

CSL Limited

ABN: 99 051 588 348

ASX Full-year information 30 June 2014

Lodged with the ASX under Listing Rule 4.3A.

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ABN: 99 051 588 348
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Full-year ended 30 June 2014
(Previous corresponding period:
Year ended 30 June 2013)

Results for Announcement to the Market

	2014	2013
	US\$m	US\$m Restated *
Sales revenue	5,334.8	4,950.4
Total other revenues	189.5	179.1
Total revenue and other income	5,524.3	5,129.5
Profit before income tax expense	1,604.3	1,461.3
Income tax expense	(297.3)	(249.9)
Reported Net profit after tax attributable to members of the parent entity	1,307.0	1,211.4

Reported

- Sales revenue up 7.7% to US\$5.33 billion.
- Net profit after tax for the year attributable to members of the parent entity up 7.8% to US\$1.31 billion.

Constant Currency ¹

- **Sales revenue at constant currency up 8.6% to US\$5.37 billion.**
- **Operational net profit after tax for the year at constant currency up 7.6% to US\$1.30 billion.**

¹ Excludes the impact of foreign exchange movements in the period under review. Refer to the footnote on page 2 of the Directors' Report for further detail.

Dividends

	Amount per security	Franked amount per security
Final dividend (determined subsequent to balance date [#])	US\$0.60	Unfranked *
Interim dividend (paid on 4 April 2014)	US\$0.53	Unfranked
Final dividend (prior year, paid on 4 October 2013)	US\$0.52	Unfranked
[#] Record date for determining entitlements to the dividend:	10 September 2014	

* Under Australian law non-resident withholding tax is not payable on the unfranked component of this dividend as that portion will be declared to be wholly conduit foreign income.

* The 2013 financial statements have been restated following a change to AASB 119 Employee Benefits, refer to Note 1(cc) of the Annual Financial Report for further detail

Explanation of results

For further explanation of the results please refer to the accompanying press release and “Operating and Financial Review” in the Directors’ report that is within the Full year report.

Other information required by Listing Rule 4.3A

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

Additional Information**NTA Backing**

	30 June 2014	30 June 2013 restated *
Net tangible asset backing per ordinary security	US\$4.71	US\$4.44

Changes in controlled entities

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

Audit report

The audit report is contained in the attached Financial Report.

E H Bailey
Company Secretary

13 August 2014

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 2014.

1. Directors

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

Professor J Shine AO (Chairman)
 Mr P R Perreault (Managing Director and Chief Executive Officer)
 Mr J H Akehurst
 Mr D W Anstice
 Mr B R Brook
 Ms C E O'Reilly
 Mr M A Renshaw

Ms M E McDonald was appointed as a Director on 14 August 2013 and continues in office as at the date of this report. Mr I A Renard AM retired at the Annual General Meeting held on 16 October 2013.

Particulars of the directors' qualifications, independence, experience, all directorships of public listed 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 Secretaries

Mr E H Bailey, B.Com/LLB, FGIA, 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. On 16 August 2011, Mr J Levy, CPA, was appointed as Assistant Company Secretary. Mr Levy has held a number of senior finance positions within the Group since joining CSL Limited in 1989.

3. Directors' Attendances at Meetings

The table below shows the number of directors' meetings held (including meetings of Board Committees) and number of meetings attended by each of the directors of the Company during the year. In addition, the directors visited various of the Company's operations inside and outside Australia and met with local management.

	Board of Directors		Audit & Risk Management Committee		Securities & Market Disclosure Committee	Human Resources & Remuneration Committee		Innovation & Development Committee		Nomination Committee	
	A	B	A	B	A	A	B	A	B	A	B
J Shine	8	8	5 ¹		7	5 ¹		5	5	3	3
J H Akehurst	8	8				5	5	2 ¹		3	3
D W Anstice	8	8	1 ¹			5	5	3	5	3	3
B R Brook	8	8	5	5	1			3 ¹		3	3
M McDonald	6	6	3	3	1			1 ¹		1	1
P R Perreault	8	8	5 ²		7	5 ²		5	5	3 ²	
C E O'Reilly	8	8	5	5		5	5	4 ¹		3	3
I A Renard	4	4	2	2	1			2 ¹		2	2
M A Renshaw	8	8	1 ¹		1			5	5	3	3

¹ Attended for at least part in ex officio capacity

² Attended for at least part by invitation

A Number of meetings (including meetings of Board Committees) attended during the period.

B Maximum number of meetings that could have been attended during the period.

Directors' Report

4. Principal Activities

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

5. Operating and Financial Review and Future Prospects

(a) Financial Review

The Group announced a net profit after tax of US\$1,309 million for the twelve months ended 30 June 2014, up 8% when compared to the prior comparable period. This result included a one-off US antitrust class action litigation settlement of US\$64 million, or US\$39 after tax. On a constant currency¹ basis, operational net profit after tax grew 8% when compared to the prior comparable period. Revenue was US\$5,504 million, up 9% on a constant currency basis when compared to the prior comparable period, with research and development expenditure of US\$466 million up 11% on a constant currency basis when compared to the prior comparable period. Cash flow from operations was US\$1,361 million, up 4% when compared to the prior comparable period.

(b) Operating Review

CSL Behring sales of US\$4.9 billion grew 10% in constant currency terms, when compared to the prior comparable period.

Immunoglobulin product sales of US\$2,320 million grew 12% in constant currency terms, with 'normal' Immunoglobulin growing 13%. Global market conditions remain robust but competitive. Intravenous immunoglobulin sales growth was underpinned by strong demand for Privigen® which benefited from an expanded indication in Europe to include its use in the treatment of chronic inflammatory demyelinating polyneuropathy (CIDP). Latin America sales were also strong. Sales of Carimune® continued to perform well, particularly in the US following market segmentation initiatives.

Demand for subcutaneous immunoglobulin (SCIG) was particularly strong in both the U.S. and Europe. Hizentra® offers patients the convenience of self-administration at home. In the US the expansion of administration frequency options to include biweekly has driven an increased penetration of the product into the Primary Immune Deficiency (PID) patient market.

Albumin sales of US\$694 million grew 16% in constant currency terms. Albumin demand in China remained vigorous with sales boosted through improved penetration into new market segments. This growth followed a strong prior period in China

¹ Constant currency removes the impact of exchange rate movements to facilitate comparability by restating the current year's results at the prior year's rates. This is done in two parts: a) by converting the current year net profit of entities in the group that have reporting currencies other than US Dollars at the rates that were applicable to the prior year (**translation currency effect**) and comparing this with the actual profit of those entities for the current year; and b) by restating material transactions booked by the group that are impacted by exchange rate movements at the rate that would have applied to the transaction if it had occurred in the prior year (**transaction currency effect**) and comparing this with the actual transaction recorded in the current year. The sum of translation currency effect and transaction currency effect is the amount by which reported net profit is adjusted to calculate the result at constant currency.

Summary NPAT

Reported net profit after tax	US\$ 1,307.0m
Translation currency effect (a)	US\$ (31.9m)
Transaction currency effect (b)	US\$ 28.6m
Constant currency net profit after tax *	US\$ 1,303.7m

a) Translation Currency Effect (\$31.9m)

Average Exchange rates used for calculation in major currencies (twelve months to Jun 14/June 13) were as follows: USD/EUR (0.7383/0.7741; USD/CHF (0.9054/0.9403.

b) Transaction Currency Effect \$28.6m

Transaction currency effect is calculated by reference to the applicable prior year exchange rates. The calculation takes into account the timing of sales both internally within the CSL Group (ie from a manufacturer to a distributor) and externally (ie to the final customer) and the relevant exchange rates applicable to each transaction.

Summary Sales

Reported sales	US\$5,334.8m
Currency effect (c)	US\$ 40.4m
Constant currency sales	US\$5,375.2m

c) Constant Currency Effect \$40.4m

Constant currency effect is presented as a single amount due to complex and interrelated nature of currency impact on sales.

* Constant currency net profit after tax and sales have not been audited or reviewed in accordance with Australian Auditing Standards.

Directors' Report

arising from a change in the business model aimed at streamlining our distribution. European sales were robust and assisted by cautionary statements from the regulator in relation to the use of hydroxyethyl starches, which are sometimes used as an alternative to albumin. Albumin demand continues to be robust in the rest of the world and especially strong in Brazil.

Haemophilia product sales of US\$1,064 million declined 4% in constant currency terms. Plasma derived haemophilia sales were impacted by the conclusion of a number of treatment programs for immune tolerance therapy patients in Europe. In addition, sales of plasma derived haemophilia product in tender markets can vary from period to period. There was growth in plasma derived haemophilia products in certain eastern European and Middle Eastern markets. Recombinant factor VIII sales declined 1% in constant currency terms, a function of a change in sales mix and influence from the number of clinical trials underway for new generation recombinant factor VIII products, where patients receive clinical trial products at no cost.

Specialty products sales of US\$848 million grew 18% in constant currency terms. In April 2013 the U.S. Food and Drug Administration (FDA) approved Kcentra® (4 factor pro-thrombin complex concentrate) for urgent warfarin reversal in patients with acute major bleeding. This was followed in December 2013 with approval for an expanded indication to include the urgent reversal of acquired coagulation factor deficiency induced by vitamin K antagonist (e.g. warfarin) therapy in adult patients needing urgent surgery or other invasive procedures. These developments have underpinned strong growth in U.S. demand for Kcentra®. The U.S. Centres for Medicare and Medicaid Services approved a new technology add-on payment for Kcentra® in August 2013 recognising its significant clinical advancement for reversing the effects of warfarin in patients who experience acute major bleeding. Kcentra® was granted Orphan Drug Marketing Exclusivity for a period of 7 years effective December 2013 based on the approved surgical indication.

The period under review saw strong demand for Berinert® (C1-esterase inhibitor concentrate), which is used for the treatment of acute attacks in patients with hereditary angioedema. In 2012, the U.S. FDA approved a label expansion to include self-administration and now in excess of 70% of patients using Berinert® self-administer.

Zemaira® (Alpha-1 proteinase inhibitor) sales grew solidly in the U.S., supported by the introduction of a new diagnostics test kit which improves the accuracy of diagnosis. Zemaira is used by patients with Alpha1-Proteinase Inhibitor deficiency and related emphysema.

bioCSL sales of A\$433 million declined 4% in constant currency terms. Influenza sales totalled A\$125 million. Strong demand in the U.S. was more than offset by a reduction in European sales following the market exit by bioCSL's business partner in that region. Sales of vaccine to immunise against measles, mumps and rubella grew strongly after successfully tendering for the Australian National Immunisation Program.

CSL Intellectual Property revenue of US\$145 million grew 8% in constant currency terms driven by the granting of a license to Janssen Biotech, Inc., to progress CSL's acute myeloid leukaemia product currently in development. Royalty contributions from human papillomavirus vaccine intellectual property contributed US\$119 million to revenue.

Group EBIT margin² grew modestly to 29.7%.

Set out below is a summary of the key information disclosed to the Australian Securities Exchange during the period under review:

- On 14 August 2013, CSL announced its full year results for the year ending 30 June 2013;
- On 7 October 2013, CSL announced that it had signed an agreement to settle the U.S. anti-trust class action litigation, filed by certain U.S. and Puerto Rican hospital groups, which had been ongoing since 2009. CSL also re-affirmed its profit guidance for fiscal year 2014, subject to the announced settlement;
- On 16 October 2013, CSL announced its intention to conduct an on-market buyback of up to A\$950 million;
- On 5 December 2013, CSL announced its Research and Development Day briefing to Analysts;
- On 12 February 2014, CSL announced its half year results for the half year ending 31 December 2013;
- On 6 June 2014, CSL announced the commencement of its sponsored American Depositary Receipts program in the US.

Full details of all information disclosed to the Australian Securities Exchange during the period under review can be obtained from the ASX website (www.asx.com.au).

(c) Future Prospects

In the medium term the Company expects to continue to grow through developing differentiated plasma products, receiving royalty flows from the exploitation of the Human Papillomavirus Vaccine by Merck & Co, Inc, and the commercialisation of the Company's technology

² EBIT margin is calculated by dividing earnings before interest and tax by total revenue.

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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.

This is underpinned by the Company's research and development strategy that comprises four main areas:

- Immunoglobulins – support and enhance the current portfolio with improved patient convenience, yield improvements, expanded labels and new formulation science;
- Haemophilia Products – support and enhance the current portfolio with new plasma-derived products, recombinant coagulation factors and coagulation research;
- Speciality Products – expand the use of speciality plasma products through new markets, novel indications and new modes of administration; and
- Breakthrough Medicines – develop new protein-based therapies for significant unmet medical needs and multiple indications.

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 5 (b) 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.

6. Dividends

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

2012-2013 An interim dividend of US\$0.50 per share, unfranked, was paid on 5 April 2013. A final dividend of US\$0.52 per ordinary share, unfranked, for the year ended 30 June 2013 was paid on 4 October 2013.

2013-2014 An interim dividend of US\$0.53 per share, unfranked, was paid on 4 April 2014. The Company's Directors have determined a final dividend of US\$0.60 per ordinary share, unfranked, for the year ended 30 June 2014.

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

Total dividends for the 2013-2014 year are:

	On Ordinary shares US\$m
Interim dividend paid 4 April 2014	265.7
Final dividend payable on 3 October 2014	284.9

7. Significant changes in the State of Affairs

On 16 October 2013, the Company announced its intention to conduct a further on-market buyback of up to \$950 million, representing approximately 4% of shares then on issue. Up to 30 June 2014, the Company purchased 12,609,122 shares under this announced buyback, returning approximately A\$868 million to shareholders. From 1 July to 6 July 2014, an additional 204,098 shares were purchased, bringing the total returned to shareholders to approximately A\$882 million. Post 6 July 2014 up to 13 August 2014, no further shares have been bought back.

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 the financial statements.

8. Significant events after year end

Other than as disclosed in the financial statements, the Directors are not aware of any other matter of 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.

9. Health, Safety and Environmental Performance

The Company has developed a Health, Safety and Environment (HS&E) Strategic Plan and continues to operate a global HS&E Management System that ensures its facilities operate to internationally recognized standards. This framework includes compliance with government regulations and commitments to continuously improve the health and safety of the workforce as well as minimizing the impact of operations on the environment. Several manufacturing sites also maintain certifications to relevant external Health, Safety and Environment management systems including the EU Eco-Management and Audit Scheme (EMAS), ISO 14001 Environmental Management Systems, and AS/NZ4801 Occupational Health and Safety Management Systems.

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The Lost Time Injury Frequency Rate (LTIFR), the Medical Treatment Injury Frequency Rate (MTIFR) and the Days Lost Frequency Rate (DLFR) continue to record improved performance. For our Australian operations, Tier 3 status was maintained with regard to CSL Limited's self-insurance license granted by the Safety, Rehabilitation and Compensation Commission.

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, Europe, North American or Asia Pacific operations during the year ended 30 June 2014.

Environmental obligations and waste discharge quotas are regulated under applicable Australian and foreign laws. Environmental performance is monitored and subjected from time to time to government agency audits and site inspections. The Group continues to refine data collection systems and processes to ensure we are well prepared for new regulatory requirements.

As part of compliance and continuous improvement in environmental performance, both regulatory and voluntary, the Company continues to report on key environmental issues including energy consumption, emissions, water use and management of waste as part of the Company's annual Corporate Responsibility Report. The Company has met its reporting obligations under the Australian Government's National Greenhouse Energy Reporting Act (2007) and Victoria Government's Industrial Waste Management Policy, National Pollutant Inventory (IWMP NPI).

Globally, we continue to evaluate potential risks to the Company and its operations associated with climate change. To date, studies indicate that climate change, and measures introduced or announced by various governments to address climate change, do not pose a significant risk or financial impact to the Company in the short to medium term. Climate change risks and control measures continue to be monitored to ensure compliance to new and emerging regulatory requirements.

Further details related to Health, Safety and Environmental performance can be found in the Company's sustainability report, Our Corporate Responsibility, available on the Company's website.

10. Directors' Shareholdings and Interests

At the date of this report, the interests of the directors who held office at 30 June 2014 in the shares, options and performance rights of the Company are set out in the Remuneration Report – Table 18 for Executive Key Management Personnel and Table 22 for Non-Executive Directors. 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.

11. Directors' Interests in Contracts

Section 13 of this Report sets out particulars of the Directors Deed entered into by the Company with each director in relation to access to Board papers, indemnity and insurance.

12. Performance Rights and 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, 4,025 shares were issued under the Company's Performance Rights Plan.

13. Indemnification of Directors and Officers

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

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

- (a) an ongoing and unlimited indemnity to the relevant director against liability incurred by that director in or arising out of the conduct of the business of the Company or of a subsidiary (as defined in the *Corporations Act 2001*) 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

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arising out of the conduct of the business of that corporation or in the discharge of the duties of the director in relation to that corporation;

- (b) that the Company will maintain, for the term of each director's appointment and for seven years following cessation of office, an insurance policy for the benefit of each director which insures the director against liability for acts or omissions of that director in the director's capacity or former capacity as a director; and
- (c) the relevant director with a right of access to Board papers relating to the director's period of appointment as a director for a period of seven years following that director's cessation of office. Access is permitted where the director is, or may be, defending legal proceedings or appearing before an inquiry or hearing of a government agency or an external administrator, where the proceedings, inquiry or hearing relates to an act or omission of the director in performing the director's duties to the Company during the director's period of appointment.

In addition to the Director's Deeds, Rule 95 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 US\$1,133,741 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.

14. Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

15. 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 2013:

	US\$
Due diligence and completion audits	-
Compliance and other services	86,245
Total fee paid for non-audit services	86,245

Directors' Report

16. Rounding

The amounts contained in this report and in the financial report have been rounded to the nearest \$100,000 (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.

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Directors' Report

17. Remuneration Report

Message from the Board

Dear Shareholder,

We are pleased to present our Remuneration Report for the financial year ending 30 June 2014.

The Group remuneration framework is designed to attract and retain high calibre talent and recognise and reward individual contributions to the achievement of the Group strategy and its annual business plans, thereby achieving sustained value creation for shareholders.

The format of our Remuneration Report in 2014 has been streamlined to assist shareholders with ease of reading. We have added new commentary on page 17 to describe the consequences of a Change of Control event under our Long Term Incentive (LTI) plans and have also provided details of the Board's discretion on clawing back or cancelling Short Term Incentive (STI) bonuses.

Each year we compare the remuneration for Executive Key Management Personnel (Executive KMP) against that of equivalent positions in a range of peer companies, in terms of both the quantum and the mix of pay components. In 2014, several Executive KMP were given an increase to base salary in line with their individual position relative to the market and/or expanded responsibilities in their role.

Our STI approach is built on individual work plans which, taken as a whole, will deliver the Group's annual business plan and contribute to its longer term strategic objectives. The aggregate of all STI awards for Executive KMP is governed by the Group's overall business performance across a range of financial measures. Individual Executive KMP are then rewarded based on achievement of their work plans for the current year which include activities which will benefit shareholders in future years. We have described our approach on page 13 of this report. The Board believes that basing STI awards on a combination of the overall business result, the individual's achievement of their specific work plan objectives and their overall contribution to the integrated business, is the best driver of sustained high performance for the Group.

In October 2013, an award of Performance Rights was made to Executive KMP as participants in the LTI plan, described on page 14. The hurdles for this grant are set and measured in US dollars in line with our reporting currency.

In 2014, USA based Executive KMP again received part of their LTI award under the Executive Deferred Incentive Plan to better align with USA market practice.

Over the last five years there have been a series of changes to CSL's Executive KMP as a number of senior executives retired and new appointments were made. Six KMP are now based outside Australia, with the remaining two being based in Australia. The Group generates approximately 42% of its revenues in North America, 29% in Europe and 10% in Australia. CSL is now a truly global organisation with operations in more than 27 countries and with an ongoing strategy of increasing our global reach.

Against this background, we have completed a major review of the design of our remuneration approach for Executive KMP to ensure that the packages that we offer are attractive and competitive in the key employment markets in which we operate. Further details on these changes are included in *Key Changes Commencing in the 2015 Financial Year* in this report.

Our intention is to provide fair and equitable Executive KMP remuneration which rewards the ongoing success of our highly experienced senior executive team and meets the expectations of shareholders. We welcome feedback on our remuneration practices and on the communication of remuneration matters in this report.

John Akehurst
Chairman
Human Resources and Remuneration Committee

John Shine AO
Chairman
CSL Limited

The above letter does not form part of the audited Remuneration Report.

Directors' Report

Remuneration Report

Introduction

This Remuneration Report describes the Group's remuneration framework and sets out the remuneration arrangements for the 2014 financial year. Importantly, it also outlines changes to be made for the 2015 financial year. This report has been prepared in accordance with the requirements of the *Corporations Act 2001* and the *Corporations Regulations 2001*. It has been audited pursuant to section 308(3C) of the *Corporations Act 2001*.

Key Changes Commencing in the 2015 Financial Year

As a global organisation operating in more than 27 countries, CSL has a significant challenge in ensuring that our remuneration practices are appropriate in each of the locations in which we operate, while at the same time balancing consistency and relativity in arrangements between executives located in different geographies. The CSL Group now generates a significant proportion of its revenue outside of Australia. Our remuneration practices to date have been based on a long standing Australian model with progressive modifications made over time with the objective of accommodating differing market practices overseas, particularly in the USA.

Over the last five years there have been a series of changes to CSL's Executive Key Management Personnel (Executive KMP) as a number of senior Australian executives have retired and new appointments were made. Of our eight Executive KMP, six, including the Managing Director and CEO, are based outside Australia, with the remaining two based in Australia.

Accordingly, during 2014, we have conducted a major review of the architecture of our Executive KMP remuneration practices with particular focus on competitiveness in the global employment marketplace. This review has demonstrated that Total Reward for our Executive KMP based outside Australia is below market particularly in relation to the long term incentive component. As a result, the Board has decided to update the Group's remuneration approach for the 2015 financial year for Executive KMP to ensure that their remuneration is competitive and aligned with global market practice. This has provided an opportunity to review all elements of our current remuneration practices.

The philosophy governing our remuneration approach remains unchanged. We continue to determine our remuneration having regard to market, to job size and internal relativities and to individual performance. The CSL Board is prudent in its remuneration decisions, with the key drivers of executive variable reward being related to growth in shareholder returns and the value of the Group.

Long Term Incentive

We have reviewed and simplified our Long Term Incentive (LTI) structure and reinforced the link to business performance and shareholder outcomes. From the 2015 financial year:

- All LTI grants will have a four year performance period with no retest;
- Annual grants will be made with relative Total Shareholder Return (rTSR) and Earning per Share growth (EPSg) as the two performance measures. These measures are transparent, and directly reflect the performance outcomes for our shareholders;
- We will assess rTSR performance against a cohort of like global Pharmaceutical and Biotechnology companies that have manufacturing operations, a research and development pipeline, and a comparable market capitalisation;
- A progressive vesting scale will apply for the rTSR test replacing the previous cliff vesting outcome, with 50% vesting where CSL's performance is at the 50th percentile through to 100% vesting at the 75th percentile;
- Our EPSg vesting schedule has been adjusted to reflect a lower vesting outcome for meeting threshold EPSg and 100% vesting of the award now only available at a higher EPSg outcome. Higher stretch targets have been introduced with additional vesting to reflect an outstanding performance outcome. The vesting scheduled is outlined in Table 1 below; and
- LTI Performance Options will be reintroduced for Executive KMP based outside Australia in order to maintain the Group's competitive position in the employment market.

Table 1: Vesting schedule for the Earnings per Share growth performance measure

EPS growth	8%	9%	10%	11%	12%	13%	14%	15%
FY15 vesting schedule	35%	48%	61%	74%	87%	100%	112.5%	125%
Current vesting schedule	50%	62.5%	75%	87.5%	100%	100%	100%	100%

Directors' Report

Short Term Incentive

Our Short Term Incentive (STI) program will be modified to offer greater differentiation and higher rewards for above target performance (see Table 2 below). Any STI outcome an Executive KMP receives will continue to be defined by individual performance, rated against a five point performance rating scale and performance against annual Group financial objectives. The outcomes against performance objectives will be shared with shareholders to the extent that can be achieved without compromising the Group's commercial position with competitors.

Table 2: Short Term Incentive Plan individual performance multiple outcomes

Individual Performance Rating	CSL Group Financial Performance				
	Threshold	Target -	Target	Target +	Maximum
	1	0%	0%	0%	0%
	2	0%	0%	0%	0%
	3	0%	40%	60%	75%
	4	40%	60%	100%	120%
	5	60%	80%	110%	120%
					150%

Fixed Remuneration

As we increase the proportion of total remuneration which is at risk, particularly for Executive KMP based outside Australia, we will not be increasing total fixed remuneration for Executive KMP in the 2015 financial year unless warranted from a market competitiveness view point. This decision reflects the desire to have a greater proportion of Total Reward structure linked to performance.

In 2014, following an internal review of fees paid by ASX companies of similar market capitalisation, the Board agreed increases to Non-Executive Director fees for the 2015 financial year. From 1 July 2014 the Board Chairman fee will increase by 5% and all other fees will increase by 3%.

Key Management Personnel

This Remuneration Report sets out remuneration information for Key Management Personnel (KMP) which includes Non-Executive Directors (NEDs), the Executive Director (i.e. the Managing Director and Chief Executive Officer) and those executives having authority and responsibility for planning, directing and controlling the major activities of the Group during the financial year. The KMP disclosed in this year's report are detailed in Table 3. The movements which occurred in KMP during the 2014 financial year are summarised as follows:

NEDs

Effective 14 August 2013, Ms Marie McDonald was appointed to the Board as a NED. On 16 October 2013, Mr Ian Renard retired from the Board.

Disclosed Executives

Ms Laurie Cowan was appointed Senior Vice President Human Resources effective 31 March 2014, succeeding Ms Jill Lever who retired from this role on 30 March 2014. Ms Cowan previously served as the Head of Human Resources for CSL Behring.

The role of Company Secretary, held by Mr Edward Bailey, is no longer a KMP position effective 30 June 2013. However, in accordance with best practice, Mr Bailey continues to operate with a reporting line to the Chairman and the Board.

On 30 June 2014, Dr Ingolf Sieper retired from the role of Executive Vice President Commercial Operations and was replaced by Mr Robert Repella on 1 July 2014.

Table 3: Key Management Personnel

Name	Position	Term as KMP in 2014
Non-Executive Directors (NEDs) - Current		
Professor John Shine	Chairman	Full Year
Mr John Akehurst	Non-Executive Director	Full Year
Mr David Anstice	Non-Executive Director	Full Year
Mr Bruce Brook	Non-Executive Director	Full Year
Ms Marie McDonald	Non-Executive Director – appointed 14 August 2013	Part Year
Ms Christine O'Reilly	Non-Executive Director	Full Year
Mr Maurice Renshaw	Non-Executive Director	Full Year

Directors' Report

Non-Executive Directors (NEDs) - Former

Mr Ian Renard	Non-Executive Director – retired 16 October 2013	Part Year
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Managing Director and Chief Executive Officer

Mr Paul Perreault	Managing Director and Chief Executive Officer (CEO)	Full Year
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Disclosed Executive KMP - Current

Mr Greg Boss	Executive Vice President Legal & Group General Counsel	Full Year
Ms Laurie Cowan	Senior Vice President Human Resources – appointed 31 March 2014	Part Year
Dr Andrew Cuthbertson	Chief Scientific Officer	Full Year
Ms Karen Etchberger	Executive Vice President Quality and Business Services	Full Year
Mr Gordon Naylor	Chief Financial Officer	Full Year
Dr Ingolf Sieper	Executive Vice President Commercial Operations	Full Year
Ms Mary Sontrop	Executive Vice President Manufacturing Operations & Planning	Full Year

Disclosed Executive KMP – Former

Mr Edward Bailey	Company Secretary – role no longer KMP effective 30 June 2013	--
Mr Jeff Davies	Former Executive Vice President, CSL Biotherapies – ceased employment 31 December 2012	--
Ms Jill Lever	Former Senior Vice President Human Resources – retired from this role 30 March 2014	Part Year
Dr Brian McNamee	Former Managing Director – concluded in role 30 June 2013 and ceased employment 15 October 2013	--
Mr Peter Turner	Former Executive Director – retired 17 October 2012	--

Mr Paul Perreault, Dr Andrew Cuthbertson, Mr Gordon Naylor, Dr Ingolf Sieper and Ms Mary Sontrop were members of the Strategic Leadership Group for the 2014 financial year. The Strategic Leadership Group are those Executive KMP with direct responsibilities for Group strategy, profit and loss (P&L) and operations.

Remuneration Governance

The Human Resources and Remuneration Committee (the HRRC) is a committee of the Board. The HRRC is responsible for reviewing and making recommendations to the Board with regard to:

- Executive remuneration and succession planning;
- The design and implementation of any incentive plan (including equity based arrangements);
- The remuneration and other benefits applicable to Non-Executive Directors;
- The Group diversity policy and measurable objectives for achieving gender diversity; and
- The Group's global health, safety and environmental performance.

The HRRC also advises the Board on remuneration policies and practices for CSL more broadly.

Full responsibilities of the HRRC are outlined in its Charter, which is reviewed annually. The Charter is available on the CSL Limited website at <http://www.csl.com.au/about/governance.htm>

The HRRC comprises three independent Non-Executive Directors: Mr John Akehurst (Chairman), Mr David Anstice and Ms Christine O'Reilly. The HRRC may invite the Chairman of the Board, members of the management team and external advisers to attend its meetings, however they do not participate in formal decision making.

Independent external consultants

The Board and the HRRC engage the services of independent consultants for the provision of market remuneration data and to advise on the remuneration of NEDs and Executive KMP.

In 2013, Guerdon Associates was selected as "Remuneration Consultant" to provide advice directly related to remuneration decisions for Executive KMP as commissioned and instructed by the Chairman of the HRRC. The terms of engagement identify that all remuneration recommendations for Executive KMP be sent directly to the HRRC through the Chairman and prohibit the Consultant from providing such material directly to CSL management. The terms of engagement also require that a Remuneration Consultant provides, with its report, a declaration of independence from the Executive KMPs to whom their recommendations relate, to ensure that the HRRC and Board may be satisfied that Executive KMP remuneration advice and recommendations are made free from undue influence from CSL management generally and from KMPs specifically.

