



14 October 2004

The Company Announcements Office
Australian Stock Exchange Limited
530 Collins St
MELBOURNE VIC 3000

Dear Sir/Madam

**CHAIRMAN'S ADDRESS AND MANAGING DIRECTOR'S
PRESENTATION**

Please find attached copies of the Chairman's Address and Managing Director's presentation slides to be presented at CSL's Annual General Meeting which commences at 10.00 a.m. today.

Yours faithfully

Peter Turvey
COMPANY SECRETARY

CSL LIMITED
CHAIRMAN'S ADDRESS ANNUAL GENERAL MEETING
14 OCTOBER 2004

“This has been a milestone year for CSL with a major acquisition that has considerably strengthened our global plasma therapeutics business and positioned the company for substantial and profitable future growth.

“In March 2004, CSL acquired Aventis Behring, which we merged with ZLB Bioplasma to form ZLB Behring. Funding for this acquisition included \$438 million equity raised through institutional shareholders and \$111 million from our retail shareholders at \$15.70 per share representing approximately 35,000,000 shares. Substantial progress has already been made integrating business operations under the banner of ZLB Behring, and we expect further synergies and cost savings to be realized.

“The other significant event during the year was the successful sale of CSL's Animal Health business to Pfizer Inc., which delivered net proceeds of \$161.6 million against a book value of \$59.3 million delivering \$75 million net profit after tax.

“CSL Group sales revenue of \$1.65 billion included a strong performance from JRH Biosciences and a solid \$581.8 million from ZLB Behring in its first three months of operation.

“Group net profit after tax was \$219.6 million which included the profit from the sale of our Animal Health business and a financial benefit from the selling of inventory acquired with the purchase of Aventis Behring.

“The Managing Director will present a more detailed overview of the Company's operations shortly.

HUMAN HEALTH

“Let me first comment on our business units starting with our Human Health businesses which includes the operations of ZLB Behring, CSL Bioplasma, CSL Pharmaceutical, and our globally integrated New Product Development activities.

“CSL's acquisition of Aventis Behring and its merging with ZLB Bioplasma to form ZLB Behring created a business with an enhanced competitive position in plasma therapies, combining strengths in immune deficiency, critical care and the treatment of haemophilia.

“Plasma therapeutics manufactured by ZLB Behring include:

- Coagulation therapies to treat bleeding disorders such as haemophilia;
- Critical care products for treatment of shock in trauma, sepsis, severe burns and cardiac surgery;
- Immunoglobulins to treat infections and autoimmune diseases, and to prevent haemolytic disease in the newborn;

- Wound treatment therapies used to minimise blood loss; and
- Treatment for pulmonary disease.

“Based at King of Prussia in Pennsylvania, ZLB Behring is one of the world’s leading manufacturers of plasma therapeutics with substantial markets in the US, Europe and Japan. ZLB Behring operates regional sales offices throughout the world and manufacturing plants in the US, Switzerland and Germany.

“ZLB Behring is well positioned to develop its global business in plasma therapeutics through a growing portfolio of high quality products and a continuing focus on the needs of customers.

“ZLB Plasma Services, now part of ZLB Behring, is one of the largest collectors of human blood plasma in the world with operations in the US and Europe. This business sources all commercial plasma for ZLB Behring through both plasma collection and commercial purchases, and is also a major supplier of plasma to the global fractionation industry.

“ZLB Plasma Services now operates 65 plasma collection centres across the US, as well as the industry's largest testing laboratory in Tennessee, a logistics centre in Indiana and its corporate offices at Boca Raton, Florida. In Germany, ZLB operates eight plasma collection centres, a high volume testing laboratory in Gottingen, and a logistics centre in Marburg.

“CSL Bioplasma’s 6% growth in sales revenue this year to \$177.6 million has been underpinned by demand for products in key markets.

“Negotiations are progressing well with the National Blood Authority for a new Plasma Products Agreement and we are confident that CSL Bioplasma will continue to provide ongoing specialised plasma products and other value-added services to the National Blood Authority in collaboration with the Australian Red Cross Blood Service. As a result of new management arrangements introduced in July 2003, the National Blood Authority now represents all governments in Australia on matters associated with the demand and supply planning for blood and plasma products.

