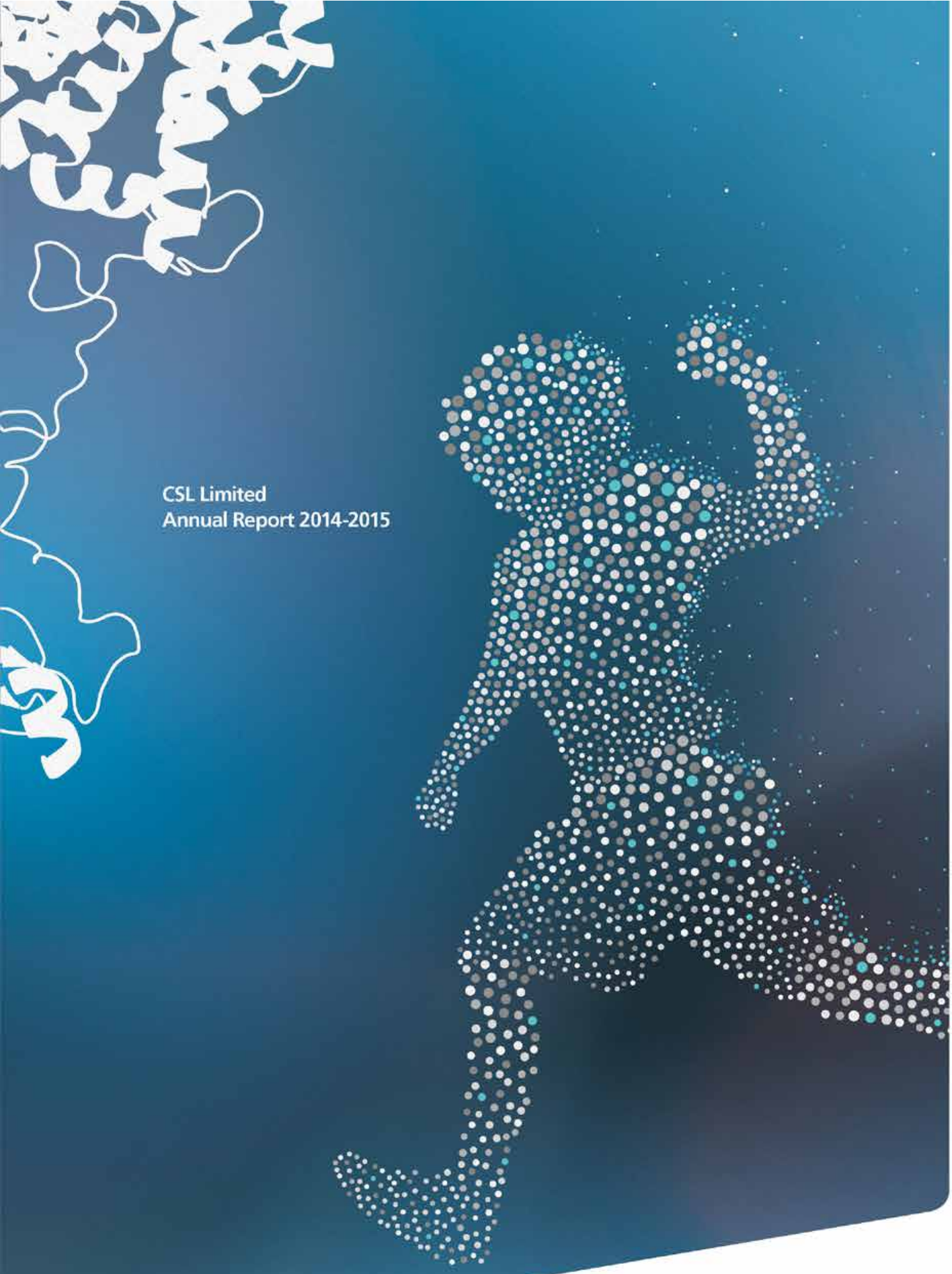
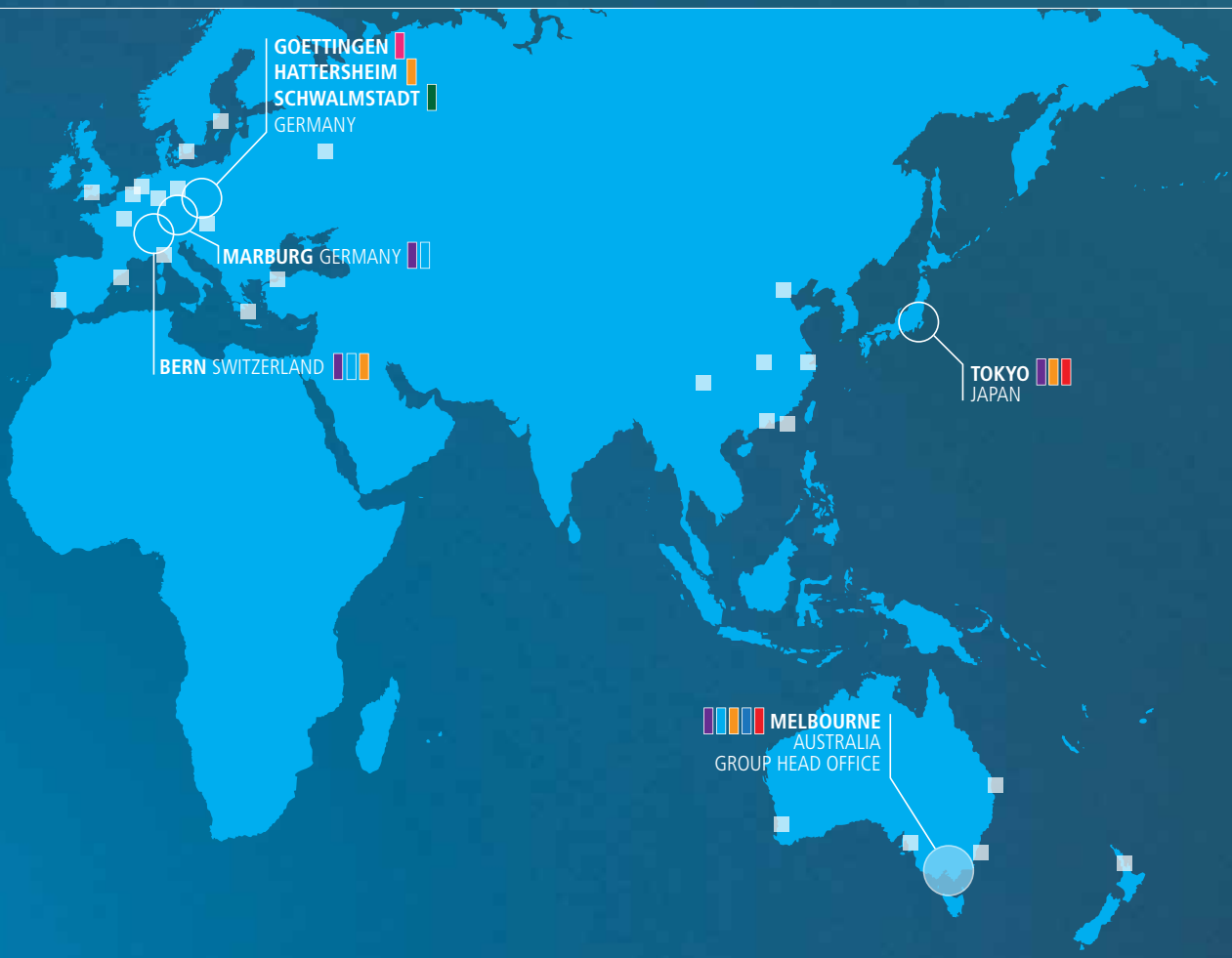


CSL Limited
Annual Report 2014-2015

CSL™



Financial Calendar

2015

12 August	Annual profit and final dividend announcement
7 September	Shares traded ex-dividend
9 September	Record date for final dividend
2 October	Final dividend paid
15 October	Annual General Meeting
31 December	Half year ends

2016

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

Annual General Meeting

Thursday 15 October 2015 at 10.00am
Function Centre, National Tennis Centre
Melbourne Park, Batman Avenue
Melbourne 3000

AGM Live Webcast

The CSL Limited Annual General Meeting will be webcast through CSL's website www.csl.com.au

Log on to the home page of CSL's website and then click on the item called Annual General Meeting webcast.

Share Registry

Computershare Investor Services Pty Limited
Yarra Falls, 452 Johnston Street
Abbotsford VIC 3067

Postal Address: GPO Box 2975
Melbourne VIC 3001

Enquiries within Australia: 1800 646 882
Enquiries outside Australia: +61 3 9415 4178
Investor enquiries online:
www.investorcentre.com/contact
Website: www.investorcentre.com

Please see inside back cover for legal notice.

Contents

About CSL

CSL is a global specialty biotherapeutics company that develops and delivers innovative biotherapies that save lives, and help people with life-threatening medical conditions live full lives. Our Values guide us in creating sustainable value for our stakeholders.

Delivering on promises is what we do at CSL. Starting nearly a century ago in Melbourne, Australia, we made a promise to save lives and protect the health of people who were stricken with a range of serious and chronic medical conditions. Today, as a leading global biotherapeutics company, that same promise has never been stronger, with operations in over 30 countries and more than 14,000 employees who are driven by our deep passion and commitment to many thousands of patients and other stakeholders we serve around the world.

CSL focuses its world-class research and development (R&D), high-quality manufacturing, and patient-centred management to develop and deliver innovative biotherapies and support programs – all to help save lives and treat people with life-threatening medical conditions.

Innovation has been in the DNA of CSL since our beginning in 1916 and continues as the core of everything we do today. Innovation spans all across our organisation - reflected in our 1,100 dedicated R&D experts who focus every day on solving patients' unmet needs, to our unique capability in creating one of the largest and most efficient plasma collection networks in the world, right through to safely and effectively producing medicines.

CSL supports patient, biomedical and local communities by improving access to therapies, advancing scientific knowledge, supporting future medical researchers, and engaging our staff in the support of local communities. We also contribute to humanitarian programs and relief efforts around the world.

CSL's continuing priority is to ensure the ongoing safety and quality of our medicines, while improving access to innovative therapies that make a real and lasting difference to the lives of people who need them. To achieve this, we drive a culture of continuous improvement in quality and compliance and undertake capacity expansion around the world.

CSL also invests in life cycle management and market development for our existing products, and in the development of new product opportunities for the longer term.

We understand the very unique challenges faced by people stricken with life-threatening medical conditions because of our long experience, deep knowledge and dedicated focus on preventing and treating serious diseases. We expect that emerging new innovations and support programs can provide unprecedented opportunities to improve patient well-being unlike any other time in history. CSL's operational excellence, commercial capability, combined with a focused global R&D organisation and proven management, give us the confidence to efficiently identify, successfully develop, and dependably deliver innovations that patients need and want.

For nearly a century, CSL has earned a reputation as a passionate yet responsible organisation which is driven to care for patients and deliver on its commitments. Today, our future has never looked brighter.

CSL is a global specialty biotherapeutics company that develops and delivers innovative biotherapies that save lives, and help people with life-threatening medical conditions live full lives.

US$ 5.5+ Billion
In annual revenue

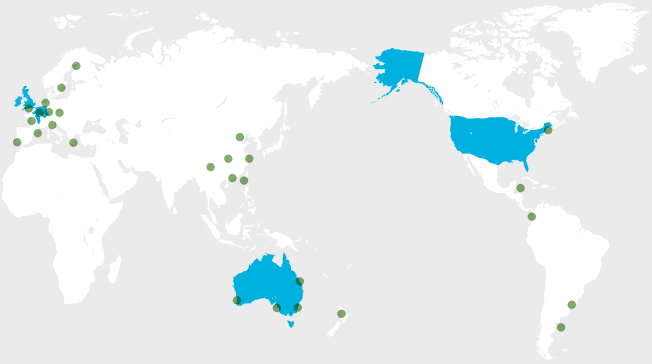
30+ Countries
Operations around the world

14,000+
Employees around the world

1,100+
R&D employees

US$ 2 Billion
In R&D investments in 5 years advances exciting pipeline

120+
Plasma collection centres across Europe and North America



8
manufacturing sites

Australia · Germany · Switzerland · United Kingdom · United States

Our Businesses

CSL Behring

CSL Behring is a global leader in biotherapies with the broadest range of quality products in our industry and substantial markets in North America, Europe, Asia and Australia. Our therapies are indicated for treatment of bleeding disorders including haemophilia and von Willebrand disease, primary and secondary immune deficiencies, hereditary angioedema, neurological disorders and inherited respiratory disease. Our products are also used to prevent haemolytic disease in newborns, for urgent warfarin reversal in patients with acute major bleeding, to prevent infection in solid organ transplant recipients and treat specific infections, and to help victims of trauma, shock and burns.

From our burgeoning family of recombinant coagulation products that aim to dramatically improve the lives of patients with bleeding disorders, to industry leading immunoglobulin and specialty products that are shifting treatment paradigms around the world, CSL Behring knows how to meet the needs of these unique populations.

CSL Plasma, a division of CSL Behring, operates one of the world's largest and most efficient plasma collection networks with more than 120 centres in the US and Europe, and an integrated manufacturing platform with production facilities located in the US, Germany, Switzerland and Australia. We use the most sophisticated production methods available and meet or exceed stringent international safety and quality standards. Each step of our manufacturing process – from plasma donor to patient – reflects CSL Behring's unyielding commitment to ensuring its products are safe and effective.

bioCSL

bioCSL operates one of the largest influenza vaccine facilities in the world, manufacturing seasonal and pandemic influenza vaccines for global markets.

In October 2014, CSL announced the acquisition of Novartis' influenza vaccine business. The acquisition is expected to create the world's second largest influenza manufacturing company with major plants in the US, United Kingdom, Germany and Australia, and strong pandemic capabilities in its major centres of operation.

Additionally, bioCSL markets and distributes in-licensed vaccines and specialty pharmaceuticals in Australia and New Zealand, develops, manufactures and markets diagnostic immunohaematology reagents for Australia and the Asia Pacific, and manufactures and distributes antivenoms and Q fever vaccine for Australia.

bioCSL also operates an Australia-wide cold-chain logistics business for the distribution of vaccines and prescription medicines.

Research and Development

CSL continues to invest in the development of protein-based medicines to treat serious human illnesses. Today, most of our licensed medicines are purified from human plasma. CSL has also built the capabilities required to develop new and innovative products using recombinant technology.

Global R&D activities support CSL's existing licensed products and development of new therapies that align with our technical and commercial capabilities in immunoglobulins, specialty products, haemophilia and coagulation therapies and breakthrough medicines.

(Photo Trevor Mein – meinphoto)

CSL Global Headquarters

In December 2014, CSL's new global headquarters in Melbourne, Australia, was unveiled in a formal opening. The renovated building's design and sustainable features was recognised with an award for Commercial Architecture by the Victorian Architecture Awards in June 2015.

Business Highlights

CSL recorded another year of strong business performance across our plasma products portfolio, while continuing to build global capacity to develop and produce new and improved therapies. The acquisition of Novartis' influenza vaccine business is expected to create the world's second largest influenza vaccine company.

Net profit after tax was US$1,379 million for the year ended 30 June 2015. On a constant currency basis#, net profit after tax was US$1,412 million.

CSL has maintained a strong balance sheet with US$557 million cash on hand against borrowings of US$2,281 million. Cash flow from operations was US$1.36 billion. Our latest share buyback of A$950 million together with previous share buybacks has contributed to a 22.7% boost to earnings per share.

Immunoglobulin sales continue to deliver the strongest contribution to total revenue with Hizentra® (subcutaneous immunoglobulin) a primary contributor in the US and Europe, and Privigen® (intravenous immunoglobulin) growth assisted by an expanded indication in Europe to include the treatment of chronic inflammatory demyelinating polyneuropathy.

Constant currency removes the impact of exchange rate movements to facilitate comparability. For further details refer to the Directors' Report on page 47.

Albumin sales grew, driven by strong demand in China. With four albumin brands, a uniquely broad manufacturing footprint, a spectrum of bottle sizes, and a range of concentrations, we are well positioned to serve customers worldwide. Specialty product highlights included strong growth for Kcentra®, Berinert® and Zemaira®.

In 2015, construction began on CSL's recombinant manufacturing facility in Lengnau, Switzerland. Pivotal for CSL's future growth, the facility will first manufacture CSL's novel family of longer-acting coagulation factors for people with rare and serious bleeding disorders.

Other ongoing capacity expansion programs continue to position CSL to meet future demand for plasma products. Bern, Switzerland completed an installation of a new state-of-the-art sterile filtration and filling line and Kankakee, US, received US Food and Drug Administration approval for expansion activities that will increase plasma processing and albumin production. Marburg, Germany, recognised the opening of a new production support and laboratory building. Broadmeadows, Australia, announced a new albumin manufacturing facility which when complete will make a significant contribution to CSL's total global albumin output.

The acquisition of the Novartis influenza vaccine business is expected to create the world's second largest influenza manufacturing company with key operations in Australia, Germany, United Kingdom and the US.

bioCSL successfully completed its quadrivalent influenza vaccine clinical study in adults aged over 18; acquired the exclusive rights to commercialise the first and only approved intravenous influenza therapy in the world, RAPIVAB*; and, obtained Australian Government listing of in-licensed Zostavax*, a treatment for the prevention of shingles, on the National Immunisation Plan for people aged 70 and up.

We achieved European and US approval for the flexible dosing of Hizentra® subcutaneous immunoglobulin. Flexible dosing with Hizentra® is an important treatment option for people diagnosed with primary and secondary immunodeficiencies, enabling healthcare professionals to meet individual and lifestyle needs of patients.

Pivotal study data for CSL's long-acting recombinant coagulation factors was released. This data demonstrated the potential for prolonged dosing intervals without compromising therapeutic benefit, helping to provide, if approved by regulators, a new treatment option with increased convenience for patients.

CSL Plasma opened 22 new plasma collection centres during the year, reaching a total of 128 in July 2015. With significant operations in the US and Germany, CSL Plasma has extended its world leading plasma collection network to Hungary.

** Zostavax is a trademark of Merck & Co. Inc., RAPIVAB is a trademark of BioCryst Pharmaceuticals, Inc.*

Financial Highlights

Dividends

Interim Unfranked dividend of $US 0.58 per share + **Final Unfranked** dividend of $US 0.66 per share [1] = **Total Ordinary** dividends 2014-15 $US 1.24 per share

Five Year Summary

All figures are in US$ million unless stated otherwise	2014-15 Constant Currency[2]	2014-15 Reported[3]	2013-14 Reported	2012-13 Reported	2011-12 Reported	2010-11 Reported
Total revenue	**5,906**	**5,628**	5,524	5,130	4,814	4,228
Sales revenue	**5,733**	**5,459**	5,335	4,950	4,616	4,097
R&D investment	**494**	**463**	466	427	370	323
Profit before income tax expense	**1,760**	**1,714**	1,604	1,461	1,270	1,167
Net profit	**1,412**	**1,379**	1,307	1,211	1,024	918
Capital investment		**414**	402	450	309	197
Total assets at 30 June		**6,401**	6,278	5,974	5,901	5,447
Total equity at 30 June		**2,746**	3,162	3,018	3,477	3,917
Net tangible assets per share at 30 June ($)		**3.92**	4.71	4.44	5.15	5.68
Weighted average number of shares (million)		**472**	484	499	519	541
Basic earnings per share ($)		**2.923**	2.701	2.429	1.972	1.698
Dividend per share ($)		**1.240**	1.130	1.020	0.865	0.781

(1) For shareholders with an Australian registered address, the final dividend will be paid in A$ at an amount of A$0.89991 per share (at an exchange rate of A$1.3635/US$1.00, and for shareholders with a New Zealand registered address, the final dividend will be paid in NZD at an amount of NZ$1.006104 per share (at an exchange rate of NZ$1.5244/US$1.00).

(2) Constant currency removes the impact of exchange rate movements to facilitate comparability by restating the current year's rates. For further details please refer to the Director's Report on page 47.

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

Since listing on the Australian Securities Exchange in 1994, we have achieved:

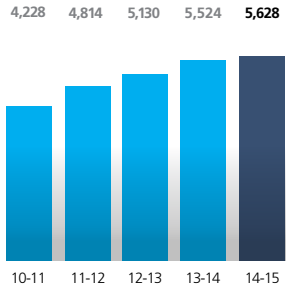
Compound annual growth in net profit of 24% to June 2015

Compound annual growth in CSL share price of 25% to June 2015

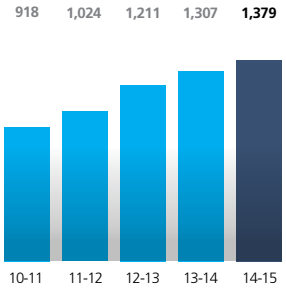
Compound annual growth in market capitalisation of 26% to June 2015

Financial Performance in US$

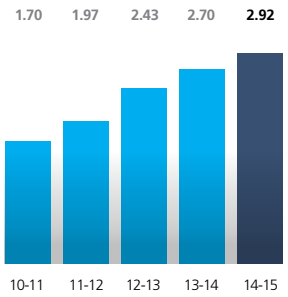
CSL Total Revenue (US$ millions)



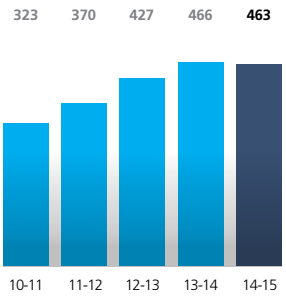
CSL Net Profit (US$ millions)



CSL Earnings Per Share (US$)



CSL R&D Investment (US$ millions)



CSL Group Sales by Region 2014-15

- North America **43%**
- Europe **28%**
- Australia **10%**
- Asia **10%**
- Other **9%**

CSL Group Sales by Major Products 2014-15

- Immunoglobulins **41%**
- Plasma-derived coagulants **10%**
- Helixate **8%**
- Albumin **14%**
- Other **27%**

Year in Review

Dividends and Financial Results

CSL's net profit after tax was US$1,379 million for the year ended 30 June 2015. On a constant currency basis, reported net profit after tax was US$1,412 million.

On 10 April 2015, CSL shareholders received an interim unfranked dividend of US$0.58 per share. A final unfranked dividend of US$0.66 per share will be paid on 2 October 2015. Total ordinary dividends for the year were US$1.24 per share.

On 15 October 2014, CSL announced an on-market share buyback of up to A$950 million which, as of 30 June 2015, was 100% complete with 10.59 million shares repurchased for A$950 million.

The benefit to shareholders comes from improved investment return ratios, including earnings per share and return on equity. This latest share buyback together with previous share buybacks has contributed to a 22.7% boost to earnings per share.

CSL business activities reported here include CSL Behring, bioCSL and our global Research and Development operations.

CSL Behring

CSL Behring sales grew 7% in constant currency to US$5,029 million with sales growth (in constant currency terms) of 5% for immunoglobulins, 12% for albumin, 3% for haemophilia products and 15% in the specialty products portfolio. The performance is a result of robust global demand for our differentiated biotherapies with albumin and specialty products delivering the greatest growth in our portfolio of products.

John Shine AO
Chairman

Paul Perreault
Chief Executive Officer
and Managing Director

Immunoglobulins represent our largest therapy area in terms of sales and contributed US$2,326 million to the full-year results – 5% increase in constant currency terms over last year. This portfolio benefited from several new indications and approvals, both in our subcutaneous and intravenous products, strengthening CSL Behring's market leadership in the therapy area.

For example, CSL Behring's subcutaneous immunoglobulin product Hizentra® received both US Food and Drug Administration (FDA) and European Medicines Agency (EMA) approvals for flexible dosing options in this financial year. For a product that is already known for offering convenience to people living with primary immunodeficiency, these approvals now allow patients the flexibility of infusing as often as daily or infrequently as every two weeks – as needed to meet the specific needs of their condition and lifestyle.

Our intravenous immunoglobulin (IVIg) sales growth was driven by strong demand for Privigen®, which continued to benefit from a 2013 European expanded indication to include its use in the treatment of chronic inflammatory demyelinating polyneuropathy (CIDP).

Sales growth in our albumin portfolio registered US$754 million, up 12% in constant currency, driven by strong sales in China where CSL Behring now holds the market leadership position. We have four albumin brands, a uniquely broad manufacturing footprint, a spectrum of bottle sizes, and a range of concentrations – providing CSL Behring a strong competitive edge with customers around the world.

CSL Behring's coagulation portfolio achieved sales of US$1,026 million, up 3% in constant currency. The plasma-derived coagulation products contributed 4% growth bolstered by the successful award of several tenders from countries including Brazil, Poland and Russia. CSL Behring is uniquely nimble and able to meet the often large volumes requested by tender markets in a short period of time, giving us a competitive advantage.

The recombinant coagulation market remains competitive, particularly as new product entrants have come to market in both the haemophilia A and B categories. We expect growth in this area as CSL Behring begins introduction of our own family of novel recombinant coagulation products starting next year.

Finally, in the specialty products portfolio, Kcentra®, Berinert® and Zemaira® led the charge, growing the category 15% in constant currency terms to US$923 million. Kcentra® (4 factor pro-thrombin complex concentrate) achieved strong growth following its approval by the FDA for use in urgent reversal of warfarin therapy in adult patients needing surgery. Also over the past year, the US Centers for Medicare and Medicaid Services approved an extension to the new technology add-on payment for Kcentra® to September 2015, recognising its significant clinical advancement in reversing the effects of warfarin in patients who experience acute major bleeding.

Strong demand for Berinert® (C1-esterase inhibitor concentrate) continues for treatment of acute attacks in patients with Hereditary Angioedema (HAE) on the back of a 2012 FDA-approved label expansion for self-administration. Today, more than 70% of patients using Berinert® self-administer. Zemaira®, which is used to treat Alpha-1 associated emphysema, grew strongly.

CSL Behring continues to invest in state-of-the-art manufacturing facilities around the world to meet growing demand for its products, increase efficiency and support its cohesive global manufacturing network. Over the last year, we achieved significant milestones in the production of immunoglobulins and albumin, to stay ahead of growing global demand.

In **Kankakee, US,** our facility received FDA approval for our Albumin Capacity Expansion and Plasma Input Squared projects, which together increase Kankakee's plasma processing and albumin production capacity by 300 percent.

On the heels of this approval, CSL Behring announced a new multi-year, $450 million capacity expansion project to include a new base fractionation facility in Kankakee and an albumin manufacturing facility in **Broadmeadows, Australia,** the first stage of which will be complete in 2019. Additionally in Broadmeadows, the immunoglobulin Turner Privigen® Facility is expected to become fully operational in 2016, enabling CSL Behring to significantly increase Privigen® production capacity for global markets.

Kankakee, US:
CSL CEO Paul Perreault (centre) with the Kankakee Leadership Team and the Expansion Project Team at the ground breaking ceremony in Kankakee. The 300,000 square feet expansion, due for completion in 2017, will substantially increase the production of plasma intermediates. CSL Behring uses plasma intermediates to make albumin and also immunoglobulins.

In Europe, CSL Behring's manufacturing operations in **Bern, Switzerland,** completed installation of a new state-of-the-art sterile filtration and filling line to accommodate a wider range of products and vial sizes. In nearby Lengnau, Switzerland, construction began in 2015 on a 130,000 square-metre site for our first dedicated recombinant production site to accommodate CSL Behring's growing suite of recombinant coagulation products.

In **Marburg, Germany,** CSL Behring is continuing its €180 million, five-year modernisation and capacity expansion project. The team delivered on its first important milestone in September 2014, with the official inauguration of a new production support and laboratory building. The next phase began in March 2015, as the team broke ground on a new 4,600-square-metre facility that will house incoming goods, a new picking area, and modern personnel airlocks.

Within **CSL Plasma,** we continue to expand our fleet of plasma collection centres, opening 22 locations in the 2014-2015 year, including the opening of our first centre in Miskolc, Hungary. This centre opening expands our collection centre footprint in Europe, extending it beyond Germany for the first time. As one of the largest and most efficient plasma collection operations in the world, this unparalleled growth gives us confidence we can collect sufficient plasma to stay ahead of demand and assure reliable supply of our products well into the future.

bioCSL

The past year has been transformational for the bioCSL business and has created a platform for a sustainable future. A significant highlight was the announcement in October 2014 of the acquisition of the Novartis influenza vaccine business for US$275 million. The combination of these two businesses is expected to create the world's second largest influenza manufacturing company with major plants in the US, United Kingdom, Germany and Australia, and strong pandemic capabilities in its major centres of operation.

The diversified product portfolio and late stage research pipeline that the combined entity will have offers significant growth opportunities in both new and established markets.

Total revenue for bioCSL reached A$480 million, an increase of 11% on the previous year in constant currency.

Influenza vaccine sales reached record levels as we focused our strategy towards growing sales in key markets. In a highly competitive environment our products were first to market in several Southern and Northern Hemisphere markets and total demand net of returns exceeded 24.3 million doses, an increase of 12% on last year.

bioCSL's quadrivalent influenza vaccine development program continued to progress to plan. We successfully completed a major clinical study in adults aged over 18 and are well advanced in the planning of the next clinical trial in people aged 5 to 17 to be conducted in the second half of 2015.

Following completion of a comprehensive investigation into the cause of the unexpected increase in febrile events associated with our 2010 Southern Hemisphere influenza vaccine, a modified manufacturing process has been introduced for seasonal influenza vaccines. A pilot study designed to investigate the safety of the reformulated vaccine in patients aged 5 to 9 was completed prior to the supply of vaccine for the Southern Hemisphere season. The study showed that rates of fever for bioCSL's modified vaccine were considerably reduced compared to historical rates for this age group. These results were encouraging and form the basis of our decision to progress to larger, more definitive, paediatric clinical studies, an approach endorsed by both the US FDA and Australia's Therapeutic Goods Administration (TGA).

bioCSL continues to play a key role in providing influenza pandemic preparedness services. We successfully participated in the Australian Government's tender for *Timely and Assured Supply of Supplies including Antivenoms, Q Fever Vaccine and Pandemic Influenza Vaccine* and provided novel master virus seeds and antigen to the US Government.

In June 2015, bioCSL acquired the exclusive rights to commercialise the intravenous influenza treatment, RAPIVAB*, from BioCryst Pharmaceuticals, Inc. The first and only approved intravenous influenza therapy in the world, RAPIVAB* addresses an unmet need for the treatment of acute influenza in the hospital emergency room setting. Given our strong focus on influenza, RAPIVAB* is a complementary addition to our product portfolio and provides bioCSL with the opportunity to enter a new market segment and extend our reach to the care of a different group

Lengnau, Switzerland:
(Left to right.) Max Wolf, Mayor of Lengnau; Walter Läderach, Consultant CSL Behring; Uwe E. Jocham, Senior VP and General Manager; Andreas Rickenbacher, Minister of Economic Affairs of the Canton of Bern; and Franz Renfer, President of the Civic Community Lengnau at the ground breaking ceremony. The state-of-the-art manufacturing facility to be built in Lengnau will support the commercial production of CSL's novel recombinant coagulation family of therapies. The facility is scheduled for full operation in 2019.

of seriously ill patients. The transaction advances our strategic objective of achieving leadership in the prevention and treatment of influenza.

In addition to our expanding global activities in the influenza field, bioCSL continues to in-license and distribute a broad range of vaccines and specialty pharmaceuticals in Australia and New Zealand. During the year several new pharmaceutical products were added to our portfolio including allergy therapeutic products Mitizax* and Grazax* and the pain product Versatis*.

In May 2015 the Australian Government announced the listing of ZOSTAVAX* (for the prevention of shingles) on the National Immunisation Program. The Program is scheduled to commence in November 2016 and ZOSTAVAX* will be available to an on-going cohort of people aged 70 and includes a five year catch-up program for people aged 71 to 79.

The TGA approved the marketing of GARDASIL*-9 in Australia in June 2015. GARDASIL*-9 is a new vaccine which provides protection against an additional five strains of human papilloma virus (HPV) compared to GARDASIL* and offers further protection against HPV infection and cervical cancer. This is an extremely positive outcome and will eventually enable a switch in the marketplace and provide important public health benefits to the Australian community.

Our Australian contract logistics business, which operates a cold-chain and ambient distribution service for vaccines and prescription medicines, continues to strengthen with an expansion of our customer base and successful renegotiation of several customer contracts. A growth strategy for the business has been developed and will require the expansion of our warehouse capacity.

Research and Development

Global research and development (R&D) activities support CSL's licensed marketed products and the development of new therapies that align with our technical and commercial capabilities in immunoglobulins, specialty products, haemophilia and coagulation and breakthrough medicines.

Achieving licenses and expanding the medically justified use of therapies in major regulatory jurisdictions is a critical objective of our R&D programs. During the year, a highlight was the approval of new flexible dosing for Hizentra® subcutaneous immunoglobulin. In December 2014 the EMA approved amended labelling for Hizentra® to provide the ability to individualise treatment with flexible dosing at intervals from daily to once every two weeks. In February 2015 the US FDA similarly expanded the administration options for Hizentra® to include the ability to individualise therapy with flexible dosing.

Hizentra®, the first and only 20 percent subcutaneous (under the skin) immunoglobulin, is an important treatment option for people diagnosed with primary and secondary immunodeficiencies (PID and SID). The ability to customise the dosing regimen of Hizentra® provides physicians with more options to meet the individual needs of patients on immunoglobulin (Ig) therapy and provides even more freedom to patients, by allowing them to manage their condition based on their individual lifestyles, while still providing a consistent level of protection against infections.

CSL has made good progress bringing new and improved products to market and our strong commitment to investment in research and development continues to be reflected in R&D pipeline advances.

Advancement of the development of a family of novel longer-acting recombinant coagulation factor medicines to progress the care of people with haemophilia and other coagulation disorders continued during 2014-2015. Important milestones included the completion of our Phase III studies evaluating the efficacy and long-term safety of our long-acting fusion protein linking recombinant coagulation factor IX with recombinant albumin (rIX-FP). During the year we also completed our pivotal study on the efficacy and safety of our novel factor VIII single chain (rVIII-SingleChain) in adolescents and adults with haemophilia A (for more on these milestones see feature on page 24).

In February 2015, the US FDA accepted for review CSL's biologics license application (BLA) for rIX-FP and in March 2015, the EMA started the Centralised Procedure for reviewing our Marketing Authorisation Application (MAA) for rIX-FP. In late July 2015, the US FDA accepted for review CSL's BLA for rVIII-SingleChain.

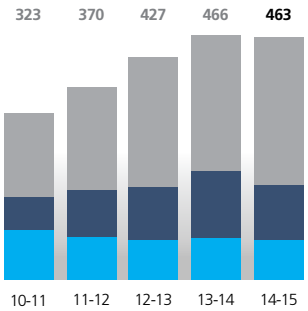
Significant progress has been made in unlocking the medical significance and value of our specialty plasma-derived products. An international Phase III study of a volume-reduced, subcutaneous formulation of C1-esterase inhibitor concentrate (C1-Inh) continued in patients with frequent hereditary angioedema (HAE) attacks. This follows the successful completion of a Phase II study of C1-Inh administered subcutaneously twice weekly continuing CSL's leading position in this therapeutic area.

Kcentra® / Beriplex® (4 factor Prothrombin Complex Concentrate) was launched in April 2014 in the US as a first in class therapy to reverse the effects of vitamin K antagonists (e.g. Warfarin) for bleeding related to over-anticoagulation and patients needing urgent surgery.

bioCSL's influenza vaccine, fluvax®, was first to market in Australia in 2015.

**GARDASIL and ZOSTAVAX are trademarks of Merck & Co. Inc., Versatis is a trademark of Grunenthal GmbH, Mitizax and Grazax are trademarks of ALK- Abello A/S, and RAPIVAB is a trademark of BioCryst Pharmaceuticals, Inc.*

CSL Research and Development Investment (US$ millions)



New Product Development activities focus on innovative new therapies for life-threatening diseases.

Market Development strategies seek to bring therapies to new markets and new indications.

Life Cycle Management ensures continuous improvement of existing products.

In October 2014 we commenced a clinical program in Japan aiming to register Beriplex® for vitamin K antagonist reversal.

Unfortunately a Phase III multi-site clinical trial in Europe evaluating the efficacy and safety of fibrinogen concentrate (FCH) in controlling bleeding in complex cardiac surgery did not meet its primary clinical trial endpoint. Importantly there were no safety concerns identified in the study and this, combined with the results of other published studies, support the role of FCH in improving haemostasis and potentially reducing the need for allogenic blood products across a number of clinical settings.

Findings from CSL's RAPID study (the largest placebo-controlled trial ever conducted in patients with alpha-1 antitrypsin deficiency (AATD)) demonstrated that the use of Alpha1-Proteinase Inhibitor (Zemaira®/ Respreeza®) therapy may slow the progressive loss of lung tissue experienced by these critically ill patients. The results of the RAPID study, published by The Lancet during the year, showed patients with AATD treated with Respreeza® exhibited a lower annual rate of lung density decline compared to placebo, when measured using chest computed tomography, at full inspiration. In late June 2015, based on these results, the EMA Committee for Medicinal Products for Human Use (CHMP) recommended granting marketing authorisation for Respreeza® to treat patients with AATD, moving one step closer to providing a new treatment option to the AATD community in Europe.

We continue to support our immunoglobulin franchise. Following the successful demonstration of the safety and efficacy of Privigen® in treating CIDP, an international Phase III study is progressing testing Hizentra® for CIDP. These studies aim to provide greater flexibility and control for patients who require long-term immunoglobulin therapy.