Guerdon Associates made no 'remuneration recommendations' as defined in the *Corporations Act 2001* during the 2014 financial year.

Directors' Report

Current Remuneration Framework

CSL is one of the largest specialist plasma protein therapeutics companies in the world. We are a vertically integrated organisation with a broad geographic footprint in terms of product sourcing, manufacturing and research and development. This structure produces complexities, requiring constant liaison across functions and geographies by work groups operating in management matrices. We have therefore chosen a remuneration framework that has a high degree of global consistency to encourage people to work together for common goals. A significant proportion of executive reward is linked to financial performance and share price in recognition of the need to work across geographies and functional groups to achieve long-term goals. Employees may transfer across geographies to work. The selection and mix of remuneration components which are applied in most countries are therefore broadly the same with the major variation being the use of the Executive Deferred Incentive Plan (EDIP) in the USA.

Through an effective remuneration framework the Group aims to:

- Provide fair and equitable rewards;
- Utilise common reward components that can be applied globally;
- Align rewards to business outcomes that create value for shareholders;
- Drive a high performance culture by rewarding the achievement of strategic and business objectives;
- Encourage teamwork;
- Ensure an appropriate pay mix to balance our focus on both short term and longer term performance;
- Attract, retain and motivate high calibre employees; and
- Ensure remuneration is competitive in each of our international employment markets.

Components and mix of executive remuneration

For the 2014 financial year, the executive remuneration framework consisted of the following components:

Base Salary	Variable Reward		
Total Fixed Reward	Short Term Incentive		Long Term Incentive
• Base salary and benefits; and • Based on market and internal relativities, individual performance, qualifications and experience.	• For the Strategic Leadership Group, 67% of the STI outcome is paid in September after financial year end. For all other Executive KMP 100% of the STI outcome is paid in September after the financial year end; and • STI outcome is based on CSL's financial performance and individual performance objectives linked to CSL strategy.	• 33% of the STI outcome of the Strategic Leadership Group is deferred into Notional Shares at face value of the award; • The Notional Shares are deferred for three years; and • The Notional Shares are subject to clawback and will be forfeited on cessation of employment unless departure is due to "Good Leaver" reasons.	• Performance Rights subject to internal and external performance hurdles; • 50% of award subject to relative Total Shareholder Return; • 50% of award subject to Earnings per Share growth; • Performance is measured over a three year period for 50% of the award (one tranche) and four years for remaining tranche; • One retest per tranche after an additional 12 months; and • Additional Notional Share (EDIP) award for Executive KMP based outside Australia – three year restriction period with minimum individual performance hurdle.

The aggregate of Total Fixed Remuneration, STI and LTI constitutes 'Total Remuneration' or 'Total Reward'.

Directors' Report

Remuneration Components

Total Fixed Reward

Total Fixed Reward (TFR) includes base salary, superannuation contributions (if applicable) and non-monetary benefits. Reviewed on an annual basis by the Board, TFR is set based on external market and internal relativities, individual performance against objectives, qualifications and experience.

Market data for Australian Executive KMP is based on a peer group of companies from the ASX Top 50, comprising 20 companies. The position of USA Executive KMP is primarily compared with USA incumbents of international biomedical and pharmaceutical companies. For both peer groups, CSL approximates to the 50th percentile on market capitalisation.

TFR was reviewed effective 1 September 2013 and an average 3% increase was applied. Increases were awarded to Executive KMP based on remuneration positioning relative to market and expanded role responsibilities. The Board has determined that no annual increase will be made to TFR in September 2014 given the structural changes to Total Reward that will apply from the 2015 financial year, unless warranted from a market competitiveness position.

Short Term Incentive

The STI Plan provides variable cash rewards, paid annually, to Executive KMP who meet or exceed their agreed individual work plan objectives. CSL determines Executive KMP performance and awards STI on evidence that the Executive KMP has achieved stretching work plan objectives and dealt with unplanned challenges in a way that contributes to short-term results and to the long-term positioning of the Group. In addition to consideration of quantitative targets, the approach requires judgement to be exercised on how well the Executive KMP prioritised and met the year's challenges in a complex business with many moving parts. The Board retains ultimate discretion over STI payments. CSL believes this method delivers appropriate and just outcomes, while minimising unintended consequences that may arise with a more formulaic method.

A summary of the 2014 STI plan (for the performance year ended 30 June 2014) is provided below:

Feature	Description
Participation in 2014	The Managing Director and CEO and Executive KMP.
Instrument	The STI award is delivered in the form of cash. For the Strategic Leadership Group 33% of any payment will be deferred in Notional Shares at the face value of the award. The Notional Shares are converted to cash at the end of the vesting period.
Award Value	The potential STI award value is set as a percentage of actual base salary paid during the year. In 2014 the Managing Director and CEO had a maximum STI target of 100% of base salary and other Executive KMP had a maximum STI target in the range of 50% to 85% of base salary. All Executive KMP have a maximum STI outcome of 100% of their STI target and no award is made where performance objectives have not been met.
Performance Hurdle	Individual performance objectives are a mix of financial and non-financial measures and the weighting of objectives is structured according to whether those Executive KMP have P&L responsibilities or functional responsibilities. The objectives which govern the payment to each Executive KMP are selected by the Managing Director and CEO during the Group's planning process to reflect the contribution required from each individual (and the part of the business for which they have responsibility) in order for the Group to meet its agreed business plan and budget for the year. These objectives are approved by the Board and recorded in the Group's performance management system. The Board is responsible for setting the performance objectives for the Managing Director and CEO. An individual's objectives are aligned to the following four categories: • Quantified performance outcomes – achievement of the Group's financial objectives and business outcomes relevant to the Executive KMP's area of accountability (forming up to 60% for those Executive KMP with P&L responsibilities); • Achievement of specific strategic objectives aligned to longer term growth – delivery of CSL Group milestones that are required for longer term growth (forming up to 20% for those Executive KMP with P&L responsibilities and up to 80% for functional leaders); • Building a strong and sustainable business – delivery of improvements and change initiatives in operational excellence, risk management, compliance and ensuring operational excellence in the health and safety environment. This objective also includes managing to the Group's standards in areas of quality, safety of medicines, health, operational safety and environment and maintaining high personal and organisational levels of compliance and quality (forming up to 20% for all Executive KMP); and • Leadership performance – attracting, developing and retaining talent, appropriately

Directors' Report

Feature	Description
	protecting the Group's reputation and demonstrating high standards of personal leadership and behaviour.
Performance Assessment	A formal review of each Executive KMP's progress against objectives is conducted twice annually by the Managing Director and CEO. Following the full year performance review, the Managing Director and CEO makes recommendations to the HRRC and subsequently to the Board regarding the level of STI payment to be made to each Executive KMP. The HRRC and the Board assess both individual performance against objectives for all Executive KMP including the Managing Director and CEO, and business performance at the end of the financial year and approve the actual STI payments to be made.
Deferral Terms	For the Strategic Leadership Group, 33% of any STI payment will be deferred in Notional Shares with the number of Notional Shares being calculated based on CSL's volume weighted average share price during the five trading days immediately preceding the grant date. The Notional Shares are deferred for three years and will be forfeited upon resignation. A "good leaver" (includes cessation of employment due to death, total and permanent disablement, retirement, redundancy or any other reason as determined by the Board in its discretion) will retain their Notional Shares with payment at award maturity. The vesting value is a cash amount equivalent to the relevant number of Notional Shares granted multiplied by CSL's volume weighted average share price during the five trading days immediately preceding the vesting date. No dividends are paid on deferred Notional Shares.

Long Term Incentive

The objective of the LTI Plan is to link long term CSL executive reward with the sustained creation of shareholder value through the allocation of awards that are subject to the satisfaction of long term performance conditions.

A summary of the 2014 LTI plan (granted in October 2013) is provided below:

Feature	Description						
Participation in 2014	The Managing Director and CEO and Executive KMP.						
Instrument	The award is delivered in the form of Performance Rights. On vesting each Performance Right entitles the participant to one ordinary share.						
Grant Value	The grant value is set as a percentage of base salary as at 1 September 2013. In October 2013 the LTI grant value for the Managing Director and CEO was 60% of base salary and for other Executive KMP it was in the range of 55% to 65% of base salary. The number of Performance Rights granted is determined by the fair value which is calculated by an external provider, PricewaterhouseCoopers. The fair value is calculated using a Black-Scholes methodology and, for Performance Rights subject to a market condition, a Monte Carlo simulation model which takes into consideration factors such as the performance hurdles and probability of those hurdles being achieved, share price volatility, life of the award, dividend yield, risk free rate and share price at grant.						
Performance Period	For 50% of the Performance Rights granted, a three year performance period applies from 1 October 2013 to 30 September 2016. The remaining 50% of Performance Rights are subject to a four year performance period to 30 September 2017.						
Performance Hurdle	The 2014 LTI grant made in October 2013 is subject to two performance hurdles: 50% of the Performance Rights will be tested against CSL's relative Total Shareholder Return (rTSR) measured against the performance of an international index of pharmaceutical and biotech companies, specifically, the MSCI Gross Pharmaceuticals Index; and 50% of the Performance Rights will be measured against Earnings per Share growth (EPSg). These performance hurdles were chosen as the Board believes both EPSg and rTSR provide a link between Executive KMP reward and shareholder wealth and align interests of the Group and our shareholders.						
Vesting Schedule	<table border="1"> <thead> <tr> <th>CSL rTSR performance</th><th>% of award that vests</th></tr> </thead> <tbody> <tr> <td>CSL's rTSR performance exceeds the performance of the MSCI Gross Pharmaceuticals Index</td><td>100% vesting</td></tr> <tr> <td>CSL's rTSR performance is below the performance of the MSCI Gross Pharmaceuticals Index</td><td>0% vesting</td></tr> </tbody> </table>	CSL rTSR performance	% of award that vests	CSL's rTSR performance exceeds the performance of the MSCI Gross Pharmaceuticals Index	100% vesting	CSL's rTSR performance is below the performance of the MSCI Gross Pharmaceuticals Index	0% vesting
CSL rTSR performance	% of award that vests						
CSL's rTSR performance exceeds the performance of the MSCI Gross Pharmaceuticals Index	100% vesting						
CSL's rTSR performance is below the performance of the MSCI Gross Pharmaceuticals Index	0% vesting						

Directors' Report

	CSL EPS performance	% of award that vests
	EPS growth below 8%	0% vesting
	EPS growth between 8% and 12%	Progressive vesting from 50% - 99% vesting (1.25% increases for every 0.1% increase in EPSg)
	EPS growth at or above 12%	100%
Retesting	Performance Rights that do not vest over the initial performance period as outlined above will be retested over the initial performance period plus a further 12 months. Performance Rights that have not vested at that time will lapse.	
Cessation of Employment	A "good leaver" will retain a pro-rata number of Performance Rights based on time elapsed since the grant date. Any retained Performance Rights will be held subject to original terms and conditions including test date. For any vested Performance Rights a shorter expiry date of six months from vesting will apply. For other leavers the Performance Rights will lapse on cessation of employment.	
Dividends	No dividends are paid on unvested LTI awards.	

Executive Deferred Incentive Plan

In its absolute discretion, the Board may also offer Executive KMP (including the Managing Director and CEO) an LTI award under the Executive Deferred Incentive Plan (EDIP) based on retention or market indicators. An award under the EDIP allows for greater alignment with global market practice where the remuneration mix typically includes a higher LTI component, part or all of which is in the form of equity which vests without application of business hurdles other than continued satisfactory service.

A summary of the 2014 EDIP plan (granted in October 2013) is provided below:

Feature	Description
Participation in 2014	The Managing Director and CEO and selected Executive KMP.
Instrument	The award is delivered in the form of Notional Shares. The Notional Shares are converted to cash at the end of the vesting period.
Grant Value	The grant value was set as a percentage of base salary as at 1 September 2013. In October 2013 the Managing Director and CEO's grant value was 60% of base salary and other Executive KMP grant values were in the range of 0% to 45% of base salary. The number of Notional Shares granted is calculated using CSL's volume weighted average share price during the five trading days immediately preceding the grant date.
Vesting Period	A three year vesting period applies.
Performance Hurdle	During the three year vesting period an employee must not fail to meet their performance expectations as defined in their work plan and assessed by the HRRC and Board. The Board believes it is important that an employee maintains satisfactory levels of performance during the vesting period and that failure to do so will result in forfeiture of any unvested EDIP grant.
Vesting Value	A cash amount equivalent to the relevant number of Notional Shares granted multiplied by CSL's volume weighted average share price during the five trading days immediately preceding the vesting date.
Cessation of Employment	A "good leaver" will retain a pro-rata number of Notional Shares based on time elapsed since the grant date. Any retained Notional Shares will be held subject to original terms and conditions including vesting date. For other leavers the Notional Shares will be forfeited on cessation of employment.
Dividends	No dividends are paid on EDIP awards.

In 2014 the following awards were made to Executive KMP under the STI and LTI programs. Table 4 describes STI awards made in 2014 and Table 5 details the grant value and accounting values being amortised in respect of the 2014 Share Based Payment in future years as it relates to the STI deferral for the Strategic Leadership Group. Table 6 describes LTI awards made in 2014 and Table 7 details the grant value and accounting values being amortised in respect of the 2014 Share Based Payment in future years as it relates to the LTI awards.

Directors' Report

Table 4: Executive KMP STI awards made in 2014

Executive	STI Potential Minimum and Maximum % of 2014 Fixed Reward	STI Awarded as a % of Maximum Potential in 2014	STI Not Awarded as a % of Maximum Potential in 2014	Actual STI Award in 2014 (US\$) ^{3,4}
Current Executive KMP				
P Perreault	0% - 100%	95%	5%	1,615,000
G Boss	0% - 70%	95%	5%	377,995
L Cowan ⁵	0% - 50%	85%	15%	39,782
A Cuthbertson	0% - 85%	85%	15%	559,443
K Etchberger	0% - 70%	90%	10%	315,000
G Naylor	0% - 85%	85%	15%	696,806
I Sieper	0% - 85%	90%	10%	491,479
M Sontrop	0% - 85%	90%	10%	491,895
Former Executive KMP				
J Lever ⁶	0% - 50%	85%	15%	152,040

Table 5: Accounting Values being amortised in respect of 2014 Executive KMP STI Share Based Payment awards in future years

Executive	STI Award Deferral Amount (US\$)	2015 (US\$)	2016 (US\$)	2017 (US\$)
Current Executive KMP				
P Perreault	532,950	177,650	177,650	177,650
G Boss	-	-	-	-
L Cowan	-	-	-	-
A Cuthbertson	184,616	61,539	61,539	61,539
K Etchberger	-	-	-	-
G Naylor	229,946	76,649	76,649	76,649
I Sieper	162,188	54,063	54,063	54,063
M Sontrop	162,325	54,108	54,108	54,108
Former Executive KMP				
J Lever	-	-	-	-

Table 6: Executive KMP LTI awards made in 2014

Executive	EDIP Potential Minimum and Maximum % of 2014 Fixed Reward	EDIP – Notional Shares Awarded as a % of Fixed Reward	EDIP – Notional Shares Not Awarded as a % of Fixed Reward	EDIP – Number of Notional Shares Awarded ^{7,8}	LTI Potential Minimum and Maximum % of 2014 Fixed Reward	LTI – Performance Rights Granted as a % of Fixed Reward	LTI – Performance Rights Not Awarded as a % of Fixed Reward	LTI – Number of Performance Rights Granted ^{9,10}
Current Executive KMP								
P Perreault	0% - 60%	60%	0%	16,200	0% - 60%	60%	0%	20,020
G Boss	0% - 45%	45%	0%	4,050	0% - 60%	60%	0%	6,700
L Cowan	-	-	-	-	-	-	-	-
A Cuthbertson	-	-	-	-	0% - 65%	65%	0%	11,160
K Etchberger	0% - 35%	35%	0%	2,800	0% - 60%	60%	0%	5,880
G Naylor	-	-	-	-	0% - 65%	65%	0%	13,900
I Sieper	0% - 45%	45%	0%	4,600	0% - 65%	65%	0%	8,200
M Sontrop	0% - 45%	45%	0%	4,600	0% - 65%	65%	0%	8,200
Former Executive KMP								
J Lever	-	-	-	-	0% - 55%	55%	0%	5,820

³ The Australian dollar (AUD) bonus awards during the year ended 30 June 2014 have been converted to US dollars (USD) at an average exchange rate for the year.

⁴ P Perreault, A Cuthbertson, G Naylor, I Sieper and M Sontrop have 33% of their Actual STI Award amount deferred for three years.

⁵ The STI payment for L Cowan reflects payment for the period as Executive KMP being 31 March 2014 to 30 June 2014.

⁶ The STI payment for J Lever reflects payment for the period as Executive KMP being 1 July 2013 to 30 March 2014.

⁷ The number of Notional Shares is calculated based on the average market value of shares at the time of grant. For the October 2013 grant this was A\$64.82.

⁸ The EDIP award has a 1 October 2013 grant date with a 30 September 2016 vesting date.

⁹ The LTI award has a grant date of 1 October 2013. Tranche 1 has an initial vesting date of 30 September 2016 and tranche 2 has an initial vesting date of 30 September 2017.

¹⁰ The number of Performance Rights is calculated based on an assessment of the fair market value of the instruments in accordance with the accounting standards (refer to Note 27 in the Financial Statements). Tranche 1 had a fair value of A\$49.86 and tranche 2 had a fair value of A\$49.00.

Directors' Report

Table 7: Accounting Values being amortised in respect of 2014 Executive KMP LTI Share Based Payment awards in future years

Executive	EDIP Grant Value (US\$)	2015 (US\$)	2016 (US\$)	2017 (US\$)	Performance Rights Grant Value (US\$)	2015 (US\$)	2016 (US\$)	2017 (US\$)	2018 (US\$)
Current Executive KMP									
P Perreault	958,700	319,567	319,567	79,892	903,470	263,624	264,347	150,124	28,199
G Boss	239,675	79,892	79,892	19,973	302,360	88,226	88,468	50,241	9,437
L Cowan	-	-	-	-	-	-	-	-	-
A Cuthbertson	-	-	-	-	503,632	146,955	147,358	83,685	15,719
K Etchberger	165,701	55,234	55,234	13,808	265,355	77,428	77,640	44,092	8,282
G Naylor	-	-	-	-	627,284	183,036	183,537	104,232	19,578
I Sieper	272,224	90,741	90,741	22,685	370,053	107,978	108,274	61,489	11,550
M Sontrop	272,224	90,741	90,741	22,685	370,053	107,978	108,274	61,489	11,550
Former Executive KMP									
J Lever	-	-	-	-	262,647	-	-	-	-

Clawback

The Board, in its absolute discretion, may adjust or cause to forfeit any incentive award that may vest in certain circumstances, including where an employee has committed any act of fraud, defalcation, gross misconduct, acted dishonestly or been in breach of their obligations. Under the STI Plan, the Board also has the discretion to cause to forfeit any unvested or vested deferral amount in the event of a material misstatement of financials or other significant discovery which, had it been known at the time of the award, would have made a difference to the offer or quantum of the award. In the event of CSL being faced with a material misstatement or similar situation the Board's response and the actions taken will be detailed in the remuneration report.

Minimum Shareholding

It is the expectation of the Board that all Executive KMP hold CSL Limited shares. The Board encourages all Executive KMP to accumulate significant holdings over time subject to individual circumstances. No minimum for the number of shares held is specified.

Change of Control Provisions

In the event of a change of control, the Board, in its absolute discretion, may determine that some or all of the awards made under the LTI Plan and the EDIP vest having regard to the performance of CSL during the vesting period to the date of the change of control event. Vesting may occur at the date of the change of control event or an earlier vesting date as determined by the Board.

Securities Dealing

The CSL Group Securities Dealing Policy prohibits employees from using price protection arrangements ("hedging") in respect of CSL securities, or allowing them to be used. The Policy also provides that no CSL securities can be used in connection with a margin loan. Upon vesting of an award an employee may only deal in their CSL securities in accordance with the Policy. A breach of the Policy may result in disciplinary action. A copy of the CSL Group Securities Dealing Policy is available on the CSL Limited website at <http://www.csl.com.au/about/governance.htm>.

Cap on Issue of Equity to Employees

The Performance Rights Plan Rules, governing the LTI Plan, approved by shareholders at the 2003 Annual General Meeting require that, at any point in time, the aggregate number of CSL shares that:

- have previously been issued to employees under the Company's employee equity plans and which remain subject to the rules of the relevant plan (e.g. a disposal restriction); and
- would be issued if all outstanding share options 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.

Directors' Report

As at 30 June 2014, the aggregate number of CSL shares under a) and b) above was 0.56% 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:

- the subject of outstanding offers of shares or share options to, or outstanding share options held by employees in Australia; and
- issued to employees in Australia under the Company's equity plans in the five year period preceding the offer,

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

Linking Executive Remuneration and Business Performance for 2014

The Group's remuneration framework aims to focus Executive KMP towards outstanding performance, sustained growth of the business and the creation of shareholder wealth in the short and long term.

2014 STI outcomes

Executive KMP STI outcomes for the 2014 financial year were assessed by the Board against specific objectives agreed with the individual at the start of the performance year. These objectives were derived from the Group's long term Strategic Plan and were requirements for the Group to achieve its 2014 business plan and budget. The objectives were designed to ensure longer term strategic focus as well as focus on annual priorities.

During 2014, the following achievements which contributed to the assessment of individual Executive KMP performance outcomes have been disclosed.

Objective	Outcome	Achievement
Financials ¹¹	On Target	• Revenue was up 8% at US\$5,524.3m; • EBIT was up 11% at US\$1,637.2m; and • NPAT was up 8% at US\$1,307.0m.
Strategic Initiatives	Above Target	• Regulatory approval was received in the USA for bi-weekly administration of Hizentra and surgical use of Kcentra; • Japanese approval was received for Hizentra in the treatment of primary immune deficiency and secondary immune deficiency; • CSL 112 clinical trials commenced; • A license agreement was granted to Janssen Biotech, Inc. for CSL 362; • Finalisation of the USA antitrust class action litigation was achieved; • Capacity expansion programs were implemented to plan; • 18 new plasma collection centres were opened in the USA; and • The CSL Behring Biotechnology Manufacturing Facility opened at the Broadmeadows site.
Employees	Above Target	• Seamless CEO succession; • Review of global STI framework with revised framework to launch 1 July 2014; • Succession planning for Executive KMP and key roles completed; • Launch of the global leadership and career management modules; • Diversity targets have been achieved (for further details refer to the Diversity section of the Annual Report); and • Health and safety – reduction in the lost time injury frequency rate.

Additional quantitative objectives, which were also integral to the achievement of the Group's 2014 business plan and were considered by the Board when assessing an individual Executive KMP performance, remain confidential for commercial reasons. These included measures of operational performance improvement, yield improvement, unit cost management, sales and margins.

The Board retains ultimate discretion in the award of Executive KMP STI award outcomes.

2014 LTI outcomes

The performance measures for the LTI Plan, namely Earnings per Share growth (EPSg) and relative Total Shareholder Return (rTSR) provide a direct link between Executive KMP reward and shareholder wealth.

¹¹ Full details of the financial outcomes of the Group can be found in the Financial Statements.

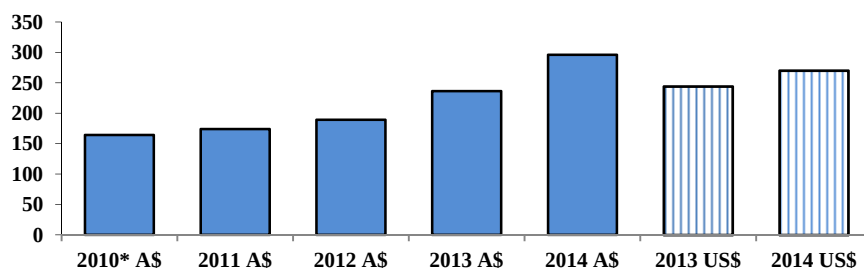
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The table below illustrates the Company's share price at the beginning and end of the relevant year and dividend payments over the past five years in Australian Dollars.

Table 8: Company share price and dividend payments over the past five years

Financial Year	Dividends Paid during the year (A\$)	Share Price 1 July (A\$)	Share Price 30 June (A\$)
2014	1.15	61.58	66.55
2013	0.95	39.42	61.58
2012	0.81	33.06	39.42
2011	0.80	32.58	33.06
2010	0.75	31.81	32.58

The Company's Earnings per Share (EPS) in cents over the last five years is displayed in the graph below.



* The 2010 financial year figure excluded the favourable NPAT impact of A\$122m (or A\$0.215 per share) attributable to H1N1 pandemic influenza sales.

Table 9 below illustrates the Company's compound annual growth in basic EPS in respect of Performance Options granted in 2009, 2010 and 2011 respectively and Performance Rights granted in October 2011, 2012 and 2013.

Table 9: Compound Annual Growth in basic EPS¹²

Year of Grant	Test Currency	Compound EPS Growth to end of financial year			
		2011	2012	2013	2014
2009	AUD	-1%	2%	7%	11%
2010	AUD	6%	7%	13%	16%
2011	AUD		9%	17%	19%
2012	USD			24%	17%
2013	USD				11%

The Company's Total Shareholder Return (TSR) performance over the relevant performance periods up to 30 June 2014 in respect of as yet unvested Performance Rights shown in Table 10 below is indicative and for information purposes. The formal relative TSR calculations will be undertaken at the relevant test dates.

Table 10: Relative TSR Performance from Grant Date to 30 June 2014

Performance Rights Issue	Indicative Relative TSR Percentile Ranking
October 2010	86.7 th
October 2011	92.1 st

For the October 2012 and October 2013 grants of Performance Rights, CSL's performance is measured against the MSCI Gross Pharma Index (the "Index") in US Dollars. As at 30 June 2014, for the October 2012 grant CSL's TSR was 35.3% compared with the Index of 55.3%. For the October 2013 grant CSL's TSR was 5.2% compared with the Index of 20.5%.

In 2014 testing of the 2009 and 2010 LTI awards was conducted. The performance hurdles were EPSg and rTSR and vesting occurred where EPSg was at 10% and rTSR at or above the 50th percentile. Table 11 details the 2014 vesting outcomes of LTI awards granted in 2009 and 2010.

¹² The test currency was changed for the 2012 and subsequent grants to USD.

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Table 11: 2014 Vesting Outcomes (Performance Options and Performance Rights granted 2009 – 2010)

Performance Options			
Grant Date	Vesting Outcome	Exercise Price (A\$)	Annual EPS growth
1 October 2009	No vesting ¹³	33.68	Below 10%
1 October 2010	Vested October 2013 – 100%	33.45	12.9%
Performance Rights			
Grant Date	Vesting Outcome	Exercise Price (\$A)	Relative TSR Percentile Ranking
1 October 2009	Vested October 2013 – 100%	0.00	87%
1 October 2010	Vested October 2013 – 100%	0.00	90.3%

Table 12 details the value of Performance Options and Performance Rights exercised during 2014 at the exercise date.

Table 12: Value of Performance Options and Performance Rights exercised during 2014

Executive	Value of Performance Options and Performance Rights exercised during 2014 at the exercise date (US\$) ¹⁴
Current Executive KMP	
P Perreault	1,252,560
G Boss	529,408
L Cowan	-
A Cuthbertson	810,476
K Etchberger	950,566
G Naylor	-
I Sieper	77,665
M Sontrop	643,183
Former Executive KMP	
J Lever	379,413

Contractual provisions for Executive KMP

The Managing Director and CEO and Executive KMP are employed on individual service contracts that outline the terms of their employment. The key features of the employment arrangements include:

Duration of contract	Notice Period (months) Employee	Notice Period (months) Company*	Termination Payment
No Fixed Term	Six	Six	12 months

*The Company may also terminate at any time without notice for serious misconduct and/or breach of contract. On termination by the Company for other reasons, including redundancy, an Executive KMP is entitled to six months' notice and to receive 12 months' salary (excluding non-cash benefits). New contracts from November 2009 explicitly limit termination payments in accordance with the provisions of the Corporations Act 2001, unless shareholder approval is sought to extend those limits.

¹³ The 2009 award will be retested in the 2015 financial year.

¹⁴ The value at exercise date has been determined by the share price at the close of business on exercise date less the Performance Option/ Performance Right exercise price (if any) multiplied by the number of Performance Options/Performance Rights exercised during 2014. The AUD value was converted to USD at an average exchange rate for the year.

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Executive KMP Remuneration

The following table has been prepared in accordance with Section 300A of the *Corporations Act 2001* (Cth). The table details the nature and amount of each element of remuneration paid or awarded for services provided during the year (the cash bonus amounts are for services performed during 2014 but will be paid after the end of the year).

