continuing obligations under applicable law or any relevant listing rules of the ASX, CSL disclaims any obligation or undertaking to disseminate any updates or revisions to any forward looking statements in these materials to reflect any change in expectations in relation to any forward looking statements or any change in events, conditions or circumstances on which any such statement is based. Nothing in these materials shall under any circumstances create an implication that there has been no change in the affairs of CSL since the date of these materials.

Highlights - Financial

- Total revenue $3,794m up 15%
  - GARDASIL® royalty of $167m
  - Australian GARDASIL® sales $227m
- NPAT $702m up 30%
  - Includes adverse currency impact of $78m
  - NPAT at constant currency* up 45%
- R&D expenditure of $225m up 18%
- Operating cashflow $715m up 49%
- EPS $1.28** up 30%
- Final dividend 23 cents (franked 100%)

Global Revenue $3.8bn



Constant currency removes the impact of exchange rate movements to facilitate comparability
** *After restating comparative period for 3:1 share split undertaken 24 October 2007*

Highlights - Operational

Global demand for plasma therapies continues
Privigen® (10% liquid IVIG) launched in US - Feb 08
- Marketing approval in Europe

Canadian plasma products agreements
Beriplex® – European approval and Launch

Plasma

International rollout of GARDASIL® performing well
- Including European program

Encouraging uptake of GARDASIL® in Australia
- New Zealand program announced

Gardasil®

Production capacity doubled
approved by US FDA – US launch

Influenza Vaccine

Rheumatoid arthritis antibody fully licensed to MedImmune/ AstraZeneca (AZ)
Panvax® avian Influenza vaccine approved by Aust. TGA

Research & Development

CSL™

Group Outlook for FY2009 at Constant Currency*

Total revenue growth	~ 8%
• Australia/NZ GARDASIL sales	~ $100m
HPV Royalties approx.	~ $180m - $200m
R&D investment increasing to	~ $265m - $275m
Net Profit after Tax	~ $810m - $850m

Outlook statements are subject to:

*Material price and volume movements on core plasma products, unforeseen competitor activity, changes in healthcare regulations and reimbursement policies, royalties** arising from the sale of GARDASIL® by Merck, sales of GARDASIL® in Australia, successful implementation of the company's influenza expansion strategy and plasma therapy life cycle management strategies, enforcement of key intellectual property, the risk of regulatory action or litigation, the effective tax rate and foreign exchange movements.*

CSL™

** Constant currency removes the impact of exchange rate movements to facilitate comparability*

*** Analyst consensus estimates on GARDASIL® royalties used in FY2009 forecast*

Human Health
Business Unit Performance

- CSL Behring
- Other Human Health
  - CSL Bioplasma
  - CSL Biotherapies
  - CSL Research & Development

