

CSL Limited

ABN: 99 051 588 348

ASX Half-year Information 31 December 2010

Lodged with the ASX under Listing Rule 4.2A.
This information should be read in conjunction
with the 30 June 2010 Annual Report.

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CSL Limited
ABN: 99 051 588 348

Appendix 4D
Half-year ended 31 December 2010

(Previous corresponding period:
Half-year ended 31 December 2009)

Results for Announcement to the Market

- Revenues from continuing operations down 9.3% to \$2.19 billion.
- Profit from continuing operations after tax and net profit for the period attributable to members down 19.0% to \$500.2m.

Dividends

	Amount per security	Franked amount per security
Interim dividend (determined subsequent to balance date)	35.00¢	Unfranked*
Interim dividend from the previous corresponding period	35.00¢	Unfranked*
Final dividend (prior year)	45.00¢	Franked to 5.28¢ per share
Record date for determining entitlements to the dividend:	15 March 2011	

* Non-resident withholding tax is not payable on this dividend as it will be declared to be wholly conduit foreign income.

The Company's Dividend Reinvestment Plan remains suspended and does not apply to the interim dividend.

Explanation of results

For further explanation of the results please refer to the accompanying press release and "Review of Operations" in the Directors' Report that is within the Half-year Report.

Other information required by Listing Rule 4.3A

The remainder of the information requiring disclosure to comply with Listing Rule 4.3A is contained in the attached Half-year Report (which includes the Directors' Report) and Media Release.

CSL Limited

Half-year Report – 31 December 2010

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This Interim Financial Report does not include all the notes of the type normally included in an Annual Financial Report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2010 and any public announcements made by CSL Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

CSL Limited

Directors' Report

The Board of Directors of CSL Limited has pleasure in presenting their report on the consolidated entity for the half-year ended 31 December 2010.

Directors

The following persons were Directors of CSL Limited during the whole of the half-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 I A Renard

Mr M A Renshaw

Professor J Shine, AO

Mr D J Simpson

Mr P J Turner

Mr A M Cipa was a Director from the beginning of the financial year until his retirement on 13 October 2010.

Review of Operations

In the half year ended 31 December 2010, total sales revenue of the Group was \$2.1 billion, up 7% on an underlying¹ basis when compared to the same period last year. Net profit after tax was \$500 million. This result included an unfavourable foreign exchange impact of \$47 million². Net operating cash flow was \$408 million. Net profit after tax in the prior comparable period was \$617 million which included a one-off contribution from the sale of pandemic influenza vaccine (H₁N₁).

CSL Behring sales of US\$1.6 billion grew 8% on a constant currency³ basis when compared to the six months ended 31 December 2009. Sales contribution from the immunoglobulins product portfolio underpinned this growth.

Immunoglobulins grew 22% in constant currency³ terms of which approximately half was driven by volume growth with the balance coming from a shift in sales mix and demand for Hizentra[®], the company's next generation subcutaneous immunoglobulin. Privigen[®] (10% liquid intravenous immunoglobulin) now accounts for almost 60% of immunoglobulin sold. A proportion of the growth in sales of immunoglobulin is attributed to the withdrawal of a competitor from the market place. The length of time of this withdrawal is unknown.

The Critical Care segment, including Asian sales⁴, grew 5% in constant currency terms underpinned by volume growth of albumin, particularly in the US and China. Specialty products, primarily Berinert[®] P (C-1 Esterase Inhibitor), also made a significant contribution.

Haemophilia sales declined 2% in constant currency terms. Volume growth in plasma derived FVIII grew 5% offset by competitive pressure, particularly in European markets. Also contributing to the decline was an increase in patients covered by Medicaid in the US giving rise to additional rebates payable by CSL Behring.

¹ Excludes the one-off contribution from the sale of pandemic influenza vaccine (H₁N₁) in the prior comparable period and the impact of foreign exchange movements in the period under review.

² The estimated effect upon NPAT of currency movements between the comparable periods.

³ Constant currency removes the impact of exchange rate movements to facilitate comparability.

⁴ Adjusted to include CSL Behring critical care products sold in Asia by CSL Biotherapies.

