

CSL LIMITED
ANNUAL REPORT
2009-2010



CSL™

Contents

Year in Review

Highlights	1
Financial Results	2
Year in Review	3

Business Features

CSL Behring	8
CSL Biotherapies	12
New Product Development	16

Our Company

Our Corporate Responsibility	18
Directors' Profiles	20
Executive Management Group	22
CSL Group Business Operations	23
Share Information	24
Shareholder Information	25
Corporate Governance	27

Financial Report

Directors' Report	34
Auditor's Independence Declaration	53
Statements of Comprehensive Income	54
Balance Sheets	55
Statements of Changes in Equity	56
Cash Flow Statements	58
Notes to the Financial Statements	59
Directors' Declaration	118
Independent Auditor's Report	119

Cover: Pierre Scotney is a senior scientist working to develop new protein therapies to treat cancer and inflammatory diseases for CSL at the Bio 21 Institute in Parkville, Australia.



CSL Limited ABN 99 051 588 348
Annual Report 2009-2010

Financial Calendar

2010

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

2011

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

Annual General Meeting

Wednesday 13 October 2010 at 10:00am
Function Centre, National Tennis Centre,
Melbourne Park, Batman Avenue, Melbourne 3000

AGM Live Webcast

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

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

Share Registry

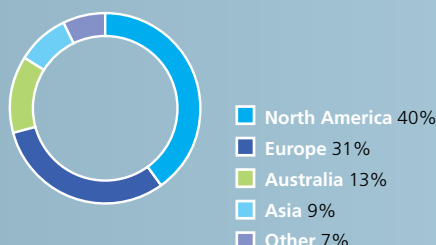
Computershare Investor Services Pty Limited
Yarra Falls, 452 Johnston Street Abbotsford VIC 3067
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Enquiries within Australia: 1800 646 882
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Investor enquiries facsimile: +61 3 9473 2500
Website: www.investorcentre.com
Email: web.queries@computershare.com.au

Year in Review 2009-2010 Highlights

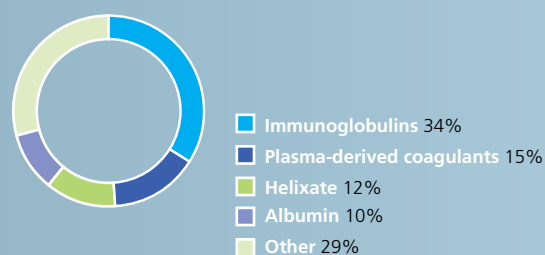
Dear Shareholder,

Solid growth in demand for our plasma products, our swift response to the World Health Organisation declared pandemic influenza threat, new and improved products, and our market development activities have all contributed to a good result for CSL this year against a background of global economic uncertainty.

CSL Group Sales
by Region
2009-10



CSL Group Sales
by Major Products
2009-10



- > Net profit after tax reached \$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 currency¹ basis, operational net profit after tax grew 22% after excluding one-off, non-operational items² in fiscal 2009. CSL's balance sheet is strong with \$1,001 million cash on hand against borrowings of \$462 million. Cash flow from operations grew 14% to \$1,168 million.
- > CSL's on-market share buyback announced in June 2009 has been completed and returned approximately \$1.8 billion to shareholders through our repurchase of approximately 54.9 million shares. The benefit to shareholders is through improved investment return ratios, such as earnings per share and return on equity.
- > Our immunoglobulin portfolio achieved significant growth with increasing sales of Privigen®, our new generation intravenous product, and growing demand for our Vivaglobin® subcutaneous treatment. The March 2010 US launch of Hizentra™, our new 20% liquid subcutaneous product will support future growth prospects.
- > In a strong year for specialty products, our Zemaira® treatment for hereditary emphysema achieved sound growth, and the US launch of Berinert® for hereditary angioedema contributed to increased global sales. Expansion of licenses for RiaSTAP™ and Haemocompletan® underpinned good growth for these treatments for congenital fibrinogen deficiency, a bleeding disorder.
- > Responding to the H1N1 influenza pandemic threat, CSL was first to develop a vaccine and carry out clinical trials. Sales were achieved through supply contracts with Australia, the US, Singapore, Canada and Germany. CSL also donated vaccine to the World Health Organisation.
- > Research and development remains an important avenue to future growth for CSL and this year we invested \$317 million, up 10% in constant currency.

¹ Constant currency removes the impact of exchange rate movements to facilitate comparability between 2009/10 and the prior year.

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.

Year in Review Financial Results

Financial highlights for the year ended 30 June 2010

Dividends to Shareholders

On 9 April 2010, shareholders received an interim unfranked dividend of 35 cents per share. A partially franked* final dividend of 45 cents per share will be paid on 8 October 2010. Total ordinary dividends for the year were 80 cents per share, up 14% on the previous year.

* The dividend will be franked to the extent of 5.28 cents per share.

Five Year Summary All figures are in \$A million unless stated otherwise ^(1,2)

	2009-10 Constant Currency ⁽²⁾	2009-10 Reported ⁽¹⁾	2008-09 Reported ⁽¹⁾	2007-08 Reported ⁽¹⁾	2006-07 Reported ⁽¹⁾	2005-06 Reported ⁽¹⁾
Total Revenue	5,270	4,627	5,039	3,803	3,313	2,906
Sales Revenue	5,080	4,456	4,622	3,557	3,172	2,849
R&D Investment	343	317	312	225	191	161
Profit before Income Tax Expense ⁽³⁾	1,632	1,379	1,370	952	774	499
Net Profit ⁽³⁾	1,240	1,053	1,146	702	539	351
Capital Investment		265	286	218	205	122
Total Assets at 30 June		5,711	7,367	4,695	4,200	4,186
Total Equity at 30 June		4,215	5,463	2,806	2,269	1,990
Net Tangible Assets per share at 30 June (\$) ⁽⁴⁾		5.93	7.43	3.44	2.44	2.14
Weighted Average Number of Shares (million) ⁽⁴⁾		567	595	550	548	546
Basic Earnings per Share (cents) ^{(3) (4)}		185.8	192.5	127.6	98.5	64.3
Dividend per Share (cents) ⁽⁴⁾		80.0	70.0	46.0	34.7	22.7

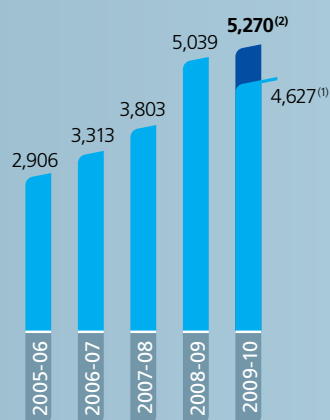
(1) The Group's Reported results are reported in accordance with the Australian Equivalents to International Financial Reporting Standards (A-IFRS).

(2) The 2009/10 results are stated at Constant Currency to remove the impact of exchange rate movements and are presented to facilitate comparability between 2009/10 and the prior year.

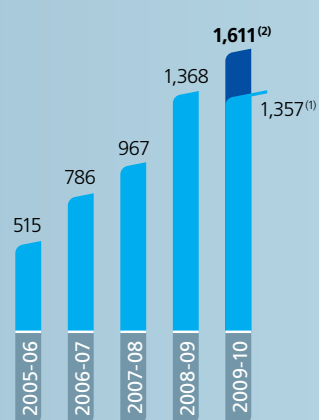
(3) Excludes recognition of the contingent consideration payable for the acquisition of Aventis Behring and the profit after tax from discontinued operations for year ended 30 June 2006.

(4) Restated for the years ended 30 June 2007 and 30 June 2006 following the 3 for 1 share split undertaken on 24 October 2007.

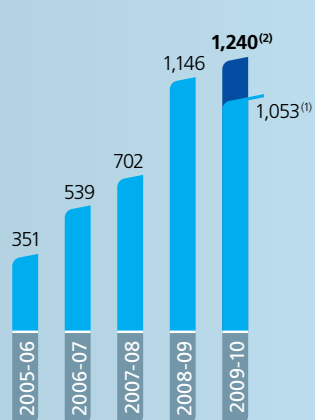
CSL Total Revenue
(\$A millions)



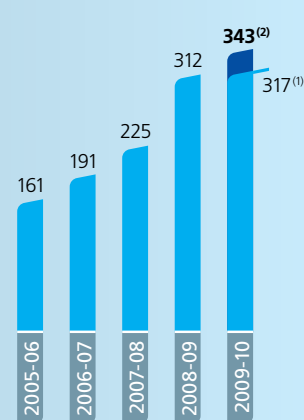
CSL Profit Before
Interest and Tax⁽³⁾
(\$A millions)



CSL Net Profit⁽³⁾
(\$A millions)



CSL R&D Investment
(\$A millions)



Year in Review 2009-2010

Dividends and Financial Results

On 9 April 2010, shareholders received an interim unfranked dividend of 35 cents per share. A partially franked final dividend of 45 cents per share will be paid on 8 October 2010.

Total ordinary dividends for the year were 80 cents per share, up 14% on the previous year.

Net profit after tax reached \$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 basis, operational net profit after tax grew 22% after excluding one-off, non-operational items in fiscal 2009. CSL's balance sheet is strong with \$1,001 million cash on hand against borrowings of \$462 million. Cash flow from operations grew 14% to \$1,168 million.

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

CSL Behring

Plasma product sales were \$3.5 billion (up 10% in constant currency terms), a solid performance given recent global economic conditions. We experienced growth across our product portfolio, most significantly from immunoglobulins, as commercialisation of Privigen® picked up momentum and strong demand continued for Vivaglobin® and Hizentra™, our subcutaneously administered products.

Privigen® intravenous immunoglobulin sales more than doubled from the previous year, exceeding sales of Carimune® and Sandoglobulin® for the first time. Combined with an increase in sales of Vivaglobin®, our total immunoglobulin sales grew 12% in constant currency terms. The recent US launch of Hizentra™, our 20% immunoglobulin, coupled with increasing sales of Privigen® should contribute to continued growth.

Our haemophilia portfolio grew 8% in constant currency terms, mainly driven by product demand in the US for Helixate®, our recombinant factor VIII,

and Humate® P, a plasma derived factor VIII. Critical care products recorded 5% growth over the previous year in constant currency terms.

In a strong year for specialty products, growth came from increased sales of Zemaira® (alpha 1-proteinase inhibitor), from the launch of Berinert® (C1 esterase inhibitor) in the US, and from expansion of licenses for our fibrinogen products, Haemocomplettan® and RiaSTAP™.

All regions contributed to sales growth with several European countries and Canada recording the strongest gains. Our largest market, the US benefited from strong demand for Privigen® and Vivaglobin®.

One goal of our research and development team is to expand the global registration of the range of products which can be separated from each litre of plasma processed. Achieving this goal leads to more patients benefiting from treatment with plasma products, leading to improved well-being and more fulfilled lives.

Elizabeth Alexander
Chairman

Brian McNamee
Chief Executive Officer
and Managing Director



Year in Review 2009-2010 continued

Hizentra™ 20% liquid immunoglobulin for subcutaneous administration for the treatment of Primary Immune Deficiency and Berinert® for treatment of acute swelling attacks caused by hereditary angioedema were approved by the US Food and Drug Administration (FDA) this year and launched in the US market. Beriate® high purity plasma-derived factor VIII for the treatment of Haemophilia A was also approved and launched in Russia, a new market for CSL Behring.

Good progress has been made in the pre-clinical development of our recombinant coagulation protein candidates and we expect to commence human trials with our factor IX prospect in the 2010-2011 financial year.

In recent years, we have invested significant capital in our manufacturing base which is now well placed to meet projected growth. This includes high volume products like Privigen®, Hizentra™, Humate®, Beriate® and albumin as well as our specialty products such as Zemaira®, Berinert®, RiaSTAP™ and Beriplex®.

In Kansas City, we opened a state-of-the-art plasma collection centre. A further six US collection centres have also been renovated or relocated during the year as part of our strategy to continuously enhance our plasma collection operations.

As governments and insurance companies struggle to fund health care demand, legislative reforms, new taxes and rationing are being used to contain cost increases. Against this background, the underlying demand for immunoglobulin, albumin and coagulation factors remains strong. For patients in need of these products there are few options, and this is the case with most products manufactured by CSL Behring.

We remain well placed to meet increased demand as the global economy recovers and with the expectation that the plasma products market returns to historical growth rates.

CSL Biotherapies

In December 2009, CSL Limited announced the integration of its Australian operations CSL Bioplasma and CSL Biotherapies under one leadership and operating structure. The integrated business is known as CSL Biotherapies.

CSL Biotherapies' operations include:

- the manufacture of plasma-derived therapies for six countries in the Asia Pacific;
- the development, manufacture, marketing and distribution of immunohaematology products (diagnostic reagents) in Australia and the Asia Pacific;
- the manufacture, marketing and distribution of in-licensed vaccines and pharmaceutical products in Australia and New Zealand; and
- global sales of our seasonal and pandemic influenza vaccines.



In October 2009, Urs Ziswiler, Swiss Ambassador to the US, presented CSL Behring President, Peter Turner (right) with the Tell Award for Switzerland's most significant innovative technology investment. In particular, the Award recognises our investment in new facilities in Bern for the development and manufacture of Privigen®, our new generation intravenous immunoglobulin for patients with Primary Immune Deficiency.