CSL™

CSL Behring

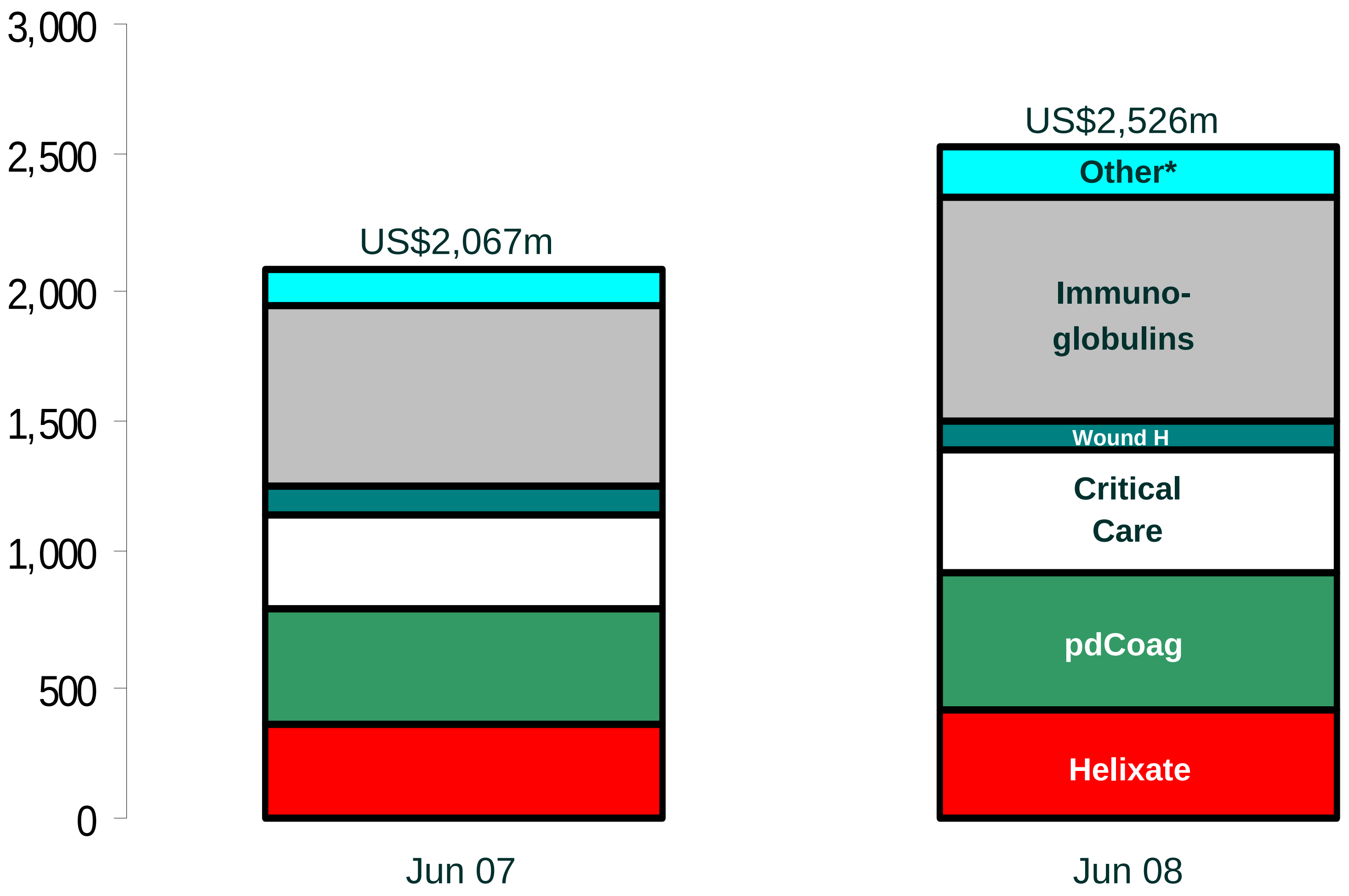
Sales US$2,526m (A$2,822m)

- Up 22% in $US or 15% at constant currency
- Volume growth ~10%

EBITDA US$799m, EBITDA margin ~32%

- Strong contribution from core and specialty products
- Strong growth in intercontinental sales
- Optimizing product mix