Table 13: Statutory Remuneration Disclosure - Executive KMP Remuneration¹⁵

Executive	Year	Short term benefits			Post-employment			Other long term		Share Based Payments ¹⁶			Total (US\$)
		Cash salary and fees (US\$)	Cash bonus (US\$)	Non-monetary benefits (US\$)	Superannuation (US\$)	Retirement benefits (US\$)	Termination benefits (US\$)	Long service leave (US\$)	Deferred incentive (US\$)	Performance Rights (US\$)	Performance Options (US\$)	Cash settled deferred payment (US\$) ¹⁷	
Current Executive KMP													
P Perreault	2014	2,022,440	1,082,050	46,191	18,200	-	-	-	591,143	564,543	51,917	742,102	5,118,586
	2013	1,133,439	735,000	46,098	17,850	-	-	-	82,432	430,195	110,078	481,073	3,036,165
G Boss	2014	620,159	377,995	19,818	18,638	-	-	-	-	267,254	34,449	270,053	1,608,366
	2013	541,314	337,830	19,946	13,138	-	-	-	-	266,140	81,647	228,169	1,488,184
L Cowan ¹⁸	2014	119,032	39,782	2,918	7,415	-	-	-	-	-	-	47,921	217,068
	2013	-	-	-	-	-	-	-	-	-	-	-	-
A Cuthbertson	2014	873,290	374,827	-	22,824	-	-	23,038	223,766	424,102	47,720	38,729	2,028,296
	2013	778,794	450,368	-	25,770	-	-	38,870	67,086	389,801	100,812	103,162	1,954,663
K Etchberger	2014	559,614	315,000	19,876	16,551	-	-	-	-	210,821	25,556	181,708	1,329,126
	2013	457,864	288,727	19,925	17,177	-	-	-	-	199,207	58,866	148,398	1,190,164
G Naylor	2014	1,087,744	466,860	9,137	22,824	-	-	32,144	277,419	526,321	59,437	26,083	2,507,969
	2013	981,950	560,950	-	25,770	-	-	51,703	78,916	481,467	124,603	69,477	2,374,836
I Sieper	2014	748,089	329,291	52,464	7,454	-	-	-	169,008	237,808	18,810	343,869	1,906,793
	2013	615,714	376,748	13,568	-	-	-	-	-	162,891	32,505	281,868	1,483,294
M Sontrop	2014	727,081	329,570	60,873	41,488	-	-	12,905	168,960	281,518	33,870	312,636	1,968,901
	2013	727,076	366,510	30,705	276,516	-	-	67,341	-	263,835	83,732	265,743	2,081,458
Former Executive KMP													
E Bailey	2014	-	-	-	-	-	-	-	-	-	-	-	-
	2013	455,394	203,151	-	25,770	-	-	27,848	-	179,284	44,487	27,370	963,304
J Davies	2014	-	-	-	-	-	-	-	-	-	-	-	-
	2013	241,975	-	-	(11,547)	-	-	25,593	-	15,277	22,865	30,158	324,321
J Lever ¹⁹	2014	366,894	152,040	12,621	17,118	-	-	8,313	-	159,265	17,442	47,642	781,335
	2013	465,181	237,715	-	25,770	-	-	20,124	-	187,237	48,456	72,738	1,057,221
B McNamee	2014	-	-	-	-	-	-	-	-	-	-	-	-
	2013	3,411,461	2,377,226	-	25,770	-	2,906,732	182,828	1,188,612	7,748,063	1,771,722	-	19,612,414
P Turner	2014	-	-	-	-	-	-	-	-	-	-	-	-
	2013	320,581	-	-	71,088	-	-	81,740	-	5,049	27,976	23,465	529,899

Total cash paid

¹⁵ The AUD compensation paid during the years ended 30 June 2013 and 30 June 2014 have been converted to USD 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 AUD/USD exchange rates.

¹⁶ The Performance Rights and Performance Options 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 Performance 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 Performance Options that were granted in prior years.

¹⁷ The fair value of the cash settled deferred payment (EDIP) has been measured by reference to the CSL share price at reporting date, adjusted for the dividend yield and the number of days left in the vesting period.

¹⁸ The Total Remuneration received by L Cowan reflects period as Executive KMP being 31 March 2014 to 30 June 2014.

¹⁹ The Total Remuneration received by J Lever reflects period as Executive KMP being 1 July 2013 to 30 March 2014.

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Table 14 below shows the cash elements of Total Reward available to Executive KMP in the 2014 year as well as the value of equity allocated in prior years that vested in 2014.

Table 14: Executive KMP Remuneration Received or Available as Cash in respect of 2014²⁰

Executive	2014 Total Fixed Remuneration (US\$) ²¹	2014 Short Term Incentive (US\$) ²²	Cash Settled Deferred STI in 2014 (US\$)	Cash Settled LTI in 2014 (US\$) ²³	LTI vested in 2014 (US\$) ²⁴	Total Reward (Received or Available) (US\$)
Current Executive KMP						
P Perreault	1,700,000	1,082,050	-	362,016	682,117	3,826,183
G Boss	568,413	377,995	-	250,394	644,393	1,841,195
L Cowan ²⁵	94,380	39,782	-	-	-	134,162
A Cuthbertson	774,314	374,827	-	295,646	807,330	2,252,117
K Etchberger	500,000	315,000	-	144,806	466,965	1,426,771
G Naylor	964,438	466,860	-	199,109	984,034	2,614,441
I Sieper	642,456	329,291	-	253,411	73,061	1,298,219
M Sontrop	643,000	329,570	-	298,663	623,101	1,894,334
Former Executive KMP						
J Lever ²⁶	358,725	152,040	-	72,403	365,729	948,897

The following table analyses the amounts shown in the Statutory Remuneration Disclosure - Executive KMP Remuneration table as a proportion of each individual's total reward.

Table 15: Executive KMP Remuneration Components in 2014

Executive	Total Fixed Remuneration ²⁷	Variable Remuneration					Total (100%)
		Cash based Bonuses ²⁸	Share Based Payments – Long Term Incentive				
			Performance Options	Performance Rights	Cash Settled Deferred Payment	Total	
Current Executive KMP							
P Perreault	41%	33%	1%	11%	14%	26%	100%
G Boss	41%	23%	2%	17%	17%	36%	100%
L Cowan	60%	18%	0%	0%	22%	22%	100%
A Cuthbertson	45%	30%	2%	21%	2%	25%	100%
K Etchberger	45%	23%	2%	16%	14%	32%	100%
G Naylor	46%	30%	2%	21%	1%	24%	100%
I Sieper	42%	27%	1%	12%	18%	31%	100%

²⁰ Executive KMP remuneration details prepared in accordance with statutory requirements and Accounting Standards are presented in Table 13 of this report.

²¹ 2014 Total Fixed remuneration paid in AUD converted to USD using 2014 average exchange rate. Total Fixed Remuneration in Table 14 is based on Total Employment Cost (TEC) for the relevant Executive KMP being base salary and superannuation contributions where applicable. This differs from the methodology to calculate "Cash Salary & Fees" used in Table 13 due to the treatment of annual leave accrued and annual leave/long service leave taken during the financial year, and the separation of non salary sacrificed Superannuation benefits in a separate column. Table 13 adjusts TEC for differences between leave accrued/taken and separates Superannuation. Table 14 ignores this timing difference for leave and the separation of Superannuation that occurs in Table 13.

²² STI applicable to 2014 in Table 14 is equivalent to "Cash Bonus" in Table 13. STI paid in AUD converted to USD using 2014 average exchange rate.

²³ Table 14 shows the amount paid during the year converted from AUD to USD using the exchange rate on vesting date.

²⁴ Performance Rights vested during the year and Performance Options (less exercise price) vested during the year, multiplied by the share price at the date of vesting. This differs from the amounts recorded as "Share Based Payments" in Table 13. Table 13 is prepared in accordance with accounting standards that require the fair value of each instrument to be determined and for the total value of each grant to be expensed over the vesting period. Table 13 therefore includes amounts related to multiple grants of LTI instruments, the majority of which will vest in future years. The LTI vested has been converted from AUD to USD using the 2014 average exchange rate.

²⁵ The Total Reward received by L Cowan reflects period as Executive KMP being 31 March 2014 to 30 June 2014.

²⁶ The Total Reward received by J Lever reflects period as Executive KMP being 1 July 2013 to 30 March 2014.

²⁷ Total Fixed Remuneration comprises cash salary, superannuation and non-monetary benefits.

²⁸ Cash based bonuses include amounts awarded which are due and payable shortly after the conclusion of the financial year as well as that component which is subject to deferred settlement terms for P Perreault, A Cuthbertson, G Naylor, I Sieper and M Sontrop.

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Executive	Total Fixed Remuneration ²⁷	Variable Remuneration					Total (100%)
		Cash based Bonuses ²⁸	Share Based Payments – Long Term Incentive				
			Performance Options	Performance Rights	Cash Settled Deferred Payment	Total	
M Sontrop	43%	25%	2%	14%	16%	32%	100%
Former Executive KMP							
J Lever	52%	20%	2%	20%	6%	28%	100%

Performance Option and Performance Rights Holdings

Table 16 below shows the movement during the reporting period in the number of Performance Options and Performance Rights over Ordinary Shares in the Company held directly, indirectly or beneficially by each Executive KMP, including their related parties.

Table 16: Executive KMP Remuneration Performance Option and Performance Right Holdings

Executive	Instrument	Balance at 1 July 2013	Number Granted	Number Exercised	Number Lapsed / Forfeited	Balance at 30 June 2014	Number vested during the year	Balance at 30 June 2014	
								Vested	Unvested
Current Executive KMP									
P Perreault	Options	75,300	-	23,780	-	51,520	4,680	-	51,520
	Rights	55,612	20,020	9,142	-	66,490	9,142	-	66,490
G Boss	Options	41,040	-	-	-	41,040	4,680	4,680	36,360
	Rights	33,980	6,700	8,510	-	32,170	8,510	-	32,170
L Cowan	Options	3,420	-	-	-	3,420	-	-	3,420
	Rights	544	-	544	-	-	544	-	-
A Cuthbertson	Options	49,580	-	6,070	-	43,510	6,070	-	43,510
	Rights	50,220	11,160	10,340	-	51,040	10,340	-	51,040
K Etchberger	Options	55,092	-	15,672	-	39,420	3,430	26,210	13,210
	Rights	25,508	5,880	6,148	-	25,240	6,148	-	25,240
G Naylor	Options	94,580	-	-	-	94,580	7,360	40,080	54,500
	Rights	62,092	13,900	-	-	75,992	12,662	12,662	63,330
I Sieper	Options	17,360	-	-	-	17,360	-	-	17,360
	Rights	21,344	8,200	1,224	-	28,320	1,224	-	28,320
M Sontrop	Options	42,140	-	4,350	-	37,790	4,350	-	37,790
	Rights	33,560	8,200	8,280	-	33,480	8,280	-	33,480

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Executive	Instrument	Balance at 1 July 2013	Number Granted	Number Exercised	Number Lapsed / Forfeited	Balance at 30 June 2014	Number vested during the year	Balance at 30 June 2014	
								Vested	Unvested
Former Executive KMP									
J Lever ²⁹	Options	26,260	-	2,540	-	23,720	2,540	-	23,720
	Rights	24,348	5,820	4,788	-	25,380	4,788	-	25,380

The assumptions inherent in the valuation of Performance Options and Performance Rights granted to Executive KMP, amongst others, during the financial year and the fair value of each Performance Option and Performance Right are set out in Note 27(d). No Performance Options or Performance Rights have been granted since the end of the financial year. The Performance Options and Performance Rights have been provided at no cost to the recipients.

During the reporting period, Executive KMP were issued the shares on exercise of Performance Options and Performance Rights as set out in Table 17.

Table 17: Shares issued to Executive KMP on the exercise of Performance Options and Performance Rights during 2013 and 2014

Executive	Instrument	2014			2013		
		Date of Grant	Number of Shares Issued	Price Paid per Share (A\$)	Date of Grant	Number of Shares Issued	Price Paid per Share (A\$)
Current Executive KMP							
P Perreault	Options	1 October 2008 1 October 2010	19,100 4,680	37.91 33.45	1 October 2007	20,460	35.46
	Rights	1 October 2009 1 October 2010	2,992 6,150	- -	1 October 2008 1 October 2009	5,500 2,618	- -
		Options	-	-	-	1 October 2007 1 October 2008	9,900 15,040
G Boss	Options	-	-	-	1 October 2007 1 October 2008	9,900 15,040	35.46 37.91
	Rights	1 October 2009 1 October 2010	2,360 6,150	- -	1 October 2008 1 October 2009	4,340 2,065	- -
		Options	-	-	-	-	-
L Cowan	Options	-	-	-	-	-	-
	Rights	1 October 2009	544	-	-	-	-
A Cuthbertson	Options	1 October 2010	6,070	33.45	1 October 2007 1 October 2008	17,760 16,840	35.46 37.91
	Rights	1 October 2009 1 October 2010	2,360 7,980	- -	1 October 2008 1 October 2009	4,860 2,065	- -
		Options	2 October 2006 1 October 2007	6,312 9,360	17.48 35.46	-	-

²⁹ The closing balance for J Lever is at 30 March 2014 being the date J Lever ceased to be an Executive KMP.

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Executive	Instrument	2014			2013		
		Date of Grant	Number of Shares Issued	Price Paid per Share (A\$)	Date of Grant	Number of Shares Issued	Price Paid per Share (A\$)
	Rights	1 October 2009 1 October 2010	1,648 4,500	- -	1 October 2008 1 October 2009	2,820 1,442	- -
G Naylor	Options	-	-	-	-	-	-
	Rights	-	-	-	1 October 2008 1 October 2009	5,500 2,618	- -
I Sieper	Options	-	-	-	1 October 2008	5,540	37.91
	Rights	1 October 2009	1,224	-	1 October 2008 1 October 2009	2,400 1,071	- -
M Sontrop	Options	1 October 2010	4,350	33.45	1 October 2007 1 October 2008	11,280 18,420	35.46 37.91
	Rights	1 October 2009 1 October 2010	2,560 5,720	- -	1 October 2008 1 October 2009	5,300 2,240	- -
Former Executive KMP							
J Lever	Options	1 October 2010	2,540	33.45	-	-	-
	Rights	1 October 2009 1 October 2010	1,448 3,340	- -	1 October 2009	1,267	-

Movements in the respective shareholdings of Executive KMP during the year ended 30 June 2014 are set out in Table 18.

Table 18: Movements in the respective shareholdings of Executive KMP during the year ended 30 June 2014

Executive	Balance at 1 July 2013	Shares acquired on exercise of Performance Options during year	Shares acquired on exercise of Performance Rights during year	(Shares Sold) / Purchased	Balance at 30 June 2014
Current Executive KMP					
P Perreault	10,429	23,780	9,142	(23,780)	19,571
G Boss	6,088	-	8,510	(13,486)	1,112
L Cowan	-	-	544	(544)	-
A Cuthbertson	69,798	6,070	10,340	(16,840)	69,368
K Etchberger	16,314	15,672	6,148	(9,964)	28,170
G Naylor	55,540	-	-	(15,041)	40,499
I Sieper	-	-	1,224	(1,224)	-
M Sontrop	615	4,350	8,280	(12,581)	664

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Executive	Balance at 1 July 2013	Shares acquired on exercise of Performance Options during year	Shares acquired on exercise of Performance Rights during year	(Shares Sold) / Purchased	Balance at 30 June 2014
Former Executive KMP					
J Lever ³⁰	1,267	2,540	4,788	(5,255)	3,340

The terms and conditions and key characteristics of prior year awards of Performance Options and Performance Rights are included in Tables 19 and 20.

Table 19: Terms and conditions of Performance Rights granted in 2013 and 2014

Grant Date	Tranche	Value per Instrument at Grant Date (A\$)	First Test Date	Last Test Date	Exercise Period ³¹	Expiry Date
1 October 2012	1	35.52	30 September 2015	30 September 2016	1 October 2015 – 30 September 2019	30 September 2019
1 October 2012	2	34.69	30 September 2016	30 September 2017	1 October 2016 – 30 September 2019	30 September 2019
1 October 2013	1	49.86	30 September 2016	30 September 2017	1 October 2016 – 30 September 2020	30 September 2020
1 October 2013	2	49.00	30 September 2017	30 September 2018	1 October 2017 – 30 September 2020	30 September 2020

Table 20: Key Characteristics of prior financial year Performance Option and Performance Right grants

Feature	2007 - 2010	2011 - 2012	2013
Instrument	60% Performance Options and 40% Performance Rights	20% Performance Options and 80% Performance Rights	Performance Rights
Tranches	Three tranches: T1 - 25% of grant, T2 - 35% of grant and T3 - 40% of grant	Two tranches: T1 - 50% of grant and T2 - 50% of grant	
Performance Period	T1 – 2 years, T2 – 3 years and T3 – 4 years	T1 – 3 years and T2 – 4 years	
Performance Hurdle	Performance Options - EPSg Performance Rights - rTSR	50% - EPSg 50% - rTSR	
Vesting Schedule	EPSg 10% or above – 100% vesting	EPSg 10% or above - 100% vesting	EPSg < 8% – 0% vesting
	rTSR at or above 50 th percentile – 100% vesting	rTSR below 50 th percentile - 0% vesting	EPSg 8% to 12% - Straight line vesting from 50% to 100%
		rTSR at 50 th percentile - 50% vesting	EPSg 12% or above – 100% vesting
		rTSR between 50 th and 75 th percentile - Straight line vesting from 50% to 100%	rTSR at or below performance of MSCI Gross Pharmaceutical Index – 0% vesting
		rTSR at or above 75 th percentile - 100% vesting	rTSR exceeds performance of MSCI Gross Pharmaceutical Index – 100% vesting
Retesting Opportunities	T1 – 3, T2 – 2 and T3 – 1	1 retest per tranche, after an additional 12 months	

³⁰ The closing balance for J Lever is at 30 March 2014 being the date J Lever ceased to be an Executive KMP.

³¹ Assumes vesting has occurred at First Test Date.

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Non-Executive Director Remuneration

Overview of remuneration strategy and arrangements

The table below sets out an overview of the current Non-Executive Director (NED) remuneration strategy and arrangements.

Feature	Description
Strategy objective	CSL's NED remuneration strategy is designed to enable the Group to attract and retain suitably qualified directors with appropriate experience and expertise and remunerate them appropriately for their Board responsibilities and activities on Board committees.
Aggregate fees approved by shareholders	The current fee pool for NEDs of A\$2,500,000 was approved by shareholders on 13 October 2010 and has applied from 1 July 2010. The annual total of NED fees including superannuation contributions is within this agreed limit. NEDs may be reimbursed for reasonable expenses incurred by them in the course of discharging their duties and this reimbursement is not included within this limit.
Remuneration reviews	The Board reviews NED fees on an annual basis in line with general industry practice. Fees are set with reference to the responsibilities and time commitments expected of NEDs along with consideration to the level of fees paid to NEDs of comparable companies.
Independence of NEDs	To ensure independence and impartiality is maintained, NEDs do not receive any performance related remuneration.
NED shareholdings	NEDs participate in the Non-Executive Directors' Share Plan (the NED Share Plan) approved by shareholders at the 2002 annual general meeting, as amended. The NED Share Plan requires that each NED takes at least 20% of their after-tax director's base fee (excluding superannuation guarantee contributions) in the form of shares in CSL Limited. Shares are purchased by NEDs on-market at prevailing share prices, twice yearly, after the announcement of the Group's half and full year results. The Board encourages all NEDs to accumulate significant holdings over time subject to individual circumstances. No minimum for the number of shares held is specified.
Post-Employment Benefits	Superannuation contributions are made in accordance with the current Superannuation Guarantee legislation which satisfies the Group's statutory superannuation obligations. Contributions are included in the base fee. In 1994, shareholders approved the Non-Executive Directors' Retirement Plan (the NED Retirement Plan). The Board closed the NED Retirement Plan to future participants, and froze the amount of the retirement allowance for existing participants, as at 31 December 2003. Mr Ian Renard was the only remaining Non-Executive Director who had an entitlement to a retirement allowance (at the level frozen for him in 2003) under the NED Retirement Plan. NEDs are not entitled to any compensation on cessation of appointment.
Employment Contracts	There are no specific employment contracts with NEDs. NEDs are appointed under a letter of appointment and are subject to ordinary election and rotation requirements as stipulated in the ASX Listing Rules and CSL Limited's constitution.

Non-Executive Director Fees

The table below provides details of current Board and committee fees reflecting a 3% increase from 1 July 2013. Committee fees are not payable to the Chairman and to members of the Nomination and Securities & Market Disclosure Committees.

Board Chairman Base Fee	A\$589,200	
Board NED Base Fee	A\$192,800	
Committee Fees	Committee Chair	Committee Member
Audit & Risk Management	A\$41,200	\$20,600
Human Resources & Remuneration	A\$41,200	\$20,600
Innovation & Development	A\$41,200	\$20,600

In 2014, following an internal review of fees paid by ASX companies of similar market capitalisation, the Board agreed increases to NED fees for the 2015 financial year. From 1 July 2014 the Board Chairman fee will increase by 5% and all other fees will increase by 3%. As has happened periodically in the past, the Board intends that the next review of NED fees will be conducted by an external consultant.

Directors' Report

Non-Executive Director Remuneration for 2014

Remuneration details of NEDs for 2014 are set out in Table 21 below.

Table 21: Statutory Remuneration Disclosure - Non Executive Director Remuneration³²

Non-Executive Director	Year	Short term benefits	Post-employment		Total (US\$)
		Cash Salary and fees (US\$) ³³	Superannuation (US\$)	Retirement benefits (US\$)	
J Shine	2014	505,971	31,954	-	537,925
	2013	567,456	22,162	-	589,618
J Akehurst	2014	197,408	16,228	-	213,636
	2013	214,861	19,337	-	234,198
D Anstice	2014	197,408	16,228	-	213,636
	2013	217,221	16,977	-	234,198
B Brook	2014	192,706	16,228	-	208,934
	2013	196,605	16,977	-	213,582
M McDonald	2014	153,890	22,824	-	176,714
	2013	-	-	-	-
C O'Reilly	2014	197,408	16,228	-	213,636
	2013	214,861	19,337	-	234,198
I Renard	2014	56,357	4,705	214,949	276,011
	2013	217,221	16,977	-	234,198
M Renshaw	2014	195,548	31,954	-	227,502
	2013	214,861	19,337	-	234,198

Non-Executive Director Shareholdings

Movements in the respective shareholdings of NEDs during the year ended 30 June 2014 are set out below in Table 22.

Table 22: Non Executive Director Shareholdings

Non-Executive Director	Balance at 1 July 2013	(Shares sold) / purchased	Balance at 30 June 2014
J Shine	6,249	2,372	8,621
J Akehurst	31,000	284	31,284
D Anstice	8,199	2,357	10,556
B Brook	3,719	335	4,054
M McDonald	-	176	176
C O'Reilly	1,556	285	1,841
I Renard ³⁴	19,053	147	19,200
M Renshaw	8,257	285	8,542

There have been no movements in shareholdings of NEDs between 30 June 2014 and the date of this report.

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

John Shine AO (Director)
Melbourne
13 August 2014

Paul Perreault (Director)

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

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³² The AUD compensation paid during the years ended 30 June 2013 and 30 June 2014 have been converted to USD 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 AUD/USD exchange rates.

³³ 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 after-tax base fees (excluding superannuation guarantee contributions) 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.

³⁴ The closing balance for I Renard is at 16 October 2013 being the date I Renard ceased to be a director.



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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 2014, 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
13 August 2014

CSL Limited

ABN: 99 051 588 348

Annual Financial Report for the year ended 30 June 2014

CSL Limited
Consolidated Statement of Comprehensive Income
For the Year Ended 30 June 2014

		Consolidated Entity	
		2014	2013
		US\$m	US\$m
			restated ¹
		Notes	
Continuing operations			
Sales revenue	3	5,334.8	4,950.4
Cost of sales		(2,604.0)	(2,391.4)
Gross profit		2,730.8	2,559.0
Other revenue	3	189.5	179.1
Research and development expenses		(466.4)	(426.8)
Selling and marketing expenses		(505.0)	(516.2)
General and administration expenses		(291.6)	(286.1)
Finance costs	3	(53.0)	(47.7)
Profit before income tax expense		1,604.3	1,461.3
Income tax expense	4	(297.3)	(249.9)
Net profit for the period	22	1,307.0	1,211.4
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations, net of hedges on foreign investments	21	148.2	(85.3)
Items that will not be reclassified subsequently to profit or loss			
Actuarial gains/(losses) on defined benefit plans, net of tax	22	18.3	(17.9)
Total of other comprehensive income/(expenses)		166.5	(103.2)
Total comprehensive income for the period	24	1,473.5	1,108.2
Earnings per share (based on net profit for the period)			
	5	US\$	US\$
			restated
Basic earnings per share		2.701	2.429
Diluted earnings per share		2.691	2.421

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

¹ restatement of the 2013 financial statements is associated with revisions to AASB 119 Employee Benefits. For more detail refer Note 1(cc) to the Financial Statements.

CSL Limited
Consolidated Balance Sheet
As at 30 June 2014

		Consolidated Entity	
		2014	2013
	Notes	US\$m	US\$m
CURRENT ASSETS			restated
Cash and cash equivalents	6	608.7	762.2
Trade and other receivables	7	953.4	850.5
Inventories	8	1,644.5	1,639.4
Current tax assets	16	0.7	6.7
Other financial assets	9	0.3	0.5
Total Current Assets		3,207.6	3,259.3
NON-CURRENT ASSETS			
Trade and other receivables	7	8.2	8.6
Other financial assets	9	1.0	1.0
Property, plant and equipment	10	1,831.0	1,587.2
Deferred tax assets	11	299.1	262.3
Intangible assets	12	924.1	855.7
Retirement benefit assets	26	6.7	-
Total Non-Current Assets		3,070.1	2,714.8
TOTAL ASSETS		6,277.7	5,974.1
CURRENT LIABILITIES			
Trade and other payables	14	631.4	647.9
Interest-bearing liabilities	15	5.6	5.7
Current tax liabilities	16	114.6	159.9
Provisions	17	90.1	88.4
Deferred government grants	18	2.3	0.9
Derivative financial instruments	19	1.3	3.8
Total Current Liabilities		845.3	906.6
NON-CURRENT LIABILITIES			
Trade and other payables	14	19.4	23.2
Interest-bearing liabilities	15	1,884.7	1,673.2
Deferred tax liabilities	11	127.7	115.0
Provisions	17	36.0	34.2
Deferred government grants	18	40.9	37.0
Retirement benefit liabilities	26	161.7	167.2
Total Non-Current Liabilities		2,270.4	2,049.8
TOTAL LIABILITIES		3,115.7	2,956.4
NET ASSETS		3,162.0	3,017.7
EQUITY			
Contributed equity	20	(2,797.8)	(1,978.3)
Reserves	21	738.3	578.3
Retained earnings	22	5,221.5	4,417.7
TOTAL EQUITY	24	3,162.0	3,017.7

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

CSL Limited

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2014

Consolidated Entity	Notes	Contributed Equity US\$m	Foreign currency translation reserve US\$m	Share based payment reserve US\$m	Retained earnings US\$m	Total US\$m
At 1 July 2013		(1,978.3)	451.3	127.0	4,417.7	3,017.7
Profit for the period		-	-	-	1,307.0	1,307.0
Other comprehensive income		-	148.2	-	18.3	166.5
Total comprehensive income for the full year		-	148.2	-	1,325.3	1,473.5
Transactions with owners in their capacity as owners						
Share based payments	21	-	-	11.8	-	11.8
Dividends	23	-	-	-	(521.5)	(521.5)
Share buy back	20	(846.3)	-	-	-	(846.3)
Share issues						
- Employee share scheme	20	18.2	-	-	-	18.2
Tax Adjustment ¹		8.6	-	-	-	8.6
Balance as at 30 June 2014		(2,797.8)	599.5	138.8	5,221.5	3,162.0
At 1 July 2012		(869.1)	536.6	96.3	restated 3,723.6	restated 3,487.4
Profit for the period		-	-	-	1,211.4	1,211.4
Other comprehensive income		-	(85.3)	-	(17.9)	(103.2)
Total comprehensive income for the full year		-	(85.3)	-	1,193.5	1,108.2
Transactions with owners in their capacity as owners						
Share based payments	21	-	-	30.7	-	30.7
Dividends	23	-	-	-	(499.4)	(499.4)
Share buy back	20	(1,135.6)	-	-	-	(1,135.6)
Share issues						
- Employee share scheme	20	36.1	-	-	-	36.1
Tax Adjustment ¹		(9.7)	-	-	-	(9.7)
Balance as at 30 June 2013		(1,978.3)	451.3	127.0	4,417.7	3,017.7

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

¹ In the period ended 30 June 2014 the Group successfully resolved an outstanding tax matter with the ATO relating to equity raising costs. In the prior comparative period CSL had received amended assessment notices and had reversed the benefit originally recognised in the 2009 financial year. The successful resolution of the matter reinstates the original benefit.

CSL Limited
Consolidated Statement of Cash Flows
For the Year Ended 30 June 2014

		Consolidated Entity	
	Notes	2014 US\$m	2013 US\$m
Cash flows from Operating Activities			
Receipts from customers (inclusive of goods and services tax)		5,501.1	5,104.7
Payments to suppliers and employees (inclusive of goods and services tax)		(3,761.8)	(3,479.2)
		1,739.3	1,625.5
Income taxes paid		(349.1)	(298.2)
Interest received		20.6	33.9
Borrowing costs		(50.1)	(49.5)
Net cash inflow from operating activities	25	1,360.7	1,311.7
Cash flows from Investing Activities			
Proceeds from sale of property, plant and equipment		0.3	0.4
Payments for property, plant and equipment		(353.9)	(433.2)
Payments for intangible assets		(48.0)	(16.9)
Receipts from other financial assets		0.1	0.2
Net cash outflow from investing activities		(401.5)	(449.5)
Cash flows from Financing Activities			
Proceeds from issue of shares		17.8	36.1
Dividends paid	23	(521.5)	(499.4)
Proceeds from borrowings		200.0	565.6
Repayment of borrowings		(3.5)	(171.3)
Payment for shares bought back		(829.9)	(1,150.1)
Payment for settlement of finance hedges		-	0.6
Net cash outflow from financing activities		(1,137.1)	(1,218.5)
Net decrease in cash and cash equivalents			
		(177.9)	(356.3)
Cash and cash equivalents at the beginning of the financial year		759.8	1,168.1
Exchange rate variations on foreign cash and cash equivalent balances		24.4	(52.0)
Cash and cash equivalents at the end of the financial year	25	606.3	759.8

For non-cash financing activities refer to note 25.

The above consolidated statement of cash flows 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 2014

1. Corporate information

CSL Limited is a for-profit company incorporated and domiciled in Australia and limited by shares publicly traded on the Australian Securities Exchange. This financial report covers the financial statements for the consolidated entity consisting of CSL Limited 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 13 August 2014.

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 "at fair value through profit or loss" financial assets and liabilities (including derivative instruments), that have been measured at fair value.

The consolidated financial statements are presented in US Dollars which is the Group's presentation currency. US Dollars are used because they are the pharmaceutical industry standard currency for reporting purposes and the predominant currency of the worldwide sales and operating expenses of the Group.