CSL Biotherapies sales of \$375 million grew 4% on and underlying⁵ basis when compared to the six months ended 31 December 2009. The prior period included a one-off contribution of \$160 million from novel A (H₁N₁) influenza (swine flu) vaccine sales.

Underlying growth during the period was driven by the Australian plasma therapies business however this was offset by challenges in seasonal influenza vaccine arising from a delayed entry in the US market and our non-participation in the paediatric market..

Royalties on global sales of Human Papillomavirus Vaccine totalled \$45 million for the half.

On 18 August 2010, CSL announced its intention to conduct an on-market share buyback of up to \$900 million⁶. Under the Australian Securities Exchange listing rules this buyback has a 12 month completion window. To-date CSL has repurchased 8,921,270 shares for approximately \$300 million, representing ~33% of the intended repurchase program.

A final dividend of 45 cents per share (franked to the extent of 5.28 cents per share) was paid out of retained profits for the year ended 30 June 2010 on 8 October 2010. The Directors have determined an interim dividend of 35 cents per ordinary share (unfranked) payable on 8 April 2011.

⁵ Excludes the one-off contribution from the sale of pandemic influenza vaccine (H₁N₁) in the prior comparable period and the impact of foreign exchange movements in the period under review.

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

CSL Limited Directors' Report (continued)

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 6.

Rounding of Amounts

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 the directors.

Elizabeth A Alexander
CHAIRMAN

Brian A McNamee
MANAGING DIRECTOR

16 February 2011



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Auditor's Independence Declaration to the Directors of CSL Limited

In relation to our review of the financial report of CSL Limited for the half-year ended 31 December 2010, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Ernst & Young

Glenn Carmody
Partner
16 February 2011

CSL Limited and its controlled entities
Statement of Comprehensive Income
For the half-year ended 31 December 2010

	Notes	Consolidated Entity	
		December 2010 \$000	December 2009 \$000
Sales revenue		2,116,348	2,317,392
Cost of sales		(1,059,655)	(1,097,529)
Gross profit		1,056,693	1,219,863
Other revenue	4(a)	74,602	97,581
Research and development expenses		(143,756)	(146,924)
Selling and marketing expenses		(216,804)	(226,171)
General and administration expenses	4(c)	(116,047)	(123,159)
Finance costs	4(b)	(7,699)	(9,846)
Profit before income tax expense		646,989	811,344
Income tax expense	5	(146,774)	(193,950)
Net profit for the period		500,215	617,394
Other comprehensive income			
Exchange differences on translation of foreign operations, net of hedges on net foreign investments	11	(261,959)	(194,546)
Actuarial gains/(losses) on defined benefit plans, net of tax		(20,406)	8,627
Total of other comprehensive income/(expense)		(282,365)	(185,919)
Total comprehensive income for the period		217,850	431,475
Earnings per share (based on net profit for the period)		Cents	Cents
Basic earnings per share	6	91.45	106.34
Diluted earnings per share	6	91.23	106.00

CSL Limited and its controlled entities
Statement of Financial Position
As at 31 December 2010

		Consolidated Entity	
		December	June
		2010	2010
		\$000	\$000
		Notes	
CURRENT ASSETS			
Cash and cash equivalents	7	719,914	1,001,059
Trade and other receivables		818,695	883,002
Current tax assets		3,534	-
Inventories		1,359,202	1,454,616
Other financial assets		4,999	479
Total Current Assets		2,906,344	3,339,156
NON-CURRENT ASSETS			
Trade and other receivables		5,613	7,570
Other financial assets		11,985	4,589
Property, plant and equipment	8	1,149,976	1,207,839
Deferred tax assets		169,740	191,410
Intangible assets		893,826	955,513
Retirement benefit assets		3,135	4,967
Total Non-Current Assets		2,234,275	2,371,888
TOTAL ASSETS		5,140,619	5,711,044
CURRENT LIABILITIES			
Trade and other payables		373,658	485,403
Interest-bearing liabilities	9	17,574	25,984
Current tax liabilities		118,043	176,809
Provisions		78,972	95,697
Deferred government grants		995	995
Derivative financial instruments		1,999	1,991
Total Current Liabilities		591,241	786,879
NON-CURRENT LIABILITIES			
Trade and other payables		1,546	-
Interest bearing liabilities	9	366,237	436,219
Deferred tax liabilities		111,156	114,822
Provisions		29,663	30,924
Deferred government grants		10,108	10,605
Retirement benefit liabilities		127,737	116,401
Total Non-Current Liabilities		646,447	708,971
TOTAL LIABILITIES		1,237,688	1,495,850
NET ASSETS		3,902,931	4,215,194
EQUITY			
Contributed equity	10	846,844	1,139,228
Reserves	11	(494,814)	(242,615)
Retained earnings		3,550,901	3,318,581
TOTAL EQUITY		3,902,931	4,215,194

