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ASX Announcement

For immediate release

18 August 2010

Full Year Result
Profit $1,053 million ($1,240m at constant currency[1] up 22%[2])
Cash Flow from Operations $1,168 million up 14%
New share buyback announced – up to $900 million[3]
Final dividend 45 cents per share up 13%

CSL Limited today announced a profit after tax of $1,053 million for the twelve months ended 30 June 2010. This result included an unfavourable foreign exchange impact of $187 million. On a constant currency (cc[1]) basis, operational net profit after tax grew 22% after excluding one-off non-operational items[2] in fiscal 2009, as previously disclosed.

KEY ITEMS

Financials

- Total sales revenue of $4.5 billion up 10% at cc
  - Global sales and fill & finish activities relating to CSL's pandemic influenza vaccine (H_1N_1), totalled $235 million
- Reported net profit after tax of $1,053 million ($1,240 million at cc up 22%[2])
  - Foreign currency headwind of $187 million
- Research and Development investment of $317 million up 10% at cc
- Cash flow from operations of $1,168 million up 14%
- Strong Balance Sheet - cash on hand $1,001 million, borrowings $462 million
- Final dividend 45 cents per share, up 13%, partially franked to 11%, payable on 8 October 2010. Total ordinary dividends for the year were 80 cents per share up 14% on the previous year.

Capital Management

- On-market share buyback complete ~$1.8 billion returned to shareholders
- New on-market share buyback announced, up to $900 million[3]
- Dividend payout ratio lifted to 43%.

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

2 Comparative period of fiscal 2009 excludes one-off non-operational items, as previously disclosed, relating to the discontinuation of the Talecris merger and certain tax items.

3 CSL reserves the right to suspend or terminate the buyback at any time.

Operational

- Australian fractionation agreement renewed to 31 December 2017
- Privigen® – Transition well underway
- Berinert® (C1-Esterase Inhibitor)
  - US FDA grants marketing approval, product launched
  - European approvals extended
  - Australian TGA approval, Notice of Compliance received from Health Canada
  - Product now registered in 28 countries
- Hizentra™ (Subcutaneous IG 20% Liquid)
  - US FDA approved, product launched
  - First 20% subcutaneous immunoglobulin therapy
- GARDASIL® (Human Papillomavirus Vaccine)
  - Merck & Co., Inc., data on use by females aged 27 – 45
  - US FDA approval for males aged 9 - 26 for genital warts
  - Data to Australian TGA for males aged 9 - 26 for external genital lesions and infections

Dr McNamee, CSL's Managing Director, said "This is a strong operational result in a period of currency headwinds, rigorous competition and significant healthcare reform around the world. Whilst certain markets have been subdued in line with the broader economic environment, underlying medical demand for CSL's plasma therapies reflects the importance of these life saving products.

"Following the World Health Organisation (WHO) announcements regarding the 2009 influenza pandemic, CSL's global sales of H_1N_1 Influenza or 'Swine Flu' Vaccine, together with related fill and finish activities, provided a significant contribution. CSL's clinical trials played an important role in assisting Governments around the world in determining their vaccine immunisation policy. Pandemics are rare time-critical events and CSL responded swiftly to the WHO declared emergency," Dr McNamee said.

OUTLOOK *(at 09/10 exchange rates)*

Commenting on CSL's outlook, Dr McNamee said "The WHO recently announced that the world is no longer in phase 6 of an influenza pandemic alert and has moved into the post-pandemic period.

"Notwithstanding the absence of pandemic influenza vaccine (H_1N_1) sales in fiscal 2011 and the impacts of US and European healthcare reforms and austerity measures, CSL's underlying operational profit[4] growth is again expected to be solid, largely under-pinned by ongoing growth in demand for plasma therapies.

"CSL is one of the world's largest manufacturers and distributors of plasma therapies, our reach and extensive portfolio of products provides the company with a robust, broad base of earnings.

"Our Immunoglobulin strategy is evolving well and sales will benefit from a continuing shift in product mix towards Privigen® (10% liquid intravenous immunoglobulin) and the recently launched Hizentra®, our next generation product for subcutaneous delivery of immunoglobulin. Developing specialty product sales such as Berinert® (C1-Esterase Inhibitor) and continuing to expand into markets such as Canada, Russia and China will further contribute to growth in 2011.

"In compiling our financial forecasts for the year ending 30 June 2011 we have determined a number of key variables which may have a significant impact on guidance and these have been included below[4].

"For the 2010/11 financial year we anticipate net profit after tax of between $980 and $1,030 million, at fiscal 09/10 exchange rates. Although slightly less than 2009/10, this represents a growth of up to ~10% on the underlying operational profit[5], largely reflecting CSL's global plasma therapeutics business which is expected to deliver this growth. Foreign exchange rate movements may impact this forecast and to assist investors we have provided a foreign currency sensitivity analysis with our results materials.

"Finally, CSL continues to maintain a robust balance sheet, supported by strong cashflows and excellent growth prospects. Against this background, the Board of

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4 Key variables which may have a significant impact on guidance include material price and volume movements on core plasma products, competitor activity, changes in healthcare regulations and reimbursement policies, royalties arising from the sale of Human Papillomavirus vaccine, implementation of the company's influenza strategy and plasma therapy life cycle management strategies, enforcement of key intellectual property, the risk of regulatory action or litigation, the effective tax rate and foreign exchange movements.

5 Underlying operational profit for fiscal 2010 excludes contribution from sale of pandemic influenza vaccine (H_1N_1), plus related fill and finish activities, to illustrate growth in underlying business.

Directors have decided to increase the dividend payout ratio to 43%. The Board also decided to return up to $900m of capital, in excess of the company's current needs, by way of an on-market share buyback," Dr McNamee said.

BUSINESS REVIEW

Results overview

CSL Behring sales totalled $3.5 billion, with product sales growing 10% on a constant currency basis when compared to the twelve months ended 30 June 2009. Sales contribution from across the product portfolio has underpinned this growth.

Immunoglobulins grew 12% in constant currency terms, largely driven by a sales mix shift in the company's multiple immunoglobulin product portfolio. An ongoing transition to the company's new generation 10% liquid immunoglobulin, Privigen®, was complemented by strong take up of Vivaglobin® (Subcutaneous Immunoglobulin), a product which provides patients with the convenience of self administration. The ramp up in sales under the relatively new Canadian supply contract further boosted growth. Immunoglobulin pricing did not materially change.

The Critical Care segment grew 5% in constant currency terms (9% including the Group's Asian sales which are reported within the Biotherapies business) underpinned by volume growth of albumin, particularly in the US and emerging markets. Specialty products, primarily Haemocomplettan® P, Berinert® P and Beriplex® P/N, also made a significant contribution.

Haemophilia sales grew 8% in constant currency terms, mainly driven by product demand in the US for Helixate® and Humate® P. New contracts in Europe and the commencement of coagulation product sales in Russia, particularly Beriate®, further contributed to sales growth.

CSL Biotherapies total sales $958 million grew 21% on a constant currency basis when compared to the twelve months ended 30 June 2009.

Sales of pandemic influenza vaccine (H_1N_1), together with related fill and finish activities, contributed $235 million to sales. This was partially offset by the decline in GARDASIL® vaccine sales to $47 million for the financial year, down $138 million when compared to the prior comparable period. This decline is consistent with immunisation ‘catch-up’ programs in Australia drawing to a close as previously foreshadowed. Seasonal influenza vaccine sales totalled $124 million for the period. Contributions from Intragam® P (Liquid 10% Immunoglobulin) in Australia and albumin in China also contributed to sales growth.

In Australia this year, CSL’s 2010 seasonal influenza vaccine was associated with an increased rate of febrile reactions in children, predominantly under the age of 5, shortly after vaccination, compared to previous seasons. In response, we informed doctors and immunisation providers about the reactions, inserted new warnings and precautions into prescribing information and voluntarily retrieved remaining doses of our paediatric influenza vaccine. To prepare for the 2010/2011 Northern Hemisphere influenza season, CSL worked closely with government authorities and distribution partners to determine the most responsible action to take in the US and Europe. Appropriate age restrictions have been decided in these markets which is being supported by communication to health professionals. The increased rate of reactions observed in Australia this season were unexpected and not consistent with our experience in previous seasons. Extensive investigations undertaken by CSL and Australia’s Therapeutic Goods Administration to date have not yet identified an explanation. Scientific investigations are continuing.

Intellectual Property Licensing revenue of $112million was down 22% on a constant currency basis. Royalty contribution from Human Papillomavirus Vaccines largely accounted for the decline, with receipts this year of $102m.

Business development

Australian fractionation agreement

On 23 December 2009, CSL signed an agreement with the Australian National Blood Authority to supply the Australian community with plasma therapeutics. The new Agreement, as previously announced, commenced on 1 January 2010 and will run for a total of eight years until 31 December 2017, subject to the satisfactory completion of a review against specified criteria to be undertaken in year five.

Russia – Plasma therapy agreement with GSK

During October 2009, CSL reached an agreement with GlaxoSmithKline (GSK) to initiate a strategic alliance in the territories of the Russian Federation. Under the terms of the agreement, GSK will distribute and promote certain CSL Behring products in

Russia and the Commonwealth of Independent States. The first therapeutics to have received regulatory approval in Russia are Beriate® and Mononine®, coagulation factors VIII and IX respectively.

Privigen®

In April 2010 the US Food and Drug Administration (FDA) approved a supplemental Biologics License Application to extend the shelf life for Privigen®, Immune Globulin Intravenous (Human), 10% Liquid, from 24 to 36 months. The approval makes Privigen the first liquid intravenous immunoglobulin in the US that can be stored at room temperature throughout its entire 36-month shelf life.

Hizentra™

In March 2010, the US FDA granted marketing approval for Hizentra™, Immune Globulin Subcutaneous (Human), 20% Liquid, for treating patients diagnosed with primary immunodeficiency. Hizentra is the first 20% subcutaneous Immunoglobulin approved in the US by the FDA and provides patients with the convenience of self infusion in the comfort of their own home. This new formulation, manufactured at the company's Bern facility in Switzerland, will further add to patient convenience by reducing infusion time.

EVOGAM®

During the year, CSL Biotherapies submitted a registration dossier to the Therapeutics Goods Administration (TGA) for EVOGAM®, a high-yielding chromatographically purified 16% immunoglobulin for subcutaneous use.

Helixate®

In August 2009, the US FDA approved Helixate® FS for routine prophylaxis in children with Haemophilia A up to 16 years old who do not have pre-existing joint damage.

Berinert®

- In October 2009, the US FDA approved Berinert®, (C1-Esterase Inhibitor, Human) for the treatment of acute abdominal or facial attacks of hereditary angioedema, a rare and serious genetic disorder, in adult and adolescent patients. Berinert® is the first and only therapy approved for this indication in the US.
- In December 2009, CSL completed a mutual recognition program in Europe.

- On 1 June 2010, CSL received Notice of Compliance from Health Canada for Berinert® for the treatment of acute abdominal or facial attacks of hereditary angioedema.
- In January 2010, Berinert® was approved by the Australian TGA for treatment of acute attacks in patients with hereditary angioedema. The product is now licensed in 28 countries worldwide.

Human Papillomavirus Vaccine

- Merck & Co. Inc. has submitted efficacy data to the US FDA for females aged 27-45
- Data has been submitted to the US FDA and European Regulatory Authorities to include the prevention of anal cancer and its precursor AIN (anal intraepithelial neoplasia).
- In October 2009 the US FDA approved the use of GARDASIL in males aged 9 through 26 years of age for the prevention of genital warts (condylomata acuminata) caused by HPV types 6 and 11.
- Data has also been submitted to the Australian TGA supporting GARDASIL for use in males aged 9-26 years (currently 9-15 years) for the prevention of external genital lesions and infection caused by HPV types 6, 11, 16 & 18. CSL Biotherapies received a positive recommendation at the June 2010 ACPM (Australian Committee for Prescription Medicines) meeting, and is awaiting final TGA approval.
- CSL Biotherapies plans to also submit data to the Australian TGA for anal cancer and its precursor AIN (anal intraepithelial neoplasia) in the coming months, with approval anticipated mid 2011.

Share Buyback

During the period under review the company conducted a share buyback of 54,863,000 shares. This represented approximately 9% of CSL's shares on issue. The buyback concluded in April 2010 having returned approximately $1.8 billion to shareholders.

CSL today announced its intention to conduct a further on-market buyback of up to $900 million[6]. This represents approximately 5% of shares currently on issue.

CSL's balance sheet remains very sound. Cash and cash equivalents totalled $1.0 billion as at 30 June 2010, with interest bearing liabilities totalling $462 million.

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6 CSL reserves the right to suspend or terminate the buyback at any time.

Additional details about CSL's results are included in the Company's Appendix 4E statement, Investor Presentation slides and webcast, all of which can be found on the company's website www.csl.com.au

For further information, please contact:

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Group Results

Full year ended June $ Millions	June 2009 Reported	Adj.[7]	June 2009 Underlying	June 2010 Reported	June 2010 CC[8]	Change %
Sales	**4,622**		**4,622**	**4,456**	**5,080**	**10%**
Other Revenue / Income	417	190	227	171	190	
Total Revenue / Income	**5,039**	**190**	**4,849**	**4,627**	**5,270**	
Earnings before Interest, Tax, Depreciation & Amortisation	**1,550**	**23**	**1,527**	**1,514**	**1,784**	**17%**
Depreciation/Amortisation	182		182	157	173	
Earnings before Interest and Tax	**1,368**	**23**	**1,345**	**1,357**	**1,611**	**20%**
Net Interest Expense / (Income)	(2)	(7)	5	(22)	(21)	
Tax Expense	224	(96)	320	326	392	
Net Profit after Tax	**1,146**	**126**	**1,020**	**1,053**	**1,240**	**22%**
Total Ordinary Dividend (cents)	70.00			80.00		
Final Dividends (cents)	40.00			45.00		
Basic EPS (cents)	192.51			185.77		

[7] One-off non operational items relating to the discontinuation of the Talecris merger and certain tax items.

[8] Constant currency removes the impact of exchange rate movements to facilitate comparability

CSL Limited
ABN: 99 051 588 348

ASX Full-year information
30 June 2010

Lodged with the ASX under Listing Rule 4.3A.

Contents

CSL Limited

ABN: 99 051 588 348

Appendix 4E

Full-year ended 30 June 2010

(Previous corresponding period:
Year ended 30 June 2009)

Results for Announcement to the Market

	2010	2009
	$000	**$000**
Sales revenue	4,455,821	4,622,387
Total other revenues	171,123	247,666
Other income	-	169,352
Total revenue and other income	**4,626,944**	**5,039,405**
Profit before income tax expense	1,379,455	1,369,747
Income tax expense	(326,554)	(223,815)
Reported Net profit after tax attributable to members of the parent entity	**1,052,901**	**1,145,932**
Less: Non Operational Items [1]	**-**	126,038
Operational Net profit after tax	**1,052,901**	**1,019,894**

Reported

- Total revenue and other income down 8.2% to $4.63 billion.
- Net profit after tax for the year attributable to members of the parent entity down 8.1% to $1.05 billion.
- Operational net profit after tax up 3.2% to $1.05bn

***Constant Currency* [2]**

- **Sales revenue at constant currency up 10% to $5.08 billion.**
- **Operational net profit after tax for the year at constant currency up 21.6% to $1.24bn.**

[1] Non operational items as disclosed in conjunction with the 2009 results (comprising Talecris Merger discontinuation and non-operational tax items)
[2] Constant currency removes the impact of exchange rate movements to facilitate comparability

Dividends

	Amount per security	**Franked amount per security**
Final dividend (declared subsequent to balance date[#])	45.00¢	Partially franked*
Interim dividend (paid on 9 April 2010)	35.00¢	Unfranked
Final dividend (prior year, paid on 9 October 2009)	40.00¢	Unfranked
[#] Record date for determining entitlements to the dividend:	17 September 2010	

***** Non-resident withholding tax is not payable on the unfranked component of this dividend as that portion will be declared to be wholly conduit foreign income. The dividend will be franked to the extent of 5.28 cents per share.

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

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

Additional Information

NTA Backing

	30 June 2010	30 June 2009
Net tangible asset backing per ordinary security	**$5.93**	$7.43

Changes in controlled entities

The Parent Company did not dispose of any entities during the year.

Audit report

The audit report is contained in the attached Financial Report.

E Bailey
Company Secretary

18 August 2010

CSL Limited

ABN: 99 051 588 348

Annual Financial Report

for the year ended 30 June 2010

Directors' Report

The Board of Directors of CSL Limited has pleasure in presenting their report on the consolidated entity for the year ended 30 June 2010.

1. Directors

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

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

Mr P J Turner was appointed Director on 8 December 2009 and continues in office at the date of this report.

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

2. Company Secretary

Mr E H Bailey, B.Com/LLB, FCIS, was appointed to the position of Company Secretary on 1 January 2009 and continues in office at the date of this report. Mr Bailey joined CSL Limited in 2000 and had occupied the role of Assistant Company Secretary from 2001. Before joining CSL Limited, Mr Bailey was a Senior Associate with Arthur Robinson & Hedderwicks. Mr P R Turvey, BA/LLB, MAICD, is Assistant Company Secretary and assumed this position from 1 January 2009 following his retirement as Company Secretary, a position he held from 1998 to 31 December 2008.

3. Directors' Meetings

During the year, the Board held eight meetings. The Audit and Risk Management Committee met five times, the Human Resources Committee met five times, the Innovation and Development Committee met five times and the Nominations Committee met twice. The Securities and Market Disclosure Committee met six times and comprises at least any two Directors, one of whom must be a non-executive director.

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

	Board of Directors		Audit and Risk Management Committee		Securities and Market Disclosure Committee	Human Resources Committee		Innovation and Development Committee		Nomination Committee
	Attended	Maximum	Attended	Maximum	Attended	Attended	Maximum	Attended	Maximum	Attended
E A Alexander	8	8	5	5	6	5[1]		4[1]		2
B A McNamee	8	8	4[2]		6	4[2]		4	5	
J H Akehurst	8	8				4	5	1[1]		2
A M Cipa	8	8	4[2]							
I A Renard	8	8	5	5				2[1]		2
M A Renshaw	8	8						5	5	2
J Shine	8	8						5	5	2
D J Simpson	8	8	5	5		5	5	1[1]		2
D W Anstice	8	8				5	5	5	5	2
P J Turner	5	5						1[1]		

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

[2] Attended by invitation

Directors' Report

4. Principal Activities

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

5. Operating Results

The Group announced a profit after tax of $1,053 million for the twelve months ended 30 June 2010 (down 8%). This result included an unfavourable foreign exchange impact of $187 million. On a constant currency[1] basis, operational net profit after tax grew 22% after excluding one-off non-operational items[2] in fiscal 2009, as previously disclosed. Total income was $4.63 billion down 8% on the previous year, with research and development expenditure of $317 million up 2% on the previous year. Net operating cash flow was $1.2 billion, up 14% on the previous year.

6. Dividends

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

2008-2009 An interim dividend of 30 cents per share, unfranked, was paid on 9 April 2009. The Company's Directors declared an unfranked final dividend of 40 cents per ordinary share for the year ended 30 June 2009.

2009-2010 An interim dividend of 35 cents per share, unfranked, was paid on 9 April 2010. The Company's Directors declared a final dividend of 45 cents per ordinary share, franked to 5.28 cents per share, for the year ended 30 June 2010.

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

Total dividends for the 2009-2010 year are:

	On Ordinary shares
	$000
Interim dividend paid 9 April 2010	193,812
Final dividend payable on 8 October 2010	247,364

7. Review of Operations

CSL Behring sales totalled $3.5 billion, with product sales growing 10% on a constant currency basis when compared to the twelve months ended 30 June 2009. Sales contribution from across the product portfolio has underpinned this growth.

Immunoglobulins grew 12% in constant currency terms, largely driven by a sales mix shift in the Company's multiple immunoglobulin product portfolio. An ongoing transition to the company's new generation 10% liquid immunoglobulin, Privigen®, was complemented by strong take up of Vivaglobin® (Subcutaneous Immunoglobulin), a product which provides patients with the convenience of self administration. The ramp up in sales under the relatively new Canadian supply contract further boosted growth. Immunoglobulin pricing did not materially change.

The Critical Care segment grew 5% in constant currency terms (9% including the Group's Asian sales which are reported within the CSL Biotherapies business) underpinned by volume growth of albumin, particularly in the US and emerging markets. Specialty products, primarily Haemocomplettan® P, Berinert® P and Beriplex® P/N, also made a significant contribution.

Haemophilia sales grew 8% in constant currency terms, mainly driven by product demand growth in the US for Helixate® and Humate® P. New contracts in Europe and the commencement of coagulation product sales in Russia, particularly Beriate®, further contributed to sales growth.

CSL Biotherapies total sales of $958 million grew 21% on a constant currency basis when compared to the twelve months ended 30 June 2009.

Sales of pandemic influenza vaccine (H_1N_1), together with related fill and finish activities, contributed $235 million to sales. This was partially offset by the decline in GARDASIL® vaccine sales to $47 million for the financial year, down $138 million when compared to the prior comparable period. This decline is consistent with immunisation 'catch-up' programs in Australia drawing to a close as previously foreshadowed. Seasonal influenza vaccine sales totalled $124 million for the period. Contributions from Intragam® P (Liquid 10% Immunoglobulin) in Australia and albumin in China also contributed to sales growth.

In Australia this year, CSL's 2010 seasonal influenza vaccine was associated with an increased rate of febrile reactions in children, predominantly under the age of 5, shortly after vaccination, compared to previous seasons. In response, we informed doctors and immunisation providers about the reactions, inserted new warnings and precautions into prescribing information and voluntarily retrieved remaining doses of our paediatric influenza vaccine. To prepare for the 2010/2011 Northern Hemisphere influenza season, CSL worked closely with government authorities and distribution partners to determine the most responsible action to take in the US and Europe. Appropriate age restrictions have been decided in these markets which is

[1] Constant currency removes the impact of exchange rate movement to facilitate comparability.
[2] Comparative period of fiscal 2009 excludes one-off operational items, as previously disclosed, relating to the discontinuation of the Talecris merger and certain tax items.

being supported by communication to health professionals. The increased rate of reactions observed in Australia this season were unexpected and not consistent with our experience in previous seasons. Extensive investigations undertaken by CSL and Australia's Therapeutic Goods Administration to date have not yet identified an explanation. Scientific investigations are continuing.

Intellectual Property Licensing revenue was $112 million, down 22% on a constant currency basis. Royalty contribution from Human Papillomavirus Vaccines largely accounted for the decline, with receipts this year of $102 million.

8. Significant changes in the State of Affairs

During the period under review the Company conducted a share buyback of 54,863,000 shares. This represented approximately 9% of the Company's shares on issue. The buyback concluded in April 2010 having returned approximately $1.8 billion to shareholders.

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

9. Significant events after year end

On 18 August 2010, the Company announced its intention to to conduct a further on-market buyback of up to $900 million[3]. This represents approximately 5% of shares currently on issue.

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

10. Likely Developments, Business Strategies and Future Prospects

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

11. Health, Safety and Environmental Performance

The Company maintains a global Health, Safety and Environment Management System that underpins the ongoing review of regulatory compliance and ensures its facilities operate to internationally recognised standards. These standards include strict compliance with government regulations and a commitment to minimising the impact of operations on the environment. The Company also maintains certifications to relevant external Health, Safety and Environment management systems.

The Company's global Health, Safety and Environment Management System ensures the consolidated entity continuously reviews its health, safety and environmental responsibilities, including regulatory compliance, and seeks to continuously improve its approach to health, safety and environmental management. As part of risk management processes, the Company this year reviewed its global Health, Safety and Environment audit program to assess alignment against internal and external standards and identify improvement opportunities.

Through targeted risk reduction and early intervention programs, global injury performance indicators (lost time injury frequency rate (LTIFR) and medical treatment injury frequency rate (MTIFR)) continue to record improved performance. For our Australian operations, as a self-insured licensee under the Comcare scheme, the Company's performance met or bettered performance targets as set by the Safety, Rehabilitation and Compensation Commission.

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

No environmental breaches have been notified by the Environmental Protection Authority in Victoria, Australia, or by any other equivalent interstate or foreign government agency in relation to the Company's Australian, European, North American or Asia Pacific operations during the year ended 30 June 2010. One direction was recorded against trade waste agreement conditions for CSL Australia (Parkville). The direction required the Company to improve its management of sulphide levels results to comply with the agreement standard. Management of sulphide levels have been improved as directed. Three environmental inspections were completed by applicable U.S. regulatory authorities during the reporting year with no reports issued by the applicable regulatory authorities.

[3] CSL reserves the right to suspend or terminate the buyback at any time.

During the reporting year, a study of climate change associated risks with CSL Behring operations was conducted. The study indicates that climate change does not pose any significant risks to its operations in the short to medium term. Climate change risk and control measures continue to be monitored and acted upon by the Company as applicable to ensure compliance to new and emerging regulatory requirements.

As part of compliance and continuous improvement in environmental reporting, both regulatory and voluntary, the Company reported on key environmental issues including energy consumption, emissions, water use and management of waste as part of its Corporate Responsibility Report - 2009. Other reporting included reporting as a signatory to the National Packaging Covenant and reporting under the Australian Government's *National Greenhouse Energy Reporting Act (2007)*. The Company's Australian operations did not exceed thresholds for NGER data publication for the 2008-09 reporting year.

12. Directors' Shareholdings and Interests

At the date of this report, the interests of the directors who held office at 30 June 2010 in the shares, options and performance rights of the Company are set out in Section 15 (and in Tables 9 and 12) of this Report and Note 28 of the Financial Report. It is contrary to Board policy for key management personnel to limit exposure to risk in relation to these securities. From time to time the Company Secretary makes inquiries of key management personnel as to their compliance with this policy.

13. Directors' Interests in Contracts

Section 16 of this Report sets out particulars of the Directors Deed entered into by the Company with each director in relation to Board paper access (indemnity and insurance matters).

14. Share Options

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

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

The number of options and performance rights exercised during the financial year and the exercise price paid to acquire fully paid ordinary shares in the Company is set out in Note 27 (b) and (c) of the Financial Statements. Since the end of the financial year, 5,157 shares were issued under the Company's Performance Rights Plan.

15. Remuneration Report

This remuneration report summarises the remuneration arrangements applicable to the CSL Group's key management personnel and to the Company's and Group's top 5 most highly remunerated officers, respectively. The report has been prepared in accordance with the requirements of the Corporations Act 2001 and the Corporations Regulations 2001 and it has been audited pursuant to section 308(3C) of the Corporations Act 2001.

Key Management Personnel (KMP)

For the purposes of this report, KMP are those individuals having authority and responsibility for planning, directing and controlling the major activities of the CSL Group. They include:

a. All executive and non-executive directors of CSL Limited, as listed in Table 5 of this report;

b. Other executives who are identified as KMP in Table 6 to this report.

