CSL LIMITED
ANNUAL REPORT 2011-2012

CSL Limited ABN 99 051 588 348
Annual Report 2011-2012

FINANCIAL CALENDAR

2012

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

2013

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

Cover: *Last year, Jesse was diagnosed with primary immune deficiency (PID) at the age of six. Soon after, he commenced treatment on CSL's intravenous human immunoglobulin.*

ANNUAL GENERAL MEETING

Wednesday 17 October 2012 at 10:00am
Function Centre, National Tennis Centre
Melbourne Park, Batman Avenue
Melbourne 3000

AGM LIVE WEBCAST

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

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

SHARE REGISTRY

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Please see inside back cover for legal notice.

CONTENTS

ABOUT CSL

CSL has over 10,500 staff in more than 25 countries. We produce life-saving and life-enhancing medicines that enable many thousands of people around the world to lead normal healthy lives. Our headquarters is in Australia and we have substantial manufacturing operations in the US, Germany, Switzerland and Australia.

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

Innovation is at the heart of everything we do. It is reflected in our creation of state-of-the-art plasma collection and manufacturing facilities, right through to our investment in the development of new and improved therapies for unmet patient needs.

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

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

4. **TOKYO Japan**
   CSL Behring
   R&D, Commercial Operations and Distribution
5. **MELBOURNE Australia**
   PARKVILLE
   CSL Limited
   R&D, Group Head Office
   CSL Biotherapies
   R&D, Manufacturing, Commercial Operations, Warehousing and Distribution
   BROADMEADOWS
   R&D, Manufacturing, Commercial Operations and Distribution
6. **KANKAKEE US**
   CSL Behring
   R&D and Manufacturing
7. **KING OF PRUSSIA US**
   CSL Behring
   Administration, R&D, Commercial Operations and Distribution
   CSL Biotherapies
   Commercial Operations
8. **INDIANAPOLIS US**
   CSL Plasma
   Logistics Centre
9. **KNOXVILLE US**
   CSL Plasma
   Testing Laboratory
10. **BOCA RATON US**
    CSL Plasma
    Administration

OUR BUSINESSES

CSL BEHRING

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

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

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

CSL BIOTHERAPIES

CSL Biotherapies provides plasma fractionation services in Melbourne under contracts with Australia, New Zealand, Hong Kong, Malaysia, Singapore and Taiwan. We market commercial plasma products in Asia (excluding Japan) and we develop, manufacture and market immunohaematology products (diagnostic reagents) for Australia and Asia Pacific.

CSL Biotherapies markets vaccines and pharmaceutical products in Australia and New Zealand, manufactures seasonal and pandemic influenza vaccines for global markets and produces products of national significance for Australia.

RESEARCH AND DEVELOPMENT

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

Global research and development activities support CSL's existing products and development of new therapies that align with our technical and commercial capabilities in immunoglobulins, specialty products, haemophilia and coagulation and breakthrough medicines.

CSL LIMITED
HIGHLIGHTS AND FINANCIAL RESULTS

CSL's strong business performance this year is underpinned by our new and improved therapies, entry to new markets, manufacturing capacity expansion, and our global research and development activities supporting existing products, market development and innovative new medicines.

> Net profit after tax was $983 million for the year ended 30 June 2012. This result included an unfavourable foreign exchange impact of $108 million. On a constant currency[2] basis, operational net profit after tax was $1,091 million.

> CSL has maintained a strong balance sheet with $1,155 million cash on hand against borrowings of $1,272 million. Cash flow from operations was $1,160 million.

> Our latest buyback of up to $900 million contributed to a 4% boost to earnings per share.

> Given the predominance of US dollars as the currency for CSL's global sales and that this is the standard currency for pharmaceutical industry reporting, CSL will report in US dollars from the 2012-2013 financial year.

> CSL Behring's immunoglobulin portfolio sales increased 15% this year with both subcutaneous Hizentra® and intravenous Privigen® continuing to increase market share. Some growth in immunoglobulin portfolio sales has been due to absence of a competitor that has now returned to the market place. Specialty products achieved solid growth in demand with a particularly good result in the US for Berinert® C1 esterase inhibitor.

FINANCIAL HIGHLIGHTS

FIVE YEAR SUMMARY All figures are in $A million unless stated otherwise (1) (2)	**2011-12** Constant Currency(2)	**2011-12** Reported(1)	2010-11 Reported(1)	2009-10 Reported(1)	2008-09 Reported(1)	2007-08 Reported(1)
Total revenue	**4,871**	**4,624**	4,322	4,627	5,039	3,803
Sales revenue	**4,673**	**4,433**	4,188	4,456	4,622	3,557
R&D investment	**368**	**355**	325	317	312	225
Profit before income tax expense	**1,350**	**1,217**	1,198	1,379	1,370	952
Net profit	**1,091**	**983**	941	1,053	1,146	702
Capital investment		**311**	212	265	286	218
Total assets at 30 June		**5,819**	5,068	5,711	7,367	4,695
Total equity at 30 June		**3,428**	3,644	4,215	5,463	2,806
Net tangible assets per share at 30 June ($)		**5.08**	5.20	5.93	7.43	3.44
Weighted average number of shares (million)		**519**	541	567	595	550
Basic earnings per share (cents)		**189.2**	174.0	185.8	192.5	127.6
Dividend per share (cents)		**83.0**	80.0	80.0	70.0	46.0

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

(2) Constant currency removes the impact of exchange rate movements to facilitate comparability by restating the current year's results at the prior year's rates. For further details, please refer to the Directors' Report on page 39.

Interim unfranked dividend of
36¢
per share

+

Final unfranked dividend of
47¢
per share

=

Total ordinary dividends 2011-12
83¢
per share

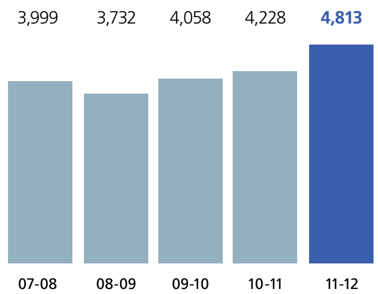
> In Melbourne, the commissioning and validation process is well underway for our new cell culture biotechnology facility which will be used for late stage clinical development of new therapies for cancer, bleeding disorders and inflammation. The construction of our new Privigen® manufacturing facility in Melbourne commenced in November last year. This 15 million gram capacity facility is due to become fully operational in 2016.

> CSL Plasma continues to upgrade and expand the capacity of plasma collection centres and open new facilities. The new electronic donor management system completed last year has improved both operational efficiencies and the donor experience.

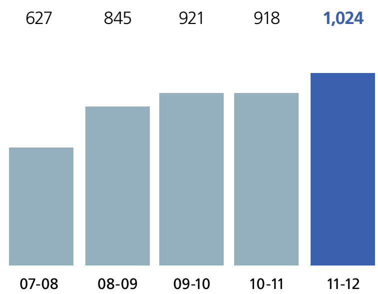
> As part of our investment in new therapies, we are continuing to progress the development of a family of recombinant coagulation factor medicines to treat haemophilia and other coagulation disorders. Significant progress has also been made in the earlier stage recombinant monoclonal antibody (mAb) projects.

FINANCIAL PERFORMANCE IN US$(3)

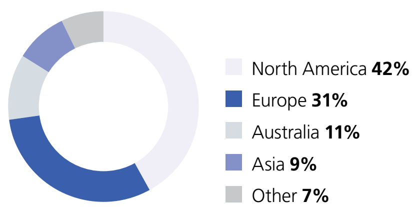
CSL TOTAL REVENUE (US$ MILLIONS)



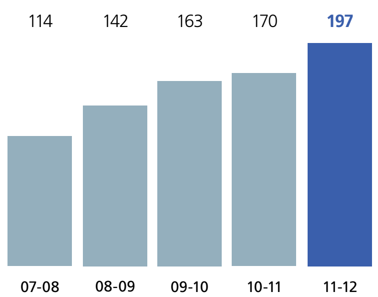
CSL NET PROFIT (US$ MILLIONS)



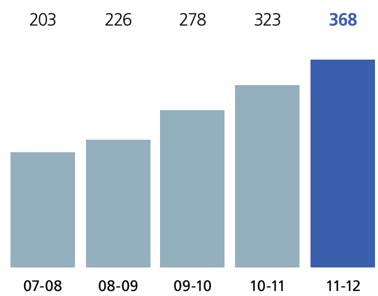
CSL GROUP SALES BY REGION 2011-12



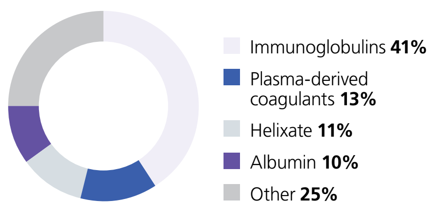
CSL EARNINGS PER SHARE (US CENTS)



CSL R&D INVESTMENT (US$ MILLIONS)



CSL GROUP SALES BY MAJOR PRODUCTS 2011-12



(3) The results in US$ have been prepared by translating the results of all entities in the Group into US dollars using average exchange rates during the relevant year. Accounting policies used in the preparation of the Group's financial statements have been consistently applied in this process.

YEAR IN REVIEW

DIVIDENDS AND FINANCIAL RESULTS

CSL's net profit after tax was $983 million for the year ended 30 June 2012. On a constant currency[2] basis, operational net profit after tax was $1,091 million. Given the predominance of US dollars as the currency for CSL's global sales and that this is the standard currency for pharmaceutical industry reporting, CSL will report in US dollars from the 2012-2013 financial year.

On 13 April 2012, CSL shareholders received an interim unfranked dividend of 36 cents per share. A final unfranked dividend of 47 cents per share will be paid on 12 October 2012. Total ordinary dividends for the year were 83 cents per share.

In October 2011, CSL announced an on-market share buyback of up to $900 million which is now more than 77% complete with approximately 20 million shares repurchased for approximately $689 million.

The benefit to shareholders comes from improved investment return ratios, such as earnings per share and return on equity. This latest buyback contributed to a 4% boost to earnings per share and similar benefits have been derived from previous capital management initiatives.

In November 2011, CSL announced completion of a debt refinancing program which included a US$750 million private placement in the US and the equivalent of approximately $800 million in lines of credit with its banks. The new funds will be used to repay existing debt, fund CSL's capital management plan including our on-market share buyback, and for general corporate purposes.

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

CSL BEHRING

CSL Behring's business delivered a strong performance this year with increasing product demand across all regions and sales up 11% to $3.6 billion in constant currency[2]. North America continued to be a driver with Europe and Latin America also delivering strong year-on-year growth.

CSL Behring's immunoglobulin portfolio experienced strong demand across the product range resulting in a 15% increase in sales. Since approval in 2010 by the US Food and Drug Administration (FDA), our Hizentra® subcutaneous immunoglobulin has continued to gain market share, contributing strongly to growth with a particularly impressive sales increase in North America. We expect to see continued growth in immunoglobulin sales from this groundbreaking product as we pursue approvals in other markets. Our intravenous immunoglobulin (IVIg) portfolio grew strongly, supported by global

DR BRIAN MCNAMEE, AO
CHIEF EXECUTIVE OFFICER
AND MANAGING DIRECTOR

PROFESSOR JOHN SHINE, AO
CHAIRMAN

CSL BEHRING

SALES UP 11% TO $3.6 BILLION

STRONG DEMAND FOR IMMUNOGLOBULINS

MULTI-SITE CAPACITY EXPANSION IS UNDERWAY

PLASMA COLLECTIONS INCREASED AND CENTRES OPENED

growth for Privigen®. In keeping with our strategy to seek new treatment indications, CSL Behring submitted a marketing application in May this year to the European Medicines Agency for Privigen® as a treatment for Chronic Inflammatory Demyelinating Polyradiculoneuropathy (CIDP).

Our albumin portfolio grew 15% globally this year with the strongest contributions coming from the US and Asia. We expect continuing growth in this product group, particularly in Asia. CSL Behring has also achieved some global growth in the plasma-derived factor VIII portfolio.

An evolving paradigm for the treatment of perioperative bleeding has encouraged solid growth in demand for our specialty products including Haemocomplettan®/ RiaSTAP®, Beriplex®/Confidex® and Fibrogammin®/ Corifact®. Our Berinert® C1 esterase inhibitor for treating hereditary angioedema achieved impressive growth in the US following approvals for self administration in both the US and Europe. To further advance hereditary angioedema treatment, CSL Behring initiated a study this year on a subcutaneous administration of C1 esterase inhibitor.

To support demand, particularly for immunoglobulin and albumin, and to position the Company well for the future, a multi-site capacity expansion project is now well underway. We are expanding albumin and base fractionation capacity at our US facility in Kankakee, Illinois, as well as immunoglobulin capacity in Broadmeadows, Australia. Manufacturing methods for this additional capacity will be based on our Bern, Switzerland facility's Kistler-Nitschmann plasma fractionation processes for Alburex® and Privigen® production in an important step towards a common, efficient fractionation approach throughout our manufacturing network.

As a result of the 2011 US FDA approval to produce Privigen® in our new Bern immunoglobulin plant (module II), Bern is now able to use this increased capacity to respond flexibly to market demand and to produce IVIg in larger quantities than ever before. Our manufacturing facility in Marburg has also expanded in recent years. Filling facilities have been extended and modernised. Facilities for the purification and formulation of recombinant proteins have been opened. Marburg is also upgrading and expanding several manufacturing areas to meet increasing demand for Beriplex®, Factor IX and Fibrinogen.

CSL Plasma continues to increase collections and purchases of plasma to meet our projected needs. Favourable market conditions for plasma recovered from whole blood collections have also allowed us to increase volumes purchased. Every year, CSL Plasma upgrades and expands the capacity of a number of existing plasma collection centres. In addition to ongoing upgrades, we opened six new centres in financial year 2011-2012.

Completed last year, the rollout of CSL Plasma's new electronic donor management system has been instrumental in reducing the labour hours required to collect plasma donations. Efficiencies from the rollout include donor biometric (fingerprint) identification, donor self-administered health history kiosks, chartless documentation by staff (enabled by personal digital assistant scanning) and donor compensation by way of a refillable debit card.

CSL Behring is committed to developing and manufacturing products for rare and orphan diseases that are used to treat patients with congenital or acquired deficiencies in a wide array of proteins. Since there are few treatment choices for many patients, we work on new products as well as additional indications for our current therapies. We also seek to enter new markets so that more patients can enjoy improved well-being and more fulfilling lives.

CSL Behring's broad product range, commercial geographical presence, plasma supply and manufacturing infrastructure ensure that we remain well placed to meet increasing demand. Our strong portfolio of research and development activities demonstrates our continued commitment to patient populations in need of optimised therapies.

YEAR IN REVIEW CONTINUED

CSL BIOTHERAPIES

SALES UP 10% TO $813 MILLION

ASIA PACIFIC LEADER IN PLASMA DERIVED THERAPIES

PLASMA FRACTIONATION CAPACITY EXPANDED

AUSTRALIAN GOVERNMENT FUNDS GARDASIL* FOR BOYS

CSL BIOTHERAPIES

CSL Biotherapies delivered sales of $813 million, up 10% on the previous year.

This year we completed an expansion of our Broadmeadows plasma fractionation facility ensuring we remain well positioned to meet customer demand for plasma fractionation services for at least the next five years.

In our immunoglobulin portfolio, Evogam® has been approved by the Therapeutic Goods Administration (TGA) and applications have been made to the National Blood Authority seeking the addition of Evogam® and Intragam® 10 NF to the National Products and Services List. Evogam® is our high-yielding and chromatographically purified 16% subcutaneous immunoglobulin. Intragam® 10 NF is our high-yielding and chromatographically purified 10% intravenous immunoglobulin.

Evogam® and Intragam® 10 NF are also being reviewed by the New Zealand Medicines and Medical Devices Safety Authority (MedSafe) for a broad range of indications. An extension study to provide additional safety and tolerability data for Evogam® is underway in New Zealand. In the meantime, Evogam® is being made available (under Section 29 of the Medicines Act) to patients completing the clinical study protocol, in order to bridge their treatment requirements until product registration is achieved.

Formulated to twice the concentration of the smaller (500 and 250 IU) presentations, we have launched Biostate® 1000 IU Factor VIII/von Willebrand factor concentrate in Australia this year. This higher concentration product reduces by up to half both the number of vials that need to be prepared for infusion and also the infusion volume required.

At our Broadmeadows site work is on schedule for the 15 million gram capacity Privigen® 10% intravenous immunoglobulin manufacturing facility (see feature on page 16). Building commenced in November 2011 and the facility is expected to become operational in 2016.

Our Asian business grew strongly this year, underpinned by demand for albumin in China and plasma fractionation services provided by our Broadmeadows facility to Hong Kong, Malaysia, Singapore and Taiwan. Our customer reach in China has also increased significantly as a result of moves to more direct selling and the engagement of third-party logistics supplier Cardinal Healthcare China, which is one of the region's largest distributors. Our focus in Asia is on the registration of all product brands in key markets to support increasing medical demand for plasma-derived therapies.

Construction of a state-of-the-art cell culture biotechnology facility for the production of therapeutic recombinant proteins has been completed at Broadmeadows. All major equipment has been installed and the commissioning and validation process is well underway. The facility will be used for late stage clinical development of new therapies for cancer, bleeding disorders and inflammation.

The international expansion of our influenza vaccine business continued this year with CSL continuing to supply the US, United Kingdom and Germany.

Scientific investigations have continued into the cause of the paediatric adverse events that were associated with our influenza vaccine in 2010. Preliminary conclusions from these investigations have been communicated widely and highly commended by a number of international experts. We have closed-out the compliance issues at our Parkville manufacturing site following the May 2011 Warning Letter from the FDA.

Our in-licensing business includes vaccines and a range of prescription pharmaceutical products for distribution in Australia and New Zealand. This year we successfully launched Copaxone* for the treatment of multiple sclerosis and Dukoral* for the prevention of cholera.

RESEARCH AND DEVELOPMENT

WORKING WITH HIGH QUALITY R&D PORTFOLIO

DEVELOPING NEW GENERATION OF RECOMBINANT THERAPIES

NEW FACILITY BUILT FOR RECOMBINANTS CLINICAL DEVELOPMENT

INTELLECTUAL PROPERTY BEING USED BY PARTNERS FOR NEW THERAPIES

The Australian Government announced funding for an extension of the HPV National Immunisation Program to include GARDASIL* for boys aged 12 and 13 years. The vaccine will be made available to males through a school-based program commencing in early 2013. Merck & Co. Inc. remains our exclusive licensee for GARDASIL* vaccine with global marketing rights. CSL retains distribution rights for Australia and New Zealand and receives royalties from global sales. CSL received $106 million in royalties from international sales of human papillomavirus vaccines this year.

During the year formal integration of the Australian plasma operations, based at Broadmeadows, commenced with CSL Behring. This will create a single plasma business within the CSL Group building on the scale and efficiencies achieved to date. The vaccines and pharmaceuticals operations, based at Parkville, will become a stand-alone business unit within the CSL Group. We expect these new operating structures to be in place by 1 January 2013.

RESEARCH AND DEVELOPMENT

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

Achieving licenses and expanding the medically justified use of therapies in major regulatory jurisdictions is a critical objective of our R&D programs. During the year the FDA approved a label expansion for self-administration of our Berinert® C1 esterase inhibitor to treat acute attacks of hereditary angioedema (HAE), a rare and potentially fatal genetic disorder. As part of the label expansion, Berinert® is now also indicated to treat life-threatening laryngeal HAE attacks, as well as facial and abdominal attacks. This is a significant advance in the on-demand treatment of HAE attacks.

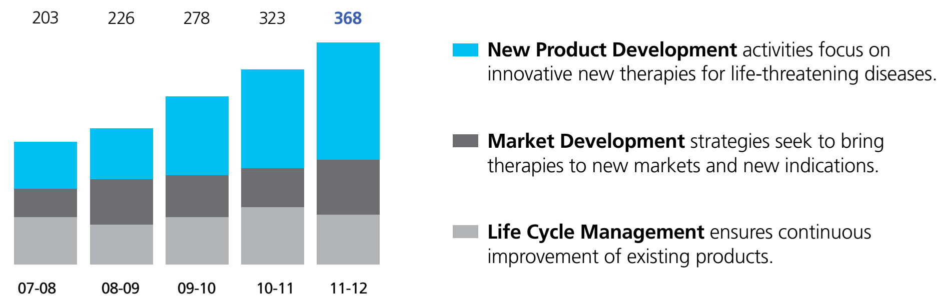
Additional approvals were also received from Canada and European markets for our Hizentra® 20% subcutaneous immunoglobulin for the treatment of patients diagnosed with Primary Immune Deficiency or Secondary Immune Deficiency.

Investment in new therapies continued towards the development of a family of recombinant coagulation factor medicines to treat haemophilia and other coagulation disorders (see feature on page 19). These therapies include the extended half-life albumin fusion proteins rIX-FP (recombinant fusion protein linking coagulation factor IX with albumin), rVIIa-FP (recombinant fusion protein linking coagulation factor VIIa with albumin), and a unique single-chain rFVIII (rVIII-SC) product. Important milestones in the past year included commencement of the pivotal Phase II/III study of rIX-FP and Phase I studies for rVIIa-FP and rVIII-SC.

Significant progress has been made in unlocking the medical significance and value of our specialty plasma-derived products. A Phase III clinical program has been completed demonstrating the use of human 4-factor prothrombin complex concentrate (PCC) for the urgent reversal of vitamin K-antagonist therapy (warfarin) in patients with acute major bleeding. A Phase III multi-site clinical trial began evaluating the efficacy and safety of Fibrinogen in controlling microvascular bleeding during aortic aneurysm surgery. A Phase II study has also been initiated

YEAR IN REVIEW CONTINUED

CSL RESEARCH AND DEVELOPMENT INVESTMENT (US$ MILLIONS)



evaluating a convenient volume-reduced, subcutaneous formulation of Berinert® in patients with HAE.

We continue to provide support to our immunoglobulin franchise. A study was successfully completed demonstrating the safety and efficacy of our Privigen® 10% immunoglobulin for intravenous administration in Chronic Inflammatory Demyelinating Polyradiculoneuropathy (CIDP), a rare neurological disorder of the peripheral nerves. An international Phase III study is now underway testing our subcutaneously-delivered Hizentra® for CIDP. These studies aim to provide greater flexibility and control for patients who require long-term immunoglobulin therapy.

An R&D priority is the development of new breakthrough medicines such as reconstituted high density lipoprotein (rHDL). We have now completed Phase I studies supporting possible use of rHDL in acute coronary syndromes and commenced a Phase IIa clinical program. Significant progress has also been made in the earlier stage recombinant monoclonal antibody (mAb) projects, including the anti-IL-3R mAb where data has been generated supporting its use in acute myeloid leukaemia (AML). Phase I clinical studies in AML will start shortly. Non-human primate and other studies also support the potential value of the anti-IL-3R mAb in treating a serious autoimmune disease. New research data from rodent models also strongly support the potential role for an anti-VEGFB rmAb as a novel treatment of type II diabetes.

CSL's new state-of-the-art cell culture biotechnology facility at our Broadmeadows site in Melbourne will enhance our ability to take recombinant products into the clinic and ultimately to patients. We expect to produce our first development product in the first half of 2013.

During the year our partners progressed potential new therapies based on CSL's intellectual property. AstraZeneca successfully completed a Phase IIa study of a mAb (Mavrilimumab*) targeting the GM-CSF Receptor for the treatment of rheumatoid arthritis. Mavrilimumab* showed a rapid and significant clinical effect compared to a placebo with a safety profile supporting further clinical development.

Partners also continue to show confidence in CSL's Iscomatrix® adjuvant as a technology platform that could be used to enable the next generation of prophylactic and therapeutic vaccines.

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

BOARD ANNOUNCES CEO SUCCESSION

On 3 August 2012, CSL Chairman, Professor John Shine announced that CEO and Managing Director, Dr Brian McNamee, and the CSL Board had agreed on timing for handover to his successor.

Brian will leave CSL in July 2013 and will be succeeded by Paul Perreault, President of CSL Behring. Paul joined CSL in 2004 and has been a highly effective global leader in his current role with responsibility for the manufacturing and commercial operations across more than 25 countries that deliver more than 85% of CSL Group revenues.

The CSL Board acknowledges Dr McNamee's extraordinary contribution to the Company and the local and international pharmaceutical industry. When Brian took over in 1990 CSL was a domestic focused government enterprise. Now CSL is a proud Australian company, one of the world's largest global plasma therapeutics businesses.

Brian's leadership, drive and vision have been instrumental in building this exceptional business based on innovative R&D, operational excellence, consistent delivery and absolute commitment to patients.

CORPORATE RESPONSIBILITY

CSL is committed to conducting business ethically and contributing to the economic, social and environmental well-being of our communities.

In December 2011, we published our third Corporate Responsibility Report as part of our commitment to providing shareholders and other stakeholders with comprehensive and balanced information about our economic, social and environmental performance. We are continuing to improve our internal reporting systems for related information so that we can publish this Report closer to the applicable business reporting period.

CSL has again been identified as a sustainable development leader during the year by meeting the inclusion of criteria for the FTSE4Good Index Series. This index and associated ratings measure the performance of companies that meet or exceed globally recognised Environmental, Social and Governance standards. CSL also retained its listing on the Dow Jones Sustainability Asia Pacific Index which tracks the performance of the top 20% of Asia Pacific companies in the Dow Jones Global Total Stock Market Index that lead the field in sustainability.

OUR PEOPLE

Recognising that our talented and diverse workforce is a key competitive advantage, we are committed to seeking out and retaining the best people to ensure strong business growth and performance.

CSL values diversity at all levels and in the area of gender diversity we have a long history of implementing programs and policies supporting women in the workplace. We believe that our culture of inclusiveness across the organisation supports retention and career progression of qualified and experienced women. CSL management in all sites around the world is encouraged to implement diversity-related initiatives consistent with local laws, practices and culture.

This year the CSL Board established a number of measurable objectives and we have reported progress against these objectives in our Corporate Governance Statement (see page 35). Your Board has also established a number of further measurable objectives for 2012-2013 (see page 36).

OUR THANKS

Our business revolves around saving lives and improving the quality of life for people with serious and rare conditions, and all our activities are focused on this goal.

Your Board of Directors appreciates the work of our management and staff around the world to deliver life-enhancing medicines and drive our continuing business success.

Professor John Shine, AO
Chairman

Dr Brian McNamee, AO
Chief Executive Officer
and Managing Director

** Trademarks*
Copaxone is a trademark of TEVA, Dukoral is a trademark of Crucell, GARDASIL is a trademark of Merck & Co. Inc., Mavrilimumab is a trademark of AstraZeneca.

CSL BEHRING

CSL Behring develops therapies to treat rare and serious conditions as if our patients' lives depended on them – because they do.

Around the world, CSL Behring brings life-saving and life-enhancing therapies to people with primary immune deficiencies, bleeding disorders (including haemophilia and von Willebrand disease), hereditary angioedema and inherited respiratory disease. Our products are also used to prevent haemolytic diseases in newborns, speed recovery from heart surgery, prevent infection in people undergoing solid organ transplants, and help victims of shock and burns to recover faster.

We listen carefully to the concerns of the patients and caregivers we serve and work to address their needs. Not only do we provide safe and effective products aimed at delivering a better quality of life, CSL Behring also develops programs and provides educational tools that help patients and families manage the daily challenges of living with chronic conditions. We also collaborate with patient groups and policy makers around the world to advocate for patient access to care.

CSL Behring has a long history of manufacturing innovative products in state-of-the-art facilities. We use the most sophisticated methods available and meet or exceed stringent international safety and quality standards. Each step of our manufacturing process from plasma donor to patient reflects the company's passion for safety.

We are a global leader in biotherapies, with substantial markets in the US, Europe and Japan. CSL Behring is committed to maintaining a reliable and consistent product supply, while continuing to grow its pipeline of new and improved plasma and recombinant therapies, by using cost-effective, high-yield manufacturing processes and efficient operations.

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

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

How Berinert® made an Advocate of Machelle Pecoraro

Machelle Pecoraro has a special message for the employees of CSL:

"Thank you for all your hard work, your dedication and most of all your compassion... you are making a difference and it is appreciated."

Machelle, 41, has Hereditary Angioedema (HAE), a very rare and potentially life-threatening genetic condition. Symptomatic at age 7 and formally diagnosed at 17, the only treatment available was morphine for pain management. In 2008, the use of Berinert® was approved in the US and Machelle has been treating with it since 2009.

"Before Berinert®, a serious episode would put me out of commission for three to four days. Now, I can be functioning normally again within three to four hours!"

Machelle is now a patient-to-patient advocate as a member of the B.E.N. P.A.L.S.™, a patient resource program established by CSL Behring, designed to help patients gain access to Berinert® therapy.

Shown with Machelle (second from left) are patient-to-patient advocates, Stephanie Smith. Shari Starr and Christie Hardin.

MAJOR PRODUCTS MARKETED BY CSL BEHRING

HAEMOPHILIA AND OTHER COAGULATION DISORDERS

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

Plasma-derived Factor VIII and von Willebrand Factor

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

Recombinant Factor VIII

- **Helixate® FS**
- **Helixate® NexGen**

Plasma-derived Factor IX

- **Berinin® P**
- **Mononine®**

Plasma-derived Factor X

- **Factor X P Behring**

Plasma-derived Factor XIII

- **Corifact®**
- **Fibrogammin® P**

Other Products

- **Stimate®**
- **Octostim***

** Octostim is a trademark of Ferring GmbH*
** Tachocomb is a trademark of Nycomed.*

SPECIALTY CARE PRODUCTS

Specialty care products are used to treat bleeding disorders and are used in wound healing, volume replacement, the management of sepsis and severe burns as well as in the treatment of hereditary angioedema.

Haemostasis Disorders

- **Beriplex® P/N / Confidex®**
- **Haemocomplettan® P/ RiaSTAP®**
- **Fibrogammin®P /Corifact®**

Intensive Care

- **Albuminar®**
- **Alburex®**
- **Human Albumin Behring**
- **Humanalbin®**

Hereditary Angioedema

- **Berinert®**

Other Critical Care

- **Kybernin® P**
- **Streptase®**

WOUND HEALING

Wound healing therapies are used to facilitate healing.

- **Beriplast® P**
- **Combi-Set**
- **Fibrogammin® P**
- **Tachocomb***

IMMUNE DISORDERS AND IMMUNE THERAPY

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

Polyvalent Immunoglobulins

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

Subcutaneous Immunoglobulins

- **Hizentra®**
- **Vivaglobin®**

Specific Immunoglobulins

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

ALPHA 1-PROTEINASE INHIBITOR DEFICIENCY

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

- **Zemaira®**

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

In 2011 the US Food and Drug Administration approved production of Privigen® in our new immunoglobulin plant in Bern, Switzerland.

Construction of a new Privigen® manufacturing facility is now underway in Melbourne. This 15 million gram capacity facility is due to become fully operational in 2016.

Our Privigen® 10% intravenous immunoglobulin continues to increase global market share.

CSL BEHRING CONTINUED

Inside CSL Behring's Marburg facilities in Germany

In Marburg, team leader Stefan Wellnitz and Sven Sagel (left) perform a final bulk-filtration on our Berinert® C1 esterase inhibitor.

Our specialty products achieved solid growth in demand this year with a particularly good result in the US for Berinert®.

In Marburg, Anika Striesse and Daniel Koerfer work on Recombinant Factor VIII in our new facility for the purification and formulation of recombinant proteins.

CSL Plasma – Madison, Tennessee

Brittany Manlove welcomes donor Tiffany Singh to our new CSL Plasma collection centre in Madison, Tennessee, and takes care of donors Bobby Warren and Tamara Heizer inside the facility.

To meet strong demand for immunoglobulin and albumin, CSL Plasma has increased collections and purchases of plasma to meet our projected needs.

Every year, CSL Plasma upgrades and expands the capacity of our existing plasma collection centres. In addition to these ongoing upgrades, we opened six new centres in financial year 2011-2012.