An R&D priority is also the development of new breakthrough medicines such as CSL112, a novel formulation of apolipoprotein A-I (apoA-I). Following Phase I and IIa studies supporting possible use of CSL112 in acute coronary syndromes, in November 2014 CSL announced the launch of AEGIS-I, a Phase IIb global, placebo-controlled, dose-ranging study investigating the safety and tolerability of multiple dose administration of CSL112 in 1,200 patients who experienced an acute myocardial infarction or heart attack. CSL112 is designed to rapidly remove cholesterol from the arteries and stabilise lesions at risk of rupture. This represents a potential new approach to reduce the high incidence of early recurrent cardiovascular events in the days and weeks following a heart attack. Results of the study are expected in 2017.

Other earlier stage R&D pipeline advances include the commencement of a Phase II study for CSL362 (anti-IL-3R mAb) in acute myeloid leukaemia by our partner Janssen Biotech, Inc.

Investment in research and development remains an important driver for CSL's future growth. We have a high quality and potentially valuable portfolio of projects in various stages of development. We continue to make a balanced investment in the life cycle management and market development of existing products that bring short-to mid-term commercial benefits, and we make strategic investments in longer term, higher risk and high opportunity new product development activities.

Corporate Responsibility

In January 2015, CSL's Executive Vice President, Quality and Business Services, a long-standing member of the Global Corporate Responsibility (CR) Steering Committee, was appointed Chair of the CR Committee. With the support of functional leaders from Finance, Legal & Risk Management, Research & Development, Human Resources, Commercial Operations, Health & Safety and Public Affairs, the Committee drives awareness, integration and the continuous improvement of CR through the organisation.

In December 2014, CSL published its sixth CR Report. The report details our performance across key sustainability aspects most important to our business and stakeholders. Our performance and interactions with stakeholders is guided by our long-held values. A full version of the report is available on our website, *www.csl.com.au/corporate-responsibility*.

Over the reporting period CSL finalised an enterprise-wide climate change risk assessment of our manufacturing sites and other key operations. The risk assessment took into consideration updated observations from the Intergovernmental Panel on Climate Change and other environmental agencies where we have key operations. CSL concluded that it is not exposed to climate change risks based on physical climate factors, regulatory changes or other factors that have a potential to generate a substantive change in our business operations, revenue or expenditure in the next 25 years.

Our support for patients communities continues, as demonstrated by our commitment to the World Federation of Hemophilia (WFH). In April 2015, CSL announced it will provide 10 million

international units (IUs) of one or more of our broad portfolio of bleeding disorder protein therapy products to the WFH over a three year period commencing in 2016.

In response to natural disasters that struck Vanuatu and Nepal, CSL, together with employees, provided monetary and product donations to humanitarian agencies across Australasia, US and Europe. In Nepal, where there was significant loss of life and infrastructure, CSL Behring, through the World Federation of Hemophilia, also donated 216,000 IUs of Mononine® (human coagulation factor IX) to help patients with bleeding disorders receive essential treatment.

Our People

Our people's expertise and commitment are the very foundation on which CSL's continued success, in bringing innovative and life-saving products to patients, has been built. At CSL, we offer our people a workplace that provides challenging career opportunities and a work environment that supports their wellbeing and changing needs during their career with CSL.

Across the organisation flexible work practices have long been established in many different forms. CSL has strengthened its commitment to workplace flexibility by publishing a Flexible Working Philosophy to further encourage discussion and planning around balancing work and personal commitments.

CSL's approach to talent management and succession ensures a pipeline of internal candidates ready for promotions, alongside the appointment of talent from outside the organisation. This year, the global integration of a number of business functions has provided opportunities for career advancement, and in some cases involved international moves, which further strengthens the global mind-set of our leaders. This approach has also been supplemented with hiring selectively from outside CSL.

Our growing and complex international business, along with an expanding workforce, demands consistent and effective management of all data and information related to the employment of our people. CSL has committed to invest in a new Global Human Resource Information System to provide improved access to data and reporting capabilities and, for employees and managers, the ability to access information directly. This important project commenced in early 2015 and will be implemented through 2015-2016.

CSL is proud of its strong diversity position which has been achieved through the fostering of a highly inclusive culture. We understand that it is critical to continually listen to our leaders and employees to ensure that this enviable position is not compromised. To this end we have piloted an online exit survey and have reviewed and addressed gender differences in the responses to our most recent employee opinion survey.

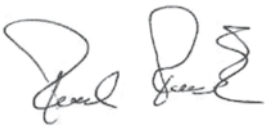
In respect of gender diversity, CSL's excellent track record in terms of the comparatively high representation of women at all levels of management was achieved again during this financial year. More information on CSL's diversity position and a report on our measurable diversity objectives can be found in the Corporate Governance Statement (on pages 38 and 39).

Our Thanks

Our people enable us to develop, manufacture and deliver life-saving and life-improving therapies that help many thousands of people live full lives. It is their passion and promise to patients that drives our performance.

The CSL Board of Directors appreciates the commitment, integrity and contribution of CSL's management and employees across our global operations for their support in our continued success.

John Shine AO
Chairman



Paul Perreault
Chief Executive Officer
and Managing Director

CSL's long-held values guide our performance and interactions with stakeholders

Customer Focus:
We are passionate about meeting the needs of our customers.

Innovation:
We seek better ways of doing things

Integrity:
We are ethical and honest at all times

Collaboration:
We work together to achieve better results

Superior Performance:
We strive to be the best at what we do

CSL Behring

Living with a life-threatening condition is difficult; CSL Behring works every day to make it easier.

CSL Behring is a global leader in the plasma protein biotherapeutics industry. Our scientists work closely with physicians, patients, and their families to understand the challenges unique to treating and managing severe and chronic medical conditions and then apply world-class research and development and high quality manufacturing to deliver therapies that make life better. We treat people with primary immune deficiencies, bleeding disorders (including haemophilia, congenital fibrinogen deficiency and von Willebrand disease), hereditary angioedema, certain neurological disorders, inherited respiratory disease and other serious conditions. Our products are also used to prevent haemolytic disease in newborns, speed recovery after heart surgery, prevent infection in people undergoing solid organ transplants, and to help victims of shock and burns to recover faster. From our burgeoning family of recombinant coagulation products that aim to dramatically improve the lives of patients with bleeding disorders, to industry leading immunoglobulin and specialty products that are shifting treatment paradigms around the world, CSL Behring knows how to meet the needs of these unique populations.

And because living with a chronic disease impacts more than just a person's health, CSL Behring also provides financial, educational and emotional support programs to help reduce strain on the patient and, by extension, their family and friends.

Headquartered in King of Prussia, United States (US), CSL Behring operates manufacturing facilities in Kankakee, US; Bern, Switzerland; Marburg, Germany; and in Melbourne, Australia. Regional sales and distribution offices are located throughout the world. We use the most sophisticated production methods available and meet or exceed stringent international safety and quality standards. Each step of our manufacturing process – from plasma donor to patient – reflects CSL Behring's unyielding commitment to ensuring its products are safe.

The people and science of CSL Behring save lives around the world. We develop and deliver innovative specialty biotherapies, helping people with life-threatening conditions live full lives. And we do so following our long-held core values of customer focus, innovation, integrity, collaboration, and superior performance.

In September 2014, quality control activities and laboratories that were previously dispersed across our site in Marburg, Germany, were consolidated into a new building. Centralising these activities will enhance collaboration and provide state-of-the-art facilities for our employees.

Major products marketed by CSL Behring

Coagulation Disorders

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

Plasma-derived Factor VIII and von Willebrand Factor

- Beriate® P
- Monoclate P®
- Humate P®
- Haemate P®
- Voncento®

Recombinant Factor VIII

- Helixate® FS
- Helixate® NexGen

Plasma-derived Factor IX

- Berinin® P
- Mononine®

Plasma-derived Factor X

- Factor X P Behring

Plasma-derived Factor XIII

- Corifact®
- Fibrogammin® P

Other Products

- Stimate®
- Octostim*

Alpha 1-Proteinase Inhibitor Deficiency

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

- Zemaira®

Specialty Care Products

Specialty care products are used to treat acquired bleeding disorders and are used in wound healing, volume replacement, warfarin reversal, the management of sepsis and severe burns, as well as in the treatment of hereditary angioedema.

Haemostasis Disorders

- Beriplex® P/N / Confidex®/ Kcentra®
- Haemocomplettan® P/ RiaSTAP®
- Fibrogammin®P /Corifact®

Intensive Care

- Albuminar®
- Alburex®
- AlbuRx®
- Human Albumin Behring
- Humanalbin®

Hereditary Angioedema

- Berinert®

Other Specialty Care

- Kybernin® P
- Streptase®

Wound Healing

Wound healing therapies are used to facilitate healing.

- Beriplast® P
- Combi-Set
- Fibrogammin® P
- Tachocomb*

Immune Disorders and Immune Therapy

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

Intravenous Immunoglobulins

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

Subcutaneous Immunoglobulins

- Hizentra®

Specific Immunoglobulin

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

* Octostim is a trademark of Ferring GmbH
* Tachocomb is a trademark of Nycomed

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

Hemophilia Foundation Recognises CSL for Leadership

The National Hemophilia Foundation (NHF) in the US awarded CSL Behring with its 2015 Corporate Leadership Award in recognition of our longstanding and unwavering commitment to advancing science and improving the care of the bleeding disorders community. The award was accepted by CEO and Managing Director Paul Perreault during a May event in New York City.

"The National Hemophilia Foundation is dedicated to finding better treatments and cures for bleeding disorders," said Val Bias, Chief Executive Officer of NHF. "CSL Behring shares NHF's vision and commitment to providing education, advocacy and research opportunities that strive to improve the well-being of patients and their caregivers. We applaud CSL Behring's leadership and dedication to delivering innovative products and programs that make a meaningful difference in the lives of the bleeding disorders community."

"Emerging new innovations and programs will soon provide unprecedented opportunities to improve patient well-being unlike any other time in history," Paul said as he accepted the award. "On behalf of our 14,000 employees around the world, who are driven by our deep commitment to the global bleeding disorders community, thank you for recognising our efforts."

Beyond the biotherapies our company provides, Paul also highlighted the many patient support programs CSL Behring offers, like the "Gettin' in the Game" events and My Source patient support programs.

CSL Success Highlighted by US Ambassador to Australia

The American Chamber of Commerce in Australia marked 10 years of free trade between the US and Australia with a tour to four key US cities in March with the US Ambassador to Australia, The Honorable John Berry. Called "Opportunity Australia 2015," the tour included events in Philadelphia, Washington, D.C., Seattle, and Minneapolis which were designed to encourage trade and investment between the US and Australia and foster policy discussions to compete in today's dynamic global marketplace.

The Philadelphia region, which includes CSL Behring's King of Prussia office, is home to a number of biopharmaceutical and life sciences companies. Opportunity Australia 2015 underscored how important it is for CSL Behring and other science-based organisations that public policies be developed in a way that sustainably supports innovation.

CSL was one of the success stories highlighted by Ambassador Berry for "growing to become a leading global biotherapeutics company which is saving people's lives all around the world today."

US Ambassador to Australia John Berry (right), CSL CEO Paul Perreault (centre), and American Chamber of Commerce CEO Niels Marquardt at "Opportunity Australia 2015" in Philadelphia.

"CSL is the ideal example of how to successfully grow an innovative, global company," Ambassador Berry said. "Paul (Perreault) understands the importance of innovation, trade and public policies and how they connect."

CSL CEO and Managing Director Paul Perreault emphasised three key factors essential to maintaining a global, innovative business environment, while he spoke at the Philadelphia event before introducing Ambassador Berry for his keynote address:

- Cultivating a STEM-focused education system (Science, Technology, Engineering and Math);
- Fostering strategic partnerships; and
- Operating in a stable business environment conducive to innovation.

CSL leadership also moderated a panel of global business and US government leaders as well as Ambassador Berry in Philadelphia to discuss key policy initiatives that were needed to create sustainable business environments.

CSL Welcomes China Entrepreneur Club Delegation

Professor John Shine AO, Chairman of CSL, together with other members of CSL's senior management team, hosted a delegation from the China Entrepreneur Club (CEC), the premier business leader platform in China, to the Broadmeadows site in April 2015.

The program included a number of discussions focused on the overall development of the biopharmaceutical industry, with particular focus on the importance of scientific, clinical and technical innovation in the plasma products sector. CSL shared insights on its R&D strategy and the latest significant developments in biotherapy treatments.

Professor Shine said, "We are honoured to have hosted this distinguished delegation of Chinese entrepreneurs from the CEC at our plasma manufacturing site here in Australia. With the completion of the Free Trade Agreement between Australia and China, our nations can continue to build on opportunities for growth and investment, particularly in healthcare. To this end, the delegation visit by the CEC is an excellent forum to help foster greater understanding and cooperation between Chinese and Australian businesses across a range of different sectors."

CSL Behring has been in China since 1997 and is now the leading supplier of imported albumin, a life-saving product derived from human plasma which is used in treating burns and restoring blood volume after trauma or surgery.

"We are delighted to have had the opportunity to meet with a leading global provider of innovative treatments for people with rare and serious diseases and understand their advanced technologies. We hope this visit will help to open up communication between CSL and more Chinese entrepreneurs and lay the foundation for potential investment and collaborative opportunities in the future," said Ma Weihua, Head of the CEC Delegation and former President of China Merchants Bank.

The China Entrepreneur Club is the premier business leader platform in China. Established by 31 of China's most influential entrepreneurs, economists and diplomats in 2006, the CEC is a hub for Chinese entrepreneurial exchange, cooperation, and international collaboration.

CSL Behring is the leading supplier in China of imported albumin, a life-saving product derived from human plasma which is used in treating burns and restoring blood volume after trauma or surgery.

Major plasma-derived therapies manufactured by CSL Behring in Australia

Coagulation Disorders

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

- **Biostate® /Aleviate® /Voncento®** (human coagulation factor VIII/von Willbrand Factor Concentrate)
- **MonoFIX®-VF** (human coagulation factor IX)
- **Prothrombinex®-VF** (human prothrombin complex)

Critical Care Conditions

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

- **Albumex®** (human albumin)
- **Thrombotrol®-VF** (human antithrombin III)

Immune Disorders and Immune Therapy

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

- **Intragam® P** (6% liquid intravenous immunoglobulin for intravenous administration)
- **Intragam® 10 NF** (10% liquid intravenous immunoglobulin for intravenous administration)
- **Evogam®** (16% liquid intravenous immunoglobulin for subcutaneous administration)
- **Normal Immunoglobulin-VF** (human normal immunoglobulin)
- **Rh(D) Immunoglobulin-VF** (human Rh (D) immunoglobulin)
- **CMV Immunoglobulin-VF** (human cytomegalovirus immunoglobulin)
- **Hepatitis B Immunoglobulin-VF** (human hepatitis B immunoglobulin)
- **Zoster Immunoglobulin-VF** (human zoster immunoglobulin)
- **Tetanus Immunoglobulin-VF** (human tetanus immunoglobulin)

Rhophylac®

Rhophylac® (human Rh (D) immunoglobulin, for IV use) is distributed in Australia by CSL Behring.

RiaSTAP®

RiaSTAP® (fibrinogen concentrate) is distributed in Australia by CSL Behring.

Berinert®

Berinert® (C1 esterase inhibitor) is distributed in Australia by CSL Behring.

Special Access Scheme

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

Toll Fractionation

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

CSL Plasma Enters Hungary

CSL Plasma continues to deliver on its growth strategy by opening its 128th collection centre as of July 2015. Twenty-one of the new centres are located in the US while one new centre is located in Miskolc, Hungary. With the addition of these new centres, CSL Plasma continues to deliver millions of donations every year to provide the plasma used to produce life-saving products for critically ill patients. CSL Plasma offers a reliable and secure source of plasma for those essential medications.

CSL Plasma

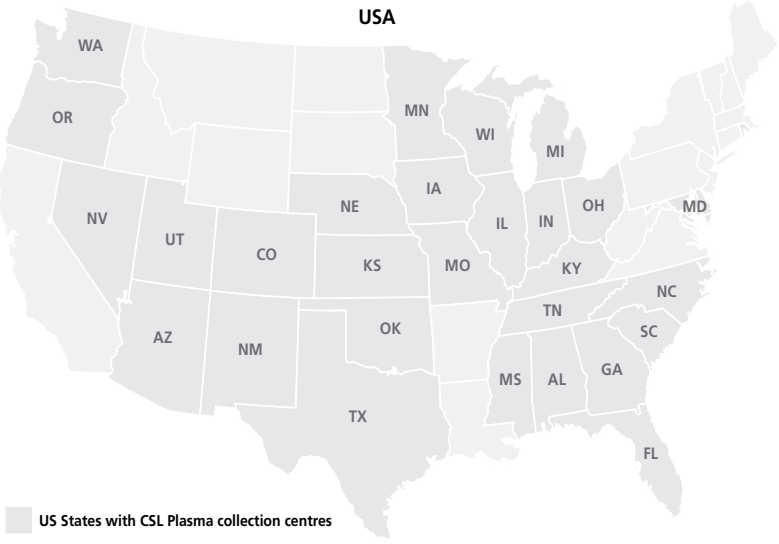
Since beginning its expansion in 2011, CSL Plasma has grown to become one of the largest plasma collection networks in the world, providing human plasma to CSL Behring for the manufacture and distribution of plasma protein biotherapeutics. Its expanded laboratory and logistics operations have increased CSL Plasma's testing and storage capacity to meet the growing need for plasma-derived therapies.

CSL Plasma has collection centres throughout the US, Germany and now Hungary, with plasma testing laboratories and logistics centres in US and Germany.

The Global and US headquarters of CSL Plasma is located in Boca Raton, Florida, with the European (EU) headquarters located in Marburg, Germany. Within the US and Germany, logistics centres are located in Indianapolis, Indiana (US), Mesquite, Texas (US) and Schwalmstadt, Germany, while the plasma testing laboratories are located in Knoxville, Tennessee (US) and Goettingen, Germany.

In a highly regulated industry, CSL Behring and CSL Plasma use the most sophisticated systems and continue to explore avenues of innovation.

US States and German cities with CSL Plasma collection centres



US Headquarters
Boca Raton, Florida

US Testing Laboratory
Knoxville, Tennessee

US Logistics Centres
Indianapolis, Indiana
Mesquite, Texas

EU Headquarters
Marburg, Germany

EU Testing Laboratory
Goettingen, Germany

EU Logistics Centre
Schwalmstadt, Germany

German cities with
CSL Plasma collection centres

Remarkable Transformation

The CSL Plasma team in Winston-Salem, North Carolina, US, welcome their Adopt-a-Patient Rylee Vogel. (Left to right) Kashuan Muhammad, Medical Operations Supervisor; Brittany Hannible, Centre Supervisor; Rylee Vogel; Monique Fitz, Assistant Quality Manager; Stephen Walker, Centre Manager.

Rylee Vogel is a lively six-year-old who enjoys singing, dancing, gymnastics, swimming, reading and math. She recently visited the CSL Plasma centre in Winston-Salem, US, and shared her recent transformation from being a sick little girl to the current vivacious, smiling youngster.

After what her parents described as a "five year journey of trying to find out why she was constantly sick and in the hospital" young Rylee was diagnosed with Primary Immunodeficiency Disease (PID), Specific Antibody Deficiency. According to her mother Terriann, "Rylee produces low IgG and is also missing some antibodies to combat infection. She has increased risk of chest and sinus infections, including pneumonia."

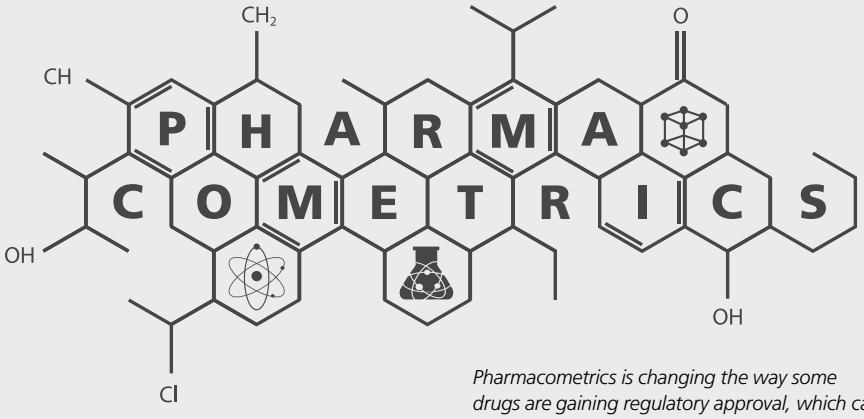
Rylee began receiving product shortly after her fifth birthday. "She currently receives treatment via subcutaneous infusions with Hizentra® weekly. Every Friday night Rylee picks dinner and an activity such as a movie, ice-cream or a game and then we settle in for an hour of prep time and an hour of infusion. Rylee is one courageous little girl," adds her mother.

"The transformation has been remarkable thanks to this product Rylee receives and the people who make it happen," says Terriann. "Rylee is like any other happy six-year-old now. I would like to tell all those who donate plasma to know that they are heroes. We want to recognise them. These donations have given my daughter her life back after five years of being chronically sick and in the hospital. We are so incredibly thankful to those who take the time to donate. Every donation counts. My daughter and all those on plasma products will rely on these treatments for the rest of their lives. Rylee has been given a childhood because of plasma donations."

Along with plasma donors, the Vogel family also wants to recognise CSL employees. "My family, including Rylee, would like to thank the staff of CSL for all that they do. Your hard work and dedication is commendable and we could never thank you enough," she adds.

Rylee is the Adopt-a-Patient for the Winston-Salem plasma center. According to Centre Manager Stephen Walker, "We had an amazing visit with Rylee and her family. It was great for our donors and employees to find out more about patients who rely on us to collect life-saving plasma. It truly makes a difference to meet the patients and family members who depend upon CSL."

A New Way for Delivering Improved Patient Outcomes



Pharmacometrics is changing the way some drugs are gaining regulatory approval, which can save time and lives and conserve organisational resources. CSL's efforts involved extensive stakeholder collaboration and involvement from our people across the world.

Pharmacometrics is an emerging science that is employed in model-based drug development (MBDD) and has the potential to improve the efficiency of CSL's drug development and approvals process. MBDD applies highly mathematic and statistical models to examine clinical trial data to enhance robustness and efficiency in decision making. Pharmacometrics can offer an alternative to the traditional clinical trial process, both to expedite new indication approvals and reduce company time and cost for new products.

Hizentra® and flexible dosing

CSL recently used pharmacometrics and MBDD in a unique way to achieve an industry first with Hizentra®, which was the first and only 20 percent subcutaneous immunoglobulin administered weekly. Introduction of a flexible dosing option would allow for more or less frequent dosing based on patient lifestyle.

To achieve this, a label change to permit twice weekly dosing of Hizentra® was needed, to be followed at later stages for more frequent dosing intervals. CSL had a large amount of immunoglobulin pharmacokinetic and clinical data, enabling an alternate approach to seeking regulatory approval. The question posed was whether a clinical trial program to meet the commercial aim was required, or whether a pharmacometric approach could be taken and a trial program could be avoided.

Previously, such an application of pharmacometrics had only been used to gain regulatory approval of clinical trial waivers for small molecules and never for biologics or proteins. Encouraged by regulatory successes with small molecules, CSL commenced work on the strategy and extensive modeling and simulation. Next, we secured agreement to pursue a pharmacometrics-based submission for alternative dosage recommendations with Hizentra® from the Center for Biologics Evaluation and Research, which is the biologics reviewing body of the US FDA.

CSL compiled a multi-faceted filing incorporating technical pharmacometrics work and other clinical justifications for the twice weekly regimen. The science and overall case was sound – the simulations demonstrated that dosing Hizentra® every two weeks at double the weekly dose resulted in equivalent pharmacokinetic outcomes between the two regimens, with little compromise in a patient's protective immunoglobulin (IgG) levels. This was bolstered by efficacy and safety rationales in the overall justification for recommending twice weekly Hizentra® dosing to patients.

Gaining approval

The twice weekly Hizentra® submission received US FDA approval, as well as approval in Europe, Switzerland and Canada. Next, CSL expanded the pharmacometrics-based work to derive labeling recommendations for Hizentra® dosing more frequently than weekly, in order to manage skipped doses during daily dosing and reduce the dose conversion factor when switching from intravenous IgG to Hizentra® in line with competitor products. Thus, the original once weekly dosing frequency for Hizentra® was expeditiously broadened to enable a range of dosing options to be recommended for patients to help them better tailor their individual usage.

The regulatory success with Hizentra® was a first for CSL and the protein therapeutics field, and demonstrated that pharmacometrics has the potential to improve the efficiency of drug development and approvals. Working with global regulators, we will continue to pursue opportunities to innovatively apply this science in bringing new or improved use of protein therapies to patients.

Rebecca Follows Her Dream

Pneumonia, colds, ear infections, staph infections and other repeated illnesses were common occurrences for Rebecca Johnson. But when friends started commenting that she was "always sick," Rebecca, who was 26 at the time, decided to see a specialist to determine if there was an underlying cause for her frequent illness.

Rebecca was eventually diagnosed with common variable immune deficiency (CVID), one of the most common of the more than 200 types of PID disorders recognised by the World Health Organization. CVID is an antibody deficiency that leaves the immune system unable to defend against bacteria and viruses, resulting in recurrent and often severe infections.

Shortly after diagnosis, Rebecca began treatments with subcutaneous immunoglobulin to boost her immune system. "After starting treatment I felt free to enjoy life again," said Rebecca. "I even felt confident enough to take a trip from my home in the US to Australia to snorkel the Great Barrier Reef."

While her overall health improved, Rebecca became concerned about how CVID and its treatment might affect her dream of becoming a mother. "My immunologist addressed my concerns and connected me with a woman with PID who had recently had a baby," Rebecca said. "Hearing her story made me feel more comfortable with raising a family despite the challenges of living with PID."

Rebecca became pregnant in 2011 and gave birth to her son Grant in March 2012. Now, pregnant for a second time, Rebecca wants to share her story with other women with PID to let them know that they don't have to give up their dream of having a family. "It is possible to live a 'normal' and active lifestyle," said Rebecca. "Don't give up on your dreams because of PID."

Justin Hopes to Give Back

Justin McClanahan, who was diagnosed with haemophilia A (factor VIII deficiency) as a young child, is committed to giving back to the bleeding disorders community. That's why, in his late 20s, he is continuing his education.

"I'm back in school studying marketing and public relations," said Justin. "When I sit down and think about what I can offer to the world, I feel helping the youth in the hemophilia community is where I can do the most good."

Justin says he plans to draw on his education and personal experiences to reach kids in the community. One experience that Justin remembers fondly is participating in CSL Behring's "Gettin' in the Game Junior National Championship (JNC)" program.

"While at the JNC I had the opportunity to meet a number of people who shared similar experiences and I really enjoyed competing in golf," said Justin.

A life-long sports enthusiast, nowadays, Justin remains physically active by working out regularly. "I take a ton of pride in how fit I am despite some of the damage that was done by the internal bleeding I had growing up," he said. "As a kid, I was treated only when I was experiencing a bleed while today I treat prophylactically."

"With the knowledge, information and programs that are available today, my advice to kids in the community would be to stay active, but be smart about it," he said.

Justin added, "I also think kids should try and meet as many folks as they can because, as I learned from participating in the JNC, there are people who are dedicated and committed to helping those who are living with a bleeding disorder."

bioCSL

Addressing unmet needs through in-licensing

bioCSL is committed to serving the health needs of patients by providing innovative medicines to treat and prevent a range of serious human illnesses.

In addition to our life-saving Australian manufactured vaccines and antivenoms, bioCSL has a long and proud history in bringing innovative vaccines and pharmaceuticals to the Australian and New Zealand communities through in-licensing arrangements.

We have successfully identified and in-licensed innovative products from around the world to treat the unmet needs of patients, with these products helping to fuel bioCSL's growth. Our longstanding partner relationship with Merck & Co. Inc. has enabled us to effectively commercialise important public health vaccines, including RotaTeq* for the prevention of rotavirus infection in infants, Pneumovax* for the prevention of pneumococcal disease in adults and GARDASIL* to prevent HPV infection that leads to the development of cervical cancer. Recently another in-licensed vaccine was made more readily available to the Australian public when the Australian Federal Government announced funding for ZOSTAVAX* on the National Immunisation Program from November 2016. ZOSTAVAX* is a vaccine that will prevent older Australians from suffering the pain of shingles and related Post-Herpetic Neuralgia (resulting from previous shingles infection).

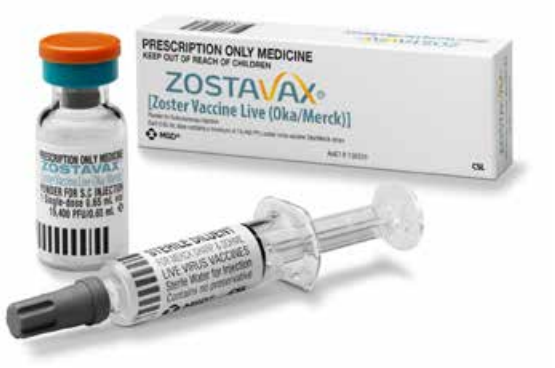
Growing our pain franchise and further strengthening our broad pharmaceutical portfolio has been a key focus for the bioCSL Business Development team and during the last two years three important product additions have been made. bioCSL has an exclusive licence and distribution agreement with Grünenthal GmbH for the Australian rights to two prescription pain products, Palexia* and Versatis*. Palexia* is for the management of moderate to severe chronic pain unresponsive to non-narcotic analgesia. Versatis* is marketed in Australia for the relief of neuropathic pain associated with Post-Herpetic Neuralgia. The pain portfolio was further extended in March 2015, with the in-license of Caldolor*, a novel ibuprofen IV concentrated injection from Cumberland Inc.

In February 2015, bioCSL entered into a long-term partnership with ALK-Abelló A/S, granting bioCSL exclusive rights in Australia and New Zealand to sell their sublingual allergy immunotherapy tablets; Mitizax* which protects against house dust mites and Grazax* for grass pollen allergies; and ALK's adrenaline auto-injector, Jext*. The registration submission for Mitizax* has been submitted to Australia's Therapeutic Goods Administration as the first step towards bringing these novel preventative products to market.

Australia has one of the highest allergy prevalence rates in the western world. Allergic rhinitis is one of the most common respiratory illnesses in Australia and affects 18% of the population. Furthermore it frequently coexists with other allergic conditions such as asthma and sinusitis. The disease impacts many aspects of life such as sleep, social and leisure activities, work and general day to day functioning. The opportunity to provide allergen specific immunotherapy to these patients with ALK's products offers hope to many sufferers.

During 2015, bioCSL in-licensing went global completing its first international in-license agreement acquiring the exclusive rights to commercialise the intravenous influenza treatment, RAPIVAB*. A BioCryst Pharmaceuticals, Inc. product, RAPIVAB* is a single-dose intravenous (IV) treatment for acute uncomplicated influenza, which was developed under contract with the US Government as part of pandemic preparedness efforts. It is the first and only approved IV influenza treatment in the world.

Given our strong focus on influenza and a commitment to patients, RAPIVAB* is a complementary addition to our product portfolio. It is a specialty pharmaceutical that addresses an unmet medical need for the treatment of acute influenza in the hospital and emergency room setting.



bioCSL has in-licensed ZOSTAVAX which will be listed on the Australian National Immunisation Program from November 2016. ZOSTAVAX* is a vaccine that will prevent older Australians from suffering the pain of shingles and related Post-Herpetic Neuralgia.*

GARDASIL, Pneumovax, RotaTeq and ZOSTAVAX are trademarks of Merck & Co. Inc.

Palexia and Versatis® are trademarks of Grünenthal GmbH.

Mitizax, Grazax and Jext are trademarks of ALK-Abelló A/S.

RAPIVAB is a trademark of BioCryst Pharmaceuticals, Inc.

bioCSL has an exclusive licence and distribution agreement with Grünenthal GmbH for the Australian rights to Palexia . Palexia* is for the management of moderate to severe chronic pain unresponsive to non-narcotic analgesia.*

Major vaccines, pharmaceutical and diagnostic products marketed by bioCSL in Australia

A range of products are also marketed by bioCSL in key markets such as Germany, US and New Zealand. For products marketed in Germany, visit *www.biocsl.de*; US, visit *www.biocsl-us.com*; New Zealand, visit *www.biocsl.co.nz*

Vaccines	**Prevention of:**
Fluvax®	Influenza
ADT® Booster	Diphtheria and Tetanus
Q-Vax®	Q fever
Dukoral*	Cholera
Gardasil*	Cervical cancer and genital warts
H-B-Vax* II	Hepatitis B infection
Jespect*	Japanese encephalitis
Menjugate*	Meningococcal C disease
Menveo*	Meningococcal (A, C W-135,Y)
M-M-R*II	Measles, mumps and rubella
Panvax®	Pandemic influenza
Pneumovax* 23	Pneumococcal infection
ProQuad*	Measles, mumps, rubella and varicella
Rabipur*	Rabies infection
RotaTeq*	Rotavirus-induced gastroenteritis
Vaqta*	Hepatitis A infection
Varivax*	Varicella
Vivotif Oral*	Typhoid infection
Zostavax*	Shingles and Post Herpetic Neuralgia

Pharmaceuticals	**Treatment of:**
Antivenoms	Envenomation
BenPen®	Bacterial infections
Burinex*	Oedema
Caldolor®	Pain and fever
Copaxone*	Multiple Sclerosis
Flomaxtra*	Benign prostatic hyperplasia
Fucidin*	Bacterial infections
Modavigil*	Excessive daytime sleepiness in narcolepsy
Palexia*	Moderate to severe chronic pain
Tramal*	Moderate to severe pain
Vesicare*	Overactive Bladder Syndrome
Versatis*	Post Herpetic Neuralgia
Tetrabenazine*	Movement disorders

Diagnostic Products

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

- **Reagent Red Blood Cells**
- **Monoclonal Reagents**
- **Supplementary Reagents**
- **Snake Venom Detection Products**

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

Trademarks

CSL, bioCSL and ISCOMATRIX are trademarks of the CSL Group

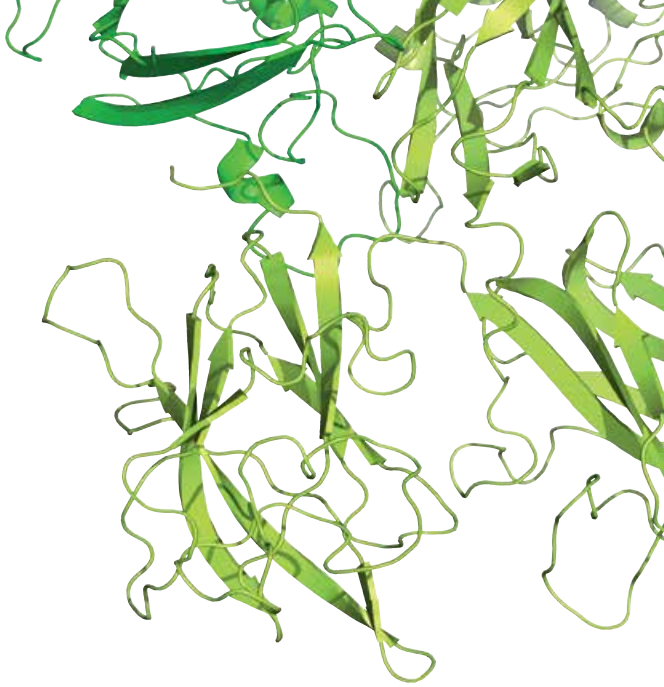
® Registered trademark of CSL Limited or its affiliates

™ Trademark of CSL Limited or its affiliates

* Trademarks of companies other than CSL and referred to on this page are listed below:

Merck & Co. Inc.	Gardasil H-B-Vax II M-M-R II	Pneumovax ProQuad RotaTeq	Vaqta Varivax Zostavax
Astellas		Flomaxtra	Vesicare
PaxVax		Vivotif Oral	
Grunenthal GmbH		Tramal	Palexia Versatis
Valneva		Jespect	Dukoral
Leo Pharmaceutical Products Limited AS		Burinex	Fucidin
Novartis		Menjugate Menveo	Rabipur
Teva		Copaxone	Modavigil
Sandoz		BenPen	
Valeant		Tetrabenazine	
Cumberland Pharmaceuticals Inc.		Caldolor	

Research and Development



Innovation in coagulation factor medicines

CSL has been committed to saving lives and improving the quality of life for people with bleeding disorders for over a century. We remain a world leader in innovative coagulation medicines and technologies. Our medicines are used to treat patients who are deficient in some of their natural blood proteins making them vulnerable to crippling and life threatening bleeding. Our portfolio includes more than a dozen coagulation products used for the treatment of haemophilia A, haemophilia B, and the most common inherited bleeding disorder in the world, von Willebrand disease (vWD).

Many of these therapies are derived from human plasma. We are also developing new recombinant products which will offer patients more efficacious and convenient treatment options. CSL's recombinant factor development pipeline is built on its strength in protein research and development and scientific expertise in bleeding disorders, coupled with a long-standing commitment to the bleeding community.

During the year, CSL completed its pivotal study on the efficacy and safety of its novel factor VIII single chain (rVIII-SingleChain) in adolescents and adults with haemophilia A. rVIII-SingleChain is a recombinant single-chain factor VIII construct specifically designed for greater molecular stability. It uses a covalent bond that forms one structural entity, a single chain, to improve the stability of FVIII and provide longer-lasting FVIII activity.