Dr Jeff Davies, Executive Vice President, CSL Biotherapies, and Dr Alison Turner, General Manager, National Blood Authority sign the new Australian Fractionation Agreement. The eight-year Agreement provides Australia with continued access to a secure supply of plasma-derived therapies.



CSL Biotherapies sales revenue reached \$958 million this year (up 21% in constant currency terms). This performance is underpinned by several factors including:

- the one-off benefit of global sales of our H1N1 pandemic influenza vaccine through supply contracts for Australia, the US, Singapore, Canada and Germany;
- growth in plasma for fractionation under the Australian Fractionation Agreement; and
- growth in revenue from sales of commercial plasma-derived therapies in our Asian markets driven by continued strong pricing for albumin in China and increased demand for factor VIII across Asia.

CSL Biotherapies is the leading supplier of plasma fractionation services and plasma-derived products in the Asia Pacific region. Once again this year, we successfully increased our plasma fractionation capacity to meet continuing strong demand for our plasma fractionation services, and to position us for future growth.

We renewed our plasma fractionation contract with the National Blood Authority which acts on behalf of Australia's State and Commonwealth Governments. The eight-year term of the new Australian Fractionation Agreement provides Australia with continued access to a secure and affordable supply of plasma-derived therapies of the highest safety and quality.

During the year, we submitted a registration dossier to the Australian Therapeutic Goods Administration (TGA) for EVOGAM®, our high-yielding chromatographically purified 16% immunoglobulin for subcutaneous use. We also intend to make a submission to the New Zealand Medicines and Medical Devices Safety Authority (MedSafe) for the registration of EVOGAM®. The TGA has approved the registration of Berinert® (C1 esterase inhibitor), CSL Behring's treatment for hereditary angioedema. The TGA is currently evaluating the registration dossier we submitted for INTRAGAM® 10 NF, our high-yielding, chromatographically purified 10% intravenous immunoglobulin.

Our plasma fractionation facility in Melbourne continues to provide fractionation services under contracts with New Zealand, Hong Kong, Singapore and Taiwan, and we have

renewed our manufacturing agreement with Malaysia. We continue to work with our distributors across Asia to expand regional sales of plasma-derived therapies surplus to the demands of our contract fractionation customers.

Strong growth in Asia was again predominantly due to increased sales of albumin to China, coupled with continuing strong prices and increased demand for plasma-derived factor VIII in that region.

Demand for our immunohaematology products (diagnostic reagents) continues in the Asia Pacific region. We launched new products to improve blood safety in pre-transfusion testing, and in antenatal testing to detect and prevent haemolytic disease of the foetus and newborn.

In response to the 2009 H1N1 influenza pandemic, CSL was the first vaccine manufacturer to commence clinical trials to determine a pandemic influenza vaccine formulation and dose in adults. The commencement of our clinical trial in Adelaide, South Australia in July 2009 drew international attention, placing CSL at the forefront of the response to this pandemic. The first data from our clinical trial was published in September 2009, and Australia's pandemic vaccination program commenced soon after.

Year in Review 2009-2010 continued

CSL Biotherapies also supplied our H1N1 pandemic influenza vaccine to the US, Canada, Singapore and Germany, and CSL also donated vaccine to the World Health Organisation for the protection of people in developing countries.

This year, CSL entered into a strategic partnership granting Merck & Co. Inc. the rights to market and distribute our Afluria® influenza vaccine in the US from 2010.

As anticipated, sales of GARDASIL* vaccine decreased following completion of the Commonwealth Government human papillomavirus catch-up vaccination program. The program will now focus on girls aged 12 to 13 years. The TGA has also approved registration of GARDASIL* vaccine for immunisation of males aged 9 to 26 years for external genital lesions. Merck & Co. Inc. is our exclusive licensee for GARDASIL* vaccine with global marketing rights. CSL has distribution rights for Australia and New Zealand and receives royalties from global sales.

CSL Biotherapies manufactures a range of antivenoms against the bites and stings of Australia's most venomous creatures. We produce Q-Vax® vaccine against Q-Fever, an occupational disease of people working in Australia's meat and livestock industry. Together with our Fluvax® and Panvax® influenza vaccines, these products reflect our ongoing commitment to delivering products of national significance.

CSL Biotherapies sources a range of products from international partners to treat serious medical conditions. These in-licensed treatments include vaccines and a range of neurological, cardio-thoracic, dermatological, analgesic, urological, and emergency products. Several in-licensed products have been launched or received reimbursement this year including NEBILET* for the treatment of congestive heart failure, and DAIVOBET* for the treatment of psoriasis.

New Product Development

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

Global research and development activities support CSL's core licensed product businesses and three other areas of new product development:

- Replacement therapies that enhance our plasma products portfolio;
- Therapeutic proteins based on recombinant proteins and antibodies; and
- Vaccines that use our proprietary ISCOMATRIX® adjuvant and/or our influenza vaccine capabilities.



CSL scientist Michelle Hefford carrying out a coagulation factor stability test. CSL is developing a family of recombinant coagulation factor medicines to treat haemophilia and other coagulation defects.

Our replacement therapies focus has been on expanding the geographical registrations and medical indications for existing plasma products, progressing the recombinant coagulation projects in preclinical development (see feature on page 16), and developing new plasma products.

During the year, we completed the clinical development of our 20% subcutaneous immunoglobulin product and in March 2010 the US FDA granted marketing approval for Hizentra™ for treating patients diagnosed with Primary Immune Deficiency. RiaSTAP™ (human fibrinogen) was also approved in Germany for the treatment of patients with a congenital deficiency of this coagulation protein.

In October 2009, the US FDA granted marketing approval for Berinert® (C1 esterase inhibitor) for the treatment of acute abdominal or facial attacks associated with hereditary angioedema (HAE), a rare and serious genetic disorder. Berinert® is the first and only therapy approved for this indication in the US.

The development of reconstituted High Density Lipoprotein (rHDL), a potential additional product from human plasma, is a priority for CSL's R&D program. We have recently reformulated a prototype product, completed pre-clinical testing and commenced a Phase I safety study for possible use in acute coronary syndrome.

In the therapeutic proteins program, we have progressed development of antibodies which target the IL-3 growth factor receptor for acute myeloid leukemia and the GM-CSFR product (partnered with AstraZeneca/MedImmune) recently entered into Phase II clinical trials.

In December 2009, CSL signed an agreement with Sanofi Pasteur to develop a vaccine to prevent and treat periodontitis, a severe and common gum disease. Candidate vaccine antigens against the bacterium porphyromonas gingivalis, which causes periodontitis, are currently being trialled in mouse models of the disease. This program is being conducted within the Cooperative Research Centre for Oral Health Science under the direction of Professor Eric Reynolds, our long term collaborator.

The advent of the H1N1 pandemic influenza threat required an immediate response from CSL scientists to develop a vaccine against the novel virus. CSL conducted several clinical trials to assist governments and regulatory authorities decide how to best deploy the vaccine. CSL's H1N1 pandemic influenza vaccine is now registered in Australia, the US, New Zealand, Singapore, Germany, and by the World Health Organisation.

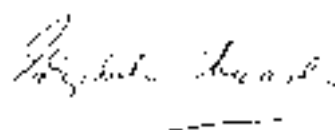
R&D investment remains an important avenue to future growth for CSL.

We continue to make a balanced investment in the life cycle management and market development of existing products resulting in short to mid-term commercial benefits. We also maintain strategic investment in longer term, higher risk and high opportunity new product development activities.

Our Thanks to Management and Staff

CSL continues to develop new and improved life-saving medicines to satisfy the needs of a growing global patient community. This year we were also at the forefront of the research, development, manufacture and distribution of vaccine required to combat the influenza pandemic threat. These and other achievements result from the work of thousands of staff in many countries each contributing their particular skills.

Your Board of Directors is appreciative of the strong commitment of management and staff that underpins the sound performance delivered by our Company this year.



Elizabeth Alexander
Chairman



Brian McNamee
Chief Executive Officer
and Managing Director

Business feature **CSL Behring**

CSL Behring is committed to saving lives and improving the quality of life for patients with rare and serious diseases. Our product supply capacity, extensive research and development activities and patient support services are key elements in an ongoing commitment to people whose lives depend on our products.

We deliver on our commitments with new therapies for unmet needs and through improvements to help patients lead more normal lives. In the US this year, we launched Hizentra™, the first and only 20% subcutaneous immunoglobulin. In the US, Canada and more European countries, we launched Berinert® to treat people with hereditary angioedema. We also received approvals from the US Food and Drug Administration to extend the shelf life of Privigen® (improved convenience for patients and health care providers), and for the routine prophylaxis of Helixate® FS for children with Haemophilia A.

We listen carefully to the concerns of people with rare, life-threatening disorders and work to address their needs. By providing safe and effective products and services, we help patients

to improve their quality of life. We continue to develop programs and provide educational tools that help patients and families manage the daily challenges of living with chronic conditions. CSL Behring is committed to collaboration with patient groups and stakeholders around the world to advocate for patient access to care.

Our therapies are indicated for treatment of coagulation disorders including haemophilia and von Willebrand disease, primary immune deficiencies, hereditary angioedema and inherited respiratory disease. CSL Behring products are also used to prevent haemolytic diseases in newborns, speed recovery from heart surgery, prevent infection in people undergoing solid organ transplants, and help victims of shock and burns to recover faster.

A global leader in biotherapies with substantial markets in the US, Europe and Japan, we offer the broadest range of quality products in our industry.

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

CSL Behring is well positioned to develop its biotherapeutics business with a broad portfolio of quality products, global marketing that meets customer needs, an ongoing pipeline of new and improved plasma therapies, cost effective, high yield manufacturing processes and efficient operations.

CSL Behring produces high-quality products in our state-of-the-art facilities using the most sophisticated methods available. Because patient safety is our first priority, we closely monitor every aspect of the manufacturing process.



Coagulation, wound healing and critical care products are manufactured at our Marburg site in Germany where this expanded filling and freeze-drying facility has been built as part of CSL Behring's significant capital investment in our manufacturing base to support future growth.

Major products marketed by CSL Behring

Haemophilia and Other Coagulation Disorders

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

Plasma-derived Factor VIII and von Willebrand Factor

- Beriate® P
- Monoclate-P®
- Humate-P®
- Haemate® P
- Biostate®

Recombinant Factor VIII

- Helixate® FS
- Helixate® NexGen

Plasma-derived Factor IX

- Berinin® P
- Mononine®

Plasma-derived Factor X

- Factor X P

Other Products

- Stimate®
- Octostim*

Critical Care Conditions

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

Coagulation Disorders

- Beriplex® P/N
- Confidex®
- Fibrogammin® P
- Haemocomplettan® P
- Kybernin® P
- RiaSTAP™

Trauma Therapies

- Albuminar®
- Human Albumin
- AlbuRx™

Other Critical Care

- Berinert® P
- Minirin® Parenteral
- Streptase®

Wound Healing

Wound healing therapies are used to facilitate healing.

- Beriplast® P
- Tachocomb*

Immune Disorders and Immune Therapy

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

Polyvalent Immunoglobulins

- Privigen®
- Carimune® NF
- Redimune®
- Sandoglobulin®
- Sanglopor®

Subcutaneous Immunoglobulins

- Hizentra™
- Vivaglobin®

Specific Immunoglobulins

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

Alpha 1-Proteinase Inhibitor Deficiency

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

- Zemaira®

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



Miguel is able to lead a healthy life

Twenty-year-old Miguel Gutiérrez, who lives in Mexico, is driven to be the best at everything he does from studying engineering to swimming in competitions.

Miguel has Haemophilia A, an inherited bleeding disorder that usually affects males and can be life-threatening if not properly managed. When Miguel experiences a bleeding episode, he administers CSL Behring's Beriate P® to replace the missing factor VIII in his blood, helping it to clot.

"Living with haemophilia has helped me to develop a determination that doesn't let me give up on any obstacles," says Miguel. "By effectively managing my condition, I lead a healthy and normal life."

When not in the classroom or at the pool, Miguel can be found writing music, playing an instrument or working out.

Business Feature CSL Behring continued



CSL Behring in Marburg took on 35 new apprentices across a range of skills this year bringing current apprentice numbers close to one hundred. Shown here are apprentice mechatronics technicians, Falk Schaefer and Felix Horner and apprentice business information specialist, Joerg-Manuel Schaub. Our Marburg apprenticeship program is an important investment in the future.



At our Bern manufacturing plant in Switzerland, operator Sandra Kaempfer carries out a bulk formulation process for Privigen® intravenous immunoglobulin (IVIg). In April 2010, the US Food and Drug Administration approved a supplemental Biologics License Application to extend the shelf life of Privigen® from 24 to 36 months, making Privigen® the first liquid IVIg in the US that can be stored at room temperature throughout its entire 36 month shelf life. Scheduled to be completed in 2011, work is well under way to double plant production capacity.