“At the same time, CSL Bioplasma continues to strengthen relationships with blood services in the Asia Pacific region by bringing together the Asian commercial activities of ZLB Behring excluding Japan, with the regional operations of CSL Bioplasma. This business is now positioned to become the leading provider of plasma therapeutic products across the Asia Pacific region. The combined strengths of CSL Bioplasma and ZLB Behring in Asia Pacific will facilitate delivery of a broader range of plasma therapeutics, customised plasma fractionation, and a stronger focus on customer service and support through direct presence in many key markets including a growing market presence in China.

“CSL Pharmaceutical sales revenue was down 13% to \$212.0 million this year, largely as a result of continuing to phase out low margin distribution activities.

“In June 2004, the Federal Government announced plans for free vaccination against pneumococcal infection for people aged over 65. Due to commence in January 2005, this program will lead to increased sales of Pneumovax 23, a product distributed in Australia by CSL on behalf of Merck & Co. Inc.

“CSL has entered into another long-term agreement with UNICEF to produce and supply children’s vaccines for immunisation programs being carried out in developing countries. Vaccines manufactured by CSL are used to protect children against diphtheria, whooping cough and other serious diseases.

“CSL’s Fluvax® influenza vaccine sales continue to come from broadening vaccine uptake in Australia and international market growth. In Australia, CSL is a leading supplier of influenza vaccine for the Federal Government immunisation program targeting people over 65, and also for corporate and private market sectors.

“Influenza vaccine research and manufacturing facilities at Parkville in Melbourne are being expanded to ensure sufficient capacity to satisfy the requirements of customers for the foreseeable future. These new facilities will be completed in time for the next influenza season in Australia and will comply with international manufacturing standards.

“New Product Development investment remains focussed on candidate products arising from CSL’s core technologies in plasma fractionation, vaccinology, recombinant proteins and our ISCOMATRIX® adjuvant.

“Phase III clinical trials of the human papillomavirus vaccine currently being undertaken by our exclusive licensee Merck & Co. Inc. are progressing and it is anticipated that filing for a product licence with the US FDA will take place in the second half of 2005. CSL has already obtained an issued US patent that will secure royalty revenue from sales of Merck HPV vaccine and additional patent filings are in place. This product has the potential to make a strong contribution to public health by preventing types of cervical cancer and genital warts.

“During the year, we entered into a collaboration with Chiron Corporation to develop an immunotherapeutic vaccine for treatment of hepatitis C infection. Chiron’s proprietary antigens will be combined with CSL’s ISCOMATRIX® adjuvant technology for significant product development work and clinical trials.

“Now that Aventis Behring and ZLB Bioplasma have been combined to form ZLB Behring, associated global R&D activities are also being integrated and closely aligned with the requirements of manufacturing operations in the US, Germany, Switzerland and Australia.

“CSL’s Group Headquarters in Melbourne will continue to coordinate global R&D operations with a focus on plasma-derived and biotech new product development programs to drive future growth.

JRH Biosciences

“JRH Biosciences has maintained its performance of strong growth with sales revenue increasing 14% to \$192.5 million. Growth in all product lines and enhancements to key facilities strengthened JRH’s international position as a leading supplier of media for the biopharmaceutical industry.

“Maintaining the high standard of facilities around the world enables JRH to capitalise on developing biopharmaceutical opportunities. During the year, JRH completed a significant upgrade of the liquid media plant in the United Kingdom. This manufacturing capacity upgrade combined with UK-based technical service and support for customers enables JRH to further develop involvement in European clinical trials - and to enhance access to this significant market.

“In the US, two important projects are well under way at JRH headquarters in Kansas. Dry powder media production capacity is being expanded to meet increasing demand, and the laboratories are being extended and upgraded.

DIVIDEND

“Expressing confidence in the future performance of the Company, the Board has declared a final dividend of 26 cents per share, fully franked, bringing the total dividend for the year to 38 cents per share.

“Our total dividend payment for the year represents a pay out ratio of 34% based on earnings per share after tax before goodwill amortisation.

"Your final dividend cheques were mailed to you on 8th October, unless you have elected to participate in the Company’s Dividend Reinvestment Plan in which case you should receive advice of your new share allocation this week.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

“Shareholders will have noted in our Annual Report that with the proposed adoption of the International Financial Reporting Standards on and after 1 January, 2005, CSL has established a formal IFRS Steering Committee to plan and manage the convergence to International Financial Reporting Standards, monitor the developments in those standards and ensure that it is prepared to report under IFRS for the first time for the half year ended 31 December, 2005.