Data from the AFFINITY Phase I/III study, an open-label, global, multi-centre trial examining the safety, efficacy and pharmacokinetics of rVIII-SingleChain compared with recombinant human antihaemophilic factor VIII (octocog alfa), showed that patients using rVIII-SingleChain prophylactically to prevent bleeding were well controlled when dosed only two or three times weekly. Prophylactic dosing resulted in low annualised spontaneous bleeding rates and the majority of treated bleeds were controlled with only one dose. Furthermore, rVIII-SingleChain had improved pharmacokinetic parameters compared with the comparator product.

As the first and only single chain recombinant factor product, rVIII-SingleChain was specifically designed to improve the stability and provide longer-lasting haemostatic efficacy of factor VIII, thereby addressing the need to provide haemophilia A patients with a treatment that may require fewer infusions while maintaining its therapeutic effect. These pivotal data are promising and are supportive of CSL's commitment to bringing this therapy to the market, and to helping improve the care of people living with haemophilia A.

In late July 2015, the US Food and Drug Administration (FDA) accepted for review CSL's Biologics License Application (BLA) for rVIII-SingleChain.

During the year we also completed our Phase III studies evaluating the efficacy and long-term safety of our long-acting fusion protein linking recombinant coagulation factor IX with recombinant albumin (rIX-FP). rIX-FP was engineered to extend the half-life of recombinant factor IX through genetic fusion with recombinant albumin. We selected albumin as our recombinant genetic fusion partner due to its long physiological half-life. In addition, albumin has been shown to have a good tolerability profile, low potential for immunogenic reactions and a well-known mechanism of clearance.

CSL's Biotechnology Manufacturing Facility at Broadmeadows, Australia, entered GMP production in December 2014 to supply rVIIa-FP (one of our family of recombinant coagulation factors) for pivotal clinical trials worldwide.

A three-dimensional model of recombinant single-chain factor VIII (rVIII-SingleChain). It is specifically designed to provide haemophilia A patients with a treatment that may require fewer infusions while maintaining its therapeutic effect.

CSL scientific expertise highlighted during ISTH 2015 Congress

Data from the Phase III studies support the use of rIX-FP for routine prophylaxis, dosed once up to every 14 days, and for on-demand treatment of bleeding episodes in previously-treated adults and children with haemophilia B. The findings also include efficacy and safety results supporting the use of rIX-FP in patients undergoing surgical procedures.

The pivotal data for rIX-FP suggest the potential for prolonged dosing intervals of up to two weeks for routine prophylaxis. These data provide additional evidence of the benefits of CSL's recombinant albumin fusion technology, which was used to significantly reduce clearance and provide longer-lasting haemostatic efficacy of factor IX to allow for less frequent dosing.

The trials also showed that this less frequent dosing was possible without compromising therapeutic benefit. This suggests rIX-FP, if approved, could be an important new treatment option, especially, for patients who lead active lifestyles and require a prophylactic regimen.

In February 2015, the US FDA accepted for review CSL's BLA for rIX-FP, and in March 2015, the European Medicines Agency (EMA) started the Centralised Procedure for reviewing CSL's Marketing Authorisation Application (MAA) for rIX-FP.

These data exemplify the depth of CSL's expertise and leadership in treating bleeding disorders. As CSL aims to grow one of the industry's largest portfolios of coagulation products, these two potential therapies lead the way, underscoring CSL's promise to save lives and improve the quality of life for people with bleeding disorders around the world.

CSL applies world-class research and development and patient-centred management to deliver innovative protein-based therapies that strive to improve the lives of people living with bleeding disorders. In June, CSL's scientific expertise and customer-focus were in the forefront of the prestigious International Society on Thrombosis and Haemostasis (ISTH) 2015 Congress in Toronto.

The ISTH Congress is attended by thousands of the world's leading experts on haemostasis, thrombosis and vascular biology. These leaders come together every two years to exchange the latest science, present the clinical advances and discuss the newest clinical applications designed to improve patient care. CSL was a gold sponsor of the Congress and more than 140 CSL representatives from around the world, including Paul Perreault, CEO and Managing Director, and Dr Andrew Cuthbertson, Chief Scientific Officer and R&D Director, attended the global meeting to meet with patients, physicians and other health care providers and scientists.

At the ISTH Congress, CSL chose to present, for the first time publicly, its pivotal data for rVIII-SingleChain for the treatment of patients with haemophilia A and rIX-FP for haemophilia B. rVIII-SingleChain's pivotal data was featured in an oral presentation during a late-breaking session, while rIX-FP's pivotal data was unveiled to attendees through oral presentations and posters. These presentations were among more than a total of 20 abstracts focusing on investigational and branded products from our coagulation portfolio. CSL also hosted a satellite symposium titled, "Pioneering therapeutic proteins in haemophilia care through innovative technologies" that showcased our recombinant coagulation factor development program.

In addition to CSL products for haemophilia and vWD and therapies in the pipeline, the latest scientific advancements for our acquired bleeding portfolio were also highlighted during presentations, a satellite symposium called, "Reversal of old and newer anticoagulants: evolving evidence from trials," and at CSL Behring's booth.

ISTH 2015 provided an opportunity to showcase one of the industry's largest portfolio of products for treating bleeding disorders and CSL's scientific and clinical leadership and commitment to improving the quality of life for people with life-threatening conditions.

ISTH 2015 Congress
TORONTO JUNE 20-25
Reaching for Unprecedented Peaks

Research and Development continued

Research and Development Strategy

Immunoglobulins

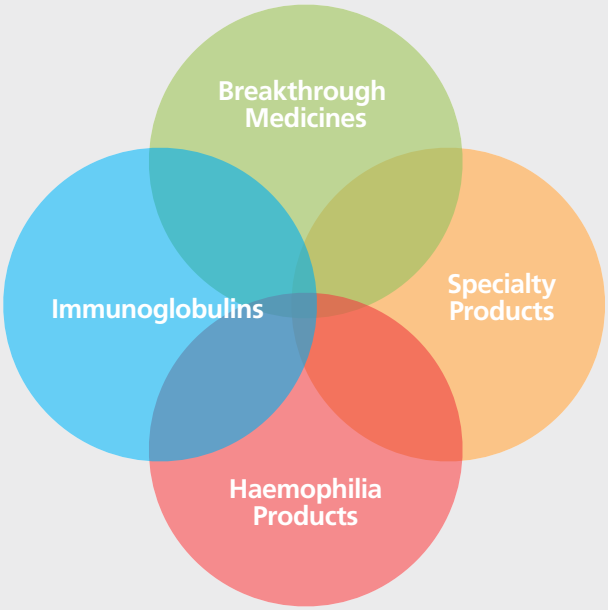
Products such as Hizentra® and Privigen®.

Direction: Maintain leadership position through focus on improved patient convenience, yield improvements, expanded labels, new formulation science and specialty Igs.

Breakthrough Medicines

Protein-based therapies such as anti IL-3R antibody (CSL362) and reconstituted High Density Lipoprotein (CSL112).

Direction: Develop new protein-based therapies for significant unmet medical needs and multiple indications.



Specialty Products

For acquired and perioperative bleeding such as Beriplex® and RiaSTAP®, and Berinert®, Corifact® and Zemaira®, for certain types of deficiencies.

Direction: Leverage our high quality, broad specialty plasma products portfolio through new markets, novel indications and new modes of administration.

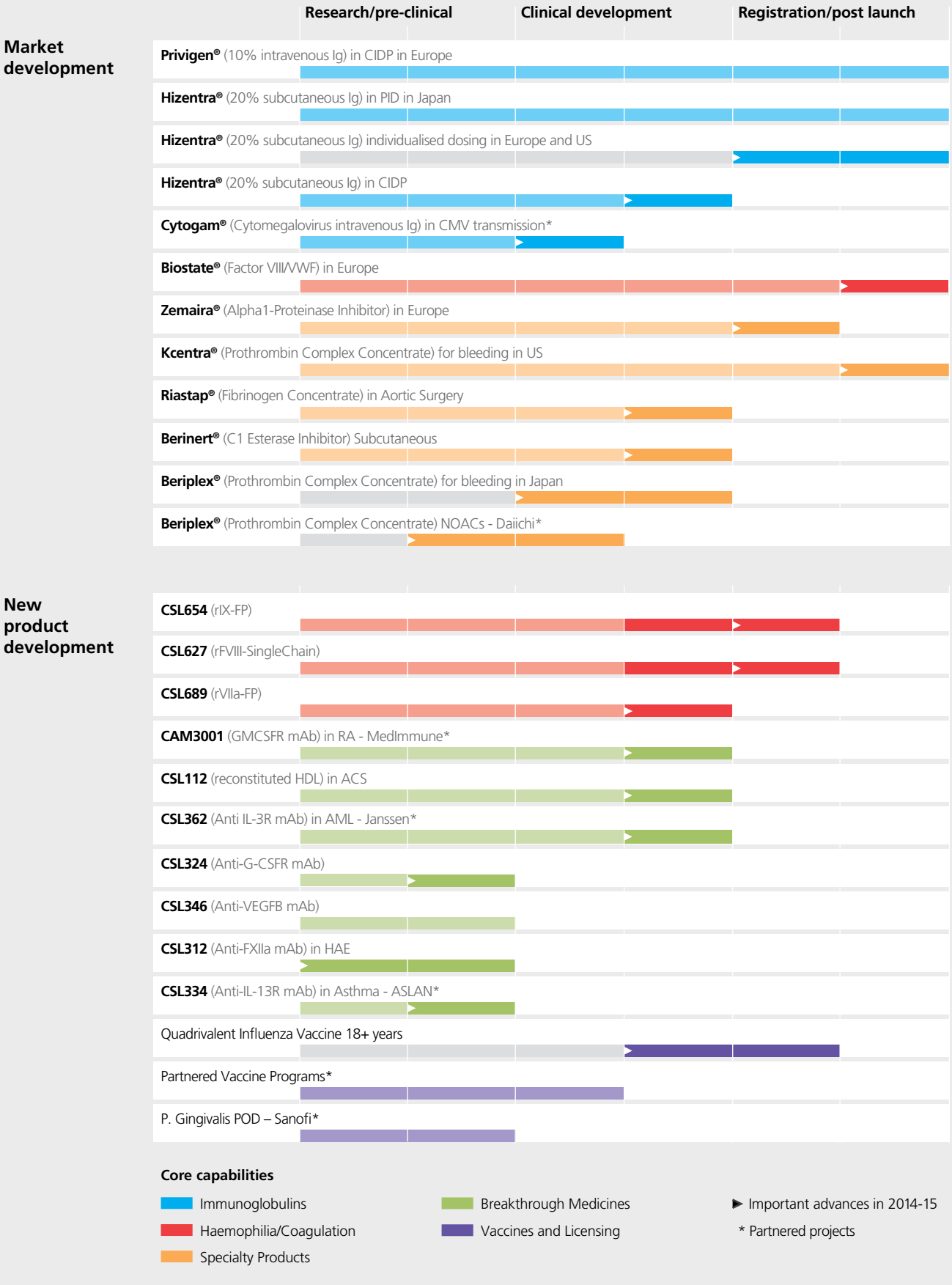
Haemophilia Products

Plasma-derived products such as Haemate P® and recombinant coagulation factors.

Direction: Support and enhance plasma products and develop a novel recombinant portfolio with a focus on scientific and product innovation and patient benefit.

Research and Development employs over 1,100 scientists globally.

CSL's Global Research and Development Pipeline Achievements 2014-15



CSL's R&D pipeline also includes Life Cycle Management projects which address regulatory post marketing commitments, pathogen safety, capacity expansions, yield improvements and new packages and sizes.

Directors' Profiles

01

John Shine AO

BSc (Hon), PhD, DSc, FAA – (Age 69)
Pharmaceutical Industry and Medicine
(resident in New South Wales)
Independent: Yes

Chairman

Professor John Shine was appointed to the CSL Board in June 2006 and became Chairman in October 2011. He is Professor of Molecular Biology and Professor of Medicine at the University of NSW, and a Director of many scientific research and medical bodies throughout Australia. Professor Shine is President of the Museum of Applied Arts and Science (Powerhouse Museum and Sydney Observatory) and was formerly Executive Director of the Garvan Institute of Medical Research. He was also formerly Chairman of the National Health and Medical Research Council and a Member of the Prime Minister's Science, Engineering and Innovation Council. In November 2010, Professor Shine was awarded the 2010 Prime Minister's Prize for Science.

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

02

Paul Perreault

BA Psychology – (Age 58)
International Pharmaceutical industry
(resident in Pennsylvania, US)
Independent: No

Chief Executive Officer and Managing Director

Mr Paul Perreault was appointed to the CSL Board in February 2013 and was appointed as the Chief Executive Officer and Managing Director in July 2013. He joined a CSL predecessor company in 1997 and has held senior roles in sales, marketing and operations with his most recent prior position being President, CSL Behring. Mr Perreault has also worked in senior leadership roles with Wyeth, Centeon, Aventis Bioservices and Aventis Behring. He was previously Chairman of the Global Board for the Plasma Protein Therapeutics Association. Mr Perreault has had more than 30 years' experience in the global healthcare industry.

Mr Perreault is a member of the Innovation and Development Committee.

03

John Akehurst

MA (Oxon), FIMechE – (Age 66)
Engineering and Management
(resident in Western Australia)
Independent: Yes

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

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

04

David Anstice

BEc – (Age 67)
International Pharmaceutical Industry
(resident in Pennsylvania, US)
Independent: Yes

Mr Anstice was appointed to the CSL Board in September 2008. He was a long-time member of the Board of Directors and Executive Committee of the US Biotechnology Industry Organisation, and has over 45 years' experience in the global pharmaceutical industry. Until his retirement in August 2008, Mr Anstice was for many years a senior executive of Merck & Co., Inc., serving at various times as President of Human Health for US/Canada/Latin America, Europe and Asia, and at retirement was an Executive Vice President. He is a Director of Alkermes Plc, Dublin, Ireland, and a Director of the United States Studies Centre at the University of Sydney.

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

05

Bruce Brook

BCom, BAcc, FCA, MAICD – (Age 60)
Finance and Management (resident in Victoria)
Independent: Yes

Mr Brook was appointed to the CSL Board in August 2011. He is currently Chairman of Programmed Maintenance Services Limited and a Director of Newmont Mining Corporation. Mr Brook has previously been Chairman of Energy Developments Limited and a Director of Boart Longyear Limited, Lihir Gold Limited and Consolidated Minerals Limited. During his executive career, he was Chief Financial Officer of WMC Resources Limited and prior to that the Deputy Chief Financial Officer of the ANZ Banking Group.

Mr Brook is Chairman of the Audit and Risk Management Committee and a member of the Nomination Committee.

06

Marie McDonald

BSc (Hon), LLB (Hon) – (Age 59)
Law (resident in Victoria)
Independent: Yes

Ms McDonald was appointed to the CSL Board in August 2013. For many years she has practised in company and commercial law and she was a partner of Ashurst (formerly Blake Dawson) until July 2014. Ms McDonald was Chair of the Corporations Committee of the Business Law Section of the Law Council of Australia from 2012 to 2013, having previously been the Deputy Chair, and was also a member of the Australian Takeovers Panel from 2001 to 2010.

Ms McDonald is a member of the Audit and Risk Management Committee and the Nomination Committee.

07

Christine O'Reilly

BBus – (Age 54)
Finance and Infrastructure (resident in Victoria)
Independent: Yes

Ms O'Reilly was appointed to the CSL Board in February 2011. She is a Director of the Transurban Group, Energy Australia, Medibank Private Limited, Baker IDI and Deputy Chair of Care Australia. Ms O'Reilly has in excess of 30 years financial and operational business experience in domestic and off-shore organisations. During her executive career, she was Co-Head of Unlisted Infrastructure Investments at Colonial First State Global Asset Management and prior to that was the Chief Executive Officer of the GasNet Australia Group.

Ms O'Reilly is a member of the Audit and Risk Management Committee, the Human Resources and Remuneration Committee, and the Nomination Committee.

08

Maurice Renshaw

BPharm – (Age 68)
International Pharmaceutical Industry
(resident in New South Wales)
Independent: Yes

Mr Renshaw was appointed to the CSL Board in July 2004. Formerly, he was Vice President of Pfizer Inc, USA, Executive Vice President, Pfizer Global Consumer Group and President of Pfizer's Global Consumer Healthcare Division. Prior to his positions in Pfizer, Mr Renshaw was Vice President of Warner Lambert Co. and President of Parke-Davis USA. He has had more than 35 years' experience in the global pharmaceutical industry with responsibility for R&D, Regulatory, Manufacturing, Finance, Marketing and General Management across Europe, the US and Asia including Japan and China.

Mr Renshaw is Chairman of the Innovation and Development Committee and a member of the Nomination Committee.

09

Edward Bailey

LLB, BCom, FGIA – (Age 49)

Company Secretary

Global Leadership Group

01

Paul Perreault

BA (Psychology) – (Age 58)

Chief Executive Officer and Managing Director

Paul was appointed to the CSL Board in February 2013 and was appointed as the Chief Executive Officer and Managing Director in July 2013. He joined a CSL predecessor company in 1997 and has held senior roles in sales, marketing and operations with his most recent prior position being President, CSL Behring. Paul has also worked in senior leadership roles with Wyeth, Centeon, Aventis Bioservices and Aventis Behring. He was previously Chairman of the Global Board for the Plasma Protein Therapeutics Association. Paul has had more than 30 years' experience in the global healthcare industry.

02

Gordon Naylor

BEng (Hons), DipCompSc, MBA, CPA – (Age 52)

Chief Financial Officer

Gordon was appointed Chief Financial Officer in 2010. He joined CSL in 1987 and has held many operational and corporate roles in different parts of the CSL Group. In April 2015, Gordon was appointed to a new position as President of CSL's global influenza business. Prior to his current role, Gordon was based in the US and responsible for CSL Behring's global supply chain, the supply of plasma for CSL Behring and CSL's global information systems.

03

Andrew Cuthbertson

BMedSci, MBBS, PhD, FTSE, FAHMS – (Age 60)

Chief Scientific Officer and R&D Director

Andrew was appointed as Chief Scientific Officer and R&D Director in 2000. He is responsible for CSL's global Research and Development operations. Andrew joined CSL in 1997 as Director of Research. He trained in medicine and science at the University of Melbourne, the Walter and Eliza Hall Institute, the Howard Florey Institute and the National Institutes of Health in the US. Andrew was then a Senior Scientist at Genentech, Inc. in San Francisco.

04

Mary Sontrop

BAppSc, Grad Dip Health Admin, Grad Dip Quality Mgt, MBA – (Age 58)

Executive Vice President, Manufacturing and Planning (until 31 December 2014)

Mary was appointed as Executive Vice President, Manufacturing and Planning in 2010. She joined CSL as a Production Manager in 1988 and has held a broad range of positions in manufacturing, quality management and general management located in Australia, Germany, Switzerland and the US. Prior to her current position, Mary was General Manager of CSL Biotherapies for Australia and New Zealand.

05

Greg Boss

JD, BS (Hon) – (Age 54)

Executive Vice President, Legal and CSL Group General Counsel

Greg was appointed Group General Counsel in 2009 and is responsible for worldwide legal operations for all CSL Group companies. He joined CSL in 2001, serving as General Counsel for what became the CSL Behring business. In addition to his legal role, Greg is also responsible for overseeing Risk Management for the Group as well as global Communications and Public Affairs. Prior to joining CSL, Greg was Vice President and Senior Counsel for CB Richard Ellis International, after working ten years in private legal practice.

06

Karen Etchberger

PhD – (Age 57)

Executive Vice President, Quality and Business Services

Karen was appointed as Executive Vice President, Quality and Business Services in April 2013 with responsibility for quality, information, technology, logistics, sourcing, enterprise process management, enterprise project management and environment, health and safety. Prior to that, she was Executive Vice President, Plasma, Supply Chain and Information Technology. Karen joined CSL as a Product Manager at JRH Biosciences in 1991 and progressed through a number of positions in technical services, quality management and research and development. Prior to joining CSL, she was Director of Developmental Research at Endotech Corporation.

07

Bob Repella

BSc (Pharmacy), MBA – (Age 56)

Executive Vice President, Global Commercial Operations (from 1 July 2014)

Bob was appointed as Executive Vice President, Global Commercial Operations in July 2014 with responsibility for a variety of global functions including sales, marketing, commercial development and medical affairs. Prior to joining CSL, he held senior management roles at a number of pharmaceutical companies including Cephalon and Wyeth. Bob has over 30 years of commercial experience including biotech and specialty markets.

08

Laurie Cowan

BS (Finance), MS (Organizational Development) – (Age 51)

Senior Vice President, Human Resources (from 31 March 2014)

Laurie was appointed as Senior Vice President, Human Resources in March 2014 and is responsible for leading Human Resources (HR) practices and objectives that focus on talent development, reward systems, culture development and an employee-oriented, high performance culture at the CSL Group of Companies. She previously served as the Head of Human Resources for CSL Behring. Laurie has more than 20 years of HR experience in both the regional banking industry in the US as well as in the pharmaceutical industry globally.

09

Val Romberg

BSc (Chemistry) – (Age 57)

Executive Vice President, Manufacturing and Planning (from 1 January 2015)

Val was appointed as Executive Vice President Manufacturing and Planning in January 2015. In 1998 he joined Centeon, a predecessor company of CSL Behring, and has held a broad range of management and R&D positions in the US and Switzerland. During his R&D tenure, CSL Behring had more than 25 product or indication approvals in the US, Europe and Japan. Prior to his current position, Val was Senior Vice President, Global Plasma R&D.

10

Alan Wills

BA (Zoology), MBA – (Age 52)

Senior Vice President, Strategy and Business Development (from 17 February 2015)

Alan was appointed as Senior Vice President, Strategy and Business Development in February 2015. He is responsible for strategy, portfolio management and business development activities at CSL Behring. Prior to joining CSL, Alan was Executive Vice President, Corporate Development at Auxilium Pharmaceuticals. He was previously head of corporate strategy for Bristol-Myers Squibb and Pfizer, and has worked in strategy and business development roles at United Healthcare and Stanford Medical Center. Alan began his career with the Boston Consulting Group.

Share Information

CSL Limited

Issued Capital Ordinary Shares: 464,832,827 as at 30 June 2015

Details of Incorporation

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

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

CSL ordinary shares have been traded on the Australian Securities Exchange (ASX) since 30 May 1994. Melbourne is the Home Exchange.

Substantial Shareholders

As at 30 June 2015, Commonwealth Bank of Australia and its subsidiaries was a substantial shareholder in CSL.

Voting Rights

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

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

Significant Foreign Shareholdings

As at 30 June 2015, there were no significant foreign shareholdings in CSL.

Distribution of Shareholdings as at 30 June 2015

Range	Total Holders	Units	% of Issued Capital
1 - 1,000	93,085	29,688,898	6.38
1,001 - 5,000	24,425	56,860,619	12.23
5,001 - 10,000	4,171	28,707,244	6.18
10,001 - 100,000	1,800	32,330,067	6.96
100,001 and over	75	317,245,999	68.25
Total shareholders and shares on issue	**123,556**	**464,832,827**	**100.00**

Unmarketable Parcels	Minimum Parcel Size	Holders	Units
Minimum A$500.00 parcel at A$86.47 per unit	6	446	841

Shareholder Information

Share Registry is overseen by Computershare. Shareholders with enquiries should go to www.investorcentre.com where most common questions can be answered by virtual agent "Penny". There is an option to contact the Share Registry by email if the virtual agent cannot provide the answer. Alternatively, shareholders may telephone or write to the Share Registry at the below address.

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

Change of address should be notified to the Share Registry online via the Investor Centre at www.investorcentre.com, by telephone or in writing without delay. Shareholders who are broker sponsored on the CHESS sub-register must notify their sponsoring broker of a change of address.

Direct payment of dividends into a nominated account is mandatory for shareholders with a registered address in Australia or New Zealand. All shareholders are encouraged to use this option by providing a payment instruction online via the Investor Centre at www.investorcentre.com or by obtaining a direct credit form from the Share Registry or by advising the Share Registry in writing with particulars.

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

The Annual General Meeting will be held at the Function Centre, National Tennis Centre, Melbourne Park, Batman Avenue, Melbourne at 10:00am on Thursday 15 October 2015. There is a public car park adjacent to the Function Centre which will be available to shareholders at no charge.

Supporting the environment through eTree

CSL Limited has been a participating member of eTree and has been proud to support this environmental scheme encouraging security holders to register to access all their communications electronically.

For every email address registered at www.eTree.com.au/csl, a donation of up to $1 was made to Landcare Australia towards reforestation projects to help restore degraded plant, animal and water resources. With your support, CSL has registered over 19,379 email addresses, which in turn has facilitated the planting of more than 55,897 trees in Australia and New Zealand.

Share Registry

Computershare Investor Services Pty Limited

Yarra Falls, 452 Johnston Street
Abbotsford VIC 3067

Postal Address:
GPO Box 2975
Melbourne VIC 3001

Enquiries within Australia:
1800 646 882

Enquiries outside Australia:
61 3 9415 4178

Investor enquiries online:
www.investorcentre.com/contact

Website:
www.investorcentre.com

Shareholders as at 30 June 2015

	Shareholders	Shares
Australian Capital Territory	2,125	2,485,433
New South Wales	35,748	192,693,296
Northern Territory	309	280,883
Queensland	14,040	15,741,212
South Australia	6,475	9,627,829
Tasmania	1,464	1,543,269
Victoria	40,013	225,220,890
Western Australia	17,458	11,853,620
International Shareholders	5,924	5,386,395
Total shareholders and shares on issue	**123,556**	**464,832,827**

CSL's Twenty Largest Shareholders as at 30 June 2015

	Shareholder	Account	Shares	% Total Shares
1	HSBC Custody Nominees (Australia) Limited		125,994,952	27.10
2	J P Morgan Nominees Australia Limited		67,874,520	14.60
3	National Nominees Limited		52,155,773	11.22
4	Citicorp Nominees Pty Limited		28,705,278	6.17
5	BNP Paribas Noms Pty Ltd	DRP	9,702,284	2.09
6	Citicorp Nominees Pty Limited	Colonial First State Inv A/c	5,704,908	1.23
7	HSBC Custody Nominees (Australia) Limited	NT-Comnwlth Super Corp A/c	2,083,892	0.45
8	AMP Life Limited		2,040,794	0.44
9	UBS Wealth Management Australia Nominees Pty Ltd		1,928,621	0.41
10	RBC Investor Services Australia Nominees Pty Limited	Bkcust A/c	1,784,275	0.38
11	Mutual Trust Pty Ltd		1,146,335	0.25
12	Australian Foundation Investment Company Limited		1,053,860	0.23
13	Argo Investments Limited		1,051,952	0.23
14	Custodial Services Limited	Beneficiaries Holding A/c	794,263	0.17
15	D W S Nominees Pty Ltd		793,090	0.17
16	Navigator Australia Ltd	MLC Investment Sett A/c	777,570	0.17
17	SBN Nominees Pty Limited	10004 Account	660,000	0.14
18	Diversified United Investment Limited		600,000	0.13
19	Milton Corporation Limited		592,198	0.13
20	BNP Paribas Noms (NZ) Ltd	DRP	575,065	0.12
	Top 20 holders of ordinary fully paid shares		**306,019,630**	**65.83**
	Remaining holders balance		**158,813,197**	**34.17**
	Total shares on issue		**464,832,827**	**100.00**

In addition, as at 30 June 2015, a substantial shareholder notice has been received from:

Commonwealth Bank of Australia and its subsidiaries

Corporate Governance

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

This statement outlines CSL's principal corporate governance practices in place during the financial year ended 30 June 2015. This statement has been approved by the Board. Copies of all governance documents referred to in this statement can be found in the 'Corporate Governance' section of CSL's website at *www.csl.com.au/about/governance.htm*.

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

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

Throughout the year ended 30 June 2015, the Board believes that CSL's corporate governance practices have complied with the recommendations contained in the 3rd edition of the ASX Corporate Governance Council's 'Corporate Governance Principles and Recommendations', released in March 2014 (the ***ASX Corporate Governance Principles and Recommendations***). The following table indicates where they are dealt with in this statement.

ASX Corporate Governance Principles and Recommendations	Section reference in this statement
Principle 1 – Lay solid foundations for management and oversight	1, 2
Principle 2 – Structure the Board to add value	1, 4
Principle 3 – Act ethically and responsibly	3
Principle 4 – Safeguard integrity in corporate reporting	4, 5
Principle 5 – Make timely and balanced disclosure	4, 6
Principle 6 – Respect the rights of security holders	6
Principle 7 – Recognise and manage risk	4, 5
Principle 8 – Remunerate fairly and responsibly	4, 7

1. THE BOARD OF DIRECTORS

Relevant governance documents:
- **Board Charter**
- **Nomination Committee Charter**

1.1 Role of the Board

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

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

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

In addition, the Board has delegated specific authority to five Board Committees that assist it in discharging its responsibilities by examining various issues and making recommendations to the Board. A description of each committee and their responsibilities from time to time is set out in section 4 of this statement. The Board also delegates specific responsibilities to ad hoc committees from time to time.

CSL has entered into a written agreement with each director and senior executive setting out the terms of their appointment, including their respective roles and responsibilities.

The Company Secretary is responsible to the Board for ensuring that Board and committee procedures are complied with and advising the Board and its committees on governance matters. The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board. All directors have access to the Company Secretary for advice and services. The Board approves any appointment or removal of the Company Secretary.

Directors are entitled to access independent professional advice at CSL's expense to assist them in fulfilling their responsibilities. To do so, a director must first obtain the approval of the Chairman. The director should inform the Chairman of the reason for seeking the advice, the name of the person from whom the advice is to be sought, and the estimated cost of the advice. Professional advice obtained in this way is made available to the whole Board.

Details of Board meetings held during the year and individual directors' attendance at these meetings can be found on page 46 of the Directors' Report attached to the financial report.

1.2 Board Composition

Throughout the year there were eight directors on the Board. Each director, their length of service and their status as an independent or non-independent director is set out in the table below.

1.3 Director Independence

The Board considers that an independent director is a director who is independent of management and free of any interest, position, association or relationship that could, or could reasonably be perceived to, materially interfere with the exercise of their unfettered and independent judgement.

Information about any such interests or relationships, including any related financial or other details, is assessed by the Board to determine whether the interest, position, association or relationship could, or could reasonably be perceived to, materially interfere with the exercise of a director's unfettered and independent judgement.

As part of this process, the Board takes into account each of the factors relevant to assessing the independence of a director set out in the ASX Corporate Governance Principles and Recommendations, and other facts, information and circumstances that the Board considers relevant.

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

The Board Charter sets guidelines as to the desired length of service of non-executive directors. However, fixed tenure limits for non-executive directors have not been set. Tenure remains a matter for the Board's discretion on a case-by-case basis.

The Board assesses the independence of new directors upon appointment, and also makes an annual assessment of each non-executive director to determine whether it considers the director to be independent.

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

The Chairman of the Board, Professor John Shine, is an independent, non-executive director. The responsibilities of the Chairman are described in the Board Charter. The roles of the Chairman and the Managing Director are exercised by separate individuals.

1.4 Nomination and Appointment of Directors

No new directors were appointed to the Board during the financial year. Each of Professor John Shine, Ms Christine O'Reilly and Mr Bruce Brook were re-elected as directors at the 2014 Annual General Meeting (AGM).

Prior to the expiry of a director's current term of office, the Board reviews that director's performance.

In addition, before a director is nominated for election or re-election, it is CSL's policy to ask directors to acknowledge to the Board that they have sufficient time to meet CSL's expectations of them. The Board requires that all of its members devote the time necessary to ensure that their contribution to CSL is of the highest possible quality. The Board Charter sets out procedures relating to the removal of a director whose contribution is found not to be effective.

In the case of long-serving non-executive directors who are standing for re-election at an AGM but who intend to retire from the Board within their next term, this intention to retire will be clearly disclosed in the AGM notice of meeting.

Before a person is appointed as a director, or put forward to shareholders as a candidate for election as a director, CSL undertakes appropriate checks in respect of that person, which include checks as to the person's character, experience, education, criminal record and bankruptcy history.

CSL provides its shareholders with all material information (that is in CSL's possession) relevant to a decision on whether or not to elect or re-elect a director (including any material adverse information revealed by the above checks).

Director	Length of Service (as at 30 June 2015)	Independent/Non-Independent
Professor John Shine AO	9 years	Independent, non-executive director
Mr Paul Perreault	2 years, 5 months	Non-independent, executive director
Mr John Akehurst	11 years, 2 months	Independent, non-executive director
Mr David Anstice	6 years, 9 months	Independent, non-executive director
Mr Bruce Brook	3 years, 10 months	Independent, non-executive director
Ms Marie McDonald	1 year, 10 months	Independent, non-executive director
Ms Christine O'Reilly	4 years, 5 months	Independent, non-executive director
Mr Maurice Renshaw	10 years, 11 months	Independent, non-executive director

The relevant skills, expertise, qualifications and experience of each of the directors are set out in the directors' profiles on pages 28 and 29 of this Report.

1.5 Induction of New Directors and Ongoing Development

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

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

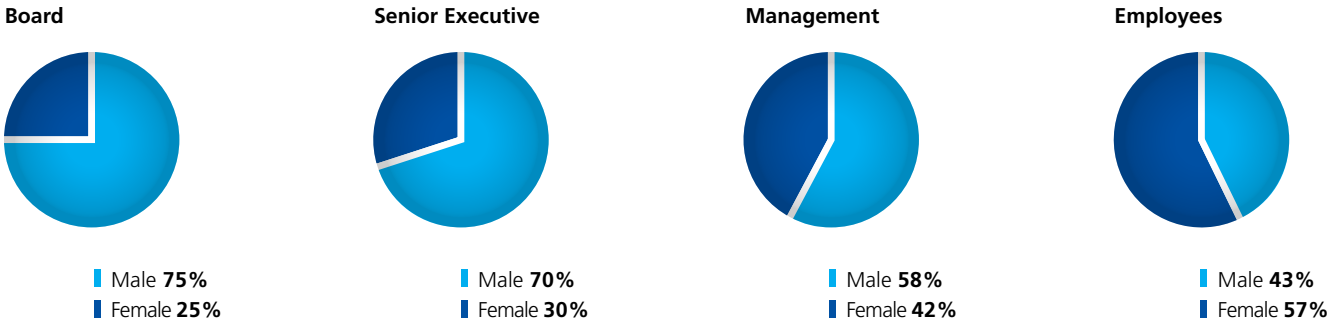
In addition to the briefing papers, agenda and related information regularly supplied to directors, the Board has an ongoing professional development and education program designed to give directors further insight into the operation of CSL's business, and to provide opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as a director effectively. The program includes education on key developments in respect of CSL and the industry and environment within which it operates. As part of this program, directors have the opportunity to visit CSL's facilities, including all major operating sites in the US, Europe and Australia, and to attend meetings and information sessions with CSL's local management and employees.

1.6 Knowledge, Skills and Experience

The Board is looking to maintain an appropriate mix of skills and diversity in the membership of the Board. This includes diversity of skills, experience and background in the pharmaceutical industry, international business, finance and accounting and management, as well as gender diversity.

The following Board skills matrix describes the combined skills of the Board across a range of general and specialist areas. The Board considers that collectively the directors have the appropriate range of skills and experience necessary to direct CSL's businesses and achieve CSL's strategic objectives.

Board Skills Matrix	Board Representation
General Experience	
Managing and Leading Success in business at a senior level in a successful career.	8
Global Experience Senior executive or equivalent exposure to a range of political, cultural, regulatory and business environments.	8
Business/Commercial Senior executive or equivalent experience in business/commerce in a large business enterprise.	8
Strategy Track record of developing and implementing successful strategies.	8
Governance Commitment to high standards of governance, including experience with a large business enterprise which is subject to rigorous governance standards.	8
Specialist Experience	
Industry-specific knowledge Senior executive experience in a large biopharmaceutical, pharmaceutical or medical organisation.	4
Finance/Legal/Risk management Board audit/risk management membership or senior executive or equivalent experience in financial accounting and reporting, corporate finance, internal financial controls or the provision of legal services to large business enterprises.	7
Marketing Senior executive experience in marketing and a detailed understanding of the Group's corporate objective to create long-term value through the provision of innovative products.	4
Capital Projects Experience in an industry with projects involving large-scale capital outlays and long term investment horizons.	7
Health, Safety & Environment Experience related to workplace health, safety, environment and social responsibility within a large business enterprise.	7
Remuneration Board remuneration committee membership or senior executive or equivalent experience relating to remuneration, including incentive programs.	8
Government Affairs Experience in liaising with government and experience with public and regulatory policy.	7
R&D/Product Development Experience in research and development or product development with a large biopharmaceutical, pharmaceutical or medical organisation.	4
Manufacturing/Quality Experience in manufacturing or quality operations with a large biopharmaceutical, pharmaceutical or medical organisation.	4



2. DIVERSITY

Relevant governance documents:
- **Diversity Policy**
- **Code of Responsible Business Practice**

2.1 Diversity at CSL

CSL recognises its talented and diverse workforce as a key competitive advantage and its business success is a reflection of the quality and skill of its people. CSL is committed to seeking out and retaining the best talent to ensure strong business growth and performance.

Diversity benefits individuals, teams, CSL as a whole and its customers. CSL acknowledges that each employee brings to their work a unique set of capabilities, experiences and characteristics. All forms of diversity (including but not limited to gender, age, ethnicity and cultural background) are valued at all levels within CSL.

