10 September 2004

Mr James Gerraty
Listings Officer
Australian Stock Exchange Limited
530 Collins Street
MELBOURNE VIC 3001

Dear Mr Gerraty

FOR ANNOUNCEMENT -
ANNUAL REPORT AND NOTICE OF ANNUAL GENERAL MEETING

Following is the 2003-04 Annual Report and Notice of the Annual General Meeting including Explanatory Notes and Proxy Form of CSL Limited, which will be held at the Function Centre, National Tennis Centre, Melbourne Park, Batman Avenue, Melbourne on Thursday, 14 October, 2004, at 10.00 a.m.

The above material is being mailed to shareholders on 12 September, 2004.

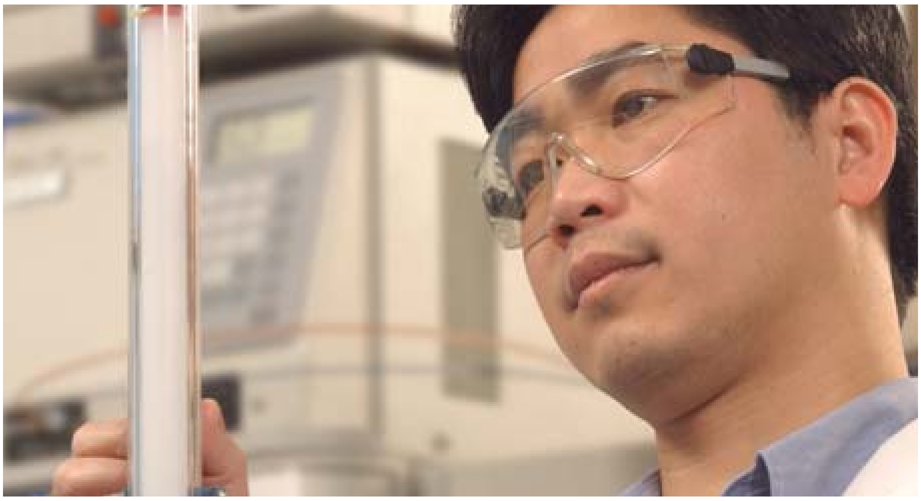
Yours sincerely

Peter Turvey
COMPANY SECRETARY

Phone: +61 3 9389 1911 CSL Limited (ABN 99 051 588 348) Fax: +61 3 9387 8454
45 Poplar Road Parkville Victoria 3052 Australia

CSL Limited
Annual Report 2003-2004

Our business is health care

CSL Limited ABN 99 051 588 348

Annual Report 2003-2004

Below: *(clockwise from top left)*

Marburg: *Technician Sara Gies in the Factor IX production plant.*

Melbourne: *Zita Cunningham is the Business Development Director for CSL Pharmaceutical.*

King of Prussia: *Brian Kilmartin is a call centre representative in a support service at ZLB Behring to help families living with the daily challenges of bleeding disorders.*

Kankakee: *Operator Geraldine Dandurand checks product labelling.*

Contents

Cover Pictures: *(clockwise from top left)*

Knoxville: *Laboratory Assistant Jessica Caldwell scans samples into a database.*

Melbourne: *Scientist Hung Pham using a small scale purification column.*

Bern: *Technician André Wegmüller monitors the production process in the Rhophylac® plant.*

Marburg: *Technician Claudia Nerlich in the protein technology laboratory.*

CSL's Year in Review
2003-2004

Dear Shareholder,

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

Some of our major highlights this year include:

- **Net profit after tax of $219.6 million for the 2003-2004 financial year;**
- **CSL's acquisition of Aventis Behring which has been merged with ZLB Bioplasma to form ZLB Behring - a global leader in plasma therapeutics;**
- **Significant progress with the integration of our global plasma products business operations under the banner of ZLB Behring;**
- **A solid trading performance by the new ZLB Behring business in its first quarter under CSL control;**
- **Net proceeds on the sale of our Animal Health business to Pfizer Inc. of $161.6 million against a book value of $59.3 million;**
- **Raising equity of $438.1 million from institutional shareholders and $110.6 million from retail shareholders to help fund the acquisition of Aventis Behring;**
- **The appointment of two new directors bringing additional industry experience to further strengthen the CSL Board.**

Dividends and Financial Results

On 13 April 2004, our shareholders received an interim dividend of 12 cents per share (fully franked). CSL's final dividend of 26 cents per share (fully franked) will be paid on 8 October 2004.

Our net profit after tax for the CSL Group of $219.6 million included a $75.3 million net profit from the sale of our Animal Health business and a $68.3 million discount on the acquisition of Aventis Behring.

CSL Group sales revenue for the year amounted to $1,650.2 million and included a particularly strong performance from JRH Biosciences as well as a solid $581.8 million sales revenue from ZLB Behring in its first three months of operation.

Peter Wade
Chairman

Brian McNamee
Chief Executive Officer and Managing Director

Financial Results

Financial highlights for the year ended 30 June 2004

Five Year Summary

All figures are in $A million unless stated otherwise.

	2003-04	2002-03	2001-02	2000-01	1999-00
Total revenue	1,835.7	1,313.2	1,350.2	854.8	504.3
Sales revenue	**1,650.2**	**1,300.3**	**1,336.4**	**843.3**	**450.6**
Research and development investment	**101.2**	**91.5**	**93.3**	**81.2**	**43.6**
Profit from ordinary activities before income tax expense	**254.6**	**101.7**	**156.5**	**106.1**	**80.6**
Net profit attributable to members of CSL Limited	**219.6**	**70.4**	**123.8**	**78.2**	**54.4**
Profit from ordinary activities after income tax expense before amortisation of goodwill	**261.6**	**112.6**	**163.6**	**102.4**	**54.4**
Capital investment	79.6	74.3	82.9	60.9	37.2
Total assets at 30 June	3,875.4	2,219.5	2,312.1	1,771.8	946.5
Total equity at 30 June	2,074.0	1,282.7	1,273.1	876.0	793.6
Net tangible assets per share at 30 June ($)	6.18	2.42	1.79	1.36	5.32
Weighted average number of shares (million)	178.2	159.2	158.3	149.5	133.4
Basic earnings per share (cents)	123.3	44.2	78.2	52.3	40.8
Dividend per share (cents)	38.0	34.0	34.0	26.0	23.0

Dividends to Shareholders

On 13 April 2004, our shareholders received an interim dividend of 12 cents per share (fully franked). CSL's final dividend of 26 cents per share (fully franked) will be paid on 8 October 2004.

Human Health

Our human health business includes the operations of ZLB Behring, CSL Bioplasma, CSL Pharmaceutical, and our globally integrated new product development activities.

The acquisition of Aventis Behring by CSL Limited in March 2004 and its merger with ZLB Bioplasma to form **ZLB Behring** created a business with an enhanced competitive position in plasma therapies by combining strengths in the treatment of haemophilia and critical care with those in immune deficiency. The integration of the business since finalising the acquisition continues to make good progress and is anticipated to realise synergies and cost savings according to plan. ZLB Behring has a broad product portfolio of high quality products, an increasingly competitive cost structure and a global marketing presence focussed on customer needs. The business is well positioned for success and is working on new and improved products to enhance its competitive position. The new business traded impressively in the last quarter of the year with sales of $581.8 million.

Sales of Carimune™, our US IVIG product, achieved good underlying growth in a price competitive market. Sales revenue in the last three months from ZLB Behring's new product portfolio was also very pleasing.

In the USA, after a slow start, the number of patients on Zemaira®, a new generation of Alpha-1-Proteinase Inhibitor for prophylactic treatment of patients at risk of life shortening emphysema, is now growing steadily. Late in the year, we launched Rhophylac® in the USA and a wide number of European countries. The market potential of this anti-D immunoglobulin for the prevention of haemolytic disease of the newborn is expected to expand in the next year.

In addition to approvals for Zemaira® and Rhophylac®, market approval was obtained for

Financial Calendar

2004	
17 September	Shares traded ex-dividend
24 September	Record date for final dividend
8 October	Final dividend paid
14 October	Annual General Meeting
31 December	Half year ends

2005	
23 February	Half year profit and interim dividend announcement
8 March	Shares traded ex-dividend
14 March	Record date for interim dividend
15 April	Interim dividend paid
30 June	Year ends
24 August	Annual profit and final dividend announcement
30 August	Shares traded ex-dividend
5 September	Record date for final dividend
10 October	Final dividend paid
12 October	Annual General Meeting
31 December	Half year ends

Year in Review continued

Liquid Sandoglobulin® (a 12% intravenous immunoglobulin) in the United Kingdom and Switzerland. Further European approvals are anticipated in 2005 and in 2006 in the USA. Clinical trials in Primary Immunodeficiency (PID) for Vivaglobin®, a 16% liquid immunoglobulin for subcutaneous injection, were completed and the US regulatory filing is anticipated shortly. Vivaglobin® is expected to be attractive to the home care market. Pre-clinical development of the next generation liquid intravenous immunoglobulin utilising CSL's chromatographic purification technology was completed and clinical trials will commence shortly.

The global market for plasma therapeutics remains competitive although there are signs that prices are improving for intravenous immunoglobulin in the USA, a market which consumes 40% of the world's supply of this product. The impact of price declines in previous years has influenced the industry to restructure its cost base and reduce capacity.

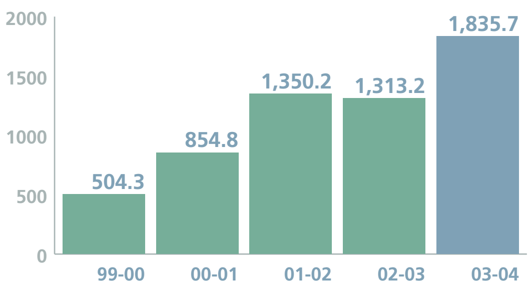
With burgeoning health care expenditures in OECD economies, ZLB Behring is working with governments and insurers to find new ways of supporting reimbursement practices by additional Phase IV clinical studies and new indications for its products. The company is active in health care policy, seeking to ensure consumer access to care.

ZLB Behring is now well placed to expand its worldwide operations in plasma therapies through increasing yields and a greater range of product offerings.

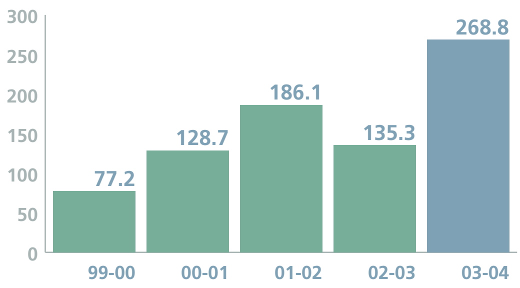
ZLB Plasma Services is one of the largest collectors of human blood plasma in the world with operations in the US and Europe. Our business sources all commercial plasma for ZLB Behring through both plasma collection and commercial purchases. We are also a major supplier of plasma to the global plasma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

Following CSL's acquisition of Aventis Behring including the Aventis Bio-Services plasma collection business, we now operate 65 plasma collection

CSL Total Revenue
($A millions)



CSL Profit Before Interest and Tax
($A millions)



centres across the USA, as well as the industry's largest testing laboratory in Tennessee, and a logistics centre in Indiana. In Germany, we operate eight plasma collection centres, a high volume testing laboratory in Gottingen and a logistics centre in Marburg.

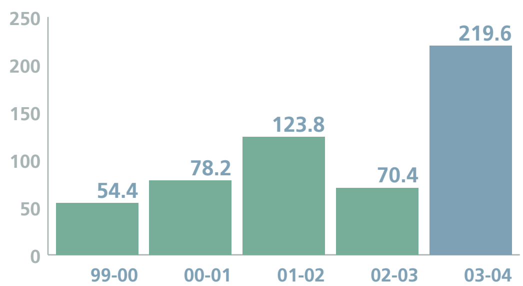
We have made excellent progress this year with our plans to further improve operational efficiencies and business integration with Aventis Bio-Services has proceeded rapidly since our acquisition. Thirty-seven US and German plasma collection centres have closed, and our plasma testing facility in Miami, Florida is being decommissioned. All future US plasma testing will be carried out in our Knoxville, Tennessee facility. Corporate activities will be centralised at our Boca Raton headquarters in Florida and the corporate operations of Aventis Bio-Services at other US locations will be closed.

CSL Bioplasma's 6% growth in sales revenue this year to $177.6 million has been underpinned by the greater demand for major products in key markets. Our presence in the Asia Pacific is also significantly stronger now following the recent merging of ZLB Behring's regional business with our operations.

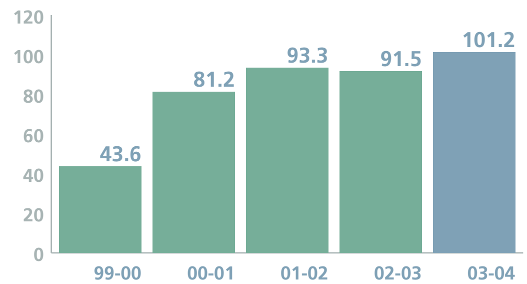
Negotiations are well under way with the National Blood Authority (NBA) for a new Plasma Products Agreement (PPA) under which we will continue to provide specialised plasma products and other value-added services in collaboration with the Australian Red Cross Blood Service (ARCBS). As a result of new management arrangements introduced in July 2003, the NBA now represents all governments in Australia.

We significantly increased our production of Intragam® P to keep pace with a rise in clinical demand. This outcome was achieved through the ARCBS commitment to providing more plasma for fractionation and because of the higher Intragam® P yields we derived from manufacturing improvements. Another highlight this year has been the acceptance of Biostate®, a new high purity Factor VIII for the treatment of Haemophilia A.

CSL Profit After Tax
($A millions)

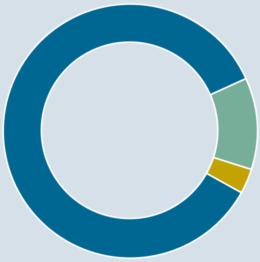


CSL R&D Investment
($A millions)



Year in Review continued

Sales revenue by business unit



Human health	**85%**
– ZLB Behring (61%)	
– CSL Pharmaceutical (13%)	
– CSL Bioplasma (11%)	
JRH Biosciences	**12%**
Animal Health	**3%**

Supervisor Jeff Pettet inspects vials in a freeze-drying operation at Kankakee in Illinois, USA.

CSL Bioplasma continued to strengthen relationships with blood services in the Asia Pacific region. In China, an emerging market, we made encouraging sales of commercial albumin sourced from ZLB Behring.

The potential role of Biostate® as a treatment for the bleeding disorder, von Willebrand's Disease, moved a step closer to realisation. A pharmacokinetic study in volunteers with the disease has been successfully completed and a safety and efficacy clinical trial is now being carried out around Australia.

During the year, the New England Journal of Medicine published the results of a Saline versus Albumin Fluid Evaluation (S.A.F.E.) study sponsored by the Australian and New Zealand Intensive Care Society. This study of 7000 patients in 16 intensive care units in Australia and New Zealand successfully demonstrated the safety of our Albumex® 4 for use in the fluid resuscitation of seriously ill patients.

Looking ahead, we are uniquely placed to deliver a comprehensive range of life-saving products and services to governments, medical professionals and patients. The combined strengths of CSL Bioplasma and ZLB Behring will now enable us to deliver a broader range of plasma therapeutics, customised plasma fractionation to blood services throughout our region, and a stronger focus on customer service and support through our direct presence in many key Asia Pacific markets.

Dr. Tobias Suiter is the Senior Director, Commercial Development, Coagulation at Marburg in Germany.

Erwin Rindlisbacher prepares for nanofiltration in the Rhophylac® plant at Bern in Switzerland.

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

Good sales growth consolidated our market for Tramal - a leading analgesic for treatment of moderate to severe pain. We distribute Tramal in Australia for Grunenthal GmbH. In November 2003, PBS listing further enhanced sales potential for EpiPen, a treatment for severe allergic reactions, which we distribute in Australia for Dey Laboratories.

CSL continues to supply Menjugate to several States and Territories as part of the major vaccination program announced by the Federal Government in October 2002 to provide protection against meningococcal C disease for all children in Australia up to the age of 19. CSL distributes Menjugate under license from Chiron SpA.

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

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

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

We are in the process of expanding our influenza vaccine research and manufacturing facilities at Parkville in Melbourne to ensure sufficient capacity to satisfy the requirements of Northern and Southern Hemisphere customers for the foreseeable future. These new facilities will be completed in time for the next influenza season in Australia and will comply with international manufacturing standards.

New Product Development investment remains focussed on candidate products arising from CSL's core technologies in plasma fractionation, vaccinology, recombinant proteins (including recombinant antibodies) and our immunostimulating ISCOMATRIX® adjuvant.

Now that the business operations of Aventis Behring and ZLB Bioplasma have been combined to form ZLB Behring, we are also integrating global R&D activities. Centres of excellence are being established in Marburg (Germany), Bern (Switzerland) and Kankakee (USA), as well as in Melbourne at Parkville and Broadmeadows.

Phase III clinical trials of the human papillomavirus (HPV) vaccine being undertaken by our exclusive licensee Merck & Co. Inc. are now well advanced and it is anticipated that filing with the US FDA for a product licence will take place in the second half of 2005. Both US and European patents are now in place for this vaccine which has the potential to make a strong contribution to public health by preventing certain types of cervical cancer and genital warts.

Year in Review continued

Given CSL's level of investment in the plasma therapeutics sector, a key strategy is to develop further high value medicines from plasma fractionation. We have now gathered compelling preclinical data in support of our reconstituted high-density lipoprotein (rHDL) and plan to take this candidate product into early stage clinical trials in 2005 (see feature story on page 24). We are also progressing well with our liquid IVIG development program and will shortly begin clinical trials of a state-of-the-art product.

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

CSL Chief Executive Brian McNamee (right) presented $200,000 to Greg Vickery, National Chairman, Australian Red Cross Society in June 2004, a significant proportion of which was raised from shareholders as a result of their participation in CSL's Shareholders Share Purchase Plan.

These funds will be allocated to the Australian Red Cross Medical Research Fund to assist the Australian Red Cross Blood Service to conduct research that is vital to improving health and quality of life.

Our ISCOMATRIX® adjuvant technology is also being evaluated by a number of other organisations. We recently concluded our first cancer clinical trial testing ISCOMATRIX® combined with ESO-1 with the Ludwig Institute for Cancer Research. The results of the trial, which were widely reported, have encouraged the Institute to establish two further trials in patients with melanoma.

CSL Group Headquarters at Parkville in Melbourne will be responsible for coordinating global R&D operations with a focus on plasma-derived and biotech new product development programs that will drive future growth.

JRH Biosciences

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

Growth in sales has been augmented by new services and products such as BioEaze™ custom bioprocessing systems to increase productivity in cell culture based operations. In its first year, BioEaze™ has established a strong presence and the demand is expected to gain momentum in an emerging market for disposables.

Among the new products in our portfolio is an expanded EX-CELL™ line of new proprietary cell culture media designed for therapeutic protein

ZLB Plasma Services operates the largest plasma testing laboratory in the industry at Knoxville in Tennessee, USA.

Supervisor Laurie Helmig verifies the set up of an inspection machine at Kankakee in Illinois, USA.

and monoclonal antibody production. This expanded line will increase the use of JRH products in biopharmaceutical projects moving through the drug development pipeline.

Serum operations are underpinned by our strong Australian serum franchise which positions us well to meet demand for Australian fetal bovine serum. JRH's Australian operations ensure our ability to provide the highest quality serum at a time of increasing regulatory requirements. Australian-sourced bovine calf serum is used to make Enriched Calf Serum, the newest addition to our serum products developed for specific cell lines.

JRH reached key milestones in its program to develop and optimise cell culture media for customers. Close collaboration between customers and our media development group resulted in technical successes with media-related drugs being developed by key biopharmaceutical researchers and manufacturers. Our success in this area of technology will deliver ongoing media sales for JRH as our customers move their drugs through the clinical pipeline.

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

In the USA, two important projects are well under way at our headquarters in Kansas. Rapid progress has been made towards expanding production capacity in our dry powder media facility. Scheduled for completion in June 2005, this expansion will position us to accommodate the increasing demand for dry powder media. Our scientific laboratories in Kansas are also being extended and upgraded.

Annual General Meeting

Thursday 14 October 2004 at 10:00am
Function Centre,
National Tennis Centre
Melbourne Park,
Batman Avenue
Melbourne 3000

AGM Live Webcast

Note: The Chairman's Report and the Chief Executive Officer's Report will both be webcast through CSL's web site: www.csl.com.au

Log on to the Home Page of CSL's web site and then click on the first item under CSL News called Annual General Meeting webcast.

In the Asia Pacific, our presence is continuing to grow as we successfully open new markets in India and increase sales of JRH cell culture media in China and other countries in the region.

The CSL Board

Mr John Akehurst and Mr Maurice Renshaw have both been recently appointed to the Board. Mr Ian McDonald did not stand for re-election at our October 2003 Annual General Meeting at which the Board acknowledged the benefit gained from his many years' experience in the international pharmaceutical industry and expressed their great appreciation for his valued contribution.

Appointed to the Board in April 2004, Mr Akehurst was formerly Managing Director and CEO of Woodside Petroleum Ltd. Prior to this Mr Akehurst held a number of positions with Shell and had responsibility for South-East Asia and South America.

Operator John Everly in the Zemaira® manufacturing plant at Kankakee in Illinois, USA.

Mr Maurice Renshaw was appointed to the Board in July 2004 having come from Pfizer Inc. where he was Vice-President, as well as Executive Vice-President of Pfizer Consumer Group and President of Pfizer Consumer Healthcare Division. Mr Renshaw was also Vice-President of Warner Lambert Co. and was instrumental in the integration of Warner Lambert with Pfizer. Mr Renshaw has had many years' experience in the international pharmaceutical industry.

The CSL Board welcomes the appointment of both these highly experienced Directors and it is expected their contributions will be extremely valuable.

Our Thanks to Management and Staff

In a year of change which included the successful sale of the Company's Animal Health business to Pfizer Inc., and the purchase of Aventis Behring, our management and staff around the world have faced very substantial and still continuing challenges within all CSL business operations.

Changes on this scale and in such a short time have had a major impact on many people especially our staff. We could not have implemented this significant restructuring of our businesses so quickly without the highest levels of professionalism that have been demonstrated by all our employees, and your Board of Directors therefore takes this opportunity to thank both our management and staff for their strong commitment to the implementation of strategies that will position us for future growth.

Peter Wade.

Peter Wade
Chairman

Brian McNamee
Chief Executive Officer
and Managing Director

ZLB Behring plasma fractionation operations at Marburg in Germany are carried out at these two shared pharmaceutical industry sites (above and left) within three kilometres of each other. Plasma products manufactured here include coagulation and critical care therapies, and specialty products.

ZLB Behring
Strategy for Growth

ZLB Behring is a global leader in plasma therapeutics with the broadest range of high quality products in our industry and established markets throughout the world.

Our strategy for business growth has five key elements:

- A broad portfolio of high quality products;
- Global marketing to match customer needs;
- An R&D pipeline of new plasma products;
- Lower cost and higher yield manufacturing;
- Product supply in balance with the demand.

Our strategy is matched by the necessary resources and programs:

A broad portfolio of high quality products

We manufacture five product groups: coagulation and wound healing therapies, immunoglobulins, critical care products, and treatment for pulmonary disease.

A strong global presence to service customer needs

We have established global markets supported by sales and distribution centres throughout the world.

An R&D pipeline of new and improved plasma products

We have continued to deliver innovative products to the market. Closely aligned with restructured manufacturing operations, our R&D activities remain focussed on life-cycle development, new product development and product safety.

A restructure of manufacturing for greater efficiency

We operate manufacturing facilities in Germany (Marburg), Switzerland (Bern) and the USA (Kankakee) and also maintain a close relationship with CSL Bioplasma's manufacturing operation in Australia (Melbourne).

Manufacturing is being restructured to focus on core product strengths at each location and create more cost-effective operations that will deliver the most profitable return for each litre of plasma processed.

A better balance between supply and demand

Fundamental to our business is access to secure sources of plasma. ZLB operates more than 70 plasma collection centres in the US and Germany, and has the largest plasma testing laboratory in the industry at Knoxville in Tennessee.

This substantially restructured plasma collection business better reflects manufacturing requirements and the needs of our customers.

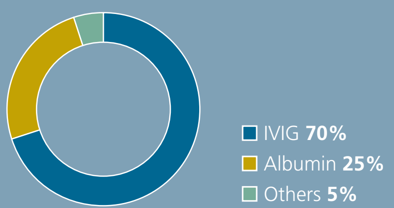
Technician Thomas Bittner in the Factor IX production plant at Marburg in Germany.

A Global Leader in Plasma Therapies – Estimated Market Shares as at June 2004

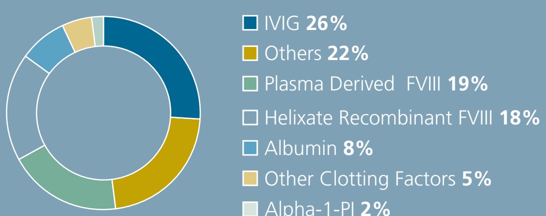
	Market Share	Rank
Coagulation	22%	2nd
Critical Care	20%	1st
Immunoglobulins	18%	2nd
Wound Healing	16%	3rd
Alpha-1-PI	10%	3rd
Worldwide market share	21%	2nd

A broad portfolio of high quality products

ZLB Bioplasma Stand Alone Sales



ZLB Behring Indicative Sales Split



A pipeline of new and improved plasma products

Phase IV	vWD* (Humate P) Alpha-1-PI deficiency (Zemaira®) Immunodeficiency: 12% liquid IVIG (EU)
Registration	vWD* (Humate P improved formulation) Immunodeficiency (subcutaneously delivered IgG) ITP* (Anti D immunoglobulin) GBS*- USA (IVIG)
Phase III	Immunodeficiency: 12% liquid IVIG (USA) Immunodeficiency and ITP*: Chromatographic Liquid IVIG
Phase I	Stroke: reconstituted High Density Lipoprotein

* vWD: von Willebrand's Disease
* ITP: Immune Thrombocytopenia
* GBS: Guillian Barré Syndrome

ZLB Behring
Operations

ZLB Behring is one of the world's leading manufacturers of plasma therapeutics with substantial markets in the USA, Europe and Japan.

Based at King of Prussia in Pennsylvania (USA), ZLB operates regional sales offices throughout the world and manufacturing plants in Kankakee, Illinois (USA), Bern (Switzerland) and Marburg (Germany).

ZLB Behring's plasma collection operation, ZLB Plasma Services, has more than 70 plasma collection centres in the US and Germany, along with plasma testing laboratories and logistics centres in both countries.

The plasma therapeutics manufactured by ZLB Behring include:

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

We understand the needs of people relying on our products. People with haemophilia (a bleeding disorder resulting in poor blood clotting and continuous bleeding) have to learn to live with this life-threatening condition. In emergency trauma situations and with serious burns, people can suffer severe blood plasma losses. Some patients have wounds that continue bleeding, or immune systems too weak to fight infection.

After a slow start, ZLB Behring is now seeing growth in the number of patients using Zemaira®, its new generation Alpha-1-Proteinase Inhibitor - a prophylactic treatment for people at risk from life-shortening emphysema through a genetic deficiency in their synthesis of this protein.

As a result of the integration of the former Aventis Behring into the CSL Group to form ZLB Behring, we are now able to offer a more diversified range of products covering five important therapeutic treatment groups.

Our integrated business will also deliver some significant improvements in operational efficiency, particularly in plasma collection, higher yield manufacturing, infrastructure and corporate administration.

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

MAJOR PLASMA PRODUCTS MARKETED BY ZLB BEHRING

Coagulation Therapies

Coagulation therapies are used to treat bleeding disorders such as haemophilia and Von Willebrand's disease

Recombinant Factor VIII
- Helixate® NexGen

Von Willebrand's Factor
- Haemate®
- Humate-P®
- Stimate®

Plasma-derived Factor VIII
- Beriate® P
- Monoclate-P®

Plasma-derived Factor IX
- Mononine®
- Berinin® P

Critical Care Products

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

Albumin Solutions
- Human-Albumin 20%® Behring
- Albumar® (5/20/25%)
- Alburex

Inhibitors
- Berinert® P
- Kybernin® P

Thrombolytics
- Streptase®

Other Trauma Therapies
- Beriplex® P/N
- Haemocomplettan® P

Pulmonary Disease Treatment

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

Alpha-1-Proteinase Inhibitor
- Zemaira®

Wound Healing Therapies

Wound healing therapies are used to facilitate healing

- Beriplast® P Combi-Set
- Fibrogammin® P

Immunoglobulins

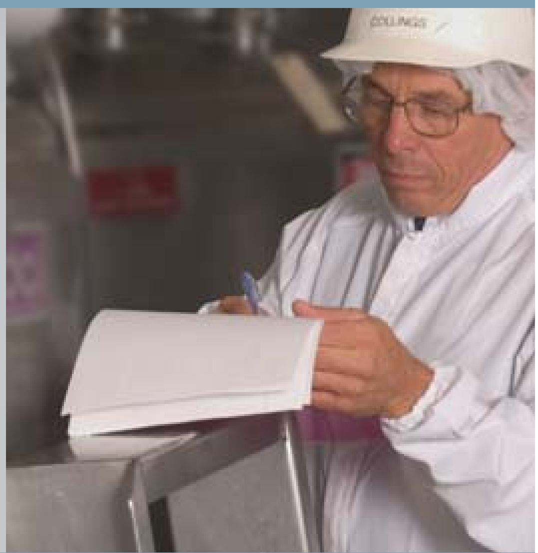
Immunoglobulins are used to treat infections and autoimmune diseases, and to prevent haemolytic disease in the newborn

Polyvalent IVIGs
- Sandoglobulin®
- Carimune™
- Redimune™
- Sandoglobulin® NF Liquid
- Venimmun® N
- Gammar® P.I.V.
- Gamar-Venin® P

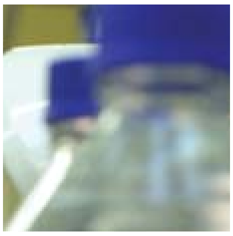
Polyvalent IMIG/SCIG
- Beriglobin® P
- Vivaglobin® P

Hyperimmunes
- Rhophylac®
- Rhesogamma® P
- Hepatitis B IG P
- Berirab® P
- Tetagam® P
- Varicellon® P

Technician Frank Immel in the Factor IX production plant at Marburg in Germany.



Supervisor Guy Collings reviews plasma fractionation schedules at Kankakee in Illinois, USA.



ZLB Behring
Centres of Excellence

Our plasma products manufacturing operations around the world are being integrated to create centres of excellence.

Kankakee: *Operator Darlene Stampley on the packaging line.*

Manufacturing centres of excellence are being established at Marburg (Germany), Bern (Switzerland), Kankakee (USA) and at CSL Bioplasma's facility at Broadmeadows in Melbourne.

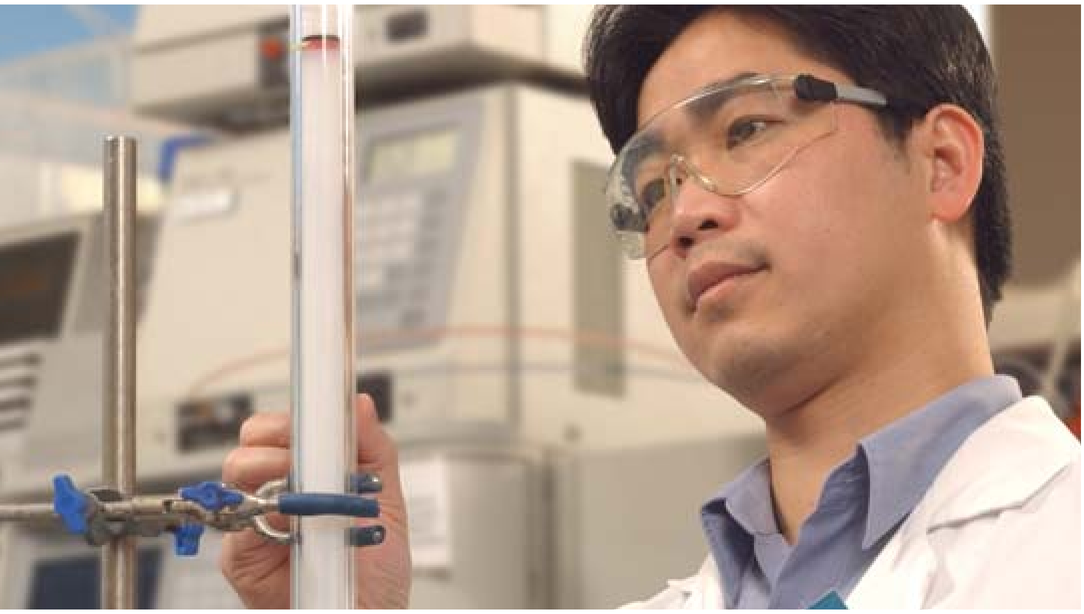
R&D for plasma products will be closely aligned with this manufacturing expertise and will concentrate on product improvements, process development, safety and validation systems.

