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CSL

ASX Announcement

For immediate release

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Full Year Result
Strong profit - up 54%[1] to $539 million
Strong growth set to continue in 2007/08
Share buyback announced approximately 4.5% of share capital
Share split 3:1 announced

CSL Limited today announced its operating result for the full year ended 30 June 2007.

HIGHLIGHTS

Financial

- Net profit after tax was $539 million, up 54%[1] when compared to the previous year's profit from operating activities;
  - Excluding the settlement of $18 million with Sanofi in FY2007, arising from the acquisition of Aventis Behring, net profit after tax was $521 million, up 48%;
- Total revenue of $3.3 billion, up 14%;
  - GARDASIL® royalty of $86 million;
  - GARDASIL® – Australian sales $100 million;
- CSL Behring EBITDA margin up from 24% to 31%;
- Research and Development expenditure of $191 million up 19%;
- Net operating cash flow of $481 million;
- Earnings per share of $2.95, up 53% when compared to the previous year's earnings per share from continuing operations;
- Final dividend up 38% to 55 cents per share, franked at 50%, payable on 12 October 2007. Total ordinary dividends for the year were 104 cents per share up 53% on the previous year;
- Announcement of intention to conduct an on market share buyback of approximately 4.5% of share capital; and
- Announcement of intention to seek shareholder approval for a 3:1 share split.

Operational

- Strong global demand for plasma therapies continues;
- Successful first full year of GARDASIL® rollout by Merck & Co, Inc (Merck);
- Commonwealth Government funding of GARDASIL® in Australia and commencement of vaccination programs;

[1] Excludes the provision for the contingent payment arising from the acquisition of Aventis Behring included in FY2006.

- Extension of Helixate® supply contract with Bayer from 2009 to 2017 and final settlement with Sanofi Aventis arising from the acquisition of Aventis Behring in 2004;
- Privigen™ (10% liquid intravenous immunoglobulin) approved by the US Food and Drug Administration (FDA);
- Influenza biologics license application accepted by US FDA for expedited review;
- Acquisition of CytoGam®, a specialty immunoglobulin indicated for the prevention of cytomegalovirus associated with organ transplantation;
- Acquisition and integration of Zenyth Therapeutics Limited providing a portfolio of research programs in cancer, immunology and inflammation. The acquisition strengthens CSL's research investment in monoclonal antibody technology;
- License and option agreement with Wyeth for ISCOMATRIX® adjuvant technology and the expansion of an existing agreement with Merck & Co, Inc;
- US FDA approval for second indication for Rhophylac® for the treatment of immune thrombocytopenic purpura;
- Successful completion of clinical trials of the prototype pandemic influenza vaccine. An application for registration has been lodged with the Australian Therapeutic Goods Administration; and
- Favourable decision of the US Court of Appeals for the Federal Circuit awarding Professor Ian Frazer and Dr Jian Zhou priority for the CSL/University of Queensland US patent licensed to Merck and GlaxoSmithKline.

Dr McNamee, CSL's Managing Director said, "2007 has been a record year for CSL. Strong financial results, new products approved and growth initiatives announced.

"The very successful rollout by our licensee Merck of their cervical cancer vaccine GARDASIL® is an indication of the importance of this very significant unmet medical need.

"Robust global demand for the CSL Behring's plasma therapies together with GARDASIL® royalties and the success of Australian GARDASIL sales by CSL Biotherapies have been the key drivers of the company's financial performance.

"The company's financial strength and favourable outlook has underpinned a Board decision to further optimise the capital position of the company through a buyback of approximately 4.5% of issued capital.

"The size of the buyback has been balanced to ensure CSL retains the capacity to finance ongoing research and development, invest in the existing business and pursue strategic growth opportunities that may arise.

"The Board is also pleased to advise that it is proposing to seek shareholder approval for a three for one share split of the company's ordinary shares. The Board believes this will improve the affordability and liquidity of the company's shares for retail shareholders. Further details will be sent to shareholders with their Notice of Meeting in mid September ahead of the company's annual general meeting on 17 October 2007," Dr McNamee said.

BUSINESS REVIEW

Results overview

CSL Behring sales grew 8% to $2.6 billion (13% in US dollar terms) when compared to the twelve months ended 30 June 2006. Solid performance across the plasma product portfolio in both core and specialty products have driven this growth.