CSL PLASMA

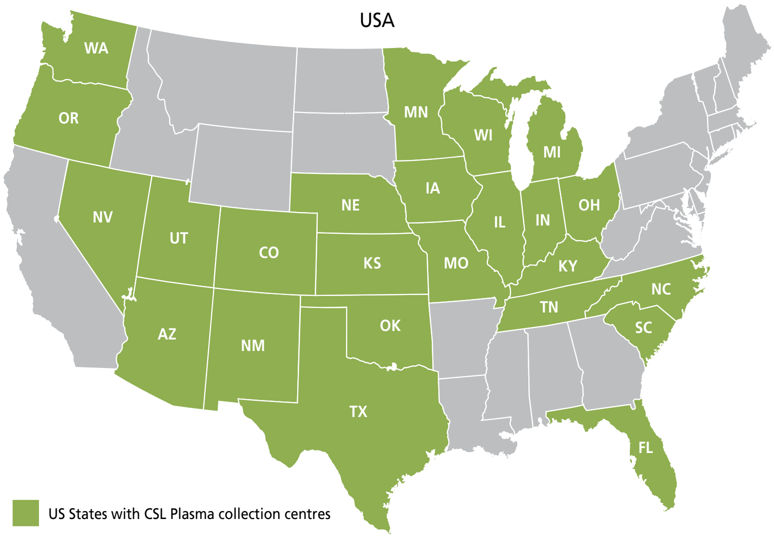
CSL Behring's plasma collection business, CSL Plasma, has collection centres throughout the US and Germany, along with plasma testing laboratories and logistics centres in both countries.

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

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

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

US STATES AND GERMAN CITIES WITH CSL PLASMA COLLECTION CENTRES



German cities with CSL Plasma collection centres

US Headquarters
Boca Raton, Florida

US Testing Laboratory
Knoxville, Tennessee

US Logistics Centre
Indianapolis, Indiana

EU Headquarters
Marburg, Germany

EU Testing Laboratory
Goettingen, Germany

EU Logistics Centre
Schwalmstadt, Germany

Think Zebra

CSL Plasma is proud to partner with the Immune Deficiency Foundation (IDF) each April by conducting a national fundraiser at all its US locations. Employees, donors and the community join together to raise funds that will go to help patients and their families suffering from immune deficiency disease. Each CSL Plasma location decorates their facility to reflect the "Think: Zebra!" theme. It's all done in good fun and for a good cause.

Shown above (left to right) are Lawton (Oklahoma) Centre Manager Corey Lampkin with Valerie Dinwiddie (patient) and CSL Plasma Assistant Managers Stacey Birgenheier and Anne Clague.

CSL BIOTHERAPIES

CSL Biotherapies is investing in major capital works at our Broadmeadows site to expand and enhance current facilities.

Fractionation capacity has been expanded to support increasing plasma volume requirements for Australia and international markets. The Australian Red Cross Blood Service now provides more than 500 tonnes of plasma to CSL for fractionation – an increase of 35% since 2006.

We have expanded production capacity for Factor VIII/vWF concentrate for international markets. Using intermediates supplied by CSL's northern hemisphere facilities, we manufacture Factor VIII for international commercial markets. This year we have also provided Factor VIII to a number of countries in Asia and South America.

Facilities have been upgraded and new equipment has been installed to facilitate the production of our new immunoglobulin products Intragam® 10NF (10% intravenous) and Evogam® (16% subcutaneous). Both these products are now approved for use in Australia and timing for their introduction is being planned in consultation with the National Blood Authority.

A new cell culture facility is being built for production of recombinant proteins. This facility will greatly enhance Broadmeadow's capabilities, enabling CSL to produce new recombinant medicines for clinical trials and commercial launch, activities currently outsourced. This major project is partly being funded by the Australian and Victorian governments.

By undertaking these activities in Melbourne, CSL will significantly enhance its skills base and also that of Australia's biotechnology industry for development and production of therapeutic proteins using recombinant technology.

In November 2011, we commenced construction of a major new facility for the manufacture of Privigen® intravenous immunoglobulin for global markets. This product will be manufactured from intermediate sourced from our US facilities.

All of these projects have a strong focus on international sales through CSL's global commercial network and will result in significant international business for our Broadmeadows site in Melbourne.

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

Our unique role includes:

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

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

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

CSL Biotherapies is the leading supplier of albumin in China where we now have offices in Shanghai, Guangzhou, Wuhan, Chengdu and Beijing.

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

MAJOR PLASMA-DERIVED THERAPIES AND DIAGNOSTIC PRODUCTS MANUFACTURED BY CSL BIOTHERAPIES

HAEMOPHILIA AND OTHER COAGULATION DISORDERS

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

Biostate®
(human coagulation factor VIII/von Willbrand Factor Concentrate)

MonoFIX®-VF
(human coagulation factor IX)

Prothrombinex®-VF
(human prothrombin complex)

DIAGNOSTIC PRODUCTS

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

Reagent Red Blood Cells

Monoclonal Reagents

Supplementary Reagents

Snake Venom Detection Products
Used to detect venom in snakebite victims and indicate the appropriate monovalent antivenom for treatment.

IMMUNE DISORDERS AND IMMUNE THERAPY

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

Intragam® P
(6g liquid intravenous immunoglobulin)

Normal Immunoglobulin-VF
(human normal immunoglobulin)

Rh(D) Immunoglobulin-VF
(human Rh (D) immunoglobulin)

CMV Immunoglobulin-VF
(human cytomegalovirus immunoglobulin)

Hepatitis B Immunoglobulin-VF
(human hepatitis B immunoglobulin)

Zoster Immunoglobulin-VF
(human zoster immunoglobulin)

Tetanus Immunoglobulin-VF
(human tetanus immunoglobulin)

CRITICAL CARE CONDITIONS

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

Albumex®
(human albumin)

Thrombotrol®-VF
(human antithrombin III)

Rhophylac®

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

RiaSTAP®

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

Berinert®

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

Special Access Scheme

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

Toll Fractionation

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

The Australian Government is funding an extension of the HPV National Immunisation Program to include the GARDASIL vaccine for boys aged 12 and 13 years. The vaccine will be made available to boys through a school-based program commencing in early 2013.*

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

CSL BIOTHERAPIES CONTINUED

MAJOR VACCINES AND PHARMACEUTICAL PRODUCTS MARKETED BY CSL BIOTHERAPIES IN AUSTRALIA

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

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

TRADEMARKS

CSL, **Bioplasma** and **ISCOMATRIX** are trademarks of the CSL Group

® Registered trademark of CSL Limited or its affiliates

™ Trademark of CSL Limited or its affiliates

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

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

RESEARCH AND DEVELOPMENT

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

RECOMBINANT COAGULATION FACTOR MEDICINES

CSL has been committed to saving lives and improving the quality of life for people with bleeding disorders for over a century. We remain a world leader in innovative coagulation medicines and technologies. Our medicines are used to treat patients who are deficient in some of their natural blood proteins making them vulnerable to crippling and life-threatening bleeding. Our portfolio includes more than a dozen coagulation products used for the treatment of haemophilia A, haemophilia B, and the most common inherited bleeding disorder in the world, von Willebrand disease (vWD).

Many of these therapies are derived from human plasma. We are also developing new recombinant products which may offer patients more efficacious and convenient treatment options.

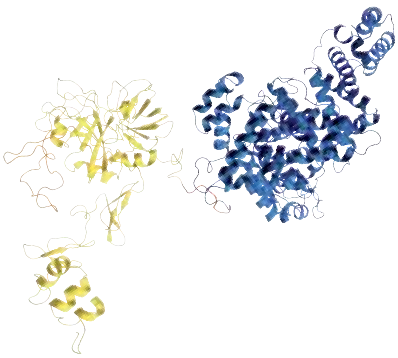
In a collaborative effort involving scientists across our global R&D organisation we are developing a family of recombinant coagulation factors. These include recombinant forms of factors IX and VIIa that use an albumin fusion technology to extend the half life of the circulating molecules. If successful, this should result in a marked reduction in the frequency of administration and significantly increase convenience for patients.

We now have proof of principle data in animal models showing extended half life, and have started clinical testing, for both rIX-FP (recombinant fusion protein linking coagulation factor IX with albumin) and rVIIa-FP (recombinant fusion protein linking coagulation factor VIIa with albumin). During the year the Phase I study for rIX-FP was completed and a pivotal Phase II/III study begun. Results from the Phase I study in patients with severe haemophilia B showed that rIX-FP was well tolerated and lasted more than five times longer in the body, due to its prolonged half-life, compared with current Factor IX treatment options. A Phase I clinical trial investigating the safety and pharmacokinetics of rVIIa-FP in healthy volunteers commenced.

Research into a new long half-life von Willebrand factor product candidate has also begun, using the same albumin-fusion technology.

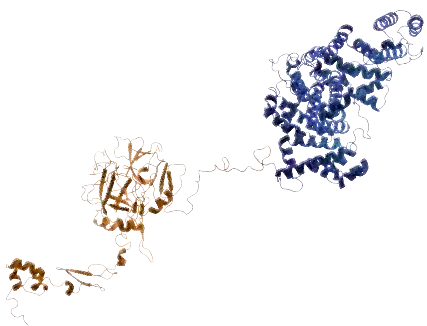
Development of a unique single-chain rFVIII (rVIII-SC) for the treatment of haemophilia A made progress during the year. Pre-clinical studies had shown that the rVIII-SC was more stable than currently available FVIII products, potentially prolonging its activity. A Phase I/III clinical study examining the safety, efficacy and pharmacokinetics of rVIII-SC has now commenced.

CSL is advancing rapidly with our recombinant coagulation factor development program reinforcing our long term commitment to developing innovative treatments to improve the lives of those living with rare bleeding disorders.



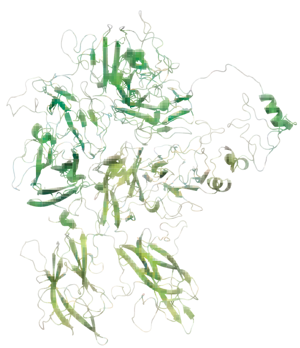
3D molecular model of rIX-FP

A recombinant fusion protein linking coagulation factor IX with recombinant albumin



3D molecular model of rVIIa-FP

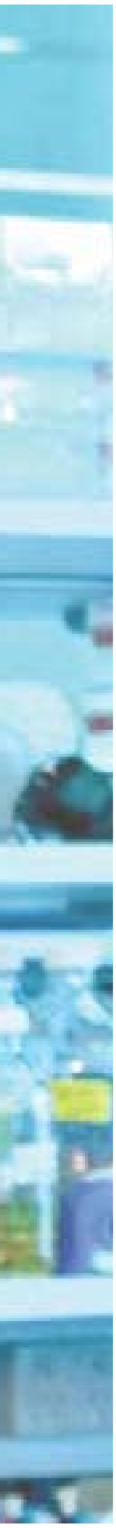
A recombinant fusion protein linking coagulation factor VIIa with recombinant albumin



3D molecular model of rVIII-SingleChain

Recombinant single-chain factor VIII (rFVIII)

RESEARCH AND DEVELOPMENT CONTINUED



CSL'S GLOBAL R&D PIPELINE ACHIEVEMENTS 2011-2012

Core capabilities

- Immunoglobulins
- Haemophilia/Coagulation
- Specialty Products
- Breakthrough Medicines
- Vaccines and Licensing
- ► Important advances in 2011-2012
- * Partnered projects

CSL's R&D pipeline also includes Life Cycle Management projects which address regulatory post marketing commitments, pathogen safety, capacity expansions, yield improvements and new packages and sizes.

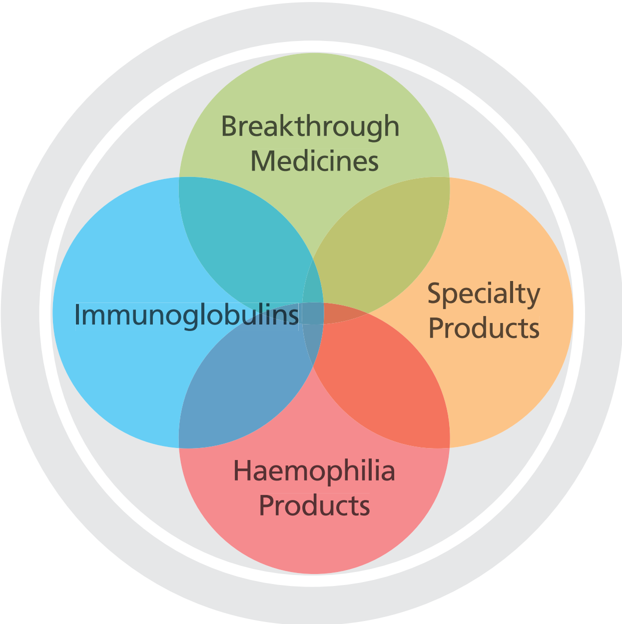
RESEARCH AND DEVELOPMENT STRATEGY

Immunoglobulins
Products such as Hizentra® and Privigen®.

Direction: *Support and enhance the current portfolio with improved patient convenience, higher yields, expanded labels and new formulation science.*

Breakthrough Medicines
Protein-based therapies such as anti IL-3R antibody (CSL362) and reconstituted High Density Lipoprotein (rHDL, CSL112).

Direction: *Develop new protein-based therapies for significant unmet medical needs and multiple indications.*



Haemophilia Products
Plasma-derived products such as Haemate P® and recombinant coagulation factors.

Direction: *Support and enhance the portfolio with new plasma-derived products, recombinant coagulation factors and coagulation research.*

Specialty Products
For acquired and perioperative bleeding such as Beriplex® and RiaSTAP®, and Berinert®, Corifact® and Zemaira®, for certain types of deficiencies.

Direction: *Expand the use of specialty plasma products through new markets, novel indications and new modes of administration.*

WORLD HAEMOPHILIA DAY

To mark World Haemophilia Day 2012 CSL staff in Melbourne, Australia, were fortunate to hear presentations from Associate Professor Alison Street, VP Medical, World Federation of Hemophilia, and Dr Andrew Cuthbertson, Chief Scientist and Head of R&D at CSL.

Professor Alison Street and Doctor Andrew Cuthbertson at the World Federation of Hemophilia Conference in July 2012.

Professor Street gave a moving and encouraging presentation of her personal experience of advances in care for people with a bleeding disorder throughout her career, and an outline of current World Federation of Hemophilia (WFH) initiatives in Asia and Latin America, including the 'Global Alliance for Progress' (GAP) program which aims to improve the diagnosis and treatment of haemophilia in developing countries. Few people globally possess Professor Street's experience and global perspective on bleeding disorders, and the audience applauded her remarkable and selfless career serving the bleeding disorders communities in Australia, Asia, and globally.

Dr Andrew Cuthbertson delivered a similarly encouraging outline of CSL's strong pipeline in developing new recombinant coagulation therapies, each of which seeks to improve the lives of members of the bleeding disorders community.

CSL also marked World Haemophilia Day with CSL Behring renewing its pledge to provide significant funding and donate coagulation factor to the GAP program over a three year period. CSL is proud to be a strong supporter of the WFH and to have been a contributor to the GAP program each year since it was established.

DIRECTORS' PROFILES

JOHN SHINE, AO

BSc (Hon), PhD, DSc, FAA – (Age 66)

PHARMACEUTICAL INDUSTRY AND MEDICINE (RESIDENT IN NSW)

INDEPENDENT: YES

Chairman

Professor Shine was appointed to the CSL Board in June 2006. He is Professor of Molecular Biology and Professor of Medicine at the University of NSW, and a Director of many scientific research and medical bodies throughout Australia. Professor Shine is President of the Museum of Applied Arts and Science (Powerhouse Museum and Sydney Observatory) and was formerly Executive Director of the Garvan Institute of Medical Research. He was also formerly Chairman of the National Health and Medical Research Council and a Member of the Prime Minister's Science, Engineering and Innovation Council. In November 2010, he was awarded the 2010 Prime Minister's Prize for Science.

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

BRIAN MCNAMEE, AO

MBBS, FAICD, FTSE – (Age 55)

INTERNATIONAL PHARMACEUTICAL INDUSTRY AND MEDICINE (RESIDENT IN VICTORIA)

INDEPENDENT: NO

Chief Executive Officer and Managing Director

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

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

JOHN AKEHURST

MA (Oxon), FIMechE – (Age 63)

ENGINEERING AND MANAGEMENT (RESIDENT IN WESTERN AUSTRALIA)

INDEPENDENT: YES

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

Mr Akehurst is Chairman of the Human Resources and Remuneration Committee.

DAVID ANSTICE

BEc – (Age 64)

INTERNATIONAL PHARMACEUTICAL INDUSTRY (RESIDENT IN PENNSYLVANIA, USA)

INDEPENDENT: YES

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

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

BRUCE BROOK

BCom, BAcc, FCA, MAICD – (Age 57)

FINANCE AND MANAGEMENT (RESIDENT IN VICTORIA)

INDEPENDENT: YES

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

Mr Brook is a member of the Audit and Risk Management Committee.

CHRISTINE O'REILLY

BBus – (Age 51)

FINANCE AND INFRASTRUCTURE (RESIDENT IN VICTORIA)

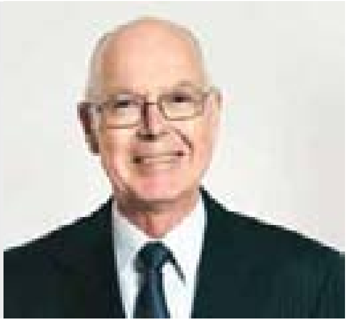
INDEPENDENT: YES

Ms O'Reilly was appointed to the CSL Board in February 2011. She is a Director of the Transurban Group and Care Australia. During her executive career, she was Co-Head of Unlisted Infrastructure Investments at Colonial First State Global Asset Management and prior to that was the Chief Executive Officer of the GasNet Australia Group.

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


JOHN SHINE, AO


BRIAN MCNAMEE, AO


JOHN AKEHURST


DAVID ANSTICE


BRUCE BROOK


CHRISTINE O'REILLY


IAN RENARD, AM


MAURICE RENSHAW


PETER TURNER

IAN RENARD, AM

BA, LLM, LLD (Hon), FAICD – (Age 66)

LAW (RESIDENT IN VICTORIA)

INDEPENDENT: YES

Mr Renard was appointed to the CSL Board in August 1998. For many years he practised in company and commercial law and is a former Chancellor of the University of Melbourne. Mr Renard is a Director of SP AusNet (a listed entity which comprises two companies and a trust), Hillview Quarries Pty Ltd and Peninsula Waste Management Pty Ltd. He is the Chairman of the University of Melbourne Archives Advisory Board and is Chairman of the R E Ross Trust.

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

MAURICE RENSHAW

BPharm – (Age 65)

INTERNATIONAL PHARMACEUTICAL INDUSTRY (RESIDENT IN NSW)

INDEPENDENT: YES

Mr Renshaw was appointed to the CSL Board in July 2004. Formerly, he was Vice President of Pfizer Inc, USA, Executive Vice President, Pfizer Global Consumer Group and President of Pfizer's Global Consumer Healthcare Division. Prior to his positions in Pfizer, Mr Renshaw was Vice President of Warner Lambert Co. and President of Parke-Davis USA. He has had more than 35 years' experience in the international pharmaceutical industry.

Mr Renshaw is Chairman of the Innovation and Development Committee.

PETER TURNER

BSc, MBA – (Age 63)

INTERNATIONAL PHARMACEUTICAL INDUSTRY (RESIDENT IN VICTORIA)

INDEPENDENT: NO

Executive Director

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

EDWARD BAILEY

LLB, B.Com, FCIS – (Age 46)

Company Secretary

EXECUTIVE MANAGEMENT

BRIAN MCNAMEE, AO

MBBS, FAICD, FTSE – (Age 55)

Chief Executive Officer and Managing Director

See the Directors' profiles on page 22

PAUL PERREAULT

BA Psychology – (Age 55)

President, CSL Behring

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

GORDON NAYLOR

MBA, BEng (Hons), DipCompSc – (Age 49)

Chief Financial Officer

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

ANDREW CUTHBERTSON

BMedSci, MBBS, PhD. – (Age 57)

R&D Director and Chief Scientific Officer

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

JEFF DAVIES

BSc (Hons), PhD – (Age 55)

Executive Vice President, CSL Biotherapies

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

MARY SONTROP

BAppSc, MBA – (Age 55)

Executive Vice President, CSL Behring Operations

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

INGOLF SIEPER

MD, BA – (Age 57)

Executive Vice President, Worldwide Commercial Operations, CSL Behring

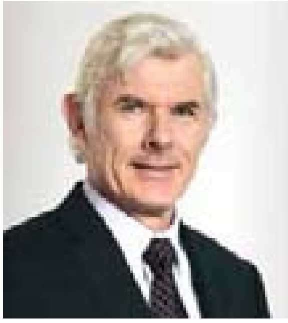
Ingolf was appointed Executive Vice President, Worldwide Commercial Operations, CSL Behring in 2011. He is responsible for all sales and marketing activities globally for CSL Behring. Ingolf joined CSL Behring in 1986 and has a strong background in marketing and management in the coagulation, diagnostic and plasma protein divisions. Among the roles in which he has served, Ingolf was Vice President and General Manager, Commercial Operations, Central Europe, with responsibility for CSL Behring's commercial activities in Germany, Switzerland, Austria and Slovenia.

KAREN ETCHBERGER

PhD – (Age 54)

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

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


BRIAN MCNAMEE, AO


PAUL PERREAULT


GORDON NAYLOR


ANDREW CUTHBERTSON


JEFF DAVIES


MARY SONTROP


INGOLF SIEPER


KAREN ETCHBERGER


GREG BOSS


EDWARD BAILEY


JILL LEVER

GREG BOSS

JD, BS (Hon) – (Age 51)

CSL Group General Counsel and Executive Vice President, CSL Behring

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

EDWARD BAILEY

LLB, B.Com, FCIS – (Age 46)

Company Secretary and Australian General Counsel

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

JILL LEVER

BA (Hons) – (Age 56)

Senior Vice President, Human Capital

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

SHARE INFORMATION

CSL LIMITED

Issued Capital Ordinary Shares:
507, 225, 967 as at 30 June 2012

DETAILS OF INCORPORATION

CSL's activities were carried on within the Commonwealth Department of Health until the Commonwealth Serum Laboratories Commission was formed as a statutory corporation under the Commonwealth Serum Laboratories Act 1961 (Cth) [the CSL Act] on 2 November 1961. On 1 April 1991, the Corporation was converted to a public company limited by shares under the Corporations Law of the Australian Capital Territory and it was renamed Commonwealth Serum Laboratories Limited. These changes were brought into effect by the Commonwealth Serum Laboratories (Conversion into Public Company) Act 1990 (Cth). On 7 October 1991, the name of the Company was changed to CSL Limited. The Commonwealth divested all of its shares by public float on 3 June 1994.

The CSL Sale Act 1993 (Cth) amends the CSL Act to impose certain restrictions on the voting rights of persons having significant foreign shareholdings, and certain restrictions on the Company itself.

CSL ordinary shares have been traded on the Australian Stock Exchange since 30 May 1994. Melbourne is the Home Exchange.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2012, Commonwealth Bank of Australia and its subsidiaries, and Blackrock Investment Management (Australia) Limited and associated entities were substantial shareholders in CSL.

VOTING RIGHTS

At a general meeting, subject to restrictions imposed on significant foreign shareholdings and some other minor exceptions, on a show of hands each shareholder present has one vote.

On a poll, each shareholder present has one vote for each fully paid share held in person or by proxy.

In accordance with the CSL Act, CSL's Constitution provides that the votes attaching to significant foreign shareholdings are not to be counted when they pertain to the appointment, removal or replacement of more than one-third of the directors of CSL who hold office at any particular time. A significant foreign shareholding is one where a foreign person has a relevant interest in 5% or more of CSL's voting shares.

SIGNIFICANT FOREIGN SHAREHOLDINGS

As at 30 June 2012, Blackrock Investment Management (Australia) Limited and associated entities was a significant foreign shareholder in CSL.

DISTRIBUTION OF SHAREHOLDINGS AS AT 30 JUNE 2012

Range	Total Holders	Units	% of Issued Capital
1 - 1,000	65,144	25,214,833	4.97
1,001 - 5,000	25,972	61,540,988	12.13
5,001 - 10,000	4,759	32,821,472	6.47
10,001 - 100,000	2,063	37,197,719	7.34
100,001 and over	88	350,450,955	69.09
Total shareholders and shares on issue[1]	**98,026**	**507,225,967**	**100.00**

Unmarketable Parcels	Minimum Parcel Size	Holders	Units
Minimum $500.00 parcel at $39-42 per unit	13	557	2,365

[1] *As at 30 June 2012, CSL had entered into contracts to buy back an additional 296,120 ordinary shares, with settlement and amendment to the share register pending. The cancellation of these shares has been reflected in the reconciliation of outstanding shares in Note 20 to the Financial Report.*

SHAREHOLDER INFORMATION

Shareholders with enquiries should go to www.investorcentre.com where most common questions can be answered by virtual agent "Penny". There is an option to contact the Share Registry by email if the virtual agent cannot provide the answer. Alternatively, shareholders may telephone or write to the Share Registry at the address below.

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

Change of address should be notified to the Share Registry online via the Investor Centre at www.investorcentre.com, by telephone or in writing without delay. Shareholders who are broker sponsored on the CHESS sub-register must notify their sponsoring broker of a change of address.

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

The Annual Report is produced for your information. The default option is an online Annual Report via the company's website. If you opted to continue to receive a printed copy and you receive more than one or you wish to be removed from the mailing list for the Annual Report, please advise the Share Registry. You will continue to receive Notice of Meeting and Proxy.

The Annual General Meeting will be held at the Function Centre, National Tennis Centre, Melbourne Park, Batman Avenue, Melbourne at 10:00am on Wednesday 17 October 2012. There is a public car park adjacent to the Function Centre which will be available to shareholders at no charge.

SUPPORTING THE ENVIRONMENT THROUGH eTREE

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

For every email address registered at www.eTree.com.au/csl, a donation of up to $1 is made to Landcare Australia towards reforestation projects to help restore degraded plant, animal and water resources. With your support, CSL has registered over 19,246 email addresses, which in turn has facilitated the planting of more than 55,692 trees in Australia and New Zealand.

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

SHARE REGISTRY

Computershare Investor Services Pty Limited

Yarra Falls, 452 Johnston Street
Abbotsford VIC 3067

Postal Address:
GPO Box 2975
Melbourne VIC 3001

Enquiries within Australia:
1800 646 882

Enquiries outside Australia:
61 3 9415 4178

Investor enquiries facsimile:
61 3 9473 2500

Website:
www.investorcentre.com

SHAREHOLDERS AS AT 30 JUNE 2012

	Shareholders	Shares
Australian Capital Territory	1,794	2,628,710
New South Wales	26,862	280,793,879
Northern Territory	284	326,567
Queensland	12,411	18,570,463
South Australia	5,947	10,823,387
Tasmania	1,478	1,845,145
Victoria	34,747	176,533,182
Western Australia	10,424	10,651,633
International Shareholders	4,079	5,053,001
Total shareholders and shares on issue[1]	**98,026**	**507,225,967**

[1] *As at 30 June 2012, CSL had entered into contracts to buy back an additional 296,120 ordinary shares, with settlement and amendment to the share register pending. The cancellation of these shares has been reflected in the reconciliation of outstanding shares in Note 20 to the Financial Report.*

SHAREHOLDER INFORMATION CONTINUED

CSL'S TWENTY LARGEST SHAREHOLDERS AS AT 30 JUNE 2012

	Shareholder	Account	Shares	% Total Shares
1	HSBC Custody Nominees (Australia) Limited		120,295,887	23.72
2	J P Morgan Nominees Australia Limited		82,016,384	16.17
3	National Nominees Limited		61,770,517	12.18
4	Citicorp Nominees Pty Limited		22,413,481	4.42
5	J P Morgan Nominees Australia Limited	Cash Income A/c	6,384,296	1.26
6	Cogent Nominees Pty Limited		6,337,207	1.25
7	Citicorp Nominees Pty Limited	Colonial First State Inv A/c	5,536,583	1.09
8	AMP Life Limited		4,653,879	0.92
9	Cogent Nominees Pty Limited	SMP Accounts	3,588,890	0.71
10	Citicorp Nominees Pty Limited	BHP Billiton ADR Holders A/c	2,600,790	0.51
11	HSBC Custody Nominees (Australia) Limited	NT-Comnwlth Super Corp A/c	2,337,899	0.46
12	UBS Wealth Management Australia Nominees Pty Ltd		2,270,064	0.45
13	Cogent Nominees Pty Limited	DRP	2,199,342	0.43
14	Perpetual Trustee Company Limited		2,081,267	0.41
15	RBC Dexia Investor Services Australia Nominees Pty Limited	BKCUST A/c	1,874,773	0.37
16	Argo Investments Limited		1,179,752	0.23
17	UBS Nominees Pty Ltd		1,083,000	0.21
18	HSBC Custody Nominees (Australia) Limited-GSCO ECA		1,063,127	0.21
19	Queensland Investment Corporation		1,047,450	0.21
20	Navigator Australia Ltd	MLC Investment SETT A/c	928,139	0.18
	Top 20 holders of ordinary fully paid shares		**331,662,727**	**65.39**
	Remaining holders balance		**175,563,240**	**34.61**
	Total shares on issue[1]		**507,225,967**	**100.00**

In addition, as at 30 June 2012, a substantial shareholder notice has been received from:

Commonwealth Bank of Australia and its subsidiaries	27,559,359
Blackrock Investment Management (Australia) Limited and associated entities	27,269,548

[1] *As at 30 June 2012, CSL had entered into contracts to buy back an additional 296,120 ordinary shares, with settlement and amendment to the share register pending. The cancellation of these shares has been reflected in the reconciliation of outstanding shares in Note 20 to the Financial Report.*

CORPORATE GOVERNANCE

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

This statement outlines the Company's principal corporate governance practices in place during the financial year. The Board believes that the Company complies with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, released in August 2007 (the Corporate Governance Principles and Recommendations) and the amendments to the Corporate Governance Principles and Recommendations which applied to the Company's financial year ending 30 June 2012.

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

1. THE BOARD OF DIRECTORS

1.1 The CSL Board Charter

The Board has a formal charter documenting its membership, operating procedures and the allocation of responsibilities between the Board and management.

The Board is responsible for oversight of the management of the Company and providing strategic direction. It monitors operational and financial performance, human resources policies and practices and approves the Company's budgets and business plans. It is also responsible for overseeing the Company's risk management, financial reporting and compliance framework.

The Board has delegated the day-to-day management of the Company and the implementation of approved business plans and strategies to the Managing Director, who in turn may further delegate to senior management. In addition, a detailed authorisations policy sets out the decision-making powers which may be exercised at various levels of management.

The Board has delegated specific authority to five Board committees that assist it in discharging its responsibilities by examining various issues and making recommendations to the Board. Those committees are:

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

Each committee is governed by a charter setting out its composition and responsibilities. A description of each committee and their responsibilities is set out below. The Board also delegates specific responsibilities to ad hoc committees from time to time.

The CSL Board Charter sets guidelines as to the desired term of service of non-executive directors. Non-executive directors should be able to serve for at least eight years, subject to re-election by shareholders. This charter also recognises that whilst board renewal is essential, a mixture of skills and differing periods of service provides for balance and optimal outcomes at a board level. Prior to the expiry of a director's term of office, the Board reviews that director's performance. In the event that such performance is considered less than adequate, the Board may decide that it will not support the re-election of that director.

The Company Secretary is responsible to the Board for ensuring that Board procedures are complied with and advising the Board on governance matters. All directors have access to the Company Secretary for advice and services. The Board appoints and removes the Company Secretary.

Directors are entitled to access independent professional advice at the Company's expense to assist them in fulfilling their responsibilities. To do so, a director must first obtain the approval of the Chairman. The director should inform the Chairman of the reason for seeking the advice, the name of the person from whom the advice is to be sought, and the estimated cost of the advice. Professional advice obtained in this way is made available to the whole Board.

Details of Board meetings held during the year and individual directors' attendance at these meetings can be found on page 38 of the Directors' Report attached to the financial report.

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

1.2 Composition of the Board

Throughout the year there were between nine and eleven directors on the Board. On 17 August 2011, Bruce Brook was appointed to the Board. On 19 October 2011, Elizabeth Alexander (Chairman) and David Simpson retired from the Board and John Shine was appointed as Chairman.

CORPORATE GOVERNANCE CONTINUED

Two of the current directors – the Managing Director and Peter Turner – are executive directors.

The CSL Board Charter provides that a majority of directors should be independent. No director acts as a nominee or representative of any particular shareholder. A profile of each current director, including details of their skills, expertise, relevant experience, term of office and Board committee memberships can be found on pages 22 and 23 of this Report.

The Chairman of the Board, John Shine, is an independent, non-executive director. He is responsible for leadership of the Board, for ensuring that the Board functions effectively, and for communicating the views of the Board to the public. The Chairman sets the agenda for Board meetings and manages their conduct and facilitates open and constructive communication between the Board, management, and the public.

1.3 Independence

The Board has determined that all of its non-executive directors are independent, and were independent for the duration of the reporting period.