The centres of excellence will undertake the following R&D activities:

- Marburg will continue to develop coagulation therapies, along with critical care and specialty products;
- Bern will focus on immunoglobulins, production methods and safety standards;
- Melbourne will continue to offer state-of-the-art purification technologies for plasma products;
- Kankakee (Illinois) will be responsible for continuous improvement of our Alpha-1-Proteinase Inhibitor (Alpha-1-PI) product.

CSL will maintain its global reputation for quality plasma products through state-of-the-art prion safety and validation systems and will continue to study viral elimination technologies and potential emerging pathogens. This responsibility for product safety will be shared across all our sites.

Marburg: *Dr. Ernst-Juergen Kanzy is a Senior Research Specialist and Head of the protein technology laboratory.*



Melbourne (Broadmeadows): *Scientist Hung Pham using a small scale purification column.*

Bern: *Mark Beyer prepares a fractionated sample for protein analysis.*

ZLB Behring
ZLB Plasma Services

ZLB Plasma Services is one of the largest collectors of human blood plasma in the world with operations in the US and Europe. Through our own plasma collection operations and commercial purchases, we source all of the plasma required by ZLB Behring. We are also a major supplier of plasma to the global fractionation industry.

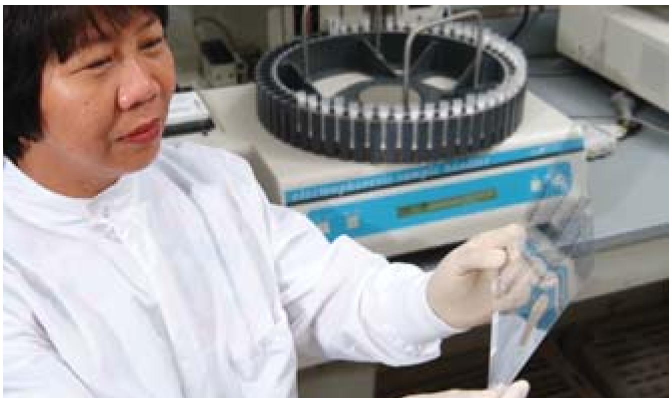
CSL's acquisition of Aventis Behring in March 2004 to form ZLB Behring included the plasma collection business of Aventis Bio-Services, which has been integrated into our operations. We now have 65 plasma collection centres in the US, as well as eight in Germany.

Our headquarters is in Boca Raton, Florida. We operate the largest plasma-testing laboratory in the industry at Knoxville in Tennessee and a logistics centre at Indianapolis in Indiana. Based at Marburg, operations in Germany include eight plasma collection centres across the country, a plasma-testing laboratory in Gottingen and a Marburg logistics centre.

Globally, we have more than 2,600 staff supporting over 40,000 donors who provide plasma used to produce life-saving products for critically ill patients. ZLB Plasma Services offers a reliable and secure source of plasma for those essential medications. In this stringently regulated industry, we comply with the highest international standards, use the most sophisticated systems, and continue to explore avenues of innovation.

Fundamental to continuing improvements in operational efficiency this year has been the high priority we have given to integrating the former Aventis Bio-Services (ABS) into our business. We have made excellent progress towards centralising corporate control at Boca Raton, transferring all US plasma testing to Knoxville, and combining the US operations of 26 ABS plasma collection centres with 39 of our own.

ZLB Plasma Services has significantly strengthened its plasma collection, testing and distribution capacity in 2004 and enhanced its position as a key supplier to the fractionation industry.



Technologist Joyce Fitzgerald inspects the bands on an SPE gel plate for accuracy at Knoxville in Tennessee, USA.

Laboratory Assistant Jack Walker verifies the identity, volume and integrity of a sample in the SPE area at Knoxville.

Technologist Jerry Davis uses a dynamic incubator for an EIA test at Knoxville in Tennessee, USA.

Manager Undrea Jenkins observes the operation of an Aeroset reagent probe during ALT testing at Knoxville.

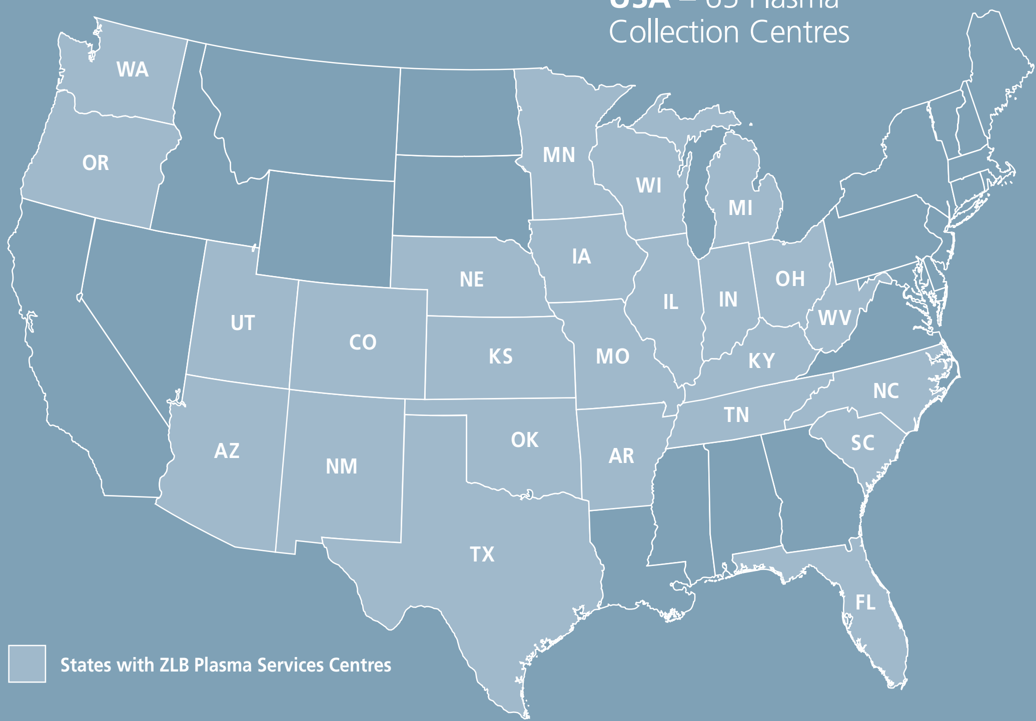
ZLB Plasma Services

US Headquarters – Boca Raton, USA
US Testing Laboratory – Knoxville, USA
US Logistics Centre – Indianapolis, USA

EU Headquarters – Marburg, Germany
EU Testing Laboratory – Gottingen, Germany
EU Logistics Centre – Marburg, Germany

Germany – 8 Plasma Collection Centres

USA – 65 Plasma Collection Centres



- > Arizona (AZ)
- > Arkansas (AR)
- > Colorado (CO)
- > Florida (FL)
- > Illinois (IL)
- > Indiana (IN)
- > Iowa (IA)
- > Kansas (KS)
- > Kentucky (KY)
- > Michigan (MI)
- > Minnesota (MN)
- > Missouri (MO)
- > Nebraska (NE)
- > New Mexico (NM)
- > North Carolina (NC)
- > Ohio (OH)
- > Oklahoma (OK)
- > Oregon (OR)
- > South Carolina (SC)
- > Tennessee (TN)
- > Texas (TX)
- > Utah (UT)
- > Washington (WA)
- > West Virginia (WV)
- > Wisconsin (WI)

CSL Bioplasma
Asian Operations

CSL Bioplasma is the largest manufacturer of plasma products in the Southern Hemisphere and the preferred provider of plasma therapeutics and services in Australia, New Zealand and other key regional markets.

In March 2004, CSL acquired the business of Aventis Behring to form ZLB Behring. The subsequent merging of ZLB Behring's commercial activities in Asia (except Japan) with CSL Bioplasma's regional operations created a business very strongly positioned to become the leading provider of plasma therapeutic products in our region.

Melbourne will be headquarters for this combined business which includes a regional office in Hong Kong and a significant presence in Mainland China where good growth in demand is expected for plasma therapeutics.

By taking advantage of the complementary strengths of CSL Bioplasma and ZLB Behring, we will provide an extensive range of life-saving therapeutic products and services to governments, medical professionals and patients. We can offer the broadest range of products in our industry, customised toll manufacturing to blood services throughout our region, and enhanced client support through our greater presence in key markets.

CSL Bioplasma has a successful record in toll manufacturing through well-established relationships with the Australian Red Cross Blood Service and other blood services in our region including in New Zealand, Hong Kong, Malaysia and Singapore.

ZLB Behring's Asian operations are underscored by an established position in the region as a leading supplier of plasma products. Their broad range of commercial therapeutics includes an extensive portfolio of plasma-derived and recombinant products for the treatment of haemophilia.

By integrating our operations, we will significantly boost our business in the Asia Pacific region so that we can look forward confidently to a future of sustainable growth.

MAJOR PLASMA PRODUCTS MANUFACTURED BY CSL BIOPLASMA

Coagulation Therapies

Coagulation therapies are used to treat bleeding disorders such as haemophilia and Von Willebrand's disease

- **Biostate®**
- **MonoFIX® -VF**
- **AHF (HP)**
- **Prothrombinex™ - HT**
- **Thrombotrol®**

Immunoglobulins

Immunoglobulins are used to modify function of the immune system

- **Intragam® P**
- **Normal Immunoglobulin**
- **Rh(D) Immunoglobulin**
- **CMV Immunoglobulin**
- **Hepatitis B Immunoglobulin**
- **Zoster Immunoglobulin**
- **Tetanus Immunoglobulin**

Critical Care Products

Critical care products are used for plasma volume expansion or exchange, for haemodialysis and for replacement of albumin

- **Albumex®**

Diagnostic Products

Diagnostic products are used to determine compatibility of donor-recipient blood in transfusion settings

- **ABO Monoclonal Reagents**
- **Reagent Red Blood Cells**

Our Toll Fractionation Services

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

ZLB Behring Plasma Therapeutics

CSL Bioplasma also markets ZLB Behring's commercial products in Asia through ZLB Behring Asia.

Albumin Production Manager Anthony Manovella in the control room monitoring plasma fractionation processes.

Above: Human Resources Associate Kathy Koussias gives a presentation to staff.

Top: Operator Samantha Cogger on CSL Bioplasma's Packaging Floor.

CSL Pharmaceutical
New Australian Government Vaccination Program

From January 2005, Australians aged 65 years and over will be able to go to their family doctor or health care provider for free vaccination against pneumococcal disease under a new Federal Government program.

In order to enhance the health outcomes for older Australians, CSL will be working closely with the Federal and State Governments' to help achieve higher uptake rates for vaccination against this disease - a result that has already been achieved by the long established national influenza vaccination program.

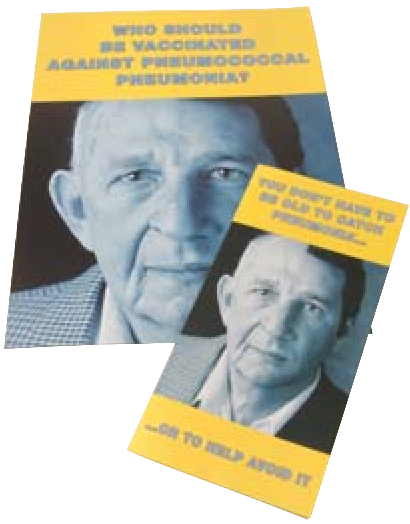
CSL is a participant in both national programs through our Fluvax® influenza vaccine and PneumoVax 23, a vaccine against pneumococcal disease that we distribute in Australia on behalf of our business partner, Merck & Co. Inc.

In its most severe form, pneumococcal disease can result in meningitis (inflammation of the lining of the brain), bacteraemia (infection of the blood) and pneumonia. In Australia, invasive pneumococcal disease is a significant cause of death and hospitalisation with more than 150 deaths and thousands of hospital admissions each year.

Pneumococcal disease is caused by a bacterium that has many strains. PneumoVax 23 includes the components of 23 types of pneumococcus including six serotypes that most frequently cause the invasive, drug-resistant, pneumococcal infections in children and adults.

Australian immunisation experts recommend vaccination against pneumococcal disease for everyone aged 65 and over, indigenous Australians aged 50 and over, people with chronic medical conditions (such as diabetes, cardiovascular, respiratory, liver or renal diseases), people with alcohol-related problems, tobacco smokers and those who are immunocompromised.

People in the groups at risk who are under the age of 65 will be able to obtain PneumoVax 23 at a subsidised cost through the Pharmaceutical Benefits Scheme.



MAJOR PHARMACEUTICAL PRODUCTS MARKETED BY CSL

Vaccines	For prevention of:
Fluvax®	Influenza
Pneumovax* 23	Pneumococcal infection
Menjugate*	Meningococcal C disease
ADT®	Diphtheria and tetanus
Tet-Tox®	Tetanus
H-B-VAX* II	Hepatitis B infection
PedvaxHIB*	Haemophilus influenzae B
Vaqta*	Hepatitis A infection
Varivax* Refrigerated	Varicella
Comvax*	Haemophilus influenzae B and Hepatitis B infection
Q-Vax®	Q-Fever
MMR* II	Measles, mumps and rubella

Anti-infectives	For treatment of:
Flopen®	Severe staphylococcal infections
Moxacin®	Bacterial infections
Fucidin*	Bacterial infections
BenPen®	Bacterial infections

Other products	For treatment of:
Tramal*	Moderate to severe pain
Flomax*	Benign prostatic hyperplasia
Antivenoms	Envenomation
Cervidil*	Complications during childbirth requiring induced labour
Modavigil*	Excessive daytime sleepiness in narcolepsy
Epi-Pen*	Severe allergic reactions
Daivonex*	Psoriasis
Advantan*	Inflammatory dermatoses

* See page 112

Based at Parkville in Melbourne, Philippe Ludekens is the Brand Manager for Pneumovax 23. In Australia, invasive pneumococcal disease is a significant cause of death and hospitalisation with more than 150 deaths and thousands of hospital admissions each year.

New Product Development
Reconstituted High Density Lipoprotein

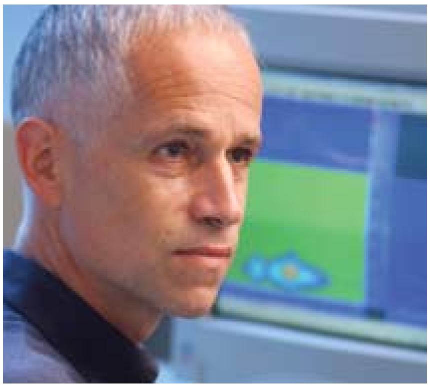
CSL's significant investment in the manufacture of plasma therapeutics drives our strong commitment to expanding the range of useful proteins we can fractionate from plasma to develop high value medicines.

One of the most interesting candidates in our early stage R&D portfolio is Reconstituted High Density Lipoprotein (rHDL) as a treatment for stroke and acute coronary syndromes. Compelling preclinical data on rHDL has now been gathered and so we have decided to test this plasma-derived experimental medicine in early-stage clinical trials.

Our ZLB Behring scientists at Bern in Switzerland originally developed rHDL by fractionating ApoA1 protein from plasma and formulating it with lipid to create HDL particles. Known as "good cholesterol" HDL is a normal constituent of human plasma and higher levels of it are associated with improved outcomes in major cardiovascular diseases.

Preclinical and clinical studies in the past few years have established the safety profile of rHDL and demonstrated its potent biological activities. Working with international research groups in Europe and Australia, we have discovered that rHDL can have positive biological effects on those mechanisms that lead to poor outcomes in human cardiovascular disease.

For example, research groups in Italy and Australia have shown that experimental animals treated with rHDL after experimental strokes had reduced volumes of injured brain when compared to animals given a placebo. Other investigators have shown rHDL to have potent calming effects on endothelial cells lining blood vessels that suggest a potential benefit in acute coronary artery disease. Based on the advice of independent international experts that have examined the data from these studies, we will take rHDL into proof-of-principle clinical studies in stroke during the next year.



Reconstituted High Density Lipoprotein (rHDL) is in early stage clinical development as a treatment for stroke and acute coronary syndromes. Scientist Peter Lerch (left) from Bern started the rHDL project. Based at Parkville in Melbourne, Russell Basser (centre) is our Global Director of Clinical Development. Gino Vairo is the rHDL Project Leader at Parkville.

Scientist Peter Soupourmos with a mass spectrometer used to analyse proteins and peptides at Parkville in Melbourne.

Parkville scientist Lena Miloradovic is CSL project leader for the Tumour Immunotherapy Program with the Ludwig Institute for Cancer Research.

MAJOR HUMAN HEALTH PRODUCTS BEING DEVELOPED BY CSL

Products	Current Status	CSL's R&D Partners	
		Academic	Corporate
Vaccine to prevent Cervical Cancer and Genital Warts	Phase III clinical development	The University of Queensland	Merck & Co. Inc.
Melanoma/Tumour Immunotherapy	Phase II clinical development	Ludwig Institute for Cancer Research	
Vaccine to treat Hepatitis C infection	Phase II clinical development		Chiron Corporation
Vaccine to treat Human Papillomaviruses	Phase 1b clinical development	The University of Queensland	
Liquid IVIG	Early stage clinical development		
Treatment of stroke with rHDL	Early stage clinical development	National Stroke Research Institute	
Topical Eye Delivery	Late stage research	Flinders University	

Cervical Cancer and Genital Warts: *human papillomaviruses are associated with a range of clinical manifestations including genital dysplasias, tumours and warts.*

Melanoma and tumour immunotherapy: *targeting the human immune system to recognise and kill cancer cells is an attractive approach to reduce tumour burden, increase quality of life, and potentially cure patients with various forms of cancer.*

Hepatitis C (HCV): *a major international public health problem. We are working with scientists at Chiron Corporation to develop an immunotherapeutic to treat patients with chronic HCV infection.*

Liquid IVIG: *our state-of-the-art product is entering clinical testing.*

Stroke: *reconstituted high-density lipoprotein (rHDL) developed by our colleagues in Bern may be used to reduce the size of the brain lesion following vascular occlusion.*

Topical Eye Therapy: *delivery of biotech treatment for eye disease requires injection into the eye. We are working with collaborators at Flinders Medical Centre to develop topical (eye drops) delivery of biotech ophthalmic therapies.*

JRH Biosciences
Operations

JRH Biosciences develops manufactures and markets cell culture reagents including dry powder media, liquid media and sera used in the manufacture of vaccines, biopharmaceuticals and gene therapy products.

Fundamental to JRH's continuing record of success as a leading supplier of media to the global biopharmaceutical industry has been our ability to penetrate strategic markets, to expand our business and to augment relationships with key, long-term customers. Our products and services are aligned to the requirements of customers moving drugs through their development pipelines. We will maintain our leading position through innovative products and technology, strong customer support and close collaboration with drug researchers, developers and manufacturers.

JRH's position in Europe's cell culture market has been enhanced by the opening of our new facility in the United Kingdom for the manufacture and distribution of liquid cell culture media, produced to strict code of Good Manufacturing Practice (cGMP) requirements. Our increased production will assist the biopharmaceutical industry to address the current global shortages in media manufacturing capacity.

Scheduled for completion in June 2005 is the construction of a second dry powder media manufacturing facility at JRH's corporate headquarters in the United States. This facility will incorporate new pin milling technology. At our headquarters, we are also expanding scientific laboratory space for media development including for our small volume media development program called imMEDIAte Advantage™.

An important focus for JRH scientists is ongoing success in developing media for use in the production of therapeutics, vaccines, recombinant proteins and monoclonal antibodies. Another priority is to build on our recognised expertise in CHO cell line platform products to further enhance that portfolio.

JRH will continue to expand its business by providing customers with exceptional technological support and expertise as we strengthen our global production, sales and distribution capabilities.

MAJOR CELL CULTURE PRODUCTS MARKETED BY JRH BIOSCIENCES

Biotechnology products used in cell culture

For use in the production of therapeutics, vaccines, monoclonal antibodies and recombinant proteins. Sera, media and growth factors are also extensively used in research and diagnostic laboratories.

- **Serum-Free Media**
- **Classical Media**
- **Sera**
- **Growth Factors**
- **Supplements**
- **Buffers**
- **Detachment Factors**
- **Reagents**

Cells taken from living organisms and grown under controlled conditions in a laboratory or manufacturing system are known as cell culture. In cell culture, media combined with sera, growth factors and other supplements are used to grow cells and produce proteins.

JRH Biosciences develops, manufactures and markets cell culture reagents and services targeted for commercial firms involved in developing and producing biopharmaceuticals using mammalian and insect cell culture methods.

Biotechnology services used in cell culture applications

imMEDIAte Advantage™
Program for quick delivery of small volumes of customised media, either in liquid or dry powder form, preferred by scientists in research and product development.

BioEaze™
Sterile disposable bags, components and bioprocessing systems designed to address specific pharmaceutical and biotechnology applications.

Bulk Liquid Media System
Customised liquid media handling systems designed to facilitate raw material transfer in cell culture laboratories.

Media Development and Optimisation
Development of media formulations specific to customer cell lines and applications, focussed on improving productivity and efficiencies.

Technical Services
Regulatory support to meet customer and government requirements for licensing issues; customer support on product applications and cell culture techniques; and product support focussing on technology transfer.

Analytical Services
Biochemical analyses that aids cell culture product development and optimisation.

Manager Catherine Rankin-Moore in JRH Biosciences' imMEDIAte Advantage™ laboratory at Andover. The imMEDIAte Advantage™ program offers speedy delivery of small volumes of customised cell culture media.

Production Technician Julie Bridle demonstrates an aseptic liquid media filling operation at Andover in the United Kingdom. During the year, JRH completed a significant capacity upgrade at this facility. Extra production capacity combined with strong technical service and support for European customers will enhance access to one of our key markets.

Our People

Many of our people in all parts of the organisation are to be congratulated for contributing to a transformational change over the past twelve months that has significantly strengthened CSL's position as a successful global biopharmaceutical company.

The establishment of ZLB Behring, the successful sale of our Animal Health business to Pfizer Inc. and the growth of our JRH Biosciences business have all resulted from strong commitment to the goals of the organisation, a focus on outcomes, on operational efficiency and financial discipline.

In June 2004, CSL had approximately 80% more employees than at the same time last year. We now have close to 8000 people located in 21 countries serving markets around the world. Supporting this growth, harmonisation of our human resources activities focusses on our Health, Safety and Management System, the CSL Group Values and Performance Management System and our corporate policies.

To make many complex decisions underpinning the changes to our business, due diligence and integration teams in Europe, the USA and Australia have analysed vast amounts of data and have secured the commitment of diverse groups of stakeholders. Establishing ZLB Behring involved 120 people in 15 integration teams collaborating to combine the best knowledge, skills and experience of CSL and ZLB with those of Aventis Behring and Aventis Bio-Services.

A culture survey of nearly 2500 employees from the former Aventis Behring and ZLB Bioplasma organisations in March 2004 revealed that there were many more similarities than differences between these organisations – and this has greatly assisted our integration process. Most employees in both former organisations understand the synergies required for ZLB Behring to be successful. Restructuring decisions were implemented quickly and with clearly outlined objectives to reduce uncertainty for people affected. As we planned, more than half the milestones for integration were achieved in the first 100 days after acquisition with minimal conflict or crises.

CSL's biennial Global Employee Opinion Survey conducted late in 2003 revealed strengths in customer focus, organisational commitment and the effectiveness of immediate supervisors, as well as an overall 75% level in job satisfaction.

Over the next year, we will further strengthen our Performance Management System and our communication of business objectives. Every manager has a financial target to meet and will be rewarded for demonstrating CSL Values and for achieving results aligned with corporate objectives.

Clockwise *(from above):*

King of Prussia: *ZLB Behring marketing executives (left to right) Bernadine Dixon, Christine Mario, Kate McCoy and Jeff Somerville.*

Melbourne (Broadmeadows): *Scientist Karl McCann characterising a vial of product.*

Hong Kong: *General Manager Asian Operations, Chris Church is responsible for the Asia Pacific activities of CSL Bioplasma and ZLB Behring (except Japan).*

Bern: *Agathe Kaufmann performs a sterility test.*

Melbourne (Parkville): *Bill Cracknell is Influenza Operations and Capital Improvement Manager.*

Kankakee: *Supervisor Rebecca Boudreau performs a quality control test.*

Knoxville: *Laboratory Assistant Deborah Styles pools samples in the immunology department.*

Melbourne (Parkville): *Scientist Bill Woods demonstrates preclinical formulation work.*

CSL Group
Business Operations

ZLB Behring

Headquarters: King of Prussia, Pennsylvania, USA
Business: Immunoglobulins, Albumin, Coagulation and Wound Healing Therapies, Pulmonary Disease Treatment

1	King of Prussia	USA	Headquarters, Sales, Distribution
2	Bern	Switzerland	R&D, Manufacturing, Sales, Distribution
3	Marburg	Germany	R&D, Manufacturing
4	Kankakee	USA	Manufacturing
5	Ottawa	Canada	Sales and Distribution
6	Mexico City	Mexico	Sales and Distribution
7	Sao Paulo	Brazil	Sales and Distribution
8	Buenos Aires	Argentina	Sales and Distribution
9	Haywards Heath	UK	Sales and Distribution
10	Leuven	Belgium	Sales and Distribution
11	Paris	France	Sales and Distribution
12	Lisbon	Portugal	Sales and Distribution
13	Barcelona	Spain	Sales and Distribution
14	Farum	Denmark	Sales and Distribution
15	Stockholm	Sweden	Sales and Distribution
16	Hattersheim	Germany	Sales and Distribution
17	Vienna	Austria	Sales and Distribution
18	Milan	Italy	Sales and Distribution
19	Kryoneri	Greece	Sales and Distribution
20	Tokyo	Japan	Sales and Distribution

ZLB Plasma Services

Headquarters: Boca Raton, Florida, USA
Business: Plasma Collection and Testing

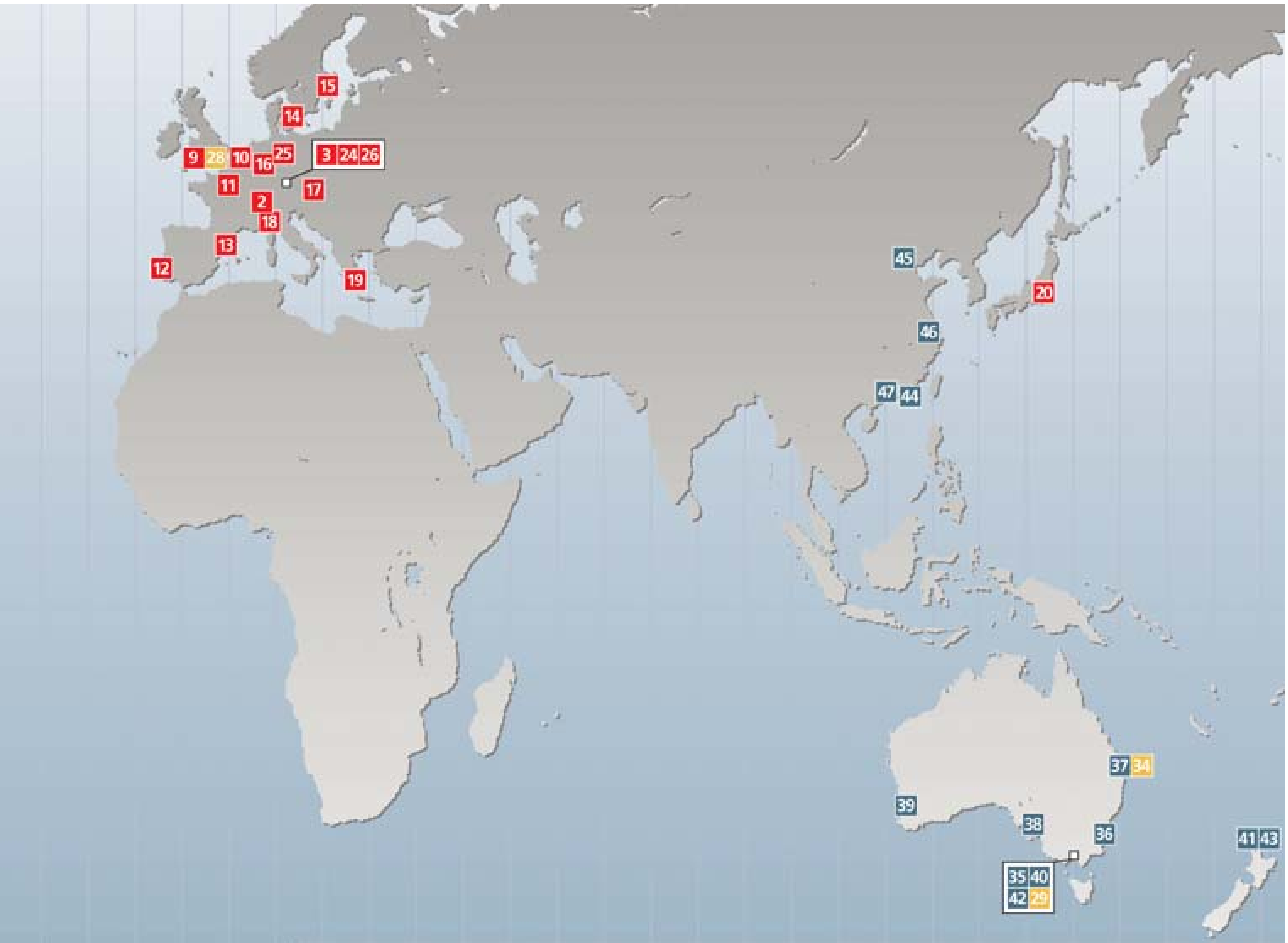
21	Boca Raton	USA	Headquarters
22	Knoxville	USA	Testing Laboratory
23	Indianapolis	USA	Logistics Centre
24	Marburg	Germany	EU Headquarters
25	Gottingen	Germany	Testing Laboratory
26	Marburg	Germany	Logistics Centre

+ 8 Plasma Collection Centres across Germany
+ 65 Plasma Collection Centres across the USA

JRH Biosciences

Headquarters: Lenexa, Kansas, USA
Business: Cell Culture Products

27	Lenexa	USA	Manufacturing, Sales, Distribution
28	Andover	UK	Manufacturing, Sales, Distribution
29	Melbourne	Australia	Manufacturing, Sales, Distribution
30	Denver	USA	Manufacturing
31	Caseyville	USA	Serum Collection
32	Selma	USA	Serum Collection
33	Mulberry	USA	Serum Collection
34	Brisbane	Australia	Serum Collection



CSL Limited

CSL Group Headquarters: Melbourne, Australia

35	Melbourne	Australia	R&D, Sales, Distribution
36	Sydney	Australia	Sales and Distribution
37	Brisbane	Australia	Sales and Distribution
38	Adelaide	Australia	Sales and Distribution
39	Perth	Australia	Sales and Distribution

CSL Pharmaceutical

Headquarters: Melbourne, Australia
Business: Vaccines, Anti-infectives, Antivenoms

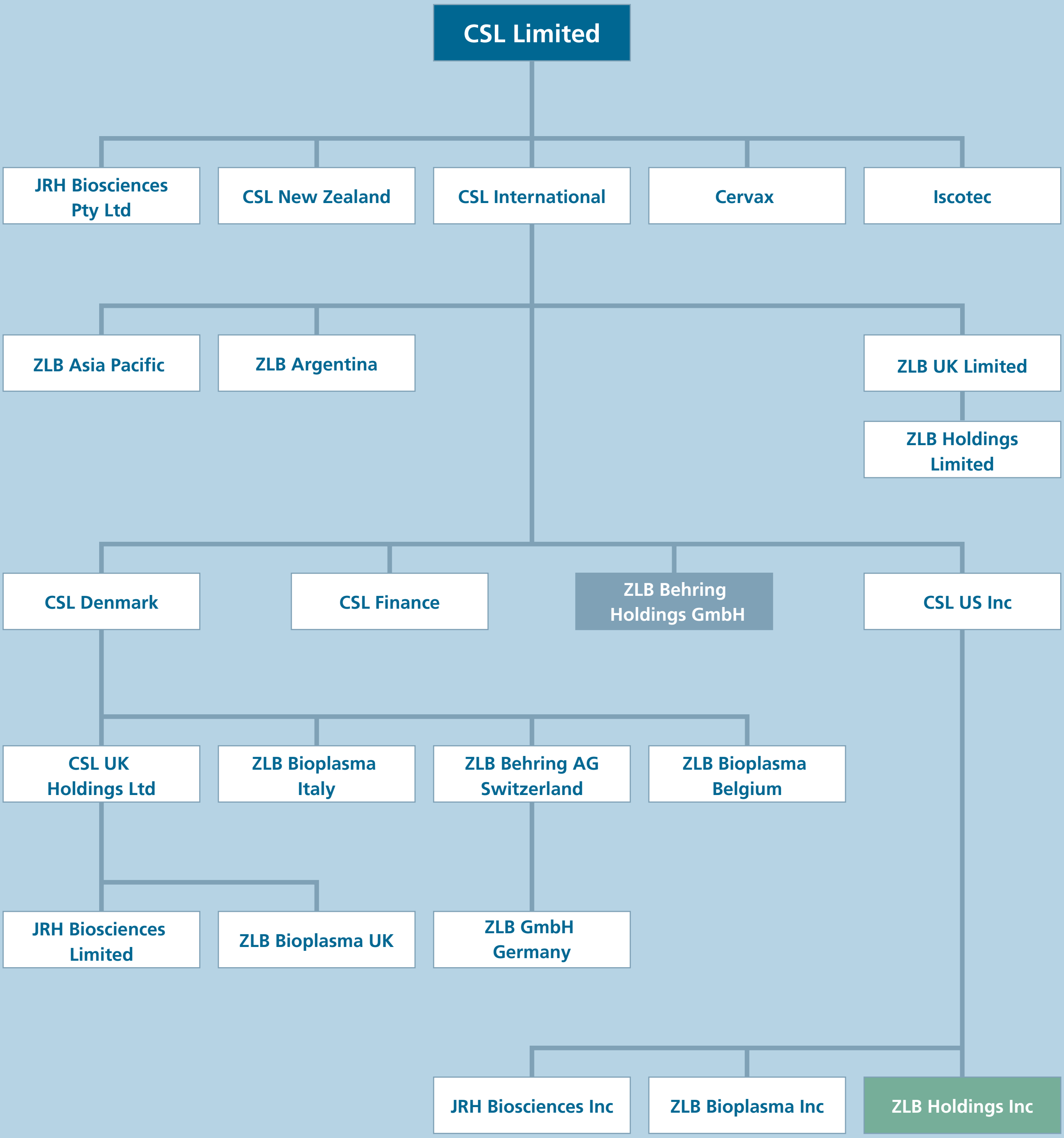
40	Melbourne	Australia	Manufacturing
41	Auckland	New Zealand	Sales, Distribution