Human Resource and Remuneration Framework Responsibilities

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

The full Board has responsibility for:

a. Board succession planning to ensure an appropriate mix of skills, experience, expertise and diversity and the appointment of and remuneration of non-executive directors;

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

c. Making decisions in relation to the appointment and, where appropriate, the removal of the Managing Director and reviewing and agreeing the terms of employment of the Managing Director;

d. Approving remuneration proposals from the HRRC in relation to the Managing Director and senior executives reporting to the Managing Director; and

e. Overseeing the Company's employee share, option and performance rights plans (including the approval of, the establishment of, or any amendment to, those plans), and determining the policies which will apply to the implementation of those plans.

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

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

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

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

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

b. Reviewing and recommending to the Board the design of any long term incentive and retention schemes and share ownership plans and any amendments to such schemes or plans;

c. Reviewing recommendations from the Managing Director on short and long term incentive and retention schemes and share ownership plans, including allocations and performance measures and making recommendations to the Board;

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

e. Reviewing and recommending to the Board the total individual remuneration package of the Managing Director and of all senior executives who report to the Managing Director which may include seeking external specialist advice to establish the comparability of CSL's executive remuneration with that of relevant peer companies;

f. Reviewing the CSL Group's executive succession plan;

g. Reviewing and recommending to the Board the remuneration of the non-executive Directors;

h. Overseeing the Company's ongoing actions and progress in support of workplace diversity including regular review of the CSL Group's diversity policy;

i. Reviewing twice annually the Company's global health, safety and environmental performance; and

j. Reporting to the Board the findings and recommendations of the HRRC after each meeting.

The HRRC comprises three independent, non-executive directors, namely David Simpson (Chairman), John Akehurst and David Anstice. Jill Lever, Senior Vice President – Human Capital, acts as the Secretary of the HRRC. The Board Chairperson may attend any meeting of the HRRC in an ex officio capacity. The Managing Director, senior executives and professional advisors retained by the HRRC attend meetings by invitation.

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

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

Non-Executive Directors' Remuneration

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

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

a. Enable the Company to attract and retain suitably qualified directors with appropriate experience and expertise; and

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

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

Directors' Report

Table 1 below sets out non-executive director board and committee fees on a per annum basis. These fee levels became effective as of 1 July 2008. The fees are inclusive of superannuation.

Table 1

Role	Board Base Fee	Audit & Risk Management Committee	Human Resources & Remuneration Committee	Nomination Committee	Securities & Market Disclosure Committee	Innovation & Development Committee
Chairman	470,000	32,700	21,800	-	-	21,800
Members	180,000	16,350	10,900	-	-	10,900

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

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

Non-executive directors participate in the Non-Executive Directors' Share Plan approved by shareholders at the 2002 annual general meeting. Under this plan, non-executive directors are required to take at least 20% of their director's base fees in the form of shares in the Company. Following the changes to the taxation of share plans announced and implemented by the Australian Government in 2009, the Non-Executive Directors' Share Plan was amended to require each non-executive director to take at least 10.7% of their after tax director's base fees – being an amount of at least 20% x (1 – top marginal tax rate) - in the form of shares in CSL Limited. Shares are purchased by directors pursuant to the operation of this plan on-market at prevailing share prices, twice yearly, and subsequent to the announcement of the half and full year results.

As approved by shareholders in 1994, certain current non-executive directors are entitled to a retirement allowance equal to the highest fees earned by them over any consecutive 36 months of service prior to 31 December 2003. If the director had served more than five years on the Board, they would receive another 5% of the base fee at the time of retirement for every additional year served, up to a limit of 15 years. The Board terminated this retirement plan as at 31 December 2003 and froze the retirement allowance as at that date. The non-executive directors who are entitled to this retirement allowance are Elizabeth Alexander and Ian Renard. Table 5 shows actual fees paid to non-executive and executive directors in respect to the 2010 and 2009 financial years.

Executive Remuneration

The CSL Group is committed to ensuring it has competitive remuneration and human resource policies and practices that result in the provision of appropriate and fair rewards and incentives to its executives in the countries in which they are employed. In order to best align the interests of executives and shareholders, executive remuneration packages include a fixed remuneration element and performance related at risk elements in the form of short-term cash incentives, deferred cash incentives and long-term equity based incentives.

The proportion of an executive's maximum remuneration potential that is performance based or at risk varies depending on the executive's seniority and role. The proportions of actual remuneration attributable to fixed and performance based remuneration elements in respect to each of the Group's executive key management personnel in 2010 is set out in Table 7.

CSL's performance management system is central to the management of performance related remuneration. The extent to which executives meet the performance objectives set out in their annual performance plan determines their actual entitlement to short-term incentives. An executive's performance is similarly taken into consideration when reviewing fixed remuneration levels and in assessing the extent of the executive's participation in the CSL Group's long-term incentive programs.

Table 6 shows actual remuneration paid to non director executive key management personnel in respect to the 2010 and 2009 financial years.

Fixed Remuneration

Depending on the country of employment, an executive's fixed pay comprises "salary including benefits" or "salary plus benefits".

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

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

Short-term Incentives (STI)

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

At the commencement of each financial year each executive's performance objectives are set. The Board approves the Managing Director's performance objectives and ensures that they are consistent with Board approved corporate objectives, plans and budgets. Similarly, and in that context, the Managing Director sets the performance objectives of his direct reports, with those objectives subject to HRRC review. Performance objectives include a blend of financial, corporate and individual objectives and typically include targets in relation to contribution to earnings, the successful implementation of strategic initiatives, management of operating expenses, customer service, risk management (including Health, Safety and Environment objectives), and portfolio management. These objectives have been adopted because the attainment of each is likely to correlate directly to an increase in shareholder value. Additionally, each executive is expected to conduct themselves in a manner consistent with the CSL Group's values.

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

Long-term Incentives (LTI)

Long-term incentives are provided to executive key management personnel (and other employees) who have performed to a required performance level and who are regarded as being of strategic and/or operational importance to the Group. These incentives are also used in order to attract certain new employees. The Group currently offers long-term incentives in the form of deferred cash incentives and share based equity rewards in the form of performance rights and performance options.

The value ultimately realised by an executive, if any, from the provision of these long-term incentive rewards is dependent upon CSL Limited's performance and its future share price.

As set out in section 12 of this report, key management personnel are not permitted to limit their exposure to risk in relation to their share based equity rewards.

Deferred cash incentives

Subject to the Board's discretion, an executive may be offered the potential to earn a deferred cash incentive. In the 2010 and 2009 financial years only the Managing Director earned a deferred cash incentive.

The deferred cash incentive arrangements pertaining to Managing Director are as follows:

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

The Managing Director receives a cash payment upon the expiry of the relevant 3 year period (or earlier at the Board's discretion).

Share based equity rewards - Performance Rights and Performance Options

CSL's Performance Rights Plan, as approved by shareholders at the 2003 annual general meeting, is an integral feature of the Group's remuneration philosophy. It is aimed at delivering outcomes that serve the CSL Group's needs to operate its global businesses successfully by attracting and retaining high calibre executives and motivating them to pursue ongoing growth of the business, thus aligning their interests with those of shareholders. Consistent with this objective, CSL is committed to providing performance related long-term, at risk remuneration incentives in the form of performance rights and performance options.

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

The number of performance rights and performance options granted to an executive reflects an executive's seniority, job value and location and the relevant market conditions in each region of the world in which the CSL Group recruits for talent. Grants of performance rights and performance options to the Managing Director and the Finance Director are made in accordance with the resolution approved by shareholders at the 2006 Annual General Meeting. Non-executive directors do not participate in the long-term incentive program. Grants of long-term incentives are generally made in October of each year.

Each grant of performance rights and performance options is split into tranches, with each tranche having a different vesting period, being that period at the end of which an assessment is first made as to whether or not the performance hurdles attaching to the particular tranche of performance options and rights have been met. Where the relevant performance hurdles applicable to the tranche are met, the tranche vests and the underlying instruments become exercisable and remain exercisable until their expiry date. Any vested but unexercised performance rights and options expire seven years from the date of their initial grant. When testing reveals that the relevant performance hurdles have not been met, then the particular tranche of rights or options can, within the limit of its retest opportunities, be carried over to the next anniversary and retested. Any performance rights and options that have not vested by the expiration of all retest opportunities lapse.

Performance rights and performance options vest and are capable of being exercised subject to:

- The recipient, in the ordinary course, remaining employed by the CSL Group at the time when an assessment is made as to whether or not the performance hurdles applicable to the performance rights and options has been met;
- The recipient obtaining a good rating under the CSL Group's performance management system for the financial year ending 30 June which precedes the date on which the aforementioned assessment is made; and
- The applicable quantitative performance hurdle being met at the conclusion of the vesting period, or, where applicable, at a later retest date.

Performance hurdles – Total shareholder return and compound annual growth in earnings per share

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

The first type of performance hurdle is one based on relative Total Shareholder Return (TSR). A company's TSR is measured by reference to increases in share price between grant date and vesting date (or retest date where applicable) and by reference to dividends paid during those dates. Performance rights and performance options subject to a TSR hurdle only vest where CSL Limited's TSR places CSL at or above the 50th percentile of relative TSR performance as compared against a peer group of the companies comprising the ASX top 100 by market capitalisation (excluding companies with the GICS industry codes of commercial banks, oil and gas and metals and mining). The peer group of companies whose TSR performance is compared to CSL Limited's is determined on a grant by grant basis, and more particularly on the date when a particular grant of performance rights and performance options is made.

The second type of performance hurdle is a basic earnings per share (EPS) hurdle. Performance rights and performance options subject to an EPS hurdle only vest where CSL Limited achieves a compound EPS growth per annum of 10% or greater, as measured from 30 June in the financial year preceding a grant of performance rights or performance options until 30 June in the financial year prior to the relevant test date. As set out on page 11 of this report, in some years, at the Board's discretion, the EPS used for performance management purposes is adjusted to exclude the profit and loss impact attributable to significant events or transactions.

Changes to Performance Rights Plan effective 1 January 2010

The Board has recently undertaken a full review of CSL's Long Term Incentive arrangements to ensure that these remain effective in attracting and retaining high calibre executives across the CSL Group's international operations, challenge executives to achieve sustained high performance and meet the high standards of governance expected by shareholders. This review, in which the Board was independently advised by Ernst and Young, also took account of emerging trends in long term incentive arrangements in Australia and overseas. Following the review, it has been decided that any grants of share based equity rewards made after 1 January 2010 will be subject to a number of changes, some of which were announced in 2009, the key features of which are as follows:

a. Participation in the Performance Rights Plan will be limited to senior executives who are in roles which are of key strategic and/or operational importance to the CSL Group. This change will significantly reduce the number of employees participating in the Performance Rights Plan.

b. The length of time before which performance rights and performance options are first capable of vesting will be increased from 2 to 3 years. Provided relevant individual and CSL Group performance hurdles are met, vesting of 50% of performance rights and performance options granted will occur after the 3rd anniversary post grant date, with the remaining 50% vesting after the 4th anniversary post grant date. This is a return to the practice applicable to grants made prior to October 2006

c. Consistent with global market trends and to improve the alignment of executive interests with shareholders as well as strengthen the retention impact of the plan, the mix of long-term incentives has been adjusted such that they now comprise 80% as performance rights and 20% as performance options by value.

d. The Board considers both EPS and TSR performance measures are important and these will therefore be applied to both performance rights and performance options. The TSR vesting scale has been amended to align to general market practice and performance rights and performance options subject to the TSR hurdle will now vest on a more progressive basis as set out in Table 3. The Board has, over several years, maintained a consistent EPS target within the performance rights plan of 10% per annum. The Board continues to see this as an appropriate long term target and while it is subject to ongoing review it is expected to remain unchanged for the next grant.

e. Re-testing has been reduced such that each tranche of performance rights and performance options will have only one retest opportunity in the event that performance hurdles are not met at the first testing date. If the first tranche of 50% does not vest on the third anniversary of the date of grant due to failure to meet the relevant performance hurdle then the tranche may be retested at the fourth anniversary. Similarly, if the second tranche of 50% does not vest on the fourth anniversary of the date of grant then that tranche may be retested on the fifth anniversary of the date of grant. The underlying instruments vest where performance hurdles are met on retest dates, otherwise they lapse.

f. The Board will have discretion to allow executives to remain in the Performance Rights Plan after termination of employment where the reasons for the termination are retirement, redundancy, termination by mutual agreement, disability or death. In some cases this discretion may be exercised to allow the early vesting of performance rights and performance options. In either case the unvested rights and options would be pro-rated for the period served and the normal performance hurdles would apply.

A summary of the operation of the 'new' and 'old' plans

The following tables provide a summary of the key characteristics applicable to performance rights and performance options granted between 2006 and 2009 and those that may be granted in the future following the changes made to the Performance Rights Plan as set out in the preceding section. Only performance rights and performance options granted between 2006 and 2009 result in the inclusion of an amount in the remuneration of executives in the 2010 and 2009 financial years.

Table2

LTI grants	Tranche	Proportion of grant	Tranche comprises		Applicable performance hurdle		Vesting period years	Re-test opportunities
			Options	Rights	Options	Rights		
Oct 06 through Oct 09	1	25%	60%	40%	EPS	TSR	2	3
	2	35%	60%	40%			3	2
	3	40%	60%	40%			4	1
Grants awarded post January 2010	1	50%	20%	80%	50% EPS / 50% TSR		3	1
	2	50%	20%	80%			4	1

Table 3

LTI grants	Level of performance at the expiration of the vesting period (or later period where applicable)		Amount of grant which vests
Oct 06 through Oct 09	Options	EPS growth > 10% compound	100%
	Rights	At or above 50th percentile in relative TSR performance	100%
Grants awarded post January 2010	50% of options and rights granted	EPS growth > 10% compound	100%
	50% of options and rights granted	Below the 50th percentile in relative TSR performance	0%
		At the 50th percentile in relative TSR performance	50%
		Between the 50th and 75th percentile in relative TSR performance	Straight line vesting from 50% to 100%
		Above the 75th percentile in relative TSR performance	100%

Company provided loans in respect to the exercise of performance options.

Under the Performance Rights Plan, the Company does not provide loans to fund the exercise of performance options. Prior to the introduction of performance rights and performance options and up until 2003, the Senior Executive Share Ownership Plan II (SESOP II) had been used for the purpose of delivering long-term incentives. All options under this plan vested in earlier financial years and they do not enter in the calculation of executive remuneration in either the 2010 or 2009 financial years.

Under the rules of SESOP II, participants could be provided with a loan to fund the exercise of the options as at the date of exercise. Interest equivalent to the after-tax cash amount of dividends on the underlying shares (excluding the impact of imputation and assuming a marginal income tax rate of 46.5%) is charged on loans where provided. The SESOP II loan terms provide that the Company can seek immediate loan repayment where the market value of the shares issued to an individual participant falls to 110% or less of the total exercise price. This mechanism ensures that the full loan amount remains recoverable by the Company.

Certain KMP have outstanding SESOP II loans as at 30 June 2009 and 2010, respectively. The difference between interest calculated at market rates versus that which is calculated pursuant to the terms above is included in the relevant KMP's remuneration as a non monetary benefit

Cap on Issue of Equity to Employees

At any point in time, the aggregate number of CSL shares that:

a. Have previously been issued to employees under the Company's various employee equity plans and which remain subject to the rules of the relevant plan (eg. a disposal restriction); and

b. Would be issued if all outstanding share options (including performance rights) under such plans (whether or not vested at the time) were to be exercised,

must not exceed 7.5% of the total number of CSL shares on issue at that time. As at 30 June 2010 the aggregate number of CSL shares under (a) and (b) above was 1.09% of the total number of CSL shares on issue.

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

a. The subject of outstanding offers of shares or share options to, or outstanding share options held by, employees in Australia; and

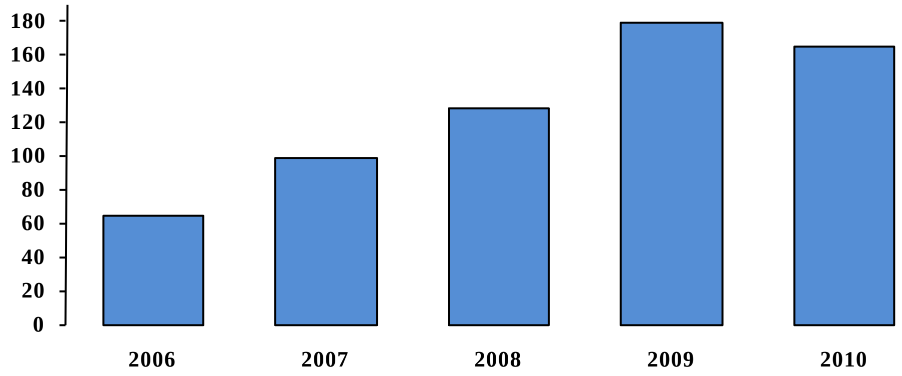
b. Issued to employees in Australia under the Company's employee equity plans in the 5 year period preceding the offer,

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

Relationship between Company Performance and Executive Remuneration

The Company's remuneration framework aims to incentivise executives towards creating shareholder value. The creation of shareholder value in recent years is evidenced by increases in earnings per share (EPS). The Company's EPS performance over the last 5 years is displayed graphically below.

CSL Limited - Basic earnings per share (cents)*



*In certain years, the EPS used for performance management purposes has been adjusted to exclude the profit and loss impact attributable to significant events or transactions. In the graph above, the calculation of EPS in respect to the:

- 2006 financial year excluded the adverse NPAT impact of $233m associated with the contingent consideration paid to Aventis in respect to a business acquisition.
- 2009 financial year excluded the favourable NPAT impact of $79m arising from the termination of the Talecris acquisition.
- 2010 financial year excluded the favourable NPAT impact of $122m attributable to H1N1 pandemic influenza sales.

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

Similarly, long-term equity rewards in the form of performance rights and performance options that have had testing dates in recent years, including in 2009/2010, have been found to have exceeded relevant performance hurdles and accordingly have vested.

Table 4 illustrates the Group's annual compound growth in basic EPS in respect to performance options granted in 2006, 2007 and 2008 respectively.

Table 4- Annual compound growth of EPS

Year of grant	Compound EPS growth to the end of the financial year			
	2007	2008	2009	2010
2006	53%	41%	41%	26%
2007		30%	35%	19%
2008			41%	13%

* As mentioned above, in certain years, the EPS used for performance management purposes has been adjusted to exclude the profit and loss impact attributable to significant events or transactions.

During the year, tranches of performance options relating to grants made in 2006, 2007 and 2008 had vesting test dates. The annual compound growth EPS hurdle of 10% was exceeded in respect of each of the tranches and accordingly all performance options vested on the test date.

Similarly, tranches of performance rights granted in 2006, 2007 and 2008 also had vesting test dates during the year. An assessment was undertaken by an external, independent third party which determined that the TSR hurdle had been exceeded in each instance. The relative TSR percentile rankings for the applicable tranches were 96.8th percentile for the 2006 grant, 81.6th percentile for the 2007 grant and 67.5th percentile for the 2008 grant.

Employment Contracts - Non-executive Directors

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

Employment Contracts - Executive Key Management Personnel

All executive KMP are employed under individual service contracts. Each contract outlines the key terms applicable to an executive's employment, including their fixed remuneration. The potential short-term incentive may also be stipulated in the contract or be governed by the CSL Group's remuneration policy which sets out the level of short-term incentives applicable to various seniority levels.

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

Pursuant to the terms of their respective contracts, each executive key management person is entitled to 6 months notice on termination of their employment or at the Company's discretion to the payment of 6 months' salary in lieu of notice. They are also entitled to 12 months' salary (excluding non cash benefits) on termination, irrespective of the notice period given. Each individual is also required to give the Group 6 months notice if they intend to resign from their role. An executive's employment may be terminated without notice and without payment in lieu in the event of serious misconduct and/or breach of contract.

New contracts which took effect from November 2009 contain provisions which explicitly limit termination payments in accordance with the changes which were announced and implemented by the Australian Government in 2009 unless shareholder approval is sought to exceed those limits.

Table 5 - Directors' Remuneration

Directors	Year	Short-term benefits			Post employment		Other long-term		Equity		
		Cash salary and fees[1] $	Cash bonus $	Non-monetary benefits $	Super-annuation $	Retirement benefits $	Long service leave $	Deferred cash incentives $	Performance rights[2] $	Performance options[2] $	Total $
Executive Directors											
Dr B A McNamee	**2010**	**2,195,406**	**1,260,000**	**-**	**50,000**	**-**	**110,918**	**630,000**	**851,712**	**985,329**	**6,083,365**
Managing Director	2009	2,165,780	1,120,000	-	100,000	-	124,439	560,000	1,187,280	816,823	6,074,322
A M Cipa[8]	**2010**	**937,292**	**350,366**	**-**	**19,668**	**-**	**98,327**	**-**	**93,968**	**14,969**	**1,514,590**
Finance Director	2009	785,393	367,356	-	66,458	-	52,502	-	468,611	326,222	2,066,542
P Turner [7]	**2010**	**1,115,605**	**593,866**	**13,330**	**247,735**	**-**	**88,077**	**-**	**338,256**	**415,303**	**2,812,172**
President, CSL Behring	2009	1,342,671	646,324	14,217	245,512	-	129,470	-	447,966	326,222	3,152,382
Non-executive Directors											
E A Alexander	**2010**	**440,894**	**-**	**-**	**29,106**						**470,000**
Chairman	2009	431,193	-	-	38,807	-	-	-	-	-	470,000
J H Akehurst	**2010**	**175,138**			**15,762**						**190,900**
Non-executive director	2009	175,138	-	-	15,762	-	-	-	-	-	190,900
D W Anstice[3]	**2010**	**185,138**			**16,662**						**201,800**
Non-executive director	2009	149,281	-	-	13,735	-	-	-	-	-	163,016
I A Renard	**2010**	**195,138**			**17,562**						**212,700**
Non-executive director	2009	186,388	-	-	16,775	-	-	-	-	-	203,163
M A Renshaw	**2010**	**185,138**			**16,662**						**201,800**
Non-executive director	2009	185,137	-	-	16,662	-	-	-	-	-	201,799
K J Roberts[4] *Non-executive director*	2009	52,836	-	-	27,046	263,725	-	-	-	-	343,607
Professor J Shine	**2010**	**175,138**			**15,762**						**190,900**
Non-executive director	2009	175,138	-	-	15,762	-	-	-	-	-	190,900
D J Simpson	**2010**	**200,138**			**18,012**						**218,150**
Non-executive director	2009	203,888	-	-	18,350	-	-	-	-	-	222,238
Total of all Directors[5, 6]	**2010**	**5,805,025**	**2,204,232**	**13,330**	**446,931**	**-**	**297,322**	**630,000**	**1,283,936**	**1,415,601**	**12,096,377**
	2009	5,852,843	2,133,680	14,217	574,869	263,725	306,411	560,000	2,103,857	1,469,267	13,278,869

Directors’ Remuneration (continued)

[1] As disclosed in the section titled “Non-Executive Director Remuneration”, non-executive directors participate in the NED Share Plan under which non-executive directors are required to take at least 20% of their fees in the form of shares in the Company which are purchased on-market at prevailing share prices. The value of this remuneration element is included in cash, salary and fees.

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

[3] Mr D W Anstice was appointed Director on 2 September 2008 and his remuneration in 2009 is referrable for services rendered from that date until 30 June 2009.

[4] Mr K J Roberts retired from the office of Director on 15 October 2008. Accordingly, his 2009 remuneration is referrable from 1 July 2008 until 15 October 2008.

[5]There were no termination benefits paid to key management personnel listed in Table 5 during the years ended 30 June 2009 or 2010. During the 2009 financial year, Mr KJ Roberts received a retirement benefit of the type disclosed in the section titled “Non-executive Director Remuneration”.

[6] All non-executive and executive directors are considered to be key management personnel.

[7] Mr P Turner was appointed Director on 8 December 2009. As Mr Turner was considered to be a key management person prior to his appointment to Director in both the prior year and the current year, his 2010 remuneration covers the 12 month period ended 30 June 2010. To enable ready comparison, remuneration earned by Mr Turner in the prior year when he was not a Director, but a key management person nonetheless, has been reclassified and is now disclosed in Table 5. Elements of Mr P Turner’s remuneration in each of the 2010 and 2009 financial years are denominated in US dollars and are therefore subject to variation upon translation into Australian dollars due to exchange rate fluctuations.

[8] As announced to the ASX in December 2009, Mr AM Cipa will resign from his positions as Chief Financial Officer and Executive Director at the conclusion of the Annual General Meeting in October 2010. He will remain available to the Company in an advisory capacity until 31 March 2011 at which time he will receive entitlements due under his contract.

Table 6 – Non director executive key management personnel and other executive remuneration

Executive	Year	Short-term benefits			Post employment		Other Long-term		Equity		
		Cash salary and fees[1] $	Cash Bonus[1] $	Non-Monetary Benefits[1] $	Super-annuation[1] $	Retire-ment Benefits $	Termination benefits $	Long Service Leave $	Performance right[2] $	Performance options[2] $	Total $
Key Management Personnel											
G Naylor[9]	**2010**	**507,545**	**222,328**	**39,868**	**22,109**	**-**	**-**	**65,485**	**149,426**	**222,863**	**1,229,624**
Chief Financial Officer - Designate	2009	542,389	263,418	44,993	21,625	-	-	19,238	133,804	150,935	1,176,402
A Cuthbertson	**2010**	**625,063**	**311,831**	**2,458**	**36,137**	**-**	**-**	**45,681**	**192,344**	**219,090**	**1,432,604**
Chief Scientific Officer	2009	558,585	183,206	10,298	47,659	-	-	24,239	248,206	180,312	1,252,505
M Sontrop[10]	**2010**	**375,374**	**236,618**	**1,035**	**144,963**	**-**	**-**	**25,781**	**136,087**	**202,910**	**1,122,768**
Former GM, CSL Biotherapies Australia & New Zealand	2009	391,765	154,875	-	109,892	-	-	26,237	137,592	142,067	962,428
J Davies	**2010**	**429,639**	**226,233**	**-**	**135,396**	**-**	**-**	**50,385**	**135,301**	**201,617**	**1,178,571**
Executive VP, CSL Biotherapies	2009	344,284	137,700	-	93,364	-	-	25,000	114,210	140,301	854,859
E Bailey[5]	**2010**	**298,592**	**104,160**	**6,595**	**26,876**	**-**	**-**	**11,405**	**40,361**	**49,834**	**537,823**
Company Secretary	2009	160,255	43,400	3,782	12,798	-	-	18,269	15,185	11,654	265,343
G Boss[5]	**2010**	**462,257**	**244,701**	**21,397**	**21,218**	**-**	**-**	**-**	**118,166**	**176,052**	**1,043,791**
Group General Counsel	2009	217,978	101,826	11,706	12,372	-	-	-	53,225	60,630	457,737
J Lever[6]	**2010**	**331,680**	**108,800**	**-**	**28,073**	**-**	**-**	**7,798**	**25,584**	**37,648**	**539,583**
Senior VP, Human Capital	2009	27,996	-	-	2,339	-	-	650	-	-	30,985
P Turvey[3] *Former Company Secretary and General Counsel*	2009	305,034	97,550	1,304	68,260	-	-	20,006	70,069	45,762	607,985
A von Bibra[4] *GM, Human Resources*	2009	76,310	-	-	16,929	-	521,285	13,796	-	-	628,320
Total KMP remuneration[8]	**2010**	**3,030,150**	**1,454,671**	**71,353**	**414,772**	**-**	**-**	**206,535**	**797,269**	**1,110,014**	**7,084,764**
	2009	2,624,596	981,975	72,083	385,238	-	521,285	147,435	772,291	731,661	6,236,564
Other Executives											
P Perreault[7]	**2010**	**500,955**	**252,467**	**21,889**	**20,832**	**-**	**-**	**-**	**192,564**	**249,460**	**1,238,167**
Executive VP, Commercial Operations	2009	549,471	267,801	23,990	26,789	-	-	-	203,586	190,199	1,261,836

[1] Cash salary and fees, cash bonuses and superannuation paid in foreign currency in respect to executives based overseas have been converted to Australian dollars at an average exchange rate for the year. Both the amount of remuneration and any movement in comparison to prior years may be influenced by changes in the respective currency exchange rates. The remuneration amounts disclosed in respect of Mr G Boss, Mr P Perreault, Mr G Naylor and Ms M Sontrop are impacted by the AUD/USD exchange rate. All other executives listed in Table 6 receive remuneration which is solely denominated in Australian dollars.