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 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 hundred thousand dollars.

Adoption of accounting standards

The group has adopted the following accounting standards that contained changes that became effective during the year: AASB 10 Consolidated Financial Statements, AASB 13 Fair Value Measurement, AASB 119 Employee benefits, and AASB 2011-4. As required by AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors, the nature and effect of these changes on the financial statements of the Group are disclosed in Note 1 (cc).

(b) Principles of consolidation

i. Subsidiaries

The consolidated financial statements comprise the financial statements of CSL Limited and its subsidiaries as at 30 June 2014. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has: power over the investee (ie existing rights that give it the current ability to direct the relevant activities of the investee); exposure, or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect its returns. 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 acquisition method of accounting. Further detail is provided in Note 1(n).

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

For the Year Ended 30 June 2014

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 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 financial statements of CSL Limited (the parent entity of the Group) are measured in Australian Dollars which is that entity's functional currency (see Note 35).

ii. Presentation currency

The consolidated financial statements are presented in US Dollars, which is the Group's presentation currency.

iii. 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.

iv. Group companies

The results of foreign subsidiaries are translated into US Dollars at average exchange rates. Assets and liabilities of foreign subsidiaries are translated to US 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.

CSL Limited and its controlled entities

Notes to the Financial Statements

For the Year Ended 30 June 2014

1. Summary of significant accounting policies (continued)

(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.

(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 benefit 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.

CSL Limited and its 100% owned Australian subsidiaries have formed a tax consolidated group effective from 1 July 2003.

(j) Cash, cash equivalents and bank overdrafts

Cash and cash equivalents are held for the purpose of meeting short term cash commitments rather than for investment or other purposes. The balance sheet comprises cash on hand, at call deposits with banks or financial institutions and investments in money market instruments with original maturities of six 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.

CSL Limited and its controlled entities

Notes to the Financial Statements

For the Year Ended 30 June 2014

1. Summary of significant accounting policies (continued)

(k) Trade and other receivables

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

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

(l) Inventories

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

(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.

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.

CSL Limited and its controlled entities

Notes to the Financial Statements

For the Year Ended 30 June 2014

1. Summary of significant accounting policies (continued)

These techniques include: using recent arm's length transactions involving the same or substantially the same instruments as a guide to value, discounted cash flow analysis and various pricing models.

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

(n) Business combinations

The acquisition method of accounting is used for all business combinations regardless of whether equity instruments or other assets are acquired. The cost of an acquisition is measured as the aggregate of the consideration transferred with each component of consideration measured at its fair value at acquisition date. Acquisition related transaction costs are expensed as incurred. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date.

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.

(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 method that best matches the utilisation of the asset over its useful economic life. For the majority of assets in the group the straight line method is used to allocate their cost, net of residual values, over their estimated useful lives, as follows:

Buildings	5 – 40 years
Plant and equipment	3 – 15 years
Leasehold improvements	5 – 10 years

Certain assets are being depreciated using a diminishing value method over a period of 3 years as this method best matches the utilisation of these assets over their estimated useful economic life.

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

For the Year Ended 30 June 2014

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 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. Intangible Assets and Intellectual Property

Intangible assets and intellectual property (collectively referred to as intangible assets in this note) 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

For the Year Ended 30 June 2014

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 the consolidated statement of comprehensive income.

(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 and the portion of long service leave expected to be paid within twelve months is recognised in the current provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

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

(y) Pension plans

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

A liability or asset in respect of defined benefit pension plans is recognised in the balance sheet, and is measured as the present value of the defined benefit obligation at the reporting date less the fair value of the pension fund's assets at that date. 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, periods of service, and the extent to which plan members contribute to their benefit through increased contributions based on age (risk sharing).

CSL Limited and its controlled entities

Notes to the Financial Statements

For the Year Ended 30 June 2014

1. Summary of significant accounting policies (continued)

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 (both demographic and financial) are recognised in retained earnings as incurred.

Past service costs are recognised in income on the earlier of the date of plan amendments or curtailment, and the date that the Group recognises restructuring related costs.

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

i. Equity-settled 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 'Employee Performance Rights Plan' and the 'Global Employee Share Plan'.

Under the '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 number of options and rights that are expected to vest is revised. 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.

ii. Cash-settled transactions

The Group also provides benefits to its employees (including key management personnel) in the form of cash-settled share-based payments, whereby employees render services in exchange for cash, the amounts of which are determined by reference to movements in the price of the shares of CSL Limited.

The ultimate cost of these cash-settled transactions will be equal to the actual cash paid to the employees, which will be the fair value at settlement date.

The cumulative cost recognised until settlement is a liability and the periodic determination of this liability is as follows:

- (a) At each reporting date between grant and settlement, the fair value of the award is determined.
- (b) During the vesting period, the liability recognised at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- (c) From the end of the vesting period until settlement, the liability recognised is the full fair value of the liability at the reporting date.
- (d) All changes in the liability are recognised in employee benefits expense for the period.

The fair value of the liability is determined by reference to the CSL Limited share price at reporting date, adjusted for the dividend yield and the number of days left in the vesting period.

CSL Limited and its controlled entities

Notes to the Financial Statements

For the Year Ended 30 June 2014

1. Summary of significant accounting policies (continued)

(aa) Contributed equity / Share buy-back reserve

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 Group 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) New and revised standards and interpretations adopted by the Company

The Group has adopted, for the first time, certain standards and amendments that require restatement of previous financial statements. These include AASB 10 Consolidated Financial Statements, AASB 119 Employee Benefits, AASB 2011-4 and AASB 13 Fair Value Measurement. As required by AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors, the nature and the effect of these changes are disclosed below.

AASB 119 Employee Benefits

AASB 119 includes a number of amendments to the accounting for defined benefit plans. These are:

- actuarial gains and losses can only be recognised in other comprehensive income (OCI) and permanently excluded from profit and loss, this is consistent with the Group's previous accounting for this item;
- expected returns on plan assets are no longer recognised in profit or loss, instead, there is a requirement to recognise interest on the net defined benefit liability (asset) in profit or loss. This is calculated using the discount rate used to measure the defined benefit obligation;
- unvested past service costs are now recognised in profit or loss at the earlier of when a change to the plan occurs or when the related restructuring or termination costs are recognised; and
- a recognition of risk sharing in the calculation of the defined benefit obligation.

There are also new disclosures such as quantitative sensitivity disclosures.

The transition to AASB 119 had an impact on the net defined benefit plan obligations and contribution expense due to the adoption of risk sharing and the differences in accounting for interest on plan assets.

The effect of the adoption of AASB119 has been applied retrospectively and the prior period comparatives have been adjusted accordingly in Note 26. The effect of the adoption of this standard on the financial statements was to increase Defined benefit contribution expense by \$6.1m in the prior comparative period and to reduce the defined benefit obligation arising from the CSL Behring AG Pension Plan (the only Group plan that includes risk sharing) by \$12.3m as at 30 June 2013.

AASB 13 Fair Value Measurement

AASB 13 establishes a single source of guidance under IFRS for all fair value measurements. AASB 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The application of AASB 13 has not materially impacted the fair value measurements carried out by the Company.

The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

AASB 2011-4

AASB 2011-4 amends the disclosure requirements for individual Key Management Personnel. Certain disclosures have been removed from the financial statements and are now included in the Remuneration Report.

CSL Limited and its controlled entities

Notes to the Financial Statements

For the Year Ended 30 June 2014

(dd) New and revised standards and interpretations not yet adopted by the Company

Certain new and revised accounting standards and interpretations have been published that are not mandatory for the June 2014 reporting period. An assessment of the impact of these new standards and interpretations is set out below.

New Standards and Amendments to Australian Accounting Standards applicable to subsequent financial years:

Year ended 30 June 2015:

AASB 1031: Materiality

AASB 2012-3, Interpretation 21 (Levies)

AASB 2013-4, Novation of Derivatives and Continuation of Hedge Accounting

AASB 2013-5, Investment Entities

AASB 2013-9, Conceptual Framework, Materiality and Financial Instruments

AASB 2014-1, Amendments to Australian Accounting Standards

These standards make changes to a number of existing Australian Accounting Standards and are not expected to result in a material change to the manner in which the Group's financial result is determined or upon the extent of disclosures included in future financial reports.

Year ended 30 June 2017: Amendments to IAS 16 and IAS 38, Clarification of acceptable methods of depreciation and amortisation

This standard will clarify that revenue based methods to calculate depreciation and amortization are not considered appropriate. This will not result in a change to the manner in which the Group's financial result is determined as no such method is currently in use.

Year ended 30 June 2018: IFRS 15: Revenue from Contracts with Customers

This standard will change the timing and in some cases the quantum of revenue received from customers. Management are currently assessing the impact of the new standard.

Year ended 30 June 2019: AASB 9: Financial Instruments

This standard will change the classification and measurement of financial assets. It is not expected to result in a material change to the manner in which the Group's financial result is determined or upon the extent of disclosures included in future financial reports

(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 indefinite lived intangible assets are impaired in accordance with the accounting policy described in note 1(p). 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

Management adopts a risk-based approach to assessing uncertain tax positions, and recognition and recoverability of deferred tax assets. In assessing this risk 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.

CSL Limited and its controlled entities

Notes to the Financial Statements

For the Year Ended 30 June 2014

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.

iv. Inventories

Due to the nature of the Group's operations, various factors impact on the assessment of recoverability of the carrying value of inventory. These include regulatory approvals and the future demand for the Group's products. These factors are taken into account in determining the appropriate level of provisioning for inventory.

2 Segment Information

Description of Segments

Reportable segments are:

- CSL Behring – manufactures, markets and develops plasma therapies (plasma products and recombinants).
- bioCSL – manufactures and distributes non-plasma biotherapeutic products.
- CSL Intellectual Property – revenue and associated expenses from the licensing of Intellectual Property generated by the Group to unrelated third parties and Research & Development expenses on projects where the Group has yet to determine the ultimate commercialisation strategy.

Geographical areas of operation

The Group operates predominantly in three specific geographic areas, namely Australia, the United States of America, 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
For the Year Ended 30 June 2014

2 Segment Information (continued)

	CSL Behring 2014 US\$m	bioCSL 2014 US\$m	CSL Intellectual Property 2014 US\$m	Intersegment Elimination 2014 US\$m	Consolidated Entity 2014 US\$m
Sales to external customers	4,941.5	393.3	-	-	5,334.8
Other revenue / Other income (excl interest income)	5.9	16.5	144.7	-	167.1
Total segment revenue	4,947.4	409.8	144.7	-	5,501.9
Interest income					20.1
Unallocated revenue/income					2.3
Consolidated revenue					5,524.3
Segment EBIT	1,643.8	(6.0)	54.2	-	1,692.0
Unallocated revenue/income less unallocated costs					(54.8)
Consolidated EBIT					1,637.2
Interest income					20.1
Finance costs					(53.0)
Consolidated profit before tax					1,604.3
Income tax expense					(297.3)
Consolidated net profit after tax					1,307.0
Amortisation	29.4	-	-	-	29.4
Depreciation	126.5	19.5	7.0	-	153.0
Segment EBITDA	1,799.7	13.5	61.2	-	1,874.4
Unallocated revenue/income less unallocated costs					(54.8)
Unallocated depreciation and amortisation					12.5
Consolidated EBITDA					1,832.1
Segment assets	5,486.3	378.4	24.2	(32.5)	5,856.4
Other unallocated assets					1,573.2
Elimination of amounts between operating segments and unallocated					(1,151.9)
Total assets					6,277.7
Segment liabilities	2,118.8	116.1	3.6	(32.5)	2,206.0
Other unallocated liabilities					2,061.6
Elimination of amounts between operating segments and unallocated					(1,151.9)
Total liabilities					3,115.7
Other information – capital expenditure					
Payments for property, plant and equipment	330.6	7.8	6.1	-	344.5
Unallocated payments for property, plant and equipment					9.4
Payments for intangibles	48.0	-	-	-	48.0
Total capital expenditure					401.9

CSL Limited and its controlled entities
Notes to the Financial Statements
For the Year Ended 30 June 2014

2 Segment Information (continued)

	CSL Behring 2013 US\$m restated	bioCSL 2013 US\$m restated	CSL Intellectual Property 2013 US\$m restated	Intersegment Elimination 2013 US\$m restated	Consolidated Entity 2013 US\$m restated
Sales to external customers	4,500.9	449.5	-	-	4,950.4
Other revenue / Other income (excl interest income)	3.5	10.9	134.3	-	148.7
Total segment revenue	4,504.4	460.4	134.3	-	5,099.1
Interest income					29.4
Unallocated revenue/income					1.0
Consolidated revenue					5,129.5
 Segment EBIT	 1,557.2	 (2.0)	 (0.4)	 -	 1,554.8
Unallocated revenue/income less unallocated costs					(75.2)
Consolidated EBIT					1,479.6
Interest income					29.4
Finance costs					(47.7)
Consolidated profit before tax					1,461.3
Income tax expense					(249.9)
Consolidated net profit after tax					1,211.4
 Amortisation	 31.1	 -	 -	 -	 31.1
Depreciation	120.7	26.8	7.6	-	155.1
Segment EBITDA	1,709.0	24.8	7.2	-	1,741.0
Unallocated revenue/income less unallocated costs					(75.2)
Unallocated depreciation and amortisation					15.4
Consolidated EBITDA					1,681.2
 Segment assets	 5,116.2	 369.8	 27.9	 (54.2)	 5,459.7
Other unallocated assets					1,560.8
Elimination of amounts between operating segments and unallocated					(1,046.4)
Total assets					5,974.1
 Segment liabilities	 2,103.1	 121.1	 4.2	 (54.2)	 2,174.2
Other unallocated liabilities					1,828.6
Elimination of amounts between operating segments and unallocated					(1,046.4)
Total liabilities					2,956.4
 Other information – capital expenditure					
Payments for property, plant and equipment	407.3	16.6	9.3	-	433.2
Unallocated payments for property, plant and equipment					-
Payments for intangibles	16.9	-	-	-	16.9
Total capital expenditure					450.1

CSL Limited and its controlled entities
Notes to the Financial Statements
For the Year Ended 30 June 2014

2 Segment Information (continued)

Geographic areas	Australia	United States	Germany	Rest of world	Total
June 2014	US\$m	US\$m	US\$m	US\$m	US\$m
External sales revenue	572.0	2,026.9	755.7	1,980.2	5,334.8
Property, plant, equipment and intangible assets	616.6	695.5	363.9	1,079.1	2,755.1
June 2013					
External sales revenue	630.3	1,868.2	739.4	1,712.5	4,950.4
Property, plant, equipment and intangible assets	563.3	587.8	276.7	1,015.1	2,442.9

	Consolidated Entity	
	2014	2013
	US\$m	US\$m
		restated

3 Revenue and expenses from continuing operations

Revenue		
Sales revenue	5,334.8	4,950.4
Other revenue		
Royalties	120.7	129.7
Finance revenue from other persons and/or corporations	20.1	29.4
Rent	1.3	1.3
Other revenue	47.4	18.7
Total other revenues	189.5	179.1
Total revenue from continuing operations	5,524.3	5,129.5
Finance costs		
Interest expense:		
Other persons and/or corporations	53.0	47.7
Total finance costs	53.0	47.7

CSL Limited and its controlled entities
Notes to the Financial Statements
For the Year Ended 30 June 2014

		Consolidated Entity	
	Notes	2014 US\$m	2013 US\$m restated
3 Revenue and expenses (continued)			
Depreciation and amortisation			
Depreciation and amortisation of fixed assets			
Building depreciation	10	13.7	13.7
Plant and equipment depreciation	10	139.4	146.7
Leased property, plant and equipment amortisation	10	3.0	2.8
Leasehold improvements amortisation	10	9.4	7.3
Total depreciation and amortisation of fixed assets		165.5	170.5
Amortisation of intangibles			
Intellectual property	12	16.3	16.7
Software	12	13.1	14.4
Total amortisation of intangibles		29.4	31.1
Total depreciation, amortisation and impairment expense			
		194.9	201.6
Other expenses			
Write-down of inventory to net realisable value ¹		115.1	46.0
Doubtful debts		4.9	(3.3)
Net loss on disposal of property, plant and equipment		-	0.6
Net foreign exchange loss		25.1	13.0
Lease payments and related expenses			
Rental expenses relating to operating leases		36.1	32.9
Employee benefits expense			
Salaries and wages		1,101.8	1,039.0
Defined benefit plan expense	26(a)	30.5	7.9
Defined contribution plan expense	26(b)	26.4	23.5
Share based payments expense (LTI)	27	6.1	16.2
Share based payments expense (EDIP)	27	29.5	36.9
Total employee benefits expense		1,194.3	1,123.5

¹ the write-down of inventory to net realisable value is included in Cost of Sales in the Consolidated Statement of Comprehensive Income

CSL Limited and its controlled entities
Notes to the Financial Statements
For the Year Ended 30 June 2014

		Consolidated Entity	
	Notes	2014 US\$m	2013 US\$m restated
4 Income tax expense			
Income tax expense recognised in the statement of comprehensive income			
Current tax expense			
Current year		326.9	301.4
Deferred tax expense			
Origination and reversal of temporary differences	11	(21.8)	(47.2)
Total deferred tax expense		(21.8)	(47.2)
Over provided in prior years		(7.8)	(4.3)
Income tax expense		297.3	249.9
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		1,604.3	1,461.3
Income tax calculated at 30% (2013: 30%)		481.3	438.4
Research and development		(13.1)	(13.7)
Other (non-assessable revenue)/non-deductible expenses		2.4	(0.6)
Effects of different rates of tax on overseas income		(165.5)	(169.9)
Over provision in prior year		(7.8)	(4.3)
Income tax expense		297.3	249.9
Income tax recognised directly in equity			
Deferred tax benefit			
Share based payments		6.2	11.3
Income tax benefit recognised in equity	11	6.2	11.3

CSL Limited and its controlled entities
Notes to the Financial Statements
For the Year Ended 30 June 2014

		Consolidated Entity	
		2014	2013
		US\$m	US\$m
			restated
5 Earnings Per Share			
Earnings used in calculating basic and dilutive earnings per share comprises:			
Profit attributable to ordinary shareholders		1,307.0	1,211.4
		Number of shares	
		2014	2013
Weighted average number of ordinary shares used in the calculation of basic earnings per share:		483,822,940	498,606,572
Effect of dilutive securities:			
Employee share options		823,106	755,853
Employee performance rights		960,813	935,133
Global employee share plan		17,411	17,966
Adjusted weighted average number of ordinary shares used in the calculation of diluted earnings per share:		485,624,270	500,315,524

Conversions, calls, subscription or issues after 30 June 2014

Subsequent to 30 June 2014, 4,025 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 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.

CSL Limited and its controlled entities
Notes to the Financial Statements
For the Year Ended 30 June 2014

	Consolidated Entity	
	2014 US\$m	2013 US\$m restated
6 Cash and cash equivalents		
Cash at bank and on hand	393.0	203.5
Cash deposits	215.7	558.7
Total cash and cash equivalents	608.7	762.2
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.		
7 Trade and other receivables		
Current		
Trade receivables	875.1	778.5
Less: Provision for impairment loss (i)	(47.1)	(40.9)
	828.0	737.6
Sundry receivables	86.3	77.2
Prepayments	39.1	35.7
Carrying amount of current trade and other receivables*	953.4	850.5
Non Current		
Related parties		
Loans to other employees	0.1	0.2
Long term deposits/other receivables	8.1	8.4
Carrying amount of non current trade and other receivables*	8.2	8.6

*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.

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

As at 30 June 2014, the Group had current trade receivables which were impaired and had a nominal value of \$47.1m (2013: \$40.9m). These receivables have been provided for within the Group's 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	40.9	46.2
Additional allowance/(utilised/written back)	4.5	(7.2)
Currency translation differences	1.7	1.9
Closing balance at 30 June	47.1	40.9

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. The Group does not hold any collateral in respect to other receivable balances.

CSL Limited and its controlled entities
Notes to the Financial Statements
For the Year Ended 30 June 2014

		Consolidated Entity	
		2014	2013
		US\$m	US\$m
			restated
8	Inventories		
	Raw materials and stores at the lower of cost and net realisable value	383.1	367.1
	Work in progress at the lower of cost and net realisable value	588.1	564.7
	Finished goods at the lower of cost and net realisable value	673.3	707.6
	Total inventories at the lower of cost and net realisable value	1,644.5	1,639.4
9	Other financial assets		
	Current		
	At fair value through the profit or loss:		
	Managed financial assets (held for trading)	0.3	0.5
	Total current other financial assets as at 30 June	0.3	0.5
	Non-current		
	At fair value through the profit or loss:		
	Managed financial assets (held for trading)	1.0	1.0
	Total non-current other financial assets as at 30 June	1.0	1.0

CSL Limited and its controlled entities
Notes to the Financial Statements
For the Year Ended 30 June 2014

		Consolidated Entity	
		2014	2013
		US\$m	US\$m
			restated
10	Property, Plant and Equipment		
	Land at cost		
	Opening balance 1 July	23.5	25.6
	Currency translation differences	0.4	(2.1)
	Closing balance 30 June	23.9	23.5
	Buildings at cost		
	Opening balance 1 July	312.3	296.2
	Transferred from capital work in progress	12.6	25.6
	Other additions	0.4	-
	Disposals	-	(0.7)
	Currency translation differences	10.6	(8.8)
	Closing balance 30 June	335.9	312.3
	Accumulated depreciation and impairment losses		
	Opening balance 1 July	98.6	87.5
	Depreciation for the year	13.7	13.7
	Disposals	-	(0.6)
	Currency translation differences	3.9	(2.0)
	Closing balance 30 June	116.2	98.6
	Net book value of buildings	219.7	213.7
	Net book value of land and buildings	243.6	237.2
	Leasehold improvements at cost		
	Opening balance 1 July	99.8	84.4
	Transferred from capital work in progress	56.8	16.6
	Other additions	0.7	1.6
	Disposals	(4.2)	(1.3)
	Currency translation differences	-	(1.5)
	Closing balance 30 June	153.1	99.8
	Accumulated amortisation and impairment		
	Opening balance 1 July	33.2	27.0
	Amortisation for the year	9.4	7.3
	Disposals	(4.2)	(1.2)
	Currency translation differences	(0.1)	0.1
	Closing balance 30 June	38.3	33.2
	Net book value of leasehold improvements	114.8	66.6

CSL Limited and its controlled entities
Notes to the Financial Statements
For the Year Ended 30 June 2014

		Consolidated Entity	
		2014	2013
		US\$m	US\$m
			restated
10	Property, Plant and Equipment (continued)		
	Plant and equipment at cost		
	Opening balance 1 July	1,735.7	1,621.6
	Transferred from capital work in progress	123.2	143.0
	Other additions	11.7	15.8
	Disposals	(28.8)	(23.7)
	Currency translation differences	58.3	(21.0)
	Closing balance 30 June	1,900.1	1,735.7
	Accumulated depreciation and impairment		
	Opening balance 1 July	964.1	852.6
	Depreciation for the year	139.4	146.7
	Disposals	(28.2)	(23.2)
	Currency translation differences	32.1	(12.0)
	Closing balance 30 June	1,107.4	964.1
	Net book value of plant and equipment	792.7	771.6
	Leased property, plant and equipment at cost		
	Opening balance 1 July	33.9	30.9
	Other additions	5.0	2.4
	Disposals	(2.2)	(1.2)
	Currency translation differences	1.2	1.8
	Closing balance 30 June	37.9	33.9
	Accumulated amortisation and impairment		
	Opening balance	18.4	15.0
	Amortisation for the year	3.0	2.8
	Disposals	(1.7)	(0.8)
	Currency translation differences	0.8	1.4
	Closing balance 30 June	20.5	18.4
	Net book value of leased property, plant and equipment	17.4	15.5
	Capital work in progress		
	Opening balance 1 July	496.3	304.3
	Other additions	352.2	403.1
	Disposals	-	-
	Transferred to buildings at cost	(12.6)	(25.6)
	Transferred to plant and equipment at cost	(123.2)	(143.0)
	Transferred to leasehold improvements at cost	(56.8)	(16.6)
	Transfers to intangibles capital work in progress	(3.4)	(4.6)
	Currency translation differences	10.0	(21.3)
	Closing balance 30 June	662.5	496.3
	Total net book value of property, plant and equipment	1,831.0	1,587.2

CSL Limited and its controlled entities
Notes to the Financial Statements
For the Year Ended 30 June 2014

		Consolidated Entity	
		2014	2013
		US\$m	US\$m
			restated
11	Deferred tax assets and liabilities		
	Deferred tax asset	299.1	262.3
	Deferred tax liability	(127.7)	(115.0)
	Net deferred tax asset/(liability)	171.4	147.3
Deferred tax balances reflect temporary differences attributable to:			
Amounts recognised in the statement of comprehensive income			
	Trade and other receivables	(6.9)	0.9
	Inventories	127.2	107.8
	Property, plant and equipment	(64.7)	(58.7)
	Intangible assets	(57.0)	(76.6)
	Other assets	(3.4)	(0.7)
	Trade and other payables	31.8	15.7
	Interest bearing liabilities	-	0.1
	Other liabilities and provisions	53.1	58.9
	Retirement assets/(liabilities)	24.4	29.8
	Tax bases not in net assets – share based payments	2.7	26.6
	Recognised carry-forward tax losses	24.8	17.3
	Research and development offsets	19.0	10.2
		151.0	131.3
Amounts recognised in equity			
	Capital raising costs	-	1.8
	Share based payments	20.4	14.2
		20.4	16.0
	Net deferred tax asset/(liability)	171.4	147.3
Movement in temporary differences during the year			
	Opening balance	147.3	87.4
	Credited/(charged) to profit before tax	21.8	47.2
	Credited/(charged) to other comprehensive income	(5.4)	4.2
	Credited/(charged) to equity	6.2	11.3
	Currency translation difference	1.5	(2.8)
	Closing balance	171.4	147.3
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	-	-
	No expiry date	0.6	0.6
		0.6	0.6

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
For the Year Ended 30 June 2014

		Consolidated Entity	
		2014	2013
		US\$m	US\$m
			restated
12	Intangible Assets		
	Carrying amounts		
	Goodwill		
	Opening balance at 1 July	687.5	682.2
	Additions	10.1	-
	Currency translation differences	33.5	5.3
	Closing balance at 30 June	731.1	687.5
	Intellectual property		
	Opening balance at 1 July	331.8	345.2
	Additions	18.2	0.2
	Transfers	-	(0.7)
	Disposals	-	(2.1)
	Currency translation differences	13.2	(10.8)
	Closing balance at 30 June	363.2	331.8
	Accumulated amortisation and impairment		
	Opening balance at 1 July	220.4	213.6
	Amortisation for the year	16.3	16.7
	Currency translation differences	7.8	(9.9)
	Closing balance at 30 June	244.5	220.4
	Net intellectual property	118.7	111.4
	Software		
	Opening balance at 1 July	91.4	72.0
	Additions	0.5	0.7
	Transfers from intangible capital work in progress	12.5	18.6
	Currency translation differences	1.1	0.1
	Closing balance at 30 June	105.5	91.4
	Accumulated amortisation and impairment		
	Opening balance at 1 July	44.4	29.9
	Amortisation for the year	13.1	14.4
	Currency translation differences	0.8	0.1
	Closing balance at 30 June	58.3	44.4
	Net Software	47.2	47.0
	Intangible capital work in progress		
	Opening balance at 1 July	9.8	9.4
	Additions	26.1	13.7
	Transfers	(12.5)	(17.9)
	Transfers from property, plant and equipment capital work in progress	3.4	4.6
	Currency translation differences	0.3	-
	Closing balance at 30 June	27.1	9.8
	Total net intangible assets as at 30 June	924.1	855.7

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

CSL Limited and its controlled entities
Notes to the Financial Statements
For the Year Ended 30 June 2014

	Consolidated Entity	
	2014	2013
	US\$m	US\$m
		restated

12 Intangible Assets (continued)

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	719.7	676.3
CSL Intellectual Property	11.4	11.2
Closing balance of goodwill as at 30 June	731.1	687.5

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 9.4% (2013: 9.5%) 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
For the Year Ended 30 June 2014

		Consolidated Entity	
		2014	2013
		US\$m	US\$m
			restated
13	Retirement benefit assets and liabilities		
	Retirement benefit assets		
	Non-current defined benefit plans (refer note 26)	6.7	-
	Retirement benefit liabilities		
	Non-current defined benefit plans (refer note 26)	161.7	167.2
14	Trade and other payables		
	Current		
	Trade payables	213.9	261.1
	Accruals and other payables	387.2	362.7
	Share based payments (EDIP)	30.3	24.1
	Carrying amount of current trade and other payables	631.4	647.9
	Non-current		
	Share based payments (EDIP)	19.4	23.2
	Carrying amount of non-current trade and other payables	19.4	23.2
15	Interest-bearing liabilities and borrowings		
	Current		
	Bank overdrafts – Unsecured	2.4	2.4
	Bank loans – Unsecured (a)	-	-
	Senior Unsecured Notes – Unsecured (b)	-	-
	Lease liability – Secured (c)	3.2	3.3
		5.6	5.7
	Non-current		
	Bank loans – Unsecured (a)	613.9	406.6
	Senior Unsecured Notes - Unsecured (b)	1,245.0	1,243.5
	Lease liability - Secured (c)	25.8	23.1
		1,884.7	1,673.2

- (a) The Group has three revolving committed bank facilities. These facilities mature in November 2016. Interest on the facilities is paid quarterly in arrears at a variable rate. As at the reporting date the Group had \$191.5 million in undrawn funds available under these facilities.
- (b) Represents US\$1,250.0 million of Senior Unsecured Notes placed into the US Private Placement market. The notes mature in March 2018 (US\$100m), November 2018 (US\$200m), March 2020 (US\$150m), November 2021 (US\$250m), March 2023 (US\$150m), November 2023 (US\$200m), March 2025 (US\$100m) and November 2026 (US\$100m). The weighted average interest rate on the notes is fixed at 3.41%.
- (c) Finance leases have an average lease term of 11 years (2013: 12 years). The weighted average discount rate implicit in the leases is 5.19% (2013: 5.85%). The Group's lease liabilities are secured by leased assets of \$15.5 million (2013: \$15.5m). In the event of default, leased assets revert to the lessor.