All CSL directors are aware of, and adhere to, their obligation under the Corporations Act to disclose to the Board any interests or relationships that they or any associate of theirs may have in a matter that relates to the affairs of the Company, and any other matter that may affect their independence. As required by law, details of any related party dealings are set out in full in Note 28 of the financial report. All directors have agreed to give the Company notice of changes to their relevant interests in Company shares within five days to enable both them and the Company to comply with the ASX Listing Rules. If a potential conflict of interest exists on a matter before the Board then (unless the remaining directors determine otherwise), the director concerned does not receive the relevant briefing papers, and takes no part in the Board's consideration of the matter nor exercises any influence over other members of the Board.

In addition to considering issues that may arise from disclosure by directors from time to time under these obligations, the Board makes an annual assessment of each non-executive director to determine whether it considers the director to be independent. The Board considers that an independent director is a director who is independent of management and free of any business or other relationship that could, or could reasonably be perceived to, materially interfere with the exercise of their unfettered and independent judgment.

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

> information contained in specific disclosures made by directors pursuant to their obligations under the CSL Board Charter and the Corporations Act;
> any past employment relationship between the director and the Company;
> any shareholding the director or any of his or her associates may have in the Company;
> any association or former association the director may have with a professional adviser or consultant to the Company;
> any other related party transactions whether as a supplier or customer of the Company or as party to a contract with the Company other than as a director of the Company;
> any other directorships held by the director;
> any family or other relationships a director may have with another person having a relevant relationship or interest; and
> length of service.

In determining whether an interest or relationship is considered to interfere with a director's independence, the Board has regard to the materiality of the interest or relationship. For this purpose, the Board adopts a conservative approach to materiality consistent with Australian accounting standards.

If a director has a current or former association with a supplier, professional adviser or consultant to the CSL Group, that supplier, adviser or consultant will be considered material:

> from the Company's point of view, if the annual amount payable by the CSL Group to the supplier, adviser or consultant exceeds 5% of the consolidated expenses of the CSL Group; and
> from the director's point of view, if that amount exceeds 5% of the supplier's, adviser's or consultant's total revenues.

Similarly, a customer of the CSL Group would be considered material for this purpose:

> from the Company's point of view, if the annual amount received by the CSL Group from the customer exceeds 5% of the consolidated revenue of the CSL Group; and
> from the director's point of view, if that amount exceeds 5% of the customer's total expenses.

In addition to assessing the relationship in a quantitative sense, the Board also considers qualitative factors, such as the nature of the goods or services supplied, the period since the director ceased to be associated and their general subjective assessment of the director.

1.4 Nomination Committee

The functions and responsibilities of the Nomination Committee are documented in a formal charter approved by the Board. The Nomination Committee comprises all of the independent non executive directors. The Nomination Committee is chaired by the Board Chairman.

The Nomination Committee is responsible for reviewing the Board's membership and making recommendations on any new appointments. In making recommendations for new directors, the Nomination Committee seeks to ensure that any new director will complement or maintain the skills, experience, expertise and diversity of the Board necessary to enable it to oversee the delivery of the Company's objectives and strategy. The Board is looking to maintain an appropriate mix of skills and diversity in the membership of the Board. This includes diversity of skills, experience and background in the pharmaceutical industry, international business, finance and accounting and management. In relation to gender diversity, in line with Board succession plans, one of the Board's objectives for the 2012-2013 financial year is to increase the participation of females on the Board by appointing a new female director with appropriate skills, experience and expertise to commence on or before the 2013 Annual General Meeting.

The Nomination Committee is also responsible for:

> setting and following the procedure for the selection of new directors for nomination;

> conducting regular reviews of the Board's succession plans to enable it to maintain the mix of skills, experience, expertise and diversity that the Board is looking to achieve;

> regularly reviewing the membership of Board committees; and

> conducting annual performance reviews of the Board, individual directors, and the Board committees.

Details of Nomination Committee meetings held during the year and individual directors' attendance at these meetings can be found on page 38 of the Directors' Report attached to the financial report.

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

1.5 Director Appointments

One new director was appointed to the Board during the financial year. Bruce Brook was appointed to the Board on 17 August 2011. Two directors retired from the Board during the financial year. Elizabeth Alexander (Chairman) and David Simpson retired as of the conclusion of the 2011 Annual General Meeting. Christine O'Reilly and Bruce Brook were elected as directors, and John Shine was re-elected as a director, at the 2011 Annual General Meeting.

Before their nomination for election or re-election, it is the Company's policy to ask directors to acknowledge to the Board that they have sufficient time to meet the Company's expectations of them. The Board requires that all of its members devote the time necessary to ensure that their contribution to the Company is of the highest possible quality. The CSL Board Charter sets out procedures relating to the removal of a director whose contribution is found to be inadequate.

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

> the Company's financial, strategic, operational and risk management position;

> the culture and values of the Company;

> the rights, duties and responsibilities of the directors;

> the roles and responsibilities of senior executives;

> the role of the Board committees;

> meeting arrangements; and

> director interaction with each other, senior executives and other stakeholders.

In addition to the briefing papers, agenda and related information regularly supplied to directors, the Board has an ongoing education program designed to give directors further insight into the operation of the Company's business. The program includes education on key developments in the Company and in the industry and environment within which it operates. As part of this program, directors have the opportunity to visit Company facilities, including all major operating sites in the US, Europe and Australia, and to attend meetings and information sessions with the Company's local management and employees.

1.6 Performance Evaluation

As mentioned above, the Nomination Committee meets annually to review the performance of the Board, individual directors and the Board committees. The Chairman also holds discussions with individual directors to facilitate peer review. The Nomination Committee is responsible for evaluating the performance of the Managing Director, who in turn evaluates the performance of all other senior executives and makes recommendations in respect of their remuneration. These evaluations are based on specific criteria including the Company's business performance, whether the long term strategic objectives are being achieved and the achievement of individual performance objectives. These performance evaluations took place in accordance with these processes during the last financial year.

2. AUDIT AND RISK MANAGEMENT

2.1 Integrity in Financial Reporting and Regulatory Compliance

The Board is committed to ensuring the integrity and quality of its financial reporting, risk management and compliance systems.

Prior to giving their directors' declaration in respect of the annual and half-year financial statements, the Board requires the Managing Director and the Chief Financial Officer to sign written declarations to the Board that:

> the financial statements and associated notes comply with IFRS Accounting Standards as required by the Corporations Act, the Corporations Regulations and the CSL Group Accounting Policies;

> the financial statements and associated notes give a true and fair view of the financial position as at the relevant balance date and performance of the Company for the year then ended as required by the Corporations Act;

> in their opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

> they have established and maintained an adequate risk management and internal compliance and control system to facilitate the preparation of a reliable financial report which in all material respects implements the policies adopted by the Board and the statements made above are based on that system.

These written declarations were received by the Board in respect of the financial year ended 30 June 2012.

CORPORATE GOVERNANCE CONTINUED

2.2 Audit and Risk Management Committee

The Audit and Risk Management Committee is responsible for assisting the Board in fulfilling its financial reporting, risk management and compliance responsibilities. The functions and responsibilities of the Audit and Risk Management Committee are set out in a charter. Broadly, the Audit and Risk Management Committee is responsible for:

> overseeing the Company's system of financial reporting and safeguarding its integrity;

> overseeing risk management and compliance systems and the internal control framework (other than the management of risk associated with research and development projects which is the responsibility of the Innovation and Development Committee);

> monitoring the activities and effectiveness of the internal audit function;

> monitoring the activities and performance of the external auditor and coordinating its operation with the internal audit function; and

> providing full reports to the Board on all matters relevant to the Audit and Risk Management Committee's responsibilities.

The roles and responsibilities of the Audit and Risk Management Committee are reviewed annually.

The Audit and Risk Management Committee currently comprises three independent non-executive directors. Details of the Audit and Risk Management Committee's current members, including their qualifications and experience, are set out in the directors' profiles on pages 22 and 23 of this Report. The Audit and Risk Management Committee's charter provides that a majority of the Audit and Risk Management Committee must be independent directors, and that the Committee Chair must be an independent director who is not also Chairman of the Board. Executive directors may not be members of the Audit and Risk Management Committee. Members are chosen having regard to their qualifications and training to ensure that each is capable of considering and contributing to the matters for which the Audit and Risk Management Committee is responsible.

The Audit and Risk Management Committee meets at least four times a year, and senior executives and internal and external auditors frequently attend meetings on invitation by the Audit and Risk Management Committee. The Audit and Risk Management Committee holds regular meetings with both the internal and external auditors without management or executive directors present. Any other director may attend any meeting of the Audit and Risk Management Committee in an ex officio capacity. Details of Audit and Risk Management Committee meetings held during the year and individual directors' attendance at these meetings can be found on page 38 of the Directors' Report attached to the financial report.

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

2.3 Risk Framework

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

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

In addition, the oversight of risk management associated with research and development projects is one of the responsibilities of the Innovation and Development Committee (see 4.2 below). The research and development operations have a number of management committees that report into the Innovation and Development Committee.

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

2.4 External Auditor

One of the chief functions of the Audit and Risk Management Committee is to review and monitor the performance and independence of the external auditor. The Company's external auditor for the financial year was Ernst & Young, who were appointed by shareholders at the 2002 Annual General Meeting. A description of the procedure followed in appointing Ernst & Young is set out in the notice of the 2002 Annual General Meeting.

The Audit and Risk Management Committee has established guidelines to ensure the independence of the external auditor. The external audit partner is to be rotated at least every five years, and the auditor is required to make an independence declaration annually. Information about the total remuneration of the external auditor, including details of remuneration for any non-audit services, can be found in Note 30 of the financial report.

The Audit and Risk Management Committee is satisfied that the provision of those non-audit services by the external auditor was consistent with auditor independence.

The external auditor attends each Annual General Meeting to be available to answer questions from shareholders.

3. HUMAN RESOURCES AND REMUNERATION

3.1 Competitiveness of Remuneration and Human Resources

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

3.2 Remuneration Report

Details on the Company's remuneration policies and practices are set out in the Remuneration Report on pages 38 to 66 of the Director's Report attached to the financial report. The Remuneration Report includes details of the remuneration of directors and other key management personnel of the consolidated entity and the Company, details of the Company's long-term incentive plans and the terms of the retirement benefit scheme for non-executive directors (which only has continued operation for one non executive director).

3.3 Human Resources and Remuneration Committee

The Human Resources and Remuneration Committee Charter provides that the Committee should consist of at least three members, all of whom are non-executive directors, and that the Committee Chair must be an independent director. Executive directors may not be members of the Human Resources and Remuneration Committee.

The Human Resources and Remuneration Committee is responsible for assisting the Board in fulfilling its responsibilities with respect to human resources and remuneration matters. Details of the Human Resources and Remuneration Committee and its charter are set out in the Remuneration Report on pages 38 to 66 of the Directors' Report attached to the financial report. Details of Committee meetings held during the year and individual directors' attendance at these meetings can be found on page 38 of the Directors' Report attached to the financial report.

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

4. INNOVATION AND DEVELOPMENT

4.1 Governance of Innovation and Development

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

4.2 Innovation and Development Committee

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

> monitor the strategic direction of CSL's technology, research and product development programs;

> provide guidance on issues and priorities, additions to the research and development pipeline and significant development milestones; and

> oversee the management of risk associated with the research and development projects.

The Innovation and Development Committee generally meets at least four times a year. The Innovation and Development Committee currently comprises four members, being three independent non-executive directors and the Managing Director. Details of the Innovation and Development Committee's current members, including their qualifications and experience, are set out in the directors' profiles on pages 22 and 23 of this Report. The Company's Chief Scientific Officer is a required attendee. Any other director may attend any meeting of the Innovation and Development Committee in an ex officio capacity. Details of Innovation and Development Committee meetings held during the year and individual directors' attendance at these meetings can be found on page 38 of the Directors' Report attached to the financial report.

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

5. MARKET DISCLOSURE

5.1 Communications and External Disclosure

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

> providing guidance as to the types of information that may require disclosure, including examples of practical application of the rules;

> providing practical guidance for dealing with market analysts and the media;

> identifying the correct channels for passing on potentially market-sensitive information as soon as it comes to hand;

> establishing regular occasions at which senior executives and directors are actively prompted to consider whether there is any potentially market-sensitive information which may require disclosure; and

> allocating responsibility for approving the substance and form of any public disclosure and communications with investors.

The Communications and External Disclosure Policy is available on the Company's website.

5.2 Securities and Market Disclosure Committee

Significant ASX announcements (such as announcements of financial results, market guidance or major transactions) are the subject of full Board approval. The Board has also delegated authority to a Securities and Market Disclosure Committee that may be convened at short notice to enable the Company to comply with urgent or less significant continuous disclosure obligations and miscellaneous securities related issues. It comprises a minimum of any two directors, one of whom must be an independent director. The Securities and Market Disclosure Committee has authority to:

> approve the form and substance of any disclosure to be made by the Company to the ASX in fulfilment of its continuous disclosure obligations;

> approve the allotment and issue, and registration of transfers of securities;

> make determinations on matters relating to the location of the share register; and

> effect compliance with other formalities which may be urgently required in relation to matters affecting the share capital.

CORPORATE GOVERNANCE CONTINUED

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

Details of Securities and Market Disclosure Committee meetings held during the year and individual directors' attendance at these meetings can be found on page 38 of the Directors' Report attached to the financial report.

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

5.3 Shareholder Communication

In addition to its formal disclosure obligations under the ASX Listing Rules, the Board uses a number of additional means of communicating with shareholders. These include:

> the half-year and annual report and Shareholder Review;

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

> annual general meetings, including webcasting which permits shareholders worldwide to view proceedings.

The Company has a dedicated Governance page on the Company's website which supplements the communication to shareholders in the annual report regarding the Company's corporate governance policies and practices. That web page also contains copies of many of the Company's governance-related documents, policies and information.

The Board is committed to monitoring ongoing developments that may enhance communication with shareholders, including technological developments, regulatory changes and the continuing development of "best practice" in the market, and to implementing changes to the Company's communications strategies whenever reasonably practicable to reflect any such developments.

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

6. SECURITIES TRADING

By promoting director and employee ownership of shares, the Board hopes to encourage directors and employees to become long-term holders of Company securities, aligning their interests with those of the Company. It does not condone short-term or speculative trading in its securities by directors and employees, nor does it permit directors or employees to enter into any price protection arrangements with third parties to hedge such securities or margin loan arrangements in relation to Company securities.

The Company has a comprehensive securities trading policy which applies to all directors and employees. The policy aims to inform directors and employees of the law relating to insider trading, and provide them with practical guidance for avoiding unlawful transactions in Company securities.

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

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

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

7. CORPORATE RESPONSIBILITY

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

7.1 Group Values

The Company has developed a set of values common to the diverse business units that form the CSL Group. The CSL Group Values, endorsed by the Board, serve as the foundation for every day decision-making. These values are Superior Performance, Innovation, Integrity, Collaboration and Customer Focus.

7.2 Code of Responsible Business Practice

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

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

> the safety and quality of products, including statements on bioethics (including animal ethics) and human rights principles;

> maintaining a safe, fair and rewarding workplace, which covers many employee relations issues such as:
  - labour standards;
  - equal employment opportunity/ workplace harassment;
  - learning and development;
  - occupational health and safety;
  - professional behaviour;
  - employee counselling;
  - recruitment and selection;
  - recognition of employee contribution;
  - rehabilitation; and
  - reporting and management of incidents;

> the community, incorporating policy statements on charitable donations; and

> environmental management.

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

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

The Company expects its contractors and suppliers to comply not only with the laws of the countries in which they operate, but also with internationally accepted best practice. It therefore expects that contractors and suppliers also observe the principles set out in the Code.

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

7.3 Diversity

7.3.1 Diversity at CSL

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

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

The Company made an early transition to the amended ASX Corporate Governance Principles and Recommendations in respect of gender diversity, demonstrating the Company's ongoing commitment to diversity.

As outlined in the Code, the Company aims to ensure that its employee populations reflect the diversity, and in particular the gender diversity, of the communities in which we operate. As at 31 March 2012, 54% of the CSL Group's employees were women, and females represented 39% of the CSL Group's management staff and 29% of the CSL Group's most senior positions (that is, Vice President and above levels). The Board currently has one female director following the retirement of the Company's female Board Chair in October 2011.

In addition to the Company's global commitment to diversity, the Company also encourages its local businesses in the 28 countries in which the Company operates to undertake gender diversity initiatives that are aligned with local practice and culture.

In October 2011, the Australian Federal Government, through its Equal Opportunity for Women in the Workplace Agency, awarded the Company the 2011 Minister's Award for Most Outstanding Equal Employment Opportunity Initiative for the Advancement of Women. This was awarded in recognition of the Company's $5 million investment in an on-site childcare facility at its Parkville site. This award reinforces the Company's ongoing commitment to sustaining a diverse workforce, by providing employees with the opportunity to advance their careers whilst balancing family responsibilities.

Another example of the Company's commitment to diversity is evident in a local initiative in Switzerland. In response to the high cost of childcare and difficulties faced by employees in locating childcare places, CSL's Bern facility offers employees a financial support program to assist them in seeking alternative childcare arrangements.

The CSL Board will consistently review site/ business specific diversity initiatives during regular Board visits to sites/businesses. In 2012, the Board reviewed specific diversity initiatives during Board visits to King of Prussia in Pennsylvania, Kankakee in Illinois and Boca Raton in Florida.

7.3.2 Progress against measurable objectives for 2011-2012

In the Company's 2011 Annual Report, the Company announced four measurable objectives for achieving gender diversity to be undertaken in the 2011-2012 financial year. The Board is pleased to report on the following progress which the Company has achieved against each of the four measurable objectives:

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

Current sourcing, recruitment and selection processes were reviewed and were found to be consistent with good practice to support gender diversity. The CSL Group has developed a set of global principles (known as the Global Sourcing, Recruitment and Selection Principles) to ensure best practice is embedded in our processes.

These global principles will be implemented in the 2012-2013 financial year.

> **Introduce an annual review by the Board of trends and results across a range of metrics by gender.**

In addition to the Board regularly reviewing gender metrics through its oversight of the Company's global programs, the Board also undertook a more detailed and focussed review of gender metrics in March 2012. The following gender metrics were compiled both globally and by country of employment and were reviewed by the Board:

- Gender split by level;
- Recruitment by level;
- Departures by level;
- Promotion to director and above levels, and the pipeline of candidates to director and above levels;
- Long Term Incentive program participation;
- Short Term Incentive allocation;
- Talent and potential assessments;
- Leadership Program participation; and
- Remuneration.

The data was considered to be healthy and consistent with the current population mix, although it did not provide evidence of any trend towards greater female participation in the next few years.

The Board review of gender metrics will be repeated on an annual basis.

CORPORATE GOVERNANCE CONTINUED

> **Implement further enhancements to our global talent identification process to ensure all employees are consistently assessed against objective criteria; both the process and outcomes to be reviewed annually by the Board.**

The annual CSL global talent review has been a critical business process for many years. Over the past 12 months, the core definitions used for talent identification have been reviewed and enhanced to ensure they provide consistent and objective guidance for management as they identify talent. In support of these enhancements, the Company's Human Resources talent facilitators received additional training to ensure that gender diversity is considered during talent assessment discussions.

Guidelines for the talent identification process have been updated to fully embed the changes.

> **Require that individual development plans are created for all employees at Vice President level and above and employees who are considered to have the potential to reach Vice President level or above.**

This initiative aimed to strengthen existing practices, create more consistency in development planning and ensure all senior employees and those with senior potential had an individual approach to development.

During the 2011-2012 financial year, all 105 employees at Vice President level or above, or who were assessed as having the potential to reach Vice President level or above, have created an individual development plan in consultation with their manager and Human Resources.

At the completion of this process, all development plans were reviewed against five audit criteria to ensure development actions were relevant, appropriate and achievable for the employee.

7.3.3 Measurable objectives for 2012-2013

The CSL Board has set the following measurable objectives for the financial year commencing 1 July 2012:

> **Implement the Global Sourcing, Recruitment and Selection Principles to further support gender diversity;**

> **Extend our commitment to individually focussed development by requiring that individual development plans are in place for all employees who are Senior Director level and above, are candidates for a Senior Director level or above position, or are considered to have Senior Director level or above potential;**

> **Support management globally in understanding the benefits of flexible working arrangements which support both business needs and a family-friendly workplace; and**

> **In line with Board succession plans, increase the participation of females on the Board by appointing a new female director with appropriate skills, experience and expertise to commence on or before the 2013 Annual General Meeting.**

The Company will report against these measurable objectives in its 2013 Annual Report.

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

7.4 Anti-Bribery and Anti-Corruption

The Code provides a high level policy statement on preventing bribery and inducements. In addition, the Board has adopted an Anti-Bribery and Anti-Corruption Policy. This Policy builds on the policy statement in the Code and also supports the considerable amount of work being undertaken in many areas of the Company's operations to ensure that the Company is acting with Integrity (one of the Company's core values) at all times.

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

7.5 Supporting Policies

The CSL Group policy framework provides for three levels of policy making within the CSL Group as follows:

> Board Policies cover any operational issue of strategic importance that applies to all CSL Group business units and all CSL Group employees and are approved by the Board;

> Global Policies cover issues of an operational nature requiring consistent implementation across all CSL Group business units and are approved by a member of the Executive Management Group or the Chair of a CSL Global Functional Committee; and

> Local Policies cover issues that apply to a particular CSL Group business unit or a part of a particular CSL Group business unit and are approved by the appropriate site leader or functional leader.

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

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

7.6 Ongoing policy review and new policy development

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

CSL LIMITED
FINANCIAL REPORT 2011-2012

CONTENTS

DIRECTORS' REPORT

The Board of Directors of CSL Limited has pleasure in presenting their report on the consolidated entity for the year ended 30 June 2012.

1. Directors

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

Professor J Shine, AO (Chairman)

Dr B A McNamee, AO (Managing Director)

Mr J H Akehurst

Mr D W Anstice

Ms C E O'Reilly

Mr I A Renard, AM

Mr M A Renshaw

Mr P J Turner

Mr B R Brook was appointed Director on 17 August 2011, elected at the 2011 Annual General Meeting and continues in office at the date of this report.

Miss E A Alexander, AM, and Mr D J Simpson retired at the Annual General Meeting held on 19 October 2011.

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

2. Company Secretary

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

3. Directors' Attendances at Meetings

The table below shows the number of directors' meetings held (including meetings of Board Committees) and number of meetings attended by each of the directors of the Company during the year. In addition, a Funding Committee was set up to oversee the debt raising component of CSL's capital management plan. The Funding Committee comprised Mr I A Renard (Chair), Professor J Shine, Ms C E O'Reilly and Mr P J Turner and met on four occasions during the year. On two separate occasions during the year, the directors visited various of the Company's operations outside Australia and met with local management.

	Board of Directors		Audit and Risk Management Committee		Securities and Market Disclosure Committee	Human Resources & Remuneration Committee		Innovation and Development Committee		Nomination Committee
	A	B	A	B	A	A	B	A	B	A
J Shine	9	9	2[1]		3	3[1]		3	3	6
B A McNamee	9	9	4[2]		3	6[2]		3	3	3[2]
J H Akehurst	6	9				6	6	2[2]		4
D W Anstice	8	9				6	6	3	3	6
B R Brook	6	6	3	3		2[2]		3[2]		4
C E O'Reilly	9	9	4	4		6	6	3[2]		6
I A Renard	9	9	4	4	1	1[2]		3[2]		6
M A Renshaw	8	9						2	3	5
P J Turner	9	9						3[2]		1[2]
E A Alexander	4	4	1	1	1	2[1]		1[1]		1
D J Simpson	4	4	1	1		3	3	1		1

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

[2] *Attended for at least part by invitation*

A Number of meetings (including meetings of Board Committees) attended during the period.
B Maximum number of meetings that could have been attended during the period.

DIRECTORS' REPORT CONTINUED

4. Principal Activities

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

5. Operating Results

The Group announced a net profit after tax of A$983 million for the twelve months ended 30 June 2012, up 4.5% when compared to the prior comparable period. This result included an unfavourable foreign exchange impact of A$108 million. On a constant currency basis[1], operational net profit after tax grew 16%. Sales revenue was A$4.4 billion, up 12% on a constant currency basis when compared to the twelve months ended 30 June 2011, with research and development expenditure of A$355 million up 13% at constant currency. Cash flow from operations was A$1,160 million.

6. Dividends

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

2010-2011 An interim dividend of 35 cents per share, unfranked, was paid on 8 April 2011. A final dividend of 45 cents per ordinary share, franked to 2 cents per share, for the year ended 30 June 2011 was paid on 14 October 2011.

2011-2012 An interim dividend of 36 cents per share, unfranked, was paid on 13 April 2012. The Company's Directors have declared a final dividend of 47 cents per ordinary share, unfranked, for the year ended 30 June 2012.

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

Total dividends for the 2011-2012 year are:

	On Ordinary shares $m
Interim dividend paid 13 April 2012	185.9
Final dividend payable on 12 October 2012	238.3

7. Review of Operations

CSL Behring sales of A$3.6 billion grew 11% at constant currency when compared to the prior comparable period.

Immunoglobulin sales grew 15% in US dollar terms. Demand for Privigen®, and Hizentra® was particularly strong. Privigen® growth has benefited from the Company's 'Supply Guarantee' in the US market and higher share of tenders in Canadian and European markets. Hizentra® growth was underpinned by strong demand from primary immune deficient patients in the US. Sales mix shift between Carimune® to Privigen® and Vivaglobin® to Hizentra® have also contributed to the growth in immunoglobulin sales.

Albumin sales, including Asian sales[2], grew 15% in US dollar terms. Growth was underpinned by ongoing demand in China, strong US hospital demand growth and a re-evaluation of clinical use of Albumin in Germany.

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

Summary

Reported Net Profit after Tax	*$ 982.6m*
Translation Currency Effect (a)	*$ 17.3m*
Transaction Currency Effect (b)	*$ 90.8m*
*Constant currency Net Profit after Tax **	*$1,090.7m*

a) Translation Currency Effect $17.3m

Average Exchange rates used for calculation in major currencies were as follows:

	12 months to Jun 12	*12 months to Jun 11*
AUD/USD	*1.04*	*0.98*
AUD/EUR	*0.77*	*0.72*
AUD/CHF	*0.92*	*0.94*

b) Transaction Currency Effect $90.8m

Transaction currency effect is calculated by reference to the applicable prior year exchange rates. The calculation takes into account the timing of sales both internally within the CSL Group (ie from a manufacturer to a distributor) and externally (ie to the final customer) and the relevant exchange rates applicable to each transaction.

* *Constant currency Net Profit after Tax has not been audited or reviewed in accordance with Australian Auditing Standards*

[2] *Adjusted to include CSL Behring products sold in Asia by CSL Biotherapies.*

DIRECTORS' REPORT CONTINUED

Haemophilia product sales grew 5% in US dollar terms. Volume growth for plasma derived factor VIII products, lead by Beriate®, grew 15%. This was offset to some extent by the ongoing geographic mix shift towards new lower priced emerging markets. Haemate® demand in Europe for immune tolerance therapy treatment was a strong contributor to this growth.

Specialty products grew 18% in US dollar terms. The changing paradigm for the treatment of peri-operative bleeding has underpinned growth in demand for fibrinogen product Haemocomplettan® in Europe. The launch of Corifact® in the US and Beriplex® in Canada also contributed to growth in the peri-operative bleeding segment. US volumes for Berinert® more than doubled as a result of approval for both self administration and a laryngeal indication. Zemaira®, used to treat Alpha-1 associated emphysema, also contributed significantly with strong US patient growth.

Other Human Health (CSL Biotherapies) sales of A$813 million, up 10% on the prior corresponding period, included A$128 million of albumin sales into Asia and A$266 million of plasma therapy sales from the Broadmeadows plant. Also contributing growth were influenza sales of A$141 million, boosted by solid sales into northern hemisphere markets. Gardasil* sales in Australia and New Zealand were A$33m following growth in the Australian National Immunisation Program and private markets.

Intellectual Property Licensing revenue was A$137 million up 43% on the prior corresponding period. Royalty contributions from Human Papillomavirus Vaccines totalled A$107 million and the sale of intellectual property associated with enzyme replacement treatment for Mucopolysaccyharidosis contributed A$20 million to revenue.

8. Significant changes in the State of Affairs

On 19 October 2011, the Company announced its intention to conduct a further on-market buyback of up to $900 million, representing approximately 6% of shares then on issue. Up to 30 June 2012, the Company purchased 18,522,253 shares under this announced buyback, returning approximately $635 million to shareholders. From 1 July to 9 July 2012, an additional 1,379,814 shares were purchased, bringing the total returned to shareholders to approximately $689 million. Post 9 July 2012 up to 22 August 2012, no further shares have been bought back.

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

9. Significant events after year end

On 3 August 2012, CSL announced that Dr Brian McNamee had agreed with the Board of Directors the timing of the handover to his successor as Chief Executive Officer and Managing Director. Dr McNamee will leave CSL in July 2013 and will be succeeded by Mr Paul Perreault, currently President of CSL Behring.

The US Food and Drug Administration (FDA) has closed out the Warning Letter issued to CSL Biotherapies as a result of its 2011 inspection of CSL's influenza vaccine manufacturing operations in Parkville, Australia. Product for the forthcoming Northern Hemisphere season has been released by the FDA for the US market and imminent regulatory release in the UK and Europe is expected.

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

10. Likely Developments, Business Strategies and Future Prospects

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

11. Health, Safety and Environmental Performance

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

DIRECTORS' REPORT CONTINUED

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

Lost time injury frequency rate (LTIFR) and medical treatment injury frequency rate (MTIFR) continue to record improved performance. For our Australian operations tier 3 status was maintained in regard to CSL Limited's self-insurance licence granted by the Safety, Rehabilitation and Compensation Commission.

The consolidated entity's environmental obligations and waste discharge quotas are regulated under applicable Australian and foreign laws. Environmental regulatory performance is monitored by the Board and subjected from time to time to government agency audits and site inspections. Throughout the Company's operations, environmental leadership groups continue to refine data collection systems and processes to ensure the Company is well prepared for new regulatory requirements.

No environmental breaches have been notified by the Environmental Protection Authority in Victoria, Australia, or by any other equivalent interstate or foreign government agency in relation to the Company's Australian, European, North American or Asia Pacific operations during the year ended 30 June 2012. An official warning letter was issued to CSL Biotherapies in November 2011 by the Environmental Protection Authority in Victoria, Australia (EPA) for use of incorrect waste codes on EPA waste transport certificates of quarantine waste. This deficiency was promptly addressed to the satisfaction of the EPA.

The consolidated group has undertaken a number of studies to assess the risks that climate change poses to the Company and its operations. The studies indicate that climate change and measures introduced or announced by various governments to address climate change do not pose any significant risks or significant financial impact to its operations in the short to medium term. Climate change risk and control measures continue to be monitored and acted upon by the Company to ensure compliance to new and emerging regulatory requirements.

As part of compliance and continuous improvement in environmental reporting, both regulatory and voluntary, the Company continues to report on key environmental issues including energy consumption, emissions, water use and management of waste as part of the Company's sustainability report, Our Corporate Responsibility, available on the Company's website. The Company has met its reporting obligations under the Australian Government's *National Greenhouse Energy Reporting Act (2007) and Victoria Government's Industrial Waste Management Policy (National Pollutant Inventory) (IWMP NPI).*

Further details and reporting in relation to health, safety and environmental performance can be found in the Company's sustainability report, Our Corporate Responsibility, available on the Company's website.

12. Directors' Shareholdings and Interests

At the date of this report, the interests of the directors who held office at 30 June 2012 in the shares, options and performance rights of the Company are set out in Note 28(g) of the Financial Report. It is contrary to Board policy for key management personnel to limit exposure to risk in relation to these securities. From time to time the Company Secretary makes inquiries of key management personnel as to their compliance with this policy.

13. Directors' Interests in Contracts

Section 15 of this Report sets out particulars of the Directors Deed entered into by the Company with each director in relation to Board paper access (indemnity and insurance matters).

14. Share Options

As at the date of this report, the number of unissued ordinary shares in the Company under options and under performance rights are set out in Note 27 of the Financial Statements.

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

The number of options and performance rights exercised during the financial year and the exercise price paid to acquire fully paid ordinary shares in the Company is set out in Note 27 (b) and (c) of the Financial Statements. Since the end of the financial year, 23,094 shares were issued under the Company's Performance Rights Plan.

15. Indemnification of Directors and Officers

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

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

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

DIRECTORS' REPORT CONTINUED

(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 $1,317,371.41 in respect of a contract insuring each individual director of the Company and each full time executive officer, director and secretary of the Company and its controlled entities, against certain liabilities and expenses (including liability for certain legal costs) arising as a result of work performed in their respective capacities, to the extent permitted by law.