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

[3] Mr P Turvey resigned as Company Secretary on 31 December 2008. Accordingly Mr Turvey's 2009 remuneration reflects amounts paid to him from 1 July 2008 until his date of resignation.

[4] Ms A von Bibra ceased to be a key management person upon leaving the Company on 31 December 2008. Accordingly, Ms von Bibra's 2009 remuneration reflects amounts paid to her from 1 July 2008 until 31 December 2008.

[5] Mr E Bailey became a key management person on 1 January 2009 when he was appointed as Company Secretary. Similarly, Mr G Boss became a key management person on 1 January 2009 when he became Group General Counsel. Accordingly, their respective 2009 remuneration amounts as disclosed above reflect amounts paid or payable to them from the date on which each became a key management person until 30 June 2009.

[6] Ms J Lever became a key management person on 1 June 2009. Accordingly, Ms Lever's 2009 remuneration reflects amounts paid to her from 1 June 2009 to 30 June 2009.

[7] Mr P Perreault's total remuneration in each of the 2010 and 2009 financial years has been disclosed pursuant to the requirements of section 300A(1) of the Corporations Act 2001 as in each of those years his total remuneration placed him amongst the Group's 5 most highly remunerated executives.

[8] The 2009 remuneration report disclosed the remuneration earned by Mr P Turner in that year in his capacity as a non-director executive key management person. During 2010, and on 8 December 2009, Mr Turner was appointed Director of CSL Limited. To enable ready comparison, remuneration earned by Mr Turner in the 2009 financial year when he was not a director, but a key management person nonetheless, has been reclassified and is now disclosed in Table 5.

[9] Mr G Naylor's remuneration in 2009 was disclosed pursuant to the requirements of section 300A(1) of the Corporations Act 2001 as his total remuneration for that year placed him amongst the Group's 5 most highly remunerated executives. Following Mr Naylor's appointment to the role of Chief Financial Officer (Designate) on 1 January 2010, Mr Naylor became a key management person. His total remuneration for the 2010 year also places him amongst the Group's 5 most highly remunerated executives. Accordingly the remuneration amount disclosed for the 2010 year is attributable to a 12 month period rather than that solely attributable to the period subsequent to his appointment to his present role.

[10] Ms M Sontrop ceased to a key management person on 31 March 2010. However, in order to enable ready comparison of amounts disclosed in the previous year, Ms Sontrop's 2010 remuneration is attributable to a 12 month period rather than that solely attributable to the period between 1 July 2009 and 31 March 2010.

Executive Key Management Personnel

Fixed and Performance Remuneration Components

Table 7 – Executive key management personnel remuneration components in the 2010 financial year

Remuneration Components as a Proportion of Total Remuneration	Remuneration not linked to Company performance[1]	Performance Related Remuneration				Total
		Cash Based Bonuses[2]	Equity Based			
			Performance rights	Performance options	Total	
Executive Directors						
B A McNamee	39%	31%	14%	16%	61%	100%
A M Cipa	70%	23%	6%	1%	30%	100%
P Turner	52%	21%	12%	15%	48%	100%
Other executives						
G Naylor	52%	18%	12%	18%	48%	100%
A Cuthbertson	50%	22%	13%	15%	50%	100%
E Bailey	64%	19%	8%	9%	36%	100%
G Boss	48%	24%	11%	17%	52%	100%
M Sontrop	49%	21%	12%	18%	51%	100%
J Davies	52%	19%	12%	17%	48%	100%
J Lever	68%	20%	5%	7%	32%	100%

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

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

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

Table 8 - Executive key management personnel performance remuneration components in the 2010 financial year

Key management person	Cash incentives [1]			Accounting Values being amortised in respect of the 2010 equity grants in future years[2]				Remuneration consisting of options & rights	Grant date value of options & rights granted during 2009/10	Value of options & rights exercised during 2009/10 at exercise date [3]
	Maximum short-term incentive potential[4]	Percentage Awarded[1]	Percentage Not Awarded[1]	2011 $	2012 $	2013 $	2014 $	%	$	$
Executive Directors										
B A McNamee	60%	90%	10%	624,381	456,063	238,109	46,445	30%	1,830,290	8,449,050
A M Cipa	50%	70%	30%	-	-	-	-	7%	-	-
P Turner	50%	95%	5%	276,826	202,201	105,568	20,592	27%	811,478	897,891
Other executives										
G Naylor	50%	80%	20%	175,308	128,051	66,856	13,041	30%	513,896	107,357
A Cuthbertson	50%	95%	5%	138,207	100,950	52,706	10,281	28%	405,137	0
E Bailey	40%	80%	20%	66,359	48,469	25,304	4,936	17%	194,519	220,524
G Boss	50%	90%	10%	138,133	100,895	52,677	10,275	28%	404,918	435,537
M Sontrop	50%	85%	15%	149,828	109,438	57,136	11,145	30%	439,200	499,753
J Davies	50%	95%	5%	149,828	109,438	57,136	11,145	29%	439,200	-
J Lever	40%	80%	20%	84,852	61,978	32,359	6,312	12%	248,733	-

[1] Cash incentives awarded and not awarded relate to the period ended 30 June 2010 only. All cash incentive amounts are payable in full shortly after the conclusion of the 30 June 2010 financial year with the exception of that component of Dr McNamee's cash incentive that is subject to deferred settlement. The percentage awarded and not awarded in respect to Dr McNamee's cash paid incentive components (comprising an amount paid shortly after the conclusion of the financial year and an amount subject to deferred settlement terms) are the same.

The extent to which an individual executive meets and exceeds their annual performance objectives determines the level of award received. To be awarded 100% of an executive's potential short-term incentive, the executive is required to have exceeded all performance objectives.

[2] The value of performance rights and performance options is determined at grant date and is then amortised over the applicable vesting period. The amount which will be included in a given executive's remuneration for a given year is consistent with this amortisation amount.

[3] The value at exercise date has been determined by the share price at the close of business on exercise date less the option/right exercise price (if any) multiplied by the number of options/rights exercised during 2010.

[4] The maximum short-term incentive potential for Mr Turner, Ms Sontrop, and Mr Boss is based on their cash salary as at 30 June 2010. For the remaining Key Management Persons, it is based on their 'salary including benefits' as at 30 June 2010.

Executive Key Management Personnel

Options and Rights Holdings

Table 9 – Key management personnel performance right holdings

Key management person	Balance at 1 July 2009	Number Granted	Number Exercised	Balance at 30 June 2010	Number Vested during the year	Balance at 30 June 2010	
						Vested and exercisable	Unvested
Executive Directors							
B A McNamee	325,080	26,660	232,500	119,240	22,437	34,167	85,073
A M Cipa	186,060	-	-	186,060	8,301	162,591	23,469
P Turner	31,770	11,820	8,301	35,289	8,301	-	35,289
Other executives							
G Naylor	13,885	7,480	3,003	18,362	3,003	-	18,362
A Cuthbertson	17,580	5,900	-	23,480	4,740	4,740	18,740
E Bailey	10,800	2,840	6,900	6,740	927	1,407	5,333
G Boss	11,585	5,900	2,718	14,767	2,718	-	14,767
M Sontrop	13,505	6,400	3,075	16,830	3,075	-	16,830
J Davies	25,310	6,400	-	31,710	3,045	14,970	16,740
J Lever	-	3,620	-	3,620	-	-	3,620
Total	**635,575**	**77,020**	**256,497**	**456,098**	**56,547**	**217,875**	**238,223**

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

Table 10 - The terms and conditions of the performance rights granted to key management personnel (amongst others) in the 2009 and 2010 financial years

Terms and Conditions for Performance right grants during 2009 and 2010				
Grant Date	**Tranche**	**Value per Right at Grant Date**	**First Exercise Date**	**Last Exercise Date**
1 October 2008	1	33.30	30 September 2010	30 September 2013
1 October 2008	2	31.72	30 September 2011	30 September 2013
1 October 2008	3	30.15	30 September 2012	30 September 2013
1 October 2009	1	28.91	30 September 2011	30 September 2014
1 October 2009	2	27.72	30 September 2012	30 September 2014
1 October 2009	3	26.31	30 September 2013	30 September 2014

Table 11 - Shares issued to key management personnel on exercise of performance rights during the 2010 financial year

Executive	Date Performance Rights Granted	Number of shares issued
B A McNamee	7 June 2005	120,000
	20 December 2005	112,500
P Turner	2 October 2006	6,006
	1 October 2007	2,295
G Naylor	2 October 2006	1,953
	1 October 2007	1,050
E Bailey	25 August 2004	4,200
	7 June 2005	2,700
G Boss	2 October 2006	1,953
	1 October 2007	765
M Sontrop	2 October 2006	2,205
	1 October 2007	870

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

Options and Rights Holdings

Table 12 - Key management personnel option holdings

Key management person	Balance at 1 July 2009	Number Granted	Number Exercised	Balance at 30 June 2010	Number Vested during the year	Balance at 30 June 2010	
						Vested and exercisable	Unvested
Executive Directors							
B A McNamee	311,280	100,460	-	411,740	74,976	114,666	297,074
A M Cipa	121,560	-	-	121,560	27,774	42,309	79,251
P Turner	107,025	44,540	20,349	131,216	27,774	7,425	123,791
Other executives							
G Naylor	46,940	28,220	-	75,160	10,041	10,041	65,119
A Cuthbertson	58,990	22,240	-	81,230	15,822	15,822	65,408
E Bailey	8,760	10,660	-	19,420	2,067	3,147	16,273
G Boss	43,900	22,220	11,376	54,744	9,111	2,475	52,269
M Sontrop	50,940	24,100	12,744	62,296	10,254	2,820	59,476
J Davies	50,520	24,100	-	74,620	10,149	15,459	59,161
J Lever	-	13,660	-	13,660	-	-	13,660
Total	**799,915**	**290,200**	**44,469**	**1,045,646**	**187,968**	**214,164**	**831,482**

Table 13- terms and conditions of the options granted to key management personnel (amongst others) during the 2009 and 2010 financial years

Terms and Conditions for Options grant during 2009 and 2010				
Grant Date	**Tranche**	**Value per Option at Grant Date**	**First Exercise Date**	**Last Exercise Date**
1 October 2008	1	13.31	30 September 2010	30 September 2013
1 October 2008	2	13.58	30 September 2011	30 September 2013
1 October 2008	3	13.85	30 September 2012	30 September 2013
1 October 2009	1	10.34	30 September 2011	30 September 2014
1 October 2009	2	10.87	30 September 2012	30 September 2014
1 October 2009	3	11.36	30 September 2013	30 September 2014

Table 14 - Shares issued on exercise of options during the 2010 financial year

Executive	Date Options Granted	Number of shares issued	$ amount paid per share	$ amount unpaid per share
P Turner	2 October 2006	20,349	17.48	-
G Boss	2 October 2006	11,376	17.48	-
M Sontrop	2 October 2006	12,744	17.48	-

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

16. Indemnification of Directors and Officers

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

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

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

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

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

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

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

The Company paid insurance premiums of $1,221,400 in respect of a contract insuring each individual director of the Company and each full time executive officer, director and secretary of the Company and its controlled entities, against certain liabilities and expenses (including liability for certain legal costs) arising as a result of work performed in their respective capacities, to the extent permitted by law.

17. Auditor independence and non-audit services

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

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

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

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

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

Ernst & Young and its related practices received or are due to receive the following amounts for the provision of non-audit services in respect to the year ended 30 June 2010:

	$
Due diligence and completion audits	-
Compliance and other services	310,987
Total fee paid for non-audit services	310,987

18. Rounding

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

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

Elizabeth Alexander (Director)

Brian A McNamee (Director)

Melbourne

18 August 2010

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Auditor's Independence Declaration to the Directors of CSL Limited

In relation to our audit of the financial report of CSL Limited for the financial year ended 30 June 2010, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Denis Thorn
Partner
18 August 2010

CSL Limited

Statements of Comprehensive Income

for the year ended 30 June 2010

		Consolidated Group		Parent Company	
		2010	2009	**2010**	2009
	Notes	**$000**	$000	**$000**	$000
Continuing operations					
Sales revenue	**3**	**4,455,821**	4,622,387	**746,577**	569,212
Cost of sales		**(2,184,850)**	(2,399,720)	**(353,608)**	(402,453)
Gross profit		**2,270,971**	2,222,667	**392,969**	166,759
Other revenues	**3**	**171,123**	247,666	**765,185**	510,411
Other income	**3, 3(i)**	**-**	169,352	**-**	9,274
Research and development expenses		**(316,722)**	(311,615)	**(196,496)**	(175,614)
Selling and marketing expenses		**(489,399)**	(489,150)	**(91,456)**	(69,448)
General and administration expenses	**3(i)**	**(238,361)**	(407,264)	**(93,028)**	(36,006)
Finance costs	**3, 3(i)**	**(18,157)**	(61,909)	**(336)**	-
Profit before income tax expense		**1,379,455**	1,369,747	**776,838**	405,376
Income tax (expense) / benefit	**4**	**(326,554)**	(223,815)	**(17,407)**	7,819
Profit attributable to members of the parent company	**22**	**1,052,901**	1,145,932	**759,431**	413,195
Other comprehensive income					
Exchange differences on translation of foreign operations, net of hedges on foreign investments	**21**	**(276,237)**	121,011	**-**	-
Actuarial gains/(losses) on defined benefit plans, net of tax	**22**	**7,667**	(45,037)	**547**	(5,734)
Total of other comprehensive income/(expenses)		**(268,570)**	75,974	**547**	(5,734)
Total comprehensive income for the period	**24**	**784,331**	1,221,906	**759,978**	407,461

Earnings per share	**5**	**Cents**	Cents
Basic earnings per share		**185.77**	192.51
Diluted earnings per share		**185.19**	191.74

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

CSL Limited
Balance Sheets
As at 30 June 2010

		Consolidated Group		Parent Company	
		2010	2009	**2010**	2009
	Notes	**$000**	$000	**$000**	$000
CURRENT ASSETS					
Cash and cash equivalents	**6**	**1,001,059**	2,528,097	**4,890**	-
Trade and other receivables	**7**	**883,002**	885,884	**2,113,054**	2,900,012
Inventories	**8**	**1,454,616**	1,522,039	**108,187**	90,108
Current tax assets	**16**	**-**	12,174	**62,223**	58,161
Other financial assets	**9**	**479**	854	**-**	-
Total Current Assets		**3,339,156**	4,949,048	**2,288,354**	3,048,281
NON-CURRENT ASSETS					
Trade and other receivables	**7**	**7,570**	10,225	**3,478**	6,408
Other financial assets	**9**	**4,589**	8,397	**1,359,392**	1,348,974
Property, plant and equipment	**10**	**1,207,839**	1,162,566	**421,155**	379,849
Deferred tax assets	**11**	**191,410**	227,096	**15,517**	12,384
Intangible assets	**12**	**955,513**	1,009,483	**-**	-
Retirement benefit assets	**13**	**4,967**	-	**1,147**	-
Total Non-Current Assets		**2,371,888**	2,417,767	**1,800,689**	1,747,615
TOTAL ASSETS		**5,711,044**	7,366,815	**4,089,043**	4,795,896
CURRENT LIABILITIES					
Trade and other payables	**14**	**485,403**	663,818	**1,757,620**	1,149,211
Interest-bearing liabilities and borrowings	**15**	**25,984**	332,358	**-**	55,055
Current tax liabilities	**16**	**176,809**	101,173	**7,203**	-
Provisions	**17**	**95,697**	126,959	**40,003**	31,797
Deferred government grants	**18**	**995**	469	**995**	469
Derivative financial instruments	**19**	**1,991**	873	**-**	-
Total Current Liabilities		**786,879**	1,225,650	**1,805,821**	1,236,532
NON-CURRENT LIABILITIES					
Interest-bearing liabilities and borrowings	**15**	**436,219**	385,420	**-**	-
Deferred tax liabilities	**11**	**114,822**	108,062	**-**	-
Provisions	**17**	**30,924**	38,811	**7,373**	6,573
Deferred government grants	**18**	**10,605**	12,083	**10,605**	12,083
Retirement benefit liabilities	**13**	**116,401**	133,894	**-**	2,772
Total Non-Current Liabilities		**708,971**	678,270	**17,978**	21,428
TOTAL LIABILITIES		**1,495,850**	1,903,920	**1,823,799**	1,257,960
NET ASSETS		**4,215,194**	5,462,895	**2,265,244**	3,537,936
EQUITY					
Contributed equity	**20**	**1,139,228**	2,760,207	**1,139,228**	2,760,207
Reserves	**21**	**(242,615)**	15,198	**73,351**	55,565
Retained earnings	**22**	**3,318,581**	2,687,490	**1,052,665**	722,164
TOTAL EQUITY	**24**	**4,215,194**	5,462,895	**2,265,244**	3,537,936

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

CSL Limited

Statements of Changes in Equity

for the year ended 30 June 2010

Consolidated Group	Notes	Ordinary shares $000	Foreign currency translation reserve $000	Share based payment reserve $000	Retained earnings $000	Total $000
At 1 July 2009		**2,760,207**	**(50,541)**	**65,739**	**2,687,490**	**5,462,895**
Profit for the period		-	-	-	1,052,901	1,052,901
Other comprehensive income		-	(276,237)	-	7,667	(268,570)
Total comprehensive income for the full year		**-**	**(276,237)**	**-**	**1,060,568**	**784,331**
Transactions with owners in their capacity as owners						
Share based payments	21	-	-	18,424	-	18,424
Dividends	23	-	-	-	(429,477)	(429,477)
Share buy back	20	(1,640,584)	-	-	-	(1,640,584)
Capital raising tax benefit	20	9,341	-	-	-	9,341
Share issues	20					
- Employee share scheme		10,264	-	-	-	10,264
Balance as at 30 June 2010		**1,139,228**	**(326,778)**	**84,163**	**3,318,581**	**4,215,194**
At 1 July 2008		1,034,337	(171,552)	37,253	1,906,087	2,806,125
Profit for the period		-	-	-	1,145,932	1,145,932
Other comprehensive income		-	121,011	-	(45,037)	75,974
Total comprehensive income for the full year		-	121,011	-	1,100,895	1,221,906
Transactions with owners in their capacity as owners						
Share based payments	21	-	-	28,486	-	28,486
Dividends	23	-	-	-	(319,492)	(319,492)
Share issues	20					
- Employee share scheme		10,222	-	-	-	10,222
- Institutional offer		1,745,625	-	-	-	1,745,625
- Retail Offer		145,354	-	-	-	145,354
- Capital raising costs		(39,723)	-	-	-	(39,723)
Share buy back	20	(135,608)	-	-	-	(135,608)
Balance as at 30 June 2009		2,760,207	(50,541)	65,739	2,687,490	5,462,895

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

CSL Limited

Statements of Changes in Equity

for the year ended 30 June 2010

Parent Company	Notes	Ordinary shares $000	Foreign currency translation reserve $000	Share based payment reserve $000	Retained earnings $000	Total $000
At 1 July 2009		**2,760,207**	**-**	**55,565**	**722,164**	**3,537,936**
Profit for the period		-	-	-	759,431	759,431
Other comprehensive income		-	-	-	547	547
Total comprehensive income for the full year		**-**	**-**	**-**	**759,978**	**759,978**
Transactions with owners in their capacity as owners						
Share based payments	21	-	-	17,786	-	17,786
Dividends	23	-	-		(429,477)	(429,477)
Share buy back	20	(1,640,584)	-	-	-	(1,640,584)
Capital raising tax benefit	20	9,341	-	-	-	9,341
Share issues	20					
- Employee share scheme		10,264	-	-	-	10,264
Balance as at 30 June 2010		**1,139,228**	**-**	**73,351**	**1,052,665**	**2,265,244**
At 1 July 2008		1,034,337	-	27,823	634,195	1,696,355
Profit for the period		-	-	-	413,195	413,195
Other comprehensive income		-	-	-	(5,734)	(5,734)
Total comprehensive income for the full year		-	-	-	407,461	407,461
Transactions with owners in their capacity as owners						
Share based payments	21	-	-	27,742	-	27,742
Dividends	23	-	-	-	(319,492)	(319,492)
Share issues	20					
- Employee share scheme		10,222	-	-	-	10,222
- Institutional offer		1,745,625	-	-	-	1,745,625
- Retail Offer		145,354	-	-	-	145,354
- Capital raising costs		(39,723)	-	-	-	(39,723)
Share buy back	20	(135,608)	-	-	-	(135,608)
Balance as at 30 June 2009		2,760,207	-	55,565	722,164	3,537,936

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

CSL Limited
Cash Flow Statements
for the year ended 30 June 2010

		Consolidated Group		Parent Company	
		2010	2009	**2010**	2009
	Notes	**$000**	$000	**$000**	$000
Cash flows from Operating Activities					
Receipts from customers		**4,543,363**	4,756,195	**573,202**	384,296
Payments to suppliers and employees		**(3,213,925)**	(3,440,962)	**(374,635)**	(280,773)
Cash generated from operations		**1,329,438**	1,315,233	**198,567**	103,523
Income taxes paid		**(179,822)**	(294,150)	**(8,293)**	(63,953)
Interest received		**39,210**	66,198	**851**	2,510
Finance costs paid		**(20,334)**	(62,457)	**(336)**	-
Net cash inflow from operating activities	**25**	**1,168,492**	1,024,824	**190,789**	42,080
Cash flows from Investing Activities					
Proceeds from sale of property, plant and equipment		**641**	1,411	**-**	-
Dividends received		**-**	-	**6,151**	4,346
Payments for property, plant and equipment		**(244,288)**	(268,790)	**(80,504)**	(70,975)
Payments for intangible asset		**(51,926)**	(49,113)	**-**	-
Payments related to discontinued acquisition activities		**-**	(133,037)	**-**	-
Receipts from other financial assets		**2,619**	-	**-**	-
Net cash outflow from investing activities		**(292,954)**	(449,529)	**(74,353)**	(66,629)
Cash flows from Financing Activities					
Proceeds from issue of shares		**13,194**	1,859,903	**13,194**	1,859,903
Dividends paid	**23**	**(429,477)**	(319,492)	**(429,477)**	(319,492)
Advances (to)/from subsidiaries		**-**	-	**2,081,109**	(1,510,187)
Repayment of borrowings		**(214,821)**	(397,340)	**-**	-
Payment for shares bought back		**(1,721,317)**	(54,941)	**(1,721,317)**	(54,941)
Receipts/(payment) for settlement of finance hedges		**(126)**	(34,004)	**-**	-
Net cash inflow/(outflow) from financing activities		**(2,352,547)**	1,054,126	**(56,491)**	(24,717)
Net increase/(decrease) in cash and cash equivalents		**(1,477,009)**	1,629,421	**59,945**	(49,266)
Cash and cash equivalents at the beginning of the financial year		**2,522,192**	695,596	**(55,055)**	(5,789)
Exchange rate variations on foreign cash and cash equivalent balances		**(50,678)**	197,175	**-**	-
Cash at the end of the financial year	**25**	**994,505**	2,522,192	**4,890**	(55,055)

For non-cash financing activities refer to note 25.

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

1. Corporate information

CSL Limited is a company incorporated and domiciled in Australia and limited by shares publicly traded on the Australian Securities Exchange. This financial report covers both the separate financial statements of CSL Limited, as an individual entity and the consolidated financial statements for the consolidated entity consisting of CSL Limited (the Parent Company) and its subsidiaries (together referred to as the Group). The financial report was authorised for issue in accordance with a resolution of the directors on 18 August 2010.

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

Summary of significant accounting policies

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

(a) Basis of preparation

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

Critical accounting estimates

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

Rounding of amounts

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

Financial statement presentation

The Group has applied the revised AASB 101 *Presentation of Financial Statements* which became effective 1 January 2009. The revised standard requires the separate presentation of a statement of comprehensive income and a statement of changes in equity. All non-owner changes in equity must now be presented in the statement of comprehensive income. As a consequence, the Group had to change the presentation of its financial statements. Comparative information has been re-presented so that it is also in conformity with the revised standard.

Inclusion of parent entity information

The Group has elected to apply Class Order 10/654, issued by the Australian Securities and Investments Commission, which allows the company to include parent entity financial statements in this financial report.

(b) Principles of consolidation

i. Subsidiaries

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

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

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

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

1. Summary of significant accounting policies (continued)

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

(c) Segment reporting

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

(d) Foreign currency translation

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

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

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

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

(e) Revenue recognition

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

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

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

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

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

(f) Government grants

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

1. Summary of significant accounting policies (continued)

(g) Borrowing costs

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

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

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

(i) Income tax

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

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

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

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

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

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

(j) Cash, cash equivalents and bank overdrafts

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

(k) Trade and other receivables

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

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

(l) Inventories

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value.
Cost includes direct material and labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

1. Summary of significant accounting policies (continued)

(m) Investments and other financial assets

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

i. *Financial assets at fair value through profit and loss*

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

ii. *Loans and receivables*

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

iii. *Available for sale investments*

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

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

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

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

(n) Business combinations

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

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

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

1. Summary of significant accounting policies (continued)

(o) Property, plant and equipment

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

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

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

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

(p) Impairment of assets

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

(q) Leasehold improvements

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

(r) Leases

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

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

1. Summary of significant accounting policies (continued)

(s) Goodwill and intangibles

i. Goodwill

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

ii. Intangibles

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

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

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

iii. IT development and software

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

iv. Research and development costs

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

(t) Trade and other payables

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

(u) Interest-bearing liabilities and borrowings

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

1. Summary of significant accounting policies (continued)

(v) Derivative financial instruments

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

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

(w) Provisions

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

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

(x) Employee benefits

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

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

(y) Pension plans

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

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

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

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

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

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

1. Summary of significant accounting policies (continued)

(z) Share-based payment transactions

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

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

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

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

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

Share based payment awards granted by CSL Limited, the Parent Company, to the employees of its subsidiaries are recognised in the Parent Company's separate financial statements as an additional investment in the subsidiary with a corresponding credit to the share based payment reserve in equity. In accordance with the requirements of AASB Interpretation 11, the share based payment expense attributable to grants made to a subsidiary's employees is reflected in the subsidiary's statement of comprehensive income.