This Steering Committee includes senior members of management and is monitored by the Group Finance Director who reports to the Audit and Risk Management Committee of the Board on progress towards transition. As part of this project, the Steering Committee has set up seven specific project teams, each responsible for evaluating the impact of a specific group of accounting changes associated with the transition to international financial reporting standards. The impact analysis, design and planning phases of the project have been largely completed and work has begun on the implementation phases.

“Whilst CSL has not fully quantified the impact of these new standards on the financial statements, we do not believe that it will have a material effect on shareholder value or forecast earnings.

“The key areas where accounting policies will change and may have an impact on the financial statements of the CSL Group are goodwill, employee benefits, share based payments, income taxes, government grants and hedging and financial instruments. In respect to goodwill amortisation in particular, we already have detailed processes in cash flow models that are used to test the recoverable value of goodwill, other intangible assets and fixed assets. These have been tailored to address the requirements of the International Financial Reporting Standards impairment tests.

“I would also like to address some questions raised with the company by the Australian Shareholders’ Association relating to the company’s external audit costs and independence, given the magnitude of the non-audit fees paid to the auditor as disclosed in the financial statements.

“The non-audit fees disclosed relate predominantly to financial due diligence activities undertaken by our external auditors during the acquisition of Aventis-Behring. These services were of a fact finding nature and were not of a strategic nature. The company believes that these types of fact finding services are best provided by our external auditors due to their intimate knowledge of our accounting policies and procedures and as they are not providing any strategic input, there is no danger of erosion of audit independence.

“In respect to the increase in audit remuneration for the 2002-2003 financial year, there are two major changes that have a bearing:

- Firstly, the complex accounting related to various activities that occurred during the year. This included the divestment of the Animal Health business and the acquisition of the Aventis Behring businesses. The latter increased the audit scope from a handful of subsidiaries to an additional 20 spread across the globe, of which three were material audit units and the balance required detailed procedures due to local statutory audit requirements.
- Secondly, the change in size of CSL’s business year-on-year. CSL’s revenues in 2002-2003 were \$1.3b with NPAT (pre-goodwill) of \$113m and net assets of \$2.2b. In contrast, CSL’s revenues in 2003-2004 were \$1.8b with NPAT (pre-goodwill) of \$262m and net assets of \$3.9b. This increase includes only three month trading by the newly acquired entities and reflects the increase in size of the CSL Group.

“Our external auditor, Mr Ivan Wingreen, will be addressing you later in the meeting and will address the steps he has taken to examine the reported values of intangible assets.

“The Australian Shareholders’ Association has requested further information in relation to growth in the Company’s profit. In particular the impact of the discount on acquisition of Aventis Behring and the resultant tax implications.

“I will be the first to acknowledge that this year’s results are complex and unusual and we have tried to address this issue through much fuller disclosure than is required by the accounting standards.

“This has been a year of transformation for CSL. The acquisition of Aventis Behring was made at a steep discount of \$295m to book value which is a rare event in Australia and a credit to the management team.

INVENTORY

“For accounting purposes, \$205m of the discount on acquisition is allocated to inventory and \$90m is allocated to plant and equipment. As inventory is sold, the company benefits as the discount is progressively released to the profit and loss account. By applying the discount in this manner, it ultimately reflects the true trading margin of that inventory. As such, the discount will continue into the 2004-2005 and 2005-2006 financial years and be progressively replaced by more cost-effective manufacturing processes.

“For fiscal 2004 this benefit amounted to \$68.3m and the balance will be released over the next two financial years.

TAX

“Turning to tax, the Company does anticipate that the short term rate will be lower than the normal “ongoing rate” as the determinants of the effective tax rate of 14% for the 2003-2004 financial year will continue into future years.

“These determinants include the multiple tax jurisdictions that CSL businesses operate which create a variety of treatments for tax. In particular, whilst only \$25m of the restructuring provision was spent, a significant amount more was tax deductible in the three months under the local tax rules in the tax jurisdictions where these provisions relate.

“Looking forward, we expect an effective tax rate in the range of 15% to 20% for the 2004-2005 year.

OUTLOOK

In respect to the results for the first quarter of this financial year, I am pleased to be able to advise that the Company’s performance remains consistent with our expectations.