16. Auditor independence and non-audit services

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

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

- all non-audit services have been reviewed by the Audit and Risk Management Committee to ensure that they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in Professional Statement F1, including reviewing or auditing the auditor's own work, acting in a management or a decision making capacity for the Company, acting as an advocate for the Company or jointly sharing economic risks and rewards.

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

Ernst & Young and its related practices received or are due to receive the following amounts for the provision of non-audit services in respect to the year ended 30 June 2012:

	$
Due diligence and completion audits	-
Compliance and other services	330,087
Total fee paid for non-audit services	330,087

17. Rounding

The amounts contained in this report and in the financial report have been rounded to the nearest $100,000 (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.

MESSAGE FROM THE BOARD

The Board's philosophy and general approach to Key Management Personnel (KMP) remuneration remained unchanged in 2012. This letter highlights a number of developments that have occurred in 2012.

In October 2011, Chairmanship of the Human Resources and Remuneration Committee was taken by Mr. John Akehurst on the retirement of Mr. David Simpson.

CSL is a global company in terms of ownership, operations and employees. The CSL Board considers the expectations both of shareholders and of employees when defining its remuneration practices and exercising its discretion with respect to annual awards. In this regard we note that CSL has an internationally diverse shareholder base (37.3% of CSL's shares were held outside Australia as at 30 June 2012). From a revenue perspective, 89.1% of the Group's sales revenue in 2012 was generated by CSL operations outside Australia. As at 30 June 2012, the Group employed 10,515 people worldwide of which 83% were employed outside Australia.

The strong appreciation of the A$ versus many other currencies, particularly the US$ and Euro over recent years has meant that shareholders in Australia have not fully benefitted from the Company's performance (in A$) compared with shareholders in countries whose currencies have depreciated against the A$. The Board is also mindful of the need to attract, retain and reward executives in the many geographic locations in which they are employed. We believe that we continue to address these considerations in a way which meets expectations of shareholders while balancing risk and creating sustainable value over the long term.

Each year we assess the remuneration for CSL senior executives against the remuneration for equivalent positions in a range of comparator companies, in terms both of the quantum and mix of pay components. Following the 2011 review, we concluded that both our total reward, and particularly the Short Term Incentive (STI) opportunity of our KMP were below market position and made some adjustments.

Our revised maximum STI awards and the actual 2012 awards are detailed in the report. At the same time, we deferred one-third of the STI of the three most senior executives reporting to the CEO. Our deferral method is described on page 49.

This year's remuneration report contains additional information about the context and calculation of STI payments. While not formulaic, the quantum of STI rewards for the KMP as a whole is impacted by overall CSL business performance across a range of financial measures at constant currency. During 2012 the Company's growth in sales revenue and NPAT at constant currency remained strong, at 12% and 16% respectively.

Our STI approach is built on individual work-plans with stretch targets which, taken as a whole, will deliver against our plans. We also reward individual KMP depending upon their success in implementing initiatives which will benefit shareholders in future years and on a range of measures which we have described on page 48.

In October 2011, we made an award of equity to KMP executives as participants in the long-term incentive (LTI) plan, which is described on page 51. We have reviewed our LTI scheme in 2012 and decided to make future awards in the form of Performance Rights only. As we are changing the Company's reporting currency to the USD in 2013, the hurdles for future grants will be set and measured in US dollars. For the 2012 grant, we will also move away from cliff vesting and introduce a graduated vesting scale based on Earnings per Share growth.

In 2012, selected KMP, and particularly those based in the US, received awards under the Executive Deferred Incentive Plan. The value is linked to share price, with payment contingent on continued service to encourage key personnel retention, and is consistent with market practice.

We continue to aim for a fair and equitable approach to KMP remuneration which rewards the ongoing success of an experienced senior executive team and meets the expectations of all shareholders. We welcome feedback on our remuneration practices or on our communication of remuneration matters in this report.

John Akehurst
Chairman
HR and Remuneration Committee

John Shine AO
Chairman
CSL Limited

The above letter does not form part of the audited Remuneration Report.

DIRECTORS' REPORT CONTINUED

18. Remuneration Report

Introduction

This Remuneration Report sets out the Company's remuneration framework and practices and the remuneration arrangements for the 2012 financial year. This report has been prepared in accordance with the requirements of the Corporations Act 2001 and the Corporations Regulations 2001. It has been audited pursuant to section 308(3C) of the Corporations Act 2001.

Key Management Personnel

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

Non-Executive Directors	Position
Professor John Shine[3]	Chairman
Mr John Akehurst	Non-Executive Director
Mr David Anstice	Non-Executive Director
Mr Bruce Brook[4]	Non-Executive Director
Ms Christine O'Reilly	Non-Executive Director
Mr Ian Renard	Non-Executive Director
Mr Maurice Renshaw	Non-Executive Director
Ms Elizabeth Alexander[5]	Chairman
Mr David Simpson[5]	Non-Executive Director

[3] *Appointed Chairman of the Board on 19 October 2011*
[4] *Appointed Non-Executive Director on 17 August 2011*
[5] *Retired from the Board on 19 October 2011*

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

Remuneration Framework

CSL is one of the largest specialist plasma protein therapeutics companies in the world. We are a vertically integrated organisation with a broad geographic footprint in terms of product sourcing, manufacturing and R&D. This produces many management complexities, requiring constant liaison across functions and geographies by work groups operating in what are effectively management matrices. We have therefore chosen a remuneration framework that has a high degree of global consistency to encourage people to work together for common goals. A significant proportion of executive reward is linked to share price in recognition of the need to work across geographies and functional groups to achieve long-term goals. Employees transfer across geographies to work. The selection and mix of remuneration components which are applied in most countries are therefore broadly the same.

Through an effective remuneration framework the Company aims to:

- provide fair and equitable rewards;
- utilise common reward components that can be applied globally;
- align rewards to business outcomes that create value for shareholders;
- drive a high performance culture by rewarding the achievement of strategic and business objectives;
- encourage teamwork;
- ensure an appropriate pay mix to balance our focus on both short term and longer term performance;
- attract, retain and motivate high calibre employees; and
- ensure remuneration is competitive in each of our international employment markets.

DIRECTORS' REPORT CONTINUED

Human Resource and Remuneration Framework Responsibilities

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

The full Board has responsibility for:

(a) approving any framework or policy for setting the remuneration of the Managing Director and the Company's executives;

(b) appointing and, where appropriate, removing the Managing Director, approving other key executive appointments, and planning for executive succession;

(c) overseeing and evaluating the performance of the Managing Director and other senior executives who report to the Managing Director in the context of the company's strategies and objectives;

(d) reviewing and approving the remuneration of the Managing Director and those senior executives who report to the Managing Director, inclusive of fixed pay and short and long term incentive components (subject to any approval of shareholders in General Meeting for executive directors to acquire securities under an employee incentive scheme);

(e) approving the establishment of or any amendment to employee share, performance option, performance rights and deferred cash incentive plans;

(f) reviewing and approving remuneration and other benefits to be paid to Non-Executive Directors (subject to any maximum sum for remuneration of Non-Executive Directors approved by shareholders in General Meeting);

(g) on an annual basis, approving measurable objectives for achieving gender diversity and assessing progress towards achieving them; and

(h) Board succession planning to ensure an appropriate mix of skills, experience, expertise and diversity (subject to the power of shareholders in General Meeting to elect or re-elect directors).

The HRRC is responsible for approving human resources initiatives of the CSL Group generally. The HRRC's responsibilities include:

(a) recommending to the Board a framework or policy for setting the remuneration of the Managing Director and the CSL Group's executives. The policy should aim to set remuneration outcomes which:

   (i) are competitive, equitable and designed to attract and retain high quality executives;

   (ii) motivate executives to pursue the long-term growth of the CSL Group; and

   (iii) establish a clear relationship between executive performance and remuneration.

(b) reviewing and recommending to the Board the design of any share, performance option, performance rights, retention and deferred cash incentive plans including performance measures and any amendments to such schemes or plans;

(c) reviewing and recommending to the Board, proposals from the Managing Director for allocations under share, performance option, performance rights, retention and deferred cash incentive plans;

(d) reviewing, approving and monitoring the implementation of the Company's Human Resources Strategic Plan, and Performance Management Systems;

(e) reviewing and recommending to the Board the total individual remuneration package of the Managing Director and of all senior executives who report to the Managing Director;

(f) reviewing the CSL Group's executive succession plan;

(g) reviewing and recommending to the Board the remuneration and other benefits of the Non-Executive Directors;

(h) engaging on behalf of the Company and interacting directly with any remuneration consultant required to assist the HRRC in matters related to the design of the CSL Group's key management personnel remuneration system and the implementation of appropriate remuneration levels within the agreed system;

(i) overseeing the establishment of and regular review of the CSL Group's diversity policy and reviewing and recommending to the Board measurable objectives for achieving gender diversity;

(j) reviewing and reporting to the Board at least annually on the relative proportion of women and men within the CSL Group and of the remuneration by gender of CSL Group employees at all levels;

(k) reviewing the Company's global health, safety and environmental performance; and

(l) reporting to the Board the findings and recommendations of the HRRC after each meeting.

DIRECTORS' REPORT CONTINUED

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

The HRRC endorses and recommends to the Board for approval the performance measures and hurdles used in incentive plans each year, reviews the outcomes of the performance management process, oversees the succession planning process and authorises the allocation of long-term incentives (once approved by the Board). The Committee meets when required to perform these functions and at other times as are required to discharge its responsibilities. Information about the HRRC meetings held during the year and individual Directors' attendance at these meetings can be found in section 3 of this Directors' Report.

Non-Executive Directors' Remuneration

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

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

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

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

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

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

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

In 1994, the shareholders approved the Non-Executive Directors' Retirement Plan (the NED Retirement Plan). The Board closed the NED Retirement Plan to future participants, and froze the amount of the retirement allowance for existing participants, as at 31 December 2003. Ms Elizabeth Alexander was entitled to a retirement allowance, at the level frozen for her in 2003, upon her retirement as a Director in October 2011. Mr Ian Renard is the only remaining Non-Executive Director who has an entitlement to a retirement allowance (at the level frozen for him in 2003) under the NED Retirement Plan.

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

Table 9 shows remuneration paid to Non-Executive Directors in respect to the 2011 and 2012 years.

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

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

DIRECTORS' REPORT CONTINUED

Executive KMP Remuneration Structure and Link to Business Strategy

The diagram below outlines the Company's remuneration structure for all Executive KMP. The mix of total fixed remuneration, STI and LTI vary as a proportion of total potential reward for each Executive KMP.

TOTAL POTENTIAL REWARD								
Total Fixed Remuneration (Cash salary and Benefits)	+	Short Term Incentive (STI)	+	Long Term Incentive (LTI) being performance rights and performance options	+	Executive Deferred Incentive Plan (EDIP) Discretionary grants to selected executives each year	=	Total Potential Reward
FIXED		VARIABLE						

The Company's Executive KMP remuneration is directly linked to its business strategy. The Board conducts an annual strategy review with Management and following this, business plans are prepared which lead to the approval by the Board of a detailed activity plan and budget for the subsequent year and directional objectives and plans for the medium to long term.

The performance targets or key performance indicators (KPIs) which govern the STI payment to each Executive KMP are selected by the Managing Director during the Company's planning process to reflect the contribution required from each individual (and the part of the business for which they have responsibility) in order that the Company meets its agreed business plan and budget for the year. These KPIs include financial and operational performance measures, which are specific to the responsibilities of each individual. These KPIs form part of a challenging work plan and are approved by the Board and recorded in the Company's performance management system. The Board is responsible for the selection of KPIs and for the approval of the work plan for the Managing Director.

A formal review of each Executive KMP's progress against his or her specific objectives is conducted twice annually by the Managing Director. Following the full year performance review, the Managing Director makes recommendations for approval by the Board regarding the level of STI payment to be made to each Executive KMP, excluding himself. The Board evaluates the Managing Director's performance against his pre-agreed KPIs and agrees his STI payment. The Board retains the discretion to vary the level of STI payment to each Executive KMP to take account of specific circumstances during the year to avoid a formulaic outcome which does not reflect the performance of the Company or the contribution of the individual.

In addition to the requirement to achieve annual performance targets, our strategy looks to achieve long term growth in shareholder returns. The interests of shareholders and Executive KMP are aligned in this respect through the long term incentive scheme (LTI) which rewards Executive KMPs when the Company meets its cumulative financial goals over a number of years.

Further details of both STI and LTI targets and hurdles are provided in the following section of this report.

Total Fixed Remuneration (TFR)

TFR is set on an individual basis for each Executive KMP, based on assessment of job weight defined as part of the Company's global job evaluation system. The appropriate level of remuneration is then set by considering market data for comparable roles in the country of domicile. Adjustments are also made to reflect the incumbent's experience in the role.

The annual rate of increase in an Executive KMP's TFR is primarily driven by market remuneration benchmarking reviews undertaken by the Company's external remuneration advisers (Guerdon Associates). It is also influenced by prior performance against objectives.

In 2012, TFR for Australia based Executive KMP was primarily compared with matched executives from an ASX 50 peer group comprising 19 ASX50 companies either side of CSL in market capitalisation such that CSL approximates to the 50th percentile.

Remuneration for US based Executive KMP was primarily compared with 17 international biomedical and pharmaceutical companies where CSL approximated to the 50th percentile on revenue.

DIRECTORS' REPORT CONTINUED

Short-term Incentives (STI)

The STI is a variable cash reward paid annually to Executive KMP who meet or exceed their agreed individual work-plan objectives. As outlined previously, CSL rates Executive KMP performance and awards STI on evidence that the Executive KMP has achieved stretching work plan objectives and dealt with unplanned challenges in a way that contributes to short-term results and to the long-term positioning of the Company. In addition to consideration of quantitative targets, the approach requires judgement to be exercised on how well the Executive KMP prioritised and met the year's challenges in a complex business with many moving parts. The Board retains ultimate discretion over STI payments. CSL believes this method delivers appropriate and just outcomes, while minimising unintended consequences that may arise with a more formulaic method.

Awards vary between 60-100% of the maximum opportunity dependent on individual performance. In the event that an Executive KMP does not meet the required performance to justify a 60% award, he or she receives zero. An average award level of 85% across the Executive KMP group would be expected if the CSL Group achieves its planned financial outcomes at budgeted currency exchange rates.

For Executive KMP, work-plan targets which are used to assess STI focus on:

- quantifiable business outcomes which taken collectively will deliver the Company's operational result for the year;
- delivery of relevant strategic milestones which are required for longer term growth; and
- operational improvements and change initiatives which build a strong and sustainable business.

The table below illustrates how work-plans are structured.

Additionally, **leadership performance** is an important part of the assessment of individual performance, including:

- managing to the Company's standards in areas of quality, safety of medicines, health, operational safety and environment and maintaining high personal and organisational levels of **compliance and quality**;
- attracting, developing and **nurturing talent** in the long-term interests of the CSL Group including support for the CSL diversity policy and objectives;
- handling unplanned events responsibly, pro-actively and with high standards of integrity ensuring both actions and communications are well-managed to appropriately **protect the Company's reputation** across our stakeholder groups; and
- when representing the Company internally and externally in formal and informal environments demonstrating **high standards of personal leadership and behaviour.**

Category	Measures
Quantified performance outcomes for the current year aligned to the individual's area of responsibility.	Forming up to **60%** of the agreed work-plan for those Executive KMP with P&L responsibilities, production or sales and revenue accountability.
Achievement of defined **strategic objectives** required to position the Company for longer term **growth**.	Forming up to **20%** of the agreed work-plan for Executive KMP with P&L responsibilities and up to **80%** of the agreed work-plan for functional leaders.
Building a strong and sustainable business through delivery of improvements and change initiatives in operational excellence, risk-management, compliance, operational excellence and health, safety and environment (HSE).	Forming up to **20%** of the agreed work-plan for all Executive KMP.

DIRECTORS' REPORT CONTINUED

In 2012, a review of the total remuneration and remuneration mix of companies of comparable size and complexity was conducted and concluded that CSL's Executive KMP STI levels were below market. This has been addressed through increases to the maximum STI opportunity in 2012. At the same time, one-third of any STI awards for Mr Perreault, Mr Naylor and Dr Cuthbertson became subject to deferral as described in the section Deferred Short Term Incentive below.

Table 2 below shows the bonus opportunity for each Executive KMP and the actual award made for 2012.

Table 2 – Executive KMP Short Term Incentive Bonus Opportunity and Actual 2012 Bonus

Executive KMP including Executive Directors	Bonus Potential Maximum % of 2012 Fixed Remuneration at 30 June 2012	STI Awarded as a % of Potential in 2012	Actual Bonus Award in 2012 $
Dr Brian McNamee	120%	95%	$3,071,334
Mr Paul Perreault	85%	95%	$713,031
Mr Gordon Naylor	85%	85%	$689,019
Dr Andrew Cuthbertson	85%	90%	$585,731
Dr Jeff Davies	70%	65%	$245,746
Mr Greg Boss	70%	85%	$289,293
Dr Ingolf Sieper	70%	95%	$330,751
Ms Mary Sontrop	70%	95%	$319,042
Ms Karen Etchberger	70%	85%	$220,584
Mr Edward Bailey	50%	85%	$175,965
Ms Jill Lever	50%	90%	$201,428
Mr Peter Turner	50%	0	n/a

Deferred Short Term Incentive (STI)

For the Managing Director and the three most senior executives (Mr Perreault, Mr Naylor and Dr Cuthbertson), one-third of any awarded STI is deferred. The deferral operates as follows:

- the deferred amount is divided by CSL Limited's volume weighted share price during the last week of the entitlement year to give a number ('A'); and
- 3 years from the end of the entitlement year (or earlier at the Board's discretion), the executive is entitled to the payment of a cash amount equivalent to 'A' multiplied by CSL Limited's volume weighted share price during the last week immediately prior to the end of that 3-year period (or such earlier period as the Board may determine).

In the event of the Managing Director leaving the Company for any reason, the earned but deferred STI is payable in full either at the end of the original 3 year period or earlier at the Board's discretion. For the other three Executive KMP, the deferred STI lapses in the event of resignation.

DIRECTORS' REPORT CONTINUED

Executive Deferred Incentive Plan (EDIP)

Deferred Cash Incentives may be offered at the discretion of the Board to selected Executive KMP each year under the Executive Deferred Incentive Plan (EDIP). The EDIP was introduced in 2010 and provides deferred cash incentives in the form of Phantom Shares which are converted to cash at the end of a 3 year vesting period (based on CSL Limited's volume weighted average share price during the 5 trading days immediately preceding the vesting date).

The Board approved an allocation of phantom shares for some Executive KMP in 2012 under the EDIP. This was done primarily to bring US-based executives closer to US market practice. Outside the US, this was done for retention where the executive's overall remuneration was below the market median for comparable roles.

The value of the EDIP was tied to share price to align executive interests with those of shareholders.

The face value of awards (refer to Table 3) was divided by CSL Limited's volume-weighted share price during the last week of the entitlement year to give a number of phantom shares ('A'). Three years from the end of the entitlement year, the executive is entitled to the payment of a cash amount equivalent to the relevant number of phantom shares ('A') multiplied by the volume-weighted share price during the last week immediately prior to the end of that 3-year period.

The deferred incentive will be forfeited if the executive resigns during the deferral period.

A "Good Leaver" policy applies to the EDIP. This policy allows the Board, in its absolute discretion, to determine that some or all of the phantom shares will not lapse upon cessation of employment in the case of voluntary retirement, bona fide redundancy, death or total and permanent disablement or for any other reason as determined by the Board in its discretion. The number of phantom shares for which rewards are paid under the "Good Leaver" policy will generally be pro-rated according to the proportion the period between the grant date and the employment end date represents of the total three-year deferral period. Any pro-rated awards will be paid out at the same time and on the same terms as the equivalent EDIP awards are paid out for executives who remain in employment during the full three-year deferral period.

The allocation of phantom shares for Executive KMP in 2012 was as follows:

Table 3 – Executive KMP Deferred Cash Awards in 2012 with 2015 vesting date

Executive KMP including Executive Directors	Number of Phantom Shares	Face Value at Grant Date
Mr Peter Turner	n/a	n/a
Mr Paul Perreault	7,900	$232,102
Mr Gordon Naylor	n/a	n/a
Dr Andrew Cuthbertson	n/a	n/a
Dr Jeff Davies	2,850	$83,733
Mr Greg Boss	3,750	$110,175
Dr Ingolf Sieper	5,350	$157,183
Ms Mary Sontrop	3,950	$116,051
Ms Karen Etchberger	2,950	$86,671
Mr Edward Bailey	n/a	n/a
Ms Jill Lever	2,300	$67,574

DIRECTORS' REPORT CONTINUED

Long-term Incentives - Performance Rights and Performance Options

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

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

Each grant of Performance Rights and Performance Options is evenly split into two tranches (each consisting of both Performance Rights and Performance Options) with, respectively, 3-year and 4-year vesting periods. At the end of a vesting period, an assessment is made as to whether or not the performance hurdles have been met. Fifty percent of the Performance Rights and Performance Options in each tranche are subject to an EPS performance hurdle (see Table 6 for details); the other fifty percent are subject to a relative TSR performance hurdle (also see Table 6). Where the applicable performance hurdles are met, vesting occurs and the Performance Rights and Performance Options may be exercised by the executive holding them at any time from then until the rights and options expire seven years from the date of their initial grant (subject to compliance with CSL's insider trading rules).

Performance Rights and Performance Options that do not vest at the initial 3-year or 4-year performance tests will be re-tested once. The re-test recognises that CSL's results may be impacted in the short term by exchange rates and other factors contributing to volatility over which executives have little control. In addition, the re-test extends the life of the incentive plan to motivate executives for higher performance levels over a longer period.

Rights and options will only vest on re-test to the extent that performance over the extended re-test period exceeds that at which vesting was achieved over the initial performance period. This means re-testing will only provide a benefit to executives if performance over the additional 12 months of the re-test period is at a higher level than that required for vesting over the original testing period. The opportunity for re-testing on this basis provides a clear performance incentive for management and avoids a cliff effect at the end of the vesting initial period.

Any Performance Rights and Performance Options that do not vest at the single re-test opportunity will lapse. The key characteristics and terms and conditions of Performance Rights and Performance Options granted in 2012 are explained in Table 6.

The terms and conditions and key characteristics of Performance Rights and Performance Options changed at the October 2010 grant. The characteristics of grants made between 2007 and 2009 are summarised in Table 15.

Vesting outcomes for Performance Rights and Performance Options that reached their vesting date in 2012 are shown in Table 4.

Table 4 – 2012 Vesting Outcomes (Performance Rights and Performance Options granted 2007-2009)

Performance Rights

Grant Date	Vesting Outcome	Exercise Price	Relative TSR Percentile Ranking
October 2007	Vested October 2011	$0.00	72.7th
April 2008	Vested April 2012	$0.00	65.6th
October 2008	Did not vest	$0.00	Below 50th
April 2009	Did not vest	$0.00	Below 50th
October 2009	Vested October 2011	$0.00	53.1st

Performance Options

Grant Date	Vest Date	Exercise Price	Compound Annual EPS Growth
October 2007	Vested October 2011	$35.46	15.3%
April 2008	Vested April 2012	$36.23	15.3%
October 2008	Vested October 2011	$37.91	10.9%
April 2009	Vested April 2012	$32.50	10.9%
October 2009	Did not vest	$33.68	Below 10%

DIRECTORS' REPORT CONTINUED

In the 2012 year, long-term incentives in the form of Performance Rights and Performance Options were offered to all Executive KMP and to 13 other Senior Executives at the level of Senior Vice President and above. The grant of Performance Rights and Options to the Managing Director is in accordance with the resolution approved by shareholders for grants to Executive Directors at the 2010 annual general meeting.

The Board determined a maximum allocation value for the 2012 LTI grants of $8.5 million. The value which may ultimately be realised from these awards is dependent upon CSL's performance and its future share price. In accordance with Board Policy, Executive KMP are not permitted, either by hedging or any other method, to limit their exposure to risk in relation to any share based equity rewards. From time to time, the Company Secretary makes inquiries of Executive KMP as to their compliance with this policy.

The 2012 LTI grant for each executive was based on a percentage of the executive's fixed remuneration that rises with job weight, as noted in Table 5 below.

Table 5 – Executive KMP – Long Term Incentive in 2012 (October 2011 grant date)

Executive KMP including Executive Directors	Rights and Options* as a % of Fixed Remuneration
Dr Brian McNamee	80%
Mr Paul Perreault	65%
Mr Gordon Naylor	65%
Dr Andrew Cuthbertson	65%
Dr Jeff Davies	60%
Mr Gregory Boss	60%
Dr Ingolf Sieper	60%
Ms Mary Sontrop	60%
Ms Karen Etchberger	60%
Mr Edward Bailey	55%
Ms Jill Lever	55%

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

Key features of grants under the PRP since 2010 include:

- Subject to performance hurdles being satisfied, vesting of 50% of the LTI award will occur after 3 years, with the remaining 50% vesting after the 4th anniversary of the award date;
- The mix of long-term incentives is 80% Performance Rights and 20% Performance Options;
- EPS and TSR measures (see Table 6) are applied to both Performance Rights and Performance Options;
- Each tranche of Performance Rights and Performance Options will have one re-test opportunity in the event that performance hurdles are not met at the first testing date. If the performance hurdles are not met on the re-test dates the instruments lapse; and
- The "Good Leaver" policy allows the Board, in its absolute discretion, to determine that some or all unvested LTI Performance Rights and Performance Options will not lapse upon cessation of employment in the case of voluntary retirement, bona fide redundancy, death or total and permanent disablement or any other reason as determined by the Board in its discretion. The number of Performance Rights and Performance Options for which rewards are paid under the "Good Leaver" policy will generally be pro-rated according to the proportion the period between the grant date and the employment end date represents of the total three-year deferral period. Any pro-rated awards will be paid out at the same time and on the same terms as the equivalent LTI grants are paid out for executives who remain in employment during the full LTI performance periods.

The key characteristics and terms and conditions of Performance Rights and Performance Options granted in 2012 are summarised in Table 6.

DIRECTORS' REPORT CONTINUED

LTI Business Performance Hurdles

Two performance hurdles are used to assess whether or not Performance Rights and Performance Options vest at the testing dates.

(i) Relative Total Shareholder Return (TSR)

Total Shareholder Return measures growth in shareholder value – essentially movement in share price plus dividends (assuming reinvestment) – over the period between grant date and vesting date (or re-test date where applicable).

Performance Rights and Performance Options subject to a relative TSR hurdle vest according to CSL's TSR performance over the relevant performance period, compared with the TSR performance of the companies in the ASX100 index at grant date (excluding commercial banks, oil and gas and metals and mining companies) over the same period. If by a test date, a peer group company has been de-listed due to a merger, both pre- and post-merger entities are excluded from the peer group, along with any other de-listed entities.

Performance Rights and Performance Options subject to a TSR hurdle will only start to vest when CSL's TSR over the relevant performance period is at least equal to the TSR of the company which is at the 50th percentile of the comparator group, ranked by TSR performance.

(ii) Basic Earnings per Share (EPS)

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

Table 6 – Key Characteristics of Performance Rights and Options granted in 2012

			Tranche comprises		Applicable performance hurdle			
LTI Grant year	**Tranche**	**Proportion of Grant**	**Performance Options**	**Performance Rights**	**Performance Options**	**Performance Rights**	**Vesting Period years**	**Re-test opportunities**
2012	1	50%	20%	80%	50% EPS / 50% TSR		3	1
	2	50%	20%	80%			4	1

LTI Grant year	**Level of performance at the expiration of the vesting period (or at retest where applicable)**		**Amount of grant which vests**
2012	50% of options and rights granted	EPS growth = or >10% compound	100%
	50% of options and rights granted	Below the 50th percentile in relative TSR performance	0%
		At the 50th percentile in relative TSR performance	50%
		Between the 50th and 75th percentile in relative TSR performance	Straight line vesting from 50% to 100%
		Above the 75th percentile in relative TSR performance	100%

DIRECTORS' REPORT CONTINUED

Cap on Issue of Equity to Employees

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

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

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

As at 30 June 2012, the aggregate number of CSL shares under (a) and (b) above was 1.04% of the total number of CSL shares on issue.

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

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

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

Relationship between Company Performance and Executive KMP Remuneration

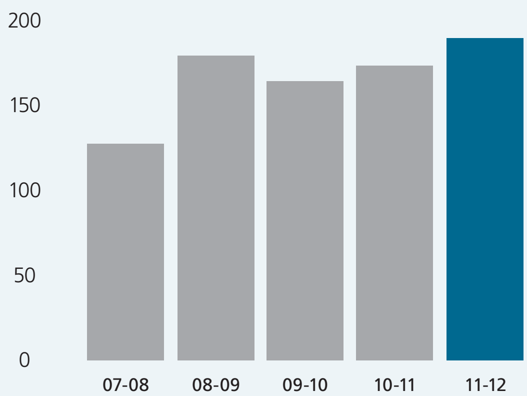
The Company's remuneration framework aims to incentivise Executive KMP towards growth, sustainability of the business, and the creation of shareholder value in the short and the long term. This is seen in two ways:

- Cash Short-Term Incentives, whether paid immediately or deferred, depend on performance and outcomes for the completed performance year (as explained on page 48).
- Long-Term Incentives, in the form of performance rights and performance options, are linked to average annual compound growth in EPS (adjusted for significant one off events) and relative TSR performance. This is explained further on page 53.

Earnings per share (EPS) and relative Total Shareholder Return (TSR) as shown below are proxies for creation of shareholder value. However, these measures are not able to capture the difference in value creation for Australian and international shareholders arising from currency movements and the global nature of CSL's business.

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

*CSL Limited – Basic earnings per share (cents)**



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

- 2009 financial year excluded the favourable NPAT impact of $79m (or 13.3 cents per share) arising from the termination of the Talecris acquisition; and
- 2010 financial year excluded the favourable NPAT impact of $122m (or 21.5 cents per share) attributable to H^1N^1 pandemic influenza sales.

DIRECTORS' REPORT CONTINUED

Table 7 below illustrates the Company's annual compound growth in basic EPS in respect of performance options granted in 2008, 2009, 2010 and 2011 respectively.

Table 7 – Annual Compound Growth in Basic EPS

	Compound EPS growth to end of financial year			
Year of Grant	**2008**	**2009**	**2010**	**2011**
2008	41%	13%	11%	10%
2009		-8%	-1%	2%
2010			6%	7%
2011				9%

The company's TSR performance over the relevant performance periods up to 30 June 2012 in respect of as yet unvested performance rights shown in Table 8 below is indicative and for information purposes. The formal TSR calculations will be undertaken at the relevant test dates.

Table 8 – Relative TSR Performance from Grant Date to 30 June 2012

Performance Right Issue	**Indicative Relative TSR Percentile Ranking**
October 2008	60.9th
April 2009	44.0th
October 2009	74.6th
October 2010	77.4th
October 2011	93.9th

Employment Contracts

Non-Executive Directors

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

Executive KMP (including Executive Directors)

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

Employment contracts for Executive KMP do not have a fixed term. The contracts may be terminated by the Company or the Executive by giving 6 months notice. An Executive KMP's employment may be terminated without notice and without payment in lieu in the event of serious misconduct and/or breach of contract. On termination by the Company for other reasons, including redundancy, an Executive KMP is entitled to 6 months notice and to receive 12 months salary (excluding non-cash benefits). New contracts from November 2009 explicitly limit termination payments in accordance with the provisions of the Corporations Act 2001, as amended in 2009, unless shareholder approval is sought to exceed those limits.

DIRECTORS' REPORT CONTINUED

Advisers to the HRRC

The Board and HRRC engage the services of independent consultants for the provision of market remuneration data and to advise on the remuneration of Non-Executive Directors, Executive Directors and Executive Key Management Personnel.

In 2012, Guerdon Associates was selected as the "Remuneration Consultant" to provide advice directly related to remuneration decisions for Executive KMP and as commissioned and instructed by the Chairman of the HRRC. The terms of engagement identify that all remuneration recommendations for the Executive KMP be sent directly to the HRRC through the Chairman and prohibit the Consultant from providing such material directly to CSL management. The terms of engagement also require that Guerdon Associates provide, with their report, a declaration of their independence from the KMPs to whom their recommendations relate, to ensure that the HRRC and Board may be satisfied that KMP remuneration advice and recommendations are made free from undue influence from CSL management generally and from KMPs specifically.

Guerdon Associates made no 'remuneration recommendations' as defined in the Corporations Act 2001 during the 2012 year.

The table below summarises the services by Guerdon Associates during the year and the fees paid for services provided.