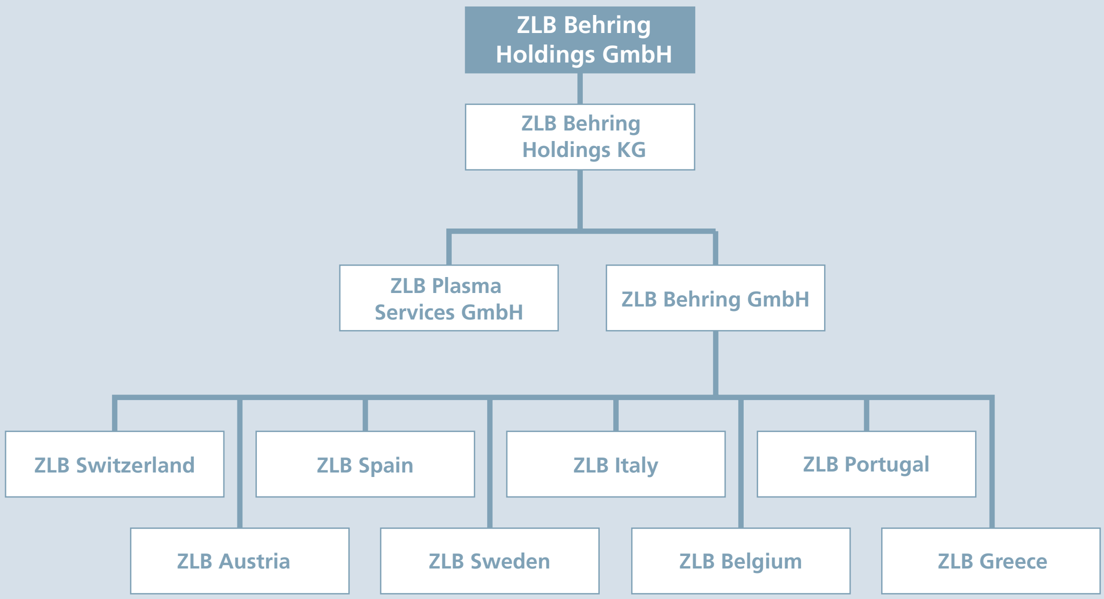
CSL Bioplasma

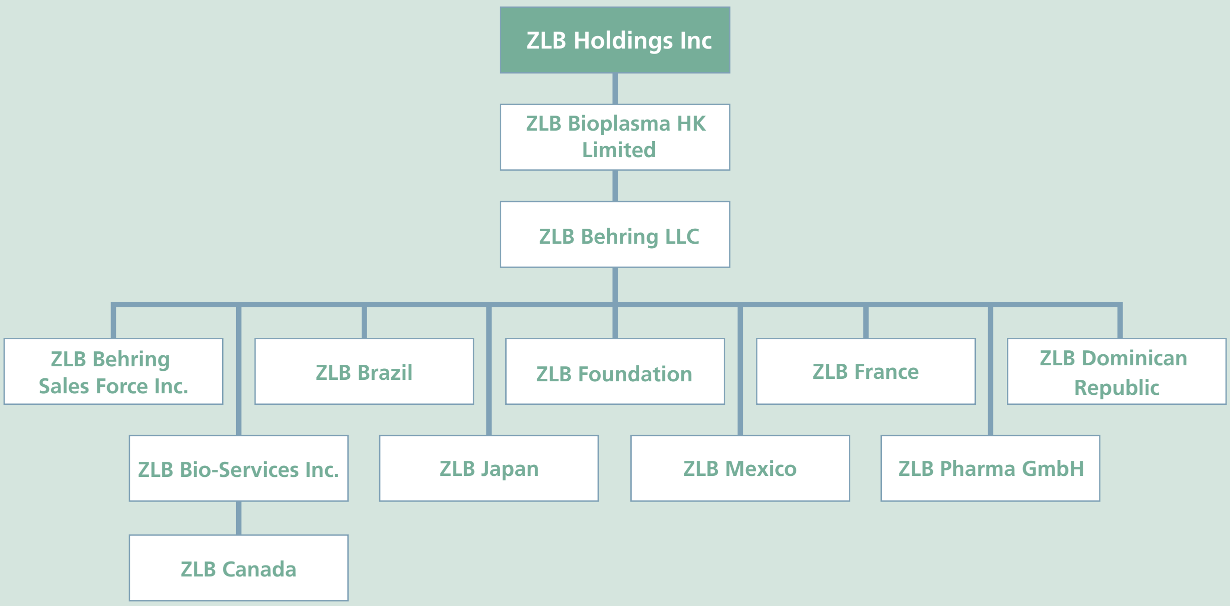
Headquarters: Melbourne, Australia
Business: Immunoglobulins, Albumin, Coagulation and Wound Healing Therapies, Blood Diagnostics

42	Melbourne	Australia	R&D, Manufacturing, Sales, Distribution
43	Auckland	New Zealand	Sales and Distribution
44	North Point	Hong Kong	Sales and Distribution
45	Beijing	China	Sales and Distribution
46	Shanghai	China	Sales and Distribution
47	Guangzhou	China	Sales and Distribution

Controlled Entities




ZLB Behring Holdings GmbH
ZLB Behring Holdings KG
ZLB Plasma Services GmbH
ZLB Behring GmbH
ZLB Switzerland
ZLB Spain
ZLB Italy
ZLB Portugal
ZLB Austria
ZLB Sweden
ZLB Belgium
ZLB Greece


ZLB Holdings Inc
ZLB Bioplasma HK Limited
ZLB Behring LLC
ZLB Behring Sales Force Inc.
ZLB Brazil
ZLB Foundation
ZLB France
ZLB Dominican Republic
ZLB Bio-Services Inc.
ZLB Japan
ZLB Mexico
ZLB Pharma GmbH
ZLB Canada

Controlled Entities continued

CSL Limited, based at Parkville in Melbourne, is a public company listed on the Australian Stock Exchange and the parent company of the CSL Group.

Business activities are carried out through CSL's Human Health and JRH Biosciences operations. CSL Limited manufactures plasma products, human vaccines and antivenoms in Melbourne, Australia.

ZLB Behring LLC manufactures products in Kankakee, Illinois and owns the sales and marketing operations of ZLB Behring in Canada (Ottowa), France (Paris), Japan (Tokyo), Brazil (Sao Paulo), Mexico (Mexico City) and the Dominican Republic.

Business operations also include **ZLB Bio-Services Inc.,** acquired plasma collection operations in the US, **ZLB Pharma GmbH**, holding German product licences, **ZLB Behring Sales Force Inc.** which employs the US sales force, and **ZLB Foundation**, a charitable foundation.

ZLB Behring Holdings KG is a holding company for the European businesses of ZLB Behring. These comprise sales and marketing operations in Switzerland (Zurich), Spain (Barcelona), Italy (Milan), Portugal (Lisbon), Austria (Vienna), Sweden (Stockholm), Belgium (Brussels) and Greece (Kryoneri).

Company operations also include **ZLB Behring GmbH**, a plasma products manufacturer in Marburg, Germany and **ZLB Plasma Services GmbH**, a plasma collection business in Germany.

ZLB Behring AG manufactures plasma products in Bern, Switzerland.

JRH Biosciences Inc. manufactures cell culture products at Kansas and Pennsylvania in the USA.

JRH Biosciences Limited manufactures cell culture products at Andover in the UK and is the European sales and marketing arm of JRH Biosciences Inc.

JRH Biosciences Pty Ltd manufactures cell culture products in Melbourne.

ZLB Asia Pacific, ZLB Argentina and ZLB UK Limited are sales and marketing companies for plasma products manufactured by ZLB Behring.

ZLB Bioplasma Inc. owns and operates ZLB Plasma Services in the US.

CSL (New Zealand) Limited in Auckland is the New Zealand marketing arm for our CSL Bioplasma and CSL Pharmaceutical businesses.

ZLB Bioplasma Belgium sprl is a sales and marketing company for plasma products manufactured by ZLB Behring AG.

ZLB Bioplasma Italy srl is a sales and marketing company for plasma products manufactured by ZLB Behring AG.

ZLB Bioplasma UK Limited is a sales and marketing company for plasma products manufactured by ZLB Behring AG.

ZLB GmbH is a sales and marketing company for plasma products manufactured by ZLB Behring AG.

Iscotec AB has technology to enhance the immune response to vaccines.

Cervax Pty Ltd was formed for a specific research and development project.

CSL Finance Pty Ltd raises debt funding for the CSL Group.

ZLB Holdings Limited holds product licences for ZLB Behring.

ZLB Holdings Inc. and **ZLB Bioplasma HK Limited** are holding companies for ZLB Behring LLC.

ZLB Behring Holdings GmbH is a holding company for ZLB Behring Holdings KG.

CSL International Pty Ltd is a holding company for the international operations of the CSL Group.

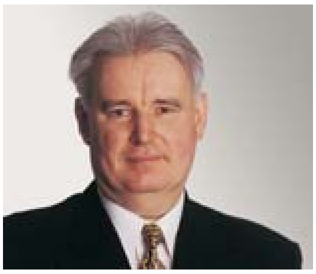
CSL Denmark ApS is a holding company for European subsidiaries of the CSL Group.

CSL US Inc. is a holding company for US operations of the CSL Group.

CSL UK Holdings Limited is a holding company for the UK operations of the CSL Group.

Executive
Management Group

Dr Brian McNamee
Chief Executive Officer and
Managing Director



Tony Cipa
Finance Director

Peter Turvey
Company Secretary and
General Counsel

Peter Turner
President
ZLB Behring

Paul Bordonaro
General Manager
CSL Bioplasma

Colin Armit
President
CSL Pharmaceutical

Dr Andrew Cuthbertson
Chief Scientific Officer

Thomas Giarla
President
JRH Biosciences

Kelvin Milroy
General Manager
Human Resources

Directors' Profiles

Peter H Wade, FCPA, FAICD - (age 70)
Finance, Management (resident in Victoria).
Chairman

Mr Wade was elected to the CSL Board in 1994 and became Chairman in 1999. He had previously served CSL as a Commissioner and Director from 1985 to 1993 including a period as Acting Chairman during 1988. Mr Wade was formerly a Director of Tabcorp Holdings Limited and Managing Director, North Limited.

Brian A McNamee, MB, BS, FAICD - (age 47)
Pharmaceutical Industry, Medicine (resident in Victoria).
Chief Executive Officer and Managing Director

Dr McNamee was appointed to the CSL Board in 1990 and is the Chief Executive Officer and Managing Director. He is a Director of the Peter MacCallum Cancer Foundation Ltd and Gen-Probe Inc, a US company. Dr McNamee completed Bachelor of Medicine and Bachelor of Surgery Degrees at the University of Melbourne in 1979. Before taking up his present position, Dr McNamee was Managing Director and Chief Executive of Pacific Biotechnology Limited in Sydney, NSW (1988-89), General Manager, Faulding Product Divisions, F H Faulding & Co Limited, Adelaide, South Australia (1984-87), and International Product Manager, Dr Madaus & Co, based in Cologne, West Germany (1982-84).

Antoni M Cipa, B.Bus (Acc), Grad.Dip (Acc), CPA, ACIS – (age 49)
Finance (resident in Victoria).
Finance Director

Mr Cipa was appointed to the CSL Board as Finance Director in August 2000. Mr Cipa commenced his employment at CSL in 1990 as Finance Manager. He was instrumental in the float of the Company in 1994 at which time he was appointed Chief Financial Officer. Prior to joining CSL, Mr Cipa was employed at large public companies where he had significant exposure to mergers and acquisitions.

John Akehurst, MA (Oxon), FIMechE - (age 55)
Engineering, Management (resident in Western Australia).

Mr Akehurst was appointed to the CSL Board in April 2004. After graduating in Engineering from Oxford University, he has had 30 years' experience in the international hydrocarbon industry, most recently as Managing Director and CEO of Woodside Petroleum Ltd. Prior to this, he held a number of engineering and management positions with the Royal Dutch/Shell Group of Companies.

He is a former director of Oil Search Limited, a director of the University of Western Australia Business School and of Youth Focus, a charitable organisation dedicated to the prevention of youth suicide.

Elizabeth A Alexander, AM. BCom, FCPA, FCA, FAICD - (age 61)
Accounting (resident in Victoria).

Miss Alexander was appointed to the CSL Board in July 1991. She is a Director of Amcor Limited and Boral Limited. She is a Member of the Takeovers Panel, a Member of the Financial Reporting Council and past National President of the Australian Society of Certified Practising Accountants and of the Australian Institute of Company Directors. She is Chairman of the Board of Advice to the Salvation Army (Southern Command) and is Deputy Chairman of the Winston Churchill Fellowship Trust. Miss Alexander is Chairman of the Audit and Risk Management Committee.

Ian A Renard, BA, LLM, FAICD - (age 58)
Law (resident in Victoria).

Mr Renard was appointed to the CSL Board in August 1998. He has for many years practised in company and commercial law. He is a Director of Newcrest Mining Limited and Hillview Quarries Pty Ltd and a Member of the Australian Advisory Board of Singapore Power. Mr Renard is Deputy Chancellor of the University of Melbourne, Chairman of the Melbourne Theatre Company and Chairman of Australian Major Performing Arts Group Ltd. Mr Renard is a Member of the Audit and Risk Management Committee and the Human Resources Committee.

Peter Wade
Chairman

Brian McNamee
Chief Executive Officer
and Managing Director

Tony Cipa
Finance Director

John Akehurst

Elizabeth Alexander

Ian Renard

Maurice Renshaw

Kenneth Roberts

Arthur Webster

Maurice A Renshaw, B.Pharm. - (age 57)
International Pharmaceutical Industry (resident in NSW).

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

Kenneth J Roberts, AM, BEc, FCPA, FAIM, FAICD, FRACP (Hon) - (age 66)
International Pharmaceutical Industry, Management, Marketing (resident in NSW).

Mr Roberts was appointed to the CSL Board in February 1996. Formerly, he was Chairman and Managing Director of Wellcome Australasia and Director of Marketing Development for the Wellcome worldwide group.

Mr Roberts is Chairman of the Royal Australasian College of Physicians Research and Education Foundation and Start-up Australia Pty Ltd, and a Director of ManageSoft Corporation Limited. He is also Chairman of the Boards of the Australian Genome Research Facility and the Australian Phenomics Facility and Deputy Chairman of the University of Queensland's Institute for Molecular Bioscience Com. Mr Roberts is Chairman of the Human Resources Committee.

Arthur C Webster, BVSc, DipBact (Lond) - (age 60)
Animal Health Industry, Commerce (resident in NSW).

Dr Webster was appointed to the CSL Board in March 1998. He is Chairman of the Advisory Board for the Faculty of Veterinary Science at Sydney University and also Chairman of three private Australian companies. He is a Council Member of both the Postgraduate Foundation in Veterinary Science and the Veterinary Science Foundation, University of Sydney. Dr Webster was formerly Technical Director then Managing Director of the animal health company, Cyanamid Webster Pty Ltd, and a Member of the Board of Governors, University of Western Sydney. Dr Webster is a Member of the Human Resources Committee and the Audit and Risk Management Committee.

Peter R Turvey, BA/LLB, MAICD
Company Secretary

Corporate Governance

This statement outlines the Company's principal corporate governance practices in place during the year or that were introduced during the course of the year.

1. The Board of Directors

1.1 The Board Charter

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

The Board is responsible for oversight of the management of the Company and providing strategic direction. It monitors operational and financial performance, human resources policy 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 four Board committees that assist it in discharging its responsibilities by examining various issues and making recommendations to the Board. Those committees are the Audit and Risk Management Committee, the Human Resources Committee, the Nomination Committee and the Securities and Market Disclosure Committee. Each committee is governed by a charter setting out its composition and responsibilities. A description of each committee and their responsibilities are set out below. The Board also delegates specific responsibilities to ad hoc committees from time to time.

The Board charter sets guidelines as to the desired term of service of non-executive directors. Board appointees should be available to serve for at least eight years. Directors are to resign upon having served on the Board for 15 years, unless the remaining members of the Board unanimously request the director to remain on the Board.

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 Chairperson. The director should inform the Chairperson of the reason for seeking the advice, the name of the person from whom the advice is to be sought, and the estimated cost of the advice. Professional advice obtained in this way is made available to the whole Board.

1.2 Composition of the Board

Throughout the year there were either seven or eight directors on the Board. (Mr Ian McDonald retired from the Board in October 2003, Mr John Akehurst was appointed to the Board in April 2004 and Mr Maurice Renshaw was appointed to the Board after the end of the financial year in July 2004). Two of the Directors – the Managing Director and the Finance Director – are executive directors. The Board charter provides that a majority of directors should be independent. No director acts as a nominee or representative of any particular shareholder. A profile of each current director, including details of their skills, expertise, relevant experience, term of office and Board committee memberships can be found on pages 36 and 37.

The Chairman of the Board 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 2001 to disclose to the Board any interests or relationships that they or any associate of theirs may have in a matter that relates to the affairs of the Company, and any other matter that may affect their independence. As required by law, details of related party dealings are set out in full in notes 27 and 28 to the Company's financial statements. All directors have agreed to give the company notice of changes to their relevant interests in Company shares within five days to enable both them and the Company to comply with the Australian Stock Exchange (ASX) Listing Rules. If a potential conflict of interests exists on a matter before the Board then (unless the remaining directors determine otherwise), the director concerned does not receive the relevant briefing papers, and takes no part in the Board's consideration of the matter nor exercises any influence over other members of the Board.

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 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; and

> any family or other relationships a director may have with another person having a relevant relationship or interest.

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.

The Board notes that Ian Renard is a current consultant to Allens Arthur Robinson, who provided professional advice to the Company during the financial year. The Board determined (applying the above criteria) that the director was independent despite the current relationship. The relationship was regarded as immaterial from both the Company's and the professional service firm's point of view using the above quantitative criteria and, in any event, the Board's general subjective assessment of the director was that the Company's relationship with the professional service firm did not prejudice the director's ability to act independently and in the best interests of the Company.

1.4 Nomination Committee

The functions and responsibilities of the Nomination Committee are documented in a formal charter approved by the Board. Currently all members of the Board sit as the Nomination Committee, and the Committee is chaired by the Board Chairperson.

The Committee is responsible for reviewing the Board's membership and making recommendations on any new appointments. The Committee is also responsible for:

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

> conducting regular reviews of the Board's succession plans to enable it to maintain an appropriate mix of skills and experience;

> regularly reviewing the membership of Board committees; and

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

Information about meetings held during the year, and individual directors' attendance at these meetings, can be found on page 50 of the Directors' Report included in the financial report.

1.5 Director Appointments

Mr John Akehurst was the only new director appointed to the Board during the financial year and, in accordance with the Company's Constitution, he, as well as Mr Maurice Renshaw, who was appointed to the Board after the end of the financial year, are standing for election at the 2004 annual general meeting. Mr Peter Wade and Dr Arthur Webster were each re-elected as directors at the 2003 annual general meeting.

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

1.6 Performance Evaluation

As mentioned above, the Board (as the Nomination Committee) meets annually to review its own performance. The Chairperson also holds

discussions with individual directors to facilitate peer review. The non-executive directors are responsible for evaluating the performance of the Managing Director, who in turn evaluates the performance of all other senior executives. These evaluations are based on specific criteria including the Company's business performance, whether the long term strategic objectives are being achieved and the achievement of individual performance objectives.

In addition to the briefing papers, agenda and related information regularly supplied to directors, the Board has an ongoing education program designed to give directors further insight into the operation of the Company's business. As part of this program, directors have the opportunity to visit Company facilities and attend meetings and information sessions with employees.

2. Audit and Risk Management

2.1 Integrity in Financial Reporting and Regulatory Compliance

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

Prior to giving their director's declaration in respect of the annual and half-year financial statements, the Board requires the Managing Director and the Finance Director to sign written declarations to the Board that:

> The relevant financial statements present a true and fair view, in all material respects, of the Company's financial condition and operational results, and are in accordance with relevant accounting standards; and

> The declaration is founded on a sound and functioning system of risk management and internal compliance which implements the applicable policies of the Board and which operated efficiently and effectively in all material respects during the applicable period.

2.2 Audit and Risk Management Committee

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

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

> overseeing risk management and compliance systems and internal control framework;

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

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

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

The roles and responsibilities of the Committee are reviewed annually.

The Committee currently comprises three independent non-executive directors. Details of the Committee's current members, including their qualifications and experience, are set out in the directors' profiles on pages 36 and 37. The Committee charter provides that a majority of the Committee must be independent directors, and that the Committee Chair must be an independent director who is not also Chairperson of the Board. Executive directors may not be members of the Committee. Members are chosen having regard to their qualifications and training to ensure that each is capable of considering and contributing to the matters for which the Committee is responsible.

The Committee meets at least four times a year, and senior executives and internal and external auditors frequently attend meetings on invitation by the Committee. The Committee holds regular meetings with both the internal and external auditors without management or executive directors present. The Board Chairperson may also attend meetings of the Committee in an ex officio capacity. Details of Committee meetings held during the year and individual directors' attendance at these meetings can be found on page 50 of the Directors' Report included in the financial report.

A Risk Management Committee of responsible executives reports to the Audit and Risk Management Committee on a quarterly basis. Its task is to quantify and manage certain business risks, including those relating to operating systems, the environment, health and safety, product liability, physical assets, security, disaster recovery, risk financing and compliance. Risk assessment and management policies are reviewed periodically.

2.3 External Auditor

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

The Committee has established guidelines to ensure the independence of the external auditor. The external audit partner is to be rotated at least every five years, and the auditor is required to make an independence declaration annually. Information about the total remuneration of the external auditor, including details of remuneration for any non-audit services, can be found in note 31 of the financial statements.

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

It is the Company's policy to request that the auditor attend each annual general meeting to be available to answer questions from shareholders.

3. Remuneration and Human Resources

3.1 Human Resources Committee

The Board has adopted a formal charter delegating certain of its responsibilities in matters of remuneration and human resources to the Human Resources Committee. The Committee is comprised of three members, all of whom are independent non-executive directors.

The Board's Human Resources Committee is responsible for:

> establishing a policy framework for employee and senior executive remuneration;

> monitoring and reviewing Company human resources policies and plans;

> making recommendations to the Board on the remuneration packages of members of senior management, employee share and option plans, performance rights and employee superannuation arrangements;

> reviewing recruitment, retention and termination policies for senior management;

> approving benchmarks against which salary reviews are to be made; and

> reporting to the Board on any findings or recommendations of the Committee after each meeting.

The entire Board reserves responsibility for:

> approving remuneration for senior management, the Managing Director and non-executive directors;

> setting the terms of employment of the Managing Director;

> approving participation and operations of the Company's Senior Executive Share Ownership Plans, Global Employee Share Plan and Performance Rights Plan, and the policies applying to those plans.

The Committee meets at the conclusion of the performance management process, at the conclusion of the succession planning process, and at other times as required to discharge its responsibilities. Information about Committee meetings held during the year and individual directors' attendance at these meetings can be found on page 50 of the Directors' Report included in the financial report.

Senior executives attend Committee meetings from time to time on invitation from the Committee, and the Board Chairperson may attend any meeting in an ex officio capacity. Final decisions about an individual director or executives' remuneration are made without the director or executive being present.

3.2 Employee and Executive Remuneration

The Company's remuneration policy is designed to be competitive and equitable, and to attract and retain high quality employees. Where appropriate, the Human Resources Committee considers independent advice in setting remuneration levels.

Executives' remuneration packages are made up of fixed and performance-linked components. Base executive remuneration is a salary fixed at a level competitive with market rates. In addition executives may be awarded an incentive payment based on their individual performance, the performance of their division (where applicable) and the performance of the CSL Group during the preceding financial year. Incentive payments and salary increases are determined at the completion of annual performance management reviews, and derive directly from the results of that process.

Incentive payments are calculated by reference to performance objectives and assessment criteria set as part of the Company's Performance Management System. The system gives employees direct input into setting performance hurdles that are meaningful and relevant to the specific business objectives of the Company. The Company's performance-based remuneration is therefore expected to:

> encourage employees to reflect on appropriate performance benchmarks;

> set up real incentives for the achievement of performance objectives; and

> produce measurable improvements that are referable to the specific, identified needs of the Company.

Details of the remuneration of directors and the five most highly remunerated officers of the consolidated entity and the Company in the last financial year can be found on pages 53 and 54 of the Directors Report included in the financial report.

3.3 Employee Share and Option Plans

At the 2002 annual general meeting, shareholders approved the Company's Global Employee Share Plan, which replaced the General Employee Share Ownership Plan. The Global Employee Share Plan (the Share Plan) was designed to enable the participation of employees in all of the countries in which CSL operates. The Share Plan is a contribution plan, under which regular deductions are made from the participant's salary and used to subscribe for new shares for the participant at a discount of up to 15% to the lower of the market price at the beginning and end of the relevant six month period. As the Plan is intended to encourage all employees to purchase CSL shares using their own funds, there are no applicable qualification periods, performance hurdles or the like.

Senior executives may also be entitled to participate in the Company's Senior Executive Share Ownership Plan (SESOP II), which was approved by shareholders at the 1997 annual general meeting and which complements the Performance Rights Plan. SESOP II gives the Board discretion to issue options over shares to key executives (including the Managing Director and Finance Director). Options issued under SESOP II are subject to vesting periods, and their issue is dependent upon the relevant individual and the company meeting pre-determined performance hurdles.

The Company's Performance Rights Plan was approved by shareholders at the 2003 annual general meeting and gives the Board discretion to issue performance rights (which are essentially options to subscribe for or acquire shares in the Company for either nil or nominal consideration) to key executives whose performance warrants such an allocation. Performance Rights issued under the Plan are subject to vesting periods and their issue is dependent upon the relevant individual and the company meeting pre-determined performance hurdles during specified performance periods. The company performance hurdles involve an assessment of the company's total shareholder return relative to the performance of the ASX top 100 index (excluding certain specified securities) over the assessment period.

Similar with SESOP II, the Performance Rights Plan is intended to give executives a long-term performance incentive and ensures their interests are aligned with those of shareholders.

The Managing Director and Finance Director participate in SESOP II and the Performance Rights Plan and the issue to them of up to a certain number of performance rights was approved by shareholders at the 2003 annual general meeting.

Details of the options outstanding and exercisable under SESOP II and of the Performance Rights outstanding under the Performance Rights Plan, are set out in note 29 of the financial statements.

3.4 Remuneration of Directors

The Company's Constitution sets the maximum aggregate amount of remuneration which may be paid to non-executive directors at $1,000,000. Increases to this sum must be approved by shareholders at a general meeting. Non-executive directors are not entitled to performance based bonuses or share options. Instead, under the Non-Executive Directors' Share Plan (the NED Share Plan) at least 20% of each director's fees are taken in the form of shares in the Company. The NED Share Plan was approved by shareholders at the 2002 annual general meeting.

As contemplated by the Constitution, remuneration for any extra services by individual directors, or the reimbursement of reasonable expenses incurred by directors, may also be approved by the Board from time to time.

In 1994, shareholders approved a Retirement Plan for Non-Executive Directors. The Board terminated the continued application of this retirement plan with effect from 31 December 2003, so further retirement benefits ceased accruing after that date.

Further details of directors' remuneration are set out in note 27 of the financial statements.

4. Market Disclosure

4.1 Summary of Continuous Disclosure Policy

The Board has approved a continuous disclosure policy designed to facilitate the Company's compliance with its obligations under the Australian Stock Exchange (ASX) Listing Rules. The policy:

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

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

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

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

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

4.2 Securities and Market Disclosure Committee

The Board has delegated authority to a Securities and Market Disclosure Committee, which has a

formal charter. The Committee is designed to be convened at short notice to enable the Company to comply with continuous disclosure obligations and securities related issues. It comprises a minimum of any two directors, one of whom must be an independent director. The Committee has authority to:

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

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

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

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

4.3 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;

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

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

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

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

5. Securities Trading Policy

By promoting director and employee ownership of shares, the Board hopes to encourage directors and employees to become long-term holders of Company securities, aligning their interests with those of the Company. It does not condone short-term or speculative trading in its securities by directors and employees. The Company has a comprehensive securities trading policy which applies to all directors and employees. The policy aims to inform directors and employees of the law relating to insider trading and provide them with practical guidance for avoiding unlawful transactions in Company securities.

As a basic principle, the policy states that directors and employees should not buy or sell securities in the Company when they are in possession of price sensitive information which is not generally available to the market. The policy identifies trading 'windows' during which, subject to the blanket rule, it is safest to trade in Company securities. Directors and employees are reminded that procuring others to trade in Company securities when in possession of price sensitive information is also a breach of the law and the securities trading policy. Acquisitions of securities under the employee share and option plans are exempt from the prohibition under the Corporations Act 2001.

A procedure of internal disclosure applies to directors and employees wishing to buy or sell Company securities or exercise options over Company shares. Directors and employees are forbidden from making such transactions without the prior approval of the Chairperson (in the case of directors) or the Company Secretary (in the case of employees). Directors also have specific disclosure obligations under the Corporations Act 2001 and the corresponding ASX Listing Rules.

6. Ethical Standards

In 2002, the Company set out to identify a set of values common to the diverse business units that form the CSL Group. This process resulted in the adoption of the CSL Group Values, intended to set a foundation for working across the organisation and serve as a tool in decision-making. These values are superior performance, innovation, integrity, collaboration and customer focus.

The Board has also adopted a Corporate Code of Conduct (the Code) outlining its commitment to ethical conduct. The Code sets out principles of conduct derived from the Group Values. The Code includes:

- a commitment to conducting its business with the utmost integrity by complying with laws and regulations in all countries in which the Company operates, and by fulfilling all of its responsibilities to shareholders and the financial community.
- rules guiding employees and directors towards ethical decisions in situations of potential conflict of interest, political involvement, bribery and financial inducements;
- workplace relations principles regarded by the Company as fundamental, including mutual respect, anti-discrimination and freedom of association;
- commitment to adherence to health and safety standards, both of products, through compliance with manufacturing and other best practice standards, and in the provision of safe employee work environments;
- practices for responsible environmental management;
- guidance for beneficial interactive relationships with the communities in which CSL operates and collaboration throughout the organisation.

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

Shareholders as at 30 June 2004

	Shareholders	Shares
Australian Capital Territory	1,162	1,134,704
New South Wales	12,777	99,406,543
Northern Territory	159	131,630
Queensland	7,681	14,178,222
South Australia	3,832	4,675,262
Tasmania	769	788,543
Victoria	22,086	71,222,797
Western Australia	2,852	3,431,973
International Shareholders	1,341	1,478,703
Total Shareholders	**52,659**	**196,448,377**

Share Information

CSL Limited
Issued Capital: Ordinary shares: 196,448,377

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

See page 48 of this Annual Report.

Voting Rights

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

The Fidelity Investment Group is designated a significant foreign shareholder under the provisions of CSL's Constitution.

Distribution of Shareholdings as at 30 June 2004

Range	Holders	Shares	% Total Shares
1 - 1,000	32,259	15,029,486	7.65
1,001 - 5,000	18,915	37,070,744	18.87
5,001 - 10,000	1,003	6,739,269	3.43
10,001 - 100,000	424	9,751,031	4.96
100,001 and over	58	127,857,847	65.09
Total Shareholders	**52,659**	**196,448,377**	**100.00**
Number of shareholders with less than a marketable parcel of 23 shares (based on the share price of 30 June 2004)	1,102	12,605	

Shareholder Information

Share Registry

Computershare Investor Services Pty Limited
Yarra Falls, 452 Johnston Street Abbotsford VIC 3067
Postal Address: GPO Box 2975 Melbourne VIC 3001

Enquiries within Australia: 1800 646 882
Enquiries outside Australia: 61 3 9415 4000
Investor enquiries facsimile: 61 3 9473 2500
Website: www.computershare.com.au
Email: web.queries@computershare.com.au

Shareholders with inquiries should telephone or write to the Share Registry at the above address.