Looking forward, we expect the Company’s financial performance to be at the upper end of our previous guidance for 2004-2005 which was for a net profit after tax in the region of \$250m to \$270m, subject to currency fluctuations and material price movements, for our core products. Excluding the benefit from the sale of our Animal Health business, this result would provide profit growth of more than 80% year-on-year.

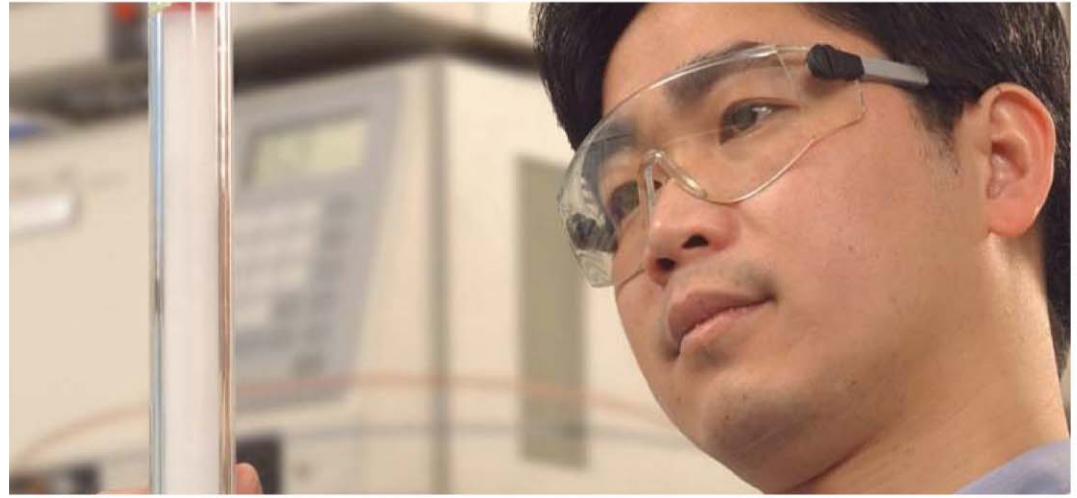
CSL BOARD

“In respect to matters affecting the Board, I and the Board were pleased to be able to announce the appointment of Mr John Akehurst and Mr Maurice Renshaw as Directors who are both offering themselves for election at this meeting. Both candidates offer outstanding credentials and I am personally delighted to be able to recommend their election to you.

OUR THANKS TO MANAGEMENT AND STAFF

“Finally, changes on the scale that have occurred during the past 12 months have had a major impact on many people involved in both the acquisition of Aventis Behring and the sale of the Company’s Animal Health Business. These changes could not have been implemented had it not involved the commitment and professionalism that has been demonstrated by all our employees.

“The CSL Board would like to therefore take this opportunity to thank both our management and employees for their ongoing commitment to the implementation of our strategies that will position us well for future growth.”



Annual General Meeting



Highlights

- **Record Result - Strong Balance Sheet**
 - NPAT up 212%
 - Cash flow up 79%
 - EPS \$1.23
 - Net Debt / Net Debt & Equity 26%
- **Acquisition of Aventis Behring**
 - Integration on track
 - ~ 70% of milestones complete
- **Sale of Animal Health**
- **HPV - Phase III**
 - Progressing with FDA filing targetted for 2H05
- **IVIG**
 - Liquid IVIG - EU national registration
 - Subcutaneous - EU national registration