Remuneration Tables

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

Remuneration Consultant	Remuneration recommendations	Advice to the Board	Other Advice to the Company
Guerdon Associates	There were no Remuneration recommendations as defined in the Corporations Act 2001.	Market Data analysis and remuneration review for the Managing Director and Executive KMP and Fees Review for Non-Executive Directors, review of 2012 Remuneration Report and LTI Plan Design: $150,270.	Data Analysis and benchmarking for Non-KMP Executives $23,148.

DIRECTORS' REPORT CONTINUED

Table 9 – Executive and Non-Executive Directors' Remuneration

Directors	Year	Short-term benefits			Post employment			Other long-term		Share Based Payments			
		Cash salary and fees[6] $	Cash bonus $	Non-monetary benefits $	Super-annuation $	Retire-ment benefits[7] $	Termination Payments[8] $	Long service leave $	Deferred Incentive $	Performance rights[9] $	Performance options[9] $	Cash Settled Deferred Payment[10] $	Total $
Executive Directors													
Dr Brian McNamee	**2012**	**2,633,096**	**2,047,556**	**-**	**50,000**	**-**	**-**	**161,355**	**1,023,778**	**1,126,653**	**643,731**	**-**	**7,686,169**
Managing Director	2011	2,503,863	1,359,666	-	49,999	-	-	168,630	679,833	865,915	862,939	-	6,490,845
Mr Peter Turner[11]	**2012**	**482,868**	**-**	**3,632**	**246,708**	**-**	**1,082,259**	**17,512**	**-**	**335,350**	**244,098**	**113,058**	**2,525,485**
Executive Director	2011	1,094,863	538,053	16,127	243,231	-	-	80,896	-	380,123	375,124	68,742	2,797,159
Mr Tony Cipa[12]	**2012**	**-**	**-**	**-**	**-**	**`-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Finance Director	2011	764,477	-	-	21,071	-	500,523	18,773	-	22,948	33,842	-	1,361,634
Non-executive Directors													
Professor John Shine[13]	**2012**	**407,235**	**-**	**-**	**36,651**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**443,886**
Chairman	2011	178,899	-	-	16,101	-	-	-	-	-	-	-	195,000
Ms Elizabeth Alexander[15]	**2012**	**152,199**	**-**	**-**	**13,698**	**323,259**	**-**	**-**	**-**	**-**	**-**	**-**	**489,156**
Non-executive director	2011	527,294	-	-	22,706	-	-	-	-	-	-	-	550,000
Mr John Akehurst	**2012**	**188,073**	**-**	**-**	**16,927**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**205,000**
Non-executive director	2011	178,899	-	-	16,101	-	-	-	-	-	-	-	195,000
Mr David Anstice	**2012**	**192,661**	**-**	**-**	**17,339**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**210,000**
Non-executive director	2011	192,661	-	-	17,339	-	-	-	-	-	-	-	210,000
Mr Bruce Brook[14] *Non-executive director*	**2012**	**156,727**	**-**	**-**	**14,106**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**170,833**
Ms Christine O'Reilly	**2012**	**197,248**	**-**	**-**	**17,752**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**215,000**
Non-executive director	2011	67,278	-	-	6,055	-	-	-	-	-	-	-	73,333
Mr Ian Renard	**2012**	**201,835**	**-**	**-**	**18,165**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**220,000**
Non-executive director	2011	201,835	-	-	18,165	-	-	-	-	-	-	-	220,000
Mr Maurice Renshaw	**2012**	**192,661**	**-**	**-**	**17,339**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**210,000**
Non-executive director	2011	192,661	-	-	17,339	-	-	-	-	-	-	-	210,000
Mr David Simpson[15]	**2012**	**63,647**	**-**	**-**	**5,728**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**69,375**
Non-executive director	2011	211,009	-	-	18,991	-	-	-	-	-	-	-	230,000
Total of all Directors	**2012**	**4,868,250**	**2,047,556**	**3,632**	**454,413**	**323,259**	**1,082,259**	**178,867**	**1,023,778**	**1,462,003**	**887,829**	**113,058**	**12,444,904**
	2011	6,113,739	1,897,719	16,127	447,098	-	500,523	268,299	679,833	1,268,986	1,271,905	68,742	12,532,971

[6] As disclosed in the section titled "Non-Executive Director Remuneration", Non-Executive Directors participate in the NED Share Plan under which Non-Executive Directors are required to take at least 20% of their after-tax base fees (excluding superannuation guarantee contributions) in the form of shares in the Company which are purchased on-market at prevailing share prices. The value of this remuneration element is included in cash, salary and fees. Cash salary and fees and cash bonuses paid in foreign currency in respect to Mr P Turner who was based overseas have been converted to Australian dollars at an average exchange rate for the year. Both the amount of remuneration and any movement in comparison to prior years may be influenced by changes in the respective currency exchange rates.

[7] Retirement allowance paid to Ms Alexander upon her retirement as a Director under the Non-Executive Directors' Retirement Plan. For a summary of the residual application of that Plan, see the section on Non-Executive Directors' Remuneration above.

[8] Redundancy payments due under his contract to be payable upon termination.

[9] 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.

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

[11] Mr Turner completed his assignment and returned to Australia in October 2011. He has been working in the capacity of Executive Director.

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

[13] Appointed Chairman of the Board on 19 October 2011

[14] Mr Brook was appointed Director from 17 August 2011 and his remuneration is referrable to services rendered from that date until 30 June 2012.

[15] Retired from the Board on 19 October 2011.

DIRECTORS' REPORT CONTINUED

Table 10 – Executive Key Management Personnel remuneration

Executives	Year	Short-term benefits			Post employment			Other long-term		Share Based Payments			
		Cash salary and fees[16]	Cash bonus[16]	Non-monetary benefits[16]	Super-annuation[16]	Retirement benefits	Termination benefits[17]	Long Service Leave	Deferred Incentive	Performance rights[18]	Performance options[18]	Cash Settled Deferred Payment[19]	Total
		$	$	$	$	$	$	$	$	$	$	$	$
Key Management Personnel													
Mr Paul Perreault	2012	933,853	475,354	18,422	16,835	-	-	-	-	278,304	168,067	150,091	2,040,926
President CSL Behring	2011	491,796	243,989	19,286	20,431	-	-	-	-	207,867	223,915	46,605	1,253,889
Mr Gordon Naylor	2012	894,203	459,346	-	25,000	-	-	65,728	-	333,113	179,881	42,157	1,999,428
Chief Financial Officer	2011	880,316	361,879	11,956	35,944	-	-	152,763	-	240,480	221,795	25,633	1,930,766
Dr Andrew Cuthbertson	2012	688,159	390,487	-	50,000	-	-	41,532	-	273,132	148,966	62,597	1,654,873
Chief Scientific Officer	2011	687,297	316,098	-	50,000	-	-	32,687	-	206,758	195,958	38,060	1,526,858
Dr Jeff Davies	2012	449,759	245,746	-	210,628	-	506,474	27,303	-	207,498	137,436	87,175	1,872,019
Executive VP, CSL Biotherapies	2011	430,268	167,174	-	119,882	-	-	33,408	-	177,641	188,058	36,895	1,153,326
Mr Greg Boss	2012	480,157	289,293	18,421	16,912	-	-	-	-	208,465	127,996	87,877	1,229,121
Group General Counsel	2011	494,107	219,570	19,285	19,119	-	-	-	-	172,261	169,731	32,235	1,126,308
Dr Ingolf Sieper[20] *Executive VP, Comm Ops*	2012	520,337	330,751	10,154	-			-	-	87,329	46,476	103,390	1,098,437
Ms Mary Sontrop	2012	501,519	319,042	8,873	288,403	-	-	25,210	-	208,557	137,784	99,956	1,589,344
Executive VP, Operations	2011	507,597	231,590	11,872	131,901	-	-	45,843	-	181,140	189,491	38,449	1,337,883
Ms Karen Etchberger	2012	369,121	220,584	19,561	14,452	-	-	-	-	151,857	90,677	58,084	924,336
Executive VP, Plasma, Supply Chain & IT	2011	378,196	172,298	26,591	22,697	-	-	-	-	123,724	121,201	18,642	863,349
Mr Edward Bailey	2012	372,123	175,965	-	25,000	-	-	17,040	-	118,386	57,416	16,607	782,537
Company Secretary	2011	379,786	117,180	-	25,000	-	-	33,717	-	79,178	61,366	10,098	706,325
Ms Jill Lever	2012	399,362	201,428	-	49,843	-	-	11,477	-	119,286	60,940	36,712	879,048
Senior VP, Human Capital	2011	356,587	168,912	-	43,552	-	-	11,730	-	72,713	60,070	9,321	722,885
Total KMP remuneration	2012	5,608,593	3,107,996	75,431	697,073	-	506,474	188,290	-	1,985,927	1,155,639	744,646	14,070,069
	2011	4,605,950	1,998,690	88,990	468,526	-	-	310,148	-	1,461,762	1,431,585	255,938	10,621,589

[16] Cash salary and fees, cash bonuses and superannuation paid in foreign currency in respect to executives based overseas have been converted to Australian dollars at an average exchange rate for the year. Both the amount of remuneration and any movement in comparison to prior years may be influenced by changes in the respective currency exchange rates. The remuneration amounts disclosed in respect of Mr Perreault, Mr Boss, Mr Sieper, Ms Sontrop and Ms Etchberger are impacted by the AUD/USD exchange rate. All other executives listed in Table 10 receive remuneration which is solely denominated in Australian dollars.

[17] Redundancy payments due under his contract to be payable upon termination.

[18] 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.

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

[20] Mr Sieper has been an Executive KMP at CSL Behring in the role of Executive Vice President Commercial Operations from 1 July 2011.

DIRECTORS' REPORT CONTINUED

Executive Key Management Personnel

Table 11 below shows the cash elements of Total Reward actually available to Executive KMP in the 2012 year, as well as the value of equity from former years that vested in 2012 (the fair value of which was originally reported in accordance with the accounting standards in the year it was granted).

Table 11 – Executive KMP - Elements of Remuneration Received or Available as Cash in respect of 2012[21]

Executive KMP including Executive Directors	Total 2012 Fixed Remuneration[22]	STI Applicable to the 2012 year[23]	Cash Settled Deferred STI in 2012[24]	LTI Vested in 2012[25]	Total Reward (received or available)
Dr Brian McNamee[26]	$2,694,153	$2,047,556	$506,259	$497,303	$5,745,271
Mr Peter Turner	$974,102	-	-	$202,455	$1,176,557
Mr Paul Perreault[26]	$876,003	$475,354	-	$134,848	$1,486,205
Mr Gordon Naylor[26]	$953,659	$459,346	-	$108,382	$1,521,387
Dr Andrew Cuthbertson[26]	$765,661	$390,487	-	$112,442	$1,268,590
Dr Jeffrey Davies	$540,101	$245,746	-	$89,880	$875,727
Mr Gregory Boss	$481,619	$289,293	-	$82,454	$853,366
Dr Ingolf Sieper	$497,369	$330,751	-	$54,898	$883,018
Ms Mary Sontrop	$475,955	$319,042	-	$91,406	$886,403
Ms Karen Etchberger	$368,930	$220,584	-	$66,660	$656,174
Mr Edward Bailey	$414,036	$175,965	-	$34,133	$624,134
Ms Jill Lever	$447,617	$201,428	-	$27,630	$676,675

[21] Executive KMP remuneration details prepared in accordance with statutory requirements and Accounting Standards are presented in Tables 9 and 10 of this report.

[22] 2012 Fixed remuneration and STI paid in USD converted to AUD using 2012 average exchange rate. Total Fixed Remuneration in Table 11 is based on Total Employment Cost (TEC) for the relevant executive. This differs from the methodology to calculate "Cash Salary & Fees" used in Tables 9 and 10 due to the treatment of annual leave accrued and annual leave/long service leave taken during the financial year, and the separation of non salary sacrificed Superannuation benefits in a separate column. Table 9 and 10 adjust TEC for differences between leave accrued/taken and separates Superannuation. Table 11 ignores this timing difference for leave and the separation of Superannuation that occurs in Tables 9 and 10.

[23] STI applicable to 2012 in Table 11 is equivalent to "Cash Bonus" in Tables 9 and 10.

[24] Cash Settled Deferred STI in 2012 was recorded in the equivalent to Table 9 in 2008, the year in which it was awarded. Table 11 shows the amount paid during the year.

[25] Rights vested during the year and Options (less exercise price) vested during the year, multiplied by the share price at the date of vesting. This differs from the amounts recorded as "Share Based Payments" in Tables 9 and 10. Tables 9 and 10 are prepared in accordance with accounting standards that require the fair value of each instrument to be determined and for the total value of each grant to be expensed over the vesting period. Tables 9 and 10 therefore include amounts related to multiple grants of LTI instruments, the majority of which will vest in future years.

[26] Dr McNamee, Mr Perreault, Mr Naylor and Dr Cuthbertson are entitled to an additional Deferred STI payment as per the terms outlined on page 49.

DIRECTORS' REPORT CONTINUED

Fixed and Performance Remuneration Components

Table 12 - Executive KMP remuneration components in the 2012 year

Remuneration Components as a Proportion of Total Remuneration	Fixed Remuneration[27]	Variable Remuneration					Total (100%)
		Cash Based Bonuses[28]	Share Based Payments			Total	
			Performance rights	Performance options	Cash Settled Deferred Payment		
Executive Directors							
Dr Brian McNamee	37%	40%	15%	8%	-	63%	100%
Mr Peter Turner	73%	-	13%	10%	4%	27%	100%
Other executives							
Mr Paul Perreault	47%	24%	14%	8%	7%	53%	100%
Mr Gordon Naylor	49%	23%	17%	9%	2%	51%	100%
Dr Andrew Cuthbertson	47%	23%	17%	9%	4%	53%	100%
Dr Jeff Davies	64%	13%	11%	7%	5%	36%	100%
Mr Greg Boss	42%	24%	17%	10%	7%	58%	100%
Dr Ingolf Sieper	48%	30%	8%	4%	10%	52%	100%
Ms Mary Sontrop	52%	20%	13%	9%	6%	48%	100%
Ms Karen Etchberger	44%	24%	16%	10%	6%	56%	100%
Mr Edward Bailey	53%	23%	15%	7%	2%	47%	100%
Ms Jill Lever	52%	23%	14%	7%	4%	48%	100%

[27] Fixed remuneration comprises cash salary, superannuation and non-monetary benefits.

[28] Cash based bonuses include amounts awarded which are due and payable shortly after the conclusion of the financial year as well as that component which is subject to deferred settlement terms for Dr McNamee, Mr Perreault, Mr Naylor and Dr Cuthbertson.

DIRECTORS' REPORT CONTINUED

Table 13 – Executive KMP performance remuneration components in the 2012 year

Key management person	Cash incentives[29]			Accounting Values being amortised in respect of the 2012 Share Based Payment grants in future years[30]				Remuneration consisting of Share Based Payments	Grant date value of options & rights granted during 2012	Reporting date value of EDIP granted during 2012[31]	Value of options & rights exercised during 2012 at exercise date[32]
	Maximum short-term incentive potential	Percentage Awarded[29]	Percentage Not Awarded[29]	2013 $	2014 $	2015 $	2016 $	%	$	$	$
Executive Directors											
Dr Brian McNamee	120%	95%	5%	622,789	622,789	356,793	67,337	23%	2,135,521	-	-
Mr Peter Turner	n/a	-	-	-	-	-	-	27%	-	-	202,322
Other executives											
Mr Paul Perreault	85%	95%	5%	276,134	276,134	126,692	19,239	29%	610,160	294,573	131,637
Mr Gordon Naylor	85%	85%	15%	180,855	180,855	103,610	19,554	28%	620,144	-	119,032
Dr Andrew Cuthbertson	85%	90%	10%	145,136	145,136	83,148	15,692	30%	497,666	-	112,552
Dr Jeff Davies	70%	65%	35%	129,993	129,993	63,107	10,225	23%	324,275	106,270	378,293
Mr Greg Boss	70%	85%	15%	137,037	137,037	63,553	9,777	34%	310,072	139,829	81,105
Dr Ingolf Sieper	70%	95%	5%	158,995	158,995	69,752	10,001	22%	317,173	199,489	65,124
Ms Mary Sontrop	70%	95%	5%	138,331	138,331	63,497	9,648	28%	305,984	147,287	216,338
Ms Karen Etchberger	70%	85%	15%	105,620	105,620	48,745	7,455	32%	236,439	109,999	73,162
Mr Edward Bailey	50%	85%	15%	66,393	66,393	38,037	7,179	24%	227,660	-	97,864
Ms Jill Lever	50%	90%	10%	100,452	100,452	48,377	7,770	25%	246,422	85,762	26,317

[29] Cash incentives awarded and not awarded relate to the period ended 30 June 2012. All cash incentive amounts are payable in full shortly after the conclusion of the 30 June 2012 financial year with the exception of the component that is subject to deferred settlement for Dr McNamee, Mr Perreault, Mr Naylor and Dr Cuthbertson.

[30] The value of performance rights and performance options is determined at grant date and is then amortised over the applicable vesting period. The amounts included in the table above are consistent with this amortisation amount for 2012.

[31] The value of the cumulative EDIP grants over 2011 and 2012 was re-calculated at reporting date and then amortised over the applicable vesting period. The amounts included in the table above are consistent with this amortisation amount for 2012.

[32] The value at exercise date has been determined by the share price at the close of business on exercise date less the option/right exercise price (if any) multiplied by the number of options/rights exercised during 2012.

DIRECTORS' REPORT CONTINUED

Executive Key Management Personnel

Options and Rights Holdings

Table 14 - Executive KMP performance right holdings

Key management person	Balance at 1 July 2011	Number Granted	Number Exercised	Number Lapsed / Forfeited	Balance at 30 June 2012	Number Vested during the year	Balance at 30 June 2012: Vested and exercisable	Balance at 30 June 2012: Unvested
Executive Directors								
Mr Brian McNamee	118,904	72,440	-	-	191,344	16,289	16,289	175,055
Mr Peter Turner	52,472	-	6,627	-	45,845	6,627	-	45,845
Other executives								
Mr Paul Perreault	27,824	20,700	4,414	-	44,110	4,414	-	44,110
Mr Gordon Naylor	34,000	21,040	3,550	-	51,490	3,550	-	51,490
Dr Andrew Cuthbertson	28,928	16,880	3,683	-	42,125	3,683	-	42,125
Dr Jeff Davies	42,610	11,000	10,350	-	43,260	2,944	11,260	32,000
Mr Greg Boss	23,764	10,520	2,699	-	31,585	2,699	-	31,585
Dr Ingolf Sieper	6,492	10,760	1,797	-	15,455	1,797	-	15,455
Ms Mary Sontrop	24,532	10,380	2,992	-	31,920	2,992	-	31,920
Ms Karen Etchberger	17,092	8,020	2,182	-	22,930	2,182	-	22,930
Mr Edward Bailey	13,840	7,720	2,630	-	18,930	1,118	1,020	17,910
Ms Jill Lever	10,300	8,360	905	-	17,755	905	-	17,755
Total	**400,758**	**197,820**	**41,829**	**-**	**556,749**	**49,200**	**28,569**	**528,180**

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

*Table 15 - A summary of the key characteristics applicable to performance rights and performance options granted between 2007 and 2009**

LTI Grant years	Tranche	Proportion of Grant	Tranche comprises: Performance Options	Tranche comprises: Performance Rights	Applicable performance hurdle: Performance Options and	Applicable performance hurdle: Performance Rights	Vesting Period years	Re-test opportunities
2007 -2009	1	25%	60%	40%	EPS / TSR		2	3
	2	35%	60%	40%			3	2
	3	40%	60%	40%			4	1

LTI Grant year	Level of performance at the expiration of the vesting period (or later period where applicable)		Amount of grant which vests
2007-2009	Options	EPS growth>10% compound	100%
	Rights	At or above 50th percentile in relative TSR performance	100%

* During 2012, the Company obtained a waiver of Listing Rule 6.23.4 from the ASX to give the Board the discretion to allow Performance Rights and Performance Options granted prior to August 2010 to continue in force and not lapse where the participant ceases employment with CSL in "Good Leaver" circumstances outlined on page 52.

DIRECTORS' REPORT CONTINUED

Table 16 - The terms and conditions of the performance rights granted to Executive KMP in the 2011 and 2012 financial years

Terms and Conditions for Performance right grants during 2011 and 2012

Grant Date	Tranche	Value per Right at Grant Date	First Exercise Date	Last Exercise Date
1 October 2010	1	26.59	30 September 2013	30 September 2014
1 October 2010	2	26.23	30 September 2014	30 September 2015
1 October 2011	1	23.75	30 September 2014	30 September 2015
1 October 2011	2	23.41	30 September 2015	30 September 2016

Table 17 - Shares issued to Executive KMP on exercise of performance rights during 2012

Executive	Date Performance Rights Granted	Number of shares issued
Mr Peter Turner	1 October 2007	3,672
	1 October 2009	2,955
Mr Paul Perreault	1 October 2007	2,544
	1 October 2009	1,870
Mr Gordon Naylor	1 October 2007	1,680
	1 October 2009	1,870
Dr Andrew Cuthbertson	1 October 2007	2,208
	1 October 2009	1,475
Dr Jeff Davies	7 June 2005	10,350
Mr Greg Boss	1 October 2007	1,224
	1 October 2009	1,475
Dr Ingolf Sieper	1 October 2007	1,032
	1 October 2009	765
Ms Mary Sontrop	1 October 2007	1,392
	1 October 2009	1,600
Ms Karen Etchberger	1 October 2007	1,152
	1 October 2009	1,030
Mr Edward Bailey	2 October 2006	1,920
	1 October 2009	710
Jill Lever	1 October 2009	905

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

DIRECTORS' REPORT CONTINUED

Table 18 - Executive KMP option holdings

Key management person	Balance at 1 July 2011	Number Granted	Number Exercised	Number Lapsed / Forfeited	Balance at 30 June 2012	Number Vested during the year	Balance at 30 June 2012	
							Vested and exercisable	Unvested
Executive Directors								
Dr Brian McNamee	299,400	65,200	-	-	364,600	57,264	122,568	242,032
Mr Peter Turner	128,700	-	-	-	128,700	23,682	49,932	78,768
Other executives								
Mr Paul Perreault	77,140	18,620	-	-	95,760	14,869	31,920	63,840
Mr Gordon Naylor	75,660	18,920	-	-	94,580	12,133	25,080	69,500
Dr Andrew Cuthbertson	68,980	15,200	-	-	84,180	12,998	27,864	56,316
Dr Jeff Davies	82,920	9,900	-	-	92,820	10,791	43,152	49,668
Mr Greg Boss	56,520	9,460	-	-	65,980	9,224	18,924	47,056
Dr Ingolf Sieper	18,800	9,680	5,580	-	22,900	4,171	3,324	19,576
Ms Mary Sontrop	70,996	9,340	8,496	-	71,840	10,959	22,332	49,508
Ms Karen Etchberger	47,872	7,220	-	-	55,092	7,167	21,540	33,552
Mr Edward Bailey	20,500	6,960	-	-	27,460	1,665	3,552	23,908
Ms Jill Lever	18,740	7,520	-	-	26,260	-	-	26,260
Total	**966,228**	**178,020**	**14,076**	**-**	**1,130,172**	**164,923**	**370,188**	**759,984**

DIRECTORS' REPORT CONTINUED

Table 19 - Terms and conditions of the options granted to Executive KMP (amongst others) during 2011 and 2012

Terms and Conditions for Options grant during 2011 and 2012				
Grant Date	**Tranche**	**Value per Option at Grant Date**	**First Exercise Date**	**Last Exercise Date**
1 October 2010	1	8.46	30 September 2013	30 September 2014
1 October 2010	2	8.90	30 September 2014	30 September 2015
1 October 2011	1	6.34	30 September 2014	30 September 2015
1 October 2011	2	6.77	30 September 2015	30 September 2016

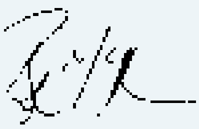
Table 20 - Shares issued to Executive KMP on exercise of options during 2012

Executive	Date Options Granted	Number of shares issued	$ amount paid per share	$ amount unpaid per share
Dr Ingolf Sieper	1 October 2007	5,580	35.46	-
Ms Mary Sontrop	2 October 2006	8,496	17.48	-

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

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

John Shine, AO
Director



Brian McNamee, AO
Director

Melbourne
22 August 2012

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* Gardasil is a trademark of Merck & Co, Inc.

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 2012, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

Glenn Carmody
Partner

22 August 2012

CSL LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 30 June 2012

	Notes	Consolidated Group 2012 $m	Consolidated Group 2011 $m
Continuing operations			
Sales revenue	3	**4,433.2**	4,187.6
Cost of sales		**(2,293.7)**	(2,128.9)
Gross profit		**2,139.5**	2,058.7
Other revenues	3	**190.5**	134.0
Research and development expenses		**(355.0)**	(325.1)
Selling and marketing expenses		**(488.6)**	(440.1)
General and administration expenses	3	**(230.5)**	(214.9)
Finance costs	3	**(39.1)**	(14.5)
Profit before income tax expense		**1,216.8**	1,198.1
Income tax expense	4	**(234.2)**	(257.5)
Profit attributable to members of the parent company	22	**982.6**	940.6
Other comprehensive income			
Exchange differences on translation of foreign operations, net of hedges on foreign investments	21	**(115.9)**	(193.4)
Actuarial gains/(losses) on defined benefit plans, net of tax	22	**(48.1)**	(11.2)
Mark to Market adjustment on available-for-sale financial assets	21	**0.9**	(0.9)
Total of other comprehensive income/(expenses)		**(163.1)**	(205.5)
Total comprehensive income for the period	24	**819.5**	735.1
Earnings per share	5	**Cents**	Cents
Basic earnings per share		**189.24**	174.01
Diluted earnings per share		**188.85**	173.60

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

CSL LIMITED

CONSOLIDATED BALANCE SHEET

As at 30 June 2012

		Consolidated Group	
	Notes	**2012 $m**	**2011 $m**
CURRENT ASSETS			
Cash and cash equivalents	6	**1,155.1**	479.4
Trade and other receivables	7	**772.9**	808.7
Inventories	8	**1,462.1**	1,456.0
Current tax assets	16	**5.3**	-
Other financial assets	9	**1.8**	18.0
Total Current Assets		**3,397.2**	2,762.1
NON-CURRENT ASSETS			
Trade and other receivables	7	**10.3**	4.5
Other financial assets	9	**1.1**	2.3
Property, plant and equipment	10	**1,361.7**	1,207.3
Deferred tax assets	11	**195.7**	174.2
Intangible assets	12	**853.3**	915.0
Retirement benefit assets	13	**-**	2.6
Total Non-Current Assets		**2,422.1**	2,305.9
TOTAL ASSETS		**5,819.3**	5,068.0
CURRENT LIABILITIES			
Trade and other payables	14	**528.9**	493.5
Interest-bearing liabilities and borrowings	15	**167.2**	226.2
Current tax liabilities	16	**139.8**	131.7
Provisions	17	**99.0**	88.6
Deferred government grants	18	**1.0**	1.0
Derivative financial instruments	19	**1.4**	5.1
Total Current Liabilities		**937.3**	946.1
NON-CURRENT LIABILITIES			
Trade and other payables	14	**15.2**	4.0
Interest-bearing liabilities and borrowings	15	**1,104.4**	190.0
Deferred tax liabilities	11	**109.5**	122.2
Provisions	17	**27.6**	28.5
Deferred government grants	18	**29.8**	18.9
Retirement benefit liabilities	13	**167.2**	113.9
Total Non-Current Liabilities		**1,453.7**	477.5
TOTAL LIABILITIES		**2,391.0**	1,423.6
NET ASSETS		**3,428.3**	3,644.4
EQUITY			
Contributed equity	20	**(373.3)**	253.9
Reserves	21	**(522.9)**	(421.6)
Retained earnings	22	**4,324.5**	3,812.1
TOTAL EQUITY	24	**3,428.3**	3,644.4

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

CSL LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2012

Consolidated Group	Notes	Contributed Equity $m	Foreign currency translation reserve $m	Share based payment reserve $m	Available-for-sale investment reserve $m	Retained earnings $m	Total $m
At 1 July 2011		**253.9**	**(520.2)**	**99.5**	**(0.9)**	**3,812.1**	**3,644.4**
Profit for the period		-	-	-	-	**982.6**	**982.6**
Other comprehensive income		-	**(115.9)**	-	**0.9**	**(48.1)**	**(163.1)**
Total comprehensive income for the full year		-	**(115.9)**	-	**0.9**	**934.5**	**819.5**
Transactions with owners in their capacity as owners							
Share based payments	21	-	-	**13.7**	-	-	**13.7**
Dividends	23	-	-	-	-	**(422.1)**	**(422.1)**
Share buy back	20	**(635.7)**	-	-	-	-	**(635.7)**
Share issues							
- Employee share scheme	20	**8.5**	-	-	-	-	**8.5**
Balance as at 30 June 2012		**(373.3)**	**(636.1)**	**113.2**	-	**4,324.5**	**3,428.3**
At 1 July 2010		1,139.2	(326.8)	84.2	-	3,318.6	4,215.2
Profit for the period		-		-	-	940.6	940.6
Other comprehensive income		-	(193.4)	-	(0.9)	(11.2)	(205.5)
Total comprehensive income for the full year		-	(193.4)	-	(0.9)	929.4	735.1
Transactions with owners in their capacity as owners							
Share based payments	21	-	-	15.3	-	-	15.3
Dividends	23	-	-	-	-	(435.9)	(435.9)
Share buy back	20	(900.0)	-	-	-	-	(900.0)
Share issues							
- Employee share scheme	20	14.7	-	-	-	-	14.7
Balance as at 30 June 2011		253.9	(520.2)	99.5	(0.9)	3,812.1	3,644.4

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

CSL LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended 30 June 2012

	Notes	Consolidated Group 2012 $m	2011 $m
Cash flows from Operating Activities			
Receipts from customers		**4,653.6**	4,302.8
Payments to suppliers and employees		**(3,250.1)**	(3,012.5)
Cash generated from operations		**1,403.5**	1,290.3
Income taxes paid		**(244.7)**	(288.6)
Interest received		**35.7**	30.4
Finance costs paid		**(34.5)**	(14.0)
Net cash inflow from operating activities	25	**1,160.0**	1,018.1
Cash flows from Investing Activities			
Proceeds from sale of property, plant and equipment		**0.1**	0.3
Payments for property, plant and equipment		**(297.2)**	(198.5)
Payments for intangible assets		**(13.7)**	(13.7)
Receipts from other financial assets		**1.0**	2.3
Net cash outflow from investing activities		**(309.8)**	(209.6)
Cash flows from Financing Activities			
Proceeds from issue of shares		**9.8**	16.6
Dividends paid	23	**(422.1)**	(435.9)
Proceeds from borrowings		**1,057.3**	49.3
Repayment of borrowings		**(232.2)**	(18.3)
Payment for shares bought back		**(625.8)**	(900.0)
Payment for settlement of finance hedges		**0.6**	(0.3)
Net cash outflow from financing activities		**(212.4)**	(1,288.6)
Net increase/(decrease) in cash and cash equivalents		**637.8**	(480.1)
Cash and cash equivalents at the beginning of the financial year		**478.8**	994.5
Exchange rate variations on foreign cash and cash equivalent balances		**35.3**	(35.6)
Cash at the end of the financial year	25	**1,151.9**	478.8

For non-cash financing activities refer to note 25.

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

CSL LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2012

1 Corporate information

CSL Limited is a for-profit company incorporated and domiciled in Australia and limited by shares publicly traded on the Australian Securities Exchange. This financial report covers the financial statements for the consolidated entity consisting of CSL Limited and its subsidiaries (together referred to as the Group). The financial report was authorised for issue in accordance with a resolution of the directors on 22 August 2012.

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

Summary of significant accounting policies

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

(a) Basis of preparation

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

Critical accounting estimates

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

Rounding of amounts

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

Adoption of accounting standards

The group has adopted the following accounting standards that became effective during the year: AASB 124 (Related Party Disclosures); AASB 2009-12, AASB 2010-4, AASB 2010-5; AASB 1054; AASB 2010-6 and AASB 2010-9.

Since many of the amendments mandated accounting policies that had historically been applied by the Group the introduction of these standards did not result in a material change in the Group's financial result or the extent of disclosures in the financial report.

(b) Principles of consolidation

i. Subsidiaries

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

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

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

ii. Employee share trust

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

(c) Segment reporting

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

CSL LIMITED AND ITS CONTROLLED ENTITIES

Notes to the Financial Statements
For the Year Ended 30 June 2012

1 Summary of significant accounting policies (continued)

(d) Foreign currency translation

i. Functional and presentation currency

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

ii. Translation and balances

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

iii. Group companies

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

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

(e) Revenue recognition

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

i. Sales revenue

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

ii. Interest income

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

iii. Other revenue

Other revenue is recognised as it accrues.

iv. Dividend income

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

(f) Government grants

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

(g) Borrowing costs

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

(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.