At CSL Behring's Kankakee site in the US, operator Doug Ferrero oversees a syringe filling operation for our Afluria® influenza vaccine. Licensed by the US Food and Drug Administration in August 2009, this new influenza vaccine filling and packaging facility provides vaccine for our expanding US market.

Emma is an Adopt-A-Patient advocate

Emma Bozarth was diagnosed with Common Variable Immune Deficiency when she was three years old. With the plasma treatments she takes every week, Emma has become a healthy, vibrant and productive teenager.

A Vivaglobin® patient, Emma is able to attend school most of the time. She is very active and loves sports most of all. Emma plays basketball, softball and golf for her high school teams.

Becoming an Adopt-A-Patient with CSL Plasma has given Emma the strength and courage to be an advocate and she tries to empower

others. She loves going to plasma collection centres to talk to the donors and thank them. Because of these donors, Emma is able to have a great quality of life and tries to live it to the fullest!

CSL Plasma's Adopt-a-Patient program brings together employees, donors and patients who rely on plasma-derived therapies. Plasma donors and employees interact with patients to learn more about their therapy. Patients learn about the collection process and the quality standards used to collect the safest, highest quality plasma.



CSL Plasma

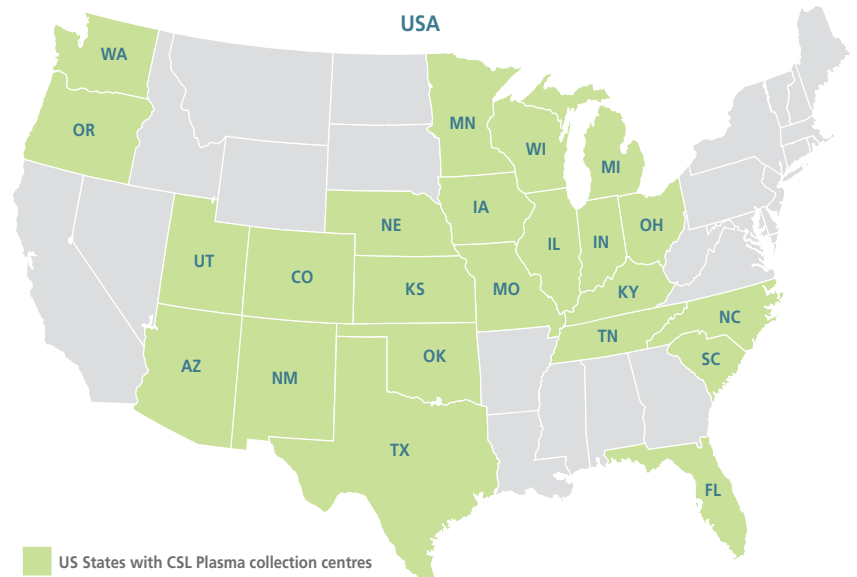
CSL Behring's plasma collection business, CSL Plasma, has collection centres throughout the US and eight in Germany, along with plasma testing laboratories and logistics centres in both countries.

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

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

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

US STATES AND GERMAN CITIES WITH CSL PLASMA COLLECTION CENTRES



US Headquarters

Boca Raton, Florida

US Testing Laboratory

Knoxville, Tennessee

US Logistics Centre

Indianapolis, Indiana

EU Headquarters

Marburg, Germany

EU Testing Laboratory

Goettingen, Germany

EU Logistics Centre

Marburg, Germany



CSL Plasma opens new centre in Kansas City

On 29 March 2010, CSL Plasma opened its new plasma collection centre in Kansas City, Missouri.

This improved centre operating model is the result of three years of design and development work and will become a proving ground for future innovation as we continue to enhance our plasma collection operations.



Business feature **CSL Biotherapies**

Expanding our Plasma Fractionation Capacity

Each year between December and New Year, CSL Biotherapies' plasma fractionation operations pause to allow for programmed facility maintenance and upgrades. This year we completed a two part project – the largest undertaken since our facility was commissioned in 1994.

First we carried out significant expansion works to increase capacity (tonnes of plasma capable of being processed annually) to ensure our continuing ability to process the growing volumes of plasma provided by our customers. The second part of the project was work to support our product development program – specifically,

new infrastructure to allow large scale manufacture of our new 10% liquid intravenous immunoglobulin (IVIg), INTRAGAM® 10 NF.

Major construction work included architectural modifications to create a significantly larger open plan manufacturing suite. The new open plan design and enlarged footprint now support work flows optimised for efficiency. We also fitted out a new formulation facility including the installation of four new process vessels and two new clean-in-place systems to support the increased throughput of plasma being processed each year.

Many of our staff worked through the Christmas holiday period to complete the project and keep manufacturing downtime to a minimum. This has ensured that our facility remains optimally designed and sized to meet increasing customer and regulatory requirements, and to provide an uninterrupted supply of life-saving therapies for patients.

In the CSL Biotherapies' plasma products facility in Melbourne, Production Supervisor, Tom Koukouvaos (top) works with Shift Leader Graeme Webster in our Next Generation intravenous immunoglobulin (IVIg) pasteurisation and nanofiltration facility.



Shown here with our staff in the Guangzhou Office in China are Chris Church, (centre) Vice President and General Manager, China/Asia, Richard Kwan, (right) Director, China Operations, and Chris Zyner (left), Senior Director, Human Resources, CSL Biotherapies Asia/Pacific. We now have more than fifty staff based in China.



Protecting populations from seasonal and pandemic influenza

CSL Biotherapies operates one of the largest influenza vaccine manufacturing facilities in the world at our Parkville site in Melbourne and supplies vaccine for both southern and northern hemisphere influenza seasons.

In 2008, we significantly expanded the capacity of our Melbourne plant to support continuing international business growth. This plant can produce up to 80 million doses of vaccine each year and our influenza vaccines are now registered and marketed in nearly thirty countries.

The World Health Organisation's (WHO) Global Influenza Surveillance network collects samples of influenza virus throughout the year and determines which strains in the constantly changing viruses are becoming dominant. Typically each seasonal influenza vaccine contains three strains, providing protection against the predominant circulating strains. Because one or more of the strains of influenza virus circulating often alter each season requiring a new vaccine to be produced, our role requires ongoing application of significant development, manufacturing and distribution resources.

In the 2010 influenza season, CSL Biotherapies manufactured a pandemic vaccine against the H1N1 swine flu, as well as the usual three strain seasonal influenza vaccine. We also produced additional doses of the seasonal vaccine to help cover vaccine shortages in Australia arising from delays in the supply of imported influenza vaccines.

At the request of the Australian government sufficient doses of the H1N1 pandemic vaccine were manufactured to immunise Australia's entire population. In addition to meeting our commitments to Australia, we also supplied pandemic vaccine to the US, Germany, Canada and Singapore, and donated vaccine to the WHO for use in developing countries.

H1N1 swine flu behaved differently to seasonal flu in that it predominantly infected young and otherwise healthy people and was particularly prevalent in pregnant women. At the height of infection in Australia, an unexpected number of patients infected with H1N1 required intensive care. Fortunately



H1N1 was not as infectious or severe as first anticipated, and vaccination programs further reduced its impact.

In Australia this year, CSL's 2010 seasonal influenza vaccine was associated with an increase in febrile reactions in children under five shortly after vaccination. 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. The increased 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.

CSL Biotherapies' strengthening presence in Asia

Our presence in the People's Republic of China has increased considerably since CSL Limited acquired the global assets of Aventis Behring in April 2004. At that time we welcomed ten employees based in Guangzhou and Shanghai in mainland China. From this modest beginning we have created a robust and rapidly growing business both in China and across the Asian region.

Today CSL Biotherapies manages the sales of plasma-derived therapies manufactured by CSL Behring – in

China, South Korea, Taiwan, Philippines, Malaysia, Singapore, Vietnam, Indonesia, Thailand and India. CSL Biotherapies is the leading supplier of albumin in China, and our albumin sales in that market continue to grow strongly. We now have more than fifty staff based in China supporting our sales and further strengthened our existing Shanghai and Guangzhou presence there this year with a new office in Wuhan.

An experienced team of sixteen employees based in CSL Biotherapies'

office in Hong Kong provides centralised support for our mainland China and Asian region operations. Our Hong Kong office also provides local support to our longstanding customers in Asia – the governments and blood services of Hong Kong, Malaysia, Singapore and Taiwan. CSL Biotherapies is the national plasma fractionator for these countries. They send their plasma to our facility in Melbourne where we manufacture their plasma-derived therapies.

Business Feature CSL Biotherapies continued

Major plasma-derived therapies manufactured by CSL Biotherapies

Haemophilia and Other Coagulation Disorders

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

BIOSTATE®

(human coagulation factor VIII/von Willbrand Factor Concentrate)

MonoFIX®-VF

(human coagulation factor IX)

PROTHROMBINEX®-VF

(human prothrombin complex)

Critical Care Conditions

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

ALBUMEX®

(human albumin)

THROMBOTROL®-VF

(human antithrombin III)

Immune Disorders and Immune Therapy

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

INTRAGAM® P

(6g liquid intravenous immunoglobulin)

Normal Immunoglobulin-VF

(human normal immunoglobulin)

Rh(D) Immunoglobulin-VF

(human Rh (D) immunoglobulin)

CMV Immunoglobulin-VF

(human cytomegalovirus immunoglobulin)

Hepatitis B Immunoglobulin-VF

(human hepatitis B immunoglobulin)

Zoster Immunoglobulin-VF

(human zoster immunoglobulin)

Tetanus Immunoglobulin-VF

(human tetanus immunoglobulin)

Diagnostic Products

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

Reagent Red Blood Cells

Monoclonal Reagents

Supplementary Reagents

Snake Venom Detection Products

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

PRIVIGEN®

(10% liquid intravenous immunoglobulin) manufactured by CSL Behring and distributed in Australia by CSL Biotherapies.

SANDOGLOBULIN® NF Liquid

(12% liquid intravenous immunoglobulin) manufactured by CSL Behring and distributed in Australia by CSL Biotherapies.

BERINERT®

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

Special Access Scheme

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

Toll Fractionation

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

In our Parkville packaging facility in Melbourne, Production Supervisor Eva Dimovski and Operator Rodney Gear process CSL's seasonal influenza vaccine. At Parkville this year, CSL Biotherapies manufactured the H1N1 pandemic influenza vaccine, the seasonal influenza vaccine, and additional doses of the seasonal vaccine to help cover shortages in Australia arising from delays in the supply of imported influenza vaccines.



Major vaccines and pharmaceutical products marketed by CSL Biotherapies in Australia

Vaccines For prevention of:

Fluvax®	Influenza
ADT® Booster	Diphtheria and Tetanus
Q-Vax®	Q-Fever
Comvax*	Haemophilus influenzae B and Hepatitis B infection
GARDASIL*	Cervical cancer and genital warts
H-B-Vax* II	Hepatitis B infection
JESPECT*	Japanese encephalitis
Menjugate*	Meningococcal C disease
M-M-R*II	Measles, mumps and rubella
Panvax®	Pandemic influenza
PedvaxHIB*	Haemophilus influenzae B
Pneumovax 23*	Pneumococcal infection
Rabipur*	Rabies infection
RotaTeq*	Rotavirus-induced gastroenteritis
Vaqta*	Hepatitis A infection
Varivax*	Varicella
Vivotif Oral*	Typhoid infection
ZOSTAVAX*	Herpes zoster (shingles)

Anti-infectives For treatment of:

BenPen®	Bacterial infections
Fucidin*	Bacterial infections

Other Products For treatment of:

Advantan*	Eczema and psoriasis
Angiomax*	Patients undergoing percutaneous coronary intervention (PCI).
Antivenoms	Envenomation
Burinex*	Oedema
Cervidil*	Complications during childbirth requiring induced labour
Daivobet*	Psoriasis
Daivonex*	Psoriasis
Finacea*	Rosacea
Flomaxtra*	Benign prostatic hyperplasia
Modavigil*	Excessive daytime sleepiness in narcolepsy
Nebilet*	Congestive heart failure
Scheriproct*	Haemorrhoids, proctitis and anal fissures
Solaraze*	Actinic keratosis
Streptase®	Myocardial infarction and arterial thrombosis
Tramal*	Moderate to severe pain
Vaniqa*	Unwanted facial hair in women

Trademarks

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

® Registered trademark of CSL Limited or its affiliates

™ Trademark of CSL Limited or its affiliates

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

Merck & Co. Inc.

Comvax	GARDASIL	H-B-Vax II
M-M-R II	PedvaxHIB	Pneumovax
RotaTeq	Vaqta	Varivax
ZOSTAVAX		

Shire	Solaraze Vaniqa
Astellas	Flomaxtra
Crucell	Vivotif Oral
Cephalon Inc.	Modavigil
Controlled Therapeutics (Scotland) Limited	Cervidil
Grunenthal GmbH	Tramal
Intendis GmbH	Advantan Finacea Scheriproct
Intercell AG	JESPECT
Leo Pharmaceutical Products Limited AS	Burinex Daivobet Daivonex Fucidin
Novartis	Menjugate Rabipur
Johnson & Johnson	Nebilet
The Medicine Company	Angiomax
Ferring GmbH	Octostim
Nycomed	Tachocomb

Business feature **New Product Development**

Recombinant coagulation factor medicines

Over a century ago, CSL Behring embarked on a journey to save lives and improve the quality of life for people with bleeding disorders. Our heritage of innovation has continued since then, and in 1981 CSL marketed the world's first pasteurised factor VIII therapy for the treatment of patients with haemophilia A.