CSL Limited and its controlled entities
Statement of Changes in Equity
For the half year ended 31 December 2010

		Ordinary shares \$000	Foreign currency translation reserve \$000	Share based payment reserve \$000	Retained earnings \$000	Total \$000
At 1 July 2010		1,139,228	(326,778)	84,163	3,318,581	4,215,194
Profit for the period		-	-	-	500,215	500,215
Other comprehensive income		-	(261,959)	-	(20,406)	(282,365)
Total comprehensive income for the half year		-	(261,959)	-	479,809	217,850
Transactions with owners in their capacity as owners						
Share based payments	11	-	-	9,760	-	9,760
Dividends	12	-	-	-	(247,489)	(247,489)
Share buy back	10	(300,445)	-	-	-	(300,445)
Capital raising tax benefit	10	-	-	-	-	-
Share issues						
- Employee share scheme	10	8,061	-	-	-	8,061
Balance as at 31 December 2010		846,844	(588,737)	93,923	3,550,901	3,902,931
At 1 July 2009		2,760,207	(50,541)	65,739	2,687,490	5,462,895
Profit for the period		-	-	-	617,394	617,394
Other comprehensive income		-	(194,546)	-	8,627	(185,919)
Total comprehensive income for the half year		-	(194,546)	-	626,021	431,475
Transactions with owners in their capacity as owners						
Share based payments	11	-	-	9,543	-	9,543
Dividends	12	-	-	-	(235,665)	(235,665)
Share buy back		(1,362,064)	-	-	-	(1,362,064)
Capital raising tax benefit		9,341	-	-	-	9,341
Share issues						
- Employee share scheme		5,772	-	-	-	5,772
Balance as at 31 December 2009		1,413,256	(245,087)	75,282	3,077,846	4,321,297

CSL Limited and its controlled entities
Statement of Cash Flows
For the half-year ended 31 December 2010

	Consolidated Entity	
	December	December
Notes	2010	2009
	\$000	\$000
Cash flows from Operating Activities		
Receipts from customers (inclusive of goods and services tax)	2,177,944	2,320,256
Payments to suppliers and employees (inclusive of goods and services tax)	(1,595,718)	(1,772,726)
	582,226	547,530
Interest received	19,460	25,214
Income taxes paid	(185,992)	(69,725)
Borrowing costs	(7,291)	(11,848)
Net cash inflow / (outflow) from operating activities	408,403	491,171
Cash flows from Investing Activities		
Proceeds from sale of property, plant and equipment	100	162
Payments for property, plant and equipment	(83,518)	(109,907)
Payments for intangible assets	(4,080)	(38,382)
Payments for other financial assets	1,454	1,654
Net cash inflow / (outflow) from investing activities	(86,044)	(146,473)
Cash flows from Financing Activities		
Proceeds from issue of shares	9,690	5,772
Payment for shares bought back	(300,445)	(1,442,732)
Dividends paid	(247,489)	(235,665)
Receipts (payments) on closure of foreign exchange hedges	(209)	104
Repayment of borrowings	(16,925)	(213,562)
Net cash inflow / (outflow) from financing activities	(555,378)	(1,886,083)
Net increase (decrease) in cash and cash equivalents	(233,019)	(1,541,385)
Cash and cash equivalents at the beginning of the period	994,505	2,522,192
Exchange rate variations on foreign cash and cash equivalent balances	(42,120)	(25,025)
Cash and cash equivalents at the end of the period	719,366	955,782
<i>Reconciliation of cash and cash equivalents</i>		
Cash and cash equivalents at the end of the period as shown in the statement of cash flows is reconciled as follows:		
Cash and cash equivalents	7	719,914
Bank overdrafts		955,804
		(548)
		719,366
		955,782

CSL Limited and its controlled entities

Notes to the financial statements

For the half-year ended 31 December 2010

1 Corporate Information

The financial report of CSL Limited (the Company) for the half-year ended 31 December 2010 was authorised for issue in accordance with a resolution of the directors on 16 February 2011. CSL Limited is a company incorporated in Australia and limited by shares, which are publicly traded on the Australian Stock Exchange.