1 Summary of significant accounting policies (continued)

(i) Income tax

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

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

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

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

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

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

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

(j) Cash, cash equivalents and bank overdrafts

Cash and cash equivalents are held for the purpose of meeting short term cash commitments rather than for investment or other purposes. The balance sheet comprises cash on hand, at call deposits with banks or financial institutions and investments in money market instruments with original maturities of six months (previously 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 statement of comprehensive income. After initial recognition, assets in this category are carried at fair value. Gains and losses on financial assets held for trading are recognised in the statement of comprehensive income when they arise.

CSL LIMITED AND ITS CONTROLLED ENTITIES

Notes to the Financial Statements
For the Year Ended 30 June 2012

1 Summary of significant accounting policies (continued)

(m) Investments and other financial assets (continued)

ii. Loans and receivables

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

iii. Available for sale investments

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

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

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

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

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

(n) Business combinations

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

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

(o) Property, plant and equipment

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

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

Buildings	5 – 40 years
Plant and equipment	3 – 15 years
Leasehold improvements	5 – 10 years

1 Summary of significant accounting policies (continued)

(o) Property, plant and equipment (continued)

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

(p) Impairment of assets

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

(q) Leasehold improvements

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

(r) Leases

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

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

(s) Goodwill and intangibles

i. Goodwill

On acquisition of another entity, the identifiable net assets acquired (including contingent liabilities assumed) are measured at their fair value. The excess of the fair value of the purchase consideration plus incidental expenses, over the fair value of the identifiable net assets, is brought to account as goodwill. Goodwill acquired is allocated to each of the cash-generating units expected to benefit from the combination's synergies. Goodwill is not amortised. Instead, following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

ii. Intangibles

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

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

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

CSL LIMITED AND ITS CONTROLLED ENTITIES

Notes to the Financial Statements
For the Year Ended 30 June 2012

1 Summary of significant accounting policies (continued)

(s) Goodwill and intangibles (continued)

iii. IT development and software

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

iv. Research and development costs

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

(t) Trade and other payables

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

(u) Interest-bearing liabilities and borrowings

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

(v) Derivative financial instruments

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

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

(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.

1 Summary of significant accounting policies (continued)

(x) Employee benefits

Liabilities for wages and salaries, including non-monetary benefits and annual leave, expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is recognised in the current provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

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

(y) Pension plans

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

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

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

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

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

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

(z) Share-based payment transactions

i. Equity-settled transactions

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

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

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

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

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

1 Summary of significant accounting policies (continued)

(z) Share-based payment transactions (continued)

ii. Cash-settled transactions

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

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

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

(a) At each reporting date between grant and settlement, the fair value of the award is determined.

(b) During the vesting period, the liability recognised at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.

(c) From the end of the vesting period until settlement, the liability recognised is the full fair value of the liability at the reporting date.

(d) All changes in the liability are recognised in employee benefits expense for the period.

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

(aa) Contributed equity / Share buy-back reserve

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

(bb) Earnings per share

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

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

(cc) Dividends

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

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

Certain new and revised accounting standards and interpretations have been published that are not mandatory for the June 2012 reporting period. An assessment of the impact of these new standards and interpretations is set out below.

New Standards and Amendments to Australian Accounting Standards: AASB 2010-8, AASB 2011-9, AASB 9, AASB 10, AASB 11, AASB 12, AASB 13, AASB119, AASB 2011-4, AASB 1053, IFRS 1, IAS 1, IAS 16, IAS 32 and IAS 34

The amendments prescribe certain classification and measurement rules in respect of financial assets, establish a new control model, introduce changes to the way in which joint arrangements are accounted for, change the disclosure of interest in other entities, introduce a single source of guidance for fair value measurement and introduce changes to accounting for employee benefits (in particular defined benefit pension plans). On the date of their respective first time application, the amended standards are not expected to result in a material change to the manner in which the Group's financial result is determined or upon the extent of disclosures included in future financial reports.

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

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

ii. Income taxes

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

iii. Trade and other receivables

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

2 Segment Information

Description of Segments

Reportable segments are:

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

Geographical areas of operation

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

Segment Accounting Policies

Inter-segment sales are carried out on an arm's length basis and reflect current market prices. Segment accounting policies are the same as the Group's policies described in note 1. During the financial year, there were no changes in segment accounting policies.

Restatement of prior year comparables

(a) Certain R&D projects, where the Company has yet to determine the ultimate commercialisation strategy, have been reclassified from CSL Behring to Other Human Health to facilitate comparability.

(b) The Company revised its allocation methodology for certain corporate costs during the 2012 financial year. The revised methodology has been applied to the prior year.

CSL LIMITED AND ITS CONTROLLED ENTITIES

Notes to the Financial Statements
For the Year Ended 30 June 2012

2 Segment information (continued)

	CSL Behring	Intellectual Property Licensing	Other Human Health	Intersegment Elimination	Consolidated Group
	2012 $m	2012 $m	2012 $m	2012 $m	2012 $m
Sales to external customers	3,619.8	-	813.4	-	4,433.2
Inter-segment sales	138.5	-	-	(138.5)	-
Other revenue (excl interest income)	4.5	137.1	7.8	-	149.4
Total segment revenue	3,762.8	137.1	821.2	(138.5)	4,582.6
Interest income					41.1
Unallocated revenue/income					-
Consolidated revenue					4,623.7
Segment EBIT	1,184.7	121.1	(42.0)	-	1,263.8
Unallocated revenue/income less unallocated costs					(49.0)
Consolidated EBIT					1,214.8
Interest income					41.1
Finance costs					(39.1)
Consolidated profit before tax					1,216.8
Income tax expense					(234.2)
Consolidated net profit after tax					982.6
Amortisation	28.6	-	-	-	28.6
Depreciation	94.3	-	43.4	-	137.7
Segment EBITDA	1,307.6	121.1	1.4	-	1,430.1
Unallocated revenue/income less unallocated costs					(49.0)
Unallocated depreciation and amortisation					5.2
Consolidated EBITDA					1,386.3
Segment assets	4,211.5	21.0	1,072.2	(165.9)	5,138.8
Other unallocated assets					1,575.9
Elimination of amounts between operating segments and unallocated					(895.4)
Total assets					5,819.3
Segment liabilities	1,830.8	4.0	489.9	(165.9)	2,158.8
Other unallocated liabilities					1,127.6
Elimination of amounts between operating segments and unallocated					(895.4)
Total liabilities					2,391.0
Other information - capital expenditure					
Payments for property, plant and equipment	181.0	-	116.2	-	297.2
Payments for software intangibles	13.7	-	-	-	13.7
Total capital expenditure	194.7	-	116.2	-	310.9

CSL LIMITED AND ITS CONTROLLED ENTITIES

Notes to the Financial Statements
For the Year Ended 30 June 2012

2 Segment information (continued)

	CSL Behring	Intellectual Property Licensing	Other Human Health	Intersegment Elimination	Consolidated Group
	2011 $m	2011 $m	2011 $m	2011 $m	2011 $m
Sales to external customers	3,452.4	-	735.2	-	4,187.6
Inter-segment sales	116.9	-	2.7	(119.6)	-
Other revenue (excl interest income)	5.0	95.7	4.8	-	105.5
Total segment revenue	3,574.3	95.7	742.7	(119.6)	4,293.1
Interest income					28.4
Unallocated revenue/income					0.1
Consolidated revenue					4,321.6
Segment EBIT	1,162.4	82.8	(19.8)	-	1,225.4
Unallocated revenue/income less unallocated costs					(41.2)
Consolidated EBIT					1,184.2
Interest income					28.4
Finance costs					(14.5)
Consolidated profit before tax					1,198.1
Income tax expense					(257.5)
Consolidated net profit after tax					940.6
Amortisation	26.8	-	10.7	-	37.5
Depreciation	92.6	-	37.7	-	130.3
Segment EBITDA	1,281.8	82.8	28.6	-	1,393.2
Unallocated revenue/income less unallocated costs					(41.2)
Unallocated depreciation and amortisation					4.8
Consolidated EBITDA					1,356.8
Segment assets	4,172.6	16.5	911.9	(109.4)	4,991.6
Other unallocated assets					321.5
Elimination of amounts between operating segments and unallocated					(245.1)
Total assets					5,068.0
Segment liabilities	1,146.7	3.7	351.3	(109.4)	1,392.3
Other unallocated liabilities					276.4
Elimination of amounts between operating segments and unallocated					(245.1)
Total liabilities					1,423.6
Other information - capital expenditure					
Payments for property, plant and equipment	122.6	-	75.9	-	198.5
Payments for software intangibles	13.7	-	-	-	13.7
Total capital expenditure	136.3	-	75.9	-	212.2

2 Segment information (continued)

Geographic areas	Australia	United States	Switzerland	Germany	Rest of world	Total
June 2012	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**
External sales revenue	**578.2**	**1,705.2**	**140.9**	**651.4**	**1,357.5**	**4,433.2**
Property, plant, equipment and intangible assets	**545.3**	**465.5**	**955.5**	**235.5**	**13.2**	**2,215.0**
June 2011						
External sales revenue	527.9	1,605.5	156.9	644.6	1,252.7	4,187.6
Property, plant, equipment and intangible assets	478.3	368.6	1,008.2	251.8	15.4	2,122.3

	Consolidated Group	
	2012 $m	**2011 $m**
3 Revenue and expenses from continuing operations		
Revenue		
Sales revenue	**4,433.2**	4,187.6
Other revenue		
Royalties and licence revenue	**137.1**	95.7
Finance revenue	**41.1**	28.4
Rent	**1.2**	1.0
Other revenue	**11.1**	8.9
Total other revenues	**190.5**	134.0
Total revenue from continuing operations	**4,623.7**	4,321.6
Finance revenue comprises:		
Interest income:		
Other persons and/or corporations	**41.1**	28.4
Total finance revenue	**41.1**	28.4
Finance costs		
Interest expense:		
Other persons and/or corporations	**39.1**	14.5
Total finance costs	**39.1**	14.5

CSL LIMITED AND ITS CONTROLLED ENTITIES

Notes to the Financial Statements
For the Year Ended 30 June 2012

	Notes	Consolidated Group 2012 $m	Consolidated Group 2011 $m
3 Revenue and expenses (continued)			
Depreciation and amortisation			
Depreciation and amortisation of fixed assets			
Building depreciation	**10**	**13.4**	12.4
Plant and equipment depreciation	**10**	**120.9**	114.7
Leased property, plant and equipment amortisation	**10**	**2.8**	3.1
Leasehold improvements amortisation	**10**	**5.9**	4.9
Total depreciation and amortisation of fixed assets		**143.0**	135.1
Amortisation of intangibles			
Intellectual property	**12**	**18.1**	22.8
Software	**12**	**10.4**	8.2
Total amortisation of intangibles		**28.5**	31.0
Impairment loss			
Intellectual property	**12**	**-**	6.5
Total depreciation, amortisation and impairment expense		**171.5**	172.6
Other expenses			
Write-down of inventory to net realisable value		**76.7**	50.6
Doubtful debts		**26.6**	24.9
Net loss on disposal of property, plant and equipment		**2.6**	1.3
Net foreign exchange loss		**7.4**	14.6
Lease payments and related expenses			
Rental expenses relating to operating leases		**34.2**	31.9
Employee benefits expense			
Salaries and wages		**947.0**	914.4
Defined benefit plan expense	**26(a)**	**19.9**	20.3
Defined contribution plan expense	**26(b)**	**19.9**	19.4
Share based payments expense (LTI)	**21**	**11.8**	14.5
Share based payments expense (EDIP)		**11.3**	4.0
Total employee benefits expense		**1,009.9**	972.6

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Notes to the Financial Statements
For the Year Ended 30 June 2012

	Notes	Consolidated Group 2012 $m	Consolidated Group 2011 $m
4 Income tax expense			
Income tax expense recognised in the statement of comprehensive income			
Current tax expense			
Current year		**252.7**	261.9
Deferred tax expense			
Origination and reversal of temporary differences	**11**	**(19.1)**	4.5
Tax losses recognised		**-**	(0.1)
Total deferred tax expense		**(19.1)**	4.4
Over provided in prior years		**0.6**	(8.8)
Income tax expense		**234.2**	257.5
Reconciliation between tax expense and pre-tax net profit			
The reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows:			
Accounting profit before income tax		**1,216.8**	1,198.1
Income tax calculated at 30% (2011: 30%)		**365.0**	359.4
Research and development		**(11.0)**	(14.0)
Other non-deductible items		**3.0**	5.8
Utilisation of tax losses/unrecognised deferred tax		**-**	(0.1)
Effects of different rates of tax on overseas income		**(123.4)**	(84.8)
Over provision in prior year		**0.6**	(8.8)
Income tax expense		**234.2**	257.5
Income tax recognised directly in equity			
Deferred tax benefit			
Share based payments		**1.0**	(3.5)
Income tax benefit recognised in equity	**11**	**1.0**	(3.5)

CSL LIMITED AND ITS CONTROLLED ENTITIES

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	Consolidated Group	
	2012 $m	2011 $m
5 Earnings Per Share		
Earnings used in calculating basic and dilutive earnings per share comprises:		
Profit attributable to ordinary shareholders	**982.6**	940.6

	Number of shares	
	2012	2011
Weighted average number of ordinary shares used in the calculation of basic earnings per share:	**519,233,274**	540,530,188
Effect of dilutive securities:		
Employee options	**95,871**	273,892
Employee performance rights	**966,277**	1,002,133
Global employee share plan	**9,380**	4,903
Adjusted weighted average number of ordinary shares used in the calculation of diluted earnings per share:	**520,304,802**	541,811,116

Conversions, calls, subscription or issues after 30 June 2012

Subsequent to 30 June 2012, 23,094 shares have been issued to employees as a result of the exercise of performance rights and performance options. There have been no other conversions to, calls of, or subscriptions for ordinary shares or issues of ordinary or potential ordinary shares since the reporting date and before the completion of this financial report.

Options and performance rights

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

	Consolidated Group	
	2012 $m	2011 $m
6 Cash and cash equivalents		
Cash at bank and on hand	**337.5**	294.9
Cash deposits	**817.6**	184.5
Total cash and cash equivalents	**1,155.1**	479.4

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

	Consolidated Group	
	2012 $m	**2011 $m**
7 Trade and other receivables		
Current		
Trade receivables	**713.5**	734.4
Less: Provision for impairment loss *(i)*	**(45.6)**	(22.9)
	667.9	711.5
Sundry receivables	**76.7**	67.1
Prepayments	**28.3**	30.1
Carrying amount of current trade and other receivables*	**772.9**	808.7
Non Current		
Related parties		
Loans to other employees	**0.1**	1.1
Long term deposits	**3.6**	3.4
Other receivables	**6.6**	-
Carrying amount of non current trade and other receivables*	**10.3**	4.5

* The carrying amount disclosed above is a reasonable approximation of fair value. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivable disclosed above. Refer to note 34 for more information on the risk management policy of the Group and the credit quality of trade receivables.

(i) Past due but not impaired and impaired trade receivables

As at 30 June 2012, the Group had current trade receivables which were impaired and had a nominal value of $45,570,936 (2011: $22,891,265). These receivables have been provided for within the Group's provisions for impairment loss. Amounts charged to the provision account are generally written off when there is no expectation of recovering additional cash. Movements in the provision for impairment loss are reconciled as follows:

Opening balance at 1 July	**22.9**	25.6
Additional allowance/(utilised)	**26.0**	(1.2)
Currency translation differences	**(3.3)**	(1.5)
Closing balance at 30 June	**45.6**	22.9

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

(ii) Other receivables

The other classes within trade and other receivables do not contain impaired or overdue receivable amounts and it is expected that all of these amounts will be received when due. Loans provided to key management personnel to purchase the company's shares on the exercise of options are secured against those shares. The Group does not hold any collateral in respect to other receivable balances.

CSL LIMITED AND ITS CONTROLLED ENTITIES

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For the Year Ended 30 June 2012

	Consolidated Group	
	2012 $m	**2011 $m**
8 Inventories		
Raw materials and stores at the lower of cost and net realisable value	**316.4**	285.3
Work in progress at the lower of cost and net realisable value	**415.4**	462.5
Finished goods at the lower of cost and net realisable value	**730.3**	708.2
Total inventories at the lower of cost and net realisable value	**1,462.1**	1,456.0
9 Other financial assets		
Current		
At fair value through the profit or loss:		
Managed financial assets (held for trading)	**1.8**	2.7
Available-for-sale financial assets	**-**	15.3
Total current other financial assets as at 30 June	**1.8**	18.0
Non-current		
At fair value through the profit or loss:		
Managed financial assets	**1.1**	2.3
Total non-current other financial assets as at 30 June	**1.1**	2.3

CSL LIMITED AND ITS CONTROLLED ENTITIES

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For the Year Ended 30 June 2012

10 Property, Plant and Equipment

	Consolidated Group 2012 $m	2011 $m
Land at cost		
Opening balance 1 July	**25.3**	25.5
Currency translation differences	**(0.1)**	(0.2)
Closing balance 30 June	**25.2**	25.3
Buildings at cost		
Opening balance 1 July	**283.9**	275.0
Transferred from capital work in progress	**17.8**	15.9
Other additions	**-**	0.1
Disposals	**(0.7)**	(0.4)
Transfers	**-**	(0.3)
Currency translation differences	**(9.0)**	(6.4)
Closing balance 30 June	**292.0**	283.9
Accumulated depreciation and impairment losses		
Opening balance 1 July	**76.8**	66.4
Depreciation for the year	**13.4**	12.4
Disposals	**(0.4)**	(0.3)
Currency translation differences	**(3.6)**	(1.7)
Closing balance 30 June	**86.2**	76.8
Net book value of buildings	**205.8**	207.1
Net book value of land and buildings	**231.0**	232.4
Leasehold improvements at cost		
Opening balance 1 July	**63.8**	67.1
Transferred from capital work in progress	**15.7**	15.0
Other additions	**0.5**	1.1
Disposals	**(0.9)**	(5.7)
Transfers	**-**	0.5
Currency translation differences	**4.3**	(14.2)
Closing balance 30 June	**83.4**	63.8
Accumulated amortisation and impairment		
Opening balance 1 July	**20.0**	26.8
Amortisation for the year	**5.9**	4.9
Disposals	**(0.8)**	(5.4)
Transfers	**-**	0.1
Currency translation differences	**1.5**	(6.4)
Closing balance 30 June	**26.6**	20.0
Net book value of leasehold improvements	**56.8**	43.8

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Notes to the Financial Statements
For the Year Ended 30 June 2012

10 Property, Plant and Equipment (continued)

	Consolidated Group 2012 $m	Consolidated Group 2011 $m
Plant and equipment at cost		
Opening balance 1 July	**1,514.9**	1,405.7
Transferred from capital work in progress	**137.3**	207.1
Other additions	**16.4**	27.0
Disposals	**(18.2)**	(34.9)
Transfers	**-**	(0.2)
Transfers to intangibles	**-**	(1.8)
Currency translation differences	**(51.3)**	(88.0)
Closing balance 30 June	**1,599.1**	1,514.9
Accumulated depreciation and impairment		
Opening balance 1 July	**762.1**	738.3
Depreciation for the year	**120.9**	114.7
Disposals	**(17.3)**	(34.1)
Transfers	**-**	(0.1)
Currency translation differences	**(24.8)**	(56.7)
Closing balance 30 June	**840.9**	762.1
Net book value of plant and equipment	**758.2**	752.8
Leased property, plant and equipment at cost		
Opening balance 1 July	**32.9**	37.5
Other additions	**1.1**	1.1
Disposals	**(1.3)**	(1.3)
Currency translation differences	**(2.2)**	(4.4)
Closing balance 30 June	**30.5**	32.9
Accumulated amortisation and impairment		
Opening balance	**14.4**	14.2
Amortisation for the year	**2.8**	3.1
Disposals	**(0.9)**	(0.8)
Currency translation differences	**(1.6)**	(2.1)
Closing balance 30 June	**14.7**	14.4
Net book value of leased property, plant and equipment	**15.8**	18.5
Capital work in progress		
Opening balance 1 July	**159.8**	242.8
Other additions	**314.0**	170.2
Disposals	**(1.0)**	-
Transferred to buildings at cost	**(17.8)**	(15.9)
Transferred to plant and equipment at cost	**(137.3)**	(207.1)
Transferred to leasehold improvements at cost	**(15.7)**	(15.0)
Transfers to intangibles	**-**	(3.4)
Currency translation differences	**(2.1)**	(11.8)
Closing balance 30 June	**299.9**	159.8
Total net book value of property, plant and equipment	**1,361.7**	1,207.3

CSL LIMITED AND ITS CONTROLLED ENTITIES

Notes to the Financial Statements
For the Year Ended 30 June 2012

	Consolidated Group	
	2012 $m	**2011 $m**
11 Deferred tax assets and liabilities		
Deferred tax asset	**195.7**	174.2
Deferred tax liability	**(109.5)**	(122.2)
Net deferred tax asset/(liability)	**86.2**	52.0
Deferred tax balances reflect temporary differences attributable to:		
Amounts recognised in the statement of comprehensive income		
Trade and other receivables	**(8.7)**	(4.3)
Inventories	**90.5**	69.9
Property, plant and equipment	**(70.5)**	(63.9)
Intangible assets	**(42.5)**	(37.0)
Other assets	**(0.6)**	1.3
Trade and other payables	**10.4**	8.6
Interest bearing liabilities	**3.9**	4.0
Other liabilities and provisions	**50.2**	33.2
Retirement assets/(liabilities)	**30.2**	15.3
Tax bases not in net assets – share based payments	**10.1**	4.3
Recognised carry-forward tax losses	**8.4**	14.9
	81.4	46.3
Amounts recognised in equity		
Capital raising costs	**1.9**	3.8
Share based payments	**2.9**	1.9
	4.8	5.7
Net deferred tax asset/(liability)	**86.2**	52.0
Movement in temporary differences during the year		
Opening balance	**52.0**	76.5
Credited/(charged) to profit before tax	**19.1**	(4.5)
Credited/(charged) to other comprehensive income	**15.8**	(1.3)
Credited/(charged) to equity	**1.0**	(3.5)
Currency translation difference	**(1.7)**	(15.2)
Closing balance	**86.2**	52.0
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	**0.1**	-
Expiry date greater than 1 year but less than 5 years	**-**	0.1
Expiry date greater than 5 years	**-**	-
No expiry date	**0.7**	0.8
	0.8	0.9

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.

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Notes to the Financial Statements
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		Consolidated Group	
	Note	2012 $m	2011 $m
12 Intangible Assets			
Carrying amounts			
Goodwill			
Opening balance at 1 July		**712.6**	722.0
Currency translation differences		**(39.9)**	(9.4)
Closing balance at 30 June		**672.7**	712.6
Intellectual property			
Opening balance at 1 July		**354.9**	358.2
Additions		**0.7**	-
Disposals		**(1.7)**	-
Currency translation differences		**(13.4)**	(3.3)
Closing balance at 30 June		**340.5**	354.9
Accumulated amortisation and impairment			
Opening balance at 1 July		**198.8**	171.5
Amortisation for the year		**18.1**	22.8
Current year impairment charge	3	**-**	6.5
Currency translation differences		**(6.3)**	(2.0)
Closing balance at 30 June		**210.6**	198.8
Net intellectual property		**129.9**	156.1
Software			
Opening balance at 1 July		**54.4**	59.4
Additions		**0.6**	0.5
Disposals		**-**	(1.9)
Transfers from intangible capital work in progress		**14.8**	6.8
Currency translation differences		**1.2**	(10.4)
Closing balance at 30 June		**71.0**	54.4
Accumulated amortisation and impairment			
Opening balance at 1 July		**18.7**	12.6
Amortisation for the year		**10.4**	8.2
Currency translation differences		**0.4**	(2.1)
Closing balance at 30 June		**29.5**	18.7
Net Software		**41.5**	35.7
Intangible capital work in progress			
Opening balance at 1 July		**10.6**	-
Additions		**13.0**	13.2
Transfers to software intangibles		**(14.8)**	(6.8)
Transfers from property, plant and equipment		**-**	5.3
Currency translation differences		**0.4**	(1.1)
Closing balance at 30 June		**9.2**	10.6
Total net intangible assets as at 30 June		**853.3**	915.0

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

	Consolidated Group 2012 $m	Consolidated Group 2011 $m
12 Intangible Assets (continued)		
Impairment tests for cash generating units containing goodwill		
For the purpose of impairment testing, goodwill is allocated to the business unit which represents the lowest level within the Group at which the goodwill is monitored for internal management purposes. The aggregate carrying amounts of goodwill allocated to each unit are as follows:		
CSL Behring	**660.6**	700.5
CSL Biotherapies	**12.1**	12.1
Closing balance of goodwill as at 30 June	**672.7**	712.6

The impairment tests for these cash generating units are based on value in use calculations. These calculations use cash flow projections based on actual operating results and the three-year strategic business plan, after which a terminal value is calculated based on a business valuation multiple. The valuation multiple has been calculated based on independent external analyst views, long term government bond rates and the company's pre-tax cost of debt. Projected cash flows have been discounted by using the implied pre-tax discount rate of 8.4% (2011: 10.3%) associated with the business valuation multiple discussed above. Each unit's recoverable amount exceeds the carrying value of its net assets, inclusive of goodwill. It is not considered a reasonable possibility for a change in assumptions to occur that would lead to a unit's recoverable amount falling below the carrying value of each unit's respective net assets.

	Consolidated Group 2012 $m	Consolidated Group 2011 $m
13 Retirement benefit assets and liabilities		
Retirement benefit assets		
Non-current defined benefit plans (refer note 26)	**-**	2.6
Retirement benefit liabilities		
Non-current defined benefit plans (refer note 26)	**167.2**	113.9

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	Consolidated Group	
	2012 $m	**2011 $m**
14 Trade and other payables		
Current		
Trade payables	**217.9**	244.7
Accruals and other payables	**311.0**	248.8
Carrying amount of current trade and other payables	**528.9**	493.5
Non-current		
Share based payments (EDIP)	**15.2**	4.0
Carrying amount of non-current trade and other payables	**15.2**	4.0
15 Interest-bearing liabilities and borrowings		
Current		
Bank overdrafts – Unsecured	**3.2**	0.6
Bank loans – Unsecured (a)	**-**	209.0
Senior Unsecured Notes - Unsecured (b)	**161.1**	13.7
Lease liability – Secured (c)	**2.9**	2.9
	167.2	226.2
Non-current		
Bank loans – Unsecured (a)	**346.6**	-
Senior Unsecured Notes - Unsecured (b)	**734.4**	162.9
Lease liability - Secured (c)	**23.4**	27.1
	1,104.4	190.0

(a) The Group has three revolving committed bank facilities. These facilities mature in November 2016. Interest on the facilities is paid quarterly in arrears at a variable rate. As at the reporting date the Group had $447.9m in undrawn funds available under these facilities.

(b) Represents US$844.1 million and Euro 55.9 million of Senior Unsecured Notes placed into the US Private Placement market. The Euro notes and US$94.1 million of the US$ notes mature in December 2012. The balance of the US$ notes mature in November 2018 (US$200m), November 2021 (US$250m), November 2023 (US$200m) and November 2026 (US$100m). The weighted average interest rate on the notes is fixed at 4.04% for the US$ notes and 4.67% for the Euro notes.

(c) Finance leases have an average lease term of 12 years (2011: 12 years). The weighted average discount rate implicit in the leases is 5.75% (2011: 5.65%). The Group's lease liabilities are secured by leased assets of $15.3 million (2011: $18.5 million). In the event of default, leased assets revert to the lessor.

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

	Consolidated Group	
	2012 $m	**2011 $m**
16 Tax liabilities		
Current tax receivable	**5.3**	-
	5.3	-
Current income tax liability	**139.8**	131.7
	139.8	131.7
17 Provisions		
Current		
Employee benefits	**80.6**	71.6
Restructuring	**6.6**	4.1
Onerous contracts	**10.1**	11.0
Other	**1.7**	1.9
	99.0	88.6
Non-current		
Employee benefits	**26.8**	27.4
Other	**0.8**	1.1
	27.6	28.5

Restructuring

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

Onerous contracts

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

Discounting

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

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	Consolidated Group	
	2012 $m	**2011 $m**
17 Provisions (continued)		
Movements in provisions		
Restructuring		
Opening balance	**4.1**	6.4
Provided	**3.6**	1.8
Payments made	**(1.1)**	(4.1)
Closing balance	**6.6**	4.1
Onerous contracts		
Opening balance	**11.0**	11.7
Currency differences	**(0.9)**	(0.7)
Closing balance	**10.1**	11.0
Other		
Opening balance	**3.0**	4.2
Additional provision	**0.3**	(0.3)
Payments made	**(0.6)**	(0.8)
Currency differences	**(0.2)**	(0.1)
Closing balance	**2.5**	3.0
18 Deferred government grants		
Current deferred income	**1.0**	1.0
Non-current deferred income	**29.8**	18.9
Total deferred government grants	**30.8**	19.9
19 Derivative financial instruments – current liabilities		
Forward Currency Contracts	**1.4**	5.1

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.

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	Consolidated Group	
	2012 $m	**2011 $m**
20 Contributed equity		
Ordinary shares issued and fully paid	**-**	253.9
Share buy-back reserve	**(373.3)**	-
Total contributed equity	**(373.3)**	253.9

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.

Due to share buy-backs, the balance for ordinary share contributed equity has been reduced to nil, and a reserve created to reflect the excess of shares bought over the original amount of subscribed capital.

	2012		2011	
	Number of shares	**$m**	**Number of shares**	**$m**
Movement in contributed equity				
Opening balance at 1 July	**524,840,532**	**253.9**	549,692,886	1,139.2
Shares issued to employees via:				
- Performance Options *(i)*	**163,814**	**3.5**	540,971	9.6
- Performance Rights (for nil consideration)	**240,178**	**-**	483,734	-
- GESP *(ii)*	**207,576**	**5.0**	186,110	5.1
Share buy-back, inclusive of cost	**(18,522,253)**	**(635.7)**	(26,063,169)	(900.0)
Closing balance	**506,929,847**	**(373.3)**	524,840,532	253.9

	Consolidated Group	
	2012 $m	**2011 $m**
(i) Options exercised under Performance Option plans as disclosed in note 27 were as follows:		
- 128,670 issued at $17.48 (2011: 534,707 issued at $17.48)	**2.2**	9.4
- 30,849 issued at $35.46 (2011: 6,264 issued at $35.46)	**1.1**	0.2
- 4,295 issued at $37.91 (2011: Nil)	**0.2**	-
	3.5	9.6
(ii) Shares issued to employees under Global Employee Share Plan (GESP) as disclosed in note 27 were as follows:		
- 102,876 issued at $24.17 on 7 September 2011	**2.5**	2.6
- 104,700 issued at $24.03 on 8 March 2012	**2.5**	2.5
	5.0	5.1

21 Reserves

	Consolidated Group 2012 $m	2011 $m
Share based payments reserve	**113.2**	99.5
Foreign currency translation reserve	**(636.1)**	(520.2)
Available-for-sale investments reserve	**-**	(0.9)
Carrying value of reserves at 30 June	**(522.9)**	(421.6)
Movements in reserves		
Share based payments reserve (i)		
Opening balance at 1 July	**99.5**	84.2
Share based payments expense	**11.8**	14.5
Deferred tax on share based payments	**1.9**	0.8
Closing balance at 30 June	**113.2**	99.5
Foreign currency translation reserve (ii)		
Opening balance at 1 July	**(520.2)**	(326.8)
Net exchange gains/(losses) on translation of foreign subsidiaries, net of hedge	**(115.9)**	(193.4)
Closing balance at 30 June	**(636.1)**	(520.2)
Available-for-sale investments reserve (iii)		
Opening balance at 1 July	**(0.9)**	-
Mark to market adjustment on available-for-sale financial assets	**0.9**	(0.9)
Closing balance at 30 June	**-**	(0.9)

Nature and purpose of reserves

(i) Share based payments reserve

The share based payments reserve is used to recognise the fair value of options, performance rights and global employee share plan rights issued to employees.