The Company is in compliance with all debt covenants.

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
For the Year Ended 30 June 2014

		Consolidated Entity	
		2014	2013
		US\$m	US\$m
			restated
16	Tax liabilities		
	Current tax receivable	0.7	6.7
		0.7	6.7
	Current income tax liability	114.6	159.9
		114.6	159.9
17	Provisions		
	Current		
	Employee benefits	86.1	81.6
	Restructuring	3.1	5.3
	Onerous contracts	-	-
	Other	0.9	1.5
		90.1	88.4
	Non-current		
	Employee benefits	35.4	33.4
	Other	0.6	0.8
		36.0	34.2

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 in those affected 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. During the prior financial year the final onerous contract matter relating to the acquisition of Aventis Behring was resolved in the Company's favour. Accordingly the provision is no longer required and has been reversed.

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
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		Consolidated Entity	
		2014	2013
		US\$m	US\$m
			restated
17	Provisions (continued)		
	Movements in provisions		
	<i>Restructuring</i>		
	Opening balance	5.3	6.6
	Provided	-	4.0
	Payments made	(2.3)	(4.8)
	Currency differences	0.1	(0.5)
	Closing balance	3.1	5.3
	<i>Onerous contracts</i>		
	Opening balance	-	10.3
	Reversal of provision no longer required	-	(10.6)
	Currency differences	-	0.3
	Closing balance	-	-
	<i>Other</i>		
	Opening balance	2.3	2.5
	Additional provision	-	0.6
	Payments made	(0.9)	(0.6)
	Currency differences	0.1	(0.2)
	Closing balance	1.5	2.3
18	Deferred government grants		
	Current deferred income	2.3	0.9
	Non-current deferred income	40.9	37.0
	Total deferred government grants	43.2	37.9
19	Derivative financial instruments – current liabilities		
	Forward Currency Contracts	1.3	3.8

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
For the Year Ended 30 June 2014

		Consolidated Entity	
		2014	2013
		US\$m	US\$m
			restated
20 Contributed equity			
Ordinary shares issued and fully paid		-	-
Share buy-back reserve		(2,797.8)	(1,978.3)
Total contributed equity		(2,797.8)	(1,978.3)

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.

Due to share buy-backs, the balance for ordinary share contributed equity has been reduced to nil, and a reserve created to reflect the excess value of shares bought over the original amount of subscribed capital.

	2014		2013	
	Number of shares	US\$m	Number of shares	US\$m
Movement in contributed equity				
Opening balance at 1 July	487,352,182	(1,978.3)	506,929,847	(869.1)
Shares issued to employees via:				
- Performance Options Plan (i)	373,841	11.6	853,680	30.4
- Performance Rights Plan (for nil consideration)	276,511	-	364,264	-
- Global Employee Share Plan (GESP) (ii)	134,934	6.6	171,111	5.7
Share buy-back, inclusive of cost	(13,349,199)	(846.3)	(20,966,720)	(1,135.6)
Tax Adjustment ¹	-	8.6	-	(9.7)
Closing balance	474,788,269	(2,797.8)	487,352,182	(1,978.3)

		Consolidated Entity	
		2014	2013
		US\$m	US\$m
			restated

(i) Options exercised under Performance Option plans as disclosed in note 27 were as follows

- 43,220 issued at A\$17.48 (2013: 97,762 issued at A\$17.48)	0.7	1.8
- 113,385 issued at A\$35.46 (2013: 342,918 issued at A\$35.46)	3.6	12.6
- nil issued at A\$36.23 (2013: 3,240 issued at A\$36.23)	-	0.1
- 139,087 issued at A\$37.91 (2013: 393,166 issued at A\$37.91)	4.8	15.4
- 656 issued at A\$32.50 (2013: 7,104 issued at A\$32.50)	-	0.2
- 77,493 issued at A\$33.45 (2013: 2,550 issued at A\$33.45)	2.5	0.1
- nil issued at A\$29.34 (2013: 6,940 issued at A\$29.34)	0.0	0.2
	11.6	30.4

(ii) Shares issued to employees under Global Employee Share Plan (GESP) as disclosed in note 27 were as follows:

- 68,515 issued at A\$50.40 on 6 September 2013	3.1	2.8
- 66,419 issued at A\$57.43 on 7 March 2014	3.5	2.9
	6.6	5.7

¹ In the period ended 30 June 2014 the Group successfully resolved an outstanding tax matter with the ATO relating to equity raising costs. In the prior comparative period CSL had received amended assessment notices and had reversed the benefit originally recognised in the 2009 financial year. The successful resolution of the matter reinstates the original benefit.

CSL Limited and its controlled entities
Notes to the Financial Statements
For the Year Ended 30 June 2014

		Consolidated Entity	
		2014	2013
		US\$m	US\$m
			restated
21	Reserves		
	Share based payments reserve	138.8	127.0
	Foreign currency translation reserve	599.5	451.3
	Carrying value of reserves at 30 June	738.3	578.3
	Movements in reserves		
	<i>Share based payments reserve (i)</i>		
	Opening balance at 1 July	127.0	96.3
	Share based payments expense	6.1	16.2
	Deferred tax on share based payments	5.7	14.5
	Closing balance at 30 June	138.8	127.0
	<i>Foreign currency translation reserve (ii)</i>		
	Opening balance at 1 July	451.3	536.6
	Net exchange gains / (losses) on translation of foreign subsidiaries, net of hedge	148.2	(85.3)
	Closing balance at 30 June	599.5	451.3

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 and global employee share plan rights issued to employees.

(ii) Foreign currency translation reserve

As disclosed in note 1 (a), the Group's presentation currency is US dollars. Operating results are translated into US dollars at average exchange rates for subsidiaries with a functional currency other than US dollars. For those subsidiaries, assets and liabilities are translated to US 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 Year Ended 30 June 2014

		Consolidated Entity	
	Note	2014 US\$m	2013 US\$m restated
22 Retained earnings			
Opening balance at 1 July		4,417.7	3,723.6
Net profit for the year		1,307.0	1,211.4
Dividends	23	(521.5)	(499.4)
Actuarial gain/(loss) on defined benefit plans		23.7	(22.1)
Deferred tax on actuarial gain/(loss) on defined benefit plans		(5.4)	4.2
Closing balance at 30 June		5,221.5	4,417.7
23 Dividends			
Dividends paid			
Dividends recognised in the current year by the Group are:			
Final ordinary dividend of \$0.52 per share, unfranked, paid on 4 October 2013 (2013: A\$0.47 per share, unfranked)		255.8	247.1
Interim ordinary dividend of \$0.53 per share, unfranked, paid on 4 April 2014 (2013: \$0.50 per share, unfranked)		265.7	252.3
		521.5	499.4
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 \$0.60 per fully paid ordinary share, unfranked (2013: ordinary dividend of \$0.52 per share, unfranked). The final dividend is expected to be paid on 3 October 2014. Based on the number of shares on issue as at reporting date, the aggregate amount of the proposed dividend would be:			
		284.9	253.4
The actual aggregate dividend amount paid out of profits will be dependent on the actual number of shares on issue at dividend record date.			

CSL Limited and its controlled entities
Notes to the Financial Statements
For the Year Ended 30 June 2014

		Consolidated Entity	
	Notes	2014 US\$m	2013 US\$m restated
24 Equity			
Total equity at the beginning of the financial year		3,017.7	3,487.4
Total comprehensive income for the period		1,473.5	1,108.0
Movement in contributed equity	20	(819.5)	(1,109.2)
Dividends	23	(521.5)	(499.4)
Movement in share based payments reserve	21	11.8	30.7
Total equity at the end of the financial year		3,162.0	3,017.7
25 Statement of Cash Flows			
(a) Reconciliation of cash and cash equivalents and non-cash financing and investing activities			
<i>Cash at the end of the year is shown in the cash flow statement as:</i>			
Cash at bank and on hand	6	393.0	203.5
Cash deposits	6	215.7	558.7
Bank overdrafts	15	(2.4)	(2.4)
		606.3	759.8
(b) Reconciliation of Profit after tax to Cash Flows from Operations			restated
Profit after tax		1,307.0	1,211.4
Non-cash items in profit after tax			
Depreciation, amortisation and impairment charges		194.9	201.6
(Gain)/loss on disposal of property, plant and equipment		-	0.6
Share based payments expense		6.2	53.1
Changes in assets and liabilities:			
(Increase)/decrease in trade and other receivables		(90.1)	(14.1)
(Increase)/decrease in inventories		31.2	(162.8)
(Increase)/decrease in retirement benefit assets		(6.5)	-
Increase/decrease in net tax assets and liabilities		(51.8)	(47.1)
Increase/(decrease) in trade and other payables		(23.6)	85.6
Increase/(decrease) in provisions		5.2	(31.8)
Increase/(decrease) in retirement benefit liabilities		(11.8)	15.2
Net cash inflow from operating activities		1,360.7	1,311.7
(c) Non cash financing activities			
Acquisition of plant and equipment by means of finance leases		5.0	2.4

CSL Limited and its controlled entities
Notes to the Financial Statements
For the Year Ended 30 June 2014

		Consolidated Entity	
		2014	2013
		US\$m	US\$m
			restated
26 Employee benefits			
A reconciliation of the employee benefits recognised is as follows:			
Retirement benefit assets – non-current (note 13)		6.7	-
Provision for employee benefits – current (note 17)		86.1	81.6
Retirement benefit liabilities – non-current (note 13)		161.7	167.2
Provision for employee benefits – non-current (note 17)		35.4	33.4
		283.2	282.2
		Number of FTEs	
		2014	2013
The number of full time equivalents employed at 30 June		12,196	11,285

(a) Defined benefit plans

The Group sponsors a range of defined benefit pension plans that provide either a lump sum or ongoing 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.

		Consolidated Entity	
		2014	2013
		US\$m	US\$m
			restated
Movements in the net liability/(asset) for defined benefit obligations recognised in the balance sheet			
<i>Net liability/(asset) for defined benefit obligation:</i>			
Opening balance		167.2	161.2
Contributions received		(18.0)	(10.8)
Benefits paid		(6.0)	(3.8)
Expense/(benefit) recognised in the statement of comprehensive income		30.5	5.5
Actuarial (gains)/losses recognised in equity		(24.7)	14.5
Currency translation differences		6.0	0.6
Closing balance		155.0	167.2
<i>Net liability/(asset) for defined benefit obligation is reconciled to the balance sheet as follows:</i>			
Retirement benefit assets – non-current (note 13)		(6.7)	-
Retirement benefit liabilities – non-current (note 13)		161.7	167.2
Net liability/(asset)		155.0	167.2

Amounts for the current and previous periods are as follows:

		Consolidated Entity		
		2014	2013	2012
		US\$m	US\$m	US\$m
			restated	restated
Defined benefit obligation		667.1	603.4	546.6
Plan assets		512.1	436.2	385.4
Surplus/(deficit)		(155.0)	(167.2)	(161.2)
Experience adjustments on plan liabilities		(2.5)	(51.6)	(60.3)
Experience adjustments on plan assets		27.2	37.7	(9.0)
Actual return on plan assets		36.8	49.8	8.8

CSL Limited and its controlled entities
Notes to the Financial Statements
For the Year Ended 30 June 2014

		Consolidated Entity	
		2014	2013
		US\$m	US\$m
			restated
26	Employee benefits (continued)		
(a)	Defined benefit plans (continued)		
Changes in the present value of the defined benefit obligation are as follows:			
	Opening balance	603.4	546.7
	Service cost	23.8	21.5
	Interest cost	15.3	16.4
	Contributions by members	7.1	6.1
	Actuarial (gains)/losses	2.5	51.6
	Benefits paid	(13.6)	(19.3)
	Past service costs #	-	(20.7)
	Other movements	0.8	0.5
	Currency translation differences	27.8	0.6
	Closing balance	667.1	603.4
<i>The present value of the defined benefit obligation comprises:</i>			
	Present value of wholly unfunded obligations	156.2	142.2
	Present value of funded obligations	510.9	461.2
		667.1	603.4
Changes in the fair value of plan assets are as follows:			
	Opening balance	436.2	385.4
	Interest income	9.6	10.3
	Actuarial gains/(losses) on plan assets	27.2	39.5
	Contributions by employer	18.0	10.8
	Contributions by members	7.1	6.1
	Benefits paid	(7.6)	(15.7)
	Other movements	(0.2)	(0.2)
	Currency translation differences	21.8	-
	Closing balance	512.1	436.2
The major categories of total plan assets are as follows:			
	Cash	29.4	30.6
	Investments quoted in active markets:		
	Equity instruments	195.6	154.9
	Bonds	213.0	182.7
	Unquoted investments:		
	Property	68.7	62.5
	Other assets	5.4	5.5
	Total Plan Assets	512.1	436.2
Expenses/(gains) recognised in the statement of comprehensive income are as follows:			
	Current service costs	24.7	22.5
	Net Interest cost	5.7	6.1
	Past service costs #	0.1	(20.7)
	Total included in employee benefits expense	30.5	7.9
# past service costs arise as a consequence of a reduction in plan benefits			

CSL Limited and its controlled entities
Notes to the Financial Statements
For the Year Ended 30 June 2014

		Consolidated Entity	
		2014	2013
			restated
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		2.4%	2.5%
Future salary increases		2.3%	2.2%
Future pension increases		0.4%	0.4%
Surplus/(deficit) for each defined benefit plan on a funding basis	Plan assets²	Accrued benefit²	Plan surplus / (deficit)
	US\$m	US\$m	US\$m
Consolidated Entity – June 2014			
CSL Pension Plan (Australia) *	35.6	(31.2)	4.4
CSL Behring AG Pension Fund (Switzerland) #	416.5	(414.2)	2.3
CSL Behring Union Pension Plan (US UPP) #	60.0	(65.5)	(5.5)
CSL Behring GmbH Supplementary Pension Plan (Germany) #	-	(129.9)	(129.9)
CSL Pharma GmbH Pension Plan (Germany) #	-	(2.2)	(2.2)
CSL Behring KG Pension Plan (Germany) #	-	(8.6)	(8.6)
CSL Plasma GmbH Pension Plan (Germany) #	-	(0.2)	(0.2)
CSL Behring KK Retirement Allowance Plan (Japan) *	-	(13.1)	(13.1)
CSL Behring S.A. Pension Plan (France) *	-	(0.7)	(0.7)
CSL Behring S.p.A Pension Plan (Italy) *	-	(1.5)	(1.5)
	512.1	(667.1)	(155.0)
* indicates a plan that pays a lump sum benefit upon exit			
# indicates a plan that pays an ongoing pension			
Consolidated Entity – June 2013 (restated)			
CSL Pension Plan (Australia)	33.7	(34.3)	(0.6)
CSL Behring AG Pension Fund (Switzerland)	347.7	(357.9)	(10.2)
CSL Behring Union Pension Plan (US UPP)	54.8	(68.9)	(14.1)
CSL Behring GmbH Supplementary Pension Plan (Germany)	-	(116.0)	(116.0)
CSL Pharma GmbH Pension Plan (Germany)	-	(2.0)	(2.0)
CSL Behring KG Pension Plan (Germany)	-	(7.7)	(7.7)
CSL Plasma GmbH Pension Plan (Germany)	-	(0.2)	(0.2)
CSL Behring KK Retirement Allowance Plan (Japan)	-	(14.7)	(14.7)
CSL Behring S.A. Pension Plan (France)	-	(0.4)	(0.4)
CSL Behring S.p.A Pension Plan (Italy)	-	(1.3)	(1.3)
	436.2	(603.4)	(167.2)

² 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. 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 400% of the employee contribution to Penka 1 from 1 January 2013, previously the rate was 300% of the employee contribution (2014: €5.2m, 2013: €4.5m) and 100% of the employee contribution to Penka 2 (2014: €0.7m, 2013: €0.6m). Until the change in contribution rate for Penka 1 neither of these contribution rates has changed since 2007. Contributions are expensed in the year in which they are made.

CSL Limited and its controlled entities
Notes to the Financial Statements
For the Year Ended 30 June 2014

26 Employee benefits (continued)

(a) Defined benefit plans (continued)

Quantitative sensitivity analysis for significant assumptions as at 30 June 2014:

An increase in the discount rate of 0.25% in the Group's largest plan would increase the Defined Benefit Obligation by \$16.3m, a decrease of 0.25% in the discount rate would result in a reduction in the Defined Benefit Obligation of \$15.1m.

The following payments have been estimated by the plan actuaries as being required to satisfy the defined benefit obligations. The actual payments will depend on the pattern of employee exits from the Group's plans.

Year ended 30 June 2015	\$20.1m
Between two and five years	\$91.1m
Between five and ten years	\$136.7m
Beyond ten years	\$419.2m

(b) Defined contribution plans

The Group makes contributions to various defined contribution pension plans. The amounts recognised as an expense for the year ended 30 June 2014 was \$26.4m (2013: \$23.5m).

	Consolidated Entity	
	2014	2013
	US\$m	US\$m

27 Share based payments

(a) Recognised share based payments expenses

The expense recognised for employee services rendered during the year is as follows:

Expense arising from equity-settled share-based payment transactions	6.1	16.2
Expense arising from cash-settled share-based payment transactions	29.5	36.9
	35.6	53.1

(b) 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:

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 and subsequently amended with effect from October 2006. All share based long term incentives issued under the original plan and granted prior to April 2006 were exercised or lapsed by June 2009.

CSL Limited and its controlled entities

Notes to the Financial Statements

For the Year Ended 30 June 2014

27 Share based payments (continued)

(b) Share based payment schemes (continued)

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 2009.

Share based long term incentives issued between October 2010 and October 2011

Changes were made to the terms and conditions and key characteristics of Performance Rights and Performance Options granted since October 2010 and the number of employees who received grants was reduced following the introduction of the Executive Deferred Incentive Plan. Employees receiving a grant under the Plan received 80% of their entitlement in Performance Rights and 20% in Performance Options. Subject to performance hurdles being satisfied vesting of 50% of the LTI award will occur after 3 years, with the remaining 50% vesting after the 4th anniversary of the award date. EPS and TSR measures are applied to both Performance Rights and Performance Options as detailed in the Remuneration Report.

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

Share based long term incentives issued since October 2012

Prior to October 2012, LTI grants in October 2010 and 2011 were made up in the form of Performance Rights and Performance Options. Changes were made to the plan in October 2012 with LTI grants to be made up of solely Performance Rights. The hurdles for this and future grants will be set and measured in US Dollars in line with our presentation currency. Subject to performance hurdles being satisfied vesting of 50% of the LTI award will occur after 3 years, with the remaining 50% vesting after the 4th anniversary of the award date. The main changes were the adjustment to graduated vesting for the compound EPS hurdle and the move to measuring relative TSR through comparison with an international index of Pharma and Biotech companies rather than using an ASX comparator group.

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 A\$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.

Executive Deferred Incentive Plan (EDIP)

On 1 October 2013, 364,233 notional shares were granted to employees under the Executive Deferred Incentive Plan (2012: 421,250). This plan provides for a grant of notional 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.

CSL Limited and its controlled entities
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For the Year Ended 30 June 2014

27 Share based payments (continued)

(c) 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 2014	Opening Balance	Granted	Exercised	Forfeited	Lapsed	Closing balance	Exercise Price	Expiry date	Vested at 30 June 2014
Options (by grant date)									
							A\$		
2 October 2006	43,220	-	43,220	-	-	-	\$17.48	2-Oct-13	-
1 October 2007	174,533	-	113,385	35	-	61,113	\$35.46	30-Sep-14	61,113
1 October 2008	253,515	-	139,087	1,180	655	112,593	\$37.91	30-Sep-15	112,593
1 April 2009	656	-	656	-	-	-	\$32.50	31-Mar-16	-
1 October 2009	985,469	-	-	8,947	-	976,522	\$33.68	30-Sep-16	-
1 October 2010	200,101	-	77,493	911	-	121,697	\$33.45	30-Sep-17	23,640
1 October 2011	247,910	-	-	2,816	-	245,094	\$29.34	30-Sep-18	-
	1,905,404	-	373,841	13,889	655	1,517,019			197,346
Performance Rights (by grant date)									
2 October 2006	7,818	-	7,818	-	-	-	Nil	2-Oct-13	-
1 October 2007	27,915	-	15,753	-	-	12,162	Nil	30-Sep-14	12,162
1 October 2008	49,402	-	29,512	500	-	19,390	Nil	30-Sep-15	19,390
1 April 2009	600	-	-	-	-	600	Nil	31-Mar-16	600
1 October 2009	159,291	-	107,987	761	-	50,543	Nil	30-Sep-16	50,543
1 October 2010	262,979	-	115,441	1,199	-	146,339	Nil	30-Sep-17	17,470
1 October 2011	275,491	-	-	3,129	-	272,362	Nil	30-Sep-18	-
1 October 2012	247,780	-	-	4,387	-	243,394	Nil	30-Sep-19	-
1 October 2013	-	142,240	-	-	-	142,240	Nil	30-Sep-20	-
1 April 2014	-	8,416	-	-	-	8,416	Nil	30-Sep-20	-
	1,031,276	150,656	276,511	9,976	-	895,446			100,165
GESP (by grant date)									
1 March 2013	68,515	-	68,515	-	-	-	\$50.40	31-Aug-13	-
1 September 2013	-	66,419	66,419	-	-	-	\$57.43	28-Feb-14	-
1 March 2014 [#]	-	72,224	-	-	-	72,224	\$56.57	31-Aug-14	-
	68,515	138,643	134,934	-	-	72,224			
Total	3,005,195	289,299	785,286	23,864	655	2,484,689			297,511

[#] As noted above, the exercise price at which GESP plan shares are issued is calculated at a 15% discount to the lower of the ASX market price on the first and last dates of the contribution period. Accordingly the exercise price and the final number of shares issued is not yet known (and may differ from the assumptions and fair values disclosed below). The number of shares which may ultimately be issued based on entitlements granted on 1 March 2014 has been estimated based on information available as at 30 June 2014.

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

Options	A\$66.85
Performance Rights	A\$67.96
GESP	A\$53.86

CSL Limited and its controlled entities
Notes to the Financial Statements
For the Year Ended 30 June 2014

27 Share based payments (continued)

(c) 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 2013	Opening Balance	Granted	Exercised	Forfeited	Lapsed	Closing balance	Exercise Price	Expiry date	Vested at 30 June 2013
Options (by grant date)									
							A\$		
2 October 2006	140,982	-	97,762	-	-	43,220	\$17.48	2-Oct-13	43,220
1 October 2007	521,831	-	342,918	4,380	-	174,533	\$35.46	30-Sep-14	174,533
1 April 2008	3,240	-	3,240	-	-	-	\$36.23	31-Mar-15	-
1 October 2008	651,585	-	393,166	4,904	-	253,515	\$37.91	30-Sep-15	253,515
1 April 2009	7,760	-	7,104	-	-	656	\$32.50	31-Mar-16	656
1 October 2009	1,020,640	-	-	35,171	-	985,469	\$33.68	30-Sep-16	-
1 October 2010	216,420	-	2,550	13,769	-	200,101	\$33.45	30-Sep-17	-
1 October 2011	261,140	-	6,940	6,290	-	247,910	\$29.34	30-Sep-18	-
	2,823,598	-	853,680	64,514	-	1,905,404			471,924
Performance Rights (by grant date)									
2 October 2006	32,277	-	24,459	-	-	7,818	Nil	2-Oct-13	7,818
1 October 2007	51,800	-	23,885	-	-	27,915	Nil	30-Sep-14	27,915
1 April 2008	252	-	252	-	-	-	Nil	31-Mar-15	-
1 October 2008	235,580	-	183,778	2,400	-	49,402	Nil	30-Sep-15	49,402
1 April 2009	2,880	-	2,280	-	-	600	Nil	31-Mar-16	600
1 October 2009	282,905	-	118,540	5,074	-	159,291	Nil	30-Sep-16	28,864
1 October 2010	284,420	-	3,350	18,091	-	262,979	Nil	30-Sep-17	-
1 October 2011	290,200	-	7,720	6,989	-	275,491	Nil	30-Sep-18	-
1 October 2012	-	247,780	-	-	-	247,780	Nil	30-Sep-19	-
	1,180,314	247,780	364,264	32,554	-	1,031,276			114,599
GESP (by grant date)									
1 March 2012	95,521	-	95,521	-	-	-	\$27.87	31-Aug-12	-
1 September 2012	-	75,590	75,590	-	-	-	\$37.45	28-Feb-13	-
1 March 2013 [#]	-	68,878	-	-	-	68,878	\$50.98	31-Aug-13	-
	95,521	144,468	171,111	-	-	68,878			
Total	4,099,433	392,248	1,389,055	97,068	-	3,005,558			586,523

[#] As noted above, the exercise price at which GESP plan shares are issued is calculated at a 15% discount to the lower of the ASX market price on the first and last dates of the contribution period. Accordingly the exercise price and the final number of shares issued is not yet known (and may differ from the assumptions and fair values disclosed below). The number of shares which may ultimately be issued based on entitlements granted on 1 March 2013 has been estimated based on information available as at 30 June 2013.

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

Options	A\$48.46
Performance Rights	A\$50.10
GESP	A\$50.84

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For the Year Ended 30 June 2014

27 Share based payments (continued)

(d) 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)	A\$	A\$	A\$				
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 October 2010 – Tranche 1	\$26.59	\$32.94	Nil	30.0%	3 years	2.5%	4.83%
1 October 2010 – Tranche 2	\$26.23	\$32.94	Nil	30.0%	4 years	2.5%	4.91%
1 October 2011 – Tranche 1	\$23.75	\$29.34	Nil	27.0%	3 years	2.5%	3.44%
1 October 2011 – Tranche 2	\$23.41	\$29.34	Nil	27.0%	4 years	2.5%	3.52%
1 October 2012 – Tranche 1	\$35.52	\$45.76	Nil	21.0%	3 years	2.0%	2.41%
1 October 2012 – Tranche 2	\$34.69	\$45.76	Nil	21.0%	4 years	2.0%	2.50%
1 October 2013 – Tranche 1	\$49.86	\$64.53	Nil	21.0%	3 years	2.0%	3.11%
1 October 2013 – Tranche 2	\$49.00	\$64.53	Nil	21.0%	3 years	2.0%	3.31%
1 April 2014 – Tranche 1	\$51.59	\$69.47	Nil	21.0%	2.5 years	2.0%	3.25%
1 April 2014 – Tranche 2	\$51.04	\$69.47	Nil	21.0%	3.5 years	2.0%	3.47%

¹ Options and rights granted are subject to a service condition. Option grants made between 2006 and 2009 are also subject to a non-market vesting condition based on earnings per share (EPS). Service conditions and non-market conditions are not taken into account in the determination of fair value at grant date. Contrastingly, grants of rights made between 2006 and 2009 are also subject to a market vesting condition based on total shareholder returns (TSR), a condition which is taken into account when the fair value of rights is determined. However as a result of the comprehensive review carried out on the PRP, since October 2010 grants of Performance Rights and Options now consist of a market vesting condition TSR hurdle and a non market vesting condition EPS hurdle equally applied to each grant.

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
For the Year Ended 30 June 2014

27 Share based payments (continued)

(d) 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)	A\$	A\$	A\$				
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%
1 October 2010 – Tranche 1	\$8.46	\$32.94	\$33.45	30.0%	3 years	2.5%	4.83%
1 October 2010 – Tranche 2	\$8.90	\$32.94	\$33.45	30.0%	4 years	2.5%	4.91%
1 October 2011 – Tranche 1	\$6.34	\$29.34	\$29.34	27.0%	3 years	2.5%	3.44%
1 October 2011 – Tranche 2	\$6.77	\$29.34	\$29.34	27.0%	4 years	2.5%	3.52%
GESP (by grant date)³							
1 March 2012	\$4.92	\$32.79	\$27.87	21.0%	6 months	2.0%	2.41%
1 September 2012	\$6.61	\$44.06	\$37.45	21.0%	6 months	2.0%	2.41%
1 March 2013	\$9.00	\$59.98	\$50.98	21.0%	6 months	2.0%	2.41%
1 September 2013	\$11.57	\$69.00	\$57.43	21.0%	6 months	2.0%	2.41%
1 March 2014	\$15.11	\$71.68	\$56.57	21.0%	6 months	2.0%	2.41%

¹ Options and rights granted are subject to a service condition. Option grants made between 2006 and 2009 are also subject to a non-market vesting condition based on earnings per share (EPS). Service conditions and non-market conditions are not taken into account in the determination of fair value at grant date. Contrastingly, grants of rights made between 2006 and 2009 are also subject to a market vesting condition based on total shareholder returns (TSR), a condition which is taken into account when the fair value of rights is determined. However as a result of the comprehensive review carried out on the PRP, since October 2010 grants of Performance Rights and Options now consist of a market vesting condition TSR hurdle and a non market vesting condition EPS hurdle equally applied to each grant.

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
For the Year Ended 30 June 2014

27 Share based payments (continued)

(e) Cash-settled EDIP

The fair value of the cash-settled notional shares is measured by reference to the CSL share price at reporting date, adjusted for the dividend yield and the number of days left in the vesting period.

The following table lists the inputs to the models used during the year:

	Consolidated Entity	
	2014	2013
October 2011 grant		
Dividend yield (%)	1.5%	2.0%
Fair value of grants at reporting date	A\$66.30	A\$60.07
October 2012 grant		
Dividend yield (%)	1.5%	2.0%
Fair value of grants at reporting date	A\$65.32	A\$58.89
October 2013 grant		
Dividend yield (%)	1.5%	-
Fair value of grants at reporting date	A\$64.36	-

(f) Recognised cash-settled share based payments liability

The carrying amount of the liability relating to the cash-settled share-based payment at 30 June 2014 is \$49.7m (2013: \$47.3m). The October 2010 EDIP grant vested during the period ended 30 June 2014 and an amount of \$28.0m was paid (2013: \$Nil).