CSL has a Diversity Policy, which confirms the importance of diversity and inclusiveness to CSL and describes how CSL will incorporate diversity into its business practices.

2.2 Gender Diversity at CSL

CSL has continued to consolidate and build its strong gender diversity position during 2014-2015 and the Board and senior management accredit this to CSL's highly inclusive culture, which benefits from all forms of personal diversity.

The respective proportions of women and men on the Board, in senior executive positions (Vice President level and above), other management roles and across the whole organisation are set out above.

As a 'relevant employer' and as required by the *Workplace Gender Equality Act (WGEA) 2012*, CSL lodged its most recent 'Gender Equality Indicators' (as defined in and published under that Act), which can be accessed through the WGEA website.

The Board and executive team will continue to monitor the percentage of females in senior leadership positions and will seek to maintain the level of female participation at or above 30% for senior executive positions and at or above 40% for other management roles. It is pleasing to note that these levels, which were achieved for the 2012-2013 and 2013-2014 financial years, were achieved again for the 2014-2015 financial year.

2.3 Report on measurable objectives for 2014-2015:

The Diversity Policy includes requirements for the Board to set measurable objectives for achieving, among other things, gender diversity and to assess annually both the objectives and CSL's process towards achieving those objectives.

In CSL's 2014 Annual Report, CSL announced four measurable objectives for achieving gender diversity to be undertaken in the 2014-2015 financial year. The Board is pleased to report that all objectives were met.

- **Implement an enhanced CSL Group exit interview and accompanying process to provide a consistent method of data collection to understand why employees choose to leave the Company, including identification of any gender and diversity influenced reasons:**

  CSL has introduced the use of an online Exit Survey tool, which captures and reports reasons why employees leave CSL. The outputs of this tool are easily reportable, and data can be compared across geographies and demographics and compared to the average results for other companies which use the tool.

  A pilot program was initiated covering voluntary departures from a workforce of approximately 1,500 for a period of 11 months, concluding in June 2015. During this period CSL monitored the data, including gender and age specific information. Following the pilot, CSL will continue to seek feedback from departing employees in future as an important source of information relating to our employees' experience of CSL. The pilot Exit Survey tool will be replaced by the departure survey functionality of CSL's new Global Human Resource Information System, which is to be implemented globally in 2016.

- **Build on gender-based analysis of the Employee Opinion Survey completed in 2013-14, by identifying areas of improvement and implementing actions to close gaps:**

  At a CSL Group level, females responded the same or more favourably than males across all 19 dimensions of the survey, however when the survey data was reviewed at a location / functional level some differences were identified. Only those items that were materially below male responses were highlighted and addressed.

  Results were shared with CSL's executive team and initiatives developed at sites and within functions to address the identified issues which were specific to local or functional situations. No one overarching trend or theme could be identified.

- **Create a flexible work arrangement philosophy for the CSL Group, which will provide guidance in establishing local policies and practices**

  CSL has strengthened its commitment to flexible working by preparing a philosophy statement on this topic. This statement has been endorsed by the CEO and the Senior Vice President, Human Resources. Going forward, the philosophy statement is intended to provide Operational Site leads and Human Resources Directors with the appropriate framework to operate current initiatives, and to implement new initiatives, in support of flexible working. The publication of the philosophy statement, accompanied by a communications plan, ensures awareness of the framework amongst managers in the organisation.

- **For any nominations of Directors by the Board, or appointments of other Key Management Personnel, a representative gender candidate pool will be established**

  CSL is currently working with external search firms that identify global candidates for Board and selected Key Management Personnel appointments. These firms have been briefed on the requirement that a gender balanced candidate pool be sought, and the criteria is included in their terms of engagement. CSL is prepared to ensure that we will meet our objective of having a gender balanced candidate pool.

2.4 Measurable objectives supporting Gender diversity for 2015-2016

The Board has set the following measurable objectives for the financial year commencing 1 July 2015. CSL will report against these measurable objectives in its 2016 Annual Report.

- **Education Support:** In at least two of our four major regions (Australia, Germany, Switzerland and US) we will implement programs and hold information forums through schools and universities to attract women to potential careers in science, manufacturing and the range of opportunities in the biomedical field and in CSL.
- **Talent Access:** The hiring manager must ensure a representative candidate pool for review for all Vice President level and above positions, to ensure there is no gender, age, race or other unconscious bias in the selection process.
- **Data Analytics/Workforce Planning:** Through implementation of a new Global Human Resources Information System, provide leaders with access to data that will help them understand current employee demographic and talent data and forecasting for future requirements. Enable managers to understand their organisation and key gender and age based metrics through the implementation of interactive and accessible reporting tools. Develop a suite of standard reports with key gender and age based metrics.

3. CORPORATE RESPONSIBILITY

Relevant governance documents:
- **Code of Responsible Business Practice**
- **Anti-Bribery and Anti-Corruption Policy**

CSL's approach to Corporate Responsibility is guided by the CSL Group Values, the Code of Responsible Business Practice (the ***Code***) and related policies.

3.1 Group Values

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

3.2 Code of Responsible Business Practice

CSL first established a Code in December 2008, with the current version of the Code being adopted by the Board to take effect from 1 July 2013. Based upon the Group Values and other guiding principles, the Code outlines CSL's commitment to responsible business practices and ethical standards. The Code sets out the rights and obligations that all directors, senior executives and employees have in the conduct of CSL's business, including in relation to business integrity, safety and quality of products and maintaining a safe and fair workplace. CSL also expects that its contractors and suppliers will observe the principles set out in the Code.

The Code has been distributed to all directors, senior executives and employees and a training program has been implemented across the CSL Group.

3.3 Internal Whistleblower Policy

In accordance with the Code, CSL is committed to ensuring that employees, contractors, suppliers and partners are able to raise concerns regarding any illegal conduct or malpractice and to have such concerns properly investigated. This commitment is implemented through CSL's internal Whistleblower Policy, which sets out the mechanism by which employees, contractors, suppliers and partners can confidently, and anonymously if they wish, voice such concerns in a responsible manner without being subject to victimisation, harassment or discriminatory treatment.

3.4 Anti-Bribery and Anti-Corruption

The Code provides a high level policy statement on preventing bribery and inducements. In addition, the Board has adopted an Anti-Bribery and Anti-Corruption Policy. This Policy builds on the policy statement in the Code and also supports the considerable amount of work being undertaken in many areas of CSL's operations to ensure that CSL is acting with integrity (one of CSL's Group Values) at all times.

CSL has established training programs for relevant employees across the CSL Group to raise awareness of CSL's 'zero tolerance' approach to bribery and corrupt business practices at any level within CSL's global operations.

4. OPERATION OF THE BOARD

Relevant governance documents:
- **Board Charter**
- **Nomination Committee Charter**
- **Audit and Risk Management Committee Charter**
- **Human Resources and Remuneration Committee Charter**
- **Innovation and Development Committee Charter**
- **Securities and Market Disclosure Committee Charter**

4.1 Board Committees

As described above, CSL has established five Board committees, being:

- the Nomination Committee;
- the Audit and Risk Management Committee;
- the Human Resources and Remuneration Committee;
- the Innovation and Development Committee; and
- the Securities and Market Disclosure Committee.

Each Committee is governed by a formal Charter setting out its composition, functions and responsibilities. Each Committee's Charter is approved by the Board.

Details of each Committee meeting held during the year and individual directors' attendance at these meetings can be found on page 46 of the Directors' Report attached to the financial report.

A high level description of each Committee and their responsibilities is set out on the next page.

4.2 Remuneration of Directors and Senior Executives

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

Details regarding the Human Resources and Remuneration Committee Charter, and CSL's remuneration policies and practices are set out in the Remuneration Report on pages 55 to 74 of the Directors' Report attached to the financial report.

The Remuneration Report includes details of the remuneration of directors (executive and non-executive), other key management personnel of the CSL Group and details of CSL's short-term and long-term incentive plans.

4.3 Performance Evaluation

The Nomination Committee meets annually to review the performance of the Board, individual directors and the Board committees.

The Nomination Committee's review process includes seeking relevant feedback from all directors and executive management, by way of a questionnaire that is circulated to those persons, with their responses then collated and provided to the Nomination Committee.

The effectiveness of the Board and its committees is assessed against the roles and responsibilities set out in the Board Charter and each Committee Charter. Matters considered in the evaluation include:

- the conduct of Board and Committee meetings, including the effectiveness of discussion and debate at those meetings;
- the effectiveness of the Board's and Committees' processes and relationship with management;
- the timeliness and quality of meeting agendas, Board and Committee papers and secretariat support; and
- the composition of the Board and each Committee, focusing on the skills, experience, expertise and diversity of the Board necessary to enable it to oversee the delivery of CSL's objectives and strategy.

The Chairman also holds discussions with individual directors to facilitate peer review.

As a result of the Nomination Committee's most recent annual review, the Nomination Committee suggested a number of actions for improvement. Actions agreed by the Board in response were documented and subsequently actioned by the Board.

The Nomination Committee is responsible for periodically evaluating the performance of the CEO, who in turn evaluates the performance of all other senior executives and makes recommendations in respect of their remuneration. These evaluations are based on specific criteria, including CSL's business performance, whether the long term strategic objectives are being achieved and the achievement of individual performance objectives.

These performance evaluations took place in accordance with the processes described above during the last financial year.

Committee	Members	Composition	Key Responsibilities
Nomination Committee	Prof John Shine (Chair) Mr John Akehurst Mr David Anstice Mr Bruce Brook Ms Marie McDonald Ms Christine O'Reilly Mr Maurice Renshaw	– All of the independent, non-executive directors. – Chaired by Board Chairman. – In the absence of Board Chairman, chaired by another independent, non-executive director elected by the members present.	– Reviewing the membership of the Board and ensuring appropriate mix of skills, experience, expertise and diversity to enable the Board to oversee the delivery of CSL's objectives and strategy. – Reviewing the membership of Board Committees. – Conducting annual performance reviews of the Board, individual directors and Board Committees. – Setting and following the procedure for the selection of new directors for nomination.
Audit and Risk Management Committee	Mr Bruce Brook (Chair) Ms Marie McDonald Ms Christine O'Reilly	– Between three to five directors, all of whom are non-executive directors, and one of whom should have financial expertise. – Majority of members will be independent directors. – An independent Chair who is not Chair of the Board. – In the absence of Committee Chair, chaired by another independent, non-executive director elected by the members present.	– Overseeing and reviewing CSL's financial and risk management systems, compliance systems and internal control framework (as set out in CSL's Risk Framework). – Overseeing CSL's system of financial reporting with a view to safeguarding its integrity. – Monitoring the activities and effectiveness of both internal and external audit functions. – Reviewing CSL's global health, safety and environmental performance.
Human Resources and Remuneration Committee	Mr John Akehurst (Chair) Mr David Anstice Ms Christine O'Reilly	– At least three non-executive directors. – Members will be independent directors. – Chaired by an independent director. – In the absence of Committee Chair, chaired by another independent, non-executive director elected by the members present.	– Assisting the Board in fulfilling its responsibilities with respect to human resources and remuneration matters. – Overseeing the establishment of and regular review of CSL's diversity policy. – Reviewing and recommending to the Board the design of any share, performance option, performance rights, retention and deferred cash incentive plans including performance measures and any amendments to such schemes or plans.
Innovation and Development Committee	Mr Maurice Renshaw (Chair) Prof John Shine Mr Paul Perreault Mr David Anstice	– At least three directors, being at least two non-executive directors and the Managing Director. – Chaired by an independent, non-executive director. – In the absence of Committee Chair, chaired by another independent, non-executive director elected by the members present. – CSL's Chief Scientific Officer is a required attendee of committee meetings.	– Overseeing CSL's technology, research and product development opportunities. – Ensuring relevant investments are undertaken in ways that are most likely to create long term value for shareholders. – Monitoring the strategic direction of CSL's technology, research and product development programs. – Providing guidance on issues and priorities, additions to the research and development pipeline and significant development milestones. – Overseeing the management of risk associated with the research and development projects.
Securities and Market Disclosure Committee	Prof John Shine (Chair) Mr Paul Perreault	– A minimum of any two directors, one of whom must be an independent director. – Chaired by Board Chairman. – In the absence of Board Chairman, chaired by another non-executive director.	– Assists CSL in complying with reporting and disclosure obligations under the Corporations Act and ASX Listing Rules, including continuous disclosure obligations and trading halts. – Approving the allotment and issue, and registration of transfers, of CSL shares. – Overseeing compliance with other formalities which may be urgently required in relation to matters affecting CSL's share capital.

5. RISK MANAGEMENT AND FINANCIAL REPORTING

Relevant governance documents:
- **Audit and Risk Management Committee Charter**
- **Corporate Responsibility Report**
- **Code of Responsible Business Practice**

5.1 Role of the Audit and Risk Management Committee

The Audit and Risk Management Committee assists the Board in overseeing the integrity of financial reporting, the effectiveness of risk management and compliance systems and internal control framework and the external and internal audit functions.

The Audit and Risk Management Committee has (in conjunction with management) reported to the Board as to CSL's effective management of its material business risks in respect of the financial year ended 30 June 2015.

Senior executives and internal and external auditors frequently attend meetings on invitation by the Audit and Risk Management Committee. The Audit and Risk Management Committee holds regular meetings with both the internal and external auditors without management or executive directors present. Any director who is not a member of the Audit and Risk Management Committee may attend any meeting of the committee in an ex-officio capacity.

5.2 Risk Framework

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

The risk management processes and internal compliance and control systems are made up of various Company policies, processes, practices and procedures, which have been established by management and/or the Board to provide reasonable assurance that:

- established corporate and business strategies are implemented, and objectives are achieved;
- any material exposure to risk is identified and adequately monitored and managed;
- significant financial, managerial and operating information is accurate, relevant, timely and reliable; and
- there is an adequate level of compliance with policies, standards, procedures and applicable laws and regulations.

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

The oversight of risk management associated with research and development projects is one of the responsibilities of the Innovation and Development Committee (see page 41). The research and development operations have a number of management committees that report into the Innovation and Development Committee.

The oversight of the management of risks which are not the subject of the Risk Framework or associated with research and development projects, such as strategic and reputational risk, is a responsibility of the Board.

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

5.3 Sustainability Risks

In the course of CSL's business operations, CSL is exposed to a variety of risks that are inherent to the pharmaceutical industry, and in particular the plasma therapies industry. Key business/industry risks are tabled in section 5 of the Director's Report (see pages 49 to 50) and key financial risks are tabled in Note 11 to the Financial Statements (see pages 94 to 100).

In addition, further detail regarding CSL's ongoing efforts to operate ethically and responsibly in respect of sustainability are set out in CSL's annual Corporate Responsibility Report.

5.4 External Auditor

One of the chief functions of the Audit and Risk Management Committee is to review and monitor the performance and independence of the external auditor. CSL's external auditor for the financial year was Ernst & Young, who was appointed by shareholders at the 2002 Annual General Meeting.

The Audit and Risk Management Committee has established guidelines to ensure the independence of the external auditor.

The signing partner for the external auditor is to be rotated at least every five years, and the auditor is required to make an independence declaration annually.

CSL notes that, in accordance with the requirements of the Corporations Act, the Board and the Audit and Risk Management Committee has approved Mr Glenn Carmody to act as the signing partner for Ernst & Young for a sixth year in 2015-2016 (as a result of some changes in personnel at Ernst & Young which directly affected the transition plans for the replacement of Ernst & Young's signing partner).

The external auditor attends each Annual General Meeting and is available to answer questions from shareholders relevant to the audit and the preparation and content of the auditor's report.

5.5 Internal Auditor

Another important function of the Audit and Risk Management Committee is to review and monitor the performance of CSL's internal audit operation. CSL's internal auditor for the financial year was PricewaterhouseCoopers.

The role of CSL's internal audit function is to provide independent and objective assurance to the Audit and Risk Management Committee and executive management regarding the effectiveness of CSL's risk management processes (including the state of any material risks) and internal compliance and control systems.

As noted in section 5.2, the internal compliance and control systems are made up of various Company policies, processes, practices and procedures.

An internal audit plan is prepared by the internal auditor, and reviewed and approved by the Audit and Risk Management Committee on an annual basis (for the upcoming financial year). The internal audit plan seeks to cover, over a rolling basis, all significant activities of CSL, including its controlled entities and their operations.

In addition, CSL's internal auditor may be requested to perform investigative reviews on suspected fraudulent activities or Whistleblower complaints. In line with CSL's Whistleblower Policy, any complaint made against the Managing Director, any member of CSL's Global Leadership Group or any regional Whistleblower Reports Co-ordinator, must be investigated by CSL's internal auditor, and the internal auditor's written report in respect of that investigation must be provided directly to the Audit and Risk Management Committee.

5.6 Integrity in Financial Reporting and Regulatory Compliance

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

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

- the financial statements and associated notes comply with IFRS Accounting Standards as required by the Corporations Act, the Corporations Regulations and the CSL Group Accounting Policies;
- the financial statements and associated notes give a true and fair view of the financial position as at the relevant balance date and performance of CSL for the full year then ended as required by the Corporations Act;
- that CSL's financial records for the full financial year have been properly maintained in accordance with the Corporations Act; and
- they have established and maintained an adequate risk management and internal compliance and control system to facilitate the preparation of a reliable financial report and the maintenance of the financial records, which, in all material respects, implements the policies adopted by the Board, and the statements made above are based on that system, which is operating effectively.

These written declarations were received by the Board prior to its approval of the financial statements for the financial year ended 30 June 2015.

6. MARKET DISCLOSURE

Relevant governance documents:
– Communications and External Disclosure Policy

6.1 Communications and External Disclosure

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

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

6.2 Shareholder Communication

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

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

CSL has a dedicated Governance page on CSL's website (see *www.csl.com.au/about/governance.htm*), which supplements the communication to shareholders in the annual report regarding CSL's corporate governance policies and practices. The Communications and External Disclosure Policy outlines the ways in which CSL seeks to communicate and interact with shareholders, facilitate and encourage participation at shareholder meetings and how shareholders may elect to receive electronic communications from, and communicate electronically to, CSL.

To ensure that shareholders and other stakeholders have a full understanding of CSL's performance and strategies, CSL will convene a number of analyst briefings and investor presentations and roadshows each year. These updates provide an opportunity for analysts and investors to speak directly with senior management and ask questions.

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

7. SECURITIES DEALING

Relevant governance documents:
– Securities Dealing Policy

By promoting director and employee ownership of shares, the Board hopes to encourage directors and employees to become long-term holders of CSL securities, aligning their interests with those of CSL. CSL, and its equity-based remuneration scheme, does not condone short-term or speculative trading in its securities by directors and employees, nor does it permit directors or employees to enter into any price protection arrangements with third parties to hedge such securities or margin loan arrangements in relation to CSL securities.

CSL has a comprehensive securities dealing policy which applies to all directors and employees. The policy aims to inform directors and employees of the law relating to insider trading, and provide them with practical guidance for avoiding unlawful transactions in CSL securities.

A copy of CSL's Securities Dealing Policy has been lodged with the ASX in accordance with Listing Rule 12.9.

John Shine AO
Chairman
12 August 2015

CSL Limited
Financial Report 2014-2015

CSL™

Directors' Report

The Board of Directors of CSL Limited (CSL) has pleasure in presenting their report on the consolidated entity for the year ended 30 June 2015.

1. Directors

The following persons were Directors of CSL 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 M E McDonald

Ms C E O'Reilly

Mr M A Renshaw

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 on pages 28 and 29.

2. Company Secretaries

Mr E H C 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 in 2000 and had occupied the role of Assistant Company Secretary from 2001. Before joining CSL, Mr Bailey was a Senior Associate with Arthur Robinson & Hedderwicks. On 16 August 2011, Mr J A G Levy, CPA, was appointed as Assistant Company Secretary. Mr Levy has held a number of senior finance positions within the CSL Group since joining CSL 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 CSL during the year. In addition, a Capital Structuring Committee was set up to oversee the Euro 350 million private placement offering in the US. The Capital Structuring Committee comprised Mr B R Brook (Chair), Ms M E McDonald and Ms C E O'Reilly and met on two occasions during the year. The directors also visited various of the CSL Group'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	2[1]		1[1]	5[1]		4	4	3	3
J H Akehurst	7	8				6	6	3[1]		3	3
D W Anstice	8	8				5	6	3	4	3	3
B R Brook	8	8	5	5		1[1]		4[1]		3	3
M E McDonald	8	8	5	5		2[1]		3[1]		3	3
P R Perreault	8	8	5[2]		1[1]	6[2]		4	4	3[2]	
C E O'Reilly	8	8	5	5		5	6	4[1]		3	3
M A Renshaw	8	8				1[1]		4	4	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.*

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 CSL Group announced a net profit after tax of US$1,379 million for the twelve months ended 30 June 2015, up 6% when compared to the prior comparable period. On a constant currency[1] basis, operational net profit after tax grew 10% when compared to the prior comparable period, after adjusting for the one-off[2] costs associated with the acquisition of the Novartis influenza vaccine business. Sales Revenue was US$5,459 million, up 7% on a constant currency basis when compared to the prior comparable period, with research and development expenditure of US$463 million. Cash flow from operations was US$1,364 million.

(b) Operating Review

CSL Behring sales of US$5,029 million increased 7% in constant currency terms when compared to the prior comparable period.

Immunoglobulin product sales of US$2,326 million grew 5% in constant currency terms, with 'normal' immunoglobulin volumes growing 8%.

Demand for intravenous immunoglobulin (IVIG) was led by Privigen®, with growth in Europe being particularly strong. Privigen®'s expanded indication in Europe to include its use in the treatment of chronic inflammatory demyelinating polyneuropathy (CIDP) has underpinned this growth. This dynamic has contributed to the average IVIG sales price being adversely affected as a greater proportion of sales were made into lower priced markets. The U.S. market remains competitive.

Demand for subcutaneous immunoglobulin (SCIG) was strong in both North American and European markets. CSL's SCIG product, Hizentra®, offers patients the convenience of self-administration at home. In the U.S. the approval of flexible dosing has driven an increased penetration of the product into the Primary Immune Deficiency (PID) patient market.

Albumin sales of US$754 million rose 12% in constant currency terms, driven by ongoing global demand. China continued to drive albumin performance boosted by improved penetration into Tier 2 and Tier 3 cities. CSL's uniquely broad suite of albumin presentations provides an attractive portfolio of choice to customers.

Haemophilia product sales of US$1,026 million grew 3% in constant currency terms. Plasma derived haemophilia sales increased 4%, notwithstanding an ongoing transition towards recombinant therapies. Growth was largely driven by demand for Beriate® in Brazil, Poland and Germany. Haemate® and Humate® sales grew in Eastern Europe, the Middle East, Africa and North America. Helixate®, CSL's recombinant factor VIII, delivered modest growth following the successful introduction of a patient retention program. New entrants continue to make this market competitive.

Specialty products sales of US$923 million grew 15% in constant currency terms, tempered by a sales decline of wound healing products in Japan. The remaining group of specialty products grew 18%, driven largely by strong sales of Kcentra®, Berinert® and Zemaira®.

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[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$*	*1,379.0m*
Translation currency effect (a)	*US$*	*91.4m*
Transaction currency effect (b)	*US$*	*(58.6)m*
*Constant currency net profit after tax **	*US$*	*1,411.8m*

a) Translation Currency Effect $91.4m

Average Exchange rates used for calculation in major currencies (twelve months to Jun 15/June 14) were as follows: USD/EUR (0.82/0.74); USD/CHF (0.94/0.91).

b) Transaction Currency Effect $(58.6)m

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$*	*5,458.6m*
Currency effect (c)	*US$*	*274.3m*
Constant currency sales	*US$*	*5,732.9m*

c) Constant Currency Effect $274.3m

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.*

[2] *One off costs totalling US$22 million connected with the acquisition of the Novartis influenza vaccine business.*

Directors' Report Continued

Kcentra® (4 factor pro-thrombin complex concentrate) continued to grow strongly following the launch of the surgical indication approved by the U.S. FDA. In December the U.S. Centres for Medicare and Medicaid Services approved an extension to the new technology add-on payment for Kcentra® through to September 2015, recognising its significant clinical advancement in reversing the effects of warfarin in patients who experience acute major bleeding.

Strong demand for Berinert® continued. Berinert® (C1-esterase inhibitor concentrate) 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 75% of patients are self-administering Berinert®.

Zemaira®, which is used to treat Alpha-1 associated emphysema, grew strongly. CSL's new DNA test kits have been invaluable for patient identification. More than 9,000 kits were processed during the year.

bioCSL sales of A$480 million grew 11% in constant currency terms. Influenza vaccine sales increased 18% to A$146 million. Contributing to this growth was the re-establishment of our in-house commercial capability. bioCSL's influenza vaccines were first to market in the U.S., U.K., and Germany – an important competitive advantage.

CSL Intellectual Property revenue of US$137 million declined 5% in constant currency terms. This was driven by a reduction in royalties received on intellectual property associated with human papillomavirus vaccines, which contributed US$106 million to revenue.

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

- On 13 August 2014, CSL announced its full year results for the year ending 30 June 2014;
- On 15 October 2014, CSL announced its intention to conduct an on-market buyback of up to A$950 million;
- On 27 October 2014, CSL announced the proposed acquisition of the Novartis influenza vaccine business;
- On 13 November 2014, CSL announced the closing of the Euro 350 million private placement offering in the US;
- On 3 December 2014, CSL announced its Research and Development Day briefing to Analysts;
- On 11 February 2015, CSL announced its half year results for the half year ending 31 December 2014;
- On 23 April 2015, CSL announced the appointment of Mr Gordon Naylor as the new head of its Global Influenza Vaccine Business; and
- On 17 June 2015, CSL announced CSL Behring was to release pivotal data for rVIII-SingleChain and rFIX.

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

(c) Future Prospects (including Key Risks)

In the medium term CSL expects to continue to grow through developing differentiated plasma-derived and recombinant products, receiving royalty flows from the exploitation of the Human Papillomavirus Vaccine by Merck & Co, Inc, and the commercialisation of CSL's technology. Over the longer term CSL 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 CSL's global operations.

This is underpinned by CSL'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-derived 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 CSL's website, www.csl.com.au. Any further information of this nature has been omitted as it would unreasonably prejudice the interests of CSL to refer further to such matters.

In the course of CSL's business operations, CSL is exposed to a variety of risks that are inherent to the pharmaceutical industry, and in particular the plasma therapies industry. The following details some of the key business risks that could affect CSL's business and operations but are not the only risks CSL faces. Key financial risks are set out in Note 11 to the Financial Statements. Other risks besides those detailed below or in the Financial Statements could also adversely affect CSL's business and operations, and key business risks below should not be considered an exhaustive list of potential risks that may affect CSL.

Description of Key Risk	Key Risk Management
Healthcare Industry Risk	
CSL faces competition from pharmaceutical companies and biotechnology companies. The introduction of new competitive products or follow-on biologics by our competitors, may impact our ability to access fast-growing/strategic markets, and may result in reduced product sales and lower prices. In addition, industry wide shifts in demand for our products may affect our business and operations.	Along with regular reviews of key markets and geographies of strategic value and potential, CSL monitors our competitive markets to understand what new competitive products may be emerging and the ongoing demand for our products. We ensure a diverse product pipeline with a focus on product lifecycle development, and seek to ensure that the pricing of our products remains competitive.
CSL operates in many countries and changes in the regulatory framework under which we operate in these countries, particularly with regard to the reimbursement of healthcare expenses, could have a negative impact on our business and results of operations.	CSL seeks to understand the current and emerging regulatory frameworks and looks to adapt, where possible, our product development to meet any changes or additional requirements. Internal audit processes and Government liaison activities also serve to identify areas of regulatory compliance needs.
Manufacturing Risk	
The manufacture of CSL's products, in accordance with regulatory requirements, is a complex process including fractionation, purification, filling and finishing. Any challenges experienced in the continuity of this process, and/or the quality of supply, could have a negative impact on our business results.	CSL has a robust management process to ensure that any process is well is maintained through our strategy to operate large, long-life and efficient manufacturing facilities. This includes adoption of, and compliance with, a broad suite of internationally recognised standards (GxP) including Good Manufacturing Practice (GMP).
CSL depend on a limited group of companies that supply our raw materials and supply and maintain our equipment. If there is a material interruption to the supply or quality of a critical raw material, this could disrupt production and other operations. If the equipment should malfunction or suffer damage, the repair or replacement of the machinery may require substantial time and cost, which could disrupt production and other operations.	CSL seeks to maintain appropriate levels of safety stock and ensure that we have alternative supply arrangements in place, where practicable. We have a robust preventative maintenance program and access to remedial maintenance when necessary. We undertake quality audits of suppliers and maintain and review business continuity plans which can be actioned in the event of any significant event.
Research and Development/Commercialisation Risk	
Before obtaining regulatory approval for the sale of CSL's new product candidates or for marketing of existing products for new indicated uses, we must conduct, at our own expense, clinical tests to demonstrate the safety and efficacy of the product candidates. Clinical testing is expensive, difficult to design and implement, can take multiple years to complete and is uncertain as to outcome.	CSL seeks to ensure that our development programs, including our clinical trials, are governed and controlled by decision points where the science and commercialisation opportunities are robustly analysed and risk-assessed.
Commercialisation requires effective transition of research and development activities to business operations.	CSL undertakes extensive advance planning and transitioning work to ensure research and development activities and technologies are effectively transitioned to business operations. We also actively sources partners/subcontractors, where necessary, to ensure business continuity in product development or general operations.
Business Combination Risk	
Potential business combinations could require significant management attention and prove difficult to integrate with CSL's business.	CSL takes a disciplined approach to acquisitions. We focus on strategically aligned opportunities, including those where we can derive synergies through our substantial existing knowledge and expertise. We also seek to ensure that a detailed review and assessment of potential business combinations occurs prior to any acquisition.
CSL may not realise the anticipated benefits from any business combination we may undertake in the future and any benefits we do realise may not justify the acquisition price.	CSL seeks to ensure that integration activities are well planned and executed, leveraging our existing capabilities and knowledge base, as well as those of highly qualified and reputable advisors.

Directors' Report Continued

Description of Key Risk	Key Risk Management
Information Security, including Cybersecurity	
Most of CSL's operations are computer-based and information technology (IT) systems are essential to maintaining effective operations.	CSL has developed numerous security controls for our IT systems and data centre infrastructure that are based on our understanding of known threats and best practice industry knowledge. We continually reassess the appropriateness of these controls in light of the evolving nature of such threats, and through regular training and awareness campaigns ensure our employees can respond appropriately to relevant threats.
CSL's IT Systems are exposed to risks of complete or partial failure of IT systems or data centre infrastructure, the inadequacy of internal or third-party IT systems due to, amongst other things, failure to keep pace with industry developments and the capacity of existing systems to effectively accommodate growth, unauthorised access and integration of existing operations.	CSL employs robust IT Disaster Recovery planning, as well as Business Continuity planning to mitigate operational interruptions. We also seeks to update and implement new IT systems, in part to assist us to satisfy regulator demands, ensure information security, enhance the manufacture and supply of our products and integration of our operations.
Intellectual Property Risk	
CSL's relies on an ability to obtain and maintain protection for our intellectual property (IP) in the countries in which we operate.	CSL seeks appropriate patent and trademark protection and manages any specifically identified IP risks. Along with dedicated IP personnel to manage IP opportunity and risk, we use specialist advisors by jurisdiction to inform this approach.
CSL's products or product candidates may infringe, or be accused of infringing, on one or more claims of an issued patent, or may fall within the scope of one or more claims in a published patent application that may be subsequently issued and to which we do not hold a licence or other rights.	CSL ensures that our projects, products and related activities include an appropriate assessment of any third party IP profile and our IP profile.
Personnel Risk	
Providing a safe and rewarding work environment for CSL's employees is critical to our sustainability.	CSL has in place a robust workplace health and safety management system in line with industry best practice. Incident prevention, monitoring and reporting, along with early injury intervention.
CSL is dependent on the principal members of our executive and scientific teams. The loss of the services of any of these persons might impede the achievement of our research, development, operational and commercialisation objectives.	CSL seeks to ensure that our remuneration and retention arrangements are competitive in the employment markets in which we operate. We have plans and processes in place to develop our future leaders, such as succession planning and talent development.
Unexpected Side Effects Risk	
As for all pharmaceutical products, the use of CSL's products can produce undesirable or unintended side effects or adverse reactions (referred to cumulatively as "adverse events"). The occurrence of adverse events for a particular product or shipment may result in a loss, and could have a negative impact on our business and reputation, as well as results of operations.	CSL seeks to maintain processes and procedures that meet good pharmacovigilance practice standards. We ensure that our product information is up to date and contains all relevant information to assist healthcare practitioners to appropriately use our products.
Market Practice Risk	
CSL's marketplace is diverse and complex, presenting many opportunities and challenges. Breach of regulations, local or international law, or industry codes of conduct, may subject us to financial penalty and reputational damage. Such instances may invite further regulation that may negatively affect our ability to market therapies.	CSL ensures our employees, contractors and suppliers are aware of our expectations in relation to their interaction with stakeholders. We undertake relevant training and monitoring of our Code of Responsible Business Practice. We undertake internal audits of functions, processes and activities across our operating geographies.

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

The risk management processes and internal compliance and control systems are made up of various CSL policies, processes, practices and procedures, which have been established by management and/or the Board to provide reasonable assurance that:

- established corporate and business strategies are implemented, and objectives are achieved;
- any material exposure to risk is identified and adequately monitored and managed;
- significant financial, managerial and operating information is accurate, relevant, timely and reliable; and
- there is an adequate level of compliance with policies, standards, procedures and applicable laws and regulations.

Further details of CSL's risk management framework are contained in CSL's corporate governance statement.

6. Dividends

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

2013–2014	An interim dividend of US$0.53 per share, unfranked, was paid on 4 April 2014. CSL's Directors determined a final dividend of US$0.60 per ordinary share, unfranked, for the year ended 30 June 2014 that was paid on 3 October 2014.
2014–2015	An interim dividend of US$0.58 per share, unfranked, was paid on 10 April 2015. CSL's Directors have determined a final dividend of US$0.66 per ordinary share, unfranked, for the year ended 30 June 2015.

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

Total dividends for the 2014–2015 year are:

	On Ordinary shares US$m
Interim dividend paid on 10 April 2015	266.9
Final dividend payable on 2 October 2015	306.8

7. Significant changes in the State of Affairs

On 15 October 2014, CSL announced its intention to conduct a further on-market buyback of up to A$950 million, representing approximately 2% of shares then on issue. This on-market buyback was completed on 11 June 2015 with CSL having bought back 10,587,625 shares.

On 27 October 2014, CSL announced that it had agreed to acquire Novartis' global influenza vaccine business for US$275 million. The business is to be combined with CSL's subsidiary bioCSL and will create the number two player in the US$4 billion global vaccine industry, with manufacturing operations in the US, UK, Germany and Australia.

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

On 3 August 2015, CSL announced that it had completed the acquisition of Novartis' global influenza vaccine business. The purchase price was US$275 million, and in addition CSL paid US$23 million for net cash (US$24 million) and the assumption of tax liabilities (US$1 million). Since the fair value of net assets acquired is anticipated to be greater than the consideration paid, it is expected that the acquisition will give rise to a gain which will be recorded in the profit and loss statement in the Group accounts for the six months ended 31 December 2015. At this stage management are still assessing the fair value of the net assets acquired and are not in a position to accurately estimate the gain. The acquisition was funded by a new debt facility in the amount of US$400 million entered into on 28 July 2015 with a US$300 million drawdown to fund the purchase price.

During July 2015, CSL conducted an internal reorganisation of two bioCSL entities to align ownership with the structure implemented for the acquired business, and a tax cost of US$13 million was incurred as a result of the reorganisation.

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.

Directors' Report Continued

9. Health, Safety and Environmental Performance

CSL has completely revised the Environment, Health, Safety and Sustainability (EHS2) Strategic Plan which ensures its facilities operate to internationally recognised standards. This strategy includes compliance with government regulations and commitments to continuously improve the health and safety of the workforce as well as minimising the impact of operations on the environment. CSL utilises an overall integrated management systems approach with several manufacturing sites maintaining individual certifications to relevant external Environment, Occupational Health and Safety, and Energy management systems such as the EU Eco-Management and Audit Scheme (EMAS), ISO 14001 Environmental Management Systems, AS/NZ4801 & OHSAS 18001 Occupational Health and Safety Management Systems, and ISO 50001 Energy Management Systems.

The Total Recordable Incident Rate continues to record improved performance. For our Australian operations, Tier 3 status was maintained with regard to CSL Limited's self-insurance licence granted by the Safety, Rehabilitation and Compensation Commission. This licence was extended for a period of eight years.

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 CSL's Australian, Europe, North American or Asia Pacific operations during the year ended 30 June 2015.

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 EHS2 function continues to refine standards, processes and data collection systems to ensure we are well prepared for new regulatory requirements.

As part of compliance and continuous improvement in environmental performance, both regulatory and voluntary, CSL continues to report on key environmental issues including energy consumption, emissions, water use and management of waste as part of CSL's annual Corporate Responsibility Report and submission to the Carbon Disclosure Project. CSL 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).

Globally, we continue to evaluate potential risks to CSL 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 CSL 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 Environment, Health, Safety and Sustainability performance can be found in CSL's sustainability report, Our Corporate Responsibility, available on CSL's website, *www.csl.com.au*.