Today we remain a world leader in emerging coagulation medicines and technologies. Our medicines are used to treat patients who are deficient in some of their natural blood proteins resulting in serious life threatening conditions. Our product portfolio includes more than a dozen coagulation products used

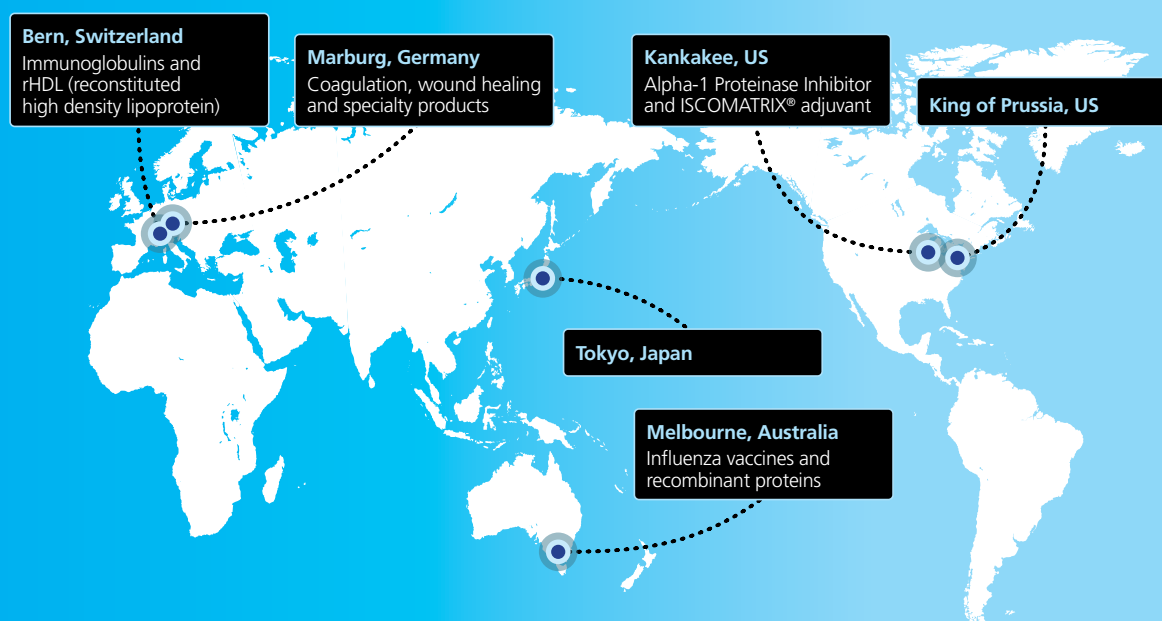
for the treatment of haemophilia A, haemophilia B, and the most common inherited bleeding disorder in the world, von Willebrand disease.

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

CSL scientists are at the early stages of developing a family of recombinant coagulation factor medicines to treat haemophilia and other coagulation defects. In a collaborative effort involving staff across our global R&D organisation we are developing

recombinant forms of factors IX and VIIa utilising albumin fusion technology which extends the half life of the circulating molecules. If successful, this should result in a marked reduction in the frequency of administration and significantly increases convenience for patients. We now have proof of principle data in animals showing extended half life for recombinant factor VIIa and factor IX albumin fusion proteins. We will continue to develop these candidates through the pre-clinical phase with the goal of commencing human trials with one of these in late 2010.

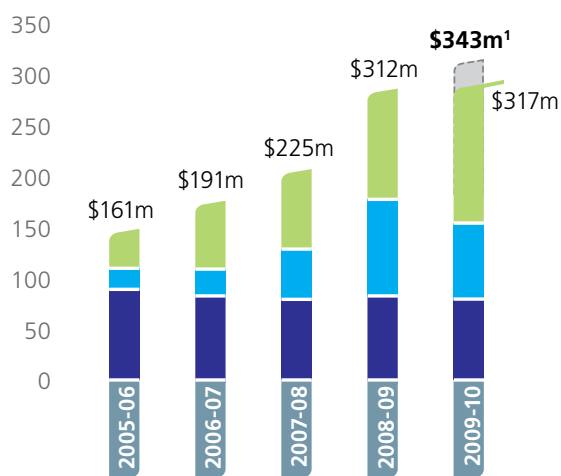
Research and Development Operations



Clinical and regulatory affairs teams operate from Melbourne, King of Prussia, Bern, Marburg and Tokyo.

Plasma fractionation and associated research and development activities are carried out in Melbourne, Kankakee, Bern and Marburg.

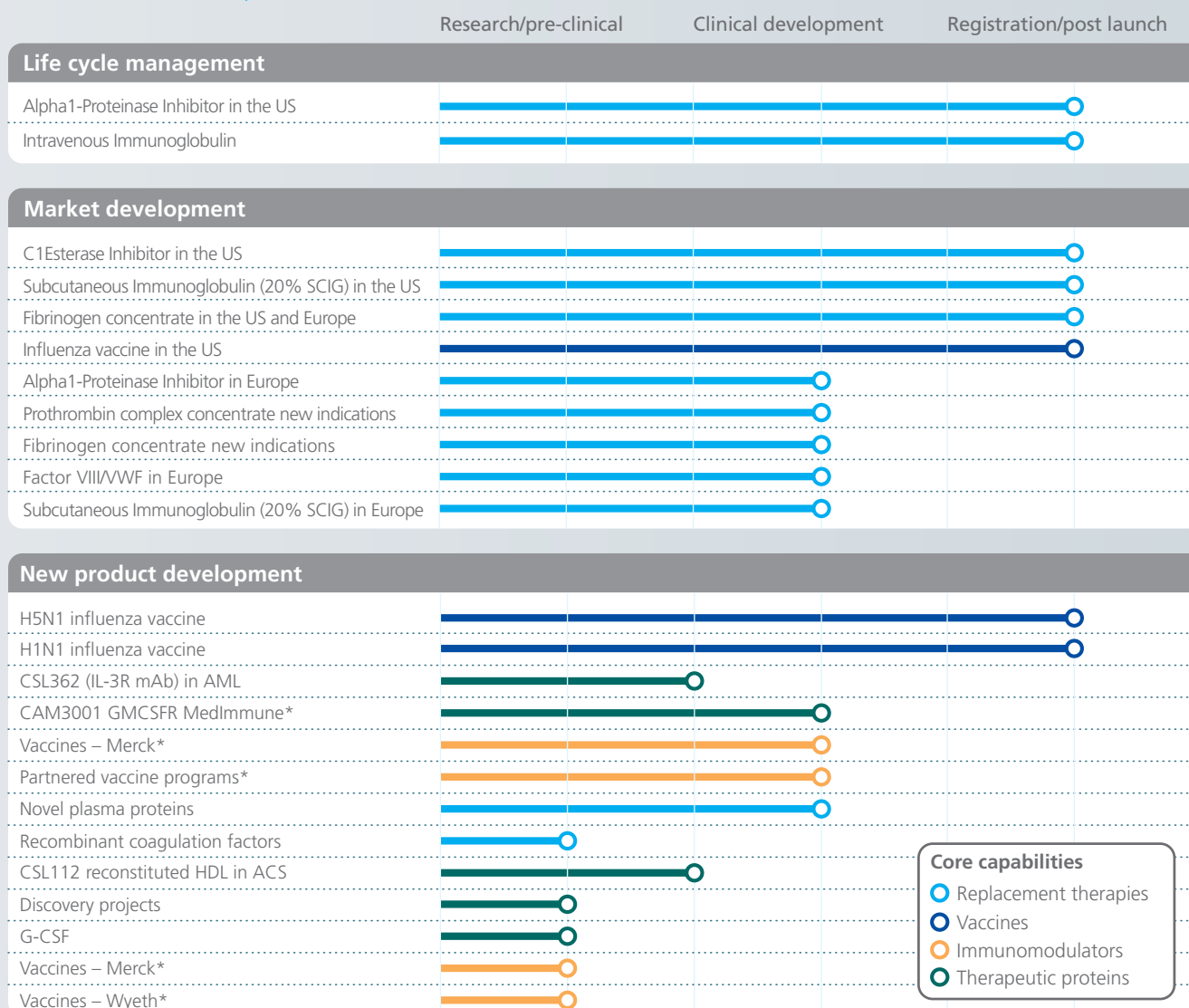
Research and Development Investment



- NEW PRODUCT DEVELOPMENT activities focus on innovative new treatments for life-threatening diseases.
- MARKET DEVELOPMENT strategies seek to maximise market opportunities for existing products.
- LIFE CYCLE MANAGEMENT is a global program of continuous improvement to ensure existing products remain competitive.

¹ The 2009/10 results are stated at Constant Currency to remove the impact of exchange rate movements and are presented to facilitate comparability between 2009/10 and the prior year.

CSL's Global R&D Pipeline



* Partnered projects

Our Corporate Responsibility

At CSL, Corporate Responsibility (CR) is our ongoing commitment to conduct business ethically and to contribute to the economic, social and environmental well-being of our communities.

We align CR with our business goals and ensure that it complements our unique capabilities and benefits our diverse set of stakeholders. We believe that the long-term sustainability of our business depends upon our responsible behaviour. Our CR priority areas are set out in the table below.

CR Reporting

Our previous Annual Reports have included information about various aspects of our CR performance, mainly in the areas of our people, the environment and our communities. In recognition of the importance of CR to our business and to our stakeholders, CSL this year released its first stand-alone CR report.

We are committed to annual CR Reporting as a means of providing our stakeholders with comprehensive and balanced information about CSL's economic, social and environmental performance. Our CR Report will serve as a compendium to our Annual Report and will be supported by additional information on our website.

CR Governance

Our values form the foundation of CSL's global commitment to CR. Our Code of Responsible Business Practice further guides and shapes the way we do business. It defines our ethical standards and sets out our commitment to sustainable development.

In 2009, CSL established a CR Steering Committee to facilitate the development of our CR priorities and to drive awareness, integration and continuous improvement of CR throughout the Company. The Committee reports to the CEO/ Managing Director and is further supported by the Board's five committees which share accountability for corporate responsibility issues.

Our Corporate Responsibility Priority Areas

- **Researching and developing new medicines** for unmet needs, while continually improving our protein-based therapies for patients;
- **Ensuring our therapies are safe and of the highest quality** by maintaining the highest standards throughout all stages of the product life cycle;
- **Operating responsibly in the marketplace** by marketing our medicines in an ethical manner, working with others to improve equity of access and sharing our financial success;
- **Providing a positive working environment for our people** by engendering a culture of mutual trust and respect, enabling them to do their jobs safely and effectively, and rewarding and recognising their contributions;
- **Supporting our patient, biomedical and local communities** by improving access to our therapies and enhancing the quality of life for patients, advancing scientific knowledge and supporting future medical researchers, and engaging our staff in the support of local communities; and
- **Minimising our impacts on the environment** through the responsible management of our operations and natural resources, without compromising the safety, quality and accessibility of our therapies.

Our Corporate Responsibility, 2009

We would like to introduce you to Emily Bartko - she is the little girl featured on the cover of CSL's first global Corporate Responsibility report. Her story is endearing and touching. While an infant, Emily was diagnosed with congenital fibrinogen deficiency. This is a rare and potentially life-threatening bleeding disorder that affects an estimated one person per million. Emily, with her family, played an important role in the approval of CSL's RiaSTAP™ fibrinogen replacement concentrate in the US. With her family she travelled across the country to Washington, D.C. to appear before a Food

and Drug Administration advisory committee. As a result, the US patient population of approximately 300 can now benefit from this therapy. The approval of RiaSTAP™ underscores our ongoing commitment to save lives and improve the quality of life for patients with rare and serious bleeding disorders.

CSL's Our Corporate Responsibility 2009 Report is available on our website and we welcome your comments and feedback as we commit to reporting annually on our CR progress and performance.



CSL's Key Stakeholders

Within CSL, understanding the perceptions and expectations of our stakeholders provides the basis for effective corporate responsibility development. We maintain an open dialogue with our stakeholders and utilise various methods for achieving this, including customer surveys; meetings with government customers; visits to major suppliers; perception studies amongst health care professionals; forums to brief our investors and biennial surveys of employees. Our engagement with stakeholders helps to inform our CR approach and priorities.



Directors' Profiles



Elizabeth Alexander
Chairman



Brian McNamee
Chief Executive Officer
and Managing Director



Tony Cipa
Finance Director



Peter Turner
Chief Operating Officer



John Akehurst

Elizabeth A Alexander, AM,
BCom, FCA, FCPA, FAICD - (AGE 67)

*FINANCE AND RISK MANAGEMENT
(RESIDENT IN VICTORIA)*

CHAIRMAN

Miss Alexander was appointed to the CSL Board in July 1991 and became Chairman in October 2006. She is Chairman of Dexu Wholesale Property Limited, a Director of the Dexu Property Group and of Medibank Private Limited. Miss Alexander is a former National President of the Australian Society of Certified Practising Accountants and of the Australian Institute of Company Directors. She is Chairman of the Nossal Institute of Global Health, National President of the Winston Churchill Fellowship Trust and Chairman of the Finance Committee of Melbourne University.