The nature of the operations and principal activities of the Group are described in the Directors' Report.

2 Summary of Significant Accounting Policies

(a) Basis of Accounting

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report. The half-year financial report should be read in conjunction with the annual financial report of CSL Limited as at 30 June 2010.

It is also recommended that the half-year financial report be considered together with any public announcements made by CSL Limited and its controlled entities during the half-year ended 31 December 2010 in accordance with the continuous disclosure obligations arising under ASX listing rules.

(b) Basis of Preparation

The half-year consolidated financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards, including AASB 134 Interim Financial Reporting and other mandatory professional reporting requirements. The half-year financial report has been prepared on a historical cost basis, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, and land and buildings.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

(c) Significant Accounting Policies

The half-year consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2010.

(d) Basis of Consolidation

The half-year consolidated financial statements comprise the financial statements of CSL Limited and its subsidiaries as at 31 December 2010 ('the Group').

CSL Limited and its controlled entities
Notes to the financial statements
For the half-year ended 31 December 2010

3 Segment Information

	CSL Behring December 2010 \$000	Intellectual Property Licensing December 2010 \$000	Other Human Health December 2010 \$000	Intersegment Elimination December 2010 \$000	Consolidated Group December 2010 \$000
Sales to external customers	1,741,796	-	374,552	-	2,116,348
Inter-segment sales	58,858	-	2	(58,860)	-
Other revenue / Other income (excl interest income)	1,875	50,126	3,965	-	55,966
Total segment revenue	1,802,529	50,126	378,519	(58,860)	2,172,314
Interest income					18,636
Unallocated revenue / income					-
Consolidated revenue					2,190,950
Segment EBIT	606,841	43,365	1,338	-	651,544
Unallocated revenue / income less unallocated costs					(15,492)
Consolidated EBIT					636,052
Interest income					18,636
Finance costs					(7,699)
Consolidated profit before tax					646,989
Income tax expense					(146,774)
Consolidated net profit after tax					500,215
Amortisation and impairment loss	13,417	-	2,090	-	15,507
Depreciation	46,984	-	18,036	-	65,020
Segment EBITDA	667,242	43,365	21,464	-	732,071
Unallocated revenue / income less unallocated costs					(15,492)
Unallocated depreciation and amortisation					2,095
Consolidated EBITDA					718,674

CSL Limited and its controlled entities
Notes to the financial statements
For the half-year ended 31 December 2010

3 Segment information (continued)

	CSL Behring December 2009 \$000	Intellectual Property Licensing December 2009 \$000	Other Human Health December 2009 \$000	Intersegment Elimination December 2009 \$000	Consolidated Group December 2009 \$000	
Sales to external customers	1,789,187	-	528,205	-	2,317,392	
Inter-segment sales	57,361	-	275	(57,636)	-	
Other revenue / Other income (excl interest income)	2,373	60,787	9,360	-	72,520	
Total segment revenue	1,848,921	60,787	537,840	(57,636)	2,389,912	
Interest income					25,061	
Unallocated revenue / income					-	
Consolidated revenue					2,414,973	
Segment EBIT	614,694	52,097	143,649	-	810,440	
Unallocated revenue / income less unallocated costs					(14,311)	
Consolidated EBIT					796,129	
Interest income					25,061	
Finance costs					(9,846)	
Consolidated profit before tax					811,344	
Income tax expense					(193,950)	
Consolidated net profit after tax					617,394	
Amortisation and impairment loss	11,003	-	2,090	-	13,093	
Depreciation	46,611	-	17,758	-	64,369	
Segment EBITDA	672,308	52,097	163,497	-	887,902	
Unallocated revenue / income less unallocated costs					(14,311)	
Unallocated depreciation and amortisation					858	
Consolidated EBITDA					874,449	
Geographic areas	Australia \$000	United States \$000	Switzerland \$000	Germany \$000	Rest of world \$000	Total \$000
December 2010						
External sales revenue	237,233	855,917	75,469	321,531	626,198	2,116,348
December 2009						
External sales revenue	311,815	896,821	74,689	361,630	672,437	2,317,392