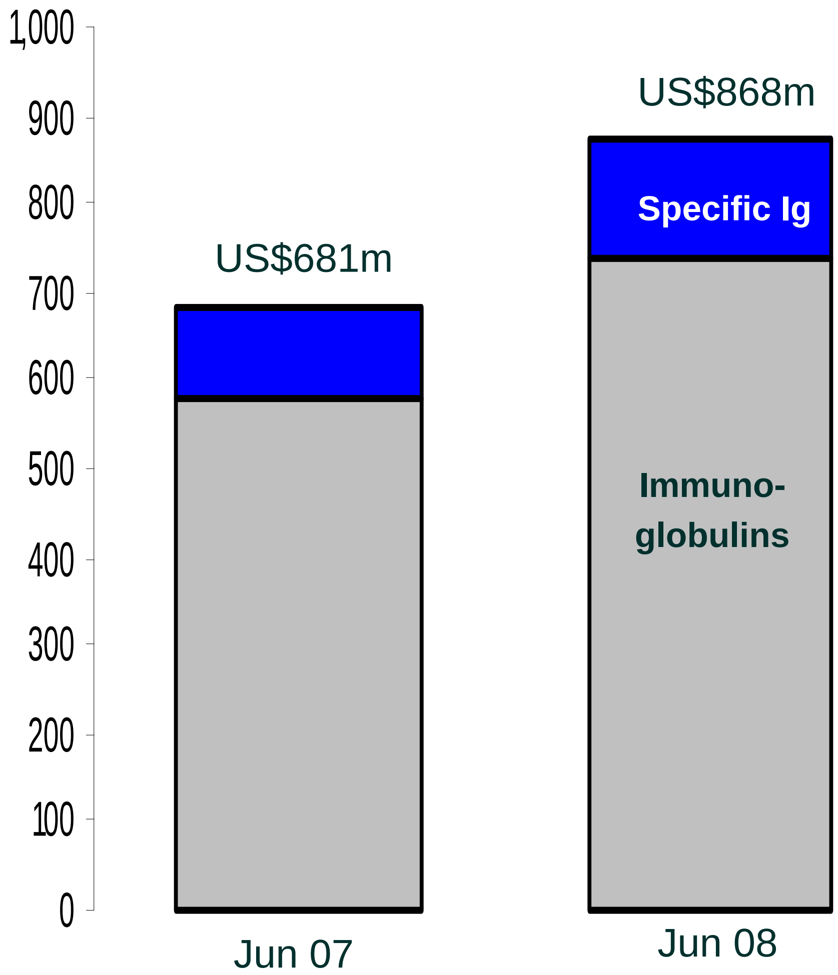
CSL Behring Sales - Up 22% in $US
Up 15% at Constant FX