10. Directors' Shareholdings and Interests

At the date of this report, the interests of the directors who held office at 30 June 2015 in the shares, options and performance rights of CSL are set out in the Remuneration Report – Tables 10 and 14 for executive Key Management Personnel (KMP) and Table 15 for Non-Executive Directors. It is contrary to Board policy for KMP to limit exposure to risk in relation to these securities. From time to time the Company Secretary makes inquiries of KMP 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 CSL 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 CSL under options and under performance rights are set out in Note 18 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 CSL 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 CSL is set out in Note 18 of the Financial Statements. Since the end of the financial year, 3,617 shares were issued under CSL'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:

CSL 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 CSL 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 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 CSL 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 CSL during the director's period of appointment.

In addition to the Director's Deeds, Rule 95 of CSL's constitution requires CSL to indemnify each "officer" of CSL and of each wholly owned subsidiary of CSL out of the assets of CSL "to the relevant extent" against any liability incurred by the officer in the conduct of the business of CSL or in the conduct of the business of such wholly owned subsidiary of CSL 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 CSL. The indemnity only applies to the extent CSL 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.

CSL paid insurance premiums of US$897,198 in respect of a contract insuring each individual director of CSL and each full time executive officer, director and secretary of CSL 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, CSL 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

CSL may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with CSL 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 CSL, acting as an advocate for CSL or jointly sharing economic risks and rewards.

Directors' Report Continued

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* accompanies this Report.

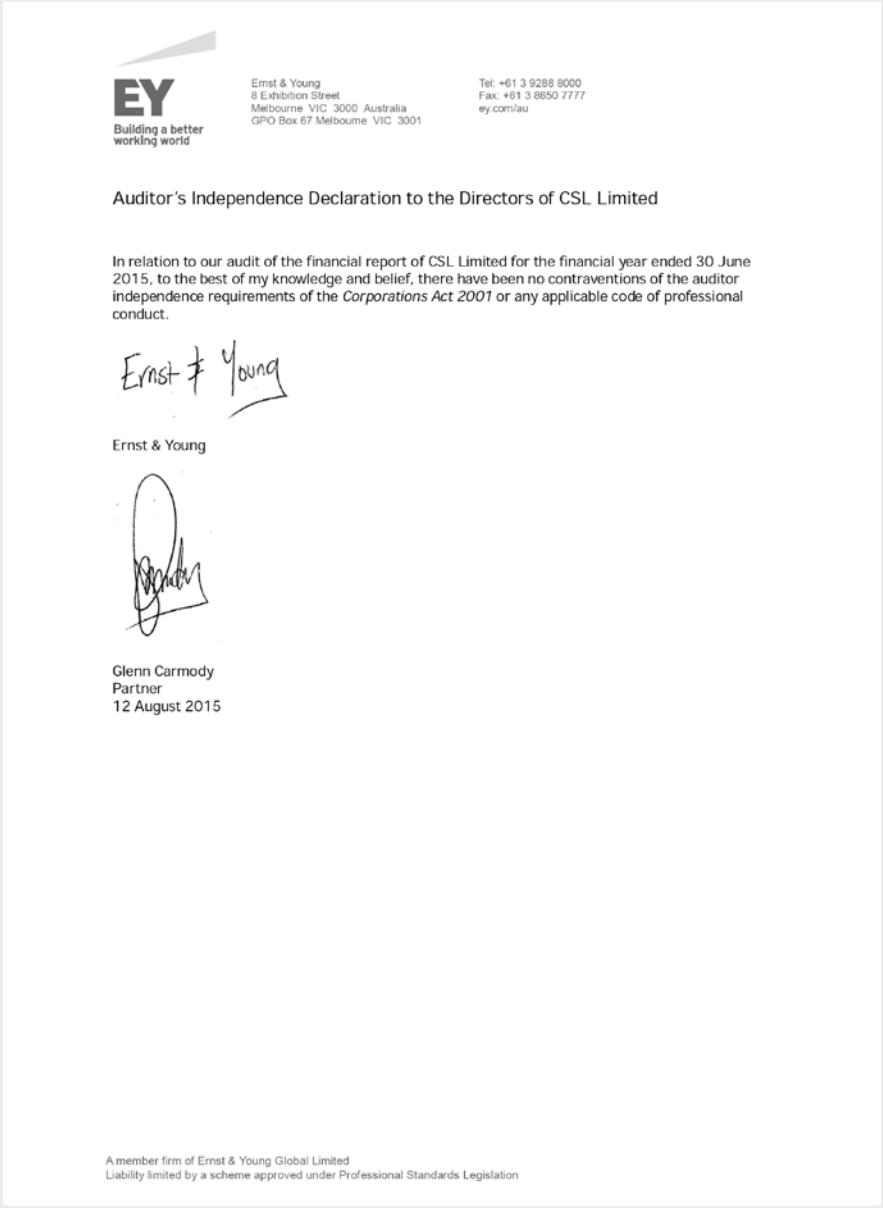
Ernst & Young and its related practices received or are due to receive the following amounts for the provision of non-audit services in respect to the year ended 30 June 2015:

	US$
Due diligence and completion audits	–
Compliance and other services	369,088
Total fee paid for non-audit services	**369,088**

The signing partner for the auditor is to be rotated at least every five years, and the auditor is required to make an independence declaration annually. CSL notes that, in accordance with the requirements of the *Corporations Act*, the Board and the Audit and Risk Management Committee has approved Mr Glenn Carmody to act as the signing partner for Ernst & Young for a sixth year in 2015–2016 (as a result of some changes in personnel at Ernst & Young which directly affected the transition plans for the replacement of Ernst & Young's signing partner).

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 CSL under ASIC Class Order 98/0100. CSL is an entity to which the Class Order applies.



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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 2015, 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
12 August 2015

A member firm of Ernst & Young Global Limited
Liability limited by a scheme approved under Professional Standards Legislation

17. Remuneration Report

Dear Shareholder,

Sustained value creation for shareholders requires attention to be focused on both short and long term objectives. Within CSL, these include the immediate challenges of the efficient running of a complex global supply chain which manufactures and delivers life saving products to customers in over 30 countries and the planning and execution of sophisticated research programs with very long lead times to bring new products into the portfolio in the future. For success, teamwork is essential. Our remuneration framework is designed to support these objectives by recognising and rewarding individual and team performance in achieving CSL's annual business plans and longer term strategic goals.

Our intention is to provide remuneration which is fair, equitable and market competitive in the countries in which we operate in order to attract and retain highly talented people. We believe that the remuneration outcomes for our executive Key Management Personnel (KMP), and the fees paid to our Non-Executive Directors, have met these intentions in 2015.

In July 2014, we introduced changes to our executive remuneration framework that increased the proportion of "at risk" components. These changes were foreshadowed in our 2014 Remuneration Report. Design changes were made to our short and long term incentive plans with the short term incentive (STI) plan being modified to increase rewards for "above target" performance outcomes. Similarly, increased reward potential for "above target" performance was introduced into the long term incentive plan and it was simplified to better align the link to business performance and shareholder expectations. Details of the executive KMP remuneration framework, including these changes, are provided in the body of this report. The Board is confident that the current remuneration framework is well aligned with our strategy and aligns the remuneration interests of our executive KMP and shareholders.

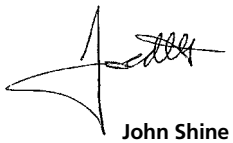
In assessing performance against target for the financial component of executive KMP STI awards for 2015, the Board considered CSL's annual growth in underlying Net Profit after Tax (NPAT) at constant currency. For 2015, growth in underlying NPAT at constant currency, after adjusting for acquisition costs associated with the Novartis influenza vaccine business, was 10% versus a target of 12%. In other areas, 2015 was a year of strong performance for CSL with business growth in our key markets outpacing our competitors despite increasing market pressure.

The key focus and major business achievements for the year included:

- **Investing in research and development** – In research and development there have been significant innovative advances in recombinant coagulation products, with a submission to the FDA seeking licensure of our differentiated FVIII and FIX haemophilia therapies. Respreeza®, a treatment for Alpha-1 deficiency has received positive EU regulatory opinion and is awaiting a decision on EU licensure;
- **Efficiency and operations** – CSL Plasma continues to deliver enhanced operational effectiveness, including the opening of 21 new plasma collection centres in the U.S. and one centre in Hungary. There are now 128 centres globally. Our manufacturing facilities are undergoing significant development with the breaking of ground for the new recombinant manufacturing facility in Lengnau, Switzerland, the expansion in Broadmeadows, Australia of the Privigen® and albumin facilities, the expansion of the Beriplex® facility in Marburg, Germany, the new base fractionation and albumin facilities in Kankakee, U.S. and the start of the additional product filling capacity expansion in Bern, Switzerland;
- **Achieving global leadership in influenza** – CSL agreed to acquire the Novartis influenza vaccines business, which when combined with bioCSL, will create a competitive global business which is the second largest influenza vaccine manufacturer in the world; and
- **Creating a culture that attracts, retains and develops talent in order to deliver sustained shareholder value** – CSL launched its revised global performance management system designed to attract, retain and reward our people, and achieved our diversity targets.

We welcome feedback on this Report and our remuneration practices.

John Akehurst
Chairman
Human Resources and
Remuneration Committee



John Shine AO
Chairman
CSL Limited

This letter does not form part of the audited Remuneration Report.

Directors' Report Continued

Format of the 2015 Remuneration Report:

1 Introduction

This Remuneration Report (Report) describes CSL's remuneration framework and sets out the remuneration arrangements 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*.

This Report sets out remuneration information for executive Key Management Personnel (KMP) which includes Non-Executive Directors (NEDs), the Executive Director (i.e. the Managing Director and Chief Executive Officer (CEO)) and those key executives who have authority and responsibility for planning, directing and controlling the major activities of CSL during the financial year.

2 Remuneration Governance

Through an effective remuneration framework, CSL:

- Provides fair and equitable rewards;
- As far as possible utilises common reward components that can be applied globally;
- Aligns rewards to business outcomes that create value for shareholders;
- Drives a high performance culture by rewarding the achievement of strategic and business objectives;
- Encourages teamwork;
- Ensures an appropriate pay mix to balance focus on both short term and longer term performance;
- Attracts, retains and motivates high calibre employees in a competitive industry; and
- Ensures remuneration is competitive in each of our global employment markets.

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

- Executive remuneration design and approval of awards to the CEO and executive KMP;
- Senior executive succession planning;
- The design and implementation of any incentive plan (including equity based arrangements);
- The remuneration and other benefits applicable to NEDs; and
- The CSL diversity policy and measurable objectives for achieving gender diversity.

Full responsibilities of the HRRC are outlined in its Charter, which is reviewed annually. The Charter is available on CSL's website at *www.csl.com.au/about/governance.htm*.

During 2015, changes were made to the Charter to ensure that Committee membership and terms allowed for a planned transition of duties and, responsibility for CSL's global health, safety and environmental performance was transferred to the Audit and Risk Committee.

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

HRRC Activities

During 2015, the HRRC met on six occasions, with remuneration and talent matters key agenda items for discussion. The Committee's activities included:

- Annual review of the remuneration structure and policy;
- Review of senior executive appointments and remuneration arrangements;
- Review of Short Term Incentive (STI) and Long Term Incentive (LTI) arrangements, and reward outcomes for key senior executives;
- Review of the CSL diversity report and gender pay review and progress against diversity objectives;
- Review of talent and succession planning for senior executives;
- Review of the Human Resource strategy and key achievements;
- Review of NED remuneration; and
- Review of the HRRC Charter, including identified updates.

Changes in executive KMP

During 2015 the HRRC and Board approved the following changes in executive KMP.

Mr Robert Repella was appointed Executive Vice President Commercial Operations effective 1 July 2014, succeeding Dr Ingolf Sieper who retired from this role on 30 June 2014. On 31 December 2014, Ms Mary Sontrop retired from the role of Executive Vice President Manufacturing Operations & Planning and was replaced by Mr Val Romberg on 1 January 2015. Mr Romberg previously served as the Senior Vice President Global Plasma Research & Development. Mr Gordon Naylor, Chief Financial Officer (CFO), has accepted the position of President for Seqirus, the combined bioCSL/Novartis influenza vaccine business. In this new role Mr Naylor will continue to be executive KMP. Mr Naylor will continue as CFO until a successor has been identified.

Contractual provisions for executive KMP

The 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 CSL*	Notice Period Employee	Termination Payment
No Fixed Term	Six months	Six months	12 months

**CSL may also terminate at any time without notice for serious misconduct and/or breach of contract. On termination by CSL for other reasons, including redundancy, an executive KMP (including the CEO) 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.*

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 executive KMP and NEDs.

In 2015, KPMG was selected as "Remuneration Consultant" to provide advice in respect to the market competitiveness of CSL's NED fees. KPMG were commissioned and instructed by the Chairman of the HRRC. The terms of engagement required that the Remuneration Consultant provided, with its report, a declaration of independence from the NEDs to whom their recommendations related, to ensure that the HRRC and Board may be satisfied the remuneration advice and recommendations were made free from undue influence from CSL's NEDs. No advice was sought on executive KMP remuneration decisions.

KPMG made no 'remuneration recommendations' as defined in the *Corporations Act 2001* during the 2015 financial year.

3 Executive KMP Remuneration

3.1 Remuneration Framework

CSL is one of the largest global specialist plasma protein therapeutics companies. CSL generates more than 90% of revenue outside of Australia, with a global leadership team. The organisation is structured to ensure integration of manufacturing, research and development and global commercialisation. The design of executive reward recognises this integration and the need to work across geographies and functional groups to achieve long-term goals, deliver financial performance and shareholder returns. The components of remuneration applied in most countries are therefore broadly the same, with the mix and quantum varying to reflect local markets. The exception is that Options are not used as part of the LTI for executive KMP based in Australia. CSL's remuneration structure must provide a competitive offering to attract, motivate and retain key talent in different geographies across scientific and technical disciplines and functional roles in order to deliver sustained business growth and a pipeline of leading edge product developments.

Changes to the remuneration framework in 2015 focused on increasing both STI and LTI potential, as these elements of our remuneration framework reflect an "at risk" element of pay. This has been used to better align the executive KMP's total target remuneration to the markets where CSL operates and the executive KMP is based, while reinforcing the strong link to shareholder value. The changes made to the STI plan allow for a greater range of incentive outcomes, including the ability to achieve greater rewards for above target performance outcomes, in line with the design of incentive plans offered by CSL's key competitors. The STI outcomes are driven by a set of CSL financial and business performance targets and individual performance objectives. The LTI plan design was simplified and the hurdles modified to deliver executive reward outcomes which better align with the delivery of sustained shareholder value. For executive KMP based outside of Australia, Options were introduced to the variable component of total remuneration. It is market practice in the U.S. that a higher proportion of the total remuneration package be at risk and with a component of the at risk pay subject to share price performance through the issuance of Options.

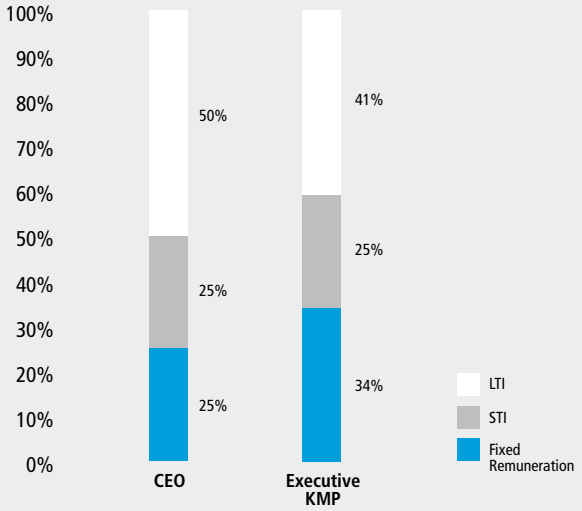
Directors' Report Continued

Total Target Remuneration and Mix

When benchmarking CSL's remuneration against local markets, consideration is given to size and responsibilities of the specific job role, the norm for the mix of remuneration components and the quantum of Total Remuneration in that market. Market data for Australian executive KMP is based on data for the ASX Top 30. Market data for U.S. executives is primarily compared with U.S. incumbents of international biomedical and pharmaceutical companies through the Mercer Executive Pharma survey, and the Equilar Executive Pharma survey.

The remuneration of executive KMP is structured with a mix of Fixed Remuneration (FR) and variable remuneration with short term and long term elements. The relative weighting of these components for an "at target" performance outcome is shown below. Mr Paul Perreault, Dr Andrew Cuthbertson, Mr Gordon Naylor, Mr Robert Repella, Mr Val Romberg[3] and Ms Mary Sontrop[4] were executive KMP members of the Strategic Leadership Group (SLG) for the 2015 financial year. These executive KMP have 33% of their total STI outcome deferred for three years.

Average Total Target Remuneration mix for CEO and executive KMP



Fixed Remuneration (FR)

FR comprises base salary, superannuation and non-monetary benefits. Reviewed on an annual basis by the Board, FR is determined based on the scope, complexity and responsibility of the role and benchmarking against the local external market. Internal relativities, qualifications and experience are also considered.

Following the structural changes introduced to the STI and LTI frameworks in 2015 which resulted in an increased "at risk" potential, no general increases in FR were awarded to executive KMP. Two executive KMP received a FR increase of an average of 4%, to reflect an increased scope of their roles and to better align their remuneration with market competitive levels.

Variable Remuneration

Short Term Incentive (STI)

The STI Plan provides variable cash rewards, paid annually, to executive KMP based on achievement of CSL financial and business targets, individual work plan objectives, and the demonstration of the CSL values.

The CEO's STI is awarded in two categories with a weighting of 60% for financial and business performance metrics and 40% for individual work plan objectives. For all other executive KMP, STI is awarded using a 50% weighting for financial and business performance metrics and 50% for individual work plan objectives. Within each of these categories there are a number of specific objectives. Achievement of target performance for each specific objective results in a 100% contribution to STI for this component. Underperformance against a specific target in either category will result in a lower than 100% contribution to STI for that component down to a threshold below which there is a zero contribution. Achievement of above target performance for a specific target will result in a greater than 100% contribution to STI for that component up to a maximum of 150%. The Board retains ultimate discretion over STI payments to executive KMP and believes this method delivers appropriate and just outcomes.

A formal review of each executive KMP's progress against objectives is conducted twice annually by the CEO. Following the full year performance review, the CEO makes recommendations to the HRRC and subsequently to the Board regarding the level of STI payment to be awarded to each executive KMP. A similar approach is adopted by the Board in assessing the CEO's performance where the Chairman (having sought input from the rest of the Board) reviews the performance of the CEO. Any award to the CEO is reviewed by the HRRC and approved by the Board.

[3] *V Romberg was an executive KMP member of the SLG for the period 1 January 2015 to 30 June 2015.*

[4] *M Sontrop was an executive KMP member of the SLG for the period 1 July 2014 to 31 December 2014.*

A summary of the 2015 STI plan (for the performance year ended 30 June 2015) is provided below:

Feature	Description
Instrument	The STI award is delivered in the form of cash.
Award Target	The STI target is set as a percentage of FR. In 2015 the CEO had a STI target of 100% of FR and other executive KMP had a STI target in the range of 60% to 85% of FR. All executive KMP have a potential maximum STI outcome of 150% of their STI target. If the outcome of any performance metric falls below a threshold, there is a zero contribution to STI from this component.
Performance Hurdle	All executive KMP are assessed against agreed CSL financial and business performance targets for identified measures that drive overall company performance and achievement of strategic objectives. These measures include: – Financial performance; – Research and Development investment, and the achievement of key milestones as agreed for the business year in order to drive short term and long term growth opportunities. This investment ensures CSL will continue to innovate and meet market demands for new therapies, higher efficacy of treatments and develop novel responses to life threatening diseases; and – Key operational metrics – comprising measures designed to assess the efficiency and quality of operations. The Board considers the performance against agreed budget targets for each of these measures and determines the overall financial and business performance outcome to be applied to the proportion of STI driven by company performance for the executive KMP. For the CEO CSL financial and business performance drives 60% of the STI outcome, for other executive KMP it drives 50% of the outcome. Individual performance objectives are a mix of financial and non-financial measures relevant to the executive KMP's role. The individual performance objectives for the CEO drive 40% of the STI outcome, for other executive KMP it drives 50% of the outcome. The objectives for executive KMP are set by the CEO and the Chairman and Board are responsible for setting and agreeing the performance objectives for the CEO. An individual's objectives consist of four categories: – Quantified performance outcomes – achievement of specific CSL 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 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); – Delivery of improvements and change initiatives in operations, risk management, compliance and health and safety. This objective also includes managing to CSL'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 protecting CSL's reputation and demonstrating high standards of personal leadership and behaviour and CSL values.
Deferral Terms	For the executive KMP SLG[5] members, 33% of any STI payment related to the period as a member of this group 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.
Deferral Clawback	100% of the deferred award can be clawed back by the Board where there is a misstatement of financials or an executive KMP breaches obligations.

[5] *P Perreault, A Cuthbertson, G Naylor, R Repella, V Romberg and M Sontrop.*

Directors' Report Continued

Long Term Incentive (LTI)

The objective of the LTI Plan is to align long term executive KMP 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 2015 LTI plan (granted 1 October 2014) is provided below:

Feature	Options	Performance Rights
Grant Value	The grant value is set as a percentage of FR as at 1 September 2014. In October 2014 the LTI grant value for the CEO was 60% of FR and for executive KMP outside of Australia it was 40% of FR. The award is granted in one tranche.	The grant value is set as a percentage of FR as at 1 September 2014. In October 2014 the LTI grant value for the CEO was 100% of FR and for other executive KMP it was 65% of FR. The above grant value ("base" amount) will be divided into two equal tranches with an additional 25% of the tranche two "base" amount to be granted. The additional 25% grant is only eligible for vesting where performance against the Earnings per Share growth (EPSg) performance measure exceeds target.
	The number of Options and 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 Options and 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.	
	Each Option and Performance Right is to acquire one share in the Company. An executive KMP must pay an exercise price of A$73.93 when electing to exercise the Options. There is no payment on the exercise of Performance Rights.	
Performance Period	The four year performance period applies from 1 July 2014 to 30 June 2018.	
Performance Hurdle	During the four year vesting period an executive KMP must meet their performance expectations as defined in their work plans and assessed by the Board for the CEO, and by the CEO with approval of the Board for remaining executive KMP. 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 grant. The Options only have value where the share price on exercise exceeds the exercise price, thus aligning this component of remuneration with shareholder return as expressed by share price.	– **Tranche 1:** Vesting of tranche 1 will be subject to CSL's relative Total Shareholder Return (rTSR) performance hurdle measured against a cohort of like global Pharmaceutical and Biotechnology companies that have manufacturing operations, a research and development pipeline, and a comparable market capitalisation for the recommended rTSR peer group companies. – **Tranche 2:** Vesting of tranche 2 will be subject to CSL achieving its "Target" EPSg performance hurdles. – **Tranche 3:** Vesting of tranche 3 will be subject to CSL achieving its "Upside" EPSg performance hurdles. During the four year vesting period an executive KMP must not fail to meet their performance expectations as defined in their work plan and assessed by the Board. Where an executive KMP fails to meet expectations the grant is forfeited. 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 the interests of CSL and shareholders.
Vesting Schedule	If the performance hurdle is met the award will vest 100%.	**For those Performance Rights in Tranche 1 (subject to the rTSR Performance Measure):** – No Performance Rights will vest if CSL's TSR performance is less than the 50th percentile; – If performance is at the 50th percentile, then 50% of the Performance Rights will vest; and – An additional 2% of Performance Rights will vest for each one percentile increase above the 50th percentile up to the 75th percentile at which 100% of the Performance Rights will vest. **For those Performance Rights in Tranche 2 (subject to the "Target" EPSg Performance Measure):** – No Performance Rights will vest if CSL's EPSg is less than 8%. – Vesting for the EPSg "Target" Performance Rights will occur on a straight line scale from 35% vesting where EPSg is at 8% through to 100% vesting where EPSg is at 13%. **For those Performance Rights in Tranche 3 subject to the EPSg "Upside" Performance Measure:** – Where EPSg is above 13%, vesting will occur on a straight line scale from 0% vesting at EPSg of 13% through to 100% vesting where EPSg is at 15%.
Retesting	There is no retesting of the LTI awards.	
Cessation of Employment	A "good leaver" will retain a pro-rata number of Options and Performance Rights based on time elapsed since the grant date. Any retained Options and Performance Rights will be held subject to original terms and conditions including test date. For any vested Options and Performance Rights a shorter expiry date of six months from vesting will apply. For other leavers the Options and Performance Rights will lapse on cessation of employment.	
Clawback	100% of the award can be forfeited by the Board where there is a misstatement of financials or an executive KMP breaches obligations.	
Dividends	No dividends are paid on unvested LTI awards.	

In 2015 CSL has again adopted a fair value approach to determine the number of instruments awarded to executive KMP under the LTI plan. This approach is consistent with the majority of CSL's ASX peer group. The use of fair value aligns with accepted accounting valuation in accordance with Accounting Standard AASB2 – Share Based Payments and takes into consideration the performance hurdles placed on awards and probability of those hurdles being met. CSL is transparent in the number of units allocated and the price of those units at grant so a face value calculation can easily be made[6]. Importantly, when determining and assessing the total level of remuneration offered and paid to executive KMP, CSL compares both the fair and face value with competitor practice.

CSL currently has a capital management strategy to improve the efficiency of the balance sheet through buybacks. This strategy has been in place each year since 2010 and has entailed buying back approximately A$900m of CSL shares on an annual basis. Therefore the EPS growth target upon which executive KMP are rewarded is based off a year that included the impact of the buyback and will require a four year annual compound growth rate to be achieved.

LTI – Executive Deferred Incentive Plan (EDIP)

In its absolute discretion, the Board may also offer executive KMP (including the CEO) an LTI award under the EDIP based on retention risk or market indicators. An award under 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. The award has a three year vesting period reflecting U.S. market practice.

A summary of the 2015 EDIP (granted 1 October 2014) is provided below:

Feature	Description
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 FR as at 1 September 2014. In October 2014 the CEO's grant value was 40% of FR and other executive KMP grant values were in the range of 10% to 35% of FR. 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 executive KMP must not fail to meet their performance expectations as defined in their work plan and assessed by the 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.
Clawback	100% of the award can be forfeited by the Board where there is a misstatement of financials or an executive KMP breaches obligations.
Dividends	No dividends are paid on EDIP awards.

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 an executive KMP to forfeit any unvested or vested deferred 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.

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 (e.g. 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 *www.csl.com.au/about/governance.htm*.

[6] *Refer to Note 18 in the Financial Statements.*

Directors' Report Continued

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:

a) 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

b) 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.

As at 30 June 2015, the aggregate number of CSL shares under a) and b) above was 0.54% 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 10% of the total number of CSL shares on issue at the time of the offer.

3.2 Remuneration Outcomes in 2015 and link to Business Performance for 2015

2015 STI outcomes

Executive KMP STI outcomes for the 2015 financial year were assessed by the Board against CSL financial and business performance targets and against individual objectives agreed at the start of the performance year. These objectives are derived from the CSL long term Strategic Plan and their achievement will ensure CSL achieves its 2015 business plan and budget.

Objectives were designed to ensure longer term strategic focus as well as focus on delivering annual targets. CSL's statutory financial and business performance is described in the following table. Further information relating to the contribution to STI derived from the financial component is provided in the covering letter to this report. The STI awards for 2015 which resulted from this are listed in Table 1 below.

During 2015, the following financial and business performance outcomes were achieved:

Objective	Outcome	Achievement
Financial Performance	Below target	*Financial Outcomes*[7] – NPAT of US$1,379.0m; and – Sales Revenue of US$5,458.6m.
	On target	– Successful debt raising of EUR350m; and – American Depositary Receipts outstanding up by 50%.
Research and Development Investment	Above target	– In research and development there have been significant innovative advances in recombinant coagulation products, with the regulatory submission to FDA for licensure of our differentiated FVIII and FIX haemophilia therapies; and – Respreeza®, a treatment for Alpha-1 deficiency has received positive EU regulatory opinion and is awaiting a decision on EU licensure.
Key operational metrics	Above target	*Efficiency and operations* – 21 new plasma collection centres in the U.S. and one centre in Hungary increasing the fleet in the U.S. to 119 centres, and 128 centres globally; and – Our manufacturing facilities are undergoing significant development with the breaking of ground for the new recombinant manufacturing facility in Lengnau, Switzerland, the expansion in Broadmeadows, Australia of the Privigen® and albumin facilities, the expansion of the Beriplex® facility in Marburg, Germany, the new base fractionation and albumin facilities in Kankakee, U.S. and the start of the additional product filling capacity expansion in Bern, Switzerland.
	Above target	*Achieve global leadership in influenza* – CSL agreed to acquire the Novartis influenza vaccines business which combined with bioCSL will become the second largest player in this sector; and – Acquisition of rights to commercialise RAPIVAB*.
	On target	*Employees* – Revised global individual performance management and STI frameworks launched; – Diversity targets have been achieved (for further detail please refer to the Diversity section of the Annual Report); and – Health and safety – reduction in lost time injury frequency rate.

[7] *Full details of the financial outcomes of CSL can be found in the Financial Statements.*

Performance against predefined individual objectives for each executive KMP, which were integral to the achievement of CSL's 2015 business plan, is considered by the Board to assess this STI component. These objectives fall under the categories of quantified performance outcomes, strategic objectives, improvements and change management and leadership performance and remain confidential for commercial reasons. These included measures of operational performance improvement, yield improvement, unit cost management, sales and margins. Outcomes for individual work plan objectives for the respective executive KMP varied by objective with some "above target", and others "on target" or "below target".

The outcomes of the assessment of performance against financial, business and individual targets, in aggregate, deliver an "on target" result for all executive KMP.

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

The following table details the outcomes made to executive KMP under the STI program in 2015.

Table 1: Executive KMP STI awards made in 2015

Executive	Minimum and Maximum Potential as a % of Fixed Remuneration	Target STI as a % of Fixed Remuneration	STI Awarded as a % of Maximum Potential in 2015	Actual STI Award in 2015 (US$)[8,9]
Current executive KMP				
P Perreault	0% – 150.0%	100%	66.7%	1,700,000
G Boss	0% – 105.0%	70%	66.7%	397,889
L Cowan	0% – 90.0%	60%	66.7%	240,000
A Cuthbertson	0% – 127.5%	85%	66.7%	612,765
K Etchberger	0% – 105.0%	70%	66.7%	350,000
G Naylor	0% – 127.5%	85%	66.7%	752,680
R Repella	0% – 127.5%	85%	66.7%	510,000
V Romberg[10]	0% – 127.5%	85%	66.7%	223,399
Former executive KMP				
M Sontrop[11]	0% – 127.5%	85%	66.7%	233,547

[8] *The Australian dollar (AUD) bonus awards during the year ended 30 June 2015 have been converted to US dollars (USD) at an average exchange rate for the year.*

[9] *P Perreault, A Cuthbertson, G Naylor, R Repella, V Romberg and M Sontrop have 33% of their Actual STI Award amount related to period as an executive KMP member of the SLG deferred for three years.*

[10] *The STI Payment for V Romberg reflects payment for the period as executive KMP being 1 January 2015 to 30 June 2015.*

[11] *The STI Payment for M Sontrop reflects payment for the period as executive KMP being 1 July 2014 to 31 December 2014.*

2015 LTI outcomes

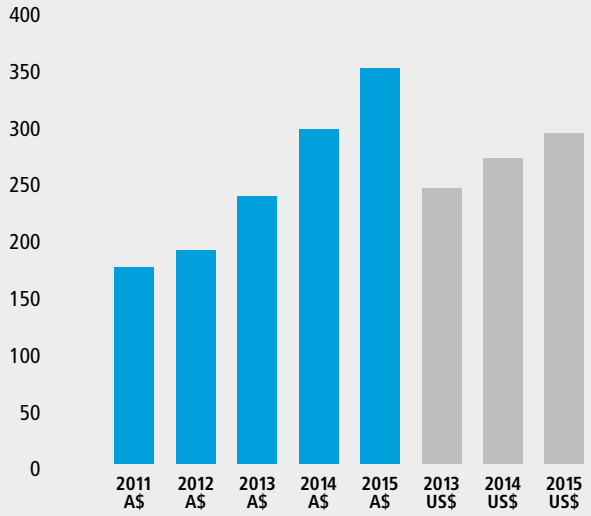
The performance measures for the LTI Plan, namely Earnings per Share growth (EPSg) and relative Total Shareholder Return (rTSR) provide a direct link between executive KMP reward and the long term creation of shareholder wealth.

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

Table 2: CSL 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$)
2011	0.80	32.58	33.06
2012	0.81	33.06	39.42
2013	0.95	39.42	61.58
2014	1.15	61.58	66.55
2015	**1.39**	**66.55**	**86.47**

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



Directors' Report Continued

Table 3 below illustrates CSL's compound annual growth in basic EPS in respect of Performance Options granted in 2011 and Performance Rights granted in October 2011, 2012, 2013 and 2014.

Table 3: Compound Annual Growth in basic EPS[12]

		Compound EPS Growth to end of financial year			
Year of Grant	Test Currency	2012	2013	2014	2015
2011	A$	9%	17%	19%	19%
2012	US$		24%	17%	14%
2013	US$			11%	9.5%
2014	US$				8.2%

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

CSL's Total Shareholder Return (TSR) performance over the relevant performance periods up to 30 June 2015 in respect of as yet unvested Performance Rights shown in Tables 4 and 5 below is indicative and for information purposes. The formal relative TSR calculations will be undertaken at the relevant test dates.

Table 4: Relative TSR Performance from Grant Date to 30 June 2015 – Selected Peer Group

Performance Rights Issue	Peer Group	Indicative Relative TSR Percentile Ranking
October 2011	Selected ASX Top 100	95.0%
October 2014	Selected global Pharmaceutical and Biotechnology companies	61.0%

Table 5: Relative TSR Performance from Grant Date to 30 June 2015 – MSCI Gross Pharmaceutical Index ("Index")

Performance Rights Issue	Index TSR Outcome	CSL TSR Outcome
October 2012	77.4%	45.3%
October 2013	37.6%	12.8%

In 2015 testing of the 2009, 2010 and 2011 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 6 details the October 2014 vesting outcomes of LTI awards granted in 2009, 2010 and 2011.

Table 6: 2015 Vesting Outcomes (Performance Options and Performance Rights granted 2009 – 2011)

Performance Options				
Grant Date	Vesting Outcome	Exercise Price (A$)	Annual EPS growth	Relative TSR Percentile Ranking
1 October 2009	100% vested	33.68	10.6%	N/A
1 October 2010	100% vested	33.45	15.8%	91.6%
5 October 2011	100% vested	29.34	19.4%	93.6%
Performance Rights				
Grant Date	Vesting Outcome	Exercise Price (A$)	Annual EPS growth	Relative TSR Percentile Ranking
1 October 2010	100% vested	–	15.8%	91.6%
5 October 2011	100% vested	–	19.4%	93.6%

In 2015 the following awards were made to executive KMP under the LTI program.

Table 7: Executive KMP LTI awards made in 2015

Executive	EDIP – Minimum and Maximum Potential as a % of Fixed Remuneration	EDIP – Notional Shares Awarded as a % of Fixed Remuneration	EDIP – Number of Notional Shares Awarded[13,14]	LTI – Options Minimum and Maximum Potential as a % of Fixed Remuneration	LTI – Options granted as a % of Fixed Remuneration	LTI – Number of Options Granted[15,16]	LTI – Performance Rights Minimum and Maximum Potential as a % of Fixed Remuneration	LTI – Performance Rights Granted as a % of Fixed Remuneration	LTI – Number of Performance Rights Granted[17,18]
Current executive KMP									
P Perreault	0% – 40%	40%	10,509	0% – 60%	60%	94,828	0% – 112.5%	112.5%	38,050
G Boss	0% – 25%	25%	2,196	0% – 40%	40%	21,137	0% – 73.1%	73.1%	8,269
L Cowan	0% – 25%	25%	1,545	0% – 40%	40%	14,875	0% – 73.1%	73.1%	5,819
A Cuthbertson	0% – 15%	15%	1,744	–	–	–	0% – 73.1%	73.1%	10,948
K Etchberger	0% – 25%	25%	1,931	0% – 40%	40%	18,593	0% – 73.1%	73.1%	7,274
G Naylor	0% – 10%	10%	1,428	–	–	–	0% – 73.1%	73.1%	13,449
R Repella	0% – 35%	35%	3,245	0% – 40%	40%	22,312	0% – 73.1%	73.1%	8,728
V Romberg	–	–	–	–	–	–	–	–	–
Former executive KMP									
M Sontrop	–	–	–	–	–	–	–	–	–

[13] *The number of Notional Shares is calculated based on the average market value of shares at the time of grant. For the October 2014 grant this was A$73.93.*

[14] *The EDIP award has a 1 October 2014 grant date with a 30 September 2017 vesting date.*

[15] *The LTI award of Options has a grant date of 1 October 2014 and a vesting date of August 2018. The exercise price for the award is A$73.93.*

[16] *The number of Options is calculated based on an assessment of the fair market value of the instruments in accordance with the accounting standards (refer to Note 18 in the Financial Statements). The Options had a fair value of A$12.29.*

[17] *The LTI award of Performance Rights has a grant date of 1 October 2014 and a vesting date of August 2018.*

[18] *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 18 in the Financial Statements). The Performance Rights in Tranche 1 had a fair value of A$47.69 and Tranches 2 and 3 had a fair value of A$68.64.*

Directors' Report Continued

The CSL LTI plan has changed over the years to reflect broader market practice and expectations, and ensure alignment with shareholder experience. The terms and conditions and key characteristics of prior year awards of Performance Options and Performance Rights are included in Tables 8 and 9.