(aa) Contributed equity

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

(bb) Earnings per share

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

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

(cc) Dividends

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

1. Summary of significant accounting policies (continued)

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

Certain new and revised accounting standards and interpretations have been published that are not mandatory for the 30 June 2010 reporting period. An assessment of the impact of these new standards and interpretations is set out below.

Amendments to Australian Accounting Standards: AASB 2009-5, AASB 2009-8, AASB 2009-9, AASB 2009-10, AASB 2009-11, AASB 2009-12, AASB 2009-13 and AASB 2009-14

These amendments prescribe certain recognition, measurement and disclosure rules in respect to certain types of transactions, assets and liabilities. In many instances where the amendments are relevant to the preparation of CSL Limited's parent and consolidated entity financial statements, respectively, they generally clarify that the accounting policies historically adopted by the parent and the Group are now mandatorily applicable. As such, on the date of their respective first time application, each of the aforementioned amendments to Australian Accounting Standards is not expected to result in a material change to the manner in which the Parent Entity's and the Group's respective financial result is determined or upon the extent of disclosures included in future financial reports. More specifically, in respect to those amendments of greatest relevance:

i. Amendments to AASB 117 in respect to leases over land are unlikely to result in any finance leases in respect to leased land being recognised in financial reports. Leases over land will most likely continue to be classified as operating leases in nature;

ii. Amendments to AASB 107 prescribe that only expenditure leading to the creation of an asset can be classified as an investing cash flow. This is consistent with the Group's current accounting policy;

iii. Amendments to AASB 2 prescribe that the expense incurred as a result of the provision of a cash-settled share-based payment transaction be borne by the entity who receives the goods and services irrespective of which entity actually settles the transaction. These amendments mandate an outcome consistent with the Group's current accounting policy.

iv. Amendments which prescribe new rules pertaining to the initial classification and potential subsequent reclassification of financial assets and to the measurement of financial assets under either the amortised cost or fair value regimes are not likely to result in a different classification or a different basis of measurement to that currently applicable to the financial assets that are presented in this financial report.

(ee) Critical accounting estimates and judgements

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

i. Testing goodwill and intangible assets for impairment

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

ii. Income taxes

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

iii. Trade and other receivables

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

2 Segment Information

Description of Segments
Reportable segments are:

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

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

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

2 Segment Information (continued)

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

2 Segment Information (continued)

	CSL Behring 2009 $000	Intellectual Property Licensing 2009 $000	Other Human Health 2009 $000	Intersegment Elimination 2009 $000	Consolidated Group 2009 $000
Sales to external customers	3,786,429	-	835,958	-	4,622,387
Inter-segment sales	112,024	-	6,147	(118,171)	-
Other revenue / other Income (excl interest income)	10,666	165,282	8,954	-	184,902
Total segment revenue	**3,909,119**	**165,282**	**851,059**	**(118,171)**	**4,807,289**
Interest income					63,444
Unallocated revenue / income					168,672
Consolidated revenue					**5,039,405**
Segment EBIT	**1,203,010**	**141,171**	**12,161**	**-**	**1,356,342**
Unallocated revenue / income less unallocated costs					11,870
Consolidated EBIT					**1,368,212**
Interest income					63,444
Finance costs					(61,909)
Consolidated profit before tax					**1,369,747**
Income tax expense					(223,815)
Consolidated net profit after tax					**1,145,932**
Amortisation and impairment loss	31,290	-	20,053	-	51,343
Depreciation	91,033	-	37,567	-	128,600
Segment EBITDA	**1,325,333**	**141,171**	**69,781**	**-**	**1,536,285**
Unallocated revenue / income less unallocated costs					11,870
Unallocated depreciation and amortisation					1,663
Consolidated EBITDA					**1,549,818**
Segment assets	4,686,061	33,051	748,707	(112,039)	5,355,780
Other unallocated assets					2,581,910
Elimination of amounts between operating segments and unallocated					(570,875)
Total assets					**7,366,815**
Segment liabilities	1,537,109	5,481	379,261	(112,039)	1,809,812
Other unallocated liabilities					664,983
Elimination of amounts between operating segments and unallocated					(570,875)
Total liabilities					**1,903,920**
Other information - capital expenditure					
- Property, plant and equipment	197,206	-	71,584	-	268,790
- Payments for Intellectual property	32,292	-	-	-	32,292
- Payments for software intangibles	16,821	-	-	-	16,821
Total capital expenditure	**246,319**	**-**	**71,584**	**-**	**317,903**

CSL Limited and its controlled entities
Notes to the Financial Statements
for the year ended 30 June 2010

2 Segment Information (continued)

Geographic areas	Australia	United States	Switzerland	Germany	Rest of world	Total
June 2010	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**
External sales revenue	**620,757**	**1,742,487**	**153,607**	**675,843**	**1,263,127**	**4,455,821**
Property, plant, equipment and intangible assets	**454,473**	**445,479**	**992,360**	**251,638**	**19,402**	**2,163,352**
June 2009						
External sales revenue	613,269	1,739,585	199,752	759,915	1,309,866	4,622,387
Property, plant, equipment and intangible assets	417,347	428,748	1,038,129	265,193	22,632	2,172,049

	Consolidated Group		Parent Company	
	2010 **$000**	2009 $000	**2010** **$000**	2009 $000
3 Revenue and expenses from continuing operations				
Revenue				
Sales revenue	**4,455,821**	4,622,387	**746,577**	569,212
Other revenue				
Royalties and licence revenue	**111,530**	165,282	**111,530**	165,282
Finance revenue	**40,485**	63,444	**1,352**	2,510
Rent	**1,003**	1,049	**1,003**	1,049
Dividend revenue – subsidiaries	**-**	-	**638,152**	334,346
Other revenue	**18,105**	17,891	**13,148**	7,224
Total other revenues	**171,123**	247,666	**765,185**	510,411
Total revenue from continuing operations	**4,626,944**	4,870,053	**1,511,762**	1,079,623
Finance revenue comprises:				
Interest income:				
Other persons and/or corporations	**40,395**	63,391	**1,262**	2,457
Key management personnel and other staff	**90**	53	**90**	53
	40,485	63,444	**1,352**	2,510
Other income				
Government grants	**-**	680	**-**	680
Net foreign exchange gain	**-**	168,672	**-**	8,594
Total other income	**-**	169,352	**-**	9,274

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

Finance costs				
Interest expense:				
Other persons and/or corporations	**18,157**	61,909	**336**	-
Total finance costs	**18,157**	61,909	**336**	-

		Consolidated Group		Parent Company	
		2010	2009	**2010**	2009
	Notes	**$000**	$000	**$000**	$000
3 Revenue and expenses (continued)					
Depreciation and amortisation					
Depreciation and amortisation of fixed assets					
Building depreciation	**10**	**12,302**	12,990	**5,474**	5,381
Plant and equipment depreciation	**10**	**105,741**	103,994	**32,927**	32,782
Leased property, plant and equipment amortisation	**10**	**3,445**	3,822	**-**	-
Leasehold improvements amortisation	**10**	**4,239**	3,776	**797**	797
Total depreciation and amortisation of fixed assets		**125,727**	124,582	**39,198**	38,960
Amortisation of intangibles					
Intellectual property	**12**	**23,433**	35,470	**-**	-
Software	**12**	**7,455**	5,681	**-**	-
Total amortisation of intangibles		**30,888**	41,151	**-**	-
Impairment loss					
Intellectual property	**12**	**-**	15,873	**-**	-
Total depreciation, amortisation and impairment expense		**156,615**	181,606	**39,198**	38,960
Other expenses					
Write-down of inventory to net realisable value		**71,863**	74,566	**25,247**	3,739
Doubtful debts		**10,823**	4,331	**-**	-
Net loss on disposal of property, plant and equipment		**1,168**	1,170	**-**	407
Net foreign exchange loss		**10,312**	-	**6,511**	-
Lease payments and related expenses					
Rental expenses relating to operating leases		**39,504**	42,562	**2,148**	2,424
Employee benefits expense					
Salaries and wages		**975,321**	1,013,194	**197,006**	171,904
Defined benefit plan expense	**26(a)**	**21,526**	19,818	**1,847**	1,717
Defined contribution plan expense	**26(b)**	**19,901**	19,433	**12,390**	11,605
Share based payments expense	**21**	**16,725**	16,801	**6,309**	7,972
		1,033,473	1,069,246	**217,552**	193,198

		Consolidated Group		Parent Company	
		2010	2009	**2010**	2009
	Notes	**$000**	$000	**$000**	$000

3 Revenue and expenses (continued)

Significant items included in the calculation of profit after tax

i. Discontinued acquisition and related costs

In August 2008 the Group entered into a contract to acquire Talecris Biotherapeutics Holdings Corp. This transaction was ultimately blocked by regulators in the US and the contract terminated in June 2009.

Equity capital raised in August 2008 was converted to US Dollars and placed on interest bearing deposit and subsequently converted back to Australian Dollars giving rise to a foreign exchange gain. In addition, the Group incurred a break fee on termination of the contract, costs associated with the establishment of financing facilities and professional fees. These items are considered to be significant items and are non-recurring in nature. The amounts involved are set out below with a reference to the relevant line item in the statement of comprehensive income.

Interest income (Other Revenue)	-	32,800	-	-
Foreign exchange gain (Other Income)	-	157,300	-	-
Finance facility costs (Finance Costs)	-	(26,100)	-	-
Break Fee (General & Administration Expenses)	-	(95,396)	-	-
Professional Fees (General & Administration Expenses)	-	(38,504)	-	-
Net impact on profit before tax	-	30,100	-	-
Tax benefit	-	48,582	-	-
Net impact on profit after tax	-	78,682	-	-

ii. Revaluation of certain deferred tax assets

While unrealised profits on inter-company transactions are eliminated on consolidation the shipping of inventory from one jurisdiction to another does result in a deferred tax balance being recorded in accordance with AASB112 – Income Taxes. During 2009 increasing divergence in the tax rates applicable to the selling and buying entity have necessitated an upwards revaluation of the deferred tax asset. The benefit on revaluation is considered significant in the context of the 2009 result. The amount involved is set out below and by its nature is volatile from one year to the next:

Benefit realised on the revaluation of certain deferred tax assets	-	32,356	-	-

	Notes	Consolidated Group 2010 $000	Consolidated Group 2009 $000	Parent Company 2010 $000	Parent Company 2009 $000
4 Income tax expense					
Income tax expense recognised in the statement of comprehensive income					
Current tax expense					
Current year		**304,252**	230,735	**22,609**	4,800
Deferred tax expense					
Origination and reversal of temporary differences	11	**34,253**	6,654	**3,329**	422
Tax losses recognised		**-**	(3,782)	**-**	-
		34,253	2,872	**3,329**	422
Under/(over) provided in prior years		**(11,951)**	(9,792)	**(8,531)**	(13,041)
Income tax expense		**326,554**	223,815	**17,407**	(7,819)

Reconciliation between tax expense and pre-tax net profit

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

	Notes	Consolidated Group 2010 $000	Consolidated Group 2009 $000	Parent Company 2010 $000	Parent Company 2009 $000
Accounting profit before income tax		**1,379,455**	1,369,747	**776,838**	405,376
Income tax calculated at 30% (2008: 30%)		**413,836**	410,924	**233,052**	121,613
Research and development		**(13,569)**	(14,245)	**(13,113)**	(14,112)
Exempt dividends received		**-**	-	**(191,446)**	(100,304)
Other non-deductible/(non-assessable) items		**1,388**	(58,826)	**(2,555)**	(1,975)
Utilisation of tax losses/unrecognised deferred tax		**-**	(3,782)	**-**	-
Revaluation of deferred tax balances		**58**	(7,180)	**-**	-
Effects of different rates of tax on overseas income		**(63,208)**	(93,284)	**-**	-
Under/(over) provision in prior year		**(11,951)**	(9,792)	**(8,531)**	(13,041)
Income tax expense (benefit)		**326,554**	223,815	**17,407**	(7,819)
Income tax recognised directly in equity					
Deferred tax benefit/(expense)					
Share based payments		**1,699**	11,685	**1,061**	10,941
Capital raising costs		**5,636**	-	**5,636**	-
Income tax benefit/(expense) recognised in equity	11	**7,335**	11,685	**6,697**	10,941

Tax consolidation in Australia

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

Tax effect accounting by members of the tax consolidated group in Australia

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

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

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

4 Income tax (continued)

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

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

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

	Consolidated Group	
	2010	2009
	$000	$000
5 Earnings Per Share		
Earnings used in calculating basic and dilutive earnings per share comprises:		
Profit attributable to ordinary shareholders	**1,052,901**	1,145,932

	Number of shares	
	2010	2009
Weighted average number of ordinary shares used in the calculation of basic earnings per share:	**566,781,567**	595,243,751
Effect of dilutive securities:		
Employee options	**444,613**	642,387
Employee performance rights	**1,336,412**	1,765,691
Global employee share plan	**312**	2,302
Adjusted weighted average number of ordinary shares used in the calculation of diluted earnings per share:	**568,562,904**	597,654,131

Conversions, calls, subscription or issues after 30 June 2010

Subsequent to 30 June 2010, 5,157 shares have been issued to employees as a result of the exercise of performance rights and performance options. There have been no other conversions to, calls of, or subscriptions for ordinary shares or issues of ordinary or potential ordinary shares since the reporting date and before the completion of this financial report.

Options and performance rights

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

		Consolidated Group		Parent Company	
		2010	2009	**2010**	2009
		$000	$000	**$000**	$000
6	**Cash and cash equivalents**				
	Cash at bank and on hand	**257,756**	410,278	**4,890**	-
	Cash deposits	**743,303**	2,117,819	**-**	-
		1,001,059	2,528,097	**4,890**	-

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

		Consolidated Group		Parent Company	
		2010	2009	**2010**	2009
		$000	$000	**$000**	$000
7	**Trade and other receivables**				
	Current				
	Trade receivables	**827,078**	779,140	**25,394**	33,376
	Less: Provision for impairment loss *(i)*	**(25,615)**	(20,254)	**(118)**	(118)
		801,463	758,886	**25,276**	33,258
	Sundry receivables	**54,911**	99,992	**24,284**	58,283
	Prepayments	**26,628**	27,006	**2,932**	2,834
	Receivables – wholly owned subsidiaries	**-**	-	**2,060,562**	2,805,438
	Receivables – partly owned subsidiaries	**-**	-	**-**	199
	Carrying amount of current trade and other receivables*	**883,002**	885,884	**2,113,054**	2,900,012
	Non Current				
	Related parties				
	Loans to key management personnel – other executives**	**979**	620	**979**	620
	Loans to other employees	**2,499**	5,788	**2,499**	5,788
	Long term deposits	**4,092**	3,817	**-**	-
	Carrying amount of non current trade and other receivables*	**7,570**	10,225	**3,478**	6,408

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

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

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

As at 30 June 2010, the Parent Company and the Group had current trade receivables which were impaired and which had nominal values of $118,160 (2009: $118,160) and $25,614,775 (2009: $20,253,449) respectively. These receivables have been provided for within the company's and the Group's respective provisions for impairment loss. Amounts charged to the provision account are generally written off when there is no expectation of recovering additional cash. Movements in the provision for impairment loss are reconciled as follows:

Opening balance at 1 July	**20,254**	20,415	**118**	118
Additional allowance / (utilised)	**8,693**	(168)	**-**	-
Currency translation differences	**(3,332)**	7	**-**	-
Closing balance at 30 June	**25,615**	20,254	**118**	118

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

(ii) Other receivables

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

		Consolidated Group		Parent Company	
		2010	2009	**2010**	2009
		$000	$000	**$000**	$000
8	**Inventories**				
	Raw materials and stores – at cost	**300,107**	375,408	**38,716**	24,395
	Less: Allowance for diminution in value	**(11,306)**	(7,008)	**(246)**	(389)
	Raw materials and stores – net	**288,801**	368,400	**38,470**	24,006
	Work in progress – at cost	**570,121**	549,458	**48,717**	40,287
	Less: Allowance for diminution in value	**(37,530)**	(27,785)	**(18,932)**	(6,627)
	Work in progress – net	**532,591**	521,673	**29,785**	33,660
	Finished goods – at cost	**653,012**	647,634	**41,264**	33,323
	Less: Allowance for diminution in value	**(19,788)**	(15,668)	**(1,332)**	(881)
	Finished goods - net	**633,224**	631,966	**39,932**	32,442
	Total inventories at the lower of cost and net realisable value	**1,454,616**	1,522,039	**108,187**	90,108

		Consolidated Group 2010 $000	Consolidated Group 2009 $000	Parent Company 2010 $000	Parent Company 2009 $000
9	**Other financial assets**				
	Current				
	At fair value through the profit or loss:				
	Managed financial assets (held for trading)	**479**	854	**-**	-
	Non-current				
	At fair value through the profit or loss:				
	Managed financial assets	**4,589**	8,397	**-**	-
	Shares in subsidiaries – at cost (refer note 32)	**-**	-	**1,359,392**	1,348,974
	Total non-current other financial assets as at 30 June	**4,589**	8,397	**1,359,392**	1,348,974

		Consolidated Group		Parent Company	
		2010	2009	**2010**	2009
		$000	$000	**$000**	$000
10	**Property, Plant and Equipment**				
	Land at cost				
	Opening balance 1 July	**25,589**	25,437	**25,030**	25,030
	Currency translation differences	**(95)**	152	**-**	-
	Closing balance 30 June	**25,494**	25,589	**25,030**	25,030
	Buildings at cost				
	Opening balance 1 July	**266,756**	256,511	**122,362**	121,260
	Transferred from capital work in progress	**21,936**	20,921	**19,023**	1,183
	Other additions	**509**	465	**-**	-
	Disposals	**(476)**	(722)	**-**	(81)
	Transfers	**-**	(27,024)	**-**	-
	Currency translation differences	**(13,689)**	16,605	**-**	-
	Closing balance 30 June	**275,036**	266,756	**141,385**	122,362
	Accumulated depreciation and impairment losses				
	Opening balance 1 July	**58,702**	61,813	**40,613**	35,235
	Depreciation for the year	**12,302**	12,990	**5,474**	5,381
	Disposals	**(236)**	(640)	**-**	(3)
	Transfers	**-**	(19,512)	**-**	-
	Currency translation differences	**(4,357)**	4,051	**-**	-
	Closing balance 30 June	**66,411**	58,702	**46,087**	40,613
	Net book value of buildings	**208,625**	208,054	**95,298**	81,749
	Net book value of land and buildings	**234,119**	233,643	**120,328**	106,779
	Leasehold improvements at cost				
	Opening balance 1 July	**67,479**	14,399	**8,128**	8,128
	Transferred from capital work in progress	**6,617**	18,760	**-**	-
	Other additions	**900**	1,519	**-**	-
	Disposals	**(5,952)**	(1,447)	**-**	-
	Transfers	**-**	29,127	**-**	-
	Currency translation differences	**(1,960)**	5,121	**-**	-
	Closing balance 30 June	**67,084**	67,479	**8,128**	8,128
	Accumulated amortisation and impairment				
	Opening balance 1 July	**29,611**	1,812	**1,554**	757
	Amortisation for the year	**4,239**	3,776	**797**	797
	Disposals	**(5,539)**	(1,432)	**-**	-
	Transfers	**-**	20,792	**-**	-
	Currency translation differences	**(1,448)**	4,663	**-**	-
	Closing balance 30 June	**26,863**	29,611	**2,351**	1,554
	Net book value of leasehold improvements	**40,221**	37,868	**5,777**	6,574

	Consolidated Group		Parent Company	
	2010	2009	**2010**	2009
	$000	$000	**$000**	$000
10 Property, Plant and Equipment (continued)				
Plant and equipment at cost				
Opening balance 1 July	**1,321,694**	1,098,728	**592,913**	584,702
Transferred from capital work in progress	**218,655**	150,291	**74,002**	8,695
Other additions	**6,085**	17,146	**-**	-
Disposals	**(28,638)**	(31,857)	**-**	(484)
Transfers	**-**	4,083	**-**	-
Currency translation differences	**(112,063)**	83,303	**-**	-
Closing balance 30 June	**1,405,733**	1,321,694	**666,915**	592,913
Accumulated depreciation and impairment				
Opening balance 1 July	**725,632**	591,608	**429,558**	396,930
Depreciation for the year	**105,741**	103,994	**32,927**	32,782
Disposals	**(27,968)**	(29,970)	**-**	(154)
Transfers	**-**	(1,280)	**-**	-
Currency translation differences	**(65,147)**	61,280	**-**	-
Closing balance 30 June	**738,258**	725,632	**462,485**	429,558
Net book value of plant and equipment	**667,475**	596,062	**204,430**	163,355
Leased property, plant and equipment at cost				
Opening balance 1 July	**45,293**	36,893	**-**	-
Other additions	**1,478**	7,691	**-**	-
Disposals	**(992)**	(1,698)	**-**	-
Currency translation differences	**(8,309)**	2,407	**-**	-
Closing balance 30 June	**37,470**	45,293	**-**	-
Accumulated amortisation and impairment				
Opening balance	**15,947**	11,821	**-**	-
Amortisation for the year	**3,445**	3,822	**-**	-
Disposals	**(617)**	(1,102)	**-**	-
Currency translation differences	**(4,574)**	1,406	**-**	-
Closing balance 30 June	**14,201**	15,947	**-**	-
Net book value of leased property, plant and equipment	**23,269**	29,346	**-**	-
Capital work in progress				
Opening balance 1 July	**265,647**	190,410	**103,141**	42,044
Other additions	**236,794**	249,659	**80,504**	70,975
Disposals	**(65)**			
Transferred to buildings at cost	**(21,936)**	(20,921)	**(19,023)**	(1,183)
Transferred to plant and equipment at cost	**(218,655)**	(150,291)	**(74,002)**	(8,695)
Transferred to leasehold improvements at cost	**(6,617)**	(18,760)	-	-
Transfers	**-**	(6,186)	-	-
Currency translation differences	**(12,413)**	21,736	-	-
Closing balance 30 June	**242,755**	265,647	**90,620**	103,141
Total net book value of property, plant and equipment	**1,207,839**	1,162,566	**421,155**	379,849

Certain property, plant and equipment and capital work in progress comparative figures have been restated to exclude amounts referrable to intangible software assets. Intangible software assets are disclosed in note 12.

11 Deferred tax assets and liabilities

	Consolidated Group		Parent Company	
	2010	2009	**2010**	2009
	$000	$000	**$000**	$000
Deferred tax asset	**191,410**	227,096	**15,517**	12,384
Deferred tax liability	**(114,822)**	(108,062)	**-**	-
Net deferred tax asset / (liability)	**76,588**	119,034	**15,517**	12,384
Deferred tax balances reflect temporary differences attributable to:				
Amounts recognised in the statement of comprehensive income				
Trade and other receivables	**(6,797)**	3,651	**238**	(109)
Inventories	**73,144**	75,380	**(1,469)**	(3,615)
Property, plant and equipment	**(54,373)**	(54,887)	**(17,276)**	(16,864)
Intangible assets	**(29,482)**	(8,874)	**-**	-
Other assets	**(128)**	189	**(1,468)**	-
Trade and other payables	**7,385**	11,072	**4,189**	7,977
Interest bearing liabilities	**4,152**	4,279	**-**	-
Other liabilities and provisions	**39,769**	35,940	**17,485**	14,577
Retirement assets / liabilities	**12,764**	16,004	**1,136**	1,387
Tax bases not in net assets – share based payments	**5,979**	14,731	**3,328**	6,374
Recognised carry-forward tax losses	**13,155**	17,864	**-**	-
	65,568	115,349	**6,163**	9,727
Amounts recognised in equity				
Capital raising costs	**5,636**	-	**5,636**	-
Share based payments	**5,384**	3,685	**3,718**	2,657
	11,020	3,685	**9,354**	2,657
Net deferred tax asset/(liability)	**76,588**	119,034	**15,517**	12,384
Movement in temporary differences during the year				
Opening balance	**119,034**	79,561	**12,384**	(593)
Credited/(charged) to profit before tax	**(34,253)**	(6,654)	**(3,329)**	(422)
Credited/(charged) to other comprehensive income	**2,402**	12,056	**(235)**	2,458
Credited/(charged) to equity	**7,335**	11,685	**6,697**	10,941
Currency translation difference	**(17,930)**	22,386	**-**	-
Closing balance	**76,588**	119,034	**15,517**	12,384
Unrecognised deferred tax assets				
Deferred tax assets have not been recognised in respect of the following items:				
Tax losses:				
Expiry date in less than 1 year	**-**	-	-	-
Expiry date greater than 1 year but less than 5 years	**115**	132	-	-
Expiry date greater than 5 years	**-**	-	-	-
No expiry date	**841**	954	-	-
	956	1,086	-	-

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

		Consolidated Group		Parent Company	
		2010	2009	**2010**	2009
	Notes	**$000**	$000	**$000**	$000
12 Intangible Assets					
Carrying amounts					
Goodwill					
Opening balance at 1 July		**758,298**	672,519	**-**	-
Currency translation differences		**(36,258)**	85,779	**-**	-
Closing balance at 30 June		**722,040**	758,298	**-**	-
Intellectual property					
Opening balance at 1 July		**367,965**	330,356	**20,000**	20,000
Additions		**2,166**	-	**-**	-
Disposals		**(259)**	(59)	**-**	-
Currency translation differences		**(11,636)**	37,668	**-**	-
Closing balance at 30 June		**358,236**	367,965	**20,000**	20,000
Accumulated amortisation and impairment					
Opening balance at 1 July		**151,716**	92,365	**20,000**	20,000
Amortisation for the year		**23,433**	35,470	**-**	-
Current year impairment charge	**3**	**-**	15,873	**-**	-
Amortisation written back on disposal		**(259)**	(59)	**-**	-
Currency translation differences		**(3,315)**	8,067	**-**	-
Closing balance at 30 June		**171,575**	151,716	**20,000**	20,000
Net intellectual property		**186,661**	216,249	**-**	-
Software					
Opening balance at 1 July		**40,194**	20,612	**-**	-
Additions		**20,991**	16,821	**-**	-
Currency translation differences		**(1,785)**	2,761	**-**	-
Closing balance at 30 June		**59,400**	40,194	**-**	-
Accumulated amortisation and impairment				**-**	-
Opening balance at 1 July		**5,258**	-	**-**	-
Amortisation for the year		**7,455**	5,681	**-**	-
Currency translation differences		**(125)**	(423)	**-**	-
Closing balance at 30 June		**12,588**	5,258	**-**	-
Net Software		**46,812**	34,936	**-**	-
Total net intangible assets as at 30 June		**955,513**	1,009,483	**-**	-

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

Impairment tests for cash generating units containing goodwill
For the purpose of impairment testing, goodwill is allocated to the business unit which represents the lowest level within the Group at which the goodwill is monitored for internal management purposes. The aggregate carrying amounts of goodwill allocated to each unit are as follows:

CSL Behring	**709,957**	746,215	-	-
CSL Biotherapies	**12,083**	12,083	-	-
Closing balance of goodwill as at 30 June	**722,040**	758,298	-	-

The impairment tests for these cash generating units is based on value in use calculations. These calculations use cash flow projections based on actual operating results and the three-year strategic business plan, after which a terminal value is calculated based on a business valuation multiple. The valuation multiple has been calculated based on independent external analyst views, long term government bond rates and the company's pre-tax cost of debt. Projected cash flows have been discounted by using the implied pre-tax discount rate of 11.4% (2009: 11.7%) associated with the business valuation multiple discussed above. Each unit's recoverable amount exceeds the carrying value of its net assets, inclusive of goodwill. It is not considered a reasonable possibility for a change in assumptions to occur that would lead to a unit's recoverable amount falling below the carrying value of each unit's respective net assets.