Separate shareholdings may be consolidated by advice to the Share Registry in writing.

Change of address should be notified to the Share Registry 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 writing to the Share Registry with particulars.

The Annual Report is produced for your information. However, should you receive more than one or wish to be removed from the mailing list for the Annual Report, please advise the Share Registry. You will continue to receive Notices 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 Thursday 14 October 2004. There is a public car park adjacent to the Function Centre which will be available to shareholders at no charge.

CSL's Twenty Largest Shareholders as at 30 June 2004

Shareholder	Account	Shares	%Total Shares
1 JP Morgan Nominees Australia Limited		44,401,790	22.60
2 National Nominees Limited		25,347,033	12.90
3 Westpac Custodian Nominees Limited		19,002,735	9.67
4 Citicorp Nominees Pty Limited		6,953,225	3.54
5 Queensland Investment Corporation		3,955,433	2.01
6 ANZ Nominees Limited		2,806,204	1.43
7 Cogent Nominees Pty Limited		2,475,453	1.26
8 RBC Global Services Australia Nominees Pty Limited	BKCUST	2,244,658	1.14
9 IAG Nominees Pty Limited		1,946,801	0.99
10 AMP Life Limited		1,818,295	0.93
11 HSBC Custody Nominees (Australia) Limited		1,619,654	0.82
12 Westpac Financial Services Limited		1,202,069	0.61
13 Suncorp Custodian Services Pty Limited	AET	942,300	0.48
14 Dr Brian Anthony McNamee		770,651	0.39
15 UBS Private Clients Australia Nominees Pty Ltd		743,348	0.38
16 Perpetual Trustee Company Limited		710,543	0.36
17 Citicorp Nominees Pty Ltd	CFS WSLE IMPUTATATION FUND	551,461	0.28
18 Tasman Asset Management Ltd	TYNDALL AUSTRALIAN SHARE WHOLESALE PORTFOLIO	500,891	0.25
19 Health Super Pty Ltd		450,242	0.23
20 Cogent Nominees Pty Limited	SMP ACCOUNTS	424,236	0.22
In addition, at the date of this Report substantial shareholding notices have been received from:			
The Fidelity Investments Group		27,995,357	14.25
Schroder Investment Management Australia Limited		12,493,900	6.36

CSL Limited Financial Report

2003-2004

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Directors' Report

The Board of Directors of CSL Limited has pleasure in submitting the statement of financial position of the Company and of the consolidated entity at 30 June 2004, and the related statement of financial performance and statement of cash flows for the year then ended, and reports as follows:

1. Directors

The Directors of the Company in office during the financial year and until the date of this report are as follows.

Mr P H Wade (Chairman)
Dr B A McNamee (Managing Director)
Mr J Akehurst (appointed March 2004)
Miss E A Alexander, AM
Mr A M Cipa
Mr C I R McDonald (retired October 2003)
Mr I A Renard
Mr M A Renshaw (appointed July 2004)
Mr K J Roberts, AM
Dr A C Webster

Particulars of the directors' qualifications, experience, 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. Directors' Shareholdings and Interests

At the date of this report, the interests of the directors who held office at 30 June 2004 in the shares, options and performance rights of the Company were:

CSL Limited

	Ordinary Shares	Share Options	Performance Rights
P H Wade	28,490		
B A McNamee	770,651	100,000	70,000
J Akehurst	2,500		
E A Alexander	5,215		
A M Cipa	8,468	100,954	40,000
I A Renard	5,342		
K J Roberts	4,872		
A C Webster	7,876		

3. Directors' Interests in Contracts

Particulars of directors' interests in contracts are to be found in Note 27 of the financial statements. This Report also sets out particulars of the Deed of Access, Indemnity and Insurance entered into by the Company with each director.

4. Directors' Meetings

During the year, the Board held 13 meetings. The Audit and Risk Management Committee met four times and the Human Resources Committee met six times. The Nomination Committee comprises the full Board and meets in conjunction with Board Meetings. The Securities and Market Disclosure Committee met 16 times and comprises at least any two Directors, one of whom must be a non-executive director. A Committee of Directors was formed comprising Mr Peter Wade, Miss Elizabeth Alexander, Mr Ian Renard, Dr Brian McNamee and Mr Tony Cipa for the purpose of considering the acquisition of Aventis Behring and related funding arrangements. This Committee met four times.

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

	Board of Directors		Audit and Risk Management Committee		Securities and Market Disclosure Committee	Human Resources Committee		Committee of Directors
	Attended	Maximum	Attended	Maximum	Attended	Attended	Maximum	Attended
P H Wade	13	13	3*		16	1*		4
B A McNamee	13	13	4	4	15	4*		4
J Akehurst	3	3						
E A Alexander	12	13	4	4				4
A M Cipa	13	13	4	4				3
C I R McDonald	4	4	1	1				
I A Renard	13	13	4	4	1	5	6	4
K J Roberts	13	13				6	6	
A C Webster	13	13	3	3		5	6	1

** Attended for at least part by invitation.*

5. 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. During the year the consolidated entity sold its Animal Health business to Pfizer Inc and the acquisition of Aventis Behring was completed on 31 March 2004. The previous ZLB Bioplasma operations have been merged with the Aventis Behring business to form ZLB Behring creating a new business with a more diversified product range and five major groups of plasma therapeutics.

6. Operating Results

The consolidated profit of the consolidated entity for the financial year, after providing for income tax, amounted to $219.6m. This represents a 212% increase on the 2002-2003 result of $70.4m.

7. Dividends

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

2002-2003

A final dividend for the year ended 30 June 2003, of 22 cents per ordinary share, fully franked at 30%, was paid on 10 October 2003, out of profits for that year as declared by the Directors in last year's Directors' Report.

2003-2004

An interim dividend on ordinary shares of 12 cents per share, fully franked at 30%, was paid on 13 April 2004. The Directors of the Company have declared a final dividend of 26 cents per ordinary share, fully franked at 30%, for the year ended 30 June 2004, to be paid out of profits for that year.

In accordance with determinations by the Directors, shareholders were, and will be, entitled to participate in the Company's dividend reinvestment plan in connection with each of these dividends.

Total dividends for the 2003-2004 year are:

	On Ordinary shares $'000
Interim fully franked dividend paid 13 April 2004	$23,499
Final fully franked dividend payable on 8 October 2004	$51,077

8. Review of Operations

Sales revenue for the year increased significantly over the previous year as a result of including a quarter's trading from ZLB Behring. Following the completion of restructuring, the merged plasma products operations will provide the consolidated entity with greater geographic scope leading to better matches of revenues to costs and helping to reduce foreign exchange impacts.

Net profit after tax for the consolidated entity for the year increased by 212% on the previous year to $219.6 million, which included $68 million being a portion of the discount on the acquisition of Aventis Behring and net profit after tax on the sale of the company's Animal Health business of $75 million. Net operating cash flow of $207 million was up 79% on the previous year with Research and Development expenditure of $101 million increasing 11% over last year's expenditure. This result is despite the effect of adverse currency movements of $31 million compared to the previous year.

ZLB Behring generated sales revenue for the fourth quarter of $582 million with an EBITDA of $137 million, in a marketplace which was still very competitive with declining US prices for albumin. However the process of integrating the merged plasma products operations of ZLB Behring is progressing well with 35 US collection centres closed, plasma collection reduced by 1 million litres, manufacturing throughput reduced by 1.1 million litres and the consolidation of the sales forces, head offices and testing laboratories.

ZLB Behring's plasma collection operation, ZLB Plasma Services, now has more than 70 plasma collection centres in the US and Germany, which plasma is used to manufacture coagulation therapies to treat haemophilia, critical care products for the treatment of shock in trauma, immunoglobulins for the treatment of infections and autoimmune diseases and wound treatment therapies used to minimise blood loss.

JRH Biosciences maintained its performance and strong growth in sales revenue generated by new services and products such as Bioeaze custom bioprocessing systems, and an expanded EX-CELL® line of new proprietary cell culture media with serum operations underpinned by strong demand for Australian foetal bovine serum.

CSL's Pharmaceutical business benefited from increased international market growth of its influenza vaccine, FLUVAX®, which manufacturing facilities were in the process of being expanded to ensure sufficient capacity to satisfy export market demands.

Directors' Report

continued

9. Significant Changes in the State of Affairs

In April 2004 the Company acquired the plasma therapeutics business of Aventis Behring from Aventis SA for $954 million funded through a mixture of debt and equity and merged its operations with its existing ZLB business to form ZLB Behring thereby establishing a new business with an enhanced competitive position in plasma therapies by combining their strengths in the treatment of haemophilia and critical care with those in immune deficiency.

The Company also sold its Animal Health business to Pfizer Inc in March 2004 for $169 million with net proceeds of $162 million providing a net profit pre-tax of $102 million and net profit after tax of $75 million.

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

10. Significant Events After Year End

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

11. Likely Developments and Future Results

Other than comments on likely developments or expected results of certain of the operations of the consolidated entity contained in the Year in Review in the Annual Report, it would unreasonably prejudice the interests of the consolidated entity if this report were to refer further to the likely developments in the operations of the consolidated entity and expected results from those operations in future financial years.

12. Environmental Regulatory Performance

The consolidated entity maintains management systems for health, safety and the environment that are consistent with internationally recognised standards to help ensure that its facilities operate to the highest safety and environmental standards to help protect its employees, contractors and the environment. The consolidated entity also provides appropriate training and resources so that its employees are equipped to work safely and to maintain incident-free workplaces. The consolidated entity's sites throughout the world are required to meet the same stringent requirements established by the Board.

Additionally, the consolidated entity's environmental obligations and waste discharge quotas are regulated under both Australian State and Federal law. All environmental performance obligations are monitored by the Board and subjected from time to time to government agency audits and site inspections. The consolidated entity has a policy of complying with and, where appropriate, exceeding its environmental obligations.

The consolidated entity also endeavours to minimise the environmental impact of its operations by recycling waste paper and other materials and by the responsible management and disposal of all product packaging.

No environmental breaches have been notified by the Environmental Protection Authority in Victoria, Australia, or by any other equivalent interstate or foreign government agency in relation to the Company's Australian or international operations during the year ended 30 June 2004.

13. Share Options

Unissued Shares

As at the date of this report, there were:

- 4,190,790 unissued ordinary shares under options (4,190,790 at balance date); and
- 395,300 unissued ordinary shares under performance rights (395,300 at balance date).

Refer to Note 29 of the financial statements for further details of the options and performance rights outstanding.

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 issue by any registered managed investment scheme.

Shares issued as a result of the exercise of options and performance rights

During the financial year, employees have exercised options to acquire 222,740 fully paid ordinary shares in the Company at a weighted average exercise price of $12.40. Since the end of the financial year, no further options have been exercised. There were no shares issued as a result of the exercise of performance rights during the financial year or since the end thereof.

During, and since the end of, the financial year, no performance rights were exercised.

14. Directors and Officers Remuneration

Remuneration of senior executives within the Company is reviewed by the Human Resources Committee. Remuneration is determined as part of an annual performance review having regard to market factors, a performance evaluation process and independent remuneration advice. For executive directors and officers, remuneration packages generally comprise salary, a performance-based bonus and superannuation.

Executives are also provided with longer term incentives through the Senior Executive Share Ownership Plan II, the Global Employee Share Plan and the Performance Rights Plan, which act to align the executives' actions with the interests of the shareholders.

Non-executive directors are not entitled to performance based bonuses or share options. The Board has implemented a Non-Executive Directors' Share Plan under which at least 20% of a directors' base fees are taken in the form of shares in the Company. That Plan was approved by the Company's shareholders at the 2002 Annual General Meeting.

The Board meets annually to review its own performance. The Chairperson also holds discussions with individual directors to facilitate this peer review. The non-executive directors are responsible for evaluating the performance of the Managing Director who in turn evaluates the performance of all other senior executives. These evaluations are based on specific criteria including the Company's business performance, whether the long term strategic objectives are being achieved and the achievement of individual performance objectives.

Directors' Report

continued

14. Directors and Officers Remuneration (cont.)

Details of remuneration provided to directors ($A) and the five most highly remunerated officers of the Consolidated Entity and the Company are as follows:

	Salary	Fee	Bonus	Super	Cash Total	Non-Monetary Benefits	Attributable Option and Performance Right Value under ASIC guidelines (5)	Total	Number of Options Granted during, or since the end of, the year	Number of Performance Rights Granted during, or since the end of, the year
	$	$	$	$	$	$	$	$		
P H Wade	-	210,000	-	18,900	228,900	-	-	228,900		
B A McNamee	947,207	-	482,500	44,254	1,473,961	79,635	65,522	1,619,118		70,000
A M Cipa	406,552	-	176,000	33,448	616,000	2,645	132,697	751,342		40,000
E A Alexander	-	110,000	-	9,900	119,900	-	-	119,900		
C I R McDonald (4)	-	349,439	-	2,443	351,882	-	-	351,882		
I A Renard	-	107,500	-	9,675	117,175	-	-	117,175		
K J Roberts	-	105,000	-	9,450	114,450	-	-	114,450		
A C Webster	-	103,750	-	9,338	113,088	-	-	113,088		
J Akehurst	-	25,000	-	2,250	27,250	-	-	27,250		
P Turner (1) (3)	745,385	-	403,056	40,823	1,189,264	-	286,897	1,476,161		24,800
T Giarla (1)	384,809	-	182,252	15,421	582,482	34,307	169,800	786,589	45,000	
C Armit	369,544	-	160,000	28,800	558,344	-	238,850	797,194		8,400
P Bordonaro	324,883	-	105,900	27,512	458,295	23,647	111,117	593,059		20,800
K Milroy	263,063	-	145,801	32,935	441,799	19,425	166,928	628,152	35,000	5,800
A Cuthbertson	290,000	-	72,500	-	362,500	10,987	201,017	574,504		11,100
P Turvey	295,392	-	101,100	40,440	436,932	20,558	179,448	636,938		17,100
P Grujic (1) (2)	707,708	-	-	20,500	728,208	-	215,456	943,664	35,000	

Note 1: P Turner, T Giarla and P Grujic were not employees of the parent entity during the financial year. P Turner was paid in Swiss Francs and T Giarla and P Grujic were paid in $US, but reported in $A at the average exchange rate.

Note 2: The amount shown as salary for P Grujic includes redundancy entitlements and other contractual obligations consistent with his termination entitlements.

Note 3: The amount shown as salary for P Turner includes ex-patriate living allowances.

Note 4: The amount shown as fees for C I R McDonald includes a retirement payment of $322,292.

Note 5: Options issued under the Revised Senior Executive Share Ownership Plan (SESOP II) and performance rights issued under the Performance Rights Plan have been valued using the Binomial Model valuation methodology as at the grant date adjusted for the probability of performance hurdles being achieved. 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 ASIC guidelines. As a result, the current year includes options that were granted in prior years and therefore disclosed as part of remuneration in prior years using the grant date basis of measurement.

Note 6: Under the Non-Executive Directors Share Plan at least 20% of non-executive directors base fees must be taken in the form of shares in the Company.

15. Indemnification of Directors and Officers

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

The Company has executed a Director's Deed with each director, as approved by the Board and pursuant to a waiver granted by the Australian Securities and Investments Commission under section 196(1) of the Corporations Act, regarding access to Board papers, indemnity and insurance. Each Deed provides:

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

(b) that the Company will maintain, for the term of each director's appointment and for seven years following cessation of office, an insurance policy for the benefit of each director which insures the director against liability for acts or omissions of that director in the director's capacity or former capacity as a director of the Company; 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 $806,150 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 arising as a result of work performed in their respective capacities, to the extent permitted by law.

16. Rounding

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

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

Signed

Peter Wade.

Peter H Wade (Director)

Signed

Brian A McNamee (Director)

Melbourne

25 August 2004

CSL Limited and its controlled entities

Statement of **Financial Performance**

for the year ended 30 June 2004

		Consolidated Entity		Parent Entity	
	Notes	2004 $000	2003 $000	2004 $000	2003 $000
Sales revenue	2	**1,650,196**	1,300,344	**416,593**	456,368
Cost of sales		**1,070,028**	820,037	**221,259**	232,426
Gross profit		**580,168**	480,307	**195,334**	223,942
Other revenues	2	**185,515**	12,863	**116,206**	5,513
Research and development expenses		**101,188**	91,529	**46,856**	50,434
Selling and marketing expenses		**146,433**	112,178	**44,374**	47,790
General and administration expenses		**131,029**	92,125	**38,190**	38,626
Borrowing costs	3(b)	**23,742**	34,228	**307**	225
Carrying amount of net assets of discontinued operations sold	37	**59,281**	-	**24,920**	-
Other expenses	3(b)(i)	**49,381**	61,378	**-**	-
Profit from ordinary activities before income tax expense		**254,629**	101,732	**156,893**	92,380
Income tax expense relating to ordinary activities	4	**35,004**	31,309	**36,553**	22,863
Net profit attributable to members of CSL Limited	25	**219,625**	70,423	**120,340**	69,517
Net exchange difference on translation of financial statements of self-sustaining foreign operations	24	**64,435**	(53,699)	**-**	-
Share issue costs	23	**(10,126)**	-	**(10,126)**	-
Decrease in retained profits on adoption of revised accounting standard AASB 1028 "Employee Benefits"		**-**	(501)	**-**	(295)
Total revenues, expenses and valuation adjustments attributable to members of CSL Limited recognised directly in equity		**54,309**	(54,200)	**(10,126)**	(295)
Total changes in equity other than those resulting from transactions with owners as owners attributable to members of CSL Limited	26	**273,934**	16,223	**110,214**	69,222
		cents	cents		
Basic earnings per share	38	**123.3**	44.2		
Diluted earnings per share	38	**122.8**	44.1		

The above statement of financial performance should be read in conjunction with the accompanying notes.

CSL Limited and its controlled entities

Statement of **Financial Position**

as at 30 June 2004

		Consolidated Entity		Parent Entity	
	Notes	2004 $000	2003 $000	2004 $000	2003 $000
CURRENT ASSETS					
Cash assets	5	**114,896**	83,466	**12,700**	40,736
Receivables	6	**532,196**	169,866	**43,265**	61,737
Inventories	7	**1,352,578**	490,094	**66,147**	79,826
Other	8	**31,860**	5,972	**3,894**	1,502
Total Current Assets		**2,031,530**	749,398	**126,006**	183,801
NON-CURRENT ASSETS					
Receivables	9	**6,489**	7,649	**305,109**	125,127
Other financial assets	10	**8,223**	2,786	**1,204,058**	694,797
Property, plant and equipment	11	**887,017**	537,556	**259,199**	264,012
Deferred tax assets	12	**77,644**	22,381	**9,825**	10,493
Intangibles	13	**859,870**	894,987	**20,000**	20,000
Other	14	**4,610**	4,781	**-**	-
Total Non-Current Assets		**1,843,853**	1,470,140	**1,798,191**	1,114,429
TOTAL ASSETS		**3,875,383**	2,219,538	**1,924,197**	1,298,230
CURRENT LIABILITIES					
Payables	15	**458,502**	193,715	**53,905**	58,867
Interest-bearing liabilities	16	**13,297**	611	**-**	-
Current tax liabilities	17	**26,903**	15,873	**21,960**	11,678
Provisions	18	**199,406**	33,167	**15,843**	15,163
Total Current Liabilities		**698,108**	243,366	**91,708**	85,708
NON-CURRENT LIABILITIES					
Payables	19	**19,559**	51,420	**-**	2,500
Interest-bearing liabilities	20	**834,788**	577,448	**-**	-
Deferred tax liabilities	21	**80,577**	38,976	**12,699**	12,938
Provisions	22	**168,309**	25,630	**20,712**	25,630
Total Non-Current Liabilities		**1,103,233**	693,474	**33,411**	41,068
TOTAL LIABILITIES		**1,801,341**	936,840	**125,119**	126,776
NET ASSETS		**2,074,042**	1,282,698	**1,799,078**	1,171,454
EQUITY					
Contributed equity	23	**1,502,417**	936,430	**1,502,417**	936,430
Reserves	24	**76,587**	16,367	**22,824**	22,824
Retained profits	25	**495,038**	329,901	**273,837**	212,200
TOTAL EQUITY	26	**2,074,042**	1,282,698	**1,799,078**	1,171,454

The above statement of financial position should be read in conjunction with the accompanying notes.

CSL Limited and its controlled entities

Statement of **Cash Flows**

for the year ended 30 June 2004

	Notes	Consolidated Entity 2004 $000	Consolidated Entity 2003 $000	Parent Entity 2004 $000	Parent Entity 2003 $000
Cash flows from Operating Activities					
Receipts from customers (inclusive of GST)		**1,715,258**	1,319,241	**440,359**	463,105
Payments to suppliers and employees (inclusive of GST)		**(1,446,852)**	(1,128,858)	**(341,209)**	(360,585)
Interest received		**9,525**	753	**10,202**	359
Income taxes paid		**(45,764)**	(29,382)	**(25,842)**	(14,605)
Borrowing costs		**(25,173)**	(46,239)	**(307)**	(225)
Net cash inflow from operating activities	35	**206,994**	115,515	**83,203**	88,049
Cash flows from Investing Activities					
Proceeds from sale of property, plant and equipment		**413**	8,209	**45**	23
Payments for property, plant and equipment		**(79,591)**	(74,279)	**(31,611)**	(24,450)
Payments for other investments		**(635)**	(750)	**(635)**	(750)
Payment for investment in controlled entities		**-**	-	**(508,626)**	-
Purchase of business, net of cash acquired	36	**-**	(16,222)	**-**	-
Purchase of controlled entities, net of cash acquired	36	**(772,870)**	-	**-**	-
Payments for restructuring of acquired entities and businesses	18	**(25,752)**	(37,789)	**-**	-
Net proceeds from the sale of the Animal Health business unit	37	**161,627**	-	**100,109**	-
Payments for intellectual property		**(8,123)**	(36,357)	**-**	-
Net cash outflow from investing activities		**(724,931)**	(157,188)	**(440,718)**	(25,177)
Cash flows from Financing Activities					
Proceeds from issue of shares		**554,304**	7,468	**554,304**	7,468
Payment of share issue costs		**(10,126)**	-	**(10,126)**	-
Dividends paid		**(35,364)**	(54,091)	**(35,364)**	(54,091)
Advances to controlled entities		**-**	-	**(179,335)**	(44,981)
Proceeds from borrowings		**233,654**	689,570	**-**	-
Repayment of borrowings		**(200,466)**	(603,661)	**-**	-
Net cash inflow/(outflow) from financing activities		**542,002**	39,286	**329,479**	(91,604)
Net increase/(decrease) in cash held		**24,065**	(2,387)	**(28,036)**	(28,732)
Cash at the beginning of the financial year		**82,855**	89,355	**40,736**	69,468
Exchange rate variations on foreign cash balances		**3,423**	(4,113)	**-**	-
Cash at the end of the financial year	35	**110,343**	82,855	**12,700**	40,736

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

Notes to and forming part of the Financial Statements

1 Summary of Significant Accounting Policies

(a) Basis of Accounting

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 including applicable Accounting Standards. Other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) have also been complied with.

The financial report has been prepared in accordance with the historical cost convention.

(b) Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous year.

(c) Principles of Consolidation

The consolidated financial statements are those of the consolidated entity, comprising CSL Limited (the parent entity) and all entities that CSL Limited controlled during the year and at balance date. CSL Limited and its controlled entities together are referred to in this financial report as the consolidated entity. All intercompany balances and transactions, between entities in the consolidated entity, including any unrealised profits or losses, have been eliminated in full.

Where control of an entity is obtained during a financial year, its results are included in the consolidated statement of financial performance from the date on which control commences. Where there is loss of control of an entity, the consolidated financial statement of performance includes the results for the part of the reporting period during which control existed.

(d) Income Tax

Tax-effect accounting is applied using the liability method whereby income tax is regarded as an expense and is calculated on the accounting profit after allowing for permanent differences. To the extent timing differences occur between the time items are recognised in the financial statements and when items are taken into account in determining taxable income, the net related taxation benefit or liability, calculated at current rates, is disclosed as a future income tax benefit or a provision for deferred income tax. The net future income tax benefit relating to tax losses is not carried forward as an asset unless the benefit is virtually certain of being realised.

(e) Foreign Currency Translation

Transactions in foreign currencies of entities within the consolidated entity are converted to Australian currency at the rate of exchange ruling at the date of the transaction.

Amounts payable to and by the entities within the consolidated entity that are outstanding at the reporting date and are denominated in foreign currencies have been converted to Australian currency using rates of exchange ruling at the end of the financial year.

The assets, liabilities and equity of integrated foreign operations are translated using the temporal rate method. Any exchange difference arising through the use of the temporal method is taken directly to the statement of financial performance.

The assets, liabilities and equity of self-sustaining foreign operations are translated using the current rate method. Any exchange difference arising through the use of the current rate method is taken directly to the foreign currency translation reserve.

The exchange gains and losses arising on those foreign currency borrowings which are designated as hedges of self-sustaining controlled foreign entities are offset in the foreign currency translation reserve against the gains and losses arising on the translation of the net assets of those entities. These circumstances represent an effective natural hedge.

(f) Inventories

All inventories 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.

(g) Acquisitions of Assets

The purchase method of accounting is used for all acquisitions of assets regardless of whether shares or other assets are acquired. Cost is measured as the fair value of consideration given at the date of acquisition plus costs directly attributable to the acquisition.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of 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.

Where the consideration for an acquisition is specifically hedged, exchange gains or losses on the hedging transaction arising up to the date of acquisition and costs relative to the hedging transaction are deferred and included in the cost of acquisition.

Notes to and forming part of the Financial Statements
continued

(g) Acquisitions of Assets (cont)

Provisions for restructuring costs and related employee termination benefits are recognised as at the date of acquisition of an entity on the basis described in the accounting policy notes 1(n) and 1(x) respectively.

Where goodwill arises it is brought to account on the basis described in Note 1(l).

Where an entity is acquired and the fair value of the identifiable net assets acquired, including any liability for restructuring costs, exceeds the cost of acquisition, the difference represents a discount on acquisition. The discount on acquisition is accounted for by reducing proportionately the fair values of the non-monetary assets acquired until the discount is eliminated.

(h) Freehold Property, Plant and Equipment

Freehold land and buildings are recorded at deemed cost which is not in excess of the recoverable amount. Provision for depreciation of buildings has been made.

The consolidated entity is of the opinion that land and buildings are indivisible and constitute one class of asset. Land and buildings are disclosed separately in Note 11 to provide supplementary information regarding the depreciation of buildings in accordance with AASB 1041 Revaluation of Non-Current Assets.

Plant and equipment is stated at cost less depreciation or amortisation which is not in excess of the recoverable amount. Capital work in progress is stated at cost.

Property, plant and equipment, except freehold land, are depreciated over their economic lives on a straight line basis as follows:

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

(i) Recoverable Amount

Non-current assets measured using the cost basis are not carried at an amount above their recoverable amount, and where carrying values exceed this recoverable amount assets are written down. In determining recoverable amount, the expected net cash flows have been discounted to their present value using a market determined, risk adjusted rate of 9.5%.

(j) 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.

(k) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Operating leases

The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense on a straight-line basis.

Finance leases

Leases which effectively transfer substantially all of the risks and benefits incidental to ownership of the leased item to the group are capitalised at the present value of the minimum lease payments and disclosed as property, plant and equipment. A lease liability of equal value is also recognised.

Capitalised lease assets are depreciated over the shorter of the estimated useful life of the assets and the lease term.

Minimum lease payments are allocated between interest expense and reduction of the lease liability with the interest expense calculated using the interest rate implicit in the lease and recognised directly in net profit.

Surplus lease space

The liability of surplus lease space is the net future payments for surplus lease space under non-cancellable operating leases discounted at rates implicit in the leases.

(l) Goodwill

On acquisition of some or all of the assets of another entity, the identifiable net assets acquired 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 and is amortised on a straight line basis over the period of expected benefit which currently ranges from 10 to 20 years. The carrying value of goodwill is reviewed at each reporting date by the directors and written down where it is considered that the carrying amount exceeds the recoverable amount.

(m) Research and Development, Patents and Intellectual Property

Current expenditure on research and development and on patents is charged against profit from ordinary activities as incurred. Expenditure on equipment used in research and development activities is capitalised in property, plant and equipment and depreciated over its estimated useful life.

(m) Research and Development, Patents and Intellectual Property (cont)

Purchased intellectual property and other intangibles are carried at cost and amortised over the expected benefit, not exceeding 20 years. The carrying value of intellectual property and other intangibles is reviewed annually by the directors and written down where it is considered the carrying amount exceeds its recoverable amount.

(n) Provisions

Provisions are recognised when the consolidated entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events, it is probable that future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

Dividends

A provision for dividends is not recognised as a liability unless the dividends are declared, determined or publicly recommended on or before the reporting date.

IBNR

The Incurred But Not Reported (IBNR) provision is determined on an actuarial basis as the present value of potential future payments, using statistics based on past experience and a judgemental assessment of relevant risk and probability factors. The liability covers claims incurred but not paid, incurred but not reported and the anticipated direct and indirect costs of settling those claims.

Restructuring

Liabilities for the cost of restructuring entities acquired are recognised as at the date of the acquisition of an entity, if the main features of the restructuring were planned and there was a demonstrable commitment to the restructuring at the acquisition date and this is supported by a detailed plan developed within three months of the acquisition or prior to the completion of the financial report, if earlier.

Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract.

The provision recognised is based on the excess of the estimated cash flows to meet the unavoidable costs under the contract over the estimated cash flows to be received in relation to the contract, having regard to the risks of the activities relating to the contract. The net estimated cash flows are discounted using market yields at balance date on national government guaranteed bonds with terms to maturity and currency that match, as close as possible, the expected future payments, where the effect of discounting is material.

(o) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sales revenue

Sales revenue comprises revenue earned (net of returns, discounts and allowances) from the provision of products external to the consolidated entity. Sales revenue is recognised when title of the goods has passed to the buyer.

Interest income

Interest income is recognised as it accrues.

Other revenue

Other revenue, including government grants, is recognised when the entitlement is confirmed.

(p) Cash and Cash Equivalents

Cash on hand and in banks and short-term deposits are stated at nominal value.

For the purpose of the statement of cash flows, cash includes cash on hand and at call deposits with banks or financial institutions and investments in money market instruments, net of bank overdrafts.

Bank overdrafts are carried at the principal amount. Interest is charged as an expense as it accrues.

(q) 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. Receivables and payables are stated at the GST inclusive amount.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities that are recoverable are classified as operating cash flows.

(r) Other Financial Assets

Interests in non-controlled entities or non-associated corporations are included in investments at the lower of cost or the recoverable amount.

Notes to and forming part of the Financial Statements
continued

(s) Receivables

Trade debtors are initially recorded at the amount of the contracted sale proceeds. Provision for doubtful debts is recognised to the extent that recovery of the outstanding receivable balance is considered no longer probable.

Other debtors and other receivables are recognised and carried at the nominal amount due. They are non-interest bearing and have various repayment terms.

(t) Payables

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the consolidated entity.

Trade and other creditors are non-interest bearing and have various repayment terms.

Swap payable represents the net position of foreign currency swap positions used to hedge borrowings. This swap was entered into with the objective of reducing the future exchange rate fluctuations on foreign currency borrowings.

(u) Interest-Bearing Liabilities

Bank and other loans are carried on the statement of financial position at their principal amount. Interest is charged as an expense as it accrues.

(v) Derivative Financial Instruments

The consolidated entity enters into forward exchange contracts where it agrees to sell specified amounts of foreign currencies in the future at a predetermined exchange rate. The objective is to match the contracts with committed future cash flows from sales and purchases in foreign currencies, to protect the consolidated entity against exchange rate movements.

The consolidated entity has entered into interest rate swap agreements that are used to convert the variable interest rate of its borrowings to fixed interest rates. It is the consolidated entity's policy not to recognise interest rate swaps in the financial statements. Net receipts and payments are recognised as an adjustment to interest expense.

(w) Borrowing Costs

Borrowing costs are expensed in the period in which they are incurred, except where they are included in the costs of qualifying assets, or ancillary costs associated with originating a loan. Any ancillary costs are amortised over the period of the loan.

(x) Employee Benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to reporting date. These benefits include wages and salaries, annual leave, long service leave and other post retirement benefits.

Employee benefits including on costs, expected to be settled within one year together with benefits arising from wages and salaries and annual leave which will be settled after one year, have been measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. Long service leave and other post retirement benefits, including on costs, payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Employee benefits expenses and revenues are charged against profits on a net basis in their respective categories.

Defined Benefit Superannuation Plans

Contributions to defined benefit superannuation plans maintained by the consolidated entity are expensed in the year they are paid or become payable. No amount is recognised in respect of the net surplus or deficit of each plan except for the recognition of any net liabilities that exist within acquired entities at date of their acquisition.

Termination Benefits arising as a consequence of acquisitions

Liabilities for termination benefits relating to an acquired entity that arise as a consequence of acquisitions are recognised as at the date of acquisition if the main features of the terminations were planned and a valid expectation had been raised in those employees affected that the terminations would be carried out and this is supported by a detailed plan developed within three months of the acquisition or prior to the completion of the financial report, if earlier. These liabilities are disclosed in aggregate with other restructuring costs as a consequence of the acquisition.