Table 8: Terms and conditions of Options and Performance Rights granted in 2013 and 2014

Grant Date	Instrument	Tranche	Value per Instrument at Grant Date (A$)	Exercise Price (A$)	First Test Date	Last Test Date	Exercise Period[19]	Expiry Date
1 October 2013	Rights	1	49.86	–	30 September 2016	30 September 2017	1 October 2016 – 30 September 2020	30 September 2020
1 October 2013	Rights	2	49.00	–	30 September 2017	30 September 2018	1 October 2017 – 30 September 2020	30 September 2020
1 October 2014	Rights	1	47.69	–	1 July 2018		August 2018 – 30 September 2019	30 September 2019
1 October 2014	Rights	2	68.64	–	1 July 2018		August 2018 – 30 September 2019	30 September 2019
1 October 2014	Rights	3	68.64	–	1 July 2018		August 2018 – 30 September 2019	30 September 2019
1 October 2014	Options	1	12.29	73.93	1 July 2018		August 2018 – 30 September 2019	30 September 2019

[19] *Assumes vesting has occurred at First Test Date.*

Table 9: Key Characteristics of prior financial year Performance Option and Performance Right grants

Feature	2007 – 2010	2011 – 2012	2013 – 2014
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	
Peer Group	Selected ASX Top 100	Selected ASX Top 100	MSCI Gross Pharmaceutical Index
Vesting Schedule	EPSg 10% or above – 100% vesting	EPSg 10% or above – 100% vesting	EPSg < 8% – 0% vesting
	rTSR at or above 50th percentile – 100% vesting	rTSR below 50th percentile – 0% vesting	EPSg 8% to 12% – Straight line vesting from 50% to 100%
		rTSR at 50th percentile – 50% vesting	EPSg 12% or above – 100% vesting
		rTSR between 50th and 75th percentile – Straight line vesting from 50% to 100%	rTSR at or below performance of MSCI Gross Pharmaceutical Index – 0% vesting
		rTSR at or above 75th percentile – 100% vesting	rTSR exceeds performance of MSCI Gross Pharmaceutical Index – 100% vesting
Retesting Opportunities	T1 – 3 retests, T2 – 2 retests and T3 – 1 retest	1 retest per tranche, after an additional 12 months	

Performance Option and Performance Right Holdings

Table 10 below shows the movement during the reporting period in the number of Performance Options and Performance Rights over Ordinary Shares in CSL held directly, indirectly or beneficially by each executive KMP, including their related parties along with the value of vested and exercised Performance Options and Performance Rights.

Table 10: Executive KMP Remuneration Performance Option and Performance Right Holdings

Executive	Instrument	Balance at 1 July 2014	Number Granted	Number Exercised	Number Lapsed / Forfeited	Balance at 30 June 2015	Number Vested during year	Balance at 30 June 2015		Value of LTI Vested during year (US$)[20]	Value of LTI Exercised during year (US$)[21]	Average Price Paid per Share
								Vested	Unvested			
Current executive KMP												
P Perreault	Options	51,520	94,828	42,210	–	104,138	42,210	–	104,138	1,460,344	1,580,999	32.77
	Rights	66,490	38,050	16,500	–	88,040	16,500	–	88,040	1,023,095	1,070,259	–
G Boss	Options	41,040	21,137	22,220	–	39,957	31,630	14,090	25,867	1,086,360	823,830	33.68
	Rights	32,170	8,269	11,410	–	29,029	11,410	–	29,029	707,486	822,156	–
L Cowan	Options	3,420	14,875	3,420	–	14,875	3,420	–	14,875	115,505	126,800	33.68
	Rights	–	5,819	–	–	5,819	–	–	5,819	–	–	–
A Cuthbertson	Options	43,510	–	35,910	–	7,600	35,910	–	7,600	1,241,619	1,614,580	32.77
	Rights	51,040	10,948	16,420	–	45,568	16,420	–	45,568	1,018,135	1,201,850	–
K Etchberger	Options	39,420	18,593	9,780	–	48,233	22,600	26,030	22,203	777,071	383,591	37.91
	Rights	25,240	7,274	8,510	–	24,004	8,510	–	24,004	527,669	604,212	–
G Naylor	Options	94,580	–	13,620	–	80,960	45,040	71,500	9,460	1,556,985	432,820	35.46
	Rights	75,992	13,449	–	–	89,441	20,190	32,852	56,589	1,251,896	–	–
R Repella	Options	–	22,312	–	–	22,312	–	–	22,312	–	–	–
	Rights	8,416	8,728	–	–	17,144	–	–	17,144	–	–	–
V Romberg[22]	Options	22,579	–	–	–	22,579	–	–	22,579	–	–	–
	Rights	18,780	–	–	–	18,780	–	–	18,780	–	–	–
Former executive KMP												
M Sontrop[23]	Options	37,790	–	33,120	–	4,670	33,120	–	4,670	1,136,400	1,231,072	32.77
	Rights	33,480	–	10,910	–	22,570	10,910	–	22,570	676,483	707,669	–

[20] *Performance Options (less exercise price) and Performance Rights 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 12. Table 12 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 12 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 2015 average exchange rate*

[21] *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 2015. The AUD value was converted to USD at an average exchange rate for the year.*

[22] *The opening balance for V Romberg is at 1 January 2015 being the date V Romberg became executive KMP.*

[23] *The closing balance for M Sontrop is at 31 December 2014 being the date M Sontrop ceased to be executive KMP.*

Directors' Report Continued

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 18. No 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 11. An executive KMP is required to pay an exercise price when electing to exercise the Performance Options.

Table 11: Shares issued to executive KMP on the exercise of Performance Options and Performance Rights during 2014 and 2015

		2015			2014		
Executive	Instrument	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 2009** **1 October 2010** **5 October 2011**	**28,220** **4,680** **9,310**	**33.68** **33.45** **29.34**	1 October 2008 1 October 2010	19,100 4,680	37.91 33.45
	Rights	**1 October 2010** **5 October 2011**	**6,150** **10,350**	**–** **–**	1 October 2009 1 October 2010	2,992 6,150	– –
G Boss	Options	**1 October 2009**	**22,220**	**33.68**	–	–	–
	Rights	**1 October 2010** **5 October 2011**	**6,150** **5,260**	**–** **–**	1 October 2009 1 October 2010	2,360 6,150	– –
L Cowan	Options	**1 October 2009**	**3,420**	**33.68**	–	–	–
	Rights	**–**	**–**	**–**	1 October 2009	544	–
A Cuthbertson	Options	**1 October 2009** **1 October 2010** **5 October 2011**	**22,240** **6,070** **7,600**	**33.68** **33.45** **29.34**	1 October 2010	6,070	33.45
	Rights	**1 October 2010** **5 October 2011**	**7,980** **8,440**	**–** **–**	1 October 2009 1 October 2010	2,360 7,980	– –
K Etchberger	Options	**1 October 2008**	**9,780**	**37.91**	2 October 2006 1 October 2007	6,312 9,360	17.48 35.46
	Rights	**1 October 2010** **5 October 2011**	**4,500** **4,010**	**–** **–**	1 October 2009 1 October 2010	1,648 4,500	– –
G Naylor	Options	**1 October 2007**	**13,620**	**35.46**	–	–	–
	Rights	**–**	**–**	**–**	–	–	–
R Repella	Options	**–**	**–**	**–**	–	–	–
	Rights	**–**	**–**	**–**	–	–	–
V Romberg	Options	**–**	**–**	**–**	–	–	–
	Rights	**–**	**–**	**–**	–	–	–
Former executive KMP							
M Sontrop	Options	**1 October 2009** **1 October 2010** **5 October 2011**	**24,100** **4,350** **4,670**	**33.68** **33.45** **29.34**	1 October 2010	4,350	33.45
	Rights	**1 October 2010** **5 October 2011**	**5,720** **5,190**	**–** **–**	1 October 2009 1 October 2010	2,560 5,720	– –

3.3 Executive KMP Statutory Remuneration Disclosure

Table 12 below 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 2015 but will be paid after the end of the financial year).

How remuneration is measured

Remuneration of executive KMP is measured based on the requirements of Australian Accounting Standards and the *Corporations Act 2001*. These requirements measure remuneration based on when the service is performed for the company, rather than when the benefit is received by the executive KMP. As a consequence some elements of remuneration are reported based on their value when awarded, rather than the value (if any) that the executive actually receives.

Examples of how this impacts upon CSL's remuneration disclosures are as follows:

- 33% of STI awards are deferred into notional shares for three years. These are recognised as an expense over four years, being the year of the award and the three year deferral period. While the number of notional shares is determined based on the share price when granted, as they are eventually settled in cash the amount expensed each year changes along with the share price. These changes can increase or decrease remuneration in a given year and may be significant if there are large movements in the share price. This is also the case for notional shares issued under the EDIP, which are recognised over a three year period.
- Performance Options and Performance Rights issued under the LTI Plan are recognised over the performance period (three or four years depending on the year of award) based on the market value on the day they are granted to the executive. The remuneration recognised incorporates the risk that the performance targets may not be met and may be significantly different to the value of the rights if and when they vest to the executive. The accounting value of these Performance Options and Performance Rights is set on the day they are granted and is not revisited.
- In some circumstances, amounts are recorded as LTI remuneration when no shares vest to the executive KMP and in other cases there can be negative remuneration from LTIs in a given year if performance or service conditions are not met.

Directors' Report Continued

Table 12: Statutory Remuneration Disclosure – executive KMP Remuneration[24]

Executive	Year[25]	Short term benefits			Post-employment	Other long term		Share Based Payments[26]			Total (US$)	% of remuneration performance related
		Cash salary and fees (US$)	Cash bonus (US$)	Non-monetary benefits (US$)	Superannuation (US$)	Long service leave (US$)	Deferred incentive (US$)[27]	Performance Rights (US$)	Performance Options (US$)	Cash settled deferred payment (US$)[28]		
Current executive KMP												
P Perreault Managing Director & CEO	**2015**	**1,771,920**	**1,139,000**	**45,660**	**18,550**	**–**	**639,633**	**829,501**	**201,991**	**1,160,222**	**5,806,477**	**68%**
	2014	1,852,446	1,082,050	46,191	18,200	–	350,363	564,543	51,917	742,102	4,707,812	59%
G Boss EVP Legal & Group General Counsel	**2015**	**564,041**	**397,889**	**19,287**	**22,768**	**–**	**–**	**274,113**	**51,595**	**337,185**	**1,666,878**	**64%**
	2014	576,437	377,995	19,818	18,638	–	–	267,254	34,449	270,053	1,564,644	61%
L Cowan[29] SVP Human Resources	**2015**	**398,790**	**240,000**	**11,963**	**20,136**	**–**	**–**	**52,344**	**28,635**	**211,533**	**963,401**	**55%**
	2014	117,580	39,782	2,918	7,415	–	–	–	–	47,921	215,616	41%
A Cuthbertson Chief Scientific Officer	**2015**	**718,337**	**410,552**	**–**	**29,339**	**17,965**	**335,684**	**429,031**	**16,877**	**30,720**	**1,988,505**	**61%**
	2014	827,702	374,827	–	22,824	23,038	193,157	424,102	47,720	38,729	1,952,100	55%
K Etchberger EVP Quality & Business Services	**2015**	**492,308**	**350,000**	**19,513**	**15,500**	**–**	**–**	**227,902**	**44,053**	**228,748**	**1,378,024**	**62%**
	2014	498,078	315,000	19,876	16,551	–	–	210,821	25,556	181,708	1,267,590	58%
G Naylor Chief Financial Officer	**2015**	**851,059**	**504,296**	**11,814**	**29,339**	**17,339**	**407,892**	**532,471**	**20,920**	**25,024**	**2,400,154**	**62%**
	2014	1,037,253	466,860	9,137	22,824	32,144	234,502	526,321	59,437	26,083	2,414,561	54%
R Repella EVP Commercial Operations	**2015**	**613,869**	**341,700**	**19,167**	**34,883**	**–**	**42,075**	**202,561**	**42,951**	**215,597**	**1,512,803**	**56%**
	2014	–	–	–	–	–	–	–	–	–	–	–
V Romberg[30] EVP Manufacturing Operations & Planning	**2015**	**282,316**	**149,677**	**50,008**	**15,768**	**–**	**21,238**	**106,024**	**27,172**	**80,809**	**733,012**	**53%**
	2014	–	–	–	–	–	–	–	–	–	–	–
Former executive KMP												
J Lever[31] SVP Human Resources	**2015**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	2014	329,356	152,040	12,621	17,118	8,313	–	159,265	17,442	47,642	743,797	51%
I Sieper[32] EVP Commercial Operations	**2015**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	2014	607,866	329,291	52,464	7,454	–	169,008	237,808	18,810	343,869	1,766,570	62%
M Sontrop[33] EVP Manufacturing Operations & Planning	**2015**	**329,852**	**156,476**	**48,844**	**(9,638)**	**5,924**	**70,882**	**119,172**	**7,363**	**230,204**	**959,079**	**61%**
	2014	592,922	329,570	60,873	41,488	12,905	64,500	281,518	33,870	312,636	1,730,282	59%

[24] *The AUD compensation paid during the years ended 30 June 2014 and 30 June 2015 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.*

[25] *2014 Cash salary and fees have been restated to correct a double count of annual leave. 2014 Deferred incentive figures have been restated to reflect expensing over a four year period.*

[26] *The Performance Rights and Performance Options have been valued using a combination of the Binomial and Black Scholes option valuation methodologies including Monte Carlo simulation 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 and Performance Rights that were granted in prior years.*

[27] *The fair value of the deferred incentive (STI deferral) 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.*

[28] *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.*

[29] *In 2014 L Cowan was executive KMP for the period 31 March 2014 to 30 June 2014.*

[30] *In 2015 V Romberg was executive KMP for the period 1 January 2015 to 30 June 2015.*

[31] *J Lever was the former SVP Human Resources and retired from this role on 30 March 2014.*

[32] *I Sieper was the former EVP Commercial Operations and retired from this role on 30 June 2014.*

[33] *M Sontrop was the former EVP Manufacturing Operations & Planning and retired from this role on 31 December 2014.*

4 Non-Executive Director Remuneration

4.1 Remuneration Framework

The table below sets out an overview of the current NED remuneration strategy and arrangements.

Feature	Description
Strategy objective	CSL's NED remuneration strategy is designed to enable CSL 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$3,000,000 was approved by shareholders on 15 October 2014 and has applied from 1 July 2014. 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 CSL's half and full year results.
Post-Employment Benefits	Superannuation contributions are made in accordance with the current Superannuation Guarantee legislation which satisfies CSL's statutory superannuation obligations. Contributions are included in the base fee. 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.

4.2 Non-Executive Director Fees

The table below provides details of current Board and committee fees from 1 July 2014. Committee fees are not payable to the Chairman and to members of the Nomination and Securities & Market Disclosure Committees.

Board Chairman Base Fee	A$618,600
Board NED Base Fee	A$198,500

Committee Fees	Committee Chair	Committee Member
Audit & Risk Management	A$42,400	A$21,200
Human Resources & Remuneration	A$42,400	A$21,200
Innovation & Development	A$42,400	A$21,200

In 2015, following an external review by KPMG of fees paid by ASX Top 25 companies of similar market capitalisation and consideration of eight Global Biopharmaceutical companies of similar market capitalisation, the Board determined to increase NED fees for the 2016 financial year. From 1 July 2015 the Board Chairman fee will increase to A$680,000 and the Board NED base fee to A$205,000; Committee Chair fees will increase to A$52,000 and Committee Member fees to A$27,000. The review indicated that CSL's committee fee structure varies when compared with many companies in so far as CSL has elected to pay the same fees for each of the three remunerated committees recognising their equal importance and impact. CSL targets Board and Committee fees at market midpoint based on market capitalisation.

Directors' Report Continued

4.3 Non-Executive Director Statutory Remuneration Disclosure

Remuneration details of NEDs for 2015 are set out in Table 13 below.

Table 13: Statutory Remuneration Disclosure – Non-Executive Director Remuneration[34]

Non-Executive Director	Year	Short term benefits	Post-employment		Total (US$)
		Cash Salary and fees (US$)[35]	Superannuation (US$)	Retirement benefits (US$)	
Current NED					
J Shine Chairman	**2015**	**489,206**	**29,339**	**–**	**518,545**
	2014	505,971	31,954	–	537,925
J Akehurst Non-Executive Director	**2015**	**186,191**	**15,745**	**–**	**201,936**
	2014	197,408	16,228	–	213,636
D Anstice Non-Executive Director	**2015**	**184,416**	**17,520**	**–**	**201,936**
	2014	197,408	16,228	–	213,636
B Brook Non-Executive Director	**2015**	**186,191**	**15,745**	**–**	**201,936**
	2014	192,706	16,228	–	208,934
M McDonald Non-Executive Director	**2015**	**168,187**	**15,978**	**–**	**184,165**
	2014	153,890	22,824	–	176,714
C O'Reilly Non-Executive Director	**2015**	**186,191**	**15,745**	**–**	**201,936**
	2014	197,408	16,228	–	213,636
M Renshaw Non-Executive Director	**2015**	**184,417**	**17,520**	**–**	**201,937**
	2014	195,548	18,088	–	213,636
Former NED					
I Renard[36] Non-Executive Director	**2015**	**–**	**–**	**–**	**–**
	2014	56,357	4,705	214,949	276,011

[34] *The AUD compensation paid during the years ended 30 June 2014 and 30 June 2015 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.*

[35] *As disclosed in the section titled "Non-Executive Director Remuneration", NEDs participate in the NED Share Plan under which NEDs 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.*

[36] *I Renard ceased to be a NED on 16 October 2013.*

5 Executive KMP and Non-executive Director Shareholding

It is the expectation of the Board that all NEDs and executive KMP hold CSL Limited shares. The Board encourages all NEDs and executive KMP to accumulate significant holdings over time subject to individual circumstances. No minimum for the number of shares held is specified, however the current practice of our NED and executive KMP indicate that their holdings are equivalent to a minimum of one year of fixed remuneration, apart from recent promotions where tenure has not allowed sufficient vesting to achieve these holding levels.

Executive KMP Shareholdings

Movements in the respective shareholdings of executive KMP during the year ended 30 June 2015 are set out in Table 14.

Table 14: Movements in the respective shareholdings of executive KMP during the year ended 30 June 2015

Executive	Balance at 1 July 2014	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 2015
Current executive KMP					
P Perreault	19,571	42,210	16,500	(42,210)	36,071
G Boss	1,112	22,220	11,410	(27,375)	7,367
L Cowan	–	3,420	–	(3,420)	–
A Cuthbertson	69,368	35,910	16,420	(9,750)	111,948
K Etchberger	28,170	9,780	8,510	(24,373)	22,087
G Naylor	40,499	13,620	–	(16,254)	37,865
R Repella	–	–	–	–	–
V Romberg[37]	475	–	–	49	524
Former executive KMP					
M Sontrop[38]	664	33,120	10,910	(44,417)	277

[37] *The opening balance for V Romberg is at 1 January 2015 being the date V Romberg became executive KMP.*
[38] *The closing balance for M Sontrop is at 31 December 2014 being the date M Sontrop ceased to be executive KMP.*

Non-executive Director Shareholdings

Movements in the respective shareholdings of NEDs during the year ended 30 June 2015 are set out in Table 15.

Table 15: Non-executive Director Shareholdings

Non-executive Director	Balance at 1 July 2014	(Shares sold) / purchased	Balance at 30 June 2015
J Shine	8,621	766	9,387
J Akehurst	31,284	248	31,532
D Anstice	10,556	308	10,864
B Brook	4,054	246	4,300
M McDonald	176	827	1,003
C O'Reilly	1,841	829	2,670
M Renshaw	8,542	246	8,788

There have been no movements in shareholdings of executive KMP or NEDs between 30 June 2015 and the date of this report.

There have been no loans made to executive KMP or NEDs during 2015.

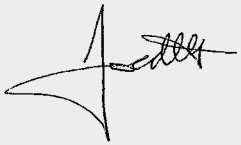
Executive KMP, NEDs and their related entities have conducted the following transactions with CSL. These transactions occur as part of a normal supplier relationship on 'arm's length' terms.

- Supply of commercial energy from Origin Energy Limited. Mr John Akehurst is a Director of Origin Energy Limited.
- A contract relating to the provision of maintenance services by Programmed Maintenance Services Limited. Mr Bruce Brook is a Director of Programmed Maintenance Services Limited.

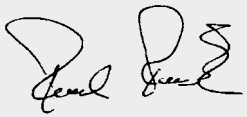
Directors' Report Continued

During 2015 CSL completed two on-market purchases of shares for the purposes of Non-Executive Directors' Share Plan. A total of 2,306 shares were purchased during the reporting period and the average price paid per share was A$78.50.

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



John Shine AO
Chairman



Paul Perreault
Managing Director

Melbourne
12 August 2015

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

Consolidated Statement of Comprehensive Income for the year ended 30 June 2015

	Notes	Consolidated Entity 2015 US$m	2014 US$m
Continuing operations			
Sales revenue	2	**5,458.6**	5,334.8
Cost of sales		**(2,605.9)**	(2,604.0)
Gross profit		**2,852.7**	2,730.8
Other revenue	2	**169.4**	189.5
Research and development expenses	6	**(462.7)**	(466.4)
Selling and marketing expenses		**(498.3)**	(505.0)
General and administration expenses		**(287.5)**	(291.6)
Finance costs	2	**(59.6)**	(53.0)
Profit before income tax expense		**1,714.0**	1,604.3
Income tax expense	3	**(335.0)**	(297.3)
Net profit for the period		**1,379.0**	1,307.0
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	12	**(444.1)**	148.2
Items that will not be reclassified subsequently to profit or loss			
Actuarial gains/(losses) on defined benefit plans, net of tax		**(64.3)**	18.3
Total of other comprehensive income/(expenses)		**(508.4)**	166.5
Total comprehensive income for the period		**870.6**	1,473.5
Earnings per share (based on net profit for the period)		**US$**	US$
Basic earnings per share	10	**2.923**	2.701
Diluted earnings per share	10	**2.914**	2.691

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

Consolidated Balance Sheet as at 30 June 2015

	Notes	Consolidated Entity 2015 US$m	2014 US$m
CURRENT ASSETS			
Cash and cash equivalents	14	**556.8**	608.7
Trade and other receivables	15	**1,003.7**	953.4
Inventories	4	**1,755.6**	1,644.5
Current tax assets		**20.4**	0.7
Other financial assets		**2.6**	0.3
Total Current Assets		**3,339.1**	3,207.6
NON-CURRENT ASSETS			
Other receivables	15	**11.2**	8.2
Other financial assets		**0.5**	1.0
Property, plant and equipment	8	**1,841.3**	1,831.0
Deferred tax assets	3	**274.4**	299.1
Intangible assets	7	**926.9**	924.1
Retirement benefit assets	18	**7.6**	6.7
Total Non-Current Assets		**3,061.9**	3,070.1
TOTAL ASSETS		**6,401.0**	6,277.7
CURRENT LIABILITIES			
Trade and other payables	15	**700.8**	631.4
Interest-bearing liabilities	11	**3.2**	5.6
Current tax liabilities		**143.9**	114.6
Provisions	16	**84.3**	90.1
Deferred government grants	9	**2.1**	2.3
Derivative financial instruments		**1.8**	1.3
Total Current Liabilities		**936.1**	845.3
NON-CURRENT LIABILITIES			
Share based payments	15	**17.2**	19.4
Interest-bearing liabilities	11	**2,277.7**	1,884.7
Deferred tax liabilities	3	**138.2**	127.7
Provisions	16	**31.9**	36.0
Deferred government grants	9	**31.9**	40.9
Retirement benefit liabilities	18	**221.1**	161.7
Total Non-Current Liabilities		**2,718.0**	2,270.4
TOTAL LIABILITIES		**3,654.1**	3,115.7
NET ASSETS		**2,746.9**	3,162.0
EQUITY			
Contributed equity	12	**(3,560.4)**	(2,797.8)
Reserves	12	**306.5**	738.3
Retained earnings	19	**6,000.8**	5,221.5
TOTAL EQUITY		**2,746.9**	3,162.0

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

Consolidated Statement of Changes in Equity for the year ended 30 June 2015

Consolidated Entity	Contributed Equity US$m		Foreign currency translation reserve US$m		Share based payment reserve US$m		Retained earnings US$m		Total US$m	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
As at the beginning of the year	**(2,797.8)**	(1,978.3)	**599.5**	451.3	**138.8**	127.0	**5,221.5**	4,417.7	**3,162.0**	3,017.7
Profit for the period	**–**	–	**–**	–	**–**	–	**1,379.0**	1,307.0	**1,379.0**	1,307.0
Other comprehensive income	**–**	–	**(444.1)**	148.2	**–**	–	**(64.3)**	18.3	**(508.4)**	166.5
Total comprehensive income for the full year									**870.6**	1,473.5
Transactions with owners in their capacity as owners										
Share based payments	**–**	–	**–**	–	**12.3**	11.8	**–**	–	**12.3**	11.8
Dividends	**–**	–	**–**	–	**–**	–	**(535.4)**	(521.5)	**(535.4)**	(521.5)
Share buy back	**(798.6)**	(846.3)	**–**	–	**–**	–	**–**	–	**(798.6)**	(846.3)
Share issues										
– Employee share scheme	**36.0**	18.2	**–**	–	**–**	–	**–**	–	**36.0**	18.2
Tax Adjustment	**–**	8.6	**–**	–	**–**	–	**–**	–	**–**	8.6
As at the end of the year	**(3,560.4)**	(2,797.8)	**155.4**	599.5	**151.1**	138.8	**6,000.8**	5,221.5	**2,746.9**	3,162.0

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

Consolidated Statement of Cash Flows for the year ended 30 June 2015

	Consolidated Entity	
	2015 US$m	2014 US$m
Cash flows from Operating Activities		
Receipts from customers (inclusive of goods and services tax)	**5,640.6**	5,501.1
Payments to suppliers and employees (inclusive of goods and services tax)	**(3,957.0)**	(3,761.8)
	1,683.6	1,739.3
Income taxes paid	**(281.0)**	(349.1)
Interest received	**15.0**	20.6
Borrowing costs	**(54.0)**	(50.1)
Net cash inflow from operating activities	**1,363.6**	1,360.7
Cash flows from Investing Activities		
Proceeds from sale of property, plant and equipment	**0.3**	0.3
Payments for property, plant and equipment	**(347.8)**	(353.9)
Payments for intangible assets	**(66.0)**	(48.0)
Receipts from other financial assets	**0.2**	0.1
Net cash outflow from investing activities	**(413.3)**	(401.5)
Cash flows from Financing Activities		
Proceeds from issue of shares	**34.7**	17.8
Dividends paid	**(535.4)**	(521.5)
Proceeds from borrowings	**494.2**	200.0
Repayment of borrowings	**(3.0)**	(3.5)
Payment for shares bought back	**(818.6)**	(829.9)
Net cash outflow from financing activities	**(828.1)**	(1,137.1)
Net increase (decrease) in cash and cash equivalents	**122.2**	(177.9)
Cash and cash equivalents at the beginning of the financial year	**606.3**	759.8
Exchange rate variations on foreign cash and cash equivalent balances	**(173.0)**	24.4
Cash and cash equivalents at the end of the financial year	**555.5**	606.3

The consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements for the year ended 30 June 2015

Contents

About this Report

Notes to the financial statements:

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 directors on 12 August 2015.

A description of the nature of the Group's operations and its principal activities is included in the directors' report.

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, International Financial Reporting Standards (IFRS) and the Corporations Act 2001. It presents information on a historical cost basis, except for financial assets and liabilities (including derivative instruments), which have been measured at fair value. Amounts have been rounded off to the nearest hundred thousand dollars.

The report is presented in US Dollars, because this currency is the pharmaceutical industry standard currency for reporting purposes. It is the predominant currency of the Group's worldwide sales and operating expenses.

b. Principles of consolidation

The consolidated financial statements comprise the financial statements of CSL Limited and its subsidiaries as at 30 June 2015. CSL has control of its subsidiaries when it is exposed to, and has the rights to, variable returns from its involvement with those entities and when it has the ability to affect those returns. A list of significant controlled entities (subsidiaries) at year-end is contained in Note 17.

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. The Group has formed a trust to administer the Group's employee share scheme. This trust is consolidated as it is controlled by the Group.

c. Foreign currency

While the presentation currency of the Group is US dollars, entities in the Group may have other functional currencies, reflecting the currency of the primary economic environment in which the relevant entity operates. The parent entity, CSL Limited, has a functional currency of Australian dollars.

If an entity in the Group has undertaken transactions in foreign currency, these transactions are translated into that entity's functional currency using the exchange rates prevailing at the dates of the transactions. Where the functional currency of a subsidiary is not US dollars, the subsidiary's assets and liabilities are translated on consolidation to US dollars using the exchange rates prevailing at the reporting date, and its profit and loss is translated at average exchange rates. All resulting exchange differences are recognized in other comprehensive income and in the foreign currency translation reserve in equity.

d. Other accounting policies

Significant accounting policies that summarise the measurement basis used and are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements.

Notes to the Financial Statements for the year ended 30 June 2015

e. Key judgements and estimates

In the process of applying the Group's accounting policies, management has made a number of judgements and estimates of future events. Material judgements and estimates are found in the following notes:

Note 3:	Tax	Page 83
Note 4:	Inventories	Page 85
Note 5:	People Costs	Page 86
Note 7:	Intangible Assets	Page 89
Note 15:	Trade Receivables & Payables	Page 103

f. The notes to the financial statements

The notes to these financial statements have been organised into logical groupings to help users find and understand the information they need. Where possible, related information has been provided in the same place. More detailed information (for example, valuation methodologies and certain reconciliations) has been placed at the rear of the document and cross-referenced where necessary. CSL has also reviewed the notes for materiality and relevance and provided additional information where it is helpful to an understanding of the Group's performance.

g. Significant changes in the current reporting period

There were no changes in accounting policy during the year ended 30 June 2015, nor did the introduction of new accounting standards lead to any change in measurement or disclosure in these financial statements. See Note 24 for details of new accounting standards introduced this financial year.

Our Current Performance

Note 1: Segment Information

The Group's segments represent strategic business units that offer different products and operate in different industries and markets. They are consistent with the way the CEO (who is the chief operating decision-maker) monitors and assesses business performance in order to make decisions about resource allocation. Performance assessment is based on EBIT (earnings before interest and tax) and EBITDA (earnings before interest, tax, depreciation and amortisation). These measures are different from the profit or loss reported in the consolidated financial statements which is shown after net interest and tax expense. This is because decisions that affect net interest expense and tax expense are made at the Group level. It is not considered appropriate to measure segment performance at the net profit after tax level.

The Group's operating 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** – captures revenue and associated expenses from the licensing of intellectual property generated by the Group to unrelated third parties, and research and development expenses on projects where the Group has yet to determine the ultimate commercialisation strategy

	CSL Behring		bioCSL		CSL Intellectual Property		Intersegment Elimination		Consolidated Entity	
	2015 US$m	2014 US$m	2015 US$m	2014 US$m	2015 US$m	2014 US$m	2015 US$m	2014 US$m	2015 US$m	2014 US$m
Sales to external customers	**5,046.7**	4,941.5	**411.9**	393.3	**–**	–	**–**	–	**5,458.6**	5,334.8
Other revenue / Other income (excl interest income)	**2.3**	5.9	**13.4**	16.5	**136.9**	144.7	**–**	–	**152.6**	167.1
Total segment revenue	**5,049.0**	4,947.4	**425.3**	409.8	**136.9**	144.7	**–**	–	**5,611.2**	5,501.9
Interest income									**15.6**	20.1
Unallocated revenue/income									**1.2**	2.3
Consolidated revenue									**5,628.0**	5,524.3
Segment EBIT	**1,776.5**	1,643.8	**15.5**	(6.0)	**41.1**	54.2	**–**	–	**1,833.1**	1,692.0
Unallocated revenue/income less unallocated costs									**(75.1)**	(54.8)
Consolidated EBIT									**1,758.0**	1,637.2
Interest income									**15.6**	20.1
Finance costs									**(59.6)**	(53.0)
Consolidated profit before tax									**1,714.0**	1,604.3
Income tax expense									**(335.0)**	(297.3)
Consolidated net profit after tax									**1,379.0**	1,307.0
Amortisation	**24.2**	29.4	**0.8**	–	**–**	–	**–**	–	**25.0**	29.4
Depreciation	**131.8**	126.5	**6.2**	19.5	**7.1**	7.0	**–**	–	**145.1**	153.0
Segment EBITDA	**1,932.5**	1,799.7	**22.5**	13.5	**48.2**	61.2	**–**	–	**2,003.2**	1,874.4
Unallocated revenue/income less unallocated costs									**(75.1)**	(54.8)
Unallocated depreciation and amortisation									**11.2**	12.5
Consolidated EBITDA									**1,939.3**	1,832.1
Segment assets	**6,089.0**	5,786.3	**366.5**	378.4	**23.5**	24.2	**(42.2)**	(32.5)	**6,436.8**	6,156.4
Other unallocated assets									**1,259.8**	1,273.2
Elimination of amounts between operating segments and unallocated									**(1,295.6)**	(1,151.9)
Total assets									**6,401.0**	6,277.7
Segment liabilities	**2,320.0**	2,118.8	**106.2**	116.1	**3.5**	3.6	**(42.2)**	(32.5)	**2,387.5**	2,206.0
Other unallocated liabilities									**2,562.2**	2,061.6
Elimination of amounts between operating segments and unallocated									**(1,295.6)**	(1,151.9)
Total liabilities									**3,654.1**	3,115.7
Other information – capital expenditure										
Payments for property, plant and equipment	**321.8**	330.6	**8.5**	7.8	**7.8**	6.1	**–**	–	**338.1**	344.5
Unallocated payments for property, plant and equipment									**9.7**	9.4
Payments for intangibles	**32.3**	48.0	**33.7**	–	**–**	–	**–**	–	**66.0**	48.0
Total capital expenditure									**413.8**	401.9

Notes to the Financial Statements for the year ended 30 June 2015

Inter-segment sales

Inter-segment sales are carried out on an arm's length basis and reflect current market prices.

Geographical areas of operation

The Group operates predominantly in Australia, the USA, Germany and Switzerland. The rest of the Group's operations are spread across many countries and are collectively disclosed as 'Rest of World'.

Geographic areas	Australia US$m		United States US$m		Germany US$m		Switzerland US$m		Rest of world US$m		Total US$m	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
External sales revenue	**553.5**	572.0	**2,135.5**	2,026.9	**739.0**	755.7	**163.7**	166.7	**1,866.8**	1,813.5	**5,458.6**	5,334.8
Property, plant, equipment and intangible assets	**535.5**	616.6	**825.8**	695.5	**340.2**	363.9	**1,024.7**	1,071.8	**42.0**	7.3	**2,768.2**	2,755.1

Note 2: Revenue and Expenses

Revenue	2015 US$m	2014 US$m
Sales	**5,458.6**	5,334.8
Royalties	**106.8**	120.7
Finance revenue	**15.6**	20.1
Licence revenue	**29.6**	25.0
Other	**17.4**	23.7
Total revenue from continuing operations	**5,628.0**	5,524.3

Recognition and measurement of revenue

Revenue is recognised and measured at the fair value of the consideration that has been or will be received. The Group recognises revenue when the amount of revenue can be reliably measured and it is probable that the future economic benefits will flow to the Group.

Further information about each source of revenue and the criteria for recognition follows.

Sales: Revenue earned (net of returns, discounts and allowances) from the sale of products. Sales are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer.

Royalties: Income received or receivable from licensees of CSL intellectual property, where the amount payable is based on sales of product, is recognised as it accrues which is when the Group has a legally enforceable claim.

Finance revenue: Income from cash deposits is recognised as it accrues.

Licence revenue: Milestone income received or receivable from licensees of CSL intellectual property is recognised as it accrues.

Other: Rent, proceeds from sale of fixed assets and other income is recognised as it accrues.

Expenses	2015 US$m	2014 US$m
Finance costs	**59.6**	53.0
Depreciation and amortisation of fixed assets	**156.2**	165.5
Amortisation of intangibles	**25.1**	29.4
Total depreciation and amortisation expense	**181.3**	194.9
Write-down of inventory to net realisable value	**57.1**	115.1
Rental expenses relating to operating leases	**40.7**	36.1
Employee benefits expense	**1,247.6**	1,194.3

Recognition and measurement of expenses

Finance costs: Includes interest expense and borrowing costs. These are recognised as an expense when incurred, except where borrowing costs are directly attributable to the acquisition or construction of a qualifying asset. In this case they are capitalised as part of the cost of the asset.

Interest-bearing liabilities and borrowings are stated at amortised cost. Any difference between the borrowing proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the borrowings' period using the effective interest method.

Depreciation and amortisation: Refer to Note 8 for details on depreciation and amortisation of fixed assets and Note 7 for details on amortisation of intangibles.

Write-down of inventory to net realisable value: Included in Cost of Sales in the statement of comprehensive Income. Refer to Note 4 for details of inventories.

Employee benefits expense: Refer to Note 5 for further details.

Rental expenses relating to operating leases: Operating leases are leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group. Payments made under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

Goods and Services Tax and other foreign equivalents (GST)

Revenues, expenses and assets are recognised net of GST, except where GST 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.