CSL Limited and its controlled entities

Notes to the Financial Statements

For the Year Ended 30 June 2014

28 Key management personnel disclosures

The following were key management personnel of the Group at any time during the 2014 and 2013 financial years and unless otherwise indicated they were key management personnel (KMP) during the whole of those financial years:

Non-executive directors	Executive directors
J Shine	P Perreault (Chief Executive Officer & Managing Director)
J Akehurst	Executives
D W Anstice	G Naylor (Chief Financial Officer)
B Brook	A Cuthbertson (Chief Scientific Officer)
M McDonald (appointed 14 August 2013)	G Boss (Group General Counsel)
C O'Reilly	I Sieper (Executive VP, Commercial Operations)
I A Renard (retired 16 October 2013)	M Sontrop (Executive VP, Operations)
M A Renshaw	K Etchberger (Executive VP, Quality & Business Services)
	E Bailey (Company Secretary, role ceased to be KMP 30 June 2013)
	J Lever (Senior VP, Human Resources, retired 30 March 2014)
	L Cowan (Senior VP, Human Resources, appointed 31 March 2014)

(a) *Total compensation for key management personnel*

	Consolidated Entity	
	US\$	US\$
	2014	2013
Total of short term remuneration elements	12,512,354	18,038,296
Total of post-employment elements	543,812	644,096
Total of other long term elements	1,506,695	1,913,093
Total of share based payments	4,971,575	14,567,816
Total of all remuneration elements ¹	19,534,436	38,070,033

The basis upon which remuneration amounts have been determined is further described in the remuneration report included in section 16 of the Directors' Report.

¹ This note discloses remuneration of individuals defined as KMP for the relevant period.

(b) *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 supplier relationship on terms no more favourable than those which it would be reasonable expect the entity would have achieved if dealing on arm's length in similar circumstances.

- Supply of commercial energy from Origin Energy Limited of which Mr John Akehurst is a Director
- Supply of commercial energy from Energy Australia of which Ms Christine O'Reilly is a Director
- A contract relating to the provision of health insurance services to CSL employees in Australia with Medibank Private Limited of which Ms Christine O'Reilly is a Director

CSL Limited and its controlled entities

Notes to the Financial Statements

For the Year Ended 30 June 2014

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.

Partly owned subsidiaries

- No transactions occurred during the year.

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
For the Year Ended 30 June 2014

		Consolidated Entity	
		2014	2013
		US\$	US\$
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	865,366	900,811
	Ernst & Young related practices	2,492,591	2,313,038
	Total remuneration for audit services	3,357,957	3,213,849
(b)	Other services		
	Ernst & Young		
	- compliance and other services	-	56,452
	Ernst & Young related practices		
	- compliance and other services	86,245	114,135
	Total remuneration for non audit services	86,245	170,587
	Total remuneration for all services rendered	3,444,202	3,384,436
31	Commitments and contingencies		
(a)	Operating leases	2014	2013
		US\$m	US\$m
	Commitments for minimum lease payments in relation to non cancellable operating leases are payable as follows:		
	Not later than one year	39.8	31.6
	Later than one year but not later than five years	123.0	101.1
	Later than five years	259.4	233.0
		422.2	365.7

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
For the Year Ended 30 June 2014

		Consolidated Entity	
		2014	2013
		US\$m	US\$m
31	Commitments and contingencies (continued)		
(b)	Finance leases		
	Commitments in relation to finance leases are payable as follows:		
	Not later than one year	4.4	4.5
	Later than one year but not later than five years	10.2	11.4
	Later than five years	24.6	21.5
	Total minimum lease payments	39.2	37.4
	Future finance charges	(10.2)	(11.0)
	Finance lease liability	29.0	26.4
	The present value of finance lease liabilities is as follows:		
	Not later than one year	3.2	3.3
	Later than one year but not later than five years	6.3	7.3
	Later than five years	19.5	15.8
		29.0	26.4
	Finance lease – current liability (refer note 15)	3.2	3.3
	Finance lease – non-current liability (refer note 15)	25.8	23.1
		29.0	26.4
	Finance leases entered into relate predominantly to leased plant and equipment. The leases have varying terms but lease payments are generally fixed for the life of the agreement. In some instances, at the end of the lease term the Group has the option to purchase the equipment. No finance leases contain restrictions on financing or other leasing activities.		
(c)	Capital commitments		
	During the year, the capital expenditure contracted for but not provided for in the financial statements, payable:		
	Not later than one year	99.3	101.5
	Later than one year but not later than five years	1.1	6.1
	Later than five years	-	-
		100.4	107.6
(d)	Contingent assets and liabilities		
	Guarantees		
	The Group provides 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 key management personnel who take part in the management of Group entities. The maximum liability that could arise, for which no provisions are included in the financial statements is as follows:		
	Service agreements	6.2	6.3

CSL Limited and its controlled entities
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Litigation

On 7 October 2013 the Group announced that it had signed an agreement to settle for \$64m the US antitrust class action litigation in which the plaintiffs had claimed 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 settlement was approved by the U.S. Federal Court as fair and reasonable on 22 January 2014 and become final on 31 March 2014. The settlement amount has been included as an expense and was paid during the financial year.

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

CSL Limited and its controlled entities
Notes to the Financial Statements
For the Year Ended 30 June 2014

32 Controlled Entities

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

	Country of incorporation	Percentage Owned		
		2014 %	2013 %	
Company:				
CSL Limited	Australia			
Subsidiaries of CSL Limited:				
CSL Employee Share Trust	Australia	100	100	
bioCSL Pty Ltd	Australia	100	100	
bioCSL (Australia) Pty Ltd	Australia	100	100	
bioCSL (NZ) Limited	New Zealand	100	100	(a)
bioCSL Inc	USA	-	100	(b)
Cervax Pty Ltd	Australia	74	74	
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 Behring (Australia) Pty Ltd	Australia	100	100	
CSL Behring (NZ) Limited	New Zealand	100	-	(a)(c)
CSL Behring (Privigen) 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 UK Holdings Limited	England	100	100	(a)
ZLB Bioplasma UK Limited	England	100	100	(a)
CSL Behring sp.z.o.o.	Poland	100	100	(a)
CSLB Holdings Inc	USA	100	100	(a)
bioCSL Inc	USA	100	100	(d)
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)
bioCSL 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 Limited and its controlled entities
Notes to the Financial Statements
For the Year Ended 30 June 2014

		Country of incorporation	Percentage Owned		
			2014	2013	
			%	%	
32	Controlled Entities (continued)				
	CSL International Pty Ltd (continued)				
	CSL Behring Asia Pacific Limited	Hong Kong	100	100	(a)
	CSL (Shanghai) Biotherapies Consulting Ltd	China	100	100	(a)
	CSL Behring S.A.	Argentina	100	100	(a)
	CSL Behring Panama S.A.	Panama	100	100	(a)
	CSL Behring s.r.o.	Czech Republic	100	100	(a)
	CSL Behring K.f.t.	Hungary	100	100	(a)
	CSL Behring AS	Turkey	100	-	(c)
	CSL Behring Holdings Ltd.	England	100	100	(a)
	CSL Behring UK Ltd.	England	100	100	(a)
	CSL Behring AG	Switzerland	100	100	(a)
	CSL Finance GmbH	Germany	100	-	(c)
	CSL Behring Holdings GmbH	Germany	100	-	(c)
	CSL Behring Recombinant Facility AG	Switzerland	100	-	(c)
(a)	Audited by affiliates of the Company auditors.				
(b)	Entity dissolved on 20 February 2014				
(c)	Entity incorporated during the year				
(d)	Previously CSL Biotherapies Inc				

CSL Limited and its controlled entities
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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 (now bioCSL (Australia) Pty Ltd) and Zenyth Therapeutics Pty Ltd. During the prior year bioCSL Pty Ltd, CSL Behring (Australia) Pty Ltd and CSL Behring (Privigen) Pty Ltd were added to the deed. 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 2014 and a consolidated balance sheet as at that date.

Income Statement	Consolidated Closed Group	
	2014	2013
	A\$m	A\$m
Continuing operations		
Sales revenue	720.7	697.3
Cost of sales	(484.4)	(447.3)
Gross profit	236.3	250.0
Sundry revenues	113.6	16.4
Dividend income ¹	1,145.6	18,746.1
Interest income	18.7	27.8
Research and development expenses	(175.2)	(188.5)
Selling and marketing expenses	(60.3)	(73.0)
General and administration expenses	(103.1)	(130.7)
Finance costs	31.5	36.5
Profit before income tax expense	1,207.1	18,684.6
Income tax (expense)/benefit	(11.0)	28.3
Profit for the year	1,196.1	18,712.9

¹ Dividend income in 2013 includes an amount resulting from a gain on the sale of an entity, at fair value, from one Group company to another. This transaction eliminates on consolidation at the CSL Group level but not at the Closed Group level presented in this note. The gain was paid as a dividend to CSL International Pty Ltd, a member of the Closed Group.

CSL Limited and its controlled entities
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For the Year Ended 30 June 2014

	Consolidated Closed Group	
	2014	2013
	A\$m	A\$m
33 Deed of Cross Guarantee (continued)		
Balance sheet		
CURRENT ASSETS		
Cash and cash equivalents	349.8	621.1
Trade and other receivables	104.0	117.6
Inventories	175.9	196.6
Total Current Assets	629.7	935.3
NON-CURRENT ASSETS		
Trade and other receivables	15.4	45.3
Other financial assets	19,006.1	19,006.1
Property, plant and equipment	609.4	584.3
Deferred tax assets	83.4	67.9
Intangible assets	45.0	24.1
Retirement benefit assets	4.6	-
Total Non-Current Assets	19,763.9	19,727.7
TOTAL ASSETS	20,393.6	20,663.0
CURRENT LIABILITIES		
Trade and other payables	164.2	190.9
Provisions	41.6	46.9
Deferred government grants	2.3	1.0
Total Current Liabilities	208.1	238.8
NON-CURRENT LIABILITIES		
Trade and other payables	21.6	15.5
Deferred tax liabilities	10.6	14.9
Provisions	13.3	13.0
Deferred government grants	43.4	39.9
Retirement benefit liabilities	-	0.6
Total Non-Current Liabilities	88.9	83.9
TOTAL LIABILITIES	297.0	322.7
NET ASSETS	20,096.6	20,340.3
EQUITY		
Contributed equity	(2,351.5)	(1,464.7)
Reserves	158.2	152.7
Retained earnings	22,289.9	21,652.3
TOTAL EQUITY	20,096.6	20,340.3
Summary of movements in consolidated retained earnings of the Closed Group		
Retained earnings at beginning of the financial year	21,652.3	3,415.8
Net profit	1,196.1	18,712.9
Actuarial gain/(loss) on defined benefit plans, net of tax	4.1	1.8
Dividends provided for or paid	(562.6)	(478.2)
Retained earnings at the end of the financial year	22,289.9	21,652.3

CSL Limited and its controlled entities

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For the Year Ended 30 June 2014

34 Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise receivables, payables, bank loans and overdrafts, unsecured notes, lease liabilities 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

(a) Foreign exchange risk

The Group operates internationally and is 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.

CSL Limited and its controlled entities
Notes to the Financial Statements
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34 Financial Risk Management Objectives and Policies (continued)

The table below summarises by currency the US dollar value of forward exchange agreements at balance date. Foreign currency amounts are translated at rates prevailing at reporting date. Entities in the group 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 entities from movements in exchange rates that would give rise to a profit or loss impact.

Currency	Average Exchange Rate		2014		2013	
	2014	2013	Buy US\$m	Sell US\$m	Buy US\$m	Sell US\$m
US Dollar ¹						
3 months or less	1.1419	1.2265	0.4	(277.7)	14.0	(228.0)
Swiss Francs						
3 months or less	0.8912	0.9442	365.2	(49.0)	324.6	(85.1)
Argentina Peso						
3 months or less	8.1318	5.3758	-	(12.7)	-	(15.6)
Euro						
3 months or less	0.7318	0.7666	520.1	(371.2)	479.1	(348.2)
Pounds Sterling						
3 months or less	0.5873	0.6550	-	(16.7)	0.7	(24.2)
Hungarian Florint						
3 months or less	227.10	226.66	-	(8.9)	-	(3.2)
Japanese Yen						
3 months or less	101.26	98.90	0.6	(15.5)	2.7	(16.4)
Swedish Kroner						
3 months or less	6.7406	6.7266	0.7	(17.0)	1.6	(15.9)
Danish Kroner						
3 months or less	5.4654	5.7103	-	(12.9)	-	(9.3)
Mexican Peso						
3 months or less	12.9625	12.9995	0.5	(47.5)	-	(42.5)
Brazilian Real						
3 months or less	2.1937	2.1989	-	(23.2)	-	(15.9)
Czech Koruna						
3 months or less	20.13	19.95	-	(2.2)	-	(1.8)
Chinese Renimbi						
3 months or less	6.2073	6.1453	-	(83.9)	-	(48.4)
New Zealand Dollar						
3 months or less	1.1421	1.2819	-	(0.6)	-	(2.7)
Polish Zloty						
3 months or less	3.0463	3.3097	3.8	(15.1)	-	(3.2)
Australian Dollar						
3 months or less	1.0618	1.0816	121.2	(58.4)	78.6	(40.9)
			1,012.5	(1,012.5)	901.3	(901.3)

¹ US Dollar hedge contracts are in place in Group entities with functional currencies other than US Dollars.

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.

CSL Limited and its controlled entities
Notes to the Financial Statements
For the Year Ended 30 June 2014

34 Financial Risk Management Objectives and Policies (continued)

(b) 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 2014, no derivative financial instruments hedging interest rate risk were outstanding (2013: 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 Entity – June 2014	Floating rate (1)	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			
	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m	
Financial Assets							
Cash and cash equivalents	608.7	-	-	-	-	608.7	1.6%
Trade and other receivables	-	-	-	-	961.6	961.6	-
Other financial assets	-	-	-	-	1.3	1.3	-
	608.7	-	-	-	962.9	1,571.6	
Financial Liabilities							
Trade and other payables	-	-	-	-	650.8	650.8	-
Bank loans – unsecured	613.9	-	-	-	-	613.9	1.1%
Bank overdraft – unsecured	2.4	-	-	-	-	2.4	0.0%
Senior unsecured notes	-	-	300.0	945.0	-	1,245.0	3.4%
Lease liabilities	-	3.2	6.3	19.5	-	29.0	5.2%
Other financial liabilities	-	-	-	-	1.3	1.3	-
	616.3	3.2	306.3	964.5	652.1	2,542.4	

Consolidated Entity – June 2013	Floating rate (1)	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			
	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m	
Financial Assets							
Cash and cash equivalents	762.2	-	-	-	-	762.2	3.0%
Trade and other receivables	-	-	-	-	859.1	859.1	-
Other financial assets	-	-	-	-	1.5	1.5	-
	762.2	-	-	-	860.6	1,622.8	
Financial Liabilities							
Trade and other payables	-	-	-	-	671.1	671.1	-
Bank loans – unsecured	406.6	-	-	-	-	406.6	1.0%
Bank overdraft – unsecured	2.4	-	-	-	-	2.4	2.2%
Senior unsecured notes	-	-	-	1,243.5	-	1,243.5	3.4%
Lease liabilities	-	3.3	7.3	15.8	-	26.4	5.9%
Other financial liabilities	-	-	-	-	3.8	3.8	-
	409.0	3.3	7.3	1,259.3	674.9	2,353.8	

(1) Floating interest rates represent the most recently determined rate applicable to the instrument at balance sheet date. All interest rates on floating rate financial assets and liabilities are subject to reset within the next six months.

CSL Limited and its controlled entities

Notes to the Financial Statements

For the Year Ended 30 June 2014

34 Financial Risk Management Objectives and Policies (continued)

(c) 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 2014 it is estimated that a general movement of one percentage point in the interest rates applicable to investments of cash and cash equivalents would have changed the Group's profit after tax by approximately \$4.2m. This calculation is based on applying a 1% movement to the total of the Group's cash and cash equivalents at year end. All other financial asset amounts are subject to fixed rate and therefore not subject to interest rate movements in the ordinary course.

At 30 June 2014 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 \$3.9m. 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 US Dollar against other currencies would change the Group's profit after tax by approximately \$3.6m for the year ended 30 June 2014 comprising \$1.3m and \$2.3m against the Euro and Swiss Franc respectively. This calculation is based on changing the actual exchange rate of US 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.

It is estimated that a general movement of one percentage point in the value of the US Dollar against other currencies would change the Group's equity by approximately \$32.2m as at 30 June 2014 comprising \$6.3m, \$15.6m, \$10.3m against the Euro, Swiss Franc and Australian Dollar respectively. The change in equity would be recorded in the Foreign Currency Translation Reserve. This calculation is based on changing the actual exchange rate of US Dollars to all other currencies as at 30 June 2014 by 1% and applying these adjusted rates to the net assets excluding investments in subsidiaries of the foreign currency denominated financial statements of various Group entities. Australian Dollars is material to equity as a result of the assets, including cash, held by Australian Dollar denominated entities but is not material to profit & loss.

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.

(d) 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. Entities in the Group undertake a review of the credit worthiness of customers, prior to granting credit, using trade references and credit reference agencies.

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

For the Year Ended 30 June 2014

34 Financial Risk Management Objectives and Policies (continued)

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

For the year ended 30 June 2014	Financial Institutions US\$m	Governments US\$m	Hospitals US\$m	Buying Groups US\$m	Other US\$m	Total US\$m
Cash and cash equivalents	608.7	-	-	-	-	608.7
Trade and other receivables	1.4	75.4	228.8	412.2	243.8	961.6
Other financial assets	1.3	-	-	-	-	1.3
	611.4	75.4	228.8	412.2	243.8	1,571.6
For the year ended 30 June 2013						
Cash and cash equivalents	762.2	-	-	-	-	762.2
Trade and other receivables	1.9	45.5	230.6	341.9	239.2	859.1
Other financial assets	1.5	-	-	-	-	1.5
	765.6	45.5	230.6	341.9	239.2	1,622.8

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

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

	Trade receivables which are:		Provision for impairment
	Not impaired US\$m	Impaired US\$m	US\$m
For the year ended 30 June 2014:			
Trade and other receivables:			
current but not overdue	703.8	2.3	2.3
less than 30 days overdue	67.5	1.3	1.3
more than 30 but less than 90 days overdue	46.6	1.2	1.2
more than 90 days overdue	10.1	42.3	42.3
	828.0	47.1	47.1
For the year ended 30 June 2013:			
Trade and other receivables:			
current but not overdue	619.6	-	-
less than 30 days overdue	41.6	-	-
more than 30 but less than 90 days overdue	42.1	-	-
more than 90 days overdue	34.3	40.9	40.9
	737.6	40.9	40.9

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 ageing 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.

The Group carries receivables from a number of Southern European governments. The credit risk associated with trading in these countries is considered on a country-by-country basis and the Group's trading strategy is adjusted accordingly. The factors taken into account in determining the credit risk of a particular country include recent trading experience, current economic and political conditions and the likelihood of continuing support from agencies such as the European Central Bank.

CSL Limited and its controlled entities
Notes to the Financial Statements
For the Year Ended 30 June 2014

34 Financial Risk Management Objectives and Policies (continued)

(e) Funding and liquidity risk

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

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

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

The below table shows the profile of financial liabilities:

Consolidated Entity – June 2014	1 year or less US\$m	Maturing in Over 1 year to 5 years US\$m	Over 5 years US\$m	Total US\$m
Financial Liabilities				
Trade and other payables	631.4	19.4	-	650.8
Bank loans – unsecured	-	613.9	-	613.9
Bank overdraft – unsecured	2.4	-	-	2.4
Senior unsecured notes	-	300.0	945.0	1,245.0
Lease liabilities	3.2	6.3	19.5	29.0
Other financial liabilities	1.3	-	-	1.3
	638.3	939.6	964.5	2,542.4
Consolidated Entity – June 2013				
Financial Liabilities				
Trade and other payables	647.9	23.2	-	671.1
Bank loans – unsecured	-	406.6	-	406.6
Bank overdraft – unsecured	2.4	-	-	2.4
Senior unsecured notes	-	-	1,243.5	1,243.5
Lease liabilities	3.3	7.3	15.8	26.4
Other financial liabilities	3.8	-	-	3.8
	657.4	437.1	1,259.3	2,353.8

CSL Limited and its controlled entities

Notes to the Financial Statements

For the Year Ended 30 June 2014

34 Financial Risk Management Objectives and Policies (continued)

(f) Fair values

The carrying value of the financial assets and liabilities is materially the same as the fair value.

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 market prices for similar instruments. Derivatives are classified as level 2 financial liabilities.

Interest bearing liabilities and borrowings

Fair value is calculated based on the discounted expected future principal and interest cash flows, using rates currently available for debt of similar terms, credit risk and remaining maturities.

Financial liabilities are classified into Levels:

Level 1	those items traded with quoted prices in active markets for identical liabilities
Level 2	those items with significantly observable inputs other than quoted process in active markets
Level 3	items with unobservable inputs

(g) Capital Risk Management

The Group's objectives when managing capital are to safeguard its 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 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 42% of Net Profit after Tax.

During the 2014 financial year, the parent company announced a further A\$950m buy-back. During the year, 13,349,199 shares have been purchased for US\$846.3m. The shares purchased during the year include both the completion of the previous buyback and shares purchased under the buyback announced during the year.

CSL Limited and its controlled entities
Notes to the Financial Statements
For the Year Ended 30 June 2014

	2014	2013
	A\$m	A\$m
35 Information relating to CSL Limited ('the parent entity')		
(a) Summary financial information		
The individual financial statements for the parent entity show the following aggregate amounts:		
Current assets	140.9	32.5
Total assets	2,222.6	2,636.8
Current liabilities	94.4	149.0
Total liabilities	203.6	229.4
Contributed equity	(2,351.5)	(1,464.7)
Share based payments reserve	127.3	122.4
Retained earnings	4,243.2	3,749.7
	2,019.0	2,407.4
Profit or loss for the year	1,055.4	1,398.8
Total comprehensive income	1,056.2	1,400.0
(b) Guarantees entered into by the parent entity		
The parent entity provides 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. These guarantees are mainly related to debt facilities of the Group. In addition the parent entity provides guarantees to some subsidiaries in respect of certain receivables from other group companies.		
(c) Contingent liabilities of the parent entity		
The parent entity did not have any contingent liabilities as at 30 June 2014 or 30 June 2013. For information about guarantees given by the parent entity, please refer above.		
(d) Contractual commitments for the acquisition of property, plant or equipment		
Capital expenditure contracted for at balance date but not provided for in the financial statements, payable:		
Not later than one year	11.3	-
Later than one year but not later than five years	-	-
Later than five years	-	-
	11.3	-

36 Subsequent events

Other than as disclosed elsewhere in these statements, there are no matters or circumstances which have arisen since the end of the financial year which have significantly affected or may significantly affect the operations of the Group, results of those operations or the state of affairs of the Group in subsequent financial years.

CSL Limited and its controlled entities Directors' Declaration

- (1) In the opinion of the Directors:
- (a) the financial report, and the remuneration report included in the directors' report of the company and of the Group are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's and Group's financial position as at 30 June 2014 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and Corporations Regulations 2001.
 - (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) Note 1(a) to the financial statements confirms that the financial report complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.
- (3) 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 2014.
- (4) 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.

John Shine AO
Chairman

Paul Perreault
Managing Director

Melbourne
13 August 2014

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 consolidated statement of financial position as at 30 June 2014, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, 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 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 of the 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 financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 the auditor's 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, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit we have 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.

Opinion

In our opinion:

- a. the financial report of CSL Limited is in accordance with the *Corporations Act 2001*, including:
 - i giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the remuneration report

We have audited the Remuneration Report included in section 17 of the directors' report for the year ended 30 June 2014. 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.

Opinion

In our opinion, the Remuneration Report of CSL Limited for the year ended 30 June 2014, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Glenn Carmody
Partner
Melbourne
13 August 2014



ASX Announcement

For immediate release

13 August 2014

Full Year Result 2014

CSL Delivers Strong Result with EPS up 11%
Exceptional Performance in Specialty Products
Board to Consider Further Share Buyback
Final Dividend lifted to US\$0.60 per share

CSL Limited (ASX:CSL; USOTC:CSLLY) today announced a net profit after tax (NPAT) of US\$1,307 million for the full year ended 30 June 2014, up US\$96 million or 8% on a reported basis when compared to the prior comparable period (PCP). The result includes a one-off U.S. antitrust class action litigation settlement. Earnings per share (EPS) grew 11%, benefiting from current and past capital management initiatives

HIGHLIGHTS

Financial

- Revenue US\$5,504 million, up 8% on PCP
 - *Up 9% at constant currency¹*
- EBIT US\$1,637 million, up 11% on PCP
 - *Up 10% at constant currency*
- NPAT US\$1,307 million, up 8% on PCP
 - *Up 8% at constant currency*
- Reported earnings per share US\$2.70, up 11% on PCP
 - *Up 11% at constant currency*
- Research and development investment increased to US\$466 million, up 9% on PCP
 - *Up 11% at constant currency*
- Final dividend² increased 15% to US\$0.60 per share, unfranked for Australian tax purposes, payable on 3 October 2014
 - The final ordinary dividend converted to Australian currency increased to approximately A\$0.65 per share, up 14% on PCP

¹ Constant currency removes the impact of exchange rate movements to facilitate comparability. See end note (#) for further detail.

² For shareholders with an Australian registered address, dividends will be paid in A\$ at an amount of A\$0.648480 per share (at an exchange rate of A\$1.0808/US\$1.00), and for shareholders with a New Zealand registered address, dividends will be paid in NZD at an amount of NZ\$0.710220 per share (at an exchange rate of NZ\$1.1837/US\$1.00). The exchange rates used are fixed at the date of dividend determination. All other shareholders will be paid in US\$.

- o Total ordinary dividends converted to Australian currency increased to approximately \$A1.24 per share, up 17% on PCP.

Operational

- Hizentra[®] (subcutaneous immunoglobulin)
 - o U.S. approval for flexible dosing
 - o Japanese approval for treatment of primary immune deficiency and secondary immune deficiency
- Kcentra[®] (4 factor pro-thrombin complex concentrate) - approved by U.S. FDA for surgical use
- CSL 362 (acute myeloid leukaemia) – license agreement with Janssen Biotech, Inc.
- Alpha-1 (hereditary lung / liver disease) – innovative diagnostic test kit launched
- bioCSL business turnaround progress
- A\$950 million share buyback³ 93% complete
- New ~€300 million private placement foreshadowed
- Board to consider further share buyback³ of up to A\$950 million
- U.S. antitrust class action litigation settled
- Sponsored Level 1 American Depository Receipts program established

CSL Chief Executive Officer and Managing Director, Paul Perreault said “We delivered a successful year in a competitive and dynamic global market. Double digit growth in immunoglobulin, albumin and our specialty products portfolio underpinned our strong result. Of particular note has been the performance of our specialty product Kcentra[®], the first four factor prothrombin concentrate approved in the U.S. Our subcutaneous immunoglobulin, Hizentra[®], has likewise been a stand-out performer.”

“Turning around bioCSL has progressed although considerable work remains. Our decision last year to create a separate business unit is paying off with a range of targeted efficiency and growth initiatives underway.”

“There has been significant investment in our future growth this year. Our new Biotechnology manufacturing facility at Broadmeadows, Australia, was officially opened in May. Major expansion programs are underway at our manufacturing sites in the U.S., Germany and Switzerland. We finished construction of our new global Privigen[®] facility located in Broadmeadows and announced Switzerland as the location for our new commercial recombinant manufacturing facility. CSL Plasma opened its 100th plasma

³ CSL reserves the right to suspend or terminate buy-backs at any time.



ASX Announcement

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13 August 2014

collection centre in April and expanded laboratory and logistics operations," Mr Perreault said.

OUTLOOK (at FY14 exchange rates)

Commenting on CSL's outlook, Mr Perreault said, "We continue to see robust global demand for plasma therapies. Our broad suite of products together with a multisite capacity expansion program strongly positions the company in a competitive market. In the recombinant haemophilia space we anticipate a new generation of products to enter the market over the next few years. CSL is well placed to compete with a portfolio of innovative recombinant therapies in the final stages of development."

"This financial year, at constant currency, we anticipate net profit after tax to grow approximately 12% and earnings before interest and tax to grow approximately 15%. Earnings per share growth will again exceed profit growth expectations as shareholders benefit from the ongoing effect of past and current share buybacks. I'm pleased to foreshadow that following the completion of the current share buyback program the Board of Directors will consider a further on-market share buyback of a similar amount to the current program of \$A950 million," Mr Perreault said.

In compiling the company's financial forecasts for the year ending 30 June 2015 a number of key variables which may have a significant impact on guidance have been identified and these have been included in the footnote⁴ below.

OPERATING REVIEW

CSL Behring sales of US\$4.9 billion grew 10% in constant currency terms, when compared to the prior comparable period.

⁴ Key variables that could cause actual results to differ materially include: the success of research and development activities, decisions by regulatory authorities regarding approval of our products as well as their decisions regarding label claims; competitive developments affecting our products; the ability to successfully market new and existing products; difficulties or delays in manufacturing; trade buying patterns and fluctuations in interest and currency exchange rates; legislation or regulations that affect product production, distribution, pricing, reimbursement, access or tax; litigation or government investigations, and CSL's ability to protect its patents and other intellectual property.



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Immunoglobulin product sales of US\$2,320 million grew 12% in constant currency terms, with 'normal' immunoglobulin growing 13%. Global market conditions remain robust, but competitive. Intravenous immunoglobulin sales growth was underpinned by strong demand for Privigen® which benefited from an expanded indication in Europe to include its use in the treatment of chronic inflammatory demyelinating polyneuropathy (CIDP). Latin America sales were also strong. Sales of Carimune® continued to perform well, particularly in the US following market segmentation initiatives.

Demand for subcutaneous immunoglobulin (SCIG) was particularly strong in both the U.S. and Europe. Hizentra® offers patients the convenience of self-administration at home. In the US the expansion of administration frequency options to include flexible dosing has driven an increased penetration of the product into the Primary Immune Deficiency (PID) patient market.

