22 February 2006

CSL ANNOUNCES RECORD PROFIT AND UPGRADE[1]

CSL Limited today announced its first half result for period ended 31 December 2005 and forecast a profit upgrade for the full year result.

HIGHLIGHTS

Financial

- Reported net profit after tax (NPAT) was $176.4 million, up 34% when compared to six months ended 31 December 2004;
  - NPAT from continuing operations[2] grew by 54%;
- Reported sales revenue was $1.4 billion, down 1%;
  - Reported sales revenue from continuing operations[2] grew by 8%;
  - ZLB Behring sales revenue, up 11%;
- Net operating cashflow, up 38% to $264 million;
- Earnings per share was 97 cents, up 45%;
- Interim dividend of 28 cents, unfranked, payable on 13 April 2006;
- Full year profit upgrade $335 million - $350 million.

Operational

- GARDASIL™ (Human Papilloma Virus Vaccine) accepted for priority review by US Food and Drug Administration (FDA);
- US Influenza Vaccine Strategy announced;
- ZLB Behring margin expansion;
- US plasma therapies market conditions continue to improve;
- Vivaglobin™ (Subcutaneous Immunoglobulin) approved by US FDA;
- 12% liquid IVIG – US FDA submission imminent.

Dr McNamee, CSL's Managing Director said, "This excellent result is underpinned by ZLB Behring's outstanding earnings performance.

"The commitment by the staff at ZLB Behring over the past 18 months to restructure their business and achieve their efficiency goals has been impressive. The new improved manufacturing centres of excellence have driven margin expansion during a period of strong sales growth.

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[1] *The company's results for the six months ended 31 December 2005 are reported in accordance with the Australian Equivalents to International Financial Reporting Standards (A-IFRS). The comparative period ended 31 December 2004 has also been restated in accordance with the introduction of the new standard.*

[2] *Adjusted for the contribution of JRH in 1H05 (December 2004).*

"In conjunction with a very pleasing 38% growth in operating cashflow, the Board has been confident in approving a substantial increase in the dividend paid to shareholders. Shareholders should also note the Board's intention to more evenly apportion dividends between the first and second half of the each financial year," Dr McNamee said.

BUSINESS REVIEW

Result overview

CSL Limited's operating results for the six months ended 31 December 2005 reflect a strong contribution by ZLB Behring. Solid demand for Helixate® (recombinant Factor VIII) and plasma products, together with increases in Carimune (IVIG) pricing, have contributed to this growth.

CSL Bioplasma's 30% sales decline arises from the Australian National Blood Authority's (NBA) new policy on recombinant products for haemophilia patients reducing plasma derived product sales. Also, with the introduction of the new Plasma Products Agreement (PPA), the two tier pricing mechanism previously in place was removed and a more even revenue stream was introduced between the first and second half of the financial year.

CSL Pharmaceutical sales improved by 14%, largely driven by growth in northern hemisphere influenza vaccine sales. A new agreement was also recently signed with Merck & Co, Inc (Merck) for the Australian distribution of a number of important new vaccines for the prevention of shingles (ZOSTAVAX®), rotavirus induced gastroenteritis (ROTATEQ®) and a combined measles, mumps, rubella and chicken pox vaccine (PROQUAD®). Preparations are also underway planning for the launch of GARDASIL™ in Australia.

The Group's operating cashflow grew 38%. Sales growth in ZLB Behring, efficient use of working capital, and sale of products manufactured using the lower cost base of the restructured business were the key growth drivers.

During the period the company successfully completed its second share buyback program with a total of 18 million shares repurchased over the last 18 months, returning approximately $600m to shareholders thereby enhancing earnings per share.

Business development

HPV
CSL's licensee, Merck, submitted a Biologics License Application (BLA) for GARDASIL™ (quadrivalent human papillomavirus types 6, 11, 16, 18, recombinant vaccine) to the U.S. Food and Drug Administration (FDA) during December, 2005. This has since been accepted and been given priority review by the FDA. A priority designation is intended for products that address unmet medical needs. The FDA has indicated the review goal date is 8 June 2006.

Merck has also made applications to regulatory authorities in the European Union, Australia, Mexico, Brazil, Argentina, Taiwan and Singapore.

Influenza
The company announced earlier this month plans to introduce its influenza vaccine into the U.S. market. An investment of $80 million in plant and equipment will double capacity at the company's Melbourne facility to approximately 40 million doses per season, making it one of the largest vaccine manufacturing plants in the world.

CSL plans to initiate a human clinical study of the vaccine in the US later this year, and submit a Biologics License Application to the US FDA within 12 months, for both multi dose vial and thiomersal-free single-dose syringe products. Contingent upon regulatory approval, the company intends to have vaccine available for the US 2007-2008 flu season. The company will have the potential to supply up to 20 million doses to the U.S. as the expanded plant comes online in 2008- 2009.

Pandemic Influenza
The company recently announced encouraging results from its initial clinical trial of a pandemic influenza vaccine based on the H5N1 avian virus. The study population used in the trial demonstrated an appropriate immune response to the vaccine showing it is possible to vaccinate humans against H5N1. Further research is required to determine the necessary dose level and demonstrate safety.

Immunoglobulin
The US FDA approved Vivaglobin in early January 2006. Vivaglobin is the first subcutaneous immunoglobulin approved in the US and offers primary immune deficient patients with an alternative infusion method.

The company expects to submit a Biologics License Application to the US FDA for its 12% liquid IVIG product in the very near future.

OUTLOOK

Commenting on CSL's outlook, Dr McNamee said, "CSL has a high quality, diverse product portfolio complemented by an exciting organic growth pipeline with a number of products now approaching the market. They include GARDASIL™; our influenza vaccine products; and a series of improved plasma products.

"Looking specifically at the second half of this financial year, we have adjusted our financial expectation upwards. Improved conditions in the US for our therapies, together with the majority of ZLB Behring restructuring benefits now flowing through to earnings, justifies confidence in improved financial performance specifically in the second half of this year.

For the 2005/06 fiscal year we now expect reported net profit after tax to be between $335 and $350 million. This is of course subject to currency fluctuation and material price movements in core plasma products," Dr McNamee said.

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Group Results[(1)]

Half year ended December	1H06 $M	1H05 $M
Sales	1,393.1	1,414.1
Other Revenue	24.9	21.4
Total Revenue	1,418.0	1,435.5
Earnings before Interest, Tax, Depreciation & Amortisation	311.2	302.6
Depreciation / Amortisation	50.3	62.2
Net Interest Expense	9.0	16.1
Tax Expense	75.5	93.1
Net Profit from Ordinary Activities	176.4	131.2
Interim Dividend (cents)	28	17
EPS (cents)	96.7	66.5

Reconciliation of prior period (1H05)

Net profit from ordinary activity under AGAAP	160.1
A-IFRS adjustments as per new standard	-28.9
Net profit from ordinary activity under A-IFRS	131.2
Contribution from JRH	17.0
NPAT from continuting operations under A-IFRS	114.2

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