Miss Alexander is a member of the Audit and Risk Management Committee.

Brian A McNamee, AO,
MB, BS, FAICD, FTSE - (AGE 53)

*INTERNATIONAL PHARMACEUTICAL
INDUSTRY, MEDICINE
(RESIDENT IN VICTORIA)*

CHIEF EXECUTIVE OFFICER AND MANAGING DIRECTOR

Dr McNamee was appointed to the CSL Board in July 1990 and is the Chief Executive Officer and Managing Director. He is a director of Gen-Probe Incorporated, a US company, and is a former Director of the Peter MacCallum Cancer Foundation Ltd. Dr McNamee completed Bachelor of Medicine and Bachelor of Surgery Degrees at the University of Melbourne in 1979.

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

Antoni M Cipa,
B.Bus (Acc), Grad.Dip (Acc), CPA, ACIS - (AGE 55)

FINANCE (RESIDENT IN VICTORIA)

FINANCE DIRECTOR

Mr Cipa was appointed to the CSL Board as Finance Director in August 2000. Mr Cipa commenced his employment at CSL in 1990 as Finance Manager. He was instrumental in the float of the Company in 1994 at which time he was appointed Chief Financial Officer.

Peter J Turner,
B.Sc, MBA - (AGE 61)

*INTERNATIONAL PHARMACEUTICAL
INDUSTRY
(RESIDENT IN PENNSYLVANIA, USA)*

CHIEF OPERATING OFFICER AND EXECUTIVE DIRECTOR

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

John H Akehurst,
MA (Oxon), FIMechE - (AGE 61)

*ENGINEERING AND MANAGEMENT
(RESIDENT IN WESTERN AUSTRALIA)*

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

Mr Akehurst is a member of the Human Resources and Remuneration Committee.



David Anstice



Ian Renard



Maurice Renshaw



Professor John Shine



David Simpson

David W Anstice,
BEC - (AGE 62)

*INTERNATIONAL PHARMACEUTICAL
INDUSTRY*

(RESIDENT IN PENNSYLVANIA, USA)

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

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

Ian A Renard,
BA, LL.M., LL.D (Hon), FAICD - (AGE 64)

LAW (RESIDENT IN VICTORIA)

Mr Renard was appointed to the CSL Board in August 1998. For many years he practised in company and commercial law. He is a Director of Hillview Quarries Pty Ltd, SP Australia Networks (Distribution) Ltd and SP Australia Networks (Transmission) Ltd. Mr Renard is the Chairman of the University of Melbourne Archives Advisory Board and a Trustee of the R E Ross Trust.

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

Maurice A Renshaw,
B.Pharm. - (AGE 63)

*INTERNATIONAL PHARMACEUTICAL
INDUSTRY (RESIDENT IN NSW)*

Mr Renshaw was appointed to the CSL Board in July 2004. Formerly, he was Vice President of Pfizer Inc, USA, Executive Vice President, Pfizer Global Consumer Group and President of Pfizer's Global Consumer Healthcare Division. Prior to his positions in Pfizer, Mr Renshaw was Vice President of Warner Lambert Co. and President of Parke-Davis USA. Mr Renshaw has had more than 30 years' experience in the international pharmaceutical industry.

Mr Renshaw is Chairman of the Innovation and Development Committee.

John Shine, AO,
BSc (Hon), PhD, DSc, FAA - (AGE 64)

*PHARMACEUTICAL INDUSTRY AND
MEDICINE (RESIDENT IN NSW)*

Professor Shine was appointed to the CSL Board in June 2006. He is Executive Director of the Garvan Institute of Medical Research and a Board Member of the Garvan Research Foundation. He is Professor of Molecular Biology and Professor of Medicine at the University of NSW, and a Director of many scientific research and medical bodies throughout Australia. Professor Shine was formerly Chairman of the National Health and Medical Research Council (NHMRC) and a Member of the Prime Minister's Science, Engineering and Innovation Council (PMSEIC).

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

David J Simpson,
FCPA - (AGE 70)

*FINANCE AND MANAGEMENT (RESIDENT
IN VICTORIA)*

Mr Simpson was appointed to the CSL Board in September 2006. He is the non-executive Chairman of Aristocrat Leisure Limited. For many years, Mr Simpson was Finance Director of Tabcorp Holdings Limited and before that Executive General Manager Finance of Southcorp Holdings Ltd.

Mr Simpson is Chairman of the Human Resources and Remuneration Committee and a member of the Audit and Risk Management Committee.

Edward H Bailey,
LLB, B.Com, FCIS
COMPANY SECRETARY

Executive Management Group



Brian McNamee
Chief Executive Officer
and Managing Director



Tony Cipa
Finance Director



Peter Turner
Chief Operating Officer
and President - CSL Behring



Edward Bailey
Company Secretary
and Australian General Counsel



Greg Boss
CSL Group General Counsel
and Senior Vice President -
CSL Behring



Jeff Davies
Executive Vice President
CSL Biotherapies



Dr Andrew Cuthbertson
Chief Scientific Officer



Gordon Naylor
Chief Financial Officer -
Designate

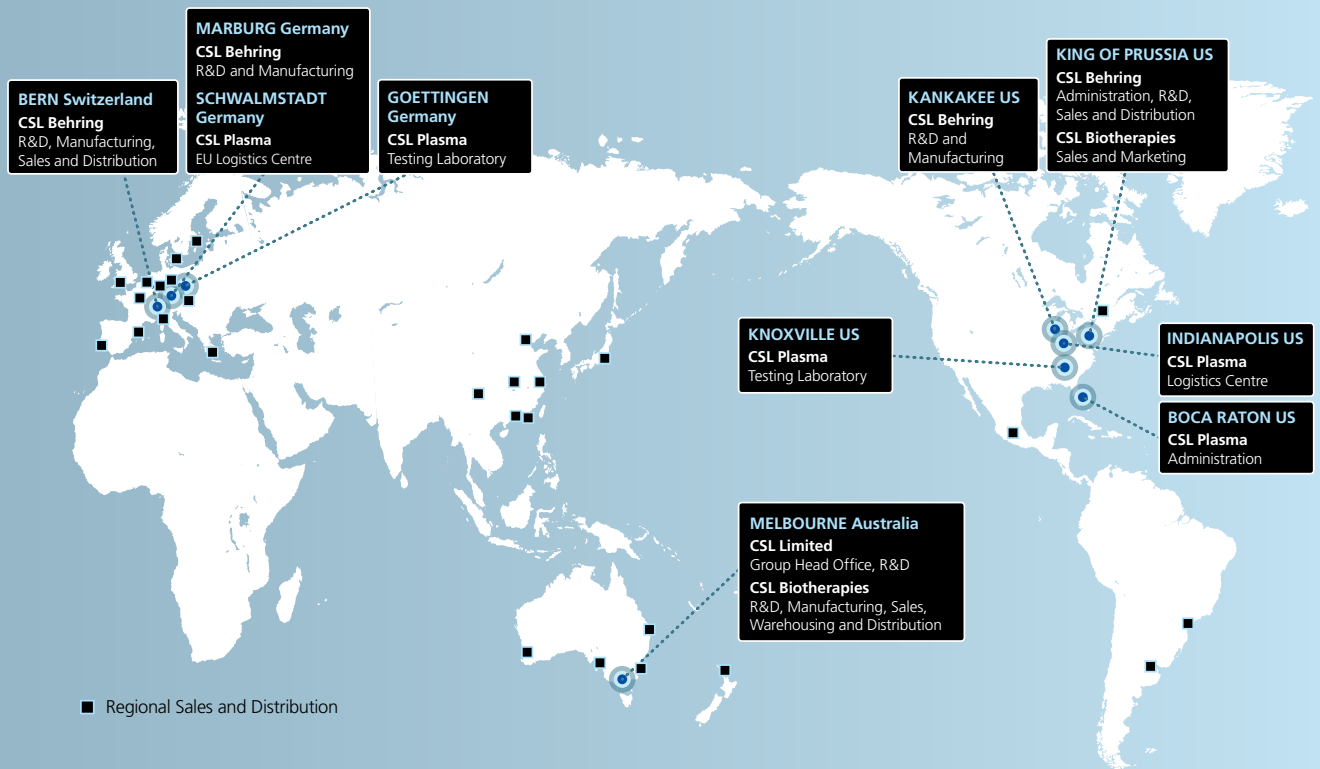


Jill Lever
Senior Vice President
Human Capital



Paul Walton
Senior Vice President
Corporate Development

CSL Group Business Operations



Regional Sales and Distribution Locations

CSL Biotherapies

Australia	Sydney
	Brisbane
	Adelaide
	Perth
New Zealand	Auckland
China	Hong Kong
	Beijing
	Chengdu
	Shanghai
	Guangzhou
	Wuhan
US	King of Prussia

CSL Behring

Canada	Ottawa
Mexico	Mexico City
Brazil	Sao Paulo
Argentina	Buenos Aires
United Kingdom	Haywards Heath
Belgium	Leuven
France	Paris
Portugal	Lisbon
Spain	Barcelona

Denmark	Copenhagen
Sweden	Stockholm
Germany	Hattersheim
Austria	Vienna
Italy	Milan
Switzerland	Bern
	Zurich
Greece	Athens
Japan	Tokyo
China	Hong Kong
	Shanghai

Share Information

CSL Limited

Issued Capital Ordinary Shares:

549,692,886 as at 30 June 2010

Details of Incorporation

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

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

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

Substantial Shareholders

As at 30 June 2010, the Capital Group Companies, Inc. was a substantial shareholder in CSL.

Voting Rights

At a general meeting, subject to restrictions imposed on significant foreign shareholdings and some other minor exceptions, on a show of hands each shareholder present has one vote. On a poll, each shareholder present has one vote for each fully paid share held in person or by proxy.

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

Significant Foreign Shareholdings

As at 30 June 2010, the Capital Group Companies, Inc. was a significant foreign shareholder in CSL.

Distribution of Shareholdings as at 30 June 2010

Range	Holders	Shares	% Total Shares
1 - 1,000	81,169	32,739,698	5.96
1,001 - 5,000	32,123	75,356,973	13.71
5,001 - 10,000	5,489	37,926,774	6.90
10,001 - 100,000	2,469	45,355,880	8.25
100,001 and over	101	358,313,561	65.18
Total shareholders	121,351	549,692,886	100.00
Number of shareholders with less than a marketable parcel of 16 shares (based on the share price at 30 June 2010)	774	6,124	

Shareholder Information

CSL's Twenty Largest Shareholders as at 30 June 2010

Shareholder	Account	Shares	%Total Shares
1 HSBC Custody Nominees (Australia) Limited		111,035,751	20.20
2 J P Morgan Nominees Australia Limited		92,699,813	16.86
3 National Nominees Limited		63,634,517	11.58
4 Citicorp Nominees Pty Limited		25,796,646	4.69
5 Cogent Nominees Pty Limited		8,269,948	1.50
6 ANZ Nominees Limited	Cash Income A/c	8,235,928	1.50
7 AMP Life Limited		5,026,225	0.91
8 UBS Wealth Management Australia Nominees Pty Ltd		3,635,172	0.66
9 RBC Dexia Investor Services Australia Nominees Pty Limited	BCUST A/c	3,076,530	0.56
10 Perpetual Trustee Company Limited		2,301,379	0.42
11 Citicorp Nominees Pty Limited	BHP Billiton ADR Holders A/c	2,301,331	0.42
12 Cogent Nominees Pty Limited	SMP Accounts	2,132,630	0.39
13 UBS Nominees Pty Ltd		2,101,534	0.38
14 Queensland Investment Corporation		1,586,578	0.29
15 Australian Reward Investment Alliance		1,468,821	0.27
16 Tasman Asset Management Ltd	Tyndall Australian Share Whole	1,337,951	0.24
17 RBC Dexia Investor Services Australia Nominees Pty Limited	MLCI A/c	1,274,439	0.23
18 Citicorp Nominees Pty Limited	CFSIL CFS WS Aust Shre A/c	978,953	0.18
19 Argo Investments Limited		874,752	0.16
20 Dr Brian Anthony McNamee		835,669	0.15
Top 20 holders of ordinary and employee shares		338,604,567	61.60
Remaining holders balance		211,088,319	38.40
Total shares on issue		549,692,886	100.00
 In addition, at the date of this Report, a substantial shareholder notice has been received from:			
The Capital Group Companies, Inc.		41,854,078	7.52

Shareholder Information continued

Share Registry

Computershare Investor Services Pty Limited

Yarra Falls, 452 Johnston Street
Abbotsford VIC 3067

Postal Address:

GPO Box 2975
Melbourne VIC 3001

Enquiries within Australia:
1800 646 882

Enquiries outside Australia:
61 3 9415 4178

Investor enquiries facsimile:
61 3 9473 2500

Website:

www.investorcentre.com

Email:

web.queries@computershare.com.au

Shareholders with enquiries should email, telephone or write to the Share Registry at the above address.