		Consolidated Group		Parent Company	
		2010	2009	**2010**	2009
		$000	$000	**$000**	$000
13	**Retirement benefit assets and liabilities**				
	Retirement benefit assets				
	Non-current defined benefit plans (refer note 26)	**4,967**	-	**1,147**	-
	Retirement benefit liabilities				
	Non-current defined benefit plans (refer note 26)	**116,401**	133,894	**-**	2,772
14	**Trade and other payables**				
	Current				
	Trade payables	**210,180**	271,835	**44,092**	71,865
	Accruals and other payables	**275,223**	391,983	**50,227**	64,862
	Payable – wholly owned subsidiaries	**-**	-	**1,663,301**	1,012,484
	Carrying amount of current trade and other payables	**485,403**	663,818	**1,757,620**	1,149,211
15	**Interest-bearing liabilities and borrowings**				
	Current				
	Bank overdrafts – Unsecured	**6,554**	5,905	**-**	55,055
	Bank loans – Unsecured *(a)*	**-**	305,518	**-**	-
	Senior Unsecured Notes - Unsecured *(b)*	**16,312**	17,706	**-**	-
	Lease liability – Secured *(c)*	**3,118**	3,229	**-**	-
		25,984	332,358	**-**	55,055
	Non-current				
	Bank loans - Unsecured *(a)*	**196,984**	96,468	**-**	-
	Senior Unsecured Notes - Unsecured *(b)*	**207,159**	248,851	**-**	-
	Lease liability - Secured *(c)*	**32,076**	40,101	**-**	-
		436,219	385,420	**-**	-

(a) This facility matures in March 2012. Interest on the facility is paid quarterly in arrears at a variable rate. As at the reporting date the Group had $53m in undrawn funds available under this facility.

(b) Represents US$116.6 million and Euro 60.7 million of Senior Unsecured Notes placed into the US Private Placement market. The notes have biannual repayments and mature in December 2012. The interest rate on the US$ notes is fixed at 5.30% and 5.90%. The interest rate on the Euro notes is fixed at 3.98% and 4.70%.

(c) Finance leases have an average lease term of 13 years (2009: 14 years). The weighted average discount rate implicit in the leases is 5.51% (2009: 5.72%). The Group's lease liabilities are secured by leased assets of $23.3 million (2009: $29.3 million). In the event of default, leased assets revert to the lessor.

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

		Consolidated Group		Parent Company	
		2010	2009	**2010**	2009
		$000	$000	**$000**	$000
16	**Tax assets**				
	Current tax receivable	**-**	12,174	**-**	12,174
	Tax receivable – wholly owned subsidiaries	**-**	-	**62,223**	45,987
		-	12,174	**62,223**	58,161
	Tax liabilities				
	Current income tax liability	**176,809**	101,173	**7,203**	-
		176,809	101,173	**7,203**	-
17	**Provisions**				
	Current				
	Employee benefits	**74,532**	73,305	**32,851**	31,158
	Restructuring	**6,458**	7,757	**6,458**	-
	Onerous contracts	**11,721**	14,217	**-**	-
	Surplus lease space	**-**	77	**-**	-
	Provision for contingent consideration	**-**	26,247	**-**	-
	Other	**2,986**	5,356	**694**	639
		95,697	126,959	**40,003**	31,797
	Non-current				
	Employee benefits	**29,729**	37,326	**6,522**	5,423
	Other	**1,195**	1,485	**851**	1,150
		30,924	38,811	**7,373**	6,573

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

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

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

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

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

		Consolidated Group		Parent Company	
		2010	2009	**2010**	2009
		$000	$000	**$000**	$000
17	**Provisions (continued)**				
	Movements in provisions				
	Restructuring				
	Opening balance	**7,757**	6,941	**-**	-
	Provided / (released)	**(474)**	-	**6,458**	-
	Payments made	**-**	-	**-**	-
	Currency differences	**(825)**	816	**-**	-
	Closing balance	**6,458**	7,757	**6,458**	-
	Onerous contracts				
	Opening balance	**14,217**	13,427	-	-
	Provisions recognised	**-**	-	-	-
	Payments made	**-**	-	-	-
	Currency differences	**(2,496)**	790	-	-
	Closing balance	**11,721**	14,217	-	-
	Surplus lease space				
	Opening balance	**77**	195	-	-
	Payments made	**(73)**	(171)	-	-
	Currency differences	**(4)**	53	-	-
	Closing balance	**-**	77	-	-
	Contingent consideration				
	Opening balance	**26,247**	49,437	-	-
	Payments made	**(28,769)**	(32,292)	-	-
	Currency differences	**2,522**	9,102	-	-
	Closing balance	**-**	26,247	-	-
	Other				
	Opening balance	**6,841**	3,472	**1,790**	1,984
	Additional provision	**1,719**	5,214	**1,172**	795
	Payments made	**(1,481)**	(1,852)	**(1,417)**	(990)
	Currency differences	**(2,898)**	7	**-**	-
	Closing balance	**4,181**	6,841	**1,545**	1,789
18	**Deferred government grants**				
	Current deferred income	**995**	469	**995**	469
	Non-current deferred income	**10,605**	12,083	**10,605**	12,083
	Total deferred government grants	**11,600**	12,552	**11,600**	12,552
19	**Derivative financial instruments – current liabilities**				
	Forward Currency Contracts	**1,991**	873	-	-

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

	Consolidated Group		Parent Company	
	2010	2009	**2010**	2009
	$000	$000	**$000**	$000
20 Contributed equity				
Ordinary shares issued and fully paid	**1,139,228**	2,760,207	**1,139,228**	2,760,207

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or proxy, at a meeting of the company.

	2010		2009	
	Number of shares	**$000**	Number of shares	$000
Movement in ordinary shares on issue				
Opening balance at 1 July	599,239,428	2,760,207	550,400,606	1,034,337
Shares issued to parties other than CSL employees through participation in:				
- Institutional Offer for $36.75 consideration	**-**	**-**	47,500,000	1,745,625
- Retail Offer for $36.75 consideration	**-**	**-**	3,955,203	145,354
- Capital raising costs in respect to the institutional and retail offers	**-**	**-**	-	(39,723)
- Capital raising tax benefit	**-**	**9,341**	-	-
Shares issued to employees via:				
- SESOP II *(i)*	**77,040**	**670**	347,000	3,066
- Performance Options *(ii)*	**253,154**	**4,432**	104,235	1,822
- Performance Rights (for nil consideration)	**539,006**	**-**	1,024,751	-
- GESP *(iii)*	**186,124**	**5,162**	168,767	5,334
Share buy-back, inclusive of cost	**(50,601,866)**	**(1,640,584)**	(4,261,134)	(135,608)
Closing balance	**549,692,886**	**1,139,228**	599,239,428	2,760,207

	Consolidated Group		Parent Company	
	2010	2009	**2010**	2009
	$000	$000	**$000**	$000
(i) Options exercised under SESOP II as disclosed in note 27 were as follows:				
- 9,240 issued at $4.06 (2009: 194,400 issued at $4.06)	**38**	789	**38**	789
- 67,800 issued at $9.32 (2009: 32,600 issued at $9.32)	**632**	304	**632**	304
- Nil (2009: 120,000 issued at $16.44)	**-**	1,973	**-**	1,973
	670	3,066	**670**	3,066
(ii) Options exercised under Performance Option plans as disclosed in note 27 were as follows				
- 252,769 issued at $17.48 (2009: 104,235 issued at $17.48)	**4,418**	1,822	**4,418**	1,822
- 385 issued at $35.46 (2009: Nil)	**14**	-	**14**	-
	4,432	1,822	**4,432**	1,822
(iii) Shares issued to employees under Global Employee Share Plan (GESP) as disclosed in note 27 were as follows:				
- 93,696 issued at $27.45 on 7 September 2009	**2,572**	2,260	**2,572**	2,260
- 92,428 issued at $28.02 on 10 March 2010	**2,590**	3,074	**2,590**	3,074
	5,162	5,334	**5,162**	5,334

	Consolidated Group		Parent Company	
	2010	2009	**2010**	2009
	\$000	\$000	**\$000**	\$000
21 Reserves				
Share based payments reserve	**84,163**	65,739	**73,351**	55,565
Foreign currency translation reserve	**(326,778)**	(50,541)	**-**	-
Carrying value of reserves at 30 June	**(242,615)**	15,198	**73,351**	55,565
Movements in reserves				
Share based payments reserve (i)				
Opening balance at 1 July	**65,739**	37,253	**55,565**	27,823
Share based payments expense	**16,725**	16,801	**16,725**	16,801
Deferred tax on share based payments	**1,699**	11,685	**1,061**	10,941
Transfers to subsidiaries	**-**	-	**-**	-
Currency difference	**-**	-	**-**	-
Closing balance at 30 June	**84,163**	65,739	**73,351**	55,565
Foreign currency translation reserve (ii)				
Opening balance at 1 July	**(50,541)**	(171,552)	**-**	-
Net exchange gains / (losses) on translation of foreign subsidiaries, net of hedge	**(276,237)**	121,011	**-**	-
Closing balance at 30 June	**(326,778)**	(50,541)	**-**	-

Nature and purpose of reserves

(i) Share based payments reserve

The share based payments reserve is used to recognise the fair value of options, performance rights and global employee share plan rights issued to employees.

Share based payment awards granted by CSL Limited, the Parent Company, to the employees of its subsidiaries are recognised in the Parent Company's separate financial statements as an additional investment in the subsidiary with a corresponding credit to the share based payment reserve in equity. In accordance with the requirements of AASB Interpretation 11, the share based payment expense attributable to grants made to a subsidiary's employees is reflected in the subsidiary's statement of comprehensive income.

(ii) Foreign currency translation reserve

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

			Consolidated Group		Parent Company	
			2010	2009	**2010**	2009
		Note	**$000**	$000	**$000**	$000
22	**Retained earnings**					
	Opening balance at 1 July		**2,687,490**	1,906,087	**722,164**	634,196
	Net profit for the year		**1,052,901**	1,145,932	**759,431**	413,195
	Dividends	**23**	**(429,477)**	(319,492)	**(429,477)**	(319,492)
	Actuarial gain/(loss) on defined benefit plans		**5,265**	(57,093)	**782**	(8,193)
	Deferred tax on actuarial gain/(loss) on defined benefit plans		**2,402**	12,056	**(235)**	2,458
	Closing balance at 30 June		**3,318,581**	2,687,490	**1,052,665**	722,164

23 Dividends

Dividends paid

Dividends recognised in the current year by the Company are:

Final ordinary dividend of 40 cents per share, unfranked, paid on 9 October 2009 (2009: 23 cents per share, franked to 100%)	**235,665**	138,510	**235,665**	138,510
Interim ordinary dividend of 35 cents per share, unfranked, paid on 9 April 2010 (2009: 30 cents per share, unfranked)	**193,812**	180,982	**193,812**	180,982
	429,477	319,492	**429,477**	319,492

Dividends not recognised at year end

In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of 45 cents per share, franked to 5.28 cents per share (2009: ordinary dividend of 40 cents per share, unfranked). The final dividend is expected to be paid on 8 October 2010. Based on the number of shares on issue as at reporting date, the aggregate amount of the proposed dividend would be:	**247,364**	239,695	**247,364**	239,695

The actual aggregate dividend amount paid out of profits will be dependent on the actual number of shares on issue at dividend record date.

CSL Limited and its controlled entities
Notes to the Financial Statements
for the year ended 30 June 2010

		Notes	Consolidated Group 2010 $000	Consolidated Group 2009 $000	Parent Company 2010 $000	Parent Company 2009 $000
24	**Equity**					
	Total equity at the beginning of the financial year		**5,462,895**	2,806,125	**3,537,936**	1,696,356
	Total comprehensive income for the period		**784,331**	1,221,906	**759,978**	407,461
	Movement in contributed equity	**20**	**(1,620,979)**	1,725,870	**(1,620,979)**	1,725,870
	Dividends	**23**	**(429,477)**	(319,492)	**(429,477)**	(319,492)
	Movement in share based payments reserve	**21**	**18,424**	28,486	**17,786**	27,741
	Total equity at the end of the financial year		**4,215,194**	5,462,895	**2,265,244**	3,537,936

		Notes	Consolidated Group 2010 $000	Consolidated Group 2009 $000	Parent Company 2010 $000	Parent Company 2009 $000
25	**Statement of Cash Flows**					
(a)	**Reconciliation of cash and cash equivalents and non-cash financing and investing activities**					
	Cash at the end of the year is shown in the cash flow statement as:					
	Cash at bank and on hand	**6**	**257,756**	410,278	**4,890**	-
	Cash deposits	**6**	**743,303**	2,117,819	**-**	-
	Bank overdrafts	**15**	**(6,554)**	(5,905)	**-**	(55,055)
			994,505	2,522,192	**4,890**	(55,055)
(b)	**Reconciliation of Profit after tax to Cash Flows from Operations**					
	Profit after tax		**1,052,901**	1,145,932	**759,431**	413,195
	Non-cash items in profit after tax					
	Depreciation, amortisation and impairment charges		**156,615**	181,606	**39,198**	38,960
	(Gain)/loss on disposal of property, plant and equipment		**1,168**	1,170	**-**	407
	Dividends and management fees		**-**	-	**(632,000)**	(388,236)
	Share based payments expense		**16,725**	16,801	**6,309**	7,972
	Changes in assets and liabilities:					
	(Increase)/decrease in trade and other receivables		**(77,686)**	(115,545)	**41,863**	(9,305)
	(Increase)/decrease in inventories		**(74,383)**	(228,234)	**(18,078)**	12,708
	(Increase)/decrease in retirement benefit assets		**(4,736)**	9,150	**(1,147)**	3,518
	Increase/decrease in net tax assets and liabilities		**146,732**	(60,523)	**9,115**	(82,701)
	Increase/(decrease) in trade and other payables		**(28,482)**	97,996	**(31,442)**	24,831
	Increase/(decrease) in provisions		**(25,523)**	(12,693)	**19,530**	26,151
	Increase/(decrease) in retirement benefit liabilities		**5,161**	(10,836)	**(1,990)**	(5,420)
	Net cash inflow from operating activities		**1,168,492**	1,024,824	**190,789**	42,080
(c)	**Non cash financing activities**					
	Acquisition of plant and equipment by means of finance leases		**1,478**	7,691	**-**	-

	Consolidated Group		Parent Company	
	2010	2009	**2010**	2009
	$000	$000	**$000**	$000
26 Employee benefits				
A reconciliation of the employee benefits recognised is as follows:				
Retirement benefit assets – non-current (note 13)	**4,967**	**-**	**1,147**	**-**
Provision for employee benefits – current (note 17)	**74,532**	**73,305**	**32,851**	**31,158**
Retirement benefit liabilities – non-current (note 13)	**116,401**	**133,894**	**-**	**2,772**
Provision for employee benefits – non-current (note 17)	**29,729**	**37,326**	**6,522**	**5,423**
	220,662	**244,525**	**39,373**	**39,353**
The number of full time equivalents employed at 30 June	**9,992**	**10,340**	**1,810**	**1,697**

(a) Defined benefit plans

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

Movements in the net liability/(asset) for defined benefit obligations recognised in the balance sheet

	Consolidated Group 2010 $000	Consolidated Group 2009 $000	Parent Company 2010 $000	Parent Company 2009 $000
Net liability/(asset) for defined benefit obligation:				
Opening balance	**133,894**	77,519	**2,772**	(3,518)
Contributions received	**(18,883)**	(18,026)	**(4,984)**	(3,262)
Benefits paid	**(3,126)**	(3,357)	**-**	-
Expense/(benefit) recognised in the statement of comprehensive income	**21,526**	19,818	**1,847**	1,717
Actuarial (gains)/losses recognised in equity	**(5,265)**	57,093	**(782)**	8,192
Other movements	**368**	(323)	**-**	(357)
Currency translation differences	**(17,080)**	1,170	**-**	-
Closing balance	**111,434**	133,894	**(1,147)**	2,772
Net liability/(asset) for defined benefit obligation is reconciled to the balance sheet as follows:				
Retirement benefit assets – non-current (note 13)	**(4,967)**	-	**(1,147)**	-
Retirement benefit liabilities – non-current (note 13)	**116,401**	133,894	**-**	2,772
Net liability/(asset)	**111,434**	133,894	**(1,147)**	2,772

Amounts for the current and previous periods are as follows:

	Consolidated Group			Parent Company		
	2010	2009	2008	**2010**	2009	2008
	$000	$000	$000	**$000**	$000	$000
Defined benefit obligation	**467,379**	467,887	393,474	**31,873**	30,788	29,801
Plan assets	**355,945**	333,993	315,955	**33,020**	28,016	33,319
Surplus/(deficit)	**(111,434)**	(133,894)	(77,519)	**1,147**	(2,772)	3,518
Experience adjustments on plan liabilities	**(2,270)**	(8,016)	14,723	**(456)**	(689)	(1,715)
Experience adjustments on plan assets	**7,535**	(46,040)	(14,525)	**1,238**	(7,503)	(2,533)
Actual return on plan assets	**24,643**	(27,010)	1,898	**3,248**	(5,215)	(149)

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

	Consolidated Group		Parent Company	
	2010	2009	**2010**	2009
	$000	$000	**$000**	$000

26 Employee benefits (continued)

(a) Defined benefit plans (continued)

	Consolidated Group 2010 $000	Consolidated Group 2009 $000	Parent Company 2010 $000	Parent Company 2009 $000
Changes in the present value of the defined benefit obligation are as follows:				
Opening balance	**467,887**	393,474	**30,788**	29,801
Service cost	**20,098**	19,240	**2,223**	2,335
Interest cost	**18,536**	19,608	**1,634**	1,670
Contributions by members	**5,829**	5,234	**-**	-
Actuarial (gains)/losses	**2,270**	8,016	**456**	689
Benefits paid	**(14,467)**	(18,038)	**(2,338)**	(3,129)
Other movements	**(522)**	(544)	**(890)**	(578)
Currency translation differences	**(32,252)**	40,897	**-**	-
Closing balance	**467,379**	467,887	**31,873**	30,788
The present value of the defined benefit obligation comprises:				
Present value of wholly unfunded obligations	**98,474**	93,248	**-**	-
Present value of funded obligations	**368,905**	374,639	**31,873**	30,788
	467,379	467,887	**31,873**	30,788
Changes in the fair value of plan assets are as follows:				
Opening balance	**333,993**	315,955	**28,016**	33,319
Expected return on plan assets	**17,108**	19,030	**2,010**	2,288
Actuarial gains/(losses) on plan assets	**7,535**	(49,071)	**1,238**	(7,503)
Contributions by employer	**18,883**	18,026	**4,984**	3,262
Contributions by members	**5,829**	5,234	**-**	-
Benefits paid	**(11,341)**	(14,681)	**(2,338)**	(3,129)
Other movements	**(890)**	(228)	**(890)**	(221)
Currency translation differences	**(15,172)**	39,728	**-**	-
Closing balance	**355,945**	333,993	**33,020**	28,016
The major categories of plan assets as a percentage of total plan assets is as follows:				
Cash	**3.5%**	2.7%	**3.0%**	2.0%
Equity instruments	**33.8%**	28.0%	**63.0%**	56.3%
Debt instruments	**48.8%**	51.9%	**10.0%**	8.9%
Property	**12.7%**	15.6%	**11.0%**	11.8%
Other assets	**1.2%**	1.8%	**13.0%**	21.0%
	100.0%	100.0%	**100.0%**	100.0%
Expenses/(gains) recognised in the statement of comprehensive income are as follows:				
Current service costs	**20,098**	19,240	**2,223**	2,335
Interest on obligation	**18,536**	19,608	**1,634**	1,670
Expected return on assets	**(17,108)**	(19,030)	**(2,010)**	(2,288)
Total included in employee benefits expense	**21,526**	19,818	**1,847**	1,717

	Consolidated Group		Parent Company	
	2010	2009	**2010**	2009
	$000	$000	**$000**	$000

26 Employee benefits (continued)

(a) Defined benefit plans (continued)

The principal actuarial assumptions at the balance sheet date (expressed as weighted averages) are as follows:

	Consolidated Group 2010	Consolidated Group 2009	Parent Company 2010	Parent Company 2009
Discount rate	**4.0%**	4.0%	**5.3%**	5.6%
Expected return on assets and expected long-term rate of return on assets[1]	**3.8%**	3.9%	**7.0%**	7.0%
Future salary increases	**2.3%**	2.3%	**4.5%**	5.0%
Future pension increases	**0.4%**	0.4%	**-**	-

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

Surplus/(deficit) for each defined benefit plan on a funding basis	**Plan assets[1] $000**	**Accrued benefit[1] $000**	**Plan surplus / (deficit) $000**
Consolidated Group – June 2010			
CSL Pension Plan (Australia)	**33,020**	**(31,873)**	**1,147**
CSL Bioplasma AG Pension Fund (Switzerland)	**278,215**	**(274,395)**	**3,820**
CSL Behring Union Pension Plan (US UPP)	**44,710**	**(62,637)**	**(17,927)**
CSL Behring GmbH Supplementary Pension Plan (Germany)	**-**	**(78,409)**	**(78,409)**
CSL Pharma GmbH Pension Plan (Germany)	**-**	**(1,768)**	**(1,768)**
CSL Behring KG Pension Plan (Germany)	**-**	**(3,962)**	**(3,962)**
CSL Plasma GmbH Pension Plan (Germany)	**-**	**(111)**	**(111)**
CSL Behring KK Retirement Allowance Plan (Japan)	**-**	**(14,224)**	**(14,224)**
	355,945	**(467,379)**	**(111,434)**
Consolidated Group – June 2009			
CSL Pension Plan (Australia)	28,016	(30,788)	(2,772)
CSL Bioplasma AG Pension Fund (Switzerland)	263,898	(287,552)	(23,654)
CSL Behring Union Pension Plan (US UPP)	42,079	(56,300)	(14,221)
CSL Behring GmbH Supplementary Pension Plan (Germany)	-	(76,041)	(76,041)
CSL Pharma GmbH Pension Plan (Germany)	-	(1,560)	(1,560)
CSL Behring KG Pension Plan (Germany)	-	(3,608)	(3,608)
CSL Plasma GmbH Pension Plan (Germany)	-	(125)	(125)
CSL Behring KK Retirement Allowance Plan (Japan)	-	(11,913)	(11,913)
	333,993	(467,887)	(133,894)

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

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

(b) Defined contribution plans

The Group and Parent Company makes contributions to various defined contribution pension plans. The amounts recognised as an expense for the year ended 30 June 2010 was $19,901,000 and $12,390,000 respectively (2009: $19,433,000 and $11,605,000).

27 Share based payments

(a) Share based payment schemes

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

Senior Executive Share Ownership Plan (SESOP II)

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

Employee Performance Rights Plan (the plan)

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

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

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

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

The Employee Performance Rights Plan was amended with effect from October 2006. Under the amended plan, share based long term incentives issued between October 2006 and October 2009 comprise grants made to executives of both performance rights and performance options, each subject to a different performance hurdle. Each long-term incentive grant generally consisted of 50% performance rights and 50% performance options. Grants of performance rights and performance options were issued for nil consideration. The plan, as amended, retained the TSR performance hurdle and provided for 100% vesting of performance rights at the expiration of their vesting period if the Company's TSR performance was at or above the 50^{th} percentile on the relevant test date. Under the revised plan, performance options were subject to an earnings per share (EPS) performance hurdle. 10% compound EPS growth per annum is required for the performance options to vest at the expiration of their vesting period. EPS growth is measured from 30 June in the financial year preceding the grant of options until 30 June in the financial year prior to the relevant test date. Vested performance options entitle the holder to one ordinary share on payment of an exercise price equal to the volume weighted average CSL share price over the week up to and including the date of grant. Performance rights and performance options issued between October 2006 and October 2009 were issued for a term of seven years. A portion, namely 25%, of the number of instruments granted becomes exercisable, subject to satisfying the relevant performance hurdle, after the second anniversary of the date of grant. Again, subject to satisfying the relevant performance hurdle, further portions of 35% and 40% of the number of instruments granted become exercisable after the third and fourth anniversaries post date of grant, respectively. If the portion tested at the applicable anniversary meets the relevant performance hurdle, that portion of rights and options vest and become exercisable until the expiry date. If the portion tested fails to meet the performance hurdle the portion is carried over to the next anniversary and retested. After the fifth anniversary, any performance rights and performance options not vested lapse. Importantly, there is an individual employee hurdle requiring an executive to obtain for the financial year prior to exercise of the Performance Rights and Performance Options, a satisfactory (or equivalent) rating under the Company's performance management system. The last grant of performance rights and options to be issued on these terms was in October in 2009.

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

Share based long term incentives issued post October 2009

As set out in section 15 (Remuneration Report) of the Directors' Report, certain changes have been made to the Performance Rights Plan with effect from 1 January 2010.

Global Employee Share Plan (GESP)

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

27 Share based payments (continued)

(b) Outstanding share based payment equity instruments

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

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

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

As noted above, the exercise price at which GESP plan shares are issued is calculated at a 15% discount to the lower of the ASX market price on the first and last dates of the contribution period. Accordingly the exercise price and the final number of shares issued is not yet known (and may differ from the assumptions and fair values disclosed below). The number of shares which may ultimately be issued based on entitlements granted on 1 March 2010 has been estimated based on information available as at 30 June 2010.