Sales for the 12 month period

** Includes non therapy sales such as plasma, testing services etc*

Immunoglobulins sales - Up 28% in $US
Up 23% at Constant FX

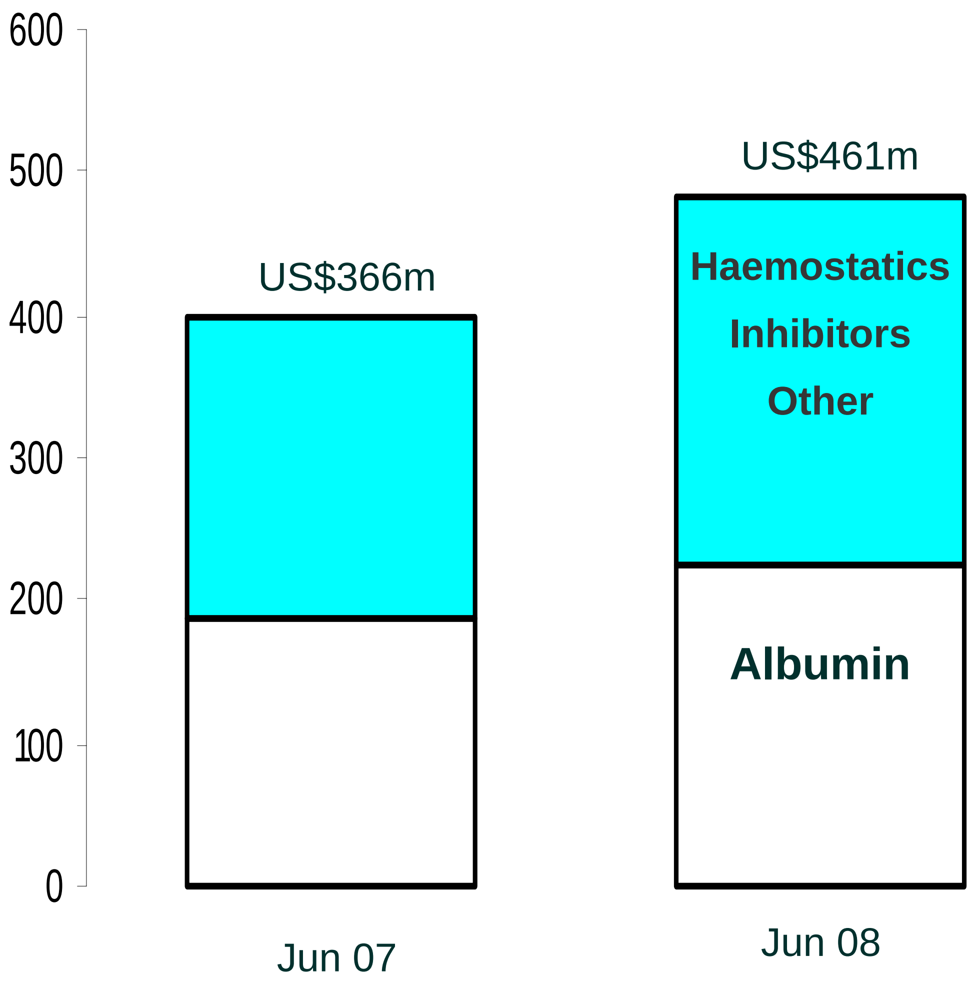


Sales for the 12 month period

Highlights

- IVIG product mix, price and volume strength
- Launch of Privigen® in US
- First full period of Cytogam® sales
- Strong growth in Vivaglobin® and Rhophylac®