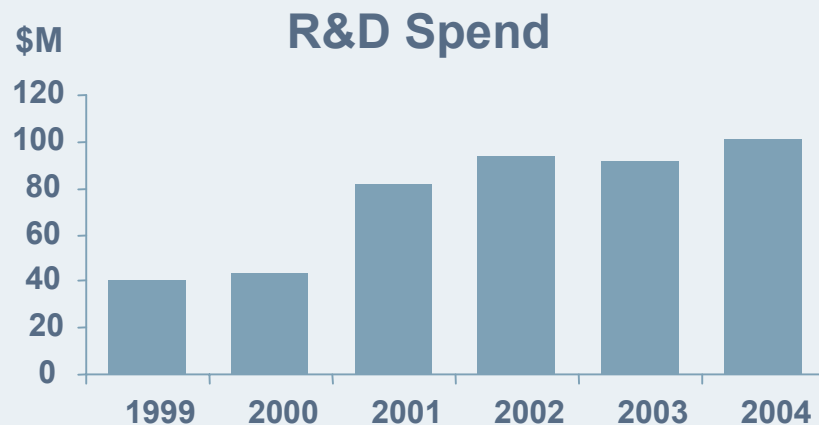
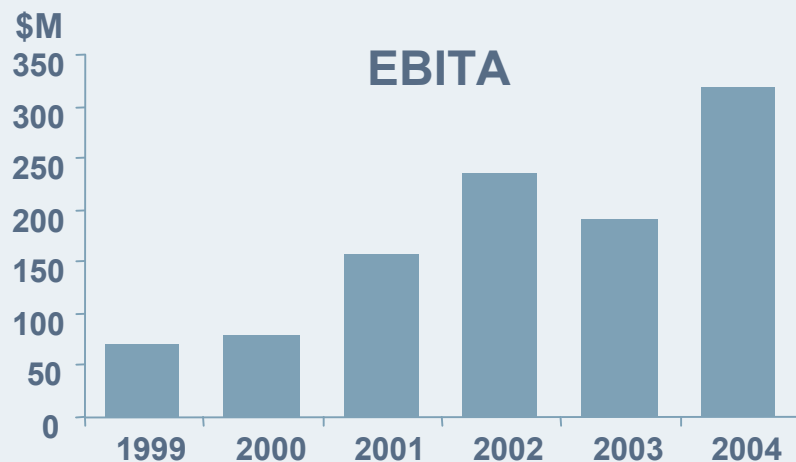
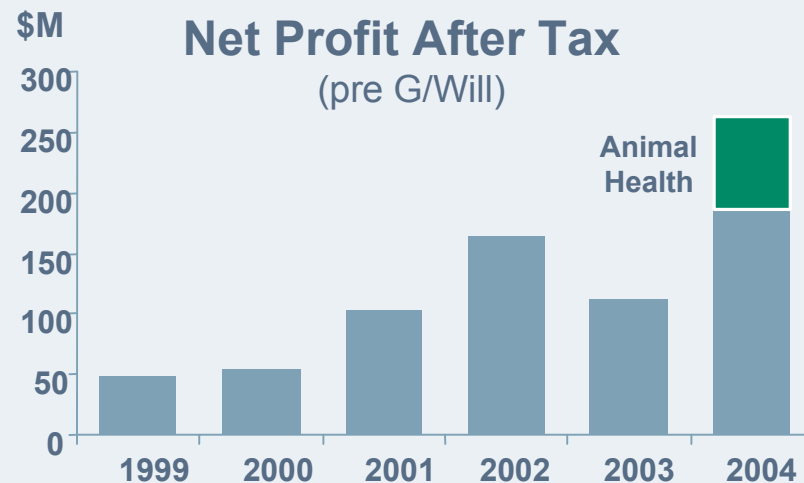


Financial Performance

	Reported A\$M	Chg	FX Adj A\$M	Chg
Revenues	1,836	40%	1,984	+51%
EBITDA	399	56%	445	+75%
EBIT	269	99%	303	+124%
NPAT (Pre G/W)	262	132%	293	+160%
CFO	207	79%	217	+89%
DPS Cents	38	12%		