Carimune® / Sandoglobulin® (Intravenous Immunoglobulin), Vivaglobin® (subcutaneous Immunoglobulin) and Humate®/Haemate® (von Willebrand disease therapies) performed particularly well. During the period immunoglobulin prices in Europe improved, drawing closer to US pricing. The growth of Vivaglobin®, which was launched into the USA in March 2006, reflects patient demand given the unique convenience of the product. Humate® / Haemate®, with its high ratio of ristocetin co-factor, have been in strong demand by patients with a need for von Willebrand's factor and Haemophilia-A patients in need of inhibitor therapy. CytoGam® (Cytomegalovirus immunoglobulin intravenous) acquired in December 2006 boosted sales in the second half of the fiscal year by approximately $20 million.

CSL Behring's sales growth, operational efficiency and product mix optimisation have underpinned the strong growth in operating margin (earnings before interest and taxes) of 28%, up from 20% in the prior comparable period. The improved margin includes the residual inventory benefit of $12 million ($50 million in the prior comparable period), arising from the purchase of Aventis Behring in 2004. A major element of the cost base, plasma, was kept well under control through improved plasma collection efficiency.

CSL Bioplasma sales grew 10% to $211 million, which included growth in plasma volumes fractionated in Australia and strong albumin demand and improved pricing in Asia.

CSL Biotherapies grew sales by 49% to $317 million reflecting a strong start to the school based GARDASIL® immunisation program in Australia. Sales of GARDASIL® in Australia during the period totalled $100 million.

Other Revenue grew in line with the royalty received from Merck on the sale of GARDASIL®. The total GARDASIL® royalty received amounted to $86 million.

Business development

GARDASIL® – Human Papillomavirus Vaccine
On 8 June 2006, CSL's Licensee Merck, received approval from the US FDA for GARDASIL® the only vaccine available in the US for the prevention of HPV types 16 and 18 related cervical cancer, for girls and women aged 9 to 26 years. GARDASIL® is also approved for the prevention of genital warts and low grade cervical lesions caused by HPV types 6, 11, 16 & 18.

On 17 April 2007 Merck submitted a supplemental Biologics License Application for GARDASIL® to the US FDA to include efficacy data on additional cervical cancer causing HPV types responsible for more than 10% of cervical cancers, additional data on protection against vaginal and vulvar cancers and data on immune memory.

At the end of June 2007 GARDASIL® was approved in 80 countries, with applications under review with regulatory agencies in a further 40 countries.

On 20 August 2007, the US Court of Appeals for the Federal Circuit handed down its decision regarding who should be awarded priority between Professor Ian Frazer and Dr Jian Zhou (inventors in the CSL/University of Queensland patent) and Drs Schlegel and Jensen (Georgetown University). The Court decided that priority should be granted to the CSL/University of Queensland patent and overturned the earlier decision of the US Patent and Trademark Office Board of Patent Appeals and Interferences. The Court remanded the case back to the US Patent and Trademark Office to effect the issue of the patent to CSL/University of Queensland.

Helixate®

In January 2007, CSL concluded an agreement with Sanofi-Aventis that facilitated an extension of arrangements with Bayer HealthCare LLC (Bayer) for the supply of Helixate®, a recombinant Factor VIII product with sales of $437 million in fiscal 2007. The previous agreement with Bayer on Helixate® expired in 2009 with the new arrangement securing supply for a further eight years until 2017.

CSL agreed to pay Sanofi-Aventis the contingent payment of US$250 million[2] and the deferred payment of US$65 million[3] earlier than originally agreed when CSL acquired Aventis Behring in 2004. This agreement with Sanofi-Aventis enabled CSL to independently negotiate with Bayer the sublicensing terms of key intellectual property to secure the long-term supply of Helixate® and to facilitate the settlement of litigation against Bayer. A number of other outstanding matters that had remained unresolved with Sanofi-Aventis, stemming from the original 2004 acquisition of Aventis Behring, have also now been resolved and provided a non recurring profit during the period of $18 million after tax.

ISCOMATRIX® adjuvant

A worldwide license and option agreement was signed with Wyeth granting certain rights and options to Wyeth for the use of CSL's ISCOMATRIX® adjuvant in a number of Wyeth's investigative vaccine programs. Under the terms of the agreement CSL could receive, over time, option and milestone payments as well as royalties on future product sales. CSL will supply all of Wyeth's requirements for ISCOMATRIX® adjuvant for development and commercialisation.

Further to the agreement with Merck announced in August 2005, the company has extended this agreement to include additional fields and vaccine candidates, again with the inclusion of upfront, option and milestone payments. Additionally Merck has now taken two product candidates, which include the ISCOMATRIX® adjuvant, into clinical trials, one in the USA and one in Europe.