Note 3: Tax

	2015 US$m	2014 US$m
a. Income tax expense recognised in the statement of comprehensive income		
Current tax expense		
Current year	**344.6**	326.9
Deferred tax expense		
Origination and reversal of temporary differences	**16.3**	(21.8)
Total deferred tax expense/(recovery)	**16.3**	(21.8)
Over provided in prior years	**(25.9)**	(7.8)
Income tax expense	**335.0**	297.3
b. 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	**1,714.0**	1,604.3
Income tax calculated at 30% (2014: 30%)	**514.2**	481.3
Effects of different rates of tax on overseas income	**(152.4)**	(165.5)
Research and development	**(13.6)**	(13.1)
Over provision in prior year	**(25.9)**	(7.8)
Other non-deductible expenses	**12.7**	2.4
Income tax expense	**335.0**	297.3
c. Income tax recognised directly in equity		
Deferred tax benefit		
Share-based payments	**(5.3)**	6.2
Income tax (expense)/benefit recognised in equity	**(5.3)**	6.2
d. Deferred tax assets and liabilities		
Deferred tax asset	**274.4**	299.1
Deferred tax liability	**(138.2)**	(127.7)
Net deferred tax asset	**136.2**	171.4
Deferred tax balances reflect temporary differences attributable to:		
Amounts recognised in the statement of comprehensive income		
Inventories	**87.0**	127.2
Property, plant and equipment	**(83.9)**	(64.7)
Intangible assets	**(85.3)**	(57.0)
Trade and other payables	**17.0**	31.8

Notes to the Financial Statements for the year ended 30 June 2015

	2015 US$m	2014 US$m
d. Deferred tax assets and liabilities continued		
Recognised carry-forward tax losses	**48.9**	7.8
Retirement liabilities, net	**29.2**	24.4
Research and development offsets	**15.3**	36.0
Trade and other receivables	**7.5**	(6.9)
Other assets	**(3.9)**	(3.4)
Other liabilities and provisions	**84.3**	53.1
Tax bases not in net assets – share-based payments	**5.0**	2.7
	121.1	151.0
Amounts recognised in equity		
Share-based payments	**15.1**	20.4
Net deferred tax asset	**136.2**	171.4
e. Movement in temporary differences during the year		
Opening balance	**171.4**	147.3
Credited/(charged) to profit before tax	**(16.3)**	21.8
Credited/(charged) to other comprehensive income	**13.7**	(5.4)
Credited to equity	**(5.3)**	6.2
Currency translation difference	**(27.3)**	1.5
Closing balance	**136.2**	171.4
Unrecognised deferred tax assets		
Deferred tax assets have not been recognised for the following items*:		
Tax losses with no expiry date	**0.4**	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.*

Current taxes

Current tax assets and liabilities are the amount expected to be recovered from (or paid to) tax authorities, under the tax rates and laws in each jurisdiction. These include any rates or laws that are enacted or substantively enacted as at the balance sheet date.

Deferred taxes

Deferred tax liabilities are recognised for taxable temporary differences. Deferred tax assets are recognised for deductible temporary differences, carried forward unused tax assets and unused tax losses, only if it is probable that taxable profit will be available to utilise them.

The carrying amount of deferred income tax assets is reviewed at the reporting date. If it is no longer probable that taxable profit will be available to utilise them, they are reduced accordingly.

Deferred tax is measured using tax rates and laws that are enacted at the reporting date and are expected to apply when the related deferred income tax asset is realised or when the deferred income tax liability is settled.

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 if they relate to the same taxable entity or group and the same taxation authority.

Income taxes attributable to amounts recognised in other comprehensive income or directly in equity are also recognised in other comprehensive income or in equity, and not in the income statement.

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

Key Judgements and Estimates – Tax

Management regularly assesses the risk of uncertain tax positions, and recognition and recoverability of deferred tax assets. To do this requires judgements about the application of income tax legislation in jurisdictions in which the Group operates. These judgements and assumptions, which include matters such as the availability and timing of tax deductions and the application of the arm's length principle to related party transactions, are subject to risk and uncertainty. Changes in circumstances may alter expectations and affect the carrying amount of deferred tax assets and liabilities. Any resulting adjustment to the carrying value of a deferred tax item will be recorded as a credit or charge to the statement of comprehensive income.

Note 4: Inventories

	2015 US$m	2014 US$m
Raw materials	**486.2**	383.1
Work in progress	**546.1**	588.1
Finished products	**723.3**	673.3
Total inventories	**1,755.6**	1,644.5

Raw Materials

Raw materials comprise collected and purchased plasma, chemicals, filters and other inputs to production that will be further processed into saleable products but have yet to be allocated to manufacturing.

Work in Progress

Work in progress comprises all inventory items that are currently in use in manufacturing and intermediate products such as pastes generated from the initial stages of the plasma production process.

Finished Products

Finished products comprise material that is ready for sale and has passed all quality control tests.

Inventories generally have expiry dates and the Group provides for product that is short dated. Expiry dates for raw material are no longer relevant once the materials are used in production. At this stage the relevant expiry date is that applicable to the resultant intermediate or finished product.

Inventories are carried at the lower of cost or net realisable value. Cost includes direct material and labour and an appropriate proportion of variable and fixed overheads. Fixed overheads are allocated on the basis of normal operating capacity.

Net realisable value is the estimated revenue that can be earned from the sale of a product less the estimated costs of both completion and selling. The Group assesses net realisable value of plasma derived products on a basket of products basis given their joint product nature.

Notes to the Financial Statements for the year ended 30 June 2015

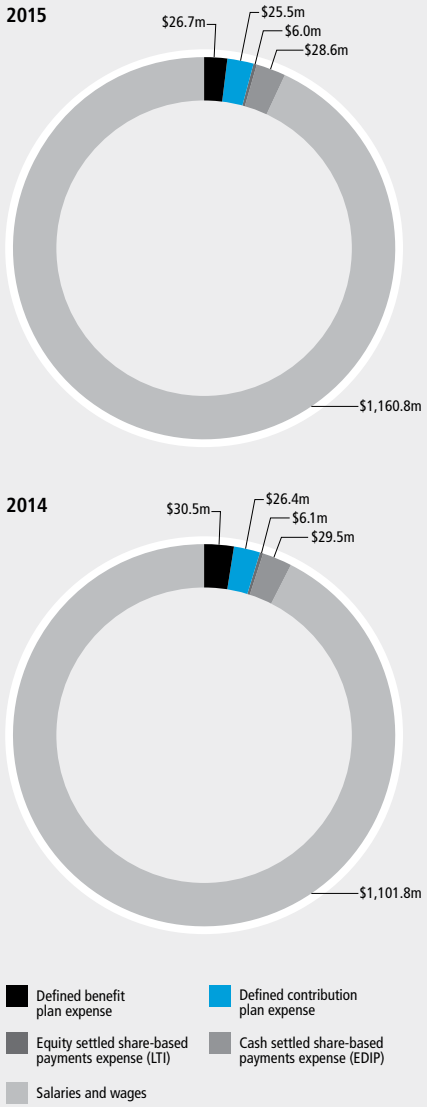
Key judgements and estimates – Inventory

Various factors affect the assessment of recoverability of the carrying value of inventory, including regulatory approvals and future demand for the Group's products. These factors are taken into account in determining the appropriate level of provisioning for inventory.

Note 5: People Costs

a. Employee benefits

Employee benefits include salaries and wages, annual leave and long-service leave, defined benefit and defined contribution plans and share-based payments incentive awards.



Salaries and wages

Wages and salaries include non-monetary benefits, annual leave and long service leave. These are recognised and presented in different ways in the financial statements:

- The liability for annual leave and the portion of long service leave expected to be paid within twelve months is measured at the amount expected to be paid.
- The liability for long service leave and annual leave expected to be paid after one year is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date.
- The liability for annual leave and the portion of long service leave that has vested at the reporting date is included in the current provision for employee benefits.
- The portion of long service leave that has not vested at the reporting date is included in the non-current provision for employee benefits.

Defined benefit plans

	2015 US$m	2014 US$m
Expenses/(gains) recognised in the statement of comprehensive income are as follows:		
Current service costs	**25.4**	24.7
Net Interest cost	**1.6**	5.7
Past service costs	**(0.3)**	0.1
Total included in employee benefits expense	**26.7**	30.5

Defined benefit pension plans provide either a defined lump sum or ongoing pension benefits for employees upon retirement, based on years of service and final average salary.

Liabilities or assets in relation to these plans are recognised in the balance sheet, measured as the present value of the obligation less the fair value of the pension fund's assets at that date.

Present value is based on expected future payments to the reporting date, calculated by independent actuaries using the projected unit credit method. 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.

Detailed information about the Group's defined benefit plans is in Note 18.

Key judgements and estimates – People Costs

The determination of certain employee benefit liabilities requires an estimation of future employee service periods and salary levels and the timing of benefit payments. These assessments are made based on past experience and anticipated future trends. The expected future payments are discounted using the rate applicable to high quality corporate bonds. Discount rates are matched to the expected payment dates of the liabilities.

Defined contribution plans

The Group makes contributions to various defined contribution pension plans and the Group's obligation is limited to these contributions. The amount recognised as an expense for the year ended 30 June 2015 was $25.5m (2014: $26.4m).

Equity settled share-based payments expense

Share-based payments expenses arise from plans that award long-term incentives.

Detailed information about the terms and conditions of the share-based payments arrangements is presented in Note 18.

Outstanding share-based payment equity instruments

The number and weighted average exercise price for each share-based payment scheme outstanding is as follows. All schemes are settled by physical delivery of shares.

	Options		Performance Rights		Global Employee Share Plan (GESP)#		Total
	Number	Weighted average exercise price	Number	Weighted average exercise price	Number	Weighted average exercise price	
Outstanding at the beginning of the year	1,517,019	A$33.47	895,446	A$0.00	72,224	A$56.57	2,484,689
Granted during the year	204,004	A$73.93	182,006	A$0.00	147,176	A$68.46	533,186
Exercised during the year	995,207	A$33.57	274,782	A$0.00	135,962	A$62.02	1,405,951
Forfeited during the year	20,494	A$32.04	46,153	A$0.00	–	–	66,647
GESP True-up#	–	–	–	–	(7,556)	A$56.57	(7,556)
Closing balance at the end of the year	705,322	A$44.80	756,517	A$0.00	75,882	A$73.50	1,537,721
Exercisable at the end of the year	389,019	A$33.99	90,953	A$0.00			479,972

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 to be issued is not yet known (and may differ from the assumptions and fair values disclosed above). The number of shares which may ultimately be issued from entitlements granted on 1 March 2015 has been estimated based on information available as at 30 June 2015.

Notes to the Financial Statements for the year ended 30 June 2015

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

	2015	2014
Options	**A$79.18**	A$66.85
Performance Rights	**A$78.58**	A$67.96
GESP	**A$83.50**	A$70.06

Cash-settled share-based payments expense

On 1 October 2014, 268,760 notional shares were granted to employees under the Executive Deferred Incentive Plan (EDIP) (October 2013: 364,233). The notional shares 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 of grant.

The October 2011 EDIP grant vested during the period ended 30 June 2015 and an amount of $33.8m was paid to employees (2014: $28m). The carrying amount of the liability at 30 June 2015 attributable to the 2012, 2013 and 2014 grants is $39.7m (2014: $49.7m) measured at fair value. Fair value is determined by reference to the CSL share price at reporting date, adjusted for expected future dividends that will be paid between reporting date and vesting date.

b. Key management personnel disclosures

The remuneration of Directors and key management personnel is disclosed in section 17 of the Directors' Report and has been audited.

Total compensation for key management personnel

	2015 US$	2014 US$
Total of short term remuneration elements	**9,938,338**	10,130,953
Total of post-employment elements	**176,645**	172,512
Total of other long term elements	**1,558,632**	1,087,931
Total of share-based payments	**5,734,718**	4,971,575
Total of all remuneration elements	**17,408,333**	16,362,972

Our Future

Note 6: Research & Development

The Group conducts research and development activities to support future development of products to serve our patient communities, to enhance our existing products and to develop new therapies.

All costs associated with these activities are expensed as incurred as uncertainty exists up until the point of regulatory approval as to whether a research and development project will be successful. At the point of approval the total cost of development has largely been incurred.

For the year ended 30 June 2015, the research costs expensed were $462.7m (2014: $466.4m). Further information about the Group's research and development activities can be found on the CSL website.

Note 7: Intangible Assets

	Goodwill US$m		Intellectual property US$m		Software US$m		Intangible capital work in progress US$m		Total US$m	
Year	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Cost	**705.3**	731.1	**365.7**	363.2	**124.5**	105.5	**37.6**	27.1	**1,233.1**	1,226.9
Accumulated depreciation	**–**	–	**(233.8)**	(244.5)	**(72.4)**	(58.3)	**–**	–	**(306.2)**	(302.8)
Net carrying amount	**705.3**	731.1	**131.9**	118.7	**52.1**	47.2	**37.6**	27.1	**926.9**	924.1
Movement										
Net carrying amount at the beginning of the year	**731.1**	687.5	**118.7**	111.4	**47.2**	47.0	**27.1**	9.8	**924.1**	855.7
Additions	**–**	10.1	**33.7**	18.2	**0.3**	0.5	**30.4**	26.1	**64.4**	54.9
Transfers from intangible capital work in progress	**–**	–	**(3.1)**	–	**20.0**	12.5	**(16.9)**	(12.5)	**–**	–
Transfers from property, plant and equipment	**–**	–	**–**	–	**0.2**	–	**1.2**	3.4	**1.4**	3.4
Amortisation for the year[1]	**–**	–	**(10.3)**	(16.3)	**(14.8)**	(13.1)	**–**	–	**(25.1)**	(29.4)
Currency translation differences	**(25.8)**	33.5	**(7.1)**	5.4	**(0.8)**	0.3	**(4.2)**	0.3	**(37.9)**	39.5
Net carrying amount at the end of the year	**705.3**	731.1	**131.9**	118.7	**52.1**	47.2	**37.6**	27.1	**926.9**	924.1

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

Goodwill

Any excess of the fair value of the purchase consideration of an acquired business over the fair value of the identifiable net assets (minus incidental expenses) is recorded as goodwill.

Goodwill is allocated to each of the cash-generating units (the business unit which represents the lowest level within the Group at which goodwill is monitored) expected to benefit from the combination. The aggregate carrying amounts of goodwill allocated to each business unit are as follows:

	2015 $m	2014 $m
CSL Behring	**696.0**	719.7
CSL Intellectual Property	**9.3**	11.4
Closing balance of goodwill as at 30 June	**705.3**	731.1

Goodwill is not amortised, but is measured at cost less any accumulated impairment losses. Impairment occurs when a business unit's recoverable amount falls below the carrying value of its net assets.

The results of the impairment test show that each business unit's recoverable amount exceeds the carrying value of its net assets, inclusive of goodwill. Consequently, there is no goodwill impairment as at 30 June 2015.

A change in assumptions significant enough to lead to impairment is not considered a reasonable possibility.

Intellectual property

Intellectual property acquired separately or in a business combination is initially measured at cost, which is its fair value at the date of acquisition. Following initial recognition, it is carried at cost less any amortisation and impairment.

The $33.7m of additions in 2015 (2014: $18.2m) comprise a Distribution Agreement for the exclusive rights to sell an influenza product (Rapivab). The asset will be amortised over a 10 year period.

All intellectual property has a finite life.

Software

Costs incurred in developing or acquiring software, licences or systems that will contribute future financial benefits are capitalised. These 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, where the Group has the intention and ability to use the asset.

Notes to the Financial Statements for the year ended 30 June 2015

Recognition and measurement

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 of the asset. The amortisation period and method is reviewed at each financial year end at a minimum.

Intangible assets with indefinite useful lives are not amortised. The useful life of these intangibles is reviewed each reporting period to determine whether indefinite life assessment continues to be supportable.

Impairment of intangible assets

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.

Intangible assets that have an indefinite useful life (including goodwill) 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.

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.

Key judgements and estimates

The impairment assessment process requires management to make significant judgements. Determining whether goodwill has been impaired requires an estimation of the recoverable amount of the cash generating units using a discounted cash flow methodology. This calculation uses cash flow projections based on operating budgets and a three-year strategic business plan, after which a terminal value, based on management's view of the longer term growth profile of the business is applied. Cash flows have been discounted using an implied pre-tax discount rate of 8.0% (2014: 9.4%) which is calculated with reference to external analyst views, long-term government bond rates and the company's pre-tax cost of debt. In the context of intangible assets of indefinite life, this requires an estimation of the discounted net cash inflows that may be generated through the use or sale of the intangible asset. The determination of cash flows over the life of an asset requires judgement in assessing the future demand for the Group's products, any changes in the price and cost of those products and of other costs incurred by the Group.

Note 8: Property, Plant and Equipment

	Land US$m		Buildings US$m		Leasehold improvements US$m		Plant and equipment US$m		Leased property, plant and equipment US$m		Capital work in progress US$m		Total US$m	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Cost	**19.6**	23.9	**409.3**	335.9	**185.6**	153.1	**1,937.9**	1,900.1	**32.5**	37.9	**502.1**	662.5	**3,087.0**	3,113.4
Accumulated depreciation / amortisation	**–**	–	**(117.9)**	(116.2)	**(48.6)**	(38.3)	**(1,062.2)**	(1,107.4)	**(17.0)**	(20.5)	**–**	–	**(1,245.7)**	(1,282.4)
Net carrying amount	**19.6**	23.9	**291.4**	219.7	**137.0**	114.8	**875.7**	792.7	**15.5**	17.4	**502.1**	662.5	**1,841.3**	1,831.0
Movement														
Net carrying amount at the start of the year	**23.9**	23.5	**219.7**	213.7	**114.8**	66.6	**792.7**	771.6	**17.4**	15.5	**662.5**	496.3	**1,831.0**	1,587.2
Transferred from capital work in progress	**–**	–	**110.7**	12.6	**36.5**	56.8	**289.5**	123.2	**–**	–	**(436.7)**	(192.6)	**–**	–
Other Additions	**–**	–	**2.5**	0.4	**0.2**	0.7	**7.1**	11.7	**2.9**	5.0	**353.3**	352.2	**366.0**	370.0
Disposals	**–**	–	**(0.5)**	–	**(1.4)**	(4.2)	**(48.5)**	(28.8)	**(3.9)**	(2.2)	**(2.6)**	–	**(56.9)**	(35.2)
Transferred to intangibles	**–**	–	**–**	–	**–**	–	**(0.2)**	–	**–**	–	**(1.2)**	(3.4)	**(1.4)**	(3.4)
Depreciation / amortisation for the year	**–**	–	**(14.5)**	(13.7)	**(11.9)**	(9.4)	**(127.3)**	(139.4)	**(2.5)**	(3.0)	**–**	–	**(156.2)**	(165.5)
Accumulated depreciation / amortisation on disposals	**–**	–	**0.5**	–	**1.4**	4.2	**45.7**	28.2	**3.1**	1.7	**–**	–	**50.7**	34.1
Currency translation differences	**(4.3)**	0.4	**(27.0)**	6.7	**(2.6)**	0.1	**(83.3)**	26.2	**(1.5)**	0.4	**(73.2)**	10.0	**(191.9)**	43.8
Net carrying amount at the end of the year	**19.6**	23.9	**291.4**	219.7	**137.0**	114.8	**875.7**	792.7	**15.5**	17.4	**502.1**	662.5	**1,841.3**	1,831.0

Property, plant and equipment

Land, buildings, capital work in progress and plant and equipment assets are recorded at historical cost less, where applicable, depreciation and amortisation.

Depreciation is on a straight-line basis over the estimated useful life of the asset.

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

Assets' residual values and useful lives are reviewed and adjusted if appropriate at each reporting date. Items of property, plant and equipment are derecognised upon disposal or when no further economic benefits are expected from their use or disposal.

Impairment testing for property, plant and equipment occurs if an impairment trigger is identified. No impairment triggers have been identified in the current year.

Gains and losses on disposals of items of property, plant and equipment are determined by comparing proceeds with carrying amounts and are included in the statement of comprehensive income when realised.

Assets under Finance 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. A finance lease is 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 a finance lease is depreciated over the shorter of the asset's useful life and the lease term.

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.

Notes to the Financial Statements for the year ended 30 June 2015

Note 9: Deferred Government Grants

	2015 US$m	2014 US$m
Current deferred income	**2.1**	2.3
Non-current deferred income	**31.9**	40.9
Total deferred government grants	**34.0**	43.2

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.

Returns, Risk & Capital Management

Note 10: Shareholder Returns

Dividends

Dividends are paid from the retained earnings and profits of CSL Limited, as the parent entity of the Group. (See Note 19 for the Group's retained earnings). During the year, the parent entity reported profits of A$1,251.9m (2014: A$1,055.4m). The parent entity's retained earnings as at 30 June 2015 were A$4,877.6m (2014: A$4,243.2m). During the financial year A$657.0m (the equivalent of US$535.4m) was distributed to shareholders by way of a dividend, with a further A$418.3m (the equivalent of US$306.8m) being determined as a dividend payable subsequent to the balance date.

	FY2015 US$m	FY2014 US$m
Dividend paid		
Paid: Final ordinary dividend of US$0.60 per share, unfranked, paid on 3 October 2014 for FY14 (prior year: US$0.52 per share, unfranked paid on 4 October 2013 for FY13)	**268.5**	255.8
Paid: Interim ordinary dividend of US$0.58 per share, unfranked, paid on 10 April 2015 for FY15 (prior year: US$0.53 per share, unfranked paid on 4 April 2014 for FY14)	**266.9**	265.7
Total paid	**535.4**	521.5
Dividend determined, but not paid at year end: Final ordinary dividend of $0.66 per share, unfranked, expected to be paid on 2 October 2015 for FY15, based on shares on issue at reporting date. The aggregate amount of the proposed dividend will depend on actual number of shares on issue at dividend record date (prior year: US$0.60 per share, unfranked paid on 3 October 2014 for FY14)	**306.8**	284.9

The distribution in respect of the 2015 financial year represents a US$1.24 dividend paid for FY2015 on each ordinary share held. These dividends are approximately 42.4% of the Group's basic earnings per share ("EPS") of US$2.923.

Earnings per Share

CSL's basic and diluted EPS are calculated using the Group's net profit for the financial year of US$1,379.0m (2014: US$1,307.0m).

	2015	2014
Basic EPS	**US$2.923**	US$2.701
Weighted average number of ordinary shares	**471,817,239**	483,822,940
Diluted EPS	**US$2.914**	US$2.691
Adjusted weighted average number of ordinary shares, represented by:	**473,165,225**	485,624,270
Weighted average ordinary shares	**471,817,239**	483,822,940
Plus:		
Employee share options	**491,271**	823,106
Employee performance rights[2]	**822,423**	960,813
Global employee share plan	**34,292**	17,411

[2] *Subsequent to 30 June 2015, 3,617 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.*

Diluted EPS differs from Basic EPS as the calculation takes into account potential ordinary shares arising from employee share schemes operated by the Group.

On-market Share Buyback

During the year, the Group carried out an on-market share buyback of up to A$950m as an element of its capital management program.

The on-market buyback was chosen as the most effective method to return capital to shareholders after consideration of the various alternatives. The on-market buyback provides the Group with maximum flexibility and allows shareholders to choose whether to participate through normal equity market processes.

The Group's contributed equity includes the Share Buyback Reserve of (US$3,560.4m) (2014: (US$2,797.8m)). The Group's ordinary share contributed equity has been reduced to nil from previous share buybacks.

Notes to the Financial Statements for the year ended 30 June 2015

Contributed Equity

The following table illustrates the movement in the Group's contributed equity.[3]

	2015		2014	
	Number of shares	US$m	Number of shares	US$m
Opening balance at 1 July	**474,788,269**	**(2,797.8)**	487,352,182	(1,978.3)
Shares issued to employees (see also Note 18):				
Performance Options Plan	**995,207**	**28.8**	373,841	11.6
Performance Rights Plan (for nil consideration)	**274,782**	**–**	276,511	–
Global Employee Share Plan (GESP)	**135,962**	**7.2**	134,934	6.6
Share buy-back, inclusive of cost	**(11,361,393)**	**(798.6)**	(13,349,199)	(846.3)
Tax Adjustment	**–**	**–**	–	8.6
Closing balance	**464,832,827**	**(3,560.4)**	474,788,269	(2,797.8)

[3] *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 in equity.*

Note 11: Financial Risk Management

CSL holds financial instruments that arise from the Group's need to access financing, from the Group's operational activities and as part of the Group's risk management activities.

The Group is exposed to financial risks associated with its financial instruments. Financial instruments comprise cash and cash equivalents, receivables, payables, bank loans and overdrafts, unsecured notes, lease liabilities and derivative instruments.

The primary risks these give rise to are:

- Foreign exchange risk.
- Interest rate risk.
- Credit risk.
- Funding and liquidity risk.
- Capital management risk.

These risks, and the strategies used to mitigate them, are outlined below.

	Source of Risk	Risk Mitigation
a. Foreign exchange risk	The Group is exposed to foreign exchange risk because of its international operations. These risks relate to future commercial transactions, assets and liabilities denominated in other currencies and net investments in foreign operations.	Where possible CSL takes advantage of natural hedging (i.e., the existence of payables and receivables in the same currency). Where this is not possible, CSL's policy is to hedge contractual commitments denominated in a foreign currency by entering into forward exchange contracts to buy and sell specified amounts of foreign currencies in the future at predetermined exchange rates.
b. Interest rate risk	The Group is exposed to interest rate risk through its primary financial assets and liabilities.	The Group mitigates interest rate risk on borrowings primarily by entering into fixed rate arrangements, which are not subject to interest rate movements in the ordinary course. If necessary, CSL also hedges interest rate risk using derivative instruments. As at 30 June 2015, no derivative financial instruments hedging interest rate risk were outstanding (2014: Nil).
c. Credit risk	The Group is exposed to credit risk from financial instruments contracts and trade and other receivables. The maximum exposure to credit risk at reporting date is the carrying amount, net of any provision for impairment, of each financial asset in the balance sheet.	The Group mitigates credit risk from financial instruments contracts by only entering into transactions with counterparties who have sound credit ratings and with whom the Group has a signed netting agreement. Given their high credit ratings, management does not expect any counterparty to fail to meet its obligations. The Group minimises the credit risk associated with trade and other debtors by undertaking transactions with a large number of customers in various countries. Creditworthiness of customers is reviewed prior to granting credit, using trade references and credit reference agencies.
d. Funding and liquidity risk	The Group is exposed to funding and liquidity risk from operations and from external borrowing. One type 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. Another type of this risk is liquidity risk, which is the risk of not being able to refinance debt obligations or meet other cash outflow obligations 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 Group mitigates funding and liquidity risks by ensuring that: – The Group has sufficient funds on hand to achieve its working capital and investment objectives – The Group focusses on improving operational cash flow and maintaining a strong balance sheet – 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 – It has adequate flexibility in financing to balance short-term liquidity requirements and long-term core funding and minimise refinancing risk.
e. Capital Risk Management	The Group's objectives when managing capital are to safeguard its ability to continue as a going concern while providing returns to shareholders and benefits to other stakeholders. Capital is defined as the amount subscribed by shareholders to the Company's ordinary shares and amounts advanced by debt providers to any Group entity.	The Group aims to maintain a capital structure, which reflects the use of a prudent level of debt funding. The aim is to reduce the Group's cost of capital without adversely affecting the credit margins applied to the Group's debt funding. Each year the Directors determine the dividend taking into account factors such as profitability and liquidity. The Directors propose a share buyback consistent with the aim of maintaining an efficient balance sheet, and with the ability to cease a buyback at any point should circumstances such as liquidity conditions change. Refer to Note 10 for details of share buybacks.

Notes to the Financial Statements for the year ended 30 June 2015

Risk management approach

The Group uses sensitivity analysis (together with other methods) to measure the extent of financial risks and decide if they need to be mitigated.

If so, the Group's policy is to use derivative financial instruments, such as foreign exchange contracts and interest rate swaps, to support its objective of achieving financial targets while seeking to protect future financial security.

The aim is to reduce the impact of short-term fluctuations in currency or interest rates on the Group's earnings.

Derivatives are exclusively used for this purpose and not as trading or other speculative instruments.

a. Foreign exchange risk

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 also entered into from time to time to offset purchase and sale obligations.

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.

Due to the international nature of the Group's operations, it incurs foreign exchange risk in most group entities. In order to manage the stand alone financial results of group entities, these entities enter into forward exchange contracts with financial institutions. Many of the exposures managed in this way arise from inter-company transactions which eliminate on consolidation.

The total value of forward exchange contracts in place at reporting date is $944.4m (2014: $1.0bn). These contracts are entered into with a rolling monthly maturity thereby mitigating significant fair value risk. The contracts are placed with financial institutions and expose the Group to counterparty credit risk. This risk is managed by only dealing with financial institutions with counterparties with sound credit ratings and by imposing caps on the exposure to any single counterparty.

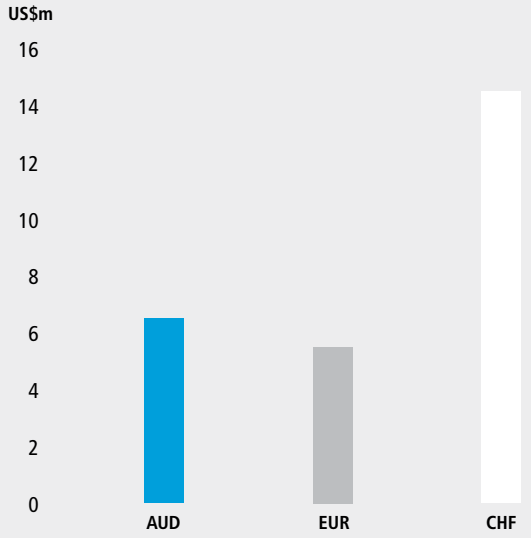
Sensitivity analysis – USD values

Profit after tax – sensitivity to general movement of 1%

A movement of 1% in the USD exchange rate against AUD, EUR & CHF would not generate a material impact to profit after tax.

Equity – sensitivity to general movement of 1%

Any change in equity is recorded in the Foreign Currency Translation Reserve.



This calculation is based on changing the actual exchange rate of US Dollars to all AUD, EUR & CHF as at 30 June 2015 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.

b. Interest rate risk

At 30 June 2015, 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 $3.9m. This calculation is based on applying a 1% movement to the total of the Group's cash and cash equivalents at year end.

At 30 June 2015, 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 $4.0m. This calculation is based on applying a 1% movement to the total of the Group's floating rate unsecured bank loans at year end.

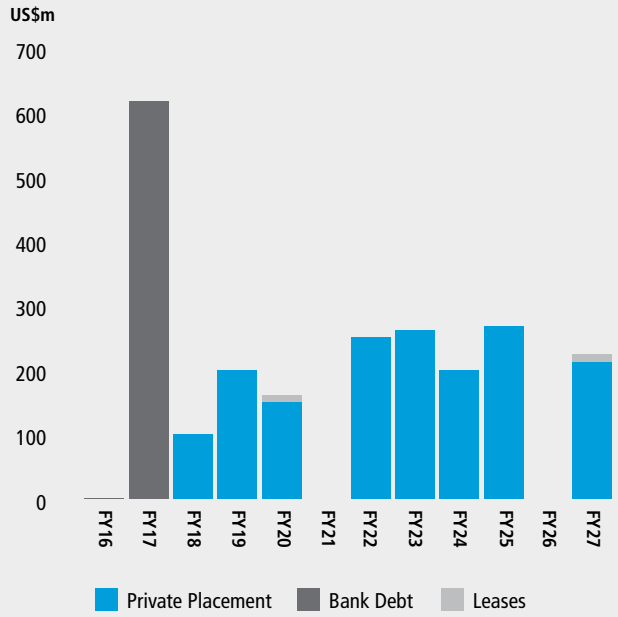
As at 30 June 2015, the Group had the following bank facilities, unsecured notes and finance leases:

- Three revolving committed bank facilities totalling $617m. 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 $140.6m in undrawn funds available under these facilities;
- US$1,250m of Senior Unsecured Notes in 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%;
- EUR350m of Senior Unsecured Notes in the US Private Placement market. The Notes mature in November 2022 (EUR100m), November 2024 (EUR150m) and November 2026 (EUR100m). The weighted average interest rate on the notes is fixed at 1.90%;
- Finance leases with an average lease term of 9 years (2014: 11 years). The weighted average discount rate implicit in the leases is 4.93% (2014: 5.19%). The Group's lease liabilities are secured by leased assets of $15.5 million (2014: $15.5m). In the event of default, leased assets revert to the lessor.

The Group is in compliance with all debt covenants.

The maturity profile of the Group's debt is shown in the following chart.

Maturity Profile of Debt by Facility



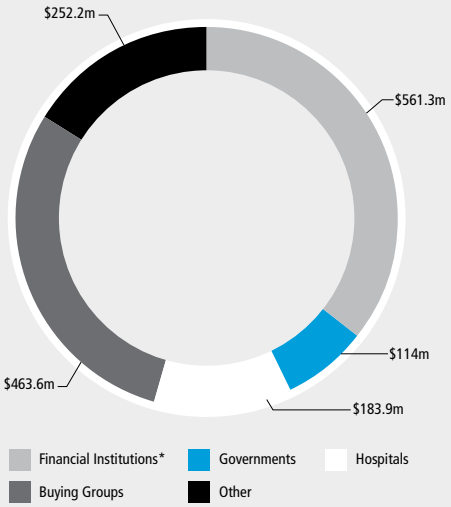
c. Credit Risk

The Group only invests 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.

	Floating rate[4] US$m		Non-interest bearing US$m		Total US$m		Average Closing interest Rate %	
	2015	2014	2015	2014	2015	2014	2015	2014
Financial Assets								
Cash and cash equivalents	**556.8**	608.7	**–**	–	**556.8**	608.7	**1.6%**	1.6%
Trade and other receivables	**–**	–	**1,015.0**	961.6	**1,015.0**	961.6	**–**	–
Other financial assets	**–**	–	**3.2**	1.3	**3.2**	1.3	**–**	–
	556.8	608.7	**1,018.2**	962.9	**1,575.0**	1,571.6		

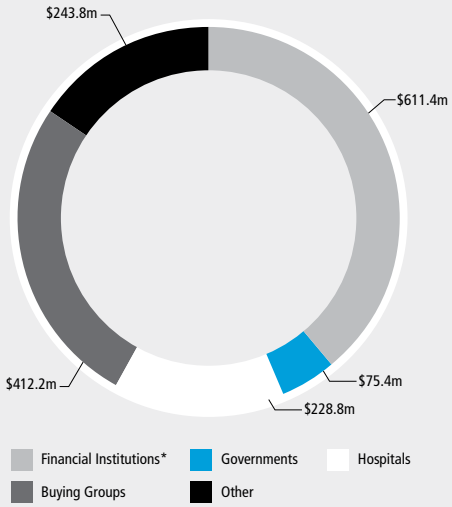
[4] *Floating interest rates represent the most recently determined rate applicable to the instrument at balance sheet date. All interest rates on floating rate financial assets and liabilities are subject to reset within the next six months.*

Credit Quality of Financial Assets (30 June 2015)



US$556.8m of the assets held with financial institutions are held as cash or cash equivalents. All financial assets held with non-financial institutions of US$1,015m are trade and other receivables.

Credit Quality of Financial Assets (30 June 2014)



US$608.7m of the assets held with financial institutions are held as cash or cash equivalents. All financial assets held with non-financial institutions of $961.6m are trade and other receivables.

Notes to the Financial Statements for the year ended 30 June 2015

Financial assets are considered impaired where there is 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 a financial asset is impaired include ageing and timing of expected receipts and the credit worthiness of counterparties. Where required, a provision for impairment is created for the difference between the financial asset's carrying amount and the present value of estimated future receipts. The Group's trading terms do not generally include the requirement for customers to provide collateral as security for financial assets.

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

Government or government-backed entities (such as hospitals) often account for a significant proportion of trade receivables. As a result, 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. 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					
	Gross		Provision		Net	
	2015 US$m	2014 US$m	2015 US$m	2014 US$m	2015 US$m	2014 US$m
Trade receivables:						
current	**772.5**	706.1	**4.8**	2.3	**767.7**	703.8
less than 30 days overdue	**46.7**	68.8	**1.2**	1.3	**45.5**	67.5
between 30 and 90 days overdue	**41.2**	47.8	**1.2**	1.2	**40.0**	46.6
more than 90 days overdue	**55.5**	52.4	**17.7**	42.3	**37.8**	10.1
	915.9	875.1	**24.9**	47.1	**891.0**	828.0

d. Funding and liquidity risk

The following table analyses the Group's financial liabilities.

Interest-bearing liabilities and borrowings	2015 US$m	2014 US$m
Current		
Bank overdrafts – Unsecured	**1.3**	2.4
Lease liability – Secured	**1.9**	3.2
	3.2	5.6
Non-current		
Bank loans – Unsecured	**617.0**	613.9
Senior Unsecured Notes – Unsecured	**1,637.9**	1,245.0
Lease liability – Secured	**22.8**	25.8
	2,277.7	1,884.7

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 the borrowings.

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.

The following table categorises the financial liabilities into relevant maturity periods, taking into account the remaining period at the reporting date and the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows and hence will not necessarily reconcile with the amounts disclosed in the balance sheet.