CSL Limited and its controlled entities
Notes to the financial statements
For the half-year ended 31 December 2010

4 Revenue, Income and Expenses from continuing operations

	Consolidated Entity	
	December	December
	2010	2009
	\$000	\$000
(a) Other Revenue		
Interest income	18,636	25,061
Rent	497	485
Royalties	46,404	58,729
Sundry	9,065	13,306
	74,602	97,581
(b) Finance Costs		
Interest paid / payable	7,699	9,846
(c) Other Expenses		
General and administration expenses:		
Expense of share based payments	10,460	8,676
Amortisation of intellectual property and software	15,507	13,093
Other relevant expenses		
Depreciation and amortisation of property, plant and equipment	67,115	65,227
Net foreign exchange losses	8,488	5,925

5 Income Tax

The reconciliation between income tax expense and the consolidated entity's applicable tax rate is as follows:

Profit from continuing activities before income tax expense	646,989	811,344
Income tax calculated at 30%	194,097	243,403
Tax effect of non-assessable / non-deductible items		
Research and development	(4,935)	(4,315)
Other (non-assessable revenue)/non-deductible expenses	2,913	960
(Utilisation of tax losses)/Unrecognised deferred tax assets	3	47
Revaluation of deferred tax balances due to income tax rate changes	-	1,949
Effects of different rates of tax on overseas income	(44,775)	(39,078)
Under (over) provision in previous year	(529)	(9,016)
Income tax expense	146,774	193,950

CSL Limited and its controlled entities
Notes to the financial statements
For the half-year ended 31 December 2010

6 Earnings Per Share

	Consolidated Entity	
	December	December
	2010	2009
	\$000	\$000
The following reflects the income and share information used in the calculation of basic and diluted earnings per share:		
Earnings used in calculating basic earnings per share	500,215	617,394
	Number of shares	
	December	December
	2010	2009
Weighted average number of ordinary shares used in the calculation of basic earnings per share:	546,967,244	580,605,173
Effect of dilutive securities:		
Share options	340,437	462,041
Performance rights	996,972	1,361,487
Global employee share plan	2,882	-
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	548,307,535	582,428,701

*Refer note 10 for a reconciliation of the movement in issued shares.

Conversions, calls, subscription or issues after 31 December 2010

Subsequent to the reporting date 20,478 ordinary shares were issued, as required under the Employee Performance Rights Plan. There have been no other ordinary shares issued since the reporting date and before the completion of this financial report. There have been no other conversions to, calls of, or subscriptions for ordinary shares or issues of potential ordinary shares since the reporting date and before the completion of this financial report.

7 Cash and cash equivalents

	Consolidated Entity	
	December	June
	2010	2010
	\$000	\$000
Cash at bank and on hand	290,884	257,756
Cash deposits	429,030	743,303
Total cash and cash equivalents	719,914	1,001,059

8 Property, Plant and Equipment

During the half-year ended 31 December 2010, the Group acquired assets with a cost of \$83,518,000 (2009: \$109,907,000).

CSL Limited and its controlled entities
Notes to the financial statements
For the half-year ended 31 December 2010

9 Borrowings and repayments

For the half year ended 31 December 2010, the Group has repaid \$14,994,000 of interest bearing debt and made \$1,931,000 of finance lease repayments.