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

Change of address should be notified to the Share Registry online via the Investor Centre at www.investorcentre.com, by telephone or in writing without delay.

Shareholders who are broker sponsored on the CHESS sub-register must notify their sponsoring broker of a change of address.

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

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

The Annual General Meeting will be held at the Function Centre, National Tennis Centre, Melbourne Park, Batman Avenue, Melbourne at 10:00am on Wednesday 13 October 2010. There is a public car park adjacent to the Function Centre which will be available to shareholders at no charge.

Supporting the environment through eTree

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

For every email address registered at www.eTree.com.au/csl, a donation of up to \$1 is made to Landcare Australia towards reforestation projects to help restore degraded plant, animal and water resources. With your support, CSL has registered over 18,000 email addresses, which in turn has facilitated the planting of more than 53,400 trees in Australia and New Zealand.

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

Shareholders as at 30 June 2010

	Shareholders	Shares
Australian Capital Territory	2,215	3,125,701
New South Wales	34,525	294,390,917
Northern Territory	368	355,787
Queensland	17,331	24,930,100
South Australia	7,728	13,047,543
Tasmania	1,797	2,148,538
Victoria	41,197	192,354,614
Western Australia	11,717	13,089,868
International Shareholders	4,473	6,249,818
Total shareholders	121,351	549,692,886

Corporate Governance

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

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

1. The Board of Directors

1.1 THE CSL BOARD CHARTER

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

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

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

The Board has delegated specific authority to five Board committees that assist it in discharging its responsibilities by examining various issues and making recommendations to the Board. Those committees are the Audit and Risk Management Committee, the Human Resources and Remuneration Committee, the Nomination Committee, the Innovation and Development Committee and the Securities and Market Disclosure Committee. Each committee is governed by a charter setting out its composition and responsibilities. A description of each committee and their responsibilities is set out below. The Board also delegates specific responsibilities to ad hoc committees from time to time.

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

Directors are entitled to access independent professional advice at the Company's expense to assist them in fulfilling their responsibilities. To do so, a director must first obtain the approval of the Chairman. The director should inform the Chairman of the reason for seeking the advice, the name of the person from whom

the advice is to be sought, and the estimated cost of the advice. Professional advice obtained in this way is made available to the whole Board.

Details of Board meetings held during the year and individual directors' attendance at these meetings can be found on page 34 of the Directors' Report attached to the financial report.

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

1.2 COMPOSITION OF THE BOARD

Throughout the year there were between nine and ten directors on the Board. Peter Turner, the Chief Operating Officer, was appointed to the Board on 8 December 2009. Three of the directors – the Managing Director, the Finance Director and the Chief Operating Officer – are executive directors. The CSL Board Charter provides that a majority of directors should be independent. No director acts as a nominee or representative of any particular shareholder. A profile of each current director, including details of their skills, expertise, relevant experience, term of office and Board committee memberships can be found on pages 20 and 21 of this Report.

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

1.3 INDEPENDENCE

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

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

In addition to considering issues that may arise from disclosure by directors from time to time under these obligations, the Board makes an annual assessment of each non-executive director to

Corporate Governance *continued*

determine whether it considers the director to be independent. The Board considers that an independent director is a director who is independent of management and free of any business or other relationship that could, or could reasonably be perceived to, materially interfere with the exercise of their unfettered and independent judgment.

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

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

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

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

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

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

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

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

1.4 NOMINATION COMMITTEE

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

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

- setting and following the procedure for the selection of new directors for nomination;
- conducting regular reviews of the Board's succession plans to enable it to maintain an appropriate mix of skills, experience, expertise and diversity;
- regularly reviewing the membership of Board committees; and
- conducting annual performance reviews of the Board, individual directors, and the Board committees.

Details of Committee meetings held during the year and individual directors' attendance at these meetings can be found on page 34 of the Directors' Report attached to the financial report.

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

1.5 DIRECTOR APPOINTMENTS

One new director was appointed to the Board during the financial year. Peter Turner was appointed as of 8 December 2009 and will be eligible for election at the 2010 Annual General Meeting.

Antoni Cipa, John Shine and Maurice Renshaw were each re-elected as directors at the 2009 Annual General Meeting.

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

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

- the Company's financial, strategic, operational and risk management position;
- the culture and values of the Company;
- the rights, duties and responsibilities of the directors;
- the roles and responsibilities of senior executives;
- the role of the Board committees;
- meeting arrangements; and
- director interaction with each other, senior executives and other stakeholders.

1.6 PERFORMANCE EVALUATION

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

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

2. Audit and Risk Management

2.1 INTEGRITY IN FINANCIAL REPORTING AND REGULATORY COMPLIANCE

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

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

- the financial statements and associated notes comply with IFRS Accounting Standards as required by the Corporations Act, the Corporations Regulations and the CSL Group Accounting Policies;
- the financial statements and associated notes give a true and fair view of the financial position as at the relevant balance date and performance of the Company for the year then ended as required by the Corporations Act;
- in their opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- they have established and maintained an adequate risk management and internal compliance and control system to facilitate the preparation of a reliable financial report which in all material respects implements the policies adopted by the Board and the statements made above are based on that system.

These written declarations were received by the Board in respect of the financial year ended 30 June 2010.

2.2 AUDIT AND RISK MANAGEMENT COMMITTEE

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

- overseeing the Company's system of financial reporting and safeguarding its integrity;
- overseeing risk management and compliance systems and the internal control framework (other than the management of risk associated with research and development projects which is the responsibility of the Innovation and Development Committee);
- monitoring the activities and effectiveness of the internal audit function;
- monitoring the activities and performance of the external auditor and coordinating its operation with the internal audit function; and
- providing full reports to the Board on all matters relevant to the Committee's responsibilities.

The roles and responsibilities of the Committee are reviewed annually.

The Committee currently comprises three independent non-executive directors. Details of the Committee's current members, including their qualifications and experience, are set out in the directors' profiles on pages 20 and 21 of this Report. The Committee's charter provides that a majority of the Committee must be independent directors, and that the Committee Chair must be an independent director who is not also Chairman of the Board. Executive directors may not be members of the Committee. Members are chosen having regard to their qualifications and training to ensure that each is capable of considering and contributing to the matters for which the Committee is responsible.

The Committee meets at least four times a year, and senior executives and internal and external auditors frequently attend meetings on invitation by the Committee. The Committee holds regular meetings with both the internal and external auditors without management or executive directors present. Details of Committee meetings held during the year and individual directors' attendance at these meetings can be found on page 34 of the Directors' Report attached to the financial report.

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

2.3 RISK FRAMEWORK

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

As part of the Risk Framework, a Corporate Risk Management Committee of responsible executives reports to the Audit and Risk Management Committee on a quarterly basis. Its task is to implement, coordinate and facilitate the risk management process

Corporate Governance *continued*

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

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

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

2.4 EXTERNAL AUDITOR

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

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

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

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

3. Human Resources and Remuneration

3.1 COMPETITIVENESS OF REMUNERATION AND HUMAN RESOURCES

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

3.2 REMUNERATION REPORT

Detail on the Company's remuneration policies and practices are set out in the Remuneration Report on pages 37 to 51 of the Director's Report attached to the financial report. The Remuneration Report includes details of the remuneration of directors and other key management personnel of the consolidated entity and the Company, and details of the Company's long-term incentive plans.

3.3 HUMAN RESOURCES AND REMUNERATION COMMITTEE

The Human Resources and Remuneration Committee is responsible for assisting the Board in fulfilling its responsibilities with respect to human resources and remuneration matters. Details of the Human Resources and Remuneration Committee and its charter are set out in the Remuneration Report on pages 37 to 51 of the Directors' Report attached to the financial report. Details of Committee meetings held during the year and individual directors' attendance at these meetings can be found on page 34 of the Directors' Report attached to the financial report.

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

4. Innovation and Development

4.1 GOVERNANCE OF INNOVATION AND DEVELOPMENT

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

4.2 INNOVATION AND DEVELOPMENT COMMITTEE

The Innovation and Development Committee is responsible for providing the Board with oversight of CSL's technology, research and product development opportunities. The Committee currently comprises four members, being three independent non-executive directors and the Managing Director. The Committee is authorised by the Board to:

- monitor the strategic direction of CSL's technology, research and product development programs;
- provide guidance on issues and priorities, additions to the research and development pipeline and significant development milestones; and
- oversee the management of risk associated with the research and development projects.

The Committee generally meets at least four times a year. The Company's Chief Scientific Officer is a required attendee. The Board Chairman or any other director may attend any meeting of the Committee in an ex officio capacity. Details of Committee meetings held during the year and individual directors' attendance at these meetings can be found on page 34 of the Directors' Report attached to the financial report.

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

5. Market Disclosure

5.1 COMMUNICATIONS AND EXTERNAL DISCLOSURE

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

- providing guidance as to the types of information that may require disclosure, including examples of practical application of the rules;
- providing practical guidance for dealing with market analysts and the media;
- identifying the correct channels for passing on potentially market-sensitive information as soon as it comes to hand;
- establishing regular occasions at which senior executives and directors are actively prompted to consider whether there is any potentially market-sensitive information which may require disclosure; and
- allocating responsibility for approving the substance and form of any public disclosure and communications with investors.

5.2 SECURITIES AND MARKET DISCLOSURE COMMITTEE

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

- approve the form and substance of any disclosure to be made by the Company to the ASX in fulfilment of its continuous disclosure obligations;
- approve the allotment and issue, and registration of transfers of securities;
- make determinations on matters relating to the location of the share register; and
- effect compliance with other formalities which may be urgently required in relation to matters affecting the share capital.

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

Details of Committee meetings held during the year and individual directors' attendance at these meetings can be found on page 34 of the Directors' Report attached to the financial report.

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

5.3 SHAREHOLDER COMMUNICATION

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

- the half-year and annual report and Shareholder Review;
- posting media releases, public announcements, notices of general meetings and voting results, and other investor related information on the Company's website; and
- annual general meetings, including webcasting which permits shareholders worldwide to view proceedings.

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

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

6. Securities Trading

By promoting director and employee ownership of shares, the Board hopes to encourage directors and employees to become long-term holders of Company securities, aligning their interests with those of the Company. It does not condone short-term or speculative trading in its securities by directors and employees, nor does it permit directors or employees to enter into any price protection arrangements with third parties to hedge such securities or margin loan arrangements in relation to Company securities. The Company has a comprehensive securities trading policy which applies to all directors and employees and is available on the Company's website. The policy aims to inform directors and employees of the law relating to insider trading, and provide them with practical guidance for avoiding unlawful transactions in Company securities.

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

A procedure of internal notification and approval applies to directors and designated senior employees wishing to buy or sell Company securities or exercise options over Company shares. Directors and designated senior employees are forbidden from making such transactions without the prior approval of the

Corporate Governance continued

Chairman (in the case of Directors) and the Company Secretary (in the case of designated senior employees). Directors also have specific disclosure obligations under the Corporations Act and the corresponding ASX Listing Rules.

7. Corporate Responsibility

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

7.1 GROUP VALUES

The Company has developed a set of values common to the diverse business units that form the CSL Group. The CSL Group Values, endorsed by the Board, serve as the foundation for every day decision-making. These values are superior performance, innovation, integrity, collaboration and customer focus.

7.2 CODE OF RESPONSIBLE BUSINESS PRACTICE

The Board adopted a new Code of Responsible Business Practice (the Code) in December 2008. Based upon the CSL Group Values and guiding principles, the Code outlines CSL's commitment to responsible business practices and ethical standards. The Code replaced the previous CSL Limited Code of Conduct and sets out the rights and obligations that all employees have in the conduct of the Company's business. These rights and obligations relate to:

- business integrity, including statements relating to compliance with applicable laws and standards, ethical and transparent business practices, privacy and political donations;
- the safety and quality of products, including statements on bioethics (including animal ethics) and human rights principles;
- maintaining a safe, fair and rewarding workplace, which covers many employee relations issues such as:
 - labour standards;
 - equal employment opportunity/workplace harassment;
 - learning and development;
 - occupational health and safety;
 - professional behaviour;
 - employee counselling;
 - recruitment and selection;
 - recognition of employee contribution;
 - rehabilitation; and
 - reporting and management of incidents;
- the community, incorporating policy statements on charitable donations; and
- environmental management.

In accordance with the Code, the Company is committed to ensuring that employees, contractors, suppliers and partners are able to raise concerns regarding any illegal conduct or malpractice and to have such concerns properly investigated. This commitment is implemented through the Company's internal Whistleblower Policy, which sets out the mechanism by which employees, contractors, suppliers and partners can confidently,

and anonymously if they wish, voice such concerns in a responsible manner without being subject to victimisation, harassment or discriminatory treatment.