(y) Equity-Based Compensation Schemes

Certain employees are entitled to participate in equity-based compensation schemes. Loans are provided to assist in the purchase of shares and options. The details of the schemes are described in Note 29.

No remuneration expense is recognised in respect of issues made through the equity-based compensation schemes. Amounts outstanding on employee share loans are included in non current receivables.

	Notes	Consolidated Entity 2004 $000	Consolidated Entity 2003 $000	Parent Entity 2004 $000	Parent Entity 2003 $000
2 Revenue from Ordinary Activities					
Sales revenue		**1,650,196**	1,300,344	**416,593**	456,368
Other revenue					
Interest received/receivable					
Other persons and/or corporations		**9,461**	668	**8,825**	273
Controlled entities		**-**	-	**1,298**	2,225
Specified directors and executives		**79**	23	**79**	23
Dividend revenue					
Controlled entities		**-**	-	**2,035**	-
Proceeds from sale of property, plant and equipment		**413**	8,209	**45**	23
Net proceeds from sale of Animal Health business unit	37	**161,627**	-	**100,109**	-
Rent		**389**	191	**389**	191
Royalties		**9,393**	84	**180**	84
Collaborative revenue		**1,149**	998	**1,149**	998
Other		**3,004**	2,690	**2,097**	1,696
Total other revenues		**185,515**	12,863	**116,206**	5,513
Total revenue from ordinary activities		**1,835,711**	1,313,207	**532,799**	461,881

Notes to and forming part of the Financial Statements
continued

	Notes	Consolidated Entity 2004 $000	Consolidated Entity 2003 $000	Parent Entity 2004 $000	Parent Entity 2003 $000
3 Operating Profit					
Profit from ordinary activities before income tax includes the following specific net gains and expenses:					
(a) Net gains/(losses)					
Net gain/(loss) on disposal of property, plant and equipment		**(2,584)**	87	**(1,034)**	(19)
Net gain on the disposal of the Animal Health business unit	37	**102,346**	-	**75,189**	-
Foreign exchange gains/(losses)		**3,386**	(182)	**9,106**	1,919
Foreign currency translation gains/(losses)		**(159)**	160	**-**	-
(b) Expenses					
Borrowing costs					
Interest paid/payable					
Other persons and/or corporations		**22,768**	33,232	**307**	225
Other borrowing costs		**974**	996	**-**	-
Total borrowing costs		**23,742**	34,228	**307**	225
Depreciation					
Buildings		**9,104**	8,304	**3,953**	3,843
Plant and equipment		**69,896**	55,763	**28,024**	27,622
Total depreciation		**79,000**	64,067	**31,977**	31,465
Amortisation					
Leasehold improvements		**2,004**	2,435	**-**	-
Intellectual Property (i)		**2,949**	1,807	**-**	-
Goodwill (i)		**46,042**	51,487	**-**	-
Total amortisation		**50,995**	55,729	**-**	-
(i) The functional expense classification of Other Expenses includes goodwill and intellectual property amortisation.					
Other charges against assets					
Doubtful debts		**814**	199	**7**	-
Writedown of inventory to net realisable value		**20,156**	12,885	**3,855**	3,579
Rental expenses relating to operating leases		**36,975**	13,098	**2,610**	2,664
Superannuation contributions - defined benefit fund		**24,036**	12,163	**3,645**	3,148

Notes to and forming part of the Financial Statements continued

	Consolidated Entity		Parent Entity	
	2004 $000	2003 $000	2004 $000	2003 $000
4 Income Tax				
The income tax expense for the financial year differs from the amount calculated on the profit. The differences are reconciled as follows:				
Profit from ordinary activities before income tax expense	**254,629**	101,732	**156,893**	92,380
Income tax calculated at 30%	**76,389**	30,520	**47,068**	27,714
Tax effect of permanent differences				
Non-deductible depreciation and amortisation	**3,520**	296	**296**	296
Research and development	**(2,308)**	(2,829)	**(2,308)**	(2,829)
Equity Raising costs	**(879)**	(452)	**(879)**	(452)
Non-assessable capital gain	**(5,684)**	-	**(5,684)**	-
Restructuring costs relating to acquisition of controlled entity	**(36,032)**	-	**-**	-
Exempt dividends received	**-**	-	**(610)**	-
Inventory cost base differences	**(35,302)**	-	**-**	-
Sundry items	**(1,590)**	(1,365)	**(1,436)**	(1,462)
Unrecognised deferred tax assets	**15,041**	-	**-**	-
Effects of different rates of tax on overseas income	**20,785**	5,537	**-**	-
Under/(Over) provision in prior year	**1,064**	(398)	**106**	(404)
Income tax expense attributable to profit from ordinary activities	**35,004**	31,309	**36,553**	22,863

Tax consolidation legislation

As a consequence of the substantive enactment of the Tax Consolidation legislation and since the Board of Directors has not, at the date of signing this report, made a decision to adopt the tax consolidation system, the consolidated entity has applied UIG 39 'Effect of Proposed Tax Consolidation Legislation on Deferred Tax Balances'. The application of UIG 39 has not materially impacted the consolidated entities' deferred tax balances.

	Consolidated Entity 2004 $000	Consolidated Entity 2003 $000	Parent Entity 2004 $000	Parent Entity 2003 $000
5 Current Assets - Cash assets				
Cash at bank and on hand	**112,478**	83,466	**12,700**	40,736
Cash deposits	**2,418**	-	**-**	-
	114,896	83,466	**12,700**	40,736
6 Current Assets - Receivables				
Trade debtors	**495,909**	157,499	**33,520**	54,837
Less: provision for doubtful debts	**1,642**	1,211	**500**	500
	494,267	156,288	**33,020**	54,337
Sundry debtors	**37,929**	13,578	**10,245**	7,400
	532,196	169,866	**43,265**	61,737

Notes to and forming part of the Financial Statements
continued

	Consolidated Entity		Parent Entity	
	2004 $000	2003 $000	2004 $000	2003 $000
7 Current Assets - Inventories				
Raw materials and stores - at cost	**326,340**	108,625	**12,508**	18,899
Less: provision for diminution in value	**3,851**	2,236	**424**	852
Raw materials and stores - net	**322,489**	106,389	**12,084**	18,047
Work in progress - at cost	**565,306**	207,116	**13,955**	26,212
Less: provision for diminution in value	**16,924**	14,651	**309**	338
Work in progress - net	**548,382**	192,465	**13,646**	25,874
Finished goods - at cost	**490,397**	197,525	**41,202**	36,622
Less: provision for diminution in value	**8,690**	6,285	**785**	717
Finished goods - net	**481,707**	191,240	**40,417**	35,905
	1,352,578	490,094	**66,147**	79,826
8 Current Assets - Other				
Prepayments	**31,860**	5,972	**3,894**	1,502
9 Non-Current Assets - Receivables				
Related bodies corporate				
Wholly owned controlled entities	**-**	-	**294,909**	113,539
Partly owned controlled entities	**-**	-	**3,939**	3,939
Loans to specified directors (refer Note 27)	**1,882**	1,893	**1,882**	1,893
Loans to specified executives (refer Note 27)	**1,930**	1,587	**1,930**	1,587
Loans to other employees (refer Note 29)	**2,677**	4,169	**2,449**	4,169
	6,489	7,649	**305,109**	125,127
10 Non-Current Assets - Other financial assets				
Investments in non-controlled entities at cost	**4,421**	3,786	**4,421**	3,786
Less: provision for diminution in value of investments	**1,000**	1,000	**1,000**	1,000
	3,421	2,786	**3,421**	2,786
Other	**4,802**	-	**-**	-
Shares in controlled entities (refer Note 34)	**-**	-	**1,200,637**	692,011
	8,223	2,786	**1,204,058**	694,797

Notes to and forming part of the Financial Statements
continued

	Consolidated Entity		Parent Entity	
	2004 $000	2003 $000	2004 $000	2003 $000
11 Non-Current Assets - Property, Plant and Equipment				
Land at cost				
Opening balance	**27,101**	30,624	**25,029**	25,029
Additions	**-**	259	**-**	-
Disposals	**(644)**	(3,310)	**-**	-
Additions through acquisition of controlled entities	**654**	-	**-**	-
Currency translation differences	**(21)**	(472)	**-**	-
Closing balance	**27,090**	27,101	**25,029**	25,029
Buildings at cost				
Opening balance	**188,802**	182,892	**70,973**	65,005
Additions	**193**	1,688	**-**	-
Disposals	**(12,424)**	(5,300)	**-**	-
Additions through acquisition of controlled entities	**23,978**	-	**-**	-
Transferred from capital work in progress	**2,160**	19,431	**242**	5,968
Currency translation differences	**3,739**	(9,909)	**-**	-
Closing balance	**206,448**	188,802	**71,215**	70,973
Accumulated depreciation				
Opening balance	**24,825**	18,579	**14,711**	10,868
Depreciation for the year	**9,104**	8,304	**3,953**	3,843
Disposals	**(1,280)**	(1,108)	**-**	-
Currency translation differences	**592**	(950)	**-**	-
Closing balance	**33,241**	24,825	**18,664**	14,711
Net book value of buildings	**173,207**	163,977	**52,551**	56,262
Net book value of land and buildings	**200,297**	191,078	**77,580**	81,291
Leasehold improvements at cost				
Opening balance	**11,117**	4,916	**168**	168
Additions	**237**	5,826	**-**	-
Disposals	**(543)**	(548)	**-**	-
Additions through acquisition of controlled entities	**-**	253	**-**	-
Transferred from capital work in progress	**1,358**	2,283	**-**	-
Currency translation differences	**(482)**	(1,613)	**-**	-
Closing balance	**11,687**	11,117	**168**	168
Accumulated amortisation				
Opening balance	**3,798**	2,144	**168**	168
Amortisation for the year	**2,004**	2,435	**-**	-
Disposal	**(186)**	(230)	**-**	-
Currency translation differences	**(41)**	(551)	**-**	-
Closing balance	**5,575**	3,798	**168**	168
Net book value of leasehold improvements	**6,112**	7,319	**-**	-

	Consolidated Entity		Parent Entity	
	2004 $000	2003 $000	2004 $000	2003 $000
11 Non-Current Assets - Property, Plant and Equipment (cont.)				
Plant and equipment at cost				
Opening balance	**666,608**	613,051	**453,003**	422,474
Additions	**9,111**	5,745	**-**	-
Disposals	**(72,579)**	(6,966)	**(30,224)**	(79)
Additions through acquisition of controlled entities	**272,131**	1,013	**-**	-
Transferred from capital work in progress	**42,380**	74,183	**8,428**	30,608
Currency translation differences	**24,777**	(20,418)	**-**	-
Closing balance	**942,428**	666,608	**431,207**	453,003
Accumulated Depreciation				
Opening balance	**364,055**	321,606	**294,761**	267,176
Depreciation for the year	**69,896**	55,763	**28,024**	27,622
Disposals	**(53,374)**	(6,664)	**(25,777)**	(37)
Currency translation differences	**1,413**	(6,650)	**-**	-
Closing balance	**381,990**	364,055	**297,008**	294,761
Net book value of plant and equipment	**560,438**	302,553	**134,199**	158,242
Capital work in progress				
Opening balance	**36,606**	73,484	**24,479**	36,605
Additions	**70,050**	60,761	**31,611**	24,450
Additions through acquisition of controlled entities	**53,675**	-	**-**	-
Transferred to buildings at cost	**(2,160)**	(19,431)	**(242)**	(5,968)
Transferred to plant and equipment at cost	**(42,380)**	(74,183)	**(8,428)**	(30,608)
Transferred to leasehold improvements at cost	**(1,358)**	(2,283)	**-**	-
Currency translation differences	**5,737**	(1,742)	**-**	-
Closing balance	**120,170**	36,606	**47,420**	24,479
Total net book value of property, plant and equipment	**887,017**	537,556	**259,199**	264,012

Valuation of land and buildings

(a) Land and buildings are valued every three years.

(b) The directors' most recent valuation of land and buildings was at 30 June 2002 being $285,096,000 for the consolidated entity compared to a written down value of $173,931,000 at 30 June 2004 for the land and buildings valued at that time.

(c) The valuation of land and buildings is based on their fair market value based on existing use. The valuations in Australia and New Zealand were carried out by PR Dickinson, AAPI AREI; AK Brown, AAPI; and PW Senior, ANZIV SNZPI, of CB Richard Ellis Pty Ltd.

The valuations in the USA were carried out by ME Kancel, SCGA, of Bliss Associates Inc., and by PR Seevers, MAI SRA, of Seevers Jordan Ziegenmeyer. The valuations in Switzerland were carried out by MGA Lequen Se Lacroix, MIRCS, of ONCOR International.

(d) The value of land and buildings acquired through the acquisition of controlled entities is the fair value at the time of the aquisition less the portion of the discount on acquisition allocated to these assets.

Assets under finance lease

Assets under finance lease are included in buildings and plant and equipment. The written down value of assets under finance lease was $13.1 million and $32.8 million respectively.

Notes to and forming part of the Financial Statements
continued

	Consolidated Entity		Parent Entity	
	2004 $000	2003 $000	2004 $000	2003 $000
12 Non-Current Assets - Deferred tax assets				
Future income tax benefit	**77,644**	22,381	**9,825**	10,493
Attributable to timing differences	**77,644**	19,466	**9,825**	10,493
Attributable to carried forward losses	**-**	2,915	**-**	-
	77,644	22,381	**9,825**	10,493

At 30 June 2004, the consolidated entity has unrecognised tax losses carried forward of $47.2 million. (2003: Nil).

This benefit for tax losses will only be obtained if:

(i) the consolidated entity derives future assessable income of a nature and an amount sufficient to enable the benefit from the deductions for the losses to be realised, and

(ii) the consolidated entity continues to comply with the conditions for deductibility imposed by tax legislation, and

(iii) no changes in tax legislation adversely affect the consolidated entity in realising the benefit from the deductions for the losses.

	Consolidated 2004 $000	Consolidated 2003 $000	Parent 2004 $000	Parent 2003 $000
13 Non-Current Assets - Intangibles				
Goodwill at cost (i)	**963,407**	946,594	**-**	-
Less: accumulated amortisation	**178,027**	126,821	**-**	-
	785,380	819,773	**-**	-
Intellectual property	**60,277**	57,828	**-**	-
Less: accumulated amortisation	**5,787**	2,614	**-**	-
	54,490	55,214	**-**	-
Other intangibles	**20,000**	20,000	**20,000**	20,000
	859,870	894,987	**20,000**	20,000

(i) The foreign currency translation differences arising from the translation of self-sustaining foreign operations has increased goodwill at cost by $16.0 million this financial year.

	Consolidated 2004 $000	Consolidated 2003 $000	Parent 2004 $000	Parent 2003 $000
14 Non-Current Assets - Other				
Deferred borrowing costs	**4,610**	4,781	**-**	-
15 Current Liabilities - Payables				
Trade creditors	**232,413**	110,744	**26,236**	27,518
Accruals and other creditors	**191,861**	77,432	**27,669**	31,349
Swap payable (refer Note 41)	**34,228**	5,539	**-**	-
	458,502	193,715	**53,905**	58,867
16 Current Liabilities - Interest bearing liabilities				
Unsecured				
Bank overdrafts	**4,553**	611	**-**	-
Bank loans (refer Note 20(a))	**1,363**	-	**-**	-
Lease liability (refer Note 20(e))	**2,028**	-	**-**	-
Surplus lease space (refer Note 20(f))	**5,353**	-	**-**	-
	13,297	611	**-**	-

Notes to and forming part of the Financial Statements
continued

	Consolidated Entity		Parent Entity	
	2004 $000	2003 $000	2004 $000	2003 $000
17 Current Liabilities - Tax liabilities				
Income tax	**26,903**	15,873	**21,960**	11,678
18 Current Liabilities - Provisions				
Employee benefits (refer Note 29)	**61,520**	23,522	**14,593**	14,707
Restructuring (i)	**115,879**	9,305	**-**	-
Onerous contracts (ii)	**17,420**	-	**-**	-
Other (iii)	**4,587**	340	**1,250**	456
	199,406	33,167	**15,843**	15,163

Restructuring

This provision is for restructuring in relation to and as a result of the acquisition of Aventis Behring and other prior acquisitions. The acquisition of Aventis Behring is discussed further in Note 36.

Onerous contracts

The provision recognised is based on the excess of the estimated cash flows to meet the unavoidable costs under certain contracts over the estimated cash flows to be received in relation to the contracts, having regard to the risks of the activities relating to the contracts. The net estimated cash flows are discounted using market yields at balance date on national government guaranteed bonds with terms to maturity and currency that match, as close as possible, the expected future payments, where the effect of discounting is material.

Movements

	Consolidated Entity 2004 $000	Consolidated Entity 2003 $000	Parent Entity 2004 $000	Parent Entity 2003 $000
(i) Restructuring				
Carrying amount at the beginning of the financial year	**9,305**	40,484	**-**	-
Provision made on acquisition (refer Note 36)	**115,360**	6,170	**-**	-
Additional provision	**9,270**	-	**-**	-
Payments made	**(25,752)**	(37,789)	**-**	-
Currency translation differences	**7,696**	440	**-**	-
Carrying amount at the end of the financial year	**115,879**	9,305	**-**	-
(ii) Onerous contracts				
Carrying amount at the beginning of the financial year	**-**	-	**-**	-
Provision acquired	**15,970**	-	**-**	-
Currency translation differences	**1,450**	-	**-**	-
Carrying amount at the end of the financial year	**17,420**	-	**-**	-
(iii) Other				
Carrying amount at the beginning of the financial year	**340**	3,921	**456**	2,988
Additional provision	**3,472**	1,008	**2,292**	979
Provision acquired	**3,487**	-	**-**	-
Payments made	**(2,712)**	(1,339)	**(1,498)**	(1,111)
Provision no longer required	**-**	(3,250)	**-**	(2,400)
Carrying amount at the end of the financial year	**4,587**	340	**1,250**	456

Notes to and forming part of the Financial Statements continued

	Consolidated Entity		Parent Entity	
	2004 $000	2003 $000	2004 $000	2003 $000
19 Non-Current Liabilities - Payables				
Other creditors	**19,559**	25,388	**-**	2,500
Swap payable (refer Note 41)	**-**	26,032	**-**	-
	19,559	51,420	**-**	2,500
20 Non-Current Liabilities - Interest bearing liabilities				
Unsecured				
Bank loans (a)	**236,172**	177,719	**-**	-
Vendor loans (b)	**25,776**	25,142	**-**	-
Senior Unsecured Notes (c)	**362,371**	374,587	**-**	-
Deferred cash settlement for subsidiary acquired (d)	**158,146**	-	**-**	-
Lease liability (e)	**43,174**	-	**-**	-
Surplus lease space (f)	**9,149**	-	**-**	-
	834,788	577,448	**-**	-

(a) The group has a global multi-currency facility of $750 million. During the year, a further 130 million Euro was drawn down and a repayment of 100 million Euro also made. The facility matures in December 2005 with an option to roll over until December 2007.

Interest is payable semi-annually in arrears at a variable rate.

(b) A Swiss franc vendor loan is provided by Rotkreuzstiftung Zentrallaboratorium Blutspendedienst SRK as a deferred settlement of 22.5% of the purchase price for the assets of Rotkreuzstiftung Zentrallaboratorium. The loan balance matures in July 2005.

Interest is fixed at 4.75% for the term of the loan.

(c) Represents USD250 million of Senior Unsecured Notes into the US Private Placement market. The Notes mature in December 2012 with interest fixed at 5.30% and 5.90%. Repayments are made biannually from December 2006 to December 2012.

(d) At reporting date, the company had a deferred cash settlement representing the present value of the remaining consideration payable for the acquisition of Aventis Behring, discounted at the prevailing commercial borrowing rate and payable in tranches as follows:-

Payment (USD)	Payment Date	Discount Rate
30 million	1 July 2006	3.79%
30 million	31 December 2006	4.29%
65 million	31 December 2007	4.66%

(e) Finance leases have an average lease term of 18 years. The average discount rate implicit in the leases is 6.37%.

(f) The liability of surplus lease space is the net future payments for surplus lease space under non-cancellable operating leases discounted at rates implicit in the leases. Refer to Note 32.

Refer to Note 35 for details on the total facilities available and drawn down.

Notes to and forming part of the Financial Statements
continued

	Consolidated Entity		Parent Entity	
	2004 $000	2003 $000	2004 $000	2003 $000
21 Non-Current Liabilities - Deferred tax liabilities				
Provision for deferred income tax	**80,577**	38,976	**12,699**	12,938
22 Non-Current Liabilities - Provisions				
Claims provision including IBNR (i)	**11,161**	15,853	**11,161**	15,853
Employee benefits (refer Note 29 and 30(f))	**140,801**	9,777	**9,551**	9,777
Onerous contracts (ii)	**16,347**	-	**-**	-
	168,309	25,630	**20,712**	25,630

Claims provision including IBNR

The Australian Government has indemnified CSL Limited for certain existing and potential claims made for personal injury and damage suffered through use of certain products manufactured by CSL Limited under government ownership. The indemnity covers AIDS and hepatitis related claims for blood products derived from Australian blood. The indemnity also covers CJD claims for human pituitary hormones (manufacture of which ceased in 1985) and claims for pertussis vaccines manufactured prior to June 1994.

Onerous contracts

Refer to Note 18 for description of provision.

Movements

	Consolidated Entity 2004 $000	Consolidated Entity 2003 $000	Parent Entity 2004 $000	Parent Entity 2003 $000
(i) Claims provision including IBNR				
Carrying amount at the beginning of the financial year	**15,853**	21,168	**15,853**	21,168
Additional provision	**308**	-	**308**	-
Provision no longer required	**(5,000)**	(5,315)	**(5,000)**	(5,315)
Carrying amount at the end of the financial year	**11,161**	15,853	**11,161**	15,853
(ii) Onerous contracts				
Carrying amount at the beginning of the financial year	**-**	-	**-**	-
Provision acquired	**14,987**	-	**-**	-
Currency translation differences	**1,360**	-	**-**	-
Carrying amount at the end of the financial year	**16,347**	-	**-**	-

	Consolidated Entity		Parent Entity	
	2004 $000	2003 $000	2004 $000	2003 $000
23 Contributed Equity				
Ordinary shares fully paid	**1,502,417**	936,430	**1,502,417**	936,430

	2004		2003	
	Number of Shares	$000	Number of Shares	$000
Movements in shares on issue:				
Opening balance	**159,938,660**	**936,430**	158,470,491	923,856
Shares issued on equity placement (a)	**27,905,594**	**438,118**	-	-
Shares issued to shareholders through participation in Share Purchase Plan (b)	**7,041,824**	**110,556**	-	-
Shares issued to employees through participation in SESOP II (c)	**222,740**	**2,825**	1,219,977	8,025
Shares issued to shareholders through participation in Shareholder Plan (d)	**-**	**-**	170,350	3,625
Shares issued to shareholders through participation in Dividend Reinvestment Plan (e)	**1,229,417**	**23,197**	-	-
Shares issued to employees through participation in GESP (f)	**110,142**	**1,417**	77,842	924
Share issue placement costs (a) and (b)	**-**	**(10,126)**	-	-
Balance at 30 June	**196,448,377**	**1,502,417**	159,938,660	936,430

(a) On 10 December 2003 the parent entity issued 27,905,594 fully paid shares at $15.70 per share for the purpose of enabling the consolidated entity to acquire Aventis Behring. Costs associated with the equity raising have been applied against contributed equity.

(b) On 26 February 2004 the parent entity issued 7,041,824 fully paid shares at $15.70 per share for the purpose of enabling the consolidated entity to acquire Aventis Behring. Costs associated with the equity raising have been applied against contributed equity.

	Consolidated Entity		Parent Entity	
	2004 $000	2003 $000	2004 $000	2003 $000
(c) Options exercised under SESOP II as disclosed at Note 29 during the year were as follows:				
- 31,000 issued at $11.45	**355**	-	**355**	-
- 64,300 issued at $12.19	**784**	-	**784**	-
- 127,440 issued at $13.23	**1,686**	-	**1,686**	-
- 530,333 issued at $0.01	**-**	5	**-**	5
- 200,000 issued at $8.93	**-**	1,786	**-**	1,786
- 56,314 issued at $10.82	**-**	609	**-**	609
- 61,400 issued at $11.45	**-**	703	**-**	703
- 371,930 issued at $13.23	**-**	4,922	**-**	4,922
	2,825	8,025	**2,825**	8,025

Notes to and forming part of the Financial Statements
continued

	Consolidated Entity 2004 $000	Consolidated Entity 2003 $000	Parent Entity 2004 $000	Parent Entity 2003 $000
23 Contributed Equity (cont.)				
(d) Shares issued to shareholders under the Shareholder Plan were as follows:				
- 170,350 issued at $21.28 on 15 November 2002	**-**	3,625	**-**	3,625
(e) Shares issued to shareholders under the Dividend Reinvestment Plan were as follows:				
- 482,802 issued at $22.30 on 27 April 2004	**10,766**	-	**10,766**	-
- 746,615 issued at $16.65 on 17 October 2003	**12,431**	-	**12,431**	-
	23,197	-	**23,197**	-
(f) Shares issued to employees under Global Employee Share Plan (GESP) as disclosed in Note 29 were as follows:				
- 44,721 issued at $14.32 on 16 March 2004	**640**	-	**640**	-
- 65,421 issued at $11.87 on 9 September 2003	**777**	-	**777**	-
- 77,842 issued at $11.87 on 12 March 2003	**-**	924	**-**	924
	1,417	924	**1,417**	924

Terms and conditions of contributed equity

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 by proxy, at a meeting of the company.

	Consolidated Entity 2004 $000	Consolidated Entity 2003 $000	Parent Entity 2004 $000	Parent Entity 2003 $000
24 Reserves				
Composition				
Asset revaluation reserve	**22,051**	22,308	**22,824**	22,824
Foreign currency translation reserve	**54,536**	(5,941)	**-**	-
	76,587	16,367	**22,824**	22,824
Movements				
Asset revaluation reserve				
Opening balance	**22,308**	22,308	**22,824**	22,824
Transfer to retained profits	**(257)**	-	**-**	-
Closing balance	**22,051**	22,308	**22,824**	22,824
Foreign currency translation reserve				
Opening balance	**(5,941)**	47,758	**-**	-
Net exchange differences on translation of foreign controlled entities, net of hedge	**64,435**	(53,699)	**-**	-
Transfer to retained profits	**(3,958)**	-	**-**	
Closing balance	**54,536**	(5,941)	**-**	-

Nature and purpose of reserves

The Asset Revaluation Reserve was used to record increments and decrements in the value of non-current assets. The reserve can only be used to pay dividends in limited circumstances. All land and buildings previously revalued are now carried at deemed cost.

The Foreign Currency Translation Reserve is used to record exchange differences arising from the translation of the financial statements of self-sustaining operations and exchange gains and losses arising on those foreign currency borrowings which are designated as hedges of self-sustaining controlled foreign entities.

	Consolidated Entity 2004 $000	Consolidated Entity 2003 $000	Parent Entity 2004 $000	Parent Entity 2003 $000
25 Retained Profits and Dividends				
Retained profits at the beginning of the financial year	**329,901**	279,206	**212,200**	162,205
Adjustment arising from adoption of revised accounting standard:				
AASB 1028 "Employee Benefits"	**-**	(501)	**-**	(295)
AASB 1044 "Provisions, Contingent Liabilities and Contingent Assets"	**-**	34,864	**-**	34,864
Transfer from asset revaluation reserve	**257**	-	**-**	-
Transfer from foreign currency translation reserve	**3,958**	-	**-**	-
Dividends provided for or paid	**(58,703)**	(54,091)	**(58,703)**	(54,091)
Net profit attributable to CSL Limited	**219,625**	70,423	**120,340**	69,517
Retained profits at the end of the financial year	**495,038**	329,901	**273,837**	212,200
Appropriation of 2002 final dividend (22 cents per share fully franked) in respect of shares issued after 30 June 2002 and before the record date for dividends`	**-**	60	**-**	60
Final ordinary dividend of 22 cents per share fully franked paid on 10 October 2003 (2003: 22 cents per share fully franked)	**35,204**	34,864	**35,204**	34,864
Interim ordinary dividend of 12 cents per share fully franked paid on 13 April 2004 (2003: 12 cents per share fully franked)	**23,499**	19,167	**23,499**	19,167
	58,703	54,091	**58,703**	54,091
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 26 cents per share fully franked. The aggregate amount of the proposed dividend is expected to be paid on 8 October 2004 out of retained profits at 30 June 2004, but not recognised as a liability	**51,077**		**51,077**	
Franking credit balance				
The amount of retained profits and reserves that could be distributed as fully franked dividends from franking credits that exist or will arise after payment of income tax in the next year, excluding debits attaching to the final dividend not recognised at year end.				
Class C - franked to 30%	**47,070**	40,932	**44,687**	33,766
26 Equity				
Total equity at the beginning of the financial year	**1,282,698**	1,273,131	**1,171,454**	1,108,888
Total changes in equity recognised in the statement of financial performance	**273,934**	16,223	**110,214**	69,222
Transactions with owners as owners				
Adjustment arising from adoption of revised accounting standards	**-**	34,864	**-**	34,864
Contributed equity	**576,113**	12,571	**576,113**	12,571
Dividends	**(58,703)**	(54,091)	**(58,703)**	(54,091)
Total equity at 30 June	**2,074,042**	1,282,698	**1,799,078**	1,171,454

Notes to and forming part of the Financial Statements
continued

27 Director and Executive Disclosure

Details of Specified Directors and Specified Executives

Directors

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

P H Wade (Non-executive Chairman)

Dr B A McNamee (Managing Director)

A M Cipa (Finance Director)

E A Alexander (Non-executive director)

C I R McDonald (retired on 16 October 2003)

I A Renard (Non-executive director)

K J Roberts (Non-executive director)

A C Webster (Non-executive director)

J Akehurst (commenced 1 April 2004)(Non-executive director)

M Renshaw (commenced 20 July 2004)
(Non-executive director)

Executives

The following persons were the executives (other than executive directors) with the greatest authority for the strategic direction and management of the consolidated entity ("Specified Executives") during the year:

P Turner (President – ZLB Behring)

T Giarla (President – JRH Biosciences)

C Armit (President – CSL Pharmaceutical)

P Bordonaro (General Manager – CSL Bioplasma)

K Milroy (General Manager – Human Resources)

A Cuthbertson (Chief Scientific Officer)

P Turvey (Company Secretary and General Counsel)

P Grujic (resigned 26 March 2004)

27 Director and Executive Disclosure (cont.)

Remuneration of Directors and Executives

Remuneration Policy

Executive Directors and Executives

The Human Resources Committee of the Board of Directors of CSL Limited is responsible for making recommendations to the Board on the remuneration packages of senior executives. However the entire Board reserves responsibility for approving remuneration for senior executives, the Managing Director and non-executive directors and setting the terms of employment of the Managing Director.

Where appropriate, the Human Resources Committee consider independent advice in setting remuneration levels.

Executives' remuneration packages are made up of fixed and performance-linked components. Base executive remuneration is a salary fixed at a level competitive with market rates. In addition, executives may be awarded an incentive payment based on their individual performance, the performance of their division (where applicable) and the performance of the CSL Group during the preceding financial year. Incentive payments and salary increases are determined at the completion of annual performance management reviews, and derive directly from the results of that process. Incentive payments are calculated by reference to performance objectives and assessment criteria set as part of the Company's Performance Management System. Executive directors and executives are also entitled to an incentive payment based on the successful integration of the Aventis Behring group into the consolidated entity in 2005 and 2006.

All executive directors and executives are eligible to participate in the Performance Rights Plan. The Plan, which was approved by shareholders at the 2003 annual general meeting, provides long term incentives for executives. The Performance Rights Plan which includes vesting conditions and performance hurdles complements the Company's existing Senior Executive Share Ownership Plan (SESOP II).

Some executive directors and executives also have long term incentives issued under SESOP II. Options issued under SESOP II are subject to vesting periods, and their vesting is dependent upon the relevant individual and the company meeting pre-determined performance hurdles.

As mentioned earlier, SESOP II has been largely replaced by the Performance Rights Plan.

All executive directors and executives have ongoing service agreements with no specific terms. As part of their employment agreement, Dr B A McNamee, A M Cipa, P Turner, C Armit, P Bordonaro, P Turvey and A Cuthbertson are entitled to a payment of termination benefits on early termination by the employer, other than for gross misconduct, equal to 12 months of their base salary and superannuation.

Non-Executive Directors

The Company's Constitution sets the maximum aggregate amount of remuneration which may be paid to non-executive directors at $1,000,000.

Increases to this sum must be approved by shareholders at a general meeting. Non-executive directors are not entitled to performance based bonuses or share options. Instead, under the Non-Executive Directors' Share Plan (the NED Share Plan) at least 20% of each director's fees are taken in the form of shares in the Company. The NED Share Plan was approved by shareholders at the 2002 annual general meeting. As contemplated by the Constitution, remuneration for any extra services by individual directors, or the reimbursement of reasonable expenses incurred by directors, may also be approved by the Board from time to time.