[2] CSL had made provision for this Contingent Payment at the time of its full year result announcement in August 2006. CSL had agreed at the time of the acquisition of Aventis Behring in March 2004 to pay US$250 million to Aventis (now Sanofi-Aventis) if the volume weighted average price of CSL's shares for any 60 consecutive trading day period during the six months commencing October 2007 exceeded $35.00.
[3] CSL had agreed at the time of the acquisition of Aventis Behring to pay Aventis (now Sanofi-Aventis) on 31 December 2007 the sum of US$65m as a deferred payment.

Privigen™

On 27 July 2007, the US FDA granted marketing approval for Privigen™ (10% liquid intravenous immunoglobulin) used for treating patients diagnosed with primary immunodeficiency. Privigen™ is also indicated for the treatment of chronic immune thrombocytopenic purpura to rapidly raise platelet counts to prevent bleeding. Privigen is the first and only proline stabilised IVIg that is always ready for immediate use and does not require refrigeration or reconstitution during its shelf life.

CytoGam®

On 9 November 2006, CSL Behring acquired the plasma product 'CytoGam®', a specialty immunoglobulin enriched in antibodies against cytomegalovirus infection associated with organ transplantation. The acquisition price was $153 million (US$120 million) in cash, of which $89 million (US$70 million) is subject to the achievement of specified milestones.

Zenyth Therapeutics Limited

On 10 November 2006, CSL concluded the acquisition of Zenyth Therapeutics Limited under a share scheme of arrangement for a total of $106 million, which included a cash balance and short term investments convertible to cash within Zenyth of $43 million. The acquisition strengthens CSL's research interests in recombinant antibodies and includes programs in the fields of cancer, immunology and inflammation.

Second Indication for Rhophylac® - ITP

On 2 April 2007 the US FDA granted marketing approval for an additional indication for Rhophylac®, an anti-D immunoglobulin. The additional indication is for the treatment of immune thrombocytopenic purpura (ITP), a disease in which the immune system attacks and destroys the body's own platelets.

Humate-P®

On 30 April 2007 the US FDA approved Humate-P® for use to prevent excessive bleeding during and after surgery for patients with von Willebrand disease, the most common inherited bleeding disorder.

Pandemic Influenza
On 30 January 2007, CSL announced new data from its pandemic influenza vaccine clinical trial program. A dossier about the prototype pandemic influenza vaccine has been lodged with the Australian Therapeutic Goods Administration. The studies confirm that two doses of 30 micrograms of antigen with the addition of an aluminium adjuvant are required to produce a strong immune response against the H5N1 bird flu virus. Results of a subsequent study undertaken in infants, young children and the elderly are expected to be available later this year.

OUTLOOK *(at 2006/07 exchange rates)*

Commenting on CSL's outlook, Dr McNamee said "We continue to anticipate stable to favourable market conditions for our plasma therapies business and growing contribution from royalties associated with the international sales of GARDASIL®. Total revenue is expected to grow approximately 12 - 14%.

"Research and Development, which is a cornerstone of our growth strategy, will receive an additional investment of around 15% taking total spend to around $220 million.

"In compiling our financial forecasts for 2008 we have determined several key variables which may have a significant impact on guidance - in particular royalties[4] arising from the sale of GARDASIL® by Merck, foreign exchange movements, tax rate changes arising in the multiple jurisdictions within which CSL operates together with price and volume movements in core plasma products.

"This financial year we again anticipate strong growth resulting in a net profit after tax for FY2008 of between $670m and $700 million using 2006/07 exchange rates. This guidance excludes any interest cost on borrowings used to fund the buyback announced today," Dr McNamee said.

For further information, please contact:

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[4] Analyst consensus estimates on GARDASIL® sales used in FY2008 forecast.

Group Results

Full year ended June	June 2007 $m	June 2006[5] $m	Change %
Sales	**3,172.4**	**2,848.9**	
Other Revenue	137.8	54.6	
Total Revenue	**3,310.2**	**2,903.5**	**14%**
Earnings before Interest, Tax, Depreciation & Amortisation	**918.7**	**631.1**	**46%**
Depreciation/Amortisation	132.6	116.1	
Earnings before Interest and Tax	**786.1**	**515.0**	**53%**
Net Interest Expense	12.0	16.0	
Tax Expense	234.8	148.1	
Net Profit after Tax	**539.3**	**350.9**	**54%**
Total Ordinary Dividends (cents)	104.0	68.0	53%
Final Dividend (cents)	55.0	40.0	38%
Basic EPS (cents) from continuing operations	295.4	192.8	53%

[5] June 2006 numbers show results from continuing operations. They exclude the provision for contingent payment arising from the acquisition of Aventis Behring.