Critical Care Sales - Up 26% in $US
Up 16% at Constant FX

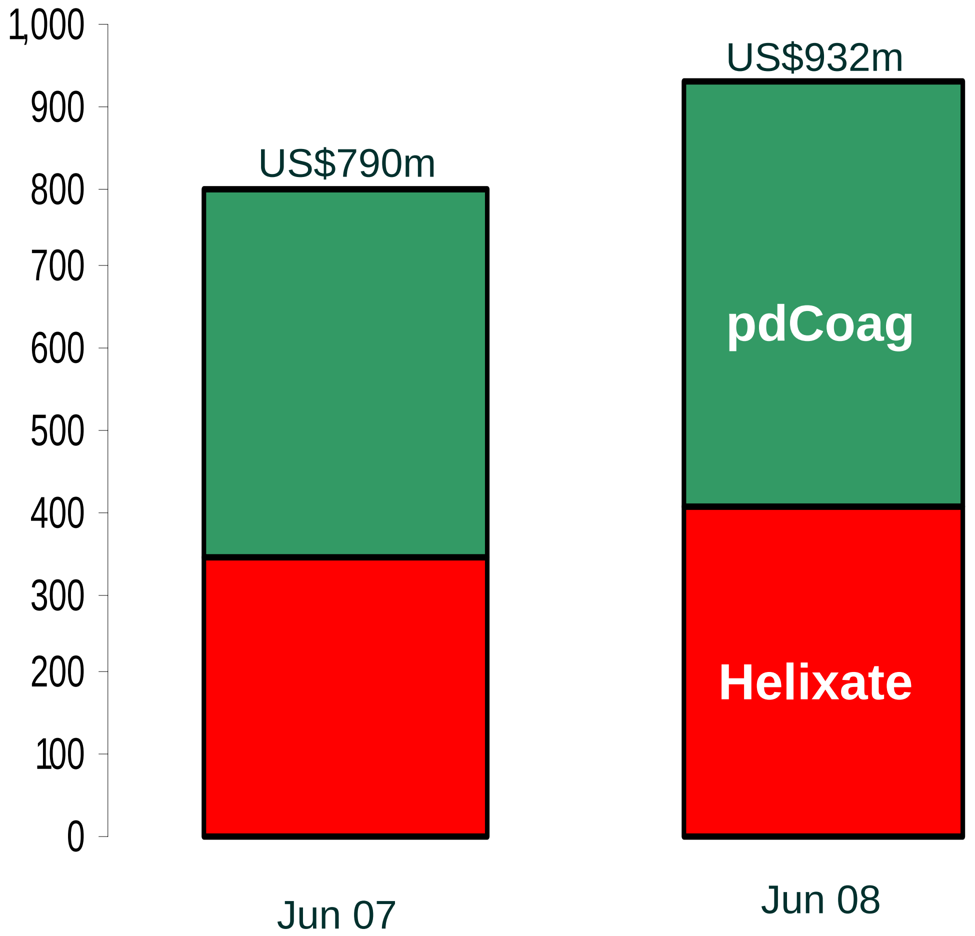


Sales for the 12 month period

Highlights

- Albumin price growth
- Strong contribution and growth in specialty products such as, Haemocomplettan® P, Beriplex® P/N and Berinert® P
- Berinert® P BLA lodged with FDA

Haemophilia sales - Up 18% in $US
Up 10% at Constant FX



Sales for the 12 month period

Highlights

Haemate® P /Humate-P®
- US patient uptake
- Increasing ITT sales in Europe

- Helixate®
  - US patient growth
  - UK contract win back

CSL Behring

Outlook for FY2009

Sales growth in USD approx. ~10% at constant FX

- Stable market conditions
- Continued strong demand for IVIG
  - Sales of ~3m grams Privigen®
- Increasing mix change to Privigen® & Vivaglobin ®
- Canadian Blood Services and Héma-Québec
  - 5+ years plasma therapy supply contracts

CSL Bioplasma

Sales A$253m up 20%

- Strong Albumin sales in China
- Taiwanese Toll fractionation commenced
- 7% increase in plasma collected by ARCBS for fractionation in Australia
- Biostate® approved for vWD in New Zealand
  - Recommended for approval by ADEC & TGA in Australia
- TGA application seeking vWD indication for Phase III trials – 10% IG and 16% SubCut IG

CSL Biotherapies

Sales A$481m up 52%

GARDASIL®

Strong GARDASIL ® sales in Australia - $227m

- ‘Catch-up’ program well advanced
- NZ program expected to commence in September 2008