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

Cessation of the Chief Executive Officer Memorandum of Understanding

The parent entity entered into a Memorandum of Understanding with Dr B A McNamee dated 16 July 1998 (the MOU). The MOU provided shares or options on or before 31 December 2004 as the form of award payable to Dr B A McNamee.

The MOU was terminated on 16 October 2003 and replaced by the Performance Rights Plan as approved by the shareholders at the annual general meeting on the same day.

Notes to and forming part of the Financial Statements
continued

27 Director and Executive Disclosure (cont.)

Remuneration of Directors and Executives (cont)

Remuneration of Directors

	Primary			Post Employment		Other	Total
	Salary and Fees $	Bonus $	Non-Monetary Benefits $	Super-annuation $	Retirement Benefits $	Equity-Based Compensation [1] $	$
P H Wade							
2004	**210,000**	**-**	**-**	**18,900**	**-**	**-**	**228,900**
2003	200,000	-	-	18,000	-	-	218,000
Dr B A McNamee							
2004	**947,207**	**482,500**	**79,635**	**44,254**	**-**	**65,522**	**1,619,118**
2003	1,060,908	-	42,922	-	-	4,120,209	5,224,039
E A Alexander							
2004	**110,000**	**-**	**-**	**9,900**	**-**	**-**	**119,900**
2003	100,000	-	-	9,000	-	-	109,000
A M Cipa							
2004	**406,552**	**176,000**	**2,645**	**33,448**	**-**	**132,697**	**751,342**
2003	384,757	73,500	2,474	31,797	-	249,677	742,205
C I R McDonald (retired on 16 October 2003)							
2004	**27,147**	**-**	**-**	**2,443**	**322,292**	**-**	**351,882**
2003	92,500	-	-	8,325	-	-	100,825
I A Renard							
2004	**107,500**	**-**	**-**	**9,675**	**-**	**-**	**117,175**
2003	92,500	-	-	8,325	-	-	100,825
K J Roberts							
2004	**105,000**	**-**	**-**	**9,450**	**-**	**-**	**114,450**
2003	95,000	-	-	8,550	-	-	103,550
A C Webster							
2004	**103,750**	**-**	**-**	**9,338**	**-**	**-**	**113,088**
2003	90,000	-	-	8,100	-	-	98,100
J Akehurst (commenced 1 April 2004)							
2004	**25,000**	**-**	**-**	**2,250**	**-**	**-**	**27,250**
2003	-	-	-	-	-	-	-
M Renshaw (commenced 20 July 2004)							
2004	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2003	-	-	-	-	-	-	-
Total Remuneration:							
2004	**2,042,156**	**658,500**	**82,280**	**139,658**	**322,292**	**198,219**	**3,443,105**
2003	2,115,665	73,500	45,396	92,097	-	4,369,886	6,696,544

[1] The executive directors equity-based remuneration includes options issued under the Revised Senior Executive Share Ownership Plan (SESOP II) and performance rights issued under the Performance Rights Plan. The options and rights have been valued using the Binomial Model option valuation methodology as at the grant date adjusted for the probability of performance hurdles being achieved.

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 ASIC guidelines. As a result, the current year includes options that were granted in prior years and therefore disclosed as part of the executive directors remuneration in prior years using the grant date basis of measurement.

27 Director and Executive Disclosure (cont.)

Remuneration of Directors and Executives (cont)

Remuneration of Specified Executives

	Primary			Post Employment		Other	Total
	Salary and Fees $	Bonus $	Non-Monetary Benefits $	Super-annuation $	Retirement Benefits $	Equity-Based Compensation [1] $	$
P Turner							
2004	**745,385**	**403,056**	**-**	**40,823**	**-**	**286,897**	**1,476,161**
2003	740,353	-	6,345	28,344	-	456,017	1,231,059
T Giarla							
2004	**384,809**	**182,252**	**34,307**	**15,421**	**-**	**169,800**	**786,589**
2003	392,284	187,521	-	15,586	-	131,572	726,963
C Armit							
2004	**369,544**	**160,000**	**-**	**28,800**	**-**	**238,850**	**797,194**
2003	359,019	97,500	-	28,080	-	493,046	977,645
P Bordonaro							
2004	**324,883**	**105,900**	**23,647**	**27,512**	**-**	**111,117**	**593,059**
2003	283,649	50,400	24,251	24,366	-	249,705	632,371
K Milroy							
2004	**263,063**	**145,801**	**19,425**	**32,935**	**-**	**166,928**	**628,152**
2003	157,345	36,750	17,521	26,441	-	128,425	366,482
A Cuthbertson							
2004	**290,000**	**72,500**	**10,987**	**-**	**-**	**201,017**	**574,504**
2003	244,798	27,700	10,703	21,499	-	260,374	565,074
P Turvey							
2004	**295,392**	**101,100**	**20,558**	**40,440**	**-**	**179,448**	**636,938**
2003	291,989	62,400	18,573	37,440	-	273,630	684,032
P Grujic (resigned 26 March 2004)							
2004	**707,708**	**-**	**-**	**20,500**	**-**	**215,456**	**943,664**
2003	496,029	111,366	4,902	20,500	-	177,346	810,143
Total Remuneration:							
2004	**3,380,784**	**1,170,609**	**108,924**	**206,431**	**-**	**1,569,513**	**6,436,261**
2003	2,965,466	573,637	82,295	202,256	-	2,170,115	5,993,769

[1] The specified executives equity-based remuneration includes options issued under the Revised Senior Executive Share Ownership Plan (SESOP II) and performance rights issued under the Performance Rights Plan. The options and rights have been valued using the Binomial Model option valuation methodology as at the grant date adjusted for the probability of performance hurdles being achieved.

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 ASIC guidelines. As a result, the current year includes options that were granted in prior years and therefore disclosed as part of the specified executives remuneration in prior years using the grant date basis of measurement.

Notes to and forming part of the Financial Statements
continued

27 Director and Executive Disclosure (cont.)

Remuneration - Performance Rights

During the financial year performance rights were granted as equity compensation benefits to certain specified directors and executives as disclosed below. The performance rights were issued for no consideration. Each right entitles the holder to subscribe for one fully paid ordinary share in the entity for either Nil or monetary consideration not exceeding $1.00 per share (or such other amount as is determined by the Board from time to time).

A Performance Right may only be exercised when it has become a Vested Performance Right. Unvested Performance Rights cannot be exercised. Vested Performance Rights can be exercised from the date they become Vested Performance Rights until they lapse.

Performance Rights may become Vested Performance Rights if the Company satisfies specified Performance Hurdles during specified Performance Periods. The Performance hurdle is the Company's Total Shareholder Return (TSR) relative to the ASX top 100 index (excluding commercial banks, oil and gas and selected metals and mining companies).

The Performance Period is 3 years (or, if not fully met after 3 years, then 4 years or 5 years) with the Test Dates occurring at the end of Years 3, 4 and 5. The Performance Hurdles will 'cascade' so that a proportion of Performance Rights become Vested Performance Rights when a minimum target is reached, and the proportion will increase as performance exceeds the minimum target.

If, on any Test Date, the Company's performance does not place it above the 50th percentile, in terms of TSR ranking, none of the Performance Rights will vest. Where the Company is placed at or above the 75th percentile, all of the Performance Rights will vest.

Between the 50th and 75th percentiles, the proportion of Performance Rights that will vest will increase on a straight line basis.

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

The table below provides details of movements in Performance Rights:

						Terms and Conditions for each Grant		
	Opening Balance at 1 July 2003	Number Granted	Balance at June 2004	Grant Date	Number Lapsed	Value per Right at Grant date	First Exercise Date	Last Exercise Date
Directors								
Dr B A McNamee	-	**30,000**		16-Oct-2003	-	$10.52	30-Sep-2006	16-Oct-2010
		40,000	**70,000**	31-Mar-2004	-	$15.14	31-Mar-2007	31-Mar-2011
A M Cipa	-	**20,000**		16-Oct-2003	-	$10.52	30-Sep-2006	16-Oct-2010
		20,000	**40,000**	31-Mar-2004	-	$15.14	31-Mar-2007	31-Mar-2011
Specified Executives								
P Turner	-	**12,600**		27-Oct-2003	-	$11.33	30-Sep-2006	27-Oct-2010
		12,200	**24,800**	31-Mar-2004	-	$14.34	31-Mar-2007	31-Mar-2011
C Armit	-	**8,400**	**8,400**	27-Oct-2003	-	$11.33	30-Sep-2006	27-Oct-2010
P Bordonaro	-	**14,800**		27-Oct-2003	-	$11.33	30-Sep-2006	27-Oct-2010
		6,000	**20,800**	31-Mar-2004	-	$14.34	31-Mar-2007	31-Mar-2011
K Milroy	-	**5,800**	**5,800**	31-Mar-2004	-	$14.34	27-Oct-2010	31-Mar-2011
A Cuthbertson	-	**6,100**		27-Oct-2003	-	$11.33	30-Sep-2006	27-Oct-2010
		5,000	**11,100**	31-Mar-2004	-	$14.34	31-Mar-2007	31-Mar-2011
P Turvey	-	**7,100**		27-Oct-2003	-	$11.33	30-Sep-2006	27-Oct-2010
		10,000	**17,100**	31-Mar-2004	-	$14.34	31-Mar-2007	31-Mar-2011
		198,000	**198,000**		-			

No performance rights were exercised or lapsed during the year. As at 30 June 2004, no performance rights had vested.

27 Director and Executive Disclosure (cont.)

Remuneration - SESOP II

The establishment of the SESOP II plan was approved by special resolution at the annual general meeting of the Company on 20 November 1997.

During the financial year options were granted as equity compensation benefits to certain specified directors and executives as disclosed below.

Under the rules of SESOP II no loan is made to the recipients of options until the option is exercised. Consequently, no amounts are recorded in receivables until the option is exercised.

The options are issued for a term of seven years and begin to be exercisable after the third anniversary of the date of grant. The options cannot be transferred and are not quoted on the ASX.

Performance hurdles for both the consolidated entity and employees must be met before the options can be exercised. The exercise price is calculated using the weighted average price over the 5 days preceding the issue date of the option.

	Opening Balance 1 July 2003	Granted [1]	During the year: Exercised	Lapsed	Balance at 30 June 2004	Vested [2]
Directors						
Directors						
Dr B A McNamee	**100,000**	-	-	-	100,000	100,000
A M Cipa	**100,954**	-	-	-	100,954	85,954
Specified Executives						
P Turner	**185,192**	-	-	-	185,192	90,192
T Giarla	**135,000**	45,000	(40,500)	-	139,500	63,000
C Armit	**250,000**	-	-	-	250,000	160,000
P Bordonaro	**101,000**	-	-	-	101,000	86,000
K Milroy	**49,000**	35,000	-	-	84,000	35,000
A Cuthbertson	**135,000**	-	-	-	135,000	48,000
P Turvey	**115,924**	-	-	-	115,924	65,924
P Grujic	**85,000**	35,000	(70,000)	(50,000)	-	-
	1,257,070	115,000	(110,500)	(50,000)	1,211,570	734,070

[1] These SESOP II options were granted on 1 July 2003 and have been valued using the Binomial Model option valuation methodology at $4.58 per option. The exercise price of the options is $12.19 and the first and last exercise dates are 1 July 2006 and 1 July 2010 respectively.

[2] The amount of options vested at balance date are all exercisable.

Shares issued on exercise of equity based remuneration

During the financial year, the following shares were issued on the exercise of equity based remuneration:

	Number of shares	Paid $ per share	Unpaid $ per share
T Giarla	**40,500**	$13.23	-
P Grujic	**35,000**	$13.23	-
P Grujic	**35,000**	$12.19	-
	110,500		

Notes to and forming part of the Financial Statements
continued

27 Director and Executive Disclosure (cont.)

Shareholdings of Directors and Specified Executives in CSL Limited

Details of shareholdings of directors and specified executives are as follows:

	Opening Balance 1 July 2003	During the year: On Exercise of Options	During the year: Net Change Other	Balance at 30 June 2004
Directors				
Dr B A McNamee	**770,333**	**-**	**318**	**770,651**
A M Cipa	**8,000**	**-**	**468**	**8,468**
P H Wade	**18,427**	**-**	**10,063**	**28,490**
E A Alexander	**3,897**	**-**	**1,318**	**5,215**
K J Roberts	**3,564**	**-**	**1,308**	**4,872**
I A Renard	**3,962**	**-**	**1,380**	**5,342**
A C Webster	**6,568**	**-**	**1,308**	**7,876**
C I R McDonald	**40,564**	**-**	**530**	**41,094**
J Akehurst	**-**	**-**	**2,500**	**2,500**
Specified Executives				
P Turner	**12,242**		**(10,192)**	**2,050**
T Giarla	**-**	**40,500**	**-**	**40,500**
C Armit	**252**	**-**	**462**	**714**
P Bordonaro	**36,760**	**-**	**-**	**36,760**
K Milroy	**30,272**	**-**	**1,032**	**31,304**
A Cuthbertson	**30,061**	**-**	**318**	**30,379**
P Turvey	**30,272**	**-**	**462**	**30,734**
P Grujic	**14,000**	**70,000**	**(70,000)**	**14,000**
	1,009,174	**110,500**	**(58,725)**	**1,060,949**

Loans to Directors and Specified Executives

Details of the aggregate of loans to directors and specified executives are as follows:

	Opening Balance $000	Interest Charged $000	Interest Not Charged $000	Balance at 30 June 2004 $000	Number in group 30 June 2004
Directors					
2004	**1,893**	**51**	**133**	**1,882**	**2**
2003	86	1	46	1,893	2
Specified Executives					
2004	**1,587**	**28**	**137**	**1,930**	**6**
2003	658	22	104	1,587	7
Total Directors and Specified Executives					
2004	**3,480**	**79**	**270**	**3,812**	**8**
2003	744	23	150	3,480	9

27 Director and Executive Disclosure (cont.)

Loans to Directors and Specified Executives (cont)

Details of individuals with loans above $100,000 in the reporting period are as follows:

	Opening Balance $000	Interest Charged $000	Interest Not Charged $000	Balance at 30 June 2004 $000	Highest owing in period
Directors					
Dr B A McNamee	**1,844**	**50**	**130**	**1,834**	**1,844**
Specified Executives					
P Turner	**110**	**-**	**-**	**-**	**110**
T Giarla	**-**	**4**	**34**	**536**	**536**
P Bordonaro	**462**	**9**	**33**	**462**	**462**
K Milroy	**381**	**8**	**27**	**381**	**381**
A Cuthbertson	**163**	**-**	**11**	**155**	**163**
P Turvey	**397**	**8**	**28**	**397**	**397**

Terms and Conditions

Loans to directors and specified executives relating to SESOP (refer to Note 29(b)) are interest free. Loans to directors and executives relating to SESOP II are charged interest at a concessional average rate of 2%. The average commercial rate of interest during the year was 7%.

Other Transactions and Balances with Directors and Specified Executives

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

– Provision of legal services by Allens Arthur Robinson, a firm to which I A Renard is a consultant, to a value of $1,163,040 (2003:$817,400).

– The parent entity made contributions during the financial year to the CSL Superannuation Plan. Dr B A McNamee is a shareholder of the Plan's trustee company, but not a member of the Plan.

28 Related Parties Disclosures

Ultimate Controlling Entity

The ultimate controlling entity is CSL Limited.

Transactions with Related Parties in the wholly owned controlled group

The parent entity entered into the following transactions during the year with related parties in the consolidated entity:

– Loans were advanced and repayments received on the long term intercompany accounts;

– Interest was charged on outstanding intercompany loan account balances;

– Sales and purchases of products;

– Licensing of intellectual property;

– Provision of marketing services by controlled entities; and

– Management fees were received from a controlled entity.

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

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

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

Ownership interests:

The ownership interests in related parties in the consolidated entity are disclosed in Note 34. All transactions with controlled entities have been eliminated on consolidation.

Transactions with Other Related Parties

During the year, the parent entity did not enter into any transactions with other related parties. Amounts payable to and receivable from other related parties are set out in the notes to the financial statements.

Notes to and forming part of the Financial Statements
continued

	Consolidated Entity		Parent Entity	
	2004 $000	2003 $000	2004 $000	2003 $000
29 Employee Benefits				
Employee benefit liabilities:				
Provision for employee benefits - current (note 18)	**61,520**	23,522	**14,593**	14,707
Provision for employee benefits - non-current (note 22)	**140,801**	9,777	**9,551**	9,777
	202,321	33,299	**24,144**	24,484
The number of full time equivalents employed at 30 June	**7,565**	3,792	**1,210**	1,410

Employee Option Ownership Schemes

CSL Limited offers to senior employees options over ordinary shares. CSL Limited operates two types of option plans.

Senior Executive Share Ownership Plan (SESOP)

The establishment of the SESOP plan was approved by special resolution at the annual general meeting of the Company on 15 August 1994. Under the rules of SESOP, the parent entity has provided an interest free loan to each participant which was used to acquire the options. A receivable is included in the financial statements in Note 9. In the event of lapse, the parent entity has undertaken to acquire the options at an amount equal to the option price. This amount will be used to discharge the participants' loans. Options issued under SESOP ceased during the year ended 30 June 1997. There are no longer any SESOP options outstanding however there are some interest free loans associated with exercised SESOP options remaining.

Revised Senior Executive Share Ownership Plan (SESOP II)

The establishment of the SESOP II plan was approved by special resolution at the annual general meeting of the Company on 20 November 1997. Under the rules of SESOP II no loan is made to the recipients of options until the option is exercised. Consequently, no amounts are recorded in receivables until the option is exercised. The options are issued for a term of seven years and begin to be exercisable after the third anniversary of the date of grant. The options cannot be transferred and are not quoted on the ASX. Performance hurdles for both the consolidated entity and employees must be met before the options can be exercised. The exercise price is calculated using the weighted average price over the 5 days preceding the issue date of the option.

The following table summarises information about options outstanding at 30 June 2004:

Grant Date	No. of Employees	Opening Balance	During the year Granted	Exercised	Lapsed	Balance at 30 June 2004	Exercise Price	Expiry Date
SESOP II - 20 November 1997	1	100,000	-	-	-	100,000	$8.93	20-Nov-2004
SESOP II - 17 March 1998	12	31,000	-	31,000	-	-	$11.45	17-Mar-2005
SESOP II - 14 July 1998	11	58,310	-	-	-	58,310	$10.82	14-Jul-2005
SESOP II - 13 July 1999	27	519,920	-	127,440	-	392,480	$13.23	13-Jul-2006
SESOP II - 16 November 1999	1	85,000	-	-	-	85,000	$20.84	16-Nov-2006
SESOP II - 28 February 2000	1	60,000	-	-	-	60,000	$21.01	28-Feb-2007
SESOP II - 9 February 2000	1	200,000	-	-	-	200,000	$23.07	09-Feb-2007
SESOP II - 2 August 2000	28	764,900	-	-	152,200	612,700	$34.04	02-Aug-2007
SESOP II - 20 June 2001	34	791,800	-	-	142,300	649,500	$37.54	20-Jun-2008
SESOP II - 21 August 2001	3	90,000	-	-	-	90,000	$49.31	20-Aug-2008
SESOP II - 23 August 2001	17	254,400	-	-	56,400	198,000	$37.54	22-Aug-2008
SESOP II - 18 October 2001	1	5,000	-	-	-	5,000	$43.51	20-Aug-2008
SESOP II - 10 December 2001	3	91,000	-	-	-	91,000	$49.94	09-Dec-2008
SESOP II - 28 January 2002	1	20,000	-	-	-	20,000	$47.20	28-Jan-2009
SESOP II - 29 April 2002	1	3,000	-	-	3,000	-	$40.41	28-Apr-2009
SESOP II - 23 July 2002	49	1,330,800	-	-	239,600	1,091,200	$27.97	23-Jul-2009
SESOP II - 16 October 2002	1	30,000	-	-	-	30,000	$20.67	16-Oct-2009
SESOP II - 1 July 2003	29	-	571,900	64,300	-	507,600	$12.19	01-Jul-2010
Total		4,435,130	571,900	222,740	593,500	4,190,790		

29 Employee Benefits (cont.)

The following table summarises information about options exercised by employees during the year ended 30 June 2004:

Number of Options	Grant Date	Exercise Date	Expiry Date	Exercise Price	Proceeds from shares Issued	Number of shares Issued	Issue Date	Fair value of Shares Issued
14,000	17-Mar-1998	19-Jul-2003	17-Mar-2005	$11.45	$160,300	14,000	22-Jul-2003	$13.82
9,000	17-Mar-1998	12-Oct-2003	17-Mar-2005	$11.45	$103,050	9,000	15-Oct-2003	$16.98
18,000	13-Jul-1999	04-Nov-2003	13-Jul-2006	$13.23	$238,140	18,000	07-Nov-2003	$17.52
40,500	13-Jul-1999	17-Jan-2004	13-Jul-2006	$13.23	$535,815	40,500	20-Jan-2004	$17.57
35,000	13-Jul-1999	28-Mar-2004	13-Jul-2006	$13.23	$463,050	35,000	31-Mar-2004	$20.98
35,000	01-Jul-2003	28-Mar-2004	01-Jul-2010	$12.19	$426,650	35,000	31-Mar-2004	$20.98
29,300	01-Jul-2003	12-Apr-2004	01-Jul-2010	$12.19	$357,167	29,300	15-Apr-2004	$23.20
33,940	13-Jul-1999	12-Apr-2004	13-Jul-2006	$13.23	$449,026	33,940	15-Apr-2004	$23.20
8,000	17-Mar-1998	12-Apr-2004	17-Mar-2005	$11.45	$91,600	8,000	15-Apr-2004	$23.20
222,740					$2,824,798	222,740		

The following table summarises information about options exercised by employees during the year ended 30 June 2003:

Number of Options	Grant Date	Exercise Date	Expiry Date	Exercise Price	Proceeds from shares Issued	Number of shares Issued	Issue Date	Fair value of Shares Issued
22,400	13-Jul-1999	02-Jul-2002	13-Jul-2006	$13.23	$296,352	22,400	05-Jul-2002	$31.21
31,400	17-Mar-1998	25-Aug-2002	17-Mar-2005	$11.45	$359,530	31,400	28-Aug-2002	$23.08
18,694	14-Jul-1998	25-Aug-2002	14-Jul-2005	$10.82	$202,269	18,694	28-Aug-2002	$23.08
189,480	13-Jul-1999	25-Aug-2002	13-Jul-2006	$13.23	$2,506,820	189,480	28-Aug-2002	$23.08
13,500	13-Jul-1999	07-Sep-2002	13-Jul-2006	$13.23	$178,605	13,500	10-Sep-2002	$21.75
14,000	17-Mar-1998	21-Sep-2002	17-Mar-2005	$11.45	$160,300	14,000	24-Sep-2002	$22.03
3,002	14-Jul-1998	21-Sep-2002	14-Jul-2005	$10.82	$32,482	3,002	24-Sep-2002	$22.03
40,860	13-Jul-1999	21-Sep-2002	13-Jul-2006	$13.23	$540,578	40,860	24-Sep-2002	$22.03
16,000	17-Mar-1998	12-Nov-2002	17-Mar-2005	$11.45	$183,200	16,000	15-Nov-2002	$17.90
34,618	14-Jul-1998	12-Nov-2002	14-Jul-2005	$10.82	$374,567	34,618	15-Nov-2002	$17.90
67,260	13-Jul-1999	12-Nov-2002	13-Jul-2006	$13.23	$889,850	67,260	15-Nov-2002	$17.90
21,300	13-Jul-1999	24-Dec-2002	13-Jul-2006	$13.23	$281,799	21,300	27-Dec-2002	$21.70
530,333	Various	22-Feb-2003	Various	$0.01	$5,303	530,333	25-Feb-2003	$13.51
17,130	13-Jul-1999	23-May-2003	13-Jul-2006	$13.23	$226,630	17,130	26-May-2003	$12.02
200,000	20-Nov-1997	23-May-2003	20-Nov-1994	$8.93	$1,786,000	200,000	26-May-2003	$12.02
1,219,977					$8,024,285	1,219,977		

The fair value of shares issued during the reporting period is considered to be the market price of shares of CSL Limited on the ASX as at the closing of trading on their respective issue dates.

29 Employee Benefits (cont.)

Employee Performance Rights Plan

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

Unless otherwise determined by the Board, Performance Rights will be granted for no consideration payable by the employee. A Performance Right represents the right to subscribe for or acquire one share for either nil or monetary consideration not exceeding $1.00 per share.

A Performance Right may only be exercised when it has become a Vested Performance Right. Unvested Performance Rights cannot be exercised. Vested Performance Rights can be exercised from the date they become Vested Performance Rights until they lapse.

Performance Rights may become Vested Performance Rights if the Company satisfies specified Performance Hurdles during specified Performance Periods. The Performance hurdle is the Company's Total Shareholder Return (TSR) relative to the ASX top 100 index (excluding commercial banks, oil and gas and selected metals and mining companies).

The Performance Period is 3 years (or, if not fully met after 3 years, then 4 years or 5 years) with the Test Dates occurring at the end of Years 3, 4 and 5. The Performance Hurdles will 'cascade' so that a proportion of Performance Rights become Vested Performance Rights when a minimum target is reached, and the proportion will increase as performance exceeds the minimum target.

If, on any Test Date, the Company's performance does not place it above the 50th percentile, in terms of TSR ranking, none of the Performance Rights will vest. Where the Company is placed at or above the 75th percentile, all of the Performance Rights will vest.

Between the 50th and 75th percentiles, the proportion of Performance Rights that will vest will increase on a straight line basis.

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

The following table summarises information about performance rights outstanding and exercisable at 30 June 2004:

Grant Date	Opening Balance	During the year: Granted	Exercised	Lapsed	Balance at 30 June 2004	Exercise Price	Vesting Date	Expiry Date
16-Oct-2003	-	50,000	-	-	50,000	Nil	30-Sep-2006	16-Oct-2010
27-Oct-2003	-	169,200	-	(16,200)	153,000	Nil	30-Sep-2006	27-Oct-2010
31-Mar-2004	-	192,300	-	-	192,300	Nil	31-Mar-2007	31-Mar-2011
	-	411,500	-	(16,200)	395,300			

Global Employee Share Plan (GESP)

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

30 Superannuation Plans

The consolidated entity sponsors a range of superannuation plans for its employees worldwide. Entities of the consolidated entity who operate benefit plans contribute to their respective plans in accordance with the Trust Deeds following receipt of actuarial advice.

Actuarial assessments for these defined benefit plans are made at no more than three yearly intervals.

The consolidated entity's defined benefit plans are as follows:-

Name of the plan	Type	Date of Last Assessment	Note
CSL Superannuation Plan (Australia)	Defined Benefit and Accumulated	30 June 2004	(a)
ZLB Bioplasma AG Pension Fund (Switzerland)	Modified Defined Benefit	31 March 2004	(b)
ZLB Behring Pension Plan (US PP)	Defined Benefit	31 March 2004	(c)
ZLB Behring Union Pension Plan (US UPP)	Defined Benefit	31 March 2004	(c)
ZLB Behring Supplemental Exec Retirement Plan (SERP)	Defined Benefit	31 March 2004	(c)
ZLB Behring GmbH Pension Plan (Germany)	Defined Benefit	30 June 2004	(d)
ZLB Behring UK Pension Fund (UK)	Defined Benefit	31 December 2003	(e)

Details of the above superannuation plans as at the date of their last assessment are as follows:-

	Australia $000	Switzerland $000	US PP $000	US UPP $000	SERP $000	Germany $000	UK $000	Total $000
Net market value of plan assets	68,873	193,103	65,499	50,931	-	-	3,170	381,576
Accrued benefits	(68,300)	(182,633)	(97,192)	(62,208)	(10,387)	(59,921)	(4,208)	(484,849)
	573	10,470	(31,693)	(11,277)	(10,387)	(59,921)	(1,038)	(103,273)
Amounts provided on acquisition (f)	-	-	31,693	11,277	10,387	60,232	1,038	114,627
Excess of plan assets and amounts provided on acquisition over accrued benefits	573	10,470	-	-	-	311	-	11,354
Vested benefits	68,300	169,481	51,850	60,057	10,387	53,357	2,470	415,902

(a) The actuarial assessment of the CSL Superannuation Plan was performed by Paul Shallue, BSc , FIAA of Mellon Human Resources and Investor Solution on 30 June 2004.

(b) The actuarial assessment of the ZLB Bioplasma AG Pension Fund was performed by Marc Andre Rothlisberger, Qualified Pension Actuary and Dr Oliver Kern, Dipl. phys. ing. ETH of AON Chuard Consulting AG on 31 March 2004.

(c) The actuarial assessments of the ZLB Behring Pension Plan, ZLB Behring Union Pension Plan and ZLB Behring Supplemental Executive Retirement Plan were performed by Thomas Billone, ASA and Christopher Chinici, EA of Mellon Human Resources and Investor Solutions on 31 March 2004.

(d) The actuarial assessment of the ZLB Behring GmbH Pension Plan was performed by Matthias Grünzig, certified actuary of Höchster Versicherungsservice GmbH on 30 June 2004.

(e) The actuarial assessment of the ZLB Behring UK Pension Fund was performed by Graham Cook, BSc, FFA of Entegria Limited on 31 December 2003.

(f) A payment was made prior to year end to fully fund the ZLB Behring Supplemental Executive Retirement Plan (SERP). The remaining plans provided on acquisition are included in Non-Current Employee Benefits.

	Consolidated Entity		Parent Entity	
	2004 $	2003 $	2004 $	2003 $
31 Remuneration of Auditors				
Amounts received, or due and receivable, for the audit and review of the financial reports of the parent entity and its controlled entities by				
- Ernst & Young	**608,000**	329,500	**608,000**	329,500
- Ernst & Young related practices	**2,352,576**	755,500	**-**	-
	2,960,576	1,085,000	**608,000**	329,500
Amounts received, or due and receivable, for other services in relation to the parent entity and its controlled entities by				
- Ernst & Young [1]	**326,200**	-	**326,200**	-
- Ernst & Young related practices [2]	**4,851,940**	550,817	**-**	-
	5,178,140	550,817	**326,200**	-
Total remuneration	**8,138,176**	1,635,817	**934,200**	329,500

1 Includes financial due diligence work on the Aventis Behring acquisition, IAS Implementation advice and other compliance audits.

2 Financial due diligence work on the Aventis Behring acquisition.

	Consolidated Entity		Parent Entity	
	2004 $000	2003 $000	2004 $000	2003 $000
32 Commitments				
Capital Commitments				
Estimated capital expenditure contracted for at balance date but not provided for in the financial statements, payable:				
Not later than one year	**32,295**	11,042	**9,985**	2,552
Later than one year but not later than five years	**446**	-	**-**	-
	32,741	11,042	**9,985**	2,552
Lease Commitments				
(i) Operating Leases				
Total lease expenditure contracted for at balance date but not provided for in the financial statements, payable:				
Not later than one year	**29,436**	10,725	**1,378**	1,673
Later than one year but not later than five years	**62,062**	21,175	**1,176**	1,561
Later than five years	**69,836**	59,901	**158**	-
	161,334	91,801	**2,712**	3,234
Representing				
Non-cancellable operating leases	**161,334**	91,801	**2,712**	3,234

Operating leases entered into relate predominantly to leased land and rental properties. Rental payments are generally fixed, but with inflation escalation clauses on which contingent rentals are determined. No operating leases contain restrictions on financing or other leasing activities.

	Consolidated Entity 2004 $000	Consolidated Entity 2003 $000	Parent Entity 2004 $000	Parent Entity 2003 $000
(ii) Finance Leases				
Total lease expenditure contracted for at balance date but not provided for in the financial statements, payable:				
Not later than one year	**1,912**	-	**-**	-
Later than one year but not later than five years	**7,575**	-	**-**	-
Later than five years	**37,877**	-	**-**	-
Total minimum lease payments	**47,364**	-	**-**	-
- future finance charges	**(2,162)**	-	**-**	-
- lease liability	**45,202**	-	**-**	-
- current liability	**2,028**	-	**-**	-
- non-current liability	**43,174**	-	**-**	-
	45,202	-	**-**	-
(iii) Total Lease Liability				
Total lease liability accrued for:				
Current				
- surplus lease space	**5,353**	-	**-**	-
- finance leases	**2,028**	-	**-**	-
	7,381	-	**-**	-
Non-Current				
- surplus lease space	**9,149**	-	**-**	-
- finance leases	**43,174**	-	**-**	-
	52,323	-	**-**	-
	59,704	-	**-**	-

	Consolidated Entity		Parent Entity	
	2004 $000	2003 $000	2004 $000	2003 $000

33 Contingent Assets and Liabilities

Guarantees

Details and estimates of maximum amounts of contingent liabilities, classified in accordance with the party from whom the liability could arise for which no provisions are included in the financial statements, are as follows:

	Consolidated 2004 $000	Consolidated 2003 $000	Parent 2004 $000	Parent 2003 $000
Parent entity guarantee of controlled entity borrowings	**-**	-	**638,349**	583,958
Bank guarantees	**22,298**	5,524	**6,006**	5,524
	22,298	5,524	**644,355**	589,482

As explained in Note 34, the parent entity has entered into a deed of cross guarantee in accordance with a class order issued by the Australian Securities and Investments Commission. The parent entity, and the controlled entities which are party to the deed, have guaranteed the repayment of all current and future creditors in the event that any of these companies are wound up.