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

Options	$32.36
Performance Rights	$34.32
GESP	$34.84

27 Share based payments (continued)

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

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

June 2009	Opening Balance	Granted	Exercised	Forfeited	Lapsed	Closing balance	Exercise Price	Expiry date	Vested at 30 June 2009
Options (by grant date)									
21 August 2001*	120,000	-	120,000	-	-	-	$16.44	20-Aug-08	-
23 July 2002*	100,400	-	32,600	-	-	67,800	$9.32	23-Jul-09	67,800
1 July 2003	203,640	-	194,400	-	-	9,240	$4.06	1-Jul-10	9,240
2 October 2006	1,256,340	-	104,235	63,225	-	1,088,880	$17.48	2-Oct-13	203,415
1 October 2007	714,600	-	-	25,680	-	688,920	$35.46	30-Sep-14	-
1 April 2008	3,240	-	-	-	-	3,240	$36.56	31-Mar-15	-
1 October 2008	-	794,720	-	2,540	-	792,180	$37.91	30-Sep-15	-
1 April 2009	-	15,380	-	-	-	15,380	$32.50	31-Mar-16	-
	2,398,220	810,100	451,235	91,445	-	2,665,640			280,455
Performance Rights (by grant date)									
16 October 2003	90,000	-	90,000	-	-	-	Nil	27-Oct-10	-
15 December 2003	5,400	-	-	-	-	5,400	Nil	27-Oct-10	5,400
28 April 2004	180,000	-	120,000	-	-	60,000	Nil	31-Mar-11	60,000
21 June 2004	8,400	-	-	-	-	8,400	Nil	31-Mar-11	8,400
29 October 2004	45,300	-	7,200	-	-	38,100	Nil	25-Aug-11	38,100
15 July 2005	165,000	-	-	-	-	165,000	Nil	7-Jun-12	165,000
7 September 2005	890,850	-	642,506	3,494	-	244,850	Nil	7-Jun-12	244,850
7 March 2006	157,500	-	-	-	-	157,500	Nil	20-Dec-12	157,500
6 April 2006	114,150	-	98,250	-	-	15,900	Nil	20-Dec-12	15,900
2 October 2006	450,480	-	66,795	20,085	-	363,600	Nil	2-Oct-13	43,920
1 October 2007	274,980	-	-	9,180	-	265,800	Nil	30-Sep-14	-
1 April 2008	1,460	-	-	-	-	1,460	Nil	31-Mar-15	-
1 October 2008	-	287,860	-	1,080	-	286,780	Nil	30-Sep-15	-
1 April 2009	-	5,680	-	-	-	5,680	Nil	31-Mar-16	-
	2,383,520	293,540	1,024,751	33,839	-	1,618,470			739,070
GESP (by grant date)									
1 March 2008	72,350	-	72,350	-	-	-	$31.24	31-Aug-08	-
1 September 2008	-	96,417	96,417	-	-	-	$31.88	28-Feb-09	-
1 March 2009	-	103,640	-	-	-	103,640	$27.33	31-Aug-09	-
	72,350	200,057	168,767	-	-	103,640			
Total	**4,854,090**	**1,303,697**	**1,644,753**	**125,284**	-	**4,387,750**			**1,019,525**

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

As noted above, the exercise price at which GESP plan shares are issued is calculated at a 15% discount to the lower of the ASX market price on the first and last dates of the contribution period. Accordingly the exercise price and the final number of shares issued is not yet known (and may differ from the assumptions and fair values disclosed below). The number of shares which may ultimately be issued based on entitlements granted on 1 March 2009 has been estimated based on information available as at 30 June 2009.

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

Options	$36.69
Performance Rights	$34.25
GESP	$37.16

27 Share based payments (continued)

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

	Fair Value[1]	Share Price	Exercise Price	Expected volatility[2]	Life assumption	Expected dividend yield	Risk free interest rate
Performance Rights (by grant date)							
16 October 2003	$3.51	$5.42	Nil	37.0%	4 years	2.5%	5.61%
15 December 2003	$3.78	$5.84	Nil	37.0%	4 years	2.5%	5.79%
28 April 2004	$5.05	$7.64	Nil	35.0%	4 years	2.0%	5.71%
21 June 2004	$4.78	$7.24	Nil	34.0%	4 years	2.0%	5.63%
29 October 2004	$6.90	$9.60	Nil	34.0%	4 years	2.0%	5.32%
15 July 2005	$8.17	$11.63	Nil	27.0%	4 years	1.5%	5.19%
7 September 2005	$8.13	$11.58	Nil	27.0%	4 years	1.5%	5.10%
7 March 2006	$14.53	$17.75	Nil	27.0%	4 years	1.5%	5.37%
6 April 2006	$14.32	$17.80	Nil	27.0%	4 years	1.5%	5.51%
2 October 2006 – Tranche 1	$14.20	$18.01	Nil	27.0%	2 years	1.5%	5.67%
2 October 2006 – Tranche 2	$13.32	$18.01	Nil	27.0%	3 years	1.5%	5.67%
2 October 2006 – Tranche 3	$12.47	$18.01	Nil	27.0%	4 years	1.5%	5.67%
1 October 2007 – Tranche 1	$28.65	$35.93	Nil	29.0%	2 years	1.5%	6.45%
1 October 2007 – Tranche 2	$26.78	$35.93	Nil	29.0%	3 years	1.5%	6.45%
1 October 2007 – Tranche 3	$25.20	$35.93	Nil	29.0%	4 years	1.5%	6.45%
1 April 2008 – Tranche 1	$30.27	$36.56	Nil	32.0%	2 years	1.5%	6.00%
1 April 2008 – Tranche 2	$29.06	$36.56	Nil	32.0%	3 years	1.5%	6.00%
1 April 2008 – Tranche 3	$27.57	$36.56	Nil	32.0%	4 years	1.5%	6.00%
1 October 2008 – Tranche 1	$33.30	$38.75	Nil	33.0%	2 years	1.5%	5.22%
1 October 2008 – Tranche 2	$31.72	$38.75	Nil	33.0%	3 years	1.5%	5.22%
1 October 2008 – Tranche 3	$30.15	$38.75	Nil	33.0%	4 years	1.5%	5.22%
1 April 2009 – Tranche 1	$27.55	$32.10	Nil	33.0%	2 years	1.5%	3.94%
1 April 2009 – Tranche 2	$26.55	$32.10	Nil	33.0%	3 years	1.5%	3.94%
1 April 2009 – Tranche 3	$25.50	$32.10	Nil	33.0%	4 years	1.5%	3.94%
1 October 2009 – Tranche 1	$28.91	$33.44	Nil	33.0%	2 years	1.5%	5.16%
1 October 2009 – Tranche 2	$27.72	$33.44	Nil	33.0%	3 years	1.5%	5.16%
1 October 2009 – Tranche 3	$26.31	$33.44	Nil	33.0%	4 years	1.5%	5.16%

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

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

27 Share based payments (continued)

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

	Fair Value[1]	Share Price	Exercise Price	Expected volatility[2]	Life assumption	Expected dividend yield	Risk free interest rate
Options (by grant date)							
1 July 2003	$1.53	$4.03	$4.06	37.0%	3–5 years	2.5%	5.60%
2 October 2006 – Tranche 1	$5.71	$18.01	$17.48	27.0%	2 years	1.5%	5.67%
2 October 2006 – Tranche 2	$5.83	$18.01	$17.48	27.0%	3 years	1.5%	5.67%
2 October 2006 – Tranche 3	$5.96	$18.01	$17.48	27.0%	4 years	1.5%	5.67%
1 October 2007 – Tranche 1	$12.06	$35.93	$35.46	29.0%	2 years	1.5%	6.45%
1 October 2007 – Tranche 2	$12.33	$35.93	$35.46	29.0%	3 years	1.5%	6.45%
1 October 2007 – Tranche 3	$12.59	$35.93	$35.46	29.0%	4 years	1.5%	6.45%
1 April 2008 – Tranche 1	$12.64	$36.56	$36.23	32.0%	2 years	1.5%	6.00%
1 April 2008 – Tranche 2	$12.92	$36.56	$36.23	32.0%	3 years	1.5%	6.00%
1 April 2008 – Tranche 3	$13.18	$36.56	$36.23	32.0%	4 years	1.5%	6.00%
1 October 2008 – Tranche 1	$13.31	$38.75	$37.91	33.0%	2 years	1.5%	5.22%
1 October 2008 – Tranche 2	$13.58	$38.75	$37.91	33.0%	3 years	1.5%	5.22%
1 October 2008 – Tranche 3	$13.85	$38.75	$37.91	33.0%	4 years	1.5%	5.22%
1 April 2009 – Tranche 1	$9.27	$32.10	$32.50	33.0%	2 years	1.5%	3.94%
1 April 2009 – Tranche 2	$9.73	$32.10	$32.50	33.0%	3 years	1.5%	3.94%
1 April 2009 – Tranche 3	$10.15	$32.10	$32.50	33.0%	4 years	1.5%	3.94%
1 October 2009 – Tranche 1	$10.34	$33.44	$33.68	33.0%	2 years	1.5%	5.16%
1 October 2009 – Tranche 2	$10.87	$33.44	$33.68	33.0%	3 years	1.5%	5.16%
1 October 2009 – Tranche 3	$11.36	$33.44	$33.68	33.0%	4 years	1.5%	5.16%
GESP (by grant date)[3]							
1 March 2008	$5.51	$36.75	$31.24	32.0%	6 months	1.5%	6.00%
1 September 2008	$5.62	$37.50	$31.88	33.0%	6 months	1.5%	5.22%
1 March 2009	$4.84	$32.29	$27.45	33.0%	6 months	1.5%	3.94%
1 September 2009	$4.94	$32.96	$28.02	33.0%	6 months	1.5%	5.16%
1 March 2010	$4.89	$32.58	$27.69	33.0%	6 months	1.5%	5.16%

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

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

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

28 Key management personnel disclosures

The following were key management personnel of the Group at any time during the 2010 and 2009 financial years and unless otherwise indicated they were key management personnel during the whole of those financial years:

Non-executive directors	**Executive directors**
E A Alexander (Chairman)	B A McNamee (Chief Executive Officer and Managing Director)
J Akehurst	A M Cipa (Finance Director)
D W Anstice (appointed 2 Sept 2008)	P Turner (Executive Director & President, CSL Behring)
I A Renard	**Executives**
M A Renshaw	G Naylor (Chief Financial Officer Designate, appointed 1 January 2010)
K J Roberts (retired 15 Oct 2008)	A Cuthbertson (Chief Scientific Officer)
J Shine	E Bailey (Company Secretary, appointed 1 Jan 2009)
D Simpson	G Boss (General Counsel, appointed 1 Jan 2009)
	J Lever (Senior Vice President Human Capital, appointed 1 June 2009)
	M Sontrop (General Manager, CSL Biotherapies Australia & New Zealand until 31 March 2010)
	J Davies (Executive Vice President, CSL Biotherapies)
	P Turvey (Company Secretary / General Counsel, ceased to be a KMP 31 Dec 2008)
	A von Bibra (General Manager Human Resources, resigned 31 Dec 2008)

(a) ***Total compensation for key management personnel***

	Consolidated Group		**Parent Company**	
	$	$	$	$
	2010	2009	**2010**	2009
Short term remuneration elements				
Salary and Fees	**8,835,175**	7,935,050	**6,749,768**	6,374,401
Short term incentive cash bonus	**3,658,903**	2,852,237	**2,598,008**	2,104,087
Non-monetary benefits	**84,683**	41,307	**10,088**	15,384
Total	**12,578,761**	10,828,594	**9,357,864**	8,493,872
Long term remuneration elements				
Post-employment				
Pension benefits	**861,703**	938,482	**570,641**	680,598
Retirement benefits	**-**	263,725	**-**	263,725
Total of post-employment benefits	**861,703**	1,202,207	**570,641**	944,323
Long service leave and equivalents	**503,857**	434,608	**350,295**	305,138
Deferred cash incentive	**630,000**	560,000	**630,000**	560,000
Share-based payments				
Equity settled performance rights	**2,081,205**	2,742,344	**1,475,357**	2,241,153
Equity settled options	**2,525,615**	2,049,993	**1,711,397**	1,663,141
Total of share based payments	**4,606,820**	4,792,337	**3,186,754**	3,904,294
Other remuneration elements				
Termination benefits	**-**	521,285	**-**	521,285
Total of all remuneration elements	**19,181,141**	18,339,031	**14,095,554**	14,728,912

The basis upon which remuneration amounts have been determined is further described in the remuneration report included in section 15 of the Directors' Report.

28 Key management personnel disclosures (continued)

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

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

		Opening balance	Interest charged	Closing balance	Number in group
		$	$	$	
Total for key management personnel	**2010**	**1,598,710**	**51,393**	**978,950**	**3**
	2009	944,914	16,163	619,760	6
Total for other related parties	**2010**	-	-	-	-
	2009	-	-	-	-
Total for key management personnel and their related parties	**2010**	**1,598,710**	**51,393**	**978,950**	**3**
	2009	944,914	16,163	619,760	6

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

	Balance at 1 July 2009	Balance at 30 June 2010	Highest owing in period	Interest charged	Interest not charged
	$	$	$	$	$
Key Management Personnel					
G Naylor	978,950	978,950	978,950	48,825	18,625
A Cuthbertson	420,000	-	420,000	-	2,458
E Bailey	199,760	-	199,760	2,568	6,595
Total	**1,598,710**	**978,950**	**1,598,710**	**51,393**	**27,678**

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

Loans to key management personnel relating to SESOP are interest free. Loans relating to SESOP II are charged interest at a concessional average rate of 2.5%. This is based on interest being charged equivalent to the after-tax cash amount of dividends on the underlying shares (excluding the impact of imputation and assuming a marginal income tax rate of 46.5%). The average commercial rate of interest during the year was 6.89% (2009: 5.49%).

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

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

- The Group has a number of contractual relationships, including property leases and collaborative research arrangements, with the University of Melbourne of which Mr Ian Renard was the Chancellor until 10 January 2009 and of which Miss Elizabeth Alexander is the Chair of the Finance Committee and a member of the Council and Dr Virginia Mansour (whose husband is Dr Brian McNamee) is a member of the Council.

28 Key management personnel disclosures (continued)

(d) Options over equity instruments granted as compensation

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

Key management person	Balance at 1 July 2009	Number Granted	Number Exercised	Number Lapsed / Forfeited	Balance at 30 June 2010	Number Vested during the year	Vested and exercisable at 30 June 2010	Unvested at 30 June 2010
Executive Directors								
B A McNamee	311,280	100,460	-	-	411,740	74,976	114,666	297,074
A M Cipa	121,560	-	-	-	121,560	27,774	42,309	79,251
P Turner	107,025	44,540	20,349	-	131,216	27,774	7,425	123,791
Other executives								
G Naylor	46,940	28,220	-	-	75,160	10,041	10,041	65,119
A Cuthbertson	58,990	22,240	-	-	81,230	15,822	15,822	65,408
E Bailey	8,760	10,660	-	-	19,420	2,067	3,147	16,273
G Boss	43,900	22,220	11,376	-	54,744	9,111	2,475	52,269
M Sontrop	50,940	24,100	12,744	-	62,296	10,254	2,820	59,476
J Davies	50,520	24,100	-	-	74,620	10,149	15,459	59,161
J Lever	-	13,660	-	-	13,660	-	-	13,660
Total	**799,915**	**290,200**	**44,469**	**-**	**1,045,646**	**187,968**	**214,164**	**831,482**

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

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

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

(e) Performance rights over equity instruments granted as compensation

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

Key management person	Balance at 1 July 2009	Number Granted	Number Exercised	Number Lapsed / Forfeited	Balance at 30 June 2010	Number Vested during the year	Vested and exercisable at 30 June 2010	Unvested at 30 June 2010
Executive Directors								
B A McNamee	325,080	26,660	232,500	-	119,240	22,437	34,167	85,073
A M Cipa	186,060	-	-	-	186,060	8,301	162,591	23,469
P Turner	31,770	11,820	8,301	-	35,289	8,301	-	35,289
Other executives								
G Naylor	13,885	7,480	3,003	-	18,362	3,003	-	18,362
A Cuthbertson	17,580	5,900	-	-	23,480	4,740	4,740	18,740
E Bailey	10,800	2,840	6,900	-	6,740	927	1,407	5,333
G Boss	11,585	5,900	2,718	-	14,767	2,718	-	14,767
M Sontrop	13,505	6,400	3,075	-	16,830	3,075	-	16,830
J Davies	25,310	6,400	-	-	31,710	3,045	14,970	16,740
J Lever	-	3,620	-	-	3,620	-	-	3,620
Total	**635,575**	**77,020**	**256,497**	**-**	**456,098**	**56,547**	**217,875**	**238,223**

28 Key management personnel disclosures (continued)

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

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

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

During the reporting period there have been no changes to the terms pertaining to issues of options, performance options and performance rights which have been granted as compensation to a key management person in the prior periods and in the current period.

(f) Exercise of equity instruments granted as compensation

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

	30 June 2010			30 June 2009		
	Date Option Granted	**Number of shares**	**Paid per share $**	**Date Option Granted**	**Number of shares**	**Paid per share $**
P Turner	2 October 2006	20,349	17.48	2 October 2006	14,535	17.48
M Sontrop	2 October 2006	12,744	17.48	1 July 2003	15,000	4.06
G Boss	2 October 2006	11,376	17.48	1 July 2003	9,600	4.06
A Cuthbertson				2 October 2006	8,130	17.48
A von Bibra				1 July 2003	7,920	4.06
A von Bibra				2 October 2006	4,680	17.48
E Bailey				1 July 2003	18,600	4.06
Total		**44,469**			**78,465**	

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

28 Key management personnel disclosures (continued)

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

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

	30 June 2010		30 June 2009	
	Date Performance Right Granted	**Number of shares**	**Date Performance Right Granted**	**Number of Shares**
G Naylor	2 October 2006	1,953		
	1 October 2007	1,050		
E Bailey	25 August 2004	4,200		
	7 June 2005	2,700		
B McNamee	7 June 2005	120,000	26 October 2003	90,000
	20 December 2005	112,500	30 March 2004	120,000
G Boss	2 October 2006	1,953	7 June 2005	13,050
	1 October 2007	765	2 October 2006	1,395
M Sontrop	2 October 2006	2,205	7 June 2005	22,050
	1 October 2007	870	2 October 2006	1,575
P Turner	2 October 2006	6,006	7 June 2005	52,950
	1 October 2007	2,295	20 December 2005	35,700
			2 October 2006	4,290
A Cuthbertson			7 June 2005	15,750
			20 December 2005	27,000
			2 October 2006	2,400
P Turvey			7 June 2005	18,750
			20 December 2005	12,000
			2 October 2006	1,875
A von Bibra			7 June 2005	9,900
			2 October 2006	1,380
Total		**256,497**		**430,065**

No amount is payable on the exercise of performance rights.

CSL Limited and its controlled entities
Notes to the Financial Statements
for the year ended 30 June 2010

28 Key management personnel disclosures (continued)

(g) Key management personnel shareholdings

Movements in the respective shareholdings of key management personnel during the year ended 30 June 2010 are set out below.

Movements in shares	Balance at 1 July 2009	Shares acquired on exercise of performance rights during year	Shares acquired on exercise of options during year	(Shares sold)/ Purchased	Balance at 30 June 2010
Non-Executive Directors					
E A Alexander	**27,553**	-	-	1,358	**28,911**
J Akehurst	**28,991**	-	-	521	**29,512**
D W Anstice	**5,696**	-	-	650	**6,346**
I A Renard	**23,542**	-	-	(5,970)	**17,572**
M A Renshaw	**6,257**	-	-	520	**6,777**
J Shine	**2,979**	-	-	520	**3,499**
D J Simpson	**2,439**	-	-	520	**2,959**
Executive Directors					
B A McNamee	**835,669**	232,500	-	(232,500)	**835,669**
A M Cipa	**25,777**	-	-	-	**25,777**
P Turner	**163,176**	8,301	20,349	(31,257)	**160,569**
Executives					
G Naylor	**162,800**	3,003	-	184	**165,987**
A Cuthbertson	**132,853**	-	-	(78,300)	**54,553**
E Bailey	**14,006**	6,900	-	(18,684)	**2,222**
G Boss	**1,573**	2,718	11,376	(15,309)	**358**
J Lever	-	-	-	-	**-**
M Sontrop	**45,650**	3,075	12,744	(38,795)	**22,674**
J Davies	**14,735**	-	-	(14,000)	**735**
Total	**1,493,696**	256,497	44,469	(430,542)	**1,364,120**

There have been no movements in shareholdings of key management personnel between 30 June 2010 and the date of this report.

29 Non key management personnel related party disclosure

Ultimate Controlling Entity

The ultimate controlling entity is CSL Limited.

Identity of related parties

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

Other related party transactions

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

Wholly owned subsidiaries

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

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

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

Amounts payable to and receivable from wholly owned subsidiaries are set out in the notes 7, 14 and 16.

Partly owned subsidiaries

- No transactions occurred during the year.

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

Transactions with key management personnel and their related parties

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

Transactions with other related parties

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

Ownership interests in related parties

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

		Consolidated Group		Parent Company	
		2010	2009	**2010**	2009
		$	$	**$**	$
30	**Remuneration of Auditors**				
	During the year the following fees were paid or were payable for services provided by the auditor of the parent entity and its related practices:				
(a)	Audit services				
	Ernst & Young	**770,800**	845,446	**770,800**	845,446
	Ernst & Young related practices	**2,437,888**	2,645,333	**-**	-
	Total remuneration for audit services	**3,208,688**	3,490,779	**770,800**	845,446
(b)	Other services				
	Ernst & Young				
	- due diligence / completion audits	**-**	-	**-**	-
	- compliance and other services	**209,421**	52,000	**209,421**	-
	Ernst & Young related practices				
	- due diligence / completion audits	**-**	21,481	**-**	-
	- compliance and other services	**101,566**	170,554	**-**	-
	Total remuneration for non audit services	**310,987**	244,035	**209,421**	-
	Total remuneration for all services rendered	**3,519,675**	3,734,814	**980,221**	845,446

		2010	2009	**2010**	2009
		$000	$000	**$000**	$000
31	**Commitments and contingencies**				
(a)	**Operating leases**				
	Commitments for minimum lease payments in relation to non cancellable operating leases are payable as follows:				
	Not later than one year	**36,455**	38,305	**1,420**	1,415
	Later than one year but not later than five years	**105,343**	97,231	**1,015**	1,313
	Later than five years	**171,442**	132,220	**38**	62
		313,240	267,756	**2,473**	2,790

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

	Consolidated Group		Parent Company	
	2010	2009	**2010**	2009
	$000	$000	**$000**	$000

31 Commitments and contingencies (continued)

(b) Finance leases

Commitments in relation to finance leases are payable as follows:				
Not later than one year	**4,875**	5,484	**-**	-
Later than one year but not later than five years	**16,921**	20,000	**-**	-
Later than five years	**30,403**	40,709	**-**	-
Total minimum lease payments	**52,199**	66,193	**-**	-
Future finance charges	**(17,005)**	(22,863)	**-**	-
Finance lease liability	**35,194**	43,330	**-**	-
The present value of finance lease liabilities is as follows:				
Not later than one year	**3,118**	3,229	-	-
Later than one year but not later than five years	**11,130**	12,381	-	-
Later than five years	**20,946**	27,720	-	-
	35,194	43,330	-	-
Finance lease – current liability (refer note 15)	**3,118**	3,229	-	-
Finance lease – non-current liability (refer note 15)	**32,076**	40,101	-	-
	35,194	43,330	-	-

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

(c) Total lease liability

Current				
Finance leases (refer note 15)	**3,118**	3,229	**-**	-
Surplus lease space (refer note 17)	**-**	77	**-**	-
	3,118	3,306	**-**	-
Non-current				
Finance leases (refer note 15)	**32,076**	40,101	**-**	-
	35,194	43,407	**-**	-

(d) Capital commitments

Capital expenditure contracted for at balance date but not provided for in the financial statements, payable:				
Not later than one year	**61,226**	86,744	**23,793**	26,977
Later than one year but not later than five years	**23**	-	**-**	-
Later than five years	**-**	-	**-**	-
	61,249	86,744	**23,793**	26,977

(e) Contingent assets and liabilities

Guarantees

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

	Consolidated Group		Parent Company	
	2010	2009	**2010**	2009
	$	$	**$**	$

31 Commitments and contingencies (continued)

Service agreements

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

Service agreements	**11,609**	10,404	**7,064**	6,544

Litigation

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

The Group is involved in other litigation in the ordinary course of business.

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

Deed of cross guarantee

The Parent Company has entered into a deed of cross guarantee in accordance with a class order issued by the Australian Securities and Investments Commission. The Parent Company, and the subsidiaries which are party to the deed, have guaranteed the repayment of all current and future creditors in the event that any of these companies are wound up. Refer note 33 for details.

32 Controlled Entities

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

	Country of incorporation	Percentage Owned		
		2010	2009	
		%	%	
Company:				
CSL Limited	Australia			
Subsidiaries of CSL Limited:				
CSL Employee Share Trust	Australia	**100**	100	
CSL Biotherapies Pty Ltd	Australia	**100**	100	
Cervax Pty Ltd	Australia	**74**	74	
CSL Biotherapies (NZ) Limited	New Zealand	**100**	100	(a)
Iscotec AB	Sweden	**100**	100	(a)
Zenyth Therapeutics Pty Ltd	Australia	**100**	100	
Zenyth Operations Pty Ltd	Australia	**100**	100	
Amrad Pty Ltd	Australia	**100**	100	
CSL International Pty Ltd	Australia	**100**	100	
CSL Finance Pty Ltd	Australia	**100**	100	
CSL Behring ApS	Denmark	**100**	100	(a)
CSL Behring AG	Switzerland	**100**	100	(a)
CSL Behring (Switzerland) AG	Switzerland	**100**	100	(a)
ZLB GmbH	Germany	**100**	100	(a)
CSL UK Holdings Limited	England	**100**	100	(a)
ZLB Bioplasma UK Limited	England	**100**	100	(a)
CSLB Holdings Inc	USA	**100**	100	
CSL Biotherapies Inc	USA	**100**	100	
ZLB Bioplasma (Hong Kong) Limited	Hong Kong	**100**	100	(a)
CSL Behring LLC	USA	**100**	100	(a)
CSL Plasma Inc	USA	**100**	100	(a)
CSL Behring Canada Inc.	Canada	**100**	100	(a)
CSL Behring Brazil Comercio de Produtos Farmaceuticals Ltda	Brazil	**100**	100	(a)
CSL Behring KK	Japan	**100**	100	(a)
CSL Behring S.A. de C.V.	Mexico	**100**	100	(a)
CSL Behring S.A.	France	**100**	100	(a)
CSL Biotherapies GmbH	Germany	**100**	100	(a)
CSL Behring Foundation for Research and Advancement of Patient Health	USA	**100**	100	(a)
CSL Behring Verwaltungs GmbH	Germany	**100**	100	(a)
CSL Behring Beteiligungs GmbH & Co KG	Germany	**100**	100	(a)
CSL Plasma GmbH	Germany	**100**	100	(a)
CSL Behring GmbH	Germany	**100**	100	(a)
CSL Behring GmbH	Austria	**100**	100	(a)
CSL Behring S.A.	Spain	**100**	100	(a)
CSL Behring A.B.	Sweden	**100**	100	(a)
CSL Behring S.p.A.	Italy	**100**	100	(a)
CSL Behring N.V.	Belgium	**100**	100	(a)
CSL Behring B.V	Netherlands	**100**	100	(a)
CSL Behring Lda	Portugal	**100**	100	(a)
CSL Behring MEPE	Greece	**100**	100	(a)
CSL Biotherapies Asia Pacific Limited	Hong Kong	**100**	100	(a)
CSL (Shanghai) Biotherapies Consulting Ltd	China	**100**	-	(b)
CSL Behring S.A.	Argentina	**100**	100	(a)
CSL Behring Holdings Ltd.	England	**100**	100	(a)
CSL Behring UK Ltd.	England	**100**	100	(a)

(a) Audited by affiliates of the Company auditors.
(b) CSL (Shanghai) Biotherapies Consulting Ltd was incorporated during the year.