Influenza Vaccine – US Launch

Approval and launch of US Influenza vaccine - Afluria®

- US Phase IV clinical end-point study fully recruited

Completion of expanded 40m dose per season facility

- US FDA approval granted July 2008

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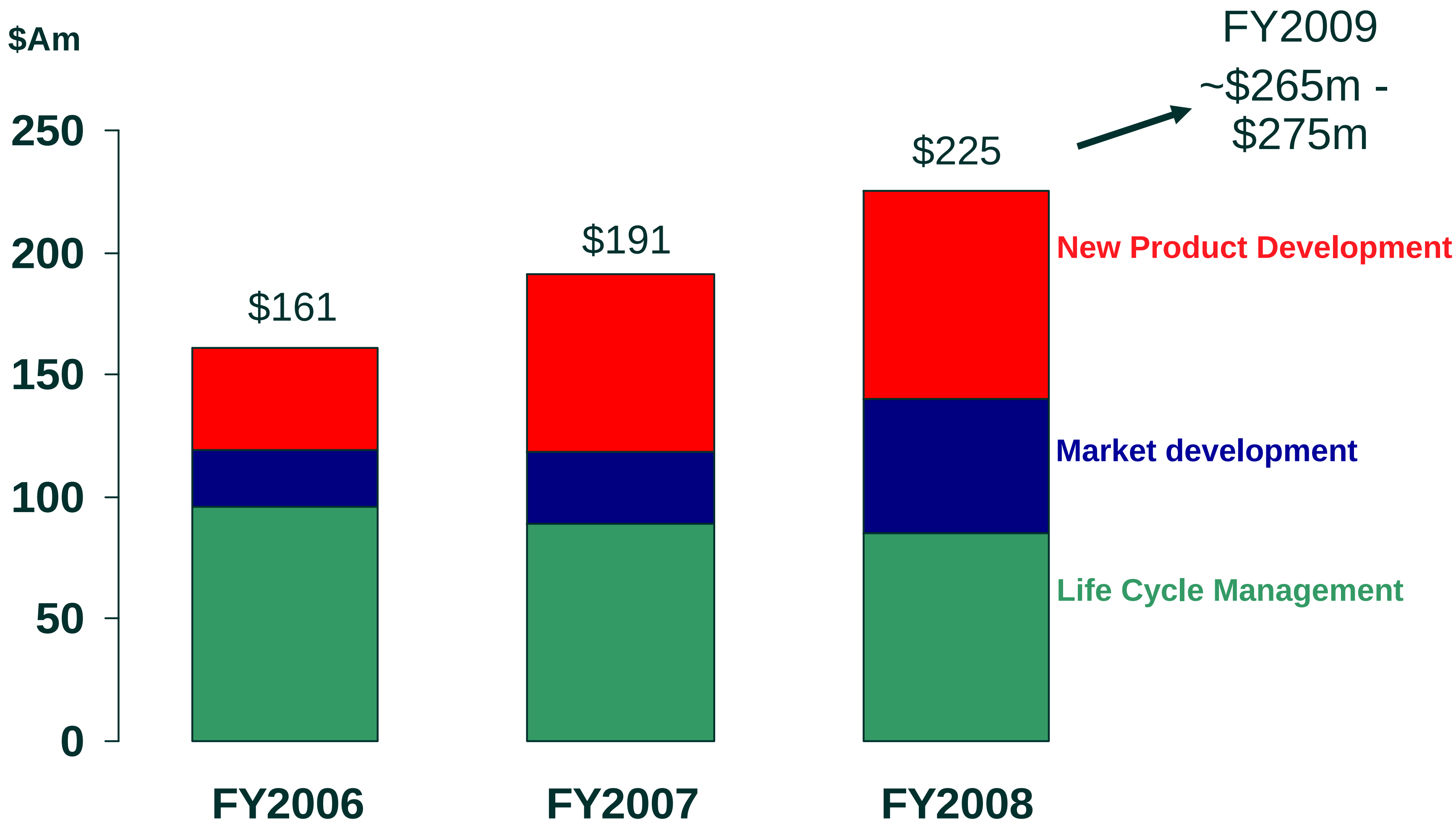
R&D Investment

Growth in new product and market development



Product Development

Privigen®

M99 (3m gram pa)

- Operating smoothly

IgLab Module 1 (10m gram pa)

- Scale up & validation lots completed successfully
- FDA submission planned Q4 calendar 2008
- Pre-Approval Inspection anticipated in Q1 calendar 2009
- Approval by FDA anticipated Q2 calendar 2009

IgLab Module 2 (10m gram pa)

- Main equipment and long lead time parts ordered
- Start of construction and installation of equipment Q4 calendar 2008
- Fully approved and operational planned for calendar 2011

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R&D Highlights – New Products

Replacement Therapies

- Privigen – approved by the EMEA on April 25
- IgPro20 - subcutaneous 20% IgPro – phase III's ongoing
- Berinert® P (C1 Esterase Inhibitor) – BLA submission
- Beriplex® P/N approved in Western Europe
- Fibrinogen – BLA submission
- Animal studies data for recombinant FVIIa Albumin Fusion Proteins for extended half life

Reconstituted HDL

- Acute coronary syndrome – reformulation activities

Influenza

- Panvax® - pandemic influenza vaccine approved by TGA

* *Partnered programs*

R&D Highlights – New Products

Immunomodulators (ISCOMATRIX® Adjuvant)

- December 2007 – Merck added 2 additional licences
- Clinical programs continuing
- Influenza ISCOMATRIX® Vaccine – Phase IIa completed