Service Agreements

The maximum contingent liabilities for benefits under service agreements, in the event of an involuntary redundancy, is between 3 to 12 months. Agreements are held with the managing director and persons who take part in the management of the companies in the consolidated entity.

	Consolidated 2004 $000	Consolidated 2003 $000	Parent 2004 $000	Parent 2003 $000
These contingent liabilities amount to:	**4,739**	4,099	**3,363**	2,896

Contingent consideration on acquisitions

On 31 August 2000, the consolidated entity acquired the plasma fractionation assets and business of Zentrallaboratorium Blutspendedienst. The consideration included an earn out agreement entitling Rotkreuzstiftung Zentrallaboratorium Blutspendedienst SRK to further payments if certain performance targets are met at the end of 30 June 2005 reporting period. The maximum contingent liability payable under this earn out agreement is CHF 90 million ($100 million).

On 31 March 2004, the consolidated entity acquired the global plasma therapeutics business of Aventis Behring. The consideration included contingent payments. A cash payment or issue of shares (at CSL Limited's discretion) in the amount of USD 125 million will be required to be made by the consolidated entity if the fourth year ordinary share price of CSL Limited is above A$28 per share ('trigger price'). To satisfy this requirement, the volume weighted average share price of an ordinary share of CSL Limited must be above the trigger price for 20 consecutive trading days for the period starting from 1 October 2007 and ending on 31 March 2008.

A further cash payment or issue of shares (at CSL Limited's discretion) in the amount of USD 125 million will be required to be made by the consolidated entity if the fourth year ordinary share price of CSL Limited is above A$35 per share. The same requirement for the trigger price must be satisfied as mentioned above.

Litigation

The consolidated entity is currently involved in litigation with both Bayer and Baxter over alleged infringement of the consolidated entity's interest in the Freudenberg patent covering technology involved in the production of rFVIII. Bayer has filed a counter suit against the consolidated entity, claiming breach of the Helixate supply agreement. There is no guarantee that the consolidated entity will be successful in their defence of this patent. Bayer's counter suit against the consolidated entity represents a threat to the continued supply of Helixate from Bayer.

The consolidated entity is involved in other litigation in the ordinary course of business. The directors believe that future payment for any contingent liabilities in respect of litigation is remote. The consolidated entity has disclaimed liability for, and are vigorously defending, all current claims and actions that have been made.

Notes to and forming part of the Financial Statements
continued

	Country of incorporation	Percentage Owned 2004 %	2003 %	
34 Controlled Entities				
Parent Entity:				
CSL Limited	Australia			
Controlled Entities of CSL Limited:				
JRH Biosciences Pty Ltd	Australia	**100**	100	
Cervax Pty Ltd	Australia	**74**	74	
CSL (New Zealand) Limited	New Zealand	**100**	100	(c)
Iscotec AB	Sweden	**100**	100	(c)
CSL International Pty Ltd	Australia	**100**	100	
CSL Finance Pty Ltd	Australia	**100**	100	
CSL Denmark ApS	Denmark	**100**	100	(c)
ZLB Behring AG	Switzerland	**100**	100	(c)
ZLB GmbH	Germany	**100**	100	(c)
CSL UK Holdings Limited	England	**100**	100	(c)
JRH Biosciences Limited	England	**100**	100	(c)
ZLB Bioplasma UK Limited	England	**100**	100	(c)
ZLB Bioplasma Belgium sprl	Belgium	**100**	100	(c)
ZLB Bioplasma Italy srl	Italy	**100**	100	(c)
CSL US Inc	USA	**100**	100	(c)
JRH Biosciences Inc	USA	**100**	100	(c)
Biocor Animal Health Inc	USA	**-**	100	(c) (f)
ZLB Bioplasma Inc	USA	**100**	100	(c)
ZLB Holdings Inc	USA	**100**	-	(a) (c)
ZLB Bioplasma (Hong Kong) Limited	Hong Kong	**100**	-	(a) (c)
ZLB Behring LLC	USA	**100**	-	(b) (c)
ZLB Behring Sales Force Inc.	USA	**100**	-	(b) (c)
ZLB Bio-Services Inc.	USA	**100**	-	(b) (c)
ZLB Behring Canada Inc.	Canada	**100**	-	(b) (c)
ZLB Behring Brazil Comercio de Produtos Farmaceuticals Ltda	Brazil	**100**	-	(b) (c)
ZLB Behring KK	Japan	**100**	-	(b) (c)
Aventis Behring S.A. de C.V.	Mexico	**100**	-	(b) (c) (d)
ZLB Behring S.A.	France	**100**	-	(b) (c)
ZLB Behring Pharma GmbH	Germany	**100**	-	(b) (c)
Aventis Behring Hispaniola S.A.	Dominican Republic	**100**	-	(b) (e)
Aventis Behring Foundation for Research and Advancement of Patient Health	USA	**100**	-	(b) (c) (d)

Notes to and forming part of the Financial Statements
continued

34 Controlled Entities (cont.)

	Country of incorporation	Percentage Owned 2004 %	2003 %	
Controlled Entities of CSL Limited (cont.)				
ZLB Behring Verwaltungs GmbH	Germany	**100**	-	(a) (c)
ZLB Behring Beteiligungs GmbH & Co KG	Germany	**100**	-	(c)
ZLB Plasma Services GmbH	Germany	**100**	-	(b) (c)
ZLB Behring GmbH	Germany	**100**	-	(b) (c)
Aventis Behring AG	Switzerland	**100**	-	(b) (c) (d)
Aventis Behring GmbH	Austria	**100**	-	(b) (c) (d)
ZLB Behring S.A.	Spain	**100**	-	(b) (c)
ZLB Behring A.B.	Sweden	**100**	-	(b) (c)
ZLB Behring S.p.A.	Italy	**100**	-	(b) (c)
ZLB Behring N.V.	Belgium	**100**	-	(b) (c)
ZLB Behring Lda	Portugal	**100**	-	(b) (c)
ZLB Behring MEPE	Greece	**100**	-	(b) (c)
ZLB Behring Asia Pacific Limited	Hong Kong	**100**	-	(b) (c)
ZLB Behring S.A.	Argentina	**100**	-	(b) (c)
ZLB Behring Holdings Ltd.	England	**100**	-	(b) (c)
ZLB Behring UK Ltd.	England	**100**	-	(b) (c)

(a) ZLB Bioplasma (Hong Kong) Limited was incorporated in December 2003 with the other entities incorporated in March 2004.

(b) On 31 March 2004, the consolidated entity acquired the global plasma therapeutics business of Aventis Behring through the acquisition of 100% of the share capital of Aventis Behring LLC and Aventis Behring GmbH.

(c) Audited by affiliates of the parent entity auditors.

(d) These entities are in the process of having their legal company name changed.

(e) This entity is in the process of being dissolved.

(f) Biocor Animal Health Inc. was sold on 26 March 2004.

34 Controlled Entities (cont.)

A deed of cross guarantee between CSL International Pty Ltd and CSL Limited was enacted on 20 June 1995 and relief was obtained from preparing financial statements of CSL International Pty Ltd under the ASIC Class Order. On 30 June 2003, an Assumption Deed was lodged with ASIC, which joins CSL Finance Pty Ltd and JRH Biosciences Pty Ltd as parties to the deed of cross guarantee.

Under the deed, all entities guarantee to support the liabilities and obligations of each other. Financial information for the class order group comprising CSL Limited, CSL International Pty Ltd, CSL Finance Pty Ltd and JRH Biosciences Pty Ltd is as follows:

	2004 $000	2003 $000
Statement of Financial Performance		
Sales revenue	**452,475**	476,123
Cost of sales	**253,290**	250,330
Gross profit	**199,185**	225,793
Other revenues	**134,159**	62,364
Research and development expenses	**46,856**	50,434
Selling and marketing expenses	**45,068**	48,532
General and administration expenses	**42,804**	36,980
Borrowing costs	**19,444**	11,175
Carrying amount of net assets of discontinued operations sold	**24,920**	-
Profit from ordinary activities before income tax expense	**154,252**	141,036
Income tax expense relating to ordinary activities	**35,753**	37,397
Profit from ordinary activities after income tax expense	**118,499**	103,639
Set out below is a summary of movements in consolidated retained profits of the closed group:		
Retained profits at the beginning of the financial year	**401,609**	317,492
Net profit	**118,499**	103,639
Adjustment arising from adoption of revised accounting standard	**-**	34,569
Transfer from reserves	**-**	-
Dividends provided for or paid	**(58,703)**	(54,091)
Retained profits at the end of the financial year	**461,405**	401,609

Notes to and forming part of the Financial Statements
continued

34 Controlled Entities (cont.)

	2004 $000	2003 $000
Statement of Financial Position		
CURRENT ASSETS		
Cash assets	**12,561**	40,736
Receivables	**63,631**	67,554
Inventories	**93,753**	93,024
Other	**3,894**	1,502
Total Current Assets	**173,839**	202,816
NON-CURRENT ASSETS		
Receivables	**653,387**	630,637
Other financial assets	**1,534,091**	844,907
Property, plant and equipment	**259,993**	264,907
Deferred tax assets	**10,233**	10,756
Intangibles	**20,000**	20,000
Total Non-Current Assets	**2,477,704**	1,771,207
TOTAL ASSETS	**2,651,543**	1,974,023
CURRENT LIABILITIES		
Payables	**57,938**	60,552
Interest bearing liabilities	**-**	611
Tax liabilities	**16,219**	11,109
Provisions	**15,622**	15,301
Total Current Liabilities	**89,779**	87,573
NON-CURRENT LIABILITIES		
Payables	**34,941**	33,442
Interest bearing liabilities	**489,681**	439,930
Deferred tax liabilities	**29,943**	26,748
Provisions	**20,712**	25,630
Total Non-Current Liabilities	**575,277**	525,750
TOTAL LIABILITIES	**665,056**	613,323
NET ASSETS	**1,986,487**	1,360,700
EQUITY		
Contributed equity	**1,502,417**	936,430
Reserves	**22,665**	22,661
Retained profits	**461,405**	401,609
TOTAL EQUITY	**1,986,487**	1,360,700

	Notes	Consolidated Entity 2004 $000	Consolidated Entity 2003 $000	Parent Entity 2004 $000	Parent Entity 2003 $000
35 Statement of Cash Flows					
Reconciliation of Cash Assets and Non-Cash Financing and Investing Activities					
(i) Cash at the end of the year is shown in the statement of financial position as:					
Cash on hand	5	**112,478**	83,466	**12,700**	40,736
Cash deposits	5	**2,418**	-	**-**	-
Bank overdrafts	16	**(4,553)**	(611)	**-**	-
		110,343	82,855	**12,700**	40,736

(ii) Non-Cash Financing and Investing Activities

On 31 March 2004, the consolidated entity acquired the global plasma therapeutics business of Aventis Behring through the acquisition of 100% of the share capital of Aventis Behring LLC and Aventis Behring GmbH for $954.0 million. $146.5 million of the consideration amount represents deferred consideration at the date of acquisition.

	Consolidated Entity 2004 $000	Consolidated Entity 2003 $000	Parent Entity 2004 $000	Parent Entity 2003 $000
Reconciliation of Profit from Ordinary Activities after Tax to Cash Flows from Operations				
Profit from ordinary activities after tax	**219,625**	70,423	**120,340**	69,517
Non-cash items in profit from ordinary activities				
Depreciation and amortisation	**129,995**	119,796	**31,977**	31,465
Loss/(profit) on sale of property, plant and equipment	**2,584**	(87)	**1,034**	19
Amortisation of borrowing costs	**974**	661	**-**	-
Changes in assets and liabilities, net of the effects of purchase of controlled entities				
Decrease in receivables	**55,773**	8,047	**16,437**	574
Increase in inventories	**(33,268)**	(84,534)	**(7,882)**	(8,649)
Increase in prepayments	**(20,869)**	(142)	**(2,392)**	(437)
(Increase)/decrease in tax assets	**(18,651)**	(6,113)	**668**	(1,342)
Increase/(decrease) in payables	**(13,791)**	5,190	**(6,562)**	(8,718)
Decrease in provisions	**(20,924)**	(5,766)	**(5,271)**	(3,980)
Increase in tax liabilities	**7,892**	8,040	**10,043**	9,600
	309,340	115,515	**158,392**	88,049
Less: Profit on sale of Animal Health business unit	**102,346**	-	**75,189**	-
Net cash inflow from operating activities	**206,994**	115,515	**83,203**	88,049

Notes to and forming part of the Financial Statements
continued

35 Statement of Cash Flows (cont.)

Financing Facilities

The consolidated entity has access to the following financing facilities with a number of financial institutions:

	Consolidated Entity			Parent Entity		
	Accessible $000	Drawn down $000	Unused $000	Accessible $000	Drawn down $000	Unused $000
June 2004						
Bank overdraft facility (b), (d)	**9,140**	**4,553**	**4,587**	**4,587**	**-**	**4,587**
Bank loan facilities (a), (d)	**758,906**	**237,535**	**521,371**	**-**	**-**	**-**
Total financing facilities (c)	**768,046**	**242,088**	**525,958**	**4,587**	**-**	**4,587**
June 2003						
Bank overdraft facility (b), (d)	5,235	611	4,624	4,624	-	4,624
Bank loan facilities (a), (d)	404,374	177,719	226,655	-	-	-
Total financing facilities (c)	409,609	178,330	231,279	4,624	-	4,624

(a) Drawn facilities expire in March 2007 and March 2009.

(b) No specific expiry date.

(c) The current/non-current allocation of loan facilities reflect the existing refinancing arrangements in place during the period.

(d) The bank loan and overdraft facilities have certain loan covenants attached to them. As at balance date, the consolidated entity was in compliance with these covenants.

Disposal of Controlled Entities and Businesses

On 26 March 2004, the consolidated entity disposed of the Animal Health business unit. This business unit included Biocor Animal Health Inc.

Details of the disposal are included in Note 37.

36 Acquisition of Controlled Entities and Businesses

On 31 March 2004, the consolidated entity acquired the global plasma therapeutics business of Aventis Behring through the acquisition of 100% of the share capital of Aventis Behring LLC and Aventis Behring GmbH for $954.0 million (US$717.9 million).

The operating results of the newly controlled consolidated entity have been included in the consolidated statement of financial performance from the date of acquisition.

The prior year comparative relates to the acquisition of the serum business of By-Prod Corporation and the Siris Group on 14 February 2003 for consideration of $23.7 million.

		Consolidated Entity		
		2004 USD'000[1]	2004 $000	2003 $000
Consideration				
Cash		**607,019**	**807,528**	16,222
Deferred Consideration[2]		**110,912**	**146,515**	7,463
Total consideration		**717,931**	**954,043**	23,685
Fair value of net assets of consolidated entities acquired				
Current Assets	Cash	**26,081**	**34,658**	-
	Receivables	**289,906**	**385,250**	3,205
	Inventories	**805,079**	**1,069,853**	6,548
	Other	**5,992**	**7,962**	386
Non-current assets	Receivables	**1,428**	**1,897**	-
	Other financial assets	**1,487**	**1,976**	-
	Property, plant and equipment	**353,985**	**470,403**	1,266
	Deferred tax assets	**28,434**	**37,784**	-
Current liabilities	Payables	**(191,782)**	**(254,855)**	(1,094)
	Interest-bearing liabilities	**(6,657)**	**(8,847)**	-
	Provisions - Employee entitlements	**(24,680)**	**(32,798)**	-
	Provisions - Other	**(14,642)**	**(19,457)**	(422)
	Provision for restructuring (note 18)	**(86,811)**	**(115,360)**	-
Non-current liabilities	Interest-bearing liabilities	**(36,120)**	**(47,999)**	-
	Deferred tax liabilities	**(34,987)**	**(46,493)**	-
	Provisions - Employee entitlements	**(91,918)**	**(122,147)**	-
	Provisions - Other	**(11,278)**	**(14,987)**	-
		1,013,517	**1,346,840**	9,889
Discount on Acquisition		**(295,586)**	**(392,797)**	-
Goodwill		**-**	**-**	13,796
Total consideration		**717,931**	**954,043**	23,685
Outflow of cash to acquire consolidated entities and business				
Cash consideration		**607,019**	**807,528**	16,222
Cash acquired		**(26,081)**	**(34,658)**	-
		580,938	**772,870**	16,222

[1] US dollar figures have been included for illustrative purposes.

[2] The deferred consideration represents the present value of the remaining consideration payable.

Contingent consideration

On 31 March 2004, the consolidated entity acquired the global plasma therapeutics business of Aventis Behring. The consideration included contingent payments. A cash payment or issue of shares (at CSL Limited's discretion) in the amount of USD 125 million will be required to be made by the consolidated entity if the fourth year ordinary share price of CSL Limited is above A$28 per share ('trigger price').

To satisfy this requirement, the volume weighted average share price of an ordinary share of CSL Limited must be above the trigger price for 20 consecutive trading days for the period starting from 1 October 2007 and ending on 31 March 2008.

A further cash payment or issue of shares (at CSL Limited's discretion) in the amount of USD 125 million will be required to be made by the consolidated entity if the fourth year ordinary share price of CSL Limited is above A$35 per share. The same requirement for the trigger price must be satisfied as mentioned above.

Notes to and forming part of the Financial Statements
continued

37 Discontinued Operation

Disposal of Animal Health Business Unit

On 26 March 2004, the consolidated entity disposed of the Animal Health business unit to Pfizer Inc. The disposal included the sale of assets in Australia and New Zealand and the disposal of 100% of the voting share capital of Biocor Animal Health Inc. in the USA.

The net gain from the sale of the Animal Health business unit was as follows:

	Consolidated	Parent
	2004 $000	**2003 $000**
Net proceeds from the sale of the Animal Health business unit	**161,627**	100,109
Written down value of assets sold and liabilities settled	**(59,281)**	(24,920)
Net gain on sale before tax	**102,346**	75,189
Attributable income tax expense	**(27,035)**	(17,226)
Net gain on sale after tax	**75,311**	57,963
The carrying amounts of total assets to be disposed of and total liabilities settled were as follows:		
Total Assets	**61,710**	24,929
Total Liabilities	**2,429**	9
Net Assets	**59,281**	24,920

Financial Performance Information

The Animal Health business unit is reported as a separate segment in Note 39 - Segment Information. The financial performance of the business unit for the year ended 30 June 2004 is as follows:

	2004 $000
Revenue from ordinary activities	**54,286**
Expenses from ordinary activities	**(49,663)**
Profit from ordinary activities before income tax	**4,623**
Income tax expense relating to ordinary activities	**(374)**
Profit from ordinary activities after income tax	**4,249**
Cash flows during the year	
Net cash flows from operating activities	**6,940**
Net cash flows from investing activities	**(594)**
Net cash flows from financing activities	**(4,127)**
Net cash inflows	**2,219**

	Consolidated Entity	
	2004 $000	2003 $000
38 Earnings Per Share		
The following reflects the income and share information used in the calculation of basic and diluted earnings per share:		
Earnings used in calculating basic earnings per share	**219,625**	70,423
	Number of Shares	
Weighted average number of ordinary shares used in the calculation of basic earnings per share:	**178,174,322**	159,168,685
Effect of dilutive securities:		
Share options	**680,869**	443,473
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	**178,855,191**	159,612,158

Conversions, calls, subscription or issues after 30 June 2004

Since the end of the financial year, no ordinary shares have been issued.

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

39 Segment Information

Defined business segments	Products/services
Total Human Health	Develops, manufactures and markets biopharmaceutical products to the human health industry.
Biosciences	Develops, manufactures and markets cell culture reagents used in the manufacture of vaccines, biopharmaceuticals and gene therapy products.
Animal Health	Develops, manufactures and markets vaccines and diagnostics to protect livestock and companion animals.

The Human Health business segment has been further broken down into ZLB Behring and Other Human Health to assist with external analysis of the financials. ZLB Behring is the newly created Group following the acquisition of Aventis Behring and includes the acquired business and the existing ZLB Bioplasma businesses. Other Human Health includes CSL Pharmaceutical and CSL Bioplasma.The 2003 Human Health segment combines Human Health and Plasma Services for comparative purposes.

Geographical Segments

The consolidated entity operates predominantly in three segments, being Australasia/Asia Pacific, Americas and EMEA. The geographic segment of Australasia/Asia Pacific comprises Australia, New Zealand and Asia. The geographic segment of Americas includes USA, Canada and South America. The geographic segment of EMEA includes Europe, Middle East and Africa.

Segment Accounting Policies

The consolidated entity accounts for intersegment sales and transfers as if the sales or transfers were to third parties at current market prices.

Segment accounting policies are the same as the consolidated entity's policies described in Note 1. During the financial year, there were no changes in segment accounting policies that had a material effect on the segment information.

Notes to and forming part of the Financial Statements

continued

39 Segment Information (cont.)

Business Segments	ZLB Behring $000	Other Human Health $000	Total Human Health $000	Biosciences $000	Animal Health $000	Elimin -ations $000	Consoli -dated $000
2004							
External sales	1,015,645	389,551	**1,405,196**	**192,466**	**52,534**	**-**	**1,650,196**
Other external revenue	10,099	3,493	**13,592**	**-**	**367**	**-**	**13,959**
Intersegment revenue	11,759	84	**11,843**	**1,043**	**1,385**	**(14,271)**	**-**
Segment revenue	1,037,503	393,128	**1,430,631**	**193,509**	**54,286**	**(14,271)**	**1,664,155**
Unallocated revenue							**9,929**
Proceeds from sale of Animal Health Business Unit							**161,627**
Total revenue							**1,835,711**
Segment earnings	57,140	63,525	**120,665**	**41,194**	**5,170**	**-**	**167,029**
Borrowing costs							**(23,742)**
Unallocated expense net of unallocated revenue							**8,996**
Net Gain from sale of Animal Health Business Unit							**102,346**
Profit from ordinary activities before tax							**254,629**
Income tax expense							**35,004**
Profit from ordinary activities after tax							**219,625**
Segment assets	3,102,409	396,396	**3,498,805**	**160,269**	**-**	**-**	**3,659,074**
Cash assets							**114,896**
Unallocated assets							**101,413**
Total assets							**3,875,383**
Segment liabilities	699,785	67,502	**767,287**	**23,420**	**-**	**-**	**790,707**
Interest bearing liabilities							**848,085**
Provision for dividend							**-**
Unallocated liabilities							**162,549**
Total liabilities							**1,801,341**
Other Information							
Purchase of property, plant and equipment and intangible assets	33,856	31,104	**64,960**	**13,808**	**594**	**-**	**79,362**
Unallocated acquisitions of property, plant and equipment							**229**
Total acquisitions							**79,591**
Depreciation and amortisation	91,568	30,814	**122,382**	**4,703**	**2,224**	**-**	**129,309**
Unallocated depreciation and amortisation							**686**
Total depreciation and amortisation							**129,995**
Other non-cash expenses	1,630	(2,008)	**(378)**	**-**	**-**	**2,962**	**2,584**

Geographic Segments	Australasia/. Asia Pacific $000	Americas $000	EMEA $000	Eliminations $000	Consolidated $000
External revenues	**570,077**	**875,906**	**389,728**	**-**	**1,835,711**
Segment assets	**506,040**	**826,826**	**2,542,517**	**-**	**3,875,383**
Acquisition of property, plant and equipment and intangible assets	**33,111**	**18,343**	**28,137**	**-**	**79,591**

Notes to and forming part of the Financial Statements continued

Business Segments	Total Human Health $000	Biosciences $000	Animal Health $000	Eliminations $000	Consolidated $000
2003					
External sales	1,067,585	168,055	64,704	-	1,300,344
Other external revenue	3,059	4,742	47	-	7,848
Intersegment revenue	905	639	-	(1,544)	-
Segment revenue	1,071,549	173,436	64,751	(1,544)	1,308,192
Unallocated revenue					5,015
Total revenue					1,313,207
Segment earnings	85,282	44,452	8,042	-	137,776
Borrowing costs					(34,228)
Unallocated expense net of unallocated revenue					(1,816)
Profit from ordinary activities before tax					101,732
Income tax expense					31,309
Profit from ordinary activities after tax					70,423
Segment assets	1,892,181	122,212	76,429	-	2,090,822
Cash assets					83,466
Unallocated assets					45,250
Total assets					2,219,538
Segment liabilities	205,379	22,303	7,990	-	235,672
Interest bearing liabilities					578,059
Provision for dividend					-
Unallocated liabilities					123,109
Total liabilities					936,840
Other Information					
Purchase of property, plant and equipment and intangible assets	75,994	21,720	10,716	-	108,430
Unallocated acquisitions of property, plant and equipment					911
Total acquisitions					109,341
Depreciation and amortisation	111,094	4,228	2,843	-	118,165
Unallocated depreciation and amortisation					1,631
Total depreciation and amortisation					119,796
Other non-cash expenses	(1,280)	449	1	743	(87)

Geographic Segments	Australasia/ Asia Pacific $000	Americas $000	EMEA $000	Eliminations $000	Consolidated $000
External revenues	476,846	637,520	198,841	-	1,313,207
Segment assets	517,029	458,414	1,244,095	-	2,219,538
Acquisition of property, plant and equipment and intangible assets	45,284	37,456	26,601	-	109,341

Notes to and forming part of the Financial Statements
continued

40 Significant Purchaser

Significant volumes of the parent entity's sales of human pharmaceutical and plasma products are to the Australian Government.

41 Financial Instruments

Objectives for holding derivative financial instruments

The consolidated entity uses derivative financial instruments to manage specifically identified interest rate and foreign currency risks as approved by the board of directors.

The consolidated entity is primarily exposed to the risk of adverse movements in the Australian dollar relative to certain foreign currencies and movement in interest rates. The purpose for which specific derivative instruments are used is as follows:

- Foreign currency forward exchange contracts are purchased predominantly to hedge the foreign currency value of receivables and payables. Forward exchange contracts in other currencies are purchased throughout the consolidated entity when considered necessary to create a desired hedge position;
- The consolidated entity raises short and long term debt at both fixed and variable rates. Interest rate swap agreements are used to convert variable interest rate exposures on certain debt to fixed rates. These swaps entitle the consolidated entity to receive, or oblige it to pay, the amounts, if any, by which actual interest payments on nominated loan amounts exceed or fall below specified interest amounts; and
- Long term currency swaps are purchased to convert Australian dollar exposure on certain borrowings into Swiss franc exposures.

  The swaps entitle the consolidated entity to receive an agreed amount of Australian dollars, and oblige it to pay an agreed amount of Swiss francs, at the date of maturity of the swaps.

Interest Rate Risk

The consolidated entity has entered into an interest rate swap contract. The contract is used to convert the variable interest rate of borrowings to fixed interest rates.

Interest Rate Risk Exposures

The consolidated entity is exposed to interest rate risk through primary financial assets and liabilities modified through derivative financial instruments such as interest rate and cross currency swaps. The following table summarises interest rate risk for the consolidated entity together with effective interest rates as at balance date.

41 Financial Instruments (cont.)

	Floating Rate (a) $000	Fixed interest rate maturing in 1 year or less $000	Over 1 year to 5 years $000	Over 5 years $000	Non-interest Bearing $000	Total $000	Average Interest Rate %
June 2004							
Financial Assets							
Cash at bank and on hand	**112,478**	**-**	**-**	**-**	**-**	**112,478**	**1.14**
Trade debtors	**-**	**-**	**-**	**-**	**495,909**	**495,909**	
Other debtors	**-**	**-**	**-**	**-**	**37,929**	**37,929**	
Cash deposits	**-**	**2,418**	**-**	**-**	**-**	**2,418**	**3.00**
Loans to directors and employees	**-**	**-**	**-**	**-**	**6,489**	**6,489**	
Investment in non controlled entities	**-**	**-**	**-**	**-**	**3,421**	**3,421**	
Other financial assets	**-**	**-**	**-**	**-**	**4,802**	**4,802**	
	112,478	**2,418**	**-**	**-**	**548,550**	**663,446**	
Financial Liabilities							
Trade creditors	**-**	**-**	**-**	**-**	**232,413**	**232,413**	
Other creditors	**-**	**-**	**-**	**-**	**191,861**	**191,861**	
Swap payable	**-**	**-**	**-**	**-**	**34,228**	**34,228**	
Bank loans	**237,535**	**-**	**-**	**-**	**-**	**237,535**	**1.44**
Vendor loan	**-**	**-**	**25,776**	**-**	**-**	**25,776**	**4.75**
Bank overdraft	**4,553**	**-**	**-**	**-**	**-**	**4,553**	**0.70**
Senior Unsecured Notes	**-**	**-**	**36,237**	**326,134**	**-**	**362,371**	**5.66**
Deferred consideration	**-**	**-**	**158,146**	**-**	**-**	**158,146**	**4.35**
Surplus lease space	**-**	**5,353**	**9,149**	**-**	**-**	**14,502**	**2.45**
Lease liabilities	**-**	**2,028**	**7,537**	**35,637**	**-**	**45,202**	**6.37**
Interest rate swap*	**(134,647)**	**134,647**	**-**	**-**	**-**	**-**	
	107,441	**142,028**	**236,845**	**361,771**	**458,502**	**1,306,587**	
June 2003							
Financial Assets							
Cash at bank and on hand	83,466	-	-	-	-	83,466	2.29
Trade debtors	-	-	-	-	157,499	157,499	
Other debtors	-	-	-	-	13,578	13,578	
Cash deposits	-	-	-	-	-	-	
Loans to directors and employees	-	-	-	-	7,649	7,649	
Investment in non controlled entities	-	-	-	-	2,786	2,786	
	83,466	-	-	-	181,512	264,978	
Financial Liabilities							
Trade creditors	-	-	-	-	110,744	110,744	
Other creditors	-	-	-	-	77,432	77,432	
Swap payable	-	-	-	-	31,571	31,571	
Bank loans	177,719	-	-	-	-	177,719	1.19
Vendor loan	-	-	25,142	-	-	25,142	4.75
Bank overdraft	611	-	-	-	-	611	8.35
Senior Unsecured Notes	-	-	42,808	331,779	-	374,587	5.66
Interest rate swap*	(158,326)	27,776	130,550	-	-	-	
	20,004	27,776	198,500	331,779	219,747	797,806	

* Notional principal amounts

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

Notes to and forming part of the Financial Statements
continued

41 Financial Instruments (cont.)

Foreign Exchange Risk

The consolidated entity 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 consolidated entity against exchange rate movements.

The accounting policy with regard to forward exchange contracts is outlined in Note 1(v).

The following table 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. Contracts to buy and sell foreign currencies are entered into from time to time to offset purchase and sale obligations in order to maintain a desired hedge position.

The parent entity and other controlled entities enter into forward contracts to hedge foreign currency receivables from other entities within the group.

These receivables are eliminated on consolidation, however, the hedges are in place to protect the parent entity and other group controlled entities from movements in exchange rates that would give rise to a statement of financial performance impact.

	Average Exchange Rate		2004		2003	
Currency	2004	2003	Buy $000	Sell $000	Buy $000	Sell $000
US dollars						
3 months or less	**0.6903**	0.6647	**79,026**	**(36,144)**	16,541	(10,540)
Pounds sterling						
3 months or less	**0.3805**	0.4029	**730**	**(14,249)**	-	(2,482)
New Zealand dollars						
3 months or less	**-**	1.1434	**-**	**-**	3,061	-
Euro						
3 months or less	**0.5704**	0.5831	**55,347**	**(113,682)**	3,776	-
Swiss francs						
3 months or less	**0.8836**	0.9087	**7,922**	**(237,221)**	47,111	(198,854)
3 to 12 months	**1.0003**	1.0003	**-**	**(210,000)**	-	(25,000)
1 to 2 years	**-**	1.0003	**-**	**-**	-	(235,000)
			7,922	**(447,221)**	47,111	(458,854)
Hungarian Florint						
3 months or less	**144.7800**	-	**-**	**(179)**	-	-
Japanese Yen						
3 months or less	**74.9200**	-	**-**	**(17,722)**	-	-
Swedish Kroner						
3 months or less	**5.1896**	-	**-**	**(4,893)**	-	-
Mexican Peso						
3 months or less	**7.9418**	-	**-**	**(8,978)**	-	-
Brazilian Real						
3 months or less	**2.2561**	-	**-**	**(3,914)**	-	-
Australian dollars						
3 months or less	**0.8254**	0.8914	**296,249**	**(2,292)**	198,854	(57,467)
3 to 12 months	**1.0003**	1.0003	**210,000**	**-**	25,000	-
1 to 2 years	**-**	1.0003	**-**	**-**	235,000	-
			506,249	**(2,292)**	458,854	(57,467)
			649,274	**(649,274)**	529,343	(529,343)

41 Financial Instruments (cont.)

The consolidated entity is exposed to foreign currency exchange risk through primary financial assets and liabilities.

The following table, expressed in Australian dollars, summarises the foreign exchange risk carried by the consolidated entity as a result of the existence of foreign currency denominated financial assets and liabilities.