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

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

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

7.3 SUPPORTING POLICIES

A review of the CSL policy framework was conducted in conjunction with the introduction of the Code. The new framework provides for three levels of policy making within the CSL Group as follows:

- Board Policies cover any operational issue of strategic importance that applies to all CSL Group business units and all CSL Group employees and are approved by the Board;
- Global Policies cover issues of an operational nature requiring consistent implementation across all CSL Group business units and are approved by a member of the Executive Management Group or the Chair of a CSL Global Functional Committee; and
- Local Policies cover issues that apply to a particular CSL Group business unit or a part of a particular CSL Group business unit and are approved by the appropriate site leader or functional leader.

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

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

7.4 ONGOING POLICY REVIEW AND NEW POLICY DEVELOPMENT

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

As part of this ongoing process, and consistent with the amendments to the Corporate Governance Principles and Recommendations which are to take effect from the financial year commencing 30 June 2011, the Company has commenced the process of developing a formal diversity policy (including gender diversity) in relation to the Board, senior management and employee levels. The policy is expected to be adopted during the course of this financial year.



Contents

34	Directors' Report
53	Auditor's Independence Declaration
54	Statements of Comprehensive Income
55	Balance Sheets
56	Statements of Changes in Equity
58	Cash Flow Statements
59	Notes to the Financial Statements
118	Directors' Declaration
119	Independent Auditor's Report

Brent McKenzie is a senior scientist working to develop new protein therapies to treat cancer and inflammatory diseases for CSL at the Bio 21 Institute in Parkville, Australia.

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 continued

4. Principal Activities

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

5. Operating Results

The Group announced a 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 currency¹ basis, operational net profit after tax grew 22% after excluding one-off non-operational items² 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 (H1N1), 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 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.

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.

Directors' Report continued**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 conduct a further on-market buyback of up to \$900 million³. 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.

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.

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

Directors' Report continued

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:

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

- Board succession planning to ensure an appropriate mix of skills, experience, expertise and diversity and the appointment of and remuneration of non-executive directors;
- Deciding the remuneration package of the Managing Director, inclusive of fixed pay and short and long term incentive components;

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

- 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:
 - are competitive, fair and equitable and designed to attract and retain high quality executives;
 - motivate executives to pursue the long-term growth of the CSL Group; and
 - establish a clear relationship between executive performance and remuneration;
- 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;
- 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;
- Reviewing, approving and monitoring the implementation of the Company's Human Resources Strategic Plan, and Performance Management Systems;
- 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;
- Reviewing the CSL Group's executive succession plan;
- Reviewing and recommending to the Board the remuneration of the non-executive Directors;
- Overseeing the Company's ongoing actions and progress in support of workplace diversity including regular review of the CSL Group's diversity policy;
- Reviewing twice annually the Company's global health, safety and environmental performance; and
- 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.

Directors' Report continued

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:

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

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.

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.

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

Directors' Report continued

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.

Directors' Report continued

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 42 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.

Directors' Report continued

- 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.

Table 2

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 to 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%

Directors' Report continued*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:

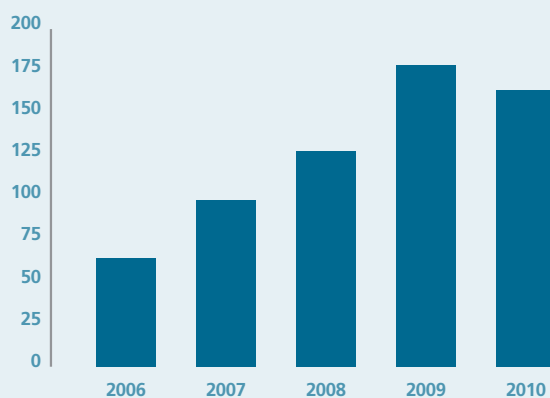
- a. The subject of outstanding offers of shares or share options to, or outstanding share options held by, employees in Australia; and
- b. Issued to employees in Australia under the Company's employee equity plans in the 5 year period preceding the offer,

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.

Directors' Report continued

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.

Directors' Report continued

Table 5 – Directors' Remuneration

Directors	Year	Short-term benefits			Post employment		Other long-term		Equity		Total
		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	
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Executive Directors											
Dr B A McNamee <i>Managing Director</i>	2010	2,195,406	1,260,000	-	50,000	-	110,918	630,000	851,712	985,329	6,083,365
	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 <i>Finance Director</i>	2010	937,292	350,366	-	19,668	-	98,327	-	93,968	14,969	1,514,590
	2009	785,393	367,356	-	66,458	-	52,502	-	468,611	326,222	2,066,542
P Turner ⁷ <i>President, CSL Behring</i>	2010	1,115,605	593,866	13,330	247,735	-	88,077	-	338,256	415,303	2,812,172
	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 <i>Chairman</i>	2010	440,894	-	-	29,106	-	-	-	-	-	470,000
	2009	431,193	-	-	38,807	-	-	-	-	-	470,000
J H Akehurst <i>Non-executive director</i>	2010	175,138	-	-	15,762	-	-	-	-	-	190,900
	2009	175,138	-	-	15,762	-	-	-	-	-	190,900
D W Anstice ³ <i>Non-executive director</i>	2010	185,138	-	-	16,662	-	-	-	-	-	201,800
	2009	149,281	-	-	13,735	-	-	-	-	-	163,016
I A Renard <i>Non-executive director</i>	2010	195,138	-	-	17,562	-	-	-	-	-	212,700
	2009	186,388	-	-	16,775	-	-	-	-	-	203,163
M A Renshaw <i>Non-executive director</i>	2010	185,138	-	-	16,662	-	-	-	-	-	201,800
	2009	185,137	-	-	16,662	-	-	-	-	-	201,799
K J Roberts ⁴ <i>Non-executive director</i>	2009	52,836	-	-	27,046	263,725	-	-	-	-	343,607
Professor J Shine <i>Non-executive director</i>	2010	175,138	-	-	15,762	-	-	-	-	-	190,900
	2009	175,138	-	-	15,762	-	-	-	-	-	190,900
D J Simpson <i>Non-executive director</i>	2010	200,138	-	-	18,012	-	-	-	-	-	218,150
	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

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 referable 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 referable 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 K J 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.

Directors' Report continued

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	Non-monetary benefits	Super-annuation	Retirement benefits	Termination Benefits	Long service leave	Performance rights 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	2009	305,034	97,550	1,304	68,260	-	-	20,006	70,069	45,762	607,985
Former Company Secretary and General Counsel											
A von Bibra ⁴	2009	76,310	-	-	16,929	-	521,285	13,796	-	-	628,320
GM, Human Resources											
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

Directors' Report continued*Table 6 – Non director executive key management personnel and other executive remuneration (continued)*

- 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 be a key management person on 31 March 2010. However, in order to enable ready comparison to 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.

Directors' Report continued

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		Total	
			Performance rights	Performance options		
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.

Directors' Report continued**Executive Key Management Personnel***Fixed and Performance Remuneration Components*

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	-
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.

Directors' Report continued

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

Directors' Report continued**Executive Key Management Personnel***Options and Rights Holdings**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.

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

Directors' Report continued

Executive Key Management Personnel

Options and Rights Holdings

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:

- 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;
- 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
- 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.

Directors' Report continued

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.

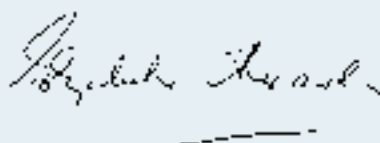
Ernst & Young and its related practices received or are due to receive the following amounts for the provision of non-audit services in respect to the year ended 30 June 2010:

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

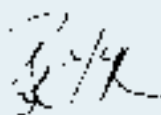
18. Rounding

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

Auditor's Independence Declaration



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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.

A handwritten signature in black ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink that reads 'Denis Thorn'.

Denis Thorn
Partner
18 August 2010

CSL Limited

Statements of Comprehensive Income

for the year ended 30 June 2010

	Notes	Consolidated Group		Parent Company	
		2010 \$000	2009 \$000	2010 \$000	2009 \$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	
	Notes	2010 \$000	2009 \$000	2010 \$000	2009 \$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		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						
- Employee share scheme	20	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						
- Employee share scheme	20	10,222	-	-	-	10,222
- Institutional offer	20	1,745,625	-	-	-	1,745,625
- Retail Offer	20	145,354	-	-	-	145,354
- Capital raising costs	20	(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						
- Employee share scheme	20	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						
- Employee share scheme	20	10,222	-	-	-	10,222
- Institutional offer	20	1,745,625	-	-	-	1,745,625
- Retail Offer	20	145,354	-	-	-	145,354
- Capital raising costs	20	(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 and its Controlled Entities

Cash Flow Statements

for the year ended 30 June 2010

	Notes	Consolidated Group		Parent Company	
		2010 \$000	2009 \$000	2010 \$000	2009 \$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.

CSL Limited and its controlled entities

Notes to the Financial Statements

for the year ended 30 June 2010

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.

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.

CSL Limited and its Controlled Entities**Notes to the Financial Statements** continued

For the Year Ended 30 June 2010

1 Summary of significant accounting policies (continued)**(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.

CSL Limited and its Controlled Entities
Notes to the Financial Statements continued
 For the Year Ended 30 June 2010

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.

CSL Limited and its Controlled Entities

Notes to the Financial Statements continued

For the Year Ended 30 June 2010

1 Summary of significant accounting policies (continued)**(l) Inventories**

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

Cost includes direct material and labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(m) Investments and other financial assets

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

i. Financial assets at fair value through profit and loss

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

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.

CSL Limited and its Controlled Entities
Notes to the Financial Statements continued
 For the Year Ended 30 June 2010

1 Summary of significant accounting policies (continued)

(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.

(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.

CSL Limited and its Controlled Entities**Notes to the Financial Statements** continued

For the Year Ended 30 June 2010

1 Summary of significant accounting policies (continued)**(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.

(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.

CSL Limited and its Controlled Entities
Notes to the Financial Statements continued
 For the Year Ended 30 June 2010

1 Summary of significant accounting policies (continued)

(t) Trade and other payables

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

(u) Interest-bearing liabilities and borrowings

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

(v) Derivative financial instruments

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

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

CSL Limited and its Controlled Entities**Notes to the Financial Statements** continued

For the Year Ended 30 June 2010

1 Summary of significant accounting policies (continued)**(y) Pension plans**

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

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

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

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

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

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

(z) Share-based payment transactions

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

Under the 'Senior Executive Share Ownership Plan and Employee Performance Rights Plan', 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.

CSL Limited and its Controlled Entities
Notes to the Financial Statements continued
 For the Year Ended 30 June 2010

1 Summary of significant accounting policies (continued)

(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.

(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; and
- 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.

CSL Limited and its Controlled Entities

Notes to the Financial Statements continued

For the Year Ended 30 June 2010

1 Summary of significant accounting policies (continued)**(ee) Critical accounting estimates and judgements**

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

i. Testing goodwill and intangible assets for impairment

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

ii. Income taxes

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

iii. Trade and other receivables

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

CSL Limited and its Controlled Entities
Notes to the Financial Statements continued
For the Year Ended 30 June 2010

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.

CSL Limited and its Controlled Entities

Notes to the Financial Statements continued

For the Year Ended 30 June 2010

2 Segment information (continued)

	CSL Behring	Intellectual Property Licensing	Other Human Health	Intersegment Elimination	Consolidated Group
	2010 \$000	2010 \$000	2010 \$000	2010 \$000	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

CSL Limited and its Controlled Entities
Notes to the Financial Statements continued
For the Year Ended 30 June 2010

2 Segment information (continued)

	CSL Behring	Intellectual Property Licensing	Other Human Health	Intersegment Elimination	Consolidated Group
	2009 \$000	2009 \$000	2009 \$000	2009 \$000	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 continued

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	-

CSL Limited and its Controlled Entities
Notes to the Financial Statements continued
For the Year Ended 30 June 2010

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

CSL Limited and its Controlled Entities

Notes to the Financial Statements continued

For the Year Ended 30 June 2010

	Consolidated Group		Parent Company	
	2010 \$000	2009 \$000	2010 \$000	2009 \$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	-	-
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CSL Limited and its Controlled Entities
Notes to the Financial Statements continued
For the Year Ended 30 June 2010

	Notes	Consolidated Group		Parent Company	
		2010 \$000	2009 \$000	2010 \$000	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:					
Accounting profit before income tax		1,379,455	1,369,747	776,838	405,376
Income tax calculated at 30% (2009: 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.

CSL Limited and its Controlled Entities

Notes to the Financial Statements continued

For the Year Ended 30 June 2010

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 \$000	2009 \$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 \$000	2009 \$000	2010 \$000	2009 \$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.

CSL Limited and its Controlled Entities
Notes to the Financial Statements continued
For the Year Ended 30 June 2010

	Consolidated Group		Parent Company	
	2010 \$000	2009 \$000	2010 \$000	2009 \$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.

CSL Limited and its Controlled Entities

Notes to the Financial Statements continued

For the Year Ended 30 June 2010

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

CSL Limited and its Controlled Entities
Notes to the Financial Statements continued
For the Year Ended 30 June 2010

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

CSL Limited and its Controlled Entities

Notes to the Financial Statements continued

For the Year Ended 30 June 2010

	Consolidated Group		Parent Company	
	2010 \$000	2009 \$000	2010 \$000	2009 \$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 referable to intangible software assets. Intangible software assets are disclosed in note 12.