(ii) Foreign currency translation reserve

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

(iii) Available-for-sale investments reserve

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

CSL LIMITED AND ITS CONTROLLED ENTITIES

Notes to the Financial Statements
For the Year Ended 30 June 2012

	Notes	Consolidated Group 2012 $m	2011 $m
22 Retained earnings			
Opening balance at 1 July		**3,812.1**	3,318.6
Net profit for the year		**982.6**	940.6
Dividends	**23**	**(422.1)**	(435.9)
Actuarial gain/(loss) on defined benefit plans		**(63.9)**	(9.9)
Deferred tax on actuarial gain/(loss) on defined benefit plans		**15.8**	(1.3)
Closing balance at 30 June		**4,324.5**	3,812.1
23 Dividends			
Dividends paid			
Dividends recognised in the current year by the Company are:			
Final ordinary dividend of 45 cents per share, franked to 4%, paid on 14 October 2011 (2011: 45 cents per share, franked to 11%)		**236.2**	247.5
Interim ordinary dividend of 36 cents per share, unfranked, paid on 13 April 2012 (2011: 35 cents per share, unfranked)		**185.9**	188.4
		422.1	435.9
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 47 cents per share, unfranked. (2011: ordinary dividend of 45 cents per share, franked to 2.00 cents per share). The final dividend is expected to be paid on 12 October 2012. Based on the number of shares on issue as at reporting date, the aggregate amount of the proposed dividend would be:		**238.3**	236.2
The actual aggregate dividend amount paid out of profits will be dependent on the actual number of shares on issue at dividend record date.			

CSL LIMITED AND ITS CONTROLLED ENTITIES

Notes to the Financial Statements
For the Year Ended 30 June 2012

	Notes	Consolidated Group 2012 $m	2011 $m
24 Equity			
Total equity at the beginning of the financial year		**3,644.4**	4,215.2
Total comprehensive income for the period		**819.5**	735.1
Movement in contributed equity	**20**	**(627.2)**	(885.3)
Dividends	**23**	**(422.1)**	(435.9)
Movement in share based payments reserve	**21**	**13.7**	15.3
Total equity at the end of the financial year		**3,428.3**	3,644.4
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**	**337.5**	294.9
Cash deposits	**6**	**817.6**	184.5
Bank overdrafts	**15**	**(3.2)**	(0.6)
		1,151.9	478.8
(b) Reconciliation of Profit after tax to Cash Flows from Operations			
Profit after tax		**982.6**	940.6
Non-cash items in profit after tax			
Depreciation, amortisation and impairment charges		**171.5**	172.6
(Gain)/loss on disposal of property, plant and equipment		**2.6**	1.3
Mark to market adjustment on available-for-sale investments		**(0.9)**	0.9
Share based payments expense		**23.1**	18.5
Changes in assets and liabilities:			
(Increase)/decrease in trade and other receivables		**1.7**	48.6
(Increase)/decrease in inventories		**(33.1)**	(156.9)
(Increase)/decrease in retirement benefit assets		**2.6**	2.2
Increase/decrease in net tax assets and liabilities		**(14.7)**	10.2
Increase/(decrease) in trade and other payables		**12.9**	21.4
Increase/(decrease) in provisions		**14.2**	(40.0)
Increase/(decrease) in retirement benefit liabilities		**(2.5)**	(1.3)
Net cash inflow from operating activities		**1,160.0**	1,018.1
(c) Non cash financing activities			
Acquisition of plant and equipment by means of finance leases		**1.1**	1.1

CSL LIMITED AND ITS CONTROLLED ENTITIES

Notes to the Financial Statements
For the Year Ended 30 June 2012

26 Employee benefits

	Consolidated Group 2012 $m	Consolidated Group 2011 $m
A reconciliation of the employee benefits recognised is as follows:		
Retirement benefit assets – non-current (note 13)	**-**	2.6
Provision for employee benefits – current (note 17)	**80.6**	71.6
Retirement benefit liabilities – non-current (note 13)	**167.2**	113.9
Provision for employee benefits – non-current (note 17)	**26.8**	27.4
	274.6	212.9

	Number of FTEs 2012	Number of FTEs 2011
The number of full time equivalents employed at 30 June	**10,515**	10,411

(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 2012 $m	Consolidated Group 2011 $m
Movements in the net liability/(asset) for defined benefit obligations recognised in the balance sheet		
Net liability/(asset) for defined benefit obligation:		
Opening balance	**111.3**	111.4
Contributions received	**(20.6)**	(16.9)
Benefits paid	**(3.0)**	(5.8)
Expense/(benefit) recognised in the statement of comprehensive income	**19.9**	20.3
Actuarial (gains)/losses recognised in equity	**67.6**	9.9
Currency translation differences	**(8.0)**	(7.6)
Closing balance	**167.2**	111.3
Net liability/(asset) for defined benefit obligation is reconciled to the balance sheet as follows:		
Retirement benefit assets – non-current (note 13)	**-**	(2.6)
Retirement benefit liabilities – non-current (note 13)	**167.2**	113.9
Net liability/(asset)	**167.2**	111.3

CSL LIMITED AND ITS CONTROLLED ENTITIES

Notes to the Financial Statements
For the Year Ended 30 June 2012

26 Employee benefits (continued)

(a) Defined benefit plans (continued)

	Consolidated Group 2012 $m	2011 $m	2010 $m
Amounts for the current and previous periods are as follows:			
Defined benefit obligation	**547.3**	492.2	467.4
Plan assets	**380.1**	380.9	355.9
Surplus/(deficit)	**(167.2)**	(111.3)	(111.5)
Experience adjustments on plan liabilities	**(58.7)**	(12.9)	(2.3)
Experience adjustments on plan assets	**(8.9)**	3.7	7.5
Actual return on plan assets	**8.5**	19.6	24.6

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

	Consolidated Group 2012 $m	2011 $m
Changes in the present value of the defined benefit obligation are as follows:		
Opening balance	**492.2**	467.4
Service cost	**19.4**	18.8
Interest cost	**17.5**	17.4
Contributions by members	**5.6**	5.3
Actuarial (gains)/losses	**58.7**	12.9
Benefits paid	**(16.2)**	(19.3)
Other movements	**-**	(1.0)
Currency translation differences	**(29.9)**	(9.3)
Closing balance	**547.3**	492.2
The present value of the defined benefit obligation comprises:		
Present value of wholly unfunded obligations	**115.8**	92.9
Present value of funded obligations	**431.5**	399.3
	547.3	492.2
Changes in the fair value of plan assets are as follows:		
Opening balance	**380.9**	355.9
Expected return on plan assets	**17.4**	15.9
Actuarial gains/(losses) on plan assets	**(8.9)**	3.7
Contributions by employer	**20.6**	16.9
Contributions by members	**5.7**	5.3
Benefits paid	**(13.2)**	(15.4)
Other movements	**(0.4)**	(0.4)
Currency translation differences	**(22.0)**	(1.0)
Closing balance	**380.1**	380.9

CSL LIMITED AND ITS CONTROLLED ENTITIES

Notes to the Financial Statements
For the Year Ended 30 June 2012

26 Employee benefits (continued)

	Consolidated Group 2012 $m	Consolidated Group 2011 $m
(a) Defined benefit plans (continued)		
The major categories of plan assets as a percentage of total plan assets is as follows:		
Cash	**5.2%**	4.1%
Equity instruments	**33.7%**	35.2%
Debt instruments	**43.0%**	45.4%
Property	**16.5%**	13.6%
Other assets	**1.6%**	1.7%
	100.0%	100.0%
Expenses/(gains) recognised in the statement of comprehensive income are as follows:		
Current service costs	**19.9**	18.8
Interest on obligation	**17.5**	17.4
Expected return on assets	**(17.5)**	(15.9)
Total included in employee benefits expense	**19.9**	20.3
The principal actuarial assumptions at the balance sheet date (expressed as weighted averages) are as follows:		
Discount rate	**3.0%**	3.7%
Expected return on assets and expected long-term rate of return on assets[1]	**3.4%**	3.7%
Future salary increases	**2.3%**	2.3%
Future pension increases	**0.4%**	0.3%

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

26 Employee benefits (continued)

(a) Defined benefit plans (continued)

Surplus/(deficit) for each defined benefit plan on a funding basis	Plan assets[2] $m	Accrued benefit[2] $m	Plan surplus / (deficit) $m
Consolidated Group – June 2012			
CSL Pension Plan (Australia)	**34.3**	**(40.4)**	**(6.1)**
CSL Behring AG Pension Fund (Switzerland)	**298.7**	**(328.7)**	**(30.0)**
CSL Behring Union Pension Plan (US UPP)	**47.1**	**(62.4)**	**(15.3)**
CSL Behring GmbH Supplementary Pension Plan (Germany)	**-**	**(89.5)**	**(89.5)**
CSL Pharma GmbH Pension Plan (Germany)	**-**	**(1.7)**	**(1.7)**
CSL Behring KG Pension Plan (Germany)	**-**	**(5.7)**	**(5.7)**
CSL Plasma GmbH Pension Plan (Germany)	**-**	**(0.2)**	**(0.2)**
CSL Behring KK Retirement Allowance Plan (Japan)	**-**	**(17.3)**	**(17.3)**
CSL Behring S.A. Pension Plan (France)	**-**	**(0.4)**	**(0.4)**
CSL Behring S.p.A Pension Plan (Italy)	**-**	**(1.0)**	**(1.0)**
	380.1	**(547.3)**	**(167.2)**
Consolidated Group – June 2011			
CSL Pension Plan (Australia)	35.4	(32.8)	2.6
CSL Behring AG Pension Fund (Switzerland)	301.8	(315.3)	(13.5)
CSL Behring Union Pension Plan (US UPP)	43.7	(51.2)	(7.5)
CSL Behring GmbH Supplementary Pension Plan (Germany)	-	(72.0)	(72.0)
CSL Pharma GmbH Pension Plan (Germany)	-	(1.5)	(1.5)
CSL Behring KG Pension Plan (Germany)	-	(3.9)	(3.9)
CSL Plasma GmbH Pension Plan (Germany)	-	(0.2)	(0.2)
CSL Behring KK Retirement Allowance Plan (Japan)	-	(13.7)	(13.7)
CSL Behring S.A. Pension Plan (France)	-	(0.3)	(0.3)
CSL Behring S.p.A Pension Plan (Italy)	-	(1.3)	(1.3)
	380.9	(492.2)	(111.3)

[2] 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.

In addition to the above, CSL Behring GmbH employees are members of two multi-employer pension plans ("Penka 1" and "Penka 2") administered by an unrelated third party. CSL Behring and the employees make contributions to the plans and receive pension entitlements on retirement. Following a recent review of these arrangements CSL is aware that there is the potential for the employer to have to make additional contributions in the event that the multi-employer fund does not have sufficient assets to pay all benefits. There is insufficient information available for the scheme to be shown at the CSL Group level because the pension assets cannot be split between the participating companies. The company's contributions are advised by the funds and are designed to cover expected liabilities based on actuarial assumptions. CSL Behring GmbH contribute 300% of the employee contribution to Penka 1 (2012: €3.9m, 2011: €3.9m) and 100% of the employee contribution to Penka 2 (2012: €0.5m, 2011: €0.4m), neither of these contribution rates has changed since 2007. Contributions are expensed in the year in which they are made.

(b) Defined contribution plans

The Group makes contributions to various defined contribution pension plans. The amounts recognised as an expense for the year ended 30 June 2012 was $19.9m (2011: $19.4m).

27 Share based payments

	Consolidated Group 2012 $m	2011 $m
(a) Recognised share based payments expenses		
The expense recognised for employee services rendered during the year is as follows:		
Expense arising from equity-settled share-based payment transactions	**11.8**	14.5
Expense arising from cash-settled share-based payment transactions	**11.3**	4.0
	23.1	18.5

(b) Share based payment schemes

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

Senior Executive Share Ownership Plan (SESOP II)

The SESOP II plan was approved by special resolution at the annual general meeting of the Company on 20 November 1997. The plan governed the provision of share based long term incentives in the form of options issued between 1997 and 1 July 2003 inclusive. There have been no SESOP II options issued since July 2003. Other than those which lapsed, all SESOP II options vested in earlier financial years following the achievement of a 7% compound growth in earnings per share over their vesting period. All SESOP II options which were capable of vesting have now been exercised. The price payable on exercise of SESOP II options equalled the weighted average price over the 5 days preceding the issue date of the options. Upon request, interest bearing loans were available to employees to fund the exercise of their SESOP II options. The terms and conditions associated with the provision of SESOP II loans are set out in note 28(b) and the remuneration report. At 30 June 2012, no loans remain outstanding.

Employee Performance Rights Plan (the plan)

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

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

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

27 Share based payments (continued)

(b) Share based payment schemes (continued)

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

The Employee Performance Rights Plan was amended with effect from October 2006. Under the amended plan, share based long term incentives issued between October 2006 and October 2009 comprise grants made to executives of both performance rights and performance options, each subject to a different performance hurdle. Each long-term incentive grant generally consisted of 50% performance rights and 50% performance options. Grants of performance rights and performance options were issued for nil consideration. The plan, as amended, retained the TSR performance hurdle and provided for 100% vesting of performance rights at the expiration of their vesting period if the Company's TSR performance was at or above the 50th percentile on the relevant test date. Under the revised plan, performance options were subject to an earnings per share (EPS) performance hurdle. 10% compound EPS growth per annum is required for the performance options to vest at the expiration of their vesting period. EPS growth is measured from 30 June in the financial year preceding the grant of options until 30 June in the financial year prior to the relevant test date. Vested performance options entitle the holder to one ordinary share on payment of an exercise price equal to the volume weighted average CSL share price over the week up to and including the date of grant. Performance rights and performance options issued between October 2006 and October 2009 were issued for a term of seven years. A portion, namely 25%, of the number of instruments granted becomes exercisable, subject to satisfying the relevant performance hurdle, after the second anniversary of the date of grant. Again, subject to satisfying the relevant performance hurdle, further portions of 35% and 40% of the number of instruments granted become exercisable after the third and fourth anniversaries post date of grant, respectively. If the portion tested at the applicable anniversary meets the relevant performance hurdle, that portion of rights and options vest and become exercisable until the expiry date. If the portion tested fails to meet the performance hurdle the portion is carried over to the next anniversary and retested. After the fifth anniversary, any performance rights and performance options not vested lapse. Importantly, there is an individual employee hurdle requiring an executive to obtain for the financial year prior to exercise of the Performance Rights and Performance Options, a satisfactory (or equivalent) rating under the Company's performance management system. The last grant of performance rights and options to be issued on these terms was in October in 2009.

Share based long term incentives issued since October 2010

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

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

Global Employee Share Plan (GESP)

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

Executive Deferred Incentive Plan (EDIP)

On 1 October 2011, 581,750 phantom shares were granted to employees under the Executive Deferred Incentive Plan (2011: 518,750). This plan provides for a grant of phantom shares which will generate a cash payment to participants in three years time, provided they are still employed by the company and receive a satisfactory performance review over that period. The amount of the cash payment will be determined by reference to the CSL share price immediately before the three year anniversary.

27 Share based payments (continued)

(c) Outstanding share based payment equity instruments

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

June 2012	Opening Balance	Granted	Exercised	Forfeited	Lapsed	Closing balance	Exercise Price	Expiry date	Vested at 30 June 2012
Options (by grant date)									
2 October 2006	269,652	-	128,670	-	-	140,982	$17.48	2-Oct-13	140,982
1 October 2007	595,520	-	30,849	42,840	-	521,831	$35.46	30-Sep-14	521,831
1 April 2008	3,240	-	-	-	-	3,240	$36.56	31-Mar-15	3,240
1 October 2008	684,240	-	4,295	28,360	-	651,585	$37.91	30-Sep-15	389,233
1 April 2009	9,300	-	-	1,540	-	7,760	$32.50	31-Mar-16	4,656
1 October 2009	1,066,320	-	-	45,680	-	1,020,640	$33.68	30-Sep-16	-
1 October 2010	216,420	-	-	-	-	216,420	$33.45	30-Sep-17	-
1 October 2011	-	261,140	-	-	-	261,140	$29.34	30-Sep-18	-
	2,844,692	261,140	163,814	118,420	-	2,823,598			1,059,942
Performance Rights (by grant date)									
29 October 2004	9,500	-	9,500	-	-	-	Nil	25-Aug-11	-
7 September 2005	66,950	-	66,950	-	-	-	Nil	7-Jun-12	-
2 October 2006	62,952	-	30,675	-	-	32,277	Nil	2-Oct-13	32,277
1 October 2007	125,814	-	70,810	3,204	-	51,800	Nil	30-Sep-14	51,800
1 April 2008	1,460	-	1,208	-	-	252	Nil	31-Mar-15	252
1 October 2008	247,840	-	-	12,260	-	235,580	Nil	30-Sep-15	-
1 April 2009	3,440	-	-	560	-	2,880	Nil	31-Mar-16	-
1 October 2009	358,240	-	60,735	14,600	-	282,905	Nil	30-Sep-16	27,875
1 October 2010	284,420	-	-	-	-	284,420	Nil	30-Sep-17	-
1 October 2011	-	290,200	-	-	-	290,200	Nil	30-Sep-18	-
	1,160,616	290,200	239,878	30,624	-	1,180,314			112,204
GESP (by grant date)									
1 March 2011	102,876	-	102,876	-	-	-	$24.17	31-Aug-11	-
1 September 2011	-	104,700	104,700	-	-	-	$24.03	28-Feb-12	-
1 March 2012 #	-	99,215	-	-	-	99,215	$27.65	31-Aug-12	-
	102,876	203,915	207,576	-	-	99,215			-
Total	**4,108,184**	**755,255**	**611,268**	**149,044**	**-**	**4,103,127**			**1,172,146**

As noted above, the exercise price at which GESP plan shares are issued is calculated at a 15% discount to the lower of the ASX market price on the first and last dates of the contribution period. Accordingly the exercise price and the final number of shares issued is not yet known (and may differ from the assumptions and fair values disclosed below). The number of shares which may ultimately be issued based on entitlements granted on 1 March 2012 has been estimated based on information available as at 30 June 2012.

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

Options	$33.39
Performance Rights	$32.78
GESP	$30.14

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Notes to the Financial Statements
For the Year Ended 30 June 2012

27 Share based payments (continued)

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

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

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

As noted above, the exercise price at which GESP plan shares are issued is calculated at a 15% discount to the lower of the ASX market price on the first and last dates of the contribution period.

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

Options	$34.57
Performance Rights	$33.38
GESP	$34.24

27 Share based payments (continued)

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

	Fair Value[1]	Share Price	Exercise Price	Expected volatility[2]	Life assumption	Expected dividend yield	Risk free interest rate
Performance Rights (by grant date)							
29 October 2004	$6.90	$9.60	Nil	34.0%	4 years	2.0%	5.32%
7 September 2005	$8.13	$11.58	Nil	27.0%	4 years	1.5%	5.10%
2 October 2006 – Tranche 1	$14.20	$18.01	Nil	27.0%	2 years	1.5%	5.67%
2 October 2006 – Tranche 2	$13.32	$18.01	Nil	27.0%	3 years	1.5%	5.67%
2 October 2006 – Tranche 3	$12.47	$18.01	Nil	27.0%	4 years	1.5%	5.67%
1 October 2007 – Tranche 1	$28.65	$35.93	Nil	29.0%	2 years	1.5%	6.45%
1 October 2007 – Tranche 2	$26.78	$35.93	Nil	29.0%	3 years	1.5%	6.45%
1 October 2007 – Tranche 3	$25.20	$35.93	Nil	29.0%	4 years	1.5%	6.45%
1 April 2008 – Tranche 1	$30.27	$36.56	Nil	32.0%	2 years	1.5%	6.00%
1 April 2008 – Tranche 2	$29.06	$36.56	Nil	32.0%	3 years	1.5%	6.00%
1 April 2008 – Tranche 3	$27.57	$36.56	Nil	32.0%	4 years	1.5%	6.00%
1 October 2008 – Tranche 1	$33.30	$38.75	Nil	33.0%	2 years	1.5%	5.22%
1 October 2008 – Tranche 2	$31.72	$38.75	Nil	33.0%	3 years	1.5%	5.22%
1 October 2008 – Tranche 3	$30.15	$38.75	Nil	33.0%	4 years	1.5%	5.22%
1 April 2009 – Tranche 1	$27.55	$32.10	Nil	33.0%	2 years	1.5%	3.94%
1 April 2009 – Tranche 2	$26.55	$32.10	Nil	33.0%	3 years	1.5%	3.94%
1 April 2009 – Tranche 3	$25.50	$32.10	Nil	33.0%	4 years	1.5%	3.94%
1 October 2009 – Tranche 1	$28.91	$33.44	Nil	33.0%	2 years	1.5%	5.16%
1 October 2009 – Tranche 2	$27.72	$33.44	Nil	33.0%	3 years	1.5%	5.16%
1 October 2009 – Tranche 3	$26.31	$33.44	Nil	33.0%	4 years	1.5%	5.16%
1 October 2010 – Tranche 1	$26.59	$32.94	Nil	30.0%	3 years	2.5%	4.83%
1 October 2010 – Tranche 2	$26.23	$32.94	Nil	30.0%	4 years	2.5%	4.91%
1 October 2011 – Tranche 1	$23.75	$29.34	Nil	27.0%	3 years	2.5%	3.44%
1 October 2011 – Tranche 2	$23.41	$29.34	Nil	27.0%	4 years	2.5%	3.52%

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

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

CSL LIMITED AND ITS CONTROLLED ENTITIES

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27 Share based payments (continued)

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

	Fair Value[1]	Share Price	Exercise Price	Expected volatility[2]	Life assumption	Expected dividend yield	Risk free interest rate
Options (by grant date)							
2 October 2006 – Tranche 1	$5.71	$18.01	$17.48	27.0%	2 years	1.5%	5.67%
2 October 2006 – Tranche 2	$5.83	$18.01	$17.48	27.0%	3 years	1.5%	5.67%
2 October 2006 – Tranche 3	$5.96	$18.01	$17.48	27.0%	4 years	1.5%	5.67%
1 October 2007 – Tranche 1	$12.06	$35.93	$35.46	29.0%	2 years	1.5%	6.45%
1 October 2007 – Tranche 2	$12.33	$35.93	$35.46	29.0%	3 years	1.5%	6.45%
1 October 2007 – Tranche 3	$12.59	$35.93	$35.46	29.0%	4 years	1.5%	6.45%
1 April 2008 – Tranche 1	$12.64	$36.56	$36.23	32.0%	2 years	1.5%	6.00%
1 April 2008 – Tranche 2	$12.92	$36.56	$36.23	32.0%	3 years	1.5%	6.00%
1 April 2008 – Tranche 3	$13.18	$36.56	$36.23	32.0%	4 years	1.5%	6.00%
1 October 2008 – Tranche 1	$13.31	$38.75	$37.91	33.0%	2 years	1.5%	5.22%
1 October 2008 – Tranche 2	$13.58	$38.75	$37.91	33.0%	3 years	1.5%	5.22%
1 October 2008 – Tranche 3	$13.85	$38.75	$37.91	33.0%	4 years	1.5%	5.22%
1 April 2009 – Tranche 1	$9.27	$32.10	$32.50	33.0%	2 years	1.5%	3.94%
1 April 2009 – Tranche 2	$9.73	$32.10	$32.50	33.0%	3 years	1.5%	3.94%
1 April 2009 – Tranche 3	$10.15	$32.10	$32.50	33.0%	4 years	1.5%	3.94%
1 October 2009 – Tranche 1	$10.34	$33.44	$33.68	33.0%	2 years	1.5%	5.16%
1 October 2009 – Tranche 2	$10.87	$33.44	$33.68	33.0%	3 years	1.5%	5.16%
1 October 2009 – Tranche 3	$11.36	$33.44	$33.68	33.0%	4 years	1.5%	5.16%
1 October 2010 – Tranche 1	$8.46	$32.94	$33.45	30.0%	3 years	2.5%	4.83%
1 October 2010 – Tranche 2	$8.90	$32.94	$33.45	30.0%	4 years	2.5%	4.91%
1 October 2011 – Tranche 1	$6.34	$29.34	$29.34	27.0%	3 years	2.5%	3.44%
1 October 2011 – Tranche 2	$6.77	$29.34	$29.34	27.0%	4 years	2.5%	3.52%
GESP (by grant date)[3]							
1 March 2008	$5.51	$36.75	$31.24	32.0%	6 months	1.5%	6.00%
1 September 2008	$5.62	$37.50	$31.88	33.0%	6 months	1.5%	5.22%
1 March 2009	$4.84	$32.29	$27.45	33.0%	6 months	1.5%	3.94%
1 September 2009	$4.94	$32.96	$28.02	33.0%	6 months	1.5%	5.16%
1 March 2010	$4.81	$32.10	$27.29	30.0%	6 months	2.5%	4.83%
1 September 2010	$4.86	$32.37	$27.51	30.0%	6 months	2.5%	4.83%
1 March 2011	$4.27	$28.44	$24.17	27.0%	6 months	2.5%	3.44%
1 September 2011	$4.24	$28.27	$24.03	27.0%	6 months	2.5%	3.44%
1 March 2012	$4.88	$32.53	$27.65	27.0%	6 months	2.5%	3.44%

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

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

[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.

27 Share based payments (continued)

(e) Cash-settled EDIP

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

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

	Consolidated Group	
	2012	**2011**
October 2010 grant		
Dividend yield (%)	**2.5%**	2.5%
Fair value of grants at reporting date ($)	**$38.22**	$31.27
October 2011 grant		
Dividend yield (%)	**2.5%**	-
Fair value of grants at reporting date ($)	**$37.29**	-

(f) Recognised cash-settled share based payments liability

The carrying amount of the liability relating to the cash-settled share-based payment at 30 June 2012 is $15,175,483 (2011: $3,982,898). No cash-settled awards vested during the period ended 30 June 2012 (2011: $Nil).

28 Key management personnel disclosures

The following were key management personnel of the Group at any time during the 2012 and 2011 financial years and unless otherwise indicated they were key management personnel (KMP) during the whole of those financial years:

Non-executive directors

J Shine (appointed as Chairman 19 October 2011)

J Akehurst

D W Anstice

B Brook (appointed 16 August 2011)

C O'Reilly

I A Renard

M A Renshaw

E A Alexander (Chairman, retired 19 October 2011)

D Simpson (retired 19 October 2011)

Executive directors

B A McNamee (Chief Executive Officer & Managing Director)

P Turner (Executive Director)

Executives

P Perreault (President, CSL Behring)

G Naylor (Chief Financial Officer)

A Cuthbertson (Chief Scientific Officer)

J Davies (Executive VP, CSL Biotherapies)

G Boss (Group General Counsel)

I Sieper (Executive VP, Commercial Operations, KMP since 1 July 2011)

M Sontrop (Executive VP, Operations)

K Etchberger (Executive VP, Plasma, Supply Chain and IT)

E Bailey (Company Secretary)

J Lever (Senior VP, Human Capital)

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	Consolidated Group 2012 $	Consolidated Group 2011 $
28 Key management personnel disclosures (continued)		
(a) Total compensation for key management personnel		
Short term remuneration elements		
Salary and Fees	**10,476,843**	10,781,388
Short term incentive cash bonus	**5,155,552**	3,896,409
Non-monetary benefits	**79,063**	105,117
Total of short term remuneration elements	**15,711,458**	14,782,914
Post-employment elements		
Pension benefits	**1,151,486**	853,925
Retirement benefits	**323,259**	-
Total of post-employment elements	**1,474,745**	853,925
Other long term elements		
Long service leave and equivalents	**367,157**	578,447
Deferred cash incentive	**1,023,778**	679,833
Total of other long term elements	**1,390,935**	1,258,280
Share-based payments		
Equity settled performance rights	**3,447,930**	2,730,748
Equity settled options	**2,043,468**	2,703,490
Cash settled options	**857,704**	324,680
Total of share based payments	**6,349,102**	5,758,918
Other remuneration elements		
Termination benefits	**1,588,733**	500,523
Total of all remuneration elements [1]	**26,514,973**	23,154,560

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

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

(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	**2012**	**-**	**-**	-	-
	2011	978,950	-	-	-
Total for other related parties	**2012**	**-**	**-**	-	-
	2011	-	-	-	-
Total for key management personnel and their related parties	**2012**	**-**	**-**	-	-
	2011	978,950	-	-	-

28 Key management personnel disclosures (continued)

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

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

- The Group has a number of contractual relationships, including property leases and collaborative research arrangements, with the University of Melbourne of which Ms Elizabeth Alexander is the Chancellor and Dr Virginia Mansour (whose husband is Dr Brian McNamee) is a member of the Council.

(d) *Options over equity instruments granted as compensation*

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

Key management person	Balance at 1 July 2011	Number Granted	Number Exercised	Number Lapsed / Forfeited	Balance at 30 June 2012	Number Vested during the year	Vested and exercisable at 30 June 2012	Unvested at 30 June 2012
Executive Directors								
B A McNamee	299,400	65,200	-	-	364,600	57,264	122,568	242,032
P Turner	128,700	-	-	-	128,700	23,682	49,932	78,768
Other executives								
P Perreault	77,140	18,620	-	-	95,760	14,869	31,920	63,840
G Naylor	75,660	18,920	-	-	94,580	12,133	25,080	69,500
A Cuthbertson	68,980	15,200	-	-	84,180	12,998	27,864	56,316
J Davies	82,920	9,900	-	-	92,820	10,791	43,152	49,668
G Boss	56,520	9,460	-	-	65,980	9,224	18,924	47,056
I Sieper	18,800	9,680	5,580	-	22,900	4,171	3,324	19,576
M Sontrop	70,996	9,340	8,496	-	71,840	10,959	22,332	49,508
K Etchberger	47,872	7,220	-	-	55,092	7,167	21,540	33,552
E Bailey	20,500	6,960	-	-	27,460	1,665	3,552	23,908
J Lever	18,740	7,520	-	-	26,260	-	-	26,260
Total	**966,228**	**178,020**	**14,076**	**-**	**1,130,172**	**164,923**	**370,188**	**759,984**

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

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

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

28 Key management personnel disclosures (continued)

(e) Performance rights over equity instruments granted as compensation

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

Key management person	Balance at 1 July 2011	Number Granted	Number Exercised	Number Lapsed / Forfeited	Balance at 30 June 2012	Number Vested during the year	Vested and exercisable at 30 June 2012	Unvested at 30 June 2012
Executive Directors								
B A McNamee	118,904	72,440	-	-	191,344	16,289	16,289	175,055
P Turner	52,472	-	6,627	-	45,845	6,627	-	45,845
Other executives								
P Perreault	27,824	20,700	4,414	-	44,110	4,414	-	44,110
G Naylor	34,000	21,040	3,550	-	51,490	3,550	-	51,490
A Cuthbertson	28,928	16,880	3,683	-	42,125	3,683	-	42,125
J Davies	42,610	11,000	10,350	-	43,260	2,944	11,260	32,000
G Boss	23,764	10,520	2,699	-	31,585	2,699	-	31,585
I Sieper	6,492	10,760	1,797	-	15,455	1,797	-	15,455
M Sontrop	24,532	10,380	2,992	-	31,920	2,992	-	31,920
K Etchberger	17,092	8,020	2,182	-	22,930	2,182	-	22,930
E Bailey	13,840	7,720	2,630	-	18,930	1,118	1,020	17,910
J Lever	10,300	8,360	905	-	17,755	905	-	17,755
Total	**400,758**	**197,820**	**41,829**	**-**	**556,749**	**49,200**	**28,569**	**528,180**

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

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

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

During the reporting period there have been no changes to the terms pertaining to issues of options, performance options and performance rights which have been granted as compensation to a key management person in the prior periods and in the current period.

(f) Exercise of equity instruments granted as compensation

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

	30 June 2012			30 June 2011		
	Date Option Granted	Number of shares	Paid per share $	Date Option Granted	Number of shares	Paid per share $
B McNamee				2 October 2006	158,760	17.48
A M Cipa				2 October 2006	58,140	17.48
A Cuthbertson				2 October 2006	24,390	17.48
G Naylor				2 October 2006	14,220	17.48
E Bailey				2 October 2006	4,320	17.48
P Perreault				2 October 2006	19,620	17.48
P Turner				2 October 2006	23,256	17.48
G Boss				2 October 2006	7,584	17.48
I Sieper	**2 October 2007**	**5,580**	**35.46**			
M Sontrop	**2 October 2006**	**8,496**	**17.48**			
Total		**14,076**			310,290	

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

28 Key management personnel disclosures (continued)

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

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

	30 June 2012		30 June 2011	
	Date Performance Right Granted	**Number of shares**	**Date Performance Right Granted**	**Number of shares**
P Turner	1 October 2007	3,672	2 October 2006	6,864
	1 October 2009	2,955	1 October 2007	3,213
P Perreault	1 October 2007	2,544	2 October 2006	3,096
	1 October 2009	1,870	1 October 2007	2,226
G Naylor	1 October 2007	1,680	2 October 2006	2,232
	1 October 2009	1,870	1 October 2007	1,470
A Cuthbertson	1 October 2007	2,208	2 October 2006	7,200
	1 October 2009	1,475	1 October 2007	3,312
J Davies	7 June 2005	10,350		
G Boss	1 October 2007	1,224	2 October 2006	2,232
	1 October 2009	1,475	1 October 2007	1,071
I Sieper	1 October 2007	1,032		
	1 October 2009	765		
M Sontrop	1 October 2007	1,392	2 October 2006	2,520
	1 October 2009	1,600	1 October 2007	1,218
K Etchberger	1 October 2007	1,152	2 October 2006	1,872
	1 October 2009	1,030	1 October 2007	1,008
E Bailey	1 October 2007	1,920		
	1 October 2009	710		
J Lever	1 October 2009	905		
B McNamee			2 October 2006	46,920
			1 October 2007	14,436
A M Cipa			31 March 2004	60,000
			7 June 2005	45,000
			20 December 2005	45,000
			2 October 2006	17,160
			1 October 2007	5,508
Total		**41,829**		**273,558**

No amount is payable on the exercise of performance rights.