10 Contributed Equity

Movements in the contributed equity

	Number of Shares	\$000
<i>Ordinary shares</i>		
Balance as at 1 July 2010	549,692,886	1,139,228
Shares issued to CSL employees through participation in:		
- Performance Option Plan and SESOP Option Plan	306,722	5,454
- Performance Rights Plan	351,645	-
- Global Employee Share Plan	95,517	2,607
Shares acquired under the Share Buy Back	(8,921,270)	(300,445)
Balance as at 31 December 2010	541,525,500	846,844

11 Reserves

	Consolidated Entity	
	December 2010 \$000	June 2010 \$000
<i>Composition</i>		
Share based payments reserve (i)	93,923	84,163
Foreign currency translation reserve (ii)	(588,737)	(326,778)
	(494,814)	(242,615)

Nature and purpose of reserves

(i) *Share based payments reserve*

The share based payments reserve is used to recognise the fair value of options and performance rights issued but not exercised.

(ii) *Foreign currency translation reserve*

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 and resulting exchange differences are recognised 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 taken to the foreign currency translation reserve in equity.

CSL Limited and its controlled entities
Notes to the financial statements
For the half-year ended 31 December 2010

12 Dividends

	Consolidated Entity	
	December	December
	2010	2009
	\$000	\$000
<i>Ordinary shares</i>		
Dividends provided for or paid during the half-year	247,489	235,665

Dividends not recognised at the end of the half-year

Since the end of the half-year the directors have recommended the payment of an interim dividend of 35 cents (2010 – 35.00 cents) per fully paid ordinary share, unfranked. The aggregate amount of the proposed interim dividend expected to be paid on 8 April 2011 out of retained earnings at 31 December 2010, but not recognised as a liability at the end of the half-year, is:

	189,534	194,968
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13 NTA Backing

	December	June
	2010	2010
	\$	\$
Net tangible asset backing per ordinary security	5.54	5.93

CSL Limited and its controlled entities
Notes to the financial statements
For the half-year ended 31 December 2010

14 Share Based Payment Plans

(a) Long Term Incentives

On 1 October 2010, 216,420 share options and 284,420 performance rights were granted to senior executives under the CSL Performance Rights Plan. The exercise price of the options of \$33.45 is equal to the 5 day volume weighted average market price of CSL Limited shares as traded on the Australian Stock Exchange in the one week before and ending on the grant date. The exercise price for the performance rights is Nil. The options and performance rights will become exercisable between 30 September 2013 and 30 September 2015. The fair value of the options and performance rights granted is estimated as at the date of grant using an adjusted form of the Black-Scholes model, taking into account the terms and conditions upon which the options and performance rights were granted. The following table lists the inputs to the model used for options and performance rights issued in the half-year ended 31 December 2010:

	December 2010
Dividend yield (%)	2.5%
Expected volatility (%)	30.0%
Risk-free interest rate (%)	4.91%
<i>Fair Value of Options</i>	
3 year vesting	\$8.46
4 year vesting	\$8.90
<i>Fair Value of Performance Rights</i>	
3 year vesting	\$26.59
4 year vesting	\$26.23

(b) Executive Deferred Incentive Plan

On 1 October 2010, 512,350 phantom shares were granted to employees under the Executive Deferred Incentive Plan. This plan provides for a grant of phantom shares which will generate a cash payment to participants in three years time, provided they are still employed by the company and receive a satisfactory performance review over that period. The amount of the cash payment will be determined by reference to the CSL share price immediately before the three year anniversary.

The following table lists the inputs to the model used for grants issued in the half-year ended 31 December 2010:

	December 2010
Dividend yield (%)	2.5%
Fair Value of Grants @ reporting date	\$33.91

CSL Limited and its controlled entities
Notes to the financial statements
For the half-year ended 31 December 2010

15 Commitments and contingencies

Litigation

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

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

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

CSL Limited

Directors' Declarations

The directors declare that:

- (a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, and:
 - (i) give a true and fair view of the financial position as at 31 December 2010 and the performance for the half-year ended on that date of the consolidated entity; and
 - (ii) comply with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- (b) in the directors' 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.

Made in accordance with a resolution of directors.

Elizabeth A Alexander
Chairman

Brian A McNamee
Managing Director

Melbourne
16 February 2011

Independent Review report to the members of CSL Limited

Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying half-year financial report of CSL Limited, which comprises the statement of financial position as at 31 December 2010, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of CSL Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of CSL Limited is not in accordance with the *Corporations Act 2001*, including:

- i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Ernst & Young

Glenn Carmody
Partner
Melbourne
16 February 2011