Growth



Plasma Therapeutics Industry

Strategy

Broad Product Portfolio
& Continuing Innovation

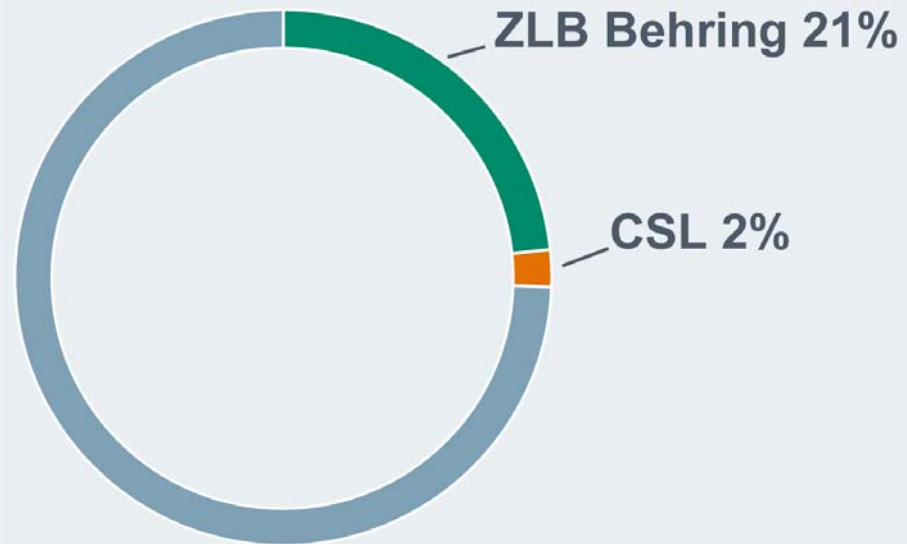
Low Cost High Yield
Manufacturing

Balancing Cash flow &
Market Demands

Maximising Profitable
Litres

Global Marketing Reach

Global Market Share*



- Approx. 23% share of \$US7bn industry
- Approx. 25% share of \$US5.1bn plasma products