33 Deed of Cross Guarantee

On 22 October 2009, a deed of cross guarantee was executed between CSL Limited and some of its wholly owned entities, namely CSL International Pty Ltd, CSL Finance Pty Ltd, CSL Biotherapies Pty Ltd and Zenyth Therapeutics Pty Ltd. Under this deed, each company guarantees the debts of the others. By entering into the deed, these specific wholly owned entities have been relieved from the requirement to prepare a financial report and directors' report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission.

The entities that are parties to the deed represent a 'Closed Group' for the purposes of the Class Order, and as there are no other parties to the Deed of Cross Guarantee that are controlled by CSL Limited they also represent the 'Extended Closed Group'. In respect to the Closed Group comprising the aforementioned entities, set out below is a consolidated income statement and a summary of movements in consolidated retained profits for the year ended 30 June 2010 and a consolidated balance sheet as at that date.

Income Statement	**Consolidated Group**	
	2010	2009
	$000	$000
Continuing operations		
Sales revenue	**773,158**	686,063
Cost of sales	**(346,456)**	(412,843)
Gross profit	**426,702**	273,220
Sundry revenues	**125,681**	341,515
Dividend income	**639,114**	244,993
Interest income	**38,436**	45,193
Research and development expenses	**(198,168)**	(175,614)
Selling and marketing expenses	**(91,458)**	(69,451)
General and administration expenses	**(73,557)**	(125,259)
Finance costs	**(10,050)**	(20,269)
Profit before income tax expense	**856,700**	514,328
Income tax (expense) / benefit	**(37,819)**	6,634
Profit for the year	**818,881**	520,962

33 Deed of Cross Guarantee (continued)

Balance sheet

	Consolidated Group 2010 $000	2009 $000
CURRENT ASSETS		
Cash and cash equivalent	**730,389**	2,078,414
Trade and other receivables	**81,757**	121,853
Current tax assets	**-**	17,414
Inventories	**147,895**	122,604
Total Current Assets	**960,041**	2,340,285
NON-CURRENT ASSETS		
Trade and other receivables	**11,791**	279,176
Other financial assets	**1,808,445**	1,797,493
Property, plant and equipment	**421,155**	379,849
Deferred tax assets	**29,173**	30,070
Intangible assets	**33,317**	37,497
Retirement benefit assets	**1,147**	-
Total Non-Current assets	**2,305,028**	2,524,085
TOTAL ASSETS	**3,265,069**	4,864,370
CURRENT LIABILITIES		
Trade and other payables	**112,178**	287,290
Interest-bearing liabilities and borrowings	**11,305**	200,648
Current tax liabilities	**4,558**	-
Provisions	**40,003**	31,798
Deferred government grants	**995**	469
Total Current Liabilities	**169,039**	520,205
NON-CURRENT LIABILITIES		
Trade and other payables	**21**	54
Interest-bearing liabilities and borrowings	**144,314**	177,607
Deferred tax liabilities	**13,881**	11,997
Provisions	**7,373**	6,573
Deferred government grants	**10,605**	12,083
Retirement benefit liabilities	**-**	2,772
Total Non-Current Liabilities	**176,194**	211,086
TOTAL LIABILITIES	**345,233**	731,291
NET ASSETS	**2,919,836**	4,133,079
EQUITY		
Contributed equity	**1,139,228**	2,760,207
Reserves	**84,134**	66,349
Retained earnings	**1,696,474**	1,306,523
TOTAL EQUITY	**2,919,836**	4,133,079

Summary of movements in consolidated retained earnings of the Closed Group

	2010 $000	2009 $000
Retained earnings at beginning of the financial year	**1,306,523**	1,110,787
Net profit	**818,881**	520,962
Actuarial gain / (loss) on defined benefit plans, net of tax	**547**	(5,734)
Dividends provided for or paid	**(429,477)**	(319,492)
Retained earnings at the end of the financial year	**1,696,474**	1,306,523

34 Financial Risk Management Objectives and Policies

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

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

Market Risk

1. *Foreign exchange risk*

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

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

The table below summarises by currency the Australian dollar value of forward exchange agreements at balance date. Foreign currency amounts are translated at rates prevailing at reporting date. The Parent Company and other subsidiaries also enter into forward contracts to hedge foreign currency receivables from other entities within the Group. These receivables are eliminated on consolidation, however, the hedges are in place to protect the Parent Company and other Group subsidiaries from movements in exchange rates that would give rise to a profit or loss impact.

	Average Exchange Rate		2010		2009	
			Buy	Sell	Buy	Sell
Currency	**2010**	**2009**	**$000**	**$000**	**$000**	**$000**
US Dollar						
3 months or less	**0.8510**	0.8113	**23,064**	**(148,046)**	-	(97,146)
Swiss Francs						
3 months or less	**0.9220**	0.8767	**265,149**	**(31,847)**	148,561	(24,457)
Argentina Peso						
3 months or less	**3.3478**	3.0738	**-**	**(10,962)**	-	(9,272)
Euro						
3 months or less	**0.6901**	0.5737	**304,297**	**(299,279)**	211,299	(173,170)
Pounds Sterling						
3 months or less	**0.5655**	0.4875	**2,811**	**(23,334)**	3,815	(31,454)
Hungarian Florint						
3 months or less	**200.20**	158.25	**-**	**(1,866)**	-	(2,891)
Japanese Yen						
3 months or less	**75.47**	77.82	**2,830**	**(23,911)**	-	(15,721)
Swedish Kroner						
3 months or less	**6.6258**	6.1996	**-**	**(14,325)**	-	(10,592)
Danish Kroner						
3 months or less	**5.1957**	4.2789	**1,103**	**(8,108)**	1,439	(2,211)
Mexican Peso						
3 months or less	**10.9505**	10.6936	**3,833**	**(51,242)**	7,469	(36,714)
Brazilian Real						
3 months or less	**1.5412**	1.5854	**-**	**(649)**	-	(1,451)
New Zealand Dollar						
3 months or less	**-**	1.2400	**-**	**-**	484	-
Australian Dollar						
3 months or less	**0.7930**	0.7853	**26,742**	**(16,260)**	39,897	(7,885)
			629,829	**(629,829)**	412,964	(412,964)

34 Financial Risk Management Objectives and Policies (continued)

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

Included in Interest Bearing Liabilities (refer note 15) as at 30 June 2010, are Unsecured Notes amounting to US$58.8m (2009: US$65.8m) and EUR 60.7m (2009: EUR 63.1m) that are designated as a hedge of the Group's investment in CSL Holdings Inc and CSL Behring GmbH. A net foreign exchange gain of $23.2m (2009: loss of $23.1m) was recognised in equity on translation of these borrowings to Australian Dollars.

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

2. *Interest rate risk*

The Group is exposed to interest rate risk through primary financial assets and liabilities. In accordance with the Group entities approved risk management policies, derivative financial instruments such as interest rate swaps are used to hedge interest rate risk exposures. As at 30 June 2010, no derivative financial instruments hedging interest rate risk were outstanding (2009: Nil).

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

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

34 Financial Risk Management Objectives and Policies (continued)

Consolidated Group – June 2009	Floating rate (a)	Fixed interest rate maturing in: 1 year or less	Over 1 year to 5 years	Over 5 years	Non-interest bearing	Total	Average interest rate
	$'000	$'000	$'000	$'000	$'000	$'000	%
Financial Assets							
Cash and cash equivalents	2,528,097	-	-	-	-	2,528,097	2.7%
Trade and other receivables	-	-	-	-	896,109	896,109	-
Other financial assets	-	-	-	-	9,251	9,251	-
	2,528,097	-	-	-	905,360	3,433,457	
Financial Liabilities							
Trade and other payables	-	-	-	-	663,818	663,818	-
Bank loans – unsecured	401,986	-	-	-	-	401,986	0.6%
Bank overdraft – unsecured	5,905	-	-	-	-	5,905	8.9%
Senior unsecured notes	-	17,706	248,851	-	-	266,557	5.2%
Lease liabilities	-	3,229	12,381	27,720	-	43,330	5.7%
Other financial liabilities	-	-	-	-	873	873	-
	407,891	20,935	261,232	27,720	664,691	1,382,469	

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

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

Parent Company – June 2010	Floating rate (a)	Fixed interest rate maturing in: 1 year or less	Over 1 year to 5 years	Over 5 years	Non-interest bearing	Total	Average interest rate
	$'000	$'000	$'000	$'000	$'000	$'000	%
Financial Assets							
Cash and cash equivalents	**4,890**	**-**	**-**	**-**	**-**	**4,890**	**3.7%**
Trade and other receivables	**-**	**-**	**-**	**-**	**2,116,532**	**2,116,532**	**-**
Other financial assets	**-**	**-**	**-**	**-**	**1,359,392**	**1,359,392**	**-**
	4,890	**-**	**-**	**-**	**3,475,924**	**3,480,814**	
Financial Liabilities							
Trade and other payables	**-**	**-**	**-**	**-**	**1,757,620**	**1,757,620**	**-**
Bank Overdrafts – Unsecured	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	-	**-**	**-**	**-**	**1,757,620**	**1,757,620**	

34 Financial Risk Management Objectives and Policies (continued)

Parent Company – June 2009	Floating rate (a)	Fixed interest rate maturing in 1 year or less	Over 1 year to 5 years	Over 5 years	Non-interest bearing	Total	Average interest rate
	$'000	$'000	$'000	$'000	$'000	$'000	%
Financial Assets							
Cash and cash equivalents	-	-	-	-	-	-	-
Trade and other receivables	-	-	-	-	2,906,420	2,906,420	-
Other financial assets	-	-	-	-	1,348,974	1,348,974	-
	-	-	-	-	4,255,394	4,255,394	
Financial Liabilities							
Trade and other payables	-	-	-	-	1,149,211	1,149,211	-
Bank Overdrafts – Unsecured	55,055	-	-	-	-	55,055	8.9%
	55,055	-	-	-	1,149,211	1,204,266	

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

Sensitivity analysis

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

At 30 June 2010 it is estimated that a general movement of one percentage point in the interest rates applicable to floating rate unsecured bank loans would have changed the Group's profit after tax by approximately $1.4 million. This calculation is based on applying a 1% movement to the total of the Group's unsecured bank loans at year end. All other interest bearing debt amounts are subject to fixed rate and therefore not subject to interest rate movements in the ordinary course.

It is estimated that a general movement of one percentage point in the value of the Australian Dollar against other currencies would change the Group's profit after tax by approximately $9.5m for the year ended 30 June 2010 comprising $4.1m, $3.3m, $1.8m and $0.3m against the Euro, Swiss Franc, US Dollar and all other currencies respectively. This calculation is based on changing the actual exchange rate of Australian Dollars to all other currencies during the year by 1% and applying these adjusted rates to the translation of the foreign currency denominated financial statements of various Group entities.

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

Credit Risk

Credit risk represents the extent of credit related losses that the Group may be subject to on amounts to be exchanged under financial instruments contracts or the amount receivable from trade and other debtors. Management has established policies to monitor and limit the exposure to credit risk on an on-going basis.

Transactions involving derivative financial instruments are with counterparties with whom the Group has a signed netting agreement as well as sound credit ratings. Given their high credit ratings, management does not expect any counterparty to fail to meet its obligations. The Group's policy is to only invest its cash and cash equivalent financial assets with financial institutions having a credit rating of at least 'A' or better, as assessed by independent rating agencies.

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

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

34 Financial Risk Management Objectives and Policies (continued)

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

For the year ended 30 June 2010	Financial Institutions	Governments	Hospitals	Buying Groups	Other	Total
Cash and cash equivalents	**1,001,059**	**-**	**-**	**-**	**-**	**1,001,059**
Trade and other receivables	**2,771**	**52,652**	**301,892**	**328,467**	**204,790**	**890,572**
Other financial assets	**5,068**	**-**	**-**	**-**	**-**	**5,068**
	1,008,898	**52,652**	**301,892**	**328,467**	**204,790**	**1,896,699**
For the year ended 30 June 2009						
Cash and cash equivalents	2,528,097	-	-	-	-	2,528,097
Trade and other receivables	1,388	52,831	301,889	267,506	272,495	896,109
Other financial assets	9,251	-	-	-	-	9,251
	2,538,736	52,831	301,889	267,506	272,495	3,433,457

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

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

	Trade receivables which are:		
	Not impaired	Impaired	Provision for impairment
For the year ended 30 June 2010:	**$000**	**$000**	**$000**
Trade and other receivables:			
current but not overdue	**580,935**	**-**	**-**
less than 30 days overdue	**40,405**	**-**	**-**
more than 30 but less than 90 days overdue	**51,810**	**-**	**-**
more than 90 days overdue	**128,313**	**25,615**	**25,615**
	801,463	**25,615**	**25,615**
For the year ended 30 June 2009:			
Trade and other receivables:			
current but not overdue	497,175	-	-
less than 30 days overdue	92,628	-	-
more than 30 but less than 90 days overdue	48,065	-	-
more than 90 days overdue	121,018	20,254	20,254
	758,886	20,254	20,254

Financial assets are considered impaired where there is objective evidence that the Group will not be able to collect all amounts due according to the original trade and other receivable terms. Factors considered when determining if an impairment exists include aging and timing of expected receipts and the credit worthiness of counterparties. A provision for impairment is created for the difference between the assets carrying amount and the present value of estimated future cash flows. The Group's trading terms do not generally include the requirement for customers to provide collateral as security for financial assets.

CSL Behring MEPE has receivables outstanding from government hospitals in Greece. The Greek government has recently passed legislation providing for the settlement of receivables dated 2007, 2008 and 2009 by means of the issuance of zero coupon government bonds however there remains uncertainty about the commercial terms of the bonds. The Group has recorded a provision for doubtful debts of €5.5m (A$7.9m) that recognises the amount of the expected discount and which has been charged against profit in the year ended 30 June 2010. Total receivables in Greece total €85.3m (A$122.3m).

34 Financial Risk Management Objectives and Policies (continued)

Funding and liquidity risk

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

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

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

The below table shows the profile of financial liabilities:

		Maturing in		
Consolidated Group – June 2010	**1 year or less**	**Over 1 year to 5 years**	**Over 5 years**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Financial Liabilities				
Trade and other payables	**485,403**	**-**	**-**	**485,403**
Bank loans – unsecured	**-**	**196,984**	**-**	**196,984**
Bank overdraft – unsecured	**6,554**	**-**	**-**	**6,554**
Senior unsecured notes	**16,312**	**207,159**	**-**	**223,471**
Lease liabilities	**3,118**	**11,130**	**20,946**	**35,194**
Other financial liabilities	**1,991**	**-**	**-**	**1,991**
	513,378	**415,273**	**20,946**	**949,597**
Consolidated Group – June 2009				
Financial Liabilities				
Trade and other payables	663,818	-	-	663,818
Bank loans – unsecured	305,518	96,468	-	401,986
Bank overdraft – unsecured	5,905	-	-	5,905
Senior unsecured notes	17,706	248,851	-	266,557
Lease liabilities	3,229	12,381	27,720	43,330
Other financial liabilities	873	-	-	873
	997,049	357,700	27,720	1,382,469

Parent Company – June 2010	**1 year or less**	**Over 1 year to 5 years**	**Over 5 years**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Financial Liabilities				
Trade and other payables	**1,757,620**	**-**	**-**	**1,757,620**
	1,757,620	**-**	**-**	**1,757,620**
Parent Company – June 2009				
Financial Liabilities				
Trade and other payables	1,149,211	-	-	1,149,211
Bank Overdrafts – Unsecured	55,055	-	-	55,055
	1,204,266	-	-	1,204,266

34 Financial Risk Management Objectives and Policies (continued)

Fair values

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

Consolidated Group	**Carrying amount 2010 $000**	**Fair Value 2010 $000**	Carrying amount 2009 $000	Fair Value 2009 $000
Financial Liabilities				
Interest bearing liabilities and borrowings				
Unsecured bank loans	**196,984**	**196,886**	401,986	402,227
Unsecured notes	**223,471**	**223,958**	266,557	267,415

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

Trade and other receivables / payables

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

Other financial assets – derivatives

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

Other financial assets – other

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

Interest bearing liabilities and borrowings

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

Interest bearing liabilities and borrowings – finance leases

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

Capital Risk Management

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

Each year the Directors determine the dividend taking into account factors such as liquidity and the availability of franking credits. The full year dividend, as disclosed in note 23, represents a payout ratio of 43% of Net Profit after Tax.

During the 2009 financial year, the parent raised $1.85 billion of new equity capital in anticipation of applying the funds raised, together with amounts available under newly secured debt finance facilities, to fund a potential acquisition opportunity as set out in note 3. Ultimately the acquisition did not proceed and the Parent Company announced a share buyback program on 9 June 2009. The buyback concluded in April 2010 having returned $1.78 billion to shareholders through the repurchase and cancellation of 54,863,000 ordinary shares. The net effect of the buyback has been an improvement in investment return ratios, such as earnings per share and return on equity to the benefit of shareholders.

35 Subsequent events

On 18 August 2010, the Company announced its intention to conduct a further on-market buyback of up to $900 million. This represents approximately 5% of shares currently on issue.

There are no other matters or circumstances which have arisen since the end of the financial year which have significantly affected or may significantly affect the operations of the Group, results of those operations or the state of affairs of the Group in subsequent financial years.

CSL Limited and its controlled entities
Directors' Declaration

(1) In the opinion of the Directors:

(a) the financial report, and the remuneration report included in the directors' report of the company and of the Group are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the company's and Group's financial position as at 30 June 2010 and of their performance for the year ended on that date; and

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

(iii) complying with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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

(2) This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the financial period ended 30 June 2010.

(3) In the opinion of the Directors, as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in note 33 will be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the Deed of Cross Guarantee dated 28 June 2007.

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

Elizabeth A Alexander
Chairman

Brian A McNamee
Managing Director

Melbourne
18 August 2010

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Independent auditor's report to the members of CSL Limited

Report on the Financial Report

We have audited the accompanying financial report of CSL Limited, which comprises the balance sheet as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independence

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

Auditor's Opinion

In our opinion:

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

    i giving a true and fair view of the financial position of CSL Limited and the consolidated entity at 30 June 2010 and of their performance for the year ended on that date; and

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

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

Report on the Remuneration Report

We have audited the Remuneration Report included in Section 15 of the directors' report for the year ended 30 June 2010. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of CSL Limited for the year ended 30 June 2010, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Denis Thorn
Partner
Melbourne
18 August 2010

CSL Limited
2010 Full Year Result
18 August 2010

Disclaimer

Forward looking statements

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

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

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

Financials

Total sales \$4.5 billion up 10% at constant currency (cc)[1]

- Global sales and fill & finish activities relating to CSL's pandemic influenza vaccine (H_1N_1) totalled \$235 million

EBIT \$1,357 million up 20%[2] at cc

NPAT \$1,053 million (\$1,240m at cc, up 22%[2])

- Foreign currency headwind \$187m

R&D investment \$317 million up 10% at cc

Operating cashflow \$1,168 million up 14%

Strong Balance Sheet - cash \$1.0b

Final dividend 45 cents (franked to 11%) up 13%

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

2 One-off non-operational items, as previously disclosed, excluded from FY09.

Operational Highlights

Australian Fractionation Agreement renewed to end of 2017

Privigen® - conversion well underway

- ~40% of IG sales by volume

Berinert® (C1-Esterase Inhibitor)

- US FDA grants marketing approval, product launched
- European approvals extended
- Australian TGA approval, Notice of Compliance received from Health Canada
- Product now registered in 28 countries

Hizentra™ (Subcutaneous IG 20% Liquid)

- US FDA approved, product launched
- First 20% subcutaneous immunoglobulin therapy

CSL™

Operational Highlights – cont.

Pandemic Influenza Vaccine (H_1N_1)

- Swift response to WHO declared pandemic
- Successful development and registration
- >40m doses globally
- NPAT contribution $122m

GARDASIL®

- Merck data on use by females aged 27 – 45
- US FDA approval for males aged 9-26 for genital warts
- Data to TGA for males aged 9-26 for external genital lesions and infections

Capital Management

On-Market Buybacks

Completed April 2010

- 54.8m shares ~9% of issued capital
- $1.8bn returned to shareholders

New

- $900m on-market share buyback*
- ~27m shares at current share price

Dividends

- Payout ratio increased to ~43%

** CSL reserves the right to suspend or terminate the buyback at any time*

Human Health
Business Unit Performance

- CSL Behring
- CSL Biotherapies
- Intellectual Property Licensing
- CSL Research & Development

CSL Behring

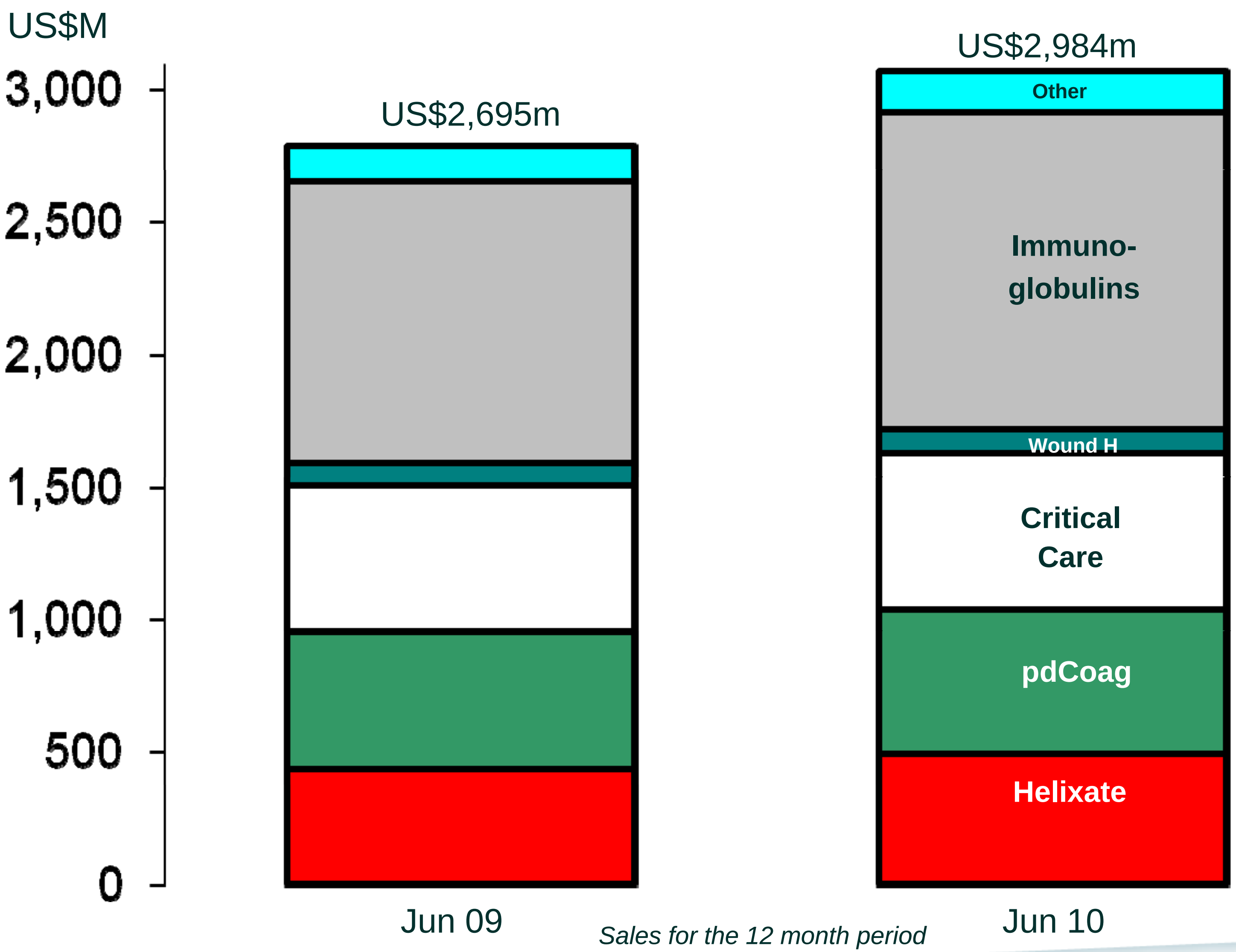
Sales US$2,984m up 10% at cc

EBITDA

- Up 14% at cc
- margin ~35%

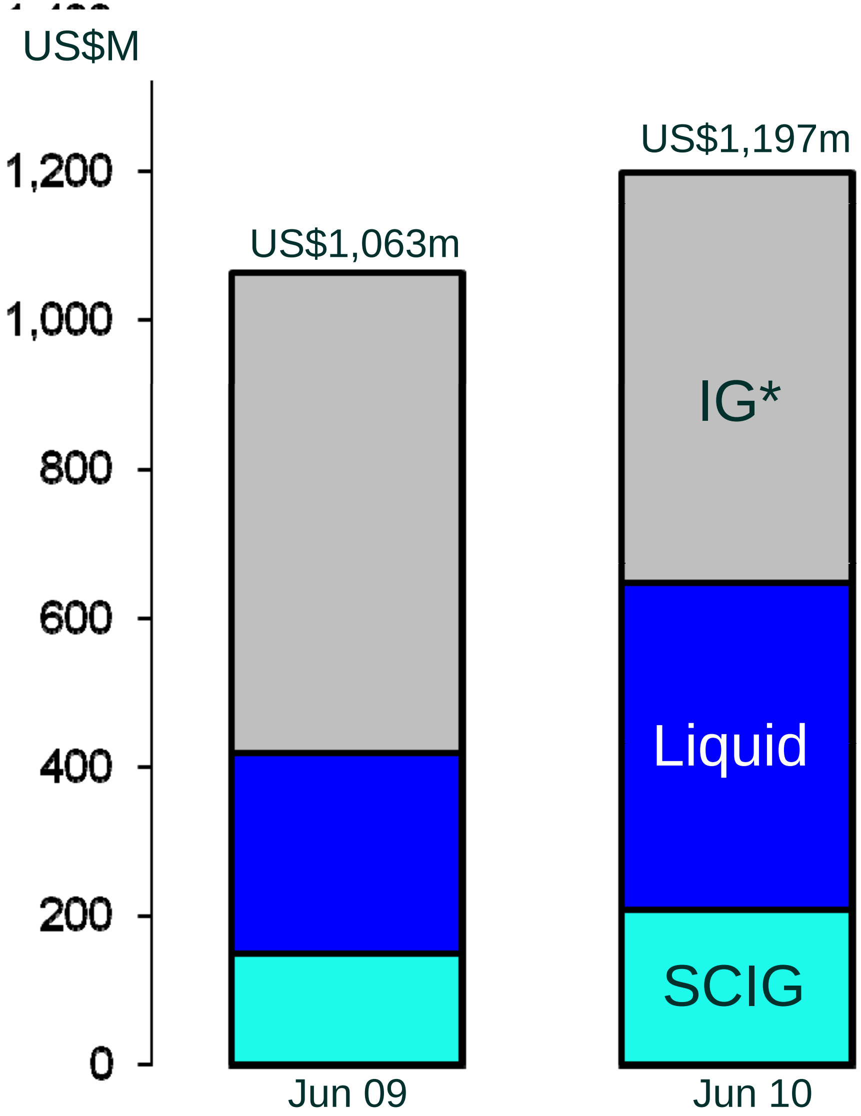
- Privigen® migration and Vivaglobin® expansion well underway
- Hizentra™ (IgPro20) US FDA approval, launched April 2010
- Encouraging product up-take in Canada & Russia
- US FDA approves prophylactic use of Helixate® for children
- Zemaira – up 30%
- Berinert®
  - US FDA approval & US launch
  - Aust. TGA & Health Canada approval, EU MRP complete
- Haemocomplettan® / RiaSTAP® license expansion