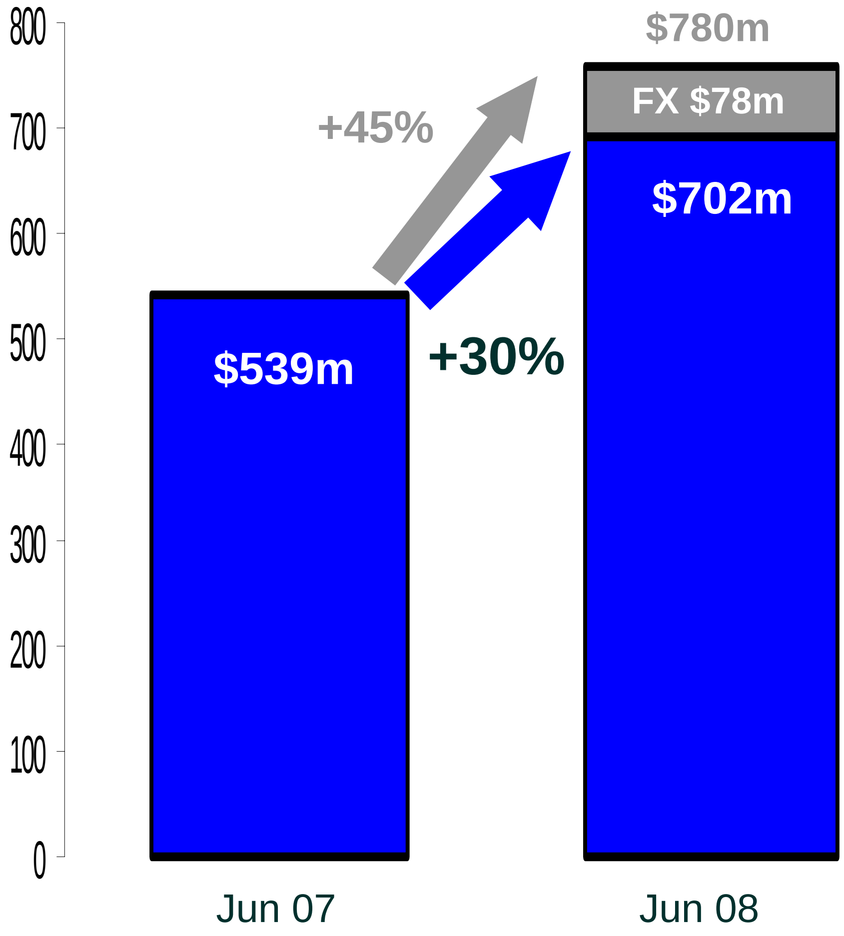
Therapeutic Proteins

- CSL360 mAb for Acute Myeloid Leukaemia - Phase I ongoing
- GM-CSFR mAb for Rheumatoid Arthritis – licensed to MedImmune/AZ – Phase I initiated
- IL-13R MAb for asthma – partnership with Merck – Phase I planned

* *Partnered programs*

Financial Detail

NPAT FY2008 – Up 30% on Prior Year
Up 45% at Constant Currency*



NPAT for the 12 month period

Notes

- Effective tax rate in line with guidance
- FX headwind - $78m
- Sanofi-Aventis Settlement included in Prior Period - $18m
- Cash flow from Operations - $715m Up 49%
- Cash Conversion 85%