* Management estimates



CSL Limited
Annual General Meeting

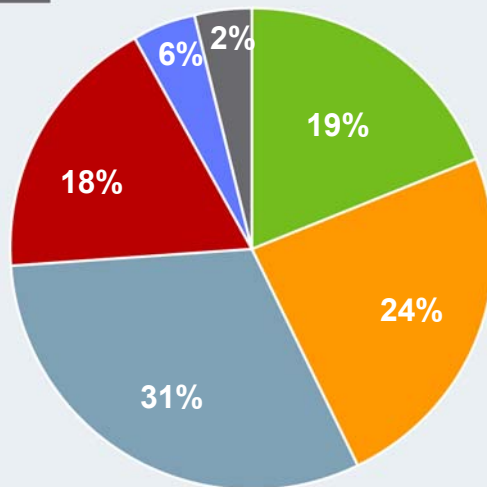
ZLB Behring - Integration On Track



ZLB Behring Pro-forma 2004/2005 Sales Split

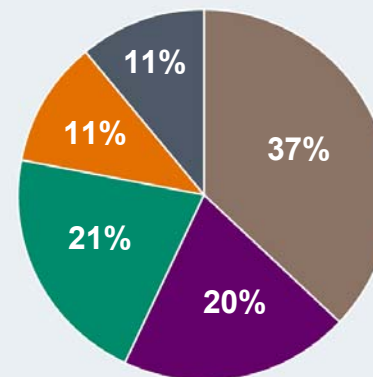
Per Therapeutic Category

In percent of total sales



Per Region

In percent of total sales

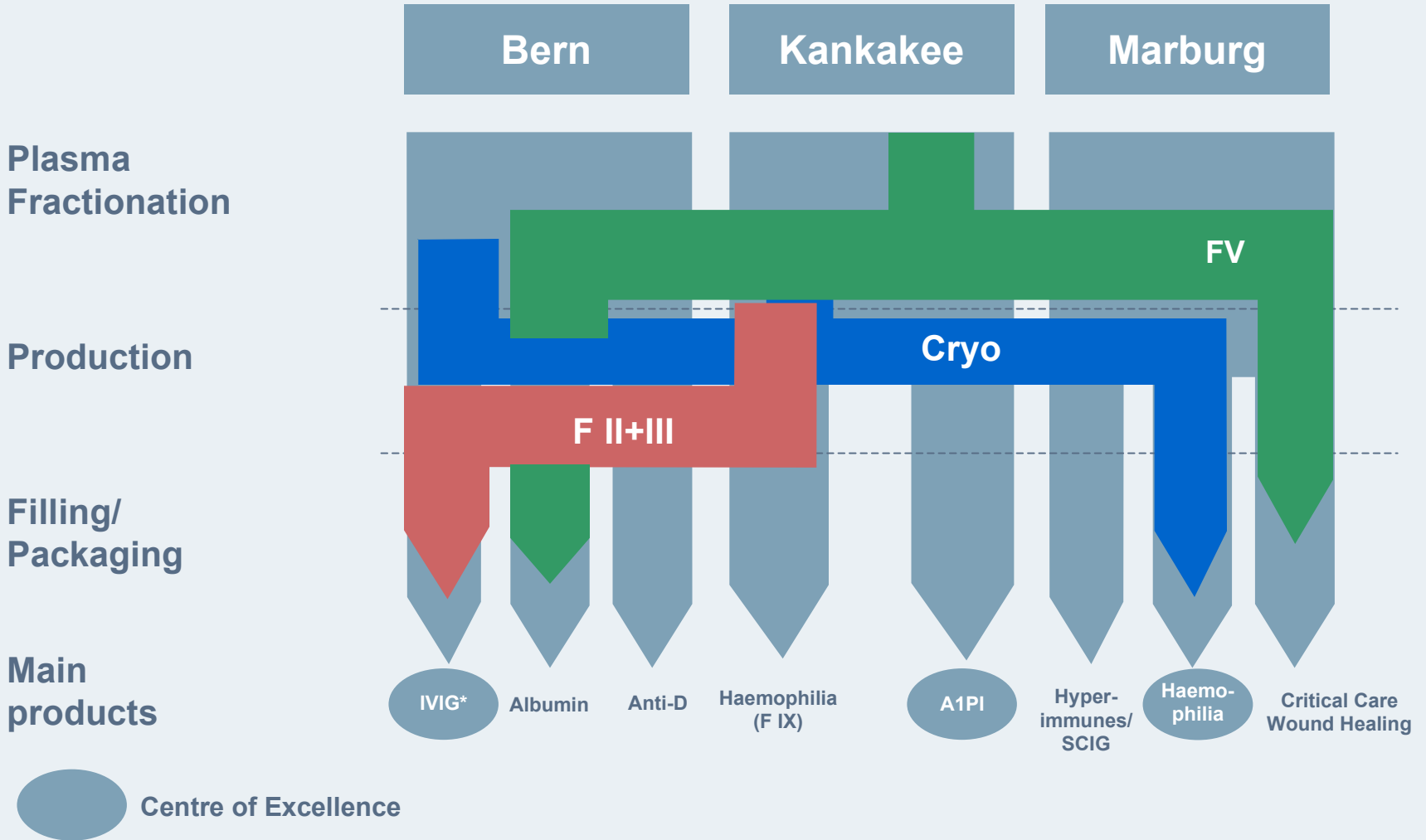


Broad portfolio of products - Global Sales Reach

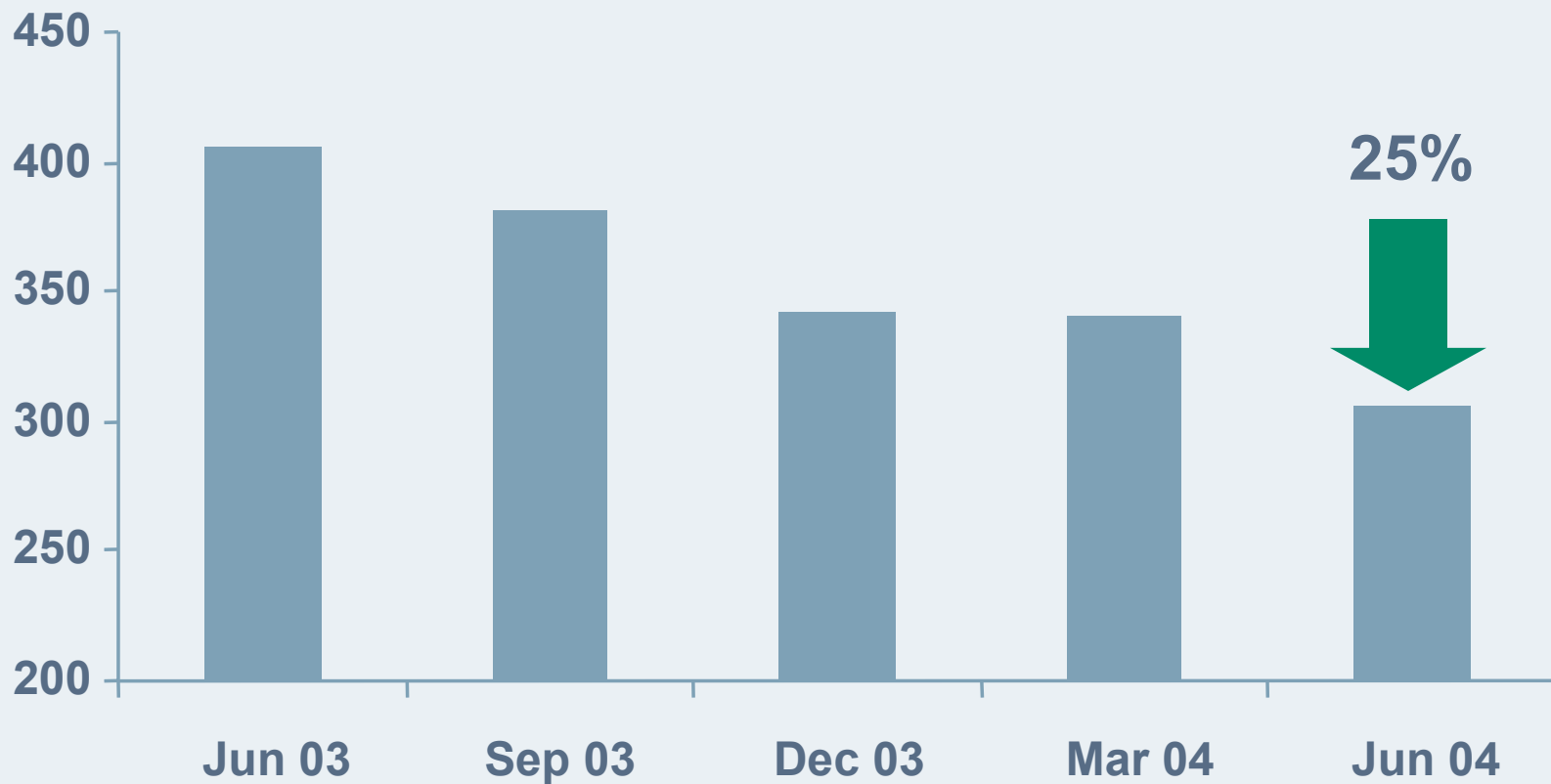


CSL Limited
Annual General Meeting

Operational Centres of Excellence



Total US Plasma Collection Centres



ZLBB – Market Conditions

Core Products

■ pdFVIII

- Industry managing ongoing transition to recombinants
- Growing volume of pdFVIII sold into 2nd tier markets
- VWF demand growing (Humate P)

■ IVIG

- Prices have been stable with upward pressure going forward