CSL Limited and its Controlled Entities
Notes to the Financial Statements continued
For the Year Ended 30 June 2010

	Consolidated Group		Parent Company	
	2010 \$000	2009 \$000	2010 \$000	2009 \$000
11 Deferred tax assets and liabilities				
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.

CSL Limited and its Controlled Entities

Notes to the Financial Statements continued

For the Year Ended 30 June 2010

		Consolidated Group		Parent Company	
	Notes	2010 \$000	2009 \$000	2010 \$000	2009 \$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		-	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 are based on value in use calculations. These calculations use cash flow projections based on actual operating results and the three-year strategic business plan, after which a terminal value is calculated based on a business valuation multiple. The valuation multiple has been calculated based on independent external analyst views, long term government bond rates and the company's pre-tax cost of debt. Projected cash flows have been discounted by using the implied pre-tax discount rate of 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.

CSL Limited and its Controlled Entities
Notes to the Financial Statements continued
For the Year Ended 30 June 2010

	Consolidated Group		Parent Company	
	2010 \$000	2009 \$000	2010 \$000	2009 \$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.

CSL Limited and its Controlled Entities

Notes to the Financial Statements continued

For the Year Ended 30 June 2010

	Consolidated Group		Parent Company	
	2010 \$000	2009 \$000	2010 \$000	2009 \$000
16 Tax assets and tax liabilities				
Current tax receivable	-	12,174	-	12,174
Tax receivable – wholly owned subsidiaries	-	-	62,223	45,987
	-	12,174	62,223	58,161
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.

CSL Limited and its Controlled Entities
Notes to the Financial Statements continued
 For the Year Ended 30 June 2010

	Consolidated Group		Parent Company	
	2010 \$000	2009 \$000	2010 \$000	2009 \$000
17 Provisions (continued)				
Movements in provisions				
<i>Restructuring</i>				
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	-
<i>Onerous contracts</i>				
Opening balance	14,217	13,427	-	-
Provisions recognised	-	-	-	-
Payments made	-	-	-	-
Currency differences	(2,496)	790	-	-
Closing balance	11,721	14,217	-	-
<i>Surplus lease space</i>				
Opening balance	77	195	-	-
Payments made	(73)	(171)	-	-
Currency differences	(4)	53	-	-
Closing balance	-	77	-	-
<i>Contingent consideration</i>				
Opening balance	26,247	49,437	-	-
Payments made	(28,769)	(32,292)	-	-
Currency differences	2,522	9,102	-	-
Closing balance	-	26,247	-	-
<i>Other</i>				
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.

CSL Limited and its Controlled Entities

Notes to the Financial Statements continued

For the Year Ended 30 June 2010

	Consolidated Group		Parent Company	
	2010 \$000	2009 \$000	2010 \$000	2009 \$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	-
- GESOP (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 \$000	2009 \$000	2010 \$000	2009 \$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 (GESOP) 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

CSL Limited and its Controlled Entities
Notes to the Financial Statements continued
 For the Year Ended 30 June 2010

	Consolidated Group		Parent Company	
	2010 \$000	2009 \$000	2010 \$000	2009 \$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				
<i>Share based payments reserve (i)</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
<i>Foreign currency translation reserve (ii)</i>				
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.

CSL Limited and its Controlled Entities

Notes to the Financial Statements continued

For the Year Ended 30 June 2010

		Consolidated Group		Parent Company	
	Note	2010 \$000	2009 \$000	2010 \$000	2009 \$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 continued
For the Year Ended 30 June 2010

		Consolidated Group		Parent Company	
	Notes	2010 \$000	2009 \$000	2010 \$000	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
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	-	-

CSL Limited and its Controlled Entities

Notes to the Financial Statements continued

For the Year Ended 30 June 2010

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

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
<i>Net liability/(asset) for defined benefit obligation is reconciled to the balance sheet as follows:</i>				
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 \$000	2009 \$000	2008 \$000	2010 \$000	2009 \$000	2008 \$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).

CSL Limited and its Controlled Entities
Notes to the Financial Statements continued
For the Year Ended 30 June 2010

	Consolidated Group		Parent Company	
	2010 \$000	2009 \$000	2010 \$000	2009 \$000
26 Employee benefits (continued)				
(a) Defined benefit plans (continued)				
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
<i>The present value of the defined benefit obligation comprises:</i>				
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

CSL Limited and its Controlled Entities

Notes to the Financial Statements continued

For the Year Ended 30 June 2010

	Consolidated Group		Parent Company	
	2010 \$000	2009 \$000	2010 \$000	2009 \$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:				
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%	-	-

¹The 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	Accrued benefit ¹	Plan surplus / (deficit)
	\$000	\$000	\$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 50th percentile relative to the TSR of a peer group of companies comprising those entities within the ASX top 100 index by market capitalisation (excluding companies with the GICS industry codes of commercial banks, oil and gas and metals and mining). The original plan provided for vesting of 50% of the rights if the Company was ranked at the 50th percentile of TSR performance and for 100% of the rights to vest if the Company was placed at or above the 75th percentile. Relative TSR performance between the 50th and 75th percentile resulted in the proportion of performance rights that vested increasing on a straight-line basis. Vested performance rights which are exercised entitle the holder to one ordinary share for nil consideration.

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

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

CSL Limited and its Controlled Entities

Notes to the Financial Statements continued

For the Year Ended 30 June 2010

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 GESB 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
GESB	\$34.84

CSL Limited and its Controlled Entities
Notes to the Financial Statements continued
For the Year Ended 30 June 2010

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 and rights 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.

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

CSL Limited and its Controlled Entities

Notes to the Financial Statements continued

For the Year Ended 30 June 2010

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.

CSL Limited and its Controlled Entities
Notes to the Financial Statements continued
For the Year Ended 30 June 2010

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.

CSL Limited and its Controlled Entities

Notes to the Financial Statements continued

For the Year Ended 30 June 2010

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

E A Alexander (Chairman)
J Akehurst
D W Anstice (appointed 2 Sept 2008)
I A Renard
M A Renshaw
K J Roberts (retired 15 Oct 2008)
J Shine
D Simpson

Executive directors

B A McNamee (Chief Executive Officer and Managing Director)
A M Cipa (Finance Director)
P Turner (Executive Director & President, CSL Behring)

Executives

G Naylor (Chief Financial Officer Designate, appointed 1 January 2010)
A Cuthbertson (Chief Scientific Officer)
E Bailey (Company Secretary, appointed 1 Jan 2009)
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.

CSL Limited and its Controlled Entities
Notes to the Financial Statements continued
 For the Year Ended 30 June 2010

28 Key management personnel disclosures

(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%).

CSL Limited and its Controlled Entities

Notes to the Financial Statements continued

For the Year Ended 30 June 2010

28 Key management personnel disclosures (continued)

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

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

- The Group has a number of contractual relationships, including property leases and collaborative research arrangements, with the University of Melbourne of which 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.

(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.

CSL Limited and its Controlled Entities
Notes to the Financial Statements continued
 For the Year Ended 30 June 2010

28 Key management personnel disclosures (continued)

(e) Performance rights over equity instruments granted as compensation

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

Key management person	Balance at 1 July 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

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.

CSL Limited and its Controlled Entities

Notes to the Financial Statements continued

For the Year Ended 30 June 2010

28 Key management personnel disclosures (continued)

(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.

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 continued
 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.

CSL Limited and its Controlled Entities**Notes to the Financial Statements** continued

For the Year Ended 30 June 2010

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.

CSL Limited and its Controlled Entities
Notes to the Financial Statements continued
 For the Year Ended 30 June 2010

	Consolidated Group		Parent Company	
	2010 \$000	2009 \$000	2010 \$000	2009 \$000
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
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.

CSL Limited and its Controlled Entities

Notes to the Financial Statements continued

For the Year Ended 30 June 2010

	Consolidated Group		Parent Company	
	2010 \$000	2009 \$000	2010 \$000	2009 \$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	-	-
(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

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.

CSL Limited and its Controlled Entities
Notes to the Financial Statements continued
 For the Year Ended 30 June 2010

31 Commitments and contingencies (continued)

(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.

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:

	Consolidated Group		Parent Company	
	2010 \$	2009 \$	2010 \$	2009 \$
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.

CSL Limited and its Controlled Entities

Notes to the Financial Statements continued

For the Year Ended 30 June 2010

32 Controlled Entities

	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 Farmaceutics 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.

CSL Limited and its Controlled Entities
Notes to the Financial Statements continued
 For the Year Ended 30 June 2010

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 \$000	2009 \$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

CSL Limited and its Controlled Entities

Notes to the Financial Statements continued

For the Year Ended 30 June 2010

	Consolidated Group	
	2010 \$000	2009 \$000
33 Deed of Cross Guarantee (continued)		
Balance sheet		
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		
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

CSL Limited and its Controlled Entities
Notes to the Financial Statements continued
 For the Year Ended 30 June 2010

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.

Currency	Average Exchange Rate		2010		2009	
	2010	2009	Buy \$000	Sell \$000	Buy \$000	Sell \$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)

CSL Limited and its Controlled Entities

Notes to the Financial Statements continued

For the Year Ended 30 June 2010

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.

Consolidated Group – June 2010	Floating rate (a)	Fixed interest rate maturing in			Non interest bearing	Total	Average interest rate
	\$'000	1 year or less	Over 1 year to 5 years	Over 5 years	\$'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	

CSL Limited and its Controlled Entities
Notes to the Financial Statements continued
 For the Year Ended 30 June 2010

34 Financial Risk Management Objectives and Policies (continued)

Consolidated Group – June 2009	Floating rate (a)	Fixed interest rate maturing in			Non interest bearing	Total	Average interest rate
	\$'000	1 year or less	Over 1 year to 5 years	Over 5 years	\$'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	

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.

Consolidated Group – June 2010	Floating rate (a)	Fixed interest rate maturing in			Non interest bearing	Total	Average interest rate
	\$'000	1 year or less	Over 1 year to 5 years	Over 5 years	\$'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	

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

CSL Limited and its Controlled Entities

Notes to the Financial Statements continued

For the Year Ended 30 June 2010

34 Financial Risk Management Objectives and Policies (continued)

Parent Company – June 2009	Floating rate (a)	Fixed interest rate maturing in			Non interest bearing	Total	Average interest rate
		1 year or less	Over 1 year to 5 years	Over 5 years			
	\$'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.

CSL Limited and its Controlled Entities
Notes to the Financial Statements continued
For the Year Ended 30 June 2010

34 Financial Risk Management Objectives and Policies (continued)

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.

For the year ended 30 June 2010:	Trade receivables which are: Not impaired	Impaired	Provision for impairment
	\$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).

CSL Limited and its Controlled Entities

Notes to the Financial Statements continued

For the Year Ended 30 June 2010

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 table below shows the profile of financial liabilities:

Consolidated Group – June 2010	1 year or less	Maturing in: 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

CSL Limited and its Controlled Entities
Notes to the Financial Statements continued
 For the Year Ended 30 June 2010

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.

	Carrying amount 2010	Fair Value 2010	Carrying amount 2009	Fair Value 2009
Consolidated Group	\$000	\$000	\$000	\$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.

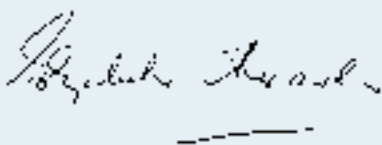
There are no other matters or circumstances which have arisen since the end of the financial year which have significantly affected or may significantly affect the operations of the Group, results of those operations or the state of affairs of the Group in subsequent financial years.

CSL Limited

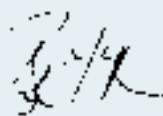
Directors' Declaration

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 22 October 2009.

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

Independent Auditor's Report



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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.

Independent Auditor's Report



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

Designed and produced by
Fidelis Design Associates, Melbourne.

This report is printed on Impact, made with a carbon neutral manufacturing process, consisting of 100% certified post consumer waste fibre. It is FSC certified and has been made in a facility that operates under the ISO14001 Environmental Management System. It is printed by a ISO 14001 EMS & ISO 9001 quality management system certified printer, which holds Sustainability Victoria Wastewise Gold accreditation, is FSC Chain of Custody certified and printed on an ecologically rated printing press using a chemical recirculation system and vegetable based inks.

CSL Behring

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

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

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

CSL Biotherapies

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

CSL Biotherapies manufactures and markets vaccines and pharmaceutical products in Australia and New Zealand and is responsible for global sales of our influenza vaccines. In-licensed pharmaceutical products include vaccines and a range of neurological, cardio-thoracic, dermatological, analgesic, urological, and emergency products.

New Product Development

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

Global research and development activities support CSL's core licensed product business and three other areas of new product development:

- Replacement therapies that enhance our plasma products portfolio;
- Therapeutic proteins based on recombinant proteins and antibodies; and
- Vaccines that use our proprietary ISCOMATRIX® adjuvant and/or our influenza vaccine capabilities.

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FURTHER INFORMATION

For further information about CSL and its operations, refer to Company announcements to the Australian Securities Exchange and our website:

www.csl.com.au

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