Currency	Aust $ 2004	US $ 2003	Swiss Francs $000	Euro $000	Other $000	Total $000
June 2004						
Financial Assets						
Cash assets	12,189	56,705	3,027	27,587	15,388	114,896
Trade debtors	32,237	162,838	5,010	253,118	42,706	495,909
Other debtors	8,683	22,002	3,181	1,444	2,619	37,929
Employee loans	6,261	-	-	200	28	6,489
Investment in non controlled entities	3,421	-	-	-	-	3,421
Other financial assets	-	-	-	894	3,908	4,802
	62,791	241,545	11,218	283,243	64,649	663,446
Financial Liabilities						
Trade creditors	22,344	95,181	15,237	87,276	12,375	232,413
Other creditors	26,457	80,190	11,432	65,181	8,601	191,861
Swap payable	-	-	34,228	-	-	34,228
Bank loans	151	-	183,297	52,724	1,363	237,535
Vendor loan	-	-	25,776	-	-	25,776
Deferred consideration	-	158,146	-	-	-	158,146
Senior Unsecured Notes	-	362,371	-	-	-	362,371
Surplus lease space	-	14,502	-	-	-	14,502
Lease liabilities	-	-	-	44,004	1,198	45,202
Bank overdrafts	-	4,553	-	-	-	4,553
	48,952	714,943	269,970	249,185	23,537	1,306,587
June 2003						
Financial Assets						
Cash assets	39,705	26,993	7,396	5,610	3,762	83,466
Trade debtors	54,644	81,916	2,370	10,661	7,908	157,499
Other debtors	5,990	1,416	5,183	685	304	13,578
Employee loans	7,649	-	-	-	-	7,649
Investment in non controlled entities	2,786	-	-	-	-	2,786
	110,774	110,325	14,949	16,956	11,974	264,978
Financial Liabilities						
Trade creditors	17,774	45,022	16,129	29,125	2,694	110,744
Other creditors	31,725	15,643	25,897	3,031	1,136	77,432
Swap payable	-	-	31,571	-	-	31,571
Bank loans	-	-	177,719	-	-	177,719
Vendor loan	-	-	25,142	-	-	25,142
Senior Unsecured Notes	-	374,587	-	-	-	374,587
Bank overdrafts	611	-	-	-	-	611
	50,110	435,252	276,458	32,156	3,830	797,806

Notes to and forming part of the Financial Statements

continued

41 Financial Instruments (cont.)

Credit Risk

Credit risk represents the extent of credit related losses that the consolidated entity may be subject to on amounts to be exchanged under derivatives or to be received from financial instruments. The consolidated entity, while exposed to credit related losses in the event of non-performance by counterparties to financial instruments, does not expect any counterparties to fail to meet their obligations.

The maximum exposure to credit risk at balance date to recognised financial assets is the carrying amount, net of any provision for doubtful debts, as disclosed in the statement of financial position and notes to the financial statements.

The consolidated entity minimises concentrations of credit risks by undertaking transactions with a large number of debtors in various countries.

The major geographic concentrations of credit risk arise from the location of counterparties to the consolidated entity's financial assets as shown in the following table:

Location of Credit Risk	2004 $000	2003 $000
Australia	**57,814**	98,759
USA	**221,827**	98,849
Europe	**335,828**	51,752
Other	**47,977**	15,618
	663,446	264,978

Concentration of credit risk on financial assets is indicated in the following table by percentage of the total balance receivable from customers in the specified categories:

Customer/Industry Classification	%	%
State and Federal Government	**15**	16
Financial Institutions	**12**	27
Other	**73**	57

Net Fair Values of Financial Assets and Liabilities

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

Recognised financial instruments

The carrying amounts and estimated net fair values of financial assets and financial liabilities held at balance date are given below.

Short term instruments where carrying amounts approximate net fair values are omitted. The net fair value of a financial asset or a financial liability is the amount at which the assets could be exchanged, or a liability settled in a current transaction between willing parties after allowing for transaction costs.

Unrecognised financial instruments

The fair value of the interest rate swap contracts is determined as the difference in present value of the future interest cash flows.

	Consolidated Entity			
	2004		2003	
	Carrying amount $000	Fair value $000	Carrying amount $000	Fair value $000
Financial Assets				
Investments in non-controlled entities	**3,421**	**3,421**	2,786	2,786
Other financial assets	**4,802**	**4,802**	-	-
Loans to specified directors	**1,882**	**1,882**	1,893	1,893
Loans to specified executives	**1,930**	**1,930**	1,587	1,587
Loans to other employees	**2,677**	**2,677**	4,169	4,169
Financial Liabilities				
Short term debt	**7,944**	**7,944**	611	611
Long term debt	**641,717**	**641,717**	552,306	552,306
Deferred consideration	**158,146**	**158,146**	-	-
Surplus lease space	**14,502**	**14,502**	-	-
Swap payable	**34,228**	**30,062**	31,571	22,428
Vendor loans	**25,776**	**25,776**	25,142	25,142
Derivatives				
Interest rate swaps	**-**	**(4,777)**	-	(14,215)

42 Adoption of International Financial Reporting Standards

The Australian Accounting Standards Board (AASB) is adopting International Financial Reporting Standards for application to reporting periods beginning on or after 1 January 2005. This means that the CSL Group will be required to prepare financial statements for the year ending 30 June 2006 that comply with Australian equivalents of International Financial Reporting Standards (IFRS) and their related pronouncements as issued and recognised by the AASB.

The CSL Group will report its compliance with IFRS for the first time for the half-year ended 31 December 2005. The transitional rules for the first time adoption of IFRS require that entities restate their comparative financial statements using all Australian equivalents of IFRSs, except for AASB 132 Financial Instruments: Disclosure and Presentation and AASB 139 Financial Instruments: Recognition and Measurement.

The majority of the adjustments required on transition are required to be made to opening retained earnings in the opening IFRS balance sheet as at 1 July 2004. However, transitional adjustments relating to those standards where comparatives are not required will be made to opening retained earnings at 1 July 2005. Comparatives restated under IFRS will not be reported in the financial statements until 31 December 2005, being the first half year reported in compliance with IFRS.

The CSL Group established a formal IFRS Steering Committee in 2003 to plan and manage the convergence to IFRS, monitor the developments in IFRS and ensure it is prepared to report under IFRS in accordance with the timetable outlined above. The IFRS Steering Committee includes senior members of management, is monitored by the Group Finance Director, and reports to the Audit and Risk Management Committee on the progress towards transition. As a part of the project for the implementation of IFRS, the IFRS Steering Committee set-up seven specific project teams, each responsible for evaluating the impact of a specific group of accounting changes associated with the transition to IFRS. In addition, a dedicated resource for the project was employed during the year.

The project has been separated into four phases - Impact analysis, design and planning, solution development and implementation.

The impact analysis and design and planning phases are largely completed and work has begun on the solution development and implementation phases. Internal training on IFRS has already been conducted for several subsidiaries and divisions in Australia, New Zealand and the USA.

Set out below are the key areas where accounting policies will change and may have an impact on the financial statements of the CSL Group. It should be noted that at this stage the CSL Group has not fully quantified the impacts of each area on the financial statements.

The key areas are as follows:

Goodwill

Under AASB 3 Business Combinations, goodwill acquired in a business combination will not be amortised. Instead it will be subject to annual impairment testing focussing on the cash flows of related cash generating units.

This will result in a change to the current accounting policy, under which goodwill is both amortised on a straight line basis over the period during which the benefits are expected to arise, and not exceeding 20 years, and subject to a recoverable amounts review.

Employee Benefits

The CSL Group does not currently recognise an asset or liability for the net position of the defined benefit schemes it sponsors, except for the recognition of any net liabilities on acquisition of controlled entities.

Under AASB 119 Employee Benefits the CSL Group will be required to recognise the net position of each scheme based on actuarial valuations on the statement of financial position. The initial adjustment on transition will be recognised through retained earnings and subsequent adjustments will be to the statement of financial performance.

Share-based Payments

The CSL Group currently does not recognise an expense for options or performance rights issued under the current plans (for further information on share plans refer to note 29). Under AASB 2 Share-based Payments, the CSL Group will be required to recognise an expense for all share-based remuneration issued after 7 November 2002 which has not vested as at 1 January 2005. The expense is based on the fair value of the equity instruments issued at the grant date.

42 Adoption of International Financial Reporting Standards (cont.)

Income Taxes

Under AASB 112 Income Taxes a new method of accounting for income taxes, known as the "balance sheet liability method", will be adopted, replacing the current "tax effect income statement" approach used by the CSL Group. The new method recognises deferred tax balances in the statement of financial position when there is a difference between the carrying value of an asset or liability and its tax base. Adoption of this new method may result in increased deferred tax assets and liabilities and, as tax effects follow the underlying transaction, some tax effects will be recognised directly in equity.

Government Grants

Where government grants are provided for the acquisition or construction of a long-term asset, AASB 120 Accounting for Government Grants and Disclosure of Government Assistance requires the amount of the grant to be recognised as income over the periods necessary to match the grant with the related costs that are intended to be compensated. Under current Australian Accounting Standards, such grants are recognised immediately as revenue.

Hedging and financial Instruments

AASB 139 Financial Instruments: Recognition and Measurement is required to be adopted by the CSL Group prospectively from 1 July 2005.

This standard requires all financial instruments to be recognised in the statement of financial position and all derivatives and most financial assets to be carried at fair market value. AASB 139 recognises fair value hedge accounting, cash flow hedge accounting and hedges of investments in foreign operations. Fair value and cash flow hedge accounting can only be considered where effectiveness tests are met on both a prospective and retrospective basis. Ineffectiveness outside the prescribed range precludes the use of hedge accounting accounting and may result in amounts recognised in the statement of financial performance, which had not been recognised previously.

Directors' **Declaration**

(1) In the opinion of the Directors:

(a) the financial statements and notes of the company and of the consolidated entity are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2004 and of their performance for the year ended on that date; and

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

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

(2) In the opinion of the Directors, as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in Note 34 will be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the Deed of Cross Guarantee dated 20 June 1995.

Made in accordance with a resolution of the directors.

Peter Wade

Peter H Wade
Chairman

Brian A McNamee
Managing Director

Melbourne
Dated 25 August 2004

Independent **Audit Report**

to Members of CSL Limited

ERNST & YOUNG

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for CSL Limited (the company) and the consolidated entity, for the year ended 30 June 2004. The consolidated entity comprises both the company and the entities it controlled during that year.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the company and the consolidated entity, and that complies with Accounting Standards in Australia, in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit of the financial report in order to express an opinion on it to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001*, including compliance with Accounting Standards in Australia, and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial report. These and our other procedures did not include consideration or judgement of the appropriateness or reasonableness of the business plans or strategies adopted by the directors and management of the company.

ERNST & YOUNG

Independence

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*. In addition to our audit of the financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Audit Opinion

In our opinion, the financial report of CSL Limited is in accordance with:

(a) the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the financial position of CSL Limited and the consolidated entity at 30 June 2004 and of their performance for the year ended on that date; and

   (ii) complying with Accounting Standards in Australia and the *Corporations Regulations 2001*; and

(b) other mandatory financial reporting requirements in Australia.

Ernst & Young

Ernst & Young

I Wingreen

Ivan Wingreen
Partner
Melbourne

25 August 2004

Trademarks

CSL, Bioplasma, JRH and ZLB are all trademarks of the CSL Group.

® Registered trademark of CSL Limited or its affiliates.

™ Trademark of CSL Limited or its affiliates.

* Trademarks of companies other than CSL and referred to in this Annual Report are listed below:

Controlled Therapeutics (Scotland) Limited	Cervidil
Leo Pharmaceutical Products Limited AS	Daivonex Fucidin
Merck & Co. Inc.	Comvax H-B-Vax II M-M-R II PedvaxHIB Pneumovax Vaqta Varivax
Schering AG	Advantan
Yamanouchi Europe BV	Flomax
Grunenthal GmbH	Tramal
Chiron SpA	Menjugate
Genelco SA	Modavigil
Merck KGaA	EpiPen

Design and production by Fidelis Design Associates, Melbourne.

About CSL Limited

CSL Limited develops, manufactures and markets pharmaceutical products of biological origin.

Our business is health care:

- **Life-saving products derived from human plasma;**
- **Pharmaceuticals and diagnostics essential to health;**
- **Cell culture reagents for the pharmaceutical industry.**

CSL Limited

Registered Head Office

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Australia
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www.csl.com.au

ZLB Behring

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JRH Biosciences

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13804 West 107th Street
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www.jrhbio.com

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS GIVEN that the Fourteenth Annual General Meeting of CSL Limited (ABN 99 051 588 348) will be held at the Function Centre, National Tennis Centre, Melbourne Park, Batman Avenue, Melbourne on October 14, 2004, at 10.00 a.m. (EST).

CSL Limited

ABN 99 051 588 348
45 Poplar Road Parkville Victoria 3052 Australia
Telephone: +61 3 9389 1911 Facsimile: +61 3 9387 8454

ORDINARY BUSINESS

1. ***Accounts and Reports***

To receive and consider the Financial Statements and the reports of the Directors and Auditors for the year ended 30 June 2004, and to note the financial dividend in respect of the year ended 30 June 2004 declared by the Board and paid by the Company.

2. ***Election of Directors***

(a) To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

'That Mr John Akehurst, a Director appointed in accordance with Rule 87 of the Constitution, being eligible, is elected as a Director of the Company.'.

(b) To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

'That Mr Maurice A Renshaw, a Director appointed in accordance with Rule 87 of the Constitution, being eligible, is elected as a Director of the Company.'.

(c) To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

'That Miss Elizabeth A Alexander, a Director retiring from office by rotation in accordance with Rule 99(a) of the Constitution, being eligible, is re-elected as a Director of the Company.'.

(d) To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

'That Mr Antoni Cipa, a Director retiring from office by rotation in accordance with Rule 99(a) of the Constitution, being eligible, is re-elected as a Director of the Company.'.

Information about the candidates for election, together with information about voting by any significant foreign shareholder in the Company, is included in the Explanatory Notes.

SPECIAL BUSINESS

3. ***Remuneration of Directors***

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

'That, for the purposes of Rule 88 of the Company's Constitution and ASX Listing Rule 10.17, the maximum aggregate remuneration that may be paid to all the Directors by the Company and any subsidiaries of the Company for their services as Directors of the Company or of such subsidiaries, in respect of each financial year of the Company commencing on or after 1 July 2004, be increased from $1,000,000 to $1,500,000 per annum.'.

The Company will disregard any votes cast on this resolution by:

- a Director of the Company; and
- an associate of a Director.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides (and the acknowledgement box on the proxy form in relation to the resolution is marked).

For information on the proposed increase in the maximum aggregate remuneration of Directors, see the Explanatory Notes.

4. ***Alterations to the Constitution - Retirement of Directors by Rotation***

To consider, and if thought fit, to pass the following resolution as a special resolution:

'That the Company's Constitution be altered in the manner described in Part A of the Appendix to the notice convening this meeting.'.

For information on these proposed alterations to the Constitution, see the Explanatory Notes.

5. ***Alterations to the Constitution - Electronic Communications***

To consider, and if thought fit, to pass the following resolution as a special resolution:

'That the Company's Constitution be altered in the manner described in Part B of the Appendix to the notice convening this meeting.'.

For information on these proposed alterations to the Constitution, see the Explanatory Notes.

INFORMATION ON PROXIES

Please note that:

- a shareholder of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy;
- a proxy need not be a shareholder of the Company;
- a shareholder who is entitled to cast two or more votes may appoint not more than two proxies and may specify the proportion or number of votes each proxy is appointed to exercise; and
- to be valid the form appointing the proxy and the power of attorney or other authority (if any) under which it is signed (or a certified copy thereof) must be lodged, or received by fax, at least 48 hours prior to the meeting at the following address;

  Computershare Investor Services Pty Limited
  GPO Box 242
  Melbourne VIC 3001
  Fax: (03) 9473 2555

A proxy appointment form accompanies this Notice of Annual General Meeting.

The Company has determined that for the purposes of voting at the meeting, shares will be taken to be held by those who hold them at 7.00pm on October 12, 2004.

BY THE ORDER OF THE BOARD

Peter R Turvey - Company Secretary
11 September 2004

EXPLANATORY NOTES

RESOLUTION 2: ELECTION OF DIRECTORS

Candidates for Election to the Office of Director

John Akehurst, *MA (Oxon), FIMechE (age 55) - Engineering, Management (resident in Western Australia)*

Mr Akehurst was appointed to the CSL Board as a casual vacancy in April 2004. After graduating in Engineering from Oxford University, he has had 30 years' experience in the international hydrocarbon industry, most recently as Managing Director and CEO of Woodside Petroleum Ltd. Prior to this, he held a number of engineering and management positions with the Royal Dutch/Shell Group of Companies.

He is a former director of Oil Search Limited, a director of the University of Western Australia Business School and of Youth Focus, a charitable organisation dedicated to the prevention of youth suicide.

Maurice A Renshaw, B.Pharm. - *(age 57) International Pharmaceutical Industry (resident in NSW)*

Mr Renshaw was appointed to the CSL Board as a casual vacancy in July 2004. Formerly he was Vice-president of Pfizer Inc, Executive Vice-president Pfizer Consumer Group and President of Pfizer Consumer Heathcare Division. Prior to his positions in Pfizer, Mr Renshaw was Vice-president of Warner Lambert Co and President of Parke-Davis US. Mr Renshaw has had more than thirty years experience in the international pharmaceutical industry.

Elizabeth A Alexander, *AM. B.Com, FCPA, FCA, FAICD - (age 61) Accounting (resident in Victoria)*

Miss Alexander was appointed to the CSL Board in July 1991 and was last re-elected in 2001. She is a Director of Amcor Limited and Boral Limited. She is a Member of the Takeovers Panel, a Member of the Financial Reporting Council and past National President of the Australian Society of Certified Practising Accountants and of the Australian Institute of Company Directors. She is Chairman of the Board of Advice to the Salvation Army (Southern Command) and is Deputy Chairman of the Winston Churchill Fellowship Trust. Miss Alexander is the Chairperson of the Audit and Risk Management Committee.

Antoni M Cipa, *B.Bus (Acc), Grad.Dip (Acc), CPA, ACIS (age 49) - Finance (resident in Victoria)*

Mr Cipa was appointed to the CSL Board as Finance Director in August 2000 and was last re-elected in 2002. Mr Cipa commenced his employment at CSL in 1990 as Finance Manager. He was instrumental in the float of the Company in 1994 at which time he was appointed Chief Financial Officer. Prior to joining CSL, Mr Cipa was employed at large public companies where he had significant exposure to mergers and acquisitions.

Voting restrictions on any significant foreign shareholder

As required by the Commonwealth Serum Laboratories Act, the Company's Constitution provides that if the Board becomes aware of a 'significant foreign shareholding' in the Company, the Board must be divided into two classes of directors, comprising O class and A class directors. The Constitution defines a 'significant foreign shareholder' as a foreign person who has a relevant interest in at least 5% of the voting shares of the Company.

The number of O class directors must be the number nearest to but not exceeding one third of the directors. Thus in a Board of 9 members, there would need to be 3 O class directors and 6 A class directors. Under the Constitution, the Managing Director must be regarded as an A class director.

All shareholders are entitled to vote on the election of an O class director. A significant foreign shareholder (including any controlled entitles and nominees of the significant foreign shareholder to the extent they hold the shares which comprise the significant foreign shareholding) may not vote on the election of an A class director.

As required by the Constitution, the Board conducts periodic reviews of the Company's share register with a view to determining whether or not there are any significant foreign shareholders. For example, the Company reviews the underlying ownership of substantial shareholders of the Company who, in accordance with Chapter 6C of the Corporations Act, must give notice to the Company and the ASX if they and their associates have relevant interests in 5% or more of the voting shares in the Company. In most cases to date, where the substantial shareholder is a foreign company or a member of a foreign company's group, it has been in its capacity as a fund manager. The Constitution provides that a fund manager is only a foreign person for this purpose if the total interests of foreign persons in the fund represent more than 40% of the total.

As a result of those periodic reviews, the Board has determined that all the shares presently owned by or registered in the names of subsidiaries of FMR Corp are part of significant foreign shareholdings, because FMR Corp (a foreign company) has a relevant interest (as defined in the Corporations Act) in those shares, and because the Company understands that the total interests of foreign persons in the relevant funds managed by the subsidiaries of FMR Corp exceed 40% of the total. Based on the last substantial shareholding notice lodged with the Australian Stock Exchange, FMR Corp had relevant interests in 14.25% of the ordinary shares in the Company at 3 May, 2004.

Accordingly, FMR Corp, its controlled entities and its nominees (to the extent they own or hold shares in which FMR Corp has a relevant interest) and any other significant foreign shareholder at the time of the Annual General Meeting, will be prohibited from voting at the election of each A class director at the 2004 Annual General Meeting.

In accordance with the Constitution, the Board of Directors has determined that Mr Peter Wade (Chairman of Directors), Mr Ian Renard and Miss Elizabeth Alexander, AM, be classified as O class directors, with the rest of the Directors being classified as A class directors.

At the 2004 Annual General Meeting, two A class directors (being John Akehurst and Maurice Renshaw) have made themselves available for election and one A class director and one O class director (being Tony Cipa and Elizabeth Alexander, respectively) will retire by rotation and have made themselves available for re-election.

RESOLUTION 3: REMUNERATION OF DIRECTORS

In accordance with Rule 88 of the Company's Constitution and ASX Listing Rule 10.17, shareholders of the Company are being asked to approve an increase in the maximum aggregate sum which may be paid as Non-Executive Directors' fees by $500,000 from $1,000,000 to $1,500,000 per annum.

The current aggregate amount of $1,000,000 was fixed in 2000. Since that time there has been a significant expansion in the Company's business with further international expansion currently occurring. It is necessary that the Company is able to attract and retain Directors with the appropriate experience and skill base to oversee the Company's business and strategic direction. Accordingly remuneration of Non-Executive Directors must remain competitive.

The proposed change also accommodates the increase in the number of Directors this year which the Board feels is necessary in light of the expanded scope and complexity of the Company's business.

In view of the above, the Board considers that it is appropriate to put this amendment to the shareholders at this time. The amendment will be treated as applying in respect of each financial year of the Company commencing on or after 1 July 2004. The Company will, of course, in future continue to set the actual level of remuneration of its Non-Executive Directors within that limit after having regard to market practice, Board performance and other appropriate factors.

Disclosure of Directors' remuneration will continue to be made to shareholders in each Annual Report in accordance with applicable legal and Australian Stock Exchange requirements.

RESOLUTION 4: ALTERATIONS TO THE CONSTITUTION - RETIRMENT OF DIRECTIONS BY ROTATION

The Company proposes to alter various of the Rules in the Company's Constitution in the manner set out in Part A of the Appendix to this Notice of Meeting. The purpose of these alterations is to amend the Rules relating to the retirement of Directors so that Directors are, in most cases, able to serve out a full 3 year term.

A copy of the Company's Constitution incorporating these proposed alterations (and the proposed alterations the subject of Resolution 5) is available for inspection during business hours at the Company's registered office.

The ASX Listing Rules provide that:

(a) any Director appointed by the Board in the previous year must, if they wish to continue as a Director, offer themselves for election at the next annual general meeting; and

(b) in all other cases, a Director (other than the Managing Director, who is exempt) who wishes to continue as a director must retire and offer themself for re-election at the third annual general meeting after they were last elected or re-elected to the Board.

The Company's Constitution currently provides that, at each annual general meeting, one-third of the Directors (other than the Managing Director, and any Directors appointed since the last annual general meeting) or, if their number is not a multiple of 3, then the number nearest to but not less than one-third must retire from office and, if they wish to seek re-election, offer themselves for re-election. Accordingly, the number of Directors required to retire is rounded up if necessary. For example if there are 7 such Directors, 3 Directors will be required to retire. The result of this requirement is that some Directors are required to retire only 2 years after they were last elected or re-elected, while others Directors may serve their full 3 year term. The Board considers that this inconsistency should be remedied.

The proposed alterations to the Company's Constitution will have the effect that Directors will only be required to retire at the third annual general meeting since they were last elected or re-elected. This will be subject to the requirement (contained in the Listing Rules and which will be reflected in the amended Constitution) that there is always at least one Director who faces election or re-election each year. As a result, it is still possible that in some instances a Director may be required to retire after only 2 years. However, such a situation is less likely under the proposed amendments to the Constitution than under the Constitution as presently drafted.

RESOLUTION 5: ALTERATIONS TO THE CONSTITUTION - ELECTRONIC COMMUNICATIONS

The Company proposes to alter various of the Rules in the Company's Constitution in the manner set out in Part B of the Appendix to this Notice of Meeting. The purpose of these alterations is to permit the Company to communicate with its shareholders electronically and to allow for the lodgment of proxies electronically.

A copy of the Company's Constitution incorporating these proposed alterations (and the proposed alterations the subject of Resolution 4) is available for inspection during business hours at the Company's registered office.

On 1 July 2004, amendments were made to the Corporations Act to permit electronic communications between a company and its shareholders. In particular, provisions were introduced into the Corporations Act to allow for shareholders to:

- receive notices of meeting and annual reports electronically, such as by email; and
- lodge proxy forms for general meetings electronically.

Although the *Corporations Act* now permits such electronic communication, the Company's Constitution does not currently allow the Company to communicate electronically with its shareholders. In particular, the Company's Constitution does not allow the Company to send notices of meeting or annual reports other than in hard copy or by facsimile, and does not permit the lodgment of proxies electronically.

With the increased use in the community of electronic communication, the Company proposes to alter the Company's Constitution to allow for electronic communications with its shareholders where the shareholder elects to receive those communications electronically. It is important to note that the proposed alterations to the Company's Constitution will not oblige shareholders to receive communications from the Company electronically. In the absence of a request by a shareholder to receive communications electronically, that shareholder will continue to receive communications from the Company in hard-copy in accordance with the Company's existing practices.

In addition, the Company proposes to alter the Company's Constitution to allow for the lodgment of proxies electronically. It is important to note that the proposed alterations to the Company's Constitution will not oblige shareholders who wish to appoint a proxy to do so electronically. Shareholders will continue to be able to appoint a proxy by completing a hard-copy proxy form and lodging it in accordance with the Company's existing practices.

APPENDIX - PROPOSED ALTERATIONS TO THE CONSTITUTION

Part A

1. Delete the words "but is not to be taken into account in determining the number of Directors who are to retire by rotation at the meeting" from Rule 87.
2. Delete the words "or rotation of Directors" from Rule 96(f).
3. Delete Rule 97(2).
4. Delete Rule 99(a) and Rule 99(b) and replace them with the following:

   "Retirement of Directors

   (a) A Director (other than any Managing Director) may not hold office for a continuous period in excess of three years or past the third annual general meeting following the Director's last election or re-election to the Board, whichever is the longer, without submitting for re-election. If no Director would otherwise be required (by this Rule 99 or Rule 87) to submit for re-election but the Listing Rules require that an election of Directors be held, the Director to retire at the annual general meeting is the Director (other than any Managing Director) who has been longest in office since their last election, but, as between persons who became Directors on the same day, the one to retire is (unless they otherwise agree among themselves) determined by lot.

   Time of retirement

   (b) Any Director who retires (whether under this Rule 99 or otherwise) at a general meeting and seeks re-election at the meeting retains office until the dissolution or adjournment of the meeting at which the Director retires.".

5. Delete Rule 101 and replace it with the following:

   "A Managing Director is not required to submit for re-election pursuant to Rule 99 while continuing to hold the office of Director, but is subject to the same provisions as to vacation of office under Rule 97 and removal as the other Directors of the Company. A Managing Director ceases to be a Managing Director if the Managing Director ceases to hold office as a Director.".

Part B

1. Delete the word "and" at the end of Rule 64(a)(iii).
2. Insert the words "subject to paragraph (c)," after the words "on a poll," in Rule 64(b).
3. Delete the full stop at the end of Rule 64(b)(ii) and replace it with "; and".
4. Insert the following as Rule 64(c):

   "(c) where the Board has approved, consistently with applicable law, other means (including electronic) for the casting and recording of votes by shareholders on any resolution to be put to a general meeting, every shareholder having the right to vote on the resolution:

   (i) has one vote for each fully paid share held; and

   (ii) for each other share held, has a vote in respect of the share which carries the same proportionate value as the proportion of the amount paid up or agreed to be considered as paid up on the total issue price of that share at the time the vote is taken bears to the total issue price of the share.".

5. Insert the following after the fifth sentence of Rule 66:

   "Where a notice of meeting provides for electronic lodgement of proxies, a proxy lodged at the electronic address specified in the notice is taken to have been received at the Office and validated by the shareholder if there is compliance with the requirements set out in the notice.".

6. Delete the first sentence of Rule 69 and replace it with the following:

   "An instrument appointing a proxy is valid if it is in a form (including electronic) which the Board may prescribe or accept.".

7. Delete the words "duly signed proxy" in the fourth sentence of Rule 69 and replace them with "instrument appointing a proxy".
8. Insert the following words at the end of the first sentence of Rule 138:

   "or by transmitting it electronically to the electronic mail address given by the shareholder to the Company for the purpose of giving notice".

9. Insert the words "or electronic mail" at the end of the last sentence of Rule 138.
10. Delete the words "or printed" at the end of Rule 141 and replacing them with ", printed or (to the extent permitted by applicable law) electronic".

CSL Limited

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ABN 99 051 588 348
45 Poplar Road Parkville Victoria 3052 Australia
Telephone: +61 3 9389 1911 Facsimile: +61 3 9387 8454

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Mark this box with an 'X' if you have made any changes to your name or address details (see reverse of this form)

Proxy Form

All correspondence to:
Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Enquiries (within Australia) 1800 646 882
(outside Australia) 61 3 9415 4000
Facsimile 61 3 9473 2555
www.computershare.com

Appointment of Proxy

I/We being a member/s of CSL Limited and entitled to attend and vote hereby appoint

the Chairman of the Meeting (mark with an 'X') **OR** **Write here the name of the person you are appointing if this person is someone other than the Chairman of the Meeting.**

or failing the person named, or if no person is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of CSL Limited to be held at the Function Centre, National Tennis Centre, Melbourne Park, Batman Avenue, Melbourne on Thursday 14 October 2004 at 10:00am and at any adjournment of that meeting.

IMPORTANT: FOR ITEM 3 BELOW
If the Chairman of the Meeting is your nominated proxy, or may be appointed by default, and you have not directed your proxy how to vote on Item 3 below, please place a mark in this box. By marking this box you acknowledge that the Chairman of the Meeting may exercise your proxy even if he has an interest in the outcome of that Item and that votes cast by him, other than as proxy holder, would be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote on Item 3, the Chairman of the Meeting will not cast your votes on that Item and your votes will not be counted in computing the required majority if a poll is called on that Item. The Chairman of the Meeting intends to vote undirected proxies in favour of Item 3.

Voting directions to your proxy – please mark ✗ to indicate your directions

		For	Against	Abstain*
Item 2a	To elect Mr John Akehurst as a Director			
Item 2b	To elect Mr Maurice A Renshaw as a Director			
Item 2c	To re-elect Miss Elizabeth A Alexander as a Director			
Item 2d	To re-elect Mr Antoni Cipa as a Director			
Item 3	To approve the Remuneration of Directors			
Item 4	To approve the Alterations to the Constitution regarding Retirement of Directors by Rotation			
Item 5	To approve the Alterations to the Constitution regarding Electronic Communications			

* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll, or if your votes entitlement cannot be voted by the Chairman of the Meeting, your votes will not be counted in computing the required majority on a poll.

Appointing a second Proxy

I/We wish to appoint a second proxy.

Mark with an 'X' if you wish to appoint a second proxy. **AND** % **OR**

State the percentage of your voting rights or the number of securities for this Proxy Form.

PLEASE SIGN HERE **This section *must* be signed in accordance with the instructions overleaf to enable your directions to be implemented.**

Individual or Securityholder 1	Securityholder 2	Securityholder 3
Individual/Sole Director and Sole Company Director	Director	Director/Company Secretary

Contact Name

Contact Daytime Telephone

/ /
Date

C S L 2 P F

HOW TO COMPLETE THE PROXY FORM

CSL

1 Your Name and Address

This is your address as it appears on the company's share register. If this information is incorrect, please mark the box and make the correction on the form. Securityholders sponsored by a broker (in which case your reference number overleaf will commence with an 'x') should advise your broker of any changes. **Please note, you cannot change ownership of your securities using this form.**

2 Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a securityholder of the company.

3 Votes on Items of Business

You may direct your proxy how to vote by placing a mark in one of the three boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of securities you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

4 Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the company's share registry or you may copy this form.

To appoint a second proxy you must:

(a) indicate that you wish to appoint a second proxy by marking the box.

(b) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.

(c) return both forms together in the same envelope.

5 Signing Instructions

You must sign this form as follows in the spaces provided:

Individual:	where the holding is in one name, the holder must sign.
Joint Holding:	where the holding is in more than one name, all of the securityholders should sign.
Power of Attorney:	to sign under Power of Attorney, you must have already lodged this document with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.
Companies:	where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the company's share registry.

Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below no later than 48 hours before the commencement of the meeting - ie, by 10.00am on Tuesday 12 October 2004. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Documents may be lodged using the reply paid envelope or:

– by posting, delivery or facsimile to CSL Limited share registry at the address opposite, or

– by delivering to the Registered office of CSL Limited
45 Poplar Road,
Parkville Victoria 3052

CSL Limited share registry
Computershare Investor Services Pty Limited
GPO Box 242
Melbourne Victoria 3001
Australia
Facsimile 61 3 9473 2555