- Currently experiencing solid demand

■ Albumin

- Prices stable after period of weakness
- Inventory oversupply reducing



Key R&D Pipeline

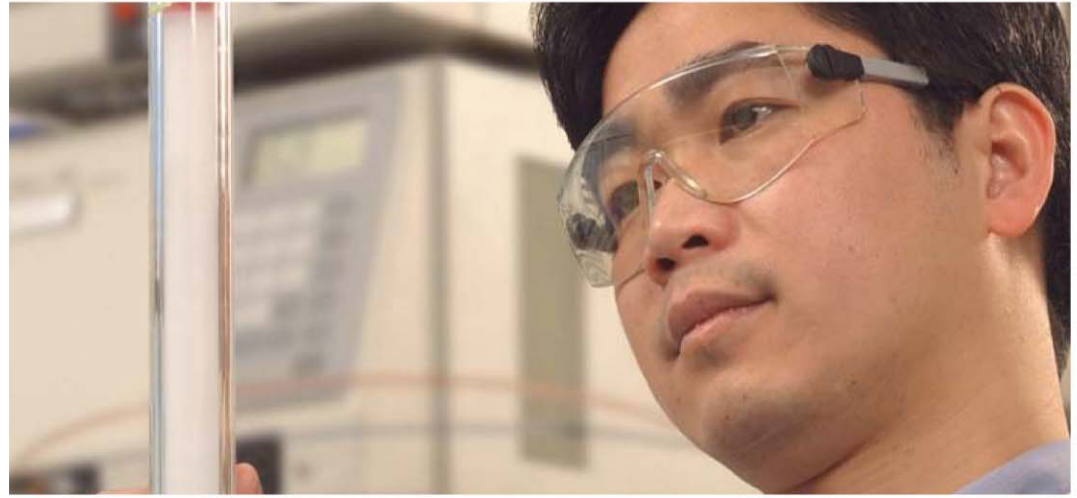
Registration	vWD* (Humate P improved formulation) Immunodeficiency (subcutaneously delivered IgG) ITP* (Anti D immunoglobulin) GBS* - USA (IVIG)
Phase III	Immunodeficiency: 12% liquid IVIG (USA) Immunodeficiency and ITP*: Chromatographic Liquid IVIG
Phase I/II	Stroke: reconstituted High Density Lipoprotein Hepatitis C Vaccine - Chiron Collaboration
*vWD: von Willebrand's Disease *ITP: Immune Thrombocytopenia *GBS: Guillian Barré Syndrome	



Strategic Direction

- **Increased focus on Human Health**
- **Global Scale**
- **Innovation**
- **Financial Discipline**
- **Great People, Core Values**





Annual General Meeting