	Contractual payments due									
	1 year or less US$m		Between 1 year and 5 years US$m		Over 5 years US$m		Total US$m		Average interest Rate %	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Trade and other payables (non-interest bearing)	**718.0**	650.8	**–**	–	**–**	–	**718.0**	650.8	**–**	–
Bank loans – unsecured (floating rates)	**6.5**	6.6	**620.2**	623.8	**–**	–	**626.7**	630.4	**1.1%**	1.1%
Bank overdraft – unsecured (floating rates)	**1.3**	2.4	**–**	–	**–**	–	**1.3**	2.4	**0.0%**	0.0%
Senior unsecured notes (fixed rates)	**50.1**	42.7	**636.2**	465.2	**1,329.4**	1,085.1	**2,015.7**	1,593.0	**3.1%**	3.4%
Lease liabilities (fixed rates)	**3.3**	1.6	**14.1**	8.2	**20.4**	21.5	**37.8**	31.3	**4.9%**	5.1%
Other financial liabilities (non-interest bearing)	**1.8**	1.3	**–**	–	**–**	–	**1.8**	1.3	**–**	–
	781.0	705.4	**1,270.5**	1,097.2	**1,349.8**	1,106.6	**3,401.3**	2,909.2		

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.

Fair value of financial assets and financial liabilities

The carrying value of 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.

Cash

The carrying value of cash equals fair value, due to the liquid nature of cash.

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 be equal to its fair value.

Derivatives

Derivative financial instruments are initially recognised at fair value on the date the contract is entered into and are subsequently remeasured at fair value at reporting date. The gain or loss on re-measurement is recognised 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.

Interest bearing liabilities

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

The Group also has external loans payable that have been designated as a hedge of its investment in foreign subsidiaries (known as a net investment hedge).

An effective hedge is one that meets certain criteria. Gains or losses on the net investment hedge that relate to the effective portion of the hedge are recognised in equity. Gains or losses relating to the ineffective portion, if any, are recognised in the consolidated statement of comprehensive income.

Valuation of financial instruments

For financial instruments measured and carried at fair value, the Group uses the following to categorise the method used:

- Level 1: Items traded with quoted prices in active markets for identical liabilities
- Level 2: Items with significantly observable inputs other than quoted prices in active markets
- Level 3: Items with unobservable inputs (not based on observable market data)

All derivatives are classified as level 2 financial liabilities.

There were no transfers between Level 1 and 2 during the year.

Notes to the Financial Statements for the year ended 30 June 2015

Note 12: Equity and Reserves

a. Contributed Equity

	2015 US$m	2014 US$m
Ordinary shares issued and fully paid	**–**	–
Share buy-back reserve	**(3,560.4)**	(2,797.8)
Total contributed equity	**(3,560.4)**	(2,797.8)

Ordinary shares receive dividends as declared and, in the event of winding up the company, 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 being undertaken at higher prices than the original subscription prices, 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. Refer to Note 10 for further information about on-market share buy-backs.

Information relating to employee performance option plans and GESP, including details of shares issued under the scheme, is set out in Note 5.

b. Reserves

Movement in reserves	Share-based payments reserve[i] US$m		Foreign currency translation reserve[ii] US$m		Total US$m	
	2015	2014	2015	2014	2015	2014
Opening balance	**138.8**	127.0	**599.5**	451.3	**738.3**	578.3
Share-based payments expense	**6.0**	6.1	**–**	–	**6.0**	6.1
Deferred tax on share-based payments	**6.3**	5.7	**–**	–	**6.3**	5.7
Net exchange gains / (losses) on translation of foreign subsidiaries, net of hedge	**–**	–	**(444.1)**	148.2	**(444.1)**	148.2
Closing balance	**151.1**	138.8	**155.4**	599.5	**306.5**	738.3

Nature and purpose of reserves

i. Share-based payments reserve

The share-based payments reserve is used to recognise the fair value of options, performance rights and GESP rights issued to employees.

ii. Foreign currency translation reserve

Where the functional currency of a subsidiary is not US dollars, its assets and liabilities are translated on consolidation to US dollars using the exchange rates prevailing at the reporting date, and its profit and loss is translated at average exchange rates. All resulting exchange differences are recognized in other comprehensive income and in the foreign currency translation reserve in equity. Exchange differences arising from borrowings designated as hedges of net investments in foreign entities are also included in this reserve.

Note 13: Commitments and Contingencies[5]

a. Commitments

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.

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 operating or finance lease contains restrictions on financing or other leasing activities.

Commitments in relation to non-cancellable operating leases, finance leases and capital expenditure contracted but not provided for in the financial statements are payable as follows:

	Operating Leases US$m		Finance Leases US$m		Capital Commitments US$m		Total US$m	
	2015	2014	2015	2014	2015	2014	2015	2014
Not later than one year	**40.4**	39.8	**2.8**	4.4	**135.6**	99.3	**178.8**	143.5
Later than one year but not later than five years	**131.9**	123.0	**9.7**	10.2	**10.9**	1.1	**152.5**	134.3
Later than five years	**316.9**	259.4	**19.6**	24.6	**–**	–	**336.5**	284.0
Sub-total	**489.2**	422.2	**32.1**	39.2	**146.5**	100.4	**667.8**	561.8
Future finance charges	**–**	–	**(7.4)**	(10.2)	**–**	–	**(7.4)**	(10.2)
Total	**489.2**	422.2	**24.7**	29.0	**146.5**	100.4	**660.4**	551.6

The present value of finance lease liabilities is as follows:

	2015 US$m	2014 US$m
Not later than one year	**1.9**	3.2
Later than one year but not later than five years	**6.7**	6.3
Later than five years	**16.1**	19.5
Total	**24.7**	29.0

b. Contingent assets and liabilities

Litigation

On 7 October 2013 the Group announced that it had signed an agreement to settle the US antitrust class action litigation for $64m. 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 became final on 31 March 2014. The settlement amount was included as an expense and was paid during the prior financial year.

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

[5] *Commitments and contingencies are disclosed net of the amount of GST (or equivalent) recoverable from, or payable to, a taxation authority*

Notes to the Financial Statements for the year ended 30 June 2015

Efficiency of Operation

Note 14: Cash and Cash Equivalents, Cash Flows

	2015 US$m	2014 US$m
Reconciliation of cash and cash equivalents		
Cash at bank and on hand	**186.8**	393.0
Cash deposits	**370.0**	215.7
Less bank overdrafts	**(1.3)**	(2.4)
Total cash and cash equivalents	**555.5**	606.3
Reconciliation of Profit after tax to Cash Flows from Operations		
Profit after tax	**1,379.0**	1,307.0
Non-cash items in profit after tax		
Depreciation, amortisation and impairment charges	**181.3**	194.9
(Gain)/loss on disposal of property, plant and equipment	**0.7**	–
Share-based payments expense	**6.0**	6.2
Changes in assets and liabilities:		
Increase in trade and other receivables	**(127.3)**	(90.1)
(Increase)/decrease in inventories	**(272.2)**	31.2
Increase in retirement benefit assets	**(0.3)**	(6.5)
(Increase)/decrease in net tax assets	**54.0**	(51.8)
Increase/(decrease) in trade and other payables	**53.7**	(23.6)
Increase in provisions	**–**	5.2
Increase/(decrease) in retirement benefit liabilities	**88.7**	(11.8)
Net cash inflow from operating activities	**1,363.6**	1,360.7
Non-cash financing activities		
Acquisition of plant and equipment by means of finance leases	**2.9**	5.0

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. They are made up of:

- Cash on hand.
- At call deposits with banks or financial institutions.
- Investments in money market instruments with original maturities of six months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purposes of the cash flow statement, cash at the end of the financial year is net of bank overdraft amounts.

Cash flows are presented 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.

Note 15: Trade Receivables and Payables

a. Trade and other receivables

	2015 US$	2014 US$
Current		
Trade receivables	**915.9**	875.1
Less: Provision for impairment loss	**(24.9)**	(47.1)
	891.0	828.0
Sundry receivables	**67.5**	86.3
Prepayments	**45.2**	39.1
Carrying amount of current trade and other receivables[6]	**1,003.7**	953.4
Non-Current		
Related parties – Loans to employees	**0.1**	
Long term deposits/other receivables	**11.1**	8.1
Carrying amount of non-current other receivables[6]	**11.2**	8.2

[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 11 for more information on the risk management policy of the Group and the credit quality of trade 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 is regularly reviewed at an operating unit level. Debts which are known to be uncollectible are written off when identified. A provision for impairment loss is recognised when there is objective evidence that all amounts due may not be fully recovered. The provision amount 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.

As at 30 June 2015, the Group had made provision for impairment of $24.9m (2014: $47.1m).

	2015 US$m	2014 US$m
Opening balance at 1 July	**47.1**	40.9
Additional allowance/ (utilised/written back)	**(15.1)**	4.5
Currency translation differences	**(7.1)**	1.7
Closing balance at 30 June	**24.9**	47.1

Non-trade receivables do not include any impaired or overdue amounts and it is expected they will be received when due. The Group does not hold any collateral in respect to other receivable balances.

Key judgements and estimates

In applying the Group's accounting policy to trade and other receivables with governments and related entities in South Eastern Europe as set out in Note 11, 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. Matters considered include recent trading experience, current economic and political conditions and the likelihood of continuing support from agencies such as the European Central Bank.

Notes to the Financial Statements for the year ended 30 June 2015

b. Trade and other payables

	2015 US$m	2014 US$m
Current		
Trade payables	**257.8**	213.9
Accruals and other payables	**420.6**	387.2
Share-based payments (EDIP)	**22.4**	30.3
Carrying amount of current trade and other payables	**700.8**	631.4
Non-current		
Share-based payments (EDIP)	**17.2**	19.4
Carrying amount of non-current other payables	**17.2**	19.4

Trade and other payables represent amounts reflected at notional amounts owed to suppliers for goods and services provided to the Group prior to the end of the financial year that are unpaid. Trade and other payables are non-interest bearing and have various repayment terms but are usually paid within 30 to 60 days of recognition.

Receivables and payables include 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.

Note 16: Provisions

	Employee benefits US$m		Other US$m		Total US$m	
	2015	2014	2015	2014	2015	2014
Current	**82.5**	86.1	**1.8**	4.0	**84.3**	90.1
Non-current	**31.5**	35.4	**0.4**	0.6	**31.9**	36.0

Other provisions are recognised when all three of the following conditions are met:

- 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.
- 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 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.

Detailed information about the employee benefits is presented in Note 5.

Other Notes

Note 17: Related Party Transactions

Ultimate controlling entity

The ultimate controlling entity is CSL Limited, otherwise described as the parent company.

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.
- Management fees were paid to a controlled entity.

The transactions were undertaken on commercial terms and conditions.

Payment for intercompany transactions is through intercompany loan accounts and may be subject to extended payment terms.

Ownership interests in related parties

All transactions with subsidiaries have been eliminated on consolidation.

Subsidiaries

The following table lists the Group's material subsidiaries.

Company	Country of Incorporation	Percentage owned 2015 %	Percentage owned 2014 %
CSL Limited	Australia		
Subsidiaries of CSL Limited:			
CSL Behring (Australia) Pty Ltd	Australia	**100**	100
CSL Behring LLC	USA	**100**	100
CSL Plasma Inc	USA	**100**	100
CSL Behring GmbH	Germany	**100**	100
CSL Behring AG	Switzerland	**100**	100
CSL Behring Recombinant Facility AG	Switzerland	**100**	100

Key management personnel transactions with the Group

Key management personnel, and their related entities, have conducted the following transactions with the Group. These transactions occur as part of a normal supplier relationship on 'arm's length' terms.

- Supply of commercial energy from Origin Energy Limited. Mr John Akehurst is a Director of Origin Energy Limited.
- A contract relating to the provision of maintenance services by Programmed Maintenance Services Limited. Mr Bruce Brook is a Director of Programmed Maintenance Services Limited.

Notes to the Financial Statements for the year ended 30 June 2015

Note 18: Detailed Information – People Costs

a. Defined benefit plans

The Group sponsors a range of defined benefit pension plans that provide either a lump sum or ongoing pension benefit for its worldwide employees upon retirement. Entities of the Group who operate defined benefit plans contribute to the respective plans in accordance with the Trust Deeds, following the receipt of actuarial advice.

The surplus/deficit for each defined benefit plan operated by the Group is as follows:

	June 2015 $m			June 2014 $m		
Pension Plan	Plan Assets	Accrued benefit	Plan surplus/ (deficit)	Plan Assets	Accrued benefit	Plan surplus/ (deficit)
CSL Pension Plan (Australia) – provides a lump sum benefit upon exit	**29.7**	**(22.1)**	**7.6**	35.6	(31.2)	4.4
CSL Behring AG Pension Plan (Switzerland) – provides an ongoing pension	**434.2**	**(489.5)**	**(55.3)**	416.5	(414.2)	2.3
CSL Behring Union Pension Plan (USA) – provides an ongoing pension	**61.2**	**(74.4)**	**(13.2)**	60.0	(65.5)	(5.5)
CSL Behring GmbH Supplementary Pension Plan (Germany) – provides an ongoing pension	**–**	**(127.4)**	**(127.4)**	–	(129.9)	(129.9)
bioCSL GmbH Pension Plan (Germany) – provides an ongoing pension	**–**	**(1.9)**	**(1.9)**	–	(2.2)	(2.2)
CSL Behring KG Pension Plan (Germany) – provides an ongoing pension	**–**	**(9.2)**	**(9.2)**	–	(8.6)	(8.6)
CSL Plasma GmbH Pension Plan (Germany) – provides an ongoing pension	**–**	**(0.2)**	**(0.2)**	–	(0.2)	(0.2)
CSL Behring KK Retirement Allowance Plan (Japan) – provides a lump sum benefit upon exit	**–**	**(11.9)**	**(11.9)**	–	(13.1)	(13.1)
CSL Behring S.A. Pension Plan (France) – provides a lump sum benefit upon exit	**–**	**(0.8)**	**(0.8)**	–	(0.7)	(0.7)
CSL Behring S.p.A Pension Plan (Italy) – provides a lump sum benefit upon exit	**–**	**(1.2)**	**(1.2)**	–	(1.5)	(1.5)
Total	**525.1**	**(738.6)**	**(213.5)**	512.1	(667.1)	(155.0)

In addition to the plans listed above, CSL Behring GmbH employees are members of two multi-employer plans administered by an unrelated third party. CSL Behring and their employees make contributions to the plans and receive pension entitlements on retirement. Participating employers may have to make additional contributions in the event that the plans have insufficient assets to meet their obligations. However, there is insufficient information available to determine this amount on an employer by employer basis. The contributions made by CSL Behring are determined by the Plan Actuary and are designed to be sufficient to meet the obligations of the plans based on actuarial assumptions. Contributions made by CSL Behring are expensed in the year in which they are made.

Movements in Accrued benefits and assets

During the financial year the value of accrued benefits increased by $71.5m. The increase is attributable to three main factors:

- Service cost charged to the profit and loss of $40.6m. This amount represents the increased benefit entitlement of members, arising from an additional year of service and salary increases, which are taken into account in the calculation of the accrued benefit.
- Actuarial adjustments, due to lower discount rates at the end of the year than originally anticipated by the actuary, generated an increase in accrued benefits of $90.5m. These adjustments do not affect the profit and loss as they are recorded in Other Comprehensive Income.
- Foreign currency movements had a $50.4m favourable impact on the value of accrued benefits, these movements are taken to the Foreign Currency Translation Reserve.

In the prior year the value of accrued benefits increased by $63.7m. Service costs contributed only $23.8m of the increase as a credit arose from a reduction in plan benefits. The balance of the increase was largely attributable to movements in the discount rate used to value the liability, which are taken directly to equity.

Plan assets increased by $13.0m during the financial year. The increase is attributable to the following factors:

- Investment returns on plan assets of $24.5m
- Contributions made by employer and employee of $24.6m
- Benefits paid by the plans of $13.2m
- The balance of the movement is largely caused by unfavourable foreign currency movements which are taken directly to the Foreign Currency Translation Reserve.

In the prior year plan assets increased by $75.9m. $18.0m of the increase was attributable to employer and employee contributions and $36.8m to investment returns earned on plan assets. The balance of the increase was largely attributable to movements in foreign currency exchange rates which are taken directly to the Foreign Currency Translation Reserve.

	2015 %	2014 %
The principal actuarial assumptions, expressed as weighted averages, at the reporting date are:		
Discount rate	**1.7%**	2.4%
Future salary increases	**2.2%**	2.3%
Future pension increases	**0.4%**	0.4%

Plan Assets

	2015 $m	2014 $m
The major categories of total plan assets are as follows:		
Cash	**35.1**	29.4
Instruments quoted in active markets:		
Equity Instruments	**200.0**	195.6
Bonds	**213.9**	213.0
Unquoted investments – property	**71.4**	68.7
Other assets	**4.7**	5.4
Total Plan assets	**525.1**	512.1

Sensitivity Analysis

The variable with the most significant impact on the defined benefit obligation is the discount rate applied in the calculation of accrued benefits. A decrease in the average discount rate applied to the calculation of accrued benefits of 0.25% would increase the defined benefit obligation by $36.4m. An increase in the average discount rate of 0.25% would reduce the defined benefit obligation by $33.8m.

The defined benefit obligation will be discharged over an extended period as members exit the plans. The plan actuaries have estimated that the following payments will be required to satisfy the obligation. The actual payments will depend on the pattern of employee exits from the Group's plans.

Year ended 30 June 2016	$18.7m
Between two and five years	$83.6m
Between five and ten years	$128.7m
Beyond ten years	$507.6m

Notes to the Financial Statements for the year ended 30 June 2015

b. Share-based payments – equity settled

Share-based long term incentives (LTI) issued between October 2010 and October 2011

Changes were made to the terms and conditions of performance rights and performance options granted since October 2010. The number of employees who received grants was also reduced following the introduction of the Executive Deferred Incentive Plan (EDIP). 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, 50% of the LTI award will vest after three years, with the remaining 50% vesting after the fourth anniversary of the award date. Earnings per share (EPS) and total shareholder return (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 (LTI) issued between October 2012 and October 2013

LTI grants in October 2010 and 2011 were made up of performance rights and performance options. Changes were made to the plan in October 2012 so that LTI grants would subsequently be made up of solely performance rights. The hurdles for this and future grants were to be set and measured in US dollars in line with the Group's presentation currency. Subject to performance hurdles being satisfied, 50% of the LTI award will vest after three years, with the remaining 50% vesting after the fourth anniversary of the award date.

Other changes included an adjustment to graduated vesting for the compound EPS hurdle and moving to measuring relative TSR by comparison with an international index of Pharma and Biotech companies, rather than using an ASX comparator group.

Share-based long term incentives (LTI) issued in October 2014

LTI grants in October 2014 reintroduced performance options for Executive KMP based outside Australia and changes were made to the vesting period and to performance hurdles. Performance Rights grants made in 2014 will vest over a four year performance period with no re-test. The EPS growth test has been retained but now has a wider sliding scale with 100% vesting occurring at a 13% compound annual growth rate (previously 12%) and the potential for additional vesting on the achievement of stretch EPS growth targets has been introduced. The relative TSR test is against a cohort of global pharmaceutical and biotechnology companies and progressive vesting has been reintroduced with 50% vesting where CSL's performance is at the 50th percentile rising to 100% vesting at the 75th percentile. Performance Options also vest over a four year period and have no performance hurdles. The options only have value when the share price on exercise exceeds the exercise price. The company does not provide loans to fund the exercise of options.

Global Employee Share Plan (GESP)

The Global Employee Share Plan (GESP) allows employees to make contributions from after tax salary up to a maximum of A$3,000 per six month contribution period. The employees receive the shares at a 15% discount to the volume weighted average price of a share during the five ASX trading days up to, and including, the first day of the contribution period or last day of the contribution period, whichever is the lower.

Recognition and measurement

The fair value of options or rights is recognised as an employee benefit expense with a corresponding increase in equity. 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. Fair value is independently determined using a combination of the Binomial and Black Scholes valuation methodologies, including Monte Carlo simulation, taking into account the terms and conditions on which the options and rights were granted. The fair value of the options granted excludes the impact of any non-market vesting conditions, which 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.

Valuation assumptions and fair values of equity instruments granted

The model inputs for performance rights, options and GESP awards granted during the year ended 30 June 2015 included:

	Fair Value[7]	Share Price	Exercise Price	Expected volatility[8]	Life assumption	Expected dividend yield	Risk free interest rate
	A$	A$	A$				
Performance Rights (by grant date)							
1 October 2014 – Tranche 1	$47.69	$73.93	Nil	20.0%	4 years	2.0%	2.86%
1 October 2014 – Tranche 2 & Tranche 3	$68.64	$73.93	Nil	20.0%	4 years	2.0%	2.86%
1 January 2015 – Tranche 1	$62.55	$87.79	Nil	20.0%	3.75 years	2.0%	2.17%
1 January 2015 – Tranche 2 & Tranche 3	$81.92	$87.79	Nil	20.0%	3.75 years	2.0%	2.17%
1 April 2015 – Tranche 1	$63.07	$92.52	Nil	20.0%	3.5 years	2.0%	1.75%
1 April 2015 – Tranche 2 & Tranche 3	$86.75	$92.52	Nil	20.0%	3.5 years	2.0%	1.75%
Performance Options (by grant date)							
1 October 2014	$12.29	$73.93	$73.93	20.0%	4 years	2.0%	2.86%
1 April 2015	$22.08	$92.52	$73.93	20.0%	3.5 years	2.0%	1.75%
GESP (by grant date)[9]							
1 September 2014	$13.03	$73.87	$60.84	20.0%	6 months	2.0%	2.50%
1 March 2015	$29.15	$92.24	$63.09	20.0%	6 months	2.0%	1.89%

[7] *Options and rights granted are subject to a service condition. 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.*

[8] *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.*

[9] *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 a 15% discount to the volume weighted average price of a share during the five ASX trading days up to, and including, the first day of the contribution period or last day of the contribution period, whichever is the lower.*

Notes to the Financial Statements for the year ended 30 June 2015

c. Share-based payments – cash settled

The notional shares under the Executive Deferred Incentive Plan 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 of grant.

Recognition and measurement

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 ultimate cost of these transactions will be equal to the fair value at settlement date. The cumulative cost recognised until settlement is a liability and the periodic determination of this liability is carried out as follows:

- At each reporting date between grant and settlement, the fair value of the award is determined.
- 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.
- From the end of the vesting period until settlement, the liability recognised is the full fair value of the liability at the reporting date.
- 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.
- The following table lists the inputs to the valuation models used during the year for EDIP purposes.

	2015			2014		
Grant date	**October 2014**	**October 2013**	**October 2012**	October 2013	October 2012	October 2011
Fair value of grants at reporting date	**A$83.62**	**A$84.88**	**A$86.15**	A$64.36	A$65.32	A$66.30
Dividend yield (%)	**1.5%**	**1.5%**	**1.5%**	1.5%	1.5%	1.5%

Note 19: Detailed Information – Shareholder Returns

	Consolidated Entity	
Note	2015 US$m	2014 US$m
Retained earnings		
Opening balance at 1 July	**5,221.5**	4,417.7
Net profit for the year	**1,379.0**	1,307.0
Dividends	**(535.4)**	(521.5)
Actuarial gain/(loss) on defined benefit plans	**(78.0)**	23.7
Deferred tax on actuarial gain/(loss) on defined benefit plans	**13.7**	(5.4)
Closing balance at 30 June	**6,000.8**	5,221.5
Performance Options Plan		
Options exercised under Performance Option plans as follows		
nil issued at A$17.48 (2014: 43,220 issued at A$17.48)	**–**	0.7
59,313 issued at A$35.46 (2014: 113,385 issued at A$35.46)	**1.9**	3.6
52,040 issued at A$37.91 (2014: 139,087 issued at A$37.91)	**1.7**	4.8
712,752 issued at A$33.68 (2014: nil issued at A$33.68)	**20.6**	–
75,327 issued at A$33.45 (2014: 77,493 issued at A$33.45)	**2.2**	2.5
95,775 issued at A$29.34 (2014: nil issued at A$29.34)	**2.4**	0.0
	28.8	11.6
Global Employee Share Plan (GESP)		
Shares issued to employees under Global Employee Share Plan (GESP)		
– 64,668 issued at A$60.84 on 5 September 2014	**3.7**	3.1
– 71,294 issued at A$63.09 on 6 March 2015	**3.5**	3.5
	7.2	6.6

Note 20: Auditors Remuneration

During the year the following fees were paid or were payable for services provided by CSL's auditor and by the auditor's related practices:

	2015 US$	2014 US$
Audit Services		
Ernst & Young	**1,079,423**	865,366
Ernst & Young related practices	**2,383,228**	2,459,847
Total remuneration for audit services	**3,462,651**	3,325,213
Other services		
Ernst & Young		
– compliance and other services	**215,252**	–
Ernst & Young related practices		
– compliance and other services	**153,836**	118,989
Total remuneration for non-audit services	**369,088**	118,989
Total remuneration for all services rendered	**3,831,739**	3,444,202

Notes to the Financial Statements for the year ended 30 June 2015

Note 21: 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 year ended 30 June 2013, 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'. A consolidated income statement and a summary of movements in consolidated retained profits for the year ended 30 June 2015 and 30 June 2014 and a consolidated balance sheet as at each date for the Closed Group is set out below.

Income Statement	**Consolidated Closed Group**	
	2015 A$m	**2014 A$m**
Continuing operations		
Sales revenue	**762.2**	720.7
Cost of sales	**(467.7)**	(484.4)
Gross profit	**294.5**	236.3
Sundry revenues	**199.1**	113.6
Dividend income	**1,290.3**	1,145.6
Interest income	**55.4**	18.7
Research and development expenses	**(189.3)**	(175.2)
Selling and marketing expenses	**(64.0)**	(60.3)
General and administration expenses	**(113.2)**	(103.1)
Finance costs	**(6.3)**	31.5
Profit before income tax expense	**1,466.5**	1,207.1
Income tax expense	**(49.0)**	(11.0)
Profit for the year	**1,417.5**	1,196.1

Balance sheet	2015 A$m	2014 A$m
Current assets		
Cash and cash equivalents	**490.3**	349.8
Trade and other receivables	**189.4**	104.0
Inventories	**217.6**	175.9
Total Current Assets	**897.3**	629.7
Non-current assets		
Trade and other receivables	**18.4**	15.4
Other financial assets	**19,050.2**	19,006.1
Property, plant and equipment	**641.5**	609.4
Deferred tax assets	**56.6**	83.4
Intangible assets	**51.3**	45.0
Retirement benefit assets	**9.9**	4.6
Total Non-Current Assets	**19,827.9**	19,763.9
Total assets	**20,725.2**	20,393.6
Current liabilities		
Trade and other payables	**180.8**	164.2
Provisions	**43.4**	41.6
Deferred government grants	**2.8**	2.3
Total Current Liabilities	**227.0**	208.1
Non-current liabilities		
Trade and other payables	**23.1**	21.6
Interest-bearing liabilities and borrowings	**510.7**	–
Deferred tax liabilities	**11.8**	10.6
Provisions	**12.0**	13.3
Deferred government grants	**41.6**	43.4
Retirement benefit liabilities	**–**	–
Total Non-Current Liabilities	**599.2**	88.9
Total liabilities	**826.2**	297.0
Net assets	**19,899.0**	20,096.6
Equity		
Contributed equity	**(3,316.5)**	(2,351.5)
Reserves	**160.5**	158.2
Retained earnings	**23,055.0**	22,289.9
TOTAL EQUITY	**19,899.0**	20,096.6
Summary of movements in consolidated retained earnings of the Closed Group		
Retained earnings at beginning of the financial year	**22,289.9**	21,652.3
Net profit	**1,417.5**	1,196.1
Actuarial gain/(loss) on defined benefit plans, net of tax	**4.6**	4.1
Dividends provided for or paid	**(657.0)**	(562.6)
Retained earnings at the end of the financial year	**23,055.0**	22,289.9

Notes to the Financial Statements for the year ended 30 June 2015

Note 22: Parent Entity Information

	2015 A$m	2014 A$m
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	**268.8**	140.9
Total assets	**2,377.0**	2,222.6
Current liabilities	**83.1**	94.4
Total liabilities	**686.7**	203.6
Contributed equity	**(3,316.5)**	(2,351.5)
Share-based payments reserve	**129.2**	127.3
Retained earnings	**4,877.6**	4,243.2
Net Assets & Total Equity	**1,690.3**	2,019.0
Profit or loss for the year	**1,251.9**	1,055.4
Total comprehensive income	**1,252.5**	1,056.2

(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 material contingent liabilities as at 30 June 2015 or 30 June 2014. For information about guarantees given by the parent entity, please refer above and to Note 21.

(d) Contractual commitments for the acquisition of property, plant or equipment

The parent entity did not have any material contractual commitments for the acquisition of property, plant and equipment as at 30 June 2015 or 30 June 2014.

Note 23: Subsequent Events

On 27 October 2014, CSL announced that it had agreed to acquire Novartis' global influenza vaccine business, which will be combined with bioCSL's existing influenza vaccine business to create the number two global player in the influenza vaccine industry. This transaction closed on 31 July 2015. The purchase price was US$275m, and in addition CSL paid $23m for net cash ($24m) and the assumption of tax liabilities ($1m). Since the fair value of net assets acquired is anticipated to be greater than the consideration paid, it is expected that the acquisition will give rise to a gain which will be recorded in the profit and loss statement in the Group accounts for the six months ended 31 December 2015. At this stage management are still assessing the fair value of the net assets acquired and are not in a position to accurately estimate the gain. The acquisition was funded by a new debt facility in the amount of $400m entered into on 28 July 2015 with a $300m drawdown to fund the purchase price.

During July 2015 CSL conducted an internal reorganisation of two bioCSL entities to align ownership with the structure implemented for the acquired business, and a tax cost of $13m was incurred as a result of the reorganisation.

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.

Note 24: New and Revised Accounting Standards

a. New and revised standards and interpretations adopted by the Company

The Group has adopted, for the first time, certain standards and amendments to accounting standards. None of the changes have impacted on the Group's accounting policies nor have they required any restatement.

b. 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 2015 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 2017:

– AASB 2015-1, changes to AASB5 – Non Current Assets held for sale, and changes in AASB7 Financial Instruments – Disclosure

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 to the extent of disclosures included in future financial reports.

Year ended 30 June 2018[10] : AASB 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 and believe that the impact to the Group will be limited. The recognition and measurement of the majority of the Group's revenue is expected to be unaffected by the introduction of AASB15. However, further assessment is required of whether certain transactions, principally in Southern Europe, include a financing component in the pricing. Should the Group determine that this is the case the financing component will be recognised as finance income and the balance of the invoiced amount recorded as a sale.

Year ended 30 June 2019: AASB 9: Financial Instruments

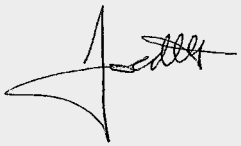
This standard will change the classification, hedging and measurement of financial assets and liabilities. It is not expected to result in a material change to the manner in which the Group's financial result is determined or to the extent of disclosures included in future financial reports.

[10] *The International Accounting Standards Board have deferred the introduction of this standard by one year, the AASB are expected to follow.*

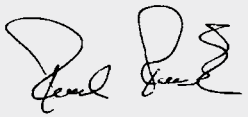
Directors' Declaration

1) In the opinion of the Directors:
   a. the financial statements and notes of the company and of the Group are in accordance with the Corporations Act 2001 (Cth), including:
      i. giving a true and fair view of the company's and Group's financial position as at 30 June 2015 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) About this Report (a) in the notes 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 (Cth) for the financial period ended 30 June 2015.
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 21 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
August 12 2015

Independent Auditor's Report for the year ended 30 June 2015

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Independent auditor's report to the members of CSL Limited

Report on the financial report

We have audited the accompanying financial report of CSL Limited, which comprises the consolidated statement of financial position as at 30 June 2015, 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 the notes to the financial statements, 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.

Independent Auditor's Report for the year ended 30 June 2015

Building a better working world

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. We confirm that the Auditor's Independence Declaration would be in the same terms if given to the directors as at the time of this auditor's 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 2015 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 the notes to the financial statements.

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 2015. 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.

Independent Auditor's Report for the year ended 30 June 2015

Building a better working world

Opinion

In our opinion, the Remuneration Report of CSL Limited for the year ended 30 June 2015, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Glenn Carmody
Partner
Melbourne
12 August 2015

Medical Glossary

Antitrypsin Deficiency (AATD) is an inherited condition that causes low levels of, or no, alpha-1 antitrypsin (AAT) in the blood. AATD is a protein made in the liver and enables normal function of the lungs.

Acute Coronary Syndrome is a term used for any condition brought on by sudden, reduced blood flow to the heart.

Albumin is any protein that is soluble in water and moderately concentrated salt solutions and is coagulable by heat. It is found in egg whites, blood, lymph, and other tissues and fluids. In the human body, serum albumin is the major plasma protein (approximately 60 per cent of the total).

Alpha-1 is a genetic/hereditary condition characterised by a damaged copy of one or both of the alpha-1 antitrypsin genes in the lungs.

Anti-D immunoglobulin, also called Rh (D) immunoglobulin, is an injection of Anti-Rhesus antibodies given to a woman whose blood group is Rhesus negative, if there is a chance that she has been exposed to Rhesus positive blood either during pregnancy or blood transfusion.

Antivenom is a submission that contains specific information on the manufacturing processes, chemistry, pharmacology, clinical pharmacology and the medical effects of the biologic product.

Biologics License Application (or antivenin, or antivenene) is a biological product used in the treatment of venomous bites or stings.

Biopharmaceuticals are proteins (including antibodies), nucleic acids (DNA, RNA or antisense oligonucleotides) used for prophylactic or therapeutic purposes.

C1 Esterase Inhibitor is a protein found in the fluid part of blood that controls C1 the first component of the complement system. The complement system is a group of proteins that move freely through the blood stream. These proteins work with the immune system and play a role in the development of inflammation.

Chronic Inflammatory Demyelinating Polyneuropathy (CIDP) is a neurological disorder which causes gradual weakness and a loss in sensation mainly in the arms and legs.

Coagulation is the process of clot formation.

Fibrinogen is a coagulation factor found in human plasma that is crucial for blood clot formation.

Fractionation is the process of separating plasma into its component parts, such as clotting factors, albumin and immunoglobulin, and purifying them.

Haemolytic Disease is a disease that disrupts the integrity of red blood cells causing the release of haemoglobin.

Haemophilia is a haemorrhagic cluster of diseases occurring in two main forms:

1. Haemophilia A (classic haemophilia, factor VIII deficiency), an X linked disorder due to deficiency of coagulation factor VIII.
2. Haemophilia B (factor IX deficiency, Christmas disease), also X linked, due to deficiency of coagulation factor IX.

Haemostasis (Haemostatic) is the stopping of blood flow.

Hereditary Angioedema (HAE) is a rare but serious genetic disorder caused by low levels or improper function of a protein called C1 esterase inhibitor. It causes swelling, particularly of the face and airways, and abdominal cramping.

Human Papilloma Virus (HPV) are a diverse group of DNA-based viruses that infect the skin and mucous membranes of humans and a variety of animals. Some HPV types cause benign skin warts, or papillomas, for which the virus family is named. Others can lead to the development of cervical dyskaryosis, which may in turn lead to cancer of the cervix.

Hyperimmune is an immunoglobulin product having high titres of a specific antibody in the preparation.

Immunoglobulins (IgG), also known as antibodies, are proteins produced by plasma cells. They are designed to control the body's immune response by binding to substances in the body that are recognised as foreign antigens (often proteins on the surface of bacteria or viruses).

Immunogenic, is a process capable of producing an immune response.

Influenza, commonly known as flu, is an infectious disease of birds and mammals caused by a RNA virus of the family Orthomyxoviridae (the influenza viruses).

Intravenous is the administration of drugs or fluids directly into a vein.

Monoclonal Antibody (mAb) is an antibody produced by a single clone of cells. Monoclonal antibodies are a cornerstone of immunology and are increasingly coming into use as therapeutic agents.

Perioperative Bleeding is bleeding during an operation.

Pharmacokinetics is the branch of pharmacology concerned with the movement of drugs within the body.

Plasma is the yellow-colored liquid component of blood in which blood cells are suspended.

Primary Immunodeficiency (PID) is an inherited condition where there is an impaired immune response. It may be in one or more aspects of the immune system.

Prophylaxis is the action of a vaccine or drug that acts to defend against or prevent a disease.

Recombinants are proteins prepared by recombinant technology. Procedures are used to join together segments in a cell-free system (an environment outside a cell organism).

Secondary immunodeficiency disease (SID) occurs when the immune system is compromised due to an external factor (i.e. not genetic).

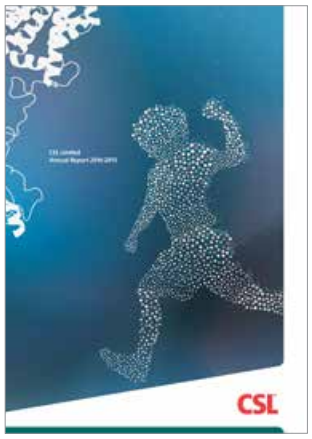
Subcutaneous is the administration of drugs or fluids into the subcutaneous tissue, which is located just below the skin.

Reconstituted High Density Lipoprotein (rHDL) is prepared from apolipoprotein A-I, isolated from human plasma, and soybean-derived phosphatidylcholine. It exhibits biochemical and functional characteristics similar to endogenous high-density lipoprotein (HDL).

Von Willebrand Disease (vWD) is a hereditary disorder caused by defective or deficient Von Willebrand factor, a protein involved in normal blood clotting.

Cover

CSL develops and delivers innovative biotherapies that save lives and help people with life-threatening medical conditions live full lives.



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Further Information

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

www.csl.com.au