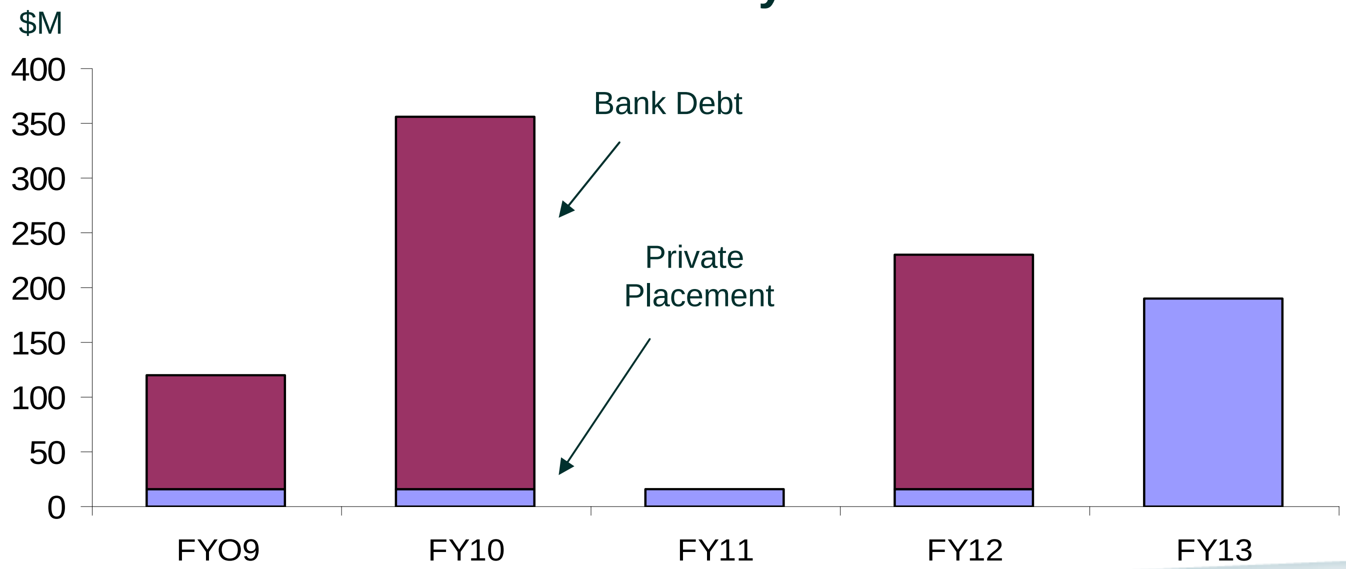
* *Constant currency removes the impact of exchange rate movements to facilitate comparability*

Strong Balance Sheet

- Net debt $252m
- Gearing 8%
- Net interest cover 76x

- Average interest rate 4.07%
- Debt maturity profile 3.1 years
- Capital expenditure $218m

CSL Debt Maturity Profile



Foreign Exchange Sensitivity

Translation sensitivity to 1% movement in key currency pairs

Translation FY09 NPAT

	FY08 Rates	1% rate change impact on FY09	Current Rates	Full year impact
• AUD/USD*	0.90	+/- $2.3m	0.91	+$10m
• AUD/EUR	0.61	+/- $3.2m	0.60	
• AUD/CHF	1.00	+/- $2.4m	0.97	
		$7.9m		

** Includes GARDASIL Royalties*

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FX Impact on FY2009 Guidance*

Foreign Exchange *(post tax)*

	FY09 Est.	
Translation**	+ve $10m	*at current rates*
Transaction	-ve $20m – $30m	*USD/CHF ~1.06 (FY08 1.11)*
Total	-ve $10m – $20m	

Net profit after tax

NPAT FY2009 at constant currency	$810m - $850m
Est. foreign currency NPAT impact	-ve $10m - $20m
(NPAT FY2009 at current rates)	*$800m – $830m)*

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* *Full year impact*
** *See slide 22*

Appendix

Group Results

Full year ended June	FY2008 A$m	FY2007 A$m	Change %
Sales	**3,556.7**	**3,172.4**	
Other Revenue	237.6	137.8	
Total Revenue	**3,794.3**	**3,310.2**	**15%**
Earnings before Interest, Tax, Depreciation & Amortisation	**1,108.4**	**918.7**	**21%**
Depreciation/Amortisation	141.8	132.6	
Earnings before Interest and Tax	**966.6**	**786.1**	**23%**
Net Interest Expense	14.6	12.0	
Tax Expense	250.2	234.8	
Net Profit	**701.8**	**539.3**	**30%**
Total Ordinary Dividend (cents)	46.00	34.67*	
Final Dividend (cents)	23.00	18.33*	
Basic EPS (cents)	127.6	98.5*	

** After restating for 3:1 share split undertaken 24 October 2007*