CSL Behring – Product sales up 10% in cc terms



Sales for the 12 month period

Immunoglobulins



Sales for the 12 month period

Highlights

Up 12% in cc terms

Growth

Sale mix

- Migration to liquid - Privigen®

SCIG demand - Vivaglobin®

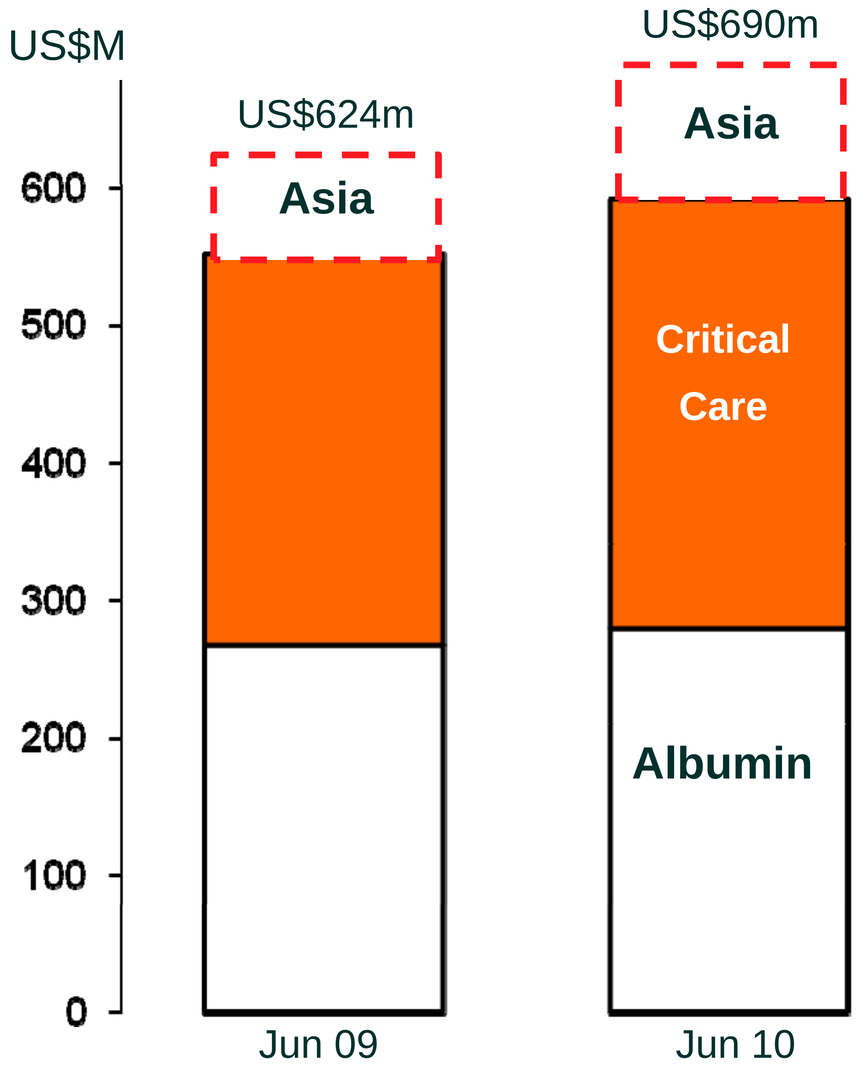
- Hizentra® launch

Volume

- European demand strong
- Canada expansion
- Rhophylac® growth

* *Includes hyperimmunes*

Critical Care



Sales for the 12 month period

Highlights

Up 5% in cc terms

- 9% incl. Asian sales*

Albumin growth

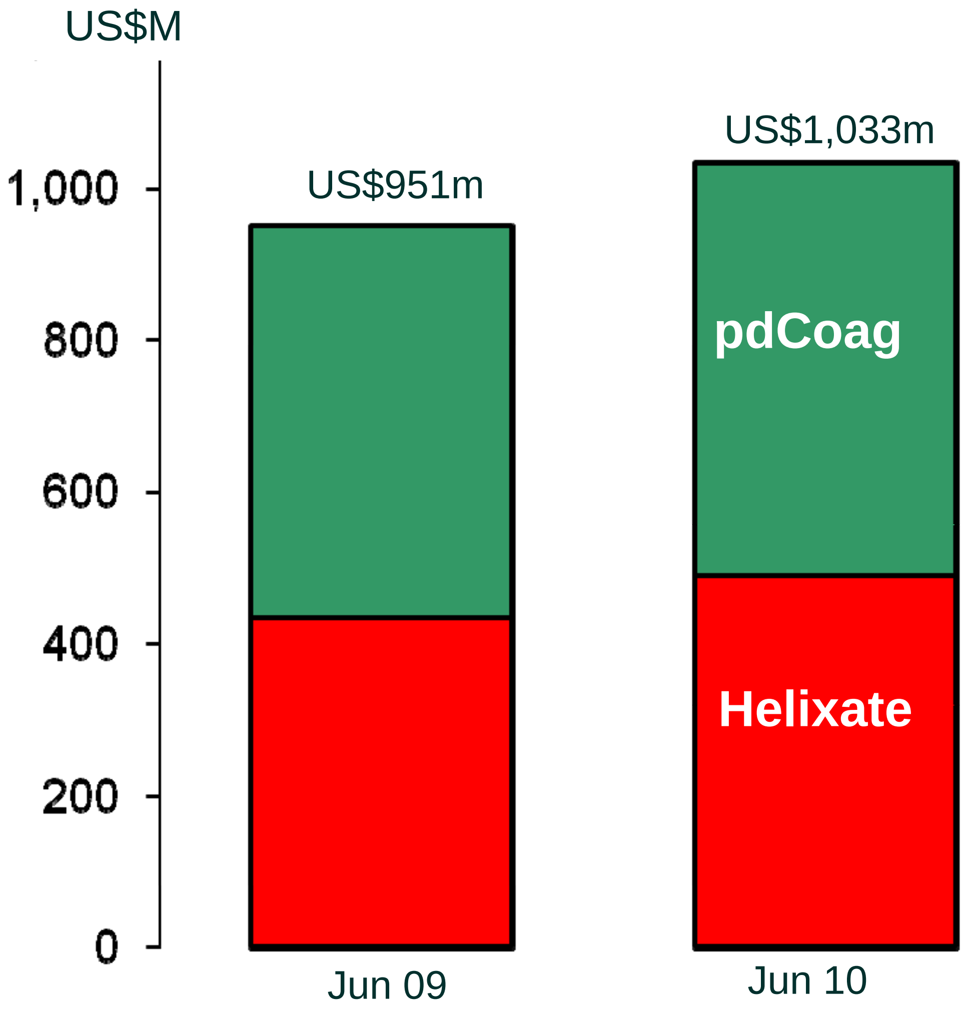
- Volume in US

Critical Care products growth

- Haemocomplettan® P and Berinert® P
- Beriplex® price competition

** CSL: Behring critical care products sold in Asia by CSL Biotherapies*

Haemophilia



Sales for the 12 month period

Highlights

Up 8% in cc terms

PdCoag

- Volume growth in lower priced markets
- Beriate® launch in Russia
- US demand for Humate®

Helixate®

- Strong demand in US
- Western European contracts
- Canadian growth

CSL Biotherapies - Financial

Sales A$958m up 21% at cc

Revenues from H_1N_1 vaccine $235m

Strong albumin sales to China

Increased ARCBS plasma collection volumes

GARDASIL® Australia & NZ $47m (PCP $185m)

- Successful conclusion of catch-up programs in Aust.
- Ongoing Australian/NZ cohort ~$30-35m pa

Influenza sales $124m

CSL Biotherapies - Operational

Australian businesses merged to form CSL Biotherapies

Australian Fractionation Agreement to 31 Dec. 2017

EVOGAM®

- 16% Chromatographic SCIG
- Registration dossier submitted to TGA

TGA approves Berinert®

Pandemic influenza vaccine (H_1N_1)

- Successful development and registration

Influenza vaccine

- Fluvax® AEs

CSL™

CSL Intellectual Property Licensing

Segment EBIT $96m

- HPV royalties $102m (down 26% at cc)
  - Merck data on use by females aged 27 – 45
  - US FDA approval for males 9-26 for genital warts
  - Data to TGA for males 9-26 for external genital lesions and infections
- CAM3001 (GM-CSFRα)
  - Medimmune/AstraZeneca commenced Phase II study in Rheumatoid Arthritis Feb 2010
- Periodontal disease vaccine
  - Research agreement with sanofi pasteur
  - Option to an exclusive worldwide license

R&D Highlights

Product Approvals

Hizentra® (IgPro20 sc)

- US FDA approval and US product launch April 2010

RiaSTAP™ (Fibrinogen)

- EU MRP approval Dec 2009

Berinert® (C1 esterase inhibitor)

- US FDA approval Oct 2009

Pre-clinical Development

Recombinant Factor IX-FP

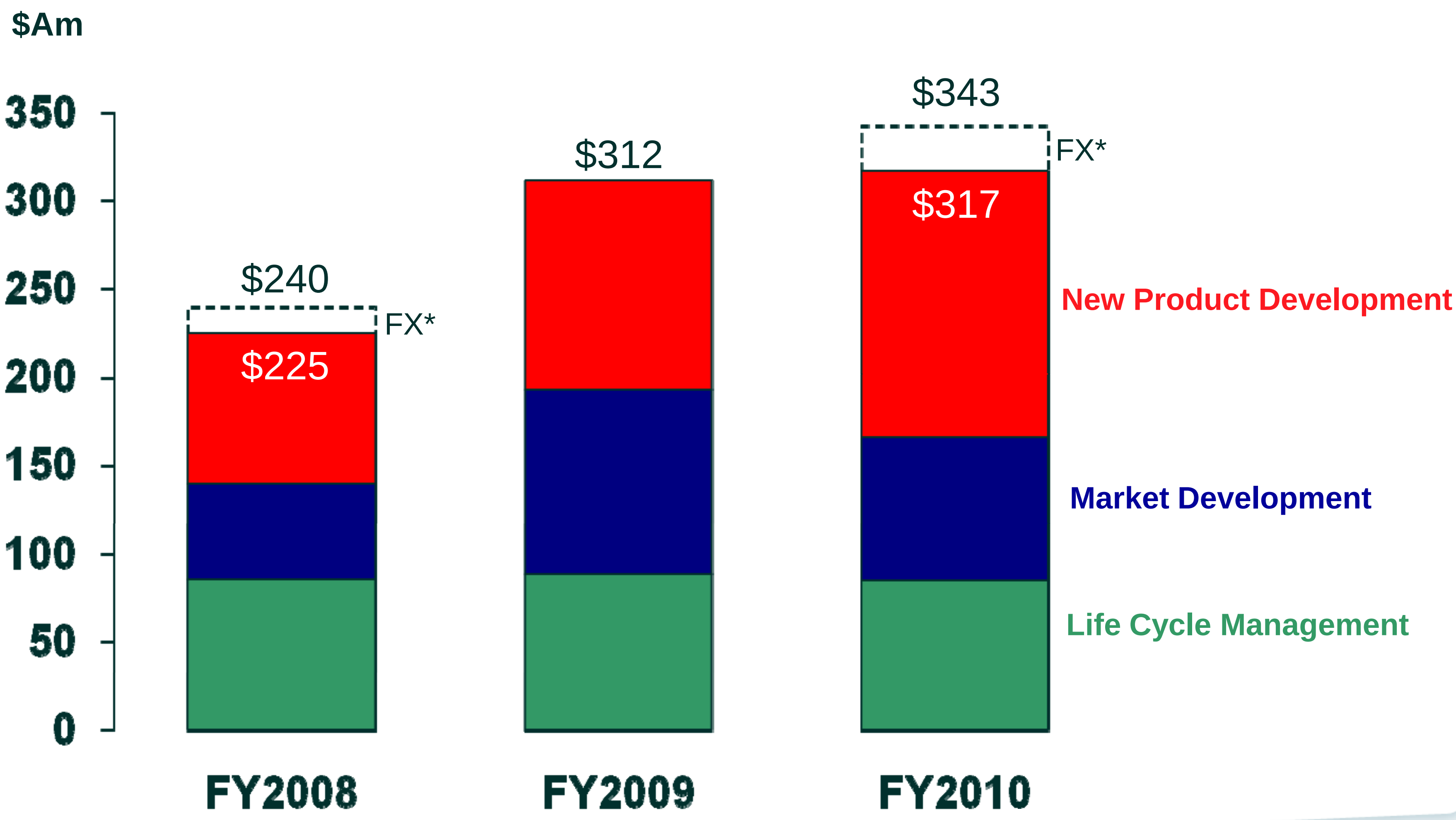
- Successful preclinical studies, Phase I/II planned late 2010

Reconstituted HDL

- Phase I commenced June 2010

R&D Investment

Growth in new product development

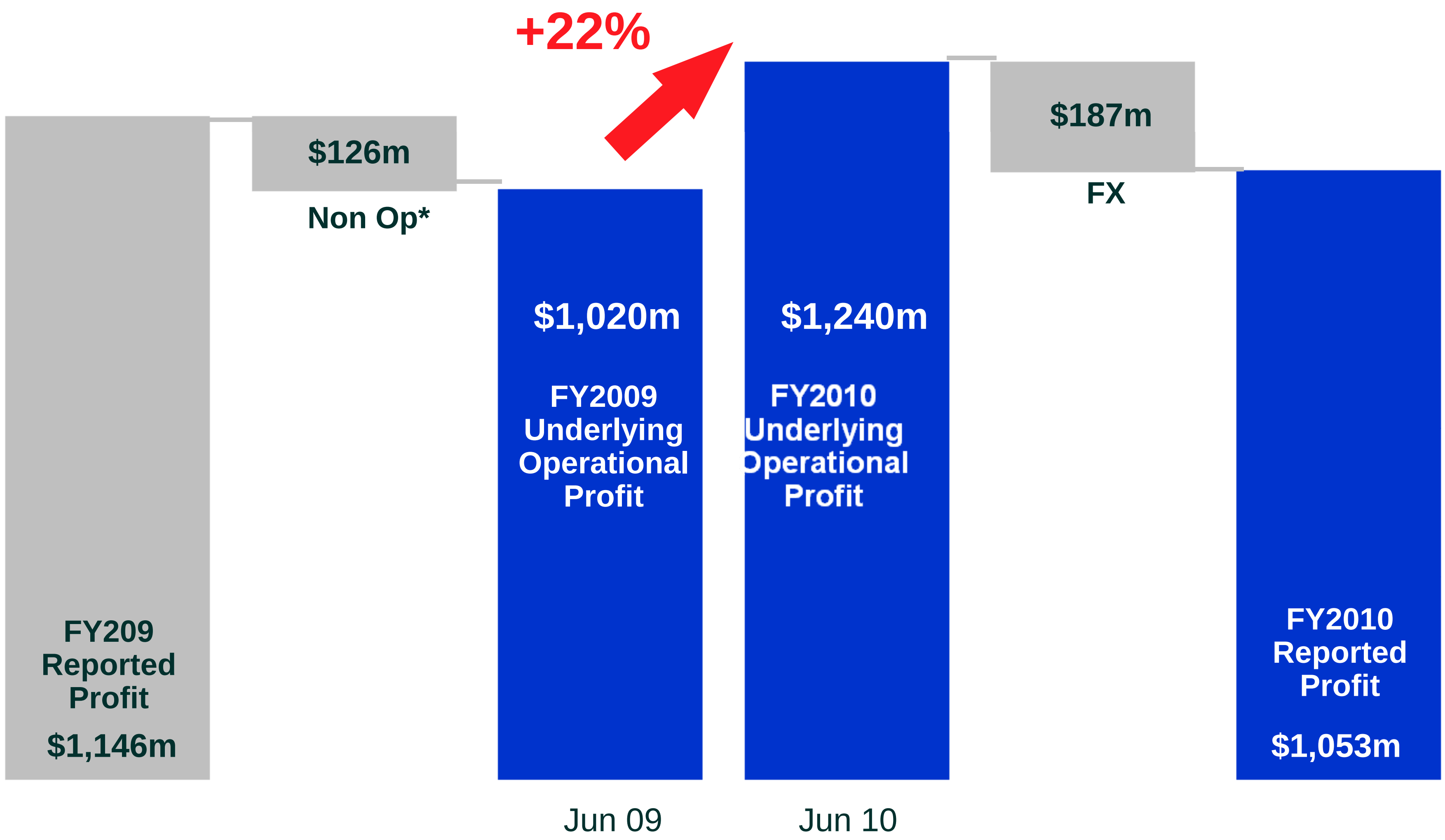


CSL

** Foreign currency impact using FY2009 exchange rates*

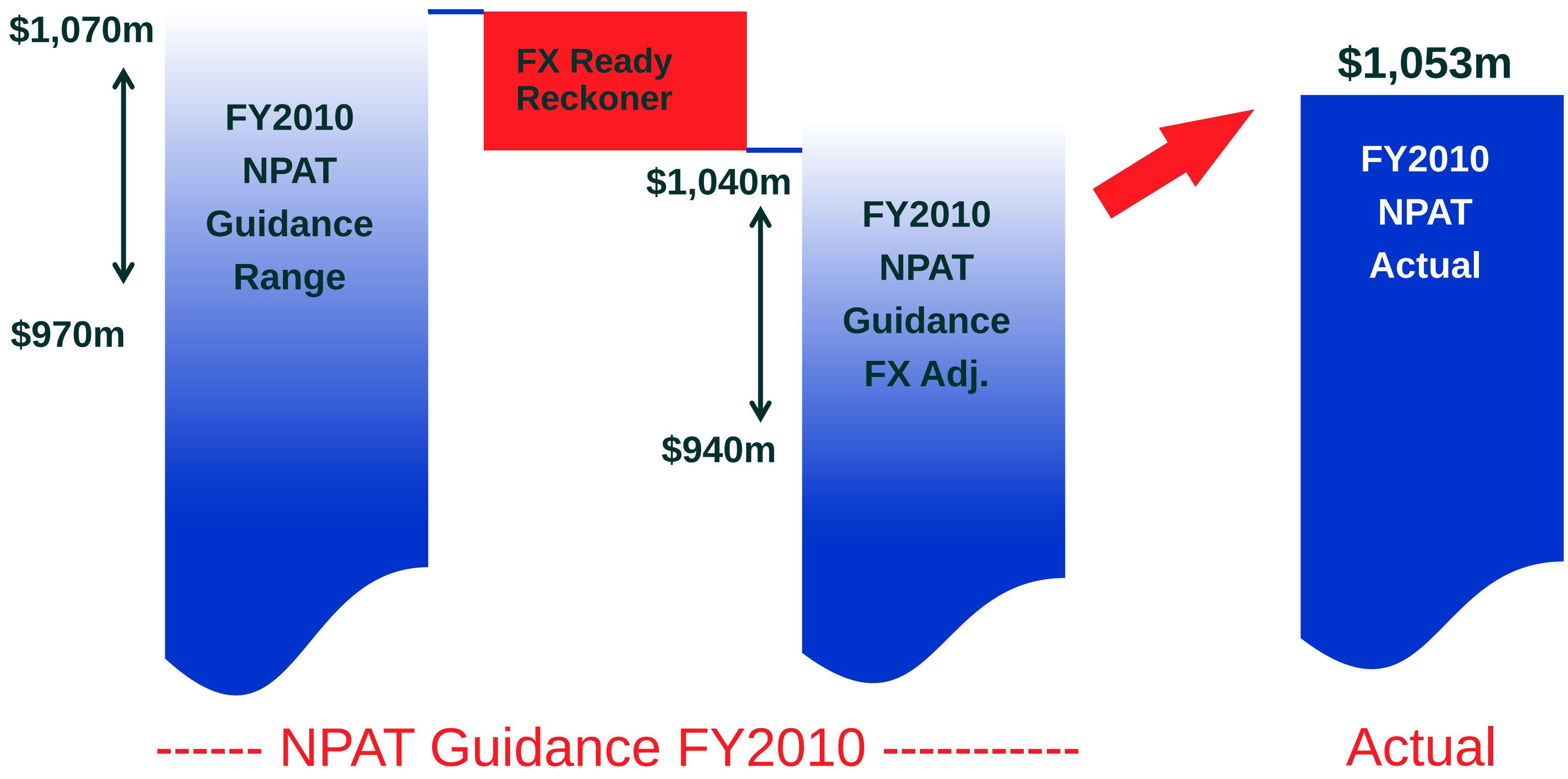
Financial Detail

Underlying operational profit up 22% @ CC



* *One-off non-operational items, as previously disclosed, relating to the discontinuation of the Talecris merger and certain tax items*

Performance V guidance



"…We expect towards upper end of range…"

CSL™

G&A Expense – no significant movement

General & Admin		$M
FY2009		407
Less merger discontinuation*		134
	FY09	**273**
FY2010		238
Add FX		25
	CC adj. FY10	263

* *Refer note 3(i) in financial statements for detail*

Strong Financial Discipline

Cashflow from operations $1.2 billion (up 14%)

Capital expenditure $265m

Working Capital	**2009**	**2010*(@cc)***
• Days debtors	60	63
• Inventory turns	1.6	1.5
• Inventory	$1,522m	$1,595m

Financial Leverage	**2009**	**2010**
• Cash on hand	$2,528m	$1,001m
• Debt	$718m	$462m

- Balance Sheet Strength -

Capital Management

On-Market Buybacks

- $900m on-market share buyback*
- ~27m shares at current share price
- Timing subject to 10/12 limit

Dividends

- Payout ratio increased to ~43%

** CSL reserves the right to suspend or terminate the buyback at any time*

NPAT Phasing & non recurring items

Phasing 1H v 2H

Foreign currency

Pandemic influenza vaccine H_1N_1 sales

CSL Behring customer ordering

Influenza vaccine seasonality

R&D phasing

HPV royalties

2H >1H after adjusting for phasing and non recurring items

FX Headwind - $187m NPAT FY2010

Translation*

	FY09	FY10	%
AUD/USD	0.74	0.88	19%
AUD/EUR	0.54	0.63	17%
AUD/CHF	0.85	0.93	9%

Transaction

	FY09	FY10	%
USD/CHF	1.15	1.06	8%
USD/EUR	0.73	0.72	1%

** Includes GARDASIL Royalties*

FY2011 Outlook in Constant Currency Underlying Profit Growth of up to ~10%

FY2010
NPAT

FY2011
Forecast

Growth
Up to ~10%

$980m to $1,030m

FY2011 considerations

- CSL Behring sales growth of high single digit at const. FX
- Ongoing medical demand for products
- Continued transition to Privigen® & Hizentra®
- Continued growth in specialty products
- US & EU healthcare reform
- Gardasil® royalties
- Influenza
- R&D growth 5-7% at cc

* *Global contribution from sale of Pandemic influenza vaccine (H_1N_1) & related fill and finish activities*

CSL Growth Strategy

Market Development

Influenza
Privigen® Hizentra®
Specialty products
Expanded geographies

Royalties & Licensing

HPV
ISCOMATRIX® adjuvant
Technology partnering

Novel Products

Biotech
rCoag
CSL 360
Plasma
rHDL

Global Specialty Bio- pharmaceutical Company

Plasma sector growth
Global focus
Growth in R&D investment
New products – unmet medical needs

Financial Strength

Identify Complementary Assets

CSL™

Appendix

Group Results

Full year ended June $ Millions	June 2009 Reported	Adj.*	June 2009 Underlying	June 2010 Reported	June 2010 CC**	Change %
Sales	**4,622.4**		**4,622.4**	**4,455.8**	**5,079.7**	**10%**
Other Revenue / Income	416.0	190.1	226.9	171.2	190.3	
Total Revenue / Income	**5,039.4**	**190.1**	**4,849.3**	**4,627.0**	**5,270.0**	
Earnings before Interest, Tax, Depreciation & Amortisation	**1,549.8**	**23.4**	**1,526.4**	**1,513.7**	**1,784.3**	**17%**
Depreciation/Amortisation	181.6		181.6	156..6	173.3	
Earnings before Interest and Tax	**1,368.2**	**23.4**	**1,344.8**	**1,357.1**	**1,611.0**	**20%**
Net Interest Expense / (Income)	(1.5)	(6.7)	5.2	(22.3)	(21.2)	
Tax Expense	223.8	(95.5)	319.3	326.6	391.9	
Net Profit	**1,145.9**	**125.6**	**1,020.3**	**1,052.9**	**1,240.3**	**22%**
Total Ordinary Dividends (cents)	70.00			80.00		
Final Dividend (cents)	40.00			45.00		
Basic EPS (cents)	192.51			185.8		

* *One-off non operational items relating of the discontinuation of the Talecris merger and certain tax items*

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

CSL Behring Sales

Year ended June	FY09 USD$M	FY10 USD$M	FY10 USD$M CC	Change %
rFVIII	**434**	**489**	**486**	**12**
pdCoag	**517**	**544**	**540**	**4**
Specialty Critical Care	**285**	**313**	**305**	**7**
Albumin*	**267**	**279**	**275**	**3**
Wound Healing	**84**	**90**	**84**	**0**
Immunoglobulins	**1,063**	**1,197**	**1,191**	**12**
Other Product Sales	**45**	**72**	**72**	**60**
Total Product Sales	**2,695**	**2,984**	**2,953**	**10**
Other sales (mainly plasma)	*86*	*85*	*85*	*-1*
Total Sales	*2,781*	*3,069*	*3,038*	*9*

* *Excludes CSL: Behring critical care products sold in Asia by CSL Biotherapies*

Foreign Exchange Sensitivity

FY2011 - Full year impact

Translation

Sensitivity to 1% movement in key currency pairs

	FY10 Rates	1% rate change impact on FY11
• AUD/USD*	0.88	+/- $1.9m
• AUD/EUR	0.63	+/- $3.9m
• AUD/CHF	0.93	+/- $4.3m

Transaction

Full year impact estimate +ve $10m – $20m

** Includes HPV Royalties*