Albumin sales of US\$694 million grew 16% in constant currency terms. Albumin demand in China remained vigorous with sales boosted through improved penetration into new market segments. This growth followed a strong prior period in China arising from a change in the business model aimed at streamlining our distribution. European sales were robust and assisted by cautionary statements from the regulator in relation to the use of hydroxyethyl starches, which are sometimes used as an alternative to albumin. Albumin demand continues to be robust in the rest of the world and especially strong in Brazil.

Haemophilia product sales of US\$1,064 million declined 4% in constant currency terms. Plasma derived haemophilia sales were impacted by the conclusion of a number of treatment programs for immune tolerance patients in Europe. In addition, sales of plasma derived haemophilia products in tender markets can vary period to period. There was growth in plasma derived haemophilia products in certain Eastern European and Middle Eastern markets. Recombinant factor VIII sales declined 1% in constant currency terms, a function of a change in sales mix and influence from the number of clinical trials underway for new generation recombinant factor VIII products where patients receive clinical trial products at no cost.

Specialty products sales of US\$848 million grew 18% in constant currency terms. In April 2013, the U.S. Food and Drug Administration (FDA) approved Kcentra® (4 factor pro-thrombin complex concentrate) for urgent warfarin reversal in patients with acute major bleeding. This was followed in December 2013 with approval for an expanded indication to include the urgent reversal of acquired coagulation factor deficiency

induced by vitamin K antagonist (e.g. warfarin) therapy in adult patients needing urgent surgery or other invasive procedures. These developments have underpinned strong growth in U.S. demand for Kcentra[®]. The U.S. Centres for Medicare and Medicaid Services approved a new technology add-on payment for Kcentra[®] in August 2013 recognising its significant clinical advancement for reversing the effects of warfarin in patients who experience acute major bleeding. Kcentra[®] was granted Orphan Drug Marketing Exclusivity for a period of 7 years effective December 2013 based on the approved surgical indication.

The period under review saw strong demand for Berinert[®] (C1-esterase inhibitor concentrate), which is used for the treatment of acute attacks in patients with hereditary angioedema. In 2012, the U.S. FDA approved a label expansion to include self-administration and now in excess of 70% of patients using Berinert[®] self-administer.

Zemaira[®] (Alpha-1 proteinase inhibitor) sales grew solidly in the U.S., supported by the introduction of a new diagnostics test kit which improves the accuracy of diagnosis. Zemaira is used by patients with Alpha₁-Proteinase Inhibitor deficiency and related emphysema.

bioCSL sales of A\$433 million declined 4% in constant currency terms. Influenza sales totalled A\$125 million. Strong demand in the U.S. was more than offset by a reduction in European sales following the market exit by bioCSL's business partner in that region. Sales of vaccine to immunise against measles, mumps and rubella grew strongly after successfully tendering for the Australian National Immunisation Program.

CSL Intellectual Property revenue of US\$145 million grew 8% in constant currency terms driven by the granting of a license to Janssen Biotech, Inc., to progress CSL's acute myeloid leukaemia product currently in development. Royalty contributions from human papillomavirus vaccine intellectual property contributed US\$119 million to revenue.

Group EBIT margin⁵ grew modestly to 29.7%.

⁵ EBIT margin is calculated by dividing earnings before interest and tax by total revenue.

CAPITAL MANAGEMENT

Share Buyback

During October 2013, CSL announced its intention to conduct an on-market share buyback of up to A\$950 million. Under the Australian Securities Exchange listing rules this buyback⁶ has a 12 month completion window. To date, CSL has repurchased approximately 12.8 million shares for approximately A\$882 million, representing about 93% of the intended repurchase program.

CSL's balance sheet remains very sound and only modestly geared. Cash and cash equivalents totalled US\$609 million as at 30 June 2014, with interest bearing liabilities totalling US\$1,890 million. Undrawn debt facilities totalled \$192 million.

Capital management foreshadowed during FY15

Following the completion of the current buyback, which has A\$68m remaining, the Board of Directors will consider a further on-market share buyback program of up to A\$950 million.

During the first half of fiscal 2015 the company intends to approach the U.S private placement market to raise approximately €300 million as part of the company's overall debt management program.

Additional details about CSL's results are included in the company's 4E statement, investor presentation slides and webcast, all of which can be found on the company's website www.csl.com.au. A glossary of medical terms can also be found on the website.

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



ASX Announcement

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13 August 2014

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ASX Announcement

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13 August 2014

Group Results

US Dollars

Full year ended June US\$ Millions	Jun 2013 Reported	Jun 2014 Reported	Jun 2014 at CC [#]	Change %
Sales	4,950	5,335	5,375	8.6%
Other Revenue / Income	150	169	170	
Total Revenue / Income	5,100	5,504	5,546	8.7%
Earnings before Interest, Tax, Depreciation & Amortisation	1,681	1,832	1,823	8.4%
Depreciation/Amortisation	202	195	199	
Earnings before Interest and Tax	1,480	1,637	1,624	9.8%
Net Interest Expense / (Income)	18	33	31	
Tax Expense	250	297	290	
Net Profit after Tax	1,211	1,307	1,304	7.6%
Total Ordinary Dividend (US\$)	1.02	1.13		11%
Final Dividend (US\$)	0.52	0.60		15%
Basic EPS (US\$)	2.43	2.70	2.69	11%

(#) **Constant currency** removes the impact of exchange rate movements to facilitate comparability by restating the current year's results at the prior year's rates. This is done in two parts: (a) by converting the current year net profit of entities in the group that have reporting currencies other than US Dollars at the rates that were applicable to the prior year ("translation currency effect"); and (b) by restating material transactions booked by the group that are impacted by exchange rate movements at the rate that would have applied to the transaction if it had occurred in the prior year ("transaction currency effect"). The sum of translation currency effect and transaction currency effect is the amount by which reported net profit is adjusted to calculate the result at constant currency.

Summary NPAT

Reported Net Profit after Tax	\$1,307.0m
Translation Currency Effect (a)	\$ (31.9m)
Transaction Currency Effect (b)	\$ 28.6m
Constant Currency Net Profit after Tax *	\$1,303.7m

(a) Translation Currency Effect (\$31.9m)

Average Exchange rates used for calculation in major currencies (twelve months to Jun 14/June 13) were as follows: USD/EUR (0.7383/0.7741); USD/CHF(0.9054/0.9403)

(b) Transaction Currency Effect \$28.6m

Transaction currency effect is calculated by reference to the applicable prior year exchange rates. The calculation takes into account the timing of sales both internally within the CSL Group (ie from a manufacturer to a distributor) and externally (ie to the final customer) and the relevant exchange rates applicable to each transaction.

Summary Sales

Reported Sales	\$5,334.8m
Currency Effect (c)	\$40.4 m
Constant Currency Sales *	\$5,375.2m

c) Constant Currency Effect \$40.4m

Constant currency effect is presented as a single amount due to the complex and interrelated nature of currency impacts on sales.

* Constant Currency Net Profit after Tax and Sales have not been audited or reviewed in accordance with Australian Auditing Standards.

CSL Limited
FY14 Full Year Result
13 August 2014

CSL™

Legal Notice

Forward looking statements

The materials in this presentation speak only as of the date of these materials, and include forward looking statements about CSL Limited and its related bodies corporate (CSL) financial results and estimates, business prospects and products in research, all of which involve substantial risks and uncertainties, many of which are outside the control of, and are unknown to, CSL. You can identify these forward looking statements by the fact that they use words such as “anticipate,” “estimate,” “expect,” “project,” “intend,” “plan,” “believe,” “target,” “may,” “assume,” and other words and terms of similar meaning in connection with any discussion of future operating or financial performance. Factors that could cause actual results to differ materially include: the success of research and development activities, decisions by regulatory authorities regarding approval of our products as well as their decisions regarding label claims; competitive developments affecting our products; the ability to successfully market new and existing products; difficulties or delays in manufacturing; trade buying patterns and fluctuations in interest and currency exchange rates; legislation or regulations that affect product production, distribution, pricing, reimbursement, access or tax; litigation or government investigations, and CSL’s ability to protect its patents and other intellectual property. The statements being made in this presentation do not constitute an offer to sell, or solicitation of an offer to buy, any securities of CSL.

No representation, warranty or assurance (express or implied) is given or made in relation to any forward looking statement by any person (including CSL). In particular, no representation, warranty or assurance (express or implied) is given in relation to any underlying assumption or that any forward looking statement will be achieved. Actual future events may vary materially from the forward looking statements and the assumptions on which the forward looking statements are based.

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

Trademarks

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Reported Financials

Revenue US\$5.5 billion, up 8% (*up 9% @CC¹*)

EBIT US\$1,637 million, up 11% (*up 10% @CC*)

NPAT US\$1,307 million, up 8% (*up 8% @CC*)

- *Result includes one-off US antitrust class action settlement*

R&D investment US\$466 million, up 9% (*up 11% @CC*)

EPS US\$2.701, up 11% (*up 11% @CC*)

Final dividend increased to US\$0.60, unfranked (*up 15%*)

1. Constant Currency (CC) removes the impact of exchange rate movements to facilitate comparability. See end note for further detail.

Operational Highlights

Strong growth in Hizentra[®], Albumin & specialty products

- Hizentra[®] – U.S. flexible dosing approval
- Kcentra[®] – U.S. surgical use approval
- Facilities expansion to support growth

CSL 362 (AML) – license agreement

bioCSL – business turnaround progress

Capital Management

- A\$950m share buyback* 93% complete
- New ~€300m private placement foreshadowed
- Board to consider further share buyback* of up to A\$950m

US antitrust class action litigation settled

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



Facilities Expansion Investing for Growth

Recombinant

- New biotech manufacturing facility opened in Melbourne
- New rCOAG manufacturing plant to be constructed in Lengnau, CH

Plasma

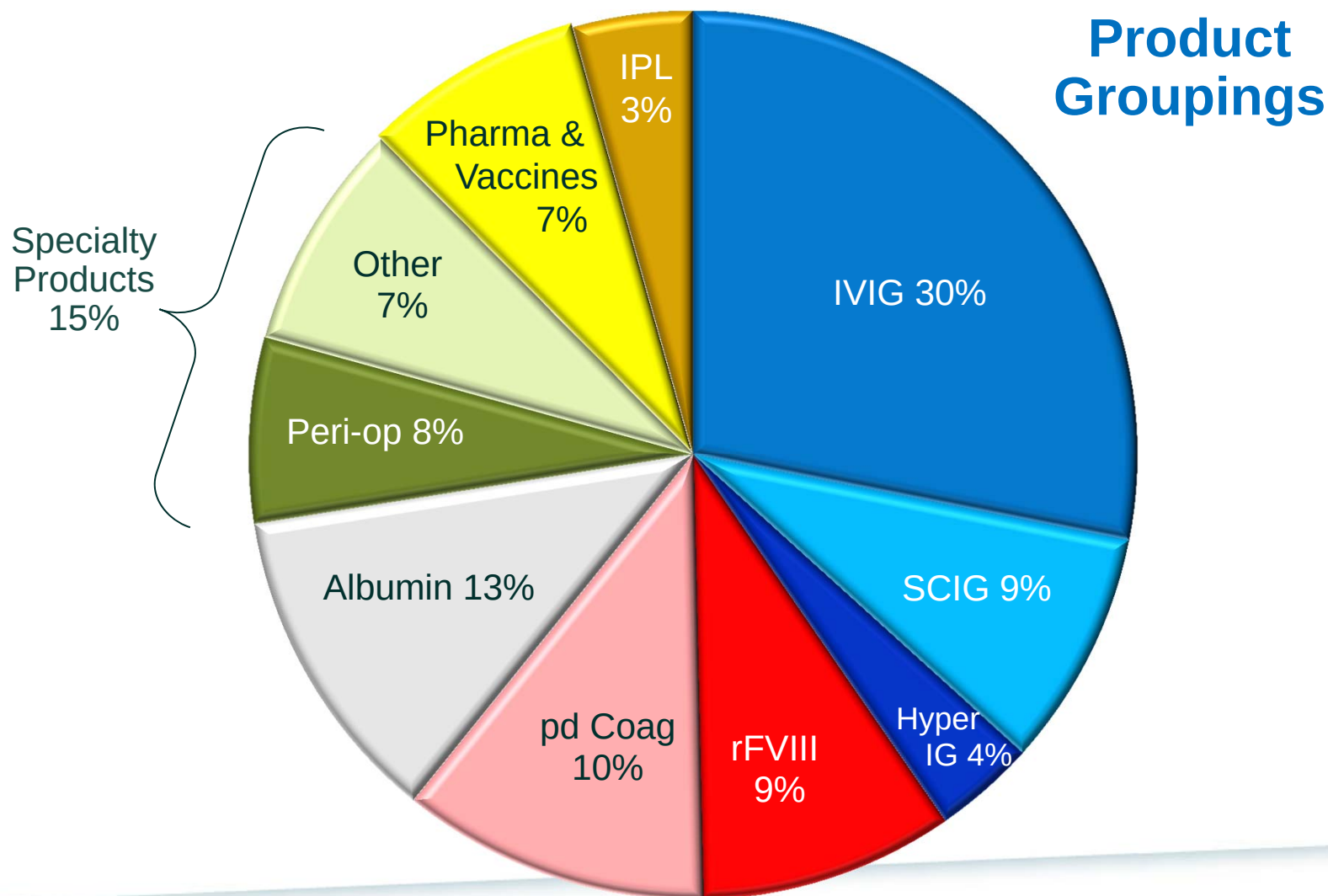
- Commercial start up of Broadmeadow's Privigen facility in 2016
- Multisite albumin & base fractionation capacity expansion

Collections

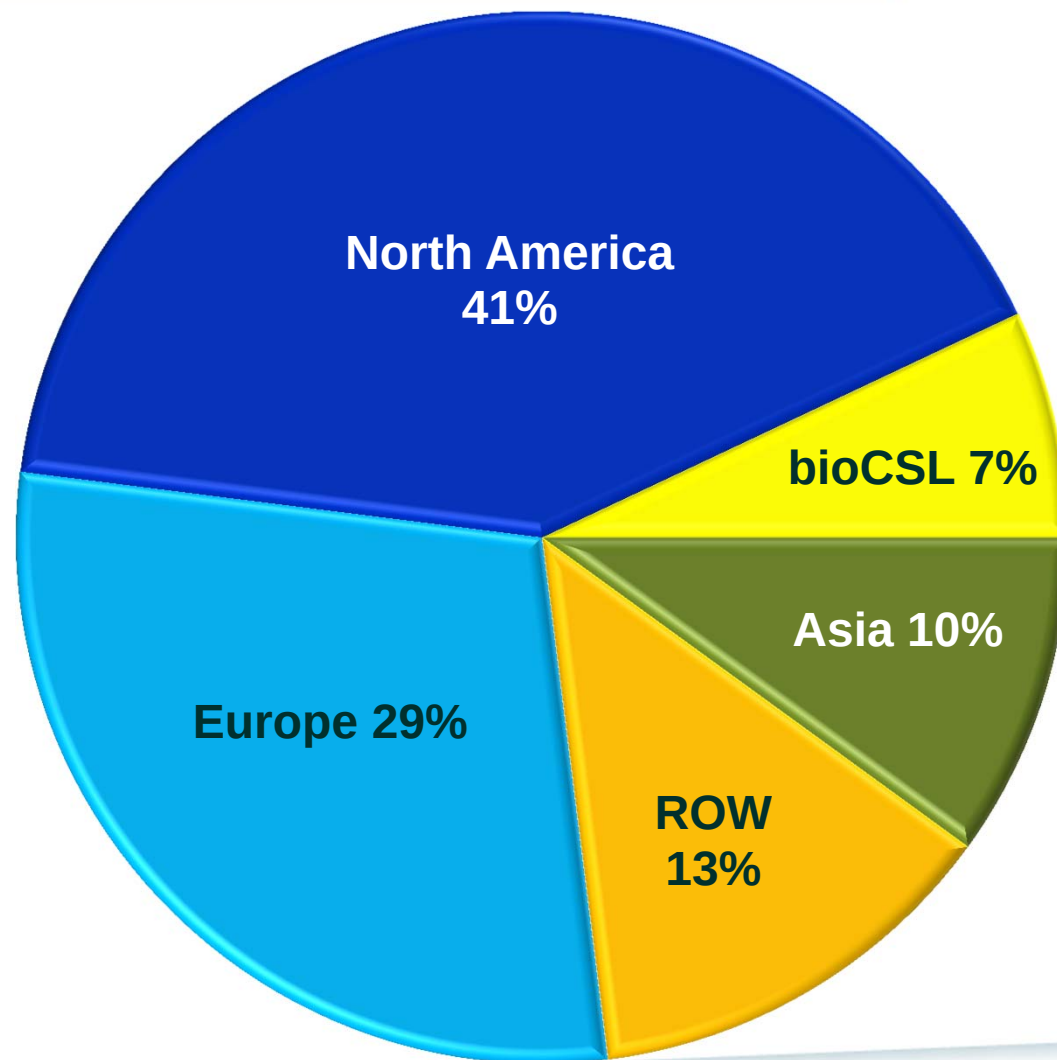
- 18 centers opened in the USA, increasing the fleet in the US to 98 centers, or 106 centers globally
- Second Plasma Logistics Center in the U.S.
- Laboratory expansion in Knoxville, TN
- Transitioned to in-house NAT testing in EU (US occurred in FY13)



Group Revenue FY14 US\$5.5b



Broad Sales Reach



FY14
US\$5.3b

CSL™

Outlook for FY15

@ FY14 exchange rates

Financial outlook

- Revenue growth ~ 8% @CC
- Reported EBIT growth ~ 15% @CC
- Reported NPAT growth ~ 12% @CC
(FY14 profit includes US antitrust class action settlement)
- EPS growth will exceed NPAT growth driven by past and current capital management initiatives

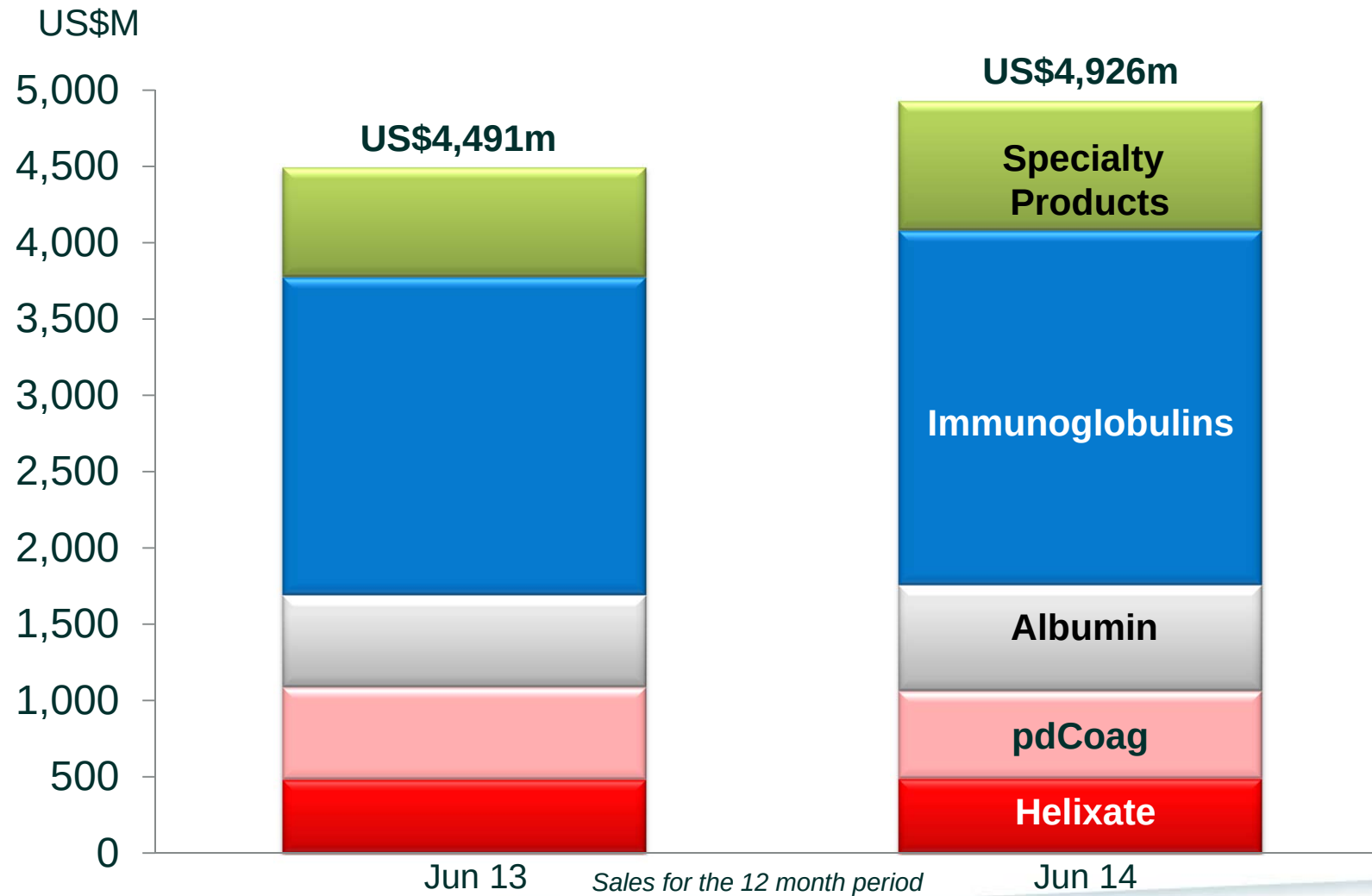
Board to consider a further on-market share buyback* of up to A\$950m.

Key variables that could cause actual results to differ materially include: the success of research and development activities, decisions by regulatory authorities regarding approval of our products as well as their decisions regarding label claims; competitive developments affecting our products; the ability to successfully market new and existing products; difficulties or delays in manufacturing; trade buying patterns and fluctuations in interest and currency exchange rates; legislation or regulations that affect product production, distribution, pricing, reimbursement, access or tax; litigation or government investigations, and CSL's ability to protect its patents and other intellectual property.

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

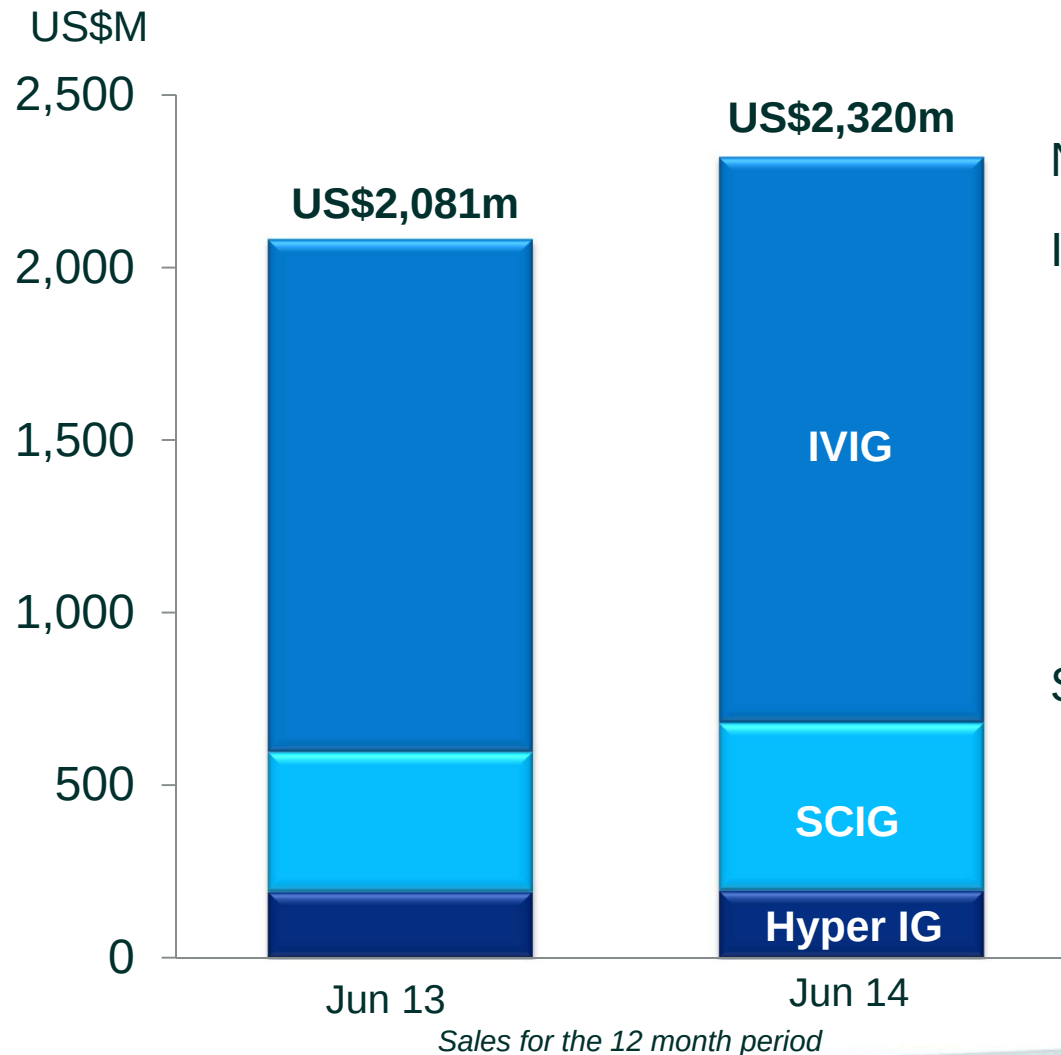


CSL Behring Product Sales up 10% @ CC



Immunoglobulins

Sales up 12% @CC



Highlights

Normal IG up 13% @ CC

IVIG

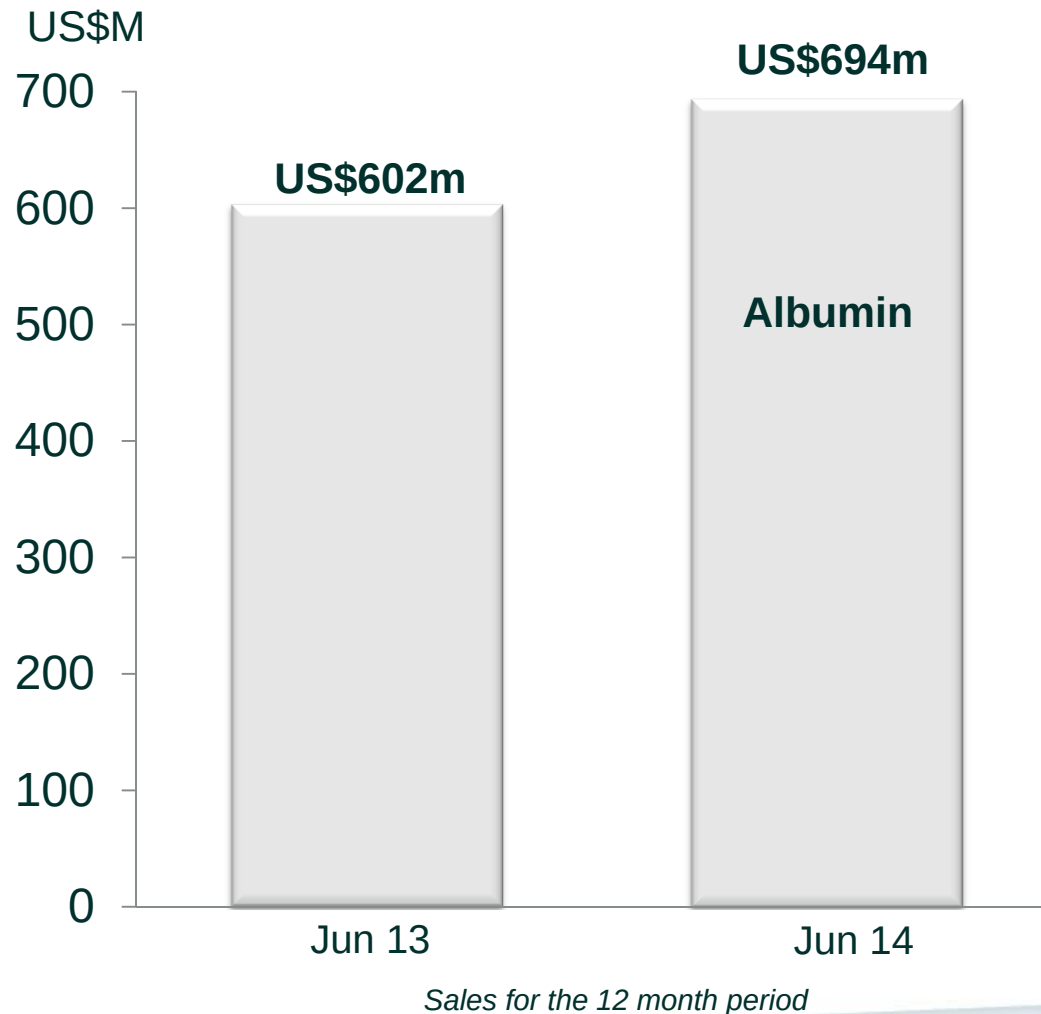
- US
 - Hizentra differentiated
 - Competitive pressure
- Europe
 - New CIDP indication positive for demand

SCIG

- Introduction of flexible dosing option in the US
- Ongoing strong demand for Hizentra® in US & EU