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28 Key management personnel disclosures (continued)

(g) Key management personnel shareholdings

Movements in the respective shareholdings of key management personnel during the year ended 30 June 2012 are set out below:

Movements in shares	Balance at 1 July 2011	Shares acquired on exercise of performance rights during year	Shares acquired on exercise of options during year	(Shares sold)/ Purchased	Balance at 30 June 2012
Non-Executive Directors					
J Shine	**4,025**	-	-	1,080	**5,105**
E A Alexander	**30,459**	-	-	955	**31,414**
J Akehurst	**30,042**	-	-	581	**30,623**
D W Anstice	**7,005**	-	-	726	**7,731**
I A Renard	**18,100**	-	-	575	**18,675**
M A Renshaw	**7,303**	-	-	581	**7,884**
C O'Reilly	**602**	-	-	581	**1,183**
B Brook	**-**	-	-	3,346	**3,346**
D J Simpson	**3,485**	-	-	312	**3,797**
Executive Directors					
B A McNamee	**835,669**	-	-	-	**835,669**
P Turner	**160,569**	6,627	-	(45,000)	**122,196**
Executives					
P Perreault	**2,071**	4,414	-	(4,248)	**2,237**
G Naylor	**101,299**	3,550	-	(40,814)	**64,035**
A Cuthbertson	**63,175**	3,683	-	-	**66,858**
J Davies	**735**	10,350	-	-	**11,085**
G Boss	**564**	2,699	-	(2,460)	**803**
I Sieper	**-**	1,797	5,580	(7,377)	**-**
M Sontrop	**22,864**	2,992	8,496	(2,813)	**31,539**
K Etchberger	**9,870**	2,182	-	-	**12,052**
E Bailey	**2,441**	2,630	-	(2,380)	**2,691**
J Lever	**-**	905	-	-	**905**
Total	**1,300,278**	41,829	14,076	(96,355)	**1,259,828**

There have been no movements in shareholdings of key management personnel between 30 June 2012 and the date of this report.

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

During the year 29,050 phantom shares were granted to KMPs under the Executive Deferred Incentive Plan. This was done primarily to reduce the risk of loss of executives in roles that are: key to the delivery of operating or strategic objectives; manage critical activities; or undertake functions requiring skills that are in short supply and are actively sought in the market.

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

CSL LIMITED AND ITS CONTROLLED ENTITIES

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29 Non key management personnel related party disclosure

Ultimate Controlling Entity

The ultimate controlling entity is CSL Limited.

Identity of related parties

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

Other related party transactions

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

Wholly owned subsidiaries

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

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

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

Partly owned subsidiaries

- No transactions occurred during the year.

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	
	2012 $	**2011 $**
30 Remuneration of Auditors		
During the year the following fees were paid or were payable for services provided by the auditor of the parent entity and its related practices:		
(a) Audit services		
Ernst & Young	**1,045,025**	802,000
Ernst & Young related practices	**2,349,210**	2,137,336
Total remuneration for audit services	**3,394,235**	2,939,336
(b) Other services		
Ernst & Young		
- compliance and other services	**98,700**	16,500
Ernst & Young related practices		
- compliance and other services	**231,387**	104,196
Total remuneration for non audit services	**330,087**	120,696
Total remuneration for all services rendered	**3,724,322**	3,060,032

	Consolidated Group 2012 $m	Consolidated Group 2011 $m
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	**32.4**	31.7
Later than one year but not later than five years	**90.0**	91.4
Later than five years	**161.5**	163.6
	283.9	286.7

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.

	2012 $m	2011 $m
(b) Finance leases		
Commitments in relation to finance leases are payable as follows:		
Not later than one year	**4.2**	4.3
Later than one year but not later than five years	**11.5**	13.9
Later than five years	**22.4**	26.1
Total minimum lease payments	**38.1**	44.3
Future finance charges	**(11.8)**	(14.3)
Finance lease liability	**26.3**	30.0
The present value of finance lease liabilities is as follows:		
Not later than one year	**2.9**	2.9
Later than one year but not later than five years	**7.3**	8.9
Later than five years	**16.1**	18.2
	26.3	30.0
Finance lease – current liability (refer note 15)	**2.9**	2.9
Finance lease – non-current liability (refer note 15)	**23.4**	27.1
	26.3	30.0

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.

	2012 $m	2011 $m
(c) Total lease liability		
Current		
Finance leases (refer note 15)	**2.9**	2.9
Non-current		
Finance leases (refer note 15)	**23.4**	27.1
	26.3	30.0

31 Commitments and contingencies (continued)

(d) Capital commitments

	Consolidated Group 2012 $m	Consolidated Group 2011 $m
Capital expenditure contracted for at balance date but not provided for in the financial statements, payable:		
Not later than one year	**122.0**	63.6
Later than one year but not later than five years	**77.4**	14.0
Later than five years	**-**	-
	199.4	77.6

(e) Contingent assets and liabilities

Guarantees

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

Service agreements

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

	2012 $m	2011 $m
Service agreements	**9.6**	8.3

Litigation

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

The Group is involved in other litigation in the ordinary course of business.

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

CSL LIMITED AND ITS CONTROLLED ENTITIES

Notes to the Financial Statements
For the Year Ended 30 June 2012

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		
		2012 %	**2011 %**	
Company:				
CSL Limited	Australia			
Subsidiaries of CSL Limited:				
CSL Employee Share Trust	Australia	**100**	100	
CSL Biotherapies Pty Ltd	Australia	**100**	100	
Cervax Pty Ltd	Australia	**74**	74	
CSL Biotherapies (NZ) Limited	New Zealand	**100**	100	(a)
Iscotec AB	Sweden	**100**	100	(a)
Zenyth Therapeutics Pty Ltd	Australia	**100**	100	
Zenyth Operations Pty Ltd	Australia	**100**	100	
Amrad Pty Ltd	Australia	**100**	100	
CSL International Pty Ltd	Australia	**100**	100	
CSL Finance Pty Ltd	Australia	**100**	100	
CSL Behring ApS	Denmark	**100**	100	(a)
CSL Behring AG	Switzerland	**100**	100	(a)
ZLB GmbH	Germany	**100**	100	(a)
CSL UK Holdings Limited	England	**100**	100	(a)
ZLB Bioplasma UK Limited	England	**100**	100	(a)
CSL Behring sp.z.o.o.	Poland	**100**	-	(a)(b)
CSLB Holdings Inc	USA	**100**	100	
CSL Biotherapies Inc	USA	**100**	100	
ZLB Bioplasma (Hong Kong) Limited	Hong Kong	**100**	100	(a)
CSL Behring LLC	USA	**100**	100	(a)
CSL Plasma Inc	USA	**100**	100	(a)
CSL Behring Canada Inc.	Canada	**100**	100	(a)
CSL Behring Brazil Comercio de Produtos 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)
CSL Plasma GmbH	Germany	**100**	100	(a)
CSL Behring GmbH	Germany	**100**	100	(a)
CSL Behring GmbH	Austria	**100**	100	(a)
CSL Behring S.A.	Spain	**100**	100	(a)
CSL Behring A.B.	Sweden	**100**	100	(a)
CSL Behring S.p.A.	Italy	**100**	100	(a)
CSL Behring N.V.	Belgium	**100**	100	(a)
CSL Behring B.V	Netherlands	**100**	100	(a)
CSL Behring Lda	Portugal	**100**	100	(a)
CSL Behring MEPE	Greece	**100**	100	(a)

32 Controlled Entities (continued)

	Country of incorporation	Percentage Owned 2012 %	2011 %	
Subsidiaries of CSL Limited (continued):				
CSL International Pty Ltd (continued)				
CSL Biotherapies Asia Pacific Limited	Hong Kong	**100**	100	(a)
CSL (Shanghai) Biotherapies Consulting Ltd	China	**100**	100	(a)
CSL Behring S.A.	Argentina	**100**	100	(a)
CSL Behring Panama S.A.	Panama	**100**	100	(a)
CSL Behring s.r.o.	Czech Republic	**100**	100	(a)
CSL Behring K.f.t.	Hungary	**100**	-	(a)(b)
CSL Behring Holdings Ltd.	England	**100**	100	(a)
CSL Behring UK Ltd.	England	**100**	100	(a)

(a) Audited by affiliates of the Company auditors.

(b) CSL Behring sp.z.o.o. and CSL Behring K.f.t. were incorporated during the year.

33 Deed of Cross Guarantee

On 22 October 2009, a deed of cross guarantee was executed between CSL Limited and some of its wholly owned entities, namely CSL International Pty Ltd, CSL Finance Pty Ltd, CSL Biotherapies Pty Ltd and Zenyth Therapeutics Pty Ltd. Under this deed, each company guarantees the debts of the others. By entering into the deed, these specific wholly owned entities have been relieved from the requirement to prepare a financial report and directors' report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission.

The entities that are parties to the deed represent a 'Closed Group' for the purposes of the Class Order, and as there are no other parties to the Deed of Cross Guarantee that are controlled by CSL Limited they also represent the 'Extended Closed Group'. In respect to the Closed Group comprising the aforementioned entities, set out below is a consolidated income statement and a summary of movements in consolidated retained profits for the year ended 30 June 2012 and a consolidated balance sheet as at that date.

Income Statement	Consolidated Group 2012 $m	2011 $m
Continuing operations		
Sales revenue	**650.8**	584.4
Cost of sales	**(387.2)**	(337.8)
Gross profit	**263.6**	246.6
Sundry revenues	**86.0**	110.1
Dividend income	**1,843.7**	756.1
Interest income	**39.4**	25.3
Research and development expenses	**(154.5)**	(153.2)
Selling and marketing expenses	**(68.8)**	(56.5)
General and administration expenses	**(92.7)**	(74.5)
Finance costs	**(6.3)**	(7.7)
Profit before income tax expense	**1,910.4**	846.2
Income tax (expense)/benefit	**(6.9)**	(15.4)
Profit for the year	**1,903.5**	830.8

CSL LIMITED AND ITS CONTROLLED ENTITIES

Notes to the Financial Statements
For the Year Ended 30 June 2012

33 Deed of Cross Guarantee (continued)

	Consolidated Group 2012 $m	2011 $m
Balance sheet		
CURRENT ASSETS		
Cash and cash equivalents	**829.0**	193.6
Trade and other receivables	**112.3**	96.4
Inventories	**198.0**	175.6
Total Current Assets	**1,139.3**	465.6
NON-CURRENT ASSETS		
Trade and other receivables	**9.1**	9.4
Other financial assets	**1,823.3**	1,817.2
Property, plant and equipment	**521.2**	454.1
Deferred tax assets	**11.7**	12.8
Intangible assets	**24.1**	24.1
Retirement benefit assets	**-**	2.6
Total Non-Current Assets	**2,389.4**	2,320.2
TOTAL ASSETS	**3,528.7**	2,785.8
CURRENT LIABILITIES		
Trade and other payables	**136.6**	123.2
Interest-bearing liabilities and borrowings	**119.6**	11.3
Current tax liabilities	**-**	5.5
Provisions	**49.6**	38.9
Deferred government grants	**1.0**	1.0
Total Current Liabilities	**306.8**	179.9
NON-CURRENT LIABILITIES		
Trade and other payables	**5.6**	1.1
Interest-bearing liabilities and borrowings	**-**	117.1
Provisions	**7.5**	7.7
Deferred government grants	**29.8**	18.9
Retirement benefit liabilities	**6.0**	-
Total Non-Current Liabilities	**48.9**	144.8
TOTAL LIABILITIES	**355.7**	324.7
NET ASSETS	**3,173.0**	2,461.1
EQUITY		
Contributed equity	**(373.2)**	253.9
Reserves	**130.4**	116.3
Retained earnings	**3,415.8**	2,090.9
TOTAL EQUITY	**3,173.0**	2,461.1

33 Deed of Cross Guarantee (continued)

	Consolidated Group 2012 $m	2011 $m
Summary of movements in consolidated retained earnings of the Closed Group		
Retained earnings at beginning of the financial year	**2,090.9**	1,696.5
Net profit	**1,903.5**	830.8
Actuarial gain/(loss) on defined benefit plans, net of tax	**(6.5)**	(0.5)
Dividends provided for or paid	**(572.1)**	(435.9)
Retained earnings at the end of the financial year	**3,415.8**	2,090.9

34 Financial Risk Management Objectives and Policies

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

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

Market Risk

1. Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency other than the entity's functional currency and net investments in foreign operations. The Group's Treasury risk management policy is to hedge contractual commitments denominated in a foreign currency.

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

CSL LIMITED AND ITS CONTROLLED ENTITIES

Notes to the Financial Statements
For the Year Ended 30 June 2012

34 Financial Risk Management Objectives and Policies (continued)

1. *Foreign exchange risk (continued)*

The table below summarises by currency the Australian dollar value of forward exchange agreements at balance date. Foreign currency amounts are translated at rates prevailing at reporting date. Entities in the group enter into forward contracts to hedge foreign currency receivables from other entities within the Group. These receivables are eliminated on consolidation, however, the hedges are in place to protect the entities from movements in exchange rates that would give rise to a profit or loss impact.

	Average Exchange Rate		2012		2011	
	2012	**2011**	**Buy $m**	**Sell $m**	**Buy $m**	**Sell $m**
US Dollar 3 months or less	**1.0174**	1.0737	**18.6**	**(249.8)**	6.7	(142.2)
Swiss Francs 3 months or less	**0.9685**	0.8928	**303.2**	**(16.0)**	310.9	(31.3)
Argentina Peso 3 months or less	**4.5846**	4.4104	**-**	**(11.6)**	-	(7.7)
Euro 3 months or less	**0.8053**	0.7472	**433.4**	**(328.8)**	337.7	(321.1)
Pounds Sterling 3 months or less	**0.6496**	0.6673	**5.8**	**(24.7)**	0.8	(15.7)
Hungarian Florint 3 months or less	**234.34**	196.43	**-**	**(2.7)**	-	(2.6)
Japanese Yen 3 months or less	**80.39**	86.38	**-**	**(15.8)**	0.5	(24.0)
Swedish Kroner 3 months or less	**7.0699**	6.7818	**0.3**	**(13.7)**	-	(12.7)
Danish Kroner 3 months or less	**5.9916**	5.5239	**1.1**	**(7.4)**	-	(9.8)
Mexican Peso 3 months or less	**12.6347**	12.6347	**1.1**	**(37.7)**	3.4	(46.5)
Brazilian Real 3 months or less	**2.1060**	1.6855	**-**	**(9.5)**	-	(2.5)
Czech Koruna 3 months or less	**20.74**	-	**-**	**(1.2)**	-	-
Chinese Renimbi 3 months or less	**6.4448**	-	**-**	**(25.5)**	-	-
New Zealand Dollar 3 months or less	**-**	1.2924	**-**	**-**	-	(0.3)
Hong Kong Dollar 3 months or less	**-**	8.2828	**-**	**-**	-	(0.8)
Australian Dollar 3 months or less	**0.8809**	0.8860	**28.5**	**(47.6)**	18.9	(61.7)
			792.0	**792.0**	678.9	(678.9)

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 2012, are Unsecured Notes amounting to US$44.8m (2011: US$51.8m) and EUR 55.9m (2011: EUR 58.3m) that are designated as a hedge of the Group's investment in CSLB Holdings Inc and CSL Behring GmbH. A net foreign exchange gain of $3.6m (2011: gain of $18.6m) was recognised in equity on translation of these borrowings to Australian Dollars.

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

34 Financial Risk Management Objectives and Policies (continued)

2. *Interest rate risk*

The Group is exposed to interest rate risk through primary financial assets and liabilities. In accordance with the Group entities approved risk management policies, derivative financial instruments such as interest rate swaps are used to hedge interest rate risk exposures. As at 30 June 2012, no derivative financial instruments hedging interest rate risk were outstanding (2011: 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:					
	Floating rate (a)	1 year or less	Over 1 year to 5 years	Over 5 years	Non-interest bearing	Total	Average interest Rate
Consolidated Group – June 2012	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**%**
Financial Assets							
Cash and cash equivalents	**1,155.1**	**-**	**-**	**-**	**-**	**1,155.1**	**3.6%**
Trade and other receivables	**-**	**-**	**-**	**-**	**783.2**	**783.2**	**-**
Other financial assets	**-**	**-**	**-**	**-**	**2.9**	**2.9**	**-**
	1,155.1	**-**	**-**	**-**	**786.1**	**1,941.2**	
Financial Liabilities							
Trade and other payables	**-**	**-**	**-**	**-**	**544.1**	**544.1**	**-**
Bank loans – unsecured	**346.6**	**-**	**-**	**-**	**-**	**346.6**	**1.3%**
Bank overdraft – unsecured	**3.2**	**-**	**-**	**-**	**-**	**3.2**	**2.8%**
Senior unsecured notes	**-**	**161.1**	**-**	**734.4**	**-**	**895.5**	**4.1%**
Lease liabilities	**-**	**2.9**	**7.3**	**16.1**	**-**	**26.3**	**5.8%**
Other financial liabilities	**-**	**-**	**-**	**-**	**1.4**	**1.4**	**-**
	349.8	**164.0**	**7.3**	**750.5**	**545.5**	**1,817.1**	

		Fixed interest rate maturing in:					
	Floating rate (a)	1 year or less	Over 1 year to 5 years	Over 5 years	Non-interest bearing	Total	Average interest Rate
Consolidated Group – June 2011	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**%**
Financial Assets							
Cash and cash equivalents	479.4	-	-	-	-	479.4	2.5%
Trade and other receivables	-	-	-	-	813.2	813.2	-
Other financial assets	-	-	-	-	20.3	20.3	-
	479.4	-	-	-	833.5	1,312.9	
Financial Liabilities							
Trade and other payables	-	-	-	-	497.5	497.5	-
Bank loans – unsecured	209.0	-	-	-	-	209.0	0.6%
Bank overdraft – unsecured	0.6	-	-	-	-	0.6	2.5%
Senior unsecured notes	-	13.7	162.9	-	-	176.6	5.3%
Lease liabilities	-	2.9	8.9	18.2	-	30.0	5.7%
Other financial liabilities	-	-	-	-	5.1	5.1	-
	209.6	16.6	171.8	18.2	502.6	918.8	

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

CSL LIMITED AND ITS CONTROLLED ENTITIES

Notes to the Financial Statements
For the Year Ended 30 June 2012

34 Financial Risk Management Objectives and Policies (continued)

Sensitivity analysis

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

At 30 June 2012 it is estimated that a general movement of one percentage point in the interest rates applicable to investments of cash and cash equivalents would have changed the Group's profit after tax by approximately $8.1m. This calculation is based on applying a 1% movement to the total of the Group's cash and cash equivalents at year end. All other financial asset amounts are subject to fixed rate and therefore not subject to interest rate movements in the ordinary course.

At 30 June 2012 it is estimated that a general movement of one percentage point in the interest rates applicable to floating rate unsecured bank loans would have changed the Group's profit after tax by approximately $2.2m. This calculation is based on applying a 1% movement to the total of the Group's unsecured bank loans at year end. All other interest bearing debt amounts are subject to fixed rate and therefore not subject to interest rate movements in the ordinary course.

It is estimated that a general movement of one percentage point in the value of the Australian Dollar against other currencies would change the Group's profit after tax by approximately $9.7m for the year ended 30 June 2012 comprising $2.7m, $5.7m and $1.3m against the Euro, Swiss Franc and US Dollar respectively. This calculation is based on changing the actual exchange rate of Australian Dollars to all other currencies during the year by 1% and applying these adjusted rates to the translation of the foreign currency denominated financial statements of various Group entities.

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

Credit Risk

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

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

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

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

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

	Financial Institutions	Governments	Hospitals	Buying Groups	Other	Total
For the year ended 30 June 2012	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**
Cash and cash equivalents	**1,155.1**	**-**	**-**	**-**	**-**	**1,155.1**
Trade and other receivables	**6.3**	**44.7**	**223.4**	**317.4**	**191.4**	**783.2**
Other financial assets	**2.9**	**-**	**-**	**-**	**-**	**2.9**
	1,164.3	**44.7**	**223.4**	**317.4**	**191.4**	**1,941.2**
For the year ended 30 June 2011						
Cash and cash equivalents	479.4	-	-	-	-	479.4
Trade and other receivables	0.9	121.5	229.9	256.2	204.7	813.2
Other financial assets	5.0	15.3	-	-	-	20.3
	485.3	136.8	229.9	256.2	204.7	1,312.9

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

CSL LIMITED AND ITS CONTROLLED ENTITIES

Notes to the Financial Statements
For the Year Ended 30 June 2012

34 Financial Risk Management Objectives and Policies (continued)

Credit Risk (continued)

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

	Trade receivables which are:		
	Not impaired	**Impaired**	**Provision for impairment**
For the year ended 30 June 2012	**$m**	**$m**	**$m**
Trade and other receivables:			
current but not overdue	**524.7**	**-**	**-**
less than 30 days overdue	**53.3**	**-**	**-**
more than 30 but less than 90 days overdue	**48.4**	**-**	**-**
more than 90 days overdue	**41.5**	**45.6**	**45.6**
	667.9	**45.6**	**45.6**
For the year ended 30 June 2011			
Trade and other receivables:			
current but not overdue	515.2	-	-
less than 30 days overdue	52.2	-	-
more than 30 but less than 90 days overdue	56.7	-	-
more than 90 days overdue	87.4	22.9	22.9
	711.5	22.9	22.9

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

During the 2011 year CSL Behring MEPE received zero coupon government bonds issued by the Greek government in settlement of €53.0m of trade receivables. During the prior financial year, €33.7m of bonds were traded at discounts ranging between 10% and 50% of the nominal value of the bonds. The remaining bonds held by the Group have been traded in the current year at discounts ranging between 42% and 80% of the nominal value of the bonds. The proceeds from the sale of bonds have been recognised in cash flows from operations.

The Group carries receivables from a number of Southern European governments. The credit risk associated with trading in these countries is considered on a country-by-country basis and the Group's trading strategy is adjusted accordingly.

Funding and liquidity risk

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

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

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

CSL LIMITED AND ITS CONTROLLED ENTITIES

Notes to the Financial Statements
For the Year Ended 30 June 2012

34 Financial Risk Management Objectives and Policies (continued)

Funding and liquidity risk (continued)

The below table shows the profile of financial liabilities:

	Maturing in:			
	1 year or less	Over 1 year to 5 years	Over 5 years	Total
Consolidated Group – June 2012	**$m**	**$m**	**$m**	**$m**
Financial Liabilities				
Trade and other payables	**528.9**	**15.2**	**-**	**544.1**
Bank loans – unsecured	**-**	**346.6**	**-**	**346.6**
Bank overdraft – unsecured	**3.2**	**-**	**-**	**3.2**
Senior unsecured notes	**161.1**	**-**	**734.4**	**895.5**
Lease liabilities	**2.9**	**7.3**	**16.1**	**26.3**
Other financial liabilities	**1.4**	**-**	**-**	**1.4**
	697.5	**369.1**	**750.5**	**1,817.1**
Consolidated Group – June 2011				
Financial Liabilities				
Trade and other payables	493.5	4.0	-	497.5
Bank loans – unsecured	209.0	-	-	209.0
Bank overdraft – unsecured	0.6	-	-	0.6
Senior unsecured notes	13.7	162.9	-	176.6
Lease liabilities	2.9	8.9	18.2	30.0
Other financial liabilities	5.1	-	-	5.1
	724.8	175.8	18.2	918.8

Fair values

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

Consolidated Group	Carrying amount	Fair Value	Carrying amount	Fair Value
	2012 $m	**2012 $m**	**2011 $m**	**2011 $m**
Financial Liabilities				
Interest bearing liabilities and borrowings				
Unsecured bank loans	**346.6**	**346.6**	209.0	209.0
Unsecured notes	**895.5**	**901.6**	176.6	176.7

34 Financial Risk Management Objectives and Policies (continued)

Fair values (continued)

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

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

Other financial assets – derivatives
Forward exchange contracts are 'marked to market' using listed market prices.

Other financial assets – available-for-sale financial assets
Fair value is calculated using quoted prices in active markets.

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

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

Interest bearing liabilities and borrowings – finance leases
The fair value is estimated as the present value of future cash flows, discounted at market interest rates for homogeneous lease agreements. The estimated fair values reflect change in interest rates.

Capital Risk Management

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

Each year the Directors determine the dividend taking into account factors such as liquidity and the availability of franking credits. The full year dividend, as disclosed in note 23, represents a payout ratio of 44% of Net Profit after Tax.

During the 2012 financial year, the parent company announced a $900m buy-back. At balance date, 18,522,253 shares have been purchased for $635.7m.

CSL LIMITED AND ITS CONTROLLED ENTITIES

Notes to the Financial Statements
For the Year Ended 30 June 2012

35 Information relating to CSL Limited ('the parent entity')

(a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	Consolidated Group 2012 $m	2011 $m
Current assets	**207.7**	461.0
Total assets	**2,953.7**	2,299.1
Current liabilities	**189.8**	516.7
Total liabilities	**401.7**	544.4
Contributed equity	**(373.2)**	253.9
Share based payments reserve	**101.2**	88.5
Retained earnings	**2,824.0**	1,412.3
	2,552.0	1,754.7
Profit or loss for the year	**1,840.3**	794.9
Total comprehensive income	**1,833.9**	795.5

(b) Guarantees entered into by the parent entity

The parent entity provides certain financial guarantees in the ordinary course of business. No liability has been recognised in relation to these guarantees as the fair value of the guarantees is immaterial. These guarantees are mainly related to debt facilities of the Group. In addition the parent entity provides guarantees to some subsidiaries in respect of certain receivables from other group companies.

(c) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2012 or 30 June 2011. For information about guarantees given by the parent entity, please refer above.

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

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

	2012 $m	2011 $m
Not later than one year	**74.0**	34.0
Later than one year but not later than five years	**-**	-
Later than five years	**-**	-
	74.0	34.0

36 Subsequent events

On 3 August 2012, CSL announced that Dr Brian McNamee had agreed with the Board of Directors the timing of the handover to his successor as Chief Executive Officer & Managing Director. Dr McNamee will leave CSL in July 2013 and will be succeeded by Paul Perreault, currently President of CSL Behring.

The US Food and Drug Administration (FDA) has closed out the Warning Letter issued to CSL Biotherapies as a result of its 2011 inspection of CSL's influenza vaccine manufacturing operations in Parkville, Australia. Product for the forthcoming Northern Hemisphere season has been released by the FDA for the US market and imminent regulatory release in the UK and Europe is expected.

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

CSL LIMITED AND ITS CONTROLLED ENTITIES

DIRECTORS' DECLARATION

1. In the opinion of the Directors:

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

      (i) giving a true and fair view of the company's and Group's financial position as at 30 June 2012 and of their performance for the year ended on that date

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

      (iii) complying with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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

2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the financial period ended 30 June 2012.

3. In the opinion of the Directors, as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in note 33 will be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the Deed of Cross Guarantee dated 22 October 2009.

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

John Shine AO
Chairman

Brian A McNamee
Managing Director

Melbourne
22 August 2012

INDEPENDENT AUDITOR'S REPORT

to the members of CSL Limited

Report on the financial report

We have audited the accompanying financial report of CSL Limited, which comprises the consolidated balance sheet as at 30 June 2012, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

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

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

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

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

ERNST & YOUNG

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

to the members of CSL Limited

Opinion

In our opinion:

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

 i giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and

 ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the remuneration report

We have audited the Remuneration Report included in section 18 of the directors' report for the year ended 30 June 2012. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of CSL Limited for the year ended 30 June 2012, complies with section 300A of the *Corporations Act 2001.*

Ernst & Young

Ernst & Young

Glenn Carmody
Partner

Melbourne
22 August 2012

MEDICAL GLOSSARY

Albumin is any protein that is soluble in water and moderately concentrated salt solutions and is coagulable by heat. It is found in egg whites, blood, lymph, and other tissues and fluids. In the human body serum albumin is the major plasma protein (approximately 60 per cent of the total).

***Anti-D immunoglobulin**,* also called Rh (D) immunoglobulin, is an injection of Anti-Rhesus antibodies given to a woman whose blood group is Rhesus negative, if there is a chance that she has been exposed to Rhesus positive blood either during pregnancy or blood transfusion.

Antivenom (or antivenin, or antivenene) is a biological product used in the treatment of venomous bites or stings.

Biopharmaceuticals are proteins (including antibodies), nucleic acids (DNA, RNA or antisense oligonucleotides) used for prophylactic or therapeutic purposes.

C1 Esterase Inhibitor is a protein found in the fluid part of blood that controls C1 the first component of the complement system. The complement system is a group of proteins that move freely through the blood stream. These proteins work with the immune system and play a role in the development of inflammation.

Chromatography is a technique for separating molecules based on differential absorption and elution. It involves the flow of a fluid carrier over a non-mobile absorbing phase.

Chronic Inflammatory Demyelinating Polyneuropathy (CIDP) is a neurological disorder which causes gradual weakness and a loss in sensation mainly in the arms and legs.

Coagulation is the process of clot formation.

Fractionation is the process of separating plasma into its component parts, such as clotting factors, albumin and immunoglobulin, and purifying them.

Haemolytic Disease is a disease that disrupts the integrity of red blood cells causing the release of haemoglobin.

Haemophilia is a haemorrhagic cluster of diseases occurring in two main forms: 1. Haemophilia A (classic haemophilia, factor VIII deficiency), an X linked disorder due to deficiency of coagulation factor VIII. 2. Haemophilia B (factor IX deficiency, Christmas disease), also X linked, due to deficiency of coagulation factor IX.

Hereditary Angioedema (HAE) is a rare but serious genetic disorder caused by low levels or improper function of a protein called C1 esterase inhibitor. It causes swelling, particularly of the face and airways, and abdominal cramping.

Human Papilloma Virus (HPV) are a diverse group of DNA-based viruses that infect the skin and mucous membranes of humans and a variety of animals. Some HPV types cause benign skin warts, or papillomas, for which the virus family is named. Others can lead to the development of cervical dyskaryosis, which may in turn lead to cancer of the cervix.

Hyperimmune is an immunoglobulin product having high titres of a specific antibody in the preparation.

***Immunoglobulins (IgG)**,* also known as antibodies, are proteins produced by plasma cells. They are designed to control the body's immune response by binding to substances in the body that are recognised as foreign antigens (often proteins on the surface of bacteria or viruses).

***Influenza**,* commonly known as flu, is an infectious disease of birds and mammals caused by a RNA virus of the family Orthomyxoviridae (the influenza viruses).

Intravenous is the administration of drugs or fluids directly into a vein.

Monoclonal Antibody (mAb) is an antibody produced by a single clone of cells. Monoclonal antibodies are a cornerstone of immunology and are increasingly coming into use as therapeutic agents.

Perioperative Bleeding is bleeding during an operation.

Plasma is the yellow-colored liquid component of blood in which blood cells are suspended.

Primary Immunodeficiency (PID) is an inherited condition where there is an impaired immune response. It may be in one or more aspects of the immune system.

Recombinants are proteins prepared by recombinant technology. Procedures are used to join together segments in a cell-free system (an environment outside a cell organism).

Reconstituted High Density Lipoprotein (rHDL) is prepared from apolipoprotein A-I, isolated from human plasma, and soybean-derived phosphatidylcholine. It exhibits biochemical and functional characteristics similar to endogenous high-density lipoprotein (HDL).

Subcutaneous is the administration of drugs or fluids into the subcutaneous tissue, which is located just below the skin.

Von Willebrand Disease (vWD) is a hereditary disorder caused by defective or deficient Von Willebrand factor, a protein involved in normal blood clotting.

CSL Limited ABN 99 051 588 348

Designed and produced by Fidelis Design Associates, Melbourne.

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