Albumin

Sales up 16% @ CC



Highlights

China

- Ongoing strong demand
- Improving penetration into Tier 1 & Tier 2 cities

Europe

- Solid demand continues
- Boosted by cautionary HES statements by regulators

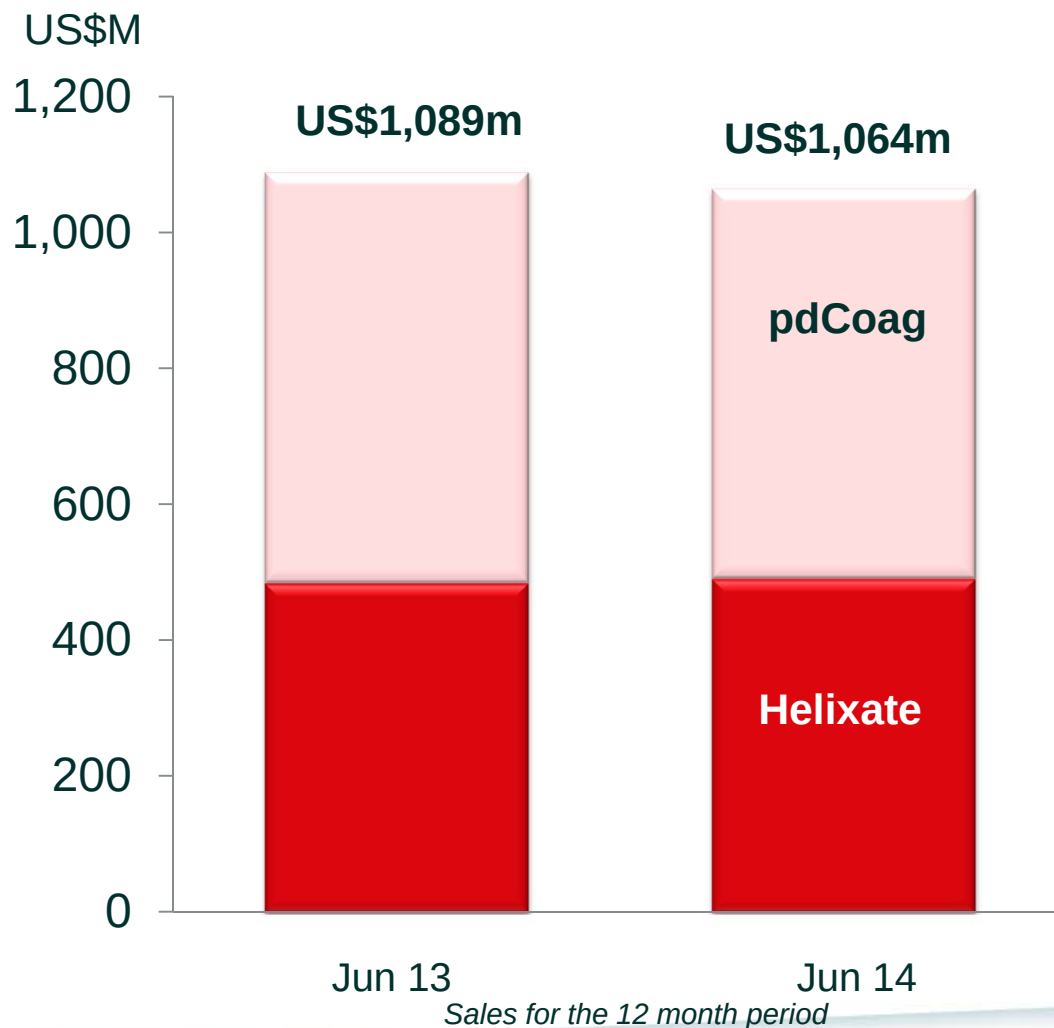
RoW

- Broad strong demand
- Brazil



Haemophilia

Sales down 4% @ CC



Highlights

PdFVIII

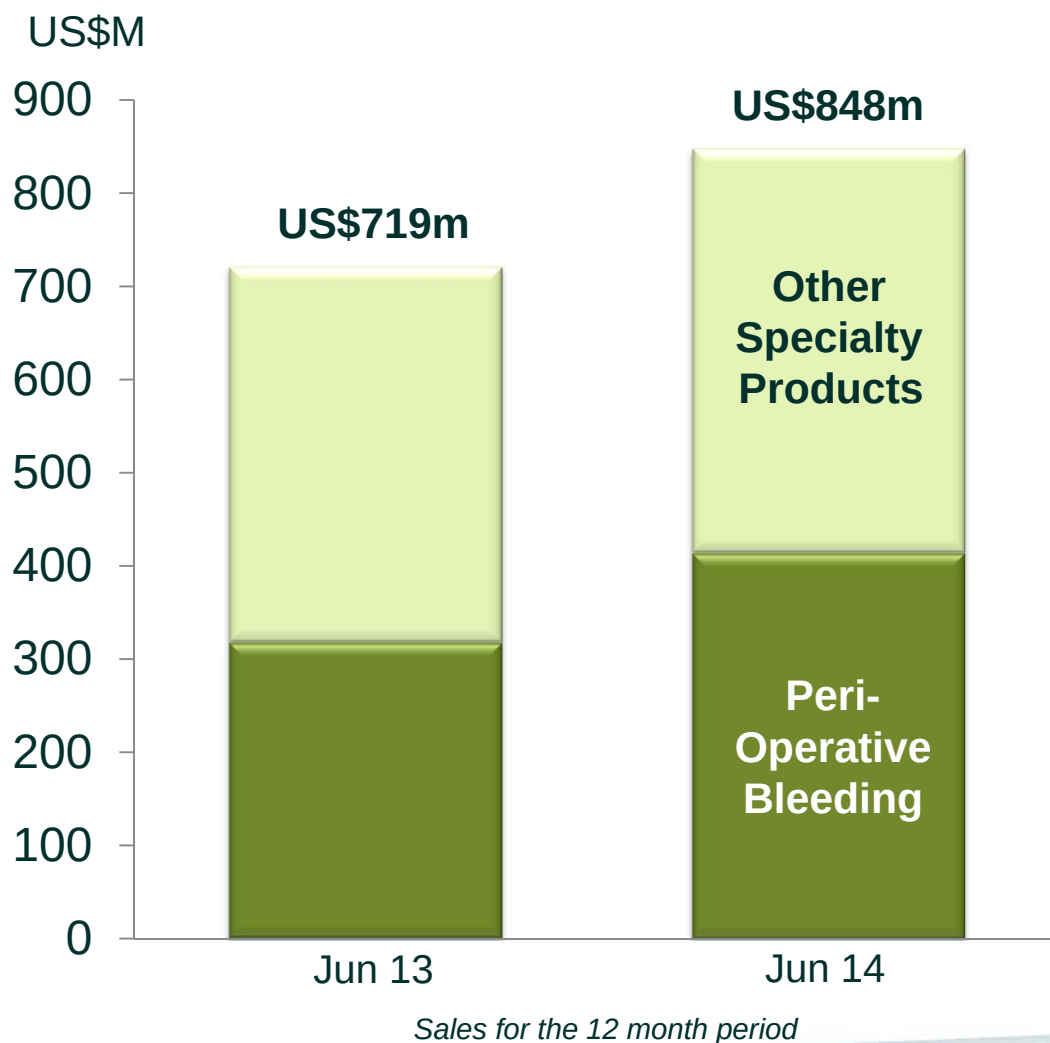
- Tender markets tend to be 'lumpy'
- Growth in EEMEA markets
- Conclusion of treatment of several EU ITT patients

Helixate®

- Movement in sales mix
- Multiple clinical trials in new generation rFVIII absorbing product
- New entrants



Specialty Products Sales up 18% @CC



Highlights

Kcentra®

- Strong demand in US following approval & launch
- Orphan drug status

Beriner® P

- Self administration label driving new patient take-up.

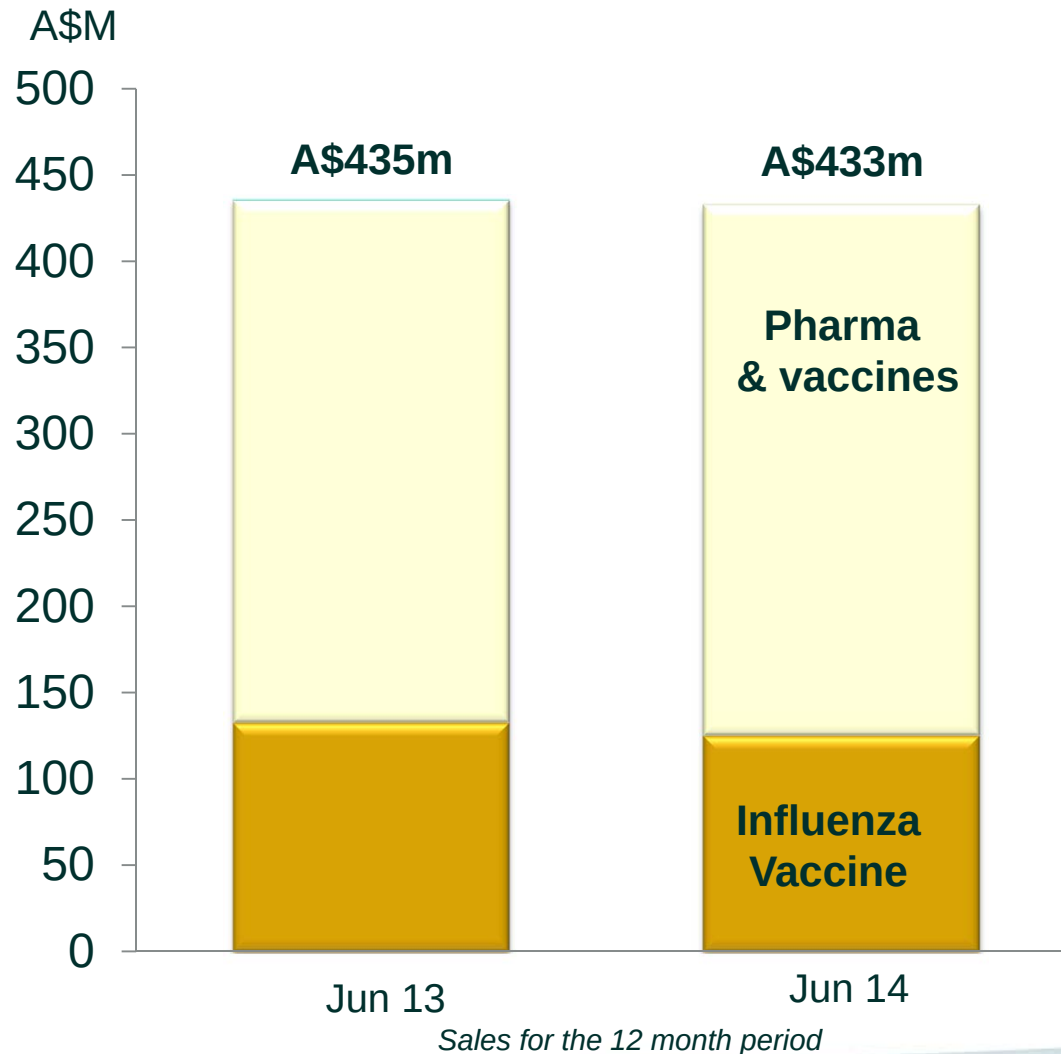
Zemaira®

- New patient acquisition
- Launch of diagnostic testing program



bioCSL

Sales down 4% @CC



Highlights

Business turnaround underway

Influenza sales A\$125m

- Increased US demand
 - Growing US commercial operations
- EU antigen sales down after partner exits market

MMR vaccine – successful Australian NIP tender



CSL Intellectual Property Licensing

Segment Revenue US\$145m

HPV royalties US\$119m

V503, 9-valent vaccine, BLA submitted by Merck & Co.

CSL362 (anti-IL-3R α mAb)

- Phase I trial in AML in progress
- Exclusive worldwide license with Janssen Biotech Inc to develop and commercialise CSL362
- Collaborative research program to support use in other indications

CAM3001 (GM-CSFR α)

- AstraZeneca continue multiple Phase IIb studies in RA
- Mavrilimumab met primary endpoints in first completed study

ISCOMATRIX[®] adjuvant

- Merck Research Labs Phase I Dengue Study fully enrolled



R&D Update

rIX-FP (rec fusion protein linking factor IX with albumin)

- Pivotal Phase III study enrolment complete
- Pharmacokinetic data supports 14 day treatment interval

rVIII-SingleChain

- Phase I/III study supports twice weekly dosing
- First patient enrolled in pivotal Phase III paediatric study

rVIIa-FP (rec fusion protein linking factor VIIa with albumin)

- Phase II/III trial to commence in 2014

Hizentra®

- Administration options in US and EU expanded to include flexible dosing
- Approval in Japan for PID and SID



R&D Update

Kcentra® (4-Factor Prothrombin Complex Concentrate)

- FDA approval for expanded indication to include urgent Warfarin reversal in patients undergoing surgery (in addition to major bleeding)

Zemaira®

- Efficacy data from Phase III/IV study submitted in EU and US

Berinert®

- Pivotal Phase III subcutaneous prophylaxis study commenced

CSL112 (reconstituted High Density Lipoprotein)

- Phase IIa data supports mechanism of action and further development
- Global Phase IIb program to initiate in 2014

Business Performance FY14

Financial Detail

Notable Items

US antitrust class action settlement

- *US\$64m or US\$39m after tax*

ETR 18.5% up from 17.1%

- *Further IP transfer anticipated in FY15*

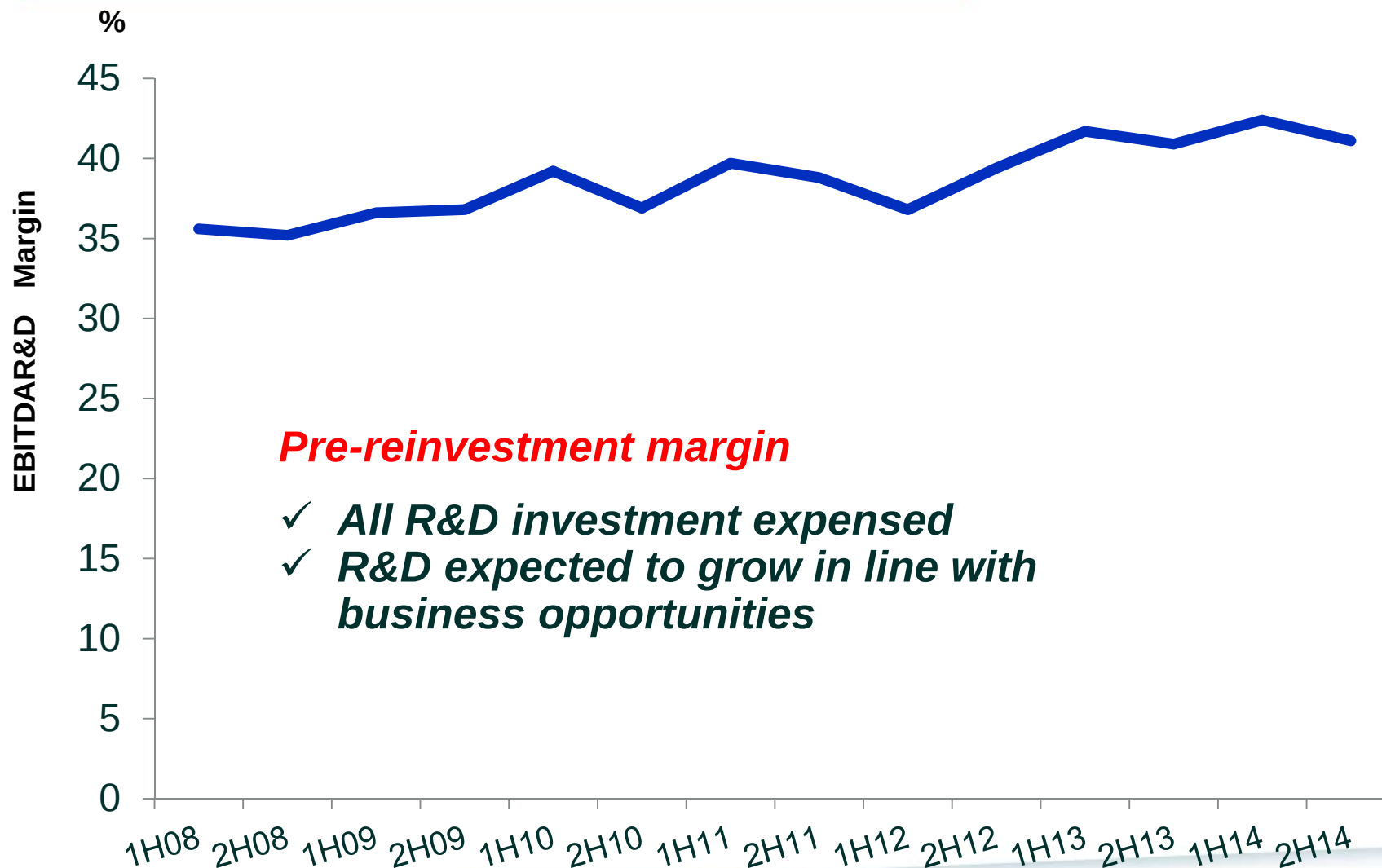
Natural currency hedges minimise FX related volatility

- *Net FX impact on FY14 NPAT \$3.3m*

AASB 119 – accounting standard change

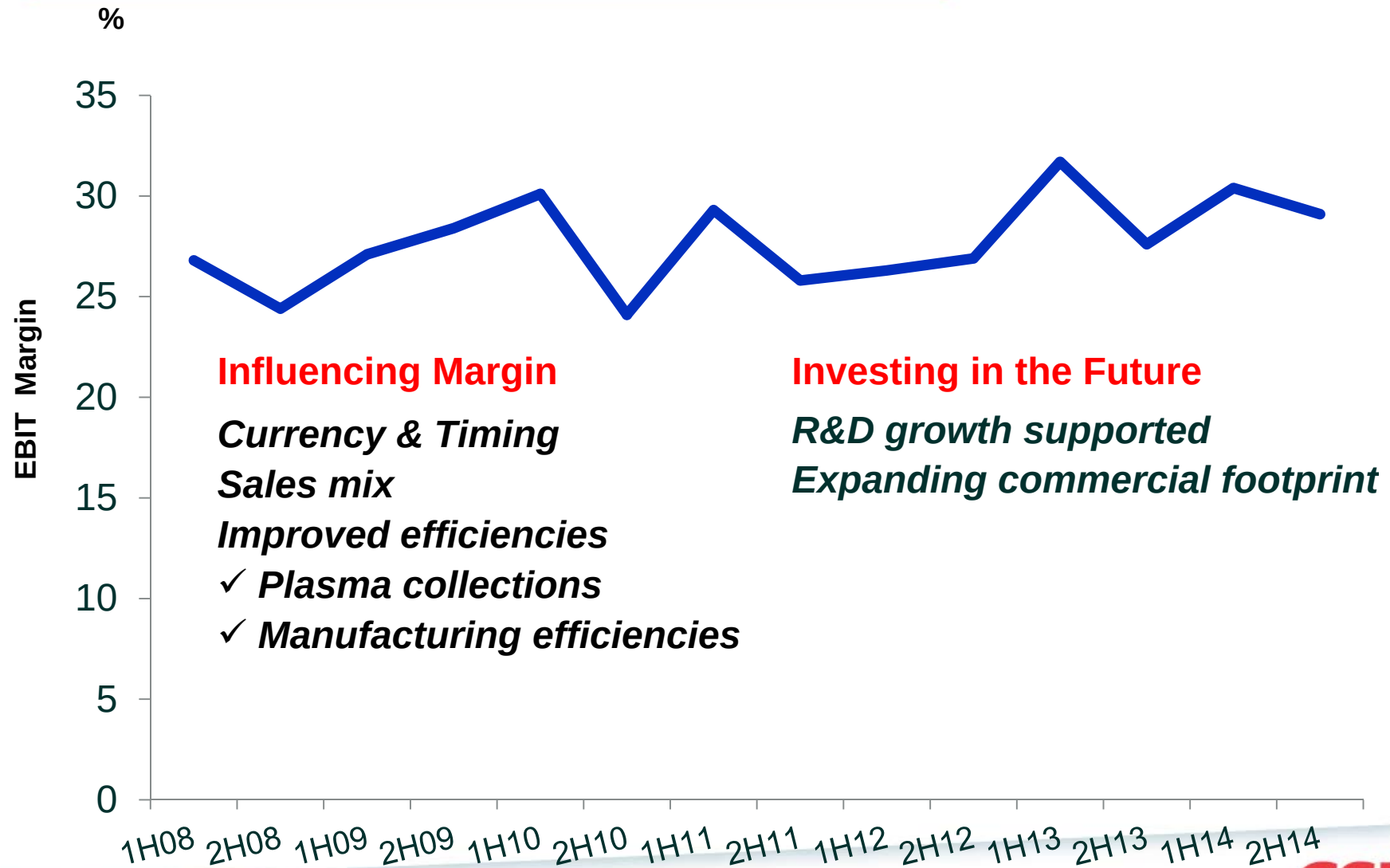
- *Defined pension benefit expense*
- *FY13 reduced NPAT \$4.9m after tax*

EBITDAR&D* Margin



* Earnings before interest, taxes, depreciation, amortisation and research & development

Reported EBIT Margin



CSL

Financial Discipline

Cashflow from operations \$1.36 billion

Capital expenditure \$402m

Working Capital

FY13

FY14

- | | | |
|----------------------|--------|--------|
| • Cash cycle (days) | 285 | 281 |
| • Inventory turnover | 1.46x | 1.58x |
| • Free cashflow | \$767m | \$961m |

Financial Efficiency

FY13

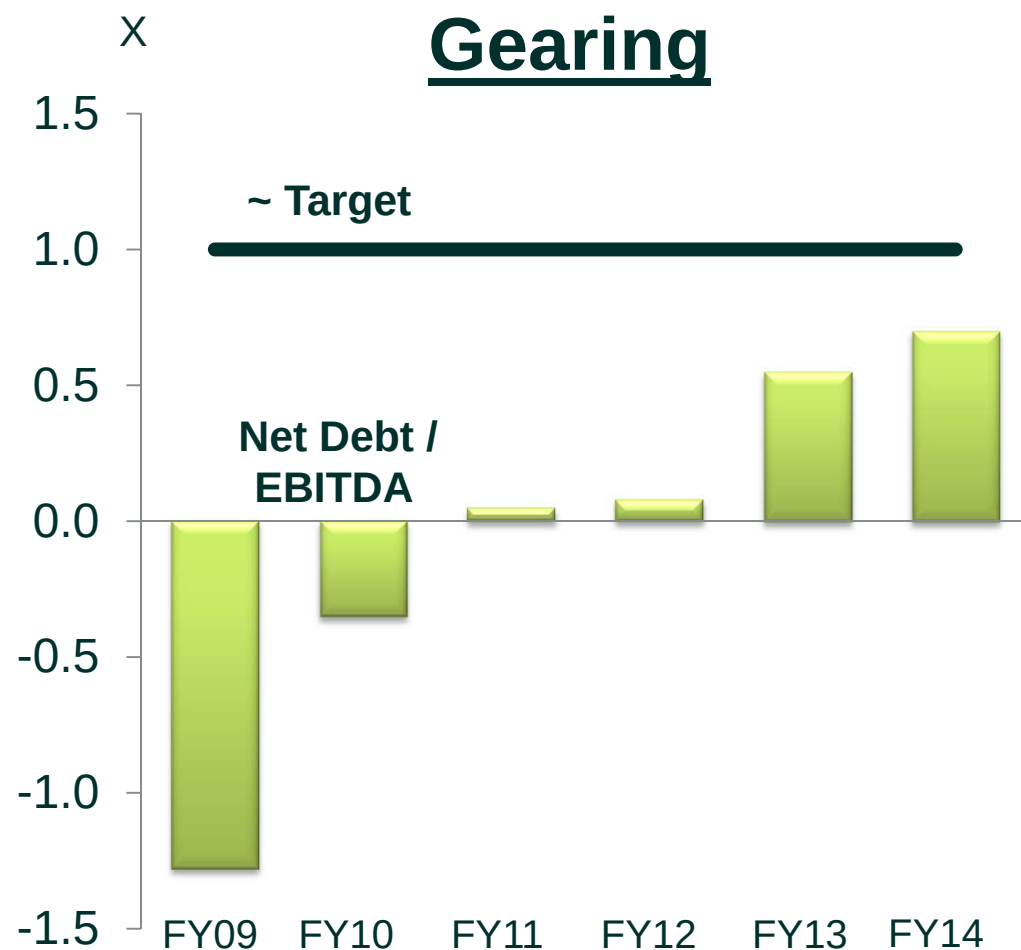
FY14

- | | | |
|----------------|--------|----------|
| • Cash on hand | \$762m | \$609m |
| • Net debt | \$917m | \$1,282m |
| • Undrawn debt | \$392m | \$192m |

- Balance Sheet Strength -

CSL™

Balance Sheet Management



- Buyback 93% Complete
- Accumulated effect of buybacks since 2005 on current period EPS ~19%
- Gearing @FY14 0.7x
- Gearing target range ~1x Net debt/EBITDA

Influenza

- U.S. distribution of Afluria® back to bioCSL®
- New registrations in Europe
- Pharmajet registration

In-licensing

- Immucor distribution agreement
- Palexia¹ (pain drug) license agreement
- Zostavax² – pursuing NIP listing

Logistics business

- Two new customers signed

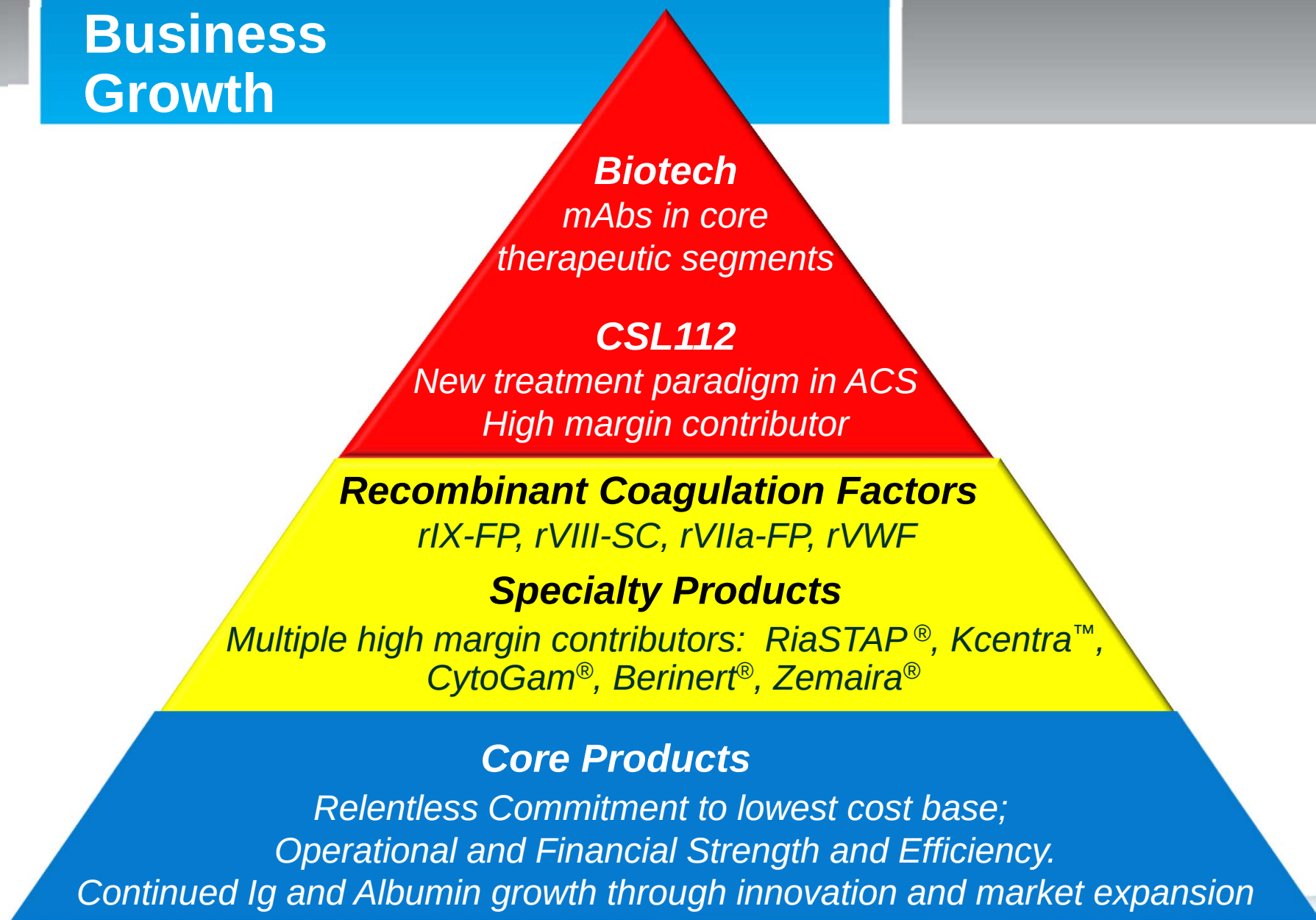
Efficiency initiatives

- Targeted headcount reduction
- Outsourcing non-core functions
- Process improvement
- Procurement savings

¹ Palexia is a trademark of Grunenthal.

² Zostavax is a trademark of Merck & Co. Inc

Business Growth





CSL Limited

FY14 Full Year Result

13 August 2014

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Group Results

US Dollars

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CSL Behring Sales

US Dollars

Full year ended June	FY13 USD\$M	FY14 USD\$M	FY14 USD\$M CC ¹	Change %
rFVIII	485	491	480	-1%
pdCoag	604	573	566	-6%
Albumin	602	694	699	16%
Immunoglobulins	2,081	2,320	2,324	12%
Specialty Products	719	848	856	18%
- Peri-operative bleeding	317	414	407	28%
- Other specialty products	402	434	449	12%
Total Product Sales	4,491	4,926	4,925	10%
<i>Other sales (mainly plasma)</i>	10	15		
<i>Total Sales</i>	<i>4,501</i>	<i>4,941</i>		

1. Constant Currency (CC) removes the impact of exchange rate movements to facilitate comparability. See end note for further detail.



Notes

(#) **Constant currency** removes the impact of exchange rate movements to facilitate comparability by restating the current year's results at the prior year's rates. This is done in two parts: (a) by converting the current year net profit of entities in the group that have reporting currencies other than US Dollars at the rates that were applicable to the prior year ("translation currency effect"); and (b) by restating material transactions booked by the group that are impacted by exchange rate movements at the rate that would have applied to the transaction if it had occurred in the prior year ("transaction currency effect"). The sum of translation currency effect and transaction currency effect is the amount by which reported net profit is adjusted to calculate the result at constant currency.

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